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Ques no. 1

(a)

Procedure for procurement of Emergency/Spot purchases of items of stationery, uniform etc and printing of forms as per Expense Accounting Manual:-

- 1) The User Department shall in case of critical items required urgently and for which no stock is available with the P and S Section/Stores, obtain a non availability certificate.
- 2) Submit proposal for the purchase of items/printing work through Spot Purchase Committee to the Competent Authority for approval giving the following information:-

- Material required with quantity and approximate cost
- Reference to indent placed earlier
- Latest status of procurement action on the indent
- Whether the material required is borne on rate contract
- Whether material required is a proprietary item.
- Reasons of urgency
- from which station the material is proposed to be purchased/printing work got done.
- Anticipated further requirement, if any and action taken to arrange the same.
- The Competent Authority shall scrutinize the proposal and constitute Spot Purchase Committee as per provisions of Purchase Regulation.
- The Spot Purchase Committee shall Visit the market and collect quotations from the suppliers/printers. The number of quotations to be collected will be accordance with Limited Tender Procedure suitably abridged to enable award of Purchase Order/ contract on the spot
- Prepare a comparative statement. Determine and approve the lowest market rate where rate other than the lowest is approved, record reasons. Sign the quotations, connected document and comparative statement
- Place purchase order on the approved tenderer
- If material is available ex-stock, collect the material. Get the Receipt Note (RN) prepared
- Drawing and Disbursing officer shall pass the supplier's bill and issue cheque for payment.

- Drawing and Disbursing officer on Return to office, have Bank Payment Voucher (BPV) prepared and approve it. Follow procedure as per Cash and Bank Manual to have the cheque issued accounted for in the Cash Book.
- Spot Purchase Committee, In case material is not available ex-stock, issue delivery instructions to the supplier. Follow normal procedure for receipt, inspection and accounting of material and making payment there against.

(b)

BORROWINGS AND INVESTMENTS

INTEREST ON BORROWINGS

- 1) Provision shall be made every year for the interest on all borrowings including State Government loans whether such interest is due or not and whether such interest is actually paid or not. In the event of Interest payment to State Government, not being affected in pursuance of Section - 67A of the Act, the same may be considered as deferred liability. The deferred liability in such cases only means deferment of payments and not deferment of the charge to Revenue Account.
- 2) Total interest cost for the year including interest on State Government loans shall, subject to capitalization of a portion of interest as per paragraph (3) be charged to Revenue Account for the year.
- 3) A portion of the interest on borrowings which relates to financing of capital work-in-progress up to the stage of commissioning shall, if so directed by Central Govt. be capitalized in accordance with the rules.

Cost Relating to Borrowings

- 1) Guarantee charges, commitment charges and legal charges stamp duty for loan agreements, debenture trust deeds, bonds or debentures shall be charged to revenue in the year in which the costs are incurred. Provision shall be made at the year-end for the above costs for the year which have accrued but are not paid.
- 2) Discount & Redemption Premium on Bonds etc: Discount on issue of bonds, debentures or other securities offered by a Board shall be charged to Revenue of the year in which the bonds/ debentures are issued.

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- 3) Premium, if any payable on redemption of bonds, debentures or other securities shall also be charged to Revenue Account in the year in which premium becomes payable.

Treatment of Income and Investments

- 1) Income from investments shall be credited to the Revenue Account for the year in which the income has accrued. However, if the investments are held as earmarked investments against any Fund such as Pension Fund, Gratuity Fund etc., the income from such investment may be credited directly to the respective Fund.
- 2) Provision shall be made for the income from Investments (whether to be credited to Revenue Account or a Fund) which has accrued but not received by the Board.

Investments to be recorded at Cost

Investments shall be recorded in the books of accounts at actual cost of acquisition including transfer charges, stamp duty etc. No adjustment shall be made for the excess or shortfall of the cost over the face value of the investments.

Treatment of Loss/Gain relating to Investments

Gain on sale of investments shall be credited to the net Revenue and Appropriation Account. Similarly if any Redemption premium is received on maturity of securities, the same shall also be credited to Net Revenue and Appropriation Aunt. Loss on sale of investments shall be debited to Net Revenue and Appropriation Account. In case of investments against a Fund, the credit for the gain or debit or the loss shall not be given to the Revenue Account but to the respective Fund Account itself.

Ques no. 2**(a) Issue of Materials to Contractors**

The issue of material to contractors who have contracted for complete items of work is generally permissible only in the following circumstances:-

- (i) When it is necessary to retain in the hands, of the Board the supply of imported materials;
- (ii) When, in the interest of work, or with the object of utilizing existing stock of materials, it is desirable to retain in the hands of the Board the supply of certain other material as well, and a condition to this effect has been inserted in the contract
- (iii) In both cases the contract should specify (1) the materials to be supplied by the Board for use on the work. (2) the place or places of delivery and (3) the rate (including the storage rates When the materials are to be issued from stock) to be charged to the contractor for each description of materials; and the contractor should be held responsible for obtaining from the Board all such materials required for the work and making payment therefore, by deduction from this bills at the rates specified, regardless of fluctuations in the market rates or in the stock rates of the division.
- (iv) The rates including the storage rates when the materials are to be issued from stock, be debited to the contractor for materials to be supplied should be definitely specified, vague quotations. e.g. at stock rates." being avoided: and if intending contractors had been told that the materials would be supplied at a certain rate and asked to tender on that assumption then that rate should be adhered to in the contract.
- (v) Similarly, the rates to be allowed to the contractor for items of work, should be definitely stated. But if for any special reason, the contract provide for the Payment for work done to be made at a specified percentage below or above the rates entered In the sanctioned estimate or the work (or the schedule of Rates). It should be stated in clear terms in the contract that the deduction or additions. As the case may be, of the percentage will be calculated on the gross, and not the net amounts of the bill for the work done and in fixing the percentage it should be borne in mind that the calculation will be so made.

- (vi) No carriage or incidental charges are borne by the Board for moving the material, beyond the place where the contractor has agreed to take delivery thereof.
- (vii) As a general rule no other materials should be supplied to contractors for use on works, but the restriction may be waived by the Sub-Divisional Officer in respect of petty issue (at full issue rates) of materials from existing stocks, not exceeding Rs. 50 in any month for any other contract.
- (viii) If at any time subsequent to the execution of a contract on a through rate basis, the contractor desires the issue to him, for use on a work, of materials which exist in the Board stocks but the supply whereof by the Board was not provided for in the contract, the materials should not be issued except with the express authority of the Divisional Officer who would specify in each case the rate to be charged for the materials inclusive of delivery at the place where they are stored. The rate charged should be the market rate prevailing at the time of the supply or the issue Rate, whichever may be greater and should include the storage charges. No carriage or incidental charges should be borne by the Board in connection with the supply.
- (ix) Issue of stock materials to contractors for bonafide use on work are exempt from the usual charge of 10 percent on account of supervision which is made when stock materials are sold to the public.

