



INTERMEDIATE EXAMINATION

SET - 1

MODEL QUESTION

TERM – JUNE 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:

[15×2 = 30]

- i. Given, paid -up share capital ₹10,00,000 and free reserves ₹2,00,000, what is the maximum amount permissible for buy-back of shares.
 - a. ₹2,00,000
 - b. ₹2,50,000
 - c. ₹2,80,000
 - d. ₹3,00,000

- ii. 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.
 - a. Revenue from operation
 - b. Other Income
 - c. Current assets.
 - d. Non-current assets

- iii. Which of the following is a defined contribution plan?
 - a. Multi-employer plan
 - b. State plan
 - c. Insured benefits
 - d. All the above

- iv. If the net profits earned during the year is ₹50,000 and the bills receivables have decreased by ₹10,000 during the year then the cash flow from operating activities will be equal to.:
 - a. ₹30,000.
 - b. ₹40,000.
 - c. ₹50,000.
 - d. ₹60,000.

- v. In case of an electricity company, depreciation on assets is calculated based on the rates notified by?
 - a. Companies Act 2013.
 - b. State Electricity Commission.
 - c. Central Electricity Regulatory Commission.
 - d. Income Tax Act 1961.



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- vi. Internal Audit is mandatory for every unlisted public company having paid up share capital of.
- ₹100 crores during the preceding financial year
 - ₹50 crores during the preceding financial year.
 - ₹500 crores during the preceding financial year
 - ₹ 200 crores during the preceding financial year
- vii. Test checking requires application of _____.
- mathematical theory
 - sampling theory
 - geometry theory
 - stakeholder theory
- viii. Each qualified chartered accountant not in full time employment can be the auditor of at most _____ companies.
- 10
 - 15
 - 20
 - 30
- ix. Which of the following is not a content of audit report?
- Signature of the auditor
 - Date of the report
 - Attachment of audit evidences
 - Auditor's address
- x. According to the Central Co-operatives Societies Act, _____ of the profits of a co-operative society should be transferred to a Reserve Fund before distribution of dividend or payment of bonus to its members.
- 20%
 - 25%
 - 30%
 - 35%
- xi. Which of the following is not a part of rural self-governance system in India?
- Gram Panchayat
 - Gram Parishad
 - Panchayat Samiti
 - Zilla Parishad
- xii. SA 210 stands for _____?
- Audit Planning
 - Audit Working Papers
 - Agreeing the terms of Audit Engagements
 - Audit Documentation



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- xiii. Which of the following is not a content of audit report as per CARO?
- Inventory
 - Acceptance of deposit
 - Recruitment of employees
 - Repayment of loan.
- xiv. An auditor shall submit an unmodified report when _____.
- The financial statements exhibit true and fair view
 - The financial statements are partially correct
 - The financial statements are partially correct
 - The financial statements are unavailable
- xv. Which of the following is not a part of Temporary Audit file?
- Correspondence relating to acceptance of annual reappointment
 - Audit programme
 - Extracts of minutes of board meetings
 - Legal and organisation structure of the company

Section – B

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

[5 × 14 = 70]

2. (a) Priyanka Industries Ltd. has an authorized capital ₹2,00,000 divided into shares of ₹100 each. Of these, 600 shares were issued as fully paid for payment of machinery purchased from Z Ltd. 800 shares were subscribed for by the public and during the first year ₹50 per share was called up payable ₹20 on application, ₹10 on allotment, ₹10 on the first call and ₹10 on second call.
- The amounts received in respect of these shares were as follows: -
- | | |
|---------------|-----------------------|
| On 600 Shares | Full amount called up |
| On 125 Shares | ₹40 Per Share |
| On 50 Shares | ₹30 Per Share |
| On 25 Shares | ₹20 Per Share |
- The directors forfeited the 75 shares, on which less than ₹40 per share had been paid.
- Required:
- Give Journal Entries recording the above transactions (including cash transactions) and prepare Balance-Sheet of the Company, in accordance with Part 1 of Schedule III to the Companies Act.
- (b) On 1st April 2020. H Ltd. issued 442, 10% Debentures of ₹1000 each at a discount of 10% redeemable at a premium of 5% after 4 years. It was decided to create a Sinking Fund for the purposes of accumulating sufficient funds to redeem the Debentures and to invest in some readily convertible securities yielding 10% interest p.a. Reference to the table shows that ₹1.00 p.a. at 10% compound interest amounts to ₹4.641 in 4 years. Investments are to be made in the Bonds of ₹1000 each available at par. On 31st March 2024, the investments realised ₹3,40,000 and debentures were redeemed. The bank balance as on that date was ₹50,000. Fund Investments Account for 4 years.
- Required: Prepare Debenture Redemption Fund Account and Debenture Redemption [7 + 7 = 14]



