

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Corporate Accounting
Semester-I (Batch: 2015-20)

End Semester Examination: Oct-Nov. 2015

Date: 02nd November, 2015

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything 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.

	Marks
Q.1 Critically evaluate accounting conventions of 'full disclosures' and 'consistency'.	(05)
Q.2 Write a note on 'long term' and 'short term' provisions.	(05)
Q.3 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, 2015.	(08)
January 1: Started business by bringing in cash Rs. 5, 00,000, office equipments worth Rs. 1, 00,000.	
January 2: Opened bank account by depositing Rs. 4, 50,000.	
January 12: Borrowed Rs. 1, 50,000 from wife to purchase vehicle for business purpose.	
January 13: Purchased goods from Samuel & Co. for Rs. 6, 00,000. Received trade discount of 2%, Cash discount of 3%. 50% of the payment made by drawing a cheque.	
January 28: Sold Goods worth Rs. 7, 50,000 for cash.	
February 3: Purchased goods from Mukesh & Co. worth Rs. 1, 50,000.	
February 4: On obtaining delivery of the goods purchased on February 3, it was found that the goods have been damaged to the extent of Rs. 4,000.	
March 3: Drew out of bank Rs. 1,800 for the payment of office electricity bill.	
March 28: Goods distributed by way of free sample Rs. 2,500.	
March 31: Sent goods worth Rs. 75,000 to M/s. Shalin & Co. for Approval. Consent yet to be received.	

Q.4 The following is the trial balance of Nakshatra Ltd., as on 31st March 2012.

(10)

Particulars	Amount Rs.	Amount Rs.
Stock (1 st April 2011)	22,500	-
Goods Returned	-	3,000
Purchases and Sales	73,500	1,02,000
Wages	9,000	-
Discount	-	900
Freights	285	-
Furniture & Fittings	5,100	-
Rent	1,200	-
Salaries	2,250	-
Sundry Expenses	2,115	-
P & L Account (31 st March 2011)	-	4,770
Dividend Paid for the previous year	2,700	-
Corporate Dividend tax paid	270	-
Share capital	-	30,000
Debtors and Creditors	8,250	5,250
Plant & Machinery	8,700	-
Cash at bank	13,860	-
General Reserve	-	4,650
Copyrights	1,440	-
Bills Receivables & Payables	1,500	2,100
	1,52,670	1,52,670

Prepare final accounts for the year 2011-12 considering the following adjustments.

- (i) Closing stock valued at Rs. 23,77,2000.
- (ii) Make a provision for tax @35%
- (iii) Depreciate plant & machinery @ 15%, furniture and fittings @ 10% and copyrights @ 5%.
- (iv) On March 31st, 2012, outstanding rent amounted to 2, 40,000 while outstanding salaries in total 1, 95,000.
- (v) Provide managerial remuneration @ 10 % of the net profits before charging such remuneration.
- (vi) The directors propose dividend @ 15% p.a. for the year.
- (vii) Transfer to General Reserve 5% out of the profit of the year.
- (viii) Make a provision for corporate dividend tax @ 10%.

Q.5 X Ltd. invited application for 50,000 shares of Rs. 20 each payable as follows:

(10)

	Amount Payable in Rs.
On Application	10
On Allotment	10 (Including Rs. 5 Premium)
On first call	10 (Including balance of premium)

Excess application was to be utilised towards the allotment money due and balance, if any, was to be refunded. Due to oversubscription allotment was made as follows.