Paper / Subject Code: 44801 / Financial Accounting - V

Time: 2 ½ Hours **Marks: 75**

All Questions are Compulsory

Q.1.a. State the Following Statement True or False: (Any 8) **8 M**

1. Two or More Companies combining to form a new company is called absorption.
2. Under Purchase method of Accounting for Amalgamation, Assets and Liabilities are taken at Book Values.
3. Debit Balance of Realisation account is Profit which is transferred to Equity Shareholders A/c under Amalgamation of companies.
4. Purchase Consideration means the amount paid by one company to another company in consideration for the Assets and Liabilities taken.
5. The nature of External Reconstruction and Internal Reconstruction is same.
6. Approval of stakeholders is not required for Internal reconstruction.
7. A company is allowed to convert its fully paid shares into stock.
8. Underwriting o Shares and Debentures is not compulsory as per the companies Act, 2013.
9. Under Liquidation of Companies, the Preference Shareholders are paid last after payment to all the other stakeholders
10. Post Buy back debt – equity ratio should not exceed 1:2.

Q.1. b. Choose the correct option from the option provided and rewrite the statement: **(Any 7)** **7 M**

1. Every buy back shall be completed within a period of
   a) 6 months from the date of passing of the special resolution
   b) 3 months from the date of passing of the special resolution
   c) 1 year from the date of passing of the special resolution
   d) 1 month from the date of passing of the special resolution

2. Where a company purchases its own shares out of free reserve or securities premium, a sum should be transferred to Capital Redemption Reserve which should be
   a) equal to the amount paid to the shareholder who sold his shares
   b) equal to paid-up capital of the company
   c) equal to the nominal value of shares so purchased
   d) none of the above

3. The payment of commission to underwriter (s) is to be authorised by
   a) The board of directors
   b) The articles of association
   c) The memorandum of association
   d) The Stakeholders of the company

4. A merchant banker can act as a underwriter provided he holds a certificate granted by

a) Government of India
b) Company Law Board
c) SEBI
d) Registrar of Companies

5. A company after the completion of a buyback of its shares
a) Can not issue same kind of shares within one year
b) Can not issue same kind of shares within 6 months
c) Can issue same kind of shares within 6 months
d) Can not issue bonus shares

6. Capital reduction scheme is worth considering
a) If the company is small
b) If the company has recovery prospects
c) If the company has no prospects.
d) If the company is less capitalized

7. The company must apply for an order confirming the reduction
a) To the Supreme Court
b) To the High Court
c) To the Tribunal
d) To the Liquidator

8. Liquidation of Companies the payment schedule is as
a) Liquidator expenses, Outsider Liabilities, Preferential Liabilities, Owners
b) Outsider Liabilities, Preferential Liabilities, Liquidator expenses, Owners
c) Liquidator expenses, Preferential Liabilities, Outsider Liabilities, Owners
d) Liquidator expenses, Outsider Liabilities, Owners, Preferential Liabilities

9. Investment Allowance Reserve is
a) Capital Reserve
b) Statutory Reserve
c) Revenue Reserve
d) All of the above

10. For calculating Purchase Consideration under AS – 14:
a) Only payment to equity shareholders are to be taken into consideration
b) Only payment to shareholders are taken to into consideration
c) Only payment to shareholders as well as debenture holders are taken to into consideration
d) Payment to All stakeholders is taken into consideration

Q.2. a. ISPAT India Ltd. a company which deals in Iron & Steel has suffered heavy losses and looks to restructure its Balance Sheet. It seeks your advice as to how the balance sheet can be restructured and how the restructured Balance Sheet can be made?

From the below information are provided: **15 M**

50,000, 8% Preference Shares of Rs. 100 each, Rs. 80 paid – up	4,00,000
1,50,000 Equity shares of Rs. 10 each	15,00,000
10% Debentures	5,00,000
Bank Loan	5,00,000
Creditors	15,00,000
Cash Credits	2,50,000
Goodwill	1,00,000
Land	2,00,000
Plant & Machinery	12,00,000
Receivables: Good	5,00,000
Doubtful	30,000
Inventories	6,00,000
Preliminary Expenses	70,000

The scheme of restructure was put in place as:

1. All the partly paid shares were called up and paid by all the shareholders.

2. Preference shares were reduced by Rs. 40 per share & Equity Shares were reduced to Rs. 4 per share.

3. Equity shares were split to Rs. 1 per share post the above reduction.

4. Debenture holders agreed to reduce their claim by 40% if the the interest on Debentures was raised to 11%.

5. Land was appreciated to Rs. 6,00,000 whereas Plant & Machinery was depreciated by 40%.

6. The market value of Inventories was Rs. 4,50,000 and it was brought to that level.

7. All the fictitious, Intangible, doubtful and losses were to be written off.

8. There was a claim against the company to the tune of Rs. 1,50,000 recorded under the Creditors which was settled by paying one – third of the amount due.

9. An unrecorded liability of Rs. 1,50,000 came to light of the company on verification and it was settled by paying off Rs. 50,000.

10. The Directors of the company decided to sell 4,00,000 Equity Shares of the company at Rs. 1 per share at par for the working capital needs of the company.

All the point put above were accepted. You are required to pass Journal entries and Prepare Revised Balance Sheet.

OR

Q.2. b. IRCTC Ltd. a government company who files DRHP for its Initial Public Offer of 80,00,000 shares of Rs. 10 each at Rs. 250 per share, appoints SBI Capital, Citi bank Financial Services, JM Financial Services & Morgan Stanley as its lead manager for the IPO in the ratio of 4:3:2:1.

The lead manager agreed to the Ratio and also took the following shares for themselves (Firm underwriting).

SBI Capital 2,00,000 shares

CITI Bank Financial	1,00,000 shares
JM Financial	1,00,000 shares
Morgan Stanley	1,00,000 shares

The Application bearing the stamp of lead manager. (Excluding the shares taken by them) was:

SBI Capital	30,00,000 shares
CITI Bank Financial	20,00,000 shares
JM Financial	10,00,000 shares
Morgan Stanley	5,00,000 shares

The Application bearing No stamp of the lead manager was 6,00,000 shares

Prepare a statement of Underwriting of shares & also calculate the Net Liability of Underwriters for a Commission to be paid @ 5% on Issue price of the shares.

