

HALF-YEARLY DEPARTMENTAL EXAMINATION FOR OFFICERS OF
THE DIRECTORATE OF COMMERCIAL TAXES

May, 2018

Accountancy (Without Books)

Time Allowed : 3 Hours

Full Marks : 100

Pass Marks : 50

Answer any five Questions

1. Jadu consigned to Madhu 40 cases of goods at a cost of Rs.5000 per case and incurred the following expenses in connection with the same : Cartage Rs.940, Freight Rs.3480, Insurance Rs.12500.

On arrival of the goods Madhu paid clearing charges Rs.3120, Cartage Rs.960 and godown charges Rs.200. Six cases were destroyed by fire and a sum of Rs.30000 was released from Insurance Company by way of compensation.

Out of remaining 34 cases, 24 cases were sold at a total price of Rs.220000.

Madhu was entitled to an ordinary commission of 5% and 2% del credere commission on sales in addition to re-imbursement for expenses incurred. He sent to Jadu an Account sale together with the draft for the balance due to Jadu. Show consignment Account and Madhu Account in the books of Jadu.

20

2. (a) The following balance were extracted from the books of Mr. S. Banerjee. You are to prepare a trial balance as on 31.12.2017.

	Rs.
Capital	78,000
Stock on 1.1.2017	5,000
Leasehold Premises	46,000
Furniture	13,500
Plant & Machinery	35,000
Purchase	78,900
• Closing Stock	3,900
Bank Loan	5,800
Cash in hand	1,200
Sales	1,30,620
Discount received	470
Discount allowed	540
Carriage outward	120
Carriage Inward	230
Bills payable	1,140
Drawings	3,000
Book-Debts	34,000
Trade creditors	22,760
Sundry Expenses	1,660
Rent recoverable	530
Rates & taxes	1,370
• Wages & salaries	17,680
Return Inward	1,500
Return outward	380

10

- (b) Before you prepare final accounts for the year ended 31.12.2017, pass necessary journal entries in respect of the following ;

- (i) Closing stock as on 31.12.2017 Rs.2,00,000.
- (ii) Unpaid salary for Rs.3,400 is to be provided for in the accounts.
- (iii) Commission earned but not received Rs.12,000.
- (iv) To carry forward 1/5th of an insurance premium paid at Rs.2,780.
- (v) Commission due to manager @6% on net profit after charging such commission. The profit before charging such commission was Rs.31,032.

10

3. A and B are partners in a firm sharing profits and losses 2/3rd and 1/3rd. Their Balance Sheet as on 31.12.2017 was as follows :-

<u>Liabilities</u>		<u>Assets</u>	
	Rs.		Rs.
S/creditors	30,000	Plants	50,000
A's Capital	50,000	Stock	20,000
B's Capital	40,000	S/Debtors	40,000
		Cash	10,000
	<u>1,20,000</u>		<u>1,20,000</u>

C wants to join them. It is agreed that there will be revaluation of assets and liabilities before C joins.

Plant should be depreciated at 10%, stock should be reduced to Rs.17,000, Bad debt reserve @2½% is to be raised against sundry debtors.

C pays Rs.12,000 to the firm as premium for goodwill. The amount is to be retained in the business. He also is to introduce Capital equal to 50% of the Combined Capital of the two partners after the adjustments consequent upon the revaluation of assets and after apportionment of the goodwill premium. He should be allowed 1/3rd share of profit of the firm in future.

Prepare journal entries, ledger accounts and Balance Sheet. Also find out new profit sharing ratio of the firm.

20

4. Prepare a Trading account and P/L account of Mr.X for the year ended 31.3.2017 and a Balance Sheet as on that date from the following information.

Balance on 1.4.2016 : Cash Rs.4,000, Bank Rs.28,000, Creditors Rs.15,000, Debtors Rs.23,000, Stock Rs.35,000, Fixed assets Rs.20,000, Capital Rs.95,000.

During the year creditors were paid Rs.26,000 in cash and Rs.1,55,000 by cheques, while debtors paid Rs.55,000 in cash and Rs.10,000 by crossed cheques. On 31.3.2017 debtors balance was Rs.27,000 and creditors balance was Rs.35,000.

All expenses to be paid by cheques except petty expenses Rs.7,500 paid in cash. On 31.3.2017 outstanding expenses was Rs.2,000.

Depreciation on fixed assets was 10% and net profit was Rs.41,000 for the year. Closing stock was valued for Rs.75,000. Mr. X has withdrawn Rs.10,000 cash and further withdraw Rs.14,000 by cheque.

20

5. Prepare purchase and sales ledger adjustment accounts in the Nominal ledger under self-Balancing system.

01.01.2017	Sales ledger	(Dr)	Rs.2,924
	Sales ledger	(Cr)	Rs. 48
	Purchase ledger	(Dr)	Rs. 174
	Purchase ledger	(Cr)	Rs.2,388
31.12.2017	Purchase ledger	(Dr)	Rs. 154
	Sales ledger	(Cr)	Rs. 84

Other information till 31.12.2017 :

Purchase Rs.13,036, Purchase return Rs.512, Cash paid to creditors Rs.11,686, Discount received from creditors Rs.336, Sales Rs.17,442, Sales return Rs.234, Cash received from Debtors Rs.15,248, Discount allowed to Debtors Rs.564, Discount allowed to Debtors but later on disallowed Rs.36, Bills payable Rs.450, Bills receivable Rs.824, payment to clear credit balances on sales ledger Rs.20, Transfer from purchase to sales ledger Rs.152. Some goods from sales valued Rs.400 were returned by a customer and fresh goods were issued. A credit note was issued for return of goods, but inadvertently the sales invoice for fresh goods were not prepared.

20

6. (a) State the ~~creditor's~~ ^{auditor's} duty regarding valuation of stock considering relevant case laws. 10
- (b) Internal control consists of internal check and internal audit - Explain 10
7. (a) Prepare an audit programme for the period from Jan. 2017 to 31st March, 2017 in respect of audit of a Commercial Concern. 10
- (b) Mention the advantages that can be derived from auditing. 10
8. Write notes on : ^{audit}
- (a) Continuous ~~credit~~ ^{audit}.
- (b) Complete audit.
- (c) Audit Manual.
- (d) Voucher.

DEPARTMENTAL EXAMINATION FOR OFFICERS OF
THE DIRECTORATE OF COMMERCIAL TAXES

ACCOUNTANCY (WITHOUT BOOKS)

November, 2017

Time Allowed : 3 Hours

Full Marks : 100
Pass Marks : 50

Answer any five questions

- (1. AB Transport Co. purchased five trucks from CD Auto Ltd. on 1.1.2015 on hire-purchase system. The cash price of each truck was Rs.1,20,000. The payments were to be done as follows :-

i) 15% of cash price down

ii) 25% of cash price at the end of each year for 4 years. AB Transport Co. writes off 15% depreciation annually. The payment due on 31st December, 2016, could not be made. CD Auto Ltd. agreed to leave three trucks with the buyer on the conditions that the value of the other two trucks would be adjusted against the amount due, the trucks being valued at cost less 25% depreciation.

Show the necessary accounts in the books of AB Transport Co. 20

- (2. The following is the trial balance prepared by Abani Traders as on 31.12.2016 :-

Trial Balance as on 31.12.2016

	<u>Dr.</u> Rs.	<u>Cr.</u> Rs.
Land	3,20,000	
Capital		5,00,000
Creditors		45,000
Furniture	40,000	
Debtors	80,000	
Opening stock	60,000	
Closing stock	75,000	
Purchase (less Closing stock)	1,30,000	
Goods sent on consignment		30,000
Rent	9,000 ✓	
Provision for doubtful debt		10,000 ✓
Provision for depreciation		15,000 ✓
Bank loan (Interest 15% p.a.)		10,000 ✓
Consignment profit		5,000
Discount	6,000 ✓	4,000 ✓
Carriage Inward	1,000 ✓	
Carriage Outward	5,000 ✓	
Return Inward	4,000 ✓	
Salary	40,000 ✓	
Advertisement	10,000 ✓	
Stationery	5,000 ✓	
Advance salary	3,500 ✓	
Electricity	6,800 ✓	
Sales		2,10,000 ✓
B/payable		15,000 ✓
Cash at Bank	20,000 ✓	
Cash in hand	28,700 ✓	
	<u>8,44,000</u> =====	<u>8,44,000</u> =====

-: 2 :-

Other information :-

31. (a) The Closing stock was valued at market price. But the cost price per unit of product was Rs.12 which at that time was lower than market price by Rs.3.
- 7/12 (b) Debtors Account included Rs.35,000 which was receivable from the consignee. Bad debt was Rs.3,000 and 5% provision for doubtful debt was to be made on debtors.
- 12/12 (c) Depreciation on assets was to be charged @ 10% p.a. on diminishing balance method.
- 12/12 (d) Advertisement benefit would be received for 5 years.
- 12/12 (e) Cash found short by Rs.1,000 at the time of cash counting.

Prepare Trading Account, P/L Account for the year ended 31.12.2016 and prepare a Balance Sheet as on that date. 20

3. A, B and C were partners sharing profits and losses as 2 : 2 : 1. They introduced on 1.1.2011 capitals Rs.12,000, Rs.10,000 and Rs.8,000 respectively. They decided to keep the capitals fixed and provide interest on capital @ 10% p.a. thereon. Drawings by them were made as Rs.150, Rs.100 and Rs.75 p.m. respectively but no interest was charged on such drawings.

On 31.12.2016 Mr. A died and his legal representative was entitled to his capital, his share of unknown profit and his share of goodwill based on three years' purchase of the average profits of the last six years before charging interest on capital.

On 31.12.2016 the following were the assets and liabilities :-

Fixed assets Rs.25,000, Debtors Rs.17,000, Stock Rs.28,000, Cash at bank Rs.10,000, Mortgage loan (taken) Rs.15,000, Creditors Rs.10,000.

Calculate profit/loss for the six years ending 31.12.2016, value of the goodwill and show deceased partner's account. 20

4. Mr. S. Banerjee kept his books under single entry system. You are to prepare total Debtors a/c, total Creditors a/c, Bills Payable a/c and Bills Receivable a/c from the following information of 2015-2016. Find out also total Sales and total Purchase. Balances as on 1.4.2015 :-

	(Rs.)
Debtors	56,250
Creditors	43,525
Bills Receivable	30,200
Bills Payable	15,275

Other transactions during 2015-2016 -

Cash sales	10,280
Cash purchase	18,530
Cash paid to creditors (including Rs.2,000 for purchase of office furniture)	26,500
Cash received from debtors	31,960
Discount earned from suppliers	2,325
Bad debt written off	3,200
Return Inward	2,650
Discount allowed	3,150
Return Outward	2,000
Payment for Bills Payable	16,000
Cash received for Bills Receivable	28,300

Contd...P/3.

-: 3 :-

Closing Balances as on 31.3.2016 :-

	(Rs.)
Debtors	52,450
Creditors	39,000
Bills Receivable	27,200
Bills Payable	27,900

20

- (5. (a) Mention the different ways how cash can be misappropriated.
 (b) Mention the different ways how goods can be misappropriated.
 (c) Mention the ways how accounts can be manipulated. 7 + 7 + 6
- (6. Write notes on :-
 (a) Non-statutory audit
 (b) Audit programme
 (c) Continuous audit
 (d) Audit File 5 x 4
- (7. (a) Discuss the auditor's duties regarding payment of wages.
 (b) How would you verify and value the debtors ? 10 + 10
8. How would you verify the following ?
 (a) Sale of goods on "Sale or Return" basis.
 (b) Consignment sale
 (c) Cash Sales 5 + 5 + 10
-

DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

ACCOUNTANCY (WITHOUT BOOKS)

May, 2017

Time Allowed : 3 Hours

Full Marks : 100
Pass Marks : 50

Answer any five questions

- On 1.7.2016, for sale on credit Delta Co. of Kolkata consigned 1000 tins of oil to Sigma Co. of Madras. Each tin contains 10 Kg., the cost being Rs.12 per Kg. Delta Co. paid Rs.8,000 for freight and insurance. During transit 25 tins were destroyed by fire. A claim was made to Insurance Co. for the amount of loss and the Co. paid Rs.2,500 on 15th July, 2016 directly to the consignor against the claim made. Sigma Co. took delivery of the consignment on 5th July, 2016. On 31.12.2016 Delta Co. received an account sale from Sigma Co. It was reported in the account sale that 800 tins were sold @ Rs.20 per kg., the expenses being Rs.500 on godown rent, Rs.800 on advertisement and Rs.3,000 on salesmen's salary. Sigma Co. charged 6% ordinary commission and 2% delcredere commission. Sigma Co. could recover 70% of the amount due from a customer who had bought 5 tins. Sigma Co. also reported that 150 kg. had been lost due to leakage.

Show the accounts in the books of Delta Co. assuming the account is settled with a bank draft by Sigma Co. 20

- The following is the Trial Balance as on 31.12.2016 in the books of N. Narayana. Prepare Trading A/c, P/L A/c for the year ended 31st December, 2016 and prepare a Balance Sheet on that date.

