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CA SURAJ LAKHOTIA

(AIR 1,4,2)

1FIN By IndigoLearn



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CA SURAJ LAKHOTIA
AIR 1,4 & 2 IN CA

What Our Students have to say....

Sudeepta Benya

I took FR and AFM classes from 1FIN and secured good marks in both. I am deeply grateful to **Sriram Sir** and **Suraj Sir** for making my conceptual clarity very strong and making me fall in love with the subjects. I secured 70 marks in FR and 87 in AFM. Highly recommended.

AIR 27

Kanishka

Thank you so much Sir! I am excited to share that I have successfully cleared the CA Final exams and became A Chartered Accountant

Srinivasan

I really liked the way of teaching and conceptual clarity given by **Suraj Sir**

Bhoomi Makhecha

Suraj Sir's classes were comprehensive & helped me score 76 (Exemption) in FR

Priyanka Udeshi

Thank you **Suraj sir!** Have successfully cleared CA Final with exemption in 5 subjects

Venkata Naresh

Thank You IndigoLearn for the Conceptual Clarity and well illustrated Examples of the faculties, making my concepts very strong and assisted me in clearing my exams

Hannoch Matthew

1FIN is a perfect place for assistance in CA Exams. I had opted for FR and AFM. I found it well understandable and helped me to get through with the concepts. Their MCQ and material is very useful.

Himanshu Somani

Thank you so much to **Suraj** and **Sriram sir** for your support during my entire CA journey, will forever be grateful to you

Arun Kumar

I have watched SFM, FR and IDT classes from indigo learn I was using 1FIN platform from my CA Inter and I feel this platform is the only platform which focuses on concepts rather than focusing on only scoring marks.

Q.No 1

1 Important Dates		No of shares (Lakhs)	
Date of initial investment	15.00%	01-Jun-24	6
Additional Stake	55.00%	01-Oct-24	22
Total	70.00%		
NCI	30.00%		

2 Net Assets on Date of Acquisition

Equity Share Capital	400.00				
Other Equity	225.00				
Fair value Adjustments			Deferred Tax		
PPE	80.00		Liability	24	80x 30%
Inventory	20.00		Liability	6	20x 30%
FV of Drug	200.00		Liability	60	200 x 30%
FV of Contingent Liability	(10.00)		Asset	-3	10 x 30%
Deferred Tax Liability	(87.00)		Net DTL	87	
Identifiable Net Assets	828.00				

Alternatively,

Identifiable Net Assets	Fair Value	Book Value	Diff	Deferred Tax
PPE	480.00	400	80.00	
Inventories	170.00	150	20.00	
Trade Receivables	300.00	300.00	-	
Cash & CE	100.00	100.00	-	
Other Current Assets	230.00	230	-	
NCA held for sale	250.00	250.00	-	
Drug - IA	200.00	-	200.00	
Less				
Long Term Borrowings	(200.00)	(200.00)	-	
Long term provisions	(70.00)	(70.00)	-	
Short term borrowings	(285.00)	(285.00)	-	
Trade Payables	(250.00)	(250.00)	-	
Contingent Liability	(10.00)	-	(10.00)	
DTL	(87.00)		290.00	(290 x 30%)
	828.00			

3 Purchase Consideration

i	Cash	330.00	No of shares in lacs	2.75
ii	Equity Shares	440.00		
	[55% x 40/8 x 160]			
iii	Contingent Consideration	29.05	[5 x 2/4]	5.5
iv	Payment for employment	-		
v	Replacement Award			
	Pre-Combination	2.50		
	Post Combination			
	Total Purchase Consideration	801.55		
	FV of Existing Stake	240.00		
	NCI (30%)	248.40		
	Total	1,289.95		
	Goodwill	461.95		

Note The cost of developing drug has been written off in books (as research)
The amount has also been deducted for tax purpose.
When A recognises 200 as FV, there is no asset recognised for tax purpose
(Detailed explanation is given in video)

