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PART – I

Case Study – I :

Savita Limited, a public listed company, is engaged in various types of manufacturing and retail activities. It is also engaged in the real estate business. You are provided with the following information :

- (i) Savita Limited had the following closing stock of raw material as on 31-03-2025 :

Item	Quantity (No.)	Cost (₹ per pc)	Estimated Selling Price (₹ per pc)	Selling Cost (₹ per pc)
Wooden Boards	1000	88	110	5
Iron rods	300	458	495	46

- (ii) On 1<sup>st</sup> June, 2022, Savita Ltd. purchased land at Kota for ₹ 1,45,60,000 whose future use was not determined. It remained vacant for more than two years. On 30<sup>th</sup> September, 2024, the fair value of the property was ₹ 1,60,80,000 and on the same date Savita Ltd. began to convert the property into twenty separate flats of equal size which it intended to sell in the ordinary course of its business. Savita Ltd. spent a total of ₹ 1,82,68,000 on this conversion project till 31<sup>st</sup> March, 2025. The project was incomplete as on 31<sup>st</sup> March, 2025, and it was estimated that Savita Ltd. need to spend further ₹ 94,00,000 to complete the project, after which each flat could be sold for ₹ 20,00,000.
- (iii) Savita Ltd. developed a new drug that was in the final phase of clinical trials. Beta Ltd. had an equity investment in Savita Ltd's shares. Beta Ltd. determined that the shares had a readily determinable fair value and accounted for the investment at fair value through profit and loss. On 31<sup>st</sup> March, 2025, the drug approval authority notified Savita Ltd's management that the drug was not approved. Savita Ltd's share closed at ₹ 112 on 31<sup>st</sup> March, 2025. Savita Ltd. issued a press release after markets closed on 31<sup>st</sup> March, 2025 announcing the failed clinical trial. Savita Ltd's share opened on the next working day at ₹ 85.

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- (iv) Omega Ltd is one of the associate companies of Savita Ltd. Omega Ltd. provided you with the following information for the year ended 31<sup>st</sup> March, 2025 :

Particulars	₹ Crores
Net Profit after taxes	93.4
Decrease in accounts receivables	42.5
Depreciation	24.9
Increase in inventory	31.3
Increase in accounts payable	12.7
Decrease in wages payable	5.7
Increase in deferred tax asset	1.5
Tax paid	21.8
Profit from sale of land	3.4
Sale of land	85.2

On the basis of the information provided above, you are required to choose the most appropriate answer to the below mentioned questions 1 to 5 in line with the relevant Ind AS. (5 × 2 = 10)

1. Compute the value of flats to be disclosed in the financial statements for the year ended 31<sup>st</sup> March, 2025.

- (A) ₹ 3,43,48,000                      (B) ₹ 3,28,28,000  
(C) ₹ 3,06,00,000                      (D) ₹ 4,22,28,000

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2. **Assertion (I) :** Beta Ltd. will record the share at ₹ 85 and disclose the investment as Level 2 measurement as per Ind AS 113 as on 31<sup>st</sup> March 2025.

**Reason (II) :** Level 2 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- (A) Both (I) & (II) are true and (II) is the correct explanation of (I).  
(B) Both (I) & (II) are true but (II) is not the correct explanation of (I).  
(C) (I) is true but (II) is false.  
(D) (I) is false but (II) is true.

3. Omega Ltd's Cash flow from Operations for financial year 2024 – 25 is :

- (A) ₹ 135.0 Crores                      (B) ₹ 216.8 Crores  
(C) ₹ 131.6 Crores                      (D) ₹ 109.8 Crores

4. The value of closing inventory of raw material as on 31<sup>st</sup> March, 2025 is :

- (A) ₹ 2,22,700 (B) ₹ 2,39,700  
(C) ₹ 2,25,400 (D) ₹ 2,41,500

5. What is the classification of land at Kota as on 31<sup>st</sup> March 2024 ?

- (A) Property, Plant & Equipment
- (B) Investment Property
- (C) Inventory
- (D) Not required to be disclosed in Books



**Case Study – II :**

Raja Limited, a leading public limited company engaged in the manufacture of pharmaceuticals, prepares its accounts as per Ind AS. The company has entered into the following transactions during the financial year ended 31<sup>st</sup> March, 2025 :

