

DIT

QP Code :02390

(2 Hours)

[Total Marks : 60

- N. B. : (1) Answer all questions.
 (2) Figures to right indicate full marks.
 (3) Working notes form part of answer.
 (4) Use of simple calculator is permitted.

1. Y Ltd. submits the following Profit and Loss Account for the year ended 31st March 2014. 15

Particulars	₹	Particulars	₹
Salary	2,58,000	Gross profit	25,50,000
Sales tax	68,000	Interest on fixed deposits	50,000
Depreciation	38,000		
Family planning expenditure for employees	62,000		
Car expenses	31,500		
Scientific research expenditure	58,000		
Sundry expenses	14,500		
Net profit	20,70,000		
	26,00,000		26,00,000

Additional Information :-

1. Depreciation on assets excluding car is ₹ 32,000 as per Income Tax Provision.
 2. On 1st January, 2014, the company has purchased an imported car for Managing Director of the company for ₹ 12,00,000. Rate of depreciation of Car is 15%.
 3. Car is partly used for office purposes and partly for private purposes by the MD.
 4. Family planning expenses include capital expenditure of ₹ 12,000.
- Compute the net income of the company for the Assessment Year 2014-15.

OR

1. Profit and Loss Account of TY & Co (a partnership firm) for the year ending 31st March, 2014 is as follows. 15

Particulars	₹	Particulars	₹
Salaries	30,00,000	Gross profit	40,00,000
Expenses	74,000	Agriculture income in India	2,00,000
Depreciation	3,15,000	Dividend from foreign company	1,50,000
Remuneration to partners	2,08,000	Net Loss	1,55,000
Interest to partners	58,000		
Rent	8,50,000		
	45,05,000		45,05,000

Other Information :-

- Expenses of ₹ 33,000 are not deductible by virtue of section 36 and 37.
 - Depreciation as per income tax provision is ₹ 54,000.
 - Interest to partners is not deductible to the tune of ₹ 18,000 under section 40 (b).
 - The firm satisfies all conditions of section 184 and 40 (b).
- Calculate the amount of net income of the firm for the Assessment Year 2014-15.

2. Mr. X holds the following securities on 1st April 2013 :- 15
- ₹ 4,00,000, 7% MP Government loan (Date of interest 15th July every year)
 - ₹ 5,00,000, 8% non-listed debentures of AB Ltd. (Interest payable on 31st October every year).
 - ₹ 6,00,000, 12% Punjab Government securities (Interest payable on 31st October every year).

On 1st September 2013, he borrowed ₹ 5,50,000 at 8% interest and purchased 9% securities of UP Government. The face value of the same is ₹ 7,00,000. Due date of interest is 15th January and 15th July every year.

He received a gift in foreign currency from one friend of ₹ 55,000 and from another friend ₹ 6,000.

Income of Mr. X from legal profession is ₹ 40,00,000.

He received dividend of ₹ 35,000 from co-operative society.

He received fixed deposit interest of ₹ 1,20,000 after deduction of TDS of ₹ 24,000 on 1st June 2013.

He purchased jewellery from a person (Other than registered dealer) of ₹ 3,00,000.

Fair market value of the same is ₹ 4,20,000 on the date of purchase.

He maintains his books of accounts on mercantile basis. Compute his Gross Total Income for the Assessment Year 2014-15.

OR

2. Mrs. Z an employee director of FY Ltd. submits the following information relevant for the financial year 2013-14. 15

1. Salary	₹	8,00,000
2. Entertainment allowance	₹	20,000
3. Bonus	₹	48,000
4. Education allowance for her grand children	₹	5,800
5. Medical expenses reimbursed by the employer	₹	3,200
6. Leave travel concession	₹	8,300
7. Payment of electricity bills by the employer	₹	5,400
8. Perquisite value of furnished flat provided	₹	98,200
9. Arrears of bonus of the year 2008-09 (not taxed earlier)	₹	16,500
10. Employers' contribution towards Recognised Provident Fund	₹	40,000
11. Profession tax paid by Mrs. Z	₹	2,000

Taxable Income

3. Mr. Virat is the owner of 3 house properties. House No. 1 and House No. 2 are self occupied whereas House No. 3 is let-out for residential purpose. He furnished you the following information pertaining to the Assessment Year 2014-15 :- 15

Particulars	House No.1 ₹	House No.2 ₹	House No.3 ₹
Municipal Valuation	98,000	4,25,000	6,00,000
Fair Rental Value	96,000	4,20,000	5,80,000
Standard Rent under Rent Control Act	1,00,000	4,15,000	6,00,000
Rent Received	-	-	6,16,000
Municipal taxes paid by him	18,000	25,000	45,200
Date of loan taken for construction of house property	1/4/2009	1/4/2008	1/4/2009
Amount of the above loan	80,000	2,00,000	3,00,000
Date of completion of construction	1/4/2011	1/4/2010	1/4/2012
Rate of interest	10 %p.a.	9 %p.a.	12% p.a.