(b) Supply cum erection works (Turnkey jobs) for which a lump sum contract is given, is defined as a contract for complete work which a contractor agrees to execute with all its contingencies in accordance with drawing & specification for a fixed sum subject to such conditions as may be laid down by the Board. These refer to those contracts which include erection/Installation of the equipment supplied.

The following being its essential characteristics:-

1. A schedule of rates is specified in order to regulate the amount to be added to or deducted from the fixed sum on account of additions and alterations not covered by the contract.
2. Except as provided in above (1) no allusion is made in the contract to departmental estimate or the work, schedule of rates or quantities of work to be done.

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3. Detailed measurements of the work are not required to be recorded except in respect of additions and alterations.

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Ques no. 3

(a)

Sr. no.	Event	Source Document	Ledger	
			Debit	Credit
1	Imprest/Initial Payment/Replenishment	Imprest Cash A/c/Cash payment vr./Cash book/ monthly abstract of cash book	Permanent Imprest Account (24.210)	Cash in Hand (24.110)
2	Adjustment of Imprest	Imprest Cash A/c/Journal Voucher	Relevant Account Head	Permanent Imprest Account (24.210)
3	Temporary Advance- Payment of Advances	Application for temporary advance/cash payment voucher/cash book/monthly abstract of cash book	Temporary Imprest with staff (24.220)	Cash in Hand (24.110)
4	Temporary Advance- Payment/Receipt of refund/recoverable amount	Temporary Advance cash account CPV/CRB/CB/ monthly abstract of CB	Advances/Cash in Hand	Cash in hand/Temporary advances
5	Cheque payment at the divisions by DDOs at the time of drawal of cheques	Bank payment vr./cash book/monthly abstract of cash book	Relevant account head	Cheques account issued (24.403)

(b) Following Procedure is adopted for granting Temporary Advance as per Cash and Bank Manual:-

- 1) Concerned Employee, as and when, shall prepare an Application cum Authorisation Slip for temporary advance on prescribed format.
- 2) Concerned Employee shall submit the application to the competent authority.
- 3) Competent Authority, as and when, shall scrutinize Application cum Authorisation Slip and ensure that the employee is entitled to draw temporary advance. Approve the same if in order.
- 4) Competent Authority on the same day shall return the Application cum Authorisation Slip to the SDC/Divi.Suptd./Superintendent.
- 5) SDC/Divi.Suptd./Supdt. shall receive application for temporary advance and see that the same has been authorised by the competent authority.
- 6) SDC/Divi.Suptd./Supdt., on same day, shall check balance of any earlier advance outstanding in the name of Employee with the Temporary Advances Register and cross tally with balances indicated in the application.
- 7) SDC/Divi.Suptd./Supdt. shall, on same day, prepare a CPV for the authorised amount debiting temporary advances. Stamp the application 'passed for payment', attach to CPV and get it signed from the officer concerned and hand over CPV to the concerned employee.
- 8) Official Handling Cash, as and when, shall receive CPV from concerned employee. Check that supporting application has been approved for payment. Make payment to employee after taking acknowledgement of receipt on the voucher.
- 9) Accounts Section, at the end of the month, shall prepare a schedule of balances in respect of each temporary advance holder from the Temporary Advance Register.
- 10) Account Section, at the end of the month, shall reconcile the total of the schedule of balances of temporary advances with the balances as per general ledger.
- 11) Competent Authority, at the end of the month, shall Review the Temporary Advance Register to ensure that all advance holders submit accounts regularly. In case of

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advance holders who do not submit account regularly, take necessary action to get them to submit their imprest/advance cash account.

Ques no. 4

(a) Accounting procedure as per CEFA for:-

(1) Dismantlement without Replacement

Before any permanent work, including service connection is dismantled without replacement sanction of the competent authority to its dismantlement and write off should be obtained in writing. In making the applications for sanction, detailed reasons necessitating and justifying the dismantlement should be stated for the information of the controlling authority, where it has been necessary to dismantle a work because it has ever been used or has been used very little, the circumstances under which it was originally constructed should be stated.

(2) The cost of dismantlement should be debited to the annual maintenance estimate of the scheme concerned provided the expenditure involved on dismantlement does not cause any excess over the estimate. Otherwise a special estimate debitable to GH-77.5 should be framed and sanctioned by the competent authority to cover the expenditure.

(3) Immediately after a work is dismantled an inventory of all materials dismantled, whether in serviceable condition or not, should be prepared and entered in Form No. CE-43 Register of dismantlement by the official in charge of dismantling the work. The inventory should be verified by the Sub Divisional Officer who should add his dated initials to the register in token of the verification.

(4) The accounting entries in regard to work dismantled shall be as under :—

- (i) Original value of the Asset (estimated if not known) shall be credited to GH-10 (account code concerned)
- (ii) Accumulated depreciation shall be debited to GH-12 (account code concerned).
- (iii) write down value of the asset shall be debited to GH-16 (account code concerned)

(5) Serviceable materials/scrap shall be transferred to stores. The credit on account of aforesaid material/crap when received from stores organization shall be credited to GH-

16 (account code concerned). The balance debit under GH-16 if any shall be charged to Revenue (account code 77.7). If there is any gain the same upto the amount of depreciation provided shall be credited to account code 62.4. The excess gain over the original value of the work/asset shall be credited to capital Reserve (account code 56.2).

B. Dismantlement for the purpose of improvements or replacements

(1) In the case of permanent works/assets including service connections to be dismantled for the purpose of improvement, or major replacement, the estimate should provide for the cost of dismantlement of existing work in addition to the cost of new works and be sanctioned by the competent authority. The expenditure on improvement/replacement work shall be allocated under GH-14 Work-in-progress. The dismantlement charges will be debited to Revenue (Account code 77.5).

(2) The accounts of work/asset dismantled will be adjusted as per entries given in paras above.

(3) Expenditure on minor replacement shall be charged to Revenue as R & M expenditure.

Note:-Minor replacement is defined as replacement if any asset or part of the asset for which a separate fixed record is not required to be maintained

(4) Materials recovered from minor dismantlement shall be entered in Form No. CE.43 Register for dismantlement and checked by the SDO.

(5) The value of dismantled serviceable materials returned to stores shall be credited to account code 62.4 Gain on Sale of fixed assets.

(b) 1. Material related Costs Chargeable to works

(i) All material related costs recorded at an accounting unit under which only capital construction activities are carried out shall be charged to capital works.

(ii) At a location under which capital construction as O & M activities are being carried out, only the following costs shall be charged to works:

- Inland freight on imported capital equipment.

- Freight on local capital equipment.
- Testing charges-capital equipment.
- Incidental stores expenses-capital equipment.
- Octroi on capital equipment.
- Advertisement for tenders etc. for purchase of capital equipment.

2. Employee costs of Boards' staff and employee costs chargeable to works .

All employee costs in respect of construction units shall be fully charged as cost of capital assets.

