

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER-I • EXAMINATION – WINTER 2013

Subject Code: 810001**Date: 26-12-2013****Subject Name: Accounting for Managers (AFM)****Time: 10.30 am – 01.30 pm****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)** Who are the users of financial accounting? Explain each point with and example. **07**
- (b)** What is GAPP? Explain any 7 concepts of your choice with example. **07**
- Q.2 (a)** Prepare Final Accounts in the books of Mr. Aditya Kumar for the year ending 31st March, 2009: **07**

Particulars	Debit (Rs.)	Credit (Rs.)
Opening Stock	12,500	-
Capital	-	1,12,500
Debtors and Creditors	15,000	8,750
Purchases and Sales	1,00,000	1,75,000
Returns	3,750	2,500
Carriage	2,000	-
Wages and Salaries	6,250	-
Commission	-	3,250
Machinery	20,000	-
Furniture	5,000	-
Bad Debts	2,000	-
Provision for Doubtful Debts	-	2,500
Bills	7,500	1,750
Land and Buildings	1,00,000	-
Taxes and Insurance	4,250	-
Discount Allowed	3,000	-
Bank	12,500	-
Drawings	12,500	-
Total	3,06,250	3,06,250

Adjustments:

1. Value of the closing stock as on 31/03/2009 is Rs.10,000.
 2. Wages and Salaries outstanding is Rs.250.
 3. Prepaid Insurance is Rs.1,000.
 4. Provide BDR on debtors @ 10%.
 5. Depreciate machinery and furniture at 10% and 15% respectively.
 6. Goods costing Rs.6,000 have been sold on the approval basis for Rs.7,500, but these were not approved by the customers as yet.
- (b)** What is depreciation? Which are the popular methods of providing depreciation? Why do firm provide depreciation? **07**
- OR**
- (b)** Discuss various classifications in ratios. **07**
- Q.3 (a)** Write a short note on Inflation Accounting. **07**
- (b)** Explain Human Resource Accounting. **07**

OR

- Q.3 (a)** Write a short note on Environmental Accounting. **07**
(b) What is a common size statement? Why is common size statements prepared? **07**

- Q.4 (a)** Pass Journal Entry in the books of Mr. Suraj Rathi for 1st April, 2013: **07**

Date, April, 2013	Transaction
1 st .	Commenced business with Rs.10,000.
2 nd	Cash deposited in bank Rs.6,000.
3 rd	Purchased goods Rs.2,000.
4 th	Cash withdrawn from bank Rs.500.
5 th	Sold goods to Shri Ram on credit Rs.1,000.
15 th	Purchased goods from Shri Shyam Rs.500.
28 th	Received cheque from Shri Ram Rs.900, discount allowed to him Rs.100.
30 th	Appointed Ms. Sandhya Rathi as accountant.

- (b)** Write a brief note on Earning Per Share and Diluted Earning Per Share. **07**

OR

- Q.4 (a)** Sathiya Company sold 20,000 crates of a soft drink at Rs. 120 during the year. Its beginning inventory consisted of 1,000 crates at Rs. 70 per crate. The following purchases were made during the year; 5,000 crates @Rs.75; 8,000 Crates @ Rs. 76; 9,000 crates @ Rs. 80. Operating expenses were Rs. 3,65,000. Income tax is payable at 30 per cent. Calculate Net Profit using the FIFO, LIFO methods. Use Periodic Method. **07**

- (b)** What is valuation of lease? **07**

- Q.5 (a)** What is impairment of asset? Explain with reference to AS-28. **07**

- (b)** Prepare an analysis showing trend percentage for the four year period using 2010 as the base year. **07**

Particulars	2010	2011	2012	2013
Net Sales	55,000	67,000	75,000	78,100
Cost of Goods Sold	20,000	30,000	32,000	33,200
Gross Profit	35,000	37,000	43,000	44,900
Operating Expenses	14,000	19,000	22,000	25,700
Net Income	21,000	18,000	21,000	19,200

OR

- Q.5 (a)** What is a cash flow statement? State the objectives of preparing cash flow statement. **07**

- (b)** The following ratios with industry ratios are presented before you. Prepare a note analyzing them along with suggested action plan for consideration and approval by your company's Board of Directors: **07**

Sr. Nos.	Particulars	Company Ratio	Industry Ratio
1.	Current Ratio	2.67	2.50
2.	Debtors Turnover Ratio (times)	10.00	8.00
3.	Stock Turnover Ratio (times)	3.33	9.00
4.	Net Sales Margin (%)	2.10	3.50
5.	Net Profit to Total Assets (%)	3.00	7.00
6.	Return on Investments (%)	4.81	10.00
7.	Total Debts to Total Assets (%)	37.00	60.00
8.	Total Assets Turnover	1.43	2.00
