

MODEL QUESTION PAPER

PRINCIPLES AND PRACTICE OF AUDITING

Max. Marks : 70

Time : 3 hours

SECTION - A

1. Answer any five sub- questions. Each sub-question carries two marks. (5x2=10)
- Define audit programme.
 - What is verification?
 - Give 2 examples of collateral vouchers.
 - State any two disadvantages of internal audit..
 - State any two differences between verification and valuation.
 - How is the first auditor of a company appointed?
 - Define 'Management Audit'.

SECTION - B

Answer any three questions. Each question carries 6 marks. (3 x 6 = 18)

- List out criminal offences of a company auditor.
- What are the objectives of verification of assets.
- 'Vouching' is the essence of an audit. Bring out its importance.
- Distinguish between Internal check and Internal audit.
- Briefly state the advantages and disadvantages of Interim audit.

SECTION - C

Answer any three questions. Each question carries 14 marks. (3 x 14 = 42)

- How do you verify the following :
 - Sundry Creditors,
 - Bills payable,
 - Contingent liability.
- What are the duties of an auditor in connection with vouching of payments sirole of cash book?
- State the steps to be adopted by auditor while auditing educational institutions.
- Describe a suitable Internal Check System for purchases and sales.
- Explain various objectives of Auditing.

MODEL QUESTION PAPER

BUSINESS REGULATIONS

Max. Marks : 70

Time : 3 hours

SECTION - A

1. Answer any five sub-questions. Each sub-question carries two marks. (5x2=10)

- What is FEMA?
- What is goods under consumer protection act?
- What is Liquidated damages?
- What is water pollution?
- What is bid rigging?
- What is statutory law?
- State the meaning of patent Right?

SECTION - B

Answer any three questions. Each question carries 6 marks. (3 x 6 = 18)

- What is law ? State the characteristics of laws.
- Give a brief note on condition and warranties.
- Explain the components of Commission under competition act, 2002.
- Explain briefly the intellectual property rights.
- Write short note on : a) Environment b) Environmental Pollution.

SECTION - C

Answer any three questions. Each question carries 14 marks. (3 x 14 = 42)

- Explain the sources of business law.
- Explain briefly the various ways in which a contract may be discharged.
- Explain duties, powers and functions competition commission of India?
- What are the objectives of FEMA? Explain the meaning of terms?
- What is pollution? Explain the different types of pollution.

MODEL QUESTION PAPER

MANAGEMENT ACCOUNTING

Time : 3 hours

Max. Marks : 70

SECTION -A

1. Answer any five sub-questions. Each sub-question carries two marks. (5x2 = 10)

- What is solvency ratio?
- Define financial statement analysis.
- State any two uses of Cash Flow statement?
- Gross profit is 20% on sales, cost of goods sold is Rs. 3,00,000. Find out sales.
- What is Management Reporting?
- Define Management accounting.
- What is funds from operation ?

SECTION - B

Answer any three questions. Each question carries 6 marks. (3 x 6 = 18)

- Write a note on different methods of reporting.
- Calculate cash from financing activities for the following data :

	Rs.
Issue of Equity shares	5,00,000
Issue of 9% debentures	4,00,000
Redemption of pref. shares	2,50,000
Raising of long term loan	3,50,000
Repayment of Bank overdraft	2,00,000
Dividends paid	1,00,000
Interest Received	50,000
Sale of furniture	1,00,000

- Distinguish between Fund Flow Statement and Cash Flow Statement.
- State the traditional classification of Ratios. Give a brief account of Managerial uses of Ratio Analysis.
- Explain the characteristics of management accounting.

COMPLIMENTARY COPY

SECTION - C

Answer any three questions. Each question carries 14 marks.

(3 x 14 = 42)

7. SMY Ltd. is facing the problem of working capital. Cash inflows are not matching with the cash outflows. After examining the existing situation, submit a report to the management on your findings and suggestions.
8. From the following Balance Sheets of ABC Co. Ltd. make out the statement of sources and uses of cash under Indirect method (As per accounting standards).

