Paper – 18: Corporate Financial Reporting

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Full Marks : 100 **Time allowed: 3 hours**

Question No 1 Which is compulsory and carries 20 Marks. Answer any five from the rest.

1. Answer any four questions from the following: [4×5= 20]

(a) What are the related party disclosure requirements as per AS-18?

Solution:

As per AS-18**,** Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

If there have been transactions between related parties, during the existence of a related party relationship, the reporting enterprise should disclose the following:

(i) the name of the transacting related party;

(ii) a description of the relationship between the parties;

(iii) a description of the nature of transactions;

(iv) volume of the transactions either as an amount or as an appropriate proportion;

(v) any other elements of the related party transactions necessary for an understanding of the financial statements;

(vi) the amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and

(vii) amounts written off or written back in the period in respect of debts due from or to related parties.

(b) Santro Ltd., acquired a patent at a cost of ₹ 1,10,00,000 for a period of 5 years and the product life-cycle is also 5 years. The company capitalized the cost and started amortizing the asset at ₹ 13,20,000 per annum. After two years it was found that the product life-cycle may continue for another 5 years from then. The net cash flows from the product during these 5 years were expected to be ₹ 35,00,000, ₹ 45,00,000, ₹ 48,00,000, ₹ 45,00,000 and ₹ 32,00,000. Find out the amortization cost of the patent for each of the years.

Solution:

Santro Limited amortised ₹13,20,000 per annum for the first two years i.e. ₹26,40,000. The remaining carrying cost can be amortized during next 5 years on the basis of net cash flows arising from the sale of the product. The amortisation may be found as follows:

Year	Net cash flows (₹)	Amortization Ratio	Amortization Amount (₹)
I	-	0.120	13,20,000
II	-	0.120	13,20,000
III	35,00,000	0.170	14,21,200
IV	45,00,000	0.220	18,39,200
V	48,00,000	0.234	19,56,240
VI	45,00,000	0.220	18,39,200
VII	32,00,000	0.156	13,04,160

Total	2,05,00,000	1,000	1,10,00,000

It may be seen from above that from third year onwards, the balance of carrying amount i.e., ₹83,60,000 has been amortized in the ratio of net cash flows arising from the product of Santro Ltd.

Note: The answer has been given on the basis that the patent is renewable and Santro Ltd. got it renewed after expiry of five years.

(c) Write a note on - Methods of Government Accounting, and setup of Audit Board in Commercial Audit.

Solution:

Methods of Government Accounting

The mass of the Government accounts being on cash basis is kept on Single Entry. There is, however, a portion of the accounts which is kept on the Double Entry System, the main purpose of which is to bring out by a more scientific method the balance of accounts in regard to which Government acts as banker or remitter, or borrower or lender. Such balances are, of course, worked out in the subsidiary accounts of single entry compilations as well but their accuracy can be guaranteed only by a periodical verification with the balance brought out in the double entry accounts.

Business and merchant accounting methods are different than government accounting system because government accounting system is ruling over the nation and keeps various departments i.e. production, service utility or entertainment industry etc. The operations of department of government sometimes include under taking of a commercial or quasi-commercial character and industrial factory or a store. It is still necessary that the financial results of the undertaking should be expressed in the normal commercial form so that the cost of the services or undertaking may be accurately known.

Setup of Audit Board in Commercial Audit

A unique feature of the audit conducted by the Indian Audit and Accounts Department is the constitution of Audit Boards for conducting comprehensive audit appraisals of the working of Public Sector Enterprises engaged in diverse sectors of the economy.

These Audit Boards associate with them experts in disciplines relevant to the appraisals. They discuss their findings and conclusions with the managements of the enterprises and their controlling ministries and departments of government to ascertain their view points before finalisation.

The results of such comprehensive appraisals are incorporated by the Comptroller and Auditor General in his reports.

(d) The capital structure of Nidhi Ltd is as under:

- **80,00,000 Equity shares of ₹ 10 each = ₹ 800 lakhs**
- **1,00,000 12% Preference shares of ₹ 250 each = ₹ 250 lakhs**
- **1,00,000 10% Debentures of ₹ 500 each = ₹ 500 lakhs**
- **Term loan from Bank (at 10%) = ₹ 450 lakhs.**

The company's Profit and Loss Account for the year showed a balance PAT of ₹ 100 lakhs, after appropriating Equity Dividend at 20%. The company is in the 30% tax bracket. Treasure Bonds carry 6.5% interest and beta factor for the company may be taken at 1.5. The long run market rate of return may be taken at 16.5%. Calculate EVA.

Solution:

1. Profit and Loss Statement

Particulars	Computation	₹ in Lakhs
Profit before Interest and Taxes	**Balancing figure**	**509.29**
Less: Interest on Debentures	10% x ₹500 Lakhs	50.00

Interest on Bank Term Loan	10% x ₹450 Lakhs	45.00
Profit before Tax	(₹ 290.00 ÷ 70%)	414.29
Less: Tax at 40%	(₹ 290.00 ÷ 70%) x 30%	124.29
Profit after Tax	**Reverse working**	290.00
Less: Preference Dividend	12% x ₹250 Lakhs	30.00
Residual Earnings for Equity Shareholders	**Reverse working**	260.00
Less: Equity Dividend	20% x ₹ 800 Lakhs	160.00
Net Balance in P & L Account	**Given**	100.00

2. Computation of Cost of Equity:

K_e = Risk Free Rate + Beta × (Market Rate - Risk Free Rate) = 6.5% + [1.5 (16.5% - 6.5%)] = 21.5%.

3. Computation of WACC:

Component	Amount	Ratio	Individual Cost	WACC
Equity	₹ 800 Lakhs	800 ÷2000 = 40.0%	K_e = 21.5%	8.60%
Preference	₹ 250 Lakhs	250 ÷ 2000 = 12.5%	K_p = 12%	1.50%
Debt	₹ 950 Lakhs	950 ÷ 2000 = 47.5%	K_d = Interest x (100 - Tax Rate) = 10% x (100% - 30%) = 7%	3.33%
Total	**₹ 2,000 Lakhs**		K_o	**13.43%**

4. Computation of EVA:

Particulars	₹ Lakhs
Profit before Interest and Taxes (from WN 1)	509.29
Less: Tax (as computed above)	124.29
Net Operating Profit After Taxes i.e. Return to Providers of Capital	385.00
Less: Capital Charge (Fair Return to providers of Capital)	2,000 x 13.43% = 268.60
Economic Value Added	**116.40**

(e) A factory started it activities on 1st April, 2014. From the following data, compute the value of closing stock on 30th April, 2014.

