Test Series: May, 2020

MOCK TEST PAPER 1

FINAL (NEW) COURSE: GROUP – II

PAPER – 6F: MULTIDISCIPLINARY CASE STUDY

*Attempt any **four** out of **five** case study based questions.*

Each Case Study carries 25 Marks.

Time Allowed – 4 Hours **Maximum Marks – 100**

CASE STUDY 1

CA Ankit Bansal has recently qualified his CA Finals and wants to join his father, FCA Vivek Bansal in his already established CA Practice. His father has earned a good name as one of the most successful Chartered Accountants in the city and Ankit wants to follow on his father's footsteps too. Ankit intimated about his desire to join his father in his office. His father, having struggled a lot in his initial days as a fresher knows the importance of hard-work and efforts required to settle in any Profession. He doesn't want his son to directly join him as a Boss over other employees, but to earn it after working for at least 6-8 months in the office as an employee. He wants his son to know the importance of efforts required to be made in the profession and understand that 'All that Glitters is not Gold'. He asks Ankit to study a new and emerging field in the Profession – GST properly and apply it practically in the office as well, with the help of other Staff & Trainers. He also tells him that as he is a newly qualified Professional, he will also discuss with him the Professional Ethics of CA Profession, though he might have read about it during his studies, yet he wants to tell him about its practical aspects. CA Vivek also asks his son to start working with the family's accounts first and prepare Income tax Returns and GST Returns of the Family including his elder brother's recently started business. Ankit happily agrees to abide by his father's wishes and starts working on it.

Since Indirect Taxes was one subject with which Ankit had to a work on a lot to pass its exam, he decides to study about its applicability on their Profession. Initially, he had read that Chartered Accountants were subject to Service Tax in the Pre-GST regime, but now, in the Post-GST era, they also fall under the ambit of GST. He learns that the same exemption limit w.r.t. aggregate turnover as applicable to the Business Community is also applicable to them. However, if any CA or CA firm provides 'Interstate Service', they have to register themselves compulsorily under the GST Law, irrespective of their aggregate turnover being less than the exemption limit. All other provisions too, like issue of Invoices, Charge of GST, payment of tax and filing of returns for Service Providers like CA's are more or less similar under the 'One Nation One Tax' regime with minor variations. Many CA's who were following the Cash System of accounting for Income-tax purposes, cannot follow Cash-system under GST, for which Mercantile System can only be followed. They are also subject to Section-9 of CGST Act w.r.t. Payment & Collection of tax under the 2 different mechanisms - FORWARD CHARGE & REVERSE CHARGE. The GST rate applicable on them is 18% on the value of services provided by them. CA Vivek assigns the work of filing their CA firm's returns for the month to CA Ankit.

As far as Income-tax is concerned, they are individual or a firm of Chartered Accountants covered under the head of 'Profits & Gains from Business or Profession'. They fall under the ambit of Notified Profession as per a CBDT Notification under the Income-tax law but finds it's difficult to make out whether he needs to maintain Books of Accounts U/s 44AA of the Income-tax Act, 1961 like his Father and their CA Firm or not, being a freshly qualified CA. As per Section-145, they can either adopt Cash or Mercantile system of accounting as they desire, calculate their Gross receipts and then Surplus after deducting expenses required to be in the Profession. The Income tax is to be paid on such Surplus or Net Receipts. Under the Normal Taxation provisions, his income would consist as follows as per the case:-

	Capacity in which income is earned by an individual	Treatment of income earned in each capacity
(1)	In his personal capacity (under the 5 heads of income)	Income from salaries, Income from house property, Profits and gains of business or profession, Capital gains and Income from other sources.
(2)	As a partner of a firm	(i) Salary, bonus etc. received by a partner is taxable as his business income. (ii) Interest on capital and loans to the firm is taxable as business income of the partner. The income mentioned in (i) and (ii) above are taxable to the extent they are allowed as deduction to the firm. (iii) Share of profit in the firm is exempt in the hands of the partner.

During his tenure of 6 months, CA Ankit would discuss various matters, relating to Professional Ethics with his father on various occasions. His father tells him that a Professional needs to be integral, confidential, independent, objective, competent & knowledgeable to be successful in his/her respective Profession. A Professional Accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer but also acting in the public interest. A professional accountant should observe and comply with the ethical requirements of the Code of Ethics applicable on them. This Code discusses the fundamental principles which professional accountants have to observe in order to achieve the objectives of the Accountancy Profession. Compliance with such principles may potentially be threatened by a range of threats as per circumstances categorised as Self-Interest, Self-Review, Advocacy, Familiarity and Intimidation threats. The nature & significance of these threats may differ depending on whether they arise in relation to the provision of services to a financial statement audit client, a non financial statement audit assurance client or a non-assurance client. Ankit understands the reason now why his father once refused to accept a CAR as a gift from one of his clients while auditing his Listed Company XYZ Ltd. And at other time, when he refused one of his big clients for offering him special treatment at his Service Centre. CA Ankit, asks his father whether they can also put up their Firm Name's Board at their residence and he would cater to some the clients for whom their residence is more accessible and approachable to get the work done, but his father CA Vivek denies him the permission to do so citing Ethics & tells him that they have already put up a Firm name board at their Official Premises and it is not required at their residence.

CA Ankit works for one year as an Individual- CA Ankit Bansal and after one year, joins his father CA Vivek Bansal in his CA firm as a Partner with full zeal & enthusiasm after having got the relevant experience under his experienced father for one year.

QUESTIONS

Part A- Multiple Choice Questions (2 Marks each)

1. Had CA Vivek accepted the Offer of the Preferential treatment from XYZ Ltd.'s Director, he would have been subject to -

   (a) Familiarity Threats

   (b) Self-Review Threats

   (c) Self-Interest Threats

   (d) Advocacy Threat

2. CA Ankit wants to put the name board of the Firm with his name as a Partner in the Firm, if admitted to his Father's Firm as a Partner, at the Place of his residence. He can put up a name board of -

   (a) His name only with designation "Chartered Accountant"

   (b) Firm's name only with designation "Chartered Accountants"

   (c) 2 Different name-boards with respective details of his and the Firm's

   (d) Nothing, as a member can't put any name boards whether individual or firm name at his place of Residence.

3. Ankit doesn't wish to maintain Books of Account for his Professional earnings on the ground that his income is less than the limits prescribed under the relevant section of the Income Tax Act, 1961 unlike his father CA Vivek or his CA firm. He is -

   (a) Guilty of Professional Misconduct under CA Act, 1949

   (b) Not Guilty as the relevant Section doesn't apply on him

   (c) Guilty both under the CA Act, 1949 & the Income Tax Act, 1961

   (d) Guilty of Professional Negligence

4. One of Ankit's Clients has displayed his Business name along with the GST Act requirements through Glow Sign Boards outside his Premises and has claimed the expense as a Revenue Expenditure. They seek Ankit's advice as to such Accounting treatment. What is the nature of expenditure incurred on glow-sign boards displayed at the premises of Ankit's client as to be suggested by Ankit?

