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Total No. of Questions : 7]

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P. G. D. I. T. Examination - 2012

PAPER - I

FINANCIAL ACCOUNTING

Time : 3 Hours]

[Max. Marks : 100

Instructions :

- (1) *Question No. 7 is Compulsory. Out of the remaining attempt any four.*
- (2) *Figures to the right indicate full marks.*

Q.1) What is Accounting ? Explain objectives and importance of Accounting. [20]

Q.2) What is a Bank Reconciliation Statement ? What are the reasons for disagreement between the Cash Book Balance and the Pass Book Balance ? [20]

Q.3) (A) What are the types of Expenditures ? [05]

(B) What are the different Methods of Depreciation ? Explain them in brief. [15]

Q.4) Write short notes (Any Four) [20]

- (a) Non-trading Concern
- (b) Classification of Accounts
- (c) Different types of Subsidiary Books
- (d) Cash Book
- (e) Dissolution of Partnership Firm
- (f) Errors of Commission

Q.5) Pass necessary journal entries to rectify the following errors : [20]

- (1) Purchased goods from Mr. Akash of Rs. 5,000 are not recorded at all.
- (2) A crossed cheque of Rs. 760 received from Mr. Satish dishonoured but was not recorded in Cash Book.
- (3) Goods worth Rs. 500 distributed as free sample not recorded in the Books.
- (4) Salary of Rs. 1,800 paid to an employee Mr. Shukla was debited to Mr. Shukla Account.
- (5) Goods purchased from Mr. Bhavesh Rs. 3,000 was posted to Bhavani Account.
- (6) Installation Charges paid on purchase of machinery Rs. 20,000 were debited to Wages Account.
- (7) Goods purchased from Surabhi Stores Rs. 6,500 was recorded in Sales Day Book.
- (8) Rent Rs. 625 paid was wrongly posted to Rent Account as Rs. 265.
- (9) Life Insurance Premium of Proprietor Paid Rs. 1,250 was posted to Insurance Account.
- (10) Rs. 9,500 paid to Dilip has been debited to Devendra Account.

Q.6) A, B and C were partners sharing profits in the ratio of 4 : 3 : 3 respectively. The Balance Sheet of the Partnership Firm on 31st March, 2012 was as follows :

Balance Sheet as on 31st March, 2012

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	38,000	Cash at Bank	6,000
Bills Payable	10,000	Debtors	32,000
Reserve Fund	25,000	Less : Provision	2,000
Capital A/c's :		Stock	50,000
A	80,000	Motor Van	16,000
B	60,000	Plant and Machinery	70,000
C	49,000	Building	90,000
	2,62,000		2,62,000

B retired on that date on the following terms :

- (1) The Goodwill of the firm to be valued at Rs. 30,000.
- (2) Plant to be depreciated by 10% and Motor Van by 12½%.
- (3) Stock to be appreciated by 10% and Building by 20%.
- (4) One workman was injured and compensation of Rs. 6,000 payable to him is to be record in the firm's books.
- (5) Provision for Doubtful Debt is no longer necessary.
- (6) A and C are to be equal partners from 1st April, 2012.
- (7) Both the partners decide that goodwill should not appeared in the books of accounts of the firm. The amount payable to B shall be kept as his loan.

Prepare Capital Accounts of the Partners, Revaluation Accounts and New Balance Sheet of A and C as on 1st April, 2012. [20]

Q.7) From the following Trial Balance and Information given to you, prepare Trading Account, Profit and Loss Account for the year ended 31-3-2012 and Balance Sheet as on that date : [20]

Trial Balance as on 31st March, 2012

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	–	1,14,000
Land and Building	20,000	–
Insurance	5,000	–
Salaries	8,500	–
Carriage Inward	500	–
Rent, Rates and Taxes	2,000	–
Machinery	25,000	–
Wages	4,000	–
Drawings	7,000	–
Discount	1,500	850
Carriage Outward	2,800	–
Purchases and Sales	31,000	85,500

