

- N.B. :** (1) Question No. 1 is **compulsory** and carries **40** marks.
 (2) Attempt any **three** from the rest, each carrying **20** marks.
 (3) In **all four** questions to be attempted.
 (4) Suitable assumptions, working notes and neatness shall form the part of your answer.

1. From the following Trial Balance and the additional information extracted from the books of Mr. Sundar, prepare the Manufacturing Account, Trading Account, Profit and Loss Account for the year ended 31-12-2007 and prepare the Balance Sheet as at 31-12-2007 : **40**

Particulars (Amount in Rs.)	Debit	Credit
Capital Account as on 1-1-2007		2,93,209
Drawings Account	48,334	
Purchases & Sales	8,34,650	11,08,210
Rates & Taxes	12,800	
Salaries	57,320	
Carriage	13,100	
Fuel & Coal	8,980	
Insurance Charges	3,820	
Advertisement	14,600	
Factory Power	12,000	
Bad Debts	5,890	
Discount	6,100	8,800
Factory Expenses	2,840	
Opening Stock :		
Raw Materials	37,200	
WIP	11,810	
Finished Goods	58,560	
	1,07,570	
Telephone & Postage	6,890	
Wages	44,200	
Factory Buildings	96,000	
Vehicles	51,200	
Plant & Machinery	98,230	
Sundry Debtors & Creditors	93,280	1,51,805
Fixed Deposits with Bank		
Invested on 31-12-2006,		
Carrying interest @ 10% p.a.	10,000	
Commission Received		9,990
Cash in Hand	44,210	
Total	15,72,014	15,72,014

Additional Information :-

- (a) Stocks as on 31-12-2007 were : Raw materials Rs. 44,100/- Finished Goods Rs. 38,600/- .
 (b) Salaries outstanding Rs. 9,000/-.
 (c) Wages include Rs. 12,200/- spent on extension of building.
 (d) Machinery & Vehicles are to be depreciated by 20%.
 (e) Provide 5% on debtors for doubtful debts.
 (f) Carriage inward on purchases are 50% of the total carriage while 75% of the insurance are for factory assets.
 (g) The Sales Manager is entitled to commission @ 10% of the profit before charging his commission.

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2. The balance in Plant and Machinery Account of a company showed a debit balance of Rs. 2,08,000/- on 31-3-2005. On 1-7-2005 a new machinery was purchased for Rs. 52,600/- and amount spent for installation on the same date was Rs. 2,400/-. On 1-10-2005 a part of machinery purchased on 1-7-2005 for Rs. 36,000/- was sold for Rs. 18,000/- and a second hand machinery was purchased on the same date for Rs. 36,000/-. On 30-9-2006 a part of the machinery purchased on 1-7-2005 for Rs. 20,000/- was scrapped and sold for Rs. 2,000/- and a new machinery was purchased on 1-1-2008 for Rs. 65,000/-.

The company follows Written Down Value method of depreciation on financial year basis and rate of depreciation is 10% p.a. You are required to prepare Machinery Account and Depreciation Account for the years ended 31-3-2006, 31-3-2007 and 31-3-2008.

3. X Ltd. issued 1,00,00,000/- Equity Shares of Rs. 10/- each at premium of Rs. 10/- payable as under :

Rs. 8 on application (including premium of Rs. 5)

Rs. 6 on allotment (including premium of Rs. 5)

Rs. 3 on First Call

Rs. 3 on Second and Final Call

The Company received application for 20032008 shares. On scrutiny 23,000 applications were found defective and cheques for 9008 applications got dishonoured. Except these two instances, all the applications were valid and allotment was made on prorata basis, retaining the excess money towards further share money.

Mr. A who was allotted 14,000 shares failed to pay Final Call Money and hence his shares were forfeited by giving due notice and the said shares were reissued for Rs. 10 per share. You are required to journalise the above transactions and prepare all the relevant Ledger Accounts in the books of X Ltd.

4. The Cash Book of Mr. Jay showed an overdraft of Rs. 78,200/- in his bank account as on 31-3-2008. On careful examination it was found that :

(a) Cheques worth Rs. 1,81,220/- issued to parties in March 2008 were presented in March, 2008 to the extent of Rs. 89,100/- only.

(b) Out of cheques deposited of Rs. 4,43,221/- in March, 2008, cheques worth Rs. 93,200/- were cleared only after 31-3-2008.

(c) The bank has collected dividend of Rs. 2,789/- and charged bank commission of Rs. 200/- on 28th March, 2008. Both these entries were not passed in his cash book.

(d) The payment side of his Cash Book was overcast by Rs. 20,000/- and bank has wrongly debited a sum of Rs. 10,000/- to his account and these were not rectified.

You are required to prepare a bank reconciliation statement to find out the balance as on 31-3-2008 as per bank statement and also mention in brief the need to prepare Bank Reconciliation statements.

5. (a) What is statement of Affairs ?
(b) What is Single Entry system of book keeping ?

6. Write short notes on any **three** of the following :-

- (a) Valuation of closing stock
- (b) Depreciation Fund Method
- (c) Capital Expenditure
- (d) Concept of Entity
- (e) Accounting Practices.

7. Distinguish between :-

- (a) Vertical form and Horizontal form of presentation of Financial Statements.
- (b) Fixed assets and Current assets.