

**HIMACHAL PRADESH PUBLIC SERVICE COMMISSION**  
**SAS (HPSEB) (PART-II)-EXAMINATION –JULY,2015.**  
**ADVANCE ACCOUNTS AND AUDITING**  
**(PAPER-VI) (WITHOUT BOOKS)**

Time:- 3 hours

Maximum Marks:200

**NOTE:** Attempt five questions including question No.I, which is compulsory and carries 60 marks.

All other questions carry 35 marks each .

**Q.No.1(a)** Prepare a trading and profit and Loss Account from the following Trial Balance for the year ending 31<sup>st</sup> March, 1993 after taking into account the necessary adjustments. Also prepare Balance sheet as on that date:-

	Dr.	Rs.	Cr.	Rs.
Cash in hand		7400	-	
Office Expenses		7500	-	
P.V Misra's Drawing Account		17000	-	
Free- hold property		65000	-	
Loose Tools		7000	-	
P.V Misra's Capital Account	-		2,58,000	
Purchases		95000	-	
Office Rent		7600	-	
Plant and Machinery		1,05000	-	
Factory Lighting		6600	-	
Salaries		17000	-	
Bill Payable		-	20000	
Office furniture and fixtures		10000	-	
Freight and duty		14000	-	
Bad debts		5600	-	
Returns outwards	-		11000	
Provisions for doubtful debts	-		10800	
Gas and Fuel		7700	-	
Discount account		6200	-	
Insurance charges		6600	-	
Wages		37000	-	
Post and Telegrams		6400	-	
Sundry creditors			50000	
Sales			2,21000	
Sundry debtors		31600	-	
Loan to P. Prasad@5%P.A		40000	-	
Stock on 1 <sup>st</sup> April , 1992		40000	-	
Interest on Loan to P.Prasad	-		1000	
Cash at Bank		31600	-	
		5,71,800		5,71,800

**Adjustments:-**

- i) The sales Manager is entitled to Commission of 5% on net proceeds before charging such commission.
- ii) Salaries Rupees 5600 and wages Rupees 6600 were out-standing.
- iii) Stock on 31<sup>st</sup> March, 1993 was Rupees 76,000/-.
- iv) Of the sundry debtors Rupees 5600 are bad and is to be written of.
- v) Insurance prepaid was 5400.
- vi) Create provision of 5% on sundry debtors for doubtful debts and 2% for discount on debtors.
- vii) Create a reserve of 2% for discounts on debtors.
- viii) A new machine was purchased and installed on 1<sup>st</sup> January, 1993 valued at Rupees 19000. No payment was made in the accounts. The Amount of Rupees 6000 for its erection was debited to wages Accounts.
- ix) Plant and machinery is to be depreciated at 10% p.a.; free hold property at 2% p.a and furniture and fixture by 5% p.a.
- x) On 31<sup>st</sup> March, 1993 the loose tools were valued at Rupees 6600.

(50Marks)

**Q. No. 1 (b) How would you rectify the following errors:-**

- (1) A sale of goods of the value of Rs. 250/- to R-Robrt has been wrongly debited to Robertson and Co.
- (2) A purchase of Rs. 150/- from S. Narayan, instead of being credited to him from the Invoice Book, has been wrongly debited to him.
- (3) Cash Rs. 75/- received from P. Basu and entered on the receipts side of the Cash Book has not been posted.
- (4) A payment of Rs. 25/- made to J. Jones for cash purchase of goods from him stands debited to his account.
- (5) A payment of Rs. 500/- in respect of salary has been posted twice to salaries accounts.

(10 marks)

**Q. No. 2 (A) From the following receipts and payments account of a club prepare Income and Expenditure account for the year ended 31<sup>st</sup> December, 1995 and a balance sheet as on that date:-**

**Receipts and Payments Accounts**

Dr	Rs.	Cr.	Rs.
To balance b/d	7000	By tournament Expenses	1100
To donation for building	8000	By furniture	4000
To Legacies	6000	By Sports materials	1200



To sale of old furniture( Book Value Rs. 80)	75	By Salaries	8300
To Endowment Fund Receipts	10000	By charities	8000
To Miscellaneous	3580	By Advance to contractor	5000
To General Donators	200	By Creditors 1996	400
To Tournament fund	1500	By electric Installation	3000
To subscription 1994 600 1995 14000 1996 800	15400	By Postage	700
		By Bar Expenses	1600
		By 7 % investment made on 01-07-1995	10000
		By Balance	8455
	51755		51,755

**Adjustments:**

Balance on 31-12-1995:

- (ii) Sports material Rs. 100 Bar Stock Rs. 120 and Postage Rs. 20.
- (iii) Salary outstanding on 31-12-1995 Rs. 50, salaries paid included Rs. 80 for 1994 and Rs. 10 for 1996.
- (iv) Investment included investments out of the building donation fund Rs. 8000/-
- (v) Building fund in the beginning was Rs. 6000/-

(30 marks)

**Q. No. 2 (B) What is Bank Reconciliation statement?**

(05 marks)

**Q No. 3. Write short notes on the following:-**

- (a) Good will (b) Bill of Exchange
- (c) Floating Assets (d) Idle Time
- (e) Labour Turnover

(35 marks)

**Q. No. 4. Distinguish between the following:-**

- (i) Trade discount and Cash discount
- (ii) Reserve Fund and Reserve Account
- (iii) Capital and Revenue Expenditure

- (iv) Transfer of shares and forfeiture of shares.  
(35 marks)

- Q. No. 5 (A) What is meant by term "On cost"?  
(B) What are different methods of allocation of factory on cost?  
(35 marks)

- Q. No. 6 (A) What steps would you take to check Receipts on account of the following:-  
(a) Cash sales (b) Interest and dividend from Investment  
(c) Sales of investments (d) Book-debts realized, and  
(e) Club subscriptions.  
(25 marks)

- Q. No. 6 (B) What is "Depreciation" ? what is the significance of charging Depreciation in accounts.  
(10 marks)

- Q No. 7 (A) What is Balance sheet? What information is it supposed to give? How does it differ from a Trial- Balance ?  
(25 marks)

- Q No. 7 (B) What are bad Debts and how should they be treated? How should you deal with any Bad Debt written off and subsequently recovered?  
(10 marks)

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