

COMMERCE AND ACCOUNTANCY-PAPER-I

Time Allowed : 3 Hours

Full Marks : 200

If the questions attempted are in excess of the prescribed number, only the questions attempted first up to the prescribed number shall be valued and the remaining ones ignored.

Answers may be given either in English or in Bengali but all answers must be in one and the same language.

Answer one question each from the following five groups.

GROUP - A

1. From the following balances and information, prepare Trading and Profit & Loss Account of Mr. X for the year ended 31st March, 2015 and a Balance Sheet as on that date.

<u>Debit Balances</u>		<u>Credit Balances</u>	
	<u>Rs.</u>		<u>Rs.</u>
Plant & Machinery	3600	X' Capital	10000
Depreciation on Plant & Machinery	400	Purchase Return	300
Repairs to Plant	520	Sales	49800
Wages	5400	Bank Overdraft	760
Salaries	2100	Salaries Outstanding	400
Income Tax of Mr. X	100	Provision for Bad Debt	1000
Cash in hand & at Bank	400	Bills Payable	1600
Land & Building	14900	Discount on Purchases	708
Depreciation of building	500	Creditors	6252
Purchases	25000		
Accrued Income	300		
Bills Receivable	3000		
Bad Debts	200		
Debtors	7000		
Opening Stocks	7400		
	<u>70820</u>		<u>70820</u>
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Additional Information :-

- (i) Stock on 31st March, 2015 was Rs.6000/-.
- (ii) Write off further Rs.600/- for Bad Debt & maintain a provision for Bad Debts at 5% on Debtors.
- (iii) Goods costing Rs.1000/- were sent to customers for Rs.1200/- on 30th March, 2015 on sale or return basis. This was recorded as actual sales.
- (iv) Rs.240/- paid as rent of the office were debited to landlord account and were included in list of debtors.
- (v) General Manager is to be given commission at 10% of net profit after charging the commission of the Works Manager and his own.
- (vi) Works Manager is to be given commission at 12% of net profit before charging commission of General Manager & his own.

12+12+16

2. (a) From the following particulars of ledger balances and adjustments, prepare the Manufacturing Account of ABC Ltd. for the year ended 31st March, 2015.

Stock on 1.4.15 :- Raw Materials Rs.3000/-, work-in-progress Rs.7000/- (works cost), Factory Power & Fuel Rs.300/-, Machinery (Factory) - Rs.24,500/-, Manufacturing wages Rs.6000/-, Carriage Inwards Rs.750/-, Rent (including Rs.450/- for factory premises) Rs.840/-, Fire Insurance of Factory Rs.210/-, Purchases (Raw Materials) Rs.68,500/-.

Additional Information :-

- (i) Stock on 31.3.15 : Raw Materials Rs.1000/-, Work-in-progress - Rs.5500/- (Works cost).
- (ii) Materials purchased for Rs.2000/- wrongly recorded in Machinery.
- (iii) Provide depreciation on Machinery @ 10% per annum.
2. (b) There was a difference in Trial Balance of Mr. X, a Trader on 31st December, 2015 and the difference in books was carried to a Suspense Account & the books were closed. Subsequently the following errors were located :-
- (i) Rs.2296/- paid for Repairs to Motor Car was debited to Motor Car Account as Rs.696/-.
- (ii) A sale of Rs.1400/- to Jayanta Das entered in the Sales Book as Rs.2120/-.
- (iii) A cash discount of Rs.800/- received was entered in the Cash Book, but was not posted in the ledger.
- (iv) Rs.400/- being Purchase Returns posted to the debit of Purchase Account.
- (v) The purchase of a machine on 1st April, 2015 for Rs.24,000/- was entered in the Purchases Book.
- (vi) While carrying forward the total of one page in Mr. B's Account, the amount of Rs.1000/- was written on the credit side instead of the debit side.
- (vii) A cheque of Rs.6192/-, received from Mr. E (after allowing a discount of Rs.92/-) was endorsed to Mr. D in full settlement of Rs.7000/-. The cheque was finally dishonoured but no entries were passed in the books.

Give the journal entries to rectify the above and prepare the Suspense Account.

