



SOMAIYA

VIDYAVIHAR UNIVERSITY

Dr. Shantilal K. Somaiya School of Commerce and Business Studies

QUESTION PAPERS

BRANCH: Master of Commerce (Accounting & Finance)	SEM: III
	OCT/NOV - 2025

Sr. No.	Subject	Available
1.	131P25C301 – Advanced Financial Management & Costing	
2.	131P25E302 – Fundamental & Technical Analysis	
3.	231P25C302 – International Taxation	
4.	231P25C303 – Auditing Including Management Audit	
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LIBRARY



October/ November 2025

Examination: End Semester Examination (PG Programmes)

Programme code: 25		Class: SY	Semester: III
Programme: Master of Commerce in Accounting and Finance			
Name of the School: Dr. Shantilal K. Somaiya School of Commerce and Business Studies		Name of the Department: Accounting and Finance	
Course Code: 131P25C301	Name of the Course: Advanced Financial Management & Costing		
Duration: 2 hours	Maximum Marks: 60 marks		
Instructions:			
1) All questions are compulsory.			
2) Use of a simple calculator is permitted.			
3) Figures to the right indicate the marks assigned to the questions.			
4) Working notes should form part of your answers.			

Q. No.		Max. Marks	CO										
Q1	Answer the following questions: (5 marks each)	15											
	<p>A. In WM Ltd. the 'OB' equipment is about to be replaced either by 'CF' system or by an 'OF' system. Finance costs 12% a year and the other estimated costs are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>CF (₹)</th> <th>OF (₹)</th> </tr> </thead> <tbody> <tr> <td>Initial Cost</td> <td>28,000</td> <td>40,000</td> </tr> <tr> <td>Annual Operating Costs</td> <td>24,000 p.a.</td> <td>18,000 p.a.</td> </tr> </tbody> </table> <p>Required If the company expected the new system (either CF or OF) to last at least for 12 years, which system should be chosen? COMMENT. (5 marks)</p>		CF (₹)	OF (₹)	Initial Cost	28,000	40,000	Annual Operating Costs	24,000 p.a.	18,000 p.a.		CO 3	
	CF (₹)	OF (₹)											
Initial Cost	28,000	40,000											
Annual Operating Costs	24,000 p.a.	18,000 p.a.											
	<p>B. Lite Limited willing to inculcate life cycle costing in its costing system. Product manager define the phases of the product as Design, Manufacturing, Operations, and End of life; Can you assist the management accountant to LIST the type of cost which will be significantly incurred at Lite limited under identified four phases? (5 marks)</p>		CO 4										
	<p>C. Pentel Ltd. supplies the following information relating to a vital equipment used in its production activity for April 2024:</p> <table border="1"> <tbody> <tr> <td>Total time worked during the month</td> <td>210 hrs.</td> </tr> <tr> <td>Total production during the month</td> <td>2,800 units</td> </tr> <tr> <td>No. of units accepted out of total production</td> <td>2,520 units</td> </tr> <tr> <td>Standard time for actual production of the month</td> <td>180 hrs.</td> </tr> <tr> <td>Time lost during the month</td> <td>28 hrs.</td> </tr> </tbody> </table> <p>Required (i) STATE an appropriate approach to measure the total productive maintenance performance of equipment. (ii) Quantify the total productive maintenance performance of the above-mentioned equipment by using the approach stated in (i) above. (iii) COMMENT on the effectiveness of maintenance of the equipment. (5 marks)</p>	Total time worked during the month	210 hrs.	Total production during the month	2,800 units	No. of units accepted out of total production	2,520 units	Standard time for actual production of the month	180 hrs.	Time lost during the month	28 hrs.		CO 3
Total time worked during the month	210 hrs.												
Total production during the month	2,800 units												
No. of units accepted out of total production	2,520 units												
Standard time for actual production of the month	180 hrs.												
Time lost during the month	28 hrs.												

