Done

07/04/25

TYBAF

Time Duration: 2 ½ Hours **Marks: 75**

Instructions:

- **All questions are compulsory.**
- **Figures to the right indicate full marks.**
- **Working notes should form part of your answer.**

Q.1 A) Multiple Choice questions: (Any 8 out of 10) **(08)**

1. Under Inflation accounting, depreciation is calculated on the basis of ________.
   - Book Value of Fixed Asset
   - Current Value of Fixed Asset
   - Realised Value of Fixed Asset
   - Scrap Value of Fixed Asset

2. Under CPP method, Cost of Sales is converted as per ________.
   - FIFO Method
   - LIFO Method
   - FIFO or LIFO Method
   - Average Method

3. Transfer price set through a process of negotiations between selling and buying divisions is known as ________.
   - Dual pricing
   - Two Step Pricing
   - Full cost pricing
   - Negotiated Pricing

4. An independent branch is a ______.
   - Cost Centre
   - Expense Centre
   - Revenue Centre
   - Profit Centre

5. The basic purpose of responsibility accounting system is ________.
   - Budgets
   - Authority
   - Variance Analysis
   - Motivation

6. If Sales are Rs.600,000; Profit are Rs.60,000 and capital invested in business is Rs.400,000, then return on sales will be _______.
   - 10%
   - 15%
   - 66.67%
   - 9%

7. Strategic goals are set by _________.
   - Top Level management
   - Middle Level Management
   - Lower Level management
   - Workers

8. The full form of TQM is _________.
   - Total Quantity Maintenance
   - Total Quality Management
   - Total Quality Mitigation
   - Tata Quality Managers

9. Kaizen refers to __________.
   - Continuous improvement
   - Intermittent Improvement
   - Stop production
   - Discontinue business

10. ________ is a technique that analysis the impact of changes in cash inflows, cash outflows, project life and cost of capital.
    - Value engineering
    - Sensitivity Analysis
    - Net Assets Method
    - Intrinsic Value Method

Q.1 B) State whether the following statements are True or False: (Any 7 out of 10) (07)

1) Just in Time technique was first developed in Japan.
2) Project Control includes Plan, Do, Check and Act.
3) Financial goals are imposed by creditors of the company.
4) Sensitivity Analysis helps to reduce risk in business.
5) Personnel department is a cost centre.
6) A responsibility centre prepares a performance report.
7) Transfer price gives monopoly to the division.
8) Setting a fair transfer price is an easy job.
9) Investment is a monetary item.
10) Value of rupee fluctuates due to inflation.

Q.2) Meghna Ltd has three divisions. Details of which are as follows: **(15)**

Particulars	Division X	Division Y	Division Z
Capacity in units	12,000	12,000	12,000
Cost of Production (Rs.)			
Material Cost per unit	30	40	25
Processing Cost per unit	20	30	40
Fixed Cost per unit	20	15	15
Investments in Fixed Assets(Rs.)	1,000,000	800,000	1,500,000
Investments in Current Assets(Rs.)	500,000	600,000	900,000
Targeted ROI	10%	15%	20%

At what price per unit should the product be transferred from Division X to Division Y and from Division Y to Division Z. At what price should Division Z sell the final product to external customer?

OR

Q.2) From the following project details, calculate sensitivity of **(15)**

a. Project cost
b. Annual Cash Inflows
c. Cost of Capital

Which variable is most sensitive?

Project Cost	Rs.1920,000
Annual Cash Inflows	Rs.600,000
Project Life	5 years
Cost of Capital	15%

Annuity Factor at 15% for 5 years is 3.352 and at 17% for 5 years is 3.200.

Q.3) Following information is related to Anjali Ltd and Maan Ltd for the year 2024: **(15)**

Particulars	Anjali Ltd (Rs.)	Maan Ltd (Rs.)
Sales	3,500,000	4,500,000
Variable Costs	1,150,000	1,800,000
Direct Fixed Costs	1,350,000	1,650,000
Investments in Fixed Assets	1,800,000	2,100,000
Investments in Current Assets	700,000	900,000
Minimum Rate of Return	12%	12%

Calculate Return on Investment and Residual Income of both the companies and Comment on the same.

OR

Q.3) Foresight Ltd provides you the following information. **(15)**

Balance Sheet as on 31st March 2024

Particulars	Amount
Liabilities	
Share Capital	40,000
13.5% Debentures	24,000
Sundry Creditors	14,400
	78,400
Assets	
Plant and Machinery	60,000
Stock	9,600
Debtors	4,800
Cash	4,000
	78,400

Profit and Loss a/c for year ended 31st March, 2025

Particulars	Amount	Particulars	Amount
To Opening Stock	9,600	By Sales	40,000
To Purchases	18,400	By Closing Stock	8,000
To Gross Profit	20,000		
	48,000		48,000
To Expenses	3,200	By Gross Profit	20,000
To Interest on Debentures	3,240		
To Depreciation	6,000		
To Net Profit	7,560		
	20,000		20,000

Additional Information:

a) There is no change in debtors and creditors during the year.
b) Debenture interest was paid on 31st March 2025.
c) Follow FIFO Method of stock valuation.
d) Price Indices: 1st April 2024- 200 Average- 240 31st March 2025- 300

Prepare Final accounts under CPP Method of Inflation Accounting.

Q.4 A) Investments of Interior Division are as follows: **(08)**

Fixed Assets	Rs.75 lakhs
Net Current Assets	Rs.25 lakhs
Sales	Rs.30 lakhs
Total Cost	Rs.12 Lakhs

Calculate Return on investment and Residual Income assuming cost of capital at 10%.

