CA - IPCC COURSE MATERIAL

Quality Education beyond your imagination...

GROUP 1 - GUESS QUESTIONS APPLICABLE FOR NOV 2018 EXAMS

INDEX

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Chapter Name</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Accounting</td>
<td>03</td>
</tr>
<tr>
<td>2.</td>
<td>Law, Ethics &amp; Communication</td>
<td>08</td>
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<tr>
<td>3.</td>
<td>Cost Accounting &amp; FM</td>
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<tr>
<td>4.</td>
<td>Taxation</td>
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MASTER MINDS

CA • CMA • CS • MEC • CEC

GUNTUR | RAJAHMUNDRY | KURNOOL | VIZAG | NELLORE
HYDERABAD | VIJAYAWADA | TIRUPATHI

Cell: 98851 25025 / 26
Visit us @ www.mastermindsindia.com | Mail: mastermindsinfo@ymail.com
Facebook Page: Masterminds For CA | Youtube Channel: Masterminds For CA
DEAR STUDENTS,

a) The objective of releasing GUESS QUESTIONS is to increase the preparedness of the student to face the final exams.

b) THIS TIME WE HAVE PAID SPECIAL ATTENTION ON IDENTIFYING GUESS QUESTIONS AND PREPARED THEM WITH LOT OF RESEARCH, SO, ALL THE STUDENTS ARE INSTRUCTED TO PAY SPECIAL ATTENTION ON THEM.

c) You can expect atleast 50 to 60% questions or problems in the public exam to come from these GUESS QUESTIONS (in some subjects you may even get 70%).

d) Since CA is a professional course it is very difficult to predict the questions / problems which may come in the public examination. But an expert team of MASTERMINDS has made a sincere attempt to predict the same under the guidance of our Academic Director CA.M.S.S.Praakash.

e) After receiving Guess Questions document, highlight all Guess Questions in the materials being followed by you so that while preparing in your materials, you can pay more attention on the questions / problems being given in Guess Questions document. With this you will get rid of referring GUESS QUESTIONS document separately.

f) Don’t come to a wrong conclusion that it is enough to prepare the list of questions / problems given in Guess Questions document. But compared to other questions / Problems, put more focus on the questions / problems listed below and also questions / problems which are similar to questions / problems listed below.

g) There are chances of getting questions / problems in the model which are similar to questions / problems listed below...but don’t expect exact questions / problems to repeat in the public examination.

h) Even if you get good number of questions / problems from this list in the public examinations then it is purely accidental.

i) QUESTIONS / PROBLEMS MENTIONED IN THIS DOCUMENT ARE BASED ON FOLLOWING MATERIALS:

- 37 / 38.5th edition of MM Material for all subjects except Taxation (39th edition). For the sake of students who are following some other edition of MM Materials, we have given reference of MM Materials along with latest edition of SM & PM.
- Study Material for the subject of taxation –july 2017
- Study Material for other subjects – July 2015
- Practice Manual for the subject of taxation - Oct 2016
- Practice Manual for other subjects – April 2016
- RTPs of 5 recent examinations & MTPs of 3 recent examinations including RTP of May 2018 Exam under old syllabus.
- RTP & MTP of MAY-2018 under New syllabus.
- For Accounting standards – CA Ravikanth miriyala (6th edition)

j) In this material “%” indicates percentage of similarity between the problem given in SM/PM and that of same in MM Material.

k) For some problems you can see reference of SM / PM as well as similar problem in MM Material. If the percentage of similarity is 100% then prefer to prepare in MM material as it is familiar to you. If the percentage of similarity is less than 60% then it is better to prepare the problem in both the sources. In case of remaining problems students can prepare either in SM / PM or similar problem in MM Material.

l) All the students shall also prepare all the Problems / Questions given in RTP & 2 series of MTPs of Nov 2018 attempt under old and new syllabus. In other words, each and every problem / question given in RTP & MTP of Nov 2018 shall be considered as very important.

m) Students shall also pay equal attention on Latest Amendments in the respective subjects.

THE END
# ACCOUNTING (PROBLEMS)

<table>
<thead>
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<th>S.No</th>
<th>PM (APR 16)</th>
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<th>MM_38.5</th>
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IPCC | Guess Questions | Group - 1 | Old Syllabus | Nov 2018
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7. HIRE PURCHASE SYSTEM

| 1.   | - | - | - | - | C2 | 100 | - | - | N 14 | 12 | - | - |
| 2.   | - | - | 11.9 | 4 | C5 | 100 | C2 | 100 | - | - | M 16 | 4(a) |
| 3.   | - | - | - | - | C8 | 100 | C8 | 70 | - | - | - | - |
| 4.   | - | - | 11.24 | 8 | C9 | 100 | C4 | 100 | - | - | N 16 | 5(a) |
| 5.   | - | - | - | - | C10 | 100 | C6 | 100 | - | - | - | - |
| 6.   | - | - | - | - | A4 | 100 | - | - | - | - | - | - |
| 7.   | - | - | - | - | - | - | - | - | - | - | - | - |
| 8.   | - | - | - | - | - | - | - | - | - | - | - | - |

8. NON TRADING CONCERNS

| 1.   | - | - | - | - | C1 | 100 | - | - | - | - | - | - |
| 2.   | - | - | 9.21 | 8 | C2 | 100 | A3 | 100 | - | - | - | - |
| 3.   | - | - | - | - | C4 | 100 | - | - | - | - | - | - |
| 4.   | - | - | 9.42 | 15 | C7 | 100 | C7 | 100 | - | - | N 14 | 2 |
| 5.   | - | - | 9.36 | 13 | C8 | 100 | C8 | 100 | - | - | M 13 | 5(a) |
| 6.   | - | - | 9.39 | 14 | C11 | 100 | C3 | 100 | - | - | N 13 | 11 |
| 7.   | - | - | 9.42 | 13 | C13 | 100 | - | - | - | - | - | - |
| 8.   | - | - | 9.14 | 6 | A1 | 100 | C6 | 100 | - | - | - | - |
| 9.   | - | - | 9.25 | 10 | A3 | 100 | C9 | 100 | - | - | - | - |
| 10.  | - | - | 9.34 | 11 | A9 | 100 | C10 | 100 | - | - | - | - |
| 11.  | - | - | - | - | - | - | - | - | - | - | M18(O) | 5(a) |

9. INTERNAL RECONSTRUCTION-I

| 1.   | - | - | - | - | C3 | 100 | C6 | 100 | - | - | N 15 | 2 |
| 2.   | - | - | 5.13 | 5 | C5 | 100 | A2 | 100 | - | - | - | - |
| 3.   | - | - | 5.21 | 7 | A2 | 100 | - | - | - | - | M 13 | 3 |
| 4.   | - | - | - | - | - | - | - | - | - | - | M18(O) | 7(a) |

10. CASH FLOW STATEMENT

| 1.   | 2.67 | 3 | - | - | C1 | 100 | - | - | - | - | - | - |
| 2.   | - | - | - | - | C3 | 100 | A2 | 100 | - | - | N 15 | 3(a) |
| 3.   | - | - | 2.52 | 17 | C4 | 100 | A7 | 100 | - | - | N 13 | 3(b) |
| 4.   | - | - | 2.35 | 8 | C9 | 100 | C5 | 100 | - | - | - | - |
| 5.   | - | - | 2.25 | 5 | C12 | 100 | C2 | 100 | - | - | - | - |
| 6.   | - | - | 2.37 | 9 | A2 | 100 | C1 | 100 | - | - | - | - |
| 7.   | - | - | - | - | A5 | 100 | - | - | N 13 | 3 | - | - |
| 8.   | 2.77 | 8 | - | - | A7 | 100 | - | - | - | - | - | - |
| 9.   | - | - | 2.39 | 10 | A13 | 100 | A8 | 100 | - | - | - | - |
| 10.  | - | - | 1.16 | - | - | - | - | - | - | - | - | - |

11. ACCOUNTING FOR BONUS SHARES

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14. PARTNERSHIP ACCOUNTS-I

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IPCC | Guess Questions | Group - 1 | Old Syllabus | Nov 2018
### Self Balancing Ledger

1. Briefly explain the differences between the Self and Sectional Balancing System?
2. What do you mean by Self-Balancing ledgers? What are its advantages?

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**Accounting (Theory)**

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**Self Balancing Ledger**

1. Briefly explain the differences between the Self and Sectional Balancing System?
2. What do you mean by Self-Balancing ledgers? What are its advantages?
1. Distinguish between the pooling of interest method and the purchase method of recording transactions relating to amalgamation?
2. Briefly explain the methods of accounting for amalgamation as per AS-14?
3. What are the conditions that are to be satisfied for amalgamation in the nature of merger in an amalgamation?

LAW, ETHICS AND COMMUNICATION

INDEMNITY AND GUARANTEE

2. State the rights of a Surety against the Co-sureties.

PRACTICAL QUESTIONS:
1. Ravi becomes guarantor for Ashok for the amount which may be given to him by Nalin within six months. The maximum limit of the said amount is Rs 1 lakh. After two months Ravi withdraws his guarantee. Up to the time of revocation of guarantee, Nalin had given to Ashok Rs 20,000.
   i) Whether Ravi is discharged from his liabilities to Nalin for any subsequent loan.
   ii) Whether Ravi is liable if Ashok fails to pay the amount of Rs 20,000 to Nalin?

BAILMENT AND PLEDGE

1. Write about Bailee’s Right of Lien? (Or) Write about General Lien and Particular Lien?

PRACTICAL QUESTIONS:
1. M lends a sum of Rs. 5,000 to B, on the security of 2 shares of a Limited Company on 1st April 2007. On 15th June 2007, the company issued 2 bonus shares. B repays the loan amount of Rs. 5,000 along with interest but M returns only 2 shares which were pledged and refuses to give the 2 bonus shares. Advise B in the light of the provisions of the Indian Contract Act, 1872.
2. A, the Pledgor, pledges a cinema projector and other accessories with Cine Association Co - operative Bank Limited, the Pledgee, for a loan. A requests the bank to allow the pledged goods to remain in his possession and promises to hold the same in trust for the Pledgee and further promises to handover the possession of the same to the bank whenever demanded. Examining the provisions of the Indian Contract Act, 1872 decide, whether a valid contract of pledge has been made between A, the Pledgor and Bank, the Pledgee?
3. Ravi sent a consignment of goods worth Rs. 60,000 by railway and got railway receipt. He obtained an advance of Rs. 30,000 from the bank and endorsed the railway receipt in favour of the bank by way of security. The railway failed to deliver the goods at the destination. The bank filed a suit against the railway for Rs. 60,000. Decide in the light of provisions of the Indian Contract Act, 1872, whether the bank would succeed in the said suit?

CONTRACT OF AGENCY

1. What is meant by Agency by Ratification? State some rules for valid ratification.
2. What is an Irrevocable Agency? When such agency is created?
3. Discuss the extent of Agent’s authority.

PRACTICAL QUESTIONS:
1. R is the wife of P. She purchased some sarees on credit from Q. Q demanded the amount from P. P refused. Q filed a suit against P for the said amount. Decide in the light of provisions of the Indian Contract Act, 1872, whether Q would succeed?
2. Mr. Ahuja of Delhi engaged Mr. Singh as his Agent to buy a house in West Extension area. Mr. Singh bought a house for Rs.20 lakhs in the name of a nominee and then purchased it himself for Rs.24 lakhs. He then sold the same house to Mr. Ahuja for Rs.26 lakhs. Mr. Ahuja later comes to know the mischief of Mr. Singh and tries to recover the excess amount paid to Mr. Singh. Is he entitled to recover any amount from Mr. Singh? If so, how much? Explain.

PAYMENT OF GRATUITY ACT, 1972

1. Explain as to when is the gratuity payable to an employee of an establishment, under the provisions of the payment of Gratuity Act, 1972?
2. Write about the computation of Gratuity amount payable.

3. Write a short note on the following:
   i) Mode of Payment of Gratuity.
   ii) Recovery of Gratuity in case of default in payment.
   iii) Protection of Gratuity.

4. Write a short note on reduction and forfeiture of gratuity [Sec.4 (6)].

5. Explain the provisions as to Nomination for gratuity. [Sec.6 Read with Rule 6 of The Payment of Gratuity (Central) Rules, 1972].

PRACTICAL QUESTIONS:

1. E was an employee of Tea Estate Ltd. The whole of the undertaking of Tea Estate Ltd. was taken over by a new company - Asia Tea Estate Ltd. The service of E remained continuous in new company. After serving for one year E met with an accident and became permanently disabled. E applied to the new company for the payment of gratuity. The company refused to pay gratuity on the ground that E has served only for a year in the company.

Examine the validity of the refusal of the directors in the light of the provisions of the Payment of Gratuity Act, 1972.

2. An employee is employed in a seasonal establishment. The establishment was in operation for four months only during the accounting year 1994. The employee is not in a continuous service during this period. However, he has worked only for eighty days. Giving reasons for your answer, decide:
   i) Whether the employee is entitled to gratuity payable under the Payment of Gratuity Act, 1972?
   ii) Would your answer be different, in case the employee worked for 100 days

3. K is an employee of RST Limited, a software company which works five days in a week. K was not in continuous service during the financial year 2009-10. However, she worked only for 150 days because she was on maternity leave with full pay for 50 days. Referring to the provisions of the Payment of Gratuity Act, 1972 decide, whether K is entitled to gratuity payable under the Act? Will your answer remain same if RST Limited works six days in a week?

4. National Steels Limited decided to forfeit the amount of gratuity of its employees A, B and C on account of disorderly conduct and other acts which caused loss to the property belonging to the company, A, B and C committed the following acts:
   i) A refused to surrender the occupied land belonging to the company.
   ii) B committed theft under law involving offence of moral turpitude’
   iii) C after superannuation continued to occupy the quarter of the company for six months. Against the decision of the company, A, B and C applied to the appropriate authorities for relief. The company contended that the right to gratuity is not a statutory right and the forfeiture of the amount of gratuity was within the law

Examine the contention of the company and the decision taken by the company to forfeit the amount of gratuity in the light of the Payment of Gratuity Act, 1972.

5. Mr. Y was working in ABC Limited for the last seven years as an Accounts Executive. He resigned from the services of the Company on 30th April, 2015. His resignation was not accepted by the Company. However, after serving for the notice period, he stopped coming to the Company. After some time he applied for his gratuity. The company refused on the ground that his resignation was not accepted. Discuss the legal position about this in the light of the Payment of Gratuity Act, 1972.

THE EMPLOYEES PROVIDENT FUND & MISCELLANEOUS PROVISIONS ACT, 1952

1. State the classes of establishments to which this Act is not applicable.

2. State the provisions regarding the Quantum of contribution by the Employees as well as employer under the EPF & MP Act, 1952. Can the amount of contribution be increased by the employee?

3. Write about the “Employee’s Deposit-linked Insurance Scheme”.

4. What do you know about the constitution / Composition, rights and duties of the Central Board, with regard to EPF Act?

5. Explain the provisions of the EPF Act with regard to the protection against attachment of Provident Fund.
6. Explain the provisions of the EPF Act with regard to transfer of accounts of an employee in case of his leaving the employment and taking up employment in another establishment.

7. Explain briefly the appointment of inspectors and their powers under Sec.13 of the Act.

**PRACTICAL QUESTIONS:**

1. S retired from the services of PQR Limited, on 31st March, 2009. He had a sum of Rs.5 lakhs in his Provident Fund Account. It has become due for payment to S on 30th April, 2009 but the company made the payment of the said amount after one year. S claimed for the payment of interest on due amount at the rate of 15 percent per annum for one year. Decide, whether the claim of S is tenable under the provisions of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.

2. An Inspector appointed under the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 makes an inspection at 10 p.m. (five hours after factory timings) and seeks to take copies of the “Shareholders’ Register”. How far under the Act is his action reasonable?

3. R, a 57 years old district judge was appointed by the Central Government as Presiding Officer of the Employee’s Provident Funds Appellate Tribunal for a period of five years. After three years, he (R) resigns from his office and ceases to work with immediate effect without handing over the charge to his successor, who was not appointed by the Government till that date. Examine the validity of R’s action to cease work under the provisions of the Employee’s Provident Funds and Miscellaneous Provisions Act, 1952.

