P.G.D.F.M - (Part-I) Aug 2019

Basic cost concept

p3-D-upq-2019-Asmi IDOL 2019 FH- 36

Con. 350–19. **IZ–7048**

(3 Hours) **[Total Marks : 100**

N.B. : (1) Attempt any **five** questions.
(2) **Figures** to **right** indicate **full** marks.
(3) Working notes form part of your **Answer**.
(4) **All** questions carry **equal** marks.

1. China Ltd. provide the following information from their records:
For making 10 kgs. of VIVO the standard material requirement is

Material	Quantity Kgs	Rate per kg. (₹)
A	8	5.00
B	4	4.50

During April 2018, 1,000 kg of VIVO was produced. The actual consumption of material was as under.

Material	Quantity Kgs	Rate per kg. (Rs)
A	7,500	6.00
B	5,000	4.00

Calculate :
(a) Material Cost Variance
(b) Material Price Variance
(c) Material Usage Variance
(d) Material Mix Variance
(e) Material Yield Variance

2. Prepare Cash Budget of F.M. Ltd. For 3 months commencing from November, 2018

Months	Sales	Purchase	Wages
September, 2018	10,00,000	3,00,000	1,50,000
October, 2018	8,00,000	2,00,000	1,00,000
November, 2018	10,00,000	4,00,000	2,00,000
December, 2018	8,00,000	3,00,000	1,50,000
January, 2019	10,00,000	3,00,000	1,50,000

Additional Information
(a) Cash as on 1/11/2018 is ₹ 1,00,000.
(b) Cash sales are 25% of Total Sales.
(c) 60% of Credit Sales are collected in the same month and balance 40% in the following month.
(d) Payment of purchase is made after 1 month.
(e) Rent of ₹ 20,000 paid every month.
(f) Interest @ 10% p.a. on loans of ₹ 2,00,000 is paid in the month of December.

[TURN OVER

3. Mr. Birla Contract has undertaken two contracts one at Mumbai and another at Thane. **The details of the contracts are given below for the year ended 31st March, 2018**

Particulars **Date of commencement**	**Contract at Mumbai** **1st July, 2017** **(₹)**	**Contract at Thane** **1st Oct., 2017** **(₹)**
Contract Price	10,00,000	15,00,000
Direct Labour	2,55,000	1,82,000
Material issued from stores	2,20,000	2,00,000
Material returned to stores	10,000	15,000
Plant installed at site	2,00,000	3,50,000
Direct Expenses	40,000	30,000
Office overheads	15,000	10,000
Material sold (Cost ₹ 8,000)	10,000	—
Material at Site	18,000	16,000
Cash received from contractee (representing 80% of work certified)	4,80,000	2,40,000
Work uncertified	13,000	9,000
Architects Fees	7,000	3,000

(i) Provide depreciation on plant at 20% p.a.

(ii) During the year material costing ₹ 10,000 were transferred from Thane contract to Mumbai contract.

You are required to prepare a contract account for the year ended 31st March, 2018.

4. From the following particulars, you are requred to calculate :-

(i) P/V ratio

(ii) BEP Sales

(iii) Margin of Safety

(iv) Profit when sales is ₹ 2,00,000/-

(v) Sales required to earn a net profit of ₹ 40,000/-

Year	Sales	Profits	Units
I	₹ 2,40,000	18,000	24,000
II	₹ 2,80,000	26,000	28,000

You are make possible assumptions. Also, evaluate the effect on 2nd year's profit of

(a) 20% decrease in sales amount.

(b) 20% decrease in sales accompanied by 10% increase in sales prices and reduction in Fixed Cost ₹ 3,500/-.

5. M/s. Slow production Co. Ltd. Manufactures one item which is produced in three stages i.e. A,B,C. From experience the Company has ascertained that the normal loss in each process is as follows.

   Process A – 5%
   Process B – 10%
   Process C – 15%

   During the month of January 2018 production was started with 20,000 units of raw material costing in ₹ 10 each. The following are the details for the month.

Particulars	**Process A**	**Process B**	**Process C**
Indirect Material	20,500	76,250	22,000
Electricity Expenses	6,250	12,500	10,750
Labour Charges	35,000	63,000	48,500
Overheads	33,250	64,250	53,750
Output (Units)	19,000	15,000	10,000
Output sold (Units)	3,000	3,000	3,000
Sale price units sold (Per unit)	₹ 20	₹ 35	₹ 50
Sale price of units lost (Per unit)	₹ 10	₹ 15	₹ 20

   You are required to prepare process cost accounts indicating clearly the profit or loss on units sold for each process.

