

Free of Cost

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SCANNER™ Appendix

CS Executive Programme Module-I June - 2009

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PAPER'S

Paper - 1 : General and Commercial Laws

Chapter - 1 : Constitution of India

2009 - June [1] {C} (a) "A declaration of fundamental rights is meaningless unless there is an effective judicial remedy for their enforcement." Comment on this statement explaining the judicial remedies which the Constitution of India provides. (8 marks)

(b) When and under what circumstances can the Parliament legislate on matters enumerated in the State List? Discuss. (5 marks)

2009 - June [7] (b) In a case, Hamid was terminated from the police service. Hamid filed a writ petition against termination order on the ground that a reasonable opportunity of being heard was not given to him by the government. The writ petition was dismissed by the court as the government proved that reasonable opportunity of being heard had been given to the petitioner. Afterwards, Hamid filed another writ petition on the ground that as he was appointed by the Director General of Police, termination by the order of Deputy Inspector General of Police was in violation of Article 311 (1) of the Constitution of India. Decide the validity of the second writ petition. (6 marks)

Chapter - 2 : Interpretation of Statutes

2009 - June [1] {C} (c) Briefly mention internal and external aids to interpretation of statute. (6 marks)

Chapter - 3 : An Overview of Law Relating to Specific Relief; Arbitration and Conciliation Torts; Limitation and Evidence

2009 - June [2] Write short notes on the following :

- (i) Expert opinion (4 marks)

2009 - June [4] Attempt the following :

- (v) "Where once time has begun to run, no subsequent disability or inability to institute a suit or make an application can stop it." Discuss.
- (vi) Explain the maximum *damnum sine injuria* under the law of torts. (4 marks each)

2009 - June [8] (a) On 20th March, Kamal told his wife that he was going to Berhmpore, as Pankaj's wife has written a letter and asked him to come and receive payments due to him. On 21st March, Kamal left his house in time to catch a train for Berhmpore, where Pankaj lived with his wife. On 23rd March, Kamal's dismembered body was found in a box which had been purchased for Pankaj. Decide whether on the trial of Pankaj for the murder of Kamal, the statement made by Kamal to his wife was admissible in evidence. If so, on what grounds? (6 marks)

(b) Arpit took a debt of Rs. 10,000 from Bharat on January, 1998 and promised to pay by 31st December, 2003. He could not pay such debt within the stipulated time. On 1st December, 2006, Arpit paid Rs. 500 as interest against such debt to Bharat against receipt. Bharat filed a suit against Arpit to recover such debt on 15th December, 2008. Whether the suit filed by Bharat is within the period of limitation? Decide with reasons citing relevant provisions of the law. (5 marks)

Chapter - 4 : Law relating to Transfer of Property

2009 - June [2] Write short notes on the following :

- (ii) Doctrine of feeding the grant by *estoppel*
- (iii) Doctrine of *lis pendens* (4 marks each)

2009 - June [3] Distinguish between the following:

- (ii) 'Vested interest' and 'contingent interest'. (4 marks)

2009 - June [7] (a) Ajit, a Hindu, who has separated from his father Baljit, sells to Charanjt three fields X, Y and Z representing that Ajit is authorised to transfer the same. Of these fields, Field-Z does not belong to Ajit, it having been retained by Baljit on the partition of property. But subsequently on Baljit's death, Ajit, as a heir obtains Field-Z. Decide the validity of the sale of the above said fields in a circumstance where Charanjit does not rescind the contract of sale. (6 marks)

2009 - June [8] (c) Arjun transfers his property to Bhanu for life and after Bhanu's death to that of his unborn sons as shall first attain the age of 25 years and if no son of Bhanu shall attain that age, to Chandan who is living at the time of the transfer. Decide the validity of this transfer. (5 marks)

Chapter - 5 : Law relating to Stamps**2009 - June [4]** Attempt the following :

- (i) State the modes of cancellation of adhesive stamps. (4 marks)

Chapter - 6 : Law Relating to Registration of Documents**2009 - June [4]** Attempt the following :

- (ii) State the documents of which registration is optional. (4 marks)

Chapter - 7 : Law Relating to Information Technology**2009 - June [2]** Write short notes on the following :

- (iv) E-governance
(v) Adjudicating officer. (4 marks each)

2009 - June [3] Distinguish between of the following:

- (i) 'Public key' and 'private key'. (4 marks)
(v) 'Computer' and 'computer network'. (4 marks)

2009 - June [4] Attempt the following :

- (iv) What are the cyber offences under the Information Technology Act, 2000? (4 marks)

Chapter - 8 : The Code of Civil Procedure, 1908 (C.P.C)**2009 - June [3]** Distinguish between the following:

