

SOMAIYA

VIDYAVIHAR UNIVERSITY

Dr. Shantilal K. Somaiya School of Commerce and Business Studies

QUESTION PAPERS

BRANCH: Bachelor of Commerce (Accounting & Finance)	SEM: V
	OCT-2022

Sr. No.	Subject	Available
1.	131U02C501 – Corporate A/C III (A)	
2.	131U02C501 – Corporate A/C III (B)	
3.	131U03V501 – International Taxation	
4.	131U02V501 – Financial Management II	
5.	131U03K501 – Research Methodology	
6.	131U02V502 – Strategic Management	
7.	131U03C502 – Cost & Management A/C III	
8.	131U02C503 – Direct Taxes II	
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SOMAIYA
VIDYAVIHAR UNIVERSITY



October 2022

Examination: Semester Examination (UG Programmes)

Programme code: 02 & 03		Class: TY	Semester: V
Programme: BAF & BAF [H]			
Name of the Constituent College: S.K. SOMAIYA		Name of the Department: Accounting and Finance	
Course Code: 131U02C501 & 131U03C501	Name of the Course: Corporate A/c - III		
Duration: 2 Hr.	Maximum Marks: 60		
Instructions: 1) All question are compulsory. 2) Figures to the right indicates full marks. 3) Use of simple calculator is allowed.			

Q.NO.						Max. Marks
Q.1.	A Ltd. Absorbed B Ltd. From 1 st April 2022 when their Balance Sheets were as under					15
BALANCE SHEET AS ON 31ST March 2022						
LIABILITIES	A LTD.	B LTD.	ASSETS	A LTD.	B LTD.	
Equity Shares of ₹ 10 each	10,00,000	4,00,000	Building	4,40,000	2,80,000	
11% Preference shares ₹100 each	4,00,000	4,00,000	Machinery	8,40,000	5,20,000	
Revaluation Reserve	40,000	—	Stock	5,80,000	3,20,000	
General Reserve	4,00,000	1,20,000	Debtors	2,40,000	2,80,000	
Export Profit Reserves	80,000	40,000	Bills Receivable	2,60,000	1,80,000	
15% Debentures	1,60,000	—	Bank	40,000	20,000	
10% Debentures	—	2,40,000				
Creditors	3,20,000	4,00,000				
	24,00,000	16,00,000		24,00,000	16,00,000	
Terms of Absorption: -						
A Ltd. Will issue 8 equity shares for every 5 shares in B Ltd. Of ₹10 at ₹11.						
11% preference shareholders of B Ltd. Will be issued equal number of preference shares in A ltd. Of ₹100 at ₹105 per share.						
10% Debenture holders of B Ltd. are discharged by A Ltd. by issuing equal number of its 15% Debentures of ₹100 each.						
All the assets & liabilities of B Ltd. are taken over at book values except the following: - Building ₹3,00,000, Machinery ₹5,00,000, Stock ₹3,00,000, Debtors ₹2,60,000, Bills receivable 1,60,000, Creditors 3,80,000.						
Cost of absorption amounting to ₹10,000 was paid by A Ltd.						
You are required to: -						
Calculate Purchase Consideration						
Prepare necessary ledger accounts to close the books of B Ltd.						
Pass necessary Journal Entries in the books of A Ltd.						
- OR						

Q.1. Following are the Balance sheets of Moksh Ltd. & Prapti Ltd. As on 31st March 2022: 15

BALANCE SHEET					
LIABILITIES	MOKSH	PRAPTI	ASSETS	MOKSH	PRAPTI
Equity Shares of ₹100 each	9,00,000	15,00,000	Goodwill	1,50,000	1,50,000
9% Preference shares of ₹100	6,00,000	9,00,000	Land & Building	6,00,000	7,50,000
General reserve	75,000	90,000	Machinery	4,50,000	6,00,000
Revaluation Reserves	45,000	60,000	Computer	3,00,000	4,50,000
Export profit reserves	30,000	45,000	Investments	1,50,000	1,50,000
Profit & Loss A/c	15000	30000	Stock	3,00,000	4,50,000
12% Debenture of Rs.100 each	3,00,000	4,50,000	Sundry Debtors	1,50,000	3,00,000
Unsecured Loans	1,50,000	75,000	Bills Receivable	75,000	1,50,000
Creditors	2,25,000	1,80,000	Bank	1,95,000	3,75,000
Bills Payable	30,000	45,000			
	23,70,000	33,75,000		23,70,000	33,75,000

Deep Ltd. was formed to take over the business of Moksh Ltd. and Prapti Ltd. with an authorized share capital of Rs.30,00,000 consisting of 20,000, 13% preference shares of Rs.100 each and 1,00,000 equity shares of Rs.10 each.

Terms of Amalgamation:

- (1) 9% Preference shareholders of both the companies are issued equal number of 13% preference shares of Deep Ltd. at a price of Rs.125 each.
- (2) Deep Ltd. will issue four equity shares for three equity shares of Moksh Ltd. and four equity shares for five equity shares of Prapti Ltd. the share are to be issued at Rs.35 each.
- (3) 12% Debentures holders of both the companies are discharged by Deep Ltd. by issuing such number of its 15% Debentures of Rs.100 each so as to maintain the same amount of interest.
- (4) Deep Ltd. agree to take over all assets and all liabilities at book values except the following.
 - (i) Tangible fixed assets at 10% more than book value.
 - (ii) Investments and sundry debtor at 90% of their book values.
- (5) Export profit Reserve are to be maintained for three more years.

You are required to :-
Compute purchase consideration of Moksh & Prapti Ltd.
Pass necessary Journal Entries in the books of new co. & Prepare Balance sheet also
Apply Purchase Method.

Q2 The balance sheet of Useless Ltd. as on 31st March, 2022 appeared as follows: - 15

Liability	Rs.	Assets	Rs.
Equity shares of Rs.10 each, fully paid	600,000	Goodwill	1,67,000
9% pref. shares of Rs.100 fully paid	2,00,000	Land & Building	3,00,000
11% Debentures	4,00,000	Plant & Machinery	2,15,000
Interest accrued on above	44,000	Investments	75,000

Debentures			
Unsecured Loans	2,60,000	Stock	2,10,000
Interest accrued on above Unsecured loans	30,000	Sundry Debtors	3,10,000
Current Liabilities	1,66,000	Bank	45,000
		Preliminary Expenses	25,000
		Profit & Loss A/c.	3,53,000
	17,00,000		17,00,000

A Scheme of reconstruction has been agreed amongst the shareholders and the creditors and approved by the court with the following salient features.

- Equity shares are to be reduced to Rs.3 each fully paid.
- 9% Preference shareholders have agreed to accept 12% Debentures of face value of Rs.1,20,000, issued at par, in full satisfaction of their claims.
- Interest due on unsecured loans is paid at 4% discount.
- Interest accrued on 11% debentures is paid at 50%Discount.
- 40% of current liabilities are to be reduced to 75% and Balance 60% to be reduced to 80%.
- 20% of stock is obsolete which is sold at 40% of book value.
- Goodwill, preliminary expenses and Debit Balance in the profit and Loss account is to be written off, Rs.33,000 should be provided for doubtful debts and the value of fixed assets should be appreciated by 10%.
- Cost of reconstruction paid Rs.16,820.

Pass Journal entries and redraft the balance sheet of the company assuming that above scheme of reconstruction has been implemented by the company.

OR

Q.2.

Mr. MOKSH holds as on 1st, April 2021 ₹ 1,50,000 (cost price Rs.1,56,000) 6%, Debentures as an investment on which interest is payable half yearly on 30th June and 31st December every year. The following transactions took place during the accounting year ended 31st March,2022.

Purchase:

On 1/5/2021 Face value Rs.60,000 @ 98 cum- interest

On 1/11/2021 Face value Rs.90,000 @ 101 ex-interest.

Sales:

On 1/8/2021 Face value Rs.72,000 @ 97 cum-interest

On 1/2/2022 Face value Rs.48,000 @ 102 ex- interest.

Market price of investment at 1% discount on 31st March,2022.

Write up Investment Account closing it on 31st March,2022 in the books of Mr. Moksh Investment are to be valued at cost or at market value whichever is less. (Apply AS 13)

15

Q.3.

