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SCANNER™ APPENDIX

ICWA Inter Gr. I (New Course)
December - 2008

INDEX

PAPER'S

Paper - 5 : Financial Accounting

Chapter - 1 : Accounting Concepts and Conventions

2008 - Dec [3] (b) Mention any five areas in which different accounting policies may be adopted by different enterprises. (5 marks)

2008 - Dec [8] Write notes on :

(e) Materiality concept. (3 marks)

Chapter - 6 : Accounting for Non Profit Making Organization

2008 - Dec [6] (a) The income and expenditure account of an association for the year ended 31st March 2008 is as under:

	Rs.		Rs.
To Salaries	1,20,000	By Subscription	1,70,000
Printing and Stationery	6,000	Entrance fee	4,000
Telephone	1,500	Contribution for dinner	36,000
Postage	500		
General expenses	12,000		
Interest and bank charges	5,500		
Audit fees	2,500		
Annual dinner expenses	25,000		
Depreciation	7,000		
Surplus	30,000		
Total	2,10,000		2,10,000

The aforesaid income and expenditure account has been prepared after the following adjustments:

Subscription outstanding as on 31st March 2007	16,000
Subscription outstanding on 31st March 2008	18,000
Subscription received in advance as on 31st March 2007	13,000
Subscription received in advance as on 31st March 2008	8,400
Salaries outstanding as on 31st March 2007.	6,000
Salaries outstanding as on 31st March 2008.	8,000
Audit fees for 2006-2007 paid during 2007-08	2,000
Audit fee for 2007-2008 not paid	2,500
The building owned by the association since 1990 costs	1,90,000
Equipment as on 31st March, 2007 valued at	52,000
At the end of the year after depreciation of Rs. 7,000, equipment amounted to	63,000
In 2006-2007, the association raised a bank loan of which is still not paid	30,000
Cash in hand as on 31st March 2008	28,500

You are required to prepare Receipts and Payments Account of the association for the year ended 31st March 2008 and the Balance Sheet as at that date. (10 marks)

2008 - Dec [6] (b) Distinguish between 'Receipts and Payments Account' and 'Income and Expenditure Account'. (5 marks)

Chapter - 7 E : Dissolution of Partnership

2008 - Dec [4] (a) Suchandra, Ashmita and Kasturi were running partnership business sharing Profit and Losses in 2:2:1 ratio. Their Balance Sheet as on 31.03.2008 stood as following:

(Rs. in 000's)

Liabilities	***Rs.***	***Rs.***	***Assets***	***Rs.***	***Rs.***
Fixed Capital :			Fixed Assets		920.00
Suchandra	690.00		Investment		115.00
Ashmita	460.00		Current Assets :		
Kasturi	230.00	1,380.00	Stock	230.00	
Current Account :			Debtors	632.50	
Suchandra	138.00		Cash at Bank	287.50	1,150.00
Kasturi	92.00	230.00			
Unsecured Loan		230.00			
Current Liabilities		345.00			
		2,185.00			2,185.00

On 1.4.2008, they agreed to form new company Tata (P) Ltd. with Ashmita and Kasturi each taking up 460 eq. share of Rs. 10 each, which shall take over the firm as going concern including Goodwill, but excluding cash and bank balance.

The following are also agreed upon:

(a) Goodwill will be valued at 3 years purchase of super profit.

(b) The actual profit for the purpose of Goodwill valuation will be Rs. 4,60,000.

(c) The normal rate of return will be 18% p.a. on Fixed Capital.

(d) All other assets and liabilities will be taken at Book value.

(e) Ashmita and Kasturi are to acquire interest in the new company at the ratio 3:2.

(f) The purchase consideration will be payable partly in shares of Rs. 10 each and partly in cash. Payment in cash being to meet the requirement to discharge Suchandra, who has agreed to retire.

(g) Realisation expenses amounted to Rs. 1,17,300.

