

H.P. BOARD OF DEPARTMENTAL EXAMINATION

DEPARTMENTAL EXAMINATION FOR TREASURY OFFICERS

SESSION APRIL, 2014

PAPER-3 Rules and Acts

(Principles of Accounts)

Maximum Marks: 100

Time Allowed: 3 Hours

Notes:

- i) Attempt five questions. Question No. 5 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 overwriting.

Q.No.1. Define and distinguish between Single Entry and Double Entry system of Book-keeping? (20 Marks)

Q.No. 2 Explain with examples in clear terms:
(i) "Return inwards" and "Returns outwards".
(ii) "Trade Discount" and "Cash Discount".
(iii) What is bank overdraft.
(iv) "Errors of Principles" and "Error of Omission".
(v) "Capital expenditure" and "Revenue Expenditure".
(4X5=20 Marks)

Q.No. 3 What do you understand by the terms "Grouping" and "Marshalling" used in connection with the balance sheet of a business? Illustrate different systems of marshalling?
(20 Marks)

Q.No. 4 The cash book of M/s Anil & Co. shows Rs. 8364 as balance at Bank as on 31st Dec, 2011. Prepare the bank reconciliation statement on the following information:

- i. On 15th Dec, 2011, the payment side of the cash book was undercast by Rs. 100/-.
- ii. A cheque for Rs. 131 issued on 25th Dec, 2011 was taken in cash column.
- iii. A deposit of Rs. 150 was recorded in cash book as if there was no bank column therein.
- iv. On 18th Dec, 2011, the debit balance of Rs. 1526 as on previous day was brought forwarded as credit balance.
- v. Of the total cheques amounting to Rs. 11514 drawn in last week of Dec, 2011, cheques aggregating Rs. 7815 were encashed in December.
- vi. Dividend of Rs. 250 collected by the bank and a subscription of Rs. 100 paid by it.
- vii One outgoing cheque of Rs. 350 was recorded twice in the cash book.

(20 Marks)

Q.No. 5 The Trial Balance of S. Karim as on December 31, 2012 was as under:

Name of the Account	Dr. Rs.	Cr. Rs.
Capital		1,10,000
Drawings	15,000	
Gross Profit earned during 2012		32,400
Salaries and Wages	22,000	
Rent and Taxes	8,400	
Cash in Hand	2,300	
Bank overdraft		8,600
Sundry Debtors and Creditors	41,000	36,000
Insurance (including premium of Rs. 400 per annum paid up to March 31, 2013)	1,000	
Loose Tools	5,000	
Bad Debts	500	
Provision for Bad Debts		800
Entertainment Expenses	300	
Commission		2,100
General Charges	2,600	
Furniture and Fixtures	12,000	
Plant and Machinery	60,000	
Stock on December 31, 2012	19,800	
	1,89,900	1,89,900

Prepare Profit and Loss Account for the year ended December 31, 2012 and Balance Sheet on that date, after keeping in view the following adjustments:

1. Depreciate Furniture and Fixtures by 5% and Plant and Machinery by 10%.
2. The value of Loose Tools on December 31, 2012 was Rs. 4,500.
3. Outstanding salaries Rs. 2,000.
4. Commission earned but not received amounted to Rs. 400.
5. Write off further bad debts Rs. 1,000 and maintain the provision for bad debts at 5% on Sundry Debtors.

(20 Marks)

Q.No. 6 What is trial balance? Explain its objectives.

(20 Marks)

Q.No. 7 What is the difference between Provision and Reserve?

(20 Marks)

- Q.No. 8 (a) Write name of the 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
- (b) Arrange the following Assets in Liquidity order:
- i. Closing stock
 - ii. Furniture
 - iii. Cash in hand
 - iv. Investments
 - v. Bills Receivable
 - vi. Goodwill
 - vii. Building
 - viii. Debtors
- (c) Arrange the following items of liabilities in Liquidity order:
- i. Bills Payable
 - ii. Sundry Creditors
 - iii. Loan on Mortgage
 - iv. Outstanding Expenses
- (d) Write the type of assets against the items given below:
- i. Bills Receivable
 - ii. Preliminary Expenses
 - iii. Mines
 - iv. Furniture.....
- (e) Write the type of liabilities against the items given below:
- i. Loan on mortgage.....
 - ii. Creditors.....
 - iii. Outstanding expenses.....
 - iv. Capital.....

(4X5=20 Marks)

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