

2½ Hours

Marks: 75

Note:

- All questions are compulsory.
- Each question carries 15 marks.
- Figures to the right indicate full marks.
- Use simple calculator.
- Working should form part of answer.

Q.1 A) Rewrite the sentences after selecting correct alternative: (Any eight) (08)

1. A Gilt Fund is a special type of fund that invests _____.
 - a. in very high quality equity only
 - b. in instruments issued by companies with a sound track record
 - c. in short term securities
 - d. in government securities only
2. The NAV of mutual fund _____.
 - a. is always constant
 - b. keeps going up at a steady rate
 - c. fluctuates with market price movements
 - d. cannot go down at all
3. Total number of International Financial Reporting Standards (IFRS) _____.
 - a. 41
 - b. 15
 - c. 33
 - d. 19
4. IFRS _____ deals with Revenue from Contracts with Customers.
 - a. 1
 - b. 5
 - c. 10
 - d. 15
5. M Ltd. acquired 2000 equity shares of Yes Ltd. on cum-right basis at ₹ 75 per share. Subsequently, Yes Ltd. made a right issue of 1:1 at ₹ 60 per share, which were subscribed for by M Ltd. Total cost of investment at the year-end will be _____.
 - a. ₹ 2,70,000
 - b. ₹ 1,50,000
 - c. ₹ 1,20,000
 - d. ₹ 2,00,000
6. Long term investments are carried at _____.
 - a. Fair Value
 - b. Cost Price
 - c. Cost or Market whichever is less
 - d. Cost or Market whichever is high

7. A co-operative housing society has 15 members. All payments in excess of the following limits shall be made by means of Crossed A/c Payee Cheque.
 - a. ₹ 1500
 - b. ₹ 3000
 - c. ₹ 4500
 - d. ₹ 5000
8. Every society deriving profits shall transfer _____ % of the profit to the Reserve Fund.
 - a. 10
 - b. 25
 - c. 15
 - d. 5
9. Grant received under APDRP of Ministry of Power is accounted for _____.
 - a. as a liability
 - b. as a reserve
 - c. as a capital reserve
 - d. as reduction in cost of fixed assets
10. Balance of accrued interest on security deposit from electricity consumers' _____.
 - a. is written off
 - b. is shown as current liability
 - c. is shown as non-current liability
 - d. is shown as current assets

Q.1 B) State whether the given statements are TRUE or FALSE: (Any seven) (07)

1. A fund that charges a load is better than no-load fund.
2. AMC directors are appointed with the permission of trustees.
3. IFRS 4 deals with Insurance Contracts.
4. IFRS 1 was issued in June 2003.
5. Interest is always calculated on market value of the security.
6. When the rights are sold (without subscribing), sale proceeds are credited to the profit & loss a/c.
7. Co-operative society is a corporate body distinct from its members.
8. A co-operative housing society does not prepare Trading and Profit & Loss A/c.
9. The main purpose of the Electricity Act 2003 is to make electricity companies self-sustainable.
10. $\text{Ex-Interest price less Accrued Interest} = \text{Cost of the Investment}$.

Q.2 A) The Trial Balance of Adani Electric Supply Ltd. for the year ended 31st March, 2023 is as below:

(15)

Particulars	Dr. ₹ ('000)	Cr. ₹ ('000)
Share Capital:		
Equity Shares of ₹ 10 each		1,00,000
14% Preference Shares of ₹ 100 each		30,000
Patents and Trademark	5,008	
15% Debentures		49,400
16% Term Loan		30,600
Land (additions during the year 2,050)	24,900	
Building (additions during the year 5,080)	70,268	
Plant and Machinery	1,14,116	
Mains	9,048	
Meters	6,300	
Electrical Instruments	3,060	
Office Furniture	4,900	
Capital Reserve		8,040
Contingency Reserves		24,060
General Reserve		2,000
Transformers	32,880	
Opening Balance of Profit and Loss Account		700
Profit for the year 2022-23 subject to adjustments		10,000
Stock in Hand	24,100	
Sundry Debtors	12,492	
Contingency Reserve Investments:		
- SBI Bonds – 2030	20,020	
Other Investments	4,000	
Cash and Bank	6,508	
Public Lamps	6,080	
Depreciation Fund		51,632
Sundry Creditors		13,048
Proposed Dividend		24,200
	3,43,680	3,43,680

During 2022-23, 1,00,000, 14% Preference Shares were redeemed at a premium of 10% out of proceeds of fresh issue of Equity Shares of necessary amounts at a premium of 10%.

Adjustments:

1. Transfer to Contingency Reserve ₹ 3,40,000 and to General Reserve ₹ 4,00,000
2. Loss on Contingency Reserve Investment ₹ 20,000
3. Make a Provision for debts considered doubtful of ₹ 20,28,000.

You are required to prepare for the above period general balance sheet as on 31st March, 2023 as per Schedule III of the Companies Act, 2013.

