

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: **Financial Accounting**
Semester- I (Batch: 2022-27)

End Semester Examination: November 2022

Date: 12th Nov, 2022

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- Do not write anything on the question paper.
- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- Use of a calculator is permitted.

(Answer Any Five)

Marks

- Q.1 Journalize the following events and transactions, post them into Ledger and extract the Trial Balance. (10)
- Started business with capital consisting of cash of Rs.4,00,000.
 - Bought an office building for Rs.2,80,000.
 - Purchased goods of Rs.2,00,000 for cash.
 - Sold goods for Rs.1,00,000 in cash and goods for Rs.1,50,000 on credit to Sidharth.
 - Paid warehouse rent of Rs.10,000.
 - Received commission of Rs.20,000.
 - Sidharth paid Rs.1,45,000 and the business allowed Rs.5,000 as discount in full settlement of his debt.
- Q.2 Journalize the following transactions (Any Ten). (10)
- a) Paid arrears of salary of Rs.10,00,000 to staff.
 - b) Vehicles were repaired for Rs. 50,000.
 - c) Developed a patent spending Rs.1,00,000 for research & development expenditure. The patent could have a market valuation of Rs.50,00,000.
 - d) Received Rs.5,00,000 from selling an investment which had book value of Rs.4,50,000.
 - e) Stocks worth Rs. 20,000 were distributed as free samples.
 - f) A customer gave a bill receivable against a credit purchase for Rs.50,000.
 - g) GST of Rs.30,000 was paid.
 - h) A customer returned goods worth Rs.5,000.
 - i) Due to demonetization, old currency of Rs.20,000 was exchanged for new currency.
 - j) A customer filed a suit against the business for compensation of Rs.1,00,000.
 - k) Paid damages of Rs.50,000 to that customer.
 - l) The owner received a gift of personal nature from a relative of Rs.10,000.

- Q.3 From the following Trial Balance prepare Trading Account, Profit & Loss Account and Balance Sheet. (10)

Debit Balances	Amt.(Rs.)	Credit Balances	Amt.(Rs.)
Opening Stock of Material	20,000	Capital	1,00,000
Purchase of Material	1,05,000	Sales	1,20,000
Sales Returns	5,000	Purchase Returns	5,000
Wages to Workers	40,000	Interest	2,000
Carriage Inward	4,000	Commission	1,000
Travel Expenses to Salesmen	6,000	Discount	2,000
Rent of Factory	2,000	Creditors	35,000
Debtors	25,000	Bank Overdraft	10,000
Bills Receivable	15,000	Loans	50,000
Salary to Supervisor	8,000	Debentures	35,000
Cash	50,000		
Plant & Machinery	80,000		
Total	<u>3,60,000</u>	Total	<u>3,60,000</u>

Additional Information: Closing stock for the year was Rs. 50,000. Interest at 10% on Debentures was outstanding. Rs.10,000 of cash drawings were made by the owner. Bank overdraft constantly remained overdue and the bank imposed interest of Rs.1,000 and penalty of Rs.500 for the same. Creditors decided to forego or waive off Rs.10,000 of their dues. Bills Receivable was discounted with the Bank for Rs.14,500 (Rs.500 discounting charges). Plant and Machinery was depreciated at 10% per annum.

- Q.4 “Accounting is for accountability. Transparency and disclosure are two major pillars of law and governance of institutions.” In light of the above statement, discuss how Accounting has a symbiotic relation with law. Using any real life case of accounting fraud, examine how good accounting principles and practices protect the interests of all the stakeholders and ensure economic justice for all. (10)
- Q.5 From the financial statements of Swapnil Switches Private Limited (SSPL) given as an attachment to this question paper, provide analytical answers to the following questions. (10)
- What have been their major sources of long term financing?
 - What have been their major investments during the year?
 - Discuss about the profit earning capacity of the company.
 - Briefly discuss about the movement of cash during the current year and indications provided by the cash flow statement about the cash generating capacity of the company.
 - Would you like to lend to such a company if you are a lender?

