

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**MBA Winter 2017 - 18 Examination**

**Semester: 1**  
**Subject Code: 06200104**  
**Subject Name: Accounting for Managers**

**Date: 01/01/2018**  
**Time: 02:00 pm to 04:30 pm**  
**Total Marks: 60**

**Instructions**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as Directed.**

**A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark) (05)**

1. The Basic accounting equation is \_\_\_\_\_
 

a) Asset=Expense +Income	c) Assets=Capital +Long term and Short term Liabilities
b) Assets=Current Asset +Capital	d) Assets= liabilities + Reserves
2. The ratios that refer to the ability of the firm to meet the short term obligations out of its short term resources \_\_\_\_\_
 

a) Leverage ratios	c) Profitability ratios
b) Activity ratios	d) Liquidity ratio
3. Any written evidence in support of a business transaction is called \_\_\_\_\_
 

a) Journal	c)Voucher
b)Ledger	d)Posting
4. Quick ratio is 1.8:1, current ratio is 2.7:1 and current liabilities are Rs 60,000. Determine value of stock.
 

a) Rs 54,000	c) Rs 1,62,000
b) Rs 60,000	d) Rs 56,000
5. The cost of a machine is Rs.6, 00,000. The rate of depreciation is 10%. The depreciation for the 3rd year, on diminishing balance method, is \_\_\_\_\_
 

a) Rs.60,000	c) Rs.48,600
b) Rs.90,000	d) Rs.58,900

**B).Define the following. (Each of 1 mark) (05)**

1. The Entity Concept
2. Accrual Concept
3. Money Measurement Concept
4. GAAP
5. Cash discount

**C).Direct questions. (05)**

1. Write a note on HR Accounting.
2. Current Ratio of a firm is 2.2:1 and the net working capital is Rs. 36000. Calculate the amount of Current Assets and Current Liabilities.

**Q.2 Answer the following questions.**

- A). Who are the users of accounting information, and why do the users need accounting information? How this information helpful to the users? (07)

The following Trial Balance is extracted from the books of a merchant on 31.3.2015.

Particulars	Dr (Rs)	Cr (Rs)
Furniture & fittings	640	-
Vehicles	6250	-
Building	7500	-
Capital	-	12500
Bad Debts	125	-
Provision for Doubtful debts	-	200
Debtors & creditors	3800	2500
Stock ( 1.4 .2014)	3460	-
Purchases & sales	5475	15450
BOD	-	2850
Sales & purchase returns	200	125
B). Advertising	450	-
Interest on Bank over draft	118	-
Commission	-	375
Cash	650	-
Taxes & Insurance Premium	782	-
General Expenses	1250	-
Salaries	3300	-
Total	34000	34000

Additional Information:

1. The value of closing stock on 31<sup>st</sup> march 2015 is RS. 3250.
2. Depreciate Building @ 5%, Furniture @ 10% and Vehicles @ 20% p.a.
3. Rs. 85 is due for interest on Bank over Draft.
4. Salaries of Rs.300 and Taxes of Rs.200 are outstanding, and Insurance Premium of Rs. 100 is prepaid.
5. 20% of the commission received is in respect of work to be done next year.
6. Write off a further sum of Rs 100 as bad debts and create a provision for doubtful debts @5% on debtors.

**Q.3 Answer the following questions.**

Q.3 From the following Balance Sheets of Alpha Ltd. Prepare a Common-size Balance Sheet and interpret the same.

<b>Liabilities</b>	<b>2010</b>	<b>2011</b>	<b>Assets</b>	<b>2010</b>	<b>2011</b>
Share Capital	200000	250000	Goodwill	-	5000
General Reserve	50000	60000	Land & Building	200000	190000
Profit and Loss A/c.	30500	30600	Plant & Machinery	150000	169000
Bank Loan	70000	-	Stock	100000	74000
Sundry Creditors	150000	135200	Sundry Debtors	80000	64000
Provision for Taxation	30000	35000	Cash	500	800
			Bank	-	8000
<b>Total</b>	<b>530500</b>	<b>510800</b>	<b>Total</b>	<b>530500</b>	<b>510800</b>

Q.3 from the following balance sheets of Progressive Ltd make out Statement Showing Changes in Working Capital, Fund Flow Statement and necessary accounts:

<b>Liabilities</b>	<b>2012</b>	<b>2013</b>	<b>Assets</b>	<b>2012</b>	<b>2013</b>
Equity share capital	300000	400000	Goodwill	100000	80000
8% Pref. Share Capital	150000	100000	Land & bldg	200000	170000
Mortgage Loan	-	20000	Plant & Machinery	80000	200000
General Reserve	40000	50000	Investments	20000	30000
P& L A/C	30000	48000	Debtors	140000	170000
Proposed Dividend	42000	50000	Stock	77000	109000
Creditors	25000	47000	Bills Receivable	20000	30000
Bills Payable	20000	16000	Cash in hand	15000	10000
Liabilities for expenses	30000	36000	Cash in Bank	10000	8000
Provision for Taxation	40000	50000	Preliminary expenses	15000	10000
<b>Total</b>	<b>677000</b>	<b>817000</b>	<b>Total</b>	<b>677000</b>	<b>817000</b>

Additional Information:

1. A machine has been sold for Rs. 10000 and the WDV of the machine was Rs.12000. Depreciation of Rs.10000 was charged on plant & machinery during the year.
2. Interim dividend of Rs. 20000 has been paid during the year.
3. A provision of tax for Rs15000 was made during the year.
4. Depreciate land & building by 20000.

**Q.4 Attempt any two questions. (Each of 7.5 mark)****(15)**

1.Explain Trend Analysis with a hypothetical example.

From 1<sup>st</sup> April 2017, you are required to calculate the value of closing stock as per LIFO, FIFO & Weighted Average Method. The Closing Stock on 31<sup>st</sup> March 2017 is 100 units at 8 each.

Date	Particulars	Quantity (units)	Price per unit
April 1	Purchases	2000	10
2	Purchases	300	12
6	Sold	1200	-
10	Purchases	200	14
11	Sold	1000	-
22	Purchases	300	11
30	Sold	200	-

3. Discuss the AS-1 issued by ICAI in detail.

2017 Sept 1	Capital Rs 3, 00,000, Debtors Rs20,000, Cash in hand Rs 5,000, Cash at bank Rs 15,000, Stock Rs 7,000, Creditors Rs 25,000, Machinery Rs 1,50,000, Furniture and Fixture Rs 25,000.
5	Purchased goods from Mr. Shukla of the list price of Rs 50,000 at a trade discount of 12%.
9	Sold goods to Mr. Patel costing Rs1,00,000 at a profit of 25% on cost less 10% trade discount and 5% cash discount when paid 50% by Cheque.
14	Goods costing Rs 2000 distributed as free sample (sales price Rs 2500)
16	Wages of Rs 1500 were paid for installation of machine.
17	Bought furniture for proprietor's residence and paid cash 10,000
20	Rejected and Returned 10% of goods bought from Mr. Shukla

Pass the following Journal Entries in the Books of Account of a Merchant.