S. NO.	DATE	TITLE	PAGE NO.	REMARKS
1.		Introduction to Ind AS		
2.		Ind AS-2 → Inventories	1 - 12	
3.		Ind AS-16 → PPE	13 - 35	
4.		Ind AS-38 → Intangible Asset	36 - 47	
5.		Ind AS-40 → Investment Property	48-53	
6.		Ind AS-115 → Revenue ... with Customer	54 - 83	
7.		Ind AS-116 → Leases	84 - 104	
8.	Most weightage !	Ind AS-32, 109 & 107 → A/C ing & Reporting of financial Instruments	105 - 151	
9.		Ind AS-102 → Share Based Payment	152 - 176	
10.		Ind AS-12 → Income Taxes	177 - 191	
11.		Ind AS-103 → Business Combination	192-230	

Great Things Never Came From Comfort Zones.

Coverage

ICAI Study Material + RTPs + MTPs + Exam Papers

Material to be referred alongwith the Lectures

Concept Notes

Question Bank ← Main Volume
Irrelevant Theory Question

↓

Covering All Ques. with Sol^{n}

↓

100% Question will be solved in class (No HW)

↓

Maintain a Register of approx 300 Pages to practice the Questions alongwith the class

Doubt Solving & Guidance

- Whatsapp OR Call – (Number Provided on Mail)
- Pvt. Telegram Group for Class Students

Paper Pattern

Descriptive Question ⇓ 70 Marks

MCQ ⇓ 30 Marks

Syllabus of the subject

Ind AS

As on date, 39 Ind AS are notified

[Out of which 35 are in Syllabus]

4 Small Chapters

- Framework under Ind AS
- Analysis of FS

] Ind AS linked

- Professional Duty of a CA
- Accounting & Technology

] Theory

~~IND AS 102 Share Based Payment~~

IND AS - 2 Inventories

Answer (1.)

FG or WIP are in Stock

These are valued at lower of cost or NRV

Cost = 85 + 55 => ₹140 lakhs

NRV = Assume NRV is more than cost

∴ Lower of cost or NRV is ₹140 lakhs [Inventory]

Alternative Scenerio :-

Cost = 140 lakhs

NRV = If it is assumed that there is no buyer for customised power panel, then NRV is "NIL"

∴ Lower of NRV, i.e. "Nil" [Inventory]

On Debtors of ₹65 lakhs, Prov. for Doubtful Debts is created.

Answer (2.)

If FG are sold below cost, then RM is valued at lower of Cost or Replacement Cost.

Now,

Cost of RM = ₹410 × 100w kg => ₹40 00 000

Rep. Cost of RM ₹30 × 100w kg => ₹ 30 00 000

∴ Lower is ₹30,00,000 [RM Inventory]

Answer (3.)

(a.) Item by Item basis

	Cost	NRV	Valuation
A	2000	1900	1900
B	5000	5100	5000
C	4400	4550	4400
D	3200	2990	2990
		Valuation →	14,290

(b.) Group Basis

Cost = 14600
NRV = 14540
} lower, i.e. ₹ 14,540

Answer (4.)

Item	Cost	NRV	Valuation
A_1	8000	7800 − 500 = 7,300	7300
A_2	14000	18000 − 200 = 17,800	14000
B_1	16000	17000 − 200 = 16,800	16000
C_1	6000	7500 − 150 = 7,350	6000
		Valuation →	43,300

Answer (5.)

Cal^{n} of Cost of Purchase :-

Purchase Price [1000 units × ₹1200]	1200000
(−) Trade Discount @5%	(60000)
(+) Import Duty [1000 units × ₹60)	60000
(+) Transportation cost	5000
	1205000

Assume all units are in Cl. Stock.
So, cost of Closing Stock = ₹ 12,05,000

Answer (6.)

Items (a), (b), (c), (d), (e) & (g) permitted to be included in cost

Cal^{n} of cost of Purchase —

Purchase Price	500000
(−) Trade Dis.	(10000)
(+) Import Duty	200
(+) Freight	250
(+) Other Handling cost	100
(+) Brokerage	300
	4,90,850

Assume all units are in Cl. Stock
So, cost of Cl. Stock = ₹ 4,90,850

4

Answer (7.)

Cal^{n} of Cost Per Unit :

Other Cost	136
(+) Fixed OH [10000000 / 100000]	10
Cost PU	₹146

Allocation of Fixed OH [₹ 10 00000]

Cost of Prodn	Rem. expensed to P&L [B/F]
75000 X 10	1000000 - 750000
=> ₹ 7,50,000	=> ₹ 2,50,000

Answer (8.)

Cal^{n}. of Cost PU. :—

Material	200
Labour	100
Variable Prod^{n} OH	100
Fixed OH (10000000 / 100000)	100
Cost PU	₹ 500

Allocation of fixed Manufacturing OH (₹10000000)

Cost of Production	Rem. expensed to P&L (B/F)
⇓	⇓
50000 Units X ₹100	10000000 - 5000000
=> 5000000	=> 5000000

Answer (9.)

Cal^{n}. of Cost P.U. :-

Material

X: 1205

Y: 800 2005

Labour (1000 Hrs × ₹300 × 1/500 units) 600

Fixed Prod^{n} OH:

Factory Rent (16500/500) ⇒ 33

Energy Cost (7500/500) ⇒ 15 48

(+) Sundry RM 150

Cost PU ₹ 2,803

Answer (10.)

Actual Prod^{n} of FG = Sales + Cl. St. of FG − Op. St.

= 1200 + 10000 − 1000 = 10,200 kg

Raw Mat. consumed = Op. St. + Purchase − Cl. St.

= 1100 + 10000 − 900 = 10,200 kg

So, it means 1 kg of RM is reqd to manufacture 1 kg of FG.

Cost of RM per kg ⇒ $\frac{100000}{10000}$ = ₹10 per kg

Cal^{n}. of Cost of Prod^{n} :-

RM [10200 kg of FG × 1 kg of RM × ₹10] 102000

Labour 76500

Fixed OH $\left[\frac{75000}{15000} = 5 \text{ per kg} \times 10200\right]$ 51000

₹ 2,29,500

∴ Cost Per kg of FG = $\frac{22950}{1020 \text{ kg}}$ = ₹ 22.50

Valuation of FG :

Cost = 22.50 NRV = ₹20

⇓

Lower ⇒ ₹20 per kg

Valuation of RM :- [Since, FG are sold < cost]

cost = ₹10 Replacement Cost = ₹ 9.50

⇓

Lower ⇒ ₹9.50 per kg

Value of Cl. Stock :

FG	RM
1200 kg × ₹20	900 kg × 9.50
⇒ ₹ 24000	⇒ ₹ 8550

Total = 24000 + 8550 = ₹ 32,550

Answer (11.)

