PART – I

ase Scenario – I :

TU Limited has 6 segments namely P, Q, R, S, T & U. The total revenues (internal nd external), profit and losses and assets are set out below :

₹ In Lakh

Segment	P	Q	R	S	T	U	Total
External Sales	66	94	6	5	70	9	250
Internal Sales	10	5	10	10	10	5	50
	76	93	16	15	80	14	30
Result (P&L)	22 40.7	4	(4)	3	20 37	1	46 54
Total Assets	112 32	147	28	28	21	14	350

ased on the information given in above Case Scenario, answer the following uestion Nos. 1-4 as per AS 17 'Segment Reporting' :

. Which would be the Reportable Segment on the basis of Revenue Test ? **2**

(A) P, Q, S & T

(B) P, Q & T

(C) P & T

(D) P & Q

2. Which would be the Reportable Segment on the basis of Profitability Test ? 2

(A) P, Q, S & T

(B) P, Q & T

(C) P & T

(D) P & Q

3. Which would be the Reportable Segment on the basis of Assets Test ? 2

(A) P, Q, S & T

(B) P, Q & T

(C) P & T

(D) P & Q

4. Which would be the Reportable Segment on the basis of Overall Test ? 2

(A) P, Q, S & T

(B) P, Q & T

(C) P & T

(D) P & Q

2 **Case Scenario – II :**

On 3rd April 2022, ZYX Limited received a State Government grant of ₹ 150 lakhs for setting up a Manufacturing Unit in a notified backward area. A bank loan of ₹ 50 lakhs was also obtained on 1st April 2024. ZYX utilized the grant and loan as under :

2

Particulars	₹ in Lakhs	Out of Grant ₹ in Lakhs	Out of Loan ₹ in Lakhs
Construction of Factory building	100.00	60.00	30.00
Purchase of Machinery	50.00	40.00	20.00
Advance for purchases of loading vehicle	30.00	30.00	--
Working capital	20.00	20.00	--
	200.00	**150.00** 4,12,500	**50.00** ~~1,37,500~~

2 Construction of Factory Building and Installation of Machinery was completed on 31.03.2025. Delivery of loading vehicle was not received. Total interest charged by bank for the year ending 31.03.2025 was ₹ 5,50,000.

The State Government grant was credited to the Deferred Grant Account. Out of the Grant ₹ 30 lakhs used for the purchase of Machinery were refunded in March 2025, due to non-compliance with certain Government conditions. The estimated life of Machinery is 4 years with Nil residual value.

During the year 2024-2025, the Company also received a subsidy of ₹ 8 lakhs from the Central Government for setting up a unit in notified backward area. This subsidy is in the nature of promoters' contribution.

During the year 2024-2025, the Company incurred ₹ 18 lakhs on publicity and research for a new consumer product, which was marketed in the same year but proved to be a failure.

Based on the information given in above Case Scenario, answer the following Question Nos. **5 – 8** :

5. What is the amount of net borrowing cost to be capitaised ? **2**

   (A) ₹ 5,50,000

   (B) ₹ 3,30,000

   (C) ₹ 1,65,000

   (D) ₹ 2,75,000

6. In March 2025, what will be the amount of the deferred grant debited when the grant received of ₹ 30 lakhs is refunded ? **2**

   (A) ₹ 15 lakhs

   (B) ₹ 22.5 lakhs

   (C) ₹ 7.5 lakhs

   (D) ₹ 30 lakhs

7. The following options have been suggested by the accountant of ZYX Limited for the accounting treatment of the subsidy received in the nature of promoters' contribution during the year 2024-2025 : **2**

(i) It is not considered as a deferred income.

(ii) It is not distributable as a dividend.

(iii) It is treated as a capital reserve.

(iv) It is not distributable as a dividend but considered as deferred income.

Considering the above, what is correct with reference to the subsidy received in the nature of promoters' contribution during the year 2024-2025 ?

(A) (i), (ii) and (iii)

(B) (iii) and (iv)

(C) (ii) and (iii)

(D) (i) and (ii)

8. As per AS-26 'Intangible Assets', what is the correct accounting treatment for ₹ 18 lakhs spent on publicity and research expenses during the year 2024-2025 ? **2**

(A) ₹ 18 lakhs is treated as an intangible asset and amortised equally over 5 years.

