FINAL EXAMINATION

June 2023

P–17(CFR)
Syllabus 2016

CORPORATE FINANCIAL REPORTING

Time Allowed: 3 hours   Full Marks: 100

The figures in the margin on the right side indicate full marks.
Question 1 of SECTION - A is compulsory.
Candidates are also required to answer *any five* questions from the remaining *seven* questions of Section-B.
All Working notes must form part of the answer.
"Wherever necessary, suitable assumptions may be made and clearly indicated in answer by the candidates."

SECTION–A

1. Choose the correct option and write that correct option in full and justification in the answer sheet (1 mark for correct choice and 1 mark for justification) 2×10=20

(i) Net Profits of JIV AATMA Ltd. for the years 2022-2023, 2021-2022, 2020-2021, 2019-2020, 2018-2019 are ₹ 25 crores, ₹ 20 crores, ₹ 15 crores, ₹ 10 crores and ₹ 5 crores respectively. During 2022-2023, the company incurred only ₹ 7,00,000 and ₹ 3,00,000 on free education and medical treatment of the employees of the company and their families respectively under CSR projects. State the Amount of Short Fall of Expenditure on Corporate Social Responsibility during 2022-2023 as per The Companies Act,2013.

(A) ₹ 0.30 crore
(B) ₹ 0.23 crore
(C) ₹ 0.20 crore
(D) None of the above

(ii) Goodwill on the basis of Capitalisation of Super Profits ₹ 5,00,000. Goodwill on the basis of Capitalisation of Average Profits ₹ 3,00,000. Goodwill on the basis of four years' purchase of Super Profits. ₹ 2,00,000. Opening Capital Employed is 2/3rd of Closing Capital Employed. Calculate Goodwill of the firm at 3 years' purchase of Average Profits of the firm.

(A) ₹ 3,50,000
(B) ₹ 2,50,000
(C) ₹ 1,50,000
(D) None of the above

(iii) 4,00,000 Equity Shares of ₹ 10 each, ₹ 8 paid up 7,00,000. Equity Shares of ₹ 5 each fully called up (Calls–in–arrears @₹ 2 on 2,00,000 shares). 10,000 9% Preference Shares of ₹100 each fully paid up. Normal Rate of Earnings—9%. Fair Value of an Equity Share (₹ 3 paid up) ₹ 5.60. Calculate Expected FMP for Equity Shareholders.

(A) ₹ 24.1 lakh

(B) ₹ 17.01 lakh

(C) ₹ 15.01 lakh

(D) None of the above

(iv) Which of the following is the case of Amalgamation in the nature of the merger as per AS 14 assuming other conditions are satisfied?

(A) The transferee company issued Equity Shares to the Equity shareholders and paid Cash to the Preference shareholders of the transferor company.

(B) The transferee company issued Equity Shares to the Equity shareholders and Preference Shares to the Preference shareholders of the transferor company.

(C) The transferee company issued Equity Shares to the Equity shareholders and Debentures to the Preference shareholders of the transferor company.

(D) All of the above

(v) TULSI Ltd has Equity Share Capital of ₹ 95,00,000, Tangible Fixed Assets of ₹ 65,00,000 and Current Assets of ₹ 85,00,000, Investment Allowance Reserves of ₹ 2,00,000, Export Profit Reserve of ₹ 3,00,000 and General Reserve of ₹ 28,00,000, Current Liabilities of ₹ 19,00,000, Non-Current Liabilities of ₹ 3,00,000 as at 31.3.2023. Statutory Reserves are to be maintained for 2 more years. The business of TULSI Ltd. is taken over by AMLA Ltd. by the issue of 1,00,000 equity shares of ₹ 100 each at a 20% premium. In this case

(A) Amalgamation Adjustment Account is required to be opened in the books of AMLA Ltd.

(B) Amalgamation Adjustment Account is required to be opened in the books of TULSI Ltd.

(C) Amalgamation Adjustment Account is not required to be opened in the books of any company.

(D) None of the above

(vi) Which of the following is true?

(A) Internal Reconstruction can be done only in case of companies incurring losses.

(B) Reconstruction A/c/Capital Reduction A/c is either debited or credited when Internal Reconstruction is carried out either by way of Variation of Shareholders' Rights u/s 48 or Alteration of Share Capital u/s 61.

(C) Reconstruction A/c/Capital Reduction A/c is always credited when Internal Reconstruction is carried out by way of Reduction of Share Capital u/s 66.

(D) Reconstruction A/c/Capital Reduction A/c is neither debited nor credited when Internal Reconstruction is carried out either by way of Variation of Shareholders' Rights u/s 48 or Alteration of Share Capital u/s 61.

(vii) Which of the following is true?

(A) Interest earned on Advances given to suppliers is Investing Cash Inflow.

(B) TDS on interest earned on advances given to suppliers is Investing Cash Outflow.

(C) Insurance claim received against damage of Godown by fire is an Extraordinary item to be shown under a separate heading as 'Cash inflow from Operating activities'.

