



US – 487

VI Semester B.Com. Examination, May 2017
(CBCS) (Fresh) (2016-17 and Onwards)
COMMERCE
Paper – 6.2 : Principles and Practice of Auditing

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written either in Kannada or English.

SECTION – A

Answer any five questions. Each question carries 2 marks.

(5×2=10)

ಯಾವುದಾದರೂ ಐದು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಪ್ರಶ್ನೆಗೆ 2 ಅಂಕಗಳು.

1. a) What is meant by routine checking ?
ದೈನಂದಿನ ತಪಾಸಣೆ ಎಂದರೇನು ?
- b) What is valuation ?
ಮೌಲ್ಯಮಾಪನ ಎಂದರೇನು ?
- c) What is audit paper or audit working papers ?
ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ಕಾರ್ಯಗಳ ಕಾಗದಗಳು ಎಂದರೇನು ?
- d) What is Internal Control ?
ಆಂತರಿಕ ನಿಯಂತ್ರಣ ಎಂದರೇನು ?
- e) What is verification ?
ಪರಿಶೀಲನೆ ಎಂದರೇನು ?
- f) What are Intangible assets ?
ಸ್ವರ್ತ ಯೋಗ್ಯವಲ್ಲದ ಸ್ವತ್ತು ಎಂದರೇನು ?
- g) Who is a company auditor ?
ಕಂಪನಿಯ ಲೆಕ್ಕಪರಿಶೋಧಕ ಎಂದರೆ ಯಾರು ?

SECTION – B

Answer any three questions. Each question carries 6 marks.

(3×6=18)

ಯಾವುದಾದರೂ ಮೂರು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಪ್ರಶ್ನೆಗೆ 6 ಅಂಕಗಳು.

2. Explain the essential qualities of auditor of a company.
ಕಂಪನಿಯ ಲೆಕ್ಕಪರಿಶೋಧಕನ ಮುಖ್ಯವಾದ ಅರ್ಹತೆಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿ.
3. State the advantages of Audit Programme.
ಲೆಕ್ಕಪರಿಶೋಧನಾ ಕಾರ್ಯಕ್ರಮದ ಅನುಕೂಲಗಳನ್ನು ತಿಳಿಸಿ.

P.T.O.



4. How are the first auditor of Joint stock company appointed ?
ಕೂಡು ಬಂಡವಾಳ ಕಂಪನಿಗಳ ಮೊಟ್ಟ ಮೊದಲ ಲೆಕ್ಕ-ಪರಿಶೋಧಕನ ನೇಮಕ ಯಾವ ರೀತಿಯಲ್ಲಿ ಆಗುತ್ತದೆ ?
5. How do you vouch petty cash payments ?
ಚಿಲ್ಲರೆ ನಗದಿನ ಬಟವಾಡೆಯನ್ನು ಹೇಗೆ ದೃಢೀಕರಿಸುವಿರಿ ?
6. State the objectives of verification of assets and liabilities.
ಆಸ್ತಿ ಮತ್ತು ಹೊಣೆಗಾರಿಕೆಗಳ ಪರಿಶೀಲನೆಯ ಉದ್ದೇಶಗಳನ್ನು ತಿಳಿಸಿ.

SECTION - C

Answer any three of the following questions. Each question carries 14 marks. (3×14=42)
ಯಾವುದಾದರೂ ಮೂರು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಪ್ರಶ್ನೆಗೆ 14 ಅಂಕಗಳು.

7. Explain the civil and criminal liabilities of an Auditor.
ಲೆಕ್ಕಪರಿಶೋಧಕನ ಸಿವಿಲ್ ಮತ್ತು ಕ್ರಿಮಿನಲ್ ಹೊಣೆಗಾರಿಕೆಗಳನ್ನು ವಿವರಿಸಿ.
8. Explain briefly different types of Audit.
ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ವಿಧಗಳನ್ನು ವಿವರಿಸಿ.
9. Explain the audit procedure of educational institution.
ಶಿಕ್ಷಣ ಸಂಸ್ಥೆಗಳ ಲೆಕ್ಕಪರಿಶೋಧನಾ ವಿಧಾನವನ್ನು ವಿವರಿಸಿ.
10. Explain in detail as to internal check with regard to cash transaction.
ನಗದು ವ್ಯವಹಾರಕ್ಕೆ ಸಂಬಂಧಿಸಿದಂತೆ ಆಂತರಿಕ ಪ್ರತಿಬಂಧವನ್ನು ವಿವರಿಸಿ.
11. As an auditor how do you vouch the following items ?
ಈ ಕೆಳಕಂಡ ಅಂಶಗಳನ್ನು ಲೆಕ್ಕಪರಿಶೋಧಕನು ಹೇಗೆ ದೃಢೀಕರಿಸುತ್ತಾನೆ ?
a) Sale of investments
b) Income received in advance
c) Receipts from debtors.
a) ಹೂಡಿಕೆಗಳ ಮಾರಾಟ
b) ಮುಂಚಿತವಾಗಿ ಪಡೆದಿರುವ ಆದಾಯ
c) ಋಣಿಗಳಿಂದ ಸಂದಾಯ.