Q.4 B) A company has a practice of fixing inter- departmental transfer price for the product on the basis of cost plus return on investment in division. **(07)**

The budget for Division A is as follows:
Annual Budgeted Output 600,000 units
Material Cost Rs.20 per unit
Other Variable cost Rs.10 per unit
Annual Fixed Cost Rs.1020,000
Total Investments in Division A- Fixed Assets Rs.25 lakhs and Net Current Assets Rs.5 lakhs.
If return on investment is planned at 24%, then calculate the price of product per unit of Division A.

OR

Q.4) The expenses for budgeted production for 10,000 units in a factory of Radiance Garments are given below: **(15)**

Particulars	Per Unit (Rs.)
Direct Materials	70
Direct Labour	25
Variable Factory Overheads	20
Fixed Factory Overheads (Rs 100,000)	10
Selling expenses (10% Fixed)	15
Distribution expenses (20% Fixed)	8
Administrative expenses (Rs 70,000)	7
Total	155

Prepare Flexible budget for the production showing cost per unit and total costs of
a) 20000 units
b) 15000 units
Administrative expenses are rigid for all levels of production.

Q.5) A] What is Computer Aided Design. State its merits and demerits. **(08)**

B] Explain various factors affecting transfer pricing. **(07)**

OR

Q.5) Write short notes on: Any 3 out of 5: **(15)**

a) EVA

b) Current Purchasing Power Accounting

c) Incremental Return on Invested Capital

d) Computer Aided Manufacturing

e) Project Audit

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5/4/2025

Time : 2 ½ Hours **Marks : 75**

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

Q.1] A) Multiple choice questions (Any 8) **(08)**

1. An unsystematic risk is the one which can be eliminated but the market risk is the ______________ risk.
   a) ineffective b) effective c) remaining d) aggregate

2. ______________ measures how the returns of two risky assets move together.
   a) correlation b) standard deviation c) covariance d) both a & c

3. _______ reflects the systematic risk of a stock.
   a) Range b) Beta c) Standard deviation d) Co-variance

4. Study of company's financial statements is a part of ____________ analysis.
   a) fundamental b) technical c) moral d) industry

5. Overpriced securities will have ___________.
   a) zero alpha b) zero beta c) negative alpha d) negative beta

6. Which of the following best describes the need for portfolio revision?
   a) To maintain the initial asset allocation permanently
   b) To adapt to changing market conditions and financial goals
   c) To reduce transaction costs associated with trading
   d) To increase the complexity of investments

7. Which of the following is NOT a component of Economic Analysis?
   a) Meaning and Framework b) Measures of Economic Activity
   c) Industry Characteristics d) Economic Forecasting

8. How can ratio analysis be made more effective?
   a) By comparing ratios with industry benchmarks
   b) By ignoring financial trends
   c) By analysing only one ratio at a time
   d) By focusing only on past performance

9. Composite leverage considers the combined effect of:
   a) Business and market risks b) Operating and financial leverage
   c) Short-term and long-term investments d) Inflation and taxation policies

10. Which of the following is a core assumption of technical analysis?
    a) Stock prices follow a completely random pattern
    b) Market prices reflect all available information, making price movement unpredictable
    c) Historical price movements and patterns can indicate future price trends
    d) Company financials are the only factors affecting stock price

Q.1] B) State true of false (Any 7) **(07)**

1) Constant ratio plan is a technique used in active portfolio management strategy.
2) Returns can be negative.
3) As per CAPM, beta is a static figure.
4) Systematic risk is unavoidable.
5) Returns and risk are inversely proportional to each other.
6) Portfolio evaluation is essential for assessing the performance and effectiveness of an investment strategy.
7) Financial Statement Analysis is only useful for government organizations and not for private investors.
8) Financial risk arises due to the use of debt financing, which increases a company's fixed financial obligations.
9) Ratio analysis is useful only for large businesses and not for small enterprises.
10) The Random Walk Theory supports the idea that stock price movements are independent of past trends.

Q.2. (A) Jack Ltd. paid the following dividend per share and had following market price per share during the period 2019-2024. **(07)**

Year	Dividend per share (Rs.)	Market price per share (Rs.)
2019	3.34	101.50
2020	3.50	126.50
2021	3.10	151.50
2022	4.30	110.50
2023	4.50	181.50
2024	6.40	231.00

Calculate the annual rate of return for last 5 years.

Q.2. (B) Mr. Khan has the following portfolio of five shares:

Company	Beta	Investment (Rs.)
Tata Ltd.	0.55	80,000
Birla Ltd.	0.75	1,50,000
Wadia Ltd.	0.88	2,10,000
Adani Ltd.	1.65	3,60,000

The risk free rate is 6%. The market rate of return is 12%.

a) Determine the portfolio return using CAPM. **(05)**

b) Calculate the portfolio beta. **(03)**

OR

Q.2. (C) The following are the rate of returns from Security A & B during past different economic circumstances:

Economic conditions	Probabilities	Rate of return (%)	
		Security A	Security B
Recession	0.23	18	17
Stagnation	0.17	16	18
Normal	0.35	15	14
Boom	0.25	13	15

You are required to –

a) Find out the expected returns and the standard deviation for these two securities. **(05)**

b) Calculate co-efficient of covariance and co-efficient of correlation between security A & B. **(05)**

c) Suppose, an investor has Rs. 80,000 to invest. He invests Rs. 30,000 in security A and balance in security B, what will be the expected return and the standard deviation of the portfolio? **(05)**

Q.3. (A) The rates of return of security Reliance Ltd. And market portfolio for different economic conditions is given below:

Economic Condition	Probabilities	Return of Security Reliance Ltd. (%)	Return on market portfolio (%)
A	0.11	22	18
B	0.18	25	29
C	0.23	11	22
D	0.14	18	18
E	0.17	28	26
F	0.17	23	20

a) What is beta of security Reliance Ltd.? **(12)**

b) What is the characteristic line for security Reliance Ltd.? **(03)**

OR

Q.3. (B) Following is the Balance Sheet of Rakesh Ltd. as on 31-03-2024: **(15)**