- (i) On 1<sup>st</sup> April, 2024, Raja Limited held 35% of total equity shares of Volga Limited, which is an associate company. The carrying value of the investment in Volga Limited on 31<sup>st</sup> March, 2024 is ₹ 1,50,00,000 in the consolidated financial statements of Raja Limited. During financial year 2024-25, Raja Limited sold goods worth ₹ 3,50,000 to Volga Limited. The cost of goods sold is ₹ 3,00,000. Out of these, goods costing ₹ 1,00,000 to Volga Limited were lying unsold with it on 31<sup>st</sup> March, 2025. During the year ended 31<sup>st</sup> March, 2025, the Statement of Profit and Loss of Volga Limited showed a profit of ₹ 25,00,000. Volga Limited declared and paid a dividend of ₹ 10,00,000 to its equity shareholders during 2024-25.
- (ii) Raja Limited held 50% of the voting power of Sharp Limited, which is a Joint Venture of Raja Limited. The carrying value as on 1<sup>st</sup> April, 2024 of the investment in Sharp Limited as per Equity Method is ₹ 50,00,000. On 1<sup>st</sup> July, 2024, out of the 50% stake, Raja Limited sold 20% stake in Sharp Limited to an unrelated entity for a consideration of ₹ 40,00,000. The fair value of the retained 30% interest is ₹ 60,00,000.
- (iii) On 1<sup>st</sup> August, 2024, Raja Limited acquired 70% Equity Shares of S Limited by paying a cash consideration of ₹ 97,50,000 (including control premium). The fair value of net identifiable assets of S Limited is ₹ 1,30,00,000. The fair value of 30% of the shares owned by the non-controlling shareholders on the date of acquisition is ₹ 25,00,000. The carrying amount of net identifiable assets of S Limited is ₹ 1,20,00,000. Raja Limited chooses to measure the interest of non-controlling shareholders at fair value.

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On the basis of the information provided above, you are required to choose the most appropriate answer to the below mentioned questions 6 to 8 in line with the relevant Ind AS.

(3 × 2 = 6)

6. Determine the amount of goodwill/gain on bargain purchase arising on the acquisition of S Limited.
- (A) Goodwill ₹ 2,50,000
  - (B) Gain on Bargain Purchase ₹ 7,50,000
  - (C) Goodwill ₹ 6,50,000
  - (D) Goodwill ₹ 16,50,000
7. Determine the value of Investment in Volga Limited as on 31<sup>st</sup> March, 2025 in the Consolidated Financial Statements of Raja Limited, if equity method is adopted for valuing the investment in associates.
- (A) ₹ 1,55,25,000
  - (B) ₹ 1,58,75,000
  - (C) ₹ 1,55,10,714
  - (D) ₹ 1,55,20,000
8. Determine the amount of gain /loss to be recorded by Raja Limited on disposal of its stake in Sharp Limited.
- (A) ₹ 20,00,000
  - (B) Nil
  - (C) ₹ 50,00,000
  - (D) ₹ 30,00,000



**Case Study – III :**

XYZ Ltd. is a manufacturing company engaged in the manufacturing of home and kitchen appliance products. Following information is available in respect of XYZ Ltd. for the year ended on 31<sup>st</sup> March, 2025 :

- (i) During the year 2024-25, XYZ Ltd. purchased a special type of packing material from an USA based company for \$ 14,00,000 on 1<sup>st</sup> December, 2024 when the exchange rate was \$ 1 = ₹ 75. The American company provided XYZ Ltd. with 5-month interest-free credit. At the reporting date i.e. 31<sup>st</sup> March, 2025, the exchange rate was \$ 1 = ₹ 77.5. As at 31<sup>st</sup> March, 2025, 60% of the raw material purchased was still in inventory of XYZ Ltd. The functional currency of XYZ Ltd. is Indian Rupee.
- (ii) In order to motivate and retain employees, XYZ Ltd. announced on 1<sup>st</sup> April, 2022, a scheme of granting 6 stock appreciation rights (SAR) to 400 employees who remain in the organization for the next 3 years. Other information available on the portal relating to this scheme is as under :

