Seat No.:	Enrolment No.
Seal INO	EHIOHIEHI NO.

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA (AM) - SEMESTER - 2 • EXAMINATION - WINTER - 2016

Subject Code: 4120504 Date: 21/11/2016

Subject Name: Financial Accounting

Time: 10.30 AM TO 05.30 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 is accounting? Explain the functions and needs of Accounting.
- **Q.1 (b)** The following are the details of a spare part of Golden Mills:

1-1-2016 Opening stock Nil 1-1-2016 Purchase 100 units @ Rs. 30 per unit 15-1-2016 Issued for use 50 units 200 units @ Rs. 40 per unit 1-2-2016 Purchases 15-2-2016 issued for use 100 units 20-2-2016 Issued for use 100 units 1-3-2016 Purchases 150 units @ Rs. 50 per unit 100 units 15-3-2016 Issued for use

Find out the value of stock as on 31-3-2016 as per weighted average basis.

- Q.2 (a) What is journal? Why it should be recorded in books and give detail of rules of journalizing the transactions.
 - (b) Define corporate financial statements and write the importance of corporate financial statements.

OR

- (b) A firm purchased a machine on 1 January 2006 for Rs. 2,00,000. A new machine was purchased for Rs. 80,000 on 1 July 2007. It is decided to write off depreciation on machinery at 10% p.a. according to WDV method. Accounts are closed every year on 31st December. Prepare the machinery account for three years from 2006.
- Q.3 (a) Explain the meaning and scope of GAAP in detail.

(b) What do you mean by inventory? Give the differences between LIFO and FIFO method.

OR

Q.3 From the following Trial balance of Mr. Kumar as on March 31, 2016 prepare the Trading and Profit & loss Account for the year ended on March 31, 2016 and a Balance sheet on that date:

Particulars	Debit Balance	Credit Balance	
	Rs.	Rs.	
Capital	-	1,00,000	
Building	15,000	_	

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Drawings	18,000	
Furniture	7,500	
Motor car	25,000	
Loan from Akshay @ 12%	-	15,000
Interest paid on above Loan	9,00	-
Purchases and Sales	75,000	1,00,000
Opening stock	25,000	-
Establishment expense	15,000	-
Wages	2,000	-
Insurance	1,000	
Commission	-	7,500
Debtors and Creditors	28,100	10,000
Bank balance	20,000	-
Total	2,32,500	2,32,500

Additional Information:

- 1) Value of the closing stock as on Mar 31, 2016 is Rs. 32,000
- 2) Outstanding wages amounted to Rs. 500
- 3) Insurance Prepaid is Rs. 300
- 4) Commission received in advance amounted to Rs. 800
- 5) Depreciate Building by 2.5%, Furniture by 10% and Motor car by 10%
- 6) Allow interest on capital @ 10% p.a.
- 7) Charge Rs. 500 as interest on drawings.
- 8) Balance of interest due on the loan is also to be provided for.

Q.4 (a) Stars Ltd. Purchased some fixed asset for consolidated price; Details of the market values of these assets as appraised by a valuer are also given. Determine the cost of each asset find out individual cost price of assets.

Name of Asset	Consolidated	Market	
	price	value	
Land	?	600000	
Building	?	1600000	
Machinery	?	1200000	
Furniture	?	800000	
Total	3000000	4200000	

(b) Explain in detail the vertical form of Balance sheet with its specimen.

OR

Q.4 (a) Write a brief note on Trial Balance. Explain the types of errors.

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- (b) How will you classify the following into Personal, Real and Nominal 07 accounts?
 - 1. Computer Account
 - 2. Trademark Account
 - 3. Commission received Account
 - 4. Mr. Raja's Account

Q.5	(a)	Write short notes on the following: 1. Goodwill 2. AS-10 3. Amortization	07
	(b)	 Journalize the following transactions in the books of Mr. Ravindra; Paid rent of building Rs. 12,000 half of the building is used by the proprietor for residential purpose. Mr. Ravindra paid life insurance premium Rs. 2,000 Salary due to clerk Rs. 5,00 Charge depreciation on furniture @ 10% p.a. for 1 month (Furniture Rs. 12,000) Received commission Rs. 1,000 half of which is in advance. Paid income tax Rs. 3,000 Purchase a laptop of Sony Rs. 50,000 	07
		OR	
Q.5	(a)	Write a brief note on valuation of investment.	07
	(b)	Explain the given concepts: 1. Accrual 2. Going Concern 3. Materiality	07

5. Outstanding salary account6. Bank of CANARA Account7. Wages Account