

Duration: 2 Hours

Maximum Marks : 60

- Note: 1) Figures to right indicate marks  
 2) Working notes should be part of answer  
 3) All questions are compulsory.

Q.1. A firm has a current sales of Rs. 2,56,48,750. The firm has un-utilized capacity. In order to boost its sales it is considering the relaxation in its credit policy. The proposed terms of credit will be 60 days credit against the present policy of 45 days. As a result the bad debts will increase from 1.5 % to 2% of sales. The firm's sales are expected to increase by 10%. The variable operating costs are 72% of the sales. The firm's corporate tax rate is 35% and it requires an after tax return of 15% on its investment. Assume 360 days in a year. Should the firm change its credit period? (15)

OR

Q.1. A factory is currently working at 50% capacity and produces 10,000 units. Prepare a Flexible Budget and estimate the profits of the company when it works at 60% and 80% capacity and advice the company. At 60% working raw material cost increases by 2% and selling price falls by 2%. At 80% capacity working the raw material cost increases by 5% and selling price falls by 5%. At 50% capacity working the product costs Rs.180 per unit and is sold at Rs.200 per unit. (15)

Cost structure

Particulars	Per unit
Material	100
Labour	30
Factory overheads	30(40% fixed)
Administrative overheads	20(50% fixed)

Q.2. The management of P Ltd. is considering to select a machine out of the two mutually exclusive machines. The company's cost of capital is 12% and corporate tax rate for the company is 30%. Details of the machines are as follows: (15)

Machine	I	II
Cost of the machine	Rs.10,00,000	Rs.15,00,000
Expected life	5 years	6 years
Annual income before tax and depreciation	Rs.3,45,000	Rs.4,55,000

Depreciation is to be charged on straight line basis.

You are required to:

- Calculate the discounted pay-back period, net present value.
- Advise the management of P Ltd. as to which machine they should take up. (PV factor @ 12% is 0.893, 0.797, 0.712, 0.636, 0.567, 0.507)

OR

Q.2.Prepare cash budget of a company for April, May and June 2016 by using the following information:

Months	Sales (Rs.)	Purchases(Rs.)	Wages(Rs.)	Expenses(Rs.)
Jan	80,000	45,000	20,000	5,000
Feb	80,000	40,000	18,000	6,000
Mar	75,000	42,000	22,000	6,000
Apr	90,000	50,000	24,000	6,000
May	85,000	45,000	20,000	6,000
Jun	80,000	35,000	18,000	5,000

You are further informed that :

- 10% of the purchase and 20% of the sales are for cash.
- The average collection period of the Company is  $\frac{1}{2}$  month and the credit purchases are paid off regularly after one month.
- Wages are paid half monthly and rent of Rs.500/- is paid monthly.
- Cash and bank balance as on April 1<sup>st</sup> 2016 is Rs.15,000/- and the company wants to keep it on the end of every month at this figure, the excess cash being put in fixed deposits.

Q.3.a.A firm's inventory planning period is one year. Its inventory requirement for the period is 1,600 units. Assume that its order are Rs.50 per order. The carrying costs are expected to be Re1 per unit per year for an item.

The firm can produce inventories in various lots as follows: (i)1,600 units, (ii)800 units, (iii) 400 units, (iv) 200 units and (v) 100 units. Which of these order quantities is the economic order quantity by using (a)Table method and (b) Equation method.

b. Calculate profitability index from the following details:

Year	Inflow (Rs.)	PV factor @ 10%
1	1,000	0.909
2	2,000	0.826
3	3,000	0.751
4	4,000	0.683
5	5,000	0.621

Cost of the investment is Rs.11,000/-

**OR**

Q.3.A Company has prepared the following projections for a year:

Sales	21,000 units
Selling price per unit	Rs.40
Variable cost per unit	Rs.25
Total cost per unit	Rs.35
Credit period allowed	one month

The company proposes to increase the credit period allowed to its customers from one month to two months. It is envisaged that the change in the policy as above will increase the sales by 8%. The company desires to return of 25% on its investment.

You are required to examine and advice whether the proposed credit policy should be implemented or not.

