

BOARD OF DEPARTMENTAL EXAMINATION HIMACHAL PRADESH
DEPARTMENTAL EXAMINATION FOR DISTRICT TREASURY OFFICERS/TREASURY OFFICERS

MAY 2021

PAPER 3 PRINCIPLES OF ACCOUNTS (WITHOUT BOOKS)

TIME ALLOWED : 3 HOURS

MAXIMUM MARKS :100

Notes:

1. Attempt any five questions. All questions carry equal marks.
 2. Books are not allowed but use of calculator is allowed.
 3. Indicate the same question number and its part as assigned in the question paper while answering the same.
 4. Marks are indicated against each question.
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Q. No 1. Define the followings:

- a) Assets
- b) Liabilities
- c) Capital
- d) Income
- e) Expenditure (5x4)

Q. No 2. a) What is Double Entry System of Book Keeping? Enumerate its advantages and disadvantages. (10)

b) Journalise the following transactions on dated 5th April, 2021:

- 1) Business started with cash Rs. 1,50,000.
- 2) Goods purchased from Manisha Rs. 36,000.
- 3) Stationary purchased for cash Rs. 2,200.
- 4) Open a Bank account with SBI for Rs. 35,000.
- 5) Goods costing Rs. 1,500 given in charity. (5x2)

Q. No 3. a) Trial balance is not a conclusive proof of the accuracy of the books of Accounts? What are the errors that remains undetected inspite of its agreement? (10)

b) What do you understand by Ledger? Give advantage of Ledger (10)

Q. No 4. a) What is Bank Reconciliation Statement and why is it prepared? (10)

b) Prepare a Bank Reconciliation Statement from the following particulars as on 31st July, 2020

- | | |
|---|------------|
| a) Balance as per Cash Book (Dr) | Rs. 26,000 |
| b) Cheque paid into Bank but not collected | Rs. 11,800 |
| c) Cheques issued but not presented for payment | Rs. 11,600 |
| d) Interest allowed by the Bank | Rs. 2,200 |
| e) Bank Commission Charged by the Bank | Rs. 225 |
| f) Insurance premium paid by the Bank | Rs. 1,375 |
- (10)**

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Q. No 5. a) What are the objects of making provisions for the depreciation on the fixed assets in business? (10)

b) What is the difference between Fixed installment System and Reducing Balance Method of Depreciation? In what circumstances the Reducing Balance Method is more suitable in comparison to the first method? (10)

Q. No 6 a) What is the meaning of reserves? What is the need of Reserves? What are the differences between Reserves and Provisions? (10)

b) What is the difference between trial balance and balance sheet? Why balance sheet is prepared? (10)

Q. No 7 From the following Trial Balance taken from the Books of Sohan, Prepare Trading and Profit and Loss A/c for the year 31st March, 2017 and balance sheet as on that date.

Account Title	Amount (Rs.)	Account Title	Amount (Rs.)
Purchases	9,600	Capital	12,000
Bad debts	400	Sales	20,025
Wages	1,250	Purchase Return	575
Salaries	1,775	Reserve for bad debts	650
Sales return	325	Discount	500
Travelling Expenses	275	Creditors	5,000
Administrative Expenses	325	Bills Payable	1,250
Trade Expenses	675	Bank Overdraft	2,000
Interest	1,825		
Building	10,000		
Debtors	6,000		
Furniture	4,000		
Cash	3,000		
Stock	2,550		
	42,000		42,000

Additional Information: i) Stock on 31st March 2017 was Rs. 7,000 ii) Depreciate Building by 5% and Furniture by 10%. iii) Increase a Reserve for bad and doubtful debts by 5% on debtors, iv) Outstanding expenses were: Salaries Rs, 500, Wages Rs 250, Trade Expenses Rs. 100, and Commission earned but not received was Rs. 225. (20)

Q No 8 What is Accrual Accounting? What is difference between Accrual Accounting and Cash Accounting? Elucidate your answer with examples? (20)