(B) ₹ 18 lakhs is treated as an intangible asset and amortised equally over 10 years.

(C) ₹ 18 lakhs is treated as goodwill and appears as an asset in the Balance Sheet.

(D) ₹ 18 lakhs is charged as an expense in the Statement of Profit and Loss.

9. KPK Limited is installing a new Plant at its production facility. It provides you the following information : 2

Cost of the Plant (Cost as per Supplier's Invoice)	₹ 45,00,000
Estimated Dismantling Costs to be incurred after 5 years	₹ 3,25,000
Initial Operating Losses before commercial production	₹ 4,00,000
Interest paid to Supplier of Plant for deferred credit	₹ 2,50,000
Initial Delivery and Handling Costs	₹ 1,85,000
Cost of Site Preparation	₹ 5,00,000
Consultants used for advice on the acquisition of the Plant	₹ 6,75,000

What will be cost that can be capitalized for Plant in accordance with AS-10 'Property, Plant & Equipment' ?

(A) ₹ 62,60,000

(B) ₹ 61,85,000

(C) ₹ 68,35,000

(D) ₹ 58,60,000

10. The following data apply to SRS Limited's defined benefit pension plan for the year ended 31st March 2025 : 2

Particulars	Amount (₹)
Fair market value of plan assets as on 01.04.24	10,00,000
Fair market value of plan assets as on 31.03.25	14,25,000
Employer Contribution	3,50,000
Benefits paid	2,50,000

What is the actual return on plan assets as per AS-15 'Employee Benefits' ?

(A) ₹ 5,25,000

(B) ₹ 2,50,000

(C) ₹ 3,25,000

(D) ₹ 3,50,000

Case Scenario – III :

Quick Limited is in business of production of life saving medicines. It has sufficient cash funds available with it. It decided to buy back shares to the maximum permissible limit on 4th July 2025. On 1st July 2025, the company has the following Capital Structure :

	Particular	(₹ in lakhs)
I	**Equity Share Capital**	
	(Shares of ₹ 100 each fully paid)	45.00
II	**Reserve and Surplus**	
	General Reserve	74.00
	Securities Premium Account	30.00
	Profit & Loss Account	25.00
	Revaluation Reserve	4.00
	Statutory Reserve	6.50
III	**Loan Funds**	350.00

OT → 11,250

R.S.T → 14,500

DEF 2)

Quick Limited is considering to reduce the Loan Fund amount to ₹ 300 Lakhs by paying the Loan Funds amounting to ₹ 50 Lakhs before 4th July 2025.

The current market value of the company's shares is ₹ 250 per share and to induce the existing shareholders to offer their shares for buy-back, it is decided to offer a price 20% over the market value.

300

Based on the information given in above Case Scenario, answer the following Question Nos. **11 – 14** :

11. What is the maximum permissible number of Equity Shares that can be bought back if the Loan Fund is ₹ 350 Lakhs ? **2**

    (A) 11250 Shares

    (B) 14500 Shares

    (C) Nil Shares

    (D) 6000 Shares

12. What is the maximum permissible number of Equity Shares that can be bought back if the Loan Fund is ₹ 300 Lakhs ? **2**

    (A) 11250 Shares

    (B) 14500 Shares

    (C) Nil Shares

    (D) 6000 Shares

13. What will be the maximum number of shares that can be bought back as per Companies Act, 2013 according to the decision made on basis of above two questions ? **2**

    (A) 11250 Shares

    (B) 14500 Shares

    (C) Nil Shares

    (D) 6000 Shares

14. What will be Equity Share Capital after buy-back ? 2

(A) ₹ 33,75,000

(B) ₹ 30,50,000

(C) ₹ 45,00,000

(D) ₹ 39,00,000

15. As per Rule 7 of the Companies (Declaration & Payment of Dividend) Rules, 2014, in the event of inadequacy or absence of profits in any year, a Company may declare dividend out of surplus subject to the fulfilment of the condition that total amount to be drawn from such accumulated profits shall not exceed __________ as appearing in the latest audited financial statement. 2

