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Case Scenario – I :

Sea-link Limited is a company which manufactures ship and vessel parts and sells them to large companies across the globe. The company prepares financial statements under Ind AS Reporting Standards.

The accountant of the company Mr. Lalit needs your guidance in closing the books and preparation of the financial statements. Mr. Lalit is confused as to how he should treat the transactions for the year ended 31st March 2023 and explained you the transactions.

On 1st May 2022, Sea-link Limited acquired 75% of the equity shares of Sea Hawk Limited and gained control of Sea Hawk Limited. Sea Hawk Limited has 90 lakh equity shares in issue. Details of the purchase consideration are as follows :

On 1st May 2022, Sea-link Limited issued two shares for every three shares acquired in Sea Hawk Limited. On 1st May 2022, the market value of an equity share in Sea-link Limited was ₹ 7.00 and the market value of an equity share in Sea Hawk Limited was ₹ 6.25.

On 30 April 2023, Sea-link Limited shall make a cash payment of ₹ 75.60 lakh to the former shareholders of Sea Hawk Limited who sold their shares to Sea-link Limited on 1st May 2022. On 1st May 2022, Sea-link Limited would have needed to pay interest at an annual rate of 8% on borrowings.

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On 30 April 2024, Sea-link Limited may make a cash payment of ₹ 250 lakhs to the former shareholders of Sea Hawk Limited who sold their shares to Sea-link Limited on 1st May 2022. This payment is contingent upon the revenues of Sea-link Limited growing by 14% or more over the two-year period from 1st May 2022 to 30th April 2024. On 1st May 2022, the fair value of this contingent consideration was ₹ 230 lakhs. On 31st March 2023, the fair value of the contingent consideration was ₹ 240 lakhs.

Sea-link Limited sold some ship and vessel components to a customer on 31st December 2022. The invoiced amount was ₹ 8,00,000. The Company expected to receive the payment on 28th February 2023. However, no cash was received till 31st March 2023. On 30th April 2023, the credit control department informed that the customer has major cash flow problems because of the failure of one of its projects, sometime in January 2023. They have agreed to allow the customer to settle the debt until 31st March 2024, by which time the customer is confident that the cash flow problems will be resolved.

Though Sea-link Limited currently expects that an annual interest of 6% (i.e., effective interest rate) can be received against any money lent out, yet it allowed this customer an interest free payment period.

Sea-link Limited acquired 25% share capital of Boat Limited on 1st April 2022 for ₹ 1,40,000. The carrying value of net assets of Boat Limited was ₹ 4,00,000 and fair value was ₹ 5,00,000 on the date of acquisition.

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at Limited which became an Associate company of Sea-link Limited provided the following information relating to Boat Limited for the year ended 31st March 2023 :

| Particulars | (₹ in lakhs) |
|--|--------------|
| Net Income after taxes | 200 |
| Decrease in accounts receivables | 40 |
| Depreciation | 25 |
| Increase in inventory | 20 |
| Tax charge for the year (including deferred tax liabilities) | 10 |
| Profit from sale of land | 5 |

Sea-link Limited holds a financial asset that is actively traded in two different markets. The company transacts in both markets equally. The price of the asset in market A is ₹ 60 lakhs. If the company sells the asset in market A, it incurs a transaction cost of ₹ 4 lakhs. The price of the asset in market B is ₹ 58 lakh. If the company sells the asset in market B, it incurs a transaction cost of ₹ 1 lakh.

Sea-link Limited also deals in and sells the satellite communication software license for ships, perform its installation, provide software updates and technical support activities separately and so each performance obligation has a direct selling price and item-wise orders can be procured from the buyers based on their requirements.

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| Particulars | (₹ in lakhs) |
|----------------------|--------------|
| Software license | 250 |
| Installation service | 50 |
| Software updates | 60 |
| Technical support | 40 |
| Total | 400 |

The customer wanted to place a composite contract for all the activities but did not agree to pay installation service charges. Sea-link Limited finally, after negotiations, agreed to waive installation service charges in full. Sea-link Limited enters into a contract with a customer to provide all above goods and services at a lumpsum amount of ₹ 350 lakhs transaction price for all the four performance obligations as part of the contract during the financial year 2022-23. You are required to assist Mr. Lalit on account of the above transaction for the year ended 31st March 2023 by

Analyzing the transactions mentioned above and choose the correct option in the below questions 1 to 6 in line with the relevant Ind AS :

(6 × 2 = 12)

1. Calculate the company's Associate Boat Ltd.'s cash flow from operations ?

- (A) ₹ 230 lakhs
- (B) ₹ 250 lakhs
- (C) ₹ 255 lakhs
- (D) ₹ 240 lakhs

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What is the amount of purchase consideration of acquisition of Sea Hawk Limited by Sea-link Limited in the business combination ?