	Dr. Rs.	Cr. Rs.
Narayana's Capital		2,08,000
Narayana's Drawings	12,000	
Return Outward		1,000 ✓
B/Payable		5,000
Creditors		40,000
Purchase	90,000	
Freehold property	60,000	
Provision for doubtful debt		800
Interest on loan to D.Das		1,000 ✓
Sales		2,11,000 ✓
Plant & Machinery	1,00,000 ✓	
Salaries	12,000 ✓	
Office expenses	2,500	
Office Furniture	5,000	
Discount	1,200	
Debtors	26,600	
Loan to D.Das @ 5%	40,000	
Cash at Bank	26,600	
Opening Stock	35,000 ✓	
Wages	32,000 ✓	
Postage	1,400 ✓	
Insurance	1,600 ✓	
Gas & Fuel	2,700	
Bad Debt	600	
Office Rent	2,600	
Freight	9,000	
Loose tools	2,000	
Factory lighting	1,500	
Cartage	2,400	

Adjustments :-

- Closing stock was to be valued Rs.66,000.
- Wages and salaries outstanding Rs.1,600 and 600 respectively.
- Prepaid insurance Rs.400.
- A new machine was installed on 30.9.2016, costing Rs.14,000 but it was not recorded on the books and no payment was made for it. Wages Rs.1,000 paid for its erection has been debited to wages a/c.
- Loose tools was valued at Rs.1,600 on 31.12.2016.
- Depreciation on Plant/Machinery by 10% p.a., Furniture by 5% p.a. and freehold property by 2% p.a. is to be provided.
- Debtors valued Rs.600 is to be treated bad.
- Maintain a provision of 5% on debtors for doubtful debt, 2% for discount on debtors and a reserve of 2% for discount on creditors.
- The Manager is entitled 5% commission on net profit before charging such commission.

20

3. The Balance Sheet of B, T & V who shared profit and losses in the ratio of 3 : 3 : 2 respectively was as follows as on 31.12.2016.

<u>Liabilities</u>		<u>Rs.</u>	<u>Assets</u>		<u>Rs.</u>
Capital :			Machinery		31,600
B		24,000	Furniture		6,400
T		10,000	Stock		8,500
V		8,000	Debtors		4,300
Reserve		4,800	Cash at Bank		4,700
Creditors		8,700			
		<u>55,500</u>			<u>55,500</u>

B retired on 1.1.2017. Revaluation of amounts were as :-

Machinery Rs.34,000, Furniture Rs.5,000, Stock Rs.9,600, Debtors Rs.4,000, Goodwill Rs.10,000, B was paid Rs.4,225 immediately and the balance was transferred to a loan a/c for payment in 4 equal half-yearly instalments together with interest @ 6% p.a.

Show necessary accounts and Balance Sheet of the firm immediately after B's retirement and his loan account till final payment. 20

4. AB Co.Ltd.offered 3,00,000 equity shares of Rs.10 each at Rs.12 per share payable as Rs.3 on application (including premium Rs.2), Rs.3 on allotment and the balance in two equal instalments at the end of 3 months and 6 months from the date of allotment respectively.

Applications for 4,10,000 shares were received by 30.6.2015 and shares were allotted at the rate of 3 shares for every 4 shares applied for on 15.7.2015 and Rs.30,000 was refunded to applicants for 10,000 shares by 31.7.2015. All amount due was received on due dates with the exception of the final call on 3,000 shares. These shares were forfeited on 21st March, 2016.

Show the journal entries and draw a Balance Sheet as on 31.3.2016 to show the capital structure of the Company. 20

- Define Internal Control System. Give a sample of Internal Control Questionnaire regarding purchase of goods. 5 + 15
- What is Vouching ? Narrate the steps in Vouching. 5 + 15
- Write notes on :-

Cut-off checking
Routine checking
Audit-in-depth
Independence of auditor.

5 x 4

- Distinguish between verification of assets and valuation of assets. Give a critical analysis of valuation of stock-in-trade. 10 + 10

DIRECTORATE OF COMMERCIAL TAXES

November, 2016

ACCOUNTANCY (WITHOUT BOOKS)

Time Allowed : 3 Hours

Full Marks : 100

Pass Marks : 50

Answer any five questions

1. Following is the Trial Balance of Sri R as at 31.12.2015. You are required to prepare Trading and Profit & Loss Account for the year ended 31.12.2015 and the Balance Sheet as at date after making necessary adjustments.

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Purchases	60,000 T	Sales	1,00,000
Sales Ledger Balances	30,400 T	Purchase Ledger Balances	24,400
Return Inward	2,000	Discount Received	600
Discount Allowed	2,000	Return Outward	2,400
Building B	44,000	Capital B	53,200
Depreciation on Building B	2,000	Suspense A/c B	2,000
Income Tax B	2,000	Goods sent on Consignment	5,000
Wages	4,000	Profit on Consignment	1,000
Salaries	6,000	Apprenticeship Premium (For the year ending 31.3.2016)	2,400
Consignment Stock - B (31.12.2015)	1,200	Provision for Bad debt	2,000
Stock-in-Trade (1.1.2015)	20,000	Commission	1,600
Trade Expenses	4,000		
Insurance	400		
Cash in hand & at Bank	12,600		
Deposit with A B	4,000		
	<u>1,94,600</u>		<u>1,94,600</u>

Additional Information :-

- Stock-in-Trade on 31.12.2015 was valued at Rs.20,000/-.
 - Stock valued at Rs.4,000/- was destroyed by fire on 25.12.2015 for which Insurance Company admitted a claim of Rs.2,400/- only.
 - Deposit with A was realised together with interest @ 10% p.a. for 6 months and deposited the same into Fixed Deposit Account with Bank of India on 1.10.2015 bearing interest 6% p.a. but no entry had been made.
 - Out of Purchase, goods of Rs.4,000/- were distributed as free sample.
 - Suspense Account represents cheques received from B, a customer in settlement of Rs.2,400/- due from him. The cheque was duly deposited and credited by the Bank.
 - Maintain provision for Bad Debts @ 5% on Debtors and provision for Discount @ 2% on both Debtors and Creditors. 20
2. S Ltd. invited applications for 10,000 of its equity shares of Rs.10/- each payable Rs.5/- on application, Rs.3/- on allotment and Rs.2/- on call.

Applications were received for 15,000 shares and it was decided to deal with the same as follows in arrangement with the stock exchange authorities :-

- To refuse allotment to applicants for 1000 shares.

- (b) To give full allotment to applicants for 2000 shares.
 (c) To allot the remaining shares pro rata among other applicants.
 (d) To utilise the surplus received on application in part payment of amount due on allotment.

A holder of 100 shares (to whom full allotment was made) and another holder of 150 shares (to whom pro rata allotment was made) failed to pay the allotment money. On call there was a further default on 200 shares.

All these shares were forfeited. Subsequently the first lot of 250 (100+150) shares were re-issued as fully paid at Rs.8/- per share. Give Journal entries to record the above transactions.

20

3. X, Y and Z are partners sharing profits and losses in the proportion of 5 : 3 : 2. They decide to dissolve the partnership firm on 1.1.15 when the Balance Sheet is as noted below :-

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	1,82,000	Cash balance	18,000
Capital Accounts :		Sundry Debtors	1,52,000
X 3,30,000		Stock-in-Trade	60,000
Y 1,30,000		Fixture & Furniture	10,000
	4,60,000	Plant & Machinery	2,90,000
		Land & Buildings	80,000
		Capital Account	
		Z	32,000
	<u>6,42,000</u>		<u>6,42,000</u>
	=====		=====

The assets realise : Land and buildings Rs.1,00,000/-, Plant and Machinery Rs.2,50,000/-, Sundry Debtors Rs.1,21,000/-, Stock Rs.47,000/-, Fixture and Furniture Rs.9,200/-. Expenses of dissolution Rs.3,600/-.

20

4. At 31st March, 2015, the account of X Y Z & Co. has failed to balance his books of account. The difference has been carried to Suspense Account. Subsequently the following errors are discovered before finalisation of accounts. Give Journal Entries to rectify these errors :-

- Cash discount allowed for Rs.600/- and discount received for Rs.400/- have been posted to the wrong side of the discount in the ledger.
 - An amount of Rs.2,000/- withdrawn by the proprietor for his personal use had been debited to travelling expense account.
 - Return Inward Book was overcast by Rs.300/-.
 - A cheque of Rs.3,456/- received from Mr. P after allowing him a discount of Rs.46/-, was endorsed to Mr. N in full settlement for Rs.3,500/-. The cheque was finally dishonoured but no entries for dishonour were passed in the books.
5. N, R and D are partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2 respectively. They keep their books on Single Entry System. On 31.03.2014, the following statement of Affairs is extracted from their books :-

DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

May, 2016

ACCOUNTANCY (WITHOUT BOOKS)

Time Allowed : 3 Hours

Full Marks : 100

Pass Marks : 50

Answer any five questions

1. Kolkata Co-operative Farming Association acquired on 1st January, 2016 five pumping machines on hire purchase system from K.P. Pump Manufacturers Ltd. The cash down price for each machine was Rs.10,000/-. The price was payable in five annual instalments of Rs.2,200/- each, the first being paid on signing the contract and the instalments included interest charged at 5 per cent per annum. The Farming Association decided to provide depreciation at 10 per cent per annum calculated on diminishing balance method.

After paying the first and the two other annual instalments, the Farming Association discontinued payment of instalments in respect of two machines and returned them to the vendors according to the terms of the agreement. The agreement with regard to the other three machines was, however, duly carried out.

Show the pumping machines account and the vendor account in the books of the purchaser to the end of the agreement period. 20

2. A does not maintain proper books of account. From the following information, prepare Trading and Profit & Loss Account for the year ended December 31, 2015 and a Balance Sheet as on that date :-

<u>Assets and Liabilities</u>	<u>On 31.12.2014 (Rs.)</u>	<u>On 31.12.2015 (Rs.)</u>
Sundry Debtors	9,000/-	12,500/-
Stock	4,900/-	6,600/-
Furniture	500/-	750/-
Sundry Creditors	3,000/-	2,250/-

Analysis of the other transactions :-

Cash collected from Debtors	30,400/-
Cash paid to Creditors	22,000/-
Salaries	6,000/-
Rent	750/-
Office Expenses	900/-
Drawings	1,500/-
Fresh Capital introduced	1,000/-
Cash Sales	750/-
Cash Purchase	2,500/-
Discount Received —	350/-
Discount Allowed —	150/-
Return Inward —	500/-
Return Outward —	400/-
Bad Debts —	100/-

He had Rs.2,500/- cash at the beginning of the year.

20

P. T. O.

3. The following details were extracted from the books of Mr. R for the period ended December 31, 2015 :-

Jan., 01 - Debtors Ledger Balances (Dr.)	12,400/-
Debtors Ledger Balances (Cr.)	270/-
Provisions for Doubtful Debts	1,000/-
Dec., 31 - Sales (including Cash Sales Rs.4,000/-)	23,000/-
Cash Received from Customers	18,500/-
Bills Receivable received	3,000/-
Returned from customers	380/-
Bills endorsed	480/-
Bills dishonoured	300/-
Cheque dishonoured	200/-
Dishonoured of endorsed bill	240/-
Bills Receivable discounted	600/-
Bad debts written off	100/-
Interest charged to customers	10/-
Recovery of Bad Debts previously written off	60/-
Transfer from Bought Ledger	300/-

Prepare Total Debtors Account

20

4. A & B share Profits and Losses in the ratio of 5 : 3. They admit C as a new partner with $\frac{1}{5}$ th share in future profits. He pays Rs.80,000/- as capital but does not contribute anything towards goodwill which is valued at Rs.60,000/-. The capitals of the partners are fixed. All adjustments are to be made through partners' current accounts except introduction of capital by new partner. Their balance sheet as on March 31, 2015 is as follows :-

Balance Sheet as on 31.03.2015

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital :			Plant & Machinery		50,000
A	80,000		Investments		31,000
B	60,000		Sundry Debtors		60,000
Current Account :		1,40,000	Stock-in-Trade		90,000
A	5,000		Bank		30,000
B	6,000				
		11,000			
General Reserve		60,000			
Sundry Creditors		50,000			
		2,61,000			2,61,000
		=====			=====

Additional Information :-

1. Plant & Machinery is valued at Rs.46,000/- and Stock at Rs.96,000/-.
2. One Creditor for Rs.6,000/- is dead and nothing is likely to be paid on this account.
3. The Capital Accounts are to be proportionately adjusted on the basis of C's Capital and his share of profit, through Current Accounts. Any deficit, if any, should be brought in by the partners themselves.
4. Partners decide to maintain the General Reserve in the books of the Firm.

Prepare Revaluation Account, Bank Account, Capital and Balance Sheet of the new Firm.

5. On January 01, 2015 goods at an invoice value of Rs.1,32,000/- were consigned by Chowdhury & Co. of Kolkata to their agent Gupta & Co. of Allahabad at a Proforma invoice of 20% Profit on cost.