(A) $1/10^{th}$ of the total assets

(B) $1/5^{th}$ of the sum of its paid-up share capital

(C) $1/10^{th}$ of the sum of its paid-up share capital and free reserves

(D) $1/5^{th}$ of the sum of its paid-up share capital and free reserves

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PART – II

1. (a) Amber Limited purchases a building at a cost of ₹ 20,00,000 on 1st April 2021, its useful life is four years and an expected scrap value is zero. Depreciation is allowed @ 50% in 1st year and rest balance in 2nd year for Tax purpose. Straight-line method is considered for accounting purpose. Amber Limited profit before depreciation and taxes are as follow : **5**

Year	Profit (in ₹)
2021 - 2022	18,00,000
2022 - 2023	22,00,000
2023 - 2024	25,00,000
2024 - 2025	30,00,000

The corporate tax rate is 30% in all 4 years.

You are required to calculate Current Tax, Deferred Tax Assets/Liability and Tax Expense for each year.

(b) SR Limited is a manufacturing company and engaged in the production of Finished goods 'MP' for which Raw material 'RP' is required. **5**

The company provides following information for the year ended March 31 2025 :

Particulars		Units	₹
Opening Inventory	MP	4,000	1,20,000
	RP	4,400	52,800
Purchase of RP		40,000	4,80,000
Labour			3,23,200
Overheads (Fixed)			3,15,000
Sales		40,200	11,20,000
Closing Inventory	MP	4,200	
	RP	4,000	

The expected production for the year was 45,000 units of the MP. Due to fall in market demand, the sales price for the MP was ₹ 22 per unit and the replacement cost for the RP was ₹ 11.50 per unit on the closing day.

You are required to calculate the value of Closing Stock of 'MP' and 'RP' as on 31st March 2025.

921400 46000

(c) Discuss whether the below treatment is as per relevant Accounting Standard. **4**

(i) AB Limited purchase goods on credit from XY Limited for ₹ 150 lakhs for export. The export order of AB Limited was cancelled. AB Limited decided to sell the same goods in the local market with a price discount. XY Limited was requested to offer a price discount of 12%, which was accepted by XY Limited. The chief accountant of XY Limited wants to adjust the sales figure to the extent of the discount requested by AB Limited.

(ii) XY Limited has recognized dividend income of ₹ 10 lakhs on accrual basis on securities of face value of ₹ 100 lakhs held by it at the end of the financial year 31st March 2025. The dividend on securities was declared at the rate of 10% on 30th April 2025. The dividend was proposed on 30th March, 2025.

(iii) XY Limited sold goods of ₹ 1,50,000 on approval basis on 15th December 2024. The period of approval was 3 months after which they were considered sold. Buyer sent approval for 60% goods upto 31st January 2025 and no approval or disapproval received for the remaining goods until 31st March, 2025. Accountant of XY Limited recognised ₹ 1,50,000 as revenue on 15th December, 2024.

55

(4)

CNJ2

(iv) In the year 2024-2025, XY Limited supplied goods of ₹ 80,000 on consignment basis to ABC (a retail outlet). ABC sold goods worth ₹ 60,000 during the year and rest of the goods are still lying in its store. XY Limited recognizes ₹ 60,000 revenue in its books for the year 2024-2025.

2. On 31st March 2025, the following balances are extracted from the books of Chia Limited : 14

Particulars	₹ in Lakhs
40,000 Equity Shares of ₹ 100 each	40.00
Money received against share warrants	2.70
General Reserves	6.90
Capital Reserves (₹ 20,000 is Revaluation Reserve)	12.50
Profit and Loss account	3.50
Securities Premium	0.75
Deferred tax liabilities (Net)	0.56
10% Debentures (secured)	5.00
Loan from SSA Finance Corporation	10.00
Other Long-Term Loans (unsecured)	4.25
Short term borrowings	6.95
Trade Payables	5.69
Other current liabilities	1.41
Short-term provisions	1.36
Total	**101.57**

Freehold Land
Plant & Machinery
Investment in Debentures of Glad Limited → NCI
Capital work in progress
Trade receivables
Inventories (finished goods) (as on 31st March 2025)
Goods-in-transit (finished goods) (as on 31st March 2025)
Call in arrears
Cash in hand
Balances with banks
Total

The following additional information is also provided :

(i) The Authorised Share Capital consists of 50,000 Equity

(ii) 5,000 fully paid equity shares were allotted as considera

(iii) Debentures of Glad Limited are acquired by the Comp holding them for more than two years.