Also Pass Journal Entries in context to the Underwriters. **15 M**

Q.3. a. Following is the balance sheet of M/s Sharp Ltd. as on 31st March, 2019:
Balance sheet of M/s Component Limited as at 31st March, 2019 **15 M**

Particulars	Note No.	Rs.
A. EQUITY AND LIABILITIES		
1. Shareholders' Funds:		
a. Share Capital	1	25,00,000
b. Reserves & Surplus	2	37,50,000
c. Money Received against Share warrants		-
2. Share Application Money received Pending allotment:		-
3. Non-Current Liabilities:		
a. Long –Term Borrowings	3	57,50,000
4. Current Liabilities:		
a. Short Term Borrowings		13,00,000
b. Trade Payables		10,00,000
c. Other Current Liabilities		10,00,000
Total		1,53,00,000
B. ASSETS		
1. Non-Current Assets:		
a. Fixed Assets		
i. Tangible Assets	4	93,00,000
b. Non-Current Investments		-
2. Current Assets:		
a. Current Investments		10,00,000
b. Inventories		10,00,000
c. Trade Receivables		10,00,000
d. Cash & Cash Equivalents		30,00,000
Total		1,53,00,000

Notes of Accounts:

1. Share Capital:	
Authorised Capital:	
3,00,000 Equity Shares of Rs. 10 each	30,00,000
Issued, Subscribed and paid up Capital:	
2,50,000 Equity Shares of Rs. 10 each fully paid	25,00,000
2. Reserve & Surplus:	
Revenue Reserve	30,00,000
Security Premium	5,00,000
Profit & Loss A/c	2,50,000
	37,50,000
3. Long Term Borrowings:	
Secured Loans:	
12% Debentures	37,50,000
Unsecured Loans	20,00,000
	57,50,000
Fixed Assets:	
a. Tangible assets:	
Land & Building	53,00,000
Plant & Machinery	30,00,000
Furniture & Fittings	10,00,000
	93,00,000

The company wants to buy back 50,000 equity shares of RS.10 Each on 1st April, 2019 at RS. 20 per share. Buy back of shares is duty authorised by its articles and necessary resolution passed by the company towards this. The payment for buy back of shares will be made by the company out of sufficient bank balance available.

Comment with your calculations, whether buy back of shares by company is within provisions of the Companies Act, 2013. If yes, pass necessary journal entries towards buy back of shares and prepare a Balance sheet after a buyback of shares.

OR

Q.3 b. The following is the Balance Sheet of Suman Ltd. which is in the hand of Liquidator. **15 M**

Balance Sheet as at 31-12-2019

Liabilities	Rs.	Assets	Rs.
Share Capital:		Fixed Assets	1,00,000
500 6% Preference shares of Rs.100 each, fully paid	50,000	Stock	60,000
1,000 Equity Shares of Rs. 100 each, fully paid	1,00,000	Book Debts	1,20,000
3,000 Equity Shares of Rs.50 each, Rs.25 paid	75,000	Cash	20,000
Loan from Bank (on security of stock)	50,000	Profit and Loss	1,50,000
Trade Creditors	1,75,000		
	4,50,000		**4,50,000**

The assets realized the following amounts (after all costs of realization and liquidators remuneration amounting to Rs.3,000 paid out of cash in hand Rs.20,000 as per Balance Sheet):

Fixed Assets	84,000
Stock	55,000
Book Debts	1,15,000

Prepare the Liquidators Final Statement of Account.

Q.4. a. The Summarised Balance sheet of A Ltd. & B Ltd. as at 1st April, 2019 are as follows:

Balance Sheet of A Ltd. & B Ltd. **15 M**

Particulars	Note No.	A Ltd. Rs.	B Ltd. Rs,
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds:			
a. Share Capital:			
Equity Shares of Rs. 10 each fully paid		6,00,000	5,00,000
11% Preference Shares of Rs. 10 each fully paid		-	3,00,000
b. Reserves & Surplus			
Profit & Loss A/c		2,00,000	-
Reserves		2,40,000	-
2. Share Application Money received Pending allotment:			
3. Non-Current Liabilities:			
a. Long –Term Borrowings – 12% Debentures		1,00,000	2,00,000
4. Current Liabilities:			
a. Trade Payables			
Sundry Creditors		60,000	1,00,000
Total		12,00,000	11,00,000
B. ASSETS			
1. Non-Current Assets:			
b. Fixed Assets			
i. Tangible Assets			
Plant & Machinery		7,00,000	8,00,000
2. Current Assets:			
a. Inventories		2,00,000	60,000
b. Trade Receivables			
Sundry Debtors		2,50,000	1,40,000
c. Cash & Cash Equivalents			
Cash at Bank		50,000	1,00,000
Total		12,00,000	12,00,000

The above two companies agree to amalgamate and form a new company AB Ltd. n the following conditions:

A Ltd

1. For every 5 equity shares, 6 shares of AB Ltd. of Rs. 10 each will be issued at premium of 50%.
2. Debenture holders will issued 12% debentures of AB Ltd. of same amount and denomination.

B Ltd.

1. The holders of 11% Preference shares will be allotted 4, 13% Preference shares of Rs. 10 each of AB Ltd. for every 5 shares held.
2. For every 5 equity shares 6 shares of AB Ltd. of Rs. 10 each will be issued at premium of 50%.
3. Debenture holders will be issued 12% debentures of AB Ltd. of same amount and denomination.
4. Creditors worth Rs. 10,000 in the balance sheet of A ltd are from the goods purchased by B Ltd.

You are required to show:

1. The calculation of purchase consideration
2. Journal Entries in the books of AB Ltd. under Purchase method
3. Opening Balance sheet of AB Ltd.

OR

Q.4. b. Following is the summarised balance sheet of Hexza Ltd. as at 31st March, 2019:

Balance sheet as at 31st March, 2019

15 M

Particulars	Note No.	Rs.
A. EQUITY AND LIABILITIES		
1. Shareholders' Funds:		
a. Share Capital		60,00,000
b. Reserves & Surplus		
General Reserve		12,00,000
Profit & Loss A/c		15,20,000
Workmen profit sharing fund		5,00,000
2. Share Application Money received Pending allotment:		-
3. Non-Current Liabilities:		-
4. Current Liabilities:		
a. Trade Payables		
Creditors		8,00,000
Total		1,01,20,000
B. ASSETS		
1. Non-Current Assets:		
a. Fixed Assets		
i. Tangible Assets		
Building		14,00,000
Plant & Machinery		26,00,000
ii. Intangible assets		
Goodwill		16,00,000
2. Current Assets:		
a. Inventories		14,00,000
b. Trade Receivables		
Sundry Debtors		18,00,000
c. Cash & Cash Equivalents		
Cash at Bank		13,20,000
Total		1,01,20,000

Penta Ltd decided to absorb the business of Hexza Ltd. on 1st April, 2019 at the respective book value of assets and trade liabilities except building which was valued at Rs, 24,00,000 and Plant & machinery at Rs, 20,00,000.

