

**HIMACHAL PRADESH PUBLIC SERVICE COMMISSION
S.A.S. (OB)-(PART-II) SUPPLEMENTARY EXAMINATION, 2015.**

PAPER: IV

**ADVANCED COMMERCIAL ACCOUNTS & TAXATION
(WITHOUT BOOKS)**

TIME ALLOWED: 3 HOURS

MAXIMUM MARKS: 100

Notes:

- Attempt any 3 questions from Part-I and 2 from Part-II including Question No. 1 & 6 which are compulsory.
- Marks have been shown against each question.
- Indicate the same question number & its part as assigned in the question number while answering the same failing which such answer shall not be evaluated.
- All parts of a question should be attempted at one place.

PART-I ACCOUNTING (75 MARKS)

(Answer Question No. 1 which is COMPULSORY and any TWO of the rest from this part)

- Q. No. 1 M/s M&M Co. Ltd. was registered with an authorized capital of ₹1, 00, 00,000 divided into shares of ₹ 100 each. The following balances have been extracted from the books of the Company on 31st March, 2015:

	₹	₹
Equity share capital (fully paid up shares of ₹ 100 each).		25,00,000
Capital Reserve		2,00,000
Fixed Assets — cost	8,00,000	
Purchases (net)	60,00,000	
Sales (net)		75,00,000
Expenses	4,00,000	
Depreciation	1,00,000	
Provision for depreciation		1,00,000
Bank — current account	2,00,000	
Interim dividend	3,00,000	
Liability for interim dividend		1,80,000
Creditors for goods		10,00,000
Creditors for expenses		20,000
Prepaid expenses	50,000	
Advance from customers		1,00,000
Advance to suppliers	1,50,000	
Customers' dues	32,00,000	
Tax payment	4,00,000	
Total	1,16,00,000	1,16,00,000

On 31st March, 2015, the cost of unsold stock is ₹ 3, 50,000. Customer's dues are unsecured but considered good and are due for less than six months. Provide for taxation at 35%. Directors have proposed final dividend of ₹ 2, 00,000 and appropriation to General Reserve of ₹ 2, 50,000. Prepare the final accounts for the year 2014-15 (P&L A/C and Balance Sheet) in the prescribed format.

(25)

- Q. No. 2
- What is accounting? How would you differentiate Cash Accounting from Accrual Accounting? Which method is more useful and generally accepted in the preparation of Financial Statements and why?
 - What is the role Financial Statements in Company Accounts? Explain in brief qualitative characteristics and elements of Financial Statements. (13+12)

P.T.O.

- Q. No. 3 From the following Summary Cash Account of X Ltd. prepare Cash Flow Statement for the year ended on 31st March, 2015 in accordance with AS 3.

Summary Cash Account for the year ended on 31.3.2015

	₹		₹
Balance on 1.4.2014	50,000	Payment to Suppliers	20,00,000
Issue of Equity Shares	3,00,000	Purchase of Fixed Assets	2,00,000
Receipts from Customers	28,00,000	Overhead expense	2,00,000
Sale of Fixed Assets	1,00,000	Wages and Salaries	1,00,000
		Taxation	2,50,000
		Dividend	50,000
		Repayment of Bank Loan	3,00,000
		Balance on 31.3.2015	1,50,000
	<u>32,50,000</u>		<u>32,50,000</u>

(25)

- Q. No. 4 "A primary issue in accounting for inventories is the amount of cost to be recognized as an asset and carried forward until the related revenues are recognized". In the light of this statement explain the main objectives and scope of issuing Accounting Standard (AS)-2 in India. What are the disclosures which are required to be mentioned in the Financial Statements? (25)

- Q. No. 5 Write short note on:
(a) Salient features and Significance of Accounting in Computerized Environment.
(b) Accounting for Fixed Assets (AS 10) (13+12)

PART-II TAXATION: INCOME TAX 25 MARKS)

(Answer Question No. 6 which is COMPULSORY and any ONE of the rest from this part)

- Q. No. 6 Mr. 'A' aged 47 years had Gross Total Income of ₹5,00,000 during the previous year 2014-15. Deductions under Chapter VIA [Sections 80C to 80U] were ₹ 1,79,000. He is also having a House property in Kolkata, having annual municipal value of ₹5,00,000 let out for a Rental Value ₹ 6,00,000. He paid Municipal Taxes ₹ 5,000 and interest on loan taken for the purchase of this property amounting to ₹1,79,000. Compute tax liability for the Assessment Year 2015-16. (15)
- Q. No.7 What is Capital Gain? Clearly differentiate Capital Asset from Capital Gain. How Capital Gain is computed? (10)
- Q. No. 8 Write Short Note on various provisions under the Income Tax Act in the following cases:-
(a) Filing of Income Tax Returns.
(b) Clubbing of Income under various heads of Income & tax liability. (5+5)