

Roll No. ....

Total No. of Questions – 6

Total No. of Printed Pages – 15

Maximum Marks – 70



**GENERAL INSTRUCTIONS TO CANDIDATES**

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 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 books 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 descriptive answer book.
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.

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PART – II

1. (a) Hardy Ltd. intends to extend the factory set up on the adjacent plot with disintegrated old premises. It acquired the land having an area of 250 hectares at a cost of ₹ 25,000 per hectare. 7

Hardy Ltd. incurred Stamp duty and registration charges of 5% of land value. Legal fees were paid ₹ 4,75,000 for land acquisition.

Hardy Ltd. incurred ₹ 37,85,000 for demolishing old premises thereon. A sum of ₹ 12,60,000 (including 5% GST thereon) was realized from the sale of material salvaged from the site.

Till the new site with extended factory premises is ready, the company needs to move the present production facilities to another (temporary) site. The following incremental costs will be incurred.

- (1) Set up costs of ₹ 7,50,000 to install machinery in the new location.
- (2) Rent of ₹ 12,00,000.
- (3) Removal costs of ₹ 2,50,000 to transport the machinery from the old location to the temporary location.

- (i) Management is of the opinion that the cost of moving the production facilities to another temporary location can be capitalised.

You are required to advise.

- (ii) You are also required to compute the cost of land acquired.

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- (b) Ms. Neha had 20,000 Equity shares in Nexus Ltd. at a book value of ₹ 2,40,000 on 01.04.2024. Face value of shares is ₹ 10 per share. 7

The Directors of Nexus Ltd. announced a bonus of equity shares in the ratio of one share for every 5 shares held on 30/04/2024.

On 31/07/2024 the company made a right issue in the ratio of three shares for every 4 shares held, on payment of ₹ 14 per share. The due date for payment was 31/08/2024. Ms. Neha opted to subscribe 50% of the right shares and sold the remaining of her entitlement to Ms. Rewa for a consideration of ₹ 3 per share.

On 08/10/2024, Ms. Neha received dividend from Nexus Ltd. @ 15% for the year ended 31/03/2024.

On 01/11/2024, Neha sold 11500 shares at a premium of ₹ 16 per share.

You are required to prepare Investment A/c as per AS -13 in the books of Ms. Neha for the year ended 31/03/2025 assuming that the shares are being valued at average cost.

2. Following particulars are furnished by Bela Ltd for the year ended 31<sup>st</sup> March 2025 :- 14

| Particulars                                  | Debit ₹  | Credit ₹ |
|----------------------------------------------|----------|----------|
| Equity Share Capital (Face Value 100)        |          | 6,00,000 |
| 8% Preference Share Capital (Face Value 100) |          | 3,00,000 |
| Factory Building                             | 6,20,000 |          |
| Plant & Machinery                            | 4,98,000 |          |
| Furniture & Fittings                         | 1,52,000 |          |
| General Reserve                              |          | 88,000   |
| Term Loan from Public Financial Corp.        |          | 3,40,000 |

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|                        |           |           |
|------------------------|-----------|-----------|
| <u>Inventory</u>       |           |           |
| Raw Material           | 1,35,000  |           |
| Finished Goods         | 66,000    |           |
| Provision for taxation |           | 12,000    |
| Dividend Payable       |           | 10,000    |
| Preliminary Expenses   | 21,000    |           |
| Profit & Loss A/c      |           | 99,000    |
| Cash in hand           | 16,000    |           |
| Cash at Bank           | 39,000    |           |
| Trade Receivables      | 2,38,000  |           |
| Unsecured Loan         |           | 85,000    |
| Trade Payables         |           | 2,45,000  |
| Outstanding Expenses   |           | 6,000     |
|                        | 17,85,000 | 17,85,000 |

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**Other Information :**

(1) The cost of assets was :

|                      |            |
|----------------------|------------|
| Factory Building     | ₹ 6,94,000 |
| Plant & Machinery    | ₹ 5,35,000 |
| Furniture & Fittings | ₹ 1,76,000 |

(2) The Equity Capital on 01/04/2024 stood at 5,000 shares fully paid up and 1,000 shares ₹ 70 paid up. The directors made final call of ₹ 30 per share on 01/10/2024.

A shareholder could not pay the call on 75 shares and his shares were forfeited. They were reissued @ ₹ 70 per share as fully paid.

(3) Profit on reissue of forfeited equity shares was included in profit and loss account.

(4) Bills discounted but not yet matured ₹ 15,000

(5) The balance of Term Loan from Public Finance Corporation includes ₹ 8,000 for interest accrued but not due. The loan is secured against hypothecation of Plant and Machinery.

(6) The directors declared a dividend of 5% on Equity shares on 10/04/2025.