Cost of Prodⁿ :-

Raw Mat [550000 - 50000]	500000
Direct Mat.	55000
Direct Lab.	65000
Fixed OH [Depⁿ] $\left[\frac{₹15000}{7000} \times 7000\right]$	15000
Designing cost (Var. OH) (7000+3000)	10000
Other Mod. Cost [210000 + 110000 + 50000] DM DL FO	370000
Total Cost of Inventories →	₹682000

Answer (12.)

Calⁿ of finance cost per Car :

Deferred Payment [25000 X 12]	300000
(-) Cash Price	280000
Finance Cost =>	20000

Total finance cost = 1000 cars x 20000 ₹ => ₹ 200 00 000

Cost of Inventory = 20 cars x 280000 = ₹ 5600000

COGS = 980 Cars x 280000 = ₹ 27 44 000

Answer (13.)

Cal^{n} of ~~Joint cost~~ NRV of By Product :-

Sales Price	(2000 Units × 20)	40000
(–) Completion cost	(8000+2000)	(10000)
		30000

Cal^{n}. of Joint cost :-

Total common cost of Production :

RM	150000	
Wages	90000	
Var. OH	50000	
Fix. OH	65000	355000
(–) NRV of By Product		(30000)
(–) Amt. Realised from Scrap		(500)
	JOINT COST	3,20,000

Sales Value of MP_1 ⇒ 5000 × 60 = ₹ 300000

Sals Value of MP_2 ⇒ 4000 × 50 = ₹ 200000

∴ Ratio = 3 : 2

Cost of Prod^{n} allocated to

MP_1	MP_2
$320000 \times \frac{3}{5}$	$320000 \times \frac{2}{5}$
⇒ ₹ 192000	⇒ ₹ 128000
⇓	⇓
Cost PU	Cost PU
$= \frac{₹\ 192000}{5000} = 38.40$	$= \frac{128000}{4000} = 32$

Cost of Inventory :-

MP_1 => 250 Units × 38.4 = ₹ 9,600

MP_2 => 100 Units × 32 = ₹ 3,200

Answer (14.)

(a.) FIFO Method

Cost of closing stock = (350 units × 714) + (50 Units × 12 ₹)
(400 Units) = ₹ 5500

COGS = Total Cost - Cost of Cl. St. = 12250 - 5500 = 6750

~~(b.)~~

(b.) Weighted Avg. Cost Method

Weighted Avg. cost PU = $\frac{12250}{1000 \text{ Unit}}$ = ₹ 12.25 PU

Cost of Cl. St. = 400 Units × ₹12.25 = ₹4900

COGS = 12250 - 4900

₹7,350

Answer (15.) Closing Inventory = 300 Units - 175 Units = 125 Units

(a.) FIFO method

Cost of Closing stock = (50 Units × 3) + (75 × 2.80)
= ₹ 360

COGS = Total Cost - Cost of Cl. St. = 780 - 360 = ₹420

(b.) WAM

WAC Per Unit = $\frac{780}{300}$ = ₹ 2.60 PU

Cost of closing stock = 125 Units × ₹2·60
= ₹325

COGS = Total Cost − Cost of Cl. St. = 780 − 325 = ₹455

*Answer (16.)

Normal Lab. Hrs = 7500 Hrs.
Actual Lab. Hrs = 6500 Hrs.
Actual Unit Prod. = 6500 Units

[Note* − सभी पता लगा रहा है 1 Hr. में 1 unit बनी है)

In 1 Hr.; 1 Unit is Produced
In 7500 Hr; 1 Unit × 7500 Hrs ⇒ 7,500 Units

So, normal Units = 7500 Units

Cal^{n}. of cost of Prod^{n} :—

Var. OH	2600
Fixed OH $\left[\frac{1500}{7500} \Rightarrow 0.20 \text{ P.U.} \times 6500\right]$	1300
	3900

∴ Cost PU = $\frac{3900}{6500}$ = ₹0.60 P.U.

Now, Bifurcate Cost of Prod^{n} [₹3900] :—

Cost of Cl. St.
[2500 + 6500 − 6700 = 2300 Units]
⇓
2300 Units × 0.60
= ₹1380

COGS out of this Prod^{n}
[6,500 − 2300 = 4200 Units]
⇓
Balancing figure
= 3900 − 1380 ⇒ ₹2,520

Allocation of fixed Prodⁿ OH :-

Production	P&L (B/F)
⇓	⇓
6500 units x ₹0.20	1500 - 1300 → ₹200
⇒ ₹1300	

Answer (17.)

~~Calⁿ of Cost of Cl. Inv. :~~

(a) Cost % of Retail Price

→ $\frac{6250 + 19500}{8000 + 34000} \times 100 = 61\%$

(b.) Cost of Cl. St. ⇒ 23000 x 61% = ₹ 14,030

(c.) Cost of Sales = 6250 + 19500 - 14030 = ₹11720

(d.) Profit Earned = 19000 - 11720 = ₹7280

Answer (18.)

Cost of stock = ₹50

NRV of Stock :-

Selling Price	40
(-) completion cost	(15)
	25

∴ Stock will be valued at lower of cost or NRV
i.e., ₹25 per pack

Write down (loss) on stock = 50 - 25 = ₹25 per pack

Answer (19.)

(a.) On 31.03.20x1

Cost = ₹10 M

NRV = ₹8M - 0.5 M = ₹ 7.5 m.

∴ Value of stock ⇒ lower, i.e. ₹7.5 million

Write Down ⇒ ₹2.5 M [10 - 7.5]

(b.) On 31.03.20x2

Cost = ₹10 M

NRV = 11 M - 0.5 M = ₹10.5 Million

∴ Value of stock ⇒ lower, i.e. ₹10 Million

Reversal of write down = ₹2.5 Million
[10M - 7.5 M]

Answer (20.) Cl. St. = 100 Units

60 Units Contract

40 Units

Cost PU = ₹10

NRV PU → Contract [60 Units] = 11 - 1 = ₹10 p.u.

→ Other [40 Units] = 8 - 1 = ₹7 p.u.

∴ Value of Inventory ⇒ lower ⇒ NRV

60 Units →	60 x ₹10	₹600
40 Units ⇒	40 x ₹7	₹280
		₹880

IND AS -16 PPE

Answer (1.) Cal^{n}. of Cost to be Capitalised :-

	₹ ('000)
Site Prep. Cost	150
Direct Mat.	2000
Direct Lab (1160000 - 100000)	1150
(Abnormal)	
Testing	200
Consultancy Fees	340
P.V. of dismantling Cost	210
	₹ 4,000

Answer (2.) Cal^{n}. of Cost :-

	(₹)
List Price	80 00 000
(-) Trade Dis. (10%)	(800000)
(+) Import Duty	500000
(+) Delivery Fees	100000
(+) Installation Cost	10000000
(+) Pre Prod^{n} Testing	400000
	₹ 92,00,000

* Maintenance Contract = 7,00,000 [Current Year = 7L/5 = ₹140000]

Main. Exp. Dr 7L
To Cash 7L

P/P Main. Exp. Dr 5.6L
To Main. Exp (7L - 1.4L) 5.6L

* Cash Dis. => (80L - 8L) X 5% = ₹360000

P/L → Other Income

Answer (3.)

