

**INTERMEDIATE EXAMINATION****SET 2****MODEL QUESTIONS****TERM – DEC 2025****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) A company issued 8,000 shares and received applications for 10,000 shares. Pro-rata allotment is made. A person applied for 500 shares. How many shares will he get?
- 500
 - 400
 - 300
 - 350
- (ii) A company announces bonus shares in the ratio 2:5. A shareholder holds 9000 shares. How many bonus shares will he receive?
- 2,000
 - 4,500
 - 3,600
 - 5,000
- (iii) As per Schedule III of Companies Act 2013, while preparing the financial statements in case of a Finance Company, interest received from borrowers should be shown under
- Revenue from operation
 - Other Income
 - Current assets
 - Non-current assets
- (iv) In the Notes to Accounts a Contingent liability shall be classified as _____.
- Claims against the company not acknowledged as debt
 - Guarantees
 - Other money for which the company is contingently liable
 - All of these
- (v) A company received dividend of Rs.1,00,000 on its investment in other company's share. In case of a Finance company it will be classified as
- Cash Flows from Investing Activity
 - Cash Flows from Financing Activity
 - Cash Flows from Operating Activity
 - None of these



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- (vi) A banking company is required to maintain _____ provision on unsecured portion of doubtful advances.
- 25%
 - 40%
 - 50%
 - 100%
- (vii) Anti-diluted EPS is generally:
- Lower than basic EPS
 - Higher than basic EPS or lower loss per share
 - Equal to net profit
 - Irrelevant for financial reporting
- (viii) Ind AS 21 deals with
- The Effects of Changes in Foreign Exchange Rates
 - Segment Reporting
 - Income Taxes
 - Earnings Per Share
- (ix) Find out cost of Purchase from the following data:
- | | |
|---|------------|
| i. Purchases | ₹ 2,57,000 |
| ii. Customs duty | ₹ 44,000 |
| iii. Air Freight | ₹ 17,250 |
| iv. Penalty charges for overdue payment | ₹ 7,000 |
- ₹1,47,000
 - ₹3,25,250
 - ₹3,18,250
 - ₹4,50,000
- (x) The auditor should be:
- Competent, independent, and qualified
 - Employee of the company only
 - Non-certified, informal evaluator
 - Part of the internal management team
- (xi) SA 530 stands for _____.
- Audit Documentation
 - Audit Sampling
 - Responsibility of Joint Auditor
 - Agreeing the terms of Audit Engagements



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- (xii) Joint Audit refers to:
- Audit of several companies by one auditor
 - Audit of one company by several auditors
 - Internal audit conducted by multiple departments
 - Audit of a company's branch offices
- (xiii) In the financial statements, PPE should be presented under:
- Current Assets
 - Current Liabilities
 - Non-current Assets
 - Other Income
- (xiv) When fees are received after the due date, the auditor should check whether:
- Fees are refunded
 - Late fine has been charged and properly recorded
 - Student is expelled
 - Interest is waived off
- (xv) Unsold tickets in a cinema hall should be:
- Destroyed daily
 - Given to distributors
 - Kept under lock and key under the responsibility of an authorized official
 - Deposited in the bank

Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) GH & Co. Ltd. issued 5,000 Equity shares of ₹10 each at par, payable ₹2 per share on application, ₹4 per share on allotment, ₹4 on first call and final call. The shares were all subscribed and all money due was received. One shareholder holding 200 shares paid the call money along with the allotment money. The amount was subsequently adjusted. Prepare the journal entries to record the given transactions. [7]

- (b) RPS Ltd. has 12% redeemable preference share capital of ₹50,000 consisting shares of ₹100 each fully called and paid-up. The company wants to redeem them at 10% premium:

The ledger accounts show the following balances:

Security Premium A/c: ₹ 2,000

Profit & Loss A/c: ₹ 10,000

The company wants to make a minimum fresh issue of equity shares of ₹10 each at 5% premium for redemption of the preference shares.

