

**BOARD OF DEPARTMENTAL EXAMINATION,  
HIMACHAL PRADESH  
DEPARTMENTAL EXAMINATION OF EXCISE AND TAXATION INSPECTORS (ETI)  
OF EXCISE & TAXATION DEPARTMENT  
OCTOBER, 2011**

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) Books are not allowed.
- iii) Use of simple calculator is allowed.
- iv) Try to Attempt all parts of question consecutively.
- v) Overwriting & cutting should be avoided.

Q.No.1 From the following Trial Balance of M/s A & Sons. as on 31<sup>st</sup> March, 2011, prepare Manufacturing, Trading Account and Profit & Loss account for the year ending on 31<sup>st</sup> March 2011 and a Balance Sheet on that date.

	₹	₹
Capita		1,50,000
Drawings	15,000	
Freehold Premises	20,000	
Plant & Machinery	25,000	
Stock (01.04.2010)	45,000	
Office Furniture	8,000	
Patterns	12,000	
Patents	19,000	
Debtors & Creditors	75,000	60,000
Cash in hand	950	
Cash at Bank Current Account	10,000	
Cash at Bank on Deposit	20,000	
Bills Payable		12,000
Purchases and Sales	90,000	1,65,000
Manufacturing Wages	7,000	
Repairs & renewals	2,500	
Coal	1,500	
Gas & Water	1,800	
Rates, Taxes & Insurance	3,700	
Office Salaries	12,000	
Travelling Expenses	2,500	
General Expenses	1,800	
Discount	2,800	3,950
Interest on Bank Deposit		1,000
Bad Debts	1,400	
Bills Receivable	15,000	
	<b>3,91,950</b>	<b>3,91,950</b>

Additional information:

- (i) Closing Stock ₹ 30,000/-
- (ii) Wages & Salaries outstanding were ₹. 10,000/- and ₹. 8,000/- respectively as on 31<sup>st</sup> March, 2011
- (iii) Depreciate Plant & Machinery, Office furniture, Patterns and Patents @ 7.5% per annum.
- (iv) Provide for doubtful debts at 5% on sundry debtors.. (20)

- Q.No.2.
- (a) What is the distinction between Accrual Basis of Accounting and Cash basis of Accounting?
  - (b) What is Receipt & Payment Account? How does it differ from Income & Expenditure Account?

(10+10)

- Q. No. 3 (a) What is traditional classification of Accounts under double entry system of Book Keeping? What are the basic rules of Debit and Credit of such classification?
- (b) Classify the following under Personal, Real and Nominal Account.  
(a) Purchases Account (b) Building Purchased (c) Cash received (d) Bills receivable Account (e) Prepaid rent Account (f) Depreciation Account (g) XYZ & Company Account (h) Furniture Account (i) Goodwill Account (j) Capital Account.  
(10+10)

- Q. No. 4 (a) What is the purpose of preparing Bank reconciliation Statement? Enumerate the reasons responsible for difference between the balance of Cash Book and Bank Pass Book.
- (b) While preparing the Final Accounts, how will you deal with the following items appearing in a Trial Balance of a Proprietor?  
(i) Closing Stock (ii) Outstanding Expenses (iii) Depreciation (iv) Prepaid Expenses (v) Bad debts if no provision for the bad and doubtful debts is appearing in the Trial Balance.  
(10+10)

- Q. No. 5 (a) What is Journal? What are its subdivisions? How the Books of original entry is different from Ledger?
- (b) Pass the opening entries in the journal of M/S XYZ & Sons (as on 01.04. 2011) and post the same into the ledger.  
Cash in hand ₹1,000, Cash at Bank ₹ 5, 000, Interest received in advance ₹. 250, Land & buildings ₹ 1,00,000, Plant & Machinery ₹ 50,000, Furniture & Fixtures ₹ 25,000, Owings from X Ltd. ₹ 12,500, Loan from Y Ltd ₹ 10,000 and Owing to Z Ltd ₹ 3,750, Prepaid Insurance ₹ 500, Stock of ₹ 20,000.  
(10+10)

- Q. No. 6 (a) What is depreciation? What are its main causes and need for providing depreciation in the final accounts. Explain in brief the distinction between Straight Line Method and Written down Method of depreciation?  
(20)

- Q. No. 7 (a) What is Cash Book? What are various types of Cash Book from the point of view of uses? Also explain that cash book is a journal as well as a ledger.
- (b) How would you record the following items in a three-column Cash Book?  
Jan.1. Received a cheque from A & Co. to whom goods were sold for ₹ 2,000 allowed him 1% discount.  
“ 2. A & Co's Cheque deposited into Bank.  
“ 5. A & Co's Cheque dishonored (bank charged ₹ 10)  
“ 8. A & Co. settled his account by means of a cheque for ₹ 2,025, ₹ 15 being for interest charged.  
(10+10)

- Q. No. 8 Write short notes on the following:-  
(a) Going Concern Concept of accounting  
(b) Intangible Assets.  
(c) Contingent Liabilities  
(d) Reserves & Provisions.  
(5+5+5+5)