

# Government of Himachal Pradesh

## Board of Departmental Examinations - Paper-5 April-2016

Book Keeping and General Commercial knowledge for Excise and Taxation Inspectors

Max. Marks- 100.

Time allowed:- 3 Hrs.

Note:-

1. There are overall 6 questions; Question No. 1 is compulsory; attempt any three questions out of remaining 5 questions.
2. Attempt all parts of a question in a consecutive order.
3. Maximum marks are indicated against each question in brackets.
4. No books are allowed however, use of calculator is allowed.

### Q.1

(a) We feel that the annual financial statement of a firm is an impression of exactitude. But exactly it is not so and they suffer from some serious limitations. What are those limitations?

(b) Following is the trial balance of M/s. Surinder and Co. as on 31<sup>st</sup> March 2016:

Debit Balances	Rs.	Credit Balances	Rs.
Opening Stock	2,00,000	Capital	6,00,000
Land and Building	5,00,000	Loan from Naresh @ 9%	30,000
Machinery	3,50,000	Sundry Creditors	59,600
Furniture and Fixture	60,500	Purchases returns	2,100
Purchases	1,06,000	Misc Receipts	80,000
Salaries	80,000	Sales	6,07,300
General Expenses	2,500	Bills payable	40,000
Rent	8,000	Commission	58,300
Postage and stamps	1,400		
Stationery	2,500		
Wages	26,000		
Freight on purchases	2,800		
Carriage on sales	4,000		
Repairs	4,500		
Sundry Debtors	30,000		
Bad Debts	1,000		
Cash in hand	8,000		
Cash at Bank	85,000		
Sales Return	5,100		
	<b>14,77,300</b>		<b>14,77,300</b>

Conted...2...

Following further information is there:

- a. Wages for March 2016 amounting to Rs. 2,100/ have not yet been paid.
  - b. In General expenses, annual insurance premium of Rs.600/-is paid up to 30<sup>th</sup> June, 2016.
  - c. A provision for doubtful debts @ 5% is necessary.
  - d. Depreciation is to be charged on land and building @ 2%, machinery @ 10% and furniture and fixture @ 15%..
  - e. The loan from Mr. Naresh was taken on 1<sup>st</sup> October 2015. Interest has not been paid.
  - f. The value of stock on hand on 31<sup>st</sup> March, 16 was Rs. 14900/.
- Prepare the trading, profit and loss account and balance sheet of the account. (10 + 30)

Q.2 Write brief notes on:-

- a. Bill of exchange
- b. Promissory notes
- c. Discounting of bills
- d. Renewal of bill
- e. Noting charges

(20)

Q.3

Please explain how the bank reconciliation is significant in finalizing the accounts of a concern? The Pass Book of a company as on 31<sup>st</sup> March, 2016 showed an overdraft of Rs. 2560/-.

Comparison of the Pass Book with the Cash Book showed the following discrepancies:-

- a. The company had sent to the bank three cheques on 28<sup>th</sup> Dec., 15. The cheques were for Rs. 1100/-, Rs. 1560/- and Rs. 930/-. Of these only the cheque for Rs. 1100/- was credited by the bank before 31<sup>st</sup> ~~March~~ March.
- b. The company had issued on 22<sup>nd</sup> February cheques for Rs. 820/-, Rs. 530/- and Rs. 760/-. The cheques for Rs. 760/- was paid before 31<sup>st</sup> March. The other cheques were paid on 3<sup>rd</sup> April next year.
- c. The bank had debited the company with Rs. 20/- as bank charges and Rs. 120/- as interest charged on the account. Cash book did not have these entries.
- d. The bank had collected Rs. 500/- from a customer against a bill but the fact was not yet recorded in the Cash book.

Prepare the Bank reconciliation statement of the account and show the balance appearing in the cash book of the concern. (20)

**Q.4**

What are the different methods adopted to work out the depreciation? Give a brief explanation for each method. (20)

**Q.5**

What do you understand about 'Capital Expenditure' 'Revenue expenditure' and 'deferred Revenue expenditure'. Which type of the following expenses/ income are and how?

1. Cost of air conditioning the office of the Managing Director;
2. Cost of overhauling and painting the second hand truck newly purchased;
3. Cost of annual taxes and insurance paid for the truck mentioned above;
4. Cost of re-decorating the cinema hall;
5. Cost of heavy advertisement for a new product and removal of work to a better site;
6. Advertisement to capture a share of the market;
7. Expenditure incurred to defend his right to an asset.
8. Assets converted into cash;
9. Commission received for the work done to others.
10. Temporary rooms constructed for storing raw materials for construction. (20)

**Q.6**

(a) What do you say about the importance of a trial balance in finalizing the accounts? With suitable examples list out the errors as can not be disclosed by it.

(b) Journalize following transactions:

- i. Mr. Sharma starts business with Rs. 50,000/-, deposits Rs. 20,000/- in the bank;
- ii. Received Cash Rs. 4900/- from Mr. Sandhu by allowing him discount of Rs. 100/-;
- iii. Deposited Rs. 4000/- in the bank;
- iv. Paid insurance premium of Rs. 1600/- by cheque;
- v. Goods worth Rs. 8000/- purchased from M/s. Shimla Traders on credit. (10 + 10)

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