Year ended	Fair value of SAR (₹)	Employees expected to remain in the organization as at year end
31-03-2023	100	400
31-03-2024	110	390
31-03-2025	116	380

- (iii) The borrowings of XYZ Ltd. include 10% Optionally Convertible Debentures (OCD) issued on 1<sup>st</sup> October, 2024 for ₹ 50 lakhs. These debentures are convertible into equity shares of XYZ Ltd. at the option of the holder at the end of the tenure of 5 years in the ratio of 1 : 1 i.e., each OCD will be converted to one equity share. Interest is paid annually on 31<sup>st</sup> March. The market rate for these debentures without a conversion option is 14% per annum.
- (iv) The share capital of XYZ Ltd. includes 10,00,000 12% cumulative preference shares of ₹ 100 each. The Company has arrears of ₹ 2.40 crores of preference dividend as on 31<sup>st</sup> March, 2025; it includes current year arrear of ₹ 1.20 crores. The Company did not declare any dividend for equity shareholders as well as for preference shareholders for the year ended on 31<sup>st</sup> March, 2025.

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**(4 × 2 = 8)**

- (A) ₹ 6,03,897 (B) ₹ 3,01,949  
(C) ₹ 6,86,450 (D) ₹ 96,103

- (A) ₹ 2.40 crores  
(B) ₹ 1.20 crores  
(C) ₹ 3.60 crores  
(D) Nothing, as n

- (A) ₹ 35,00,000 exchange loss  
(B) ₹ 33,20,000 exchange loss  
(C) ₹ 17,40,000 exchange loss  
(D) Nil

- (A) ₹ 92,880 and ₹ 72,880 respectively  
(B) ₹ 2,64,480 and ₹ 1,71,600 respectively  
(C) ₹ 2,64,480 and ₹ 92,880 respectively  
(D) ₹ 92,880 and ₹ 2,64,480 respectively.

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13. Securities Limited is a financial institution that handles voluminous sensitive data of its clients, such as personal information and records of their financial transactions. At times it is also required by various regulatory bodies to share its clients' data with them. Traditionally it involves reviewing the transactions and extracting data from various sources which is time consuming. Securities Limited wants to ensure secure and transparent storage of its financial data, enhance data privacy and maintain the trust of its stakeholders.

Which technology would be most suitable for Securities Limited to achieve the above ?

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- (A) Artificial Intelligence
- (B) Blockchain
- (C) Cloud Computing
- (D) Robotic Process Automation

14. Bazar Ltd. enters into a contract for the sale of Product H for ₹ 2,000 per piece. As part of the contract, it gives the customer a 40% discount voucher for any future purchase upto ₹ 1,000 in the next 30 days. Bazar Ltd. intends to offer a 10% discount on all sales during the next 30 days as part of a seasonal promotion. The 10% discount cannot be used in addition to the 40% discount voucher. Bazar Ltd. believes there is 90% likelihood that a customer will redeem the voucher and, on an average, a customer will purchase ₹ 1,000 of additional products.

On the basis of above information, determine how many performance obligations does Bazar Ltd. have and the allocated transaction price ?

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- (A) 2 performance obligations, allocated price of product H is ₹ 1,762 and discount voucher is ₹ 238.
- (B) 1 performance obligation, allocated price of product H is ₹ 2,000.
- (C) 2 performance obligations, allocated price of product H is ₹ 1,850 and discount voucher is ₹ 150.
- (D) 2 performance obligations, allocated price of product H is ₹ 1,900 and discount voucher is ₹ 100.

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15. Win Limited is a first time adopter of Ind AS. The company has a financial asset classified as held-to-maturity (HTM) under previous GAAP. Under Ind AS 101, the company decides to classify the asset as a Financial Asset at Fair Value through Profit or Loss. Determine the impact of this decision on the first set of Ind AS financial statements of Win Limited.

