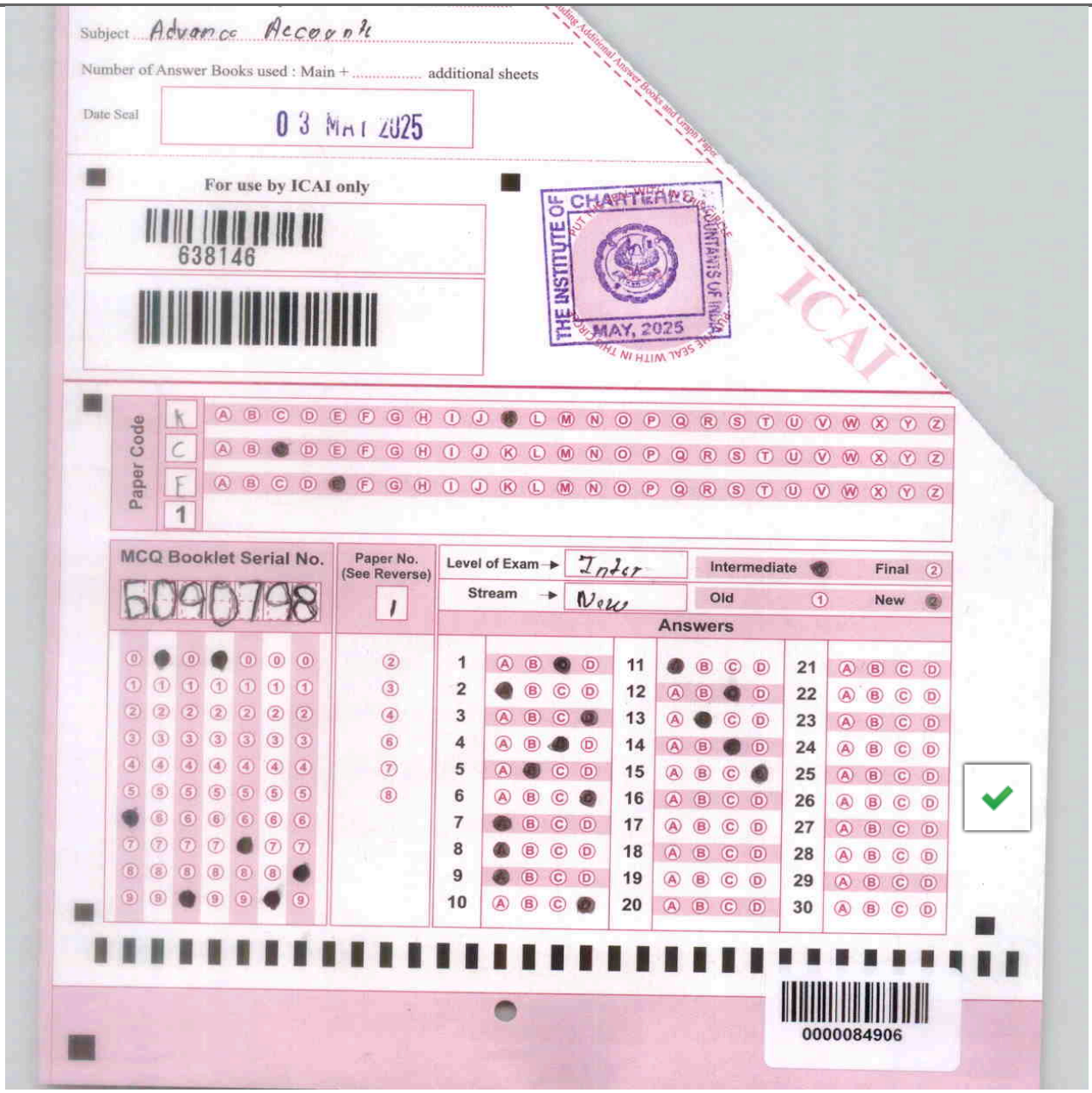
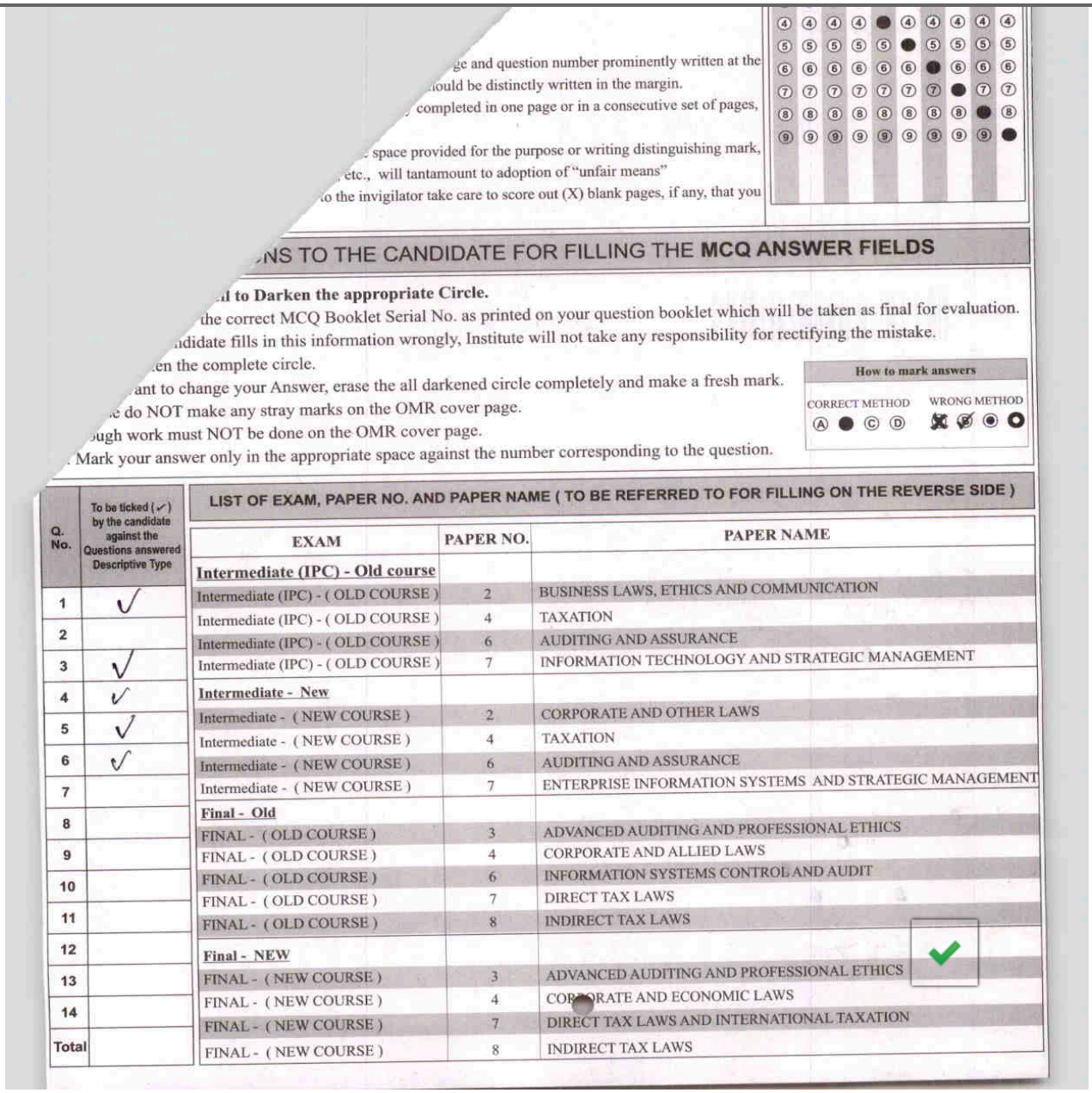
The Institute of Chartered Accountants of India

Code:	**IN1AA638146**	**Total Marks:**	**70**
Subject :	**01 Advanced Accounting**	**Marks Obtained :**	34.5



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ge and question number prominently written at the
ould be distinctly written in the margin.
completed in one page or in a consecutive set of pages,
space provided for the purpose or writing distinguishing mark,
etc., will tantamount to adoption of "unfair means"
o the invigilator take care to score out (X) blank pages, if any, that you

NS TO THE CANDIDATE FOR FILLING THE **MCQ ANSWER FIELDS**

l to Darken the appropriate Circle.

the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation.
ndidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.
en the complete circle.
ant to change your Answer, erase the all darkened circle completely and make a fresh mark.
e do NOT make any stray marks on the OMR cover page.
ugh work must NOT be done on the OMR cover page.
Mark your answer only in the appropriate space against the number corresponding to the question.

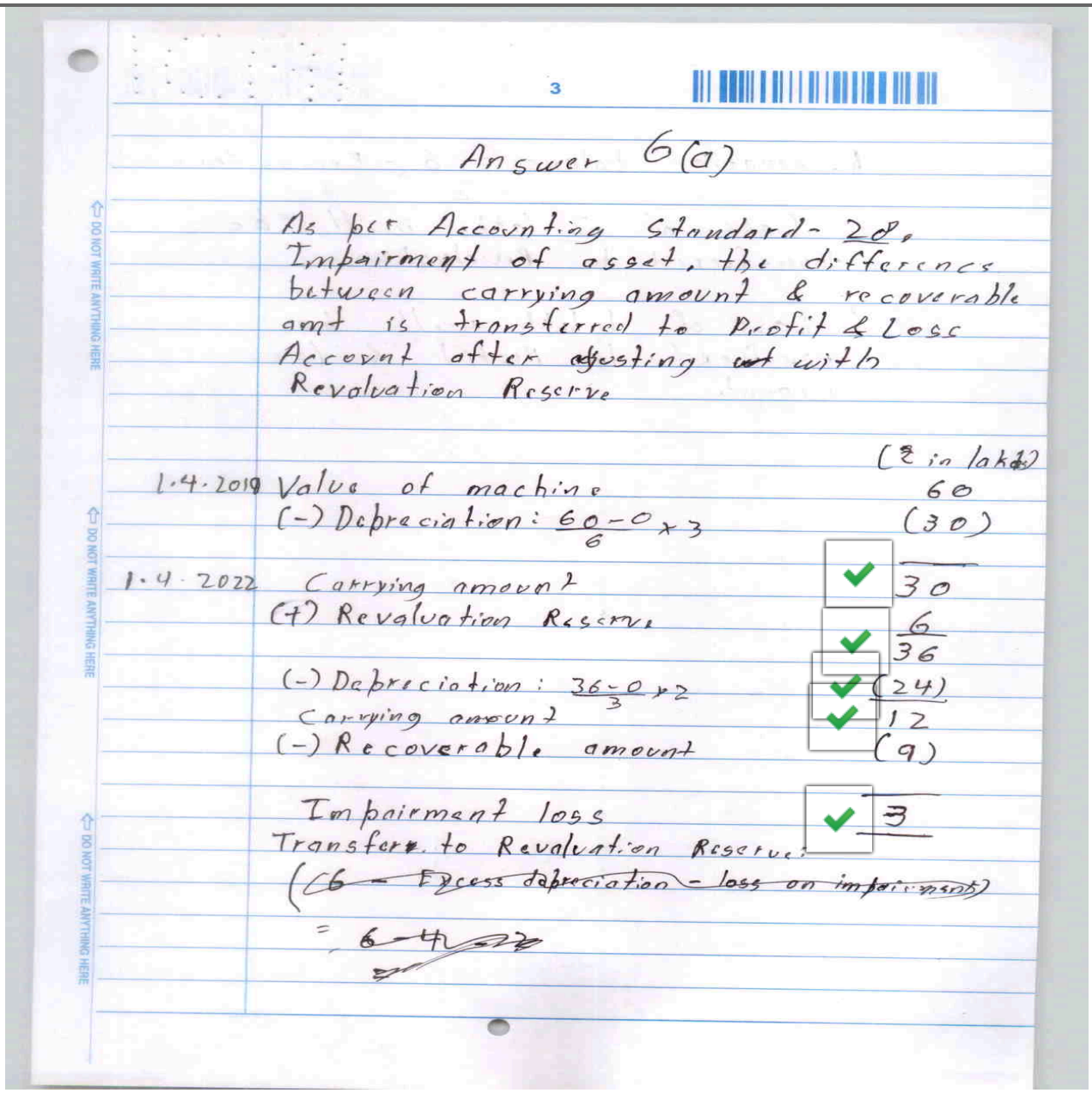
How to mark answers

CORRECT METHOD Ⓐ ● Ⓒ Ⓓ WRONG METHOD ⊗ ⊘ ◉ ⊙

Q. No.	To be ticked (✓) by the candidate against the Questions answered Descriptive Type
1	✓
2	
3	✓
4	✓
5	✓
6	✓
7	
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14	
Total	

LIST OF EXAM, PAPER NO. AND PAPER NAME (TO BE REFERRED TO FOR FILLING ON THE REVERSE SIDE)

EXAM	PAPER NO.	PAPER NAME
Intermediate (IPC) - Old course		
Intermediate (IPC) - (OLD COURSE)	2	BUSINESS LAWS, ETHICS AND COMMUNICATION
Intermediate (IPC) - (OLD COURSE)	4	TAXATION
Intermediate (IPC) - (OLD COURSE)	6	AUDITING AND ASSURANCE
Intermediate (IPC) - (OLD COURSE)	7	INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT
Intermediate - New		
Intermediate - (NEW COURSE)	2	CORPORATE AND OTHER LAWS
Intermediate - (NEW COURSE)	4	TAXATION
Intermediate - (NEW COURSE)	6	AUDITING AND ASSURANCE
Intermediate - (NEW COURSE)	7	ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT
Final - Old		
FINAL - (OLD COURSE)	3	ADVANCED AUDITING AND PROFESSIONAL ETHICS
FINAL - (OLD COURSE)	4	CORPORATE AND ALLIED LAWS
FINAL - (OLD COURSE)	6	INFORMATION SYSTEMS CONTROL AND AUDIT
FINAL - (OLD COURSE)	7	DIRECT TAX LAWS
FINAL - (OLD COURSE)	8	INDIRECT TAX LAWS
Final - NEW		
FINAL - (NEW COURSE)	3	ADVANCED AUDITING AND PROFESSIONAL ETHICS
FINAL - (NEW COURSE)	4	CORPORATE AND ECONOMIC LAWS
FINAL - (NEW COURSE)	7	DIRECT TAX LAWS AND INTERNATIONAL TAXATION
FINAL - (NEW COURSE)	8	INDIRECT TAX LAWS