OR

Q.2 B) From the following Receipts and Payment Account for the year ending 31-3-2023, prepare final accounts in the prescribed format as per applicable legal provisions. (15)

SANKALP CHS LTD.
Receipts and Payments Account

Payments	₹	Receipts	₹
To Property Taxes	6,51,334	By Opening	Nil
To Water Charges	5,051	By Collection from members	61,79,560
To Electricity Charges	6,310	By Interest— Savings Bank	4,819
To Insurance Charges	5,629	By Tata Sky Rent	25,000
To Repairs and Maintenance	19,501		
To Salaries	42,000		
To Postage	3,908		
To Conveyance	222		
To Subscription to the Education Fund	15		
To Security	1,18,001		
To Land and Building	53,00,000		
To Cash on Hand c/d	2,542		
To Cash in Banks c/d	54,866		
	62,09,379		62,09,379

Further information:

- | | |
|---|------------------|
| a) Details of collection from members: | ₹ |
| i. Property Taxes and Expenses | 6,78,110 |
| ii. Establishment Expenses | 1,66,000 |
| iii. Entrance fees | 3,000 |
| iv. Transfer Fund | 200 |
| v. Sinking Fund | 6,000 |
| vi. Repairs Fund | 25,000 |
| vii. Cost of Building | 53,00,000 |
| viii. Subscription: 25 Shares of ₹ 50 each | 1,250 |
| | 61,79,560 |
| b) Authorized Capital: 1000 shares of ₹ 50 each | |
| c) Outstanding Electricity Expenses | 3,400 |

Q.3 A) Mr. Sujal holds 1,000 – 10% Debentures of ₹ 100 each in MT Ltd. as on 1st April, 2022 at a cost of ₹ 1, 20,000. Interest is payable half yearly on 30th September and 31st March every year.

(15)

Transactions for the year are as follows:

Date	Particulars	Number of Debentures	Rate (₹)
01-07-2022	Purchased	500	102 Cum Interest
30-09-2022	Purchased	500	97 Ex Interest
01-01-2023	Sold	700	110 Cum Interest
31-01-2023	Sold	300	98 Ex Interest
01-03-2023	Purchased	200	105 Cum Interest

The books of accounts are closed on 31st March every year.

Prepare Investment in 10% Debenture Account in the books of Sujal for the year ended 31-3-2023. Market value of the above investment on 31st March, 2023 was ₹ 1,30,000.

OR

Q.3 B) Mr. Alok entered into following transactions of Equity Shares of ₹ 10 each of Alka Ltd. (15)

Date	No. of Shares	Details
1-4-2022	3,000	₹ 69,000 Cost (Opening)
15-5-2022	1,000	Purchase @ ₹ 24 per share
15-7-2022	5,000	Bonus shares received
15-12-2022	1,500	Sale @ ₹ 22 per share
1-3-2023	1,000	Sale @ ₹ 24 per share

Additional Information:

- On 1st September 2022, dividend @ ₹ 3 per share was received for the year ended 31-3-2022.
- On 10th November 2022, the company made a right issue of Equity shares in the ratio of one share for every five shares held on payment of ₹ 20 per share.

Mr. Alok subscribed for 50% of the shares and sold remaining on his right @ ₹ 3 per share. You are required to prepare investment in Equity Shares A/c in the books of Mr. Alok for the year ended 31-03-2023. (Round off figures to the nearest rupee.)

Q.4 A) On 1-4-2022 XYZ Mutual Fund issued 40 lakh units at ₹ 10 per unit. Relevant initial expenses involved were ₹ 24 lakhs. It invested the fund so raised in capital market instruments to build a portfolio of ₹ 370 lakhs. During the month of April 2022 it disposed off some of the instruments costing ₹ 120 lakhs for ₹ 126 lakhs and used the proceeds in purchasing securities for ₹ 112 lakhs. Fund management expense for the month of April 2022 was ₹ 16 lakhs out of which 10% was in arrears. In April 2022 the fund earned dividends amounting to ₹ 4 lakhs and it distributed 80% of the realised earnings. On 30-4-2022 the market value of the portfolio was ₹ 396 lakhs. Calculate the closing NAV per unit. (08)

Q.4 B) From the following balances as at 31st March, 2023, prepare the Notes to Accounts for Share Capital, Reserves and Surplus and Fixed Assets. (07)

Particulars	₹	Particulars	₹
Balance on 1 st April 2022		Share capital- Ordinary Shares	3,29,400
- Equipment	90,000	Management Expense	12,000
- Machinery	3,60,000	Depreciation Fund	1,50,000
- Mains	1,20,000	Net Revenue A/c as on 01/04/2022	17,100
Expenditure during the year		Profit for the current year	28,800
- Equipment	3,000	Interim Dividend	12,000
- Machinery	3,000	Debentures	1,20,000
- Mains	30,600		

The electricity company had the authorised share capital : 25,000 shares of ₹ 50 each

OR

Q.4 C) The investment portfolio of a mutual fund scheme includes 10,000 shares of Z Ltd. and 8,000 shares of W Ltd. acquired on 31-12-2022. The cost of Z Ltd.'s shares is ₹ 40 while that of W Ltd.'s shares is ₹60. The market values of these shares at the end of 2022-23 were ₹ 38 and ₹ 64 respectively. On 01-07-2023, shares of both the companies were disposed off realizing ₹ 37 per Z Ltd.'s shares and ₹ 67 per W Ltd.'s share. Show important accounting entries in the books of the fund for the accounting years 2022-23 and 2023-24. (15)

Q.5 A) Explain Co-operative Housing Society and its main objects of formation. (08)

Q.5 B) Explain in detail IFRS 1- First Time Adoption of IFRS. (07)

OR

Q.5 C) Write short notes on: (Any 3) (15)

- i. Net Asset Value (NAV)
- ii. Main purpose of The Electricity Act, 2003
- iii. Co-operative Society
- iv. Ex-interest and Cum-interest price
- v. Role of ICAI in convergence of accounting standards in India

TIME: 2:30

MARKS:75

- NOTE: 1- All questions are compulsory.
2- Figures to the right indicate marks.
3- Working notes are forming part of your answers.

Q1(a) Choose the correct alternative and rewrite it. (Any eight)

(8)

1- What is the main purpose of a budget?

