

BOARD OF DEPARTMENTAL EXAMINATION, HIMACHAL PRADESH
DEPARTMENTAL EXAMINATION FOR EXCISE AND TAXATION INSPECTORS
(EXCISE AND TAXATION DEPARTMENT, H.P.)
OCTOBER, 2014

PAPER: 5 (BOOK KEEPING AND GENERAL COMMERCIAL KNOWLEDGE)

TIME ALLOWED: 3 HOURS

MAXIMUM MARKS: 100

Notes:

1. Attempt any five questions including question No.1, which is compulsory.
2. All questions carry equal marks.
3. Books are not allowed. Use of calculator is allowed.

Q.No.1. The following balances have been extracted from the books of M/s NCB ON 31st December, 2013. Prepare a Trading and Profit and Loss Account for the year ended 31st December, 2013 and a Balance Sheet as on that date:-

		(Debit)	(Credit)
1	Salaries	906	
2	Lighting	182	
3	Power	292	
4	Traveller's Commission	307	
5	Capital		16,000
6	Insurance	203	
7	Purchase less Returns	7905	
8	Rates and Taxes	294	
9	Drawings	2100	
10	Wages	4081	
11	Sales less Return		17040
12	Bad debts written off	131	
13	Discounts (Balance)		2048
14	General Expenses	402	
15	Postages etc.	211	
16	Carriage	477	
17	Opening Stock	3180	
18	Advertising	207	
19	Land and Buildings	8020	
20	Plant and machinery	2117	
21	Furniture and Fittings	289	
22	Sundry Debtors	3141	
23	Sundry Creditors		2091
24	Cash at Bank	2734	
	Total:-		

The following additional information should be taken into consideration:-

- i) Provide 2 ½ % for Discount on Debtors & create a Bad debt provision of Rs.105.
- ii) Depreciation @ 10% on Plant and Machinery and 5% Furniture etc.
- iii) Stock-in-trade as on 31st December, 2013 was valued at Rs.4,380.
- iv) Wages unpaid as on 31st December, 2013 amounted to Rs.250.
- v) Insurance paid in advance amounted to Rs.10.
- vi) Purchase invoices amounting to Rs.120 have been omitted from the books.

(20 Marks)

Q.No.2. What are principles of double entry system of book keeping. Explain each with suitable examples.

(20 Marks)

Q.No.3. What is the difference between Instalment System and Hire Purchase System? What records are made in the books of the buyer and the seller under the Instalment System?

(20 Marks)

Q.No.4. Explain with example the terms Reserve, Reserve Account and Secret Reserve and highlight the importance of such reserves for business entity?

(20 Marks)

Q.No.5. Define and distinguish between capital and revenue expenditure. Explain with suitable examples.

(20 Marks)

Q.No.6. Describe the important points of distinction between a Receipt and Payment Account and an Income and Expenditure Account?

(20 Marks)

Q.No.7. Explain the term 'Depreciation' why should it be brought into account? What are the causes of Depreciation? Discuss any three methods of providing for depreciation?

(20 Marks)

Q.No.8. Highlight the importance of Bank Reconciliation Statement? Prepare a Bank Reconciliation Statement as on 31st March, 2014 from the following particulars:-

- i) Balance as per Cash Book= Rs.13,000.
- ii) Bank Charges not entered in the Cash Book= Rs.8010.
- iii) Interest given by the Bank but not entered in the Cash Book= Rs.8040.
- iv) Cheques issued but not presented for payment upto 31st March, 2014= Rs.8,500.
- v) Cheques deposited into Bank but not credited in Pass Book upto 31.3.2014= Rs.9,000.

(20 Marks)
