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

(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 auditorof 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

(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)

On allotment	30	On Final Call	30	(Last date fixed for payment 30th August)

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		

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

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	-
TOTAL	3,93,13,050	3,93,13,050

Adjustments:

i. Reserve – ₹ 64,380 for rebate on bills discounted

ii. Provide for taxation – ₹ 20,000

iii. Depreciation on premise @ 10%

iv. 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]**

(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 where 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]**

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]**

CORPORATE ACCOUNTING AND AUDITING

Time Allowed: 3 Hours **Full Marks: 100**

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SECTION – A (Compulsory)

1. Choose the correct option: **[15 x 2 = 30]**

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(c) ₹2,80,000
(d) ₹3,00,000

(ii) Eps is calculated on the basis of which amount?

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(b) Financing activities
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(v) Fair value before right issue ₹20. Theoretical ex-right fair value ₹18. Calculate right factor.

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(a) Correspondence relating to acceptance of annual reappointment.
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(a) A record of study and evaluation of internal control system
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(viii) Each qualified chartered accountant not in full time employment can be the auditorof at least _______companies.

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(b) 15
(c) 20
(d) 30

(ix) Which of the following is not a content of audit report as per CARO?

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(b) Acceptance of deposit
(c) Recruitment of employees
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(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

(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%
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(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

Answer:

i	ii	iii	iv	v	vi	vii	viii	ix	x
d	a	c	d	c	d	c	c	c	a
xi	**xii**	**xiii**	**xiv**	**xv**					
b	a	d	c	d					

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:

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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]

Answer:

2. (a) **In the books of Supreman Ltd.**

Journal

Date	Particulars	Dr. ₹	Cr. ₹
1.6.23	Equity Share Application A/c Dr. To Equity Share Capital A/c To Share Allotment A/c (Being the transfer of application money @ ₹ 20 per share on 5,000 shares transferred to Share Capital A/c and @ ₹ 20 on 500 t/f to Share Allotment A/c)	1,10,000	 1,00,000 10,000
1.6.23	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Being allotment money due on 5000 shares @ ₹ 30 per share)	1,50,000	 1,50,000
1.7.23	Equity Share First Call A/c Dr. To Equity Share Capital A/c (Being 1st call money due on 5000 shares @ ₹ 20 per share)	1,00,000	 1,00,000
1.8.23	Calls-in-Arrear A/c Dr. To Equity Share first call A/c (Being the non-receipt of 1st call money on 150 equity shares @ ₹ 20 each transferred to calls-in-Arrear A/c)	3,000	 3,000
1.8.23	Equity Share Final Call A/c Dr. To Equity Share Capital A/c (Being final call money due on 5000 shares @ ₹ 30 per share)	1,50,000	1,50,000
30.8.23	Shareholders A/c Dr. To Interest on calls-in-arrear (Being the interest due on first call on ₹3000 @ 5% for two months, assumed payment made on 30.8.23)	25	 25
1.09.23	Calls-in-Arrear A/c Dr. To Equity Share Final Call A/c (Being the transfer to calls-in-Arrear A/c final call money on 100 equity shares @ ₹30 per shares)	3,000	 3,000
31.10.23	Shareholders A/c Dr. To Interest on Calls-in-Arrears A/c (Being the interest due on ₹ 3,000 @ 5% for two months)	25	 25

Cash Book (Bank Column)

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
15.5.23	To Equity Share Application A/c (Application money @ ₹ 20 per share on 6,000 shares)	1,20,000	01.6.23	By Equity Share Application A/c (Refund of application money @ ₹ 20 per share on 500 shares rejected)	10,000
15.6.23	To Equity Share Allotment A/c (Balance of allotment money)	1,40,000			
31.07.23	To Equity Share 1st Call A/c (1st Call money on 4,850 shares)	97,000			
30.08.23	To Equity Share Final A/c (Final call money on 4,900 Shares)	1,47,000			
30.08.23	To Calls-in-Arrear A / c (Arrear of 1st Call money @ ₹ 20 per Share on 150 Shares)	3,000			
1.9.23	To Shareholders A/c (Interest on ₹ 3,000 for two months @ 5% p.a.)	25	31.10.23	By Balance c/d	4,97,025
		5,07,025			**5,07,025**