Purchase consideration was payable as follows:

1. Payment of Liquidation Expenses Rs. 10,000.
2. Issue of Equity shares of Rs. 10 each fully paid at Rs. 11 per share for every Preference shares and every Equity share of Hexza Ltd. and a payment of Rs. 4 per Equity share in cash.
3. Sundry Creditors of Hexza Ltd worth Rs. 1,00,000 were due to Penta Ltd.
4. Inventories worth Rs. 1,20,000 of Hexza Ltd was the unsold stock purchase from Penta Ltd on which the company charges profit of 20% on Sales.

Calculate the Purchase consideration, show the necessary ledger accounts in the books of Hexza Ltd. and opening Journal Entries in the books of Penta Ltd.

Q.5. a. Give the methods under which Purchase Consideration are calculated. 8 m

Q.5. b. Give the conditions laid down for Buy Back of Equity Shares under Companies Act, 2013. 7 m

OR

Q.5. c. Short Notes (Any 3) 15 m

1. Capital Reduction A/c
2. Firm Underwriting
3. Liquidation of Companies
4. Underwriters Commission under underwriting of Shares and Debentures
5. Types of Amalgamation

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Paper / Subject Code: 44802 / Financial Accounting - VI

Duration: 2 ½ Hrs. **Marks: 75**

Please check whether you have got the right question paper.

Note: (a) All questions are compulsory and carry 15 marks each
(b) Working notes should form part of your answer
(c) Figures to the right indicate full marks.
(d) Use of simple calculator is allowed.

Q 1) Fill in the blanks with the correct alternative **(Any 8)** **[08]**

1. Interest payable on deposits which is accrued but not due is shown under________
   a. Deposits b. Advances c. Other liabilities d. Contingent Liabilities
2. A _______ assets would be one, which has remained NPA for a period less than or equal to twelve months.
   a. Substandard b. Standard c. Loss d. Doubtful
3. The total number of schedules to an insurance company's financial statements in India are_________.
   a. 10 b. 15 c. 20 d. 25
4. Insurance business is controlled by __________.
   a. Insurance Act 1938 b. Insurance Rules 1939 c. IRDA Regulation 2002
   d. All of the above
5. _________ agency regulates and supervises NBFCs.
   a. Finance Ministry b. SEBI c. RBI d.Respective State Government
6. NBFCs are required to accept public deposit for a maximum period of __________.
   a. 36 months b. 48 months c. 60 months d.120 months
7. The most important element in valuation of goodwill is_____________.
   a. Type of business b. Efficiency of owner c. Future maintainable profit
   d. Place and location of business.
8. LLP has minimum _______.
   a. 7 partners b. 50 partners c. 2 partners d. 3 partners
9. Following can become the partner in LLP__________.
   a. Company incorporated in India b. LLP incorporated outside India
   c. Individual resident outside India d. All of the above
10. Following are the factors affecting goodwill except_________.
    a. Nature of business b. Efficiency of management c.Technical know how
    d. Location of the customers

Q 1 B) State whether the following statements are true or false. **(Any 7)** **[07]**

1. Sub Broking companies must be registered with RBI.
2. Mortgage Guarantee Companies have not been notified as Non Banking Financial Companies.
3. Premium shall be recognised when the income is received.
4. Company incorporated outside India can become a Partner in a LLP.
5. Current account balances are shown by the banks as demand deposit.

6. Discount received by the bank is shown under the schedule of interest earned.
7. All nationalized Banks are governed by the Banking Regulation Act.
8. Fair market value of shares is an average of yield value and intrinsic value.
9. Goodwill is excess of sales value of business over net assets of firm.
10. LLP should have minimum two partners where as maximum is unlimited.

Q 2) The following figures have been obtained from the books of the Bank Ltd. for the year ending 31st March, 2019: **[15]**

	Rs in '000
Interest earned	5,000
Discount earned	2,600
Commission and Exchange	390
Interest paid	4,000
Salaries and Wages	420
Directors fees	70
Rent and taxes	140
Postage and Telegrams	122
Printing and Stationary	300
Profit on sale of Investments	180
Loss on Sale of Assets	76
Rent received	124
Depreciation	62
Stationery	120
Auditors fees	16

Additional Information:

1. The Profit and Loss account had a balance of Rs. 10,00,000 on 1st April, 2017.
2. An advance of Rs. 5,68,000 has become doubtful and it is expected that only 50% of the amount due can be recovered from the security.
3. The provision for tax be made at 35%.
4. A dividend of Rs 2,00,000 is proposed by the board of directors.

Prepare Profit & Loss Account of the Bank Ltd. for the year ending 31st March, 2019.

OR

Q 2) From the following balances, prepare Balance Sheet of Prateeth Bank Ltd. as on 31st March, 2019. **[15]**

Particulars	**Dr. (Rs Lakhs)**	**Cr (Rs Lakhs)**
Share Capital		10.00
Reserve Fund		16.00
Fixed Deposits		40.00
Savings Deposits		60.00
Current Accounts		220.00
Money at Call and short notice	2.00	
Bills discounted and purchased	9.00	
Investments at Cost:		

- Central and State Government	100.00	
- Government Securities	4.00	
- Bullion	24.00	
Reserves for Building		10.00
Premises at cost	100.00	
Addition to Premises	20.00	
Depreciation Fund on Premises		80.00
Cash with RBI	34.00	
Cash with SBI	12.00	
Unclaimed Dividend		1.50
Unexpired Discount		0.50
Loans and Advances	100.00	
Branch Adjustment	57.00	—
Silver	2.00	
Advance payment of Tax	1.00	
Interest Accrued on Investment	2.50	
Non-Banking Assets	0.50	
Borrowed from Banks		2.00
Bills Payables		20.00
Profit and Loss Account (Profit for the year 2.10)		4.00
Dividend fluctuation fund		4.00
	468.00	**468.00**

The bank had bills for collection for its constituents Rs.8,00,000 and Acceptances Rs. 5,00,000. There was a claim of Rs. 2,00,000 against the Bank but not acknowledged as a debt. The liabilities for bills discounted was Rs. 32,000. Liabilities for forward exchange contract was Rs. 10,00,000. The Directors decided to transfer 20% to statutory reserves & reserves Rs. 2,000 for unexpired discounts.

Q 3) A General Insurance Company submits the following information for the year ended 31st March, 2019. **[15]**

Particulars	**Direct Business (Rs)**	**Reinsurance (Rs)**
Premium received	75,25,000	8,25,000
Premium paid		4,90,000
Claim paid during the year	49,70,000	5,10,000
Claim payable:		
- 1st April, 2018	6,85,000	95,000
- 31st March, 2019	7,38,000	70,000
Claims received		3,95,000
Claims receivables:		
- 1st April, 2018		75,000
- 31st March, 2019		1,25,000
Expenses of Management	2,90,000	
Commission:		
On insurance accepted	1,60,000	15,000
On insurance ceded		18,000

The following additional information are also available:

1. Expenses of Management include Rs. 45,000 Surveyors fees and Rs. 55,000 legal expenses for settlement of claims.
2. Reserve for unexpired risk is to be maintained @40%. The balance of reserve for unexpired risk as on 1-4-2013 was Rs. 28,40,000.

You are required to make the Revenue Account for the year ended 31st March, 2019.

OR

Q 3) From the following figures taken from the books of Insurance Co. Ltd., doing fire underwriting business, Prepare the Revenue and Profit and Loss Accounts of the year 2018-19. **[15]**

Particulars	Dr. (Rs)	Cr. (Rs)
Fire fund (as on 1-4-2018)		93,000
Additional Reserve		33,000
Premium		2,70,150
Claims paid	60,200	
Profit & Loss A/c (Cr)		7,500
Re- insurance Premium	11,200	
Claim recovered from Re-insurers		2,100
Commission on Re-insurance ceded		4,800
Commission on direct business	29,970	
Commission on Re-insurance Accepted	6,000	
Outstanding Premium	2,250	
Claims intimated but not paid (1-4-2018)		6,000
Expenses on Management	43,180	
Audit fees	3,600	
Rates and Taxes	550	
Rents	6,750	
Income from Investments		15,300

The following further information may also be noted:

(a) Expenses of Management include survey fees and legal expenses of Rs.3,600 and Rs. 2,000 related to claims;

(b) Claim intimated but not paid on 31st March, 2019 Rs. 10,400.

(c) Income-tax to be provided Rs. 31,400.

(d) Transfer of Rs. 20,000 to be made from current profits to General Reserve.

(e) 50% is to be transfer to reserve for unexpired risk along with an additional reserve of Rs. 33,000

Q 4) Alex and Rex are in partnership sharing Profit and Losses equally. The Trial Balance of the firm on 31st March, 2019 was as follows: **[15]**

Trial Balance as on 31st March, 2019

Debit Balances	Amount (Rs)	Credit Balances	Amount (Rs)
Purchases	25,000	Capital	
Debtors	12,000	- Alex	40,000
Opening stock	20,000	- Rex	30,000
Wages	5,000	Sales	60,000

Salaries	8,000	Creditors	20,000
Land and Building	30,000	10% Bank Loan	20,000
Plant and Machinery	25,000	Commission	5,000
Furniture	16,000	Outstanding Rent	1,500
Advertisement (for 2 years)	6,000	Discount	500
Bills Receivable	8,000		
Insurance	2,000		
Drawings:			
- Alex	2,000		
- Rex	3,000		
Cash in Hand	5,000		
Rent	7,000		
Power and Fuel	3,000		
	1,77,000		**1,77,000**

Adjustments:

1. Closing stock was valued at Rs. 30,000.
2. Credit Purchases amounting to Rs. 5,000 were not recorded in the books of account.
3. Outstanding expenses were wages Rs. 1,000 and Salary Rs. 2,000.
4. Write off Rs. 2,000 for Bad debts and maintain R.D.D. at 5% on debtors.
5. Depreciate Land and Building at 5% and Machinery at 10%.

From the above Trial balance and adjustments you are required to prepare Final accounts of LLP limited.

OR

Q 4 A) The Balance Sheet of XYZ Ltd. as on 31st March, 2019 was as under: **[08]**

Balance Sheet as on 31st March, 2019

Liabilities	Amount	Assets	Amount
10,000-8% preference share of Rs.10 each fully paid	1,00,000	Freehold Premises	3,00,000
25,000 Equity Shares of Rs.10 each fully paid	2,50,000	Plant	3,00,000
Securities Premium	3,00,000	Furniture	2,00,000
General Reserves	4,00,000	Motor Car	50,000
10% Debentures	2,00,000	Stock	2,50,000
Accounts Payable	2,50,000	Debtors	3,50,000
		Cash	50,000
	15,00,000		**15,00,000**

The Company earned profits (after tax) for the past five years as follows:

Year ended	**Profit after Tax (Rs)**	**Income tax rate**
31-3-2015	1,80,000	40%
31-3-2016	3,38,000	35%
31-3-2017	3,64,000	35%
31-3-2018	2,60,000	35%
31-3-2019	4,20,000	30%

The profit of 31-3-2015 includes loss due to fire Rs.30,000 and profit of 31-3-2018 included abnormal profit of Rs.40,000.

(a) As on 31-3-2019 Fixed Assets were worth 10% above book value.
(b) Normal Rate of Return in this type of industry is 16%.
(c) Closing Capital employed should be assumed as average capital employed.

You are required to calculate value of Goodwill on the basis of 3 years purchase of super profits.

Q 4 B) The following is the summarized Balance Sheet of Virendra Ltd. as on 31st March, 2019: [07]

Liabilities	Amount	Assets	Amount
50,000 Equity shares of Rs. 20 each fully paid up	10,00,000	Machinery	4,80,000
Securities Premium A/c	2,00,000	Furniture	2,00,000
General Reserve	4,78,000	Stock	12,40,000
Profit & Loss A/c	3,14,000	Debtors	4,12,000
Sundry Creditors	8,18,000	Cash in Hand	6,000
Provision for Taxation	3,96,000	Cash at Bank	8,68,000
	32,06,000		32,06,000

The company transfers 20% of its profits (after tax) to General Reserve. Net profits before taxation for the last three years have been as follows:

For the year ended 31st March 2017 Rs. 5,44,000
For the year ended 31st March 2018 Rs. 7,32,000
For the year ended 31st March 2019 Rs. 7,88,000

Machinery is valued at Rs. 6,37,200.

