



The Institute of Chartered Accountants of India

Code: IN1AA476554  
 Subject : 01 Advanced Accounting

Total Marks: 70  
 Marks Obtained : 48.5

Group No..... Paper No..... I adv. 01/3  
 Subject..... Advanced Accounting  
 Number of Answer Books used : Main + ..... additional sheets  
 Date Seal 04 SEP 2025

For use by ICAI only

  
 476554





Paper Code	C	A	B	<input checked="" type="radio"/>	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	
	N	A	B	C	D	E	F	G	H	I	J	K	L	M	<input checked="" type="radio"/>	O	P	Q	R	S	T	U	V	W	X	Y	Z	
	J	A	B	C	D	E	F	G	H	I	<input checked="" type="radio"/>	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	
	1																											

MCQ Booklet Serial No.	Paper No.	Level of Exam	Intermediate	Final
<u>8039888</u>	<u>1</u>	<input checked="" type="radio"/> <u>Intermediate</u>	<input type="radio"/>	<input type="radio"/> <u>Final</u>

MCQ Answers			
1	A B C <input checked="" type="radio"/>	11	<input checked="" type="radio"/> B C D
2	A B <input checked="" type="radio"/> D	12	A B <input checked="" type="radio"/> D
3	<input checked="" type="radio"/> B C D	13	A B <input checked="" type="radio"/> D
4	A B C <input checked="" type="radio"/>	14	A B <input checked="" type="radio"/> D
5	A B <input checked="" type="radio"/> D	15	<input checked="" type="radio"/> B C D
6	<input checked="" type="radio"/> B C D	16	A B C D
7	<input checked="" type="radio"/> B C D	17	A B C D
8	A B C D	18	A B C D
9	A B C <input checked="" type="radio"/>	19	A B C D
10	A B C <input checked="" type="radio"/>	20	A B C D
		21	A B C D
		22	A B C D
		23	A B C D
		24	A B C D
		25	A B C D
		26	A B C D
		27	A B C D
		28	A B C D
		29	A B C D
		30	A B C D





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3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

INSTRUCTIONS TO THE CANDIDATE FOR FILLING THE MCQ ANSWER FIELDS

- Use Pencil to Darken the appropriate Circle.
- Mark the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation.
- Any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.
- Do not darken the complete circle.
- If you want to change your Answer, erase the all darkened circle completely and make a fresh mark.
- Please do NOT make any stray marks on the OMR cover page.
- Rough 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: A ● C D

WRONG METHOD: ✗ ⊗ ⊙ ⊖

Q. No.	To be ticked <input checked="" type="checkbox"/> by the candidate against the Questions answered ( Descriptive Type )	
1	<input type="checkbox"/>	8 <input type="checkbox"/>
2	<input type="checkbox"/>	9 <input type="checkbox"/>
3	<input type="checkbox"/>	10 <input type="checkbox"/>
4	<input type="checkbox"/>	11 <input type="checkbox"/>
5	<input type="checkbox"/>	12 <input type="checkbox"/>
6	<input type="checkbox"/>	13 <input type="checkbox"/>
7	<input type="checkbox"/>	14 <input type="checkbox"/>
<b>Total</b>		<b>Total</b>



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03

Part - II

Solution - 7

(a)

Given Information

Cost of building = ₹ 20,00,000      Depreciation = 50% in 1st year  
 acquisition date = 1/4/2021      yr 1 → 1st = 50%  
 useful life = 4 yrs      yr 2 → 2nd = 50%  
 Residual / Scrap value = Nil

Computation of Deferred Tax asset  
Liability for each year as Per

AS- 22

Profits as Per Accounts

Year	2021-22	22-23	23-24	24-25
Profits before Dep & Tax	1800,000	2200,000	2500,000	3000,000
(-) Depreciation as Per A/c (WN-1)	(500,000)	(500,000)	(500,000)	(500,000)
PBT	1300,000	1700,000	2000,000	2500,000
(-) Tax @ 30% (WN-2)	(390,000)	(510,000)	(600,000)	(750,000)
Profit after Tax as Per A/c	910,000	1190,000	1400,000	1750,000



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Calculation of Taxable Income