For an O & M cum capital unit, the procedure for accounting employee costs shall be as follows:-

- Work-charged employees and daily labor working on capital works-monthly payments such as salaries/wages, allowances, overtime & other allowances shall be capitalized. Bonus and monthly contribution to Provident Fund scheme should also be capitalized,
- Additional emoluments (e g. project allowance) to O & M Staff for working additionally on a capital project shall be recorded in a separate account on accrual and shall be fully capitalized.
- A separate pay roll shall be prepared for a group of regular staff members, if any, deployed exclusively or largely on capital jobs. The cost should be booked under distinct department codes such as construction or project section etc. All monthly payments and bonus recorded under such departmental codes shall be fully capitalized. However, no part of retirement benefits should be capitalized.
- In respect of other permanent employees who work on both capital and O&M jobs without additional emoluments, percentage of the employee costs to be capitalized shall be intimated by the CAO.

3. Expenses Chargeable to Capital works

All expenses in respect or of construction units shall be fully chargeable as cost of capital assets.

- At an O&M cum Capital location (where both Capital and O&M work is being carried out) only the following expenses shall be capitalized
- Insurance on assets under construction.
- Legal charges and stamp fees In connection with agreements with capital suppliers/ contractors
- Fees payable to Foreign technicians for capital projects
- Expenses incurred for Foreign technicians for capital projects
- Technical documentation & design charges
 - Other consultancy charges- projects (which includes architect fees)
 - Power consumed for construction.
 - The amount billed in respect of power consumed for construction at any location recorded through a separate meter shall be capitalized. Where the Board has installed a Diesel Generating Set for meeting the power requirement of a capital Project, the cost of operating and maintaining the set shall be capitalized. The cost of diesel generating set shall be debited to construction faculties A/C Code 15.6 and depreciation charges thereon shall also be capitalized.
 - No part of any other administration and general expenses shall be charged to capital works.

Ques no. 5

(a)

(i) REJECTION OF TENDERS:-

The following types of tenders shall be rejected:-

- Tenders from contractors, who are black-listed or with whom business dealing are suspended by PSEB.
- Tenders submitted by contractors, who did not purchase a set of tendering documents/specifications as required.
- Tenders submitted by a person in service under the Govt./Board or local authority.
- Tenders not accompanied by the required amount of Earnest Money.
- Tenders received telegraphically/through fax/through telex.

(ii) ACCEPTANCE OF TENDERS:-

- The acceptance of tender is subject to the condition that the amount of the tender will not exceed the amount of sanctioned estimate plus such excess as the authority accepting the tender is competent to sanction. This condition does not apply to Works Committee & WTDs.
- Approval of next higher authority will be obtained, if a tender other than the lowest is accepted. This condition does not apply to Works Committee & WTDs.

Where the lowest tender is not accepted by the Works Committee, reason therefore shall be recorded.

- In case less than three tenders are received approval of the next higher authority shall be obtained. This condition will not apply to Works Committee & WTDs.
- Acceptance of tenders shall be accorded by the competent Authority in writing in noting sheets in the case files and in form of minutes of the meeting of WTDs/Board.
- In emergent cases the competent authority may authorize advance action to be taken in anticipation of receipt of formal decision.

(iii) SECURITY DEPOSIT:-

The Earnest Money deposited at the time of tender shall be converted into Security Deposit. The Security Deposit will be deducted from the running bills at the rate of 5% of the gross value of the work done from time to time after taking into account the EMD converted as security. NO interest shall be payable to the contractors on the amount of security deposit.

(b)

(I) RE-INVITATION OF TENDERS

Tender may be re-invited by the Contracting/Purchasing Agency after approval by the competent Authority in the event of:

- (a) Any subsequent change necessitated in technical specification.
- (b) Inadequacy of number of tenders.
- (c) Unsuitability of offers.
- (d) Pronounced changes in market trends, when it is felt that the rates of tenders received are too high.
- (e) Any other compelling reasons to be recorded in writing.

(ii) NEGOTIATIONS

"Normally no negotiations affecting prices or basic features of N.I.T./ Specifications shall be conducted with the tenderers after opening of tenders except under specific orders of the Competent Authority with reasons to be recorded. The negotiations can only be held with L—1 (Lowest tenderer)."

ਮਨਿਸਟੀਅਲ ਅਮਲੇ ਦੀ ਵਿਭਾਗੀ ਲੇਖਾ ਪ੍ਰੀਖਿਆ
ਪੱਖਰ ਦੂਜਾ-ਸਰਵਿਸ ਰੁਲਜ਼ ਐਂਡ ਰੈਗੂਲੇਸ਼ਨਜ਼
(Solution)

5/6/18

P-2.

Ans. 1 a) Basic Pension 10,000/- pm, w.e.f. 01.07.2013

Office order No.& Date	Rate of Cut on Basic Pension	Period for cut	Pension admissible
275/10.12/2013	5% Cut for Three years	3 Years (From 10.12.13 to 9.12.16)	The official will draw pension @ 95% of 10,000/- pm upto 28.02.14
405 dated 01.03.2014	10% Cut for Two years	2 Years (From 01.03.14 too 29.02.16)	The official will draw pension @ 85% of 10,000/- pm upto 03.05.14
425 dated 04.05.2014	5% Cut forever	Forever (04.05.14 to till life)	Official will draw @ 80% of 10,000/- pm from 04.05.14 to 29.02.16
			Official will draw @ 90% of 10000/- pm from 01.03.16 to 09.12.16
			Official will draw @ 95% of 10000/- pm from 10.12.16 to till life

So Pension Admissible in different periods is as under:-

1.7.2013 to 09.12.2013= Rs. 10,000

10.12.2013 to 28.02.2014 = 9500

1.03.2014 to 03.05.2014 = Rs. 8500

4.5.2014 to 29.02.2016 = Rs. 8000/-

1.03.2016 to 9.12.2016= Rs. 9000

10.12.2016 to till life = Rs. 9500

Ans. 1 b) As per Regulation 4(2) of Employees Punishment and Appeal Regulations 1971 deemed suspension of PSPCL employee is as under:-

a) With effect from the date of his detention, if he is detained in custody whether on a criminal charge or otherwise, for a period exceeding forty-eight hours.

The deemed suspension of an employee is operative for the period of custody only. Once the period of custody is over, the appointing authority should carefully consider his continued suspension even beyond the period of custody depending upon the merits of the case under investigation.

b) With effect from the date of his conviction, if in the event of conviction for an offence, he is sentence to a term of imprisonment exceeding forty- eight hours and is not forth with dismissed or removed or compulsorily retired consequent to such conviction.

The period of forty-eight hours shall be computed from the commencement of the imprisonment after the conviction and for this purpose, Intermittent periods of imprisonment, if any, shall be taken into account.

Ans. 2 (a) (i) As per Note (ii) under Regulation 27 of MSR Vol. (iii) a member of board employee's family who follows him within 6 months from the date of his transfer or precedes him by not more than 1 month may be treated as accompany him.

Hence employee can claim transfer TA for the family member who shifted 15 days prior to him.

