

**Subject : Auditing & Taxation**

Day : Friday  
Date : 01/04/2016



Time : 3.00 P.M. TO 6.00 P.M.  
Max Marks : 80 Total Pages : 3

**N. B. :**

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Answers to both the sections should be written in the **SAME** answer book.

**SECTION – I**

- Q. 1** Explain the following terms under Income Tax Act. (**ANY FOUR**) **(16)**
- a) Assesse
  - b) Income
  - c) Previous year and Assessment year
  - d) Capital and Revenue Receipts
  - e) Resident in India
  - f) Annual Value

**OR**

- Q. 1** Mr. a received the following incomes during the year ending 31.03.2016 **(16)**

	<b>Rs.</b>
Salary from his employer Rs. 16,000/-	1,76,000
Leave travel concession for proceeding on leave to home town (Actual Expenditure Rs. 21,000/-)	24,000
Lunch allowance Rs. 1,250/- p. m.	13,750
Reimbursement of medical expenses	9,700

Mr. A also enjoyed the following other benefits and perks:

Free unfurnished flat at Mumbai for which his employer was paying monthly rent of Rs. 4,200/- p. m. One free car of 1.3 Lt. capacity with driver which was used partly for personal and partly for employment purpose.

Mr A's salaries and allowances (which remained unchanged) for the month of March, 2016 were due on 31-03-2016 but were received in April, 2016.

Compute his taxable income under the head salaries for the year ended 31-3-2016.

- Q. 2** What do you mean by Audit? Describe its nature and objectives. **(16)**

**OR**

- Q. 2** Explain the various types of Frauds and Errors. **(16)**

**P. T. O.**

## SECTION – II

- Q. 3** The following is the Profit and Loss Account of Mr. Ram, for the year (16)  
ended 31.03.2016

**Profit and Loss Account for the  
Year ended 31.03.2016**

Particulars	Rs.	Particulars	Rs.
To Salaries and Wages	1,20,000	By Gross Profit	4,82,000
To Rent, Rates and Taxes	32,000	By Rent from house property	60,000
To Trade expenses	14,500	By Dividend from an Indian company	24,000
To Advertisement	9,500		
To Household Expenses	35,000		
To Discount and Rebate	12,500		
To Postage and Stationary	2,750		
To Fire Insurance Premium (let out house property)	3,000		
To Reserve for Bad Debts	10,000		
To LIC Premium	10,000		
To Donation to an approved school	10,000		
To Income Tax	33,000		
To Repairs (House Property)	5,000		
To Audit fees	3,000		
To Loss of Stock in trade	10,000		
To Depreciation	10,000		
To Interest on Capital	2,000		
To Net Profit	2,43,750		
<b>Total</b>	<b>5,66,000</b>	<b>Total</b>	<b>5,66,000</b>

Additional Information:

- a) Depreciation allowable is Rs. 5,000/-  
b) He owns another house which is self occupied and for which he has paid Rs. 1,20,000/- as interest on loan taken for its repairs.  
Compute taxable income of Mr. Ram for the Assessment Year 2016 – 17.

**OR**

- Q. 3** Mr. Z acquired a plot of land on 30-06-1986 for Rs. 5,00,000/- and spent (16)  
Rs. 57,000/- on its registration and brokerage etc. This plot was sold in June, 2015 for Rs. 38,00,000/-. He had purchased a house for Rs. 8,00,000/- on 1-08-2015 for his own residence.  
The cost of inflation index in 1986-87 was 140.  
The cost of inflation index in 2014-15 was 1024.  
The cost of inflation index in 2015-16 was 1081.  
Compute the amount of taxable Capital Gain for the assessment year 2016-17.

**Q. 4** What are the provisions with regard to appointment and removal of an Auditor of the company? (16)

**OR**

**Q. 4** Explain the various types of Audit Reports. (16)

**Q. 5** Write short notes on **ANY TWO** of the following: (16)

- a) Person liable to pay service tax
- b) Methods of Accounting
- c) Audit Programme
- d) Tax Audit

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