- (iv) '*Res judicata*' and 'stay of suits'. (4 marks)

2009 - June [7] (c) Anurag, a child, entered the botanical garden of a municipality and consumed some attractive looking but poisonous berries. As a result of that, he died. The representatives of the child sued the municipality for damages. Will they succeed? Give reasons. (5 marks)

Chapter - 9 : The Code of Criminal Procedure, 1973**2009 - June [3]** Distinguish between the following:

- (iii) 'Complaint' and 'FIR'. (4 marks)

Chapter - 10 : Law Relating to Right to Information**2009 - June [4]** Attempt the following :

- (iii) Specify the categories of information that have been exempted from disclosure under the Right to Information Act, 2005. (4 marks)

Chapter - 11 : Objective Questions**2009 - June [5]** State, with reasons in brief, whether the following statements are correct or incorrect :

- (i) In computing the period of limitation for an application to set aside an award, the time required for obtaining a copy of the award shall not be excluded.
(ii) A document executed by several persons at different times may be presented for registration and re-registration within six months from the date of each execution.
(iii) Anubhav sells a property to Balwant for Rs. 5 lakh which is subject to a mortgage to Charu for Rs. 10 lakh and unpaid interest of Rs. 2 lakh. Stamp duty is payable on Rs. 17 lakh.

- (iv) Suits for compensation for false imprisonment can be filed within two years from the date when the imprisonment ends.
- (v) Article 53 of the Constitution of India lays down that the executive powers of the Union shall be vested in the President of India.
- (vi) The rule of 'harmonious construction' is the best rule of interpretation of any provision of any statute.
- (vii) Under certain circumstances, the court may award damages in addition to specific enforcement of the contract.
- (viii) Generally orders passed by the court under the Code of Civil Procedure, 1908 are not appealable but there are certain exceptions to it. (2 marks each)

2009 - June [6] (a) Choose the most appropriate answer from the given options in respect of the following :

- (i) The Constitution of India came into force on)
 - (a) 26th November, 1949
 - (b) 15th August, 1947
 - (c) 26th January, 1947
 - (d) 26th January, 1950.
- (ii) The right to alienate the mortgaged property without intervention of the court is available to the mortgagee in the case)
 - (a) Where the mortgagee is government
 - (b) Where there is English mortgage
 - (c) Where there is mortgage by conditional sale
 - (d) Under both (a) and (b)
- (iii) The relief regarding recovery of possession of immovable property is available under)
 - (a) Provisions of the Code of Civil Procedure, 1908
 - (b) Provisions of the Specific Relief Act, 1963
 - (c) Provisions of the Code of Criminal Procedure, 1973
 - (d) Both (a) and (b)
- (iv) In the transfer of property with condition, the condition is void and transfer is valid)
 - (a) Where transfer is made with void condition
 - (b) Where transfer is made with the condition restraining absolutely future transfer of such property
 - (c) Where transfer is made absolutely with the condition restraining enjoyment of such property
 - (d) Both (b) and (c)

- (v) Section 20 of the Right to Information Act, 2005 imposes penalty on a public information officer for failing to provide information)
- (a) Rs. 250 per day
 - (b) Rs. 250 per day to the extent of maximum Rs. 50,000
 - (c) Rs. 300 per day to the extent of maximum Rs. 25,000
 - (d) Rs. 250 per day to the extent of maximum Rs. 25,000.
- (vi) The Chief Judicial Magistrate is empowered to pass)
- (a) Any sentence authorised by law
 - (b) Any sentence except a sentence of death
 - (c) Any sentence except a sentence of death, life imprisonment or imprisonment for a term exceeding seven years
 - (d) Any sentence except a sentence of death and life imprisonment.
- (vii) The definition of 'decree' as given under section 2 of the Code of Civil Procedure, 1908 includes)
- (a) An 'award' passed by the arbitral tribunal under the Arbitration and Conciliation Act, 1996
 - (b) Rejection of plaint under Order 7, Rule 11 of the Code of Civil Procedure, 1908
 - (c) Adjudication of any question raised by any party to the decree during execution proceedings under section 47 of the Code of Civil Procedure, 1908
 - (d) An order of which appeal lies like an order.
- (viii) A magistrate may take cognizance of any offence upon)
- (a) His own knowledge
 - (b) The information of police officer
 - (c) The information of any person other than police officer
 - (d) His own knowledge, police report and complaint or information received from any person other than police officer.

