

Dt- 20.9.2008.

GOVERNMENT OF PUDUCHERRY

ACCOUNTANCY TEST IN COMMERCIAL TAXES DEPARTMENT  
(WITHOUT BOOKS)

TIME - THREE HOURS

MAXIMUM MARKS - 100

NOTE - ANSWER QUESTION NO.1 WHICH IS COMPULSORY AND ANY FIVE OF THE REST.

QUESTION NO.1

From the following Trial Balance prepared from the books of Mr.A on 31<sup>st</sup> December, 2007, prepare Trading and Profit and Loss Account for the year ending 31<sup>st</sup> December, 2007 and Balance Sheet as on that date.

Particulars	Rs.	Particulars	Rs.
A's Drawings	10,550	A's Capital	1,19,400
Bills Receivable	9,500	Loan at 6% p.a.	20,000
Plant and machinery	28,800	Sales	3,56,430
Wages (Manufacturing)	40,970	Sundry Creditors	59,630
Sundry Debtors (including Mr.B for dishonored cheque Rs.1,000)	62,000	Commission received	5,640
Return Inward	2,780		
Purchases	2,56,590		
Rent and Taxes	5,620		
Stock as on 1 <sup>st</sup> Jan.,2007	89,680		
Salaries	11,000		
Travelling Expenses	1,880		
Insurance	400		
Cash	530		
Bank	18,970		
Repairs & Renewals	3,370		
Interest on loan	1,000		
Interest and discount	4,870		
Bad debts	3,620		
Fixtures & Fittings	8,970		
<b>Total</b>	<b>5,61,100</b>		<b>5,61,100</b>

The following adjustments are to be made :

- Stock-in-trade on December, 31, 2007 Rs.1,28,900.
- Write off half of Mr.B's cheque.
- Create a provision of 5% on Sundry Debtors
- Manufacturing wages include Rs.1200/- for erection of new machinery purchased.
- Depreciate Plant & Machinery by 5% per annum and fixtures and fittings by 10% per annum.
- Commission not earned but received amounts to Rs.600/-.

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**QUESTION NO.2**

Write short notes on any Four of the following:-

- a) Advantages of Double Entry System of Book Keeping.
- b) Limitations of Trial Balance
- c) Double Column Cash Book
- d) Shares issued at premium
- e) Income and Expenditure Account
- f) Classification of Accounts.

**MARKS – 16**

**QUESTION NO.3**

A firm acquired machinery on the 1<sup>st</sup> July, 2004 at a cost of Rs.45,000/- and spent Rs.5,000/- for its installation. The firm writes off depreciation at 10% per annum on diminishing balance method. The Books are closed on 31<sup>st</sup> March every year.

Show Machinery Account and Depreciation Account for three years.

**MARKS – 16**

**QUESTION NO.4**

Pick up and write the correct answer from the given choices (only one correct answer).

1. The balance of the petty cash is –
  - a) an expense
  - b) an Income
  - c) an Asset
  - d) a Liability
2. Goodwill is –
  - a) A current Asset
  - b) An intangible asset
  - c) A tangible fixed asset
  - d) An investment
3. Stock is –
  - a) included in the category of fixed assets
  - b) an investment
  - c) a part of current assets
  - d) an intangible fixed asset
4. Users of accounting information include –
  - a) Creditors
  - b) Lenders
  - c) Customers
  - d) All of the above
5. Assets are held in the business for the purpose of –
  - a) Resale
  - b) Conversion into cash
  - c) Earning revenue
  - d) None of the above

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6. The debts written off as bad, if recovered subsequently are — <sup>Dr</sup> 20.9.2003
- Credited to Bad Debts Recovered Account
  - Credited to Debtors Account
  - Debited to Profit and Loss Account
  - None of the above.
7. If Ram has sold goods for cash, the entry will be recorded in the —
- Cash book
  - Sales book
  - Journal
  - Stock book
8. In the financial statement, contingent liability is —
- Recognized
  - Not recognized
  - Adjusted
  - None of the above
9. Depreciation is —
- An appropriation of profit
  - Is provided only when there is profit
  - Is a charge against profit
  - None of the above.
10. Rs.200/- paid as wages for erecting a machine should be debited to —
- Repair Account
  - Machine account
  - Capital account
  - Furniture account
11. Sales are equal to —
- Cost of goods sold minus gross profit
  - Cost of goods sold plus gross profit
  - Gross profit minus cost of goods sold
  - Cost of goods sold plus net profit
12. A proforma invoice is sent by —
- Consignee to Consignor
  - Consignor to Consignee
  - Debtors to Consignee
  - Debtors to Consignor
13. The Consignment accounting is made on the following basis —
- Accrual
  - Realization
  - Cash basis
  - None of the above.
14. Consignment account is —
- Real account
  - Personal account
  - Nominal account
  - None of the above
15. The Promissory Note should be signed by —
- Drawer
  - Drawee
  - Payee
  - Promisor

16. Consignment Account is prepared in the books of –

- a) Consignor
- b) Consignee
- c) Third party
- d) None of the above.

