

GUJARAT TECHNOLOGICAL UNIVERSITY**SEMESTER– 1 EXAMINATION – WINTER 2012****Subject code: 810001****Date: 03/01/2013****Subject Name: Accounting for Managers****Time: 14:30 – 17:30****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 (a)** Briefly explain meaning of Accrual, Going Concern and Consistency **07**
(b) What is meant by money measurement concept? A company received as assets on grant. Does it have zero value and not to be shown in the balance sheets as an assets? **07**

- Q.2 (a)** Distinguish between structure of balance sheet as per IFRS and Schedule VI of the companies act **07**
(b) State the principles of recognition of revenue and expenses? **07**

OR

- (b)** Briefly discuss the qualitative characteristics of accounting **07**

- Q.3 (a)** From the following information prepare a Balance Sheet **07**

1. Current Ratio	2.5
2. Liquid Ratio	1.5
3. Proprietary Ratio (Fixed Assets / Proprietary Fund)	0.75
4. Working Capital	Rs.60,000
5. Reserve and Surplus	Rs.50,000
6. Bank Overdraft	Rs.10,000

There is no Long Term Loan or fictitious assets.

- (b)** Kamal Enterprise Ltd buys a building for the purpose of Investment. It issues 1,00,000 equity shares of its company which are quoted on the day of the deal at Rs.154 per share at the NSE. The company also pays a brokerage of Rs.2.50 lakhs to the property dealer involved in the deal. The stamp duty is also incurred @ 8% of the value of the building. Determine the value of this investment property. **07**

OR

- Q.3 (a)** “Ratio analysis is a tool to evaluate a firm’s liquidity and profitability position”. Discuss the above statement giving suitable examples. **07**

- (b)** Briefly explain the accounting standard – AS 26 Accounting for Intangible Assets **07**

- Q.4 (a)** From the following summarized financial statements of ABC Ltd. as on 31st March 2011 and 2012 respectively, Prepare Cash Flow Statement. **07**

Capital & Liabilities	2011	2012	Assets	2011	2012
Paid up Share Capital	15,00,000	20,00,000	Land	2,30,000	2,30,000
Securities Premium	6,00,000	7,00,000	Building at Cost	6,40,000	6,10,000
General Reserve	3,60,300	4,90,640	Plant at Cost	18,35,000	22,20,000
Profit & Loss A/c	8,60,000	8,60,000	Investment	50,000	75,600
Secured Loan	1,00,000	1,50,000	Stock in trade	8,40,430	9,16,340
Proposed Dividend	11,79,700	12,39,360	Book Debts	9,85,370	13,18,650
Sundry Creditors			Cash & bank	19,200	69,010
	46,00,000	54,90,000		46,00,000	54,90,000

1. During 2005-06 depreciation provided on assets was Rs.30,000/- on Building and Rs.2,40,500 on

plant & machinery.

2. The final dividend for the year 2004-05 amounting to Rs.1,00,000/- was paid on 8th October 2005. You are also required to analyze and interpret the results

(b) Discuss the advantages and limitations of fund flow statement

07

OR

Q.4 (a) The following is the Trial Balance of Tristar Finance Limited as on 31st March 2006.

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Sr.No.	Account Head	Debit	Credit
01	Share Capital		4,00,00,000
02	Share Premium		1,00,00,000
03	Investment in Equity Shares of NDFC Ltd	49,75,000	
04	Cash at Bank at Current Accounts	18,550	
05	Fixed Deposits with Bank	10,55,367	
06	Cash In hand	1,256	
07	Tax Deducted at Source	37,420	
08	Expense Payable		21,050
09	Preliminary Expenses	32,840	
10	Balance in Profit & Loss A/c 1-4-2005	4,28,23,210	
11	Loss on Sales of Investment	11,25,775	
12	Interest on Fixed Deposits with Bank		54,278
13	Bank Charges	110	
14	Legal and Professional Charges	4,600	
15	Stationary	1,200	
Total		50075328	50075328

Further Information:

1. Authorized share capital of the company is 50,00,000 equity shares of Rs.10 each.
2. 20,00,000 shares were issued at a premium of Rs.5 each.
3. Interest accrued on fixed deposits with banks for the year Rs.364.
4. Audit fee for the year payable Rs.5000
5. Other Expenses payable for the year
 - a. Legal and Professional Charges Rs.4,400
 - b. Traveling and Conveyance Rs.2250
6. Preliminary expenses to be written off Rs.16,420

Prepare Final Account and comment on the financial performance of the company.

(b) Explain the difference between fund flow and Cash flow statement

07

Q.5 (a) Convert the following balance sheet of Rajarani Ltd. into common size balance sheet and interpret the result

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Liabilities	2007	2008	Assets	2007	2008
Share Capital	8,00,000	11,00,000	Machinery	5,50,000	6,20,000
6%	8,80,000	6,00,000	Building	7,00,000	7,10,000
Debentures	3,30,000	1,30,000	Investment	4,60,000	5,30,000
Creditors	1,40,000	3,20,000	Furniture	1,60,000	1,00,000
Profit & Loss A/c			Cash	80,000	60,000
			Balance	1,20,000	80,000
			Inventory	80,000	50,000
			Bills		
			Receivable		
	21,50,000	21,50,000		21,50,000	21,50,000

(b) What is a funds flow statement? Discuss the importance of fund flow statement.

07

OR

Q.5 (a) State briefly the information needs of the various user groups of financial statement.

07

(b) Discuss the basic disclosure principles to be followed in corporate reporting

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