

**BOARD OF DEPARTMENTAL EXAMINATION, HIMACHAL PRADESH
DEPARTMENTAL EXAMINATION FOR EXCISE AND TAXATION
INSPECTORS OF EXCISE & TAXATION DEPARTMENT, APRIL, 2014.**

PAPER: 5

BOOK KEEPING & GENERAL COMMERCIAL KNOWLEDGE

TIME ALLOWED: 3 HOURS

MAXIMUM MARKS: 100

Notes:

- i) Attempt any five questions including question No. 1, which is compulsory.
- ii) All questions carry equal marks.
- iii) Books are not allowed.
- iv) Use of calculator is allowed.
- v) Try to Attempt all parts of question consecutively.
- vi) Overwriting should be avoided

Q. No. 1

From the following Trial Balance, prepare a trading and profit & loss account for the year ended on 31st March 2014 and a Balance Sheet as at that date.

	Rs		Rs
Opening Stock	25,000	Sales	7,00,000
Furniture	16,000	Creditors	60,000
Purchases	5,55,300	Bank Overdraft	50,000
Carriage Inwards	4,700	Provision for bad and doubtful debts	2,100
Bad Debts	1,800	Discount	500
Wages	52,000	Capital	2,00,000
Debtors	80,000	Purchase Returns	20,000
Sales Returns	15,000		
Rent	22,000		
Miscellaneous Expenses	3,400		
Salaries	60,000		
Cash	8,900		
Drawings	14,000		
Buildings	1,60,000		
Advertising	10,000		
Interest on Bank Overdraft	4,500		
Total	10,32,600		10,32,600

Adjustment:

- (i) Closing Stock is valued at Rs. 36,000
- (ii) Rent is paid @ Rs. 2,000/- Per Month
- (iii) Salaries Rs. 8000/- and interest in Bank Overdraft Rs. 2,500/- is outstanding.
- (iv) Private purchases amounting to Rs. 5,000/- have been debited to Purchase Account.
- (v) Make provision for Bad and doubtful debts at 5% on Debtors.
- (vi) A New sign board costing Rs. 4,000/- is included in Advertising.
- (vii) Depreciate Furniture @ 10%.

(20)

Q. No. 2

- (a) What is the utility of Bank Reconciliation Statement? Enlist the causes of difference between 'pass book of Bank Account' and 'bank column of Cash Book'.
- (b) On 31st March, 2014, the cash book of M/s Verma & Co. showed a balance of Rs. 2,760 at the bank. They had sent cheques amounting to Rs. 90,000 to the bank before 31st March, but it appears from the pass book that cheques worth only Rs. 84,000 had been credited before that date. Similarly, out of cheques for Rs.85, 000 issued during the month of March, cheques for Rs. 2,500 were presented in April, the remaining having been paid in March itself. The pass book showed that the bank had charged Rs. 50 and Rs. 20 by way of Bank Charges. Prepare Bank Reconciliation Statement.

(10+10)

(P.T.O)

Q. No. 3 The Trial Balance of M/s S & S extracted on 31st March, 2014 was Rs.1, 595 short on the debit side. A suspense account is opened to tally the trial balance. On examination of the books of accounts the following errors were noticed:

- i) Credit Purchases from M/s 'T' Rs. 200 was posted as Rs. 20 in the ledger.
- ii) Mr. 'S' the landlord was debited Rs. 250 for payment of rent.
- iii) Cash purchase of Rs.125 was not posted in the ledger.
- iv) Discount allowed column in the cash book was posted to General Expenses are Rs.20.
- v) Payment made to M/S A & Sons Rs.1, 500 was posted to their credit as Rs.150.
- vi) Received Rs.250 from 'X' but posted to 'Y's A/c.
- vii) Credit sale of Rs.750 to Shoes & Socks Ltd entered in the Returns Outwards Book.

Pass necessary rectifying entries and prepare Suspense A/c.

(20)

Q. No. 4 What are basic concepts and conventions of Accounting? Explain in brief four basic assumptions of Double Entry System of Accounting i.e. Business Entity Concept, Money Measurement Concept, Going Concern Concept and Accounting Period Concept.

(20)

Q. No. 5 D. Sen. a stationery dealer, requires you to write his Cash Book with cash and bank columns from the following transactions and balance the Cash Book on 7th January, 2014.

- Jan. 1 Opening cash balance Rs. 150
- 1 Opening bank balance Rs. 10,370
 - 1 Sold stationary for cash Rs. 460
 - 2 Received from B.Sen Rs. 380 in cash being rent for Dec. 2013.
 - 2 Purchased stationery from K. Kar by cheque Rs. 1,500 and paid carriage on purchase by cash Rs. 25.
 - 3 Sold goods for Rs. 1,900 and payment of Rs. 1,400 was received by cheque and balance by cash. The cheque was deposited in the bank.
 - 4 Withdrawn from bank Rs. 3,500
 - 4 Lent to P. Guha Rs. 4,000 in cash
 - 4 R. Gupta paid Rs. 1,500 for sale of stationery to him
 - 5 Deposited cash into the bank Rs. 1,600
 - 7 Paid wages Rs. 50.

(20)

Q. No. 6 (a) What is the difference between 'Receipt and Payment Account' and 'Income and Expenditure Account'?

(b) What is the distinction between Manufacturing Account and Trading Account?

(10+10)

Q. No. 7 Pass the opening entries in the journal of M/S Ramesh & Sons (as on 01.04. 2014) and post the same into the ledger.

Cash in hand Rs. 1,000, Cash at Bank Rs. 5000, Stock of Rs. 20,000, Land & buildings Rs. 1,00,000, Plant & Machinery Rs. 50,000, Furniture & Fixtures Rs. 25,000, Owings from X Ltd. Rs. 12,500, Prepaid Insurance Rs. 500, Interest received in advance Rs. 250, Loan from Y Ltd Rs. 10,000 and Owing to Z Ltd Rs. 3, 750.

(20)

Ques.8 Attempt the following:

- (a) What are 'bill of exchange' and a 'promissory note'?
- (b) Explain two methods for working out of depreciation on fixed assets.
- (c) What are 'Provisions' and 'Reserves'?
- (d) What is goodwill?

(5+5+5+5)