



Roll No.

Total No. of Questions – 6

Total No. of Printed Pages – 16

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 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 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 or any other electronic gadget 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.

Marks are indicated for each step

(2)

ZAN2

Mix of 2 qn

PART - II

1. (a) On 1st April, 2024, RM Limited obtained a term loan of ₹ 50,00,000/- at an interest rate of 12% per annum from bank for the construction of a building. 5

In addition to the above loan, the company has also raised multiple non-specific borrowings as follows :

8% Debentures	₹ 30,00,000/-
15% Term Loan	₹ 60,00,000/-
10% Inter Corporate Loan	₹ 36,00,000/-

Int.

240 000

Rate

900 000

360 000

11.9%

1500000

₹ 36,00,000/-

12600000

RM Limited has utilized the aforesaid funds in construction of the following assets :

Building	2	₹ 1,40,00,000/-
Furniture	1	₹ 44,00,000/-
Plant and Machinery	1	₹ 1,80,00,000/-
Factory Shed	1	₹ 86,00,000/-

50

90

44

180

86

400

Int.

600 000

SP

90/400 x 15 = 3.375

44/400 x 15 = 1.65

180/400 x 15 = 6.75

86/400 x 15 = 3.225

15

The construction of Building, Plant and Machinery and Factory Shed took substantial period of time and was completed on 31st March, 2025. The Furniture was purchased directly from a local manufacturer. The factory was ready to commence production on 1st April, 2025.

You are required to show the treatment of interest as per AS-16 in respect of borrowing cost for the year ended 31st March, 2025 in the books of RM Limited.

- (b) RMC Limited operates a defined retirement benefits plan on behalf of its current and former employees. It receives advice from actuaries regarding contribution levels and overall liabilities of the plan to pay benefits. 4

On 1st April, 2024, the actuaries advised that the fair value of the plan assets in respect of the defined retirement benefits plan of RMC Limited stood at ₹ 25,00,000/-.

ZAN2

$$\checkmark 2500000 \times 10.25\% = 256250$$

$$\checkmark 150000 \times 5\%$$

Exp. ret.

37500⁽³⁾

293750 ZAN2

$$FV \text{ on } 1/4 = 2500000$$

$$(+)\text{Net cont} = 50000$$

3250000

$$FV \text{ on } 31/3/25 = 3750000$$

$$Act = 500000$$

On 30th September, 2024, the plan paid out benefits of ₹ 4,75,000/- and received inward contributions of ₹ 12,25,000/-.

On 31st March, 2025, the actuaries assessed the present value of the defined benefit obligation at ₹ 36,98,000/-. On the same day the fair value of plan assets was ₹ 37,50,000/-. Actuarial losses on the obligations for the year 2024-25 were ₹ 15,000/-.

On 1st April, 2024, the company made the following estimates, based on its market studies and prevailing prices :

	%
Interest and dividend income (after tax) payable by the fund	9.75
Realized gains on plan assets (after tax)	2.50
Fund administrative costs	(2.00)
Expected rate of return	10.25
(Interest is compounded half yearly)	

You are required to ascertain the expected and actual returns on plan assets.

- (c) The following information has been extracted from the financial records of P Limited :

Profit before tax for the year ended 31 st March, 2024	₹ 25,00,000
Profit before tax for the year ended 31 st March, 2025	₹ 32,50,000
Number of Equity Shares (Face Value ₹ 5/- per share) outstanding as on 31 st March, 2024	12,00,000
Applicable Tax Rate for 2023-24 and 2024-25	20%

On 1st June, 2024, the Directors of P Limited announced a rights issue which entitled the existing shareholders to subscribe one share for every six shares held by them @ ₹ 20/- per share. The last date of exercising the rights was 30th June, 2024 and the rights issue was subscribed in full. The fair value of one equity share immediately prior to exercise of right on 30th June, 2024 was ₹ 25/-.

$$TERP = 1 \text{ m.}$$

ZAN2

P.T.O.

