

Roll No. **8 3 6 1 7 4**

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) X Ltd. availed a lease from Y Ltd. The conditions of the lease terms are as under:

- (i) Lease period is 3 years, in the beginning of the year 2010, for equipment costing ₹ 10,00,000 and has an expected useful life of 5 years.
- (ii) The Fair market value is also ₹ 10,00,000.
- (iii) The property reverts back to the lessor on termination of the lease.
- (iv) The unguaranteed residual value is estimated at ₹ 1,00,000 at the end of the year 2023
- (v) 3 equal annual payments are made at the end of each year.

Consider IRR = 10%.

Present value of ₹1 due at the end of 3rd year at 10% rate of interest is ₹ 0.7513.

Present value of annuity of ₹1 due at the end of 3rd year at 10% IRR is ₹ 2.4868.

State whether the lease constitute finance lease and also calculate unearned finance income. **(5 Marks)**

1. (b) Calculate the Diluted Earnings per Share from the following information:

Net Profit for the Current Year	₹ 85,50,000
No. of Equity Shares Outstanding	20,00,000
No. of 8% Convertible Debentures of ₹ 100 each (Each Debenture is convertible into 10 Equity Shares)	1,00,000
Interest Expenses for the current year	₹ 4,00,000
Tax relating to Interest Expenses	30%

(5 Marks)

(3)
ASR2

1. (c) On 15th June, 2023, Y limited wants to re-classify its investments in accordance with AS 13 (revised). Decide and state the amount of transfer, based on the following information:

- (i) A portion of long term investments purchased on 1st March, 2022 are to be re-classified as current investments. The original cost of these investments was ₹ 14 lakhs but had been written down by ₹ 2 lakhs (to recognise 'other than temporary' decline in value). The market value of these investments on 15th June, 2023 was ₹ 11 lakhs.
- (ii) Another portion of long term investments purchased on 15th January, 2022 are to be re-classified as current investments. The original cost of these investments was ₹ 7 lakhs but had been written down to ₹ 5 lakhs (to recognize 'other than temporary' decline in value). The fair value of these investments on 15th June, 2023 was ₹ 4.5 lakhs.
- (iii) A portion of current investments purchased on 15th March, 2023 for ₹ 7 lakhs are to be re-classified as long term investments, as the company has decided to retain them. The market value of these investments on 31st March, 2023 was ₹ 6 lakhs and fair value on 15th June 2023 was ₹ 8.5 lakhs,
- (iv) Another portion of current investments purchased on 7th December, 2022 for ₹ 4 lakhs are to be re-classified as long term investments. The market value of these investments was:
- on 31st March, 2023 ₹ 3.5 lakhs
- on 15th June, 2023 ₹ 3.8 lakhs
- (4 Marks)

2. Neel Ltd. and Gagan Ltd. amalgamated to form a new company on 1.04.2024. Following is the Draft Balance Sheet of Neel Ltd. and Gagan Ltd. as at 31.3.2024:

Liabilities	Neel	Gagan	Assets	Neel	Gagan
	₹	₹		₹	₹
Capital	7,75,000	8,55,000	Plant & Machinery	4,85,000	6,14,000
Current liabilities	6,23,500	5,57,600	Building	7,50,000	6,40,000
			Current assets	1,63,500	1,58,600
	13,98,500	14,12,600		13,98,500	14,12,600

(4)
ASR2

Following is the additional information:

- i. The authorised capital of the new company will be ₹ 25,00,000 divided into 1,00,000 equity shares of ₹ 25 each.
- ii. Liabilities of Neel Ltd. includes ₹ 50,000 due to Gagan Ltd. for the purchases made. Gagan Ltd. made profit of 20% on sale to Neel Ltd.
- iii. Neel Ltd. had purchased goods costing ₹ 10,000 from Gagan Ltd. All these goods are included in the current asset of Neel Ltd. as at 31st March, 2024.
- iv. The assets of Neel Ltd. and Gagan Ltd. are to be revalued as under:

	Neel	Gagan
Plant & Machinery	5,25,000	6,75,000
Building	7,75,000	6,48,000

- v. The purchase consideration is to be discharged as under:
 - a) Issue 24,000 equity shares of ₹ 25 each fully paid up in the proportion of their profitability in the preceding 2 years.
 - b) Profits for the preceding 2 years are given below:

	Neel	Gagan
1 st Year	2,62,800	2,75,125
2 nd Year	2,12,200	2,49,875
Total	4,75,000	5,25,000

- c) Issue 12% preference shares of ₹ 10 each fully paid up at par to provide income equivalent to 8% return on net assets in the business as on 31.3.2024 after revaluation of assets of Neel Ltd. and Gagan Ltd. respectively.

