

Name :

Roll No. :

Invigilator's Signature :

**CS/MMA/SEM-2/MMA-206/2010
2010**

LAW, TAXATION AND THE ROLE OF SEBI

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for the following :

10 × 1 = 10

i) A agrees to pay Rs. 5,000 to B if B's car is burnt. It is

a) Void Contract b) Voidable Contract

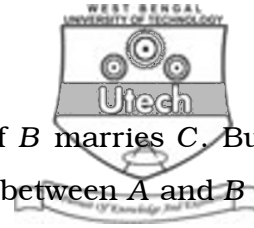
c) Wagering Agreement d) Valid Contract.

ii) A contract of life insurance is a

a) Contract of Indemnity b) Contingent Contract

c) Wagering Agreement d) Uncertain Agreement.

CS/MMA/SEM-2/MMA-206/2010



- iii) A contracts to pay Rs. 50,000 to B if B marries C. But C dies before marriage. The contract between A and B
- a) cannot be enforced
 - b) can be enforced at the option of A
 - c) can be enforced if B marries C's sister
 - d) can be enforced at the option of B.
- iv) P threatens to shoot Q if R does not let out his house to P and Q agrees to do so. The agreement has been brought about by
- a) undue influence
 - b) fraud
 - c) coercion
 - d) mistake.
- v) A agrees with B to discover treasure by magic. The agreement is
- a) void
 - b) voidable
 - c) contingent
 - d) illegal.
- vi) Which of the following is not a redressal agency provided by Consumer Protection Act ?
- a) District Forum
 - b) Registrar of Companies
 - c) State Commission
 - d) National Commission.



- vii) A cheque can be crossed by
- a) Drawer
 - b) Holder
 - c) Bank
 - d) all of these.
- viii) Rental income of Rs. 36,000 received in India on May 10, 2009 is taxable in India in the Assessment Year 2009-10 in the hands of
- a) Resident and Ordinarily Resident in India
 - b) Resident but not Ordinarily Resident in India
 - c) Non-Resident in India
 - d) All of these.
- ix) The income of a Mutual Fund registered under SEBI Act or regulation thereunder
- a) is chargeable to tax in India
 - b) is chargeable to tax outside India
 - c) is not chargeable to tax in India
 - d) is not chargeable to tax outside India.
- x) Which of the following is not a capital asset ?
- a) Jewellery
 - b) House
 - c) Stock-in Trade of business
 - d) Shares.



GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

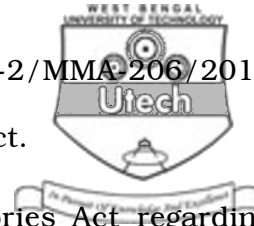
2. What is a capital asset ? Explain. State the conditions for an asset to be a short term capital asset.
3. What do you mean by Assessment year and Previous year. Is it necessary to follow the previous year as accounting year ?
4. Mr. A, an Indian national joined a company in Sri Lanka on 15th December, 1998. On 1st June, 2002, he left his job and came back to India. On 2nd January, 2003 he joined a company in Bangkok. He returned to India and joined an Indian company on 18th August, 2008. Determine his residential status for the AY 2009-10.
5. Explain the term 'Wages' under the Payment of Wages Act.
6. Explain the circumstances under which a contract without consideration may be treated as valid.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

7. a) Define Negotiable Instrument. Discuss the effect of crossing a cheque with words "not negotiable" written across the face.
- b) State the rule regarding endorsement. $10 + 5$



8. a) Define Factory under the Factories Act.
- b) Explain the provisions of the Factories Act regarding welfare and safety of workers. 3 + 12
9. a) What is SEBI ? When was it introduced ?
- b) Discuss in detail the role of SEBI in Investor Protection. 3 + 12
10. Shyam, a resident of India, provides the following information regarding his income for the previous year 2008-09 :
- i) Income from salaries Rs. 4,32,000
 - ii) Income from house property Rs. 82,000
 - iii) Profit from Business A Rs. 2,25,000
 - iv) Loss from Business B Rs. 50,000
 - v) Dividend from Reliance Industries Ltd. Rs. 7,850
 - vi) Interest on bank deposit with SBI Rs. 28,500
 - vii) Interest on Post Office savings Rs. 5,000
 - viii) Short term capital gains from sale of shares Rs. 12,500
 - ix) Long term capital gains from sale of property Rs. 2,35,000
- Shyam claims deductions in respect of the following :
- a) Life insurance premium paid on life of his wife Rs. 30,000
 - b) National Savings Certificate (VIII issue) Rs. 50,000
 - c) Contribution to Recognised Provident fund Rs. 36,000

CS/MMA/SEM-2/MMA-206/2010



- d) Donation to National Defence Fund Rs. 20,000
e) Medical insurance premium paid by cheque on himself and wife Rs. 25,000

Calculate his total income and tax liability for the AY 2009 - 10.

11. From the following information compute the total income of Mr. S for the AY 2009 - 10 :

Trading and PL A/c for the year ended 31. 03. 09

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Opening stock	30,000	Sales	6,50,000
Purchases 5,00,000		Closing stock 50,000	
Salaries	40,000	Profit on sale of machinery	10,000
Insurance 10,000		Bad debts recovered	10,000
Advertisement	12,000	(previously allowed)	
Purchase of patent	28,000	Dividend from UTI	16,000
Travelling expenses	14,000	Divident from HUL Ltd.	23,500
Miscellaneous expenses	8,000	Winnings from horse race	10,500
Medical expenses of owner	15,000		
Car expenses	15,000		
Sales tax	3,000		
Medical expenses for physically handicapped son	7,000		
Depreciation	28,000		
Net profit	60,000		
	<hr/>		<hr/>
	7,70,000		7,70,000
	<hr/>		<hr/>



Other information :

- a) Insurance includes 30% paid for business assets and balance paid as premium on Mrs. S's life.
- b) Included in salary is Rs. 6,000 paid for gardener of Mr. S's residence.
- c) Rs. 30,000 was paid in cash to a supplier who refuses to accept a cheque.
- d) Miscellaneous expenses include Rs. 3,000 contribution to PPF.
- e) The car was used 2/3rd of the time for business purpose and balance for personal purpose.
- f) Depreciation as per Income tax rules was Rs. 30,000.

=====