



**FINAL EXAMINATION
PRACTICE TEST PAPER
PAPER – 18**

**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 option:

[15×2 = 30]

- i.** A Ltd. enters into a contract to (i) construct a machine for ₹8,00,000, and (ii) supply spare parts worth ₹1,60,000 in the next financial year, which will be stored in A Ltd.'s warehouse and delivered over the following three years. An additional ₹20,000 per year is charged for custodial services. When should A Ltd. recognize revenue as per the contract?
- Entire revenue of ₹9,80,000 should be recognized in the year of contract.
 - ₹8,00,000 and ₹1,60,000 should be recognized in the next year upon completion of construction, and ₹20,000 per year for the next 3 years for custodial services.
 - ₹8,00,000 should be recognized over 3 years, ₹1,60,000 when spare parts are delivered, and ₹20,000 per year over 3 years.
 - No revenue is recognized until all obligations—including delivery of spare parts over 3 years—are completed.
- ii.** A Ltd. enters into a contract on 01.08.2024 to provide daily sanitisation services to a hotel for 3 years at ₹12,000 per month. The customer receives and consumes the benefit each day. What amount of revenue should A Ltd. recognize in the financial year 2024–25?
- ₹36,000
 - ₹48,000
 - ₹96,000
 - ₹1,44,000
- iii.** A Ltd. Has a machine whose original cost was ₹45,000. The accumulated depreciation on the machine is ₹15,000. Similar machine has recently been sold in the same locality at ₹25,000 with selling expenses ₹2,000. Management determined the entity specific present value of future cash flows of the machine as ₹ 28,000. Find Recoverable amount.
- ₹23,000
 - ₹28,000
 - ₹25,000
 - None of these
- iv.** As per Ind AS 112: Disclosure of Interests in Other Entities, an entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in



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determining

- a. that it has control of another entity, i.e. an investee as described in paragraphs 5 and 6 of Ind AS 110, Consolidated Financial Statements
 - b. that it has joint control of an arrangement or significant influence over another entity
 - c. the type of joint arrangement (i.e. joint operation or joint venture) when the arrangement has been structured through a separate vehicle
 - d. All of the above
- v. The ways of determining the value of goodwill using the capitalisation approach
- a. Capitalisation of Average Profits
 - b. Capitalisation of Super Profits
 - c. Both a and b
 - d. Capitalisation of Average Future maintainable profit
- vi. C Ltd. acquires 60% of N Ltd. for ₹ 97,50,000. The fair value of its identifiable net assets is ₹1,50,00,000. The fair value of 40% of the equity shares owned by the non-controlling shareholders is ₹65,00,000. Carrying amount of N Ltd.'s net assets is ₹1,20,00,000. Calculate the value of goodwill when NCI is measured as proportionate share of identifiable net asset.
- a. ₹ 12,50,000
 - b. ₹ 30,00,000
 - c. ₹ 7,50,000
 - d. ₹ 32,50,000
- vii. ABX Ltd. wants to determine the value of its goodwill using the annuity method. The given details are: Super Profit: ₹4,50,000; Normal Rate of Return: 12%; Present Value of an annuity of ₹1 for 4 years @ 12%: 3.0374. What will be the value of goodwill?
- a. ₹12,75,000
 - b. ₹13,66,830
 - c. ₹14,20,000
 - d. ₹15,00,500
- viii. On 1 January 2025 A Ltd. Acquires 80 percent of the equity interests of B Ltd in exchange of cash of ₹ 600 lakhs. The identifiable assets are measured at ₹925 lakh and the liabilities assumed are measured at ₹150 lakh. The fair value of the 20 per cent non-controlling interest in P is ₹ 90 lakhs. The gain on bargain purchase will be:
- a. ₹90 lakhs
 - b. ₹85 lakhs
 - c. ₹105 lakhs
 - d. ₹75 lakhs



