

PGDFM (Sem-II) July-2023

Taxation(Direct &amp; Indirect)

Con. 285–22.

YZ–8582

(3 Hours)

[Total Marks : 80]

- N.B. :** (1) Question No. 1 is **compulsory**. Answer any **three** more questions from Question Nos. 2 to 5.
- (2) **Figures** to the **right** indicate full marks.
- (3) Working notes and **assumptions**, if any, should be part of your answer.
- (4) Unless otherwise stated, law in force on 01-04-2022 will be **applicable**.

1.(A) Select the appropriate answer from alternatives given below and rewrite the sentences : **10**

- (i) Deduction u/s 80CCC is allowed to the extent of
- ₹ 2,00,000
  - ₹ 1,50,000
  - ₹ 4,00,000
  - ₹ 10,000
- (ii) Entertainment Allowance is deductible to the extent of ₹ 5,000 for a
- Government Employee
  - Private Company Employee
  - Both the above
  - None of the above.
- (iii) Municipal tax paid is allowed as deduction for
- SOP only
  - LOP only
  - LOP and DLOP
  - SOP, LOP and DLOP
- (iv) Which of the following is an allowable expenditure while computing income from business?
- Wealth Tax
  - Income Tax
  - GST
  - All of the above.
- (v) In case of long term capital gains, the amount to be deducted from sale consideration shall be
- Indexed Cost of Improvement
  - Indexed Cost of Acquisition
  - Brokerage
  - All of the above.

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- (vi) Sushant has taken a house on rent and sublets the same to Mahi. Income from such house property shall be taxable under the head
  - (a) Income from House Property
  - (b) Income from other sources
  - (c) Business Income
  - (d) Salary Income.
- (vii) GST is levied on supply of all goods and services except
  - (a) Alcoholic Liquor for Human Consumption
  - (b) Clothes and textiles
  - (c) Car and automobiles
  - (d) All of the above.
- (viii) Goods and Service Tax is a tax levied on goods and services at each point of
  - (a) Demand
  - (b) Supply
  - (c) Cash Sales
  - (d) Manufacturing.
- (ix) For services of cultural event, the place of supply is the location
  - (a) Of Recipient
  - (b) Where services are actually performed
  - (c) Of Supplier
  - (d) Of Registered Person.
- (x) Taxable minimum turnover limit in GST that is applicable in the state of Maharashtra is
  - (a) ₹ 10 lakhs
  - (b) ₹ 15 lakhs
  - (c) ₹ 20 lakhs
  - (d) ₹ 25 lakhs

(B) State whether the statement below are **True** or **False** :—

10

- (i) Residential Status has nothing to do with citizenship.
- (ii) In case of ROR, global income is taxable.
- (iii) Interest repayment on housing loan qualifies for deduction u/s 80C.
- (iv) Salary received by a partner from the firm in which he is a partner is taxable under the head Income from Salaries.
- (v) Donation for Socio-Economic welfare is an allowable expenditure while computing income from business profession.
- (vi) Interest on Income Tax refund is an income from other sources
- (vii) GST leads to cascading effect of taxes.
- (viii) Sale of pre-packaged software is treated as supply and hence taxable.
- (ix) Government subsidy is to be added back while computing the value of supply.
- (x) Any excess balance in Input Tax Credit of CGST can be set off against SGST.

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2. (A) Mr. A, a young Indian, went abroad for the first time on 10<sup>th</sup> March 2019 for his higher studies. He returned to India on 28<sup>th</sup> March 2021 and started his own business in Mumbai. **10**
- He went to USA on 12<sup>th</sup> April 2021 for a negotiation of Foreign Collaboration and returned to India on 27<sup>th</sup> April 2021. His other visits to USA for business purpose were as under :

Date of departure from India	Date of return to India
02-05-2021	09-07-2021
26-08-2021	09-09-2021
03-01-2022	25-03-2022

Determine the residential status of Mr. A for the AY 2022-23 and give your reasons for the same.

