

B.Com. (General & Vocational)

Income Tax and Auditing

Time: 3 hours

Max. Marks: 80

SECTION – A

Answer ALL questions.

4 X 15 =60

1. (a) Define Residential Status. How do you determine the Residential Status of an individual?

(Or)

- (b) Following details are furnished by Mr. Jayadev, an employee in a Public Limited Company for the year ended 31-03-2013.

Basic Salary – Rs. 17200 per month
 Dearness Allowances – Rs. 3440 per month (Enters in to Service benefits)
 Bonus – Rs. 15000
 City Compensatory Allowances – Rs. 800 per month
 H.R.A. –Rs. 5000 per month
 Rent paid by him – Rs. 7000 per month
 Medical Expenses of the employee reimbursed by the company – Rs. 16,000
 Employees contribution to R.P.F. Rs. 34,000
 Employer's contribution to R.P.F. Rs. 34,000
 Interest credited to R.P.F. @ 14% is Rs. 7,000
 Professional Tax paid by employee Rs. 1200
 L.I.C. Premium paid by employee Rs. 18,000
 Compute net Salary and sec. 80C deduction

2. (a) From the following particulars of Mr. X compute income from house property

Particulars	House-I Rs.	House-II Rs.
Municipal Rental value	1, 10,000	1, 36,000
Fair Rental value	2, 52,000	2, 00,000
Standard Rent	1, 70,000	2, 10,000
Actual Rent	2, 40,000	1, 65,000
Municipal Taxes	10%	12%
Interest on loan taken to house construction	38,000	26,000
Un-realized rent	1 month	2 months
Vacancy period	1 month	1 month

(Or)

(b) From the profit and loss account of a proprietary firm for the year ended 31-03-2013. Compute taxable business income.

Particulars	Rs.	Particulars	Rs.
To salaries	3, 10,000	By Gross Profit	6, 60,000
To Rent	60,000	By Commission	7,000
To Advertisement	45,000	By Profit on sale of Gold	24,000
To Provision for doubtful debts	7,000	By Interest on Debentures	5,000
To Income Tax	8,000		
To Depreciation	63,000		
To Proprietors Salary	48,000		
To Contribution to unrecognized PF	12,000		
To Drawings	20,000		
To Transfer to General Reserve	30,000		
To Net Profit	93,000		
	6, 96,000		6, 96,000

Additional information:

- a) Depreciation as per I.T. rules Rs. 60,000
- b) An item of Business income not recorded in the books of account Rs. 5,000.

3. a) Define Auditing? Discuss the objectives of Auditing.

(Or)

b) Distinction between internal check, internal audit internal control.

4. a) Discuss the Duties and Liabilities of a Company Auditor.

(Or)

b) How do you verify the following items:

- a. Land
- b. Investment
- c. Copy Right
- d. Free hold properties
- e. Debtors
- f. Cash

SECTION – B

Answer any FOUR questions:

4 X 5 = 20

5. Find out the income of Sri Sai Krishna if:

- i. He is resident