Roll No. 3 4 1 8 6 2 ……………………………

Total No. of Questions – 6

Total No. of Printed Pages – 11 Maximum Marks - 70

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to MCQs in Part I are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book or on Part-I Question Paper, will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
7. **The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.**
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit the descriptive answer book with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/ using mobile phone or smart watch will be expelled from the examination and will also be liable for further punitive action.

PART II **70 Marks**

1. Question paper comprises **6** questions. Answer Question No. **1** which is compulsory and any **4** out of the remaining **5** questions.
2. Working notes should form part of the answer.
3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/ her answers in Hindi will not be evaluated.

PART II

1. (a) ABC Limited has three segments, viz. A, B and C. The total assets of the company are ₹ 15 Crores. The assets of segment A are ₹ 1.85 Crores, segment B are ₹ 6.15 Crores and segment C are ₹ 7.00 Crores. Assets of each segment include Deferred Tax Assets of ₹ 0.50 Crores in A, ₹ 0.40 Crores in B and ₹ 0.30 Crores in C. The accountant of ABC Limited contends that all segments are reportable segments. Based on Segments Assets criteria, determine the veracity of the contention of the Accountant. ***(4 Marks)***

1. (b) To comply with listing requirements and other statutory obligations, Satyam Ltd prepares interim financial reports at the end of each quarter. The Company has brought forward losses of ₹ 700 Lakhs under Income Tax Law, of which 80% is eligible for set off as per the recent verdict of the Court that has attained finality. No deferred tax asset has been recognized on such losses in view of the uncertainty over its eligibility for set-off.

   The Company has reported quarterly earnings of ₹ 600 Lakhs and ₹ 300 Lakhs respectively for the first two quarters of Financial Year 2024-25 and anticipates net earnings of ₹ 800 Lakhs in the coming half-year ended March 2025 of which ₹ 100 Lakhs will be the loss in the quarter ended December 2024. The tax rate for the company is 30% with a 10% Surcharge. You are required to calculate the amount of Tax Expense to be reported for each quarter of financial year 2024-25. ***(5 Marks)***

1. (c) Hutch Communications Limited acquired the business of Aircel Cellular Limited on 31.03.2022 for ₹ 1,500 Crores. Out of the total consideration ₹ 1,250 crores was towards the fair value of the identifiable assets and the balance towards goodwill. It is the policy of Hutch Communications Ltd. to amortize the goodwill on acquisition of business over five years.

   The anticipated useful life of the acquired assets is estimated at 10 years. Hutch Communications Ltd. uses a straight line method of depreciation with zero residual value. On 31.03.2024, consequent to the election of a new government, with stringent economic policies and a new legislation, Hutch Communications Ltd. estimates a significant decline in the production in the future periods.

The company has considered the above changes and prepared the following cash flow estimates for the next eight years:

Year ending 31st March	2025	2026	2027	2028	2029	2030	2031	2032
Cash Flow (₹ in Crores)	215	210	200	160	150	140	120	100

The Competitor of Hutch Communications Ltd., Airtel Ltd has offered to take up the business of Aircel for a price consideration of ₹ 800 Crores.

Determine the following if Hutch Communication Ltd.'s incremental cost of financing is 11% and the acquired business is a Cash Generating Unit:

(a) Value in Use of Aircel,

(b) Recoverable Amount of the Asset,

(c) Impairment Loss to be recognized, and

(d) Revised Carrying amount of the business as on 31.03.2024. *(5 Marks)*

2. The Balance Sheet of M/s Cube Limited as on 31-3-2024 is given below:

Particulars	**Note No.**	**Amount (₹ In Lakh)**
<u>Equity & Liabilities</u>		
<u>Shareholders' funds</u>		
Share Capital	1	700
Reserves & Surplus	2	-261
<u>Non-Current Liabilities</u>		
Long Term Borrowings	3	350
<u>Current Liabilities</u>		
Trade Payables	4	51
Other Liabilities	5	12
Total		**852**

Assets		
Non-Current Assets		
Fixed Assets		
Tangible Assets	6	375
Current Assets		
Current Investments	7	100
Inventories	8	150
Trade Receivables	9	225
Cash & Cash Equivalents	10	2
Total		**852**

Notes to Accounts:

	₹ In lakhs
(1) Share Capital	
Authorized:	
100 lakh Equity shares of ₹ 10 each	1,000
4 lakh, 8% Preference Shares of ₹ 100 each	400
	1400
Issued, subscribed and paid-up:	
50 lakh Equity shares of ₹ 10 each, fully paid-up	500
2 lakh, 8% Preference Shares of ₹ 100 each, fully paid-up	200
Total	**700**
(2) Reserves & Surplus	
Debit Balance of Profit & Loss A/c	(261)
(3) Long Term Borrowings	
6% Debentures (Secured by Freehold Property)	200
Directors' Loan	150
	350
(4) Trade Payables	
Sundry Creditors for goods	51
(5) Other Current Liabilities	
Interest Accrued and Due on 6% Debentures	12
(6) Tangible Assets	
Freehold Property	275
Plant & Machinery	100
	375
(7) Current Investment	
Investment in Equity Instruments of Square Ltd.	100