Q.4.a. Choose the correct alternative and rewrite the statements:

(08)

1. The type of collateral (security) used for short term loan is \_\_\_\_\_  
(real estate, plant & machinery, Stock of goods, Equity share capital)
2. Commercial paper are generally issued at a prices \_\_\_\_\_  
(equal to face value, more than face value, less than face value, equal to redemption value)
3. Capital budgeting is a part of \_\_\_\_\_  
(Investment decision, working capital management, marketing management, capital structure)
4. The number of years taken by a project to recover the initial investment is called \_\_\_\_\_  
(payback period, investment period, profit period, none of these)
5. The minimum amount of working capital required to enable the concern to operate at the lowest level of the activity is called \_\_\_\_\_  
(Gross working capital, net working capital, permanent working capital, temporary working capital)
6. Gross working capital means \_\_\_\_\_.  
(Total assets, total current assets, total current liabilities, fixed assets minus current liabilities)
7. Management of all matters related to an organization's finance is called \_\_\_\_\_.  
(Cash inflows and outflows, allocation of resources, financial management, finance)
8. To achieve wealth maximization, the finance manager has to take careful decision in respect of \_\_\_\_\_.  
(Investment, financing, Dividend, all of the above)

b. State the following statements are true or false:

(07)

1. For availing funds from short-term sources, credit rating of borrower is generally not required.
2. A firm should always arrange the funds by delaying the payment to creditors and payables.
3. Net present value method uses cost of debt as a discounting rate.
4. Investments with longer payback periods are more desirable, all else being equal.
5. Net working capital can never be negative.
6. Working capital refers to a firm's long term capital.
7. Planning function of management involves taking corrective action if needed.

OR

Q.4. Write short notes on any three:

(15)

1. Preference share capital
2. Factors affecting working capital
3. Credit standards
4. Production Budget
5. Strategic decision making process

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Time: 2 Hours

Marks: 60

- NB: 1. All questions are compulsory.  
2. Figures to the right indicate full marks.  
3. Working notes should form part of your answers.  
4. Use of Simple Calculator is allowed.

Q.1 The Summarized Balance Sheet of 'Raj Ltd' and 'Karan Ltd' as on 31<sup>st</sup> March, 2018 were as under:

Liabilities	Raj Ltd (Rs)	Karan Ltd (Rs)	Assets	Raj Ltd (Rs)	Karan Ltd (Rs)
Equity Share Capital (Face Value Rs.10 each)	4,00,000	1,00,000	Land and Buildings	1,20,000	Nil
Reserve Fund	60,000	20,000	Plant & Machinery	4,00,000	Nil
Profit & Loss A/c On 1.4.2017	80,000	40,000	Investments (6,000 Shares in Karan Ltd)	1,30,000	Nil
Current year	1,00,000	50,000	Inventories	80,000	1,70,000
Bills payable	30,000	Nil	Debtors	20,000	60,000
Creditors	60,000	60,000	Bank	20,000	20,000
Bank Overdraft	40,000	Nil	Bills Receivable	Nil	20,000
Total	7,70,000	2,70,000		7,70,000	2,70,000

(15)

Additional Information:

- Raj Ltd purchased the shares in Karan Ltd as on 1<sup>st</sup> October, 2017.
- Bills Receivable of Rs.20,000 held by Karan Ltd are accepted by Raj Ltd.
- Included in the Sundry Debtors of Karan Ltd is a sum of Rs.12,000 owing by Raj Ltd in respect of goods supplied.

Prepare the Consolidated Balance Sheet as on 31<sup>st</sup> March, 2018.

OR

Q.1 Ajay Ltd acquired 1,600 Equity shares of Vijay Ltd as on 31<sup>st</sup> March, 2018. The summarized Balance Sheets of two companies as on 31<sup>st</sup> March, 2018 are given below:

(15)

Liabilities	Ajay Ltd (Rs)	Vijay Ltd (Rs)	Assets	Ajay Ltd (Rs)	Vijay Ltd (Rs)
Equity Share Capital (Face Value Rs.100 each)	5,00,000	2,00,000	Land and Buildings	1,50,000	1,80,000
General Reserve	2,40,000	1,70,000	Plant & Machinery	2,40,000	1,59,400
Profit & Loss A/c	57,200	36,000	Investments in Vijay Ltd	3,40,000	Nil
Bank Loan (Term)	80,000	Nil	Stock	1,20,000	36,000
Bills payable (including Rs.3,000 to Ajay Ltd)	Nil	8,400	Bills Receivable (including Rs.3,000 from Vijay Ltd)	15,800	Nil
Creditors	47,200	9,000	Debtors	44,000	40,000
			Bank	14,600	8,000
Total	9,24,400	4,23,400		9,24,400	4,23,400

