

Seat No.: _____

Enrollment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (AM) - SEMESTER-II • EXAMINATION – WINTER • 2018

Subject Name: **Financial Accounting**Date: **28/12/ 2018**Subject Code: **4120504**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)** Describe what are the functions of accounting? Also discuss limitation of Accounting. **07**
- Q.1 (b)** What are the accounting concepts? Explain any two. **07**

- Q.2 (a)** Vadish Ltd manufacturing product Z Using two types of raw materials R and M. **07**
 Separate stores ledger is maintained to record each types of Raw materials. The following details of raw materials R and M are available for the month of may 2018

Date		Material R		Material M	
		Quantity (unit)	Rate(Rs)	Quantity (unit)	Rate(Rs)
1.5.2018	Opening balance	2500	-	1250	-
3.5.2018	Issue	750	-	400	-
5.5.2018	Receipt	1000	14.20	600	17.10
10.5.2018	Issue	500	-	300	-
15.5.2018	Receipt	1200	14.55	800	17.90
20.5.2018	Receipt	500	14.30	400	17.50
25.5.2018	Issue	1000	-	700	-
30.5.2018	Issue	1300	-	1200	-

Show the historical cost of raw materials inventory at the end of may 2018 under the **Weighted Average Method**.

The values of raw materials the beginning of may 2018 under method was as under

Method	Material R	Material M
Weighted average	34,600	20,440

Find Weighted Average Method of Material R and Material M.

- Q.2 (b)** What do you mean by Financial accounting, Differentiate management account and financial account in the context of objectives and limitations of financial accounting? **07**

OR

- (b)** What is journal? Why it should be recorded in books and give detail of rules of journalizing the transactions **07**

Q-3(a) Mr. Patel runs a general store his trial balance as on 31st March 2018 was as follows **14**

Particulars	Dr. Rs	Cr. Rs
Capital		1250000
Drawings	125000	
Purchases	1962000	
Sales		2590000
Opening stock	220000	
Returns outward		22000
Frights inward	55000	
Discount received		25000
Salaries	295000	
Commission		57500
Discount allowed	25000	
Dividend received		32000
Bad debts	19500	
Provisions for doubtful debts		15000
Sundry debtors	265000	
Purchase subsidies		64500
Returns inward	26000	
Investment	205000	
Furniture	220000	
Sundry creditors		200000
Salesmen's commission	15000	
Office expenses	72500	
Sales tax	122000	
Cash in hand and at bank	629000	
Total	42,56,000	42,56,000

1. Mr. Patel purchased a running business of Mr. Gour for rs. 590000 on 31st March 2018. He took over stock of rs. 325000 debtors rs. 265000 furniture rs. 75000 and creditors rs. 7500 no entry was passed for this transaction
2. Closing Stock As On 31st March 2018 was not valued. Mr. Gupta earned a uniform rate of gross profit of 25% on net sales.
3. Provision for doubtful debts is to be maintained at 7.5% on debtors
4. Purchase include purchase of furniture on 1st January 2018 worth rs. 45000
5. Sales include sale of old furniture for rs. 16000 on 1st October 2017 (WDV of such furniture on 1st April 2017 was rs. 26000)
6. Furniture was to be depreciated by 10% p.a.

You are required to prepare the trading account and the profit and loss account of Mr. Patel for the year ended 31st March 2018 and also a balance sheet as on the same date.

OR

Q-3 (a) What do you mean by depreciation on fixed assets? Discuss SLM and WDV methods with examples **07**

(b) Discuss AS-1, AS-2, AS-3 along with the list of accounting standards **07**

Q-4 (a) Briefly explain the following with example : (Any 2) **07**

1. Entity Concept
2. Going Concern Concept
3. Dual Aspect Concept

(b) Write a brief note on valuation of investment. **07**

OR

Q-4 (a) Write a brief note on Valuation of Goodwill. **07**

(b) "Financial statements are mirror image of an organization" Explain **07**

- 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**
- Q-5 (a)** Write a specimen of vertical form of corporate balance sheet **07**
- (b)** Write a note on Accounting Equation **07**
