

2017

ECONOMICS - II — HONOURS

Sixth Paper

[A-32A]

(Module - I)

Full Marks - 50

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Group - A

1. Answer the following questions :

2×4

(a) What is the difference between the concepts of stock and flow variables in macroeconomics ?

Or

Distinguish between gross investment and net investment.

(b) What is GDP deflator ?

Or

Distinguish between nominal GDP and real GDP.

(c) What is meant by GNP ?

(d) Define National Income.

Group - B

2. Answer the following questions :

(a) Consider a linear type of Keynesian consumption function. Define APC and MPC. Show the impact of an increase MPC on the consumption function with the help of a diagram.

2+4

Or

For a closed economy with a Keynesian short-run consumption function and an autonomous investment expenditure, represent the equilibrium graphically. How can you express the same equilibrium by saving-Investment equality ?

3+3

[Turn Over]

(b) Considering a simple Keynesian model with investment as an autonomous expenditure, show how an increase in investment produces a magnified impact on equilibrium income. 6

Or

Suppose the savings function is $S = 0.2y - 500$ and the investment function is $I = 0.1y + 500$.

Find the consumption function and the equilibrium level of income. Now assume that the savings function changes to $S = 0.3y - 500$. What will be the new equilibrium level of income? Is there any implication of this result? Explain. $(1\frac{1}{2} + 1\frac{1}{2}) + 2 + 1$

(c) Discuss with the help of the IS-LM model the equilibrium income and the rate of interest. 6

(d) "The effectiveness of a monetary policy in raising output will be limited if investment expenditure is relatively interest-inelastic and it would be more effective if money demand is relatively interest-inelastic". Do you agree? Explain your answer. 3+3

Or

Explain the curve each point of which is a commodity market equilibrium. What will be the shape of the curve when investment is perfectly (i) interest-elastic, and (ii) interest - inelastic. 2+4

(e) Explain the causes of a demand-pull inflation. 6

Or

Critically discuss the Keynesian theory of demand for money. 6

Group - C

3. Answer the following questions :

What is meant by money supply and on what factors does it depend ?
Distinguish between narrow money and broad money. 8+4

Or

Explain briefly the uses of monetary and fiscal policies to control inflation. 12

2017

RETAIL MANAGEMENT AND MARKETING OF SERVICES

Seventh Paper

(M-33-A)

(Marketing Group)

Full Marks – 100

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Module – I

(Retail Management)

Marks – 50

Group – A

1. Answer the following questions : 2×5

(a) What is Retail Management ?

Or

What is a Supermarket ?

(b) What is promotional mix in Retailing ?

Or

What is consumers co-operative ?

(c) Mention two names of Corporate Retail Organization.

Or

Define a Service Research Programme.

(d) What is retail experience ?

(e) Define the term 'quick response'.

Group – B

2. Answer the following questions : 5×4

(a) Discuss the factors affecting pricing of products.

Or

What are the functions of Retailing in India ?

[Turn Over]

- (b) Explain the impact of shopping malls on small shops and hawkers.

Or

Explain the approaches to product pricing.

- (c) Differentiate between goods and services.

- (d) Differentiate between social responsibility and consumerism.

3. Answer the following questions :

10×2

- (a) Explain the factors affecting Retail pricing.

Or

Discuss the impact of technology on relationships in retailing.

- (b) Write explanatory notes on 'Direct Selling' and 'Automatic Vending'.

Module – II

(Marketing of Services)

Marks – 50

Group – A

4. Answer the following questions :

2×5

- (a) What do you mean by marketing of services ?

Or

What is the meaning of service product ?

- (b) How would you maintain service quality ?

Or

What is healthcare service ?

- (c) How would you explain media services ?

- (d) Write the dimensions of service marketing mix.

- (e) Mention two characteristics of services.

Or

Identify two problems in marketing of services.

Group – B

5. Answer the following questions :

5×4

- (a) Why service economy is now considered the golden key to India's development ?

Or

'Tourism is not luxury but essential for people'. — Explain.

(b) What role do educational services play for the development of marketing of services ?

Or

Explain the steps in strategic planning for marketing of services.

(c) 'Hospitals should motivate employees to care for the customer'. — Explain the statement.

(d) What factors should be considered by a Bank to give quick and efficient service to the customers ?

Group – C

6. Answer the following questions : 10×2

(a) Select an Airlines and suggest how it might increase its competitive differentiation, service quality and productivity.

(b) Explain the role of service marketing in non-profit and profit organizations.

Or

Discuss the common practices of service companies with respect to service quality.

2017

INDIAN FINANCIAL SYSTEM AND FINANCIAL MARKET
OPERATION — HONOURS

Seventh Paper

(A – 33 – A)

(Accounting and Finance)

Full Marks – 100

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Group – A

1. What is financial system? State the components of a financial system. 2+3
2. How are the development banks different from the commercial banks? 5
3. Discuss the functions of EXIM bank. 5

Or

Discuss the role of IDBI in the industrial development of India since its inception. 5

4. Distinguish between money market and capital market. 5

Or

Write a short note on foreign exchange market. 5

5. What is call money? How does the call money market operate? 2+3

Or

Give an overview of the participants in the Indian call money market. 5

6. Write short notes on Repo and Reverse Repo. 5

Group – B

7. (a) What is mutual fund?
(b) Distinguish between open-ended and closed-ended mutual funds.
(c) State the objectives of UTI. 2+5+3

Or

Discuss the functions and powers of Insurance Regulatory and Development Authority (IRDA) of India. 5+5

8. (a) Distinguish between :
- (i) gross and net rate of interest
 - (ii) administered rate and market rate of interest.
- (b) Discuss in brief the recent changes of interest rate structure in India. (2+2)
+6
9. (a) What is meant by investors' protection?
- (b) Discuss the role of SEBI in investors' protection. 3+7

Or

Discuss in detail the role of Grievance Redressal Cell of Stock Exchanges in India. 10

10. (a) What is credit rating? Name two credit rating agencies in India.
- (b) Discuss the functions of credit rating agencies in India. (2+2)+6

Group – C

11. (a) What is 'high powered money'?
- (b) Explain the significance of high powered money.
- (c) Write a short note on 'money multiplier'. 3+6+6

Or

- (a) Give a brief outline of the structure of commercial banks in India.
- (b) What are the major functions of commercial banks?
- (c) Distinguish between Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve Ratio (SLRR).
- (d) How CRR and SLRR are used by RBI to control the money supply of commercial banks? 3+6+6

12. (a) How do you distinguish between primary and secondary market?
- (b) Discuss the functions of the new issue market.
- (c) Write short notes on private placement and bought out deal. 4+6+5

Or

- (a) Discuss the role of brokers and sub-brokers in the stock exchange in India.
- (b) Give an overview of two leading stock exchanges in India. 8+7

INDIRECT TAX : LAW AND PRACTICES – HONOURS

Seventh Paper

(T – 33A)

Full Marks – 100

*The figures in the margin indicate full marks**Candidates are required to give their answers in their own words as far as practicable*

Group – A

1. Write a note on bases of charging Indirect Taxes in India. 5
Or
 Define and distinguish between Direct Tax and Indirect Tax. 5
2. State the basic conditions for charging excise duty under Central Excise Act 1944. 5
3. Write a short note on 'Anti-dumping duty' under the Customs Tariff Act, 1975. 5
Or
 (a) Define 'goods' under the Customs Act, 1962.
 (b) Explain briefly 'Bill of export' with reference to the provisions of the Customs Act, 1962. 2½+2½
4. For the purpose of excise law 'Goods' and 'Excisable Goods' are not equivalent terms. Do you agree? 5
Or
 Distinguish between 'Non-excisable Goods' and 'Zero-rated goods' for the purpose of excise law. 5
5. (a) An excisable product is manufactured in Asansol factory on 11.08.2015 when the rate of excise duty is 12% and the product is removed from factory on 02.09.2015 when the excise rate is 10%. Central excise officer wants to levy excise duty @ 12% which is opposed by the assessee. State your opinion.
 (b) State whether the followings are manufacture under the Central excise Act, 1944 :-
 (i) Turmeric into turmeric powder.
 (ii) Affixing of label on ready to use product. 2+3
6. (a) M/S. Black is a service provider. The value of taxable services provided by him during different F.Y. were as follows : – F.Y. 12-13 Rs. 26,00,000; F.Y. 13-14 Rs. 15,00,000; F.Y. 14-15 Rs. 10,00,000, the actual value of taxable services provided by him during quarter ending 30.06.2015 was Rs. 9,00,000. Is he liable to pay service tax?
 (b) Write a note on 'Reverse charge' under service tax. 2+3

Or

[Turn Over]

(a) State the benefits available to a dealer for registration as per the Central Sales Tax Act, 1956.

(b) When is a dealer required to get himself compulsorily registered as per the CST Act? In which form and within which date the dealer is required to apply for such registration?