You are required to prepare the Balance sheet as at 31<sup>st</sup> March, 2025 as required under Part-1 of the schedule III of the Companies Act.

Workings should form part of the answer.

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3. (a) The Balance Sheet of Moon Ltd as on 31<sup>st</sup> March 2025 and 2024 were given as :

| Particulars                                      | Notes        | 31 <sup>st</sup> March,<br>2025 | 31 <sup>st</sup> March,<br>2024 |
|--------------------------------------------------|--------------|---------------------------------|---------------------------------|
|                                                  |              | ₹                               | ₹                               |
| <b>Equity and Liabilities</b>                    |              |                                 |                                 |
| 1. Shareholder Funds                             |              |                                 |                                 |
| (a) Share Capital                                | 1            | 8,00,000                        | 6,00,000                        |
| (b) Reserves and Surplus                         | 2            | 80,000                          | 50,000                          |
| 2. Non-Current Liabilities                       |              |                                 |                                 |
| (a) Deferred Tax Liability                       |              | 6,000                           | -                               |
| 3. Current liabilities                           |              |                                 |                                 |
| (a) Trade payable                                |              | 40,000                          | 25,000                          |
| (b) Short term provisions<br>(Provision for tax) |              | 15,000                          | 10,000                          |
|                                                  | <b>Total</b> | <b>9,41,000</b>                 | <b>6,85,000</b>                 |
| <b>Assets</b>                                    |              |                                 |                                 |
| 1. Non-Current Assets                            |              |                                 |                                 |
| (a) Property Plant and<br>Equipment              | 3            | 3,95,000                        | 2,90,000                        |
| 2. Current Assets                                |              |                                 |                                 |
| (a) Trade Receivable                             |              | 20,000                          | 10,000                          |
| (b) Inventories                                  |              | 2,50,000                        | 2,00,000                        |
| (c) Cash and cash equivalent                     | 4            | 2,76,000                        | 1,85,000                        |
|                                                  | <b>Total</b> | <b>9,41,000</b>                 | <b>6,85,000</b>                 |

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## Notes to Accounts

| Notes | Particulars                                  | 2025<br>(₹) | 2024<br>(₹) |
|-------|----------------------------------------------|-------------|-------------|
| 1     | Share Capital<br>Equity Shares of ₹ 10 each  | 8,00,000    | 6,00,000    |
| 2     | Reserve & Surplus<br>Profit and loss Account | 80,000      | 50,000      |
| 3     | Property, Plant and Equipment<br>(at WDV)    |             |             |
|       | Building                                     | 1,00,000    | 1,00,000    |
|       | Furniture and fixtures                       | 2,95,000    | 1,90,000    |
|       | Total                                        | 3,95,000    | 2,90,000    |
| 4     | Cash & Cash equivalents                      | 2,76,000    | 1,85,000    |

Further information related to Profit and loss A/c for the year ended March 2025 is as under :-

- (i) Profit before tax is ₹ 45,000
- (ii) Tax expense during the year ₹ 15,000 (it includes deferred tax liability of ₹ 6,000 created during the year)

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- (iii) Depreciation charged on furniture and fixture for the year was ₹ 35,000. One old furniture item was sold for ₹ 17,000 and the profit on such disposal amounting to ₹ 8,000 was booked in the current year.

Prepare a Cash Flow Statement for the year ended 31<sup>st</sup> March, 2025.

- (b) XY Limited reported a Profit Before Tax (PBT) of ₹ 18 lakhs for the third quarter ending 31<sup>st</sup> December 2024. Following observations are noted;

- (i) Dividend income of ₹ 8 lakhs received during the quarter has been recognized to the extent of ₹ 2 lakh only.
- (ii) Sales promotion expenses ₹ 15 lakhs incurred in the third quarter, 70% has been deferred to the fourth quarter as the sales in the last quarter is high.
- (iii) In the third quarter, the company changed depreciation method from WDV to SLM, which resulted in excess depreciation of ₹ 4 lakhs. The entire amount has been debited in the third quarter, though the share of the third quarter is only ₹ 1 lakhs.
- (iv) ₹ 3 lakhs extra-ordinary gain received in third quarter was allocated equally to the third and fourth quarter.
- (v) Cumulative loss resulting from change in method of inventory valuation was recognized in the third quarter of ₹ 5 lakhs. Out of this loss ₹ 2 lakhs relates to previous quarters.
- (vi) Sale of investment in the first quarter resulted in a gain of ₹ 30 lakhs. The company had apportioned this equally to the four quarters.

Calculate the result of the third quarter as per AS – 25 and also comment on the company's view on each observation.