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**PAYMENT OF BONUS ACT, 1965**

1. Who are the employees excluded from the Payment of Bonus Act?

2. Who is entitled and who is not entitled to claim Bonus under the Payment of Bonus Act?

3. Examine the bonus entitlement to the following persons:
   i) A Probationer.
   ii) An employee who committed a fraud or A Dismissed Employee.
   iii) An employee who is found guilty of misconduct causing financial loss to employer.
   iv) An Apprentice.
   v) A Retrenched Employee.
   vi) An employee employed through contractors on building operations.
   vii) A University teacher.
   viii) An employee of the ‘NABARD’.
   ix) D, an employee employed by an establishment engaged in an industry carried on by a department of the Central Government A retrenched employee who worked for 45 days in a year on a salary of Rs. 12,000 per month A reinstated employee without wages for the period of dismissal.
   x) who is working in a social welfare organization

4. What is the amount of minimum & maximum bonus to be paid to the employees under the provisions of the Payment of Bonus Act, 1965?

5. Can an employer deduct any amount due from an employee from the bonus payable to him? If so, when and what are the limitations of it.

6. What is the time limit for payment of bonus and what action can be taken by an employee for the recovery of bonus due from his employer?

7. Circumstances under which different departments of a company can be treated as a separate establishment for the payment of bonus.

**PRACTICAL QUESTIONS:**

1. During the financial year 2010-2011 Mr. Ram was a temporary employee in Ayurvedic Products Limited and drawing a salary of Rs 6000/- per month. On the basis of charge of violent behavior within the premises of the company, he was prevented from working in the company for 60 days pending inquiry. Since there was no adverse conclusion against him, he was reinstated in the service with back salary. He worked for the remaining ten months in that financial year and thereafter resigned from the service. Afterwards, when bonus was paid to others employees, the company refused to pay bonus to Mr. Ram. Decide, whether Mr. Ram will be entitled to bonus under the provisions of the Payments of Bonus Act, 1965?
2. ABC Textiles Ltd. employed 20 full-time and 5 part-time employees who were drawing salary less than Rs. 10,000 per month. After completing service of 28 days, in an accounting year, 10 full-time employees submitted their resignations and left the service of the company. The Board of directors of this company decided not to give the bonus to the employees, who resigned, to the remaining full-time employees and to the part-time employees. Against the decision, all the employees applied to the court for relief. Decide, stating the provisions for the Payment of Bonus Act, 1965, whether the employees who resigned, remaining full-time employees and part-time employees will get relief.

3. An employer had been paying to his employees every year at the time of Deepawali one month’s basic wages as Deepawali Bonus for the last 10 years, in addition to the bonus payable under the Payment of Bonus Act. The bonus had been paid even in those years when there were losses. The employer now wants to adjust Deepawali Bonus paid by him for the current accounting year against the bonus payable by him under the Act, for the current accounting year. State whether it is possible for the employer to make the above adjustments.

4. Answer the following two questions by referring to section 3 of payment of bonus act 1965.
   i) T Ltd. carried on three business ventures viz., manufacturing sugar, cement and heavy engineering machinery, locating them in three different places in North India. They employed workmen on different terms in the different units. One of these units was financially feeling ill. The workers of this unit demanded bonus on the basis of treating these three units as one composite establishment. Can the workmen succeed in getting bonus?
   ii) Nimbaheda Textiles Limited has three separate units at three separate places in the country. Every unit of the said company prepares and maintains separate Balance Sheet and Profit and Loss Account. One of these units is incurring continuous losses and hence bonus is not paid to the employees of this unit. Decide, under the Payment of Bonus Act, 1965, whether the employees of the said unit can claim bonus on the ground that the unit incurring loss is a part of one single establishment?

**NEGOTIABLE INSTRUMENTS ACT, 1881**

1. What is a promissory note? State the essential features of a promissory note.
2. What is meant by bill of exchange? State its essential feature
3. What is meant by crossing of cheque? Write about different types of crossing
4. What is meant by payment in due course?
5. Who is a holder in due course? State the privileges available to a holder in due course?
6. Define the term endorsement? Write down the essential features of valid endorsement? Write about different types of endorsement?
7. State the provisions relating to material alteration.
8. Discuss the ‘Capacity’ and ‘Authority’ of a person to be a party to a negotiable instrument
9. State the liability of a banker for wrongful dishonour of a cheque?
10. What are the penalties prescribed under the negotiable instrument Act in case of dishonour of a cheque for insufficiency of funds in the account of the person issuing the cheque? (or) Bouncing of cheques.

**PRACTICAL QUESTIONS:**

1. A draws a bill of exchange on B for Rs. 1,000 payable to the order of A. B accepts the bill but subsequently dishonour it by non-payment. A sues B on the bill. B proves that it was accepted for value as to Rs. 500 and as an accommodation to the plaintiff as to the residue. Can A recover Rs. 1,000

2. M drew a cheque amounting to Rs. 2 lakh payable to N and subsequently delivered to him. After receipt of cheque N endorsed the same to P but kept it in his safe locker. After sometime, N died, and P found the cheque in N’s safe locker. Does this amount to endorsement under the Negotiable Instruments Act, 1881?

3. A cheque payable to bearer is crossed generally and is marked "not negotiable". The cheque is lost or stolen and comes into the possession of B who takes it in good faith and gives value for it. B deposits the cheque into his own bank and his banker presents it and obtains payment for his customer from the bank upon which, the cheque is drawn
   a) Can both the bankers, viz., banker paying the cheque and the banker collecting it plead exoneration from their liability?
   b) Can B be compelled to refund the money to the true owner of the cheque.
4. Discuss with reasons, whether the following persons can be called as a ‘holder’ under the Negotiable Instruments Act, 1881:

   i) X who obtains a cheque drawn by Y by way of gift
   ii) A, the payee of the cheque, who is prohibited by a court order from receiving the amount of the cheque
   iii) M, who finds a cheque payable to bearer, on the road and retains it
   iv) B, the agent of C, is entrusted with an instrument without endorsement by C, who is the payee
   v) B, who steals a blank cheque of A and forges A’s signature

5. ‘A’ is the holder of a bill of exchange made payable to the order of ‘B’. The bill of exchange contains the following endorsements in the blank. First endorsement ‘B’, second endorsement ‘C’, third endorsement ‘D’, fourth endorsement ‘E’ - ‘A’ strikes out, without E’s consent, the endorsement by ‘C’ and ‘D’. Decide with reasons whether ‘A’ is entitled to recover anything from ‘E’

6. A promoter who has borrowed a loan on behalf of company, who is neither a director nor a person-in-charge, sent a cheque from the companies account to discharge its legal liability. Subsequently the cheque was dishonoured and the compliant was lodged against him. Does he liable for an offence under section 138?

**COMPANY LAW**

1. Explain clearly the meaning of Lifting the Corporate Veil, as applicable in case of companies incorporated under the Companies Act, 2013. Under what circumstances the veil of a Company can be lifted by the court.

**PRACTICAL QUESTIONS:**

1. Some of the creditors of M/s Get Rich Quick Ltd. have complained that the Company was formed by the promoters only to defraud the creditors and circumvent the compliance of legal provisions of the Companies Act, 2013. In this context they seek your advice as to the meaning of corporate veil and when the promoters can be made personally liable for the debts of the Company.

**CLASSES OF COMPANIES**

1. Explain the concept of One Person Company (OPC).
2. How the companies are classified on the basis of Control?
3. Explain what is (1) Government Company (2) Foreign Company (3) formation of companies with Charitable Objects (4) Dormant Company (5) Nidhi Companies.

**PROMOTION & INCORPORATION OF A COMPANY**

1. Who shall be considered as promoter according to the definition given in the Companies Act, 2013? Explain?
2. Explain the Procedure / Mode for Incorporation of Company [Sec.7]?
3. Which documents are required to be filed with the ROC at the time of registration of a Company under the provisions of the Companies Act, 2013?
4. Can a “Non-profit organization be registered as a Company under the Companies Act? If so, what procedure does it have to adopt? [Sec.8]?

**PRACTICAL QUESTIONS:**

1. The MOA of a Company was presented to the Registrar of companies for registration and the Registrar issued the certificate of incorporation. After complying with all the legal formalities a Company started a business according to the object clause, which was clearly an illegal business. The Company contends that the nature of the business cannot be looked into as the certificate of incorporation is conclusive. Answer the question whether Company’s contention is correct or not

2. A Company was incorporated on 6th July, 2014. The COI of the Company was issued by the Registrar on 15th July, 2014. The Company on 10th July, 2014 entered into a contract, which created its contractual liability. The Company denies from the said liability on the ground that Company is not bound by the contract entered into prior to issuing of COI.

   Decide, under the provisions of the Companies Act, 1956, whether the Company can be exempted from the said contractual liability.
MEMORANDUM & ARTICLES OF ASSOCIATION

1. Explain the Requirements for reservation of the name of the Company.
2. Explain the procedure for change of name of a Company as per the Companies Act, 2013. [Sec 13(2)]
3. Explain the procedure for rectification of name of the Company. (Sec 16).
4. Explain the procedure for shifting of registered office from the jurisdiction of one Registrar to the other Registrar within the same state.
5. Explain the procedure for shifting of registered office from one state to another state.
6. Explain the limitations relating to alteration of AOA of a Company.
7. Explain fully the doctrine of Ultra vires and state its implications.
8. Explain the concept of Doctrine of Constructive Notice.
9. The Doctrine of indoor Management always protects the persons (outsiders) dealing with a “Company.” Explain the given statement and also state the exceptions to the above rule.
10. Explain the Binding Effects of Memorandum and Articles of a Company.

PRACTICAL QUESTIONS:

1. M/s ABC Ltd. a Company registered in the State of West Bengal desired to shift its registered office to the State of Maharashtra. Explain briefly the steps to be taken to achieve the purpose.
   Would it make a difference, if the Registered Office is transferred from the Jurisdiction of one ROC to the Jurisdiction of another ROC within the same state?
2. The object clause of the MOA of LSR Private Ltd, Lucknow authorised it to do trading in fruits and vegetables. The Company, however, entered into a Partnership with Mr. J and traded in steel and incurred liabilities to Mr. J. The Company, subsequently, refused to admit the liability to J on the ground that the deal was ’Ultra Viros’ the Company. Examine the validity of the Company’s refusal to admit the liability to J. Give reasons in support of your answer.
3. The AOA of a Public Company clearly stated that Mr. A will be the solicitor of the Company. The Company in its GM of the shareholders resolved unanimously to appoint B in place of A as the solicitor of the Company by altering the AOA. Examine, whether the Company can do so? State the reasons clearly.

PROSPECTUS

1. State the conditions where under the issuing of prospectus is not necessary under the Provisions of the Companies Act, 2013.
2. What is the procedure for variation in terms of contract or objects in prospectus and requirements that needs to be complied with?
3. What is meant by “Abridged Prospectus”? Is it necessary to furnish abridged form of prospectus along with the application form for shares? Under what circumstances an abridged prospectus need not accompany the detailed information regarding prospectus along with the application form?
4. Document containing offer of securities for sale to be deemed prospectus. Comment. [Sec.25]
5. Explain the concept of “Shelf Prospectus” in the light of Companies Act, 2013. What is the law relating to issuing and filing of such prospectus?
6. What is meant by ‘Red-herring prospectus? State the circumstances under which such prospectus is required to be filed with the ROC. What is the requirement relating to filing of final prospectus in such cases?
7. What are the liabilities for Misstatements in Prospectus?
8. What is private placement of securities and state the conditions for issue of private placement of securities?

PRACTICAL QUESTIONS:

1. Modern Furnitures limited was willing to purchase teakwood estate in Chhattisgarh State. Its prospectus contained some important extracts from an expert report giving the number of teakwood trees and other relevant information in the estate in Chhattisgarh State. The report was found inaccurate. Mr. ‘X’ purchased the shares of Modern Furnitures Limited on the basis of the above statement in the prospectus. Will Mr. ‘X’ have any remedy against the Company? When will an expert not be liable? State the provisions of the Companies Act, 2013 in this respect.
2. A Company issued a prospectus. All statements in a prospectus issued by X & Co. Ltd. were literally true, but it failed to disclose that the dividends stated in it as paid were not paid out of revenue profits, but out of realised capital profits. The statement that the Company had paid dividends for a number of years was true. But the Company had incurred losses for all those years, however, no disclosure of this was made in the prospectus. An allottee of shares wanted to avoid the allotment on the ground that the prospectus did not disclose this fact which, in his opinion, was very material. Would he succeed?

3. Pek Ltd. Company issued and published its prospectus to invite the investors to purchase its shares. The said prospectus contained false statement. Mr. X purchased some partly paid shares of the Company in good faith on the stock exchange. Subsequently, the Company was wound up and the name of Mr. X was in the list of contributors. Decide:
   i) Whether Mr. X is liable to pay the unpaid amount?
   ii) Can Mr. X sue the directors of the Company to recover damages?

**ALLOTMENT OF SECURITIES & UNDERWRITING**

1. What are the requisites of a valid allotment of securities by the Company? When the Company is liable to refund the application money? Can share application money be deposited in any bank?

2. What is Return of Allotment? List the documents which have to be enclosed therein?

3. When is an Allotment of Shares treated as irregular allotment? State the effects of an irregular allotment.

4. Define the term underwriting and state the circumstances in which underwriting commission can be paid as per provisions of sec 40 of Companies Act 2013.

**PRACTICAL QUESTIONS:**

1. After receiving 80% of the minimum subscription as stated in the prospectus, a Company allotted 100 equity shares in favour of 'X'. The Company deposited the said amount in the bank but withdrew 50% of the amount, before finalisation of the allotment, for the purchase of certain assets. X refuses to accept the allotment of shares on the ground that the allotment is violative of the provisions of the Companies Act, 2013. Comment.

2. A public limited Company which went in for Public issue of shares had applied for listing of shares in three Recognised Stock Exchanges and out of it only two had given permission for listing. Can the Company proceed for allotment of shares?

3. The BOD of a Company decides to pay 5% of issue price as underwriting commission to the underwriters. The Articles of Association of the Company permit only 3% commission. The BOD further decides to pay the commission out of the proceeds of the share capital. Are the decisions taken by the BOD valid under the Companies Act, 2013?

**DEPOSITS**

1. Explain the provisions relating to acceptance of deposits from Members as per the Companies Act, 2013?

2. Discuss the provisions of the Companies Act, 2013 with respect to acceptance of deposits from public by certain companies (i.e. Eligible Public Companies) having high net worth or high turnover as may be prescribed [Sec 76]

**MEMBERSHIP**

1. Explain the position of a minor in relation to obtaining membership in a Company.

2. Can a Public Limited Company become a member of another public limited Company. Comment?

3. Discuss the provisions of the Companies Act, 2013 relating to closure of its register of members and related rules made thereunder.

4. Discuss the provisions of the Companies Act relating to “Preservation of register of members”.

5. Discuss the rules with respect to “maintenance” of the Register of members as per Companies (Management and Administration) Rules, 2014.

**PRACTICAL QUESTIONS:**

1. X had applied for the allotment of 1,000 shares in a Company. No allotment of Shares was made to him by the Company. Later on, without any further application from X, the Company transferred 1,000 partly-paid shares to him and placed his name in the Register of members. X, knowing that his name was placed in the Register of Members, took no steps to get his name removed from the Register of Members. The Company later on made the final call. X refuses to pay for this call. Examine whether his (X’s) refusal to pay for the call is tenable and whether he can escape himself from the liability as a member of the Company.
2. RSP Limited allotted 500 fully paid-up shares of Rs.100 each to Z, a minor, in response to his application without knowing that he was a minor and entered his name in the Register of Members. Later on, the Company came to know of this fact. The Company cancelled the allotment and struck-off his name from the Register of Members and also forfeited his entire share money. Z filed a suit against the action of the Company. Decide whether Z would be given any relief by the court under the provisions of the Companies Act, 2013.

SHARE CAPITAL

1. What are the conditions that needs to be satisfied for issue of Equity shares with differential rights?
2. Write about “issue of shares at a premium”.
3. What is meant by sweat equity shares? What are the conditions to be fulfilled by a Company proposing to issue sweat equity shares. (Sec 54).
4. Issue of further shares to persons other than existing Equity Shareholders.
5. Can a Company purchase its own shares? Can a Company give loan or financial assistance to purchase its own shares?
6. State the sources of funds that can be utilised by the Company for purchasing its own shares and requirements to be complied with before and after the shares are so purchased.
7. Discuss the provisions relating to issue of bonus shares by the Company.
8. Discuss the provisions relating to redemption of redeemable preference shares according to Companies Act, 2013. [Sec 55].
9. What is the law and procedure for “Issuing a duplicate share certificate” under the provisions of the Companies Act, 2013 in case the original share certificate is lost or destroyed?

