

GUJARAT TECHNOLOGICAL UNIVERSITY
MAM – SEMESTER – II • EXAMINATION – WINTER 2015

Subject Code: 4120504**Date: 17/12/ 2015****Subject Name: Financial Accounting****Time: 02.30 PM TO 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) Journalise the following transactions as per double entry system.**07**

2014	Particulars	Amount (Rs.)
Jan 1	Cash brought in by proprietor as capital	60,000
Jan 2	Goods purchased on credit from Sohan Lal	10,000
Jan 4	Furniture purchased for cash	10,000
Jan 5	Goods sold on credit to Dev Raj	5,000
Jan 9	Goods purchased for cash	6,000
Jan 12	Goods sold for cash	6,000
Jan 15	Rent paid for shop to landlord	7,000
Jan 20	Commission received in cash	2,000
Jan 23	Cash deposited into bank	5,000
Jan 26	Cash withdrawn from bank for office use	2,000
Jan 28	Cash drawn by proprietor from business for personal use	3,000
Jan 31	Goods given as charity	1,000

(b) Prepare cash A/c and any other 6 ledgers from the above mentioned transactions.**07****Q.2 (a)** The following are the detail of stocks of Taksh Pvt Ltd:**07**

1-1-2014	Opening stock	200 Units @ Rs. 30 per unit
1-1-2014	Purchases	200 units @ Rs. 40 per unit
15-1-2014	Issued for consumption	50 units
22-1-2014	Purchases	100 units @ Rs. 50 per unit
28-1-2014	Issued for consumption	200 units
31-1-2014	Issued for consumption	200 units

Find out the value of stock as on 31-1-2014 if the company follows FIFO Method.

(b) Describe what are the functions of accounting? Also discuss limitation of accounting.**07****OR****(b)** What is journal and how it should be recorded? Also give detail of rules of journalizing the transactions**07**

- Q.3 (a)** From the following details of Ms. Ritvi & Co., you are required to prepare Trading, Profit and Loss Account and Balance Sheet for the year ended 31st March 2014 : **07**

Sales	65,000	Discount Allowed	100
Sales Return	500	Discount Received	500
Stock at the beginning	8,000	Salaries	3,000
Purchases	29,000	Interest paid	400
Purchases Return	300	Furniture	3,000
Direct Wages	5,000	Buildings	20,000
Direct Expenses	5,000	Plant and Machinery	20,000
Carriage Inwards	4,000	Cash in Hand	1,000
Capital at the beginning	30,000	Bills Payable	6,200
Drawings	5,000	Reserve for Bad and	
Sundry Debtors	10,000	Doubtful Debts	500
Sundry Creditors	12,000	Bad Debts	300

Adjustments:

- (1) Closing stock at the end Rs. 8,000
- (2) Outstanding Salaries Rs. 500
- (3) Interest on Capital at 10% P.A.
- (4) Depreciation on Plant and Machinery at 10% P.A. and Buildings at 5% P.A.
- (5) Prepaid of Interest Rs. 100
- (6) Provision for Bad and Doubtful Debts at 10% on Debtors

- (b)** What do you mean by depreciation on fixed assets? Discuss SLM and WDV methods with examples. **07**

OR

- Q.3 (a)** Judwa Bros. acquired a machine on 1st July, 2013 at a cost of Rs. 24,000 and spent Rs. 2,000 on its installation. The firm writes off depreciation at 10% p.a. of the original cost every year. The books are closed on 31st December every year. Show the Machinery Account and Depreciation Account for the year 2013 & 2014. **07**

- (b)** Explain any three conventions by appropriate examples. **07**

- Q.4 (a)** Prepare a trial balance as on 31st March, 2014 from the following information. **07**

Particulars	Amount (in Rs)
Cash account	5800
Interest received	2000
Bank balance	250000
Stock (opening)	200000
Furniture	20000
Building	100000
Meet (Debit)	30000
Capital	550000
Loan	100000
Purchase	46200
Discount received	50000
Plant	50000

- (b) Briefly explain the following with example : (Any 2) **07**
1. Entity Concept 2. Going Concern Concept
3. Dual Aspect Concept

OR

Q.4 (a) What do you mean by adjustment entries? Why are these necessary to prepare final accounts. Explain by an imaginary transaction. **07**

(b) Define the term 'Goodwill'. How it can be valued through super profit method. **07**

Q.5 (a) Write a specimen of vertical form of corporate balance sheet. **07**

(b) Define the corporate financial statements and write the importance of corporate financial statements. **07**

OR

Q.5 (a) Prepare a pro forma for Statement of Profit and Loss as prescribed in Schedule VI to the Companies Act, 1956. **07**

(b) Differentiate Trial Balance and Balance sheet. **07**