Year	21-22	22-23	23-24	24-25
Profits before Tax & Dep =	18,00,000	22,00,000	25,00,000	30,00,000
as per Tax 50-1	(10,00,000)	(10,00,000)	-	-
Profits after Tax	8,00,000	12,00,000	25,00,000	30,00,000
as per Tax @ 30-1	(2,40,000)	(3,60,000)	(7,50,000)	(9,00,000)
taxable Profits	5,60,000	8,40,000	17,50,000	21,00,000

1a Step 1 ✓ 5  
1a ✓ 5


Calculation of Deferred Tax asset / liability

Year	21-22	22-23	23-24	24-25
Timing difference	10,00,000	10,00,000	0	0
due to Dep	(5,00,000)	(5,00,000)	(5,00,000)	(5,00,000)
Timing difference	5,00,000	5,00,000	(5,00,000)	(5,00,000)
Tax @	1,50,000	1,50,000	(1,50,000)	(1,50,000)
Creation of DTL	1,50,000	1,50,000	-	-
Deferred Tax liability	✓	✓	✓	✓
Reversal of DTL	-	-	1,50,000	1,50,000
Deferred Tax liab	-	-	-	-
Tax expense	3,90,000	5,10,000	6,00,000	7,50,000
Current Tax ± DTA / DTL	(1,50,000)	1,50,000	(1,50,000)	(1,50,000)
Current Tax	2,40,000	3,60,000	4,50,000	6,00,000



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WN-1) Depreciation as per AICA Straight line

$$\text{Dp} = \frac{20,00,000 - \text{Nil}}{4}$$

$$= ₹ 500,000 \text{ Pq}$$



sol (ii)

→ Calculation of closing stock value of MP and RP  
as on 31-3-25

W → Consumed RP = opening stock + Purchase - closing stock

$$\text{Units} = 4400 + 40,000 - 4000$$

$$= 40400 \text{ Units}$$

$$\text{Cost Per Unit} = 40400 \times 12 = 484800$$

$$\text{Total} = \frac{484800}{40400} = ₹ 12 \text{ Per}$$

Closing stock of MP = opening + production -

$$\begin{aligned} \rightarrow \text{opening} &= 4000 \\ + \text{produced} &= 4840400 \\ - \text{sold} &= 40200 \\ \text{closing} &= 4200 \end{aligned}$$





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1b Step 1

5

Computation of Cost of MP as Per AS-2

Raw material Cost	=	4848.00	
+ Labours	=	3232.00	✓
+ Fixed O/Hs (20%) [315000] {40400} 282800			✓
[as Normal > Actual] 45000		282800	✓
<hr/>			
Total Cost	→	₹ 1090800	✓
Cost Per Unit		1090800	
		40400	

1b

5

Sales Price / NRV = ₹ 22  
Less of above = ₹ 22  
As per Para - 5 of AS-2 Inventories closing stock should be valued at lower of cost or NRV

Closing stock value = 4200 × 22 = ₹ 92,400 ✓

As per Para - 24 Raw material should be valued at lower of replacement cost & cost when sales price of finished goods is less than cost of finished goods. [SP < CP]

Replacement Price = ₹ 11.50  
Cost = ₹ 12 ✓  
Lower = ₹ 11.50 ✓  
Closing stock = 11.50 × 4000 = 46000 ✓  
Total Value = 46000 + 92400 = 138400



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(C)

(i) → As Per AS-9 Revenue Recognition Revenue should be recorded Net of Discounts or Rebates which are in ordinary course of business or which are entered at time of sale of.  As Per Discount after sales should not be adjust with sales figure. Discounts after sales should be expensed to Profit & loss A/c

→ In given case The Chief accountant of XY Ltd is not correct and Treatment is not as Per AS-9

(ii) As Per AS-9 Dividend Income should be recognized when Right to receive Payment is established  when dividend is declared by company it is to be recognized in Profit & loss as Income Net when its accrued

→  In the given case Dividend Income is only recognized when dividend is declared by company that is on or date on 30 April 2025 and not as in financial year 24-25.

