

M.Com (Part-II)
Accountancy : paper IV

3 : 1st half.13-AM(I)

Con. 6871 & (a)-13.

(HM-3077-3078)

(REVISED COURSE)

(3 Hours)

HM-3

[Total Marks : 100]

29/04/2013

(For **Regular Students** admitted in the Academic Year **2011-12** or later and
I. D. O. L. Students admitted in the Academic Year **2012-13**)

- N.B. :** (1) Question Nos. I and II are compulsory carrying **20** and **16** marks **respectively**.
(2) Attempt any **four** questions from the **remaining**, carrying **16** marks **each**.
(3) **Sub-questions** would carry **equal** marks unless indicated to the contrary to their extreme right.
(4) Working / References to Statute, Standards etc. (not **necessary** with reference nos.) to form **part** of the solutions and necessary **assumptions** to be made and stated **clearly**.

I. (a) The following is the account of Mr. Queenfishers in the books of Oil Suppliers Co. : **12**

2012	Particulars	₹	2012	Particulars	₹
01/4	To Balance b/fd.	1,25,000	15/4	By Bank	25,000
15/4	To Sales	8,00,000	30/4	By Bank	1,00,000
28/4	To Sales	10,00,000	14/5	By Bank	8,00,000
30/5	To Sales	5,00,000	31/5	By Bank (pay-order)	1,01,500
3/5	To Bank (chq. returned)	1,00,000	16/6	By Bank (pay-order)	4,12,000
31/5	To Interest	1,500	18/6	By Bank (pay-order)	4,00,000
17/5	To Bank (chq. returned)	8,00,000	30/6	By Balance c/fd.	15,00,000
15/6	To Interest	12,000			
		33,38,500			33,38,500

Scrutinise and Interpret the aforesaid account.

- (b) As the statutory Auditor of Company, state how would you deal with / respond to / **8**
comment on the following situations :—
- (1) You have been appointed as Auditor in place of another earlier auditor and on your writing to the earlier auditor, he has replied stating objection (to your taking over as Auditor from him) on the grounds of non-payment of his fees;
 - (2) **X Ltd.** declared profit of ₹ 1,25,00,000 and the Notes to accounts states that the same is without providing for Depreciation of ₹ 1,00,00,000 and no reason is given for the non-provision of depreciation.

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Con. 6871 (a)-13.

(OLD COURSE)

(3 Hours)

[Total Marks : ..]

N.B. : (1) Attempt any **five** questions.(2) **Each** question carries **20** marks.(3) This question paper is for those students who have taken admission in the Academic Year **2010-11** and earlier and **IDOL** students who have taken admission in the Academic Year **2011-12** and earlier.

1. Comment / Discuss / Elucidate in the light of statutory provisions regarding the Accounts and it :—
 - (a) The Accountant of Prakash Auto Ltd., has requested you to send balance confirmation to a particular group of debtors as the said balances are under dispute and the matter is pending in the court.
 - (b) The Directors of Extra Bright Ltd. declared dividend at 60% for the year 2010-11 in their meeting held on August 2011. You are the Auditor of the company. Give your opinion
 - (c) Window dressing involves manipulation but not necessarily fraud or misappropriation
 - (d) A Tax Auditor has to serve two masters-the state and the tax payer having conflicting intests.
2. (a) Briefly discuss the concept of True and Fair View.
(b) Briefly explain 'Documentation in Audit'.
3. Briefly explain the nine basic principles governing an Audit.
4. (a) State the general consideration in the statement on Auditing practices.
(b) How will you scrutinise Creditors Ledger ?
5. (a) Briefly discuss Audit Planning.
(b) How will you verify outstanding Expenses and Income Received in Advance ?
6. Explain the various matters to be covered in the Auditors Report as per CARO, 2003.
7. (a) What are the rights and duties of Company Auditor ?
(b) State special features of Tax Audit.
8. Distinguish between any **two** of the following :—

(a) Internal Check and Internal Audit	(c) Vouching and Verification
(b) Reports and Certificate	(d) Financial Audit and Cost Audit.
9. Write short notes on any **two** of the following :—
 - (a) Appointment, Re-appointment of Auditor
 - (b) Due Diligence Audit
 - (c) Materiality
 - (d) Information Technology and Auditor.

M.Com (Part-II)
Banking & Finance : Paper IV
Investment Management.

(3 Hours)

[Total Marks : 100]

2/04/2013

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- N.B. :** (1) **Attempt** any **two** questions from **each** section.
(2) **All** questions carry **equal** marks.
(3) Answer both **sections** in the same answer book.

Section I

1. What are the components of Indian Financial System ? Explain the functions of Financial System in detail.
2. Describe the different types of investment avenues available to investors for maximisation of their wealth. What are the tax considerations available to the investors ?
3. What do you understand by mathematical analysis and explain how statistical analysis can contribute towards helping the investor understand the market ?
4. Write notes on :—
 - (a) Over the counter exchange of India
 - (b) Risk and Return analysis.

Section II

5. What is Arbitrage Pricing Theory ? Explain the importance of security market line in pricing of securities.
6. What is equity research ? Discuss the various methods of forecasting share prices in short run and long run period.
7. What is portfolio management ? Explain the steps involved in portfolio management. Discuss any two theories of portfolio management.
8. Write notes on :—
 - (a) Warrants and Options
 - (b) Yield Analysis.

M.Com (Part - II)
 Business Management : Paper II
 Organisational Behaviour
 (OLD COURSE)

(3 Hours)

[Total Marks : 100

- N.B. (1) Question No. 1 is **compulsory**.
 (2) Attempt any **four** questions from the **remaining**.
 (3) **Figures to the right indicate full marks.**

1. Explain in brief any **four** of the following :— 20
 - (a) Intrinsic motivators
 - (b) Positive effects of Organisational Culture
 - (c) Machiavelianism
 - (d) Grape Vine Communication
 - (e) Job Enrichment
 - (f) Lateral Thinking.
2. (a) Explain the contributions of Hawthorne Experiments in the field of Organisational Behaviour. 10
 (b) Define 'Organisational Behaviour'. Discuss how does it help in understanding human behaviour. 10
3. (a) Explain the types of Organisational Design. 10
 (b) 'Transactional Analysis helps in improving Communication Skills.' Explain. 10
4. (a) What is a group ? Explain why people join groups. 10
 (b) Define 'Leadership'. Explain the problems of women leaders in India. 10
5. (a) What are the important determinants of personality ? 10
 (b) Compare and contrast between the theories of Motivation given by Maslow and McClelland. 10
6. (a) 'An individual's attitude is formed with the experiences gained' — Comment. 10
 (b) What is power ? Explain the sources of power. 10
7. Read the following case and answer the questions given below :—

Mr. Acharya is a General Manager of a large manufacturing unit in Ambarnath, with the total strength of 500 employees and 60 staff. He has around 10 capable managers, whom over the period of 15 years he has trained to manage their department. Only 15% employees are new and most of the employees are retained.

Mr. Acharya follows an open door policy where any employee can come and discuss problems or suggest without any hitch. This has made him favourite amongst the employees.

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Mr. Acharya believes in empowering employees so that in future the organisation does not face any problems with managerial succession. Due to which most of the employees enjoy freedom to take decisions and can complete their tasks successfully on time. This resulted into high productivity, quality of product and goodwill in the market for the organisation.

Since few days, Mr. Acharya is restless. He had recruited Mr. Mehta, the production manager after retirement of the manager on the recommendation of a friend. Mr. Mehta was very meticulous in his work. He is sometimes harsh with his supervisors if they commit any mistakes. Due to which supervisors don't enjoy working under him.

One day in a production report sent by Mr. Mehta to Mr. Acharya an error was found for which Mr. Acharya called up Mr. Mehta and confirmed whether it was an error or real figure. The intention was very clear that wrong report cannot be forwarded to the top management.

But Mr. Mehta took it wrongly. He came to Mr. Acharya's cabin and told Mr. Acharya that the report is correct and denied making any further corrections. Though Mr. Acharya tried explaining his point of view Mehta did not budge.

After this interaction Mr. Acharya called the concerned supervisor and got the report corrected. This irritated Mr. Mehta and he resigned from his job on the spot.