Cal^{n}. of Cost :—

		(₹)
· Purchase Price of Land		3000000
· Stamp Duty & Legal Fees		200000
· Architect Fees		200000
· Site Preparation		50000
· Materials	1000000	
(–) Ab. Loss	(100000 + 150000)	750000
· Labour	400000	
(–) Ab. Loss	(22000)	378000
		4578000

Answer (4.)

	(₹)
Cost	2500000
(+) Delivery	200000
(+) Site Prep. Cost	600000
(+) Consultant Fees	700000
(+) P.V. of dis. cost	300000
	4300000

Answer (8.) Cal^{n}. of Normal Purchase Price :

Date	Payment	PVF @ 5.36%	PV
1.4.X1	3333333	1	3333333
31.3.X2	3333333	0.949	3163756
31.3.X3	3333333	0.901	3002805
			9499894 or 9500000 (Approx)

Cal^{n} of Int. Exp. :

Date	Op. Bal.	Int. Exp.	Actual Pay.	Cl. Bal.
1/4/X1	9500000	–	3333333	6166667
31/3/X2	6166667	830534	3333333	3163868
31/3/X3	3163868	169583	3333333	118 or NIL

J.E.:-

1/4/x1	PPE	Dr	9500000	
	To Payable			6166667
	To Bank A/c			3333333
31/3/x2	Int. Exp.	Dr	330534	
	To Payable			330534
	Payables	Dr	3333333	
	To Bank A/c			3333333
31/3/x3	Int. Exp.	Dr	169583	
	To Payable			169583
	Payables	Dr	3333333	
	To Bank			3333333

Answer (9.)

PPE Acquired ⇒ 15 Million + 3 Million = 18 Million
(Private Jet) = ₹ 180000000

J.E.:-

PPE (Pvt. Jet)		Dr	180000000	
To Profit on Exch. (BIF)				50000000
To Cash				30000000
To PPE (L & B)				100000000

(W.N.) Profit on exch.:-

	(₹) (in '000)
PPE Acquired	180000
(-) PPE given up	(100000)
(-) Cash Paid	(30000)
Profit →	50000

Answer (10.) PPE Acquired = 100000 + 5000 = ~~₹120000~~ ₹95000
(warehouse of Y)

JE's

PPE Acquire (W/H Y)	Dr	95000	
Cash	Dr	5000	
To PPE (W/H X)			100000

* NO Profit / (Loss) in the ~~following~~ above question

Answer (11.)

Dep^n for 1st year = $\frac{10000 - 2000}{10}$ = ₹800 p.a.

Dep^n for 2nd year = ₹800 p.a.

Dep^n for 3rd year = $\frac{(10000 - 800 - 800)}{\text{carrying value after two years}} - 2000$
$\frac{}{4}$

= ₹1600 p.a.

Answer (12.) Dep^n for starting 8 years = $\frac{200000 - 20000}{10}$ = ₹18000 p.a.

* Carrying Amt. of PPE after 8 years = 200000 - (18000 × 8)
=> ₹ 56,000

New Dep^n from 9th year onwards p.a. = $\frac{56000 - 10000}{4}$

= ₹ 11,500 p.a.

Answer (13.) Existing depreciation upto 31.3.X4 :- (P.a.)

Building	$\frac{15000000}{15}$	⇒ 1000000
Plant & Machinery	$\frac{10000000}{10}$	⇒ 1000000
Furniture	$\frac{3500000}{7}$	⇒ 500000
		2500000

Carrying Amt. of PPE on 31.3.X4 :-

Bldg [15000000 − (1000000 × 3)]	12000000
P&M [10000000 − (1000000 × 3)]	7000000
furniture [3500000 − (500000 × 3)]	2000000

New Depⁿ on PPE from 1.4.X4 onwards :- (P.a.)

Building	$\left[\frac{12000000}{10}\right]$	⇒ 1200000
P&M	$\left[\frac{7000000}{7}\right]$	⇒ 1000000
furniture	$\left[\frac{2000000}{5}\right]$	⇒ 400000
		2600000

Extra debit in P&L on 31.3.X5 = 2600000 − 2500000 = ₹ 1,00,000

Answer(14.) (Home work)

Answer (15.) Cal^{n} of dep^{n} charged till end of 3rd year :-

Year	Opening Balance	Dep^{n} @ 10%	Carrying / Closing Bal.
1	5000000	500000	4500000
2	4500000	450000	4050000
3	4050000	405000	3645000

Carrying Amt. of PPE after 3 years = ₹ 36,45,000

New Dep^{n} from 4th year Onwards :- (P.a.)

$\Rightarrow \frac{3645000}{8}$ = ₹ 4,55,625 p.a.

Answer(5.)

Cost :	₹ '000
Land	10,000
(+) Site Prep. Cost	300
(+) Direct Mat.	6,080
(+) Emp. Cost (2L X 7)	1,400
(+) Direct OH (100000 x 7)	700
	920
(+) P.V. of dem. cost (2 crore X 0.046)	612.5
(+) Interest (17500000 x 6% x 7/12)	(100)
(-) Income on Investment	19912.50

Cal^{n} of dep^{n} upto 31.03.X2 :- (₹ '000)

Total Cost $\Rightarrow$ 19912.50

Land = 10000 (No Dep^{n})

B/ding = 19912.50 - 10000 $\Rightarrow$ 9912.50

Dep^{n} on Roof Top $\Rightarrow \frac{9912.50 \times 30\% \times 4/12}{20} \Rightarrow$ ₹ 49.5625

Dep^{n} on rem. part of B/ding $= \frac{9912.50 \times 70\% \times 4/12}{40} =$ ₹ 57.8229

Total Dep^n on B/ding = 49.5825 + 57.8229 = 107.3854

Carrying Amt. (31.03.x2) ⇒ 19912.50 − 107.3854 = ₹ 19805.1146

*Answer (6.)

