①

91 marks

FR - Full course

You got the highest marks in this test paper. Your presentation and conceptual understanding is outstanding. Be careful about only one point that is speed. You are making proper boxes for each calculation. That will take more time, FR paper is too lengthy. You need to attempt more papers with a time watch of 3 hours. Always attempt the answer completely, cover supporting description wherever required.

Question - 2

(B) Cash Flow Statement of XXX for the year ended XXX :-

Particulars	Rs (in Lacs)	Rs (in Lacs)
Cash Flow from operating activity :-		
Net Profit		60,000
Less :- Exchange gain		(8,000)
Less :- Profit on sale of investment		(12,000)
		40,000
Add :- Depriciation on Asset		11,000
		51,000
Change in current Asset and current liabilities		
Increase in Debtors	(8000)	
Decrease in stock	12000	
Decrease in creditors	(6000)	(2000)
Net cash flow from operating activity		49,000
Cash Flow from Investing activities		
Sale of Investment		7000
Less :- Purchase of Fixed Assets		(65000)
Net cash Flow from Investing Activity		5000

Cash Flow from Financing Activity		
Issue of Preference Shares		9000
Add:- Loan raised		4500
Less:- Redemption of debentures		(5,700)
Less:- Dividend paid		(1,400)
Less:- Interest paid		(945)
Net cash Flow from Financing Activity		5455
Total cash Flow		59,455
Add:- opening cash and cash equivalents		12,341
closing cash and cash equivalents		71,796

6 marks

you have performed well in this question

(3)

(A) Consolidated Balancesheet of Ram Ltd. and its subsidiary, Krishan Ltd. for the year ended March 31st, 20X2 :-

Particulars	Note no.	Amount in Rs
Assets		
Non current Assets		
Property, Plant and equipment	1	17,20,000
Goodwill	2	1,65,800
Current Assets		
Inventory	3	3,42,800
Financial Assets		
Trade receivables	4	1,99,600
Cash and cash equivalents	5.	45,000
Total Assets		24,73,200
Equity and Liabilities		
Equity		
Equity share capital	6	10,00,000
other equity	7	7,30,600
Non controlling interest	WN 6	4,33,600
Current Liabilities		
Financial Liabilities		
Trade payables	8	1,44,000
Short term Borrowings	9	1,60,000
Total equity and Liabilities		24,73,200

well prepared, good practical understanding

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Working notes :-

Notes to Accounts :-

1. Property, Plant and equipment

Particulars	Amount in ₹
Land and Building [3,00,000 + 3,60,000 + 2,00,000]	8,60,000
Plant and machinery [4,80,000 + 4,00,000 - 20,000]	8,60,000
	17,20,000

2. Goodwill

165800

3. Inventory

Particulars	Amount in ₹
Ram Ltd	2,40,000
Krishan Ltd [72,800 + 30,000]	1,02,800
	3,42,800

presentation and handwriting is good

4. Trade receivables

Particulars	Amount in ₹
Ram Ltd	1,19,600
Krishan Ltd	80,000
	1,99,600

(5)

5. Cash and cash equivalents

Particulars	Amount in ₹
Ram Ltd	29,000
Krishan Ltd	16,000
	45,000

8. Trade payables

Particulars	Amount in ₹
Ram Ltd	94,200
Krishan Ltd [34,800 + 20,000]	54,800
	1,49,000

9. Bank overdraft

Particulars	Amount in ₹
Ram Ltd	1,60,000
Krishan Ltd.	-
	1,60,000

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Working notes

1. Statement showing calculation of Fair value Adjustment :-

Particulars	Amount in ₹
closing value of P&M	270000
Add :- depriciation $\left[\frac{270000}{90} \times 10\right]$	30,000
opening value of P&M	3,00,000
Less :- Depriciation for 6 months	(15,000)
carrying Amount as on 1/10/20X1	2,85,000
Fair value of P&M	4,00,000
FV Adjustment	1,15,000

2. Calculation of Pre Acquisition profits and Post Acquisition Profits :-

Particulars	Amount in ₹
Closing retained earnings	1,64,000
Add :- Dividend paid [400000 x 10%]	40,000
Less :- opening retained earnings	(60,000)
Profits for the year	1,44,000
Less :- Pre acquisition profits (144000 x 50%)	(72,000)
	72,000
Less :- Additional depriciation (WN 3)	(5,000)
Post acquisition profits	67,000

adjusting points are well cracked

(7)