   (a) Capital Expenditure

   (b) Revenue Expenditure as accounted for by the Client

   (c) Deferred Revenue Expenditure

   (d) Can be claimed as any as per the facts of the case.

5. One of CA Ankit's Clients states that Interest was payable to Goods and Services Tax Department but could not be paid before the due date specified in section 139(1). What should be CA Ankit's Reporting during the Tax Audit of such client?

   (a) Allowable as an expense.

   (b) Disallowed u/s 43B.

   (c) Disallowed u/s 37.

   (d) Allowable but to the extent of 30% only.

Part B- Descriptive Questions

6. Ranjan Pvt. Ltd. is a very big corporate client of CA Vivek Bansal. This year, after Ankit qualifying and joining his father in the Office, CA Vivek assigns him the Audit work of Ranjan Ltd. for the preparation of their audit report in a timely manner. The Profit & Loss a/c of Ranjan Pvt. Ltd., having business of agricultural produce, consumer items and other products for the year ended 31.03.2020 is as under:-

Particulars	Rs.	Particulars	Rs.
Opening Stock	3,75,000	Sales	1,55,50,000
Purchases	1,25,75,000	Closing Stock	4,50,000
Freight & Cartage	1,26,000		

Gross profit	29,24,000		
	1,60,00,000		1,60,00,000
Bonus to staff	47,500	Gross profit	29,24,000
Rent of premises	53,500	Income-tax refund	20,000
Advertisement	5,000	Warehousing charges	15,00,000
Bad Debts	75,000		
Interest on loans	1,67,500		
Depreciation	71,500		
Goods and Services tax demand paid	1,08,350		
Miscellaneous expenses	5,25,650		
Net profit of the year	33,90,000		
	44,44,000		44,44,000

Other Information:-

(i) There was a survey under section 133A on the business premises on 31.3.2020 in which it was revealed that the value of closing stocks of 31.3.2019 was Rs. 8,75,000 and a sale of Rs. 75,000 made on 13.3.2020 was not recorded in the books. The value of closing stocks after considering these facts and on the basis of inventory prepared by the department as on 31.3.2020 worked out at Rs. 12,50,000, which was accepted to be correct and not disputed.

(ii) Income-tax refund includes amount of Rs. 4,570 of interest allowed thereon.

(iii) Bonus to staff includes an amount of Rs. 7,500 paid in the month of December 2019, which was provided in the books on 31.03.2019.

(iv) Rent of premises includes an amount of Rs. 5,500 incurred on repairs. The assessee was under no obligation to incur such expenses as per rent agreement.

(v) Advertisement expenses include an amount of Rs. 2,500 paid for advertisement published in the souvenir issued by a political party. The payment is made by way of an account payee cheque.

(vi) Miscellaneous expenses include:

(a) amount of Rs. 15,000 paid towards penalty for non-fulfillment of delivery conditions of a contract of sale for the reasons beyond control,

(b) amount of Rs. 1,00,000 paid to the wife of a director, who is working as junior lawyer for taking an opinion on a disputed matter. The junior advocate of High Courts normally charge only Rs. 25,000 for the same opinion,

(c) amount of Rs. 1,00,000 paid to an Electoral Trust by cheque.

(vii) Goods and Services Tax demand paid includes an amount of Rs. 5,300 charged as penalty for delayed filing of returns and Rs. 12,750 towards interest for delay in deposit of tax.

(viii) The company had made an investment of Rs. 25 lacs on the construction of a warehouse in rural area for the purpose of storage of agricultural produce. This was made available for use from 15.09.2019 and the income from this activity is credited in the Profit and Loss account under the head "Warehousing charges".

(ix) Depreciation under the Income-tax Act, 1961 works out at Rs. 65,000.

(x) Interest on loans includes an amount of Rs. 80,000 on which tax was not deducted.

Compute the income chargeable to tax for assessment year 2020-21 of Ranjan Pvt. Ltd, ignoring MAT and provisions of section 115BAA. Support your answer with working notes for CA Ankit. **(10 Marks)**

7. (a) CA Vivek bags a contract of providing financial and management consultancy to a group of companies for an annual retainership fee of Rs. 15 lakh. He is given a room in the head office of the group for its exclusive use. CA Vivek pays GST on the amount of Rs. 15 lakh. Is the value for the service provided by him correct under GST laws? If not, please elaborate. **(2 Marks)**

(b) CA Ankit has provided various Consultancy and Assurance services during the year as follows. Determine the time of supply in the following cases assuming that rate of GST changes from 18% to 20% w.e.f. June 1:-

S. No.	Date of supply of services	Date of issue of invoice	Date of receipt of payment
(i)	May 28	June 9	July 25
(ii)		May 28	July 25
(iii)		June 9	May 26
(iv)	June 10	May 28	June 25
(v)		May 28	May 16
(vi)		June 9	May 28

(3 Marks)

CASE STUDY 2

Mahajan Food Products Ltd. is an established Company in the Food Processing Industry dealing in Groceries and Processed Food Products. The Company's Board of Directors consists of 8 Directors. It has subsidiaries both in India as well as outside India. The Company has established a name for itself in the Food Processing Industry globally. Since the company has gone global, it has been facing many difficulties in Accounting & Taxation issues related to the concerns in its network, associates, joint ventures and related persons. It has also been facing some legal difficulties regarding the same due to a sudden upsurge in the business of the Company and its expansion globally with less time to manage its Internal operations. So, the Board has now approached M/s Sharma Pahwa & Co., a CA firm in their city to consult regarding such issue and scope for improvements. The Directors of the Company request CA Grace Pahwa, the Senior Partner of the Firm to conduct a Workshop for their Accounts & Taxation Department staff and deliberate on various issues and matters they have been addressing to off late so that they can get the right training on such issues to minimise any problems that may spur up during Finalisation of Accounts and further audit by CA Grace. CA Grace agrees to their Proposal and asks them that she would be happy to conduct two workshops at a 6 month Interval for their employees in the first year of their audit and later on, one workshop every year in future to keep them updated about the latest developments to be taken care of in future while compiling the Financial statements and addressing the Tax issues.

THE DAY OF THE WORKSHOP

On the day of the workshop, CA Grace, as decided deliberates the Accounts & Taxation department of the Company on Accounting & Taxation aspects of Related Party Transactions. Following is an Extract of her Speech:

"Good Morning Dear Friends! I am CA Grace Pahwa and today I will be sharing with you the aspects to be kept in mind by you all while handling the Accounting and Taxation work of the Company so that we could carry out the Audit Process during the year as well as the Statutory Audit with the least difficulties and complexities. Mahajan Food Products is basically facing issues owing to the growing span of network and more and more concerns becoming a part of this group. For such a situation, we need to understand who are our Related Parties, their nature, transactions with them, their accounting and disclosure requirements, their audit considerations and taxation scenario.

