

# CA INTER ADVANCED ACCOUNTING

(Paper 1)

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## IMPORTANT CHAPTER ANALYSIS

For May 2026 Examination

Based on Analysis of:

- January 2025
  - May 2025
  - September 2025
  - January 2026
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Watch Detailed Video Analysis

<https://youtu.be/wmfgBJrOp2M>

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# 1. CHAPTER-WISE MARKS DISTRIBUTION

The table below shows marks allocated to each chapter in descriptive questions (Part II) across the last four attempts.

Chapter	Jan 25	May 25	Sep 25	Jan 26	Total	Avg
Ch 1: Introduction to Accounting Standards	–	4	–	–	4	1.0
Ch 2: Framework for Preparation of FS	–	–	4	–	4	1.0
Ch 3: Applicability of Accounting Standards	–	–	–	–	0	0.0
Ch 4: Presentation & Disclosure AS (AS 1, 3, 17, 18, 20, 24, 25)	12	14	7	5	38	9.5
Ch 5: Asset-based AS (AS 2, 10, 13, 16, 19, 26, 28)	5	18	12	12	47	11.8
Ch 6: Liability-based AS (AS 15, AS 29)	4	–	–	4	8	2.0
Ch 7: Items Impacting FS (AS 4, 5, 11, 22)	–	–	9	–	9	2.2
Ch 8: Revenue-based AS (AS 7, AS 9)	–	–	4	–	4	1.0
Ch 9: Other AS (AS 12, AS 14)	–	–	–	–	0	0.0
Ch 10: Consolidation AS (AS 21, AS 23, AS 27)	14	14	14	14	56	14.0
Ch 11: Financial Statements of Companies	4	18	14	4	40	10.0
Ch 12: Buyback of Securities	4	–	–	7	11	2.8
Ch 13: Amalgamation of Companies	14	14	14	14	56	14.0
Ch 14: Internal Reconstruction	14	–	4	14	32	8.0
Ch 15: Branch Accounting	6	6	6	6	24	6.0

## Key Observations:

- **Ch 10 (Consolidation – AS 21) and Ch 13 (Amalgamation)** – Both scored 14 marks in ALL four attempts! These are the most predictable and highest-weight chapters. **MUST PREPARE!**
- **Ch 5 (Asset-based AS)** – Consistently high (5–18 marks). AS 13 (Investments) and AS 28 (Impairment) are favorites.
- **Ch 11 (Financial Statements)** – Schedule III Balance Sheet appeared in 3 of 4 attempts (4–18 marks). Dividend from reserves tested twice.
- **Ch 14 (Internal Reconstruction)** – Appeared in 3 of 4 attempts. Was 14 marks in both Jan 2025 and Jan 2026.
- **Ch 4 (AS 3, AS 20, AS 25)** – Cash Flow Statement is the most frequently tested AS across all papers.
- **Ch 3 (Applicability) & Ch 9 (AS 12, AS 14)** – NEVER asked in descriptive section. Low priority but may surprise in May 2026.
- **Ch 7 (AS 22 Deferred Tax, AS 5 Prior Period)** – Only tested in Sep 2025. Due for rotation.

*Note: Marks shown are for descriptive questions only (Part II). MCQ marks (30) are additional.*

## 2. DETAILED TOPIC ANALYSIS WITH QUESTION NUMBERS

Use Question No. to directly refer to that question in the respective exam paper.

### Chapter 1: Introduction to Accounting Standards

Exam	Q. No.	Marks	Topics Asked
May 2025	Q.6(a) Either	4	Definition, objectives & advantages of Accounting Standards

### Chapter 2: Framework for Preparation of Financial Statements

Exam	Q. No.	Marks	Topics Asked
Sep 2025	Q.6(a) Or	4	Key elements of financial statements – Assets, Liabilities, Equity, Income, Expenses