(1 mark each)

2009 - June [6] (b) Re-write the following sentences after filling-in the blank spaces with appropriate word (s)/figure (s) :

- (i) Temporary injunction is granted under order _____ of the Code of Civil Procedure, 1908.
- (ii) Declaratory decree is granted under _____ of the Specific Relief Act, 1963.
- (iii) A police officer may arrest any person without warrant if he has committed _____ offence.
- (iv) _____ means any person against whom a decree has been passed or an order capable of execution has been made.
- (v) The law of limitation bars the remedy as well as extinguishes the right where _____.

- _(vi) A fresh suit is barred for the same cause of action under section (s) _____ of the Code of Civil Procedure, 1908.
- (vii) Application for obtaining information with prescribed fees may be submitted to _____ officer under the provisions of the Right to Information Act, 2005.
- (viii) Central Information Commission is constituted by _____ through a gazette notification. (1 marks each)

Paper - 2A : Company Accounts, Cost and Management Accounting

Chapter - 1 : Accounting Standards

2009 - June [2] (a) Write short notes on the following :

- (i) Accounting Standard-10 : Accounting for fixed assets (4 marks)

Chapter - 2 : Accounting for Share Capital

2009 - June [2] (a) Write short notes on the following :

- (ii) Issue of shares at a discount (4 marks)

2009 - June [4] (a) Jolly Ltd. has the following balance sheet as on 31st March, 2008:

<i>Liabilities</i>	<i>Rs.</i>
Share capital :	
Issued, subscribed and fully paid-up (10,000 equity shares of Rs.100 each)	10,00,000
5,000 Preference shares of Rs.100 each	5,00,000
Capital reserve	1,00,000
Securities premium account	1,00,000
General reserve	2,00,000
Profit and loss account	1,00,000
Current liabilities	<u>10,00,000</u>
	<u>30,00,000</u>
 <i>Assets</i>	
Fixed assets	22,00,000
Current assets	<u>8,00,000</u>
	<u>30,00,000</u>

The preference shares are to be redeemed at 10% premium. Fresh issue of equity shares is to be made to the extent it is required under the Companies Act, 1956 for the purpose of this redemption. The shortfall in funds for the purpose of the redemption after utilising the proceeds of the fresh issue are to be met by taking a bank loan. Show journal entries. (6 marks)

(b) Silver Ore Co. Ltd. was formed on 1st April, 2007 with an authorised capital of Rs. 6,00,000 in shares of Rs.10 each. Of these, 52,000 shares had been issued and subscribed but there were calls-in-arrears on 100 shares. From

the following trial balance as on 31st March, 2008, prepare the trading and profit and loss account and the balance sheet :

	<i>Rs.</i>	<i>Rs.</i>
Cash at bank	1,05,500	—
Share capital	—	5,19,750
Plant	40,000	—
Sale of silver	—	1,79,500
Mines	2,20,000	—
Promotional expenses	6,000	—
Interest on fixed deposit upto 31 st December	—	3,900
Dividend on investment less 22% tax	—	3,200
Royalties paid	10,000	—
Railway track and wagons	17,000	—
Wages of miners	74,220	—
Advertising	5,000	—
Carriage on plant	1,800	—
Furniture and buildings	20,900	—
Administrative expenses	28,000	—
Repairs	900	—
Coal and oil	6,500	—
Cash	530	—
Investments in shares of Tin Mines	80,000	—
Brokerage on Tin Mines	1,000	—
6% Fixed deposit in Syndicate Bank	<u>89,000</u>	<u>—</u>
	<u>7,06,350</u>	<u>7,06,350</u>

Depreciate plant and railway track and wagons by 10% , furniture and building by 5% . Write off one-third of the promotional expenses. Value of silver on 31st March, 2008 was Rs.15,000. On 10th December, 2007, the directors forfeited 100 shares of which only Rs.7.50 per share had been paid. Ignore corporate dividend tax. (9 marks)

Chapter - 3 : Issue and Redemption of Debentures

2009 - June [1] {C} (c) Gaurav Ltd. had issued 12% , Rs.10,00,000 debentures @ Rs. 100 each in the past. For the purpose of redemption, it maintains a debenture redemption fund with an annual contribution of Rs.90,000. On 1st April, 2008, the fund stood at Rs. 4,50,000 represented by 6% , Rs.5,00,000 government loan.

On 31st March, 2009, Rs.2,00,000 government loan was sold @ Rs.93.50 and the proceeds were utilised to purchase debentures for cancellation @ Rs. 85 each. Assume that Rs.20,000 debentures have been redeemed out of capital and the balance with face value of Rs.1,80,000 has been redeemed out of debenture redemption fund account.