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	2,00,000	Cash in Hand	4,000
6% Preference Share Capital	2,00,000	Cash at Bank	20,000
Profit & Loss A/c	40,000	Bills Receivable	60,000
General Reserve	3,00,000	Debtors	1,40,000
7% Debentures	80,000	Stock	1,20,000
8% Bank Loan	40,000	Furniture	60,000
Advance from customers	80,000	Machinery	2,00,000
Sundry Creditors	1,20,000	Land & Building	4,40,000
Outstanding Expenses	14,000	Goodwill	60,000
Unpaid Dividend	20,000	Preliminary Expenses	30,000
Provision for Tax	40,000		
	11,34,000		11,34,000

Calculate the following ratios:

a) Current Ratio,
b) Quick Ratio,
c) Stock to working capital Ratio,
d) Proprietary Ratio,
e) Capital Gearing Ratio.

Q.4. (A) Following are the details of three portfolio: **(15)**

Portfolio	Average Return (%)	Standard Deviation (%)	Beta
P	45	30	1.60
Q	35	18	1.35
R	48	25	1.40
Market Index	15	12	1.00

The risk-free rate is 8%. You are required to compare these portfolios on performance using the Sharpe's, Treynor's and Jensen's Measure and rank them.

OR

Q.4. (B) From the following information available for 3 companies, calculate the Earnings Before Interest and Tax, Earnings Per Share, Operating Leverage, Financial Leverage and Composite Leverage. **(15)**

Particulars	A Ltd.	B Ltd.	C Ltd.
Sales (in units)	10,000	50,000	30,000
Selling price per unit (Rs.)	30	40	50
Variable Cost per unit (Rs.)	20	30	40
Fixed Cost (Rs.)	30,000	40,000	50,000
Borrowed funds (Rs.)	1,00,000	2,50,000	3,50,000
Interest rate on borrowed funds	15%	10%	10%
Equity share Capital (of 100 each)	5,00,000	9,00,000	10,00,000

Tax rate is 40%.

Q.5. (A) Distinguish between Fundamental and Technical Analysis. **(07)**
Q.5. (B) Explain various solvency and liquidity ratios. **(08)**

OR

Q.5. (C) Write short notes on – (Answer any 3 out of 5) (5 Marks each) **(15)**

1) Investment v/s Speculation
2) Fama's decomposition of total returns.
3) Common myths about the Efficient Market Hypothesis.
4) Assumptions under Arbitrage Pricing Theory.
5) Valuation under CAPM.

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18/3/2025

Duration: 2 ½ Hours **Total Marks: 75**

N.B.: (1) All questions are compulsory.
(2) Numbers to the right indicate full marks.
(3) Use of Simple calculator is allowed.

Q.1 (A) Choose the correct alternative and rewrite the statement. (Attempt any EIGHT of the following) **(08)**

1. IFRS ______________ deals with Financial Instruments.
   a. 2
   b. 5
   c. 9
   d. 14
2. The sale proceeds of right shares are ____________.
   a. Credited to profit and loss A/c
   b. Credited to investment A/c
   c. Debited to profit and loss A/c
   d. Debited to investment A/c
3. Electricity tariff are fixed ____________.
   a. Under Electricity Regulatory Commission Act, 1998
   b. Under Electricity Act, 1910
   c. Under Electricity Supply Act, 1948
   d. By Appropriate Commission
4. The role of Asset Management Company is to act as __________.
   a. Promoters
   b. Investment Managers
   c. Trustees
   d. Regulators
5. Contribution to Sinking Fund is ____________.
   a. 0.50% p.a. of cost of flat from each member
   b. 0.25% p.a. of cost of flat from each member
   c. 0.75% p.a. of cost of flat from each member
   d. 0.80% p.a. of cost of flat from each member
6. A firm's investment is at market value of ₹ 900 lakhs, total liabilities stand ₹ 50 lakhs and the number of units outstanding is 26 lakhs. What is the NAV?
   a. ₹35.46
   b. ₹ 32.69
   c. ₹ 33.33
   d. ₹ 34.65
7. The __________ is the body that develops and approves International Financial Reporting Standards.
   a. IASB
   b. IMF
   c. SEBI
   d. ICAI
8. In case of Electricity Companies, depreciation is charged as for the rate prescribed by the __________.
   a. Central Electricity Regulatory Commission
   b. Companies Act
   c. the Income Tax Act

d. Comptroller and Auditor General of India

9. Under Double Account System the fixed assets are shown at ________
   a. Original cost
   b. Replacement price
   c. Market price
   d. Realizable price
10. Bonus shares are issued at ____________.
   a. Issue price
   b. Fair value
   c. Market price
   d. Free of cost

Q.1 (B) State whether the following statement is True or False (Attempt any SEVEN of the following) **(07)**

1. Interest is paid to the holder of the security on the due date, in respect of his actual period of holding.
2. IFRS 2 deals with Insurance Contracts.
3. In case of additional capital expenditure by Electricity Companies during the year, depreciation rate should be applied on Average gross block of assets.
4. Loss on sale of investment is debited to Profit & Loss Account.
5. The maximum load that fund can charge is determined by the AMFI.
6. Grant received under APDRP of the Ministry of Power, Government of India, towards Capital Expenditure is considered as a revenue receipt and accounted as General Reserve.
7. Electricity Companies are required to prepare their accounts as per Schedule III of the Companies Act, 2013.
8. The highest risk is associated with equity growth funds.
9. A Co-operative Housing Society does not prepare Trading and Profit & Loss Account.
10. IFRS are applicable to all the entities having net worth in excess of ₹ 100 Cr.

