



FINAL EXAMINATION
MODEL QUESTION PAPER
PAPER – 18

SET - 1
TERM – JUNE 2026
SYLLABUS 2022

CORPORATE FINANCIAL REPORTING

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct alternative:

[15 × 2=30]

- (i) An entity has a machinery on 01.04.2024 with carrying amount of ₹ 28,00,000, after annual depreciation of ₹ 3,00,000 with remaining useful life of 9 years and residual value of ₹1,00,000. Depreciation is charged on straight line method. In 31.03.2025 the machine is revalued at ₹29,00,000. According to Ind AS-36 at end of the year 31st March, 2025, the revaluation profit or loss will be-
- A. ₹1,00,000 (Profit)
B. ₹ 2,00,000 (Loss)
C. ₹ 4,00,000(Profit)
D. ₹ 2,00,000 (Profit)
- (ii) ALAKANANDA Ltd. is engaged in manufacturing and selling of designer furniture. It sells goods on extended credit. ALAKANANDA Ltd. sold furniture for ₹ 80,00,000 to a customer on 01.04.2023, the payment against which was receivable after 12 months with interest at the rate of 3% per annum. The market interest rate on the date of transaction was 8% per annum. Calculate the amount of revenues to be recognized for the above transaction in 2023-24 financial year.
- A. Revenue from sale ₹ 80,00,000 and Interest income ₹ 2,40,000
B. Revenue from sale ₹ 80,00,000 and Interest income ₹ 6,40,000
C. Revenue from sale ₹ 76,29,630 and Interest income ₹ 6,10,370
D. None of the above
- (iii) ABC Ltd. reports quarterly and in the quarter ended 30.06.2023 it earned pre-tax profit of 3 crores but it expects to incur losses of ₹ 1 crore in each of three remaining quarter of the financial year. The tax rate on income is 30%. The management believes that since the company has zero income for the financial 2023-24, its income-tax expenses for the year will be zero. Calculate the amount of tax expenses to be reported in the first and fourth quarters.
- A. ₹ 90 lakhs and ₹ Nil
B. ₹ Nil and ₹ Nil
C. ₹ 90 lakhs and ₹ (30) lakhs
D. None of the above
- (iv) Share-based Payment is dealt with by _____.
- A. Ind AS 101
B. Ind AS 102
C. Ind AS 113
D. Ind AS 108
- (v) A firm values goodwill under 'Capitalisation of Profits' method Average profit of the firm for past 4 years has been determined at ₹1,00,000 (before tax). Capital employed in the business is ₹4,80,000 and its normal rate of return is 12%. Tax rate is 28% on average. Value of Goodwill based on capitalisation of average profit will be:



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- A. ₹1,20,000
B. ₹6,00,000
C. ₹5,00,000
D. ₹4,80,000
- (vi) From the following particulars you are required to determine value of goodwill of ABX Ltd. Super Profit (Computed): ₹ 4,50,000; Normal rate of return: 12%; Present value of annuity of ₹1 for 4 years @ 12%: 3.0374.
- A. ₹13,66,830
B. ₹12,00,000
C. ₹6,00,000
D. ₹8,30,000
- (vii) DAWN Ltd. has acquired 100% of the equity of NIGHT Ltd. on March 31, 2025. The purchase consideration comprises of an immediate payment of ₹20 lakhs and three further payments of ₹2 lakh each if the return on equity exceeds 16% in each of the subsequent three financial years. On the acquisition date, the aggregate value of NIGHT's identifiable assets is ₹22,00,000. Calculate purchase consideration and Goodwill/ gain on bargain purchase. Assume discount rate @ 10%.
- A. Purchase consideration ₹20,00,000 and gain on bargain purchase ₹2,00,000
B. Purchase consideration ₹26,00,000 and goodwill ₹ ₹4,00,000
C. Purchase consideration ₹24,97,360 and goodwill ₹4,97,360
D. Purchase consideration ₹24,97,360 and goodwill ₹2,97,360
- (viii) On March 31, 201X, A Ltd absorbed B Ltd. A Ltd. issued 60,000 equity shares (₹10 par value) that were trading at ₹25 on March 31. The book value of B's net assets was ₹12,00,000, Equity Share Capital ₹5,00,000 and Other Equity ₹7,00,000 on March 31. The fair value of net assets of B Ltd. was assessed at ₹13,00,000. What is the purchase consideration?
- A. ₹2,00,000
B. ₹15,00,000
C. ₹6,00,000
D. None of the above
- (ix) Business combinations involving entities or businesses under common control shall be accounted for using the _____ method.
- A. Purchase of Assets
B. Pooling of Interest
C. Amalgamation
D. Assets Acquisition
- (x) On April 1, 2022 GANGA Ltd. purchased a 30% interest in SAGAR Ltd. for ₹ 2,50,000. On that date SAGAR's shareholders' equity was ₹ 5,00,000. The carrying value of SAGAR's identifiable net assets was equal to book value. GANGA correctly reports this significant influence investment using equity method. Both companies have a March 31 year end. For the year ended 31.03.2023, SAGAR Ltd. reported net income of ₹ 1,50,000 and paid total dividends of ₹ 40,000. Calculate the amount that GANGA Ltd. would report as its investment in SAGAR Ltd. on March 31, 2023.