18 + 22

3. (a) What is the need of Accounting Information ?
- (b) Explain the importance of generally accepted Accounting Principles.
- (c) A Firm purchased on 1st January, 1999 a certain machinery for Rs.9,70,000/- and spent Rs.30,000/- on its erection. On 1st July, 1999 additional machinery costing Rs.5,00,000/- was acquired. On 1st July, 2001 the machinery purchased on 1st January, 1999 having become obsolete was auctioned for Rs.4,00,000/- and on the same date a new machinery was purchased at a cost of Rs.7,50,000/-.
- Depreciation was provided for annual on 31st December @ 10% p.a. on the original cost of the asset. In 2002, however the firm changed to depreciation method of writing off 20% p.a. on the written down value from effective 1st January, 1999. Show Machinery Account as it would stand at the end of each year from 1999 to 2002.
- (d) X who was closing his books on 31st March, 2006, failed to take the actual stock, which he did on 9th April, 2006, when it was ascertained by him to be worth Rs.25,000/-. It was found that sales are entered in the sales book on the same day of despatch and return inwards in the returns book as and when goods were received back. Purchases are entered in the Purchase Day Book once the invoice are received. It was found that sales between 31.3.06 and 9.4.06 as per the Sales Day Book are Rs.1720/-, Purchases as per purchase day book between 31.3.06 and 9.4.06 are Rs.120/-, out of these goods amounting to Rs.50/- were not received until after the stock was taken. Goods invoiced during the month of March, 2006 but received only on 4.4.06 was amounting to Rs.100/-. Gross Profit rate is 33 1/3% on cost. Ascertain the value of stock as on 31.3.06.

6+6+20+8

Contd...P/3.

GROUP - B

4. Following are the Balance Sheets of A & B Ltd. as on 31.3.09.

<u>Liabilities</u>			<u>Assets</u>		
<u>Particulars</u>	<u>A Ltd.</u>	<u>B Ltd.</u>	<u>Particulars</u>	<u>A Ltd.</u>	<u>B Ltd.</u>
Share Capital (Equity shares @ Rs.10/-)	500000	100000	Building	200000	100000
General Reserve	200000	60000	Plant & Machinery	230000	100000
P/L A/c	120000	140000	<u>Investments :</u>		
S. Creditors	80000	60000	8000 equity shares in B. Ltd.	80000	--
Bills Payable	50000	20000	Others	30000	10000
			Stock	140000	40000
			Debtors	160000	40000
			Bank	110000	90000
	<u>950000</u>	<u>380000</u>		<u>950000</u>	<u>380000</u>
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Additional Information :-

- (i) A Ltd. acquired 8000 equity shares in B Ltd. on 1.4.07. On that date B Ltd. had Rs.40000/- in P/L A/c & Rs.40000/- in General Reserve.
- (ii) B Ltd. declared on 1.7.07, 10% dividend for 2006-07 and 15% dividend on 1.6.08 for 2007-08. A Ltd. credited its share of both the dividends to investment in B Ltd. A/c.
- (iii) Further on 1.8.08, B Ltd. declared bonus dividend in the ratio for four held out of balance in General Reserve on 1.4.07. Though A Ltd. rightly treated its share of bonus dividend in its books of account, B Ltd. has not get given effect to the bonus dividend in its accounts.
- (iv) On 1.4.08, B Ltd. purchased Plant & Machinery for Rs.60000/- from A Ltd., which yielded a profit of 20% on selling price to A Ltd. B Ltd. charges 10% depreciation on its Plant & Machinery.
- (v) The entire bills payable of B Ltd. represents bills accepted in favour of A Ltd.
- (vi) Liability for expenses not given effect in the books of A Ltd. amounts to Rs.25000/-.

Prepare consolidated Balance Sheet in the books of A Ltd. on 31.3.2009.

40

5. (a) General Trading Co. Ltd. invited application for 400000 equity shares of Rs.10/- each on the following terms :-

- Payable on application on 31.1.15 : Rs.5/- per share
 Payable on allotment on 28.2.15 : Rs.3/- per share (including Re.1/- per share as Premium)
 Payable on final call on 30.6.15 : Rs.3/- per share.