(ii) As per Note:- 5 of Regulation 20 of MSR Vol (iii) Officers/Officials will be entitled to usual charges of local mileage allowance on journey Day.

Hence the Objection made by the accountant is not in order.

(iii) As per Sub-Regulation (vii) of Regulation 37 of MSR Vol (iii) Prior permission of the Head of the Department of administrative department as the case may be should be obtained on the prescribed application form attached as Annexure "A" before undertaking the journey while availing the concession.

Hence Sanction for the LTC is not in order.

(iv) As per note 5 below Regulations 20 of PSEB T.A. Regulation-1972 local mileage on days of stay is regulated as per the given statement i.e. it is restricted up-to one ordinary daily allowance instead of actual expenditure.

Ans. 2 (b)

(i) Subsistence Allowance:

Subsistence Allowance means a monthly payment made to an employee of corporation who is placed under suspension and is not in receipt of any other pay or leave salary.

(ii) Honorarium.

Honorarium means a recurring or non-recurring payment granted to a corporation employee from the funds of the Corp. as remuneration for special work of an occasional nature or intermittent character.

(iii) Service Gratuity:

An employee who has not completed 10 years qualifying service at the time of retirement is entitled to service gratuity at the rate of half month's emoluments for every complete six monthly period of service. This is admissible in lieu of pension.

(iv) Commutation of Pension: Lump sum payment received by retired employee after surrendering a portion of his pension. w.e.f. 1.4.2013 maximum 30% of basic pension can be commuted by a retiree. The commuted portion of pension shall be restored after 15 years from the actual date of communication.



Ans. 3 (a) As per MSR Part-1, Vol-1 rule 9.17 & 9.18, A Board employee who does not join his post within his joining time is entitled to no pay or leave salary after the end of the joining time. Wilful absence from duty after the expiry of joining time may be treated as misbehaviour.

- (a) A competent authority may, in any case extend the joining time admissible under these regulations.
- (b) Within the prescribed maximum of thirty days, the appointing authority may, in case of Corporation employees under their control, extend necessary in the following circumstances.
 - (i) When the corporation Employee has been unable to use the ordinary mode of travelling or notwithstanding due diligence on his part, has spent more time on the journey than allowed by the regulations: or
 - (ii) When such extension is considered necessary for the public convenience or for the saving of such public expenditure as is caused by unnecessary or purely formal transfers.
 - iii) When the regulations have, in any particular case operated harshly, as for example when a Board employee has through no fault on his part missed a steamer or fallen sick on the journey.

Ans. 3 (b)

As per Appendix-8 (II) MSR Part-2, Vol-1 Quarantine leave is leave of absence from duty necessitated by orders not to attend office in consequence of the presence of infectious diseases in the family or household of a Board employee. Such leave may be granted by the Head of the office on the certificate of a Medical or Public Health Officer for a period not exceeding 21 days or in exceptional circumstances, 30 days. Any leave necessary for quarantine purposes in excess of the period shall be treated as ordinary leave. Quarantine leave may also be granted, when necessary, in continuation of other leave, subject to the above maximum except as provided in the Note below, no substitute should be appointed in place of Board employee absent on quarantine leave.

Explanation 1. Quarantine leave is not admissible in the case of a Board employee who himself contracts an infectious disease.

Explanation 2. The maximum limits of 21 and 30 days prescribed in this regulation refer to each occasion on which leave is applied for and granted.

Cholera, Small-Pox, Plague, Diphtheria, Typhus fever and Cerebrospina Meningitis and Chicken-pox may be considered as infectious diseases for the purpose of the regulation.

Ans. 3 (c)

As per Reg.8.40 of MSR Vol. 1, Part-1, a corporation employee who remains absent after the end of leave is entitled to no leave-salary for the period of such absence and that period will be debited against his leave account as though it were leave on half pay unless his leave is extended by the competent authority. Wilful absence from duty after the expiry of leave may be treated as misbehaviour for the purpose of Regulation 3.16. If the competent authority is satisfied that the employee could not join his duty due to reasons beyond his control, then he can sanction this period as leave of kind due.

Ans. 3 (d)

As per Sr. No-3 of Appendix to MSR Volume-1 Part-11 Powers are as under:-

Sr.No.	Reference to TA Regulation	Nature of Power	Authority to which the power is delegated	Extent of Power delegated
3	25	Power to sanction the absence of a Board employee from his headquarters	Heads of deptts	Full powers in individual cases provided the absence is for reasons of a public nature, which should be stated and does not exceed 60 days in each case.
			S.Es	Full powers in individual cases provided the absence is for reasons of a public nature, which should be stated and does not exceed 60 days in respect of employees under their control.
			Dy.C.As	Full powers in individual cases provided the absence is for reasons of a public nature, which should be stated and does not exceed 60 days in respect of employees under their control. Dy.C.A/revenue and Dy.C.A./ Works shall also exercise these powers in respect of A.O/Field & A.O/Works respectively.
			XENS/RES.	Full powers in individual cases provided the absence is for reasons of a public nature, which should be stated and does not exceed 60 days in respect of employees whom they can appoint.

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Ans. 4

(i) Power of sanction Extra Ordinary Leave is as under:-

Upto three months : As per appendix-6 of MSR Volume I Part II as under:-

Gazetted Employees ----- Heads of Department

Non Gazetted Employees--- Heads of office including SEs and Xens/Res and Sr AO's/AO

Incharge Audit & Accounts Offices of Projects

Beyond three months -- As per CHAPTER -XV of MSR Volume-I Part-I

Sr. No. 28 as under:-

Member in charge --- Upon two years

Heads of Department ---- Upto One year

(ii) As per Rule 5.4 of MSR Vol-I Part-I as amended vide Finance Circular No. 45/91 Dt. 25.6.91,

House Rent Allowance is admissible upto 180 days during Leave.

Provided that he certifies that his previous rate of expenditure for a house continues during his absence on leave

(iii) As Rule 8.25 of MSR Vol.I Part I combination of holidays with leave is as under:-

An Authority Competent to grant leave may permit Sundays, other recognized holidays or vacation to be prefixed to leave or suffixed to leave or both prefixed and suffixed to leave.

Provided that prefixing and suffixing Sundays or other holidays to leave, other than leave on medical certificate, shall be allowed automatically except in cases where for administrative reasons permission for prefixing and suffixing Sundays or other holidays to leave is specifically withheld. In case of leave on medical certificate if the day on which an employee is certified medically fit for re-joining duties happens to be Sunday or other holiday, he shall automatically be allowed to suffix such a holiday, to his medical leave and such day shall not be counted as leave.