Prepare debenture account, debenture redemption fund account and debenture redemption fund investment account. (5 marks)

2009 - June [3] (c) Differentiate between 'shares' and 'debentures'. (3 marks)

Chapter - 5 : Final Accounts of Joint Stock Companies

2009 - June [2] (a) Write short notes on the following :

(iii) Taxation on distributed profits. (3 marks)

2009 - June [3] (b) Following is the profit and loss account of Azad Ltd. for the year ended 31st March, 2009 :

	<i>Rs.</i>
To Office and administrative expenses	3,10,000
To Selling and distribution expenses	1,92,000
To Directors' fees	39,500
To Managerial remuneration	1,70,000
To Interest on debentures	18,500
To Donation to charitable trust	15,000
To Compensation for breach of contract	27,000
To Depreciation on fixed assets	3,12,000
To Investment revaluation reserve	12,500
To Provision for taxation	7,40,000
To General reserve	2,50,000
To Balance c/d	<u>8,46,500</u>
	<u>29,33,000</u>
By Balance b/d	3,43,200
By Gross profit b/d	24,15,000
By Subsidies	1,39,300
By Interest on investment	9,500
By Transfer fees	1,000
By Profit on sale of machinery (W.D.V. Rs.30,000)	<u>25,000</u>
	<u>29,33,000</u>

Additional information :

- Original cost of the machinery sold was Rs.40,000.
- Depreciation on fixed assets as per Schedule XIV of the Companies Act, 1956 was Rs.3,42,000.

You are required to calculate managerial remuneration in the following situations :

- (i) when there is only whole-time director;
- (ii) when there are two whole-time directors; and
- (iii) when there are two whole-time directors, a managing director and a part-time director. (6 marks)

Chapter - 6 : Consolidation of Accounts

2009 - June [2] (b) Following are the abridged balance sheets of Harry Ltd. and Say Ltd. as on 31st March, 2009 :

<i>Liabilities</i>	<i>Hary Ltd.</i> <i>(Rs.)</i>	<i>Say Ltd.</i> <i>(Rs.)</i>
Equity share capital (<i>Rs.100 each</i>)	10,00,000	5,00,000
General reserve	1,00,000	1,70,000
Profit and loss account	1,60,000	1,30,000
Current liabilities	<u>4,40,000</u>	<u>2,00,000</u>
	<u>17,00,000</u>	<u>10,00,000</u>
 <i>Assets</i>		
Fixed assets	4,80,000	2,50,000
Investment in shares of Say Ltd.	5,00,000	—
Current assets	<u>7,20,000</u>	<u>7,50,000</u>
	<u>17,00,000</u>	<u>10,00,000</u>

Additional information :

- (i) On 1st July, 2008, Hary Ltd. acquired 3,000 shares in Say Ltd. The reserves and surplus position of Say Ltd. as on 1st April, 2008 was as under :

General reserve	Rs.2,50,000
Profit and loss a/c (Cr.)	Rs.1,20,000
- (ii) On 1st October, 2008, Say Ltd. issued one equity share for every four shares held as bonus shares out of general reserve. No entry has been made in the books of Say Ltd. for issue of bonus shares.
- (iii) On 30th September, 2008, Say Ltd. declared a dividend out of pre-acquisition profits @ 25% on Rs.4,00,000, its capital on that date. Hary Ltd. credited the dividend to its profit and loss account.
- (iv) Say Ltd. owed Hary Ltd. Rs.50,000 for purchase of stock from Hary Ltd. The entire stock is held by Say Ltd. on 31st March, 2009. Hary Ltd. made a profit of 25% on cost.

Prepare a consolidated balance sheet of Hary Ltd. and its subsidiary Say Ltd. as on 31st March, 2009. (9 marks)

Chapter - 7 : Valuation of Shares and Intangible Assets

2009 - June [3] (a) Abridged balance sheet of Rama Ltd. as on 31st March, 2009 is as follows :

<i>Liabilities</i>	<i>Rs.</i>
Share capital	6,00,000
Reserves and surplus	50,000
Bank overdraft	10,000
Creditors	60,000

Provision for taxation	1,10,000
Proposed dividend	<u>60,000</u>
	<u>8,90,000</u>
<i>Assets</i>	
Fixed assets	3,70,000
Current assets	<u>5,20,000</u>
	<u>8,90,000</u>

The net profits of the company after deducting working expenses but before providing for taxation were as under :

Year	Rs.
2006 - 07	3,18,000
2007 - 08	3,40,000
2008 - 09	3,12,000

On 31st March, 2009, fixed assets were at Rs.4,50,000. Sundry debtors on the same date included Rs.10,000 which is irrecoverable. Having regard to the type of business, a 10% return on average capital employed is considered as reasonable. Ascertain the value of goodwill on the basis of three years purchase of annual super profits. Also calculate goodwill by capitalisation of average maintainable profits. Depreciation on fixed assets is charged @ 10% per annum and the rate of tax is 30% (6 Marks)

