



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 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.

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PART - II

1. (a) In the following cases, record Journal Entries for amortization in the books of Huge Ltd. for the year ended 31st March, 2024 with reference to AS-26 : 4

(i) The company had acquired Patent Rights for ₹ 340 lakhs on 01.04.2022. The estimated product life is 4 years. Amortization was decided in the ratio of estimated future cash flows which are as under :

1st Year ₹ 140 Lakhs

2nd Year ₹ 350 Lakhs

3rd Year ₹ 280 Lakhs

4th Year ₹ 420 Lakhs

(ii) The company had developed know-how by incurring expenditure of ₹ 80 lakhs. The know-how has been used by the company since 01.04.2018. Its useful life is 8 years from the year of commencement of its use. The company has not amortised the asset until 31.03.2024.

(b) Pendra Ltd. has given the following details in respect of employee benefit pension plan : 5

Particulars	Amount ₹
The fair value of plan assets as on 01-04-2023	5,00,000
The benefits paid out on 30-11-2023	63,000
Inward contributions received on 30-09-2023	1,42,000
The fair value of plan assets as on 31-03-2024	7,50,000

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On 01.04.2023, the company made following estimates, based on its market studies and prevailing prices :

Particulars	%
Interest and dividend income (after tax) payable by fund	10.50
Realised gains on plan assets (after tax)	2.00
Fund administrative costs	-2.00
Expected rate of annual return (Interest is compounded annually)	10.50

You are required to find the expected and actual returns on plan assets as on 31.03.2024 as per AS 15.

- (c) Delta Ltd. is working on different projects those are likely to be completed within 3 years period. It recognizes revenue from these contracts on Percentage of Completion Method for Financial Statements for the years ending 2021, 2022 and 2023 for ₹ 34 Lakhs, ₹ 50 Lakhs and ₹ 65 Lakhs respectively. 5

However, for Income Tax purpose, it has adopted the Completed Contract Method under which it has recognized revenue of ₹ 30 Lakhs, ₹ 52 Lakhs and ₹ 67 Lakhs for the years ending 2021, 2022 and 2023 respectively.

Income Tax rate is 30%.

Compute the amount of Deferred Tax Asset / Liability and Total Tax Expenses for the years ending 31st March 2021, 2022 and 2023.

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2. The following is the Trial Balance of Shivam Ltd as on 31st March, 2024 :

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Particulars	Dr. (₹ 000)	Particulars	Cr. (₹ 000)
Land at Cost	148	Equity Share of ₹ 10 each	200
Plant & Machinery at Cost	520	10% Debenture of ₹ 100 each	135
Debtors	65	General Reserve	90
Closing Stock	58	Profit & Loss A/c	48
Bank	14	Security Premium	27
Adjusted Purchases	226	Sales	473
Factory Expenses	40	Creditors	35
Administration Expenses	22	Provision for Depreciation	116
Selling Expenses	20	Suspense A/c	3
Debenture Interest	14		
Total	1,127	Total	1,127

Additional Information :

- On 31st March, the Company issued Bonus Shares to the Shareholders on 1 : 2 basis (one equity share issued as bonus for every 2 equity shares held). No entry relating to this has yet been made.
- The Authorized Share Capital of the Company is 35,000 Equity Shares of ₹ 10 each.
- The Company, on the advice of an independent valuer, revalued the Land at ₹ 2,45,000.
- The Directors declared a Dividend of 10% on 5th April, 2024 and also transferred profit @ 10 % to General Reserve.
- Suspense Account of ₹ 3,000 represents cash received for the Sale of some Machinery on the 1st day of the financial year 2023-24. Cost of this Machinery was 10,000 and Accumulated Depreciation thereon being ₹ 8,000.

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- Depreciation is to be provided on Plant & Machinery at 10% on Cost.
- Provision for Income tax is required @ 30%.

You are required to prepare Shivam Ltd.'s Profit and Loss A/c for the year ended 31st March, 2024 and Balance Sheet as at that date as per the provisions of the Companies Act, 2013 after considering the above information. Ignore previous year figures.

3. (a) On the basis of the following data, prepare Cash Flow Statement as per AS-3 for the year ended 31st March, 2024 : 7

- Total Sales for the year were ₹ 380 lakhs out of which Cash Sales amounted to ₹ 262 Lakhs.
- Receipts from credit customers during the year, total ₹ 134 lakhs.
- Total Purchases for the year amounted to ₹ 220 lakhs, out of which 80% were credit purchases.
- Opening balance in creditors ₹ 84 lakhs and Closing balance in creditors ₹ 92 lakhs.
- Suppliers of other consumables and services were paid ₹ 19 lakhs in cash.
- Employees of the enterprise were paid ₹ 20 lakhs in cash.
- Fully-paid preference shares of the face value of ₹ 32 lakhs were redeemed.
- Issued equity shares of the face value of ₹ 20 lakhs at a premium of 20%.
- Debenture of ₹ 20 lakhs at premium of 10% were redeemed by issuing equity shares in lieu of their claims.
- ₹ 26 lakhs were paid by way of Income Tax.
- A new machinery costing ₹ 20 lakhs was purchased in a part exchange of an old machinery. The book value of the old machinery was ₹ 13 lakhs, but the vendor agreed to take over the old machinery at a higher value of ₹ 15 lakhs. The balance due to vendor was paid in cash.