- (A) ₹ 315 lakhs
- (B) ₹ 385 lakhs
- (C) ₹ 615 lakhs
- (D) ₹ 390.60 lakhs

3. How shall the Goodwill and investment in Boat Limited be recorded on the date of acquisition by Sea-link Limited in the books of the company ?

- (A) Goodwill ₹ 40,000 and investment ₹ 1,00,000.
- (B) Goodwill ₹ 15,000 and investment ₹ 1,25,000.
- (C) Goodwill of ₹ 15,000 will be shown separately along with carrying amount of investment of ₹ 1,40,000.
- (D) Goodwill of ₹ 15,000 will not be shown separately and will be recorded as part of carrying amount of investment of ₹ 1,40,000.

4. What amount shall be allocated as the transaction price of installation service as per the provisions of the relevant Ind AS ?

- (A) ₹ 50 lakhs
- (B) Nil
- (C) ₹ 43.75 lakhs
- (D) ₹ 90 lakhs

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Sea-link Limited holds a financial asset that is actively traded in two different markets. The company transacts in both markets equally. The selling price of the financial asset and transaction cost to be incurred are different in both the markets which have already been given in above narration. You are required to determine the fair value of the financial asset ?

- (A) ₹ 56 lakhs
- (B) ₹ 57 lakhs
- (C) ₹ 58 lakhs
- (D) ₹ 60 lakhs

6. Which Ind AS are applicable for accounting treatment for the year ended 31st March 2023, in transaction of ship vessel components delivery to a customer as on December 2022 ?

- (A) Ind AS 37 / Ind AS 109
- (B) Ind AS 10 / Ind AS 32
- (C) Ind AS 109 / Ind AS 32
- (D) Ind AS 109 / Ind AS 10

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7. Which of the following common characteristics of derivative financial instruments distinguishes them from other types of financial instruments ? **2**
- (A) They impose a contractual obligation by one entity to deliver cash to another entity, to convey a contractual right.
 - (B) They are financial investments in stocks, bonds, or other securities that are marketable.
 - (C) They have a notional amount or payment provision that is based on the changes in one or more underlying variables.
 - (D) Most financial instruments are valued on the balance sheet at fair value, but derivatives are valued on the balance sheet at cost.
8. When applying conceptual framework, the Chartered Accountant shall : **2**
- (I) Exercise professional judgment.
 - (II) Remain alert for new information and to changes in facts and circumstances.
 - (III) Use the reasonable and informed third party test.
- (A) (I) & (III)
 - (B) (II) & (III)
 - (C) (I) & (II)
 - (D) (I), (II) & (III)

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9. The Fancy Store inventory records, at March 31, revealed the following :

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| Particulars | ₹ |
|---|----------|
| Inventory on hand, March 31 st | 3,00,000 |
| Inventory purchased F.O.B. shipping point, shipped by vendor on March 25 th , expected delivery date – April 1 st | 1,00,000 |
| Inventory shipped to customers on March 28, F.O.B. destination, expected delivery date – April 2 nd | 50,000 |
| Goods held on consignment by Fancy Store, not included in inventory on hand | 30,000 |

What is the value of Fancy Store's closing inventory at March 31st ?

- (A) ₹ 3,30,000
- (B) ₹ 3,00,000
- (C) ₹ 4,80,000
- (D) ₹ 4,50,000

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Case Scenario – II :

The financial statements of Brown Limited for the year ended 31st March 2024 are being prepared and the accountant has requested you to share your views on the following issues.

Brown Limited is engaged in agricultural plantation and farming on a large scale. On 1st April, 2023, the company received a government grant for ₹ 10 lakhs subject to a condition that it will continue to engage in plantation of eucalyptus tree for a forthcoming period of four years. Eucalyptus trees are not considered as bearer plant in this case. The management has a reasonable assurance that the entity will comply with condition of engaging in the plantation of eucalyptus tree for specified period of four years.

