

H.P.BOARD OF DEPARTMENTAL EXAMINATION
DEPARTMENTAL EXAMINATION FOR DISTRICT TREASURY OFFICER & TREASURY OFFICER

~~NOVEMBER, 2017~~

DEC

PAPER 3: PRINCIPLES OF ACCOUNTS

Maximum Marks 100

TIME ALLOWED: THREE HOURS

Notes:

1. Question No. 1 is compulsory.
2. Attempt in all five questions including question No.1.
3. Marks has been indicated against each question.
4. Use of calculator allowed.

Q.No.1 From the following particulars taken from the cash book of Sh. Ram Narayan, prepare Trading and Profit & Loss Account for the year ending 31.03.2016 and a balance sheet as at that date.

(Debit balance)	Rs.	(Credit balance)	Rs.
Stocks(1.04.2015)	750	Capital	2,625
Purchases	1,490	Return outwards	45
Return Inwards	40	Sales	3,810
Duty on Imported goods	260	Commission earned	200
Carriage on Purchases	140	Bills Payable	1,500
Carriage on Sales	200	Sundry creditors	770
Office Salaries	240		
Drawings	400		
Rent paid	180		
General Expenses	350		
Bank balance	300		
Cash	100		
Sundry debtors	1,000		
Building	2,000		
Machinery	1,000		
Bills receivable	250		
Horses and Carts	150		
Interest	90		
Discount allowed	10		

Adjustments:

1. Value of stock in hand on 31st March,2016 was valued at Rs. 1,000(Net Realisable value Rs. 985)
2. Rent due but not paid Rs. 30.

(20 Marks)

Q.No.2 Define the following:

- a. Contra entries
- b. Contingent liabilities
- c. Net worth
- d. Preliminary Expenses

(5*4=20 Marks)

Q.No.3 Differentiate between the following;

- a. Reserves and Provision
- b. Asset and Inventory
- c. Cash discount and Trade discount
- d. Error of Commission and Compensating error

(5*4=20 Marks)

Q.No.4 Explain with example the concept of Accrual Accounting? In what manner, it is different from Cash based Accounting? Also state advantages of Accrual Accounting?

(20 Marks)

Q.No. 5 From the following particulars, prepare a Bank Reconciliation Statement as on 31st December,2016:

- a. Balance as per cash book Rs. 5,800
- b. Cheques issued but not presented for payment Rs. 2000/-.
- c. Cheques sent for collection but not collected upto 31st December,2016 Rs. 1500/-.
- d. Bank had wrongly debited the account of the firm by Rs. 200 which was rectified by them on 2.01.2017.

(5*4=20 Marks)

Q.No.6 Rectify the following entries by passing necessary journal entries:

- a. Rs.540 received from Mahta was posted to the debit of his account.
- b. A sale of Rs. 350 to Sethi was entered in the Sale book as of Rs. 530/-.
- c. Rs. 100 being Purchase Return was posted to the debit of Purchase Account.
- d. Rs. 274 paid for repair of Motor Car was debited to the Motor Car Account as Rs. 174/-.

(20 Marks)

Q.No.7 Attempt the following:

- a. "Capital is a liability for business". Explain this statement with principle applied.
- b. "Depreciation is a process of allocation, not of valuation". Comment on this statement.

(10*2=20 Marks)