Freight paid by the Consignor amounted to Rs.5,000/-. Gupta & Co. was allowed 5% ordinary Commission and 3% del credere Commission on gross sales. They were also allowed 5% of the net Profit as extra Commission after charging such Commission.

Allahabad expenses were : Landing and Clearing charges Rs.1020/- and Godown Insurance Premium Rs.2,500/-. 3/4th of the goods were sold at 25% Profit on sales. 1/10th of the balance of goods were destroyed by fire and a claim for Rs.2,500/- was settled by the Insurance Co.

Prepare Consignment Account, Gupta & Co. Account and Stock Destroyed Account in the books of Choudhury & Co. 20

6. "Vouching is the essence of audit" - Discuss the statement. 20

7. (a) What is the object of verification of Assets ?

(b) How do you verify the following :-

- (i) Sundry Debtors
- (ii) Patent and Copy-rights
- (iii) Provision for Taxation.

5+5+5+5

8. Write short notes on :-

- (a) Continuous Audit.
- (b) Audit Programme
- (c) Statutory Audit
- (d) Divisible Profit.

5+5+5+5

#####

98519.16

12749.11

100208.75

DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

November, 2015

ACCOUNTANCY (WITHOUT BOOKS)

Time Allowed : 3 Hours

Full Marks : 100
Pass Marks : 50

Answer any five questions

1. Ram, Rahim and Antony were in partnership sharing profits and losses in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ & $\frac{1}{6}$ respectively. They decided to dissolve the partnership firm on 31.3.2013, when the Balance Sheet appeared as follows :-

<u>Liabilities</u>	<u>(Rs.)</u>	<u>Assets</u>	<u>(Rs.)</u>
Creditors	5,67,000.00	Goodwill	4,56,300.00
Bank Overdraft	6,06,450.00	Plant & Machinery	6,07,500.00
Joint Life Policy Reserve	2,65,500.00	Furniture	64,650.00
Loan from Mr. Ram	1,50,000.00	Stock	2,36,700.00
Capital Accounts :		Debtors	5,34,000.00
Ram	4,20,000.00	Joint Life Policy	2,65,500.00
Rahim	2,25,000.00	Commission Receivable	1,40,550.00
Antony	1,20,000.00	Cash in hand	48,750.00
	<u>23,53,950.00</u>		<u>23,53,950.00</u>

The following details were available :-

- (i) The Joint Life Policy was surrendered for Rs. 2,32,500/-.
- (ii) Ram took over Goodwill and Plant & Machinery for Rs. 9,00,000/-.
- (iii) Ram also agreed to discharge bank overdraft and loan from Mrs. Ram.
- (iv) Furniture and Stock were divided equally between Ram and Rahim at an agreed valuation of Rs. 3,60,000/-.
- (v) Sundry debtors were assigned to firm's creditors in full satisfaction of their claims.
- (vi) Commission receivable was received in toto in time.
- (vii) A bill discounted was subsequently returned dishonoured and proved valueless Rs. 30,750/- (including Rs. 500/- noting charges).
- (viii) Ram paid the expenses of dissolution amounting to Rs. 18,000/-.
- (ix) Antony agreed to receive Rs. 1,50,000/- in full satisfaction of his rights, title and interest in the firm.

You are to close the books of accounts on dissolution of the firm.

20

2. Mr. Ashutosh keeps his books under single entry system. On 1.1.2014 his capital was Rs. 69,000/-. An analysis of the cash book for the year gives the following particulars :-

<u>Debit side</u>	<u>(Rs.)</u>	<u>Credit side</u>	<u>(Rs.)</u>
Received from Debtors	60,000.00	Due to Bank (Jan.-1)	7,400.00
Paid in on Capital A/c	5,000.00	Payment to Creditor	25,000.00
		General Expenses	10,000.00
		Wages	15,500.00
		Drawings	3,000.00
		Balance at Bank	4,000.00
		Balance in hand	100.00
	<u>65,000.00</u>		<u>65,000.00</u>

Prepare Profit & Loss A/c for the year ended 31.12.2014 and a Balance Sheet at that date after providing 5% interest on capital (ignoring payment in and drawing), 10% depreciation on plant, 5% depreciation on furniture and a reserve of 5% on Debtors.

On 1.1.2015 Subodh Brothers sold 1200 kg. at a profit of 20% on sales. On 10.1.2015 it returned 150 kgs. of tea finding its quality unsatisfactory and spent Rs.250/- for return railway charges, of the remaining quantity another 200 kgs. were also partially damaged and the market price of those fell down to 70% of the original cost. Commission was charged at 5% on sales. Mr. Tamang received the balance due from Subodh Bros. before closing own books annually on 31.3.2015.

4. Larsen Ltd. had an authorised capital of Rs.2,00,000/- declared in 20,000 equity shares of Rs.10/- each. The company issued 10,000 equity shares as fully paid up to Monotosh as purchase consideration for a piece of land. The company invited applications for remaining 10,000 equity shares payable as : Rs.2/- on application, Rs.4/- on allotment and rest in one call. The shares were fully subscribed and called up. The company received cash for all the shares excepting for 100 shares for which call money was lying in arrear. The Board of Directors forfeited the above 100 shares and re-issued 50 shares at a discount of Rs.2/- per share.

5. "Detection and prevention of errors and frauds are the main objects of Auditing" - Discuss.

5. "An auditor is not an insurer" - explain. What are the limitations of an audit ? 10 + 10

- (a) Propriety audit
- (b) Audit working papers
- (c) Continuous audit
- (d) Audit programme.

- (a) Payment of insurance premium
- (b) Payment of royalty
- (c) Entertainment expenses
- (d) Payment of wages.

DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

27

May, 2015

ACCOUNTANCY (WITHOUT BOOKS)

Time Allowed : 3 Hours

Full Marks : 100

Pass Marks : 50

Answer any five questions.

1. From the following information of a Trial Balance Prepare Trading Account, Profit and Loss Account for the year ended 31.03.2015 and Prepare a Balance Sheet also as on that date in the books of Mr. X.

Trial Balance as on 31.03.2015.

	Dr. Rs.	Cr. Rs.
Plant & Machinery	18,000	
Depreciation on Plant & Machinery	2,000	
Repairs to Plant	1,600	
Wages	28,000	
Salaries	4,000	
Income Tax	500	
Cash in Hand	2,000	
X's Capital Account		60,000
Sales		2,49,000
Bank Over Draft		13,800
Land	24,500	
Building - Depreciation	2,500	
Purchase less return	1,23,500	
Accrued Income	1,500	
Salaries outstanding		2,000
Bills Payable		3,000
Provision for Bad Debt		6,000
Bills Receivable	30,000	
Bad Debt	1,000	
Sundry Debtors	35,000	
Opening Stock	37,000	
Buildings	50,000	
Discount on purchase		4,000
Sundry creditors		23,300
	3,61,100	3,61,100

Additional Information :

- (i) Stock on 31.3.2015 Rs. 30,000
- (ii) Write off Rs. 3,000 as bad debt and maintain a provision for bad debt at 5% on sundry debtors.
- (iii) Goods costing Rs. 5,000 were sent to a customer on "Sale on approval" basis on 30.3.2015. These were recorded as sales. The rate of Gross Profit was 1/6th of sale.
- (iv) Rs. 1200 paid as rent of the office were debited to landlord account and were included in Sundry Debtors.
- (v) General Manager is to be paid Commission at 10% after charging the commission of Works Manager and his own on Net Profits.
- (vi) Works Manager is to be given Commission at 5% after charging commission of General Manager and his own on Net Profits.

2. The following is the Balance Sheet as on 31-03-2015 of a Partnership Firm of A, B and C sharing Profit and Loss in the ratio of 6:3:5.

<u>Liabilities</u>		<u>Assets</u>	
	<u>Rs.</u>		<u>Rs.</u>
A's Capital	25,000	Land & Building	10,000
C's Capital	15,000	Furniture	5,000
A's current account	1,000	Stock	23,100
C's current account	500	Debtors	30,000
Sundry Creditors	30,000	Cash at Bank	2,500
Loan on Mortgage of Land & Building	4,000	B's current account	4,900
	<u>75,500</u>		<u>75,500</u>

It was decided to dissolve the Partnership as on the date of Balance Sheet. Assets were realised as : Land & Building Rs.6,000, Furniture Rs.2,000, Stock-in-trade Rs.15,000 and Debtors Rs.20,000. The expenses of realisation amounted to Rs.2,000. The sundry creditors agreed to receive 75 paise in a rupee in full satisfaction of their claim. Loan on mortgage was paid. It was ascertained that B had become insolvent. B's estate had contributed only 50 paise in rupee.

Write up the Realisation Account, Bank Account, Capital Account of the Partners following the rules of Garner Vs. Murray.

20

3. Mahalaxmi Traders has bought three computers. All are subject to hire-purchase agreement with the vendor, X,Y,Z Ltd. The following information are available.

	<u>Computer A</u>	<u>Computer B</u>	<u>Computer C</u>
Date of purchase	30.06.2013	31.03.14	31.03.2015
Cash Price	Rs.80,000	Rs.60,000	Rs.60,000
Deposit	Rs.10,400	Rs.7,200	Rs.7,200
Total Interest	Rs.19,200	Rs.13,200	Rs.8,000
No. of Quarterly Instalments	12	12	8

It was the firm's policy to assume that hire purchase interest accrues evenly over the life of the agreement and to credit the total hire purchase price to the vendor at the date of purchase. Interest suspense account is maintained. The accounting year and the firm ends on 31st December. Depreciation on computer is at 20% p.a. on the written down value. A full year's depreciation is charged against profit in the year of purchase.

Prepare ledger accounts for the years ended 31.12.2013, 31.12.2014 and 31.12.2015 for the computers account, provision for depreciation computer all, Hire-purchase interest suspense account and X,Y,Z Ltd. all in the books of Mahalaxmi Traders.

20

4. On 1st July, 2014 Robin of Calcutta consigned 50 TV sets to Abdulla of Lucknow. Abdulla will receive commission @ 8% on sales to be made by him on invoice price plus a special commission of 1% on the excess amount of selling price over the invoice price. The cost price of each set was Rs.2500, but invoice was made at cost plus 25%. Robin paid Rs.5000 as freight, insurance etc. for despatching the TV sets, Abdulla accepted a bill at 5 months for Rs.80,000 as advance. Robin discounted the bill with his banker and Rs.2000 was charged as discount.

During transit 2 sets were completely destroyed and Robin realised Rs.4800 from the insurers. After receiving goods Abdulla paid Rs.480 for taking the goods to his showroom.

contd...p.3.

When "account sale" was received it was seen that 35 sets were sold by the consignee at Rs.3300 per set, both for cash and credit. Amount due to a debtor, who bought one set only, could not be recovered. Abdulla spent Rs.3000 on TV servicing.

20

Prepare the accounts in the books of Robin.

5. "Internal checking system and internal auditing system are two components of Internal Control" - Explain. To what extent an auditor can depend on internal audit system ? 10+10
6. How would you verify the following ?
 - (i) Goodwill.
 - (ii) Trade Mark
 - (iii) Loans and advances. 5x4
 - (iv) Closing stock.
7. "An auditor is a watch dog, not a blood-hound" - Explain clearly making the difference of "watch dog" and "blood-hound dog". 10+10
8. Explain the term "Teeming and Lading" in the context of misappropriation of cash. What is window-dressing ? 12+8

DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

November, 2014

ACCOUNTANCY (WITHOUT BOOKS)

Time Allowed : 3 Hours

Full Marks : 100
Pass Marks : 50

Answer any five questions.

1. From the following Trial Balance of M/s Gopalan prepare a Trading Account, Profit and Loss Account for the year ended 31st December, 2013 and a Balance Sheet as on that date.

	Dr. Rs.		Cr. Rs.
Drawing	10,000	Capital	1,00,000
Purchases (less return of Rs.3,000 and including stationery purchased Rs.4,000)	68,000	Sales (Less returns of Rs.5,000)	1,50,000
Opening Stock (including stock of stationery Rs.1,000)	13,000	Interest on Investment for 10 months	1,000
Wages (excluding outstanding wages amounted to Rs.4,000)	16,000	Sundry Creditors (discount receivable @ 5%)	30,000
Salaries for 10 months	10,000	Loan @ 12% p.a. (taken 1.1.2013)	20,000
Insurance for 15 months	3,000	Bank Overdraft	9,000
Interest on loan	2,000		
Investments	12,000		
Plant and Machinery (Subject to depreciation @ 10% p.a.)	30,000		
Land and Building (Subject to depreciation @ 20% p.a.)	80,000		
Bad Debts	5,000		
Rent for 3 quarters	6,000		
Sundry Debtors (including Bad Debts Rs.5,000 and 90% considered good)	55,000		
	3,10,000		3,10,000

His closing stock was Rs.34,000 (including of stationery Rs.2,000) 20

2. A and B started a partnership on 1.1.2012 with respective capital contributions of Rs.1,20,000 and Rs.40,000. Their capital balances as on 31.12.2013 were : A-Rs.2,09,500 and B-Rs.90,000. The transactions recorded in the capital accounts during these two years were interest on capital @ 10% p.a. on initial investments and allocations of incomes. On 31.12.2013, it was further discovered that drawing of Rs.42,000 by A and Rs.30,000 by B had been wrongly treated as business expenses. You are required to pass a single Journal entry to adjust the Partner's Capital Account correctly on 31.12.2013 and to show capital account of partners. Working should form part of your answer. 4+6+10
3. On 1.10.2012 Mr.D of Mumbai sent on consignment to Mr.G of Kolkata 100 boxes of goods costing Rs.1,200 each and incurred Rs.4,600 as freight, Rs.300 as carriage and Rs.600 as insurance in consigning the goods. Mr.G. accepted a bill on 12.10.2012 at 3 months for 60% of the normal selling price of goods received and Mr.D discounted the bill on 15.11.2012 at a discount of 2% p.a. the normal selling price was cost

plus 45%.