Brown Limited started construction of a godown on 1st October 2022 and had taken a loan of US \$ 10,000 on 1st April, 2023, specifically for construction of the godown at an interest rate of 5% per annum for a tenure of one year. The exchange rate on 1st April 2023 was ₹ 75 per US \$. The exchange rate on 31st March 2024 was increased to ₹ 80 per US \$. The same amount could have been borrowed by Brown Limited on 1st April, 2023 in the local currency Rupee at an interest rate of 10% per annum for the same tenure. No other loan was taken by the company for construction of the godown and the construction of the godown was completed on 31st March, 2024.

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Brown Limited Purchased an office building on 1st April, 2021 and recorded it in the books at value of ₹ 5,00,000, under cost model, based on the IND AS 16 Property, Plant and Equipment. The building is being depreciated over a period of 20 years. Brown Limited no longer needs the office building space and on 1st April 2023, it entered into an agreement to lease the building to another company for 20 years. The valuation of the building was not changed and it stands at ₹ 4,25,000 in the books of the company after depreciation as at 31st March, 2024. The fair market value of the office building is pegged at ₹ 6,00,000 as on 31st March 2024.

Brown Limited acquired 10% additional shares in its existing subsidiary company namely, Black Limited at closing of the financial year 2023-24. As at the close of 31-03-2023, Brown Limited held 60% in Black Limited. The following relevant information is available in respect of the change in non-controlling interest in the subsidiary on the basis financial statements.

| Separate Financial Statements | | ₹ |
|---|--|----------|
| Investment in subsidiary (60% interest) - at cost as on 31 st March 2023 | | 1,20,000 |
| Purchase price for additional 10% interest paid in financial year 2023-24 | | 30,000 |
| Consolidated Financial Statements | | ₹ |
| Non-controlling interests (40%) as on 31 st March 2023 | | 84,000 |
| Other Equity | | 2,00,000 |

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Brown Limited has opened a new office in Gangtok under a lease. A specific requirement of the lease is that the asset is returned in good condition. The directors agreed for the same at a cost of ₹ 1.30 crores based on current price levels. The lease agreement was signed on 31st March 2024 and will last for five years. Due to severe cold weather, Brown Limited will have to spend ₹ 45,00,000 at the end of next year on renovating the building. In the directors' opinion, this expenditure will reduce, by an equivalent amount, against the overall refurbishment costs payable at the end of the lease term. Relevant discount rate applicable in this case is 10%.

Analyze the transactions mentioned above and choose the correct option in the below questions 10 to 15 in line with the relevant Ind AS : (6 × 2 = 12)

10. What is the amount of the revaluation surplus that will be recognised by the company in respect of the building used as office and now given under lease as per applicable Ind AS ?

- (A) ₹ 1,00,000
- (B) ₹ 1,75,000
- (C) ₹ 75,000
- (D) Nil

11. How much amount of provision should be recognized as at 31st March 2024 for the office held on lease in Gangtok ?

- (A) ₹ 93,69,000
- (B) ₹ 52,78,500
- (C) ₹ 1,30,00,000
- (D) ₹ 40,90,500

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12. What amount would be capitalized as borrowing cost of godown as per Ind AS-23 ?

- (A) ₹ 37,500
- (B) ₹ 40,000
- (C) ₹ 90,000
- (D) ₹ 75,000

13. What is the amount if any that would be considered as the exchange difference to be accounted for against the loan taken for construction of godown as per Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" for the financial year 2023-24 ?

- (A) ₹ 15,000
- (B) ₹ 50,000
- (C) ₹ 25,000
- (D) Nil

14. At what value non-controlling interest and other equity will be shown in consolidated financial statements immediately after the change in the non-controlling interest in Black Limited ?

- (A) ₹ 1,05,000 and ₹ 2,00,000 respectively
- (B) ₹ 54,000 and ₹ 2,00,000 respectively
- (C) ₹ 63,000 and ₹ 1,91,000 respectively
- (D) ₹ 84,000 and ₹ 2,00,000 respectively

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15. What is the correct accounting treatment by the company for the Government grant and is in accordance with the applicable Ind AS provisions ?

- (A) Recognise proportionate grant for ₹ 2.50 lakhs in Statement of Profit and Loss for the year ending 31st March 2024 as income following the principles laid down under Ind AS 20.
- (B) Recognise the grant for ₹ 10 lakhs in Statement of Profit and Loss for the year ending 31st March 2024 as income following the principles laid down under Ind AS 20.
- (C) Government grant for ₹ 10 lakhs shall be recognised in profit or loss when, and only when, the conditions attaching to the government grant are met i.e., after the expiry of specified period of four years of continuing engagement in the plantation of eucalyptus tree following the principles laid down under Ind AS 41.
- (D) Recognise proportionate grant for ₹ 2.50 lakhs in Statement of Profit and Loss for the year ending 31st March 2024 as income following the principles laid down under Ind AS 41.