Chapter - 8 : Objective Questions

2009 - June [1] {C} (a) State, with reasons in brief, whether the following statements are correct or incorrect :

- Accounting Standards (AS) are formulated by International Accounting Standard Board.
- A joint stock company cannot purchase its own shares.
- If the rate of dividend declared by a company is 22%, then under the Companies (Transfer of Profits to Reserves) Rules, 1975 the percentage of profits to be transferred to reserves should be 10%.
- The law limits the commission in case of issue of shares to 10% of the issue price of shares and in case of debentures to 5% or such lower rate as is provided in the articles of association.
- Contingent liabilities relating to outsiders must be shown on the liability side of the consolidated balance sheet. (2 marks each)

2009 - June [1] {C} (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- According to the provisions of section 198 of the Companies Act, 1956, maximum limit on the total managerial remuneration payable by public company is _____ of net profits.
- A company must pay the dividends within _____ days of its declaration.

- (iii) Preliminary expense is a _____ asset.
- (iv) Discount on the issue of debenture is a _____ loss.
- (v) If the purchase price of the debenture includes the interest for the expired period. it is known as _____. (1 mark each)

Paper - 2B : Cost and Management Accounting

Chapter - 2 : Marginal Costing

2009 - June [5] {C} (c) Distinguish between the following :

- (i) 'Bin card' and 'stores ledger'. (4 marks)

2009 - June [7] (a) Material -A is used as follows :

Minimum usage	-	500 units per week
Maximum usage	-	1,500 units per week
Normal usage	-	1,000 units per week
Ordering quantities	-	1,600 units
Delivery period	-	4-6 weeks

Calculate -

- (i) Maximum level. (2 marks)
- (ii) Minimum level. (2 marks)
- (iii) Ordering level. (2 marks)

Chapter - 3 : Labour Cost

2009 - June [5] {C} (c) Distinguish between the following :

- (ii) 'Fixed cost' and 'variable cost.' (4 marks)

2009 - June [7] (c) Differentiate between 'Halsey wage plan' and 'Rowan wage plan.' (3 marks)

Chapter - 5 : Method of Costing

2009 - June [7] (b) On 1st July, 2007, Delux Ltd. undertook a contract for Rs. 5,00,000. On 30th June, 2008 when the accounts were closed, the following details about the contract were gathered :

	<i>Rs.</i>
Material purchased	1,00,000
Wages paid	45,000
General expenses	10,000
Plant purchased	50,000
Materials on hand (30.6.2007)	25,000
Wages accrued (30.6.2008)	5,000
Work certified	2,00,000
Cash received	1,50,000
Work uncertified	15,000
Depreciation of plant	5,000

The above contract has an escalation clause which reads as follows :
"In the event of prices of materials and rates of wages increase by more than 5% , the contract price would be increased accordingly by 25% of the rise in the cost of materials and wages beyond 5% in each case."

It was found that since the date of signing the agreements, the prices of materials and wage rates increased by 25%. The value of the work certified does not take into account the effect of the above clause.

Prepare the contract account. (6 marks)

Chapter - 6 : Budgetary Control

2009 - June [6] (b) Lookahead Ltd. produces and sells a single product. Sales budget for the calendar year 2009 for each quarter is as under :

<i>Quarter</i>	<i>No. of Units to be Sold</i>
I	12,000
II	15,000
III	16,500
IV	18,000

The year 2009 is expected to open with an inventory of 4,000 units of finished product and close with an inventory of 6,500 units.

Production is customarily scheduled to provide for two-thirds of the current quarter's demand plus one-third of the following quarter's demand. Thus production anticipates sales volume by about one month. The standard cost details for one unit of the product is as follows :

- Direct materials 10 Kgs. @ 50 paise per kg.
- Direct labour 1 hour 30 minutes @ Rs. 4 per hour.
- Variable overheads 1 hour 30 minutes @ Rs. 1 per hour.
- Fixed overheads 1 hour 30 minutes @ Rs. 2 per hour based on a budgeted production volume of 90,000 direct labour hours for the year.