PRACTICAL QUESTIONS:

1. J held 100 partly paid up shares of LKM Limited. The Company asked him to pay the final call money on the shares. Due to some unavoidable circumstances he was unable to pay the amount of call money to the Company. At a general meeting of the shareholders the chairman disallowed him to cast his vote on the ground that the articles do not permit a shareholder to vote if he has not paid the calls on the shares held by him. J contested the decision of the Chairman. Referring to the provisions of the Companies Act, 2013 decide whether the contention of J is valid.
2. The BOD of XYZ Private Limited, a subsidiary of SRN Limited, decides to grant a loan of Rs 2.00 lac to P, the Finance Manager of the Company getting salary of Rs.30,000 per month, to buy 400 partly paid-up equity shares of Rs.1,000 each of XYZ Limited. Examine the validity of Board’s decision with reference to the provisions of the Companies Act, 2013.
3. State whether the given statements are true or false with reasons-
   i) Deferred shares also called founders’ shares.
   ii) To authorise the issue of shares at a discount, a SR is required.

CALLS & FORFEITURE / SURRENDER OF SHARES

1. Write the provisions of Payment of calls in advance?

PRACTICAL QUESTIONS:

1. Moon Star Ltd” is authorised by its articles to accept the whole or any part of the amount of remaining unpaid calls from any member although no part of that amount has been called up. Mr. ‘A’, a shareholder of the Moon Star Ltd., deposits in advance the remaining amount due on his shares without any calls made by “Moon star Ltd”. Referring to the provisions of the Companies Act, 2013, state the rights and liabilities of Mr. A, which will arise on the payment of calls made in advance.

CHARGE

1. Explain the procedure as to registration of charges?
2. Explain briefly the provisions relating to “Satisfaction of charge”.

PRACTICAL QUESTIONS:

1. Mr. Antriksh entered into an agreement for purchasing a commercial property in Delhi belonging to NRT Ltd. At the time of registration, Mr. Antriksh comes to know that the title deed of the Company is not free and the Company expresses its inability to get the title deed transferred in the name of Mr. Antriksh saying that he ought to have had the knowledge of charge created on the property of the Company. Explain with the help of ‘Notice of a charge’, whether the contention of NRT Ltd. is correct?
DEBENTURES

1. Discuss the manner in which a Company may issue debentures according to the provisions of the Companies Act, 2013.
2. Elaborately discuss the provisions relating to debenture trustee under the Companies Act, 2013?
3. Write the rules relating to duty of the Company to create debenture redemption reserve [DRR].

PRACTICAL QUESTIONS:

1. Whether the following can be appointed as ‘Debenture Trustee’:
   i) A shareholder who has no beneficial interest.
   ii) A creditor whom the Company owes Rs 499 only.
   iii) A person who has given a guarantee for repayment of amount of debentures issued by the Company

GENERAL MEETINGS - I

1. Explain the provisions of the Act, with regard to holding of an Annual General Meeting (AGM) by a Company.
2. What is the effect of failure to convene the AGM or any other meetings of members?
3. Discuss the rules relating to calling of EGM by requisitionists.
4. What are the provisions of the Companies Act, 2013 relating to service of notice of a meeting?
5. What are the rules relating to service of notice in electronic mode?
6. When is an explanatory statement required to be annexed to the notice calling the GM of a Company? Also discuss the provisions relating to the explanatory statement.

PRACTICAL QUESTIONS:

1. Examine the validity of the following:
   i) The BOD of a Company refuse to convene the EGM of the members on the ground that the requisitionists have not given reasons for the resolutions proposed to be passed at the meeting.
   ii) The BOD refuse to convene the EGM on the ground that the requisitions have not been signed by the joint holder named first in the register in respect of the shares held by the joint shareholders.
   iii) Adjournment of EGM called upon the requisition of members on the ground that the quorum was not present at the meeting.

2. STD Ltd. convened its BOD meetings on 1st Aug, 2016. During the course of the meeting the date for calling AGM was discussed but no decision could be taken on it in the meeting. However, the Secretary of the Company issued the notice for calling the AGM of the shareholders without taking any authority from the BOD. State who is the proper authority to issue the notice for calling the AGM and to whom such notice is to be given.

3. M.H. Company Limited served a notice of GM upon its shareholders. The notice stated that the issue of sweat equity shares would be considered at such meeting. Mr. ’A’, a shareholder of the M.H. Company Limited complains that the issue of sweat equity shares was not specified fully in the notice. Is the notice issued by M.H. Company Limited regarding issue of sweat equity shares valid under the provisions of Companies Act, 2013? Explain in detail.

GENERAL MEETINGS - II

1. Write about “Resolution requiring special notice”. Discuss the rules relating to serving of special notice to the Company by members.
2. What are the statutory provisions as regards to quorum for calling general meetings?
3. What is the meaning of ‘Proxy’? Discuss the law related to proxy in brief.
4. What is the procedure for voting through electronic means as per provisions of the Companies Act, 2013 and related rules?
5. Discuss the rules / procedure relating to passing of resolution by postal ballot.
6. Discuss the Contents of Minutes of the proceedings of meetings under the Companies Act, 2013 and rules made thereunder.

PRACTICAL QUESTIONS:

1. The AOA of X Ltd., require the personal presence of six members to constitute of GM. The following persons were present at the time of commencement of an EGM to consider the appointment of ‘MD’
i) Mr. G. the representative of Governor of Gujarat
ii) Mr. A and Mr. B shareholders of Preference shares.
iii) Mr. L., representing M Ltd N Ltd and X Ltd.
iv) Mr. P, Mr. Q, Mr. R and Mr. S who were proxies of shareholders
Can it be said that quorum was present? Discuss.

2. If the GM is adjourned for want of Quorum, then in case of change in the day, time, place of the adjourned meeting, the Company is required to give not less than 7 days of notice to the members individually or by press announcement. Comment whether the given statements is correct or incorrect as per the Companies Act, 2013.

3. The Minutes of the Meeting must contain fair and correct summary of the proceedings thereat. Can the chairman direct exclusion of any matter from the Minutes? Some of the shareholders insist on inclusion of certain matters which are regarded as defamatory of a director of the Company. The Chairman declines to do so. State how the matter can be resolved.

MISCELLANEOUS MATTERS IN COMPANY LAW

1. Explain the Objective and Scope of MCA 21 Project.
2. What is “Annual Return”? Discuss the provisions of the Companies Act, 2013 relating to same. [Sec. 92].

PRACTICAL QUESTIONS:

1. The XYZ Traders Association was constituted by 4 joint Hindu families consisting of 60 major and 10 minors members. The Association was carrying on the business of trading as retailers with the object for acquisition of gains. The Association was not registered as a Company under the Companies Act, 2013 or any other law. State whether the XYZ Traders Association is having any legal status?
   Will there be any change in the status of this Association if the members of the XYZ Traders Association subsequently were reduced to 40?

BUSINESS ETHICS

1. 1. THE BASIC PRINCIPLES OF ETHICS & BUSINESS ETHICS
   1. Explain the meaning of the terms Ethics and Business Ethics and also state the requirements of Business Ethics?
   2. Explain the social sins, listed by Mahatma Gandhi?
   3. Differences between moral and ethics?
   4. Explain five sources of Ethical standards.
   5. “To maintain social contract between society and business, the trusteeship relations are essential” Justify.
   6. In the long run those business firms which do not respond to society’s needs favorably will survive. Correct (or) not.
   7. Business ethics helps to promote public reputation. Correct (or) not.

2. CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY
   1. What is meant by Corporate Governance? Explain the benefits.
   2. Define the term stake holders.
   3. Corporate Governance - developments in India.
   4. State how far a sound ethical environment in a company may be created and corporate scandals may be avoided.
   5. “CSR can mean different things to different people.” Explain.
   7. What are the factors behind the growth of CSR?
   8. Explain Iron law of responsibility.

3. WORK PLACE ETHICS
   1. Describe the factors which influence the ethical behavior at work in an organization.
   2. How can we classify the ethical issues faced by an individual in the workplace?
   3. What is Discrimination? Explain its basic elements.
   4. Explain the concept of “Sexual Harassment” in relation to workplace.
5. State in brief the guidelines for managing ethics and to prevent the need for whistle-blowing in workplace.
6. Fairness and honesty are the pillars of success in business.

### 4. ENVIRONMENT AND ETHICS

1. Explain sustainable development and Green Accounting System.
2. Write about main forms of pollution and resource depletion.
3. Write about Acid rain.
4. Write a note on ecological ethics.
5. What is meant by environmental ethics? How does its non-adoption lead to 3 P’s principle. Explain.
6. Business does not sub-serve environmental ethics.

### 5. ETHICS IN MARKETING AND CONSUMER PROTECTION

1. Explain the pragmatic reasons for maintaining ethical behavior in marketing through marketing executives.
2. Write about Competition Act, 2002. Which parameters are applicable in relation to competition law in India.
3. Distinguish between consumer interest and public interest.
4. State the objectives of Central, State, District consumer protection councils in India.
5. What are UN Guidelines themes on Consumer Protection?

### 6. ETHICS IN ACCOUNTING & FINANCE

1. What are the fundamental principles of ethics applicable to the persons of finance and accounting profession?
2. State the pressures which are faced by finance and accounting professionals in an organization in the compliance of fundamental principles of ethics.
3. What are the various threats, which can be faced by a finance and accounting professional, while working as an auditor, consultant or an employee in an organization?
4. Explain the reasons for unethical behaviour among finance and accounting professionals.
5. Small ethical lapses do not result into unethical behavior. Correct (or) Incorrect.

### BUSINESS COMMUNICATION

#### 1. ESSENTIALS OF COMMUNICATION

1. Define the term communication. Explain the factors which are responsible for the growing importance of communication.
2. What is formal communication? Explain in brief its advantages and limitations?
3. Explain various forms of formal communication.
4. Explain Grapevine communication and its factors.
5. Explain Grapevine Chains.
6. Elaborate merits and limitations of oral communication.
7. State reasons for selecting the oral mode of communication instead of written mode of communication.
8. Para-language.
10. Explain main barriers to communication.
11. Write about socio-psychological barriers.
12. Prepare the detailed checklist for composing business messages in an organization.

#### 2. INTERPERSONAL COMMUNICATION SKILLS

1. What are the principles of interpersonal communication?
2. Explain the functions of interpersonal communication.
3. What is meant by Active listening? State its importance.
4. What is critical thinking? How shall you develop critical thinking?
5. What is meant by emotional intelligence?
3. GROUP DYNAMICS
1. What is a Group? What are the characteristics of a Group?
2. What is Group dynamics? What are the characteristics of Group personality?
3. Explain consensus building.
4. Explain concept of Negotiation and its techniques.

4. COMMUNICATION ETHICS
1. What do you understand by ethical communication? What are its elements?
2. Write a short note on
   i) Advantages of ethical communication
   ii) Organization values.
3. Explain ethical dilemmas in communication.
4. What are factors influencing ethical communication.

5. COMMUNICATING CORPORATE CULTURE, CHANGE & INNOVATIVE SPIRITS
1. Define corporate culture and state its main elements.
2. What are the reasons for resistance of change?
3. What are the reasons for acceptance of change?
4. Role of communication in organizational change.
5. How to build an innovative organization? Explain key elements.

COST ACCOUNTING (PROBLEMS)

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1. MATERIALS

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2. - | - | 3.19 | 3 | C27 | 100 | A15 | 100 | - | - | - | - |
3. - | - | - | - | C28 | 100 | C16 | 80 | - | - | - | - |
4. 3.52 | 20 | - | - | A9 | 100 | A13 | 100 | - | - | - | - |
5. 3.26 | 6 | - | - | A17 | 100 | C17 | 100 | - | - | - | - |

3. OVER HEADS
1. - | - | 4.18 | 4 | C16 | 100 | C14 | 100 | - | - | - | - |
2. 4.39 | 12 | - | - | C20 | 100 | A13 | 100 | - | - | - | - |
3. 4.38 | 11 | - | - | C25 | 100 | C16 | 100 | - | - | - | - |
4. - | - | 4.12 | 1 | C26 | 100 | C15 | 100 | - | - | - | - |
5. 4.23 | 7 | - | - | A6 | 100 | A2 | 100 | - | - | - | - |
6. - | - | - | - | A19 | 100 | A10 | 100 | - | - | - | - |
7. 4.48 | 17 | - | - | A20 | 100 | - | - | - | - | - | - |

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5. STANDARD COSTING

| 1.   | - | - | - | - | C10 | 100 | A2 | 100 | MTP | M18(N) | 5(b) | - | - |
| 2.   | - | - | - | - | 11.30 | 14 | C13 | 100 | C9 | 100 | RTP | M18(N) | 12 | - | - |
| 3.   | 11.34 | 14 | - | - | C19 | 100 | C13 | 100 | - | - | - | - |
| 4.   | - | - | - | - | 11.20 | 8 | C20 | 100 | C15 | 100 | - | - | - |
| 5.   | 11.36 | 15 | - | - | A18 | 100 | A10 | 100 | - | - | - | - |
| 6.   | 11.29 | 9 | - | - | A21 | 100 | A12 | 100 | - | - | - | - |
| 7.   | - | - | - | - | - | - | - | - | MTP | M18(O) | 6(a) | - | - |

6. OPERATING COSTING

| 1.   | - | - | - | - | 8.17 | 9 | C11 | 100 | C3 | 100 | RTP | M14 | 4 | - | - |
| 2.   | - | - | - | - | C14 | 100 | - | - | - | - | MTP | M18(N) | 5(b) | - | - |
| 3.   | 8.14 | 7 | - | - | C16 | 100 | C12 | 100 | - | - | - | - |
| 4.   | - | - | - | - | - | - | - | - | - | RTP | M18(N) | 11 | - | - |
| 5.   | - | - | - | - | - | - | - | - | - | MTP | M18(O) | 4(a) | - | - |

7. JOB & BATCH COSTING

| 1.   | 6.10 | 3 | - | - | - | - | - | - | - | - | - | - |
| 2.   | - | - | - | - | - | - | - | - | RTP | M18(N) | 8 | - | - |

8. NON INTEGRATED ACCOUNTS

| 1.   | - | - | - | - | 5.12 | 2 | C4 | 100 | C2 | 100 | - | - | - |
| 2.   | 5.27 | 8 | - | - | C11 | 100 | - | - | - | - | - | - | - |
| 3.   | - | - | - | - | 5.17 | 4 | A3 | 100 | A1 | 100 | RTP | M18(N) | 6 | - | - |
| 4.   | - | - | - | - | 5.11 | 1 | A4 | 100 | C4 | 100 | - | - | - |
| 5.   | 5.50 | 15 | - | - | - | - | A13 | 100 | A5 | 100 | - | - | - |

9. JOINT AND BY PRODUCTS

| 1.   | 10.5 | 3 | - | - | C3 | 100 | - | - | - | - | - | - |
| 2.   | 10.8 | 4 | - | - | C4 | 100 | - | - | - | - | - | - |
| 3.   | 10.10 | 5 | - | - | C7 | 100 | - | - | - | - | - | - |
| 4.   | - | - | - | - | 10.8 | 2 | C9 | 100 | - | - | - | - |
| 5.   | - | - | - | - | 10.21 | 6 | C12 | 100 | - | - | - | - |

10. PROCESS COSTING

| 1.   | 9.7 | 3 | - | - | C2 | 100 | A2 | 100 | - | - | - | - |
| 2.   | 9.18 | 9 | 9.8 | 3 | C5 | 100 | A17 | 100 | - | - | - | - |
### Cost Accounting (Theory)

1. Discuss the four different methods of costing along with their applicability to concerned industry?
2. Define Product costs. Describe three different purposes for computing product costs.
3. Explain:
   - Pre-production Costs
   - Research and Development Costs
   - Training Costs
4. Discuss the four different methods of costing along with their applicability to concerned industry?
5. Differentiate between cost control and cost reduction.
6. Discuss with example the level of activity method of segregating semi-variable costs into fixed and variable costs.
7. What is meant by cost centre?
8. Discuss the essential features of a good cost accounting system?
9. Enumerate the factors which are to be considered before installing a system of cost accounting.
10. State the method of costing and the suggestive unit of cost for the following:

   - (a) Transport
   - (b) Power
   - (c) Hotel
   - (d) Hospital
   - (e) Steel
   - (f) Coal
   - (g) Bicycles
   - (h) Bridge Construction
   - (i) Interior Decoration
   - (j) Advertising
   - (k) Furniture
   - (l) Brick-works
   - (m) Oil refining mill
   - (n) Sugar Company having its own sugarcane fields
   - (o) Toy making
   - (p) Cement
   - (q) Radio assembling
   - (r) Ship building
   - (s) Air lines
11. Identify the methods of costing for the following:
   i) Where all costs are directly charged to a specific job.
   ii) Where all costs are directly charged to a group of products.
   iii) Where cost is ascertained for a single product.
   iv) Where the nature of the product is complex and method cannot be ascertained

12. State the types of cost in the following cases:
   i) Interest paid on own capital not involving any cash outflow.
   ii) Withdrawing money from bank deposit for the purpose of purchasing new machine for expansion purpose.
   iii) Rent paid for the factory building which is temporarily closed
   iv) Cost associated with the acquisition and conversion of material into finished product.

