

HALF-YEARLY DEPARTMENTAL EXAMINATION FOR OFFICERS OF THE
DIRECTORATE OF COMMERCIAL TAXES

November, 2018

ACCOUNTANCY- (WITHOUT BOOKS)

Time Allowed: 3 Hours

Full Marks: 100
Pass Marks: 50

Answer any five Questions

1. A limited company issued a prospectus inviting applications for shares for 2000 members 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 1st Call Rs.3
On Second Call Rs.2 ✓

Applications were received for 3000 shares and pro-rata allotment was made to the applicants of 2400 shares. Application money for 600 shares was refunded. Mr. A who were allotted 40 shares failed to pay allotment money and first call money. After first call was made his shares were forfeited. Another person Mr. B to whom 60 shares were allotted failed to pay two calls. His shares were forfeited after second call. After that whole of A's shares and 40 shares from B's shares were re-issued to Mr. C as fully paid for Rs.9 per share. Give the journals. 20

2. A, B, and C are partners in a firm sharing profits and losses in 3:2:1 ratio. They wanted to dissolve the business on 31.12.2017.

Balance Sheet as on 31.12.2017

Partnership
Dissolution

Ans 48

| <u>Liabilities</u> | <u>Rs.</u> | <u>Assets</u> | <u>Rs.</u> |
|--------------------|---------------|-----------------|---------------|
| Capital - A | 40000 | Machinery | 40500 |
| B | 20000 | Stock-in-trade | 7550 |
| Mrs. A's loan | 10000 | Investment | 20830 |
| Creditors | 18500 | Jt. life policy | 14000 |
| Life Policy Fund | 14000 | Debtors | 9300 |
| Investment | | Less: Provision | |
| Fluctuation Fund | 6000 | for D/Debt | 600 |
| | | | 8700 |
| | <u>108500</u> | Current A/c - C | 11500 |
| | | | 5420 |
| | | Cash at Bank | |
| | | | <u>108500</u> |

The life policy is surrendered for Rs.12000. The investment is taken over by A for Rs.17500. A agrees to discharge his wife's loan. B takes over all the stock at Rs.7000 and debtors amounting to Rs.5000 at Rs.4000. Machinery is sold for Rs.55000. The remaining debtors realise 50% of book value. The expenses of realisation was Rs.600. An investment was not recorded in the books valued Rs.3000. The same was taken over by one of the creditors at this value. Show necessary accounts to close the books of the firm. 20

P.T.O.

3. Abani Brothers sells goods on hire-purchase at cost plus 50%. You are to find out profit from the following information for the year ended 30th September, 2017.

| | Rs. |
|---|--------|
| Stock on hire with customers at selling price as on 30.9.2016 | 27000 |
| Stock at shop at cost on 30.9.2016 | 54000 |
| Investment due as on 30.9.2016 | 15000 |
| Cash received from customers | 180000 |
| Cash re-possessed (instalment due Rs.6000) | 1500 |
| Goods re-possessed from paying customers | 27000 |
| Instalments due from paying customers | 61500 |
| Closing stock at shop (including re-possessed goods) | 180000 |
| Purchase made in the year | 20 |

4. Re-write the trial Balance correcting mistakes given below and prepare Trading A/c, P/L A/c for the year ended 31.12.2017 and a Balance Sheet as on that date also in the books of Mr. Banerjee.

Trial Balance as on 31.12.2017

| | Dr. | Cr. |
|-----------------------------|--------------|--------------|
| | <u>Rs.</u> | <u>Rs.</u> |
| Drawings | 3250 | |
| Opening stock | 17445 | |
| Carriage inward | 1240 | |
| Return outward | 840 | |
| Rent | 820 | |
| Rent outstanding | 130 | |
| Purchase | 12970 | |
| Debtors | 4000 | 15000 |
| Capital | -- | 554 |
| Return Inward | -- | 1375 |
| Deposit with Mr. X | -- | 725 |
| Carriage Outward | -- | 1000 |
| Loan to Mr. Chatterjee @5% | -- | 25 |
| Interest on above | 954 | |
| Advertisement | 400 | |
| Bad debt | 500 | |
| Patents | -- | 18792 |
| Closing stock | -- | 3000 |
| Creditors | -- | 1200 |
| Provision for Doubtful debt | -- | 754 |
| Wages | -- | 62 |
| Cash | -- | 1730 |
| Goodwill | -- | 27914 |
| Sales | -- | 330 |
| Discount Allowed | -- | |
| | <u>45095</u> | <u>69915</u> |

Other information :

(1) The manager of Mr. Banerjee is entitled to a commission of 10% of the net profit calculated after charging such commission.

(2) Bad debt to be increased by Rs.600. Provision for Doubtful debt is to be 10% and Provision for discount at 5% on secondary debtors.

(3) Stock valued at Rs.1500 was destroyed by fire on 25th December, 2017 but the insurance company admitted a claim of Rs.950 only and paid it in 2018.

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Contd.. P/3.

5. Determine profit under simple Entry System from the following information for the year ended 31.12.2017

*Simple
entry*

| | <u>Rs.</u> |
|--|---------------|
| Opening stock | -- 30,000 |
| Closing stock | -- 40,000 |
| Credit sales | -- 7,00,000 ✓ |
| Opening Debtors | -- 50,000 |
| Collection from Debtors in cash & Cheque | -- 5,00,000 ✓ |
| Discount allowed | -- 2,000 ✓ |
| Bad debt | -- 3,000 ✓ |
| Discount received | -- 5,000 ✓ |
| Payment to creditors | -- 4,00,000 ✓ |
| Credit purchase | -- 6,00,000 ✓ |
| Opening cash | -- 5,000 ✓ |
| Return outward | -- 20,000 ✓ |
| Furniture (opening and closing) | -- 10,000 |
| Opening outstanding Expenses | -- 10,000 |
| Closing outstanding Expenses | -- 8,000 |
| Cash purchase | -- 50,000 |
| Creditor closing | -- 2,10,000 ✓ |
| Drawings | -- 5,000 |
| Machinery (opening and closing) | -- 30,000 |
| Opening Bills payable | -- 10,000 |
| Bills received | -- 15,000 |
| Bills encashed | -- 12,000 |
| Bills payable accepted | -- 15,000 ✓ |
| Closing Balance of Bills received | -- 6,000 ✓ |
| Cash Sales | -- 20,000 |
| Expenses paid | -- 25,000 |
| Bills payable paid | -- 16,000 |

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6. (a) What is meant by verification of assets? What are the points to be considered at the time of verification? 10

(b) Distinguish between capital expenditure and revenue expenditure. 10

7. (a) Clearly distinguish between routine checking and vouching. Narrate some common features of vouchers. 10

(b) Explain the concept of audit evidence. Discuss the different types of such evidence. 10

8. Write notes on :

(a) Materiality concept.

(b) Techniques of auditing

(c) Test checking

(d) Compliance procedures.

5x4