



Name :
Roll No. :
Invigilator's Signature :

CS/MMA/SEM-2/MMA-206/2012

2012

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 any *ten* of the following :

10 × 1 = 10

- i) Property of the company belongs to
 - a) Company
 - b) Shareholders
 - c) Members
 - d) Promoters.
- ii) Minimum number of members in case of public company is
 - a) 1
 - b) 2
 - c) 5
 - d) 7.
- iii) The liability of members if company is limited by guarantee
 - a) unpaid value of shares
 - b) guarantee amount
 - c) unlimited liability
 - d) none of these.



- iv) The company's nationality is decided by its
 - a) shareholders
 - b) registered office
 - c) place at books of accounts are kept
 - d) none of these.

- v) A company can change its name at its own discretion by passing
 - a) ordinary resolution b) special resolution
 - c) boards resolution d) none of these.

- vi) A contract that is wholly in writing, or evidenced in writing, or oral, or partly written and partly oral, is called
 - a) Express contract b) Implied contract
 - c) Void contract d) Voidable contract.

- vii) To be covered under misrepresentation, statement must be wrong, but the person making it is believed to be
 - a) partly true b) false
 - c) true d) none of these.

- viii) A.O.P. should consist of
 - a) individual only
 - b) persons other than individuals only
 - c) both of these
 - d) none of these.

- ix) A person leaves India permanently on 15.11.2008. The A.Y. for the income earned till 15.11.2008 will be
 - a) 2007-2008 b) 2008-2009
 - c) 2006-2007 d) 2009-2010.



- x) Incomes which accrue or arise outside India but are received directly into India are taxable in case of
- a) resident only b) both OR and NOR
c) non-resident d) all the assesses.
- xi) S, a chartered accountant is employed with R Ltd. as an internal auditor and requests the employer to call the remuneration as internal audit fee. R shall be chargeable to tax for such fee under the head
- a) income from salaries
b) profit and gains from business and profession
c) income from other sources
d) capital gains.
- xii) Preliminary expenses incurred are allowed deduction in
- a) 10 equal annual instalments
b) full
c) 2 equal annual instalments
d) 5 equal annual instalments.

GROUP - B

(Short Answer Type Questions)

Answer any *three* of the following. 3 × 5 = 15

2. During the financial year 2010-2011, Mr. Deb had the following income. Compute the income of Mr. Deb if he is (i) Not ordinarily resident and (ii) non-resident in India.
- a) Profit of Rs. 1,75,000 from a business in Thailand received in India. The business is controlled from Thailand.
- b) Agricultural income received in USA Rs. 20,000 and spent there.



- c) Income from house property situated in Thailand, received in Thailand and subsequently remitted to India.
 - d) Property income accrued and received in London (out of which Rs. 40,000 was remitted to India) Rs. 1,30,000.
 - e) Interest from deposits with an African company but received in India Rs. 75,000.
3. Ms. Sinha is a person of Indian origin. During the financial year 2010-2011, he came to India on 2nd April, 2010 and stayed up to 15th August, 2010. He then again visited India on 18th January, 2011 and left India on 3rd April, 2011. Previous to this, he was in India for 160 days, 125 days, 212 days, 246 days, 98 days and 181 days respectively for the assessment years 2004-2005 and 2009-2010. Determine his residential status for the AY 2011-2012.
 4. What are the transactions not regarded as a transfer for computation of Capital Gains under the Income Tax Act, 1961 ?
 5. What are the conditions precedent to a lock out of a factory under the Industrial Disputes Act, 1947 ?
 6. The services of a woman worker who had completed 8 months' continuous service in a factory were terminated.
 - a) to what leave is she entitled ?
 - b) to what leave would she be entitled if she were below 15 years of age ?
 - c) if she is entitled to any leave, what would be the amount of wages during the leave period.
 7. How far is an employer liable for compensation to a workman injured by an accident arising out of and in the course of his employment ?

**GROUP - C****(Long Answer Type Questions)**Answer any *three* of the following. $3 \times 15 = 45$

8. The information given below relates to X Ltd.

	Plant and Machinery	Motor car	Computer	Building
Written Down values on 1.4.2010	Rs. 3,00,000	Rs. 1,50,000	Rs. 85,000	Rs. 32,46,000
Purchases during 2010-2011	Rs. 1,00,000	Rs 75,000	Rs. 26,000	Rs. 1,80,000
Sales during 2010-2011	Rs. 50,000	Rs. 2,20,000	—	Rs. 7,48,000
Date of purchase	4.6.2010 but put to use on 25.9.2010	12.10.2010	14.08.2010	18.05.2010

Compute depreciation for AY 2011-2012 including additional depreciation.