3

Answer 6(a)

As per Accounting Standard- 28, Impairment of asset, the differences between carrying amount & recoverable amt is transferred to Profit & Loss Account after adjusting ~~out~~ with Revaluation Reserve

(₹ in lakh)

1.4.2019	Value of machine	60
	(-) Depreciation: $\frac{60-0}{6} \times 3$	(30)
1.4.2022	Carrying amount	30
	(+) Revaluation Reserve	6
		36
	(-) Depreciation: $\frac{36-0}{3} \times 2$	(24)
	Carrying amount	12
	(-) Recoverable amount	(9)
	Impairment loss	3

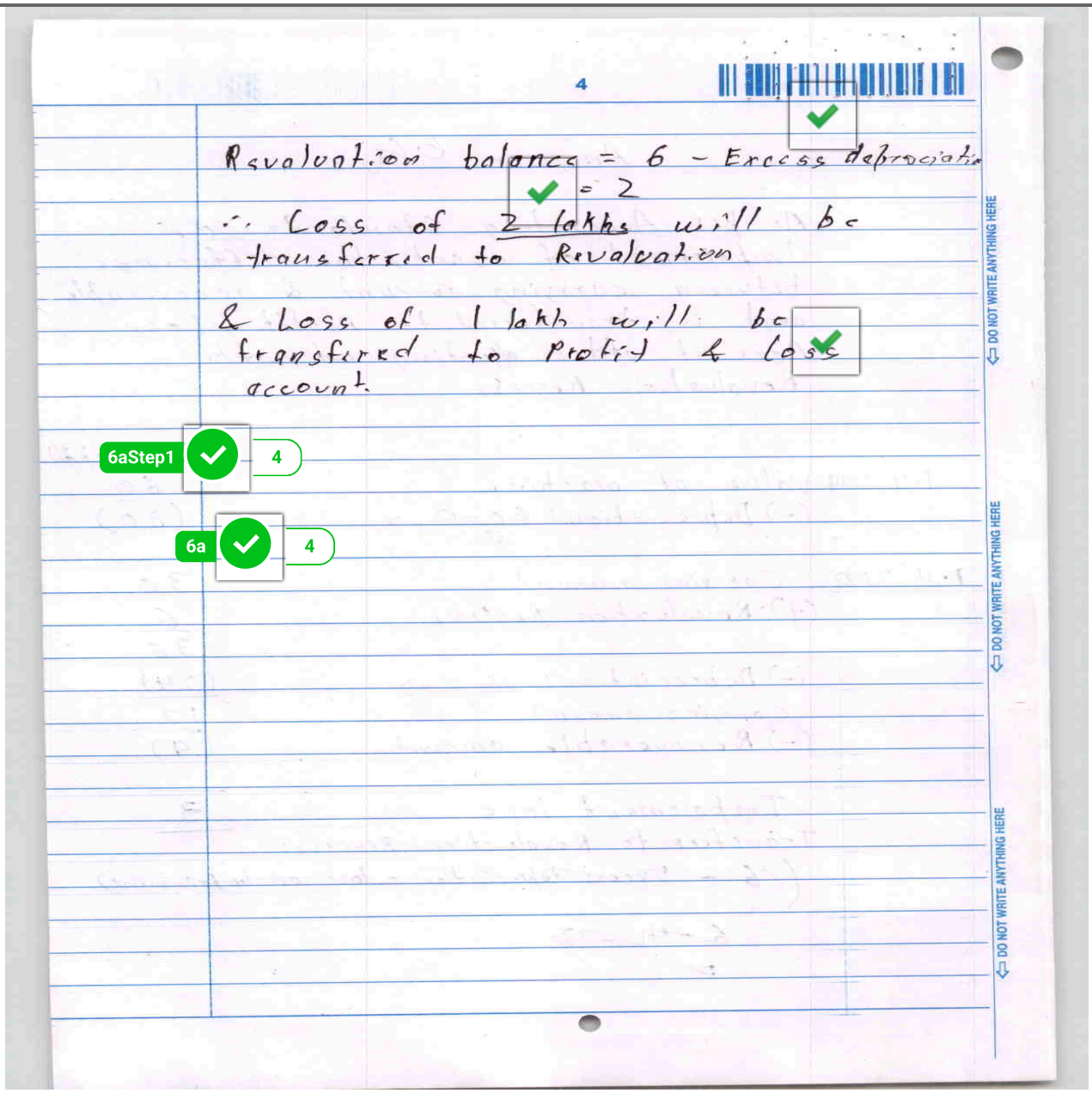
Transfer to Revaluation Reserve

(6 - ~~Excess depreciation - loss on impairments~~)

= 6 - ~~4 = 2~~

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4

Revaluation balance = 6 - Excess depreciation
= 2

∴ Loss of 2 lakhs will be transferred to Revaluation

& Loss of 1 lakh will be transferred to Profit & Loss account.

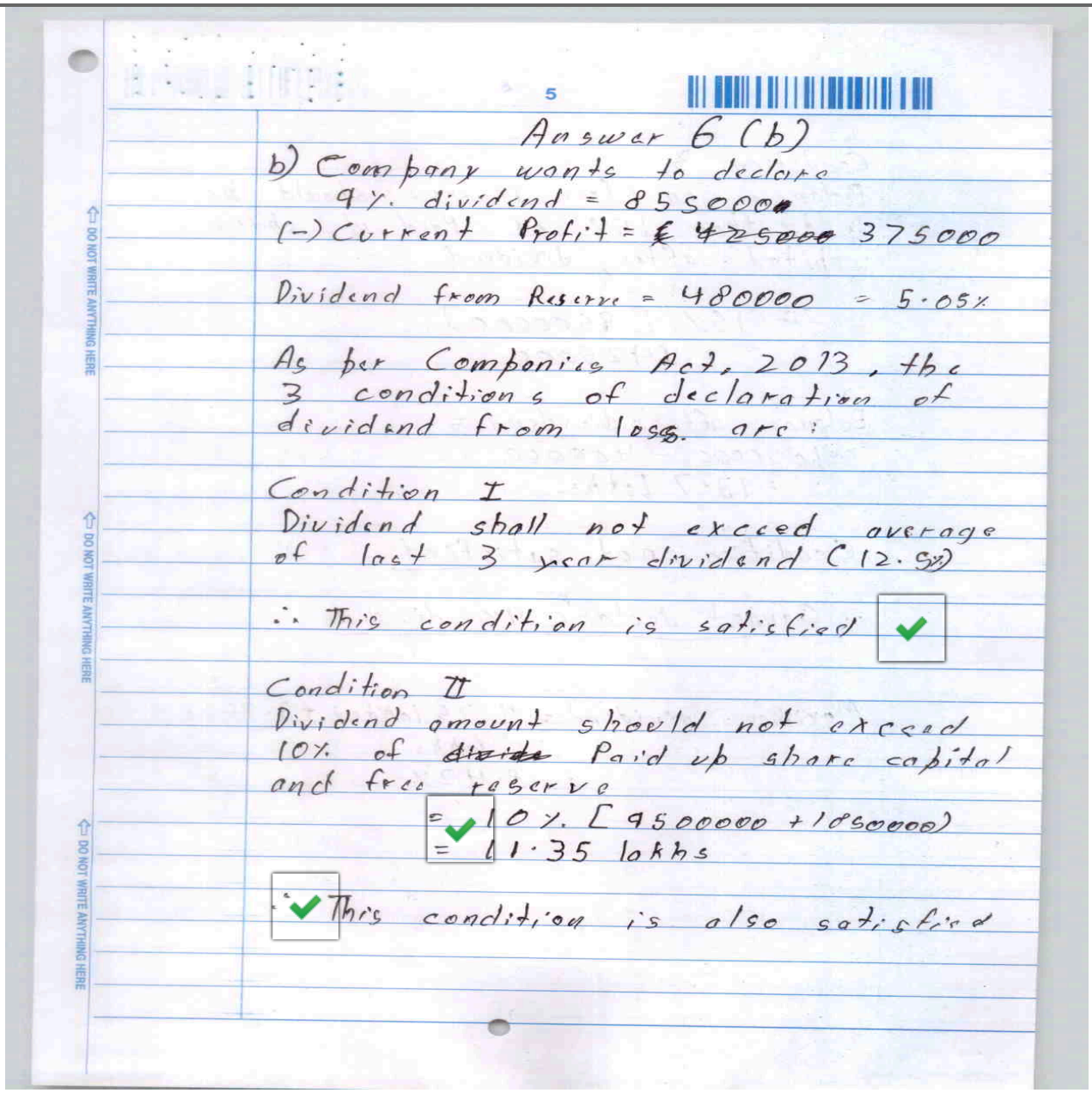
6aStep1 4

6a 4

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5

Answer 6 (b)

b) Company wants to declare
dy. dividend = 855000
(-) Current Profit = ~~425000~~ 375000

Dividend from Reserve = 480000 = 5.05%

As per Companies Act, 2013, the 3 conditions of declaration of dividend from loss. are :

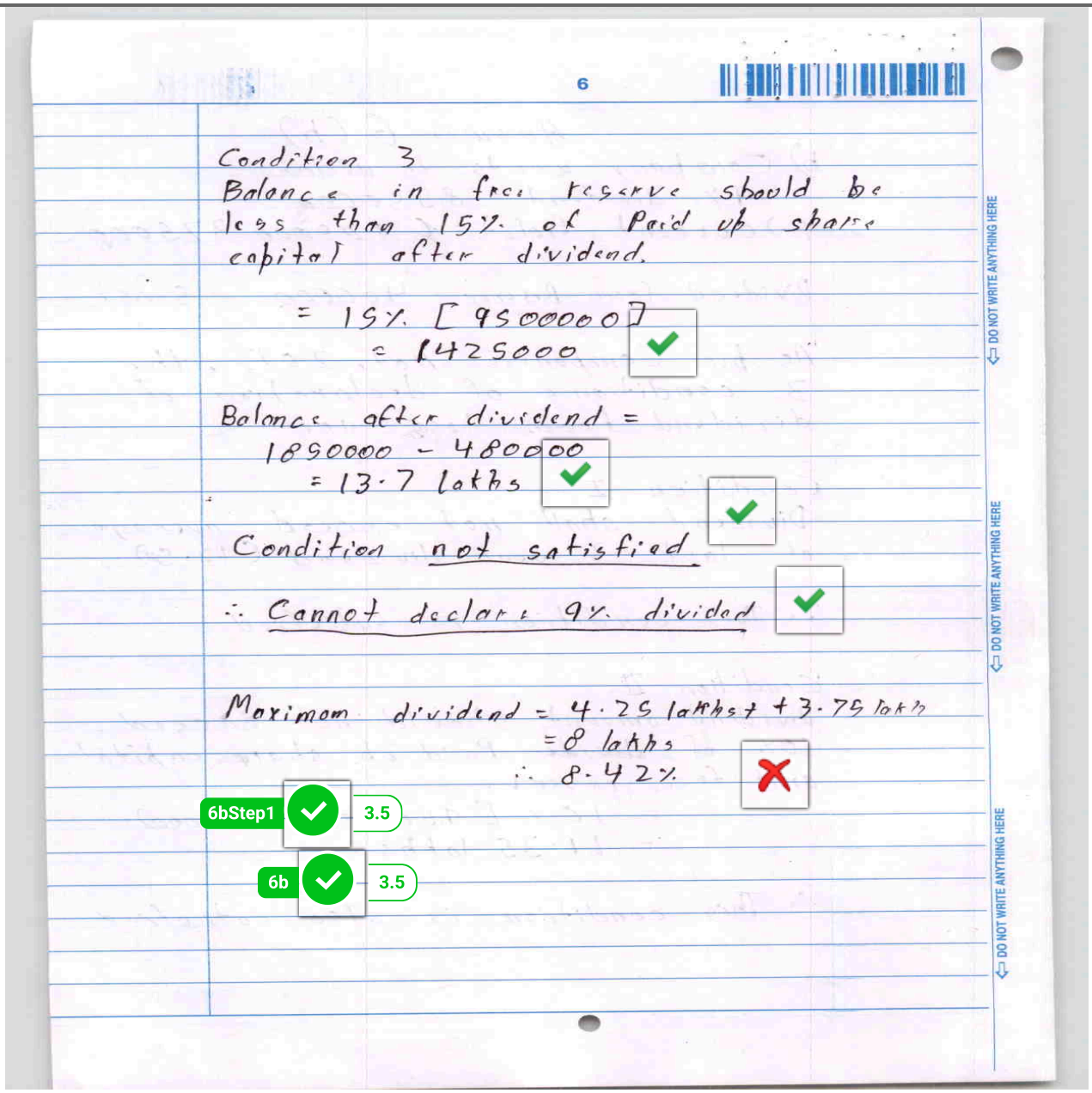
Condition I
Dividend shall not exceed average of last 3 year dividend (12.5%)

∴ This condition is satisfied ✔

Condition II
Dividend amount should not exceed 10% of ~~dividends~~ Paid up share capital and free reserve
= ✔ 10% [9500000 + 1050000)
= 11.35 lakhs

∴ ✔ This condition is also satisfied

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6

Condition 3
Balance in free reserve should be less than 15% of Paid up share capital after dividend.