Cost	₹ '000
Material	10000
(+) Employment Cost (1200 × 2/3)	800
(+) Overhead (900 − 300)	600
(+) Advisory fees	500
(+) PV of dism. cost (0.68 × 2000)	1360
COST →	13,260

Dep^n on PPE →
- Major overhauling Part ⇒ $\frac{3000}{4} \times \frac{10}{12} \Rightarrow$ ~~150~~ 625
- Other Part ⇒ $13,260 - 300 = \frac{10,260}{8} \times \frac{10}{12} = 1069$

₹ 1,694

Carrying Amt. on 31.03.02 ⇒ (PPE)

Cost	13260
(−) Dep^n	(1694)
	11566

finance cost on Prov. for Decomm. Liab. :—

⇒ $1,360 \times 5\% \times \frac{10}{12} = 57$

Carrying Amt. for Decomm. Liab. :— (31.03.x2)

Op. Bal.	1360
(+) finance cost	57
	1,417

B/S

Asset	
NCA	
PPE	11576
Equity & Liab.	
NCL	
Other Liab.	
Prov. for DL	1417

P&L

Depn	1694
FC	57
	1751

Answer (7.) Cost :-

	₹ ('000)
Construction Cost	20000
(+) PV of Restoring cost (10000 × 0.142)	1420
COST →	21420

Depⁿ on Power generating facility = $\frac{21420}{40} \times \frac{6}{12}$ → ~~301.5~~ 267.75

Carrying Amt on 31.03.2022 ⇒ (facility)

Cost	21420
(-) Depⁿ	(267.75)
	21152.25

F.C. on Prov. for Decomm. liab. :-

→ $1420 \times 5\% \times \frac{6}{12}$ = 35.5

Carrying Amt. for Decomm. liab. :-

op. Bal.	1420
(+) finance cost	35.5
	1455.5

B/S		P/L	
Asset		Depⁿ	267.75
NCA		finance cost	35.5
PPE	21152.25		
Equity & liab.			
NCL			
Other ELiab.			
· Prov. for DL	1455.5		

Answer (16.) Ship → ₹ 20 Million

Major Inspection (₹5 Million) — 5 year — Depⁿ p.a. = 1 Million p.a.

Other Parts (15 Million) — 20 years — Depⁿ p.a. = 0.75 Million p.a.

Total Depⁿ p.a. = 1 + 0.75 = 1.75 Million p.a.

Carrying Amt. of Ship after 5 year = 20 Million − (1.75 M × 5)
→ ₹ 11.25 Million

Revised CA of Ship = 11.25 + 6 − (5 − (1 × 5 years)) (CA of old Part)
= ₹ 17.25 Million

Major Inspection (6M) — 5 years — Depⁿ p.a. = 1.2M p.a.

Other Parts (11.25M) — 15 years (Rem. Years) — Depⁿ p.a. = 0.75 M p.a.

∴ Total Depⁿ p.a. from 6th to 10th year = 1.20 + 0.75
= ₹ 1.95 M. p.a.

Answer (17.)

Carrying Amt. of Mach. on Past Replacement date = $10000000 - \left(\frac{10000000}{10} \times 6\right)$

= 4000000

Carrying Amt. of Old ~~Engine~~ Turbine on Replacement date →

Cost of Old Turbine → $4500000 \times 0.7462 \Rightarrow ₹3357900$

Carrying Amt. of Old Turbine after 6 years = $3357900 - \left(\frac{3357900}{10} \times 6\right)$

$\Rightarrow ₹1343160$

∴ New CA of Machine after 6 years (After Turbine Replacement) → $4000000 + 4500000 - 1343160$

$\Rightarrow ₹71,56,840$

Answer (18.)

Method 1:- Elimination Approach

Acc. Depn	Dr	55000	
To PPE			55000

Net carrying Amt. → 100000 − 55000 = 45000

fair value ⇒ 65000

Revaluation gain = 65000 − 45000 = 20000

PPE	Dr	20000	
To Revaluation gain			20000

Method 2 :- Restatement Approach

Revaluation gain % = $\frac{65000 - 45000}{45000}$ = 44.44%

PPE A/c	Dr	44444	
To Acc. Dep^n			24444
To Revaluation Gain			20000

Answer (19.)

Acc. Dep^n A/c	Dr	55000	
To PPE			55000

Net CA = 100000 - 55000 = 45000

fair Value = 65000

Realisation Gain = 65000 - 45000 = 20000

PPE A/c	Dr	20000	
To ~~Revaluation~~ Revaluation Gain			20000

Answer (20.)

Method 1 :- Elimination Approach

Acc. Dep^n A/c	Dr	80	
To PPE			80

PPE (150 - 120)	Dr	30	
To Revaluation Gain			30

Dep^n after Rev :- $\left[\frac{150}{6}\right]$ = 25 p.a.

Dep^n	Dr	25	
To Acc. Dep^n			25

Method 2:- Restatement Approach

Rev. Gain % = $\frac{150-120}{120} \times 100 = 25\%$

PPE A/c	Dr	50	
To Acc. Dep^n (80×25%)			20
To Rev. Gain			30

Dep^n after Revaluation :- 150 ÷ 6 = 25 p.a.

Dep^n	Dr	25	
To Acc. Dep^n			25

Answer (Q1)

Purchased on 1.4.X1	900000
(-) Dep^n for 2 years [$\frac{900000}{10} \times 2$]	(180000)
Carrying Amt of PPE on 1.4.X3 ⇒	720000

Rev. Gain [Rev. Surplus (OCI)] = 960000 − 720000 = 240000

Dep^n in 20X3 − X4 ⇒ $\frac{960000}{8}$ = ₹120000 p.a.

Cl. Bal. of Rev. Surplus on 31.03.X4 :-

1.4.X3 Balance		240000
(-) Excess Dep^n:		
Dep^n on Rev. Amt	120000	
(-) Dep^n on Org. Cost	(90000)	(30000)
		210000

2.

Answer (23.)

Sale :-

Bank	Dr	10000	
Loss on Sale (P&L)	Dr	90000	
To PPE			100000

Loss on Sale ; i.e. ₹90,000 (100000 - 10000) is recorded in P&L.

Compensation :-

Compensation Rec.	Dr	50000	
To Comp. Income (P&L)			50000

Answer (22.)

Machinery A/c

Dr		Cr		
1.4.X1	To Bank / Pay.	3000000	31.3.X2	By Dep^n 250000
				By Bal c/d 2750000
1.4.X2	To Bal b/d	2750000	31.3.X3	By Dep^n 250000
				By Bal c/d 2500000
1.4.X3	To Bal b/d	2500000	31.3.X4	By Dep^n 250000
				By Bal c/d 2250000
1.4.X4	To Bal b/d	2250000	31.3.X5	By Dep^n 250000
				By Bal c/d 2000000
1.4.X5	To Bal b/d	2000000	31.3.X6	By Dep^n 250000
				By Bal c/d 1750000
1.4.X6	To Bal b/d	1750000	31.3.X7	By Dep^n 275000
1.4.X6	To Rev^n Surplus (OCI)	175000	31.3.X7	By Bal c/d 1650000
1.4.X7	To Bal b/d	1650000	31.3.X8	By Dep^n 275000
				By Bal c/d 1375000

1.4.X8 To Bal b/d	1375000	1.4.X8 By Rev. Sur (OCI)	125000
		1.4.X8 By P&L	81250
		31.3.X9 By Depn	146094
		31.3.X9 By Bal c/d	1022656
1.4.X9 To Bal b/d	1022656	31.3.10 By Depn	146094
31.3.10 To P&L (Bf)	58438	31.3.10 By Bank	935000
∴ ... [Gain on Sale]			

Working Notes:—

(i.) Depn till 1.4.X6 ⇒ 3000000 - 1750000 ⇒ 1250000

Time till 1.4.X6 ⇒ 5 years

Depn p.a. ⇒ $\frac{1250000}{5}$ = ₹ 250000 p.a.