(D) None of the above

(viii) Which of the following is not true?

(A) An item of Income or Expenditure is to be disclosed separately in the Statement of Profit/Loss of a Company if its amount exceeds 1% of the Revenue from Operations or ₹ 1,00,000, whichever is higher.

(B) The figures appearing in the Financial Statements are compulsorily required to be rounded off to the nearest lakhs, millions or crores or decimal thereof if TOTAL INCOME is at least ₹ 100 crore.

(C) The financial year of X Ltd incorporated on 1st January 2023 will end on 31st March 2023.

(D) Cash Flow Statement is not required to be prepared by One Person Company, Small Company and Dormant Company.

(ix) Which of the following is not true?

(A) A company can not convert the partly paid equity shares into fully paid shares by way of a bonus without asking them to pay anything.

(B) Premium payable on redemption of Red. Pref. Shares can not be adjusted against Securities Premium in case of prescribed companies, whose financial statements comply with the Accounting Standards prescribed for such class of companies u/s 133.

(C) 'Bank deposits with more than 12 months maturity ' appear under the Sub-head "Cash and Cash Equivalents" of the Balance Sheet of a Company.

(D) The minimum time gap period between the date of vesting of the option and the date of exercise of the option must be one year.

(x) Which of the following is not true?

(A) A Company can not pay dividend on calls-in-advance.

(B) A Company can declare and distribute Final Dividend in the event of loss in any financial year.

(C) In the event of inadequacy or absence of profit in any financial year, if dividend is declared by a company for that year out of Surplus, then 4 conditions as per The Companies (Declaration and Payment of Dividend out of Reserves) Rules, 2014 need not be fulfilled.

(D) A Company can declare and distribute Interim Dividend in the event of loss in any financial year.

SECTION–B

Answer *any five* Questions out of *seven* Questions. 16×5 = 80

2. (a) ALOE VERA TULSI LTD. provides you the following information:

Date	Particulars	No. of Shares
01.04.2022	No. of fully paid Shares of ₹10 each at the beginning of year	5,00,000
01.06.2022	Issue of Shares for Cash	1,20,000
01.07.2022	Issue of Shares to Underwriters	6,000
01.08.2022	Buy-Back of Shares	2,69,250
01.09.2022	Issue of Shares against Purchase of Building. (acquisition is recognized on the same day)	30,000
01.10.2022	Issue of Shares in settlement of liability	15,000

Date	Particulars	No. of Shares
01.11.2022	Tulsian Ltd. purchased Y Ltd. on the basis of intrinsic value of shares of both the companies. The intrinsic value of shares of Tulsian Ltd. and Y Ltd. are ₹ 60 and ₹ 15 respectively Shares outstanding on 1st April, 2022 of Y Ltd. are 4,80,000	
01.12.2022	Split up of shares into shares of ₹ 1 each	
01.01.2023	Bonus issue:1 share for every 2 held	
Net Profit for year ended 31-03-2022: ₹ 85,00,000		
Net Profit for year ended 31-03-2023: ₹ 1,10,00,000		
Tax Rate: 30%		
10% Cumulative Preference Shares:₹ 1,00,00,000		
12% Non-Cumulative Preference Shares: ₹ 1,00,00,000		

Note: No dividend has been paid on Preference Shares for the last 3 years.

***Required*:** Compute the Basic EPS (earning per share) for the accounting year 2021-2022 and 2022-2023 Adjusted EPS for the year 2021-2022. 8

(b) (i) P Ltd. has 60% voting rights in Q Ltd. Q Ltd. has 20% voting rights in R Ltd. Also, P Ltd. directly enjoys voting right of 8% in R Ltd. R Ltd. supplied Goods for ₹ 15 crores to P Ltd. during the 1st quarter ended on 30th June, 2022 and for ₹ 25 crores during the 2nd quarter ended on 30th Sept, 2022. P Ltd. sold 1% Equity Shares of R Ltd. on 1st July,2022. P Ltd., Q Ltd. and R Ltd. are listed companies. State the legal implications of these transactions. 4

(ii) BHARAT Ltd. gives the following data regarding to its six segments: (₹ in lakhs)

Particulars	A	B	C	D	E	F	Total
Segment Assets	100	168	66	31	48	27	440
Segment Results	130	(380)	20	20	(20)	30	(200)
Segment Revenue	600	1,240	150	120	170	120	2,400

Deferred Tax Assets included in the assets of each Segments are A— ₹ 10 lakhs, B—₹ 8 lakhs , C— ₹ 6 lakhs, D- ₹ 1 lakh, E— ₹ 8 lakhs , F — ₹ 7 lakhs. Identify the Reportable Segments as per AS 17. 4

3. (a) AMLA TULSI Ltd. provides you the following information as at March 31, 2023:

Particulars	(₹ in lakhs)
Equity Shares of ₹ 10 each	500
6% Cum- Pref. Shares of ₹ 100 each	100
Profit and Loss Account (Dr)	15
10% First Debentures	60
10% Second Debentures	100
Debentures Interest outstanding	16
Trade Creditors	165
Plant & Machinery	719.6

Note: Dividend on Preference Shares are in arrears for three years.