- (B) From the following information determine the place of supply of goods as per Section 10(1) (b) of IGST Act, 2017, where the goods are delivered by the supplier to a recipient on the direction of a third person during the course of movement of goods. **10**

Supplier and his location	Location of the buyer (third person)	Recipient & his location	Place of delivery of the goods
Mr. Atul Indore	Mr. Alok, Indore	Mr. Ramesh, Surat	Surat
Mr. Atul Indore	Mr. Ramesh, Surat	Mr. Alok, Indore	Indore
Mr. Atul Indore	Mr. Manthan, Mumbai	Mr. Ramesh, Surat	Surat
Mr. Atul Indore	Mr. Ramesh, Surat	Mr. Subhash, Surat	Surat
Mr. Atul Indore	Mr. Saurabh, Bhimapur	Mr. Mahi, Ranchi	Ranchi

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3. (A) Mr. Niheet, physically challenged, provides the following profit and loss account for the year ended 31-03-2022. Compute total taxable income of Mr. Niheet for the AY 2022-23 and tax payable as per old regime. **10**

**Profit & Loss Account for the year ended 31<sup>st</sup> March 2022**

Particulars	₹	Particulars	₹
To Salaries	2,00,000	By gross profit b/d	18,08,000
To printing and stationery	10,000	By directors fees	10,000
To advertisement expenses	40,000	By winning from lotteries	20,000
To rent	50,000		
To motor car expenses	30,000		
To personal drawings	50,000		
To embezzlement by an employee	5,000		
To staff welfare expenses	25,000		
To donations	15,000		
To income tax	9,000		
To depreciation	30,000		
To sales tax paid	4,000		
To net profit	13,70,000		
<b>Total</b>	<b>18,38,000</b>	<b>Total</b>	<b>18,38,000</b>

Following further information has been provided :

- Depreciation as per Income Tax Rules is ₹ 35,000.
- 50% rent is paid for his residential house.
- Printing includes ₹ 2,000 paid for printing birthday cards for her daughter's birthday.
- Interest on deposits in savings accounts ₹ 12,000.



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(B) Determine the GST Payable for the month of August 2022 of M/s. Sant Enterprises : 10

Tax	Output Tax Liability	Input Tax Liability
IGST	1,30,000	3,04,000
CGST	2,76,000	2,00,000
SGST	2,76,000	2,00,000

4. (A) Mr. Tarun Shah is working as an accounts officer in a Government Department at Mumbai since 1997. During the year, he received ₹ 4,48,000 as salary, ₹ 1,000 as ex-gratia and ₹ 4,500 as entertainment allowance. He was provided with rent free accommodation perquisite value of which was ascertained at ₹ 18,500. Conveyance allowance of ₹ 4,000 was received and actual expenses incurred were ₹ 4,200. Profession Tax paid during the year was ₹ 2,200. 10

You are required to ascertain the income chargeable to tax under the head Income from Salaries of Mr. Tarun Shah for the assessment year 2022-23.

(B) State with reasons whether the Dealer is required to get registered under GST or not : 10

- Mr. Gada is situated in Nagaland and has a turnover of taxable services of ₹ 12 lakhs.
- A hospital provides tax free medical services of ₹ 15 lakhs and taxable services of ₹ 1 lakh.
- Shriniwas of Chennai, wholesaler in textiles, supplies goods worth ₹ 25,00,000.
- Vikas of Surat supplies taxable goods worth ₹ 22 lakhs on his account and ₹ 19 lakhs on behalf of his principal.
- Pawar, an agriculturist, sells agriculture produce with ₹ 41 lakhs cultivated by him on his own land.

5. (A) Write a note on deductions under section 80C of Income Tax Act, 1961. 10

(B) What are the advantages of GST ? Elaborate. 10

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PGDFM (Sem-II) July-2023

Financial management

P4-Exam-2022-264

Con. 288-22.

YZ-9041

(3 Hours)

[Total Marks : 80]

- N.B. :** (1) Question No. 1 is **compulsory**.  
 (2) Attempt any **three** questions from the Q. No. 2 to Q. No.5.  
 (3) Working should be **part** of your answer.

1. (a) Multiple choice questions :

10

(i) Cost of capital for preference shares is calculated on \_\_\_\_\_ .

- (a) before tax basis (c) risk free rate of interest  
 (b) after tax basis (d) none of the above

(ii) Combined Leverage is obtained from OL and FL by their \_\_\_\_\_ .

- (a) addition (c) multiplication  
 (b) subtraction (d) all the above

(iii) SEBI is regulator to control Indian \_\_\_\_\_ market.

- (a) capital (c) primary  
 (b) money (d) secondary

(iv) The Reserve Bank of India was established on \_\_\_\_\_ .

- (a) April 1,1936 (c) April 1,1935  
 (b) May 3, 1935 (d) April 1, 1934

(v) Re-order Level = \_\_\_\_\_ .

- (a) maximum consumption x maximum reorder period  
 (b) max consumption x min reorder period  
 (c) min consumption x min reorder period  
 (d) min consumption x max reorder period

(vi) Methods of Coding are \_\_\_\_\_.

- (a) Numerical Method  
 (b) Alphabetical Method  
 (c) Numerical cum Alphabetical Method  
 (d) All of the above

(vii) Treasury Bills are short term up to \_\_\_\_\_ .