### Chapter 3: Applicability of Accounting Standards

Exam	Q. No.	Marks	Topics Asked
–	–	0	NOT ASKED in any attempt

### Chapter 4: Presentation & Disclosure AS (AS 1, 3, 17, 18, 20, 24, 25)

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.1(a)	5	AS 20 – Basic & Diluted EPS (bonus issue, stock options, convertible debentures)
Jan 2025	Q.3(b)	7	AS 3 – Cash Flow from Operating & Financing Activities (BGH Ltd)
May 2025	Q.3(a)	7	AS 3 – Cash Flow Statement (indirect method, furniture purchase working)
May 2025	Q.3(b)	7	AS 25 – Interim Financial Reporting (Q3 profit correction, 6 adjustments)
Sep 2025	Q.3(a)	7	AS 3 – Cash Flow from Operating Activities (Magenta Ltd, 3 assumptions)
Jan 2026	Q.1(c)	5	AS 20 – Basic EPS with rights issue (theoretical ex-rights price, adjustment factor)

### Chapter 5: Asset-based AS (AS 2, 10, 13, 16, 19, 26, 28)

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.1(b)	5	AS 19 – Finance lease classification, MLP, unguaranteed residual value, IRR
May 2025	Q.1(a)	7	AS 10 – Cost of land acquisition, relocation costs (not capitalisable)
May 2025	Q.1(b)	7	AS 13 – Investment account (avg cost), bonus, rights, sale of shares
May 2025	Q.6(a) Or	4	AS 28 – Impairment loss on revalued machine, revaluation reserve set-off
Sep 2025	Q.1(b)	5	AS 2 – Valuation of closing stock (FG at NRV, RM at replacement cost)
Sep 2025	Q.3(b)	7	AS 28 – Impairment of CGU (Venus Ltd), VIU calculation, goodwill allocation
Jan 2026	Q.1(a)	5	AS 16 – Borrowing costs capitalisation (specific & non-specific borrowings)
Jan 2026	Q.3(b)	7	AS 13 – Investment account (avg cost), bonus 2:7, rights 3:8, sale of 40%
Jan 2026	Q.6(a) Or	4	AS 19 – Finance lease recognition, MLP schedule, guaranteed residual value

### Chapter 6: Liability-based AS (AS 15, AS 29)

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.1(c)	4	AS 15 – Defined benefit vs defined contribution plan, asset ceiling
Jan 2025	Q.3(a)	7	AS 29 – After-sales warranty provision calculation (2 balance sheet dates)
Jan 2026	Q.1(b)	4	AS 15 – Expected vs actual return on plan assets, defined benefit plan

### Chapter 7: Items Impacting FS (AS 4, 5, 11, 22)

Exam	Q. No.	Marks	Topics Asked
Sep 2025	Q.1(a)	5	AS 22 – Deferred tax computation for 4 years (timing differences, DTL/DTA)
Sep 2025	Q.6(a) Either	4	AS 5 – Prior period items (maternity leave salary, court reinstatement)

### Chapter 8: Revenue-based AS (AS 7, AS 9)

Exam	Q. No.	Marks	Topics Asked
Sep 2025	Q.1(c)	4	AS 9 – Revenue recognition (trade discount, dividend, approval sale, consignment)

### Chapter 9: Other AS (AS 12, AS 14)

Exam	Q. No.	Marks	Topics Asked
–	–	0	NOT ASKED in any attempt

### Chapter 10: Consolidation AS (AS 21, AS 23, AS 27)

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.5	14	AS 21 – Consolidated BS (Super Ltd & Clear Ltd, inter-company profit, MI)
Jan 2025	Q.6(a)	4	AS 18 – Related party identification (holdings & significant influence)
May 2025	Q.5(a)	10	AS 21 – Consolidated P&L; (Birds Ltd & Rooster Ltd, inter-company eliminations)
May 2025	Q.5(b)	4	AS 21 – Cost of control / Goodwill vs Capital Reserve (two scenarios)
Sep 2025	Q.5	14	AS 21 – Consolidated BS (Seva Ltd & Meva Ltd, bonus issue, unrealised profit)
Jan 2026	Q.5	14	AS 21 – Consolidated BS (MN Ltd & RP Ltd, pre-acq dividend, debenture elimination)