## Additional Information:

- The directors have decided to revalue Land & Buildings and Plant & Machinery of Vijay Ltd at Rs.2,00,000 and Rs.1,49,400 respectively.
- Creditors of Ajay Ltd include Rs.12,000 due to Vijay Ltd.
- Vijay Ltd made a bonus issue on 31<sup>st</sup> March, 2018 of One Equity share for every Four Equity shares held by its shareholders. This has not been accounted for.

Prepare a Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018.

Q.2 Following is the Balance Sheet of Reshma Ltd as on 31<sup>st</sup> March, 2018.

Liabilities	Rs.	Assets	Rs.
1,00,000 Ordinary Shares of Rs.10 each	10,00,000	Goodwill	1,00,000
Reserve Fund	2,00,000	Land & Building	8,00,000
10% Debentures	8,00,000	Plant & Machinery	5,00,000
Profit & Loss A/c	50,000	Investments	2,00,000
Sundry Creditors	1,00,000	Inventories	3,00,000
Bills Payable	50,000	Sundry Debtors	1,80,000
		Bank	1,20,000
Total	22,00,000		22,00,000

The Company sets aside 10% of Profits for General Reserves. The fair rate of return in the industry may be taken at 10%.

For the last Five Years, the company's profits after tax were as follows:

Year	Profits (Rs)
2018	2,78,000
2017	2,20,000
2016	1,92,000
2015	1,80,000
2014	1,70,000

Find out the value of business and the Equity Share on the basis of Earning Capacity Method.

OR

Q.2 A) Vishwas Ltd has 5 Operating Segments namely P, Q, R, S and T. The Profits/Losses of respective segments for the year ended 31<sup>st</sup> March, 2018 are as follows:

Segment	Profit/Loss (Rs)
P	5,00,000
Q	10,00,000
R	(6,00,000)
S	(8,00,000)
T	15,00,000

Determine reportable segments as per Ind AS 108.

Q.2 B) Balance Sheet of Sangeeta Ltd shows a Building costing R.8,00,000. It is depreciated over 50 years as per Original Cost Method. It has no residual value. The Company follows Revaluation model. At the beginning of Year 2, the Building was revalued at Rs.9,20,000. Show the treatment as per Ind AS 16.

Q. P. Code: 39816

(15)

Q.3 Mr. Tendulkar intends to invest Rs.1,00,000 in Equity Shares of ABC Ltd and seeks your advice regarding maximum number of shares he can expect to purchase with that amount on the basis of the following information and based on the Fair Value, Market Value and Net Asset Value of shares respectively.

Particulars	Rs
Authorised Capital:	
Equity Share Capital (Face Value Rs.10 Each)	50,00,000
6% Preference Share Capital (Face Value Rs.10 Each)	30,00,000
Issued and Paid up Capital:	
6 % Preference Shares Capital	10,00,000
Equity Shares Capital	6,00,000

Additional Information:

- Average Net Profit of the business is Rs.1,10,000.
- Expected Normal Yield is 8% in case of such Equity Shares.
- Total Tangible Assets are Rs. 18,98,000 and Total Outside Liabilities are Rs.1,90,000.
- Goodwill is valued at 5 years Purchase of Super Profits. Ignore Income Tax. Consider Closing Capital Employed as Average Capital employed for the purpose of Goodwill Valuation.

OR

Q.3 A) Sunil Ltd obtained a loan for Rs. 1,40,00,000 on 15<sup>th</sup> April, 2017 from KBL Bank to be utilized as under: (8)

Particulars	Rs.
Construction of Factory Shed	50,00,000
Purchase of Machinery	40,00,000
Working Capital	30,00,000
Advance for Purchase of Truck	20,00,000

In March, 2018, construction of the factory shed was completed and machinery, which was ready for its intended use, was installed. Delivery of Truck was received in the next financial year. Total Interest of Rs. 18,20,000 was charged by the bank for the financial year ending 31<sup>st</sup> March, 2018. Show the treatment of interest under IND AS 23 and also explain the nature of Assets.