$$EPS_{24} = 1 \text{ m.} \quad \text{Restated} \quad 1 \text{ m.}$$

$$25 = 2 \text{ m.}$$

$$\text{TERP} = \frac{25 \times 6 + 20}{24.29} = 24.2857 \approx 24.29$$

$$\text{Right Adj Factor} = \frac{25}{24.29} = 1.0292$$

PAT

200000

260000

No of Shares

1200000

$1200000 \times \frac{3}{12} \times 1.0292$

Restated

= 1.67

= $\frac{1.67}{1.0292} = 1.62$

+ $1400000 \times \frac{9}{12}$
= 1358760

= 1.91

1FIN
BY INDIGOLEARN



(4)

ZAN2

You are required to calculate the Basic Earnings per Share to be reported in the financial statements of P Limited for the year ended 31st March, 2025 including the comparative figure for the year ended 31st March, 2024 in accordance with AS-20.

2. The business of MA Limited was being carried on continuously at losses. The following are the extracts from the balance sheet of the company as on 31st March, 2025 : 14

Particulars	Amount (₹)
ASSETS :	
Property, Plant & Equipment	6,50,000
Investments	2,55,000
Stock	5,10,000
Trade Receivables	3,40,000
Cash & Cash Equivalents	70,000
Profit and Loss A/c (debit balance)	3,25,000
TOTAL	21,50,000
EQUITY AND LIABILITIES :	
10,000 Equity Shares @ ₹ 100 each	10,00,000
40,000, 8% Cumulative Preference Shares @ ₹ 10 each (Dividends on cumulative preference shares are in arrears for 3 years.)	4,00,000
10% Debentures	2,00,000
Unsecured Loans (from directors)	80,000
Trade Payables	4,10,000
Outstanding interest on debentures	60,000
TOTAL	21,50,000

ZAN2

(5)

ZAN2

The following scheme of reconstruction has been agreed upon and duly approved by court :

- (1) Equity shares to be converted into 20,000 shares of ₹ 50 each (fully paid up)
- (2) After sub-division, each shareholder shall surrender to the company 60% of their holdings. X
- (3) Preference shareholders agree to forego their right to arrears of dividends in consideration of which 8% Preference shares are to be converted into 9% Preference shares.
- (4) Trade Payables agree to reduce their claim by 60% in consideration of their getting shares of ₹ 1,50,000 out of surrendered equity shares.
- (5) The total claims of debentures holders were reduced to 40% and in consideration of the reduction, the debenture holders shall receive preference shares of ₹ 1,00,000 which are converted out of the surrendered shares.
- (6) Assets are valued at :
Fixed assets ₹ 4,40,000
Investments ₹ 2,00,000
Trade Receivables ₹ 2,50,000
Stock ₹ 4,50,000
- (7) Expenses of reconstruction amounted to ₹ 10,000.
- (8) Directors agree to forego the amount due on account of unsecured loan.
- (9) Balance of profit and loss account to be written off.
- (10) Further 8,000 equity shares were issued to the existing members for increasing the working capital. The issue was fully subscribed and paid up.
- (11) The shares surrendered and not re-issued shall be cancelled.

ZAN2

P.T.O.

*ICAI has given diff treatment in Jan-26 and study material for Debentures.

Recon-2 / Notes-2

2

- ① E.S.C (6.100) Alc Dr. 1000000
 To E.S.C. (6.50) 400000
 To Share Surrender Alc 600000
- ② 8% PSC Alc Dr 400000
 To 9% PSC Alc 400000
- ③ ✓ Tlp Alc Dr. (60%) 246000
 ✓ To CLR Alc 410000
 100% or 60%
 246000
 410000
 246000
 410000
- ④ O/S Int Alc Dr 60000
 Debentures Alc Dr 200000
 To CLR Alc 260000
 36000
 120000
 156000
 260000
- ⑤ Sh. Surr Alc Dr 600000
 To P.S.C 150000
 To E.S.C. 100000
 To CLR 350000
- ⑥ CLR Alc Dr. 425000
 To PPE 210000
 To Inv 55000
 To TLR 70000
 To Stock 60000
 To Bank - Exp 10000
- ⑦ Loan Alc Dr. 80000
 To CLR 80000
- ⑧ CLR Alc Dr 325000
 To PIL 325000