Q.2 (A) From the following trial balance as on 31.03.2023, Prepare Final Accounts in the prescribed format as per applicable legal provisions. **(15)**

SAND CHS LTD.

Dr **Trial Balance** Cr

Particulars	₹	Particulars	₹
Audit Fees	20,000	Collection for Establishment Expenses	25,37,838
Cash in Banks	16,48,350	Collection for Property Expenses	26,89,140
Cash on Hand	6,372	Income and Expenditure Account	18,98,592
Dues from Members	27,90,264	Interest Fixed Deposit	70,812
Electricity Charges	5,04,164	Interest – Savings Bank	2,32,626
Equipments	4,12,240	Members Contribution for Building	5,27,22,000
Fixed Deposits	27,61,044	Premium on transfers	2,00,000
Land And Building	5,27,22,000	Sinking Fund – Opening	45,51,138

Property Taxes	37,91,218	Statutory Reserve Fund - Opening	11,74,500
Receivable from Promoters	83,900	Subscribed Capital 1,770 Shares of ₹50 each	88,500
Repairs and Maintenance	3,21,896	Transfer Fees	1600
Salaries	2,97,880		
Security	1,93,224		
Water Charges	6,14,194		
	6,61,66,746		**6,61,66,746**

Additional Information:

1. Authorised Capital: 2,000 shares of ₹50 each.
2. Outstanding Electricity Expenses - ₹64,736
3. Depreciation on Equipments @ 10%.
4. Prepaid Security Expenses – ₹11,968
5. Collection for establishment expenses include collection for sinking fund – ₹10,50,216.

OR

Q.2 (B) From the following Trial Balance and additional information supplied to you, of Co-operative Society, for the year ended 31.3.2023 are as follows. **(15)**

Trial Balance

Debit	Amount (₹)	Credit	Amount (₹)
Investment in shares	70,000	Sales	12,00,000
Purchases	11,00,000	Reserves and other Funds	4,00,000
Office Rent	90,000	Share Capital	2,00,000
Salaries	1,10,000	Bank Loan	3,50,000
Travelling Expenses	20,000	Interest on Members loan	3,50,000
Freight	6,000	Members Deposits	4,00,000
Coolie Charges	6,000		
Bank Balance	3,30,000		
Bank Interest	2,58,000		
Printing & Stationery	10,000		
Investment in Bank Shares	50,000		
Fixed Assets	50,000		
Members Loan	8,00,000		
	29,00,000		**29,00,000**

1. Closing Stock ₹4,20,000.
2. Provide Audit Fees for ₹ 12,000.
3. Provide Depreciation on Fixed Assets @ 5%.
4. Outstanding Office Salaries ₹10,000.

You are required to prepare Trading, Profit & Loss Account for the year ended 31st March 2023 and Balance Sheet as on that date.

Q.3 (A) Mr. Rohit holds 1500, 6% Debentures of ₹100 each in Silver Ltd. as on 1st April, 2023 at a Cost of ₹1,56,000. The investment interest is payable half yearly on 30th June and 31st December every year. The following transactions took place during the accounting year.

Date	Particulars	Number of Debentures	Rate
01.05.2023	Purchases	600	₹ 98 Cum-Interest
01.08.2023	Sales	720	₹ 97 Cum-Interest

01.11.2023	Purchases	900	₹ 101 Ex-Interest
01.2.2024	Sales	480	₹ 102 Ex-Interest

The books of accounts are closed on 31st March every year. Prepare Investment in 6% Debenture Account in the books of Mr. Rohit for the year ended 31.3.2024. Market Value of the above Investment on 31st March, 2024 was ₹1,78,200. **(15)**

OR

Q.3 (B) On 1st April, 2023 Mr. Jayesh had 60,000 Equity Shares in Star Ltd. at a Book Value of ₹9,00,000 (Face Value ₹10 per share). On 22nd June 2023, he purchased another 10,000 shares of the company for ₹1,60,000. The directors of Star Ltd. announced a bonus issue of equity shares in the ratio of one share for seven shares held on 16th August, 2023.

On 31st August, 2023 the Company made a right issue in the ratio of three shares for eight shares held on payment of ₹15 per share. Due date for the payment was 30th September, 2023. Mr. Jayesh subscribed to 2/3rd of the right shares and sold remaining of his entitlement to Vinay for a consideration of ₹2 per share.

On 31st October, 2023 received dividends from Star Ltd. @ 20% for the year ended 31st March, 2023. Dividend for shares acquired by him on 22nd June 2023 are to be adjusted against the cost of purchase.

On 15th November, 2023 Mr. Jayesh sold 60,000 Equity Shares at a premium of ₹5 per share. You are required to prepare Investments Account in the books of Mr. Jayesh.

Assume that the books of account are closed on 31st March, 2024 and shares valued at Weighted Average Cost. **(15)**

Q.4 (A) The trial balance of KP Electric Supply Ltd. as on 31st March, 2024 is below. **(15)**

Particulars	Debit Amount	Credit Amount
Share Capital: Equity Shares of ₹ 10 each		2,50,00,000
14% Preference Shares of ₹ 100 each		75,00,000
Patents and Trademarks	12,52,000	
15% Debentures		1,23,50,000
16% Term Loan		76,50,000
Land (additions during the year ₹ 10,25,000)	62,25,000	
Building (additions during the year ₹ 25,40,000)	1,75,67,000	
Plant & Machinery	2,85,29,000	
Mains	22,62,000	
Meters	15,75,000	
Electrical Instruments	7,65,000	
Office Furniture	12,25,000	
Capital Reserve		25,10,000
Contingency Reserves		60,15,000
Transformers	82,20,000	
Net Revenue Account		26,75,000
Stock in Hand	60,25,000	
Sundry Debtors	31,23,000	
Contingency Reserve Investment	60,05,000	
Cash and Bank	16,27,000	
Public Lamps	15,20,000	

Depreciation Fund		1,29,08,000
Sundry Creditors		32,62,000
Proposed Dividend		60,50,000
	8,59,20,000	**8,59,20,000**

During 2023-24, ₹ 50,00,000 of 14% Preference Shares were redeemed out of proceeds of fresh issue of Equity Shares. Prepare for the above period Balance Sheet as on 31st March 2024 as per Schedule III of the Companies Act, 2013.