- **Raw materials purchased during April – 40,000 kg at ₹ 24 (out or which Excise duty = ₹ 4 per kg). Stock on hand as on 30th April – 2,500 kg.**
- **Production during April – 7,000 units (of which 5,000 units were sold). In addition to the production, 500 units were lying as WIP on 30th April (100% complete as to Materials and 60% complete as to conversion).**
- **Wages and production overheads – ₹ 60**
- **Selling price – ₹ 220 per unit (of which Excise duty is ₹ 20 per unit).**

Solution:

Particulars	Computation	₹
1. Raw Material Valuation (net of Input Excise Duty)	2,500kg x ₹ 20 per kg	50,000
2. WIP Valuation (net of RM input duty)	(₹100 + 60% of ₹60) x 500 units	68,000
3. Finished Goods Valuation (including ED on SP)	(RM 100 + Lab & OH 60 + ED 20) = ₹180 x (7,000 units – 5,000 units)	3,60,000
Total		**4,78,000**

Computation of Cost per unit of production:

- Raw Materials: (40,000 – 2,500) = 37,500 kg for 7,500 units total = 5 kg x ₹ 20 (net of ED) = ₹100
- Wages and Production Overhead = ₹60 per completed unit (given)

2. Shiva Ltd. and Hari Ltd. decided to amalgamate as on 01.04.2014. Their Balance sheets as on 31.03.2014 were as follows: (₹ In '000)

Particulars	Shiva Ltd.	Hari Ltd.
Source of Funds:		
Equity share capital (₹ 10 each)	150	140
9% preference share capital (₹ 100 each)	30	20
Investment allowance reserve	5	2
Profit and Loss Account	10	6
10% Debentures	50	30
Sundry creditors	25	15
Tax provision	7	4
Equity dividend proposed	30	28
Total	307	245
Application of Funds:		
Building	60	50
Plant and Machinery	80	70
Investments	40	25
Sundry debtors	45	35
Stock	36	40
Cash and bank	40	25
Preliminary expenses	6	----
Total	307	245

From the following information, you are to prepare the draft balance sheet as on 01.04.2014 of a new company. Indra Ltd., which was formed to take over the business of both the companies and took over all the assets and liabilities:

(i) 50% Debentures are to be converted into equity shares of the New Company.
(ii) Out of the investments, 20% are non-trade investments.
(iii) Fixed Assets of Shivas Ltd. were valued at 10% above cost and that of Hari Ltd. at 5% above cost.
(iv) 10% of sundry debtors were doubtful for both the companies. Stocks to be carried at cost.
(v) Preference shareholders were discharged by issuing equal number of 9% preference share at par.
(vi) Equity shareholders of both the transferor companies are to be discharged by issuing equity shares of ₹ 10 each of the new company at a premium of ₹ 5 per share. Amalgamation is in the nature of purchase. [16]

Solution:

Name of the Company: Indra Ltd.

Consolidated Balance Sheet as at 1st April ,2014

Ref No.		Particulars	Note No.	As at 1st April, 2014	As at 1st April, 2013
				₹	₹
	I.	Equity and Liabilities			
	1	Shareholders' funds			
		Share capital	1	3,27,990	

		Reserves and surplus	2	1,45,995	
		Money received against share warrants			
	2	Share application money pending allotment			
	3	Non-current liabilities			
		Long-term borrowings	3	40,000	
		Deferred tax liabilities (Net)			
		Other Long term liabilities			
		Long-term provisions			
	4	Current Liabilities			
		Short-term borrowings			
		Trade payables	4	40,000	
		Other current liabilities			
		Short-term provisions	5	11,000	
		Total		5,64,985	
	II.	Assets			
	1	Non-current assets			
		Fixed assets			
		Tangible assets	6	2,80,000	
		Intangible assets			
		Capital work-in-progress			
		Intangible assets under development			
		Non-current investments	7	65,000	
		Deferred tax assets (Net)			
		Long-term loans and advances			
		Other non-current assets			
	2	Current assets			
		Current investments			
		Inventories	8	76,000	
		Trade receivables	9	72,000	
		Cash and cash equivalents	10	64,985	
		Short-term loans and advances			
		Other current assets	11	7,000	
		Total		5,64,985	

Annexure

Note 1. Share Capital

	₹	₹
Note 1. Share Capital	**As at 1st April, 2014**	**As at 1st April, 2013**
Share Capital 27,799 Equity shares of ₹ 10 each (Issued for consideration other than cash, pursuant to scheme of amalgamation)	2,77,990	
9 % Preference Share Capital	50,000	
Total	3,27,990	

Reconciliation for Equity Share Capital	**As at 1st April, 2014**		**As at 1st April, 2013**	
Opening Balance as on 1,04,2011	-	-	-	-
Add: Fresh Issue	27,799	₹2,77,990		
Less: Buy Back	-	-		
Total	27,799	₹2,77,990		
Reconciliation for Preference Share Capital	**As at 1st April, 2014**		**As at 1st April, 2013**	
Opening Balance as on 1,04,2011	-	-		
Add: Fresh Issue	500	50,000		
Less: Buy Back	-	-		
Total	500	50,000		

Note 2. Reserves and Surplus	As at 1st April, 2014	As at 1st April, 2013
Securities Premium (₹1,25,665+13,330)	1,38,995	
Investment Allowance Reserve (₹5,000+₹2,000)	7,000	
Total	1,45,995	

Note 3. Long term Borrowings	As at 1st April, 2014	As at 1st April, 2013
10% Debentures (₹25,000+₹15,000)	4,50,000	
Total	4,50,000	

Note 4. Trade Payables	As at 1st April, 2014	As at 1st April, 2013
Sundry Creditors (₹25,000+₹15,000)	40,000	
Total	40,000	

Note 5. Short Term Provision	As at 1st April, 2014	As at 1st April, 2013
Tax Provision (₹7,000+₹4,000)	11,000	
Equity Dividend Proposed (₹30,000+₹28,000)	58,000	
Total	69,000	