Q.3 B) Raj Kumar Ltd provides the following information: (7)

Particulars	Rs
Cost of Machinery	30,00,000
Accounting Depreciation	4,80,000
Depreciation as per tax law	7,50,000
Tax rate = 25%	

Calculate Tax Base, Temporary Differences and resulting Deferred Tax Asset/Liability.

Q.4 A) State Whether the following statements are True or False: (8)

- Accounting Standard Board is established in 1970. T
- IFRS will override company law. F
- Ind AS 23 is applicable to Biological Assets. F
- Deferred tax is a tax on permanent difference. F
- Ind AS 16 prescribes accounting treatment for property. F
- FMP is considered in Valuation of Goodwill. F
- Intrinsic value is also known as Net Asset Value. F
- Pre acquisition profit is capital profit. T

Q.4 B) Match the followings

Column A	Column B
i. Annual Report	a) Non- Taxable Income
ii. IFRS issued by	b) Consolidated Financial Statements
iii. Fair Value	c) Taxable Income
iv. Ind AS 1	d) Net Profit as per records
v. Basic earnings	e) Presentation of Financial Statements
vi. Income Tax	f) Present Realizable value of assets
vii. Ind AS 110	g) IASB
	h) Mandatory for companies

OR

Q. 4. Write Short notes on any three of the followings:

- IND AS 33 – Earning Per Share
- Yield Value Method of Valuation of Shares
- Holding Company and Subsidiary Company
- IND AS 12- Income Taxes
- Super Profit Method of Goodwill

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Time: 2 Hours

Total Marks :60

Please check whether you have the right question paper.

- N.B.:** 1. All questions are compulsory.  
 2. Figures to the right indicates maximum marks.  
 3. Working should form part of the answer.  
 4. Use of simple calculator is allowed.

**Q.1.** Mr. Anirudh is a dealer from the state having his business in the state of Punjab, from the information available below for transactions related to his business find the date on which he will be liable to register under GST. Give reason for your answer. [15]

Date	Taxable Purchases	Tax Free Purchases	Taxable Sales	Tax Free Sales
1-04-2018	2,00,000	20,000	Nil	50,000
2-04-2018	Nil	Nil	5,00,000	1,00,000
10-4-2018	3,00,000	80,000	6,00,000	1,00,000
15-4-2018	Nil	Nil	2,00,000	2,00,000
29-4-2018	5,00,000	2,00,000	40,000	Nil
2-05-2018	Nil	NIL	50,000	1,50,000
10-5-2018	10,000	15,000	50,000	1,50,000
12-5-2018	2,00,000	3,00,000	20,000	25,000
20-5-2018	Nil	10,000	5,00,000	20,000
30-5-2018	3,000	2,000	12,000	24,000

OR

**Q.1.** Mr. Rohit has his place of business in the state of Meghalaya his business transaction during the period are as follows advice him whether he needs to register his business under GST. [15]

Date	Particulars	Amount Rs.
3-4-2018	Taxable supply of service within the state	2,00,000
5-4-2018	Supply of exempt goods to Delhi	2,00,000
12-4-2018	Supply of exempt goods within the state	4,50,000
21-4-2018	Supply of taxable goods within the state	1,00,000
1-5-2018	Purchase of goods from Orissa	3,00,000
15-5-2018	Supply of goods to Anil of Punjab	1,25,000

**Q.2.** Compute the GST liability of Wheat Agro Ltd. For the month of August, 2018 if all the below transactions are exclusive of goods and service tax. Applicable rate of GST tax is 18%. [15]

Sr. No.	Particulars	Amount
1	Charges for warehousing of agricultural produce	2,50,000
2	Cleaning of wheat	8,50,000
3	Renting of vacant agricultural land for rearing horses	9,50,000
4	Leasing of agro machinery	2,75,000
5	Charges levied for warehousing electronic items	10,50,000
6	Commission received on sale of agricultural produce	6,00,000
7	Storage and warehousing of agricultural produce	2.25,000

OR

**Q.2.** Compute the value of non taxable and taxable value of goods and services and also the GST liability of Mr Prakash Ltd. For the month of July, 2018 if all the below transactions are exclusive of goods and service tax. Applicable rate of gst tax is 18% .