Rem. useful life on 1.4.X6 = $\frac{1750000}{250000}$ = 7 years

Total Useful life = 5 + 7 = 12 years

(ii) Rev. Surplus (OCI):—

10% Gain on 1.4.X6 ⇒ 1750000 × 10% ⇒ ₹ 175000

(iii) Depn on Revalued Amt. :— (on 1.4.X6)

Asset ⇒ $\frac{1750000 + 175000}{7}$ = $\frac{1925000}{7}$ ⇒ ₹ 275000 p.a.

(iv) Downward Revaluation on 1.4.X8 :—

⇒ 1375000 × 15% = ₹ 206250

↓ ↓

Debit to Rev. Surplus (OCI) = 1,25,000

Rem. Dep. to P&L ⇒ 206250 - 125000 ⇒ 81250

Entry:-

Reval. Surp. (OCI)	Dr	125000	
P&L	Dr	81250	
To Machinery			206250

(v) Bal. of Reval. Surplus on 1.4.X8 :-

1.4.X6	Amount		175000
(→ 7/6	to Ret. Earnings (Amt. of Excess Dep^n) [275000 - 250000] × 2		(50000)
	Balance of Rev. Surplus on 1.4.X8	⇒	125000

31.3.X7	Rev. Surp.	Dr	25000	
	To Ret. Ear.			25000
31.3.X8	Rev. Surp.	Dr	25000	
	To Ret. Ear.			25000

(vi) Dep^n from 1.4.X8 Onwards:-

Revalued Amt. of Asset ⇒ 1375000 - 206250 ⇒ 1168750

Dep^n ⇒ $\frac{1168750}{8}$ = ₹ 1,46,094 p.a.

Answer (24)

1.4.01	PPE A/c	Dr	120000	Not necessary to do in Exam just for understanding
	To Bank A/c		110000	
	To Prov. for DL		10000	

Useful life = 40 years

Carrying Amt. of Prov. for D.L. on 1.4.[illegible] = $10000\ (1.05)^{10} = 16,289$ (Approx)

Calculation of P.V. of revised estimate :-

CA of Provision for D.L.	16289
(-) Decrease in Liability	(8000)
P.V. of Revised Estimate	→ 8289

Entry :-

Prov. for DL. Dr 8000
To PPE 8000

Finance cost in Next year → $8300 \times 5\% = 415$

PPE Amt. on 31.3.[illegible] ⇒ $120000 - \left(\frac{120000}{40} \times 10\right) = 90000$

(-) Decrease in Liab. (8000)

82000

Dep^{n} on PPE from next year ⇒ $\frac{82000}{30} = 2733$ P.Y.

Answer (25.)

(a) PPE :-

Year	Op. Bal.	Dep^n	Cl. Bal.
1	10231597	1023159 7	9208437 0
2	9208437 0	1023159 7	8185277 3
3	8185277 3	1023159 7	7162117 6
4	7162117 6	1023159 7	6138957 9
5	6138957 9	1023159 7	5115798 2
6	5115798 2	1023159 7	4092638 5
7	4092638 5	1023159 7	3069478 8
8	3069478 8	1023159 7	2046319 1
9	2046319 1	1023159 7	1023159 4
10	1023159 4	1023159 7	(3)

W.N.:-

PV of decommissioning liability = 50 lakhs $\times \frac{1}{(1.08)^{10}}$

= ₹ 23,15,967

∴ PPE cost at beginning = 10 crore + 2315969

= ₹ 10 23 15 967

Dep^n p.a. = $\frac{10231597}{10}$ = 1023159 7

Prov. for D.L.

Year	Op. Bal.	Int @ 8%	Cl. Balance
1	2315967	185277	2501244
2	2501244	200100	2701344
3	2701344	216108	2917451
4	2917451	233396	3150848
5	3150848	252068	3402915
6	3402915	272233	3675149
7	3675149	294012	3969160
8	3969160	317533	4286693
9	4286693	342935	4629629
10	4629629	370370	5000000

(b) PPE Amt at the end of 4th year = $10231596 - \left(\frac{10231596 \times 4}{10}\right)$

$= 6138958$

Present value of revised estimate = $\frac{8000000}{(1.08)^6} = 5041357$

Carrying Amt. of D.L. after 4 years → 3150847

∴ Increase in liability = 5041357 − 3150847

~~₹6,32,80,090~~ → 18,90,510

PPE A/c Dr 1890510

To Prov. for D.L. 1890510

∴ PPE Amt. after 4 years ⇒ 6138958 + 1890510

(including ↑ in D.L.) ⇒ ₹ 6,32,80,090

∴ Dep^n from 5th year onwards = $\frac{6328090}{6}$ → 1054682 p.a.

PPE :-

Year	Op. Bal.	Dep^n	Cl. Bal.
5	63280090	10546682	52733408
6	52733408	10546682	42186726
7	42186726	10546682	31640044
8	31640044	10546682	21093362
9	21093362	10546682	10546680
10	10546680	10546682	(2)

Prov. for D.L. :-

Year	Op. Bal.	Int @ 8%.	Cl. Bal.
5	5041357	403309	5444666
6	5444666	435573	5880239
7	5880239	470419	6350658
8	6350658	508053	6858711
9	6858711	548696	7407407
10	7407407	592593	8000000

NOTE** :- Meri Child ke liye mene esse kia baki iss Question ko aap in Millions me solve kr sakte hi

Answer (26.)

PPE :-

1.4.01	120000
(-) Depⁿ $\left(\frac{120000 \times 3}{40}\right)$	(9000)
CA on 31.3.04	111000
Fair Value on 31.3.04 [115000 + 11600]	126600
Revaluation gain [OCI] (126600 - 111000)	15600
∴ New Amt. of PPE on 31.3.x4	126600
(-) Depⁿ for 1 year [126600/37]	(3420)
CA of PPE on 31.3.05	123180
FV of PPE on 31.3.05 (107000 + 7200*)	114200
Revaluation loss (123180 - 114200) - Rev. Surplus (OCI) Debit	8980

Provision for D.L. :-

Year	op. Bal.	Int @ 5%	Cl. Bal.
31.3.02	10000	500	10500
31.3.03	10500	500	11000
31.3.04	11000	600	11600
31.3.05	11600	600	12200
		2200	

OR $10000 \times (1+0.05)^3$ = 11576.25 or 11600 (approx)

Decrease by ₹5000

Prov. for D.L. Dr 5000
To Rev. surplus (OCI) 5000

New PV of decomm. liab. = 12200 - 5000 = 7,200 *

Revaluation surplus :- [OCI]

Rev. Gain on 31.3.04	15600
(+) Decrease in liab. on 31.3.05	5000
	20,600
(-) Revaluation loss on 31.3.05	(8980)
Balance on 31.3.05	11,620

Retained Earnings :

Depⁿ upto	31.3.04	(9000)
Depⁿ of	31.3.05	(3420)
finance cost upto	31.3.05	(2200)
Balance on 31.3.05	→	14,620

IND AS-38 Intangible Assets

Answer (1.)

