

BOARD OF DEPARTMENTAL EXAMINATION, HIMACHAL PRADESH  
DEPARTMENTAL EXAMINATION  
FOR  
EXCISE AND TAXATION INSPECTORS  
OCTOBER, 2015

PAPER: 5 BOOK KEEPING AND COMMERCIAL KNOWLEDGE

TIME ALLOWED: 3 HOURS

MAXIMUM MARKS: 100

NOTES:

- i) Attempt any five questions.
- ii) All questions carry equal marks.
- iii) Books are not allowed, *Use of calculator is allowed.*
- iv) Attempt all parts of a question in consecutive order.
- v) Overwriting should be avoided

Q.No.1. What is a Balance Sheet and what purpose does it fulfil ? What is the correct basis of valuation of Fixed and Floating Assets for the purpose of their inclusion in a Balance Sheet ?

(10+10)

Q.No.2. (a) If a Trial Balance disagrees, how would you proceed to localise Errors ?

(b) Prepare a Trial Balance from the following figures drawn from the ledger Accounts of Leeladhar & Sons.

Particulars	Amount(₹)	Particulars	Amount (₹)
Salaries	30,000	Bills Receivable	3,200
Rent and Taxes	2,500	Bills Payable	5,000
Trade Expenses	750	Bank Charges	75
Sales	90,000	Travelling Expenses	475
Freehold Building	55,000	Advertising	21,000
Purchases	27,500	Repairs to Plant	1,640
Plant and Machinery	40,000	Loan from Bank	20,000
Furniture & Fixture	1,500	Capital Account	75,890
Sales Return	1,200	Drawings Account	4,800
Purchases Returns	800	Cash at Bank	3,000
Opening Stock	30,000	Cash in Hand	500
Discount Account(Dr.)	1,000	Balance of Petty Cash	50
Insurance	700	Interest paid on Loan	600
Wages	15,900	Commission earned	3,700
Sundry Debtors	25,000	Sundry Creditors	30,000

(10+10)

Q.No.3. (a) How are the various Ledger Accounts closed at the end of each trading period ?

(b) Explain what you know of the term "Depreciation", and why it is necessary to make an adjustment in respect thereof at the end of each trading period.

(10+10)

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Q.No. 4. (a) Explain carefully what you understand by a Bank Reconciliation Statement.

(b) From the following particulars, prepare a Bank Reconciliation Statement from the information given below:-

The following cheques were paid into firms's Current Account in March, 2015, but were credited by the Bank in April, 2015:-

- A. Ram, ₹2500;
- B. Sham ₹3000; and
- C. Mohan. ₹2400.

The following cheques were issued by the firm in March, 2015 but were encashed in April, 2015:-

- M. Chaudhary, ₹3,000;
- N. Aggarwal ₹3,000; and
- K. Singh ₹3,000.

A cheque for Rs.1000 which was received from a customer was entered in the Bank Column of the Cash Book in March, 2015 but the same was paid into Bank in April, 2015. The Pass Book shows a credit of ₹ 2500 for interest and a debit of ₹500 for Bank charges not entered in the Cash Book. The Bank Balance as per Cash Book was ₹18,000 on 31<sup>st</sup> March, 2015.

(10+10)

Q.No.5. Pass Journal Entries necessary to rectify the following errors:-

i) An amount of ₹2000 withdrawn by the proprietor for his personal use has been debited to Trade Expenses Account.

(ii) A purchase of goods on credit from T Nathan amounting to ₹3000 has been wrongly entered through the Sales Book.

(iii) A credit sale of ₹1000 to Chandimal has been wrongly passed through the Purchases Book.

(iv) ₹5000 received from Sood & Sons has been credited to Sood & Sons.

(5+5+5+5)

Q.No.6. Explain the term "Single Entry" Book-keeping. Describe the method of preparing a Statement of Affairs from Single Entry Books.

(10+10)

Q.No.7. 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?

(15+5)

Q.No.8. Give a list of Subsidiary Journals used in modern Book-keeping. What advantages are secured by the use of Subsidiary Journals?

(5+15)