You are required to close the books of the firm by passing necessary journal entries. (10 marks)

Chapter - 8 : Branch Accounts

2008 - Dec [4] (b) Write short notes on treatment of abnormal losses in Branch Account. (5 marks)

Chapter - 10 : Accounting Standard

2008 - Dec [8] Write notes on :

(d) Segment reporting; (3 marks)

Chapter - 11 : Issue and Forfeiture of Share

2008 - Dec [1] {C} (a) Distinguish between shares and stock. (3 marks)

2008 - Dec [1] {C} (e) What is meant by Reversionary Bonus ? (3 marks)

2008 - Dec [2] (b) Mention any five purposes for which share premium account can be utilised. (5 marks)

2008 - Dec [7] (b) State the prerequisites to be complied with by a company for issue of shares at a discount. (5 marks)

2008 - Dec [8] Write notes on :

(c) Bonus shares; (3 marks)

Chapter - 12 Redemption of Preference Share

2008 - Dec [7] (a) The summarized balance sheet of A Co. Ltd. as on 30th June 2008 is as under:

Share capital :

10% redeemable preference shares of Rs. 100 each	10,00,000
Equity shares of Rs. 10 each	15,00,000

12% Debentures	7,00,000
Revenue reserves	40,00,000
Total	72,00,000
Represented by Net assets	72,00,000

The redeemable preference shares were due for redemption on 31st August 2008 and were redeemed and duly paid off. The company is permitted to redeem the debentures at any time at a premium of 10% and did so on 30th September 2008.

The company was in a reasonably liquid position but to assist in providing funds for redemption of the redeemable preference shares, a rights issue of equity shares was made. 20000 equity shares were issued for cash at a premium of Rs. 20 per share, Rs.12.50 payable on application on 15th July 2008 and the balance on allotment on 31st July 2008. All cash due was received on the due dates.

During the three months ended 30th September 2008, the company traded at a profit of Rs. 2,50,000.

Required :

(i) Pass journal entries (including each transactions) showing the relevant entries in respect of the above.

(ii) Prepare summarized balance sheet of the company as on 30th September 2008. (10 marks)

Chapter - 17 : Banking Companies

2008 - Dec [5] (b) Distinguish between Statutory Reserve and Cash Reserve in respect of Banking Companies. (5 marks)

Chapter - 18 : Electricity Companies

2008 - Dec [3] (a) Kanpur Electric Supply Company rebuild and reequipped one of their plant at a cost of Rs. 80,00,000. The old plant thus, superceded, cost of Rs.30,00,000. The capacity of new plant is thrice of the old plant. Rs. 1,00,000 realised from sale of old materials. Four old motors valued at Rs. 2,00,000 salvaged from old plant, were used in the construction. The cost of labour and material was respectively 20% and 25% lower than now.

The proportion of labour to material in the plant then and now in 2:1. Show the journal entries for recording the above transactions if accounts are maintained under double entry system. (10 marks)

2008 - Dec [5] (a) Following balances have been extracted from the books of an electricity company at the end of 2007:

	(Figures in '000)
Share Capital	1,00,00
Reserve fund (investment in 4.5% Govt. securities at par)	50,00
Contingencies reserve investment in 5% State Loan	10,00
8% debenture	20,00
Loan from State Electricity Board	40,00
Development Reserve	10,00
Fixed Assets	2,00,00
Depreciation reserve on fixed assets	50,00
Consumer deposit	55,00
Amount contributed by consumer for fixed assets	1,00
Intangible assets	5,00
Tariffs and dividend control reserve	5,00
Current Assets (monthly average)	20,00

The company earns a profit of Rs. 8,50,000 (after tax) in 2007. Show how the profit is to be dealt with by the company, assuming bank rate is 5%. (10 marks)

2008 - Dec [8] Write notes on :

(b) Double Accounting system; (3 marks)

Chapter - 19 : Insurance Companies

2008 - Dec [8] Write notes on :

(a) Re-insurance; (3 marks)

Chapter - 20 : Interpretation of Financial Statement

2008 - Dec [2] (a) From the following information relating to ND Ltd. prepare a Balance Sheet as on 31.12.2007.

Current Ratio — 2

Fixed Assets/shareholders' net worth — .60

Reserve & Surplus/share capital — .25

Average Debt collection period — 2 months

G.P.Ratio — 25%

Cost of sales/ closing stock — 9 times

Net working Capital — Rs. 4,00,000

Liquid Ratio — 1.5 (10 marks)

Chapter - 21 : New Chapter

2008 - Dec [1] {C} (b) Match the following items shown below :

I	Cash Reserve	I	Electric Supply Co.
II	Clear Profit	II	Construction Company
III	Escalation clause	III	Banking Company

(3 marks)

2008 - Dec [1] {C} (c) Choose the correct answer :

The amortization of amount of software commences from the date when it is

(i) available for use

(ii) put to use

(iii) developed upto 75 % (3 marks)

2008 - Dec [1] {C} (d) Match the following :

I	AS−1	I	Contingencies and events occuring after the Balance Sheet date.
II	AS−3	II	Accounting for Fixed Assets.
III	AS−4	III	Disclosure of Accounting policies.
IV	AS−10	IV	Cash flow statement.

