

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

November, 2019

ACCOUNTANCY- (WITHOUT BOOKS)

Time Allowed: 3 Hours

Full Marks: 100

Pass Marks: 50

Answer any five questions :-

1. Mr. Abani does not keep complete records of his business. His statement of Affairs as on 1.4.2017 is given below :-

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
S/creditors	16,500	Cash	7,450
Outstanding expenses	3,500	S/debtors	25,350
Capital	50,000	Stock	30,300
		Furniture	6,900
	<u>70,000</u>		<u>70,000</u>
	=====		=====

On 31.3.2018 his assets and liabilities were as follows :-

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
S/creditors	18,600	Cash	6,580
Outstanding expenses	4,300	S/debtors	36,900
		Stock	40,320
		Furniture	9,000
		Prepaid rent	400

During the year till 31.3.2018 he withdrew Rs.15,000/- and goods were withdrawn valued Rs.600/- for personal use. On 1.10.2017 household furniture valued Rs.2,100 was transferred to his business. Depreciation on furniture was to be made @ 10% p.a., provision for bad debt on sundry debtors @ 5% was to be made. Allow interest on capital which was in the beginning @ 5%.

Ascertain Profit or loss for the year ended 31.3.2018 and prepare a Statement of Affairs as on 31.3.2018. 20

2. A, B and C are partners in the ratio of 5 : 3 : 2. They have a joint life policy of the face value of Rs.2,00,000. On 31.12.2017 the surrender value of policy was Rs.40,000. On this date Mr. B retired. The Balance Sheet as on this date was as follows :-

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
S/creditors	53,000	Fixed Assets	2,50,000
Outstanding expenses	7,000	Stock	1,10,000
Reserve	30,000	Book Debt	90,000
Capital A/cs :-		Cash at Bank	20,000
A	2,00,000		
B	1,00,000		
C	80,000		
	<u>4,70,000</u>		<u>4,70,000</u>
	=====		=====

On the date of retirement - Goodwill was valued for Rs.1,50,000, fixed assets were valued for Rs.3,00,000, stock was valued for Rs.1,00,000.

B was to be paid through cash brought by A and C, in such a way that it will make their capitals proportionate to their new profit-sharing ratio which was to be 3 : 2. Goodwill a/c should not be raised but it should be passed in accounts. Joint life policy is to be recorded at its surrender value. Pass necessary journals and prepare the new Balance Sheet as on 31.12.2017. 20

3. A Ltd. issued 20,000 equity shares of Rs.10 each at a premium of Rs.2 per share payable as follows :-
On application Rs.5, on allotment Rs.5 (including premium), on call Rs.2.

Application were received for 24,000 shares. Letters of regret were issued to applicants for 4,000 shares and shares were allotted to all other applicants. Mr. A, the holder of 150 shares failed to pay the allotment money. On his subsequent failure to pay the call money the shares were forfeited.

Show the journals and also a cash book in the books of A. Ltd.

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4. A & B Co. has three ledgers, viz. a Debtors' Ledger, a Creditors' Ledger and a Nominal Ledger which are all kept on self-balancing system. Prepare Nominal Ledger Adjustment A/cs in the Debtors' Ledger and in the Creditors' Ledger and also Debtors' Ledger Adjustment a/c and Creditors' Ledger Adjustment a/c in the Nominal Ledger. The following information are available:-

1st January, 2017 : Balance of Sundry Debtors Rs.16,000
Balance of Sundry Creditors Rs.18,500

31st January, 2017 :	Credit purchases	Rs. 4,500
	Credit sales	Rs. 9,800
	Cash received from Debtors	Rs. 7,800
	Discount allowed to them	Rs. 200
	Paid to creditors	Rs. 9,875
	Discount allowed by them	Rs. 325
	Accepted Bills payable	Rs. 1,500
	Received Bills receivable	Rs. 3,000
	Return Inward	Rs. 875
	Return Outward	Rs. 600
	Rebates allowed to Debtors	Rs. 275
	Rebates allowed to Creditors	Rs. 150
	Bad debt	Rs. 450
	Bills receivable dishonoured	Rs. 375

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5. "An auditor is an watch dog, not a blood-hound" - explain with reference to the specific case law.

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6. Write notes on :-

- (a) Audit Working Papers
(b) Audit Files
(c) Statutory audit
(d) Audit note book.

5 x 4

7. Distinguish between Internal Audit System and Internal Checking System.

- (a) Mention the points to be considered for checking credit purchases.

10 + 10

8. (a) Mention the points to be verified for suppression of cash receipts.

- (b) What is meant by independence of auditor ?

10 + 10