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**P.G. Diploma in Taxation Examination, 2010**  
**FINANCIAL ACCOUNTING**  
**(Paper – I)**

Time : 3 Hours

Max. Marks : 100

**Instructions :** 1) Question No. 7 is **compulsory**. Out of the remaining attempt **any four** questions.

2) All questions carry **equal** marks.

3) Figures to the **right** indicate **full** marks.

1. What is 'Book keeping' ? Explain objectives and importance of Book keeping. **20**
2. What are the golden rules of accounts ? Give five examples of each type of account. **20**
3. a) Distinguish between Trading and Non Trading organisation.  
b) Define 'Depreciation'. What are the causes of depreciation ? **20**
4. Short notes (**any four**) : **20**
  - a) Objectives of Accountancy
  - b) Advantages of Cash Book
  - c) Bank Reconciliation Statement
  - d) Capital Expenditure
  - e) Fixed Instalment Method.
5. Rectify the following errors.
  - 1) A machine purchased Rs. 33,100 is debited to Purchases A/c.
  - 2) Wages paid for erection of new machinery Rs. 3,500 are debited to Wages A/c.
  - 3) Material of Rs. 10,500 and wages of Rs. 5,500 paid for additions to building were debited to Purchases and Wages A/c.
  - 4) Land acquisition charges paid Rs. 10,800 were debited to Legal Charges A/c.
  - 5) Carriage paid on purchases of goods Rs. 4,000 was debited to Goods A/c.
  - 6) Rs. 1,000 paid for repairs to Machinery were debited to Machinery A/c.

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- 7) Salaries of Rs. 1,800 paid to Mr. A were debited to Mr. A's A/c.
- 8) Goods sold to Mr. A Rs. 1,000 are recorded in the Purchase book.
- 9) Wages paid Rs. 4,100 are posted to Salaries Account.
- 10) Goods purchased from Mr. A Rs. 2,400 on credit were recorded as Rs. 240 in the Purchase Book.

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6. Astar firm consisting of partners Priti, Pritesh and Pranjal decided to dissolve the partnership. They decided to take over certain assets and liabilities and continue business separately. The Balance Sheet was as under. They shared profit and losses in the ratio of 3 : 1 : 1 respectively.

**Balance Sheet as on 31<sup>st</sup> March, 2009**

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		Cash	3,200
Priti	27,500	Sundry assets	17,000
Pritesh	10,000	Debtors	24,200
Pranjal	7,000	Less : R.D.D.	<u>1,200</u>
Creditors	6,000	Stock	7,800
Loan	1,500	Furniture	1,000
	<u><b>52,000</b></u>		<u><b>52,000</b></u>

It was agreed as under :

- a) Priti is to take all the furniture at Rs. 800 and the debtors amounting to Rs. 20,000 at Rs. 17,200 and creditors at book value.
- b) Pritesh to take over all the stock at Rs. 7,000 and certain of the Sundry assets at Rs. 7,200 (being 10% less than their book value).
- c) Pranjal to take over remaining Sundry assets at 90% of their book value less 100 for allowance and assume responsibility for discharge of the loan together with outstanding interest Rs. 30 which had not been recorded in the books.
- d) Expenses of dissolution amounted to Rs. 270.
- e) The remaining debtors realised 50% of their book value.

Prepare

- 1) Realisation Account
- 2) Partners capital Account
- 3) Cash Account.

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7. From the following Trial Balance of Mr. Bipin Sachdev, Thane as on 31<sup>st</sup> March, 2009, prepare Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 and a Balance Sheet as on that date.

**Trial Balance as on 31<sup>st</sup> March, 2009**

<b>Particulars</b>	<b>Debit Rs.</b>	<b>Credit Rs.</b>
Stock as on 1-4-08	20,000	
Purchases	2,20,000	
Sales		3,50,000
Bills Receivable	5,000	
Return inward	10,000	
Return outward		5,000
Carriage inward	5,000	
Debtors	20,000	
Creditors		40,000
Carriage outward	4,000	
Discount allowed	500	
Discount received		500
Salaries and Wages	22,000	
Insurance	6,000	
Rent	6,000	
Wages and Salaries	8,000	
Bad debts	1,000	
Furniture	40,000	
Bipin's capital		50,000
Bipin's drawings	7,000	
Loose Tools	10,000	
Printing and Stationery	3,000	