Friends! An entity in the course of its commerce and business enters into numerous transactions and gets impacted by various related party relationships. It is a normal feature of business and commerce to have related party relationships. Entities frequently carry on their business activities through subsidiaries, joint ventures or associates. The entity has the ability to affect the financial and operating policy of a subsidiary as it has control over it. In the case of joint venture, it has joint control whereas in the case of an associate it has significant influence. It is quite probable that related party relationship may have an effect on the profit or loss and financial position of an entity. Therefore, the users of the financial statements of any entity should have:

(a) the knowledge of:

- related party relationships of an entity;
- entity's transactions, outstanding balances, commitments etc. with such related parties;

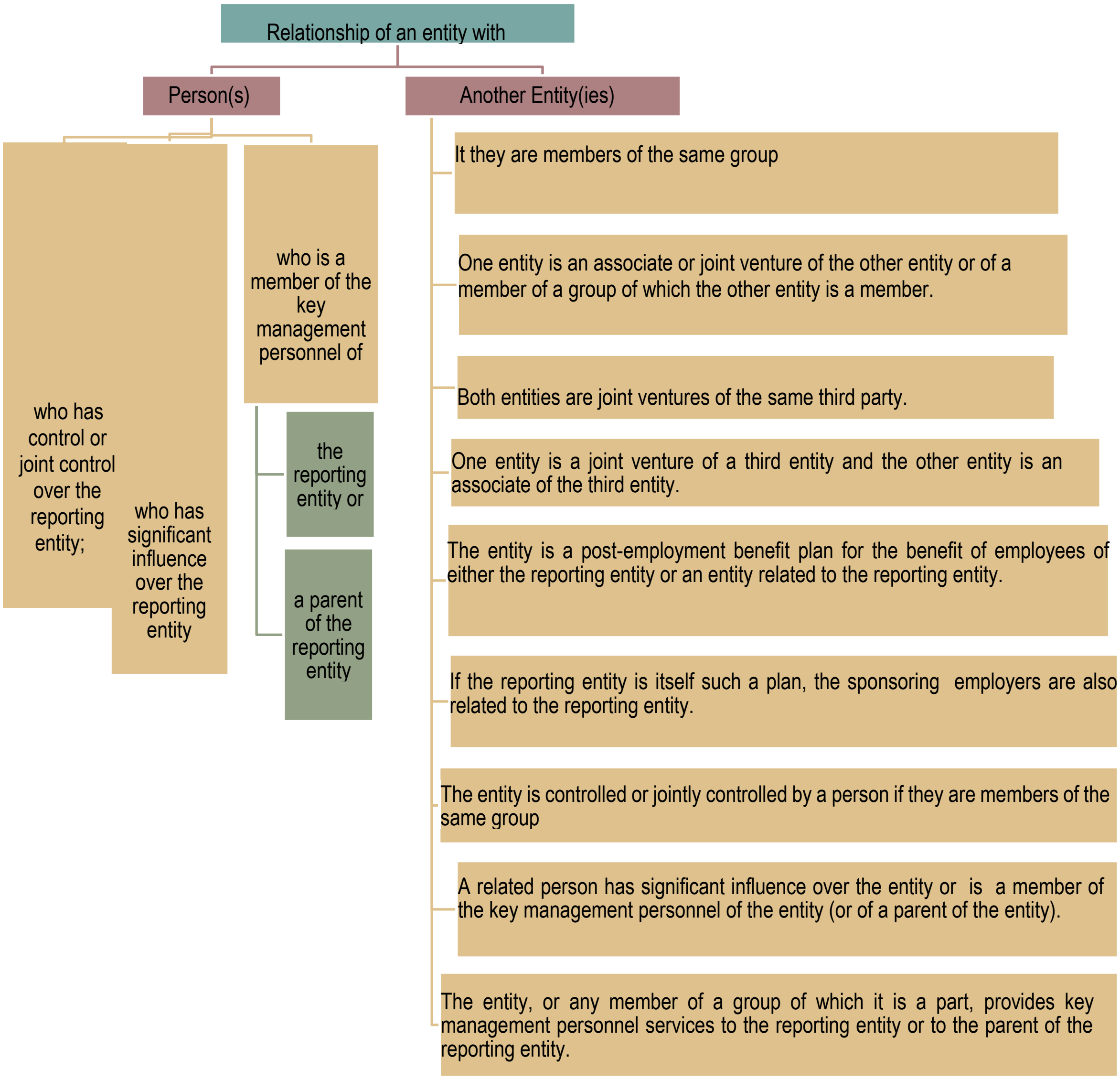
(b) as it may affect the user's assessments:

- of operations of the entity and
- the risks and opportunities facing the entity.

For Accounting purposes, you have to follow Ind AS 24 on RELATED PARTY DISCLOSURES.

You are all being provided with the chart as being shown on the screen in front of you and I would like you all to please write down your queries, if any to be taken up after I finish my deliberation. The following chart depicts the types of Relationships which an Entity can have with other individuals/entities in the Commercial scenario whose impact we need to study and analyse accordingly.

(CA Grace discusses the following chart in detail with thorough Practical Examples with her Audience)



However, the following are not treated as related parties:-

1. Two entities are not related parties simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.

2. Two venturers are not related parties simply because they share joint control over a joint venture.

3. (i) providers of finance, (ii) trade unions, (iii) public utilities, and (iv) departments and agencies of a government that does **not** control, jointly control or significantly influence the reporting entity, are not related parties simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision- making process).

4. a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence.

Now, we all need to understand what actually is a Related Party Transaction is: A Related Party Transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It is not necessary for any consideration to be passed for such transactions.

RELATED PARTY TRANSACTIONS UNDER GST

Supply of goods or services or both between 'Related persons' or between 'Distinct persons' as specified in section 25, will qualify as supply provided it is made in the course or furtherance of business.

Let us understand the terms 'related persons' and 'distinct persons':-

Related persons: A person who is under influence of another Person is called a related person like members of the same family or subsidiaries of a group company etc. Under GST law various categories of related persons have been specified. The term 'related person' has been defined in explanation to section 15. Persons including legal p

Distinct persons: The establishments of a person with separate registrations whether within the same State/UT or in different States/UTs are considered as distinct persons. Where a person having one registered establishment in a State/UT has another establishment in a different State/UT [not necessarily registered], these establishments are considered as establishments of distinct persons. Statutory provisions relating to 'distinct persons' are contained in sub- sections (4) and (5) of section 25.

RELATED PARTY TRANSACTIONS UNDER INCOME TAX

Sub-section (2) of Section 40A of the Income Tax Act, 1961, effectively, disallows certain expenses or payments made to relatives or their close associates, as the case may be if found unreasonable and not at par with the Market. The term 'Relative' in relating to an individual has been defined under sub-section (41) of Section 2, as the husband, wife, brother or sister or any lineal ascendant or descendant of that individual.