Consolidated Balance Sheet

Assets	A Ltd	B Ltd	Adj	Note	Total
Non-Current Assets					
PPE	600.00	400.00	80.00		1,080.00
Goodwill					461.95
Other Intangible Assets					200.00
Current Assets					
Inventories	500.00	150.00	20.00		670.00
Financial Assets					
Trade Receivables	450.00	300.00			750.00
Cash & Cash Equivalents	70.00	100.00			170.00
Other Current Assets	200.00	230.00			430.00
Non Current Assets held for Sale		250.00			250.00
					4,011.95
Equity & Liabilities					
Equity Share Capital	500.00			1	775.00
Other equity	810.00			2	998.50
Non Controlling Interest					248.40
Non-Current Liabilities					
Financial Liabilities					
Long Term Borrowings	250.00	200.00			450.00
Other financial liabilities			29.05	3	29.05
Long Term Provisions	50.00	70.00			120.00
Deferred Tax Liabilities	40.00		96.00	4	136.00
Current Liabilities					
Financial Liabilities					
Short Term Borrowings	400.00	285.00			685.00
Trade Payables	310.00	250.00			560.00
Other Current Liabilities			10.00		10.00
					4,011.95
					-

Note 1	
Equity Share Capital	
Authorised, Issued, Subscribed & Paid up	
7,75,000 shares of Rs. 100 each	775
(Out of above 2,75,000 shares are issued for consideration other than cash)	
Note 2	
Other equity	
Retained Earnings	
A Ltd	810.00
FV gain on investment	30.00
Deferred tax Expense	(9.00)
	831.00
Securities Premium	165.00
SBP Reserve	2.50
	998.50
Note 3	
Other Financial Liabilities	
Deferred Consideration	29.05
Note 4	
Deferred Tax Liability	
A Ltd	40.00
DTL on acquisition	87.00
DTL on gain on FV of existing stake	9.00
	136.00

2a)

Loan repayment schedule original			Repayment		
Year	Op bal	Int @11.5%	Principal	Interest	Closing Balance
31-Mar-24	4,94,10,000	56,82,150	1,00,00,000	55,00,000	3,95,92,150
31-Mar-25	3,95,92,150	45,53,097	1,00,00,000	44,00,000	2,97,45,247
31-Mar-26	2,97,45,247	34,20,703	1,00,00,000	33,00,000	1,98,65,951
31-Mar-27	1,98,65,951	22,84,584	1,00,00,000	22,00,000	99,50,535
31-Mar-28	99,50,535	11,44,312	1,00,00,000	11,00,000	(5,153)

Rounding off

Carrying Amount as on 31-Mar-25 **3,97,45,247**

Revised Cashflow

Year	Op Bal	Prin paid	Bal Principal	Int Paid	Total CF	PVF	PV
31-Mar-26	4,00,00,000	50,00,000	3,50,00,000	60,00,000	1,10,00,000	0.897	98,67,000
31-Mar-27	3,50,00,000	50,00,000	3,00,00,000	52,50,000	1,02,50,000	0.804	82,41,000
31-Mar-28	3,00,00,000	50,00,000	2,50,00,000	45,00,000	95,00,000	0.721	68,49,500
31-Mar-29	2,50,00,000	50,00,000	2,00,00,000	37,50,000	87,50,000	0.647	56,61,250
31-Mar-30	2,00,00,000	50,00,000	1,50,00,000	30,00,000	80,00,000	0.58	46,40,000
31-Mar-31	1,50,00,000	50,00,000	1,00,00,000	22,50,000	72,50,000	0.52	37,70,000
31-Mar-32	1,00,00,000	50,00,000	50,00,000	15,00,000	65,00,000	0.467	30,35,500
31-Mar-33	50,00,000	50,00,000	-	7,50,000	57,50,000	0.419	24,09,250
							4,44,73,500
Carrying Amount							3,97,45,247
Difference							47,28,253
% of difference							11.90%
Since it exceeds threshold of 10%, it is treated as extinguishment of existing liability							
FV of New Loan				4,00,00,000			

Loss on extinguishment recognised in P&L **2,54,753**

Journal Entries			
01-Apr-23	Bank A/c Dr.	4,94,10,000	
	To Bank Loan (11%)-FL		4,94,10,000
31-Mar-24	Finance Cost A/c Dr	56,82,150	
	Bank Loan (11%) A/c Dr.	98,17,850	
	To Bank A/c		1,55,00,000
31-Mar-25	Finance Cost A/c Dr	45,53,097	
	To Bank A/c		44,00,000
	To Bank Loan (11%) A/c		1,53,097
31-Mar-25	Bank Loan (11%) A/c Dr.	3,97,45,247	
	Profit & Loss A/c Dr	2,54,753	
	To Bank Loan (15%) A/c		4,00,00,000
31-Mar-26	Finance Cost A/c Dr.	60,00,000	
	Bank Loan (15%) A/c Dr	50,00,000	
	To Bank A/c		1,10,00,000