2+3

Group – B

7. (a) Mr. King is an unregistered dealer in West Bengal. He made the following sales during the month of December 2015 :-

On 05.11.2015 sale of schedule AA goods Rs. 80,000

On 09.11.2015 sale of schedule C goods Rs. 4,00,000

On 11.11.2015 sale of schedule B goods Rs. 3,00,000

On 13.11.2015 sale of schedule C goods Rs. 4,00,000

(under MRP)

On 20.11.2015 sale of schedule CA goods Rs. 3,50,000

Is Mr. King eligible to continue the business in the situation? If no, then what formalities are required to be fulfilled to continue the business?

5

(b) Briefly explain whether the purchases are eligible for availing input tax credit in each of the following cases under WBVAT, 2003 :

(i) X & Co. purchased goods from P & Co. which is an unregistered dealer.

(ii) Z & Co. purchased some capital goods. The final product manufactured by Z & Co. using these capital goods is exported.

(iii) Y & Co. purchased goods in West Bengal that are stock transferred to Bihar.

3

(c) What is 'zero-rated' sales under the WBVAT Act?

2

8. Mr. Raju is a registered dealer under WBVAT Act. The particulars of his purchases and sales for the month of Dec. 2016 were as under :-

| | ₹ (inclusive of VAT) |
|---|-------------------------|
| Sale of Schedule C Goods | 10,00,000 |
| Sales Return of Schedule C Goods within 6 months | 1,60,000 |
| Purchase of above goods | 6,40,000 |
| Sale of schedule CA goods | 30,00,000 |
| Purchase of above goods | 20,00,000 |
| Sale of schedule A goods | 6,00,000 |
| Purchase of above goods | 5,78,000 |
| Compute Output Tax, Input Tax and VAT payable by him. (Rate of VAT for schedule C = 5%, schedule CA = 14.5% and schedule A = exempted). | 10 |

Or

(a) Discuss the provisions in brief regarding registration of dealer under the WBVAT Act.

(b) State the incidence and levy of tax under WBVAT Act.

5+5

9. M/S. LML Ltd. imported certain goods by air from USA. Total FOB value of the goods US \$ 45,000. Accessories compulsorily supplied with goods US \$ 5,000. Air freight incurred US \$ 11,000. Insurance paid US \$ 500.

Design and development charges of \$ 2000 were paid to a consultancy firm in USA.

Local agency commission Rs. 25,000. Transport cost from Indian airport to factory Rs. 20,000.

Date of Bill of Entry : 03.01.2016 [on the date exchange rate notified by CBEC Rs. 66/\$ and Basic Customs duty 15%.]

Date of entry Inwards : 18.12.2015 [on the date exchange rate notified by CBEC Rs. 65/\$ and Basic Customs duty 12%.]

ACD U/S 3(1) is 8% and ACD U/S 3(5) is 4% on both the dates.

Compute the assessable value and duty liability of M/s. LML Ltd.

10

Or

(a) As per section 15 of the Customs Act, 1962, briefly discuss the date for determining the rate of duty and tariff valuation of imported goods.

(b) State briefly the provisions under the Customs Act, 1962 relating to duty drawback on re-export of goods.

(c) Write a short note on 'countervailing duty on subsidised goods'. 3+4+3

10. (a) Mr. Bose, an Indian resident visiting Nepal brought following goods while returning to India.

(i) His personal effects valued at Rs. 22,000;

(ii) A new camera for Rs. 42,500;

(iii) A laptop computer for Rs. 55,000;

(iv) Jewellery worth Rs. 40,000.

Compute the amount of customs duty payable,

(A) if he return on 3rd day air;

(B) if he returns on 11th day by air.

(b) Explain the significance of 'Territorial waters of India' and 'Indian customs waters' under the Customs Act, 1962.

5+5

11. (a) Rs. 14,78,000 is charged for a taxable service rendered in India on 31.12.2015. Calculate service tax payable when :-

(i) Rs. 14,78,000 is before charging service tax;

(ii) Rs. 14,78,000 is including service tax;

(iii) The service provider has failed to charge service tax.

(b) A small service provider is not entitled to CENVAT credit so long he/she is a small service provider. Explain.

(c) Is there any service tax payable in India? If yes, by whom?

(i) Mr. X of J & K provides taxable services to Mr. Y of Kolkata.

(ii) Mrs. U of Canada provides taxable services to Mrs. Z of India.

5+3+2

Or

(a) Determine the point of Taxation of service provided in each of the following independent cases :-

| Case | Date of completion of Service | Date of Invoice | Date on which payment received |
|-------|-------------------------------|-----------------|---|
| (i) | 10.06.2015 | 06.07.2015 | 22.06.2015 |
| (ii) | 11.06.2015 | 07.07.2015 | 22.07.2015 |
| (iii) | 15.06.2015 | 10.07.2015 | 22.06.2015 (Part) and 20.07.2015 (Remaining) |
| (iv) | 10.06.2015 | 20.07.2015 | 22.07.2015 |

[Turn Over]

| | | | |
|------|------------|------------|------------|
| (v) | 10.06.2015 | 20.07.2015 | 22.05.2017 |
| (vi) | 10.06.2015 | 12.06.2015 | 11.06.2015 |

- (b) (i) State the due date for submission of service tax return.
(ii) "e-filing is mandatory but e-payment is not mandatory". Do you agree? 6+(2+2)

12. (a) From the following information compute tax liability under Central Sales Tax Act.

| | | |
|---|-------------------------------|---|
| Turnover for the year ending 31.3.2016 | ₹ 8,67,000 (Inclusive of CST) | |
| Goods Returned by customers within 6 month | 30,000 (Exclusive of CST) | |
| Goods Returned by customers after 6 months | 40,800 (Inclusive of CST) | |
| Goods Rejected by customers beyond 8 months | 51,000 (- Do -) | |
| Rate of CST is 2%. | | 5 |

(b) From the following details calculate the turnover and CST payable by Rabin carrying on business in Kolkata. 5

| | |
|--|------------|
| Gross Turnover | ₹ 6,50,228 |
| The turnover includes the following :- | |
| (i) Trade Discount for which Credit note issued separately | 11,000 |
| (ii) Excise Duty | 40,000 |
| (iii) Freight and Insurance separately charged | 9,000 |
| (iv) Installation charges separately charged | 12,000 |
| (v) One dealer has returned goods within four month | 17,160 |
| (vi) CST rate @ 2% against C form. | |

13. An excisable goods worth ₹ 5,61,800 (excluding excise duty) is manufactured. Rate of duty on the date of manufacture is 10% but the same on the date of removal is 12%. Cess applicable 3%.

- (a) Calculate the duty liability of the manufacturer :-
(i) When the item is covered under Maximum Retail Price basis of valuation
(ii) When the item is covered under transaction Value basis of valuation.
(b) Would your answer in (i) and (ii) differ if ₹ 5,61,800 is inclusive of excise duty and applicable cess? 2+3+2+3

Or

- (a) For calculation of excise duty, rate of duty on the date of manufacture is not relevant. Do you agree?
(b) Discuss briefly whether excise duty is attracted on the excisable goods manufactured in :
(i) Jammu and Kashmir ;
(ii) Special Economic Zone.
(c) Can assembly of components be taken as manufacture under the Central Excise Act, 1944 ?
(d) Distinguish between 'Time of Removal' and 'Place of Removal'. 3+2+3+2

2017

**PRODUCT & PRICING MANAGEMENT AND MARKETING
COMMUNICATION – HONOURS**

Sixth Paper

(M – 32A)

(Marketing Group)

Full Marks – 100

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Module – I

(Product and Pricing Management)

Group – A

1. Answer the following questions: 2×5

(a) What is 'Product Portfolio'?

Or

What do you mean by a 'New Product'?

(b) Define the term 'Test Marketing'.

(c) Mention the various levels of packaging

(d) Define 'Branding'.

Or

What do you mean by 'Brand Equity'?

(e) State any two features of a good brand.

Or

Give any two examples of 'Family Brand'.

Group – B

2. Answer the following questions: 5×5

(a) Elucidate the 'New-product Development Decision Process'.

[Turn Over]

- (b) Discuss the various stages in the 'Adoption Process'.
- (c) Enumerate the concept of 'Product Differentiation'.

Or

Discuss the various ways of 'New-product Idea Generation'.

- (d) Distinguish between 'Leader Positioning' and 'Follower Positioning'.

Or

Point out the reasons for branding.

- (e) Narrate the importance of packaging in marketing of a product.

Or

Discuss the various legal aspects of packaging.

Group – C

3. Answer the following questions:

- (a) Explain, with the help of a diagram, the concept of Product Life Cycle (PLC). 10
- (b) Highlight the exceptions to PLC curve with suitable diagram. 5

Or

- (a) Explain the significance of pricing in consumer decision making process. 5
- (b) Describe, in detail, the different pricing strategies generally used in marketing. 10

Module – II

(Marketing Communication)

Group – A

4. Answer the following questions: 2×5

- (a) Define 'Advertisement'.