Questions :

- (1) Comment on Leadership style of Mr. Acharya. 10
 - (2) Do you feel Mr. Acharya should talk to Mr. Mehta once again ? Give solution to the problem. 10
-

(मराठी रूपांतर)

(जुना अभ्यासक्रम)

(३ तास)

[एकूण गुण : १००]

- सूचना : (१) प्रश्न क्रमांक १ अनिवार्य आहे.
 (२) उर्वरीत प्रश्नांपैकी कोणतेही चार प्रश्न सोडवा.
 (३) उजवीकडील आकडे पूर्ण गुण दर्शवितात.

१. खालीलपैकी कोणतेही चार प्रश्न थोडक्यात स्पष्ट करा :—

२०

- (अ) अंतस्थ प्रेरणा
 (ब) संघटनात्मक संस्कृतीचे चांगले परिणाम
 (क) मॅकिआवेलेनिझम
 (ड) ग्रेप वाईन संवाद
 (इ) जबाबदारी समृद्ध करणे
 (फ) लॅटरल थिंकिंग.

२. (अ) संघटनात्मक वर्तणूकीच्या अभ्यासात हॉथॉर्न प्रयोगाची भूमिका स्पष्ट करा.

१०

(ब) संघटनात्मक वर्तणूक याची व्याख्या करा. मानविय वर्तणूकीस समजण्यास संघटनात्मक वर्तणूक कसे मदत करते ते स्पष्ट करा.

१०

३. (अ) विविध संघटनात्मक रचना स्पष्ट करा.

१०

(ब) 'व्यवहारांना अनुसरून केलेले विश्लेषणमुळे संवादशैली सुधारते.' स्पष्ट करा.

१०

४. (अ) गट म्हणजे काय ? व्यक्ति या गटात सामील का होतात ?

१०

(ब) नेतृत्वशैलीची व्याख्या करा. भारतातील स्त्री नेत्यांच्या समस्या स्पष्ट करा.

१०

५. (अ) व्यक्तिमत्वाचे महत्वाचे निर्धारक (determinants) कोणते आहे ?

१०

(ब) मास्लोव आणि मॅकलेलॅन्डचे अभिप्रेरणेच्या सिद्धांतांची तुलना आणि अंतर स्पष्ट करा.

१०

६. (अ) 'व्यक्तिची मनोभूमिका त्याच्या अनुभवांवर अवलंबून आहे' — चर्चा करा.

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(ब) सत्ता म्हणजे काय ? सत्तेचे स्रोत स्पष्ट करा.

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७. पुढील केस वाचून त्या खाली दिलेल्या प्रश्नांची उत्तरे द्या :—

श्री. आचार्य हे अंबरनाथ येथील एका मोठ्या उत्पादक कंपनीचे जनरल मॅनेजर म्हणून कार्यरत आहेत. ही कंपनी मुख्यतः कुक्कुट खाद्य बनवत असून येथे ५०० कामगार, ६० इतर स्टाफ आणि १० कार्यक्षम मॅनेजर कार्यरत आहेत. ज्यांना श्री. आचार्य गेले १५ वर्षे प्रशिक्षण देत आहेत. फक्त ५ टक्के कामगार नवीन आहेत आणि बहुतांश जुने आहेत.

श्री. आचार्य यांनी या कंपनीमध्ये खुला द्वार धोरण आचरणात आणली आहे, जेणेकरून कोणतेही कर्मचारी त्यांच्यासमोर आपल्या समस्यांची चर्चा व सूचना करू शकतात. त्यांच्या ह्या धोरणामुळे ते सर्व कर्मचाऱ्यांचे आवडते बनले आहेत.

श्री. आचार्य कर्मचाऱ्यांना अधिकार बहाल (empowerment) प्रदान करण्यात विश्वास ठेवतात, जेणेकरून कंपनी भविष्यात व्यवस्थापकिय उत्तराधिकाराच्या अडचणीला सामोरे जाऊ शकते. ह्यामुळे बहुतेक कर्मचारी स्वतंत्रपणे, आनंदाने आपले काम यशस्वीरित्या पूर्ण करू शकतात. त्यामुळे कंपनीच्या उत्पादन शक्ती, मालाची गुणवत्ता आणि ख्यातिमूल्यात वाढ झालेली आढळून येते.

गेले काही दिवस मात्र श्री. आचार्य अस्वस्थ आहेत. त्यांनी एका मित्राच्या शिफारशीनुसार एका मॅनेजरच्या निवृत्तीनंतर श्री. मेहता यांची प्रॉडक्शन मॅनेजर म्हणून नियुक्ति केली. श्री. मेहता हे आपल्या कामात अतिशय काटेकोर आहेत. पर्यवेक्षकांच्या (Supervisor) कामात चुका आढळल्यास श्री. मेहता त्यांच्याशी कठोर राहतात, ज्यामुळे पर्यवेक्षकांना त्यांच्या हाताखाली काम करायला आवडत नाही.

एक दिवस श्री. मेहतांनी आचार्य यांना पाठविलेल्या एका उत्पादन अहवालामध्ये चूक आढळून आली. श्री. आचार्य यांनी श्री. मेहता यांना काही चूक आहे का याची विचारपूस केली. विचार अगदी सरळ होता की कुठल्याही चुकीचा अहवाल वरीष्ठांकडे जावू नये.

पण श्री. मेहता यांनी ह्याचा चुकीचा अर्थ घेतला. त्यांनी श्री. आचार्यांना केबिनमध्ये येऊन सांगितले की रिपोर्ट अचूक असून त्यामध्ये कुठलाही बदल करण्यास नाकारले. श्री. आचार्यांनी त्यांना आपली बाजू समजावण्याचा प्रयत्न केला पण श्री. मेहता त्यांच्या निर्णयावर ठाम राहिले.

या संभाषणानंतर, श्री. आचार्य यांनी संबंधित पर्यवेक्षकाला बोलावून अहवालामध्ये बदल करून वरीष्ठांकडे पाठविला. यामुळे श्री. मेहता यांनी संतापून आपल्या नोकरीवरून राजीनामा दिला.

प्रश्न :

- (१) श्री. आचार्य यांच्या नैतृत्वशैलीबद्दल स्पष्टीकरण द्या. १०
- (२) श्री. आचार्य यांनी परत एकदा श्री. मेहता यांच्याशी बोलावे का ? या समस्येला उपाय द्या. १०

- N.B. :** (1) **Revised Pattern** is applicable to **Regular Students** of academic year **2011-12** and **2012-13**. It is also applicable to **IDOL students** who have taken admission in **2012-13**.
- (2) Question Nos. **1** and **2** are **compulsory** and carry **20** and **16** marks respectively.
- (3) Solve any **four** questions from Question Nos. **3** to **9**, each carrying **16** marks.
- (4) Working notes and assumptions should form **part** of your answers.
- (5) Use of simple calculator is **allowed**.

1. Prepare cash budget for Anupama Ltd. on the basis of the following information 20
 for the first six months of 2012 :-

- (a) Total sales comprises of 25% as cash sales and 75% as credit sales.
- (b) 60% of credit sales are collected in the month after sales, 30% in the second month and 10% in the third, no bad debts are anticipated.
- (c) Sales are estimated as follows :-
- | | | | |
|----------------|-----------|-------------|-----------|
| October, 2011 | ₹ 12 lakh | March, 2012 | ₹ 8 lakh |
| November, 2011 | ₹ 14 lakh | April, 2012 | ₹ 12 lakh |
| December, 2011 | ₹ 16 lakh | May, 2012 | ₹ 10 lakh |
| January, 2012 | ₹ 6 lakh | June, 2012 | ₹ 8 lakh |
| February, 2012 | ₹ 8 lakh | July, 2012 | ₹ 12 lakh |
- (d) Wages and salaries to be paid :-
- | | | | |
|----------------|------------|-------------|------------|
| January, 2012 | ₹ 1,20,000 | April, 2012 | ₹ 2,00,000 |
| February, 2012 | ₹ 1,60,000 | May, 2012 | ₹ 1,60,000 |
| March, 2012 | ₹ 2,00,000 | June, 2012 | ₹ 1,40,000 |
- (e) Anticipated Purchases cash basis :-
- | | | | |
|----------------|------------|-------------|------------|
| January, 2012 | ₹ 6,40,000 | April, 2012 | ₹ 8,00,000 |
| February, 2012 | ₹ 6,40,000 | May, 2012 | ₹ 6,40,000 |
| March, 2012 | ₹ 9,60,000 | June, 2012 | ₹ 9,60,000 |
- (f) Interest on 20,00,000 at 6% p.a. on debentures is due by end of March and June, 2012.
- (g) Excise deposit due in April ₹ 2,00,000.
- (h) Capital expenditure on Plant and Machinery planned for June ₹ 1,20,000.
- (i) Company has a cash balance of ₹ 4,00,000 on 31st December, 2011.
- (j) Rent is ₹ 8,000 p.m.

