

TIBAF - Sem - V

(Duration – 2 ½ Hours)

Marks : 75

Q.1A Rewrite the sentence after selecting correct alternative: (Any eight)

8M

1. If a part of the issue of shares or debentures is underwritten, it is termed as \_\_\_\_\_.  
  - a. Firm underwriting
  - b. Partial underwriting
  - c. Complete underwriting
  - d. Sole underwriting
2. KG Ltd. issued shares of ₹ 10 each at ₹ 9.50. The underwriting commission will be calculated on \_\_\_\_\_.  
  - a. ₹ 10
  - b. ₹ 19.50
  - c. ₹ 0.50
  - d. ₹ 9.50
3. Zotero Ltd. is authorized to issue 7,00,000 number of equity shares. It had issued 4,00,000 equity shares. It has bought back 1,00,000 shares. As a result of this transaction, the no. of shares (i) in authorized share capital and (ii) in issued share capital will be \_\_\_\_\_.  
  - a. 4,00,000 ; 7,00,000
  - b. 1,00,000 ; 4,00,000
  - c. 3,00,000 ; 1,00,000
  - d. 7,00,000 ; 3,00,000
4. Buyback must be completed within \_\_\_\_\_.  
  - a. 12 months
  - b. 3 months
  - c. 6 months
  - d. 2 months
5. If the business of an existing company Zee Ltd. is taken over by an existing company Sugar Ltd., it is called \_\_\_\_\_.  
  - a. Internal reconstruction
  - b. External reconstruction
  - c. Absorption
  - d. Amalgamation
6. Under payment method, purchase consideration for the amalgamation means \_\_\_\_\_.  
  - a. Aggregate of shares and cash to shareholders
  - b. Aggregate of shares, cash and payment to debenture holders
  - c. Shares, cash and payment to debenture holders and expenses of liquidation
  - d. Payment to debenture holders only
7. The existing 1000 shares of ₹ 100 each are altered to 10,000 shares of ₹ 10 each. This is known as \_\_\_\_\_.  
  - a. Consolidation
  - b. Sub-division
  - c. Conversion in stock
  - d. Surrender

8. Creditors accepting part payment of their claims, in a scheme of reconstruction, amounts to \_\_\_\_\_.
  - a. Reduction of share capital
  - b. Alteration of share capital
  - c. Variation of shareholders right
  - d. Compromise/ arrangement
9. List C in statement of affairs gives the list of \_\_\_\_\_.
  - a. Preferential Creditors
  - b. Debenture Holders
  - c. Unsecured Creditors
  - d. Secured Creditors
10. Liability for compensation under Workmen's Compensation Act is treated as \_\_\_\_\_.
  - a. Secured creditor
  - b. Unsecured creditor
  - c. Preferential creditor
  - d. Overriding preferential creditor

**Q.1B State whether the given statements are True or False (Any Seven)**

**7M**

1. Net liability refers to the number of shares to be taken by each underwriters when the public has not subscribed for it.
2. When the benefit of firm underwriting is not given to individual underwriters, it is treated as unmarked applications.
3. Buy back of shares increases the Earning per share (EPS) of the company.
4. The maximum time interval between two buyback is 152 days.
5. Transferor company means a company which is amalgamated into another company.
6. Under external reconstruction, there is one liquidation and one formation of company.
7. Alteration of capital is required to be done by ordinary resolution.
8. The internal reconstruction scheme involves writing down the assets to their true values by reducing the capital and in some cases reducing the external liabilities.
9. Preferential creditors are to be paid after unsecured creditors.
10. Dividend declared but not paid are to be paid as unsecured debt in priority to any repayment of share capital.

**Q2A** Nirmal Limited took over Satyam Limited on 31<sup>st</sup> March, 2024. The summarised balance sheet of Satyam Limited Ltd. was as follows: **15M**

Liabilities	₹	Assets	₹
Equity shares of ₹10 each	10,00,000	Goodwill	60,000
5% Preference shares of ₹100 each	4,00,000	Land and Building	5,00,000
Creditors	1,00,000	Plant & Machinery	4,10,000
Bills Payables	60,000	Inventory	3,10,000
		Debtors	1,10,000
		Cash & Bank Balance	80,000
		Preliminary Expenses	35,000
		Profit and Loss A/c	55,000
	<b><u>15,60,000</u></b>		<b><u>15,60,000</u></b>

The business was taken over by Nirmal limited on the following terms and conditions:

- For every 10 Equity shares of Satyam Limited, Nirmal Ltd. issued 11 fully paid-up equity shares of ₹10 each and paid ₹15 in cash.
- Preference shareholders of Satyam Limited were paid equal number of 6% Preference shares of ₹100 each by Nirmal Limited at a premium of 8%.
- All assets and liabilities were taken over at book value except form cash and bank balance to extent of ₹14,000 which was left for meeting realisation expenses.

You are required to:

- Calculate purchase consideration
- Prepare necessary ledger account to close the books of Satyam Limited assuming acquisition is in nature of purchase.

**OR**

**Q.2.B** Following is the summarised balance sheet of Virat Ambe Ltd. as on 31.3.2024: **15M**

Liabilities	₹	Assets	₹
20,000 8%Preference shares of ₹100 each full paid	20,00,000	Goodwill	5,00,000
4,00,000 Equity shares of ₹10 each fully paid	40,00,000	Land & Building	24,00,000
8% Debenture of ₹100 each (Secured against Land & Building)	20,00,000	Plant and Machinery	22,00,000
Debenture interest due	80,000	Investments	2,40,000

Loan from Directors	4,00,000	Current Assets	17,00,000
Current liabilities	20,00,000	Profit and Loss account	34,40,000
	<u>1,04,80,000</u>		<u>1,04,80,000</u>

**Note:** (a) Claim for damage against the company pending in court of law amounted to ₹2,00,000 and (b) Arrears of Preference Dividend ₹1,40,000

Following scheme of Reconstruction was approved and implemented:

- 1) Preference shares were reduced to equal number of fully paid 8% Preference shares of ₹80 each.
- 2) Equity shares were reduced to equal number of fully paid equity shares of ₹2.5 each.
- 3) Preference shareholders waived half of the arrears of dividend and 28,000 equity shares of ₹2.5 each fully paid were issued to them in lieu of balance.
- 4) 8% Debenture holders took over part of the Land & building having book value of ₹7,20,000 at ₹10,00,000 in part satisfaction of their debts and 2,40,000 Equity shares of ₹2.5 each fully paid were issued to them for the balance amount.
- 5) Debenture holders waived their interest due on Debentures.
- 6) The claim for damages pending in the court of law were settled by issue of 24,000 Equity shares of ₹2.5 each fully paid.
- 7) Directors converted their loan into equity shares of ₹2.5 each fully paid
- 8) Profit and loss debit balance and intangible assets were written off.
- 9) The assets were revalued as under:  
Plant and Machinery ₹14,00,000  
Investments ₹2,00,000

You are required to pass necessary Journal Entries in the books of Virat Ambe Ltd.

**Q.3A** The summarized balance sheet of Neelkamal ltd. as on 31<sup>st</sup> March,2024 is as follows:

**15M**

Particulars	Amount (₹)
<b>Equity &amp; Liabilities</b>	
6,00,000 Equity shares of ₹10 each fully paid	60,00,000
Securities Premium	4,00,000
Profit and Loss account	20,00,000
13% Debentures	28,00,000
Creditors	10,00,000
Total	<u>1,22,00,000</u>

<b>Assets</b>	
Fixed Assets	67,00,000
Investments	25,00,000
Current Assets	30,00,000
<b>Total</b>	<b><u>1,22,00,000</u></b>

Ascertain the maximum number of equity shares the company can buy back at the maximum possible price under the law as on 31<sup>st</sup> March, 2024.

Assuming the buy-back is actually carried out, Record the Journal Entries in the books of Neelkamal Ltd. also prepare notes to account with respect to Share Capital and Reserve and Surplus as they would appear in notes to account forming part of the balance sheet of Neelkamal Ltd. as on 31<sup>st</sup> March, 2024. (Do not prepare Balance Sheet)

**OR**

**Q.3B** The summarized Balance Sheet of Shenoy Ltd. as on 31-03-2024, being the date of winding up is as under: **15M**

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
10,000, 10% Cumulative Preference Shares of ₹ 100 each fully paid up	10,00,000	Plant & Machinery	10,40,000
		Furniture	15,60,000
10,000, Equity Shares of ₹ 100 each, ₹ 60 per share called and paid up	6,00,000	Stock in Trade	6,50,000
		Book Debts	20,50,000
10,000, Equity Shares of ₹ 100 each, ₹ 50 per share called and paid up	5,00,000	Profit & Loss A/c	11,00,000
Securities Premium	15,00,000		
10% Debentures	4,20,000		
Preferential Creditors	2,10,000		
Bank Overdraft	9,70,000		
Trade Creditors	12,00,000		
	<b>64,00,000</b>		<b>64,00,000</b>

Preference dividend was in arrears for three years.

By 31-03-2024, the assets realized were as follows:

Plant & Machinery	₹ 12,40,000
Stock in Trade	₹ 6,20,000

Furniture ₹ 14,20,000

Book Debts ₹ 13,20,000

Expenses of liquidation are ₹ 1,72,000. The remuneration of the liquidator is 2% of the realization of assets. Income tax payable on liquidation is ₹ 1,34,000.

Assuming that the final payments were made on 31-03-2024, Prepare the Liquidator's Statement of Account.

**Q4A** Dreamland Ltd. has authorised capital of ₹25,00,000 divided into 1,00,000 Equity shares of ₹25 each. The company issued for subscription 25,000 shares at a premium of ₹10 each. The entire issue was underwritten as follows: **15M**

Aman - 15000 shares (Firm underwriting - 2,500 shares)

Akash - 7,500 shares (Firm underwriting - 1,000 shares)

Akshay - 2,500 shares (Firm underwriting - 500 shares)

Out of the total issue, 22,500 shares including firm underwriting were subscribed.

The following were the marked application:

Aman – 8,000 shares

Akash - 5,000 shares

Akshay - 2,000 shares

Calculate the liability of each underwriter, when:

- Benefit of firm underwriting is given to underwriters
- Benefit of firm underwriting is not given to underwriters

**OR**

**Q4B** Following are the summary Balance Sheets of Hema Ltd. and Lata Ltd. as on 31-03-2024 **15M**

Liabilities	Hema Ltd. ₹	Lata Ltd. ₹	Assets	Hema Ltd. ₹	Lata Ltd. ₹
<b>Share Capital:</b>			<b>Fixed Assets:</b>		
Equity shares of ₹ 100 each fully paid	4,50,000	7,50,000	Goodwill	75,000	75,000
12%, Preference shares of ₹ 100 each fully paid	3,00,000	4,50,000	Land & Building	3,00,000	3,75,000

<b>Reserves &amp; Surplus:</b>			Plant & Machinery	2,25,000	3,00,000
General Reserves	37,500	45,000	Furniture	1,50,000	2,25,000
Revaluation Reserve	22,500	30,000	<b>Investments</b>	75,000	75,000
Export Profit Reserve	15,000	22,500	<b>Current Assets, Loans &amp; Advances</b>		
Profit & Loss A/c	7,500	15,000	Stock	1,50,000	2,25,000
<b>Secured Loans:</b>			Sundry Debtors	75,000	1,50,000
12% Debentures of ₹ 100 each	1,50,000	2,25,000	Bills Receivables	37,500	75,000
Term Loan	75,000	37,500	Bank	97,500	1,87,500
<b>Current Liabilities &amp; Provisions:</b>					
Sundry Creditors	1,12,500	90,000			
Bills Payables	15,000	22,500			
	<b>11,85,000</b>	<b>16,87,500</b>		<b>11,85,000</b>	<b>16,87,500</b>

Hemlata Ltd. was formed to take over the business of Hema Ltd. and Lata Ltd. with an authorized share capital of ₹ 25,00,000 consisting of 20,000 13% Preference shares of ₹ 100 each and 50,000 Equity shares of ₹ 10 each.