Or

Mention any two appeals used in advertising.

- (b) What do you mean by 'Advertisement Copy'?
- (c) Define 'Promotional Mix'.
- (d) Mention any two features of 'Headline'.

Or

Why is 'Animation' used in advertising?

- (e) Mention any two common features of 'Online Advertising'.

Or

Point out any two types of Print Advertisements.

Group – B

5. Answer the following questions:

5×5

- (a) Elucidate the main principles of effective communication.

Or

State the basic objectives of 'Marketing Communication'.

- (b) Discuss the objectives of 'Sales Promotion'.

Or

State the merits of 'Sales Promotion'.

- (c) Classify the various types of 'Sales Promotional Techniques'.

- (d) Elaborate the limitations of 'Sales Promotion'.

- (e) Explain the advantages of services rendered by an advertising agency.

Or

Discuss the factors generally considered while selecting an advertising agency.

Group – C

6. Answer the following questions:

- (a) Discuss the importance of advertising in marketing.

5

- (b) Enumerate the major decisions involved in developing and managing an advertising programme.

10

Or

- (a) Classify various advertising objectives.

5

- (b) Enunciate the factors that are considered for deciding on advertising budget.

10

ADVANCED BUSINESS MATHEMATICS — HONOURS

Sixth Paper

(A - 32 - A)

Full Marks - 50

*The figures in the margin indicate full marks**Candidates are required to give their answers in their own words as far as practicable*

Group - A

1. Answer the following questions :

2×5

(a) Find the domain of $f(x) = \frac{x}{x^2 - 9}$.

Or

If $f(x) = |x| - [x]$, where $[x]$ is the greatest integer not excluding x , then find the value of $f(2.5)$ and $f(-2.5)$.

(b) If $f(x) = (x - a)$, $g(x) = (x + a)$, then show that $\{f(x)\}^2 - \{g(x)\}^2 = -2a\{f(x) + g(x)\}$.

(c) Find $\lim_{x \rightarrow 2} \frac{x^3 - 8}{x - 2}$.

Or

Find $\frac{dy}{dx}$, when $y = \log(1 + \sqrt{x})$.

(d) If $A = \begin{pmatrix} 2 & -1 \\ 1 & 3 \end{pmatrix}$, $B = \begin{pmatrix} -1 & 3 \\ 0 & 2 \end{pmatrix}$; Find $2A + 3B$.

(e) Given that $P(A) = \frac{1}{8}$, $P(B) = \frac{5}{8}$, $P(A \cup B) = \frac{3}{4}$, find $P(A/B)$.

Or

For two events A and B , Let $P(A) = 0.4$, $P(A \cup B) = 0.7$ and $P(B) = p$. For what value of p are A and B independent?

Group - B

2. Answer the following questions :

6×5

(a) Solve by Cramer's rule :

$$\frac{1}{x} + \frac{1}{y} + \frac{1}{z} = 1, \quad \frac{2}{x} + \frac{5}{y} + \frac{3}{z} = 0, \quad \frac{1}{x} + \frac{2}{y} + \frac{4}{z} = 3.$$

Or

[Turn Over]

Show that
$$\begin{vmatrix} 1+a^2-b^2 & 2ab & -2b \\ 2ab & 1-a^2+b^2 & 2a \\ 2b & -2a & 1-a^2-b^2 \end{vmatrix} = (1+a^2+b^2)^3.$$

(b) If $A = \begin{bmatrix} 5 & 4 & -2 \\ 4 & 5 & -2 \\ -2 & -2 & 2 \end{bmatrix}$, show that $A^2 - 11A + 10I = 0$. Where I

and O are identity matrix and null matrix of order 3 respectively.

Or

For the two matrices A and B , where $A = \begin{bmatrix} 2 & 1 & 3 \\ 3 & -2 & 1 \end{bmatrix}$ and

$B = \begin{bmatrix} 1 & -1 \\ 0 & 2 \\ 2 & 1 \end{bmatrix}$, show that $(AB)' = B'.A'$, where A' is the transpose of A etc.

(c) Evaluate the following :

(i) $\lim_{x \rightarrow \infty} \frac{3x^3 + 2x - 1}{4x^3 + 3x^2 - 2}$; (ii) $\lim_{x \rightarrow 1} \frac{x^2 + 5x - 6}{x^2 - 3x + 2}$.

(d) If $y = \frac{x}{\sqrt{1+x^2}}$, prove that $x^3 \frac{dy}{dx} = y^3$.

(e) Divide 16 into two parts such that their product is Maximum.

Or

Show that the minimum value of the function $x^3 + \frac{1}{x^3}$ is greater than its maximum value.

Group - C

3. Answer the following questions :

(a) Four men in a company of 10 employees are engineers. If 2 men are selected at random, then find the probability that exactly one of them will be engineer. 6

Or

A problem of Mathematics is given to three students A, B and C whose chances of solving it are $\frac{1}{2}$, $\frac{1}{3}$, $\frac{1}{4}$ respectively. What is the chance that the problem will be solved ? 6

(b) Evaluate (*any one*) : 4

(i) $\int \frac{2x}{2+x-x^2} dx$

(ii) $\int \frac{x+2}{\sqrt{x-2}} dx$.

2017

DIRECT TAX LAW AND PRACTICE — HONOURS

Sixth Paper

(T – 32A)

Full Marks – 100

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Group – A

1. How would you determine the residential status of a company? Mention any two incomes which can be considered as deemed to accrue or arise in India. 3+2

Or

X Ltd., an Indian company, has five members on its Board of Directors who are all non-resident in India. All the shareholders are foreign nationals and non-resident in India. The business of the company is wholly controlled from Germany. Find out the residential status of X Ltd.

Discuss the taxability of the income at the hands of X Ltd. for the assessment year 2016-2017. 3+2

2. Who is eligible to enjoy exemption U/s 10AA and what is the quantum of such exemption? 2+3

Or

From the following information, compute allowable deduction u/s 10AA for the A.Y. 2016-17 : 4+1

| | | |
|---|---|---------------|
| (i) Date of commencement of business in SEZ | — | 1.4.13 |
| (ii) Export Sales | — | Rs. 18,00,000 |
| (iii) Local Sales | — | Rs. 6,00,000 |
| (iv) Out of export sales, amount brought into India within specified time | — | Rs. 13,30,000 |
| (v) Freight incurred in relation to export sales and included in (iv) | — | Rs. 1,30,000 |
| (vi) Profit of the business (computed) | — | Rs. 8,50,000 |

What will happen if the date of commencement of business was 1.4.09?

3. What do you mean by revocable transfer? 5

4. State the deduction available under chapter VI-A of the Income-tax Act in respect of the profits and gains of an undertaking or enterprise engaged in development of Special Economic Zone. Briefly mention the conditions for claiming such deduction. 2+3

[Turn Over]

Group - B

5. X Ltd. is engaged in the business of plying goods carriages. On 1st April, 2015, the company owns 10 trucks (6 out of which are "heavy goods vehicles"). On May 2, 2015 one of the heavy goods vehicles is sold by X Ltd. and purchased a light goods vehicle on May 6, 2015 which is put to use only from June 15, 2015. Find out the total income of X Ltd. for the assessment year 2016-17 after taking into consideration the following data gathered from its books :

10

| | Rs. |
|--------------------------------|------------|
| Freight collected | 8,90,000 |
| Less : Operational expenses | (6,40,000) |
| Depreciation as per Section 32 | (1,90,000) |
| Other office expenses | (15,000) |
| Net profit | 45,000 |
| Other non-business income | 70,000 |

Or

(a) A.K. Ltd., engaged in the manufacturing of electrical equipment, purchased a machinery costing Rs. 5,00,000 on 25.9.2015 and put it to use after three weeks. There are no other assets in the block. What is the written down value of the block as on 31.3.2016? If the normal rate of depreciation is 15% and the assets are eligible for additional depreciation, compute allowable depreciation u/s 32.

5

(b) K furnishes the following particulars relating to the payments made for scientific research for the year 2015-16.

5

(i) Payment made to BBC Ltd. registered in India for scientific research & development Rs. 40 lakh

(ii) Payment made to University of Calcutta for scientific research Rs. 30 lakh

(iii) Payment made to ISI, Kolkata for statistical research Rs. 20 lakh

(iv) Payment to National Laboratory Rs. 16 lakh

Compute the amount of deduction u/s 35.