- A) To control costs
- B) To predict future financial performance
- C) To increase shareholder dividends
- D) To reduce competition

2- Which of the following costs is not included in marginal costing?

- A) Fixed costs
- B) Variable costs
- C) Sunk costs
- D) Semi-variable costs

3- What is a standard cost?

- A) The actual cost incurred
- B) The historical cost of an item
- C) The predetermined cost based on a certain level of efficiency and costs
- D) The market price of a product

4- Which of the following is not a component of the master budget?

- A) Sales budget
- B) Production budget
- C) Cash budget
- D) Variable cost budget

5- Which of the following is not a feature of marginal costing?

- A) Fixed costs are treated as period costs
- B) Variable costs are allocated to products
- C) Contribution margin is calculated
- D) Marginal cost per unit remains constant

6- Which variance compares the actual cost of direct materials with the standard cost of direct materials allowed for actual production?

- A) Material price variance
- B) Material usage variance
- C) Labor rate variance
- D) Labor efficiency variance

7- What does a flexible budget do?

- A) Allows for adjustments in production levels
- B) Is fixed and cannot be changed
- C) Only considers variable costs
- D) Is prepared only for managerial purposes

8- In marginal costing, which of the following statements is true?

- A) Marginal cost equals total cost

- B) Marginal cost equals total variable cost
- C) Marginal cost equals total fixed cost
- D) Marginal cost equals total fixed cost plus total variable cost

9- Which variance arises due to the difference between the actual quantity of input used and the standard quantity of input allowed for actual production?

- A) Material price variance
- B) Material usage variance
- C) Labor rate variance
- D) Labor efficiency variance

10- What is a budgetary control system primarily concerned with?

- A) Planning future budgets
- B) Comparing actual results with budgeted figures
- C) Controlling fixed costs
- D) Maximizing shareholder wealth

Q1(b)

State whether following statements are True or False. (Any seven)

(7)

- 1- Budgetary control is a technique used for evaluating the performance of a company by comparing actual results with planned results.
- 2- In marginal costing, fixed costs are treated as product costs and are included in the calculation of cost of goods sold.
- 3- Standard costing involves setting predetermined costs based on historical data rather than expected future costs.
- 4- A favorable variance indicates that actual results are better than planned results, while an unfavorable variance indicates the opposite.
- 5- Contribution margin represents the difference between sales revenue and total variable costs.
- 6- Standard costing is not useful for performance evaluation or cost control purposes.
- 7- A flexible budget adjusts the budgeted figures based on actual activity levels, providing a more accurate basis for comparison.
- 8- Marginal costing is often used for short-term decision-making as it focuses on the differential costs between alternatives.
- 9- Standard costing involves comparing actual costs with predetermined standards to identify variances.
- 10- A budgetary control system primarily focuses on controlling fixed costs to ensure profitability.

Q2-A

Following information is available for Usha Ltd.

(15)

Direct Materials per unit

Product X

₹ 20

Product Y

₹ 16

Direct wages per unit

Product X

4 hours @ ₹ 5 per hour

Product Y

6 hour @ ₹ 4 per hour

Variable overheads: 125% of direct wages

Fixed overheads (Total) ₹ 2,500

Selling price per unit of product X ₹ 80

Selling price per unit of Product Y ₹ 90

You are required to prepare:

- Statement showing marginal cost and contribution per unit for product X and Y
- The total contribution and profits resulting from each of the suggested sales mixes and suggest which of the alternative sales mixes you would recommend to the management.
 - 250 units of X and 250 units of Y.
 - 300 units of X and 200 units of Y
 - 200 units of X and 300 units of Y
 - 500 units of X
 - 700 units of Y

OR

Q2-B From the following information and the assumption that the balance in hand on 1st January is R.s. 80,500. Prepare cash budget for six months. (15)

Months	Sales (R.s.)	Materials (R.s.)	Wages (R.s.)	Selling Exp. (R.s.)	Production cost (R.s.)	Administrative cost (R.s.)
Jan	1,44,000	50,000	20,000	8,000	12,000	3,000
Feb	1,94,000	62,000	24,200	10,000	12,600	3,400
Mar	1,72,000	51,000	21,200	11,000	12,000	4,000
Apr	1,77,200	61,200	50,000	13,400	13,000	4,400
May	2,05,000	74,000	44,000	17,000	16,000	5,000
Jun	2,17,400	76,600	46,000	18,000	16,400	5,000

Assume that 50% are cash sales. Assets are acquired in the month of February and April. Therefore provision should be made for the payment of R.s 80,000 & R.s. 50,000 for the same. An application has been made to the bank for the grant of loan of R.s 60,000 and it is hoped that it will be received in the month of May.

It is anticipated that a dividend of R.s. 70,000 will be paid in June. Debtors are allowed 1 months credit. Sales commission @ 2% on cash basis and 5% on cash collection from debtors is to be paid. Creditors grant one month credit. All expenses were outstanding for one month.

Q3-A The standard cost of a certain chemical mixture is :

40% Material 'A' @ ₹20 per kg

60% Material 'B' @ ₹30 per kg

Standard loss of 10% is expected in production.