<p>Q2.</p>	<p>(A) Its Entertainment Ltd., an Indian Amusement Company is happy with the success of its Water Park in India. The company wants to repeat its success in Nepal also where it is planning to establish a Grand Water Park with world class amenities. The company is also encouraged by a marketing research report on which it has just spent ₹20,00,000.</p> <p>The estimated cost of construction would be Nepali Rupee (NPR) 450 crores and it would be completed in one years' time. Half of the construction cost will be paid in the beginning and rest at the end of year. In addition, working capital requirement would be NPR 65 crores from the year end one. The after-tax realizable value of fixed assets after four years of operation is expected to be NPR 250 crores. Under the Foreign Capital Encouragement Policy of Nepal, company is allowed to claim 20% depreciation allowance per year on reducing balance basis subject to maximum capital limit of NPR 200 crore. The company can raise loan for theme park in Nepal @ 9%.</p> <p>The water park will have a maximum capacity of 20,000 visitors per day. On an average, it is expected to achieve 70% capacity for first operational four years. The entry ticket is expected to be NPR 220 per person. In addition to entry tickets revenue, the company could earn revenue from sale of food and beverages and fancy gift items. The average sales expected to be NPR 150 per visitor for food and beverages and NPR 50 per visitor for fancy gift items. The sales margin on food and beverages and fancy gift items is 20% and 50% respectively. The park would open for 360 days a year.</p> <p>The annual staffing cost would be NPR 65 crores per annum. The annual insurance cost would be NPR 5 crores. The other running and maintenance costs are expected to be NPR 25 crores in the first year of operation which is expected to increase NPR 4 crores every year. The company would apportion existing overheads to the tune of NPR 5 crores to the park.</p> <p>All costs and receipts (excluding construction costs, assets realizable value and other running and maintenance costs) mentioned above are at current prices (i.e. 0 point of time) which are expected to increase by 5% per year.</p> <p>The current spot rate is NPR 1.60 per rupee. The tax rate in India is 30% and in Nepal it is 20%. The average market return is 11% and interest rate on treasury bond is 8%. The company's current equity beta is 0.45. The company's funding ratio for the Water Park would be 55% equity and 45% debt.</p> <p>Being a tourist Place, the amusement industry in Nepal is competitive and very different from its Indian counterpart. The company has gathered the relevant information about its nearest competitor in Nepal. The competitor's market value of the equity is NPR 1850 crores, and the debt is NPR 510 crores, and the equity beta is 1.35.</p> <p>State whether Its Entertainment Ltd. should undertake Water Park project in Nepal or not. (15 marks)</p>	<p>15</p>	<p>CO 2, CO 3</p>
<p>OR</p>			
<p>Q2.</p>	<p>B. Roshan Metal and Motor Works (PM2W) deals in manufacturing of the copper wired electronic motor, which is specifically designed. PM2W is thinking to shift from traditional system to JIT system as part of process innovation.</p>	<p>15</p>	<p>CO 4</p>



CEO among the other top bosses at PM2W are hopeful that implementation of JIT will not only improve value in value chain for end consumer, but also improve overall manufacturing cycle efficiency. JIT pre-implementation team was formed to evaluate the probabilities, which collects following actual and estimated data about process –

Activity Category	Traditional System (Actual)	JIT System (Estimated)
Inspection	40	30
Storage	80	20
Moving	20	10
Processing	60	40

All data in minutes

Further, PM2W decided to practice single piece flow under JIT. PM2W received an order which is due to manufacture and delivered for 10 such motors. Total available production time to produce what customer demands is 480 minutes out of which it normal practice that 30 minutes will be spent in shutdown and cleaning. CEO is also considering JIT purchase apart from JIT production.

Required

- (i) Explain just in time.
- (ii) Calculate the 'takt time' and INTERPRET the results.
- (iii) Advise whether company should shift to JIT. **(15 marks)**

Q3 A. Explain attributes and benefits of Securitization from the angle of originator and investor. **(15 marks)** **15** **CO 1**

OR

Q3 B. A company produces and sells a single product. The cost data per unit for the year 20 24 is predicted as below: **15** **CO 3**

Particulars	₹ per unit
Direct Material	35
Direct Labour	25
Variable Overheads	15
Selling Price	90

The company has forecast that demand for the product during the year 2024 will be 28,000 units. However, to satisfy this level of demand, production quantity will be increased.