Liabilities	2005	2006	Assets	2005	2006
E.S. Capital	6,00,000	8,00,000	Goodwill	2,30,000	1,80,000
9% P.S. Capital	3,00,000	2,00,000	Land & Building	4,00,000	3,40,000
Gen. Reserve	80,000	1,40,000	Plant	1,60,000	4,00,000
Profit and loss	60,000	96,000	Stock	1,54,000	2,18,000
Proposed Dividend	84,000	1,00,000	Debtors	3,20,000	4,00,000
Creditors	1,10,000	1,66,000	Bills recoverable	40,000	60,000
Bills payable	40,000	32,000	Cash in hand	30,000	20,000
Provision for taxation	80,000	1,00,000	Cash at bank	20,000	16,000
	13,54,000	16,34,000		13,54,000	16,34,000

Additional information :

- Depreciation of Rs. 20,000 and Rs. 40,000 have been charged on plant and land building respectively in 2006.
 - An interim dividend of Rs. 40,000 has been paid in 2006.
 - Rs. 70,000 income-tax was paid during the year 2006.
9. From the following Balance Sheet of M/s PQR Limited as on 31.12.2009 and 2010. Prepare Fund Flow Statement.

Liabilities	31.12.09	31.12.10	Assets	31.12.09	31.12.10
	Rs.	Rs.		Rs.	Rs.
Share capital	5,00,000	6,00,000	Plant & Machinery	3,00,000	2,50,000
General Reserve	80,000	1,20,000	Land & Building	2,00,000	4,00,000
Profit and Loss a/c	60,000	1,00,000	Stock	2,60,000	2,00,000
Bank loan (long term)	1,60,000	1,00,000	Debtors	1,30,000	2,00,000
Sundry creditors	1,20,000	1,60,000	Cash	50,000	60,000

6th Sem. B.Com., : Management Accounting

Provision for taxation	40,000	60,000	Investments	60,000	Evershine
O/S Expenses	40,000	50,000		80,000	
	10,00,000	11,90,000		10,00,000	11,90,000

Additional Information :

- Interest paid on Bank loan Rs. 10,000
- Income tax paid for the year 2010 Rs. 44,000
- Assets of another company were purchased for a consideration of Rs. 1,00,000 paid in shares. Assets consisted of land and building Rs. 40,000 and stock Rs. 60,000.
- A machinery costing Rs. 50,000, accumulated depreciation Rs. 20,000, sold for Rs. 10,000. The loss being written off against General Reserve.
- Closing stock of 2010 was over valued by Rs. 5,000.
- Investments are Trade Investments Rs. 600 by way of dividend was received including Rs. 200 from pre acquisition profits which has been credited to Investment Account.

10. Following is the Balance Sheet of Nishanth Ltd., as at 31 st March, 2010.

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	5,00,000	Land & Buildings	9,00,000
8% Preference Share Capital	4,00,000	Plant & Machinery	8,00,000
Reserves and Surplus	4,00,000	Closing Stock	3,00,000
9% Debentures	6,00,000	Debtors	2,00,000
Current Liabilities	4,00,000	Bank & Cash	90,000
Prepaid Expenses	10,000		
	23,00,000		23,00,000

Additional information:

Sales during the year Rs. 8,00,000; Cost of Goods Sold Rs. 6,00,000; Office and Administrative Expenses Rs. 1,12,000; Commission and Discount earned Rs. 12,000; Loss on sale of machinery Rs. 34,000; Profit on sale of building Rs. 54,000.

You are required to calculate Current Ratio, Liquid Ratio, Stock Turnover Ratio, Gross Profit Ratio, Operating Cost Ratio, Net Profit Ratio, Debt-Equity Ratio, Solvency Ratio, Proprietary Ratio and Fixed Assets to Net Worth Ratio.

6th Sem. B.Com., : Management Accounting

11. 1. The following are the Balance Sheets of a concern for the year 2005 and 2006. Prepare a comparative Balance Sheet and study the financial position of the concern.

X Co. Ltd.

	2005	2006	2005	2006
Equity Share Capital	12,00,000	16,00,000	Land and building	7,40,000
Reserves and surplus	6,60,000	4,44,000	Plant and machinery	8,00,000
Debentures	4,00,000	6,00,000	Furniture & Fixture	40,000
Long term loans			Other fixed assets	50,000
On mortgage	3,00,000	4,00,000	Cash in hand and	
Bills payable	1,00,000	90,000	at Bank	40,000
Sundry Creditors	2,00,000	2,40,000	Bills Receivable	3,00,000
Other Current			Sundry Debtors	4,00,000
Liabilities	10,000	20,000	Stock	5,00,000
			Prepaid expenses	-
	28,70,000	33,94,000		28,70,000
				33,94,000



MODEL QUESTION PAPER

INCOME TAX - II

Time : 3 hours

Max. Marks : 70

SECTION - A

1. Answer any 5 sub questions. Each sub-question carries 2 marks. (5 x 2 = 10)
- Give the meaning of slump sale.
 - What is unexplained investments?
 - What is set off losses?.
 - What is a "Bond Washing Transaction"?
 - Explain the provisions of Section 80 E.
 - What is Indexed Cost of Acquisition?
 - Bring out any two examples of deemed income.

