

**CA-INTERMEDIATE ADVANCED ACCOUNTING**  
**SEP 2024 ICAI PYQ**  
**Case Scenario 3 MCQ No. 11 to 14 Solutions by CA CS Anshul Agrawal**

**MCQ 11: Cash Flow from Operating Activities Working:**  
Using indirect method for computing Cash from Operating Activities:

**Step 1: Start with Interest Received (Operating Income)**

- Interest from advance to suppliers = ₹ 3,000
- Dividend received = ₹ 10,000 (10,000 shares × ₹1 per share)
- Recovered from insolvent debtor:
  - Amount recovered = 40% of ₹ 40,000 = ₹ 16,000
  - Loss on recovery = ₹ 24,000

**Step 2: Deduct Operating Outflows**

- Tax paid = ₹ 14,000 (settled)
- Bad debt written off = ₹ 24,000 (non-cash, but adjusted through net profit)

**Total Calculation:**

Particulars	Amount (₹)
Interest received from suppliers	3,000
Dividend received	10,000
Recovery from debtors	16,000
<b>Total Inflows</b>	<b>29,000</b>
Less: Tax paid	(14,000)
Less: Bad debt loss (non-cash) (10,000)*	(10,000)
<b>Net Operating Inflow</b>	<b>₹ 5,000</b>

\*Only the actual cash recovery is considered in inflows; bad debt loss is already adjusted.

**Answer: (B) ₹ 5,000**

**MCQ 12: Cash Flow from Investing Activities**

**Transactions:**

- Sale of part of plant & machinery
  - Book value = ₹ 15,000
  - Sold at a loss of ₹ 3,000 ⇒ Sale proceeds = ₹ 12,000
- Dividend received from investment = ₹ 10,000

**Total:**

Particulars	Amount (₹)
Sale of Machinery	12,000
Dividend received	10,000
<b>Total Investing Cash Inflows</b>	<b>₹ 22,000</b>

**Answer: (D) ₹ 22,000**

**MCQ 13: Closing Cash and Cash Equivalents as on 1 April 2023**

**Given:**

- Original cash & bank balance = ₹ 65,500
- Additional cash from equity issue = ₹ 1,00,000
  - (Equity shares issued for ₹ 1,00,000)

**Total Cash:**

<b>Particulars</b>	<b>Amount (₹)</b>
Opening Cash	65,500
Add: New equity issue (cash)	1,00,000
Add: Interest on advance	3,000
Add: Dividend received	10,000
Add: Recovery from debtor	16,000
Less: Tax Paid	(14,000)
Less: Liquidation expense	(0)
<b>Total Cash</b>	<b>₹ 1,92,500</b>

**Answer: (A) ₹ 1,92,500**

**MCQ 14: Balance of Equity Share Capital after Internal Reconstruction****Given:**

- Original equity share capital: ₹ 5,00,000 (50,000 shares of ₹10)
- Shareholders give up **40% of capital** = ₹ 2,00,000
  - In exchange, **11% Debentures of ₹ 1,00,000** are issued
  - The remaining ₹ 1,00,000 is a capital sacrifice (written off)
- Debentures converted into **15,000 equity shares of ₹10** = ₹ 1,50,000
- Fresh equity shares issued = ₹ 1,00,000

**Final Equity Share Capital:**

<b>Particulars</b>	<b>Amount (₹)</b>
Original Equity Capital	5,00,000
Add: Shares issued for Debentures	1,50,000
Add: Fresh Equity Capital	1,00,000
Less: 40% given up by shareholders	(2,00,000)
<b>Net Equity Share Capital</b>	<b>₹ 5,50,000</b>

**Answer: (C) ₹ 5,50,000**