

**CA INTERMEDIATE - ADVANCE ACCOUNT**  
**PAST YEAR MCQ COMPILER (SEP 24 - MAY 25)**

**SEP 24 EXAM**

**1. Case Scenario (AS 2, AS 10, AS 16, AS 13)**

Mr. Vikram took a loan of ₹ 6,00,000 carrying interest @ 10% p.a. on 1st August, 2023 to purchase raw material. He purchased 4000 units of raw material @ 125 per unit. Replacement cost of raw material as on 31 March, 2024 is 100 per unit. Labour charges and variable overheads incurred are ₹ 1,00,000 to produce 1000 units of finished goods.

1000 units of Finished goods are produced with raw material (for every unit of finished goods produced, 2 units of raw material are required). Net realizable value of finished good is ₹ 300 per unit. All the finished goods produced are lying in stock as on 31 March, 2024.

There is no opening stock of raw material and finished goods.

Mr. Vikram used 1500 units of raw material to construct an Asset (Qualifying Asset). Labour and other overhead charges incurred on construction of asset are ₹ 90,000. Mr. Vikram also paid ₹ 15,000 to install the asset at Factory premises. Mr. Vikram used Balance of loan proceeds of ₹ 1,00,000 to invest in Equity Shares of P. Ltd. He purchased 9,000 Equity shares (Face Value ₹ 10 each) for ₹ 1,00,000 on 25th March, 2024.

The P. Ltd declared and paid dividend @ 20% on 30th March for the year 2023-24.

Based on the information given in above Case Scenario, answer the following Question No. 1-4:

1. What would be the value of closing stock of Raw Material X and Finished Goods as on 31st March 2024?  
(A) Closing Stock of Raw Material X ₹ 50,000 and closing stock of Finished Goods ₹ 3,50,000  
(B) Closing Stock of Raw Material X ₹ 50,000 and closing stock of Finished Goods ₹ 3,00,000  
(C) Closing Stock of Raw Material X ₹ 62,500 and closing stock of Finished Goods ₹ 3,50,000  
(D) Closing Stock of Raw Material X ₹ 62,500 and closing stock of Finished Goods ₹ 3,00,000
  
2. Cost of Self Constructed Asset as per AS 10 will be?  
(A) ₹ 2,92,500  
(B) ₹ 2,77,500  
(C) ₹ 3,05,000  
(D) ₹ 2,90,000
  
3. As per AS 16 what will be the amount of interest to be capitalized and amount of interest to be charged to Profit & Loss A/c?  
(A) ₹ 12,500 interest to be capitalised and Profit & Loss A/c. ₹ 27,500 interest to be charge to Profit & Loss A/c.

(B) ₹ 12,500 interest to be capitalised and ₹ 20,833 interest to be charged to Profit & Loss A/c.

(C) ₹ 19,167 interest to be capitalised and ₹ 20,833 interest to be charged to Profit & Loss A/c.

(D) Whole of ₹ 40,000 interest to be charged to Profit & Loss A/c.

4. What is the carrying amount of investment as on 31st March, 2024 as per AS 13 and suggest the treatment of dividend received from P. Ltd.?

(A) Carrying amount of Investment as on 31st March, 2024 is ₹ 72,000 and the dividend is deducted from the nominal value of investment.

(B) Carrying amount of Investment as on 31st March, 2024 is ₹ 90,000 and the dividend is credited to Profit & Loss A/c.

(C) Carrying amount of Investment as on 31st March, 2024 is ₹ 1,00,000 and the dividend is credited to Profit & Loss A/c.

(D) Carrying amount of Investment as on 31st March, 2024 is 82,000 and the dividend is deducted from the cost of investment.

## 2. Case Scenario (AS 9, AS 29, AS 4)

Kay Ltd. sold goods of ₹ 22,00,000 to Mr. Ravi Kumar on 1st February, 2024 but at the request of the buyer, these goods were delivered on 10th April 2024.

Kay Ltd. also sold ₹ 2,00,000 goods on approval basis on 1st January, 2024 to Sheetal Enterprises. The period of approvals 3 months after which they were considered sold. Buyer sent disapproval for 25% of goods and approval for 50% of goods till 31 March, 2024.

