

Class – M. Com. II Sem.

Subject – Corporate Financial Accounting
and Auditing

Paper –MCA-201

Time Allowed : 3 Hours

Maximum Marks : 50

SECTION-A

Note:- Explain the following :

- (i) Intrinsic value of shares.
- (ii) True and fair view of financial statements.
- (iii) Efficiency audit.
- (iv) Maximum limits for managerial remuneration.
- (v) Divisible profits
- (vi) Definition of current assets
- (vii) Difference between Basic EPS and Diluted EPS.
- (viii) Proprietary audit
- (ix) Normal rate of return
- (x) Distribution of dividend out of accumulated profits.
- (xi) Price earning ratio
- (xii) Professional ethics of auditor

SECTION-B

2. Prepare the financial statements of companies as per schedule III of Companies Act, 2013 and explain the main heads.

3. What are different approaches to valuation of goodwill of a joint stock company? Which of these approaches do you consider as the best.
4. Calculate the profit for managerial remuneration from the following information. Also show remuneration payable to two whole time directors and one part time director.

	₹		₹
Salaries and wages	25,000	Gross Profit	10,25,000
Repairs	12,000	subsidies from government	20,000
Misc. Expenses	25,000	Profit on sale of machinery	70000
Workmen's compensation (including ₹ 2000 legal Compensation)	4500	(Cost ₹ 120000, W.D.V. ₹ 60,000)	
Compensation for breach of contract	2500	Profit on sale of forfeited shares	5000
Donation to charitable fund	7000		
Depreciation (₹ 15000 admissible)	20000		
Loss on sale of investments	5000		
Scientific Research setting up new lab	95000		

Directors remuneration		
(Minimum)	40000	
Provision for taxation	200000	
Proposed Dividend	151000	
Interest	13000	
Net Profit	520000	
	11,20,000	11,20,000

5. The following figures are extracted from the books of ABC Ltd. Calculate the value of each equity and preference share. The preference shares have the right to share 10 percent of surplus assets.

Share Capital:	₹
9% Preference Shares of ₹100 each	3,00,000
1000 Equity shares of ₹100 each, ₹50 called up	50,000
1000 Equity shares of ₹100 each, 25 called up	25,000
1000 Equity shares of ₹100 each, fully called up	1,00,000
General Reserve	2,00,000
Profit and Loss account	50,000

On a fair valuation of all the assets of the company, it is found that they have an appreciation of ₹ 75000.

Section-C

Note : Attempt any two

6. Distinguish between external audit and internal audit. Examine the significance of audit for the shareholders of a company.

7. Who can be appointed as the auditor of a joint stock company? What are the rights and duties of a statutory auditor.
8. "Cost audit aims at reducing cost and improving efficiency in operations of a manufacturing company." Discuss.
9. What is management audit? Discuss the audit of management functions?