Statement of shares applied, allotted and amounts adjusted

Categories	A	B	C
(a)Applied (No. of shares)	2,500	3,000	500
(b) Allotted (No. of shares)	2,500	2,500	Nil
(c) Application money received [(a) × ₹ 20 per share]	50,000	60,000	10,000

(d) Application money required [(b) × ₹ 20 per share]	50,000	50,000 (refund able)	-
(e) Excess Application money to be adjusted with allotment [(c)- (d)]	Nil	10,000	-
(f) Allotment money due [(b) × ₹ 30 per share]	75,000	75,000	-
(g) Amount received on allotment [(f) -(e)]	75,000	65,000	-

(b)

(i) When unmarked applications are apportioned in the ratio of "Gross Liability"

Calculation of Liability of the underwriters (No. of shares)

Particulars	A	B	C	D
Gross Liability	2,00,000	1,50,000	1,00,000	50,000
Less: Marked Applications	2,20,000	90,000	1,10,000	10,000
	(20,000)	60,000	(10,000)	40,000
Less: Unmarked Applications	8,000	6,000	4,000	2,000
	(28,000)	54,000	(14,000)	38,000
Surplus of A & C apportioned between B & D in the ratio of Gross Liability	28,000	(31,500)	14,000	(10,500)
Net Liability	Nil	22,500	Nil	27,500

Working:

Unmarked applications = Total applications received – Marked applications

= 4,50,000 – (2,20,000 + 90,000 + 1,10,000 + 10,000) = 20,000

Unmarked applications are apportioned in the ratio of "Gross Liability" i.e., 4:3:2:1

(ii) When Unmarked applications are apportioned in the ratio of "Gross Liability (-) Marked Applications"

Calculation of Liability of the underwriters (No. of shares)

Particulars	A	B	C	D
Gross Liability	2,00,000	1,50,000	1,00,000	50,000
Less: Marked Applications	2,20,000	90,000	1,10,000	10,000
	(20,000)	60,000	(10,000)	40,000
Surplus of A & C apportioned between B & D in the ratio of Gross Liability	20,000	22,500	10,000	7,500
	Nil	37,500	Nil	32,500

Less: Unmarked Applications	Nil	10,714	Nil	9,286
Net Liability	Nil	26,786	Nil	23,214

Working:

Total surplus = 20,000 + 10,000 = 30,000

This is to be apportioned between B and D in 150000:50000 = 3:1

Unmarked applications = Total applications received – Marked applications

= 4,50,000 – (2,20,000 + 90,000 + 1,10,000 + 10,000) = 20,000

Unmarked applications are apportioned between B and D in the ratio of "Gross Liability (-) Marked Applications" = i.e., 37,500: 32,500 = 15:13

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		
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]

Answer:

3. (a)

I. Balance sheet as on 31 March 2024

Particulars	Note No	Amount(₹)
EQUITY AND LIABILITIES		
Shareholder's Fund :		
(a) Share Capital	1	2,00,000
(b) Reserve & Surplus	2	1,18,600
Non-Current Liabilities		Nil
Current Liabilities :		
(a) Trade Payables		49,000
(b) Other current Liabilities	3	3,400
(c) Short-Term Provisions	4	50,400
Total		4,21,400
ASSETS		
Non-Current Assets :		
Fixed Assets :		
(a) Tangible Assets	5	79,900
(b) Intangible Assets	5	9,120
Current Assets :		
(a) Inventories		1,76,000
(b) Trade Receivables	6	63,980
(c) Cash & Cash equivalents	7	92,400
Total		**4,21,400**

