Seat No.: _____ *Enrolment No._____*

GUJARAT TECHNOLOGICAL UNIVERSITY

M. E. IST Semester–Remedial Examination – July- 2011

Subject code: 711406N

Subject Name: Construction Finance & Accounting

Date:12/07/2011 **Time: 10:30 am – 01:00 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)** Journalized the following transactions in the books of SNV & Company, post them in the ledger. **07**

2009	
March - 1	Commenced the business with cash Rs. 15,000, Goods Rs. 55,000, Ram's Account (Dr) Rs. 9,000, Shyam's Account (Dr) Rs. 3,000, Madhav's Account (Cr) Rs. 10,000.
March - 2	Received Rs. 8,890 from Ram in full settlement of his account.
March - 3	Received a cheque of Rs. 2,940 from Shyam after 2% cash discount. The cheque was deposited in to bank account.
March – 4	Goods taken by the proprietor for his personal use Rs. 2,600.
March – 5	Paid Rs. 8,890 to Madhav in settlement of his account.
March – 6	Purchased goods worth Rs. 4,000 for cash at 10% trade discount & 2% cash discount.

(b) Show the classification of the following Accounts under traditional approach: **07**

(a) Building (b) Purchase (c) Bank Deposit (d) Rent Outstanding
(e) Closing Stock (f) Debtors (g) Investments (h) Bad debts
(i) Capital (j) Rent received in advance

Q.2 **(a)** Explain following concepts **07**

a. Business Entity concept

b. Going Concern concept

(b) Explain following concepts **07**

a. Accounting Period concept

b. Accrual concept.

OR

(b) Explain the rule of Debit and Credit with example **07**

Q.3 **(a)** An analysis of Sultan Manufacturing Co. Ltd. led to the following information: **07**

Cost element	Variable cost (% of sales)	Fixed cost
Direct Material	32.8	
Direct labour	28.4	
Factory overheads	12.6	1,89,900
Distribution overheads	4.1	58,400
Administrative overheads	1.1	66,700

Budgeted sales are Rs. 18,50,000. You are required to determine:

(i) the break even sales volume
(ii) the profit at the budgeted sales volume
(iii) the profit if actual sales:
  (a) drop by 10%
  (b) increase by 5% from budgeted sales

(b) During the current year, AB Ltd showed a profit of Rs. 1,80,000 on a sales of Rs. 30,00,000. The variable expenses were Rs. 21,00,000. **07**

You are required to work out:

(1) The break even sales at present
(2) The break even sale if variable cost increase by 5 per cent
(3) The break even sale to maintain the profit as at present, if the selling price is reduced by 5 per cent.

OR

Q.3 **(a)** From the following ledger balances, prepare a trial balance of Anuradha Traders as on 31st March 2009. **07**

Account Head	Rs.
Capital	1,00,000
Sales	1,66,000
Purchase	1,50,000
Sales return	1,000
Discount allowed	2,000
Expenses	10,000
Debtors	75,000
Creditors	25,000
Investments	15,000
Cash at bank and in hand	37,000
Interest received on investments	1,500
Insurance paid	2,500

(b) Write Short Notes on the following terms **07**

(a) Preliminary Expenses
(b) Unclaimed Dividend

Q.4 **(a)** What do you understand by financial management? Why is it significant for a firm? **07**

(b) What are the managerial finance functions? **07**

OR

Q.4 **(a)** Discuss objectives of financial management. **07**

(b) Discuss 5 A's of finance. **07**

Q.5 **(a)** What are the long term sources of finance? Explain any one in detail. **07**

(b) Enlist and explain the determinants of working capital management? **07**

OR

Q.5 **(a)** What do understand by operating cycle? Give format for calculating operating cycle with illustrative figures. **07**

(b) X co. is desirous to purchase a business and has consulted you, and one point on which you are asked to advise them is the average amount of working capital which will be required in the first years' working. **07**

You are given the following estimates and are instructed to add 10% to your computed figure to allow for contingencies:

NO.	PARTICULARS	AMOUNT [Rs]
1	Average amount backed up for stocks	
	Stocks of finished product	5,000
	Stocks of stores, materials, etc.	8,000
2	Average credit given:	
	Inland sales 6 weeks' credit	3,12,000
	Export sales 1& ½ weeks' credit	78,000
3	Average time lag in payment of wages and other exp.:	
	Wages 1& ½ weeks	2,60,000
	Stocks, mat. etc. 1& ½ months	48,000
	Rent etc. 6 months	10,000
	Clerical staff ½ month	62,400
	Manager ½ month	4,800
	Misc. exp. 1&½ months	48,000
4	Payment in advance:	
	Sundry exp. [paid quarterly in advance]	8,000
	Undrawn profits on an average through out the year	11,000

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