

FREE OF COST

I.S.B.N : 81-7666-296-8

SCANNER'S APPENDIX

CS Inter Gr. I

June 2005

Paper - 1

General and Commercial Laws

Chapter - 1 : Constitution of India

2005 - June [1] {C} (a) Explain the *writ of mandamus* as an extra-ordinary constitutional remedy. (8 marks)

(b) Discuss the powers of the Governor relating to issuance of ordinances. (6 marks)

(c) Mention the provisions relating to freedom of trade, commerce and intercourse in the Constitution of India. (6 marks)

2005 - June [6] (a) An organisation of a business community staged processions, demonstrations and agitations before the secretariat of the State Government on busy roads to press for their demands. These caused traffic jams. The State Government imposed a ban on demonstrations and marches on busy roads on working days. The organisation alleged that the ban was an infringement of the fundamental right of freedom as guaranteed under the Constitution of India and filed a petition in the High Court. Decide. (6 marks)

Chapter - 2 : Interpretation of Statutes

2005 - June [2] Explain the role and scope of the following in the interpretation of statutes:

- (i) Mischief rule
- (ii) *Pari materia*
- (iii) Preamble
- (iv) Schedules (4 marks each)

Chapter - 3 : Law relating to Specific Relief

2005 - June [3] (a) What is meant by 'preventive relief' under the Specific Relief Act, 1963? How is it granted? Discuss. (8 marks)

2005 - June [7] (a) Aman is entitled to a picture by a dead painter and a pair of rare Chinese vases. Bhuvan has possession of them. The articles are of special character to bear unascertainable market value. Can Bhuvan be compelled to deliver these articles to Aman? Give reasons. (6 marks)

Chapter - 4 : Law relating to Arbitration and Conciliation

2005 - June [5] (a) Enumerate the salient features of an 'arbitration agreement' under the Arbitration and Conciliation Act, 1996. (6 marks)

Chapter - 5 : Law relating to Limitation

2005 - June [8] (c) Sanjay instituted a suit against Manoj beyond the prescribed period of limitation. Manoj did not raise the objection that the suit was beyond the period of limitation. The civil court allowed the suit for a hearing and decreed. Would the decree be treated valid in such suit? Give reasons. (5 marks)

Chapter - 6 : Law relating to Transfer of Property

2005 - June [3] (b) Discuss the concept of *spes successionis* under the Transfer of Property Act, 1882. (4 marks)

2005 - June [6] (b) Ajoy transfers his house under a written contract of sale to Bijoy for Rs. 10,00,000. Bijoy pays Rs.3,00,000 to Ajoy and takes possession of one of the four rooms of the house. No registration of documents of the contract of sale is made. After six months of the said contract, Ajoy sells the same house to Chander for Rs.20,00,000. Chander has no knowledge of the previous transaction between Ajoy and Bijoy. When Chander claims the house, Bijoy takes protection of part-performance of the contract. Will Bijoy succeed? (5 marks)

Chapter - 7 : Law relating to Stamp

2005 - June [5] (b) Discuss the provisions relating to valuation of instruments chargeable with *ad valorem* duty in cases where the value of the subject matter is indeterminate under the Indian Stamp Act, 1899. (6 marks)

Chapter - 8 : Law relating to Registration of Documents

2005 - June [7] (c) Rohit executes a sale deed of a house in favour of Prem. The house is situated at NOIDA, but the transferor and transferee want the sale deed to be registered at Lucknow, which is the capital of the State. Can they do so? (5 marks)

2005 - June [8] (b) Amrit executed a gift deed in his life time in favour of Bhanu. The gift deed was not registered during the life time of Amrit. Bhanu, after death of Amrit, presented the gift deed before the Registrar for its registration. Rakshit, brother of Amrit raised an objection for the registration of gift deed on the ground of fake signatures of Amrit. But the witnesses to the gift deed contended that the signatures were made before them by the donor at the time of execution of gift deed. Whether the gift deed will be treated valid for registration under the Registration Act, 1908? (5 marks)

Chapter - 9 : Information Technology Law — An Overview

2005 - June [3] (c) Explain the term 'computer network' under the Information Technology Act, 2000. (4 marks)

2005 - June [5] (c) Explain the terms 'computer contaminant' and 'computer virus' as defined under the Information Technology Act, 2000. (4 marks)

2005 - June [6] (c) Abhay downloaded secret data from the computer network of a foreign company engaged in the manufacture of aircrafts. He was prosecuted and fined Rs. 1 lakh by the adjudicating officer under section 43 of

the Information Technology Act, 2000. Is any remedy available to Abhay? Advise. (5 marks)

Chapter - 10 : Code of Civil Procedure, 1908

2005 - June [4] (a) Discuss the doctrine of *stay of suit* under the Code of Civil Procedure, 1908. How far is it different with that of *res judicata*? Explain. (8 marks)

Chapter - 11 : Criminal Procedure Code, 1973

2005 - June [4] (b) Explain the term 'offence' under the Code of Criminal Procedure, 1973? (4 marks)

Chapter - 12 : Law of Evidence

2005 - June [8] (a) Anand is on his trial for the murder of Chanchal. There is evidence to show that Chanchal was murdered by Anand and Birender and that Birender said, "Anand and I murdered Chanchal." Can the court take into consideration this statement against Anand? Will your reply be different in case there is a joint trial against Anand and Birender? Give reasons. (6 marks)