Foot Note: Contingent Liability for Proposed Dividend: 2,00,000*15%= 30,000

Statement of Profit and Loss
for the Year end 31st March, 2024

Particulars	Note No	Amount(₹)
Revenue from Operations	8	6,80,000

Other Income	9	6,000
Total Revenue (A)		**6,86,000**
Expenses		
Purchase of Stock-in Trade	10	4,70,000
Changes in Inventories of Stock-in-Trade	11	(26,000)
Employee Benefits Expense	12	76,800
Depreciation & Amortization expenses	13	12,580
Other Expenses	14	26,620
Total Expenses (B)		**5,60,000**
Profit Before Tax (A-B)		1,26,000
Less: Provision for taxation @ 40%		50,400
Profit after tax		75,600

Notes to Accounts:

Particulars	Amount(₹)	Amount(₹)
1. Share Capital		
Amortized: 40000 shares of ₹10 each		4,00,000
Issued, Subscribed and Paid up: 20000 shares of ₹10 each		2,00,000
Shares issued for consideration other than cash: 2000 shares of ₹10 each		20,000
2. General Reserves		
As on 1.04.2023	31,000	
Add: Transfer during the year	4,000	35,000
Profit and Loss: As on 1.04.2023	12,000	
Add: Profit during the year	75,600	
Less: Transfer to General Reserve	(4,000)	83,600
		1,18,600
3. Other Current Liabilities		
Outstanding Rent		1,800
Outstanding Salaries		1,600
		3,400
4. Short Term Provisions		
Provision for Taxation		**50,400**
5. Fixed Assets		
Tangible Assets		

Plant and Machinery	58,000	
Less: Depreciation	8,700	**49,300**
Furniture	34,000	
Less: Depreciation	3,400	**30,600**
		79,900
Intangible Assets		
Patent	9,600	
Less: Amortization	480	**9,120**
6. Trade Receivables:		
Trade receivable due for more than 6 months		5,000
Trade receivable (Others)		60,000
Less: Provision for doubtful debts		(1,020)
		63,980
7. Cash and Cash Equivalent: Cash at Bank		**92,400**
8. Revenue from Operations: Sales		**6,80,000**
9. Other Income: Discount received		**6,000**
10. Purchase of Stock-in trade: Gross Purchase Less: Returns (4,90,000 – 20,000)		4,70,000
11. Changes in inventories of Stock-in-trade:		
Opening – Closing (1,50,000 – 1,76,000)		(26,000)
12. Employee benefit expense:		
Salary including Outstanding (60,000 + 1,800)	61,800	
Contribution to PF	10,000	
Staff welfare exp.	5,000	76,800
13. Depreciation and Amortization Expenses:		
On Plant and Machinery @ 15%	8,700	
On Furniture @ 10%	3,400	
Amortization: on Patent @ 5%	480	**12,580**
14. Other Expenses:		
Rent and rates including outstanding:(8,000+1,600)		9,600
Freight and Carriage		1,900
Stationary		3,800
Repairs		4,000
Insurance		6,000
Miscellaneous Expenses		300
Provision for Doubtful Debts		1,020
		26,620

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
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	-
TOTAL	3,93,13,050	3,93,13,050

Adjustments:

i. Reserve – ₹ 64,380 for rebate on bills discounted
ii. Provide for taxation – ₹ 20,000
iii. Depreciation on premise @ 10%
iv. 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]

Answer:

4. (a)

Profit and Loss Account for the year ended 31st March 2024.

