

BOARD OF DEPARTMENTAL EXAMINATION, HIMACHAL PRADESH

Session April, 2012

Departmental examination of
Excise and Taxation Inspectors (ETI) of Excise and Taxation
Department

Paper-5 BOOK KEEPING AND GENERAL COMMERCIAL KNOWLEDGE

Time Allowed Three hours Maximum Marks 100

- Note:
1. Attempt any **five questions** including question number 7 which is **compulsory**.
 2. All questions carry equal marks
 3. Avoid cuttings and overwriting
 4. No books are allowed.
 5. Use of calculator is allowed

Q.No.1 How double Entry System of Accounting differs from Single Entry System of Accounting? Explain in detail with giving suitable financial entries. (20)

Q.No.2 Distinguish between Receipt and Payment Account and Income and Expenditure statement. Explain with example. What is the purpose of preparing Receipt and Payment Account and Income and Expenditure Statement? (20)

Q.No.3 Define:-
(a) Trading and P&L Account
(b) Difference between Consignment and sale
(c) Revenue expenditure
(d) Goodwill and Bad Debts
(e) A note on contra balance (5x4=20)

Q.No.4. How Ledgers are made self balancing? Give advantages of self balancing Ledger System? Also explain how entries are transferred from one Ledger to another Ledger? (20)

Q.No.5(A) Prepare a Bank Reconciliation statement from the following particulars a on 31st December,2010

| Sr.No. | Particulars | Amount in INR |
|--------|--|---------------|
| 1 | Over draft as per Pass Book | 66,000 |
| 2 | Cheques deposited into the bank but no entry was made in the Cash Book | 6,600 |
| 3 | Cheques received but not sent to Bank | 22,500 |
| 4 | Insurance premium paid directly by the Bank as per instruction | 2,100 |
| 5 | Bank charges entered twice in the Cash Book | 600 |
| 6 | Bills discounted dishonored | 15,000 |
| 7 | Bills directly collected by the Bank | 4,500 |

(B) What is Bank Reconciliation Statement? Why it is prepared and what are its advantages?

(12+8)

Q.No.6 (A)What are the objectives of preparing Trial Balance? What are the limitations of Trial Balance? Discuss errors of Trial Balance.

(B) Prepare the Trial Balance from the following

| | |
|------------------------------|------------|
| i. Capital | Rs.5,000/- |
| ii Salaries | Rs.500/- |
| iii Interest on bank deposit | Rs.100/- |
| iv Sales | Rs.7000/- |
| v Drawings | Rs.1,000/- |
| vi Advertisement | Rs.200/- |
| vii Purchases | Rs.9,000/- |
| viii Sundry Debtors | Rs.1,400/- |

(10+10=20)

Q.No.7 Following is the Trial Balance of M/S Priyanka & brothers as on 30th June,2009. You are required to prepare Trading and Profit&Loss Account and Balance Sheet as that date.

| Sr.No. | Heads of Account | Amount(INR) Debit | Amount (INR)Credit |
|--------|----------------------------------|----------------------|-----------------------|
| | | - | 1,08,090 |
| 1 | Capital Account | | - |
| 2 | Stock on 1-07-2008 | 46,800 | |
| 3 | Sales and Sales return | 8,600 | 2,89,600 |
| 4 | Purchases and Purchases return | 2,43,100 | 5,800 |
| 5 | Freight and carriage | 18,600 | - |
| 6 | Rent and Taxes | 5,700 | - |
| 7 | Salaries and wages | 9,300 | - |
| 8 | Sundry Debtors | 24,000 | - |
| 9 | Bank Loan @6% | - | 20,000 |
| 10 | Printing and Advertisement | 14,600 | - |
| 11 | Income from Investments | - | 250 |
| 12 | Bank Interest | 900 | - |
| 13 | Discount receivable | - | 3,690 |
| 14 | Sundry Creditors | - | 14,800 |
| 15 | Cash at Bank | 8,200 | - |
| 16 | Drawings | 10,000 | - |
| 17 | Investments | 5,000 | - |
| 18 | Furniture & Fixtures | 1,800 | - |
| 19 | Discount payable | 7,340 | - |
| 20 | General expenses | 3,160 | - |
| 21 | Insurance | 800 | - |
| 22 | Audit fee | 500 | - |
| 23 | Travelling Expenses | 2,130 | - |
| 24 | Postage Expenses | 870 | - |
| 25 | Cash in hand | 830 | - |
| 26 | Deposit with Miss Deepita @10%PA | 30,000 | - |
| | Total | 4,42,230 | 4,42,230 |

For adjustment entries see next page

Adjustment entries:

1. Stock as on 30th June, 2009 was 78,600/-
2. 50% of Printing and Advertisement is to be carried forward as a charge in the following years.
3. Depreciation F&F@10%
4. Create 5% provision for doubtful Debt on Debtors
5. Reserve 2% for discount on debtors and creditors
6. Insurance pre-paid amounts to Rs.200/-
7. Salaries outstanding Rs.500/-
8. Carriage outstanding Rs.100/-
9. Charge full year's interest on deposit with Miss Deepika.

(20)

Q.No.8 Define the following:-

- (a) Cash Memo
- (b) An Invoice
- (c) Pay-in-slip
- (d) Credit and Debit note
- (e) Advantages of Journal
- (f) Trade and cash discount
- (g) Goodwill
- (h) Fixed Assets
- (i) GTO and TTO
- (j) Diminishing method of Depreciation

(10x2=20)