31st December, 2008 and also show how the depreciation item would appear in the Profit and Loss Account of the year 2008.

[5 + 10 = 15]

Q5 (a) Differentiate between Perpetual Inventory System and Periodic Inventory System.

(b) Oil India is a bulk distributor of high octane petrol. A periodic inventory of petrol on hand is taken when the books are closed at the end of each month. The following summary of information is available for the month of June, 2010:

Sales		Rs.9,45,000
General Administration Cost		Rs. 25,000
Opening Stock: 1,00,000 litres @ Rs. 3 per litre		Rs. 3,00,000
Purchases (including freight in)		
June 1	2,00,000 litres @Rs. 2.85 per litre	
June 30	1,00,000 litres @ Rs, 3.03 per litre	
Closing Stock, June 30	1,30,000 litres	

Compute the following by First In First Out, Weighted Average, and Last In Last Out Methods of inventory costing:

(a) Value of Inventory of June 30.

(b) Amount of the cost of goods sold for June.

[5 + 10 = 15]

Q6 (a) Differentiate between a Share and a Debenture.

(b) A company offers 10,000 shares to the public. The amount payable is as follows:

On Application	Rs. 3 per share	On 1st Call	Rs. 3 per share
On Allotment	Rs. 2 per share	On Final Call	Rs. 2 per share

Applications are received for 15,000 shares. The directors make the allotment as follows:

(i) No allotment to applicants for 3,000 shares.

(ii) Rest allowed on a pro- rata basis.

All calls were duly made and paid except:

- A, a holder of 100 shares paid the two calls with allotment.
- B, a holder of 200 shares fails to pay the 1st and the 2nd calls.
- C, a holder of 100 shares fails to pay the 2nd call.

Pass the necessary journal entries to record the above transactions in the company's books and show how the share capital will appear in the company's balance sheet.

[5 + 10 = 15]

Q7 (a) State the matters in respect of which a company has to maintain proper books of account.

(b) R Ltd. Issued debentures at 94% for Rs. 1,00,000 on 1st April, 2002, repayable by five equal annual drawing of Rs. 20,000 each. The company closes its accounts on calendar year basis. Indicate the amount of discount to be written off every accounting year assuming that the company decides to write off the debenture discount during the life of the debentures.

[7 + 8 = 15]

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