

MN3ACQ

Q3b) Calculate all Balance Sheet Ratios from the following information: (7)

In the books of Beta Ltd. Balance sheet as on 31 / 3 / 2013

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity share capital (Rs.10 each)	140000	Land	150000
10% Preference share capital	150000	Building	100000
Reserves	50000	Machinery	50000
12% Debentures	200000	Investment	260000
Creditors	55000	Stock	30000
Bills Payable	40000	Debtors	13000
		Discount on issue	32000
	635000		635000

Or

Q3 Rearrange the following information into Vertical form and calculate the following Ratios: (15)

- Gross profit ratio
- Net profit after tax ratio
- Operating profit ratio
- Operating ratio
- Stock turnover ratio
- Interest coverage ratio

Trading and Profit and Loss account for the year ended 31st March 2013

Particulars	Rs.	Particulars	Rs.
Opening stock	80000	Sales	750000
Purchases	39000	Closing stock	30000
Wages	15000	Commission	12000
Depreciation on factory building	4000		
Electricity expenses	10000		
Rent	22000		
Exhibition expenses	7000		
Interest on debentures	12000		
Loss on sale of investment	30000		
Tax	20000		
Net profit	553000		
	792000		792000

P.T.O.

29/3/14

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Tax-II

Time: 2 Hours

Marks: 60

- Note:
1. Use of a Simple Calculator is allowed
 2. Working note should form part of your
 3. Each question carries 15 marks.

Q1. Define the following terms (3 marks each) (15)

- a. Daily Stock Account as per Central Excise Law
- b. Invoice as per Central Excise Law
- c. Composition Scheme for Payment of Service Tax
- d. Input as per Central Excise Law
- e. Insurance Auxiliary Services

Q.2 A. (8)

How will the assessable value be determined under Section 4 of the Central Excise Act, 1944?

Contracted wholesale price for delivery at the buyer's premises 99,000

This includes the following elements of cost:

- | | |
|---|--------|
| (i) Cost of Drawings and Designs | 5,000 |
| (ii) Cost of Primary packing | 4,000 |
| (iii) Cost of Packing at buyer's request for safety during transportation | 7,000 |
| (iv) Excise duty | 4,800 |
| (v) Sales Tax | 2,400 |
| (vi) Octroi | 2,800 |
| (vii) Freight and Insurance charges paid for transportation from factory
To buyer's premises | 10,000 |

Q2 B. (7)

Rohit Ltd., an event management company undertakes a contract to organise a wedding reception. The contract price is fixed at Rs. 25 Lakhs ex-service tax. Rohit Ltd also engages a photographer for taking photographs for Respondent. 2 lakhs, a mandap keeper to arrange for the mandap decoration for Rs. 9.5 lakhs and a fashion designer for designing the clothes for Rs. 1.5 lakhs. The service tax is payable in addition to above amounts at the rate of 12.36%. You are required to calculate:

- (i) Value of taxable services
- (ii) Gross Service Tax Liability of Rohit Ltd.
- (iii) CENVAT Credit available
- (iv) Net Service Tax Liability

OR

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Q.2 A.

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(8)

Kunal TV Ltd is engaged in the manufacture of colour television sets having its factories at Bangalore and Pune. At Bangalore the company manufactures picture tubes which are stock transferred to Pune factory where they are consumed to produce television sets. Determine the Excise duty liability of the captively consumed picture tubes from the following information:

Particulars	Rs.
Direct Material cost (per unit)	550
Indirect Expenses	60
Direct Labour	90
Indirect Labour	60
Direct Expenses	110
Indirect Expenses	60
Administrative overheads (not related to production)	70
Selling and Distribution overheads	99

Additional Information:

- (i) Profit margin as per the Annual Report for the company was 15% before income tax.
- (ii) Material cost includes Excise duty paid Rs. 100.
- (iii) Excise duty rate applicable is 16% (plus Education Cess @ 3%)

Q.2 B.

(7)

Mr. Ganesh is a practising Chartered Accountant. From the following particulars for the period April to September 2013, calculate the service tax payable @ 12% and education cess 3%.