- (a) two-year (c) three-year  
 (b) one year (d) six months

(viii) Financial Markets provide information about the \_\_\_\_\_ and various financial \_\_\_\_\_ .

- (a) assets, markets (c) markets, assets  
 (b) losses, terms (d) markets, profits

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(ix) The promoters should retain \_\_\_\_\_ with a lock in period of \_\_\_\_\_.

- (a) 20%, 5 years (c) 25%, 4 years  
(b) 25%, 5 years (d) 20%, 4 years

(x) RBI is a member of the \_\_\_\_\_ on Banking Supervision.

- (a) Banking committee (c) CSR committee  
(b) audit committee (d) nomination committee

(b) Match the columns :

**10**

Column A	Column B
1) CAPM	a) Treasury Bills
2) NPV of a Machine	b) CA-CL
3) Cash Budget	c) Initial cash flow/Annual cash flow
4) Financial Leverage	d) PAT/No. of equity shares
5) Cost of Equity (Earning price approach)	e) $v2AO/C$
6) Money market instrument	f) $R_f + \beta (R_m - R_f)$
7) EPS	g) EBIT/EBT
8) Working Capital	h) PV of cash inflow-cost of investment
9) EOQ	i) $K_e = E/P$
10) Payback period	j) Opening balance + receipts – payments

2. (a) Following are the details of three projects X, Y and Z.

**10**

	X	Y	Z
<b>Cost</b>	60,000	80,000	80,000
<b>Life</b>	10 years	14 years	12 years
<b>Estimated scrap (₹)</b>	6,000	10,000	8,000
<b>PAT</b>	6,000	7,000	6,500

Select the best one using: Pay-back period:

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- (b) Jeet Ltd., newly started company wishes to prepare cash budget from January. Prepare a cash budget for the first six months from the following estimated revenue and expenses: **10**

Month	Total Sales(₹)	Material (₹)	Wages	Overheads	
				Production (₹)	Selling and distribution
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	28,000	14,000	4,600	3,400	900
April	36,000	22,000	4,600	3,200	900
May	30,000	20,000	4,000	3,200	900
June	40,000	25,000	5,000	3,600	1,200

Cash balance on 1<sup>st</sup> January was ₹10,000. A new machinery is to be installed at ₹ 20,000 on credit, to be repaid by two equal instalments in March and April. Sales commission @ 5% on total sales to be paid with a month following actual sales. ₹ 10,000 being the amount of 2<sup>nd</sup> call may be received in March. Share premium amounting to ₹ 2,000 is also obtainable with the 2<sup>nd</sup> call. Period of credit allowed by suppliers 2 months.

Period of credit allowed to customers 1 month

Delay in payment of overheads 1 month

Delay in payment of wages ½ month

Assume cash sales to be 50% of total sales.

3. (a) Estimate the working capital requirements from the following annual figures by adding 5% for contingencies. **10**
- Stock of finished products and stores & materials ₹ 15,000
  - Credit allowed: Domestic sales - 6 weeks ₹ 3,25,000 Export sales - 1½ weeks ₹ 78,000
  - Advance payment Sundry Expenses (Quarterly Advance) ₹ 10,000
  - Outstanding : Wages 1½ weeks ₹ 2,60,000 Stores & Materials 1½ months ₹ 48,000
  - Rent & Royalties - 6 months ₹ 12,000 Clerical staff ½ month ₹ 66,000
  - Manager ½ month ₹ 6,000 Miscellaneous Expenses 1½ months ₹ 48,000.

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- (b) Calculate the degree of operating leverage, degree of financial leverage and the degree of combined leverage for the following firms and interpret the result. **10**

Firm	REVATI	DHRUVITT	ANIKA
Output (Unit)	70,000	20,000	1,20,000
Fixed Cost	7,000	18,000	2,000
Variable Cost (Per Unit)	0.25	2	0.04
Interest on Borrowed Capital	4,000	8,000	-
Selling Price P.U.	0.7	5	0.2

4. (a) The Capital Structure of - Ashish Ltd. is - Equity Capital 8 Lakhs, Reserves and Surplus 3 Lakhs and Debentures 4 Lakhs. The Cost of Capital before Tax are - (a) Equity - 18% and (b) Debentures - 10%. You are required to compute the Weighted Average Cost of Capital, assuming a tax rate of 35%. **10**

- (b) Sanjay Ltd. have Equity Share Capital of ₹ 7,00,000 (face value ₹ 100) To meet the expenditure of an expansion programme, the company wishes to raise ₹ 4,00,000 and is having following four alternative sources to raise the funds: **10**

Plan A : To have full money from equity shares;

Plan B : To have ₹ 1,50,000 from equity and ₹ 2,50,000 from borrowing from the financial Institution @ 10% p.a.