2. MATERIALS

1. Write short note on Material Requisition Note.
2. Distinguish clearly between Bin cards and Stores Ledger.
3. Explain the concept of “ABC Analysis” as a technique of inventory control.
4. Distinguish between Re-order level and Re-order quantity.

3. LABOUR

1. Discuss the accounting treatment of idle time and overtime wages.
2. Discuss the effect of overtime payment on productivity.
3. Discuss the objectives of time keeping & time booking.
4. Discuss the two types of cost associated with labour turnover.

4. OVERHEADS

1. Distinguish between cost allocation and cost absorption.
2. Explain Single and Multiple Overhead Rates.
3. How would you treat the idle capacity costs in Cost Accounts?

5. COST SHEET

1. Explain the treatment of administration overheads.
2. State the advantages of cost sheets.

6. NON INTEGRATED ACCOUNTS

1. What are the essential pre-requisites of integrated accounting system?
2. What are the advantages of integrated accounting?
3. What are the reasons for disagreement of profits as per cost accounts and financial accounts? Discuss.

7. UNIT & BATCH COSTING

1. How Economic Batch Quantity is determined?
2. State how Economic Batch Quantity is determined?
3. Describe Unit Costing and Batch Costing giving example of industries where these are used?
4. In Batch Costing, how is Economic Batch Quantity determined?

8. JOB AND CONTRACT COSTING

1. What is cost plus contract? State its advantages.
2. Describe Job Costing and Batch Costing giving example of industries where these are used?
3. Write notes on Escalation Clause.
4. Explain Retention money in Contract costing

9. PROCESS & OPERATION COSTING

1. Explain equivalent units.
2. “Operation costing is defined as refinement of Process costing.” Explain it.
3. What is inter-process profit? State its advantages and disadvantages.
10. JOINT PRODUCTS & BY PRODUCTS

1. How apportionment of joint costs up to the point of separation amongst the joint products using market value at the point of separation and net realizable value method is done? Discuss.
2. Describe briefly, how joint costs up to the point of separation apportioned amongst the joint products under Net Realizable Value method.

11. OPERATING COSTING

1. What do you understand by Operating Costs? Describe its essential features and state where it can be usefully implemented?
2. Explain briefly, what do you understand by Service Costing.
3. What are the features of service costing?

12. STANDARD COSTING

1. Discuss the types of standards.
2. Discuss the various types of fixed overhead variances.

13. MARGINAL COSTING

1. Elaborate the practical application of Marginal Costing.
2. Write short note on Angle of Incidence.
3. Explain and illustrate break-even point with the help of break-even chart.
4. Discuss basic assumptions of Cost Volume Profit analysis.
5. Elaborate the practical application of Marginal Costing.
6. Discuss the points of difference between absorption costing and marginal costing
7. Write a short note on Margin of safety.

14. BUDGET AND BUDGETARY CONTROL

1. Explain briefly the concept of ‘flexible budget’.
2. Distinguish between Fixed and flexible budget.
3. Explain the Essentials of budget.

FINANCIAL MANAGEMENT (PROBLEMS)

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1. TIME VALUE OF MONEY

1. 2.12 17 - - C17 100 A15 100 - - - -

2. INVESTMENT DECISIONS

1. 6.51 20 - - C12 100 C3 100 - - - -
2. 6.50 19 - - C19 100 C7 100 - - - -
3. - - 6.50 24 A23 100 C14 100 - - N09 -
4. - - 6.55 26 - - A29 100 - - - -
5. - - 6.59 28 - - A32 100 - - N17 2(b)

3. COST OF CAPITAL

1. - - 4.10 2 C38 100 C11 100 - - - -
2. 4.30 17 - - C44 100 C14 100 - - - -
3. 4.25 13 - - C46 100 C16 100 - - - -
4. 4.23 10 - - A11 100 A17 100 - - - -

4. CAPITAL STRUCTURE

1. 4.43 22 - - C10 100 A6 100 - - - -
2. - - 4.43 4 C12 100 C4 100 - - - -
3. - - 4.44 6 C30 100 C7 100 N16 5 - -

5. LEVERAGES

1. - - - - C21 100 - - - - - -

IPCC | Guess Questions | Group - 1 | Old Syllabus | Nov 2018
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6. WORKING CAPITAL MANAGEMENT

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7. RATIO ANALYSIS

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8. FUNDS FLOW STATEMENT

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FINANCIAL MANAGEMENT (THEORY)

1. SCOPE AND OBJECTIVE OF FINANCIAL MANAGEMENT

1. Explain as to how the wealth maximisation objective is superior to the profit maximisation objective?
2. Discuss the functions of a Chief Financial Officer.
3. Explain the two basic functions of Financial Management.

2. TIME VALUE OF MONEY

1. Explain the relevance of Time value of money in financial decisions?

3. CAPITAL BUDGETING

1. Distinguish between Net Present Value and Internal Rate of Return.

4. COST OF CAPITAL

1. Define the following terms (a) Cost of Capital (b) Components of Cost of Capital (c) Marginal Cost of Capital.
2. If a company finds that its cost of capital has changed does this affect the Profitability of the company?

5. CAPITAL STRUCTURE DECISIONS

1. Discuss the major considerations in Capital Structure planning.
2. What is Over Capitalisation? State its causes and consequences.
3. What is Under Capitalisation? State its causes and consequences.

6. LEVERAGE

1. Differentiate between Business risk and Financial risk.

7. WORKING CAPITAL MANAGEMENT

1. Discuss the liquidity vs. Profitability issue in Management of Working Capital.
2. Define Treasury Management? What are the functions of Treasury Management?
3. Explain the following 1. Concentration Banking 2. Lock Box System.
4. Write short note on Different kinds of float with reference to management of cash.

**8. CASH FLOW & FUNDS FLOW ANALYSIS**

1. "Cash flow statement is useful for short-term planning" comment

**9. RATIO ANALYSIS**

1. Explain briefly the limitations of financial ratios.
2. Explain the important ratios that would be used in each of the following situations

**10. SOURCES OF FINANCE**

1. What is Venture Capital Financing? What are the characteristics of Venture Capital Financing?
2. What is debt securitisation? Explain the basics of debt securitisation process?
3. Distinguish between Financial lease and Operating lease.
4. What are the other types of Leases?
5. Write short notes on Global Depository Receipts (GDR’S)?
6. Write a short note on Bridge Finance?
7. Seed Capital Assistance
8. Deep Discount Bonds
9. Secured Premium Notes
10. Zero Coupon Bonds

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**INCOME TAX (PROBLEMS)**

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**INTRODUCTION TO INCOME TAX**

1. RESIDENTIAL STATUS

**INCOME FROM SALARIES**

1. 4.11 2 4.84 1 A16 100 - - - - -
2. 4.15 4 4.89 4 A11 100 - - - - -
3. - - - - - - - - - N16 5(a)(ii) -
4. - - - - - - - - - N16 3 - - -

**INCOME FROM HOUSE PROPERTY**

1. 4.58 5 4.136 4 C13 100 - - - - -
2. 4.53 2 4.138 5 C11 100 - - - - -
3. 4.64 9 - - - - - - - A5 100 N16 4

**PGBP**

1. 4.102 6 4.171 3 A34 100 - - - - -
2. - - 4.182 5 C2 100 - - - - -
3. - - 4.199 9 A2 100 - - - - -
4. - - 4.213 13 C10 100 - - - - -
5. - - 4.251 19 C21 100 - - - - -
6. 4.132 33 4.264 21 A31 100 - - - - -
7. 4.94 2 4.272 1 C5 80 - - - - -
8. 4.117 21 4.275 3 C17 100 - - - - -
9. 4.119 22 4.277 4 C27 100 - - - - -
10. 4.146 44 4.280 7 C31 100 M17 4(a) - - -
11. 4.143 43 4.284 9 A24 100 - - - - -
12. 4.137 39 4.288 10 - - - - - - -
13. 4.111 14 - - - - - - - C9 100 - - - - -
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**CAPITAL GAINS**

| 1.   | - | - | 4.337 | 4 | TTBT1 | 100 | - | - | - | - |
| 2.   | - | - | 4.340 | 5 | A2   | 100 | - | - | - | - |
| 3.   | 4.192 | 19 | 4.355 | 8 | ILL-10 | 100 | - | - | - | - |
| 4.   | - | - | 4.356 | 9 | ILL-9 | 90 | - | - | - | - |
| 5.   | - | - | 4.357 | 11 | ILL-5 | 99 | - | - | - | - |
| 6.   | 4.202 | 29 | 4.399 | 5 | C13   | 100 | - | - | - | - |
| 7.   | - | - | 4.402 | 7 | A22   | 90 | - | - | - | - |
| 8.   | 4.176 | 6 | - | - | C8   | 100 | - | - | M11 | 5(a) |
| 9.   | 4.206 | 32 | - | - | A16  | 100 | - | - | M14 | 5(a) |
| 10.  | 4.213 | 39 | - | - | C16  | 95 | - | - | N12 | 3(a) |
| 11.  | 4.214 | 40 | - | - | C7   | 100 | - | - | - | - |
| 12.  | - | - | - | - | - | - | M15 | 7 | - | - |
| 13.  | - | - | - | - | - | - | N15 | 6 | - | - |

**INCOME FROM OTHER SOURCES**

| 1.   | 4.232 | 10 | 4.430 | 1 | ILLU  | 100 | - | - | - | - |
| 2.   | - | - | 4.432 | 2 | EXP   | 100 | - | - | - | - |
| 3.   | - | - | 4.439 | 4 | C3    | 100 | - | - | - | - |
| 4.   | 4.224 | 3 | 4.457 | 4 | A1    | 100 | - | - | - | - |
| 5.   | 4.225 | 4 | 4.458 | 5 | -     | -   | - | - | - | - |
| 6.   | 4.230 | 9 | 4.459 | 7 | A9    | 100 | - | - | - | - |
| 7.   | - | - | - | - | A10  | 100 | N16 | 7 | - | - |
| 8.   | - | - | - | - | - | - | M17 | 7 | - | - |

**CLABBING PROVISIONS**

| 1.   | - | - | 5.6 | 2 | - | - | - | - | - | - |
| 2.   | - | - | 5.6 | 4 | A7   | 100 | - | - | - | - |
| 3.   | 5.9 | 8 | 5.12 | 8 | A4   | 100 | - | - | - | - |
| 4.   | 5.4 | 2 | 5.16 | 2 | C2   | 100 | - | - | - | - |
| 5.   | 5.14 | 14 | 5.27 | 11 | A2   | 100 | - | - | - | - |
| 6.   | 5.12 | 12 | 5.27 | 13 | C3   | 100 | - | - | - | - |

**SET OFF AND CARRY FORWARD OF LOSSES**

| 1.   | - | - | 6.5 | 1 | A3   | 100 | N16 | 8 | - | - |
| 2.   | 6.8 | 4 | 6.14 | 2 | A7   | 100 | - | - | - | - |
| 3.   | 6.11 | 6 | 6.18 | 4 | C6   | 100 | - | - | - | - |
| 4.   | 6.21 | 12 | 6.20 | 5 | C7   | 100 | - | - | - | - |
| 5.   | 6.6 | 3 | 6.24 | 7 | A2   | 100 | - | - | - | - |
| 6.   | 6.9 | 5 | 6.26 | 8 | C2   | 100 | - | - | M13 | 4(a) |

**DEDUCTIONS**

<p>| 1.   | - | - | 7.20 | 5 | C3   | 100 | - | - | - | - |
| 2.   | 7.9 | 3 | 7.27 | 7 | ILL  | 100 | - | - | - | - |
| 3.   | - | - | 7.41 | 14 | A11  | 100 | - | - | - | - |
| 4.   | 7.18 | 2 | 7.44 | 15 | C14  | 100 | - | - | - | - |
| 5.   | - | - | 7.48 | 17 | C16  | 100 | - | - | - | - |
| 6.   | - | - | 7.52 | 18 | C19  | 100 | - | - | - | - |
| 7.   | 7.16 | 12 | 7.68 | 11 | TTBT1 | 100 | - | - | - | - |
| 8.   | 7.8 | 2 | 7.69 | 13 | C9   | 100 | - | - | - | - |
| 9.   | 7.13 | 7 | 7.57 | 3 | C18  | 100 | - | - | - | - |</p>
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**RETURN OF INCOME**

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**ADVANCE TAX AND INTEREST**

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**EXEMPTED INCOME**

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**TDS AND TCS**

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INTRODUCTION TO INCOME TAX

2. Describe average rate of tax and maximum marginal rate under section 2(10) and 2(29C) of the Income-tax Act, 1961.
3. State any four instances where the income of the previous year is assessable in the previous year itself instead of the assessment year.
4. Write short note on “Income accruing” and “Income due”. Can an income which has been taxed on accrual basis be assessed again on receipt basis?
5. An employee instructs his employer to pay a certain portion of his salary to a charity and claims it as exempt as it is diverted by overriding charge / title – Comment.
6. Who is an “Assessee”? Who is a “Deemed Assessee”? Who is an “Assessee in Default”? Explain with suitable examples.
7. Write short notes on “Year of accrual of dividend”.

RESIDENTIAL STATUS

1. Distinguish between Application of Income and Diversion of Income.
2. Discuss the provisions relating to determination of residential status of Hindu undivided family, partnership firm and company.
3. State with reasons whether the following receipts are taxable or not under the provisions of Income-tax Act, 1961?
   a) Mr. Suri received a sum of Rs.5,00,000 as compensation, from “Yatra Foundation”, towards the loss of property on account of Flood Disaster at Chennai during December 2017.
   b) Mr. Suman received an advance of Rs.3 lakhs on 06-06-2017 to transfer his residential house property. Since the transfer was not effected during the previous year due to failure in negotiations, he deducted the advance money forfeited from the cost of acquisition of the property.
   c) Mr. Federer, a non-resident residing in Sweden, has received rent from Mr. Nadal, also a non-resident residing in France in respect of a property taken on lease at Mumbai. Since this income is received outside India from a non-resident, Federer claims that his income is not chargeable to tax in India.
   d) TDS is not applicable in respect of payment of Rs.1,00,000 to Mr. Pandey a resident, being interest on recurring deposit with SBI.
4. Explain the term “Business Connection” under section 9(1)
5. Examine the correctness or otherwise of the statement- “Income deemed to accrue or arise in India to a non-resident by way of interest, royalty and fees for technical services is to be taxed irrespective of territorial nexus”.
6. An individual, who is an Indian resident, is allowed to hold two different citizenships simultaneously. Is the citizenship a determining factor for residential status of an individual?
7. State the activities and operations, income from which is not deemed to accrue or arise in India.
8. When is an individual and HUF said to be “Resident and ordinarily Resident” under the Income-tax Act, 1961?

INCOME FROM SALARIES

1. Distinguish between foregoing of salary and surrender of salary.
2. How is advance salary taxed in the hands of an employee? Is the tax treatment same for loan or advance against salary?
3. Write short notes on -
   a) Profits in lieu of salary
   b) Specified employees
   c) Sec.10(10C)
4. Is retrenchment compensation received by workmen taxable under the Act? If yes, to what extent is it taxable?
5. When is provision of medical facilities or assistance by an employer not treated as a perquisite in the hands of the employee? Discuss.
INCOME FROM HOUSE PROPERTY

1. Explain briefly the applicability of section 22 for chargeability of income-tax for:
   i) House property situated in foreign country and
   ii) House property with disputed ownership.

2. Ownership itself is the criteria for assessment under the head income from house property. Discuss.

3. Discuss the following issues relating to income from house property:
   i) Income earned by residents from house properties situated in foreign countries.
   ii) Properties which are used for agricultural purposes.

4.
   i) X let out his property to Y. Y sublets it. How is sub-letting receipt to be assessed in the hands of Y?
   ii) Y has built a house on a leasehold land. He has let out the property and claims that the income therefrom is chargeable under the head “Income from other sources”. He has deducted expenses on repairs, security charges, insurance and collection charges in all amounting to 40% of receipts. Is Mr. Y’s claim valid?
   iii) Z uses his property for his own business. Would the annual value be subject to tax under the head “Income from house property”?
   iv) Ravan was an assessee who is engaged in the business of real estate. He lets out a building (stock in trade) to Ram for the period May 2017 to November 2017 due to his worst business conditions. He wants to claim avail a benefit under the head income from house properties. He needs your advice in this regard as an income tax practitioner.

5. Write about Taxability of recovery of unrealized rent & arrears of rent received U/S 25A?

6. What do you understand by “Composite Rent”? What is the tax treatment of Composite Rent under the Income-tax Act, 1961?

