Seat No.:	Enrolment No

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA(TM) - SEMESTER-6 • EXAMINATION - SUMMER 2016

	Subject Code: 4260101 Date: 2			
Tin	ne:02		70	
	2.	Attempt all questions. Make suitable assumptions wherever necessary. Figures to the right indicate full marks.		
Q.1	(a)	What are the categories of users of financial accounting information?	07	
Q.2	(b) (a)	Classify the following accounts into Personal, Real and Nominal accounts (1) Capital account (2) Wages (3) Purchases (4) Outstanding Rent (5) State Bank of Indian (6) Advertisement (7) Building Distinguish between the accrual basis of accounting and cash basis of	07	
	(b)	accounting? Define the rule of debit and credit for journalizing with classification of accounts in details.	07	
		OR		
	(b)	 Journalize the following transactions: Goods brought from Mr. Kapur for Rs.70,000. Mr. Kapur paid into Indian Bank Rs. 15,000. Paid rent by cheque for the rent Rs. 5,000. Mr. Kapur withdrew for personal use Rs. 15,000 Purchase goods from Mr. Khan of the list price of Rs. 50,000 at a trade discount of 12%. Wages paid Rs. 1000 for erection of plant. 	07	
Q.3	(a)	Distinguish between financial accounting and management accounting.	07	
	(b)	Explain the meaning and significance of Going Concern Concept.	07	
		OR		

	Amt		Amt
	(Rs.)		(Rs.)
Opening stock of RM	20000	Plant and Machinery at cost	80000
Opening stock of WIP	30000	Leasehold Buildings at cost	50000
Direct Wages	80000	Provisions for Depreciation	
Sales	270000	Leasehold Building	7000
Purchases	180000	Plant and Machinery	5000
Return Inwards	10000	Fixtures and Fittings	2000
Carriage Outwards	2500	Replacement cost of Fixed Asse	18000
Direct Wages	70000	Sale of Scrap	2500
Repair to Buildings	3000	Factory Power	7500
Indirect Wages	9000	Factory Rates	9000
Bank Overdraft	20000	Opening stock of Finished Goo 45	

Additional Information:

- (1) Factory building are held on a 60 years lease
- (2) Stock on 31st March 2009 : Raw material Rs.25000, WIP Rs.35000, Finished Goods Rs.60,000
- (3) Depreciate the Plant and Machinery @ 10%.
- (4) The Factory production was charged finished goods at cost.
- (5) Prepare a Manufacturing Account for the year ended on March 31st, 2009
- Q.4 (a) Describe in details various method of charging depreciation.

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(b) What is trial balance? Why it is prepared?

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OR

- Q.4 (a) Classify the following into capital and revenue expenditure by stating reasons for your classification:
 - (1) Rs. 7500 spend for additions to the existing machinery.
 - (2) Rs. 5,000 incurred on transport cost in delivering a new machine to the business site.
 - (3) Rs. 500 paid for wages to install that new machine.
 - (4) An old machine of book value Rs 15,000 has become obsolete, removed at a cost of Rs. 1,000 and its scrap realized at Rs. 800
 - (5) A second had machine was purchased for Rs 9,000 and spent Rs 1,000 for repairs to make it usable immediately.

(b) On April 1, 2006 X Ltd purchased a second hand machine for Rs. 1,60,000 and spent Rs. 40,000 on its cartage and installation. The residual value at the end of its expected useful life of 4 years is estimate at Rs. 80,000 on Sep 30, 2008. This machine is sold for Rs. 1,00,000. Depreciation is to be provided by Straight Line Method.

You are required to pass Journal entries in the books of X Ltd and prepare Machinery Account for the first three years assuming that the accounts are closed on March 31, each year.

Q.5 (a) Write a note on GAAP.

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07

(b) Explain classification of expenditure.

07

OR

Q.5

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The following Trial Balance is extracted from the books of Mr Shah on March 31, 2009

Particulars	Amt (Rs)	Amt (Rs)
Capital		25000
Furniture and Fittings	1280	
Motor Cycle	12500	
Buildings	15000	
Bad debts	250	
Provisions for Doubtful Debts		400
Sundry Debtors/ Creditors	7600	5000
Stock (as on April 1, 2008)	6920	
Purchases and Sales	10950	30900
Bank Overdraft		5700
Returns	400	250
Interest on Bank Overdraft	236	
Advertising	900	
Commission		750
Cash	1300	
Taxes and Insurance Premium	1564	
General Expenses	2500	
Salaries	6600	
	68000	68000

Additional Information:

- (1) Stock on hand as on March 31, 2009 is Rs. 6,500
- (2) Depreciation building @ 5% p.a Furniture @10% p.a; Motor cycle @ 20% p.a
- (3) Rs. 170 is due for interest on bank overdraft
- (4) Salaries Rs. 600 and taxes Rs. 400 are outstanding.
- (5) Insurance premium Rs.200 is prepaid.
- (6) One-third of the commission received is in respect of work to be done next year.
- (7) Write off a further sum of Rs. 200 as bad debts from the debtors.
- (8) Create provisions for doubtful debts @ 5% on debtors.

You are required to prepare a Trading and Profit and Loss Account for the year ended on March 31, 2009 and a Balance Sheet on that date.
