

Exam. Code : 217602

Subject Code : 6853

M.Com 2nd Semester

CORPORATE FINANCIAL ACCOUNTING & AUDITING

Paper-MC-201

Time Allowed—3 Hours]

[Maximum Marks—100

SECTION-A

Note :- Attempt any **ten** questions. Answer to each question should be in upto ten lines. Each question carries 2 marks.

1. What do you mean by subscribed capital ?
2. Give the meaning of contingent liabilities.
3. Discuss the meaning and types of Goodwill.
4. What is meant by Intangible Assets ?
5. Why is the valuation of shares necessary ?
6. How is Book Value of the share determined ?
7. What do you understand by efficiency audit ?
8. What is the difference between internal audit and statutory audit ?
9. State the liabilities of Cost Auditor.
10. Describe the qualifications of Cost Auditor.
11. What is the code of conduct for the auditors ?
12. Discuss the significance of audit by C. & A.G.

SECTION-B

Note :- Attempt any **two** questions. Answer to each question should be in above **five** pages. Each question carries **20** marks.

1. How is profit for the purpose of the managerial remuneration ascertained ? Describe the maximum rates of remuneration allowed under the Companies Act, 2013 to the members of the Board.
2. Explain the various methods for valuation of shares. Which of these, according to you, is more appropriate in valuing the majority shareholding and why ?
3. Following is the Trial Balance of NKD Ltd. as on 30th June 2016 :

Debit Balances	Rs.	Credit Balances	Rs.
Purchases	2,24,500	Share capital	
Opening Stock	27,500	: 10,000 shares	
Debtors	33,750	of Rs. 10 each	1,00,000
Salaries & Wages	55,450	Sales	2,35,000
Bad Debts	5,480	Profit & Loss	
Dividend Paid	10,900	Account on 30/6/2015	11,500
General Expenses	8,200	Creditors	7,750
Furniture	32,900	Reserves	51,550
Cash at Bank	11,620	Discount	4,500
Total	4,10,300		4,10,300

Prepare Final Accounts of the company after taking into account the following adjustments :

- (a) Stock on 30th June, 2016 was valued at Rs. 38,200.
 - (b) Charge depreciation on Furniture @ 10%.
 - (c) Create a provision for Bad Debts @ 5% on debtors.
 - (d) Provide Managing Director's remuneration @ 10% of the net profit available for dividend purpose. Assume tax rate at 30%.
 - (e) Dividend @ 10% on paid up capital is proposed by Board of Directors.
4. AB Ltd. proposed to purchase the business carried on by Mr. P. Goodwill for this purpose is to be valued at four years purchase of the weighted average profits of the past four years. The weights to be used are : For year 2013-1, Year 2014-2, Year 2015-3 and Year 2016-4. The profits for these years are Rs. 6,90,000; Rs. 8,00,000; Rs. 9,76,000 and Rs. 7,34,000 respectively. On scrutiny of the accounts, the following matters are revealed :
- (a) On 1st July, 2016, a major repair was made in respect of the plant incurring Rs. 3,00,000 which was charged to revenue. The said sum is agreed to be capitalized for goodwill calculation, subject to adjustment of depreciation @ 10% p.a. on reducing balance method.
 - (b) The Closing Stock for the year 2016 was undervalued by Rs. 80,000.
 - (c) An annual charge of Rs. 1,00,000 should be made to cover management cost for the purpose of goodwill valuation.

Calculate the value of Goodwill of the firm.

SECTION-C

Note :- Attempt any **two** questions. Answer to each question should be in about **five** pages. Each question carries **20** marks.

1. Who can become a Statutory Auditor ? Discuss the duties and liabilities of Statutory Auditor.
2. Discuss the objectives of Cost Audit. What considerations a Cost Auditor should keep in mind while qualifying his audit report ?
3. What is the rationale of Management Audit ? Discuss the process of conducting Management Audit.
4. Discuss the purpose of conducting audit of Control function in an organisation. How would you conduct such an audit ?