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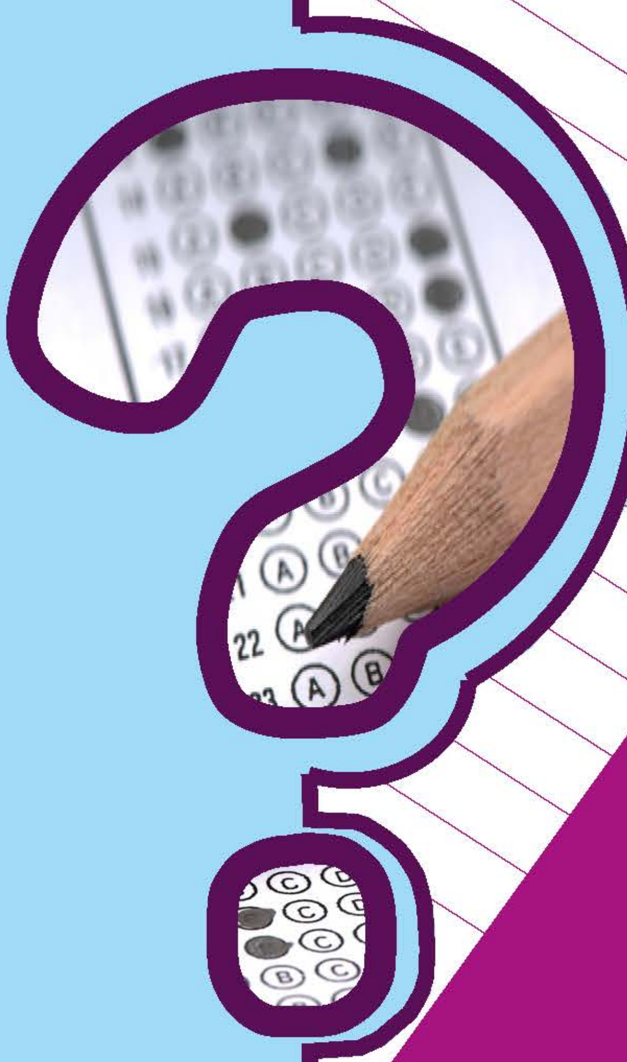

PAPER - 17

MCQs

BIT QUESTIONS

Corporate Financial Reporting

DIRECTORATE OF STUDIES

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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PAPER -17
Corporate Financial Reporting
Bit Questions

<u>Choose the most appropriate answer giving justification.</u>

1) **Jaggu Ltd. obtained a contract for a construction of a building for ₹95 Lakhs. As on 31st March, 2017, it incurred a cost of ₹22 Lakhs and expected that there will be ₹58 Lakhs more needed for completing the building. It has received ₹18 Lakhs as progress payment. Degree of completion will be**
(A) 23.16%
(B) 27.5%
(C) 22.5%
(D) 84.21%

2) **In case of amalgamation in the nature of purchase, Fixed Assets; Current Assets; Total Debts; Debit balance of Profit and Loss A/c and Purchase Consideration are ₹25,60,000; ₹12,50,000; ₹11,30,000; ₹2,20,000; and ₹24,00,000 respectively. The amount of Capital Reserve of Goodwill will be**
(A) Goodwill ₹60,000
(B) Goodwill ₹2,80,000
(C) Capital Reserve ₹60,000
(D) Capital Reserve ₹1,60,000

3) **Chandra Ltd acquired a machine for ₹65 Lakhs on 1st July, 2014. It has a life of 5 years with a salvage value of ₹7 Lakhs. As on 31st March, 2017, if present value of future cash flows is ₹28 Lakhs and net selling price is ₹25 Lakhs, impairment loss will be**
(A) ₹3 Lakhs
(B) ₹30 Lakhs
(C) ₹18.15 Lakhs
(D) ₹5.10 Lakhs

4) **Roshan Ltd agreed to absorb Richa Ltd. For this purpose Richa Ltd's 5000, 9% Preference shares are valued at ₹124.50 each and 65,000 Equity shares are valued at ₹32 each. If Roshan Ltd discharged purchase consideration by issuing its Equity shares of ₹10 each which is having intrinsic value of ₹46 each. No. of Equity shares issued by Roshan Ltd to Richa Ltd will be**
(A) 45214
(B) 270250
(C) 58750
(D) 70000

5) **X Ltd holds 69% of Y Ltd, Y Ltd holds 51% of W Ltd, Z Ltd holds 49% of W Ltd As per AS 18 related parties are:**
(A) X Ltd, Y Ltd & W Ltd
(B) X Ltd & Z Ltd
(C) Y Ltd & Z Ltd
(D) X Ltd & Y Ltd

6) **Peeru Ltd acquired 80% Equity shares of Pimo Ltd on 1st April, 2016. On 31st March, 2017, goods worth ₹65,000 purchased from Peeru Ltd, were included in stock of Pimo Ltd Peeru Ltd made a profit of 25% on cost. At the time of preparation of consolidated Balance Sheet the amount of unrealized profit on stock will be**
(A) ₹1,62,500
(B) ₹21,667
(C) ₹13,000
(D) NIL

7) **Nikku Ltd is a Non-banking finance company. It made a provision against the advances as on 31st March, 2017 of ₹248 Lakhs. Out of its advances, Sub-standard**

assets, Doubtful up to one year and one to three years were ₹910 Lakhs; ₹150 Lakhs and ₹210 Lakhs respectively. The amount of Doubtful Assets more than three years will be
(A) ₹1210 Lakhs
(B) ₹121 Lakhs
(C) ₹64 Lakhs
(D) NIL

8) In a company net assets available for share holders is ₹1450 Lakhs; Equity share capital 60 Lakhs shares of ₹10 each; An average dividend is ₹3.20 per equity share and normal rate of dividend for the company is 10%. The fair value of each share will be
(A) ₹32
(B) ₹24.17
(C) ₹27.81
(D) ₹28.09

9) Members of Public Accounts Committee are elected by Lok Sabha and Rajya Sabha and comprise of not more than
(A) 15 members of Lok Sabha and 7 members of Rajya Sabha
(B) 22 members of Lok Sabha and 7 members of Rajya Sabha
(C) 22 members of Lok Sabha and 15 members of Rajya Sabha
(D) No any limit

10) On 1, April, 2017, H Ltd acquired 120000 shares out of 150000 equity shares of ₹10 each of S Ltd at ₹16,30,000. On that date balance of General Reserve; Capital Reserve; and Preliminary Expenses in S Ltd were ₹2,42,000; ₹3,20,000; and ₹70,000 respectively. The amount of cost of control will be
(A) Capital Reserve ₹19,600
(B) Capital Reserve ₹3,62,000
(C) Capital Reserve ₹2,89,600
(D) Goodwill ₹36,400

11) A company undertook to pay contract for a building for ₹90 lakhs. As on 31.03.2017, it incurred a cost of ₹15 lakhs and expects that there will be ₹68 lakhs more for completing the building. It has received ₹12 lakhs as progress payment. What is the degree of completion?
(A) 16.67%
(B) 22.06%
(C) 18.07%
(D) 14.46%

12) Shiva Ltd has obtained an institutional loan of ₹60 Crores for machinery on 01.06.2016. The machinery installed on 1st February, 2017 with cost of ₹52 Crores and balance loan has been utilized for working capital. Interest on above loan is @ 11% per annum. As per AS-16 the amount of interest to be capitalized for the year ended 31st March, 2017 will be
(A) ₹4.7667 Crores
(B) ₹3.8133 Crores
(C) ₹5.50 Crores
(D) ₹4.40 Crores

13) Chandra Ltd purchased machinery on 01.04.2013 for ₹35 Lakhs. Written down value of the machinery as on 31st March, 2017 is ₹18.27 Lakhs. The recoverable amount of the machinery is ₹12.45 Lakhs. The impairment loss as per AS-28 will be
(A) ₹16.73 Lakhs

(B) ₹22.55 Lakhs
(C) ₹5.82 Lakhs
(D) ₹4.28 Lakhs

14) Kovid Ltd agreed to absorb Shiva Ltd Shiva Ltd has been issued 120000 Equity Shares of ₹10 which having intrinsic value of ₹32 each. If intrinsic value of Kovid Ltd's equity share is ₹64 each, then how many equity shares should be issued by Kovid Ltd to Shiva Ltd to meet out the purchase consideration?
(A) 240000
(B) 120000
(C) 18750
(D) 60000

15) At the time of absorption of B Ltd by A Ltd, *9%* debenture-holders of ₹480,00,000 of ₹100 each in B Ltd are to be paid off at 10% premium by 8% debentures in A Ltd issued at a premium of 20%. How many debentures of ₹100 each are to be issued by A Ltd?
(A) 480000
(B) 440000
(C) 528000
(D) 400000