= 15% [9500000]
= 1425000

Balance after dividend =
1850000 - 480000
= 13.7 lakhs

Condition not satisfied

∴ Cannot declare 9% divided

Maximom dividend = 4.25 lakhs + 3.75 lakhs
= 8 lakhs
∴ 8.42%

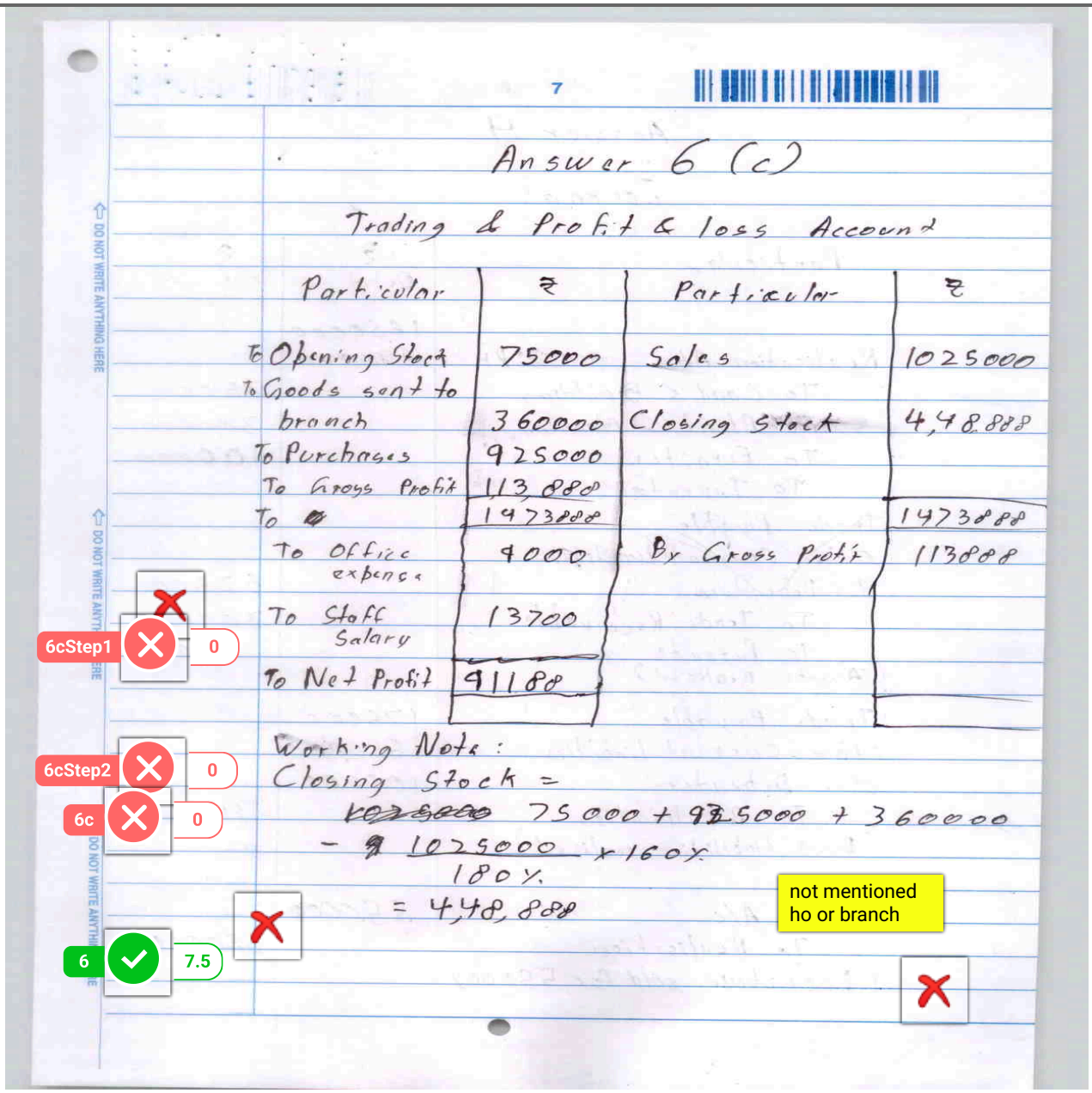
6bStep1 3.5

6b 3.5

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7

Answer 6 (c)

Trading & Profit & loss Account

Particular	₹	Particular	₹
To Opening Stock	75000	Sales	1025000
To Goods sent to branch	360000	Closing Stock	448888
To Purchases	925000		
To Gross Profit	113888		
To	1473888		1473888
To Office expenses	4000	By Gross Profit	113888
To Staff Salary	13700		
To Net Profit	91188		

Working Note :

Closing Stock = 75000 + 925000 + 360000 − 1025000 × 160% / 180%

= 448,888

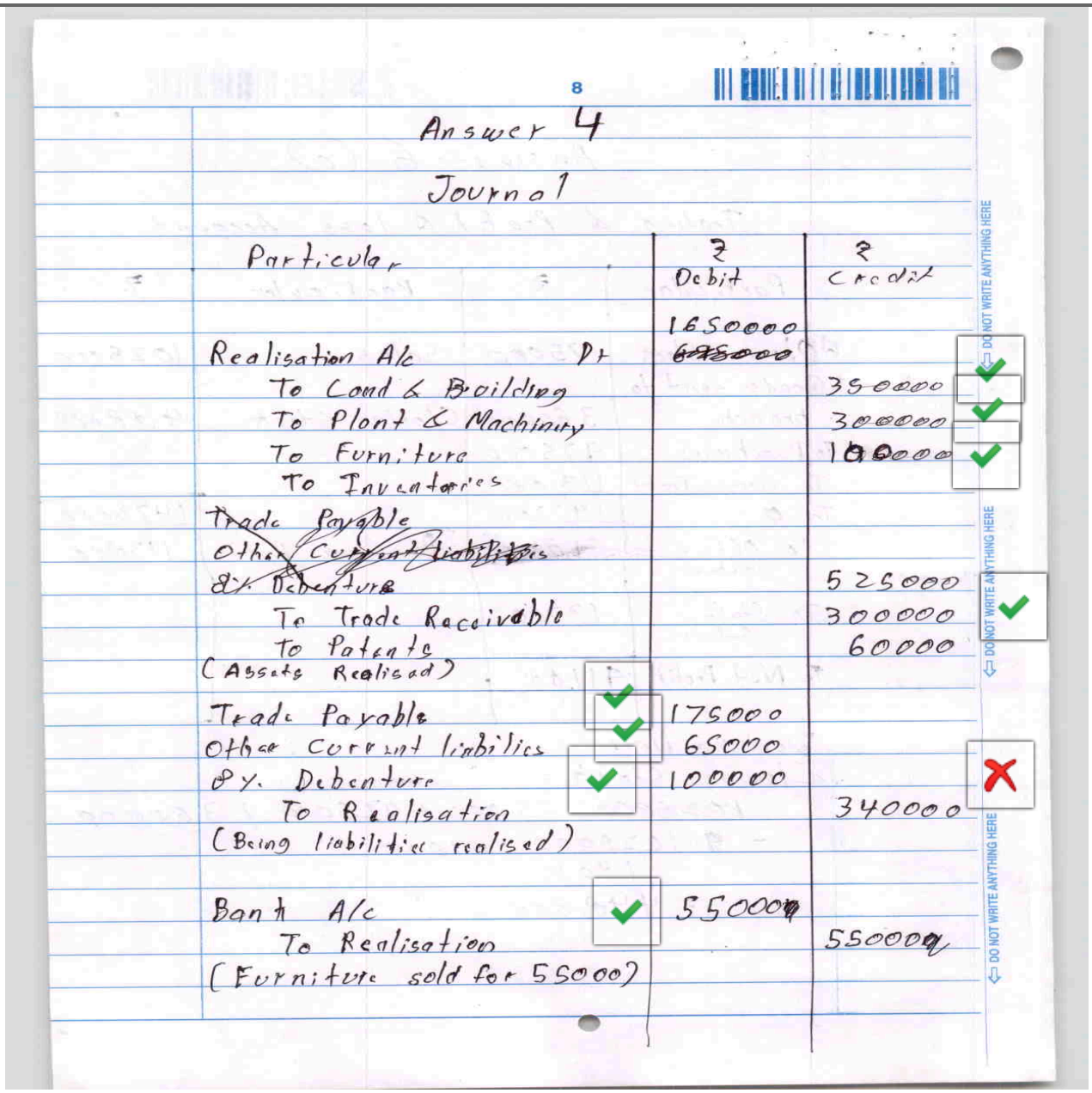
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6cStep1 0

6cStep2 0

6c 0

6 7.5



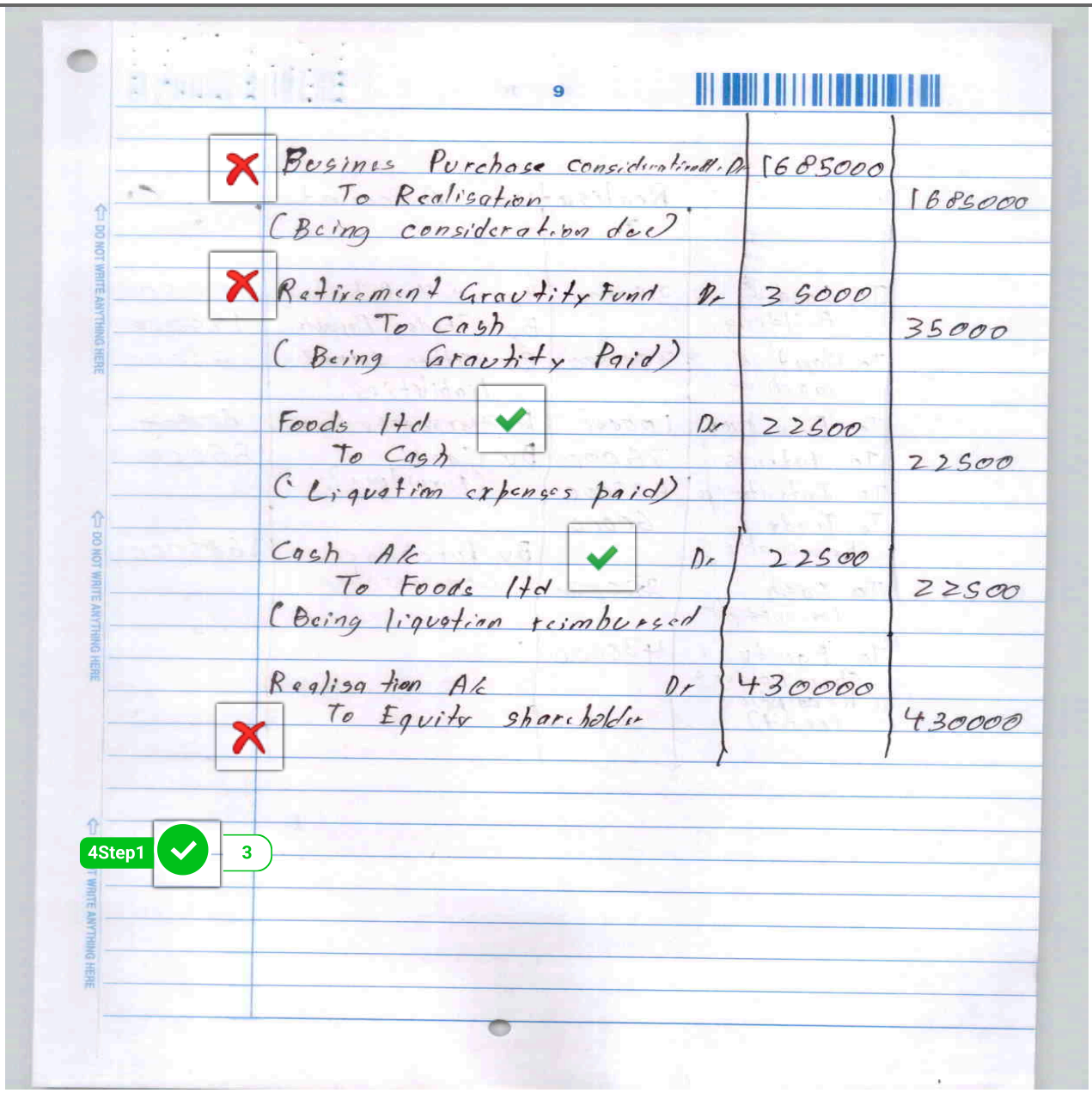
8

Answer 4

Journal

Particulars	₹ Debit	₹ Credit
	1650000	
Realisation A/c Dr	~~675000~~	
To Land & Building		350000
To Plant & Machinery		300000
To Furniture		100000
To Inventories		
Trade Payable		
Other Current Liabilities		
8% Debenture		525000
To Trade Receivable		300000
To Patents		60000
(Assets Realised)		
Trade Payable	175000	
Other Current liabilities	65000	
8% Debenture	100000	
To Realisation		340000
(Being liabilities realised)		
Bank A/c	550000	
To Realisation		550000
(Furniture sold for 55000)		