Cost of Purchase	1000000
(-) T/D	(100000)
(+) Testing Cost	35000
	935000

Answer (2.)

Purchase Price	3000000
(+) Tax	50000
(-) T/D on list price (3cr x 5%)	(150000)
(+) Customisation Cost	700000
	3600000

Maint. Contract (5 years) → 2,00,000 → P&L

- 40000 → Expense C.Y.
- 160000 → Prepaid Expense

Answer (3.)

Purch. Price Immediately paid	600000
(+) P.V. of deferred cons. (400000 x 1/1.1)	363636
(+) Purchase Tax	87000
(+) Consultancy fees	120000
	1270636

ST

Answer (4.)

Paid ~~Advt~~ Advt. = 800000 ~~Rs~~, Before 31st March, 2022

₹700000
Expensed to be booked in 2021-22

₹100000
⇓
Prepaid Expense for FY 2021-22 & it will be booked as expense in FY 2022-23

Paid Advt. ⇒ 400000 After 31st March 2022
⇓
It is booked as expense in 2022-23

Answer (5.)

Paid Advt. = ₹800000, before 31st March, 20X1

₹700000
⇓
Expense to be booked in 20X0 - 20X1

₹100000
⇓
Prepaid Expense for FY 20X0 - 20X1 & it will be booked as expense in FY 20X1 - 20X2

Paid Advt. ⇒ ₹400000 After 31st March, 20X1
⇓
It is booked as expense in 20X1 - X2

Irrelevant for Exam

Answer (6) Total expense till 30.9.2001 ⇒ 2 1 Crore

Befor July 2001 ⇓ 30 lakh ⇒ Research ⇒ P&L

July 2001 To Sept. 2001 ⇓ 70 lakh ⇓ Development ⇓ Capitalise Ind AS 38

Answer (7.)

Cost to be recorded as Expense in P&L :-

Salaries of Progm. Designer	200000
(+) other cost of Prgrm. Design	500000
(+) other cost of Coding	200000
Research Exp. (a)	900000
(+) Conference cost (b)	70000
Expense in P&L ⇒ (a+b)	970000

Cost to be recorded as Intangible Asset :-

Cost after establishing Tech. feas.	700000
(+) Testing Cost	200000
Capitalise (Ind AS 38)	900000

Answer (8.)

in Process research acquired	1000000
(+) Development Cost	700000
Capitalised cost (Ind AS 38)	1700000

Research Cost to be Charged to P&L → 500000 + 200000 => 700000

500000 ⇓ Research Expense

200000 ⇓ Establishing tech. Feasibility

Answer (9.) → Directly sir se le from Question Bank

Answer (10.)

(i) Advertisement → 4.8 lakhs ⇒ P&L Expense

(iii) Staff Training → 5 lakhs → P&L Expense

(ii) Developing IA ⇒ Total Exp 3 lakh

Upto 30th Sept (Research Phase) ⇓ 1.5 lakh ⇓ P&L Exp

After 30th Sept (Dev. Phase) ⇓ 1.5 lakh ⇓ Capitalise

Recoverable Amt = 1.4 lakh

∴ so it will be recorded at 1.4 lakh

∴ ₹10000 (1.5L - 1.4L) impairment loss is recorded in Pfl.

Answer (11.)

(1.) Advertisement cost ⇒ 2.4 Lakhs → P&L Expense

(2.) Developing IA → Total Expense ⇒ 150000

Upto 30th Sept.
₹100000
(Research Phase)
↓
P&L Expense

After 30th Sept.
₹50000
(Development Phase)
↓
Capitalise

Recoverable = ₹70000
Amt.
↓
so it will be recorded at ₹50000

(3.) Staff Training → 300000 → P&L Expense

Answer (12.)

Sun Ltd.
↓
License
Carrying Amt → 500000
Acquire software from Earth

(i) ~~IA (License)~~ License To Software Dr 500

(i) Software Dr 500
To License 500

Earth Ltd.
↓
Software
Carrying Amt → 10000
Acquire License from ~~Earth~~ Sun

Dr 500 (in '000)
50

(i) License Dr 520
To Software 10
To Profit (B/F) 510

(ii) Software	Dr 490		(ii) License	Dr 490	
Cons (BF)	Dr 10		To Profit (B/F)		480
To License		500	To Software		10
(iii) Software	Dr 500		(iii) License	Dr 10	
To License		500	To Software		10

Answer (13.)

I x Ltd.	I y Ltd.
⇓	⇓
Intellectual Property Right	Patent Right

(a) Record Patent Acquired at FV of Asset Given Up ; i.e. ₹18,00,000

(b.) Record Patent Acquired at FV of Asset given Up (+) Cash Paid, i.e., 1800000 + 200000 ⇒ ₹ 2000000

Answer (14.) Intangible Asset = ₹ 10 Crores

Total Estimated Production at 0 time ⇒ 450000 MT

Amortisation for 1st year = $10000000 \times \frac{5000}{450000} = 1,11,11,111$

New estimated Prod^n at 2nd year end ⇒ 65000 + 85000 + 105000 + 115000 ⇒ 370000 MT ∴

Amortisation for 2nd year ⇒ Carrying Amt. of Asset after 1 year $\times \frac{65000}{370000}$

$$\Rightarrow \frac{(100000000 - 11111111) \times 65000}{370000} \quad (88888889)$$

$$= 15615615$$

Amortisation for 3rd year $\Rightarrow \frac{88888889 \times 85000}{370000}$

$$= 20420428$$

Amortisation for 4th year $\Rightarrow \frac{88888889 \times 105000}{370000}$

$$= 25225225$$

Amortisation for 5 year $\Rightarrow \frac{88888889 \times 115000}{370000}$

$$= 27627628$$

Answer (15)

2001-02 FY → ₹ 3600

Upto 1st Jan (Research)	After 1st Jan to 31st Mar, 2002 (Development)
₹2700	₹900
P&L (2001-02)	Capitalise as Intangible Assets
	∴ Carrying Amt will be ₹900 at 31st March, 2002

31.03.2003 :-

Opening CA of Intangible Asset	900
(+) Development Exp. of ₹	6000
CA of IA as on 31.03.2003 ⇒	6900

31·3·04 :-

op. Bal. of Asset	6900
(→ Depⁿ (6900/6)	(1150)
Carrying Amt. on 31·3·2004	5750
Recoverable Amt. on 31·3·2004	5000
Revised CA after Impairment on 31·3·04	5000 (lower)

∴ Impairment loss = 5750 − 5000 = ₹ 750 (P&L)

Answer (16)

2001-02 FY → ₹1000

Befor 1st Mar. 2002 (Research)	After 1st Mar. 2002 to 31st Mar. 2002 (Development)
₹900	₹100
↓	↓
P&L	Capitalise as IA
	∴ CA at 31·3·2002 → ₹100

2002-03 :-

Opening CA of IA	100
(+) Development Exp. of CY	2000
CA on 31st Mar. 2003	2100
Recove. Amt on 31st Mar. 2003	1900 (lower)
Revised CA on 31st Mar. 2003 after Impairment	₹ 1900

∴ Impairment loss (P&L) → 2100 − 1900 = ₹ 200

Answer (17.)