Chapter - 13 : Law relating to Trusts

2005 - June [4] (c) Discuss the doctrine of *cypres* in relation to charitable trusts in India. (4 marks)

Chapter - 14 : Law relating to Societies Registration

2005 - June [7] (b) A charitable society registered under the Societies Registration Act, 1860 convened a general meeting of the members to abridge its charitable purpose. At the meeting, the secretary of the society placed before the members a written proposal of the governing body and a special resolution for the abridgement of purpose of the society. Out of 100 members, 90 members were present in the meeting. The resolution was put to vote and 60 members voted in its favour. Can the society effect abridgement of the purpose on the strength of the resolution? Decide. (5 marks)

Paper - 2

Company Accounts and Cost and Management Accounting

PART - A

Chapter - 1 : Accounting Standards

2005 - June [1] {C} (a) What is the significance of 'accounting standards'? (4 marks)

Chapter - 3 : Issue and Redemption of Debentures

2005 - June [1] {C} (b) Zenith Ltd. gave notice of its intention to redeem its outstanding Rs.6,00,000, 9% debentures at 102% and offered the holders the following options to apply for the redemption moneys to subscribe for :

- (i) 6% Cumulative preference shares of Rs.20 each at Rs.22.50 per share; and
- (ii) 10% Debentures of Rs.100 each at Rs.96.

The holders of Rs.2,40,000 debentures accepted the proposal (i); and Rs.3,60,000 debentureholders accepted the proposal (ii) above.

Pass the necessary journal entries to give effect to the abovementioned transactions. (4 marks)

Chapter - 4 : Underwriting of Issues

2005 - June [3] (b) Airlinks Ltd. made a public issue of 2,50,000 equity shares of Rs.10 each, the entire amount payable on application. The entire issue was underwritten as follows :

Red - 30%; Yellow - 25%; Green - 25%; and White—20% of public issue respectively.

Red, Yellow, Green and White had also agreed on firm underwriting of 8,000; 12,000; nil and 30,000 shares respectively. The total subscriptions excluding firm underwriting, including marked applications were 1,80,000 shares.

The marked applications received were as under :

<i>Underwriter</i>		<i>No. of shares</i>
Red	–	48,000
Yellow	–	40,000
Green	–	24,000
White	–	48,000

Ascertain the net liability of each underwriter. (4 marks)

Chapter - 5 : Acquisition of Business

2005 - June [1] {C} (c) P Ltd. purchased the business of Q Ltd. for Rs.10,80,000 payable in fully paid shares. Accordingly, P Ltd. allotted equity shares of Rs.10 each fully paid in full satisfaction of the claim of Q Ltd. Pass the necessary journal entries in the books of P Ltd. based on following assumptions :

- (i) shares are issued at par; and
- (ii) shares are issued at a premium of 25%. (4 marks)

Chapter - 6 : Final Accounts of Joint Stock Companies

2005 - June [1] {C} (d) What are the sources from which bonus shares can be issued? (4 marks)

Chapter - 7 : Accounting for Amalgamation

2005 - June [2] (c) The abridged balance sheets of Star Ltd. and Planet Ltd. as at 31st March, 2004 are given below :

<i>Liabilities</i>	<i>Star Ltd.</i> <i>(Rs.)</i>	<i>Planet Ltd.</i> <i>(Rs.)</i>
Share capital	8,00,000	3,00,000
Profit and loss account	1,50,000	—
Creditors	<u>2,50,000</u>	<u>2,50,000</u>
	<u>12,00,000</u>	<u>5,50,000</u>
<i>Assets</i>		
Sundry assets	11,20,000	4,00,000

Goodwill	80,000	1,00,000	
Profit and loss account		—	50,000
		<u>12,00,000</u>	<u>5,50,000</u>

Star Ltd. holds 2,000 shares in Planet Ltd. at a cost of Rs. 1,00,000 and Planet Ltd. holds 1,000 shares in Star Ltd. at a cost of Rs. 1,40,000 which are included in the sundry assets in the books of both companies. The shares in both companies are of Rs.100 each. However, shares in Star Ltd. are fully paid-up while those in Planet Ltd. are Rs.75 paid-up.

The two companies have agreed to amalgamate by forming a new company Universe Ltd. on the following basis :

- The shares held by each company in the other company are to be valued at book value having regard to the value of goodwill;
- The goodwill values of Star Ltd. and Planet Ltd. are Rs.3,00,000 and Rs. 1,00,000 respectively; and
- The new shares are to be of a nominal value of Rs.100 each credited as Rs.50 paid.