The following scheme of internal reconstruction was approved and implemented:

(i) All the equity shares be converted into the same number of equity shares of ₹ 5 each, ₹ 2.50 paid up.

(ii) The preference shares are converted from 6% to 15% but revalued in a manner in which the total return on them remains unaffected. Four equity shares of ₹ 5 each, ₹ 2.50 paid up to be issued for each ₹100 of arrears of preference dividend.

(iii) Mr. A holds 10% first debentures for ₹ 40 lakhs and 10% second debentures for ₹ 60 lakhs. He is also a creditor for ₹ 10 lakhs. Mr. 'A' is to cancel ₹ 60 lakhs of his total debt and to pay ₹ 10 lakhs to the company and to receive new 12% Debentures for the balance amount. Mr. B holds the remaining10% first debentures and 10% second debentures and is also a creditor for ₹ 5 lakhs. Mr. 'B' is to cancel ₹ 30 lakhs of his total debt and to accept new 12% Debentures for the balance amount.

(iv) Trade Creditors (other than A and B) are given the option of either to accept equity shares of ₹ 5, ₹ 2.50 paid up each, for the amount due to them or to accept 80% of the amount due in cash. 40% Creditors accepted equity shares whereas the balance accepted cash in full settlement.

(v) Any surplus after writing off the various losses should be utilized in writing down the value of plant & machinery.

***Required*:** Prepare the Reconstruction Account. 4

(b) Given below are the extracts from the Balance Sheets of P Ltd. and V Ltd. as at 31st March, 2023:

Particulars	**P Ltd. (₹)**	**V Ltd. (₹)**
Equity Share Capital of ₹ 10 each	6,00,000	2,00,000
General Reserve	1,50,000	20,000
Profit & Loss A/c	1,77,000	10,000
Statutory Reserves	—	5,000
10% Debentures of ₹ 100 each	—	50,000
Trade Payables	37,500	1,40,000
Goodwill	—	1,19,500
Property, Plant & Equipment	4,75,000	1,50,000
Non-Current Investments (including 100 Debentures of V Ltd. purchased @ of ₹ 90)	1,09,000	—
Inventories	95,000	55,000
Trade Receivables	1,40,000	65,000
Cash at Bank	1,45,500	35,500

The business of V Ltd. is taken over by P Ltd. as on that date on the following terms:

(i) Prior to absorption, V Ltd and P Ltd decide to declare and pay equity dividend @ 5%.

(ii) 50% of Property, Plant & Equipment are taken over at 100% more than the book value and the remaining Property, Plant & Equipment are taken over at 20% less than the book value.

(iii) Goodwill of V Ltd. is to be valued at ₹ 52,500.

(iv) Inventories are taken over at book value less 10% and Trade Receivables are taken over at book value subject to an allowance of 10% to cover doubtful debts.

(v) Trade Payables are to be taken over subject to a discount of 5% and Unrecorded Loan Liability of ₹ 38,500 to be discharged by P Ltd. at book value.

(vi) The purchase consideration is to be discharged to the extent of 20% in cash and the balance in the form of equity shares of ₹ 10 each, ₹ 8 paid up at a premium of ₹ 7 per share, The market value of an equity share of P Ltd. at present is ₹ 100.

(vii) The issue of such an amount of fully paid 14% Debentures in P Ltd. at 96 per cent as is sufficient to discharge 10% Debentures in V Ltd. at a premium of 20 per cent.

(viii) Expenses of liquidation of V Ltd. are to be reimbursed by P Ltd. to the extent of ₹ 10,000. Actual Expenses amounted to ₹12,000.

(ix) Statutory Reserves are to be maintained for 2 more years.

Prior to 31st March 2023 V Ltd. sold goods costing ₹ 30,000 to P Ltd. for ₹ 40,000. ₹ 25,000 worth of goods were still in stock of P Ltd. Trade Receivables include ₹ 20,000 still due from P Ltd. On the date of absorption, V Ltd. owed P Ltd. ₹ 60,000 for the purchases of stock from P Ltd. which made a profit of 20% on cost. Four fifth of such stock were sold till 31.3.2023. Investments of P Ltd. include ₹ 9,000 representing the cost of 10% Debentures of V Ltd.