Note 6. Tangible Assets	As at 1st April, 2014	As at 1st April, 2013
Building (₹ 66,000 + ₹ 52,500)	1,18,500	
Plant and Machinery (₹ 88,000 + ₹ 73,500)	1,61,500	
Total	2,80,000	

Note 7. Non-current Investments	As at 1st April, 2014	As at 1st April, 2013
Investments (₹ 40,000 + ₹ 25,000)	65,000	
Total	65,000	

Note 8. Inventories	As at 1st April, 2014	As at 1st April, 2013
Stock (₹ 36,000 + ₹ 40,000)	76,000	
Total	76,000	

Note 9. Trade Receivables	As at 1st April, 2014	As at 1st April, 2013
Sundry Debtors 90% of (₹ 45,000 + ₹ 35,000)	72,000	
Total	72,000	

Note 10. Cash and Cash Equivalent	As at 1st April, 2014	As at 1st April, 2013
Cash and Bank (₹ 40,000 + ₹ 25,000 - ₹ 15)	64,985	
Total	64,985	

Note 11. Other Current Assets	As at 1st April, 2014	As at 1st April, 2013
Amalgamation adjustment account	7,000	
Total	7,000	

Working Notes:

1. Calculation of value of equity shares issued to transferor companies

		Shiva Ltd.		Hari Ltd.
		₹		₹
Assets taken over:				
Building		66,000		52,500
Plant and machinery		88,000		73,500
Investments (trade and non-trade)		40,000		25,000
Stock		36,000		40,000
Sundry Debtors		40,500		31,500
Cash & Bank		40,000		25,000
		3,10,500		2,47,500

Less: Liabilities:				
10% Debentures	50,000		30,000	
Sundry Creditors	25,000		15,000	
Tax Provision	7,000	82,000	4,000	49,000
		2,28,500		1,98,500
Less: Preference Share Capital		30,000		20,000
		1,98,500		1,78,500

2. Number of shares issued to equity shareholders, debenture holders and preference shareholders

	Shiva Ltd.	Hari Ltd.	Total
Share (including ₹ 5 premium)			
Equity shares issued @ ₹ 15 per			
1,98,500 divided by 15	13,233 shares*		
1,78,500 divided by 15		11,900 shares	25,133 shares
Equity share capital @ ₹ 10	₹ 1,32,330	₹ 1,19,000	₹ 2,51,330
Securities premium @ ₹ 5	₹ 66,165	₹ 59,500	₹1,25,665
	₹ 1,98,495	₹ 1,78,500	₹ 3,76,995
50% of Debentures are converted into equity shares @ ₹ 15 per share			
25,000 divided by 15	1,666 shares**		
15,000 divided by15		1,000 shares	2,666 shares
Equity share capital @ ₹ 10	₹ 16,660	₹ 10,000	₹ 26,660
Security premium@ ₹ 5	₹ 8,330	₹ 5,000	₹ 13,330
	₹ 24,990	₹ 15,000	₹ 39,990
9% Preference share capital issued	₹ 30,000	₹ 20,000	₹ 50,000

*** Cash paid for fraction of shares = ₹ 1,98,500 - ₹ 1,98,495 = ₹ 5.**

**** Cash paid for fraction of shares = ₹ 25,000 - ₹ 24,990 = ₹ 10.**

3. On 31.03.2014 the Balance Sheets of H Ltd. and its subsidiary S Ltd. stood as follows:

(in ₹ Lakhs)

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share capital: Authorized	**30,000**	**12,000**	**Land and Buildings**	**5,436**	**-**
Issued and subscribed:			**Plant and Machinery**	**9,810**	**9,800**
Equity shares (₹ 10) Fully paid	**24,000**	**9,600**	**Furniture and fittings**	**3,690**	**1,172**
General reserve	**5,568**	**2,760**	**Investments in shares in S Ltd.**	**6,000**	**-**
Profit and loss account	**5,430**	**3,240**	**Stock**	**7,898**	**3,912**
Bills payable	**744**	**320**	**Debtors**	**5,200**	**2,726**
Sundry creditors	**2,922**	**1,708**	**Cash and bank balances**	**2,980**	**408**
Provision for taxation	**1,710**	**788**	**Bills receivable**	**720**	**398**
Proposed dividend	**2,400**	**-**	**Sundry advances**	**1,040**	**-**
	42,774	**18,416**		**42,774**	**18,416**

The following information is also provided to you:

1. **H Ltd. purchased 360 lakhs shares in S Ltd. on 01.04.2013 when the balances to general reserve and Profit and Loss Account of S Ltd. stood at ₹ 6,000 lakhs and ₹ 2,400 lakhs respectively.**
2. **On 04.07.2013 S Ltd. declared a dividend @ 20% for the year ended 31.03.2013. H Ltd. credited the dividend received by it to its Profits and Loss Account.**

3. **On 01.01.2014 S Ltd. issued 3 fully piad –up shares for every 5 shares held as bonus shares out of balances in its general reserve as on 31.03.2013.**
4. **On 31.03.2014 all the bills payable in S Ltd's balance sheet were acceptances in favour of H Ltd. But on that date, H Ltd. held only ₹ 45 lakhs of these acceptances in hand, the rest having been endorsed in favour of its creditors.**
5. **On 31.03.2014 S Ltd., stock included goods which it had purchased for ₹ 200 lakhs form H Ltd. which made a profit @ 25% on cost.**

Prepare a consolidated balance sheet of H Ltd. and its subsidiary S Ltd. as at 31.03.2014 bearing in mind the requirements of AS-21. [16]

Solution:

1. Basic Information

Company Status	Dates	Holding Status
Holding Company =H Subsidiary = S	Acquisition: 01.04.2013 Consolidation: 31.03.2014	Holding Company = 60% Minority Interest = 40%

Shareholding Pattern - % of Holding by H Ltd.

