

AAO LDCE 2022
Paper I Financial Rules and Procedures & Book-Keeping

Maximum Marks-100

Time- 3 Hours

Instructions to Examinees:

1. This question paper contains three parts A, B and C. Part A has one question which is compulsory. Part B has three questions out of which any two are to be answered. Part C also contains three questions out of which any two are to be answered.
2. Marks of each question are shown against it.
3. In case of omission of any facts from the question so material that it prevents you from forming a conclusive opinion, please state so with your reasons in the answer sheet.

Part-A:

Compulsory Question (Based on Book-Keeping)

- Q1) i).** Trial Balance of a company Mangrove Ltd. for the financial year 2020-21 is shown in the table below. Prepare a Profit and Loss Account for the year ending March, 2021. –

(12 Marks)

| Debit Balance | Amount(INR) | Credit Balance | Amount(INR) |
|-------------------------------------|--------------------|--|--------------------|
| Land | 26,96,000 | Equity share capital | 8,00,000 |
| Plant & Machinery | 6,40,000 | Preference share capital | 4,00,000 |
| Depreciation on Plant and Machinery | 64,000 | 10% debentures (Issues on 1 st April, 2020) | 4,00,000 |
| Purchases (adjusted) | 16,00,000 | Sales | 40,00,000 |
| Closing Stock | 6,00,000 | Bank Overdraft | 8,00,000 |
| Wages | 4,80,000 | | |
| Salaries | 3,20,000 | | |
| Total | 64,00,000 | Total | 64,00,000 |

Note: Debenture is a debt instrument and interest payable on debenture is an expense.

- ii) Calculate the Net worth of the Company. –

(8 Marks)

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Part B

(GFR 2017 & P&T FHB Vol. 1-2022 Edition based)

Q2) i). What are the General Principles for Contract according to General Financial Rules, 2017? (200-250 words) (7 Marks)

ii). Define Cost Plus Contract and Price Variation Clause. Whether Price Variation Clause must invariably be provided in Cost Plus Contract? (200-250 words) (8 Marks)

iii). Write True or False. (Each carries one mark)

- a) In Two Stage Bidding, Technical bid and Financial bid are received simultaneously.
- b) In the case of Open tendering, the minimum time to be allowed for submission of bids is three weeks.
- c) For purchase of goods, Limited Tender Enquiry process may be adopted even where the estimate value of the procurement is more than Rupees Twenty-Five lakhs in specific circumstances.
- d) In case of a limited tender enquiry to purchase goods, an organisation sends bidding documents to 10 registered suppliers A, B, C, D, E, F, G, H, I, and J. Three unsolicited bidders K, L and M also participated in the bidding. The organisation can reject the bids of K, L and M.
- e) PAC stands for Proprietary Article Certificate and to be provided while making procurement from a single source.

Q 3) Write short notes on any four of the following: (100-150 words each)(Each carries 5 Marks)

- i). Various contents of Annual Financial Statements laid before the Parliament.
- ii) What is Non-Tax Revenue? Give brief explanation of 'Dividends and Profits' as non-tax revenue.
- iii) Define "Capital Expenditure" and "Revenue Expenditure". Give two examples of each.
- iv) Important points for disbursing officer while verifying the cash book as per P&T FHB Vol. I.
- v) Match the following items of Column A with Column B according to P&T FHB VOL. I

| A | B |
|------------|--|
| Appendix-1 | Rules regarding the preparation of Last Pay Certificate in case of transfer on duty, or of return from leave |
| Appendix-2 | Different classes of receipts exempted from stamp duty |
| Appendix-4 | Rules regulating the purchase of stationery stores for the public service |
| Appendix-5 | Instructions for regulating the enforcement of responsibility for losses etc. |
| Appendix-8 | Miscellaneous rulings relating to office expenses |

vi) Explain the procedure of Remittances between two Head Post Offices.

Q 4) Attempt all four parts (100-150 words each) (Each carries 5 Marks)

- i). What are the conditions for changing date of birth of a Government servant?
- ii). Explain Government of India's decision on maintenance of service book in duplicate. Is Aadhar number of Government servant required to be included in service book? (3+2)
- iii). Define 'Contingent Charges' or 'Contingencies'. What are different classes of contingencies? (3+2)
- iv). What does SDBS stand for? What are the eligibility criteria for Gramin Dak Sevaks to join SDBS? Write down monthly subscription in case of SDBS. (2+3)

Part C

(Accounting Principles, Book-keeping & Govt. Accounting Rules based)

Q 5) i). Define Depreciation. What is the subject matter of depreciation? Mention the two main methods of calculating depreciation amount and also selection criteria of appropriate method. (10 Marks) (4+2+2+2)

ii). Anil Oberoi, a small entrepreneur purchased a Maruti Suzuki Ciaz car for his office, costing Rs. 10, 50,000 (Ten lakhs fifty thousand) in April, 2021. The useful life of the car is 9 years, and net residual value is estimated to be Rs. 70,000 (Seventy thousand) at the end of 9 years. Calculate the annual depreciation amount and rate of depreciation (Use Straight Line Method). **(10 Marks)**

Q 6) Write short note on any four of the following: (150-200 words each) (Each carries 5 Marks)

- i) Proforma Accounts
- ii) Major, minor and detailed heads of accounts.
- iii) Explain Timing Differences for Reasons of difference between bank balance as per cash book and passbook of an organisation.
- iv) Meaning and objectives of Trial Balance.
- v) Types of errors and steps taken to rectify one-sided errors using Suspense Account.
- vi) Objectives of Financial accounting.

Q 7) i). Details of transactions of M/s Garg Traders for the month of April 2021 are given in the following table. Record the transactions in a single-entry cash book or prepare a Receipt and Payment Account for the month of April 2021. **(10 Marks)**

| Date 2021 | Details | Amount (in INR) |
|-----------|---|-----------------|
| April 1 | Cash in hand | 90,000 |
| April 5 | Cash received from Rohit Rampal | 24,000 |
| April 8 | Insurance's Annual Instalment paid | 8,000 |
| April 14 | Purchase of office furniture | 25,900 |
| April 16 | Sold goods to Virat for cash | 50,000 |
| April 17 | Purchased goods from Rajendra in cash | 36,000 |
| April 20 | Purchase of stationary | 5,200 |
| April 24 | Cash paid to Sheela in full settlement of Account | 20,000 |
| April 26 | Sold good to Kailash for cash | 30,000 |
| April 30 | Paid monthly rent | 11,000 |
| April 30 | Paid salary | 6,500 |
| April 30 | Deposited in bank | 15,000 |

ii). A very short-answer type question. Answer in 35-50 words (2-3 lines). (Each carries 2 marks).

- a) What is Accounting Equation?
 - b) What is a Journal?
 - c) Define Ledger.
 - d) Define cash book.
 - e) What is Business entity concept?
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