Plan C : Full money from borrowing @ 10% p.a.

Plan D : ₹ 1 Lakh in equity and ₹ 3 Lakhs from preference shares at 8% p.a. The company is having present earnings of ₹ 2,00,000. The corporate tax is 50%. Suggest a suitable plan of the above four plans to raise the required funds.

5. Write **short notes** (Attempt any **four**) :

**20**

- Evaluation of Credit policy
- Combined Leverage
- Cost of Equity share capital
- NPV
- Factors influencing Dividend policy.

P.G.D.F.M. (Sem-II) July -2023

Investment Management

Con. 293–22.

YZ–8678

(3 Hours)

[Total Marks : 80]

N.B. : (1) Question No. 1 is **compulsory**.(2) Attempt any **three** questions from the Question No. 2 to Question No. 5.1.(a) State whether the following statement is **True** or **False** :—

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- (i) The Binomial model ensures that the tree is recombinant.
- (ii) To understand the option pricing one has to conceptualise each element of the three components.
- (iii) The weak form of the market is all the past public information Reflected in the share prices.
- (iv) The Capital Market line represents linear relationship between the required rates of return for efficient portfolios in their Standard deviations.
- (v) The Dow theory is Developed by William Hamilton and refined by Charles Dow it has been around for almost 100 years.
- (vi) In support & Resistance lines are often Confused with trend lines, The lines are drawn vertical under the lows in highs.
- (vii) The analysis of financial statements reveals the nature of relationship between income in expenditure & the sources in application of funds.
- (viii) The strength of the industry in its competitiveness can be analyzed by with the help of SWOT only.
- (ix) The fundamental analysis of the investment management involves economic, company & Industry Analysis.
- (x) Fiscal deficit = Total Expenditure (revenue + capital) - (Revenue Receipts + Non debt capital receipts)

(b) Fill in the blanks.

10

- (i) The term \_\_\_\_\_ refers to a group a firms producing similar or reasonably similar products.
- (ii) \_\_\_\_\_ means buying or positive trends & \_\_\_\_\_ means negative or selling trends.
- (iii) The longer the maturity period, the larger is the \_\_\_\_\_.
- (iv) \_\_\_\_\_ is the uncontrollable risk.
- (v) The weak form efficiency of the market is based on \_\_\_\_\_.
- (vi) Basis is normally calculated as \_\_\_\_\_ - \_\_\_\_\_ of an asset.
- (vii) In finance, the \_\_\_\_\_ model provides a generalisable numerical method for the Valuation of options.
- (viii) Future contract based on a financial instrument or financial indexes are known as \_\_\_\_\_.
- (ix) In \_\_\_\_\_ Theory many investors have agreed that holding 2 securities is less risky than holding 1.
- (x) The fundamental analysis of the investment management involves three major steps; \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

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2. (a) Explain the classification of industry and the types of manufacturing Industry ? **10**
- (b) What are the methods adopted to analyse the financial statements of a company ? **10**
3. (a) The following data are available to you as portfolio manager : **10**

Security	Estimated return (per cent)	Beta	Standard deviation (per cent)
A	30	2.0	50
B	25	1.5	40
C	20	1.0	30
D	11.5	0.8	25
E	10.0	0.5	20
Market Index	15	1.0	18
Govt. Security	7	0	0

In terms of the security market line, which of the securities listed above are Under-Priced ?

- (b) Explain the following terms in the language of Option Finance : **10**
  - (1) Option Premium
  - (2) Underlying Asset
  - (3) Exercise Date
  - (4) Expiration Date
  - (5) Option Contract
  - (6) Agreed Contract Price.
4. (a) Calculate the expected return and variance of a portfolio comprising two securities, assuming that the portfolio weights are 0.75 for security 1 and 0.25 for security 2. The expected return for security 1 is 18 per cent and its standard deviation is 12 per cent, while the expected return and standard deviation for security 2 are 22 per cent and 20 per cent respectively. The correlation between the two securities is 0.6. **10**
- (b) Write a note on concept of market efficiency. **10**
5. Write **short notes** on any **four** :— **20**
  - (a) Write Distinction between Forward contracts & Future contracts.
  - (b) Write a note on signal confirmation.
  - (c) Write Definition of Investment & its Need & Importance of Investments ?
  - (d) Write note on types of Manufacturing Industry and Industry groups Classification.
  - (e) What is the EFFICIENT PORTFOLIO & OPTIMAL PORTFOLIO. Explain with diagram.

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