

BOARD OF DEPARTMENTAL EXAMINATION, HIMACHAL PRADESH
DEPARTMENTAL EXAMINATION FOR EXCISE AND TAXATION INSPECTORS
SESSION JUNE 2018

PAPER :5 BOOK KEEPING AND COMMERCIAL KNOWLEDGE

TIME ALLOWED: 3 HOURS
NOTE

MAXIMUM MARKS: 100

- a) Attempt any five questions.
b) All questions carry equal marks
c) Only Bare Acts and Rules are allowed. Books are not allowed, however, use of calculator is allowed.

Q. No. 1 a) Distinguish between Capital and Revenue expenditure. Explain with examples? (10)

b) Distinguish between Gross Profit, Operating Profit and Net Profit. (10)

Q. No. 2 a) Giving examples, explain each of the following accounting terms
a) Fixed Assets b) Revenue c) Expenses d) Short term liability (5x2)
e) Capital

b) Explain the meaning of accounting equation and the rules of debit and credit. (10)

Q. No.3 Record the following transactions in journal:
i) Business commenced with a capital of Rs. 6,00,000
ii) Rs. 4,50,000 deposited in a bank account.
iii) Rs. 2,30,000 Plant and Machinery Purchased by paying Rs. 30,000 cash immediately.
iv) Purchased goods worth Rs. 40,000 for cash and Rs. 45,000 on account.
v) Paid a cheque of Rs. 2,00,000 to the supplier for Plant and Machinery
vi) Rs. 70,000 cash sales (of goods costing Rs. 50,000)
vii) Withdrawn by the proprietor Rs. 35,000 cash for personal use.
viii) Insurance paid by cheque of Rs. 2,500
ix) Salary of Rs. 5,500 outstanding.
x) Furniture of Rs. 30,000 purchased in cash. (10x2)

P.T.O.

Q No 4 "The accounting concepts and accounting standards are generally referred as the essence of financial accounting". Comment.

(20)

Q No 5 From the following balances, prepare the trading and profit and loss account and balance sheet as on March, 31, 2017.

| Debit Balances | Amount in Rs | Credit balance | Amount in Rs. |
|---------------------|--------------|-----------------------|---------------|
| Drawings | 6,300 | Capital | 1,50,000 |
| Cash at Bank | 13,870 | Discount received | 2,980 |
| Bills receivable | 1,860 | Loans | 15,000 |
| Land and Building | 42,580 | Purchases Return | 1,450 |
| Furniture | 5,130 | Sales | 2,81,500 |
| Discount allowed | 3,960 | Reserve for bad debts | 4,650 |
| Bank Charges | 100 | Creditors | 18,670 |
| Salaries | 6,420 | | |
| Purchases | 1,99,080 | | |
| Stock (Opening) | 60,220 | | |
| Sales return | 1,870 | | |
| Carriage | 5,170 | | |
| Rent and Taxes | 7,680 | | |
| General Expenses | 3,630 | | |
| Plant and Machinery | 31,640 | | |
| Book debts | 82,740 | | |
| Bad debts | 1,250 | | |
| Insurance | 750 | | |
| | 4,74,250 | | 4,74,250 |

Adjustments:

- Closing stock Rs. 70,000.
- Create a reserve for bad and doubtful debts @ 10% on book debts.
- Insurance prepaid Rs. 50
- Rent outstanding Rs 150.
- Interest on loan is due @ 6% per annum.

(20)

Q 6. a) Explain the reasons where the balance shown by the bank pass book does not agree with the balance shown by the bank Column of the cash book.

(10)

Contd.

b) From the following particulars prepare the bank reconciliation statement of Shri Krishan as on March, 2017.

i) Balance as per pass book is Rs 10,000.

ii) Bank collected a cheque of Rs 500 on behalf of Shri Krishan but wrongly credited it to Shri Krishan's account.

iii) Bank recorded a cash book deposit of Rs 1589 as Rs. 1598.

iv) Withdrawal column of pass book under cast by Rs. 100

v) The credit balance of Rs 1,500 as on the pass book was recorded in the debit balance

vi) The payment of a cheque of Rs 350 was recorded twice in the pass book.

vii) The pass book showed a credit balance for a cheque of Rs 1,000 deposited by Shri Krishan

(10)

Q.7. a) What are different types of errors that are usually committed in recording business transactions? (10)

b) Distinguish between bill of exchange and promissory note. (10)

Q.8 a) What is the composition of commission under The Competition Act, 2002 and how are the members appointed? Is there any restriction on re employment of such members? (10)

b) What action can be taken on the financial establishment which defaults in return of the deposit or payment of interest on deposit under The Himachal Pradesh Protection of Interest of Depositors (in Financial Establishments) Act, 1999. (10)