Mr. Ravi Kumar has commenced legal action against Kay Ltd. for supply of faulty goods to claim damages. The lawyers of Kay Ltd. have advised that it is not remote yet that resources may be required to settle the claim. Legal cost to be incurred irrespective of the outcome of the case is ₹ 45,000. Settlement amount if the claim is required to be paid ₹ 5,00,000,

Sheetal Enterprises, a trade receivable of Kay Ltd. suffered a heavy loss due to an earthquake that occurred on 30th March, 2024. The loss was not covered by any insurance policy. In April, 2024, Sheetal Enterprises became bankrupt. The Balance due from Sheetal Enterprises as on 31 March, 2024 is ₹ 75,000.

Kay Ltd. makes provision for doubtful debts @ 5%.

Based on the information given in above Case Scenario, answer the following Question No. 1-3

1. What is the amount to be recognized as Revenue as per AS 9 in the books of Kay Ltd. as on 31 March, 2024?

(A) ₹ 23,50,000

(B) ₹ 1,50,000

(C) ₹ 23,00,000

(D) ₹ 1,00,000

2. What will be the treatment of legal cost and claim for legal action commenced by Mr. Ravi Kumar in the Books of Kay Ltd. as on 31 March, 2024 as per AS 29?

(A) Create a Provision for ₹ 5,45,000

(B) Create a Provision for ₹ 5,00,000

(C) Create a Provision for ₹ 45,000 and make a disclosure of contingent liability of ₹ 5,00,000.

(D) Make a disclosure of contingent liability of ₹ 5,45,000

3. What is the treatment of insolvency of Sheetal Enterprises in the Books of Kay Ltd. as on 31st March, 2024 as per AS 4?

(A) An Adjusting Event, full provision of ₹ 75,000 should be made in the Final Accounts for the year ended 31 March, 2024.

(B) An Adjusting Event, provision of ₹ 3,750 should be made in the Final Accounts for the year ended 31 March, 2024.

(C) A Non-adjusting event, no provision is required to be made as Sheetal Enterprises became bankrupt in April, 2024.

(D) A Non-adjusting event, only disclosure is required in the Final Accounts for the year ended 31st March, 2024.

### 3. Standalone Question (AS 18)

P Ltd. has 60% voting right in Q Ltd. Q Ltd. has 20% voting right in R Ltd. Also, P Ltd. directly enjoys voting right of 14% in R Ltd. R Ltd. is a Listed Company and regularly supplies goods to P Ltd. The Management of R Ltd. has not disclosed its relationship with P Ltd. While preparing Financial Statements of P Ltd., which entities would you disclose as related parties with reference to AS-18?

(A) Q Ltd.

(B) R Ltd.

(C) Q Ltd. and R Ltd.

(D) Neither of Q Ltd. or R Ltd.

### 4. Standalone Question (AS 19)

A Machinery was given on 3 years lease by a dealer of the machinery for equal annual lease rentals to yield 20% profit margin on cost of the machinery, which is Rs.3,00,000. Economic life of the machinery is 5 years, and estimated output from the machinery in 5 years is as follows:

Year I	50,000 units
Year II	60,000 units
Year III	40,000 units
Year IV	65,000 units
Year V	85,000 units.

Compute Annual Lease Rent.

(A) ₹ 30,000

(B) ₹ 60,000

(C) ₹ 50,000

(D) ₹ 36,000

### 5. Standalone Question (AS 20)

A Ltd. had 1,50,000 shares of common stock outstanding on 1 April, 2023. Additional 50,000 shares were issued on 1 November, 2023 and 32,000 shares were bought back on 1 February, 2024. Calculate the weighted average number of shares outstanding at the year ended on 31 March, 2024 is:

(A) 1,34,500 shares

(B) 1,65,500 shares

(C) 1,76,167 shares

(D) 1,23,833 shares

### 6. Standalone Question (Schedule III)

(A) Deferred Tax Assets

(B) Current Asset

(C) Non-Current Asset

(D) Long term Investments

### 7. Case Scenario (Cash Flow & Internal Reconstruction)

Jay Ltd. submits the following data extracted from the Final Accounts as on 31 March, 2023:

Equity Share Capital Equity shares of ₹ 10 each	50,000
Profit & Loss (Dr. balance)	(50,000)
9% Debentures	2,00,000
Loan from Bank	3,00,000
Advance given to suppliers of goods	45,000
Provision for tax	14,000
Plant & Machinery	4,50,000
Furniture & Fixtures	85,000
Investment in Star Ltd. 10,000 equity shares of 10 each	1,25,000
Sundry Debtors	70,000
Cash & Bank Balance	65,500

Additional information given by Jay Ltd.:

On 31 March, 2023 Jay Ltd. decided to reconstruct the company for which necessary resolution was passed. Accordingly, it was decided that:

- 9% Debentures to be settled in full by issuing them 15,000 Equity shares of 10 each.
- Equity shareholders will give up 40% of their capital in exchange for allotment of new 11% Debentures of ₹ 1,00,000.
- Balance of Profit & Loss to be written off.

d. Equity shares issued for ₹ 1,00,000.

In addition to above, following information was also presented by Jay Ltd. on 1st April, 2023:

- a. Interest is received on advances given to suppliers of goods ₹ 3,000.
- b. Taxation liability is settled at ₹ 14,000.
- c. A debtor of ₹ 40,000 is insolvent, only 40% of his dues are recovered from his estate.
- d. Dividend is received on Investment in Star Ltd. ₹ 1 per equity share invested.
- e. Part of Plant and Machinery is sold at a loss of ₹ 3,000 (book value ₹ 15,000)

Based on the information given in above Case Scenario, answer the following Question No. 1-4:

1. The amount of Cash Flow from operating activity is:

- (A) ₹ 2,000
- (B) ₹ 5,000**
- (C) ₹ 12,000
- (D) ₹ 15,000

2. The amount of Cash Flow from investing Activity is

- (A) ₹ 28,000
- (B) ₹ 25,000
- (C) ₹ 15,000
- (D) ₹ 22,000**

3. What is the amount of closing Cash and Cash equivalents as on 1 April, 2023?

- (A) ₹ 1,92,500**
- (B) ₹ 92,500
- (C) ₹ 1,27,000
- (D) ₹ 1,98,500

4. The Balance of Equity Share Capital after internal reconstruction is :

- (A) ₹ 6,50,000
- (B) ₹ 4,50,000
- (C) ₹ 5,50,000**
- (D) ₹ 7,50,000

1. Case Scenario (AS 12, AS 10, AS 28)

On 1st April, 2019, Black Limited received a government grant of ₹ 15,00,000 for acquisition of a Machine costing ₹ 50,00,000. The grant was credited to the cost of the Machine. The life of the Machine is expected to be 10 years and estimated residual value at the end of 10 years is ₹ 5,00,000. The company charges depreciation on straight line basis.

Due to non-fulfillment of certain conditions the company had to refund the entire grant on 1st April, 2021.

On 31st March, 2023, Black Limited received certain indications of impairment of the Machine and the recoverable amount was ascertained to be ₹ 28,00,000 with revised useful life of 4 years and nil residual value.

On 1st April, 2024, the company exchanged the Machine by paying cash of ₹ 2,00,000 and new Machine valued at ₹ 18,00,000.

Based on the information given in above Case Scenario, answer the following Question No. 1-4:

1. What will be the carrying amount of the Machine as on 31st March, 2021 after charging depreciation for the year?  
(A) ₹ 28,00,000  
(B) ₹ 26,00,000  
(C) ₹ 41,00,000  
(D) ₹ 29,00,000
2. What will be the amount of depreciation to be charged on the Machine for the year ended 31st March, 2022?  
(A) ₹ 4,87,500  
(B) ₹ 6,37,500  
(C) ₹ 4,50,000  
(D) ₹ 5,37,500
3. What will be the impact of test of impairment on Profit & Loss Account of the company?  
(A) Impairment loss of ₹ 4,00,000 to be debited to Profit & Loss A/c.  
(B) Impairment loss of ₹ 4,25,000 to be debited to Profit & Loss A/c.  
(C) Impairment loss of ₹ 6,25,000 to be debited to Profit & Loss A/c.  
(D) Impairment loss of ₹ 15,25,000 to be debited to Profit & Loss A/c.
4. What will be the amount of Profit or Loss on exchange of Machine as on 1st April, 2024?  
(A) Loss of ₹ 8,00,000  
(B) Loss of ₹ 1,00,000  
(C) Profit of ₹ 1,00,000  
(D) Loss of ₹ 3,00,000

