

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**MBA Summer 2018 - 19 Examination**

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

**Date: 06/05/2019**  
**Time: 10:30am to 01:00pm**  
**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. Identify Personal Account from the following

- |                     |              |
|---------------------|--------------|
| a) Furniture        | b) Bad debts |
| c) Parul University | d) Cash      |

2. Which of the following purpose is served from the preparation of Trial Balance?

- |  |   |
|--|---|
| a) To check the arithmetical accuracy of the recorded transactions | b) To ascertain the balance of any ledger account |
| c) To facilitate the preparation of final accounts promptly.       | d) All of the above                               |

3. At the year end, an amount outstanding for electricity consumed during that year will be dealt in the Accounts for the year by following the accounting concept of \_\_\_\_\_

- |                 |                      |
|-----------------|----------------------|
| a) Realization  | b) Accrual           |
| c) Conservatism | d) None of the Above |

4. The ratio which is good indicator to maintain the correct selling price and efficiency of trading activities is

- |                     |                       |
|---------------------|-----------------------|
| a) Net profit Ratio | b) Gross Profit Ratio |
| c) Current Ratio    | d) Liquid Ratio       |

5. Accounting Standard ( AS ) 6 is for

- |                                    |                            |
|------------------------------------|----------------------------|
| a) Disclosure of Accounting Policy | b) Depreciation Accounting |
| c) Valuation of Accounting         | d) Fixed Asset Accounting  |

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

- 1 Full Disclosure Concept
- 2 Trial Balance
- 3 Amortization
- 4 Depreciation
- 5 Perpetual Inventory System

**C). Answer the following: (05)**

1. Money Measurement Concept
2. Historical Cost Concept
3. Contingent Liability
4. Responsibility Accounting
5. Accrual Concept

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

**A). Write a note on Inflation Accounting (07)**

**B). Distinguish between IGAAP and IFRS. (08)**

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

Prepare a Common Size Income Statement and Interpret the same:

<b>Particulars</b>	<b>2015</b>	<b>2016</b>
Sales	300000	600000
COGS	50% of sales	70% of sales
Indirect Expenses	10% of Gross Profit	10% of Gross Profit
Income Tax	50% of Net profit before Tax	50% of Net profit before Tax

Pass the following Journal entries in the books of Account.

1. Goods of Rs 122000 were sold to Mr. Modi less 20% trade discount and received current dated cheque of 75% amount by giving 2% cash discount.
2. Received Rs 825 from Rajesh in full settlement of his account of Rs. 1000
3. Purchased a machine of 13000 and spent Rs. 970 on repairs.
4. Goods of Rs. 3700 were destroyed by fire.
5. Goods worth Rs 10000 were taken by the proprietor for personal use.
6. Purchased goods worth Rs. 50000 from Raja by paying cash.
7. Goods worth Rs.2500 were destroyed by fire. The goods were not insured by the firm.
8. Bought furniture of Rs.50000, Machine of Rs. 150000, cash of Rs. 80000 and a Loan taken from HDFC bank worth Rs. 100000.

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

Rajan is the accountant of a small company making two or three different types of household tools. He systematically and accurately collects and records all the transactions of the company, and prepares statement, so that management knows the annual profit and the financial position.

1. "What more can a good accountant do?" Ponders Rajan.  
From your understanding of the scope of accounting, advise him in what ways he might be of service to the management?

Calculate EPS and PE ratio from the following data:

- Profit after tax 6,00,000
- 10% preference share capital (Rs. 10 each) 10,00,000  
Equity share capital (Rs. 10 each) 10,00,000  
Market price per equity share Rs. 20
3. Discuss qualitative characteristics of accounting information.
4. Distinguish Between Financial Accounting and Management Accounting.