ACCOUNTS

(Two hours)

Answers to this paper must be written on the paper provided separately.

You will NOT be allowed to write during the first 15 minutes.

This time is to be spent in reading the question paper.

The time given at the head of this paper is the time allowed

for writing the answers.

All working, including rough work, must be clearly shown; it should be done immediately before/after the rest of the answer.

*Please also note that parts of the same question **must be done continuously** so as to facilitate evaluation.*

Attempt all questions from Section A and any two questions from Section B.

The intended marks for questions or parts of questions are given in brackets [ ].

SECTION A

Attempt all questions.

Question 1

(a) This question is to be answered in a columnar form using two columns. Rewrite Column I in the given order. Column II contains descriptive phrases for items given in Column I. Match the phrases to suit the items in Column I by selecting suitable phrases from Column II. Ignore those that are extra.

Column I	Column II
i) The income through admission fees should be	A method to calculate depreciation of fixed assets.
ii) Fixed capital method	Fixed liability.
iii) Unpaid salary	Capital of the firm.

This paper consists of 7 printed pages and 1 blank page.

iv) Long term loans and proprietors' fund	Needs current A/c for completing details.
	Capitalised.
	Current liabilities.

[4]

(b) From each of the given sets state the odd one out:

(i) Interest on fixed capital, Interest on drawings, Commission paid to the partner, Interest on bank loan.

(ii) Financial expenses, Selling expenses, Direct expenses, Administrative expenses.

(iii) Cash in hand, Land & building, Debtors, Pre-paid expenses.

(iv) Active partner, Sleeping partner, Partner by estoppel, Minor partner. [4]

(c) Fill in the blanks, with a suitable word or phrase:

(i) Non-trading institutions prepare ________ instead of ________.

(ii) A Receipts & payments account makes no distinction between ________ and ________.

(iii) Pre-paid expenses show a ________ so it will be shown at the ________ of the Balance Sheet.

(iv) Endowment fund should be capitalized and shown at ________; it is shown at the ________ of Receipt & Payment A/c. [4]

Question 2

From the following Trial Balance of Mr. Gomes as on 31st March 2000, prepare the Trading A/c., Profit & Loss Account for the year ending 31st March 2000 and a Balance Sheet as on that date after making necessary adjustments:

	Debit Rs.	Credit Rs.
Opening Inventory	20,000	
Capital & Drawings	8,000	60,000
Furniture & Fixtures	10,000	
Plant & Machinery	28,000	
Purchase & Sales	80,000	1,30,000
Salaries & Wages	22,400	
Postage & Telegrams	1,900	
Rates & Taxes	3,000	
Debtors & Creditors	20,600	10,000
Loan borrowed		12,000
Returns & Adjustments	5,000	2,000
Discount	200	600
Bad Debts & Recoveries	800	400
General Reserve		10,000
Commission	1,050	100
Sundry expenses	800	
Cash in hand	3,000	
Cash at Bank	20,350	
	2,25,100	2,25,100

Adjustments:

(a) Salaries & Wages paid were in the ratio of 3 : 1. Wages Rs.4,000 were not paid.

(b) Closing stock quoted as Rs.35,000 is undervalued by Rs.4,000.

(c) Rs.600 is treated as bad debt.

(d) Interest on capital is to be calculated @ 8% p.a. and interest on loan @ 10% p.a. The loan was taken on 1st July 1999.

(e) Depreciation is to be calculated on Furniture & Fixtures by 5% p.a. and on Plant & Machinery @ 10% p.a.

(f) Commission earnings is @ Rs.100 per month, whereas Rates & Taxes is @ Rs.1000 per quarter. [28]

SECTION B

Attempt any two questions.

Where required, candidates are advised to spread their answers across the two sides of the answer booklet to ensure neatness.

