

C U SHAH UNIVERSITY

Wadhwan City

Summer Examination 2015

M Com Sem 2

Subject: Accounting & Taxation II Subject Code: 5MC02ATA2

Section I

Q1 (a) What is meant by benchmarking? (2)

(b) What is meant by balance scorecard? (2)

(c) What is meant by ratio & ratio analysis? (3)

Q2 (a) Explain balance scorecard with diagram & appropriate model (5)

(b) Describe the process of benchmarking (5)

(c) Give four formulas of ratios relating to profit & loss a/c (4)

OR

Q2 (a) State the advantages & disadvantages of cost plus pricing (7)

(b) From the below information Find out below Ratios:

(1) Net profit ratio (2) Rate of return on capital employed (3) Rate of return on equity capital.(7)

Sales	10,00,000
Less :Cost of sales	6,00,000
Gross Profit	4,00,000
Less :Expenses before Interest & Tax	1,50,000
	2,50,000

10% debenture	1,00,000
Rate of income tax	50%
Equity capital	5,00,000
Reserves	2,00,000

Q3 (a) Name any three methods of financial statement analysis. Explain any one method with imaginary figures. (5)

(b) Current ratio is 2:1, closing stock Rs 50,000, Bank overdraft nil, liquid ratio 1:1 Find out current assets & current liabilities(5)

(c) Explain types of benchmarking in brief (4)

OR

Q3 (a) Calculate any four ratios relating to balance sheet from below Balance sheet. (7)

Balance Sheet

Liabilities	Amt	Assets	Amt
Equity share capital	5,00,000	Land	2,00,000
5% preference share	2,00,000	Building	3,00,000
Reserves	1,00,000	Machinery	1,00,000

7% Debentures	1,50,000	Debtors	2,00,000
Creditors	1,50,000	Bills receivable	40,000
Bills payable	20,000	Stock	1,60,000
Bank overdraft	80,000	Cash	1,90,000
		Debenture discount	10,000
Total	12,00,000	Total	12,00,000

Q3 (b) State the advantages & disadvantages of ratio. (7)

Section II

Q4 (a) Explain the meaning of transfer pricing (3)

(b) What is the maximum rate of interest on capital, partners of partnership can take as per income tax act (2)

(c) Book profit of partnership firm is 5, 00,000, what is the maximum amount of salary given to partners (2)

Q5 (a) One assessee is deciding to purchase one machine for Rs.1, 00,000. Rate of depreciation is @ 15% by wdv method, life of the machine is 10 years, rate of income tax is 33.99%. If above machine is purchased (1) by own fund (2) by paying 25000 immediately and balance at the end of 10th year, interest at the rate of 9% p.a on unpaid amount is payable every year.

Find out by which method purchasing of the machine will be profitable.

Present value at 10% rate of interest is as

under. (0909, .826, .751, .683, .621, .564, .513, .467, .424, .386) (7)

(b) Explain the methods of transfer pricing. (7)

OR

Q5 (a) State the advantages & disadvantages of any two methods of transfer pricing (7)

(b) X Ltd. is in the business of carriage transport. On dt.1/4/13 it has 10 trucks (out of which 6 were heavy vehicles) on dt.6/5/13 it sells one heavy vehicle & on dt.10/5/13 purchase one light vehicle. Calculate his total income for assessment year 2014/15 as per section 44AE. (7)

Q6 (a) X Ltd. is an Indian company having one industrial undertaking. Production of the unit was commenced in the year 2012/13. On dt.31/3/13 it has 89 workmen out of which 20 workmen were casual workmen. On dt.1/6/13 company employs 30 regular workmen their salary was 2700 per month find out amount deductible under section 80JAA for Assessment year 2014/15. (7)

(b) One retailer has sales of 90, 00,000 & profit as per books was 5, 00,000. Can he show his income at 5, 00,000? If he wants to show, how he can show income of 5, 00,000. How much income he has to show? Explain in context of section 44AD. (7)

OR

Q6 (a) Explain with imaginary figures how calculation of income of partnership firm can be done (7)

(b) Discuss tax planning with respect to managerial decisions (7)

