

**GUJARAT TECHNOLOGICAL UNIVERSITY****MBA - SEMESTER-I • EXAMINATION – SUMMER • 2015****Subject Code: 810001****Date: 30-05-2015****Subject Name: Accounting for Managers (AFM)****Time: 14.30 pm - 17.30 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)** What are the objectives of Accounting? Name the different parties interested in accounting information and state why they want it. **07**

**(b)** What do you mean by GAAP? Describe briefly various concepts of accounting. **07**

**Q.2 (a)** Describe briefly various steps of accounting process. **07**

**(b)** Distinguish between Straight Line Method and Written Down Value Method with illustration. **07**

**OR**

**(b)** Explain the inventory systems – distinguish between periodic inventory system and perpetual inventory system. **07**

**Q.3 (a)** Purchases and sales of a certain product during January 2013 are given below. **07**  
Purchases **07**

On Jan 2, 2013 100 units @Rs.5

On Jan 12, 2013 200 units @Rs 4.80

On Jan 17, 2013 100 units @Rs 4.60

On Jan 22, 2013 100 units @Rs 4.50

Sales

On Jan 7, 2013 50 units

On Jan 14, 2013 150 units

On Jan 28, 2013 100 units

There was no opening inventory.

You are required to compute the Cost of Goods Sold under Weighted Average Cost Method.

**(b)** Discuss the uses and limitations of financial statements

**OR**

**Q.3 (a)** What is the difference between comparative financial statements and common-size comparative statements? **07**

**(b)** Write short note on Environmental Accounting. **07**

**Q.4 (a)** Explain the importance of Human Resource Accounting **07**

**(b)** “Balance Sheet is a statement of assets and liabilities or sources and uses of capital or both”. Comment. **07**

**OR**

**Q.4 (a)** Calculate Cash Flow from operation for the following information:

**07**

Profit and loss account for the year ended 31<sup>st</sup> March 2013

Particulars	Rs.	Particulars	Rs.
To Purchases	40,000	By Sales	60,000
To wages	10,000		
To Gross Profit c/d	10,000		
	60,000		60,000
To Salaries	2,000	By Gross Profit b/d	10,000
To Wages	2,000	By Profit on Sales	10,000
To Depreciation on Plant	2,000	of Building	
To Loss on Sales of	1,000		
Furniture	2,000		
To goodwill written off	11,000		
To Net Profit			
	20,000		20,000

Additional Information:

	Balance as on	
Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March 2014
Stock	20,000	24,000
Debtors	30,000	40,000
Creditors	10,000	15,000
Bills Receivable	10,000	16,000
Outstanding Expenses	6,000	10,000
Bills Payable	8,000	4,000
Prepaid expense	2,000	1,000

**(b)** You are required to pass the necessary adjusting entries for the following items appearing in the Trail balance as on March 31<sup>st</sup> 2013

**07**

- (1) Closing stock in hand as on March 31<sup>st</sup> 2013 Rs. 12,500
- (2) Rent unpaid Rs. 1200
- (3) Rent received in advance Rs. 900
- (4) Interest due but not received Rs. 750
- (5) Drawings in goods Rs. 1400
- (6) Insurance for the next period paid Rs. 450
- (7) Wages paid Rs. 1,000 for installation of plant

**Q.5 (a)** Briefly explains the development of International Financial Reporting Standard.

**07**

(b)

07

The following Balance sheet of Dev Ltd. For the year ended march 31<sup>st</sup> 2013

Liabilities	Amount	Assets	Amount
Equity Capital (25,000 shares of Rs. 10 each)	2,50,000	Fixed Assets 9,00,000 Less: Dep. 2,50,000	6,50,000
7% Preference Capital	50,000	Cash	25,000
Reserve & Surplus	2,00,000	10% Investments	75,000
6% Debentures	3,50,000	Debtors	1,00,000
Creditors	30,000	Stock	1,50,000
Bills payable	50,000		
Accrued expenses	5,000		
Provision for Taxation	65,000		
	10,00,000		10,00,000

Additional information:

Net sales	Rs. 15,00,000
Purchases	Rs. 13,00,000
Cost of Goods Sold	Rs. 12,90,000
Profit before tax	Rs. 1,46,500
Profit after tax	Rs. 50,000
Operating Expenses	Rs. 50,000
Market Value per Share	Rs. 150

Calculate: (a) Assets turnover ratio (b) Stock turnover (c) Creditors turnover (d) Gross operating margin (e) ROCE (f) Return on shareholder equity (g) Operating ratio

**OR**

- Q.5** (a) Why do we need global standardization of financial reporting? Is it possible? **07**  
(b) Define Responsibility Accounting. How does it differ from conventional cost accounting? **07**

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