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 :-

Assets and Liabilities	On 31.12.2014 (Rs.)	On 31.12.2015 (Rs.)
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 1/5th 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	1,40,000	Sundry Debtors		60,000
Current Account :			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 [illegible] Balance Sheet of the new Firm. 20

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

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