Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER–I • EXAMINATION – WINTER 2013

Subject Code: 2810001 **Date: 26-12-2013**

Subject Name: Accounting for Managers

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)** Journalize the following transactions in the books of Mr.M.D. Shah for January, 2013: **07**

Date	Transaction
1st	Sold goods of Rs.5,000 @ 10% trade discount to Kavita Bhandar on credit.
5th	Paid Rs.1,000 for advertisement bill of Gujarati Times.
10th	Given a cheque of Rs.1,900 to Kashyap towards his dues of Rs.2,000 and settled his account.
15th	Purchased one Nokia cell phone in cash from Big Bazzar Rs.9,500.
20th	Goods destroyed by fire (sales price Rs.4,000, cost Rs.3,200).
29th	Purchased 200 shares of VB Ltd., @ Rs.90 per share (Face value Rs.100 per share); brokerage paid 2%.
31st	Paid Rs.250 and Rs.500 as cash on the occasion of the marriage of Accountant's son and maternal uncle's son respectively.

(b) What is the role of Accounting? Explain the critical 8 steps involved in accounting. **07**

Q.2 **(a)** You are required to prepare Final Account for Mr.Ajit Agarkar for the year ending 31st March, 2010. **07**

Particulars	Debit (Rs.)	Credit (Rs.)
Capital & Drawings	30,000	4,00,000
Opening Stock	37,500	-
Purchases & Sales	7,97,500	11,55,000
Freight on purchases	12,500	-
Wages (11 Months up to Feb.,2010)	33,000	-
Salaries	70,000	-
Postage, Telegrams and Telephone	6,000	-
Printing & Stationery	9,000	-
Miscellaneous Expenses	15,000	-
Debtors & Creditors	1,25,000	1,50,000
Investments	50,000	-
Discount Received	0	7,500
Bad Debts	7,500	-
Bad Debts Reserve	0	4,000
Building	1,50,000	-
Machinery	2,50,000	-
Furniture	20,000	-
Commission on Sales	22,500	-
Interest on Investments	0	6,000
Insurance (up to August 31,2010)	12,000	-
Bank Balance	75,000	-
Total	17,22,500	17,22,500

Adjustments:

1. Closing Stock is Rs. 1,12,500.
2. Machinery worth Rs. 22,500 purchased on October 1,2009 was shown as purchases. Freight paid on the machinery was Rs. 2,500, which was included in freight on purchases.
3. Commission is payable at 2.5% on sales.
4. Investments were sold at 10% profit.
5. Depreciate building @2.5% p.a. and plant and machinery @ 10% p.a.
6. Bad debts Rs.5,000 and create 5% BDR.

(b) Write a short note on Accounting Conventions. **07**

OR

(b) What is a ledger? What is Posting? Illustrate an example for the same. **07**

Q.3 **(a)** Write a Short Note on Fund Flow Analysis. **07**

(b) What is a Trial Balance? State the objectives of preparing Trial Balance. **07**

OR

Q.3 **(a)** Differentiate between Horizontal Analysis Vs. Vertical Analysis. **07**

(b) What procedure is to be followed in the case of change in the method of depreciation? **07**

Q.4	**(a)**	What is Investments according to AS-13? How is it classified? How is the cost of investment determined?	**07**
	(b)	Write a short note on AS-10 Accounting for Fixed Assets.	**07**

OR

Q.4	**(a)**	Satyam Corporation purchased earth moving equipment for Rs.8,00,000/-. The equipment was expected to be useful for five years, with an estimated residual value of Rs.40,000 at the end of that time. the machine is expected to produce 50,000 units. The machine produced 14,000 units in year 1; 13,000 units in year 2; 4,000 units in year 3; 15,000 units in year 4 and 4,000 units in year 5. You are required to compute depreciation expense for the first year under each of the following methods: **(**1) Straight line method, (2) Written Down Value method, (3) Sum of the years digits method and (4) Production Units method.	**07**
	(b)	Define the following with example: 1. Capital 2. Drawings 3. Goods 4. Closing Stock	**07**
Q.5	**(a)**	Ramesh Carpets sold 190 carpets during the year @ Rs.3,400 each. It had a beginning inventory on April 1, 2002 of 20 carpets at a cost of Rs.2,300 each. The following purchases were made during the year ended March 31, 2003. May 2002, 40 carpets @ Rs.2,400. July 2002, 50 carpets @ Rs.2,500 September 2002, 60 carpets @ Rs.2,700 February 2003, 30 carpets @ Rs.2,800 The company incurred operating expenses of Rs.58,000 during the year. It uses the periodic inventory system. a) Prepare a schedule to compute the cost of goods available for sale during the year. b) Determine the ending inventory on March 31, 2003 using the following inventory costing methods: FIFO and LIFO. c) Prepare a P&L A/c under each of the above inventory costing methods	**07**
	(b)	Which are the 3 types of accounts? Explain with example.	**07**

OR

Q.5	**(a)**	State the difference between Accounting Vs. Book Keeping.	**07**
	(b)	What is ratio analysis? State its objectives and advantages of using the same.	**07**

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