Date	Particulars	No. of Shares
01.04.2013	Original Purchase	36
01.01.2014	First Bonus Issue (3/5 x 3,60,000)	21.6
31.03.2014	Total Shares held by H Ltd. in S Ltd.	**57.6**
	Total Shares outstanding in S Ltd. (₹9,600 Lakhs / ₹10)	**96**
	% of Holding (57.60 / 96)	**60%**

2. Analysis of Reserves and Surplus of S Ltd. (₹ Lakhs)

(a) General Reserves

Balance as on 31.03.2014 ₹ 2,760

	Balance on 1.4.2013 (as on acqn. date)	₹ 6,000	Transfer during 2013-14 (upto Consolidation
Less:	Bonus Issue (216/60% x ₹ 10)	₹ 3,600	(balancing figure) ₹ **360**
	Balance **Capital Profit**	**₹ 2,400**	**Revenue Reserve**

(b) Profit and Loss Account

Balance as on 31.03.2014 ₹ 3,240

	Balance on 01.04.2013 (as on acqn. date)	₹ 2,400	Profit for 2013-14 (upto Consolidation)
Less:	Dividend (₹ 6000 x 20%)	₹ 1,200	(balancing figure) ₹ **2,040**
	Balance **Capital Profit**	₹ 1,200	**Revenue Profit**

3. Analysis of Net Worth of S Ltd. (₹ Lakhs)

Particulars			Total	H	Minority
			100%	**60%**	**40%**
(a)	**Equity Capital**		**9,600**	5,760	3,840
(b)	**Capital Profits**	General Reserve	2,400		
		Profit and Loss Account	1,200	2,160	1,440
Total Capital Profits			**3,600**		
(c)	**Revenue Res.**	General Reserve	**360**	216	144
(d)	**Revenue Profit**	Profit and Loss Account	**2,040**	1,224	816
Minority Interest					**6,240**

4. Cost of Control

	Particulars		₹ Lakhs
	Cost of Investment		6,000
Less:	Pre-Acquisition Dividend Received (₹ 3,600 x 20%)		720
	Adjusted Cost of Investment		5,280

Less:	Nominal Value of Share Capital Share in Capital Profit of S Ltd.	5,760 2,160	 (7,920)
	Capital Reserve on Consolidation		**2,640**

5. Consolidation of Reserves and Surplus (₹ Lakhs)

	Particulars	Gen. Res.	P&LA/c
 Less:	Balance as per Balance Sheet of H Ltd. Pre-Acquisition Dividend wrongly credited to P&L A/c	5,568	5,430 (720)
 Add:	**Adjusted Cost of Investment** Share of Revenue from S Ltd.	5,568 216	4,710 1,224
 Less:	**Consolidated Balance** Unrealized Profit on Closing Stock (₹ 200 x 25%/125%)	5,784	5,934 (40)
	Adjusted Consolidated Balance	**5,784**	**5,894**

Name of the Company: H Ltd. And its subsidiary S Ltd.
Consolidated Balance Sheet as at 31st March 2014

Ref No.		Particulars	Note No.	As at 31st March,2014 ₹ in lakhs	As at 31st March,2013 ₹ in lakhs
	A	**EQUITY AND LIABILITIES**			
	1	**Shareholders' funds**			
		(a) Share capital @ ₹ 10 each	1	24,000	-
		(b) Reserves and surplus	2	14,318	-
	2	**Minority Interest**		6,240	-
	3	**Current liabilities**			
		(a) Trade payables	3	4,630	-
		(b) Other current liabilities	4	1,019	-
		(c) Short-term provisions	5	4,898	-
		TOTAL (1+2+3)		**55,105**	**-**
	B	**ASSETS**			
	1	**Non-current assets**			
		(a) Fixed assets			
		(i) Tangible assets	6	29,908	-
	2	**Current assets**			
		(a) Inventories	7	11,770	-
		(b) Trade receivables	8	7,926	-
		(c) Cash and cash equivalents	9	3,388	-
		(d) Short-term loans and advances (Sundry advance)		1,040	-
		(f) Other current assets	10	1,073	-
		TOTAL (1+2)		**55,105**	-

Note 1. Share Capital		
	As at 31st March,2014	**As at 31st March,2013**
Authorised Capital	30,000	-
1,200 Issued and Paid Up equity shares capital @ ₹10 each	24,000	-
	24,000	-

Note 2. Reserve and Surplus :-		
	As at 31st March,2014	**As at 31st March,2013**
General Reserve	5,784	-
Profit and loss	5,894	-
Capital Reserve on Consolidation	2,640	-
	14,318	-

Note 3. Trade Payable		
	As at 31st March,2014	**As at 31st March,2013**
Sundry Creditors		
H	2,922	-
S	1,708	-
	4,630	-

Note 4. Other Current Liabilities :-		
	As at 31st March,2014	**As at 31st March,2013**
Bills Payable:-		
- H Ltd	744	-
- S Ltd	320	-
	1,064	-
Less: Mutual Oweings	(45)	-
	1,019	-

Note 5. Short Term Provisions		
	As at 31st March,2014	As at 31st March,2013
Prov. For taxations		
H Ltd.	1,710	-
S Ltd.	788	-
	2,498	-
Proposed dividend	2,400	-
	4,898	-

Note 6. Tangible Assets:-		
	As at 31st March,2014	As at 31st March,2013
Land and Building	5,436	-
Plant and Machinery (9,810 + 9,800)	19,610	-
Furniture (3,690 + 1,172)	4,862	-
	29,908	-

Note 7. Inventories :-		
	As at 31st March,2014	As at 31st March,2013
Stock		
H Ltd	7,898	-
S Ltd. (3,912 - 40)	3,872	-
	11,770	-

Note 8. Trade Receivable:-		
	As at 31st March,2014	As at 31st March,2013
Debtors		
H Ltd	5,200	-
S Ltd.	2,726	-
	7,926	

Note 9. Cash and cash equivalent :-		
	As at 31st March,2014	As at 31st March,2013
Cash & Bank		
H Ltd	2,980	-
S Ltd.	408	-
	3,388	-

Note 10. Other Current assets :-		
	As at 31st March,2014	As at 31st March,2013
Bills Receivable		
H Ltd	720	
S Ltd.	398	-
	1118	-
Less: set off	(45)	-
	1,073	-

4. (a) The following was the balance sheet of Mukta Ltd. as on 31st December:

Equity and Liabilities	₹
1. Shareholders Fund:	
(a) Share capital 24,000 shares of ₹ 10 each	**2,40,000**
Less: calls unpaid (₹ 3 per share on 6,000 sh)	**(18,000)**
(b) Reserves & Surplus – P & A/c	
As per Last B/Sheet (Loss b/fd) 44,000	
(Less) Profit for the year 2,400	**(41,600)**
2. Current Liabilities:	
(a) Trade Payables – sundry creditors	**30,850**
(b) short term provisions – provision for taxation	**8,000**
Total	**2,19,250**
Assets	
1. Non- current Assets:	
(a) fixed Assets:	
(i) Tangible Assets	
- Land & Buildings	**41,000**
- Machinery	**1,01,700**
(ii) Intangible Assets – goodwill	**20,000**
(b) Other non-current Assets	
- Preliminary expenses	**3,000**
2. Current Assets:	
(a) Inventories	**20,550**
(b) Trade receivables – book debts	**30,000**
(c) Cash & cash equivalents	**3,000**
Total	**2,19,250**

Note: Authorized Capital is ₹4,00,000 being 40,000 equity shares of ₹ 10 each.
The directors have had a valuation made for the Machinery and find it overvalued by ₹ 20,000. It is proposed to write down this asset to its true value and to extinguish the deficiency in the Profit and Loss Account and to write off goodwill and preliminary expanses, by adoption of the following course –

(i) Forfeit the shares on which the calls outstanding.
(ii) Reduce the paid-up capital by ₹ 3 per share.
(iii) Reissue the forfeited shares at ₹ 5 per share.
(iv) Utilize the provision for taxes, if necessary.

The shares on which the calls were in arrears were duly forfeited and reissued on payment of ₹ 5 per share. Give the journal entries and the Balance Sheet of the company after carrying out the above scheme. [10]

Solution:

A. Journal Entries

	Particulars	Debit	Credit
i.	Equity Share Capital A/c Dr. To Calls in Arrears A/c To Share Forfeiture A/c (Being 3,000 Shares forfeited for non-payment of calls)	60,000	 18,000 42,000
ii.	Equity Share Capital (₹10) A/c Dr. To Equity Share Capital (₹7) To Reconstruction A/c (Being par value and paid up value of Equity Shares brought down to ₹7 per share under the reconstruction scheme approved)	1,80,000	 1,26,000 54,000
iii.	Bank A/c Dr. Share Forfeiture A/c (balancing figure) Dr. To Equity Share Capital (Forfeited shares reissued at ₹5 per share as ₹7 paid up. Balance adjusted against Shares Forfeiture Account)	30,000 12,000	 42,000
iv.	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in Share Forfeiture Account transferred to Capital Reserve)	30,000	 30,000
v.	Reconstruction A/c Dr. Capital Reserve A/c Dr. Provision for Taxation A/c (balancing figure) Dr. To Profit and Loss A/c To Preliminary Expenses A/c To Machinery A/c To Goodwill A/c (Being balance in Reconstruction A/c and Capital Reserve A/c utilized to eliminate overvaluation of assets and write off balances in Preliminary Expenses A/c and Profit and Loss A/c)	54,000 30,000 600	 41,600 3,000 20,000 20,000

B. Balance Sheet of Mukta Ltd. (and Reduced) as at 31st December

I	EQUITY AND LIABILITIES		Note	This Year	Prev. Year
(1)	**Shareholders' Funds:**	Share Capital	1	1,68,000	
(2)	**Current Liabilities**				
	(a) Trade Payables	- Creditors		30,850	

	(b) Short Term Provisions - Provision for Taxation (8,000 - 600)		7,400	
	Total		**2,06,250**	
II	**ASSETS**			
(1)	**Non-Current Assets** Fixed Assets (Tangible Assets)	**2**	1,22,700	
(2)	**Current Assets**			
	(a) Inventories		20,550	
	(b) Trade Receivables - Book Debts		30,000	
	(c) Cash & Cash Equivalents - (3,000 + 30,000)		33,000	
	Total		**2,06,250**	

Notes to the Balance Sheet:

Note 1: Share Capital

Particulars	This Year	Prev. Year
Authorised: 40,000 Equity Shares of ₹ 10 each	4,00,000	
Issued, Subscribed & **Paid up:** 24,000 Equity Shares of ₹ 7 each	1,68,000	

Note: Reconciliation of Shares (Quantity & Value) will be provided by the Company along with annual Financial Statements.

Note 2: Tangible Assets

Particulars	This Year	Prev. Year
(a) Land & Buildings	41,000	
(b) Machinery	81,700	
Total	**1,22,700**	

(b) Mayank buys the following Equity index option and the seller/writer of this option is Shiva:

Date of buy	**28th March, 2016**
Type of options	**S & P CNX NIFTY- call**
Expiry date	**31st May, 2016**
Premium per unit	**₹ 21**
Contract multiplier (No. of units)	**2,500**
Margin per unit	**₹180**
Strike price	**₹ 920**

Margin calculated by SPAN is as follows:
On, 29.03.2016 is ₹ 5,00,000; On 30.03.2016 is ₹ 3,50,000; On 31.03.2016 is ₹ 4,10,000;
On 31.3.2016 the prevailing premium rate for the above option is ₹ 16 per unit.
Given the accounting treatment in the books of both the parties. **[6]**

Solution:

Books of Mayank (Buyer/Holder):

I. Journal Entries :

Date	Particulars	Debit (₹)	Credit (₹)
28.3.16	Equity Stock Option Premium A/c Dr. To Bank A/c (Being Premium paid @ ₹ 21 per Unit for 2500 Units)	52,500	 52,500
31.3.16	Profit and Loss A/c Dr. To Provision for Loss on Equity Stock Option A/c	12,500	 12,500

	(Being Provision made for Loss on Equity Stock Option A/c to the extent of ₹ 5 per Unit [₹ 21 – ₹ 16] for 2,500 Units)		

II. Extract of Balance Sheet of Mayank as on 31st March, 2016

Liabilities	₹	Assets	₹	₹
		Current Assets, Loans & Advances:		
		Equity Index Option Premium	52,500	
		Less: Provision for Loss	12,500	40,000

Books of Shiva (Seller/Writer)

I. Journal Entries :

Date	Particulars	Debit (₹)	Credit (₹)
28.03.16	Bank A/c Dr. To Equity Stock Option Premium A/c (Premium received ₹ 21 on 2500 units on Sale of Stock option)	52,500	 52,500
28.03.16	Equity Index Option Margin A/c Dr. To Bank A/c (Initial margin paid on option contract at ₹ 180/- per Unit for 2500 Units)	4,50,000	 4,50,000
29.03.16	Equity Index option Margin A/c Dr. To Bank A/c (Further margin collected by the Stock Exchange as per SPAN i.e. ₹ 5,00,000 – ₹ 4,50,000)	50,000	 50,000
30.3.16	Bank A/c Dr. To, To Equity Index Option Margin A/c (Excess margin received as per SPAN i.e. ₹ 5,00,000 – ₹ 3,50,000)	1,50,000	 1,50,000
31.3.16	Equity Index Option Margin A/c Dr. To Bank A/c (Further margin collection by the Stock Exchange as per SPAN (₹4,10,000 –₹3,50,000)	60,000	 60,000

Profit on Option (margin money) as on the reporting date should be ignored.

