Seat No.:	Enrolment No.

GUJARAT TECHNOLOGICAL UNIVERSITY MPM-SEMESTER- 6• EXAMINATION – SUMMER 2015

Subject Code: 4360201 Date: 13/05/2016

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) What are the accounting concepts and conventions? Name them and explain 07 any two accounting concepts in detail.
 - (b) Discuss in brief Fundamental Accounting Assumptions with relevant example. 07
- Q.2 (a) Write a short note on IFRS.
 - (b) (p) Vishrut Construction (India) Ltd. uses horses to transport material from one place to another place on hilly area where construction activity is going on. It purchased horses worth Rs. 10,00,000 for transporting material on 01.04.2010. Useful life of horses was estimated 10 years, therefore company decided to write off depreciation on horses as per SLM over 10 years. Comment with reference to AS-6.
 - (q) Whether Depreciation on plant and machinery can be included in closing stock value of finished goods if it is:
 - i) Provided
 - ii) Not provided

with reference to AS-2.

OR

- (b) What do you mean by the term 'depreciation'? What are its causes? Why do firms provide depreciation?
- Q.3 Prepare Trading and Profit & Loss A/c for the year ended 31 December 2013and Balance Sheet of M/s. Mehal Traders as on that date from the following Trial Balance:

Trial Balance as on 31st December 2013

That Datance as on	31 December 2013	
Particulars	Dr. Amount	Cr. Amount
	(Rs.)	(Rs.)
Purchases	90,000	
Goods Returned		5,000
Carriage Inwards	1,500	
Salaries and Wages	14,000	
Rent, Rates and taxes	2,800	
Insurance	500	
Discount	800	
Bank	13,700	
Plant and Machinery	12,000	
Investments	8,000	
Furniture and Fittings	5,000	
Debtors	45,500	
Cash in hand	1,000	
Sundry Expenses	500	
Opening Stock	31,500	
Creditors		15,800

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Sales		1,30,000
Capital Account		76,000
	2,26,800	2,26,800

Additional information:

- i. Provide outstanding salary Rs. 2,500
- ii. Make a provision for bad debts of Rs. 1,500
- iii. Closing stock Rs. 65,000

OR

Q.3 From the following information, prepare the cash flow statement for the year ended 31st March 2014.

Amount (Rs.)

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Capital and Liabilities	31 st March	31 st March
_	2013	2014
Share Capital	2,00,000	2,50,000
General Reserve	50,000	60,000
Profit and Loss Account	30,500	30,600
Bank Loan	70,000	Nil
Sundry Creditors	1,50,000	1,35,200
Provision for Taxation	30,000	35,000
Total	5,30,500	5,10,800
Assets		
Land and Building	2,00,000	1,90,000
Plant and Machinery	1,50,000	1,69,000
Stock	1,00,000	74,000
Sundry Debtors	80,000	64,200
Cash	500	600
Bank	0	8,000
Goodwill	0	5,000
Total	5,30,500	5,10,800

Additional Information:

- i. Dividend of Rs.23,000 was paid.
- ii. The following assets of another company were purchased for a consideration of Rs.50,000 paid for in shares:

Stock Rs.20,000; Machinery Rs.25,000

- iii. Further machinery was purchased for Rs.25,000 during the year.
- iv. Depreciation written off on building Rs.10,000; Machinery Rs.14,000.
- v. Income tax paid during the year Rs.28,000.
- Q.4 (a) From the following data, calculate the cost of the closing inventory according to the FIFO and LIFO methods on 31st December 2013 using the perpetual inventory system. December 1: Stock in hand 400 units @ Rs.7.50

Purchases		Sales		
Date	Qty.	Rate	Date	Qty.
	(Units)	(Rs.)		(Units)
December 5	600	8	December 3	300
December 15	500	9	December 10	500
December 15	400	8.50	December 17	400
December 15	300	9.5	December 26	500
			December 31	200

(b) What is a Trial Balance? State the objectives of preparing Trial Balance.

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Q.4 The following is the Trial Balance of Hetal Ltd. as on 31st March, 2012. Prepare a Trading and Profit and Loss Account for the year ended 31st March, 2012 and a Balance Sheet of the company as on that date.

Debit Balance	Amount	Debit Balance	Amount
	(Rs.)		(Rs.)
Opening Stock	50,000	Sales	7,00,000
Purchases	3,50,000	Discount	6,000
Wages	1,70,000	Profit &Loss A/c	12,000
Commission	9,000	Creditors	80,000
Management Expenses	1,20,000	Reserve	41,000
Trademark	38,000	Loan from IFCI	31,000
Investment in Mutual	50,000	Share Capital	3,50,000
Fund		(Share of Rs.10 each)	
Debtors	31,000	Income Tax refund	15,000
Bonus	20,000	Outstanding Salary	20,000
Machinery	1,50,000	Bad Debts Recovered	10,000
Furniture	30,000		
Bank	2,29,000		
Bad Debts	18,000		
Total	12,65,000	Total	12,65,000

Adjustments:

- 1. Closing inventory Rs. 2,20,000
- 2. Provide Rs. 1,500 for the Company's Contribution to the Staff Provident Fund
- 3. Management expenses include Rs. 6,000 paid to the managing director as managerial remuneration.
- 4. Income tax to be provided for Rs. 10,000
- 5. Write off Rs. 2,000 from Trade Mark.
- Q.5 (a) Define Accounting and discuss in brief functions of accounting.
 (b) Write a short note on Cash flow Statement and also draw its Performa.
 OR
 Q.5 (a) What is the managerial need of a Cash Flow Statement? Discuss in brief importance of Cash Flow Statement.
 (b) Draw the format of Vertical Balance Sheet of a company with hypothetical items and figures.

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