Answer the following –

- (i) Prepare a production budget for the year 2009 by quarters, showing the number of units to be produced. (3 marks)
- (ii) If the budgeted selling price per unit is Rs. 17, what would be the budgeted profit for the year as a whole ? (3 marks)
- (iii) In which quarter of the year the company is expected to break-even ? (3 marks)

Chapter - 7 : Marginal Costing

2009 - June [5] {C} (c) Distinguish between of the following :

- (iii) 'Absorption costing' and 'marginal costing'. (3 marks)

Chapter - 8 : Analysis & Interpretation of Financial Statements

2009 - June [8] From the following information, prepare the projected trading and profit and loss account for the next financial year ending 31st March, 2009 and the projected balance sheet as on that date :

Gross profit ratio	25%
Net profit to equity capital	10%
Stock turnover ratio	5 times
Average debt collection period	2 months
Creditors velocity	3 months
Current ratio	2
Proprietary ratio (Fixed assets to capital employed)	80%
Capital gearing ratio (Preference shares and debentures to total long-term funds)	30%
General reserve and profit and loss to equity shareholders' fund	20%
Preference share capital to debentures	2
Cost of sales consists of 40% for materials and balance for wages and overheads. Gross profit is Rs. 6,00,000.	(15 marks)

Chapter - 9 : Cash Flow Statement

2009 - June [6] (a) A company has provided you the following details :

<i>Liabilities</i>	<i>31.12.2007</i>	<i>31.12.2008</i>
	<i>(Rs.)</i>	<i>(Rs.)</i>
Share capital	70,000	74,000
Debentures	12,000	6,000
Reserve for doubtful debts	700	800
Trade creditors	10,360	11,840
Profit and loss a/c	<u>10,040</u>	<u>10,560</u>
	<u>1,03,100</u>	<u>1,03,200</u>
<i>Assets</i>	<i>31.12.2007</i>	<i>31.12.2008</i>
	<i>(Rs.)</i>	<i>(Rs.)</i>
Cash	9,000	7,800
Debtors	14,900	17,700
Stock	49,200	42,700
Land	20,000	30,000
Goodwill	<u>10,000</u>	<u>5,000</u>
	<u>1,03,100</u>	<u>1,03,200</u>

Additional information –

- Dividend paid Rs. 3,500; and
- Land was purchased for Rs. 10,000.

Prepare a cash flow statement as per Accounting Standard- 3 (Revised).

(6 marks)

Chapter - 10 : Objective Questions

2009 - June [5] {C} (a) State, with reasons in brief, whether the following statements are true or false :

- (i) At break-even point, the company earns only marginal profit.
- (ii) Fixed cost per unit remains fixed.

- (iii) Liquidity ratios measures long-term solvency of a concern.
 - (iv) Rent on owned building is included in cost accounts.
 - (v) Job costing can be used in industries using standard costing.
- (2 marks each)

2009 - June [5] {C} (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figures(s) :

- (i) Inflated price method of valuing material issue is suited when_____.
 - (ii) Abnormal wastage_____ part of cost of production.
 - (iii) _____in a contract provides that the contract price would be suitably enhanced on the happening of a specified contingency.
 - (iv) Direct material + direct labour + factory overheads = _____.
- (1 mark each)

Paper - 3 : Tax Laws

Chapter - 1 : Introduction and Important Definitions

2009 - June [3] (a) Distinguish between the following :

- (iv) 'Previous year' and 'assessment year'. (4 marks)

Chapter - 4 : Incomes Which Do Not Form Part of Total Income

2009 - June [3] (a) Distinguish between the following :

- (iii) 'Exempted incomes under section 10' and 'deductions under section 80'. (4 marks)

Chapter - 5 : Computation of Total Income Under Various Heads

2009 - June [3] (a) Distinguish between the following :

- (ii) 'Long-term capital gain' and 'short-term capital gain'. (4 marks)

2009 - June [4] (c) Discuss the items which are disallowed as deduction under section 40 (b) while computing firm's income from business and profession.

(3 marks)

2009 - June [5] (b) Discuss the taxability or otherwise of the following gifts received by Madhuri, a lady, during the financial year 2008-09 :

- (i) Rs. 30,000 from her elder sister.
- (ii) Rs. 50,000 from the daughter of her elder sister.
- (iii) Wrist watch valued at Rs. 6,000 from her friend. (3 marks)

Chapter - 6 : Aggregation of Income, Set-off or Carry Forward of Losses and Deductions from Total Income

2009 - June [2] (c) Yash, a minor, who is a physically handicapped (suffering from disability of the nature specified in section 80 U), earns bank interest of Rs. 50,000 and Rs. 60,000 from making bags manually by himself. State whether income of Yash should be clubbed with the income of his parents as per section 64(1A). (2 marks)

Chapter - 7 : Taxation of Individuals, HUF, Firms, Association of Persons, Cooperative Societies and Non Residents

2009 - June [1] {C} (c) Robbert, a US national came to India for the first time on 1st November, 2008 for a period of six months. He declared following incomes during the previous year ending 31st March, 2009 :

- (i) Salary received in India for four months at the rate of Rs. 75,000 per month.
- (ii) Interest on fixed deposit in a bank in India : Rs. 50,000.
- (iii) Income from agriculture in USA : Rs. 10,00,000.
- (iv) Income from a business in Nepal being controlled from India: Rs.2,00,000.
- (v) Salary earned in USA brought into India in the previous year : Rs.5,00,000.

