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DIPLOMA IN TAXATION LAW EXAMINATION, 2019

BOOK-KEEPING AND ACCOUNTANCY

Paper V

(2018 PATTERN)

Time : Three Hours

Maximum Marks : 100

N.B. :— (i) Question No. 1 is compulsory and carries **20** marks.

(ii) Answer any *five* of the remaining questions carry **16** marks each.

1. From the Trial Balance of Mr. Tambe prepare Final Account as on 31st March, 2018 :

Trial Balance

Particulars	Debit	Credit
Land and Building	75,000	—
Machinery (Addition on 1st July, 2017 Rs. 10000)	55,000	—
Opening Stock	23,000	—
Wages	5,750	—
Cash at Bank	3,500	—
Sundry Debtors	32,800	—
Purchases	63,000	—
Carriage	1,250	—

P.T.O.

Rent Rates and Taxes	2,400	—
Furniture and Fixture	26,600	—
Salaries	3,500	—
Office Expenses	2,450	—
Drawing	9,000	—
Capital	—	1,20,000
Sales	—	85,000
Sundry Creditor	—	44,250
10% Bank Loan (Taken on 1st October, 2017)	—	20,000
Sundry Income	—	1,500
Pre-received Rent	—	2,500
Provident Fund	—	30,000
Total	<u>3,03,250</u>	<u>3,03,250</u>

Adjustments :

- (1) Closing stock is valued at Rs. 20,000.
- (2) Goods worth Rs. 2,000 were purchased on 31st March, 2018 and included in closing stock but not recorded in the books of account.
- (3) Goods worth Rs. 2,500 were sold, but not recorded in the books of accounts.
- (4) Outstanding office expenses were Rs. 1,700
- (5) Depreciate machinery at 10% p.a.
- (6) Write off Rs. 1,500 for Bad Debts.

2. Shri Avinash keeps his books on Single Entry System and the following information is disclosed :

Particulars	1st April, 2016	31st March, 2017
Cash in Hand	10,000	16,000
Cash at Bank	20,000	36,000
Debtor	24,000	30,000
Stock in Trade	16,000	24,000
Plant and Machinery	60,000	90,000
Furniture and Fixture	18,000	18,000
Creditors	15,000	18,000

During the year he has withdrawn Rs. 10,000 for his private purpose and goods of Rs. 2,000 for household use. On 1st October, 2016, he sold his household furniture for Rs. 2,000 and deposited the same amount in business Bank account.

Provide depreciation on Machinery at 10% p.a. (assuming addition were made on 1st October, 2016) and furniture at 5%. Prepare Statement of Affairs and Statement of Profit and Loss for the year ended 31st March, 2017.

3. The following is the Balance Sheet as on 31st March, 2016 of Mr. Akash and Mr. Badal they share profit and losses in the ratio of $\frac{3}{5}$ and $\frac{2}{5}$:

Balance Sheet as on 31st March, 2016

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals :		Cash at Bank	1,000
Akash	1,44,000	Stock	34,000
Badal	96,000	Debtors 90,000	
Sundry Creditors	60,000	<i>Less</i> RDD <u>– 1000</u>	89,000
Reserve Fund	20,000	Investment	48,000
		Plant	60,000
		Building	88,000
Total	3,20,000	Total	3,20,000

On 1st April, 2016 Sagar was admitted to partnership on the following terms :

1. He should bring Rs. 42,000 as his capital.
2. Valuation of goodwill of the firm to be made twice the average profit of last 3 years. The profits were Rs. 48,000, Rs. 52,000, and Rs. 80,000 respectively. Sagar was unable to bring goodwill in cash and hence goodwill was raised in the books of the firm.
3. Before admitting Sagar, R.D.D. was to be raised upto Rs. 2,000.
4. Closing stock was to be valued at Rs. 32,000.
5. Half of plant was taken by Akash at book value.
6. Provide depreciation on building at 5% p.a.
7. Goodwill was written off after the admission in the new ratio i.e. 5 : 3 : 2.

Prepare :

Profit and Loss Adjustment A/c, Capital Account of all the partner and Balance Sheet after Admission.

4. Trial balance of Mr. Paresh showed an excess debit of Rs. 400 which was transferred to suspense account. On scrutiny the following errors were located. Pass rectification entries and prepare suspense account.
1. Salary paid Rs. 8,520 to Sonali was debited to Shinali's A/c.
 2. Carriage paid Rs. 8,300 was posted twice to carriage A/c.
 3. Rs. 2,800 paid for printing bill was posted to credit side of printing bill A/c.
 4. Total of Purchase book Rs. 23,000 was posted to Purchase account as Rs. 13,000.
 5. Purchased goods from Rajesh worth Rs. 7,700 not posted to his A/c from purchase book.
 6. Goods purchased from Ajay of Rs. 3,500 were recorded as 35,000 in purchase book.
5. Enter the following transactions in the simple cash book of Mr. Ashvin :
- Date Feb., 2019
- 1 Cash in hand Rs. 65,000
 - 3 Machinery purchased for Rs. 16,000 and half amount paid
 - 5 Rent paid Rs. 3,500
 - 6 Purchased goods at 5% trade discount Rs. 14,000
 - 9 Deposited into bank Rs. 4,000
 - 10 Received from Suresh Rs. 3,200
 - 13 Electricity bill paid Rs. 1,820
 - 15 Insurance paid Rs. 1,540

- 17 Goods sold at 10% discount and cash received Rs. 10,000
- 18 Tuition fees of child paid Rs. 5,800
- 20 Withdraw from bank Rs. 2,500
- 21 Deposited into the bank in excess of Rs. 2,110.

6. From the following particulars prepare bank reconciliation statement as on 31st March 2019, of Mr. Sujit :

- 1. Bank balance as per cash book Rs. 5,000.
- 2. Amount collected directly by bank from our 'y' creditor on our behalf Rs. 880.
- 3. Cheque issued and presented to the bank of Rs. 1,350 recorded in cash column in cash book.
- 4. Rs. 1,220 wrong debit given in cash book.
- 5. Dishonor of a cheque of Rs. 500.
- 6. Cheque of Rs. 400 deposited into bank and also credited by bank. but omitted to be entered in cash book.
- 7. Rs. 1,600 wrong debit given by bank.

7. Write short notes on (any *four*) :

- 1. Reasons for preparation of Bank Reconciliation Statement
- 2. Classification of A/c with example
- 3. Double entry system
- 4. Golden rules for debit and credit
- 5. Depreciation.

**8. Journalize the following transactions in the books of Shri 'Venkatesh' :
Feb. 2019**

- 1 Started business with cash, furniture and machinery of Rs. 20,000
25,000, 18,000 respectively
- 2 Furniture purchased for cash Rs. 18,000
- 3 Goods destroyed by fire Rs. 3,000 (uninsured)
- 5 Salary paid Rs. 3,500
- 6 Machinery sold Rs. 1,200
- 9 Return inward Rs. 1,800
- 11 School fees paid Rs. 1,200
- 12 Return outward Rs. 800
- 13 Goods withdrawn by Shri Venkatesh of Rs. 900
- 15 Goods distributed as free sample for advertisement purpose
Rs. 2,400
- 17 Received from Amol Rs. 925 and allowed him discount of Rs. 25
- 18 Paid to Amar Rs. 690 who allowed discount of Rs. 10.