**NO CORRECT OPTION**

## 2. Case Scenario (AS 22)

The following particulars are stated in the Balance Sheet of Star Limited as on 31st March, 2023:

Deferred Tax Assets (Dr.)	₹ 1,20,000
Deferred Tax Liabilities (Cr.)	₹ 2,10,000

The following transactions were reported during the year 2023-24:

• Depreciation as per accounting records	₹ 12,00,000
• Depreciation as per income tax records	₹ 18,00,000
• Interest paid accounted in books on accrual basis but paid on 15-05-2024	₹ 4,50,000
• Employer PF Contribution exp. disallowed for tax purpose in year 2022-23 but allowed in year 2023-24	₹ 82,000
• Unamortized preliminary expenses as per tax records	₹ 1,00,000
• Donation	₹ 70,000
• Tax Rate	20%

Based on the information given in above Case Scenario, answer the following Question No. 1-4

1. What would be the value of the Deferred Tax Assets as on 31-03-2024?  
(A) ₹ 1,52,000  
(B) ₹ 3,30,000  
**(C) ₹ 1,23,600**  
(D) ₹ 4,50,000
2. What would be the value of the Deferred Tax Liabilities as on 31-03-2024?  
(A) ₹ 1,23,600  
**(B) ₹ 3,30,000**  
(C) ₹ 1,52,000  
(D) ₹ 1,20,000
3. What would be the value of reversal of Deferred Tax Assets as on 31-03-2024?  
(A) ₹ 20,000  
(B) ₹ 1,04,000  
**(C) ₹ 16,400**  
(D) ₹ 90,000
4. Which is the permanent difference item as per AS 22?  
(A) Employer PF Contribution exp.  
**(B) Donation**  
(C) Unamortized preliminary expenses  
(D) Depreciation

## 3. Standalone Question (AS 7)

AB Contractors undertakes a fixed price contract of ` 350 Lakhs. Information related to contract is given as under:

Material purchased	₹ 125 lakhs
Labour charges	₹ 95 lakhs
Unused material	₹ 22 lakhs
Estimated future costs to be incurred to complete the contract	₹ 115 Lakhs.
Payment received as part payment of contract	₹ 50 Lakhs

Machinery used for 4 years for the contract. Original cost of the machine is ₹ 210 Lakhs. Expected life of machinery is 20 years.

What will be the Profit/Loss on the contract?

- (A) Loss on contract ₹ 5 lakhs.
- (B) Loss on contract ₹ 49 Lakhs.
- (C) Profit on contract ₹ 45 Lakhs.
- (D) Profit on contract ₹ 26.5 Lakhs

#### 4. Standalone Question (AS 16)

Ace Limited borrowed ₹ 25 Lakhs from ABN Bank during the financial year 2023-24. Ace Limited used these funds to invest in Equity shares of Kay Limited.

Kay Limited is implementing a new Project, so with these future prospects, Ace Limited invested ₹ 25 Lakhs in Kay Limited.

As on 31st March, 2024, since the said project was not complete, the directors of Ace Limited capitalised the interest on loan amounting to ₹ 2 lakhs and thus added the amount of interest to the cost of Investments.

Market value of these investments on 31st March, 2024 is ₹ 24 Lakhs.

Identify the correct statement, considering the above facts as per AS 16:

- (A) Interest paid is acquisition charge, hence directors of Ace Limited correctly added the amount of interest in cost of investment.
- (B) Since project is qualifying Asset, directors of Ace Limited correctly added the amount of interest in cost of investments.
- (C) Ace Limited invested in equity share which is not a qualifying asset, therefore directors are wrong to add the interest in cost of investments, rather it should be charged to profit and loss account.
- (D) Since project is qualifying asset, directors of Ace Limited should capitalise the interest amount to market value of investments, rather than cost of investments.