   For this exercise abnormal loss, if any, may be charged to the respective stages since output of each stage can also be diverted to other process for manufactures of other chemicals.

6. (a) Distinguish between Fixed Budget and Flexible Budget.
   (b) What are the advantages of preparing cash Budget..

7. (a) What are advantages and disadvantages of Marginal Costing.
   (b) What do you understand by standard costing and state its advantages.

8. **Short Notes** (any **Four**) :—
   (a) Master Budget
   (b) Normal Loss
   (c) Contract Costing
   (d) Break-even point
   (e) Work Certified.

P.G.D.F.M. (PART I)
Aug. 2019.

Aug 2019

p3–D-upq–2019-IDOL 2019 FH- 233

Sub - Fin mgmt.

Con. 330–19.

Fincial Management

IZ–7250

(3 Hours)

[Total Marks : 100

N.B. : (1) Question No. 1 is **compulsory**.
(2) Attempt any **four** questions from Questions **2** to **8**.
(3) **All** questions carry **20** marks **each**.
(4) Suitable assumptions can be made if needed; working **notes** form **part** of your **answers**.
(5) Use of **simple** Calculator is **permitted**.

1. The following is the Balance Sheets of Swati Limited as at Dec 31 , 2017 & Dec 31, 2018.

Liabilities	**2017**	**2018**	**Assets**	**2017**	**2018**
Eq. Sh Capital	2,40,000	3,20,000	Goodwill	80,000	64,000
10% Redmble Pref. Share Capital	1,20,000	1,00,000	Land & Bldg	1,60,000	1,70,000
			Plant & Mach.	64,000	1,60,000
Capital Reserve	—	30,000	Investments	16,000	24,000
General Reserve	32,000	40,000	Sundry Debtors	1,22,000	1,48,000
P&L a/c	24,000	39,000	Stock	62,000	87,000
Proposed Dividend	34,000	40,000	Bill Receivable	16,000	24,000
Sundry Creditors	20,000	38,000	Cash on Hand	12,000	6,000
Bills Payable	16,000	13,000	Cash at Bank	18,000	18,000
Liability Exps	24,000	29,000	Prelim. Exps	2,000	-
Prov for tax	32,000	40,000			
Prov for D/debts	10,000	12,000			
	5,52,000	**7,01,000**		**5,52,000**	**7,01,000**

Additional Information :

1. The investments are trade investments. Out of dividends of ₹ 5,000 received during the year 2018 ₹ 2,000 have been credited to investments A/c.
2. An interim dividend of ₹ 15,000 has been paid in the year 2018.
3. Land has been appreciated during 2018 and the profit on appreciation has been credited to Capital Reserve.
4. A Plant having written down value of ₹ 15,000 has been sold for ₹ 12,000.
5. Depreciation charged on Plant & Machinery ₹ 10,000 and Building ₹ 20,000.

From the following Balance Sheet of Swati Ltd, prepare a statement of Fund Flow for the year 2018.

2. Bhargava Ltd. furnishes with the following details with the request to calculate the estimated working capital requirements for the year 2017.
   1. Credit: two months credit to domestic customers and three months to overseas buyers. Suppliers to give one months credit.
   2. Time lag: One month in respect of all the expenses expect sales promotion expenses which are payable in advance on quarterly basis.
   3. Projected figures for the year 2017 :

Particulars	₹
Domestic Sale	1,80,000
Export Sales	36,000
Wages	42,000
Manufacturing Expenses	57,000
Administrative Expenses	60,000
Sales Promotion Expenses	30,000

   4. Inventories to be maintained as follows.
      Raw Materials: One month for domestic and two months for export supplies.
   5. Gross profit is to be maintained at 25% on sales, while overseas buyers are to be allowed a special 10% discount.
   6. Special packing Credit Limits are available on 90% on export stocks of raw materials and debtors.
   7. An additional cash balance is to be maintained as safety margin which is equivalent to 10% of total capital.

3. Bengal Fishing Industries Pvt. Ltd. is contemplating the purchases of a machine costing ₹ 1,80,000. In order to assess the profitability of the proposed investment based on NPV and IRR method, the following data are given :

   (i) Estimated life -- 8 years.