There are no opening stock and closing stock of the product.

The stock level of material remains unchanged throughout the period.

The following additional information regarding costs and revenue are given:

— 12.5% of the items delivered to customers will be rejected due to specification failure and will require free replacement. The cost of delivering the replacement item is 5 per unit.

— 20% of the items produced will be discovered faulty at the inspection stage before they are delivered to customers.

	<p>— 10% of the direct material will be scrapped due to damage while in storage.</p> <p>Due to above, total quality costs for the year is expected to be ₹10,75,556.</p> <p>The company is now considering the following proposal:</p> <ol style="list-style-type: none"> 1. To introduce training programmes for the workers which, the management of the company believes, will reduce the level of faulty production to 10%. This training programme will cost ₹4,50,000 per annum. 2. To avail the services of quality control consultant at annual charges of ₹50,000 which would reduce the percentage of faulty items delivered to customers to 9.5%. <p>Required</p> <p>(i) PREPARE a statement of expected quality costs the company would incur if it accepts the proposal. Costs are to be calculated using the four recognised quality costs heads.</p> <p>(ii) Would you RECOMMEND the proposal? Give financial and non-financial reasons (in brief). (15 marks)</p>		
<p>Q4</p>	<p>A. Following three independent situations pertaining to environmental management and sustainability are provided to you:</p> <p>Situation I</p> <p>Wasco Limited is a chemical company which uses chloro-fluorocarbons (CFC) in the production of chemical. As awareness of the environmental damage caused by CFC spread, Wasco Limited stopped using CFC in its production processes and analysed and redesigned its product range much before the legislation controlling use of CFC introduced by the Government.</p> <p>Situation II</p> <p>Energy drink manufacturer Cool Limited was ordered to submit a yearly report to the Ministry of Environment and Forests on activities, which contains information concerning collection, recovery and recycling of packaging waste, fulfilment of the targets, volume of recovered and recycled packaging waste by type of material and declaration that all compulsory contributions and taxes have been paid.</p> <p>Situation III</p> <p>KOA Limited has achieved a 25% reduction of energy consumption through its “Go Renewable” initiative. For, the company a 25% reduction represents a cost saving of about Rs. 30,00,000/-.</p> <p>Required</p> <p>Read the above three situations and EXPLAIN:</p>	<p>15</p>	<p>CO 4</p>

	<p>(i) Why Wasco Limited stopped using CFC and redesigned its product range much before legislation introduced by Government?</p> <p>(ii) The risk exposure of Cool Limited.</p> <p>(iii) How does focusing on environmental sustainability provides opportunity to KOA Limited for reducing costs? (15 marks)</p>		
	OR		
Q4	<p>B. Essential Pre-requisites of a JIT system (7 marks)</p> <p style="text-align: center;">AND</p> <p>C. Explain in detail Industry Structure Analysis (Porter's 5 forces analysis) (8 marks)</p>	15	CO 3 CO 4





SOMAIYA
VIDYAVIHAR UNIVERSITY



Semester: July 2025 - October 2025
Examination: ESE Examination

Programme code: 25

Programme: M.com (Accounting and finance)

Class: SY

Semester: III

Name of the Constituent College: SKSCBS

Name of the Department: Accounting and Finance

Course Code: 131P25E302

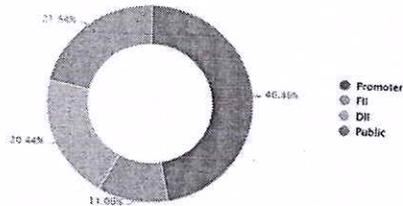
Name of the Course: Fundamental and technical analysis

Instructions: 1) Use of simple calculator is allowed. 2) Each question carries 15 marks.

