

## S.A.S. PART- II EXAMINATION, 2023

### Advanced Accountancy (Without Books)

**Time Allowed: 3Hours**

**Maximum Marks: 150**

#### PART – A (Practical)

(Attempt all questions)

**Question 1:**

The following information has been extracted from the books of accounts of Imperial Ltd. as on 31st March, 2022:

Particulars	Dr (Rs.)	Cr (Rs.)
Administrative Expenses	4,80,000	
Cash at Bank and in Hand	2,28,000	
Trade Creditors		80,000
Trade Debtors	7,80,000	
Cash Received on Sale of Fittings		10,000
Long Term Loan		70,000
Investments	2,00,000	
Depreciation on Fixtures, Fittings, Tools and Equipment (1st April, 2021)		2,60,000
Distribution Costs	1,02,000	
Factory Closure Costs	60,000	
Fixtures, Fittings, Tools and Equipment at Cost	6,80,000	
Profit & Loss Account (on 1st April, 2021)		80,000
Purchase of Equipment	1,20,000	
Purchases of Goods for Resale	17,10,000	
Sales (net of Excise Duty)		30,00,000
Share Capital (1,00,000 shares of Rs.10 each fully paid)		10,00,000
Stock (on 1st April, 2021)	1,40,000	
<b>Total:</b>	<b>45,00,000</b>	<b>45,00,000</b>

Additional Information:

(1) The stock as on 31st March, 2022 (valued at the lower of cost or net realizable value) was estimated to be worth Rs.2,00,000.

(2) Depreciation to be charged on Fixtures, fittings, tools and equipment at a rate of 20% per annum on cost. A full year's depreciation is charged in the year of acquisition, but no depreciation is charged in the year of disposal.

(3) During the year to 31st March, 2022, the Company purchased equipment of Rs.1,20,000. It also sold some fittings (which had originally cost Rs. 60,000) for Rs. 10,000 and for which depreciation of Rs. 30,000 had been set aside.

(4) The average Income tax for the Company is 50%. Factory closure cost is to be presumed as an allowable expenditure for Income tax purpose.

(5) The company proposes to pay a dividend of Rs. 2 per Equity Share.

Prepare the following in accordance with the Companies Act, 2013 and in the Vertical Form:

- (a) Profit and Loss Account for the year ending 31st March, 2022. (25 marks)  
(b) Balance Sheet as on 31st March, 2022. (15 marks)

**Question 2:**

A firm acquired two Scanners under Hire Purchase agreements, details of which are as follows:

Item	Date of Purchase	Cash price (Rs.)
Scanner A	1 <sup>st</sup> April, 2021	14,000
Scanner B	1 <sup>st</sup> Oct., 2021	19,000

Both the agreements provided for payment to be made in twenty four monthly instalments of Rs. 600 each for Scanner A and Rs. 800 each for Scanner B, commencing on the last day of the month following purchase, all instalments being paid on due dates.

On 30th June, 2022, Scanner B was destroyed by fire and a claim was raised to the insurance company under a comprehensive insurance policy held by the firm. On 10<sup>th</sup> July, 2022, the insurance company paid Rs.15,000 in full settlement, out of which Rs. 10,000 was paid to the hire vendor company in termination of the agreement. Any balance on the hire vendor company's account in respect of these transactions was written off.

The firm prepared accounts annually for calendar years ending on 31st December and provided depreciation on scanners on a straight-line method at the rate of 20 per cent per annum rounded off to nearest ten rupees, apportioned as from the date of purchase and up to the date of disposal.

You are required to record these transactions in the following accounts of buyer's books, carrying down the balances on 31st December, 2021 and 31st December, 2022:

- (a) Scanners on hire purchase. (6 marks)  
(b) Provision for depreciation of scanners. (6 marks)  
(c) Disposal of Scanners. (3 marks)

**Question 3:**

Ramanujan Traders of Ahmedabad have a branch at New Delhi to which goods are sent @20% above cost. The branch makes both cash and credit sales. Branch expenses are

met partly from Head Office and partly by the branch. The statement of expenses incurred by the branch every month is sent to Head Office for recording transactions in their books.

Following details are given for the year ended 31<sup>st</sup> March, 2021:

Particulars	Rs.
Cost of goods sent to Branch at cost	2,00,000
Goods received by Branch till 31.03.2021 at Invoice Price	2,20,000
Credit Sales for the year at invoice price	1,65,000
Cash Sales for the year at invoice price	59,000
Cash Remitted to Head Office	2,22,500
Expenses paid by Head Office	12,000
Bad Debts written off	750

The following balances are reported by the Branch: -

Particulars	Balance as on 01.04.2020	Balance as on
	Rs.	31.03.2021 Rs.
Stock	25,000 (Cost)	28,000 (invoice price)
Debtors	32,750	26,000
Cash in Hand	5,000	2,500

Show the following ledger accounts in the books of the Ramanujam Traders and determine the Profit or Loss of the Branch for the year ended 31<sup>st</sup> March, 2021:-

- |                                    |           |
|------------------------------------|-----------|
| (a) Branch Stock Account           | (5 marks) |
| (b) Branch Cash Account            | (3 marks) |
| (c) Branch Adjustment Account      | (3 marks) |
| (d) Branch Expenses Account        | (3 marks) |
| (e) Branch Debtors Account         | (2 marks) |
| (f) Branch Profit and Loss Account | (2 marks) |
| (g) Goods Sent to Branch Account   | (2 marks) |

### PART-B (Theory)

(Attempt any five questions. All questions carry equal marks. (5 X 15 = 75 marks))

Attempt all parts of a question at one place.

#### Question 4:

Explain:

- (a) The effects of dishonour and noting of a bill of exchange.

- (b) The purpose and benefits of retiring a bill of exchange to the debtor and the creditor.

**Question 5:**

- (a) Discuss the limitations which must be kept in mind while carrying out evaluation of the financial statements.
- (b) How is the rectification of errors done under Sectional Balancing System after opening of Suspense Account?

**Question 6:**

Elaborate the Sinking Fund Method of making provision for replacement of depreciable asset. What Journal entries are required to be passed till sale of investment made under this method?

**Question 7:**

Define the following:

- (a) Machine Hour Rate
- (b) Red Ink Interest
- (c) Accrual Basis of Accounting
- (d) Direct costs in Manufacturing process
- (e) Promissory Note

**Question 8:**

- (a) Mention the names of subsidiary books generally used in business and their purpose.
- (b) What are the advantages of subsidiary Books?

**Question 9:**

Distinguish between the following:

- (a) Money measurement Concept and Matching Concept of Accounting
- (b) Cash Discount and Trade Discount
- (c) Authorised Capital and Paid-Up Capital
- (d) Trial Balance and Balance Sheet
- (e) One-sided errors and two-sided errors

**Question 10:**

The closing bank balance reflected in the Cash Book of Anju Cosmetics Pvt Ltd as on 31.08.2022 does not tally with the balance in their Bank Account as on the same date. Explain, with examples, the possible reasons of the difference.