The Balance Sheet of PRASHANT Ltd. as on 31-3-2022 is as follows:

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs.10 each	12,50,000	Fixed Assets	20,00,000
Securities Premium A/c	2,50,000	Investments	7,50,000
General Reserves	5,00,000	Current Assets:-	
Profit and Loss A/c	5,00,000	Bank Balance	7,50,000
		Other Current Assets	12,50,000
10% Debentures	12,50,000		
Current Liabilities	10,00,000		
	47,50,000		47,50,000

15

Keeping in view all the legal requirements ascertain: -

1. Maximum number of Equity shares that company can Buy Back.
2. The maximum purchase price it can offer.
3. Pass necessary Journal Entries & prepare Balance Sheet after Buy Back.

OR

Q.3. Shri Amit is appointed liquidator of a company in liquidation on 1st July 2022 and the following balances are extracted from the books on that date.

15

LIABILITIES	₹	ASSETS	₹
Equity Shares of ₹ 10 each.	1,60,000	Plant & Machinery	60,000
Debentures	1,00,000	Leasehold Properties	80,000
Bank Overdraft	36,000	Stock	2,000
Liabilities For purchases	40,000	Debtors	1,20,000
Provision for Bad Debts	20,000	Investments	12,000
		Calls in Arrear	10,000
		Cash in hand	2,000
		Profit and Loss Account	70,000
	3,56,000		3,56,000


Prepare a statement of affairs with deficiency or surplus account to be submitted to the meeting of the creditors. The Machinery is valued at 1,20,000, the Leasehold Properties at 1,46,000, Investments at 8,000, Stock-in-trade at 4,000; bad debts are 4,000, doubtful debts are 8,000 estimated to realize 4,000. The Bank Overdraft is secured by deposit of title deeds of Leasehold Properties. Preferential creditors for taxes and wages are 2,000. Telephone rent owing is 160.

Q.4. Multiple Choice Question: -

A.

8

1. Fresh issue offer to existing shareholders at discounted price are called as _____ shares.
a. Bonus b. Right c. left d. issued
2. Capital Redemption Reserve may be used for issuing _____ shares.
a. Bonus b. Right c. Fresh d. Preference
3. Mr. P buys 100, 10% Debentures of face value of Rs 100 each of X Ltd at Rs 98 ex-interest on 1-3-2022. Interest is to be paid annually on 30th June. Price paid by Mr. P towards cost is _____.
a. ₹9,800 b. ₹19,600 c. ₹8,000 d. ₹9,000
4. List 'A' in statement of affairs gives the list of _____.
a. Assets specifically pledged b. Assets not specifically pledged
c. preferential creditors d. unsecured creditors
5. _____ is the free reserve from the followings.
a. P&L a/c b. CRR c. CR d. Shares Forfeited a/c.
6. Deficiency or surplus A/C is prepared as per list _____.
a. A b. B c. C d. H
7. Balance in Capital Reduction should be transferred to _____ account.
a. Profit & Loss b. General Reserve c. Securities Premium d. Capital Reserve
8. Agreed value of tangible assets taken over is Rs.15,45,550 and liabilities taken over is Rs.45,550. goodwill is 10% of net Assets _____ will be the amount of purchase consideration.
a. ₹15,50,000 b. ₹16,50,000 c. ₹ 15,00,000 d. ₹16,45,450

<p>Q.4* B.</p>	<p>State whether the following statements are True or False: -</p> <ol style="list-style-type: none"> 1. Board of Directors can directly decide up to 10% of buy back of the paid-up equity share capital. 2. List 'E' in statement of affairs gives the list of unsecured creditors. 3. The existing 1000 shares of ₹100 each altered to 10,000 shares of ₹10 each, it is called as consolidation in Internal Reconstruction. 4. Ex-interest price includes outstanding interest. 5. AS – 14 deals with Amalgamation of Companies. 6. Capital reduction requires court order. 7. Under purchase method of amalgamation all the reserves of the vendor company are transfer in the books of the purchasing company 	<p>7</p> 
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October 2022

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Programme code: 02 & 03		Class: TY	Semester: V
Programme: BAF & BAF [H]			
Name of the Constituent College: S.K. SOMAIYA		Name of the Department: Accounting and Finance	
Course Code: 131U02C501 & 131U03C501	Name of the Course: Corporate A/c - III		
Duration: 2 Hr.	Maximum Marks: 60		
Instructions: 1) All question are compulsory. 2) Figures to the right indicates full marks. 3) Use of simple calculator is allowed.			

Q. No.						Max. Marks
Q.1.	A) Following are the Balance Sheet of Ram Ltd. And Lakhan Ltd.as on 31 st March 2022					15
	Liabilities	Ram Ltd.	Lakhan Ltd.	Assets	Ram Ltd.	Lakhan Ltd.
	Equity Shares Capital of Rs.10	75,00,000	45,00,000	Building	25,00,000	15,50,000
	Export Profit Reserves	3,00,000	3,00,000	Machinery	32,50,000	17,00,000
	Profit & Loss A/c	7,00,000	6,00,000	Stock	25,50,000	18,00,000
	General Reserve	2,00,000	4,00,000	Debtors	9,00,000	10,00,000
	12% Debentures of Rs. 100 each	5,00,000	3,00,000	Bank	7,00,000	5,50,000
	Sundry Creditors	7,00,000	6,00,000	Share issue Expenses	-	1,00,000
	Total	99,00,000	67,00,000	Total	99,00,000	67,00,000
Radha Ltd was formed to acquire all assets and liabilities of Ram Ltd. And Lakhan Ltd. On the following terms:						
1.Radha Ltd. To have a respective share capital of Rs.5 crores divided into 5,00,000 equity shares of Rs,100 each.						
2. The business of both companies were taken over for a total price of Rs 1.2 crores to be discharged by Radha Ltd. By issue of equity share of Rs 100 each at ₹120 each						
3. The shareholders of Ram Ltd. And Lakhan ltd. To get shares in Radha ltd. In the ratio of net assets value of their respective shares.						
4. The Debentures of both the companies to be converted int equivalent number of 14% Debenture of RS. 100 each in Radha Ltd. At 10% discount.						
5. All the tangible assets of both the companies are taken over by Radha Ltd. At book values except the following:						
ASSETS		RAM LTD.		LAKHAN LTD.		
Building		28,00,000		18,20,000		
Machinery		31,50,000		16,00,000		
6. Sundry creditors of Ram Ltd. And Lakhan Ltd. Are taken over at Rs.6,50,000 and Rs. 5,00,000 respectively.						

7. Statutory reserves are to be maintained for 3 years more.
You are required to: Compute purchase consideration of Ram Ltd. And Lakhan Ltd.
Close the books of old companies by ledger accounts
Pass opening journal entries in the books of new company.

OR

Q.1.

The following were the balance sheets of A Ltd. & B Ltd. as at 31st March, 2002.

15

Liabilities	A Ltd. Rs.	B Ltd. Rs.
Equity share capital (fully paid shares of Rs.10 each)	15,00,000	6,00,000
Securities premium	3,00,000	-
Foreign projects reserve	-	31000.00
General Reserve	9,50,000	3,20,000
Profit & Loss A/c	2,87,000	82,500
12% Debentures	-	1,00,000
Bills payable	12,000	-
Sundry creditors	1,30,000	45,000
Sundry provisions	1,61,000	71,500
TOTAL	33,40,000	12,50,000
Assets	A Ltd. Rs.	B Ltd. Rs.
Land & Building	8,00,000	-
Plant & Machinery	12,00,000	5,00,000
Furniture, fixtures & Fittings	2,50,000	1,60,000
Stock in trade	770,000	4,10,000
Sundry Debtors	2,20,000	1,10,000
Cash at Bank	1,00,000	62,000
Bills Receivable	-	8,000
TOTAL	33,40,000	12,50,000

All the bills receivables held by B Ltd. were A Ltd.'s acceptances. On 1st April, 2002, A Ltd. took over B Ltd. in an amalgamation in the nature of merger.