2. (a) Indicate whether the following statements are **True** or **False** and rewrite them :- 6
- Dividend to equity shareholders reduce tax liability.
 - Dividend payout ratio shows dividend paying ability of the firm.
 - Liquidity has no effect on dividend policy.
 - Trading on equity is used to increase EPS.
 - Cost of Financing is high when finance is raised through issue of equity shares.
 - IRR is the best method of evaluating capital budgeting project.

(b) Fill in the blank with appropriate word and rewrite the sentence, underline the blank filled :-

- (i) Prepaid expenses are not _____ assets. (liquid / current)
- (ii) Capital structure refers to sources of _____ funds. (short term/long term)
- (iii) _____ Leverage affect profit before interest and tax. (Financial / Operating)
- (iv) _____ has given theory of irrelevance. (James Walter / MM)
- (v) Pay back period is the period required to recover back the _____.
(Cash Inflow / Cash Outflow)

(c) Match the columns :-

Column 'A'	Column 'B'
(i) Discounting	(a) Risky securities
(ii) Net operating Profit Ratio	(b) Fixed dividend
(iii) Equity Shares	(c) Maximum for 3 years
(iv) Public Deposit	(d) Deciding present value of future amount
(v) Hypothecation	(e) Operating Profitability
	(f) Possession of goods with the borrower

3. The following is the balance sheet of D Ltd. on March 31st, 2011 :

Balance Sheet of D Ltd. as on 31st March, 2011

Liabilities	₹	Assets	₹
Equity Shares of ₹ 10 each	10,000	Fixed Assets	1,10,000
Additional money received on shares	30,000	Less : Accounted depreciation	30,000
Retained earnings	13,250	Inventories	11,000
Bonds	30,000	Accounts receivable	3,000
Accounts Payable	11,580	Cash	600
		Prepaid Expenses	230
	94,830		94,830

The Company did not buy or sell any fixed assets nor issue any shares during the year 2011-12 :

Following are ratios at the end of 31-3-2012 :-

Current ratio	2.0 times
Acid test ratio	0.8 times
Turnover of average inventory	5.0 times
Turnover of average receivables	25.0 times
Equity ratio	58.8 %
Debt ratio	41.2 %
Times interest earned	6.0 times
Percentage of Profit after tax on sales	7 %
Gross margin percentage	52 %
Book value per share	₹ 58.80
Market value per share	₹ 64
Earning per share	₹ 8.75
Dividend yield	5 %
Corporate income tax rate	30 %
Depreciation rate	4 % or original cost

Use the above data to prepare the company's balance sheet on March 31, 2012 and income statement for the year ended March 31, 2012.

4. The following key information pertains to Ashika Ltd. for the year 2011-12.

	(₹ in lakhs)
Sales	82.50
Variable Costs	46.20
Fixed Costs	6.60
9% Debentures	50.00
Equity shares (₹ 100 each)	60.00
Corporate Tax	35%

You are required to work out :—

- What is the Company's ROI ?
 - Does it have Favourable Financial Leverage ?
 - If the company belongs to an industry whose asset turnover is 3, does it have a high or low asset leverage ?
 - What are the Operating, Financial and Combined Leverage of the Company Ashika Ltd. ?
 - What is the Company's EPS ?
 - What will be the expected EPS if the Sales of Ashika Ltd., increase by 10% in the next year and cost structure as well as Financial structure remains the same.
5. The Modern Chemicals Ltd. requires ₹ 25,00,000 for a new plant. This plant is expected to yield earnings before interest and taxes of ₹ 5,00,000. While deciding about the Financial Plan, the company considers the objective of maximising earnings per share. It has three alternatives to finance the project – by raising debt of ₹ 2,50,000 or ₹ 10,00,000 or ₹ 15,00,000 and the balance, in each case, by issuing equity shares. The Company's share is currently selling at ₹ 150, but is expected to decline to ₹ 125 in case the funds are borrowed in excess of ₹ 10,00,000. The funds can be borrowed at the rate of 10% upto ₹ 2,50,000, at 15% over ₹ 2,50,000 and upto ₹ 10,00,000 and at 20%, over ₹ 10,00,000. The tax rate applicable to the company is 50%. Which form of Financing should the company choose ?
6. Sonakshi Company Ltd. is considering to replace an existing machine with a new machine costing ₹ 1,00,000. The existing machine was purchased three years ago for ₹ 40,000 and is being depreciated as per the straight line method over its eight years' life. It can currently be sold for ₹ 45,000 with no transport cost. The new machine would cost ₹ 20,000 to install and would be depreciated over Five Years. The management believes that the new machine would have a salvage value of ₹ 10,000 and increase in net working capital requirement of ₹ 15,500 as a result of expanded operations with the new machine and at the end of two years an additional machinery for ₹ 12,000 has to be installed to make the new machinery workable. The cost of additional machinery will be written off as depreciation over the remaining three years. The company is taxed at a rate of 50% on normal income and 20% on capital gains. The company's expected after tax profit for the next five years with the existing machine and with the new machine respectively are given as follows :—

Year	With Existing Machine ₹	With New Machine ₹
1	1,70,000	2,10,000
2	2,00,000	1,80,000
3	1,80,000	2,00,000
4	2,20,000	2,20,000
5	1,90,000	2,50,000

- Calculate the new investment required for the new machine.
- If the company's cost of capital is 15% determine whether the new machine should be purchased.

The present value of ₹ 1 at the discount rate of 15% for the five years is given below :—

0.870, 0.756, 0.658, 0.572 and 0.497

[TURN OVER

7. Radiance Garments Ltd. manufactures readymade garments and sells them on credit basis through a network of dealers. Its present sale is ₹ 60 lakhs per annum with 20 days credit period. The company is contemplating an increase in the credit period with a view to increasing sales. Present variable costs are 70% of sales and the total fixed costs ₹ 8 lakhs per annum. The company expects pre-tax return on investment @ 25% some other details are given as under :

Proposed Credit Policy	Average Collection Period (days)	Expected Annual Sales (₹ Lakhs)
I	30	65
II	40	70
III	50	74
IV	60	75

Which credit policy should the company adopt ? Present yours answer in a tabular form. Assume 360 days in a year. Calculations should be made upto two digits after decimal.

8. Vijay Ltd. has got to have the following capital structure :—

16

	₹
Ordinary Share Capital	60,00,000
8% Preference shares	10,00,000
Free Reserves	35,00,000
9½ % Debentures	5,00,000
	1,10,00,000

In addition to above, the bankers had sanctioned a cash credit limit of ₹ 10,00,000 with interest chargeable @ 10% per annum with the condition that in case the company fails to utilize the cash credit limit in full, bank could recover commitment charges @ 8% on the balance unutilized. The cash credit limit as such could be utilized on an average to the extent of 80% only. Among other obligations, the company has to ensure :

- Payment of all interest
- Dividend payout ratio of 60%, and
- Dividend of 12% to equity shareholders.

You are required to calculate company's overall rate of return on Capital employed assuming income tax rate to be 35%. Also indicate cost of Capital after tax.

9. Write short notes on (any four) :—

16

- Internal Rate of Return (IRR)
- Advantages of leasing to lessor
- Limitations of Ratio Analysis
- Sources of Working Capital Finance
- Importance of Cost of Capital
- Depreciation as a source of Finance.

- N.B.** (1) **Old pattern** is applicable to Regular students of academic year **2010-11** earlier year and **IDOL Students** of academic year **2011-12** & earlier years.
 (2) Question No. 1 is **compulsory** and carries **20** marks.
 (3) Solve any **four** questions from Question Nos. **2 to 9**, each carrying **20** marks.
 (4) Working notes and assumptions should **form part** of you **answers**.
 (5) Use of **simple calculate** is **allowed**.