Further, the Section 40A (2) defined "Related Parties and its close associates." In a condensed form, they are as follows:

Assessee	**Relatives or Associates**
In case of Individual	• Any relative of the assessee • Any person in whose business or profession the assessee himself or his relative has a substantial interest.
In case of Company, Firm, Association of Person & Hindu Undivided Family	Any – • Director • Partner • Member of the association • Member of the Family & Relatives of them Any person in whose business or profession, as said above or relative of him of her has "substantial Interest." Any Individual who has "substantial interest" in the business or profession of the "Assessee." A Company or Firm or AOP or HUF having a substantial interest" in the business or profession of the "Assessee." Any other company carrying on business or profession in which the first mentioned has "Substantial interest"

The various individuals and Associate Concerns who are associated with your Company as submitted to me are as under:-

1. Hemlata, sister of Mr. Kurla, the Non-Executive Director of the Company.
2. Naresh Kumar, the brother of Mr. Birla, the Executive Director of the Company.

3. The Company has one Air Conditioned Restaurant in its Trade name in Mumbai and it has recently opened a Liquor shop, its first, in Uttarakhand for human consumption. It also has a Departmental Store in Delhi whose Stock is supplied from its Factory at Lucknow, UP.
4. A Limited is an ancillary of Mahajan Food Products Ltd. It supplies all its production to the company. Mahajan Food Products Ltd. has no other interest in A Limited.
5. ABC Ltd. is a long-standing customer of Mahajan Food Products Ltd. Mrs. Birla purchased a controlling interest in ABC Ltd. on 1st June, 2019.

So, these were some prominent individuals and concerns. There are more as per the List with me and given to you also. I hope you would be able to bifurcate easily now between Related and Unrelated Parties for Accounting & Taxation purposes so that the mistakes which have been being committed till now be not repeated in future. I would like to bring to your knowledge that I will be conducting your Company's Statutory Audit. To brief you, while carrying out the Statutory Audit, my Engagement team's main thrust would be on such related Party Transactions and we will be applying SA 550 on Related Parties as issued by ICAI to carry out the Audit efficiently and effectively. CA Kashish Jain, a Partner from my CA Firm Office in Delhi itself would be carrying out the Tax Audit of the Company and will issue the relevant Tax Audit Report in Form 3CA-3CD. The GST Audit of the Company would be carried out by CA Mohan Sharma from our Kolkata Branch Office over here at your headquarters in Delhi only and he will issue GST Audit Report in Form 9C after GSTR-9 is filed by the Company.

So Friends, I would like to end here and hope that major of your doubts and queries would have been resolved by now. In case you still have any issues, I am here for another half an hour to take the Open doubts session and my Engagement team would be available during Office hours every working day to resolve any of your concerns in near future too.

Thanks for being such a Patient Audience. "

QUESTIONS

Part A- Multiple Choice Questions (2 Marks each)

1. The management of the company wants to know whether the Food Products supplied from its Factory to its Departmental Store for sale at the store would constitute Supply under GST Law or not?
   (a) Not a Supply as it is a Stock Transfer.
   (b) Not a Supply as no Consideration is involved.
   (c) It is a Deemed Supply under the GST Law.
   (d) Not a Supply as the Factory and the Store are registered in the same State.
2. The Restaurant Manager of the company asks CA Grace that their Restaurant usually sends some packed food products to the Company's Liquor Shop on a routine basis. Whether it constitutes a Supply or not under GST?
   (a) No, as both the Restaurant & the Liquor shop are in different states.
   (b) No, as the Restaurant is a Registered business under GST while the Liquor shop doesn't require registration under GST, being a Non-GST Item.
   (c) Yes, because although they belong to the same entity, but they are distinct persons under GST law.
   (d) Yes, because now the Company will have to take GST registration for its only Liquor Shop also.

3. The Company has paid Rent to Naresh Kumar of Rs. 2,50,000 and paid interest to Hemlata Rs. 4,00,000. State the reporting requirements in the Tax Audit Report by CA Kashish Jain:

   (a) To be reported as Relative Payments under the relevant Clause u/s 40(A)(2)(b) of the Income Tax Act, 1961.

   (b) To be reported as a Disallowed Expenditure being Relative Payments under the relevant Clause u/s 37 of the Income Tax Act, 1961.

   (c) Need not be reported as these two individuals are not the relatives of the Company.

   (d) Only the payment made to Naresh Kumar to be reported.

4. The Head Accountant is of the view that A Ltd. is the Related Party of Mahajan Food Products Ltd.:-

   (a) Yes, as A Ltd. is the ancillary of the Company.

   (b) Yes, as Mahajan Food Products Limited is the sole purchaser of A Ltd.'s products.

   (c) No, as A Ltd. has no other Interest in Mahajan Food Products Ltd.

   (d) Yes, as both are Distinct Entities.

5. GST Audit Services rendered by CA Mohan on behalf of his CA firm to the Company would be construed as a Supply under GST Law for M/s Sharma Pahwa & Co. from its Branch Office:-

   (a) True, as the Firm shall be treated as Distinct Persons with separate registrations in Delhi and West Bengal.

   (b) No, as the rule of Branch Transfer doesn't apply to Services under GST.

   (c) True, only if, bill is raised by the Kolkata Branch of the CA Firm to the Client Company.

   (d) No, as there is no Consideration involved and therefore it is not a supply under GST Law.

Part B- Descriptive Questions

6. Sales of products from Mahajan Food Products Ltd. to ABC Ltd. in the two-month period from 1st April 2019 to 31st May 2019 totaled Rs. 16,00,000. Following the share purchase by Mrs. Birla, Mahajan Food Products Ltd. began to supply the products at a discount of 20% to their normal selling price and allowed ABC Ltd. three months' credit (previously ABC Ltd. was only allowed one month's credit, Mahajan Food Products Ltd.'s normal credit policy). Sales of products from Mahajan Food Products Ltd. to ABC Ltd. in the ten-month period from 1st June 2019 to 31st March 2020 totaled Rs. 80,00,000. On 31st March 2020, the trade receivables of Mahajan Food Products Ltd. included Rs. 36,00,000 in respect of amounts owing by ABC Ltd. Analyse and show (where possible by quantifying amounts) how the above event would be reported in the financial statements of Mahajan Food Products Ltd. for the year ended 31st March 2020 as per Ind AS. You are required to mention the disclosure requirements as well. **(4 Marks)**

7. CA Grace Pahwa, at the start of the Statutory Audit of Mahajan Food Products Ltd. deliberates to her Audit team on how to conduct the audit as per the relevant requirements of the Companies Act and SA 550. You are required to outline the major points to be a part of her lecture to the Audit staff on SA 550 as per the audit requirements of the Company Mahajan Food Products Ltd. on following issues:-

   (a) Nature of Related Party Relationships and Transactions. **(2 Marks)**

(b) In the context of this Mahajan Food Products Ltd.'s Related parties, the potential effects of inherent limitations on CA Grace's ability to detect material misstatements are greater than usual. Give 2 reasons why? **(2 Marks)**

(c) What shall the audit team inspect for indications of the existence of related party relationships or transactions that management has not previously identified or disclosed to them? **(2 Marks)**

(d) Audit Procedures to be followed by the Audit team for identifying significant Related Party Transactions outside the Company's Normal Course of Business. **(2 Marks)**

(e) Matters that may be addressed in the discussion among the engagement team from time to time for understanding the entity's Related Party Relationships and Transactions. **(3 Marks)**

CASE STUDY 3

The company STYZ Limited was incorporated in the year 2010. The company STYZ Limited was an Indian company that began its business activities soon after incorporation. Board of Directors of STYZ Limited consisted of 7 directors. The seven directors of STYZ Limited were namely Mr. B, Mr. H, Mr. K, Mr. N, Mr. R, Mr. W and Mr. F.

