

**Time: 2 Hours****Marks : 60****Note: All Questions are compulsory.****Figures to the right indicate full marks.****Working notes should form part of your answer.****Use of simple calculator is allowed.**

Q.1 The Balance Sheet of ABC Ltd. as on 31st March 2023:

(15)

Liabilities	Amt in Rs.	Assets	Amt in Rs.
Share Capital of Rs.10 each fully paid	20,00,000	Land and Buildings	15,00,000
General reserve	2,20,000	Plant and Machinery	12,00,000
Profit and loss A/c	8,00,000	Non -Trade Investment	8,00,000
10% Preference shares capital	10,00,000	Stock	7,00,000
8% Debentures	10,00,000	Sundry Debtors	4,00,000
Creditors	6,00,000	Bills receivable	10,00,000
Bills Payable	1,00,000	Cash/Bank Balance	4,20,000
Provision for tax	2,00,000		
Proposed dividend	1,00,000		
<b>Total</b>	<b>60,20,000</b>	<b>Total</b>	<b>60,20,000</b>

Additional information.

- The Net Profit after Tax of the last 4 years ended 31st March, 2023 is as,

Year	profit
2019-20	4,35,000
2020-21	4,55,000
2021-22	4,70,000
2022-23	4,80,000

- Normal rate of returns in similar businesses is 10%.

Calculate the Intrinsic Value, Yield Value and Fair Value of Equity Share of the Company,

OR

Q. 1. A) ABC Ltd. purchased machinery from Aarya Ltd. On 30/09/2021. The price (8) was Rs. 400 lakhs before charging of 18% GST and giving trade discount of 2% on the quoted price. Transport charges were 0.25% on the quoted price and installation charges come to 1% on the quoted price.

A loan of Rs. 400 lakhs was taken from Bank of Maharashtra on which interest @ 15% p. a. was to be paid. Expenditure on Trial Run was material Rs. 37,000, wages Rs. 28,000 and overheads Rs. 18,000. Machinery was ready for use on 1/12/2021. However it was actually put in use 1/5/2022.

Find out cost of machine. Entire loan remain unpaid on 1/5/2022.

B) Following information is extracted from the books of AC Ltd. (7)

Segment Revenue	Cars	Bikes	Tractors	Cranes	Forklifts	Cycles	Total
External Sales	240	120	100	260	120	--	840
Inter-segment sales	500	20	160	40	40	140	900
Total	740	140	260	300	160	140	1740

You are required to determine reportable segments from the above information

Q.2) Rakesh Ltd. acquired 7,500 shares in Vivek Ltd for Rs.77,500 on 1<sup>st</sup> July, 2022. The Balance Sheet of the two companies as on 31<sup>st</sup> March, 2023 were as follows: (15)

Particulars	Rakesh Ltd. (Rs.)	Vivek Ltd (Rs.)
<b>I. Equity and Liabilities:</b>		
Equity share capital (Face Value Rs.10 each)	4,50,000	1,25,000
General Reserve	80,000	20,000
Surplus (Balance in Statement of Profit and Loss)	40,000	12,500
Bills Payable	20,000	10,000
Trade Creditors	25,000	15,000
<b>Total</b>	<b>6,15,000</b>	<b>1,82,500</b>
<b>II. Assets:</b>		
Machinery	3,50,000	75,000
Furniture	50,000	35,000
Investment in Equity Shares of Vivek Ltd	77,500	Nil
Stock	50,000	25,000
Trade Debtors	30,000	17,500
Bills Receivable	12,500	10,000
Bank Balance	45,000	20,000
<b>Total</b>	<b>6,15,000</b>	<b>1,82,500</b>

Additional Information:

- Vivek Ltd had a credit balance of Rs. 20,000 in the General Reserve and Rs. 2,500 in the surplus on 1<sup>st</sup> April, 2022.
- Rakesh Ltd sold goods to Vivek Ltd costing Rs. 4,000 for Rs. 5,000 and 50% of these goods remained unsold with Vivek Ltd.
- Out of Bills Payable issued by Rakesh Ltd of Rs.7,500 drawn by Vivek Ltd.
- Debtors of Vivek Ltd includes amount due from Rakesh Ltd Rs. 7,500.

Prepare a Consolidated Balance Sheet of Rakesh Ltd and its subsidiary Vivek Ltd as on 31<sup>st</sup> March, 2023 as per Schedule III of Companies Act, 2013.