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- ix.** At what value is non-controlling interest recorded in the books of the Acquiree at the time of a business combination transaction under Ind AS 103?
- It is recognised at fair value only
 - It is recognised at proportionate fair value of identified net assets only
 - It is not recognised at all
 - It is recognised either at fair value or at proportionate fair value of identified net assets.
- x.** Surendra Ltd., a parent, sold goods costing ₹400 lakhs to its 80% subsidiary, Narendra Ltd., at ₹480 lakhs. 50% of these goods are lying in stock as of 31st March, 2025. Narendra Ltd. has measured this inventory at cost i.e., at ₹240 lakhs. The tax rate is 30%. The deferred tax to be shown in the consolidated financial statements is:
- ₹12 lakhs
 - ₹60 lakhs
 - ₹72 lakhs
 - ₹120 lakhs
- xi.** A Ltd acquires B Ltd by purchasing 70% of its equity for ₹ 17.5 lakh in cash. The fair value of non – controlling interest is determined as ₹12 lakh. The value of net identifiable assets and liabilities, as measured in accordance with Ind-AS 103 is determined as ₹ 8 Lakh. How much goodwill is recognized?
- ₹21.5 Lakh
 - ₹ 19.5 Lakh
 - ₹ 12.7 Lakh
 - None
- xii.** _____ requires that when consolidated financial statements are prepared the investor company shall also prepare individual/standalone financial statements, which are named as separate financial statements.
- Ind AS 28
 - Ind AS 27
 - Ind AS 110
 - Ind AS 112
- xiii.** The Quadruple Bottom Line concept requires an organisation to measure and report on which four dimensions?
- Social, Environmental, Economic/Financial, and Legal
 - Social, Ethical, Economic/Financial, and Spiritual
 - Social, Environmental, Economic/Financial, and Spiritual
 - Environmental, Ethical, Spiritual, and Cultural
- xiv.** International Integrated Reporting Council (IIRC) launched IR as a global framework in _____
- November 2013



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- b. December 2012
- c. November 2012
- d. December 2013

- xv. Which of the following is not a feature of Government Accounting?
- a. Non-fund based Accounting
 - b. Double Entry System
 - c. Adherence to Government Regulations
 - d. Transacting through Banks

SECTION – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks.)

[5x14=70]

2. (a) Mohan Ltd. purchased a machinery on 01.04.2021 costing 4,00,000. The useful life of the machine was 10 years and the company decided to charge depreciation under straight line method. Accordingly, on 01.04.2025, the carrying amount of the asset was determined as follows:

Particulars	₹
Gross carrying amount	4,00,000
Accumulated depreciation (as per straight line method)	1,60,000
Net carrying amount	2,40,000

On 01.04.2025, the company performed a revaluation of all of its plant and machinery. On that date, the fair value of the machine under consideration was 3,00,000. The total useful life, however, remained unchanged. Analyze how the company should account for revaluation and depreciation per annum subsequent to revaluation if the company decides that:

- (i) the gross carrying amount of the asset will be adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) the accumulated depreciation will be eliminated against the gross carrying amount of the asset.

Prepare journal entries to support the answer (narration not required).

[7]

- (b) A machine was acquired by S Ltd. 15 years ago at a cost of 20 crores. Its accumulated depreciation as at 31st March, 2024 was 16.60 crores. Depreciation estimated for the financial year 2024-25 is ₹1 crores. Estimated Net Selling Price of the machine as on 31st March, 2024 was 1.20 crores, which is expected to decline by 20 per cent by the end of the next financial year.

Its value in use has been computed at 1.40 crores as on 1st April, 2024, which is expected to decrease by 30 per cent by the end of the financial year. Assume that other conditions of relevant Accounting Standard for applicability of the impairment are satisfied and no impairment test was carried on till 31.03.2024.

- (i) Calculate the carrying amount of this machine as at 31st March, 2025?
- (ii) Examine, how much will be the amount of write off (impairment loss) for the financial year ended 31st March, 2025?