[15]

Sr no.	Particulars	Amount (Rs.)
1.	Amount received for repayment of loan to SBI	60,000
2.	Amount received being an elected member of Parliament	5,00,500
3.	Transportation charges where freight collected per carriage was Rs.1,000	1,44,000
4.	Amount received for performance of classical music.	45,000
5.	Amount received for transportation of goods by inland waterways.	25,000
6.	Amount received on withdrawing money from bank	2,50,000
7.	Fees received for investment consultancy service	1,60,000

**Q.3.** Tek Pvt Ltd. Is registered in Maharashtra, it provides the following details for the month of January, 2019.

[15]

Calculate the tax liability for the month of January, 2019.

Opening balance in Electronic Ledger as on 1<sup>st</sup> January, 2019 is as follows:

**SGST =Rs. 27,640      CGST =Rs.8,370 and    IGST = Rs.86,000**

Transactions during the month exclusive of tax

	Rs.
➤ Availed services @ 5% GST from Beed, Maharashtra	5,60,000
➤ Purchased goods @ 28% GST from Surat , Gujarat	2,48,000
➤ Provided services @18% GST to Ram of Tamilnadu	17,80,000
➤ Sold goods @12% GST to Seema of Maharashtra	27,40,000

OR

**Q.3.** APLA TECH Is registered in Madhya Pradesh , it provides the following details for the month of December ,2018.

[15]

Calculate the tax liability for the month of December, 2018.

Opening balance in Electronic Ledger as on 1<sup>st</sup> December, 2018 is as follows:

**SGST =Rs. 30,000      CGST =Rs.20,000 and    IGST = Rs.80,000**

Transactions during the month exclusive of tax

	Rs.
➤ Inward supplies @5% GST from Bhopal	4,00,000
➤ Purchased goods @ 18% GST from Jaipur ,Rajasthan	2,00,000
➤ Provided services @12% GST to Kirti in Udaipur	5,00,000
➤ Sold goods @12% GST to Mrs. Reena of Orissa	3,00,000

**Q.4(A)** State with reasons whether the following statements are True or False.

[08]

1. TDS shall not be deducted where supplier, place of supply and recipient are in the same state.
2. Goods supplied/services rendered by agent are treated as supply by the principal.
3. Special or Adhoc exemption can be granted only on permission by the Apex court.
4. The first 2 characters of Goods and Services Tax Identification Number represents the state code.
5. TDS certificate is to be furnished in form GSTR-7.
6. Services provided by SEZ unit are treated as inter-state supplies.
7. IGST is levied on all inter-state supplies except on supply of petroleum products.
8. Union Finance Minister is the Chairperson of the GST Council.

(B) Select the appropriate alternative and rewrite the statement

[07]

1. CPIN stands for \_\_\_\_\_.  
a) Common Portal Identification number (b)Challan Portal Identification number  
(c)Common PAN Identification number (d) Challan paid Identification number.
2. All liabilities of a taxable person are recorded and maintained in \_\_\_\_\_.  
a) Electronic liability register (b) Electronic account register  
(c)Electronic credit register. (d) Electronic cash register.
3. Place of business includes \_\_\_\_\_.  
a) Warehouse(b)Godown (c) Any place where taxable person stores his goods  
(d) All of the above.
4. Services rendered by an agent on behalf of principal are treated as rendered by \_\_\_\_\_.  
a)Agent (b) Principal (c) Either agent or principal (d)None of the above
5. \_\_\_\_\_ is levied on inter-state supplies of goods and services or both.  
a) CGST (b)SGST (c)IGST (d)Both a and b
6. \_\_\_\_\_ is the application form for registration of casual taxable person  
a)GST REG-04 (b)GST REG-05 (c)GST REG-01 (d)GST REG-10.
7. GST is based on \_\_\_\_\_ consumption tax.  
a) Destination based (b)Origin based (c)Supply based (d)Production based.

OR

Q.4. Write short notes on (Any Three)

[15]

1. Electronic Cash Ledger.
2. Place of Business.
3. Aggregate Turnover.
4. Reverse Charge.
5. Principles adopted for subsuming the taxes.

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