PROFITS/GAINS FROM BUSINESS OR PROFESSION

1. What are intangible assets? Give four examples. What is the rate of depreciation on a block of intangible assets?

2. Discuss the concept of “block of assets” under the Income-tax Act, 1961.

3. What are the applicable depreciation rates as amended by the FA 2017 for the following depreciable assets –
   a) Purely temporary erections such as wooden structures
   b) Air & Water pollution control equipment
   c) Energy saving devices
   d) Books
   e) Oil wells

4. State whether the deduction under Sec.35AD is applicable to an assessee who is engaged in the business of developing the infrastructural facilities and commenced his business on 14.05.2017 in pursuance to an agreement with A.P. government.

   Would your answer be same if the assessee pays a sum of Rs.12,000 in cheque in respect of the same business?

5. Write short note on Sec.35CCC, 35CCD

6. SBI Ltd has claimed a provision of bad debts of Rs.17 crores under Sec.36 (1)(viiA). The bank submits you the following information
   a) Gross total income is Rs.200 crores
   b) No advances has been given by its rural branches

   But the chairman seeks your advice that it can do so as far as the Income tax Act is concerned.

7. What are the conditions to be satisfied for the allowability of expenditure under section 37 of the Income-tax Act, 1961?

8. State with reasons, for the following sub-divisions, whether the following statements are true or false having regard to the provisions of the Income-tax Act, 1961:
   a) For a dealer in shares and securities, securities transaction tax paid in a recognized stock exchange is permissible business expenditure.
   b) Where a person follows mercantile system of accounting, an expenditure of Rs. 15,000 has been allowed on accrual basis and in a later year, in respect of the said expenditure, assessee makes the payment of Rs. 15,000 through a cheque crossed. The disallowance of Rs. 15,000 under section 40A(3) can be attracted in the year of payment.
c) It is mandatory to provide for depreciation under section 32 of the income-tax Act, 1961, while computing income under the head "Profits and Gains of Business or Profession".

d) The mediclaim premium paid to GIC by Mr. Lomesh for his employees, by a draft, on 27.12.2017 is a deductible expenditure under section 36.

e) Under section 35DDA, amortization of expenditure incurred under eligible Voluntary Retirement Scheme at the time of retirement alone, can be done.

f) An existing assessee engaged in trading activities, can claim additional depreciation under Section 32(1)(iia) in respect of new plant acquired and installed in the trading concern, where the increase in value of such plant as compared to the approved base year is more than 10%.

9. Answer the following with reference to the provisions of the Income-tax Act, 1961:

a) Bad debt claim disallowed in an earlier assessment year, recovered subsequently. Is the sum recovered chargeable to tax?

b) Tax deducted at source on salary paid to employees not remitted till the ‘due date’ for filing the return prescribed in section 139. Is the expenditure to be disallowed under section 40(a)(iia)?

c) X Co. Ltd. paid Rs. 120 lakhs as compensation as per approved Voluntary Retirement Scheme (VRS) during the financial year 2017-18. How much is deductible under section 35DDA for the assessment year 2018-19?

d) Bad debt of Rs. 50,000 written off and allowed in the financial year 2015-16 recovered in the financial year 2017-18.

10. Write short notes on:

i) Restrictions on deductions allowable to the partnership firm in respect of salary and interest to its partners under section 40(b) of the Income-tax Act, 1961.

ii) Carry forward and set off of unabsorbed depreciation.

iii) Additional depreciation.

11. X Ltd. follows mercantile system of accounting. After negotiations with the bank, interest of Rs.4 lakhs (including interest of Rs.1.2 lakhs pertaining to year ended 31.03.2018 has been converted into loan. Can the interest of Rs.1.2 lakhs so capitalized be claimed as business expenditure?

12. List items of expenses which otherwise are deductible shall be disallowed, unless payments are actually made within the due date for furnishing the return of income under Section 139(1). When can the deduction be claimed, if paid after the said date?

13. Raghav Industries Ltd. furnishes you the following information for the year ended 31-03-2018:

a) Scientific research expenditure related to its business Rs.2,40,000 fully revenue in nature.

b) Building acquired for scientific research (including cost of land Rs.5,00,000) in June 2017 for Rs.12,00,000.

c) Amount paid to Indian Institute of Science, Bangalore for scientific research Rs. 50,000.

d) Demerger expenses incurred in financial year 2016-17 Rs.5,00,000.

e) Contribution to the account of employees as per pension scheme referred to in section 80CCD amounted to Rs.30,00,000. Amount above 10% of the salary of employees is Rs.7,00,000.

f) Amount recovered from employees towards provident fund contribution Rs.12,00,000 of which amount remitted up to the end of the year was Rs.7,00,000 and the balance was remitted before the 'due date' for filing the return prescribed in Section 139(1).

g) Tax on non-monetary perquisites provided to the employees, borne by the employer Rs.4,50,000.

h) Gain due to change in the rate of exchange of foreign currency Rs.1,00,000 related to import of machinery. The machinery was acquired two years ago and put to regular use since then. Explain in brief how the above said items would be dealt with for the A.Y. 2018-19.


15. Write about Sec.44AD, 44ADA and 35ABA.

16. State the validity of the below statement in accordance with the Income tax Act, 1961

“It is mandatory to get the books of accounts audited for an assessee who is paying tax under Sec.44AA and whose total income is Rs.1.98 crores”

17. Discuss, on the basis of the provisions of Income-tax Act, 1961 as amended by the Finance Act, 2017, the correctness or otherwise of the following statements:
i) Where new plant and machinery acquired during the P.Y. 2017-18 is put to use for less than 180 days in that year, additional depreciation allowable under section 32(1)(iiia) for A.Y.2018-19 is restricted to 10% (i.e., 50% of 20%). The balance additional depreciation cannot be claimed in future.

ii) A new machinery has been purchased for Rs.3,00,000 which was paid in by way of a bearer cheque and the assessee can claimed the depreciation on the same as the same was not in violation with Sec.43(1) to be termed as actual cost?

iii) A manufacturing company set up in Vaishali, a notified backward area in the State of Bihar, acquires and installs new plant and machinery for Rs.30 crores in the P.Y. 2017-18. For A.Y.2018-19, it is entitled to deduction either under section 32AC or section 32AD, but not both.

iv) Interest paid in respect of capital borrowed for acquisition of an asset, for the period up to the date on which the asset is first put to use must not be capitalized, if the acquisition of the asset is not for extension of existing business or profession.

18. Discuss the deductibility or otherwise of the following expenditure incurred by Purnit Agro Industries, while computing its business income for the year ended 31-03-2018:
   i) Revenue expenditure of Rs. 5,65,000 on scientific research related to its business.
   ii) Land & Building acquired for scientific research (cost of land is Rs. 9,50,000) in September 2017 for Rs. 22,00,000.
   iii) Contribution to the account of employees as per pension scheme referred to in section 80CCD amounted to Rs. 45,00,000. Amount above 10% of the salary of employees is Rs. 6,80,000.
   iv) Tax on non-monetary perquisites provided to the employees, borne by the employer Rs. 5,50,000.

19. Comment on the allowability of the following claim made by the assessee:
   Mr. Achal, a hotelier, claimed expenditure on replacement of linen and carpets in his hotel as revenue expenditure.

20. Is it compulsory for an assessee to claim depreciation under section 32 of the Income-tax Act, 1961?

21. Which are the deductions allowable only on actual payment under section 43B?

22. Write short notes on -
   i) Enhanced depreciation
   ii) Set-off and carry forward of unabsorbed depreciation.

1. State the validity of the following statements -
   a) The provisions of capital gains will not attract in a case where a non-resident transferred rupee denominated bonds held by him to another non-resident outside India.
   b) The provisions of capital gains will not attract in a case where a transfer has been made by way of conversion of preference shares of a company into equity shares of that company.
   c) In case of non-resident assessee, any gains arising on account of rupee appreciation against foreign currency at the time of redemption of rupee denominated bond of an Indian company held by him shall not be included in computation of full value of consideration.

2. “The consideration shall be deemed to be the FMV in a case where unlisted shares were transferred at a consideration which is less than the FMV”. Is this statement valid?

3. Discuss the provision under the income-tax Act, 1961 for payment of advance tax in case of capital gains.

4. What are the difference between 43CA and 50C.

5. Write about Sec.45(5A), 54EE.

6. Write short note on reverse mortgage.

7. Mr. Abhishek a senior citizen pledged his residential house with a bank, under a notified reverse mortgage scheme. He was getting loan from bank in monthly installments. Mr. Abhishek did not repay the loan on maturity and hence gave possession of the house to the bank, to discharge his loan. How will the treatment of long-term capital gain be on such reverse mortgage transaction?

8. How will you calculate the cost of acquisition in case of the following assets?
   a) equity shares received at the time of conversion of preference shares referred under Section 45(5A)
   b) capital asset, being share in the project c) units acquired under consolidated plan of Mutual Fund
9. Discuss the tax implications arising consequent to conversion of a capital asset into stock-in-trade of business and its subsequent sale.

10. What is the cost of acquisition of self-generated assets, for the purpose of computation of capital gains?

11. List ten transactions which are not regarded as transfer for the purpose of capital gains. Discuss the provisions relating to the same.

12. Ms. Vasudha contends that sale of a work of art held by her is not eligible to capital gains tax. Is she correct?

13. State, with reasons, whether the following statements are True or False.
   (i) Alienation of a residential house in a transaction of reverse mortgage under a scheme made and notified by the Central Government is treated as "transfer" for the purpose of capital gains.
   (ii) Zero coupon bonds of eligible corporation, held for more than 12 months, will be long-term capital assets.
   (iii) In the case of a dealer in shares, income by way of dividend is taxable under the head “Profits and gains of business or profession”.
   (iv) Where an urban agricultural land owned by an individual, continuously used by him for agricultural purposes for a period of two years prior to the date of transfer, is compulsorily acquired under law and the compensation is fixed by the State Government, resultant capital gain is exempt.
   (v) Zero Coupon Bond means a bond on which no payment and benefits are received or receivable before maturity or redemption.
   (vi) Income from growing and manufacturing tea in India is treated as agricultural income wholly.

14. How will you calculate the period of holding in case of the following assets?
   (1) Shares held in a company in liquidation
   (2) Bonus shares
   (3) Flat in a co-operative society
   (4) Transfer of a security by a depository (i.e., demat account)

15. Write short notes on -
   a) Provisions relating to Capital gains in the case of slump sale under section 50B
   b) Provisions relating to Reference to Valuation Officer under section 55A

INCOME FROM OTHER SOURCES

1. State with proper reasons whether the following statements are True/False with regard to provisions of Income-tax Act, 1961:
   a) “A” receives Rs 2 lakh from his friends on the occasion of his marriage on 22.04.2017 and Rs 1 lakh from his brother of his father-in-law on 31.12.2017. A’s income includible under “other sources” for the previous year 2017-18 would be Rs 3 lakh.
   b) Dividend received (on which no Dividend Distribution Tax has been paid) by a dealer in shares or one engaged in buying/selling of shares, is chargeable under the head “Income from other sources”.
   c) Any amount received by an individual or his legal heir as compensation for natural disaster from the Government, is taxable.
   d) Rahul holding 28% of equity shares in a company, took a loan of Rs.5,00,000 from the same company. On the date of granting the loan, the company had accumulated profit of Rs.4,00,000. The company is engaged in some manufacturing activity.
      i) Is the amount of loan taxable as deemed dividend in the hands of Rahul, if the company is a company in which the public are substantially interested?
      ii) What would be your answer, if the lending company is a private limited company (i.e. a company in which the public are not substantially interested)?

2. Examine the following transactions in the context of Income-tax Act, 1961:
   a) Mr. B transferred 500 shares of Reliance Industries Ltd. to M/s. B Co. (P) Ltd. on 10.10.2017 for Rs. 3,00,000 when the market price was Rs. 5,00,000. The transfer was not subjected to securities transaction tax.
      Determine the income chargeable to tax in the hands of Mr. B and M/s. B Co. (P) Ltd.
b) Mr. Chezian is employed in a company with taxable salary income of Rs. 5,00,000. He received a cash gift of Rs. 1,00,000 from Atma Charitable Trust (registered under section 12AA) in December 2017 for meeting his medical expenses.

Is the cash gift so received from the trust chargeable to tax in the hands of Mr. Chezian?

3. When would the dividend income be taxed in the hands of a shareholder?

4. Write short notes on -
   a) Bond washing transactions
   b) Dividend stripping
   c) Deduction under 57

5. Write about Sec.115BBD.

6. State the incomes which are chargeable only under the head “income from other sources”.

7. What are the deductions allowable under section 57 of the Income-tax Act, 1961 in respect of “income from other sources”?

CLUBBING PROVISIONS

1. Write about Sec.64(2).

2. Discuss the tax implications of income arising from revocable transfer of assets. Write about the implications of clubbing provisions with respect to recoverable transfer of assets.

3. Explain the provisions of the Income-tax Act, 1961, with regard to clubbing of income of spouse under section 64.

4. Discuss the tax consequences arising on conversion of self-acquired property into joint family property.

5. Write short notes on the following in the context of clubbing of income—
   a) Substantial interest
   b) Transfer and revocable transfer.

SET OFF AND CARRY FORWARD OF LOSSES

1. Write about Sec.78,79.


3. Write short notes on –
   a) Inter-head adjustment
   b) Inter-source adjustment.

4. Write short notes on: “Loss can be carried forward only by the person who has incurred the loss”.

DEDUCTIONS

1. Write about following Sections.
   a) 80C
   b) Sec.80CCD
   c) Sec.80EE
   d) 80CCG
   e) Sec.80C – LIC premium treatment and repayment of housing loan

2. Explain how contributions to political parties are deductible in the hands of corporate and non-corporate assessee under the income-tax law.

3. Write short notes on –
   a) Deduction in respect of royalty income on patents
   b) Deduction in respect of royalty income of authors of certain books.
   c) Deduction in respect of royalty income on patents.
   d) Deduction from Gross Total Income under section 80GG.

4. State with proper reasons whether the following statements are True/False with regard to the provisions of the Income-tax Act, 1961:
   i) During the financial year 2017-18, Mr. Amit paid interest on loan availed by him for his son’s higher education. His son is already employed in a firm. Mr. Amit will get the deduction under section 80E.
   ii) Subscription to notified bonds of NABARD would qualify for deduction under section 80C.
   iii) In order to be eligible to claim deduction under section 80C, investment/contribution/subscription etc. in eligible or approved modes, should be made from out of income chargeable to tax.
iv) Where an individual repays a sum of Rs. 30,000 towards principal and Rs. 14,000 as interest in respect of loan taken from a bank for pursuing eligible higher studies, the deduction allowable under section 80E is Rs. 44,000.

v) Mrs. Sheela, widow of Mr. Satish (who was an employee of M/s. XYZ Ltd.), received Rs. 7 lakhs on 1.5.2017, being amount standing to the credit of Mr. Satish in his NPS Account, in respect of which deduction has been allowed under section 80CCD to Mr. Satish in the earlier previous years. Such amount received by her as a nominee on closure of the account is deemed to be her income for A.Y.2018-19.

5. State with proper reasons whether the following statements are True/False with regard to the provisions of the Income-tax Act, 1961:
   i) Mrs. Leena, widow of Mr. Sahitya (who was an employee of M/s. ABC Ltd.), received Rs. 9 lakhs on 11.12.2017, being amount standing to the credit of Mr. Sahitya in his NPS Account, in respect of which deduction has been allowed under section 80CCD to Mr. Sahitya in the earlier previous years. Such amount received by her as a nominee on closure of the account is deemed to be her income for A.Y.2018-19.
   ii) Mr. Gopal, a businessman, whose total income (before allowing deduction under section 80GG) for A.Y.2018-19 is Rs. 3,80,000, paid house rent at Rs. 8,000 p.m. in respect of residential accommodation occupied by him at Chennai. He is eligible to claim flat deduction of Rs. 60,000 under section 80G for A.Y.2018-19.
   iii) Mr. Anay purchased a residential house property for self-occupation at a cost of Rs. 40 lakh on 1.7.2017, in respect of which he took a housing loan of Rs. 32 lakh from Oriental Bank of Commerce@11% p.a. on the same date. He does not own any other house property. He is eligible to claim deduction of Rs. 2 lakh under section 24(b) out of the total interest paid or payable by him during the previous year 2017-18. He is not eligible for deduction of interest paid by him under any other provision of the Income-tax Act, 1961.

RETURN OF INCOME

1. Explain in brief about the following –
   a) Loss return under Sec.139(3).
   b) Belated return under Sec.139(4).
   c) Revised return under Sec.139(5).
   d) Defective return under Sec.139(9).

