

# SOMAIYA

## VIDYAVIHAR UNIVERSITY

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

### QUESTION PAPERS

<b>BRANCH: Bachelor of Commerce</b> <b>(Accounting &amp; Finance) Hons.</b>	<b>SEM: V</b>
	<b>OCT-2022</b>

Sr. No.	Subject	Available
1.	131U02C501 – Corporate A/C III	
2.	131U03V501 – International Taxation (A)	
3.	131U03V501 – International Taxation (B)	
4.	131U02V502 – Strategic Management	
5.	131U03C502 – Cost & Management Accounting	
6.	131U03C503 – Direct Taxes II	
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**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) Following are the Balance Sheet of Ram Ltd. And Lakhan Ltd.as on 31 <sup>st</sup> 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 31<sup>st</sup> 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
<b>TOTAL</b>	<b>33,40,000</b>	<b>12,50,000</b>
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
<b>TOTAL</b>	<b>33,40,000</b>	<b>12,50,000</b>

All the bills receivables held by B Ltd. were A Ltd.'s acceptances. On 1<sup>st</sup> 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.

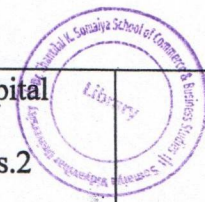
Q2

The following is the balance sheet of Dinesh Limited as on 31<sup>st</sup> 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
	<b>23,75,000</b>		<b>23,75,000</b>





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 1<sup>st</sup> 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 1<sup>st</sup> May and 1<sup>st</sup> November every year.

The following other transactions were entered by him during the year ended 31<sup>st</sup> 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 Decembr, 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 31<sup>st</sup> March 2022 as it would appear in the books of Mr. Sandip. (Apply AS13).

15

Q.3.

Following is the balance sheet of MUDRA Ltd. as on 31<sup>st</sup> March 2022

Liabilities	Rs.	Assets	Rs.
Share Capital		<b>Fixed Assets</b>	
<b>Authorized:</b>		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
<b>Issued:</b>		Investments	15,00,000
8,00,000 Equity Shares Of Rs.10 Each Rs.8 Paid Up	64,00,000	<b>Current Assets</b>	
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		
	<b>2,14,00,000</b>		<b>2,14,00,000</b>

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 31<sup>st</sup> March 2022:

15

Liabilities	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
<b>Total</b>	<b>14,10,000</b>	<b>Total</b>	<b>14,10,000</b>

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 30<sup>th</sup> 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 & 31<sup>st</sup> 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





c. preferential creditors d. preference shareholders  
5. Shares bought back should be physically destroyed within \_\_\_\_\_ days from the date of buy back.

a. 15 b. 7 c. 30 d. 21

6. Pre-acquisition dividend should be recorded in the \_\_\_\_\_ column in Investment Accounting.

a. Cost b. Face Value c. dividend d. interest

7. The reduction of capital is permitted under section \_\_\_\_\_ of Companies Act.

a. 77 b. 100 c. 66 d. 61

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.

a. ₹18,00,000 b. ₹18,15,000 c. ₹ 16,50,000 d. ₹1,65,000

Q.4.  
B.

State whether the following statements are True or False: -

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 account
6. 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.