Mr. G had incurred Rs.1,500 as unloading charges; Rs.700 as godown rent and Rs.1,600 as selling expenses. He was entitled to a commission @ 6% on normal selling price plus 20% of any surplus over and above the normal selling price.

He reported that 3/4ths of the goods received had been sold for Rs.116,400 and 10 boxes of goods were damaged on account of bad packing which would be sold only for Rs.725 per box. It was found that 10 boxes of goods were still-in-transit on 31.12.2012 when the accounts of the consignor were closed. The amount due to Mr. D was remitted by a bank draft.

Prepare consignment accounts in the books of Mr. D, and Mr. D's account in the books of Mr.G. 12+8

K & Co. Ltd., with an authorized capital of Rs.2,00,000 divided into 20,000 equity shares of Rs.10 each, issues the entire amount of the shares payable as follows :

Rs. 5 on application (including Rs.2 as premium)

Rs. 4 on allotment

Rs. 3 on call

All share money is received in full with the exception of the allotment money on 200 shares and the call money on 500 shares (including 200 shares on which the allotment money has not been paid).

The above 500 shares are duly forfeited and 400 of these (including the 200 shares on which allotment money has not been paid) are reissued at Rs.7 per share payable by the purchaser.

Pass journal entries and Balance Sheet of K & Co. Ltd. 16+4

5. Mr. Bose commenced business on 1.1.2013, with a capital of Rs.10,000. On the same day he purchased Furniture for cash Rs.3,000. From the following particular obtained from his books kept by Single Entry, you are asked to prepare a Trading and Profit and Loss Account for the year ended 31.12.2013, and Balance Sheet as on that date :

	Rs.
Sales (inclusive of cash Rs.7,000)	17,000
Purchases (inclusive of cash Rs.4,000)	15,000
Bose's drawings	1,200
Salaries to staff	2,000
Bad Debt written-off	500
Business Expenses	700

Mr. Bose took goods worth Rs.500 for private use and paid Rs.200 to his son, but omitted to record these transactions in his books. On 31.12.2013, his Sundry Debtors were Rs.5,200 and Sundry Creditors Rs.3,600. Stock in on 31.12.2013 was Rs.6,500. Working should form part of your answer. 20

6. A concern maintains sinking fund for replacement of machinery. The balance in the relevant accounts on 1.1.2012 are :

	Rs.
Sinking Fund	2,50,000
10% Sinking Fund Investments(Nominal : Rs.3,00,000)	2,50,000
Machinery at cost	3,00,000

Annual contribution to sinking fund is Rs.20,000. The investments are sold on 1.1.2013 at a net price of 80% of the nominal value. The old machinery is sold for Rs.30,000 on 1.1.2013 and new machinery is purchased for Rs.340,000.

Show Ledger accounts in the books of the concern. 20

On 1.1.2011, X Ltd. purchased a Motor Car from Y Ltd. on the hire-purchase system, the cash price of which was payable as Rs.12,000 down and the balance in 3 equal annual instalments together with interest 10% p.a. The amount of instalment including interest was Rs.17,600. Depreciation was to be provided at 20% on the reducing balances. At the end of 3 years of service in the Motor Car was sold for Rs.30,000.

Show the (a) Motor Car Account and

8

(b) Vendor's Account in the books of the buyer for the 3 years to 31st December, 2013.

12

8. (a) Distinguish between 'Profit' and 'Divisible Profit'. Discuss the principles underlying the term 'Divisible Profit'.

(b) What are the auditor's duties as regards declaration and payment of dividend ?

10+10

**DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE DIRECTORATE OF
COMMERCIAL TAXES**

May, 2014

ACCOUNTANCY (Without Books)

Time Allowed—3 Hours

Full Marks—100

Pass Marks—50

Answer any five questions.

1. The following Trial Balance has been extracted from the books of Mr. A as on 31.3.2013.

Trial Balance as on 31.3.2013

	<i>Dr.</i>		<i>Cr.</i>
	<i>Rs.</i>		<i>Rs.</i>
Purchases	680,000	Sales	8,38,200
Sundry Debtors	96,000	Capita Account	1,97,000
Drawings	36,000	Sundries Creditors	114,000
Bad Debts	2,000	Outstanding Salary	2,500
Furniture and Fixtures	81,000	Sale of Old Papers	1,500
Office Equipments	54,000	Bank Overdraft (SBI)	60,000
Salaries	24,000		
Advanced Salary	1,500		
Carriage Inward	6,500		
Miscellaneous Expenses	12,000		
Travelling Expenses	6,500		
Stationery & Printing	1,500		
Rent	18,000		
Electricity & Telephone	6,800		
Cash in hand	5,900		
Cash at bank (UCO)	53,000		
Stock (1.4.2012)	50,000		
Repairs	7,500		
Motor Car	56,000		
<i>Depreciation:</i>			
Furniture	9,000		
Office Equipment	6,000		
	<u>15,000</u>		
	<u>12,13,200</u>		<u>12,13,200</u>

Please Turn Over

Additional Information

- (i) Sales include Rs. 60,000 towards goods sold for cash on account of a joint venture with Mr. C who incurred Rs. 800 as forwarding expenses. The joint venture earned a profit of Rs. 15,000 to which Mr. C is entitled to 60%.
- (ii) Motor car account represents an old motor car which was replaced on 1.4.2010 by a new motor car costing Rs. 120,000 with an additional cash payment of Rs. 40,000 lying debited to Purchase Account.
- (iii) SBI has allowed an overdraft limit against hypothecation of stocks keeping a margin of 20%. The present balance is the maximum as permitted by the Bank.
- (iv) Sundry Debtors include Rs. 4,000 as due from Mr. D and Sundry Creditors include Rs. 7,000 as payable to him.
- (v) On 31.3.2013 outstanding rent amounted to Rs. 6,000 and you are informed that 50% of the total rent is attributable towards R's residence.
- (vi) Depreciation to be provided on motor car @20% (excluding sold item).

Mr. A requests you to prepare a Trading and Profit & Loss Account for the year ended 31.3.2013 and a Balance Sheet as on that date.

20

2. A, B and C were partners sharing profits in the ratio of 4/7, 2/7 and 1/7 respectively. Their Balance Sheet on 31st December, 2013 was as follows:

<i>Liabilities</i>		<i>Rs.</i>	<i>Assets</i>		<i>Rs.</i>
Creditors		22,500	Cash		4,500
Bills Payable		3,000	Sundry debtors		16,500
General Reserve		10,500	Stock		22,500
Capital Accounts			Motor Van		7,750
A.	45,000		Machinery		39,750
B.	30,000		Land and Building		30,000
C.	25,000	100,000	Goodwill		15,000
		<u>1,36,000</u>			<u>1,36,000</u>

On the same date A retired from the business and the following adjustments were made:

- (a) Firm's goodwill was valued at Rs. 36,000.
- (b) Assets and Liabilities are to be revalued as Stock Rs. 18,000; Land and Building Rs. 33,900; Debtors Rs. 15,750; Machinery Rs. 37,500 and Creditors Rs. 21,000.
- (c) B to bring in Rs. 30,000 and C Rs. 7,500 as additional capital.
- (d) A was to be paid Rs. 24,300 in cash and the balance of his Capital Account to be transferred to his Loan Account.

Prepare Revaluation Account, Partners' Capital Accounts, Cash Account and the Balance Sheet of the firm after A's retirement.

15+5

3. N consigns goods to D, his agent at Dhanbad, at cost price of Rs. 40,000. N's accountant, at the end of the year, drew up the agent's account as under (all figures in rupees):

D Account			
To Goods sent on Consignment	40,000	By Cash	25,000
To Cash-freight and insurance	3,000	By Balance c/d	19,300
To Profit and Loss A/c	1,300		
	<u>44,300</u>		<u>44,300</u>

D sold part of the goods for Rs. 45,000, which exceeded by Rs. 9,000 over invoice price. He collected Rs. 38,000 after allowing discount of Rs. 2,000 to customers; bad debts came to Rs. 1,000 and his expenses Rs. 800 (including Rs. 200 for unloading and cartage). D was entitled to a commission of 5% on cash collected.

From the above information, draw up the following accounts in the books of N:

- (a) Consignment Account; (b) Consignment Debtors Account; (c) D Account. 10+5+5

4. X Ltd. which sells a product on hire-purchase terms, has the following transactions for the year to December 31, 2013. The gross profit is 25% on selling price:

		Rs.
2013		
January, 1	Stock out on hire at hire-purchase price	40,000
	Stock in hand (in the shop)	5,000
	Instalments due (customers still paying)	3,000
December, 31	Stock out on hire at hire-purchase price	46,000
	Stock in hand (in the shop)	7,000
	Instalments due	5,000
	Cash received in instalments during the year	80,000

Pass the necessary accounts to find out gross profit of X. Ltd. for the year to December 31, 2013. 20

5. Better and Best Enterprises depreciates its machinery @ 10% p.a. on reducing balance. On 1.1.2013, the balance in Machinery Account was Rs. 97,200.

During the year 2013, a machine purchased on 1.1.2013 for Rs. 8,000 was sold for Rs. 4,500 on 1.7.2013. A new machine was bought on the same date for Rs. 15,800. On 1st January, 2013 the concern changed the method of depreciation from reducing balance method to straight method with retrospective effect from 2011 with no change in the rate.

Show the Machinery Account for the year ending 31st December, 2013, and also the Machinery Disposal Account. Working should form part of your answer. 6+6+8

6. Mr. Kapoor has a trading business for which the following procedures are followed:

- (1) All collection are deposited with bank each day.
- (2) All payments except petty expenses are made by cheque.

Please Turn Over

- (3) To meet petty expenses a cheque for Rs. 1,500 is withdrawn from the bank on the first day of each month.

The following figures are available from Mr. Kapoor's record:

	1.1.2013	31.12.2013
	Rs.	Rs.
Cash in hand	150	300
Balance of bank	30,000	21,000
Debtors	1,00,000	1,25,000
Creditors	90,000	1,00,000
Stock	15,000	25,000

Payment made to creditors during the year Rs. 1,20,000

Personal drawing from bank Rs. 6,000

Mr. Kapoor sells goods at a profit of 25% on sales.

Prepare Profit and Loss Account for the year ended 31.12.2013 and Balance Sheet as on that date from the above information. 20

7. (a) "An auditor is not a valuer"; "An auditor is intimately connected with values."—How would you reconcile these two statements?
- (b) How would you verify Assets purchased under Hire-purchase agreement? 10+10
8. Write short notes on (any four): 5×4=20
- Divisible profit;
 - Statutory audit;
 - Revenue profit;
 - Audit evidence;
 - Bonus share.

DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

November, 2013

ACCOUNTANCY (WITHOUT BOOKS)

Time Allowed : 3 Hours

Full Marks : 100

Pass Marks : 50

Answer any five questions :-

1. The following facts have been ascertained from the records of Mr. X who maintains his books of accounts under the single entry system.
- Receipts for the year ended 31st March, 2013 : From Sundry Debtors Rs.88,125, Cash sales Rs.20,625 ; paid in by the Proprietor Rs.12,500.
- Payments made during the year ended 31st March, 2013 : New Plant purchased Rs.3,125, Drawings Rs.7,500, Wages Rs.33,625, Salaries Rs.5,625, Interest paid Rs.375, Telephone Rs.625, rent Rs.6,000, Light and power (Direct) Rs.2,375, Sundry expenses Rs.10,625, Sundry Creditors Rs.38,125.

It may be noted that he banks all receipts and makes all payments only by means of cheques.

Assets and Liabilities :-

	As at 31st March, 2012	As at 31st March, 2013
Sundry Creditors	12,625	12,000
Sundry Debtors	18,750	30,625
Bank	3,125	?
✓ Stock	31,250	15,625
Plant	37,500	36,575

From the above data, prepare the Trading and Profit and Loss Account for the year ended 31st March, 2013 and Balance Sheet as on that date.

6 + 8 + 6

2. X of Kolkata on 15th January, 2013 sent to Y of Mumbai a consignment of 250 televisions costing Rs.10,000 each. Expenses of Rs.7,000 were met by the consignor. Y of Mumbai spent Rs.4,500 for clearance on 30th January, 2013 and the selling expenses was Rs.500 per television as and when the sale is made by Y.

Y sold, on 4th March, 2013, 150 televisions at Rs.14,000 per television and again on 10th April, 2013, 75 television at Rs.14,400 each.