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- Dividend ₹ 15 lakhs (including dividend distribution tax of ₹ 2.7 lakhs) was also paid on 30th March, 2024.
- Debenture interest ₹ 3 lakhs was paid.
- During the year ₹ 8 lakhs rent was received from property held as investment.
- ₹ 0.50 lakh interest was earned on the advance payments to suppliers of Goods.
- Cash and cash equivalents on 1st April 2023, ₹ 2 lakhs.

(b) Aerodots Ltd. has the following capital structure as on 31.03.2024 :

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Particulars	Amount (₹ in thousands)
• Equity Share Capital (shares of ₹ 10 each)	600
Reserves :	
• General Reserve	540
• Securities Premium	200
• Profit & Loss	100
• Revaluation Reserve	30
• Investment Allowance Reserve (Statutory Reserve)	75
• Infrastructure Development Reserve	25
• Loan Funds	2000

On 1st April, 2024 the company wants to buy back 14,000 equity shares of ₹ 10 each at ₹ 30 per Equity share.

You are required to calculate maximum permissible number of equity shares that can be bought back.

Buy Back of shares is duly authorized by its articles and necessary resolution has been passed by the company.

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4. The following are the summarized Balance Sheets of Well Ltd. and Nice Ltd. 14
as at 31st March, 2024 :

	Particulars	Notes	Nice Ltd. (₹ in '000)	Well Ltd. (₹ in '000)
	Equity and Liabilities			
1.	Shareholder's funds			
	a. Share capital	1	41,000	14,300
	b. Reserves and Surplus	2	19,500	(7,350)
2.	Non-current liabilities			
	a. Long-term borrowings	3	20,500	5,425
3.	Current Liabilities			
	a. Trade Payables		15,740	4,850
	b. Short-term Borrowings		—	1,975
	Total		96,740	19,200
	Assets			
1.	Non-current Assets			
	a. Property, plant, and equipment	4	62,550	16,380
	b. Non-current Investments		22,500	—
2.	Current assets			
	a. Inventories		300	870
	b. Trade Receivables		6,590	1,950
	c. Cash and Cash equivalents		4,800	—
	Total		96,740	19,200

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Notes to Accounts

At 31.03.20

	Nice Ltd. (₹ in '000)	Well Ltd. (₹ in '000)
1. Share Capital		
Equity Share Capital		
<u>Issued, subscribed & paid up capital</u>		
Equity Shares of ₹ 100 each	31,500	12,500
Preference Share Capital		
<u>Issued, subscribed & paid up capital</u>		
9% Preference Shares of ₹ 100 each	9,500	
10% Preference Shares of ₹ 100 each		1,800
Total	41,000	14,300
2. Reserves and Surplus		
Balance of Profit and Loss A/c	19,500	(7,350)
3. Long-term borrowings		
9% Debentures of ₹ 100 each	11,200	
10% Debentures of ₹ 100 each		900
Loan from Banks	9,300	4,525
Total	20,500	5,425

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Details of Trade receivables and Trade payables are as under :

	Nice Ltd. (₹ in '000)	Well Ltd. (₹ in '000)
1. Trade receivables		
Debtors	6,200	1,800
Bills Receivables	390	150
	6,590	1,950
2. Trade payables		
Creditors	14,750	4,400
Bills Payables	990	450
	15,740	4,850

On 31.03.2024, Nice Ltd. absorbs the business of Well Ltd. on the following terms :

- For every five equity shares held by the equity shareholders of Well Ltd., they receive three equity shares of Nice Ltd. issued at a premium of ₹ 20 per share.
- The 10% debenture-holders of Well Ltd. were to be allotted such 9% debentures in Nice Ltd. as would bring the same amount of interest.
- 10% Preference Shareholders of Well Ltd. are to be paid at 10% discount by issue of 9% Preference Shares at par in Nice Ltd.

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- Banks agreed to waive off the loan of ₹ 270 thousand of Well Ltd.
- Expenses of Liquidation of Well Ltd. are to be reimbursed by Nice Ltd. ₹ 55 thousand.
- Inventory of Well Ltd. is taken over at 10% more than their book value by Nice Ltd.
- Debtors of Nice Ltd. include ₹ 215 thousand receivables from Well Ltd.
- Property, Plant, and Equipment of Well Ltd. are revalued at 20% above their book value.
- The remaining Assets and Liabilities of Well Ltd. are taken over at book value by Nice Ltd.

You are required to :

1. Record Journal Entries in the books of Nice Ltd.
 2. Prepare Balance Sheet of Nice Ltd. after absorption as at 31st March, 2024.
5. On 1st February, 2024, Best Ltd. acquired 80% Equity shares of Cool Ltd. for ₹ 14,80,000.
- On 31st March, 2024, Best Ltd. also acquired 25% Equity shares of Good Ltd. for ₹ 3,80,000.

