Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MAM - SEMESTER–II • EXAMINATION – WINTER 2013

Subject Code: 4120504 **Date: 13-12-2013**

Subject Name: Financial Accounting

Time: 02.30 pm - 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) Journalize the following transactions: **07**

Dec. 1 Mr. A commenced business with cash Rs. 10000
Dec. 2 Goods purchased for cash Rs. 7000
Dec.5 Purchased machinery for cash Rs. 180000
Dec.7 Purchased goods from Mr. B Rs. 5000
Dec. 10 Salaries paid Rs.2000
Dec. 12 Amount paid to Mr. B.
Dec. 15 Sold goods for cash Rs.13000
Dec.17 Telephone bill paid Rs.750
Dec. 20 Received commission in cash Rs.100
Dec.22 Order placed to purchase goods of Rs.1000
Dec.27 Purchase furniture for Rs. 50000 by cheque.
Dec.29 Interest received by cheque Rs.1600
Dec.30 Paid insurance premium Rs.900
Dec. 31 Cash withdraw for personal use Rs.5000

(b) Write a short note on various methods of calculating depreciation **07**

Q.2 (a) What do you mean by Financial accounting, Differentiate management account and financial account in the context of objectives and limitations of financial accounting? **07**

(b) Briefly discuss accounting conventions. **07**

OR

(b) Eq+L =A, Explain this concept in brief. **07**

Q.3 (a) Prepare the final accounts of Omega Ltd as on 31-3-2009 considering following trial balance: **07**

Particulars	Debit balance (inRs)	Credit balance (inRs)
Share capital		50, 00,000
Opening stock of inventories	14, 00,000	
Sales &Purchases	80, 00,000	1, 25, 00,000
Debtors &Creditors	40, 00,000	2, 00,000
Salary	4, 00,000	
Plant &Machinery	30, 00,000	
Furniture & Fixtures	20, 00,000	
16%Bank Loan (1-4-2007)		5, 00,000
Postages & Telegram	1, 40,000	
Stationary & Printing	1, 20,000	
Rates & Taxes	40000	
Interest on bank loan	40,000	
Bank Balance	60,000	
Reserves		10, 00,000
Total	1, 92, 00,000	1, 92, 00,000

Additional Information:

(1) Closing stock as on 31-3-2008 : Rs:5,00,000

(2) Outstanding expenses:

Rates & Taxes Rs.10, 000

Postages &Telegram Rs.50, 000

(3) Provide depreciation @20% on plant & Machinery, @10% on furniture &fixtures.

(4) Provide Bad debt @2%on debtors.

(5) A credit purchase of furniture made on 1-1-2008 costing Rs.50, 000 was recorded in the purchase book.

(b) Discuss AS-1, AS-2, AS-3 along with the list of accounting standards **07**

OR

Q.3 **(a)** Prepare a trial balance as on 31st January, 1998 from the following information. **07**

Particulars	Amount (inRs)
Cash account	580
Interest received	200
Bank balance	25,000
Stock (opening)	20,000
Furniture	2000
Building	10000
Seeta & Geeta (Debit)	3000
Capital	55000
Loan	10000
Purchase	4620
Discount received	5000
Plant	5000

(b) Explain the meaning of leasing, state the difference between leasing and hire purchase. **07**

Q.4 **(a)** "Financial statements are mirror image of an organization" Explain **07**

(b) Statement of financial position of Mr. Paramhansh is given below: (Amount in Rs.) **07**

Liabilities	1-1-98	31-12-98	Assets	1-1-98	31-12-98
Accounts payable	29000	25000	Cash	40000	30000
Capital	739000	615000	Debtors	20000	17000
			Stock	8000	13000
			Building	100000	80000
			Other fixed expense	600000	500000
	768000	640000		768000	640000

Additional information:

(1) There were no drawings.

(2) There were no purchases or sale of either building or other fixed assets.

Prepare a statement of cash Flow.

OR

Q.4 **(a)** A firm purchases a machinery on Aug.2001 for Rs.350000 and incurred Rs. 50000 as installation expense. Depreciation written off is 10%. The firm is calculating depreciation with reducing balance method. Firm closes its books on April 30, every year... Prepare a depreciation account up to 2005. **07**

(b) Define goodwill, how it is calculated? When it is needed to calculate goodwill? Differentiate depreciation and amortization. **07**

Q.5 **(a)** Prepare a stock register for the month of March,2010 with LIFO method. **07**

1 Mar. Opening stock 1000 units with Rs. 15
2 Mar. Purchase 800 units, Rs.12
3 Mar. Sales 600 units.
5 Mar. Purchase 600 units, Rs. 10
8 Mar. Sales 400 units
10Mar. goods sent as a sample 100 units.
12 Mar. Purchase 400 units, Rs.8
18 Mar. Sales 350 units.
22Mar. Purchase 200 units, Rs.6
25 Mar. Goods given as donation from last purchase 50 units.
29 Mar. Sales 200 units.
31 Mar. Shortage 20 units.

(b) "Savings and investments are different from each other" Elaborate. **07**

OR

Q.5 **(a)** XYZ Ltd. is planning to invest its surplus funds of Rs. 1500000 in the market. And for the same it requires an advice of a financial advisor. Advisor has advised firm to purchase shares of Birla and charged Rs.5000 as fee. While considering the advice XYZ Ltd. has purchased 10000 shares with a price of Rs.400 per share on 1st January, through a stock broker. Brokerage will be 0.50%.On 15th Jan XYZ Ltd. sold 1000 shares with a price 415 per share. Determine the cost of investment. **07**

(b) Explain ratio analysis as a tool of analyze financial statement; Discuss some important ratio which help to analyze financial statement. **07**

****