16) Patel Ltd purchases 75% shares out of 60000 Equity Shares of ₹10 each in Chandu Ltd at ₹7,95,000. On that date balance of Capital Reserve; Securities Premium; General Reserve and Discount on issue of Debentures were ₹69,000; ₹1,20,000; ₹2,15,000; and ₹40,000 respectively. The amount of minority interest will be
(A) ₹2,51,000
(B) ₹2,41,000
(C) ₹1,98,750
(D) ₹1,95,000

17) On the year ended 31st March, 2017, a Non-Banking Financial Company (NBFC) had following advances:

Assets Classification	` in lakhs
Standard	1050
Sub – standard	750
Doubtful up to one year	200
Doubtful for one year to two year	220

The amount of provision which must be made against the advances will be:-
(A) ₹254.70 Lakhs
(B) ₹159 Lakhs
(C) ₹163 Lakhs
(D) ₹181 Lakhs

18) Capital Employed is ₹255 Lakhs; Annual average profits are ₹57 Lakhs; Normal rate of return is 12%. The value of goodwill on the basis of Capitalization of super profits will be
(A) ₹220 Lakhs
(B) ₹475 Lakhs
(C) ₹6.84 Lakhs
(D) ₹26.40 Lakhs

19) Which of the following is constituted under Article 266(2) of the Constitution of India?
(A) Contingency funds of India
(B) Consolidated funds of India
(C) Public Accounts of India

(D) All of the above

20) A firm values goodwill under 'Capitalisation of Profits' method Average profit of the firm for past 4 years has been determined at ₹1,00,000 (before tax). Capital employed in the business is ₹4,80,000 and its normal rate of return is 12%. Tax rate is 28% on average. Value of Goodwill based on capitalisation of average profit will be:
(A) ₹1,20,000
(B) ₹6,00,000
(C) ₹5,00,000
(D) ₹4,80,000

21) Biomed International Ltd is developing a new production process. During the financial year ending 31st Match, 2017, the total expenditure incurred was ₹50 lakhs. This process met the criteria for recognition as an intangible asset on 1st December, 2016. Expenditure incurred till this date was ₹22 lakhs. Further expenditure incurred on the process for the financial year ending 31st March, 2018 was ₹80 lakhs. As at 31st March, 2018, the recoverable amount of knowhow embodied in the process is estimated to be ₹72 lakhs. This includes estimates of future cash outflows as well as inflows. The amount of impairment loss for the year ended 31st March, 2018 is
(A) ₹80 lakhs
(B) ₹36 lakhs
(C) ₹28 lakhs
(D) ₹72 lakhs

22) AB Ltd holds 20% share of CD Ltd at a cost of ₹10 Lakh as on 31.3.2018. The Reserves and Surplus of CD Ltd on that date was ₹25 Lakh. For the year ended 31.3.2018 CD Ltd made a profit of ₹2,00,000 and distributed ₹1,00,000 as Dividend The value of Investment of AB Ltd in CD Ltd as at 31.3.2018 will be shown as
(A) ₹10 lakhs
(B) ₹15.40 lakhs
(C) ₹15.20 lakhs
(D) ₹15.60 lakhs

23) The following data apply to 'X' Ltd's defined benefit pension plan for the year ended 31.03.18:

	`
Benefits paid	1050
Employer contribution	750
Fair market value of plan assets on 31-3-2018	200
Fair market value of plan assets as on 31-3-2017	220

The amount of actual return of plan assets is
(A) ₹2,80,000
(B) ₹2,60,000
(C) ₹2,00,000
(D) ₹4,60,000

24) On 1st December, 2017, Gruh Construction Company Limited undertook a contract to construct a building for ₹108 lakhs. On 31st March, 2018 the company found that it had already spent ₹83.99 lakhs on the construction. A prudent estimate of additional cost for completion was ₹36.01 lakhs. The amount of the provision for foreseeable loss, which must be made in the Final Accounts for the year ended 31st March, 2018 based on AS 7 "Accounting for Construction Contracts" is
(A) ₹13.01 lakhs
(B) ₹120.00 lakhs
(C) ₹12.00 lakhs
(D) ₹36.01 lakhs

25) ABC Ltd has equity capital of ₹40,00,000 consisting of fully paid equity shares of ₹10 each. The net profit for the year 2017-18 was ₹60,00,000. It has also issued 36,000, 10% convertible debentures of ₹50 each. Each debenture is convertible into five equity shares. The tax rate applicable is 30%. The diluted earnings of 2017-18 are
(A) ₹61,80,000
(B) ₹61,26,000
(C) ₹60,00,000
(D) ₹62,34,000

26) A Company takes a Machinery on lease for a term of 6 years at a lease rent of ₹4,00,000 p.a. payable at end of each year with guaranteed and unguaranteed residual value of ₹3,00,000. The gross investment will be
(A) ₹24,00,000
(B) ₹7,00,000
(C) ₹1,00,000
(D) ₹27,00,000

27) On 1, April, 2017 Mark Ltd acquired Mask Ltd by using swap ratio based on EPS of two companies. The Earnings after Tax of 2016-17 of Mark Ltd was ₹2,000 lakh and that of Mask Ltd was ₹800 lakh. What is the EPS after merger if shares outstanding were 200 lakhs and 100 lakhs for Mark Ltd and Mask Ltd respectively?
(A) ₹10
(B) ₹9.33
(C) ₹6.67
(D) None of the above

28) A factory started activities on 1st April.
i. Raw materials purchased during April = 80000 kgs. at ₹12 (out of which Excise duty = ₹2 per kg.). Stock on hand as on 30th April = 5000 kgs.
ii. Production during April = 14000 units (of which 10000 units were sold). In addition to the production, 1000 units were lying as WIP on 30th April (100% complete as to Materials and 60% complete as to conversion).
iii. Wages and Production Overheads = ₹30 per completed unit.
iv. Selling Price = ₹110 per unit (of which Excise Duty is ₹10 per unit)
Value of closing stock on 30th April will be
(A) ₹3,60,000
(B) ₹4,10,000
(C) ₹4,78,000
(D) None of the above

29) Kaa Ltd absorbs Baa Ltd and shares are issued by Kaa Ltd using swap ratio 3:7. The face value of each share is ₹10 for both the companies. The intrinsic value of each shares of Kaa Ltd is ₹14. Total purchase consideration is equal to
(A) ₹4,20,000
(B) ₹6,82,000
(C) ₹3,78,000
(D) None of the above

30) X Ltd deals in four products X1, X2, X3and X4 which are neither similar nor interchangeable.
At the time of closing of its account for the year 2016-17 the historical cost and net realizable value of the items of closing stock are determined as below:

Items	Historical Cost (₹ in lakhs)	Net realizable value (₹ in lakhs)
X_1	78	82
X_2	47	43

X_3	23	27
X_4	87	88

What will be the value of closing stock?
(A) ₹235 Lakhs
(B) ₹231 Lakhs
(C) ₹240 Lakhs
(D) None of these

31) Which of the following is/are the examples of cash flows arising from investing activities?
(A) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes)
(B) cash payments for futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the payments are classified as financing activities
(C) interest and dividends received (other than for a non-financial institution)
(D) All of the above

32) Which of the following statement is not a true statement regarding foreign currency cash flows under Ind AS – 7?
(A) Cash flows arising from transactions in a foreign currency shall be recorded in an entity's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow
(B) The cash flows of a foreign subsidiary shall be translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows
(C) Unrealised gains and losses arising from changes in foreign currency exchange rates are cash flows
(D) None of the above

33) Net Assets of the Transferor Company: ₹20 lakhs. If Purchase Consideration is ₹23 lakhs & amalgamation is in the nature of purchase, then
(A) 3 lakhs will be treated as Capital Reserve
(B) 3 lakhs will be treated as Goodwill
(C) 20 lakhs will be treated as Capital Reserve and 3 lakhs will be Goodwill
(D) None of the above

34) Which of the policy is/are not in accordance with AS-15 policies for retirement benefits as under?
(A) Contribution to pension fund is made based on actuarial valuation at the year end In respect of employees who have opted for pension scheme
(B) Contribution to the gratuity fund is made based on actuarial valuation at the year end
(C) Leave encashment is accounted for on PAY-AS-YOU-GO method
(D) None of the above

35) Identify the reportable segment by profitability test is demonstrated as follows for S Ltd

Segment	Profit (Loss)
V	(200)
W	250
X	150
Y	(350)
Z	(50)