Q.6 From the following information, prepare Cash Flow Statement for the year ended 31st March 2022. (10)

(All Figures in Rs. Lakh)

Comparative Balance Sheet

Liabilities	2021	2022	Assets	2021	2022
Equity Share Capital	6,000	12,000	Plant & Machinery	6,000	10,000
8% Preference Share Capital	6,000	4,000	Land & Building	4,000	3,000
Long term Loans	200	1,000	Furniture & Fixtures	2,000	1,500
10% Bonds	400	600	Patents	400	3,000
12% Debentures	400	300	Trademarks	500	200
Sundry Creditors	500	200	Sundry Debtors	400	600
Short term Loans	200	200	Bills Receivable	300	200
Bills Payable	600	400	Closing Stock	400	100
			Cash	300	100
Total	14,300	18,700	Total	14,300	18,700

Income Statement for the year 2021-2022

Income from Sales		5,000
Add: Rent Received	500	
Appreciation in the value of Land & Building	20	
Interest Received	200	
Less: Rent Paid	(320)	
Amortization (Loss of Value) of Patent	(100)	
Interest Paid	(1,600)	
Depreciation on Plant & Machinery	(400)	
		(1,700)
Net Profit before Taxes		3,300

Additional Information:

- Corporate Tax is payable at the rate of 22%.
- Patents of the book value of Rs. 300 (Lakh) are transferred (sold) at no profit and no loss.
- The profit available for the shareholders was distributed in the form of dividend.

SWAPNIL SWITCHES PRIVATE LIMITED, DELHI

(CIN: U74899DL1991PTC042822)

BALANCE SHEET AS AT 31ST MARCH 2022

PARTICULARS		NOTES	31.03.2022	31.03.2021
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a)	Share capital	2	60,90,000	60,90,000
(b)	Reserves and surplus	3	4,10,43,139	3,51,76,109
2 Non-current Liabilities				
(a)	Long Term Borrowing	4	47,18,479	74,83,573
(b)	Deferred tax Liabilities	5	1,71,423	0
(c)	Long-term provisions	6	47,00,672	48,98,000
3 Current liabilities				
(a)	Short-term borrowings	7	98,13,458	1,10,41,740
(b)	Trade payables	8	5,59,16,341	2,65,98,288
(c)	Other current liabilities	9	9,65,514	6,69,104
(d)	Short-term provisions	10	64,80,900	63,36,550
TOTAL			12,98,99,927	9,82,93,363
II. ASSETS				
1 Non-Current Assets				
(a)	Fixed assets			
(i)	Tangible assets	11	1,81,33,172	1,90,10,970
(b)	Deferred tax assets	5	0	91,939
(c)	Other Non Current Assets	12	2,08,10,000	2,08,10,300
(d)	Long Term Loans & Advances	13	10,906	10,377
2 Current Assets				
(a)	Trade receivables	14	4,93,20,168	2,34,92,619
(b)	Inventories	15	3,51,83,550	2,27,73,000
(c)	Cash and cash equivalents	16	6,12,830	5,90,502
(d)	Short Term Loans & Advances	17	58,29,302	1,15,13,656
TOTAL			12,98,99,927	9,82,93,363

Note: Notes are the integral part of Financial Statements.

For and On Behalf of Board of Directors

Priya Jain
(Priya Jain)
Director
DIN: 03355623

Ajay Maheshwari
(Ajay Maheshwari)
Director
DIN: 03355628

AUDITORS' REPORT

As per our separate report of even date attached.

For ATUL GUPTA & Co.
Chartered Accountants



Atul Gupta
(ATUL KUMAR GUPTA)

PARTNER (M.No.: 073732)

Firm No.: 014970C; PAN: AATFA2682D

PLACE: ALIGARH

DATED: 23/05/2022

UDIN: 22073732AJTZEM1170

SWAPNIL SWITCHES PRIVATE LIMITED, DELHI

(CIN: U74899DL1991PTC042822)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022

