

C.U.SHAH UNIVERSITY

Winter Examination-2015

Subject Name: Accounting & taxation paper – II **Subject Code:** 5MC02ATA2

Branch: M.Com

Semester: 2 **Date:** 21/11/2015 **Time :**10.30 To 1.30

Marks : 70

Instructions:

- (1) Use of Programmable calculator and any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

SECTION – I

- Q-1 Attempt the Following questions (1 Mark *7=7) (07)**
- a. What is the full form of BSC ? 1
 - b. What is meant by bench marking? 1
 - c. Name any two profit & loss ratios 1
 - d. What is the full name of PAT? 1
 - e. State the meaning of price 1
 - f. What is meant by transfer pricing? 1
 - g. What is the full form of EBIT? 1
- Q-2 Attempt all questions (14)**
- a) State importance & limitations of balance score card 7
 - b) Explain different methods of deciding product pricing 7
- OR**
- Q-2 Attempt all questions (14)**
- a) Explain different methods of transfer pricing 7
 - b) Discuss in detail types of bench marking 7
- Q-3 Attempt all questions (14)**
- a) Explain in detail various types of financial statement analysis 7
 - b) Explain in detail classification of ratio analysis 7
- OR**
- Q-3 a) Capital employed Rs.9,00,000,8% debenture Rs. 1,00,000, 6% preference share capital Rs. 2,00,000,EBIT Rs.2,50,000, Income tax rate 50%. Calculate return on capital employed, return on share holder's fund & return on equity share holder fund. 7**
- b) EBIT Rs.3,00,000 , Interest Rs.25,000,income tax rate 50%,sales 7**



Rs.10,00,000,sales return Rs.1,00,000,cost of goods sold Rs.5,00,000.Calculate gross profit & net profit ratio.

SECTION – II

- Q-4 Attempt the Following questions (1 Mark *7=7) (07)**
- a. Name any two managerial decisions 1
 - b. Explain ‘ make or buy’ decision in brief 1
 - c. Explain ‘shut down or continue’ decision in brief 1
 - d. What rate of interest on capital is allowable to partners under section 40 b? 1
 - e. What is meant by book profit? 1
 - f. What type of deduction is available under section 80JJAA? 1
 - g. What is the rate of income tax for partnership firm? 1
- Q-5 Attempt all questions (14)**
- a) Mr. X deciding to purchase one machine for Rs.1, 00,000.Rate of depreciation is @ 15% by w.d.v method, life of the machine is 10 years, rate of income tax is 33.99%.if above machine is purchased (1) by lease, paying rent of Rs.15, 000 at the end of every year up to 10 years (2) by paying 20,000 immediately and balance at the end of 10th year, interest at the rate of 9% p.a on unpaid amount is payable every year.(3) Purchase with own capital with a scrap value of Rs. 5000 at the end of 10th year.
Find out by which method purchasing 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) 14
- OR**
- Q-5 Explain any three method in detail of tax planning with respect to management decisions (7)**
- a) 7
 - b) Explain in detail provisions of section 44AE 7
- Q-6 Attempt all questions (14)**
- a) Explain in detail provisions of section 44AD, If Sales is Rs. 90, 00,000 state the profit required to be disclosed u/s 44AD. 7
 - b) Sales of one partnership firm(Retail Business) is Rs.75,00,000, capital of Mr. X & Mr. Y two partners of the firm were Rs.2,00,000 & Rs. 3,00,000 respectively find out book profit of the firm, allowable remuneration to partners U/S 40b and total income of partnership firm . 7
- OR**
- Q-6 Attempt all Questions (7)**
- a) Write a detailed note on section 80JJAA 7
 - b) Short Note : Objectives of transfer pricing 7