It was agreed that in discharge of consideration for the business, A Ltd. would allot three fully paid equity shares of Rs.10 each at par for every two shares held in B Ltd. It was also agreed that 12% debentures in B Ltd. would be converted into 13% debentures in A Ltd. of the same amount and Denomination. Expenses of amalgamation amounting to Rs.1,000 were borne by A Ltd.

You are required to: Calculate purchase consideration,
Pass journal entries in the books of A Ltd. and Prepare balance sheet of A Ltd.

Q2

The following is the balance sheet of Dinesh Limited as on 31st March, 2022.

15

Liability	Rs.	Assets	Rs.
Issued & Subscribed capital		Goodwill	25,000
10% Preference shares of		Patents	15,000
Rs.100 each	4,00,000	Furniture	35,000
Equity shares of Rs.10 each	10,00,000	Plant & Machinery	6,00,000
12% Debentures	7,50,000	Land & Building	6,50,000
Bank Overdraft	50,000	Stock in trade	80,000
Sundry Creditors	1,40,000	Sundry Debtors	90,000
Bills payable	35,000	Bills receivable	15,000
		Profit & Loss A/c	8,20,000
		Preliminary Expenses	45,000
	23,75,000		23,75,000

The Preference dividend is in arrear for four years. The following scheme of capital reduction was sanctioned by the court and agreed by shareholders:

- (a) The preference shares are to be reduced to Rs.50 each and equity shares to Rs.2 each, both being fully paid.
 (b) Of the preference dividend in arrears three-fourth to be waived and remaining to be paid in cash.
 © The Debenture holders to take over plant and machinery at Rs.6,50,000 in part satisfaction of their claim. The remaining claim should be converted into 14% debentures.
 (d) Creditors agreed to reduce their claim by Rs.20,000. Bills payable to be paid immediately.
 (e) Goodwill, patents, profit and Loss A/c and Preliminary expenses are to be written off entirely.
 (f) The following assets are to be revalued as under furniture Rs.25,000, stock-in-trade Rs.68,000 Land & Building Rs.5,80,000 Sundry Debtors Rs.90,000
 (g) A secured loan of Rs.1,50,000 at 12% per annum is to be obtained by mortgaging land and building for repayment of bank overdraft, bills payable and reconstruction expenses Rs.15,000

Pass journal entries to record above scheme and draft the balance sheet of Dinesh Limited after reconstruction.

OR

Q.2.

On 1st April 2021, 200 6% debentures of Rs.100 each of LAXMI Ltd. were held as investment by Mr. Sandip at a cost of Rs.18,200.

LAXMI Ltd. pays interest on 1st May and 1st November every year.

The following other transactions were entered by him during the year ended 31st March, 2022 in regard to these debentures.

Date	No. of Debentures	Transaction	Rate
1st April, 2021	100	Sale	Rs.98 Cum- Interest
1st October, 2021	100	Purchase	Rs.104 ex - interest
1st Decemr, 2021	200	Purchase	Rs.97 cum -interest
1st February, 2022	100	Sale	Rs.97 ex - interest

You are required to prepare investment in 6% Debentures in LAXMI Ltd. account for the year ended 31st March 2022 as it would appear in the books of Mr. Sandip. (Apply AS13).

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Q.3.

Following is the balance sheet of MUDRA Ltd. as on 31st March 2022

Liabilities	Rs.	Assets	Rs.
Share Capital		Fixed Assets	
Authorized:		Land & Building	30,00,000
10,00,000 Equity Shares Of Rs.10 Each	1,00,00,000	Plant & Machinery	30,00,000
		Furniture	22,00,000
Issued:		Investments	15,00,000
8,00,000 Equity Shares Of Rs.10 Each Rs.8 Paid Up	64,00,000	Current Assets	
Reserves		Debtors	47,00,000
General Reserve	10,00,000	Bill Receivables	10,00,000
Profit And Loss A/C	50,00,000	Bank Balance	40,00,000
Securities Premium	20,00,000	Stock	20,00,000
11% Debentures	20,00,000		
Unsecured Loans	20,00,000		

15

Creditors	15,00,000		
Bills Payable	15,00,000		
	2,14,00,000		2,14,00,000

The company decides to buy back the maximum number of equity shares as may be permitted at a price of Rs:20 per share. Find out maximum number of shares to be bought back and pass journal entries and prepare balance sheet after Buy Back.

OR

Q.3. (B) Following is the balance of M/s Unfair Ltd. as on 31st March 2022:

15

	Rs.	Assets	Rs.
4,000 6% Preference Shares of 100 each	4,00,000	Land & Building	2,00,000
2000 Equity shares of Rs 100 each, Rs 75 per share paid up	1,50,000	Plant & Machinery	5,00,000
6000 Equity shares of Rs 100 each, Rs 60 paid up	3,60,000	Patents	80,000
5% Debentures (having floating charge on all assets)	2,00,000	Stock	1,10,000
Interest accrued on debentures	10,000	Debtors	2,20,000
Creditors	2,90,000	Cash at bank	60,000
		Profit & Loss A/c	2,40,000
Total	14,10,000	Total	14,10,000

On the above date, the company went into liquidation. The dividend on preference shares were in arrears for two years. Creditors include a loan of Rs.1,00,000 on mortgage of land and building.

The assets realized as under:

Land and Building Rs.2,40,000; Plant and Machinery Rs.4,00,000; Patents Rs.60,000; Stock Rs.1,20,000; Debtors Rs.1,60,000.

The expenses of liquidation amounted to Rs.15,000 and legal charges were Rs.6,800. The liquidator is entitled to commission of 3% on all assets realized and a commission of 2% on amount distributed among unsecured creditors. Creditors included salaries and wages payable to workers for past four months Rs. 30,000. All payments were made on 30th September 2022.

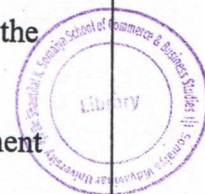
Prepare Liquidator's Final Statement of Accounts.

Q.4. Multiple Choice Question: -

A

- _____ of equity shares is an important mode of capital restructuring.
a. Buy Back b. Issue c. Sell d. Paid-up
- A company has issued capital of 1000 Equity shares of 100 each fully paid. It decides to convert its capital into 10,000 Equity shares of ₹10 each. It is a case of _____
a. consolidation b. sub-division c. Fresh issue d. capital reduction
- Mr. Z buys 500, 15% Debentures of face value of Rs 100 each of D Ltd at Rs 99 cum -interest on 1-2-2022. Interest is to be paid on 30th June & 31st Dec. Price paid by Mr. Z towards cost is _____
a. ₹49,500 b. ₹50,000 c. ₹50,500 d. ₹48,875
- List 'F' in statement of affairs gives the list of _____.
a. Assets specifically pledged b. Equity shareholders

8



	<p>c. preferential creditors d. preference shareholders</p> <p>5. Shares bought back should be physically destroyed within _____ days from the date of buy back.</p> <p>a. 15 b. 7 c. 30 d. 21</p> <p>6. Pre-acquisition dividend should be recorded in the _____ column in Investment Accounting.</p> <p>a. Cost b. Face Value c. dividend d. interest</p> <p>7. The reduction of capital is permitted under section _____ of Companies Act.</p> <p>a. 77 b. 100 c. 66 d. 61</p> <p>8. Agreed value of sundry assets taken over is ₹ 18,75,000 and liabilities taken over is ₹2,25,000. goodwill is 10% of net Assets _____ will be the amount of purchase consideration.</p> <p>a. ₹18,00,000 b. ₹18,15,000 c. ₹ 16,50,000 d. ₹1,65,000</p>	
Q.4. B.	<p>State whether the following statements are True or False: -</p> <ol style="list-style-type: none">1. Buy Back must be authorized by company's Articles of Association.2. List 'D' in statement of affairs gives the list of preferential creditors.3. In Liquidators Final Statement legal charges are paid first.4. Interest should be calculated on the face value of fixed securities.5. Balance in Capital Reduction should be transferred to general reserve account6. Any balance arising in realization account should be transferred to Equity shareholders A/c in amalgamation.7. Under merger method of amalgamation difference in assets & liabilities taken over of the vendor company are transfer to goodwill account by new company.	7



