

H.P Board of Departmental Examination  
Departmental Examination for Excise & Taxation Officers of  
Excise & Taxation Department (Session October,2015)

PAPER-5 BOOK KEEPING AND LANDA SCRIPT

Time Allowed: 3 Hours

Maximum Marks: 100

Notes:

- i) Attempt five questions in all. Question No.6 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.

What is Bank Reconciliation Statement and how it is prepared ? What are the reasons for disagreement between Cash Book Balance and Pass Book Balance in any Organisation ?  
(8+12=20 Marks)

Q.No.2

The Pass Book of Messrs. Rastogi & Co, showed a balance of Rs.12,500 on 31<sup>st</sup> March 2014, as bank balance. You are required to prepare bank reconciliation statement based on following information:-

- i) Cheques passed for payment before 31<sup>st</sup> March, 2014, amounting to Rs.2970/- had not been encashed.
- ii) Two cheques of Rs.950/- and Rs.1175/- were deposited into the bank on 31<sup>st</sup> March,2014, but the bank had given credit for the same in April, 2014.
- iii) There was also a debit in the Pass Book of Rs.250/- in respect of a cheque dishonoured on 31<sup>st</sup> March, 2014.

Draw up a reconciliation statement as at 31<sup>st</sup> March, 2014 showing adjustments between the pass Book and the Cash Book. (20 Marks)

Q.No.3

Explain with examples in clear terms:-

- i) "Capital Expenditure" and "Revenue Expenditure"
- ii) "Errors of Principles" and "Errors of Omission"
- iii) "Single Entry System of Accounting" and "Double Entry System of Accounting"
- iv) "Prepaid expenses" and "Accrued Income"
- v) "Manufacturing Account" and "Trading Account"

(5x4=20 Marks)

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Q.No.4

What is Trial Balance and how it is prepared ? What are the ultimate objectives of preparing Trial Balance in any organisation ? What are the errors which can not be disclosed even when the Trial Balance is tallied ?

(5+5+10=20 Marks)

Q.No.5

How do you explain depreciation ? Why there is need for providing depreciation? Differentiate between "reducing balance method of depreciation" and "Straight Line method of depreciation" elucidating with examples.

(5+5+10=20 Marks)

Q.No.6

From the following Trial Balance extracted from the books of Mr. "X", prepare Trading, Profit and Loss Account and Balance Sheet for the year ended on 31 March, 2014:-

Trial Balance

Particulars	Rs. (Debit)	Particulars	Rs.(Credit)
Purchases	15,000		
Debitors	20,000		
Interest earned			400
Salaries	3,000		
Sales			32,100
Purchases Returns			500
Wages	2,000		
Rent	1,500		
Sales Returns	1,000		
Bad debts written off	700		
Creditors			12,000
Capital			10,000
Drawings	2,400		
Provisions for Bad Debts			600
Printing & Stationery	800		
Insurance	1200		
Opening Stock	5,000		
Office Expenses	1,200		
Furniture & Fittings	2,000		
Provision for depreciation			400
Prepaid Insurance on 31.3.2014	200		

Adjustments:-

- Depreciate Furniture and fittings by 10% on original cost.
- Make a provision for Doubtful Debts equal to 5% of Debitors.

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(...3....)

- c) Salaries for the month of March amounting to Rs.300 /-were unpaid which must be provided for. The balance in the account includes Rs.200/- paid in advance.
- d) Insurance is prepaid to the extent of Rs.400/-
- e) Provide for Rs.800/- for the office expenses.
- f) Stock valued at Rs.600/- was put up by Mr. "X" to his personal use, the cost of which has not been adjusted in the books of account.
- g) Closing stock was valued at Rs.6,000/-

(20 Marks)

Q.No.7

How will you define "Double Entry System of Accounting"? What are the basic principles for the division of financial transactions for classifying and recording various transactions in set of books?

(20 Marks)

Q.No.8

Fill in the blanks with suitable and correct words:-

- i) Book keeping is an art of classifying and recording financial transactions in -----of books.
- ii) Accounting is the tool for preparation of -----statements.
- iii) Every debit entry must have a corresponding-----entry and every credit entry must have corresponding-----entry.
- iv) Debit what-----and credit what -----.
- v) Debit all assets and credit all-----.
- vi) Debit all the expenses and credit all-----and-----.
- vii) Trial balance is required to be prepared from -----accounts to check the-----accuracy of each ledger account.
- viii) Bank reconciliation statement is prepared with the entries of Cash Book and-----.
- ix) Vouchers are categorised into three categories viz; receipt, payment and ---- -----voucher.
- x) Cash book and Journal are -----books of records in "Double Entry System of Accounting.

(10x2=20 Marks)

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