You are required to prepare —

- a statement showing shareholdings in the new company attributable to the merged companies; and
- a balance sheet resulting from the amalgamation. (9 marks)

Chapter - 9 : Consolidation of Accounts

2005 - June [4] (b) The following are the figures extracted from the books of the undermentioned companies for the last two years :

	<i>Rose Ltd.</i>		<i>Milk Ltd.</i>	
	31.3.2003 (Rs.)	31.3.2004 (Rs.)	31.3.2003 (Rs.)	31.3.2004 (Rs.)
<i>Liabilities</i>				
Equity share capital of Rs.10 each, fully paid up	5,00,000	5,00,000	1,00,000	1,00,000
Capital reserve	1,00,000	1,00,000		
General reserve	1,20,000	1,50,000	20,000	30,000
Profit and loss account	40,000	80,000	15,000	30,000
Creditors (including Rs.19,000 from Milk Ltd.)	1,49,000	1,69,000	36,000	42,000
Bills payable (including Rs.4,000 to Rose Ltd.)	21,000	26,000	4,000	6,000
Bank overdraft	—	—	6,000	10,000
Proposed dividend	—	—	—	20,000
	<u>9,30,000</u>	<u>10,25,000</u>	<u>1,81,000</u>	<u>2,38,000</u>
<i>Assets</i>				
Freehold properties	2,30,000	2,30,000	20,000	20,000
Furniture	20,000	18,000	6,000	5,400
Plant and equipments	2,00,000	1,70,000	15,000	12,000
Investment				
8,000 Equity shares in Milk Ltd. as on 1.10.2003	1,20,000	1,20,000	—	—
Stocks	2,14,000	2,68,000	86,000	1,32,000

Debtors (including Rs. 19,000 to Rose Ltd.)	87,000	92,000	37,000	42,000
Bills receivable (including Rs. 2,000 to Milk Ltd.)	35,000	79,000	8,000	18,000
Cash and bank balances	<u>24,000</u>	<u>48,000</u>	<u>9,000</u>	<u>8,600</u>
	<u>9,30,000</u>	<u>10,25,000</u>	<u>1,81,000</u>	<u>2,38,000</u>

You are required to prepare the consolidated balance sheet of Rose Ltd. and its subsidiary Milk Ltd. as at 31st March, 2004. (*Working notes form part of the answer.*) (9 marks)

Chapter - 10 : Valuation of Goodwill and Shares

2005 - June [4] (a) The following is the balance sheet of Best Ltd. as at 30th June, 2004 :

<i>Liabilities</i>	<i>Rs.</i>
Share capital :	
4,00,000 Equity shares of Rs.10 each, fully paid-up	40,00,000
4,00,000 Equity shares of Rs.10 each, paid-up Rs.7.50 per share	30,00,000
4,00,000 Equity shares of Rs.10 each, paid-up Rs.5 per share	20,00,000
Reserves and surplus	56,00,000
Provision for bad debts	1,20,000
Sundry creditors	20,40,000
Dividend equalisation fund	<u>6,40,000</u>
	<u>1,74,00,000</u>
<i>Assets</i>	
Patent and copyrights	8,00,000
Land and buildings	48,00,000
Plant and machinery	48,00,000
Stock	24,00,000
Investments at cost	6,00,000
Debtors	32,00,000
Bank	6,40,000
Preliminary expenses	<u>1,60,000</u>
	<u>1,74,00,000</u>

Additional information are as follows :

- (i) The normal average profit (after tax) for the company is estimated to be Rs.21,60,000.
- (ii) The applicable capitalisation rate is 12%.
- (iii) The revised values of —
 - Patent and copyrights are estimated @ 50% of its value; and
 - Land and buildings and plant and machinery are revalued at Rs.60,00,000 and Rs.52,00,000 respectively,
- (iv) Investments have a market value of Rs.7,20,000.

- (v) Provision for bad and doubtful debts to be maintained @ 2%.
 (vi) The balance sheet as at 30th June, 2004 does not contain a provision for income-tax, which are estimated at Rs.3,00,000.

You are required to calculate the value of fully and partly paid-up equity share (per share) by:

- (i) the asset backing method (excluding goodwill) on the notional call method; and
 (ii) the earning capacity method. (6 marks)

Chapter - 12 : Accounts of Insurance Companies

2005 - June [3] (c) From the following available details, prepare the revenue account of Sunlight General Insurance Ltd., engaged in marine insurance business, for the year ended 31st March, 2004 :

	<i>Direct Business</i>	<i>Re-insurance</i>
	<i>(Rs.)</i>	<i>(Rs.)</i>
I Premium :		
Received	1,44,00,000	21,60,000
Receivable — 1 st April, 2003	7,20,000	1,26,000
— 31 st March, 2004	10,80,000	1,68,000
Paid —	14,40,000	
Payable — 1 st April, 2003	—	1,20,000
— 31 st March, 2004	—	2,56,000
II Claims :		
Paid 99,00,000	7,50,000	
Payable — 1 st April, 2003	5,70,000	75,000
— 31 st March, 2004	10,50,000	1,32,000
Received	—	6,00,000
Receivable — 1 st April, 2003	—	54,000
— 31 st March, 2004	—	72,000
III Commission :		
On insurance accepted	9,00,000	66,000
On insurance ceded	—	84,000
Other expenses and income :		<i>Rs.</i>
Salaries		15,60,000
Rent, rates and taxes		1,08,000
Printing and stationery		1,20,000
Postage		18,000
Income-tax paid		14,40,000
Interest, dividend and rent received (net)		6,80,000
Income-tax deducted at source		1,47,000
Legal expenses (including Rs.60,000 for settlement of claims)		2,40,000
Bad debts 33,000		
Income-tax refund		62,000

Balance of fund as on 1st April, 2003 was Rs. 1,59,39,000 including additional reserve of Rs. 13,50,000. Additional reserve is to be maintained at 10% of the net premium of the year. (8 marks)

