

**INTERMEDIATE EXAMINATION****SET - 2****MODEL QUESTION PAPER****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. Equity shares amounting to ₹2,00,000 are brought back at a premium of 5%, by issue of preference shares amounting to ₹1,00,000 at a premium of 10%. Compute the amount to be transferred to Capital Redemption Reserve.
- ₹1,00,000
 - ₹90,000
 - ₹1,50,000
 - ₹50,000
- ii. Futura Ltd. had the following items under the head “Reserves and Surplus” in the Balance Sheet as on 31st March: (₹ in Lakhs) Securities Premium Account - 80, Capital Reserve – 60, General Reserve – 90. The Company had an Accumulated Loss of Rs250 Lakhs on the same date. Reserves & Surplus to be disclosed in B/S is _____.
- ₹250 Lakhs
 - ₹230 Lakhs
 - ₹20 Lakhs
 - ₹(20 Lakhs)
- iii. Interest on Long term borrowing is an expense relating to _____.
- Investing Activity
 - Operating Activity
 - Financing Activity
 - All the above
- iv. _____ is a reserve which should be created by the insurers towards losses which might arise due to entirely unexpected set of events and not for any specific known purpose.
- General Reserve
 - Catastrophe Reserve
 - Revenue Reserve
 - Surplus
- v. Which of the following is included in cost of inventory as per Ind AS 2?
- Duties and taxes subsequently recoverable from taxing authorities.
 - Freight inward.
 - Rebates.
 - Duty drawbacks.



CORPORATE ACCOUNTING AND AUDITING

- vi. NFRA consists which of the following?
- Accounting Standards Committee
 - Auditing Standards Committee
 - Enforcement Committee
 - All of these
- vii. Basic Elements of Audit Report as per Standards on Auditing are _____.
- Key Audit Matters
 - Auditor's Opinion
 - Basis for Opinion
 - All of these
- viii. Audit Report contains _____.
- Details of Facts
 - Details of Frauds
 - Expression of Opinion
 - Expression of Suggestions
- ix. A cost auditor submits his report along with reservations and observations in Form No. _____.
- CRA 1
 - CRA 2
 - CRA 3
 - CRA 4
- x. Auditor of a company appointed u/s _____ shall not act as the cost auditor of the company.
- 139
 - 148
 - 204
 - 141
- xi. _____ refers to the process of conducting the audit of a single organisation by more than one auditor.
- Joint audit
 - Cost audit
 - Internal audit
 - Continuous audit
- xii. Benefits of Audit Sampling are _____.
- It reduces the workload of the auditor
 - It saves time and cost
 - It gives dependable result as it is based on statistical sampling methods
 - All of these



CORPORATE ACCOUNTING AND AUDITING

- xiii. Which of the following records are not maintained by a co-operative society as accounting records?
- Cash book
 - Memorandum of Association
 - Register of assets and investments
 - Register of sureties
- xiv. In relation to advances made by bank an auditor needs to review which of the followings?
- Scrutinise the subsidiary, ledger, & control accounts
 - Scrutinise the overdue account and scheme for recovery of such amount
 - Ensure the proper documentation of account
 - All of these
- xv. Which of the following is not falling under the broad category of Banks?
- Commercial Banks
 - Regional Rural Banks
 - Co-operative Banks
 - None of these

Section – B

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

[5 × 14 = 70]

2. (a) The issued share capital of KGF Ltd. consists of 50,000 equity shares of ₹10 each fully paid up. The company offers to its shareholders shares on rights basis in the ratio of 1:1; the shares of ₹10 each being offered at a premium of ₹10 per share. Half of the price was payable with the application and the balance was payable on allotment, distribution being as follows:

	With application (₹)	On allotment (₹)
Share Capital	5	5
Share Premium	5	5

All the shareholders accepted the offer. One shareholder holding 150 shares paid the full offer price with his application. Another shareholder holding 100 shares failed to pay the allotment money and his shares were subsequently forfeited. Later, the shares were re-issued as fully paid up for ₹ 2,000 cash. Journalise the above-mentioned transactions.