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October 2022		
Examination: Semester V Examination (UG programme)		
Programme code: 03	Class: TY	Semester: V
Programme: Bachelor of Commerce in Accounting and Finance (Honours)		
Name of the Constituent College: S K Somaiya College (SKSC)		Name of the Department: Accounting and Finance
Course Code: 131U03V501	Name of the Course: International Taxation	
Duration: 2 hours	Maximum Marks: 60	
Instructions: 1) All questions are compulsory 2) Figures to the right indicates full marks		

Section		Max. Marks
Q1	<p>Q1. A. Answer the following: (15 marks)</p> <p>a) XYZ Ltd., an Indian company has entered into a technical knowhow agreement with ABC Inc., Country A. ABC Inc. has a sister concern, PQR LLC., Country A, which has obtained an advance ruling on an identical technical know-how agreement with another Indian company, PQR Ltd. Can XYZ Ltd. make use of this advance ruling for its assessment proceeding in April, 2021? Examine. (7 marks)</p> <p>b) "The term 'Advance ruling' includes within its scope, a determination by the Authority for Advance Rulings only in relation to a transaction undertaken by a non-resident applicant". Examine the correctness or otherwise of this statement, in the context of the provisions of the Income-tax Act, 1961. (8 marks)</p> <p>OR</p> <p>Q1. B. Answer the following: (15 marks)</p> <p>Based on the details provided, analyse whether Company A has 'Active Business Outside India'.</p> <p>Company A Co. is a sourcing entity, for an Indian multinational group, incorporated in country X and is 100% subsidiary of Indian company (B Co.). The warehouses and stock in them are the only assets of the company and are located in country X. All the employees of the company are also in country X. The average income wise breakup of the company's total income for three years is, -</p> <ul style="list-style-type: none">30% of income is from transactions where purchases are made from parties which are non associated enterprises and sold to associated enterprises.30% of income is from transactions where purchases are made from associated enterprises and sold to associated enterprises.	15

- 30% of income is from transactions where purchases are made from associated enterprises and sold to non-associated enterprises, and
- 10% of the income is by way of interest.

All the directors of the A Co. are Indian residents. During the relevant previous year 5 meetings of the Board of Directors is held of which two were held in India and 3 outside India with two in country X and one in country Y. **(15 marks)**

Q2

Q2. A. Answer the following: (15 marks)

Explain the concept of Double Taxation Relief including the types of relief. **(15 marks)**

OR

Q2. B. Answer the following: (15 marks)

Mr. A, a resident of Mauritius, receives dividend income from an Indian company. In light of the India Mauritius DTAA, explain the taxability in the hands of Mr. A in India. Your analysis should include details of process and documentation requirements for availing the DTAA benefits, if any. **(15 marks)**

The relevant extract from the India Mauritius DTAA has been reproduced for your reference:

"ARTICLE 10 - DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed—

(a) five per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10 per cent of the capital of the company paying the dividends ;

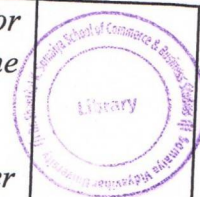
(b) fifteen per cent of the gross amount of the dividends in all other cases.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. Notwithstanding the provisions of paragraph (2), dividends paid by a company which is a resident of Mauritius to a resident of India may be taxed in Mauritius and according to the laws of Mauritius, as long as dividends paid by companies

15

which are residents of Mauritius are allowed as deductible expenses for determining their taxable profits. However, the tax charged shall not exceed the rate of the Mauritius tax on profit of the company paying the dividends.



4. The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the Contracting State of which the company making the distribution is a resident.

5. The provisions of paragraphs (1), (2) and (3) shall not apply if the beneficial owner of the dividends, being a resident of the Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein or performs in that other State independent personal services from a fixed base situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of article 7 or article 14, as the case may be, shall apply.

6. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State."

Q3

Q3. A. Answer the following: (15 marks)

15

Mr. A, a non-resident individual, remitted USD 40,000 to India on 16 September 2005, part was utilised on 3 October 2005 for purchasing 10,000 equity shares in A Ltd, Indian company. The cost of acquisition of the shares was Rs. 12 per share. Mr. A transferred all the equity shares in A Ltd. to Mr. B, an Indian resident on 30 March 2022 at Rs. 48 per share. The details of the SBI telegraphic rates have been provided below for calculation of capital gains in the hands of Mr. A by applying the first proviso to section 48 of the Income-tax Act, 1961. **(15 marks)**

Date	SBI TT Buying rate	SBI TT Selling rate
16-Sep-05	18	20
03-Oct-05	19	21
30-Mar-22	59	61

OR

Q3. B. Answer the following: (15 marks)

- a) Explain how residential status of individuals as per the provisions of section 6 of the Income-tax Act, 1961 is determined. **(10 marks)**
- b) Calculate the income-tax liability for an Indian resident individual where the Net Taxable Income for AY 2022-23 is Rs. 1,22,99,920. **(5 marks)**

Q4

I. Fill in the blanks (all questions are mandatory): (5 marks)

15

1. Interest income, accruing from Debentures in a Japanese Co, is received in Canada and subsequently remitted to India. Such income would be chargeable to tax in India in the hands of
 - a) Only Resident and Ordinarily Resident individual
 - b) Only Not Ordinarily Resident individual
 - c) Resident and Ordinarily Resident and Resident and Not Ordinarily Resident individual
 - d) Non-Resident
 - e) All of the above
2. The Taxpayer (Mauritius Co) is a private company incorporated under the laws of Mauritius and is a tax resident of Mauritius. It was set up with the primary objective of undertaking investment activities with the intention of earning long term capital appreciation and investment income. It held shares of a Singapore Company (Singapore Co). Singapore Co had invested in multiple companies in India and the value of the shares of Singapore Co was derived substantially from assets located in India. Mauritius Co sold a certain portion of its holding in Singapore Company to a Hong Kong Company (Hong Kong Co). Which tax treaty is to be considered where the gains are to be taxed as per the provisions of the indirect transfer provisions?
 - a) India Mauritius tax treaty
 - b) India Singapore tax treaty
 - c) India Hong Kong tax treaty
 - d) Mauritius Singapore tax treaty
3. Unit of a debt oriented mutual fund is treated as a long-term capital asset, if they are held for a period of more than _____.
 - a) 12 months
 - b) 24 months
 - c) 36 months
4. Benefit of indexation will not be available for computing long-term capital gains on transfer of
 - a) debentures of an India company
 - b) listed shares held in an Indian company
 - c) residential house property in India

5. The applicant who is aggrieved by the ruling pronounced by the Board for Advance Rulings may appeal to the _____
- Tribunal
 - High Court
 - Supreme Court



II. State whether the following statements are true or false (all questions are mandatory): (5 marks)

- Under Unilateral Relief, the Governments of two countries enter into an agreement to provide relief against double taxation by mutually working out a basis on which tax relief is to be granted.
- A Singapore resident shall not be entitled to claim any relief under the India Singapore Tax Treaty unless a certificate of his being a resident in Singapore is obtained by him from the Government of Singapore.
- It is not required to mention the tax identification number of the assessee in the Form 10F prepared for claiming eligibility to the applicable tax treaty.
- An application made to the Authority of Advance Rulings can be withdrawn within 45 days from the date of application.
- The Cost Inflation Index for 2021-22 is 319.