Recognition Criteria meet → 01.06.2005

cost incurred till 31.03.2006 [1.4.2005 – 31.3.2006]

₹1800000

1.4.05 To 31.5.05	1.6.05 – 31.3.06
[Research Phase]	[Dev. Phase]
1800000 × 2/12 → ₹300000	₹1500000
P&L [Expense]	Capitalise [IA]

Correction Entry:-

Research Exp (P&L) Dr 300000

To IA 300000

So, CA of Asset on 31.03.2006 → ₹1500000

* Ind AS 36 < Carrying Amt. / Recoverable Amt. } Lower

NOTE: Recov. Amt. < fair value / Value in Use } Higher

OR

Common Entry :-

Res. Exp (P&L)	Dr	300000
Imp. loss (P&L)	Dr	540000
To Int. Asset		840000

fair value = 780000 } Higher → ₹9,60,000 → Recoverable Amt

Value in Use = 960000

∴ IA will be shown at ₹960000

Imp. loss (P&L) = 1500000 – 960000 → ₹540000

Entry:

Imp. loss (P&L)	Dr	540000
To Int. Asset		540000

Answer (18.) Intangible Asset (Gross carrying Amt.) → ₹10000000

Acc. Amortisation → 4000000

Fair Value ⇒ 15000000

Net C.A. ⇒ G.C.A. − Acc. Amort. = 10000000 − 4000000 = 6000000

Revaluation Gain % = $\frac{15000000 - 6000000}{6000000} \times 100 \rightarrow 150\%$

Entry :-

IA [1 crore × 150%]	Dr	15000000
To Acc. Amort. [40 lakh × 150%]		6000000
To Rev. Gain		9000000

∴ IA [GCA] = 10000000 + 15000000 → ₹25000000

Acc. Amort. = 4000000 + 6000000 → ₹10000000

Answer (19.)

Saturn Ltd:-

31.3.01	Intangible Asset		100000
31.3.02	Carrying Amt.		100000
	fair value		120000

∴ Revaluation Gain → Credit to Rev. Surp. (OCI) = 120000 − 100000 = 20000

31.3.03	Carrying Amt.		120000
	Fair value		85000
	Revaluation Loss		35000

↓ Debit to Rev. Surp. (OCI) for ₹20000

↓ Debit to P&L for ₹15000

Jupiter Ltd. :-

31.3.01	Int. Asset	100000
31.3.02	Carrying Amt.	100000
	fair Value	85000
	Revaluation Loss [Debit to P&L]	15000

31.3.03	CA	85000
	FV	105000
	Revaluation Gain	20000

Revaluation Gain → Credit P&L for ₹15000 + for remaining ₹5000 Credit Rev. Surplus [OCI]

Answer (20.)

1.4.01	Cost	300000
	(-) Amortisation (300000/5)	(60000)
31.3.02	Net value ⇒	240000

1.4.02	Carrying Amt.	⇒	240000
	fair Value		150000
	Revaluation Loss (Dr. P&L)		90000
	~~(-) Amortisation (90000/2)~~		
31.3.03	CA (Revised)	⇒	150000
	(-) Amortisation (150000/2)		75000
	Net Value		75000

1.4.03	CA	⇒	75000
	FV		300000
	Revaluation Gain		225000

Credit P&L for ₹90000 + for remaining ₹135000 credit revaluation surplus [OCI]

1.4.03	Revised CA	⇒	300000
	(-) Amortisation (300000/4)		(75000)
31.3.04	Net Value		225000
1.4.04	CA	⇒	225000
	(-) Amortisation		(75000)
31.3.05	Net Value		150000
1.4.05	CA	⇒	150000
	(-) Amortisation		(75000)
31.3.06	Net value		75000
	(-) Amortisation		(75000)
31.3.07	CA	→	-

IND AS -40 Investment Property

Answer (1.)

	(₹)
Purchase	3000000
(+) Transfer Tax	100000
(+) Legal Cost	20000
(+) Plan Permission Cost	200000
(+) construction Cost (700000 - 40000)	660000
Cost	3980000

Answer (2.)

	(₹)
Purchase Price	50000000
(+) Joining Fees	625000
	50625000

Even if it is used for Admin Purpose, cost will be ₹ 50,625,000 but it will be classified as PPE (2nd AS 16).

Since, it is ~~treated~~ used as an Administrative Centre, it is an "Owner occupied property".

Answer (3.)

Full Payment → Cost → ₹ 10000000

If Deferred Payment → Cost => ₹ 10000000
Interest Expense => 2000000
over the pd. of two years

Answer (4.)

Building (500000 + 200000)	Dr	700000
To Cash		200000
To Warehouse		500000

Answer (5.) Cost of Investment Property ⇒ ₹4000000
as on 1.4.2001

Depⁿ for FY 2001–2002 ⇒ $\frac{4000000 - 200000}{20}$ ⇒ 190000

Carrying Amt. of Building = Cost − Depreciation
as on 31.3.2002 = 4000000 − 190000
= ₹3810000

Answer (6.)

New C.A. ⇒ CA of Building + Cost of new walls − CA of Old walls
⇒ 5000000 + 500000 − 1000000
⇒ ₹5400000

Answer (7.)

(i) Bank / Pluto Dr 400000
To Inv. Prop. 200000
To Gain on Sale (P&L) 200000

(ii) Bank A/c / Pluto Dr 320000
To Investment Property 200000
To Gain on ~~Sale~~ Disposal (P&L) 120000

Answer (8.)

Cost of Property :	(₹)
Purchase Price	18000000
(+) Tax	2000000
(+) Legal Cost	500000
COST	₹ 20500000

Cost → ₹ 20500000

PPE (1 House) ↓

20500000 × 1/6

→ 3416667

Investment Property (5 Houses) ↓

20500000 × 5/6

→ 17083333

Answer (9) Cost of Investment Property :- (₹)

Purchase Price	5000000
(+) Property transfer Tax	250000
(+) Legal Cost	50000
(+) Plan Approval	100000
(+) Construction Cost (110L - 60L)	4400000
COST →	₹ 6340000

PPE (1st floor) ↓

→ 6340000 × 1/2

→ ₹3170000

Investment Property ↓

→ 6340000 × 1/2

→ ₹3170000

In separate FS
- 1st Floor → ₹ 3170000
- Ground Floor → ₹ 3170000

In CFS → Building will be shown as PPE → ₹ 6340000

Answer (10.)