2. Write short note on the following -
   a) Sec.140A
   b) Sec.234F.

3. An assessee was not required to quote the Aadhar under Sec.139AA in the application of allotment of PAN and return of income. Comment.

4. Who can sign on a return of income under Sec.140?

5. Explain the term "return of loss" under the Income-tax Act, 1961. Can any loss be carried forward even if return of loss has not been filed as required?

6. Is a political party required to file return of income? State the provisions applicable under the Income-tax Act, 1961.

7. Filing of return of income on or before due date is necessary for carry forward of losses – Discuss the correctness of this statement.

8. List ten transactions for which quoting of permanent account number is mandatory.

9. Who are the persons authorised to verify the return of income in the case of –
   a) Hindu Undivided Family
   b) Company
   c) Partnership firm

EXEMPTED INCOMES

1. An entrepreneur who was willing to commence his business in the FY 2020-21 being a manufacturer to manufacture or produce articles or things or provides services in SEZ as defined under SEZ Act, 2005 can claim deduction under Sec.10AA. Comment.

2. Can a political party claim exemption of its income under section 13A of the Income-tax Act, 1961?

3. When can a charitable trust avail benefits under section 11 & 12 of the Income-tax Act, 1961?

4. What are the conditions to be fulfilled by a Charitable Trust under section 12A for applicability of exemption provisions contained in sections 11 and 12?
5. Write short note on the following –
   a) Exemption to a political party under Sec.13A.
   b) Exemption to an electoral Trust under Sec.13B.

**TDS & TCS**

1. Certain concessions are granted to transport operators in the context of cash payments under section 40A(3) and deduction of tax at source under section 194-C. Elucidate.

2. Write a short note on the following
   a) Sec.194IB
   b) Sec.194IC
   c) Sec.197A

3. XYZ Ltd. Makes a payment of Rs.28,000 to Mr. Ganesh on 02.08.2017 towards fees for professional services and another payment of Rs.25,000 to him on the same date towards fees for technical services. Discuss whether TDS provisions under section 194J are attracted.
   Would your answer be the same if Mr. Ganesh is engaged only in the business of operation of Call Centre?

4. Rs.2,50,500 paid as a compensation to Mr. Bansi on 05.05.2017 by State Government on compulsory acquisition of his urban land. State whether any liability of TDS attracts under Sec.194LA.
   Would your answer be the same if the amount paid to Mr. Bansi is on account of enhanced compensation?

5. Who is the person liable to pay tax under Sec.204 in respect of a payment to a non-corporate nonresident, or to a foreign company irrespective of the taxability in India?

6. What are the consequences of failure to deduct or pay the tax under section 201 of the Income-tax Act, 1961?

**SECTION 45(5A)**

Mr. X purchased a residential plot on 01.01.1998 for Rs.50,00,000. FMV of plot as on 01.04.2001 is Rs.65,00,000. Alpha builder enters into a Development Agreement with Mr. X on 01.05.2017 on the following terms and conditions:

a) Mr. X will hand over the possession of plot to Alpha Builders on 01.05.2017.

b) Alpha builders will pay a cheque of Rs.60,00,000 to Mr. X on 01.05.20 17.

c) Alpha builders will construct 10 residential units on the plot of land and will give 6 units to Mr. X. The 10 units shall be completed by 30.06.20 19 and on that date 6 units will be handed over to Mr. X.

d) The stamp duty value of plot as on 01.05.2017 in Rs.2 Crores.

e) The stamp duty value of each flat on 30.06.2019 is Rs.45 Lakhs

**CASE I:** The project completion certificate is issued by competent authority on 30.06.20 19. 6 units are handed over to Mr. X on 30.06.20 19.

**CASE II:** The project completion certificate is issued by competent authority on 30.04.2020 and on that date the stamp Duty Value of each flat is Rs.50 Lakh. 6 units are handed over to Mr. X on 30.04.2020.

**Answer:**

- There is a “Transfer” on 01.05.2017 in hands of Mr. X since he has given the possession of residential plot pursuant to Development Agreement.
- However as per section 45(5A) introduced by Finance Act, 2017, the capital gains shall not be taxable in Previous Year 31.03.2018 but shall be taxable in the Previous Year in which certificate of completion is issued by competent Authority. Thus, capital gains shall be taxable.
- Section 45(5A) is applicable since assessee is an individual
- The holding period of residential plot shall be taken from 01.01.1998 to 30.04.20 17 i.e. long term.
- As per section 55, the COA of plot is 50,00,000 or FMV as on 01.04.2001, whichever is higher. Therefore, COA of plot is 65,00,000.
- The sale consideration of plot shall be worked out as under as per section 45(5A):

  Sale consideration = SDV on the date of issue of completion certificate of his share in land / building in project plus consideration received in cash.

- Capital Gains shall be worked out as under:

  **CASE I:** In Previous Year 31.03.2020, when completion certificate is issued by Competent Authority.
Assessment Year 2020-21

Capital Gains:
Period of holding : 01.01.1998 to 30.04.2017 (Long Term)

Sales Price:
SDV of 6 Flats on 30.06.2019 + Cash received : 45 Lakh x 6 + Rs.60,00,000 Rs.3,30,00,000
Cost of Acquisition : Rs. 65,00,000
Less: Indexed Cost of Acquisition : 65,00,000 X 272/100 Rs.1,76,80,000
Long term Capital Gain Rs.1,53,20,000

CASE II: In Previous Year 31.03.2021, when completion certificate is issued by Competent Authority.

Assessment Year 2021-22

Capital Gains:
Period of holding : 01.01.1998 to 30.04.2017 (Long Term)

Sales Price:
SDV of 6 Flats on 30.04.2020 + Cash received : 50 Lakh x 6 + Rs.60,00,000 Rs.3,60,00,000
Cost of Acquisition :
Less: Indexed Cost of Acquisition : 65,00,000 X 272/100 Rs.1,76,80,000
Long term Capital Gain Rs.1,83,20,000

GOODS AND SERVICES TAX (GST)

1. INTRODUCTION TO GST

THEORY:
1. Enumerate the deficiencies of the existing indirect taxes which led to the need for ushering into GST regime.
2. Discuss the dual GST model to be introduced in India.
3. Write about GST council.
4. Discuss how GST resolved the double taxation dichotomy under previous indirect tax laws.
5. Explain about Article 246A “Power to make laws with respect to Goods and Services Tax “.
6. Write about the benefits of GST.
7. “State Government has exclusive power to notify a transaction to be supply of goods or services.” Discuss the correctness of the statement.

PROBLEMS:
1. Ravan of Guntur supplies goods worth Rs.1,00,000 to Meghanath of Gudivada. Further, the same goods has been sold by Meghanath to Vibheesha of Hyderabad for Rs.1,20,000. Is GST could be levied on these transactions? If so how?
2. Rama of Guntur supplies goods worth Rs.1,00,000 to Meghanath of Chandigarh. Is GST could be levied? If so how?

2. SUPPLY

THEORY:
1. What is the taxable event under GST?
2. Define the following terms
   a) Goods.
   b) Services.
3. Write about the taxability of GST in respect of gifts given by an employer to his employee.
4. What is the negative list under GST?
5. What does “capital goods” mean under CGST Act? Explain
6. Explain the concept of “related persons” as given under CGST Act?
7. What is the tax treatment of composite supply and mixed supply under GST?
8. Supply of all goods and/or services is taxable under GST. Discuss the validity of the statement.
9. Whether transfer of title and/or possession is necessary for a transaction to constitute supply of goods?
10. State the necessary elements for a supply to be chargeable to GST.
11. Modest Ltd., registered in Delhi dealing in supply of electronic items transferred some of its stock to its another unit located in Haryana (inter-state transfer). Whether such self-supplies are taxable under GST?

**PROBLEMS:**

1. Examine whether the following activities would amount to supply under section 7 of the CGST Act:
   a) Damodar Charitable Trust, a trust who gets the eye treatment of needy people done free of cost, donates clothes and toys to children living in slum area.
   b) Sulekha Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold.
   c) Raman is an Electronic Commerce Operator in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.

   Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai?

2. State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of the CGST Act:
   a) Renting of immovable property
   b) Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business, whether or not for consideration.
   c) Transfer of right in goods without transfer of title in goods.
   d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

3. Determine whether the following supplies amount to composite supplies:
   a) A hotel provides 4 days-3 nights package wherein the facility of breakfast and dinner is provided along with the room accommodation.
   b) A toothpaste company has offered the scheme of free toothbrush along with the toothpaste.

4. Sahab Sales, an air-conditioner dealer in Janakpuri, Delhi, needs 4 air-conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply under section 7 of the CGST Act, 2017.

   Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air-conditioner to Sahab Sales for Rs.5,000. Aakash had bought the said air-conditioner six months before, for his residence. Does sale of the air-conditioner by Aakash to Sahab Sales amount to supply under section 7 of the CGST Act, 2017?

5. Examine whether the following activities would amount to supply under section 7 of the CGST Act:
   a) Sudhakar Charitable Trust, a trust that gets the eye treatment of underprivileged children done free of cost, donates clothes and toys to children living in slum area.
   b) Rooplekha Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from the factory in Delhi to the Mumbai depot without consideration so that the same can be sold.
   c) Daman is an interior decorator in Chennai. His brother who is settled in London is a well-known lawyer. Daman has taken legal advice from him free of cost with regard to his family dispute.

**THEORY:**

1. Define the term consideration.
2. What are the items that are excluded from the levy of GST?
3. Who are the persons that are liable to pay GST under section 9 (3), Reverse Charge mechanism?
4. Write about Composition scheme.
5. Can any person other than the supplier or recipient be liable to pay tax under GST?
6. M/s X & Sons, tax consultant of Zenson Ltd., have advised them that reverse charge mechanism is applicable only to services. Examine the validity of the advice given by M/s X & Sons.
7. Pepper & Salt Ltd., registered in Madhya Pradesh has the turnover amounting to Rs. 80 lakh in the financial year 2017-18. It wants to avail the benefit of composition scheme in the year 2018-19. You are required to advise Pepper and Salt Ltd. regarding the availability of composition scheme in the year 2018-19.

Will your answer change, if Pepper & Salt Ltd. is registered in Arunachal Pradesh?

8. Mr. X availing composition scheme during a financial year crosses the turnover of Rs.1 crore during the course of the year i.e. say he crosses the turnover of Rs.1 Crore in December? Will he be allowed to pay tax under composition scheme for the remainder of the year i.e. till 31st March?

9. LP Ltd., obtains registration for paying taxes under section 9 of CGST Act. He asked his tax manager to pay taxes on quarterly basis. However, LP Ltd.'s tax manager advised the Co.to pay taxes on monthly basis. You are required to examine the validity of the advice given by tax manager?

PROBLEMS:

1. State person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:
   a) Services provided by an arbitral tribunal to any business entity.
   b) Sponsorship services provided by a company to an individual.
   c) Renting of immovable property service provided by the Central Government to a business entity.

2. A hotel owner provided accommodation in Haryana, through an electronic commerce operator – Cool Trips. The hotel owner is not liable to get registered as per the provisions of section 22(1) of the CGST Act. Who is the person liable to pay GST in this case?
   Would your answer be different if the Electronic Commerce Operator Cool Trips does not have a physical presence in India?

3. Determine whether the supplier in the following cases are eligible for composition levy provided their turnover in preceding year does not exceed Rs. 75 lakh:
   a) Mohan is engaged in providing legal services in Rajasthan and is registered in the same State.
   b) Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighboring States.

4. Mohan Enterprises has two registered business verticals in Delhi. Its aggregate turnover for the preceding year for both the business verticals was Rs. 70 lakh. It wishes to pay tax under composition levy for one of the vertical in the current year while under normal levy for other vertical. You are required to advice Mohan Enterprises whether he can do so?

5. Ramaswamy, a registered supplier, is an interior decorator. His registered office is located in Gujarat and he is not engaged in making any inter-State supply of services. His aggregate turnover in the FY 2016-17 is Rs.90 lakh. With reference to the provisions of the CGST Act, 2017, examine whether Ramaswamy can opt for the composition scheme in the FY 2017-18?
   Will your answer be different if Ramaswamy is engaged in supplying restaurant services and procures food items required for his restaurant from neighbouring State of Maharashtra?

6. A person availing composition scheme in Haryana during a financial year crosses the turnover of Rs. 75 lakh during the course of the year i.e. he crosses the turnover of Rs. 75 lakh in December? Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March?

7. Mr. Zaid, registered in Himachal Pradesh is engaged in making inter-State outward supplies of apparels. The aggregate turnover of Mr. Zaid in the financial year 2017-18 is 70 lakh. He opted for composition levy in the year 2018-19 and paid tax for the quarter ending June, 2018 under composition levy. The proper officer has levied penalty on Mr. Zaid in addition to the tax payable by him.
   You are required to examine the validity of the action taken by proper officer.

8. Trend Footwear, a registered supplier in Jaipur dealing in local supply of loafers and wedges, wants to opt for composition scheme with effect from 01 April, 20XX. Its aggregate turnover in the preceding financial year is Rs. 78 lakh. Besides dealing in supply of loafers and wedges, he also has a rental income of Rs. 1,35,000 per month from the basement of a commercial building located in Jaipur.
   You are required to discuss, whether Trend Footwear can opt for composition scheme?
4. EXEMPTIONS

THEORY:

1. Can a person liable to pay tax when an exemption has been granted absolutely from the whole of the tax collected by him on goods/services/both?

2. Comment whether the following Services are exempt (or) taxable under CGST Act:
   a) Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities.
   b) Services BY & TO Government
   c) Services BY & TO RBI
   d) Services by a hotel
   e) Service of transportation of passengers
   f) Service of transportation of Goods
   g) Services provided by a goods transport agency.
   h) Services by an acquiring bank, to any person in relation to settlement of an amount transacted through credit card, debit card, charge card or other payment card service.
   i) Legal services.
   j) Services relating to agricultural & allied activities.
   k) Services provided BY & TO educational institution
   l) Services by way of health care services
   m) Services by an artist.
   n) Services by way of right to admission to events.
   o) Services provided to a recognised sports body.

3. Comment whether the following services are exempt (or) taxable under IGST Act
   a) Services received from a provider of service located in a non-taxable territory
   b) Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.

PROBLEMS:

1. RXL Pvt. Ltd. manufactures beauty soap with the brand name ‘Forever Young’. RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth Rs. 1,20,000 will be donated to a charitable organization.
   Whether Ms. Ahana Kapoor will be required to pay any GST?

2. Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Gross amount charged Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees charged for yoga camp conducted by a charitable trust</td>
<td>50,000</td>
</tr>
<tr>
<td>Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts</td>
<td>1,00,000</td>
</tr>
<tr>
<td>Amount charged by cord blood bank for preservation of stem cells</td>
<td>5,00,000</td>
</tr>
<tr>
<td>Amount charged for service provided by commentator to a recognized sports body</td>
<td>5,20,000</td>
</tr>
</tbody>
</table>

3. Examine whether GST is exempted on the following independent supplies of services:
   a) Service provided by a private transport operator to Scholar Boys Higher Secondary School in relation to transportation of students to and from the school.
   b) Services provided by way of vehicle parking to general public in a shopping mall.

4. Discuss whether GST is payable in respect of transportation services provided by Raghav Goods Transport Agency in each of the following independent cases:

<table>
<thead>
<tr>
<th>Customer</th>
<th>Nature of services provided</th>
<th>Amount charged Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Transportation of milk</td>
<td>20,000</td>
</tr>
<tr>
<td>B</td>
<td>Transportation of books on a consignment transported in a single goods carriage</td>
<td>3,000</td>
</tr>
<tr>
<td>C</td>
<td>Transportation of chairs for a single consignee in the goods carriage</td>
<td>600</td>
</tr>
</tbody>
</table>
5. An individual acts as a referee in a football match organized by Sports Authority of India. He has also acted as a referee in another charity football match organized by a local sports club, in lieu of a lump sum payment. Discuss whether he is required to pay any GST?

6. Examine whether GST is payable in the following independent cases:-
   a) Ekta Charitable trust, registered under section 10(23C)(v) of the Income-tax Act manages a temple in Rohini, Delhi. It has given on rent a community hall, located within temple premises, to public for celebration of Teej Mela. Rent charged is Rs. 9,500.
   b) Speed post services by Department of Post to Union Territory of Daman & Diu.
   c) ST Ltd. has given on hire 5 trucks to Titu Transporters of Delhi (a goods transport agency) for transporting goods in Central and West Delhi. The hiring charges for the trucks are Rs. 7,500 per truck per day.

7. Wisdom Public School, a higher secondary school in Delhi, is of the view that no tax is payable on the education provided by it to its students as education plays a significant and remedial role in balancing the socio-economic fabric of the country.