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PART - II

1. The Accountant Mr. Ramesh Kanna of 'H' Limited submitted to you the following Standalone Balance Sheet extracts as at 31st March 2024 :

Amount in ₹

| Assets | H Ltd. | | S Ltd. | | A Ltd. | |
|--|----------|------------------|----------|------------------|----------|-----------------|
| <i>Non-current assets</i> | | | | | | |
| Property, Plant and Equipment | 5,50,000 | | 4,80,000 | | 2,50,000 | |
| Financial Assets: Investments: | | | | | | |
| 14,000 shares in S Ltd. | 5,60,000 | | - | | - | |
| 4,000 shares in A Ltd. | 1,00,000 | 12,10,000 | - | 4,80,000 | - | 2,50,000 |
| (a) Current assets | | | | | | |
| Inventory | 4,85,000 | | 3,82,500 | | 2,45,500 | |
| (b) Financial Assets | | | | | | |
| Cash and cash equivalents | 89,000 | | 98,000 | | 1,77,000 | |
| Trade receivables | 3,95,000 | 9,69,000 | 3,05,000 | 7,85,500 | 1,78,500 | 6,01,000 |
| Total Assets : | | 21,79,000 | | 12,65,500 | | 8,51,000 |
| Equity & Liabilities | | | | | | |
| <i>Shareholder's Equity</i> | | | | | | |
| Equity Share Capital (₹ 10 per share) | 5,00,000 | | 2,00,000 | | 1,00,000 | |
| Other Equity Retained earnings | 9,00,000 | 14,00,000 | 7,50,000 | 9,50,000 | 4,24,000 | 5,24,000 |
| <i>Non-current liabilities</i> | | | | | | |
| Financial Liabilities Borrowings-Term Loans | | 4,00,000 | | 1,50,000 | | 1,00,000 |
| <i>Current liabilities</i> | | | | | | |
| Financial Liabilities Trade payables | | 3,79,000 | | 1,65,500 | | 2,27,000 |
| Total Liabilities : | | 21,79,000 | | 12,65,500 | | 8,51,000 |

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The following additional information is made available in respect of these companies :

- (i) H Limited purchased the shares in S Limited on 31st October 2023 when retained earnings of S Limited was ₹ 500,000 and the shares in A Limited were acquired on 30th June 2023 when its retained earnings stood at ₹ 1,75,000.
- (ii) Inventory of A Limited as on 31st March, 2024 include inventory valued at ₹ 60,000 which had been purchased from H Limited, on 01-01-2024 at cost plus 20%.
- (iii) Trade Payable of H Limited includes ₹ 25,000 payable to A Limited, the amount receivable being recorded in the receivables of A Limited.
- (iv) Goodwill in respect of the acquisition of S Limited has been fully impaired. The recoverable amount of the investment in A Limited exceeds its carrying value at 31st March 2024. Non-controlling interest is valued at the proportionate share of the identifiable net assets.
- (v) 10% dividends were declared by both H Limited and S Limited whereas A Limited declared 15% dividend for the year 2023-24.
- (vi) On 31st March, 2024, S Limited made a bonus issue of one equity share for every two shares held by the shareholders of S Limited.
- (vii) Dividends were declared but were not accounted for by all these companies in the books before the year end. Similarly, the bonus issued by S Limited was not reflected in the statement of financial position as on 31st March, 2024.

You are required to take note of the above available information and draw the consolidated Balance-Sheet of H Limited as at 31st March 2024. Notes to accounts are not required.

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Dark Limited

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2. (a) Dark Limited is engaged in the construction and operation of thermal power plants in the country. It has entered into a purchase contract for USD 2,00,000 with Bright Limited, on 1st October, 2023 for purchase of power plant equipment on 31st March 2024. It is pertinent to note that the functional currency of both companies is INR. Dark Limited and Bright Limited are listed companies in India and prepare their financial statements on a quarterly basis as per Ind AS.

| | | |
|--|----|---------------|
| Spot Rate as on 1 st October 2023 ₹/USD | 75 | 20,00,000 PFL |
| Spot Rate as on 31 st December 2023 ₹/USD | 82 | 10 lakh |
| Three month forward rate on 31 st December 2023 ₹/USD | 70 | |
| Six month forward rate on 1 st October 2023 ₹/USD | 80 | |
| Spot Rate on 31 st March, 2024 ₹/USD | 85 | |

Assume that this contract has an embedded derivative that is not closely related and requires separation. You are required to pass the necessary Journal Entries in the books of Bright Limited from the inception of the contract till the actual sale of equipment.