### Chapter 11: Financial Statements of Companies

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.6(a) Or	4	Going concern / Liquidation basis P&L; (Sky & Associates shutdown)
May 2025	Q.2	14	Schedule III Balance Sheet (share forfeiture, current/non-current, contingent liability)
May 2025	Q.6(b)	4	Dividend from reserves – Companies Act Rules 2014 (3 conditions test)
Sep 2025	Q.2	14	Schedule III Balance Sheet (Chia Ltd – revaluation, calls in arrears, contingent liab)
Jan 2026	Q.6(b)	4	Dividend from reserves – Companies Act Rules 2014 (3 conditions test)

### Chapter 12: Buyback of Securities

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.6(b)	4	Buyback journal entries (Z Ltd, CRR, securities premium utilisation)
Jan 2026	Q.3(a)	7	Buyback – 3 statutory tests + journal entries (30L shares at 25% premium)

### Chapter 13: Amalgamation of Companies

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.4	14	Absorption – Realisation A/c, Equity Shareholders A/c, Opening BS of Rainbow Ltd
May 2025	Q.4	14	Absorption – Pickles Ltd by Foods Ltd (PC calculation, liquidation entries)
Sep 2025	Q.4	14	Absorption – Blue Ltd absorbs Yellow Ltd (goodwill, debenture swap, inter-co elim)
Jan 2026	Q.4	14	Absorption – G Ltd by B Ltd (asset revaluation, interest equivalence, full BS)

### Chapter 14: Internal Reconstruction

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.2	14	Capital reconstruction of Sustain Ltd (call up, share reduction, Mr X settlement)
Sep 2025	Q.6(b)	4	Reconstruction scheme – Megha Ltd (debenture settlement, journal entries)
Jan 2026	Q.2	14	Full reconstruction scheme (share subdivision, surrender, fresh issue)

### Chapter 15: Branch Accounting

Exam	Q. No.	Marks	Topics Asked
Jan 2025	Q.6(c)	6	Independent branch – Journal entries for 6 HO-Branch adjustments
May 2025	Q.6(c)	6	Separate Trading & P&L; (HO wholesale + branch retail, stock reserve)
Sep 2025	Q.6(c)	6	Debtor's method – Shanti Ltd (2 branches, invoice price, loading 1/5)
Jan 2026	Q.6(c)	6	Stock & Debtors system (goods at cost+25%, Branch Adjustment A/c)

### 3. CHAPTER IMPORTANCE RANKING FOR MAY 2026

Rank	Chapter	Total	Avg	Priority
1	Ch 10: Consolidation AS (AS 21, AS 23, AS 27)	56	14.0	CRITICAL
2	Ch 13: Amalgamation of Companies	56	14.0	CRITICAL
3	Ch 5: Asset-based AS (AS 2, 10, 13, 16, 19, 26, 28)	47	11.8	CRITICAL
4	Ch 11: Financial Statements of Companies	40	10.0	HIGH
5	Ch 4: Presentation & Disclosure AS (AS 1, 3, 17, 18, 20, 24, 25)	38	9.5	HIGH
6	Ch 14: Internal Reconstruction	32	8.0	HIGH
7	Ch 15: Branch Accounting	24	6.0	MEDIUM
8	Ch 12: Buyback of Securities	11	2.8	MEDIUM
9	Ch 7: Items Impacting FS (AS 4, 5, 11, 22)	9	2.2	MEDIUM
10	Ch 6: Liability-based AS (AS 15, AS 29)	8	2.0	LOW
11	Ch 1: Introduction to Accounting Standards	4	1.0	LOW
12	Ch 2: Framework for Preparation of FS	4	1.0	LOW
13	Ch 8: Revenue-based AS (AS 7, AS 9)	4	1.0	LOW
14	Ch 3: Applicability of Accounting Standards	0	0.0	LOW
15	Ch 9: Other AS (AS 12, AS 14)	0	0.0	LOW