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- A. ₹2,50,000
B. ₹2,83,000
C. ₹ 2,95,000
D. ₹ 3,60,000
- (xi) Q Ltd. acquired a 75% interest in R Ltd. on January 1, 2025. Q Ltd. paid ₹1,200 Lakhs in cash for their interest in R Ltd. The fair value of R Ltd.'s assets is ₹ 2,400 Lakhs, and the fair value of its liabilities is ₹ 1,120 Lakhs. NCI valued at Proportionate Value and at Fair Value are:
- A. ₹400 lakhs and ₹ 320 lakhs
B. ₹ 300 lakhs and ₹427(approx.) lakhs.
C. ₹ 320 lakhs and ₹ 373(approx.) lakhs.
D. ₹ 320 lakhs and ₹400 lakhs.
- (xii) As per Ind AS 112 certain disclosures are required to be made about non-controlling interests. Some items of disclosures are given below:
- a) The name of the subsidiary.
b) Accumulated non-controlling interest at the beginning of the reporting period.
c) The proportion of ownership interests held by non-controlling interests.
d) Accumulated non-controlling interest at the end of the reporting period.
- Choose correct option:
- A. All the items are to be disclosed.
B. Items (a), (b) and (c) are to be disclosed.
C. Items (b), (c) and (d) are to be disclosed.
D. Items (a), (c) and (d) are to be disclosed.
- (xiii) The International Integrated Reporting Council (IIRC) issued the final Consultation Draft of The International Integrated Reporting Framework in April,2013. The same has been launched as a global framework in _____
- A. June, 2013
B. August,2013
C. October,2013
D. December,2013
- (xiv) Which of the following is measured using the formula, “NOPAT - (WACC × Invested Capital)”?
- A. Gross Value Added
B. Economic Value Added
C. Market Value Added
D. Marginal Value Added
- (xv) Which of the following is not an objective of Government Accounting?
- A. To provide reliable data regarding the operation of the public funds
B. To avoid excess expenditure beyond the budgetary approval
C. To prevent misappropriation of government properties
D. To facilitate tax collection by the concerned government department



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Section – B

Answer any five questions from the following. Each question carries 14 marks.

[5 × 14 = 70]