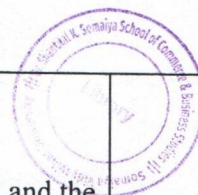
October 2022		
Examination: Semester V Examination (UG programme)		
Programme code: 03 Programme: Bachelor of Commerce in Accounting and Finance (Honours)	Class: TY	Semester: V
Name of the Constituent College: S K Somaiya College (SKSC)	Name of the Department: Accounting and Finance	
Course Code: 131U03V501	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><b>Q1. A. Answer the following: (15 marks)</b></p> <p>Explain the concept of 'Resident' as per Article 4 of India Mauritius Tax Treaty along with the tie-breaker rule. <b>(15 marks)</b></p> <p><b>OR</b></p> <p><b>Q1. B. Answer the following: (15 marks)</b></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"><li>• 30% of income is from transactions where purchases are made from parties which are non associated enterprises and sold to associated enterprises.</li><li>• 30% of income is from transactions where purchases are made from associated enterprises and sold to associated enterprises.</li><li>• 30% of income is from transactions where purchases are made from associated enterprises and sold to non-associated enterprises, and</li><li>• 10% of the income is by way of interest.</li></ul> <p>Although A Co.'s senior management team signs all the contracts, for all the contracts above Rs. 10 lakh the A Co. must submit its recommendation to B Co. and B Co. makes the decision whether or not the contract may be accepted. It is also seen that during the previous year more than 99% of the contracts are above</p>	15



	10 lakh and over past years also the same trend in respect of value contribution of contracts above Rs. 10 lakh is seen. <b>(15 marks)</b>	
Q2	<p><b>Q2. A. Answer the following: (15 marks)</b></p> <p>a) Explain the concept and the importance of India entering into Double Taxation Avoidance Agreements with other countries. <b>(7 marks)</b></p> <p>b) Mr. X, a non-resident, staying in the US, holds 20% of the total share capital in M/s ABC Ltd, a company incorporated in Singapore. M/s ABC directly owns assets ONLY in India. Mr. X transfers his entire share capital in M/s ABC to Mr. B, an Indian resident. Explain whether the income earned by Mr. X on transfer of shares in M/s ABC would be chargeable to tax in India as per the provisions of the Income-tax Act, 1961. <b>(8 marks)</b></p> <p><b>OR</b></p> <p><b>Q2. B. Answer the following: (15 marks)</b></p> <p>Explain the double taxation relief provisions under the Income-tax Act, 1961. <b>(15 marks)</b></p>	15
Q3	<p><b>Q3. A. Answer the following: (15 marks)</b></p> <p>a) Explain the basic features of Tax Treaties. <b>(5 marks)</b></p> <p>b) Explain the concept of Permanent Establishment as per DTAA's. <b>(10 marks)</b></p> <p><b>OR</b></p> <p><b>Q3. B. Answer the following: (15 marks)</b></p> <p>Explain the process of application and the procedure on receipt of application for Advance Ruling. <b>(15 marks)</b></p>	15
Q4	<p><b>I. Fill in the blanks (all questions are mandatory): (5 marks)</b></p> <p>1. _____ is an important criteria for determination of Place of Effective Management for a company.</p> <p>a) Active business outside India</p> <p>b) Active business in India</p> <p>c) Passive business outside India</p> <p>d) Passive business in India</p> <p>2. A Mauritius resident shall not be entitled to claim any relief under the India Mauritius Tax Treaty unless _____ is obtained by him from the Government of Mauritius.</p>	15





- a) a Tax Residency Certificate
- b) Form 10F

3. The \_\_\_\_\_ in a DTAA targets the tax avoidance strategies and the treaty shopping arrangements.
  - a) Limitations on Benefit clause
  - b) Article on Exchange of Information
  - c) Non-aggravation principle
  - d) Entry into force related Article
4. The Authority of Advance Rulings may reject an application where the question raised in the application involves
  - a) determination of fair market value of a property
  - b) determination of tax liability in relation to a transaction that is proposed to be undertaken by a non-resident in India
5. Mr. X left India for the first time on 20 May 2019. During the financial year 2021-22, he came to India once on 17 May 2021 for a period of 54 days. Determine the residential status for assessment year 2022-23.
  - a) Resident and Ordinarily Resident
  - b) Resident and Not Ordinarily Resident
  - c) Non-Resident
  - d) Deemed Resident

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

1. Relief from double taxation can be provided in mainly two ways - Bilateral and Multi-lateral.
2. The Tax Residency Certificate issued to the assessee by the Government of a country is generally valid for a period of 5 years.
3. The term Permanent Establishment includes a fixed place of business through which the business of the enterprise is wholly or partly carried out.
4. The India UAE Tax Treaty is a limited DTAA and is not a comprehensive DTAA.
5. An Advance Ruling pronounced by the Authority of Advance Rulings or Board of Advance Rulings, as applicable, can be declared void.