6. X, an owner of 3 houses, sells a residential house property in Chennai for Rs. 12,30,000 on 24th May, 2015. This house was purchased by him on 1st April, 2006 for Rs. 2,91,000. On 30th May, 2016 he purchased one flat in Kolkata for Rs. 8,65,000 for residential purpose. On 1st March, 2016 X sells the house in Delhi for Rs. 12,10,000 which he purchased on 1.5.79 for Rs. 75,000 (FMV on 1.4.81 Rs. 1,00,000). Compute the capital gains arising on the two transactions. Is X eligible for exemption under Section 54 in respect of the second sale? What will happen if X purchased bonds of NHAI for Rs. 1,50,000 in respect of Delhi House? [Cost Inflation Index for the financial years 1981-82, 2006-2007 and 2015-2016 are 100, 519 and 1081 respectively].

10

Or

(a) Mr. A purchased a land for Rs. 3,00,000 during 1995-96 and incurred development expenses of Rs. 50,000 during 2001-02. The Central Government acquired such land compulsorily and paid compensation of Rs. 10,00,000 on 5.6.15.

Compute capital gain in the hand of A for the AY. 2006-17.

[CII for 95-96 : 281, 2001-02 : 426, 2015-16 : 1081]

5

(b) Mrs. R purchased 1,000 shares of Q Ltd. on 2.4.15 @Rs. 30 per share. She received 200 bonus shares 6.5.15. On 12.03.16 she sold all the shares for Rs. 32 per share.

Compute capital gain in the hands of Mrs. R for the A.Y. 2016-17.

7. (a) State the different cases of deemed dividend u/s 2(22).
 (b) A received the following gifts during the financial year 2015-16 :
 (i) Cash gift from father-in-law Rs. 25,000
 (ii) Gifts from friends at the time of marriage Rs. 40,000
 (iii) Shares received from a friend (market value) Rs. 51,000.

State the taxability of these gifts at the hands of A.

8. (a) Abbas Ali, a noted vocalist furnished the following information for the P.Y. 2015-16 :

| | Rs. |
|---|----------|
| Income from profession in India | 5,80,000 |
| Income from profession in USA (with which India has DTA agreement) | 2,50,000 |
| Tax paid in USA @20% | |

Compute relief u/s 90 for the A.Y. 2016-17 assuming full credit has been given in respect of income of USA in India.

(b) R, an Indian resident has earned substantial amount of income from an African country with which India has no agreement for avoidance of double taxation. Discuss whether R can claim any relief for tax paid in that African country. How such relief can be calculated?

Or

(a) What is amalgamation u/s 2(1B) of the Income-tax Act? When will merger not be treated as amalgamation?

(b) Define slump sale u/s 2(42C) of the Income-tax Act. How would you determine capital gains in case of slump sale under section 50B of the Act?

9. M (32 yrs), N (34 yrs) are members of an AOP. Following is the Profit and Loss A/c for the year ended 31.3.16 :

| | Rs. | | Rs. |
|--|-----------------|----------------------|-----------------|
| Cost of goods sold | 3,00,000 | Sales | 5,00,000 |
| Other Expenses | 50,000 | LTCG on Sale of land | 1,00,000 |
| Interest on Capital | | Interest on drawing | |
| M | 10,000 | M | 3,000 |
| N | 8,000 | N | 2,000 |
| Salary to partner | | | |
| M | 24,000 | | |
| N | 16,000 | | |
| Donation to PM's National Relief fund | 20,000 | | |
| Net Profit | 1,77,000 | | |
| | <u>6,05,000</u> | | <u>6,05,000</u> |

Other information :

- (i) Out of other expenses, Rs. 20,000 is not allowable u/s 37.
 (ii) The Profit Sharing ratio of M & N is 3:2. Other incomes of the members are as follows :

M – Rs. 2,32,000 N – Rs. 2,03,000.

Compute tax liability of AOP for the A.Y. 2016-17.

Group - C

10. (a) Mr. T submits the following particulars of his assets and liabilities for the assessment year 2016 - 2017.

(valuation date 31st March, 2016). Determine his net wealth on the assumption that :

India. (i) T is an Indian national and resident and ordinarily resident in

resident in India. (ii) T is an Indian national and resident but not ordinarily

(iii) T is a foreign national and not resident in India.

(a) Jewellery in India Rs. 60,00,000.

(b) Residential house outside India Rs. 40,00,000.

Rs. 2,60,000. (c) Capital borrowed for purchasing house outside India

Rs. 9,50,000. (d) Capital borrowed for acquiring jewellery in India

10

(b) D is the owner of a house in Kolkata, the annual value of which as per municipal record is Rs. 1,00,000. Rent received from the tenants for the house is Rs. 90,000. Municipal tax paid by Mr. D Rs. 5,000 and by the tenant Rs. 2,600. Repairs borne by the tenants Rs. 8,000. Determine the "net maintainable rent" of the house for the purpose of valuation under Wealth Tax Act.

5

11. From the following information, compute taxable income and tax payable by Mrs D (Age 62 years) for the A.Y. 2016 - 17 :

15

| | |
|--|----------|
| (a) Income from Salary | 5,10,000 |
| (b) Loss from House Property | (60,000) |
| (c) Income from business | 2,30,000 |
| (d) Long term Capital gain on sale of land | 1,50,000 |
| (e) Short term Capital gain on sale of shares | 30,000 |
| (f) Dividend from Indian Company | 20,000 |
| (g) Dividend from Foreign Company | 30,000 |
| (h) Income from lottery (net) (TDS made @ 30.9%) | 69,100 |
| (i) Payment of Life Insurance premium on own life | 10,000 |
| (j) Contribution to PPF | 40,000 |
| (k) Donation to Ramkrishna Mission | 20,000 |
| (l) Payment of health insurance premium on the health of herself and spouse. | 10,000 |

Or

(a) D and C, a partnership firm consisting of two partners, reports a net profit of Rs. 14,00,000 after considering following items :

7+3

(i) Salary of Rs. 40,000 each per month payable to two working partners of the firm (as authorized by the deed of partnership).

(ii) Depreciation on plant and machinery Rs. 3,00,000.

(iii) Interest on capital at 15% per annum. The amount of capital eligible for interest Rs. 10,00,000.

Other information :

Depreciation as per IT rules Rs. 4,00,000

Compute :

(i) Book-profit of the firm under Income Tax Act, 1961.

(ii) Allowable remuneration to partners for the assessment year 2016 - 17 as per Section 40(b) of the Income Tax Act, 1961.

(b) Discuss the effect of partition of a Hindu undivided family on the assessment of the joint family as well as on the members of the family.

5

2017

PUBLIC FINANCE AND TAXATION

Fifth Paper

(T-31-A)

Full Marks – 100

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Group – A

1. What do you mean by 'Public Finance'? Why is it considered an important branch of Economics? 2+3

Or

Explain the 'Principle of Maximum Social Advantage', as laid down by Dalton. 5

2. Define (i) Revenue deficit, (ii) Fiscal deficit and (iii) Primary deficit, as used in the Indian context. 2+2+1

Or

Give a brief account of the steps taken by the Government of India to control fiscal deficit in the post – 1991 period. 5

3. Examine the changing patterns of direct and indirect tax collection in the post – 1991 period. 5

Group – B

4. How would you distinguish between the impact and the incidence of taxation? How is the burden of an indirect tax shifted on the consumer? 4+6

5. Explain how the Government can use its fiscal policy to stabilize the economy during (i) an inflationary situation and (ii) a period of recession. 5+5

Or

Analyse the effects of public expenditure on aggregate production and distribution of income. 5+5

6. What is meant by 'burden' of public debt? Distinguish between the burden of an internally held and of an externally held public debt. 5+5

7. Give an account of the major recommendations of the 14th Finance Commission of India. 10

Or

What are the functions of the Finance Commission of India? 10

[Turn Over]

8. Enumerate the different sources of revenue of the Central Government. Distinguish in the context, between tax revenue and non-tax revenue. 7+3

9. What are the major sources of funds of the State Government in India? Indicate the major heads of expenditure of the State Governments. 5+5

Or

The State Governments in India often complain that the fund transfer formula (from the centre to the state) is unfair. Do you agree? 10

10. Give a brief account of the major tax reforms initiated in India after 1991. 10

Or

Do you think that the new economic policies in India have reduced the importance of five-year plans? Justify your answer. 10

Group – C

11. State the characteristics of a public good. Explain how the 'Benefit principle' of taxation attempts to solve the problem of optimal allocation of public goods. 5+10

Or

What is meant by 'Ability to Pay' as a principle of taxation? Do you agree with the view that under the ability to pay approach, are always and up with a progressive taxation? 5+10

2017

**CONSUMER BEHAVIOUR AND SALES
MANAGEMENT — HONOURS**

Fifth Paper

(M - 31 - A)

(Marketing Group)

Full Marks - 100

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Module - I

(Consumer Behaviour)

Group - A

1. Answer the following questions : 2×5

(a) Define societal marketing.

Or

Define political marketing.

(b) What is meant by 'need recognition' ?

(c) Mention two factors influencing purchase decision.

Or

Mention the types of buying decisions.

(d) Mention two consumer behaviour models.