3. Calculation of Additional depriciations :-

Particulars	Amount in ₹
Depriciation in SFS [300000 x 10%]	30,000
Depriciation in CFS [300000 x 10% x 1/2] + [400000 x 10% x 1/2]	35,000
Additional Depriciation	5,000

4. Statement showing calculation of Net worth :-

Particulars	Amount in ₹
Equity Share capital	4,00,000
Add :- other reserves	2,00,000
Add :- Retained earnings [60000 + 72000]	1,32,000
Add :- Fair value Adjustment	
Land and Building	2,00,000
Inventory	30,000
Plant and machinery	115000
Less :- FV Adjustment of TP	(20000)
	10,57,000
NCI as on 01/10/20X1 [1057000 x 40%]	422800
Net Assets for acquisition [1057000 x 60%]	634200

5. Statement showing calculation of Goodwill :-

Particulars	Amount in ₹
Purchase consideration	8,00,000
Less :- Networth (WN4)	(6,34,200)
Goodwill	165800

6. Calculation of Non controlling Interest at the year end :-

Particulars	Amount in ₹
NCI at Acquisition date	4,22,800
Add :- Profits during the period [67000 x 40%]	26,800
Less :- Dividend [40000 x 40%]	(16,000)
	4,33,600

(9)

Statement of changes in equity :-

Equity share capital

Balance at the opening of the reporting period	changes in equity share capital during the period	Balance at the end of reporting period
10,00,000	-	10,00,000

Other equity

Particulars	Retained earnings	other reserves	Total
Balance at the Beggining	114400	600000	714400
Less:- Dividend [40000 x 60%]	(24000)	-	(24000)
Add:- Profits during the period [67000 x 60%]	40200	-	40200
Balance at the end of the period	1,30,600	600000	7,30,600

well attempted

14 marks

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Question-4

(B) Statement showing Balance of total equity as on 01/04/2017 after transition to IND AS :-

Particulars	(Amount in ₹cr)
Equity Share capital	80
Add:- other equity	
General Reserves	40
Capital Reserves	5
Retained Earnings (95-40-5)	50
Add:- Fair value Adjustment	
change in Fair value of Land (10crores - 4.5crores)	5.5
written off of provision (0.6 crores + 0.18 crores)	0.78
Change in Fair value of Investment	0.75
Total equity	182.03

11

Reconciliation between total equity as per existing GAAP and as per IND AS :-

Particulars	(Amount in ₹cr)
Equity share capital	80
Add:- Redeemable Preference Share capital	25
Add:- other equity	
General reserves	40
capital reserves	5
Retained earnings	50
Less :- Financial Liability (PSC)	(25)
Add :- FV Adjustments	
Land [10 - 4.5]	5.5
Provisions [0.6 + 0.18]	0.78
Investment	0.75
Total equity	182.03

you are performing very well, keep it up

6 marks

(C) (ii)

Statement showing debt portion and equity component of the 8% convertible debentures :-

Date	Amount	PVF @20%	PV
31/3/2009	80,000	0.833	66,640
31/3/2010	80,000	0.694	55,520
31/3/2011	80,000	0.579	46,320
31/3/2011	11,00,000	0.579	6,36,900
	Liability component		8,05,380
	equity component (BF)		94,620
	Total proceeds		9,00,000

4 marks

well attempted

* Amount of Interest = ₹10,00,000 x 8% = ₹ 80,000
* Redemption Amount = ₹10,00,000 x 110% = ₹ 11,00,000
* Total proceeds = ₹ 10,00,000 x 90% = ₹ 9,00,000

Question-1

(B) Identification of the Acquirer :-

Dor company has 600000 Shares before business combination and issued only 204000 to Dell company which Indicates that Dor company is the Acquirer.

Amount of Purchase consideration = 204000 Shares x ₹ 25
= ₹ 51,00,000

Calculation of Net Assets :-

Particulars	Amount in ₹
Cash	6,00,000
Accounts Receivables	8,00,000
Inventories	12,00,000
Plant and equipment	24,00,000
Less:- Liabilities	(7,00,000)
	43,00,000
Add:- FV Adjustment [27L - 24L]	3,00,000
Net Assets	46,00,000