II. Extract Balance Sheet of Shiva as on 31.3.2016:

Liabilities	₹	Assets	₹
Current Liabilities & Provisions:		Current Assets:	
Equity Stock Option Premium	52,500	Equity Index Option Margin	4,10,000

5. (a) A company Amrit Ltd. announced a stock Appreciation Right on 01.04.11 for each of its 500 employees. The scheme gives the employees the right to claim cash payment equivalent to excess on market price of company's shares on exercise date over the exercise price ₹125 per share in respect of 100 shares, subject to condition of continuous employment for 3 years. The SAR is exercisable after 31.03.14 but before 30.06.14. The fair value of SAR was ₹ 21 in 2011 – 12, ₹ 23 in 2012-13 and ₹ 24 in 2013-14. In 2011-12 the company estimates that 2% of the employees shall leave the company annually. This was revised to 3% in 2012-13. Actually, 18 employees left the company in 2011-12, 5 left in 2012-13 and 3 left in 2013-14. The SAR therefore actually vested to 482 employees. On 30/0614. When the SAR was exercised, the intrinsic value was ₹ 25 per share.
Show provision for SAR A/c by fair value method. [8]

Solution:

Provision of SARs Account (For 2011-12)

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Balance c/d	3,29,700	By Employees Compensation Expense	3,29,700
	3,29,700		3,29,700
		Provision of SARs Account (For 2012-13)	
To Balance c/d	7,06,867	By Balance b/d	3,29,700
		By Employee Compensation Expenses	3,77,167
	7,06,867		7,06,867
		Provision of SARs Account (For 2013-14)	
To Balance c/d	11,56,800	By Balance b/d	7,06,867
		By Employee Compensation Expenses	4,49,933
	11,56,800		11,56,800
		Provision of SARs Account (For 2014-15)	
To Bank (48,200x25)	12,05,000	By Balance b/d	11,56,800
		By Employee Expenses	48,200
	12,05,000		12,05,000

The Provision for SAR is a liability as settlement of SAR is through cash payment equivalent to an excess of market price of company's shares on exercise date over the exercise price.

Working Notes:

Year 2011-12

A. Number of employees to whom SARs were announced (482+10+5+3) = 500 employees

B. Total number of employees after three years, on the basis of the estimation in 2011-12 = (500×0.98×0.98×0.98) = 471 employees

C. No. of SARs expected to vest = 471 employees × 100 = 47,100 SAR

D. Fair value of SARs = 47,100 SARs × ₹21 = ₹9,89,100

E. Vesting period = 3 years

F. Recognized as expense in 2011-12 = ₹9,89,100/3 years = ₹3,29,700

Year 2012-13

G. Total number of employees after three years, on the basis of the estimation in 2012-13 = [(500-10)×0.97×0.97) =461 employees

H. No. of SARs expected to vest =461 employees × 100 = 46,100 SARs

I. Fair value of SARs = 46,100 SARs × ₹23 = ₹10,60,300

J. Vesting period = 3 years

K. No. of years expired = 2 years

L. Cumulative value of SARs to recognized as expense = 10,60,300/3 × 2 =₹7,06,867

M. SARs recognize as expense in 2012-13 = ₹7,06,867 - ₹3,29,700 = ₹3,77,167

Year 2013-14

N. Fair value of SARs = ₹24

O. SARs actually vested = 482 employees × 100 = 48,200 SARs

P. Fair value = 48,200 SARs × ₹24 = ₹11,56,800

Q. Cumulative value to be recognized = ₹11,56,800

R. Value of SARs to be recognized as an expense = ₹11,56,800 – ₹7,06,867 = ₹4,49,933

Year 2014-15

S Cash payment of SARs = 48,200 SARs ₹ 25 = ₹ 12,05,000

T Value of SARs to be recognized as an expense in 2014 – 15 = ₹12,05,000 - ₹11,56,800 = ₹48,200

(b) From the following details, compute the total value of human resources of skilled and unskilled group of employees according to Lev and Schwartz (1971) model: [8]

	Skilled	Unskilled
(i) Annual average earning of an employee till the retirement age.	**₹ 70,000**	**₹ 50,000**
(ii) Age of retirement	**65 years**	**62 years**
(iii) Discount rate	**15%**	**15%**
(iv)No. of employees in the group	**30**	**40**
(v) Average age	**62 years**	**60 ears**

Solution:

Valuation of Employees as per Lev and Schwartz method: $V = \sum_{t=r}^{t} \frac{I(t)}{(1+r)^{t-r}}$

Where,

V = the human capital value of a person

I(t) = the person's annual earnings up to retirement.

r = a discount rate specific to the person.

t = retirement age.

Value of Skilled Employees:

$$= \frac{70,000}{(1+0.15)^{65-62}} + \frac{70,000}{(1+0.15)^{65-63}} + \frac{70,000}{(1+0.15)^{65-64}}$$

$$= \frac{70,000}{(1+0.15)^{3}} + \frac{70,000}{(1+0.15)^{2}} + \frac{70,000}{(1+0.15)^{1}} = ₹\ (46{,}026.14 + 52{,}930.06 + 60{,}869.57) = ₹\ 1{,}59{,}825.77.$$

Total value of skilled employees is ₹ 1,59,825.77× 30 employees = ₹ 47,94,773.

Value of Unskilled Employees:

$$= \frac{50,000}{(1+0.15)^{62-60}} + \frac{50,000}{(1+0.15)^{62-61}} = \frac{50,000}{(1+0.15)^2} + \frac{50,000}{(1+0.15)^1} = ₹\ (37,807.18 + 43,478.26) = ₹\ 81,285.44$$

Total value of Unskilled employees is =₹ 81,285.44 × 40 employees = ₹ 32,51,417.6.