(iii) As Per AS-9 Revenue recognition when the sales are made on approval should be recognized when :-

9) Buyer has approved goods (express) ~~etc~~



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(ii) Buyer has done any transaction including acceptance of goods (Implied)

(iii) Time of Reversal the goods has lapsed

→ In the given case buyer has accepted 60% goods upto 31-3-31-July-25 and remaining goods until 31 March - 2025. Time of acceptance 15 March 25. Time has lapsed since Revenue of 150,000 recognized in year 24-25 but still after time has lapsed as buyer has accept goods. The accountant of XY Ltd is not correct in this case.

(iv) As per AS-9 Revenue recognition when sales are made on consignment basis the sales / Revenue should be recognized when agent/consignee sold goods to third party.

→ In given case the ABC agent of XY has sold goods ₹ 60,000 and remaining not sold. XY Ltd only recognize the ₹ 60,000 as Revenue in books for year 24-25

1cStep1



1c



3



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09

Prob - 2

Balance sheet of Chis Ltd as on 31-3-25

		Notes	₹ (Lakhs)
<u>Equity &amp; liabilities</u>			
1)	<u>Shareholders funds</u>		
a)	Share Capital	①	39.36
b)	Reserves & surplus	②	33.27
2)	Money raised against share transactions		2.70
3)	<u>Non Current liabilities</u>	③	18.80
a)	Long term borrowings		0.56
b)	Deferred Tax liabilities		-
c)	Long term Provisions		-
<u>Current liabilities</u>			
a)	Trade Payable	④	5.69
b)	Short term borrowings		6.95
c)	Other Current liabilities	⑤	1.86
d)	Short term Provisions		1.36
Total			100.55
<u>Assets</u>			
1)	<u>Non Current assets</u>		
a)	Property Plant equipment & Tangible assets	c)	67.30
b)	Property Plant & equipment		-
d)	Tangible assets		-
2)	<u>Non Current Financial Investments</u>		11.40
(11)	Capital in work in Progress		-



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6) Non Current Investments

Current assets

- a) Inventories
- b) Trade receivables
- c) Cash & Cash equivalents

7) 6

8) 6.02

10) 11.57

9) 20.01 8.76

2Step1



5

Total

110.55

Notes to A/Is

1) Share Capital

Authorised Capital

50,000 equity shares of ₹ 100 each

50,00,000

Issued Paid up / subscribed Capital

40,000 equity share of 100 each 40,00,000

(-) Call in arrears

(64,000)

39,36,000

39,36,000

[out of above shares 5000 fully Paid up shares were allotted as consideration other than cash]

2) Reserves & surplus

General reserves

6.90

Profit & loss a/c

3.50

Security Premium A/c

0.75



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Capital reserve 1230,000 ✓

Revaluation Reserve 20,000 ✓

+ Revaluation of land 962,000

2212,000

Total = 3327,000

3) long term borrowings

o) 10% Debentures = 500,000 ✓  
(Secured)

b) loan from SSA Financial Corporation = 10,100,000 ✓  
(Trust account but not due)

1) Other long term loans (Unsecured) = 425,000  
18,80,000 ✓

4) short term borrowings

loan from CDC = 450,000  
loan (Secured)

loan from related parties = 54,000 ✓  
Unsecured

other loan = 191,000 ✓  
borrowing = 645,000

95) Other Current liabilities = 141,000 ✓  
+ Interest due on current but not due 45,000  
186,000

96) Property Plant equipment

a) Cost of Plant (Machinery) = 24,100,000 ✓  
(- Depreciation (14,26,000))  
WDV as on 26,80,000



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7) Fixed land = 30,88,000  
+ Revalued amt = 96,000  
40,50,000



8) Non Current Treatment

Retention of good Ltd = 6

8) Inventory

Finished goods = 365,000  
Stores & spare parts = 102,000  
+ goods in transit = 1,35,000  
602,000



2 14

9) Cash & bank equivalents

2Step2

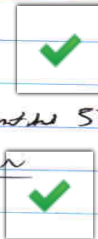


9) Bank = 4,00,500  
cash at bank = 750,000  
(scheduled bank) = 746,000  
(unscheduled bank) = 240,000  
7,70,000



10) Trade receivables

526,000 are due for 6 months 526,000  
less than 6 months 631,000



Trade receivables are

1) Trade Receivables = 58,000 Maturing on 6th May have been  
demanded on 15th March 2025