The terms of amalgamation are as follows:

- 12% Preference shareholders of both the companies are issued equal number of 13% Preference Shares of Hemlata Ltd. at a price of ₹ 125 each.
- Hemlata Ltd. will issue four Equity shares for every three Equity shares of Hema Ltd. and four Equity shares for every five Equity shares of Lata Ltd. The shares are to be issued at ₹ 35 each.
- 12% Debenture holders of both the companies are discharged by Hemlata Ltd. by issuing such number of its 15% Debentures of ₹ 100 each so as to maintain the same amount of interest.
- Hemlata Ltd. agree to take over all assets and liabilities at book values except the following:
  - Tangible fixed assets at 10% more than book value.
  - Investments and sundry debtors at 10% less than book value.
- Export profit reserves are to be maintained for three more years.

You are required to prepare:

- i. Purchase Consideration of Hema Ltd. and Lata Ltd.
- ii. Give necessary Journal entries in the books of Hemlata Ltd.

- Q5A** Write the Distinguish between Buy-back of shares and Redemption of Preference shares. **8M**  
**Q5B** Explain the meaning and types of amalgamation. **7M**

OR

- Q5C** Write short notes on: (Any 3) **15M**

- i. Objectives of Buy-back of shares
  - ii. Marked application and Unmarked application
  - iii. Statutory Reserves under Amalgamation
  - iv. Alteration of Share Capital
  - v. Preferential Creditors
-



Time: 3 Hrs.

Marks 100

Note:

1. All Questions are compulsory.
2. Figures to the right indicate full marks allotted to the questions.
3. Working Notes wherever necessary should form a part of your answer.
4. Calculate figures up to the two decimal points wherever required.

Q1 A State whether the following statements are True or False.

(10)

- 1) Lubricants are direct materials
- 2) Packing charges are selling and distribution cost.
- 3) Prime cost includes factory overheads.
- 4) Carriage on material increases cost of materials.
- 5) Labour Turnover may be caused due to low wages.
- 6) Time Rate Plan motivates the efficient workers.
- 7) Factory cost includes Prime cost-plus office overheads.
- 8) Inventory valuation is done at market value.
- 9) Carriage outwards should be considered selling overheads.
- 10) Cost of rectification of defectives is a part of administration overheads.
- 11) Interest received on Bank Deposit is purely financial in nature.
- 12) Time wage is guaranteed under Rowan premium plan.

Q1 B Select the most appropriate option and rewrite the full sentence.

(10)

1] The costing which determines cost after it has been actually incurred is

- i) estimated                      ii) standard                      iii) historical                      iv) marginal

2] Interest on capital is

- i) imputed cost                      ii) sunk cost                      iii) direct cost                      iv) indirect cost

3] Overheads which are incurred in connection with factory are

- i) factory overheads                      ii) office overheads                      iii) selling overheads                      iv) prime cost

4] The cost which is directly chargeable to the product is

- i) indirect cost                      ii) direct cost                      iii) overheads                      iv) period cost

5] Royalti paid on use of patents is called as:

- i) Direct expenses                      ii) Indirect expenses                      iii) Production expenses                      iv) Distribution expenses

6] If production increases Variable cost per unit remains

- i) constant                      ii) flexible                      iii) Increase                      iv) Decrease

7] Cost which is unaffected by the change in outputs is called as

- i) Fixed cost                      ii) Variable Cost                      iii) Period cost                      iv) Production cost

8] Bin Card is

- i) a inspection note                      ii) a continuous record of stock stored  
iii) a statement of delivery of material                      iv) a statement of issue of material

9] A store ledger is

i) Evidence of delivery of materials

iii) a ledger which shows movement of each item of materials

ii) a ledger of the supplier

iv) a ledger of the Distributer

10] The process of re-distribution of overheads of support department to production department is called as:

i) Secondary distribution

iii) Repeat distribution

ii) Primary distribution

iv) Selling and Distribution overheads

11] Drawing office salaries is a:

i) Factory overheads

iii) Selling overheads

ii) Office overheads

iv) Distribution overheads

12 In reconciliation statement depreciation under charged in cost account is

i) Deducted in financial profit

iii) Added in costing profit

ii) Deducted in costing profit

iv) Added to assets

**Q.2.A.** SSR Ltd. furnishes to you the following information for the year ended 31st March, 2023 :

Production and Sales	20,000 units
Sales	Rs. 80,00,000
Direct Materials	Rs. 30,00,000
Direct Wages	Rs. 10,00,000
Direct Expenses	Rs. 5,00,000
Factory Overheads	Rs. 7,50,000
Administrative Overheads	Rs. 12,50,000
Sales Overheads	Rs. 10,00,000

(20)

Following changes are estimated in the subsequent year:

(1) Production and sales activity will be increased by 25%.

(2) Material rate will be increase by 20% .

(3) Direct wages rate would be reduced by 10% due to automation.

(4) Direct Expenses per unit will increase by 10%.

(5) Factory Expenses will increase by 20% in total.

(6) Total administrative overheads will be lower by 20%.

(7) Sales overheads per unit would remain the same.

(8) Sale would be 110% of cost.

Prepare a statement of cost for both the years ending 31st March, 2023 and 31st March, 2024 showing maximum possible details of cost.

OR

**Q2.B.** M/s. Naina Manufacturing Company manufactures two types of products viz. S and T. The information for the year ended on 31<sup>st</sup> March, 2024 is as under:

(20)

Particulars	S (Rs.)	T (Rs.)
Direct material per unit	150	160
Direct labour per unit	80	70
Direct expenses per unit	50	90

Additional Information:

(1) Factory expenses are charged at 25% of prime cost.

(2) Office expenses are charged at 30% of works cost.

- (3) 3,000 units of product S were produced of which 2,500 units were sold and 6,000 units of product T were produced of which 5,400 units were sold.  
 (4) Selling expenses are Rs.12 per unit for product S and Rs.20 per unit for product T.  
 (5) Company charges a profit at 20% on sales for Product S & 25% on sales for Product T.  
 Prepare a cost sheet showing the cost and profit in total as well as in per unit.

**Q3.A.** A steel manufacturing company uses steel sheets for the production and provides you the following details. (10)

- Maximum usage = 500kg per day  
 Normal usage = 300 kg per day  
 Minimum usage = 200 kg per day  
 Maximum re-order period = 15 days  
 Minimum re-order period = 5 days  
 Average reorder period = 10 days  
 Re-order quantity = 3000 kg  
 Calculate re-order level, maximum level, minimum level and average level.

**Q3.B.** From the following particulars, prepare Reconciliation Statement and Ascertain Costing Profit/Loss. Net Profit as per financial P&L A/c ₹20,400, Opening Stock was overvalued by ₹1500 in Cost Accounts as compared to financial accounts. Office overheads charged in Financial Books ₹15,000 but recovered in Cost ₹20,000 (10)  
 Loss by fire ₹600.  
 Goodwill written off recorded in financial ₹5,000  
 Closing Stock as per financial books ₹4,000  
 Whereas in Cost books it was ₹5,400.

**OR**

**Q3.C.** From the following details find the amount of closing stock under weighted average method for the month of September 2024 (10)

1.9.24 Opening Stock: 250 units at ₹10 each			
Purchases		Issues	
5.9.24	150 units at ₹12 each	10.9.24	120 units
15.9.24	100 units at ₹14 each	20.9.24	80 units
25.9.24	200 units at ₹16 each	30.9.24	150 units

**Q3.D.** From the following, prepare a statement of reconciliation and find-out profit/loss as per financial records. (10)

PARTICULARS	Rs
Profit as per Cost Records	1,87,000
Interest on Bank loan	1050
Provision for Income Tax	40,300
Loss on sale of Asset in Financial A/c	5,700
Interest received	8,750
Depreciation in Financial A/c	11,200
Depreciation in Cost A/c	12,500

**Q4A.** The following particulars apply to a particular job:

Standard production per hour: 15 units

Standard working hours: 16

Normal rate per hour: Rs.30

Geetha produced 180 units

Vineetha produced 216 units

Rakshitha produced 264 units

Calculate the wages of these workers under Differential Piece Rate System 80% of the piece rate when output is below standard & 120% above standard.

(10)

**Q4.B.** Calculate the machine hour rate for the following machine

(10)

Cost of machine	Rs	116000
Estimated scrap value	Rs	16000
Estimated working life	Hours	20000
Estimated maintenance cost during working life of machine	Rs	2400
Power used per machine per hour	Rs	1
Rent and Rates per month	Rs	3000
Normal Machine running hours during a month		180
Standing charges (other than rent and Rates) Per month	Rs	400

OR

**Q4.C.** Standard output per hour is 100 units. Actual output in a 40 hour week is 5,000 units. Wage rate is Rs.75 per hour. Calculate Total Earnings under:

(10)

- i. Time Rate
- ii. Piece Rate
- iii. Halsey Premium System
- iv. Rowan Premium System

**Q4.D.** From the following particulars given below, prepare a statement showing primary distribution of overheads:

(10)

		Production Departments			Service Departments	
		A	B	C	X	Y
Direct Materials	Rs	3000	2500	2000	1500	1000
Employees	Number	100	150	150	50	50
Factory Electricity	Kwh	8000	6000	6000	2000	3000
Light Points	Number	10	15	15	5	5
Assets Value	Rs	50000	30000	20000	10000	10000

Particulars	Rs
Stores Overheads	40000
Motive Power	150000
Electric Lighting	20000
Labour Welfare	300000
Depreciation	600000

Q5. Answer the following questions. (10 marks each)

- A. What are the objectives of cost accounting?
- B. Explain classification of overheads based on behavior of cost?

OR

Q5. Write short notes (Any four out of six).

(20)

- a) Cost ascertainment
- b) FIFO
- c) Gantt's Task
- d) Distinction between cost allocation and cost apportionment
- e) Prime cost
- f) Reconciliation of cost and financial accounts

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मराठी अनुवाद

सूचना:

१. सर्व प्रश्न अनिवार्य आहेत.
२. उजवीकडील आकडे प्रश्नांना दिलेले पूर्ण गुण दर्शवतात.
३. जेथे आवश्यक असेल तेथे कच्चे काम तुमच्या उत्तराचा भाग बनवल्या पाहिजेत.
४. जेथे आवश्यक असेल तेथे दोन दशांश बिंदूपर्यंतच्या संख्यांची गणना करा.