Or

Mention two health-care marketing organisations.

(e) Briefly explain any one method of market research.

Group - B

2. Answer the following questions : 4×4

(a) State the need of consumer protection in marketing.

Or

State the role of ethics in marketing.

(b) How does the opinion leader influence consumer decision making process ?

(c) What are the limitations of consumer research ?

Or

What are the benefits of consumer research ?

(d) What is meant by communication persuasion ?

Group - C

3. Answer the following questions : 6×2

(a) Why do we study consumer behaviour ?

Or

What are the advantages of segmenting the market ?

[Turn Over]

(b) Write a short note on "Environmental Marketing".

Group - D

4. Answer the following question : 12×1
 (a) Explain, in detail, the influence of culture in Consumer Behaviour.
Or
 (b) Define culture. Explain the characteristics of culture. 2+10

Module - II

(Sales Management)

Group - A

5. Answer the following questions : 2×5
 (a) Define sales organisation.
Or
 Define sales force.
 (b) Distinguish between marketing and selling.
Or
 Distinguish between direct and indirect channel.
 (c) What is meant by placement of sales force ?
 (d) What is marketing channel ?
 (e) What is channel objective ?
Or
 What is marketing channel ?

Group - B

6. Answer the following questions : 4×4
 (a) What do you mean by geographic sales organisational structure ?
Or
 Mention two factors determining sales organisation structure.
 (b) Discuss any two key determinants of sales force size.
 (c) Write short note on grievance handling.
Or
 How would you evaluate sales force performance ?
 (d) Mention the important aspects of personal selling.

Group - C

7. Answer the following questions : 6×2
 (a) Briefly describe selection process of sales personnel.
 (b) State any two functions of "marketing channels".
Or
 Briefly describe the need of marketing channels.

Group - D

8. Answer the following question : 12×1
 (a) State the tasks of "Chief Sales Executive".
Or
 (b) Discuss the general principle of sales organisation.

2017

FINANCIAL MANAGEMENT — HONOURS

Eighth Paper

(A – 34A)

(Accounting and Finance Group)

Full Marks – 100

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Group – A

1. Discuss the nature and objectives of financial management. 5

2. Why value maximisation objective is called better than profit maximisation objective? 5

Or

What will be the role of CFO in the financial crisis of an organisation? 5

3. X borrows ₹ 59,36,000 from Y at a compound interest rate of 12% p.a. It is agreed that the loan shall be payable in two equal instalments, which shall be payable at the end of the 1st year and 2nd year respectively. Calculate the amount of instalments. 5

4. Mr. H is offered either to receive ₹ 10,000 three years from now or ₹ 14,000 five years from now. Which will Mr. H accept? Assume rate of discount is 10%.

[Given : Present value of ₹ 1 at 10% are 0.751 and 0.621 for 3rd and 5th year respectively] 5

Or

Write in brief about the financial environment of the business. 5

5. A project of ₹ 3,00,000 is supposed to yield ₹ 40,000 after depreciation @ 12.5% and is subject to income tax @ 40%. Calculate the pay back period of the project. 5

Or

Write the demerits of Pay Back Period method of project evaluation. 5

[Turn Over]

6. Based on the following information, which project will you select and why.

| Year | Project I | | Project II | | Project III | |
|------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| | Earning after Tax | Depreciation | Earning after Tax | Depreciation | Earning after Tax | Depreciation |
| 1 | 20,000 | 3000 | 50,000 | 5000 | 35,000 | 4000 |
| 2 | 30,000 | 2000 | 40,000 | 4500 | 35,000 | 4000 |
| 3 | 40,000 | 2500 | 30,000 | 4000 | 35,000 | 4000 |

Assuming tax rate of 50% and discount rate as 10%.

[Given : PV of ₹ 1 at 10% discount $Y_1 = 0.909$; $Y_2 = 0.826$ and $Y_3 = 0.751$]

5

Group - B

7. Estimate the working capital requirement on profit basis for the coming year from the following information of a manufacturing company. Expected annual sales is 156000 units of ₹ 10 per unit. The anticipated ratios of cost to selling price are : Raw material 50% and Direct wages 15%. Budgeted cash overhead is ₹ 42,000 and depreciation is ₹ 10,000 per annum. Planned stock will include raw material for ₹ 45,000 and 9,000 units of finished goods. Credit allowed to debtor is 1 month. Credit expected to be received from suppliers in 3 weeks. Overhead and wages payment will be made 1 week after their occurrence. Material will stay in the process for 14 days. Cash in hand to be maintained is 15% of total working capital. Assume that production is carried on evenly throughout the year. Raw materials are introduced at the beginning of the process and wages and overhead accrue evenly during processing.

10

Or

(a) Between two periods of a company there is an increase of debt collection period and raw material conversion period by 20 days and 5 days respectively, whereas its creditors payment period and finished goods conversion period is reduced by 10 days and 5 days respectively. Calculate the change in operating cycle of the company.

5

(b) Length of Operating Cycle is the major determinant of the working capital needs of a business firm. — Explain.

5

8. (a) How the trade-off between Matching and Conservative Policy of financing the working capital is done ? Explain.

5

(b) Explain the three principal motives for holding cash.

5

9. A company is considering two mutually exclusive projects X and Y. Following details are made available to you :

| | | (₹ in lakh) | |
|----------------|--------|-------------|-----------|
| | | Project X | Project Y |
| Project cost | | 3500 | 3500 |
| Cash Inflows : | Year 1 | 500 | 2500 |
| | Year 2 | 1000 | 2000 |
| | Year 3 | 1500 | 1000 |
| | Year 4 | 2250 | 500 |
| | Year 5 | 3000 | 500 |

Assume no residual values at the end of the fifth year. The firm's cost of capital is 10%.

You are required to calculate the following in respect of the two projects —

- Net Present Value, using 10% discounting ;
- Internal Rate of Return ;
- Profitability Index.

Present value of ₹ 1 at 10% discount rate for $y_1 = .909$, $y_2 = .826$, $y_3 = .751$, $y_4 = .683$, $y_5 = .621$. 3+4+3

Or

What is capital rationing ? How is it applied in case of divisible and indivisible projects ? 4+6

10. The following details of P Ltd. for the year ended 31.3.2016 are furnished :

- Operating leverage 3 : 1
- Financial leverage 2 : 1
- Interest charges per annum ₹ 20 lakhs
- Corporate tax rate 50%
- Variable cost as the percentage sales 60%

Prepare the income statement of the company. 10

Or

Critically examine the Net Income (NI) Approach of Capital Structure theory. 10

11. (a) Z Ltd. issued 10,000 12% preference shares of ₹ 100 each at a premium of 10%. The floatation cost was 5% on issue price. The preference shares will be redeemed at a premium of 20% after five years. The tax rate applicable to the company is 30%. The corporate dividend tax is 10%. Compute cost of preference shares of Z Ltd. 4

[Turn Over]

(b) T Ltd. has the following capital structure :

| | <u>₹ (in laksh)</u> |
|---------------------------------------|---------------------|
| Equity Share Capital (10 lakh shares) | 100 |
| Retained Earnings | 130 |
| 14% Debentures (70,000 debentures) | 70 |
| 16 % Term Loan | 100 |
| | <u>400</u> |

The market price per equity share is ₹ 25. The next expected dividend per share is ₹ 2 and is expected to grow at 8%. The debentures are redeemable after six years at par and the current market quotation is ₹ 90 per debenture. The tax rate applicable to the firm is 50%.

You are required to compute weighted average cost of capital of the company using market value as weights.

6

12. XYZ Ltd. has a capital of ₹ 10,00,000 in equity shares of ₹ 100 each. The shares are currently quoted at per. The company proposes to declare a dividend of ₹ 10 per share at the end of the current financial year. The capitalization rate for the risk class to which the company belongs is 12%. What will be the market price of the share at the end of the year, if —

(a) Dividend is not declared ?

(b) Dividend is declared ?

(c) Assuming that the company pays the dividend and has net profits of ₹ 5,00,000 and makes new investments of ₹ 10,00,000 during the period, how many new shares must be issued ? Use the M-M-model.

3+3+4

Or

(a) What are the factors to be considered for paying cash dividend ?

(b) Give a brief note on Gordon's Dividend Policy.