#### 5. Case Scenario (Cash Flow Statement)

The following summary cash account has been extracted from the Next space Limited's accounting records:

		₹
Cash Balance as on 01-04-2023	15,56,000	72,000
Cash Sales	7,40,000	
Trade Receivable	64,000	
Income tax refund	25,000	
Loan from Bank	5,00,000	
Issue of Shares	2,50,000	
Sale of Investment	49,500	31,84,500
<b>Outflow of Cash</b>		
Trade Payable	19,60,000	
Office and Selling Exp	1,20,000	
Trade Commission	40,500	
Underwriting Commission	25,000	
Redemption of Preference shares	8,00,000	
Brokerage on Sale of Investment	9,200	
Interest on long term borrowings	85,600	
Payment for Overheads	46,000	
Purchases of Goodwill	50,000	(31,36,300)
Balance as on 31-03-24		1,20,200

Based on the information given in above Case Scenario, answer the following Question No. 1-4

- What would be the value of Cash Flow from Operating Activities?
  - ₹ 1,29,500
  - ₹ 1,54,500
  - ₹ 1,45,300
  - ₹ 4,04,000
- What would be the value of Cash Flow from Investing Activities?
  - ₹ 54,300
  - ₹ 1,04,300
  - ₹ 29,300
  - ₹ (500)
- What would be the value of Cash Flow from Financing Activities?
  - ₹ (50,000)
  - ₹ (1,35,600)
  - ₹ 54,300
  - ₹ (1,60,600)
- Which of the following would be considered as a 'Cash Flow item from an Investing Activities?
  - Underwriting Commission
  - Trade Commission
  - Purchase of Goodwill
  - Interest on Long Term Borrowings

#### 6. Standalone Question (Schedule III)

Glow Limited had taken a loan of ₹ 5,00,000 in June, 2023. The loan is to be repaid in 10 half yearly equal installments starting from December, 2023. Determine how the remaining loan will be classified in the Balance Sheet as on 31st March, 2024 as per Schedule III of the Companies Act, 2013?

(A) ₹ 3,50,000 is to be shown under the head 'Long term borrowings and ₹ 1,00,000 is to be shown under the head 'Short term borrowings"

(B) ₹ 3,50,000 is to be shown under the head 'Long term borrowings and ₹ 75,000 is to be shown under the head "Short term borrowings" and ₹ 25,000 is to be shown under the head 'Other Current liabilities."

(C) ₹ 4,50,000 is to be shown under the head 'Long term borrowings"

(D) ₹ 3,50,000 is to be shown under the head 'Long term borrowings' and ₹ 1,00,000 is to be shown under the head 'Other Current liabilities."

### May 25 EXAM

#### 1. Case Scenario (AS 7)

Gray Ltd is engaged in the business of constructing towers since 15 years. Alpha Ltd gave a contract to Gray Ltd for construction of 2 towers.

Contract price for 2 towers is agreed at ₹ 160 crore. (each tower has contract price of 80 crore)

At the time of contract, Gray Ltd has estimated that the contract cost will be ₹ 141 crore. It is assumed that construction will be completed in 3 years.

At the end of year 1, Gray Ltd has revised the construction cost to ₹ 150 crore.

At the beginning of year 2, the customer has requested for a variation in the contract. Customer now wants construction of 3 towers instead of 2 towers. The term of the contract will not change; construction of all the towers will be completed simultaneously.

As a result of this variation, contract price will increase by ₹ 80 crore and contract costs will increase by ₹ 7.5 crore.

Gray Ltd has decided to measure the stage of completion on the basis of the proportion of contract costs incurred to the total estimated contract costs.