(4 marks)

2008 - Dec [1] {C} (f) A non-profit organisation has furnished the following data in connection with finalisation of accounts for the year ended 31st March 2008 :

	Rs.
Membership subscriptions received as per books.	57,000
Subscription in arrear for 2007-08	1,400
Contribution to indoor games section included in item no. one above	2,000
Advance receipt of subscriptions (for 2008-09)	480
Subscription outstanding for 2006-07 now received	3,000

The amount of subscription to be taken as income for 2007-08 is

A : Rs. 57,000. B : Rs. 51,520. C : Rs. 55,000 D : Rs. 52,920.

Select the correct one. (3 marks)

2008 - Dec [1] {C}(g) A & B are two partners of a firm sharing the profits & losses in the ratio of 7/12 and 5/12 respectively. On 1st April 2008 they, take C as a partner giving him 1/6 share. A & B agreed further to share the future profits in the ratio of 13/24 and 7/24 respectively. C, in addition to his capital, brings in Rs. 96,000 as his goodwill for 1/6 share. This goodwill amount is to be shared between A & B.

The share of goodwill amount of A & B respectively will be:

A: Rs. 24,000 and Rs. 72,000

B: Rs. 72,000 and Rs. 24,000

C: Rs. 56,000 and Rs. 40,000

D: Rs. 52,000 and Rs. 44,000

Choose the correct one. (3 marks)

2008 - Dec [1] {C} (h) Choose the correct answer:

Under the hire-purchase system the buyer becomes the owner of goods:

(i) Immediately after the delivery of goods.

(ii) Immediately after the down payments.

(iii) Immediately after the first instalment is paid.

(iv) Immediately after the payment of last instalment. (3 marks)

Paper - 6 : Commercial & Industrial Laws and Auditing

Part A - Commercial & Industrial Laws

Chapter - 1 : Contract Act : Basic Concepts

2008 - Dec [1] {C} Comment on the following statements based on legal provisions :

(c) Mr. X offers to sell his Maruti car to Mr. Y for and intended sum of Rs. 90,000/- but by mistake he makes an offer in writing for Rs. 70,000/- instead of Rs. 90,000. Mr. X can plead mistake as defence. (2 marks)

2008 - Dec [4] (a) Write explanatory notes on *any four :*

(i) Time is the essence of contract; (4 marks)

Chapter - 2 : Consideration

2008 - Dec [1] {C} Comment on the following statements based on legal provisions :

(a) An agreement with insufficiency of consideration is void abinitio; (2 marks)

2008 - Dec [2] (a) Mr. Ramesh promised to pay Rs. 10,000/- on 30.10.08 jointly to Mr. Bhabesh and Mr. Naresh for some consideration. Mr. Bhabesh died on 1.9.08. On 30.10.08 Mr.Naresh demanded payment of whole amount of Rs.10,000/-. Whether Mr. Naresh is justified ? (2 marks)

Chapter - 4 : Free Consent

2008 - Dec [2](g) Mr. Ramesh direct his agent to sell his Maruti car. Agent buys the car for himself but in the name of his friend at Rs. 50,000/- against market price of Rs. 70,000/- without the consent of Mr. Ramesh. What action Mr. Ramesh can take ? (2 marks)

Chapter - 6 : Discharge of Contract

2008 - Dec [1] {C} Comment on the following statements based on legal provisions :

(d) Mr. X delivered 1000 mt. steel pipes to Mr. Y 100 mt. were not as per specification, hence Mr. Y refused to accept and informed Mr. X to take back at his cost and risk. Mr. X rejected Mr.Y's request and demanded to return to Mr. X freight paid. State the correct position. (2 marks)

2008 - Dec [4] (a) Write explanatory notes on any one :

(iv) Misrepresentation; (4 marks)

Chapter - 8 : Agency

2008 - Dec [2] (e) An agent retained all the stock and other papers of a principal unit his pending dues are cleared by the principal. State legal position. (2 marks)

