

INTERMEDIATE EXAMINATION

December 2025

*P-10(CAA)
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.

All sections are compulsory.

Each section contains instructions regarding the number of questions to be answered within the section. All working notes must form part of the answer. Wherever necessary, candidates may make appropriate assumptions and clearly state them in the respective answer.

Section-A

(Compulsory)

1. Choose the correct option from the four alternatives given: 2×15=30

- (i) As per the provisions of Companies Act 2013, the rate of commission paid or agreed to be paid to underwriters, in case of shares, shall not exceed _____ of the issue price.
- (A) 5%
(B) 4%
(C) 2.5%
(D) 2%
- (ii) When share is issued at a price equal to its face value, it is called issue
- (A) at par
(B) at a premium
(C) at a discount
(D) at bonus
- (iii) Under Schedule III of disclosure requirements, Trade Receivables on Deferred Credit Terms are classified as part of
- (A) Current Assets
(B) Current Liabilities
(C) other Non-current Assets
(D) other Non-current Liabilities
- (iv) The financial statements of company shall be in the form provided in
- (A) Schedule IV
(B) Schedule III
(C) Schedule V
(D) Schedule VI

- (v) Interest on foreign bonds received by an Indian company belonging to manufacturing sector should be shown under _____ in the Cash Flow Statement.
- (A) cash flow from operating activities
 - (B) cash flow from investing activities
 - (C) cash flow from financing activities
 - (D) None of the above
- (vi) Which of the following is/are not shown in Subsidiary Register of a Banking company?
- (A) Demand Drafts, Telegraphic Transfers and Mail Transfers issued on Branches and Agencies.
 - (B) Demand Drafts, Telegraphic Transfers and Mail Transfers received from Branches and Agencies.
 - (C) Letters of Indemnity.
 - (D) Letters of Credit.
- (vii) As per Ind AS 10, which of the following is not an adjusting event after the reporting date?
- (A) Bankruptcy of a customer
 - (B) Discovery of frauds or errors
 - (C) Impairment of asset
 - (D) Announcing or commencing the implementation of a major restructuring
- (viii) Ind AS 1 "Presentation of Financial Statements" applies to _____.
- (A) consolidated financial statements in accordance with Ind AS 110, Consolidated Financial Statements.
 - (B) separate financial statements in accordance with ind AS 27, Separate Financial Statements.
 - (C) Both (A) and (B)
 - (D) All of the above
- (ix) Ind AS 37 deals with _____.
- (A) Interim Financial Reporting.
 - (B) Impairment of Assets.
 - (C) Provisions, Contingent Liabilities and Contingent Assets.
 - (D) Intangible Assets.

- (x) Audit Report reflects the work done by the _____.
- (A) Management
 - (B) Board of Directors
 - (C) Auditor
 - (D) None of the above
- (xi) Which of the following is/are the benefit(s) of Audit Sampling?
- (A) It reduces the workload of the auditor.
 - (B) It saves time and cost.
 - (C) It gives dependable result as it is based on statistical sampling methods.
 - (D) All of the above
- (xii) Under Section 140(5) of the Companies Act, 2013, an auditor can be removed from his office by the _____.
- (A) Board of Directors
 - (B) Shareholders
 - (C) Tribunal
 - (D) Court of law
- (xiii) Audit Certificate contains
- (A) details of facts.
 - (B) details of frauds.
 - (C) expression of opinion.
 - (D) expression of suggestions.
- (xiv) Which of the following is not a layer of rural self-governance in India?
- (A) Gram Panchayat
 - (B) Notified Area Council
 - (C) Panchayat Samiti
 - (D) Zilla Parishad
- (xv) Under Section 34 of the Co-operative Societies Act, 1912, a registered society may contribute an amount not exceeding _____ of the net profits remaining after the compulsory transfer to the reserve fund for any charitable purpose.
- (A) 10%
 - (B) 20%
 - (C) 25%
 - (D) None of the above

Section-B

Answer any 5 questions out of 7 questions given below.

Each question carries 14 marks.

14×5=70

2. (a) Under articles of association of ANR Limited, the buyback of equity shares is permitted. Therefore, Board of Directors in their last meeting, decided to buy back 40,000 equity shares of ₹ 10 each at a price of ₹ 42/- each with the record date of 1st December, 2025. Legal team has obtained all the regulatory approvals, including the approval from the shareholders.

Key information pertaining to last audited results as of 30th Sept, 2025 are;

Particulars	₹
Equity Share Capital (₹ 10/- each fully paid)	20,00,000
General Reserve (including Cr. balance of Profit & Loss A/c)	45,00,000
Dividend Equalization Reserve	5,00,000
8% Debentures (₹ 1,000/- each)	35,00,000
Secured Loan from Bank	10,00,000
Current Liabilities	15,00,000
Cash and Bank balance	18,50,000

Verify and confirm, whether the buyback plan of the company meets all the conditions as specified under the Companies Act 2013 with regards to the maximum amount of buyback. 7

- (b) The books of Premier Company Ltd. showed the following balances on Mar. 31, 2025:

Particulars	₹
30,000 Equity shares of ₹ 10 each fully paid	3,00,000
5,000, 10% Redeemable Preference shares of ₹ 100 each, fully paid	5,00,000
1,000, 8% Redeemable Preference shares of ₹ 100 each, ₹70 per share called-up	70,000
Profit & Loss Balance (Cr.)	3,50,000
Securities Premium	30,000
Investments	2,40,000
Cash at Bank	79,200

On April 1, 2025, the Board of Directors decided to redeem the preference shares which are eligible for redemption, at a premium of 8%. In order to pay off preference shareholders, the company decided to sell the investments, use company's fund and to raise the balance by the issue of sufficient number of equity share of ₹ 10 each at a premium of ₹ 1 per share subject to leaving a minimum bank balance of ₹ 19,200 after such redemption. Investments were sold at ₹ 2,16,000. 7

Show the necessary journal entries to record the above transactions.