## 4. TOPIC ROTATION PATTERN ANALYSIS

### Topics NOT asked in descriptive section (or asked only once) – HIGH CHANCE for May 2026:

- AS 7 – Construction Contracts (appeared only in MCQ in Jan 2026; **never** in descriptive)
- AS 11 – Effects of Changes in Foreign Exchange Rates (appeared only in MCQ; never descriptive)
- AS 12 – Accounting for Government Grants (NEVER asked in any attempt)
- AS 14 – Accounting for Amalgamations (the AS itself; note: Ch 13 Amalgamation problems are asked, but AS 14 *theory* is not)
- AS 23 – Accounting for Investments in Associates in CFS (appeared only in MCQ; never descriptive standalone)
- AS 27 – Financial Reporting of Interests in Joint Ventures (NEVER asked)
- AS 4 – Contingencies and Events Occurring After the Balance Sheet Date (NEVER asked descriptive)
- AS 17 – Segment Reporting (NEVER asked in any attempt)
- AS 1 – Disclosure of Accounting Policies (NEVER asked descriptive)
- AS 26 – Intangible Assets (NEVER asked in any attempt)
- AS 10 – PPE (asked only once in May 2025; due for repeat)
- AS 24 – Discontinuing Operations (asked only as Either/Or in Jan 2026; low frequency)
- Ch 3 – Applicability of Accounting Standards (NEVER asked descriptive)
- Consolidated P&L Statement (tested only once in May 2025; due for repeat)

### Topics REPEATEDLY asked – Basics you MUST know:

- **AS 21 – Consolidated Financial Statements:** Asked in ALL 4 attempts (14 marks each). Pre-acquisition reserves, minority interest, inter-company eliminations, unrealised profit, bonus issue adjustments.
- **Ch 13 – Amalgamation (Absorption):** Asked in ALL 4 attempts (14 marks each). Purchase consideration, Realisation A/c, goodwill/capital reserve, debenture swap, inter-company elimination.
- **AS 3 – Cash Flow Statements:** Asked in 3 of 4 attempts. Indirect method, working capital adjustments, tax paid computation.
- **AS 13 – Accounting for Investments:** Asked in May 2025 and Jan 2026 (7 marks each). Average cost method, bonus shares, rights issue, sale of shares.
- **Ch 11 – Schedule III Balance Sheet:** Asked in May 2025, Sep 2025, and partly in Jan 2026. Classification of items, revaluation, contingent liabilities.
- **Ch 14 – Internal Reconstruction:** Asked 3 times (Jan 25, Sep 25, Jan 26). Capital reduction account, journal entries.
- **Ch 15 – Branch Accounting:** Asked in ALL 4 attempts (6 marks each). Different methods each time (independent, debtors, stock & debtors, separate T&P;).
- **Dividend from Reserves:** Tested in both May 2025 and Jan 2026 (Companies Act Rules 2014, 3 conditions).

## 5. MAY 2026 PREDICTIONS & STRATEGY

### Expected Marks Distribution:

Chapter	Expected	Strategy Note
Ch 10 (Consolidation – AS 21)	14	CRITICAL – Consolidated BS almost certain. Practice pre-acq, MI, inter-co eliminations
Ch 13 (Amalgamation)	14	CRITICAL – Absorption problem guaranteed. Master Realisation A/c & goodwill
Ch 5 (Asset-based AS)	7–12	HIGH – AS 13 Investments or AS 28 Impairment likely. AS 16/AS 19 possible
Ch 11 (Financial Statements)	4–14	HIGH – Schedule III BS or Dividend from Reserves expected
Ch 4 (AS 3, AS 20, AS 25)	5–7	HIGH – Cash Flow or EPS computation expected
Ch 14 (Internal Reconstruction)	4–14	MEDIUM-HIGH – May rotate out after 3 straight attempts, but risky to skip
Ch 15 (Branch Accounting)	6	MEDIUM – Foreign branch or departmental accounting possible
Ch 7 (AS 22, AS 5, AS 11)	4–5	MEDIUM – AS 22 Deferred Tax or AS 11 Forex likely (rotation pattern)
Ch 12 (Buyback)	4–7	MEDIUM – Due for rotation; last asked Jan 2026
Ch 6 (AS 15, AS 29)	4	MEDIUM – AS 29 Provisions or AS 15 Defined Benefit expected
Ch 8 (AS 7, AS 9)	4	MEDIUM – AS 7 Construction Contracts overdue for descriptive question
Ch 9 (AS 12, AS 14)	0–4	LOW – Never asked, but AS 12 Govt Grants could surprise
Ch 1/2/3 (Intro/Framework)	0–4	LOW – Small weightage, theory-based if asked