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(iii) If the value in use was zero and the company was required to incur a cost of 8 lakhs to dispose of the plant, Calculate the carrying amount of the machine and impairment loss as at 31.03.2025. [7]

3. (a) An enterprise operates through eight segments, namely, A, B, C, D, E, F, G and H. The relevant information about these segments is given in the following table. (Amounts in ₹'000)

Particulars	A	B	C	D	E	F	G	H	Total (Segment)
1. Segment Revenue									
(a) External Sales	-	663	37	25	13	125	50	87	1000
Inter Segment Sales	250	150	75	13	-	-	12	-	500
2. Segment Results Profit/ (Loss)	15	(270)	45	(15)	24	(15)	15	21	
3. Segment Assets	15	5	5	60	3	5	5	2	100

Examine the reportable segments as per Ind AS 108.

[7]

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

(₹ in Lakh)

Liabilities	(₹)	Assets	(₹)
1,00,000 Equity Shares of ₹10 each	10,00,000	Preliminary expenses	5,00,000
10,000 12% Preference Shares of ₹100 each	10,00,000	Goodwill	15,00,000
General Reserve	6,00,000	Buildings Plant	10,00,000
Profit and Loss Account	4,00,000	Investment in 10% Stock	4,80,000
15% Debentures	10,00,000	Stock	6,00,000
Creditors	8,00,000	Stock-in - trade	4,00,000
		Debtors	2,20,000
		Cash	1,00,000
	48,00,000		48,00,000

Additional information is given below:

- (i) Nominal value of investment is ₹5,00,000 and its market value is ₹5,20,000.
(ii)

Following assets are revalued:	(₹)
Building	32,00,000
Plant	18,00,000
Stock-in-trade	4,50,000
Debtors	3,60,000



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- (iii) Average profit before tax of the company is ₹12,00,000 and 12.50% of the profit is transferred to general reserve, rate of taxation being 50%.
- (iv) Normal dividend expected on equity shares is 8% while fair return on closing capital employed is 10%.
- (v) Goodwill may be valued at three year's purchase of super profits.

Calculate the value of each equity share under fair value method. [7]

4. (a) While closing its books of accounts on 31st March, 2025, a Non-Banking Financial Company (NBFC) has its advances classified as follows:

Particulars	Amount (₹ in Lakh)
Standard Assets	16,800
Sub-Standard Assets	1,780
Secured Portions of Doubtful Debts:	
-Up to one year	350
- One year to three years	140
-more than three years	30
Unsecured Portion of Doubtful Debts	175
Loss Assets	51

Calculate the amount of provision which must be made against the advances. [7]

- (b) The summarized balance sheet of NR Ltd. as on 31st March, 2025 was as follows:

Balance Sheet of NR Ltd. as on 31st March, 2025:

Particulars	Amount (₹)
ASSETS:	
Land and Building	15,36,000
Plant and Machinery	14,40,000
Goodwill	8,96,000
Inventories	2,56,000
Trade Receivables	5,12,000
Cash at Bank	38,400
Total	46,78,400
EQUITY AND LIABILITIES	
3,84,000 Equity Shares of ₹ 5 each	19,20,000
1,28,000, 6% Preference Shares of ₹ 10 each	12,80,000
General Reserve	6,400
P/L Balance i.e., Retained Earnings (Debit)	(5,76,000)
5% Debentures	7,68,000
Trade Payables	12,80,000
Total	46,78,400

On revaluation of the assets, on 31st March, 2025, it was found that Goodwill was worthless and that



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other assets were overvalued to the following extent:

Land and Building was overvalued by ₹2,56,000 and Plant and Machinery was overvalued by ₹3,52,000. A provision for doubtful debts to the extent of ₹32,000 was considered necessary.

The following scheme of reorganization was sanctioned by the Court:

- i. The trade payables to accept 6% debentures to the extent of 50% of their claims, the balance to be paid in cash six months after the date of implementation of this scheme.
- ii. The paid-up value of preference shares to be reduced to ₹5 each.
- iii. The paid-up value of equity shares to be reduced to ₹1 each.
- iv. The Assets to be reduced to revalued figure and the debit balance of statement of Profit and Loss account to be wiped out.