5+5

13. Explain briefly on Return on investment and zero based Budgeting as a tool of financial control.

5+5

2017

FINANCIAL ACCOUNTING — III — HONOURS

Fifth Paper

(A-31-A)

(Accounting and Finance Group)

Full Marks – 100

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable

Group – A

1. From the trend % supplied below, prepare a comparative statement of current assets in absolute value taking 2013 as the base year :

| Trend Percentage | | | Corresponding value of current Assets | |
|------------------|------|------|---------------------------------------|----------------|
| 2014 | 2015 | 2016 | 2016 | |
| | | | (₹) | |
| 120 | 130 | 150 | 7200 | Debtors |
| 130 | 140 | 200 | 13600 | Raw Materials |
| 160 | 220 | 250 | 8000 | WIP |
| 175 | 250 | 300 | 9000 | Cash at Bank |
| 110 | 150 | 175 | 3500 | Finished Goods |

Or

2. State the need for Financial Statement Analysis. 5
 Calculate Cash from Operation before tax from the information given below : 5

| | | |
|-------|-------------------------|----------|
| | Sales | ₹ 80,000 |
| Less. | Cost of goods sold | ₹ 30,000 |
| Less. | Cash operating expenses | ₹ 14,000 |
| Less. | Depreciation | ₹ 10,000 |
| | Profit before tax | ₹ 26,000 |

Balance relating to current items are –

| | Opening | Closing |
|-----------|----------|----------|
| Debtors | ₹ 12,000 | ₹ 10,000 |
| Inventory | ₹ 11,000 | ₹ 14,000 |
| Creditors | ₹ 9,000 | ₹ 7,000 |

Group – B

3. Zig Ltd. was dealing in 12% convertible Debentures of Growth Ltd. Interest on debenture is payable on 31.3 and 30.9 each year. Zig Ltd. furnished the following details about its transactions :

- 01.04.15 : Opening balance ₹ 2,50,000 (F.V. ₹ 3,00,000)
- 01.06.15 : Purchased ₹ 1,20,000 Con. Deb. @ 92% cum-interest.
- 15.11.15 : Sold ₹ 1,50,000 Con. Deb @ 93.5% cum-interest.
- 01.01.16 : Purchased ₹ 80,000 Con. Deb. @ 90.5% ex-interest.
- 31.01.16 : Growth Ltd. converted ₹ 1,05,000 of Debentures held into 4,000 Equity Shares of ₹ 10 each.

Prepare 12% Convertible Debentures in Growth Ltd. Account for the year ended 31.3.16 in the books of Zig Ltd.

Apply Weighted Average method. (ignore brokerage and taxation) 10

Or

year ended 31.3.16 in the books of Zig Ltd.

Apply Weighted Average method. (ignore brokerage and taxation)

10

P, Q and R are partners in a firm sharing profits and losses in 5:3:2 after charging interest on capital @ 10% p.a. on 31-03-2016, they decided to form a limited company Z Ltd. to acquire the partnership firm. On that date their capital balances (before distribution of profit for the year just ended and charging of drawings) were ₹ 60,000, ₹ 40,000 and ₹ 20,000 respectively. Drawings during the year were : P – ₹ 10,000; Q – ₹ 8,000 and R – ₹ 5,000.

During 2015-16, a net profit of ₹ 42,000 was earned by the firm.

For the purpose of acquisition, Goodwill (book value nil) was valued at ₹ 20,000; Fixed assets were revalued by ₹ 10,000 more and it was decided to provide ₹ 5,000 for contingent liability.

You are required to –

- Prepare a statement showing purchase consideration, and
- Prepare a statement showing distribution of equity and preference shares (both of ₹ 10 each) in a suitable manner so that their rights remain the same in all respect as it was in their partnership business.

5+5

4. The following particulars relate to X Ltd. as on 31.03.16 :

- Paid up share capital :

| | |
|---|------------|
| 20000 equity shares of Rs. 10 each fully paid | ₹ 2,00,000 |
| 10000 equity shares of Rs. 10 each, Rs. 7 paid up | ₹ 70,000 |
| 2000, 10% preference shares of Rs. 100 each fully paid up | ₹ 2,00,000 |
- Reserve and surplus :

| | |
|------------------|----------|
| General Reserves | ₹ 90,000 |
|------------------|----------|
- Trade Payables ₹ 46,000 |

Besides the above, the following further information are available as on 31.03.2016 :

- Value of fixed assets to be raised by ₹ 50,000 whereas inventory value to be reduced by ₹ 14,000.
- Liability for expenses ₹ 12,000 is yet to be recorded in the books of accounts.

Calculate value per equity share and preference share of X Ltd. when preference shares are participating and the ratio of participation in surplus assets between equity and preference shareholders is 3 : 2.

10

Or

From the information given below calculate the value of Goodwill by Capitalisation of Average Operating Profit :

Capital and liabilities of the company (as per its Balance Sheet as on 31-03-2016) includes the following :

| | |
|--------------------|-------------|
| Shareholders' Fund | ₹ 12,50,000 |
| 7% Debentures | ₹ 4,50,000 |

Profit after charging 40% income tax for the last three years were :

2013-14 : ₹ 1,56,000 2014-15 : ₹ 1,84,000 and 2015-16 : ₹ 1,76,000

It was found that, in 2013-14 the company purchased a machine at ₹ 50,000 and charged the same against its profit. The company charges depreciation @ 20% on WDV of such machinery. Debentures were issued prior to 2013-14.

Similar companies earn after tax operating profit @ 8%. [Consider simple average profit]

10

5. (a) What do you mean by accounting theory? How is it related with practice?

2+4

(b) Write a note on GAAP.

4

[Turn Over]

Group – C

6. The following are the statements of assets and liabilities of Ambani Ltd. and Adani Ltd. as on 31.03.2017 :

| <i>Particulars</i> | <i>Note No.</i> | <i>Ambani Ltd.</i> (₹) | <i>Adani Ltd.</i> (₹) |
|---|-----------------|---------------------------|--------------------------|
| I. Equity and Liabilities : | | | |
| 1. Shareholders' Funds : | | | |
| (a) Share Capital | | 30,00,000 | 10,00,000 |
| (b) Reserve and Surplus | 1 | 35,00,000 | 7,60,000 |
| 2. Current Liabilities : | | | |
| Trade Payables | 2 | <u>3,00,000</u> | <u>3,22,000</u> |
| Total | | <u><u>68,00,000</u></u> | <u><u>20,82,000</u></u> |
| II. Assets : | | | |
| 1. Non-current Assets : | | | |
| (a) Fixed Assets-Tangible Assets | 3 | 26,60,000 | 12,62,000 |
| (b) Non-current Investments | 4 | 18,60,000 | 70,000 |
| 2. Current Assets : | | | |
| (a) Inventories (Stock) | | 6,80,000 | 4,04,000 |
| (b) Trade Receivables | 5 | 12,00,000 | 3,16,000 |
| (c) Cash and Cash Equivalents (Cash at Bank) | | 4,00,000 | 30,000 |
| Total | | <u><u>68,00,000</u></u> | <u><u>20,82,000</u></u> |

Notes to Accounts :

| <i>Particulars</i> | <i>Ambani Ltd.</i> (₹) | <i>Adani Ltd.</i> (₹) |
|---|---------------------------|--------------------------|
| 1. Reserve and Surplus : | | |
| (a) Reserve | 19,00,000 | 40,000 |
| (b) Balance in the statement of profit and loss | <u>16,00,000</u> | <u>7,20,000</u> |
| | <u><u>35,00,000</u></u> | <u><u>7,60,000</u></u> |
| 2. Trade Payables : | | |
| (a) Current A/c with Adani Ltd. | 36,000 | — |
| (b) Sundry Creditors | <u>2,64,000</u> | <u>3,22,000</u> |
| | <u><u>3,00,000</u></u> | <u><u>3,22,000</u></u> |
| 3. Fixed Assets-Tangible Assets : | | |
| (a) Land and Buildings | 20,60,000 | 7,20,000 |
| (b) Machinery | <u>6,00,000</u> | <u>5,42,000</u> |
| | <u><u>26,60,000</u></u> | <u><u>12,62,000</u></u> |
| 4. Non-current Investments : | | |
| (a) Investment in shares of Adani Ltd. | 16,00,000 | — |
| (b) Other Investments | <u>2,60,000</u> | <u>70,000</u> |
| | <u><u>18,60,000</u></u> | <u><u>70,000</u></u> |
| 5. Trade Receivables : | | |
| (a) Sundry Debtors | 12,00,000 | 2,76,000 |
| (b) Current A/c with Ambani Ltd. | — | 40,000 |
| | <u><u>12,00,000</u></u> | <u><u>3,16,000</u></u> |

Other Particulars :

(a) Ambani Ltd. acquired 80% shares of Adani Ltd. on 1.7.16. On 1.4.2016, the Reserve and Statement of Profit and Loss of Adani Ltd. were Rs. 20,000 and Rs. 4,00,000 respectively.

(b) Land and Buildings standing in the books of Adani Ltd. at

Rs. 8,00,000 on 1.4.2016 were revalued at Rs. 7,60,000 at the date of acquisition, but it was not passed in the books.