- (b) D&CO. Ltd. issued 5,000 shares of ₹20 per share. The entire was underwritten as follows: X 2,500 shares, Y: 1,500 shares, Z: 1,000 shares.
- The firm underwriting was to be X 500 shares, Y 250 shares, Z 250 shares. Shares applied for were 4,500 (including firm underwriting); Marked applications being: X 1,750 shares, Y 700 shares and Z 800 shares. Calculate the liability of each underwriter.

[7 + 7 = 14]

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3. Prepare the Balance sheet as at 31st March 2024 from the particulars furnished by KGF Ltd as per Schedule III of Companies Act, 2013.

Particulars	Amount (₹)
Equity Share Capital	8,00,000
Calls in Arrears	800
Land	1,60,000
Building	2,80,000
Plant & Machinery	4,20,000
Furniture	40,000
General Reserve	1,68,000
Loan from IDBI	1,20,000
Loans(unsecured)	96,800
Provision for taxation	54,400
Sundry Debtors	1,60,000
Advances (Dr.)	34,160
Proposed Dividend	48,000
Profit and Loss account	80,000
Cash Balance	24,000
Cash at bank	1,97,600
Preliminary Expenses	10,640
Sundry Creditors (for goods and expenses)	1,60,000
Stock:	
Finished Goods 1,60,000	
Raw Materials 40,000	
	2,00,000

Adjustment:

- 1500 equity shares were issued for consideration other than cash.
- Loan of ₹1,20,000 for IDBI is inclusive of ₹6,000 for interest accrued but not due. The loan is hypothecated by plant and machinery.
- Debtors of ₹50,000 are due for more than 6 months.
- The cost of assets:
 - Building-₹3,20,000
 - Plant and Machinery-₹5,60,000
 - Furniture -₹50,000
- Bank balance includes ₹2,000 with Trust Bank Ltd which is not a scheduled bank.
- Bills receivables for ₹2,20,000 maturing on 30th June 2024 have been discounted.
- The company had contract for the erection of machinery at ₹1,50,000 which is still incomplete.

[14]

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4. (a) Given below are details of interest on advance of a Solution Bank as on 31.03.2024:

(₹ in Crore)

Particulars	Interest Earned	Interest Received
Performing Assets:		
Term Loan	60	40
Cash Credit and Overdraft	375	310
Bills Purchased and Discounted	75	75
Non-Performing Assets:		
Term Loan	37.50	2.50
Cash Credit and Overdraft	75	6
Bills Purchased and Discounted	50	10

Calculate the income to be recognized for the year ended 31st March, 2024.

(b) The Life Insurance Fund of Avni Life Insurance Co. Ltd. was ₹25 lakhs on 31.03.2024. Its actuarial valuation on 31.03.2024 disclosed a net liability of ₹21.25 lakhs. An interim bonus of ₹40,000 was paid to the policy holders during previous two years. It is now proposing to carry forward ₹75,000 and to divide the balance between policy holders and the shareholders. Prepare the

- Valuation Balance Sheet;
- Net profit for the two-year period; and
- Distribution of profits.

[7+7=14]

5. (a) The information provided by SDF Ltd for the year ended 31/03/2024 and request you calculate the liability and expense to be recognised as per Ind AS 19.

No. of employees (Same as Last year)	150
Employee's turnover rate	6%
Bonus paid to each employee last year	₹50,000
Increase in bonus rate due to inflation as per regular practice of SDF Ltd	10%

(b) A Major fire has damaged the assets in factory of SDF Ltd on 2nd April 2024, two days after the book closure date. The loss is estimated at ₹40 Crores out of which 24 Crores will be recoverable from the insurers. Explain - how the loss should be treated in the financial statements for the year ended 31/03/2024? [7 + 7 = 14]

6. (a) Explain the basic elements of Internal Control.

(b) Discuss the reporting requirements of Cost Audit as per CRA-3.

[7 + 7=14]

7. (a) Describe the Essential Characteristics of a Good Audit Report .

(b) Discuss auditor's responsibility for reporting on Internal Financial Control over Financial Reporting.

[7+7 = 14]

8. (a) Examine important areas, as regards conducting the audit of Local bodies.

(a) Discuss the disqualification of a Company Auditor.

[7 + 7= 14]