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- (A) Win Limited must apply the fair value treatment retrospectively for all the periods, restating the financial asset in the comparative periods.
  - (B) Win Limited must recognize the financial asset at fair value at the transition date and the difference from the carrying amount under previous GAAP is adjusted through Retained Earnings.
  - (C) Win Limited must classify all similar financial assets as financial assets at Fair Value through Profit or Loss in future periods under Ind AS.
  - (D) Win Limited is required to recognize the financial asset at deemed cost in the first Ind AS financial statements.
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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 books 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 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 Limited and B Limited are engaged in the manufacture of pharmaceuticals. 14  
On 1<sup>st</sup> June, 2024, A Limited acquired 15% of equity shares of B Limited. On  
1<sup>st</sup> October, 2024, A Limited obtains control of B Limited when it acquires a  
further 55% of B Limited's shares, thereby resulting into a total holding of 70%.  
The fair value of the shares of B Limited was ₹ 40 per share as on that date.  
Prior to the acquisition of additional 55% stake by A Limited on 1<sup>st</sup> October,  
2024, the Balance Sheets of the two companies stood as under :

(₹/lakhs)		
Particulars	A Ltd.	B Ltd.
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	600	400
Investments	210	—
(6,00,000 Shares of B Ltd. acquired on 1 <sup>st</sup> June, 2024)		
<b>Current Assets</b>		
Inventories	500	150
Financial Assets		
Trade Receivables	450	300
Cash and cash equivalents	400	100
Other Current Assets	200	230
Non-current assets held for sale	—	250
<b>Total</b>	<b>2,360</b>	<b>1,430</b>

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<b>Equity and Liabilities</b>		
Equity		
Share Capital – Equity Shares of ₹ 100/- each	500	–
Share Capital – Equity Shares of ₹ 10/- each	–	400
Other Equity	810	225
<b>Non- Current Liabilities</b>		
Financial Liabilities		
Long Term Borrowings	250	200
Long Term Provisions	50	70
Deferred Tax Liability	40	–
<b>Current Liabilities</b>		
Financial Liabilities		
Short Term Borrowings	400	285
Trade Payables	310	250
<b>Total</b>	<b>2,360</b>	<b>1,430</b>

In consideration of the additional stake acquired by A Limited on 1<sup>st</sup> October, 2024, it agreed to pay to each selling shareholder of B Limited a sum of ₹ 15 per share in cash and issue 1 Equity Share of ₹ 100 each of A Limited in lieu of 8 Equity Shares of ₹ 10 each held by the selling shareholder in B Limited. The fair value of the shares of A Limited as on 1<sup>st</sup> October, 2024 is ₹ 160 per Share.

In addition to the above :

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- (a) A Limited agreed to pay an additional payment as consideration that is higher of ₹ 35 lakhs and 25% of any excess profit in the first year, after acquisition over its profits in the preceding one year made by B Limited. This additional amount would be due after 2 years. B Limited has earned ₹ 10 lakhs profit in the preceding year and expects to earn another ₹ 20 lakhs.
- (b) A Limited also agreed to pay one of the promoter shareholders of B Limited a payment of ₹ 15 lakhs provided he stays with the company for two years after acquisition.
- (c) A Limited had a certain equity settled share-based payment award (Original award) which was replaced by the new award issued by B Limited. As per the original terms, the vesting period was 4 years and as of the acquisition date, the employees of B Limited have already served 2 years of service. As per the replaced award, the vesting period is reduced to one year (one year from the acquisition date). The fair value of the award on the acquisition date was as under :
- (i) Original Award : ₹ 5 lakhs
  - (ii) Replacement Award : ₹ 8 lakhs
- (d) The fair value exercise resulted in the following :
- (i) The fair value of Property, Plant and Equipment and Inventory of B Limited as on 1<sup>st</sup> October, 2024 was ₹ 480 lakhs and ₹ 170 lakhs respectively.

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- (ii) The carrying value of Non-Current Asset held for sale of ₹ 250 lakhs of B Limited represents its fair value less cost to sell in accordance with the relevant Ind AS.
- (iii) B Limited has developed and patented a new drug for Parkinson disease which has been approved for clinical use. The cost of developing the drug was ₹ 140 lakhs. Based on early assessment of its sales success, the valuer has estimated its market value at ₹ 200 lakhs.
- (iv) B Limited had a law suit for infringement of Trade mark pending with a competitor who had made a claim of ₹ 50 lakhs. B Limited has disclosed the same as a Contingent Liability as it is not probable that the amount would be payable. Management reliably estimated the fair value of the liability to be ₹ 10 lakhs. Any sum which would be paid in respect of the law suit would be tax deductible.
- (e) The cost of capital of A Limited is 10%. The appropriate discount factor for ₹ 1 @ 10% payable at the end of 1<sup>st</sup> year is 0.91 and 2<sup>nd</sup> year is 0.83.
- (f) The applicable tax rate for both the entities is 30%.