Calculation of Goodwill

Purchase consideration	51,00,000
Less Net Assets	(46,00,000)
G/W	5,00,000

Journal entry on Initial recognition :-

Particulars	Debit	Credit
Cash A/c ---Dr	6,00,000	
Accounts receivables ---Dr	8,00,000	
Inventories ---Dr	12,00,000	
Plant and Equipment ---Dr	27,00,000	
Goodwill ---Dr	5,00,000	
To Liabilities		7,00,000
To equity share capital		2040000
To securities premium [204000 X 15]		30,60,000
(Being Dee company acquired by Dor company)		

all the required steps are well shown, well done

Consolidated Balance Sheet of Dor companies along with its subsidiary, Dee company :-

Particulars	Amount in ₹
Cash [12,00,000 + 6,00,000]	18,00,000
Accounts Receivables [24,00,000 + 8,00,000]	32,00,000
Inventories [38,00,000 + 12,00,000]	50,00,000
Plant and equipment [46,00,000 + 27,00,000]	73,00,000
Goodwill	5,00,000
	1,78,00,000
Liabilities [1500000 + 700000]	22,00,000
Equity SC [60,00,000 + 20,40,000]	80,40,000
Retained earnings	45,00,000
securities premium	30,60,000
	1,78,00,000

8 marks

15

(A) (i) Journal entries in the Books of H Ltd. for the year ended December 31st, 2019:-

	Particulars	Debit	credit
(i)	Depriciation Account ---Dr	19,608	
	To Warehouse A/c		19,608
	(Being Additional depriciation charged to warehouse Account)		
(ii)	Impairment loss A/c ---Dr	2,47,059	
	To warehouse A/c		2,47,059
	(Being Impairment loss charged to warehouse A/c)		

(ii) Damage to the warehouse is an Adjusting event for the period 2019, since there is evidence that structural fault existed at the end of the reporting period. It is an Adjusting event. Effect for the damage is required to be incorporated in the financial statements in the year 2019 itself. Prior period will not be adjusted as those were prepared in good faith.

good understanding of the situation, disclosure points are well mentioned

Damage of inventory due to seepage of rainwater is a non Adjusting event as it occured after the reporting period and inventory is in good condition as at 31st December, 2019.
No Adjustment is required in Year 2019. However, disclosure of the same is required in the FS for the year 2019.

Working notes :-

1. Calculation of Additional Depriciation :-

Depriciation Before revaluation = $\frac{₹ 1000000}{30 \text{ years}}$ = ₹ 33,333

Carrying Amount as on 01/Jan/2019 :-
= 1000000 - (33333 x 3)
= ₹ 900000

Revised depriciation = $\frac{₹ 900000}{17 \text{ years}}$ = ₹ 52941

Additional depriciation = ₹ 52941 - ₹ 33333
= ₹ 19608

2. Calculation of Impairment Loss :-

Carrying Amt as on 31/12/2019 = 900000 - 52941
= ₹ 847059

Recoverable Amount = ₹ 600000

Impairment Loss = ₹ 847059 - ₹ 600000
= ₹ 247059

(17)

(iii) If the damage was occured due to the event occured after the reporting date and not due to structural Fault, then it will be considered ~~for~~ non-Adjusting event and only disclosure is required to be made in Year 2019.

all the parts are done well, good knowledge of concept as well as question

12 marks

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Question-3

(A) Calculation of cost of machine which should be capitalised as per IND AS-16 :-

Particulars	Amount in ₹
Purchase price	52,78,000
Add:- Sales Tax [52,78,000 x 4%.]	2,11,120
Add :- Transportation charges	18,590
Add :- Installation charges	10,000
Add :- Cost of site preparation & laying of Foundation	47,290
Add:- Technicial salary for 2 months [15000x2]	30,000
Cost of Asset	55,95,000

Working notes :-

(i) Installation time of machinery is 2 months. Since, Technicial services were provided by 1 department to another, profit margin is not required to be Added to the cost of Asset. Hence, Technician salary for 2 months @ ₹15000 per month is required to be added while calculating cost of Asset as per IND AS-16.

cover all the required notes for better score

3.5 marks

(19)

(B) (i) As per the provisions of IND AS-19, Employee Benefits, acturial gain and losses should be recognised in the OCI immediately. Therefore, surplus of ₹ 6 Lakhs is requir to be transferred to OCI immediately.

you have good knowledge of this concept

1 mark

Hence, Mr Kumar cannot spread the Acturial gain of ₹ 6 Lakhs over the next 2 years by reducing the annual contribution to ₹ 2 Lakhs instead of ₹ 5 Lakhs.

(ii) Discontinuation of old pension scheme is curtailment event. Durable industries is required to recognise gain or loss on settlement when the legally bind agreement has been reached.