III. Match the following: (5 marks)

Article as per India Mauritius Tax Treaty	Contents
1. Article 4	a) to whom tax treaty is applicable
2. Article 5	b) taxation of royalty income
3. Article 10	c) tie-breaker rules for dual residents
4. Article 12	d) what constitutes a fixed place PE
5. Article 1	e) taxation of dividend income



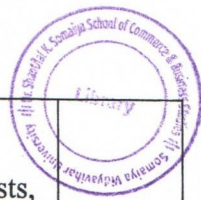
SOMAIYA
VIDYAVIHAR UNIVERSITY



October 2022		
Examination: Semester Examination (UG Programmes)		
Programme code: Programme: BAF	Class: TY BAF	Semester: V
Name of the Constituent College: S.K Somaiya College	Name of the Department: Accounting and Finance	
Course Code: 131402450	Name of the Course: Financial Management - II	
Duration: 2 Hr.	Maximum Marks: 60	
Instructions: 1) Draw neat diagrams 2) Assume suitable data if necessary		

Question No.		Max. Marks																																																
Q1	Attempt the following:																																																	
a.	From the following information available for four companies, calculate: i) EBIT ii) EPS iii) Operating leverage iv) Financial leverage.	(15)																																																
	<table><tr><th>Particulars</th><th></th><th>A</th><th>B</th><th>C</th><th>D</th></tr><tr><td>Sales price per unit</td><td>Rs.</td><td>15</td><td>20</td><td>25</td><td>30</td></tr><tr><td>Variable cost per unit</td><td>Rs.</td><td>10</td><td>15</td><td>20</td><td>25</td></tr><tr><td>Quantity</td><td>Nos.</td><td>20,000</td><td>25,000</td><td>30,000</td><td>40,000</td></tr><tr><td>Fixed Cost</td><td>Rs.</td><td>30,000</td><td>40,000</td><td>50,000</td><td>60,000</td></tr><tr><td>Interest</td><td>Rs.</td><td>15,000</td><td>25,000</td><td>35,000</td><td>40,000</td></tr><tr><td>Tax rate</td><td>Percent</td><td>40</td><td>40</td><td>40</td><td>40</td></tr><tr><td>No. of Equity Shares</td><td>Nos.</td><td>5,000</td><td>9,000</td><td>10,000</td><td>12,000</td></tr></table>	Particulars		A	B	C	D	Sales price per unit	Rs.	15	20	25	30	Variable cost per unit	Rs.	10	15	20	25	Quantity	Nos.	20,000	25,000	30,000	40,000	Fixed Cost	Rs.	30,000	40,000	50,000	60,000	Interest	Rs.	15,000	25,000	35,000	40,000	Tax rate	Percent	40	40	40	40	No. of Equity Shares	Nos.	5,000	9,000	10,000	12,000	
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	OR																																																	
a.	Calculate the Operating Leverage, Financial Leverage and Combined Leverage from the following data under situation I and II and Financial Plan A and B:	(8)																																																
	<table><tr><td>Installed Capacity</td><td colspan="2">4800 units</td></tr><tr><td>Actual Production and Sales</td><td colspan="2">75% of the capacity</td></tr><tr><td>Selling Price</td><td colspan="2">Rs. 30 per unit</td></tr><tr><td>Variable Cost</td><td colspan="2">Rs. 15 per unit</td></tr><tr><td>Fixed Cost</td><td colspan="2"></td></tr><tr><td>Situation I</td><td colspan="2">Rs. 25,000</td></tr><tr><td>Situation II</td><td colspan="2">Rs. 30,000</td></tr><tr><td>Capital Structure</td><td colspan="2">Financial Plan</td></tr><tr><td></td><td>A (Rs.)</td><td>B (Rs.)</td></tr><tr><td>Equity</td><td>1,00,000</td><td>1,50,000</td></tr><tr><td>Debt @ 15%</td><td>1,00,000</td><td>50,000</td></tr><tr><td></td><td>2,00,000</td><td>2,00,000</td></tr></table>	Installed Capacity	4800 units		Actual Production and Sales	75% of the capacity		Selling Price	Rs. 30 per unit		Variable Cost	Rs. 15 per unit		Fixed Cost			Situation I	Rs. 25,000		Situation II	Rs. 30,000		Capital Structure	Financial Plan			A (Rs.)	B (Rs.)	Equity	1,00,000	1,50,000	Debt @ 15%	1,00,000	50,000		2,00,000	2,00,000													
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b.	The Net Sales of Apex Co. are Rs. 15 crores. EBIT of the Company as a percentage of Net Sales is 12%. The Capital Employed comprises Rs. 5 crores of equity, Rs. 1 crore of Cumulative Redeemable Preference Shares bearing 13% rate of dividend and Debt Capital of Rs. 3 crores at an annual interest rate of 15%. Corporate Income Tax Rate is 40%. Required	(7)																																																

	<p>i) Calculate the Return on Equity (ROE) for the Company and indicate its segments due to the presence of Preference Share Capital and Debt Capital.</p> <p>ii) Calculate the Operating Leverage of the Company given that its Combined Leverage is 3.</p>																																																																									
Q2	<p>Attempt the following:</p> <p>Consider Company XYZ whose shareholders' equity amounts to ₹ 87,50,000. The company owns 5,000 preferred shares and 100,000 common shares outstanding. The present market value for the common shares is ₹ 120.50 per share and ₹ 100 per share for the preferred shares. Calculate MVA?</p> <p>Rank the following projects using payback method as well as discounted value concept of cash inflows. Use a 9% discount rate.</p> <table><tr><td></td><td>Investment X</td><td>Investment Y</td></tr><tr><td>Initial Investment</td><td>Cash inflows</td><td>Rs. 10,100</td></tr><tr><td>Years</td><td>Rs.</td><td>Rs.</td></tr><tr><td>1</td><td>9,500</td><td>200</td></tr><tr><td>2</td><td>200</td><td>200</td></tr><tr><td>3</td><td>200</td><td>200</td></tr><tr><td>4</td><td>200</td><td>9,500</td></tr><tr><td>5 to 10 years</td><td>800</td><td>800</td></tr></table> <p>OR</p> <p>ABC Ltd is a small company that is currently analysing capital expenditure</p> <table><tr><td>Initial Investment</td><td>Project A</td><td>Project B</td><td>Project C</td><td>Project D</td><td>Project E</td></tr><tr><td>Projected Cash inflows</td><td>2,16,280</td><td>1,95,150</td><td>3,50,800</td><td>4,10,900</td><td>5,10,100</td></tr><tr><td>Years 1</td><td>55,000</td><td>40,000</td><td>75,000</td><td>75,000</td><td>65,000</td></tr><tr><td>2</td><td>55,000</td><td>50,000</td><td>75,000</td><td>75,000</td><td>85,000</td></tr><tr><td>3</td><td>55,000</td><td>70,000</td><td>60,000</td><td>60,000</td><td>63,800</td></tr><tr><td>4</td><td>55,000</td><td>75,000</td><td>80,000</td><td>40,000</td><td>30,000</td></tr><tr><td>5</td><td>55,000</td><td>75,000</td><td>1,00,000</td><td>20,000</td><td>22,000</td></tr><tr><td>6</td><td>55,000</td><td>78,000</td><td>95,000</td><td>22,500</td><td>22,500</td></tr></table> <p>proposals for the purchase of equipment, the company uses the net present value technique to evaluate projects. The capital budget is limited to ₹ 5,25,000 which ABC Ltd believes is the maximum capital it can raise. The initial investment and projected net cash flows for each project are shown below. The cost of capital of ABC Ltd is 12.25%. You are required to compute the NPV of the different projects.</p>		Investment X	Investment Y	Initial Investment	Cash inflows	Rs. 10,100	Years	Rs.	Rs.	1	9,500	200	2	200	200	3	200	200	4	200	9,500	5 to 10 years	800	800	Initial Investment	Project A	Project B	Project C	Project D	Project E	Projected Cash inflows	2,16,280	1,95,150	3,50,800	4,10,900	5,10,100	Years 1	55,000	40,000	75,000	75,000	65,000	2	55,000	50,000	75,000	75,000	85,000	3	55,000	70,000	60,000	60,000	63,800	4	55,000	75,000	80,000	40,000	30,000	5	55,000	75,000	1,00,000	20,000	22,000	6	55,000	78,000	95,000	22,500	22,500	<p>(5)</p> <p>(10)</p> <p>(15)</p>
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6	55,000	78,000	95,000	22,500	22,500																																																																					
Q3	<p>Attempt the following:</p> <p>Calculate the WACC using the following data</p> <p>(i) Book value weights Basis (ii) Market value weights Basis</p> <p>The capital structure of the company is as under:</p> <table><tr><td>Rs. 5,00,000</td><td>Debentures (Rs 100 per debenture)</td></tr><tr><td>Rs. 5,00,000</td><td>Preference shares (Rs 100 per share)</td></tr><tr><td>Rs. 10,00,000</td><td>Equity shares (Rs 10 per share)</td></tr></table> <p>The market prices of these securities are:</p> <p>Debenture Rs 105 per debenture. Preference Rs 110 per preference share.</p>	Rs. 5,00,000	Debentures (Rs 100 per debenture)	Rs. 5,00,000	Preference shares (Rs 100 per share)	Rs. 10,00,000	Equity shares (Rs 10 per share)	<p>(15)</p>																																																																		
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	<p>Equity Rs 24 each</p> <p>Additional information:</p> <p>1) Rs 100 per debenture redeemable at par, 10% coupon rate, 4% flotation costs, 10-year maturity.</p> <p>2) Rs 100 per preference share redeemable at par, 5% coupon rate, 2% flotation cost and 10-year maturity.</p> <p>3) Equity shares have Rs 4 flotation cost.</p> <p>The expected dividend is Rs 10 with annual growth of 5%. The firm has a practice of paying all earnings in the form of dividend. Corporate tax rate is 30%.</p> <p>OR</p>	
a.	<p>Compute the cost of capital of 12% debentures issued by Vikas (P) Ltd., face value of ₹ 100, amount of ₹ 2,00,000, in following situation. The life of debenture is 7 years.</p> <p>(i) Issued at par, redeemable at par.</p> <p>(ii) Issued at 10% premium.</p> <p>(iii) Issued at 10% discount.</p>	(10)
b.	<p>Indebted Ltd. issued 10,000, 10% Debentures of 100 each, redeemable in 10 years' time at 10% premium. The cost of issues was 25,000. The Company's Income Tax Rate is 35%. Determine the Cost of Debentures, if they were issued - (a) at par, (b) at a premium of 10%, and (c) at a discount of 10%.</p>	(5)
Q4 (a)	<p>Fill in the blanks</p> <p>1 Operating leverage results from the existence of the fixed operating expenses in the firm's stream.</p> <p>2 costs are the costs which vary directly.</p> <p>3 The financial leverage is favourable when the firm earns more on the investments/assets financed by the sources having charges.</p> <p>4 Combined leverage is equals to leverage multiplied by financial leverage.</p> <p>5 Cost of capital represents the that the firm must pay to the fund suppliers, who have provided the capital.</p> <p>6 In the Net Present Value (NPV) method, the present values of cash inflows are calculated by discounting the rate known as</p> <p>7 is the formula to calculate economic value added.</p> <p>8 Cost is the cost that is prevailing in the market at a certain time.</p> <p>9 Capital budgeting decision are based on</p> <p>10 cost is not relevant cost in capital budgeting.</p>	(10)
Q4 (b)	<p>State whether the following statements are true or false:</p> <p>1 Salvage value is related to fixed assets.</p> <p>2 While measuring cash inflows & outflows of a project, depreciation amount should be added back to project before tax.</p> <p>3 The NPV method does not consider the time value of money.</p> <p>4 Capital expenditure benefits accrue only in the current period.</p> <p>5 IRR method does take account of cost of capital.</p>	(5)