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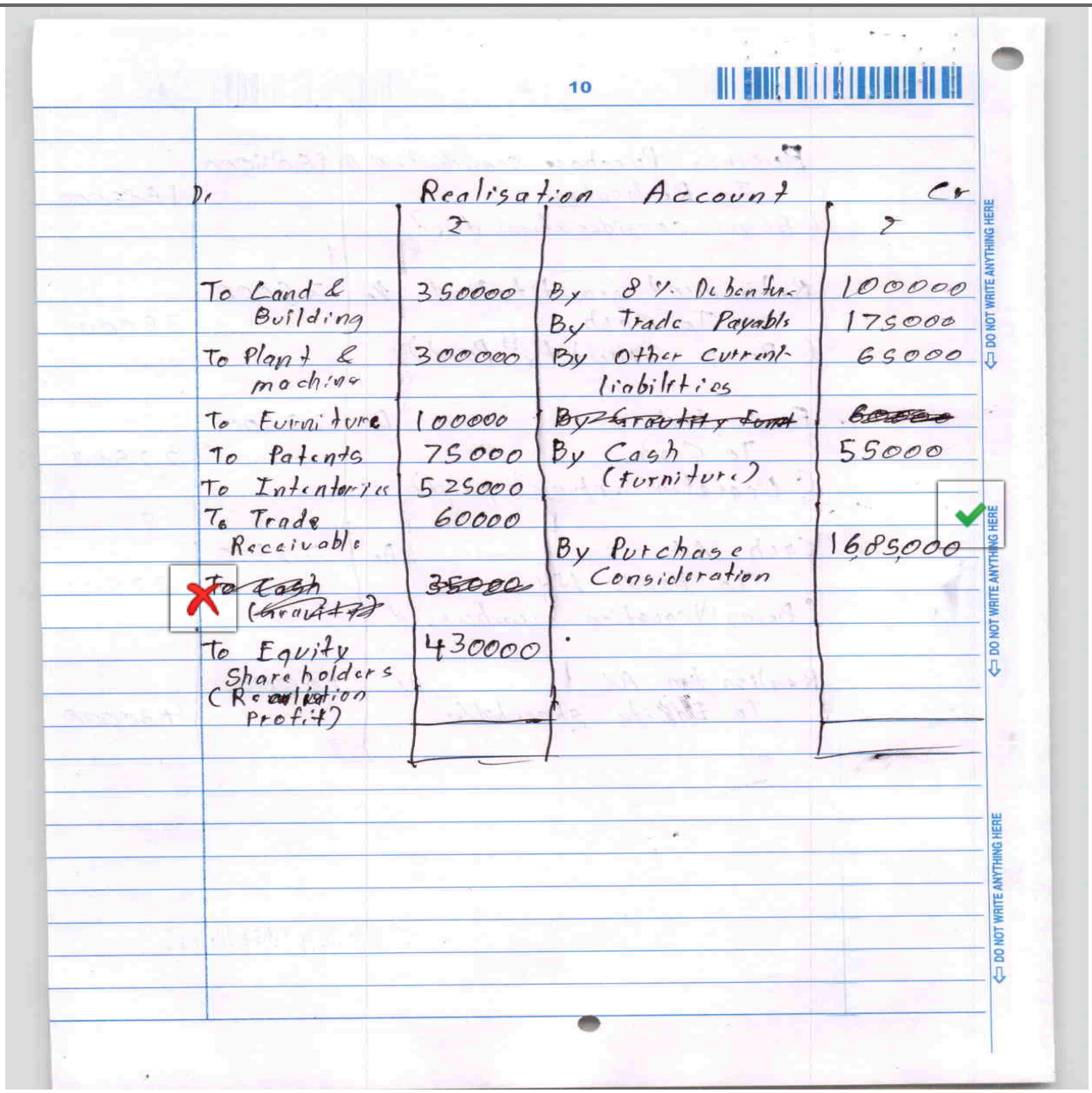


9

Busines Purchase consideration A/c	Dr	1685000	
To Realisation			1685000
(Being consideration due)			
Retirement Gravtity Fund	Dr	35000	
To Cash			35000
(Being Gravtity Paid)			
Foods ltd	Dr	22500	
To Cash			22500
(Liquation expenses paid)			
Cash A/c	Dr	22500	
To Foods ltd			22500
(Being liquation reimbursed			
Realisation A/c	Dr	430000	
To Equity shareholder			430000

4Step1 3

Code:	**IN1AA638146**	**Total Marks:**	**70**
Subject :	**01 Advanced Accounting**	**Marks Obtained :**	34.5



10

Dr. Realisation Account Cr

	₹		₹
To Land & Building	350000	By 8% Debentures	1000000
		By Trade Payables	175000
To Plant & machine	300000	By Other current liabilities	65000
To Furniture	100000	~~By Provision for Bad Debts~~	~~5000~~
To Patents	75000	By Cash (Furniture)	55000
To Inventories	525000		
To Trade Receivable	60000		
~~To Cash (Creditors)~~	~~35000~~	By Purchase Consideration	1685000
To Equity Share holders (Realisation Profit)	430000		

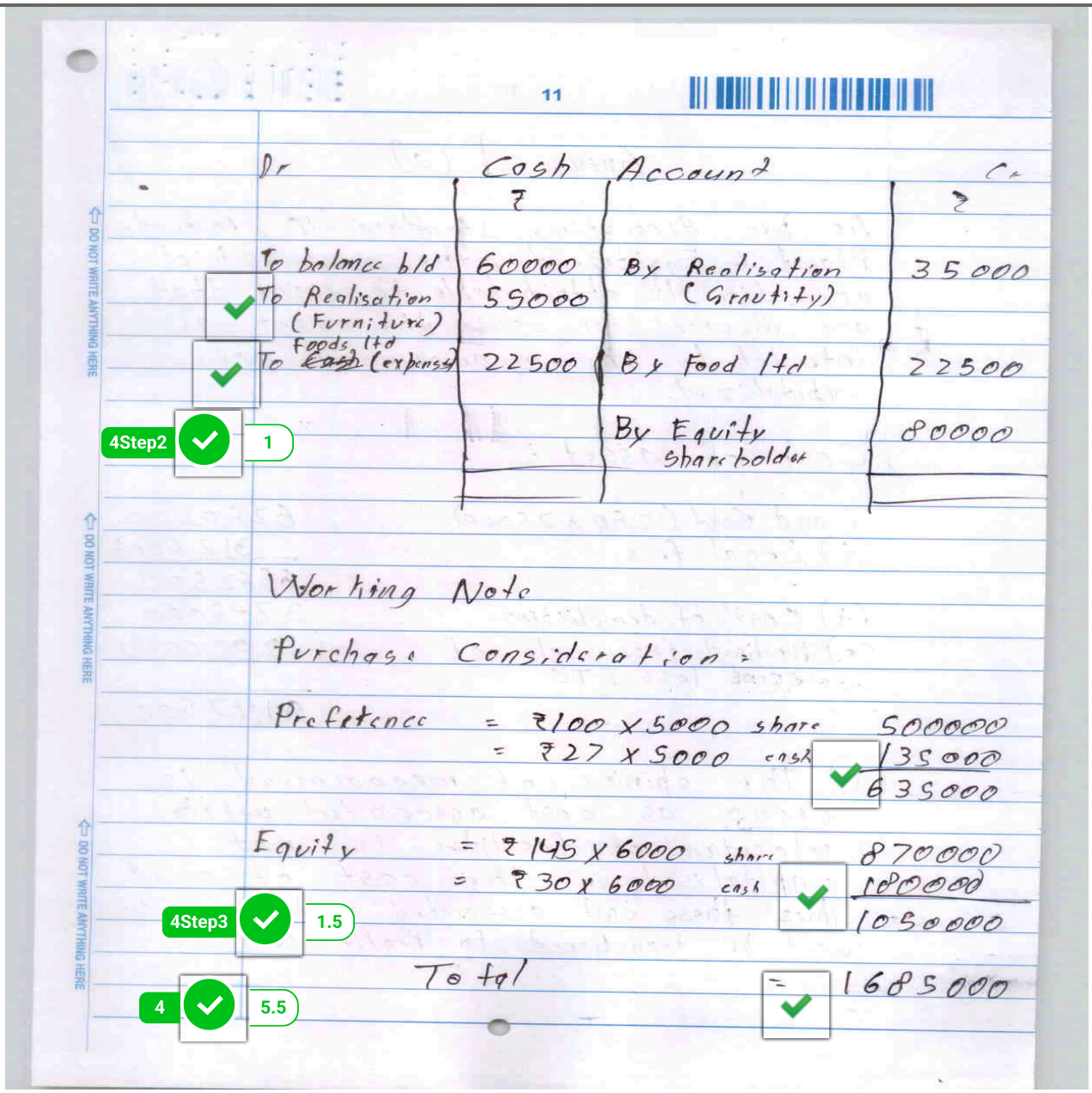
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Subject :	**01 Advanced Accounting**	**Marks Obtained :**	34.5



11

Dr Cash Account Cr

	₹		₹
To balance b/d	60000	By Realisation (Gratuity)	35000
To Realisation (Furniture)	55000		
To ~~Cash~~ Foods ltd (expenses)	22500	By Food ltd	22500
		By Equity shareholder	80000

4Step2 ✓ 1

Working Note

Purchase Consideration =

Preference = ₹100 × 5000 share 500000
= ₹27 × 5000 cash ✓ 135000
635000

Equity = ₹145 × 6000 share 870000
= ₹30 × 6000 cash ✓ 180000
1050000

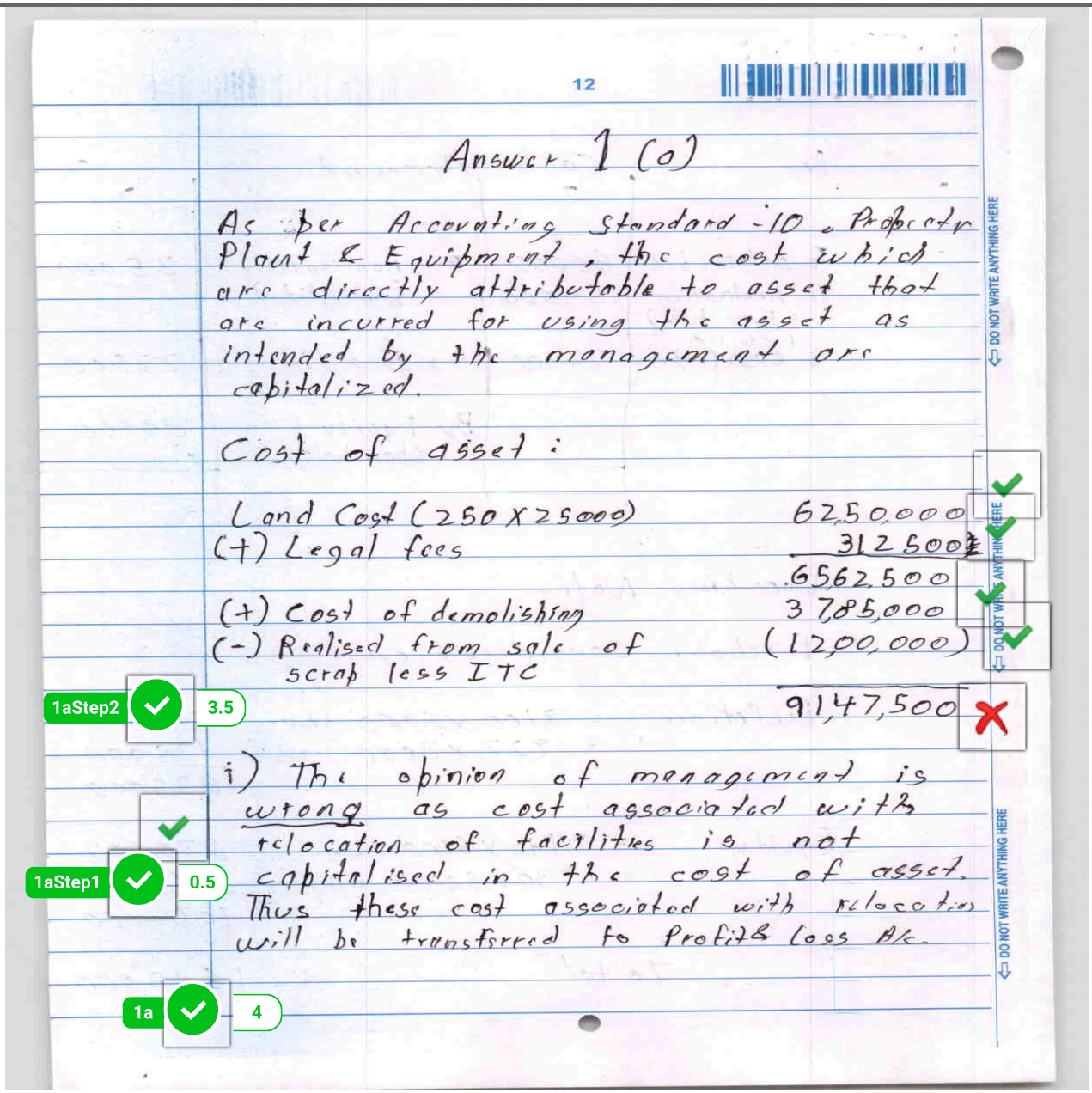
4Step3 ✓ 1.5

Total = ✓ 1685000

4 ✓ 5.5

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12

Answer 1 (a)

As per Accounting Standard - 10, Property Plant & Equipment, the cost which are directly attributable to asset that are incurred for using the asset as intended by the management are capitalized.