**III. Match the following: (5 marks)**

Article as per India Mauritius Tax Treaty	Contents
1. Article 2	a) definition and taxation of interest income
2. Article 4	b) what constitutes a permanent establishment



	3. Article 5	c) specific taxes to be covered in the tax treaty	
	4. Article 11	d) cases where person is said to be a resident of a Contracting State	
	5. Article 13	e) taxation of capital gains	





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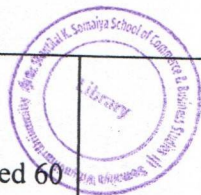
October 2022		
Examination: Semester V Examination (UG programme)		
Programme code: 03	Class: TY	Semester: V
Programme: Bachelor of Commerce in Accounting and Finance (Honours)		
Name of the Constituent College: S K Somaiya College (SKSC)	Name of the Department: Accounting and Finance	
Course Code: 131U03V501	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><b>Q1. A. Answer the following: (15 marks)</b></p> <p>Mr. A, a resident of Mauritius, transfers shares in an Indian company and earns gains. The shares in the Indian company were acquired on 1 April 2019. 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.</p> <p>The relevant extract from the India Mauritius DTAA has been reproduced for your reference:</p> <p><b>"ARTICLE 13- CAPITAL GAINS</b></p> <p>3A. Gains from the alienation of shares acquired on or after 1st April 2017 in a company which is resident of a Contracting State may be taxed in that State.</p> <p>3B. However, the tax rate on the gains referred to in paragraph 3A of this Article and arising during the period beginning on 1st April, 2017 and ending on 31st March, 2019 shall not exceed 50% of the tax rate applicable on such gains in the State of residence of the company whose shares are being alienated;</p> <p>4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2, 3 and 3A shall be taxable only in the Contracting State of which the alienator is a resident.]</p> <p>5. For the purposes of this article, the term "alienation" means the sale, exchange, transfer, or relinquishment of the property or the extinguishment of any rights therein or the compulsory acquisition thereof under any law in force in the respective Contracting States."</p> <p><b>OR</b></p>	15



	<p><b>Q1. B. Answer the following: (15 marks)</b></p> <p>a) Examine when an advance ruling pronounced by the Authority for Advance Rulings be declared void. What is the consequence? <b>(5 marks)</b></p> <p>b) XYZ Ltd., an Indian company has entered into a technical knowhow agreement with ABC Inc. from Country A. ABC Inc. has a sister concern, PQR LLC. in Country A, which has obtained 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 2022? Examine. <b>(10 marks)</b></p>													
Q2	<p><b>Q2. A. Answer the following: (15 marks)</b></p> <p>Mr. A, a non-resident individual, remitted USD 60,000 to India on 10 Aug 2002, part was utilised on 17 Aug 2002 for purchasing 50,000 preference shares in Lotus Ltd, Indian company. The cost of acquisition of the shares was Rs. 6 per share. Mr. A transferred all the preference shares in Lotus Ltd. to Mr. B, an Indian resident on 10 April 2021 at Rs. 28 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. <b>(15 marks)</b></p> <table border="1"> <thead> <tr> <th>Date</th><th>SBI TT Buying rate</th><th>SBI TT Selling rate</th></tr> </thead> <tbody> <tr> <td>10-Aug-02</td><td>18.30</td><td>19.10</td></tr> <tr> <td>17-Aug-02</td><td>18.40</td><td>19.30</td></tr> <tr> <td>10-Apr-21</td><td>45.90</td><td>46.40</td></tr> </tbody> </table> <p><b>OR</b></p> <p><b>Q2. B. Answer the following: (15 marks)</b></p> <p>Write a note on the process of application to the Authority of Advance Ruling. <b>(15 marks)</b></p>	Date	SBI TT Buying rate	SBI TT Selling rate	10-Aug-02	18.30	19.10	17-Aug-02	18.40	19.30	10-Apr-21	45.90	46.40	15
Date	SBI TT Buying rate	SBI TT Selling rate												
10-Aug-02	18.30	19.10												
17-Aug-02	18.40	19.30												
10-Apr-21	45.90	46.40												
Q3	<p><b>Q3. A. Answer the following: (15 marks)</b></p> <p>Write a detailed note on the residential status of Indian companies as per the provisions of the Income-tax act, 1961, including the concept of Place of Effective Management. <b>(15 marks)</b></p> <p><b>OR</b></p>	15												