SECTION - B

- Answer any three questions. Each question carries 6 marks. (3 x 6 = 18)
- Give a brief note on section 80GGB, 80GGC and 80RRB.
 - Mr. Akshara has the following incomes during the year ending 31.3.2016.
 - Dividend declared by Tata Co., Rs. 12,000.
 - Interim dividend received Rs. 5,000.
 - He won gold worth Rs. 2,50,000 from Rajasthan state lottery.
 - Interest received on government securities held as investment Rs. 20,000.
 - He earned Rs. 2,00,000 as prize money on horse races. These horses are owned by him and expenditure incurred on maintenance of these horses amounted to Rs. 2,10,000.
 - Mr. Rudramurthy bought 1000 Equity shares of Sonata Software Ltd. In May 2002 at Rs. 40 per share (brokerage 1%). He received bonus shares in the ratio of 1 : 1 in June 2007. Again he was allotted right shares in the ratio of 1 : 1 in April 2010 at Rs. 60 per share. He sold all the shares in Dec. 2013 at Rs. 150 per share (brokerage 0.5%). Compute the taxable capital gains for the A.Y. 2014-15. CII 2002-03 = 447, 2007-08 = 551, 2010-11 = 711, 2013-11 = 1024 2015-16-1081)
 - Discuss with reasons, the admissability of the following expenses while computing profits and gains of business.
 - Income tax paid Rs. 30,000/-

6th Sem. B.Com., : Income Tax - II

- b) Out standing sales tax of previous years paid during the year Rs. 20,000/-
 c) Interest paid on loan taken for daughter's marriage Rs. 8,000/-
 d) Loss due to Robbery Rs. 50,000/-
 e) Legal expenses Rs. 10,000/- to defend the assessee's title to his assets.
6. Mr. Arjun Rao a senior citizen furnishes the following information for P.Y. 2015-16
 Pension received Rs. 6,000 p.m.
 Taxable income from business Rs. 1,28,000
 Short term capital gain of Rs. 1,10,000
 He contributed Rs. 15,000 towards life insurance policy and Rs. 2,000 towards NSC.
 He also paid a mediclaim insurance premium of Rs. 14,000 during the P.Y. 2015-16
 through cheque. What is his taxable income for the A.Y. 2016-17?

SECTION - C

Answer any three questions. Each question carries 14 marks. (3 x 14 = 42)

7. Dr. Mallya a medical practitioner who maintain books of accounts on cash basis furnish his receipts and payments accounts for the financial year 2015-16.

Receipts and Payment Account

Particulars	Amount	Particulars	Amount
Balance b/d	42,000	Rent of clinic :	
Consultation fees :		2013-14	1,000
2013-14	4,000	2014-15	10,000
2014-15	6,000	2015-16	2,000
2015-16	4,000	Electricity and water	2,000
Visiting expenses	1,00,000	Purchase of professional books	10,000
Loan from bank		Household expenses	20,000
For professional	40,000	Collection charges on dividend	500
Sales of medicines	1,50,000	Car purchases	1,00,000
Gift and presents	15,000	Surgical equipments purchased	10,000
Remuneration from articles	21,000	Income tax	4,000
Dividend	4,000	Salary to staff	40,000
Int. on post office		LIC premium	20,000

2,000	Gift to wife	<i>Evershine</i> 4,000
	Interest on loan	4,000
	Car expenses	20,000
	Purchase of medicines	1,00,000
	Contribution to PPF	14,000
	Mediclaime insurance premium	8,000
	Balance c/d	18,500
3,88,000		3,88,000

Additional Information :

- 1) 1/3 of use of car for personal use.
- 2) Depreciation on car 20%.
- 3) Depreciation on Books 100%.
- 4) Depreciation on surgical equipments 25%
- 5) Gifts and presents include Rs. 6,000 from patients in appreciation of service.
- 6) Closing stock of medicines Rs. 10,000.
- 7) His other incomes for the P.Y. 2015-16 include :
 - a) Computed income from house property Rs. 1,50,000.
 - b) Computed income from other sources Rs. 2,00,000.

Compute his taxable income for A.Y. 2016-17.