You are required to calculate:

- The amount of fresh issue to be made by the company.
- Pass necessary journal entries regarding redemption of the preference shares and fresh issue. [7]

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3. BTC Ltd. provides the following Trial Balance as on 31st March 2024:

Particulars	Dr. Balance (₹)	Cr. Balance (₹)
Equity Share Capital 300000 shares of ₹10 each fully paid		30,00,000
12% Bank Loan		2,00,000
Furniture	2,25,000	
Machinery	7,50,000	
Building	12,50,000	
Non-current Investment	2,00,000	
Sales		48,00,000
Sales Return	4,00,000	
Interest Received on Investment		20,000
Interest on Bank Loan	20,000	
Purchase	33,20,000	
Purchase Returns		420,000
Opening Stock	2,00,000	
Discount	6,250	
Carriage on Goods Sold	1,39,000	
Rent and Taxes	60,000	
Trade Receivables	12,00,000	
Trade Payables		80,000
Advertisement	1,20,000	
Bad Debt	10,000	
Salaries	4,00,750	
Audit Fees	27,000	
Contribution of P.F.	60,000	
Cash at Bank and in hand	1,32,000	
Total	85,20,000	85,20,000

Additional Information:

- (i) Closing Stock as on 31st March 2024 was ₹2,12,500
- (ii) Depreciation Rates: Furniture 10%; Machinery 20% and Building 10%
- (iii) Outstanding salaries as on 31st March 2023 was ₹62,250
- (iv) Trade receivables include a sum of ₹25,000 due from Mr. B. Reddy and trade payables include ₹15,000 due to him.
- (v) Create a provision for doubtful debt @ 5% on trade receivables.
- (vi) Provide for income tax ₹80,000.

Prepare a Statement of Profit and Loss for the year ended on 31st March 2024

[14]

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4. (a) From the following information of details of advances of X Bank Limited calculate the amount of provisions to be made in Profit and Loss Account for the year ended 31.3.2025:

Asset classification	₹ in lakhs
Standard	6,000
Sub-standard	4,400
Doubtful:	
For one year	1,800
For two years	1,200
For three years	800
For more than three years	600
Loss assets	1,600

[7]

- (b) From the following information calculate return on equity as per Regulation 21 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004:

- (i) Date of commercial operation of COD = 01.04.2024
- (ii) Approved opening capital cost as on 01.04.2024 = ₹15,00,000
- (iii) Details of allowed additional capital expenditure:

Particulars	Amount (₹)			
Year	1	2	3	4
Additional Capital Expenditure	₹1,00,000	₹30,000	₹20,000	₹10,000

[7]

5. (a) At the end of financial year 2023-24, Shri Hari Ltd finds that there is a law suit outstanding. The possible outcomes as estimated by the Board of Directors is as follows:

Particulars	Probability	Loss
Win	60%	₹0
Lose (Low Damage)	30%	₹1,00,000
Lose (High Damage)	10%	₹2,00,000

Calculate the value of contingent liability to be disclosed in financial statements.

[7]

- (b) Miller Ltd. deals in three products M, N and O which are neither similar nor interchangeable. At the time of closing of its Financial Account for the year ended March 31, 2024, Valuation of Closing Stock of the said products is to be determined. The details of Closing Stock of the three products extracted from the records of the company are as under:

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Type of Product	Cost of materials ₹	Production expenses incurred ₹	Selling and distribution expenses to be incurred ₹	Estimated Selling Value ₹
M	50,000	10,000	5,000	75,000
N	25,000	2,500	2,500	25,000
O	60,000	15,000	10,000	90,000
	1,35,000	27,500	17,500	1,90,000

Calculate the value of stock as per Ind AS 2 for inclusion in the financial statement as on 31.03.2024. [7]

6. (a) Distinguish between Audit & Investigation. [7]
(b) Discuss the Rights of the Company Auditor as per Companies Act, 2013. [7]
7. (a) Explain how an auditor applies **vouching** to check the accuracy and authenticity of transactions recorded in the books of accounts. [7]
(b) Explain the Role of National Financial Reporting Authority (NFRA) in Auditing [7]
8. (a) Discuss the key areas an auditor should analyze while auditing receipts and payments in an educational institution. [7]
(b) Discuss the Disqualification of Auditor as per the Companies Act, 2013. [7]