

INTERMEDIATE EXAMINATION

December 2016

P-12(CAA)**Syllabus 2012****Company Accounts and Audit**

Time Allowed: 3 Hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks.
Where considered necessary, suitable assumptions may be made and
clearly indicated in the answer.*

SECTION – A*Answer all the following questions.***1. Answer the following questions:****2×5=10****(a) ROLTA Ltd. reports the following information regarding Pension Plan Assets:**

Particulars	Amount (₹)
Fair market value of Pension Plan assets as on 01.04.2015	6,00,000
Fair market value of Pension Plan assets as on 31.03.2016	9,00,000
Actual Return	1,95,000
Benefit payments of Retirees	1,50,000

Calculate the Employer's Contribution to the Pension Plan assets during the year 2015-16 as per AS-15.

(b) FINEX Ltd. had 500000 equity shares (₹ 10 each) outstanding on 01.04.2015. The average fair value per share during the year 2015-16 was ₹ 80. The company has given share option to its Employees of 100000 shares at option price of ₹ 60. The net profit attributable to the equity shareholders for the year ended March 31, 2016 was ₹ 12 Lakh.

Calculate Diluted Earnings per share.

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(c) The following information relate to ZOOM Ltd.

Imported Raw materials on 25.02.2015 for US \$ 10,000;

Exchange Rate on 25.02.2015 ₹ 60 per US \$;

Exchange Rate on 31.03.2015 ₹ 60.50 per US \$;

Date of Actual payment for import: 15.06.2015;

Exchange Rate on 15.06.2015 ₹ 61 per US \$;

Calculate the (Loss) / Gain for the financial year 2015-16 (as per AS-11).

(d) PROMET LTD. follows a policy of refunding money to the dissatisfied customers if they claim within 15 days from the date of purchase and return the goods. It appears from the past experience that in a month only 0.2% of the customers claims refunds.

The company sold goods amounting to ₹ 30 Lakh during the March, 2016.

State how the matter will have to dealt with in the accounts for the year 2015-16.

(e) ATIMA LTD. purchased a fixed asset for ₹ 45 Lakh on 05.04.2015. The company received a grant from the Government of West Bengal during the year amounting to ₹ 18 Lakh.

Show the accounting treatment of the above if it is non-depreciable asset as per AS-12.

2. Match the following items in Column 'A' with items shown in Column 'B':

1×5=5

Column 'A'		Column 'B'	
1.	All costs associated with amalgamation are capitalised	a.	AS-26
2.	Accounting treatment of foreign currency transactions	b.	Purchase Method
3.	Guidance on internally generated computer software	c.	AS-20
4.	Provision for Restructuring cost	d.	AS-11
5.	Diluted Potential equity share	e.	AS-29

3. Answer any two questions:

5×2=10

- (a) What are the advantages of Social Audit?
- (b) State objectives of Management Audit.
- (c) What are the contents of a typical Audit Note Book?
- (d) As an auditor of a company your advice is sought on the following issue:

"No provision for income tax is proposed to be made in respect of the profits of the year as the company expected refund of taxes paid in the earlier year."

- (e) Comment on the following in relation to SA 230:

"Audit documentation serves a number of additional purposes."

SECTION - B

Answer any three questions from Q. No. 4, 5, 6 and 7.

15×3=45

4. (a) Following are the Balance Sheets of STE Ltd. and BTE Ltd. as at 31st March, 2016.

Liabilities	STE Ltd. (₹ in lakh)	BTE Ltd. (₹ in lakh)	Assets	STE Ltd. (₹ in lakh)	BTE Ltd. (₹ in lakh)
Equity Share Capital (fully paid share of ₹10 each)	7,500	3,000	Land & Buildings	3,000	--
Securities Premium	1,500	--	Plant & Machinery	7,000	2,500
General Reserve	4,750	1,755	Furniture & Fixtures	1,152	850
Profit and Loss A/c	1,435	413	Stock	3,931	2,021
12% Debentures	--	500	Debtors	1,060	510
Bills Payable	60	--	Cash at Bank	557	304
Sundry Creditors	540	231	Bills Receivable	--	40
Sundry Provisions	915	351	Cost of issue of Debentures	--	25
	16,700	6,250		16,700	6,250

On 1st April, 2016 STE Ltd. took over BTE Ltd. in an amalgamation in the nature of merger. It was agreed that in discharge of consideration for the business STE Ltd. would allot 3 fully paid equity shares of ₹ 10 each at par for every 2 shares held in BTE Ltd. It was also agreed that 12% Debentures

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in BTE Ltd. would be converted to 13% Debentures in STE Ltd. of the same amount. All the bills receivable held by BTE Ltd. were STE Ltd.'s acceptances. Amalgamation expenses ₹ 50,000 were born by STE Ltd.

