H.P. BOARD OF DEPARTMENTAL EXAMINATION
DEPARTMENTAL EXAMINATION Of EXCISE AND TAXATION INSPECTORS (ETI)
OF EXCISE AND TAXATION DEPARTMENT

April-2011

PAPER-5 : (Book Keeping and general commercial knowledge)

Time allowed: 3 hours Maximum Marks: 100

Note: 1) Attempt any five questions including question No. 1, which is compulsory.
2) No books are allowed.
3) Avoid overwriting and cuttings.
4) Use of calculator is allowed

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Q. No. 1: Prepare Trading and Profit & Loss Account and Balance Sheet as at 31st March, 2011 from the following balances:

Particulars	Amount (Rs)
Capital Account	1,19,400
Drawing Account	10,550
Sundry creditors	59,630
6%loan Account (credit)	20,000
Cash in hand	3,030
Cash at bank	18,970
Sundry debtors	62,000
Bills receivable	9,500
Provision for Doubtful Debts	2,500
Fixtures and Fittings	8,970
Plant and machinery	28,800
Stock , 1st April, 2010	89,780
Purchases	2,56,590
Manufacturing Wages	40,970
Sales	3,56,530
Returns Inwards	2,780
Salaries	11,000
Rent and Taxes	5,620
Interest and Discount (Debit)	5,870
Travelling Expenses	1,880
Repairs and Renewals	3,370
Insurance (including premium @ Rs. 300 per Annum paid upto 30th September, 2011	400
Bad Debts	3,620
Commission Received	5,640

Stock , 31st March 2011 was Rs. 128960. Create a provision of 5% on Sundry Debtors. Charge 5% Interest on Capital. Manufacturing Wages include Rs. 1200 for erection of new machinery purchased last year. Depreciate Plant and Machinery by 5% and Fixtures and Fitting by 10% per annum. Commission earned but not received amounts to Rs. 600. Interest on Loan for the last 2 months is not paid.

(20)

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Q. No. 2: What do you understand by double entry system of accounting? How is it different from Single entry system of accounting? Which system of accounting is more widely used and why ?

(20)

Q.No.3: a): What is a Bank Reconciliation statement? Why is the preparation of a Bank Reconciliation Statement necessary?

B): From the following particulars ascertain the balance that would appear in the Cash Book of Swami on 31st March, 2011 when the books were closed.

i) The Bank overdraft as per Pass Book on 31st March, 2011, Rs. 6750

ii) Interest on overdraft for 6 months ending 31st March, 2011, Rs. 250 is debited in the Pass Book.

iii) Bank charges of Rs. 50 for the above period is also debited in the Pass Book.

iv) Cheque issued but not cashed prior 31st March, 2011 amounted to Rs. 1270

v) Cheque paid into bank but not cleared before 31st March, 2011 were Rs. 2500

vi) Interest on investment collected by the Bankers and credited into Pass Book , Rs. 1500

vii) Premium of life policy of Swami paid by bank on standing advice, 2000

(7+13=20)

Q.No.4: What are subsidiary books and what are the objects of preparing these subsidiary books? Mention any three of them and the transactions that are entered in each of them with suitable examples.

(20)

Q.No.5: What is Trail Balance? What are the objects of preparing Trail Balance? What type of errors Trail Balance fails to disclose, explain with suitable examples?

(20)

Q.No.6: Distinguish between Receipts and Payments Accounts and Income and Expenditure Account. What steps would you take to convert a Receipts & Payments Account into an Income and Expenditure Account?

(20)

Q.No. 7: a): What is depreciation Accounting? What is the need for providing depreciation?

b): On 1 January 2009 XYZ Ltd. purchased a second-hand machine for Rs. 58,000/- and spent Rs. 2000/- on its erection. On 1 July, 2011, this machine was sold for Rs. 28600/-. Prepare the Machinery Account of the first 3 years according to the Written Down Value taking the rate of depreciation at 10 % p.a.

(8+12=20)

Q.No. 8: Explain any four of the following:

1) Contingent liabilities
2) Accrual Accounting
3) Matching Principle
4) Capital Reserve
5) Deferred Revenue Expenditure

(4 x 5=20)