ACCOUNTS

(Three hours)

(Candidates are allowed additional 15 minutes for ***only*** *reading the paper. They must NOT start writing during this time)*

Answer **Question 1** *(compulsory) from Part I,* **Question 2** *(compulsory) and any other* **four** *questions from Part II.*

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

Transactions should be recorded in the answer book.

All calculations should be shown clearly.

All working, including rough work, should be done on the same sheet as, and adjacent to, the rest of the answer.

PART I

Question 1

Answer each of the following questions briefly: **[15 × 2]**

(i) When drafting a company balance sheet under Schedule VI Part I, under which heading and sub-heading will *calls in arrear* and *calls in advance* appear?

(ii) State the two effects of the provision of Accounting Standard – 10 as issued by the Institute of Chartered Accountants of India.

(iii) When calculating the Acid test ratio, name two items that are excluded from current assets.

(iv) Name any two balance sheet ratios.

(v) How will *Discounting Charges* in a consignment account be dealt with when a bill of exchange is drawn by the consignor on the consignee as an advance?

(vi) List any two types of financing activities.

(vii) What is:
(a) cost accounting;
(b) financial accounting.

The Paper consists of 6 printed pages.

Turn over

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Sundry charges for dishonoured bills payable	100
Bad debts	400
Bills receivable drawn	10,000
Bills receivable dishonoured	2,500
Provision for bad and doubtful debts	1,500
Bills receivable endorsed	4,500
Bills receivable discounted	4,000
Endorsed bills receivable dishonoured	1,000
Bills payable accepted	14,200
Bad debts recovered	2,000
Transfer from debtors ledger to creditors ledger	500
Transfer from creditors ledger to debtors ledger	700
Interest on renewed bills	500

Question 3 [1

The Balance Sheets of Amarnath and Company Limited as on 31.03.06 and 31.03.07 were as follows:-

Liabilities	**31.03.06**	**31.03.07**	**Assets**	**31.03.06**	**31.03.07**
Equity share capital	50,000	72,500	Fixed assets	46,700	83,000
Profit & Loss a/c	10,000	15,000	Stock	29,000	32,500
11% Debentures	10,000	20,000	Cash	2,000	2,500
Creditors	8,700	11,000	Preliminary Expenses	1,000	500
	78,700	1,18,500		78,700	1,18,500

Additional information:-

(a) Depreciation on fixed assets for the year 2006-07 was Rs.11,700.

(b) Interest paid on debentures Rs. 1,100.

From the above information prepare a cash flow statement as per Accounting Standard – 3 (No other version will be considered for evaluation)

	Rs.
Returns Inwards	6,200
Returns Outwards	400
Acceptance dishonoured	3,000
Sundry charges for dishonoured bills payable	100
Bad debts	400
Bills receivable drawn	10,000
Bills receivable dishonoured	2,500
Provision for bad and doubtful debts	1,500
Bills receivable endorsed	4,500
Bills receivable discounted	4,000
Endorsed bills receivable dishonoured	1,000
Bills payable accepted	14,200
Bad debts recovered	2,000
Transfer from debtors ledger to creditors ledger	500
Transfer from creditors ledger to debtors ledger	700
Interest on renewed bills	500

Question 3 **[12]**

The Balance Sheets of Amarnath and Company Limited as on 31.03.06 and 31.03.07 were as follows:-

Liabilities	**31.03.06**	**31.03.07**	**Assets**	**31.03.06**	**31.03.07**
Equity share capital	50,000	72,500	Fixed assets	46,700	83,000
Profit & Loss a/c	10,000	15,000	Stock	29,000	32,500
11% Debentures	10,000	20,000	Cash	2,000	2,500
Creditors	8,700	11,000	Preliminary Expenses	1,000	500
	78,700	1,18,500		78,700	1,18,500

Additional information:-

(a) Depreciation on fixed assets for the year 2006-07 was Rs.11,700.

(b) Interest paid on debentures Rs. 1,100.

From the above information prepare a cash flow statement as per Accounting Standard – 3 (No other version will be considered for evaluation)

From the following particulars of Jackson and Company Limited, prepare a cost sheet for the month ended 31st December, 2007.

	Rs
Stock on 01.12.07	
Raw materials	10,000
Work-in-progress (valued at prime cost)	8,000
Finished goods	6,000
Stock on 31.12.07	
Raw materials	3,000
Work-in-progress (valued at prime cost)	2,000
Finished goods	1,000
Purchases of raw materials	75,000
Chargeable expenses	4,000
Abnormal loss of materials	5,000
Insurance of raw materials	7,000
Remuneration of technical directors	9,000
Internal transport cost	11,000
Factory wages	70,000
Personnel department expenses	12,000
Depreciation of staff cars	1,500
Cost of free after sales service	3,500
Insurance of finished stock	2,500
Warehouse wages	4,500
Sales	3,00,000
Professional fees	6,500
Market research expenses	7,500
Power and fuel	20,000
Works canteen and welfare expenses	13,000
Depreciation of delivery van	8,500

Question 5 [12]

On 1.1.2001, Prasad and Company Limited issued 1000, 10% Debentures of Rs.1,000 each at Rs.980. Under the terms of issue, 1/5th of the debentures are annually redeemable by drawings, the first redemption occurring on 31.12.2003.

Prepare the debenture discount account for the first six years.

Question 6 [12]

Roger of Chennai consigned to Jacob of Lucknow 40 boxes of cosmetics at the rate of Rs. 35 each and incurred cartage Rs. 15, freight Rs. 150, excise duty Rs. 45 and insurance Rs. 250 for sending the goods. Jacob received the goods and incurred landing charges Rs.25, octroi Rs. 20, storage Rs. 150 and selling expenses Rs. 125.

Towards the end, Jacob could sell only 35 boxes at the rate of Rs. 95 each because a new brand had appeared in the market as a result of which the market price fell to Rs. 25 per box. The consignee is entitled to an ordinary commission of 10% on gross sale proceeds. The unsold goods were held by Jacob.

You are required to prepare only the consignment account assuming that all calculations are to be made to the nearest rupee.

Question 7 [12]

The following is the balance sheet of James and Dias as on 31.12.07.

Liabilities	**Amount Rs**	**Assets**	**Amount Rs**
James' capital	60,000	Land	6,000
Dias' capital	40,000	Building	40,000
Creditors	18,000	Furniture	4,000
		Stock	25,000
		Investments	16,000
		Bank	15,000
		Cash	12,000
	1,18,000		1,18,000

The partners shared profits and losses in the ratio of 3 : 2.
From 01.01.08, they agreed to share profits and losses equally.
For this purpose, the following particulars are provided:-

(a) Building is to be appreciated by 25%.
(b) Current value of furniture is to be taken at Rs.3,000.
(c) Land is valued at Rs.15,000.
(d) Stock is valued at Rs.30,000.

Prepare a revaluation account, partners capital accounts and the revised balance sheet as on 01.01.08.

Question 6

Rajesh and Iqbal enter into a joint venture, to share profits and losses equally. The following transactions take place between them:-

Rajesh remits cash Rs. 3,000 to Iqbal as an advance.
Rajesh buys goods for Rs.9,000.
Rajesh pays for repairs Rs.600.
Iqbal pays rent Rs.300.
Iqbal pays for insurance Rs.400.
Iqbal buys goods for Rs.1,000.
Rajesh sells all the goods for Rs.20,000 and final settlement is done on the same date.

Prepare a memorandum joint venture account and the personal accounts of the venturers in their respective books.