2) claim against company amounting to have acknowledged as  
debt





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Ans-4

4  10.5 Calculation of Purchase Consideration Net amt method  
PS-14

Inventory	=	528000	<input checked="" type="checkbox"/>
Goodwill	=	750,000 (WN-1)	<input checked="" type="checkbox"/>
PPE	=	36,44,500	<input checked="" type="checkbox"/>
Unreceived amt	=	<del>116000</del> 116000	<input checked="" type="checkbox"/>
Cash	=	<del>60,000</del> 91,500	<input checked="" type="checkbox"/>
Trade receivable	=	465000	<input checked="" type="checkbox"/>
(-) other Current liab	=	(88000)	<input checked="" type="checkbox"/>
(-) Trade Payable	=	(475000)	<input checked="" type="checkbox"/>
(-) Return on gratuit	=	(130,000)	<input checked="" type="checkbox"/>
(-) Short term borrow	=	(37,000)	<input checked="" type="checkbox"/>
(-) 8% Dividend	=	(720,000)	<input checked="" type="checkbox"/>
Net assets	=	<del>46,99,500</del> 47,00,000	<input checked="" type="checkbox"/>

4Step1  2.5

Purchase Consideration =  $\frac{47,00,000}{40,000} = 117,500$  share

(No of share) ~~100,000~~ 40,000

WN-1) Goodwill =  $2 \times \text{Avg Profits} = 2 \times 375,000 = 750,000$

Avg Profit =  $\frac{450,000 + (340,000 + 50,000) + 735,000}{3}$

4Step4  1 = 375000



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Balance sheet of Titus Ltd as at 31-3-25

Equity & liabilities

- 1) Shareholders funds
    - a) Share Capital
    - b) Res & surplus
  - 2) Non Current liabilities
    - a) long term borrowings
    - b) long term provisions
  - 3) Current liabilities
    - a) Trade Payable
    - b) other Current liabilities (1,240 + 0,880)
    - c) short term provisions (0,710 + 0,328)
- Total

Notes	
2 (20/10/2025)	
✓	80,00,000
✓	7,920,000
✓	<del>3,12,500</del>
✓	350,000
✓	22,72,000
✓	4,75,000
✓	10,15,000
✓	2,12,000
✓	1,02,000
✓	10,42,700

4Step2



3

- 1) Non Current assets
    - a) Property Plant & equipment
    - b) Property Plant & equipment
    - (D) Intangible asset
  - 2) Current assets
    - a) Trade receivable
    - b) Inventories
    - c) Cash & cash equivalents (0,485 + 0,315 + 61,990 + 0,600)
    - d) other Current asset
- Total

✓	72,14,17000
✗	7,70,4500
✓	16,25,000
✓	16,50,350
✗	<del>8,52,350</del>
✓	3,39,000
✓	<del>10,60,000</del>
✓	1,16,000
✓	1,29,27,000



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Nata

1) Show Capital

80,000 7000 equity shares of 100 each ₹ 70,000  
 Part of above 34,700 shares issued 80,00,000  
 other than cash] 40,000

2) Reserve & surplus

General reserve 150,000  
 Security Premium Rs  $\frac{1000000}{10000} \times 5000$  (30,00,000) /  $\frac{3000000}{5000} \times 5000$  (40,00,000)  
~~38,500~~ 35,000

3) long term borrowings

(15000) 10% Debentures of 100 each 1500,000  
 8% Debentures of 100 each  
 7000 deb of 100 each = 700,000  
2200,000

4) long term provision

Retirement gratuity fund =   
 Pfr = 345,000  
 PFSA = 130,000  
475,000

5) Trade Payables

Value U/D = 740,000   
 Value U/D = 435,000  
 (-) Trade payables = (150,000)  
1015,000



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6) PPE

$$\begin{array}{r} \text{Glu} = 3565000 \\ \text{yellow} = 364500 \\ \hline 3909500 \end{array} \quad \checkmark$$

7) Tangible asset

$$\begin{array}{r} \text{Roadway} = 875000 \\ + \text{yellow} = 750000 \\ \hline 1625000 \end{array} \quad \checkmark$$

$$\begin{array}{r} \text{Trade receivable} = 1335350 \\ + \text{yellow bill} = 465000 \\ \hline \text{Trade receivable} = 1501000 \\ \hline 1656350 \end{array} \quad \checkmark$$