Applications for 5,00,000 shares were received. It was decided to refuse allotment to the applicants for 20,000 shares ; to allot in full to applicants for 80,000 shares ; to allot the balance of the available shares, pro-rata among other applicants ; to utilize excess application money in part payment of allotment money.

On share holder to whom shares had been allotted on pro-rata basis failed to pay the amount due on allotment and on call and his 400 shares were forfeited. 300 of these shares were reissued on 31.10.15 at Rs.9/- per share.

Show several entries in the books of the Company, prepare Cash Book and present the Balance Sheet.

P. T. O.

- (b) A Company issued 12% debentures of Rs.400000/- at 10% discount, redeemable at par. The debentures are to be redeemed by annual drawings in the following manner :-

<u>Year end</u>	<u>Face value of Debentures Redeemed (Rs.)</u>
2	40,000
3	80,000
4	1,20,000
5	1,60,000

Pass Journal entries for issue of Debentures and ledger account of discounts on Debentures for 5 years in the books of the Company.

- (c) Explain the meaning and importance of Capital Redemption Reserve.

20+14+

GROUP - C

6. (a) P Ltd. was 3 types of materials A, B & C for production of X, the final product. From the following monthly data calculate for each component :- Re order level ; Minimum level ; Maximum level and Average Stock level.

	<u>A</u>	<u>B</u>	<u>C</u>
Normal usage (Units)	200	150	180
Minimum usage (Units)	100	100	90
Maximum usage (Units)	300	250	270
Re order quantity (Units)	750	900	720
Re order period (Month)	2 to 3	3 to 4	2 to 3

- (b) From the following particulars compute Material Price Variance, Material Usage Variance, Labour Rate Variance, Idle Time Variance and Labour Efficiency Variance. 1 tonne of material input yields a standard output of 100000 units. The standard price of material is Rs.20/- per kg. Number of employees engaged is 200. The standard wage rate per employee per day is Rs.6/-. The standard daily output per employee is 100 units. The actual quantity of material used is 10 tonnes and the actual price paid is Rs.21/- per kg. Actual output obtained is 900000 units. Actual number of days worked is 50 and actual wage rate paid is Rs.6.50/- per day. Idle time paid for and included in above time is half day.

20 + 20

7. (a) A Ltd. furnished the following information :-

	<u>2014 - '15</u>	<u>2015 - '16</u>
Sales (Rs.10/- p.u.)	200000	250000
Profit	30000	50000

Calculate ; P/V Ratio ; Break even point ; total variable cost for each year ; sales required to earn a profit of Rs.60000/- ; Profit & Loss when sales are Rs.100000/- ; margin of safety when profit is Rs.80000/- ; During 2016-'17, due to increase in cost, the variable cost is expected to rise to Rs.7/- p.u. and fixed cost to Rs.55000/- . If selling price cannot be increased, what will be the amount to maintain the profit of 2015 - '16 ?

- (b) Explain the following types of cost :-

- (i) Incremental cost ; (ii) Replacement cost ;
 (iii) Joint cost and (iv) Sunk cost.

24 + 16

GROUP - D

8. (a) Mr. Steve Lucas a German National, works in a German Company and was temporarily posted in India during the year 2009-'10. He came to India for the first time on 18.8.09 and thereafter returned to Germany on 24.8.12. He is again posted in India and from 1.1.16 for 2 years. During the financial year 2015-'16, his salary was INR 300000 p.m. Determine his residential status for the previous year 2015-'16 and the taxable salary for the relevant Assessment Year.

Contd...P

(b) Mr. A is a businessman. During the previous year 2015-'16, he receives rent from 2 house properties and uses another house for his residence.