Particulars	Debits (Rs.)	Credit (Rs.)
Stock (1-4-11)	15,500	–
Returns	2,500	3,150
Rent	–	3,000
Printing and Stationery	1,950	–
R.D.D.	–	2,500
Bad Debts	1,000	–
Advertisements	3,500	–
Debtors and Creditors	45,000	27,000
Furniture	60,000	–
Cash at Bank	4,250	–
Investment	18,000	–
6% Bank Loan (1st October, 2011)	–	25,000
Brokerage	2,000	–
	2,61,000	2,61,000

Adjustments :

- (1) Stock on 31st March, 2012, Cost Price Rs. 18,500, Market Price Rs. 20,000.
- (2) Provide for Reserve for Bad and Doubtful Debts at 5% on Sundry Debtors.
- (3) Outstanding Expenses : Wages Rs. 1,500, Salary Rs. 1,800.
- (4) Provide Depreciation on Machinery at 10% and Building at 5%.
- (5) Prepaid Insurance Rs. 1,000.

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P. G. D. I. T. Examination - 2012

PAPER - II

DIRECT TAXES : STRUCTURE AND PROCEDURE

Time : 3 Hours]

[Max. Marks : 100

Instructions :

- (1) *Question No. 7 is compulsory.*
- (2) *Attempt **any four** from the remaining*
- (3) *All questions carry equal marks.*

Q.1) What do you mean by Residential Status ? Explain various types of Residential Status.

Q.2) Explain in detail Agricultural Income under Income Tax Act, 1961.

Q.3) Write short notes :

- (a) Previous Year
- (b) Revenue Expenditure
- (c) Assessee
- (d) Person

Q.4) Explain various types of Assessments under Income Tax Act, 1961.

Q.5) Explain E-registration Procedure under Professional Tax Act, 1975.

Q.6) (A) What are the Exempted Assets under Wealth Tax Act ?

(B) Give Income Tax Authorities in India.

Q.7) Mr. Kalpesh, a Resident in India, furnishes the following particulars of his Assets and Liabilities as on 31-3-2012. You are required to compute Taxable Wealth of Mr. Kalpesh giving justification for inclusion or exclusion of each item. The valuation date as indicated above is 31-3-2012 :

No.	Particulars	Rs.
1.	Motor Cars of Foreign make held as Fixed Assets	20,00,000
2.	Gold Bonds under Gold Deposit Scheme, 1999	20,00,000
3.	Residential House Property at Mumbai let out w.e.f. 1 April, 2011	15,00,000
3.	Jewellery	10,00,000
4.	Land purchased for Industrial Purpose :	
	On 1st January, 2007	8,50,000
	On 1st April, 2010	9,50,000
6.	Loan against purchase of Lands :	
	On 1st January, 2007	4,50,000
	On 1st April, 2010	5,00,000
7.	Wealth Tax Liability	12,000
8.	Cash on Hand	80,000
9.	Cash at Bank	1,50,000

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P. G. D. I. T. Examination - 2012

PAPER - III

DIRECT TAXES : STRUCTURE AND PROCEDURE

Time : 3 Hours]

[Max. Marks : 100

Instructions :

- (1) Question No. 7 is compulsory.*
- (2) Solve **any four** from the remaining.*
- (3) All questions carry equal marks.*

Q.1) Explain what is Perquisites ? Mention Tax Treatment of Perquisites under the head Income from Salary.

Q.2) Write short notes : **(Any Four)**

- (a) Profits in Lieu of Salary
- (b) Deductions under Income from House Property
- (c) Deductions expressly disallowed under Profit and Gains from Business
- (d) Income chargeable under Income from other Sources
- (e) Short Term and Long Term Capital Gains
- (f) Income Tax Rebates and Reliefs

Q.3) Mr. Devidas is employed in firm of Mumbai and he furnished the following particulars of Income for the F.Y. 2011-12 :

- (1) Basic Salary Rs. 15,000 p.m.
- (2) Dearness Allowance Rs. 6,000 p.m. (out of this Rs. 2,000 p.m. considered for retirement benefits)

