GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR
Course: Corporate Accounting
Semester-I (Batch: 2016-21)

End Semester Examination: October-2016

Date: 27th October, 2016
Duration: 3 hours **Max. Marks: 50**

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.**

Part-A

Marks

Q.1 (a) What are the elements of financial statements? Explain, in brief, the recognition criteria of elements of financial statements. (3+7=10)

(b) Journalise, post in to the ledgers the following transactions extracted from the books of accounts of a manufacturing firm owned by a sole proprietor and also prepare the T-Balance as on March 31, 2016.

January 1: Started business with cash Rs.1,50,000, Furniture worth Rs.1,00,000 in owned premises.
January 2: Opened current account with State Bank of Gujarat by depositing Rs. 1, 40,000.
January 16: Borrowed Rs.1,50,000 from wife for business purpose.
January 19: Purchased goods from M/s. Misrimal & Co. for Rs.3,00,000. Received trade discount of 2%, Cash discount of 3%. Paid half of the billed amount through cheque.
January 28: Sold Goods worth Rs.3,50,000 for cash.
February 1: Rented half of the office space to M/s. Nilima consultants for monthly Rent of Rs.5000
February 3: Purchased goods from M/s. Kanti & Co. worth Rs.1,50,000 inclusive of sales tax @ 8%.
February 14: Sent goods for approval to M/s. Lakhanpal & Sons worth Rs.15,000
March 28: Goods distributed by way of free sample Rs.2,500.
March 31: Received Municipal tax demand of Rs.3,000

Part-B

Answer **any four** of the following questions

Q.2 (a) From the Trial Balance given below, prepare the Balance sheet as on 31st March 2016 and Profit & Loss Account for the year ended 31st March 2016 for Kay Em Ltd. (as per Schedule III of the Companies Act 2013) (7+3=10)

	Amt Rs. (Million)	Amt. Rs. (Million)
Paid up share capital		150
General reserve		1500
Debenture Redemption Reserve		100
P&L Account		450
Purchases	1250	
Sales		2610
Purchase returns		125
Sales returns	225	
10% Debentures		1000
Term loan		500
Cash credit		230
Fixed assets	4900	
Accumulated depreciation		2250
Capital work in progress	570	
Manufacturing expenses	650	
Opening stock	750	
Debtors	445	
Creditors		210
Provision for doubtful debts		25
Investments	175	
Cash and bank balance	55	
Advance tax	175	
Provision for tax		95
Interest paid	165	
Interest accrued but not due		25
Other income		90
Total	**9360**	**9360**

Other Information:

i. Closing stock valued Rs. 800 million
ii. Depreciation during the year Rs. 250 million.
iii. Provision for doubtful debt should be maintained at 7% of debtors.
iv. Debentures were issued on 1st July 2015. Interest is payable half yearly. The debentures will mature after 5 years.
v. Management approved 100% dividend.
vi. Corporate tax rate assume @30%

(b) Enlist the items covered in the complete set of financial statements as per Ind AS 1.

Q.3 (a) State the disclosure requirement as per Ind AS -18 (Revenue) (5+5=10)

(b) Draw the format of Profit and loss account prescribed as per the Schedule –III of the Companies Act, 2013.

Q.4 The directors of Excellent Ltd. invited applications for 60,000 shares of Rs. 10 each to be issued at a premium of Rs. 2.50 per share payable on application Rs. 4.50 (including premium). The money payable on shares is fixed at Rs. 4 per share and an equivalent (10) amount was due on calls to be made.

Applications were received for 1,10,000 shares and the following allotment scheme was made :

Category	A	B	C
Grouping of shares	1-100	101-500	Over 500
No. of applications	1200	175	5
No. of shares applied for	70000	35000	5000
No. of shares allotted	42000	14000	4000

It was decided that excess amount shall be refunded after utilizing for the allotment purpose.

Applicants of 100 shares falling in category (A) defaulted in payment of allotment money. The holder of 800 shares falling in category (C) failed to pay call money. These shares were forfeited after the respective calls were made and reissued as fully paid up for Rs. 8 and Rs. 6 respectively.

Show necessary journal in the books of the company.

Q.5 The balance sheet of Kripa Ltd. as at 31.03.2012 is as follows: (10)

Liabilities	**Amount Rs.**	**Assets**	**Amount Rs.**
Equity Share Capital 20000 shares of Rs. 10 each fully called up	2,00,000	Fixed Assets	4,00,000
Less: Calls in arrears @ 2 Rs. Per share	10,000		
	1,90,000	Current Assets (including Rs. 10,000 bank balance)	1,00,000
12% preference share capital of Rs. 100 each	1,00,000		
Securities premium	10,000		
Investment Allowance Reserve	40,000		
Development rebate reserve	20,000		
Workmen compensation Fund	10,000		
Dividend equalization reserve	12,000		
Profit & loss account	38,000		
Unsecured loan	80,000		
	5,00,000		**5,00,000**

The board of management decided to redeem the preference shares on April 1, 2012 as per the following resolutions:

i. Issue 4000 equity shares of Rs. 10 each and Rs. 50,000, 8% debentures
ii. Redeem preference shares at 10% premium
iii. Raise necessary bank loan to provide funds for redemption and to have Rs.15,000 bank balance post redemption

iv. Admit workers claim of Rs. 4,000

v. Utilise to the extent of Rs. 10,000 out of development rebate reserve for the purpose of redemption of preference shares.

Show necessary journal entries and prepare post redemption balance sheet.

Q.6 (a) Trikaya Ltd. issued 10% debentures of the face value of Rs. 10, 00,000 at 10% discount on 1-1-2013. Interest considering 10% TDS is payable half yearly. All the debentures were to be redeemed after the expiry of five years period at 5% premium. The company follows financial year as accounting year. (7+3=10)

Pass necessary journal entries in the books of account of the company for the year 2013 and 2014.

(b) Troika Limited acquired business of Disha limited acquiring the Assets worth Rs. 8,00,000 and Liabilities worth Rs. 1,80,000 agreeing to discharge the purchase price by issue of 12% debentures of Rs. 100 each.

Pass the necessary entries for Troika Ltd. assuming purchase price is Rs. 7, 20,000 and debentures are issued at 20% premium.

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