Cost of asset :

Land Cost (250 x 25000)	62,50,000
(+) Legal fees	3,12,500
	65,62,500
(+) Cost of demolishing	37,85,000
(-) Realised from sale of scrap less ITC	(12,00,000)
	91,47,500

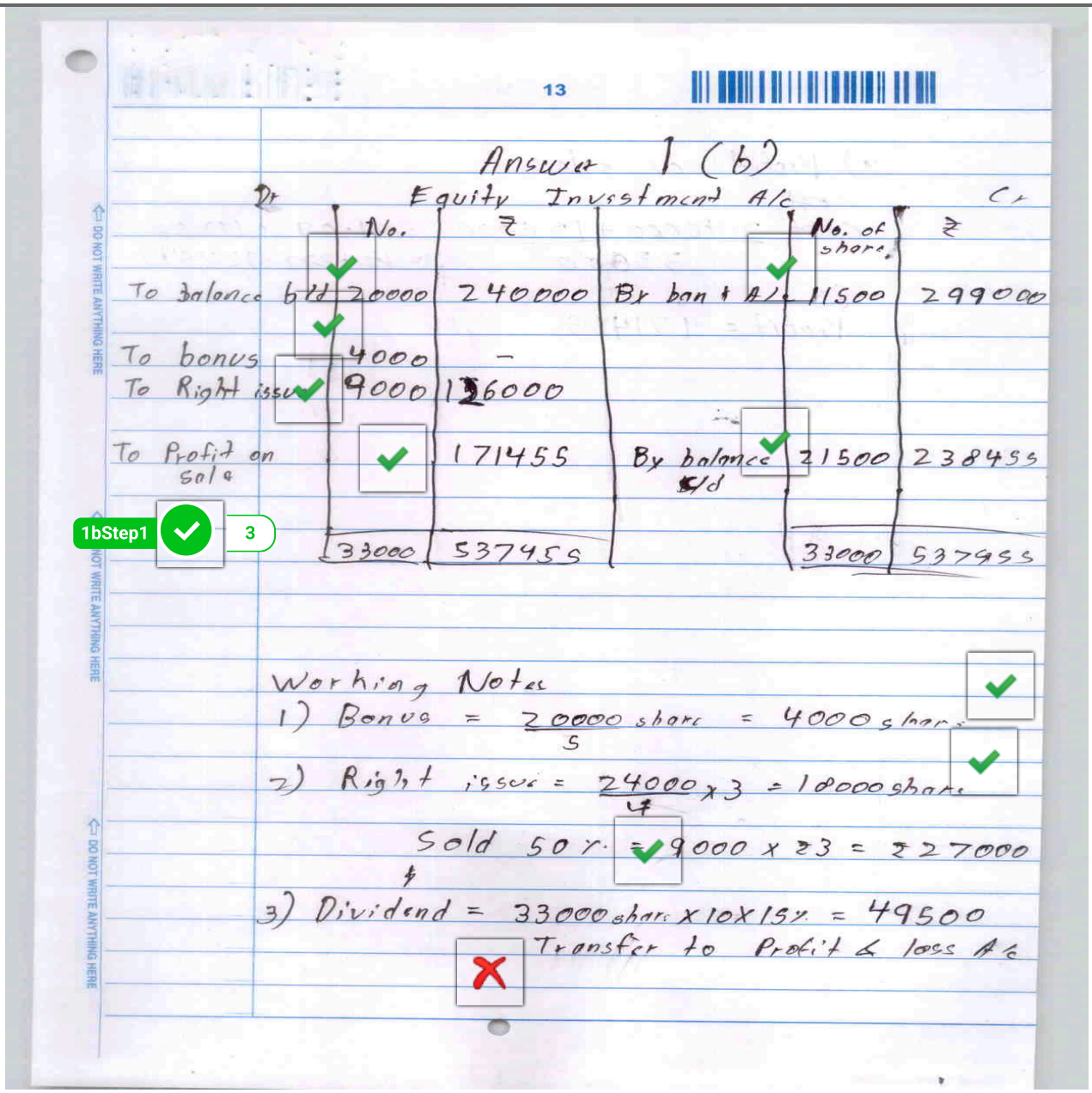
1aStep2 3.5

i) The opinion of management is wrong as cost associated with relocation of facilities is not capitalised in the cost of asset. Thus these cost associated with relocation will be transferred to Profit & Loss A/c.

1aStep1 0.5

1a 4

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13

Answer 1 (b)

Dr Equity Investment A/c Cr

	No.	₹		No. of shares	₹
To balance b/d	20000	240000	By bank A/c	11500	299000
To bonus	4000	–			
To Right issue	9000	126000			
To Profit on sale		171455	By balance c/d	21500	238455
	33000	537455		33000	537455

1bStep1 3

Working Notes

1) Bonus = $\frac{20000 \text{ shares}}{5}$ = 4000 shares

2) Right issue = $\frac{24000}{4} \times 3$ = 18000 shares

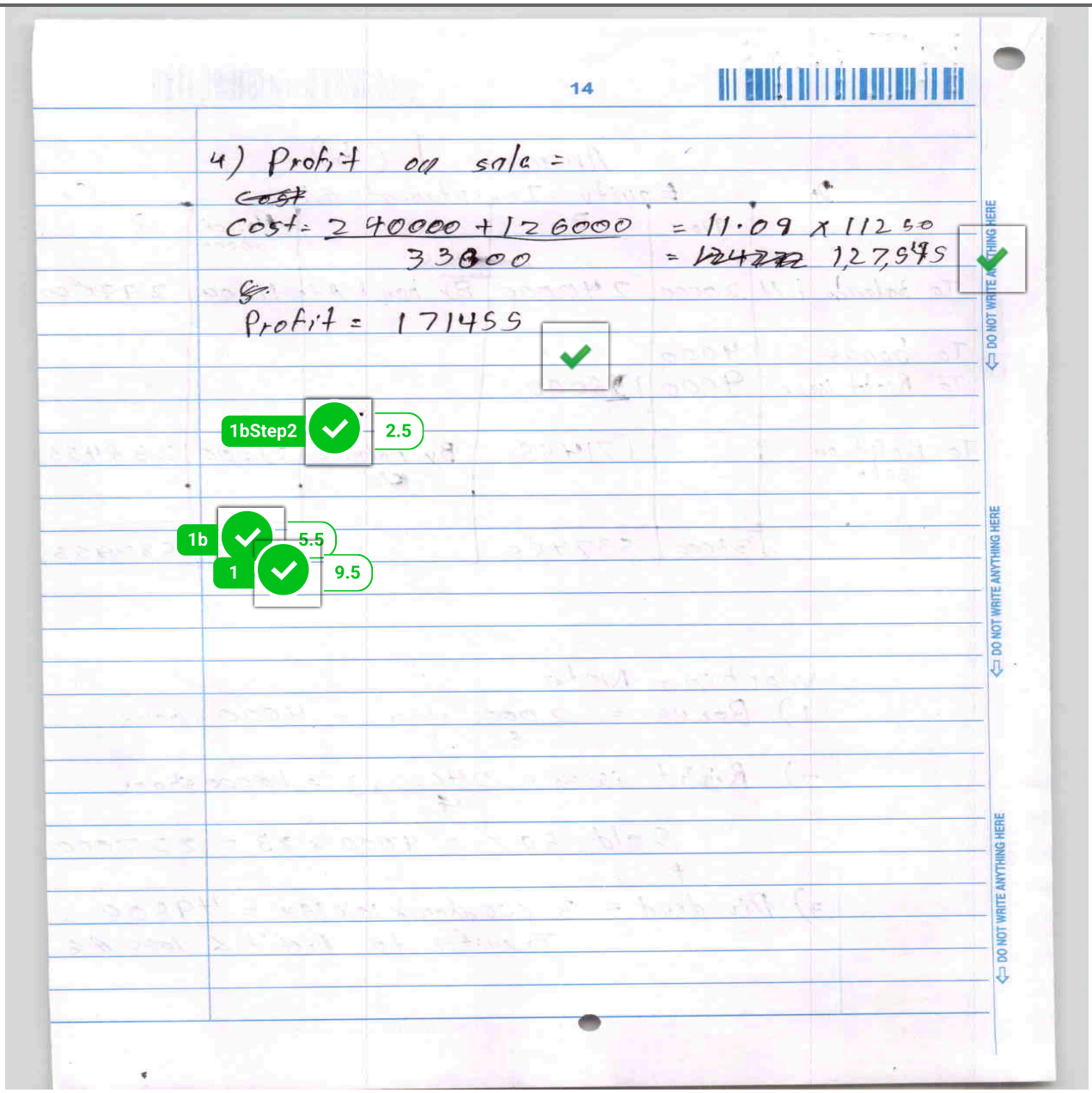
Sold 50% = 9000 × ₹3 = ₹27000

3) Dividend = 33000 shares × 10 × 15% = 49500

Transfer to Profit & loss A/c

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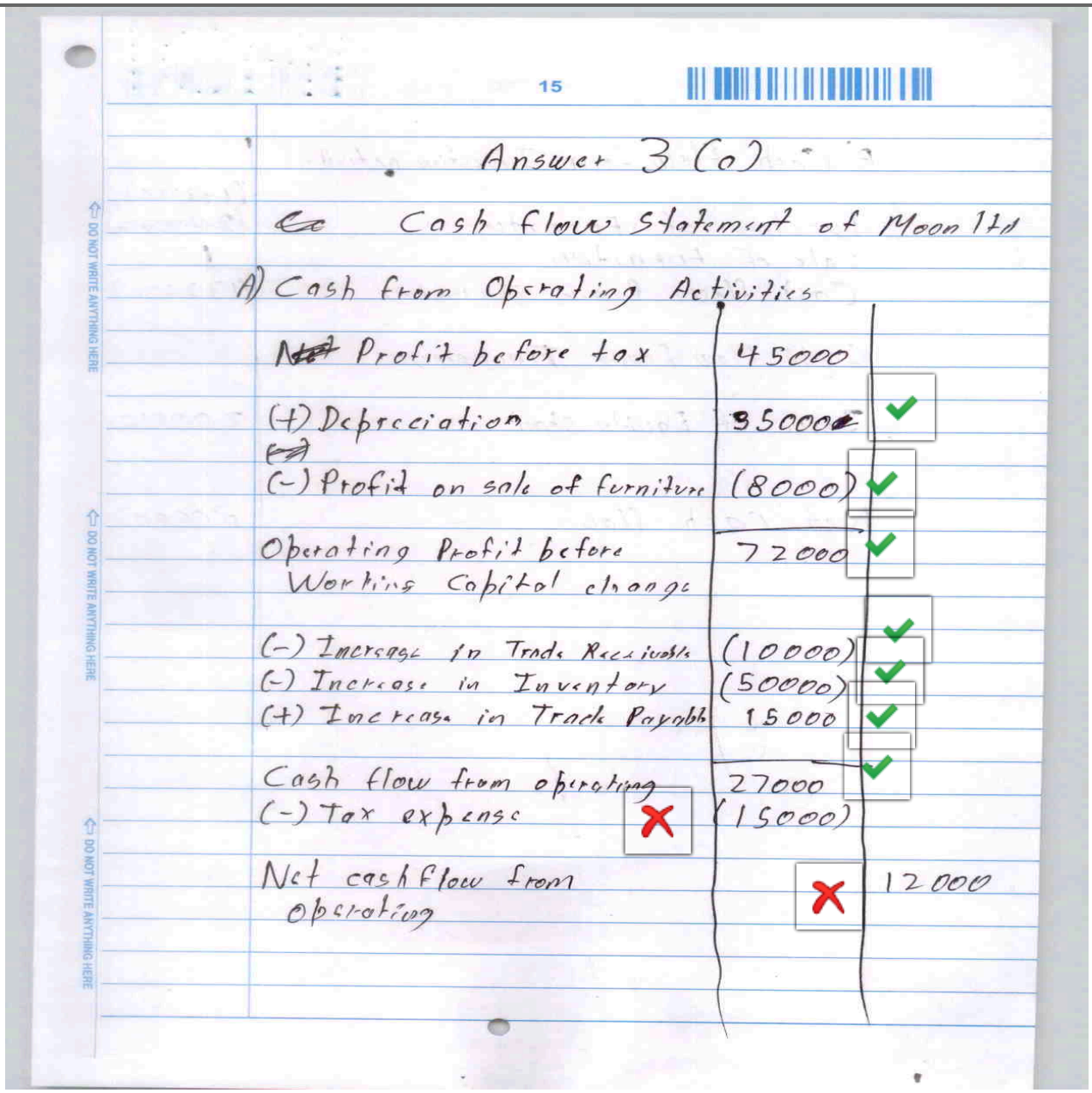
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1bStep2 2.5

1b 5.5

1 9.5



15

Answer 3 (a)

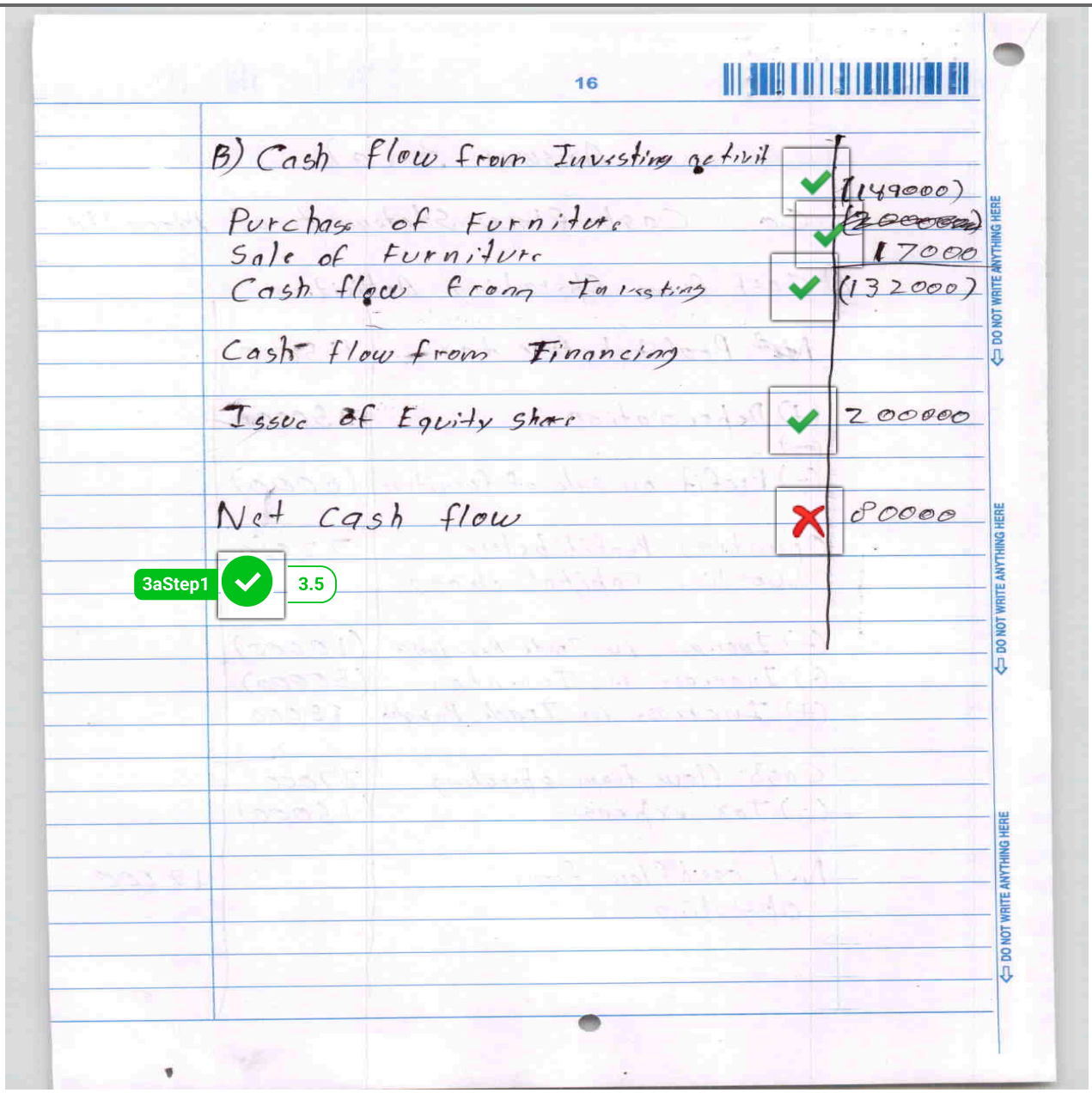
Cash flow Statement of Moon Ltd

A) Cash from Operating Activities

Profit before tax	45000
(+) Depreciation	35000
(-) Profit on sale of furniture	(8000)
Operating Profit before Working Capital change	72000
(-) Increase in Trade Receivable	(10000)
(-) Increase in Inventory	(50000)
(+) Increase in Trade Payable	15000
Cash flow from operating	27000
(-) Tax expense	(15000)
Net cash flow from operating	12000