Mr. Y was entitled to a commission of Rs.500 per television sold plus one-fourth of the amount by which the gross sale proceeds less total commission there on exceeded a sum calculated at the rate of Rs.12,500 per television sold. Y sent the account sale and the amount due to X on 30th April, 2013 by bank demand draft.

You are required to show the consignment account and Y's account in the books of X.

12 + 8

3. (a) XYZ & Co. is a partnership concern, having three partners X, Y, Z. Their capital accounts stood at Rs.30,000, Rs.15,000 and Rs.15,000 respectively on January 1, 2012. The partnership deed provides that :-
- (i) Z should be allowed a remuneration of Rs.3,000 p.a.
 - (ii) Interest at 5% p.a. has to be allowed on capital.
 - (iii) Balance Profits/Losses is to be divided in the proportion of 2 : 2 : 1.

Ignoring the above terms, the profit of Rs.18,000 for the year ended December 31, 2012 was divided equally. You are required to pass the journal entry to rectify the error.

- (b) On 1st July, 2012 L, M and N commence business in partnership. L puts in Rs.60,000 at first but withdraws Rs.20,000 at the end of six months. M introduced Rs.50,000 at first and increases it to Rs.60,000 at the end of four months but withdraws Rs.20,000 at the end of eight months. N brings in Rs.50,000 at first but increases it by Rs.40,000 at the end of seven months.

During the year ended 30th June, 2013 they make a net profit of Rs.45,000. Show how the partners should divide this amount on the basis of the effective capital employed by each partner.

- (c) A, B and C are partners in a firm sharing profits and losses in the ratio of 3 : 1 : 1. They admit D as a partner and the new profits and losses ratio of A, B, C and D 4 : 3 : 2 : 1. D brings Rs.30,000 as premium for goodwill.

Draft the Journal Entries showing the appropriation of the premium for goodwill.

4. The Directors of XYZ Ltd. invited applications for 2,00,000 equity shares of Rs.10 each to be issued at 20% premium. The money payable on each share is as follows :-

On application Rs.5, on allotment Rs.4 (including premium Rs.2), on First Call Rs.2, Final Call Rs.1.

Applications were received for 2,40,000 shares and allotment was made as follows :-

- (a) To applicants for 1,00,000 shares - in full.
- (b) To applicants for 80,000 shares - 60,000 shares.
- (c) To applicants for 60,000 shares - 40,000 shares.

Applicants for 1000 shares falling in category (a) and applicants of 1200 shares falling in category (b) failed to pay allotment money. These shares were forfeited on failure to pay the first call. Holders of 1200 shares in category (c) failed to pay the first call and final call and these shares were forfeited after the final call.

1300 shares [1000 of category (a) and 300 of category (b)] were re-issued at Rs.8 per share as fully paid.

Journalise the above transactions, show Cash Book and prepare Balance Sheet.

5. Discuss the fundamental principles that should exist in a sound system of internal check. How does it differ from Internal Control System ? To what extent can an auditor rely on internal check system ?

6. How would you vouch the following outstanding liabilities ?

- (a) Commission payable to a travelling agent ;
- (b) Audit fees ;
- (c) Freight and Carriage ;
- (d) Interest on Loans and Debentures ;

7. How would you verify the following :-

- (a) Assets purchased under Hire-Purchase agreement ;
- (b) Lease-hold property ;
- (c) Sundry Creditors for goods supplied ;
- (d) Sundry Debtors ;

8. What are the steps to be taken by an auditor before commencement of an audit ?

**DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES**

May, 2013

ACCOUNTANCY—(Without Books)

Time Allowed—3 Hours

Full Marks—100

Pass Marks—50

Answer any five questions.

1. Following is the Trial Balance of Mr. X as at 31.12.2012. You are required to prepare the Trading and Profit & Loss Account for the year ended 31.12.2012 and the Balance Sheet on that date after making necessary adjustments:

	Rs.		Rs.
Purchase	60,000	Sales	1,00,000
Sales Ledger Balances	30,400	Purchase Ledger Balance	24,400
Return Inward	2,000	Discount Received	600
Discount Allowed	2,000	Return Outward	2,400
Building	44,000	Capital	53,200
Depreciation on Building	2,000	Suspense A/c	2,000
Income Tax	2,000	Goods sent on consignment	5,000
Wages	4,000	Profit on consignment	1,000
Salaries	6,000	Apprenticeship Premium	2,400
Consignment stock (31.12.2012)	1,200	(For the year ending 31.3.2013)	
Stock in Trade (1.1.2012)	20,000	Provision for Bad debts	2,000
Trade Expenses	4,000	Commission	1,600
Insurance	400		
Cash in hand & at Bank	12,600		
Deposit with Mr. A	4,000		
	<u>1,94,600</u>		<u>1,94,600</u>

Adjustments:

- (i) Stock in Trade on 31.12.2012 was valued at Rs. 20,000
- (ii) Stock valued at Rs. 4,000 was destroyed by fire on 25.12.2012 for which Insurance Company admitted claim of Rs. 2,400 only.
- (iii) Deposit with Mr. A was realised together with interest at 10% p.a. for 6 months and deposited the same into Fixed Deposit Account with State Bank of India on 1.10.2012 bearing interest at 6% p.a., but no entry had since been made.
- (iv) Out of Purchases, goods of Rs. 4,000 was distributed as free sample.
- (v) Suspense Account represents a cheque received from Mr. B, a customer in settlement of Rs. 2,400 due from him. The cheque was duly deposited and credited by Bank.
- (vi) Maintain Provision for Bad debts @ 5% on Debtors and Provision for Discount @ 2% on both Debtors and creditors.

6+8+6

Please Turn Over

2. Kolkata Roadways Ltd. purchased three trucks costings Rs. 1,00,000 each from Hindusthan Auto Ltd. on 1.1.2010, on hire purchase system. The terms were: Payment on delivery Rs. 25,000 for each truck and balance of the principal amount by three equal instalments plus interest at 15% per annum to be paid at the end of each year. Kolkata Roadways Ltd. writes off 25% depreciation each year on the diminishing balance method. Kolkata Roadways Ltd. paid the instalments due on 31.12.2010 and 31.12.2011 but could not pay the final instalment. Hindusthan Auto Ltd. repossessed two trucks adjusting values against the amount due. The repossession was done on 1.1.2013 on the basis of 40% depreciation on the diminishing balance method. You are required to—

- Write up the ledger accounts in books of Kolkata Roadways Ltd. showing the above transactions upto 1.1.2013 and
- Show the disclosure of the balance arising from the above in the Balance Sheet of Kolkata Roadways Ltd. as on 31.12.2012.

14+6

3. A, B, and C were partners in a firm M/s CAMIG & Bros. sharing profits and losses in the ratio of 2 : 1 : 1. Their Balance Sheet as at 31.03.2013 is as follows—

<i>Liabilities</i>		<i>Rs.</i>	<i>Assets</i>		<i>Rs.</i>
Fixed Capital	A	2,00,000	Fixed Assets		3,00,000
	B	1,00,000	Investments		50,000
	C	1,00,000			
Current Accounts	A	40,000	<i>Current Assets:</i>		
	B	20,000	Stock		1,00,000
			Debtors		60,000
Unsecured loans		2,00,000	Cash at Bank		1,50,000
		<u>6,60,000</u>			<u>6,60,000</u>

On 1.4.2013 it is agreed among the partners that BC(P) Ltd., a newly formed company with B and C having each taken up 100 shares of Rs. 10 each will take over the firm as a going concern including goodwill but excluding cash and bank balances. The following points are also agreed upon:

- Goodwill will be valued at 3 year's purchase of super profit
- The actual profit for the purpose of goodwill valuation will be Rs. 1,00,000
- Normal rate of return will be 15% on fixed capital
- All other assets and liabilities will be taken over at book values
- The purchase consideration will be payable partly in shares of Rs. 10 each and partly in cash. Payment in cash being to meet the requirement to discharge A, who is agreed to retire.
- B and C are to acquire equal interest in the new company
- Expenses of liquidation Rs. 40,000

Prepare necessary Ledger Accounts.

20

4. From the following information calculate the amount of net sales, net purchases and closing stock

	31-03-2012	31-03-2013
	Rs.	Rs.
Debtors	31,800	26,500
Creditors	24,000	16,000
Bills Payable	21,000	29,000
Stock in Trade	10,000	?
Bills Receivable	8,800	7,000

Transactions during the year: Discount allowed to customer Rs. 1,000, Discount allowed by suppliers Rs. 800, Bills Payable discharged Rs. 35,600, Bills Receivable Collected Rs. 20,900, Returns inwards Rs. 8,700, Returns outwards Rs. 4,800, Bad debts Rs. 2,800, Bills Receivable dishonoured Rs. 1,800, cash paid to creditors Rs. 1,20,000, cash received from debtors Rs. 69,000, cash sales Rs. 40,900, cash purchases Rs. 1,03,200, uniform gross profit 20% on sale.

7+7+6

5. What is meant by verification of assets? What are the salient points to be kept in view while verifying closing stock.

8+12

6. "An auditor is not a valuer"; "An auditor is intimately connected with values."—How would you reconcile these two statements?

20

7. Write short notes on:

- Management Audit
- Social Audit
- Periodical Audit
- Continuous Audit

5×4

8. State the procedure of vouching Sales Day Book. What are the special points to which an auditor should pay his attention while vouching this book?

20

**DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES**

November, 2012

ACCOUNTANCY (Without Books)

Time Allowed—3 Hours

Full Marks—100

Pass Marks—50

Answer any five questions.

1. Mr. Dasgupta, a trader has extracted the following Trial Balance from his books as on 31st March, 2012:

Trial Balance as on 31.3.2012

	Dr. Rs.		Cr. Rs.
Opening Stock	30,000	Sales	550,000
Purchases	400,000	Sundry Creditors	50,000
Sundry Debtors	150,000	Capital	150,000
Cash in hand	4,000		
Cash at Bank	8,000		
Rent, Rates and Taxes	3,000		
Insurance Premium	9,000		
Salaries	42,000		
Carriage Outwards	21,000		
Carriage Inwards	8,000		
Claim Recoverable	5,000		
Advertisement Suspense	9,000		
Furniture and Fittings	23,000		
Deposit with Suppliers	6,000		
Office Equipments	10,000		
Bills Receivable	6,000		
Bad Debts	4,000		
Electricity Expenses	2,000		
	750,000		750,000

Additional Information:

- (i) The purchase invoice of Rs. 15,000 received from a supplier has not been entered through oversight.
- (ii) The claim recoverable has been settled with the insurance company for Rs. 2,000.
- (iii) 50% of the advertising suspense is to be written-off this year.
- (iv) Depreciation is to be provided on straight-line method on furniture and fittings (original cost Rs. 30,000) and office equipments (original cost Rs. 15,000) at 5% per annum.
- (v) Goods costing Rs. 5,000 were dispatched on 29th March, 2012. The sale, however, took place on 2nd April 2012, when an invoice of Rs. 7,500 was sent to the customer.

Please Turn Over

- (vi) Insurance premium has been paid up to 30th June, 2012.
- (vii) The deposit with suppliers was made on 1st October, 2011, and it carried interest at 12% per annum.
- (viii) Two bills receivable from customers for Rs. 700 and Rs. 1,300 were dishonoured on 30th March, 2012.
- (ix) It appeared that doubtful debts amounted to Rs. 3,400.
- (x) Physical stock of goods in hand on 31st March, 2012, at cost was Rs. 100,000.

Prepare Trading Account, Profit & Loss Account for the year ended 31st March, 2012 and a Balance Sheet as on that date.

20

2. A limited company invited applications for 2,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows:
- On application Rs. 2
 - On allotment Rs. 5 (Including premium)
 - On first call Rs. 3
 - On final call Rs. 2

Applications were received for 3000 shares and allotment was made *pro rata* to the applicants at 2,400 shares. Money overpaid on application was employed on account of sums due on allotment.

Ajoy, to whom 50 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited. Bijoy, the holder of 60 shares failed to pay the two calls, and his shares were also forfeited after making the final call.

Of the shares forfeited, 80 shares were sold to Sanjoy as fully paid for Rs. 9 per shares, the whole of Ajoy's shares being included.

Show journal, cash book entries and the liability side of the Balance Sheet.

6+10+4

3. Mr. Bose desires you to prepare accounts for the year ended 31st March, 2011. No books have been kept but the following facts are ascertained:
- (i) The bank pass book showed receipts during the year of Rs. 60,100 and withdrawals of Rs. 59,250.
 - (ii) Rs. 5,000 had been placed on deposit account on 31st December, 2009 at 8% per annum and withdrawn with interest on 30th June, 2010.
 - (iii) Rs. 10,000, $3\frac{1}{2}\%$ National Defence Certificate (interest due dates 31st March and 30th September each year) had been purchased on 1st April, 2010. Interest was collected on due dates.
 - (iv) The foregoing transactions and all payments for business purchases were passed through the bank account. The takings were banked after meeting business expenses Rs. 3,500 and personal expenses of Rs. 4,000.
 - (v) The assets and liabilities on 31st March, 2011 were;
Stock Rs. 5,500; Book debts Rs. 5,750; Bank balance Rs. 1,600; Free hold premises Rs. 10,000 and Trade creditors Rs. 2,000.
 - (vi) On 1st April, 2010 the stock and book debts were Rs. 5,000 and Rs. 5,250 respectively and creditors of Rs. 1,000.