(iv) As per Rule 8.67 of MSR Vol. I Part I leave to employee during probation period is as under:-

If appointed under contract, to such leave as is prescribed in his contract: or

If there be no such prescription in the contract: or

If appointed otherwise, to such leave as would be admissible to him under the leave regulation which would be applicable to him if he held his post substantively otherwise than on probation. If for any reason it is proposed to terminate the services of a probationer, any leave which may be granted to him should not extend beyond the date on which the probationary period as already sanctioned or extended expires, or any earlier date on which his services are terminated by the order of an authority competent to appoint him.

cont---2

(v)

Calculation of service as per Rule 2.42 of MSR Vol. I Part I

	Y	M	D
28 Feb. 2015	--	--	1
1.3.2015 to 31.8.2015	--	6	0
1.9.2015 to 20.9.2015	--	--	20
	--	6	21

Service of 6 Months and 21 days will be completed on 20.9.2015



Ans. 5 (a)

(i) Date of Retirement:

Date of Birth 05.12.1957

5805.12.2015

Date of retirement 31.12.2015

(ii) Qualifying Service

Date of Appointment 26.2.1982

	Y	M	D
26.2.1982 to 28.2.1982	--	--	3
1.3.1982 to 31.12.1982	--	10	0
1.1.1983 to 31.12.2015	<u>33</u>	--	--
	33	10	3
Less EOL	<u>2</u>	<u>2</u>	<u>3</u>
	<u>31</u>	<u>8</u>	<u>0</u>

63 half yearly

(iii) Pay as on 31.12.2015

Date	Pay	GP	Total	Remarks
1.1.2014	34780	8500	43280	--
1.3.2014	36080	8500	44580	AGI
1.3.2015	37420	8500	45920	AGI
Pay as on 31.12.2015			45920	

(iv) Pension -- $45920 \times 1/2$ = 22960DA 113% = 25945

= 48905

Less Commutation Value = 6888= 42017

(v) Gratuity - Pay = 45920

DA 113% = 51890

= 97810

 $97810 \times 63/4 = 15,40,508/-$

Max. 10,00,000/-

(vi) Commutation Value

 $22960 \times 30/100 = 6888/-$ $6888 \times 12 \times 8.371 = 6,91,913/-$

Model sol. of ME/S-6/18/P-2.

Ans 5(b)

As per Sr. No-3 of Appendix to MSR Volume-1 Part-11 Powers are as under:-

Sr.No.	Reference to TA Regulation	Nature of Power	Authority to which the power is delegated	Extent of Power delegated
3	25	Power to sanction the journey beyond the sphere of his duties	Heads of deptts	Full powers in individual cases provided the sanction is for reasons of a public nature, which should be stated.
			S.Es	Full powers in individual cases provided the sanction is for reasons of a public nature, which should be stated.
			Dy.C.As	Full powers in individual cases provided the sanction is for reasons of a public nature, which should be stated Dy.C.A/revenue and Dy.C.A./Works shall also exercise these powers in respect of A.O/Field & A.O/Works respectively.
			XENS/RES.	Full powers in individual cases provided the sanction is for reasons of a public nature, which should be stated in respect of employees whom they can appoint.

Model Solution to Question-1st:-

(a):- Commercial circular No. 30/2018

The tariffs for use of electricity exclusively during night i.e. from 10.00 PM to 06.00 AM next day shall be as under:

Industry	FIXED CHARGES	ENERGY CHARGE
LS	50% of the normal rates of Fixed Charges under relevant Schedule of Tariff	Rs. 4.28/kvAh

Reduced tariffs shall be applicable to LS Industrial consumers who opt to use electricity exclusively during night hours i.e. from 10.00 PM to 06.00 AM next day, subject to conditions as under:

1. A maximum of 15% of the contracted demand can be availed beyond the night hours prescribed above.
2. A maximum of 10% of total units consumed during night hours in a billing period can be availed beyond the night hours prescribed above. However, TOD surcharge, as applicable, are also be chargeable for this consumption during the peak-period, if any.
3. In case the consumer exceeds the %age specified in condition no. 1 above during any of the billing month, then fixed charge during the relevant billing month are billed as per normal rates of fixed charge applicable to the respective category.
4. In case the consumer exceeds the %age specified in condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month is billed as per normal rates of energy charge applicable to the respective category.
5. In case the consumer exceeds the %ages specified in condition no. 1 and 2 both during any of the billing month, then billing of such consumers during the billing period is done as normal consumers of relevant category.
6. This tariff is applicable if the consumer so opts to be charged in place of normal tariff by using electricity exclusively during night hours as above. The option can be exercised to switch over from normal tariff to exclusive night time tariff by giving not less than one month notice in writing.

(b) **Tariff applicable in following cases:-**

1	Oil/Gas terminal with Sanctioned load 20 kW.	SP
2	Tubewell connection exclusively used for fish farming.	Relevant Industrial Tariff
3	Marriage Palace with Sanctioned Load 40KW.	NRS
4	Sanik Rest House of RajyaSanik Board.	DS

(c) **Is ACD/Security is recoverable from Railways:-**

As per 10.3.2 of Sales Regulations Railways are exempted from the payment of ACD/Meter Security deposit. However in case of default on their part, pspcl can recover ACD and meter security deposit from them at the prevailing rates and no relaxation will be allowed in that event.

Model Solution to Question-2nd:-

Connected load of Marriage Palace (NRS Category)

Sr. No.	Description	quantity	Capacity	Calculation	Total load (in KW)
1	Lamp/Tube Points	120no.	40watt	120x40w	4.800
2	Fan points	80no.	60watt	80x60w	4.800
3	AC plants	4(10bhp each)no.	.746kw	4x10x.746kw	29.840
4	Water Pump Set	2(5bhp each)no.	.746kw	2x5x.746kw	7.460
5	3 Phase power sockets	5no.	6kw	5/2x6kw	18.000
6	Power sockets	15no.	1000watt	15/2x1000w	8.000
7	Ordinary Sockets	20no.	60watt	20/3x60w	.420
8	Gyser	3(2kw each)no. Through power socket	-	-	-
TOTAL Connected Load					73.320KW

- b. **Availability of tariff for BULK SUPPLY (BS) consumers:-**As per Commercial circular no. 24/2018 Revision of General Conditions of Tariff and Schedules of Tariff for FY 2018-19:-

General or mixed loads exceeding 10 kW to MES, Defense Establishments, Railways, Central PWD institutions, Irrigation Head works, Jails, Police/Para Military Establishments/Colonies and Govt. Hospitals/ Medical Colleges/Govt. Educational Institutions having mixed load subject to a minimum of 25% domestic load and motive/Industrial load not exceeding 50%, where further distribution will be undertaken by the consumer.

General or mixed loads exceeding 10 kW to all private educational institutes/ universities/ colleges/ hospitals etc. having mixed load subject to a minimum of 25% domestic load and motive/Industrial load not exceeding 50%, for their own use and to run the affairs connected with the functions of such educational institutes/ universities/ colleges/ hospitals etc. provided the entire LD system has been laid at the cost of the consumer.

- c. **Electricity concession to eligible PSPCL officers/officials residing outside Punjab State:-**

Electricity concession is also available to eligible PSPCL officers/officials employed/residing in areas not covered under the PSPCL supply system. They are paid admissible concession in cash along-with their salaries subject to production of certificate by them that their monthly consumption is not less than that prescribed. Provided further that they are not in receipt of any deputation allowance/pay or special pay from the organization under which they may be serving on deputation.