SOMAIYA
VIDYAVIHAR UNIVERSITY



October 2022

Examination: Semester Examination (UG Programmes)

Programme code: 02 & 03

Programme: Accounting and Finance

Class: TY

Semester: V

Name of the Constituent College: S K Somaiya College

Name of the Department: Accounting and Finance

Course Code: 131U03K501

Name of the Course: Research Methodology

Duration : 2 Hr.

Maximum Marks : 60

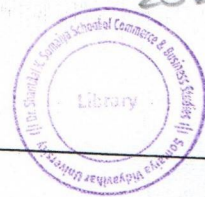
Instructions: 1) Figures to the right indicate full marks 2) For Objective questions re-write the question with answer 3) Use simple calculator is allowed

Question No.		Max. Marks
Q.1 a	Explain the meaning and objectives of research.	8
Q.1 b	Describe the significance of research in business. OR	7
Q.1 c	State the usefulness of hypothesis in business research.	8
Q.1 d	What are the steps involved in preparing a research design?	7
Q.2 a	Define Sample. Explain the characteristics of good sample.	8
Q.2 b	Explain probability sampling methods. State the types of probability sampling methods. OR	7
Q.2 c	State the merits and demerits of Survey/Interview method of primary data collections.	8
Q.2 d	Explain data and types of data collection.	7
Q.3 a	What is scaling? State types of rating scales.	8
Q.3 b	Elaborate interpretation of data. Explain prerequisites of interpretation of data OR	7
Q.3 c	Discuss the essentials of a good research report	8
Q.3 d	Describe the layout of a research report	7
Q.4 a	Fill in the blanks.	8
1	_____ is the search for knowledge through objective and systematic approach to find solution to a given problem. a) Research b) Speculation c) Divergent d) Prospective method	
2	Pure research is called as _____ research. a) impure b) theoretical c) decisional d) basic	
3	_____ is a proposition which can be put to test to determine validity. a) Thesis b) Hypothesis c) Letter of Authorization d) Executive summary	
4	_____ is a logical and systematic outline of research project prepared for directing, guiding and controlling a research work a) Research topic b) Research publications c) Research design d) Generic Research	

5	A sample is a part of _____ that can be used as respondents to a survey a) universe b) world c) state d) region	
6	_____ is the limitation of primary data a) costly b) qualitative data c) completes the gap d) specific data	
7	Interpretation is the _____ of research process a) method b) ground c) basis d) climax	
8	Bibliography is included in the _____ of the report a) preliminary contents b) Main body c) concluding part d) Middle part	
Q.4 b	True or False	7
1	Research is subjective.	
2	Empirical research derives knowledge from actual experience.	
3	Research design acts as a reference document.	
4	Open ended questions lead to restricted answers.	
5	In terms of measurement procedures, validity is the ability of an instrument to measure what it is designed to measure.	
6	Interpretation of data is followed by analysis of data.	
7	Research report must be presented in written form only	



SOMAIYA
VIDYAVIHAR UNIVERSITY



BAF
2022

October 2022

Examination: Semester Examination (UG Programmes)

Programme code: 02

Programme: B.COM (A&F)

Class: TY

Semester: V

Name of the Constituent College: S K Somaiya College

Name of the Department: Accounting and Finance

Course Code: 131U02V502

Name of the Course: Strategic Management

Duration: 2 Hr.

Maximum Marks: 60

Instructions: 1) Draw neat diagrams

2) Assume suitable data if necessary

Question No.		Max. Marks
Q1	A. Elucidate the nature and characteristic of strategy B. Enumerates the risks involve in strategic management. OR C. Elaborate the macro external environment.	08 07 15
Q2	A. Explain the importance of strategic choice B. Discuss the steps in strategic implementation OR C. Write a note on ETOP D. Explain the forms of corporate restructuring.	08 07 08 07
Q3	A. What is strategic alliance? Discuss various types of strategic alliance B. Enumerates the reasons for the growth of BPO & KPO India. OR C. Discuss the concept of Disaster management, D. Write a note on change management.	08 07 08 07
Q4	A. Select the most appropriate answers from the options provided. 1. _____ is/are the most common reasons for restructuring a company a. Downsizing b. Buy outs c. Technology d. All of these 2. Full form of LPO is _____ process outsourcing. a. Labour b. Liability c. Legal d. Logistic 3. _____ basically, start for short term benefit a. Foreign Collaboration b. Diversification c. Joint Venture	08

d. Franchises

4. _____ is a type of man-made disaster.

- a. Flood
- b. War
- c. Earthquake
- d. Cyclone

5. Supplier is a part of _____ component of the business environment

- a. Macro
- b. Micro
- c. Internal
- d. External

6. The importance of PPP projects can be stated as _____

- a. Economic growth
- b. Employment generation
- c. Social development
- d. Above all

7. Joe G. Thomas in his book _____ has stated techniques for Strategic momentum control.

- a. Strategic Control
- b. Strategic Formulation
- c. Strategic Management
- d. Strategic Implementation

8. _____ diversification involve entry in a totally new areas or businesses.