During a period, there is used :

90 Kgs. Material A at cost of ₹ 18 per kg

110 kgs. Material B at a cost of ₹ 34 per kg

The weight produced is 182 kgs

Calculate:

- Material Cost Variance
- Material Price Variance
- Material Mix Variance
- Material Yield Variance
- Material usages variance

OR

Q3-B Following information is available in respect of G Ltd. and D Ltd.:

(15)

Particulars	G Ltd. (₹)	D Ltd. (₹)
Sales	11,00,000	14,00,000
Variable cost	8,80,000	10,50,000
Profit	1,20,000	2,00,000

Calculate: (i) P/V ratio of both companies. (ii) Fixed cost of both companies. (iii) Break -even point of both companies. (iv) Sales to earn profit of ₹2,10,000 by each company. (v) Sales to earn profit of 10% on sales. (vi) New break- even point if Fixed cost is increased by 10%.

Q4-A

Particulars	Budgeted	Actual
Output	24000	26000
Hours	12000	13200
Fixed overheads (Rs.)	4800	5000
Variable overheads (Rs.)	48000	50000
Number of days	25	27

(15)

Calculate:

- Variable overhead variance
- Variable overhead efficiency variance
- Fixed overhead cost variance
- Fixed overhead volume variance
- Fixed overhead expenditure variance

OR

Q4-B ABC manufacturing company produces 7,500 units by utilizing its 75% capacity, supplies you the following cost information :

(15)

Cost Information at 75% Capacity Utilisation (for 7500 units)

	₹
Direct Material	7,50,000
Direct Labour	6,00,000
Direct Expenses	3,00,000
Factory Overhead	4,50,000
Office Overhead	3,00,000
Selling Overheads	1,50,000

Additional Information :

- Direct material, direct labour and direct expenses are variable cost.
- Factory overheads per unit increases by 10%, if capacity utilisation goes down below the 75% and decreases by 15%, if capacity utilisation goes up above the 75%.
- Office overheads are fixed overheads.
- Selling overheads per unit increases by 20%, if capacity utilisation goes down below 75% and decreases by 25%, if capacity goes up above the 75%.
- It is the policy of the company to charge profit at 20% on selling price.

You are required to prepare a flexible budget at 50%, 75% & 100% capacity utilisation

Q5-A

- What is managerial decision making? Explain various costs to be considered in managerial decision making. (8)
- Distinguish between marginal costing and Absorption costing. (7)

OR

Q5-B Write short notes (any three)

- Advantages of budgeting.
- Disadvantages of marginal costing.
- Role of cost-volume-profit analysis in decision making.
- Advantage of standard costing
- Break-even-point Analysis.

(15)

(2 ½ Hours)

[Total Marks: 75]

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

Q1 (a) Select the correct alternative from the choices given below and rewrite the statement

(any 8)

[8 marks]

1. Among all types of values, the _____ value of a business or an asset is likely to be the lowest.
(a) Intrinsic (b) Fair
(c) Disposal (d) Liquidation
2. Using _____ company can evaluate the project performance and decide whether to execute the project or not to execute.
(a) Intrinsic Value (b) Fundamental Value
(c) Economic Value Added (d) Salvage Value
3. Pooling of resources by two or more companies under a common entity is called _____.
(a) Merger (b) Amalgamation
(c) Absorption (d) Takeover
4. Balance of Capital Reduction should be transferred to _____.
(a) Security premium (b) Capital Reserve
(c) Share Capital (d) Profit & Loss A/c
5. Reduction in share capital of a company means reduction in _____.
(a) Paid up capital (b) Called up capital
(c) Authorized capital (d) Uncalled capital
6. From the point of view of a Lessee, a lease is a _____.
(a) Working Capital Decision (b) Financing Decision
(c) Investment Decision (d) Buy or make Decision
7. Annual Lease Rental is considered as cash outflow for _____.
(a) Lessor (b) Lessee
(c) Finance Company (d) None of the above
8. In India Commercial papers are issued as per the guidelines issued by _____.
(a) SEBI (b) RBI
(c) Forwards Market Commission (d) None of the above
9. Factoring involves _____.
(a) Management of debtors (b) Borrowing from Banks
(c) Borrowing against B/E (d) None of the above
10. Which of the following is a liability of a bank
(a) Treasury Bills (b) Commercial Papers
(c) Certificate of Deposits (d) Junk Bond

Q 1 (b) Match the column (Any 7)

[7 marks]

Column A	Column B
1) ROI indicates	a) Internal reconstruction
2) EVA measures	b) Increases profitability
3) Fictitious balance	c) Cash price only
4) Capital reduction scheme	d) Benefit of factoring
5) Corporate restructuring	e) Overall profitability
6) Lease rentals	f) Advance 70% to 80% of Debt
7) The last instalment in hire purchase includes	g) Transfer to capital reduction
8) Working Capital Finance	h) Provided against inventories
9) Reduction in working capital need	i) Deductible for tax
10) Recourse factoring	j) Corporate surplus
	k) Spontaneous source of finance
	l) Cash price plus interest

Q 2 (a) The following is the Balance Sheet of Nishtha Ltd as on 31.03.2021

[15 marks]

Liabilities	Rs.	Assets	Rs.
3,000, 8% Preference Shares of Rs. 100 each fully paid	3,00,000	Goodwill	1,00,000
60,000 Equity Shares of Rs. 10 each fully paid	6,00,000	Land & Building	4,00,000
Reserves & Surplus	4,66,000	Equipment	2,40,000
10% Debentures	2,00,000	Trade Investment	1,50,000
Current Liabilities	1,84,000	Stock	4,65,000
		Bills Receivable	3,20,000
		Bank & Cash Balance	60,000
		Preliminary Expenses	15,000
	17,50,000		17,50,000

Additional Information:

1. Independent valuation of assets shows the following values.
Goodwill – Rs. 3, 60,000; Land & Building – Rs. 6, 10,000; Equipment -Rs. 2, 40,000
2. Market Value of Investments is Rs. 1, 59,000
3. Normal Rate of return in this type of business may be taken at 15%.
4. The Company earned net profits for the last three years as follows:
Rs. 2, 54, 400; Rs.2, 73,300; Rs. 3, 54,300
5. Preference Share Capital was same during the last three years.
6. Use simple average

Find out the value of equity shares of the company by the:

- i) Intrinsic Value method
- ii) Yield Value method
- iii) Fair Value method

OR

Q 2 (b) Calculate EVA from the following information of Bhutani LTD. [8 marks]

Equity Share Capital	Rs. 5,00,000
13% Preference Share Capital	Rs. 2,00,000
Reserves & Surplus	Rs. 6,00,000
Non trade investments (Face value Rs. 1,00,000) rate of interest	10%
14% Debentures	Rs. 3,00,000
Profits before tax	Rs. 2,00,000
Tax Rate	40%
WACC	13%

Q 2 (c) Calculate MVA from the following information of Finwin Ltd. [7 marks]

Balance Sheet of Finwin Ltd. as on 31st March, 2021

Liabilities	Rs. In Lakhs	Assets	Rs. In Lakhs
Equity Share Capital Rs.10 each	1,200	Building	1,800
Reserves & surplus	600	Machinery	800
8% Term Loan	800	Stock	100
Bills payable	350	Debtors	80
Provision	430	Bank	600
	3,380		3,380

Profit after Tax = Rs. 2,271 Lakhs, P/E = 2

Q 3 (a) The following information is provided related to the acquiring firm Surya Ltd. and the target firm Tara Ltd. [15 marks]

Particulars	Surya Ltd	Tara Ltd
No. of Equity shares	200 Lakhs	100 Lakhs
Profit After Tax	Rs. 2,000 Lakhs	Rs. 400 Lakhs
PE Ratio	10	5

- Calculate the swap ratio based on current market price.
- Calculate EPS of Surya Ltd. after acquisition.
- What is the expected market price per share of Surya Ltd. after the acquisition, assuming P/E multiple of Surya Ltd. remains unchanged.
- Determine the market value of the merged firm.
- Calculate Gain/ Loss for shareholders of the two independent companies after acquisition.

OR

Q 3 (b) The Balance Sheet of Nandan Ltd. as on 31st December, 2019 stands as under:

[15 marks]

Liabilities	Rs.	Assets	Rs.
10% Preference Shares of Rs. 10 each	5,00,000	Goodwill	2,00,000
Equity shares of Rs. 10 each	10,00,000	Land & Building	10,00,000
10% Debentures	2,00,000	Investments	5,00,000
Creditors	2,00,000	Publicity Campaign Expenses	4,00,000
Other Liability	7,00,000	Stock	4,00,000
		Preliminary Expenses	1,00,000
	26,00,000		26,00,000

The following scheme of reconstruction was submitted and approved by the Court:

- Each existing equity shares will be written down from Rs. 10 to Rs. 4
 - Each existing 10% Preference Shares is to be written down from Rs. 10 to Rs. 8 of which Rs. 4 will be represented by 12% preference shares and Rs. 4 by equity shares.
 - 10% Debenture holders agree to waive 20% of right.
 - Assets were revalued as under:
Land & Building Rs. 12, 00,000. Investments Rs. 4, 80,000. Stock reduced by 10%.
 - Creditors due are settled as:
a) 20% immediate payment.
b) 40% amount cancelled.
c) 40% paid by issue of 16% debentures.
 - All fictitious & Intangible assets written off.
- You are required to show the necessary Journal entries and prepare the Capital Reduction Account and Final Balance Sheet of the Company.

Q4 (a)

[15 marks]

An equipment costing Rs. 5,00,000 with a five- year life, can be leased for five years for payment of Rs. 1,20,000 per year at the end of each year. Alternatively, you can borrow Rs. 5,00,000 and buy the equipment, 6% interest is payable on the outstanding balance at the close of each year, the principal being repayable in 5 equal instalments.

You are required to compute depreciation at 20% original cost p.a. Assume tax rate to be 50% and a fair return of 10% after tax is expected on the business funds. Explain which proposal is beneficial?

PV Factor at 10%

Year	1	2	3	4
	.91	.83	.75	.68

OR

Q4. (b)

[8 marks]

The turnover of GINI is Rs. 120 lakhs of which 80% is on credit. Debtors are allowed one month to clear off dues. A factor is willing to advance 90% of the bills raised on credit for a fees of 2% a month plus a commission of 5% on the total amount of debts. GINI as result of the arrangement is likely to save Rs. 1,00,000 p.a. in management costs and avoid bad debts @1% on the credit sales. A bank has come forward to make an advance equal to 90% of the debts at an annual interest rate of 18%. However, its processing fee will be 2% on the debts.

Would you accept factoring or the offer from the bank?

Q4. (c)

[7 marks]

MK Co. Ltd. issued commercial paper worth Rs. 100 Crores as per the following details:

Date of issue - 17th January 2021

Date of maturity – 17th April 2021

No. of days = 90

Interest rate = 11.25%

What was the amount received by the company on issue of commercial paper?

(Assume number of days in a year to be 365)

Q5. (a) Explain briefly the types of corporate restructuring strategies

[8 marks]

(b) Explain the different sources of working capital finance?

[7 marks]

OR

Q5. Write short notes on the following (any 3)

[15 marks]

(a) Methods of Valuation of Goodwill

(b) Internal Reconstruction Vs External Reconstruction

(c) Economic Value Added

(d) Operating Lease Vs Financial Lease

(e) Hire Purchase Financing

Duration: 2.5 hrs

Total Marks: 75

Note : 1. Question No. 1 is Compulsory.