Out of the above mentioned seven directors of STYZ Limited, one director named Mr. B was absent from all the meetings of Board of Directors held during the period of past 12 (twelve) months. Mr. B did not inform about his absence from all the meetings to Board of Directors.

During the financial year 2019-20 one of the directors of STYZ Limited namely Mr. W decided to resign from his office as a director of STYZ Limited by giving a notice in writing to the company STYZ Limited. On 02/11/2019 Mr. W wrote the notice, in which Mr. W clearly mentioned that he would vacate his office as a director of STYZ Limited on 16/11/2019. However, the written notice of resignation of Mr. W was received on 7/11/2019 by the company STYZ Limited. One of the directors namely Mr. K who was not very clear about the provisions of Companies Act was of the opinion that effective date of resignation of Mr. W would be taken as 7/11/2019 because written notice of resignation of Mr. W was received by STYZ Limited on 7/11/2019.

The turnover of STYZ Limited as per the last audited Financial Statements for the financial year 2019-20 was Rs. 128 crore. Mr. N who was one of the directors of STYZ Limited was of the opinion that STYZ Limited was not required to constitute an Audit Committee as turnover of STYZ Limited as per the last audited Financial Statements was less than Rs. 200 crore.

Mr. R also one of the directors of STYZ Limited did not completely agree with the opinion of Mr. N. According to Mr. R if STYZ Limited was required to constitute an Audit Committee then apart from turnover it must also look at its paid up capital.

In opinion of Mr. R, STYZ Limited was required to constitute an Audit Committee if turnover of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs. 200 crore and its paid up capital as per last audited Financial Statements was more than or equal to Rs. 20 crore.

STYZ Limited from beginning was only involved in manufacturing business of furniture. The demand of furniture manufactured by STYZ Limited was huge in the market.

Mr. H one of the directors of STYZ Limited who was the head of accounts department of STYZ Limited asked the employees of accounts department to account for impairment loss on assets in books of accounts of STYZ Limited for the financial year 2019-20. A recently appointed employee of accounts department asked Mr. H whether impairment loss was required to be calculated on all assets. Mr. H explained to the recently appointed employee about the assets on which impairment loss was required to be calculated and the assets on which impairment loss was not required to be calculated.

While calculating impairment loss on different assets in books of accounts of STYZ Limited for the financial year 2019-20 the employees of accounts department of STYZ Limited were facing problem in calculating impairment loss on a machinery that was required for manufacturing business of furniture of STYZ Limited.

The details regarding that machinery for the financial year 2019-20 as per the books of accounts of STYZ Limited was as follows:

PARTICULARS	AMOUNT (In Rs.)
Carrying Amount of Machinery	2,90,000
Fair Value of Machinery	2,20,000
Cost of Disposal	20,000
Value in Use	2,50,000

During the first half of financial year 2019-20, STYZ Limited transferred a machinery named Machinery 20 for Rs. 7,00,000 to its wholly owned subsidiary named SZ Limited on 11/07/2019. SZ Limited was also an Indian company. The Machinery 20 transferred by STYZ Limited was purchased in financial year 2018-19 for Rs. 6,10,000 on 07/12/2018.

In the second half of financial year 2019-20, SZ Limited transferred another machinery named Machinery 34 for Rs. 4,00,000 to its 100% holding company named STYZ Limited on 09/11/2019. The Machinery 34 transferred by SZ Limited was purchased in financial year 2017-18 for Rs. 2,90,000 on 22/2/2018.

In the financial year 2019-20, STYZ Limited had its office for business purpose located in State N. During the financial year 2019-20 STYZ Limited supplied furniture (manufactured by STYZ Limited) as following:

(a) By delivery of furniture to the buyer named WK Limited, whose office for business purpose was located in State H.

(b) By delivery of furniture to FJ Limited, whose office for business purpose was located in State H. However, this supply of furniture was made to FJ Limited on instruction of buyer named MZ Limited whose office for business purpose was located in State N.

(c) Some furniture of STYZ Limited was of such nature that it required to be assembled. On instruction from buyer RG Limited (whose main office for business purpose was located in State N), STYZ Limited was required to assemble that furniture at branch office of RG Limited located in State H.

Keeping the basic concepts of Company Law, Company Audit, Impairment of Assets, Income Tax and Goods and Services Tax in mind answer the following multiple choice questions and descriptive questions:

QUESTIONS

Part A- Multiple Choice Questions (2 Marks each)

1. In the above case study one of the directors of STYZ Limited named Mr. B without informing to Board of Directors was absent from all the meetings of Board of Directors held during the period of past 12 months. In such scenario which of the following statement is correct:

   (a) Mr. B will not be allowed to attend next meeting of Board of Directors of STYZ Limited.

   (b) Mr. B will not be allowed to attend next two meetings of Board of Directors of STYZ Limited.

   (c) Nothing will happen, as Mr. B is allowed to do so.

   (d) Mr. B must vacate his office as director of STYZ Limited.

2. In the case study given above one of the directors of STYZ Limited named Mr. K was of the opinion that effective date of resignation of director Mr. W would be taken as 07/11/2019 because written notice of resignation of Mr. W was received by STYZ Limited on 07/11/2019. After considering the opinion of Mr. K which of the following statement is correct:

   (a) Opinion of Mr. K is correct and effective date of resignation of director Mr. W would be taken as 07/11/2019.

   (b) Effective date of resignation of director Mr. W would be taken as 16/11/2019.

   (c) Effective date of resignation of director Mr. W would be taken as 07/11/2019 as it is earlier of the two dates i.e. 07/11/2019 and 16/11/2019.

   (d) Effective date of resignation of director Mr. W would be taken as 02/11/2019 as it was the date on which Mr. W wrote the notice to STYZ Limited.

3. The opinion of Mr. R (one of the directors of STYZ Limited) was that STYZ Limited was required to constitute an Audit Committee if turnover of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs. 200 crore and its paid up capital as per last audited Financial Statements was more than or equal to Rs.20 crore. Opinion of Mr. R was incorrect because STYZ Limited was required to constitute an Audit Committee if:

   (a) Turnover of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs.100 crore or paid up capital of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs.10 crore.

   (b) Turnover of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs.25 crore or paid up capital of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs.2 crore.