**MARKS – 16.**

**QUESTION NO.5.**

The following errors were found in the Books of Prasad & Sons. Give necessary entries to correct them.

1. Rs.500/- paid for furniture purchased has been charged to ordinary Purchase Account.
2. Repairs made were debited to Building Account Rs.50/-.
3. An amount of Rs.100/- withdrawn by the proprietor for his personal use has been debited to Trade Expenses.
4. Rs.100/- paid for rent debited to Landlord's Account.
5. Rs.700/- paid in cash for a typewriter was charged to Office Expenses Account.
6. A purchase of goods from Ram amounting to Rs.150/- has been wrongly entered through the Sales Book.
7. A credit sale of goods amounting to Rs.120/- to Ramesh has been wrongly passed through the Purchase Book.
8. On 31<sup>st</sup> March, 2007 goods of the value of Rs.300/- were returned by Hari and were taken into stock on the same date but no entry was passed in the Books.
9. A cheque for Rs.100/- received from M was dishonoured and had been posted to the debit of Sales Return Account.
10. Sale of old furniture Rs.150/- treated as sale of goods.
11. Goods worth Rs.100/- bought from Mohan have remained unrecorded so far.
12. Several employees took their salary in advance in the month of September, 2007 which was payable to them in October, 2007 amounting to Rs.2500/-.
13. Bill received from A, a debtor for Rs.500/- was debited to B's Account.
14. Salary Rs.125/- paid to a Clerk due to him has been debited to his personal account.
15. Rs.100/- received from Shah & Co has been wrongly entered as from Shaw & Co.
16. Furniture purchased from G, Rs.1000/- has been entered in Purchase Day Book.

**MARKS – 16**

**QUESTION NO.6**

Mr. P sent to Mr. Q, 1,000 pieces of goods on consignment basis; one piece costing Rs.230/-. Mr. P spent Rs.2,200/- on packing, Rs.450/- as freight and Rs.1,400/- on insurance in transit. Mr. Q paid Octroi duty amounting to Rs.1,200/- and cartage Rs.1,100/- to bring goods to his godown. In course of time, Mr. Q also spent Rs.1,600/- on insurance and rent of godown and paid Rs.4,000/- as salaries to salesman. Just before close of accounting period, Mr. Q reported that he had sold 800 pieces at Rs.305/- per piece. Mr. Q is entitled to a commission @ 5% on gross sales.

Show how the unsold stock will be valued and prepare Consignment Account in Mr.P's Ledger.

**MARKS-16**

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**QUESTION NO.7**

Record the following transactions in the Cash Book of Mr. Mani.

Date	Particulars	Rs.
2007		
April 1	Commenced business with cash	1,00,000
April 2	Bought goods for cash	65,700
April 3	Sold goods for cash	4,320
April 6	Received cash from F	1,800
April 6	Allowed him discount	50
April 9	Paid cash to S	19,500
April 9	Discount allowed by S	500
April 12	Paid for Office furniture	5,680
April 18	Sold goods for cash	7,810
April 23	Received cash from Z	9,870
April 23	Discount allowed to him	120
April 27	Paid for advertising	500
April 28	Cash paid to Asian Trading Co.	20,300
April 28	Discount received	250
April 30	Cash sales	1,280
April 30	Cash received from F	2,850
April 30	Discount allowed to him	100
April 30	Salary paid in cash	3,150

**MARKS-16**

**QUESTION NO.8**

Distinguish between any Four of the following :-

- a) Book-keeping and Accounting
- b) Capital Profits and Revenue Profits
- c) Trial Balance and Balance Sheet
- d) Cash discount and Trade discount
- e) Straight Line Method and Diminishing Balance Method of providing depreciation.
- f) Double Entry and Single Entry System of Book Keeping.

**MARKS-16.**

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