Advertisement	5,000	
Cash in hand	4,500	
Cash at Bank	20,000	
Petty cash	500	
Machinery	30,000	
Commission paid	1,000	
Commission received		3,000
	<u>4,48,500</u>	<u>4,48,500</u>

### Adjustments :

- 1) Stock as on 31<sup>st</sup> March, 2009 was valued as follows :  
Cost price Rs. 42,000, Market price Rs. 40,000.
- 2) Depreciate Furniture @ 10% p.a. and Machinery @ 20% p.a. as per Reducing Balance Method.
- 3) Rent of Rs. 500 was paid in advance.
- 4) Salaries and wages due but not paid amounted to Rs. 3,000.
- 5) Create a Reserve for Bad and Doubtful Debts @ 5% on Book Debts.
- 6) Commission receivable amounted to Rs. 500.

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**Post Graduate Diploma in Taxation Examination, 2010**  
**INDIRECT TAXES – STRUCTURE AND PROCEDURE (Paper – IV)**  
**(Central Excise & Service)**

Time : 3 Hours

Max. Marks : 100

*N.B.: I) Q. 6 and Q. 7 are compulsory.*

*II) Attempt **any three** questions from Q. 1 to Q. 5.*

*III) Figures to the **right** indicate **full** marks.*

1. What is 'Excise Duty' ? Who is liable to pay it ? State the basic conditions for levy of duty under Section 3 of the Central Excise Act, 1944. Also state the types of duties of excise. **20**
2. A) What is the extent and scope of service tax law as given under Section 64 of the Finance Act, 1994 ? **8**  
B) State the provisions of Section 70 of the Finance Act, 1994 and Rules made there under, regarding "filing of returns". **12**
3. Define the term 'Dealer' under the Maharashtra VAT Act, 2002. Explain the provisions of the Act with reference to 'Registration' of a dealer. **20**
4. A) Explain the fundamental features of CENVAT Credit Scheme. **8**  
B) List the various general exemptions available from levy of service tax. **6**  
C) Write a note on 'Rates of VAT' under the Maharashtra VAT Act, 2002. **6**
5. Write short notes on : **20**
  - A) Personal Ledger Account/Account Current
  - B) 'Best Judgement Assessment, under the service tax law
  - C) Taxpayers Identification Number (TIN)
  - D) Inter-state sale.

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6. Determine the 'assessable value' in each of the following instances for the purpose of charging excise duty. Give reasons wherever necessary. 20
- I) PQR Ltd. distributed 1000 units of goods manufactured by it as free samples on 1<sup>st</sup> July, 2009. On the same day, the company sold similar units of goods at Rs. 200 per unit. The cost of production of the goods distributed as free samples was Rs. 150 per unit.
  - II) Sujata Ltd. manufactured and sold 2,000 units at Rs. 400 per unit, as free delivery. The cost of transport from factory of Sujata Ltd. to the place of customer is Rs. 50 per unit. However, the company charged Rs. 75 per unit for transport.
  - III) Dinesh Ltd. manufactured furniture with in the factory for its own use. The company purchased raw material of Rs. 55,000 for the purpose. Cost of operations carried out by the company as certified by a Cost Accountant as per CAS-4 is Rs. 24,500. The company generally earns profit of 18% on cost. Excise duty on furniture is 14% plus education cesses as applicable.
  - IV) On 14<sup>th</sup> August, 2009 ABC Ltd. sold goods to PQR Ltd. for Rs. 40,000. On the same day, the PQR Ltd. sold it to XYZ Ltd. for Rs. 50,000. The ABC Ltd. and PQR Ltd. are interconnected undertakings as latter is the subsidiary of former. However, XYZ Ltd. is unrelated buyer. The above mentioned prices include excise duty @ 14% plus Education Cesses as applicable.
  - V) The cum-duty price of the product is Rs. 2,97,492. It includes state VAT @ 4% and excise duty @ 14% plus education cesses as applicable.
7. A) Sheth Manufacturing Ltd. purchased iron and other consumables for Rs. 1,00,000 and paid VAT @ 4% on it. The company manufactured stainless steel utensils from it and sold the product to M/s Shine Enterprises, a partnership firm for Rs. 3,00,000. M/s Shine Enterprises, perform the process of polishing on the utensils and sold the same to Amit Metals, a shopkeeper for Rs. 3,60,000.
- Amit Metals purchased packing materials of Rs. 10,000 from Ajay Packaging and sold the stainless steel utensils in packed form to customers for Rs. 4,50,000.
- The purchase and sale prices are of excluding VAT. The rate of VAT on all purchases and sales is 4%. Compute the amount of VAT payable by and set-off available to each dealer under the Maharashtra VAT Act, 2002. Ignore excise implications. 14
- B) Compute the VAT payable by Mr. Bharat who purchased goods from a manufacturer on payment of Rs. 4,50,000 (including VAT which was showed separately in the invoice) and earn 10% profit by selling it to a retailer. VAT rate on purchase and sale is 12.5%. 6