Unless stated otherwise, all items have a fair value and tax base equal to their carrying amounts at the acquisition date. A Limited chooses to measure the Non-Controlling Interest in B Limited as per Proportionate Share of identifiable net assets method.

You are required to prepare the opening Consolidated Balance Sheet of A Limited as on 1<sup>st</sup> October, 2024 as per the applicable Ind AS. Working Notes should form part of your answer.



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2. (a) On 1<sup>st</sup> April, 2023, Mera Limited raised a term loan of ₹ 5,00,00,000 10 from Tera Finance Limited, a Non-Banking Finance Company on the following terms and conditions :

- Rate of Interest : 11% per annum payable annually on accrual basis.
- Repayment : The term loan would be repaid in five annual instalments of ₹ 1,00,00,000 each commencing from 31<sup>st</sup> March, 2024.

Mera Limited also incurred, upfront, a sum of ₹ 5,90,000 being loan processing charges.

The effective rate of interest on loan was 11.50% per annum.

Due to liquidity constraints, Mera Limited was unable to honour its obligation of repayment of the loan instalment which fell due on 31<sup>st</sup> March, 2025. Accordingly, it approached the lender on 31<sup>st</sup> March, 2025. Both the parties agreed to restructure the outstanding term loan on the following terms :

- Rate of Interest : The revised rate of interest on the outstanding loan would be 15% per annum payable annually on accrual basis.
- Repayment : The loan would be repaid in eight annual instalments of ₹ 50,00,000 each commencing from 31<sup>st</sup> March, 2026.

No further cost is incurred by Mera Limited towards restructuring of the loan.

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You are required to record the necessary journal entries in the books of Mera Limited from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2026 after giving effect to the changes in the terms of the loan.

The following present values of ₹ 1 are provided :

Interest Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
11%	0.901	0.812	0.731	0.659	0.593	0.535	0.482	0.434
11.5%	0.897	0.804	0.721	0.647	0.580	0.520	0.467	0.419
15%	0.870	0.756	0.658	0.572	0.497	0.432	0.376	0.327

- (b) Hero Ltd. reported a profit before tax of ₹ 8 lakhs for the third quarter ending 31<sup>st</sup> December 2024. On enquiry, you observe the following :

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- Dividend income of ₹ 8 lakhs received during the quarter has been recognized to the extent of ₹ 2 lakhs only.
- 60% of sales promotion expenses of ₹ 30 lakhs incurred in the third quarter has been deferred to the fourth quarter as the sales in fourth quarter are expected to be high.
- ₹ 4 lakhs extraordinary gain received in third quarter was allocated equally to the third and fourth quarter.
- Cumulative loss of ₹ 30 lakhs resulting from change in method of inventory valuation was recognized in the third quarter. Out of this loss, ₹ 10 lakhs relate to previous quarters.
- Sale of investment in the first quarter resulted in a gain of ₹ 40 lakhs. The company had apportioned this equally to the four quarters.

You are required to discuss the treatment of the above observations and ascertain the adjusted profit /loss before tax for the third quarter.

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3. (a) Tiny Ltd. deals in trading of cars across India. It became 100% subsidiary of Any Ltd. on 1<sup>st</sup> April, 2022 at a purchase consideration of ₹ 64 crores. At the time of acquisition, the fair value of the net identifiable assets of Tiny Ltd. was ₹ 51 crores and goodwill was ₹ 13 crores.

The useful life of Tiny Ltd.'s assets as on 1<sup>st</sup> April, 2022 was estimated to be 15 years with no residual value. Any Ltd. follows straight line depreciation method.