You are required to compute Robbert's taxable income and tax liability for the assessment year 2009-10. (5 marks)

2009 - June [2] (b) John, Jack and Jill are partners sharing profits and losses in the ratio of 2 : 1 : 1 respectively. Their summarised profit and loss account for the year ending 31st March, 2009 is appended below :

	Rs.		Rs.
Office salaries	17,040	Gross profit	1,81,710
Bad debts reserve	3,000	Interest on	
Telephone	6,000	securities	12,000
Salary to Jack	9,000	Rent received	18,000
Collection charges of interest on securities	150		
Interest on loan from John	6,000		
Municipal taxes (<i>let out property</i>)	3,000		
Commission to partners :			
John	12,000		
Jack	15,000		
Jill	18,000		
	45,000		
Net profit to partners :			
John	61,260		
Jack	30,630		
Jill	30,630		
	1,22,520		
	2,11,710		2,11,710

Compute total income of the firm for the assessment year 2009-10 and tax liability thereon. Interest paid to John has been calculated at the rate of 20% per annum simple. (7 marks)

2009 - June [5] (d) Kundan submits the following information for the assessment year 2009-10 :

Income from business		Rs. 20,000
Property income	House-A	House -B
	(Rs.)	(Rs.)
Municipal valuation	17,500	40,000
Municipal taxes paid by tenant	1,500	2,000
Land revenue paid	1,000	8,000
Rent received	19,000	34,000
Insurance premium paid	250	1,000
Repairs paid by tenant	250	9,000
Interest on borrowed capital for payment of municipal tax of house property	100	200
Nature of occupation	Let out for residence	Let out for business
Date of completion of construction	1.4.1993	1.4.1991

Determine the taxable income of Kundan for the assessment year 2009-10.

(6 marks)

Chapter - 8 : Filing of Returns, Signatures, E-Filings Assessment and Reassessment

2009 - June [3] (a) Distinguish between the following :

- (i) 'Scrutiny assessment' and 'best judgement assessment'.

2009 - June [5] (c) Gaurav, aged 50 years, is an individual, whose gross total income before deduction under section 80 C is Rs. 1,90,000 and his total income after deduction under section 80 C is Rs. 95,000. Whether he is required to file return ?

(3 marks)

Chapter - 9 : TDS and Other Related Tax Matter

2009 - June [4] (a) Who is liable to pay advance income-tax? On what dates the instalments of advance tax are payable and what amount is to be paid under each instalment?

(4 marks)

(b) What are the provisions regarding deduction of tax at source from the following incomes :

- (i) Winnings from lottery
- (ii) Payment to a resident contractor
- (iii) Commission and brokerage
- (iv) Payment of rent.

(2 marks each)

Chapter - 11 : Fringe Benefit Tax

2009 - June [6] (b) What are deemed fringe benefits ?

(5 marks)

Chapter - 12 : The Wealth Tax Act, 1957

2009 - June [3] (a) Distinguish between the following :

- (v) 'Assets' and 'deemed assets' under the Wealth-tax Act, 1957.

(2 marks)

2009 - June [3] (b) Compute the net wealth and tax liability of assessment year 2009-10 of Sona Jewels which is engaged in jewellery business. Following are the particulars of assets on 31st March, 2009:

	Rs.
Factory building (<i>W.D.V.</i>)	80,00,000
Bank balance	15,00,000
Unaccounted cash	5,20,000
Silver ware	56,00,000
Gold jewellery	54,00,000
Car (<i>W.D.V.</i>)	10,00,000
Farm house within municipal limit	25,00,000
Guest house in Britain	90,00,000

The market value of car is Rs. 15 lakh. The assessee has raised a loan of Rs.50 lakh from a bank by mortgaging guest house. The loan was utilised to construct factory building. (5 marks)

2009 - June [5] (a) Karan made a gift to Sujata during their engagement which took place on 15th May, 2008. After their marriage which was held on 15th June, 2008, they decided to live apart owing to some reasons and they obtained a legal divorce on 15th September, 2008. Whether transfer made on 15th May, 2008 be included for wealth-tax purposes in the hands of Karan? (3 marks)

2009 - June [6] (a) Discuss the provisions relating to incidence of wealth-tax. (5 marks)

Chapter - 13 : Background, Administrative and Procedural Aspects

2009 - June [7] (ii) What is general rule regarding valuation of taxable service? Indicate the position where the gross amount charged by a service provider includes service tax payable. (5 marks)

Chapter - 14 : Levy, Collection and Payment of Service Tax along with CENVAT Credit Rules.