Chapter - 9 : Contract of Indemnity and Guarantee

2008 - Dec [2] (b) BEE owes Rs. 10,000/- to CEE. Amount was guaranteed by GEE. Said debt becomes payable on 25.10.07. CEE does not sue BEE. Hence due to delay GEE is automatically discharged from his surityship.−Comment. (2 marks)

Chapter - 12 : Sale of Goods Act

2008 - Dec [3] (a) What will be the consequences when goods are sold by a person not the Owner and without Owner's consent. (4 marks)

2008 - Dec [4] (a) Write explanatory notes on *any one :*

(iii) Rights of the unpaid seller; (4 marks)

(v) Sale and agreement to sell; (4 marks)

Chapter - 13 : Factories Act, 1948

2008 - Dec [2] (d) Personnel Manager told to Director that at least one canteen shall be provided in every factory. Do you agree? (2 marks)

Chapter - 14 : Industrial Disputes Act

2008 - Dec [1] {C} Comment on the following statements based on legal provisions :

(g) Workmen working in a public utility services have right to go on strike even without giving notice. (2 marks)

2008 - Dec [2] (i) Dr. B has been dismissed by the Manager of an Industrial Establishment. Workmen demanded his reinstatement. Comment legal position. (2 marks)

Chapter - 15 : Workmen's Compensation Act

2008 - Dec [2] (c) In case of personal injury, the employer is liable to pay compensation within 3 months from the date when it fall due. State legal provisions. (2 marks)

2008 - Dec [3] (d) An employer is liable to pay compensation to his workmen even when the workmen is away from premises at the time of accident. State legal position. (4 marks)

Chapter - 16 : Payment of Wages Act, 1936

2008 - Dec [4] (a) Write explanatory notes on *any one :*

(ii) Permissible deduction under Payment of Wage Act; (4 marks)

Chapter - 17 : Provident Fund Act

2008 - Dec [2] (h) When and under what circumstances a person can receive pension under Employees Provident Fund Scheme ? (2 marks)

Chapter - 18 : Payment of Bonus Act, 1965

2008 - Dec [1] {C} Comment on the following statements based on legal provisions :

(b) Every employee in an establishment is entitled to bonus under the Payment of Bonus Act. (2 marks)

2008 - Dec [4] (b) A dismissed employee is not entitled to bonus under Bonus Act. −Comment, based on legal provision. (2 marks)

Chapter - 19 : Payment of Gratuity Act, 1972

2008 - Dec [2] (f) Calculate the amount of gratuity of Mr. X who joined the company on 1.5.78 and retired on 30.11.08 when his salary was Rs. 26,000/- per month. During November, 2008 he received overtime and incentive Rs. 5,000/-. (2 marks)

Chapter - 20 : The Consumer Protection Act, 1986

2008 - Dec [1] {C} Comment on the following statements based on legal provisions :

(e) Consumer under Consumer Protection Act, 1986 means persons who obtains goods for resale or for any commercial purpose. (2 marks)

2008 - Dec [3] (e) Who can file complaints under Consumer Protection Act, 1986 ? State the period of limitation if any for filing of complaints. (4 marks)

Chapter - 22 : RTI Act

2008 - Dec [1] {C} Comment on the following statements based on legal provisions :

(f) Public Information Officer shall as expeditiously as possible and in any case within 30 days of receipt of request provide the required information. (2 marks)

Chapter - 23 : The Competition Commission Act

2008 - Dec [3] (c) One mistake was detected after passing of orders by the Commission under Competition Act, 2002. Whether such mistake can be rectified ? If so, by whom and how ? (3 marks)

Chapter - 24 : Negotiable Instruments Act

2008 - Dec [3] (b)Maker of a cheque is not liable under N.I. Act for dishonour of cheque under certain conditions. State such conditions. (3 marks)

Part B : Auditing

Chapter -1 : Auditing Techniques and Practices

2008 - Dec [5] {C} Comment on the following statements based on legal provision :

(a) US-GAAP is not different that of India. (2 marks)

2008 - Dec [6] (e) Risk occurring due to insufficient or incompetent evidence collected by the auditors to express his opinion on the financial statement is called an Audit Risk. Is the statement correct ? (2 marks)

Chapter -2 : Verification of Assets and Liabilities

2008 - Dec [5] {C} Comment on the following statements based on legal provision :

(b) Reserve not appearing on the balance sheet is a Secret Reserve and an Auditor is not supposed to verify it. (2 marks)

2008 - Dec [6](d) State the particulars which are to be included in the balance sheet of holding company of its subsidiary. (4 marks)

