

[A-4]

SARDAR PATEL UNIVERSITY
Diploma in Taxation Laws & Practice Examination
Wednesday, 21st March, 2018
10.00 A.M – 01.00 P.M.
Principles of Accountancy (New) - Paper III

Total Marks: 70

Note: Figures to the right indicate full marks.

- Q.1** The following extract of costing information relates to commodity 'A' for the year ending 31st December, 2017: [14]

Particulars	Amount ₹.	Particulars	Amount ₹.
Opening Stock:		Rent and rates	50,000
Raw material	1,50,000	Lighting	45,000
Work in progress	2,50,000	Repairs	2,00,000
Finished Goods	2,75,000	Depreciation	2,75,000
Purchases	30,00,000	Closing Stock:	
Wages	10,00,000	Raw material	3,00,000
Power	1,00,000	Work in progress	6,00,000
Salaries	3,00,000	Finished Goods	2,50,000
Advertising Expenses	75,000	Bad Debt Written off	10,000

Prepare manufacturing accounts.

OR

- Q.1** What is goodwill? How goodwill can be calculated? [14]
Q.2 From the following Trial Balance of M/s. Ajay and Vijay, you are required to prepared Trading and Profit and Loss Account for the year ended 31st March, 2017 and Balance Sheet as on that date.

Trial Balance as on 31st March, 2017

Particulars	Debit Amt. (₹.)	Credit Amt. (₹.)
Capital A/c's		
Ajay		60,000
Vijay		35,000
Purchases and Sales	46,700	85,000
Sundry Debtors and Creditors	28,000	25,000
Bills Receivable and Payable	5,000	6,000
Commission	4,600	1,800
Opening stock	18,000	
Wages	9,900	
Investment	13,500	
Postage and Telegram	3,600	
Insurance	1,200	
Plant And Machinery	40,700	
Furniture	18,000	
Cash in hand	2,500	
Carriage	3,200	
Bad Debts	400	
Prepaid Rent	7,000	
Salary	10,500	

Adjustments:

- 1) The closing stock is valued at ₹. 31,000.
- 2) Outstanding expenses were wages ₹. 1,400, salaries ₹. 800.

- 3) Depreciate Plant and Machinery by 10%.
- 4) Insurance at ₹. 500 is paid in advance.
- 5) Provide for further bad debts of ₹. 1,500.
- 6) Commission due but not received ₹. 1,200.

OR

Q.2 What is depreciation? Explain the provisions and methods of depreciation. [14]

Q.3 M/s Tulsi is departmental stores having three departments S, R and T. The information regarding three departments for the year ended 31st March,2017 is given below: [14]

	S	R	T
	₹.	₹.	₹.
Opening Stock	36,000	24,000	20,000
Purchases	1,32,000	88,000	44,000
Debtors at the end	15,000	10,000	10,000
Sales	1,80,000	1,35,000	90,000
Closing stock	45,000	17,500	21,000
Value of Furniture	20,000	20,000	10,000
Floor Space (in Sq.Ft.)	3,000	2,500	2,000
Number of Employee	25	20	15
Electricity Consumed(in Units)	300	200	100

The balances of other revenue items in the books for the year are given below:

Carriage inward	3,000
Carriage outward	2,700
Salaries	48,000
Advertisement	2,700
Discount allowed	2,250
Discount received	1,800
Rent, Rates and Taxes	7,500
Depreciation on furniture	1,000
Electricity Expenses	3,000
Labour Welfare Expenses	2,400

You are required to prepare Departmental Trading and Profit and Loss Account for the year ended 31st March,2017 after providing provision bad debt at 5%.

OR

Q.3a) Differentiate between joint venture and consignment. [07]

b) Explain the dissolution of firm and its circumstances. [07]

Q.4 Assets and liabilities of Mr.Karan as on 31-12-16 and 31-12-2017 are as follows:[14]

	31-12-16	31-12-2017
	₹.	₹.
Assets		
Building	2,00,000	-
Furniture	1,00,000	-
Stock	2,40,000	5,40,000
Sundry debtors	80,000	1,80,000
Cash at Bank	1,40,000	1,70,000
Cash in Hand	2,400	6,400
Liabilities		

Loans	2,00,000	1,60,000
Sundry Creditors	80,000	1,40,000

Decided to depreciate building by 2.5% and furniture by 10%. One life insurance policy of the proprietor was matured during the period and amount ₹. 80,000 is retained in the business. Proprietor took ₹. 4000 p.m. for meeting family expenditure. Prepare statement of affairs and find out profit of Mr. Karan applying method of capital comparison.

OR

Q.4 Define single entry system. How single entry system differs from double entry system? [14]

Q.5 High Light India Ltd. invited applications for 30,000 Shares of ₹. 100 each at a Premium of ₹. 20 per share payable as follows:

On Application ₹. 40 (including ₹. 10 premium)

On Allotment ₹. 30 (including ₹. 10 premium)

On First Call ₹. 30

On Second and Final Call ₹. 20

Applications were received for 40,000 shares and pro-rata allotment was made on the application for 35,000 shares. Excess application money was utilized towards allotment.

Rohan to whom 600 shares were allotted failed to pay the allotment money and his shares were forfeited immediately after allotment.

Aman who applied for 1,050 shares failed to pay first call and his share were forfeited immediately after first Call.

Second and final call was made. All the money due on second call have been received.

Show journal entry with necessary calculation. [14]

OR

Q.5a) Explain subsidiary books. [07]

b) Reconciliation Statement [07]