Particulars	Schedule No.	Amount (₹)
I. Income		
Interest earned	12	7,11,640
Other Income	13	44,240
Total		**7,55,880**
II. Expenditure		
Interest expended	14	1,60,520
Operating expenses	15	5,32,920
Provisions and contingencies		20,000
Total		**7,13,440**
III. Profit		
Net Profit for the year		42,440
Add: Profit/ (Loss) brought forward		4,29,340
Total		**4,71,780**
IV. Appropriations		
Transfer to Statutory Reserve		10,610
Transfer to Central Govt.		
Transfer to Reserve		
Transfer to Revenue and other Reserves		
Dividend for the current year		2,00,000
Balance carried over to Balance Sheet		2,61,170
Total		**4,71,780**
V. Earnings Per Equity share (face value 1 per share)		

Basic (in ₹)		23.589
Diluted (in ₹)		

Schedule 12: Interest Earned

Particulars	**Amount ₹**
Discount on bills discounted	2,43,760
Interest received	5,32,260
Less: Reserve for rebate on bills discounted	64,380
Total	**7,11,640**

Schedule 13: Other Income

Particulars	**Amount ₹**
Commission, Exchange and brokerage	44,240
	44,240

Schedule 14: Interest Expended

Particulars	**Amount ₹**
Interest paid	1,60,520
Total	**1,60,520**

Schedule 15: Operating Expenses

Particulars	**Amount ₹**
General Expenses	1,82,420
Bad debts	1,28,710
Depreciation on premises	2,21,790
Total	**5,32,920**

Balance Sheet as at 31st March 2024

Particulars	**Schedule No.**	**Amount (₹)**
Capital and Liabilities		
Capital	1	2,00,000
Reserves & Surplus	2	12,71,780
Deposits	3	2,71,64,550
Borrowings	4	82,82,060
Other Liabilities and Provisions	5	84,380
Total		**3,70,02,770**
Assets		
Cash and Balances with Reserve Bank of India	6	22,38,640

Balances with Banks and money at call and short notice	7	2,00,440
Investments	8	1,08,82,640
Advances	9	2,16,84,940
Fixed Assets	10	19,96,110
Other Assets		
Total		**3,70,02,770**
Contingent Liabilities	11	Nil
Bills for Collection		
Significant Accounting Policies		
Notes to Accounts		

Schedule 1 – Capital.

Particulars	**Amount ₹**
Share capital 20,000 shares of Rs.100 each	2,00,000

Schedule 2-Reserves and surplus

Particulars	**Amount ₹**
Statutory reserves	10,610
Profit and loss a/c	2,61,170
Reserve Fund	10,00,000
Total	**12,71,780**

Schedule -3 Deposits

Particulars	**Amount ₹**
Current Account	2,02,44,220
Deposit Accounts	69,20,330
Total	**2,71,64,550**

Schedule 4 Borrowings

Particulars	**Amount ₹**
Short Loans	82,82,060

Schedule -5 other liabilities and Provisions

Particulars	**Amount ₹**
Reserve for rebate on bills discounted	64,380
Provision for taxation	20,000
Total	**84,380**

Schedule -6 Cash and Balances with RBI

Particulars	Amount ₹
Cash in hand	2,26,540
Balance with RBI	20,12,100
Total	**22,38,640**

Schedule -7 Balances with other banks and Money at call and short Notice

Particulars	Amount ₹
Owing by foreign correspondents	2,00,440
Total	**2,00,440**

Schedule -8 Investments

Particulars	Amount ₹
Reserve Fund Investments	10,00,000
Investments	98,82,640
Total	**1,08,82,640**

Schedule -9 Advances

Particulars	Amount ₹
Loans and advances to customers	1,54,56,700
Bills discounted	62,28,240
Total	**2,16,84,940**

Schedule -10 Fixed Assets

Particulars	Amount ₹
Premises	22,17,900
Less: Depreciation	2,21,790
Total	**19,96,110**

Schedule No:11 Contingent Liabilities

Particulars	Amount ₹
Acceptance for customers (Dr.)	15,42,820
Endorsement and guarantees (Dr.)	74,020
Acceptance for customers (Cr)	15,42,820
Endorsement and guarantees (Cr)	74,020
Total	**Nil**

(b)

FORM B – RA

Registration No. and Date of Registration with the IRDA:

Fire Insurance Revenue Account for the year ended 31st March, 2024

Particulars	**Schedule**	**Amount (₹)**
(1) Premium earned	1	11,50,000
(2) Other income		-
(3) Interest, dividend and rent		-
Total (A)		11,50,000
(4) Claims incurred	2	5,30,000
(5) Commission	3	3,00,000
(6) Operating expenses related to Insurance business	4	2,00,000
Total (B)		10,30,000
Operating Profit (A)- (B)		1,20,000

Schedule 1 : Premium earned (net)	**₹**
Premium received	13,00,000
Less: Re-insurance premium	1,00,000
Net premium	12,00,000
Adjustment for change in reserve for unexpired risks (**Refer W.N.**)	50,000
	11,50,000

Schedule 2 : Claims Incurred	**₹**
Claims paid including legal expenses (4,90,000 + 10,000)	5,00,000
Add : Claims outstanding at the end of the year	80,000
Less : Claims outstanding at the beginning of the year	(50,000)
Total claims incurred	5,30,000

Schedule 3 : Commission	**₹**
Commission paid	3,00,000
	3,00,000

Schedule 4: Operating expenses	**₹**
Expenses of management	2,00,000
	2,00,000

Working Note:

Change in the provision for unexpired risk	**₹**
Unexpired risk reserve on 31st March, 2024 = 50% of net premium	6,00,000

i.e. 50% of ₹12,00,000 (See Schedule 1)	
Less : Unexpired risk reserve as on 1st April 2023	5,50,000
Change in the provision for unexpired risk	50,000

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]**

(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 where 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]**

Answer:

5. (a) Basic earnings per share = (20,00,000/10,00,000) = ₹ 2.00

Number of 12% convertible debentures of ₹ 100 each = 20,000

Each debenture is convertible into 10 ordinary shares

Interest expenses for the current year = 20,00,000 × 12% = ₹ 2,40,000

Tax relating to interest expense (30%) = 2,40,000 × 30% = ₹ 72,000

Adjusted net profit for the current year ₹ (20,00,000 + 2,40,000 - 72,000)

= ₹ 21,68,000

Number of ordinary shares on conversion = 20000 × 10 = 2,00,000

Number of equity shares used to compute diluted earnings per share

= 10,00,000+2,00,000=12,00,000

Diluted earnings per share as per Ind AS-33 = 21,68,000/12,00,000 = ₹1.81

(b)

LK Ltd.
Cash Flow Statement

NET CASH FROM OPERATING ACTIVITIES:	**₹**	**₹**
Cash Flow from Operating Activities Net Profit (Note 1)	1,00,000	
Add: Transfer to General Reserve	1,20,000	
Provision for Tax	3,40,000	
Loss on Sale of Fixed Assets	20,000	
Depreciation	3,60,000	
Loss on Disposal of Fixed Assets	16,000	
Premium on Redemption of Preference Shares	6,000	
Premium on Redemption of Debenture	6,000	
Cash Generated from operation before WC changes	**9,68,000**	
Increase in other Current Assets	(1,76,000)	
Increase in other Current Liabilities	56,000	
Cash Generated from Operations	**8,48,000**	
Income Tax paid	(3,60,000)	**4,88,000**
NET CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(8,56,000)	
Sale of Fixed Assets	1,00,000	

Sale of Investments	1,20,000	**(6,36,000)**
NET CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Share Capital	4,00,000	
Redemption of Pref. Shares including premium	(1,26,000)	
Redemption of Debentures including premium	(1,26,000)	**1,48,000**
NET INCREASE IN CASH AND CASH EQUIVALENT		**Nil**
Cash and cash equivalent at the beginning of the period		10,000
Cash and cash equivalent at the end of the period		10,000

Workings:

A. Up to 31.03.2023 company valued stock at cost less 10 %. Revised value of stock on 31.03.2023 will be 2,16,000×100/90 = 2,40,000.
   Net effect will be –
   1. Opening stock will be increased by ₹ 24,000
   2. Opening balance of P/L A/c will be increased by ₹ 24,000
      Therefore, the revised figure of current assets will be ₹ (11,10,000 + 24,000) = ₹ 11,34,000. The revised figure of P/L A/c will be = ₹ (2,80,000 + 24,000) = ₹ 3,04,000
      Net profit for the year 2023-24: ₹ 4,04,000 – ₹ 3,04,000 = ₹ 1,00,000

B. Increase in the value of other CA: ₹13,10,000 – ₹11,34,000 = ₹ 1,76,000

Fixed Assets Account

Dr. **Cr.**

Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	32,00,000	By Asset Disposal A/c	2,00,000
To Bank A/c(bal fig)	8,56,000	By Asset discarded A/c	56,000
		By Balance c/d	38,00,000
	40,56,000		40,56,000

Accumulated Depreciation Account

Dr. **Cr.**

Particulars	Amount ₹	Particulars	Amount ₹
To Asset Disposal A/c	80,000	By Balance b/d	9,20,000
To Asset Discarded A/c	40,000	By Depreciation A/c	3,60,000
To Balance c/d	11,60,000		
	12,80,000		12,80,000

Asset Disposal Account

Dr. **Cr.**

Particulars	Amount ₹	Particulars	Amount ₹
To Fixed Assets A/c	2,00,000	By Accumulated Depreciation A/c	80,000
		By Bank A/c	1,00,000
		By Loss on Sale A/c (bal fig)	20,000
	2,00,000		2,00,000

Asset Discarded Account

Dr. **Cr.**

Particulars	Amount ₹	Particulars	Amount ₹
To Fixed Assets A/c	56,000	By Accumulated Depreciation A/c	40,000
		By Loss on Disposal A/c	16,000
	56,000		56,000

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

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

Answer:

6. (a) Audit trail may be defined as the documents, records relating to transactions that enables an auditor to trace the transactions from the source documents to the summarized total in accounting reports. It is an orderly, step-by-step record of transactions that serves as a proof of a transaction's history, right from recording to tracking all changes that may take place. For example, a sequentially numbered sales invoice copies would normally be listed in a Register and subsequently filed either in numerical or chronological order. Thus, it would be possible to trace a particular invoice from the daybook to the original file by reference to the number or date of the invoice.

In an automated environment accounting software provides the ideal example of audit trails. For example, when a transaction is entered in the software, the software will maintain a record of it. Any further edits made to the details, such as a change in the name or amount will also be tracked by the software along with the user who made the changes and the time of change. Even if some transactions were to be deleted, the software will track that as well and keep the record of everything since the original entry was made.

The Statutory Requirement for Audit Trail: According to Rule 3(1) of Companies (Accounts) Rules, 2014, as amended by Companies (Accounts) Amendment Rules, 2021, for the financial year commencing on or after the 1st day of April, 2022, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

In simple words, the expectation is to maintain the edit log of every transition right from recording to tracking the changes that may take place.

(b) Section 128(1) of the Companies Act, 2013 provides that every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statements for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.

The Board of Directors may, however, decide to keep all or any of the aforesaid books of account and other relevant papers at such other place in India. In such circumstances, the company shall, within seven days thereof, file with the Registrar a notice in writing giving the full address of that other place.

Section 128(2) further specifies that, where a company has a branch office in India or outside India, it shall be deemed to have complied with the provisions of Section 128(1), if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarised returns periodically are sent by the branch office to the company at its registered office or the other place as decided.

Hence, given the provisions of Section 128(1) and 128(2), there arises the scope of auditing the records of transactions effected at branch office(s) in India or outside India, whether such records are kept at the registered office, branch office or any other place. Accordingly, Section 143(8) of the Companies Act, 2013, read with Rule 12 of CAAR 2014, states the following provisions relating to the accounts of a branch office of a company:

(i) Where a company has a branch office, the accounts of that office shall be audited either by the auditor appointed for the company (herein referred to as the company's auditor) under this Act or by any other person qualified for appointment as an auditor of the company under this Act and appointed as such under Section 139.