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4. The following is summarized Balance Sheet of Pickles Ltd. as on 31/03/2025.

|          |          | Particulars                    | Notes | ₹                |
|----------|----------|--------------------------------|-------|------------------|
|          |          | <b>Equity and Liabilities</b>  |       |                  |
| <b>1</b> |          | <b>Shareholders' Funds</b>     |       |                  |
|          | <b>A</b> | Share Capital                  | 1     | 11,00,000        |
|          | <b>B</b> | Reserves and Surplus           | 2     | 2,10,000         |
| <b>2</b> |          | <b>Non-current liabilities</b> |       |                  |
|          | <b>A</b> | Long term borrowings           | 3     | 1,00,000         |
|          | <b>B</b> | Long term Provisions           | 4     | 60,000           |
| <b>3</b> |          | <b>Current liabilities</b>     |       |                  |
|          | <b>A</b> | Trade Payables                 |       | 1,75,000         |
|          | <b>B</b> | Other Current Liabilities      |       | 65,000           |
|          |          | <b>Total</b>                   |       | <b>17,10,000</b> |
|          |          | <b>Assets</b>                  |       |                  |
| <b>1</b> |          | <b>Non-current Assets</b>      |       |                  |
|          | <b>A</b> | Property, Plant and Equipment  | 5     | 7,50,000         |
|          | <b>B</b> | Intangible assets              | 6     | 75,000           |
| <b>2</b> |          | <b>Current Assets</b>          |       |                  |
|          | <b>A</b> | Inventories                    |       | 5,25,000         |
|          | <b>B</b> | Trade receivables              |       | 3,00,000         |
|          | <b>C</b> | Cash and Cash equivalents      |       | 60,000           |
|          |          | <b>Total</b>                   |       | <b>17,10,000</b> |

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|          | Notes to Accounts                       | ₹                |
|----------|-----------------------------------------|------------------|
| <b>1</b> | <b>Share Capital</b>                    |                  |
|          | 6000 Equity Shares of ₹ 100 each        | 6,00,000         |
|          | 5000 6% Preference Shares of ₹ 100 each | 5,00,000         |
|          |                                         | <b>11,00,000</b> |
| <b>2</b> | <b>Reserves and Surplus</b>             |                  |
|          | General reserve                         | 1,00,000         |
|          | Profit and Loss account                 | 1,10,000         |
|          |                                         | <b>2,10,000</b>  |
| <b>3</b> | <b>Long term borrowings</b>             |                  |
|          | 8 % Debentures                          | 1,00,000         |
|          |                                         |                  |
| <b>4</b> | <b>Long term Provisions</b>             |                  |
|          | Retirement Gratuity Fund                | 60,000           |
|          |                                         |                  |
| <b>5</b> | <b>Property, Plant and Equipment</b>    |                  |
|          | Land and Building                       | 3,50,000         |
|          | Plant and Machinery                     | 3,00,000         |
|          | Furniture and Fittings                  | 1,00,000         |
|          |                                         | <b>7,50,000</b>  |
| <b>6</b> | <b>Intangible Assets</b>                |                  |
|          | Patents                                 | 75,000           |

On 31/03/2025, Foods Ltd. acquires the business of Pickles Ltd. on the following terms :

- Foods Ltd. to take over all assets (except cash) and liabilities at their book values.
- Part of the Furniture and Fixtures is disposed off by Pickles Ltd. for ₹ 55,000 at cost.
- The retirement of employees was due on 31/03/2025. A portion of ₹ 35,000 from Retirement Gratuity Fund was earmarked towards the payment due to them.
- Foods Ltd. decided to pay for each Preference share in Pickles Ltd., ₹ 27 in cash and one 8% Preference share of ₹ 100 in Foods Ltd.
- For each Equity share in Pickles Ltd., it was decided to pay ₹ 30 in cash and one Equity share of Foods Ltd. for ₹ 145. (Face value of each share of Foods Ltd. is ₹ 100)
- Liquidation expenses of ₹ 22,500 paid by Pickles Ltd. were subsequently reimbursed by Foods Ltd.
- The fixed assets of Pickles Ltd were not revalued for the purpose of amalgamation.

You are required to pass the necessary Journal entries and also prepare Realisation Account and cash account in the books of Pickles Ltd.

