FINAL EXAMINATION

GROUP IV

(SYLLABUS 2008)

SUGGESTED ANSWERS TO QUESTIONS

JUNE 2014

Paper- 16 : ADVANCED FINANCIAL ACCOUNTING AND REPORTING

Time Allowed : 3 Hours **Full Marks : 100**

The figures in the margin on the right side indicate full marks.
Part A questions are compulsory. Attempt all of them.
Part B has seven questions. Attempt any five of them.

Please: (1) Write answers to all parts of a question together.
(2) Open a new page for answer to a new question.
(3) Attempt the required number of questions only.
(4) Indicate in the front page of the answer book the questions attempted.

Part A : (25 Marks)

1. (a) In each of the cases given below, one out of four alternatives is correct. Indicate the correct answer (= 1 mark) and give your workings/reasons briefly in support of your answer (= 1 mark): 2x8=16

(i) ANKITA LTD. has three segments with their assets inclusive of Deferred Tax Assets as shown below:

Segment	Total Assets (₹ in lakh)	Deferred Tax Assets (₹ in lakh)
M	20	10
N	60	80
P	120	6

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

(ii) ARYAN LTD. acquired 80% shares of SUNNY LTD. on April 01, 2013 for a price of ₹ 4,50,000. The Share Capital of SUNNY LTD. consists of 5,000 equity shares of ₹ 100 each. During the consolidation of accounts, it is noticed that the Sundry Creditors of ARYAN LTD. include ₹ 20,000 for goods purchased from SUNNY LTD. on which it made profit of ₹ 5,000. If half of the goods were still in the stock of ARYAN LTD. as on March 31, 2014, the unrealised profit in the Consolidated Balance Sheet as on March 31, 2014 as per AS-21 will be:
A. ₹ 2,000
B. ₹ 2,500
C. ₹ 4,000
D. ₹ 16,000

(iii) PRAKASH LTD. declares the following information:

Exchange Rate (₹/US $)	
Purchased goods on 12.3.2013 of US $ 1,00,000	**56.60**
Exchange rate as on 31.3.2013	**57.00**
Date of actual payment is 12.4.2013	**57.50**

What will be the gain/loss to be booked in the financial year 2013-14?

A. ₹ 90,000 (loss)
B. ₹ 40,000 (loss)
C. ₹ 50,000 (loss)
D. ₹ 1,30,000 (loss)

(iv) Mr. P bought a forward contract for three months of US $ 1,00,000 on 1st December, at 1 US $ = ₹ 57.10, when exchange rate was 1 US $ = ₹ 57.02. On 31st December, when he closed his accounts, exchange rate was 1 US $ = ₹ 57.15. On 31st January, he decided to sell the contract at ₹ 57.18 per US $. What amount of profit will be recognised from this contract?

A. ₹ 8,000
B. ₹ 3,000
C. ₹ 16,000
D. ₹ 5,000

(v) NUPUR LTD. has equity share capital of ₹ 30 lakhs consisting of fully paid equity shares of ₹ 10 each. Net profit for the year 2013-14 was ₹ 45 lakhs. It has also issued 27,000, 10% convertible Debentures of ₹ 50 each. Each Debenture is convertible into 5 equity shares. The applicable tax rate is 30%. Compute the diluted earnings.

A. ₹ 46,35,000
B. ₹ 44,59,500
C. ₹ 45,94,500
D. ₹ 45,00,000

(vi) RAM LTD. acquired a machine for ₹ 6.40 crores on 1st January, 2011. It has a life of 5 years with a Salvage value of ₹ 80 lakhs. Calculate the impairment loss as on 31.3.2014, if any, when the present value of future cash flow is ₹ 2.60 crores and net selling price is ₹ 2.40 crores.

A. No impairment loss
B. ₹ 16 lakhs
C. ₹ 8 lakhs
D. ₹ 20 lakhs

(vii) A firm obtained a contract for constructionof a fly-over. Following information is available for the year ended 31.3.2014:

Total contract Price	**=**	**₹ 1500 lakhs**
Work certified	**=**	**₹ 800 lakhs**
Work not certified	**=**	**₹ 460 lakhs**
Estimated further cost to completion	**=**	**₹ 380 lakhs**
Progress payment received	**=**	**₹ 700 lakhs**

What will be the foreseeable loss to be shown in the accounts of 2013-14 as per AS-7?

A. No effect in 2013-14
B. ₹100 lakhs
C. ₹560 lakhs
D. ₹140 lakhs

(viii)From the following information of X LTD. for the year ended 31.3.2014, compute the actual return on plan assets.

Benefits paid	=	₹ 4,20,000
Employer contribution	=	₹ 3,00,000
Fair market value of plan assets as on 31.3.2014	=	₹ 15,75,000
Fair market value of plan assets as on 31.3.2013	=	₹ 12,50,000

A. ₹ 4,45,000
B. ₹ 3,25,000
C. ₹ 25,000
D. ₹ 7,45,000

(b) Choose the most appropriate one from the stated options and write it down (only indicate A,B,C,D as you think correct). 1x5=5

(i) According to AS-3 (Revised), cash flows arising from interest paid in the case of a financial enterprise is classified as cash flow from
A. Operating Activities
B. Financing Activities.
C. Both (A) and (B)
D. Investing Activities

(ii) A Ltd. holds 51% of B Ltd.; B Ltd. holds 51% of O Ltd.; and Z Ltd. holds 49% of O Ltd. Which of the following is not related party to each other as per AS-18?
A. A Ltd. to O Ltd.
B. B Ltd. to O Ltd.
C. B Ltd. to Z Ltd.
D. Z Ltd. to O Ltd.