Model Solution to Question-3rd:-

1. Direct supply to LS consumers:-

Direct Supply in case of LS Consumers: In cases of Damaged or Burnt meter Direct Supply in case of Large Supply consumers can be allowed only in dire exigencies by SE/Dy.CE(DS) for only 3 days and if circumstances still persist, then direct supply can be given beyond 3 days & that too with the written approval of respective EIC/CE/DS.

2. Two part Tariff:- Commercial Circular No.30/2018

All consumers (except AP, AP High-Technology/High Density Farming, EV Charging Stations, Golden Temple and Durgianamandir) are covered under Two Part Tariff structure. Under Two Part tariff, in addition to Energy Charges, Fixed charges are charged as under:

- For consumers covered under Contract Demand system, the Fixed Charges (unless otherwise specified in Schedules of Tariff) shall be levied on 80% of the sanctioned Contract Demand or Actual demand recorded during the billing cycle/month (restricted to sanctioned Contract Demand), whichever is higher.
In case, the consumer exceeds its sanctioned Contract Demand during a billing cycle/month, he shall be liable to pay applicable demand surcharge as provided in Schedule of Tariff for relevant category.
- For other consumers (not covered under Contract Demand system), the Fixed Charges are levied on 80% of the sanctioned load in kW.

b. Tariff rates for SP consumers:-

Kw/Kwh tariff for SP Category:-

Description	Energy charges(Rs./kwh)	Fixed Charges(Rs./Kw)
General Industry	5.58	90
Seasonal Industry	5.58	
Seasonal Rate		180 for six months only
Off Seasonal rate		nil
Ice Factories, Ice Candies & Cold Storages		
April to July	5.58	180
August to March next year		45

Kva/Kvah tariff for SP Category:-

Description	Energy charges(Rs./kvah)	Fixed Charges(Rs./Kva)
General Industry	5.29	75
Seasonal Industry	5.29	
Seasonal Rate		150 for six months only
Off Seasonal rate		nil
Ice Factories, Ice Candies & Cold Storages		
April to July	5.29	150
August to March next year		38

Model Solution to Question-4th:-

Differentiate between Un-authorized use of electricity and theft of electricity.

Un-authorized use of electricity	Theft of electricity
Under Section 126 of the Act, the unauthorized use of electricity means usage of electricity:- (a) by any artificial means; or (b) by a means not authorized by the concerned person or authority or licensee; or (c) through a tampered meter; or (d) for the purpose other than for which the usage of electricity was authorized; or (e) for the premises or areas other than those for which the supply of electricity was authorized.	A consumer or any person shall be guilty of theft of electricity within the meaning of section 135 of the Act, whoever, dishonestly:- (a) taps, makes or causes to be made any connection with overhead, underground or under water lines or cables, or service wires, or service facilities of a licensee or supplier, as the case may be; or (b) tampers a meter, installs or uses a tampered meter, current reversing transformer, loop connection or any other device or method which interferes with accurate or proper registration, calibration or metering of electric current or otherwise results in a manner whereby electricity is stolen or wasted; or (c) damages or destroys an electric meter, apparatus, equipment or wire or causes or allows any of them to be so damaged or destroyed as to interfere with the proper or accurate metering of electricity or as to interfere with the proper or accurate metering of electricity; or (d) uses electricity through a tampered meter; or (e) uses electricity for the purpose other than for which the usage of electricity was authorized; so as to abstract or consume or use electricity shall be punishable with imprisonment for a term which may extend to three years or with fine or with both.

- b. **Change of site of connection before actual release of connection:** The applicant for a tube well connection can apply for change of site of connection due to unsuitability of land/water or sale of original land and purchase at a different place or any other genuine reasons. Change in site shall be allowed by the AE/AEE/XEN (DS), Sr.Xen/ ASE (DS), SE/Dy.CE (DS) and EIC/CE/DS within their jurisdiction. Where change in site involves change of sub-division/division/ circle/ zone, inter seniority shall be assigned as per original date of registration in the new sub division where application is so transferred. In case of shifting of site from one zone to another is involved, approval of EIC/CE/Commercial, shall be required. The applicant shall submit a proof of the ownership of the land where he wants to get the connection due to change of site.
- c. **Unbilled Revenue:-**Where the sale of power prior to period of year end as on 31st March is not billed a reversible provision is created on account of such unbilled revenue in annual accounts. Every Year on 31st March last date of meter reading against each billing ledger for each category of consumers is noted down by UDC(Rev) of Op sub Division. Number of days falling after the meter reading date till 31stMarch, are calculated. Number of days and revenue & units assessed for each billing ledger of the immediately preceding billing cycle are also noted/calculated. Unbilled revenue and units are calculated by multiplying number of unbilled days with units and revenue assessed of immediately preceding billing cycle and by dividing this product by number of days of immediately preceding cycle. In case where meter reading of a billing cycle falls in month of March(for which bills are not issued in the month of March) the entire period of billing cycle plus the period between the last date of meter reading and 31st march is taken for working out unbilled revenue & units. Unbilled revenue s accounted for at Head office level in Account Head 23.4 per contra credit to Account Head 61. This entry is reversed in next year's account.

Solution to Question-5th:-

- a. In addition to remittance of energy Bills at authorized cash Counters pspcl has also introduced following modes of payment for Electricity Bills:-

(ANY FOUR for Answer)

i.	Easy Bills Ltd. & BASIX -	Account code 24.521
ii.	SewaKendrs (SKM & CSCDIT)-	Account code 24.522
iii.	Paytm-	Account code 24.523
iv.	SBI-RTGS/NEFT-	Account Code 24.524
v.	Sukhmani Society for Citizen Services(SSCS)	Account Code 24.531
vi.	E-payment-Bill desk &PayU	Account code 24.541
vii.	Bill Payment Machine(Sewak Machine) -	Account code 24.501
viii.	Mobile Banking, BBPS enabled Banks/Apps and payment Channels/plateform like Umang, Bhim/UPI, Phone Pay, Amazon, Tez, M-pesa, Just Dial, Common Service centre, AdharCentres, Punjab GovtsewaKendras-	Account code 24.523

- b. **Billing for exclusive Seasonal Industries:-**As per GENERAL CONDITIONS OF TARIFF 18.5.1

For exclusive Seasonal industries (except Rice Shellers), billing shall be done monthly as per the tariff (comprising of fixed and energy charges) applicable in respective schedule of tariff for seasonal industry. However, the Fixed Charges, as applicable in respective schedule of tariff for seasonal period, shall be levied on sanctioned load/demand for the period of six months only from the beginning of the seasonal period. Thereafter, only energy charges, as applicable in respective schedule of tariff, shall be levied on actual consumption recorded during the month. However, load/demand surcharge, shall be leviable for the excess load/demand, if any, as per the relevant schedule of tariff.