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16

B) Cash flow from Investing activit

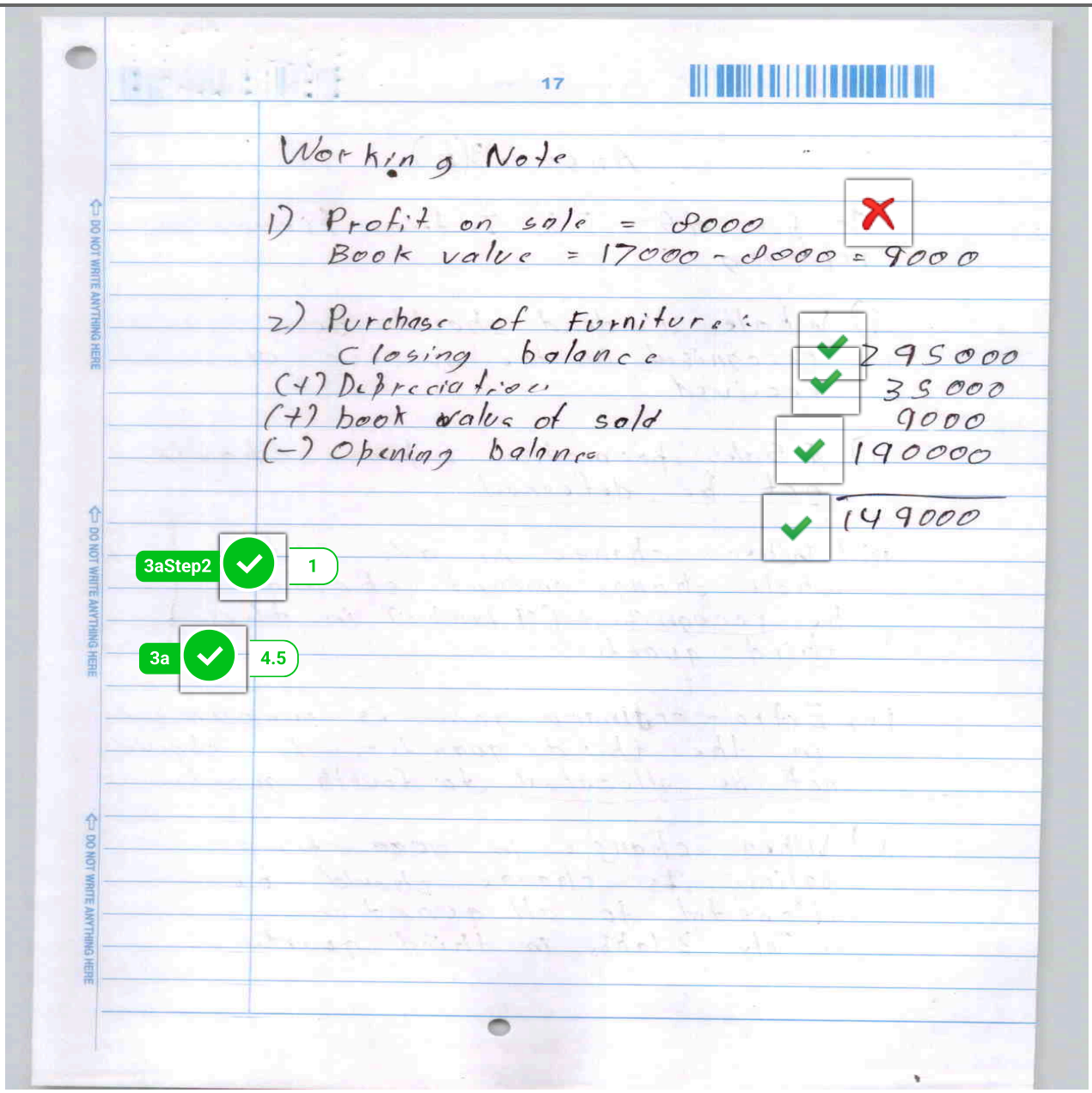
Purchase of Furniture	(149000)
Sale of Furniture	17000
Cash flow from Investing	(132000)
Cash flow from Financing	
Issue of Equity share	200000
Net cash flow	80000

3aStep1 3.5

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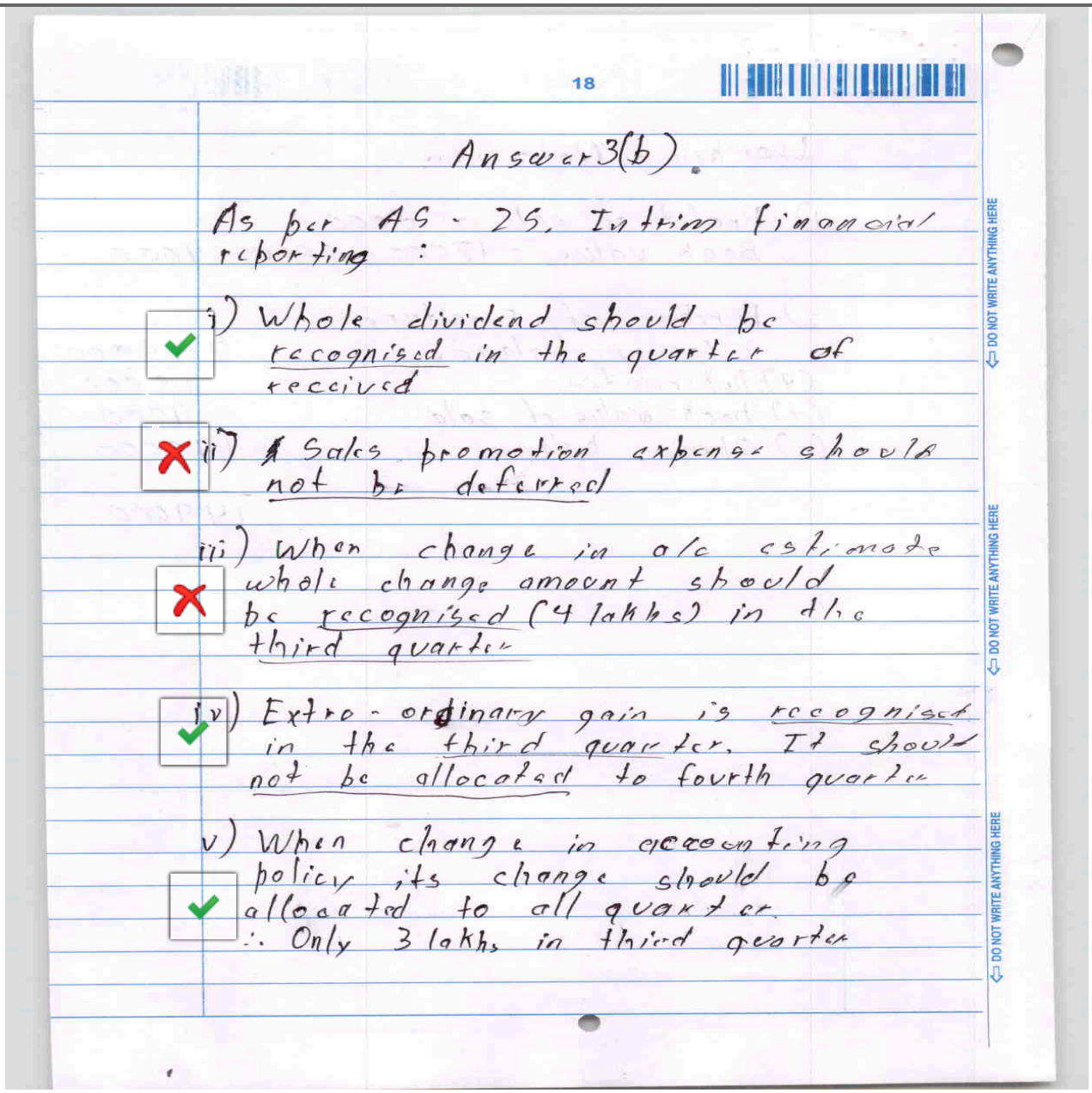
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3aStep2 1

3a 4.5



18

Answer 3(b)

As per AS - 25, Interim financial reporting :

i) Whole dividend should be recognised in the quarter of received

ii) Sales promotion expense should not be deferred

iii) When change in a/c estimate whole change amount should be recognised (4 lakhs) in the third quarter

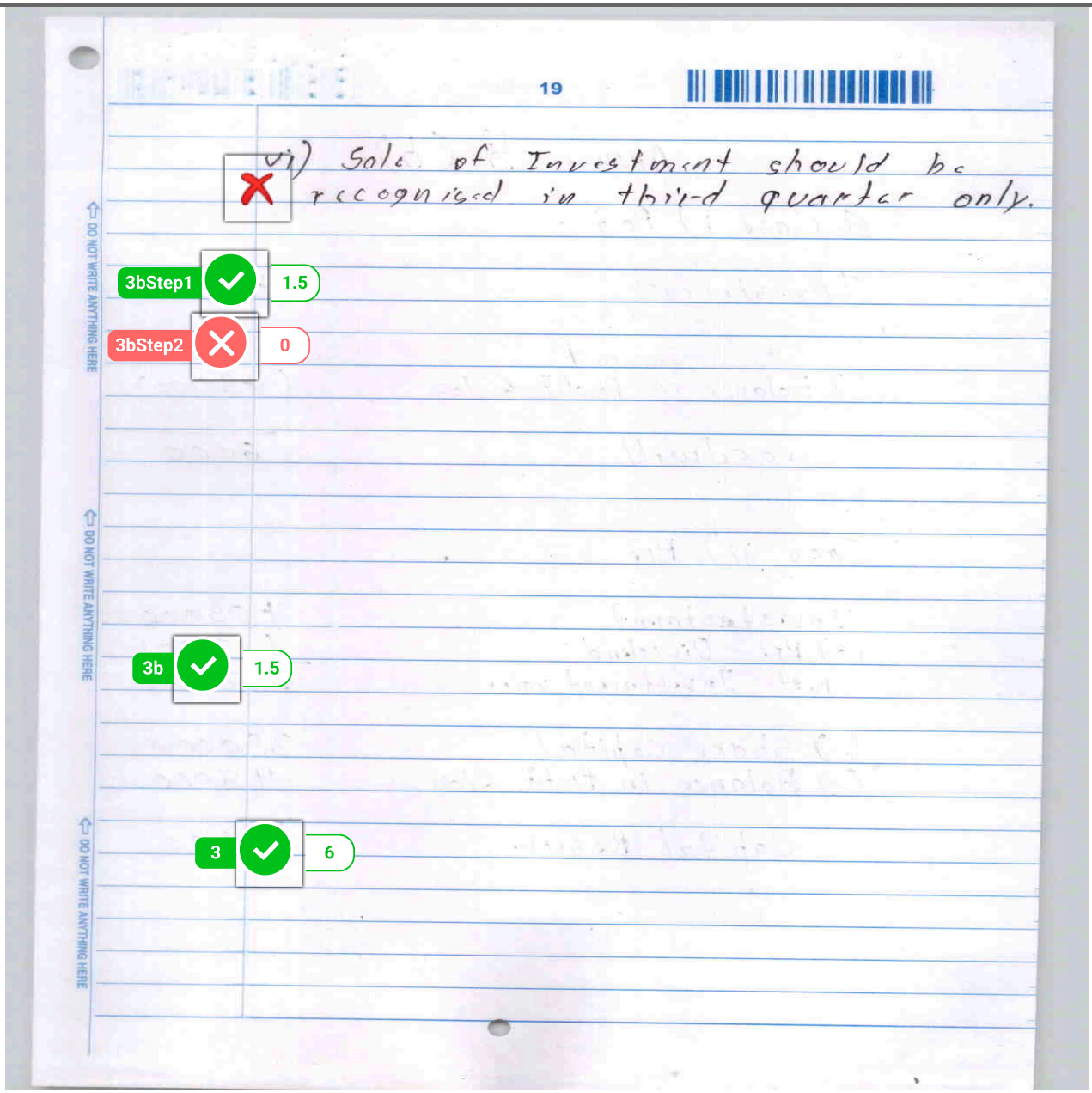
iv) Extra-ordinary gain is recognised in the third quarter. It should not be allocated to fourth quarter