OR

Q.2 The balance sheet of Honda Ltd and Sony as on 31<sup>st</sup> March, 2023 are as follows: (15)

Particulars	Note	Honda Ltd.	Sony Ltd.
<b>I Equity and Liabilities</b>			
1. Shareholders' Funds			
a) Share Capital	1	2,40,00,000	88,00,000
b) Reserves and Surplus	2	96,00,000	58,00,000
2. Current Liabilities			
a) Trade Payable	3	32,00,000	28,00,000
<b>Total</b>		<b>3,68,00,000</b>	<b>1,74,00,000</b>
<b>II Assets</b>			
1. Non-current Assets			
a) Fixed Assets			
i) Tangible Assets	4	1,86,00,000	88,00,000
ii) Intangible Assets	5	14,00,000	12,00,000
b) Non-current Investments	6	96,00,000	
2. Current Assets			
a) Inventories		40,00,000	36,00,000
b) Trade Receivables		8,00,000	30,00,000
c) Cash and Cash Equivalents	7	24,00,000	8,00,000
<b>Total</b>		<b>3,68,00,000</b>	<b>1,74,00,000</b>

Notes to Accounts

Note	Particulars	Honda Ltd.	Sony Ltd.
1	Share Capital Issued, Subscribed and Paid up: Equity shares of Rs. 10 each, fully paid up 15% Preference Shares of Rs.10 each, fully	1,80,00,000 60,00,000	80,00,000 8,00,000
		<b>2,40,00,000</b>	<b>88,00,000</b>
2	Reserves and Surplus General Reserve Honda Ltd. Sony Ltd. Balance as at 1.4.2022 Cost of Issue of Shares Surplus i.e. Credit balance of Profit & Loss	40,00,000  56,00,000	  22,00,000 36,00,000
		<b>96,00,000</b>	<b>58,00,000</b>
3	Trade Payables Creditors Bills Payable	32,00,000	20,00,000 8,00,000
		<b>32,00,000</b>	<b>28,00,000</b>
4	Tangible Assets Land and Buildings Plant and Machinery Furniture	1,14,00,000 66,00,000 6,00,000	48,00,000 36,00,000 4,00,000

5	Intangible Assets	1,86,00,000	88,00,000
	Goodwill	14,00,000	12,00,000
6	Non-current Investments		
	6,00,000 Equity Shares in Sony Ltd. on	96,00,000	
7	Cash and Cash Equivalents		
	Balance with Bank	24,00,000	8,00,000

The following information is also given to you:

- i) 15% dividend on both types of shares was paid by Sony Ltd. in October, 2023 for the year ended 31<sup>st</sup> March 2022. Dividend Distribution Tax @ 17% was also paid in the same month. Honda Ltd. credited the dividend received to its Profit and Loss Account.
- ii) Sony Ltd. Plant and Machinery Account showed a balance of Rs. 40,00,000 on 1<sup>st</sup> April, 2022, on which 10% depreciation has been charged. At the time of purchase of shares in Sony Ltd. Honda Ltd. revalued Sony Ltd.'s plant and machinery upward by Rs. 20,00,000.
- iii) There was a bonus issue of equity shares amounting to Rs. 8,00,000 out of post-acquisition profits by Sony Ltd. which has not been recorded in the books of account as yet.
- iv) Credit balance of Profit and Loss Account of H Ltd. on 1<sup>st</sup> April, 2022 was Rs. 22,24,400.
- v) Included in Trade Payables of Sony Ltd. are Rs. 8,00,000 for goods supplied by Honda Ltd. Also including in Sony Ltd.'s stock are goods of Rs. 3,20,000 which were supplied by Honda Ltd. at a profit of 25% on sale.

Prepare a Consolidated Balance Sheet of Honda Ltd. and its subsidiary Sony Ltd. as on 31<sup>st</sup> March, 2023.

Q.3 The Balance Sheet of Aqua Ltd. as on 31st March, 2023 was as follow: (15)

Liabilities	Rs.	Assets	Rs.
Equity Shares Capital of Rs. 100 each	30,00,000	Land and Building	13,20,000
Profit and Loss A/c	6,18,000	Machinery	5,70,000
Bank overdraft	1,20,000	Stocks	21,00,000
Creditors	4,62,000	Debtors	9,30,000
Provision for Tax	2,70,000		
Proposed Dividend	4,50,000		
Total	<u>49,20,000</u>	=	<u>49,20,000</u>

The net profit of the company after deducting all working charges and providing depreciation and taxation were as under:

Year Ending	Rs.
31/03/2019	5,10,000
31/03/2020	5,76,000
31/03/2021	5,40,000
31/03/2022	6,00,000
31/03/2023	5,70,000

On 31st March, 2023, Land and Building was valued at Rs.15,00,000 and Machinery at Rs. 9,00,000. The other assets and liabilities have been correctly valued. In view of the nature of business, it is assumed that 10% is a reasonable return on tangible capital. Consider closing capital as average capital employed and simple average for computing average profit.