प्रश्न १ खालील विधाने बरोबर किंवा चूक आहेत की नाही हे सांगा. (कोणतेही १०) १० गुण

- १) वंगण थेट सामग्री आहे.
- २) वेष्टन शुल्क विक्री आणि वितरण परिव्यय आहे.
- ३) प्राथमिक परीव्ययामध्ये कारखाना उपपरिव्ययचा समावेश होतो.
- ४) मालवाहतूक केल्याने साहित्याची परिव्यय वाढते.
- ५) कमी वेतनामुळे मजुरांची उलाढाल होऊ शकते.
- ६) वेळ दर योजना कार्यक्षम कामगारांना प्रेरित करते.
- ७) कारखाना खर्चामध्ये प्राथमिक परिव्यय अधिक कार्यालय उपपरिव्ययचा समावेश आहे.
- ८) साठ्याचे मूल्यांकन बाजार मूल्यानुसार केले जाते.
- ९) जावक भाडे विक्री उपपरिव्ययात विचार केला पाहिजे.
- १०) दोष दुरुस्त करण्याचा परिव्यय प्रशासनाच्या उपपरिव्ययाचा एक भाग आहे.
- ११) बँक ठेवीवर मिळणारे व्याज पूर्णपणे आर्थिक स्वरूपाचे असते.
- १२) रोवन प्रीमियम योजनेअंतर्गत वेळेची मजुरी हमी दिली जाते.

प्रश्न १ ब सर्वात योग्य पर्याय निवडा आणि पूर्ण वाक्य पुन्हा लिहा. (कोणतेही १०) १० गुण

- १] प्रत्यक्षात परिव्यय झाल्यानंतर त्याची परिव्यय \_\_\_\_\_ ठरवते  
i) अंदाजित      ii) मानक      iii) ऐतिहासिक      iv) सीमांत
- २] भांडवलावरील व्याज \_\_\_\_\_ आहे  
i) आरोपित परिव्यय      ii) बुडलेली परिव्यय  
iii) प्रत्यक्ष परिव्यय      iv) अप्रत्यक्ष परिव्यय
- ३] कारखान्याच्या संबंधात परिव्यय होणारे उपपरिव्यय \_\_\_\_\_ आहेत  
i) कारखाना उपपरिव्यय      ii) कार्यालय उपपरिव्यय  
iii) उपपरिव्ययची विक्री      iv) मुख्य परिव्यय
- ४] उत्पादनासाठी थेट आकारणीयोग्य परिव्यय \_\_\_\_\_ आहे  
i) अप्रत्यक्ष परिव्यय      ii) प्रत्यक्ष परिव्यय  
iii) उपपरिव्यय      iv) कालावधी परिव्यय

Duration: 2 ½ Hours

Total Marks: 75

**Note: 1. Question No. 1 is Compulsory.****2. Question No. 2, 3, 4 and 5 have internal options.****3. Each question carries 15 marks.****Q.1 A) Fill in the blanks with correct alternatives (Attempt any Eight) (08)**

- 1) Endorsement are shown by a bank under \_\_\_\_\_.
  - (a) Deposits
  - (b) Advances.
  - (c) Contingent Liabilities
  - (d) Other Liabilities and Provisions.
- 2) Loss on revaluation of Assets is shown under \_\_\_\_\_ in Banking Company Final Accounts.
  - (a) Operating Expenses.
  - (b) Provision and Contingencies.
  - (c) Appropriations.
  - (d) Other Incomes.
- 3) Stock Exchange is regulated by \_\_\_\_\_.
  - (a) IRDA
  - (b) NHB
  - (c) SEBI
  - (d) Government
- 4) NBFC is a company which is engaged in the business of \_\_\_\_\_.
  - (a) Providing Loans & advances
  - (b) Sale or Purchase of Goods and Services
  - (c) Accounts Acitivity
  - (d) Agriculture Activity
- 5) Under General Insurance Business, Net Claims Paid Rs.15,00,000 . Opening & Closing Outstanding of claim are Rs.2,00,000 and Rs.3,00,000. Claims paid during the year would be \_\_\_\_\_.
  - (a) Rs. 20,00,000
  - (b) Rs. 16,00,000
  - (c) Rs. 10,00,000
  - (d) Rs. 14,00,000
- 6) Commission paid Rs.20,000, opening outstanding of commission Rs.2,000 & Closing Outstanding R.5,000. Net commission paid is Rs. \_\_\_\_\_.
  - (a) 22,000
  - (b) 17,000
  - (c) 23,000
  - (d) 18,000
- 7) Profit available to equity shareholders= Profit after tax minus \_\_\_\_\_.
  - (a) Interest
  - (b) Equity Dividend
  - (c) Preference Share Capital
  - (d) Debentures
- 8) Intrinsic Value Per Share = Rs. 120, Fair Value Per Share = Rs. 100, Yield Value Per Shre will be \_\_\_\_\_.
  - (a) Rs. 80
  - (b) Rs.110
  - (c) Rs. 160
  - (d) Rs.170
- 9) Advertisement expenses under LLP final accounts are recorded under the heads of \_\_\_\_\_.
  - (a) Administration Expenses
  - (b) Selling Expenses
  - (c) Finance Expenses
  - (d) Personnel Expenses
- 10) \_\_\_\_\_ days notice to LLP for resignation by an auditor
  - (a) 11
  - (b) 12
  - (c) 13
  - (d) 14

**Q.1 B)** State whether the following statements are True or False (Attempt any Seven) (07)

1. Unclaimed Dividend is shown under Borrowings under Balance Sheet of Banking Company.
2. The Asset which ceases to generate income for the Bank is termed as Non-Performing Assets.
3. Claims recovered from reinsurers is added to claims paid under Schedule 2.
4. Outstanding Premium at the end of the year is shown under the head Advances and Other Assets under Final Accounts of Insurance Companies.
5. Venture Capital Fund Companies are regulated by SEBI.
6. AFC stands for Asset Finance Company.
7. NBFC cannot carry on any agricultural activity.
8. NBFC cannot carry on any purchase or sale of securities.
9. Goodwill has a realizable value.
10. The liability of partners in LLP is limited to their contribution.

**Q.2.A)** The following is the trial balance of SET Bank Ltd. Prepare Balance Sheet as on 31<sup>st</sup> March, 2024 (15)

Particulars	Dr. (Rs.)	Particulars	Cr. (Rs.)
Cash in Hand	25,000	Statutory Reserve	20,00,000
Cash with RBI	6,20,000	Profit & Loss on 31-3-2023	2,60,000
Cash Credit, Overdraft, and Loan	95,000	Share Capital of Rs 10 each	5,00,000
Advance Tax	50,000	Recurring Deposits	3,60,000
Fixed Assets (at cost)	3,40,000	Borrowings	40,000
Fixed Assets acquired in satisfaction of Claim	20,00,000	Branch Adjustment	20,000
Tax deducted at Source	25,000	Unclaimed Dividend	15,000
Bill discounted	20,000	Proposed Dividend	25,000
Investment in Government Securities	9,00,000	Unexpired Discount	30,000
Bonds	8,00,000	Unclaimed Interest	20,000
Silver	7,00,000	Bills Payable	15,000
Money at Call	50,000	Provision for Tax	75,000
Cash with Other Bank	5,00,000	Fixed Deposits	14,00,000
Unclaimed Interest	35,000	Current Accounts	5,00,000
		Saving Bank Deposits	9,00,000
<b>Total</b>	<b>61,60,000</b>	<b>Total</b>	<b>61,60,000</b>

Additional Information:

1. The Authorized Capital of a Bank is Rs.10,00,000.
2. Bills for Collection Rs.5,00,000.
3. Guarantees given on behalf of constituents of Rs.75,000.
4. Acceptance, Endorsement, and Other Obligations is Rs.3,00,000.

OR

**Q.2 B)** From the following particulars, prepare the Profit & Loss Account of the HNPC Bank Ltd. as of 31<sup>st</sup> March, 2024 in the prescribed form. (15)

Particulars	Rs.
Postage and telegrams	1,400
Printing and Advertisement	2,900
Director's and Audit fees	4,200
Interest on Savings Bank deposits	68,000



Sundry Charges	1,700
Interest on overdraft	54,000
Rent & Taxes	18,000
Commission on Letter of Credit	1,18,000
Interest on Cash Credit	2,23,000
Interest on current account	42,000
Interest on fixed deposits	2,75,000
Rebate on bills discounted	49,000
Establishment Charges	54,000
Interest on Loans	2,59,000
Share Capital	2,00,000
Profit on Sale of Investment	80,000
Commission, Exchange, and Brokerage	50,000
Income on Investment	75,000

The following further information is given:

- (1) Transfer 20% to Statutory Reserve.
- (2) Transfer 5% to Other Reserve
- (3) A Dividend @ 10% is proposed.
- (4) Profit & Loss A/c (Cr.) Rs.40,000
- (5) Provision for non-performing assets Rs.25,000

**Q.3 A)** Prepare Revenue Account in proper form for the year ended 31<sup>st</sup> March, 2024 from the following particulars related to Balaji General Insurance Co. for the year ended 2023-24: (15)

Particulars	Related to Direct Business (Rs.)	Related to Reinsurance (Rs.)
<b>Premiums:</b>		
Amount received	40,00,000	3,60,000
Receivable at the beginning	5,60,000	46,000
Receivable at the end	4,10,000	54,000
Amount paid	--	6,30,000
Payable at the beginning	--	80,000
Payable at the end	--	94,000
<b>Claims:</b>		
Amount paid	32,00,000	3,20,000
Payable at the beginning	70,000	72,000
Payable at the end	3,80,000	68,000
Amount recovered	--	2,20,000
Receivable at the beginning	--	38,000
Receivable at the end	--	42,000
<b>Commission:</b>		
Amount paid	63,000	20,200
Amount received	--	44,400

Additional Information:

- (i) Interest, dividend and rent received - 45,000
- (ii) Management expenses including 25,000 related to legal expenses regarding claims - 2,00,000

- (iii) Provision for income tax existing at the beginning of the year was 3,45,000, the income-tax actually paid during the year 2,45,000 and the provision necessary at the year end 4,18,000.
- iv) The net premium income of the company during the year 2022 – 23 was Rs. 28,00,000 on which reserve for unexpired risk @ 50% and additional reserve @ 8% was created. This year, the balance to be carried forward is 50% of net premium on reserve for unexpired risk and 5% on additional reserve.