2008 - Dec [7](a) How as an Auditor you will verify the " contingent liability"? (4 marks)

2008 - Dec [7] (c)How as an Auditor you will treat the amount received after 2 years? This was written off as Bad Debt. (2 marks)

2008 - Dec [8] (d) Auditors are not required to get Inventory Valuation Certificate by the Company's Management as he himself is qualified to ascertain the value. State the position. (2 marks)

2008- Dec [8] (g) As an Auditor how you will verify the " investment" ? (4 marks)

Chapter - 4 :Statutory Auditors

2008 - Dec [5] {C} Comment on the following statements based on legal provision :

(f) Management Audit is conducted by Statutory Auditor of the Company. (2 marks)

(g) ABC Ltd. in its meeting held on 30.09.08 appointed Mr. X as Auditor of the company. Mr. X is holding Securities Valuing Rs. 500/- in that company from 01.01.07. Can he accept the appointment ? (2 marks)

2008 - Dec [7] (d) Statutory Auditor can be appointed as Internal Auditor of the same company for the same period. − Do you agree ? (2 marks)

Chapter - 5 : Audit Report

2008 - Dec [6] (a) What are the contents of good Audit Report ? (4 marks)

2008 - Dec [7] (f) Auditor in his Report is to comment whether the company has Internal Audit System commensurate with size and nature of its business. Whether this is applicable for all companies ? (2 marks)

Chapter - 8 : Internal Auditing

2008 - Dec [7](e)What are the objectives of Operational Audit ? (4 marks)

2008 - Dec [8] (c) State the need for Management Audit. (4 marks)

Chapter - 9 :CARO and Internal Audit

2008 - Dec [5] {C} Comment on the following statements based on legal provision :

(e) To comply with the CARO in respect of LOAN the Auditor is to Comments on certain points. (2 marks)

2008 - Dec [6](c)Explain how the following are dealt with under the CARO :

(i) Fixed Assets:

(ii) Deposit of Statutory Dues. (2 + 2 = 4 marks)

Chapter - 10 : Organisation of Internal Auditing

2008 - Dec [6] (b) As an Auditor, mention the points and books to be checked in connection with issue of Corporate Governance Report. (4 marks)

2008 - Dec [8] (f) Audit Committee is only luxury to the company. Do you agree ? (2 marks)

Chapter - 11 : Planning of Internal Audit

2008 - Dec [5] {C} Comment on the following statements based on legal provision :

(c) Auditor can avoid checking of records where good internal check system exist. (2 marks)

Chapter - 13 : Flow Chart Techniques

2008 - Dec [5] {C} Comment on the following statements based on legal provision :

(d) When Information System Audit is an Information Technology Audit, the Auditor is required to have detailed knowledge of Auditing rather than information system. (2 marks)

2008 - Dec [7] (b) What is Computer Assisted Audit Technique ? (4 marks)

2008 - Dec [8] (a) In connection with Audit Risk information system Auditor is concerned with certain objectives. What are those ? (2 marks)

2008 - Dec [8] (b) Auditor should test check controls established to reduce the risk associated with e-commerce transactions. State the position. (2 marks)

Chapter - 14 : Internal Control

2008 - Dec [8] (e) Auditor while undertaking Audit of environment of personal computer should know that inadequate control measures may create serious problems. What are those ? (2 marks)

Paper - 7 : Applied Direct Taxation

Chapter - 1 : Basics of Income Tax Law

2008 - Dec [5] (a) Kamalesh was working as a crew member on an Indian ship plying in foreign waters. During the year ended 31.03.2008, the ship did not touch the Indian coast, except for 180 days. State the residential status for the assessment and taxability of his salary. (2 marks)

Chapter - 2 : Incomes Exempt from Tax

2008 - Dec [6] (d) What are the types of income of a political party exempt from income-tax under section 13A of the Income-tax Act, 1961 ? Are conditions required to be fulfilled in this regard ? (3 marks)

Chapter - 3 : Incomes from Salaries

2008 - Dec [1] {C} (c) Provide very brief answers to the following :

(i) What is the tax incidence of contribution made by an employer to the pension scheme of Central Government ? (2 marks)

2008 - Dec [2] (a) Answer the following questions briefly :

(i) Gratuity of Rs. 1,20,000 is received in August, 2007 by Mr. M, a legal heir of Mr. R aged 45 years who died on June 28, 2007. Is it taxable? (2 marks)