(A) W, X, Y and Z

(B) V, W, X and Z
(C) V, W, X and Y
(D) V, W, X, Y and Z

36) M Ltd has taken the assets on lease from ABC Ltd The following information is given below:
Lease Term = 4 years
Fair value at inception of lease = ₹14,50,000
Lease Rent = ₹5,00,000 p.a. at the end of year
Guaranteed Residual Value = ₹1,00,000
Expected Residual Value = ₹ 2,00,000
Implicit Interest Rate = 14.97%
The leased asset and liability should be recognized at -
(A) ₹14,85,590
(B) ₹14,50,000
(C) ₹21,00,000
(D) ₹20,00,000

37) What is the weighted avg. number of equity shares for the following situation prescribed under AS-20: Accounting year: 2016-17

01/04/2016	**Balance**	**3600 equity shares**
15/09/2016	**Issued for Cash**	**1800 equity shares**
01/02/2017	**Buyback**	**120 equity shares**

(A) 4630
(B) 4600
(C) 5280
(D) None of the above

38) From the following information for T Ltd, calculate the amount of tax to be debited in Profit and Loss Account for the year 31.03.2015 as per AS-22

Accounting Profit	**₹50,00,000**
Book Profit as per MAT (Minimum Alternate Tax)	**₹30,00,000**
Profit as per Income Tax Act	**₹25,00,000**
Tax Rate	**30%**
MAT Rate	**10%**

(A) ₹14, 50, 000
(B) ₹15, 00, 000
(C) ₹15, 50, 000
(D) None of the above

39) On April 2016, J Ltd bought a trademark from I Ltd for ₹40 lakhs. J Ltd retained an independent valuer, who estimated the trademark's remaining life to be 20 years. Its unamortized cost on I ltd records was ₹30 lakhs. J Ltd decided to amortize the trademark over the maximum period allowed In J Ltd's Balance Sheet as on 31st March 2017, what amount should be reported as accumulated amortization?
(A) ₹1 lakhs
(B) ₹2 Lakhs
(C) ₹1.5 lakhs
(D) ₹4 lakhs

40) K Ltd agreed to absorb S Ltd S Ltd has 120000 Equity Shares of ₹10 having intrinsic value of ₹ 24 each. If intrinsic value of K Ltd's equity share is ₹48 each, then how many equity shares should be issued by K Ltd to S Ltd to meet out the purchase consideration?
(A) 60000 shares
(B) 56000 shares

(C) 45000 shares
(D) 90000 shares

41) At the time of absorption of B Ltd by A Ltd, 10% debenture holders of ₹ 240000 of ₹100 each in B Ltd are to be paid off at 10% premium by 9% debentures in A Ltd issued at a premium of 20%. How many debentures of ₹100 each are to be issued by A Ltd?
(A) 2300
(B) 2200
(C) 2400
(D) 2100

42) In case of amalgamation in the nature of purchase, Fixed Assets, Current Assets, Total Debts, Debit balance of Profit and Loss Account and Purchase consideration are - ₹5120000, ₹2500000, ₹2260000, ₹440000, ₹4800000 respectively. The amount of capital reserve or Goodwill will be
(A) ₹560000 (Capital Reserve)
(B) ₹1000000 (Capital Reserve)
(C) ₹120000 (Capital Reserve)
(D) ₹1940000 (Goodwill)

43) P Ltd agreed to absorb R Ltd For this purpose R Ltd's 10000, 9% Preference shares are valued at ₹62.25 each and 130000 equity shares are valued at ₹16 each. If P Ltd discharged purchase consideration by issuing its equity shares of ` 10 each which is having intrinsic value of ₹46 each, No. of equity shares issued by P Ltd to R Ltd will be
(A) 54750
(B) 58750
(C) 63750
(D) 48750

44) At the time of absorption of B Ltd by A Ltd, trade receivables of both companies shown in their Balance Sheets were ₹30 Lakhs and ₹16 Lakhs. On that date trade payable of B Ltd includes payable to A Ltd ₹5 Lakhs. After absorption, the amount of trade receivables will be shown in A Ltd's Balance Sheet as
(A) ₹41 Lakh
(B) ₹25 Lakh
(C) ₹11 Lakh
(D) ₹35 Lakh

45) On 1st April 2017, H Ltd acquired 16000 shares out of 20000 equity shares of ₹10 each of S Ltd at ₹6,00,000. On that date balance of General reserve, Capital Reserve and Preliminary Expenses in S Ltd were ₹2,42,000, ₹3,20,000 and ₹70,000 respectively. The amount of cost of control will be
(A) ₹40,000 (Goodwill)
(B) ₹40,000 (Capital Reserve)
(C) ₹46,400 (Goodwill)
(D) ₹46,400 (Capital Reserve)

46) P Ltd purchases 80% shares out of 80000 Equity shares of ₹10 each in Chandu Ltd at ₹10,00,000. On that date the balance of Capital reserve, Securities Premium, General Reserve and Discount on issue of Debentures were ₹80,000, ₹1,20,000, ₹2,15,000 and ₹ 40,000 respectively. The amount of minority interest will be
(A) ₹2,35,000
(B) ₹2,15,000
(C) ₹3,35,000
(D) ₹3,15,000

47) P Ltd acquired 80% equity shares of R Ltd on 1st April 2016. On 31st March 2017, goods worth ₹80,000 purchased from P Ltd were included in the stock of R Ltd P Ltd made a profit of 25% on sales. At the time of preparation of consolidated Balance Sheet the amount of unrealized profit on stock will be
(A) ₹30,000
(B) ₹16,000
(C) ₹20,000
(D) ₹2,200

48) V Ltd acquired 2,000 equity shares of D Ltd on April, 01, 2016 for a price of ₹2,00,000. D Ltd made a net profit of ₹80,000 during the year 2016-17. The Share Capital of D Ltd is ₹ 2,50,000 consisting of shares of ₹100 each. If the share of V Ltd in the pre-acquisition profit of D Ltd is ₹56,000, the amount of Goodwill/Capital Reserve to be shown in the Consolidated Balance Sheet as on March 31, 2013 is —
(A) ₹44,000 (Capital Reserve)
(B) ₹56,000 (Capital Reserve)
(C) ₹44,000 (Goodwill)
(D) ₹56,000 (Goodwill)

49) N Ltd acquire 60% of T Ltd's shares on April 2, 2015, the price paid was ₹2,80,000. T Ltd's Shareholder equity shares are as follows:

	₹
Equity Shares (Paid up)	1,00,000
Share premium	3,00,000
Retained Earning	1,00,000
	5,00,000

The Minority interest will be
(A)₹2,00,000
(B) ₹3,00,000
(C) ₹3,10,000
(D) ₹2,10,000

50) Three pillars of sustainability are?
(A) People
(B) Planet
(C) Profit
(D) All of these

51) What is not a part of sustainability?
(A) Social sustainability
(B) Political sustainability
(C) Economic sustainability
(D) Economic sustainability

52) Sustainability means?
(A) A balancing act of economic factor
(B) Environment factor balancing
(C) Social factor balancing
(D) All of these

53) Which was the year of articulation of the Triple Bottom Line concept?
(A) 1998
(B) 1997
(C) 1996
(D) 1994

54) Triple Bottom Line (TBL) means?
(A) Recording
(B) Operating result
(C) Last line
(D) All of these

55) What are the challenges for implementation of Triple Bottom Line reporting?
(A) Awareness of relevant issue of TBL
(B) Understanding stakeholder requirement
(C) Determining performance indicators
(D) All of these

56) Forms of Triple Bottom Line reporting?
(A) Overall strategic objective
(B) Current capacity of reporting
(C) Prioritization of stakeholder requirement
(D) All of these

57) Who are the users of the Triple Bottom Line reporting?
(A) Government
(B) Businesses
(C) Non-Profit Organizations
(D) All of these

58) What are the benefits of Triple Bottom Line reporting?
(A) Identification of potential cost savings
(B) Reduced risk profile
(C) Reputation enhancement
(D) All of these

59) What are the challenges of Triple Bottom Line reporting?
(A) Calculation of TBL
(B) Presentation of TBL
(C) Interpretation of TBL
(D) None of these

60) What is a financial asset?
(A) Cash
(B) An Equity instrument
(C) Contractual right to receive cash
(D) All of these

61) What is a financial instrument?
(A) A contract
(B) Financial assets
(C) Financial liability or Equity
(D) All of these

62) What is Hedging?
(A) Reduce uncertainty
(B) Increase uncertainty
(C) Increase liability
(D) None of these

63) What is not a hedging relationship?
(A) Fair value hedge

(B) Cash flow hedge
(C) Fund flow hedge
(D) Hedge of a net investment in a foreign operation

64) Where does the goodwill, create an impression?
(A) In the mind of customers
(B) In the mind of creditors
(C) Both customers and creditors
(D) None of these

65) What is purchased goodwill?
(A) When payment is made in excess of net asset purchased
(B) When less payment is made of net asset purchased
(C) Both of the above
(D) None of these

