

**HPF&AS PART-II EXAMINATION-2024**  
**PAPER-IV: ADVANCED COMMERCIAL ACCOUNTS AND TAXATION**  
**(Without Books)**

**TIME ALLOWED: 03 hours**

**MAXIMUM MARKS: 100**

**Roll No. \_\_\_\_\_**

- Note: 1. Attempt any three questions from Part-I including question No.1, which is compulsory and any two questions from Part-II.**
- 2. Marks have been indicated against each question.**
- 3. Use of simple Calculator is allowed, but use of any other electronic device is not allowed.**
- 4. Assumption(s), if any made, be mentioned at the end of the answer.**

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**PART-I (Accounting) (75 marks)**

**Q. No.1** The books of accounts of XYZ Ltd. shows the following balances as on 31.03.2023:

Particulars	Dr.	Cr.
Issued, Subscribed and Paid up capital 60,000 Equity shares of Rs.10 each		6,00,000
General Reserves		2,50,000
Unclaimed dividend		6,526
Trade creditors		36,858
Stock (01.04.2022)	1,72,058	
Buildings at cost	1,50,000	
Purchases	5,00,903	
Sales		10,83,947
Manufacturing Expenses	3,59,000	
Establishment Expenses	26,814	
General charges	31,078	
Machinery at cost	2,00,000	
Motor vehicle at cost	30,000	
Furniture at cost	5,000	
Book Debts	2,23,380	
Investments	2,88,950	
Depreciation Reserves		71,000
Advance Payment of Income tax	50,000	
Cash balance	72,240	
Directors Fee	1,800	
Interest on Investment		8,544
Profit & Loss Account 1.04.2022		16,848
Staff Provident Fund		37,500
	21,11,223	21,11,223

## Additional Information:

1. The stock on 31.03.2023 were valued at Rs. 1,48,680/-.
2. Provide Rs. 10,000/- for depreciation on fixed assets; Rs. 6,500/- for Managing Director's remuneration and Rs. 1,500/- for the Company's contribution to the Staff Provident Fund.
3. Interest accrued on Investment amounted to Rs. 2,750/-.
4. A provision of Rs. 50,000/-for taxes in respect of profit for 2022-23 is considered necessary.
5. The Directors propose a final dividend @ 8% after transfer to General Reserve Rs. 30,000/-.
6. A claim of Rs. 50,000 for workmen compensation is being disputed by the company.
7. The market value of the investments as on 31.03.2023 amounts to Rs. 3,02,500/-.
8. Ignore Corporate dividend tax and last year figures.

On the basis of above information, prepare Profit and Loss Account for the year ended 31.03.2023 and a Balance Sheet as on 31.03.2023 in vertical format.

**(25 marks)**

- Q.No.2 (a).** State two limitations of Cash flow analysis. How would you interpret positive cash flow and negative cash flow?
- (b). State two measures each for accelerating Cash Inflows and slowing Cash Outflow to improve liquidity without compromising profitability.

**(13+12=25 marks)**

- Q. No. 3.** Name three Accounting Packages and state the key considerations for selection of a package? Also state the broad objectives of Corporate Financial Reporting to be kept in view for developing formats for Final Accounts in an organization which is following Cash based System of Accounting and intends to switch over to Accrual based System of maintaining accounts.

**(25 marks)**

- Q. No. 4.** Attempt the following:

- (a). ABC Ltd. is considering two projects (Project X & Project Y) for investment. The cash flows associated with these projects are as follows:

Year	Project X (Rs.)	Project Y (Rs.)
0	(2,50,000)	(3,00,000)
1	2,00,000	50,000
2	1,00,000	1,00,000
3	50,000	3,00,000

Which project should be selected on the basis of NPV method if the cost of capital is 10% for which PV factor is given hereunder:

Year	0	1	2	3
PV factor	1	0.909	0.826	0.751

- (b). List out constraints associated with Debt as well as Equity Financing?

**(13+12=25 marks)**

- Q. No.5 (a).** From the following details, calculate interest coverage ratio and state its significance:

Profit after tax Rs. 60,000/-; 15% long term debt Rs. 10,00,000; Tax rate 40%.

- (b). According to Accounting Standard 9, when revenue from sales should be recognized?

**(13+12=25 marks)**

**PART-II (Taxation: Income Tax) (25 marks)**

- Q.No.6.** List out steps involved for calculating incidence of tax on income when salary is paid in arrears?

**(12.5 marks)**

- Q.No.7 (a).** In the context of Capital Gains Tax, explain the concept of Indexation by giving suitable example. Also state the latest provisions with regard to Indexation?

- (b). What are the due dates for filing of TDS Returns?

**(6.5 + 6=12.5 marks)**

- Q.No.8 (a).** Mr. Deepak has earned gross salary of Rs. 6,55,000/- including HRA of Rs. 45,000/- during the financial year 2022-23. He has paid Rs. 15,000/- p.m. as rent for his residential accommodation. Besides, he earned Rs. 12,000/- from Saving Bank Deposit during the year 2022-23 and at the same time he has deposited Rs. 65,000/- to PPF. Compute income tax payable by Mr. Deepak if:

- i. He does not opt to be taxed under Section 115BAC of Income Tax Act;
- ii. He opts to be taxed under Section 115BAC of Income Tax Act.

- (b). What are the basic conditions for determining residential status for an Individual and for a Company for Income tax purposes?

**(6.5+6=12.5 marks)**

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