

H.P. BOARD OF DEPARTMENTAL EXAMINATION

DEPARTMENTAL EXAMINATION FOR EXCISE & TAXATION OFFICERS OF  
EXCISE & TAXATION DEPARTMENT

SESSION -OCTOBER, 2014

PAPER-5 Book Keeping and Landa Script

Time Allowed: 3 Hours

Maximum Marks: 100

Notes:

- i) Attempt five questions. 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 accrual accounting? Differentiate between cash and accrual system of accounting. (20 Marks)

Q.No. 2 What do you understand by depreciation? State briefly the different causes of depreciation and bring out the need of providing for depreciation. (20 Marks)

Q.No. 3 How are the errors located through trial balance? Elaborate the errors not revealed by the preparation of trial balance. (20 Marks)

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

- i. On 15<sup>th</sup> Dec, 2011, the payment side of the cash book was undercast by Rs.100/-.
- ii. A cheque for Rs.131 issued on 25<sup>th</sup> 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 18<sup>th</sup> 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 What is a suspense Account? Is it necessary that suspense Account will balance off after rectification of the errors detected by the Accountant? If not, then what happens to the balance still remaining in Suspense Account?

(20 Marks)

Q.No. 6 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	
	<b>1,89,900</b>	<b>1,89,900</b>

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.

Q.No. 7 Explain with examples in clear terms:

(20 Marks)

- (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".

Q.No. 8 What are the reasons for disagreement between cash book balance and pass book balance?

(20 Marks)

- (i) All payments made by cash book are not recorded in pass book.
- (ii) All payments made by pass book are not recorded in cash book.
- (iii) All deposits made by cash book are not recorded in pass book.
- (iv) All deposits made by pass book are not recorded in cash book.
- (v) All cheques issued by cash book are not recorded in pass book.
- (vi) All cheques received by cash book are not recorded in pass book.

Q.No. 9 What is meant by 'Bank Reconciliation Statement'?

Q.No. 10 How do you reconcile the difference between the cash book balance and pass book balance?

Q.No. 11 How do you reconcile the difference between the cash book balance and pass book balance?

Q.No. 12 How do you reconcile the difference between the cash book balance and pass book balance?