(ii) Where the branch office is situated in a country outside India, the accounts of the branch office shall be audited either by the company's auditor or by an accountant or by any other person duly qualified to act as an auditor of the accounts of the branch office in accordance with the laws of that country.

(iii) The duties and powers of the company's auditor with reference to the audit of the branch and the branch auditor, if any, shall be as contained in sub-sections (1) to (4) of Section 143.

(iv) Similarly, if the branch auditor is appointed separately, the duties and powers of the branch auditor shall be as same as applicable to the company auditor under sub-sections (1) to (4) of Section 143.

(v) The branch auditor shall submit his report to the company's auditor.

(vi) Provisions of sub-section (12) of Section 143 regarding reporting of fraud by the auditor shall also extend to the branch auditor to the extent it relates to the concerned branch.

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]

Answer:

7. (a) Audit certificates are fundamentally different from audit reports, though they are issued by the same auditor. The following are the differences between an audit report and an audit certificate.

SI. No.	Points of Distinction	Auditor's Report	Auditor's Certificate
1.	Definition	An audit report is a document written in a standard format through which the auditor expresses his opinion regarding the reliability and correctness of an entity's financial statements.	An auditor's certificate is a written confirmation of the accuracy of the facts stated therein.
2.	Nature	It is an expression of opinion about the financial statements.	It is a confirmation of correctness and accuracy about some matters.
3.	Basis of audit	The report is based on assumptions and estimations	The certificate is based on actual figures and facts.
4.	Scope	The scope of the report is large.	Its scope is limited.
5.	Advice	In audit report, there is a scope of giving constructive advice to the company.	No scope of constructive advice exists in the case of the certificate
6.	Basis	Audit report is based on facts, assumptions and estimations.	Audit certificate is based on actual figures.
7.	Guarantee	Audit report is an opinion by the auditor and does not guarantee the accuracy of the financial statements	Audit certificate is a formal statement by the auditors which guarantee the accuracy of the facts stated therein.
8.	Time of issue	The report is submitted to the appointing authority only after the audit is complete.	Certificates are issued as and when required.

(b) Sec 143(3)(i) of Companies Act, 2013 requires that the report of the auditor should state as to whether the company has adequate Internal Financial Control system in place and the operating effectiveness of such controls.

Further, Rule 10A of Companies (Audit & Auditors) Rules 2014 states that:

a) For the financial years commencing on or after 1st April 2015, the report of the auditor should state about existence of adequate Internal financial controls and its operating effectiveness.

b) The auditor of a company may voluntarily include the statement referred to in this rule for the financial year commencing on or after 1st April 2014 and ending on or before 31st March 2015.

As per the Guidance Note issued by The Institute of Chartered Accountants of India in this respect -

- The auditor's objective in an audit of internal financial controls over financial reporting is to express an opinion on the effectiveness of the company's internal financial controls over financial reporting and the procedures in respect thereof are carried out along with an audit of the financial statements.
- Globally, auditor's reporting on internal controls is together with the reporting on the financial statements and such internal controls reported upon relate to only internal controls over financial reporting.

Accordingly, the term 'internal financial controls' wherever used in this Guidance Note in the context of the responsibility of the auditor for reporting on such controls under Section 143(3)(i) of the Act, per se implies and relates to internal financial controls over financial reporting.

Therefore, 'internal financial controls over financial reporting' shall mean 'A process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that –

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

An auditor needs to conduct an audit of IFC-FR though a proper planning followed by testing the design effectiveness of control and operating effectiveness of control and thereafter report on IFC over Financial Reporting.