You are required to determine:

- 1) Value of Goodwill on the basis of 5 years purchase of super profits.
- 2) Net Asset Value of Equity Share.

OR

A) Calculate basic EPS as per IND AS 33 from the following information: (8)

Share Capital as on 1/4/2022, 2,00,000 Equity Shares of Rs. 10 each . Issue of right shares for cash on 1/7/2022 in the ratio of one share for every 5 shares held.

Issue of Bonus shares (excluding right shares ) in the ratio of one share for every five shares held on 1/10/2022.

Net Profit (before tax) for 2022-23, Rs. 8,00,000. Income tax rate is 40%.

B)X Ltd commenced the construction of a qualifying asset and incurred the following expenses: (7)

On July 1, 2022 Rs. 2,50,000

On December 1, 2022 Rs. 3,00,000

The details of borrowing and interest thereon are as under:

Particulars	Average balance	Interest
Long Term Loan @ 10%	10,00,000	1,00,000
Working Capital loan	5,00,000	65,000

Compute the borrowing cost that need to be capitalized.

Q.4A) Fill in the blanks with correct alternatives (Any 8) (8)

1. Accounting Standards converged with IFRS are \_\_\_\_\_
  - a. Ind AS
  - b. AS
  - c. Costing Standards
  - d. Audit Standard
2. SME are those organizations whose turnover does not exceed \_\_\_\_\_
  - a. Rs. 101 crores
  - b. Rs. 200 crores
  - c. Rs. 100 crores
  - d. Rs. 250 crores
3. Consolidated statements are prepared by \_\_\_\_\_
  - a. Minority
  - b. Subsidiary Company
  - c. Holding Company
  - d. Listed Subsidiary Company
4. Rate of interest is 11% and the rate of risk is 9%. The normal rate of return is \_\_\_\_\_
  - a. 20%
  - b. 9%
  - c. 11%
  - d. 2%
5. The first reporting period as per IFRS is \_\_\_\_\_
  - a. 2009-10
  - b. 2008-09
  - c. 2015-16
  - d. 2012-13
6. Unrealized profit on goods sold and included in stock is deducted from \_\_\_\_\_
  - a. Capital Profit
  - b. Fixed Assets
  - c. Minority Interest
  - d. Revenue Profit
7. Dividend recommended is given in \_\_\_\_\_
  - a. Audit Report
  - b. Statutory Report
  - c. Segment Report
  - d. Directors Report
8. The ratio that gives information about earning available to each equity share is \_\_\_\_\_
  - a. Profit per share
  - b. Dividend per share
  - c. Earnings per share
  - d. Income per share
9. Ind AS applicable to operating segments is \_\_\_\_\_
  - a. 108
  - b. 15
  - c. 110
  - d. 105
10. Dilution is \_\_\_\_\_
  - a. Increase in EPS
  - b. Reduction in EPS
  - c. Reduction in net loss per share
  - d. Increase in net loss per share

B) State whether the following statement are True or False (Any 7) (7)

1.	Financial reporting facilitates statutory audit.
2.	IFRS will override company law.
3.	AS 16 deals with cost of owner's equity.
4.	The objective of Ind AS 33 is to prescribe principles for determination of EPS.
5.	Fictitious assets should be included in average capital employed.
6.	Holding company and Subsidiary company maintain their independent identity.
7.	EPS depends on net profit available to equity shareholders.
8.	Ind AS 16 does not apply to natural gas.
9.	Accounting standard are issued by Government of India.
10.	Tax base is the amount attributable to assets for tax purposes.

OR

Q.4) Write Short Notes on (any three) (15)

- a. Financial Reporting Framework.
- b. Scope of Ind AS 23
- c. Balance Sheet method of Valuation of Shares.
- d. International Financial Reporting Standard.
- e. Measurement and treatment of Pre acquisition profit in Consolidated Financial Statement.

\*\*\*\*\*