OR

Q.4 (B) On 1st April 2024, Sun Mutual Fund has the following assets: **(15)**

Shares of	No of Shares	Market Price Per Share as on 01.04.2024	Market Price per share as on 02.04.2024
L Ltd.	20000	28.50	19.30
M Ltd.	70000	381.60	407
N Ltd.	20000	263.60	289.80
P Ltd.	150000	575.60	512.20
Q Ltd.	40000	27.65	35

No of Units – 10,00,000 Units

a. Calculate the Net Asset Value (NAV) of the fund.
b. Assuming Mr. John, send a request of ₹ 1,50,00,000 to the fund on 1st April, 2024 and Fund Manager purchases 30,000 shares of N Ltd. and balance is held in bank. What will be the new position of the fund?
c. Calculate the new Net Asset Value (NAV) of the fund as on 2nd April, 2024.

Q.5 (A) Discuss the meaning and types of Mutual Fund. **(08)**

(B) Explain the benefits of adopting IFRS for Indian Companies. **(07)**

OR

Q.5 Write Short Notes (Attempt <u>any THREE</u> of the following) **(15)**

a. Open Ended Fund
b. IFRS 1
c. Reserve Fund of a Co-operative Housing Society
d. Accounting for Security Deposit of the Electricity Companies
e. Weighted Average Cost of Investment

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Paper / Subject Code: 85602 / Cost Accounting - IV

19|3|2025

[Time: 2½ Hours] **[Marks: 75]**

N.B : 1. All questions are compulsory.
2. Figures to right indicate full marks.
3. Use of simple calculator is allowed.
4. All workings should form a part of solution.

Q1A State whether the statement is true or false (Rewrite the sentence) Any eight (8) **(8)**

1. Budget manual is a detailed information plans , policies, procedures and operations
2. CVPA stands for Cost Volume Profit Analysis?
3. Idle time variance is caused due to change in efficiency
4. Variable Cost per unit goes on decreasing with increase in volume of production.
5. Material cost variance is equal to MPV + MUV
6. Sales budget shows estimate of future sales
7. P/V ratio increases with decrease in Fixed Cost
8. Margin of Safety Shows how far the company is safe
9. Variable Cost per unit goes on decreasing with increase in volume of production.
10. Variable Cost per unit goes on decreasing with increase in volume of production.

Q1B Match the Following **(Any 7)** **(7)**

Column A	Column B
1. Depreciation	1. Based on Marginal Cost
2. Prime Cost	2. Historical cost
3. Key Factor	3. Summary of all functional budget
4. Mater Budget	4. Arises due to non controllable factors
5. Non Controllable Variance	5. Variable Cost
6. Electricity charges	6. Increase in BEP
7. Increase in Variable Cost	7. Profitability
8. Contribution test	8. Fixed Cost
9. Make or Buy Decision	9. Direct Cost
10. Cost incurred in past	10. Limiting Factor

Q2 AThe sales and profits of two seasons are as following **(15)**

Seasons	Sales Rs.	Profit Rs.
Summer	3,00,000	35,000
Winter	5,00,000	75,000

Calculate ;

1. Profit Volume Ratio
2. Fixed Cost
3. Break Even Point
4. If the company wants to have a profit of Rs. 10,000 what should be the level of sales?
5. Profit when sales are Rs.5,50,000

OR

Q2B Atharva Industries has given the following details: **(15)**

Particulars	Product I	Product II	Product III
Units Budgeted to be Produced & Sold	1800	3000	1200
Selling Price Per Unit (Rs.)	62	57	50
Requirements Per Unit:			
Direct Materials	05 kg.	03 kg.	04 kg.
Cost of Direct Material per Kg.	Rs. 04	Rs. 04	Rs. 04
Direct Labour	04 hours	03 hours	04 hours
Variable Overheads	Rs. 07	Rs. 13	Rs. 08
Fixed Overheads	Rs. 10	Rs. 10	Rs. 10
Direct Labour Hour Rate	Rs. 02	Rs. 02	Rs. 02
Maximum Possible Units of Sales	4000	5000	1500

find the most profitable product mix and prepare a statement of profitability of the product mix.

All the three products are produced from the same direct material using the same type of machines and labour. Direct Material, which is the key factor, is limited to 37,000 kgs.

Q3 A Bombay Factory is currently working at 50% capacity and produces 30,000 units and also sold each at Rs. 225 per unit. Prepare a Flexible Budget and estimate the profit of the company when it works to 75% and 90% capacity. (15)

Assume that all units produced are sold at the same selling price per unit as shown above.

Following information is provided to you:

(i) Variable Expenses:

Materials Rs. 60 per unit

Labours Rs. 40 per unit

Other Expenses Rs. 15 per unit

(ii) Semi-variable Expenses: (at 50% capacity)

Indirect Labour Rs. 1,50,000

Indirect Materials Rs. 2,10,000

General Administrative Expenses Rs. 2,70,000

Budgeting and Budgetary Control 35 Repairs and Maintenance Rs. 1,20,000

Salesman Salaries Rs. 1,80,000

(iii) Fixed Expenses:

Office and Management Salaries Rs. 5,40,000

Office and Factory Rent and Taxes Rs. 6,00,000

Sundry Administrative Expenses Rs. 7,20,000

Depreciation on Machinery and Furniture Rs. 4,50,000

(iv) Semi-variable expenses remain constant up to 60% of capacity, increasing by 10% between 60% and 80% capacity and by 20% between 80% and 100% capacity.

