



INTERMEDIATE EXAMINATION

SET - 1

MODEL QUESTION PAPER

TERM – DEC 2024

PAPER – 10

SYLLABUS 2022

CORPORATE ACCOUNTING AND AUDITING

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option:

[15 x 2 = 30]

- (i) Which of the following is correct?
(a) Debenture carries a fixed rate of dividend
(b) A company limited by shares may issue irredeemable preference shares
(c) Unmarked applications are those applications that bear the stamp of the underwriter
(d) Except as provided in Section 54, a company shall not issue shares at a discount.
- (ii) In a Balance Sheet prepared under Schedule III of Companies Act, 2013, 'Share application money pending allotment' shall be shown
(a) under Shareholder's Fund
(b) under Non-Current Liabilities
(c) under Current Liabilities
(d) as a separate line item
- (iii) Under which of the following, a business must generate positive net cash flow for it to survive in the long run?
(a) Investing activities
(b) Financing activities
(c) Operating activities
(d) Non cash activities
- (iv) Losses of theft are covered by _____ insurance policies.
(a) Burglary
(b) Fire
(c) Marine
(d) None of the above
- (v) The expected sales value of stock is ₹20 lakhs and a commission at 10% on sale is payable to the agent. Calculate NRV.
(a) ₹ 12 lakh
(b) ₹ 14 lakh
(c) ₹ 18 lakh
(d) ₹ 16 lakh
- (vi) SA 230 stands for –
(a) Quality control for an audit of Financial Statements



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- (b) Agreeing the terms of Audit Engagements
(c) Audit Documentation
(d) Responsibility of Joint Auditor
- (vii) Secretarial Audit is applicable to the Public Company having the paid-up share capital of ₹ _____.
- (a) 50 crore
(b) 75 crore
(c) 100 crore
(d) 200 crore
- (viii) Form for Secretarial Audit Report is _____.
- (a) MR-2
(b) MR-3
(c) MR-4
(d) MR-5
- (ix) Unpaid dividend standing at the credit of Unpaid Dividend A/C should be transferred to Investor Education and Protection Fund after _____ years of its remaining unpaid.
- (a) six
(b) eight
(c) seven
(d) five
- (x) Which of the following services cannot be rendered by an auditor as per Companies Act 2013?
- (a) Vouching
(b) Verification of assets and liabilities
(c) Issuing certificates on relevant matters
(d) Providing investment advisory services
- (xi) An individual auditor who has completed his term shall not be eligible for reappointment as auditor in the same company for _____.
- (a) Next 3 Years
(b) Next 5 Years
(c) Next 7 Years
(d) Next 8 Years
- (xii) Which of the following is not an audit risk?
- (a) Inherent Risk
(b) Detection Risk



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- (c) Control Risk
(d) Omission Risk
- (xiii) An audit which is conducted considering the particular area of accounting which the owner thinks essential is known as -
- (a) Complete Audit
(b) Partial Audit
(c) Balance Sheet Audit
(d) Cost Audit
- (xiv) A company auditor resigning from his post shall inform the same to the Registrar in
- (a) Form No. ADT – 1
(b) Form No. ADT – 2
(c) Form No. ADT – 3
(d) Form No. ADT – 4
- (xv) Which of the following is not a part of rural self-governance system in India?
- (a) Gram Panchayat
(b) Gram Parishad
(c) Panchayat Samiti
(d) Zilla Parishad

SECTION – B

(Answer any 5 questions out of 7 questions given. Each question carries 14 marks.)

[5 x 14 = 70]

2. (a) Jhakas Ltd. issued 1,00,000 shares of ₹10, each payable as under:

On Application: ₹1

On Allotment: ₹2

On First Call: ₹3

On Final Call: ₹4

All moneys payable on application, allotment and calls has been received with the following exceptions: Bheem who holds 1,000 shares has not paid the money due on allotment and calls. Ram who holds 500 shares has not paid the money due on the first and final calls. Sam who holds 300 shares has not paid the due on the final call. The shares of Bheem, Ram and Sam were, therefore, forfeited. These shares were subsequently reissued for cash at a discount of 5 per cent. Pass journal entries recording the above transactions from the stage of receipt of application money till the reissue. [7]

- (b) XYZ Ltd. is issuing 20,00,000 shares of Rs.10 each to the public. N Ltd. has been appointed as the underwriter for 5% of the issue size. The commission payable to the underwriter is

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5% of the issue price. Calculate the amount of underwriting commission payable to N Ltd. if the shares are issued at par. How will your answer change if the shares are issued at 20% premium? [7]