(iii) Which one of the following is within the purview of AS-13?
A. Mutual Fund
B. Investment of retirement benefit plans
C. Investment in shares
D. Finance Lease

(iv) According to AS-29, Restructuring Cost does not include
A. The cost of retraining or relocating continuing staff
B. Marketing cost
C. Both (A) and (B)
D. Cost of sale or termination of line of business

(v) A sale is recognised
A. When cash is collected from customer
B. When goods sent to customer
C. When the seller raised the invoice
D. When certainty of collection is confirmed

(c) X Ltd. purchased a plant from Y Ltd. on 30.9.2013 with a quoted price of ₹ 250 lakhs. Y Ltd. offer 3 months credit with a condition that discount of 1.5% will be allowed, if the payment was made within 1 month. VAT is 12% on the quoted price. Company incurred 5% of quoted price on transportation and erection costs. Pre-operative cost amount to ₹ 2.50 lakhs. Company took a term loan of ₹ 180 lakhs at an interest rate of 12.50% per annum to finance the purchase of the machinery. The machine was ready for use on 31.12.2013; however, it was put to use only on 1.2.2014:

(i) Find out the original cost of the machine
(ii) Suggest the accounting treatment for the cost incurred during the period between the date the machine was ready for use and the actual date the machine was put to use. 3+1=4

Answer:

1. (a)

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

(i) B: ₹2,500.
Half of the stock remained unsold= ₹ 20,000/2 = ₹ 10,000
Profit = (₹ 5000/₹ 20000) = 25%
Unrealized profit share = 0.80 × 2,500 = ₹ 2,000
Total unrealized profit is ₹ 2,500
The entire unrealized profit (₹ 2,500) is to be eliminated as per AS-21.

(ii) C: ₹50,000 (loss).
As per AS-11, exchange difference on settlement of monitory items should be transferred to Profit & Loss A/c. Here loss to be debited to Profit & Loss A/C as: ₹ (1, 00,000 x 57.50) - (1, 00,000 x 57.00) = ₹50,000.

(iii) A: ₹8,000.

Sale rate	₹57.18
Less, contract rate	<u>₹57.10</u>
Premium on contract	<u>₹0.08</u>
Contract amount	US $ 1,00,000

Total profit = (1,00,000 x 0.08) = ₹8,000.

(iv) C: ₹45,94,500.

Interest on debenture @ 10% for the year	= 27,000 × 50 ×10%
	= ₹1,35,000
Tax on interest	₹40,500.

Diluted earnings = ₹(45,00,000 + 1,35,000 – 40,500) = ₹ 45,94,500.

(v) B: ₹16 lakhs.

Cost of machine	₹6.40 crores.
Less: depreciation (39/60) months (on cost – Salvage value)	₹3.64 crores.
So, Carrying amount on 31.03.2014	₹2.76 crores

Impairment loss = Carrying amount – (higher of further cash flow and net selling price)
= ₹2.76 – 2.60 crores.
= ₹16 lakhs.

(vi) D: ₹140 lakhs

Total cost of construction ₹(800 + 460 + 380)	= ₹1,640 lakhs.
Less: total contract price	<u>₹1,500 lakhs.</u>

So, foreseeable loss to be recognised in 2013 – 2014 = ₹140 lakhs.

(vii) A: ₹4,45,000

Fair value of plan asset as on 31.03.2013	₹12,50,000
Add: employer contribution	₹ 3,00,000

Less: benefits paid	₹ 4,20,000
Total	₹11,30,000
Fair market value of plan asset at 31.03.2014	₹15,75,000
Actual return on plan asset	₹ 4,45,000

(b) (i) (A)
(ii) (C)
(iii) (C)
(iv) (C)
(v) (D)

(c) (i) Original cost of the machine:

Particulars	₹ in lakhs	₹ in lakhs
Quoted price	250.00	
Less: discount 1.50%	3.75	246.25
Add: VAT @ 12% (250 × 12%)		30.00
Transportation and erection cost @ 5%		12.50
Pre- operative cost		2.50
Financial cost (12.50% on ₹1,80,000 for the period 01.10.13 to 31.12.13)		5.63
Total		296.88

(ii) Finance cost incurred during the period between the date the machine was ready for use and the actual date the machine was put to use, amounting to ₹1.88 lakhs (12.50% on ₹180 lakhs for the period 01.01.2014 to 01.02.2014 i.e. for one month) will be charged to Profit and Loss A/c as per AS – 16.

Part B : (75 Marks)
Attempt any five questions.

2. (a) Neel Company has provided the following Profit and Loss A/c for the year ended 31st March, 2014. You are required to prepare Gross Value Added Statement.

Particulars	Amount (₹) '000	Amount (₹) '000
Income : Sales	**28,500**	
Other Income	**750**	**29,250**
Expenditure: Operating Cost	**25,600**	
Excise Duty	**1,700**	
Interest on Bank Overdraft	**100**	
Interest on 12% Debentures	**1,150**	**28,550**
Profit before Depreciation		**700**
Less: Depreciation		**250**
Profit before Tax		**450**
Less: Tax Provision		**270**
Net Profit after Tax		**180**
Less: Transfer to Replacement Reserve		**30**
Balance of Profit		**150**
Less: Dividend		**50**
Retained profit		**100**

Additional Information:

(i) Sales are net sales after deducting Discounts, Returns and Sales Tax.
(ii) Operating cost includes ₹10,200(000) towards wages, salaries and other benefits to

employees.

(iii) Bank Overdraft is a temporary source of finance.

(iv) Provision for tax includes ₹70(000) for Deferred Tax. **7**

(b) An equipment is leased for 3 years and its useful life is 5 years. Both the cost and the fair value of the equipment are ₹ 3,00,000. The amount will be paid in 3 installments and at the termination of lease, lessor will get back the equipment. The unguaranteed residual value at the end of 3 years is ₹ 40,000. The Internal Rate of Return (IRR) of the investment is 10%. The present value of annuity factor of ₹ 1 due at the end of 3rd year at 10% IRR is 2.4868. The present value of ₹ 1 due at the end of 3rd year at 10% rate of interest is 0.7513.

(i) State with reason whether the lease constitutes finance lease.

(ii) Calculate unearned finance income. **4+4=8**

Answer:

2. (a)

Gross Value Added Statements of Neel Company for year ended 31, March 2014

Particulars	Amount (₹) '000	Amount (₹) '000
Sales		28,500
Less: Cost of Materials and services		
Operating Cost (25,600 – 10,200)	15,400	
Excise Duty	1,700	
Interest on Bank Overdraft	100	17,200
Value Added by manufacturing and trading activities		11,300
Add: Other Income		750
TOTAL GROSS VALUE ADDED		12,050

Application of total gross value added

1.	To pay employees	Wages, Salaries and other benefits		10,200	84.65%
2.	To pay government	Corporation Tax (Tax provision – Defered tax)i.e. (270 -70)		200	1.66%
3.	To pay providers of capital	Interest on 12% Debentures		1,150	
		Dividend		50	
				1,200	9.96%
4.	To provide for maintenance and expansion of the company				
	Depreciation		250		
	Replacement Tax		30		
	Deferred Tax		70		
	Retained Profit		100	450	3.73%
	Total Application			12,050	100%

(b) P. V. of unguaranteed residual value (₹40,000 × 0.7513) = ₹30,052

P.V. of Minimum Lease Payment (MLP) should be ₹(3,00,000 – 30,052) = ₹2,69,948

As at the beginning of lease period the P.V. of MLP cover substantially the initial fair value i.e., 2,69,948 /3,00,000 = 89.98% approx.

