

**DEPARTMENTAL EXAMINATION FOR EXCISE & TAXATION OFFICERS OF  
EXCISE & TAXATION DEPARTMENT  
SESSION - SEPTEMBER, 2020**

(PAPER -5 BOOK KEEPING AND LANDA SCRIPT)

Time Allowed: 03 hours

Maximum Marks: 100

- Notes:
- i) Attempt any five questions including Question No.I, which is Compulsory.
  - ii) All questions carry equal marks.
  - iii) Books are not allowed.
  - iv) Avoid cuttings and overwriting.
  - v) Use of simple calculator is allowed.
  - vi) Attempt all parts of questions consecutively.

**Question No. I:**

From the following Trial Balance and other information, you are required to prepare Trading and Profit & Loss Account for the year ending 31<sup>st</sup> March, 2020 and a Balance Sheet as on that date:

Particulars	(Dr.) Rs.	Particulars	(Dr.) Rs.
Drawings	6,480	Investments	30,000
Land & Buildings	25,000	Sundry Debtors	37,800
Plant & Machinery	14,270	Stock(1 <sup>ST</sup> April,2019)	26,420
Furniture & Fixture	1,250	Fire Insurance	490
Carriage Inwards	4,370	Cash at Bank	13,000
Wages	21,470	Cash in Hand	850
Salaries	4,670	Cr. Balances	(Cr.) Rs.
Sales return	1,760	Capital Account	1,20,000
Bank Charges	140	Bad Debt Provisions( as on 1.4.2019)	2,470
Coal, Gas & water	720	Sales	91,230
Rates & Taxes	840	Discount Account	120
Purchases	42,160	Purchase Returns	8,460
Bills Receivable	1,270	Sundry Creditors	12,170
Trade Expenses	1,990	Apprentice Premium	500

**Other Information:**

- i) Charge Depreciation on Land and Building Account @2.5%, on Plant and Machinery Account@10%, and on Furniture and Fixture Account @10%.
- ii) Make a provision of 5% on Sundry Debtors for doubtful debts.
- iii) Carry forward the unexpired amounts of Fire Insurance Rs.125/-, Rent Rates and Taxes Rs.240/- and Apprentice premium Rs.400/-.
- iv) Charge Rs.4, 500/- Interest on capital and Interest on Drawings is Rs.300/-.
- v) The value of stock as on 31<sup>st</sup> March, 2020, was Rs.29, 390/-.
- vi) Outstanding wages are Rs. 530/-.
- vii) Interest on Investment Rs. 3,000/- accrued.

(20Marks)

**Question No.II:**

- i) Define "Book keeping" and "Accounting". Distinguish between "Book Keeping" and "Accounting". (10 Marks)
- ii) Is the agreement of a Trial Balance a conclusive proof of the accuracy of ledger accounts? If not, what are the errors which remain undetected by the trial balance? (10 Marks)

**Question No.III:**

- i) What do you mean by a Bank Reconciliation Statement? Explain the reasons on account of which the balance as shown by the Pass Book does not agree with the balance as shown by the Bank Column of the Cash Book. (10 Marks)
- ii) The Bank Pass Book of Account No.1 of Mr. "X" showed an overdraft of Rs.33, 575/- on 31<sup>st</sup> March, 2019. On going through the Pass Book, the Accountant found the following:
- a) A cheque of Rs.1, 080/- credited in the pass book on 28<sup>th</sup> March being dishonoured is debited again in the pass book on 1<sup>st</sup> April, 2019. There was no entry in the cash book about the dishonour of the cheque until 15<sup>th</sup> April.
  - b) Bankers had credited his account with Rs.2, 800/- for interest collected by them on his behalf, but the same had not been entered in his cash book.
  - c) Out of Rs.20, 500/- paid in by Mr. "X" in cash and by cheques on 31<sup>st</sup> March, cheques amounting to Rs.7, 500/- were collected on 7<sup>th</sup> April.
  - d) Out of cheques amounting to Rs.7, 800/- drawn by him on 27<sup>th</sup> March a cheque for Rs.2, 500/- was encashed on 3<sup>rd</sup> April.
  - e) Banker seem to have given him wrong credit for Rs.500/- paid in by him in another account No.2 and a wrong debit in respect of a cheque for Rs.300/- against his another account No.2.
- Prepare Bank Reconciliation Statement on 31<sup>st</sup> March, 2019. (10 Marks)