- (b) In December 2022, X Limited entered into a loan agreement with a Bank. The loan is repayable in five annual installments commencing from 1st October 2024. One of the material provisions of the loan agreement is that X limited should create an equitable mortgage on its assets in favour of the Bank by 31st March, 2023 failing which the loan would become payable on demand. X Limited is not able to create the equitable mortgage by 31st March 2023. In April, 2023 X Limited started negotiation with the Bank and requested it not to demand payment due to non-creation of the equitable mortgage.

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Meanwhile the financial statements of X Limited for the year ended 31st March, 2023 were approved for issue on 30th May, 2023. In the month of June 2023, the Bank agreed that the payment would not be demanded immediately as a consequence of breach of the material provision. How would the loan liability be classified by X Limited as at 31st March 2023 ?

Current liability

3. (a) Sun Limited has entered into a Lease Agreement with Moon Limited for taking on lease an office building of 1000 square feet at the rate of ₹ 500 per square feet per annum for a period of 10 years. The annual lease payments are payable at the end of each year. The interest rate implicit in the lease cannot be readily determined. Sun Limited's incremental rate of borrowing at the commencement date is 6% per annum. At the beginning of the year 7, the lessor and the lessee agree to amend the original lease by extending the contractual lease term by another four years. The annual lease payments are unchanged for the extended period also. Sun Limited's incremental rate of borrowing at the commencement of Year 7 is 7% per annum.

How should the said modification be accounted for in the books of Sun Limited? Give your calculation by adopting the Present Value factor as under :

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Cumul. |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 7% | 0.935 | 0.873 | 0.816 | 0.763 | 0.713 | 0.666 | 0.623 | 0.582 | 0.544 | 0.508 | 7.023 |
| 6% | 0.943 | 0.890 | 0.840 | 0.792 | 0.747 | 0.705 | 0.665 | 0.627 | 0.592 | 0.558 | 7.359 |

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(b) The CFO of GOLD Limited, a manufacturing company, provided you the following information for your valuable opinion. 6

The Company had issued 8% convertible debentures amounting to ₹ 320 Lakhs on 1st April 2022 and repayable on 31st March 2026 at par. Interest is payable annually. As an alternative to repayment at par, the holder on maturity can elect to exchange their convertible debentures for 250 Lakhs ordinary shares in the company. On 1st April 2022 the prevailing market interest rate for four-year convertible debentures which had no right of conversion was 10%. Using an annual discount rate of 10%, the present value of ₹ 1 payable in 4th year is 0.683 and the cumulative present value of ₹ 1 payable at the end of years one to four is 3.169. From the above information you are required to calculate the finance cost of convertible debentures and its closing balance as on 31st March 2024 to be presented in the financial statements.

(a) Based on the advice from actuaries regarding contribution levels and overall liabilities of the defined benefit retirement plan to pay benefits to past and present employees, the Accountant Mr. Krishna of M/s. TUNA Limited provides the following information :

- (i) On 1st April 2023, the actuaries of the company advised that the present value of the defined obligation was ₹ 2,88,420. On the same date, the fair value of the assets of the defined benefit plan was ₹ 2,49,670 and the annual market yield on government bonds was 8%.

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(ii) During the year ended 31st March 2024, TUNA Limited made contributions of ₹ 33,650 into the plan and the plan paid out benefits of ₹ 20,160 to retired members. Both these payments were made on 31st March 2024.

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(iii) The actuaries advised that the current service cost for the year ended 31st March 2024 was ₹ 29,760. On 28th February 2024, the rules of the plan were amended with retrospective effect. These amendments meant that the present value of the defined obligation was increased by ₹ 7,280 from that date.

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(iv) During the year ended 31st March, 2024, TUNA Limited was in negotiation with employee representatives regarding planned redundancies. The negotiations were completed shortly before the year end and redundancy packages were agreed. The impact of these redundancies was to reduce the present value of the defined benefit obligation by ₹ 38,390. Before 31st March 2024, TUNA Limited made payments of ₹ 36,270 to the employees affected by the redundancies in compensation for the curtailment of their benefits. These payments were made out of the assets of the retirement benefits plan.