66) What is net asset?
(A) Total tangible assets
(B) Total current assets
(C) Total fixed assets plus total current assets
(D) Total fixed assets plus total current assets minus total current liabilities

67) How do you record latent goodwill?
(A) Recorded as an asset
(B) Not recorded as an asset
(C) Both of the above
(D) None of these

68) What is PE ratio?
(A) MPS/EPS
(B) EPS/MPS
(C) MPS/Profit
(D) EPS/Net Profit

69) What is super profit?
(A) Capital employed – Average capital employed
(B) Normal profit
(C) Actual profit – Normal profit
(D) Capitalized value of profit – Intangible Assets

70) How can Employee Stock Option be offered?
(A) A special resolution in the general meeting
(B) An ordinary resolution in the general meeting
(C) A resolution in the board meeting
(D) None of these

71) To whom "Employee Stock Option" can be offered?
(A) Employee of the company only
(B) Officer of the company only
(C) Whole time directors of the company only
(D) All of these

72) What is the eligibility of an employee who is a promoter to exercise the option?
(A) Eligible to participate in "Employee Stock Purchase Scheme"
(B) Not eligible to participate in "Employee Stock Purchase Scheme"

(C) Eligible to participate in Employee Stock Purchase Scheme if permitted by the Board of Directors
(D) Eligible to participate in Employee Stock Purchase Scheme if permitted by shareholders in General Meeting

73) What are the types of share based payment transaction?
(A) Equity settled share based payment transaction
(B) Cash settled share based payment transaction
(C) Share based payment transaction with cash alternatives
(D) All of these

74) What are the types of share based payment plans?
(A) Employee stock option plan
(B) Employee stock option purchase plan
(C) Stock appreciation rights
(D) All of these

75) What are the important terms of employee share based payment plan?
(A) Grant
(B) Intrinsic value
(C) Vesting Period
(D) All of these

76) Where does "Employee Stock Option Outstanding" appear?
(A) Profit and loss A/C
(B) Balance sheet as a negative item as a part of net worth
(C) Balance sheet as a part of net worth
(D) Profit and loss appropriation A/C

77) How do you calculate the value of the option?
(A) No. of option exercise *(market price – exercise price)
(B) No. of option exercise *(market price – fair price)
(C) No. of option granted *(market price – exercise price)
(D) No. of option granted *(market price – fair price)

78) What is the minimum lock in period of share issued under ESOS from the date of allotment?
(A) One year
(B) Two years
(C) Three years
(D) None of these

79) What is the minimum period between the grant of option and vesting of option?
(A) One year
(B) Two years
(C) Three years
(D) None of these

80) XBRL stands for what?
(A) Extended
(B) Business Reporting
(C) Language
(D) All of these

81) XML stands for what?
(A) Extensible

(B) Markup
(C) Language
(D) All of these

82) What is related to Taxonomy?
(A) Dictionary
(B) Environment
(C) Society
(D) All of these

83) What are the benefits of XBRL?
(A) Automated data processing
(B) Data review
(C) Reporting quality
(D) All of these

84) What are the features of XBRL?
(A) Testable business rules
(B) Strong software support
(C) Clear definition
(D) All of these

85) A company needs to submit cost audit report to Central Government as per:
(A) Section 146 (6) of Companies Act 2013
(B) Section 147 (6) of Companies Act 2013
(C) Section 148 (6) of Companies Act 2013
(D) None of these

86) Which institution is not under XBRL?
(A) RBI
(B) SEBI
(C) IRDAI
(D) None of these

87) Who are the users of XBRL?
(A) Companies
(B) Investors
(C) Non-Profit Organizations
(D) All of these

88) What are the requirements for XBRL reporting?
(A) Listing of companies
(B) Paid up share capital at least 5 crores
(C) Turnover of the company should be at least crore
(D) All of these

89) Which companies are exempted from XBRL?
(A) Banking companies
(B) Insurance companies
(C) Power sector companies
(D) All of these

90) Dido Ltd deals in three products α, β and θ which are neither similar nor interchangeable. At the time of closing of its account for the year 2015-16 the historical cost and net realizable value of the items of closing stock are determined as below:

Items	Historical Cost (₹ in lakhs)	Net Realizable Value (₹in lakhs)
α	65	56
B	40	46
θ	28	23

What will be the value of closing stock?
(A) ₹119 Lakhs
(B) ₹125 Lakhs
(C) ₹133 Lakhs
(D) None of these

91) M. Chandra Ltd has provided the following information:
Depreciation as per accounting records ₹12,00,000, Depreciation as per income tax records ₹30,00,000. Unamortized preliminary expenses as per income tax records ₹1,80,000, Tax rate 40%. There is adequate evidence of future profit sufficiency. As per AS 22 Deferred Tax Asset/ Liability to be recognized will be
(A) ₹7,20,000 (DTA)
(B) ₹6,48,000 (DTL)
(C) ₹72,000 (Net DTL)
(D) None of these

92) V Ltd acquired 2,000 equity shares of D Ltd on April 01, 2016 for a price of ₹3,00,000. D Ltd made a net profit of ₹80,000 during the year 2016-17. The Share Capital of D Ltd is ₹2,50,000 consisting of shares of ₹100 each. If the share of V Ltd in the pre-acquisition profit of D Ltd is ₹56,000, the amount of Goodwill/Capital Reserve to be shown in the Consolidated Balance Sheet as on March 31, 2013 is —
(A) ₹4,000 (Goodwill)
(B) ₹4,000 (Capital Reserve)
(C) ₹44,000 (Goodwill)
(D) ₹56,000 (Goodwill)

93) PRAKASH Ltd declares the following information:

Exchange Rate	**(₹/US$)**
Purchased goods on 12.3.2016 of US $ 1,00,000	**60.60**
Exchange rate as on 31.3.2016	**61.00**
Date of actual payment is 12.4.2016	**61.50**

What will be the gain/loss to be booked in the financial year 2013-14?
(A) ₹90,000 (loss)
(B) ₹40,000 (loss)
(C) ₹50,000 (loss)
(D) ₹1,30,000 (loss)

94) During 2016, Avishkar Ltd incurred costs to develop and produce a routine, low-risk computer software product, as follows:

Completion of detailed program design	**₹23,000**
Cost incurred for coding and testing to establish technological feasibility	**₹20,000**
Other coding costs after establishing technological feasibility	**39,000**
Other testing costs after establishing technological feasibility	**31,000**

What amount should be capitalized as software cost?
(A) ₹43,000
(B) ₹70,000
(C) ₹23,000
(D) ₹14,000

95) Miss Dumpty purchased 2,000 shares in M Ltd at ₹600 per share in 2014. There was a rights issue in 2016 at one share for every two held at price of ₹150 per share. If Miss

Dumpty subscribed to the rights, what would be carrying cost of 3,000 shares as per AS-13.
(A) ₹12,00,000
(B) ₹13,50,000
(C) ₹14,00,000
(D) Data insufficient

96) ANKITA Ltd has three segments with their assets inclusive of Deferred Tax Assets as shown below:

Segment	Total Assets (₹ in lakhs)	Deferred Tax Assets (₹ in lakhs)
M	20	10
N	60	8
P	120	6

Reportable segments as per AS-17 are
(A) M, N and P
(B) M and N only
(C) M and P only
(D) P and N only

97) On January 2, 2016 E Ltd bought a trademark from M Ltd for ₹20,00,000. E Ltd retained an independent consultant, who estimated the trademark's remaining life to be 20 years. Its unamortised cost on accounting records was ₹17,60,000. E Ltd decided to amortize the trademark over the maximum period allowed In E Ltd December 31, 2016 balance sheet, what amount should be reported as expenses to be amortised this regard?
(A) ₹17,60,000
(B) ₹88,000
(C) ₹1,00,000
(D) ₹2,00,000

98) A&B Ltd obtained a Loan from a bank for ₹240 lakhs on 30.04.2014. It was utilized for: Construction of a shed ₹120 lakhs, Purchase of a machinery ₹80 lakhs, Working Capital ₹40 lakhs, Construction of shed was completed in March 2016. The machinery was installed on the same date. Delivery truck was not received Total interest charged by the bank for the year ended 31.03.2016 was ₹36 lakhs. As per AS 16, Interest to be debited to Profit & Loss Account will be:
(A) ₹36 lakhs
(B) ₹18 lakhs
(C) ₹9 lakhs
(D) None of these

99) Super Profit of ABC Ltd (Computed) : ₹18,00,000
Normal rate of return: 12% Present value of annuity of ₹1 for 4 years @ 12% : 3.0374
Value of goodwill is —
(A) ₹54,67,320
(B) ₹2,16,000
(C) ₹18,00,000
(D) ₹5,92,612

