1	600000 Cost to be incurred not considered						
2	Preference shares						
	Coupon	6%	60000				
	FV	1000000					
	Rate	9%					
	Term	3					
2	Value of Liability		($924,061.16)				
			($83,165.50)				
3	Non Current FL						
4	DFL / PL						
5	Asset Purchase - Applying Concentration Test						
	& Executive not transferred						
6		31-Mar-24	31-Mar-25				
	No of Options	15000	3000				
		82%	92%				
	FV	3	3				
	Term	4	4				
		27,675,000	62,100,000				
			34,425,000				
7	Statement ii & ii are correct						
8	24.70 Crores.		As per Suraj	As per ICAI			
	Equity	30	6	6			
	PSC	9	6.75	6.75			
	Retained Earnin	60	12	12			
	FV Machine	2.75	0.55	-0.05			
			25.3	24.7			
	(ICAI has not considered increase in FV of machine)						
9	Objectivity, Professional Competence & Integrity						
10		SP	Cost		NRV	Valued at	
	Firm	2760	380	-20	360	Cost	938400
	Other	2240	280	-20	260	NRV	582400
							1520800
	ICAI solution						
		SP	Cost		NRV	Valued at	
	Firm	2760	380	-20	360	Cost	993600
	Other	2240	280	-20	260	NRV	582400
							1576000
11	Both I & II are true but II is not explanation of I.						
	Dogs for security are PPE						
12	366000						
13	Charged to PL.						
14	I is true but II is false						

15	3,571,896		
	Machine	4202230	3571895.5
	After Sales	741570	630334.5
		4943800	

PART – I

Case Scenario – I :

Hans Ltd. is engaged in the business of manufacturing of automotive accessories with its registered office in Bhiwadi and is listed on the National Stock Exchange. It also owns a chain of retail stores across 15 different locations in the twin cities of Delhi and Noida. Following are the brief facts about the transactions entered into by the company for which accounting advice is sought by the Accountant of Hans Ltd. from you :

(i) As per Company's policy, on 1st April, 2023, Hans Ltd. granted 15,000 share options each to each of its 3,000 key employees. The options are due to vest on 31st March, 2027 provided that the employees remain in employment as at 31st March, 2026. On 1st April, 2023, the directors of Hans Ltd. estimated that 80% of the key employees would satisfy the vesting conditions. However, actual employee turnover was such that this estimate was revised to 82% on 31st March, 2024 and 92% on 31st March, 2025.

On 1st April, 2023 the fair value of each share option was estimated at ₹ 3. The estimate was revised to ₹ 4 on 31st March, 2024 and ₹ 5 on 31st March 2025. Hans Ltd. correctly recognised this transaction in the financial statements for the year ended 31st March, 2024 but, however, the company did not make additional adjustment in the financial statements for the year ended 31st March, 2025.

i) On 1st September, 2024, a local statute was passed which necessitated Hans Ltd. to undertake modifications to its automotive accessories to enable reduction of harmful emissions. The modifications should have been completed by 31st January, 2025 at an estimated cost to Hans Ltd. of ₹ 50 lakhs. As a matter of fact, by 31st March, 2025 none of the accessories had been modified although they continued to be used. It is quite likely that Hans Ltd. will be fined ₹ 3 lakhs per month for the illegal use of the accessories. The directors of Hans Ltd. intend to carry out the modifications during the year to be ended on 31st March, 2026. They expect that a penalty will become payable very shortly as legal action has commenced against Hans Ltd.

i) On 1st April, 2024, Hans Ltd. issued preference shares for a consideration of ₹ 10 lakhs to an investor. The holder has an option to convert these preference shares to a fixed number of equity shares of Hans Limited anytime upto a period of 3 years. If the option is not exercised by the holder, the preference shares are redeemed at the end of 3 years. The preference shares carry a fixed coupon of 6% per annum which is payable at the end of every year. The prevailing market rate for similar preference shares, without the conversion feature, is 9% per annum.

(iv) On 1st April, 2024, Hans Limited entered into a loan agreement with a bank. The loan is repayable in five equal annual instalments starting from 31st March, 2027. One of the loan covenants is that an amount equivalent to 50% of the loan amount should be contributed by the promoters by 28th February, 2025 failing which the loan becomes payable on demand. In anticipation that the company may not be able to mobilize the promoters' contribution by due date, it approached the bank on 15th January, 2025 and got the compliance date extended up to 31st May, 2025 for getting promoters' contribution.

(v) Hans Limited entered into a transaction to purchase 1,000 grams of silver on 15th January, 2025. The transaction provides for a price payable which is equal to market value of 1,000 grams of silver on 15th April, 2025 and shall be settled by issue of such number of equity shares of Hans Limited as is required to settle the aforementioned transaction, at a price of ₹ 100 per share on 15th April, 2025.