From the above information, Mr. Bose requests you to help him prepare his Trading, Profit and Loss Account for the year ended 31st March, 2011 and a Balance Sheet as on that date.

7+8+5

4. P, Q and R are partners sharing profits and losses in the ratio 5 : 3 : 2. Due to illness, Q wanted to retire from the firm on 31.3.2010 and admit his son N in his place.

Balance Sheet of P, Q and R as at 31.3.2010

<i>Liabilities</i>		<i>Rs.</i>	<i>Assets</i>		<i>Rs.</i>
Capital accounts:			Goodwill		30,000
P	40,000		Furniture		20,000
Q	60,000		Sundry debtors		50,000
R	30,000	130,000	Stock-in-trade		50,000
Reserve		50,000	Bank balance		50,000
Sundry creditors		20,000			
		<u>200,000</u>			<u>200,000</u>

On retirement of Q assets were revalued: Goodwill Rs. 50,000, Furniture Rs. 10,000 and Stock-in-trade Rs. 30,000. 50% of the amount due to Q was paid off in cash and the balance was retained in the firm as capital of N.

On admission of the new partner, goodwill has been written off.

R is paid off his extra balance to make capital proportionate.

Pass necessary journal entries and prepare balance sheet of P, R and N as on 1.4.2010. Show necessary workings.

7+3+10

5. (a) "An auditor of a limited company is not responsible for detected errors or frauds in a Balance Sheet where there is nothing to excite his suspicion".—Comment on the statement.
(b) Can the auditor prevent occurrence of errors and frauds? 12+8
6. (a) "Evaluation of Internal Control System is quite important".—Discuss.
(b) Describe a system for internal check suitable for wage payment in a large manufacturing concern. 10+10
7. Distinguish between:
(a) Compliance procedure and substantive procedure;
(b) Reserve and Reserve fund;
(c) Verification of asset and valuation of asset. 6+7+7
8. How would you vouch the following outstanding liabilities?
(a) Audit fee;
(b) Commission payable to a travelling agent;
(c) Wages and salaries. 6+7+7

DEPARTMENTAL EXAMINATION FOR OFFICERS OF
THE DIRECTORATE OF COMMERCIAL TAXES
MAY 2012

ACCOUNTANCY (Without Books)

Time Allowed : 3 Hours

Full Marks : 100

Pass Marks : 50

Answer any five questions.

The following is Trial Balance has been extracted from the books of Mr. A. Rath as on 31.3.2011

Trial Balance as on 31.3.2011

	Dr. Rs.		Cr. Rs.
Purchases	680,000	Sales	8,38,200
Sundry Debtors	96,000	Capita Account	1,97,000
Drawings	36,000	Sundries Creditors	1,14,000
Bad Debts	2,000	Outstanding Salary	2,500
Furniture and Fixtures	81,000	Sale of Old Papers	1,500
Office Equipments	54,000	Bank Overdraft (SBI)	60,000
Salaries	24,000		
Advanced Salary	1,500		
Carriage Inward	6,500		
Miscellaneous Expenses	12,000		
Travelling Expenses	6,500		
Stationery & Printing	1,500		
Rent	18,000		
Electricity & Telephone	6,800		
Cash in hand	5,900		
Cash at Bank (UCO)	53,000		
Stock (1.4.2010)	50,000		
Repairs	7,500		
Motor Car	56,000		
Depreciation:			
Furniture	9,000		
Office Equipment	6,000		
	15,000		
	<u>12,13,200</u>		<u>12,13,200</u>

Additional Information:

- (i) Sales include Rs. 60,000 towards goods sold for cash on account of a joint venture with Mr. Chaki who incurred Rs. 800 as forwarding expenses. The joint venture earned a profit of Rs. 15,000 to which Mr. Chaki is entitled to 60%.
- (ii) Motor car account represents an old motor car which was replaced on 1.4.2010 by a new motor car costing Rs. 120,000 with an additional cash payment of Rs. 40,000 lying debited to Purchase Account.
- (iii) SBI has allowed an overdraft limit against hypothecation of stocks keeping a margin of 20%. The present balance is the maximum as permitted by the Bank.
- (iv) Sundry Debtors include Rs. 4,000 as due from Mr. Darik and Sundry Creditors include Rs. 7,000 as payable to him.
- (v) On 31.3.2011 outstanding rent amounted to Rs. 6,000 and you are informed that 50% of the total rent is attributable towards Rath's residence.
- (vi) Depreciation to be provided on motor car @ 20% (excluding sold item)

Mr. Rath requests you to prepare a Trading and Profit & Loss Account for the year ended 31.3.2011 and a Balance Sheet as on that date.

A, B and C were partners sharing profits in the ratio of 2:1:1. They closed their books on 31st December each year. A died on 28th February, 2010 when their balance sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	3,790	Cash	20,000
Joint life Policy Reserve	3,600	Sundry debtors	3,900
Profit for 2 months (before interest and salaries)	3,110	Loan to A	4,000
Capital accounts:		Joint life Policy	3,600
A	10,000		
B	6,000		
C	<u>5,000</u>		
	21,000		
	<u>31,500</u>		<u>31,500</u>

According to the partnership deed:

- Interest on capital was allowed @ 6% p.a.
- A and B were entitled to salaries at Rs. 300 and Rs. 250 per month respectively.
- In event of death of a partner goodwill was to be valued at 2 years' purchase of the average net profits of 3 completed years preceding the death. The profit for the years 2007, 2008 and 2009 were Rs. 5,500, Rs. 4,800 and Rs. 6,500 respectively.

The firm had taken a joint life policy (with profit policy) of Rs. 10,000. The insurance company admitted a claim of Rs. 12,600 including bonus. A's share was paid to his executors. B and C continued the business.

Prepare Partners' Capital Accounts and Balance Sheet of B and C as on 28.2.2010.

15+5

- On 1.10.2010 Mr. Das of Mumbai sent on consignment to Mr. Ghosh of Kolkata 100 boxes of goods costing Rs. 1,200 each and incurred Rs. 4,600 as freight, Rs. 300 as carriage and Rs. 600 as insurance in consigning the goods. Mr. Ghosh accepted a bill on 12.10.2010 at 3 months for 60% of the normal selling price of goods received and Mr. Das discounted the bill on 15.11.2010 at a discount of 2% p.a. the normal selling price was cost plus 45%. Mr. Ghosh had incurred Rs. 1,500 as unloading charges; Rs. 700 as godown rent and Rs. 1,600 as selling expenses. He was entitled to a commission @ 6% on normal selling price plus 20% of any surplus over and above the normal selling price. He reported that $\frac{3}{5}$ ths of the goods received had been sold for Rs. 116,400 and 10 boxes of goods were damaged on account of bad packing which would be sold only for Rs. 725 per box. It was found that 10 boxes of goods were still-in-transit on 31.12.2010 when the accounts of the consignor were closed. The amount due to Mr. Das was remitted by a bank draft. Prepare necessary accounts in the books of Mr. das.

20

- X Ltd. which sells a product on hire-purchase terms, has the following transactions for the year to December 31, 2011. The gross profit is 25% on selling price:

		Rs
Jan. 1	Stock out on hire at hire-purchase price	40,000
	Stock in hand (in the shop)	5,000
	Instalments due (customers still paying)	3,000
Dec. 31	Stock out on hire at hire-purchase price	46,000
	Stock in hand (in the shop)	7,000
	Instalments due	5,000
	Cash received in instalments during the year	80,000

Pass the necessary accounts to find out gross profit of X. Ltd. for the year to December 31, 2011.

20

- What is Test checking? What are the factors that should be considered by an auditor before depending on test checking?
- Explain the concept of Audit Evidence. Discuss the different types of such evidences.

10+10

- (a) "An auditor is not a valuer"; "An auditor is intimately connected with values." – How would you reconcile these two statements?
- (b) How would you verify assets purchased under Hire-purchase agreement.

Q. 7. Distinguish between:

- (a) Internal Control and Internal Audit;
(b) Statutory Audit and non-statutory Audit;
(c) Revenue Reserve and Capital Reserve.

7+7+6

Q. 8. Write short notes on: (any four)

- (a) Cash Transaction Audit;
(b) Balance Sheet audit;
(c) Qualified audit report;
(d) Auditing-in-depth;
(e) Capitalisation of Reserve.

5 x 4

DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

November, 2011

ACCOUNTANCY (Without Books)

Time Allowed : 3 Hours

Full Marks : 100
Pass Marks : 50

Answer any five questions.

1. Following is the Trial Balance of a trader as on 31st December, 2010 :

<u>Debit balances</u>	<u>Rs.</u>	<u>Credit balances</u>	<u>Rs.</u>
Stock (1.1.10)	45,000	Sales	3,25,000
Purchases	2,40,000	Capital	1,30,000
Wages	10,000	Creditors	38,000
Salaries	15,000	Purchases Return	3,000
Discount Allowed	3,000	Discount Received	2,500
Rent & Rates	2,000	Provision for	
Trade Expenses	16,000	Doubtful Debts	1,500
Sales Return	1,000		
Furniture	18,000		
Buildings	35,000		
Drawings	10,000		
Cash at Bank	40,000		
Debtors	45,000		
Bills Receivable	10,000		
Cash in hand	10,000		
	<u>5,00,000</u>		<u>5,00,000</u>

Prepare Trading and Profit & Loss Account for the year ended on 31st December, 2010 and a Balance Sheet as on that date after taking into account the following adjustments :

- (a) Stock on 31.12.10 at market value - Rs.42,000 (Cost- Rs.40,000).
- (b) A credit sale of Rs.5000 has not been recorded in the books.
- (c) Rs.1200 received from a debtor whose balance had been written off as bad, was recorded as cash sale.
- (d) Goods (cost price - Rs.1000; minimum sale price Rs.1200) was consigned to an agent. But those remain still unsold at the year-end.
- (e) The trader received Rs.18,000 from Mr. X in respect of joint business with him. The sum received stood credited to Sundry Creditors. It is noted that a sum of Rs.6000 is due to the trader as his share of profit from the joint business.
- (f) Bills Receivable included a dishonoured bill of Rs.4000 and Debtors included an amount of Rs.6000 in respect of an insolvent customer whose estate is expected to realize only 50 paise in the rupee.

- (g) Provide repreciation on all fixed assets at 10% p.a. and also create a provision for doubtful debts of unknown nature at 5% on debtors. 6+8+6

2. Kolkata Transport Co. purchased four cars at Rs.14,000 each from Bengal Auto Ltd. on 1st January, 2009 on hire-purchase system. The hire-purchase price for all the four cars was Rs.60,000, to be paid Rs.15,000 down and three instalments of Rs.15,000 each at the end of each year. Interest is charged at 5% p.a. Buyer depreciates the cars at 10% p.a. on straight line method.

After having paid down payment and first instalment, the Kolkata Transport Co. could not pay the second instalment and Bengal Auto Ltd. took possession of three cars at an agreed value to be calculated after depreciating the cars at 20% p.a. on written down value method. One car was left with Kolkata Transport Co.

Then Bengal Auto Ltd., after spending Rs.1500 on reconditioning of the cars, sold away all the three cars to Rental Ltd. for Rs.36,000.

Show the necessary ledger accounts in the books of both buyer and seller. 12+8

3. X and Y are equal partners. X, by agreement, retires and his son Z joins the firm on the basis of 1/3rd share of profits or losses with effect from 1st October, 2011. The balances in the books on 30th September, 2011 were :-

	Dr. (Rs.)	Cr. (Rs.)
Goodwill	10,000	
Fixed Assets(at cost)	1,20,000	
Current Assets :		
Stock	60,000	
Debtors	40,000	
Bank Balance	8,000	
Creditors		20,000
Provision for Depreciation		12,000
Capital Accounts :		
X		1,04,000
Y		1,02,000
	<u>2,38,000</u>	<u>2,38,000</u>

Goodwill and Fixed Assets are agreed to be valued at Rs.30,000 and Rs.1,40,000 respectively. Stock and Debtors are also revalued for the change in the constitution of the firm and agreed at Rs.59,000 and Rs.38,000 respectively. All such assets are to be written up in the books of the firm accordingly before admission of Z as a partner. Sufficient money is to be introduced so as to enable X to be paid off and leave Rs.5000 cash at Bank. Y and Z are to provide such sum so as to make their capitals proportionate to their share of profits. X agrees to contribute from his capital, two-third of the amount as gift-that Z has to provide.

Assuming the arrangement was carried out, show the required journal entries and prepare the Balance Sheet of the firm after reconstitution.

15+5

contd..p.3.

4. XYZ Ltd. invited applications for 10,000 equity shares of Rs. 10 each at a premium of Rs.5 per share payable as follows :-

On Application - Rs.3 per share;
 On Allotment - Rs.8 per share (including premium);
 On First Call - Rs.2 per share;
 On Final Call - Rs.2 per share.

