

SVKM's NMIMS University
School of Distance Learning

Accounting Procedures

Date: 18.12.2007
Time: 3.00 to 6.00

Marks: 100

SECTION - A

Answer any four from the following eight questions. Each question carries 20 marks.

- Q.1. Discuss the role of accountants in modern business organizations.
- Q.2. Examine the role of any four accounting concepts in the preparation of financial statements.
- Q.3. What groups of people would be interest in accounting reports and why?
- Q.4. What are legal requirements relating to preparation of financial statements of limited company?
- Q. 5. What are legal requirements relating to preparation of financial statements of a banking company?
- Q.6. Explain the subsidiary books and their importance.
- Q.7. Explain the accounting treatment for bad debts in final accounts.
- Q. 8. Discuss the functions of accounting standard board and its importance.

SECTION – B

Answer any one question from the following two. It carries 20 marks.

Q.9. The following are the figures extracted from the books of Sukalyan Bank Ltd., as on 31.03.2001 (all figures in rupees)

Interest and Discount received	20,30,000	Salaries and Allowances	1,05,000
Interest paid on Deposits	12,02,000	Directors' fees & allowances	12,000
Issued and Subscribed Capital	5,00,000	Rent and taxes paid	54,000
Reserve under Section 17	3,50,000	Stationery and printing	12,000
Commission, Exchange and Brokerage	90,000	Postage and Telegram	25,000
Rent Received	30,000	Other expenses	12,000
Profit on Sale of Investment	95,000	Audit Fees	4,000
		Depreciation on Bank's properties	12,500

Other Information:

- i) A customer to whom a sum of Rs.2,50,000 has been advanced, has become insolvent and it is expected that 40% of the sum can be recovered from his estate. Interest due at 15% on his debt has not been taken in the books.
- ii) Provision for bad and doubtful debts on other debts necessary Rs.50,000.
- iii) Rebate on bills discounted as on 31.02.2001, Rs.7,500
- iv) Provide Rs.3,50,000 for income tax.
- v) The directors desire to declare 10% dividend.

Make the necessary assumptions and prepare the Profit and Loss Account in accordance with the law.

Q.10. The final Accounts are discussed with the help of illustrations given below: Sherry Engineering Ltd. have authorized capital of Rs.50 lakhs divided into 5,00,000 equity shares of Rs.10 each. Their books show the following balances as on 31st December, 2000:

Particulars	Dr. Amount Rs.	Particulars	Cr. Amount Rs.
Stock 1.1.2000	6,65,000	Equity Share Capital (2,00,000 shares of Rs.10 each)	20,00,000
Discounts & Rebates	30,000	4% Debentures (repayable after 10 years)	5,00,000
Carriage Inwards	57,500	Bank Overdraft	7,57,000
Patterns	3,75,000	Sundry Creditors (for goods)	2,40,500
Rates, Taxes & Insurance	55,000	Sales	36,17,000
Furniture & Fixtures	1,50,000	Rent (Cr.)	30,000
Material Purchased	12,32,500	Transfer Fees	6,500
Wages	13,05,000	Profit & Loss A/c. (Cr.)	67,000
Coal and Coke	63,000		
Freehold Land	12,50,000		
Plant & Machinery	7,50,000		
Engineering Tools	1,50,000		
Goodwill	3,75,000		
Sundry Debtors	2,66,000		
Bills Receivables	1,34,500		
Advertisement	15,000		
Commission & Brokerage	67,500		
Business Expenses	56,000		
Bank Current Account	20,000		
Cash in hand	8,000		
Debenture interest (for half year 31.06.00)	10,000		

Interest (Banks)	91,000
Preliminary Expenses	10,000
Calls in Arrears	10,000
Repairs	46,500
Bad Debts	25,500

The stock (valued at cost or market value, whichever is lower) as on 31st December, 2000 was Rs.7,08,000. Outstanding liabilities for wages Rs.25,000 and business expenses Rs.25,000. Dividend declared @ 10% on paid-up capital.

Charge depreciation: Plant & Machinery @5%; Engineering Tools @20%; Patterns @10% and Furniture & Fixtures @10%. Provide 2% on debtors as doubtful debts after writing off Rs.21,500 as bad debts. Write off preliminary expenses Rs.5,000 and create debenture redemption reserve Rs.50,000. Provide Rs.2,40,000 for income tax.

You are required to prepare:

- a) Profit and Loss account for the year ended 31st December, 2000; and
- b) Balance Sheet as on that date.

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