Examine whether GST law provides any scope of exemption to supply of goods or services with particular reference to the contention raised by school?

8. Examine whether GST is payable in the following independent cases:-
   a) Amar Jyoti Charitable trust, registered under section 10(23C)(v) of the Income-tax Act manages a temple in Shahdara, Delhi. It has given on rent a community hall, located within temple premises, to public for celebration of new year evening. Rent charged is Rs. 9,500.
   b) Speed post services by Department of Post to Union Territory of Lakshadweep.
   c) XY Ltd. has given on hire 7 trucks to Jaggi Transporters of Delhi (a goods transport agency) for transporting goods in Central and West Delhi. The hiring charges for the trucks are Rs. 6,200 per truck per day.

9. Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is Rs. 1,48,500. Is Kesar Maharaj liable to pay GST on the consideration received for the said performance if such performance is not for promotion of any product/services? If yes, determine his GST liability (CGST and SGST or IGST, as the case may be). Will your answer be different if:
   a) Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product?
   b) The dance performance given by Kesar Maharaj is not a classical dance performance, but a contemporary Bollywood style dance performance?
   c) Consideration charged by Kesar Maharaj for the classical dance performance is Rs. 1,60,000?

Notes:
1. Services provided by Kesar Maharaj are intra-State supplies.
2. Wherever applicable, GST has been charged separately.
3. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

10. Ayushman Medical Centre, a clinical establishment, offers the following services:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Reiki healing treatments. Such therapy is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010.</td>
<td>10,00,000</td>
</tr>
</tbody>
</table>
| (ii)  | Plastic surgeries.
[One such surgery was conducted to repair cleft lip of a new born baby. Consideration of 1,00,000 was charged for the same.] | 20,00,000 |
| (iii) | Air ambulance services to transport critically ill patients from distant locations to Ayushman Medical Centre. | 1,00,000 |
| (iv)  | Alternative medical treatments by way of Ayurveda. Such therapy is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010 | 2,50,000 |

*excluding GST

Ayushman Medical Centre also operates a cord blood bank which provides services in relation to preservation of stem cells. You are required to compute the value of supply and GST liability [CGST& SGST or IGST] of Ayushman Medical Centre, if any, in the light of relevant GST provisions.

Note – All the services provided by Ayushman Medical Centre are intra-State supplies. Assume the rates of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
5. TIME & VALUE OF SUPPLY

THEORY:

1. What is the time limit for issue of invoice under GST for goods & services?
2. What is the time of supply of goods in case of Reverse Charge?
3. What is the time limit for issuing “Vouchers”?
4. What is the time of supply in case of an interest, late fee, and penalty?
5. Discount given after the supply is deducted from the value of taxable supply, if –
   a) Such discount is given as per the agreement entered into at/or before the supply
   b) Such discount is linked to the relevant invoices
   c) Proportionate input tax credit is reversed by the recipient of supply
   d) All of the above
6. Mr. P supplied goods for the value of Rs. 10,000 to its customer Miss Prem on 01.01.20XX on the condition that payment for the same will be made within a week. However, Miss Prem made payment for the said goods on 02.02.20XX and thus paid interest amounting to Rs. 500. What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?
7. There are separate valuation provisions for CGST, SGST and IGST and for Goods and Services. Examine the correctness of the statement.
8. Whether post-supply discounts or incentives are allowed as admissible deduction under section 15 of the CGST Act? If yes, what are the necessary conditions to be complied with for availing such deduction?
9. The time of liability to pay GST is independent of the time of supply of goods/services. Discuss the correctness of the statement.

PROBLEMS:

1. Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Date of receipt of goods</th>
<th>Date of payment by recipient of goods</th>
<th>Date of issue of invoice by supplier of goods</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(i)</td>
<td>July 1</td>
<td>August 10</td>
<td>June 29</td>
</tr>
<tr>
<td>(ii)</td>
<td>July 1</td>
<td>June 25</td>
<td>June 29</td>
</tr>
<tr>
<td>(iii)</td>
<td>July 1</td>
<td>Part payment made on June 30 and balance amount paid on July 20</td>
<td>June 29</td>
</tr>
<tr>
<td>(iv)</td>
<td>July 5</td>
<td>Payment is entered in the books of account on June 28 and debited in recipient’s bank account on June 30</td>
<td>June 1</td>
</tr>
<tr>
<td>(v)</td>
<td>July 1</td>
<td>Payment is entered in the books of account on June 30 and debited in recipient’s bank account on June 26</td>
<td>June 29</td>
</tr>
<tr>
<td>(vi)</td>
<td>August 1</td>
<td>August 10</td>
<td>June 29</td>
</tr>
</tbody>
</table>

2. Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Date of payment by recipient for supply of services</th>
<th>Date of issue of invoice by supplier of services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>(i)</td>
<td>August 10</td>
<td>June 29</td>
</tr>
<tr>
<td>(ii)</td>
<td>August 10</td>
<td>June 1</td>
</tr>
<tr>
<td>(iii)</td>
<td>Part payment made on June 30 and balance amount paid on September 1</td>
<td>June 29</td>
</tr>
<tr>
<td>(iv)</td>
<td>Payment is entered in the books of account on June 28 and debited in recipient’s bank account on June 30</td>
<td>June 1</td>
</tr>
<tr>
<td>(v)</td>
<td>Payment is entered in the books of account on June 30 and debited in recipient’s bank account on June 26</td>
<td>June 29</td>
</tr>
</tbody>
</table>

3. Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, i.e., 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July.
What is the time of supply of the transporter’s service?

**Note:** Transporter’s service is taxed on reverse charge basis.

4. An order is placed on Ram & Co. on 18th August for supply of a consignment of customised shoes. Ram & Co. gets the consignment ready and informs the customer and issues the invoice on 2nd December. The customer collects the consignment from the premises of Ram & Co. on 7th December and hands over the payment on the same date, which is entered in the accounts on the next day, 8th December.

What is the time of supply of the shoes?

5. A firm of lawyers issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of negligence of the firm, the company’s case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November.

Identify the time of supply of the legal services.

**Note:** Legal services are taxable on reverse charge basis.

6. An income-tax and money laundering case against Mr. XYZ, working in a multinational company, reveals a large volume of undisclosed assets, which he claims as service income. On this basis, the GST authorities investigate the GST liability. Dates of provision of service, whether in the first half or the second half of the financial year being scrutinised by income-tax authorities, are not known. Mr. XYZ voluntarily pays GST during the investigation.

What is the time of supply of the services?

7. Raju Pvt Ltd. receives the order and advance payment on 5th January for carrying out an architectural design job. It delivers the designs on 23rd April. By oversight, no invoice is issued at that time, and it is issued much later, after the expiry of prescribed period for issue of invoice.

When is the time of supply of service?

8. Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December.

What is the method to fix the time of supply of the service?

9. AKJ Foods Pvt. Ltd. gets an order for supply of processed food from a customer. The customer wants the consignment tested for gluten or specified chemical residues. AKJ Foods Pvt. Ltd. does the testing and charges a testing fee for the same from the customer. AKJ Foods Pvt. Ltd. argues that such testing fees should not form part of the consideration for the sale as it is a separate activity.

Is his argument correct in the light of section 15?

10. Mehra Sons, a registered supplier, is a wholesale supplier of ready-made garments located in Bandra, Mumbai. On 5th September, 20XX, Subhadra, owner of Aura Boutique located in Dadar, Mumbai, approached Mehra Sons for supply of a consignment of customised dresses for ladies and kids.

Mehra Sons gets the consignment ready by 2nd December, 20XX and informs Subhadra about the same. The invoice for the consignment was issued the next day, 3rd December, 20XX.

Due to some reasons, Subhadra could not collect the consignment immediately. So, she collects the consignment from the premises of Mehra Sons on 18th December, 20XX and hands over the cheque for payment on the same date. The said payment is entered in the accounts on 20th December, 20XX and amount is credited in the bank account on 21st December, 20XX.

You are required to determine the time of supply of the ready-made garments supplied by Mehra Sons to Subhadra elaborating the relevant provisions under the GST law.

11. A philanthropic association makes a substantial donation each year to a reputed private management institution to subsidise the education of low income group students who have gained admission there. The fee for these individuals is reduced thereby, coming to Rs. 3 lakh a year compared to Rs. 5 lakh a year for other students.

What would be the taxable value of the service of coaching and instruction provided by the institution?

12. Singhal Brothers, registered in Uttrakhand has supplied 30 tons of a chemical @ ₹ 50,000 per ton (excluding taxes) to P of Uttrakhand on 8th September, 20XX. The invoice for the supply has also been issued on the same date. Further, following additional amounts were also charged from P:-

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight</td>
<td>1,80,000</td>
</tr>
</tbody>
</table>
Packing charges 1,10,000
Weighing charges 20,000
Cost of instrument specially purchased by Singhal Brothers to manufacture the chemical 3,10,000

As per the terms of the contract of supply, Singhal Brothers is required to get the chemical inspected by an independent testing agency before the delivery of the same to P. P has paid such inspection charges amounting to Rs. 12,000 directly to the testing agency. Singhal Brothers has also received Rs. 50,00,000 as a subsidy from State Government for setting up chemical manufacturing plant in Uttrakhand. P is required to make payment within 15 days of supply in terms of the contract. However, P delayed the payment of consideration and made payment in November, 20XX and thus paid Rs. 15,000 as interest. You are required to calculate the GST liability in this case and due date of deposit. Assume the rate of GST to be 18%.

Note: Singhal Brothers and P are not related and price is the sole consideration for the supply.

13. A manufacturer of machinery supplied a special machine to LM Furnishers. Following details are provided in relation to amounts charged:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>Price of machinery excluding taxes (before cash discount)</td>
<td>6,00,000</td>
</tr>
<tr>
<td>ii)</td>
<td>Transit insurance</td>
<td>11,000</td>
</tr>
<tr>
<td>iii)</td>
<td>Packing charges</td>
<td>9,000</td>
</tr>
<tr>
<td>iv)</td>
<td>Extra charges for designing the machine</td>
<td>20,000</td>
</tr>
<tr>
<td>v)</td>
<td>Freight</td>
<td>12,000</td>
</tr>
</tbody>
</table>

Charges mentioned in (ii) to (v) are not included in (i) above. Other information furnished is -

a) Cash discount @ 2% on price of machinery has been allowed to the customer at the time of supply and also recorded in invoice.

b) GST rate – 18%.

Calculate value of supply of the special machine.

14. Raman Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Sahil Traders and Jaggi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Raman Ltd. has furnished the following details for the current month:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>Sahil Traders (Rs.)</th>
<th>Jaggi Motors Ltd. (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>Price of the goods (excluding GST)</td>
<td>20,000</td>
<td>15,000</td>
</tr>
<tr>
<td>ii)</td>
<td>Packing charges</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>iii)</td>
<td>Commission</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>iv)</td>
<td>Weighment charges</td>
<td></td>
<td>1,000</td>
</tr>
<tr>
<td>v)</td>
<td>Discount for prompt payment (recorded in the invoice)</td>
<td></td>
<td>500</td>
</tr>
</tbody>
</table>

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Raman Ltd. for the given month. Assume the rates of taxes to be as under:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rate of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central tax (CGST)</td>
<td>9%</td>
</tr>
<tr>
<td>State Tax (SGST)</td>
<td>9%</td>
</tr>
<tr>
<td>Integrated tax (IGST)</td>
<td>18%</td>
</tr>
</tbody>
</table>

Make suitable assumptions, wherever necessary.

Note: The supply made to Sahil Traders is an inter-State supply.

15. Shiv Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Narad Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Shiv Shankar Ltd. has furnished the following details for the current month:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>Narad Traders (Rs.)</th>
<th>Nandi Motors Ltd. (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>Price of the goods (excluding GST)</td>
<td>10,000</td>
<td>30,000</td>
</tr>
<tr>
<td>ii)</td>
<td>Packing charges</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>iii)</td>
<td>Commission</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>
iv) Weighment charges 2,000
v) Discount for prompt payment (recorded in the invoice) 1,000

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Shiv Shankar Ltd. for the given month. Assume the rates of taxes to be as under:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rate of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central tax (CGST)</td>
<td>9%</td>
</tr>
<tr>
<td>State Tax (SGST)</td>
<td>9%</td>
</tr>
<tr>
<td>Integrated tax (IGST)</td>
<td>18%</td>
</tr>
</tbody>
</table>

Make suitable assumptions, wherever necessary.

Note: The supply made to Narad Traders is an inter-State supply.

16. Quantum Plast Private Limited, Delhi supplies plastic granulation machine to Capscom Ltd., Delhi. It furnishes the following details in respect of such supply:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>List price of the machine (exclusive of taxes and discounts)</td>
<td>1,00,000</td>
</tr>
<tr>
<td>Corrugated Boxes used for packing the machine (not included in price above)</td>
<td>1,000</td>
</tr>
<tr>
<td>Subsidy received from Delhi Government on sale of such machine (considered in price above)</td>
<td>5,000</td>
</tr>
<tr>
<td>Discount @ 2% is offered on list price of the machine (recorded in the invoice for the machine)</td>
<td></td>
</tr>
</tbody>
</table>

Determine the value of taxable supply made by Quantum Plast Private Limited.

17. A manufacturer of machinery supplied a special machine to Texco Furnishers. Following details are provided in relation to amounts charged:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>Price of machinery excluding taxes (before cash discount)</td>
<td>5,00,000</td>
</tr>
<tr>
<td>ii)</td>
<td>Packing charges</td>
<td>10,000</td>
</tr>
<tr>
<td>iii)</td>
<td>Extra charges for designing the machine</td>
<td>17,000</td>
</tr>
<tr>
<td>iv)</td>
<td>Freight</td>
<td>13,000</td>
</tr>
</tbody>
</table>

Charges mentioned in (ii) to (iv) are not included in (i) above. Other information furnished is -

a) Cash discount @ 2% on price of machinery has been allowed to the customer at the time of supply and also recorded in invoice.

b) GST rate – 18%.

Calculate value of supply of the special machine.

18. Mr. X supplied goods for the value of Rs. 50,000 to its customer Miss Diyana on 01.01.20XX on the condition that payment for the same will be made within a week. However, Miss Diyana made payment for the said goods on 02.02.20XX and thus paid interest amounting to Rs. 2,000. What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

6. INPUT TAX CREDIT (ITC)

THEORY:

1. Define the following –
   a) Input
   b) Input services
   c) Capital goods

2. A registered person can claim ITC on Inward supplies. Explain.

3. What are conditions for availing and utilising the ITC?

4. What are the Ineligible/ Restricted items for taking ITC?

5. What is input tax?

6. Can a person take ITC without payment of consideration for the supply along with tax to the supplier?

7. What is the time limit for taking ITC and reasons therefor?
8. What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods?

9. LMN & Co, an unregistered supplier under GST wants to claim input tax credit and collect tax. Can it do so?

**PROBLEMS:**

1. Mr. Z becomes liable to pay tax on 1st August and has obtained registration on 15th August. Can he claim ITC on inputs held in stock, as part of semi-finished goods/ finished goods on 31st July? If so, what are the conditions to be fulfilled?

2. ABC Co. Ltd. is engaged in the manufacture of heavy machinery. It procured the following items during the month of October.

<table>
<thead>
<tr>
<th>Items</th>
<th>GST paid Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical transformers to be used in the manufacturing process</td>
<td>5,02,000</td>
</tr>
<tr>
<td>Trucks used for the transport of raw material</td>
<td>1,00,000</td>
</tr>
<tr>
<td>Raw material</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Confectionery items for consumption of employees working in the factory</td>
<td>25,000</td>
</tr>
</tbody>
</table>

Considering the following, **determine the amount of ITC available with ABC Co. Ltd.**, for the month of October by giving necessary explanations for treatment of various items.

<table>
<thead>
<tr>
<th>Inward supplies</th>
<th>GST Rs.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inputs 'A'</td>
<td>1,00,000</td>
<td>One invoice on which GST payable was Rs.10,000, is missing</td>
</tr>
<tr>
<td>Inputs 'B'</td>
<td>50,000</td>
<td>Inputs are to be received in two installments. First installment has been received in October, 2018.</td>
</tr>
<tr>
<td>Capital goods</td>
<td>1,20,000</td>
<td>ABC Ltd. has capitalised the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value.</td>
</tr>
<tr>
<td>Input services</td>
<td>2,25,000</td>
<td>One invoice dated 20.01.2018 on which GST payable was Rs.50,000 has been received in October, 2018.</td>
</tr>
</tbody>
</table>

**Note:**

i) All the conditions necessary for availing the ITC have been fulfilled.

ii) ABC Co. Ltd. is not eligible for any threshold exemption.

iii) The annual return for the financial year 2017-18 was filed on 15th September, 2018.