Particulars	Rs.
Receipts (excluding service tax)	
Fees for Statutory Certification	96,000
Fees for Statutory Audits	7,00,000
Fees for Tax Audits	3,00,000
Fees for Investigation under Companies Act	70,000
Fees for Share Valuation received in advance (work to be done in January 2014)	40,000
Fees for Audit of a divisional office of Reserve Bank of India	60,000
Fees in foreign currency from a U.S. Client	6,00,000
(eligible for exemption under Export of Service Rules)	
Royalty for Books on Accountancy	7,00,000

Q.3 A.

(8)

A manufacturer produces a ball bearings and industrial fans in the same factory. For the manufacture of 5,000 fans, he used 10,000 ball bearings. The cost of such ball bearings is Rs. 5,000 per 100 units and it is sold in the market ordinarily at Rs. 8,000 per 100 units. Each fan costs Rs. 1,000 and has assessable value of Rs. 1,000 each. The rate of duty on both the products is 16.48%. You are required to calculate the

- Gross duty paid on inputs
- CENVAT Credit available
- Net duty payable / Refund of duty available.

Q.3 B.

(7)

Shri Kalpesh Gaikwad, a work contractor has executed a works contract during March, 2012. The details are given below:

Particulars	Rs.
Labour Charges for execution of the works	7,50,000
Machinery hire charges	2,50,000
Amount paid to sub-contractor for Labour charges	5,50,000
Charges for planning and designing	1,00,000
Establishment cost related to supply of labour and services	4,30,000
Profit earned related to supply of labour and services	1,10,000
Value of goods transferred during the execution of work contract	10,00,000
VAT on the above goods	1,25,000

Compute the Service Tax payable @ 12.36% assuming that

- He has opted for the composition scheme.
- He has not opted for the composition scheme.

OR

Q.3 A.

(8)

Based on the following information, determine the CENVAT Credit available for use in current year under the CENVAT Credit Rules, 2004.

Particulars	Rs.
(a) Equipment use in factory	25,000
(b) Spares for pollution control equipments	5,000
(c) Equipments used in office	12,000
(d) Storage Tank	10,000
(e) Paints used for painting machinery used	6,000
(f) Packing Material	4,000
(g) Lubricating oils	8,000
(h) High Speed Diesel Oil	7,000
(i) Pollution Control Equipments	36,000

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Q.3 B.

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(7)

Sagar, Professionals, a partnership firm gives the following particulars relating to the services provided to various clients by them for the half year ended on 30.09.2013.

- (1) Total bills raised for Rs. 8,78,000 out of which bill for Rs. 75,000 was raised on an approved International Organisation and payments of bill for Rs. 1,00,000 were not received till 30.09.2013.
- (2) Amount of Rs. 50,000 was received as an advance from XYZ Ltd., on 25.09.2013 to whom the services were to be provided in October, 2013

You are required to work out the:

- (i) Taxable value of services.
- (ii) Amount of service tax payable.

Q.4 A.

(8)

Apurva Ltd. manufactures two products – Facial Cream and Eye drops. Eye drops is a specified product under Section 4A of the Central Excise Act, 1944.

Following other particulars are given:

- A. Sales Price:

Facial Cream	Rs. 86 per unit
Eye drops	Rs. 66 per unit
- B. Excise Duty included in Sales Price:

Facial Cream	24.72 %
Eye drops	16.48 %
- C. CST included in the sales Price

Facial Cream	4 %
Eye drops	4 %
- D. The number of units cleared during the year:

Facial Cream	10,000
Eye drops	15,000
- E. Deduction / abatement permissible under Section 4A is 40%

Calculate the total excise duty liability of Apurva Ltd., on both the products.

Q.4 B.

(7)

Sagar Ltd., has agreed to render services to Ms. Katrina. The following are the chronological events:

Particulars	Rs.
Contract for services entered into on 31.08.2012	
Advance received in Sept 2012 towards all services.	70,000
Total value of services, billed in February 2013	2,10,000
Above includes non taxable services of	60,000

Balance amount is received in March 2013

When does the liability to pay service tax arise and for what amount? Contracts contain clear details of services, consideration and service tax are charged separately as mutually agreed upon.

OR

Q.4 Write a Short notes on the followings (3 marks each)

15

- a. Assessment of Duty as per Excise Law
- b. Threshold Exemption for Small Service Provider
- c. General Exemption from Service Tax
- d. Trade Paralance Theory
- e. Types of rates in Central Excise Law