Moreover lease period covers major part of the lease of the asset.

Hence, it is a financial lease.

Calculation of unearned finance income:

Annual lease payment = 2,69,948/2.4868 = ₹1,08,552

Gross investment in lease - 1,08,552 × 3 = ₹3,25,656

Unguaranteed residual value -	₹40,000
	3,65,656
Less: P. V. of Gross investment in lease	3,00,000
Unearned finance income	65,656

3. R Ltd. and S Ltd. propose to amalgamate. Their Balance Sheets as at 31st March, 2014 are as follows:

Liabilities	R Ltd. (₹)	S Ltd. (₹)	Assets	R Ltd. (₹)	S Ltd. (₹)
Share Capital:			**Fixed Assets less Depreciation**	**15,00,000**	**6,00,000**
Equity Shares of ₹ 10 each	**20,00,000**	**8,00,000**	**Investments (non-trade) (Face value of ₹6 lakhs,5% tax free G.P. Notes)**	**6,00,000**	**----**
General Reserve	**8,00,000**	**60,000**			
Profit & Loss A/c	**2,00,000**	**40,000**			
Creditors	**4,00,000**	**1,00,000**			
			Stock	**7,00,000**	**2,00,000**
			Debtors	**5,00,000**	**1,00,000**
			Cash and Bank	**1,00,000**	**1,00,000**
Total	**34,00,000**	**10,00,000**	**Total**	**34,00,000**	**10,00,000**

The details of Net Profit (after taxation) are as follows:

Year	R Ltd. (₹)	S Ltd. (₹)
2011-12	**3,50,000**	**1,20,000**
2012-13	**3,90,000**	**1,45,000**
2013-14	**4,60,000**	**1,55,000**

Nominal trading profit may be considered as 15% on closing capital employed. Closing capital employed be calculated by equity method for the purpose of goodwill, which may be taken as 4 years purchase of average super profits. The stock of R Ltd. and S Ltd. are to be taken at ₹ 8,60,000 and ₹ 2,40,000 respectively for the purpose of amalgamation. T Ltd. is formed for the purpose of amalgamation of two companies.
(a) Suggest a scheme of capitalization of T Ltd. and ratio of exchange of shares; and
(b) Draft the opening Balance Sheet of T Ltd. (Schedules are not required). **15**

Answer:

3. **(a)** Scheme of capitalization of T Ltd. and ratio of exchange of shares.

Computation of Net Assets of amalgamating companies:

	R Ltd. (₹)	S Ltd. (₹)
Goodwill (W. N. 2)	40,000	20,000
Fixed Assets	15,00,000	6,00,000
5% Investment (Non - trade)	6,00,000	
Stock	8,60,000	2,40,000
Debtors	5,00,000	1,00,000
Cash and bank	1,00,000	1,00,000
	36,00,000	10,60,000
Less: Creditors	4,00,000	1,00,000
Net Assets	32,00,000	9,60,000
No. of equity share	2,00,000	80,000
Intrinsic value of a share	₹16	₹12

No. of share to be issued by T Ltd. to
R Ltd. 2,00,000 × 16/10 3,20,000 shares
S Ltd. 80,000 × 12/10 96,000 shares

In total 3,20,000 + 96,000 = 4,16,000 shares will be issued by T Ltd.
Ratio of exchange of shares will be as follows:
1. A shareholder holding 10 shares in R Ltd. will get 16 shares in T Ltd.
2. Similarly, a shareholder holding 10 shares in S Ltd. will get 12 shares in T. Ltd.

Investment is assumed to be held for all the three years. Since investments are tax free, tax liability will not change for the three years. So, tax effect is not applicable for excluding investment income.

(b)

Balance Sheet of T Ltd. as at 31st March,2014
(the opening Balance Sheet)

Liabilities	(₹)	Assets	(₹)
Share Capital:		Fixed Assets:	
4,16,000 Equity Shareholders		Goodwill (W. N. 2) (40,000 + 20,000)	60,000
of ₹ 10 each	41,60,000	Other fixed Asset (15,00,000+60,000)	21,00,000
(Issued for consideration		Investment in 6% Tax free G.P Notes	6,00,000
other than cash, pursuant to		Current Assets:	
scheme of amalgamation)		Stock (8,60,000 + 2,40,000)	11,00,000
Current Liabilities:		Debtors(5,00,000 + 1,00,000)	6,00,000
Creditors (4,00,000 + 1,00,000)	5,00,000	Cash and Bank (1,00,000+1,00,000)	2,00,000
	46,60,000		46,60,000

Working Notes:

A. Calculation of closing capital employed (equity method)

	R Ltd. (₹)	S Ltd. (₹)
Share Capital	20,00,000	8,00,000
General Reserve	8,00,000	60,000
Profit & Loss A/c	2,00,000	40,000
	30,00,000	9,00,000
Less: Non - trade investment	6,00,000	-
	24,00,000	9,00,000

B. Calculation of value of goodwill

(i) Average Profit

	R Ltd. (₹)	S Ltd. (₹)
2011-12	3,50,000	1,20,000
2012-13	3,90,000	1,45,000
2013-14	4,60,000	1,55,000
	12,00,000	4,20,000
Average of 3 years profit	4,00,000	1,40,000
Less: Income from non-trade investments (6,00,000x5%)	30,000	---
	3,70,000	1,40,000

(ii) Super Profits

	R Ltd. (₹)	S Ltd. (₹)
Average trading profit	3,70,000	1,40,000
Less: Normal Profit		
R Ltd. 24,00,000 x 15%	3,60,000	
S Ltd. 9,00,000 x 15%		1,35,000
	10,000	5,000

(iii)

	R Ltd. (₹)	S Ltd. (₹)
Value of goodwill at 4 years Purchase of super profit	40,000	20,000