Compute his taxable income for the Assessment Year 2014-15.

OR

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3. On 10th January, 2014 Mr. Uday sells the following assets. 15
1. Self generated goodwill of a business (long term) ₹ 12,00,000
 2. Bonus shares in SY Ltd. (listed - being long term) ₹ 3,00,000
 3. Listed debentures of TT Ltd. ₹ 90,000. Debentures were acquired on 6th March, 1984 for ₹ 48,000.
 4. On 1st September, 2013 he transferred a plot of agriculture land situated near Delhi for ₹ 25,00,000. The value of plot for stamp duty purpose is ₹ 69,00,000. It was purchased by him for ₹ 3,00,000 in 1978. The fair market value on 1st April 1981 is ₹ 6,00,000. Since the date of purchase the land is used by him for his agriculture purposes.
- The Cost Inflation Index for the financial year 2013-14 is 939.
Compute income from Capital Gain of Mr. Uday for the Assessment Year 2014-15.

4. (a) State whether following statement are True or False 8
1. Uncommuted pension received by a government employee is taxable as income from salary. ✓
 2. Income tax is disallowed while computing the business income. ✓
 3. Deduction under section 80C for tuition fees shall be allowed if the same are paid even for part time education in school and colleges in India. ✗
 4. Dividend received from co-operative society is exempt from tax. ✗
 5. The income from sub-letting of a rented house shall be taxable as income from house property. ✓
 6. Professional tax is allowed as deduction from income from other sources. ✗
 7. Interest credited to recognized provident fund is allowed as exemption upto 12% p.a. ✗
 8. An Indian company is always resident in India. ✓

(b) Match the column 7

Column A	Column B
(1) Income from agriculture in India	(a) Allowable as business expense ³
(2) Arrears of rent received during the year	(b) Taxable in the year of receipt ⁵
(3) Depreciation	(c) Taxable perquisite ⁷
(4) Remittance in India	(d) Capital asset ⁶
(5) Advance salary	(e) 30% is deductible ²
(6) Value of rent free accommodation	(f) Exempt from tax ¹
(7) Residential house	(g) Not treated as income of the year ⁴

OR

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Oct 14

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QP Code :02390

4. Write short notes (any three) :-

15

- (a) Enumerate any two income which are exempt from Income Tax while computing income from salary.
- (b) Explain any two items of business expenses which are deductible from business income.
- (c) Explain the conditions of residential status for an individual.
- (d) Incidence of tax.
- (e) Previous Year and Assessment Year.

CM-Con.:9362-14.

Mcom III sem Oct-14

Audit - Oct-14

QP Code : 02371

Audit

(2 Hours)

[Total Marks : 60

N.B. (1) All questions are compulsory carrying 15 marks each.

(2) Working and necessary assumptions to be made and stated clearly.

1. (a) From the following scrutinise and interpret Bills Receivable Account in the books of M/s. Babita and Co. 8

M/s. Babita and Co.

Dr.				Bills Receivable Account				Cr.			
Date	Particulars		₹	Date	Particulars		₹				
2011				2011							
Jan. 01	To Balance b/d.	A	20,000	April 30	By Bank	A	20,000				
May 01	To Iyer	B	10,000	June 02	By Bank	B	9,800				
June 06	To Jethalal	C	20,000	June 02	By Discount	B	200				
Aug. 18	To Bhide	D	15,000	Aug. 20	By Bank (Collection)	D	15,000				
Sep. 10	To Jethalal	E	20,400	Sep. 09	By Jethalal	C	20,000				
Dec. 01	To Mehta	F	10,000	Dec. 01	By Abdul	F	10,000				
Dec. 29	To Roshan	G	14,000	Dec. 31	By balance c/d.		34,400				
			1,09,400				1,09,400				

- (b) As an Auditor, describe briefly how would you audit the following ledger account.

(i) Cash Purchase 4

(ii) Spare Parts 3

OR

1. (a) Scrutinise and comments on the following ledger account in the books of Kinjal Shivkumar's Account 8

Date	Particulars		₹	Date	Particulars		₹
2013				2012			
March 02	To Purchase return	A	2,000	April 01	By Balance b/d		800
March 07	To Bank	A	4,000	2013			
March 07	To Purchase return	B	1,800	March 01	By Purchases	A	10,000
March 09	To Bank	B	6,000	March 05	By Purchases	B	9,000
March 31	To balance c/d		34,000	March 26	By Purchases	C	18,000
			47,800	March 27	By Purchases	D	10,000
			47,800				47,800

- (b) As an auditor, describe briefly how would you audit the following ledger account.