4. Following Incomes are received by Mrs. Radha, a resident during the previous year 2015 - 16. Compute taxable income from the head other sources.
- 1) Directors fees ₹ 10,000.
 - 2) Interest from post office savings bank A/c ₹ 500
 - 3) Dividend received from co-operative society ₹ 9,000.
 - 4) Interest on securities ₹ 10,000.
 - 5) Royalty from books written ₹ 25,000 (Expenses Incurred for this purpose ₹ 2,500).
5. Explain the provisions to set-off and carry forward the following losses :
- a) Loss of House-property.
 - b) Short term capital gain.
6. Ms. Keerti, a resident submits the following particulars of her Income & Expenditure for the P.Y. 2015 - 16. Compute total Income for the A.Y. 2016 - 17.
- a) Gross total Income ₹ 9,00,000.
 - b) Contribution to PPF ₹ 80,000.
 - c) Contribution to annuity plan of LIC ₹ 15,000.
 - d) Contribution to PM's National Relief fund ₹ 10,000.
 - e) Contribution to charitable hospital ₹ 10,000.
 - f) Contribution to defence fund ₹ 10,000.

SECTION - C

Answer any three questions. Each question carries 14 marks.

(3x14=42)

7. Following is the Profit and Loss A/c of Ms. Sahana, a resident for the year ended 31 - 3 - 2016.

Trading and P & L A/c			
		₹	₹
To Opening stock	40,000	By Sales	6,00,000
" Purchases	4,60,000	" Closing stock	45,000
" Gross profit c/d	1,45,000		
	6,45,000		6,45,000
To Salaries	27,500	By Gross profit b/d	1,45,000
" Rent and Taxes	12,500	" Bank Interest	25,000
" Commission	2,500		
" Legal charges	2,250		
" Bad-debts written off	7,250		
" Reserve for bad-debts	5,750		
" Repairs to machinery	750		
" Depreciation on fixed assets	13,250		
" Other Expenses	1,000		
" Income-tax	10,000		
" Net profit c/d	62,500		
	1,45,250		1,45,250



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SECTION – C

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(3×14=42)

7. Following is the Profit and Loss A/c of Ms. Sahana, a resident for the year ended 31 – 3 – 2016.

Trading and P & L A/c

		₹			₹
To Opening stock	40,000		By Sales	6,00,000	
" Purchases	4,60,000		" Closing stock	45,000	
" Gross profit c/d	1,45,000				
	6,45,000				6,45,000
To Salaries	27,500		By Gross profit b/d	1,45,000	
" Rent and Taxes	12,500		" Bank Interest	25,000	
" Commission	2,500				
" Legal charges	2,250				
" Bad-debts written off	7,250				
" Reserve for bad-debts	5,750				
" Repairs to machinery	750				
" Depreciation on fixed assets	13,250				
" Other Expenses	1,000				
" Income-tax	10,000				
" Net profit c/d	62,500				
	1,45,250				1,45,250



Compute Income from business for the A.Y. - 2016 - 17, after taking into consideration the following information :

- 1) Rent Includes 1,800 related to the house which was used as part of her own residence.
- 2) Bad-debts written off ₹ 3,000 were irrecoverable, but included in last year's sale.
- 3) Legal charges include ₹ 500 paid for the registration of land acquired for the business.
- 4) Depreciation allowable as per Income-Tax rules for the year was ₹ 15,000.
- 5) Both opening stock and closing stock of the year were undervalued at 20 % below cost.