Required: (a) Prepare Realisation Account, Bank Account, Equity Shareholders Account and Shares in P Ltd. Account in the books of V Ltd. (b) Pass Journal Entries in the books of P Ltd. 12

4. (a) State the objectives of Ind AS 105. 4

(b) From the following information of KALYUG Ltd., prepare the Cash Flow Statement as per AS–3 issued by ICAI:

Particulars	31.3.2023 (₹)	31.3.2022 (₹)
Equity Share Capital	9,10,000	5,00,000
General Reserve	2,10,000	2,50,000
Profit & Loss A/c	6,61,500	(1,40,000)
Employees Stock Option Outstanding A/c	3,00,000	1,00,000
Securities Premium	50,000	—
Capital Redemption Reserve	—	1,00,000
Capital Grant	8,00,000	Nil
Convertible Debentures (into equity shares at 25% premium)	—	2,00,000
Trade Payables	1,05,000	1,00,000
Goodwill	15,000	—
Plant & Machinery	7,65,000	5,00,000
Non-Current Investments	35,000	50,000
Inventories	95,640	54,000

Particulars	31.3.2023 (₹)	31.3.2022 (₹)
Trade Receivables	7,10,000	5,85,000
Less: Provision for Doubtful Debts	(1,90,000)	(1,50,000)
Voluntary Separation Payments	1,25,000	65,000
Cash and Cash Equivalents	14,69,360	6,000
Advance Tax(including ₹ 1,500 being 15% tax on gain on sale of Investments)	11,500	

***Additional Information*:**

(i) Depreciation on Plant & Machinery written off @ 15%. A fully depreciated machine costing ₹ 1,00,000 was also discarded.

(ii) It was decided to value Inventories at cost whereas previously the practice was to value Inventories at cost less 10%. However, the closing stock on 31.03.2023 was correctly valued at cost.

(iii) On 31st March 2023, the business of Y Ltd. was purchased for ₹ 60,000 payable in fully paid equity shares of ₹ 10 each at a premium of 20%. The assets included Inventories ₹ 26,640, Trade Receivables ₹ 10,000, and Machine ₹ 18,360. In addition, Trade Payables of ₹ 15,000 were taken over.

(iv) Debtors of ₹ 2,30,000 were written off against the Provision for Doubtful Debts A/c during the year. Grant of ₹ 10,00,000 amortised in P&L A/c. Compensation received in a suit filed by the company ₹ 90,000. Voluntary Separation Payments ₹ 50,000 adjusted against General Reserve.

(v) Dividend received amounted to ₹ 2,100 which included pre-acquisition dividend of ₹ 600. Some Investments were sold at profit of 25% on cost. 12

5. (a) State two cases when the Ind AS 112 does not apply. 4

(b) Given below are the extracts from the Balance Sheets of H Ltd. and S Ltd. as at 31st March 2023:

Particulars	H Ltd. (₹)	S Ltd. (₹)
Equity Share Capital	2,40,000	2,40,000
Capital Reserve (since 1.4.2020)	-	5,000
General Reserve	40,000	32,000
Profit & Loss A/c	24,000	39,000

Particulars	H Ltd. (₹)	S Ltd. (₹)
Trade Creditors	8,000	15,000
Bills Payable	4,000	10,000
Tangible Fixed Assets	88,000	1,74,960
Goodwill [Purchased]	—	5,000
Investments	1,80,000	10,000
Trade Debtors	12,000	30,000
Bills Receivable	8,000	32,000
Inventories	20,000	80,000
Cash at bank	8,000	9,040

Note**:** Contingent liability of H Ltd. – Bills discounted not yet matured at ₹ 5,000.

Additional information:

(i) On 1st April. 2020 H Ltd. acquired from the shareholders of S Ltd. 10,000 shares of ₹ 10 each in S Ltd. and allotted in consideration thereof 8,000 of its own shares of ₹ 10 each at a premium of ₹ 6 per share. On 1st Oct. 2020 H Ltd. further acquired some shares in S Ltd. for ₹ 48,000@ ₹ 8.

(ii) Balances to General Reserve of S Ltd. stood on 1.4.2020 at ₹ 60,000. Out of Current profits an uniform amount has been transferred to General reserve every year. The net profit made during three years is ₹ 55,200 including ₹ 6,000 received from the insurance company in settlement of the claim towards loss of stock by fire on 30.06.2020 (Cost ₹ 10,800 included in opening stock).

(iii) On each 30th Sept. Dividends have been paid @ 10% for 2019-2020, 2020-2021 and 2021-2022 in the years 2020-2021, 2021-2022 and 2022-2023 respectively. H Ltd. has credited all dividends received to Profit and Loss Account. On 1.3.2023, bonus shares were issued by S Ltd. in the ratio of 1:5 out of reserves created prior to 1.4.2020.

(iv) On 1.10.2020, Fixed Assets and Investments of S Ltd. were undervalued by 5% and overvalued by 100% respectively but no adjustment had been made in the books. Depreciation on Fixed Assets had been charged @ 10% p.a. (on WDV basis), there being no addition or sale since 01.04.2020.

(v) H Ltd. incurred an expenditure of ₹ 500 per month on behalf of S Ltd. and this was debited to the Profit and Loss Account of H Ltd., but nothing has been done in the books of S Ltd.

(vi) Trade Creditors of H Ltd. include ₹ 4,000 due to S Ltd. Trade Debtors of S Ltd. include ₹ 8,000 for sales to H Ltd. invoiced at cost less 20%. 80% of these goods are still unsold. It is found that H Ltd. has remitted a cheque of ₹ 4,000, which has not yet been received by S Ltd.