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**P.G. Dip. in Taxation Examination, 2010**  
**DIRECT TAXES – STRUCTURE AND PROCEDURE**  
**(Paper – II)**

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.*

1. What are the types of Residential status ? Explain Residential status of Individual.
2. What do you mean by Agricultural Income ? Give any ten examples of Non-agricultural Income.
3. Write short notes :
  - a) Assessment year
  - b) Person
  - c) Capital expenditure
  - d) Exempted Income.
4. A) Explain the provisions of due date of filing Return of Income.  
B) Explain the provisions of payment of Advance Tax.
5. Explain the provisions of deductions available u/s 80C under Income Tax Act 1961.
6. What do you mean by professional Tax ? Explain the provisions of Payment of professional tax by salaried person.

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7. Mr. Sachin, a Resident in India furnishes the following particulars of his Assets and Liabilities as on 31/03/2010. You are required to compute Taxable Wealth of Mr. Sachin giving justification for inclusion or exclusion of each item. The valuation date as indicated above is 31/03/2010.

Sr. No.	Particulars	Rs.
1	Gold Bonds under Gold Deposit Scheme 1999	20,00,000
2	Motor car of foreign make held as fixed assets	19,50,000
3	Residential House property at Pune, let out w.e.f. 1 <sup>st</sup> June 2009	15,00,000
4	Jewellery held	10,00,000
5	Land purchased for Industrial Purpose	15,50,000
	- on 1 <sup>st</sup> January 2006	
	- on 25 <sup>th</sup> March 2009	17,50,000
6	Loan against Purchase of Lands	
	- on 1 <sup>st</sup> January 2006	12,75,000
	- on 25 <sup>th</sup> March 2009	13,50,000
7	Wealth tax liability	90,000
8	Cash in hand	1,75,000
9	Cash at bank	12,50,000





**P.G. Diploma in Taxation Examination, 2010**  
**DIRECT TAXES – STRUCTURE AND PROCEDURE**  
**Paper – III**

Time : 3 Hours

Max. Marks : 100

**Instructions :** 1) *Q. No. 7 is compulsory.*  
2) *Solve **any four** questions from 1 to 6.*  
3) *All questions carry **equal** marks.*

1. Define the term 'salary'. Explain in detail various forms of perquisites under the head of Income from salary.
2. Write short notes (**any four**) :
  - a) Allowances under Income from salary
  - b) Deemed to be let out house property
  - c) Income from other sources - chargability
  - d) Capital gain
  - e) Deduction U/S 80G
  - f) Expenses disallowed from business income.
3. From the following information given by Mr. Taxman of Pune. Determine his income from salary for the A.Y. 2010-11.

1) Salary (after deduction of tax at source)	1,40,500
2) Tax deducted at source	3,500
3) Employer's contribution to statutory provident fund at 15%	21,600
4) Interest credited on 10 <sup>th</sup> May, 2008 to S.P. Fat 10%	30,000
5) Allowance for holiday trip	1,800
6) The academic research allowance for training of Mr. Taxman [Expenditure incurred Rs. 4,000]	10,000
7) House Rent Allowance (Rent paid for a residential house in Pune Rs. 16,200)	17,000
8) Mr. Taxman pays LIP Rs. 9,000 on own life insurance policy and professional Tax Rs. 225 p.m.	

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4. Mr. Ram owns two houses. He had furnished the following particulars for the financial year 2009-10.