Contract costs incurred at the end of each year is:

Year 1: ₹ 35.25 crore

Year 2: ₹ 148.5 crore (including unused material of ₹ 2.25 crore)

Year 3: Total Revised contract costs

Based on the information given in above Case Scenario, answer the following Question 1 - 3:

1. What is the stage of completion of contract on the basis of proportion of contract costs incurred to the total estimated contract costs at the end of year 1 and Year 2 respectively?  
(A) Year 1: 23.5% and Year 2: 66%  
(B) Year 1: 23.5% and Year 2: 65%  
(C) Year 1: 25% and Year 2: 66%  
(D) Year 1: 25% and Year 2: 65%
2. What is the amount of the profit to be recognized at the end of Year 1?  
(A) ₹ 2.35 crore  
(B) ₹ 44.75 crore  
(C) ₹ 4.75 crore  
(D) ₹ 21 crore
3. What is the amount of contract revenue recognized in each year of contract?  
(A) Year 1: ₹ 80 crore, Year 2: ₹ 80 crore and Year 3: ₹ 80 crore  
(B) Year 1: ₹ 40 crore, Year 2: ₹ 116 crore and Year 3: ₹ 84 crore  
(C) Year 1: ₹ 37.60 crore, Year 2: ₹ 118.40 crore and Year 3: ₹ 84 crore  
(D) Year 1: ₹ 37.60 crore, Year 2: ₹ 120.80 crore and Year 3: ₹ 81.60 crore

## 2. Standalone Question (AS 10)

X Ltd. has entered into a binding agreement with Beta Ltd. to buy a custom-made machine for ₹ 2 lakhs. During the year 2024-25 X Ltd has to change its method of production due to changes in market trend. Before the delivery of the machine, X Ltd had already changed its method of production and the new method will not require the machine ordered. Now the company decides to scrap it after delivery. The expected scrap value is ₹ 25,000. Machine was received on 10th October, 2024 and was scrapped on 15th October, 2024. The correct accounting treatment for above machine in the year 2024-25 is:

- (A) Machine A/c to be debited with ₹ 2 lakhs and Bank A/c to be credited with ₹ 2 lakhs.
- (B) Impairment A/c to be debited with ₹ 1.75 lakhs and Bank A/c to be credited with ₹ 1.75 lakhs.
- (C) Profit and Loss A/c to be debited with ₹ 2 lakhs and Bank A/c to be credited with ₹ 2 lakhs.
- (D) Profit and Loss A/c to be debited with ₹ 1.75 lakhs and Bank A/c to be credited with ₹ 1.75 lakhs.

## 3. Standalone Question (AS 26)

ABC Ltd., is in the business of creating contents for various OTT platforms. The company has developed a technical know-how (the asset) by incurring expenditure of ₹ 25 lakhs. The company started using the asset from 1st April 2019. The management of the company is of the view that the asset has infinite lifetime and therefore has not amortized the asset till date.

What should be the total amortization amount (including current as well as the previous years amortization) to be charged to Profit and loss account for the year ended March 31st 2024, with reference to AS 26?

(A) Nil, as per the management the know how has infinite life and the management is correct.

(B) ₹ 25 lakhs as the know how is an intangible asset as per AS 26.

(C) ₹ 12.5 lakhs (including current year's amortization of ₹ 2.5 lakhs) to be charged to Profit and Loss Account.

(D) ₹ 15 lakhs (including current year's amortization of ₹ 2.5 lakhs) to be charged to Profit and Loss Account.

#### 4. Case Scenario (AS 9, AS 13, AS 11, AS 29)

Health India Limited (HIL), incorporated under the The Companies Act, 2013, is engaged in the production and distribution of medicines. It has manufacturing plants at Baddi (Himachal Pradesh) and Bhopal (Madhya Pradesh). It also imports medicines from Pharma Inc., New York (United States).

On 1st Jan 2024, HIL sold 2,00,000 strips of Medicine to Dee Limited for ₹ 50 Lakhs on 60 days of credit. Cost per strip of this medicine was ₹ 20 (i.e., total cost ₹ 40 Lakhs (2,00,000 strips @ ₹ 20). Dee Ltd paid 20% of the amount due on 5th January, 2024. In March 2024, Dee Limited is having significant cash flow issues and is trying to raise funds through bank loan to run its operations. However, it is unable to do so and not able to release payment to HIL on due date. Subsequent to this, it has gone under liquidation on 15th March, 2024. At the time when medicine was sold by HIL to Dee Limited, there was no reason for HIL to believe that it will not be able to collect the sales proceeds from Dee Limited in future.