1. Prepare Cash budget for Anupama Ltd. on the basis of the following information for the First six months of 2012 :-

- (1) Total sales comprises of 25% as cash sales and 75% as credit sales.
 (2) 60% of credit sales are collected in the month after sales, 30% in the second month and 10% in the third, no bad debts are anticipated.
 (3) Sales are estimated as follows :-

October, 2011	₹ 12 lakh
November, 2011	₹ 14 lakh
December, 2011	₹ 16 lakh
January, 2012	₹ 6 lakh
February, 2012	₹ 8 lakh

March, 2012	₹ 8 lakh
April, 2012	₹ 12 lakh
May, 2012	₹ 10 lakh
June, 2012	₹ 8 lakh
July, 2012	₹ 12 lakh

- (4) Wages and salaries to be paid -

January, 2012	₹ 1,20,000
February, 2012	₹ 1,60,000
March, 2012	₹ 2,00,000

April, 2012	₹ 2,00,000
May, 2012	₹ 1,60,000
June, 2012	₹ 1,40,000

- (5) Anticipated Purchases -

January, 2012	₹ 6,40,000
February, 2012	₹ 6,40,000
March, 2012	₹ 9,60,000

April, 2012	₹ 8,00,000
May, 2012	₹ 6,40,000
June, 2012	₹ 9,60,000

- (6) Interest on 20,00,000 at 6% p.a. on debentures is due by end of March and June, 2012.
 (7) Excise deposit due in April ₹ 2,00,000.
 (8) Capital expenditure on Plant and Machinery planned for June ₹ 1,20,000
 (9) Company has a cash balance of ₹ 4,00,000 on 31st December, 2011.
 (10) Company can borrow on monthly basis.
 (11) Rent is ₹ 8,000 p.m.

2. The following is the balance sheet of D Ltd. on March, 31, 2011-

Balance Sheet of D Ltd.
as on 31st March, 2011.

Liabilities	₹	Assets		₹
Equity shares of ₹ 10 each	10,000	Fixed Assets	1,10,000	
Additional many received on shares	30,000	Less : Accumulated depreciation	30,000	80,000
Retained earnings	13,250	Inventories		11,000
Bonds	30,000	Account receivable		3,000
Account payable	11,580	Cash		600
		Prepaid expenses		230
	94,830			94,830

The company did not buy or sell any Fixed assets nor issue, any shares during the year

Following are the ratios for the year end 31-3-2012.

Current ratio	2.0 times
Acid-test ratio	0.8 times
Turnover of average inventory	5.0 times
Turnover of average receivable	25.0 times
Equity ratio	58.8%
Debt ratio	41.2%
Times interest earned	6.0 times
Percentage of profit after tax on sales	7%
Gross margin percentage	52%
Book value per share	₹ 58.80
Market value per share	₹ 64
Earning per share	₹ 8.75
Dividend yield	5%
Corporate income tax rate	30%
Depreciation rate	4% on original cost

Use the above data to prepare the company's balance sheet on March 31, 2012 and income statement for the year ended March 31, 2012.

3. The following key information pertains to Ashika Ltd. for the year 2011-12.

	(₹ in lakhs)
Sales	82.50
Variable Costs	46.20
Fixed costs	6.60
9% Debenture	50.00
Equity shares (₹100 each)	60.00
Corporate Tax	35%

You are required to work out :

- What is the company's ROI ?
 - Does it have Favorable Financial leverage ?
 - If the company belongs to an industry whose asset turnover is 3, does it have a high or low asset leverage ?
 - What are the Operating, Financial and combined leverage of the company Ashika Ltd. ?
 - What is the company's EPS ?
 - What will be the expected EPS if the sales of Ashika Ltd, increase by 10 percent in the next year and cost structure as well as Financial structure remains the same.
4. The Modern Chemicals Ltd. requires ₹ 25,00,000 for a new plant. This plant is expected to yield earnings before interest and taxes of ₹ 5,00,000. While deciding about the Financial plan, the company considers the objective of maximizing earning per share. It has three alternatives to finance the project—by raising debt of ₹ 2,50,000 or ₹ 10,00,000 or ₹ 15,00,000 and the balance, in each case, by issuing equity shares. The company's share is currently selling at ₹ 150, but is expected to decline to ₹ 125 in case the funds are borrowed in excess of ₹ 10,00,000. The funds can be borrowed at the rate of 10% upto ₹ 2,50,000, at 15% over ₹ 2,50,000 and upto ₹ 10,00,000 and at 20% over ₹ 10,00,000. The tax rate applicable to the company is 50% which form of financing should the company choose ?

5. Sonakshi Company Ltd. is considering to replace an existing machine with a new machine costing ₹ 100,000. The existing machine was purchased three years ago for ₹ 40,000 and is being depreciated as per straight line method over its eight years' life. It can currently be sold for ₹ 45,000 with no transport cost. The new machine would cost ₹ 20,000 to install and would be depreciated over five years. The management believes that the new machine would have a salvage value an increase in net working capital requirement of ₹ 15,500 as result of expanded operations with the new machine and at the end of two years an additional machinery for ₹ 12,000 has to be installed to make the new machinery workable. The cost of additional machinery will be written off as depreciation over the remaining three years. The company is taxed at a rate of 50% on normal income and 20% on capital gains. The company's expected after tax profit for the next five years with the existing machine and with the new machine respectively are given as follows :—

Year	With existing machine ₹	With New machine ₹
1	1,70,000	2,10,000
2	2,00,000	1,80,000
3	1,80,000	2,00,000
4	2,20,000	2,20,000
5	1,90,000	2,50,000

- (a) Calculate the net investment required for the new machine.
 (b) If the company's cost of capital is 15% determine whether the new machine should be purchased —

The present value of ₹ 1 at the discount rate of 15% for the five years is given below :

0.870 0.756 0.658 0.572 and 0.497

6. From the following particulars, prepare cash flow statement for the year ended 31st March, 2012 using the indirect method of Abhishek Ltd.

Profit and Loss Account for the year ended 31st March, 2012

	₹ '000		₹'000
To Opening stock	2,900	By sale	18,930
To Purchases	9,530	By closing stock	3,110
To Wages	2,870		
To Power	240		
To Gross profit c/d	6,500		
	22,040		22,040
To Rent	1500	By Gross Profit b/d	6,500
To Salaries	2140		
To Electricity	100		
To Petty office expenses	95		
To loss on disposal of furniture	40		
To Depreciation on machinery	405		
To Depreciation of furniture	120		
To Goodwill written off	200		
To Preliminary expenses written off	100		
To Provision for Income Tax	900		
To Net Profit c/d	900		
	6500		6500
To proposed dividend and corporate dividend tax	780	By Net profit b/d	900
To transfer to General Reserve	120		
	900		900

[TURN OVER

Balance sheets

Liabilities	As on 31-3-2011 ₹ '000	As on 31-3-2012 ₹ '000	Assets	As on 31-3-2011 ₹ '000	As on 31-3-2012 ₹ '000
Equity share capital	6,000	6,500	Goodwill	600	400
General Reserve	1,000	1120	Machinery	1,700	2,295
Creditors	650	622	Furniture	1,350	1,080
Outstanding Expenses	20	38	Stock	2,900	3,110
Provision for taxation	800	900	Debtors	800	830
Proposed dividend and corporate Dividend tax	660	780	Cash on hand	30	40
			Cash at Bank	750	1,130
			Prepaid Expenses	—	25
			Advance payment of Income Tax	800	950
			Preliminary expenses	200	100
	9130	9960		9130	9960

The following additional information is provided to you :—

- (i) During the year, furniture of the book value of ₹ 150 thousand was sold for ₹ 110 thousand and new machinery costing ₹ 1,000 thousand was purchased and put into operation.
 - (ii) New equity shares were allotted at par for ₹ 500 thousand.
 - (iii) Taxation liability for the accounting year 2010-11 was settled at ₹ 800 thousand, the amount having already been paid, for the year 2011-12 an advance tax of ₹ 950 thousand was paid.
 - (iv) During the year, dividend with corporate dividend tax there on for the year 2010-11 ₹ 660 thousand was paid.
7. (a) What do you mean by Operating Cycle concept of working capital ?
(b) Discuss various factors to determine working capital.
 8. (a) Discuss the implications of conservative dividend policy and liberal dividend policy.
(b) Discuss the short term sources of business finance.
 9. Write short notes (any four) :—
 - (a) Discounted cash Flow technique
 - (b) Capital Gearing and trading on equity
 - (c) Operating lease
 - (d) Call and put options
 - (e) Economic ordering quantity (EOQ)
 - (f) Payback period.