**First House :** Its municipal valuation is Rs. 1,00,000. He uses it for his residence. He has paid fire insurance premium Rs. 2,000 and municipal taxes Rs. 10,000. He has also paid interest on housing loan Rs. 16,000.

**Second House :** Its municipal valuation is Rs. 60,000 and has been let out at a rent of Rs. 6,000 p.m. He has made the following payments in respect of this house. Municipal taxes Rs. 6,000, Repairs Rs. 10,000, Legal expenses for getting the house vacated Rs. 5,000. Annual charges Rs. 30,000. The house remained vacant for two months Rs. 20,000 could not be recovered from the defaulting tenant during this year.

Compute his taxable income from the house property of Mr. Ram for the A.Y. 2010-11.

5. Shri Gopal is the owner of a business following is the P & L A/c for the year ended on 31-3-2010.

<b>P &amp; L A/c</b>			
Establishment charges	5,110	Gross profit	50,870
Rent, rates and taxes	2,900	Int. on Govt. Securities	5,350
Sundry Exps.	7,050	Rent from property	5,400
Household Exps.	1,880		
Provision for Bad debts	1,200		
Loss on Sale of motor car (Used for private purpose)	1,800		
Insurance premium (Including life insurance Rs. 1,790)	2,880		
Interest on bank loan	1,380		
Provision for depreciation	6,400		
Net profit	31,020		
	<b>61,620</b>		<b>61,620</b>



**Additional Information :**

- 1) Bad debts → written off during the year Rs. 650.
  - 2) Admissible depreciation as per Income-tax rules Rs. 1,600.
  - 3) The assessee is running his business in a rented property, half of which is used by him for his own residence. Rent of Rs. 2,400 in respect of entire house is included in a rent, rates and taxes. The balance of Rs. 500 is on account of municipal tax paid for property given on rent. Compute the income from Business of Gopal for A.Y. 2010-11.
6. ABC Ltd. purchased a building for an industrial undertaking on 1-1-2008 for Rs. 4,00,000. Prior to this the company had taken this building on rent for the last 2 years and was using it for its industrial activities. There is no other building in the block. This property was compulsorily acquired by the state government on 14-8-2009 and a compensation of Rs. 6,00,000 was given to the company on 21-3-2010. The company purchased another building for shifting its industrial undertaking for Rs. 3,00,000 on 15-9-2010.

Compute the capital gain for the A.Y. 2010-11.

7. Mr. Mane has given the following particulars of his income and savings for the financial year ending on 31-3-2010.
- 1) Gross salary Rs. 3,03,000
  - 2) Profit from Business Rs. 1,50,000
  - 3) Interest on Govt. securities Rs. 3,800
  - 4) Dividend received from an Indian company Rs. 5,600
  - 5) Income from House property Rs. 15,000
  - 6) He paid professional Tax Rs. 2,500 and Income Tax Rs. 32,000
  - 7) He paid Rs. 10,200 for Life Insurance Premium, deposited in Public provident fund Rs. 10,000, invested Rs. 5,000 in National Saving Certificates and made fixed deposit for 5 years in State Bank of India Rs. 50,000.

Compute the Income Tax liability of Mr. Mane for A.Y. 2010-11.



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**P.G. Diploma in Taxation, Examination, 2010**  
**AUDITING AND TAX AUDIT (Paper – V)**

Time : 3 Hours

Max. Marks : 100

**Instructions :** 1) *Question No. 1 is compulsory.*

2) *Solve **any four** questions from Q. 2 to 7.*

3) *All questions carry **equal** marks.*

1. What is audit ? Define auditing and give its nature and advantages. **20**
2. What is “Audit Note Book” ? What should it contain ? What are its advantages ? **20**
3. Write short notes on : **20**
  - a) Audit programme
  - b) Internal check
  - c) Qualifications of a company auditor.
  - d) Audit certificate.
4. State the special point to be considered in Audit of Public Trust. **20**
5. Explain meaning, scope and role of Auditors under Income Tax Act. **20**
6. A) What is selective Tax Audit under section 142 (2A) of Income Tax Act ? **10**  
B) Give specimen of Audit Report Form-3CC. **10**
7. A) Explain the use of Computer Assisted Audit Techniques. **10**  
B) Problems in an EDP environment. **10**