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- (3) Bonus Rs. 40,000 p.a.
- (4) Entertainment Allowance Rs. 1,000 p.m.
- (5) Interest on RPF @ 13% Rs. 39,000.
- (6) Employers Contribution to RPF is 15% of Salary.
- (7) He is provided with Furnished Accommodation at Mumbai by the employer. Cost of Furniture is Rs. 5,000. Rent paid for the accommodation by Mr. Devidas is Rs. 2,000 p.m.
- (8) Hospital Bill reimbursed by the employer is Rs. 12,000.
- (9) He has been provided with the facility of Sweeper, Watchman and Servant, who are paid by the employer Rs. 1,500, Rs. 1,800 and Rs. 1,700 p.m. respectively.
- (10) He has been provided with 1800 c.c. Car for both official and private purpose. Expenses are borne by employer.
- (11) Gas, Electricity and Water Bill paid by employer Rs. 12,000.
- (12) Professional Tax paid Rs. 2,500.

Compute his Taxable Income from Salary for the Assessment Year 2012-2013.

Q.4) From the following information given by Mr. Satish, compute his taxable income from house property for the A.Y. 2012-13 :

	House A (Rs.)	House B (Rs.)
(1) Municipal Value	1,10,000	1,07,000
(2) Fair Rent	1,20,000	1,00,000
(3) Standard Rent	1,26,000	1,20,000
(4) Actual Rent received	1,32,000	1,06,000
(5) Municipal Taxes	18,000(due)	20,000(paid)
(6) Repairs	6,000	8,000
(7) Insurance	3,000	4,000
(8) Land Revenue(paid)	4,000	2,000

Interest on Capital borrowed by Mortgaging House A (Funds are used for construction of B) Rs. 30,000.

Q.5) Write notes :

- (a) Allowances and their Taxability
- (b) Income Chargeable under the head Business/Profession
- (c) Capital Assets
- (d) Residential Status of an Individual

Q.6) The following is the Profit and Loss A/c. for the year ended on 31st March, 2012 furnished by Mr. Arun :

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Salary	78,000	By Gross Profit	2,23,000
To General Expenses	12,500	By Sundry Receipt	8,400
To Advertisement	8,000	By Gift from Father	25,000
To Fire Insurance	3,500	By Interest on Bank Deposits	6,000
To Office Expenses	4,500	By Bad Debts recovered	5,400
To Depreciation	15,800	(Not allowed as deduction earlier)	
To Bonus	12,800		
To Income Tax	8,600		
To Sales Tax	4,500		
To Interest on Bank Loan	5,600		
To Donation to Education Inst.	10,500		
To Interest on Income Tax	3500		
To Net Profit	1,00,000		
	2,67,800		2,67,800

Other Information :

- (1) Salary includes Rs. 4,200 paid to Mr. Arun.
- (2) Advertisement includes Rs. 550 as expenditure incurred for Selling Household Furniture.
- (3) Allowable Depreciations as per I.T. Rules is Rs. 14,000.
- (4) Sales Tax includes Rs. 500 as Penalty for not filing return in time.
- (5) General Expenses include Rs. 5,850 as gift given to friend on his marriage ceremony.

You are required to compute Taxable Income from Business of Mr. Arun for the A.Y. 2012-2013.

Q.7) From the following information given by Mr. Ashok Patil, compute his Taxable Income and Tax Liability for the A.Y. 2012-13 :

- (1) He is in service in ABC Ltd. at Mumbai and his monthly salary is Rs. 50,000 p.m. He received Bonus Rs. 82,000. He paid Professional Tax Rs. 2,500.
- (2) He also has his own business and net income of that business is Rs. 1,17,500.
- (3) He has given one of his houses on rental basis at Rs. 2,000 p.m. Municipal Value of the same house is Rs. 30,000. He paid Municipal Taxes Rs. 3,000, Ground Rent Rs. 1,000 and Insurance Premium Rs. 500.
- (4) His Investments are as follows :
 - (i) Rs. 1,50,000 in 10% Debentures.
 - (ii) Bank Fixed Deposits Rs. 2,00,000 @ 12% Interest.
- (5) During the previous year he made following investments :
 - (i) Contribution to RPF Rs. 13,200.
 - (ii) Payment of Life Insurance Premium on the life of his child Rs. 5,100.
 - (iii) Contribution to ULIP Rs. 2,000.
 - (iv) National Saving Certificates Rs. 4,200.