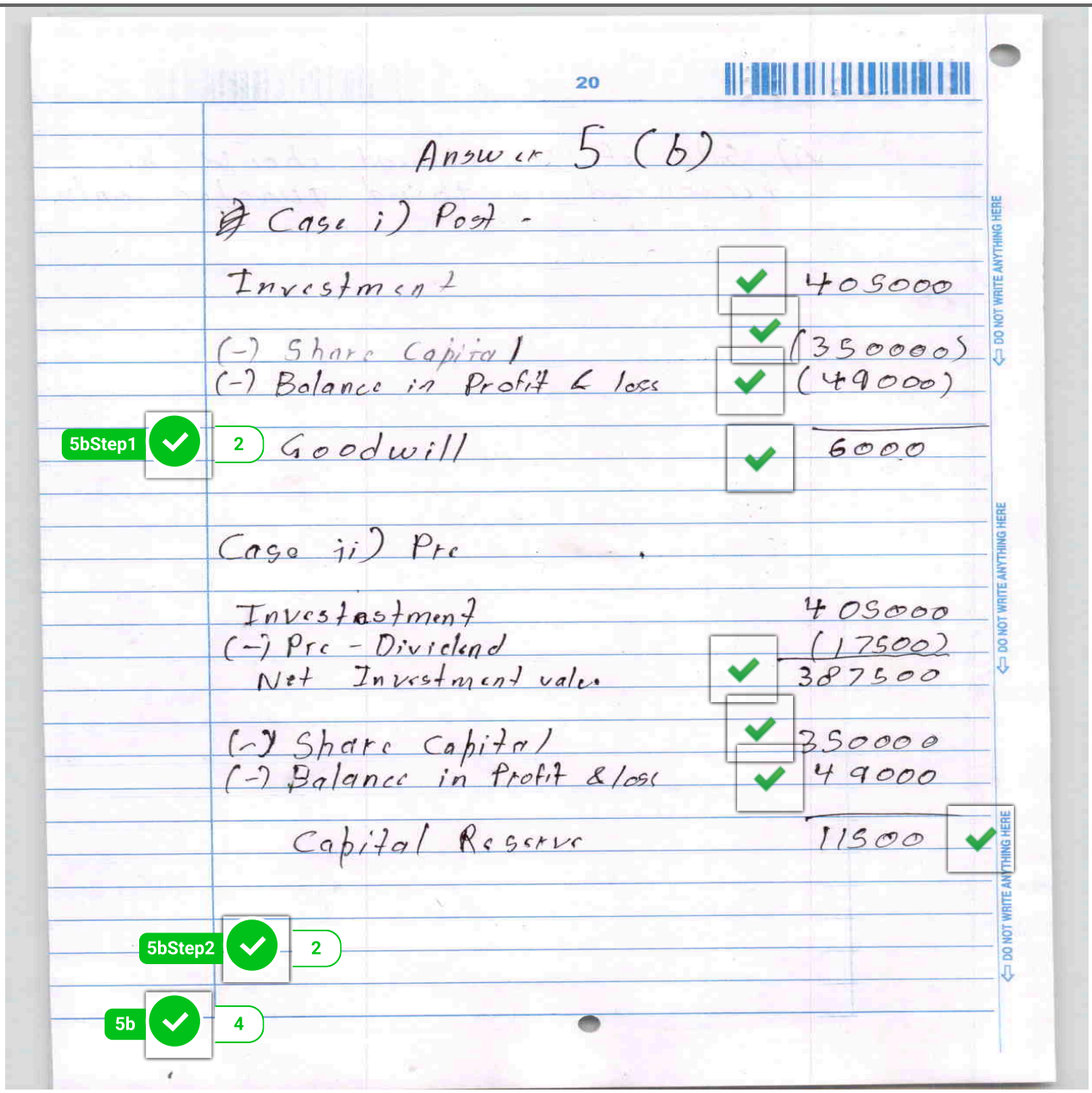
v) When change in accounting policy, its change should be allocated to all quarter.
∴ Only 3 lakhs in third quarter

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20

Answer 5 (b)

Case i) Post -

Investment		405000
(-) Share Capital		(350000)
(-) Balance in Profit & loss		(49000)
Goodwill		6000

Case ii) Pre

Investastment		405000
(-) Pre - Dividend		(17500)
Net Investment value		387500
(-) Share Capital	350000	
(-) Balance in Profit & loss	49000	
Capital Reserve		11500

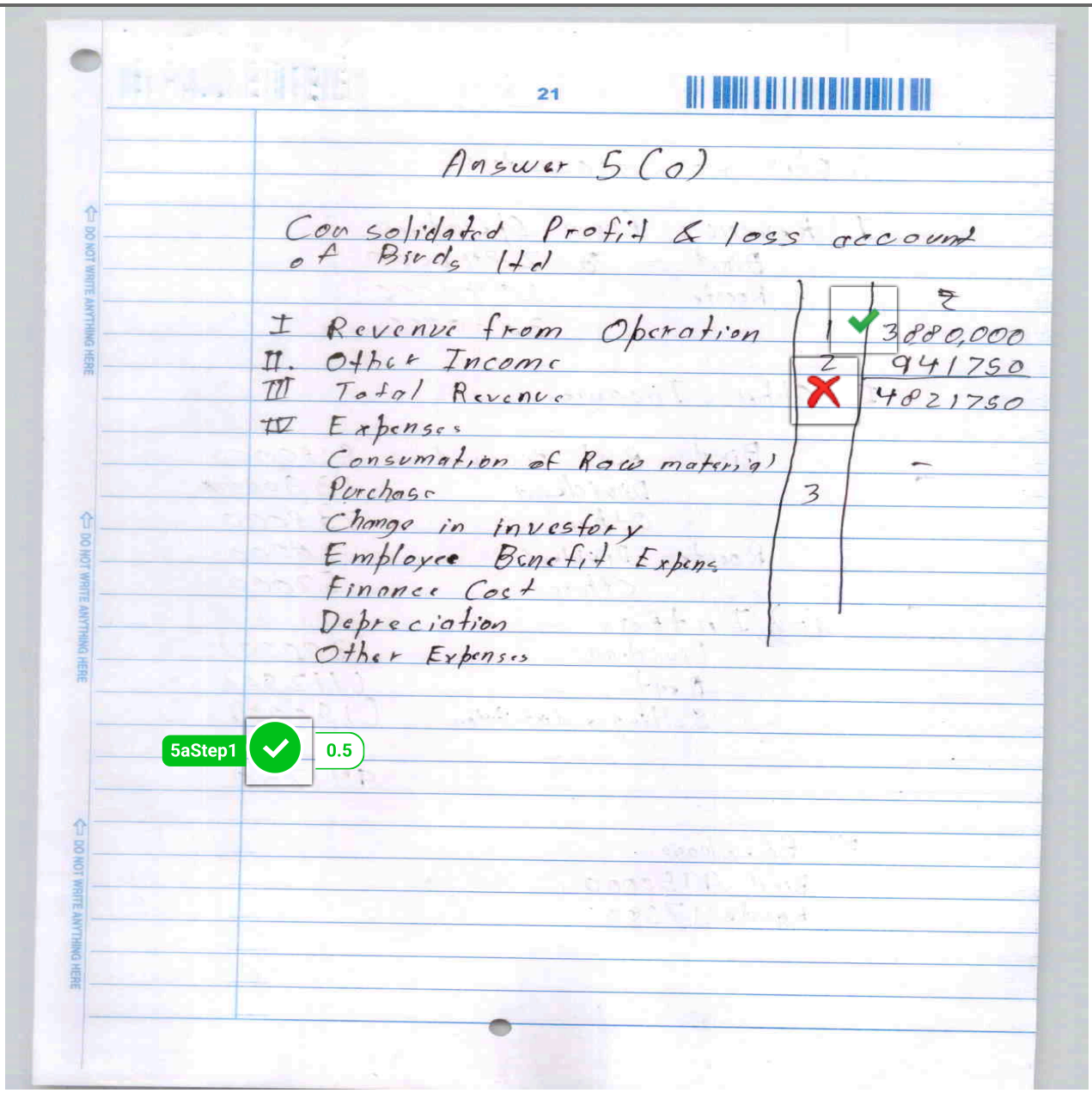
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5bStep1 2

5bStep2 2

5b 4

Code:	**IN1AA638146**	**Total Marks:**	**70**
Subject :	**01 Advanced Accounting**	**Marks Obtained :**	34.5



21

Answer 5 (a)

Consolidated Profit & loss account of Birds ltd

		₹
I Revenue from Operation	1 ✓	3880,000
II. Other Income	2	941750
III Total Revenue	✗	4821750
IV Expenses		
Consumation of Raw material		-
Purchase	3	
Change in invesfory		
Employee Benefit Expens		
Finance Cost		
Depreciation		
Other Expenses		

5aStep1 ✓ 0.5

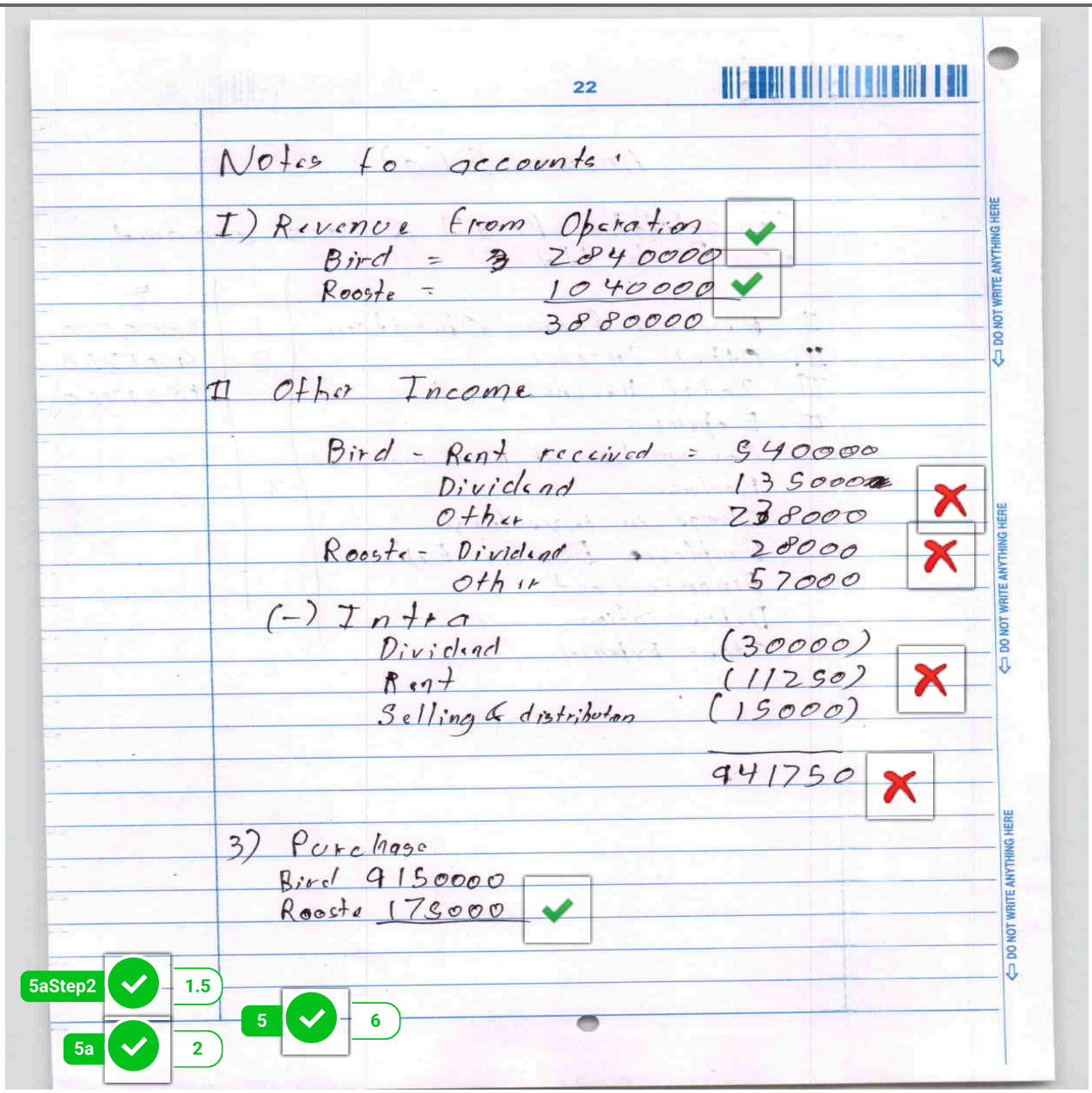
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22

Notes to accounts:

I) Revenue from Operation
Bird = ₹ 2840000
Roosta = 1040000
3880000

II Other Income

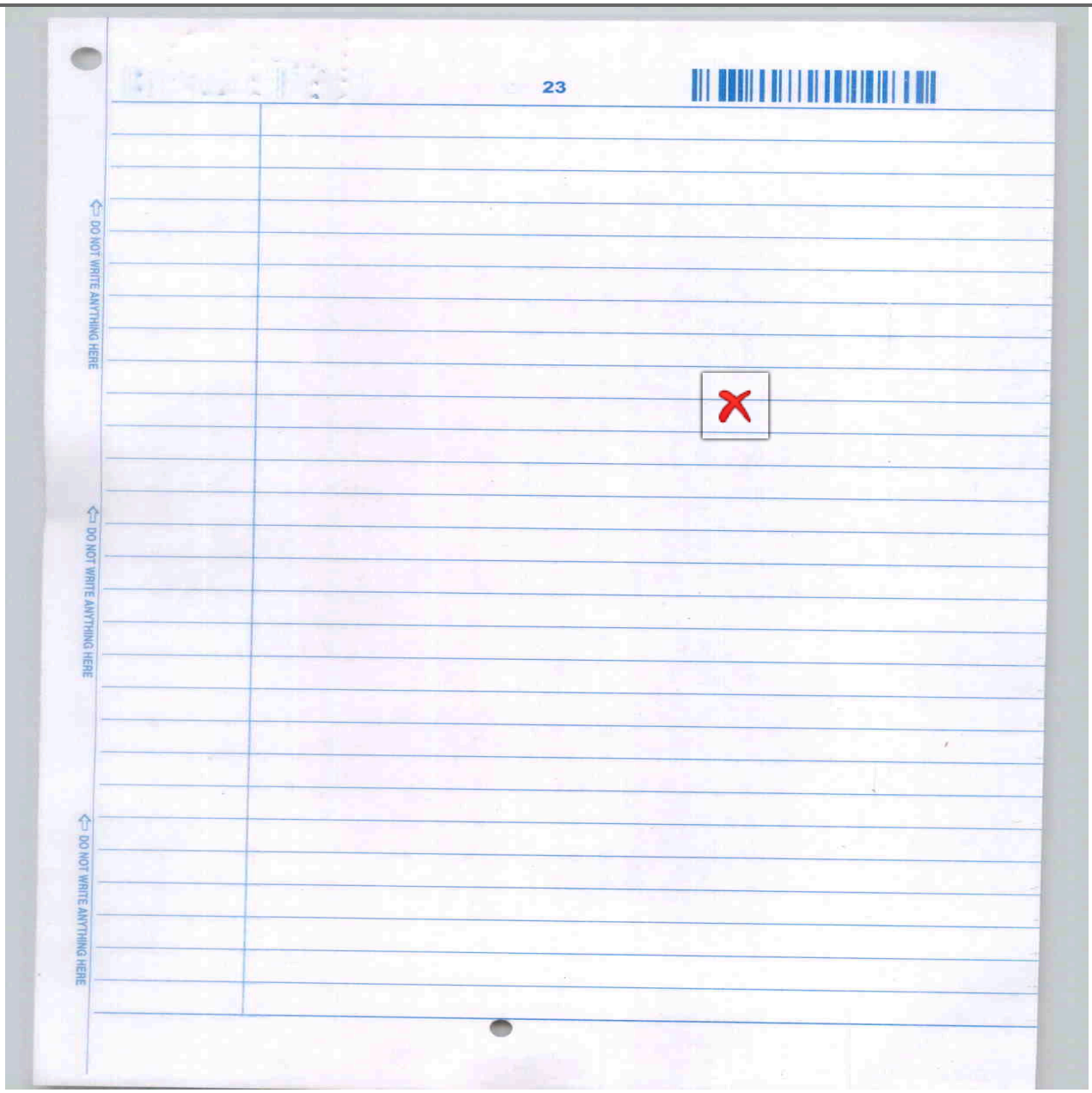
Bird - Rent received	=	540000
Dividend		135000
Other		238000
Roosta - Dividend		28000
Other		57000
(-) Intra		
Dividend		(30000)
Rent		(11250)
Selling & distribution		(15000)
		941750

3) Purchase
Bird 9150000
Roosta 179000

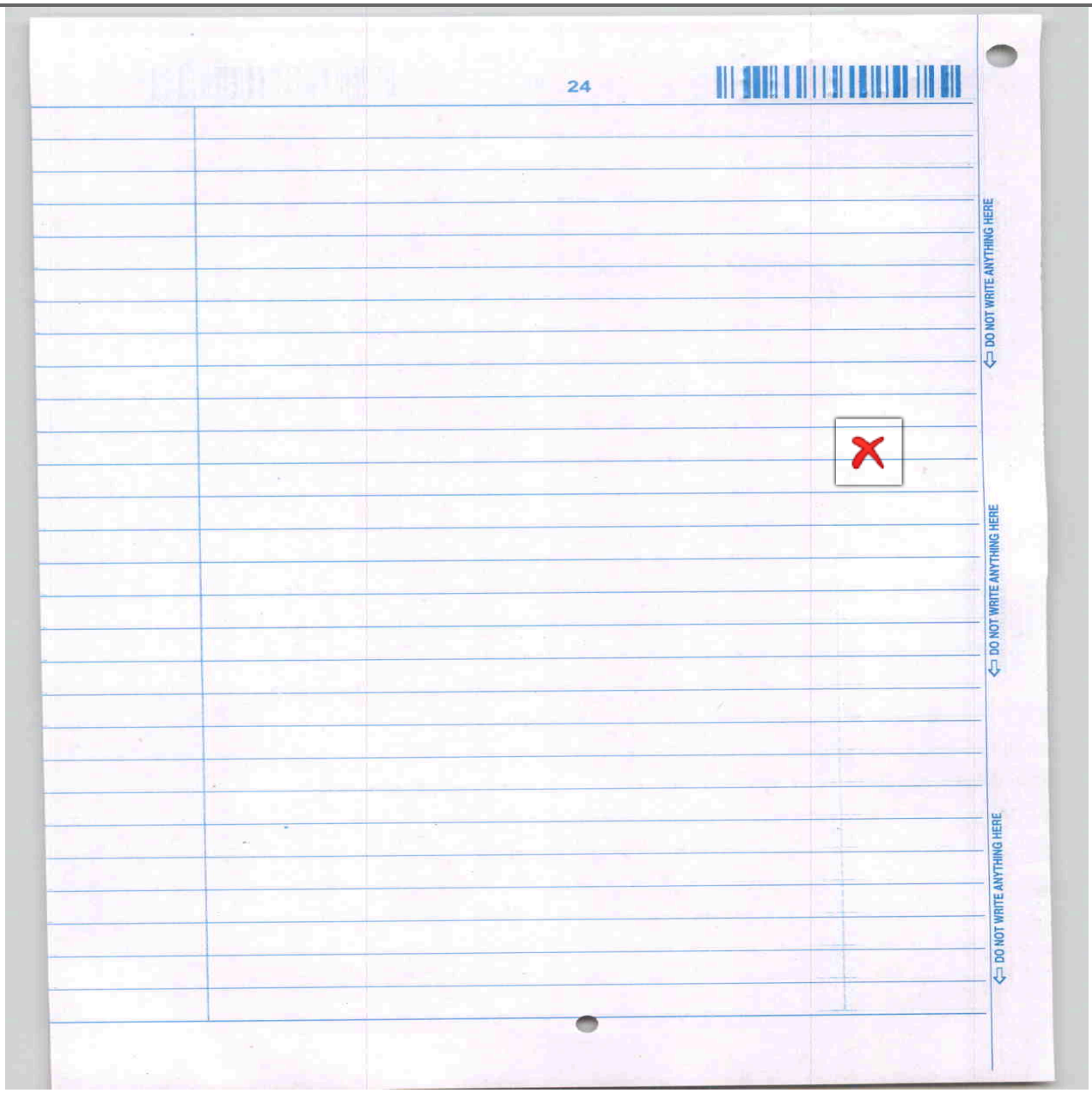
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5aStep2 1.5
5a 2
5 6

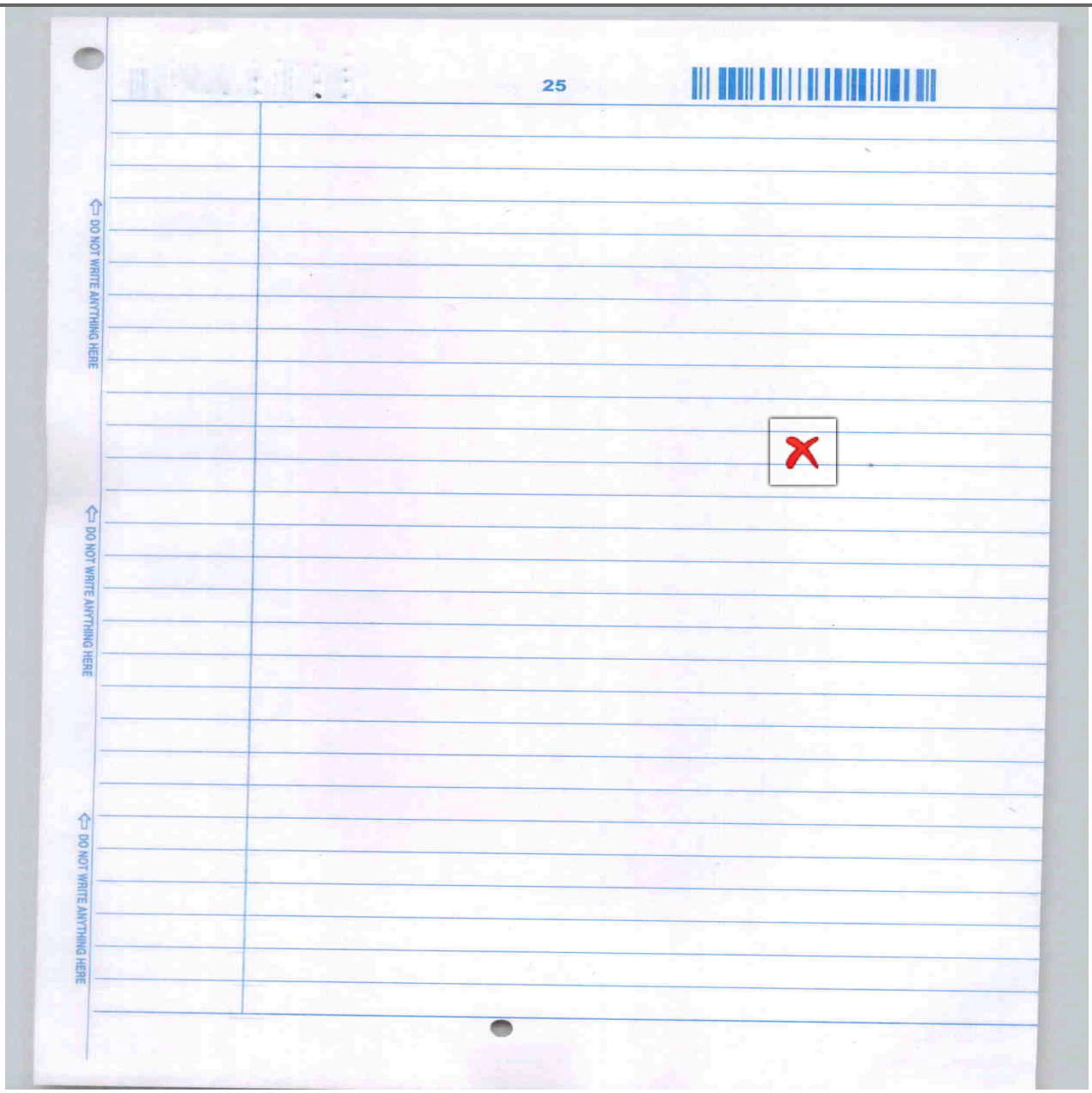
Code:	**IN1AA638146**	**Total Marks:**	**70**
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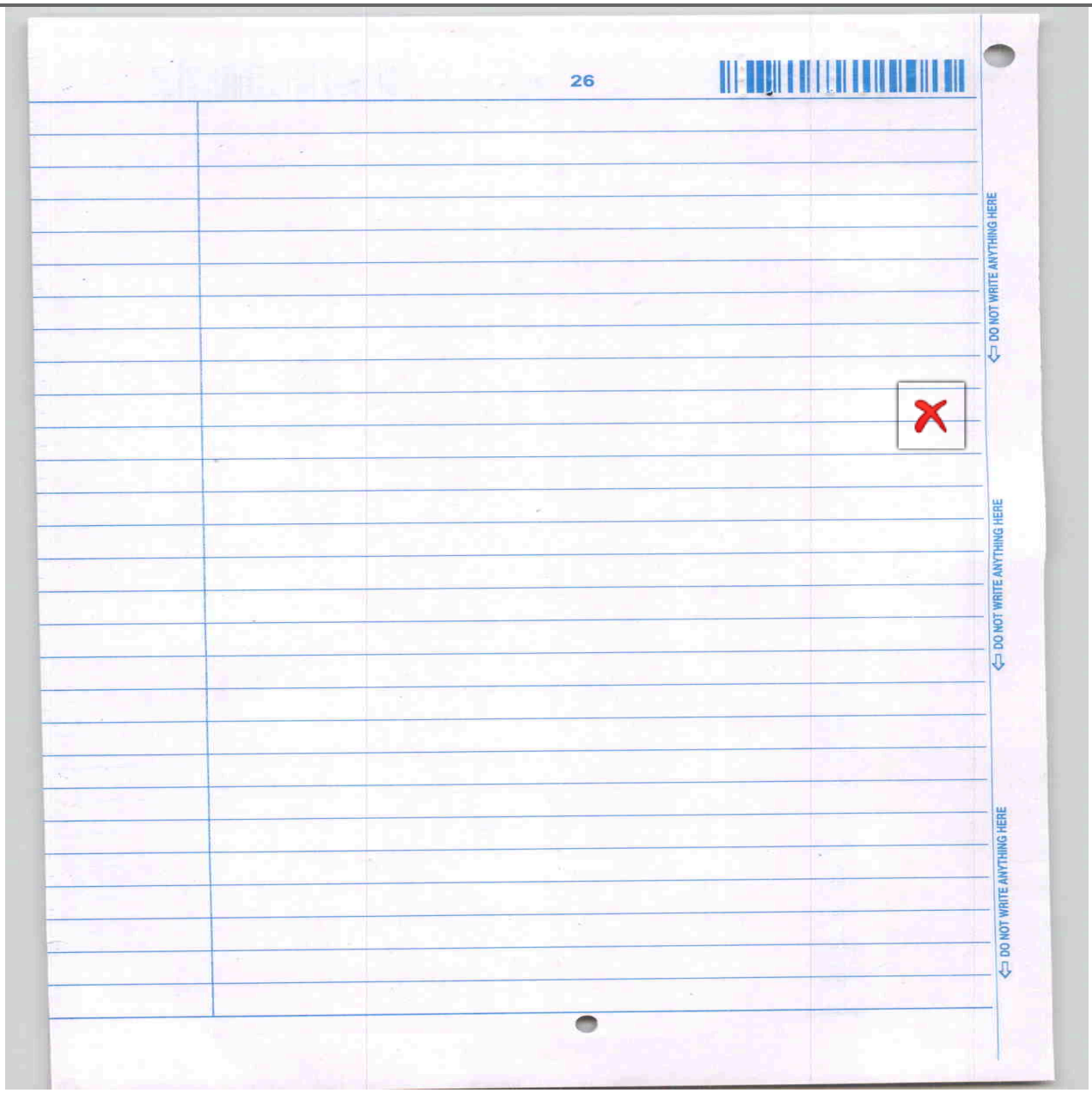


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Subject :	**01 Advanced Accounting**	**Marks Obtained :**	34.5



Code:	**IN1AA638146**	**Total Marks:**	**70**
Subject :	**01 Advanced Accounting**	**Marks Obtained :**	34.5

