



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 from the four alternatives given:

[15 × 2 = 30]

- (i) Which shares are offered to the existing shareholders of the company without any consideration?
- A. Rights Issue
 - B. Private Placement Issue
 - C. Offers for Sale Issue
 - D. Bonus Issue
- (ii) 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.
- A. ₹ 1,00,000
 - B. ₹ 90,000
 - C. ₹ 1,50,000
 - D. ₹ 50,000
- (iii) As per Schedule III Current Maturities of Long-Term Borrowings should be shown under _____.
- A. Current Assets in Balance Sheet
 - B. Non-current Liability in Balance Sheet
 - C. Current Liabilities in Balance Sheet
 - D. Other Expenses in Statement of Profit and Loss
- (iv) In the Notes to Accounts a Contingent liabilities shall be classified as _____
- A. Claims against the company not acknowledged as debt
 - B. Guarantees
 - C. Other money for which the company is contingent liable
 - D. All of the above
- (v) The method for presenting Net cash provided by operating activities that starts with net income and adjusts it for items that starts with net income and adjusts it for items that affected reported net income but that did not affect cash is called a _____
- A. Direct method
 - B. Working capital method
 - C. Indirect method
 - D. Cost-benefit method



CORPORATE ACCOUNTING AND AUDITING

- (vi) The bonus which is paid by a life insurance company at the maturity along with the policy amount to the policy holders is called _____.
- A. Cash bonus
 - B. Interim bonus
 - C. Reversionary bonus
 - D. Bonus in reduction of premium
- (vii) Under Accounting Standards, the term 'Fair Value' of an asset is amounts to
- A. Book value
 - B. Depreciated value
 - C. Market value
 - D. Historic value
- (viii) How many types of Employee Benefits are there as per Ind AS 19?
- A. 1
 - B. 2
 - C. 3
 - D. 4
- (ix) An entity shall apply Ind AS 1 in:
- A. Preparing and presenting general purpose financial statements in accordance with Indian Accounting Standards (Ind Ass).
 - B. Preparing and presenting financial statements in accordance with Indian Accounting Standards (Ind Ass).
 - C. Preparing and presenting financial statements in accordance with Accounting Standards.
 - D. Preparing and presenting general purpose financial statements in accordance with Accounting Standards.
- (x) What is the main purpose of auditing?
- A. Preparing financial statements
 - B. Recording transactions
 - C. Checking authenticity and reliability of records
 - D. Managing business operations
- (xi) Audit documentation enables external inspections as per:
- A. Internal policies
 - B. Management rules
 - C. Legal and regulatory requirements
 - D. Auditor's discretion



CORPORATE ACCOUNTING AND AUDITING

- (xii) Which of the following services is not prohibited for a statutory company auditor u/s 144 of the Companies Act, 2013?
- A. Internal audit
 - B. Investment advisory services
 - C. Issue of certificate on Return of Deposits
 - D. Management Services.
- (xiii) Secretarial audit is conducted by a _____ as per Section 204(1) of the Companies Act, 2013.
- A. Company Secretary
 - B. Statutory Auditor
 - C. Internal Auditor
 - D. Chief Executive Officer
- (xiv) The rural self-governance in India is structured in ----- layers.
- A. Two.
 - B. Three.
 - C. Four.
 - D. Five.
- (xv) _____ of Banking Regulations Act, 1949 deal with the form and content of financial statements of a banking company.
- A. Section 29(1) and (2)
 - B. Section 35(1) and (2)
 - C. Section 39(1) and (2)
 - D. Section 53(1) and (2)

Section – B

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

[5 × 14 = 70]

2. (a) Analyze and record the issue of shares in the books of the Company under the aforesaid plan. On 1st April, 2025, X Ltd. offered 200 shares to each of its 400 employees at ₹ 30 per share. The employees are given a month to accept the shares. The shares issued under the plan shall be subject to lock-in to transfer for three years from the grant date, i.e., 30th April, 2025. The market price of shares of the company on the grant date is ₹35 per share. Due to post-vesting restrictions on transfer, the fair value of shares issued under the plan is estimated at ₹32 per share.
- Upto 30th April, 2025, 50% of employees accepted the offer and paid ₹30 per share purchased. Nominal value of each share is ₹10. Record the issue of shares in the books of the Company under the aforesaid plan. [7]

**INTERMEDIATE EXAMINATION****SET 1****MODEL QUESTION PAPER****TERM – JUNE 2026****PAPER – 10****SYLLABUS 2022****CORPORATE ACCOUNTING AND AUDITING**

- (b) A Company purchased its own 12% Debentures in the Open Market for ₹25,00,000 (Cum-Interest). The interest amount included in the purchase price is ₹75,000. The face value of the debentures purchased is ₹26,00,000. The company immediately cancelled the debentures so purchased. Analyze and pass Journal entries to record the purchased and immediate cancellation (Ignoring transactions relating to Debenture Redemption Reserve and Debenture Redemption Investment). [7]
3. You are required to prepare Balance sheet and statement of Profit and Loss along with Notes to Accounts as per Schedule III of the Companies Act, 2013 from the following Trial balance of Hansa Chemicals Ltd. for the year ended 31st March, 2025.