3.**Trial Balance of Balu Ltd.**

Debit Balances	₹
Opening stock	30,000
Rent and Taxes	6,000
Purchases	60,900
Wages	55,200
Discount	1,500
Fuel	2,570
Building	70,000
Carriage inward	1,175
Sundry Debtors	20,000
Goodwill	28,000
Plant and Machinery	25,000
Loose Tools	6,000
Advertisement	3,000
General expenses	4,400
Bad debts	1,030
Debenture interest (Half year interest up to 30/9/2023)	625
Miscellaneous Expenses	3,000
Insurance	1,000
Cash and bank	5,000
Total	3,24,400
Credit Balances	
Equity share capital (1000 shares of 100 each)	1,00,000
5% Debentures	25,000
Sales	1,75,000
Sundry creditors	10,000
Bank overdraft	12,000
Discount	2,200
Transfer fee	100
Return outward	100
Total	3,24,400



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Prepare Statement of Profit & Loss as per Division II of Schedule III of the Companies Act 2013 for the year ended 31.03.2024 and Balance sheet at that date. Take into consideration the following adjustments:

- The authorized capital of the company is ₹2,00,000.
- Stock on 31.03.2024 was ₹35,000.
- Depreciate plant and machinery by 9% and revalue loose tools at ₹4,400.
- Provide 2% as bad debt reserve and 2.5% discount on debtors.
- Final dividend at 10% was proposed by the Board of Directors. [14]

4. (a) The following figures are extracted from the Trial Balance of a Bank as on 31.3.2024.

Discount Received (Cr.)	480,000
Rebate on Bills Discounted (1/4/2023)	27,500

No .	Date of Bill	Term	Amount (₹)	Rate
1	02.01.2024	3 months	4,00,000	5%
2	10.01.2024	4 months	2,00,000	4%
3	05.02.2024	2 months	1,00,000	4%
4	03.03.2024	4 months	3,00,000	5%

You are required to:

- Calculate the rebate on Bills discounted as on 31/03/2024 and show necessary journal entries.
 - Compute the amount of discount credited to profit and loss account. [7]
- (b) Model Insurance Company's Fire Insurance division provide the following information, show the amount of claim at it would appear in the Revenue Account for the year ended 31st March, 2024.

Particulars	Direct Business ₹	Re-insurance ₹
Claim paid during the year	35,30,000	8,20,000
Claim received		3,20,000
Claim payable:		
1st April 2023	8,23,000	58,000
31 st March, 2024	8,75,000	87,000
Claim Receivable:		
1st April, 2023		85,000
31 st March, 2024		1,42,000
Expenses of Management	3,45,000	

(Includes ₹ 38,000 Surveyor's fee and ₹ 42,000 Legal expenses for settlement of claims). [7]



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5. (a) KK Ltd. had 10,00,000 ordinary shares outstanding on 01.04.2022. Profit for 2023-24 was ₹24,00,000. Average fair value per share during 2023-24 was ₹ 20. KK Ltd. has given share option to its employees of 2,00,000 shares at option price of ₹15. Calculate basic EPS and diluted EPS.

[7]

- (b) The comparative balance sheets of a company are given below:

Liabilities	2023 ₹	2024 ₹	Assets	2023 ₹	2024 ₹
Share Capital	35,000	52,000	Cash at bank	5500	18,900
12% Debentures	7000	3000	Book debts	7450	8850
Creditors	5180	5920	Stocks	24600	21,350
Provision for doubtful Debts	350	400	Land	10000	15,000
Profit and loss A/c	5020	5280	Goodwill	5000	2500
	52,550	66,600		52,550	66,600

Additional Information:

- Dividends paid amounted to ₹1,750
- Land was purchased for ₹5,000 and amount provided for the amortization of goodwill amounted to ₹ 2,500.
- Debentures were repaid to the extent of ₹4,000.

Prepare Cash flow statement as per AS-3 (Indirect Method).

[7]

6. (a) Distinguish between Audit and Investigation.

[7]

- (b) Discuss the rights of a company auditor.

[7]

7. (a) Demonstrate the audit procedure to be followed for the audit of Property, Plant and Equipment.

[7]

- (b) Discuss the role of National Financial Reporting Authority (NFRA) in monitoring and enforcing compliance with Auditing Standards.

[7]

8. (a) Discuss the audit procedure for receipts – related transactions of a Healthcare Organisation.

[7]

- (b) Discuss the essential characteristics of a good audit report.

[7]