OR

Q.3 B) Raj and Ketan are partners sharing profits equally. From the following Trial Balance, prepare Trading and Profit & Loss A/c for the year ended 31<sup>st</sup> March, 2024 and the Balance Sheet as at that date of M/s RK after making the adjustments given below:

(15)

Particulars	Dr. Rs.	Cr. Rs.
Raj's Capital		16,00,000
Ketan's Capital		14,00,000
Land and Buildings	8,70,000	
Plant and Machinery	1,75,000	
Goodwill	12,00,000	
Raj's Drawings	1,00,000	
Ketan's Drawings	1,26,000	
Electricity Deposits	10,000	
Stock (1-4-2023)	2,70,000	
Wages	1,00,000	
Purchases	6,90,000	
Carriage Inward	6,000	
General Expenses	40,000	
Rent and Taxes	12,000	
Motor Car	30,000	
Carriage Outward	14,000	
Sales		8,40,000
Salaries	31,000	
Legal Charges	1,050	
Bad Debts written off	21,000	
Provision for Doubtful Debts		15,000
Printing and Stationery	20,000	
Debtors	1,98,000	
Creditors		75,000
Bank Current A/c	15,950	
	<b>39,30,000</b>	<b>39,30,000</b>

- Closing stock was 4,60,000.
- It is discovered that credit sales effected on 21-3-2024 to the value of 2,000 have not been entered in the books.
- Stock worth 30,000 un-insured has been destroyed by fire.
- Plant and Machinery worth 10,000 purchased on 31<sup>st</sup> March, 2024 has been inadvertently included in purchase.
- Wages include a sum of 5,000 spent at the time of installation of a new machinery valued Rs.40,000 on 30.09.2023
- The Motor Car was sold on 30-9-2023 for Rs.20,000, the amount being wrongly included in the sales. Depreciate Plant and Machinery at 10% p.a. and Motor Car

at 20% p.a. and Provision for Bad Debts to be increased to 20,000. Opening balance of Plant and Machinery as on 1-4-2023 was 1,35,000.

**Q.4 A) Summarized balance sheet of Nagarajan ltd.as at 31<sup>st</sup> March, 2024 (15)**

Liabilities	Amount	Assets	Amount
15,000 Equity shares of Rs.100 each	15,00,000	Goodwill	1,20,000
Profit and loss account	10,00,000	Land and Building	14,00,000
Workman compensation fund	6,00,000	Plant and Machinery	5,00,000
Debentures	6,00,000	10% Investment (Non-Trade)	9,00,000
Creditors	4,60,000	Debtors	5,20,000
Other current liabilities	2,80,000	Stock	4,80,000
		Cash and Bank Balance	2,60,000
		Other Current Assets	2,20,000
		Share Issue Expenses	40,000
	<b>44,40,000</b>		<b>44,40,000</b>

Additional Information:

- In similar business normal return on capital is 10% (After Tax)
- Profit for last four years before tax are as follows:

Year	Profit (Rs.)
Year ending 31 <sup>st</sup> March, 2021	8,50,000
Year ending 31 <sup>st</sup> March, 2022	9,00,000
Year ending 31 <sup>st</sup> March, 2023	9,50,000
Year ending 31 <sup>st</sup> March, 2024	8,00,000

- An Average rate of 40% is payable as income tax.
- In the year 2021-22, there was a fire which resulted in a loss of Rs.1,00,000 and during the year 2022-23 the company had sold its furniture resulting into a profit of Rs.1,50,000.
- The changes expected from ensuring year are:
  - Increase Directors fees Rs.1,00,000 p.a
  - Reduction in Advertisement Expenses Rs.2,50,000 p.a
  - Increase in distribution expenses Rs.1,00,000 p.a
- All Current Assets (Excluding cash and bank) are to be valued at 120% of book value for valuation of goodwill.
- The market value of land and building is Rs.20,00,000 and plant and machinery is Rs.6,00,000.
- Liability under workmen compensation fund is expected at Rs.3,00,000

Calculate goodwill under capitalization by future maintainable profit method. Use simple average.

**OR**

**Q.4 B) Balance Sheet of Virat Ltd as on 31<sup>st</sup> March, 2024 is below: (15)**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
2,000 Equity shares of Rs.100 each fully paid up	2,00,000	Land & Building	70,000
200, 6% Preference Shares of Rs.100 each, fully paid up	20,000	Plant & Machinery	88,000
Reserve & Surplus	50,000	Investments	20,000
Debentures	20,000	Stock	36,000
Creditors	20,000	Sundry Debtors	24,000
		Bank Balance	53,000
		Cash on Hand	19,000
	<b>3,10,000</b>		<b>3,10,000</b>

You are informed that:

- Land and Building is valued at Rs.80,000
- Plant and Machinery is valued at Rs.80,000
- The profits for last five years were Rs.36,000, Rs.35,000, Rs.40,500, Rs.40,000 and Rs.38,500.
- The normal rate of return is 10% for all purpose.
- Company has practice to transfer to reserve 25% of net profit.
- Goodwill valued Rs.59,000.

You are required to find out:

- Intrinsic Value per share
- Yield Value Per share
- Fair Value Per Share

**Q.5 A) (i) Distinguish between NBFC and Banks (08)**

**(ii) What do you mean by Bank? Explain its functions? (07)**

**OR**

**Q.5 B) Write Short Notes (Attempt any Three) (15)**

- Short Note on Asset Finance Company
- Re-insurance
- Short note on acceptances and endorsements under Banking company
- Features of Limited Liability Partnership
- Methods of valuation of Shares

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Time: 2 1/2 Hours

Marks: 75

- N.B.:**
1. Q.1 is compulsory.
  2. Q.2 to Q.5 are compulsory with internal choice.
  3. All questions carry equal marks.
  4. Working notes should form part of your answer.
  5. Use of simple calculator is allowed.

**Q.1A) Select the correct option and complete the sentence. (Any 8) (8)**

1. Top management of the company is involved in framing \_\_\_\_\_ strategy as it has long term impacts on the company's future.  
a) corporate b) business c) functional d) departmental
2. Which of the following methods of capital budgeting ignores the time value of money?  
a) Profitability Index b) Net Present Value (NPV) c) Internal Rate of Return (IRR) d) Payback period
3. The level of sales at which NPV is equal to \_\_\_\_\_ will be the financial break-even point.  
a) zero b) one c) two d) three
4. As per \_\_\_\_\_ approach, the cost of debt (kd) remains constant upto a certain level of leverage but rises thereafter at an increasing rate.  
a) Net Income b) Net Operating Income c) Modigliani-Miller d) Traditional
5. According to \_\_\_\_\_ the dividend policy is irrelevant.  
a) Walter's Model b) Gordon's Model c) Modigliani-Miller d) Graham and Dodd
6. Mutual fund is a \_\_\_\_\_ that pools together the funds of many investors to make investments in assets.  
a) company b) trust c) bank d) partnership firm
7. Mutual Funds are regulated by \_\_\_\_\_.  
a) RBI b) SEBI c) AMFI d) NISM
8. The possibility that a bond issuer will not be able to pay interest or principal amount when they are due is called \_\_\_\_\_.  
a) reinvestment risk b) liquidity risk c) legislative risk d) default risk
9. Customer evaluation is performed taking into consideration the \_\_\_\_\_ model.  
a) 2C's b) 3C's c) 4 C's d) 5C's
10. Receivables Management deals with \_\_\_\_\_.  
a) receipts of raw materials b) debtors collection c) creditor's management d) inventory management

**Q.1B) State whether the following statements are True or False (any seven) (7)**

1. Business Strategy focuses on specific market segment or business unit (SBU).
2. The project with highest net present value shall be ranked first.
3. Capital rationing is used by companies to ensure that only the most feasible and profitable investments are made.
4. A decision tree is a diagram representing a decision problem as a series of decisions to be taken under conditions of uncertainty.
5. A mix of various long term finances used by a company is called capital structure.
6. Stable dividend policy has negative impact on the market price of shares.
7. A close – ended mutual fund is one that sells and repurchases units at all times.
8. Current yield is same as Yield to Maturity (YTM).
9. When credit period is increased, bad debt expenses decreases.
10. Mutual Fund schemes offer guaranteed returns to investors.

**Q.2 A) Blue Ocean Ltd is considering the following two machines for purchase: (15)**

Particulars	Year	Machine A	Machine B
Initial cash outflow ( Rs)	0	2,00,000	1,90,000
Expected life (years)		5	5
Salvage value at the end of year 5 (Rs)		0	10,000
Earnings before depreciation and taxes (Rs)	1	40,000	60,000
	2	50,000	50,000
	3	70,000	30,000
	4	80,000	70,000
	5	90,000	85,000

The required rate of return is 12%. The tax rate applicable to the company is 30%. Depreciation on Machines is charged on straight line method.

You are required to assist the company on selection of machine using:

a) Net Present Value (NPV) b) Profitability Index c) Discounted Payback method.

**OR**

**Q.2 B) Compassion Ltd. has Rs 10,00,000 available for capital budgeting purpose. The following projects and associated profitability indexes have been determined: (8)**

Project	Cost Rs	Profitability Index
1	3,00,000	1.20
2	1,50,000	0.90
3	3,50,000	1.20
4	4,50,000	1.18
5	2,00,000	1.20
6	4,00,000	1.05

Which all from the above investments should be undertaken? Assuming that the projects are indivisible, you are required to use NPV method to rank the projects. Assume that there is no alternative use of the money allocated for capital budgeting.

**Q.2 C) Peace Ltd is considering a new project with the following details: (7)**

Sr.No.	Particulars	Rs in crores
1	Initial capital cost	500
2	Sales p.a.	700
3	Variable cost p.a.	200
4	Fixed cost p.a.	120
5	Discount rate	8%

The life of the project is 3 years. Compute NPV of the project.

From the above given project details, calculate the sensitivity of the (a) Project cost (b) Variable cost and (c) Sales. Indicate the most sensitive variable.

**Q.3 A) Two companies Seeta Ltd and Geeta Ltd are identical in all respects except the degree of leverage. Seeta Ltd has 9% debt of Rs 7 lakhs, whereas Geeta Ltd has no debt. Both the companies are earning profits before tax of Rs 5 lakhs each. The equity capitalisation rate is 11% and the corporate tax rate is 30%. (8)**

You are required to compute market value of the two companies (levered and unlevered) using Modigliani – Miller theory with Corporate Taxation.

**Q.3 B)** Jolly Ltd is expecting an annual EBIT of Rs 8,00,000. The company has raised Rs 20,00,000 from 10% Debentures. The cost of equity capital or capitalisation rate is 18%. You are required to calculate the total value of the company and overall cost of capital. (7)

OR

**Q.3 C)** Following information is given for Joy Ltd (15)

Earnings per share	Rs 40
Dividend per share	Rs 8
Cost of Capital (ke)	17%
Internal Rate of Return (r)	22%

You are required to calculate market price per share using:

- Gordon's formula
- Walter's formula

**Q.4 A)** Sunder Mutual Fund provides you the following portfolio of its balanced advantage scheme as on 30<sup>th</sup> September, 2024. (15)

Portfolio holding	Cost in Rs lakhs
Listed equity shares of TCS Ltd (500 shares @ Rs 4,000)	20
Listed equity shares of SBI (3000 shares @ Rs 500)	15
Listed equity shares of HDFC Bank(500 shares @ Rs 1,000)	5
Dividend receivable on above shares	2
Bonds at cost of purchase	16
Interest receivable on bonds	2
Expenses payable	5
Cash at Bank accounts	3

Additional information:

- Number of units of Rs 10 face value each is 10,00,000.
  - The closing market price of the equity shares as on 30<sup>th</sup> September, 2024 are as under:  
TCS Ltd Rs 4,400  
SBI Rs 800  
HDFC Bank Rs 1,500
  - Value of Bonds have appreciated by 10% of purchase price as on 30<sup>th</sup> September, 2024.
- You are required to compute the Net Asset Value (NAV) per unit on 30<sup>th</sup> September, 2024.