Applications were received for 18,000 shares and allotment was made on applications for 15,000 shares at the rate of two shares for every three applied for. Mr. Ray failed to pay the allotment money for 40 shares allotted to him and these shares were forfeited when he failed to pay the first call money. Mr. Datta failed to pay the calls in respect of 120 shares allotted to him and these shares were forfeited after the final call.

Of the shares forfeited as above, 100 shares were re-issued to Mr. Guha as fully paid up on payment of Rs.8 per share (the whole of Mr. Ray's share being included).

Show the necessary journal entries in the books of the company to record the above transactions. 20

5. (a) What do you understand by vouching of transactions ? State its purposes and objectives.

(b) How would you vouch the following in course of an audit ?

(i) Recovery of Bad Debts (ii) Sale of Investments. 10+10

6. 'Verification of stock is a difficult proposition and is not free from controversy' - Examine the statement from the viewpoint of an auditor with reference to relevant legal decisions in this regard. 20

7. Distinguish between :

(a) Continuous Audit and Periodical Audit;
 (b) Reserves and Provisions;
 (c) Audit and Investigation of Accounts. 7+6+7

8. Write short notes on : (any four)

(a) Manipulation of Accounts;
 (b) Routine Checking;
 (c) Teeming and Lading process of fraud;
 (d) Window-dressing of Balance Sheet;
 (e) Contingent Assets;
 (f) Auditing-in-depth. 5x4

DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

May, 2011

ACCOUNTANCY (Without Books)

Time Allowed : 3 Hours

Full Marks : 100

Pass Marks : 50

Answer any five questions.

1. A small trader has not kept proper books of accounts. From the following information for the year ended on 31st December, 2010, prepare a Trading and Profit and Loss Account for the year ended on the above date and a Balance Sheet as on that date :

Assets and Liabilities:

	As at 1st January, 2010 Rs.	As at 31st December, 2010 Rs.
Fixed Assets	15,000	16,000
Sundry Debtors	?	13,000
Stock-in-trade	?	10,000
Sundry Creditors	10,400	?
Cash at Bank	4,000	10,000

Summary of Cash Book :

	Rs.
Received from debtors	92,000
Drawings	8,000
Addition to fixed assets	3,000
Paid to creditors	57,400
Salaries paid	5,000
Sundry expenses paid	2,100

Other information :

- (a) Cash purchases during the year Rs. 12,500 which represent 20% of total purchases.
(b) Total sales during the year Rs. 1,02,000.
(c) Rate of gross profit = 1/3rd on cost.

20

The account sales received from the agent disclosed that the total sales effected by him during 2010-11 amounted to Rs. 9,00,000. This included Rs. 6,25,000 for sales made at invoice price which is cost plus 25% and the balance at 10% above the invoice price. He incurred expenses to the tune of Rs. 10,000, out of which a sum of Rs. 3,600 is recurring in nature. Forwarding expenses of the consignor totalled Rs. 4800. The agent had remitted the balance due from him through Bank Draft after deducting the expenses, 6% commission on gross sales, bad debts Rs. 2000 and bills accepted by him for Rs. 25,000.

The value of unsold goods at original cost lying with the agent as on 31st March, 2011 amounted to Rs. 1,00,000.

You are required to prepare the Consignment Account and the Agent Account in the books of Consignor.

15+5

3. (a) X and Y are in partnership sharing profits and losses in the ratio of 2:1. They admit Z into the firm, Z paying a premium of Rs.10,000 for 1/6th share of profits; as between themselves X and Y agree to share future profits or losses equally.

Show the journal entries in the books of the firm showing appropriation of premium money brought in by Z.

- (b) A and B are two partners sharing profits and losses in the ratio of 3:2. On 31.12.2010 their capital accounts stood at Rs.55,000 and Rs.45,000 after distribution of net profit of Rs.15,000 and due consideration of drawings of partners for Rs.6000 and Rs.4000 respectively. After closing the books following discrepancies were discovered:

- i) An item of the inventory was valued at Rs.6,400 but had a realisable value of Rs.4150.
- ii) Rs.3000 paid for insurance premium for the year ending on 31st March, 2011 had been debited to Profit and Loss Account.
- iii) Interest on capital at 5% on partners' capital as at the beginning of the year and interest on drawings of partners at 8% p.a. were left out of consideration.

Ascertain the correct amount of net profit of the firm and re-distribute the net profit by preparing a Profit and Loss Appropriation Account and determine the balance of partners' Capital Accounts. 6+14

4. The summarized Balance Sheet of Bengal Limited on 31st March, 2011 was as under:

<u>Liabilities</u>	<u>Amount</u> Rs.	<u>Assets</u>	<u>Amount</u> Rs.
		Freehold Property	30,00,000
Equity shares of Rs.10 each	25,00,000	Other Fixed Assets	20,00,000
8% Redeemable preference shares of Rs.100 each	10,00,000	Current Assets (including Cash at Bank)	30,00,000
General Reserve	10,00,000		
Profit and Loss Account	20,00,000		
6% Debentures	5,00,000		
Current Liabilities	10,00,000		
	<u>80,00,000</u>		<u>80,00,000</u>

: 3 :

The directors decided to :

- (a) pay cash dividend of 10% to the existing shareholders;
- (b) redeem the preference shares of Rs.100 each at a premium of 5%;
- (c) repay debentures at a premium of 10%;
- (d) make a bonus issue to the equity shareholders of two Rs.10 shares for every five Rs.10 shares held in order to capitalise part of the undistributed profits; and
- (e) give existing shareholders the option to buy three Rs.10 shares at Rs.15 per share for every five shares held prior to the bonus distribution.

The appropriate resolutions having been passed, the above transactions were duly completed and all the equity share holders had exercised the option for buying fresh equity shares. You are required to show:

- i) the appropriate journal entries to record the above transactions in the books of the company; and
- ii) the Balance Sheet as it would appear in the books after completion of the above transactions. 14+6

5. ✓
(a) What is meant by a system of 'Internal Check'? What are its objectives? How does internal-check differ from internal audit?

(b) suggest a suitable system of internal check with regard to cash sales of a business concern. 12+8

6. ✓
How would you verify a schedule of debtors extracted from the ledger accounts and ascertain the adequacy of reserves for bad and doubtful debts? What is the nature and extent of the auditor's duties in relation thereto? 12+8

7. ✓
Distinguish between:

- (a) Statutory Audit and Non-statutory Audit;
- (b) Verification and Valuation of Assets;
- (c) Routine Checking and Vouching. 7+7+6

8. ✓
Write short notes on : (Any four)

- (a) Audit Note Book;
- (b) Periodical Audit;
- (c) Test Checking;
- (d) Errors in Accounts;
- (e) Contingent Liabilities;
- (f) Investigation of Accounts. 5x4

HALF-YEARLY DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE DIRECTORATE OF
COMMERCIAL TAXES

May, 2019

ACCOUNTANCY- (WITHOUT BOOKS)

Time Allowed: 3 Hours

Full Marks: 100

Pass Marks: 50

Answer any five questions :-

1. A and B are equal partners in a firm. Mr. C is admitted in the firm and he brings Rs.5,000 as capital. The old partners decided to alter the value of assets and liabilities according to current valuation but that would not be recorded permanently in the books. The new P/L ratio will be 4:4:1. The balance sheet at the time of admission was as follows :-

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
Creditors	6,000	Bank	2,000
Capital A/cs-A -	12,000	Stock	5,000
B -	8,000	Debtors	9,000
		Furniture	10,000
	<u>26,000</u>		<u>26,000</u>
	=====		=====

The following revaluation of assets and liabilities are to be made :-

- ✓ Furniture Rs.9,000, Debtors Rs.8,500, Stock Rs.6,000,
✓ Creditors Rs.6,400.

Prepare Memorandum Revaluation A/c, Partners' Capital A/cs and a revised Balance Sheet.

20

2. Wadekar of Bombay rent 1000 tons of sugar invoiced at a cost price of Rs.2,000 per ton to Pele of Washington on consignment basis. Pele would receive 10% on gross sale proceeds. Wadekar paid Rs.50,000 for freight and Rs.20,000 for insurance. Pele sent an account sale showing sale of goods at \$ 275 per ton. Dock charges \$ 5,000 and godown rent \$ 3,000 were paid by Pele. A bank draft for \$ 2,39,500 was enclosed with the Account sale for the balance due to Wadekar. Wadekar got Rs. 21,16,300 only according to the prevailing rate of exchange on the date of encashment of the draft.

Show necessary accounts in the books of Wadekar particularly consignment A/c and Pele A/c.

Gross sale proceeds, expenses and commission are to be converted into rupees at \$ 10,3334 = Rs.100. Show also two columns in each side of Pele A/c showing separately \$ amount and Rs. amount.

20

P. T. O.

-: 2 :-

3. Prepare a Trial Balance, a Trading and Profit & Loss Account for the year ended 31.12.2018 and a Balance Sheet also as on 31.12.18 from the following balances in the ledger accounts :-

Capital account B/L	Rs. 1,00,000
Cash in hand B/L	1,200
Purchase ✓	1,20,000
Bills payable B/L	22,000
S/Creditors B/L	24,000
* Sales ✓	2,00,000
Opening Stock ✓ - ✓	35,000
Bad debt reserve ✓	1,200
* Debtors B/L	50,000
< Plant & Machinery B/L	60,000
Furniture B/L	15,000
Bills receivable B/L	20,000
• Rent & Taxes B/L	10,000
Wages ✓	16,000
• Salaries ✓	20,000

The following adjustments are also to be made :-

- (a) Closing Stock Rs.40,000 ;
- (b) Rent and taxes outstanding Rs.2,000 ;
- (c) Wages Rs.3,000, outstanding ;
- (d) Salaries outstanding Rs.4,000 ;
- (e) Depreciation on plant & machinery 5%,
furniture & fixture 10% ;
- (f) Bad debt 2½% on Debtors.

20

4. Mr. Rabi Kumar commenced business on 1.1.2017 with capital Rs.20,000. He maintained his books in the Single Entry System. On 31.12.2017 his books of accounts showed the following position :-

Plant Rs.15,000, Stock in trade Rs.12,000, Creditors Rs.7,500, Debtors Rs.13,500, Cash at bank Rs.3,000. He drew from his business at the rate of Rs.225 at the end of each month. On 1st July, 2017 he introduced a further capital of Rs.6,000.

Prepare a Profit & Loss statement for the year ended 31.12.17 and also prepare a statement of Affairs as on that date after taking into account the following information :-

- (a) 7½% of Sundry Debtors proved to be bad ;
- (b) Plant depreciation @ 10% ;
- (c) Provision for doubtful debt on debtors should be made at 2½%.

20

5. (a) State the meaning of Teeming and Lading Method of misappropriation of cash. 10

- (b) How would you verify the stock-in-trade and Balance with Bank ? 10

- ✓ 6. Write notes on :-

- (a) Internal Checking System ;
- (b) Vouching ;
- (c) Routine Checking ;
- (d) Internal Audit.

5 x 4

7. (a) How would you check the Sundry Debtors' Lists ? 10
- (b) How would you verify bad debt ? 10

- ✓ 8. (a) What are the documents to be verified for cash sales ? 10
- (b) Mention the documents to be verified for payment of wages. 10

§§§§§§§§§§§§§§§§

HALF-YEARLY DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE DIRECTORATE OF
COMMERCIAL TAXES

November, 2019

ACCOUNTANCY- (WITHOUT BOOKS)

Time Allowed: 3 Hours

Full Marks: 100

Pass Marks: 50

Answer any five questions :-

1. Mr. Abani does not keep complete records of his business. His statement of Affairs as on 1.4.2017 is given below :-

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
S/creditors	16,500	Cash	7,450
Outstanding expenses	3,500	S/debtors	25,350
Capital	50,000	Stock	30,300
		Furniture	6,900
	<u>70,000</u>		<u>70,000</u>
	=====		=====

On 31.3.2018 his assets and liabilities were as follows :-

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
S/creditors	18,600	Cash	6,580
Outstanding expenses	4,300	S/debtors	36,900
		Stock	40,320
		Furniture	9,000
		Prepaid rent	400

During the year till 31.3.2018 he withdrew Rs.15,000/- and goods were withdrawn valued Rs.600/- for personal use. On 1.10.2017 household furniture valued Rs.2,100 was transferred to his business. Depreciation on furniture was to be made @ 10% p.a., provision for bad debt on sundry debtors @ 5% was to be made. Allow interest on capital which was in the beginning @ 5%.

Ascertain Profit or loss for the year ended 31.3.2018 and prepare a Statement of Affairs as on 31.3.2018. 20

2. A, B and C are partners in the ratio of 5 : 3 : 2. They have a joint life policy of the face value of Rs.2,00,000. On 31.12.2017 the surrender value of policy was Rs.40,000. On this date Mr. B retired. The Balance Sheet as on this date was as follows :-

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
S/creditors	53,000	Fixed Assets	2,50,000
Outstanding expenses	7,000	Stock	1,10,000
Reserve	30,000	Book Debt	90,000
Capital A/cs :-		Cash at Bank	20,000
A	2,00,000		
B	1,00,000		
C	80,000		
	<u>4,70,000</u>		<u>4,70,000</u>
	=====		=====

On the date of retirement - Goodwill was valued for Rs.1,50,000, fixed assets were valued for Rs.3,00,000, stock was valued for Rs.1,00,000.