You are required to pass necessary journal entries in the books of STE Ltd.

9

(b) You are provided with the following details:

	Amount (₹)
Net Profit before provision for income tax and managerial remuneration, but after depreciation and provision for repairs	4,35,205
Depreciation provided in the books	1,55,000
Provision for repairs of office premises during the year	12,500
Depreciation allowable under schedule II	1,30,000
Actual expenditure incurred on repairs during the year	7,500

From the above particulars you are required to **calculate** the managerial remuneration in the following situation:

- (i) There is only one Whole time Director;
- (ii) There are two Whole time Directors;
- (iii) There are two Whole time Directors, a part time Director and a Manager;

6

5. (a) EVVM INDIA LTD. has the following balances as on 1st April, 2015:

	Amount (₹)
Fixed Assets	5,70,000
Less; Depreciation	1,99,500
	3,70,500
Stocks and Debtors	2,37,500
Bank Balance	33,250
Creditors	57,000
Bills Payable	38,000
Capital (Shares of ₹ 100 each)	2,85,000

The company made the following estimates for financial year 2015-16:

- (i) The company will pay a free of tax dividend of 10% the rate of tax being 25%.
- (ii) The company will acquire fixed assets costing ₹ 95,000 after selling one machine for ₹ 19,000 costing ₹ 47,500 and on which depreciation provided amounted to ₹ 33,250.
- (iii) Stocks and Debtors, Creditors and Bills payables at the end of financial year are expected to be ₹ 2,80,250, ₹ 74,100 and ₹ 49,400 respectively.
- (iv) The profit would be ₹ 52,250 after depreciation of ₹ 57,000.

Prepare the projected cash flow statement and ascertain the bank balance of EVVM INDIA LTD. at the end of financial year 2015-16. 9

- (b) When Underwriting Commission is payable as per Companies Act, 2013? 6

6. (a) ACE Ltd. went into voluntary liquidation on 31st March, 2015.
From the following information, **you are required to prepare** liquidator's final Statement of Account: 10

Particulars		Amount (₹)
(i)	Cash with liquidators (after all assets are realized and secured creditors and debenture holders are paid)	22,50,000
(ii)	Preferential creditors to be paid	1,05,000
(iii)	Other unsecured creditors	6,90,000
(iv)	15000, 10% preference shares of ₹ 100 each fully paid	
(v)	9000 equity shares of ₹ 100 each, ₹ 75 per shares paid up	
(vi)	21000 equity shares of ₹ 100 each, ₹ 60 per shares paid up	
(vii)	Liquidator's remuneration is 2% on payments of preferential and other unsecured creditors.	

- (b) Explain what are the sources for payment of Dividend. 5

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7. (a) APC Ltd. has 12% redeemable preference share capital of ₹ 1,00,000 consisting shares of ₹ 100 each fully called and paid-up. The company wants to redeem them at 10% premium.

The ledger accounts show the following balances:

Securities Premium A/c: ₹ 4,000

Profit & Loss A/c: ₹ 20,000

The company wants to make a minimum fresh issue of equity shares of ₹ 10 each at 5% premium for redemption of the preference shares.

You are required to:

- (i) Ascertain the amount of fresh issue to be made by the company;
 - (ii) Pass necessary journal entries regarding redemption of the preference shares and fresh issue. 10
- (b) State the circumstances under which a liquidator would have to made a call on partly-paid shares (B List of Contributories). 5

SECTION - C

(Answer any two questions from Q. No. 8, 9 and 10)

15×2=30

8. (a) What aspects are required to be examined by the auditor in conducting audit of Buy-back of shares by the company? 7
- (b) How will you vouch/verify the following and what are the related aspects to be looked into?
- (i) Customs Duty; 4
 - (ii) Excise Duty; 4

9. (a) "Some material mis-statements remain unreported by Auditors."—**Comment.** 8
- (b) Explain the requirement of cost audit in brief. 7
10. (a) Why and how is Internal Audit necessary to the Management? 8
- (b) Distinguish between Audit Report and Audit Certificate. 7
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