8. Compute the Income from other sources of Mr. Nagaraja, a professor and a resident of India for A.Y. 2016-17.
 - a) Salary from college Rs. 25,000 p.m.
 - b) Royalty from book written on Income Tax. 2,00,000. He claims deduction towards salary to clerk Rs. 12,000 and Telephone expenses Rs. 3,000, paid in this connection.
 - c) Income from Articles published in magazines and journals Rs. 40,000.
 - d) He lives in a rented house paying rent of Rs. 3,000 pm. He sublet 1/3 portion of this house at Rs. 1,500 p.m. He paid Rs. 6,000 of municipal tax on the whole house and paid Rs. 3,000 towards repairs of the whole house as per agreemtn.
 - e) He is examiner in several universities, from this source he received Rs. 12,600 during the year.
 - f) He delivered lectures at an Institute and received Rs. 600 per lecture for 20 lectures delivered during the year.

- g) His other incomes were : Winning from Card games Rs. 6,000
 Winning from Chess games Rs. 1,000
 Interest on foreign Bonds Rs. 15,000
- h) Income from Agricultural and situated in Srilanka Rs. 70,000.
- i) Rs. 8,000 p.m. as scholarship for research work from the U.G.C.
9. Mr. Venkatesh sold the following assets during the F.Y. 2015-16
- 1) A residential house property was sold in Nov. 2015 for Rs. 36,00,000 (brokerage 2%). This property was purchased in March 2002 at a cost of Rs. 3,36,000, it was renovated in 2010-11 at a cost of Rs. 2,52,000. He purchased a commercial property for Rs. 15,00,000 in Jan 2016.
 - 2) 1500 Equity shares of Tata Steel were sold at Rs. 800 per share (brokerage 0.5%) in Jan. 2015. These shares were bought in April 2009 at Rs. 1,400 per share (brokerage 1%)
 - 3) Jewellery was sold for Rs. 8,45,000. This was purchased in May 2009 for Rs. 4,20,000
 - 4) He sold urban plot of land for Rs. 38,00,000 (brokerage 2%). This was purchased in April 2010 for Rs. 18,00,000 (brokerage 1.5%)
- Compute the taxable capital gains for the A.Y. 2016-17.

CII 2001-02 – 406, 2009-10-582, 2010-11-632, 2015-16-1081

10. Dr. Gurudev, a medical practitioner, furnishes his Receipts and Payments Account for the previous year ended 2015-16. You are required to compute his income from profession for the A.Y. 2016-17.

Receipts and Payments Account

	Rs.		Rs.
Balance b/f	40,000	Purchase of Professional books	30,000
Visiting fee	1,20,000	Membership fee of Medical Council	6,000
Consultation fee	80,000	Household Expenses	18,000
Sale of Medicines	1,35,000	Rent of Clinic	24,000
Salary as part time Lecturer	96,000	Income Tax	26,000
Gifts from patients	30,000	Purchase of medicine	1,00,000
Interest on post office		Car Expenses	40,000

6th Sem. B.Com., : Income Tax - II

Savings Bank A/c	12,000	Electricity and Water	12,000
Dividends from Domestic Co.	10,000	Salary to staff	36,000
		Surgical Equipments	40,000
		Balance c/f	1,91,000
	5,23,000		5,23,000

Additional Information :

- 50% of Motor Car expenses relates to his personal use.
 - Depreciate Car and Surgical equipments by 15% and books by 100%.
 - Gifts include Rs. 10,000, received from his patients as his birthday gift.
11. Shri Narayan Rao (age 54 years); an eminent Chartered Accountant and a Resident of Bangalore. His receipts and payments account for the year ending 31 st March 2016 was as given below:

Dr.	Amount	Particulars	Cr.
Particulars	Rs.		Amount
	Rs.		Rs.
To Balance b/d	1,60,000	By Office rent	90,000
"Audit fee	5,40,000	" Printing and stationery	20,000
"Examiner's fee	60,000	" Newspapers & magazines	15,000
"Long-term capital gain	1,40,000	" General expenses	2,00,000
"Dividend on shares of MRF Ltd. (Gross)	50,000	" Subscription to CA Institute	25,000
		" Car Expenses	40,000
		" Professional books (Annual publication)	60,000
		" Laptop bought and put to use on 17-10-14	50,000
		" Electricity and water	10,000
		" Telephone expenses	30,000
		" Donation to NDF (National Defence Fund)	50,000
		" Donation to Rajiv Gandhi foundation	50,000

" Approved Charitable Institution	40,000
" Municipality for family planning	40,000
" Balance cld	2,30,000
	9,50,000

9,50,000

Compute Total Income for the Assessment Year 2016-17