Total value of human resources (Skilled and Unskilled) = ₹(47,94,773 + 32,51,417.60)
= ₹ 80,46,190.60.

6. (a)A company purchased a plant for ₹ 50 lakhs during the financial year and installed it immediately. The price charged by the vendor included excise duty (CENVAT credit available) of ₹ 5 lakhs. During this year, the company also produced excisable goods on which excise duty chargeable is ₹ 5.00 lakhs. Show the journal entries describing CENVAT credit treatment. At what amount should the plant be capitalized? [8]

Solution:

1. Journal Entries

Sl. No.	Transaction and Entry	Debit ₹	Credit ₹
1	Fixed Assets A/c Dr. CENVAT Credit Receivable (Capital Goods) A/c Dr. CENVAT Credit Deferred (Capital Goods) A/c Dr. To Asset Vendor / Bank A/c (Being Plant purchased recorded, including immediate CENVAT Credit available of 50%, balance 50% (assumed) credit available in subsequent year)	45,00,000 2,50,000 2,50,000	 50,00,000
2	Excise Duty A/c Dr. To CENVAT Credit Receivable A/c (Capital Goods) (Being set off of CENVAT Credit during the year)	2,50,000	 2,50,000
3	Excise Duty A/c Dr. To Bank A/c (Being balance Excise Duty payable ₹5,00,000 - ₹2,50,000 set-off, now settled)	2,50,000	 2,50,000
4	**Subsequent Financial Year** CENVAT Credit Receivable (Capital Goods) A/c Dr. To CENVAT Credit Deferred (Capital Goods) A/c (Being transfer of balance CENVAT Credit available on Capital Goods)	 2,50,000	 2,50,000

2. Balance Sheet (abstract)

Liabilities	₹	Assets	₹
		Fixed Assets: Plant at Cost **Less:** Depreciation **Current Assets, Loans and Advances:** CENVAT Credit Deferred (Cap. Goods)	45,00,000 ?? 2,50,000

(b) Discuss the advantages of preparation of Value Added (VA) Statements. [8]

Solution:

Various advantages of preparation of Value Added (VA) Statements are as under:

- Reporting on VA improves the attitude of employees towards their employing companies. This is because the VA statement reflects a broader view of the company's objectives and responsibilities.
- VA statement makes it easier for the company to introduce a productivity linked bonus scheme for employees based on VA. The employees may be given productivity bonus on the basis of VA / Payroll Ratio.
- VA based ratios (e.g. VA / Payroll, taxation / VA, VA / Sales etc.) are useful diagnostic and predictive tools. Trends in VA ratios, comparisons with other companies and international comparisons may be useful.
- VA provides a very good measure of the size and importance of a company. To use sales figure or capital employed figures as a basis for company's rankings can cause distortion. This is because sales may be inflated by large bought-in expenses or a capital-intensive company with a few employees may appear to be more important than a highly skilled labour–intensive company.
- VA statement links a company's financial accounts to national income. A company's VA indicates the company's contribution to national income.
- VA statement is built on the basic conceptual foundations which are currently accepted in balance sheets and income statements. Concepts such as going concern, matching, consistency and substance over form are equally applicable to VA statement.

7. (a) Discuss the role of Comptroller and Auditor General. [8]

Solution:

Under section 10 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (56 of 1971), the Comptroller and Auditor General shall be responsible-

(a) for compiling the accounts of the Union and of each State from the initial and subsidiary accounts rendered to the audit and accounts offices under his control by treasuries, offices or departments responsible for the keeping of such accounts; and

(b) for keeping such accounts in relation to any of the matters specified in clause (a) as may be necessary;

Provided that the President may, after consultation with the Comptroller and Auditor General, by order, relieve him from the responsibility for compiling-

(i) the said accounts of the Union (either at once or gradually by the issue of several orders); or

(ii) the accounts of any particular services or departments of the Union;

Provided further that the Governor of a State with the previous approval of the President and after consultation with Comptroller and Auditor General, by order, relieve him from the responsibility for compiling-

(i) the said accounts of the State (either at once or gradually by the issue of several orders); or

(ii) the accounts of any particular services or departments of the State;

Provided also that the President may, after consultation with the Comptroller and Auditor General, by order, relieve him from the responsibility for keeping the accounts of any particular class or character.

(2) Where, under any arrangement, a person other than the Comptroller and Auditor General has, before the commencement of this Act, been responsible-

(i) for compiling the accounts of any particular service or department of the Union or of a State, or

(ii) for keeping the accounts of any particular class or character, such arrangement shall, notwithstanding anything contained in subsection (1), continue to be in force unless, after consultation with the Comptroller and Auditor General, it is revoked in the case referred to in clause (i), by an order of the President or the Governor of the State, as the case may be, and in the case referred to in clause (ii) by an order of the President.

Section 11—Comptroller and Auditor General to prepare and submit accounts to the President, Governors of State and Administrators of Union Territories having Legislative Assemblies:

The Comptroller and Auditor General shall, from the accounts compiled by him or by the Government or any other person responsible in that behalf prepare in each year accounts (including, in the case of accounts compiled by him, appropriation accounts) showing under the respective heads the annual receipts and disbursements for the purpose of the Union, of each State and of each Union territory having a Legislative Assembly, and shall submit those accounts to the President or the Governor of a State or Administrators of the Union Territory having a Legislative Assembly, as the case may be, on or before such dates, as he may, with the concurrence of the Government concerned, determine.

Provided that the President may, by order, relieve him from the responsibility for the preparation and submission of the accounts relating to annual receipts and disbursements.

Provided further that the Governor of a State may, with the previous approval of the President and after consultation with the Comptroller and Auditor General, by order relieve him from the responsibility for the preparation and submission of the accounts relating to annual receipts and disbursements for the purpose of the State.
The Comptroller and Auditor General of India play a key role in the functioning of the financial committees of Parliament and the State Legislatures. His Reports generally form the basis of the Committees' working, although they are not precluded from examining issues not brought out in his Reports. He scrutinises the notes which the Ministries submit to the Committees and helps the Committees to check the correctness submit to the Committees and helps the Committees to check the correctness of facts and figures in their draft reports.