100) MR Ltd acquire 40% of TS Ltd's shares on April 2, 2015, the price paid was ₹1,40,000. TS Ltd's Shareholder equity shares are as follows:

	₹
Equity shares (Paid up)	50,000
Share Premium	1,50,000
Retained Earning	50,000

	2,50,000

Further TS Ltd reported a net income of ₹30,000 and paid dividends of ₹10,000. MR Ltd has subsidiary on 31-03-2016. Calculate the amount at which the investment in TS Ltd should be shown in the consolidated Balance Sheet of MR Ltd as on 31.03.2016.
(A) ₹1,08,000
(B) ₹40,000
(C) ₹1,48,000
(D) ₹1,40,000

101) At the time of absorption of B Ltd by A Ltd, trade receivable of both companies shown in their Balance Sheets were ₹35 Lakhs and ₹18 Lakhs. On that date trade payable of B Ltd includes payable to A Ltd ₹4.5 Lakhs. After absorption, the amount of trade receivables will be shown in the A Ltd's Balance Sheet as
(A) ₹35 Lakhs
(B) ₹53 Lakhs
(C) ₹48.50 Lakhs
(D) ₹44 Lakhs

102) Ind AS 7 is related to (no explanation is required) —
(A) Inventories
(B) Statement of Cash Flow
(C) Construction Contract
(D) Property, Plant and Equipment

103) NUPUR Ltd has equity share capital of ₹30 lakhs consisting of fully paid equity shares of ₹10 each. Net profit for the year 2013-14 was ₹45 lakhs. It has also issued 27,000, 10% convertible Debentures of ₹50 each. Each Debenture is convertible into 5 equity shares. The applicable tax rate is 30%. Compute the diluted earnings.
(A) ₹46,35,000
(B) ₹44,59,500
(C) ₹45,94,500
(D) ₹45,00,000

104) Wealth Ltd aquired 1,50,000 shares of Health Ltd on August 1, 2016. The Equity Capital of Health Ltd is ₹20 lakh of ₹10 per share. The machinery of Health Ltd is revalued upwards by ₹4,00,000. The minority group interest shown in the Consolidated Balance Sheet as at March 31, 2017 was
(A) ₹6,00,000
(B) ₹4,00,000
(C) ₹1,00,000
(D) None of A, B and C

105) Vini Ltd has an asset, which was purchased on 01.04.2016 at ` 1,000 lakhs and estimated salvage value was ` 100 lakhs. The life of the asset is 5 years. The Company applies straight line method for depreciation. As at 31.03.2018 value in use is ` 400 lakhs and the net selling price is ` 375 lakhs. The amount of impairment loss for 2017 – 2018 is
(A) ` 420 lakhs
(B) ` 200 lakhs
(C) ` 240 lakhs
(D) ` 265 lakhs

106) XYZ Ltd obtained a Loan from a Bank for ` 240 lakhs on 30.04.2016. It was utilized for construction of a shed ` 120 lakhs, Purchase of Machinery ` 80 lakhs, Working Capital ` 40 lakhs. Construction of shed was completed in March, 2018. The machinery was

installed on the same date. Total interest charged by the Bank for the year ended 31.03.2018 was ` 36 lakhs. As per AS- 16, interest to be debited to Profit & Loss Account will be
(A) ` 36 lakhs
(B) ` 18 lakhs
(C) ` 9 lakhs
(D) None of the above

107) As per Ind AS breach of a long-term loan covenant will lead to classification of loan as a liability payable on demand and classification in the financial statement to be made accordingly as required in the book of borrower when
(A) such breach occurs after the ends of the financial year and there is no subsequent agreement between borrower and lender
(B) such breach occurs after the end of the financial year and before the issue of the financial statement
(C) such breach occurs before the end of the financial year and there is an agreement between lender and borrower after the end of the financial year and before the issue of financial statement to the effect that lender shall not demand the payment
(D) such breach occurs after the end of the financial year and the lender has sent a demand after requesting immediate payment before the issue of the financial statement

108) M/s. Power Track Ltd purchased a plant for US $ 50,000 on 3st October, 2017 payable after 6 months. The company entered into a forward contract for 6 months @ ` 64.25 per Dollar. On 31st October, 2017 the exchange rate was ` 61.50 per Dollar. The profit or loss on forward contract for the year ended 31st March, 2018 is
(A) ` 1,37,500
(B) ` 1,14,583
(C) ` 1,14,538
(D) None of the above

109) RAJASTHANI Co-operative Society Ltd has borrowed a sum of US $ 12.50 million at the commencement of the Financial year 2017-2018 for the solar energy project at LIBOR (London Interbank Offered Rate of 1%) + 4%. The interest is payable at the end of the respective financial year. The loan was availed at the then rate of ` 45 to US dollar while the rate as on 31st March, 2018 is ` 48 to the US dollar. Had RAJASTHANI Co-operative Society Ltd borrowed the Rupee equivalent in India, the interest would have been 11%. 'Borrowing Cost' and exchange difference will be
(A) ` 61,87,500, ` 5,62,500
(B) ` 67,50,000, ` 5,62,500
(C) ` 37,50,000, ` 5,62,500
(D) None of the above

110) Accounting profit ` 15,00,000, Book profit as per MAT ` 8,75,000, Profit as per Income-Tax Act ` 1,50,000, Tax rate 30%, MAT rate 7.50%. The deferred tax asset/liability as per AS- 22 and amount of tax to be debited to Profit and Loss Account for the year ended 31.03.2018 are
(A) ` 4,95,000, ` 5,15,625
(B) ` 4,05,000, ` 4,70,625
(C) ` 4,05,000, ` 5,15,625
(D) None of the above

111) TULSIAN Ltd has initiated a lease for 3 years in respect of a machinery costing ` 6,00,000 with expected useful life of 5 years. Machinery would revert to TULSIAN Ltd under the lease agreement. The unguaranteed residual value of the machinery after

the expiry of the lease term is estimated at ` 80,000. The implicit rate of interest is 8%. The annual payments have been determined in such a way that the present value of the lease payment plus the residual value is equal to the cost of machinery. Annual lease payments are made at the end of each accounting year (PV of ` 1 @ 8% for 3 years is 0.9259, 0.8573, 0.7938 respectively). The unearned finance income is
(A) ` 24,558
(B) ` 2,08,186
(C) ` 1,04,558
(D) None of the above

112) X Ltd holds 51% of Y Ltd, Y Ltd holds 51% of W Ltd, Z Ltd holds 49% of W Ltd The related Parties as per AS- 18 are
(A) Z Ltd and W Ltd
(B) Z Ltd and X Ltd
(C) Z Ltd and Y Ltd
(D) None of the above

113) A firm values goodwill under 'Capitalization of profits' method Its average profits for past 4 years has been determined at ` 72,000. Net assets and capital employed in the business is ` 4,80,000 and ` 5,00,000 respectively and its normal rate of return is 12%. Value of Goodwill based on capitalization of profit will be
(A) ` 1,60,000
(B) ` 1,32,000
(C) ` 1,20,000
(D) ` 1,00,000

114) XYZ Ltd acquired 2000 equity shares of DEF Ltd on 01.04.2017 for a price of ₹3,00,000. DEF Ltd made a net profit of ₹80,000 during the year 2017-18. DEF Ltd issued Bonus shares of one shares for every five shares held out of post-acquisition profits earned during 2017-18. The share capital of DEF Ltd is ₹2,50,000 consisting of shares of ₹100 each. If the shares of XYZ Ltd in the pre-acquisition profit of DEF Ltd is ₹56,000, the amount of Goodwill/Capital Reserve to be shown in the consolidated balance sheet as on 31.03.2018 is:
(A) ₹4,000 (Goodwill)
(B) ₹4,000 (Capital Reserve)
(C) ₹44,000 (Goodwill)
(D) ₹50,000 (Goodwill)

115) Mittal Ltd has provided the following information: Depreciation as per accounting records ₹30,00,000, Depreciation as per income tax records ₹75,00,000. Unamortized preliminary expenses as per income tax records ₹4,50,000. Tax rate 35%. There is adequate evidence of future profit sufficiency. As per AS 22 Deferred Tax Asset/Liability to be recognized will be:
(A) ₹15,75,000 (DTL)
(B) ₹14,17,500 (Net DTL)
(C) ₹72,000 (Net DTA)
(D) None of the above

116) The market price of Company Caa is ₹450 per share and that of Company Baa is ₹300. If Caa offers three-fourths a share of common stock for each share of Baa, the ratio of exchange of market prices would be:
(A) 0.667
(B) 1.000
(C) 1.125
(D) 1.500

117) **A company has an inter-segment transfer pricing policy of charging at cost less 10%. The market prices are generally 25% above cost. Policy adopted by the company is**
(A) Correct as per AS but not as per Ind AS
(B) Not Correct
(C) Correct, if total transfer is below 10% of total revenue of the Company
(D) Always correct, if applied consistently