(vii) Bills Receivable of H Ltd. include ₹ 4,000 bills accepted by S Ltd. Bills discounted by H Ltd., but not yet matured include ₹ 3,000 accepted by S Ltd.

***Required*:** Calculate the Minority Interest, Cost of Control and the Balance of Consolidated P& L Account to be taken to the Consolidated Balance Sheet of H Ltd. and its subsidiary, as at 31st March, 2023. 12

6. (a) Given below are the extracts from the Balance Sheet of GINGER TULSI Ltd. as at 31st March, 2023:

Pariculars	₹
1,00,000 Equity Shares of ₹ 10 each	10,00,000
6,00,000 Equity Shares of ₹ 5 each fully paid up	30,00,000
Less: Calls–in–arrears on 2,00,000 Shares	(4,00,000)
12% Preference Shares of ₹ 100 each	10,00,000
Reserves and Surplus	20,00,000
10% Debentures [60% Debentures are to be redeemed prior to valuation of Goodwill]	20,00,000
Current Liabilities	10,00,000
Goodwill	4,00,000
10% Trade Investments [Face Value ₹ 8,00,000]	10,00,000

Additional Information: Profits after tax @ 40%: 2020–2021: ₹ 12,00,000, 2021–2022: ₹ 18,00,000, 2022–2023: ₹ 15,00,000. With effect from the next year, Rate of Income Tax: 25% and an increase in manager remuneration ₹ 4,44,000 p.a. Normal Rate of Return on net assets for equity shareholders is 8%. Trade Investments are to be valued at 275% of Face Value. Goodwill is to be valued at 3 years' purchase of Super Profits.

***Required*:**

(i) Calculate Goodwill. 3

(ii) Calculate Net Asset Value of an Equity Share. 2

(iii) Calculate Yield Based Value of an equity share. 2

(iv) Calculate the Fair Value of an Equity Share. 1

(b) On 1.7.2019 AMLA,GILOY & TULSI Ltd grants 100 options to each of its 2,100 employees at ₹ 60 when the market price is ₹ 200. The vesting date is 31st March,2022 and the exercise date is 31st March,2023. At the end of year 1,the company found that 100 employees had left and estimated the expected annual forfeitures rate at 10%. Fair Value of a share issued under ESOP was ₹ 93. At the end of year 2, the company found that 80 employees had left and re–estimated the expected annual forfeitures rate at 5%. Fair Value of a share issued under ESOP was ₹ 104. At the end of year 3, the company found that 192 employees had left. Fair Value of a share issued under ESOP was ₹ 80. Only 1700 employees exercised their options on 31st March,2023. The face value of equity share is ₹ 10 per share. Pass the necessary journal entries in the books of the company upto 31st March,2023.

(i) Calculate Expenses to be recognised in year 1 by Fair Value Method. 3

(ii) Calculate Expenses to be recognised in year 2 by Fair Value Method. 3

(iii) Calculate Expenses to be recognised in year 3 by Fair Value Method. 1

(iv) Calculate Value of Options Forfeited. 1

7. (a) (i) Define Financial Asset, an equity instrument and a puttable instrument as per Ind AS 32. 6

(ii) RICH & POOR LTD. issued certain callable convertible debentures at ₹ 300. The value of similar debentures without call or equity conversion option is ₹ 285. The value of call as determined using Black and Scholes model for option pricing is ₹ 10. Determine Values of Liability and Equity Component. 3

(b) (i) Explain briefly Government Accounting Standards Advisory Board (GASAB) 4

(ii) Explain briefly about Consolidated Fund of India, Contingency Fund and Public Accounts of India. 3

8. Write short notes on *any four* of the following: 4×4=16

(a) State only one basic difference between the following:

(i) Annual Report and Financial Statements

(ii) Annual Report and Board of Directors' Report

(iii) XBRL and XML

(iv) CSR Reporting and Sustainability Reporting

(b) Meaning, Importance and two examples of Notes To Accounts

(c) Meaning and three advantages of Triple Bottom Line Reporting

(d) Meaning and three advantages of Sustainability Reporting

(e) Meaning and three advantages and three potential applications of XBRL

SUGGESTED ANSWERS TO QUESTIONS

SECTION – A

1 .

(i) (A)
(ii) (D)
(iii) (D)
(iv) (D)
(v) (C)
(vi) (D)
(vii) (D)
(viii) (C)
(ix) (D)
(x) (D)

SECTION – B

2. (a)

Basic EPS:-

2021 – 2022 = ₹ 15
2022 – 2023 = ₹ 1.33

Adjusted EPS:-

2021 – 2022 = ₹ 1.00

2. (b)

(i)

1. Total control of P Ltd. in R Ltd = 8%(direct) + 12% (i.e. 60% of Q Ltd's 20%) = 20% upto 30th June 2022
2. Significant influence may be exercised as an Investing Party (P Ltd.) holds, directly or indirectly through intermediaries 20% or more of the voting power of the R Ltd.
3. Hence, P Ltd. and R Ltd. are related to each other up to 30 June 2022
4. As per the provision of AS 18, the transactions only for the period in which related party relationships exist need to be reported.
5. Hence, the transaction of sale of goods of ₹ 15 crore during the 1st quarter ended on 30th June 2022 only is required to be disclosed as a related party transaction.
6. Transaction for the period (on 1st July onwards since significant influence can not be exercised as an investing party since P Ltd. holds, directly or indirectly through intermediaries less than 20% and therefore related party relationship did not exist from July 1 2022 hence, transaction of sale of goods of ₹ 25 crore during the 2nd quarter ended on 30th Sept 2022 is not required to be disclosed as related party transaction.