(iv) The Cost of Plant and Machinery is ₹ 41,00,000.

Freehold Land	30.88
Plant & Machinery	26.80
Investment in Debentures of Glad Limited → NCI	6.00
Capital work in progress	11.40
Trade receivables	11.57
Inventories (finished goods) (as on 31st March 2025)	4.67
Goods-in-transit (finished goods) (as on 31st March 2025)	1.35
Call in arrears	0.64
Cash in hand	0.56
Balances with banks	7.70
Total	**101.57**

The following additional information is also provided :

(i) The Authorised Share Capital consists of 50,000 Equity Shares of ₹ 100 each.

(ii) 5,000 fully paid equity shares were allotted as consideration other than cash.

(iii) Debentures of Glad Limited are acquired by the Company with the intention of holding them for more than two years.

(iv) The Cost of Plant and Machinery is ₹ 41,00,000.

(v) The balance in loan from SSA Finance Corporation includes ₹ 45,000 for interest accrued but not due. The loan is secured by hypothecation of Plant & Machinery. Loan is repayable in June 2028.

(vi) Short-term borrowings include :

- Loan from CDC Bank (secured) ₹ 4,50,000
- Loan from related parties (unsecured) ₹ 54,000

(vii) Trade Receivables of ₹ 5,26,000 are due for more than 6 months.

(viii) Bills Receivable for ₹ 58,000, maturing on 6th May 2025, have been discounted on 15th March 2025.

(ix) The Company on the advice of an independent valuer revalued the freehold land at ₹ 40,50,000.

(x) Inventory of finished goods includes loose tools costing ₹ 1,02,000, which do not meet the definition of Property, Plant & Equipment as per AS 10.

(xi) Claims against the Company amounting to ₹ 4,15,000 have not been acknowledged as debt.

(xii) Balances with banks include ₹ 24,000 with Vihar Bank, which is not a Scheduled Bank.

You are required to prepare the Balance Sheet of Chia Limited as on 31st March 2025 as per Schedule III of the Companies Act, 2013 (Ignore previous year figures).

3. (a) The following are the summarised Balance Sheets of Magenta Limited :

Particulars	**31st March 2024 (₹ in Lakhs)**	**31st March 2025 (₹ in Lakhs)**
Equity Share Capital	15.00	20.00
12% Redeemable Preference Shares	7.50	5.00
Profit & Loss A/c	1.50	2.40
General Reserve	4.10	6.00
Outstanding Expenses	1.00	0.80
Trade Payables	2.75	4.15
Provision for Tax	2.00	2.50
Total	**33.85**	**40.85**
Goodwill	5.75	4.50
Land & Building	10.00	9.00
Plant & Machinery	4.00	9.50
Inventories	4.85	4.35
Trade Receivable	8.00	12.60
Cash and Bank	0.50	0.40
Marketable Securities	0.75	0.50
Total	**33.85**	**40.85**

(i) Depreciation charged on Plant & Machinery and Land & Building during the year was ₹ 50,000 and ₹ 1,00,000 respectively.

(ii) Income Tax of ₹ 1,75,000 was paid during the year.

(iii) An Interim Dividend of ₹ 1,00,000 has been paid.

You are required to prepare Cash Flow Statement from Operating Activities for 31st March 2025.

5,65,000

(b) Grace Limited acquired business (cash-generating units) of Venus Limited on 31st March 2023 for ₹ 8,000 Lakhs. The details of acquisition are as under : 7

Fair value of identifiable asset : ₹ 6,000 Lakhs

Goodwill (to be amortized in 5 years) : ₹ 2,000 Lakhs

The anticipated useful life of acquired assets is 8 years with no residual value. Grace Limited uses straight-line method of depreciation. On 31st March 2025, Grace Limited estimated significant decline in production due to change in Government policies, the net selling price of identifiable asset is ₹ 3,000 lakhs. Grace Limited closes its books on 31st March of each year.