118) **Cee Ltd acquired a 60% interest in Jee Ltd on January 1, 2017. Cee Ltd paid ₹700 Lakhs in cash for their interest in Jee Ltd The fair value of Jee Ltd's asset is ₹1,800 Lakhs and the fair value of its liabilities is ₹900 Lakhs. Compute the Non-controlling interest (NCI) at fair value.**
(A) ₹360 Lakhs
(B) ₹700 Lakhs
(C) ₹280 Lakhs
(D) None of the above

119) **Utkarsh Ltd declares the following information:**

	Exchange Rate (USD/IND ₹)
Purchased goods on 12.03.2018 of USD 1,00,000	**68.60**
Exchange rate as on 31.03.2018	**69.00**
Date of actual payment is 12.04.2018	**69.50**

What will be the gain/loss to be booked in the financial year 2018-19?
(A) ₹90,000 (loss)
(B) ₹40,000 (loss)
(C) ₹1,30,000 (loss)
(D) None of the above

120) **During 2017-18, Mindblogger Ltd incurred costs to develop and produce a mobile application computer software product, as follows: Completion of detailed program design ₹23,000 Cost incurred for coding and testing to establish ₹20,000 technological feasibility Other coding costs after establishing technological feasibility ₹39,000**
Other testing costs after establishing technological feasibility ₹31,000 Cost of producing product masters for training purposes ₹30,000 What amount should be capitalized as software cost?
(A) ₹43,000
(B) ₹70,000
(C) ₹23,000
(D) ₹1,00,000

121) **Suchitra purchased 1000 shares in Tip-Top Ltd of ₹600 per share in 2016. There was issue in 2018 of one share for every two held at price of ₹150 per share. If Suchitra subscribes the rights, what would be carrying cost of 1500 shares as per AS-13.**
(A) ₹6,00,000
(B) ₹6,75,000
(C) ₹75,000
(D) Data insufficient

122) **Future Limited undertakes a contract for construction of a Bridge on 01.04.2017 at a contract price of ₹1,250 Lakh. The contract was to be completed in two years. Cost incurred up to 31.03.2018 is ₹780 Lakh. The Company estimated that a further cost of ₹520 lakh would be incurred for completing the project. What amount should be credited to revenue as Contract Price for the financial year 2017-18 as per the provisions of Ind AS 11?**
(A) ₹780 Lakh
(B) ₹750 Lakh

(C) ₹730 Lakh
(D) None of the above

123) Statement - Preparation of CFS is not mandatory for companies having subsidiary in India Choose correct option:
(A) Statement is correct as the Companies Act, 2013 does not require preparation of CFS
(B) Statement is correct as AS 21 allows it if financial statement of subsidiary is attached with the stand-alone financial statements of the Holding Company
(C) Statement is incorrect as the Companies Act, 2013 requires preparation of CFS
(D) Statement is incorrect as the Government of India by notification has imposed the requirement of preparation of CFS

Answer:

(1) (B) 27.5%

$$\text{Degree of Completion} = \frac{\text{Cost to Date}}{\text{Accumulated Cost Incurred} + \text{Estimated Cost to complete}} \times 100$$

$$= \frac{₹\,22\text{ Lakhs}}{₹\,22\text{ Lakhs} + ₹\,58\text{ Lakhs}} \times 100 = 27.5\%$$

(2) (C) Capital Reserve ₹60,000
Net Assets = ₹(25,60,000 + 12,50,000 – 11,30,000 – 2,20,000) = ₹24,60,000
Capital Reserve = Net Assets - Purchase Consideration
= ₹24,60,000 – ₹24,00,000 = ₹60,000

(3) (D) ₹5.10 Lakhs
Carrying amount on 31st March 2017 = 65 - [(65 - 7)×33/60]
= 65-31.90 = ₹33.10 Lakhs
Recoverable amount (Present value) = ₹28 Lakhs i.e. higher of ₹28 Lakhs and ₹25 Lakhs
Hence, Impairment loss = ₹33.10 – ₹28 = ₹5.10 Lakhs

(4) (C) 58750

Value of preference shares: 5000 × ₹124.50	= ₹ 6,22,500
Add: Value of Equity shares: 65000 × ₹32	= ₹20,80,000
Total Amount to be discharged	= ₹27,02,500

No. of Equity shares Issued by Roshan Ltd = ₹27,02,500 ÷ ₹46 = 58750 shares.

(5) (A) X Ltd, Y Ltd & W Ltd
As per AS 18 holding of 20% or more is necessary to become a related party. Hence related parties are X Ltd Y Ltd and W Ltd

(6) (C) ₹13,000
₹65,000 × 25/(100+25) = ₹13,000

(7) (C) ₹64 Lakhs
= ₹248 – ₹ [(910 × 10%) + (150 × 20%) + (210 × 30%)]
= ₹248 – ₹ (91+30+63) = ₹248 – ₹184 = ₹64 Lakhs

(8) (D) ₹28.09

$$\text{Fair Value} = \frac{\text{Intrinsic Value} + \text{Dividend Yield Value}}{2} = \frac{24.17 + 32}{2} = ₹\,28.085 \text{ per share}$$

Intrinsic Value = ₹1450 / 60 = ₹24.17
Yield value = 32% x 10 = ₹32
Average Dividend Rate = ₹3.2 / ₹10 x 100 = 32%

(9) (A) 15 members of Lok Sabha and 7 members of Rajya Sabha
Justification not required as per requirement

(10) (D) Goodwill ₹36,400

Cost of Acquisition - (share capital + G.R. + C.R. – Preliminary Exp.) × 80%
= ₹16,30,000 – ₹ (15,00,000 + 2,42,000 + 3,20,000 – 70,000) × 80%
= ₹16,30,000 – ₹15,93,600 = Cost of control / Goodwill of ₹36,400

(11) (C) 18.07%

$$\text{Percentage of Completion} = \frac{\text{Cost to date}}{\text{Cumulative cost incurred} + \text{Estimated cost to complete}} \times 100$$

$$= \frac{15}{15+68} \times 100 = 18.07\%$$

(12) (B) ₹3.8133 Crores

5200000 x 11/100 x 8/12 = ₹3.8133 Crores

(13) (C) ₹5.82 Lakhs

Impairment Loss = Carrying Amount – Recoverable amount
= ₹18.27 Lakhs – ₹12.45 Lakhs = ₹5.82 Lakhs

(14) (D) 60000

(120000 × 32) / 64 = 60000 Shares

(15) (B) 440000

(480000 × 110%) /120% = 440000 Debentures

(16) (B) ₹2,41,000

(6,00,000 + 69,000 + 1,20,000 + 2,15,000 - 40,000) × 25% = ₹241000

(17) (A) ₹254.70 Lakhs

Provision on Standard Assets = ₹1,050 Lakhs x 0.4 % = ₹4.2 Lakhs
Provision on Sub – standard Assets = ₹750 Lakhs x 15% = ₹112.50 Lakhs
Provision on Doubtful Assets up to one year = ₹200 Lakhs x 25% = ₹50 Lakhs
Provision on Doubtful Assets from one to three year = ₹220 Lakhs x 40% = ₹88 Lakhs
Amount of Total Provision for bad debts = ₹4.2 + ₹112.50 Lakhs + ₹50 Lakhs + ₹88 Lakhs
= ₹254.70 Lakhs

(18) (A) ₹220 Lakhs

Super profit = Average profit - (Capital Employed × Normal Rate of Return)
= 57 Lakhs – (255 Lakhs × 12%)
= 57 Lakhs – 30.60 Lakhs = 26.40 Lakhs
Good will = 26.4 / 12% =220 Lakhs

(19) (C) Public Accounts of India

(20) (A) ₹1,20,000

Profits after Taxes = (1,00,000 - 28% of 1,00,000)
= 72,000
Capitalisation of Profits = 72,000/0.12 = 6,00,000
Therefore, Goodwill = 6,00,000 - 4,80,000 = 1,20,000

(21) (B) ₹36 lakhs

Calculation of Cost capitalized till 31st March 2018

Cost Capitalised till 31st March 2017
= Total Expenditure till 31st March, 2017 — Expenses incurred till recognition criteria is met
= ₹50 Lakhs - ₹22 Lakhs = ₹28 Lakhs
Expenditure incurred in Financial year 2017-2018 = ₹80 Lakhs
Cost Capitalised till 31st March, 2018 = ₹80 Lakhs + ₹28 Lakhs = ₹108 Lakhs
Impairment Loss = Carrying amount as on 31st March 2018 – Recoverable Amount
= ₹108 Lakhs - ₹72 Lakhs = ₹36 Lakhs