9) Bank Alc Dr		40000	
	To ESC		40000
Rec. Alc.			
		By TP	410000 246000
To ,PPE etc.	425000	By Als int	60000 36000
To P/L	325000	By Deb	200000 120000
To capital	350000	By Als	350000 350000
	<u>82000</u>	By loan	80000 80000

1FIN
BY INDIGOLEARN



It was decided to reconstruct the company for which necessary resolution was passed and sanctions were obtained from appropriate authorities. Accordingly, it was decided that:

- (a) Each share is sub-divided into ten fully paid up equity shares of ₹ 10 each.*
- (b) After sub-division, each shareholder shall surrender to the company 50% of his holding, for the purpose of re-issue to debenture holders and trade payables as necessary.*
- (c) Out of shares surrendered, 10,000 shares of ₹ 10 each shall be converted into 12% preference shares of ₹ 10 each, fully paid up.*
- (d) The claims of the debenture-holders shall be reduced by 75 per cent. In consideration of the reduction, the debenture holders shall receive preference shares of ₹ 1,00,000 which are converted out of shares surrendered.*
- (e) Trade payables claim shall be reduced to 50 per cent, it is to be settled by the issue of equity shares of ₹ 10 each out of shares surrendered.*
- (f) Balance of profit and loss account to be written off.*
- (g) The shares surrendered and not re-issued shall be cancelled.*

You are required to show the journal entries giving effect to the above and the resultant Balance Sheet

Solution

	Dr. ₹	Cr. ₹
Equity Share Capital (₹ 100) A/c Dr. 10,00,000		
To Share Surrender A/c		5,00,000
To Equity Share Capital (₹ 10) A/c		5,00,000
(Subdivision of 10,000 equity shares of ₹ 100 each into 1,00,000 equity shares of ₹ 10 each and surrender of 50,000 of such subdivided shares as per capital reduction scheme)		

12% Debentures A/c	Dr.	1,50,000	
Interest payable A/c	Dr.	18,000	
To Reconstruction A/c			1,68,000
(Transferred 75% of the claims of the debenture holders to reconstruction account in consideration of which 12% preference shares are being issued out of share surrender account as per capital reduction scheme)			
Trade payables A/c	Dr.	72,000	
To Reconstruction A/c			72,000
(Transferred claims of the trade payables to reconstruction account, 50% of which is being clear reduction and equity shares are being issued in consideration of the balance)			
Share Surrender A/c	Dr.	5,00,000	
To 12% Preference Share Capital A/c			1,00,000
To Equity Share Capital A/c			36,000
To Reconstruction A/c			3,64,000
(Issued preference and equity shares to discharge the claims of the debenture holders and the trade payables respectively as a per scheme and the balance in share surrender account is being transferred to reconstruction account)			
Reconstruction A/c	Dr.	6,04,000	
To Profit and Loss A/c			6,00,000
To Capital Reserve A/c			4,000
(Adjusted debit balance of profit and loss account against the reconstruction account and the balance in the latter is being transferred to capital reserve)			

(6)
ZAN2

You are required to :

- (a) Show the journal entries to record the above transaction in the company's books and prepare Reconstruction A/c.
- (b) Show revised share capital structure of the Company in Notes to Accounts.

3. (a) Following is the Balance Sheet of P Limited as at 31st March, 2025 :

7

Particulars	Notes	₹ (in lakhs)
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	1,500
Reserves and Surplus	2	2,750
Non-current Liabilities		
Long Term Borrowings	3	3,450
Current Liabilities		
Short Term Borrowings (Current maturities of Long Term Borrowings)		1,980
Trade Payables		1,500
Total		11,180
ASSETS		
Non-current Assets		
Property, Plant and Equipment		5,675
Current Assets		
Inventories		1,005
Trade Receivables		1,500
Cash and Cash Equivalents		3,000
Total		11,180

ZAN2

Notes to Accounts :

No.	Particulars	₹ (in lakhs)
1.	Share Capital	
	Authorized, issued and subscribed capital	
	Equity Share Capital	
	150 lakh Equity Shares of ₹ 10/- each fully paid up	1,500
2.	Reserves and Surplus	
	Capital Reserve	380
	Securities Premium	300
	Revaluation Reserve	120
	General Reserve	1,800
	Surplus (balance in Statement of Profit and Loss)	150
	Total	2,750
3.	Long Term Borrowings	
	12% Debentures	2,250
	Unsecured Loans	1,200
	Total	3,450

Considering the large surplus funds available at the disposal of the company, it decides to buy back 30 lakh Equity Shares on 1st April, 2025. The prevailing market value of the company's shares is ₹ 16/- per share and in order to induce the existing shareholders to offer their shares for buy back, it was decided to offer a price of 25% over market. Buy-back of shares is duly authorized by its Articles and necessary resolution has been passed by the company towards this.

