

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA(AM) - SEMESTER- 2 - EXAMINATION – SUMMER 2016

Subject Code:4120504**Date: 25/05/2016****Subject Name: Financial Accounting****Time:10:30 AM to 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)** Analysis the following transaction in the books of Roy. **07**
- 1) Mr. Roy started business with Rs. 170000 from his personal fund.
 - 2) He purchased machinery for Rs. 10000.
 - 3) He purchased goods for Rs. 15000.
 - 4) Creditors were paid Rs. 5000.
 - 5) He withdraws Rs. 2500 cash for his personal use.
 - 6) Machinery was depreciated by Rs. 1000.
 - 7) Salaries and Rent paid Rs. 3000 and Rs.1500 respectively.
- (b)** Explain three basic account of accountancy with example. **07**
- Q.2 (a)** The following balances were extracted from the ledger of Mrs. Sumitra as on **07**
 March 31, 2014. You are required to prepare a Trail Balance as on that date:

Particular	Amount
Capital	90000
Drawings	3000
Purchases	100000
Sales	140000
Return inward	500
Return outward	1000
Carriage inward	1500
Carriage outward	1000
Opening stock	15000
Scooter	20000
Salaries	7000
Rent	3000
Taxes	1500
Insurance	1200
Sundry Creditors	9000
Sundry Debtors	2000
Cash in hand	300
Cash at Bank	3000
Furniture	6500
Bank overdraft	20000
Land	73000
Machinery	74500

- (b) What do you mean by Depreciation? Explain difference between SLM method and WDV method. **07**

OR

- (b) A machine is purchased for Rs. 400000. Expenses incurred on it Rs. 100000. The residual value at the end of its expected useful life of 4 years is estimated at Rs. 200000. Calculate the amount of depreciation for the first year ending on Mar 31, 2009 if it is purchased on:
- Apr 1, 2008
 - July 1, 2008
 - Oct 1, 2008
 - Jan 1, 2009

- Q.3** (a) What do you mean by Depreciation? Explain the causes of depreciation. **07**
 (b) Purchases and sales of a certain product during Jan 2009 are given below. **07**

Purchases

- On Jan 2, 2009 100 units @ Rs 5
- On Jan 12, 2009 200 units @ Rs. 4.80
- On Jan 17, 2009 100 units @ Rs. 4.60
- On Jan 22, 2009 100 units @ Rs. 4.50

Sales

- On Jan 7, 2009 50 units
- On Jan 14, 2009 150 units
- On Jan 28, 2009 100 units

There was no opening inventory.

You are required to compute the inventory by LIFO methods:

OR

- Q.3** (a) Prepare Store Ledger A/c by FIFO method for the month of Dec 2009. **07**

Date	Particular	Quantity (Kg)	Rate per Kg (Rs)
Dec 1	Opening Inventory	600	100
Dec 3	Purchase of material	3000	140
Dec 10	Issue of material	2400	-
Dec 12	Purchase of material	1500	160
Dec 20	Issue of material	300	-
Dec 22	Purchase of material	450	180
Dec 27	Issue of material	540	-

- (b) Explain difference between SLM method and WDV method. **07**

- Q.4** (a) How will you classify the following into personal, Real and Nominal accounts? **07**
- State Bank of India
 - Salary Account
 - Capital Account
 - Cash Account
 - Investment
 - Creditors
 - Machinery

- (b) The following is the Trial Balance extracted from the books of Shri Rajendra as on Dec 31, 2013. Prepare final Accounts. **07**

Particular	Debit	Credit
Capital	-	200000
Plant & Machinery	156000	-
Furniture	4000	-
Purchases and Sales	120000	254000
Returns	2000	1500
Opening stock	60000	-
Discounts	850	1600
Sundry Debtors/ Creditors	90000	50000
Salaries	15100	-
Wages	20000	-
Carriage Outwards	2400	-
Provision for Doubtful Debts	-	1050
Rent, Rates and Taxes	20000	-
Advertisement	4000	-
Cash	13800	-
Total	508150	508150

Adjustments:

- 1) Closing stock was valued at Rs. 68440.
- 2) Provision for doubtful debts is to be kept at Rs. 1000.
- 3) Depreciate plant & machinery @ 10%.
- 4) The proprietor has taken goods worth Rs. 10000 for his personal use and additionally distributed goods worth Rs. 2000 as samples.
- 5) Purchase of furniture Rs. 1840 has been passed through purchase book.

OR

- Q.4** (a) What is meaning of financial statement analysis. Explain purpose of financial statement analysis. **07**
- (b) Explain the following concept: **07**
- A. Separate Entity
 - B. Going Concept
 - C. Conservatism
- Q.5** (a) From the following transaction find out the nature of accounts and also state that which account should be debited and credited? **07**
- A. Dividend Received
 - B. Paid to Ketan
 - C. Furniture purchased for credit
 - D. Depreciating charged on Machinery
- (b) Explain meaning of Ratio Analysis. Also explain Advantages of Ratio Analysis. **07**

OR

- Q.5** (a) Explain Accounting standard -3, Cash Flow Statement. **07**
- (b) Explain difference between GAAPs and US GAAP. **07**