OR

**Q.4 B)** Corola Ltd is considering investment in one of the following Bonds. (8)

Bonds	Coupon	Maturity	Purchase price (face value Rs 100)
REC	6%	8 years	120
NHAI	7%	7 years	80

Compute YTM of both the bonds and give your suggestion for selection of bond

**Q.4 C)** Gambit Ltd.'s present sale is Rs 30,00,000 per annum with 20 days credit period. (7)  
 Present variable cost is 70% of sales and total fixed cost is Rs 5,00,000 per annum. The company expects pre-tax return on investment @ 20%. To increase sales, the CFO of the company is contemplating to relax the credit policy. With increase in credit period, the sales are expected to increase as follow:

Credit Policy	Average collection period (Days)	Expected Annual Sales (Rs)
A	30	35,00,000
B	40	40,00,000

You are required to advise the CFO of the company regarding the best credit policy which should be adopted. Assume 360 days in a year.

**Q.5 A)** What are the three levels of strategy? Explain each of these with diagram and suitable examples. (8)

**Q.5 B)** Explain any seven factors determining Capital Structure of a company. (7)

OR

**Q.5 C)** Write Short Notes on the following. (Any three) (15)

1. Significance of dividend policy.
2. Decision Tree Analysis
3. Wealth maximization
4. Advantage of Mutual Fund
5. Discounted Payback Period

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Time Duration 2 ½ hours

Marks 75

Note –

1. Question 1 is compulsory
2. Question 2, 3, 4 and 5 have internal options
3. All questions carry 15 marks each.
4. Figures to the right, indicate full marks assigned to the question.
5. Use of only simple calculator is allowed.

Q.1A) State whether True/ False (Any Eight)

[08]

1. Growth analysis is primarily concerned with measuring the increase in a company's revenue, market share, or profit over time.
2. A financial forecast should be static, with no adjustments made once it's created.
3. Comparative statements are only useful for comparing data across multiple companies, not for comparing performance over time for the same company.
4. If a company has total liabilities of Rs. 3,00,000, and equity of Rs. 2,00,000, the debt-to-equity ratio is 1.5:1.
5. Sustainable earnings refer to a company's ability to generate consistent profits over time, even during periods of economic downturn.
6. Cash flow and profitability are the same thing, meaning a company that is profitable always has positive cash flow.
7. In asset valuation, the goal is to estimate what an asset would sell for in an open market transaction.
8. The primary goal of business valuation is to determine the price that an investor should be willing to pay for a company.
9. The value of a share can fluctuate based on changes in market sentiment, economic conditions, and company performance, even if the company's fundamentals remain unchanged.
10. A company's earnings are considered sustainable if they are primarily derived from its core business operations rather than from speculative activities or one-time gains.

Q. 1B) Match the following (Any Seven)

[07]

A Group	B Group
1. The value of an asset calculated by summing its individual assets (like cash, equipment, inventory) and subtracting liabilities.	a) Super Profit Method
2. Cash flows related to the purchase or sale of long-term assets (e.g., property, equipment, or investments).	b) Market Value
3. A statement that shows the percentage change in each item over time, typically from a base year to current year, to analyze performance trends.	c) Net Asset Value (NAV)
4. A method used to estimate the goodwill of a business by calculating the excess profits above a normal return on invested capital, capitalized to determine the value of goodwill.	d) Growth Analysis
5. The estimation of a company's revenue based on trends, historical data, and other factors.	e) Cash flow from Investing Activity
6. Financial statements that are projected for the future, such as the income statement, balance sheet, and cash flow statement.	f) IRR Rule
7. The value of an asset in the market, determined by what buyers are willing to pay, often affected by supply and demand dynamics.	g) Trend Analysis

8. Measures how many times inventory is sold and replaced over a period.	h) Revenue Forecasting
9. The decision rule that states an investment is acceptable if its IRR exceeds the required hurdle rate.	i) 3 Statement Model
10. A financial projection that assesses a company's ability to sustain growth, considering profitability, market conditions, and reinvestment potential.	j) Inventory Turnover Ratio

**Q. 2 A]** A Company is considering a project. Two projects are available, Project A and Project B. Initial Cost of each project is Rs. 700 lakhs. In comparing the projects, a discount rate of 10% is to be considered. Expected Cash Profit are as follows: **[15]**

Year		1	2	3	4	5
Project A	Amount (Rs. in Lakhs)	150	200	225	250	260
Project B	Amount (Rs. in Lakhs)	170	180	200	250	300

Indicate which project should be accepted based on NPV and Profitability Index. The tax rate is 30%. The present value of Re 1 @ 10% discounting factor are as under

Year	1	2	3	4	5
PVIF @ 10 %	0.909	0.826	0.751	0.683	0.621

OR

**Q. 2 B]** Prepare a cash flow statement from the information provided by M/S VMG & Bros.: **[15]**  
Balance Sheet as on 31<sup>st</sup> March

Liabilities	2023 Rs.	2024 Rs.	Assets	2023 Rs.	2024 Rs.
Creditors	108000	123000	Land	60000	90000
Loan from Partner	-	60000	Building	150000	165000
Loan from Bank	90000	75000	Machinery	240000	258000
Capital	400000	400000	Cash	12000	10800
Reserves and Surplus	44000	47000	Debtor	105000	115200
			Stock	75000	66000
	<b>642000</b>	<b>705000</b>		<b>642000</b>	<b>705000</b>

Additional Information:

1. During the year Rs. 78,000 paid as dividend.
2. The provision made for depreciation against machinery as on 31<sup>st</sup> March 2022 was Rs. 81,000 and on 31<sup>st</sup> March 2023 Rs 1,08,000.

Q.3 A] Following is the Trading and Profit & Loss a/c of KBC Ltd for the year ended 31<sup>st</sup> March, 2024 and Balance Sheet as on that date:

[15]

Trading and Profit & Loss A/c for the year ended 31/03/2024

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	8,40,000	By Sales	
To Purchases	4,20,000	Gross	24,00,000
To Factory Power	8,800	Less Returns	<u>4,00,000</u>
To Carriage Inward	20,000	By Closing Stock	3,00,000
To Wages	1,60,000	By Royalties	20,000
To Office Salaries	20,000	By Income from Investments	20,000
To Office Rent	8,000	By Commission	12,000
To Office Electricity	12,000		
To Depreciation on Furniture	10,000		
To Printing & Stationery	24,000		
To Travelling expenses of Salesmen	12,000		
To Depreciation on Delivery Van	4,000		
To Insurance on Delivery Van	2,000		
To Advertisement	1,600		
To General Expenses	2,000		
To Postage	2400		
To Audit Fees	2,000		
To Interest on Loan	2,400		
To Bank Charges	800		
To Provision for Tax	4,00,000		
To Net Profit	4,00,000		
	<b>23,52,000</b>		<b>23,52,000</b>

(Preparation of Vertical Statement is not necessary)

Calculate a) Stock Turnover Ratio  
d) Operating Ratio

b) Gross Profit Ratio  
e) Operating Profit Ratio

c) Net Profit Before Tax Ratio  
f) Selling & Distribution expense Ratio

OR

**Q.3 B]** Following is the Financial Position of JP Morgan Ltd. as on 31st March:

[15]

Liabilities	2023 (Rs.)	2024 (Rs.)	Assets	2023 (Rs.)	2024 (Rs.)
Equity Share Capital	4,00,000	5,00,000	Building	6,00,000	6,40,000
10% Pref. Share Cap	4,00,000	3,00,000	Machinery	3,00,000	3,60,000
Reserve Fund	1,60,000	2,00,000	Furniture	80,000	70,000
Profit & Loss A/c	2,00,000	3,00,000	Investment	2,00,000	3,00,000
12% Debentures	4,00,000	6,00,000	Stock	3,00,000	4,00,000
Creditors	2,00,000	2,40,000	Debtors	2,00,000	2,40,000
Bank Overdraft	1,00,000	40,000	Bank Balance	1,80,000	1,70,000

From the above information of JP Morgan Ltd, you are required to prepare Comparative Statement, after rearranging in suitable form for analysis.

**Q. 4 A]** Following figures have been extracted from the records of a company:

[08]

Year	2022-23	2023-24
SalesRs.	1500000	2100000
Units Sold	30000	35000

Account for changes in sales value due to changes in sales quantity, selling price and both.

AND

**Q. 4 B]** Mr. MM wants to sell his residential property located in Chennai. Following is the information available of a similar property of Mr KK:

[07]

Particulars	Property of Mr MM	Property of Mr KK
Area	1650 sqft	1800 sqft
Sales Value Rs.	--	1,80,00,000
Additional expenses incurred on property for renovation Rs.	--	1350000
Value of Furniture included along with property Rs.	--	750000

Further, the value of property has generally appreciated by 8% since the sale of property by Mr KK.

Calculate the value of residential property of Mr MM.

OR

**Q. 4 C]** The following is the Balance Sheet of Samantha Ltd as on 31st March 2024.

[15]

Liabilities	Rs.	Assets	Rs.
<b>Share Capital:</b>		Land & Building	1,68,000
Equity Shares of Rs. 10 each	3,00,000	Plant & Machinery (W.D.V)	1,92,000
General Reserve	60,000	Trademarks	30,000
Taxation Reserve	90,000	Stock	72,000
Workmen's Saving Account	45,000	Debtors	1,32,000
Profit & Loss A/c	48,000	Cash at Bank	78,000
Sundry Creditors	1,47,000	Preliminary Expenses	18,000
	<b>6,90,000</b>		<b>6,90,000</b>

The Plants & Machinery is worth Rs. 1,80,000 and Land & Building have been valued at Rs. 3,60,000 by an independent valuer. Rs. 12,000 of the debtors are bad, the profits of the company have been as follows:

Year	Rs.
2021	60,000
2022	67,500
2023	79,500

It is the company's practice to transfer 25% of the profits to reserve. Ignoring taxation, find the value of the shares on the Yield basis and on the Net Assets basis. Similar companies give a return of 8% on the Market value of shares. Goodwill may be taken to be worth Rs. 2,40,000.

**Q. 5 A]** Explain the concept of financial Modeling and its Merits.

[08]

**Q. 5 B]** Explain the purpose of Business Valuation.

[07]

OR

**Q.5 C]** Write Short Notes on following. [any3]

[15]

1. Financial Forecasting Techniques
2. Super Profit Method of Valuation of Goodwill
3. Common Size Analysis
4. Analysis of Profitability
5. P/B Ratio

\*\*\*\*\*

Time: 3 hrs.

Total Marks: 100

- N.B. 1) All questions are compulsory  
2) Figures to the right indicate full marks  
3) Working notes should form part of your answer  
4) Use of simple calculator is allowed

**Q. 1 A. State whether the following statements are true or false (Any Ten) (10)**

1. The preparation of final accounts for companies excludes the cash flow statement.
2. AS 1 requires the disclosure of accounting policies in the final accounts of companies.
3. Outstanding expenses and income do not need to be adjusted in the final accounts preparation.
4. Depreciation is considered an adjustment in the preparation of final accounts.
5. Internal reconstruction and external reconstruction refer to the same process.
6. The buyback of shares can only be conducted under specific legal provisions and restrictions.
7. Ethical behavior in accounting does not have any implications for corporate governance.
8. The principle-based approach to accounting emphasizes the importance of ethical values.
9. Whistle-blowing plays a diminishing role in promoting ethics within organizations.
10. Bad debts should be accounted for in the preparation of final accounts.
11. Investment accounting under AS-13 only applies to fixed income bearing securities.
12. The accounting standard setting process is influenced by ethical considerations.