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26760
(v) On 31st March, 2024, the actuaries advised that the present value of the defined benefit obligation was ₹ 3,26,480. On the same date, the fair value of the assets of the defined benefits plan were ₹ 2,68,340.

Examine and present how the above events would be reported in the financial statements of TUNA Ltd. for the year ended 31st March 2024 as per Ind AS. Please note that the finance cost is to be computed on the opening balance.

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(8) ABC Limited has received the following grants for its newly started venture of manufacturing defense equipment in the defense corridor :

(i) ₹ 25 lakhs received as an incentive for setting up industry in the defense corridor without any further condition. *P.L.*

(ii) ₹ 50 lakhs received for carrying out research and development in the field of innovation of defense equipment. *P.L. - duty*

(iii) Besides ABC Limited is awarded a government grant of ₹ 6 lakhs payable over three years (₹ 4 lakhs in the first year, ₹ 1 lakh each in year 2 and 3), on the condition of creating 10 new jobs and maintaining them for 3 years. The employees are recruited at a cost of ₹ 3,60,000 and the wage bill for the first year is ₹ 8,00,000, rising by ₹ 80,000 in each of the next 2 years. ABC Limited has a reasonable assurance that it will comply with the conditions attached to them and the grants will be received.

How should ABC Limited account for the above grants including the deferred income if any in its books of account ?

5. (a) Q Limited offers a new product X for sale to its customers at a price of ₹ 1,500. As a part of the Scheme, Q Limited gives the customers a discount voucher which entitles them a 30% discount on any future purchases up to ₹ 1,500 in the next 30 days. Q Limited intends to offer a 5% discount on all sales during the next 30 days as a part of the seasonal promotion. The 5% discount cannot be used in addition to the 30% discount voucher.

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Q Limited believes that there is 80% likelihood that a customer will redeem the voucher and on an average, a customer will purchase ₹ 1,000 of additional products.

Find out is there any performance obligation on the part of Q Limited and if so calculate the stand alone and allocated transaction price.

(b) A Limited has chosen to elect the deemed cost exemption for carrying value of its property, plant and equipment as per previous GAAP in accordance with Ind AS 101. However, it does not wish to select the exemption available as per Ind AS 101 of capitalising exchange fluctuation on long-term foreign currency monetary items to property, plant and equipment and accordingly, it did not opt to avail the exemption available as per Ind AS 101 for previous GAAP policy of capitalizing exchange fluctuation to PPE.

In such a case, how would the company be required to treat the foreign exchange fluctuation already capitalised to the cost of property, plant and equipment under previous GAAP and also what will be the treatment of fluctuation on long-term foreign currency monetary items on transition date and after the transition date to Ind AS by the company in light of the above options exercised by the company ?

(c)

EITHER

Explain the criteria in the Conceptual Framework for Financial Reporting for the recognition and de-recognition of an asset.

OR

List out the entities which were covered under Phase I & II under the Companies (Indian Accounting Standards) Rules 2015 as notified by the MCA along with the specific date of coverage with its exclusions, if any.

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Big Data Analytics

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Financial Accounting

(a) Discuss how "Cloud Computing" has positively impacted the accounting function and list out the challenges faced by the users of it in cloud computing environment. 5

Reduced opp
rise Improved Scalability
→ Increased Scalability

(b) Y Limited purchased a building for ₹ 30,00,000 on 1st April 2021. The useful life of the building is estimated at 15 years. On 31st March 2023, 5

Y Limited classified the said building as held for sale. The impairment testing provides the estimated recoverable amount as ₹ 23,50,000.

The fair value less cost to sell on 31st March, 2023 was ₹ 23,00,000. On 31st March, 2024 the management of Y Limited changed the plan, as the building no longer met the criteria of held for sale. The recoverable amount as at 31st March 2024 is ₹ 25,00,000.

You are required to recommend the accounting treatment of events for the year ending 31st March 2023 and 31st March 2024 and value the property at the end of 31st March 2023 and 31st March 2024.

(c) Dhruv Limited, a production company, sells television to various companies all over India. Company's financial year ends on 31st March. For the financial year 2022-23, the company had a net profit after taxes of ₹ 2.4 crores. It prepares and publishes an interim financial report for each quarter of the year. The net profit of the company for the second quarter of 2023-24 is ₹ 56 Lakhs. 4

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26/04/23
2.5 PK

23L

DP = 25L

24L

21,69,230

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write down