① Sh. d/s test.

No. of Sh.

25% of d/s Sh.

150 Lacs.

37.5 Lacs.

② Resource test.

① 37.5 Lacs.

ESC

1500

SP

300

QR

1800

PL

150

25%

3750

937.5

Price per Sh.

20

No. of Eq Sh

46.875

③ Debt to equity.

Total debt

5430 ✓

Equity

2715

PUC + FR before b/s

3750

Very ESC FU

300

Premium

300

CR

300

2850

1035

30

34.2

Ratio > 2:1

✓

Max no. of Sh.



Drw Alc

	No	Ant		
1/4 To bank	28000	336000	1/12 By bank	18000 299880
30/9 TO Bonus	8000	-	By bal	27000 282609
30/9 TO Bank				↓ R/O
($\frac{3}{8} \times 36000$	9000	135000 ✓		
$\times \frac{2}{3} \times 15$)				
31/3 TO P/L		111480		

P/L Alc

By bank
($\frac{3}{8} \times 36000$
 $\times \frac{1}{3} \times 6$)

27000

WN

Total Shares

Sold 40%

S.P (17 - 2%)

45000

✓ 18000

✓ 16.66

299880

Value @ Cost
471000

Cost Per Sh.
10.467

$$\text{Profit} = 299880 - \frac{18000 \times 471000}{45000}$$

$$= 111480$$

$$\text{Closing bal} = 27000 \times 10.467 = 282609$$



Shares Ac- 1
Res -2
D/E -2
Conclun ZAN2 2

Comment with your calculations, whether buy-back of shares by the company is within the provisions of the Companies Act, 2013. If yes, pass necessary journal entries towards buy-back of shares.

- (b) Mr. AB acquires 28,000 equity shares of ₹ 10 each in F Ltd. for ₹ 3,36,000 inclusive of brokerage and stamp duty on 1st April, 2024.

F Ltd. announces bonus and right issue as follows :

- (i) On 30th September, 2024 bonus was declared in the ratio of 2:7.
(ii) On 30th November, 2024 Company made a right issue in the ratio of 3:8 on payment of ₹ 15 per share.

Mr. AB took up 2/3 of right shares and sold the remaining rights for ₹ 6 per share.

On 1st January, 2025, Mr. AB sold 40% of its shareholdings at ₹ 17 per share to a broker, who charged 2% brokerage.

You are required to prepare Investment Account of Mr. AB for the year ended 31st March, 2025 assuming that the shares are being valued at average cost.

Inv Alc - 4m -> based on entries.
WN PL - 2m
1m

4. The following are the summarized Balance Sheets of B Ltd. and G Ltd. as at 31st March, 2025 :

	Particulars	Notes	B Ltd. (₹)	G Ltd. (₹)
1.	EQUITY AND LIABILITIES			
	Shareholders' Funds			
a.	Share Capital	1	46,30,000	14,20,000
b.	Reserves and Surplus	2	17,50,000	-6,45,000
2.	Non-current Liabilities			
a.	Long-term Borrowings	3	19,40,000	5,72,500

ZAN2

(9)

ZAN2

3.	Current Liabilities			
a.	Trade Payables	1756600	14,72,000	2,64,000
b.	Short-term Borrowings	189500	-	1,89,500
	Total		97,92,000	18,01,000
1.	ASSETS	12319100		
	Non-current Assets			
a.	Property, Plant and Equipment	8043600	63,00,000	14,53,000
b.	Non-current Investments	2350000	23,50,000	-
2.	Current Assets			
a.	Inventories	170600	43,000	1,16,000
b.	Trade Receivables	970600	7,90,000	2,32,000
c.	Cash and Cash Equivalents	184000	3,09,000	(10000) - 115000
	Total		97,92,000	18,01,000

Notes to Accounts

		B Ltd. (₹)	G Ltd. (₹)
1.	Share Capital		
	Equity Share Capital		
	Issued, subscribed & paid-up capital		
	Equity Shares of ₹ 100 each	36,50,000	11,50,000
	Preference Share Capital		
	Issued, subscribed & paid-up capital		
	9% Preference Shares of ₹ 100 each	9,80,000	
	10% Preference Shares of ₹ 100 each		2,70,000

ZAN2

P.T.O.