8. Ms. Vimala had two houses -

- 1) The 1st house was occupied by herself for her residence. She got this house from her brother as gift on 15-8-1988. Her brother purchased this house in 1979 for ₹ 65,000. FMV on 1-4-1981 was ₹ 70,000. Vimala spent ₹ 6,500 on its improvement on 10-9-2003. She sold it on 30-9-2015 for ₹ 18,50,000. She purchased another house for her residence on 25-3-2016 for ₹ 9,00,000.
- 2) She had purchased the 2nd house for ₹ 56,000 in 1987 - 88 and had letout for residential purpose. She sold this house on 31-8-2015 for ₹ 8,50,000 by incurring selling expenses of ₹ 47,800.
- 3) She had purchased Jewellery in 1987 - 88 for ₹ 75,000 and on 25-2-2015 sold this Jewellery for ₹ 8,50,000 and purchased new Jewellery for ₹ 2,00,000.
- 4) Motor car sold on 1-12-2015 for ₹ 90,000 was purchased by her in January 2005 for ₹ 1,40,000 and its WDV on 1-4-2015 is 76,000. Car is used in business.
CII for 1981 - 82 = 100
1987 - 88 = 150
1988 - 89 = 161
2003 - 04 = 463
2015 - 16 = 1081

Compute taxable capital gain for the A.Y. - 2016 - 17.

9. Following are the Income details of Mrs. Roshini, a resident. Compute her Income from other sources for A.Y. 2016 - 17.

- 1) She gave management consultancy service to entrepreneurs during the year and received ₹ 55,000 from clients. She claims she spent ₹ 5,000 on related travelling.
- 2) Income from agriculture in Sri Lanka ₹ 20,000.
- 3) Dividend from UTI ₹ 5,000.
- 4) Interest on post-office savings bank ₹ 1,000
- 5) She holds the following investments
 - a) ₹ 1,00,000, 9 % tax free commercial securities (not listed)
 - b) ₹ 30,000, 7 % debentures of Canara Mills Ltd.
 - c) ₹ 72,000, 10 % tax free debentures of LIC of India (listed).
- 6) She lives in a rented house and pays rent of ₹ 6,000 p.m. She has sub-let 1/3 portion of the house on a rent of ₹ 3,000 p.m. She has taken up the responsibility of paying municipal taxes of ₹ 1,500 on the whole house and also repairs of the whole house amounting to ₹ 6,000.



10. Ms. Sunitha submits the following particulars :

Incomes

- Computed Salary Income ₹ 2,00,000.
- Computed Income from property let-out ₹ 65,000.
- Agricultural Income from Bangladesh ₹ 1,00,000.
- Share of Income from HUF ₹ 1,70,000.
- Computed Income from STCG ₹ 75,000.

Expenses :

- Life Insurance premium paid ₹ 28,000 (Sum assured ₹ 25,00,000)
- Medical Insurance premium paid ₹ 18,000.
- Loan repayment towards home loan Installment ₹ 20,000.
- Contribution of ₹ 20,000 to the Swachh Bharat Kosh set up by the central government.

11. Mrs. Rao, a physician and resident of Chennai submits the following receipts and payments account for the year ending 31-3-2016.

Receipts	₹	Payments	₹
To Balance b/d	70,000	By Rent of clinic	
" Consultation fees		2014 - 15	80,000
2014 - 15	25,000	2015 - 16	1,20,000
2015 - 16	2,50,000	" Surgical Equipments	1,00,000
2016 - 17	30,000	" Computers	50,000
" Visiting fees	80,000	" Interest on loan (profession)	12,000
" Winnings from		" By Professional books	
lottery (gross)	50,000	purchased (annual publication)	15,000
" To Interest on		" Purchase of Car	1,50,000
post-office savings A/c	30,000	" House hold Expenses	20,000
" Gift from patients	40,000	" Income tax	5,000
" Share from HUF	20,000	" Life Insurance premium	18,000
" Sale of Medicine	90,000	" Gift to mother	12,000
" Loan from Bank	1,50,000	" Car Expenses	30,000
		" Lottery ticket	25,000
		" Staff salary	1,20,000
		" Balance C/d	78,000
	8,35,000		8,35,000

Additional Information :

- WDV of car on 31-3-2015 was ₹ 1,00,000. On which 15 % depreciation to be charged. Car is used 60 % for profession and 40 % for private purpose.
 - Visiting fee due but not received for 2015 - 16 is ₹ 18,000.
 - Consultation fees due but not received for 2015 - 16 is ₹ 8,000.
 - Surgical equipments and computers were purchased and put to use on 10-9-2015.
- Determine Taxable Income from profession for Assessment year 2016 - 17.