

## 506 EA: Financial Accounting and Auditing- 2

### Section 1: Financial Accounting

#### Unit – I: ACCOUNTING FOR MERGER AND AMALGAMATION:

- a. Introduction, Meaning and Methods of calculation of Purchase Consideration.
- b. Accounting of Inter-company transactions.
- c. Accounting of 'Inter-company holdings or cross holding'.
- d. Accounting entries in the books of Vendor Company and Purchasing Company.
- e. Merger and Purchase: Ind AS 103.

#### UNIT – II: HOLDING COMPANY ACCOUNTS:

- (a) Preparation of necessary statements (which are to be annexed with parent company's final accounts) as per Section 212 of the Companies Act, 1956.
- (b) Consolidated Balance Sheet (as per Ind AS 27): Consolidation -Inter company transactions – Issue of bonus shares – Revaluation of Fixed Assets – Debenture and Preference shares of subsidiary company – Dividend - Holding company with two subsidiary companies only (direct interest or chain holding).

### Section 2: Special Auditing

#### Unit – III: 1. Audit of computer based accounts:

Introduction; Types of EDP accounting systems; Auditing in IT environment; Internal control in EDP Accounting System; Special audit techniques; Auditor's involvement in computerization; Using computer in internal audit activities. 2. Government Audits: Introduction; Central Government finances; Comptroller and Auditor General of India; Organizational structure; Audit of Union Government Accounts; Reporting Procedure; Impact of Government Audit.

#### Unit – IV: 1. Cost Audit:

Definition and meaning; Objectives; Important legal provisions; Important provisions of Cost Audit Report Rules, 1996; Distinction of Cost Audit and Financial Audit; Cost Accounting Records. 2. Management Audit: Definition and meaning; Objectives; Scope; Limitations; Efficiency and Propriety Audit

#### Note:

- (1) Section I and Section II has equal weightage.
- (2) Question must be asked from each section
- (3) From Section I practical problem must be asked and not less than 30 marks out of total 70 marks.
- (4) Question from any main unit shall not be set in option of questions from any other main unit or sub unit.

#### References:

1. T.P. Ghosh, "Accounting standards and corporate accounting practices"; Taxman Allied service pvt.ltd.
2. Anil Chaudhary, "Fundamentals of Accounting and Financial Analysis"; Pearson Education.
3. Ambrish Gupta "Financial Accounting for Management – An analysis perspective, Pearson Education.