

Paper V : Advance Accounting & Auditing

1. Financial Accounting (50%)

A. **Amalgamation and Absorption of Companies** (excluding inter-company holding & Marger) as per A-14.

B. **Valuation of Goodwill and Valuation of Shares.**

Note : Necessary data must be provided by the paper-setter in such a way that any assumption on the part of the students are not required.

C. **Accounts of Banking Companies :**

1. Main Characteristics of bank book-keeping and Slip System. Preparation of final Accounts according to the revised form of Balance Sheet and Profit and Loss Account.

2. Income recognition; Classification of Bank Advances on the basis of asset-performance for determining & calculation of loss provisions.

3. Some Important provisions of Banking Regulation Act as regards Reserve Fund, Share Capital, restriction of payment of dividend.

4. Discounting and Collection of Bills (including its Accounting Treatment)

D. **Insolvency Accounts** (Under Provincial Insolvency Act 1920)

2. Auditing (50%)

1. **Company Audit :**

a) Preparation before commencing audit of a limited co.

b) Importance of different documents such as M/A . A/A. Prospectus, Minute Book, Preliminary Contracts.

c) Audit of Share Capital :

(i) Issue of shares : at par, at premium, at discount - Issue and redemption of redeemable preference shares - Issue of right shares.

(ii) Issue of shares for consideration other than cash, bonus shares, Issue of shares in conversion of debentures, bonds and issue of shares for any other consideration.

(iii) Issue and forfeiture of shares

(iv) Share Transfer Audit

(v) Statutory Audit

(vi) Auditor's duties regarding distribution of dividend.

d) Audit of issue and redemption of debentures.

2. Auditor's Report and Certificate :

Importance - legal requirements - Difference between audit report and certificate, clean and qualified report - "True and Fair" in auditor's report, Companies Auditor's Report Order. 2003.

3. Divisible Profits :

Meaning and Importance - Legal provisions under Companies Act and principles enunciated under some famous legal cases. Legal Provisions for depreciation.

4. Investigations :

- (1) Meaning and Need
Difference between Audit and Investigation
- (2) Investigation in following cases :
 - (a) For Purchase of Business
 - (b) For Granting of a loan
 - (c) In case of declining profits
 - (d) In case of suspected frauds.

5. Audit Programme of :

- (1) Hospital run by Public Charitable Trust
- (2) Educational Institutions
- (3) Commercial Banks
- (4) Manufacturing companies

6. Recent Trends in Auditing :

- (1) Cost Audit
- (2) Management Audit
- (3) Tax Audit
- (4) Audit of Computerised Accounts

Note :

Section (i) and (II) are independent sections and under any Scheme of paper-setting, both the see." will have to be treated separately and questions from one section cannot be set in option to questions from the other section.

Note :

Objective types of Question should carry atleast 20% of the total marks from both the sections equally. All amendments made in companies act up to the beginning of academic year should be considered.