

Mid Sem Examination: August-2016

Corporate Accounting

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Corporate Accounting
Semester-I (Batch: 2016-21)

Mid Semester Test: August-2016

Date: 12th August, 2016

Duration: 2 hours

Max. Marks: 30

Instructions:

- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.
- Use of Calculator other than calculator in mobile phone is permitted.

Q.1 Answer the following questions.

Marks
(2x4=
08)

1. Discuss 'accrual system' of Accounting. Discuss the situations of 'accruals'. Explain the difference between 'accruals' and 'deferrals'.
2. 'Balance Sheet is not a valuation statement'. Do you agree with the statement? Why?

OR

Safal Builders, a sole proprietorship enterprise was established on October 1, 2010. The following transactions took place in the month of October, 2010. Journalise the transactions in the Books of Accounts. The firm is intending to follow financial year.

- Oct. 1: Capital brought in to the business by Mr. Pawar, the owner of Safal Builders, Rs. 18, 00,000.
- Oct. 3: Signed an agreement with A-one Cables Ltd. for construction of Factory Shed for Rs. 10, 00, 00. The work to be completed by December, 2010.
- Oct. 5: Received an advance Rs. 1, 00,000 from A-one Cables Ltd.
- Oct. 25: Completed foundation work for A-one Cables Ltd., billed them for Rs. 1, 25,000.
- Oct. 30: Bought a Concrete Mixer for Rs. 85,600. Paid a sum of Rs. 15,000 on account. Balance amount is to be paid to RMC Ready Mix Concrete Ltd. on November 10, 2010.

Q.2 Answer whether 'True' or 'False'.

(02)

- (a) Convention of materiality proposes that only those transactions will be considered which have a material impact on profitability or financial status of the Organisation.
- (b) Depreciation is a permanent, continuous and gradual reduction in the book value of a Current Asset.

Q.3 Journalise, Post in to the ledgers and prepare the T-Balance and Final Statements for the

(10)

a Current Asset.

- Q.3 Journalise, Post in to the ledgers and prepare the T-Balance and Final Statements for the following transactions extracted from the books of accounts of a trading firm as on March 31, 2015. (10)

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March 1: Invested cash Rs. 10, 00,000, brought furniture worth Rs. 1, 50,000 for starting business.

March 1: Purchased goods from Narang Enterprises worth Rs. 46,000.

March 3: Opened a Current Account in a bank by depositing Rs. 8, 00,000.

March 5: Sold goods worth Rs. 50,000 by allowing 2% trade discount and 2% cash discount.

March 5: Hired a salesman for salary of Rs. 10,000 per month.

March 11: Paid Rs. 10,000 to a consultant for business registration. This includes a Municipal corporation Registration fees of Rs. 5,000.

March 14: Goods worth Rs. 1500 was found of lower quality, returned to the supplier.

March 25: Purchased communication equipments worth Rs. 80,000 from Kabir Communications.

- Q.4 From the following balance extracted at the close of the year ended 31st Dec. 2015. Prepare Profit and Loss account for Mr.Veer as at that date: (10)

Gross Profit	15,000
Repairs	500
Carriage on sales	500
Telephone expenses	1220
Office Rent	5000
Interest (Dr.)	480
General expenses	9000
Fire insurance premium	9000
Discount to customers	960
Bad debts	2100
Interest from Bank	2200
Traveling expenses	7000
Printing & Stationary	2500
Salaries	9000
Provision for B.D.	5000

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