

BOARD OF DEPARTMENTAL EXAMINATION HIMACHAL PRADESH

Departmental Examination for District Treasury Officers/Treasury Officers, September, 2020

PAPER 3: PRINCIPLES OF ACCOUNTS (WITHOUT BOOKS)

TIME ALLOWED: 3 HOURS

- Notes:
- i) Attempt any five questions and books are not allowed.
 - ii) Indicate the same question number and its part as assigned in the question paper while answering the same.
 - iii) All parts of a question should be attempted consecutively.
 - iv) Marks are indicated against each question.
 - v) Use of simple calculator is allowed.

Q.No.1 What is Accrual Accounting? Differentiate between Cash and Accrual system of accounting. (20)

Q.No.2 a) What are Personal, Nominal and Real Accounts? Explain various types/forms of each.
b) What are Capital and Revenue Expenditure and Receipts? Distinguish between Capital and Revenue Expenditures. (10+10)

Q.No.3 "Accounting is the art of recording, classifying and summarizing, in a significant manner and in terms of money, transactions and events which are, in part at least, of a financial character and interpreting the results thereof". In the light of the above statement, explain in detail the meaning of Accounting and also elaborate how Accounting is different from Book Keeping. (20)

Q.No.4 a) Differentiate between Journal and Ledger? Explain in clear terms the rules for balancing of Ledger Account.

b) Discuss following terms with suitable examples:
i. Intangible Assets, ii. Credit, iii. Current Liabilities, iv. Reserve and Surplus, v. Sundry Debtors. (10+10)

Q. No.5 Explain and distinguish the following terms with examples:
i) The objective of preparing Final Accounts?
ii) Non -Operating profit and Net Profit?
iii) Balance Sheet is a statement of resources raised and resources used.
iv) Intangible and fictitious assets.
v) Prepaid Expenses and Deferred Expenses. (5x4=20)

Q.No.6 The following are the balances of Mr.XYZ on 31st March,2020:

Name of the Account	Debit	Credit
Cash in Hand	540	
Cash at Bank	2630	
Purchases	40675	
Return inward	680	
Wages	8480	
Fuel and Power	4730	
Carriage on sales	3200	
Carriage on purchase	2040	
Stock (1 st April,2019)	5760	
Buildings	22000	
Freehold Land	10000	
Machinery	20000	
Investment	10000	
Patent	7500	
Salaries	15000	
General Expenses	3000	
Insurance	600	
Drawings	5245	
Sundry Debtors	14500	
Sales	-	98780
Return outward	-	500
Capital	-	62000
Sundry Creditors		6300
Rent		9000

Taking into account the following adjustments, prepare the Trading and Profit & Loss Account and Balance Sheet as on 31st March,2020:

- i) Stock on hand on 31st March,2020 is Rs.6800
- ii) Machinery is to be depreciated @10% and Patent @20%
- iii) Salaries for the month of March,2020 amounting to Rs.1500 were unpaid
- iv) Insurance includes a premium of Rs.170 on policy expiring on 30th September,2020
- v) Bad debt Rs.725
- vi) Rent received in advance Rs.1000
- vii) Interest on investment accrued Rs.2000.

(20)

Q.No.7 a) The following Trial Balance has been prepared wrongly. You are required to prepare the correct Trial Balance:

Name of Account	Debit Balance	Credit Balance
Cash in Hand		2000
Purchase Returns	4000	
Wages	8000	
Establishment Expenses	12000	
Sales Returns		8000
Capital	22000	
Carriage Outward		2000
Discount Received	1200	
Commission earned	800	
Machinery		20000
Stock		10000
Debtors	8000	
Creditors		12000
Sales		44000
Purchases	28000	
Bank Overdraft	14000	
Manufacturing Expenses		14000
Loan from Ashok	14000	
Carriage Inward	1000	
Interest on Investment		1000
	113000	113000

b) Explain the need and objectives of Bank Reconciliation statement of an entity.

(15+5)

Q.No.8 a) What is Depreciation? What are the different methods of charging Depreciation?

b) Suresh purchased plant and machinery for Rs. 50,000 on July 1, 2014. The asset was to be depreciated at the rate of 10 per cent per annum on written down value basis. The machinery was sold on January 1, 2018 for Rs. 32,000. Write up Machinery Account assuming accounting year to end on December 31 every year.

(12+8)