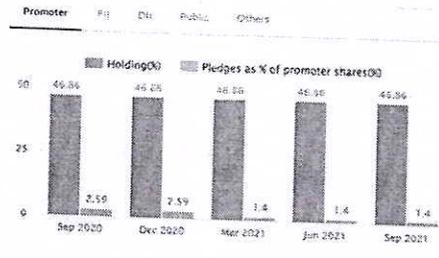
Question No.		Max. Marks	CO
Q1	(A) Describe any 2 continuation and 2 reversal patterns with the help of a diagram	15	2
	OR		
	(C) Distinguish between SMA and EMA	8	3
Q2	(D) Explain the pattern of 3 white crows	7	2
	(A) Briefly discuss the different two candle patterns	15	1
	OR (B) Using the graph explain the significance and features of Fibonacci	15	3
Q3.	(A) From the below explain every term and its implication. Also state your view whether you have to purchase the share or not.	15	3

SHAREHOLDING

Summary



Trend



Open	221.95	High	228.25	TTM EPS	4.55	Mkt Cap (Rs. Cr)	71,863
Previous Close	218.65	Low	221.10	TTM PE	49.43	Dividend Yield	0.69
Volume	29,496,465	UC Limit	240.50	Sector PE	22.67	200 Avg Volume	62,853,799
Value (Lacs)	66,337.55	LC Limit	196.80	Book Value Per Share	74.33	200 Avg Delivery (%)	21.35
VWAP	225.05	52 Week High	267.85	P/E	3.03		
Beta	1.55	52 Week Low	62.45	Face Value	1		

OR

(C) Discuss the tool of MACD and RSI with suitable examples.

15

2

Q4

(A)

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1,00,000	Furniture	2,96,000
10% Preference share capital	1,80,000	Trademarks	1,12,000
General Reserve	70,000	Stock	1,01,000
15% debentures	1,20,000	Bills Receivable	20,000
Trade payable	1,22,000	Trade Receivables	49,000
Bank overdraft	20,000	Cash and Bank	38,000
Provision for Tax	18,000	Profit & Loss A/c	14,000
	6,30,000		6,30,000

Calculate Following Ratios from the above balance sheet:

1. Current Ratio
2. Liquid Ratio
3. Proprietary Ratio
4. Capital Gearing Ratio
5. Debt Equity Ratio

OR

(B) The following information is given about M/s. S.P. Ltd. for the year ending Dec. 31, 2017

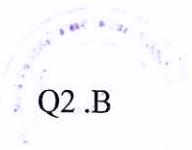
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4

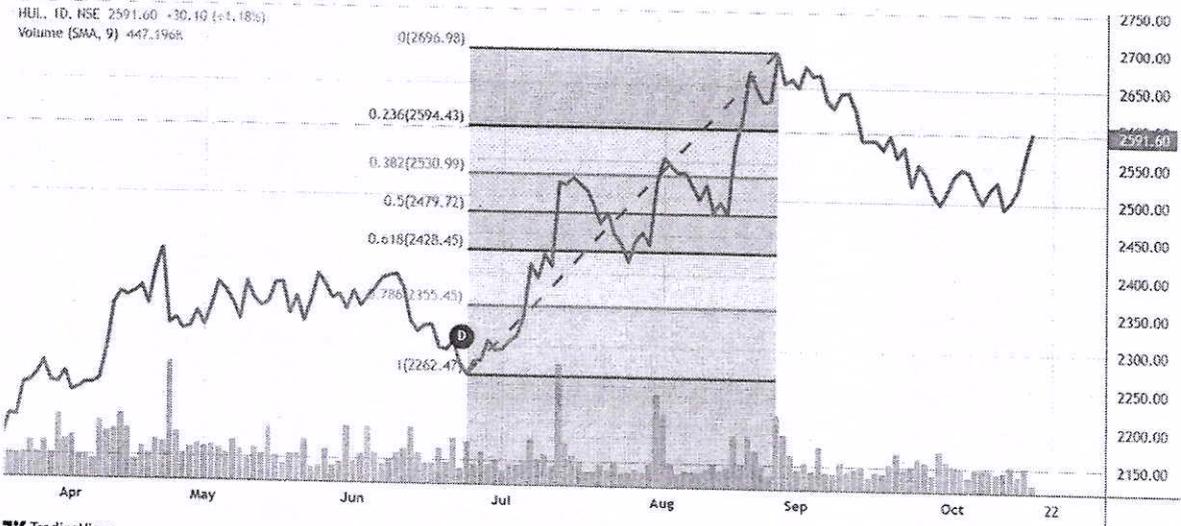
1. Stock turnover ratio = 6 times
2. Gross profit ratio = 20% on sales
3. Sales for 2007 =Rs. 3,00,000
4. Closing stock is Rs. 10,000 more than the opening stock
5. Opening creditors = Rs. 20,000
6. Closing creditors =Rs. 30,000
7. Trade debtors at the end = Rs. 60,000
8. Net Working Capital =Rs. 50,000

