



**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) 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) Eps is calculated on the basis of which amount?
- (a) Profit as per Statement of Profit or loss  
(b) Total Comprehensive Income  
(c) Gross Profit  
(d) Fixed Assets
- (iii) Sale of copyright is concerned with cash flow from \_\_\_\_\_.
- (a) Operating activities  
(b) Financing activities  
(c) Investing activities  
(d) Revenue activities
- (iv) A Banking Company needs to transfer a minimum \_\_\_\_\_ of its profit to reserve fund.
- (a) 10%  
(b) 15%  
(c) 20%  
(d) 25%
- (v) Fair value before right issue ₹20. Theoretical ex-right fair value ₹18. Calculate right factor.
- (a) 1.2  
(b) 1.15  
(c) 1.11  
(d) 1.10



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- (vi) Which of the following is not a part of Temporary Audit file?
- (a) Correspondence relating to acceptance of annual reappointment.
  - (b) Audit programme.
  - (c) Extracts of minutes of board meetings.
  - (d) Legal and organisation structure of the company.
- (vii) Permanent Audit File does not contain:
- (a) A record of study and evaluation of internal control system
  - (b) Significant audit observations of earlier years
  - (c) Copies of management letters
  - (d) Analysis of significant ratios and trends
- (viii) Each qualified chartered accountant not in full time employment can be the auditor of at least \_\_\_\_\_ companies.
- (a) 10
  - (b) 15
  - (c) 20
  - (d) 30
- (ix) Which of the following is not a content of audit report as per CARO?
- (a) Inventory
  - (b) Acceptance of deposit
  - (c) Recruitment of employees
  - (d) Repayment of loan
- (x) A cost auditor submits his report along with reservations and observations in Form No. \_\_\_\_\_.
- (a) CRA 3
  - (b) CRA 2
  - (c) CRA 1
  - (d) CRA 5
- (xi) The Internal Auditor is appointed by the \_\_\_\_\_.
- (a) Shareholders
  - (b) Directors
  - (c) Committee
  - (d) None of the above



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(xii) Any casual vacancy in a govt. company is filled by the CAG of India within \_\_\_\_\_ days

- (a) 30
- (b) 15
- (c) 60
- (d) 45

(xiii) For any default on the part of the company to deposit to the unpaid dividend account within the stipulated time, the company needs to pay interest @ \_\_\_\_\_ p.a.

- (a) 11%
- (b) 16%
- (c) 19%
- (d) 12%

(xiv) Audit is derived from Latin word \_\_\_\_\_.

- (a) Audiro
- (b) Audiu
- (c) Audire
- (d) Audiris

(xv) Which of the following is not a part of urban self-governance system in India?

- (a) Municipal Corporation
- (b) Town Panchayat
- (c) Municipality
- (d) Municipal Society

**SECTION – B**

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

**[5 × 14 = 70]**

2. (a) On 1st May 2023 Superman Ltd. issued 5,000 Equity Shares of ₹ 100 each payable as follows:

Particulars	₹	Particulars	₹	
On application	20	On 1st Call	20	(Last date fixed for payment 31st July)



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On allotment	30	On Final Call	30	(Last date fixed for payment 30th August)
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Applications were received on 15th May 2023 for 6,000 shares and allotment was made on 1st June 2023. Applicants for 2,500 shares were allotted in full, those for 3,000 shares were allotted 2,500 shares and applications for 500 shares were rejected. Balance of amount due on allotment was received on 15th June. The calls were duly made on 1st July, 2023 and 1st August 2023 respectively. One shareholder did not pay the 1st Call money on 150 shares which he paid with the final call together with interest at 5% p.a. Another shareholder holding 100 shares did not pay the final call money till end of the accounting year which ends on 31st October.

Analyze and Prepare the Cash Book and Journal Entries.

[7]

- (b) M Ltd., incorporated on April 1, 2023, issued a prospectus inviting applications for 5,00,000 equity shares of ₹10 each. The issue was fully underwritten by A, B, C and D as follows: A - 2,00,000; B - 1,50,000; C - 1,00,000; and D - 50,000.

The applications were received for 4,50,000 shares of which marked applications were as follows:

A - 2,20,000; B - 90,000; C - 1,10,000; and D - 10,000.

Calculate the liability of the individual underwriters in each of the following cases:

- (i) Unmarked applications are apportioned in the ratio of “Gross Liability” and  
(ii) Unmarked applications are apportioned in the ratio of “Gross Liability (-) Marked Applications”.

[7]

3. The following is the trial balance of Beta Ltd. as on 31.03.2024:

Dr.		Cr.	
Particulars	₹	Particulars	₹
Stock in trade on 01.04.23	1,50,000	Purchase returns	20,000
Purchases	4,90,000	Sales	6,80,000
Salaries	60,000	Discount received	6,000
Freight, Carriage etc.	1,900	Balance of Profit and Loss (Cr.)	12,000
Furniture	34,000	Share capital (₹ 10)	2,00,000
Contribution to P.F.	10,000	Trade payables	49,000
Rent and Rates	8,000	General reserve	31,000
Stationary	3,800		
Repairs	4,000		
Insurance	6,000		
Misc. expenses	300		

**INTERMEDIATE EXAMINATION****SET - 2****MODEL QUESTION PAPER****TERM – DEC 2024****PAPER – 10****SYLLABUS 2022****CORPORATE ACCOUNTING AND AUDITING**

Staff welfare expenses	5,000		
Plant and machinery	58,000		
Cash at bank	92,400		
Patents	9,600		
Trade receivables	65,000		
	9,98,000		9,98,000

Prepare the Statement of Profit and Loss for the year ending 31st March, 2024 and Balance Sheet as at that date after taking into consideration the following information:

- (i) Closing stock as at 31.03.2024 is ₹1,76,000.
- (ii) Make a provision for income tax @ 40%.
- (iii) Depreciate plant and machinery @ 15%, furniture @ 10% and patents @ 5%.
- (iv) Outstanding rent ₹1,600 and outstanding salaries ₹1,800.
- (v) The directors recommended a dividend @ 15% after transfer to General Reserve ₹4,000.
- (vi) Trade receivables of ₹5,000 are due for more than 6 months. Provide ₹1020 for doubtful debts.
- (vii) The authorized capital of the company is ₹4,00,000 divided 40,000 equity shares of ₹10 each of which 20,000 shares have been issued and fully paid up. 2,000 shares were, however, issued for consideration other than Cash.