- c. **Peak Load Exemption charges:-**

MS and LS consumers except essential services may be required to observe peak load hours restrictions in the evening between 6 p.m. and 10 p.m. During this restriction period, the consumers are allowed to use part of their load subject to their fulfilling the basic conditions as laid down in the Sales Regulations and paying specified charges which are called **Peak Load Exemption Charges (PLEC)**. PLEC are levied at the rates and as per procedure laid down in the Sales Regulations of the PSPCL. PLEC are not adjustable against MMC and are of exclusive of electricity duty, cesses, taxes and other charges levied by the Government or other competent authority(s). Peak Load Exemption to MS consumers is granted by SEs/Dy.CEs/DS and Peak Load Exemption of more than 100KW is granted to Large Supply consumers by CE / PP&R. PLEC charges are calculated for a minimum of 3 hours per day.

1)

**TRADING AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2016**

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Opening Stock	39825	By Sales	424350
To Purchases	253000	Less: Return Inward	<u>4650</u>
To Wages	58000		419700
To Railway Freight On Purchases	1700	By Closing Stock	63330
To Gross Profit c/d	130505		
	<u>483030</u>		<u>483030</u>
To Advertising	6000	By Gross Profit b/d	130505
To Discount allowed	800	By Commission	1800
To Salaries	37500	Add: Accrued Com.	<u>700</u>
To Rates & Taxes	1250		<u>2500</u>
To Sales Tax	9375		
To Printing & Stationary	1625		
Add: Outstanding	<u>375</u>		
To Bad Debts	750		
To Trade expenses	950		
To Rent	8250		
Add: Rent Unpaid	<u>750</u>		
To Insurance	1000		
To Depreciation: Plant and Machinery (5% of 98000)	4900		
Typewriter (10% of 6000)	<u>600</u>		
	5500		
To Interest on Loan	1000		
Add: Interest Outstanding (WN-1)	<u>250</u>		
To Interest on capital (5% of 1,75,000)	8750		
To Net Profit tfd. to Capital A/c	48880		
	<u>133005</u>		<u>133005</u>

BALANCE SHEET
AS ON 31ST MARCH, 2018

Liabilities		Assets	
	Rs.		Rs.
Current Liabilities :		Current Assets :	
Sundry Creditors	76500	Cash in Hand	900
Printing Outstanding	375	Bills Receivable	41000
Rent Outstanding	750	Sundry Debtors	121000
Interest Outstanding	250	Commission accrued	700
Bank Overcraft	16300	Closing Stock	63330
Loan (cr.) @ 10%	12500	Fixed Assets:	
Capital		Plant & Machinery	98000
175000		Less Depreciation (5%)	<u>4900</u>
Less: Drawing		Cycles	1875
12000		Type Writer	6000
Add: Interest On Capital	8750	Less Depreciation (10%)	<u>600</u>
Add: Net Profit	<u>48880</u>		
	220630		
	<u>327305</u>		<u>327305</u>

Working Notes:

1. Interest on Loan outstanding

Loan amount = 12500

Interest rate = 10%

Interest for the year should be + $12500 \times \frac{10}{100} = 2500$

interest given in Trial Balance =1000

Remaining interest outstanding 250

(20 Marks)

2 (a) Advantages of Subsidiary Books:-

The practical system of book-keeping is very useful as it has various advantages given below:-

1. Division of Work:- This system permits the division of work among the accounting staff. There are various subsidiary books therefore; different clerks can be entrusted with the job of writing different sub-journals.
2. Time Saving:- Due to the division of work, it is possible to perform various accounting processes simultaneously. Thus, lesser time is required to complete the accounting records.
3. Increase in Efficiency:- Each person is required to write up only one class of transactions, therefore, he is likely to develop proficiency in his work. It increases the efficiency of work in an accurate and exact manner.
4. Minimum Errors and Frauds:- The systematic recording of business transactions in special journals reduces the possibility of errors and frauds. It also helps in location of errors, if any.
5. Effective Internal Check System:- The subsidiary books lead to the division of work and each person is assigned with the specialized work so the internal check system of the business becomes more effective.
6. Facility in Auditing:- It makes information available regarding each particular class of transactions at one place. Therefore it facilitates the work of auditors.
7. Location of Errors:- Different persons can carry on the checking work simultaneously on different books, therefore at the time of preparing the trial balance the errors can be located easily and quickly.
8. Easy Reference:- As the volume of each sub-journal becomes short, therefore, it is easy to make any reference for the purpose of use.

(10 Marks)

2 (b) Double Entry System

In the 15th century a Franciscan Monk, Lucas Pacioli, described a method of arranging accounts in such a way that the dual aspect (present in every account transaction) would be expressed by a debit amount and an equal and offsetting credit amount.

Double Entry System is the system under which each transaction is regarded to have two fold aspects and both the aspects are recorded to obtain complete record of dealings. Double Entry system of book keeping adheres to the rule, that for each transaction the debit amount (s) must equal the credit amount(s). That is why this system is called Double Entry.

Advantages of Double Entry System

- 1) It enables to keep a complete record of business transactions.
- 2) It provides a check on the arithmetical accuracy of books of accounts based on equality of debits and credits.
- 3) It gives the results of business activities either profit or loss during the accounting period.
- 4) It tells the financial position of the business at a point of time. Total resources of the business, claims of the outsiders, amount due by outsiders etc are revealed by a statement known as Balance sheet.
- 5) It makes possible comparison of the current year with those of previous years helping the owner to manage his business on better lines.
- 6) It reduces the chances of error creeping in the accounting records because of its equality principle.
- 7) It helps to ascertain the details regarding any account easily and accurately.

(10 Marks)

3 (a)

Bank Reconciliation Statement
As on 31st March 2017

	Rs	Rs
Balance as per cash book		7500
Add Cheques issued but not presented for payment	3500	
Add Interest credited in the pass book but not yet Intered in the cash book	<u>7</u>	<u>3507</u>
		11007.
Less Cheques paid into bank but not credited	2500	
Less Bank charges debited in pass book	<u>9</u>	<u>2509</u>
Balance as per pass book		8498

Note: Item No 6 will not be considered while preparing bank reconciliation statement as the cash book (bank columns) and pass book balance are not effected.

(12 Marks)

3 (b)

Location of errors through trial balance

Whenever a trial balance disagrees the following steps can be taken to discover the errors:-

- 1) Divide the difference by two and find out if some figure equal that (half the difference) appears in the trial balance. It is possible that such item might have been recorded in the wrong side of trial balance, thus causing double the difference.
- 2) If the mistake is not located the difference should be divided by 9 and if difference is evenly divisible by 9 the error may be due to transportation of figures e.g. Rs. 590 wrongly recorded as 950, the difference is (950-590) 360 and it is evenly divisible by 9.
- 3) The next step is to recheck the debit and credit totals of trial balance to satisfy that trial balance has been cast correctly.