4. The summarised Balance Sheet of Apple Ltd., Orange Ltd. and Banana Ltd. as on 31st March, 2014 are given below: **(₹ in, 000)**

Liabilities	Apple Ltd.	Orange Ltd.	Banana Ltd.	Assets	Apple Ltd.	Orange Ltd.	Banana Ltd.
Share Capital: Equity Shares of ₹ 10 each fully paid up	300	200	120	Fixed Assets	140	240	206
Reserves	100	80	60	Investment (at cost): Shares in Orange Ltd. Shares in Banana Ltd.	 180 80	 100	
Profit & Loss A/c	120	100	80	Stock-in-trade	80	60	40
Sundry Creditors	60	70	50	Sundry Debtors	40	50	60
Apple Ltd.	—	20	16	Due from:			
				Orange Ltd.	24		
				Banana Ltd.	16		
				Cash in Hand	20	20	20
Total	580	470	326	Total	580	470	326

Additional information:

(i) Apple Ltd., held 16,000 shares of Orange Ltd. and 3,600 shares of Banana Ltd.

(ii) Orange Ltd. held 7,200 shares of Banana Ltd.

(iii) All investments were made on 1st July, 2013

(iv) The following were the balances on 1st July, 2013:

	Orange Ltd.	Banana Ltd.
Reserves	50,000	30,000
Profit & Loss A/c	40,000	50,000

(v) Orange Ltd. invoiced goods to Apple Ltd. for ₹ 8,000 at a cost plus 25% in December, 2013. The closing stock of Apple Ltd. includes such goods valued at ₹ 10,000.

(vi) Apple Ltd. proposed dividend at 15%.

Prepare the consolidated Balance Sheet as per Revised Schedule VI of the group as on 31st March, 2014. Working notes should form part of the answer. **15**

Answer:

4.

Consolidated Balance Sheet of Apple Ltd. and
its Subsidiaries Orange Ltd. and Banana Ltd.
as on 31st March 2014

Particulars	Note No	₹
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital		3,00,000
(b) Reserves and Surplus	1	3,44,200
(2) Share application money pending allotment		
(3)Minority Interest	2	1,08,800
(4) Non-current liabilities		
(5)Current Liabilities		
(a)Trade Payables	3	1,80,000
(b)Other current liabilities	4	45,000
Total		9,78,000
II. ASSETS		

(1) Non-current assets		
(a) Fixed assets	5	5,86,000
(2) Current assets		
(a) Inventories	6	1,78,000
(b) Trade receivables	7	1,50,000
(c) Cash and cash equivalents	8	64,000
Total		9,78,000

[Relevant Notes]

1.	Reserve and Surplus	₹	₹
	Capital Reserve (WN – 3)	52,000	
	Other Reserves (WN – 6)	1,47,400	
	Profit and Loss A/c (WN – 5)	1,44,800	3,44,200
2	Minority interest		
	Orange Ltd.	82,800	
	Banana Ltd.	26,000	1,08,800
3.	Trade Payables		
	Apple Ltd.	60,000	
	Orange Ltd.	70,000	
	Banana Ltd.	50,000	1,80,000
4	Other current Liabilities		
	Proposed Dividend		45,000
5	Fixed Assets		
	Apple Ltd.	1,40,000	
	Orange Ltd.	2,40,000	
	Banana Ltd.	2,06,000	5,86,000
6	Inventories		
	Apple Ltd 80,000 Less: Unrealised profit 2,000	78,000	
	Orange Ltd	60,000	
	Banana Ltd	40,000	1,78,000
7	Trade Receivables		
	Apple Ltd.	40,000	
	Orange Ltd.	50,000	
	Banana Ltd.	60,000	1,50,000
8	Cash and cash equivalents		
	Cash in hand		
	Apple Ltd. 20,000		
	Orange Ltd. 20,000		
	Banana Ltd. 20,000	60,000	
	Cash in Transit	4,000	64,000

Working Notes:

Shareholding Pattern:

	Number of shares	% of holding
In Orange Ltd.		
Apple Ltd.	16,000	80%
Minority Interest	4,000	20%
In Banana Ltd.		
Apple Ltd.	3,600	30%

Orange Ltd.	7,200	60%
Minority Interest	1,200	10%

1. Analysis of profit of Banana Ltd.

	Pre-acquisition	Post acquisition	
	Capital Reserve	Revenue Reserve	Revenue Profit
Reserve as on 1.7.2013 Profit and Loss A/c on 01.07.2013	30,000 50,000	- -	- -
Increase in Reserves	-	30,000	-
Increase in Profit	-	-	30,000
	80,000	30,000	30,000
Less: Minority Interest (10%)	8,000	3,000	3,000
	72,000	27,000	27,000
Share of Apple Ltd	24,000	9,000	9,000
Share of Orange Ltd	48,000	18,000	18,000

2. Analysis of profit of Orange Ltd.

	Pre-acquisition	Post acquisition	
	Capital Reserve	Revenue Reserve	Revenue Profit
Reserve as on 1.7.2013 Profit and Loss A/c on 1.7.2013	50,000 40,000	- -	- -
Increase in Reserves	-	30,000	-
Increase in Profit	-	-	60,000
	90,000	30,000	60,000
Share in profit of Banana Ltd. (post acquisition)	-	18,000	18,000
	90,000	48,000	78,000
Less: Minority Interest (20%)	18,000	9,600	15,600
Share of Apple Ltd.	72,000	38,400	62,400

3. Cost of control

		₹	₹
Investment in Orange Ltd			1,80,000
Investment in Banana Ltd By Orange Ltd By Apple Ltd	 1,00,000 80,000		 1,80,000
			3,60,000
Less: Paid value of shares			
In Orange Ltd.	1,60,000		
In Banana Ltd.	1,08,000	2,68,000	
Capital Profit of Apple Ltd			
In Orange Ltd	72,000		
In Banana Ltd.	24,000	96,000	
Capital Profit of Orange Ltd in Banana Ltd.		48,000	4,12,000
Capital Reserve			52,000

4. Minority Interest

	Orange Ltd (₹)	Banana Ltd (₹)
Share Capital	40,000	12,000
Capital Profit	18,000	8,000
Revenue Reserve	9,600	3,000

Revenue Profit	15,600	3,000
	83,200	26,000
Less: Unrealised profit on stock 20% of (₹ 10,000 x 25/125)	400	-
	82,800	26,000