① Computation of P.C. ①

✓ Cash paid	11,500 × 10	1,15,000 ✓
✓ Shares	11,500 × 100	11,50,000 ✓
✓ P.Sc.	270000 × 1.15	310500
		<u>1575500</u>

⇒ No of Shares to P.Sc. (P) ①

$$FV = \frac{270000 \times 10\%}{9\%} = 300000$$

$$\text{No of Sh} = 3000$$

$$\text{Prm} = 10500 \text{ i.e. } 3.5 \text{ sh.}$$

Net Assets taken over

✓ Inventory (116000 + 10%)	= 127600
PPE (14,53000 + 20%)	= 1743600
Trade Receivable	= 232000

2103200

$$\text{Trade payable (264000 + 72000)} = 336000$$

$$\text{Borrowings (short term)} = 189500$$

$$\text{Long term borrowing} = \boxed{592500}$$

1118000

Net Assets

$$= \boxed{985200}$$



(2)

G/W
+Liq Exp
(10)

ZAN2

590300

10000

600300

2.	Reserves and Surplus S.P. → 10500 Balance of Profit and Loss A/c	10500 17,50,000	- 6,45,000
3.	Long-term Borrowings		
	9% Debentures of ₹ 100 each	10,90,000	-
	10% Debentures of ₹ 100 each	2000000 -	1,80,000
	Loan from Banks	8,50,000	3,92,500

18000
9%

200000

Details of Trade Receivables and Trade Payables are as under :

		B Ltd. (₹)	G Ltd. (₹)
1.	Trade Receivables		
	Debtors (-) 51400	7,30,000	1,75,000
	Bills Receivables	60,000	57,000
		7,90,000	2,32,000
2.	Trade Payables		
	Creditors (-) 51400	13,85,000	2,25,000
	Bills Payables	87,000	39,000
		14,72,000	2,64,000

On 31.03.2025, B Ltd. absorbs the business of G Ltd. on the following terms :

- (i) For every equity share held by the equity shareholders of G Ltd., they receive ₹ 10 in cash and one equity shares of ₹ 100 each at par in B Ltd.

ZAN2

10

- (ii) The 10% debenture-holders of G Ltd. were to be allotted such 9% debentures of ₹ 100 each in B Ltd. as would bring the same amount of interest.
- (iii) 10% Preference Shareholders of G Ltd. are to be paid at 15% premium by issue of 9% Preference Shares of ₹ 100 each in B Ltd., in such a way that the existing dividend quantum of the preference shareholders of G Limited will not get affected.
- (iv) A contingent liability of G Limited amounting to ₹ 72,000 to be treated as actual liability in trade payables.
- (v) Expenses of Liquidation of G Ltd. are to be reimbursed by B Ltd. ₹ 10,000.
- (vi) Inventory of G Ltd. is taken over at 10% more than their book value by B Ltd.
- (vii) Debtors of B Ltd. include ₹ 51,400 receivables from G Ltd.
- (viii) Property, Plant and Equipment of G Ltd. are revalued at 20% above their book value.
- (ix) The remaining Assets and Liabilities of G Ltd. are taken over at book value by B Ltd.

You are required to :

- (a) Pass the Journal Entries to record the above in the books of B Ltd.
- (b) Prepare Balance Sheet of B Ltd. as at 31st March, 2025 after absorption.

B/S - 3-

Notes - 2

14

5.

Prepare a consolidated balance sheet of MN Ltd. and its subsidiary RP Ltd. as on 31st March, 2025 : 14

Balance Sheets as on 31st March, 2025

	Note No.	MN Ltd. (₹ in Lakh)	RP Ltd. (₹ in Lakh)
I. Equity and Liabilities			
(1) Shareholders' Funds			
(a) Share Capital	1	7,000	4,000
(b) Reserve and Surplus	2	4,000	3,500
(2) Non-current Liabilities			
(a) Long Term Borrowings		1,800	1,400
(3) Current Liabilities			
(a) Trade Payable		2,280	1,600
Total		15,080	10,500
II. Assets			
(1) Non-current Assets			
(a) Property, Plant and Equipment	3	6,800	5,500
(b) Non-current Investments	4	3,280	—
(2) Current Assets			
(a) Inventory		2,200	1,500
(b) Trade Receivables		1,800	1,200
(c) Cash and Bank		1,000	2,300
Total		15,080	10,500

Notes to Accounts :

		MN Ltd. (₹ in Lakh)	RP Ltd. (₹ in Lakh)
1.	Share Capital		
	Issued and Subscribed :		
	Equity shares of ₹ 10 each, fully paid up	7,000	4,000
2.	Reserve and Surplus		
	General Reserve	2,600	2,000
	Profit and Loss Account	1,400	1,500
	Total	4,000	3,500
3.	Property, Plant and Equipment		
	Land and Building	4,000	3,500
	Plant and Machinery	2,800	2,000
	Total	6,800	5,500
4.	Non-current Investment		
	Shares in RP Ltd.	3,000	—
	Debentures in RP Ltd.	280	—
	Total	3,280	—
5.	Trade Receivable		
	Debtors	1,200	900
	Bills Receivable	600	300
	Total	1,800	1,200

$\times 12\%$
 480
 $75\% = 360$

Additional Information :

1. MN Ltd. acquired 75% shares in RP Ltd. on 1st April, 2024. On the date of acquisition :

General Reserve of RP Ltd. = ₹ 1,600 lakh

Profit & Loss Account of RP Ltd. = ₹ 1,200 lakh

2. On 1st April, 2024, RP Ltd. declared dividend @12% for the year ended 31st March, 2024. MN Ltd. credited the dividend received to its Profit & Loss Account.

AS-13
 ↓
 Redline

① Analysis of Reserves.

	31/3/25	01/4/24.	Post
G/R	2000	✓ 1600	400 75%
P/L	1500	✓ 1200	300
Dividend declared.		(480)	480
Inventory (unrealised)			(20)
		<u>2320</u>	<u>1160</u>
MN 75% →		1740	870 (Post)
MT 25% →		580	290
			G/R = 300
			P/L = 570

② glw or dr.
Share in Net Assets.

②	ESC (75% of 4000)	3000
	<u>Pre acq res.</u>	1740
		<u>4740</u>
	Cost of Inv	3000
	(-) pre div.	(360)
		2640
	Capital Res.	<u>2100</u>

③ Reserves.

①	MN	RP Adj	Amnt.
	G/R 2600	- 300	2900
	R/E 1400	570 (360)	1610
	Cap Res		<u>2100</u>
			<u>6610</u>



B/S - 4-5
Notes - 845

(14)

ZAN2

3. RP Ltd. sold goods worth ₹ 160 lakh to MN Ltd. during the year and makes a profit of ₹ 40 lakh. MN Ltd.'s inventory includes goods worth ₹ 80 lakh that remained unsold as on 31st March, 2025.
4. MN Ltd. holds ₹ 280 lakh of RP Ltd.'s debentures, which are included in RP Ltd.'s long-term borrowings.

EITHER

6. (a) What is the initial disclosure information of AS-24 for discontinuing operations ?

OR

- (a) S Limited took an equipment on lease from R Limited, the fair value being ₹ 9,50,000/-. The economic life of the equipment as well as the lease term is 3 years. At the end of each year, the lessee pays ₹ 4,00,000/- to the lessor. S Limited has guaranteed a residual value of ₹ 35,000/- on the expiry of the lease to R Limited. However, R Limited estimates that residual value of the equipment will be only ₹ 25,000/-. The implicit rate of return is 15% per annum and present value factors at 15% are 0.869, 0.756 and 0.657 at the end of first, second and third years respectively.

You are required to ascertain the value at which the equipment would be considered by S Limited and the finance charges in each year.