2. Question No. 2,3,4 and 5 have internal options.

3. Each question carry 15 marks.

Q. 1. A. Match the following Column (Any Eight)

(8)

Column A	Column B
1) Electronic Cash Ledger	a) Electronic Credit Ledger
2) Electronic Credit Ledger	b) Electronic Cash Ledger
3) Electronic liability Register	c) All Payments
4) Payment of Output Tax	d) Input Tax Credit
5) Payment of Tax, Interest, Penalty	e) All liabilities
6) Credit of IGST	f) IGST, CGST, SGST and UTGST
7) Shipping Bill	h) Import by vehicle
8) Bill of export	i) Exports by vehicle
9) Declaration	j) Export by vessal or aircraft
10) Import Report	k) Import or export as part of baggage

Q. 1. B. State whether True or False (Any Seven)

(7)

1. Form GSTR- 7A is to be issued by the deductor to the deductee.
2. There is no threshold limit for a TDS deductor to take registration under GST.
3. Assessment of tax happens after is leavy.
4. Motor vehicles can never be regarded as baggage.
5. Goods include any kind of movable property.
6. Shipping bill is filed by shipping company.
7. Custom Port is an area appointed as such by CBIC.
8. Anti-dumping duty is goods, country and exporter specific.
9. Manufacturing activity shall not be allowed in warehouse.
10. Duty for natural loss for warehoused goods may be remitted.

Q. 2. M/S. Komal Electric works registered in state of Chattisgarh provides following details for the month of January.

(15)

Opening balance in Electronic Credit Ledger as on 1st January is

IGST = Rs 10,000

CGST = RS 1,70,000

SGST = Rs 23,000

Particulars	Rs
Sold Goods @ 18% GST to Krishna in Hyderabad, Telangana	6,00,000
Sold Goods @ 12% GST to Kanha in Jammu, J & K	4,00,000
Provided Services @ 5% GST to Kusum in Imphal, Manipur	1,35,000
Provided Services @ 18% GST to Kumud in Raipur , Chattisgarh	17,00,000
Inward Supplies @ 28 % GST from Jabalpur, MP	2,70,000
Inward Supplies @ 5% GST from Pali, Rajasthan	4,30,000
Inward Supplies @ 12% GST from Korba, Chattisgarh	8,50,000

OR

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- Q. 2. A) Explain the provisions of Interest on delayed payment. (8)
 B) Explain the provision of Interest and penalty for TDS. (7)

- Q. 3. A) Compute the assessable value and custom duty payable from the following information:

- Date of import 20th February, 18 (15)
 a) FOB value of Machine – 8,000 UK Pounds
 b) Freight paid (air) – 2500 UK Pounds
 c) Design of development charges paid in UK – 500 UK Pounds
 d) Commission payable to local agent @2% of FOB in Indian
 e) Date of bill of entry 24-10-2018 (Rate BCD 10% Exchange rate by CBIC Rs 100 per UK Pound)
 f) Date of arrival of aircraft 20-10-2018 (Rate BCD 18% Exchange rate as notified by CBIC Rs 95 per UK Pound)
 g) Integrated tax leviable under section 3(7) of CTA 1975 @ 12%
 h) Insurance Charges actually paid but details not available.

OR

- Q. 3. B) Calculate customs duty payable in following situation.

Particulars	Rs
F.O.B. price of imported goods (LED TVs)	45,60,000
Cost of transportation	2,15,000
Cost of insurance	1,50,000

Basic Custom duty is at 18% & GST 28% & GST on like article is at 28%. (15)

- Q. 4. A) Following three passengers arrived at Mumbai Airport after their stay abroad for a period of more than 1 year. (15)

Passenger	Jewellery carried as baggage	
	Weight in grams	Value in Rs
Mr. X	17	52,000
Mr. Y	22	44,000
Mr. A	38	1,10,500

Calculate duty payable by each passenger.

OR

- Q. 4. B) Mr. John Miller (age 37 years), a tourist from Australia came to India on tourist visa for a period of 32 days on 18th February, 2019 along with his wife aged 32 years and a daughter aged 2 years. He brought following items along with him. (15)

- a) Personal effects like clothes of Mr. Miller valued at Rs 42,000, of Mrs. Miller valued at Rs 71,000 and of the infant Rs 30,000.
 b) 2 laptop computers worth Rs 58,000 each.
 c) 3 bottles of Vodka of 1 litre each of total value of Rs 9,300.
 d) Digital camera worth Rs 22,000.
 e) Mobile worth Rs 34,000.

What is the customs duty payable?

Q. 5. A) Explain the various GST Forms.

(8)

B) Explain various types of duties charged under Customs Law.

(7)

OR

Q. 5. Write Short Notes. (Any Three)

(15)

1. Electronic Cash Ledger
2. Levy of Late fees
3. Exported Goods
4. Free on Board Price
5. Baggage

Duration: 2 ½ Hrs.

Marks: 75

- Note: 1. All questions are compulsory.
2. All questions carry 15 marks.
3. Figures to the right indicate full marks.
4. Use simple calculator.
5. Working should be form part of answer.