5. Profit and Loss A/c - Apple Ltd.

	₹
Balance as per separate Balance Sheet	1,20,000
Less: Proposed dividend	45,000
	75,000
Add: Share of Orange Ltd	62,400
Share of Banana Ltd	9,000
	1,46,400
Less: Unrealised profit on Stock (10,000 x 25/125 x 80%)	1,600
	1,44,800

6. Other Reserve-Apple Ltd.

	₹
Balance as per separate Balance Sheet	1,00,000
Share of Orange Ltd.	38,400
Share of Banana Ltd.	9,000
	1,47,400

7. Cash in transit

	₹
Due to Apple Ltd .from Orange Ltd.	24,000
Less: Due by Orange Ltd.	20,000
	4,000

5. (a) The following details are given for TROMA LTD. for the year ended March 31, 2014:

	(Amount in ₹ lakhs)
MP Division: **Sales to PQ Division** **Other Domestic Sales** **Export Sales**	 **916** **18** **1,226**
	2,160
PQ Division: **Sales to HN Division** **Export Sales to Europe**	 **10** **60**
	70
HN Division: **Export Sales to USA**	 **54**

Amount in ₹ Lakh

Particulars	**Head Office**	**MP Division**	**PQ Division**	**HN Division**
Pre-tax Operating Result	**—**	**48**	**6**	**(2)**
Head Office Cost Reallocated	**—**	**14**	**8**	**6**
Interest Costs	**—**	**2**	**2**	**2**
Fixed Assets	**16**	**60**	**12**	**36**
Net Current Assets	**14**	**36**	**12**	**26**
Long-term Liabilities	**12**	**6**	**4**	**36**

Require:

Prepare a SEGMENTAL Report of TROMA LTD. for publication for the year ended March 31, 2014, keeping in view the relevant Accounting Standard (AS-17). **8**

(b) Konkan Ltd. provides the following Balance Sheet as at 31.03.2014:

₹ in Crores

Sources of Funds:		
Share Capital: Authorised		**100**
Issued: 12% Redeemable Pref. Shares of ₹ 100 each fully paid up	**75**	
Equity Shares of ₹ 10 each fully paid	**25**	**100**
Reserves and Surplus: Capital Reserves	**15**	
Securities Premium	**25**	
Revenue Reserves	**260**	**300**
		400
Application of Funds:		
Fixed Asset: Cost	**100**	
Less: Provision for Depreciation	**100**	**Nil**
Investments at cost: (Market Value ₹ 400 crores)		**100**
Current Assets:	**340**	
Less: Current Liabilities	**40**	**300**
		400

Additional Information:

The company redeemed preference shares on 01.04.2014. It also bought back 50 lakh equity shares of 10 each at ₹ 50 per share. The payments for the above were made out of the huge bank balances which appeared in the accounts at Current Assets.

You are required to:

(i) Pass the necessary Journal Entries for recording the above transactions;
(ii) Compute the value of Equity Share on Net Asset Basis; and
(iii) Prepare the modified Balance Sheet. **7**

Answer:

5. (a)

TROMA LTD.
Segment Reporting

(₹ in lakh)

Particulars	MP Division	PQ Division	HN Division	Inter Segment elimination	Consolidated total
Segment Sales Revenue					
Domestic	18	---	---	---	18
Export	1,226	60	54	---	1,340
Total external sales	1,244	60	54	---	1,358
Inter Segment Sales	916	10	---	926	---
Total revenue	2,160	70	54	(926)	1,358
Segment result (given)	48	6	(2)	---	52
Head Office Expenses					(28)
Operating profit					24
Interest expenses					6
Profit before tax					18
Information in relation to assets and liabilities:					

Fixed assets	60	12	36		108
Net current assets	36	12	26		74
Segment assets	96	24	62		182
Unallocated corporate assets					30
Total assets					212
Segment liabilities	6	4	36	---	46
Unallocated corporate liabilities					12
Total liabilities	---	---			58

Sales revenue by geographical market:

(₹ in lakh)

	Domestic sales	Export sales (by MP division)	Export to Europe	Export to USA	Consolidated total
External sales	18	1,226	60	54	1,358

(b) (i)

Journal Entries in the Books of Konkan Ltd.

(₹ in crores)

i.	12% Preference Share Capital A/c Dr. To, Preference Shareholders A/c (Being, Redemption of Preference Shares due on 01.04.2014)	75	 75
ii.	Preference Shareholders A/c Dr. To, Bank (Being, payment made to Preference Shareholders on the due date)	75	 75
iii.	Shares bought back A/c To, Bank A/c (Being, Shares bought back for 50 lakh shares @ ₹ 50 per shares)	25	 25
iv.	Equity Share Capital A/c (50 lakhs x ₹ 10) Dr. Securities Premium A/c (50 lakhs x ₹ 40) Dr. To, Shares bought back A/c (Being, cancellation of Equity Share Capital)	5 20	 25
v.	Revenue Reserve A/c Dr. To, Capital Redemption Reserve A/c (Being, creation of Capital Redemption Reserve to the extent of the face value of Preference Shares redeemed and Equity Shares bought back)	80	 80

(ii)

Net Asset value of equity shares

₹ in Crores

Particulars	Amount	Amount
Fixed Assets	NIL	
Investments (at Market Value)	400	
Current Assets	240	640
Less: Current Liabilities		(-) 40
Net Assets available for Equity Shareholders		600
No. of Equity Shares Outstanding (in Crores)		2
Value per Equity Shares of ₹ 10 each = (600 / 2)		₹ 300

(iii)

Balance Sheet of Konkan Ltd. as at 1. 04. 2014 (Revised Schedule VI – Extracts)

Ref No.	Particulars		Note No.	As at 1st April, 2014	As at 1st April, 2013
				(₹ in Crores)	(₹ in Crores)
	I.	EQUITY AND LIABILITIES			
	1	Shareholders' funds			
		(a) Share capital	1	20.00	
		(b) Reserves and surplus	2	280.00	
	2	Share application money pending allotment			
	3	Non-current liabilities			
	4	Current Liabilities			
		(a) Other current liabilities		40.00	
		Total		340.00	
	II.	ASSETS			
	1	Non-current assets			
		(a) Fixed assets			
		(i) Tangible assets	3	Nil	
		(b) Non-current investments	4	100.00	
	2	Current assets			
		(a) Other current assets	5	240.00	
		Total		340.00	