Chapter - 4 : Income from House Property

2008 - Dec [1] {C} (c) Provide very brief answers to the following :

(iii) In a house belonging to Janak, his cousin is living without paying any rent. Janak says that since his relative is residing there without paying any rent, there is no rental income chargeable to income-tax. Is he correct ? (2 marks)

2008 - Dec [5] (b) Amalesh owns a house property which is let-out for Rs.6,500 per month. The fair rent of the property is Rs. 90,000. Municipal taxes paid during the year for each half year is Rs. 3,200. The tenant has spent Rs.10,000 towards repairs of the property during the year. Compute the income from house property for the assessment year 2008-09. (2 marks)

2008 - Dec [7] (b) How will you treat unrealized rent allowed as a deduction in the past and realized in a subsequent year when the assessee is no more the owner of the property. (3 marks)

Chapter - 5 : Profits & Gains of Business or Profession

2008 - Dec [2] (a) Answer the following questions briefly :

(v) Vasudha Plastics Ltd., engaged in manufacture of PVC pipes, purchased a machinery on 25.09.2007 for Rs. 2,00,000 and put it to use after two weeks. There is no other asset in the block. What is the WDV of the block as on 31.03.2008? (3 marks)

2008 - Dec [5] (f) State any ten circumstances when payment exceeding Rs.20,000 relating to an expenditure, made otherwise than by a crossed cheque or by a crossed demand draft, will not be disallowed under section 40A(3) of the Income-tax Act, 1961. (5 marks)

2008 - Dec [6] (c) Vasudevan purchased a motor car in December, 2007, which was used by him for business purposes during rest of the year. However, the relevant transfer in the records of the Regional Transport Office was made only in April, 2008. Can the assessee claim depreciation on motor car for the assessment year 2008-09 ? (2 marks)

Chapter - 6 : Income from other Sources

2008 - Dec [2] (a) Answer the following questions briefly :

(iii) RR Ltd., engaged in manufacture of paper, has taken a building on lease, sub-leased aportion of it along with furniture and fixtures from 1.4.2006. It received rent Rs. 1,20,000 and non-refundable deposit of Rs. 10,000 for the financial year 2007-08. It also received an amount of Rs. 70,000 as arrears of rent. What are the heads of income under which the various receipts will be taxed, if found exigible to tax? (2 marks)

Chapter - 7 : Capital Gains

2008 - Dec [1] {C} (c) Provide very brief answers to the following :

(ii) What is the cost of acquisition of sweat equity shares in the hands of the employee ? (2 marks)

2008 - Dec [3] (b) Are the profits arising from sales of agricultural lands situated in a village 10 kms. from Vishakhapatnam Corporation limits and another situated in city limits of Vishakhapatnam liable to Income-tax ? (2 marks)

2008 - Dec [6] (a) State briefly the requisites of a charge income-tax of capital gains under section 45 (1) of the Income-tax Act, 1961. (3 marks)

Chapter - 8 : Clubbing of Income and Agricultural Income

2008 - Dec [7] (c) Mr. Daga is a trader. Particulars of his income and those of the members of his family are given below (These incomes relate to the year ended 31st March, 2008) :

		Rs.
(i)	Income from Mr. Daga's business	90,000
(ii)	Salary derived from an educational institution by Mrs. Daga ; she is the principal of the institution	50,000
(iii)	Interest on company deposits derived by Master Deep Daga (Minor son). These deposits were made in the name of Deep Daga by his father's father about 6 years ago	12,000
(iv)	Receipts from sale of paintings and drawings made by minor Dipali Daga (Minor Daughter of Mr. and Mrs. Daga and a noted child artiste)	60,000
(v)	Income by way of lottery earning by Master Dipendar Daga (Minor son of Mr. and Mrs. Daga)	26,000

Discuss whether the above will form part of the total income of any individual, duly considering applicability of clubbing provisions in each case, and also compute the total income of Mr. Daga. (7 marks)

Chapter - 9 : Deductions, Rebates & Reliefs

2008 - Dec [2] (a) Answer the following questions briefly :

(ii) ABC Company derived income from two separate industrial units during the year ending March 31, 2008, eligible for deduction under section 80-IB. The profit of one unit was Rs. 4,50,000 while the other unit suffered a loss of Rs. 2,50,000. What is the deduction available under section 80-IB of the Income-tax Act, 1961 ? (2 marks)