Find out: a. Average Stock b. Creditor Turnover Ratio c. Purchases d. Average Collection period e. Average Payment Period f. Working Capital Turnover Ratio





Q2.B





October/ November 2025

Examination: End Semester Examination (PG Programmes)

Programme code: 25		Class: SY	Semester: III
Programme: Master of Commerce in Accounting and Finance			
Name of the School: Dr. Shantilal K. Somaiya School of Commerce and Business Studies		Name of the Department: Accounting and Finance	
Course Code: 231P25C302	Name of the Course: International Taxation		
Duration: 2 hours	Maximum Marks: 60 marks		
Instructions:			
1) All questions are compulsory.			
2) Use of a simple calculator is permitted.			
3) Figures to the right indicate the marks assigned to the questions.			
4) Working notes should form part of your answers.			

Question No.		Max. Marks	CO
Q1	Answer the following questions: (5 marks each)	15	
	A. Mr. Thomas, a non-resident, resident of the USA, holds 45% of the total share capital in M/s ABC Ltd, a company incorporated in Mauritius. M/s ABC directly owns assets in India. Mr. Thomas transfers his entire share capital in M/s ABC Ltd to Mr. Ashok, an Indian resident. Evaluate whether the income earned by Mr. Thomas on transfer of shares in M/s ABC Ltd would be chargeable to tax in India. Explain your answers with detailed reference to the provisions contained in the Income-tax Act, 1961. (5 marks)		CO 1
	B. Sing Co, a resident of Singapore provides stewardship related activities for ABC Co, an Indian company. Explain whether Sing Co would constitute a Service PE in India. (5 marks)		CO 2
	C. Sea Port Shipping Line, a non-resident foreign company, is engaged in the business of carriage of goods shipped at Mumbai port. During the previous year ended on 31.3.2025, it had collected freight of ₹100 lakhs, demurrages of ₹20 lakhs and handling charges of ₹10 lakhs. The expenses of operating its fleet during the year for the Indian Ports were ₹110 lakhs. Compute its income applying the presumptive provisions under section 44B. (5 marks)		CO 1
Q2.	A. Mr. A, a resident of Mauritius, receives dividend income from an Indian company. In light of the India Mauritius DTAA, explain the taxability in the hands of Mr. A in India. Your analysis should include details of process and documentation requirements for availing the DTAA benefits, if any. (15 marks)	15	CO 2, CO 3