- N.B.** (1) Question No. 1 and Question No. 2 from Section I are **compulsory**.
 (2) Answer any **one** question from Questions No. 3 and Question No. 4 from Section I.
 (3) Answer **all** the question from Section II.
 (4) Figures to **right** indicates **full** marks.
 (5) Working notes form part of answer.
 (6) Use of simple calculator is **permitted**.

Section I

1. From the following Profit & Loss Account as on 31-3-2012 of M/s Vijay stores, compute 20
 taxable income and tax liability of Mr. Vijay, its proprietor.

Expenditure	₹	Income	₹
To Salary and Bonus	80,000	By Gross profit	5,00,000
To Printing and Stationery	10,000	By Dividend [Gross]	25,000
To Advertisement	25,000	By Interest on	
To Office Expenses	30,000	Public Provident Fund Account	10,000
To Drawings	10,000	By Old debts recovered	2,000
To Advance Income Tax	15,000	By Gift from mother	8,000
To Fire insurance premium	20,000	By Interest on National	
To Sales Tax paid	10,000	Saving Certificates 80%	3,000
To Depreciation	20,000		
To Life Insurance premium [self]	5,000		
To Rent	50,000		
To Bad debts reserve	5,000		
To Net profit	2,68,000		
	5,48,000		5,48,000

Additional information :-

- (a) Depreciation as per Income tax rules is ₹ 35,000.
 (b) ₹ 25,000 bonus payable, which is unpaid till due date of filling of return.
 (c) Half of the rent is attributable towards his residential flat.
 (d) Dividend include ₹ 10,000 received from a foreign company and rest from Indian companies.
 (e) Old debts in respect of which recovery is made not allowed as deduction in the past.
 (f) He paid ₹ 10,000 for medical treatment of his handicapped son.

2. (a) Choose the correct option—

- (i) Income deemed to accrue or arise in India is taxable in case of
 (1) Resident and Ordinarily Resident in India
 (2) Resident but not Ordinarily Resident in India
 (3) Non-Resident in India
 (4) None of the above.
 (ii) Family pension received by an assessee is taxable under the head
 (1) Income from salary
 (2) Income from other sources
 (3) Income from profession
 (4) None of the above.

I TURN OVER

- (iii) Any expenses paid for an amount exceeding ₹ 20,000 can be claimed as deduction under the head business and profession, if paid by
- (1) Crossed cheque
 - (2) Bearer cheque
 - (3) Cash
- (iv) The following asset is not treated as capital asset for capital gain purposes
- (1) Motor car for business use
 - (2) Tenancy rights
 - (3) Jewellery
 - (4) Plant and machinery held as stock-in trade.
- (v) An award instituted in public interest by Central/State Government is
- (1) taxable as income from other sources
 - (2) allowed as deduction under section 80
 - (3) exempt from tax.
 - (4) None of the above.
- (vi) Deduction u/s 80E shall be allowed in respect of amount paid by way of interest on loan taken from
- (1) any person not being a relative of assessee
 - (2) any person who is relative of the assessee
 - (3) Financial institution
 - (4) None of above.
- (vii) The annual value of a deemed to be let out property is
- (1) Nil
 - (2) Actual rent received
 - (3) Reasonable Letting Value
 - (4) None of the above.
- (b) State whether the following statements are **True** or **False**.
- (1) Mediciam insurance premium paid by employer on behalf of employee is a taxable perquisite in the hands of employee. 8
 - (2) Brokerage paid for arranging the housing loan is allowed as deduction under the head income from house property.
 - (3) Interest on loan from partner of a firm is allowed as deduction to the firm @ 12% p.a., if provided in the partnership deed.
 - (4) In case where the entire block of depreciable asset is sold after 36 months, there will be short term capital gain or loss.
 - (5) Conversion of debentures into shares shall be regarded as transfer for computing capital gain.
 - (6) The quantum of deduction u/s 80DD for maintenance of a handicapped dependent in case of severe disability is ₹ 1,00,000.
 - (7) Interest paid on loan taken for construction of house property is allowed as deduction under section 80C of the Income Tax Act.
 - (8) Long term capital gain is taxable at a flat rate of 20% plus surcharge and education cess.

3. Mr A owns a building consisting of three identical units whose construction was completed on March, 31, 2011. The building having 3 identical units, was occupied during the year ended March 31, 2012. Following information relating to the building is available.

Particulars	Unit I ₹	Unit II ₹	Unit III ₹
Fair rent	9,00,000	9,00,000	9,00,000
Rent received	—	10,80,000	—
Municipal taxes :			
– paid by owner	45,000	75,000	45,000
– Due but not paid	45,000	75,000	45,000
Nature of occupation	Self occupied	let out	self occupied

On 1st April, 2009 Mr A borrowed a sum of ₹ 75,00,000 bearing interest @ 12% p.a. for construction of the building.

He also received the following sums during the year

- (1) Interest on Post Office Saving Bank ₹ 2,000
- (2) Interest on Bank Fixed Deposits ₹ 15,000
- (3) Dividend from Unit Trust of India ₹ 2,000
- (4) Income Tax refund ₹ 4,900 (Including interest ₹ 900)
- (5) Winning from horse race ₹ 6,000

Determine the Net Taxable Income of Mr. A for the Assessment year 2012-13.

4. Write short notes (any three) :-

15

- (1) Capital Assets
- (2) Taxability of Gifts
- (3) Deduction from Gross Total Income
- (4) Deduction from income from House Property.

Section II

5. From the following details calculate the service tax payable by M/s AD Agencies, 10 registered as service provider – Advertising Agency services under Service Tax.

- (1) Fees for designing and visualising of advertisements – ₹ 1,20,000 (excluding service tax).
- (2) Fees for procuring orders for advertisements for the Magazine – ₹ 2,00,000 (excluding service tax)
- (3) Fees for services rendered to the different Departments of Central Government in relation to Government advertisement – ₹ 3,50,000 (excluding service tax).
- (4) Fees from Mr. B for preparing banners – ₹ 3,20,000, including cost of banners – ₹ 1,00,000 (excluding service tax).

Following expenses were incurred for providing the taxable services :

- (1) Telephone charges – ₹ 10,000 (excluding service tax)
- (2) Mobile charge – ₹ 30,000 (excluding service tax)

Service tax is chargeable @ 12.36%.

6. (a) Choose the correct option. (As per Service Tax)

5

- (i) Return of service tax has to be filed

- (1) Monthly
- (2) Half-yearly
- (3) Quarterly
- (4) yearly

[TURN OVER

- (ii) Credit of service tax on input services can be availed
- (1) on use of input service
 - (2) on payment of service tax by the provider of input service
 - (3) on receipt of invoice
 - (4) None of the above
- (iii) In case of Goods Transport Agency, the service tax on freight is payable
- (1) by the consignor
 - (2) by the consignee
 - (3) by the Goods Transport Agency
 - (4) The consigner/consignee, who is making payment towards freight
- (iv) Due date of payment of service tax for the month/quarter ending 31st March, is
- (1) 31st March
 - (2) 5th day of the month immediately following March
 - (3) 25th day of the month immediately following March
 - (4) None of the above.
- (v) The following persons should apply for registration under the Service Tax Act.
- (1) Every person who has provided a taxable service of value exceeding ₹ 9 lakhs, in the preceeding financial year
 - (2) A recipient who is liable to pay service tax
 - (3) The 'Input Service Distributors'
 - (4) All the above.

(b) State whether the following statements are **True** or **False**

- (1) CENVAT credit cannot be taken on that portion of input services which are used for export of output services.
- (2) Services provided to a unit of Special Economic Zone are exempt from service tax.
- (3) A separate return is to be filed for each taxable service when an assessee provides more than one service.
- (4) An assessee has to submit a revised return in duplicate.
- (5) Refund of accumulated credit is admissible only in case of exports of output service.

