

CA INTER – ADVANCED ACCOUNTS

CLASS TEST 3 – CASH FLOW STATEMENT & AS 12

Maximum Marks – 15

Time – 30 Mints

INSTRUCTIONS:

1. Write your Full Name, Registered Mobile Number and Email id on the front page of your Answer Sheet.
2. After completing the Test, SCAN the Answer sheet with any Document canner app (cam scanner/doc scanner etc) and make a one pdf file save it in your phone.
3. Upload the PDF file in your Test Login Portal under your login and submit. (File Size should not be more than 15 MB)

Question 1: (5 Marks)

ABC Ltd. has received the following grants from the Government of India for its newly started pharmaceutical business:

- Rs. 20 lakhs received for immediate start-up of business as Promoter's Contribution.
- Rs. 50 lakhs received for research and development of drugs required for the treatment of cardiovascular diseases with following conditions:
that drugs should be available to the public at 20% cheaper from current market price: and
The drugs should be available within 3 years of the date of receipt of Grant.
It is reasonably certain that the conditions will be satisfied over the period.
- Two acres of land (fair Value: Rs10 Lakhs) received for the setting up of plant.
- Rs. 2 lakhs received for purchase of machinery of Rs10 lakhs. The useful life of machinery is 5 years. Depreciation on this machinery is to be charged on straight-line basis.

How should ABC Ltd. recognise the government grants in its books of accounts, suggest all possible alternatives if any?

Question 2: (10 Marks)

J Ltd. Presents you the following information for the year ended 31stMarch, 2019:

| | (Rs. in lacs) |
|--|----------------------|
| Net profit before tax provision | 36,000 |
| Dividend paid | 10,202 |
| Income-tax paid | 5,100 |
| Book value of assets sold | 222 |
| Loss on sale of asset | 48 |
| Depreciation debited to P & L account | 24,000 |
| Capital grant received - amortized to P & L A/c | 10 |
| Book value of investment sold | 33,318 |
| Profit on sale of investment | 120 |
| Interest income from investment credited to P & L A/c | 3,000 |
| Interest expenditure debited to P & L A/c | 12,000 |
| Interest actually paid (Financing activity) | 13,042 |
| Increase in working capital [Excluding cash and bank balance] | 67,290 |
| Purchase of fixed assets | 22,092 |

| | |
|---|--------|
| Expenditure on construction work | 41,688 |
| Grant received for capital projects | 18 |
| Long term borrowings from banks | 55,866 |
| Provision for Income-tax debited to P & L A/c | 6,000 |
| Cash and bank balance on 1.4.2018 | 6,000 |
| Cash and bank balance on 31.3.2019 | 8,000 |

You are required to prepare a cash flow statement as per AS-3 (Revised).