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PART – I

Case Scenario – 1 :

Jay Ltd. submits the following data extracted from the Final Accounts as on 31<sup>st</sup> March, 2023 :

	₹
Equity Share Capital 50,000 Equity shares of ₹ 10 each	5,00,000
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<sup>st</sup> 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. (X)
- Equity shareholders will give up 40% of their capital in exchange for allotment of new 11% Debentures of ₹ 1,00,000. (X)
- Balance of Profit & Loss to be written off.
- Equity shares issued for ₹ 1,00,000. F

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

- (a) Interest is received on advances given to suppliers of goods ₹ 3,000. (C)
- (b) Taxation liability is settled at ₹ 14,000. 0
- (c) A debtor of ₹ 40,000 is insolvent, only 40% of his dues are recovered from his estate. 0 26000
- (d) Dividend is received on Investment in Star Ltd. ₹ 1 per equity share invested. 10000
- (e) Part of Plant and Machinery is sold at a loss of ₹ 3,000 (book value ₹ 15,000) 12000 I

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

1. The Balance of Equity Share Capital after internal reconstruction is : 2
- (A) ₹ 4,50,000
- (B) ₹ 6,50,000
- ✓ (C) ₹ 5,50,000
- (D) ₹ 7,50,000
2. The amount of Cash Flow from operating activity is : 2
- (A) ₹ 5,000
- × (B) ₹ 2,000
- × (C) ₹ 12,000
- × (D) ₹ 15,000

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3. The amount of Cash Flow from investing Activity is : 2

(A) ₹ 25,000

(B) ₹ 28,000

(C) ₹ 15,000

~~(D)~~ ₹ 22,000

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4. What is the amount of closing Cash and Cash equivalents as on 1<sup>st</sup> April, 2023 ? 2

(A) ₹ 92,500

~~(B)~~ ₹ 1,92,500

(C) ₹ 1,27,000

(D) ₹ 1,98,500

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5. "Fixed Asset held for sale" will be classified in the Balance Sheet as per Schedule III of the Companies Act as : 2

~~(A)~~ Current Asset

(B) Deferred Tax Assets

(C) Non-Current Asset

(D) Long term Investments

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**Case Scenario – 2 :**

Mr. Vikram took a loan of ₹ 6,00,000 carrying interest @ 10% p.a. on 1<sup>st</sup> August, 2023 to purchase raw material. He purchased 4000 units of raw material @ ₹ 125 per unit. Replacement cost of raw material as on 31<sup>st</sup> 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<sup>st</sup> 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 25<sup>th</sup> March, 2024.

The P. Ltd declared and paid dividend @ 20 % on 30<sup>th</sup> March for previous year 2023-24.

Based on the information given in above Case Scenario, answer the following Question No. 6 – 9 :

6. What is the carrying amount of investment as on 31<sup>st</sup> March, 2024 as per AS 13 and suggest the treatment of dividend received from P. Ltd. ?
- (A) Carrying amount of Investment as on 31<sup>st</sup> March, 2024 is ₹ 90,000 and the dividend is credited to Profit & Loss A/c.
- (B) Carrying amount of Investment as on 31<sup>st</sup> March, 2024 is ₹ 72,000 and the dividend is deducted from the nominal value of investment.
- (C) Carrying amount of Investment as on 31<sup>st</sup> March, 2024 is ₹ 1,00,000 and the dividend is credited to Profit & Loss A/c.
- (D) Carrying amount of Investment as on 31<sup>st</sup> March, 2024 is ₹ 82,000 and the dividend is deducted from the cost of investment.

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7. What would be the value of closing stock of Raw Material X and Finished Goods as on 31<sup>st</sup> March 2024 ? 2
- (A) Closing Stock of Raw Material X ₹ 50,000 and closing stock of Finished Goods ₹ 3,00,000
- (B) Closing Stock of Raw Material X ₹ 50,000 and closing stock of Finished Goods ₹ 3,50,000
- (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
8. Cost of Self Constructed Asset as per AS 10 will be ? 2
- (A) ₹ 2,77,500
- (B) ₹ 2,92,500
- (C) ₹ 3,05,000
- (D) ₹ 2,90,000
9. 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 ? 2
- (A) ₹ 12,500 interest to be capitalised and ₹ 20,833 interest to be charged to Profit & Loss A/c.
- (B) ₹ 12,500 interest to be capitalised and ₹ 27,500 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.

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**Case Scenario – 3 :**

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

Kay Ltd. also sold ₹ 2,00,000 goods on approval basis on 1<sup>st</sup> January, 2024 to Sheetal Enterprises. The period of approval is 3 months after which they were considered sold. Buyer sent disapproval for 25% of goods and approval for 50% of goods till 31<sup>st</sup> 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 30<sup>th</sup> 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<sup>st</sup> 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. 10 – 12 :

10. What is the amount to be recognized as Revenue as per AS 9 in the books of Kay Ltd. as on 31<sup>st</sup> March, 2024 ?

- (A) ₹ 1,50,000
- (B) ₹ 23,50,000
- (C) ₹ 23,00,000
- (D) ₹ 1,00,000

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11. 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<sup>st</sup> March, 2024 as per AS 29 ?

2

- (A) Create a Provision for ₹ 5,00,000
- (B) Create a Provision for ₹ 5,45,000
- (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

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

2

- (A) An Adjusting Event, provision of ₹ 3,750 should be made in the Final Accounts for the year ended 31<sup>st</sup> March, 2024.
- (B) An Adjusting Event, full provision of ₹ 75,000 should be made in the Final Accounts for the year ended 31<sup>st</sup> 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 31<sup>st</sup> March, 2024.

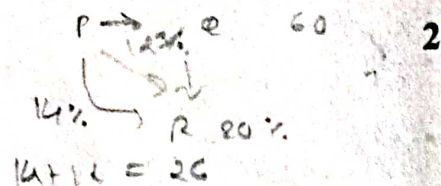
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13. P Ltd. has 60% voting right in Q Ltd. Q Ltd. has 20% voting right in R Ltd. Also, P Ltd. directly enjoys voting right of 14% in R Ltd. R Ltd. is a Listed Company and regularly supplies goods to P Ltd. The Management of R Ltd. has not disclosed 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) R Ltd.  
(B) Q Ltd.  
(C) Q Ltd. and R Ltd.  
(D) Neither of Q Ltd. or R Ltd.



14. 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 ₹ 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	<u>40,000 units</u>	Year IV	55,000 units
Year V	85,000 units.		

Compute Annual Lease Rent.

- (A) ₹ 60,000  
(B) ₹ 30,000  
(C) ₹ 50,000  
(D) ₹ 36,000

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

2

(A) 1,65,500 shares

(B) 1,34,500 shares

(C) 1,76,167 shares

(D) 1,23,833 shares

150 000  
50 000  
(32 000)

150 000  
20 833  
(53 233)

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