2008 - Dec [3] (a) Thilagam has given donation of Rs. 30,000 in cash and cement bags worth Rs. 20,000 to an approved charitable institution. What is the deduction under section 80G of the Income-tax Act, 1961 available to the assessee whose gross total income is Rs. 6,00,000 ? (3 marks)

Chapter - 10 : Assessment of Individuals

2008 - Dec [4] (a) The income and related particulars of Mr. Coorg, aged 56, for the year ended 31.03.2008 are given below :

(i) Salary Rs. 24,000 per month;

(ii) He was provided with a rent-free accommodation in Hyderabad for which rent of Rs. 6,000 per month was paid by his employer;

(iii) His wife was sick and treatment was taken from a private hospital, for which an amount of Rs. 32,000 paid towards medical expenses by his employer in December, 2007;

(iv) An allowance of Rs. 13,200 was paid by his employer towards his son's education;

(v) The employer paid DA 10,000 per month (considered for retirement benefits), professional tax of Rs. 2,400 and income-tax liability of Rs. 15,000.

(vi) He encashed earned leave to his credit to the tune of Rs. 10,000;

(vii) Loss from speculative business Rs. 20,000;

(viii) Loss from sale of shares in ABC Pvt. Ltd. Held for ten months Rs.8,000;

(ix) Profit on sale of long-term capital assets Rs. 10,000.

Compute the total Income and Tax liability of Mr. Coorg for the assessment year 2008-09. (10 marks)

2008 - Dec [6] (b) Vatsan has the following incomes for the financial year 2007-08 :

	Rs.
Business Income	(−) 40,000
Short-term capital gains	16,000
Long-term capital gains	1,90,000

He deposits Rs. 10,000 in public provident fund account. You are required to find out his tax liability for the assessment year 2008-09.

(4 marks)

Chapter - 12 : Assessment of Firms & Associations of Other Persons

2008 - Dec [3] (c) A, B and C are three partners of a firm ; the firm provides the following information :

(i) Total income of the firm is (−) Rs. 1,40,000, out of which unabsorbed depreciation is Rs. 50,000. The return of income of the firm was filed in time.

(ii) On March 31, 2007, C retires from the firm and the other partners continue the same business ;

(iii) The firm's income for the assessment year 2008-09 before adjusting the aforesaid loss and depreciation is Rs. 1,08,000 ;

(iv) A, B and C share Profit and Loss in ratio of 1 : 1 : 2.

Compute firm's total income for the assessment year 2008-09, assuming that salary and interest are not paid to any partner.

(5 marks)

Chapter - 15 : Tax Administration & Assessment Procedure

2008 - Dec [1] {C} (c) Provide very brief answers to the following :

(iv) What is the binding nature of the arm's length price determined by the Transfer Pricing Officer upon a reference made to him by the Assessing Officer ? (2 marks)

2008 - Dec [2] (a) Answer the following questions briefly :

(iv) Mr. Suman's assessed tax for the assessment year 2008-09 is Rs.12,000. Tax on it was Rs. 14,420. The advance tax instalments paid were Rs. 4,000 on 18.10.2007, Rs. 4,000 on 20.01.2008 and Rs. 4,000 on 10.03.2008. Are the payment of advance tax instalments paid proper? If not, is any interest chargeable under the Income-tax Act, 1961? (2 marks)

(vi) What are "International transactions" in the context of transfer pricing provisions? (4 marks)

2008 - Dec [3] (d) Briefly discuss the powers of Commission (Appeals) in disposing of an appeal filed before him under section 251 of the Income-tax Act, 1961. (5 marks)

2008 - Dec [4] (b) Briefly sketch the responsibilities and liability of a person liable to collect tax at source under the income-tax Act, 1961. (5 marks)

2008 - Dec [5] (e) Is a representative assessee exempt from liability to pay advance income-tax ? (2 marks)

Chapter - 17 : Wealth Tax Act

2008 - Dec [1] {C} (c) Provide very brief answers to the following :

(v) Is it correct to state that every member of AOP is an "assessee" for the purposes of wealth-tax ? (2 marks)

2008 - Dec [5] (c) Under what circumstances, will urban land be not considered as an "asset" for wealth tax purposes ? (2 marks)

2008 - Dec [5] (d) State the time limit under Wealth-tax Act, 1957 for completion of

(i) Regular assessment under section 16 ; and (2 marks)

(ii) Assessment or reassessment under section 17. (2 marks)

