The Institute of Chartered Accountants of India

Code: FN1FR303259 **Total Marks:** 70

Subject : 01 Financial Reporting **Marks Obtained :** 50

GRAPH PAPER IS ON THE PENULTIMATE PAGE

Book No. 1 (containing 28 pages)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

CA Final Sept 2025 Examination

Group No. I Paper No. 1

Subject Financial Reporting

Number of Answer Books used : Main + ... additional sheets

Date Seal

The Roll Number is to be written on this slip only and nowhere else including Additional Answer Books and Graph Paper.

For use by ICAI only

303259

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA SEPTEMBER, 2025

Paper Code 1

MCQ Booklet Serial No. 1032449

Paper No.

Level of Exam FINAL

Foundation Intermediate Final

MCQ Answers

ICAI

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...DIDATE

...of the cover

...of the OMR portion

...at the appropriate space at the

...heet and affix the same on box provided

...hat Roll number written in numbers, words and ...information wrongly, Institute will not take any

...d on a fresh page and question number prominently written at the ...stion number should be distinctly written in the margin. ...s should be fully completed in one page or in a consecutive set of pages, ...p.

...ce/s other than the space provided for the purpose or writing distinguishing mark, ...", "Jesus", "786", etc., will tantamount to adoption of "unfair means" ...f the answer book to the invigilator take care to score out (X) blank pages, if any, that you

Illustration for Filling the MCQ Booklet Serial No.

...INSTRUCTIONS TO THE CANDIDATE FOR FILLING THE MCQ ANSWER FIELDS

1. ...se Only **H.B. Pencil to Darken the appropriate Circle.**
2. Write and darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation. In case any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.
3. Please darken the complete circle.
4. If you want to change your Answer, erase the darkened circle completely and make a fresh mark.
5. Please do NOT make any stray marks on the OMR cover page.
6. Rough work must NOT be done on the OMR cover page.
7. 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	✓	8	
2	✓	9	
3	✓	10	
4	✓	11	
5	✓	12	
6		13	
7		14	
Total		Total	

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03

Q2)(a)

~~2021-22~~

~~2022-23~~

WN-1. Calculation of Initial Measurement

Year	Payment	PV. (12%)	Amount
1	120000	0.893	107160
2	120000	0.797	95640
3	120000	0.712	85440
4	120000	0.636	76320
5	1620000	0.567	918540
			1283100

∴ Financial Liability = 1283100

Equity = 216900

1500000

2aStep1 1.5

(i) Bank A/c Dr 1500000

To 8% Debentures Liability 1283100

To Equity (8% Debenture) ~~Reserve~~ A/c 216900

(Being 8% Convertable debenture issued)

2aStep2 1

(ii)

Year	Opening	Interest (12%)	Repayment	Closing
2021-22	1283100	153972	120000	1317072
2022-23	1317072	158049	120000	1355121
2023-24	1355121	162615	120000	1397736
2024-25	1397736	167728	120000	1445464
2025-26	1445464	174536	1620000	0

2aStep3 2.5

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04

Q2) (a)

(iii) Present Value of Remaining payment @ 9%

120000 x 1.759	=	211080
~~160~~ 150000 x 0.842	=	1263000
		1474080

∴ Repayment of Liability : 1474080
Repayment of Equity : 100920
1573000

2aStep4 3

Journal Entry

8% Debenture Liability A/c	1397736*	
Profit & Loss A/c	76344	
To Bank A/c		1474080
(Being loan debenture repaid)		

* Balance of liability as on 31st March 2024 as per (ii) part of the answer

Equity (8% ~~Debenture~~ Debenture)	216900	
To ~~Prof~~ Retained Earnings		115980
To Bank A/c		100920
(Being equity portion repaid)		

2aStep5 2

2a 10

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05

Q2) (b)

WN-1 Profit Calculation

Details	₹
Sales (Revenue) (100000 x 82)	8200000
(-) Cost of good sold (77 x 100000)	(7700000)
(+) Exchange gain	1100000
Profit for the year	1600000

Cash Flow Statement

Details	₹
Profit for the year (WN-1)	1600000
Less: Unrealised Exchange gain	(800000)
	800000
Increase / Decrease in Current Asset / Liability	
Add: Increase in Trade Payable	7700000
Cash flow from operations Activity (B)	8500000
Cash flow from financing Activity	
(+) Loan taken (A)	7500000
Total changes in Cash flow (A+B)	16000000
Opening Cash & Cash Equivalent	500000
+ changes during the year	16000000
Closing Cash & Cash Equivalent	16500000

2bStep1 2.5
2b 2.5 2 12.5

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06

Q3) (a)