2b)

Profit for the Quarter Oct-Dec-24	
Given profit	8,00,000
Add: Dividend income	6,00,000
Less: Sales promotion expenses	(18,00,000)
(60% of 30 lakhs)	
Add: Extraordinary gain not recognised	2,00,000
Add: Inventory Losses for previous Qtr	10,00,000
Less: Gain on sale of investment	(10,00,000)
(40/4)	
Corrected profit	(2,00,000)

3a)

Goodwill on date of Acquisition

13

Computation of Carrying Amount as on 31-Mar-2024

Particulars	Goodwill	INA	Total
Carrying Amount as on 1-Apr-22	13	51	64
Depreciation for 2 years (51/15*2)	0	-6.8	-6.8
Carrying Amount on 31-Mar-24	13	44.2	57.2
Recoverable Amount			35
Impairment Loss			22.2
Allocation	-13	-9.2	-22.2
Carrying Amount after Impairment	0	35	35
Depreciation for 2024-25	0	2.69	2.69
Carrying Amount as on 31st March 2025	0	32.31	32.31
Recoverable amount as on 31-Mar-25			
Higher of FV less CTD and Value in Use		52	
Impairment loss		0	
Depreciation for 2024-25 without impairment		-3.4	
Carrying amount without impairment as on 31 Mar 25		40.8	
Maximum reversal of impairment = 40.8-32.31		8.49	
Depreciation from 2025-26 onwards	useful life 12	3.4	

The company should reverse the impairment loss to the extent of Rs. 8.49 crores and credit the same to P&L. The company should charge depreciation on revised carrying amount of 40.8 lakhs for remaining useful life of 12 years. The annual depreciation is Rs. 3.4 crores per year.

3b)

Income/(loss) from continuing Operations	5,04,000.00	(3,60,000.00)
Income/(loss) from discontinued Operations	(8,40,000.00)	6,51,840.00
Net Income	(3,36,000.00)	2,91,840.00
WANES	1,60,000.00	1,92,000.00
Basic EPS from Continuing Ops	3.15	(1.88)
Basic EPS from disc. Ops	(5.25)	3.40
Overall Basic EPS	(2.10)	1.52
Diluted EPS		
Incremental common shares	32,000.00	51,200.00
Total shares for diluted EPS	1,92,000.00	2,43,200.00
Diluted EPS from Continuing Ops	2.63	
Diluted EPS from discontinuing ops	(4.38)	
Overall Diluted EPS	(1.75)	

In case of loss from continued operations, the potential shares are not considered since it would result in anti-dilution. Hence basic & dilutive EPS would remain same.

4a)

01-Apr-19	Cost of Machine on 01-04-2019	18,00,000
01-Apr-21	Carrying Amount as on 01-4-21	14,40,000
	Depreciation	3,60,000
	Years	2
	Depreciation per Year	1,80,000
	Useful life	10
01-Apr-21	Upward revaluation 8%	1,15,200
01-Apr-21	Carrying Amount	15,55,200
	Useful life	8
	Depreciation per year	1,94,400
	Transfer from Rev. Sur per year	14,400
	Total transfer for 2 yr	28,800
	Balance in RS	86,400
01-Apr-23	Depreciation for 2 years	3,88,800
01-Apr-23	Carrying Amount	11,66,400
	Downward revaluation	1,16,640
	Adjusted in RS	86,400
	Debited to P&L	30,240
	Carrying amount after revaluation	10,49,760
	Useful life	8
	Depreciation for 2 years	2,62,440
31-Mar-25	Carrying Amount	7,87,320
	Sale value	8,98,780
	Gain on Sale	1,11,460