You are required to:

- (i) compute the no. of equity and preference shares issued to Neel Ltd. and Gagan Ltd.,
- (ii) compute the Purchase consideration.
- (iii) prepare necessary accounts in the books of Neel Ltd. to close its books.
- (iv) pass necessary journal entries in the books of Purchasing Company.

(14 Marks)

3. On 31st March, 2024, the summarized Balance Sheet of H Ltd. and its subsidiary S Ltd. stood as follows:

Liabilities	H Ltd. (₹ in lakhs)	S Ltd. (₹ in lakhs)
Share Capital:		
Authorised	15,000	6,000
Issued and Subscribed :		
Equity Shares of ₹ 10 each, fully paid up	12,000	4,800
General Reserve	2,784	1,380
Profit and Loss Account	2,715	1,620
Trade Payables	1,833	1,014
Provision for Taxation	855	394
Dividend Payable	1,200	-
	21,387	9,208
Assets	H Ltd. (in lakhs)	S Ltd. (in lakhs)
Land and Buildings	2,718	--
Plant and Machinery	4,905	4,900
Furniture and Fittings	1,845	586
Investments in shares in S Ltd.	3,000	--
Inventory	3,949	1,956
Trade Receivables	2,960	1,562
Cash and Bank Balances	1,490	204
Sundry Advances	520	--
	21,387	9,208

The following information is also provided to you:

- (a) H Ltd. purchased 180 lakh shares in S Ltd. on 1st April, 2023 when the balances to General Reserve and Profit and Loss Account of S Ltd. stood at ₹ 3,000 lakhs and ₹ 1,200 lakh respectively.

(6)
ASR2

- (b) On 31st May, 2023, S Ltd. declared a dividend @ 20% for the year ended 31st March, 2023. H Ltd. credited the dividend received by it to its Profit and Loss account.
- (c) On 1st January, 2024 S Ltd. issued 3 fully paid-up shares for every 5 shares held as bonus shares out of balances to its general reserve as on 31st March, 2023.
- (d) Details of Trade payables and Trade receivables :

	H Ltd. (₹ in '000)	S Ltd. (₹ in '000)
Trade Payables		
Bills Payables	372	160
Sundry Creditors	1,461	854
	1,833	1,014
Trade Receivables		
Debtors	2,600	1,363
Bills Receivables	360	199
	2,960	1,562

- (e) On 31st March, 2024 all the bills payable in S Ltd's balance sheet were acceptances in favour of H Ltd. But on that date, H Ltd. held only ₹ 45 lakh of these acceptances in hand, the rest having been endorsed in favour of its trade payables.
- (f) On 31st March, 2024, S Ltd's inventory included goods which it had purchased for ₹ 100 lakh from H Ltd. which made a profit @ 25% on cost.

Prepare a Consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd. as at 31st March, 2024 bearing in mind the requirements of AS 21.

(14 Marks)

(7)
ASR2

4. From the following particulars furnished by Alpha Ltd., prepare the Balance Sheet as on 31st March 2024 as required by Part I, Schedule III of the Companies Act, 2013.

Particulars	Debit ₹	Credit ₹
Equity Share Capital (Face value of ₹ 100 each)		50,00,000
Call in Arrears	5,000	
Building	27,50,000	
Plant & Machinery	26,25,000	
Furniture	2,50,000	
General Reserve		10,50,000
Loan from State Financial Corporation		7,50,000
Inventory:		
Raw Materials 2,50,000		
Finished Goods <u>10,00,000</u>	12,50,000	
Provision for Taxation		6,40,000
Trade receivables	10,00,000	
Short term Advances	2,13,500	
Profit & Loss Account		4,33,500
Cash in Hand	1,50,000	
Cash at Bank	12,35,000	
Unsecured Loan		6,05,000
Trade payables (for Goods and Expenses)		8,00,000
Loans & advances from related parties		2,00,000
	94,78,500	94,78,500

The following additional information is also provided:

- (i) 10,000 Equity shares were issued for consideration other than cash.
- (ii) Trade receivables of ₹ 2,60,000 are due for more than 6 months.
- (iii) The cost of the Assets were:

Building ₹ 30,00,000, Plant & Machinery ₹ 35,00,000 and Furniture ₹ 3,12,500

(8)
ASR2

- (iv) The balance of ₹ 7,50,000 in the Loan Account with State Finance Corporation is inclusive of ₹ 37,500 for Interest Accrued but not Due. The loan is secured by hypothecation of Plant & Machinery.
- (v) Balance at Bank includes ₹ 10,000 with Omega Bank Ltd., which is not a Scheduled Bank.
- (vi) Transfer ₹ 20,000 to general reserve as proposed by Board of directors.