**[14]**

4. (a) The following are the ledger balances of Global Bank Ltd, from the given Trail Balance, Prepare the Statement of Profit and Loss Account and Balance Sheet as at 31-03-2024:

Particulars	Dr. (₹)	Cr. (₹)
Share Capital 20,000 shares of ₹ 100 each	-	2,00,000
Bad debts	1,28,710	-
Reserve fund investments	10,00,000	-
Reserve fund	-	10,00,000
General expenses	1,82,420	-
Current accounts	-	2,02,44,220
Interest paid	1,60,520	-
Deposit accounts	-	69,20,330
Profit and Loss A/c (Cr) 1-4-2023	-	2,29,340
Acceptance for customers	-	15,42,820
Discount	-	2,43,760
Endorsement and guarantees	-	74,020
Commission	-	44,240

**INTERMEDIATE EXAMINATION****SET - 2****MODEL QUESTION PAPER****TERM – DEC 2024****PAPER – 10****SYLLABUS 2022****CORPORATE ACCOUNTING AND AUDITING**

Cash	2,26,540	-
Interest received	-	5,32,260
Cash with RBI	20,12,100	-
Endorsement guarantees (contra)	74,020	-
Owing by foreign correspondents	2,00,440	-
Customers liabilities for acceptance	15,42,820	-
Shorts loans	-	82,82,060
Loans and advances	1,54,56,700	-
Investments	98,82,640	-
Bills discounted	62,28,240	-
Premises	22,17,900	-
<b>TOTAL</b>	<b>3,93,13,050</b>	<b>3,93,13,050</b>

Adjustments:

- Reserve – ₹ 64,380 for rebate on bills discounted
- Provide for taxation – ₹ 20,000
- Depreciation on premise @ 10%
- The Profit and Loss account balance is the balance left on that account after the payment of interim dividend amounting to ₹ 2,00,000. [7]

- (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]

5. (a) D Ltd. had outstanding ordinary shares of 10,00,000 on 01.04.2023. Profit for the year is ₹ 20,00,000. D Ltd. had 12% 20,000 convertible debentures outstanding of ₹ 100 each to be converted into 10 ordinary shares. Tax rate is 30%. Calculate (i) Basic EPS (ii) Diluted EPS.

[7]



## CORPORATE ACCOUNTING AND AUDITING

(b) From the following figures of LK Ltd. Prepare a Cash Flow Statement:

Particulars	31.03.2023	31.03.2024
Equity and Liabilities	(₹)	(₹)
Equity Share Capital	12,00,000	16,00,000
10% Preference Share Capital	4,00,000	2,80,000
Capital Reserve	-	40,000
General Reserve	6,80,000	8,00,000
Profit and Loss Account	2,80,000	4,04,000
9% Debentures	4,00,000	2,80,000
Current Liabilities	4,80,000	5,36,000
Provision for Tax	3,60,000	3,40,000
	38,00,000	42,80,000
Fixed Assets	32,00,000	38,00,000
Less Depreciation	9,20,000	11,60,000
	22,80,000	26,40,000
Investments	4,00,000	3,20,000
Cash	10,000	10,000
Other Current Assets	11,10,000	13,10,000
	38,00,000	42,80,000

Additional information:

- (i) The company sold one fixed asset for ₹1,00,000 the cost of which was ₹ 2,00,000 and the depreciation provided on it was ₹ 80,000.
- (ii) The company also decided to right off another fixed asset costing ₹ 56,000 on which depreciation amounting to ₹ 40,000 has been provided.
- (iii) Depreciation on fixed assets provided ₹ 3,60,000.
- (iv) Company sold some investment at a profit of ₹ 40,000, which was credited to Capital Reserve.
- (v) Debentures and preference share capital were redeemed at 5% premium.
- (vi) Company decided to value stock at cost, whereas previously, the practice was to value stock at cost less 10%. The stock according to book on 31st March 2023 was ₹2,16,000. The stock as on 31st March 2024 was correctly valued at ₹ 3,00,000.

[7]

6. (a) Explain the audit trail and the statutory provisions relating to audit trail. [7]

(b) Discuss the concept of Branch Audit. [7]



**INTERMEDIATE EXAMINATION**

**SET - 2**

**MODEL QUESTION PAPER**

**TERM – DEC 2024**

**PAPER – 10**

**SYLLABUS 2022**

**CORPORATE ACCOUNTING AND AUDITING**

7. (a) Discuss the differences between an audit report and an audit certificate. [7]
- (b) Discuss and Analyze the statement 'Reporting on Internal Financial Control over Financial Reporting – Auditor's Responsibility' [7]
8. (a) Discuss, the Steps to be taken by an auditor of a Co-Operative Society. [7]
- (b) Discuss the procedure to be followed for fixing the remuneration of a Cost Auditor and the reporting requirements of Cost Audit as per CRA-3. [7]