Chapter - 14 : Financial Reporting

2005 - June [1] {C} (e) State the role of a 'merchant banker'. (4 marks)

2005 - June [2] (a) What is 'net asset value' (NAV) in case of mutual fund units? (2 marks)

Chapter - 15 : Computerised Accounting

2005 - June [2] (b) What are 'accounting software controls'? (4 marks)

2005 - June [3] (a) Describe the grandfather, father and son strategy as a method of file updation ? (3 marks)

PART - B

Chapter - 1 : Introduction to Cost Accounting and Management Accounting

2005 - June [7] (a) "Management accounting is a decision making system." Comment. (2 marks)

2005 - June [8] (a) "Opportunity cost is the measure of the benefit of opportunity foregone." Comment. (3 marks)

Chapter - 2 : Material Cost

2005 - June [5] {C} Attempt any four of the following :

- (ii) In a company, the weekly minimum and maximum consumption of Material-A are 25 and 75 units respectively. The re-order quantity as fixed by the company is 300 units. Material-A is received within 4 to 6 weeks from the date of issue of supply order. Calculate minimum level and maximum level of Material-A. (5 marks)

Chapter - 3 : Labour Cost

2005 - June [5] {C} Attempt any four of the following :

- (iii) A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hours is Rs.1,350. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be the earnings per hour of that worker under Halsey (50% sharing) and Rowan bonus schemes ? (5 marks)

Chapter - 7 : Process Costing

2005 - June [7] (b) How is abnormal gain in process costing accounted ? (3 marks)

Chapter - 9 : Budgetary Control

2005 - June [5] {C} Attempt the following:

- (i) Distinguish between 'fixed budget' and 'flexible budget'. (5 marks)

Chapter - 10 : Standard Costing and Variance Analysis

2005 - June [5] {C} Attempt the following :

- (v) From the data given below, calculate —
(a) Material cost variance;

- (b) Material price variance;
 (c) Material usage variance; and
 (d) Material mix variance.

Product	Standard	Standard	Actual	Actual
	Quantity	Price	Quantity	Price
	(Units)	(Rs.)	(Units)	(Rs.)
X	1,050	2.00	1,100	2.25
Y	1,500	3.25	1,400	3.50
Z	2,100	3.50	2,000	3.75

(5 marks)

Chapter - 11 : Marginal Costing and Break-even Analysis**2005 - June [5] {C}** Attempt the following :

- (iv) A-One Co. produces 4,00,000 components of a machinery annually at 80% of full capacity. Regular selling price of the component is Rs.33. Budgeted annual production costs and other expenses for the year are as follows :

Raw material cost per unit	Rs.4.25
Direct labour cost per unit	Rs.5.75
Variable factory overhead per unit	Rs.7.75
Variable selling costs	5% of selling price
Fixed factory and administrative overheads	Rs.39,50,000

During the year, A-One Co. received a one-time order to sell 25,000 components for which no selling expenses will be incurred. What should be the minimum price quoted by A-One Co. if it wants to earn minimum of Re. 1 per component on this order ? (5 marks)

2005 - June [6] (b) A newly set up manufacturing company is planning to produce a product that will sell for Rs.10 per unit. The demand of product is estimated at 10,000 units per year. The company has choice of two machines, each of which has a capacity of producing 10,000 units per year. Machine-A would have fixed costs of Rs.30,000 per year and would yield a profit of Rs.30,000 per year on sale of 10,000 units. Machine-B would have fixed costs of Rs. 18,000 per year and would yield a profit of Rs.22,000 per year on sale of 10,000 units. Variable cost behave linearly for both machines.

Calculate the volume of sales at which the cost of the two machines will be indifferent. (5 marks)

Chapter - 12 : Analysis & Interpretation of Financial Statements

2005 - June [8] (c) Jerry Holding Ltd.'s financial statements contain the following information :

	31.3.2003	31.3.2004
	(Rs.)	(Rs.)
Equity share capital	30,00,000	30,00,000
Retained earnings	7,02,000	12,18,000

10% Debentures	24,00,000	24,00,000
Current liabilities	9,60,000	12,00,000
Cash	3,00,000	2,40,000
Sundry debtors	4,80,000	6,00,000
Temporary investments	3,00,000	4,80,000
Stock	27,60,000	32,40,000
Prepaid expenses	<u>42,000</u>	<u>18,000</u>
Total current assets	<u>38,82,000</u>	<u>45,78,000</u>
Total assets	84,00,000	96,00,000

Statement of profit for the year ended 31st March, 2004 :

		<i>Rs.</i>
Sales		60,00,000
Less: Cost of goods sold	42,00,000	
Interest	<u>2,40,000</u>	<u>44,40,000</u>
Net profit	15,60,000	
Less: Taxes @ 50%		<u>7,80,000</u>
Profit after taxes		<u>7,80,000</u>
Dividends declared on equity shares		3,30,000

From the above, appraise the financial position of the company from the point of view of —

- (i) Liquidity;
- (ii) Solvency; and
- (iii) Profitability. (9 marks)

Chapter - 13 : Cash Flow Statement

2005 - June [7] (c) Astha Ltd. presents the following balance sheets and income statement :