(₹ in Crores)

Note 1. Share Capital		
Authorised Issued and subscribed Capital	As at 1st April, 2014	As at 1st April, 2013
200 lakhs Equity Share capital of ₹10 each	20.00	
12% Redeemable Preference Share of ₹100 each [Redeemed at par]	Nil	
Total	20.00	

RECONCILATION OF SHARE CAPITAL				
FOR EQUITY SHARE :	As at 1st April, 2014		As at 1st April, 2013	
	Nos	Amount (₹)	Nos	Amount (₹)
Opening Balance as on 01.04.13	2.50	25.00	NIL	NIL
Add: Fresh Issue (Incld Bonus shares , Right shares, split shares, shares issued other than cash)	-	-	-	-

Less: Buy Back of shares	0.50	5.00	NIL	NIL
	2.00	20.00	NIL	NIL

FOR 12% REDEEMABLE PREFERENCE SHARE :	As at 1st April, 2014		As at 1st April, 2013	
	Nos	Amount (₹)	Nos	Amount (₹)
Opening Balance as on 01.04.13	0.75	75.00	NIL	NIL
Add: Fresh Issue (Incld Bonus shares , Right shares, split shares, shares issued other than cash)	-	-	-	-
Less: Redeemed at par	0.75	75.00	NIL	NIL
	NIL	NIL	NIL	NIL

Note 2. Reserve & Surplus	As at 1st April, 2014	As at 1st April, 2013
Capital Reserve	15.00	
Securities Premium (25-20)	5.00	
Capital Redemption Reserve (5 +75)	80.00	
Revenue Reserve (260 – 80)	180.00	
Total	280.00	

Note 3. Tangible Assets	As at 1st April, 2014	As at 1st April, 2013
Fixed Asset (at cost)	100.00	
Less: Prov. For depreciation	100.00	
Total	Nil	

Note 4. Non-current Investments	As at 1st April, 2014	As at 1st April, 2013
Investment (Market Value ₹ 400 crores)	100.00	
Total	100.00	
Note 5. Other Current assets	As at 1st April, 2014	As at 1st April, 2013
Other current assets (340 - 100)	240.00	
Total	240.00	

6. (a) Srihari Ltd. granted 500 options to each of its 2,500 employees in 2005 at an exercise price of ₹ 50 when the market price was the same. The contractual life (vesting and exercise period) of the options granted is 6 years with the vesting period and exercise period being 3 years each. The expected life is 5 years and the annual forfeitures are expected at 3%. The fair value per option is arrived at ₹ 15. Actual forfeitures in 2005 were 5%. However at the end of 2005, the management of Srihari Ltd. still expects that

the actual forfeiture would average only 3% over the entire vesting period. During 2006, the management decide to revise its estimated forfeiture rate at 10% per annum. Of the 2,500 employees, 1,900 employees have completed the 3 year vesting period, 1,000 employees exercise their right to obtain shares vested in them in pursuance of ESOP at the end of 2009 and 500 employees exercise their right at the end of 2010. The rights of the remaining employees expire unexercised at the end of 2010. The face value per share is ₹ 10.

Show the necessary journal entries with suitable narrations. Working should form part of your answer. 10

(b) An enterprise reports quarterly, estimates an annual income ₹ 10 lakhs. Assume tax rates on 1st ₹ 5,00,000 at 30% and on the balance at 40%. The estimated quarterly incomes are ₹ 75,000; ₹ 2,50,000; ₹ 3,00,000 and ₹ 3,75,000.

Calculate the tax expense to be recognised in each quarter as per AS-25. 5

Answer:

6. (a)

Journal Entries
In the books of Srihari Ltd.

Year	Particulars	Debit (₹)	Credit (₹)
2005 (i)	Employee Compensation Expenses A/c Dr To, Employees Stock Options Outstanding A/c (Being the compensation expenses recognized in respect of the ESOP)	57,04,205	 57,04,205
(ii)	Profit and Loss A/c Dr To, Employees Compensation Expenses A/c (Being expenses of the year transferred to Profit and Loss A/c)	57,04,205	 57,04,205
2006 (i)	Employee Compensation Expenses A/c Dr To, Employees Stock Options Outstanding A/c (Being the compensation expenses recognized in respect of the ESOP)	34,08,295	 34,08,295
(ii)	Profit and Loss A/c Dr To, Employees Compensation Expenses A/c (Being expenses of the year transferred to Profit and Loss A/c)	34,08,295	 34,08,295
2007 (i)	Employee Compensation Expenses A/c Dr To, Employees Stock Options Outstanding A/c (Being the compensation expenses recognized in respect of the ESOP)	51,37,500	 51,37,500
(ii)	Profit and Loss A/c Dr To, Employees Compensation Expenses A/c (Being expenses of the year transferred to Profit & Loss A/c)	51,37,500	 51,37,500
2009 (i)	Bank A/c Dr Employee Stock Options Outstanding A/c Dr To, Share Capital A/c To, Securities Premium A/c (Being shares issued to employees against options vested in them in pursuance of ESOP)	2,50,00,000 75,00,000	 50,00,000 2,75,00,000
2010 (i)	Bank A/c Dr Employee Stock Options Outstanding A/c Dr To, Share Capital A/c	1,25,00,000 37,50,000	 25,00,000

	To, Securities Premium A/c (Being shares issued to employees against options vested in them in pursuance of the ESOP)		1,37,50,000
(ii)	Employees Stock Options Outstanding A/c Dr To, General Reserve A/c (Being the balance standing to the credit of stock options outstanding account, in respect of vested options expired unexercised, transferred to General Res. A/c)	30,00,000	30,00,000

Working Notes:

A. Fair value of options recognized as expenses:

Year 2005
Number of Options expected to vest = 500 x 2,500 x 0.97 x 0.97 x 0.97
= 11,40,841 options
Fair value of Options expected to vest = 11,40,841 x ₹ 15 = ₹ 1,71,12,615
One third of the fair value recognized as expenses = ₹ 1,71,12,615/3 = ₹ 57,04,205

Year 2006
Fair value of Options revised in the year = 500 x 2,500 x 0.90 x 0.90 x 0.90 x ₹ 15
= 1,36,68,750
Revised cumulative expenses in the year 2006 = ₹ 1,36,68,750 x 2/3 = ₹ 91,12,500
Less: Already recognized in year 2005 = ₹ 57,04,205
Expenses to be recognized in year 2006 = ₹ 34,08,295

Year 2007
Number of options actually vested = 1,900 x 500 = 9,50,000
Fair value of options actually vested = 9,50,000 x 15 = 1,42,50,000
Less: Expenses recognized till the year 2007 = 91,12,500
Balance amount to be recognized = 51,37,500.