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

Ms Padmini, an individual resident retired employee of the Prasar Bharati aged 60 years, is a well - known dramatist deriving income of Rs. 1,10,000 from theatrical works played abroad. Tax of Rs. 11,000 was deducted in the country where the plays were performed. India does not have any Double Tax Avoidance Agreement under section 90 of the Income-tax Act, 1961, with that country. Her income in India amounted to Rs. 6,10,000. In view of tax planning, she has deposited Rs. 1,50,000 in Public Provident Fund and paid a contribution to the approved Pension Fund of LIC Rs. 32,000. She also contributed Rs. 28,000 to Central Government Health Scheme during the previous year and gave payment of medical insurance premium of Rs. 26,000 to insure the health of her mother, a non-resident aged 84 years, who is not dependent on her.

Compute the tax liability of Nandita for the Assessment year 2022-23, assuming that she does not opt for section 115BAC. (15 marks)

Q4

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

15

1. A Co and B Co are private companies incorporated under the laws of Singapore and are tax residents of Singapore. A Co held shares of B Co. B Co had invested in multiple companies in India and the value of the shares of B Co was derived substantially from assets located in India. A Co sold a certain portion of its holding in B Co to an Indian resident. 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 Singapore tax treaty
  - b) No tax treaty is to be considered as sale is made to an Indian resident
2. Foreign company is resident in India if
  - a) The shareholders are resident in India
  - b) The turnover of the foreign company is Rs. 45 crores and the Place of Effective Management is in India
  - c) All the directors of the foreign company are resident in India
  - d) The turnover of the foreign company is Rs. 90 crores and the Place of Effective Management is in India
3. The following shall not be regarded as capital asset:
  - a) urban land in Sri Lanka
  - b) personal furniture
  - c) listed debentures in an Indian company held by a foreign portfolio investor
4. The Tax Residency Certificate issued to the assessee by the Government of a country is generally valid for a period of \_\_\_\_\_.
  - a) one year
  - b) three years
  - c) five years



5. As per section 111A, short-term capital gains is chargeable to tax at
- 10% plus applicable surcharge and health and education cess
  - 15% plus applicable surcharge and health and education cess
  - normal rates plus applicable surcharge and health and education cess

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

- The tax treaty cannot create a new charge or liability which is not provided for under the domestic tax laws.
- It is not required to mention the period for which the residential status is applicable in the Form 10F prepared by the assessee for claiming eligibility to the applicable tax treaty.
- The Authority of Advance Rulings may reject an application where the question raised in the application involves determination of fair market value of any property.
- The Advance Ruling shall be applicable only to the applicant who had sought it in relation to the specific transaction for which it was sought.
- Benefit of indexation will not be available for computing long-term capital gains on transfer of capital asset by non-resident where foreign currency had been utilised for acquisition of the capital asset.