7. Y Co. Ltd., an event managing company gives the following details in respect of its activities. 10

- (1) A contract to organise an annual function of a company in India for ₹ 30,00,000 (excluding service tax). Y Co. Ltd paid the following persons for the service.
 - (i) Payment to a mandapkeeper (excluding service tax) ₹ 2,50,000
 - (ii) Payment to a photographer (excluding service tax) ₹ 1,50,000
 - (iii) Payment to the advertising agency (excluding service tax) ₹ 3,00,000
- (2) A contract to organise a wedding reception for ₹ 20,00,000. The Company also paid :
 - (i) ₹ 2,00,000 to a mandapkeeper (excluding service tax)
 - (ii) ₹ 2,50,000 to a photographer (excluding service tax)
 - (iii) ₹ 1,00,000 to an artist (excluding service tax)

Further expenses incurred for the taxable services :

 - (i) Mobile charges (including service tax) – ₹ 95,506
 - (ii) Courier charges (including service tax) – ₹ 56,180

Calculate the service tax liability of the company assuming the service tax rate of 12.36%.

8. PQ & Co., a registered dealer requests you to compute the liability of Sales Tax under MVAT Act 2002 from the following information. 10

Month	Sales within the state			Schedule 'D' – Tax ₹	Set-of available ₹
	Schedule 'A' ₹	Schedule 'B' ₹	Schedule 'E' ₹		
2013					
January	10,00,000	44,00,000	72,00,000	20,000	50,000
February	8,00,000	80,00,000	20,00,000	30,000	80,000
March	4,00,000	12,00,000	14,00,000	10,000	1,00,000

Rate of tax under MVAT Act.

- Schedule A – NIL
B – 1%
E – 12.5%
D – 20%

9. (a) State the following as **True** or **False** :- [as per MVAT Act] 5
- VAT is levied and collected by State Government.
 - Dealer as per MVAT Act 2002, does not include an educational institution.
 - As per MVAT Act 2002, in Hire purchase/Instalment sale, sale price does not include hire charges and interest paid or payable by the buyer.
 - As per MVAT Act 2002 sales exclude transfer of goods from head office to branch.
 - As per MVAT Act 2002, purchase price excludes VAT due to a seller.
- (b) State whether the following can be considered as sales under the MVAT Act 2002. 5
- Branch Transfer
 - Transfer of right to use goods
 - Transfer of goods in a work contract
 - Mortgage
 - Free replacement of parts during warranty period.

- N.B.** (1) Question No. 1 and Question No. 5 are **compulsory**.
 (2) Answer any **two** question from Question No. 2 to Question No. 4.
 (3) Answer any **two** questions from Question Nos. 6 to 8 Question.
 (4) **Figures to right** indicates **full** marks.
 (5) **Working** notes **form part** of answer.
 (6) Use of **simple** calculator is **permitted**.

Section I

1. From the following Profit and Loss Account as on 31-3-12 of M/s Vijay stores, compute 20 taxable income and tax liability of Mr. Vijay, its proprietor.

Expenditure	₹	Income	₹
To Salary and Bonus	80,000	By Gross profit	5,00,000
To Printing and Stationery	10,000	By Dividend [Gross]	25,000
To Advertisement	25,000	By Interest on	10,000
To Office Expenses	30,000	Public Provident Fund Account	
To Drawings	10,000	By Old debts recovered	2,000
To Advance Income Tax	15,000	By Gift from mother	8,000
To Fire insurance premium	20,000	By Interest on National	
To Sales Tax paid	10,000	Saving Certificates	3,000
To Depreciation	20,000		
To Life Insurance Premium [self]	5,000		
To Rent	50,000		
To Bad debts Reserve	5,000		
To Net profit	2,68,000		
	5,48,000		5,48,000

Additional information :-

- Depreciation as per Income tax rules is ₹ 35,000.
 - ₹ 25,000 bonus payable, which is unpaid till due date of filing of return.
 - Half of the rent is attributable towards his residential flat.
 - Dividend include ₹ 10,000 received from a foreign company and rest from Indian companies.
 - Old debts in respect of which recovery is made not allowed as deduction in the past.
 - He paid ₹ 10,000 for medical treatment of his handicapped son.
2. Mr. Ashvani is employed with Y Ltd. He provides the following information for the 15 assessment year 2012-13.
- Gross salary per month ₹ 90,000.
 - Income Tax deducted at source ₹ 9,000 per month.
 - Professional tax deducted at source ₹ 1,000 per month.
 - He received entertainment allowance of ₹ 7,500 per month.
 - Received bonus during the year in respect of earlier year ₹ 60,000.
 - Received arrears of salary for earlier years ₹ 60,000.
 - The employer paid Life Insurance Premium of Mr. Ashvani amounting to ₹ 50,000.
 - Took advance salary of 80,000.
 - He incurred expenses incidental to employment amounting to ₹ 12,000.

Compute his Taxable Salary for the assessment year 2012-13

TURN OVER

14

3. (a) Mr A owns a building consisting of three identical units whose construction was completed on March, 31, 2011. The building having 3 identical units, was occupied during the year ended March 31, 2012. Following information relating to the building is available. 15

Particulars	Unit I ₹	Unit II ₹	Unit III ₹
Fair rent	9,00,000	9,00,000	9,00,000
Rent received	—	10,80,000	—
<u>Municipal taxes :</u>			
– paid by owner	45,000	75,000	45,000
– due but not paid	45,000	75,000	45,000
Nature of occupation	self occupied	Let out	Self occupied

On 1st April, 2009, Mr. A borrowed a sum of ₹ 75,00,000 bearing interest @ 12% p.a. for construction of the building.

He also received the following sums during the year

- (1) Interest on Post Office Saving Bank ₹ 2,000
- (2) Interest on Bank Fixed Deposits ₹ 15,000
- (3) Dividend from Unit Trust of India ₹ 2,000
- (4) Income Tax refund ₹ 4,900 (Including interest ₹ 900)
- (5) Winning from horse race ₹ 6,000

Determine the Net Taxable Income of Mr. A for the Assessment year 2012-13.

4. Write short notes (any three) :-

15

- (1) Capital Assets
- (2) Taxability of Gifts
- (3) Deduction from Gross Total Income
- (4) Deduction from income from House Property.

Section II

5. (a) Determine Assessable Value and cost of production of Product 'Z' for the purpose of captive consumption- 10

Particulars	₹
Direct material	27,500
Direct wages	21,000
Works overhead	15,500
Quality Control Cost	8,750
Research and Development Cost (related to production)	6,000
Administration Overhead (related to production)	10,250
Selling and Distribution Cost	4,000
Realisable value of scrap	3,000

- (b) Calculate service tax liability from the following information of a Banking Company for the month of January, 2013.

	₹
Fees for Merchant Banking Services	78,000
Fees for Portfolio Management	39,000
Fees for Asset Management Services	18,000
Equated Monthly Instalments of Hire Purchase Agreement (Principal amount)	1,27,500
Interest on loans and advances	2,80,000

All the above receipts are exclusive of service tax @ 12.36%. Payment of Telephone Bills for office premises from where merchant banking section works ₹ 25,000 (including Service Tax @ 12.36%).

6. (a) XYZ Co. is engaged in manufacture of water pipes. From the following details for the month of May 2012, calculate the available CENVAT credit under CENVAT credit Rules 2004. 10

Excise Duties paid on purchases

Raw material	₹ 22,000
Water pipe making machine	₹ 18,000
Spare parts for the above machine	₹ 7,500
Grease and oil	₹ 2,800
Office equipment	₹ 20,000

- (b) A clearing and forwarding agency is registered and liable for service tax. It gives following information. 5

- (1) Commission received for rendering taxable service @ 10% on gross turnover of ₹ 22,20,000.
- (2) Fees received for receiving dispatch orders [excluding service Tax] ₹ 2,00,000.
- (3) Rent for providing storage facility ₹ 4,35,000.
- (4) Transport charges received ₹ 2,00,000. (Separately billed)

It has paid the following expenses for the above period for taxable services:

- (i) Courier charges for courier delivery services (Excluding service tax) (rate of service tax @ 12.36%) ₹ 20,000
- (ii) Telephone bills [including service tax @ 12.36 %] ₹ 14,000

Calculate the service tax liability of the agency @ 12.36%.

7. (a) M/s KR Traders provides the following details of its transaction for the month of March, 2013. Prepare PLA Register and ascertain duty payable. The rate of excise duty is 16.48%. 10

Date	Particulars
1	Balance in PLA ₹ 20,000 (credit)
6	Goods sold ₹ 3,25,000
9	Deposited ₹ 60,000
10	Goods sold 4000 units @ ₹ 100 each
15	Deposited ₹ 80,000
25	Goods sold ₹ 1,200 units @ 80 each
31	Goods sold ₹ 1,20,000.