(c) Adani Ltd. declared and paid 20% dividend for the year 2015-16 in July 2016 and Ambani Ltd. credited the entire amount of dividend received

| | | |
|----------------------------------|------------------|-----------------|
| (b) Other Particulars : | 18,60,000 | 70,000 |
| 5. Trade Receivables : | | |
| (a) Sundry Debtors | 12,00,000 | 2,76,000 |
| (b) Current A/c with Ambani Ltd. | — | 40,000 |
| | <u>12,00,000</u> | <u>3,16,000</u> |

Other Particulars :

(a) Ambani Ltd. acquired 80% shares of Adani Ltd. on 1.7.16. On 1.4.2016, the Reserve and Statement of Profit and Loss of Adani Ltd. were Rs. 20,000 and Rs. 4,00,000 respectively.

(b) Land and Buildings standing in the books of Adani Ltd. at

Rs. 8,00,000 on 1.4.2016 were revalued at Rs. 7,60,000 at the date of acquisition, but it was not passed in the books.

(c) Adani Ltd. declared and paid 20% dividend for the year 2015-16 in July 2016 and Ambani Ltd. credited the entire amount of dividend received from Adani Ltd. to its statement of Profit and Loss.

(d) Stock of Ambani Ltd. includes Rs. 60,000 goods purchased from Adani Ltd.

(e) Sundry Creditors of Ambani Ltd. includes Rs. 1,20,000 purchased from Adani Ltd. on which Adani Ltd. made a profit of Rs. 30,000.

(f) On 31.3.2017, Ambani Ltd. remitted a cheque Rs. 4,000 on current A/c to Adani Ltd.

From the above information prepare a Consolidated Balance Sheet of Ambani Ltd. and its subsidiary Adani Ltd. as on 31.03.2017.

15

7. The Balance Sheets of ALO Ltd. and KALO Ltd. as on 31st March 2017 were as under :

| | ALO Ltd. (₹) | KALO Ltd. (₹) |
|--------------------------------------|------------------|------------------|
| I. <u>Equity and liabilities :</u> | | |
| 1. <u>Shareholders' Fund</u> | | |
| (a) <u>Share Capital :</u> | | |
| 7% Preference shares of ₹ 100 each | 7,00,000 | 4,50,000 |
| Equity shares of Rs. 100 each | 10,00,000 | 8,00,000 |
| (b) <u>Reserve and Surplus :</u> | | |
| General Reserve | 80,000 | 70,000 |
| Profit and Loss Account | 62,000 | 45,000 |
| Investment Allowance Reserve | 48,000 | 27,000 |
| 2. <u>Non-Current Liabilities :</u> | | |
| Long-term Borrowings : 8% Debentures | 70,000 | 1,50,000 |
| 3. <u>Current Liabilities :</u> | | |
| <u>Trade Payable :</u> | | |
| (i) Sundry Creditors | 84,000 | 75,000 |
| (ii) Bills Payable | 35,000 | 15,000 |
| | <u>20,79,000</u> | <u>16,32,000</u> |
| II. <u>Assets</u> | | |
| 1. <u>Non-current Assets</u> | | |
| <u>Fixed Assets</u> | | |
| (a) <u>Tangible :</u> | | |
| Premises | 7,00,000 | 6,50,000 |
| Plant and Machinery | 5,00,000 | 4,80,000 |
| Computer | 1,80,000 | 1,20,000 |
| (b) <u>Intangible :</u> | | |
| Goodwill | 1,00,000 | 60,000 |
| 2. <u>Current Assets :</u> | | |
| (a) Inventories | 2,40,000 | 1,80,000 |
| (b) <u>Trade Receivable :</u> | | |
| (i) Sundry Debtors | 3,15,000 | 1,00,000 |
| (ii) Bills Receivable | 20,000 | 30,000 |
| (c) Cash and Cash equivalents | 24,000 | 12,000 |
| | <u>20,79,000</u> | <u>16,32,000</u> |

ALO Ltd. takes over KALO Ltd. on 1.4.17 on the following terms :

1. ALO Ltd. discharged Purchase Consideration as under :

(a) Issued 10,000 equity shares of ₹ 100 each at a premium 6% for the shareholders of KALO Ltd.

(b) Issued 10% preference shares of ₹ 100 each at par to discharge the preference shareholders of KALO Ltd. at 10% premium.

Ambani

2. The debentures of KALO Ltd. to be converted into equivalent number of 10% debentures of ALO Ltd.

3. Creditors of KALO Ltd. include ₹25,000 being amount due to ALO Ltd.

4. Bills payable of KALO Ltd. includes ₹7,000 being amount of bills accepted in favour of ALO Ltd., but the Bills Receivable of ALO Ltd. includes ₹5,000 only being the amount of bills due from KALO Ltd.

5. The Inventories of ALO Ltd. includes ₹30,000 worth of goods purchased from KALO Ltd., on which KALO Ltd. made a profit of 25% on cost.

6. Statutory reserves are to be maintained for two years more.

You are required to :

(a) Pass Journal Entries in the Books of ALO Ltd. assuming that amalgamation is in the nature of purchase.

(b) Prepare Balance Sheet of ALO Ltd. after merger.

15

Or

The following was the Statement of Assets and Liabilities of KB Ltd. as on 31.03.2017 :

| Particulars | Note No. | Amount (₹) |
|---|---------------|-----------------|
| I. Equity and Liabilities : | | |
| 1. Shareholders' Fund : | | |
| (a) Share Capital | 1 | 2,22,000 |
| (b) Reserve and Surplus | 2 | (44,600) |
| 2. Non-current liabilities : | | |
| 10% Debentures | | 50,000 |
| 3. Current Liabilities : | | |
| Accrued Debenture Interest | | 5,000 |
| Trade Payables (Creditors) | | 30,850 |
| Short Term Provisions | | 8,000 |
| (Provision for taxes) | | |
| | | <u>2,71,250</u> |
| II. Assets : | | |
| 1. Non-current Assets : | | |
| Fixed Assets | | |
| (i) Tangible Assets | 3 | 1,92,700 |
| (ii) Intangible Assets (Goodwill) | | 25,000 |
| 2. Current Assets : | | |
| (a) Inventories (Stock) | | 20,550 |
| (b) Trade Receivables (Debtors) | | 30,000 |
| (c) Cash and Cash Equivalents (Cash at Bank) | | 3,000 |
| | | <u>2,71,250</u> |
| Notes to Accounts : | | |
| 1. Share Capital : | | |
| (a) Authorised : | | |
| 40,000 equity shares of Rs. 10 each | | <u>4,00,000</u> |
| (b) Subscribed : | | |
| (i) Subscribed and Fully paid up 18,000 equity shares @ Rs. 10 each | | 1,80,000 |
| (ii) Subscribed but not Fully paid up : 6,000 equity shares @ Rs. 10 each | 60,000 | |
| Less : Calls-in arrear | <u>18,000</u> | |
| | | <u>42,000</u> |
| | | <u>2,22,000</u> |
| 2. Reserve and Surplus : | | |
| Balance in statement of Profit & Loss | | (44,000) |
| Add : Loss for the year | | (600) |
| | | <u>(44,600)</u> |
| 3. Fixed Assets-Tangible Assets : | | |
| (a) Land and Building | | 91,000 |
| (b) Plant and Machinery | | 1,01,700 |
| | | <u>1,92,700</u> |

(N.B. Figures in the parenthesis represent loss)

The directors have had a valuation made of the Plant and Machinery and find it overvalued by Rs. 20,000. It is proposed to write down this asset to its true value and to extinguish the deficiency in the statement of Profit and Loss and to write off Goodwill. For this purpose a reconstruction scheme is adopted by the

| | | |
|-----------------------------------|--|-----------------|
| | (i) Subscribed and Fully paid up 18000 equity shares @ Rs. 10 each | 1,80,000 |
| | (ii) Subscribed but not Fully paid up : 6000 equity shares @ Rs. 10 each | 60,000 |
| | Less : Calls-in arrear | <u>18,000</u> |
| | | 42,000 |
| | | <u>2,22,000</u> |
| 2. Reserve and Surplus : | | |
| | Balance in statement of Profit & Loss | (44,000) |
| | Add : Loss for the year | (600) |
| | | <u>(44,600)</u> |
| 3. Fixed Assets-Tangible Assets : | | |
| | (a) Land and Building | 91,000 |
| | (b) Plant and Machinery | 1,01,700 |
| | | <u>1,92,700</u> |

(N.B. Figures in the parenthesis represent loss)

The directors have had a valuation made of the Plant and Machinery and find it overvalued by Rs. 20,000. It is proposed to write down this asset to its true value and to extinguish the deficiency in the statement of Profit and Loss and to write off Goodwill. For this purpose a reconstruction scheme is adopted by the company on the following terms :

- (i) Forfeit the shares on which the call is outstanding
- (ii) Reduce the paid up capital by Rs. 3 per share
- (iii) Reissue the forfeited shares at Rs. 5 per share, Rs. 7 paid up
- (iv) Use the accrued debenture interest forgone by the debenture holders
- (v) Utilise the provision for taxation if necessary.