2009 - June [7] Attempt *any four* of the following :

- (i) Briefly state the provisions of service tax regarding following :

- (a) Liability to registration
- (b) Procedure for registration
- (c) Issue of registration certificate
- (d) Time limit for registration
- (e) Surrender of certificate of registration.

(1 mark each)

- (iii) What is the due date for payment of service tax? What is the rate of interest for delayed payment and penalty for default in payment of service tax? (5 marks)
- (iv) Discuss 'advance ruling in service tax'. (5 marks)
- (v) Explain the provisions regarding service tax on Company Secretaries. (5 marks)

Chapter - 15 : Value Added Tax (VAT)- An Overview

2009 - June [8] Answer the following :

- (i) Who is liable to pay VAT? Discuss the advantages of introduction of VAT in India. (10 marks)

Chapter - 16 : Computation and Other Procedural Aspects Relating to VAT

2009 - June [8] (ii) Discuss) (a) Rates of VAT; and (b) Filing of return under VAT. (10 marks)

- (iii) Discuss, with suitable example, various methods for computation of VAT liability. (10 marks)
- (iv) Write notes on) (a) Registration under VAT; and (b) Zero rating. (10 marks)

Chapter - 19 : Objective Questions

2009 - June [1] {C} (a) State, with reasons in brief, whether the following statements are correct or incorrect. Attempt *any five* :

- (i) Income from vacant plot of land is taxable under the head 'income from other sources'.
- (ii) The maximum income of Rs. 2, 25, 000 is not chargeable to income-tax in case of a citizen woman of 65 years age.
- (iii) Due date for filing of return of income of an individual is 31st July of the previous year.
- (iv) No deduction is allowable from income from salary.
- (v) Indexation of cost of acquisition is necessary for short-term capital gain.
- (vi) Return of income once filed cannot be revised.
- (vii) Gift from an unrelated person is tax-free upto Rs. 50,000.

(1 mark each)

2009 - June [1] {C} (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) Income of a business commenced on 1st March, 2009 will be assessed during the assessment year. _____.
- (ii) Belated return can be filed within _____ from the end of the relevant assessment year.
- (iii) Fringe benefit tax is charged at the rate of _____.

- (iv) Advance tax is payable in _____ instalments by a non-corporate assessee.
- (v) Net wealth computed under the Wealth-tax Act, 1957 shall be rounded off to the multiple of Rs. _____. (1 mark each)

2009 - June [2] (a) Choose the most appropriate answer from the given options in respect of following having regard to the provisions of the Income-tax Act, 1961 :

- (i) The maximum penalty for failure to get accounts audited under section 44AB or furnish audit report along with return of income is -
- (a) Rs. 10,000
(b) Rs. 20,000
(c) Rs. 50,000
(d) Rs. 1,00,000.
- (ii) The amount of education cess and secondary and higher education cess to be collected along with income-tax for assessment year 2009-10 shall be - .
- (a) 1%
(b) 2%
(c) 3%
(d) 4%
- (iii) Deduction under section 80 C can be claimed for fixed deposit made in any scheduled bank, if the minimum period of deposit is -
- (a) 5 years
(b) 8 years
(c) 10 years
(d) 12 years
- (iv) X is the owner of a house, the details of which are given below :
- | | |
|-----------------|-------------|
| Municipal value | Rs. 30,000 |
| Actual rent | Rs. 32,000 |
| Fair rent | Rs. 36,000 |
| Standard rent | Rs. 40,000. |
- The gross annual value would be -
- (a) Rs. 36,000
(b) Rs. 35,000
(c) Rs. 30,000
(d) Rs. 40,000.
- (v) Interest-free loan to an employee, where the amount of loan does not exceed any one of the following, shall be treated as the tax-free perquisite in all cases under section 17(2)-
- (a) Rs. 10,000
(b) Rs. 15,000

- (c) Rs. 20,000
(d) Rs. 25,000.
- (vi) The maximum exemption in respect of transport allowance granted to an employee to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty shall be-
- (a) Rs. 600 per month
(b) Rs. 700 per month
(c) Rs. 800 per month
(d) Rs. 900 per month. (1 mark each)

2009 - June [6] (c) State, with reasons in brief, whether the following are capital or revenue receipts/expenditure :

- (i) Rs. 20,000 spent in connection with obtaining a licence for running a cinema hall.
(ii) Rs. 3,00,000 received as compensation for termination of contract of agency.
(iii) Lump sum received as advance rent.
(iv) Overhaul expenses of second hand machinery.
(v) Payment to an employee to retain him in job. (1 mark each)

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