As per IND AS-19, gain or loss on settlement is the difference between:–

give reference to relevant para also

→ Present value of defined benefit obligation

→ settlement price (Plan Asset) and any payment made di by the entity.

Accordingly, Durable industries will recognise a settlement ga of ₹ 2 crores [₹ 7 crores - ₹ 5 crores] For the year ended 31st march, 2019.

2 marks

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(c) (i) Sales units on a probability Basis :-

Sales volume	Probability	units
9,000	15%	1,350
28,000	75%	21,000
36,000	10%	3,600
		25,950

Sales value on a probability Basis :-

Sales volume	SP pu	Probability	Amount
9000	90	15%	1,21,500
28000	80	75%	16,80,000
36000	70	10%	2,52,000
			20,53,500

Average price pu = $\frac{2053000}{25950}$ = ₹ 79.13 pu

well attempted

Revenue is to be booked at ₹ 79.13 pu. First, 1000 units will be booked at ₹ 90 pu and liability will be accrued of ₹ 10.87 (90 - 79.13) which will be reversed on subsequent sale of 15950 units. For subsequent sales, liability accrued at ₹ 0.87 pu (80 - 79.13).

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(21)

(ii) Determination of revenue on most likely method:-

Highest probability unit for sale 28000 units

Transaction price = ₹ 80 × 28000
= ₹ 22,40,000

First, 10000 units will be booked at ₹ 90 p.u and liability accrued at ₹ 10 p.u (90 - 80) which will be reversed on subsequent sale of 18000 units.

(iii) Journal entries in the Books of ABC Ltd:-

	Particulars	Debit	Credit
(i)	Bank A/c ---Dr (25950 × 80)	20,76,000	
	To Revenue A/c (25950 × 79.13)		20,53,424
	To Liability A/c (25950 × 0.87)		22,576
	(Being revenue recognised)		
(ii)	Liability A/c --Dr	22,576	
	To Revenue A/c		22,576
	(on reversal of Liability at year end)		

all the required workings and entries are shown well

10 marks

Question-5

(B) Basic Earning per share :-

Particulars	Amount (₹)
Net Profit attributable to equity S/H	90,000
Number of equity shares outstanding	16,000
BEPS $\left[\frac{90000}{16000}\right]$	5.625

Dilluted Earnings per share :-

Calculation of Incremental EPS

(i) options :-

savings 0

shares $\frac{900 \times (90-75)}{90}$ = 150 shares

Incremental EPS = 0

(ii) Convertible Preference shares :-

savings ₹ 9 × 7500 = ₹ 67500 + 8% = 72900

shares 7500 × 2 = 15000

Incremental EPS = $\frac{72900 \; \cancel{67500}}{15000}$ = ~~₹ 4.5~~ 4.86

(iii) 10% convertible debentures

Savings 100000 × 10% × 75% = 75000

Shares $\frac{100000}{100} \times 4$ = 40000

Incremental EPS = $\frac{75000}{40000}$ = 1.875

Particulars	Earnings	Shares	EPS	
	90000	16000	5.625	
options	0	150		
	90,000	16,150	5.573	
10% Debentures	75,000	40,000		
	1,65,000	56,150	2.939	Dillutive
10% Convertible Preference Shares	72,900	15,000		
	2,37,900	71,150	3.344	Anti Dillutive

good practical understanding

Dillutive EPS reportable is ₹ 2.939 per shares.

8 marks

(A) If IND AS is applicable to any company, then it applies to the whole group of companies i.e. subsidiaries, Holding co., associate co & joint venture.

In the given question, Financial Statements of Iktara Ltd are prepared as per IND AS. Hence, FS of subsidiary Softbharti Pvt. Ltd. should also be prepared as per IND AS.

Statement of Profit & loss for the year ended March 31st, 2020 :-

Particulars	Amount (in ₹)
Revenue from operations	10,00,000
Other income (100000+20000)	1,20,000
Total Revenue (A)	11,20,000
Expenses	
Purchase of Stock in Trade	5,00,000
(Increase)/Decrease in Stock in Trade	(50,000)
Employee Benefit expenses	1,75,000
Depreciation	30,000
Other expenses	90,000
Total expenses (B)	7,45,000
Profit Before taxes (A-B)	3,75,000
current tax	125700
Deffered tax	(1200)
Total tax expenses	124500
Profit after tax	250500

Other comprehensive income	
Remeasurement of net defined Benefit plan	1000
Less :- Tax liability (1000 x 30%)	(300)
other comprehensive income	700
Total income (250500 + 700)	251200