Show journal entries (without narration) to give effect to the above scheme and also prepare the Revised Balance Sheet of NR Ltd. [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 the 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	--
Investment in Corporate Bonds	---	4,00,000
Current Assets		
Financial Assets		
Trade Receivables	80,000	50,000
Cash and Cash equivalents	5,20,000	-----
Total Assets	29,50,000	8,00,000
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	-----
Current Liabilities		
Financial Liabilities		
Trade Payables	5,50,000	1,50,000
Total Equity and Liabilities	29,50,000	8,00,000



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Additional Information:

- (a) 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. As this is a self-generated brand, therefore MAHANANDA Ltd. has not recognized the brand in its books of accounts.
- (b) For the purpose of acquisition, fair values of following assets of MAHANANDA Ltd. are estimated as under:
- Property, Plant & Equipment - ₹ 7,50,000
 - Investment in Corporate Bonds - ₹ 5,00,000
- (c) Book value of other asset and liabilities of MAHANANDA Ltd. represents their fair value.

Prepare necessary journal entries to give effect of business combination in accordance with Ind AS 103 as at the acquisition date i.e. 31st March, 2025. Also prepare the Balance Sheet after the business combination. NCI is measured by the entity at fair value. Justify it by working notes, ignore deferred tax implication. [14]

6. Prepare Consolidated Balance Sheet (CBS) of a group of P Ltd., Q Ltd. and R Ltd. for which the abstracts of Balance sheets on 31.03.2025 are given below:

Particulars	P	Q	R
PPE	400	500	320
Investment in Q (80%)	480		
Investment in R (75%)		300	
Current Assets:			
Inventory	250	80	60
Trade Receivables	280	120	200
Bills Receivables	70		50
Cash and Bank	180	50	60
Total Assets	1660	1050	690
Equity and Liabilities:			
Equity Share Cap (₹10)	600	500	300
Other Equity	460	160	120
Current Liabilities:			
Trade Payables	500	250	200
Dividend Payable		50	
Bills Payables	100	90	70
Total	1660	1050	690

Control was acquired on 01.10.2024 when fair value of PPE was in excess of carrying amount by Q: 50 and R:30. On 01.04.2024 the balances of Other Equity were Q : 100 and R : 50 NCI is measured at fair value.



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Inventory of Q included 16 purchased from R at cost plus 33.33%.

Bills Receivables of R includes 30 from P and Bills Receivables of R includes 40 from Q. [14]

7. (a) Maahi Ltd. has the following financial data for the year ending 31st March, 2025:

(i) Sales Revenue	₹ 1,000 Lakh
(ii) Purchase of Raw Materials	₹ 530 Lakh
(iii) Total Stock of Raw Materials, WIP and Finished Goods:	

Opening Stock	₹ 60 Lakh
Closing Stock	₹ 90 Lakh

(iv) Printing and Stationery	₹ 35 Lakh
(v) Auditor's Fees	₹ 5 Lakh
(vi) Rent, Rates and other Expenses	₹ 10 Lakh
(vii) Wages & Salaries	₹ 100 Lakh
(viii) Depreciation	₹ 30 Lakh
(ix) Interest	₹ 20 Lakh
(x) Taxes	₹ 25 Lakh
(xi) Dividend	₹ 110 Lakh
(xii) Retained Earnings for the year	₹ 165 Lakh

Prepare a Value Added Statement for Maahi. Ltd. for the year ended 31st March, 2025. [7]

(b) Describe the Integrated Reporting? Briefly discuss the objectives of integrated reporting. [7]

8. (a) Discuss the functions of CAG with regard to grants or loans given to other authorities or bodies. [5]

(b) Describe the responsibilities of Government Accounting Standards Advisory Board (GASAB). Discuss the Indian Government Accounting Standards (IGAS) notified by the Ministry of Finance, GOI. [5]

(c) A Ltd. acquired 35% of B Ltd. in 2024-25 for ₹3,50,000. Fair value of shares of B Ltd. (35%) being ₹4,20,000, ₹70,000 was reported under OCI. In April 2025, A Ltd. further acquired 40% stake in B Ltd. for a consideration of ₹6,00,000. A Ltd. identifies the assets of B Ltd. as ₹12,00,000 and values 35% shares (previously held) at ₹ 4,50,000.

(i) Calculate the amount to be transferred to Profit and Loss Statement in 2024-25.

(ii) Also calculate value of Goodwill/Gain on bargain purchase on acquisition of control. [4]