(14 Marks)

5. An Indian Company Moon Star limited has a branch at Virginia (USA). The branch is a non-integral foreign operation of the Indian Company. The trial balance of the Branch as at 31st March 2024 is as follows:

Particulars	US \$	
	Dr.	Cr.
Office Equipments	48,000	
Furniture and Fixtures	3,200	
Stock (April 1, 2023)	22,400	
Purchases	96,000	
Sales	-	1,66,400
Goods sent from H.O.	32,000	
Salaries	3,200	
Carriage Inward	400	
Rent, rates and taxes	800	
Insurance	400	
Trade Expenses	400	
Head Office Account	-	45,600
Sundry Debtors	9,600	
Sundry Creditors	-	6,800
Cash at Bank	2,000	
Cash in Hand	400	
	2,18,800	2,18,800

(9)
ASR2

The following further information are given:

1. Salaries outstanding \$ 400.
2. Depreciate Office Equipment and Furniture & Fixtures @ 10% p.a. at written down value.
3. The Head Office sent goods to Branch for ₹ 15,80,000.
4. The Head Office shown an amount of ₹ 20,50,000 due from Branch.
5. Stock on 31st March 2024 - \$ 21,500.
6. There were no transit items either at the start or at the end of the year.

On April 1, 2022 when the fixed assets were purchased, the rate of exchange was ₹ 43 to one \$. On April 1, 2024, the rate was ₹ 47 per \$. On March 31, 2024, the rate was ₹ 50 per \$. Average rate during the year was ₹ 45 to one \$.

Prepare Trial balance, incorporating adjustments given, converting dollars into rupees and Trading and Profit and Loss account for the year ended 31st March, 2024 of the Branch as would appear in the books of Indian company for the purpose of incorporating in the main Balance Sheet.

(14 Marks)

6. (a) From the following information of XYZ Limited, calculate cash and cash equivalent as on 31-03-2024 as per AS-3.

Particulars	Amount (₹)
Balance as per the Bank Statement	25,000
Cheque issued but not presented in the Bank	15,000
Short Term Investment in liquid equity shares of ABC Limited	50,000
Fixed Deposit created on 01-11-2023 and maturing on 15-04-2024	75,000
Short Term Investment in highly liquid Sovereign Debt Mutual fund on 01-03-2024	1,00,000
Bank Balance in a Foreign Currency Account in India	\$ 1,000
Conversion Rate: On the day of deposit ₹69/USD; As on 31-03-2024 ₹70/USD	

(4 Marks)

6. (b) Dee Limited (a non-listed company) furnishes the following summarized Balance Sheet as at 31st March 2024:

	(₹ in '000)	
Liabilities		
Share Capital:		
Authorised Capital		<u>30,00</u>
Issued and subscribed share capital:		
2,50,000 Equity Shares of ₹ 10 each fully paid-up	25,00	
2,000, 10% Preference Shares of ₹ 100 each (Issued two months back for the purpose of buy-back)	<u>2,00</u>	27,00
Reserves & Surplus:		
Capital Reserve	10,00	
Revenue Reserves	30,00	
Securities Premium	22,00	
Profit & Loss Account	<u>35,00</u>	97,00
Current Liabilities & Provisions		14,00
		1,38,00
Assets		
Fixed Assets		93,00
Investments		30,00
Current Assets, loans and advances (including cash and bank balance)		15,00
		1,38,00

The company passed a resolution to buy-back 20% of its equity capital @ ₹ 50 per share. For this purpose, it sold all of its investments for ₹ 22,00,000.

You are required to pass necessary journal entries.

(5 Marks)

6. (c) The following scheme of reconstruction has been approved for Bheema Limited -

(i) The Shareholders to receive in lieu of their present holding at 1,00,000 Shares of ₹ 10 each the following:

(a) New fully paid ₹ 10 Equity shares equal to $\frac{3}{5}$ th of their holding.

(b) 10% Preference Shares fully paid to the extent of $\frac{1}{5}$ th of the above new Equity Shares.

(c) ₹ 40,000, 8% Debentures.

(ii) An issue of ₹ 1 Lakh 10% First Debentures was made & allotted, payment for the same being received in cash forthwith.

(iii) Goodwill which stood at ₹ 1,40,000 was completely written off.

(iv) Plant and Machinery which stood at ₹ 2,00,000 was written down to ₹ 1,50,000

(v) Freehold Property which stood at ₹ 1,50,000 was written down by ₹ 50,000.

You are required to draw up necessary Journal entries in the books of Bheema Limited for the above reconstruction. **(5 Marks)**