(ii)

Particulars	A	B	C	D	E	F
Reportable Segment	YES	YES	YES	NO	YES	NO

3. (a)

Total of Reconstruction A/c (Dr./ Cr. Side) = ₹ 543 Lakh

3. (b)

Loss on Realisation = ₹ 62,443

Total of Realisation A/c (Dr. / Cr. Side) = ₹ 4,15,000

Total of Bank A/c (Dr. / Cr. Side) = 78,067

Total of Equity Shareholders A/c (Dr. / Cr. Side) = ₹ 2,25,000

Total of Shares in P.Ltd. A/c (Dr. / Cr. Side) = ₹ 1,29,990

JOURNAL

Particulars		L.F.	Dr. (₹)	Cr. (₹)
Profit & Loss A/c	Dr.		30,000	
To Dividend Payable a/c				30,000
Dividend Payable A/c	Dr.		30,000	
To Bank A/c				30,000
Business Purchase A/c	Dr.		1,62,557	
To Liquidators of V Ltd. A/c				1,62,557
Goodwill A/c	Dr.		53,557	
Property, Plant & Equipment A/c	Dr.		2,10,000	
Inventories A/c	Dr.		49,500	
Trade Receivables A/c	Dr.		65,000	
Bank A/c	Dr.		23,500	
Reserve for Discount on Trade Payables A/c	Dr.		4,000	
To Provision for Doubtful Debts A/c				4,500
To Trade Payables A/c				1,40,000
To 10% Debentures A/c				60,000
To Unrecorded Loan A/c				38,500
To Business Purchase A/c				1,62,557
Liquidators of V Ltd. A/c	Dr.		1,62,557	
To Bank A/c				32,567
To Equity Share Capital A/c				69,328
To Securities Premium A/c				60,662
Goodwill A/c	Dr.		10,000	
To Bank A/c				10,000

Goodwill A/c Dr.		6,250	
To Inventories A/c			6,250
Trade Payables A/c Dr.		20,000	
To Trade Receivables (V Ltd.) A/c			20,000
Goodwill A/c Dr.		800	
To Inventories A/c			800
Trade Payables (V Ltd.) A/c Dr.		60,000	
To Trade Receivables A/c			60,000
10% Debentures of V Ltd. A/c Dr.		60,000	
Discount on Issue of 14% Debentures A/c Dr.		2,000	
To Investments in 10% Debentures of V Ltd. A/c			9,000
To 14% Debentures A/c			50,000
To Capital Reserve A/c			3,000
Unrecorded Loan A/c Dr.		38,500	
To Bank A/c			38,500
Amalgamation Adjustment A/c Dr.		5,000	
To Statutory Reserves A/c			5,000
Capital Reserve A/c Dr.		3,000	
To Goodwill A/c			3,000

4. (a)

Objectives of Ind AS – 105 are enumerated below:

(a) Assets that meets in criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and

(b) The results of discontinued operations to be presented separately in the statement of profit and loss.

4. (b)

Cash Flow Statement for the Year Ended 31st March, 2023

A	Cash Flow from Operating Activities	(83,240)
B	Cash Flow from Investing Activities	(3,53,400)
C	Cash Flow from Financing Activities	19,00,000
	Net increase in Cash and Cash Equivalents (A+B+C)	14,63,360
	Cash and Cash Equivalents in the beginning	6,000
	Cash and Cash Equivalents at the end	14,69,360

5. (a)

The Ind AS 112 does not apply to :

(a) post-employment benefit plans or other long-term employee benefit plans to which Ind AS 19, Employee Benefits, applies.

(b) an entity's separate financial statements to which Ind AS 27, Separate Financial Statements, applies. However, if an entity has interests in unconsolidated structured entities and prepares separate financial statements as its only financial statements, it shall apply the requirements of this standard when preparing those separate financial statements.

(c) an interest held by an entity that participates in, but does not have joint control of, a joint arrangement unless that interest results in significant influence over the arrangement or is an interest in a structured entity.

(d) an interest in another entity that is accounted for in accordance with Ind AS 109, Financial Instruments.

However, an entity shall apply this Ind AS:

(i) when that interest is an interest in an associate or a joint venture that, in accordance with Ind AS 28. Investments in Associates and Joint Ventures, is measured at fair value through profit or loss: or

(ii) when that interest is an interest in an unconsolidated structured entity.

