



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

1. Multiple Choice Questions:

[15 x 2 = 30]

- (i) Partly paid-up preference shares can be redeemed _____.
- After the permission from company law board
 - After making them fully paid up
 - After passing a special resolution
 - After the permission from BOD
- (ii) Given Paid up Share Capital ₹10 lakhs & Free Reserves ₹2 lakhs what is the maximum amount permissible for buy back of shares _____.
- ₹2,00,000
 - ₹2,50,000
 - ₹2,80,000
 - ₹3,00,000
- (iii) Installment of principal amount of long term loan payable within next 12 months is show under Balance sheet of a company under the heading _____.
- Non-Current Assets
 - Non-Current liabilities
 - Current Assets
 - Current liabilities
- (iv) Net Profit for the year is ₹15,000, interest received in advance on 1.1.21 is ₹2,000 and on 31.12.21 is ₹3,000 cash from operation will be _____.
- ₹16,000
 - ₹22,000
 - ₹13,000
 - ₹15,000
- (v) Date of bill: 5.01.22, period 5 months, rate of discount is 8% p.a. What is rebate on bills discounted if accounting year ends on 31.3.22?
- ₹852.46
 - ₹818.85
 - ₹873.22
 - ₹825.45
- (vi) Audit procedure to obtain audit evidence includes _____.
- Compliance procedure
 - Substantive procedure
 - Both A & B
 - Neither A or B
- (vii) Test checking requires application of _____.
- Mathematical theory
 - sampling theory
 - Geometry theory
 - Stakeholder's theory



CORPORATE ACCOUNTING AND AUDITING

- (viii) Which of the following is not a content of audit report as per CARO _____.
- Inventory
 - Acceptance of Deposit
 - Recruitment of employees
 - Repayment of loan
- (ix) A cost auditor submits his report along with reservations observations in form NO. ____.
- CRA1
 - CRA2
 - CRA3
 - CRA4
- (x) Secretarial audit is covered under _____.
- Section 204
 - Section 148
 - Section 139
 - Section 141
- (xi) SA 210 standards for _____.
- Audit planning
 - Audit working paper
 - Agreeing the terms of Audit Engagement
 - Audit Documentation
- (xii) Internal audit is mandatory for every unlisted public company having paid up share capital of _____.
- ₹100 crores
 - ₹50 crores
 - ₹500 crores
 - ₹200 crores
- (xiii) Auditor not to render certain services under section _____.
- 139
 - 144
 - 142
 - 145
- (xiv) Any casual vacancy in a government company is filed by CAG within _____ days.
- 15 days
 - 30 days
 - 45 days
 - 60 days
- (xv) Which of the following is not a part of rural self-governance system in India?
- Gram Panchayat
 - Gram Parishad
 - Panchayat samithi
 - Zilla parishad

SECTION-B

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



CORPORATE ACCOUNTING AND AUDITING

2. (a) B limited was formed with an authorized capital of 2 lakh equity share of ₹10 each on 1st October 2021. 1 lakh shares were issued as fully paid to the vendor and 80000 were offered for public. ₹2.50 per share were payable on application, ₹2.50 on allotment, ₹2.50 on 1st call due on 1st December and ₹2.50 on Final call due on 1st March 2022. On the shares subscribed by the public there had been paid on 30th September 2022 the following:
- on 60000 shares the full amount called
 - on 18000 shares ₹7.50 per share
 - on 500 shares ₹5 per share
 - on 1500 shares ₹2.50 per share
- on 30th September 2022 the directors forfeited the shares on which less than ₹7.50 had been paid.

The calls in arrears on 18000 shares were collected on 31st October 2022 together with necessary interest. The forfeited shares were reissued on the same date at ₹8 per share.

Pass necessary journal entries in the book of company.

[7]

- (b) Ratan & Co Ltd issued 10000 shares of ₹100 each at a Premium of ₹20 per share. The entire issues were underwritten as follow:

A 5000 shares	Firm underwriting 1000 shares
B 3000 shares	Firm underwriting 500 shares
C 2000 shares	Firm underwriting 500 shares

Shares applied for were 9000 shares. The following being the marked forms - A 3500 shares, B 1400 shares, C 1600 shares including firm under writing.