2008 - Dec [7] (a) Ramesh furnishes the following particulars for compilation of his wealth-tax return pertaining to the assessment year 2008-09 :

		Rs.
(i)	Flat purchased under instalment payment scheme in 1994 for Rs. 8,50,000 used for self occupation and market value as on 31st March, 2008	15,00,000
(ii)	Gift of jewellery made to wife from time to time amounting to Rs. 5,00,000 and market value as on 31st March, 2008	9,00,000
(iii)	Cash in hand	1,25,000
(iv)	Bank Balance with HDFC Bank	2,50,000
(v)	Urban land transferred to minor handicapped child, market value as on 31st March, 2008	5,00,000
(vi)	2 motor cars (one is held as stock-in-trade in business and other used for personal purposes)	6,00,000 (each)
(vii)	Loan against flat being instalment remaining unpaid	70,000
(viii)	Wealth-tax liability outstanding	10,000

Compute the net wealth of Ramesh indicating reasons for the treatment under the provisions of the Wealth-tax Act, 1957 and the wealth-tax payable. (5 marks)

Chapter - 18 : Fringe Benefit Tax, Securities Transaction tax and Banking cash Transaction Tax

2008 - Dec [6] (e) Who is an "employer" for the purposes of levy of fringe benefit-tax ? Who are the persons excluded in this regard ? (3 marks)

Chapter - 19 : Objective Questions

2008 - Dec [1] {C} (a) Choose the correct answer :

(i) The following assessee is charged to income-tax in the assessment year following the previous year :

(1) A non-resident business firm which shipped goods on 1.5.08 at Visakhapatnam Port in Andhra Pradesh ;

(2) An employee left India to USA on 1.8.08 with no intention of returning ;
(3) ABC firm which discontinued its business on 1.9.2008;
(4) An employee-assessee of a University who worked during 1.4.07 to 30.03.08.

(ii) The following is exempt income :
(1) Travel concession to employee;
(2) Remuneration received for valuation of answer scripts;
(3) Encashment of leave salary whilst in service;
(4) Perquisites in India.

(iii) The following is not "plant" under section 43(3) of Income-tax Act, 1961 :
(1) Books ;
(2) Know-how ;
(3) Road in the factory building ;
(4) Electrical fittings.

(iv) The following is not a venture capital undertaking for the purposes of section 10(23F), if engaged in business of :
(1) Generation of power ;
(2) Telecommunications ;
(3) Providing infrastructural facility ;
(4) Dairy farming whose shares are not listed in a recognized stock exchange.

(v) In valuation of immovable property in Bangalore, the specified area means .... of the aggregate area, for wealth-tax purposes.
(1) 60 per cent;
(2) 65 per cent;
(3) 70 per cent;
(4) 75 per cent.

(vi) The following is not an "asset" as envisaged by section 2 (ea) of the Wealth-tax Act:
(1) Bullion;
(2) Urban land;
(3) Jeep used in business of manufacture of medicines;
(4) Motor boats of fishing business. (1× 6 = 6 marks)

2008 - Dec [1] {C} (b) Fill up the blanks :

(i) Under the Wealth-tax Act, "assessment year" means the period of ________ commencing on 1st day of April every year, falling immediately after the __________ . (2 marks)

(ii) The term "net wealth" is defined in section __________ of the Wealth-tax Act. (1 mark)

(iii) Assets held by a minor married daughter ________ (will/will not) be clubbed in the hands of the individual. (1 mark)

(iv) Where a charitable trust is created on 01.04.2007, the application for registration u/s. 12A of the Income-tax Act, 1961 should be submitted within ________ from ________ . (1 mark)

(v) Under section 44BBB (i) of the Income-tax Act, 1961, the presumptive income is taken as _________ % of the eligible receipts in the hands of eligible assessee. (1 mark)

(vi) The amount of contribution made in excess of Rs. ________ in respect of each employee to approved superannuation fund for employees, is taken as the value of fringe benefit u/s. 115WC(1) of the Income-tax Act, 1961. (1 mark)

(vii) Electronic furnishing of income-tax return in approved computer readable media can be furnished under sub-section ______ of section 139 of the Income-tax Act, 1961. (1 mark)

(viii) From out of his agricultural income, X has paid interest of Rs. 10,000 on education loan taken from nationalized bank last year. Deduction available under section 80E of the Income-tax Act, 1961 is Rs._________ . (1 mark)