Average yield in the type of business is 20%. The rate of tax is 50%. Use simple average. Calculate the value of Equity Share on the basis of (a) Intrinsic value method (b) Yield value method.

Q 5 A) What is NBFCs? Explain the different types of NBFC's on the basis of their activities [08]
B) Write distinguish between Banks & NBFCs. [07]

OR

Q 5 Write Short notes on: (Any 3) [15]

1. Capitalization method
2. Designated partner
3. Factors affecting share valuation
4. Re-insurance
5. Non-Performing assets of Bank.

****

Time: 2 hours 30 minutes **Marks: 75**

N.B.: 1) Question No.1 is Compulsory
2) All Workings should form the part of Solution.
3) Use of Simple Calculators is allowed.

Q.1)A) Fill in the blanks **(Any 8)** 8

1. The objective of ______ is to maximize profit.
2. ________ is a technique of evaluating the performance of firms in an industry.
3. In service costing, salary of driver is _______ cost.
4. In Non- Integrated system, purchase of material for cash is debited to _______ A/c.
5. _________ costing is used to ascertain the cost of providing a service.
6. In _______ Ledger an account is maintained for each job.
7. Under Integrated system for recording depreciation on furniture, ______ A/c is debited.
8. ________ is a costing method that identifies activities in an organization and assigns the cost of each activity to all products and services according to the actual consumption by each.
9. _______ is the name of a system whereby cost and financial accounts are kept in the same set of books.
10. _________ is calculated by dividing equivalent cost by equivalent quantity

Q.1) B) State Whether the following statements are True or False. **(Any 7)** 7

1. Material lost is debited to Profit & Loss A/c in Integrated system of Accounts.
2. Fare in case of taxi is based on cost per km.
3. Uniform Costing helps to control cost.
4. Overheads can be over/under absorbed.
5. Normal loss is unavoidable.
6. Process Costing is a method of marginal costing.
7. Loss on sale of car is not recorded in Integrated system of accounting.
8. WIP Control Account will always have a credit balance.
9. Equivalent production is a method of Service costing.
10. Stores Ledger Control Account is credited when material is returned to stores.

Q.2) A) CAS Ltd operates separate cost accounting and financial accounting system. The following is the balance as on 30th September 2019 in the cost ledger 15

Trial Balance as on 30th September 2019

Particulars	Debit (Rs.)	Credit (Rs.)
Stores Ledger Control A/c	45000	
WIP Control A/c	180000	
Finished Goods Control A/c	120000	
Cost ledger Control A/c		345000
	345000	345000

Transactions for the month of September 2019 were as under :

1. Material purchased Rs. 95,000.
2. Wages paid (including indirect wages Rs.25,000) Rs.75,000.
3. Factory Overheads incurred Rs.70,000.
4. Material issued to Factory Rs.25,000.
5. Finished goods at cost Rs.2,05,000.

6. Cost of goods sold Rs.1,90,000.
7. Material issued to Production Rs.1,20,000
8. Sales Rs.2,50,000.
9. Material damaged Rs.5000
10. Office expenses incurred Rs. 12,000
11. Selling overheads incurred Rs.10,000.
12. Office expenses & selling overheads to be transferred to costing P&L A/c.

You are required to prepare
1. Stores Ledger Control A/c.
2. WIP Control A/c.
3. Finished Goods Control A/c.
4. Cost ledger Control A/c.

OR

Q.2)B) Riya enterprises furnishes the following information for process for the month of August 2019. Units Introduced in process- 11,000 units at ₹ 22,360

Expenses debited to Process account
Material ₹20,000
Labour ₹ 20,800
Overheads ₹ 10,400
Unit transferred to next process- 10,200 units
Closing WIP- 400 units
(Degree of Completion: Material-80%, Labour-60%, Overheads- 60%)
Units scraped- 400 units, scraped units were sold at ₹1 per unit
Expected loss- 4% of units introduced

Prepare
1) Statement of Equivalent unit
2) Statement of equivalent Cost per unit
3) Statement of Cost apportionment
4) Process account

Q.3) A) LPG LTD an oxygen producing company removes waste lime through following trucks: 15

Number of trucks	Capacity
10	3 tons each
15	2 tons each
25	4 tons each
20	1 ton each

Each truck takes 6 trips a day and in each trip covers an average distance of 5 Kms. Each truck carries waste lime 60% of its capacity. Taking an annual average, 20% of the trucks remain held up for repairs, maintenance etc. every day.

The following are monthly charges incurred for the month of June 2019 on transport:

Salary of the superintendent	Rs 4000
Salary of 3 foremen	Rs 1000 each
Wages of 70 drivers	Rs 300 each
Wages of 140 workers	Rs 150 each
Stores used	Rs 32000
Petrol	Rs 120000

OR

Q4) B) From the following information extracted from the books of Parle-G Ltd for the month of June 2019 , 10

1. Opening WIP as on 1st June 2019 2000 units @ Rs. 10 per unit.
   Degree of completion: Material 100% Labour and Overheads 50%.
2. Inputs introduced during June 10,000 units.
3. Outputs transferred to the next process 11,000 units.
4. Closing WIP as on 30th June 2000 units
   Degree of completion : Material 100% Labour and Overheads 60%.
5. Cost of Material Rs. 2,00,000 Labour Rs. 91,800, Overheads Rs. 61,200.

Prepare the following under FIFO Method

1. Statement of Equivalent Production.
2. Statement of Equivalent Cost per unit.
3. Process Account.

Q4.) C) Pass Journal entries (without narration) for the following transaction of CSR Ltd for the month of July 2019 under Non-Integrated system of Accounting. 5

	Rs.
1. Material purchased from A & Co	4,00,000
2. Wages applied to Factory	1,00,000
3. Paid for purchase of pen , pencil and files	20,000
4. Material damage having no scrap value	10,000
5. Sales promotion expenses incurred	30,000

Q.5) (A) What are the features of Integrated System of Accounting? 8

(B) What is Inter-firm comparison and its advantages and limitation? 7

OR

(C) Write short notes on **(Any 3)** 15

1. Non-integrated system of accounting.
2. Cost Drivers.
3. Abnormal Wastage.
4. Inter Process Profit.
5. Running Cost.

Duration: 2.5 hrs **Marks: 75**

Instructions: All questions are compulsory.