Q.1 A) Multiple choice questions (Any 8)

(08)

1. _____ costs arise when defective goods are delivered and those defects are noticed after delivery of the goods to the customers.
 - a. Down Grading
 - b. External Failure Cost
 - c. Opportunity Cost
 - d. Preventive Costs
2. _____ provides the systematic pathway for monitoring, analysing, forecasting and controlling the projects.
 - a. Project Control
 - b. Audit
 - c. Management Control
 - d. Scrap Control
3. Global consumer confidence Index was created by _____.
 - a. Fayol
 - b. Nielsen
 - c. Johnson
 - d. Taylor
4. Customer relationship management includes _____.
 - a. Requires training to Staff
 - b. Ensure data security
 - c. Brand Image
 - d. Creates a bong with existing customers
5. ROI is improved by _____.
 - a. Increasing Sales
 - b. Reducing Expenses
 - c. Effective utilization of control
 - d. Costs
6. The best measure of performance is _____.
 - a. Cost
 - b. Revenue
 - c. Profit
 - d. Market Price
7. Cost of sales is converted as per _____.
 - a. FIFO Method
 - b. LIFO Method
 - c. Average Method
 - d. Realisable Value

Time : 2 ½ Hours

Marks : 75

N.B. 1. All question are compulsory.

2. Make suitable assumptions wherever necessary and state the assumptions made.

3. Answer to the same question must be written together.

4. Numbers to the right indicate marks

Q.1 (A) Multiple choice questions (Any 8)

(08)

1) A well-planned activity of committing funds with the aim of achieving returns is referred to as _____.

- a) speculation b) investment c) gambling d) bidding

2) Depositing money in fixed deposit is an example of _____ investment.

- a) financial b) economic c) group d) social

3) Probability of an event that has no chance of occurrence is always _____.

- a) one b) zero c) between a) & b) d) high

4) The idea of selecting securities in a portfolio based on coefficient correlation of their returns was purported by _____.

- a) William Sharpe b) Harry Markowitz c) Black & Scholes d) Walter

5) _____ measures how the returns of two risky assets move together.

- a) correlation b) standard deviation c) covariance d) both a & b

6) Beta reflects the stock risk for investors which is usually _____.

- a) collective b) individual c) liner d) systematic

7) Single index model is based on _____ paring of securities.

- a) direct b) quick c) index d) indirect

8) Constant rupee value plan is a strategy used in _____ portfolio management.

- a) active b) passive c) modern d) traditional

9) Study of company's financial statements is a part of _____ analysis.

- a) fundamental b) technical c) moral d) industry

10) As per _____ form of efficient market hypothesis all public or private information is reflected in the current market prices in stock markets.

- a) weak b) strong c) semi-strong d) market

Q.1 (B) State true or false (Any 7)

(07)

1) Larger expected portfolio returns come only with larger portfolio risk.

2) Residual risk is also called systematic risk.

3) As per CAPM, beta is a static figure.

4) Financial risk is the variability of EBIT.

5) Securities with negative alpha should be immediately purchased.

6) Systematic risk is unavoidable.

7) Repayment of debt will always increase return on net worth.

8) For a technical analyst, odd-lot trading is a breadth indicator.

9) During mature stage of industry life cycle, a company will experience rapid growth in sales and profits.

10) Speculation activity involves uncertain and fluctuating returns.

Q.2 (A) The current price of X Ltd. is Rs. 150. The future prices with probabilities are given below:

Future prices (Rs.)	120	150	180	210	240
Probability	0.1	0.2	0.4	0.2	0.1

(15)

Assuming that the company will not pay any dividend, you are required to find out expected percentage returns and standard deviation of the stock.

OR

Q.2 (B) Give below are the likely returns in case of shares of K Ltd. and G Ltd. in the various economic conditions.

(15)

Economic Conditions	Probability	Returns of K Ltd (%)	Returns of G Ltd (%)
High growth	0.25	110	180
Low growth	0.25	130	150
Stagnation	0.30	160	100
Recession	0.20	190	70

- Which of the companies is risky investment?
- Mr. Rohit wants you to recommend one of the above two shares for investment.
- Would your answer change if the probabilities change to 0.40, 0.30, 0.20, 0.10 for various economic seniors.

Q.3 (A) You are presented with the following figures prepared from the audited balance sheet of Alpha Ltd. for the two years.

(15)

Particulars	Year 1 (Rs.)	Year 2 (Rs.)
Assets		
Debtors	45,000	75,000
Stock	75,000	75,000
Plant & Equipments	13,000	16,000
Buildings	15,000	15,000
	1,48,000	1,81,000
Liabilities		
Long term Loan	16,500	39,000
Trade Creditors	37,500	45,000
Profit & Loss A/c	10,000	13,000
Paid up capital (of Rs. 10 each, fully paid up)	84,000	84,000
	1,48,000	1,81,000
Sales (all sales are credit sales)	2,25,000	3,00,000
Gross Profit	37,500	1,12,500
Net Profit	7,500	10,500
Dividend Paid	4,500	8,500

The opening stock at the beginning of year 1 was Rs. 60,000. You are required to show in respect of each year the following ratios:

- i) Current ratio,
- ii) Debtors Turnover Ratio,
- iii) Stock turnover rate.
- iv) Debt Equity Ratio.
- v) Net Profit Ratio.

OR

Q.3 (B) Explain meaning and principles of Technical Analysis.

(08)

Q.3 (C) State any five chart patterns.

(07)

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

(15)

Portfolio	Average Return (%)	Standard Deviation (%)	Beta
A	13	25	1.25
B	12	25	0.75
C	11	20	1.10
Market Index	11	25	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) What is the meaning of Portfolio Management? Explain the advantages of Portfolio Management?

(08)

Q.4 (C) Explain the types of investors

(07)

Q.5 (A) What do you mean by company analysis? Explain in brief.

(08)

Q.5 (B) What are leverages? Explain types of leverages in detail.