(8) Inventories Finished Goods	150
(9) Trade Receivables Sundry Debtors for goods	225
(10) Cash and Cash Equivalents Balance with bank	2

The Board of Directors of the Company decided upon the following scheme of reconstruction with the consent of respective shareholders:

1. Preference shares are to be written down to ₹ 80 each and Equity shares to ₹ 2 each.
2. Preference shares dividend in arrears for 3 years to be waived by 2/3rd and for balance 1/3rd, Equity shares of ₹ 2 each to be allotted.
3. Debenture-holders agreed to take one Freehold property at its book value of ₹ 150 lakh in part payment of their holding. Balance Debentures to remain as liability of the Company.
4. Interest accrued and due on Debentures to be paid in cash.
5. Remaining freehold property to be valued at ₹ 200 lakhs.
6. Cube Ltd. holds 20000 shares in Square Ltd. This represents 20% of the share capital of that company. Square Ltd. is not a quoted company. Delta Ltd. purchased the investment of Cube Ltd. in shares of Square Ltd., valuing it on the basis of 12% capitalization rate. The average net profit (after tax) of the company is ₹ 75 Lakhs.
7. 70% of Directors' loan to be waived and for the balance, Equity shares of ₹ 2 each to be allowed.
8. The Directors refund ₹ 10 lakhs of the fees previously received by them.
9. Trade creditors are given the option of either to accept fully-paid equity shares of ₹ 2 each for the amount due to them or to accept 80% of the amount due in cash. Creditors for ₹ 15 lakhs accept equity shares whereas those for ₹ 36 lakhs accept cash in full settlement.
10. Reconstruction expenses paid ₹ 1 lakh.

11. 40% of Sundry Debtors and 80% of Inventories to be written off.
12. Company's contractual commitments amounting to ₹ 300 lakh have been settled by paying 5% penalty of contract value.

You are required to:

(a) Pass Journal Entries for all the transactions related to internal reconstruction.

(b) Prepare Capital Reduction Account. ***(14 Marks)***

3 (a). The following information was provided by PQR Ltd. for the year ended 31st March, 2024 :

(1) Gross Profit Ratio was 25% for the year, which amounts to ₹ 3,75,000.

(2) Company sold goods for cash only.

(3) Opening inventory was lesser than closing inventory by ₹ 25,000.

(4) Wages paid during the year ₹ 5,55,000.

(5) Office expenses paid during the year ₹ 35,000.

(6) Selling expenses paid during the year ₹ 15,000.

(7) Dividend paid during the year ₹ 40,000 (including dividend distribution tax).

(8) Bank Loan repaid during the year ₹ 2,05,000 (included interest ₹ 5,000)

(9) Trade Payables on 31st March, 2023 were ₹ 50,000 and on 31st March, 2024 were ₹ 35,000.

(10) Amount paid to Trade payables during the year ₹ 5,10,000

(11) Income Tax paid during the year amounts to ₹ 55,000 (Provision for taxation as on 31st March, 2024 ₹ 30,000)·

(12) Investments of ₹ 8,20,000 sold during the year at a profit of ₹ 20,000.

(13) Depreciation on furniture amounts to ₹ 40,000.

(14) Depreciation on other tangible assets amounts to ₹ 20,000.

(15) Plant and Machinery purchased on 15th November, 2023 for ₹ 3,50,000.

(16) On 31st March, 2024 ₹ 2,00,000, 7% Debentures were issued at face value in an exchange for a plant.

(17) Cash and Cash equivalents on 31st March, 2023 ₹ 2,25,000.

Prepare cash flow statement for the year ended 31st March, 2024, using direct method. ***(7 Marks)***

3. (b) X Ltd. has the following capital structure as on 31st March, 2024:

	Particulars	₹ in crores
(i)	Equity share capital (shares of ₹ 10 each)	1,200
(ii)	Reserves:	
	General Reserves	1,080
	Securities Premium	400
	Profit & Loss	200
	Infrastructure Development Reserve (Statutory Reserve)	320
(iii)	Loan Funds	3,200

The company has offered buy back price of ₹ 30 per equity share. You are required to calculate maximum permissible number of equity shares that can be bought back. ***(7 Marks)***

4. The Balance Sheet of R Ltd. as on 31st March 2024 is as follows:

		₹
Assets:		
Freehold Premises		2,20,000
Machinery		1,77,000
Furniture & Fittings		90,800
Stock		3,87,400
Sundry Debtors	80,000	
Less: Provision for Doubtful Debts	(4,000)	76,000
Cash in hand		2,300
Cash at Bank		1,56,500
Bills receivable		15,000
		11,25,000

Liabilities:	
60,000 Equity shares of ₹ 10 each	6,00,000
Pre-incorporation profit	21,000
Contingency Reserve	1,35,000
Profit & Loss Appropriation Account	1,26,000
Acceptances	20,000
Creditors	1,13,000
Provision for Income Tax	1,10,000
	11,25,000

C Ltd. decided to take over R Ltd. from 31st March 2024 with the following assets at value noted against them:

	₹
Bills receivable	15,000
Freehold Premises	4,00,000
Furniture & Fittings	80,000
Machinery	1,60,000
Stock	3,45,000

¼ of the consideration was satisfied by the allotment of fully paid preference shares of ₹ 100 each at par which carried 13% dividend on cumulative basis. The balance was paid in the form of C Ltd.'s equity shares of ₹ 10 each, ₹ 8 paid up.