The Guidance Note also provides that reporting on the adequacy and operating effectiveness of IFC-FR would apply even in case of consolidated financial statements, for the respective components included in the consolidated financial statements only if it is a company under the 2013 Act. However, reporting on IFC will not be applicable with respect to interim financial statements, such as quarterly or half-yearly financial statements, unless such reporting is required under any other law or regulation.

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]

Answer:

8 (a)

i) **General Points:** In general, while conducting audit of Co-operative society, the auditor needs to look into the following: -

- The auditor should carefully go through the bye-laws of the society and see that they are being observed both in letter and spirit.
- He should examine the Register of Members of the society and individual shareholdings.
- He should test-check the internal check and control system operated by the society and model his audit examination based on its strengths and weaknesses.

ii) **Audit of income:** He should carefully vouch the receipt of cash. Cash receipts on account of share capital should be vouched with the Register of Members. Cash received against sales should be vouched with the cash memos and invoices issued to customers as also Sales Account. Receipt of cash in respect of payment of interest and repayment of loans advanced by the society should be vouched with the loan agreements. Cash received from members towards construction of houses or their maintenance, should be vouched with the Register of Members, demands made by the society from time to time, and money receipts.

iii) **Audit of Expenditure:**

- He should vouch all expenditure with reference to authorisation from the Managing Committee, particularly in the case of large capital expenditure, as also the bills received from individual parties, the money receipts obtained from them, and entries in the Bank Pass Book along with counter-foils of cheques.
- He should vouch the payment of loans from the loan agreements entered into with borrower members.
- He should vouch establishment expenses with reference to the resolutions of the Managing Committee, agreements with the persons concerned, and money receipts obtained from them.

iv) **Other points:**

- He should appropriately classify overdue debts for a period from six months to five years and more, and report them to the members, with a note regarding the effects these might have on the financial position of the society. He should also put a note regarding the probability of recovery of such debts.

- Similarly, he should make a special reference to the overdue amount of interest from members. Generally, interest on overdue debts should not be credited to Interest Account but to the Overdue Interest Reserve Account.
- Writing off of bad debts should be after prior authorisation from the Managing Committee of the society. According to the Maharashtra Co-operative Societies Rules, a bad debt can be written off only when it is certified to be irrecoverable by the auditor. This casts a special obligation on the auditor to ascertain whether the debt in question was created within the Rules of the society, and whether it has now really become bad and irrecoverable.

(b) As per Section 148(3) of the Companies Act 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules 2014, the remuneration of the cost auditor shall be decided by the Board as recommended by the Audit Committee, if any, which shall be ratified by the shareholders subsequently. In the case of companies which are not required to constitute an audit committee, the Board shall appoint an individual who is a cost accountant or a firm of cost accountants in practice as cost auditor and the remuneration of such cost auditor shall be ratified by shareholders subsequently.

Reporting Requirements of Cost Audit as per CRA-3:

As per Companies (Cost Records and Audit) Rules 2014 as amended up to date, a cost auditor needs to report the following in CRA-3.

(a) Whether he has obtained all the information and explanations, which to the best of his knowledge and belief were necessary for the purpose of the audit.

(b) Whether in his opinion, proper cost records, as per rule 5 of the Companies (Cost Records and Audit) Rules, 2014 have been maintained by the company in respect of its product(s)/ service(s) under reference.

(c) Whether in his opinion, proper returns adequate for the purpose of the cost audit have been received from the branches not visited by him.

(d) Whether in his opinion, and to the best of his information, the said books and records give the information required by the Companies Act, 2013, in the manner so required.

(e) Whether in his opinion, the company has adequate system of internal audit of cost records which to his opinion is commensurate to its nature and size of the business.

(f) Whether in his opinion, information, statements in the annexure to the cost audit report give a true and fair view of the cost of production of product(s)/rendering of service(s), cost of sales, margin and other information relating to product(s)/service(s) under reference.

(g) Whether detailed unit-wise and product/service-wise cost statements and schedules thereto in respect of the product /service of the company duly audited and certified by him are kept in the company