2. (a) PLUTO Ltd. availed a machine on lease from URANUS Ltd. The terms and conditions of the Lease are as under:
Lease period is 3 years, machine costing ₹8,00,000
Machine has expected useful life of 5 years.
Machine reverts back to URANUS Limited on termination of lease.
The unguaranteed residual value is estimated at ₹50,000 at the end of 3rd year.
3 equal annual instalments are made at the end of each year.
Implicit Interest Rate (IRR) = 10%
Present value of ₹1 due at the end of 3rd year at 10% rate of interest is 0.7513.
Present value of annuity of Re.1 due at the end of 3rd year at 10% IRR is 2.4868.
Ascertain whether it is a Finance Lease or Operating Lease and calculate annual lease payment as per relevant Ind AS. [7]
- (b) COMET Ltd. purchased an equipment for 10,200 CAD from Canada supplier on credit basis on 31st January, 2024. COMET Ltd.'s functional currency in INR. The fair value of the equipment determined on 31st March, 2024 is 12,100 CAD. The payment to overseas supplier done on 31st March 2025 and the fair value of the equipment remains unchanged for the year ended on 31st March, 2025.
The exchange rates are as follows:
• On the date of transaction – 1 CAD = INR 57.68
• On 31st March, 2024 – 1 CAD = INR 62.12
• On 31st March 2025 – 1 CAD = INR 69.24
Prepare the journal entries for the year ended on 31st March, 2024 and 31st March, 2025 according to Ind AS 21. Tax rate is 25%. COMET Ltd. follows revaluation model as per Ind AS 16 in respect of Property, Plant & Equipment. [7]
3. (a) NARMADA Ltd. is engaged in retail business of selling grocery items and started operation on 16.03.2025. Ordinarily 10% discount is allowed on sales. Customers are entitled to 50% discount vouchers for purchases above ₹5000 per bill to be availed in future purchases up to ₹2500 within 30 days of sales. Customers using the discount vouchers are not entitled to 10% ordinary discount. Following further information is provided for the financial year 2024-25.
- | | |
|---|-------------|
| • Sales gross (₹5,000 or less per bill) | ₹ 25,00,000 |
| • Sales gross (more than ₹5000 per bill) | ₹ 20,00,000 |
| • Probability of redemption of discount vouchers | 50% |
| • Estimated gross amount of sales against discount vouchers | ₹8,00,000 |
- Calculate the amount of sales revenue of 2024-25 assuming no discount voucher is redeemed up to 31.03.2025. [7]



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(b) Following is the Balance Sheet of R Ltd. as on 31st March, 2025:

Particulars	Amount (₹)
EQUITY AND LIABILITIES	
Equity: (a) Share Capital: 2,00,000 Equity Shares of ₹ 10 each	20,00,000
(b) Other Equity (Reserves)	15,00,000
Liabilities:	
Non-current Liabilities: 10% Debentures	15,00,000
Current Liabilities: Trade Payables	8,00,000
Total	58,00,000
ASSETS	
Non-current Assets:	
(a) Property, Plant and Equipment (PPE)	24,00,000
(b) Financial Assets: Investment in 10% Securities	4,80,000
Current Assets:	
(a) Inventories	10,00,000
(b) Trade Receivables	15,00,000
(c) Cash at Bank	4,20,000
Total	58,00,000

Additional information is given below:

- (i) Nominal value of investment is ₹5,00,000.
(ii) Following assets are revalued:

	(₹)
Property, Plant and Equipment (PPE)	36,00,000
Inventories	11,00,000
Trade Receivables	13,50,000

- (iii) Average profit before tax of the company is ₹12,00,000 and rate of taxation being 30%.
(iv) Goodwill may be valued at three year's purchase of average actual profits.

Calculate the value of each equity share under Intrinsic value method.

[7]

4. (a) GODAVARI Ltd. issued 6% convertible debentures amounting to ₹ 9 crore on 1st April, 2023 and repayable on 31st March, 2028 at par, the holder on maturity can elect to exchange their convertible debentures for ordinary shares in the company at a discount of 20% of prevailing market price on 31.03.2028. The prevailing market interest rate for 5 yearly convertible debentures which had no right of conversion was 8%. Using an annual discount rate of 8%, the present value of Re.1 payable in five years is 0.68 and the cumulative present value of Re.1 payable at the end of years one to five is 3.99.