Draft the necessary journal entries and the new Balance Sheet of KB Ltd. after implementation of the reconstruction scheme. 15

8. Following are the liabilities and assets of Flow Ltd. as on 31-03-2015 and 31-03-2016 :

| | 31-3-15 (₹) | 31-3-16 (₹) |
|--|------------------|------------------|
| I. Equity and Liability : | | |
| 1. Shareholders' Fund : | | |
| (a) Equity Share 10 each fully paid | 3,00,000 | 5,00,000 |
| 9% Preference shares of 10 each fully paid | 2,00,000 | 3,00,000 |
| (b) Reserves and Surplus : | | |
| Securities Premium | 40,000 | 90,000 |
| Revaluation Reserve (on Land) | — | 80,000 |
| General Reserve | 1,20,000 | 1,80,000 |
| Profit and Loss balance | 2,30,000 | 3,90,000 |
| 2. Non-current Liabilities : | | |
| 8% Debentures | 2,00,000 | — |
| 3. Current Liabilities : | | |
| Trade Payable | 90,000 | 70,000 |
| Provision for tax | 60,000 | 90,000 |
| Total | <u>12,40,000</u> | <u>17,00,000</u> |
| II. Assets : | | |
| 1. Non-current Assets : | | |
| (a) Fixed Assets : Tangible | | |
| Land | 5,00,000 | 5,80,000 |
| Other Fixed Assets | 3,50,000 | 4,80,000 |
| (b) Non-current Investment | 70,000 | 1,10,000 |
| 2. Current Assets : | | |
| Inventory | 90,000 | 70,000 |
| Trade Receivables | 1,40,000 | 3,30,000 |
| Cash and Cash equivalents | 90,000 | 1,30,000 |
| Total | <u>12,40,000</u> | <u>17,00,000</u> |

Following further particulars for the year 2015-16 are also given :

- (a) Interim Dividend on equity shares ₹ 50,000 and Preference dividend ₹ 18,000 were paid during the year. Dividend distribution tax paid during the year ₹ 10,000.

[Turn Over]

(b) Debentures were redeemed at 10% premium, premium on redemption charged to Profit & Loss for the year. Debenture interest ₹ 12,000 were also paid during the year.

(c) The company sold one fixed asset for ₹ 24,000 (W.D.V. ₹ 35,000). Fixed assets of ₹ 2,00,000 were acquired by issue of 8,000 equity shares at 25% premium and balance by issue of preference shares at par. Other equity shares were issued for cash during the year at a premium.

(d) Interest on Investment received ₹ 8,000. Investments having book value ₹ 20,000 were taken over by a creditor against ₹ 20,000 due to him.

(e) Income tax paid during the year ₹ 68,000.

You are required to prepare the Fund Flow Statement of Flow Ltd. for the year ended 31-03-2016.

15

Or

The following are the summarised Balance Sheets of XY Ltd. as on 31.3.2016 and 31.3.2017 :

| Particulars | Note No. | 31.3.16 (₹) | 31.3.17 (₹) |
|---|----------|------------------|------------------|
| I. Equity and Liabilities : | | | |
| 1. Shareholders' Fund : | | | |
| (a) Share Capital | | 9,20,000 | 9,20,000 |
| (b) Reserve and Surplus | 1 | 3,04,000 | 3,32,000 |
| 2. Non-current liabilities : | | | |
| Long-term Borrowings (8% Debentures) | | 3,60,000 | 2,80,000 |
| 3. Current Liabilities : | | | |
| (a) Trade Payables (Creditors) | | 4,12,000 | 3,84,000 |
| (b) Other current liabilities (Outstanding Expenses) | | 52,000 | 48,000 |
| | | <u>20,48,000</u> | <u>19,64,000</u> |
| II. Assets : | | | |
| 1. Non-current Assets : | | | |
| (a) Fixed Assets-Tangible Assets | 2 | 6,48,000 | 7,04,000 |
| (b) Non-current Investments (Investments) | | 4,40,000 | 2,96,000 |
| 2. Current Assets : | | | |
| (a) Inventories (Stock) | | 3,28,000 | 4,24,000 |
| (b) Trade Receivables (Debtors) | | 2,68,000 | 1,72,000 |
| (c) Cash and Cash Equivalent (Cash at Bank) | | 3,60,000 | 3,60,000 |
| (d) Other current Assets (Prepaid Expenses) | | 4,000 | 8,000 |
| | | <u>20,48,000</u> | <u>19,64,000</u> |
| Notes to Accounts : | | 31.3.16 | 31.3.17 |
| | | ₹ | ₹ |
| 1. Reserve and Surplus | | | |
| (a) Reserve | | 2,40,000 | 2,40,000 |
| (b) Balance in the Statement of Profit and Loss | | 64,000 | 92,000 |
| | | <u>3,04,000</u> | <u>3,32,000</u> |
| 2. Fixed Assets-Tangible Assets : | | | |
| (a) Land and Building | | 6,00,000 | 6,00,000 |
| (b) Machinery | | 2,08,000 | 2,80,000 |
| Less : Depreciation (Accumulated) | | 1,60,000 | 1,76,000 |
| | | <u>48,000</u> | <u>1,04,000</u> |
| Total (a + b) | | 6,48,000 | 7,04,000 |

Additional Information :

(a) 10% dividend was paid during 2016-17.

(b) Machinery for Rs. 1,20,000 was purchased and old machinery costing Rs. 48,000 (accumulated depreciation Rs. 24,000) was sold for Rs. 16,000.

(c) Rs. 80,000, 8% Debentures were redeemed by purchase from open market at Rs. 96 for a debenture of Rs. 100, at the beginning of the year.

(d) Investments worth Rs. 1,44,000 were sold at book value.

(e) Bad debts written off during the year Rs. 20,000.

Prepare a statement of Cash Flow.

| | 3,04,000 | 3,32,000 |
|-----------------------------------|----------|----------|
| 2. Fixed Assets-Tangible Assets : | | |
| (a) Land and Building | 6,00,000 | 6,00,000 |
| (b) Machinery | 2,08,000 | 2,80,000 |
| Less : Depreciation (Accumulated) | 1,60,000 | 1,76,000 |
| | 48,000 | 1,04,000 |
| Total (a + b) | 6,48,000 | 7,04,000 |

Additional Information :

- (b) Machinery for Rs. 1,20,000 was purchased and old machinery costing Rs. 48,000 (accumulated depreciation Rs. 24,000) was sold for Rs. 16,000.
(c) Rs. 80,000, 8% Debentures were redeemed by purchase from open market at Rs. 96 for a debenture of Rs. 100, at the beginning of the year.
(d) Investments worth Rs. 1,44,000 were sold at book value.
(e) Bad debts written off during the year Rs. 20,000.

Prepare a statement of Cash Flow as per AS3 for the year ended on 31.3.17.

15

9. (a) Assuming 360 days in a year, calculate the Average collection period from the following :

| | |
|-----------------------------|------------|
| Average Inventory | ₹ 1,80,000 |
| Debtors | ₹ 1,20,000 |
| Inventory Turnover | 6 times |
| G.P. ratio | 10% |
| Credit sales to total sales | 20% |

- (b) The following are abridged accounting reports prepared by Y Ltd. :
Statement of Profit and Loss for the year ended on 31.3.2017

| Particulars | ₹('000) |
|--|---------|
| I. Income : | 600 |
| Revenue from operations (sales) | 600 |
| II. Expenses : | |
| (i) Cost of Goods sold | 450 |
| (ii) Other Expenses (Operating Expenses) | 114 |
| | 564 |
| Profit before tax (I-II) | 36 |
| Less : Provision for taxation | 16 |
| Profit after tax | 20 |

Statement of Assets and Liabilities

| Particulars | (₹'000) |
|--|---------|
| I. Equity and liabilities | |
| 1. Shareholders' Funds : | |
| (a) Share capital | 160 |
| (b) Reserve and Surplus | 90 |
| 2. Non-current liabilities | |
| Loan on mortgage | 50 |
| 3. Current liabilities : | |
| (a) Trade Payables (Accounts payables) | 174 |
| (b) Other current liabilities (Accrued Expenses) | 10 |
| (c) Short-term Provision (Provision for taxes) | 16 |
| | 500 |
| II. Assets : | |
| 1. Non-current Assets : | |
| Fixed Assets | 160 |
| 2. Current Assets : | |
| (a) Inventories | 160 |
| (b) Trade Receivables (Accounts Receivables) | 120 |
| (c) Cash and Cash Equivalents (Cash) | 60 |
| | 500 |

Name and calculate the ratios which indicate :

- (a) The rapidity with which accounts receivables are collected.
(b) The ability of the company to meet its current obligation.
(c) What profitability on capital invested has been attained?
(d) The efficiency with which funds represented by inventories are being utilised and managed.
(e) The ability of the company to meet quickly demands for payment of amounts due.
(f) The relative importance of proprietorship and liabilities as sources of funds.

3+12