**Q. 1 B. Select the most appropriate option from the given options and rewrite the sentence (Any Ten) (10)**

1. Which of the following is excluded from final accounts?  
A) Income statement                                      B) Balance sheet  
C) Cash flow statement                                      D) Shareholders' equity
2. AS 1 requires the disclosure of:  
A) Tax liabilities    B) Accounting policies    C) Audit reports    D) Revenue forecasts
3. Which adjustment is NOT typically made in final accounts?  
A) Closing stock    B) Depreciation    C) Capital gains tax    D) Outstanding expenses
4. What differentiates internal reconstruction from external reconstruction?  
A) Legal approval needed                                      B) Involvement of new investors  
C) Shareholder impact                                      D) Complexity of process
5. Buyback of shares requires compliance with:  
A) No restrictions                                      B) Specific legal conditions  
C) Only minority shareholder approval                                      D) Shareholder consensus
6. Ethical behavior in accounting influences:  
A) Financial performance only                                      B) Corporate governance  
C) Personal relationships                                      D) Software design
7. Which approach emphasizes ethical values?  
A) Rules-based    B) Principal-based    C) Compliance-based    D) Risk-based

8. Whistle-blowing helps to:

- A) Discourage transparency  
 B) Identify unethical practices  
 C) Promote silence  
 D) Protect management

9. Bad debts are:

- A) Ignored in accounts  
 B) Deducted from income  
 C) Added to assets  
 D) Recorded as revenue

10. AS-13 applies to:

- A) Only shares  
 B) Only debentures  
 C) Both variable and fixed income securities  
 D) No securities

11. Proposed dividends must be:

- A) Ignored  
 B) Included as an expense  
 C) Recorded only if declared  
 D) Transferred to reserves

12. A company can alter its share capital by:

- A) Issuing shares at par  
 B) Reducing capital  
 C) Changing shareholder rights  
 D) All of the above

Q.2 A) Following is the Trial Balance of Purva Ltd; as on 31st March 2024:

(20)

Debit	Amount Rs.	Credit	Amount Rs.
Land & Building	7,00,000	Share Capital:	
Furniture	2,00,000	1,00,000 Equity Shares of Rs.	
Plant & Machinery	6,00,000	10 each	10,00,000
Motor Vehicle	7,00,000	10% Debentures (01/04/2023)	8,00,000
Salaries & Wages	1,44,000	Provision for Tax (2022-23)	1,40,000
Rent & Taxes	36,000	Sundry Creditors	1,80,000
Travelling expenses	32,000	Bills Payable	80,000
Printing & Stationery	34,000	General Reserve	3,60,000
Motor Vehicle Expenses	16,000	Securities Premium	40,000
Repairs of Machinery	33,000	Capital Reserve	30,000
Stock (01/04/2023)	1,88,000	Profit & Loss a/c (01/04/2023)	1,10,000
Debtors	2,90,000	Sales	23,90,000
Cash	16,000	Interest on Investment	15,000
Bills Receivables	60,000		
10% Investments	3,00,000		
Interest on Debentures	32,000		
Advance Tax			
For 2022-23	1,44,000		
For 2023-24	1,20,000		
Purchases	15,00,000		
	51,45,000		51,45,000

**Additional information:**

- 1) Stock on 31st March 2024 was valued at Rs. 3,00,000.
- 2) Depreciation on Land & Building is to be provided @ 5%, On Plant & Machinery @ 10%, On Furniture @ 10% and on Motor Vehicle @ 20% p.a.
- 3) Debtors include debts due for more than 6 months is Rs. 40,000

- 4) 10% Dividend is proposed by the directors.
- 5) Provision for taxation is to be made @ 50% on the current year's profit.
- 6) The market value of the Investment on 31st March 2024 was Rs. 3,60,000.
- 7) Interest on Investment is due for 6 months but not received.
- 8) Authorized Share capital of the company is Rs. 20,00,000 divided into 2,00,000 Equity Shares of Rs. 10 each.

You are requested to prepare a Profit and Loss account for the year ended 31st March 2024 and Balance Sheet as on that date.

**OR**

**Q.2 B)** Following is the summarized Balance Sheet of Canisha Ltd. As on 31 March 2024. (20)

Liabilities	Amt	Assets	Amt
12,000- 8% Preference Share of 100 each	12,00,000	Goodwill	2,00,000
1,00,000 Equity Shares of 10 each	10,00,000	Plant & Machinery	6,00,000
Capital Reserve	1,00,000	Furniture	2,00,000
6% Debentures of 100 each	6,00,000	Stock	3,00,000
Interest due on Debentures	1,00,000	Sundry Debtors	1,50,000
Sundry Creditors	3,60,000	Bank & Cash Balance	2,50,000
		Discount on Debentures	60,000
		Land & Building	6,00,000
		Profit & Loss A/C (Dr.) Balance	10,00,000
	<u>33,60,000</u>		<u>33,60,000</u>

Note : Preference dividend is in arrears for three years.

The followings scheme of reconstruction was prepared and duly approved by the court:

1. The preference shares shall be converted into an equal number of 10% preference shares of 50 each.
2. The equity shares shall be reduced to 4 each. However, the face value will remain the same.
3. 6% debentures shall be converted into equal number of 9% debentures of 75 each. The debenture holders also agreed to waive 50% of the interest due.
4. Arrears of preference dividend is to be reduced to one year's dividend which is paid in cash.
5. The Sundry creditors agreed to waive 30% of their claims and to accept equity shares for ₹60,000 in part settlement of their renewed claims.
6. The assets are to be revalued as under: Land & Building ₹7,00,000, Plant & Machinery ₹5,00,000, Furniture ₹1,60,000, Stock ₹2,00,000 & Sundry Debtors ₹1,40,000.
7. Write off Profit & Loss A/c (Dr.) Balance, Intangible & fictitious assets.
8. Reconstruction expenses were ₹2000.

Pass Journal Entries in the books of Canisha Ltd. to record the above transactions. Also Prepare Capital Reduction A/c.



**Q.3 A)** On 1st April 2023, Mr. Rajiv had 80,000 Equity Shares of Rs. 10 each of XY Ltd; purchased at a cost of Rs. 20 per share.

On 30th April 2023, Mr. Rajiv Purchased 20,000 Equity Shares of Rs. 10 each of AB Ltd; at Rs. 30 per share. On the same day he also purchased 40,000 Equity Shares of XY Ltd; at Rs. 15 each.

On 30th June 2023 he sold 4,000 Equity Shares of AB Ltd; @ Rs. 25 per share.

On 1st August 2023, Board of Directors of XY Ltd announced the Right issue of Equity Shares, in the ratio of one share for every three shares held, at Rs. 25 each. Full amount of Right shares was payable by 15th August 2023. Shareholders were allowed to renounce their right either in part or full to the outsiders. Mr. Rajiv renounced 50% of his right at Rs. 10 per share and subscribed for the balance.

On 31st August 2023 AB Ltd; Declared a dividend @ Rs. 3 per share for the year ended 31st March 2023.

On 30th September 2023 XY Ltd; Issued one bonus share for every four shares held as on that date.

On 31st December 2023 Mr. Rajiv Sold 11,200 Equity Shares of XY Ltd; at Rs. 35 per share and 4,000 Equity Shares of AB Ltd; at Rs. 25 per share.

You are required to prepare:

- 1) Investment in Equity Shares of XY Ltd; A/c and
- 2) Investment in Equity Shares of AB Ltd; A/c in the books of Mr. Rajiv for the year ended 31st March 2024. (20)

**OR**

**Q.3 B) Complete the following Fixed Assets Schedule of Jaydeep Ltd;** (10)

Asset	Gross Block				Depreciation				Net Block	
	Opening 01/04/23	Addition	Deduction	Closing 31/3/24	Opening 01/04/23	Addition	Deduction	Closing 31/3/24	Opening 01/04/23	Closing 31/3/24
Land	?	-	-	?	-	-	-	-	?	2,00,000
Building	6,00,000	-	?	?	75,000	10,000	25,000	60,000	?	3,40,000
Plant & Machinery	28,00,000	-	-	?	11,20,000	2,80,000	-	?	?	?
Total	36,00,000	-	2,00,000	34,00,000	11,95,000	2,90,000	25,000	14,60,000	24,05,000	19,40,000

Q.3 C) Arjun Ltd; provided the following data:

(10)

Particulars	Amount Rs.
40,000 Shares of Rs. 100 each, Rs. 70 per Share paid up	28,00,000
General Reserve	4,00,000
Profit & Loss Account	30,00,000
Securities Premium	6,00,000
Bank loan (Long term)	15,00,000
Other long term loan	5,00,000

Keeping in view all legal requirements, ascertain the maximum number of Equity Shares that can be bought back by the company at a maximum possible offer price.

Q.4 A) Following is the summarized Balance Sheet of Ditya Ltd. As on 31 March 2024: (20)

Liabilities	Amt	Assets	Amt
10% Preference Share of 100 each	6,00,000	Goodwill	80,000
1,00,000 Equity Shares of 10 each	10,00,000	Other Fixed Assets	11,20,000
Unsecured Loan	50,000	Investment (Mkt Value 50,000)	65,000
6% Debentures of 100 each	6,00,000	Stock	7,00,000
Interest due on Debentures	1,08,000	Sundry Debtors	80,000
Loan from Bajaj Finance (Including 15,000 Outstanding Interest)	1,15,000	Bills Receivable	67,000
Sundry Creditors	69,000	Profit & Loss A/C (Dr.) Balance	4,30,000
	<u>25,42,000</u>		<u>25,42,000</u>

Note: Preference dividend is in arrears for One years.

1. Preference shareholders to give up their claims, inclusive of dividends to the extent of 30% and balance to be paid off.
2. Debenture holders agree to give up their claims to receive interest in consideration of their rate of interest being enhanced to 10% henceforth.
3. Bajaj Finance agree to give up 50% of their interest outstanding in consideration of their claim being paid off at once.
4. Sundry creditors would like to grant a discount of 5% if they were to be paid off immediately.

5. Balance of Profit & Loss Account, goodwill and 25% of the total sundry debtors to be written off.
6. Other Fixed assets to be written down by 1,20,000.
7. Investment to be reflected at their market value.
8. Cost of reconstructions is 2,350.
9. To the extent required, equity shareholders suffer on reduction of their rights.

Pass necessary Journal Entries in the books of the company assuming that scheme has been put through fully and prepare the Balance Sheet after reconstruction.