TURN OVER

- (b) Y Co Ltd. an event managing company gives the following details in respect of its activities.

A contract to organise an annual function of a company in India for ₹ 3,00,000 (excluding service tax)

Y Co Ltd. paid the following persons for the service :

- (i) Payment to mandapkeeper (excluding services tax) ₹ 2,50,000
- (ii) Payment to photographer (excluding service tax) ₹ 1,50,000
- (iii) Payment to advertising agency (excluding service tax) ₹ 3,00,000.

8. (a) Write short notes on any **two** (as per Excise Law) –

10

- (i) Place of Removal
- (ii) Excisable goods
- (iii) Wholesale dealer.

- (b) Write short note on any **one** (as per Service Law) –

5

- (i) Penalty for late payment of service tax.
- (ii) Revised return.

Business Management paper
Organisational Behaviour.
(OLD COURSE)

(3 Hours)

[Total Marks : 100

- N.B. (1) Question No. 1 is compulsory.
(2) Attempt any four questions from the remaining.
(3) Figures to the right indicate full marks.

1. Explain in brief any four of the following :— 20
 - (a) Intrinsic motivators
 - (b) Positive effects of Organisational Culture
 - (c) Machiavelianism
 - (d) Grape Vine Communication
 - (e) Job Enrichment
 - (f) Lateral Thinking.
2. (a) Explain the contributions of Hawthorne Experiments in the field of Organisational Behaviour. 10
(b) Define 'Organisational Behaviour'. Discuss how does it help in understanding human behaviour. 10
3. (a) Explain the types of Organisational Design. 10
(b) 'Transactional Analysis helps in improving Communication Skills.' Explain. 10
4. (a) What is a group ? Explain why people join groups. 10
(b) Define 'Leadership'. Explain the problems of women leaders in India. 10
5. (a) What are the important determinants of personality ? 10
(b) Compare and contrast between the theories of Motivation given by Maslow and McClelland. 10
6. (a) 'An individual's attitude is formed with the experiences gained' — Comment. 10
(b) What is power ? Explain the sources of power. 10
7. Read the following case and answer the questions given below :—

Mr. Acharya is a General Manager of a large manufacturing unit in Ambernath, with the total strength of 500 employees and 60 staff. He has around 10 capable managers, whom over the period of 15 years he has trained to manage their department. Only 15% employees are new and most of the employees are retained.

Mr. Acharya follows an open door policy where any employee can come and discuss problems or suggest without any hitch. This has made him favourite amongst the employees.

[TURN OVER

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2

Mr. Acharya believes in empowering employees so that in future the organisation does not face any problems with managerial succession. Due to which most of the employees enjoy freedom to take decisions and can complete their tasks successfully on time. This resulted into high productivity, quality of product and goodwill in the market for the organisation.

Since few days, Mr. Acharya is restless. He had recruited Mr. Mehta, the production manager after retirement of the manager on the recommendation of a friend. Mr. Mehta was very meticulous in his work. He is sometimes harsh with his supervisors if they commit any mistakes. Due to which supervisors don't enjoy working under him.

One day in a production report sent by Mr. Mehta to Mr. Acharya an error was found for which Mr. Acharya called up Mr. Mehta and confirmed whether it was an error or real figure. The intention was very clear that wrong report cannot be forwarded to the top management.

But Mr. Mehta took it wrongly. He came to Mr. Acharya's cabin and told Mr. Acharya that the report is correct and denied making any further corrections. Though Mr. Acharya tried explaining his point of view Mehta did not budge.

After this interaction Mr. Acharya called the concerned supervisor and got the report corrected. This irritated Mr. Mehta and he resigned from his job on the spot.

Questions :

- (1) Comment on Leadership style of Mr. Acharya. 10
- (2) Do you feel Mr. Acharya should talk to Mr. Mehta once again ? Give solution to the problem. 10

(मराठी रूपांतर)

(चुना अभ्यासक्रम)

(३ तास)

[एकूण गुण : १००]

सूचना : (१) प्रश्न क्रमांक १ अनिवार्य आहे.

(२) उर्वरीत प्रश्नांपैकी कोणतेही चार प्रश्न सोडवा.

(३) उजवीकडील आकडे पूर्ण गुण दर्शवितात.

१. खालीलपैकी कोणतेही चार प्रश्न थोडक्यात स्पष्ट करा :—

२०

- (अ) अंतस्थ प्रेरणा
- (ब) संघटनात्मक संस्कृतीचे चांगले परिणाम
- (क) मॅकिआवेलेनिझम
- (ड) ग्रेप वाईन संवाद
- (इ) जबाबदारी समृद्ध करणे
- (फ) लॅटरल थिंकिंग.

२. (अ) संघटनात्मक वर्तणूकीच्या अभ्यासात हॉथॉर्न प्रयोगाची भूमिका स्पष्ट करा.

१०

(ब) संघटनात्मक वर्तणूक याची व्याख्या करा. मानविय वर्तणूकीस समजण्यास संघटनात्मक वर्तणूक कसे मदत करते ते स्पष्ट करा.

१०

३. (अ) विविध संघटनात्मक रचना स्पष्ट करा.

१०

(ब) 'व्यवहारांना अनुसरून केलेले विश्लेषणमुळे संवादशैली सुधारते.' स्पष्ट करा.

१०

४. (अ) गट म्हणजे काय ? व्यक्ति या गटात सामील का होतात ?

१०

(ब) नेतृत्वशैलीची व्याख्या करा. भारतातील स्त्री नेत्यांच्या समस्या स्पष्ट करा.

१०

५. (अ) व्यक्तिमत्वाचे महत्वाचे निर्धारक (determinants) कोणते आहे ?

१०

(ब) मास्लोव आणि मॅकलेलॅन्डचे अभिप्रेरणेच्या सिद्धांतांची तुलना आणि अंतर स्पष्ट करा.

१०

६. (अ) 'व्यक्तिची मनोभूमिका त्याच्या अनुभवांवर अवलंबून आहे' — चर्चा करा.

१०

(ब) सत्ता म्हणजे काय ? सत्तेचे स्रोत स्पष्ट करा.

१०

७. पुढील केस वाचून त्या खाली दिलेल्या प्रश्नांची उत्तरे द्या :—

श्री. आचार्य हे अंबरनाथ येथील एका मोठ्या उत्पादक कंपनीचे जनरल मॅनेजर म्हणून कार्यरत आहेत. ही कंपनी मुख्यतः कुक्कुट खाद्य बनवत असून येथे ५०० कामगार, ६० इतर स्टाफ आणि १० कार्यक्षम मॅनेजर कार्यरत आहेत. ज्यांना श्री. आचार्य गेले १५ वर्षे प्रशिक्षण देत आहेत. फक्त ५ टक्के कामगार नवीन आहेत आणि बहुतांश जुने आहेत.

श्री. आचार्य यांनी या कंपनीमध्ये खुला द्वार धोरण आचरणात आणली आहे, जेणेकरून कोणतेही कर्मचारी त्यांच्यासमोर आपल्या समस्यांची चर्चा व सूचना करू शकतात. त्यांच्या ह्या धोरणामुळे ते सर्व कर्मचाऱ्यांचे आवडते बनले आहेत.

श्री. आचार्य कर्मचाऱ्यांना अधिकार बहाल (empowerment) प्रदान करण्यात विश्वास ठेवतात, जेणेकरून कंपनी भविष्यात व्यवस्थापकिय उत्तराधिकाराच्या अडचणीला सामोरे जाऊ शकते. ह्यामुळे बहुतेक कर्मचारी स्वतंत्रपणे, आनंदाने आपले काम यशस्वीरित्या पूर्ण करू शकतात. त्यामुळे कंपनीच्या उत्पादन शक्ती, मालाची गुणवत्ता आणि ख्यातिमूल्यात वाढ झालेली आढळून येते.

गेले काही दिवस मात्र श्री. आचार्य अस्वस्थ आहेत. त्यांनी एका मित्राच्या शिफारशीनुसार एका मॅनेजरच्या निवृत्तीनंतर श्री. मेहता यांची प्रॉडक्शन मॅनेजर म्हणून नियुक्ति केली. श्री. मेहता हे आपल्या कामात अतिशय काटेकोर आहेत. पर्यवेक्षकांच्या (Supervisor) कामात चुका आढळल्यास श्री. मेहता त्यांच्याशी कठोर राहतात, ज्यामुळे पर्यवेक्षकांना त्यांच्या हाताखाली काम करायला आवडत नाही.