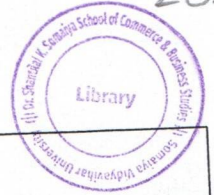
**III. Match the following: (5 marks)**

Article as per India Mauritius Tax Treaty	Contents
1. Article 3	a) what constitutes a service PE
2. Article 5	b) general definitions
3. Article 11	c) taxation for fees for technical services
4. Article 12A	d) persons to whom tax treaties are applicable
5. Article 1	e) taxation of interest income





**SOMAIYA**  
VIDYAVIHAR UNIVERSITY



BAF (HON)  
2022

**October 2022**

**Examination: Semester Examination (UG Programmes)**

Programme code: 03		Class: TY	Semester: V
Programme: B.COM (A&F) – Hons.			
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			

<b>Question No.</b>		<b>Max. Marks</b>
Q1	A. Elucidate the various functional strategies in brief	08
	B. Enumerates the components of external environment.	07
	OR	
	C. Elaborate various corporate level strategies	15
Q2	A. Explain the stages of strategic formulation	15
	OR	
	B. What are the problems in strategic implementation	08
	C. Write a note on Hofer's Matrix.	07
Q3	A. What is strategic alliance? Discuss various types of strategic alliance	08
	B. Enumerates the steps in setting up a business start-up unit in India.	07
	OR	
	C. Discuss the strategies of PPP Model in India.	08
Q4	D. Elaborate the forms of corporate restructuring.	07
	A. <b>Select the most appropriate answers from the options provided.</b>	08
	1. _____ statement answer the question "where we want to be"	
	a. Mission	
	b. Vision	
	c. Goals	
	d. Strategies	
	2. _____ strategy is one of the business level strategies.	
	a. Differentiation	
	b. Value Creating	
	c. Financial	
	d. Human resource	
	3. _____ basically, start for short term benefit	
	a. Foreign Collaboration	
	b. Diversification	
	c. Joint Venture	
	d. Franchises	



4. \_\_\_\_\_ is a type of man-made disaster.
- Flood
  - War
  - Earthquake
  - Cyclone
5. Supplier is a part of \_\_\_\_\_ component of the business environment
- Macro
  - Micro
  - Internal
  - External
6. The importance of PPP projects can be stated as \_\_\_\_\_
- Economic growth
  - Employment generation
  - Social development
  - Above all
7. Joe G. Thomas in his book \_\_\_\_\_ has stated techniques for Strategic momentum control.
- Strategic Control
  - Strategic Formulation
  - Strategic Management
  - Strategic Implementation
8. \_\_\_\_\_ diversification involve entry in a totally new areas or businesses.
- Concentric
  - Conglomerate
  - Horizontal
  - Vertical

#### B. Match the Columns

- A
- Affiliate Marketing
  - Cultural Gap
  - Merger
  - Goal
  - Internal cause of renewal
  - Prevention of Disaster
  - Turnaround

- B
- Realisitic
  - Strategic alliance
  - Problem of PPP
  - Kotak & ING Vysya bank
  - Company profitable again
  - Toxic culture
  - Mitigation





**SOMAIYA**  
VIDYAVIHAR UNIVERSITY



**October 2022**

**Examination: Semester Examination (UG Programmes)**

<b>Examination: Semester Examination (UG Programmes)</b>			
<b>Programme code: 03</b>		<b>Class: T.Y.BAF</b>	<b>Semester: V</b>
<b>Programme: T.Y.BAF (Hons)</b>		<b>(Hons.)</b>	
<b>Name of the Constituent College:</b> Somaiya Vidyavihar University		<b>Name of the Department</b> Accounting and Finance	
<b>Course Code: 131U03C502</b>		<b>Name of the Course: Cost and Management Accounting</b>	
<b>Duration: 2 Hrs.</b>		<b>Maximum Marks: 60</b>	
<b>Instructions: 1) Draw neat diagrams 2) Assume suitable data if necessary</b>			