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The following are the balances extracted from the books of Best Ltd., Cool Ltd., and Good Ltd. as on 31st March, 2024 :

Particulars	Best Ltd. Amount in ₹	Cool Ltd. Amount in ₹	Good Ltd. Amount in ₹
Equity Shares of ₹ 100 each fully paid	30,00,000	20,00,000	10,00,000
Securities Premium	—	2,20,000	—
9% Debentures	6,30,000	—	2,40,000
General Reserve	2,69,000	84,000	1,20,000
Profit & Loss Account (Credit Balance)	3,26,000	2,70,000	50,000
Investments	17,50,000	6,10,000	—
Property, Plant, and Equipment	18,90,000	18,14,000	12,10,000
Current Assets	9,65,000	5,60,000	2,25,000
Trade Payable (Including Bills Payable)	3,80,000	4,10,000	25,000
Sales and other income	56,00,000	38,00,000	27,00,000
Raw material consumed	36,50,000	31,20,000	22,30,000
Wages and Salaries	5,07,000	4,01,000	2,69,000
Production expenses	1,35,000	1,06,000	98,000

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Additional information :

- The Profit and Loss account of Cool Ltd. showed a credit balance of ₹ 30,000 on 1st April, 2023.
- The General Reserve balance is brought forward from the previous year.
- On 31st March, 2024, all the bills payable in Cool Ltd.'s balance sheet were acceptances in favour of Best Ltd. However, on the date, Best Ltd. held only ₹ 3,00,000 of these acceptances in hand, the rest having been endorsed in favour of its creditor.
- Best Ltd. purchased goods costing ₹ 5,00,000 from Cool Ltd. on 1st June, 2023 at a price of ₹ 6,50,000. The entire goods remain unsold with Best Ltd. at the end of the financial year.
- Best Ltd. is preparing Consolidated Financial Statements for the year ending 31.03.2024.

You are required to calculate :

- (1) Trade Payable (Consolidated)
- (2) Current Assets (Consolidated)
- (3) Minority Interest
- (4) Goodwill/Capital Reserve on the acquisition of Cool Ltd.'s shares
- (5) Goodwill/Capital Reserve on the acquisition of Good Ltd.'s shares
- (6) Profit & Loss Account (Consolidated)
- (7) General Reserve (Consolidated)
- (8) Revenue from Operations (Consolidated)
- (9) Cost of material purchased/consumed (Consolidated)

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6. (a)

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On 01.04.2023, Mr. Day has 25,000 shares of Squares Ltd. at a book value of ₹ 25 per share (nominal value of ₹ 10 each). Further information is as under :

- (i) On 31st July 2023, the Directors of Squares Ltd. issued one equity bonus share for every five shares held by the shareholders.
- (ii) On 30th September 2023, the Directors of Squares Ltd. announced a right issue which entitled the holders to subscribe three shares for every two shares at ₹ 20 per share. Shareholders can transfer their rights in full or in part.

Mr. Day sold 1/4th of entitlement to Dhvani for a consideration of ₹ 5 per share and subscribed the rest on 5th October, 2023.

You are required to prepare Investment A/c in the books of Mr. Day for the year ending 31.03.2024.

OR

- (a) "In determining the cost of inventories, it is appropriate to exclude certain costs and recognise them as expenses in the period in which they are incurred." 4

Provide examples of such costs as per AS 2 (Revised) 'Valuation of Inventories.'

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(b) The following scheme of reconstruction has been approved for Equity shareholders and Debenture holders of TP Ltd. 4

(i) The Equity shareholders to receive in lieu of their present holding of 1,50,000 shares of ₹ 10 each, the following :

(1) For ₹ 50,000, equivalent cash

(2) For ₹ 9,00,000, 10% debentures issued at premium of 20%
(Face value of debenture is ₹ 100 each)

(3) For balance ₹ 5,50,000, Equity shareholders agreed to accept 50,000 equity shares of ₹ 10 each in full settlement.

(ii) 8% Debenture ₹ 5,00,000.

Debenture holders agreed to accept Freehold property (Book value ₹ 3,50,000) at a valuation of ₹ 4,45,000 in full settlement of their claim.

Pass necessary Journal Entries in the Books of TP Ltd. for the above reconstruction. Narration for Journal entries is not required to be given.

(c) Following is the information of Kullu Branch of M/s Best Enterprises of Shimla for the year ending 31st March 2023 : 6

(1) Goods are invoiced to the branch at cost plus 20%

(2) Branch sold goods at invoice price plus 25%.

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(3) Other Information is as follows:

- (i) Stock (at cost price) as on 1st April, 2022 is ₹ 2,25,000
- (ii) Goods sent by Head office to branch during the year (at cost price) are ₹ 14,85,000
- (iii) Goods returned by Branch to Head office during the year (at Invoice price) are ₹ 75,000
- (iv) Sales by the branch during the year ₹ 19,50,000
- (v) Expenses incurred at Branch ₹ 56,000.

You are required to ascertain the following :-

- (a) Profit earned by the Branch by Preparing Trading and profit and loss account for the year ended 31st March 2023
- (b) Also find the stock reserve on Closing stock

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