5. (b)

Minority Interest = ₹ 61,464

Cost of Control = ₹ 79,400

Balance of Consolidated Profit and Loss account = ₹ 21,456

6. (a)

(i) Goodwill = ₹ 30,00,000

(ii) Net Assets Basis:-

Equity Share(₹ 10 Paid Up) = ₹ 24.50

Equity Share (₹ 5 Paid Up) = ₹ 12.25

Equity Share (₹ 3 Paid Up) = ₹ 10.25

(iii) Yield Based Value:-

Equity Share (₹ 10 Paid Up) = ₹ 52.50

Equity Share (₹ 5 Paid Up) = ₹ 26.25

Equity Share (₹ 3 Paid Up) = ₹ 15.75

(iv) Fair Value of an Equity Share:-

Equity Share (₹ 10 paid up) = ₹ 38.50

Equity Share (₹ 5 paid up) = ₹ 19.25

Equity Share (₹ 3 paid up) = ₹ 13

6. (b)

Expenses to be Recognized/(Reversed)

Year 1 = ₹ 14,58,000

Year 2 = ₹ 36,49,200

Year 3 = (₹ 16,51,200)

Value of Options Forfeited = ₹ 56,000

7. (a)

(i)

Financial assets are:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

(i) to receive cash or another financial asset from another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity;

(d) a contract that will or may be settled in the entity's own equity instruments and is:

(i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or Accounting of Financial Instruments

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Puttable Instrument

A puttable instrument is a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder. Ordinarily, it satisfies the conditions of being classified as financial liabilities. Where it entitles the holder to a pro-rata share of the entity's net assets on liquidation

it is classified as equity.

(ii)

A callable bond is one that gives the issuer the right to buy the bond from the bondholders at a specified price. This feature in effect is a call option written by the bondholder. The option premium (value of call) is payable by the issuer.

Liability Component = ₹ 275

Equity Component = ₹ 25

7. (b)

(i) Government Accounting Standards Advisory Board

A. Government Accounting Standards Advisory Board (GASAB) has been constituted by Comptroller and Auditor General of India (CAG), with the support of Government of India through a notification dated 12th August, 2002.

B. The new priorities focus on good governance, fiscal prudence, efficiency & transparency in public spending instead of just identifying resources for public scheme funding.

C. GASAB, as a nodal advisory body in India, is taking similar action to establish and improve standards of government accounting and financial reporting and enhance accountability mechanisms.

D. Structure of the GASAB: GASAB is a representative body and is represented by main stakeholders connected with accounting reforms of Union Government of India and States. The board consists of the following members:

1. Deputy Comptroller and Auditor General (Accounts) as Chairperson

2. Controller General of Accounts
3. Financial Commissioner, Railways
4. Controller General of Defence Accounts
5. Member (Finance) Telecom Commission, Department of Telecom
6. Additional / Joint Secretary (Budget), Ministry of finance, Govt. of India
7. Secretary, Department of Post
8. Deputy Governor, Reserve Bank of India or his nominee
9. Director General, National Council of Applied Economic Research (NCAER), N. Delhi
10. President, Institute of Chartered Accountants of India (ICAI) or his nominee
11. President, Institute of Cost and Works Accountants of India or his nominee
12-15. Principal Secretary (Finance) of four States by rotation
16. Principal Director in GASAB as Member secretary.

(ii)

Consolidated Fund of India

The Consolidate Fund of India, subject to the assignment of certain taxes to the States,

- all revenues received by the Government of India,
- all loans raised by the Government and
- all sums of money received by that Government in repayment of loans

Shall form one consolidated fund to be called "the Consolidated Fund of India"

- ➢ No sums of money shall be appropriated out of the Consolidated Fund of India except in accordance with the law.
- ➢ No money can be issued out of the Consolidated Fund of India unless the expenditure is authorised by an Appropriation Act.

Contingency Fund

Contingency Fund (Article 267) and Contingency Fund of India Act, 1950

- Parliament may by law establish a Contingency Fund in the nature of an imprest to be called "the Contingency Fund of India.
- Fund shall be placed at the disposal of the President to enable advances to be made for meeting unforeseen expenditure, pending authorization by Parliament

Public Account of India

The Public Account of India: As per Article 266 (2), All other public moneys received by or on behalf of the Government of India shall be credited to the Public Account of India

8. (a)

(i) Financial Statements convey the company's financial position and performance. Annual Report gives a larger picture of the organisation that includes new products, new markets, emerging strategies, and the company's overall future guidance.

(ii) Annual Report is wide in the sense that it contains Board's Report and many other information. Board's Report is part of the Annual Report.