3. The Authorized Capital of Multiverse Ltd. is ₹ 5,00,000 consisting of 2,000, 6% Preference Shares of ₹ 100 each and 30,000 Equity Shares of ₹ 10 each. The following was the Trial Balance of the company as on 31st March, 2025:

Particulars	Dr. Balance ₹	Cr. Balance ₹
Investment in Shares at cost	50,000	
Purchases	4,90,500	
Selling Expenses	79,100	
Opening Stock	1,45,200	
Salaries and Wages	52,000	
Cash in Hand	12,000	
Interim Preference Dividend	6,000	
Discount on Issue of Debentures	3,000	
Bills Receivable	41,500	
Interest on Bank Overdraft	7,800	
Interest on Debentures up to 30th September, 2024	3,750	
Sundry Debtors and Creditors	50,100	87,850
Freehold Property at Cost	3,50,000	
Furniture at Cost less Accumulated Depreciation of ₹ 15,000	35,000	
6% Preference Share Capital		2,00,000
Equity Share Capital fully paid up		2,00,000
5% Mortgage Debentures		1,50,000
Income Tax paid in advance for the current year	10,000	
Dividend Received		4,250
Profit and Loss (Opening Balance)		28,500
Sales (Net)		6,70,350
Bank Overdraft		1,50,000
Technical Knowhow Fees	1,50,000	
Audit Fees	5,000	
	14,90,950	14,90,950

Additional adjustments:

- (i) Closing Stock was valued at ₹ 1,42,500.
- (ii) Purchase include ₹ 5,000 worth of goods and articles distributed among valued customers.
- (iii) Salaries and Wages include ₹ 2,000 being wages incurred for installation of Electrical Fittings which were recorded under 'Furniture'.

- (iv) Bills Receivable include ₹ 1,500 being dishonored bills 50% of which had been considered irrecoverable.
- (v) Depreciation on Furniture to be charged at 10% at cost.
- (vi) Discount on Issue of Debentures to be written off in full.
- (vii) Interest on Debentures for the half year ending on 31st March was due on that date.
- (viii) Provision for Taxation amounts to ₹ 4,000.
- (ix) Technical Knowhow Fees is to be written off over a period of 10 years.

Prepare the Statement of Profit and Loss for the year ended on 31.03.2025 and the Balance Sheet as on that date. Notes to Accounts should form part of your answer. 14

4. (a) Growmore Bank Limited has following advances as on 30th Sept, 2025.

Assets Classification	Amount
Advance to Agriculture & SME	₹ 705 crores
Advance to Commercial Real Estate (CRE) Sector	₹ 1,125 crores
Advance to Standard Assets	₹ 12,135 crores
Advance to Substandard Assets	₹ 1,232 crores
Advance to Loss Assets	₹ 684 crores
Advance to Doubtful Assets :	
Up to 1 year	₹ 342 crores
1 to 3 years	₹ 248 crores
More than 3 years	₹ 134 crores

You are required to calculate the amount of provisions to be made by the Bank. 7

- (b) Power Supply Company Ltd. provided the following information. These figures are ₹ in crore.

Gross opening equity as on 1st April 2025 : ₹ 8,000

Adjustment in opening equity/ during the year : Nil

Increase in equity due to addition during the year : Initial 3 years ₹ 1,000, thereafter ₹ 1,250

Decrease due to reversal and de-capitalization (over 5 years) : ₹ 250

Increase due to discharges (over 5 years) : ₹ 100

Rate of Return on Equity : Initial 3 years 18%, thereafter 15%

Calculate total Return on Equity (RoE) for the next five years. 7

5. (a) N Ltd. supplied the following information:

- | | |
|----------------------------|--------------|
| (i) Net Profit for 2023-24 | ₹ 20,00,000 |
| Net Profit for 2024-25 | ₹ 30,00,000. |
- (ii) Number of Shares outstanding prior to rights issue = 10,00,000 Shares
- (iii) Terms of Rights Issue:
- (I) One new share for each four outstanding.
- (II) Rights issue price = ₹ 20.
- (III) Last date of exercising of rights = 30.6.2024.
- (iv) Fair value of one equity share immediately prior to exercise of rights = ₹ 25.

You are required to compute the basic EPS for 2023-24 and 2024-25 and restated EPS for 2023-24. 7

(b) Following information of ADF Limited is available in respect of inventory as on 30th Sept, 2025:

(i) Purchase price	₹ 3,67,500
(ii) Penalty charges for overdue payments	₹ 8,750
(iii) Discount on purchase price	2% on purchase price
(iv) Travel expenses on purchase department	₹ 12,500
(v) GST	5% on purchase price
(vi) Import duties	₹ 12,500
(vii) Forwarding charges for external transport	₹ 3,400
(viii) Transport insurance	₹ 2,500
(ix) Internal storage cost of receiving material	₹ 7,600
(x) Cost of letter of reference	₹ 5,350
(xi) Internal transport between stock locations	₹ 2,750
(xii) Commission and brokerage paid	₹ 7,500

Determine the cost of inventory as per Ind AS 2. 7

6. (a) Elaborate the key elements of an effective internal control system. 7
- (b) State the provisions of Companies Act 2013 relating to secretarial audit. 7
7. (a) Analyse the procedure to be followed to audit employee benefit expenses 7
- (b) Examine NFRA's role in monitoring and enforcing compliance with auditing standards. 7
8. (a) How you will conduct the audit of municipalities and panchayats? 7
- (b) Examine the provisions of the Companies Act, 2013 relating to removal of a company auditor. 7