B. Amount recorded in Share Capital Account and Securities Premium Account upon issue of shares

Particulars	2009	2010
Number of employees exercising option	1,000	500
Number of shares issued upon exercise of option @ 500 per employee	5,00,000	2,50,000
Exercise price received @ ₹ 50 per share	2,50,00,000	1,25,00,000
Corresponding amount recognized in the Employee Stock Options Scheme A/c @ ₹ 15 per option	75,00,000	37,50,000
Total Consideration	3,25,00,000	1,62,50,000
Amount to be recorded in Share Capital A/c @ ₹10 per share	50,00,000	25,00,000
Amount to be recorded in Securities Premium A/c @ ₹ 55 per share (₹65 – ₹10)	2,75,00,000	1,37,50,000
	3,25,00,000	1,62,50,000

(b) Income tax expense to be recognized in each interim period based on the best estimate of the weighted Average annual income tax rate expected for the financial year.

Estimated annual income	₹ 10,00,000
Tax expenses : - 30% on ₹ 5,00,000	₹ 1,50,000
40% on ₹ 5,00,000	₹ 2,00,000
Total	₹ 3,50,000

∴ Weighted average annual income tax rate is = 3,50,000 x 100 / 10,00,000 = 35%

Tax expense to be recognized in each of the quarterly reports:

Quarter I	75,000 x 35%	₹ 26,250
Quarter II	2,50,000 x 35%	₹ 87,500
Quarter III	3,00,000 x 35%	₹ 1,05,000
Quarter IV	3,75,000 x 35%	₹ 1,31,250
Total		₹ 3,50,000

7. (a) The summarised Balance Sheet of Golden Ltd. as at 31st March, 2014 is as follows:

(₹ in Lakhs)

Liabilities		Assets	
Share Capital		**Goodwill, at cost**	**210**
90 lakhs equity shares of ₹ 10 each fully paid up	**900**	**Other Fixed Assets**	**5,583**
45 lakhs equity shares of ₹ 10 each, ₹ 8 paid up	**360**	**Current Assets**	**1,455**
75 lakhs equity shares of ₹ 5 each, fully paid up	**375**	**Loans and Advances**	**466**
Reserve and Surplus	**2,728**		
Secured Loans	**2,250**		
Current Liabilities	**621**		
Provisions	**480**		
Total	**7,714**	**Total**	**7,714**

You are required to calculate the following for each one of the three categories of equity shares appearing in the above mentioned Balance Sheet:

(i) Intrinsic value per share on the basis of book values of Assets and Liabilities including goodwill;

(ii) Value per share on the basis of dividend yield, Normal rate of dividend in the concerned industry is 12%, whereas Golden Ltd. has been paying 16% dividend for the last four years and is expected to maintain it in the next few years; and

(iii) Value per share on the bais of EPS.
For the year ended 31st March, 2014 the company has earned ₹ 685 lakhs as profit after tax, which can be considered to be normal for the company. Average EPS for a fully paid share of ₹ 10 of a company in the same industry is ₹ 3. **10**

(b) A company purchased at Plant for ₹ 100 lakhs during the financial year 2013-14 and installed it immediately. The price charged by the Vendor included excise duty (CENVAT credit available) of ₹ 8 lakhs. During the year, the company also produced excisable goods on which Excise Duty chargeable is ₹7 lakhs. Show the journal entries describing CENVAT credit treatment. At what amount should the Plant be capitalised? **5**

Answer:

7. (a) (i) Intrinsic Value on the basis of book values

	₹ in lakhs	₹ in lakhs
Goodwill		210
Other Fixed Assets		5,583
Current Assets		1,455
Loans and Advances		466

		7,714
Less: Secured Loans	2,250	
Current Liabilities	621	
Provision	480	3,351
		4,363
Add: Notional call on 45 lakhs equity shares@ ₹ 2 per share		90
		4,453

Equivalent number of equity shares of ₹ 10 each:

	₹ in lakhs
Fully paid shares of ₹ 10 each	90
Partly-paid shares after notional call	45
Fully paid shares of ₹ 5 each,(75/10 x 5)	37.5
	172.5

Value per equivalent share of ₹ 10 each = 4,453/172.5 =₹25.81

Hence, intrinsic value of each equity share will be:

Fully paid share of ₹ 10 each = ₹25.81
Share of ₹ 10, ₹ 8 paid-up = ₹25.81 - ₹2.00 =₹ 23.81.
Fully paid share of ₹ 5 = ₹ 25.81/2 =₹12.90.

(ii) Valuation on dividend yield basis:

Fully paid share of ₹ 10. = 16/12 x 10 = ₹ 13.33
Share of ₹ 10, ₹ 8 paid-up = 16/12 x 8 = ₹ 10.67.
Fully paid share of ₹5 each =16/12 x 5 = ₹ 6.67.

(iii) Valuation On the basis of EPS:

Profit after tax = ₹ 685 lakhs.
Total share capital = ₹ (900+360+375)lakhs = ₹ 1,635 lakhs.
Earning per rupee of share capital = ₹ 685/1,635 = ₹ 0.419.

Earnings per fully paid share of ₹ 10 = ₹0.419 x 10 = ₹ 4.19.
Earnings per share of ₹ 10, ₹ 8 paid-up = ₹ 0.419 x 8 = ₹3.35.
Earnings per fully paid share of ₹ 5 = ₹0.419 x 5 = ₹ 2.10.