	<p>The relevant extract from the India Mauritius DTAA has been reproduced for your reference:</p> <p>“ARTICLE 10 - DIVIDENDS</p> <p>1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.</p> <p>2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed—</p> <p>(a) five per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10 per cent of the capital of the company paying the dividends ;</p> <p>(b) fifteen per cent of the gross amount of the dividends in all other cases.</p> <p>This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.</p> <p>3. Notwithstanding the provisions of paragraph (2), dividends paid by a company which is a resident of Mauritius to a resident of India may be taxed in Mauritius and according to the laws of Mauritius, as long as dividends paid by companies which are residents of Mauritius are allowed as deductible expenses for determining their taxable profits. However, the tax charged shall not exceed the rate of the Mauritius tax on profit of the company paying the dividends.</p> <p>4. The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the Contracting State of which the company making the distribution is a resident.”</p>		
	OR		
<p>Q2.</p>	<p>B. Ms Nandita, an individual resident retired employee of the Prasar Bharati aged 60 years, is a well-known dramatist deriving income of Rs.1,10,000 from theatrical works played abroad. Tax of Rs.11,000 was deducted in the country where the plays were performed. India does not have any Double Tax Avoidance Agreement under section 90 of the Income-tax Act, 1961, with that country.</p> <p>Her income in India amounted to Rs.6,10,000. In view of tax planning, she has deposited Rs.1,50,000 in the Public Provident Fund and paid a contribution to the approved Pension Fund of LIC Rs.32,000. She also contributed Rs.28,000 to Central Government Health Scheme during the previous year and gave payment of medical insurance premium of Rs.26,000 to insure the health of her mother, a non-resident aged 84 years, who is not dependent on her. Compute the tax liability of Nandita for the Assessment year 2025-26, assuming that she opted out of the default tax regime under section 115BAC. (15 marks)</p>	<p>15</p>	<p>CO 2, CO 3</p>

<p>Q3</p>	<p>A. Examine with reasons whether the following transactions attract income-tax in India, in the hands of recipients under section 9 of Income-tax Act, 1961:</p> <p>(i) A non-resident German company, which did not have a permanent establishment in India, entered into an agreement for execution of electrical work in India. Separate payments were made towards drawings & designs, which were described as "Engineering Fee". The assessee contended that such business profits should be taxable in Germany as there is no business connection within the meaning of section 9(1)(i) of the Income-tax Act, 1961.</p> <p>(ii) A firm of solicitors in Mumbai engaged a barrister in UK for arguing a case before Supreme Court of India. A payment of 5000 pounds was made as per terms of professional engagement.</p> <p>(iii) Amount paid by Government of India for use of a patent developed by Mr. A, who is a non-resident.</p> <p>(iv) Sai Engineering, a non-resident foreign company entered into a collaboration agreement on 25/6/2024, with an Indian Company and was in receipt of interest on 8% debentures for ₹20 lakhs, issued by Indian Company, in consideration of providing technical know-how utilised in its business in Mumbai during previous year 2024-25. (10 marks)</p> <p>B. During the financial year 2024-25, Nadal, a tennis professional and a Spanish citizen participated in India in a Tennis Tournament and won prize money of ₹15 lakhs. He contributed articles on the tournament in a local newspaper for which he was paid ₹1 lakh. He was also paid ₹5 lakhs by a Soft Drink company for appearance in a T.V. advertisement. Although his expenses in India were met by the sponsors, he had to incur ₹3 lakhs towards his travel costs to India. He was non-resident for tax purposes in India.</p> <p>What would be his tax liability in India for A.Y. 2025-26? Is he required to file his return of income? (5 marks)</p>	<p>15</p>	<p>CO 1</p>
<p>OR</p>			
<p>Q3</p>	<p>C. Peeyush, who returned to India on 12th June, 2024 for permanently residing in India after a stay of about 20 years in U.K., provides the sources of his various incomes and seeks your opinion to know about his liability to income tax thereon in India in A.Y. 2025-26 assuming that he has exercised the option to shift out of the default tax regime under section 115BAC:</p> <p>(i) Income of rent of the flat in London which was deposited in a bank there. The flat was given on rent by him after his return to India since July, 2024.</p> <p>(ii) Dividends on the shares of three German Companies which are being collected in a bank account in London. He proposes to keep the dividend on shares in London with the permission of the Reserve Bank of India.</p> <p>(iii) He has got two sons, one of whom is of 12 years and other 19 years. Both his sons are staying in London and not returning to India with him. Each of his sons is having income of ₹75,000 in U.K. in foreign currency (not received in India) and of ₹20,000 in India.</p> <p>(iv) During the preceding accounting year when he was a non-resident, he had sold 1000 shares which were acquired by him in British Pound Sterling and the sale proceeds were repatriated. The profit in terms of British Pound Sterling on sale of these 1000 shares was 175% of the cost at ₹37,500 while in terms of Indian Rupee it was ₹50,000. (15 marks)</p>	<p>15</p>	<p>CO 1</p>



