

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA Semester –I Examination Dec'11- Jan'12

Subject code: 2810001**Date: 26/12/2011****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 Village Club Resort was set up on July 1,20XX,its trial balance on July 31,20XX is as follow: **14**

Village Club Resort
 Trial Balance on July 31,20XX

Accounts	Debit (Rs)	Credit(Rs)
Swimming Pool	14,000	-----
Hockey Court	10,000	-----
Supplies	3,500	-----
Debtors	3,000	-----
Cash	1,000	-----
Pre-Paid Insurance	1,500	-----
Creditors	-----	1,500
Unearned Revenues	-----	2,500
Share Capital	-----	18,000
Dividends	800	-----
Revenue from services	-----	15,100
Salaries	3,000	-----
Telephone Expenses	300	-----
Total	37,100	37,100

Additional Information:

1. The inventory of supplies on July,31,20XX is 1,500.
2. The swimming pool has an estimated life of seven years and the Hockey Court has an estimated life of Five Years. There is no scrap value.
3. Subscription revenue of Rs 1,500 is due from members who have been admitted on a provisional basis.
4. Unearned subscription included an amount of Rs 500 for July.
5. Insurance Premium of Rs 1,500 was paid on a one-year policy effective from July 1,20XX.
6. The local water supply company sends a bill for Rs 300 for July after the close of the month's transaction.

Prepare Profit & Loss Account and Balance Sheet for the month of July.

Q.2 (a) Rhythm Company has the following inventories, purchases, and sales data for July: **07**

Inventory	July 1	200 units @10.
Purchases	July 5	500 units @ 5
	July 12	200 units @ 7
	July 22	500 units @ 6
Sales	July 8	300 units
	July 15	200 units
	July 28	200 units

The closing inventories on July 31,20XX shows 700 units .Use FIFO and LIFO method to compute the value of closing inventories

(b) On July 1, 20XX, Palak Company invested Rs 1,00,000 in the share of Swara Company at Rs 100 per share for short term. On October 17, 20X1, Swara Company paid a dividend of Rs 8 per share. Palak Company fiscal year ended on March 31,20X2, when Swara company share closed at Rs 125 in the stock market. Palak Company classified the investment as held –for-trading. Record the following transaction in the book of Palak Company. **07**

OR

(b) Discuss Income Recognition & Accrual Income (AS-9) **07**

Q.3 Health care Ltd was registered with an authorized capital of Rs 25,00,000 divided into equity shares of Rs 100 each. The following trial balance is extracted from the books as on March 31, 2009. **14**

Debit Balance	Rs	Credit Balances	Rs
Buildings	14,50,000	Sales	26,00,000
Machinery	5,00,000	Salaries Outstanding	10,000
Closing Stock	4,50,000	Provision for Bad Debts (April 1,2008)	15,000
Purchases (adjusted)	10,50,000	Equity share capital	10,00,000
Salaries	3,00,000	General reserves	2,00,000
Director's fees	50,000	P & L A/c	1,25,000
Rent	1,30,000	Sundry Creditors	4,60,000
Depreciation	1,00,000	Dep.on Building	2,50,000
Bad debts	30,000	Dep.on Machinery	2,75,000
Int accrued on investment	10,000	14 % Debentures	10,00,000
Investment in shares of XYZ	6,00,000	Int.on debentures accrued but not due	70,000
Debentures Interest	1,40,000	Int.on investment	60,000
Loose tools	1,15,000	Unclaimed dividend	25,000
Advance tax	3,00,000		
Sundry expenses	90,000		
Sundry debtors	6,25,000		
Bank	1,50,000		
Total	60,90,000	Total	60,90,000

You are required to prepare Trading and Profit and Loss account for the year ending March 31,2009 and Balance Sheet as on that date after considering the following information:

1. Closing stock is more than opening stock by Rs 1,50,000
2. Provide doubtful debts at 5 % on debtors
3. Depreciation includes depreciation of Rs 40,000 on building and Rs 60,000 on machinery.
4. Make provision for income tax Rs 3,80,000

OR

- Q.3 (a)** What do you mean by the term ‘depreciation’? What are its causes? Why do firms provide depreciation? **07**
- (b)** Show format of balance sheet in horizontal form for a Company. **07**

- Q.4** From the following particulars, prepare the balance sheet of Shri Krishna & Co.Ltd: **14**

Gross Profit Ratio:	25 % (to sales)
Current Ratio:	2
Working Capital	Rs 4,00,000
Capital block to current assets:	3:2
Fixed Assets to turnover:	1:3
Sales cash/Credit	1:2
Debentures/Share Capital	1:2
Stock Velocity	2 months
Creditors Velocity	2 Months
Debtors Velocity	3 Months

Capital Block:

Net Profit	10 % of turnover
Reserve	2.5 % of turnover

Balance Sheet as at 31st March

Liabilities	Rs.	Assets	Rs.
Share Capital		Fixed Assets (Net)	
Reserves		Current Assets	
Profit & Loss Account		Stock	
Debentures		Debtors	
Creditors		Other current Assets	
Other current Liabilities			

OR

Q.4

Following are the summarized Balance Sheet of “ X” Ltd as on 31st December 2009 and 2010. You are required to prepare a fund flow statement for the year ended 31st December 2010.

14

	(Rs)			(Rs)	
	2009	2010	Assets	2009	2010
Share Capital	1,00,000	1,25,000	Goodwill	-----	2,500
General Reserve	25,000	30,000	Building	1,00,000	95,000
P & L A/C	15,250	15,300	Plant	75,000	84,500
Bank Loan(Long-Term)	35,000	67,600	Stock	50,000	37,000
Creditors	75,000	-----	Debtors	40,000	32,100
Provision for tax	15,000	17,500	Bank	-----	4,000
			Cash	250	300
Total	2,65,250	2,55,400	Total	2,65,250	2,55,400

Additional Information:

- Dividend of Rs 11,500 was paid.
- Depreciation written off on plant Rs 7,000 and on building Rs 5,000.
- Provision for tax was made during the year Rs. 16,500.

- Q.5 (a)** Explain the meaning and objectives of Financial Statement Analysis. **07**
(b) Who are the users of accounting information, and why do the users need accounting information? **07**

OR

- Q.5 (a)** Briefly explain Generally Accepted Accounting Principles. **07**
(b) Briefly explain IFRS. **07**