(22) (C) ₹15.20 lakhs

Calculation of amount to be capitalized
Value of Investment = Cost of Investment + Proportionate share in Reserve & Surplus
= 10,00,000 + 20% of (25,00,000 + 2,00,000 - 1,00,000)
= 10,00,000 + 20% of (26,00,000)
= 10,00,000 + 5,20,000

= 15,20,000

(23) (B) ₹2,60,000

	`
Valuation of Asset without Actual Return	
Fair value of plan assets on 31-3-2017	8,00,000
Add: Employer Contribution	2,80,000
Less: Benefits paid	(2,00,000)
	8,80,000
Actual Return on Assets	
Fair market value as on 31-3-2018	11,40,000
Less: Value of Asset without Actual Return	8,80,000
	2,60,000

(24) (C) ₹12.00 lakhs

Calculation of Estimated Cost of Construction = 83.99 Lakhs + 36.01 Lakhs
= 120 Lakhs

Calculation of Provision to be made for foreseeable loss
= Contract Revenue – Estimated Cost of Construction
= ₹108 Lakhs - ₹120 Lakhs = ₹12 Lakhs

(25) (B) ₹61,26,000

Increase in earnings due to conversion of Debentures into Equity Shares
Interest on Debentures = 36,000 debentures × ₹50 per Debenture × 10%
= ₹18,00,000 × 10% = ₹1,80,000
Tax on Interest on Debentures = ₹1,80,000 × 30% = ₹54,000
Net Savings due to conversion of Debenture into Equity Shares = ₹1,80,000 - ₹54,000
= ₹1,26,000
Diluted Earnings = Net Profits after tax + Net Savings due to conversion of Debentures into Equity Shares
= ₹60,00,000 + ₹1,26,000 = ₹61,26,000

(26) (D) ₹27,00,000

Gross investment = Total Lease Payments + Guaranteed and Unguaranteed Residual Value
Gross Investment = (₹4,00,000 × 6 years) + ₹3,00,000
= ₹24,00,000 + ₹3,00,000
= ₹27,00,000

(27) (A) ₹10

EPS for Mark Ltd = ₹2,000 Lakhs / 200 Lakhs = ₹10
EPS for Mask Ltd = ₹800 Lakhs/100 Lakhs = ₹8
New Shares to be issued to mask Ltd = 100 Lakhs × (₹8/₹10) = 80 Lakhs
New EPS = (₹2,000 Lakhs + ₹800 Lakhs)/ (200 lakhs + 80Lakhs)
= ₹2,800 Lakhs/280 Lakhs = ₹10

(28) (D) None of the above

Excise Duty and other indirect duties have been clubbed into GST and GST arises at the point of sale and not at the point of manufacturing.

(29) (D) None of the above

Purchase consideration cannot be calculated from the information given in the question

(30) (B) ₹231 Lakhs

Computation of value of closing stock
Lower of Historical Cost and Net Realisable Value will be considered
= ₹ (78+43+23+87) lakhs = ₹231 lakhs

(31) (D) All of the above

(32) (C) Unrealised gains and losses arising from changes in foreign currency exchange rates are cash flows.

(33) (B) 3 lakhs will be treated as Goodwill

(34) (C) Leave encashment is accounted for on PAY-AS-YOU-GO method

(35) (C) V, W, X and Y
Reportable Segment = more than 10% of higher of absolute value of Profit or Loss
= more than 10% of 600 = 60

(36) (B) ₹14,50,000
Present value of minimum lease payment

Year	MLP	Discount Rate (14.97%)	PV
1	5,00,000	0.8698	4,34,900
2	5,00,000	0.7565	3,78,250
3	5,00,000	0.6580	3,29,000
4	6,00,000	0.5724	3,43,440
	21,00,000		14,85,590

Fair value at the inception of lease (₹14,50,000) is less than Present value of minimum lease payment (₹ 14,85,590) so the leased asset and liability should be recognized at ₹ 14,50,500.

(37) (A) 4630
(3600 x 12/12) + (1800 x 7/12) - (120 x 2/12) i.e. 4630 shares

(38) (C) ₹15, 50, 000
Tax as per accounting profit: 50,00,000 x 30% = 15,00,000
Tax as per Income Tax profit: 15,00,000 x 30% = 4,50,000
Tax as per MAT: 50,00,000 x 10% = 5,00,000
Tax expenses = Current tax + Deferred tax
15,00,000 = 4,50,000 + Deferred tax
Therefore, Deferred Tax Liability as on 31.3.2015 = 15,00,000 – 4,50,000 = 10,50,000.
Amount of tax to be debited in Profit and Loss Account for the year 31.03.2015:
= Current tax + Deferred tax liability + Excess of MAT over current tax
= 4,50,000 + 10,50,000 + (5,00,000 – 4, 50, ,000)
= 15,50,000

(39) (D) ₹4 lakhs
As per para 23 of AS-26, intangible assets should be measured initially at cost therefore. J Ltd should amortize the trade mark at its cost of 40 lakhs. The unamortized cost on the seller's books 30 lakhs is irrelevant to the buyer. Although the trademark has a remaining useful life of 20 years, intangible assets are generally amortized over a maximum period of 10 years as per AS-26. Therefore, the maximum amortization expense and accumulated amortization is 4 lakhs (40 lakhs/10).

(40) (A) 60000 shares
(41) (B) 2200
(42) (A) ₹560000 (Capital Reserve)
(43) (B) 58750
(44) (A) ₹41 Lakh
(45) (C) ₹46,400 (Goodwill)
(46) (A) ₹2,35,000
(47) (C) ₹20,000
(48) (B) ₹56,000 (Capital Reserve)
(49) (A) ₹2,00,000
(50) (D) All of these
(51) (B) Political sustainability
(52) (D) All of these
(53) (B) 1997
(54) (D) All of these
(55) (D) All of these
(56) (D) All of these
(57) (D) All of these
(58) (D) All of these
(59) (A) Calculation of TBL
(60) (D) All of these
(61) (D) All of these

(62) (A) Reduce uncertainty
(63) (C) Fund flow hedge
(64) (A) In the mind of customers
(65) (A) When payment is made in excess of net asset purchased
(66) (D) Total fixed assets plus total current assets minus total current liabilities
(67) (B) Not recorded as an asset
(68) (A) MPS/EPS
(69) (C) Actual profit – Normal profit
(70) (A) A special resolution in the general meeting
(71) (D) All of these
(72) (B) Not eligible to participate in "Employee Stock Purchase Scheme"
(73) (D) All of these
(74) (D) All of these
(75) (D) All of these
(76) (C) Balance sheet as a part of net worth
(77) (C) No. of option granted *(market price – exercise price)
(78) (A) One year
(79) (A) One year
(80) (D) All of these
(81) (D) All of these
(82) (D) All of these
(83) (D) All of these
(84) (D) All of these
(85) (C) Section 148 (6) of Companies Act 2013
(86) (C) IRDAI
(87) (D) All of these
(88) (D) All of these
(89) (D) All of these
(90) (A) ₹119 Lakhs

Computation of value of closing stock

Lower of Historical Cost and Net Realisable Value will be considered	₹
α	56
B	40
θ	23
Value of Closing Stock	**119**

(91) (B) ₹6,48,000 (DTL)

Deferred tax liability = 40% (30,00,000 – 12,00,000) = 7,20,000
Deferred tax asset = 40% of 1,80,000 = 72,000
Net Deferred tax liability = 6,48,000

(92) (C) ₹44,000 (Goodwill)

Cost of investments 3,00,000 Less: Share of capital profit 56,000 2,44,000 Face value of shares 2,00,000 Cost of control - Goodwill 44,000

(93) (C) ₹50,000 (loss)

As per AS-11, exchange difference on settlement of monitory items should be transferred to Profit & Loss A/c Here loss to be debited to Profit & Loss A/C as:
(1, 00,000 x 61.50) - (1, 00,000 x 61.00) = 50,000.

(94) (B) ₹70,000

Costs incurred after establishing technological feasibility should be capitalized i.e. (39,000 + 31,000) = 7 0,000 is to ca pitalised and cost s incurred before e stablishing technological feasibility is to be expensed as and when it is incurred

(95) (B) ₹13,50,000

Cost of original holding (Purchase) (2,000 x 600) = 12,00,000
Amount paid for Rights (1000 x 150) = 1,50,000
Total carrying cost of 3000 shares = 13,50,000

(96) (D) P and N only

According to AS-17 "Segment Reporting", segment Assets do not include income tax assets. Therefore, the revised total assets are 176 lakh [200 lakh - (10 + 8 + 6)] Segment M holds total assets of 10 lakh (20-10)
Segment N holds total assets of 52 lakh (60 - 8)
Segment P holds total assets of 114 lakh (120-6)
Thus P and N hold more than 10% of total assets and hence P and N are reportable segments.