Q. No.		Max. Marks																																													
Q.1	<p>A transport company has a fleet of three trucks of 10 tonnes capacity each plying in different directions for transport of customer's goods. The trucks run loaded with goods and return empty. The distance travelled, number of trips made and the load carried per day by each truck are as under:</p> <table><tr><th>Truck no.</th><th>One way distance</th><th>No of round trips</th><th>Load carried per trip</th></tr><tr><td>1</td><td>16</td><td>4</td><td>6</td></tr><tr><td>2</td><td>40</td><td>2</td><td>9</td></tr><tr><td>3</td><td>30</td><td>3</td><td>8</td></tr></table> <p>The analysis of maintenance cost and the total distance travelled during the last two years is as under:</p> <table><tr><th>Year</th><th>Total distance travelled</th><th>Maintenance Cost</th></tr><tr><td>1</td><td>1,60,200</td><td>46,050</td></tr><tr><td>2</td><td>1,56,700</td><td>45,175</td></tr></table> <p>The following are the details of expenses for the year under review:</p> <table><tr><td>Diesel</td><td>10 per litre (Each litre gives 4 km mileage)</td></tr><tr><td>Drivers' salary</td><td>Rs.2,000 per month.</td></tr><tr><td>License and taxes</td><td>Rs.5,000 per annum per truck.</td></tr><tr><td>Insurance</td><td>Rs.5,000 per annum for all the three vehicles.</td></tr><tr><td>Purchase price per truck</td><td>Rs.3,00,000.</td></tr><tr><td>Life</td><td>10 years.</td></tr><tr><td>Scrap value</td><td>Rs.10,000 at the end of economic life.</td></tr><tr><td>Oil and sundries</td><td>Rs.25 per 100 km run.</td></tr><tr><td>General Overhead</td><td>Rs. 11,084 per annum.</td></tr><tr><td>The vehicles operate</td><td>24 days per month on an average.</td></tr></table> <p>Required:</p> <p>(i) Prepare an annual cost statement covering the fleet of three vehicles.</p> <p>(ii) Calculate the cost per km run.</p> <p>(iii) Determine the freight rate per tonne km to yield a profit of 10% on freight.</p>	Truck no.	One way distance	No of round trips	Load carried per trip	1	16	4	6	2	40	2	9	3	30	3	8	Year	Total distance travelled	Maintenance Cost	1	1,60,200	46,050	2	1,56,700	45,175	Diesel	10 per litre (Each litre gives 4 km mileage)	Drivers' salary	Rs.2,000 per month.	License and taxes	Rs.5,000 per annum per truck.	Insurance	Rs.5,000 per annum for all the three vehicles.	Purchase price per truck	Rs.3,00,000.	Life	10 years.	Scrap value	Rs.10,000 at the end of economic life.	Oil and sundries	Rs.25 per 100 km run.	General Overhead	Rs. 11,084 per annum.	The vehicles operate	24 days per month on an average.	15
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*Draw up a statement, showing the cost per tonne kilometre of carrying mineral from each mine.*

**OR**

Following information is available regarding Process A for the month of February' 2021:

**Production Records:**

Units in process as on 01.02.2021	4,000
(All materials used, 25% complete for labour and overhead)	
New units introduced	16,000
Units completed	14,000
Units in process as on 28.02.2021	6,000
(All materials used, 33-1/3% complete for labour and overhead)	

**Cost Records:**

**Work-in-process as on 01.02.1999**

Material	Rs.6,000
Labour	Rs.1,000
Overhead	
	Rs.1,000
<b>Total</b>	<b>Rs.8,000</b>

**Cost during the month**

Materials	Rs.25,600
Labour	Rs.15,000
Overhead	Rs.15,000
<b>Total</b>	<b>Rs.55,600</b>

**Presuming that average method of inventory is used, prepare:**

- (i) Statement of equivalent production.
- (ii) Statement showing cost for each element.
- (iii) Statement of apportionment of cost.
- (iv) Process cost account for Process A.