B was to be paid through cash brought by A and C, in such a way that it will make their capitals proportionate to their new profit-sharing ratio which was to be 3 : 2. Goodwill a/c should not be raised but it should be passed in accounts. Joint life policy is to be recorded at its surrender value. Pass necessary journals and prepare the new Balance Sheet as on 31.12.2017. 20

3. A Ltd. issued 20,000 equity shares of Rs.10 each at a premium of Rs.2 per share payable as follows :-
On application Rs.5, on allotment Rs.5 (including premium), on call Rs.2.

Application were received for 24,000 shares. Letters of regret were issued to applicants for 4,000 shares and shares were allotted to all other applicants. Mr. A, the holder of 150 shares failed to pay the allotment money. On his subsequent failure to pay the call money the shares were forfeited.

Show the journals and also a cash book in the books of A. Ltd.

20

4. A & B Co. has three ledgers, viz. a Debtors' Ledger, a Creditors' Ledger and a Nominal Ledger which are all kept on self-balancing system. Prepare Nominal Ledger Adjustment A/cs in the Debtors' Ledger and in the Creditors' Ledger and also Debtors' Ledger Adjustment a/c and Creditors' Ledger Adjustment a/c in the Nominal Ledger. The following information are available:-

1st January, 2017 : Balance of Sundry Debtors Rs.16,000
Balance of Sundry Creditors Rs.18,500

31st January, 2017 :	Credit purchases	Rs. 4,500
	Credit sales	Rs. 9,800
	Cash received from Debtors	Rs. 7,800
	Discount allowed to them	Rs. 200
	Paid to creditors	Rs. 9,875
	Discount allowed by them	Rs. 325
	Accepted Bills payable	Rs. 1,500
	Received Bills receivable	Rs. 3,000
	Return Inward	Rs. 875
	Return Outward	Rs. 600
	Rebates allowed to Debtors	Rs. 275
	Rebates allowed to Creditors	Rs. 150
	Bad debt	Rs. 450
	Bills receivable dishonoured	Rs. 375

20

5. "An auditor is an watch dog, not a blood-hound" - explain with reference to the specific case law.

20

6. Write notes on :-

- (a) Audit Working Papers
(b) Audit Files
(c) Statutory audit
(d) Audit note book.

5 x 4

7. Distinguish between Internal Audit System and Internal Checking System.

- (a) Mention the points to be considered for checking credit purchases.

10 + 10

8. (a) Mention the points to be verified for suppression of cash receipts.

- (b) What is meant by independence of auditor ?

10 + 10

**HALF-YEARLY DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES**

November, 2020

ACCOUNTANCY (TWENTY EIGHT BOOKS)

Time Allowed: 3 Hours

Full Marks: 100
Pass Marks: 50

Answer any five questions :-

1. A of Madras sent goods on consignment basis to B of Bombay costing Rs. 45,000. The invoice price was made so as to show a profit of $33\frac{1}{3}\%$ on cost. A paid for carriage Rs. 300 and freight Rs. 1,200. While in transit goods costing Rs. 5,000 was destroyed and full claim was admitted by Insurance Company. In Bombay B paid Rs. 240 as carriage and godown rent Rs. 600. B sold $\frac{2}{3}$ rd of the goods received. B sent a cheque to A for the sale proceeds after deducting the expenses incurred by him and the commission due to him @ 5% ordinary commission and $2\frac{1}{2}\%$ delcredere commission.
Prepare a Consignment a/c and B's a/c in the books of A. 20
2. A Ltd. purchased machinery from B Ltd. on hire-purchase agreement on 1.1.2019. It was decided that Rs. 15,000 was to be paid on signing the agreement and an amount of Rs. 15,000 was to be paid annually for three years. The cash price of the machinery was Rs. 52,300 and the rate of interest was 10% p.a. Give only journal entries in the books of A Ltd. assuming that A Ltd. charged depreciation @ 10% p.a. under reducing balance method. Show also the necessary workings. 20
3. S and T are partners sharing profit and losses in the ratio of 5 : 2. They took A into partnership on 1.1.2019 on the following conditions :-
 - (i) That A shall pay Rs. 50,000 as his capital for $\frac{1}{4}$ th share in the firm and Rs. 21,000 for goodwill. The old partners agree to withdraw half of the amount of goodwill brought in by A.
 - (ii) That the value of land and building be appreciated by 10% and the value of furniture and fixtures be reduced by 5% and plant and machinery be reduced by 10%.
 - (iii) That a provision for doubtful debt be created @ $2\frac{1}{2}\%$ on bills receivables and 5% on sundry debtors.
 - (iv) That Rs. 1,000 included in the sundry creditors be written back as the amount to that extent is not going to be claimed by the party concerned.
 - (v) That a provision should be made for contingent liability for Rs. 1,000.

The old Balance Sheet of the firm as on 31st December, 2018 was as follows :-

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
Capital A/cs :		Land & Buildings	1,00,000
S - Rs. 80,000		Plant & Machinery	45,000
T - Rs. 60,000	1,40,000	Furniture & Fixtures	15,000
Creditors	60,000	Stock	9,000
		Debtors	20,000
		Bills Receivables	10,000
		Bank A/c	1,000
	<u>2,00,000</u>		<u>2,00,000</u>

Show the journals, revaluation a/c in the books of the firm and a revised Balance Sheet.

4. The following is the Trial Balance of a Trader as on 31.12.2019 :-
Trial Balance as on 31.12.2019

Opening stock (T)	30,000	Sales	
Purchases T	53,000	Purchase return T	1,91,000
Sales Return T	1,500	Discount	1,600
Carriage P/L	1,000	S/Creditors P/L	400
Wages T	15,000	Bills Payable	25,500
B/Receivables B/L	10,500	Capital	7,500
S/Debtors B/L	43,000		65,000
Income Tax	900		
Cash at Bank B/L	6,700		
Closing stock T 10%	32,000		
Furniture B/L	12,000		
Plant & Machinery B/L	65,000		
Discount P/L	800		
Salary P/L	9,400		
Insurance P/L	1,200		
Rent P/L	1,800		
Bad debt P/L	500		
Freight T	1,700		
Drawings B/L	5,000		
	<u>2,91,000</u>		<u>2,91,000</u>
	=====		=====

The following adjustments are to be made :-

- (i) Wages include Rs.2,600 for the year 2020 and rent paid during the year for 9 months.
- (ii) The provision for bad debt is to be maintained at 5% on S/debtors.
- (iii) Total bad debt to be written off during the year Rs.2,200.
- (iv) Depreciation on plant and machinery and furniture is to be charged at 10% and 5% respectively.
- (v) Goods worth Rs.500 used for sample has not been recorded.
- (vi) Bank has intimated that a customer's cheque for Rs.1,400 has been dishonoured and is still to be entered in the books.

Prepare Trading A/c, P/L A/c and a Balance Sheet.

- ✓ 5. (a) The scope of vouching is much wider than that of routine checking. - Discuss. 20
- (b) State the points to be taken into consideration while conducting the work of vouching. 10 + 10
- ✓ 6. State the steps to be taken for verification of sundry debtors' balance and bad debt balance. 20
- ✓ 7. "Accounting control has two parts - internal audit and internal check". - Discuss. 20
- ✓ 8. Write notes on :-
 - (a) Audit Programme
 - (b) Balance sheet Audit
 - (c) Audit Memorandum
 - (d) Test Checking.

128500
 19200
109600
 5 x 4

**HALF-YEARLY DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES**

November, 2021

ACCOUNTANCY (WITHOUT BOOKS)

Time Allowed — 3 Hours

Full Marks — 100

Pass Marks — 50

Answer *any five* questions.

All questions carry equal marks.

1. A and B are partners in ratio of 2 : 1 respectively ($\frac{2}{3}$ and $\frac{1}{3}$). On 01.07.2020 they agree to admit X as a partner, A to become a sleeping partner, his capital to be ₹ 50,000 and the shares of the partners in the new firm to be $A \frac{1}{4}$, $B \frac{3}{8}$ and $X \frac{3}{8}$. X is to contribute a sum of ₹ 45,000 as his capital. The Balance Sheet of A and B as on 30.06.2020 was as follows:

	₹		₹
Capital:		Cash	6,250
A	62,500	Stock	50,000
B	37,500	Debtors	31,250
Creditors	50,000	Machinery	25,000
		Freehold premises	37,500
	<u>1,50,000</u>		<u>1,50,000</u>

The assets are revalued as: Stock ₹ 46,875; Machinery ₹ 18,750; Freehold premises ₹ 43,750 and Debtors ₹ 28,125. It is also agreed that A is to be charged with any loss from revaluation. On 01.07.2020 X deposited his capital. Give all Journals and prepare new Balance Sheet of the new firm.

20

2. Mr. X does not keep double entry system of his business transactions. His assets and liabilities position as on 01.04.2019 was as:

Cash ₹ 7,450; Debtors ₹ 25,350; Stock ₹ 30,300; Furniture ₹ 6,900; Creditors ₹ 16,500; Outstanding expenses ₹ 3,500; Capital ₹ 50,000.

On 31.03.2020 his drawings was ₹ 15,000. Goods worth ₹ 600 has been withdrawn by him for personal use. On 01.10.2019, he transferred his household furniture worth ₹ 2,100 to his business.

His assets and liabilities were as on 31.03.2020 as:

Creditors ₹ 18,600; Outstanding expenses ₹ 4,300; Cash ₹ 6,580; Debtors ₹ 36,900; Stock ₹ 40,320; Furniture ₹ 9,000; Prepaid rent ₹ 400.

Depreciation @ 10% p.a. on Furniture. Provision for Bad debt on Sundry debtors is to be created @ 5% and 5% interest on Capital which was at beginning. Find out Profit/Loss as on 31.03.2020 and prepare assets and liabilities position in the form of Statement of Affairs.

20

3. On 01.01.2020 M. Coal Co. purchased one car from Tata Motors Ltd. The cash down price of the car was ₹ 50,000. It was agreed ₹ 5,000 would be paid on signing the agreement and the balance by 4 equal annual instalments of ₹ 12,500 each commencing from 31.12.2020. The Coal Co. closes its books on 31st December every year. Depreciation is to be charged @ 10% p.a. on the car in diminishing balance method.

Show the necessary accounts in the books of the Coal Company for 4 years giving necessary workings. 20

4. Mr. A. Banerjee started a business on 01.01.2020 with ₹ 10,000 in cash, ₹ 5,000 in goods and ₹ 10,000 in furniture.

Trial Balance as on 31.12.2020 was as follows:

	Dr. ₹	Cr. ₹
1 P AS Bad debt	3,500	—
1 P Sales	—	28,700
BS AS Reserve for Bad debt	—	200
1 T BS Stock	5,000	—
1 BS Furniture	15,000	—
BS Capital	—	30,000
BS Drawings	4,500	—
1 T Wages	1,800	—
1 T Purchases	18,000	—
1 P Advertisement	1,400	—
1 BS Debtors	9,000	—
BS Creditors	—	5,000
BS Cash	3,200	—
1 BS Loans (secured)	—	2,400
1 P Interest on loan	400	—
1 P Commission	600	—
1 P Misc. Expenses	700	—
1 P Premiums	800	—
1 P Salaries	2,400	—
	<u>66,300</u>	<u>66,300</u>

Other information:

- (a) Goods valued ₹ 15,000 was destroyed by fire, against this an insurance claim of ₹ 10,000 was to be received. During the year the owner of business took ₹ 2,000 worth goods for personal consumption. The value of the other stock in hand was ₹ 8,000.
- (b) Depreciation on furniture was 10% and the addition of furniture was made on 1st April, 2020.
- (c) Wages included wages of ₹ 800 paid to the workers for repairing furniture.
- (d) Mr. A. Ghosh, a debtor for ₹ 2000 was declared insolvent, only 50 paise in the rupee was receivable against his estate.

Provision

- (e) Reserve for bad debt was to be created at 5% and reserve for discount @2% on debtors as well as creditors is to be created.
- (f) Addition on capital was made on 1st July, 2020. Charge interest at 5% on capital and 3% on drawings.

Prepare Tradings a/c, P/L a/c for the year ended 31.12.2020 and a Balance Sheet as on 31.12.2020.
5+9+6=20

5. (a) "An auditor is a watchdog, not a bloodhound."—Explain.
(b) Distinguish between internal audit and interim audit. 10+10=20
6. What is audit evidence? Give the types of audit evidence. 4+16=20
7. (a) Give the internal check system regarding cash sales of a departmental store.
(b) Distinguish between Compliance Procedures and Substantive Procedures. 10+10=20
8. Write notes on: 5×4=20
- (a) Standard Audit
 - (b) Audit Risk
 - (c) Government Audit
 - (d) Routine Checking
-