   (c) Turnover of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs.50 crore or paid up capital of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs.5 crore.

   (d) Turnover of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs.75 crore or paid up capital of STYZ Limited as per the last audited Financial Statements was more than or equal to Rs.7 crore.

4. For calculating impairment loss, Recoverable Amount is required. For the financial year 2019-20 what was the Recoverable Amount of Machinery that was required for manufacturing business of furniture of STYZ Limited:

   (a) Rs.2,00,000

   (b) Rs.2,20,000

   (c) Rs.2,90,000

   (d) Rs.2,50,000.

5. For the financial year 2019-20 what was the amount of Impairment Loss on Machinery that was required for manufacturing business of furniture of STYZ Limited:

   (a) Rs.20,000

   (b) Rs.70,000

   (c) Rs.40,000

   (d) Rs.30,000.

Part B- Descriptive Questions

6. Calculate the amount of Capital Gain chargeable to tax in A.Y. 2020-21 for:

   (a) STYZ Limited on Machinery 20 transferred to SZ Limited on 11/7/2019.

   (b) SZ Limited on Machinery 34 transferred to STYZ Limited on 09/11/2019. **(4 Marks)**

7. In the case study given above the director Mr. W decided to resign from his office as a director of STYZ Limited. In such a scenario what are the duties or the responsibilities of each of the following:

   (a) Director Mr. W who is going to resign from his office as a director of STYZ Limited.

   (b) Board of Directors of STYZ Limited.

   (c) The company STYZ Limited. **(5 Marks)**

8. Explain with a reason what would be the place of supply regarding furniture manufactured and supplied by STYZ Limited during the financial year 2019-20, in the following scenarios:

   (a) When furniture was delivered to the buyer WK Limited.

   (b) When furniture was delivered to FJ Limited on instruction of buyer MZ Limited.

   (c) When furniture was required to be assembled at the branch office of the buyer RG Limited.

(6 Marks)

CASE STUDY 4

Rahul is the manager in a consultancy firm of chartered accountants namely, M/s ABC chartered accountants. Over the period of seven years since his qualification as a chartered accountant, he has worked on various assignments in diversified specialisations. Rahul's expertise has not been limited to a particular profile only, due to his versatile experience with number of engagements across the industry segments.

Recently, Rahul has been looking on assignments related to Ind AS. So, he has been appointed for a project by his consultancy firm to work on the project to prepare a report for one of its clients, HIM Limited relating to Ind AS Impact analysis.

HIM Limited's finance team does not have any experience in the preparation of financials as per Indian accounting standards. However, some employees of HIM Limited finance's team have recently done a refresher course on Ind AS to understand its principles in general and to have a fair idea for the transition period adjustments. Rahul is required to coordinate with them accordingly.

HIM Limited being a listed entity and having net-worth above Rs.500 crores is required to adopt Ind AS from April 1, 2020 in accordance with the Companies (Indian Accounting Standard) Rules 2015.

After doing extensive research, Rahul has identified some issues which need specific attention of management so that opening Ind AS balance sheet as on the date of transition can be prepared accordingly. Those issues which require consideration, after consultation and working with management are identified as follows, whose impact is going to be carved in the opening Ind AS balance sheet.

Issue 1:

As part of Property, Plant and Equipment, Company has elected to measure land at its fair value and want to use this fair value as deemed cost on the date of transition.

The carrying value of land as on the date of transition is Rs. 5,00,000.

However, the fair value of land as on the date of transition is Rs. 8,00,000.

Issue 2:

Under Ind AS, the Company has designated mutual funds as investments at fair value through profit or loss. The value of mutual funds as per previous GAAP is Rs.4,00,000. However, the fair value of mutual funds as on the date of transition is Rs.5,00,000.

Issue 3:

You have already calculated the deferred tax impact on financials due to Ind AS adjustments as on the date of transition. After consideration of possible effects as per Ind AS, the deferred tax impact is amounting to Rs. 25,000. This amount will further increase the portion of Deferred tax liability. There is no requirement to carry out the separate calculation of Deferred tax on account of Ind AS adjustments.

Issue 4:

Company had taken a loan from another entity. The loan carries an interest rate of 7% and it had incurred certain transaction costs while obtaining the same. It was carried at cost in its initial recognition. The principal amount is to be repaid in equal instalments over the period of loan. Interest is also payable at each year end. The fair value of loan as on the date of transition is Rs. 1,80,000 as against the carrying amount of loan which at present amounts Rs. 2,00,000.

Issue 5:

The company has declared the dividend of Rs. 30,000 (inc. DDT) for last financial year. As on the date of transition, the declared dividend has been already deducted by accountant from the company's reserves & surplus and the dividend payable has been grouped under Provisions. The dividend had been only declared by board of directors at that time and it was not approved in the annual general meeting of shareholders. However, subsequently when the meeting was held it was ratified by the shareholders.

Issue 6:

The company has Intangible assets as brands and trademarks amounting to Rs. 2,50,000 as on the date of transition to Ind AS. The fair value of those intangible assets as on the date of transition is Rs. 3,00,000. However, company wants to carry the intangible assets at Rs. 2,50,000 only.

Management wants to ascertain the impact of Ind AS in the financial statements of company for its general understanding. A presentation needs to be developed in this regard so that preliminary impact analysis exercise can be carried out for the management apprise.

The presentation would have the objective to provide information on the expected impact of transition to Ind AS on the Company's reported equity and reported profit against each of the stated issues separately.

Impacts contained therein would be preliminary as full compliance with Ind AS would be implemented at later stages. The financial information represented should correspond with the current best estimates based on principles and regulations known to date.

Once the assignment related to Ind AS was over, Rahul was told to supervise the internal audit of a company Rudra Private Limited. A freshly qualified chartered accountant, Mukesh and another three articled clerks are already working on this assignment. Mukesh has presented two noted issues which require the consideration of Rahul too for reporting the same in internal audit observations and to inform the management to take right decision accordingly.

Issue 1:

Rudra Private Limited is considering expansion of its operations in other parts of the country. For this purpose, it wants to purchase few properties there by the sale of existing properties which do not hold much significance in operations or other administrative matters. The company has identified a building for sale which is situated at another area than its present office. During the financial year 2019-2020, company has sold that building amounting to Rs. 1,00,00,000 in the month of July, 2019 to another corporate for its office use. Company had purchased this building 5 years ago which is having WDV as on 01.04.2019 at Rs. 40,00,000. Apart from the said building, Rudra Private Limited has also purchased one more building during the year in its portfolio in the same block of building for Rs. 60,00,000.