**Q.2** The Balance Sheets of a firm as on 31st December 2020 and 2021 are given below:

Liabilities	2020	2021	Assets	2020	2021
Share Capital	1,00,000	1,60,000	Fixed Assets - Cost	1,52,000	2,00,000
Retained Earnings	70,250	85,300	Inventory	93,400	89,200
Accumulated Depreciation	60,000	40,000	Debtors	30,800	21,100
12% Debenture	50,000	-	Prepaid expenses	3,950	3,000
Creditors	28,000	48,000	Bank	28,100	20,000

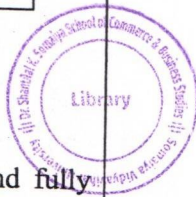
**15**



	3,08,250	3,33,300		3,08,250	3,33,300
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**Additional Information:**

1. Net profit is Rs. 27,050.
  2. Depreciation charged Rs. 10,000.
  3. Cash dividend declared during the period Rs. 12,000.
  4. An addition to the building was made during the year at a cost of Rs. 78,000 and fully depreciated equipment costing Rs. 30,000 was discarded as no salvage being realized.
- Prepare a Cash Flow Statement.



**OR**

A newly started company wishes to prepare cash budget from May 22. You are required to **prepare a Cash Budget** for the first 6 months from the following estimated revenue and expenses: -  
( Amt. in ₹ )

15

Month	Total Sales	Materials	Wages	Production O/H	Selling O/H
May 22	1,00,000	1,00,000	20,000	16,000	4,000
June 22	1,10,000	70,000	22,000	16,500	4,500
July 22	1,20,000	70,000	23,000	16,500	4,000
August 22	1,30,000	60,000	23,000	17,000	4,500
Sep 22	1,40,000	60,000	24,000	17,500	4,500
Oct 22	1,50,000	80,000	24,000	18,000	5,000

**Additional Information: -**

- Cash Balance on 1<sup>st</sup> May 22 was Rs. 50,000. A new machine is to be installed at Rs.1,50,000 on credit to be repaid by 2 equal instalments in July 22 and August 22
- Sales commission at 2.5% on total sales is to be paid within the month following actual sales.
- Rs. 50,000 being the amount of second call may be received in July 21, share premium amounting to Rs. 10,000 is also obtainable with second call.
- Period of credit allowed by suppliers is to be 2 months.
- Period of credit allowed to customers is to be 1 month.
- Delay in payment of overheads is to be 1 month.
- Delay in payment of wages is 15 days (i.e. ½ month)
- Assume cash sales to be 50% of total sales.



**Stores:**

Opening balance	54,000
Purchase	2,88,000
Transfer from WIP	1,44,000
Issue to work-in-process	2,88,000
Issue for repairs	36,000
Deficiency found in stock	10,800

**Work-in-process:**

Opening balance	1,08,000
Direct wages applied	1,08,000
Overhead charged	4,32,000
Closing balance	72,000

**Finished Production:**

*Entire production is sold at a profit of 15% on cost from Work-in-process.*

Wages paid	1,26,000
Overhead incurred	4,50,000

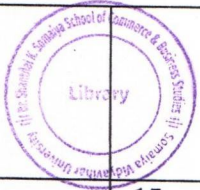
*Draw the Stores Ledger Control A/c, Work-in-progress Control A/c, Overheads Control A/c and Costing Profit and Loss A/c.*

OR

A trader whose current sales are in the region of ₹5 lakhs per annum and an average collection period of 30 days wants to pursue a more liberal policy to improve sales. A study made by a management consultant reveals the following information:

Credit Policy	Increase in Collection Period (Days)	Increase in sales ₹	% Default Anticipated
A	10	30,000	1.5%
B	20	48,000	2%
C	30	75,000	3%
D	40	90,000	3.5%
E	50	95,000	3.7%

Selling price per unit is ₹3, average cost per unit is ₹2.25 and variable cost per unit is ₹2  
 Current bad debt loss is 1%.  
 Require return on additional investment is 20%. Assume 360 days a year.  
 Which of the above policies would you recommend for adoption?