Machinery Account

01-Apr-19	To Bank Account	18,00,000	31-Mar-20	By Depreciation	1,80,000
			31-Mar-20	By Bal c/d	16,20,000
		18,00,000			18,00,000
01-Apr-20	To Bal b/d	16,20,000	31-Mar-21	By Depreciation	1,80,000
			31-Mar-21	By Bal c/d	14,40,000
		16,20,000			16,20,000
01-Apr-21	To Bal b/d	14,40,000	31-Mar-22	By Depreciation	1,94,400
01-Apr-21	To Revaluation Reserve	1,15,200	31-Mar-22	By Bal c/d	13,60,800
		15,55,200			15,55,200
01-Apr-22	To Bal b/d	13,60,800	31-Mar-23	By Depreciation	1,94,400
			31-Mar-23	By Bal c/d	11,66,400
		13,60,800			13,60,800
01-Apr-23	To Bal b/d	11,66,400	01-Apr-23	By Revaluation Reserve	86,400
			01-Apr-23	By P&L	30,240
			31-Mar-24	By Depreciation	1,31,220
			31-Mar-24	By Bal c/d	9,18,540
		11,66,400			11,66,400
01-Apr-24	To Bal b/d	9,18,540	31-Mar-25	By Depreciation	1,31,220
31-Mar-25	To P&L	1,11,460	31-Mar-25	By Cash	8,98,780
		10,30,000			10,30,000

4b) Particulars	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25
No of Employees	160	160	160	160
No of SARs	1,000	1,000	1,000	1,000
Total SARs	1,60,000	1,60,000	1,60,000	1,60,000
Fair value	120	130	135	140
Total Liability	1,92,00,000	2,08,00,000	2,16,00,000	2,24,00,000
Vesting completed	1/4	2/4	3/4	4/4
Cumulative expense	48,00,000	1,04,00,000	1,62,00,000	2,24,00,000
Expense already recognised	-	48,00,000	1,04,00,000	1,62,00,000
Expense for the year	48,00,000	56,00,000	58,00,000	62,00,000
Journal Entry				
Dr Employee Benefit Exp	48,00,000	56,00,000	58,00,000	62,00,000
Cr SBP Liability (SAR)	48,00,000	56,00,000	58,00,000	62,00,000
Dr Profit & Loss	48,00,000	56,00,000	58,00,000	
Cr Employee Benefit Exp	48,00,000	56,00,000	58,00,000	
Dr SBP Liability (SAR)				62,00,000
Cr Bank				62,00,000
If terms are revised at end of second year to require only three years of service				
Particulars	31-Mar-22	31-Mar-23	31-Mar-24	
No of Employees	160	160	160	
No of SARs	1,000	1,000	1,000	
Total SARs	1,60,000	1,60,000	1,60,000	
Fair value	120	130	135	
Total Liability	1,92,00,000	2,08,00,000	2,16,00,000	
Vesting completed	1/4	2/3	1	
Cumulative expense	48,00,000	1,38,66,667	2,16,00,000	
Expense already recognised	-	48,00,000	1,38,66,667	
Expense for the year	48,00,000	90,66,667	77,33,333	
Journal Entry				
Dr Employee Benefit Exp	48,00,000	90,66,667	77,33,333	
Cr SBP Liability (SAR)	48,00,000	90,66,667	77,33,333	
Dr Profit & Loss	48,00,000	90,66,667	77,33,333	
Cr Employee Benefit Exp	48,00,000	90,66,667	77,33,333	
Dr SBP Liability (SAR)			2,16,00,000	
Cr Bank			2,16,00,000	

5a)

In case of licences of intellectual property

Revenue is recognized **over time ONLY IF all 3 conditions below are met:**

Ongoing Activities Required / Expected

➤ The **contract requires**, or the **customer reasonably expects**, that the entity will perform **activities that significantly affect the IP** during the license period.

Customer Affected by Entity's Activities

➤ The **customer is exposed to the effects** (positive or negative) of these ongoing activities.

No Separate Goods/Services Transferred

➤ These activities **do not involve separate transfer** of goods or services to the customer.

IN case of sale to Mr. Grahak, the customer does not expect that the entity will upgrade or update the licences or undertake activities that will change the functionality of the software. Also the customer is not exposed to effects of activities undertaken by HaSo

i Ltd.

Hence there is a right to use software and revenue is recognised at a point of time.

HaSo Ltd would recognise revenue when the software is transferred.

