

**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.

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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