Q.1. a] Select the appropriate option. **(Any 8)** (08)

1. Allocation of resources is a _____________ strategy.
   a) Corporate level
   b) Business level
   c) Functional Level
   d) None of the above.

2. _______ method does not consider investment profitability.
   a) Payback
   b) ARR
   c) NPV
   d) IRR

3. The IRR is same as______________
   a) ARR
   b) Hurdle rate
   c) Interest rate at which NPV is zero
   d) None of the above

4. ________ factor is not relevant for determination of debt equity mix.
   a) Taxation
   b) Nature of asset base
   c) Industry Norms
   d) Viability of cash flows.

5. Net income approach assume_______
   a) No change in risk
   b) No corporate taxes
   c) Both a & b
   d) None of the above.

6. NPV method is ____________.
   a) Most Traditional
   b) Most Modern
   c) Most Complicated
   d) All of the above

7. Hybrid schemes invest in___________.
   a) Equity shares
   b) Debentures
   c) Equity shares & Debentures
   d) None of the above

8. Technical analysis considers _________.
   a) Price Movement
   b) Trend Analysis
   c) Comparative Analysis
   d) None of the above

9. Strategic Financial Management includes _______________.
   a) Strategic Investment Management Decisions
   b) Strategic Financing Management Decisions
   c) Strategic Liquidity Management Decisions
   d) All of the above

10.A close end fund has a _________
   a) Stipulated maturity period
   b) Fixed maturity period
   c) Fluctuating maturity period
   d) None of the above

Q.1. b] State whether True or False (**any 7**) (07)

1. Cash sale result in account receivable.
2. YTM can be calculated using IRR.
3. Capital structure is organization structure of a company.
4. Boards of director decide dividend policy.
5. Inflation does not affect rate of return.
6. Modigliani & Miller approach assume capital market is perfect.
7. External loan affects the dividend paying ability of the organisation.
8. Strategic financial management minimize risk.
9. Capital structure influence risk and return of the shareholders.
10. Liquidity is benefit of investing in mutual fund.

Q.2a] Company requires an initial investment of Rs. 2,40,000. The estimated net cash flows are as (15) follow:

Year	Net Cash Flow(Rs)
1	42,000
2	42,000
3	42,000
4	42,000
5	42,000
6	48,000
7	60,000
8	90,000
9	60,000
10	24,000

Using 10% as the cost of capital (Rate of Discount) determine the following:
(1) Pay Back Period
(2) Net Present Value
(3) Profitability Index

OR

Q.2b] X LTD is considering a project with the following cash flow: (08)

year	Purchase plant	Running cost	savings
0	1,40,000		
1		40,000	1,20,000
2		50,000	140,000

The cost of capital is 8% measure the sensitivity of the project to change in the level of running cost, saving and plant cost. Which factor is the most sensitive?
The present value of Rs.1 at 8% for year 1 and year 2 are respectively 0.9259 and 0.8573

Q.2c]. X LTD has a capital budget of Rs 40,00,000 for the year . It has before it the following 6 Proposals for which the necessary information is provided here under. (07)

PROPOSAL	Outlay (rs)	NPV(RS)	IRR
A	28,00,000	12,00,000	20.0%
B	10,00,000	6,40,000	17.0%
C	20,00,000	8,00,000	19.0%
D	8,00,000	4,00,000	17.5%
E	22,00,000	18,00,000	18.0%
F	30,00,000	-10,00,000	12.0%

Find out the ranking of the proposals based on NPV & PI Method.

Q.3 (a) Salma Ltd. has an Earning before Interest and Tax of Rs. 1600000 and 8% Debentures of Rs. 4000000. The overall Capitalisation Rate (WACC) is 10%. The company Decides to Raise Further Rs. 800000 through 8% Debentures. You are Required to compute:

a) The Present Market value and Present Equity Capitalization Rate based on Net Operating Income Approach.
b) The Proposed Market Value of the company and Proposed Equity Capitalization Rate Based on Net Operating Income Approach of Salma Ltd.
c) Also Give Conclusion and Verify WACC Present and WACC Proposed Under Net Operating Income Approach. (15)

OR

Q.3 (b) The Dividend of Reliance Co.Ltd. are Expected to grow at the Rate of 25% for 2 Years, (08) After Which the Growth Rate is Expected to Fall to 5%. The Dividend Paid for Last Period was Rs.2.The Investors Desires a 12% Return. You are Required to Find the Market Price Per Equity Share for Second Year under GORDON MODEL. Also Calculate Present Value of Market price for Second year and Present value of First year and Second Year Dividend. PV FACTOR @ 12% is 0.893 and 0.797

Q. 3c Birla Mutual Fund Has the following Assets and its Prices on 1st April, 2019. (07)

Investments	No. of Units	Market price per unit(Rs.)
X Ltd.	10000	18.50
Y Ltd.	35000	384.40
Z Ltd.	10000	263.60
P Ltd.	75000	575.60
Q Ltd.	20000	27.65

No. of Units Outstanding = 500000.
Calculate NAV of the Fund.

Q.4 PV Ratio: 30%
The company expects pre – tax return on investment @ 20%. Suggest which credit policy should be adopted. Assume 360 days in a year. (15)

Particulars	Present Policy	Plan I	Plan II	Plan III
Credit Period	20	40	70	100
Sales (Rs. in Lakh)	15	16	18	21
Fixed Cost (Rs. in Lakh)	3	3	4	4
Bad Debts (%)	0.25	0.5	1	2.5

OR

Q.4 A What is YTM of each Bond? Which Bond would you recommend for investment? (08)

Bond	Coupon Rate	Maturity	Price/Rs.100 Par Value
Bond X	11%	10 years	Rs. 76
Bond Y	12%	7 years	Rs. 69

Q.4 B The following data is available for a bond. Face value is Rs. 100, coupon rate is 14%, years to maturity is 5 years, redemption value is Rs. 100. YTM is 15%. Calculate duration of bond. (07)

Q.5.A. Explain the determinants of Capital Structure. (08)
Q.5.B. Explain the parameters for evaluation of portfolio performance. (07)

OR

Q.5. Write Short Notes on: **(Any 3)** (15)
A. 5 C's of Credit
B. Yield to Maturity
C. Open ended and closed ended scheme of mutual fund
D. Internal Rate of Return
E. Methods of Assessing Receivables

Extra - ~~BMS~~ BAF

Paper / Subject Code: 44806 / Taxation - IV (Indirect Taxes - II)

[2½ Hours] [Total Marks : 75]

B: Please check whether you have got the right question paper.