(vi) On 1st May, 2024, Hans Limited acquired 100% of the equity and voting rights of MNO Limited, a subsidiary of a property investment group. It paid ₹ 600 lakhs in cash and issued 1,00,000 Equity Shares of the face value of ₹ 100/- each at a fair value of ₹ 185/- per share to the selling shareholders of MNO Limited. MNO Limited owns three investment properties. Fair values of the said properties are estimated to be ₹ 700 lakhs. The properties are single tenant industrial warehouses subject to long term leases. The leases oblige MNO Limited to provide basic maintenance and security services, which have been outsourced to third party specialist providers. The administration of MNO Limited's leases was carried out by an executive of its former parent company on a part time basis but the said executive does not transfer to the new owner.

The financial statements for the year ended and as on 31st March, 2025 are still under finalization.

Answer the below questions 1 – 6 based on the information given above in line with the relevant Ind AS.

1. What will be the amount of provision of fine for illegal use of automotives accessories, which Hans Ltd. should make as on 31st March, 2025 ? **2**

(A) ₹ 50,00,000

(B) ₹ 2,00,000

(C) ₹ 6,00,000

(D) ₹ 24,00,000

D.S.

2. What will be the finance cost of convertible loan notes issued by Hans Ltd., for the year ending 31st March, 2025 ? **2**

(A) ₹ 60,000

(B) ₹ 55,450 (approx)

(C) ₹ 83,150 (approx)

(D) ₹ 90,000

Edu Material

89%

3. How would the loan be classified in the financials of the Company for the year ended on 31st March, 2025 ? **2**

(A) Non-current financial liability

(B) Other non-current liability

(C) Current financial liability

(D) Other current liability

4. How would the transaction to purchase silver be classified and measured in the books of Hans Limited as on 31st March, 2025 assuming that the own use assumption does not apply ?

(A) Derivative financial liability measured at FVTOCI

(B) Derivative financial liability measured at FVTPL

(C) The contract does not fall within the scope of Ind AS 109

(D) Equity measured at fair value on the date of transaction

Education

Educationa.

200

785

89

5. How would the acquisition of MNO Limited be accounted for in the books of Hans Limited ?

(A) As a business combination under Ind AS 103

(B) As a purchase of business with goodwill

15000×3000×82%×3×1/3

92%×3 2/3

(C) As an asset purchase

(D) As a joint arrangement under Ind AS 111

2

What will be the amount of share-based payment to be recognised in Statement of Profit or Loss for the financial year 2024-25 ?

(A) ₹ 2,76,75,000

(B) ₹ 6,21,00,000

(C) ₹ 3,44,25,000

(D) ₹ 12,42,00,000

2

Mohan Limited had made certain investments in the convertible debt instruments of Rohan Limited. The conversion rights are substantive rights and would provide Mohan Limited with control over Rohan Limited. Mohan Limited has evaluated that Rohan Limited would be treated as its subsidiary under Ind AS and hence, would require consolidation in its Ind AS consolidated financial statements. Rohan Limited was not considered as a subsidiary, associate or a joint venture under previous GAAP.

→ Eq.

Which of the following statement(s) is / are correct if Rohan Limited is to be consolidated on transition to Ind AS assuming that Mohan Limited has opted to avail the exemption from retrospective restatement of past business combinations ?

Statements :

(i) No adjustment is needed as the investments in the convertible debt instruments of Rohan Limited were made before the transition date.

(ii) The Assets and Liabilities of the subsidiary would be included in the Opening Consolidated Financial Statements of Mohan Limited at such values as would appear in the separate financial statements of the subsidiary if it were to adopt the Ind AS at the date of transition of Mohan Limited.

(iii) The subsidiary's financial statements would be prepared as if it was a first time adopter of Ind AS.

(iv) The business combination should be restated retrospectively in accordance with Ind AS 103.

Options :

(A) Statement (i) is correct.

(B) Statement (ii) is correct.

(C) Statement (ii) and (iii) are correct.

(D) Statement (iv) is correct.

Zebra Ltd. holds 80% stake of issued equity share capital of Camel Ltd. and 25% of issued irredeemable preference shares. This acquisition was made on 1st October, 2024. Issued equity and preference share capital of Camel Ltd. as on 31st March, 2025 is ₹ 30 crores and ₹ 9 crores respectively; and closing balance of retained earnings as at 31st March, 2025 is ₹ 60 crores. All the book values of assets and liabilities were same as their fair values except for a fixed asset having a life of 6 years as on the date of acquisition of control. The carrying amount of fixed asset was ₹ 6 crores on date of acquisition and its fair value was ₹ 9 crores. The fixed asset is depreciated on SLM basis.

3

have not considered FV of 3 crores.

Based on aforesaid information, compute non-controlling interest in Camel Ltd. in the consolidated financial statement of Zebra Ltd. You need to undertake adjustment of depreciation on fixed asset arising due to its fair valuation.

NG

(A) ₹ 12.75 Crores

(B) ₹ 24.70 Crores

(C) ₹ 24.75 Crores

(D) ₹ 12.70 Crores

2

9. Albert Ltd. is a multinational company having various subsidiaries and associate companies. Albert Ltd. approached ABCD Bank for loan of ₹ 100 crores to be utilised for business purposes, which will enhance company's profits. To lend ₹ 100 crores, bank required strong projected cash flows. However, the current projected statement of cash flows of Albert Ltd. did not satisfy the bank's criteria for lending, but directors assured the bank that the company is in an excellent financial position and the financial results and cash flow projections will meet the criteria. CA Tarun, senior manager in Albert Ltd., prepared a report showing cash flow projections meeting the bank's criteria under directors' pressure and submitted it to the bank. If CA Tarun refuses to do so, he may lose his job. By knowingly disclosing incorrect information to the bank, which fundamental principles were compromised by CA Tarun ?