(v) Rate per unit of variable expenses remains the same.

OR

Q3B A Celestial Innovations Ltd. plans to prepare a cash budget starting from January for the first six months, based on the following estimated revenues and expenses. **(15)**

Months	Sales	Material	Wages	Production Overheads	Selling & Distribution Overheads
January	20,000	20000	4000	3200	800
February	22000	14000	4400	3300	900
March	24000	14000	4600	3300	800
April	26000	12000	4600	3400	900
May	28000	12000	4800	3500	900
June	30000	16000	4800	3600	1000

Cash balance on 1st Jan was 10,000, a new machinery is to be installed at Rs.32,000 on credit to be repaid by two equal installments in March and April. Sales commission @2.5% on total sales is to be paid next month following actual sales.

Rs. 10,500 being the amount of second call received in March. Share premium Rs. 1,500 Is also obtained with the 2nd call.

Period of credit allowed by suppliers 2 Months

Period of credit allowed to customers 1 Month

Delay in payment of overheads 1 Month

Delay in payment of wages 1/2Month

Actual cash sales are 50% of total Sales

Q 4A from the following data calculate the sales variances **(15)**

a. Sales Value variance
b. Sales Price Variance
c. Sales Volume Variance
d. Sales Mix Variance
e. Sales Quantity Variance

Product	Budget		Actual	
	Unit	Rate	Unit	Rate
P	23,000	10	42,000	11
Q	37,000	11	35,000	10
R	40,000	10	36,000	13

OR

Q4 B Mujahid Limited produces the 3 products in his production units viz aAlpha , Beta and Gamma from the data available calculate all Material Variance **(15)**

Product	Standard		Actual	
	Units	Rate	Units	Rate
Alpha	5	20	7	22
Beta	8	30	5	28
Gamma	7	40	8	41

Q5 A Difference Between Fixed Budget and Flexible Budget **(8)**

Q5 B Benefits of Standard Costing **(7)**

OR

Q5 Short Notes **(Any 3)** **(15)**

1. P/V Ratio
2. Break Even Point
3. Marginal Costing
4. Margin of Safety
5. Zero Based Budget

21|3|2025

Paper / Subject Code: 85604 / Taxation - V (Indirect Taxes- III)

TIME: $2^{1/2}$ 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. TDS under GST on Rs. 1,000 will be equal to ________
   a) Rs. 20
   b) Rs. 200
   c) Rs. 10
   d) Rs. 100
2. SGST Input Tax Credit cannot be used to set off payment of __________.
   a) CGST
   b) SGST
   c) IGST
   d) None of the above
3. __________ is levied on Intra-State Supply of Goods or Service.
   a) CGST & SGST both
   b) SGST & IGST both
   c) IGST only
   d) SGST only
4. The electronic liability register shall be maintained in form_________.
   a) GST PMT - 01
   b) GST PMT - 02
   c) GST PMT – 03
   d) GST PMT – 05
5. The challan generated in form GST PMT 06 is valid for_______.
   a) 7 days
   b) 10 days
   c) 15 days
   d) 20 days
6. In case of Air Transport, freight charges cannot exceed _______ of FOB.
   a) 10%
   b) 20%
   c) 30%
   d) 40%
7. In case if cost of insurance to the place of importation is not ascertainable, it is calculated @________ of FOB.
   a) 1.125%
   b) 1.215%
   c) 1.512%
   d) 2.215%
8. _________ is not included while calculating FOB Price.
   a) Cost of packing
   b) Loading and unloading expenses at Exporting country
   c) Cost of Freight up to Exporting country custom station
   d) Buying commission

9. Interest from claimant who have claimed duty drawback in error will be ________ from the date of error till the date it is reversed.
   a) 6%
   b) 10%
   c) 15%
   d) 20%
10. ________ is charged to protect the domestic industry from serious injury against imports of an article or articles in increased quantities.
    a) Safeguard Duty
    b) Basic Duty
    c) Countervailing Duty
    d) GST Compensation Cess

B) Identify if the following statements are true or false. (Any 7) **[07]**

1. Interest on delayed payment of GST is always 24%.
2. State of Maharashtra is Governed by UTGST Act.
3. CPIN stands for Common Portal Identification Number.
4. Transaction value is considered Assessable value even if buyer and seller are related.
5. CIF stands for Cost Insurance Freight.
6. Baggage includes unaccompanied baggage.
7. Person above the age of 18 years can bring 1 laptop duty free.
8. Over the counter GST payment is allowed up to Rs. 10,000.
9. Goods imported earlier may be exported and Duty Drawback of up to 98% of import duty paid can be claimed on such exports.
10. TCS is Applicable to E-Commerce Operator.

Q2 A) M/s. Arya Electricals, registered in the state of Madhya Pradesh, provides the following details for the month of February 2025. Compute its Net Tax Liability for the month. **[15]**

Opening Balance in Electronic Credit Ledger (as of 1st February 2025):

Tax Type	Amount (Rs.)
IGST	15,000
CGST	1,80,000
SGST	28,000

Transactions during the month:

Nature of Supply	GST Rate	(Rs.)
Sold Goods to Ramesh (Jaipur, Rajasthan) S I	18%	7,50,000
Sold Goods to Neelam (Kolkata, West Bengal) S I	12%	5,20,000
Provided Services to Anil (Kohima, Nagaland) S I	5%	1,90,000
Provided Services to Meera (Bhopal, Madhya Pradesh) S C	18%	19,50,000
Inward Supplies from Ahmedabad, Gujarat I	28%	3,20,000
Inward Supplies from Udaipur, Rajasthan I	5%	5,10,000
Inward Supplies from Indore, Madhya Pradesh C	12%	9,80,000

Compute the following:

1. GST Output Liability for the month.
2. GST Input Credit available.
3. Net GST Payable after utilizing input tax credit.