- 4) If mistake remains undetected, make sure that balances or totals of all the ledger accounts have been correctly shown in the trial balance. Special care should be taken to ensure that cash or bank balances have been duly incorporated in the trial balance.
- 5) The next step should be to recheck that all the closing balances from proceeding year's balance sheet were correctly carried forward and recorded in respective accounts in the ledger.
- 6) Further the totaling and balancing of all ledger accounts should be redone so as to be sure that there is no mistake on that account.
- 7) Check the totals of schedule of debtors and creditors and find out that all balances have been included in the list.
- 8) If difference is round sum, it is advisable to check casting any carry forwards. But if the difference is odd sum the balancing should be checked minutely.
- 9) Check all the figures badly written.
- 10) Even then if error is not located, all the accounts should be checked thoroughly as follows:
 - a) Journal will have to be checked to ascertain that total debits and credits of each entry agree.
 - b) Total of subsidiary books e.g. sales book, purchases book, to be checked to find that correct posting of the respective accounts has been done.
 - c) Checking should be done to ensure that discount column total of cash book have been correctly posted and entered in trial balance.
 - d) If all these efforts fail to locate the errors a full rechecking of additions posting and balancing will have to be done and it would be advisable that the work of rechecking is done by a staff different from those who had done the initial checking.

(8 Marks)

4 (a)

Plant and Machinery Account

Date	Particulars	Amount	Date	Particulars	Amount
01-01-2011	To Balance b/d	390300	01-01-2011	By Bank	800
01-01-2011	To Bank	59000	31-12-2011	By Depreciation (71600+5900)	77500
01-01-2011	To P & L A/c	800	31-12-2011	By bal c/d	371800
		450100			450100
01-01-2012	To Balance b/d	371800	01-01-2012	By Bank	7000
01-01-2012	To Bank	36000	31-12-2012	By Depreciation (70200+5900+3600)	79700
31-12-2012	To P & L A/c	1400	31-12-2012	By bal c/d	322500
		409200			409200

Working Notes:-

		Amount (Rs)
1. Book value of machine in 1999	=	11000
Book Value as on 2011	Zero	
The amount realized as cash	=	800
Therefore the amount of realization is profit and credit to P & L account	=	800
2. Book value of machinery in 2006	=	14000
Less: Depreciation for 6 years		
1400 X 6	=	8400
Book value as on date	=	5600
Sale Value	=	7000
Net profit realized and credit to P & L account=		1400

(14 Marks)

4 (b)

Difference between Journal and Ledger.

Journal	Ledger
1. Is the book of prime entry	Is the book of final entry
2. As soon as transaction originates it is recorded in journal	Transactions are posted in the ledger after the same have been recorded in the journal.
3. Transactions are recorded in order of occurrence i.e. strictly in order of dates.	Transactions are classified according to the nature and are grouped in the concerned accounts.
4. Narration (brief description) is written for each entry.	Narration is not required.
5. Ledger folio is written	Folio of the journal or sub journal is written.
6. Relevant information cannot be ascertained readily eg cash in hand can't be found out easily.	Since transactions of particular nature are grouped at one place therefore relevant information can be ascertained.
7. Final accounts can't be prepared directly from journal	Ledger is the basis of preparing final accounts.
8. Accuracy of the books can't be tested	Accuracy of the books is tested by means of list of balances.
9. Debit and credit amounts of a transaction are recorded in adjacent columns.	Debit and credit amounts of a transaction are recorded in two different sides of two different accounts.
10. Journal has two columns one for debit amount another for credit amount	Ledger has two sides: left side is debit side right side is credit side.
11. Journal is not balanced	Every account in the ledger is balanced at appropriate time.
12. With the mechanization of accounting journal may not be used for routine transactions like receipt, purchases, sales etc.	Ledger cannot be avoided. However it may be loose leaf ledger. But ledger is a must.

(6 Marks)

5 (a)

Characteristics of Journal

The following are the main characteristics of journal:-

- 1) It is a book of original entry because transaction is recorded at first stage in this book.
- 2) It is also known as day book or diary because transactions are recorded in it on day to day basis as and when they take place.
- 3) The Journal is only a subsidiary book, subordinate to the ledger which is the principal book of accounts.
- 4) It keeps a chronological record of all transactions i.e. arranged according to the order of occurrence.
- 5) The Journal gives a complete picture of each business transaction and thus maintains the identity of the transaction.
- 6) Amount of transaction is recorded on both debit and credit columns side by side .It helps in maintaining arithmetical accuracy of the books of account.
- 7) The Journal reflects the relation that exists between two aspects (debit and credit) involved in a transaction.
- 8) Every entry in the Journal is followed with narration which describes briefly the true nature and context of the transaction.

(5 Marks)

5(b)

Differentiate between System Software and Application Software

The programs and the file that comprises the operating system are called system software. Whereas a software that is designed and employed by users to accomplish specific tasks is called application software. The system software provides an environment to run application software and it controls the computer as well as the applications installed on the machine.

S.No.	System Software	Application Software
1	System software is used for operating computer hardware.	Application software is used by user to perform specific task.
2	System softwares are installed on the computer when operating system is installed.	Application softwares are installed according to user's requirements.
3	In general, the user does not interact with system software because it works in the background.	In general, the user interacts with application softwares.

4	System software can run independently. It provides platform for running application softwares.	Application software can't run independently. They can't run without the presence of system software.
5	Some examples of system softwares are compiler, assembler, debugger, driver, etc.	Some examples of application softwares are word processor, web browser, media player, etc.

(7 Marks)

5 (C)

Advantages and disadvantages of Internet:-

Advantages

There are many advantages of internet.

1. We can make donations online.
2. We can send and receive information across large matrix of computer systems .Through email service, we can send messages for both business and personal purposes
3. During the festive season, we don't need to visit crowed stores to buy our stuff .We can make online purchases at a bargain price.
4. We can send birthday greeting cards through the internet.
5. We can use social media applications on our personal computer and mobile devices.
6. We can gather information for new job openings. We can also apply online for jobs.
7. We can earn online by doing freelancing jobs, selling online, completing surveys, affiliate marketing, etc.
8. We can also sell old items that are of no use for us.
9. During idle time, we can listen to music or watch a video.
10. We can browse internet for information and use it as supplementary source of knowledge to aid our formal education.
11. We can join online courses and develop our skills and improve our health.

Disadvantages

The disadvantages of internet are:-

1. We often tend to purchase those extra items that we rarely need. Such purchases are a wastage of money.

2. The Internet is not free. Sometimes it hurts while paying bills.
3. The transaction cost levied by the payment gateway providers decreases the margin of the online sellers.
4. The Physical distance among loved ones is increasing.
5. Somewhere the emotional connect between people are missing.
6. We feel helpless when the internet connection is down.
7. We always remain engaged with many online activities such as checking emails, socializing, chatting, online shopping, business deals etc .We don't get time to rest .
8. Our life is moving at the pace of internet. We seldom spare few moments of peace for us.

(8 Marks)