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P. G. D. I. T. Examination - 2012

PAPER - IV

INDIRECT TAXES : STRUCTURE AND PROCEDURE

(CENTRAL EXCISE AND SERVICE TAX)

Time : 3 Hours]

[Max. Marks : 100

Instructions :

- (1) Question Nos. 6 and 7 are compulsory.
- (2) Attempt **any three** from Q. Nos. 1 to 5.
- (3) Figures to the right indicate full marks.

Q.1) Explain Basic Concept, 'Manufacture' and 'Taxable Event' under Excise Law and give difference between 'Excisable Goods' and 'Dutiable Goods' with reference to Levy and Collection of Duty of Excise. **[20]**

Q.2) (A) Under Section 66 of Service Tax Act, how 'Service Tax' is charged ? State various exemptions under the Act. **[10]**

(B) A firm has been providing taxable services for several years. Its gross value of the taxable services provided for the past 2 years was as under :

(a) Financial Year 2009-10 - Rs. 15 lakhs

(b) Financial Year 2010-11 - Rs. 8.70 lakhs

During the Financial Year 2011-12, it provided services for Rs. 11.90 lakhs. What shall be its Service Tax Liability ? **[10]**

Q.3) (A) Explain Registration Procedure under CST and exemptions under CST from Registration. **[10]**

(B) What do you mean by 'Declared Goods' under Sec. 14 and 15 of the CST Act, 1956 ? **[10]**

Q.4) What do you understand by 'Turnover of Purchase and Turnover of Sales' under VAT Act, 2002 ? Also state Procedure, Mode and Manner of Payment of Tax under the Act. **[20]**

Q.5) Write short notes : **[20]**

(a) Daily Stock Account and Account Current

(b) Offences and Penalties under Service Tax

(c) Declaration in Form 'C'

(d) VAT Audit

Q.6) Determine 'Assessable Value' in each of the following instances for the purpose of charging Excise Duty. Give reasons wherever necessary.

(a) XYZ Ltd. is engaged in the manufacture of 'Paracetamol' tablets that has an MRP of Rs. 9 per strip.

The MRP includes 16% excise duty plus education cess of 2% and SAH education cess of 1%. Abatement of 40% is available on MRP on drugs. The company cleared 1,00,000 tablets and distributed as physician's samples free of cost. The packages were marked 'Free Samples' and MRP was not marked. Following data is available :

(i) Cost of Production of the tablet calculated as per CAS-4 is Rs. 3.40 per tablet.

(ii) The company sales goods in market to wholesalers at Rs. 4.00 (excluding Excise Duty and CST).

Determine total duty payable.

(b) M/s. XYZ Co. Ltd., is at Ahmedabad, manufacturing product 'X'. Its price at Ahmedabad is Rs. 100 if sold at Ahmedabad. Ex-depot price at Mumbai is Rs. 120 and Rs. 130 at ex-godown of consignment agent at Chennai. M/s. XYZ Co. Ltd., sold product 'X' as below :

- (i) Sold 200 pieces from factory at Ahmedabad.
- (ii) 30 pieces were cleared from Mumbai.
- (iii) And 70 pieces from Chennai.

The prices are inclusive of all taxes.

What is assessable value and excise duty @ 16% in each case, cess applicable. Calculate duty liability.

(c) An assessee sales goods to ABC Co. Ltd. The buyer is a 'Related Person' as defined u/s 4(3)(b) of Central Excise Act. Sells Goods for Rs. 10,000 on 15th December, 2011. On that day the net price (excluding Excise Duty) of related person to an unrelated buyer was Rs. 12,000.

What will be the 'Assessable Value' in each of the following cases ?