Balance Sheet as at 31st march, 2020

Particulars	Amount in ₹
Assets	
Non current Assets	
Property, Plant & equipment	1,00,000
Financial Assets	
other Financial Asset (Long term loans & Advances)	40,000
Deferred tax Asset (1200-300)	900
other Non current Asset	50,000
Current Asset	
Inventories	80,000
Financial Assets	
Investment (30000 + 20000)	50,000
Trade receivables	55,000
Cash & cash equivalents	1,15,000
other Financial Asset	51,000
Total Asset	5,41,900

Equity and Liabilities	
Equity share capital	1,00,000
Other equity	2,51,200
Non current liabilities	
Provisions (25000 - 1000)	24,000
Current Liabilities	
Financial Liabilities	
Trade payables	11,000
other Financial Liability	15000
other current Liability	15,000
current tax liability	1,25,700
total equity & Liabilities	5,41,900

all the elements are well adjusted

Statement of changes in equity for the year ended 31st march 2020:

Equity Share capital

Beginning	-
changes in equity during period	100000
closing equity	100000

other equity

opening	-
Profits for the year	250500
OCI	700
Closing other equity	251200

27

Notes :-

1. Current Investment is held for trading purpose. Hence, it is Financial asset at FVTPL. Any gain routes through P&L. Hence, ₹ 20000 (50000 - 30000) will be recognised in P&L A/c.

2. Asset for which Future economic Benefit is receipt of goods or services are not Financial Assets.

3. Liabilities for which there is no contractual obligation to deliver cash or other Financial asset is not Financial Liability.

4. As per IND AS-10, If dividend declared after the reporting period but before approval of Financial Statements, it is non adjusting event.

elaborate it, give proper clarification description

5. Other Current Financial Liabilities :-

Opening	45000
Less :- Dividend declared	(15000)
Less :- Reclassification of Govt Stat. dues	(15000)
	15000

6. Calculation of DTA/(DTL)

Item	CA	TB	Diff	DTA / DTL
PPE	100000	80000	20000	6000 DTL
Pre incorporation expense	–	24000	24000	7200 DTA
				1200 DTA

11 marks

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Question-4

(A)

Fair value of Land ₹3000000

Fair value of Building ₹ 4500000

Lease premium towards Land = $\frac{3000000}{7500000} \times 3000000$

= ₹ 12,00,000

Lease premium towards Building = ~~3000000~~ $\frac{4500000}{7500000} \times 3000000$

= ₹1800000

only figure calculations are not sufficient, need to cover clarification descriptions also

Lease payment towards Land = $\frac{₹3000000}{7500000} \times 500000$ = ₹200000

Lease payment towards Building = $\frac{₹4500000}{7500000} \times 500000$ = ₹300000

Total payment towards Land in 20 yrs = 1200000 + (200000 x 20)

= ₹ 5200000

Proportional income = $\frac{5200000}{20}$ = ₹ 260000

Total payment towards Bld = ~~[illegible]~~ 1800000 + (300000 x 9)

= ₹4500000

Excess in 1st yr = 1400000 - 260000 = 1140000

Year	opening	Interest @ 9.2%	Payment	closing
2018	2700000	248400	(300000)	2648400
2019	2648400	243653	(300000)	2592053

Current portion = 2648400 - 2592053 = 56347
Non current portion = 2592053

give proper heading

In the Books of Moon Ltd

Statement of Profit and Loss

operating Lease income 260000

Finance Income relating to finance leases ??

Balance Sheet

Non Current Asset

Lease receivable 2592053

Current Asset

Financial Asset

Lease receivables 56347

Non current Liability

Lease income 1140000

Current liability

lease income 60000

ROU Asset 3000000 + (500000 x 9)
= 7500000

closing ROU Asset 7500000 - $\left(\frac{7500000}{20}\right)$ = 7125000

Depreciation on ROU Asset = 7500000 - 7125000
= 375000

Year	Amount	Int@9.2%	Payment	Closing
2018	4500000	414000	(500000)	4414000
2019	4414000	406088	(500000)	4320088

Current portion = 4414000 - 4320088
= 93912

Non current = 4320088

In Books of Jupiter Ltd

Statement of Profit and Loss

Depreciation	375000
Finance Expenses ??	

Balance Sheet

ROU assets ??

NCA	4320088
CA	93912

always attempt the answer cmpletely for good score

5.5 marks