

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		
	<u>3,10,000</u>		<u>3,10,000</u>

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 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. 20

Show Ledger accounts in the books of the concern.

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.

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Show the (a) Motor Car Account and

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

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8. (a) Distinguish between 'Profit' and 'Divisible Profit'. Discuss the principles underlying the term 'Divisible Profit'. 10+10

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