	<i>As at</i> 31.3.2003 (Rs.)	<i>As at</i> 31.3.2004 (Rs.)
Equity share capital	10,00,000	10,00,000
Retained earnings	8,30,000	9,46,000
12% Debentures	6,00,000	5,00,000
Sundry creditors	<u>1,24,300</u>	<u>1,49,100</u>
	<u>25,54,300</u>	<u>25,95,100</u>
Fixed assets, at cost	24,00,000	26,00,000
Provision for depreciation	(-) 8,00,000	(-) 9,80,000
Investments	2,50,000	1,00,000
Inventories	4,13,300	5,07,100
Trade debtors	1,60,000	1,80,000
Provision for bad debts	(-) 8,000	(-) 9,000
Cash in hand and at bank	<u>1,39,000</u>	<u>1,97,000</u>
	<u>25,54,300</u>	<u>25,95,100</u>

Profit and loss account for the year ended 31st March, 2004 :

	Rs.
Sales	36,40,200
Cost of goods sold	(-) 27,10,700
Compensation received in law suit	55,000
Interest received on investments	21,000
Profit on sale of investments	7,500
Provision for bad debts	(-) 1,000
Provision for depreciation	(-) 1,80,000
Net profit before tax	8,32,000
Tax paid for the year	4,16,000
Net profit after tax	4,16,000

Astha Ltd. informs you that the debentures were redeemed at par. Prepare the cash flow statement in accordance with AS-3 for the year ended 31st March, 2004. (10 marks)

Chapter - 14 : Accounting for Price Level Changes

2005 - June [6] (a) From the following information, as per historical cost accounting method, compute the monetary working capital adjustment under current cost accounting method :

1st January, 2003 31st December, 2003

Accounts receivable (Rs.)	7,000	12,600
Accounts payable (Rs.)	3,850	6,440
Monetary working capital (Rs.)	3,150	6,160
Price index for materials	200	230
Price index for finished goods	150	180
<i>(Note : Index of correct value be modified)</i>		(4 marks)

Chapter - 15 : Responsibility Accounting

2005 - June [6] (c) What are the various steps involved in the implementation of responsibility accounting system in an organisation? (6 marks)

2005 - June [8] (b) State the circumstances where market oriented transfer price need not be followed. (3 marks)

Paper - 3 Tax Laws

Chapter - 1 : Basis of Taxation of Income

2005 - June [1] {C} (a) Armello, a German national, came to India for the first time during the year 2000-01. During the financial years 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05, he was in India for 130 days, 75 days, 59 days, 100 days and 80 days respectively. Determine his residential status for the assessment year 2005-06. (3 marks)

Chapter - 2 : Taxation of Agricultural Income & Exempted Incomes**2005 - June [1] {C}** (c) Discuss the tax liability of the following :

- (ii) Income of notified mutual funds. (3 marks)
- (d) For the assessment year 2005-06, Ms. Puja (date of birth : 19th September, 1939) furnishes the following information :

	Rs.
Gross agricultural income	2,21,000
Expenditure on earning agricultural income	1,000
Non-agricultural income	1,50,000

Determine the tax liability of Ms. Puja for the assessment year 2005-06 on the assumption that she contributes Rs.60,000 towards public provident fund and pays insurance premium of Rs.20,000 on her life insurance policy (sum assured : Rs. 1,50,000). (3 marks)

Chapter - 4 : Salaries

2005 - June [4] (a) Himalaya Ltd. reimburses the following expenditure on medical treatment of the son of an employee Karan. The treatment was done at UK :

- (i) Travelling expenses Rs. 1,15,000.
- (ii) Stay expenses at UK permitted by RBI Rs.45,000 (Actual expenses Rs.70,000).
- (iii) Medical expenses permitted by RBI Rs.50,000 (Actual expenses Rs.70,000).

Compute the taxable perquisites for the assessment year 2005-06 in the hands of Karan, if his annual income from salary was (i) Rs. 1,70,000; (ii) Rs.2,00,000. (5 marks)

Chapter - 6 : Income from Business or Profession and Vocation**2005 - June [1] {C}** (c) Discuss the tax liability of the following :

- (i) Any sum received under a Keyman insurance policy. (3 marks)
- (iii) Conveyance facility provided to an employee to cover the journey between office and residence. (3 marks)

2005 - June [4] (b) Advise an assessee on the admissibility or otherwise on the following aspects giving reasons in respect of its business income :

- (i) Brokerage paid for raising loan for the business.
- (ii) Cost of erecting medical unit annexe to the factory for emergency treatment of the employees.
- (iii) Compensation paid to an employee for the premature termination of his services.
- (iv) Travelling expenses of a director, who went to Japan for negotiating the purchase of a new heavy machinery which was to be installed during next year.
- (v) Lump sum consideration of Rs.5 lakh paid for acquiring know-how. (5 marks)

Chapter - 7 : Capital Gains

2005 - June [3] (b) Abhay purchased 1,000 listed equity shares of Rs.10 each at Rs.100 per share from a broker on 4th May, 1996. He paid Rs.3,000 as brokerage. On 15th March, 2004, he was given bonus shares by the company on the basis of one share for every two shares held. On the same date, he was also given a right to acquire 1,000 rights shares @ Rs.90 per share. He acquired 50% of the rights shares offered and sold the balance 50% of the rights shares for a sum of Rs.67,500 on 7th April, 2004. The rights shares were allotted to him on 30th April, 2004.