Required: Calculate the value of the debt & equity components of the proceeds of the issue. Also calculate finance cost with respect to Convertible Debentures for the year ended 31.03.2024 and 31.03.2025. [7]



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(b) The summarized Balance Sheet of MEGHNA Ltd. as on 31st March, 2025 was as follows:

	Note No.	Amount (₹)	Amount (₹)
A. Asset			
1. Non-current assets			
(a) Property, Plant & Equipment			
(i) Tangible assets	5	5,50,000	
(ii) Intangible assets	6	<u>1,50,000</u>	7,00,000
2. Current Assets			
(a) Inventories			1,50,000
(b) Financial Assets			
(i) Trade Receivables		1,25,000	
(ii) Loans & Advances		<u>25,000</u>	<u>1,50,000</u>
Total			<u>10,00,000</u>
B. Equity and Liabilities			
1. Equity			
(a) Share Capital	1	7,50,000	
(b) Other Equity	2	<u>(10,00,000)</u>	(2,50,000)
2. Non-current Liabilities			
(a) Long Term borrowings	3		5,00,000
3. Current Liabilities			
(a) Short Term Borrowings	4	5,00,000	
(b) Trade Payables		<u>2,50,000</u>	<u>7,50,000</u>
Total			<u>10,00,000</u>

Notes to Accounts

		Amount (₹)	Amount (₹)
1	Share Capital		
	Authorized, issued & fully paid		
	5,000 equity shares of ₹100 each	5,00,000	
	2,500 8% preference shares of ₹100 each	<u>2,50,000</u>	7,50,000
2	Other Equity		
	Profit and Loss Account		(10,00,000)
3	Long Term borrowings		
	8% Debentures		5,00,000
4	Short Term Borrowings		
	Loan from Directors	3,00,000	
	Bank overdraft	<u>2,00,000</u>	5,00,000



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		Amount (₹)	Amount (₹)
5	Tangible Assets		
	Freehold property	4,00,000	
	Plant	<u>1,50,000</u>	5,50,000
6	Intangible Assets		
	Goodwill	1,00,000	
	Trademark	<u>50,000</u>	1,50,000

The following scheme of internal reconstruction was framed, approved by the Court, all the concerned parties and implemented:

- (i) The preference shares to be written down to ₹25 each and the equity shares to ₹20 each. Each class of shares is to be converted into shares of ₹100 each after reduction.
- (ii) The debenture holders to take over freehold property (book value ₹2,00,000) at a valuation of ₹2,50,000 in part repayment of their holdings. Remaining freehold property to be revalued at ₹6,00,000.
- (iii) Loan from directors to be waived off in full.
- (iv) Stock of ₹50,000 to be written off and ₹12,500 to be provided for bad debts.
- (v) Profit and Loss Account balance, Trademark, Goodwill and Loans & Advances are to be written off.

Prepare journal entries for all the above-mentioned transactions.

[7]

5. TISTA Ltd. manufactures and sells cars. The Company wants to foray into the two-wheeler business and therefore it acquires 30% interest in MAHANANDA Ltd. for ₹5,00,000 as at 1st February, 2025 and an additional 25% stake as at 31st March, 2025 for ₹5,00,000 at its fair value. The summarised Balance Sheets of two companies as at 31st March, 2025 are as under.

Particulars	TISTA Ltd.	MAHANANDA Ltd.
	(₹)	(₹)
Assets		
Non-current Assets		
Property, Plant & Equipment	13,50,000	3,50,000
Financial Assets:		
Investment in Mahananda Ltd.	10,00,000	Nil
Investment in Corporate Bonds	Nil	4,00,000
Current Assets		
Financial Assets		
Trade Receivables	80,000	50,000
Cash and Cash equivalents	<u>5,20,000</u>	<u>Nil</u>
Total	<u>29,50,000</u>	<u>8,00,000</u>



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Particulars	TISTA Ltd.	MAHANANDA Ltd.
	(₹)	(₹)
Equity and Liabilities		
Equity		
Equity Share Capital	5,00,000	1,00,000
Other Equity	15,00,000	5,50,000
Non-Current Liabilities		
Long-term Borrowings	4,00,000	Nil
Current Liabilities		
Financial Liabilities		
Trade Payables	<u>5,50,000</u>	<u>1,50,000</u>
Total	<u>29,50,000</u>	<u>8,00,000</u>

Additional Information:

- (i) MAHANANDA Ltd. sells the motorcycles under the brand name 'Moving Star' which has a fair value of ₹ 3,50,000 as at 31st March, 2025. This is a self-generated brand and therefore MAHANANDA Ltd. has not recognized the brand in its books of accounts.
- (ii) For the purpose of acquisition fair value of following assets of MAHANANDA Ltd. are estimated as under.
 - Property, Plant & Equipment – ₹ 7,50,000
 - Investment in Corporate Bonds – ₹ 5,00,000
- (iii) Book value of other asset and liabilities of MAHANANDA Ltd. represent their fair value.