(i) Trade Marks 4

(ii) Lease hold properties. 3

2. What are the Special Consideration in audit of —

(a) Advance by a bank against goods 8

(b) Bill Purchased and Discounted 7

OR

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04-14
audit

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QP Code : 02371

2. Explain provisions of Sec. 44 AB in relation to —
- (a) Tax Auditor 8
 - (b) Tax audit procedure 7

3. Explain the various audit aspects to be taken care of in the audit of a Hospital ? 15

OR

- 3: Explain the various audit aspects to be taken care of in the audit of a Small Company ? 15

4. (a) Match the pairs :— 8

Group A

- (1) Proprietary audit
- (2) Form No. 3CD
- (3) Insurance Business
- (4) Marine Insurance
- (5) Section 233 A
- (6) Contingent Liabilities
- (7) Nostro Account
- (8) Branch Adjustment Account

Group B

- (a) Statement of particulars required to be furnished under Section 44 AB annexed to the audit report 2
- (b) Reserve for unexpired risk at 100% 4
- (c) Bill discounted with bank and not matured 6
- (d) Bank maintain stocks of foreign currency in the form of bank account with overseas branches 7
- (e) Inter branch debit and credit 8
- (f) Money at call
- (g) Special Audit of a company 5
- (h) Controlled by IRDA 3
- (i) S.227(1A) 1

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- (b) Select the correct alternative and rewrite a sentence :— 7

- (1) What percentage of provision is required on performing assets.
(a) 10 (b) 40 ~~(c) 40~~ (d) 25
- (2) For the purpose of tax audit architecture is held to be a.
~~(a)~~ Profession (b) Business (c) Both (d) None
- (3) Employees Security deposit is shown by a bank under.
(a) Deposits ~~(c)~~ Other liabilities
(b) Advances (d) Contingent liabilities
- (4) As per Income Tax act, sales includes.
(a) Sale of by - product (c) Sale of assets
~~(b)~~ Sale of Scrap (d) Both a & b
- (5) Premium is verified by checking.
~~(a)~~ Cash receipts book (c) Agent's premium A/c.
(b) Cheque dishonoured book (d) All of the above
- (6) Specified date by which tax audit should be done is.
(a) 15th October of the A.Y. (c) 15th June of the A.Y.
~~(b)~~ 31st October of the A.Y. (d) 31st August of the A.Y.
- (7) Endorsement is shown by banks under.
~~(a)~~ Contingent liabilities (c) Deposits
(b) Advances (d) Other liabilities

OR

4. Write a short notes (any two) :— 15
- (a) Audit of Education Institute
 - (b) Audit of Partnership Firm
 - (c) Scope of Government Audit

[REVISED COURSE]
(2 Hours)

QP Code : 02349
[Total Marks : 60]

- N.B. (1) All questions are compulsory.
(2) Figures to the right indicate marks.

1. Answer any **one** from the following :— 15
(a) What is research ? Explain the need of research in business and social science.
(b) Explain in brief various types of research.
2. Answer any **two** from the following :— 15
(a) What is research methodology ? Explain the sources from which research problems are identify.
(b) Explain various types of hypothesis.
(c) Write a note on 'Review of Literature'
3. Answer any **two** from the following :— 15
(a) What is research design ? Explain important aspects of research design.
(b) Explain the essential requirements of a good sampling design.
(c) Distinguish between probability sampling and non-probability sampling methods. 15
4. Give explanatory note on (any **two**) :—
(a) 'Observation' as a technique of primary data collection.
(b) Advantages and disadvantages of secondary data.
(c) Stages in questionnaire designing.

(OLD AND REVISED)QP Code : **02354**

(2 Hours)

[Total Marks : 60]

- N.B. :** (1) All questions are compulsory carrying 15 Marks each.
 (2) Working Notes and Assumption should form a part of your answer.
 (3) Use of simple calculator is allowed.
 (4) Figures to the right indicate full marks.

1. From the following information, calculate return on total assets and prepare the 15 balance sheet :—

Net Profit after interest, tax and Preference Dividend Rs. 1,11,000	
Tax Rate 50%	
18 % Preference Share Capital	?
15% Debentures	?
Return on Capital Employed	= 50%
Return on Shareholders' Funds	= 60%
Return on Equity Shareholders' Fund	= 74%
Current Ratio	2:1
Net Fixed Assets Rs. 4,50,000	

OR

1. Using the following data, complete and prepare Balance Sheet :—

15

- Gross profit (20% of Sales) = 1,20,000
- Shareholder's Equity = 1,00,000
- Credit sales to Total Sales = 80%
- Total Assets Turnover = 3 times
- Inventory turnover (To cost of sales) = 8 times
- Average collection period (360 days year) = 18 days
- Current ratio = 1.6
- long-term debt to equity = 40%

Liabilities	Amount Rs.	Assets	Amount Rs.
Shareholders Equity	10,00,000	Fixed Assets	?
Creditors	?	Current Assets :	
Longterm Debt.	?	Cash	?
		Debtors	?
		Inventory	?
Total	?	Total	?