   (ii) Estimated scrap value - ₹ 18,000

   (iii) Net cash benefits before depreciation and tax.

   Year 1 to 3 .... ₹ 75,000 per year.

   Year 4 to 6 .... ₹ 1,05,000 per year.

(iv) Assume that the whole assets can be depreciated fully in the 8 year period for tax purposes.

(v) Tax rate 50%, Discount rate 16%

4. A company has furnished the following ratios and information relating to the year ended 31st March, 2017 :

Sales	₹ 60,00,000	Current ratio	2
Share capital to reserves	7:3	Rate of income-tax	50%
Return on net worth	25%	Net Profit to sales	6¼%
Inventory turnover (based on cost of goods sold)			12
Cost of goods sold			₹ 18,00,000
Interest on debentures			₹ 60,000
Sundry debtors			₹ 2,00,000
Sundry creditors			₹ 2,00,000

Required:

(i) Determine the operating expenses for the year ended 31st March, 2017

(ii) Draw the Balance Sheet as at 31st March, 2017 in the following format by supplying the missing figures:

Balance Sheet as at 31st March, 2017

Liabilities		Assets	
Share Capital	—	Fixed Assets	—
Reserves & Surplus	—	Current Assets:	—
15% Debentures Stock	—	Stock	—
Sundry Creditors	—	Debtors	—
		Cash	—
Total	—	Total	—

[TURN OVER

6

5. Discuss functions of Finance Manager.

6. What is Preference Shares? Briefly explain the features, advantages and disadvantages of Preference Shares.

7. Write short Notes on any **Four** of the following.

    (a) Dividend

    (b) Payback period

    (c) Profitability Ratios

    (d) Operating Cycle

    (e) Term Loans

    (f) Investing Activities of Cash flow statement

8. Compare and Contrast any **two** :

    (a) Shareholders fund and Debt Funds

    (b) Dividend and Interest

    (c) Profitability and Efficiency Ratios

    (d) Operating Leverage and Combined Leverage

P.G.D.F.M. (PART-I)
Aug - 2019.

Aug 2019

Sub - Taxation - I

Taxation-I

Con. 357-19. **IZ-7370**

(3 Hours) [Total Marks : 100

N.B.: (1) Question No. 1 is **Compulsory**
(2) Attempt any **three** questions from the remaining.
(3) **All** questions carry **25** marks **each**.
(4) Working should form **part** of the answers.

Q.1 DR. CHERRY is employed with EYE Hospital as a full time Doctor. Following are (details of her income for the year ended 31st March 2017 :

(a) Basic Salary Rs. 13,000 per month.
(b) D.A. @ 30% of Basic.
(c) H.R.A. Rs. 11,000 (Exempt u/s 10 (13A) Rs. 4,500).
(d) She is provided conveyance facility for journey from her residence to hospital and back costing the hospital Rs. 12,000.
(e) Entertainment allowance Rs. 500 p.m.
(f) Arrears of Salary Rs. 6,000.
(g) Professional Tax deducted by hospital Rs. 2,400.
(h) Best Doctor Award given to her by EYE Hospital Rs. 2,800.
(i) She was selected the best surgeon by the State Government and was awarded "The Dhanvantari" award instituted in Public Interest Rs. 10,000.
(j) She received honorarium for presenting papers in various seminars Rs. 4,000.
(k) She was owing a surgical equipment which was given on hire to Dr. SANJOG Hire charge
(l) received by her were Rs. 35,000. The expenses on maintenance amounted to Rs. 2,500 and allowable depreciation Rs. 4,500.
(m) She paid Rs. 19,000 by cash to LIC for pension fund.
(n) She paid by cheque for medical insurance as follows:
 (i) For self- 12,570
 (ii) Dependent children 12,570
 (iii) Independent Parents 12,570

Compute her Net Taxable Income for the A.Y. 2017-18.

Q.2 (a) Mr. KAMBLI purchased a residential house on 01-08-1978 for Rs 1, 20,000. He incurred expenses of Rs 80,000 towards cost of improvement on 07-09-1983. The fair market value of the house on 01-04-1981 was Rs 1, 90,000. He sold the house on 15-11-2016 for Rs 38 lakhs. The cost inflation index for F.Y. 1983-84 is 116 and for F.Y. 2016-17 is 1125. You are required to compute his capital Gain for assessment year 2017-18.