(97) (D) ₹2,00,000

As per AS-26 intangible assets should be measured initially at cost therefore, E Ltd should amortize the trademark at its cost of 20,00,000. The unamortised cost on the seller's books (17,60,000) is irrelevant to the buyer. Although the trademark has a remaining useful life of 20 years, intangible assets are generally amortized over a maximum period of 10 years per AS-26. Therefore, the 2016 amortization expense and accumulated amortization is 2,00,000 (20,00,000 ÷ 10 years).

(98) (B) ₹18 lakhs

Qualifying Asset as per AS - 16 = 120 lakhs (construction of a shed)
Borrowing cost to be capitalized = 36 × 120/240 = 18 lakhs
Interest to be debited to Profit or Loss Account = (36 – 18) lakhs = 18 lakhs

(99) (A) ₹54,67,320

Value of goodwill = Super profit × P.V of Annuity of 1for 4 years @ 12%
= 18,00,000 × 3.0374 = 54,67,320.

(100) (C) ₹1,48,000

As per AS – 23 when the investor company prepares the consolidated Balance Sheet, the investment in associate i.e., TS Ltd shall be carried by equity method and goodwill and capital reserve to be identified and disclosed

Extract of Consolidated Balance Sheet of MR Ltd as on 31.03.2016

	₹
Investments in TS Ltd Associates 1,08,000 Goodwill (Identified) 40,000	1,58,000

Value of the investment as per equity method
= 1,40,000 + 40% (30,000) – 40% (10,000)
= 1,48,000
Goodwill Identified = (1,40,000 – 40% of 2,50,000) = 40,000.

(101) (C) ₹48.50 Lakhs

35 Lakhs + 18 Lakhs – 4.50 Lakhs = 48.50 Lakhs.

(102) (B) Statement of Cash Flow

(103) (C) ₹45,94,500

Interest on debenture @ 10% for the year = 27,000 × 50 ×10% = 1,35,000
Tax on interest 40,500.
Diluted earnings = (45,00,000 + 1,35,000 – 40,500) = 45,94,500.

(104) (A) ₹6,00,000

No. of shares of Health Ltd = 20,00,000 / 10= 2,00,000
Minority interest = 200000 - 150000 = 50,000 = 25%
Profit on revaluation of Machinery = 4,00,000
Share of Minority Group of Silver Ltd = 25% of 4,00,000 = 1,00,000
Equity Share Capital : (50000 × 10) = 5,00,000
Total minority interest = 6,00,000

(105) (C) c 240 lakhs

Recoverable amount is higher of value in use c 400 lakhs and net selling price c 375 lakhs.
Recoverable amount = c 400 lakhs
Impairment loss = Carried Amount – Recoverable amount.

Carried amount or book value as on 31.03.2018

Depreciation for two years = c (1000 – 100) lakhs/ 5*2 = Rs. 360 lakhs

Carried amount = ` (1000-360) lakhs = ` 640 lakhs.
Therefore, Impairment loss = ` (640-400) lakhs = ` 240 lakhs.

(106) (B) ` 18 lakhs

Qualifying Asset as per AS16 = `120 lakhs (construction of a shed)
Borrowing cost to be capitalized = 36 x 120/240 = ` 18 lakhs
Interest to be debited to Profit or Loss Account = ` (36 – 18) lakhs = `18 lakhs

(107) (C) such breach occurs before the end of the financial year and there is an agreement between lender and borrower after the end of the financial year and before the issue of financial statement to the effect that lender shall not demand the payment

The requirement of classification of loan as payable on demand arises only when there is breach of loan covenant and due to such breach the loan become payable on demand When such a breach occurs before the end of financial of reporting, the loan is required to be classified as loan payable on demand in the financial statements. Thus, options (A), (B) and (D) are not applicable. Furthermore, Ind AS 1 provides when as a result of breach of loan agreement if the loan becomes payable on demand, such obligation shall be classified as "Current", even if : Lender agrees between Balance Sheet date and date of authorization not to demand such loan on account of breach.

(108) (C) ` 1,14,538

Loss for 5 months (1st November, 2017 to 31st March, 2018) = ($ 50,000 x ` 64.25 - ` 61.50) x 5/6 = ` 1,14,583

(109) (A) `61,87,500, ` 5,62,500

		`
A.	Increase in liability towards principal amount [USD 12.50 x (` 48 - ` 45)]	37.50
B.	Interest on foreign currency borrowing [USD 12.50 x ` 48 x 5%]	30.00
C.	Exchange differences on the amount of principal of the foreign currency borrowings (A + B)	67.50
D.	Interest on local currency borrowings [USD 12.50 x ` 45 x 11%]	61.875
E.	Total borrowing costs as per AS 16 (C or D whichever is less)	61.875
F.	Exchange difference to be treated as per AS 11 (C-D)	5,625

(110) (B) ` 4,05,000, ` 4,70,625

Deferred Tax liability = (15,00,000 x 30%) – (1,50,000 x 30%) = `4,05,000

(111) (C) ` 1,04,558

Cost of the equipment	6,00,000
Less: PV of unguaranteed residual value for 3 years @ 8% (` 80,000 x 0.7938)	(63,504)
Fair value to be recovered from 3 years Annual Lease Payment	5,36,496
Annual Lease Payment (`5,36,496/2.577 Annuity for 3 years @ 8%)	2,08,186
Total lease payments [` 2,08,186 x 3]	6,24,558
Add : Residual value	80,000
Gross Investments	7,04,558
Less : Present/Fair value of Investments	(6,00,000)
Unearned Finance Income	1,04,558

(112) (A) Z Ltd and W Ltd

Z Ltd & W Ltd are related to each other by virtue of Associate relationship.

(113) (C) ` 1,20,000

Capitalised Value of the Business =72,000/12% = ` 6,00,000
Value of Goodwill = Capitalised Value of the Business – Net Assets
= ` 6,00,000 – 4,80,000
= ` 1,20,000

(114) (A) ₹4,000 (Goodwill)

	`
Amount Invested (A)	3,00,000
Share Capital (80% of 2,50,000 + 80% of ` 50,000*)	2,40,000
Share of capital profit **	56,000
Total (B)	2,96,000
Goodwill (A – B)	4,000

* being amount of bonus issue @ 1 : 5
** It is assumed share of profit given in the problem is after issue of bonus shares.

(115) (B) ₹14,17,500 (Net DTL)

Explanation: 14,17,500 (Net DTL) as calculated below:

Deferred tax liability : For Depreciation = 35% (75,00,000 - 30,00,000) = 15,75,000
Less: For Preliminary Exp. 35% of 4,50,000 = 1,57,500
Net Deferred tax liability =14,17,500

(116) (C) 1.125

Explanation: 3/4th of 450 = 337.50. Hence, a cquiring company is paying 33 7.50 against market price of 300 of Company Baa Hence, on the bas is of market price, the Exchange ratio is: 337.50 / 300 = 1.125

(117) (D) Always correct, if applied consistently

Explanation: Transfer price may be below cost if it is internal transfer. However, it should be applied consistently. It does not affect valuation of inventory. Hence, (D) is the right option.

(118) (A) ₹360 Lakhs

Explanation: 360 Lakhs is correct option as detailed below:
NCI = 40%, (1,800 - 900) Lakhs = 360 Lakhs

(119) (D) None of the above

Explanation: As per AS-11, exchange difference on settlement of monitory items should be transferred to Profit & Loss A/c Here loss to be debited to Profit & Loss A/c in 2018-19 is (1,00,000 x 69.50) - (1,00,000 x 69.00) = 50,000.

(120) (D) ₹1,00,000

Explanation: Costs incurred after establishing technological feasibility should b e capitalised (39,000 + 31,000 + 30,000) = 1,00,000 is to be capit alised and costs incurred before establishing technological feasibility is to be treated as expense a s and when it is incurred

(121) (B) ₹6,75,000

Cost of original holding (Purchase)	(1,000 x 600)	` 6,00,000
Amount paid for Rights	(500 x 150)	` 75,000
Total carrying cost of 1500 shares:		`6,75,000

(122) (B) ₹750 Lakh

Statement showing the amount to be credited to Revenue as per Ind AS 11

	` In Lakhs
Cost of construction incurred upto 31-03-2018	780
Add: Estimated future	520
Total estimated cost of construction	1300
Degree of completion {(780/1300) x 100}	60%
Revenue recognition (1250 x 60%)	750

(123) (C) Statement is incorrect as the Companies Act, 2013 requires preparation of CFS

Companies Act, 2013, [Section 129(3)] requires preparation of CFS by company having subsidiary/(ies). Other options are not correct as those are not based on relevant accounting standard or notification of the Government of India.

Notes

Behind every successful business decision, there is always a CMA

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