5. (a) Birds Ltd. and its subsidiary Rooster Ltd provided the following information for the year ended 31/03/2025.

| Particulars                            | Birds Ltd. (₹) | Rooster Ltd. (₹) |
|----------------------------------------|----------------|------------------|
| Equity Share Capital                   | 10,00,000      | 3,00,000         |
| Sales                                  | 28,40,000      | 10,40,000        |
| Purchases (Finished Goods)             | 9,15,000       | 1,75,000         |
| Salaries                               | 7,75,000       | 3,78,000         |
| Rent received                          | 5,40,000       | 0                |
| General and Administration expenses    | 2,81,500       | 1,98,000         |
| Selling and Distribution Expenses      | 2,21,000       | 90,000           |
| Dividend Income                        | 1,35,000       | 28,000           |
| Finished Goods Inventory on 01/04/2024 | 3,35,000       | 1,20,000         |
| Finished Goods Inventory on 31/03/2025 | 7,85,000       | 2,90,000         |
| Other Non-operating Income             | 2,38,000       | 57,000           |

**Other Information :**

- On 1<sup>st</sup> April, 2022 Birds Ltd. acquired 2,500 shares of ₹ 100 each fully paid up in Rooster Ltd.
- Rooster Ltd. paid a dividend of 12% for the year ended 31/03/2024. The dividend was correctly accounted for by Birds Ltd.
- Rooster Ltd. pays ₹ 11,250 per month to Birds Ltd. towards rent for the portion of premises occupied.
- Selling and Distribution Expenses of Rooster Ltd. include ₹ 15,000 received from Birds Ltd.

Prepare Consolidated Profit and Loss Account of Birds Ltd. and its subsidiary Rooster Ltd. for the year ended 31/03/2025.

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- (b) Rubber Ltd. purchased 70% of shares of Tyre Ltd. on 31/03/2024 for ₹ 4,05,000. The following is the position of Tyre Ltd. as on that date : 4

| Particulars                                               | Amount (₹) |
|-----------------------------------------------------------|------------|
| Issued share capital of Tyre Ltd. on 31/03/2024           | 5,00,000   |
| Balance in Profit and Loss A/c of Tyre Ltd. on 31/03/2024 | 70,000     |
| Profit earned during the year 2024-25                     | 45,000     |
| 5% Dividend declared and paid by Tyre Ltd. for 2023-24    | 25,000     |

You are required to calculate :

- The capital reserve / goodwill at the date of acquisition.

The calculations are to be made under the following assumptions:

Case (i) It is assumed that the dividend is paid out of post-acquisition profits.

Case (ii) It is assumed that the dividend is received for pre-acquisition period.

6.

**EITHER**

- (a) What are Accounting standards ? Explain the objectives of "Accounting Standards" in brief; also state the advantages of setting Accounting Standards. 4

**OR**

- (a) A machine was acquired by Zest Ltd. on 01/04/2019 for ₹ 60 lakhs. It had a useful life of 6 years. The machine is depreciated on straight line basis and does not carry any residual value. On 01/04/2022, the carrying value of the machine was reassessed at ₹ 36 lakhs. 4

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The surplus arising out of the revaluation being credited to revaluation reserve.

For the year ended March 2024, conditions indicating an impairment of the existed machine and the amount recoverable ascertained to be ₹ 9 lakhs.

You are required to calculate the loss on impairment of the machine and show how this loss is to be treated in the books of Zest Ltd. The company had followed the policy of writing down the revaluation surplus by the increased charge of depreciation resulting from the revaluation.

- (b) Due to inadequacy of profits during the year ended 31<sup>st</sup> March, 2025, DAY Ltd proposes to declare 9% dividend out of General reserves. 4

From the following particulars, ascertain the amount that can be utilized from the General reserves according to the Companies (Declaration of dividend) rules, 2014.

|                                                            | ₹         |
|------------------------------------------------------------|-----------|
| 9,50,000 , Equity shares of ₹ 10 each fully paid up        | 95,00,000 |
| General reserves as on 1 <sup>st</sup> April , 2024        | 18,50,000 |
| Revaluation Reserve as on 1 <sup>st</sup> April, 2024      | 4,25,000  |
| Net profit for the year ended 31 <sup>st</sup> March, 2025 | 3,75,000  |
| Average rate of dividend during the last 3 years has been  | 12.5 %    |

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- (c) M/s Marena, having head office at Chennai has a branch at Hyderabad. 6  
The head office does wholesale trade only at cost plus 60%. The goods are sent to branch at the wholesale price i.e. cost plus 60%. The branch at Hyderabad is wholly engaged in retail trade and the goods are sold at cost to H.O. plus 80%.

Following details are furnished for the year ended 31<sup>st</sup> March, 2025 :-

|                                      | Chennai office<br>₹ | Hyderabad<br>Office<br>₹ |
|--------------------------------------|---------------------|--------------------------|
| Opening Stock                        | 75,000              | --                       |
| Purchases                            | 9,25,000            | --                       |
| Goods sent to branch (Cost plus 60%) | 3,60,000            | --                       |
| Sales                                | 10,25,000           | 2,70,000                 |
| Office expenses                      | 9,000               | 3,000                    |
| Staff Salary                         | 13,700              | 2,500                    |

Prepare Trading and Profit and Loss Account of the head office and branch for the year ended 31<sup>st</sup> March, 2025.

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