

(A.F. 001) 4  
Syllabus 2012

**INTERMEDIATE EXAMINATION**

June 2016

**P-12(CAA)**  
**Syllabus 2012**

**Company Accounts and Audit**

Time Allowed: 3 Hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks.  
Where considered necessary, suitable assumptions may be made and  
clearly indicated in the answer.*

**SECTION - A**

*Answer all the following questions.*

1. Answer the following questions:

2×5=10

- (a) NR Limited developed a know-how by incurring expenditure of ₹ 35 lakhs. The know-how was used by the company from 1st April, 2009. The useful life of the asset is 10 years from the year of commencement of its use. The company has not amortised the asset till 31st March, 2016. Pass journal entry to give effect to the value of know-how as per Accounting Standard (AS)-26 for the year ended 31st March, 2016.
- (b) Aarti Limited took over assets of ₹ 35,46,000 and liabilities of ₹ 4,85,000 of Jatin Enterprises at an agreed value of ₹ 33,65,000. Give the necessary journal entry to record the purchase of business in the books of Aarti Limited.
- (c) State the maximum limit of managerial remuneration payable by a company earning adequate profits if the company has only three part-time directors and three whole time directors.
- (d) Net profit for the year 2014-15 ₹ 25,00,000 and 2015-16 ₹ 75,00,000. No. of equity shares outstanding until 31st Dec., 2015: 20,00,000. Bonus issue on 1st January, 2016 was one equity share for each equity share outstanding on 31st Dec., 2015.

Calculate Basic Earnings per Share.

**Please Turn Over**

- (e) Unsecured creditors are ₹ 3,16,000 out of which preferential creditors are for ₹ 28,800. Amount available for both is ₹ 3,02,000. Liquidator's remuneration is payable @ 3% on the amount distributed to unsecured creditors (excluding preferential creditors). Calculate the liquidator's remuneration and amount distributed to unsecured creditors.

2. Match the following items in Column 'A' with items shown in Column 'B'.

1×5=5

Column 'A'		Column 'B'	
1.	Treatment of Voluntary Retirement Scheme Payments	A.	Capital Reserve
2.	Balance of Forfeited Shares A/c	B.	Amalgamation
3.	Interest and Dividend Received	C.	AS-26
4.	Pooling of Interest Method	D.	AS-15
5.	Recognition of an Intangible Asset	E.	Investing Activities of Cash Flow

3. Answer any two questions:

5×2=10

- (a) What is Statutory Audit?
- (b) What is Test Checking?
- (c) What do you understand by Audit Evidence?
- (d) What are basic features of Continuous Audit?
- (e) Define Secretarial Audit.

## SECTION – B

Answer any three questions from Q. No. 4, 5, 6 and 7.

4. (a) Following balances are provided by the Meenakshi Ltd. for the year ended 31st March, 2015 and 2016:

Particulars	31.03.2015	31.03.2016
	₹	₹
Equity Share Capital	120,00,000	140,00,000
General Reserve	74,00,000	89,00,000
Profit & Loss A/c	42,00,000	60,00,000
11% Debentures	100,00,000	60,00,000
Goodwill	20,00,000	16,00,000
Land & Building	140,00,000	130,00,000
Plant & Machinery	120,00,000	132,00,000
Investment (Non trading)	48,00,000	44,00,000
Creditors	37,00,000	43,00,000
Provision for tax	25,50,000	38,40,000
Proposed Dividend	18,00,000	25,20,000
Stock	80,00,000	77,00,000
Debtors	57,60,000	83,00,000
Cash at Bank	17,60,000	18,60,000
Prepaid Expenses	3,00,000	2,20,000

Additional Information:

- Investment were sold during the year for ₹ 7,00,000.
- During the year an old machine costing ₹ 16,00,000 was sold for ₹ 7,20,000. Its written down value was ₹ 9,00,000.
- Depreciation charged on plant and machinery @20% on the opening balance.
- There was no purchase or sell of land and building during the year.
- Provision for tax made during the year was ₹ 32,20,000.
- During the year premium on redemption of debentures ₹ 4,00,000 was written-off.

You are required to prepare a statement showing the net cash flow from the operating activities. 9

- (b) X Ltd. has leased equipment over its useful life that costs ₹ 7,46,55,100 for a three year lease period. After the lease term the asset would revert to the Lessor. You are informed that:

