

ASSETS

Assets	
Raw Materials	12,000,000
Finished Goods	90,000
Provision for taxation	12,000
Dividend Payable	10,000
Preliminary Expenses	21,000
Profit & Loss A/c	90,000
Cash in hand	10,000
Cash at Bank	20,000
Trade Receivables	2,200,000
Unsecured Loan	10,000
Trade Payables	2,45,000
Outstanding Expenses	6,000
	17,85,000 17,85,000

LIABILITIES

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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 31st March, 2025 as required under Part-I 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 31st March 2025 and 2024 were given as :

Particulars	Notes	31 st March, 2025	31 st March, 2024
		₹	₹
Equity and Liabilities			
1. Shareholder Funds			
(a) Share Capital	1	8,00,000	6,60,000
(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 (Provision for tax)		15,000	10,000
	Total	9,41,000	6,85,000
Assets			
1. Non-Current Assets			
(a) Property Plant and 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
	Total	9,41,000	6,85,000

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Notes to Accounts

Notes	Particulars	2025 (₹)	2024 (₹)
1	Share Capital Equity Shares of ₹ 10 each	6,00,000	6,00,000
2	Reserve & Surplus Profit and loss Account	80,000	50,000
3	Property, Plant and Equipment (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 31st March, 2025.

- (b) XY Limited reported a Profit Before Tax (PBT) of ₹ 18 lakhs for the third quarter ending 31st 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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The following is summarized Balance Sheet of Pickles Ltd. as on 31/03/2025. 14

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

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

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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. *Cash in Dt. TO Pickles Retirement P. Cash*
- 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) *145*
- Liquidation expenses of ₹ 22,500 paid by Pickles Ltd. were subsequently reimbursed by Foods Ltd. *145*
- 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.

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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 1st 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 :

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.

2,50,000

6.

EITHER

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

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.

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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 31st March, 2025, DAY Ltd proposes to declare 9% dividend out of General reserves.

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 st April, 2024	18,50,000
Revaluation Reserve as on 1 st April, 2024	4,25,000
Net profit for the year ended 31 st March, 2025	3,75,000
Average rate of dividend during the last 3 years has been	12.5 %

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- (a) 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 31st March, 2025 :-

	Chennai office ₹	Hyderabad Office ₹
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 31st March, 2025.

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