3. Mr. X, a supplier of goods, pays GST under regular scheme. Mr. X is not eligible for any threshold exemption. He has made the following outward taxable supplies in a tax period:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intra-State supply of goods</td>
<td>8,00,000</td>
</tr>
<tr>
<td>Inter-State supply of goods</td>
<td>3,00,000</td>
</tr>
</tbody>
</table>

He has also furnished the following information in respect of purchases made by him in that tax period:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intra-State purchases of goods</td>
<td>3,00,000</td>
</tr>
<tr>
<td>Inter-State purchases of goods</td>
<td>50,000</td>
</tr>
</tbody>
</table>

Mr. X has following ITCs with him at the beginning of the tax period:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGST</td>
<td>30,000</td>
</tr>
<tr>
<td>SGST</td>
<td>30,000</td>
</tr>
<tr>
<td>IGST</td>
<td>70,000</td>
</tr>
</tbody>
</table>

Compute the net GST payable by Mr. X during the tax period. Make suitable assumptions as required.

**Note:**

i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.

ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.

iii) All the conditions necessary for availing the ITC have been fulfilled.

4. A flying school imports an aircraft for use in its training activity, and takes ITC of the IGST paid on the import. The departmental audit raises an objection that aircrafts fall within the definition of “conveyance” in section 2(34) of the Act and that ITC is not allowed on conveyances. Offer your comments.
5. A garment factory receives a Government order for making uniforms for a commando unit. This supply is exempt from tax under a special notification. The fabric is separately procured for the supply, but thread and lining material for the collars are the ones which are used for other taxable products of the factory. The turnover of the other products of the factory and exempted uniforms in July is Rs. 4 crores and Rs. 1 Crore respectively, the ITC on thread and lining material procured in July is Rs. 5000 and Rs. 15000 respectively. Calculate the eligible ITC on thread and lining material.

6. A technical testing agency tests and certifies each batch of machine tools before dispatch by BMT Ltd. Some of these tools are dispatched to a unit in a SEZ without payment of GST as these supplies are not taxable. The finance personnel of BMT Ltd. want to know whether they need to carry out reversal of ITC on the testing agency’s services to the extent attributable to the SEZ supplies. Give your comments.

7. Mr. A, a registered person was paying tax under Composition Scheme up to 30th July. However, w.e.f. 31st July, Mr. A becomes liable to pay tax under regular scheme. Is he eligible for ITC?

8. Tirupati Traders, a registered supplier of goods, pays GST [CGST & SGST or IGST, as the case may be] under regular scheme. It has furnished the following particulars for a tax period:-

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of intra-State supply of goods</td>
<td>12,000</td>
</tr>
<tr>
<td>Value of intra-State purchase of goods</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Note:

a) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

b) Both inward and outward supplies are exclusive of taxes, wherever applicable.

c) All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by Tirupati Traders during the given tax period assuming that there is no opening balance of input tax credit (ITC). Make suitable assumptions wherever required.

9. Govind, a registered supplier, is engaged in providing services in the neighbouring States from his registered office located in Mumbai. He has furnished the following details in respect of the inward and outward supplies made during a tax period:-

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-State supply of services</td>
<td>1,80,000</td>
</tr>
<tr>
<td>Receipt of goods and services within the State</td>
<td>1,00,000</td>
</tr>
</tbody>
</table>

Assume the rates of taxes to be as under:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGST</td>
<td>9%</td>
</tr>
<tr>
<td>SGST</td>
<td>9%</td>
</tr>
<tr>
<td>IGST</td>
<td>18%</td>
</tr>
</tbody>
</table>

Note:

a) Both inward and outward supplies are exclusive of taxes, wherever applicable.

b) All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by Govind during the given tax period. Make suitable assumptions if required.

10. Shripa Traders is a registered supplier of goods in Assam. It purchased goods valued at Rs.10,000 from Kartik Suppliers located within the same State. Kartik Suppliers charged CGST & SGST separately in its invoice. Subsequently, Shripa Traders sold goods valuing Rs. 9,500 to Rabina Manufacturers located in Assam. 20% of the inputs purchased are still lying in stock and there was no opening stock of goods. Rate of CGST and SGST on supply and purchase of goods is 9% each. Calculate the net GST payable by Shripa Traders and input tax credit (ITC) to be carried forward, if any.

11. Granites Textiles Ltd. purchased a needle detecting machine on 8th July, 2017 from Makhija Engineering Works Ltd. for Rs. 10,00,000 (excluding GST) paying GST @ 18% on the same. It availed the ITC of the GST paid on the machine and started using it for manufacture of goods. The machine was sold on 22nd October, 2018 for Rs. 7,50,000 (excluding GST), as second hand machine to LT. Pvt. Ltd. The GST rate on supply of machine is 18%.

State the action which Granites Textiles Ltd. is required to take, if any, in accordance with the statutory GST provisions on the sale of the second-hand machine.
12. Classic Textiles Ltd. purchased a needle detecting machine on 6th July, 2017 from Balaji Engineering Works Ltd. for Rs.10,00,000 (excluding GST) paying GST @ 18% on the same. It availed the input tax credit of the GST paid on the machine and started using it for manufacture of goods. The machine was sold on 18th October, 2018 for Rs.6,00,000 (excluding GST), as second hand machine to AB. Pvt. Ltd. The GST rate on supply of machine is 18%. Compute the amount payable by Classic Textiles Ltd. in accordance with the statutory GST provisions on the sale of the second-hand machine.

13. Royal Sweet Co., Delhi, a registered supplier, has furnished the details of the following few transactions which took place in November, 20XX:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Date</th>
<th>Description</th>
<th>Date of Invoice</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>11.11.20XX</td>
<td>Payment made to an advocate in Delhi</td>
<td>07.07.20XX</td>
<td>1,25,000</td>
</tr>
<tr>
<td>ii)</td>
<td>11.11.20XX</td>
<td>Paid sitting fee to Director from Haryana for meeting held in Delhi on 15.10.20XX [Inter-State supply]</td>
<td>15.10.20XX</td>
<td>75,000</td>
</tr>
</tbody>
</table>

Assume the rates of taxes to be as under:-

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGST</td>
<td>9%</td>
</tr>
<tr>
<td>SGST</td>
<td>9%</td>
</tr>
<tr>
<td>IGST</td>
<td>18%</td>
</tr>
</tbody>
</table>

You are required to compute GST [CGST & SGST/IGST, as the case may be] payable for the month of November, 20XX along with time of supply of the aforementioned activities.

14. Ramoplast Soap Factory, a registered supplier, is engaged in manufacturing beauty soaps – ‘Forever Glow’ in Mumbai. It has provided the following information pertaining to purchases made/services availed in the month of January, 20XX:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>GST paid (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soap making machine</td>
<td>50,000</td>
</tr>
<tr>
<td>Motor vehicles for transportation of inputs</td>
<td>70,000</td>
</tr>
<tr>
<td>Membership of ‘Fit and Fine’ health and fitness centre for its employees</td>
<td>25,000</td>
</tr>
<tr>
<td>Inputs purchased, but stolen from the factory</td>
<td>40,000</td>
</tr>
</tbody>
</table>

You are required to compute the input tax credit (ITC) available with Ramoplast Soap Factory for the month of January, 20XX assuming that all the other conditions for availing ITC, wherever applicable, have been fulfilled.

7. REGISTRATION

1. Answer the following with respect to the provisions for registration –
   a) What is the time limit for registration?
   b) Is single registration sufficient for multiple locations?
   c) Can a person be allowed to be registered (i.e. single registration) for his normal supplies and composite supplies as well?
   d) Is any possibility exists for an unregistered person to be registered voluntarily?
   e) PAN is mandatory for registration. Comment.
   f) What do you mean by UIN (Unique Identification Number)? In which cases it was required?
   g) A registration can be granted by a proper officer himself. Comment.
   h) What is the procedure for registration?

2. In case of a Casual taxable person (CTP) and Non-resident taxable person (NRTP), what is the time limit for registration and procedure to be followed for registration?

3. What are the advantages of taking registration?

4. Is there any provision for a person to get himself voluntarily registered though he may not be liable to pay GST?

5. Can the Department, through the proper officer, Suo-moto proceed to register of a person?

6. Is it necessary for the UN bodies to get registration under GST? What is the responsibility of the taxable person making supplies to UN bodies?

7. Is there an option to take centralized registration for services under GST Law?
8. What will be the time of response by the applicant if any query is raised in the online application?
9. Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled?
10. What is the difference between casual and non-resident taxable persons?
11. Explain whether the Department, through the proper officer, suo-moto proceed to register of a person?
12. Explain how long will the registration certificate issued to a casual taxable person and non-resident taxable person be valid?
13. State the time-period within which registration needs to be obtained in each of the following independent cases:
   a) Casual taxable person
   b) Person making inter-State taxable supply

PROBLEMS:
1. Determine the effective date of registration in following cases:
   a) The aggregate turnover of Dhampur Industries of Delhi has exceeded Rs. 20 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.
   b) Mehta Teleservices is an internet service provider in Lucknow. Its aggregate turnover exceeds Rs. 20 lakh on 25th October. It submits the application for registration on 27th November. Registration certificate is granted to it on 5th December.
2. Mr. X of Mumbai often participates in the jewellery exhibition at Trade Fair in Delhi, which is organized every year in the month of February. Mr. X applied for registration in January. The proper officer demanded an advance deposit of tax in an amount equivalent to the estimated tax liability of Mr. X.
   You are required to examine whether any advance tax is to be paid by Mr. X at the time of obtaining registration?
3. Tirupati Box Manufacturing Co. started manufacturing corrugated boxes in Andhra Pradesh on 25.01.20XX. On 06.05.20XX, its aggregate turnover exceeded Rs.10 lakh and on 01.11.20XX, its aggregate turnover exceeded Rs.20 lakh. It applied for registration on 28.11.20XX and is granted registration certificate on 05.12.20XX.
   Determine the effective date of registration elaborating the relevant provisions.
4. Mr. Neerav Kothari of Jaipur often participates in the jewellery exhibition at Trade Fair in Delhi, which is organised every year in the month of February. Mr. Neerav Kothari applied for registration in January. The proper officer demanded an advance deposit of tax in an amount equivalent to the estimated tax liability of Mr. Neerav Kothari.
   You are required to examine whether any advance tax is to be paid by Mr. Neerav Kothari at the time of obtaining registration?
5. Pure Oils, Delhi has started the supply of machine oils and high speed diesel in the month of April, 20XX. The following details have been furnished by it for the said month:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Supply of machine oils in Delhi</td>
<td>2,00,000</td>
</tr>
<tr>
<td>(ii)</td>
<td>Supply of high speed diesel in Delhi</td>
<td>4,00,000</td>
</tr>
<tr>
<td>(iii)</td>
<td>Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi</td>
<td>3,75,000</td>
</tr>
<tr>
<td>(iv)</td>
<td>Supply made by Pure Oils from its branch located in Punjab</td>
<td>1,80,000</td>
</tr>
</tbody>
</table>

*excluding GST

Determine whether Pure Oils is liable for registration. Will your answer change, if Pure Oils supplies machine oils amounting to Rs.2,50,000 from its branch located in Himachal Pradesh in addition to the above-mentioned supplies?

THEORY:
1. Discuss the provisions relating to issuance of credit and debit notes under CGST Act and rules thereunder.
2. What is the time period within which invoice has to be issued for supply of services?
3. Discuss the time-limit for issuance of invoice in case of taxable supply of goods.
4. Examine whether the following statement is true or false giving brief reasons:
   “It is mandatory to issue a tax invoice in case a registered person has opted for composition levy scheme.”
1. Jain & Sons is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

<table>
<thead>
<tr>
<th>S No</th>
<th>Recipient of supply</th>
<th>Amount Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Raghav Traders - a registered retail dealer</td>
<td>190</td>
</tr>
<tr>
<td>2</td>
<td>Dhruv Enterprises – an unregistered trader</td>
<td>358</td>
</tr>
<tr>
<td>3</td>
<td>Gaurav – a Painter [unregistered]</td>
<td>500</td>
</tr>
<tr>
<td>4</td>
<td>Oberoi Orphanage – an unregistered entity</td>
<td>188</td>
</tr>
<tr>
<td>5</td>
<td>Aaradhya – a Student [unregistered]</td>
<td>158</td>
</tr>
</tbody>
</table>

None of the recipients require a tax invoice [Raghav Traders being a composition dealer]. Determine in respect of which of the above supplies, Jain & Sons may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day?

2. MBM Caretakers, a registered person, provides the services of repair and maintenance of electrical appliances. On April 1, it has entered into an annual maintenance contract with P for its Air Conditioner and Washing Machine. As per the terms of contract, maintenance services will be provided on the first day of each quarter of the relevant financial year and payment for the same will also be due on the date on which service is rendered. During the year, it provided the services on April 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should MBM Caretakers issue the invoice for the services rendered?

3. The aggregate turnover of Sangri Services Ltd. exceeded Rs.20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advice Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.

4. Sultan Industries Ltd., Delhi, entered into a contract with Prakash Entrepreneurs, Delhi, for supply of spare parts of a machine on 7th September. The spare parts were to be delivered on 30th September. Sultan Industries Ltd. removed the finished spare parts from its factory on 29th September. Determine the date by which invoice must be issued by Sultan Industries Ltd. under GST law.

5. Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4th January, 20XX. For the occasion, it gets the makeover of its models done by Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is Rs.5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February, 20XX showing the lumpsum amount of Rs.5,90,000 inclusive of CGST and SGST @ 9% each. Royal Fashions made the payment the very next day. Answer the following questions:

   a) Examine whether the tax invoice has been issued within the time limit prescribed under law?

   b) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions?

**9. PAYMENT OF TAX**

1. Explain the provisions with respect to “Payment of tax, Interest, Penalty and Other amounts”.

2. Can one use input tax credit for payment of interest, penalty, and payment under reverse charge?

3. State the name of output tax under GST, where any of the input tax credit under GST can be availed?


5. Explain the provisions relating to interest on delayed payment of tax as prescribed under section 50 of CGST Act, 2017?

**PROBLEMS:**

1. ABC limited filed the return for GST under section 39(1) for the month of November on 20th, December showing self-assessed tax of Rs. 2,50,000 which was not paid. Explain what are the implications for ABC limited as per relevant provisions?

2. ABC Consultancy, registered in Mumbai, supplies technical consultancy services to its clients. It has been providing technical services to XY Ltd., Mumbai since past two years. Consideration is settled by XY Ltd.
assignment wise. XY Ltd. paid Rs. 45 lakh to ABC Consultancy on 10th January, 20XX on ABC consultancy agreeing to not provide similar technical services to any other business entity in India or abroad for a period of 8 years. ABC Consultancy is of the view that Rs. 45 lakh is not chargeable to GST.

You are required to examine whether the view taken by ABC Consultancy is valid in law.

3. Blue Moon Ltd., obtains registration for paying taxes under section 9 of CGST Act. He asked his tax manager to pay taxes on quarterly basis. However, Blue Moon Ltd.’s tax manager advised the Co.to pay taxes on monthly basis. You are required to examine the validity of the advice given by tax manager?

10. RETURNS

THEORY:
1. Who is required to furnish details of outward supplies?
2. What is the due date of submission of GSTR-1?
3. What kinds of details of outward supplies are required to be furnished in GSTR-1?
4. How are the details of outward supply furnished (in GSTR-1) in prior periods amended?
5. What kinds of details of inward supplies are required to be furnished in GSTR-2?
6. If a return has been filed, how can it be revised if some changes are required to be made?
7. Explain in brief about the contents GSTR-3B?
8. What are the key features of return mechanism in GST?
9. Can a recipient feed information in his GSTR-2 which has been missed by the supplier?
10. Examiner whether the following statement is true or false giving brief reasons:

“A composition tax payer, who has not rendered any taxable supply during a quarter, is not required to file any return.”

PROBLEMS:
1. Mr. A, a regular taxpayer, files his GSTR-1, GSTR-2 and GSTR-3 for the month of August, 2017 by the respective due dates. Mr. A receives a communication from the GST common portal on 28th September, 2017 that ITC of Rs. 15,000 claimed by him is in excess of the tax declared by Mr. B (supplier concerned) in his valid tax return. Mr. B has filed his Annual Return for financial year 2017-18 on 10th November, 2018. Answer the following questions:

i) When is Mr. B required to rectify the discrepancy? Is there any maximum time limit beyond which the discrepancy cannot be rectified?

ii) What will happen if Mr. B does not rectify the discrepancy?

2. Mr. Y, a registered person, has filed its GSTR-3 for the month of September on 19th November. Determine the amount of late fee payable, if any, by Mr. Y.