- (i) The construction of a house property at Kolkata was completed in December, 2006. The house consists of 2 flats (equal size). One is let out at a rent of Rs.1000/- p.m. for residential purpose and the other is let out for tenants business at a similar rent. The net municipal valuation of the house is Rs.18,000/-. He paid municipal tax @ 10% of municipal value ; land revenue Rs.50/- ; cost of repairs Rs.1000/- ; collection charges Rs.2000/-.
- (ii) Construction of another property at Kolkata was completed on 1.4.15. It was let out for residential purpose at a rent of Rs.1800/- p.m. Fair rent of the house is Rs.20,400/- ; He paid Rs.2070/- as municipal tax @ 10% of municipal value. Fire insurance premium Rs.100/- ; current interest on loan Rs.3000/-. Total interest paid during pre construction period is Rs.12,000/-.
- (iii) House property used for residence by him at Burdwan was constructed in 2008. The municipal valuation is Rs.25,000/-. During the relevant previous year, he paid Rs.2500/- as municipal tax and Rs.6000/- as interest on loan taken for construction.

Compute the income from House Property for the Assessment Year 2016 - 2017.

10 + 30

9. (a) Explain the rules of Inter head and Intra head set off and carry forward in details.
 - (b) Mr. X was the employee of M/s. XYZ, a private firm in Mumbai. He is below sixty years of age. The firm provided accomodation in a flat at concessional rate for ten months and in a hotel for two months (with valid PAN furnished to employer). From the following particulars, calculate his total income for Assessment Year 2016-2017. Salary Rs.700000/-, Bonus Rs.140000/-, Free Gas, electricity, water, etc. (Actual Bills paid by Company) :- Rs.40000/-, Flat at a concessional rate (for ten months) @ Rs.36000/- per month :-Rs.360000/-, total rent paid by employer (for two months) :- Rs.100000/-, Rent recovered from employee :- Rs.60000/-, cost of furniture :- Rs.200000/-, subscription to ULIP : Rs.250000/-, Life Insurance Premium : Rs.10000/-, contribution to recognized P.F. : Rs.42000/-.
- Also calculate the total tax payable by him. 10 + 30

GROUP - E

- (a) Explain the registration process of a dealer under CST Act, 1956.
- (b) During 2015-2016, the gross inter-state sales made by X Ltd. of Ajmer is Rs.47,86,000/-. Although Central Sales Tax is not shown separately, the following information is available from the records of the Company :- The Company sells machinery which makes copper wire coils. If it is sold in the Rajasthan State, VAT rate is 7% (plus additional tax @ 10% of VAT).

	<u>Inter state sale with C. Form(Rs.)</u>	<u>Inter state sale without C. Form(Rs.)</u>
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	29,50,000	18,36,000
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Gross Sales

It includes the following :-

	12,75,000	4,10,000
- Excise Duty	37,000	48,000
- Freight(not being shown separately)	70,000	17,000
- Freight (shown separately)	15,210	19,700
- Packing charges	92,000	1,06,000
- Cost of installation(shown separately)	10,500	15,200
- Insurance charges to cover the risk of the seller	15,000	84,000
- Insurance charges for covering the risk of the buyer at the request of the buyer		

The following items have not been deducted to calculate gross sales turn over :-

	<u>Inter state sale with C.Form(Rs.)</u>	<u>Inter state sale without C.Form(Rs.)</u>
- Trade discount (given by way of credit note on 31.3.16)	18,000	20,000
- Goods returned within 6 months	2,00,000	1,00,000
- Incentive bonus for additional sale	25,000	20,000

Ascertain the sales turn over and Central Sales Tax payable.

(c) X Ltd. constructs a building for A Ltd. for agreed consideration of Rs.2.5 crores. It maintains sufficient records to qualify the labour and other service charges. The following data is noted from the records of X Ltd.

Total contract price (excluding VAT) :- Rs.2,50,00,000/- ; Cement, steel, wood, stone and other material purchased for construction of building (inclusive of VAT @ 14.5%) (VAT is shown separately in invoices) :- Rs.47,25,000/- ; Labour charges paid for the execution of the contract :- Rs.56,00,000/- ; other service charges paid for the execution of the contract :- Rs.28,00,000/- ; cost of consumables used not involving transfer of property in goods :- Rs.14,00,000/- . Profit element of consumables are transferred by a trader :- Rs.1,40,000/- .

X also purchased a plant for use in the contract for Rs.29,12,000/- (inclusive of VAT @ 5%). In the VAT invoice relating to the same, VAT is charged @ 5% separately (100% input tax credit is available on capital goods in the State). Calculate the VAT liability.

6 + 17 + 17

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