WN-1 Calculation of Define Benefit Obligation

	Details	₹ (Lakh)
	Opening Balance	90
+	Interest	5.4
+	Current Service Cost	9.3
(-)	Benefit Paid	(6.3)
(+)	Past Service Cost	2.25
(-)	Curtailment Paid	(12)
+	Actuarial Gain (Bal. fig)	13.35
	Closing Balance	102

WN-2 Calculation of Plan Asset

	Details	₹ (Lakh)
	Opening Balance	78
+	Interest	4.68
+	Contribution made	10.5
(-)	Benefit paid	(6.3)
(-)	Curtailment benefit paid	(11.25)
(+)	Actuarial Gain (Bal fig)	8.37
	Closing Balance	84

3aStep1 5

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07

Q3 (a)

Treatment

Profit & Loss A/C (Lakh)

Employee Benefit Expense	₹
Current Service Cost	9.3
Interest (Net) (5.4 - 4.68)	0.72
Past Service Cost	2.25
Settlement Gain (12 - 11.25)	(0.75)
Total Expenses	11.52

Other Comprehensive Income	₹ (Lakh)
Actuarial Loss on Define benefit plan	
Increase in Liability (DBO)	13.35
Increase in Plan asset	(8.37)
	4.98

Balance Sheet

Non Current Liability		₹ in Lakh
	March 2025	March 2024
Define Benefit Obligation	18	12

WN - 2025 - ~~90~~ ~~78~~ (102 - 84)
WN - 2024 - (90 - 78)

3aStep2 3
3a 8

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08

Q3) (b)

Basic EPS

Profit After Tax = 9120000

Issued Share Capital = 5000000 of 10 each

shares = 500000

∴ Basic EPS = $\frac{9120000}{500000}$ $\boxed{= 18.24}$

Diluted EPS.

~~Tes~~ Diluted No. of Shares. Amt

Issued share Capital 500000

\+ Employee options = 28000

$\left[140000 \times \frac{140 - 112}{140}\right]$ = 80000

\+ Warrants

$\left[200000 \times \frac{140 - 84}{140}\right]$

608000

∴ Diluted EPS = $\frac{9120000}{608000}$

$\boxed{= 15}$

3bStep1 6

3b 6

3 14

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09

Q4) (a)

Year End 31st March 2023

Since No borrowings are outstanding No borrowing cost is incurred to be capitalised

∴ for 31st March 2023 - 0

Year End 31st March 2024
Date of Borrowing : 1st July 2023
Interest Rate : 12%
∴ Capitalisation will commence from 1st July '23
~~Details~~

Date of Exp.	Amount	Months	Weighted Amount
1st Jan '23	10	9/12	7.5
30 June '23	40	9/12	30
31st Mar '24	30	0	0
			37.5

∴ Borrowing Cost : 37.5 × 12% = $\boxed{4.5}$ Lakh

4aStep1 2.5

P.T.O

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10

For year Ended 31st March 2025

Amount	~~Rate~~ Months	Weighted Amount
10	3/12	2.5
40	3/12	10
30	3/12	7.5
4.5	3/12	1.125
20	0	21.125

4aStep2 3

Borrowing Cost :
21.125 x 12% = $\boxed{2.535 \text{ Lakh}}$

4a 5.5

Borrowing Cost ~~will~~ ~~2~~ capitalisation will stop on 30 June 2024 as the Construction will be ~~completett~~ Complete.

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11

Q4 (b)

Assumption

Assume that there is no relationship between both entity, hence we will not use EIR Effective Interest rate as there are no borrowing cost either.

∴ (a) Initial measurement will be at 30000 × 74 = 2220000
(Opening rate) (Loan 1st April)

Bank A/c Dr 2220000
To Financial Liability/Loan 2220000
(Being loan taken)

(b) Finance cost will be calculated at Avg Rate
= 2400 × 72 = 172800

(c) Closing Balance at closing rate
= 30000 × 78 = 2340000

(d) Exchange gain/Loss

	Opening	Interest	Repayment	Closing
$	30000	2400	2400	30000
Rate	74	72	78	78
₹	2220000	172800	187200	2340000

∴ Forex Loss = [2220000 + 172800 − 187200] − 2340000
= 134400

4bStep2 5
4bStep1 2.5
4b 7.5 4 13

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13

Q 5 (a)

Revenue : 12000000
Expected Cost = 7100000
Expected Profit = 4900000

On 31st March 2024
60% cost have been incurred
∴ Details ₹
Revenue (12000000 x 60%) : 7200000
Cost (7100000 x 60%) : 4260000
Profit 2940000

5aStep1 1.5

∴ On For 2023-24 the Company will recognise revenue & cost of 7200000 & 4260000 respectively. And record a profit of 2940000.

