24/50

EBT is calculated using DFL & interest is taken on balancing figure.
Interest on 12% Bonds is 36,00,000. Balance interest could be other loans taken & repaid during the year.

Q2 Income Statement

3

Particulars	Amt ₹
Sales.	8400,000 ✓
Less: Variable cost	write amount
Contribution.	21,00,000 ✓
Less: Fixed Cost	(750000) ✓
EBIT	1350000 ✓
Less: Interest	(360000) ✗
EBT	990000.
Less: Tax @ 30%	(297000) ✗
EAT	693000. ✗
No. of Equity shares	50000. ✓
EPS	13.86.
~~PER~~ MPS.	200.

~~PE Ratio EPS~~.

$$PV\ Ratio = \frac{Contribution}{Sales} \times 100.$$

$$25 = \frac{Contribution}{8400000} \times 100.$$

$\therefore$ Contribution = 2100000 ✓

(i) Operating leverage = $\frac{\text{Contribution}}{\text{EBIT}}$

$= \frac{2100000}{1350000} = 1.56$ ✓

(ii) Combined leverage = Operating leverage × Financial leverage.

$= 1.56 \times 1.39$

$= 2.1684$ ✓

(iii) Earning per share = ₹ 13.86 ✗ (Table)

(iv) Earning yield = $\frac{\text{EPS}}{\text{MPS}} \times 100$

$= \frac{13.86}{200} \times 100$

$= 6.93$ ✗

3

Q3. Financial Plans (₹ in lakhs)

7.5

Particulars	Plan 1 ₹	Plan 2 ₹
Equity shares of ₹100 each	600	400
14% Loan	200	NA
14% Debentures.	NA	400
	800 ✓	800 ✓
No. of equity shares.	600000	400000
Interest	28	56.

(i) Indifference point

$$EBIT_1 = EBIT_2$$

$$\frac{(EBIT - I)(1-t)}{\text{No. of equity shares}} = \frac{(EBIT - I)(1-t)}{\text{No. of equity shares}}$$

$$\frac{(EBIT - 2800000)\cancel{(1-0.3)}}{\cancel{600000}\ 3} = \frac{(EBIT - 5600000)\cancel{(1-0.3)}}{\cancel{400000}\ 2}$$

~~2EBIT - 11200000 =~~

$$3EBIT - 16800000 = 2EBIT - 5600000$$

$$EBIT = 11200000$$ ✓

Part ii verification?

(iii) For EBIT upto 112 lakhs Plan 1 with less leverage is better and for EBIT exceeding 112 lakhs Plan 2 with more debt is better. ✓

(iv) Financial Break Even point (FBEP)

$$FBEP = \text{Interest} + \frac{\text{Pref Divident}}{1-t}$$

FBEP for Plan 1 = 2800000 + NIL = 2800000 ✓

FBEP for Plan 2 = 5600000 + NIL = 5600000 ✓

Q2 Goods and Servie Tax

1 MCQ No need to state the entire option. Just a b c d is fine.

(i) b) Yes, because supply includes import of services whether or not in course of furtherance of business

Very poor performance in MCQs.

(ii) c) No, because the transaction is not in course of furtherence of business

(iii) ~~a) All of the above~~ b) Yes because Schedule I provides for cases without consideration

(iv) d) (1) and ~~(3)~~ (2)

Answer could be well worded

Q1. a) Alcoholic liquor for human consumption - No GST is levied on this
1 State it is excluded from defn of supply itself

b). Petroleum, crude, diesel, petrol, ATF and natural gas are the 5 petroleum products that are outside the ambit of GST
To be leviable w.e.f. date decided by Government on recommendation of GST council

c) Tobacco is within the purview of GST. It is subject to GST as well as ~~ex~~ central exise duty.

d) Opium, Indian hemp and other narcotics drug and narcotics are subject to GST as well as state excise duty

Q2. a) GST of ₹ 450 is payable by XX on
1 reverse charge basis

Q3. The matters on which the GST Council may make recommendations under Article 279A of the Constitution of India are as follows:

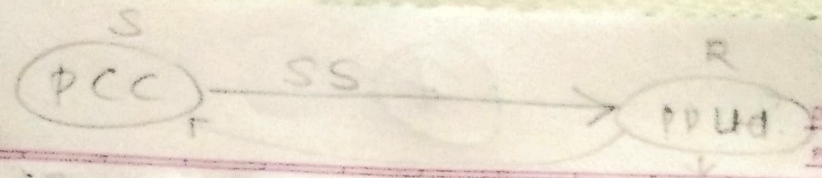
1. The taxes, cess and the subcharges levied by the Union, the state and the local bodies which may be subsumed in the goods and service tax.

2. The rates including floor rates with
4 bands of goods and service tax.

3. The goods and service that may be subjected to or exempted from GST i.e activity based exemption.

4. The threshold limit of turnover below which goods and services may be exempted from GST i.e person based exemption wherein the limit is 20 lakhs/10 lakhs

5. Principles of levy, mode GST laws, apportionment of GST levied on supplies in course of inter state trade or commerce under article 269A and the principles that gover the place of supply



Q4. In this question the sponsorship service
1.5 is provided by. Print City Club in Jaipur. to Painini Private limited. As per the provisions of sec 9 (3), the tax shall be payables as per reverse charge mechanism. In this case the tax shall be payable by Paini private Ltd as they are accepting the sponsorship service. ✓ Explain the entire provision and then conclude

Q5. In the first case wherein. Arpan Singhania
2.5 is the director in Narayan Ltd. Since the company paid him the sitting fee for the month of January, there is no employee- employer relationship and hence GST shall be levied on the amount of ₹ 25000 ✓ RCM? Further when the salary of ₹ 1.5 lakhs is being paid there is an employer employee relationship, ~~and hence GST shall not be levied on it~~. also TDS is being deducted as per sec 192 of the Income tax act therefore GST shall not be levied. ✓ In the next case where Mr Arpan is a partner in Tapasya and Associates he supplied professional services to Narayan limited. Incomplete

(7)

Detailed answers not written

Q6. As per provisions of sec 2(30) the
3.5 composite supply of printing of books pamphlets brochers, annural reports where only content is supplied by the publisher while the physical input including paper used for printing belong to the printer, supply of printing is the principal supply and therefore ~~s~~ it would constitute to supply of service. In the given question the supply of books by Satyamev Printers is a case of composite supply where the principal supply is supply of printing service. And therefore the rate of GST that is applicable will be 18%. ✓

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