- (b) The following figures have been extracted from the financial statements of MC Limited for the year ended 31st March, 2025 :

Particulars	Amount (₹)
Issued, Subscribed and Paid-up Share Capital	
8,00,000 Equity Shares of ₹ 5/- each	40,00,000
1,25,000, 8% Preference Shares of ₹ 10/- each	12,50,000

eg.
 Total dividend = ZAN2 500000
 PS Dividend = 100000
 Net profit = 600000
 Bal = 225000
 5250000
 15% = 787500
 375000

$PV =$
 4000000×2.282
 $= 9,12,800$

$GRV = 35000 \times 0.657$
 $= 22995$
 935795
 $(43) \rightarrow 52410$

$y_1 = 140370$
 $y_2 = 101425$
 676165
 377590

paid up capital + reserves = $\frac{6425000}{10\%} = 642500$

(15)

B alance after dividend in a/c = 1175000

Reserves and Surplus		
Securities Premium Reserve	5,00,000	800000
Capital Reserve	3,00,000	✓
Capital Redemption Reserve	2,50,000	> 157.
General Reserve	11,75,000	
Net Profit for the year ended 31 st March, 2025	2,25,000	

The company has an impeccable record of paying dividend to its shareholders since 2019-20 and has declared equity dividend as under :

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Equity Dividend paid	10%	11%	12%	13%	14%

avg
13%

Each
Step.
1 mark.

Constrained by inadequate profits during 2024-25, the management of the company proposes to declare a dividend of 12.5% out of its reserves.

You are required to ascertain the amount that can be utilized by the company out of its reserves in accordance with the Companies (Declaration of dividend out of Reserves) Rules, 2014.

- (c) Mr. GOKU, with its head office at Ahmedabad, has a branch at Nagpur. 6

Goods are invoiced to the branch at cost plus 25%. The branch makes sales both for cash and on credit. Branch expenses are paid direct from head office and the branch has to remit all the cash received into head office's bank account at Ahmedabad.

The following information pertaining to the year ended 31st March, 2025, in respect of the Nagpur Branch is made available to you :

ZAN2

P.T.O.

(16)

ZAN2

Particulars	₹
Goods sent to branch (at Invoice Price)	67,50,000
Goods returned by the branch during the year (at Invoice Price)	2,40,000
Cash sales effected by the branch	18,50,000
Discount allowed to customers	25,000
Amount received from branch debtors	32,50,000
Cheques of customers returned unpaid by the bank	80,000
Branch expenses met in cash	7,25,000
Sales return at Nagpur branch	1,00,000
Bad debts	55,000

	31 st March, 2025	31 st March, 2024
Branch debtors	10,50,000	5,00,000
Stock at branch (at Invoice Price)	23,60,000	15,00,000

Applying the Stock and Debtors System, you are required to prepare the following Ledger Accounts in the books of Head Office for the year ended 31st March, 2025 :

- (i) Nagpur Branch Stock A/c; - 2
- (ii) Nagpur Branch Debtors A/c; - 2
- (iii) Nagpur Branch Adjustment A/c; and 1
- (iv) Nagpur Branch Profit and Loss A/c. 1

ZAN2

Branch Stock Alc

TO bal bld	1500000	By USB	240000
TO GSB	6750000	By B/cash	1850000
TO B. Debtors	100000	By B/debtors	3900000
		By bal cd	236000
	<u>8350000</u>		<u>8350000</u>

TO GSB	48000	Branch Adj Alc	
		By Stock Res (CS)	300000
TO Stock Res (CS)	472000	($\frac{15}{125} \times 25$)	
		By GSB	1350000
TO B. P/L	<u>1130000</u>		<u>1650000</u>

	Branch debtors		
TO bal bld	500000	By Branch P/L (Disc)	25000
TO B/Stock Alc (B.f)	<u>390000</u>	By Branch P/L (BD)	55000
TO B. Bank	80000	By B/cash/Bank	325000
		By B/Stock	100000
		By bal cd	1050000
	<u>4480000</u>		<u>4480000</u>

Branch p/L

TO B. Debtors	80000	By B. Adj Alc	1130000
TO B. Cash Alc	725000		
TO P/L	<u>325000</u>		

