Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MTM - SEMESTER–IV • EXAMINATION – SUMMER • 2014

Subject Code: 4260101 **Date: 30-06-2014**

Subject Name: Financial Accounting

Time: 10:30 am - 01:30 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)** "Accounting is an Art" Discuss this sentence with the features of Accounting in detail. **07**

(b) Define the meaning of Revenue. Also discuss classification of Income and expenditures. **07**

Q.2 **(a)** Arpit Industries Ltd. Has following information **07**

Cost of the machine	Rs. 5200000
Expected useful life(years)	5
Estimated residual Value	Rs. 260000

You are required to calculate

(1) Determine the annual depreciation of machine as per SLM
(2) Determine the rate of depreciation as per SLM
(3) Determine the accumulated depreciation for all the years as per SLM

(b) What is Depreciation? Describe Types of depreciation in detail. **07**

OR

(b) ABC Ltd. has established a new project. Details of fixed assets and expenditures incurred during the construction of the project are given below. Determine the cost of each asset at the end of completion of the project. **07**

Particulars	Amount Rs.
Land	12500000
Buildings	25000000
Plant and Machinery	207500000
Misc. Fixed assets	5000000
Pre-operative administrative expenses on start up, commissioning, test run and experimental production	15000000
Interest on term loans during the construction period	18000000
Total	283000000

Q.3 **(a)** Define the rules of Debit and Credit for journalizing with the classification of accounts in detail. **07**

(b) From the following transactions find out the nature of accounts and also state which account should be debited and which account should be credited? **07**

(1) Ramesh started his business with cash
(2) Borrowed from Nikhil
(3) Purchased Furniture
(4) Purchased goods from Ram on credit
(5) Cash Deposited into bank
(6) Withdrew cash for personal use
(7) Withdrew cash from bank for office use

OR **PTO**

Q.3 **(a)** On 1st April 1998, Mr singh's Assets and Liabilities stood as follows **07**

Cash Rs. 6000, Bank Rs. 17000, Stock Rs. 3000, Bills Receivables Rs. 7000, Debtors Rs.3000, Building Rs.70000, Investment Rs.30000,Furniture Rs. 4000, Bills Payable Rs. 5000, Creditors Rs. 9000, Ram's loan Rs. 13000

Pass an opening Journal Entry.

(b) The following balances are extracted from the books of Kautilya & Co. on 31st march, 2006. You are required to prepare the Trading and Profit & Loss Accounts and also Balance Sheet as on that date. **07**

Particulars	Rs.	Particulars	Rs.
Stock on 1st April	500	Returns Outwards	250
Bills Receivables	2250	Trade Expenses	100
Purchases	19500	Office Fixtures	500
Wages	1400	Cash in Hand	250
Insurance	550	Cash at Bank	2375
Sundry Debtors	15000	Rent & Taxes	550
Carriage Inwards	400	Carriage Outwards	725
Commission (Dr)	400	Sales	25000
Interest on Loan	350	Bills Payables	1500
Stationary	225	Creditors	9825
Returns Inward	650	Capital	8925
Commission (Cr)	200	Closing stock Value	12500

Q.4 You are required to prepare Trading and Profit & Loss Accounts and Balance Sheet from the Following Balances and Adjustments of AB Ltd for the year ending 31 Dec, 2009 **14**

Particulars	Amount Dr.	Amount Cr.
Purchase/Sales	130295	180500
Cash in Hand	500	
Cash at Bank	9500	
Stock as on 1-1-2009	40000	
Wages	22525	
Goods Returns	2400	195
Repairs	1675	
Debtors/Creditors	30000	30305
Bad debts	2310	
Loan (12% p.a.)	---	20000
Discounts	800	530
Interest on Loan	600	
Capital	---	37500
Salaries	8000	---
Sales Tax	800	---
Octroi	500	
Insurance	1000	
Charity Expenses	125	
Rent	2000	
Machinery	16000	
	269030	**269030**

Adjustments :-

(1) Wages include Rs. 2000 for eraction of new Machinery installed on 1-1-2009
(2) Provide for depreciation on machinery @ 5%p.a.
(3) Stock on 31-12-2009 is Rs. 40925
(4) Salaries unpaid Rs. 800
(5) Further Bad Debts Rs. 400
(6) Make a provisional of 5% on debtors for Doubtful debts

PTO

(7) Prepaid Rent Rs. 500
(8) Prepaid Insurance Rs. 300

OR

Q.4	**(a)**	Write a specimen of Manufacturing Accounts	**07**
	(b)	Write a specimen of Horizontal form of Balance Sheet	**07**
Q.5	**(a)**	Classify the following into personal, Real and Nominal Accounts (1) Investment A/c (5) Salary A/c (2) ABC Corporation A/c (6) Cash A/c (3) Loose Tools A/c (7) Brokerage A/c (4) Capital A/c	**07**
	(b)	Discuss the concepts of Accounting in detail.	**07**

OR

Q.5	**(a)**	Write a note on-GAAPs	**07**
	(b)	Explain the classification of Receipts.	**07**

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