1. **Question No. 1 is compulsory.**
2. **Question No. 2, 3, 4 and 5** have **internal options.**
3. **Each** questions carry **15 marks.**
4. **Figures** to the **right** indicate **full marks** assigned to the question
5. Specify assumptions, if any while solving the question.

) A State whether the following statements are **TRUE** or **FALSE**. **(Answer any eight out of ten)** : (08)

1. GST Registration Certificate is issued in GST REG 01.
2. Services by the department of Posts by way of speed post are exempt.
3. Place of supply is based on the place of sale of goods and services.
4. A Tax Invoice once raised cannot be revised.
5. Union Finance minister is the Vice – Chairperson of the GST council.
6. IGST is not levied on supply of alcoholic liquor for human consumption.
7. A combined supply of goods and services may be a mixed supply or a composite supply.
8. Intangible goods can be "goods".
9. GST is based on the principle of destination-based consumption Tax.
10. An artist performing Classical programme is not taxable.

1.B Match the following columns **(Answer any seven out of ten)** : (07)

Column A	Column B
1. Payment Voucher	a. Not intra-state supply
2. Agriculturist	b. State tax subsumed under GST
3. Aggregate Turnover	c. Person paying consideration
4. Input service distributor	d. ½ of total number of members
5. Refund voucher	e. Compulsory registration
6. Quorum of GST Council meeting	f. Not liable for registration
7. Tax Invoice	g. Includes exempt supply
8. State VAT	h. Supply of taxable services
9. Recipient of goods	i. 2 Digits of HSN Code
10. Supply of SEZ unit	j. No supply made against advance

2. Mr. Naren Kamat is a registered dealer in Maharashtra. He provides following details for the month of October 2019. Calculate his **Net Tax Liability** under GST for October 2019. (Consider Rule 88A) Excess IGST credit adjusted against CGST and SGST in the ratio of 50:50. **(15)**

	IGST	CGST	SGST
Closing balance in electronic credit ledger as on 30th September 2019	Nil	Rs 20,000	Rs 40,000

Transactions during October 2019	Rs
Sold goods at 12% GST to Pravin at Ghatkopar	200,000
Sold goods at 18% GST to Suraj in Pune	300,000
Purchased goods at 18% GST from Patel in Ahmedabad	500,000
Provide services at 5% GST to Bharat in Bharuch, Gujarat	300,000
Provide Services at 28% GST to Harish in Andheri	500,000
Availed services at 12% GST from Vijay, Goregaon	100,000
Availed services at 28% GST from Shetty, Bangalore	50,000

OR

2. Mrs. Radhika, registered in state of Gujarat, provides following details for the month of February, Calculate her **Net Tax Liability** for the month of February. Excess Credit of IGST to be set off against CGST and SGST in the ratio of 30:70. **(15)**

	IGST	CGST	SGST
Opening balance in Electronic Credit Ledger as on 1st February 2019	Rs. 57,000	Nil	Nil

Transactions during the month:	Rs
Sold Goods @12% GST to Rani in Mysore	15,000
Sold goods @18% GST to Dhanish in Hyderabad	20,000
Sold Goods @ 28% GST to Mayur in Rajkot	40,000
Sold Goods @ 5% GST to Deval in Bhavnagar	55,000
Purchased Goods @ 28% GST from Meerut	68,000
Purchased Goods @ 5% GST from Surat	79,000
Provided Services @ 18% GST to Rohan in Lucknow	87,000
Provided Services @ 28% GST to Darshana in Vapi	96,000
Provided Services @ 5% GST to Rati in Ahmedaba	64,000
Provided Services @ 12% GST to Manish in Mathura	56,000
Availed Services @ 12% GST from Agra	23,000
Availed Services @ 18% GST from Vadhodara	19,000

3.B Mr. Amir is a new dealer. From the following information find out on which day he will be **Liable to Register** under GST. Give reasons for your answer. (07)

Date	Purchases		Sales	
	Taxable	Tax Free	Taxable	Tax Free
02/04/2019	1,00,000	15,000	-	-
04/04/2019	-	-	16,00,000	1,40,000
11/04/2019	2,00,000	40,000	5,00,000	11,00,000
20/04/2019	-	-	1,00,000	4,00,000
30/04/2019	4,00,000	6,00,000	-	-
02/05/2019	-	-	5,00,000	1,50,000
11/05/2019	5,000	20,000	1,00,000	3,00,000
20/05/2019	1,00,000	1,00,000	50,000	15,000
31/05/2019	-	-	10,00,000	10,000

4. From the following information given to you of Mr. Gupta **Compute the Value of Taxable Service and the Goods and Services Tax Payable** for the month of January, 2019, all amounts given are excluding Goods and Services Tax. GST rate may be assumed as 18%. (15)

Particulars	Rs.
1. Renting of vacant land for floriculture.	15,000
2. A building was let out to Excel Coaching Classes for providing coaching of T.Y.BAF.	18,000
3. A Ganesh Temple hall was let out for religious purpose on 10th January, 2019.	24,000
4. Vacant land used for animal husbandry.	16,000
5. A vacant land was let out for Horticulture.	20,000
6. Loan processing fees charged.	24,000
7. Consultancy Services in Networking.	36,000
8. Professional advice to his friend free of charge.	32,000
9. Renting/Leasing of Agro Machinery.	28,000
10. Operation of Saving Accounts.	33,000
11. Receipts of Edu care a commercial coaching institute providing commercial coaching (no certificate was issued on completion of the training)	30,000
12. Receipts of each one teach one an Industrial Training Institute (ITI) affiliated to the National Council for Vocational Training (NCVT)	27,000

OR

3A You are required to **Calculate, Input Tax Credit** admissible to M/s Jagruti Ltd. in respect of the following goods procured by it in the month of June, 2019. (08)