**OR**

**Q.4 B) Following is the Balance Sheet of Mrunal Ltd; as on 31st March 2024. (10)**

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Shares of Rs. 10 each		Fixed Assets	15,00,000
Rs. 8 per share paid up	10,00,000	Investments	12,50,000
Security Premium	1,25,000	Bank	5,00,000
General Reserve	5,00,000	Other Current Assets	12,50,000
P & L a/c	6,25,000		
10% Debentures	10,00,000		
Bank loans	2,50,000		
Sundry Creditors	10,00,000		
	<b>45,00,000</b>		<b>45,00,000</b>

After fulfilling all legal requirements, the company decided to buyback 31,250 Shares at an offer price of Rs. 20 per Share. For the purpose of redemption the company took the following steps:

- i) Issued 20,000, 10% Preference Shares of Rs. 10 each at a premium of 10%.
- ii) It sold 50% of Investments at a profit of 10%

Assuming that the buyback is actually carried out, you are requested to pass necessary journal entries in the books of the company.

(Calculation of Maximum number of Shares is not required)

**Q.4 C) Mr. Parth holds 48,000, 12% Debentures of Rs. 10 each in Janki Ltd; as on 1st April 2023 at a cost of Rs. 5,60,000. Interest is payable on 30th June and 31st December every year. Mr. Parth provides you the further details: (10)**

- 1) On 31st May 2023: 16,000, 12% Debentures were purchased at Rs. 1,63,200 cum interest.
- 2) On 31st October 2023: 16,000, 12% Debentures were purchased at Rs. 1,53,600 ex- interest.
- 3) On 1st December 2023: 24,000, 12% Debentures were sold for Rs. 2,58,000 cum interest.
- 4) On 31st January 2024: 32,000, 12% Debentures were sold for Rs. 3,09,200 ex interest.

You are requested to prepare Investment in 12% Debentures account in the books of Mr. Parth for the year ended 31st March 2024. The debentures were quoted at par on 31st March 2024.

**Q.5 A)** Why is ethical behavior important for accountants? Give examples of how unethical behavior can affect financial reports and companies. (10)

**Q.5 B)** What are the legal provisions for the buyback of shares under the Companies Act, how does it affect the company's debt –equity ratio? (10)

**OR**

**Q.5 C) Write Short Notes (Any Four)** (20)

1. Importance of Learning Ethics
2. Investment Accounting (AS 13)
3. Distinction: Internal vs External Reconstruction
4. Capital vs Revenue Expenditure
5. Whistle-Blowing in Accounting
6. Buy Back of Shares

\*\*\*\*\*

वेळ : ३ तास .

एकूण गुण : १००

न.ब. १) सर्व प्रश्न सक्तीचे

- २) उजवीकडील आकडे पूर्ण गुण दर्शवितात
- ३) वर्किंग नोट्स आपल्या उत्तराचा एक भाग असावा
- ४) साध्या कॅल्क्युलेटरच्या वापरास परवानगी

प्र. १ अ. खालील विधाने खरी की खोटी हे सांगा (कोणतीही दहा) (१०)

13. कंपन्यांसाठी अंतिम खाती तयार करण्यात रोख प्रवाह विवरण वगळले आहे..
14. एएस १ मध्ये कंपन्यांच्या अंतिम खात्यांमध्ये लेखा धोरणांचा खुलासा करणे आवश्यक आहे.
15. थकित खर्च आणि उत्पन्न अंतिम हिशेब तयार करताना समायोजित करण्याची आवश्यकता नाही.
16. अंतिम हिशेब तयार करताना अवमूल्यन हे समायोजन मानले जाते.
17. अंतर्गत पुनर्रचना आणि बाह्य पुनर्रचना एकाच प्रक्रियेचा संदर्भ देते.
18. समभागांची पुनर्रखीदी केवळ विशिष्ट कायदेशीर तरतुदी आणि निर्बंधांखाली केली जाऊ शकते.
19. लेखांकनातील नैतिक वर्तनाचा कॉर्पोरेट प्रशासनावर कोणताही परिणाम होत नाही.
20. लेखांकनाचा मुख्य-आधारित दृष्टिकोन नैतिक मूल्यांच्या महत्त्वावर जोर देतो.
21. संस्थांमध्ये नैतिकतेला चालना देण्यासाठी शिष्टी वाजवणे कमी भूमिका बजावते.
22. अंतिम हिशेब तयार करताना बुडीत कर्जाचा हिशेब ठेवावा.
23. एएस -१३ अंतर्गत गुंतवणूक लेखांकन केवळ निश्चित उत्पन्न असलेल्या रोख्यांना लागू होते.
24. लेखा मानक मांडणी प्रक्रिया नैतिक बाबींमुळे प्रभावित होते.

प्र. १ ब. दिलेल्या पर्यायांमधून सर्वात योग्य पर्याय निवडा आणि वाक्य पुन्हा लिहा (कोणतेही १०) (१०)

1. अंतिम खात्यांमधून खालीलपैकी कोणते वगळले जाते?

- |                       |                        |
|-----------------------|------------------------|
| अ) उत्पन्नाचे विवरण   | ब) ताळेबंद             |
| क) कॅश फ्लो स्टेटमेंट | ड) भागधारकांची इक्विटी |

2. एएस १ मध्ये प्रकटीकरण आवश्यक आहे:

- अ) कर दायित्व ब) लेखा धोरणे क) लेखापरीक्षण अहवाल ड) महसुली अंदाज

3. अंतिम खात्यांमध्ये सामान्यतः कोणते समायोजन केले जात नाही?

- |  |              |
|--|--------------|
| अ) बंद होत असलेला साठा (Closing Stock) | ब) अवमूल्यन  |
| क) भांडवली नफा कर                      | ड) थकित खर्च |

4. अंतर्गत पुनर्रचना आणि बाह्य पुनर्रचना यात काय फरक आहे?

- |                            |                               |
|----------------------------|-------------------------------|
| अ) कायदेशीर मान्यता आवश्यक | ब) नवीन गुंतवणूकदारांचा सहभाग |
| क) भागधारकांचा प्रभाव      | ड) प्रक्रियेची गुंतागुंत      |

TIME: 2.5 Hours

MAX. MARKS: 75

- N.B**
- 1) All questions are compulsory.
  - 2) Figures to the right indicate full marks allotted to the question.
  - 3) Simple calculator is allowed.

**Q1 A) Rewrite the statement after choosing correct alternative from the options. (Any 8) [08]**

1. Alphabet 'S' under GST Stands for \_\_\_\_\_
 

(a) Servicing	(b) Service
(c) Services	(d) Serviced
2. GST is levied in India on the basis of \_\_\_\_\_ principle.
 

(a) Origin	(b) Destination
(c) Inception	(d) None of the above
3. GST is currently being levied on \_\_\_\_\_.
 

(a) Alcoholic liquor for Human consumption	(b) Tobacco
(c) Petroleum Products	(d) All of above
4. Funeral, burial, crematorium or mortuary including transportation of the deceased shall be treated as \_\_\_\_\_.
 

(a) Supply of goods	(b) Supply of services
(c) Neither as a supply of goods nor a supply of services	(d) Either as a supply of goods or a supply of services
5. Place of supply in case of installation of elevator is \_\_\_\_\_.
 

(a) Where the movement of elevator commences from the supplier's place	(b) Where the delivery of elevator is taken
(c) Where the installation of elevator is made	(d) Where address of the recipient is mentioned in the invoice
6. Mr. A has started supplying goods & Services in the state of Rajasthan. He is required to obtain registration, if his aggregate turnover exceeds \_\_\_\_\_ during a financial year.
 

(a) Rs. 10 Lakh	(b) Rs. 20 Lakh
(c) Rs. 30 Lakh	(d) Rs. 40 Lakh
7. The term Goods under section 2(52) excludes \_\_\_\_\_.
 

(a) Actionable claims	(b) Money and securities
(c) Grass and things attached to earth	(d) Growing Crops
8. \_\_\_\_\_ means taking goods out of India to place outside India.
 

(a) Import of Goods	(b) Export of Goods
(c) Intra state supply	(d) Interstate supply
9. Renting of rooms where charges are \_\_\_\_\_ or more per day is taxable.
 

(a) Rs. 100	(b) Rs. 500
(c) Rs. 1,000	(d) Rs. 10,000
10. Aggregate Turnover does not include \_\_\_\_\_.
 

(a) Inward supply under RCM	(b) Outward supply under RCM
(c) Fully Exempt Supply	(d) Partially Exempt Supply

B) Identify if the following statements are true or false. (Any 7)

[07]

1. The Prime Minister is the Chairperson of the GST Council.
2. Person according to section 2(84) does not include local authority.
3. Services by an employee to the employer in the course of or in relation to his employment will be treated as supply of service under GST.
4. Supply of Goods within the state is called Interstate supply.
5. Composite supply is naturally bundled in conjunction with each other.
6. Person opting for composition levy shall mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him.
7. Input Tax credit is blocked on Goods lost by fire.
8. Voluntary registration is not possible under GST.
9. Subsidies provided by the Central Government and State Government forms part of value of supply.
10. Time of supply of goods will remain same whether it is forward charge or reverse charge.

Q2 A) Ms. Anita Desai is a registered dealer in Karnataka. She provides the following details for the month of September, 2024. Calculate her Net Tax Liability under GST for September, 2024 (consider Rule 88A). Excess credit adjusted against CGST and SGST in the ratio of 50:50.

[15]

**Closing balance in Electronic Credit Ledger as on 31<sup>st</sup> August, 2024:**

IGST (₹): 10,000      CGST (₹): 30,000      SGST (₹): 50,000

**Transactions During November 2024:**

- Sold Goods at 12% GST to Rajeev in Karnataka: ₹2,50,000
- Sold Goods at 18% GST to Manish in Karnataka: ₹3,50,000
- Purchased Goods at 18% GST from Joshi in Delhi: ₹4,50,000
- Purchased Goods at 5% GST to Gupta in Surat, Gujarat: ₹2,50,000
- Provided Services at 28% GST to Suresh in Kerala: ₹4,50,000
- Provided Services at 12% GST from Alok, Karnataka: ₹1,20,000
- Availed Services at 12% GST from Murthy, Karnataka: ₹55,000
- Availed Services at 28% GST from Alok, Tamil Nadu: ₹4,50,000

OR

B) Excel Pvt. Ltd. is a registered supplier under GST. The following details pertain to their transactions for the month of September 2024:

[15]

**Opening Balance of ITC (as of 1st September 2024):**

CGST: ₹10,000      SGST: ₹10,000      IGST: ₹50,000

**Transaction during the month of September 2024**

- Goods purchased within the state for ₹ 59,000 including GST @18%
- Goods purchased from outside the state: ₹1,68,000 including GST @12%
- Goods purchased within the state for ₹ 50,000 excluding GST @18%
- Goods sold within the state: ₹3,54,000 including GST @18%
- Goods sold outside the state: ₹1,12,000 including GST @12%
- Goods sold within the state: ₹1,00,000 excluding GST @18%

**You are Required to calculate the Net Tax Liability for the month of September 2024.**

- Q3 A) X Ltd. has provided the following details concerning services rendered to Mr. Eklavya for an event they organized: [08]

Particulars	Amount (Rs.)
Service Charge (Including 28% GST)	10,24,000
<b>Other Expenses Charged separately:</b>	
Special equipment rental fee	30,000
Local Taxes Other than GST	15,000
Local event permit fee	10,000
<b>Subsidies:</b>	
Subsidy received from Local NGO	72,000
Subsidy received from a State Government	24,000

Determine the value of taxable services provided by X Ltd.