Q4	<p>A. Explain the provisions for application of advance ruling (245Q) as per Income tax act,1961. (10 marks)</p> <p>B. Examine when can an advance ruling pronounced by the Board for Advance Rulings be declared void. What is the consequence? (5 marks)</p>	15	CO.4												
OR															
Q4	<p>C. Chris Gayle, a West Indies cricket player visits India for 102 days in every financial year. This has been his practice for the past 10 financial years.</p> <p>(a) Find out his residential status for the A.Y. 2025-26.</p> <p>(b) Would your answer change if the above facts relate to Srinath, an Indian citizen who resides in West Indies and represents the West Indies cricket team?</p> <p>(c) What would be your answer if Srinath had visited India for 120 days instead of 102 days every year, including P.Y.2024-25? (8 marks)</p> <p>D. Mr. David, a citizen of India, serving in the Ministry of External Affairs in India, was transferred to Indian Embassy in Canada on 31.03.2024. He did not visit India any time during the previous year 2024-25. He has received the following income for the Financial Year 2024-25:</p> <table border="1" data-bbox="288 999 1246 1227"> <thead> <tr> <th data-bbox="288 999 1043 1037">Particulars</th> <th data-bbox="1050 999 1246 1037">₹</th> </tr> </thead> <tbody> <tr> <td data-bbox="288 1046 1043 1084">Salary (Computed)</td> <td data-bbox="1050 1046 1246 1084">5,00,000</td> </tr> <tr> <td data-bbox="288 1084 1043 1122">Foreign Allowance</td> <td data-bbox="1050 1084 1246 1122">4,00,000</td> </tr> <tr> <td data-bbox="288 1122 1043 1160">Interest on fixed deposit from bank in India</td> <td data-bbox="1050 1122 1246 1160">1,00,000</td> </tr> <tr> <td data-bbox="288 1160 1043 1198">Income from agriculture in Country X</td> <td data-bbox="1050 1160 1246 1198">2,00,000</td> </tr> <tr> <td data-bbox="288 1198 1043 1236">Income from house property in Country X</td> <td data-bbox="1050 1198 1246 1236">2,50,000</td> </tr> </tbody> </table> <p>Compute his gross total income for Assessment Year 2025-26. (7 marks)</p>	Particulars	₹	Salary (Computed)	5,00,000	Foreign Allowance	4,00,000	Interest on fixed deposit from bank in India	1,00,000	Income from agriculture in Country X	2,00,000	Income from house property in Country X	2,50,000	15	CO 1
Particulars	₹														
Salary (Computed)	5,00,000														
Foreign Allowance	4,00,000														
Interest on fixed deposit from bank in India	1,00,000														
Income from agriculture in Country X	2,00,000														
Income from house property in Country X	2,50,000														



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October 2025		
Examination: End Semester Examination (PG Programmes)		
Programme code: 25	Class: SY	Semester: III
Programme: Master of Commerce (Accounting and Finance)		
Name of the School: Dr. Shantilal K. Somaiya School of Commerce and Business Studies		Name of the Department: Accounting and Finance
Course Code: 231P25C303	Name of the Course: Auditing including Management Audit	
Duration : 2 Hr.	Maximum Marks : 60	
Instructions: 1) Draw neat diagrams 2) Assume suitable data if necessary		