OR

C) On 15/03/2025, Mr. David, a person of Indian origin, aged 42 years, arrived in India from the United Kingdom. He carried the following goods: [07]

1. Personal effects like clothes valued at Rs. 45,000
2. Laptop worth Rs. 55,000
3. Travel souvenirs valued at Rs. 25,000
4. 1 litre of whiskey worth Rs. 12,000
5. Mobile phone worth Rs. 18,000
6. Digital camera worth Rs. 65,000

Q4 A) Arun Exports Ltd., a manufacturer, has exported the following goods to Germany. You are required to calculate the duty drawback for these goods based on the given information: [08]

Product	FOB Value of Exported Goods (Rs.)	Market Price of Goods (Rs.)	Duty Drawback
A	9,50,000	8,00,000	30% of FOB
B	14,00,000	15,50,000	4% of FOB
C	3,00,000	2,20,000	1.00% of FOB
D	7,50,000	8,50,000	1.50% of FOB

Other Information:

➢ Imported value of Product B is Rs. 18,50,000.

➢ Product D is manufactured using duty-free inputs.

B) Calculate Custom duty payable in the following situation: [07]

Particulars	Rs.
CIF price imported goods	25,00,000

Basic custom duty is at 15% and GST on like article is at 12%, GST compensation cess @10%.

OR

Q4 C) Mr. Arun, an Indian resident, returns to India on 20-05-2025 after staying in Canada for 14 months. On his return, he brings the following items: [08]

a) Used personal effects like clothes, etc., valued at Rs. 1,80,000
b) Music system valued at Rs. 1,40,000
c) Gold jewellery measuring 25 grams, valued at Rs. 50,000
d) Laptop worth Rs. 1,25,000
e) 25 cigars worth Rs. 5,500
f) Smartphone worth Rs. 58,000

D) Drawback of Rs. 1,00,000 was wrongly claimed by the exporter Mr. Raj on 20th July 2024. On 5th September 2024, a demand notice was issued to him. Accordingly, he repaid the amount on 20th November 2024. The rate of interest is 15% per annum. You are required to calculate the interest payable by Mr. Raj. [07]

Q5 A) Explain various Electronic Ledgers available on GST Portal. [08]

B) Explain various types of duty under custom law. [07]

OR

Q5 P) **Write a short note on the following. (Any Three)** **[15]**

a) Audit under GST
b) Revised Invoice under GST
c) First Return under GST
d) Private Warehouse
e) General Duty-Free Baggage Allowance

20/3/2025

Duration : 2.30 hours. **Marks: 75**

N.B. : (a) All questions are compulsory.
(b) Working notes should form part of your answer.
(c) Proper presentation and neatness are essential.
(d) Figures to the right indicate full marks.

Q.1.

A. Select the correct alternative from the choices given below and rewrite the statement: **[Any Eight]** [08]

1. ____________ is the current market value of the firm subtracted by the invested capital.
   a. Value added
   b. Economic Value Added
   c. Market Value Added
   d. Market Capitalisation
2. Super Profit = ______________ - Normal Profit
   a. Past Profit
   b. Present Profit
   c. Future Maintainable Profit
   d. Average of Past and Present Profit
3. The basic reason for _____________ merger is to take advantage of the provisions of Income Tax which allows a company to carry forward its losses to set off against its future profits.
   a. Congeneric
   b. Conglomerate
   c. Reverse
   d. Vertical
4. If a company's Market Price per share is Rs.80 and Earning Per Share is Rs.16. What is the P/E Ratio?
   a. 0.2 times
   b. 5 times
   c. 40 times
   d. 20 times
5. Which of the following is not a usual method of calculation of Swap Ratio.
   a. Market Price per Share
   b. Earnings Per Share
   c. Net Asset Value
   d. Economic Value Added
6. Preliminary expenses are one type of ________________
   a. Fixed Asset
   b. Fictitious Asset
   c. Current Asset
   d. Owners Fund
7. If Debenture Holders forgo part of their claims, then ________________ account will be credited under internal reconstruction
   a. Capital Reduction
   b. Debenture
   c. Debenture Holders
   d. Share Capital

8. In case of Hire Purchase of an asset, Hire Purchase Price includes ________________
   a. Down payment
   b. Cost price
   c. Cost Price + Interest
   d. None of the above
9. The purchase of goods on credit obtains a __________from a bank.
   a. Letter of debit
   b. Letter of credit
   c. Bank notice
   d. Pass book
10. ____________ is a short – term financial instrument
   a. Certificate of Deposit
   b. Cheque
   c. Bills Receivable
   d. Debentures

Q.1.
B. State whether the following statements true or false. **[Any Seven]** [07]

a. Share capital is considered as one of the external liabilities during calculation of Net Asset Value
b. Expected Rate of Return calculation depends on Net Asset Value
c. Merger of profit-making firm with loss making firm is known as Conglomerate Merger
d. Synergy is one of the reasons for failure of merger
e. When an unrecorded liability is paid off Capital Reduction Account is credited
f. Goodwill is written off using Capital Reduction account balance
g. During hire purchase ownership is transferred to the buyer on payment of all instalments
h. Lessor is the person who owns the asset
i. Down payment is the initial payment.
j. Factor acts as the mediator between client and customer

Q.2.
A. Following is the summarised balance sheet of ABC Ltd. As on 31st March, 2024. [15]

