

Opening stock of Finished goods	Nil
Closing stock of finished goods	Rs.28,000
Opening stock of work in progress	Rs.18,000
Closing stock of work in progress	Rs.10,000
Sale of scrap	Rs.2,000
Depreciation on plant	Rs.4,400
Steam and Power	Rs.1,460
Rent of factory building	Rs.1,800
Productive Wages	Rs.80,300
Non-productive wages	Rs.1,200
Administration expenses	Rs.14,200
Selling and distribution expenses	Rs.22,000
Sales	Rs.2,50,000

3. (a) As per Income Tax Act, 1961, show how GAV is calculated. **(5)**
- (b) Compute the taxable salary of Mr. A from the following details of income earned till March 2011. **(15)**
- (i) Basic Salary Rs.10,000 per month.
 - (ii) Dearness allowance and Transport being 50% and 3% of salary respectively.
 - (iii) Conveyance allowance received Rs.10,000 but actually spent Rs.4,000
 - (iv) He is provided a rent free furnished house by his employer. Cost of furniture Rs.1,00,000 (population 18 lakhs)
 - (v) His employer paid life insurance of Rs.3,000 for him.
 - (vi) He is provided with a motor car along with chauffer, the engine capacity is 2 litres. The expenses on car are met by employer.
 - (vii) The following are the investments:
 - a. Contribution to RPF Rs.1,00,000
 - b. Life insurance premium paid Rs.10,000 for a policy of Rs.1,50,000 on Jeevan Suraksha Bhima
 - c. Medical insurance paid for him Rs.12,000
4. (a) What are the various objectives of an audit? **(8)**
- (b) Draft an audit programme for a large manufacturing company. **(12)**