(07)

OR

Q.5 (C) Short notes (Any 3 of 5)

(15)

- 1) Distinguish between systematic and unsystematic risk
- 2) Business risk
- 3) Returns of portfolio
- 4) Efficient market hypothesis
- 5) Capital asset pricing model

Duration: 2 ½ Hrs.

Marks: 75

- Note: 1. All questions are compulsory.
2. All questions carry 15 marks.
3. Figures to the right indicate full marks.
4. Use simple calculator.
5. Working should be form part of answer.

Q.1 A) Multiple choice questions (Any 8)

(08)

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 - d. Market Price
7. Cost of sales is converted as per _____.
 - a. FIFO Method
 - b. LIFO Method
 - c. Average Method
 - d. Realisable Value

8. A _____ is a responsibility centre that incurs costs but does not directly generate revenues.
 - a. Profit centre
 - b. Cost centre
 - c. Revenue centre
 - d. Responsibility centre
9. Operational goals are set for _____.
 - a. Top Executives
 - b. Middle Executives
 - c. Lower Executives
 - d. Workers
10. Management By Objectives was propagated by _____.
 - a. Peter Drucker
 - b. Henry Fayol
 - c. F.W. Taylor
 - d. Mary Parker

B) State the following are True or False. (Any 7)

(07)

1. CAD is also called as computer aided design and drafting (CADD).
2. JIT is a management philosophy started by Chinese manufacturing organisations in 1970.
3. Sensitivity Analysis is used in business world majorly in the field of economics.
4. W. Edwards Deming, supported MBO approach.
5. EVA stands for Enterprise Value Added.
6. Responsibility accounting benefits in motivating managers.
7. Market price is not affected by the demand & supply factor.
8. Transfer Pricing is important in a decentralised entity.
9. Inflation Accounting is difficult & not widely followed.
10. Investment is a monetary item.

Q.2 A] Cipla Ltd. Provides you the following information.

(15)

Production and sales at 40% Level of capacity

Variable Expenses	Rs.
Direct Material	4,00,000
Direct Wages	5,00,000
Direct Expenses	2,80,000
Semi variable Expenses	
Salesmen salaries	2,60,000
Office Expenses	2,80,000
Machinery repair and maintenance	3,40,000
Fixed Expenses	
Office salaries	4,20,000
Rent and taxes	5,00,000
Depreciation	4,60,000

Total sales were Rs. 32,00,000 at 40% capacity.

Semi variable Expenses remain constant between 40% and 65% capacity, increases by 10% if the capacity exceeds 75% up to 85% and by 15% if capacity exceeds 85%.

Prepare a performance Budget at 40%, 80% and 100% capacity showing profit earned by Wipro Ltd at different capacity levels.

OR

Q.2 B] The expenses budget for production of 100% capacity in a factory are given below. (15)

Particulars	At 100% capacity
Direct Material	12,00,000
Direct Labour	4,00,000
Direct Expenses (variable)	80,000
Variable overheads	4,00,000
Fixed overheads	1,60,000
Administrative overheads (fixed)	80,000
Selling overheads (10% fixed)	2,40,000
Distribution overheads (10% fixed)	1,20,000

Prepare budget for production of 50%, 80% and 100% capacity.

Q.3 A) Calculate IROI from the following information: (08)

Particulars	2021	2022
Debt	7,00,000	10,00,000
Equity	8,00,000	12,00,000
NPAT	2,00,000	3,00,000
Interest	70,000	1,00,000
Tax	21,000	30,000

Q.3 B) Evaluate the following options for ITC Ltd. With the help of IROI and suggest the best option. (07)

Aspects	Option A	Option B	Option C
Prospects	5,000	10,000	20,000
Required investment	80,000	1,00,000	1,50,000
Gross margin	90,000	1,20,000	1,70,000
Net return	10,000	20,000	20,000
Overall ROI	12.5%	20%	13.33%

Threshold limit is 20%

OR

Q.3 C) XYZ Ltd. Is considering a project with following cash flow: (15)

Year	Purchase of Plant	Running cost	Savings
0	60,000	-	-
1	-	20,000	50,000
2	-	30,000	60,000
3	-	40,000	70,000

The cost of capital is 10%

Measure the sensitivity of the project to the changes in the level of running cost, savings and plant cost.

Q.4 A) prepare a statement showing Net Monetary Gains or Loss and ascertain the Net Monetary Gains or Loss from the data given below (15)

Particulars	01/04/2021	31/03/2022
Creditors	50,000	40,000
Debtors	30,000	35,000
Cash and Bank	10,000	15,000

General Price Index number is as follows:

01/04/2021	31/03/2022	Yearly average
100	110	105

OR

Q.4 B) Company PepsiCo has 2 units Unit Cola and Unit mangola. (15)

Unit cola sells 50% output to unit magnolia and remaining is sold to other companies. Below are mentioned further details:

Particulars	Unit cola	Unit mangola
Market selling price	Rs.30	Rs.50
Total fixed cost	1,00,000	25,000
Total variable cost	Rs.10 per unit	Rs.5 per unit
Sales in units	10,000	5,000

Calculate the profits of each unit individually?

Calculate Transfer price if Unit mangola were to receive cola from cola unit at 25% plus cost?

Calculate the profits again after the above adjustment?

Q.5 A) Explain types of manufacturing process (08)

B) Barriers to Computer Integrated Manufacturing (CIM) (07)

OR

Q.5 C) Write short notes on: (Any 3) (15)

1. Scrap Management
2. Value chain
3. Computer Aided Drawing (CAD)
4. Just-In-Time (JIT)
5. Responsibility Budgeting