**Q.4 a) Multiple Choice Questions**

15

1. Service costing is also called as:

- a. Operating Costing
- b. Non-Operating Costing
- c. Overhead Costing
- d. Product Costing

7

2. Cash flow example from a financing activity is

- a. Payment of Dividends
- b. Receipt of Dividend on Investment
- c. Cash Received from
- d. Purchase of Fixed Asset

3. The value of abnormal loss is equal to

- a. Total cost of materials
- b. Total process cost less realizable value of normal loss
- c. Total process cost less cost of scrap
- d. Total process cost less realizable value of normal loss less value of transferred out goods.

4. In Transport Companies, cost of diesel and lubricants is an example of:

- a. Operating cost
- b. Fixed charges
- c. Semi-variable cost
- d. None of the above

5. Losses due to Scrapping of machinery is an items of

- a. Cost Accounts
- b. Financial Accounts
- c. Management Accounts
- d. Human Resource Accounts

6. Which of the following organisations should not be advised to use service costing?

- a. Distribution service
- b. Hospital
- c. Maintenance division of a manufacturing company
- d. A light engineering company

7. What is an equivalent unit?

- a. A unit of output which is identical to all others manufactured in the same process
- b. Notional whole units used to represent uncompleted work
- c. A unit of product in relation to which costs are ascertained
- d. The amount of work achievable, at standard efficiency levels, in an hour

**b) State whether the following statements are true or false:**

8

1. Cost of operating the service is ascertained by preparing job account

2. Receivable Management have two methods- Total approach and Incremental Method.

3. Issue of Preference shares is an Investing Activity

4. Receivable management is best to solve from total approach method and not from incremental



approach.

5. Sale of Fixed assets is a Financing activities.

6. Costs of a transport organization can be classified and accumulated as Fixed or stand-by costs, Maintenance Charges and Operating and Running costs

7. Miller-Orr model is used in the management of inflow and outflow of cash.

8. Debit balance of selling and distribution overheads represent over absorption of selling and distribution overheads.



**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.



	<p>B. Profit before allowing Salary and Interest on Capital to Partners is Rs. 3,15,000 of M/s Deva &amp; Co. where X and Y are equal Partners</p> <p>Salary to Partner X = Rs. 1,50,000</p> <p>Salary to Partner Y = Rs. 1,50,000</p> <p>Interest on Capital @ 20% to X = 10,000 and to Y = 15,000</p> <p>Compute Taxable income of Partnership firm and of Partners as well as tax payable by the Partnership Firm.</p> <p style="text-align: center;"><b>OR</b></p> <p>A. Write a note on clubbing of income provisions contained in section 60 and section 61 of the Income-tax Act, 1961.</p> <p>B. Write provisions related to payment of Interest U/s 234A, 234B and 234C</p>	<p>(8)</p> <p>(7)</p> <p>(8)</p>
<p><b>Q.4</b></p>	<p><b>I. Fill in the blanks (all questions are mandatory): (5 marks)</b></p> <p>1. Loss under the head of house property</p> <p>a) can be carry forwarded for 8 years</p> <p>b) can't be carried forward</p> <p>c) can be carry forwarded for 4 years</p> <p>2. Short-term capital loss can be set off from</p> <p>b) short-term capital gain only</p> <p>c) long-term capital gain only</p> <p>d) short-term capital gain or long-term capital gain</p> <p>3. Advance Tax Liability arises when Assessed tax exceeds</p> <p>a) Rs. 50,000</p> <p>b) Rs. 10,000</p> <p>c) Rs 2,50,000</p> <p>4. Tax is Deducted from the Payment to Contractor _____</p> <p>a) U/s 194C</p> <p>b) U/s 194 H</p> <p>c) U/s 194 I</p> <p>5. If Advance Tax paid is less than 90% of Assessed Tax then interest is chargeable</p> <p>a) U/s 234A</p> <p>b) U/s 234B</p> <p>c) U/s 234C</p>	<p>(15)</p>



**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 30<sup>th</sup> 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