- a. Concentric
- b. Conglomerate
- c. Horizontal
- d. Vertical

B. Match the Columns

A

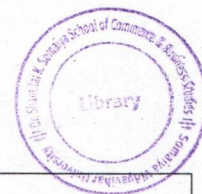
- 1. Affiliate Marketing
- 2. Strategic alliance
- 3. Focused Low cost
- 4. Goal
- 5. Internal cause of renewal
- 6. Prevention of Disaster
- 7. Turnaround

B

- 1. Realisite
- 2. Reduction of Losses
- 3. Business level strategy
- 4. Kotak & ING Vysya bank
- 5. Company profitable again
- 6. Toxic culture
- 7. Mitigation



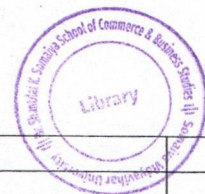
SOMAIYA
VIDYAVIHAR UNIVERSITY



October 2022		
Examination: Semester Examination (UG Programmes)		
Programme code: 02	Class: TYBAF	Semester: V
Programme: Accounting and Finance		
Name of the Constituent College: S K Somaiya College, Somaiya Vidyavihar University		Name of the Department: Accounting and Finance
Course Code: 131U03C502	Name of the Course: Cost and Management A/c III	
Duration: 2 Hr.	Maximum Marks: 60	
Instructions: 1) All Questions carries equal marks 2) Figures to the right indicate full marks 3) State your assumptions clearly		

Question No.				Max. Marks
Q1	On 31 st March, 2022 the following balance are extracted from the books of Reliable Ltd:-			(15)
	Particulars	Dr. (Rs)	Cr. (Rs)	
	General Ledger Control A/c	---	5,00,000	
	Finished Goods Control A/c	1,00,000	---	
	Store Ledger Control A/c	2,50,000	---	
	WIP Control A/c	1,50,000	---	
		5,00,000	5,00,000	
	The following transaction took place in April, 2022			
	Particulars	(Rs)		
	<u>Raw Material:</u>			
- Purchased from Nitin & Co	3,30,000			
- Issued to production	5,00,000			
- Returns to Store	20,000			
- Returned to Nitin and Co	30,000			
Indirect Labour	40,000			
Cost of Goods Sold	8,20,000			
Selling expenses	50,000			
Sales to Raja	9,50,000			
Office expenses	40,000			
Factory Expenses	60,000			
Productive wages	80,000			
Cost of Finished goods transferred to warehouse	7,60,000			
Office expenses and selling expenses are treated as period cost and charged off to the costing Profit and Loss A/c of the month in which they are incurred. Factory Expenses overheads are applied to production at 75% of Direct wages, any under / over absorbed overhead being carried forward for adjustment in the subsequent months.				
You are required to prepare the following:-				
1) General Ledger Adjustment A/c		4) Store Ledger Control A/c		
2) Work in Progress Control A/c		5) Finished Good Control A/c		
3) Costing Profit and Loss A/c				
Trail Balance as on 30 th April, 2022.				
	OR			

Q.1.	<p>The following transactions are extracted from the books of Jindal Ltd. You are required to pass journal entries under the integrated accounts system.</p> <table><tr><td>Purchase of raw materials on credit</td><td>4,00,000</td></tr><tr><td>Carriage inward</td><td>2,000</td></tr><tr><td>Paid to creditors</td><td>3,00,000</td></tr><tr><td>Stores issued</td><td>2,50,000</td></tr><tr><td>Productive wages paid</td><td>2,00,000</td></tr><tr><td>Unproductive Wages paid</td><td>60,000</td></tr><tr><td>Works overheads incurred</td><td>3,60,000</td></tr><tr><td>Material issued for repairs</td><td>2,000</td></tr><tr><td>Selling expenses paid</td><td>10,000</td></tr><tr><td>Office expenses paid</td><td>5,000</td></tr><tr><td>Works overheads absorbed</td><td>4,10,000</td></tr><tr><td>Cost of completed jobs</td><td>8,50,000</td></tr></table>	Purchase of raw materials on credit	4,00,000	Carriage inward	2,000	Paid to creditors	3,00,000	Stores issued	2,50,000	Productive wages paid	2,00,000	Unproductive Wages paid	60,000	Works overheads incurred	3,60,000	Material issued for repairs	2,000	Selling expenses paid	10,000	Office expenses paid	5,000	Works overheads absorbed	4,10,000	Cost of completed jobs	8,50,000	(15)
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Q.2.	<p>Deepak Transport Co. has provided following information in respect of a truck of 5 ton capacity.</p> <table><tr><td>Cost of Truck</td><td>Rs.90,000.</td></tr><tr><td>Estimated life</td><td>10 years</td></tr><tr><td>Repairs and Maintenance</td><td>Rs.500 p.m.</td></tr><tr><td>Driver Salary</td><td>Rs.500 p.m.</td></tr><tr><td>Cleaner Salary</td><td>Rs.250 p.m.</td></tr><tr><td>Insurance</td><td>Rs.4,800 p.a.</td></tr><tr><td>Road tax</td><td>Rs.2,400 p.a.</td></tr><tr><td>Supervision</td><td>Rs.4,800 p.a.</td></tr><tr><td>Diesel and Oil</td><td>Rs.15 per trip each way</td></tr><tr><td>Truck cover</td><td>50 km each way.</td></tr></table> <p>On outward trip freight is available to the extent of full Capacity and on return 20% of capacity. Assume trucks runs average 25 days a month. Calculate:- 1) Operating Cost of Tonne-Km 2) Rate per tonnes per trip that Co. should charge if a profit on 50% on freight is to be earned</p>	Cost of Truck	Rs.90,000.	Estimated life	10 years	Repairs and Maintenance	Rs.500 p.m.	Driver Salary	Rs.500 p.m.	Cleaner Salary	Rs.250 p.m.	Insurance	Rs.4,800 p.a.	Road tax	Rs.2,400 p.a.	Supervision	Rs.4,800 p.a.	Diesel and Oil	Rs.15 per trip each way	Truck cover	50 km each way.	(15)				
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OR																										
Q.2.	<p>SM Ltd furnished you the following information relating to Process B for the month of October, 2017.</p> <ol style="list-style-type: none">Opening Work in Progress – NILUnits Introduced – 10,000 units @ Rs.3 per unitExpenses debited to the process:<ul style="list-style-type: none">- Direct Material Rs.14,650- Labour Rs.21,148- Overhead Rs.42,000Finished Output – 9,500 unitsClosing work in progress 350 Units <p>Degree of completion: Material 100%, Labour and overhead 50%</p> <ol style="list-style-type: none">Normal Loss in process – 1% of the inputDegree of completion of abnormal loss: Material 100%, Labour and Overhead 80%Units scrapped as normal loss were sold at Rs.1 per unit.All the units of abnormal loss were sold at Rs.2.50 per unit <p>Prepare: a) Statement of Equivalent production b) Statement of Cost c) Process B Accounts</p>	(15)																								



d) Abnormal Loss A/c.

Q.3.

Prepare a Cash Budget of "Raigad Ltd" for March, April and May 2022 from the following information given below:

(15)

Months	Sales (Rs)	Purchases (Rs)	Wages (Rs)	Expenses (Rs)
Jan	1,80,000	70,000	20,000	5,000
Feb	1,50,000	60,000	18,000	8,000
March	1,40,000	80,000	25,000	9,000
April	1,00,000	60,000	24,000	8,000
May	90,000	50,000	20,000	6,000
June	80,000	40,000	18,000	5,000

Additional Information:

- (1) 20% of the purchases and 10 % of sales are for cash.
- (2) The average collection period of the company is $\frac{1}{2}$ month.
- (3) Credit purchases are paid regularly after one month.
- (4) Delay in payment of wages $\frac{1}{4}$ month.
- (5) Sales commission of 2% of Total Sales is to be paid in the month following actual sales.
- (6) Rent of Rs.2,000 included in expenses is paid monthly and other expenses are paid after one month lag.
- (7) Cash balance on 28th February, 2022 may be assumed to be Rs.65,000.
- (8) Dividend of Rs.5,000 will be received in May 2022

OR

Q.3.

- a) The Marketing Manager of XY Ltd. is giving a proposal to the Board of Directors of the company that an increase in credit period allowed to customers from the present one month to two months will bring a 25% increase in sales volume in the next year. The following operational data of the company for the current year are taken from the records of the company:

(08)

	Rs
Selling Price	Rs.21 p.u.
Variable Cost	Rs.14 p.u.
Total Cost	Rs.18 p.u.
Sales Value	18,90,000

The Board, by forwarding the above proposal and data requests you to give your expert opinion on the adoption of the new credit policy in the next year subject to a condition that the company's required rate of return on investments is 40%.