(iii) XBRL stands for eXtensible Business Reporting Language. It is one of a family of "XML" languages which is becoming a standard means of communicating information between businesses and on the internet. XML stands for eXtensible Markup Language and is a markup language for documents containing structured information. A markup language is a mechanism to identify structures in a document. The XML specification defines a standard way to add markup to documents. The most important conceptual distinction is that XBRL provides a way to express and validate semantics. For example, Assets = Equity + Liabilities can be expressed using XBRL but not using native XML. XBRL accommodates change better than XML. Another unique feature of XBRL is its native support of multidimensional modeling, which is very similar to Microsoft Excel pivot tables but XML does not have this feature.

(iv) Under Corporate Social Reporting, The Board of every company is required,—

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company. [Sec 135(4)]

(c) ensure that the company spends, in every financial year, at least 2%. of the Average Net Profits (as per Sec 198) of the company made during 3 immediately preceding financial years**,** in pursuance of its Corporate Social Responsibility Policy. [Sec 135(5)]. A sustainability report is an organizational report that gives information about economic, environmental, social and governance performance.

8. (b)

Meaning of Notes to Accounts

Notes to Accounts provide:

(a) narrative descriptions or disaggregations of items recognised in those statements; and

(b) information about items that do not qualify for recognition in those statements.

Importance of Notes to Accounts

The notes to accounts are essential to understand fully the items to which the notes relate.

The notes to accounts are an integral part of a company's external financial statements since not all relevant financial information can be communicated through the amounts shown (or not shown) on the face of the financial statements.

If the Income Statement, Balance Sheet, and Statement of Cash flow are the heart of the financial statements, then the footnotes are the arteries that keep everything connected.

Two Examples of Notes to Accounts:

1. Corporate Information.
2. Significant Accounting Policies.
3. Critical Accounting Judgements And Key Sources Of Estimation Uncertainty
4. Fair Value Of An Option On The Grant Date
5. Financial Risk Management

8. (c)

Meaning of Triple Bottom Line (TBL)

TBL reporting refers to providing information on the economic, environmental and social dimensions of the activities carried on by an organisation.Thus, The Triple Bottom Line is made up of "Social (People), Economic (Profit) and Environmental (Planet)". In the private sector, a commitment to CSR implies a commitment to some form of TBL reporting.

Benefits of Triple Bottom Line Reporting

1. Enhancement Of Reputation And Brand
2. Securig A Social Licence To Operate
3. Attraction And Retention Of High Calibre Employees
4. Improved Access To Investors
5. Reduced Risk Profile
6. Identification Of Potential Cost Savings
7. Increased Scope For Innovation
8. Aligning Stakeholder Needs With Management Focus, And
9. Creating Sound Basis For Stakeholder Dialogue

8. (d)

Meaning of Sustainability Report

A sustainability report is an organizational report that gives information about economic, environmental, social and governance performance.

Benefits of Sustainability Report

I. Internal benefits for companies and organizations can include:

1. Increased understanding of risks and opportunities
2. Emphasizing the link between financial and non-financial performance
3. Influencing long term management strategy and policy, and business plans
4. Streamlining processes, reducing costs and improving efficiency
5. Benchmarking and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives
6. Avoiding being implicated in publicized environmental, social and governance failures
   Comparing performance internally, and between organizations and sectors

II. External benefits of sustainability reporting can include:

1. Mitigating - or reversing - negative environmental, social and governance impacts
2. Improving reputation and brand loyalty
3. Enabling external stakeholders to understand company's true value, and tangible and intangible assets
4. Demonstrating how the organization influences, and is influenced by, expectations about sustainable development

8. (e)

Meaning of XBRL

XBRL stands for eXtensible Business Reporting Language. It is one of a family of "XML" languages which is becoming a standard means of communicating information between businesses and on the internet. XBRL provides major benefits in the preparation, analysis and communication of business information and is fast becoming an accepted reporting language globally. It offers major benefits to all those who have to create, transmit, use or analyse such information.

(a) Extensible: means the user can extend the application of a particular business data beyond its original intended purpose.
(b) Business: means relevant to the type of business transaction.
(c) Reporting: the intention behind promoting use of XBRL is to have all companies report their financial statements in a consolidated manner using the specified formats.
(d) Language: XBRL is based on XML, which prescribes the manner in which the data can be "marked-up" or "tagged" to make it more meaningful to human readers as well as to computers-based system.

Potential Applications Of XBRL

1. XBRL for Financial Statements: Financial statements of all sorts used to exchange financial information
2. XBRL for Taxes: Specification for tax returns which are filed and information exchanged for items which end up on tax returns
3. XBRL for Regulatory Filings: Specifications for the large number of filings required by government and regulatory bodies
4. XBRL for Accounting and Business Reports: Management and accounting reporting such as all the reports that are created by your accounting system rendered in XML to make re-using them possible
5. XBRL for Authoritative Literature: A standard way for describing accounting related authoritative literature published by the AICPA, FASB, ASB, and others to make using these resources easier, "drill downs" into literature from financials possible

Advantages of XBRL

1. Automated Data Processing.
2. Cost Saving.
3. Time-Saving.
4. Better Financial Reporting.
5. Multi-Language Capability.
6. Improved Data Analysis.
7. Advantages to Individual Stakeholders.