The cash flow forecast based on recent financial budget for next 6 years are :

Year	Estimated cash flow (₹ in Lakhs)
2025-2026	1,000
2026-2027	800
2027-2028	700
2028-2029	800
2029-2030	600
2030-2031	500

You are required to calculate :

3,296.5

(i) **Value in use** if discounting rate is 10% on 31st March 2025.

(ii) Impairment loss to be recognized for the year ended 31st March 2025.

L 1203.5

(iii) Revised carrying amount of asset on 31st March 2025. ⇒ 3296.5

(P.V. factor @ 10% 0.909, 0.826, 0.751, 0.683, 0.621, 0.564)

4. The following are the summarized Balance Sheet of Blue Limited and Yellow Limited as at 31st March 2025 : **14**

Particulars	**Blue Limited (₹ in Lakhs)**	**Yellow Limited (₹ in Lakhs)**
Equity and Liabilities		
Equity Shares of ₹ 100 each	40.000	28.000
10% Debentures of ₹ 100 each	15.000	–
8% Debentures of ₹ 100 each	–	8.000
General Reserves	1.500	0.670
Retirement Gratuity Fund (Long term)	3.450	1.300
Trade Payables	7.400	4.250
Other current liabilities	1.240	0.880
Short-term provisions	0.710	0.320
Total	**69.300**	**43.420**

Assets		
Goodwill	8.750	1.795
Property, Plant and Equipment	35.650	31.260
Inventories	8.890	4.800
Trade Receivables	13.535	4.650
Cash in hand	0.485	0.315
Balances with banks	1.990	0.600
Total	**69.300**	**43.420**

On 31st March 2025, Blue Limited absorbs the business of Yellow Limited on the following terms :

(i) 8% Debenture holders of Yellow Limited are to be paid at 10% discount by issue of 10% Debentures at par in Blue Limited.

(ii) There is an unrecorded current asset of ₹ 1,16,000 in the books of Yellow Limited, which is taken over by Blue Limited.

(iii) Trade payables of Yellow Limited included ₹ 1,50,000 payable to Blue Limited.

(iv) Inventory of Yellow Limited is taken over by Blue Limited at 10% more than its book value.

(v) Goodwill of Yellow Limited on absorption is to be computed based on two times of simple average profits of preceding three financial years (2021-2022 : ₹ 4,50,000; 2022-2023 : ₹ 3,90,000; and 2023-2024 : ₹ 2,35,000). In the year 2022-2023, there was an embezzlement of cash by an employee amounting to ₹ 50,000, which has already been adjusted in the profit for the year 2022-2023.

(vi) Property, Plant and Equipment of Yellow Limited are taken over by Blue Limited at ₹ 36,44,500.

(vii) Remaining Assets and Liabilities of Yellow Limited are taken over by Blue Limited at their book value.

(viii) Equity Shareholders of Yellow Limited will be issued necessary equity shares in Blue Limited at 5% premium.

You are required to :

(i) Calculate the Purchase consideration. → 42 09 000

(ii) Prepare Balance Sheet of Blue Limited after absorption as at 31st March 2025.

5. The following are the summarized Balance Sheets of Seva Limited and its subsidiary Meva Limited as at 31st March 2025 : **14**

Particulars	Seva Limited (₹ in Lakh)	Meva Limited (₹ in Lakh)
Equity Shares of ₹ 10 each, fully paid up	6,000	4,000
General Reserve	1,500	1,200
Profit and Loss Account	2,000	1,500
10% Debentures of ₹ 10 each	1,180	820
Trade Payable	1,500	1,080
Total	**12,180**	**8,600**

Land and Building	4,000	4,150
Plant & Machinery	1,460	1,650
Non-current investments	3,000	–
(Shares in Meva Limited)		
Inventories	1,400	1,100
Trade Receivable	1,420	1,000
Cash at Bank	550	600
Cash in Hand	350	100
Total	**12,180**	**8,600**

The following information are provided :

(i) The Authorised Share Capital of Seva Limited is ₹ 9,000 Lakh divided into Equity Shares of ₹ 10 each and that of Meva Limited is ₹ 6,000 Lakh divided into Equity Shares of ₹ 10 each.