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3. The following information has been extracted from the books of account of Hero Ltd. as at 31st March, 2024:

Particulars	Dr. (₹'000)	Cr. (₹'000)
Administration Expenses	480	
Cash at Bank and on Hand	228	
Cash Received on Sale of Fittings		10
Long Term Loan		70
Investments	200	
Depreciation on Fixtures, Fittings, Tools and Equipment (1st April, 2023)		260
Distribution Costs	102	
Factory Closure Costs	60	
Fixtures, Fittings, Tools and Equipment at Cost	680	
Profit & Loss Balance (at 1st April, 2023)		80
Purchase of Equipment	120	
Purchases of Goods for Resale	1710	
Sales (net of Excise Duty)		3,000
Share Capital (1,00,000 shares of ₹10 each fully paid)		1,000
Stock (at 1st April, 2023)	140	
Trade Creditors		80
Trade Debtors	780	
	4,500	4,500

Additional Information:

- The stock at 31st March, 2024 (valued at the lower of cost or net realizable value) was estimated to be worth ₹2,00,000.
- Fixtures, fittings, tools and equipment all related to administration. Depreciation is charged at a rate of 20% per annum on cost. A full year's depreciation is charged in the year of acquisition, but no depreciation is charged in the year of disposal.
- During the year to 31st March, 2024, the Company purchased equipment of ₹1,20,000. It also sold some fittings (which had originally cost ₹60,000) for ₹10,000 and for which depreciation of ₹30,000 had been set aside.
- The average Income tax for the Company is 50%. Factory closure cost is to be presumed as an allowable expenditure for Income tax purpose.
- The company proposes to pay a dividend of 20% per Equity Share. Profits transferred to reserves ₹30,000.

Prepare Hero Ltd.'s Statement of Profit and Loss for the year to 31st March, 2024 and balance Sheet as at that date in accordance with the Companies Act, 2013 as per Division I of schedule III along with the Notes on Accounts containing only the significant accounting policies. [14]

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4. (a) From the following particulars, prepare Profit and Loss A/c of ABC Bank Ltd. for the year ending 31st March 2024:

Particulars	Amount (₹)	Particulars	Amount (₹)
Interest on Loans	34,90,000	Rent & taxes	1,80,000
Interest on Fixed deposits	36,50,000	Interest on Overdrafts	12,80,000
Rebate on bills discounted (1-4- 2023)	4,80,000	Director's remuneration	42,000
Commission charged to customers	97,000	Interest on savings deposit A/c	6,90,000
Office expenses	15,50,000	Postal expenses	19,000
Discount on bills discounted	19,40,000	Printing and stationary	39,000
Amount charged against Current A/c	1,20,000	Other expenses	18,000
		Interest on cash credit	22,40,000

Adjustments to be made:

- (i) Rebate on bills discounted ₹ 485,000.
(ii) Provide for taxation @ 30% of the profit.
- (b) Prepare the Fire Insurance Revenue A/c as per IRDA regulations for the year ended 31st March, 2024 from the following details:

Particulars	₹
Claims paid	4,90,000
Legal expenses regarding claims	10,000
Premiums received	13,00,000
Re-insurance premium paid	1,00,000
Commission	3,00,000
Expenses of management	2,00,000
Provision against unexpired risk on 1st April, 2023	5,50,000
Claims unpaid on 1st April, 2023	50,000
Claims unpaid on 31st March, 2024	80,000

Create Reserve for Unexpired Risk @ 50%.

[7 + 7 = 14]

5. (a) Describe the disclosure requirements for provisions as per Ind AS 37.
- (b) How would you deal with the following in the annual accounts of a company for the year ended 31.3.2023? "The company has to pay delayed cotton clearing charges over and above the negotiated price for asking delayed delivery of cotton from the supplier's godown. Up to 2021-22, the company has regularly included such charges in the valuation of closing stock. This being in the nature of interest the company has decided to exclude it from closing stock valuation for the year 2021-22. This would result into decrease in profit by ₹7.60 lakhs."

[7 + 7 = 14]



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6. (a) Illustrate the meaning of Audit Trail. Summarize the statutory provisions relating to audit trail.
(b) Discuss about the applicability of secretarial audit for companies. [7 + 7=14]
7. (a) Analyse the audit procedures to be followed for audit of revenue from operation.
(b) Discuss the role of NFRA in monitoring and enforcing compliance with auditing standards. [7+7 = 14]
8. (a) Examine important areas, as regards auditing the accounts of a hospital.
(a) Discuss the benefits and limitations of Joint Audit. [7 + 7= 14]