

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

1. 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

2. 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.	Cr.
	Rs.	Rs.
Narayana's Capital		2,08,000
Narayana's Drawings	12,000	1,000 ✓
Return Outward		5,000
B/Payable		40,000
Creditors		
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	
Lease Rent	2,000	
Factory Rent	7,500	
Depn on fixed	2,100	

Adjustments :-

- a) Closing stock was to be valued Rs.66,000.
- b) Wages and salaries outstanding Rs.1,600 and 600 respectively.
- c) Prepaid insurance Rs.400.
- d) 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.
- e) Loose tools was valued at Rs.1,600 on 31.12.2016.
- f) Depreciation on Plant/Machinery by 10% p.a., Furniture by 5% p.a. and freehold property by 2% p.a. is to be provided.
- g) Debtors valued Rs.600 is to be treated bad.
- h) Maintain a provision of 5% on debtors for doubtful debt, 2% for discount on debtors and a reserve of 2% for discount on creditors.
- i) 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 :			
B	24,000	Machinery	31,600
T	10,000	Furniture	6,400
V	8,000	Stock	8,500
Reserve	4,800	Debtors	4,300
Creditors	8,700	Cash at Bank	4,700
	55,500		55,500

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

5. Define Internal Control System. Give a sample of Internal Control Questionnaire regarding purchase of goods. 5 + 15

6. What is Vouching ? Narrate the steps in Vouching. 5 + 15

7. Write notes on :-

Cut-off checking
Routine checking

Audit-in-depth

Independence of auditor.

5 x 4

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