- (i) The related person sells goods to an unrelated buyer on 5th February, 2012 @ Rs. 12,500 exclusive of excise duty.
- (ii) On date 10th February, 2012 @ Rs. 11,000 exclusive of excise duty.
- (iii) If the buyer is treated as 'Related Person' as it is an 'inter connected undertaking' in relation to manufacturer (assessee). However, the buyer is not a holding or subsidiary of assessee. Buyer and Seller do not have interest in each other.
- (iv) ABC Co. Ltd., puts selling price of a product, inclusive of basic duty @ 16% and education cess. Total Rs. 1,500 per piece.

What will be the 'Assessable Value' and duty liability per piece ? [20]

Q.7) (A) M/s. Vishal Traders, a registered dealer under MVAT Act. 2002 of Pune (Maharashtra) furnishes the following details relating to its sales and purchase during the month of March, 2012 :

Details of Sales :

- (1) Invoice No. 301, dated 5-3-2012, Rs. 10,500 (inclusive of 12.5% tax)
- (2) Invoice No. 302, dated 10-3-2012, Rs. 15,000 (inclusive of 12.5% tax)
- (3) Invoice No. 303, dated 12-3-2012, Rs. 12,500 (inclusive of 4% tax)
- (4) Invoice No. 304, dated 18-3-2012, Rs. 14,700 (inclusive of 12.5% tax)
- (5) Invoice No. 305, dated 22-3-2012, Rs. 16,750 (inclusive of 4% tax)
- (6) Invoice No. 306, dated 31-3-2012, Rs. 10,000 (inclusive of 4% tax)

Details of Purchases :

- (1) Within Maharashtra, dated 4-3-2012, Rs. 7,000 (inclusive of 12.5% tax)
- (2) From Kerala (CST), dated 8-3-2012, Rs. 3,500 (inclusive of 4% tax)
- (3) Within Maharashtra, dated 9-3-2012, Rs. 17,500 (inclusive of 12.5% tax)
- (4) Within Maharashtra, dated 20-3-2012, Rs. 21,500 (inclusive of 4% tax)

Compute Amount of VAT payable for the month of March, 2012.

[10]

(B) M/s. Sheetal Distributors registered dealer under Central Sales Tax, effected the following sales during last quarter of 2011-12 (January to March, 2012) :

- (1) Invoice No. 1171, dated 2-1-2012, for Rs. 26,000 plus tax @ 2%.
- (2) Invoice No. 1172, dated 19-1-2012, for Rs. 70,000 plus tax @ 2%.
- (3) Invoice No. 1173, dated 2-2-2012, for Rs. 52,000 (inclusive of tax)
- (4) Invoice No. 1174, dated 4-3-2012, for Rs. 12,200 plus tax @ 2%.
- (5) Invoice No. 1175, dated 25-3-2012, for Rs. 20,000 plus tax @ 2%.

All sales were inter-state sales.

Calculate turnover and CST payable.

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P. G. D. I. T. Examination - 2012

PAPER - V

AUDITING AND TAX AUDIT

Time : 3 Hours]

[Max. Marks : 100

Instructions :

- (1) Question No. 1 is compulsory.
- (2) Solve **any four** from Q. Nos. 2 to 7.
- (3) All questions carry equal marks.

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- Q.1)** What is Audit ? Define Auditing. Explain types of Errors and Frauds. **[20]**
- Q.2)** What is Audit Programme ? State advantages and disadvantages of Audit Programme. **[20]**
- Q.3)** Write short notes : **[20]**
- (a) Audit Note Book
 - (b) Audit Certificate
 - (c) Clean Audit Report
 - (d) Verification of Assets
- Q.4)** What are the qualifications, disqualification for appointment of a Company Auditor ? **[20]**
- Q.5)** Explain meaning, scope and role of Auditors under the Income Tax Act. **[20]**

- Q.6) (A) Give Specimen of Audit Report Form - 3CC. [10]**
- (B) What is Selective Tax Audit under Section 142(2A) of Income Tax Act ? [10]**
- Q.7) (A) Elucidate Control in an EDP Environment. [10]**
- (B) Explain use of Computer Assisted Audit Techniques. [10]**
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