Particulars	Rs.
1. Inputs used for tests or quality control check.	15,600
2. Goods given as gifts.	25,000
3. Paper for photocopying machine used in administrative office.	950
4. Goods used for repairing the office building and cost of such repairs is debited to profit and loss account.	12,000
5. Packaging material used in factory.	6,000
6. Pollution control equipment used in factory.	50,000
7. Goods used in constructing an additional floor of office building.	28,800
8. Goods destroyed due to natural calamities	12,500

3B Mr. Aniket resident of Manipur (a special category state) provides you following information regarding supplies made by him. Determine his **Eligibility for registration** under relevant Goods and Service Tax Law. (07)

Sr.No.	Particulars	Amount Rs.
1	Intra-State Goods Taxable @18 %(Exclusive of GST)	25,000
2	Supply of exempt services within state	6,00,000
3	Inward supply from Bangalore	2,00,000
4	Intra – State Services Taxable @12% (Exclusive of GST)	3,00,000
5	Intra – State Goods wholly exempt under GST	1,50,000
6	Intra – State services exempt under GST	78,000

OR

3.A Find out **Place of Supply** in the following cases (08)

Sr. no.	Transactions
1.	Ms. Hetal, boards a Hyderabad – New Delhi flight. She buy lunch in the flight. The food packets are loaded into aircraft at Hyderabad. The Airline is registered in Hyderabad and New Delhi.
2.	Vastu Ltd., an architectural firm at Chennai, has been hired by Perfect Builders of Bandra Maharashtra to draw up a plan for a high rise building to be constructed by them in Punjab
3.	M/s Stylor Ltd. provider of beauty Saloon services, located in Goa. Mr. Amit came from Kolkata to Goa after appointment for beauty treatment. The service is provided in Goa.
4.	Shaadi Ltd. of Jaipur is hired by Mr. Vinay (unregistered person) to plan and organize his wedding at Amritsar.
5.	Mr. Pranay resident of Mumbai, goes to Mysore for plastic surgery.
6.	Ms. Swati of Mumbai gets a DTH installed at her home from SUN Ltd.
7.	Ms. Disha of Punjab takes a Post-paid mobile connection from Airtel Ltd., a company based in New Delhi.
8.	Mr. Purohit of Mumbai purchases a ticket for watching a movie in a Delhi Cinema Hall.

4.A Find **Time of Supply of Services** under forward charge in the following cases of M/s Ashok & Co, a cost accountant firm as per the provisions of CGST Act. **(08)**

Sr no	Date of Provision of Services	Date of Invoice	Date of Receipt of Payment
1	16-08-2019	05-9-2019	06-09-2019
2	06-09-2019	05-10-2019	21-10-2019
3	12-09-2019	14-10-2019	15-10-2019
4	16-09-2019	26-09-2019	01-09-2019
5	18-09-2019	04-11-2019	07-10-2019
6	20-09-2019	22-10-2019	25-10-2019
7	24-09-2019	27-10-2019	22-10-2019
8	26-09-2019	30-09-2019	05-09-2019

4.B Ms. Swara entered into a contract with Ms. Asha for supply of machine. Calculate **Value of Supply** as per as per section 15 of CGST Act. **(07)**

Sr.no.	Transactions	Amount
1.	Value of machine (including GST @28%)	16,64,000
2.	Taxes (other than CGST / SGST / IGST) charged separately by Ms. Swara	75,000
3.	**Expenses incurred by Ms. Asha on behalf of Ms. Swara**	
	a) Pre. Installation consultancy	15,000
	b) Commission	27,000
	c) Designing charges	12,000
4.	**Other information:**	
	a) Subsidy received from Central Government	1,20,000
	b) Subsidy received from Bombay Merchant Association	70,000
	c) Customized packing charges paid by Ms.Swara on request of Ms. Asha	13,000

5.A What do you mean by Goods and Service Tax? Explain the features of Goods and Service Tax? **(08)**

5.B Discuss the Provisions regarding Registration of a Non- Resident Taxable Person? **(07)**

OR

5. Write Short Notes (Answer **any three** out of five) **(15)**

1. Goods and Service Tax Network (GSTN)
2. Tax Invoice
3. Reverse Charge
4. Goods [S.2(52)]
5. Intra – State Supply.

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BAF | V | 28/11/19 | O/C

Paper / Subject Code: 44809 / Management -II

Time: 2½ Hours **Marks: 75**

Note: All Questions are compulsory.

Figures to the right indicate marks

Q 1 a) State whether the following statements are True or False **(any eight)** **(8)**

a. Marketing brings industrial and economic growth
b. Market research covers the study of marketing problems faced by the organisation
c. Product is the base of entire marketing activities
d. Production process is described as an act of transformation
e. Human factor engineering is termed as Ergonomics
f. Case study is a technique of Classroom method of learning
g. Industrial relations do not form a part of HRM
h. Fundamental analytical framework is known as EIC.
i. In Future contract delivery of asset is required.
j. Long Term capital is required regularly.

b) Match the following **(any seven)** **(7)**

a) Online Marketing	i) Just in Time
b) Product line	ii) Human Resource Accounting
c) Marketing mix	iii) On the job training
d) JIT	iv) New issue market
e) Economic Order Quantity	v) Group of Product
f) HRA.	vi) Target youth
g) Junior boards	vii) 4Ps
h) Lease finance	viii) Re-order point
i) Primary market.	ix) Orientation
j) Induction	ix) Long term capital

Q2 a) Define Marketing. Explain the features of Marketing. **(8)**

b) Explain the various factors influencing Pricing. **(7)**

OR

c) What is Branding? Explain the factors influencing branding **(8)**

d) Briefly discuss the various Promotional strategies **(7)**

Q3 a) What is Productivity? Explain measures to increase Productivity **(8)**

b) Write a note on ISO 14000 **(7)**

OR

c) What is Quality Management? Discuss the features of Quality Management **(8)**

d) Discuss the process of Quality Circles (7)

Q4 a) What is Human Resource Management? Explain functions of HRM (8)

b) Describe the traits of Leadership. (7)

OR

c) What is Human Resource Planning? Explain process of HRP (8)

d) Explain Maslow's theory of Motivation. (7)

Q5 a) What is Financial Management? State its functions. (8)

b) Discuss the factors affecting Capital Structure. (7)

OR

c) Write a short note on **any three:** (15)

i. Product life cycle.
ii. National Productivity Council.
iii. 360-degree appraisal.
iv. Venture capital.
v. DEMAT.