All the shares held by him were sold on 24th September, 2004 @ Rs.280 per share through a recognised stock exchange.

- (i) Compute capital gain and tax for the assessment year 2005-06 assuming his income from other sources is Rs.40,000.
- (ii) What shall be your answer if in the above case rights shares were sold on 5th November, 2004 but other shares were sold on 24th September, 2004.

(Note : The cost inflation index for the year 1996-97—305; and 2004-05 — 480.) (9 marks)

Chapter - 8 : Income from Other Sources

2005 - June [1] {C} (e) Bahadur, a defence personnel, was killed in a war. His wife was paid an *ex-gratia* payment of Rs. 1,00,000 in February, 2005. She also received the family pension of Rs.7,500 per month during the year 2004-05. Advise her on the taxability of receipts. (3 marks)

Chapter - 10 : Set-off and Carry-Forward of Losses

2005 - June [5] (a) What are the exceptions to well accepted principle that loss of one person cannot be availed for 'set off' or 'carry forward' by another person under the provisions of the Income-tax Act, 1961? (5 marks)

Chapter - 12 : Taxation of Individuals

2005 - June [2] (a) Jolly is an employee of a private limited company at Mumbai. The following particulars of his income for the year ended 31st March, 2005 have been ascertained :

	Rs.
(i) Basic salary per month	12,000
(ii) Dearness allowance per annum (<i>ad hoc, i.e.,</i> not provided in the terms of employment)	10,000
(iii) Entertainment allowance per annum	10,000
(iv) Employer's annual contribution to the provident fund	20,000
(v) His own annual contribution to the provident fund	20,000
(vi) Educational allowance per annum for his two sons (for meeting the cost of their higher education)	7,400
(vii) The company has hired a residential flat (unfurnished) and allotted it to the assessee for his stay (No rent is charged from him). Rent per month	3,500

(viii) Salary of domestic servant appointed by the employee is paid for the year by the employer	4,000
(ix) Gas and electricity bills paid during the year by the company on his behalf	6,000
(x) The company provided a sweeper at the assessee's residence. Monthly wages paid by the company	200
(xi) Interest from a nationalised bank received during the year	4,000
(xii) Jolly also received gross income on units of a mutual fund during the year	10,000

A small motor car belonging to the company has been provided to the assessee both for official and personal use and the company meets the entire expenses on the car's maintenance and running.

Jolly had an insurance policy on his life for Rs.50,000. He had paid the annual premium of Rs.6,000 for this policy during the year.

Compute the total income of Jolly for the assessment year 2005-06 giving full reasons for the treatment of each item. Also determine his tax liability.

(12 marks)

Chapter - 17 : Tax Collection, Payment & Refund of Tax

2005 - June [5] (c) Explain the provisions regarding deduction of tax at source on payment to contractors. (3 marks)

Chapter - 18 : Offences, Prosecution & Penalties

2005 - June [2] (b) Discuss the provisions of the Income-tax Act, 1961 regarding penalties imposed in the following cases :

- (i) For concealment of income.
- (ii) For failure to get his accounts audited as directed under section 142(2A). (3 marks)

2005 - June [4] (c) The following particulars are furnished by Ms. Madhuri for the financial year 2004-05 :

Tax on total income (paid on 31.7.2005)	Rs.50,000
Date of filing the return	1.8.2005
Due date for filing the return	31.7.2005.

Compute the total interest payable under sections 234A, 234B and 234C of the Income-tax Act, 1961. (5 marks)

Chapter - 19 : The Wealth Tax Act, 1957

2005 - June [1] {C} (b) State the circumstances under which a residential house will not be liable to wealth-tax. (3 marks)

2005 - June [5] (b) Arun furnishes the following details as on 31st March, 2005:

	<i>Rs.</i>
Commercial complex	21,60,000
Units of UTI	7,50,000
Silver utensils (market value Rs. 1,75,000)	75,000

Farm house (21 kms. away from municipal limit)	21,00,000
Urban land (construction not permitted under the law)	42,01,000
Loan taken to purchase units of UTI	3,00,000
Cash in hand	11,00,000
Wealth-tax paid for assessment year 2004-05	21,250

Compute the net wealth and the wealth-tax for the assessment year 2005-06.
(7 marks)

Chapter - 20 : Central Excise Laws — Basic Concepts

2005 - June [6] (c) What are the basic conditions for levy of central excise duty?
(3 marks)

2005 - June [7] (b) State whether registration under the Central Excise Act, 1944 is mandatory. If so, who is liable to get registered under this Act?
(10 marks)

Chapter - 21 : Assessment and Payment of Duty

2005 - June [6] (d) Gopal is doing only job work by charging Rs.20 per product. The cost of materials supplied to him for the job work is Rs.100 per product. Calculate the excise duty payable @ 8% assuming that the job worker has undertaken to pay the excise duty.
(3 marks)

2005 - June [8] (a) What is meant by 'cascading effect' in the context of the Central Excise Tariff Act, 1985?
(8 marks)

Chapter - 23 : Customs Law — Basic Concepts

2005 - June [6] (b) Write short notes on the following in terms of the Customs Act, 1962 :

(i) Crucial date (3 marks)