Required:

In relation to the acquisition of MAHANANDA Ltd. Prepare the necessary journal entries in the books of TISTA Ltd. to give effect of business combination in accordance with Ind AS 103 as at acquisition date i.e. 31st March, 2025. NCI is measured by the entity at fair value. Provide working notes. Ignore deferred tax implication. [14]

6. The balance sheets of A Ltd. and B Ltd. as on 31.03.2025 were as follows:

Particulars	A Ltd.	B Ltd.
	Carrying Amount (₹ in thousand)	Carrying Amount (₹ in thousand)
Assets		
Non-current Assets		
PPE	11,100	4,500
Investment in B Ltd.	4,350	--
Current Assets		
Inventories	1,950	1,500
Trade Receivables (Sundry debtors)	3,000	1,500
Dividend Receivable	240	---
Total	<u>20,640</u>	<u>7,500</u>



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Particulars	A Ltd.	B Ltd.
	Carrying Amount (₹ in thousand)	Carrying Amount (₹ in thousand)
Equity and Liabilities		
Equity		
Share Capital (₹ 10)	7,500	3,000
Other Equity (Retained Earnings)	12,240	3,750
Non-current Liabilities	--	--
Current Liabilities		
Trade Payables (Sundry creditors)	900	450
Dividend Payable	---	300
Total	20,640	7,500

Additional Information:

- On 01.04.2024, B Ltd. had 300 lakh shares of ₹10 each and ₹2,250 lakh in its Retained Earnings in Other Equity. H Ltd. acquired 80% share of S Ltd. on 01.04.2024 at a consideration of ₹4,350 payable in cash.
- On the date of acquisition, there is no difference between fair values of identifiable assets and liabilities and their book values.
- A Ltd. decided to measure NCI at proportionate fair value of net identifiable assets.
- Dividend payable represents the dividend declared out of pre-acquisition profit. A Ltd. credited its share of dividend from B Ltd. to its profits.

Prepare the Consolidated Balance Sheet of the Group on 31.03.2025.

[14]

7. (a) X Ltd. has provided you the following data for the year ended 31-03-2025.

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity Capital	20,00,000	Fixed Assets	70,00,000
Reserve & Surplus	30,00,000	Current Assets, Loans & Advance	20,00,000
10% Debentures	40,00,000		
Total	90,00,000	Total	90,00,000

X Ltd. has provided the following additional information:

Particulars	Value
Earnings before Interest & Taxes (EBIT) (₹)	24,00,000
Income Tax Rate	30%
Educational Cess	4%
Risk free rate of return	10%
Long term market rate of return (based on NSE Sensex)	15%
The beta (β) factor applicable	1.40

Calculate the Economic Value Added (EVA).

[7]

- (b) Explain sustainability reporting? Briefly discuss the benefits of sustainability reporting.

[7]



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8. (a) Briefly explain the role of Comptroller and Auditor General of India. [5]
- (b) Explain IGAS 1 - Guarantees given by Governments: Disclosure requirements. [5]
- (c) P Ltd. acquired 35% of Q Ltd. in 2024-25 for ₹7,00,000. Fair value of shares of Q Ltd. (35%) being ₹8,40,000, ₹ 1,40,000 was reported under OCI. In April 2025, P Ltd. further acquired 40% stake in Q Ltd. for a consideration of Rs 12,00,000. P Ltd. identifies the assets of Q Ltd. as Rs 24,00,000 and value 35% shares (previously held) at Rs 9,00,000.
- (i) Calculate the amount to be transferred to profit and loss statement in 2024-25.
- (ii) Also calculate value of Goodwill/gain on purchase on acquisition of control. Measure NCI at proportionate fair value of net assets. [4]