- B) Determine Time of Supply for services in case of normal supply. [07]

Sr. no.	Date of Provision of Services	Date of Invoice	Date of entry of payment	Date of debiting bank account
1	18-01-2024	15-11-2023	18-01-2024	17-01-2024
2	31-12-2023	21-12-2023	20-02-2024	15-02-2024
3	19-12-2023	22-12-2023	16-02-2024	15-02-2024
4	16-03-2024	20-03-2024	15-03-2024	21-03-2024
5	29-01-2024	30-03-2024	31-03-2024	30-03-2024
6	06-05-2024	07-05-2024	06-05-2024	05-05-2024
7	06-05-2024	08-06-2024	07-05-2024	05-05-2024

OR

- Q3 C) Find out the place of supply from the following information: [08]

1. A supplier in Karnataka ships goods worth Rs. 5,00,000 to a customer in Andhra Pradesh. The movement of goods terminates in Andhra Pradesh.
2. A supplier in Kerala delivers goods worth Rs. 2,50,000 to Tamil Nadu on behalf of a third-party/agent located in Karnataka.
3. ABC Pvt. Ltd., located in Bangalore, installs an internet leased line in its office and is charged Rs. 1,00,000 by XYZ Internet Services Ltd., a company based in Hyderabad.
4. Mr. X, a resident of Mumbai, consumes food worth Rs. 1,500 onboard a flight departing from Bangalore to Delhi.
5. Mr. A of Ahmedabad appoints an architect in Delhi for Rs. 2,00,000 to design a house in Kolkata.
6. Mr. Y, a resident of Delhi, avails personal grooming services worth Rs. 10,000 at a salon located in Mumbai.
7. Mr. X, residing in Mumbai, opens a bank account with ABC Bank Ltd., headquartered in Bangalore, and avails banking services for which he is charged Rs. 5,000 in service fees.
8. Mr. A, residing in Chennai, purchases a postpaid mobile connection from XYZ Telecom Ltd., a company based in Mumbai. His monthly bill amounts to Rs. 2,000.



- D) Determine Time of Supply of Goods in case of normal supply. Assuming that dealer has not opted for composition scheme. [07]

Sr. no.	Delivery of Goods to Customer	Date of Invoice	Date of receipt of payment
1	10-01-2024	05-01-2024	11-01-2024
2	15-02-2024	10-02-2024	20-02-2024
3	20-03-2024	18-03-2024	25-03-2024
4	30-04-2024	28-04-2024	29-04-2024
5	05-05-2024	01-05-2024	06-05-2024
6	12-06-2024	10-06-2024	15-06-2024
7	25-07-2024	20-07-2024	30-07-2024

- Q4) A) Calculate Input Tax Credit admissible to M/s Kaka Ltd. in respect of the following goods procured by it in the month of November 2023. [08]

Sr. no.	Particulars	Rs.
1.	Goods used in construction of 3 <sup>rd</sup> floor office building	30,000
2.	Raw Material used to Manufacture a product	80,000
3.	Goods stolen from the office	5,000
4.	Goods used for generation of electricity for captive consumption	25,000
5.	Accounting and Auditing Services	6,000
6.	Food and beverages purchased for the employees during office hours	4,000
7.	Inputs used in trial runs	15,000
8.	Hotel accommodation and conveyance facility to employees on vacation	9,000

- B) Mr. Guru registered under GST furnishes the following details with respect to the activities undertaken by them in the month of March, 2024: You are required to calculate the value of taxable supply. [07]

Sr. No.	Particulars	Rs.
1.	Receipts from supply of farm Labour	3,60,000
2.	Charges for warehousing of potato-chips	80,000
3.	Rent received from letting of precincts of a temple for Marriage purpose (Per day rent Rs. 15,000)	2,00,000
4.	Health treatment receipt	1,80,000
5.	Cosmetic surgery to improve looks	70,000
6.	Receipt from running a coaching class	2,00,000

OR

- Q4) C) Ms. Reshma, a dealer engaged in supply of goods and has place of business at Nagaland (Special Category State) furnished the following information in the financial year 2023-24. [08]

Sr. No.	Particulars	Rs.
1.	Intra-State Goods Taxable @ 18% (Exclusive of GST.)	2,00,000
2.	Export of goods to Kenya	1,00,000
3.	Value of inward supplies under RCM	2,00,000
4.	Supply of Exempt Service	1,50,000
5.	Supply of Fully Exempt Goods	5,00,000

- a) From which date Ms. Reshma would be liable for registration?  
 b) Whether your answer will be different if Ms. Reshma is a Non-Resident Taxable Person.

- D) Mr. Siddharth who supplies only goods, located in the state of Maharashtra provides you the following information for the month of September, 2024, calculate aggregate turnover under GST, comment whether Mr. Siddharth is liable for registration under GST, if yes, from which date [07]

Date	Taxable Purchase within state	Taxable purchase outside state	Taxable sales within state	Tax Free sales outside the state
02-04-2024	84,000	2,000	6,00,000	1,20,000
05-05-2024	20,000	-	35,000	1,70,000
10-06-2024	56,000	12,000	5,50,000	11,00,000
20-07-2024	3,26,000	15,000	1,80,000	12,45,000
25-08-2024	36,000	10,000	80,000	1,60,000

- Q5) A) What do you mean by Goods & Services Tax? Explain the Scope of GST in details. [08]  
 B) Enumerate the persons liable for registration. [07]

OR

- Q5) C) Write a short note on the following. (Any three) [15]  
 a) Forward Charge  
 b) GST Network  
 c) Value of Supply  
 d) Bill of Supply  
 e) Non Resident Taxable person

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TIBAF sem V

Time : 2 ½ Hours

Marks : 75

**N.B: 1. All question are compulsory.****2. Make suitable assumptions wherever necessary and state the assumptions made.****3. Answer to the same question must be written together.****4. Numbers to the right indicate marks.****Q1) (A) Multiple Choices Question: (Any Eight)****(08)**

1. In a put option, the holder has the right to:
 

A) Sell an asset at a predetermined price.	B) Buy an asset at a predetermined price.
C) Exchange one asset for another.	D) None of the above.
2. Which term describes the risk that a counterparty will not fulfil their obligations in a derivative contract?
 

A) Market risk	B) Credit risk	C) Operational risk	D) Liquidity risk
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3. What happens when an option expires?
 

A) It can be renewed automatically.	B) It becomes worthless if not exercised.
C) It converts into a futures contract.	D) The underlying asset is delivered.
4. Which of the following strategies would likely use a "put option"?
 

A) Speculating on a price increase.	B) Long-term investment in stocks.
C) Hedging against price drops.	D) Borrowing funds.
5. A futures contract requires a margin deposit. What is the purpose of this margin?
 

A) To ensure liquidity.	B) To cover transaction fees.
C) To pay for the underlying asset.	D) To act as collateral for the position.
6. Which of the following is a disadvantage of using forwards?
 

A) They are traded on exchanges.	B) They are standardized contracts.
C) They expose the parties to counterparty risk.	D) They require margins.
7. In a bear market, which type of option would an investor likely consider buying?
 

A) Call option	B) Put option
C) Futures contract	D) Forward contract
8. Which of the following is a key feature of European-style options?
 

A) They can be exercised at any time.	B) They can only be exercised at expiration.
C) They are traded exclusively in the U.S.	D) They have no expiration date.
9. If a trader sells a call option, they are considered to be in a:
 

A) Short position	B) Long position
C) Neutral position	D) Risk-free position

10. The bid price for USD/INR is 75.50 and the ask price is 76.00. If you buy USD 1,000 using INR, you will spend \_\_\_\_\_ INR.  
 A) 76,000      B) 75,500      C) 75,000      D) 75,750

**Q1. B. Answer whether the below statements are true or false (Any seven) (07)**

1. In Forex, the quote currency is the second currency in a currency pair.
2. Futures contracts can only be traded on centralized exchanges.
3. Spot transactions typically settle within two business days.
4. All currencies in the Forex market are quoted against the US dollar.
5. The forward exchange rate is typically used for immediate transactions.
6. The bid price is the price at which a trader can sell a currency.
7. The term "hedging" refers to taking a position in a financial market to offset potential losses.
8. The Forex market is only accessible to large financial institutions.
9. The term "over-the-counter" (OTC) indicates that trading occurs through a centralized exchange.
10. The concept of "pips" is used to measure price movements in the Forex market.

Q2) (A) A one-month Nifty futures contract trades on the NSE. The cost of financing is 15% p.a. and the dividend yield on Nifty is 3% p.a. The spot value of Nifty is 24,350. What is the fair value of the futures contract using simple interest? (08)

Q2) (B) A 1-month call option with a strike price of Rs. 844 for shares of Sam Ltd. is available for a premium of Rs. 20. Find out the net payoff of the option holder given that the share price on the exercise day is (a) Rs. 834, (b) Rs. 844, (c) Rs. 856, (d) Rs. 866, or (e) Rs. 880 (07)

Q2) (C) Hedgers v/s Arbitrageurs in derivative markets. (08)

Q2) (D) What are the key features of a Futures Contract? (07)

Q3) (A) What are various type of margins in a futures contract? (07)

Q3) (B) Calculate time value and intrinsic value of the following stock options of P Ltd. (08)

Option	Strike price	Spot price	Premium charged
Put	1,408	1,320	108
Put	1,232	1,320	20
Call	1,408	1,320	28
Call	1,232	1,320	108

OR

Q.3. C)

Base currency	Variable currency	Bid rate	Ask rate
USD	INR	83.567	82.745
USD	CAD	1.394	1.412
GBP	INR	109.91	109.95
GBP	USD	1.305	1.456
USD	EUR	0.937	0.956

From the above information rates, Calculate Mid-rate, Spread, % Spread. (07)

Q.3. D)

Base currency	Variable currency	Bid rate	Ask rate
USD	INR	84.975	85.001
USD	CAD	1.567	1.573
GBP	INR	108.235	108.752
GBP	USD	1.297	1.388
USD	EUR	0.912	0.955

From the above information rates, Calculate inverse quotes. (08)

Q.4. A) Calculate the rate of following currencies against Indian Rupee. (07)

		BID	ASK
1 USD	=	INR 82.56	83.12
1 GBP	=	USD 1.305	1.450
1 EURO	=	USD 1.085	1.093
1 USD	=	JPY 152.285	153.891

Q.4. B) Form the following USD INR quotations, Calculate the outright forward quotes.

Explain whether it is a premium or discount. (08)

Spot	1-month fwd	2 months fwd	6 months fwd
80.278 / 81.540	150 / 250	250 / 400	800 / 1050

OR

Q.4. C) Explain arbitrage in foreign exchange. (07)

Q.4. D) Explain the difference between risk and exposure. (08)

Q.5. A)

1) Explain the advantages and disadvantages of purchasing power parity. (07)

2) Explain different types of forecasting exchange rate. (08)

OR

Q.5. B] Short notes (Any 3 of 5) (15)

- 1) Hedging
- 2) Spot and forward rates
- 3) LORO accounts
- 4) NOSTRO account
- 5) OTC market