PARTICULARS		NOTES	31.03.2022	31.03.2021
I.	Revenue from operations	18	20,33,03,377	15,32,55,048
II	Intrest Received on FDR		529	377
III.	Total Revenue (I + II)		20,33,03,906	15,32,55,425
IV	Expenses:			
	Cost of materials consumed	19	15,58,72,888	11,40,08,934
	Changes in inventories of Finished Goods & Work In Process	20	-72,59,600	-84,10,200
	Employee benefits expense	21	2,62,56,129	2,04,29,939
	Finance costs	22	12,35,746	9,25,883
	Depreciation and amortization expense	23	24,90,738	10,56,548
	Other expenses	24	1,64,61,866	1,86,37,914
	Total expenses (V)		19,50,57,767	14,66,49,017
VI.	Profit before exceptional and extraordinary items and tax (III-V)		82,46,139	66,06,408
	EXTRAORDINARY ITEMS			
VII.	Prior Period Item		0	6,00,037
VIII	Profit After extraordinary items (VI-VII)		82,46,139	60,06,371
IX	Tax Expenses	25	23,79,108	18,80,593
X	Profit (Loss) for the period (VIII - IX)		58,67,031	41,25,778
XI	Earnings per equity share:			
	(I) Basic & Diluted	26	9.63	6.77

Note: Notes are the integral part of Financial Statements.

For and On Behalf of Board of Directors

P. Jain
(Priya Jain)
Director

Ajay Maheshwari
(Ajay Maheshwari)
Director
DIN: 03355628

AUDITORS' REPORT

As per our separate report of even date attached.

DIN: 03355623

For ATUL GUPTA & Co.
Chartered Accountants*Atul Kumar Gupta*(ATUL KUMAR GUPTA)
PARTNER (M.No.: 073732)

Firm No.: 014970C; PAN: AATFA2682D

PLACE: ALIGARH
DATED: 23/05/2022
UDIN: 22073732AJTZEM1170

SWAPNIL SWITCHES PRIVATE LIMITED, DELHI

(CIN: U74899DL1991PTC042822)

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2022

PARTICULARS	31.03.2022	31.03.2021
Cash Flow From Operating Activities		
Net Profit Before Tax	82,46,139	60,06,371
Adjustments for :		
Depreciation/Amortisation	24,90,738	10,56,548
Finance cost	12,35,746	9,25,883
Operating Profit Before Working Capital Adjustment	1,19,72,622	79,88,801
Adjustment for Changes in Working Capital		
Trade and other payable	2,93,18,054	87,00,045
Long-term provisions	-1,97,328	-14,51,864
Short-term provisions	1,44,350	35,40,033
Other Current Liabilities	2,96,410	-17,31,450
Other Non Current Assets	300	-8,10,000
Trade and other Recievables	-2,58,27,549	1,59,40,664
Long Term Loans & Advances	-529	-10,377
Short Term Loans & Advances	56,84,355	-98,18,384
Inventories	-1,24,10,550	-1,43,88,150
Cash Flow Generated from Operations	89,80,135	79,59,318
Taxes Paid	21,15,746	23,42,387
Net Cash flow from Operating activities (A)	68,64,389	56,16,931
Cash Flow From Investing Activities		
(Purchase)/Sale of Fixed Assets	-16,12,940	-1,32,78,025
Sale of Shares	0	0
Net Cash Flow from Investing Activites (B)	-16,12,940	-1,32,78,025
Cash Flow From Financing Activities		
Proceeds from/ (Repayment of) Borrowing	-39,93,376	86,31,943
Finance cost	-12,35,746	-9,25,883
Net Cash Flow From Financing Activities (C)	-52,29,122	77,06,060
Net Increase/ (Decrease) in Cash and Cash Equivalent (A + B + C)	22,327	44,966
Cash & Cash equivalent at the beginning of the year	5,90,503	5,45,537
Cash & Cash Equivalent at the end of the year	6,12,830	5,90,503
Cash and cash equivalents comprises of :		
Cash-in-Hand	5,46,830	4,53,911
Balance with Banks	66,000	1,36,591
Total	6,12,830	5,90,502

AUDITORS' REPORT

As per our separate report of the date attached.



For ATUL GUPTA & Co.
Chartered Accountants

(Signature)
(ATUL KUMAR GUPTA)

PARTNER (M.No.: 073732)

Firm No.: 014970C; PAN: AATFA2682D

For and On Behalf of Board of Directors

(Signature)
(Priya Jain)
Director
DIN: 03355623

(Signature)
(Ajay Maheshwari)
Director
DIN: 03355628

PLACE: ALIGARH

DATED: 23/05/2022

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