On 1st April, 2023 HIL has made an investment of ₹ 200 Lakhs in the equity shares of Rose Limited of which 50% is made in the long-term category i.e. long-term investment and rest as temporary investment i.e. current investment. The realisable value of all such investments on 31st March, 2024 becomes ₹ 50 Lakhs as Rose Limited lost a copyright. From the given market conditions, it is apparent that the reduction in the value of investment is not temporary in nature.

HIL imported medicine from Pharma Inc. for a sum of US \$ 2,50,000 on 1st January, 2024. HIL released full payment on 17th April, 2024 to Medicine Ltd. The exchange rates are as follows:

	Exchange Rate per \$
1st April, 2023	₹ 76
1st January, 2024	₹ 81
31st March, 2024	₹ 80
17th April, 2024	₹ 79

HIL is working on a strategic plan to close the production unit of Bhopal due to change in technology. The board of directors approved the closure of Bhopal Plant on 1st March, 2024. The company did a formal announcement regarding closure to the affected parties on 10th March, 2024. The company entered into a binding-sale agreement on 21st April, 2024.

Reporting date of the company is 31st March, 2024.

Based on the information given in the above Case Scenario, answer the following Question No. 1 - 4:

1. How the recognition of revenue from sales of medicine to Dee Limited will be done by HIL under AS 9 and what would be the treatment of unrealised amount for the year ended 31st March, 2024?

(A) Revenue will be recognised for ₹ 50 Lakhs, subsequently unrealised amount ₹ 50 lakhs will be debited to bad debts A/c.

(B) Revenue will be recognised for ₹ 40 Lakhs, subsequently unrealised amount ₹ 40 lakhs will be debited to bad debts A/c.

(C) Revenue will be recognised for ₹ 50 Lakhs, subsequently unrealised amount ₹ 40 lakhs will be debited to bad debts A/c.

(D) Revenue will be recognised for ₹ 40 Lakhs, unrealised amount of ₹ 40 lakhs will be shown in Sundry Debtors list.

2. How will you recognise the reduction in the value of the investments in the financial statements for the year ended 31st March 2024 as per AS 13 (Revised)?

(A) The reduction of ₹ 50 Lakhs in the carrying value of current investment will be charged to the profit and loss account. There will be no impact on the value of long-term investments.

(B) The reduction of ₹ 75 Lakhs in the carrying value of current investment will be charged to the profit and loss account. There will be no impact on the value of long-term investments.

(C) The reduction of ₹ 75 Lakhs in the carrying value of current investment will be charged to the profit and loss account. The reduction of ₹ 75 Lakhs in the carrying value of long-term investment will also be charged to the profit and loss account.

(D) The reduction of ₹ 75 Lakhs in the carrying value of current investment will be charged to the profit and loss account. The reduction of ₹ 75 Lakhs in the carrying value of long-term investment will also be charged to capital reserve account.

3. Ascertain the loss/gain due to change in foreign exchange rates to be recognised in the financial statements for the year ended 31st March, 2024 as per AS 11.

(A) ₹ 2,50,000 Exchange gain should be credited to profit and loss account.

(B) ₹ 5,00,000 Exchange gain should be credited to profit and loss account.

(C) ₹ 5,00,000 Exchange loss should be debited to profit and loss account.

(D) ₹ 2,50,000 Exchange loss should be debited to profit and loss account.

4. What would be the date of "initial disclosure of event" be considered for Bhopal Plant?

(A) 31st March, 2024

(B) 1st March, 2024

(C) 21st April, 2024

(D) 10st March, 2024

### 5. Standalone Question (AS 19)

X Ltd. sold Plant & Machinery having WDV of ₹ 60 lakhs to Y Ltd. for ₹ 75 lakhs (Fair value of ₹ 75 Lakhs) and the same plant was leased back by Y Ltd. to X Ltd. The lease back is in the nature of operating lease. The treatment will be:

- (A) X Ltd. should amortize the profit of ₹ 15 lakhs over the lease term.  
(B) X Ltd. should recognize the Profit of ₹ 15 lakhs immediately.  
(C) No profit/loss, as fair value is equal to sale price.  
(D) Y Ltd. should recognize the profit of ₹ 15 lakhs immediately.