~~For FY. 2024-25~~
~~New Details~~
~~Revenue : 12000000 + 1550000 : 13550000~~
~~Cost : 7100000 + 760000 = 7860000~~

~~∴ % of Cost Incurred 4260000 / 7860000 = 54% APPROX~~

~~∴ Revenue to be Recognised = 7317000~~
~~Less Actually booked in 23-24 : 7200000~~
~~117000~~

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14

∴ Shivank Ltd shall ~~book additional Revenue of 117000 in the month of April 2024.~~

For FY. 24-25
As per the amendment in the contract the cost & revenue has been increased and now it is probable that Shivank Ltd will be able to get the bonus.
∴ New Details
Revenue = 12000000 + 3500000 + 1550000 = 17050000
Cost : 7100000 + 7600000 = 7860000

∴ Cost incurred till now
$= \frac{4260000}{7860000} \times 100 = 54\%$ Approx (Rounded off)

∴ Revenue to be booked = 9207000
(17050000 × 54%)
(-) Revenue booked in 2023-24 = 7200000
2007000

∴ ~~Sta~~ Shivank will book additional Revenue of 2007000 in FY 2024-25.

5aStep2 1.5
5a 3

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15

Q5) (b)

(i) The As per IND AS 101 a company on transition date may choose the option to avail the deemed cost as its previous GAAP carrying value. Also the company who has choosen the option of capitalising forex difference can continue that option on conversion to IND-AS

∴ Bee Kay Ltd can use the previous GAAP carrying amount as the value for Investment Property
= 1500000 + 150000 - 37500
= 1612500
Net book value shall be the carrying amount.

(ii) As per IND-AS 101 a company may choose not to restate its past business combinations and use the goodwill calculated as per previous ~~GAP~~ GAAP (AS) as its carrying amount in first IND-AS balance sheet.
The company needs to test the goodwill subsequently for impairment as per IND-AS 36.

As on the transition date they can use the same carrying amount without fair value exercise.

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16

Q5) (b)

(iii) As per IND-AS 101 for all ~~to~~ loans outstanding as at the transition date the company needs to calculate the carrying value by ~~retrosp~~ retrospectively applying IND AS 109.

They cannot use previous GAAP carrying amount.

The intention of Management is incorrect

The Loan will be carried at 500000 by ~~debiting~~ retained ~~earn~~ earning by 100000 debit to

Loan @7% A/c Dr 400000
Retained Earning A/c Dr 100000
To Loan 7% A/c 500000

This journal entry need to be passed

5bStep1 2.5

5b 2.5

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17

Q5) (c)

1st Alternative

IND AS doesnot define exceptional items
But IND AS ~~Refers~~ defines 'Material'
as -
'A Material item is any item if on omitting, obscuring or misstating it it is likely to influence the judgement of the ~~users~~ users of the general purpose financial statements'

∴ Not all material items are exceptional

All exceptional exceptional items are material

All exceptional material items should be shown separately in financial statements

~~Ex~~ Examples
1. Sale/Disposal of Investment
2. Discontinued Operation
3. Sale/Disposal of Property Plant & Equipment
4. Sale/Disposal of Any Material Asset
5. Sale/Disposal of ~~Fr~~ Intangible Asset
6. Sale of ~~Sub~~ Subsidiary
7. Asset held for sale

5cStep1 2
5c 2
5 7.5

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Q 1)

WN-1 Acquirer : Z Ltd

WN-2 Date of Acquisition = 1st January 2025.

WN-3 Purchase Consideration

	Details	₹
	Cost paid for 1350000 shares	= 155325000
+	Fair Value of Previously held (1200000 x 14)	= 16800000
		323,25000
		= 323.25 Lakh

WN-4. Calculation of Net Worth.

	Details	₹ (Lakh)
	Share Capital	300
	General Reserve (1st April)	30
	Retained Earning (1st April)	45
	General Reserve (During the year) : (75 - 30)/12 x 9	33.75
	Retained Earnings (During the year)* (150 - 45)/12 x 9	78.75
Less:	Machine ~~Overvalu~~ Overvalued	(15)
		472.5

* Since the dividend is paid on 1st August 2024 the Company was not an a subsidiary hence there will be no adjustment required for the dividend as date of Acquisition is 1st Jan 2025.

