

M.Com. 2<sup>nd</sup> Semester (Batch 2023-25) (CBGS)  
CORPORATE FINANCIAL ACCOUNTING AND  
AUDITING

Paper : MC-201

Time Allowed—3 Hours] [Maximum Marks—100

**Note** :—Attempt **FIVE** questions in all, selecting at least **ONE** question from each section. The fifth question may be attempted from any section. All questions carry equal marks.

**SECTION—A**

1. Explain the provisions of managerial remuneration.
2. From the following Trial Balance of Spectrum Ltd., prepare Statement of Profit & Loss and Balance Sheet as on 31<sup>st</sup> March, 2021 :

	Debit (Rs.)	Credit (Rs.)
Purchases and Sales	3,07,000	5,00,000
Stock as on 1 <sup>st</sup> April, 2020	70,000	
Cash and Bank Balance	1,12,500	
Machinery	2,00,000	

Debtors and Creditors	35,000	18,000
Rent	14,000	
Insurance Premium	15,000	
Wages and Salaries	22,000	
Director's fees	10,000	
Commission received		25,000
Share Capital (shares of Rs. 10 each)		1,25,000
General Reserve		25,000
10% Debentures		30,000
Interest on Debentures	1,500	
Surplus as on 1 <sup>st</sup> April 2020		32,000
Output CGST		48,000
Output SGST		48,000
Input CGST	32,000	
Input SGST	32,000	
	<b>8,51,000</b>	<b>8,51,000</b>

**Additional Information :—**

- (i) Stock as on 31<sup>st</sup> March, 2021 Rs. 42,000.
- (ii) 1/5<sup>th</sup> of Commission received is for the next year.

- (iii) Insurance premium includes Rs. 3,000 paid for next year.
- (iv) Charge depreciation on Machinery @ 12% p.a.
- (v) Outstanding Salaries Rs. 4,800.
- (vi) Outstanding Rent Rs. 5,000 (CGST + SGST applicable @ 6% each)

**SECTION—B**

- 3. What is the need for valuation of shares ? Explain different methods of valuation of shares.
- 4. Mr. X is interested to acquire the business of Mr. Z, the details of which are as under :

Profits of the last four years :

	<b>Rs.</b>
2012-13	1,55,000
2013-14	1,85,000
2014-15	1,75,000
2015-16	2,20,000

Checking of the books of account revealed the following :

- (i) The profits are before managerial remuneration of Rs. 30,000 p.a.

- (ii) Closing Stock for the year 2015-16 was overvalued by Rs. 20,000.
- (iii) Profits for the year 2014-15 are affected by speculation loss of Rs. 15,000.
- (iv) To cover inventory risk, an annual fire insurance policy is to be undertaken. The annual premium payable will amount to Rs. 5,000.
- (v) The amount of capital employed is Rs. 9,00,000.

Compute value of Goodwill on the basis of 2 years' purchase of super profits calculated by weighted average profits. The normal rate of return is 10%. Assume each year's profits are withdrawn in full.

#### SECTION—C

- 5. Write notes on :—
  - (a) Audit by Comptroller and Auditor General
  - (b) Financial Audit.
- 6. Explain the duties and liabilities of statutory auditor.

#### SECTION—D

- 7. What is cost audit ? Give its scope. Discuss appointment and duties of cost auditor.
- 8. Explain audit of various functions of management.