- b) Following are the Summarised Balance Sheet of Niyon Co. Ltd. as at 31st Dec 2020 & 2021:

(07)

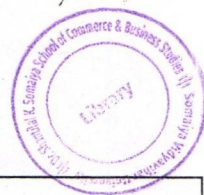
Liabilities	2020 (Rs)	2021(Rs)	Asset	2020(Rs)	2021(Rs)
Share Capital	2,00,000	2,50,000	Goodwill	---	5,000
General Reserve	50,000	60,000	Land & Building	2,00,000	1,90,000
Profit & Loss A/c	30,500	30,600	Plant and Machinery	1,50,000	1,69,000
Bank Loan	70,000	---	Stock	1,00,000	74,000
Sundry Creditors	1,50,000	1,35,200	Sundry Debtors	80,000	64,200
Bills payable	30,000	35,000	Cash	500	600
			Bank	---	8,000
	5,30,500	5,10,800		5,30,500	5,10,800

Prepare cash flow statement.

Q.4.	A) Match the Following			(08)
	Column A		Column B	
	1 Receivable Management	a)	Actual output less normal output	
	2 Cost of fuel for a car	b)	Per patient day	
	3 Hospital	c)	Running expenses	
	4 Selling Overhead over absorbed	d)	Operating Activities	
	5 Provision for tax	e)	Normal output less actual output	
	6 Issue of material for use	f)	Normal cost ÷ Normal output	
	7 Sale of Investment	g)	Credit to Costing Profit and Loss A/c	
	8 Abnormal gains	h)	Credit Policy	
		i)	Cash Budget	
		j)	WIP Control Account	
	B) State whether the following statement are true or false			(07)
	1) The FIFO method combines beginning inventory and current production to compute cost per unit of production. 2) Taxes are a fixed cost. 3) The expenses are to be classified according to their nature of variability in service costing. 4) Stores ledger contains wages paid. 5) Credit sales result in accounts receivable. 6) Cash budget shows budgeted receipt and payments. 7) Dividend paid to shareholder is an financing activities.			



SOMAIYA
VIDYAVIHAR UNIVERSITY



October 2022		
Examination: Semester V Examination (UG programme)		
Programme code: 02 and 03	Class: TY	Semester: V
Programme: Bachelor of Commerce in Accounting and Finance and Bachelor of Commerce in Accounting and Finance (Honors)		
Name of the Constituent College: S K Somaiya College (SKSC)	Name of the Department: Accounting and Finance	
Course Code: 131U02C503 131U03C503	Name of the Course: Direct Taxes II	
Duration: 2 hours	Maximum Marks: 60	
Instructions: 1) All questions are compulsory 2) Figures to the right indicates full marks		

Q.No		Max. Marks
Q1	A) Ms. Roma aged 36 yrs. Estimates her Gross salary income at Rs. 6,70,000 and Interest on Fixed deposit Rs. 1,50,000 for the Previous Year 2022-23 related to Assessment Year 2023-24. Tax Deducted at Source from her salary is estimated at Rs. 19,160 and from Interest on Fixed Deposit at Rs. 10,000 Is she liable for payment of Advance Tax? If yes, find the amount of advance tax installments due on various dates.	(8)
	B) Mitro and Associates is a partnership firm whose tax liability is determined at Rs. 55,000 for the Previous Year 2021-22. It has paid Advance tax on 15.3.22 of Rs. 35,000 and balance tax is paid on 31.12.22 at the time of filing Income Tax Return. Due date for filing the return is 31.10.22. Compute Interest applicable u/s 234A, 234B and 234C	(7)
	OR	
	C) Write due dates applicable for filing of Income tax Return for various categories of persons and ITR number to file	(8)
	D) Write a note Provisions of Section 139 of Income Tax Act, 1961.	(7)
Q.2.	A) Mr. Arijit, a resident individual aged 35 years is a professional singer deriving income of Rs. 2,60,000 (Net after TDS) from music concerts perform abroad in Country "A". Total tax deducted was Rs. 40,000 in the country the Country "A" where concerts was performed. He is also in the receipt of Professional fees of	(8)

Rs. 3,30,000 (Net After TDS) from Country "B". Tax Deducted in country "B" was Rs. 70,000. Total Expenses incurred to earn professional fees from abroad are amounted to Rs. 1,50,000. India does not have any DTAA under section 90 of Income Tax Act, 1961, with those countries. His income in India amounted to Rs. 4,95,000 and he invested Rs. 35,000 in Public Provident Fund. Find out his tax liability for the Assessment year 2022-23

B) State with Reason the amount of tax to be deducted at source under Section 194C from the following amounts payable

(7)

1) Amount payable to Mr Sagar against four different contracts as follows:

Contract – 1	25,000
Contract – 2	30,000
Contract – 3	20,000
Contract – 4	26,000

2) Mr. Ganesh is running a sole proprietary business whose accounts are audited as per the provisions of section 44AB of the Income Tax Act, 1961. He pays a monthly rent of Rs. 16,000 for the office premises to Ms. Gauri - the owner of Office Premises and an Individual. Besides, he also pays service charges of Rs. 12,000 per month to Ms Gauri towards the use of home appliances.

OR

C) What is the Importance of Tax Planning

(8)

D) Explain the provisions of DTAA u/s 90 and 91

(7)

Q43 Answer the following:

A. During the Previous Year 2021-22, Mr. A has the following income and the brought forward losses

(7)

Particulars	Amount
Short term capital gains on sale of shares	1,50,000
Long term capital loss of AY 2020-21	-96,000
Short term capital loss of AY 2021-22	-37,000
Long term capital gain u/s 112	75,000

Calculate the total income chargeable to tax for AY 2022-23.



B. Profit before allowing Salary and Interest on Capital to Partners is Rs. 3,15,000 of M/s Deva & Co. where X and Y are equal Partners (8)

Salary to Partner X = Rs. 1,50,000

Salary to Partner Y = Rs. 1,50,000

Interest on Capital @ 20% to X = 10,000 and to Y = 15,000

Compute Taxable income of Partnership firm and of Partners as well as tax payable by the Partnership Firm.

OR

A. Write a note on clubbing of income provisions contained in section 60 and section 61 of the Income-tax Act, 1961. (7)

B. Write provisions related to payment of Interest U/s 234A, 234B and 234C (8)

Q.4 I. Fill in the blanks (all questions are mandatory): (5 marks) (15)

1. Loss under the head of house property
 - a) can be carry forwarded for 8 years
 - b) can't be carried forward
 - c) can be carry forwarded for 4 years
2. Short-term capital loss can be set off from
 - b) short-term capital gain only
 - c) long-term capital gain only
 - d) short-term capital gain or long-term capital gain
3. Advance Tax Liability arises when Assessed tax exceeds
 - a) Rs. 50,000
 - b) Rs. 10,000
 - c) Rs 2,50,000
4. Tax is Deducted from the Payment to Contractor _____
 - a) U/s 194C
 - b) U/s 194 H
 - c) U/s 194 I
5. If Advance Tax paid is less than 90% of Assessed Tax then interest is chargeable
 - a) U/s 234A
 - b) U/s 234B
 - c) U/s 234C

II. State whether the following statements are true or false (all questions are mandatory): (5 marks)

1. Loss from a speculation business can be set off from profits and gains from any business.
2. Section 87A rebate is available if Taxable income does not exceed Rs. 5,00,000
3. Senior citizen having business income are exempted from payment of Advance Tax
4. Return filed after due date is called as Belated Return
5. Due date for filing Audit report in case of Tax audit cases is 30th September of the relevant year

III. Match the following: (5 marks)

<i>Group "A"</i>		<i>Group "B"</i>	
1	TDS on Rent	A	Section 90
2	Interest U/s 234C	B	U/s 192
3	Negative Book Profit	C	U/s 194I
4	TDS on Salary	D	Deferment of Advance Tax
5	DTAA Provisions	E	Salary to Partner Rs.1,50,000