(b)Discuss the structure of Government Accounting Standard Advisory Board Secretariat. [8]

Solution:

The Secretariat of Government Accounting Standards Advisory Board (GASAB) is constituted by officers of various Accounts and Finance streams belonging to Civil Services .They are listed below:

1. Indian Audit and Accounts Service (IA&AS)
2. Indian Civil Accounts Service (ICAS)
3. Indian Defence Accounts Service (IDAS)
4. Indian Post and Telecom Accounts Service (IP&TAFS)
5. Indian Railway Accounts Service (IRAS)

8. (a)Most Neglected Ltd. furnishes you the following Balance Sheet as at 31st March, 2015

Particular	₹	₹
Sources of Funds:		
Shareholders Funds		**200**
Share capital: Authorized		
Issued: Equity Shares of ₹ 10 each fully paid	**50**	
12% Redeemable Preference Shares of ₹ 100 each fully paid	**150**	**200**

Reserves and surplus: Capital Reserve	**30**	
Securities Premium	**50**	
Revenue reserves	**520**	**600**
Total		**800**
Application of Fund:		
Non-current Assets: Cost	**200**	
Les: provision for depreciation	**200**	**Nil**
Investments at cost (Market value ₹ 400 crores)		**200**
Net current Assets: Current Assets	**680**	
Less: Current Liabilities	**80**	**600**
Total		**800**

The company redeemed its Preference Shares on 1st April, 2015. It also bought back 100 lakh equity shares of ₹ 10 each at ₹ 50 per share. The payments for the above were made out of the substantial Bank Balances, which appeared as part of Current Assets. You are required to –

- **Prepare the company's balance sheet after the above transactions.**
- **Value the equity shares on net assets basis. [10]**

Solution:

Balance Sheet of Most Neglected Ltd (after redemption and buyback)

(₹ in Crores)

	Particulars as at 31st March,2014	Note	This Year	Prev. Yr
I	EQUITY AND LIABILITIES			
(1)	Shareholders' Funds:			
	(a) Share Capital	1	40	
	(b) Reserves & Surplus	2	560	
(2)	Current Liabilities		80	
	Total		680	
II	ASSETS			
(1)	Non-Current Assets			
	(a) Tangible Fixed Assets: (Gross Block 100 less Provision for Deprn 100)		Nil	
(2)	(b) Non-Current Investments at Cost (Market Value thereof ₹ 400 Crores)		200	
	Current Assets (680 - 150 - 50)		480	
	Total		680	

Notes to the Balance Sheet (₹ in Crores)

Note 1: Share Capital

Particulars	This Year	Prev. Year
Authorised Capital (Division of Shares and Paid Up Value is not available in Question):	200	
Issued, Subscribed & Paid up: 4 Crore Equity Shares of ₹ 10 each	40	

Note: Reconciliation of Shares (Quantity & Value) will be provided by the Company along with annual Financial Statements.

Note 2: Reserves and Surplus

	Particulars		This Year	Prev. Year
(a)	Capital Reserve		30	
(b)	Capital Redemption Reserve	(150 + 10)	160	
(c)	Securities Premium Account		50	
(d)	Revenue Reserves	(320 - 160 - 40)	320	
	Total		560	

3. Net Asset Value of an Equity Share

Total Assets = Fixed Assets (Book Value)+Investment (Market Value)+Net Current Assets (Book Value)

= Nil + 800 + 400 = ₹ 1,200 Crores.

Value per Equity Share = ₹ 1,200 Crores ÷ 2 Crore Shares = ₹ 600 per Share.

Note: For Redemption of Preference Shares - transfer to Capital Redemption Reserve can be only from divisible profits. Securities Premium cannot be used for the same. However, in respect of Buyback - Securities Premium can be utilised for transfer to Capital Redemption Reserve as per Section.

An amount equivalent to the nominal value of shares bought back shall be transferred to capital redemptions reserve account. A amount of ₹150 crores transferred to capital redemption reserve in relation to Preference Shares and ₹10 crores in relation to Equity Shares.

(b) From the following information determine the amount of unrealized profits to be eliminated and the apportionment of the same, if C Ltd. Holds 75% of the equity shares of D Ltd.

(i) Sales by C Ltd to D Ltd –

- **Goods costing ₹ 50,000 at a profit of 20% on sale price. Entire stock was lying unsold as on the balance sheet date.**
- **Goods costing ₹ 70,000 at a profit of 25% on cost price. 40% of the goods were included in closing stock of D Ltd.**

(ii) Sales by D Ltd. to C Ltd.

- **Goods sold for ₹ 75,000 on which D made profit of 25% on cost. Entire stock was at C's godown as on the Balance Sheet date.**
- **Goods sold for ₹90,000 on which D made profit of 15% on sale price. 70% of the values of goods were included in closing stock of C. [6]**

Solution:

Transaction	**Sale by C Ltd.(Holding) to D Ltd.(Subsidiary)**	
Nature of transaction	Downstream Transaction	
Profit on transfer	Cost ₹50,000 × Profit on sale 20% / Cost on sale 80%=₹12,500	Cost ₹ 70,000 × Profit on cost 25% = ₹17,500
% of stock included in closing stock	100%	40%
Unrealized Profits to be eliminated (transferred to Stock Reserve)	₹12,500 × 100% = ₹12,500	₹17,500 × 40% = ₹7,000
Share of Majority-reduced from Group Reserves	100% × ₹12,500 = ₹12,500	100% × ₹7,000 = ₹7,000
Share of Minority	Unrealized profit on downstream transactions is fully adjusted against group reserves. Minority Interest is not relevant.	

Transaction	**Sale by D Ltd.(Subsidiary) to C Ltd.(Holding)**	
Nature of transaction	Upstream Transaction	
Profit on transfer	Sale ₹75000 × Profit on cost 25%/ sale to cost 125%= ₹15000	Sale ₹90,000 × profit on cost 15%= ₹13500
% of stock included in closing stock	100%	70%
Unrealized Profits to be eliminated (reduced from closing stock)	₹15,000 × 100% = ₹15,000	₹13,500 × 70% =₹9450
Share of Majority- reduced from Group Reserves	Share of Majority 75% × Unrealized Profit ₹15,000= ₹11,250	Share of Majority 75% × Unrealized Profit ₹9,450= ₹7,088
Share of Minority- reduced from	Share of Minority 25% ×	Share of Minority 25% ×

Minority Interest.	Unrealized Profit ₹15,000= ₹3,750	Unrealized Profit ₹9,450= ₹2,362