**Question No.IV:**

Explain in detail the Double Entry System of book keeping underling the basic principles to be kept in view for classifying and recording various transactions. What are its advantages? (12+8 =20 Marks)

**Question No. V:**

A manufacturing Company purchased, on 1<sup>st</sup> January, 1995, certain machinery for Rs.19,400/- and spent Rs.600/- on its erection. On 1<sup>st</sup> July, in the same year additional machinery costing Rs.10,000/- was acquired. On 1<sup>st</sup> July, 1997, the machinery purchased on 1<sup>st</sup> January, 1995, having become obsolete, was auctioned for Rs.8,000/- and on the same date new machinery was purchased at the cost of Rs.15,000/-.

Depreciation was provided annually on 31<sup>st</sup> December at the rate of 10% per annum on the original cost of the asset. In 1998, however, the firm changed this method to one of writing off 15% on the written down value.

Give the Machinery Account as it would stand at the end of each year from 1995 to 1999. Make your calculations to the nearest rupee.

(20 Marks)

**Question No.VI :**

- i) Give journal entries for the following transactions in the books of Vikram :  
2020

Date	Description	Rs.
Jan. 01	Started business with: Cash Goods	1,00,000 25,000
Jan.02	Bought furniture in cash	75,000
Jan.03	Purchased goods from Sohan for cash	20,000
Jan.04	Sold goods to Lal Chand	31,800
Jan.05	Returned defective goods by Lal Chand	1800
Jan.09	Received cash from Lal Chand and discount allowed	29,000 1,000
Jan.11	Roshan Lal purchased goods from us	9,000
Jan. 14	Lent to Pawan	2,000
Jan. 16	Paid cash to Jai Stores and Discount allowed by them	6,890 110
Jan.17	Purchased goods from Raj, list price Rs.20,000 less 20% trade discount	
Jan. 20	Paid to Raj	12,000
Jan.22	Cash sales	7,500
Jan.24	Bought table fan for domestic use	1,250
Jan.30	Paid salary Rs.5,500 and Trade Expenses Rs.300	
Jan.31	Received Rent Received Interest	4,000 2,050

(15Marks)

- ii) What is "Landa Script"? Briefly explain its relevance in the present context.

(05Marks)

**Question No.VII:**

Fill in the blanks with suitable and correct words:

- i) The business equity concepts implies that a business unit is \_\_\_\_\_ from the persons who supply capital to it.
- ii) Goods distributed as free samples should be debited to \_\_\_\_\_ Account.
- iii) The basic rule of book keeping, "debit the receiver and credit the giver is applicable to \_\_\_\_\_ Accounts.
- iv) Goods of the value of Rs. 15,000/- taken by the proprietor for his personal use should be debited to \_\_\_\_\_ Account.
- v) While preparing Bank reconciliation statement, cheques paid into bank but not yet cleared are \_\_\_\_\_ to the balance as per Cash Book to arrive at the balance as per Pass Book.
- vi) Legal expenses in raising a debenture loan are \_\_\_\_\_ expenditure as the same are incurred for obtaining loan for the business.
- vii)  $\text{Gross Profit} + \text{Opening Stock} + \text{Purchases} + \text{Direct Expenses} - \text{Sales} = \underline{\hspace{2cm}}$ .
- viii) An incomplete form of double entry can be termed as \_\_\_\_\_ entry system.
- ix) The left hand side of any account is arbitrarily called the \_\_\_\_\_ side, and the right hand side is called \_\_\_\_\_ side.
- x)  $\text{Capital} = \underline{\hspace{2cm}} (-) \underline{\hspace{2cm}}$ .

( 20 Marks)

**Question No.VIII:**

**Explain the following with examples in clear terms:-**

- i) "Cash system of accounting" and "Mercantile system of accounting".**
- ii) "Current Assets" and "Fictitious Assets".**
- iii) "Cash Discount" and "Trade Discount".**
- iv) "Current Liabilities" and "Fixed Liabilities".**
- v) "Capital Expenditure" and "Revenue Expenditure".**

**(4Marks X5 =20 Marks)**