Compute the liability of each underwriter and compute how much commission will each underwriter get assuming it is the maximum allowed by law?

[7]

3. Following are the balances of A Ltd. as on 31.03.2022

Debit	₹	Credit	₹
Premises	30,72,000	Equity share capital	40,00,000
Plant	33,00,000	12% debentures	30,00,000
Stock	7,50,000	Surplus A/C	2,63,000
Debtors	8,70,000	Bills payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Bank	4,52,000	General reserves	2,50,000
Calls in arrears	75,000	Sales	4,15,000
Interim dividend paid	6,00,000	Bad debts Provision	35,000
Purchases	18,50,000		
wages	7,71,000		
General expenses	74,000		
Salaries	2,03,000		
Bad debts	21,000		
Debenture interest paid	1,80,000		



CORPORATE ACCOUNTING AND AUDITING

	124,68,000	124,68,000
--	------------	------------

Additional information:

- (i) Depreciate plant by 10%;
- (ii) Half-year debenture interest is due;
- (iii) Create 5% Provision on Debtors for bad debts;
- (iv) Provide for income tax @ 35%;
- (v) Stock on 31.3.2022 is ₹9,50,000;
- (vi) No final dividend is declared by company;
- (vii) Transfer the minimum required amount to general reserve;
- (viii) Ignore corporate dividend tax.

Prepare the Final Accounts of the company.

[14]

4. (a) On 31.03.2022 Loan A/c in the books of a bank showed a debit balance of ₹3 lakhs including ₹24,000 due from a merchant which is doubtful. The interest accrued on loan upto 31.03.2022 was ₹15,000 including ₹3,000 on doubtful debts. The merchant become insolvent and the official receiver paid a dividend of 50 paise in a rupee on 30.04.2022. Pass necessary Journal entries relating to the Merchant Loan A/c which is doubtful in the books of the bank on 31.03.2022 and 30.04.2022 and prepare a Merchant Loan A/c. [7]
- (b) An LIC company disclosed a fund of ₹20 lakhs and the Balance Sheet total is ₹45 lakhs as on 31.03.2022 before taking the following into consideration.
- (i) A claim of ₹10,000 was intimated and admitted but not paid during the year.
 - (ii) A claim of ₹6,000 outstanding in the books for 8 years is written back.
 - (iii) Interest on securities accrued ₹800 but not received during the year.
 - (iv) Rent of the own building occupied ₹2,000.
 - (v) Premium of ₹600 in payable under re-insurance.
 - (vi) Re-insurance recoveries ₹26,000.
 - (vii) Bonus utilized in reduction of premium ₹10,000.
 - (viii) Agents commission to be paid ₹8,000.
- Re-compute the fund & show the balance sheet total after making the above adjustments. [7]
5. (a) M Ltd Equity Capital of ₹40 lakhs consisting of fully paid equity shares of ₹10 each. The net Profit for the year 2021-22 was ₹60 lakhs. It has also issued 36000, 10% convertible debentures of ₹50 each. Each debenture is convertible into 5 equity shares. The tax rate applicable is 30%. Compute Basic EPS and Diluted EPS. [7]
- (b) On 31.08.2022 the BOD of M Ltd. proposed dividend of 10% for the year 2021-22. Financial Statement of 2021-22 are approved by the BOD on 30.09.2022. Discuss the accounting treatment of the proposed dividend as per Ind AS-10. [7]



CORPORATE ACCOUNTING AND AUDITING

6. (a) Distinguish between Internal control, Internal check and Internal audit. [7]
- (b) Explain the provisions of Companies Act 2013 regarding Audit Committee. [7]
7. (a) Discuss the matters to be included in audit report as per CARO-2020. [7]
- (b) Describe the role of NFRA in auditing. [7]
8. (a) Demonstrate as an auditor how can you audit a co-operative society. [7]
- (b) Discuss the audit procedure essential for inventories. [7]