Hansa Chemicals Ltd.

Trial Balance as at 31st March, 2025

Dr.

Cr.

Particulars	₹	Particulars	₹
Inventory	6,80,000	Equity Shares Capital (Shares of ₹10 each)	25,00,000
Furniture	2,00,000	11% Debentures	5,00,000
Discount	40,000	Bank loans	6,45,000
Loan to Directors	80,000	Trade payables	2,81,000
Advertisement	20,000	Sales	42,68,000
Bad debts	35,000	Rent received	46,000
Commission	1,20,000	Transfer fees	10,000
Materials consumed	23,19,000	Profit & Loss account	1,39,000
Plant and Machinery	8,60,000	Depreciation provision: Machinery	1,46,000
Rentals	25,000		
Current account	45,000		
Cash	8,000		
Interest on bank loans	1,16,000		
Preliminary expenses	10,000		
Fixtures	3,00,000		
Wages	9,00,000		
Consumables	84,000		
Freehold land	15,46,000		
Tools & Equipment	2,45,000		
Goodwill	2,65,000		
Trade receivables	4,40,000		
Dealer aids	21,000		
Transit insurance	30,000		
Trade expenses	37,000		
Distribution freight	54,000		
Debenture interest	55,000		

**INTERMEDIATE EXAMINATION****SET 1****MODEL QUESTION PAPER****TERM – JUNE 2026****PAPER – 10****SYLLABUS 2022****CORPORATE ACCOUNTING AND AUDITING**

Particulars	₹	Particulars	₹
	85,35,000		85,35,000

Additional information: Closing Inventory on 31-3-2025: ₹ 8,23,000.

[14]

4. (a) From the following information for a Bank, calculate the rebate on bills discounted and the amount to be credited to Profit and Loss Account.

- Rebate on Bills Discounted (as on 01.04.2024) ₹ 28,000, Discount Received ₹102,000.
- The following bills have been discounted during the year:

Amount of Bill (₹)	Rate of Discount	Due Date (including grace days)
65,000	13% p.a.	14.06.2025
1,50,000	15% p.a.	19.07.2025
4,30,000	12% p.a.	10.08.2025

Also pass the necessary journal entry for the unexpired discount as on 31.03.2025. Approximate to whole number only.

[7]

- (b) From the following figures appearing in the books of Fire Insurance division of a General Insurance Company, Analyze and show the amount of claim as it would appear in the Revenue Account for the year ended 31st March, 2025:

Particulars	Direct Business (₹)	Re-Insurance (₹)
Claim paid during the year	47,20,000	8,00,000
Claim Payable – 1 st April, 2024	8,50,000	75,000
-31 st March, 2025	9,00,000	55,000
Claim received from reinsurers		2,50,000
Claim Receivable -1 st April 2024		70,000
-31 st March 2025		1,20,000
Expenses of Management Includes ₹35,000 surveyor's fee and ₹45,000 Legal expenses for settlement of claims)	2,50,000	

[7]

5. (a) What are the conditions for recognising a Provision?

An entity sells goods with a warranty under which customers are covered for the cost of repairs of any manufacturing defects that become apparent within the first six months after purchase. If minor defects were detected in all the products sold, repair costs of Rs 1 Lakh would result. If major defects were detected in all products sold, repair costs of Rs. 4 lakhs would result. The entity's past experience and future expectations indicate that, for the coming year, 80 percent of the goods sold will have no defects. 15 percent of the goods sold will have minor defects and 5 per cent of the goods sold will have major defects.

Calculate the amount, if any, to be provided, in this case.

[7]

- (b) The total stock of A Ltd. as on 31.03.2025 was ₹ 5,00,000 of which the following items were not ascertained as per IND AS 2



CORPORATE ACCOUNTING AND AUDITING

Calculate the value of the said stocks as per Ind AS 2 for inclusion in financial statements as on that date.

Type of Product	Cost of Materials (₹)	Production Expenses incurred (₹)	Selling and Distribution expense to be incurred (₹)	Estimated Selling Price (₹)
P	10,000	2,000	1,000	15,000
S	5,000	---	500	4,500
T	12,000	3,000	2,000	18,000
Total	27,000	5,000	3,500	37,500

[7]

6. (a) Explain the significance auditing. [7]

(b) Explain the duties of an auditor to inquire, as provided under section 143(1) of the Companies Act, 2013? [7]

7. (a) Explain the duties of an auditor regarding audit of issue of bonus shares. [7]

(b) Analyze the powers of the National Financial Reporting Authority, for investigation during conduct of an audit. [7]

8. (a) Explain in detail, various records are being maintained by a co-operative society duly registered under the Co-operative Societies Act? [7]

(b) Analyze the audit procedure to be followed by the auditor, for verification of Final Dividend? [7]