On 31<sup>st</sup> March 2024, the government issued new guidelines due to which Tiny Ltd. had to close few of its showrooms. As a result, Tiny Ltd.'s revenue was estimated to reduce by 30%. This adverse change in marketplace and regulatory conditions indicated impairment. As a result, Any Ltd. had to estimate the recoverable amount of goodwill and net assets of Tiny Ltd. on 31<sup>st</sup> March 2024. No independent cash inflows can be identified to any individual assets. So, the entire operation of Tiny Ltd. was treated as a CGU. Due to the regulatory entangle it was not possible to determine the selling price of Tiny Ltd. as a CGU. Its value in use was estimated by the management at ₹ 35 crores.

Recently, on 31<sup>st</sup> March, 2025, the government withdrew the guidelines issued on 31<sup>st</sup> March, 2024. The management expects a favourable change in net cash flows. The recoverable amount of Tiny Ltd.'s net asset is re-estimated. The value in use is expected to be ₹ 52 crores and fair value less cost to disposal is expected to be ₹ 48 crores.

You are required to :

- (i) Calculate the impairment loss, if any, as on 31<sup>st</sup> March 2024.

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- (ii) Also advise the accounting treatment for reversal of impairment loss and the subsequent depreciation thereon.

- (b) Following information is given to you in respect of A Ltd. and B Ltd. :

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Particulars	A Ltd.	B Ltd.
	Amount (₹)	Amount (₹)
Income/(loss) from continuing operations	5,04,000	(3,60,000)
Income/(loss) from discontinued operations	(8,40,000)	6,51,840
Net income/(loss)	(3,36,000)	2,91,840
Weighted average number of shares outstanding	1,60,000	1,92,000
Incremental common share outstanding relating to stock options	32,000	51,200

From the above information, you are required to calculate the following :

- (i) Basic and Diluted EPS of A Ltd. and  
(ii) Diluted EPS of B Ltd.

4. (a) Chimney Ltd. purchased a machinery on 1-4-2019 for ₹ 18,00,000. The machinery has no residual value. It was reflected in its books at ₹ 14,40,000 on 1-4-2021. The Company charges depreciation on straight line method.

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The Company had estimated an upward revaluation of 8% on 1-4-2021 to arrive at the fair value of the asset. Chimney Ltd. availed the option given by Ind AS of transferring some of the surplus, as the asset is used by the enterprise.

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On 1-4-2023, the machinery was revalued downward by 10% and the company also re-estimated the machinery's remaining life to be 8 years.

On 31-3-2025 the machinery was sold for ₹ 8,98,780.

You are required to prepare machinery account in the books of Chimney Ltd. over its useful life to record the above transactions.

- (b) National Ltd. granted 1,000 stock appreciation rights (SAR) each to its 160 employees on 1<sup>st</sup> April, 2021 with a fair value of ₹ 100 each. The terms of the award require the employees to provide service for four years to earn the award. The SARs are expected to be settled in cash and it is expected that 100% of the employees will exercise the options. The fair value of each SAR at each reporting date is as follows :

On 31 <sup>st</sup> March, 2022	₹ 120
On 31 <sup>st</sup> March, 2023	₹ 130
On 31 <sup>st</sup> March, 2024	₹ 135
On 31 <sup>st</sup> March, 2025	₹ 140

- (i) You are required to pass necessary journal entries across all the years for recognition of the expenses.
- (ii) Would your answer be different, if at the end of the second year of service i.e. at 31<sup>st</sup> March, 2023, National Ltd. modifies the terms of the award to require only three years of total service instead of four years to earn the award. The SARs are expected to be settled in cash and it is expected that 100% of the employees will exercise the options. Pass revised journal entries.

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(a) HaSo Ltd. deals in manufacture of computer hardware and development of software applications. Discuss the revenue recognition of HaSo Ltd. as per Ind AS 115 in the following cases : 5

(i) Mr. Grahak purchases a software application license from HaSo Ltd. for ₹ 2,00,000. Under the agreement, HaSo Ltd. will provide updates or upgrades on a when-and-if-available basis. Mr. Grahak can choose whether to install them or not. HaSo Ltd. will undertake no other activities that will change the functionality of the software application license.

(ii) HaSo Ltd. licenses the right to operate its exclusive store in Madurai to Franchisee Ltd. The store will bear HaSo Ltd. trade name and brand logo. Franchisee Ltd. will have the right to sell HaSo Ltd.'s products for next 5 years from the date of agreement. Franchisee Ltd. pays an all inclusive up-front fixed fee on signing of the agreement. The franchise agreement requires HaSo Ltd. to maintain the brand through product improvements, marketing campaigns etc.