(b) Mrs. DISHI a professor of Commerce in M.C. College. The particulars of her income for the year ending 31-3-2017 are as follows :
 (i) Salary- Rs. 48,000
 (ii) Royalty from books- Rs 33,000. Expenses on typing etc. were Rs. 3000.
 (iii) Honorarium received from a management Institute as a visiting lecturer - Rs.3,500. Conveyance for visiting the Institute-Rs.800.
 (iv) Examiners hip fees from the University of Mumbai-Rs.1, 300.
 (v) Family pension of Rs. 44, 000 on death of her husband from his employer.
 (vi) She received the Dronaacharya Award of Rs. 20,000 for the best Teacher of the Year from the State Government.

Compute Gross Taxable Income of Mrs. DISHI for the assessment year 2017-18.

[TURN OVER

Q.3 Mr. DEVANSH purchased a house property for Rs. 1,50,000 on 27th August, 1978. He made the following additions / alterations to the house property :

Cost of construction of 1st floor in Financial Year 1983-84	3, 90,000
Cost of construction of 2nd floor in financial year 1990-91	4, 80,000

Fair Market Value of the property on 01-04-1981 was 7, 00,000. He sold the property on 28th October, 2016 for Rs. 1, 95, 00,000. He paid the brokerage of Rs 60,000 for the sale transaction. The Cost Inflation Index for Financial year 1981-82 is 100, for Financial Year 1983-84 is 116, for Financial Year 1990-91 is 182 and for financial Year 2016-17 is 1125.
Compute the capital gain of Mr. DEVANSH chargeable to tax for the assessment Year 2017-18.

Q4. Mr. JEET an Australian Citizen came to India for the first time on 1st April, 2012 and started a Business in Mumbai. He went out of India on 1st April, 2016 and came back on 1st January, 2017 and was in India thereafter. Find out his Residential Status for the Assessment Year 2017-18.

Q.5 State in brief the provision for clubbing provisions under the income tax law.

Q.6 Explain the terms short term Capital gain and long term capital gain. Also explain the tax treat of long term & short term capital gains.

Q. 7 Briefly explain the exemptions u/s 10 as per Income Tax Act, 1961.

Q.8 Explain any **five** terms as per the Income Tax Act, 1961 –

(a) Local authority
(b) ~~Assess~~ Dividend
(c) Assessment Year
(d) Person
(e) Resident and NON Ordinary Resident
(f) Gross Annual Value
(g) Entertainment Allowance.

P. G. D. F M (PART-I)
~~Aug - 2019~~

Aug
2019

Con. 358-19. Sub - Acc System **IZ-7288**

(3 Hours) ACC system [Total Marks : 100

N.B. : (1) Question No. **1** is **compulsory**.
(2) Attempt any **three** questions from question No. **2** to **7**.
(2) **Figures** to the **right** indicate **full** marks.

1. From the following Trial Balance of M/s. Karan you are required to prepare Trading and Profit and Loss account for the year ended 31st March, 2018 and the balance sheet as on that date after taking into account additional information. **40**

Trial Balance

Particulars	Dr. (Rs.)	Cr. (Rs.)
Capital A/c		3,30,000
Drawings	24,450	
Stock on 1-4-2017	2,00,000	
Bills Receivable	25,000	
Purchases	2,75,000	
Sales		4,00,000
Bills Payable		60,000
Return inwards	5,000	
Return Outwards		4,500
Plant & Machinery	1,00,000	
Loose Tools	25,000	
Patents	25,000	
Sundry Debtors	1,25,000	
Sundry Creditors		1,40,000
Cash in Hand	2,550	
Cash at Bank	75,000	
Salaries	11,000	
Wages	19,000	
Rents & Taxes	7,500	
Insurance	3,000	
Printing & Stationery	2,000	
General Expenses	6,500	
Power and Fuel	3,500	
Total :	**9,34,500**	**9,34,500**

Additional Information :

(a) Depreciate Plant and Machinery by 5% and Patents by 15%
(b) Revalue loose tools at Rs. 20,000
(c) Provide for Bad and Doubtful Debts at 5%
(d) Provide Insurance Rs. 750.
(e) Provide for outstanding expenses as follows :
Salaries Rs. 2,500, Wages Rs. 1,000, Printing and Stationery Rs. 500

[TURN OVER

(f) Stock as at 31st March, 2018 Rs. 1,30,000.
(g) Karan taken goods worth Rs. 5,000 for his personal use. No entry has been passed in the books.
(h) Goods costing Rs. 5,500 were destroyed by fire and Insurance Company has admitted a claim for Rs. 3,500 in full settlement.