The purchaser of said building has agreed to pay Rs. 50,00,000 in the first installment in the month of October 2019 and amount therefore was paid on 29th October 2019.The balance payment of Rs. 50,00,000 is to be done in the next financial year as per the agreement between purchaser and seller. The accountant of purchaser of building thinks that the seller being a company, its TDS is required to be deducted at the rate of 5%. Later on as per the discussion held with both finance teams in a meeting, it was decided that TDS is to be deducted at the rate mentioned in the Income tax Act and its corresponding Income tax rules in force and not necessarily at the rate recommended by the accountant of Purchaser Company. The purchaser company has deposited the TDS amount to the credit of central government on 27th November 2019, although the TDS has been deducted as per the rates defined in statue for the time being in force i.e; neither less nor more TDS has been deducted and thereafter the same has been deposited accordingly. Assume that rate on long term capital gain is 20%, as per Income tax rules for the time being in force.

During the review of transactions in company's books of accounts, a team member of internal audit has raised an objection for the sale of land by company. According to him, the company should have levied the GST at the time of sale; however, the company has not levied any GST at that time. He believes since the company has defaulted in charging the GST and depositing the same to the credit of central government, it may attract further interest and penalties in future.

Issue 2:

During the year, Rudra Private Limited has transferred 10,000 units of its finished stock from his factory located in Delhi's Kirti Nagar to his retail showroom in Delhi's Chandni chowk so that the same can be sold from there. It has taken one registration in the State of Delhi declaring Delhi's Kirti Nagar factory as its principal place of business and Chandni chowk showroom as its additional place of business.

According to Mukesh, the company should have taken two separate registrations in the state of Delhi as the scope of GST is very complex and wide and it mandates to take GST registration from each place from where the company is doing business.

Rahul has resolved both outstanding issues pertaining to Rudra Private Limited accordingly by doing appropriate consultations with his team to reach on conclusions for the aforesaid matters.

After the completion of assignment related to Rudra Private Limited, Rahul was back in office to assume other consultancy roles. Meanwhile, the partner of firm Mr. Virendra has a doubt for the appointment of M/s ABC as an auditor in one of the companies 'Big Private Limited' which has proposed M/s ABC to conduct its audit. Further, there would be requirement for mandatory rotation of auditors after the term of 5 years. Mr. Virendra is keen to seek the opinion of Rahul in this regard for settlement of outstanding issue.

Big Private Limited's share capital is Rs. 10 lakhs and turnover as per its last financials is Rs. 100 lakhs. M/s ABC, Chartered accountants is already doing the statuary audit of many companies which aggregate to 58 in number, so Mr. Virendra thinks that there is restriction on getting more number of taking statuary audit assignments than prescribed in the Companies Act, 2013.

However, the management of Big Private Limited believes that since the Companies Act,1956, specifically excluded all private companies from the ceiling of number of audits to be conducted by an auditor i.e. an auditor/audit firm was allowed to conduct audit of any number of private companies under the 1956 Act.

Similarly, the Companies Act, 2013 does not put any restriction for taking the statuary audit assignments of any number of companies.

The statuary audit assignments taken by M/s ABC at the current date (excluding Big Private limited) are as follows:

Nature of company	Number of already assigned audits
Public limited companies	15
Dormant companies	5
One Person companies	18
Small companies	12
Private companies having paid up capital more than 100 crore	3
Private companies having paid up capital less than 100 crore	5

Assume that you are Rahul and accordingly you are required to analyze the above scenarios and then answer the following questions on the basis of your understanding.

QUESTIONS

Part A- Multiple Choice Questions (2 Marks each)

1. Calculate the amount of capital gains for sale of building as per Income-tax Act, 1961 which the Rudra Private Limited needs to compute for AY 2020-2021?

   (a) Rs. 16,00,000

   (b) Rs. 12,00,000

   (c) NIL

   (d) Rs. 2,00,000

2. Calculate the amount of TDS which should have been deducted by the purchaser towards purchase of property from Rudra Private Limited for AY 2020-2021?

   (a) Rs.1,00,000

   (b) Rs. 50,000

   (c) Rs. 5,00,000

   (d) Rs. 2,00,000

3. In which form, the details regarding transaction for sale of building and its corresponding TDS is required to be furnished by purchaser of building and how much time is to be taken for its filing?

   (a) Form 26QB is required to be filed within 30 days of making the payment

   (b) Form 16B is required to be filed within 30 days of sale agreement between purchaser and seller

   (c) Form 16B is required to be filed within 30 days of making the payment

   (d) Form 26QB is required to be filed within 30 days of making the transfer

4. Calculate the amount of Interest, Rudra Private Limited is required to pay for late payment of TDS to the credit of Central Government.

   (a) Rs.75,000

(b) Rs. 1,50,000

(c) NIL

(d) Rs. 50,000

5. Calculate the GST liability which Rudra Private Limited should have levied at the time of sale of land, as per the contention of Internal audit team member.

(a) Rs. 6,00,000

(b) Rs. 9,00,000

(c) Rs. 12,00,000

(d) None of the above

Part B- Descriptive Questions

6. Prepare Ind AS Impact analysis report of HIM Limited for presentation to the management wherein you are required to show the corresponding differences between Earlier IGAAP (AS) and New GAAP (Ind AS) against each identified issue in its first time adoption and its appropriate treatment thereon at the transition date. Also show its corresponding impact on the company's financials by measuring its end result in monetary terms due to transition by supporting your presentation with Journal entry which is to be done at the time of transition, so as to give effect in the company's financials. **(8 Marks)**

7. Whether M/s ABC can accept the new statutory audit assignment of Big Private Limited as suggested by the management of Big Private Limited. Explain the answer with relevant provisions of Companies Act, 2013. **(5 Marks)**

8. Whether stock transfers between Kirti Nagar factory and Chandni chowk showroom would be considered as supply in the light of GST provisions. **(2 Marks)**

CASE STUDY 5

Akshay is currently working in one of the top multinational companies of the world in Gurugram namely Kishaniti Limited. At present he is residing on rented flat in Gurugram itself. Akshay is the Vice-President, Finance of the said company for its Asia-pacific operations. Akshay is paid reasonably well by his company as per his designation. Akshay lives in the rented premium luxury flat in one of the premium colonies of the region. Akshay pays the monthly rent of Rs.1,00,000 for the said flat. However, there are 2 joint owners of the said property. As per the agreement, Akshay is required to make the payment of Rs.75,000 to joint owner 1 and Rs.25,000 to joint owner 2. Akshay has basic understanding that TDS needs to be deducted at the rate of 10% of other party if the aggregate amount of rent credited or paid or likely to be credited or paid during the financial year exceeds Rs.2,40,000. However, the landlord has shown a reference of website to the Akshay that individuals and/or HUFs who are subject to tax audit are only under an obligation to deduct the tax at source. Akshay being a salaried Individual is not required to deduct the TDS of other party. Akshay on the influence of landlord(s) has done the same and is depositing the gross amount of Rs.1,00,000 in their respective bank accounts.

Recently a new accountant has been hired in the company. A company has the following data shown in its books of accounts for the month of March, 2020 (1st March 2020 to 31st March 2020).