Question No.		Max. Marks	CO
Q1	<p>A. DB Ltd's turnover for the F.Y. 2024-25 is 15 crores from textile business and Rs. 3 crore from petrol pump business. All transactions are through banking channels. DB Ltd. prepared its financial statements for textile business and got its accounts audited and furnished the same to the Income Tax department within the prescribed time. The company was of the view that since the turnover from the petrol pump business is 3 crore and all transactions were through banking channels, the accounts of petrol pump business were not required to be audited. Is company's view correct? If not state penalty that can be imposed by assessing officer.</p> <p>B. During the audit of M/s Dubious Brothers, Mr. B observed that the firm had a very large amount of cash sales and there were no details of the customers to whom the sales were made. Further, cash generated was not even deposited into bank regularly. When Mr. B asked the firm to give him an opportunity to count cash, the manager of the firm said that the cash is with the owner and it cannot be made available to the auditor for the checking purpose. The manager also declined to give an opportunity for stock verification to Mr. B. What is the auditors' duty in this regard as per SA 700. State types of audit opinions as per SA 700.</p> <p>C. You are the auditor of Shield Insurance Ltd. for the financial year ending 31st March 2025. The company pays commissions to a large network of agents based on the premium collected from policyholders. Commission expenses form a significant part of the company's operating costs. What audit procedures would you perform to verify the commission paid to agents by Shield Insurance Ltd.?</p>	5 5 5	CO 3 CO 1 CO 2
Q2	<p>A. You are the statutory auditor of ABC Manufacturing Ltd., a company engaged in the production of electronic components. The company is a listed entity and is required to comply with the provisions of the Companies Act, 2013 and the relevant Rules, including the Companies (Auditor's Report) Order, 2020 (CARO 2020). The company has a diverse range of operations with fixed assets, inventories, loans and advances, and has undergone various transactions during the financial year ending 31st March 2025. State Reporting requirement under CARO for the above.</p>	15	CO 1

	OR		
	<p>B. You have been appointed as the external auditor for XYZ Bank for the financial year ending 31st March 2025. As part of your audit plan, you are required to perform an audit of the bank's fixed assets.</p> <p>The bank's fixed assets include office buildings, furniture and fixtures, computers and IT equipment, security systems, and vehicles. The bank maintains multiple branches across the country, and fixed assets are located at various branch offices. Describe the audit procedure for verification of Fixed Assets of a bank.</p>	15	CO 2
Q 3	<p>A. Secure Life Insurance Co. Ltd. is a registered insurer under the Insurance Act, 1938, engaged in providing life insurance, annuity, and pension products.</p> <p>For the financial year ended 31st March 2025, the company appointed M/s Veritas & Co., Chartered Accountants, as statutory auditors. The company collects premiums through agents, online portals, and bank tie-ups.</p> <p>During the audit, it was observed that in a few branches, delays in recording premium receipts occurred due to reconciliation issues between bank uploads and policy systems. State audit procedures for verification of premium collection.</p>	15	CO 2
	OR		
	<p>B. M/s R & K Associates, a firm of Chartered Accountants, has been appointed as the tax auditor of M/s Sunshine Traders for the Assessment Year 2024–25. Describe the audit procedures that the tax auditor must perform under Section 44AB. As an engagement partner, how should you address situations while ensuring compliance with both audit standards and code of ethics requirements?</p>	15	CO 3
Q 4	<p>A. M/s Nova Appliances Ltd. is a reputed manufacturer of home and kitchen appliances with operations across India. The company markets products such as refrigerators, washing machines, and air conditioners under the brand "NOVA."</p> <p>In recent years, the company has faced an increase in customer complaints, declining service quality ratings, and negative feedback on social media. The Board has therefore engaged a Management Auditor to conduct an audit of the Consumer Service Function. As a Management Auditor, prepare a checklist for evaluating the Consumer Service Function.</p>	15	CO 4
	OR		
	<p>B. Hope for Humanity Foundation (HHF) is a registered Non-Governmental Organization (NGO) working in rural health and education projects. The Governing Board has appointed your firm, M/s K. B. Sharma & Co., Chartered Accountants, to conduct the Internal Audit for the financial year 2024–25. As an Internal Auditor, prepare a checklist for auditing an NGO.</p>	15	CO 5