

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

<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
		Current A/c - C	11500
		Cash at Bank	5420
	<u>108500</u>		<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
Goods re-possessed (instalment due Rs.6000)	--	1500
Instalments due from paying customers	--	27000
Closing stock at shop (including re-possessed goods)	--	61500
Purchase made in the year	--	160000

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