Question 3

Prepare an Income & Expenditure Account and a Balance sheet for the year ending 31st December 1999 in respect of "Prospectus International" a social club, with the details and additional information given below:—

Receipts & Payments Account
For the year ended 31st December 1999

Dr.	Rs.	Cr.	Rs.
To Balance b/d	5,000	By Salaries	20,500
To Subscription		By General Expense	10,300
Last year	5,000		
Current year	20,500		
Next year	4,000		
To Sale of Furniture (Book value Rs.2000)	1,200	By Books	2,000
To Rent	14,800	By Miscellaneous Expense	3,200
To Entertainment	12,800	By Telephone	9,000
		By Furniture	5,800
		By Balance c/d	12,000
	62,800		62,800

Information:

(a) The club has 100 members each paying an annual subscription of Rs.250.

(b) On 31st December 1999, salaries outstanding Rs.2,000 and salaries paid included Rs.2,000 for the previous year.

(c) On 1st January 1999 the club owned land and building valued at Rs.2,00,000, Furniture Rs.12,000 and Books Rs.10,000.

(d) Provide depreciation @ 5% on Land and Building. [20]

Question 4

A, B and C are partners, sharing profit and losses in the ratio of their capital as reflected on 1st January, 1999 which is Rs.40,000, Rs.30,000 and Rs.20,000 respectively. The balance of their current accounts were A Rs.1,500, B Rs.1,800 and C Rs.500 (Dr.). They are entitled to draw 10% of their capital during the year. Excess of this amount, if drawn, will be regarded as advance withdrawn by the partners and interest @ 12% p.a. is to be paid. Interest on capital is to be allowed @ 10% p.a. During the year 1999, their withdrawals were: A Rs.7,000, B Rs.5,000 and C Rs.4,000. The profit for the year was Rs.80,500. C is to get a commission @ 2% of the Gross Profit which is Rs.1,76,000.

Draw up a Profit & Loss Appropriation Account and Current Account of the partners. [20]

Question 5

M/s. New India Ltd. Purchased a computer for Rs.60,000 on 1st January 1995 and spent Rs.40,000 for its installation. An additional computer costing Rs.50,000 was purchased on 1st July 1995. The first computer became obsolete on 1st July 1995 and was sold off for Rs.40,000. On the same day another computer was purchased at the cost of Rs.1,20,000.

Depreciation is to be charged @ 10% p.a. on the written down value method. On 1st January 1998, the company changed the method of providing depreciation and adopted fixed instalment method keeping the rate of depreciation same.

Show the computer account for the year ended from 1995 to 1998. [20]

Question 6

(a) The Bank Reconciliation Statement as on 31st December 1999, needs to be prepared for Mr. R. Sahakundu, bearing in mind that:

(i) The proprietor, who was allowed a bank overdraft facility of Rs.10,000 by his banker, reports a debit balance of Rs.15,400 as per his cash book.

(ii) Cheques issued and deposited by the clerk in December 1999 were Rs.16,000 and Rs.9,000 respectively. But the bank had paid out cheques worth Rs.10,000 only and credited cheques worth Rs.4,000 only by the end of the year.

(iii) Interest charged on temporary overdraft and interest collected on investment of Rs.260 and Rs.500 respectively were recorded only in the pass book.

(iv) A cheque for Rs.14,000 paid to and encashed by a party was credited in the cash book for Rs.1,400.

(v) The pass book alone reflected a direct deposit of Rs.5,000 by a customer Mr. Giri and a club subscription of Rs.2,500 paid by the bank as per the standing instruction. [12]

(b) From the following particulars submitted to you by M/s. Lake Com. Ltd. Compute the following:

(i) Operating ratio

(ii) Gross Profit ratio

(iii) Net Profit ratio

(iv) Operating Net Profit ratio.

Trading and Profit & Loss Account for the year ended 31st March 2000			
Dr.	**Rs.**	**Cr.**	**Rs.**
To Opening Stock	20,000	By Sales 2,40,000 Less Return 40,000	2,00,000
To Purchases	1,40,000	By Closing Stock	10,000
To Wages	10,000		
To Gross Profit	40,000		
	2,10,000		2,10,000
To Office Expenses	8,000	By Gross Profit	40,000
To Selling Expenses	5,000	By Interest on Deposit	5,000
To Rent	3,000		
To Interest on Loan	4,000		
To Net Profit	25,000		
	45,000		45,000
To Provision for Taxation	5,000	By Net Profit	25,000
To Dividend	10,000		
To Net Profit	10,000		
	25,000		25,000

[8]