Value of fully paid share of ₹ 10 = ₹ 4.19/3 x 10= ₹ 13.97.
Value of share of ₹ 10, ₹ 8 paid-up = ₹ 3.35/3 x 10= ₹ 11.17.
Value of fully paid share of ₹ 5. = ₹ 2.10/3 x 10= ₹ 7.00

(b)

Journal Entries

Year	Particulars	Debit (₹)	Credit (₹)
2013-14	Fixed Assets A/c Dr CENVAT Credit Receivable (capital goods) A/c Dr CENVAT Credit Deferred (capital goods) A/c Dr To, Vendor/Bank A/c (Being the plant purchased, including immediate CENVAT credit available of 50%,balance 50% credit available in subsequent year)	92,00,000 4,00,000 4,00,000	 1,00,00,000

	Excise Duty A/c Dr To,CENVAT Credit Receivable (capital goods) A/c (Being set off of CENVAT credit during the year)	4,00,000	4,00,000
	Excise Duty A/c Dr To, Bank A/c (Being balance excise duty payable ₹7,00,000-₹4,00,000 set off, now settled)	3,00,000	3,00,000
2014-15	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)	4,00,000	4,00,000

Balance Sheet (abstract)

Liabilities	₹	Assets	₹
		Fixed Assets: Plant at cost Current Assets, Loans and Advances: CENVAT Credit Deferred (capital goods)	92,00,000 4,00,000

8. Write short notes on any three of the following: 5x3=15

(a) Role of Public Accounts Committee;
(b) Corporate Social Reporting;
(c) Human Resource Accounting;
(d) Reporting Requirements of Environmental Accounting.

Answer:

8. (a) The role of the Public Accounts Committee (PAC) is to assess the integrity, economy, efficiency and effectiveness of government financial management. It achieves this by:

- examining Government financial documents; and
- considering the reports of the Auditor – General.

A significant amount of the committee's work involves following up matters raised in the reports to Parliament by the Auditor – General. This ensures that public sector financial issues are scrutinized for the benefit of the Parliament and the public.

While scrutinizing the Appropriation Accounts of the Government of India and the Reports of the Comptroller and Auditor General thereon, it is the duty of the Committee to satisfy itself –

- that the money shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged;
- that the expenditure confirms to the authority which governs it, and
- that every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.

An important function of the Committee is to ascertain that money granted by Parliament has been spent by Government "within the scope of the demand". The functions of the Committee extend "beyond the formality of expenditure to its wisdom, faithfulness and economy". The Committee thus examines cases involving losses, nugatory expenditure and financial irregularities.

It is also the duty of the PAC to examine the statement of accounts of autonomous and semiautonomous bodies, the audit to which is conducted by the Comptroller &

Auditor General either under the directions of the President or by a Statute of Parliament.

(b) Corporate Social Reporting:

The term corporate social reporting refers to the information with respect to discharging social responsibility of corporate entities. The stage of transition in the accounting function from the historical cost based profitability accounting to social responsibility accounting is a good concept, quite apt in the present day data requirements of the "Users of Accounts".

The concept of Corporate Social Reporting is essentially based on the relevant social objectives, usually termed as Net Income Contribution, Human Resources Contribution, Public Contribution, Environmental Contribution and product or service contribution.

Considering the major socio-economic problems of the country, the major significant groups which can be evaluated towards reporting the corporate social reporting for the Indian corporate.

These include the following:

- Employment opportunities
- Foreign exchange transactions
- Energy conservation
- Research and development
- Contribution towards Government Exchequer
- Social projects
- Environmental control
- Consumerism

In the initial stages, it is difficult to assess the social costs incurred by a corporate house and the social benefits generated in monetary terms for evaluating the financial impact on the business houses. Unless suitable methodologies are made available for converting the relevant social costs-benefit in suitable monetary terms, it would be a significant development to initiate with the concept of descriptive social reporting.

Further research would be required in the relevant area which can develop either the reporting segments of corporate social reporting in the changing context of a dynamic socio-economic environment.

(c) Human Resource Accounting (HRA):

Human Resource Account (HRA) is an attempt to identify, quantify and report investments made in human resources of an organization. Leading public sector units like OIL, BHEL and NTPC have started reporting human resources in their annual reports as additional information. Although human being are considered as the prime mover for achieving productivity, and are placed above technology, equipment and money, the conventional accounting practice does not assign significance to the human resource. Human resources are not thus recognized as 'assets' in the Balance Sheet, while investments in human resources are not considered as assets and not amortized over the economic service life. The result is that the income and expenditure statement comprising current revenue and expenditure gives an incorrect picture of the real affairs of the organization. Accountants have been severely criticized by the Behaviroral Scientists for their failure to value human resources, as this has come out as a handicap for effective management. Human resource accounting provides scope for planning and decision making in relation to proper manpower planning. Also, such accounting can bring out the effect of various new rules, procedures and incentives relating to work force, and in turn, can act as an eye opener for modifications of existing laws and statutes.

(d) Reporting requirements of Environmental Accounting:

Environmental Accounting is an attempt to identify and bring in the lime light the resources that are consumed and the relevant costs rendered reciprocally to the environment by a business enterprise. Environmental Accounting constitutes a method of recording environmental elements and includes:

- valuation of natural resources
- measuring the income there from
- keeping relevant records of the related costs
- estimating their quantities and providing depreciation on them.

Under a comprehensive Corporate Accounting framework on environmental issues, the Board of Directors in their Report or Management discussions should include the following aspects, namely

- Type of environmental issues which are pertinent to the enterprise and its specific industry.
- Policy and programmes that have been implemented by the concerned company with respect to the Environmental Protection Measures or where there is no policy or programmes, such facts should be disclosed.
- Improvements made by the company in key areas, since the introduction of the policy, or over the past five years, whichever is shorter.
- Environmental Emission Targets that the company has set) for itself and how the company is performing relative to the pre determined targets.
- Extent to which Environmental Protection Measures have been undertaken as per Government Legislation and the extent to which Governments requirements (e.g. time table for reduction of emissions are achieved).
- Where any material proceedings under environmental laws have been taken, a disclosure of the known and potentially significant environmental problem shall be disclosed.
- Financial or Operational effect of Environmental Protection Measures on the Capital Expenditure and earnings of the company/enterprise for the current period and any specific impact on future periods.
- Actual amount charged to operations in the current period, together with a description of the relative environmental measures.
- Sub classification of the above actual amounts into the following:
  - Liquid Effluent Treatment
  - Water, Gas and Air Treatment
  - Solid Waste Treatment
  - Analysis Control and Compliance
  - Remediation
  - Recycling
  - Others (e.g. accidents, safety, etc.)
- When material the actual amount capitalised during the current period, accumulated amount capitalized to date, and the period for amortising, or writing off, such amounts, together with a description of the environmental measures to which they relate should be stated. Where it is not possible to segregate the amount that relates to environmental measures this fact could be stated.