(ii) Seva Limited acquired 80% equity shares of Meva Limited on 1st April 2024. On that date, General Reserve and Profit & Loss Account of Meva Limited stood at ₹ 2,000 lakh and ₹ 800 lakh respectively.

(iii) On 1st November 2024 Meva Limited issued one fully paid up bonus share for every three shares held out of balances of its general reserve as on 31st March 2024.

(iv) On 31st March 2025 Seva Limited's inventory include goods which it has purchased for ₹ 125 lakh from Meva Limited, Meva Limited made a profit of ₹ 25 lakh.

You are required to prepare Consolidated Balance Sheet of Seva Limited and its subsidiary Meva Limited as on 31st March 2025 as per Schedule III of the Companies Act, 2013.

6. (a) **EITHER** **4**

Sneha an employee of Omre Limited went on maternity leave with pay for 9 months on 1st January 2024 up to 30th September 2024. Her monthly pay was ₹ 1,50,000. While preparing the financial statements for the year ended 31st March 2024, the salary of Sneha for 3 months (1st January 2024 to 31st March 2024) was not provided due to omission. When Sneha joined on 1st October 2024 the whole salary for 9 months (1st January 2024 to 30th September 2024) was paid to her.

With reference to AS-5 'Net Profit or Loss for the period, Prior Period Items and Change in Accounting Policies' you are required to determine if this is an example of prior period item and are also required to pass journal entry for the F.Y. 2024-2025.

Suppose Sneha was terminated from service on 1st January 2024 and was re-instated in service by the Court on 30th September 2024 and on 1st October 2024 the Company paid the 9 months salary to Sneha. What will be the treatment with reference to AS-5 in this situation ? Give journal entry.

OR

(a) What are the key elements of financial statements ? Explain.

(b) The following scheme of reconstruction has been approved for Megha Limited on 1st April 2025 : 4

(i) Debenture holders of 9% Debentures of ₹ 5,00,000 accepted to receive 25% of their total in cash and take over the Plant and Machinery of ₹ 2,85,000 in full settlement of their dues.

(ii) Furniture and Fixtures which stood at the books of ₹ 5,50,000 to be written down to ₹ 4,45,000.

(iii) The Freehold Premises of book value of ₹ 9,25,000 showed an appreciation of ₹ 75,000.

(iv) There were capital commitments amounting to ₹ 4,50,000. These contracts are to be cancelled on payment of 5% of the contract price as a penalty.

(v) Write off the profit and loss account debit balance of ₹ 1,15,000 which had been accumulated over the years.

(vi) In case of shortfall, the balance of the General reserve of ₹ 90,000 can be utilized to write off the losses under reconstruction scheme.

You are required to pass necessary journal entries as a part of the reconstruction process as on 1st April 2025.

(c) Shanti Limited situated at Chennai was incorporated on 1st April 2024. It opened two branches at Madurai and Tiruchi during the year. All goods sold to the Branches by Head Office are invoiced at Cost plus 25%. All expenses relating to branches are paid by the Head Office. Each Branch has its own Sales Ledger and sends weekly statements to Head Office. All cash collections are remitted daily to Head Office by the Branches. The following particulars relating to the year ended 31st March 2025 are extracted from the weekly statements sent by the Branches : **6**

Particulars	**Madurai (₹ in Lakhs)**	**Tiruchi (₹ in Lakhs)**
Credit Sales	1,25,200	1,10,000
Cash Sales	78,600	85,200
Sales Returns	2,300	1,200
Trade Receivable	34,500	23,600
Rent and Taxes	3,200	4,500
Bad Debts	6,000	–
Salaries	16,000	18,000
General Expenses	2,600	1,500
Goods Received from Head Office	1,50,000	1,25,000
Advertisement	7,500	5,200
Stock as on 31st March 2025	45,000	35,000

P.T.O.

You are required to prepare the Branch Accounts, as they would appear in the Books of the Head Office following Debtor's method for the year ended 31st March 2025.