

H.P. BOARD OF DEPARTMENTAL EXAMINATION
DEPARTMENTAL EXAMINATION FOR TREASURY OFFICERS

SESSION OCTOBER, 2016

PAPER-3 (PRINCIPLES OF ACCOUNTS)

TIME ALLOWED: 3 Hours

Maximum Marks: 100

Notes:-

- i) Attempt any five questions including Question No.1 which is compulsory.
- ii) All questions carry equal marks.
- iii) No books are allowed
- iv) Attempt all parts of the question in consecutive order.

Q.No. 1. From the following balances drawn from the books of M/s XYZ & Co. Prepare Trading and Profit and Loss Account and Balance Sheet as on 31st March, 2014:-

S.No.	Particulars	Amount (Rs.)
1.	Purchases (Dr.)	2,56,590.00
2.	Capital Account (Cr.)	1,19,400.00
3.	Sales (Cr.)	3,56,430.00
4	Plant & Machinery(Dr.)	28,800.00
5	Sundry Debtors(Dr.)	62,000.00
6	Loan Account(Cr.)	20,000.00
7	Drawings Account(Dr.)	10,550.00
8	Bills Receivable(Dr.)	9,500.00
9	Manufacturing Wages(Dr.)	40,970.00
10	Returns Inwards(Dr.)	2,780.00
11	Commission Received(Cr.)	5,640.00
12	Rent & Taxes(Dr.)	5,620.00
13	Opening Stock(Dr.)	89,680.00
14	Salaries & Wages(Dr.)	11,000.00
15	Travelling Expenses(Dr.)	1,880.00
16	Insurance(Dr.)	400.00
17	Cash in Hand(Dr.)	530.00
18	C ash at Bank(Dr.)	18,970.00
19	Repairs and Renewals(Dr.)	3,370.00
20	Interest and Discount(Dr.)	5,870.00
21	Bad Debts(Dr.)	3,620.00
22	Sundry Creditors(Dr.)	59,630.00
23	Fittings and Fixture(Dr.)	8,970.00

The Following adjustment:-

Stock on hand on 31st March, 2014 was Rs.1, 28,960.00. Create a Reserve of 5% on Sundry Debtors Charge 5% Interest on Capital. Manufacturing Wages include Rs.1,200 for erection of new machinery purchased last year. Depreciate Plant & Machinery by 5% and Fixtures and Fittings by 10% per annum Commission earned but not received amounts to Rs.600. (20 Marks)

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Q.No.2. (a) Explain carefully what do you understand by a Bank Reconciliation Statement?

(b) From the following particulars, prepare a Bank Reconciliation Statement showing the Balance as per Bank Pass Book on 31st March, 2016. The following cheques were paid into firm's Current Account in March, 2016 but were credited by the Bank into firm's Current Account in April, 2016, Chaudhary & Co. Rs.2500; Mohan & Sons, Rs.3000; and Raman Brothers Rs.2400.

The following cheques were issued by the firm in March, 2014 but were cashed in April, 2014. M.Blue, Rs.3000; N. White, Rs.5000; and C. Black Rs.3000.

A cheque for Rs.1,000 which was received from a customer was entered in the Bank Column of the Cash Book in March, 2016, but the same was paid into Bank in April, 2016. The Bank Pass Book shows a credit of Rs.2500 for interest and a debit of Rs.500 for bank charges. The Bank Balance as per Cash Book was Rs.1,80,000 on 31st March, 2016.

(10+10=20)

Q.No.3.(a) What are the advantages of Double-Entry system of Book-keeping ?

(b) If a Trial Balance disagrees, how would you proceed to localise errors? Explain in detail the steps to be taken that may prove helpful in agreement of trial balance?

(10+10=20)

Q.No.4.(a) How are the various Ledger Accounts closed at the end of each trading period ?

(b) What advantages are secured by use of Subsidiary Journals?

(10+10=20)

Q.No.5. (a) Define Capital and Revenue Expenditure .Explain carefully why it is necessary to distinguish between Capital and Revenue Expenditure?

(b) Give instances of items which although normally considered as revenue expenditure are allowed to be capitalised under certain circumstances.

(10+10=20)

Q.No.6. (a) What is Depreciation and why should it be brought into account? What are the causes of Depreciation ?

(b) Enumerate the different methods of providing for depreciation. Discuss in detail the Fixed Instalment Method and Reducing Balance Method of depreciation.

(10+10=20)

Q.No.7. State the important points of distinction between a Receipts and Payments Account and an Income and Expenditure Account?

(20 Marks)

Q.No.8. What do you understand by Books of Original Entry? Why Books of Original Entry are called Subsidiary Journals? What advantages are secured by the use of Subsidiary Journal?

(20 Marks)