Particulars	Amount (Rs.)
Central goods and service tax payable	2,70,000
Integrated goods and service tax payable	1,80,000
State goods and service tax payable	2,70,000

Central goods and service tax receivable	70,000
State goods and service tax receivable	70,000
Integrated goods and service tax receivable	80,000
TDS receivable	50,000
TDS payable (including earlier carried forward balance)	90,000
TCS payment	10,000

Note: Assume that the figures as shown above are computed correctly after incorporating all adjustments.

According to Rohit, company needs to make the net payment of Rs.40,000 for TDS i.e. net of TDS payable and TDS receivable. Accountant needs the help of Akshay for the exact final amount of each statutory liability to be paid on net basis for the month of March, 2020.

Accountant has been told by Akshay to show the treatment of entries done for given transactions so that TDS payable for the month of March, 2020 can be ascertained accurately. Before the deposit of TDS, Akshay wants to cross verify the data to check discrepancy, if any. The company has following data in its books of accounts for the period of March 2020.

Date	Supplier	Company/ Non company	Invoice amount (Rs.) (A)	GST (Rs.) (B)	Gross Invoice (Rs.) (A) + (B)	Nature of Supply	Remarks
03.03.2020	Mohammad shah & brothers	Firm	2,00,000	36,000	2,36,000	Labour contractor	
01.03.2020	Madan Lal	Individual	1,20,000	-	1,20,000	Contract for AMC of electrical equipments for 1 year	PAN not available
10.03.2020	Johnsons appliances Pvt Ltd.	Company	10,00,000	1,20,000	11,20,000	Purchase of Heavy machinery	
10.03.2020	Eagle watch security private limited	Company	80,000	14,400	94,400	Security Services	
13.03.2020	Mariol Limited	Company	5,00,000	25,000	5,25,000	Goods in the normal course of business	
18.03.2020	Shah & Thapa HUF	HUF	50,000	-	50,000	Interest on unsecured loans	
20.03.2020	M/s PQR	Firm	1,20,000	21,600	1,41,600	Consultancy fees paid to chartered accountant	

23.03.2020	Divine Decorators Private Limited	Company	1,80,000	32,400	2,12,400	Technical fees for architectural services	Certificate u/s 197 issued by the assessing officer for lower deduction at 2.5%
26.03.2020	Good luck Home solutions	Individual	1,75,000	31,500	2,06,500	Brokerage paid for purchase of immoveable property	
30.03.2020	Chotu lal	Individual	15,000	-	15,000	Services for white wash of building	This is his first invoice to company in the given financial year
01.03.2020	Easy-lifts Limited	Company	1,44,000	25,920	1,69,920	AMC for maintenance of lifts for 1 year	
29.03.2020	Lotus Private Limited	Company	2,00,000	36,000	2,36,000	Rent paid for corporate office	Company pays rent of Rs. 2 lakh per month

Assume that all the above transactions have been executed from within the state only.

The company filed the TDS return for the month of March 2020 as on 10th June, 2020.

One of the companies of group promoters, Shivalik Private Limited is separately funded by the promoters of their own equity. Strategically that company's operations do not hold much significance from the director's vision. The directors want to ensure that this company comes under the ambit of composition scheme and want to pay taxes thereon under tax rates mentioned under the composition levy scheme. The company operates from 2 locations in the same state from where the supplies are executed. Since the commencement of operations in the company, only supplies within the state are made. During the preceding financial year, the company has following relevant information for the respective locations from its books.

Location 1

Particulars	**Amount (Rs.)**
Taxable supplies	60,00,000
GST @18% on taxable supplies which could have been levied on taxable supplies	10,80,000
Exports during the year	20,00,000
Exempt supplies	25,00,000
Value of inward supplies on which tax is payable under reverse charge	5,00,000

Location 2

Particulars	Amount (Rs.)
Taxable supplies	25,00,000
GST @18% on taxable supplies which could have been levied on taxable supplies	5,40,000
Exports during the year	10,00,000
Exempt supplies	5,00,000
Value of inward supplies on which tax is payable under reverse charge	2,00,000

Following particulars relate to the property which has been sold by Kishaniti Limited during the financial year 2019-2020.

Particulars	Amount (Rs.)
Date of sale	01-12-2019
Sale price of the property	40,00,000
Brokerage on sale	1% of sale value
Purchase value	20,00,000
Brokerage on Purchase	1% of Purchase value
Date of Purchase	08-12-2018

Cost Inflation Index for different years:

Financial Year	Cost Inflation Index
2015-2016	254
2016-2017	264
2017-2018	272
2018-2019	280
2019-2020	289

Following information as extracted from company's financials is relevant for the year ending 31st March 2020.

Particulars	Amount (Rs.)
Profit before taxation	1,00,00,000
Depreciation as per Income tax	20,00,000
Depreciation as per Companies Act,2013	15,00,000
Corporate social responsibility expenses	3,00,000
Closing Written down value of assets as per Income tax	8,00,00,000
Closing Written down value of assets as per Companies Act,2013	10,00,00,000
Provision for doubtful debts	5,00,000
Donations	4,00,000
Interest on late payment of TDS	1,70,000
Penalty for violation of law	30,000

Assume the income tax rate to be 25%.

After analysis of the stated issues, answer the following questions based on applicable framework.

QUESTIONS

Part A- Multiple Choice Questions (2 Marks each)

1. Calculate the amount of capital gain for sale of property executed on 01-12-2019.
   (a) Rs.19,60,000-Short term capital gain
   (b) Rs.19,40,000-Short term capital gain
   (c) Rs.20,00,000-Short term capital gain
   (d) Rs.18,78,715-Long term capital gain
2. Calculate the amount of deferred tax liability to be shown in the company's balance sheet as at 31 March 2020.
   (a) Deferred tax liability- Rs.53,50,000
   (b) Deferred tax liability- Rs.51,25,000
   (c) Deferred tax liability- Rs.2,50,000
   (d) Deferred tax liability- Rs.52,42,500
3. What is the name of document which one has to issue after the registration of business under composition levy scheme?
   (a) Tax Invoice
   (b) Invoice
   (c) Bill of supply
   (d) Bill of composition
4. Which of the following persons can opt for composition scheme, subject to fulfillment of other conditions?
   (a) Casual taxable person
   (b) Non-resident taxable person
   (c) Supplier of inter-State outward supplies of goods
   (d) Supplier of intra-State outward supplies of goods
5. Calculate the fees on late filing of TDS return if any which the company has to pay as per facts mentioned in case study.
   (a) Nil
   (b) Rs.2,000
   (c) Rs.1,000
   (d) Rs.12,800

Part B- Descriptive Questions

6. Pass complete Journal entries at the time of initial recognition of transactions in the books which relate to TDS after the consideration of provisions or rules as the case may be whether of accounting, Income tax or GST. And calculate the total amount of TDS which is required to be paid as liability for the month of March 2020. Also compute the total amount to be paid to suppliers. **(10 Marks)**
7. Being Akshay, help the accountant to find put the liability of statutory dues to be paid to the Government treasury for the month of March 2020. **(5 Marks)**