### Most Likely Topics for May 2026:

- AS 21 Consolidated Balance Sheet** – 100% expected. Practice with bonus shares, inter-company transactions, debenture holdings.
- Amalgamation (Absorption)** – 100% expected. Focus on goodwill computation, debenture swap, asset revaluation.
- AS 7 Construction Contracts** – NEVER asked in descriptive; overdue. Percentage of completion, expected loss provision.
- AS 22 Deferred Tax / AS 11 Forex** – Only tested once (Sep 2025). Timing differences, DTL/DTA computation likely.
- AS 13 Investments (Average Cost Method)** – High repetition. Bonus, rights, sale computations.
- Schedule III Balance Sheet** – High frequency topic. Revaluation, contingent liabilities, current vs non-current classification.
- AS 3 Cash Flow Statement** – Appeared 3 times. Indirect method with tax computation is hot.
- Internal Reconstruction / Buyback** – At least one likely. Capital reduction scheme or buyback with statutory tests.
- Branch Accounting** – Foreign branch (AS 11 integration) or departmental accounts may appear.
- AS 12 Government Grants / AS 26 Intangible Assets** – Wild card topics never tested; could surprise for 4–5 marks.

## 6. LAST-MINUTE PREPARATION TIPS

### Priority Order for Revision:

- **Week 1:** Ch 10 (AS 21 Consolidation), Ch 13 (Amalgamation), Ch 5 (Asset AS) – These 3 = **35–42 marks**
- **Week 2:** Ch 11 (FS of Companies), Ch 4 (AS 3/AS 20), Ch 14 (Internal Reconstruction) – Add **20–28 marks**
- **Week 3:** Ch 15 (Branch), Ch 7 (AS 22/AS 5), Ch 12 (Buyback), Ch 6 (AS 15/AS 29) – Add **12–18 marks**
- **Final Days:** Ch 1/2/3 (Theory), Ch 8 (AS 7/AS 9), Ch 9 (AS 12/AS 14) – Quick revision, **4–8 marks**

### Golden Rules:

- ✓ NEVER skip Ch 10 (Consolidation) and Ch 13 (Amalgamation) – Combined **28 marks guaranteed**
- ✓ Know ALL Accounting Standards by number and their basic purpose – MCQs test this
- ✓ Schedule III – Memorize the format for both Balance Sheet and Statement of Profit & Loss
- ✓ Practice FULL problems, not just theory – Exam is 90% practical computation
- ✓ Branch Accounting – Master at least 2 methods (Stock & Debtors, Independent Branch)
- ✓ AS 3 Cash Flow – Practice indirect method with at least 5 different adjustments
- ✓ Read ICAI Study Material illustrations – Questions are directly picked from SM examples
- ✓ Attempt ALL questions – No negative marking in descriptive; partial marks available

### Common Mistakes to Avoid:

- ✗ Don't just memorize journal entries – Understand *why* each entry is made (examiner tests application)
- ✗ Don't ignore small AS like AS 5, AS 12, AS 24 – They give easy 4–5 marks when asked
- ✗ Don't skip Consolidated P&L – Most students only practice Consolidated BS; P&L was asked in May 2025
- ✗ Don't mix up AS 14 (Amalgamation standard) with Ch 13 (Amalgamation problems) – Know both
- ✗ Don't leave any question unattempted – Write something relevant even if unsure
- ✗ Don't forget to show working notes – Examiners award marks for workings, not just final answers

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**ALL THE BEST FOR MAY 2026!**