

H.P. BOARD OF DEPARTMENTAL EXAMINATION

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

SESSION -OCTOBER, 2016

PAPER-5 Book Keeping and Commercial Knowledge

Time Allowed: 3 Hours

Maximum Marks: 100

Notes:

- i) Attempt five questions. Question No. 4 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.
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Q.No.1 What is accrual accounting? Differentiate between cash and accrual system of accounting.

(20 Marks)

Q.No.2 Explain the following in clear terms with examples:

- (i) "Return Inward" and "Return Outward"
- (ii) "Trade Discount" and "Cash Discount"
- (iii) "Errors of Principles" and "Errors of Omission"
- (iv) "Bills of Exchange" and "Promissory Note"

(20 Marks)

Q.No.3 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)

P.T.O

Q.No.4 From the following Trial Balance of Gopinath, prepare Trading and Profit and Loss Account for the year ended December 31, 2015 and Balance Sheet as on that date:

| Name of Account | Dr. Balances | Cr. Balances |
|--------------------------|-----------------|-----------------|
| | Rs. | Rs. |
| Capital | | 27,000 |
| Drawings | 4,260 | |
| Furniture | 5,700 | |
| Stock on January 1, 2015 | 8,760 | |
| Purchase and sales | 62,172 | 71,436 |
| Returns | 1,260 | 1,746 |
| Salaries | 2,640 | |
| Rent | 720 | |
| Carriage | 1,500 | |
| Rates and Taxes | 1,200 | |
| Apprentice Premium | | 750 |
| Bank Overdraft | | 1,200 |
| Bad Debts | 1,032 | |
| Sundry Debtors | 19,200 | |
| Cash in hand | 288 | |
| Sundry Creditors | | 6,000 |
| Provision for Bad Debts | | 600 |
| Bills Receivable | 1,440 | |
| Bills Payable | | 1,080 |
| Discount | | 360 |
| | 1,10,172 | 1,10,172 |

You are required to consider the following adjustments:

1. Stock on December 31, 2015 was valued at Rs. 10,200.
2. Provide for doubtful debts at 5% on Sundry Debtors and for Discount on Creditors at 2%.
3. Rent due was Rs. 160.
4. Taxes of Rs. 320 were paid in advance.
5. Depreciate Furniture at 10% per annum.
6. Apprentice Premium of Rs. 120 was to be carried forward.
7. Calculate interest on capital at 5% per annum.

(20 Marks)

Q.No.5 What are the reasons for disagreement between cash book balance and pass book balance?

(20 Marks)

Q.No.6 Define Reserve. How do we classify Reserve? What is the difference between Reserve and Reserve Fund?

(20 Marks)

Q.No.7 What is the difference between Journal and ledger?

(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)