### 6. Case Scenario (Buyback)

Following information is given by Z Ltd as on 31st March 2025:

Particulars	₹ in lakhs
Share Capital	
Equity shares of ₹ 10 each fully paid up	800
11% Redeemable Preference shares of ₹ 100 each fully paid up	200
Reserve and Surplus	
Capital Redemption Reserve	50
Securities Premium	100
General Reserve and Profit and Loss (Combined balance)	600
Secured Loans	
9% Debentures	250
Current Liabilities	10
Fixed Assets	1200
Investments	100
Cash at Bank	320
Other Current Assets	840

Note: On 1st April 2024, Z Ltd redeemed all its preference shares at a premium of 5%.

Z Ltd bought back 8,00,000 equity shares @ ₹ 20 per share.

Buy back is fully authorized by Z Ltd's articles and necessary resolution has been passed for this. The payment for buy back of shares will be made through available balance in bank account.

To finance Redemption of preference shares and buy back of shares, the company has decided to sell its investments for ₹ 98 Lakhs.

Z Ltd had 80,000 Equity stock options outstanding on the above mentioned date, to the employees @ ₹ 15 per share when the market price was ₹ 20 per share. (This was included under the head current liabilities). On 1st April, 2024, 70% of the employees exercised their options.

Based on the information given in the above Case Scenario, answer the following Question No. 1 - 3:

1. What will be the balance of capital redemption reserve as on 31st March 2025?  
 (A) ₹ 280 Lakhs  
 (B) ₹ 330 Lakhs  
 (C) ₹ 250 Lakhs  
 (D) ₹ 130 Lakhs
2. What will be the Cash and Bank Balance as on 31st March 2025?  
 (A) ₹ 56.40 Lakhs  
 (B) ₹ 66.40 Lakhs  
 (C) ₹ 59.20 Lakhs  
 (D) ₹ 48 Lakhs
3. What will be the Balance of Reserves as on 31st March 2025 excluding capital redemption reserve?  
 (A) General Reserve and Profit & Loss ₹ 323 Lakhs and Securities Premium ₹ 10 lakhs  
 (B) General Reserve and Profit & Loss ₹ 243 Lakhs and Securities Premium ₹ 10 lakhs  
 (C) General Reserve and Profit & Loss ₹ 323 Lakhs and Securities Premium ₹ 15.60 lakhs  
 (D) General Reserve and Profit & Loss ₹ 243 Lakhs and Securities Premium ₹ 15.60 lakhs

#### 7. Stand Alone Question (Schedule III)

Past Ltd. had the following items under the head "Reserves and Surplus" in the Balance Sheet as on 31st March 2025:

Particulars	(Amount ₹ in lakhs)
Securities Premium Account	90
Capital Reserve	40
Revaluation Reserve	70

The company had an accumulated loss of ₹ 280 lakhs on the same date, which was disclosed under the head "Statement of Profit and Loss" as an asset in its Balance Sheet.

What should be disclosed on the face of Balance Sheet as per Schedule III to the Companies Act, 2013?

- (A) Reserve and Surplus - Securities premium ₹ 90 lakhs; others ₹ 110 lakhs and Accumulated loss ₹ 280 lakhs in the Asset side.
- (B) Reserve and Surplus - ₹ 200 lakhs; and Accumulated loss ₹ 280 lakhs in the Asset side.
- (C) Reserve and Surplus - ₹ 200 lakhs only
- (D) Reserve and Surplus - (₹ 80) lakhs only

#### 8. Standalone Question (Internal Reconstruction)

During the process of Internal Reconstruction, JAY Ltd has come across the following adjustment:

There is a contingent liability for which no provision had been made. This contingent liability was settled at ₹ 7,500 and also ₹ 6,000 was recovered from the insurance company in this regard.

Which of the following is the correct treatment for the above adjustment?

- (A) Reconstruction A/c Dr ₹ 1,500 and Bank A/c Cr ₹ 1,500
- (B) Reconstruction A/c Dr ₹ 7,500 and Bank A/c Cr ₹ 7,500
- (C) Contingent Liability A/c Dr ₹ 1,500 and Bank A/c Cr ₹ 1,500
- (D) Profit and Loss A/c Dr ₹ 1,500 and Bank A/c Cr ₹ 1,500

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