9. The Profit and Loss Account and other relevant information in relation to the business of Mr. Dutt are given below. Compute his total income for the prevalent assessment year.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Business Expenses	48,000	By Gross Profit	1,50,000
To Interest on Bank loan	5,000	By UTI Dividend	10,000
To Repair to furniture	3,000		
To Purchase of furniture	5,000		
To Bad debt	1,400		
To Provision for bad debts	3,200		
To Fire Insurance Premium	800		
To Life Insurance Premium	3,600		
To Income Tax	3,500		
To Donation to approved Institution	8,000		
To Donation to P.M. National Relief Fund	6,000		
To Fines	5,000		
To Interest on capital	9,000		
To Depreciation	3,000		
To Net Profit	55,500		
	1,60,000		1,60,000

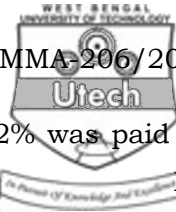


Additional Information :

- i) Life Insurance Premium relates to Mr. Dutt's own life.
 - ii) Depreciation as per IT rules in Rs. 2,500.
 - iii) 60% of bad debt is allowable.
 - iv) In arriving at gross profit, the opening and closing stocks have been valued at Rs. 72,000 and Rs. 90,000 respectively both at 10% below cost.
 - v) Business expenses include wages of his domestic servant at Rs. 350 per month.
 - vi) During the year he took away goods for his personal use costing Rs. 6,000 by crediting the sales account with Rs. 7,500.
10. a) From the following particulars of Mr. Naresh for the previous year ending on 31.03.2011, compute income under each head and the total income with reasons and also explain the reasons for carry forward of such loss, that could not be absorbed.

Particulars	Amount (Rs.)
Income from business (Proprietary concern)	
— Net adjustable profit from textile trade	20,000
— Net adjusted loss from automotive trade	- 30,000
Loss in shares trade (shares were never taken delivery)	- 40,000
Negative income from house property	- 25,000
Capital gains	
— Short term loss	- 20,000
— Long term gain	30,000

- b) Mr. Y sold a residential house at Patna for Rs. 92,00,000 on 1.7.10. The house was inherited from his father, who had purchased it in August, 1978 for Rs. 2,20,000. Mr. Y's father had added two rooms to the house in April, 1986, costing Rs. 3,67,000. Mr. Y had constructed an additional floor in the house at a cost of



Rs. 5,80,000 on 10.8.01. Brokerage @ 2% was paid on the sale consideration. Mr. Y invested Rs. 35,00,000 in a residential flat in January, 2010. Compute his taxable Capital Gains for the AY 2011-2012. The CII for 1986-1987 is 140 and for 2001-2002 is 426. 8 + 7

11. a) A had 15000 shares of X Co. acquired on 5.6.96 for Rs. 12 each. On 15.2.04 he converted 9,000 such shares into stock in trade. On that date, market value of each share was Rs. 24.75 each. On 4.8.10, he further converted 3000 shares into stock in trade. Market value of the share was Rs. 23.50 on that date. On 12.1.11, he sold all the shares for Rs. 32 each. Brokerage incurred was 2%. Compute capital gains. Also compute the tax on such gains.
- b) Compute taxable income and tax liability of Sen, aged 70 years for the AY 2011-2012.

	Rs.
Net income from manufacturing business	4,90,000
Interest on Post Office Saving Bank a/c	11,800
Share of profit from a partnership concern	84,000
Short term capital gain on land	1,48,000
Long term capital gain on house property	3,20,000
Share of income from HUF in which he is a member	16,400
Amount received from winning a horse race	6,940
Interest on bank deposit	10,600

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Expenditure incurred for the medical treatment of his 67 years old dependant brother with disability Rs. 42,000.

Repayment of loan taken for part time studies for course in management Rs. 10,000

Donation to Prime Minister's National Relief Fund Rs. 20,000.

He had paid Life Insurance premium Rs. 12,500 and invested Rs. 60,000 in Public Provident Fund. 6 + 9

12. a) What is a statutory meeting ? Explain the contents of a statutory report.
- b) "The general meeting alone is the company's primary organ and the directors are merely the company's agents or servants at all time subservient to the general meeting." Comment. 6 + 9
13. a) What is corporate government ?
- b) State the need for corporate governance.
- c) Write down the recommendations of the Kumaramangalam Birla Committee report on corporate governance. 2 + 4 + 9

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