Chapter - 24 : Import and Export Procedures

2005 - June [6] (b) Write short notes on the following in terms of the Customs Act, 1962 :

(ii) Duty drawback. (3 marks)

2005 - June [8] (c) Write short notes on the following under the Customs Act, 1962 :

(i) Baggage and bonafide baggage; and
(ii) Out of charge. (3 marks each)

Chapter - 25 : The Central Sales Tax Act, 1956

2005 - June [6] (a) Explain with examples the terms 'goods' and 'declared goods' in the context of the Central Sales Tax Act, 1956. (8 marks)

2005 - June [7] (a) During the year 2004-05, the gross inter-State sales made by Stead Fast Ltd. of Jodhpur is Rs.71,79,000. Although the central sales tax is not shown separately, the following information is available from the records of the company :

(i) The company sells machinery which makes copper wire rods. If it is sold in Rajasthan State, the sales tax rate is 7% (plus additional tax @ 10% of sales tax).

(ii) Information regarding sales with and without Form-C is as follows :

	<i>Inter-State Sale with Form-C (Rs.)</i>	<i>Inter-State Sale without Form-C (Rs.)</i>
Gross sales	44,25,000	27,54,000
It includes the following :		
Excise duty	19,12,500	6,15,000
Freight (not being shown separately).	55,500	72,000
Packing charges	22,815	29,550
Cost of installation (shown separately)	1,38,000	1,59,000
Insurance charges to cover seller's risk	15,750	22,800
Insurance charges to cover buyer's risk (at the request of the buyer)	22,500	1,26,000
Freight (shown separately)	1,05,000	25,500

The following items have not been deducted to calculate gross sales turnover :

Trade discount (given by way of credit note on 31st March, 2005)	27,000	30,000
Goods returned within 6 months	3,00,000	1,50,000
Incentive bonus for additional sales	37,500	30,000

Ascertain the sales turnover and central sales tax payable. (10 marks)

2005 - June [8] (b) Explain whether profit motive is material for the purpose of business under the Central Sales Tax Act, 1956. (6 marks)

Chapter : Taxation of Association of Persons

2005 - June [3] (a) Discuss the provisions relating to determination of tax liability of an association of persons. (6 marks)

Paper - 4 Management Information System and Corporate Communication

Chapter - 1 : System Analysis and Design: An Overview

2005 - June [3] (a) System conversion is concerned with changing old systems to new system. Name four main types of system conversion methods. For the following independent scenarios, which conversion method would you recommend and why:

- (i) Implementing a new computer-based payroll system that provides many more features (such as queries, reports and data analysis) than the previous computerised payroll system. The same hardware will be used; only the software will be changed. The firm has about 2,500 employees on the payroll.
- (ii) Implementing an on-line corporate information system that provides detailed corporate information in real time when a stakeholder places a call to the Registrar of Companies. The old system was a manual

system in which a clerk in the Registrar's office had to obtain the corporate file from a filing cabinet. (8 marks)

Chapter - 2 : Management Information Systems: An Overview

2005 - June [1] {C} (c) Define a 'decision support system' (DSS). (2 marks)

Chapter - 3 : Computers & Communication — An Overview

2005 - June [1] {C} (a) The year 2004-05 was not very good for TGPCL, a company in the business of providing technical services and solutions for power transmission and distribution. The company lost some new contracts even from their existing clients to their competitors. Sundram, the managing director, was disturbed due to it. On investigation, it was found that there was unprecedented increase in clients' complaints and some of the complaints were not addressed timely. Sundram called for 'TGPCL Clients Meet'. The following important observations and concerns of clients were identified during the Meet:

- Clients who are mainly power generators, transmitters and distributors work 24 hours a day, seven days in a week, while the TGPCL works from 9.30 AM to 5.30 PM (generally upto 7.00 PM) 6 days in a week. Clients have no mechanism or channel to get necessary service during holidays and beyond office hours.
- The company has an automated phone system which attends calls from clients. It is alleged that such a system lacks 'human-touch' and provides solutions of a routine and obvious nature. The clients are found to be dissatisfied from this arrangement.
- It is alleged that the website of the company does not provide any mechanism to the clients to get their complaints redressed.
- During 2004-05, some parts of India including Mumbai had very heavy rains during the rainy season. As a result, on one side the clients' complaints increased and on other side the Mumbai office was forced to close for 2-3 days 4 times in the period of July-September. This phenomenon led to a high degree of dissatisfaction among the clients.
- Clients have also become highly demanding in terms of 'quick redressal' of their complaints. They would not mind paying extra money for the same.

Sundram took all these observations to the Board meeting. The Board members took a serious note of the same. The Board decided to constitute a committee which will look into information technology related solutions for taking care of calls received beyond office hours and during holidays and provide necessary redressal mechanism for the same.

Draft a short write-up incorporating possible information technology solutions to this problem. (10 marks)

2005 - June [3] (b) New Vision Co. is interested in providing an on-line service to its users. You are required to provide information to the company about different types of on-line information services. (4 marks)

(c) Explain the meaning and utility of 'electronic bulletin board services'.