In case of right to operate exclusively to Franchisee Ltd, the customer reasonably expects HaSo to undertake activities to support and maintain the brand through product improvements and marketing campaigns. The activities directly expose the customer to positive or negative effects. Also these activities do not involve separate transfer of goods or services to the customer.

Hence this is in the nature of right to access IP and revenue is recognised over the period

ii of 5 years.

5b)

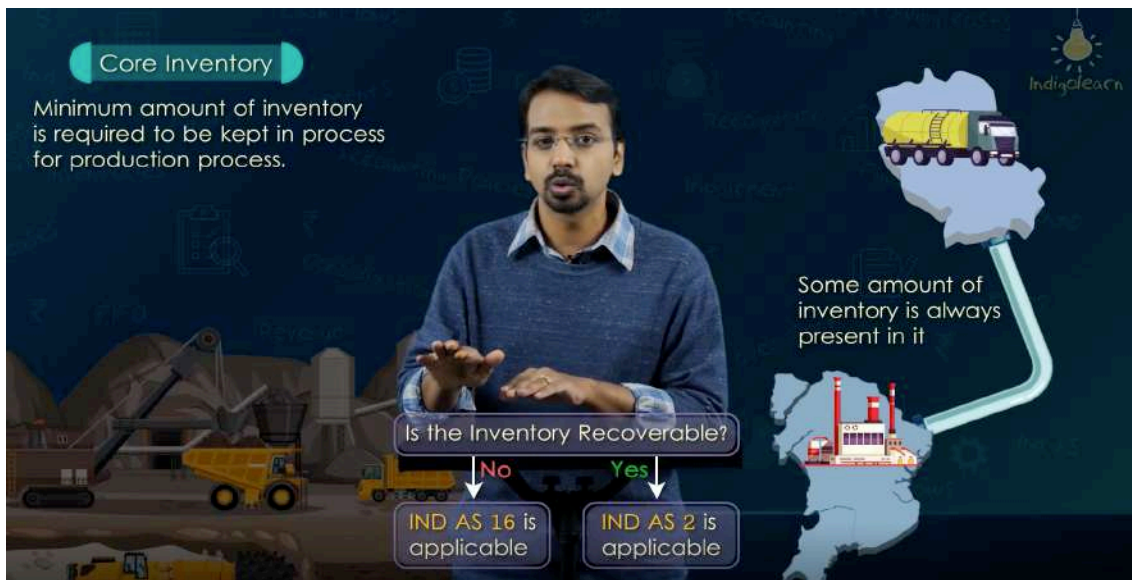
The decisions related to Luminous requires unanimous agreement of both parties. Hence, there is joint control.

The arrangement is a joint operation since the arrangement is not structured through a separate vehicle and each party has rights to the assets, and obligations for the liabilities relating to their own part of work in the joint arrangement.

i

- ii The core inventory which is not recoverable is considered as a part of PPE
The present value of decommissioning liability is recognised as a Liability as per Ind AS 37 &
added to cost of PPE as per Ind AS 16.

The liability is increased by the finance cost every year (unwinding of discount)



5b)

Electricity deposit		Non Current
Tender Deposit		Current
GST demand deposit		Non Current
EMD		Non Current

6b)

Particulars	Amount
Raw Material	1,50,000
Wages	90,000
Fixed Overhead	65,000
VOH	50,000
Total	3,55,000
Less: NRV of Universe	(30,000)
(2000 x 20 - 8000 - 2000)	
Less: Scrap	(5,000)
Joint Cost	3,20,000

Column1	Galaxy 1	Galaxy 2
No of units	5,000	4000
Selling Price	60	50
Sale value	3,00,000	2,00,000
Joint cost to be allocated in 3:2 ratio		
Joint cost allocation	1,92,000	1,28,000
Cost per unit	38.40	32.00
Closing stock	100	250
Value of Inventory	3,840	8,000
Total	11,840	

6c)

Particulars	1	2	3	4	5
Cashflows		420	418	272	606
Terminal value					777.00
Total		420	418	272	606
PVF @12%	0.8929	0.7972	0.7118	0.6355	0.57
PV of CF	375.02	333.23	193.61	385.11	5,501.51
Total					6,788.48
Less: Debt					(3,294.00)
Add: Surplus cash					240.00
Equity value					3,734.48
No of shares					20.00
Value per share					186.72