(A) Objectivity & Confidentiality

(B) Objectivity & Professional Competence

(C) Objectivity, Professional Competence & Integrity

(D) Confidentiality, Professional Competence & Integrity

2760×360

Case Scenario – II :

cost

Saumya Limited manufactures and sells various paper products & related machinery and equipment.

(i) On 1st June, 2024, Saumya Limited sold a machinery for ₹ 42,02,230 to a new customer. To get into a long-term relationship with the customer, the terms of sales include after sales service to be provided free of cost for the next four years after the initial warranty period of 1 year. In general practice, the Company sells the after-sales service contract separately which is purchased by the customer after the initial warranty period of 1 year at ₹ 7,41,570.

938400

5824000

(ii) Saumya Limited had 5,000 packets of computer paper inventory as on 31-03-2025 recorded at a carrying amount of ₹ 340 per packet. The market price as on 31.03.2025 was ₹ 280 per packet at which these packets could be sold. Saumya Limited had a firm sales contract with Javin Limited to sell 2,760 packets at ₹ 380 per packet, which cannot be settled net. Estimated incremental selling cost was ₹ 20 per packet.

(iii) Saumya Ltd. bought 100 acres of land on 30th June, 2024 for growing bamboo to be used for paper production. On 1st October, 2024, Saumya Limited purchased 10 dogs for the security of the aforesaid land.

PPE

(iv) Saumya Limited acquired software for its internal use costing ₹ 3,20,000. The amount paid for the software was ₹ 1,00,000 immediately and ₹ 2,20,000 in one year's time. It also incurred purchase tax of ₹ 24,000, entry tax of 10% (recoverable later from tax department) and legal fees of ₹ 42,000. The cost of capital of the company is 10%.

(v) Saumya Ltd. obtained a term loan of ₹ 50 Lakhs from Wood Cooperative Bank in 2018-2019 and paid 1% as loan processing fees and commitment charges. In May 2024, Saumya Ltd. availed fresh loan of ₹ 30 Lakhs from Iron Cooperative Bank to pay off the old loan taken from Wood Cooperative Bank. The Company paid ₹ 20,000 as prepayment premium to Wood Cooperative Bank to clear the old term loan and paid 1% as processing fees to Iron Cooperative Bank for the new term loan.

(vi) Saumya Ltd. purchased a building in Chandigarh on 01-09-2023 for its administrative purposes and disclosed it as Property, Plant and Equipment in the financial statements of 2023-2024. Due to some policy changes of the government, it relocated its office to Delhi in April 2024. On 01-05-2024, Saumya Ltd. leased out the building to Ms. Lessee.

5000

1520880

Answer the below questions **10 – 15** based on the information given above in line with the relevant Ind AS :

Loss

NRV

10. The value of closing inventory of computer paper as on 31st March, 2025 is

(A) ₹ 15,76,000

(B) ₹ 16,76,000

(C) ₹ 13,00,000

(D) ₹ 14,00,000

1. **Assertion (I)** : Purchase of dogs by Saumya Limited will not fall under the scope of Ind AS 41.

Reason (II) : Ind AS 41 applies to agricultural produce at the time of harvest; not prior or subsequent to harvest.

(A) Both (I) & (II) are true and (II) is the correct explanation of (I).

(B) Both (I) & (II) are true but (II) is not the correct explanation of (I).

(C) (I) is true but (II) is false.

(D) (I) is false but (II) is true. 2

. The cost of the software on initial recognition using the principles of Ind AS 38 is

(A) ₹ 4,18,000

(B) ₹ 3,86,000

(C) ₹ 3,66,000

(D) ₹ 3,96,000 2

Unamortised processing fees of old loan will be

(A) Added to new loan amount.

(B) Charged to Other Comprehensive Income.

(C) Charged to Statement of Profit and Loss.

(D) Added as transaction cost while calculating effective interest rate for new loan. 2

14. **Assertion (I)** : Saumya Ltd. should reclassify the leased building from Property, Plant and Equipment to Investment Property in the financial year 2024-25.

Reason (II) : A change in classification of a building from Property, Plant and Equipment to Investment Property due to a change in purpose for which it is held by the entity is a change in accounting policy.

(A) Both (I) & (II) are true and (II) is the correct explanation of (I).

(B) Both (I) & (II) are true but (II) is not the correct explanation of (I).

(C) (I) is true but (II) is false.

(D) (I) is false but (II) is true. 2

15. How much revenue be recognised in the books of Saumya Ltd. for the machinery sold on 1st June, 2024 as per Ind AS 115 ?

(A) ₹ 42,02,230

(B) ₹ 40,16,838

(C) ₹ 34,60,660

(D) ₹ 35,71,896 2