(b) Tiger Gems Ltd. and Mammoth Minerals Ltd. are engaged in extraction of coal and minerals from coal-fields, which they own and operate independently of each other. 5

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(12)

**CHM2**

In May 2024, Tiger Gems Ltd. and Mammoth Minerals Ltd. jointly acquired an underground 'Luminuos' Coal mine in the ratio of 55:45. Both the companies agreed to share services and costs. Decisions relating to 'Luminuos' Coal mine requires unanimous agreement of both the parties. No separate entity is incorporated.

The extraction of coal and minerals from Coal mine is done through huge machines. These machines can extract only upto 95%. The remaining coal is irrecoverable and remains in the Coal mine until the mine is decommissioned. As per the laws in force, the Coal mine should be decommissioned at the end of its useful life.

- (i) Discuss whether the joint arrangement between Tiger Gems Ltd. and Mammoth Minerals Ltd. is a Joint Operation or Joint Venture.
- (ii) Discuss the accounting for the unextracted coal and mineral as per Ind AS 16 and Ind AS 37 with respect to aforesaid 'Luminuos' Coal mine.

(c)

**Either**

4

Assume operating cycle to be of twelve months. Classify the following deposits given by an entity in automobile industry during the year ended 31<sup>st</sup> March, 2025 either as current asset or non-current asset. Give reasons.

- (i) Electricity deposit paid to permanently enhance the power load of the factory.

**CHM2**

(13)

CHM2

(ii) Tender deposit. Tender is likely to be opened & awarded to the lowest bidder within next six months.

(iii) GST demand deposited with the department against which the entity has filed an appeal before the appellate authorities. Appeal is likely to be heard after 30<sup>th</sup> June, 2026.

(iv) Earnest money deposit on award of a long term job contract to be completed by 31<sup>st</sup> May, 2026. Earnest money is returnable only on completion of the job work.

OR

(c) Discuss the limitations of general purpose financial reporting.

4

6. (a) Discuss any five key impacts of Blockchain on Financial Reporting.

5

(b) In a manufacturing process of Milky Way Ltd., one by-product 'Universe' emerges besides two main products Galaxy 1 and Galaxy 2, apart from scrap. Details of cost of production process are hereunder :

5

Item	Unit	Amount (₹)	Output (Units)	Closing Stock as on 31 <sup>st</sup> March, 2025
Raw Material	14,500	1,50,000	Galaxy 1 : 5,000	Galaxy 1 : 100
Wages		90,000	Galaxy 2 : 4,000	Galaxy 2 : 250
Fixed Overhead		65,000	Universe : 2,000	
Variable Overhead		50,000		

CHM2

P.T.O.



(14)

CHM2

Average market price of Galaxy 1 and Galaxy 2 is ₹ 60 per unit and ₹ 50 per unit respectively, by-product is sold @ ₹ 20 per unit. There is a profit of ₹ 5,000 on sale of by-product after incurring separate processing charges of ₹ 8,000 and packing charges of ₹ 2,000. ₹ 5,000 was realized from sale of scrap.

Calculate the value of closing stock of Galaxy 1 and Galaxy 2 as on 31<sup>st</sup> March, 2025.

- (c) Investors Ltd. is in the process of acquisition of shares of Glue Ltd. as part of business reorganization plan. The projected free cash flows of Glue Ltd. for the next 5 years are as follows :

(₹ in lakhs)

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Cash flows	420	418	272	606	777
Terminal value					8,919

The weighted average cost of capital of Glue Ltd. is 12%. The total debt as on measurement date is ₹ 3,294 lakhs and the surplus cash and cash equivalents is ₹ 240 lakhs. The total number of shares of Glue Ltd. as on the measurement date is ₹ 20 lakhs.

(15)

**CHM2**

You are required to determine the value per share of Glue Ltd. as per Income Approach as enunciated in Ind AS 113, Fair Value Measurement.

Compute value per share upto 2 decimal points..

Present value factor of ₹ 1 at 12% is as under :

Year 1	Year 2	Year 3	Year 4	Year 5
0.8929	0.7972	0.7118	0.6355	0.5674