(3 marks)

2005 - June [4] (b) Write short notes on the following:

- (i) Business uses of internet (3 marks)
- (iii) Video conferencing (3 marks)
- (iv) Smart cards (3 marks)
- (v) Intranet (3 marks)

Chapter - 4 : Client/Server Computing

2005 - June [2] (a) Assume that you have just been hired as the Vice-President of information systems for the Navi Mumbai University Centre. One of your immediate assignments is to determine whether to acquire and deploy an 'enterprise resource planning' (ERP) system within next 18 months to handle the administrative tasks of the six affiliated colleges and the University. State the advantages to the colleges in adopting ERP. (7 marks)

(b) When determining the network architecture for an information system, one can choose among centralised computing, a distributed presentation, a two-tiered client/server configuration or a three-tiered configuration. You are required to define each of these four network architectures. (8 marks)

Chapter - 5 : E-Commerce & Internet

2005 - June [1] {C} (b) Best Match is an international recruitment company that helps companies (their clients) to find employees who fit their needs.

Best Match added a fully automated website where employers can post job descriptions and job seekers can post their resume for a small fee. This fee includes the ability to search the on-line database for potential matches. This database with on-line submitted resumes and job descriptions is separate from the internal one. The website had not been the success the company thought it would be. There was much good textual information on the site, and clients could scroll through page after page of written documentation. It took a bit longer to get to some pages because clients had to go through other pages to get to the one they wanted, including the home page. Sometimes the home page took a while to load due to the ten graphics file on that page.

Clients could e-mail the company, but the e-mail feature was on the last page and could only be accessed by going through four other pages.

Outline the concepts overlooked while building the e-commerce site of BestMatch, stating your reasons for the same. (8 marks)

Chapter - 6 : Contemporary Issues and Recent Developments

2005 - June [4] (a) Assume that you have established a small factory that manufactures a single product which you sell to various distributors in Northern India. You purchase raw material from several vendors and employ 5 full-time employees. The production is done by the contract labour. Suggest which business functions you would certainly computerise. (3 marks)

(b) Write short notes on the following:

- (ii) E-governance (3 marks)

Chapter - 7 : Communication

2005 - June [5] {C} (b) (i) You are transferring your service operations abroad to cut labour costs. This means retrenchment of some of your employees is inevitable. How would you communicate this to the employees likely to be affected?

(ii) An angry customer walks into your room and threatens to take you to a consumer court for deficiency in service. Explain how would you communicate with the customer so as to defuse the situation. (5 marks each)

Chapter - 8 : Effective Speaking and Interviewing

2005 - June [6] (b) What are the principles that are to be followed to become an effective speaker? (7 marks)

Chapter - 9 : Presentation and Inter-Personal Skills

2005 - June [6] (a) As a Human Resources Manager of Good Health & Co., a BPO company in Bangalore, write a memorandum announcing the new non-smoking policy based on the following information :

- Total employees : 700
- Smokers : 70%
- Out of the smokers, smoking at workplace : 45%
- Government is planning to legislate against smoking in workplace in next two months.
- Good Health & Co. adopts pro-active approach to proposed legislation.
- Smoking permitted in one room to begin with.
- No smoking in canteen and within 50 metres of building's entrance.
- After a month, total prohibition on smoking.
- Company committed to help employees to quit smoking. (8 marks)

2005 - June [7] (a) "Letters are ambassadors of any business house." In the light of this statement, suggest what all are to be kept in mind while writing an effective business letter. (5 marks)

(c) Write short notes on the following :

- (iii) Essential elements of presentation. (3 marks)

Chapter - 10 : Public Relations

2005 - June [7] (b) Distinguish between the following :

- (i) 'Corporate image' and 'public relations'. (2 marks)

Chapter - 12 : Report Writing

2005 - June [7] (b) Distinguish between the following :

- (ii) 'Proposals' and 'reports', (2 marks)

2005 - June [8] Briefly comment on the following statements :

- (i) Bibliographies and references are important part of many written documents. (3 marks)
- (ii) Bar charts are used for items comparison and correlation. (3 marks)

Chapter - 13 : Meetings, Press Conferences and Publicity Campaigns

2005 - June [7] (b) Distinguish between the following :

- (iii) 'Agenda' and 'minutes' (2 marks)

2005 - June [7] (c) Write short notes on the following :

- (ii) Road shows (3 marks)

Chapter - 14 : Development of Conceptual and Analytical Skills

2005 - June [7] (c) Write short notes on the following :

- (i) Cognitive tendency (3 marks)

2005 - June [8] Briefly comment on the following statements :

- (iii) For better reading the SQ3R framework is very effective. (3 marks)
(iv) An advanced approach to the network planning is to identify the critical path. (3 marks)

Chapter - 15 : Personal and Professional Development

2005 - June [5] {C} (a) Innovation operates at two levels - radical and incremental, and both are important although the skills needed for each are different. Identify whether the following innovations 'are radical or incremental and give reasons:

- (i) A pharmaceutical firm decides to outsource 80 per cent of its research and development work.
(ii) A project management company introduces 'programme evaluation and review technique' (PERT) and 'critical path method' (CPM) for project implementation.
(iii) A railway company moves from being owned by the public to being a commercial business.
(iv) A telecom company adopts performance linked incentive scheme for its employees.
(v) A hierarchical organisation removes several layers from its structure and empowers each front-line employee.

(2 marks each)

2005 - June [8] Briefly comment on the following statements :

- (v) Motivation is the force that propels a person into action. (3 marks)

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