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 1/2, 1/3 & 1/6 respectively. They decided to dissolve the partnership firm on 31.3.2013, when the Balance Sheet appeared as follows :-

Liabilities	(Rs.)	Assets	(Rs.)
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
	23,53,950.00		23,53,950.00

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 :-

Debit side	(Rs.)	Credit side	(Rs.)
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
	65,000.00		65,000.00

	1.1.2014 (Rs.)	31.12.2014 (Rs.)
Debtors	53,000.00	88,000.00
Creditors	15,000.00	19,500.00
Stock	17,000.00	19,000.00
Plant & Machinery	20,000.00	20,000.00
Furniture	1,400.00	1,400.00

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. 20

3. On 1.4.2014 Mr. Tamang of Darjeeling consigned 2000 Kg. of tea to Subodh Brothers of Calcutta. The cost per kg. was Rs.60/-. Mr. Tamang paid freight Rs.2,000/-, Insurance of goods Rs.600/- and loading expenses Rs.400/-. Expenses at Calcutta were Godown Rent Rs.1,500/- and Cartage Rs.1,000/-.

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.

Show the accounts in the books of Tamang. 20

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.

Show necessary journals. 20

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

Discuss the different aspects of social object of audit. 10 + 10

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

7. Write notes on :-

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

5 x 4

8. How do you vouch the following ?

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

5 x 4

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