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Q1)

WN-5. Post Acquisition Profit

Details	₹
General Reserve	11.25
Retained Earning	26.25
~~Less~~ Add. ~~Depreciation~~	
* Additional Depriciation charged on Machine (1500000 × 10% × 3/12	0.38 ~~0.388~~ (Round off)
	37.88 ~~37.888~~
Parent's share (85%) =	32.~~194~~ 20
NCI's share (15%) =	5.68

1Step6 0

* Since the date of Acquisition is 1st Jan 2025 only 3 months additional depriciation is reduced.

WN-6 Non Controlling Interest (NCI) at Fair Value

Details	₹
Opening (4.5×14) :	63
Profit for the year (WN-5) :	5.68
closing	68.68

1Step5 0

WN-7. Goodwill / Capital Reserve

Details	₹
Networth (WN-4)	472.5
(-) Purchase Consideration (WN-3)	(323.25)
(-) NCI (WN-6)	(63)
Gain on bargain purchase	86.25

1Step4 0.5

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20

9)

WN-8 Consolidated Other Equity

Details		Capital Reserve	General Reserve	Retained Earning
	Z Ltd.		120	195
(WN-5)	Z's share in R Ltd		9.56	22.64
+	Gain on previously held Investment			24
	Loss on preference shares			(31.5)
(WN-7)+	Gain on bargain purchase	86.25		
		86.25	129.56	~~241.64~~ 210.14
	Total =	~~457.245~~ 425.95		

1Step3 1

Consolidated Balance sheet
In the books of Z Ltd & its Subsidiaries (₹) (Lakh)

	Details	Note	Amount
I	ASSETS		
	(I) Non Current Assets		
	(i) Property Plant & Equipment	1	683.38
	(ii) Intangible Asset	2	120
	(iii) Investments	3	89.75
	Total Non Current Asset		893.13
	II Current Asset		
	(i) Inventory	4	150
	(ii) Financial Asset		
	(a) Trade Receivable	5	230
	(b) Cash & Cash Equivalent	6	220
	Total Current Asset		600

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Q1)

Total Assets			1493.13
II. Equity & Liability			
(I) Equity			
(i) Share Capital	Note	7	757.5
(ii) other Equity (WN-8)	8	425.95	~~...~~
(iii) Non Controlling Interest (WN-C)		9	~~...~~ 68.68
Total Equity			1252.13
(II) Liabilities			
(i) Current Liability			
- Bank Overdraft		10	75
- Trade Payable		11	166
Total Liability			241
Total Equity & Liability			1493.13

1Step1 1
1Step7 0

Notes To Accounts

Note No.	Details		Amt	Amt
1.	Property Plant & Equipment			
	~~Mach~~ Machinery			
	2Ltd		210	
	RLtd	135 − 15 + 0.38	120.38	
	Furniture			
	ZLtd		240 ~~135~~	
	RLtd		113	683.38

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Q1)

2	Intangible asset		
	Z Ltd	75	
	R Ltd	45	120
3	Investment		
	~~Z Ltd~~ Z Ltd	21.75	
	R Ltd	68	89.75
4.	Inventory		
	Z Ltd	75	
	R Ltd	75	150
6.	Cash & Cash Equivalent		
	Z Ltd	85	
	R Ltd	125	210
5 ~~6~~	Trade Receivable		
	Z Ltd	110	
	R Ltd	120	230
7	Equity share		
	Equity shares	600	
	Preference share		
	Z Ltd	120	
	R Ltd	37.5	757.5

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Q1)

8.	Other Equity WN-8		
	Capital Reserve	86.25	
	General Reserve		
	Z Ltd	120	
	R Ltd	9.56	
	Retain Earni		
	Z Ltd	187.5	
	R Ltd	22.64	425.95
9.	Non Controlling Interest (WN-6)		68.68
10	Bank Overdraft		
	Z Ltd	45	
	R Ltd	30	75
11	Trade Payable		
	Z Ltd	90	
	R Ltd	76	166

1Step2 0.5

1 3

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Result Overview

Awarded Marks: 50
Max Marks:70

NA Not Attempted | O Optional | M Marked

Q1_Compulsory (Score: 3/14)

Question No	Awarded Marks	Maximum Marks	Status
1	3	14	M

Q2_Q6 (Score: 47/56)

Question No	Awarded Marks	Maximum Marks	Status
2	12.5	14	M
2a	10	10	M
2b	2.5	4	M
3	14	14	M
3a	8	8	M
3b	6	6	M
4	13	14	M
4a	5.5	6	M
4b	7.5	8	M
5	7.5	14	M
5a	3	5	M
5b	2.5	5	M
5c	2	4	M
6	0	14	O
6a	0	5	O
6b	0	5	O
6c	0	4	O