2. On 1st April, 2017 ABC Co. Ltd. issued 1,00,000 Equity shares for public subscription at the rate of Rs. 100 each at a permium of Rs. 10 each. The amount payable as follows : **20**

On Application	Rs. 20
On Allotment (with premium)	Rs. 40
On First Call	Rs. 20
On Final Call	Rs. 30

Application were received for 1,10,000 Equity Shares. 5,000 applications were rejected and money refunded to the applicant and excess application money was utilized at allotment.
Mr. X hold 400 equity shares failed to pay first call and hence his shares were forfeited after first call. Mr. Y hold 500 equity shares failed to pay first and final call hence his shares were forfeited after final call.
After forfeiture of share 400 shares of Mr. X and 300 share of Mr. Y were sold to Mr. Z for Rs. 90 each fully paid up.
Jourlised the above transaction in the books of M/s. ABC.

3. M/s. PQR purchased a machinery for Rs. 5,00,000 on 1st April, 2015. Another machinery was acquired for Rs. 2,00,000 on 1st July, 2015. The machinery purchased on 1st April, 2015 out of which 1/3 become obsolete and sold for Rs. 50,000 on 1st October, 2017 and another machinery purchased to replace the same for Rs. 3,00,000 on same date. **20**
The Machinery purchased on 1st July, 2015 was sold for Rs. 90,000 on 1st January, 2018. The depreciation being provided at the rate 10% p.a. on original cost method and account being closed on 31st March, every year.
You are required to prepare machinery A/c. and depreciation A/c. for the years 2015-2016, 2016-2017 and 2017-2018.

4. On December 31, 2017 the bank column of Shri Parth Patani's cash book showed debit balance of Rs. 922. On examination of the cash book and statements you find that : **20**
(a) Cheques amounting to Rs. 1260 which were issued to creditors and entered in the cash book before December 31, 2017 were not presented for payment until after the date.
(b) Cheques amounting to Rs. 500 had been recorded in the cash book as having been paid into the bank in December, 2017 but were enter in the bank statement on January, 2, 2018.

(c) A cheque for Rs. 146 received from a customer has been dishonored prior to December 31, 2017, but no record of this fact appeared in the cash book.
(d) A divdend of Rs. 76 paid direct to the bank has not been recorded in the cash book.
(e) Bank charges amounting Rs. 85 had been charged in the bank statement but not entered in the cash book.
(f) Subscription of Rs. 100 paid by the bank is not recorded in the cash book.
(g) A cheque for Rs. 50 drawn by Shri Jay Modi had been charged to Shri Parth Patani's bank account by mistake in December, 2017.

You required to prepare a statement reconciling the balance as per cash book with the balance as shown in the bank statement.

5. Explain the term (any **five**) :– **20**
   (a) Discount Received
   (b) Entity concept
   (c) Materiality convention
   (d) Written down value method
   (e) Bank reconciliation statement
   (f) Capital expenditure
   (g) Deferred revenue expediture.

6. State whether the following statements are Capital Expenditure/Revenue Expenses/ Receipts and deferred Revenue Expenditure with Reason's. **20**
   (a) Wages paid Rs. 5,000 for erection of machinery.
   (b) Repair of machinery Rs. 8,500.
   (c) Cost of improving the seating capacity of cinema hall Rs. 1,50,000.
   (d) Cost of repainting factory building Rs. 70,000.
   (e) A second hand car purchased for Rs. 20,000 and Rs. 5,000 spent to bring it in working condition.
   (f) Fine of Rs. 500 paid.
   (g) Cost of conveyance in connection with a newly acquired furniture Rs. 500.
   (h) Salaries paid Rs. 5,000.
   (i) Rs. 150 spent on the repair using second hand part purchase recently.
   (j) Heavy legal expenses incurred by a newspaper company to defined a legal suit.

7. Write short notes (any **four**) :– **20**
   (a) Pro-rata for issue of shares.
   (b) Accounting concept.
   (c) Convention of consistency.
   (d) Difference between shares and debentures.
   (e) GAAP.

12