

KADI SARVA VISHWAVIDYALAYA – GANDHINAGAR

MBA SEMESTER I

END TERM EXAMINATION

Sub:- Accounting for Managers

Date: 27-12-2013

Time: 2 ½ Hours

Max.Marks: 40

Note: This Question paper contains 5 Questions of Which Question 1(A) and Question 5 are compulsory.

Q1.(A) Define Financial Accounting and explain accounting concepts and conventions (4)

Q1. (B) What is nature of Accounting. In what ways the accounting information is useful to Creditors, Investors and employees of a business enterprise. (4)

OR

Q1.(B) Explain the process of Accounting . (4)

Q2. (A) Explain the methods of Valuation of Inventories (4)

(B) On 1.1.2013 ABC Ltd purchased five machines for Rs.20,000 each. Depreciation is charged at the rate of 10% p.a on cost. The accounting year ends on 31st December each year. On 31.3.2014 one machine was sold for Rs.16,000 and on 30.9.2015 another machine was sold for Rs.15,000. A new machine was purchased on 30.6.2016 for Rs.24,000/-. Prepare machinery account and provision for depreciation account for four years. (4)

Or

Q2. (A) What is cash flow statement? What are its uses. (4)

(B) What is the need for analysis of financial statements. What are the types of such analysis (4)

Q3. (A) Explain the concept of Buy Back of Shares by companies (4)

(B) Explain the various types of Finances that a company can raise (4)

Or

Q3. (A) Define Ratio Analysis and explain various types of Ratios. (4)

(B) Distinguish between IFRS and ICAI Accounting Standards (4)

Q4. (A) Explain various methods of Depreciation. (4)

(B) Analyse a hypothetical Balance Sheet and explain the various components of it (4)

Or

Q4. (A) Explain how Funds flow statement differs from Cash Flow Statement (4)

(B) Engineering Solutions Company formed July 1, 2001 when three individuals each purchased \$50,000 of stock for cash. The following transactions occurred during the year: (4)

1. August 1: Signed lease for office: \$1800 per month payable on first of the month, first and last months rent payable at signing.
2. August 2: Purchased and put in service 3 computer systems for \$24,000 cash. Expected useful life of 3 years.
3. September 15: paid ABC Graphics \$5000 to design company brochure.
4. September 30: paid XYZ Printing \$3,000 to print 500 copies of company brochure.

5. November 5: Paid for 1 year contract with ISP: \$12000 (\$1,000 per month).
6. December 1: Each partner received \$1,500 GROSS pay, company payroll taxes are 30% and individual taxes are 20%, taxes are due Jan 31, 2002.
7. December 20: Billed first client \$29,500 for consulting work completed. Corporate tax rate is 40%.

Prepare a balance sheet and income statement as of December 31, 2001.

Q5. You have been hired as an analyst for Mellon Bank and your team is working on an independent assessment of Daffy Duck Food Inc. (DDF Inc.) DDF Inc. is a firm that specializes in the production of freshly imported farm products from France. Your assistant has provided you with the following data for Flipper Inc and their industry.

(8)

Ratio	1999	1998	1997	1999- Industry Average
Long-term debt	0.45	0.40	0.35	0.35
Inventory Turnover	62.65	42.42	32.25	53.25
Depreciation/Total Assets	0.25	0.014	0.018	0.015
Days' sales in receivables	113	98	94	130.25
Debt to Equity	0.75	0.85	0.90	0.88
Profit Margin	0.082	0.07	0.06	0.075
Total Asset Turnover	0.54	0.65	0.70	0.40
Quick Ratio	1.028	1.03	1.029	1.031
Current Ratio	1.33	1.21	1.15	1.25
Times Interest Earned	0.9	4.375	4.45	4.65
Equity Multiplier	1.75	1.85	1.90	1.88

- a. In the annual report to the shareholders, the CEO of Flipper Inc wrote, "1997 was a good year for the firm with respect to our ability to meet our short-term obligations. We had higher liquidity largely due to an increase in highly liquid current assets (cash, account receivables and short-term marketable securities)." Is the CEO correct? Explain and use only relevant information in your analysis.
- b. What can you say about the firm's asset management? Be as complete as possible given the above information, but do not use any irrelevant information.
- c. You are asked to provide the shareholders with an assessment of the firm's solvency and leverage. Be as complete as possible given the above information, but do not use any irrelevant information.

KADI SARVA VISHWAVIDYALAYA
MBA I, Sem I , University ATKT Examination

Accounting for Managers (CC 102)
Marks: 40

Date: 24th April, 2014
Time: 10:00 a.m. to 12:30 p.m.

Instructions:

- 1) Answers should be precise and to the point.
 - 2) Show all calculations and make assumptions, wherever necessary.
 - 3) Marks are indicated on the right hand side
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Q-1(a) How does financial accounting differ from management Accounting? (4)

Q-1(b) Discuss the assumptions underlying accounting measurement and explain their significance. (4)

OR

Q-1 (b) Frame a transaction that has the following effect on the accounting equation; (4)

1. Increases an assets and increases equity
2. Decreases an assets and decreases a liability

Q-2(a) Prepare Journal Entries for the following transactions (4)

May. 1 Begun Business by investing cash Rs. 10000 in company's share capital

3 Paid two months rent in advance Rs. 4000

5 Bought equipment for cash Rs 1500

7 Received payments for furnishing office room Rs 15000

10 Paid electricity charges Rs 500

Q-2 (b) Post the above journal entries to the ledger (4)

OR

Q-2(a) Classify the following accounts according to their type: assets, liability or equity (4)

1. Office Supplies
2. Prepaid Rent
3. Unearned Insurance Premium
4. Advances from Customers
5. Interest expense

Q-2(b) "Debits = Credits." Explain (4)

Q-3(a) Why is an adjusted trial balance prepared? (4)

Q-3 (b) Determine net cash flow from operating activities, and distinguish between the direct and indirect methods. (4)

OR

Q-3(a) Why do we need inventory costing methods? (4)

Q-3(b) Explain FIFO and LIFO inventory costing Methods. (4)

Q-4(a) How is the straight-line method different from the written down method (4)

Q-4(b) Is it necessary to follow the same depreciation method for accounting and tax purposes? (4)

OR

Q-4(a) How does dividend differs from a bonus? (4)

Q-4(b) Explain Diluted Earnings per share. (4)

Q-5 Information related of the company from its financial statements is as follows (8)

	2014	2013
Net sales	Rs 85000	Rs 70000
Profit after tax	10000	9000
Total Assets	49000	41000
Shareholders' Equity	25000	21000

At the end of 2012, the company had total assets of Rs 32000 and shareholders' equity of Rs 15000.

You are required to computer profit margin, asset turnover, return on assets and return of equity for 2013 and 2014, comment on the company's profitability in 2013 and 2014