एक दिवस श्री. मेहतांनी आचार्य यांना पाठविलेल्या एका उत्पादन अहवालामध्ये चूक आढळून आली. श्री. आचार्य यांनी श्री. मेहता यांना काही चूक आहे का याची विचारपूस केली. विचार अगदी सरळ होता की कुठल्याही चुकीचा अहवाल वरीष्ठांकडे जावू नये.

पण श्री. मेहता यांनी ह्याचा चुकीचा अर्थ घेतला. त्यांनी श्री. आचार्यांना केबिनमध्ये येऊन सांगितले की रिपोर्ट अचूक असून त्यामध्ये कुठलाही बदल करण्यास नाकारले. श्री. आचार्यांनी त्यांना आपली बाजू समजावण्याचा प्रयत्न केला पण श्री. मेहता त्यांच्या निर्णयावर ठाम राहिले.

या संभाषणानंतर, श्री. आचार्य यांनी संबंधित पर्यवेक्षकाला बोलावून अहवालामध्ये बदल करून वरीष्ठांकडे पाठविला. यामुळे श्री. मेहता यांनी संतापून आपल्या नोकरीवरून राजीनामा दिला.

प्रश्न :

(१) श्री. आचार्य यांच्या नैतृत्वशैलीबद्दल स्पष्टीकरण द्या.

१०

(२) श्री. आचार्य यांनी परत एकदा श्री. मेहता यांच्याशी बोलावे का ? या समस्येला उपाय द्या.

१०

(For **Regular Students** admitted in the Academic Year 2011-12 or later and
I. D. O. L. Students admitted in the Academic Year 2012-13)

- N.B. :** (1) Question Nos. I and II are compulsory carrying **20** and **16** marks **respectively**.
(2) Attempt any **four** questions from the **remaining**, carrying **16** marks **each**.
(3) **Sub-questions** would carry **equal** marks unless indicated to the contrary to their extreme right.
(4) Working / References to Statute, Standards etc. (not **necessary** with reference nos.) to form **part** of the solutions and necessary **assumptions** to be made and stated **clearly**.

I. (a) The following is the account of Mr. Queenfishers in the books of Oil Suppliers Co. : **12**

2012	Particulars	₹	2012	Particulars	₹
01/4	To Balance b/fd.	1,25,000	15/4	By Bank	25,000
15/4	To Sales	8,00,000	30/4	By Bank	1,00,000
28/4	To Sales	10,00,000	14/5	By Bank	8,00,000
30/5	To Sales	5,00,000	31/5	By Bank (pay-order)	1,01,500
3/5	To Bank (chq. returned)	1,00,000	16/6	By Bank (pay-order)	4,12,000
31/5	To Interest	1,500	18/6	By Bank (pay-order)	4,00,000
17/5	To Bank (chq. returned)	8,00,000	30/6	By Balance c/fd.	15,00,000
15/6	To Interest	12,000			
		33,38,500			33,38,500

Scrutinise and Interpret the aforesaid account.

- (b) As the statutory Auditor of Company, state how would you deal with / respond to / **8**
comment on the following situations :—
- (1) You have been appointed as Auditor in place of another earlier auditor and on your writing to the earlier auditor, he has replied stating objection (to your taking over as Auditor from him) on the grounds of non-payment of his fees;
 - (2) **X** Ltd. declared profit of ₹ 1,25,00,000 and the Notes to accounts states that the same is without providing for Depreciation of ₹ 1,00,00,000 and no reason is given for the non-provision of depreciation.

[TURN OVER

- II. (a) Match the items from **Column A** to those in **Column B** selecting on an overall most appropriate basis :—

Column A

- Internal Control
- Confirming transactions from ledger entries
- Streamlining of Audit procedures
- Compulsory Audit of non-corporate body
- Certificate of Audit of a Company
- Insurance Company
- Audit of a Company
- Independence of Auditor

Column B

- Standards on Auditing
- Audit under Section 44AB of the Income Tax Act, 1961
- Audit Report under Section 227
- Companies (Auditor's Report) Order, 2003 applicable
- Ledger scrutiny
- Banking Company
- Inspection
- Exempt from Companies (Auditor's Report) Order
- Compulsory
- Covered under one of the S. A. s

- (b) Re-write the following sentences by choosing the correct alternative :—

- (1) _____ is responsible for compliance with Accounting standards : (Director / Auditor / both these / none of these),
- (2) Financial statements have to be certified by _____. (Director / Auditor / both these / none of these),
- (3) _____ is an advanced auditing technique (Vouching / Ledger scrutiny / posting-check),
- (4) Banks should not disclose separately _____. (Provision for doubtful debts / loss on sale of investments / share capital / statutory reserve)
- (5) Companies (Auditor's Report) Order, 2003 is not applicable to _____. (some private companies / all private companies / public companies),
- (6) _____ evidence is the most reliable. (internal / external / both these / none of these),
- (7) The Auditor has _____ responsibility with reference to Fraud in financial statements. (some / none / absolute)
- (8) There exists a Standard on Audit on _____. (Initial Audit engagements / Final Audit engagements / both these / none of these),

3. (a) Describe briefly how would you audit the following ledger accounts by scrutinising them :—
 (i) Sales Account
 (ii) Income Received in Advance A/C.
(b) How would you audit the following payments made by a company :— 8
 (i) Wages
 (ii) Excise Duty ?
4. Write short notes on :— 16
 (a) Contingent Liabilities
 (b) Audit of Debentures
 (c) Procedure to obtain external confirmation under SA-505.
 (d) Audit of Hotels.
5. Explain the various points to be covered in the Companies (Auditors Report) 16 Order, 2003.
6. Explain the provisions of SA 501 in relation to Audit Evidence for any two 16 selected items.
7. Explain the Auditor's duty in respect of (i) Fixed Assets and (ii) Inventory for a Company under the Companies Act, 1956.
8. What are the various aspects of Internal Control that the Auditor has to examine and report in the case of a Company under the Companies Act, 1956 ?
9. Write short notes on (any **two**) :—
 (a) Important aspects in the Audit of a Firm ;
 (b) Important aspects in the Audit of a Hospital;
 (c) The Auditors responsibility with reference to Audit documentation;
 (d) Objective and scope of audit of Financial Statement.
-

[TURN OVER

(OLD COURSE)

Con. 6871 (a)-13.

(3 Hours)

[Total Marks]

N.B. : (1) Attempt any five questions.(2) Each question carries **20** marks.(3) This question paper is for those students who have taken admission in the Academic Year **2010-11** and earlier and **IDOL** students who have taken admission in the Academic Year **2011-12** and earlier.

1. Comment / Discuss / Elucidate in the light of statutory provisions regarding the Accounts and it :—

- (a) The Accountant of Prakash Auto Ltd., has requested you to send balance confirmation to a particular group of debtors as the said balances are under dispute and the matter is pending in the court.
- (b) The Directors of Extra Bright Ltd. declared dividend at 60% for the year 2010-11 in their meeting held on August 2011. You are the Auditor of the company. Give your opinion
- (c) Window dressing involves manipulation but not necessarily fraud or misappropriation
- (d) A Tax Auditor has to serve two masters-the state and the tax payer having conflicting intests.

2. (a) Briefly discuss the concept of True and Fair View.

(b) Briefly explain 'Documentation in Audit'.

3. Briefly explain the nine basic principles governing an Audit.4. (a) State the general consideration in the statement on Auditing practices.

(b) How will you scrutinise Creditors Ledger ?

5. (a) Briefly discuss Audit Planning.

(b) How will you verify outstanding Expenses and Income Received in Advance ?

6. Explain the various matters to be covered in the Auditors Report as per CARO, 2003.

(a) What are the rights and duties of Company Auditor ?

(b) State special features of Tax Audit.

8. Distinguish between any **two** of the following :—

- (a) Internal Check and Internal Audit
- (b) Reports and Certificate
- (c) Vouching and Verification
- (d) Financial Audit and Cost Audit.

9. Write short notes on any **two** of the following :—

- (a) Appointment, Re-appointment of Auditor
- (b) Due Diligence Audit
- (c) Materiality
- (d) Information Technology and Auditor.