Liabilities	Rs.	Assets	Rs.
Share capital:		Land and Building	2,30,000
600, 10% Preference Shares of Rs.100 each fully paid	60,000	Plant and machinery	2,50,000
		Stock	1,10,000
6,000 Equity Shares of Rs.100 each fully paid	6,00,000	Debtors	40,000
		Cash at bank	1,50,000
Reserves and surplus	1,50,000	Cash in hand	60,000
Secured loan:		Investment in 10% Govt. Securities	50,000
600, 9% Debentures of Rs.100 each	60,000	Preliminary expenses	40,000
Sundry creditors	60,000		
	9,30,000		9,30,000

1. The profits of the company have been as follows:

YEAR	Rs.
2021-22	76,000
2022-23	84,000
2023-24	68,000

2. The industry average rate of return is 10% of the share value.
3. On 31st March, 2024 the value of assets is as follows:

Assets	Rs.
Goodwill	2,07,000
Land and building	2,40,000
Plant and machinery	2,40,000
Stock	1,20,000
Debtors	30,000
Investment in 10% Govt. Securities	60,000

On the basis of above information calculate the value of equity shares of company by,

a. Net Asset Method

b. Yield Method

c. Also calculate fair value considering above methods.

OR

Q.2. B. Calculate EVA from the following information of XYZ Ltd. [08]

Equity Share Capital	Rs.10,00,000
15% Preference Share Capital	Rs.4,00,000
Reserves and Surplus	Rs.12,00,000
14% Debentures	Rs.6,00,000
Profit before tax	Rs.4,00,000
Tax rate	40%
WACC	13%

Q.2.C. Calculate MVA from the following information of Shlok Ltd. [07]

Balance sheet of Arjun Ltd. As on 31st March, 2024

Liabilities	Rs. in lakhs	Assets	Rs. in lakhs
Equity share capital of Rs.10 each	600	Building	900
Retained earnings	300	Machinery	400
8% term loan	400	Stock	50
Bills payable	175	Debtors	40
Provisions	215	Bank	300
	1,690		1,690

Profit After Tax (PAT) = Rs.1,136 (in lakhs), P/E Ratio = 2.

Q.3. A. PQR Ltd. is intending to acquire XYZ Ltd. and the following information is available in respect of both the companies. [15]

Particulars	PQR Ltd.	XYZ Ltd.
Total Earnings (Rs.)	3,00,000	1,20,000
Number of shares outstanding	50,000	30,000
Market Price per share (Rs.)	24	12

a. Calculate the present EPS of both the companies

b. If the proposed merger takes place what would be the new Earnings Per Share after merger (assuming merger takes place based on the current market price)?

c. What should be the exchange ratio if XYZ Ltd. wants to ensure same earnings to shareholders as before merger took place.

OR

Q.3. B. Following is the balance sheet of Saloni Ltd. as on 31st March, 2024. [15]

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share capital:		Goodwill	3,40,000
1,60,000 Equity Shares of Rs. 5 each fully paid	8,00,000	Land & Buildings	2,60,000
4,000 6% cumulative Preference Shares of Rs. 100 each fully paid	4,00,000	Equipment	2,50,000
8% Debentures (Rs. 100 each)	4,00,000	Sundry Debtors	2,40,970
Bank Overdraft	1,50,000	Stock	3,30,340
Sundry Creditors (Including Rs. 20,000 interest on Bank Overdraft)	3,40,360	Investment	45,450
		Cash at Bank	20,240
		Profit & Loss A/c	6,03,360
	20,90,360		20,90,360

Preference dividend in arrears for five years.

Following scheme of reconstruction was approved by the court.

1. Equity shares to be reduced to Rs. 1.25 each and then to be consolidated into shares of Rs. 10 each.
2. 6% preference shares to be reduced to Rs. 40 each and then to be subdivided into shares of Rs. 10 each.
3. Interest accrued but not due on 8% Debentures for half year ended 31st March 2024 has not been provided in the above balance sheet. The Debenture Holders have agreed to receive 40% of the interest in cash immediately and provision for the balance to be made in the books of account.
4. Rs. 24,000 be paid to preference shareholders in lieu of arrears of preference dividend.
5. Bank has agreed to take over 50% of stock in full satisfaction of its claim including interest. The remaining stock be revalued at Rs. 1,20,000.
6. The Debenture Holders have also agreed to accept equal number of 9% Debentures of Rs. 60 each in exchange of 8% Debenture of Rs. 100.
7. Investment be sold for Rs. 40,000
8. Tangible Fixed Assets be appreciated by 20%. Goodwill be written off in full and provision be made for doubtful debts of Rs. 20,000.

Give journal entries for the above scheme of reconstruction.

Q.4. A. Anushka Ltd. Requires an equipment costing Rs. 2,00,000 the same will be utilized over the period of 5 years it has two financing option in this regard. The salvage value of equipment at the end of 5th year is zero. The company uses straight line depreciation. Assume tax rate is 40%. [15]

Option 1:

To buy with borrowed fund at the cost of 18% p.a. payable in 5 equal instalments of Rs. 64,000 p.a.

Option 2:

To take equipment on lease and on an annual rent of Rs.32,000

Discount Factor at 18%

Advise the company which option should go for if Internal Rate of Return is 18%

OR

Q.4. B. Shashank Ltd. has a total sale of Rs. 6.4 crores and its average collection period is 90 days. The past experience indicates the bad-debt losses are 1.5% of sales. The expenditure incurred by the firm in administering its receivables are Rs.10,00,000. A factor is prepared to buy the firm's receivables by charging 2% commission. The factor will pay an advance on receivables to the firm at an interest rate of 18% p.a. after withholding 10% as reserve. [15]

Calculate the effective cost of factoring to the firm.

Q.5.

A. What are the various approaches to the valuation of business? [08]

B. What do you mean by Factoring? Give a note on Recourse and Non-Recourse Factoring. [07]

OR

Q.5. Short Notes: **[Any Three]** [15]

a. Mechanism of Leasing
b. Working Capital Financing
c. Types of Mergers
d. Certificate of deposit
e. External Reconstruction

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