

**DEPARTMENTAL EXAMINATIONS FOR EXCISE & TAXATION INSPECTORS OF
EXCISE AND TAXATION DEPARTMENT**

SESSION OCTOBER, 2013

PAPER-5 BOOK KEEPING AND GENERAL COMMERCIAL KNOWLEDGE

Time Allowed: 3 Hours.

Maximum Marks: 100

Notes:

- i) Attempt five questions. Question No. 8 is compulsory.
- ii) All questions carry equal marks.
- iii) No books are allowed.
- iv) Use of calculator is allowed.
- v) Indicate the same question number and its part as assigned in the question paper while answering the same.
- vi) Avoid cuttings and overwritings.

Q.No.1 Define Accounting. Explain main objectives and functions of accounting?

20 Marks

Q.No.2 (a) Explain the following in clear terms with examples:

- i. "Return inwards" and "Return outwards"
- ii. "Errors of Principles" and "Errors of Omission"
- iii. "Trade Discount" and "Cash Discount"
- iv. "Bills of Exchange" and "Promissory Note"
- v. "Accounting Concepts" and "Accounting Conventions"

(b) Differentiate between Book Keeping and Accounting.

10X2=20 Marks

Q.No.3 (a) What is Bank Reconciliation Statement? Explain the need and objectives of Bank Reconciliation.

(b) Prepare a Bank Reconciliation Statement of a trader at the year ending Dec. 31, 2012 on the following given information:

- On Dec. 31, 2012, the Cash Book of a trader shows the bank balance to be Rs.5,090. The cheques sent to bank but not collected and credited amounted to Rs.790, whereas three cheques for Rs.300, Rs.150, and Rs.200, issued to customers during the year were not presented for payment.
- The Bank had paid a bills payable amounting to Rs.1000. A bills receivable of Rs.500 which was discounted with the bank was dishonoured. The pass book showed that the bank has charged Rs. 12 as its remuneration for collecting outstation cheques and has allowed interest of Rs.10.
- A sum of Rs.800 deposited in the bank has been credited as Rs.80 in the pass book.

10X2=20 Marks

Q.No.4 (a) Write the name of Account (Trading A/C, Profit & Loss A/C) and the side (debit or Credit) against the items given below to which these are taken:

- (i) Closing Stock_____
- (ii) Carriage outward_____
- (iii) Interest on Investment_____
- (iv) Custom Duty_____
- (v) Fuel & Power_____
- (vi) Sales_____
- (vii) Salaries_____
- (viii) Rent from tenant_____

($\frac{1}{2} \times 8$) = 4 Marks

(b) Arrange the following Assets in (i) Liquidity order & (ii) Permanency order:

- (i) Closing Stock
- (ii) Furniture
- (iii) Cash in Hand,
- (iv) Investments
- (v) Bills Receivable,
- (vi) Goodwill,
- (vii) Building,
- (viii) Debtors.

($\frac{1}{2} \times 8$) = 4 Marks

(c) Arrange the following items of liabilities in Liquidity Order and Permanency Order:

- (i) Bills Payable
- (ii) Sundry Creditors
- (iii) Loans on Mortgage
- (iv) Outstanding Expenses

(1x4)= 4 Marks

(d) Write the types of assets against the items given below:

- (i) Goodwill_____
- (ii) Bills Receivable_____
- (iii) Preliminary Expenses_____
- (iv) Mines_____

(1x4)= 4 Marks

(e) Write the Type of Liabilities against items given below:

- (i) Loans on mortgage_____
- (ii) Creditors_____
- (iii) Outstanding expenses_____
- (iv) Capital_____

(1x4)= 4 Marks

Q.No.5 What is the difference between Single Entry system and Double Entry system of accounting?

20 Marks

- Q.No.6 Is the agreement of trial balance a conclusive proof of accuracy of a book keeper? If not, what are the errors, which remain undetected by the trial balance? 20 Marks
- Q.No.7 Explain the different methods of inventory valuation. In a period of rising prices, which method will you suggest and why? 20 Marks
- Q.No.8 From the following Trial Balance of Ramgopal, prepare Trading and Profit & Loss Account for the year ended March 31, 2012 and Balance Sheet as on that date:

Name of Account	Dr. Balances	Cr. Balances
Capital		27,000
Drawings	4,260	
Furniture	5,700	
Stock on April 1, 2011	8,760	
Purchases & Sales	62,172	71,436
Returns	1,260	1,746
Salaries	2,640	
Rent	720	
Carriage	1,500	
Rates & Taxes	1,200	
Apprentice Premium		750
Bank Overdraft		1,200
Bad Debts	1,032	
Sundry Debtors	19,200	
Cash in hand	288	
Sundry Creditors		6,000
Provision for Bad Debts		600
Bills Receivable	1,440	
Bills Payable		1,080
Discount		360
	1,10,172	1,10,172

You are also required to consider the following adjustments:

1. Stock on March 31, 2012 was valued at Rs.10,200.
2. Provide for Doubtful debts @ 5% on Sundry Debtors and for Discount on Creditors @ 2%.
3. Rent due was Rs.160.
4. Taxes of Rs.320 were paid in advance.
5. Depreciate furniture @ 10% per annum.
6. Apprentice Premium of Rs.120 was to be carried forward.
7. Calculate interest on capital @ 5% per annum.

20 Marks