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2. Three companies P, Q and R are in the same type of business and hence have similar operating risks. Their capital structure is as follows :— 15

Particulars		P	Q	R
1	Equity Share Capital (Face Value Rs 10 Share)	8,00,000	5,00,000	10,00,000
2	Market Value Per Share	30	40	24
3	Dividend Per Share	5.40	8	5.76
4	Debenture (Face Value of Debenture Rs. 100)	—	2,00,000	5,00,000
5	Market Value Per Debenture	—	250	160
6	Interest Rate	—	20%	16%

Assume that current levels of dividends are generally expected to continue indefinitely and the income-tax Rate at 50%.

You are required to compute weighted average cost of capital of each company, using market values.

OR

2. During the year 2010 - 11, Indian oil made a sale of oil worth Rs 128.5 crores which was down by 3.7% compared to previous year's sales. While the company could reduce its overheads, its variable input cost went up significantly. As a result, variable cost to sales ratio in 2010 -11 stood at 27.9% as opposed to 24.25 % in the previous year. The financial highlights of the company for the year 2010-11 are as under. 15

Particulars	In Crores
Sales	128.5
Fixed Cost	?
Interest Expenses	3.25
EBT (excluding other income)	0.35

- (1) Calculate operating leverage.
- (2) Calculate financial leverage.
- (3) Calculate combined Leverage.

3. From the following data, find out the value of each firm as per MM approach and WACC. 15

Particulars	Firm X	Firm Y	Firm Z
(A) EBIT	24,00,000	24,00,000	24,00,000
(B) No of Equity shares	6,00,000	5,00,000	4,00,000
(C) 10% debentures	—	18,00,000	20,00,000

Every Firm expects 24% Returns on Investment. Assume that entire earnings available for Equity Shareholders is declared and paid, as dividend.

OR

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3. (a) A bank granted a loan of Rs. 6,17,400 repayable in 4 annual instalments in the ratio of 1:2:3:4 respectively, beginning with the end of 1st year. Determine the amount of instalment if effective rate of interest is 18 % p.a. as per present value factor. 8
- (b) A person deposits Rs.50,000, Rs.1,00,000, Rs. 1,50,000 and 2,00,000 in his deposit account at the beginning of 1st year, 2nd year, 3rd year and 4th year respectively. Determine his account balance at the end of 4th year if interest rate is 12 % p.a. Calculate As per Compound Value Factor. 7

4. (a) Multiple choice Question :—

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- (1) Cost of goods sold is Rs. 5,40,000, Net Sales Rs. 6,00,000, Sales return Rs. 10,000, GP ratio is _____
- (A) 20% (C) 12%
(B) 15% (D) 10%
- (2) Proprietary Ratio is a _____
- (A) Balance Sheet Ratio (C) Combined Ratio
(B) Revenue Statement Ratio (D) None of the above
- (3) A high geared company is exposed to _____
- (A) Business Risk (C) Inflation risk
(B) Financial risk (D) Interest rate risk
- (4) Shares listed on stock exchange are _____
- (A) Liquid (C) Traded on stock exchange
(B) Not liquid (D) Both (A) & (C)
- (5) Mr. Sanjay has received Rs 10,000 at the end of 5 years, If the rate of Interest increase, then the PV of the Cash flow would _____
- (A) Fall (C) Remain unchanged
(B) Risk (D) Rise slowly

(B) Fill in the blanks :—

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- (1) Marketable securities is a _____ Asset.
(Liquid/Non-Liquid)
- (2) _____ helps the investors to decide the return on investments.
(Current Ratio/Future Value of Annuity)
- (3) Prepaid expenses are not _____ assets.
(Liquid/Non-Liquid)
- (4) Cost of equity depends on the _____.
(Rate of dividend/Market Sentiments)
- (5) _____ is the sensitivity of operating profits to change in sale.
(Operating Leverage/Financial Leverage)

[TURN OVER

(C) Match the following :—

- (1) Test of liquidity
- (2) Share listed on stock exchange
- (3) Own capital
- (4) Historical Cost
- (5) Debtors turnover

- (a) Liquid Investment
- (b) Immediate Solvency
- (c) Cost has been incurred
- (d) Networth
- (e) Efficiency in collection from account receivable
- (f) Promptness in payment

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OR

4. Attempt the following short notes (Any three) :—

- (a) Debt Equity Ratio.
- (b) Limitations of Ratio Analysis.
- (c) Sources of long term finance.
- (d) Capital Gearing Ratio.
- (e) Factors affecting capital structure.
- (f) Weighted average cost of capital.

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