4Step3



4



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Total Marks: 70  
Marks Obtained: 48.5

17

5  5

Prob-5  
Consolidated Balance sheet of M/s A & B as at 31-3-

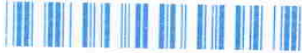
	Notes	₹
1) Shareholders funds		
a) share Capital	1	6000
b) Res & surplus	2	5280
2) Minority Interest		4000
3) Non Current liabilities		
a) long term borrowings	3	19000
b) Current liability		11000
c) Trade Payables		2580
<b>Total</b>		<b>17655</b>
1) Non Current assets		
a) PPE & Intangible asset	3	8150
b) PPE		11200
c) Current assets		
a) Inventories		2405
b) Trade receivables	4	2420
c) Cash at bank & Cash equivalents	5	1600
<b>Total</b>		<b>17655</b>

(WN-3)



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WN 1) Date of acquisition - 1/4/14  
= 80%

Analysis of Profits

	<u>Pre Profits</u>	<u>Post Profits</u>	<u>Gen</u>	<u>Part Prof</u>
General sum	2000	General Pa		
PIS etc	800	Gen		
	<u>Pre Profits</u>	<u>Post Profits</u>	<u>General sum</u>	<u>Profit / loss</u>
General				
General Pa	2000	(500)		
PIS etc	800	1000		700
(+) bonus issue	(1000)			
	1800	500		700
(-) stock issue				(25)
				(75)
[ Bonus issue = $400 \times \frac{1}{4} = 100$ ]				

5Step3



2

WN 2) Cost of Control

Cost of Investments = 800 x 2 = 3000

(-) 80% of Net assets (4240)

80% (3000 + 1800) (3840)

Capital reserve = 1800 - 840

WN 3) Minority Interest =

Pre Profit = 1360 (1800 x 20%)

share cap = 800 (3000 x 20%)

Post Profits = 235

1895 - 1135



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DO NOT WRITE ANYTHING HERE

→ Consolidated Profit & Loss

Less reserve = 1500

+ Profit = 940

2440

Profit = 3000

4440

Capital reserve = 840

Share Capital 5280

Profit = 3000

DO NOT WRITE ANYTHING HERE

5Step2

1

Share Capital

authorized Capital 9000 lakh of ₹ 10 90000

issued Capital = 6000 lakh of ₹ 10 60000

2) long term borrowings

10% Debentures

Issued = 1100

Plus = 800

2000

4) Trade receivable

Issued = 1400

Plus = 1000

2400

5) Inventory =

Issued = 1400

Plus = 1100

(-) Reserve = 25

3) PPE

Issued = 25 LTB = 4000

Plus = 1000

Plus = 4150 + 1050

11260

DO NOT WRITE ANYTHING HERE





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Particulars	Debit	Credit
(4) Journal entries as on 31st March 2019		
1) A/c Debtors a/c dr To Bank a/c To Plant & Machinery a/c To Capital reduction (Being A/c debts received)	500,000	175,000 285,000 90,000
2) Capital reduction a/c dr To Furniture, plant etc To Profit, loss To Penalty (Being written off)	242,500 <del>282,500</del>	105,000 <del>105,000</del> 115,000 22,500
3) Full-time bonus a/c dr To Capital reduction a/c (Being approved)	72,500	72,500
4) Penalty a/c To Bank a/c (Being penalty paid)	22,500	22,500
5) A/c General reserve a/c dr To Capital reduction a/c (Being balance used)	80,000	80,000





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### Result Overview

Awarded Marks: 48.5

Max Marks:70

**NA** Not Attempted

**O** Optional

**M** Marked

#### Q1\_Compulsory (Score: 13/14 )

Question No	Awarded Marks	Maximum Marks	Status
1	13	14	M
1a	5	5	M
1b	5	5	M
1c	3	4	M

#### Q2\_Q6 (Score: 35.5/56 )

Question No	Awarded Marks	Maximum Marks	Status
3	0	14	O
3a	0	7	O
3b	0	7	O
6	6	14	M
6a	0	4	M
6b	3	4	M
6c	3	6	M
2	14	14	M
4	10.5	14	M
5	5	14	M