Sundry Debtors realised ₹ 79,500. Acceptances were settled for ₹ 19,000. Income-tax authorities fixed the taxation liability at ₹ 1,11,600. Creditors were finally settled with the cash remaining after meeting liquidation expenses amounting to ₹ 4,000.

You are required to:

(i) Calculate the number of equity shares and preference shares to be allotted by C Ltd. in discharge of consideration.

(ii) Prepare the important ledger accounts in the books of R Ltd.; and

(iii) Pass journal entries in the books of C Ltd. with narration. ***(14 Marks)***

5. (a) H Ltd. acquire 70% of equity share of S Ltd. as on 1st January, 2018 at a cost of ₹ 5,00,000 when S Ltd. had an equity share capital of ₹ 5,00,000 and reserves and surplus of ₹ 40,000.

Both the companies follow calendar year as the accounting year.

In the four consecutive years, S Ltd. performed badly and suffered losses of ₹ 1,25,000, ₹ 2,00,000, ₹ 2,50,000 and ₹ 60,000 respectively.

Thereafter in 2022, S Ltd. experienced turnaround and registered an annual profit of ₹ 25,000. In the next two years i.e. 2023 and 2024, S Ltd. recorded annual profits of ₹ 50,000 and ₹ 75,000 respectively.

Show the Minority Interests and Cost of Control at the end of each year for the purpose of consolidation.

5. (b) Bright Ltd. acquired 30% of East India Ltd. shares for ₹ 2,00,000 on 01-06-2023. By such an acquisition, Bright can exercise significant influence over East India Ltd. During the financial year ending on 31-03-2023, East India earned profits ₹ 80,000 and declared a dividend of ₹ 50,000 on 12-08-2023. East India reported earnings of ₹ 3,00,000 for the financial year ending on 31-03-2024 (assume profits to accrue evenly) and declared dividends of ₹ 60,000 on 12-06-2024.

Calculate the carrying amount of investment in:

(i) Separate financial statements of Bright Ltd. as on 31-03-2024;

(ii) Consolidated financial statements of Bright Ltd.; as on 31-03-2024;

(iii) What will be the carrying amount as on 30-06-2024 in consolidated financial statements? ***(9 + 5 = 14 Marks)***

6. (a) Amazon Ltd. purchased a plant for US $ 50,000 on 31st January 2024 payable after 3 months. The company entered into a forward contract for 3 months @ ₹ 85.30 per dollar. On 31st January 2024, the exchange rate was ₹ 84.25 per dollar.

How will you recognize the profit or loss on forward contract in the books of Sterling Limited for the year ended 31st March 2024? ***(4 Marks)***

OR

6. (a) BPCL is a leading distributor of petrol. A detailed inventory of petrol is taken when the books are closed at the end of each month. At the end of month, following information is available:

Sales	₹ 47,25,000
General Overheads cost	₹ 1,25,000
Inventory at the beginning	1,00,000 litres @ ₹ 15 per litre

Purchases:

June 1 – 2 lakh litres @ ₹ 14.25

June 30 – 1 lakh litre @ ₹ 15.15

Closing Inventory – 1.30 lakh litres

Compute the following by the FIFO method as per AS 2:

a. Value of inventory as on June 30.
b. Amount of cost of goods sold for June
c. Profit/ Loss for the month of June ***(4 Marks)***

6. (b) XYZ Ltd. proposes to declare 10% dividend out of General Reserves due to inadequacy of profits in the year ending 31-03-2024.

From the following particulars ascertain the amount that can be utilized from general reserves, according to the Companies Rules, 2014:

8,00,000 Equity Shares of ₹ 10 each fully paid up	80,00,000
General Reserves	25,00,000
Revaluation Reserves	6,50,000
Net profit for the year	1,42,500

Average rate of dividend during the last three years has been 12%. ***(4 Marks)***

6. (c) Neptune with headquarters at Mumbai, maintains a branch at Goa. Goods are invoiced at cost plus 25%. In respect of Goa branch, the following information pertaining to the year ended 31st March, 2024 are made available to you:

	₹
Goods sent to Branch (at Invoice price)	6,75,000
Goods returned by branch during the year (at Invoice price)	24,000

Cash sales effected by branch	1,85,000
Discount allowed to customers	2,500
Amount received from branch debtors	3,25,000
Cheques of customers which got dishonoured	8,000
Branch expenses met in cash	72,500
Sales return at Goa branch	10,000
Bad debts	5,500

	On 31st March, 2024	**On 31st March, 2023**
Branch debtors	1,05,000	50,000
Stock at branch (at Invoice price)	2,36,000	1,50,000

Adopting the debtors system, you are required to prepare the Branch Account as appearing in the books of the Head Office. ***(6 Marks)***