		(₹ (in Million)
1.4.2001	PPE	10.
	(-) Dep^n for 4 years (10 - (10/10 × 4))	(4)
1.4.2005	CA of PPE	6

∴ CA of IP on 1.4.2005 ⇒ ₹ 6 Million

Answer (11.)

Change in Use from IP to PPE is done at CA of ₹15,00,000

since, Recov Amt is ₹10 00000 ; i.e., lower than CA.

∴ New CA of PPE is ₹10 00 000 + Dep^n will be charged on this Amt on remaining 20 years life

Impairment loss ⇒ 1500000 − 10 00 000 = 500000 (P+L)

Answer (12.)

1.4.2005 to 30.9.2005 Lease Rentals [20L × 6/12) → ₹1000000 P+L (Income)

1.10.2005 Reclassified IP to Invent. at CA ; i.e. ~~₹2000~~ ₹ 2,00,00,000

31.3.2006 Inventory (WIP) :-

Cost [20000000 + 6000000] → ₹26000000
(Conversion cost)

NRV :-

Estd. SP (50L × 10) = 50000000

(-) Estd. Cost of Completion (4000000) → 46 00 000

} Lower

∴ Inventory is shown under current Asset at Cost, i.e., ₹ 1,60,00,000

Answer (13.) Ind AS-40 → Bldng A, Bldng B } Investment Properties

Fair Value Disclosure :-

Fair Value is ₹10.50 Crores on 31.3.2002 of Bldng A & B both.

(Question में जो Reference के लिये Line लिखी है वही Answer में नीचे देखा)

Disclosure of Valuation Tech & Key Inputs used in valuation :-

Valuation Technique	Inputs Used	Range of Inputs Use
Dis. Cash Flow Method (DCF)	• Estd. Rent p.m. per Sq. ft.	₹50 - ₹60
	• Growth Rate	10% p.a. for 3 yrs
	• Discounting Rate	12% - 13%

Carrying Amt. Measurement :

(₹) (in Crores)

Gross C.A.			Acc. Depⁿ			Net C.A.
Op. Bal	Addition	Cl. Bal.	Op. Bal	Depⁿ during	Cl. Bal.	(12 - 3.05)
10	2	12	3.5	0.55	3.05	8.95

* Depⁿ during the year →

Bldng A (10Cr/20) = 0.5 Cr

B (2Cr/40) = 0.05 Cr

0.55 Crore

Profit from Inv. Prop :- ₹ in Crores

Particulars		
Rental Income from Bding (0.75+0.25)	₹	1
(-) Direct operating Expenses (0.05+0.01+0.025 +0.015+0.02+0.01)		(0.13)
Profit before depreciation		0.87
(-) Depⁿ on IP		(0.55)
Profit	⇒	0.32

IND AS -115 Revenue from Contracts with Customers

Answer(2)

Performance Bonus : Expected Value Method

(₹ in Crore)

Bonus		Probability	Expected Value
25 Cr × 15%	= 3.75	25%	0.9375
25 Cr × 10%	= 2.50	40%	1
25 Cr × 5%	= 1.25	15%	0.1875
	= 0	20%	0
			2.125

Quality Bonus : Most likely Amt. Method

60% → ₹2 Crore
40% → 0

∴ Qlty Bonus included in txn. price of ₹2 Crore

Total Variable Consideration → 2.125 + 2 → ₹4.125 Crore

Total Txn. Price → 25 Crore + 4.125 Crores
⇒ ₹29.125 Crores

Answer (3:) Variable Consideration : Exp. Value Method

Bonus	Probability	Exp. Value
50000	60%	30000
50000 - 5000 = 45000	30%	13500
50000 - 10000 = 40000	10%	4000
	V.C.	47500
	F.C.	100000
	Txn. Price	147500

Answer (4:)

Price	Probability	Expected Value
5000	70%	3500
5000 - 500 = 4500	20%	900
5000 - 1000 = 4000	10%	400
		4,800

Txn. Price → ₹ 4800 / T.V.

Bank A/c (1000 X 5000)	Dr 5000000	
To Sales (1000 X 4800)		4800000
To Unearned Income		200000

Answer (5:) Most Likely Amt. Method

90% ⟶ ₹130000
10% ⟶ ₹ 110000
∴ Txn. Price → ₹ 130000

Answer (6.) Txn. Price → ₹90 per container

First Quarter ended 31.03.2018

Bank A/c (700000 X 100)	Dr	70000000	
To Sales (700000 x 90)			63000000
To Unearned Income			7000000

∴ Revenue recognised in ₹63 Million
Contract liability is ₹7 Million

Answer (7.)

(i) Expected Value Method

Units	Price p.u.	Total Cons.	Probability	Expected Value
9000	90	810000	15%	121500
28000	80	2240000	75%	1680000
36000	70	2520000	10%	252000
			Total Estd. vari. cons. →	2053500

Variable Cons. p.u. → $\frac{2053500}{25950^*}$ = ₹79.13 p.u.
(Avg. Price p.u.)

* Weighted No. of Units sold

9000	15%	= 1350
28000	75%	= 21000
36000	10%	= 3600
		25950

Revenue Recording:-

★ For Initial 10000 Units purchased by customer

Payment Receive	Revenue Record (T.P.)	(Unearned Income) Contract Liability
₹90 p.u.	₹79.13 p.u.	₹90 - 79.13 = ₹10.87 p.u.

★ For Remaining & next 15950 Units purch. by customer

Payment Receive	Revenue Record	contract Liab (Unearned Income)
₹80 p.u.	₹79.13 p.u.	₹80 - 79.13 = ₹0.87 p.u.

Year End Refund → 10000 × (90 - 80) = ₹100000

Contract Liab. (Remaining) → Book Sale (in Books)

(ii) Most Likely Method

28000 units is with "Higher Probability. So, TP → ₹80 p.u.

★ For Initial 10000 Units (~~Same as above~~)

- Payment Receive ⇒ ₹90 p.u.
- Revenue Record → ₹80 p.u.
- Contract Liab ⇒ 90 - 80 = ₹10 p.u.

★ For Rem. and next 18000 units

Payment Rec.	Revenue Recog.	Contract Liab.
₹80 p.u.	₹80 p.u.	0

Year End Refund → 10000 × (90 - 80) = 100000

(iii) Entries : (Expected Value Method)

* For first 10000 units

Bank A/c (10000 × 90)	Dr 900000	
To sales (10000 × 79.13)		791300
To Contract Liab.		108700

* for next 15950 units

Bank A/c (15950 × 80)	Dr 1276000	
To sales (15950 × 79.13)		1262123.5
To Contract Liab		13876.5

* Year End

Contract Liab. (10000 × (90-80))	Dr 100000	
To Bank (Refund)		100000
Cont. Liab. [108700 + 13876.5 - 100000]	Dr 22576.5	
To Sales [OR ₹25950 × (80/79.13)]		22576.5

OR

Contract Liab.	Dr 122576.5	
To Bank		100000
To sales		22576.5

Answer (10.)

30th June → 10 Units
- Revenue ₹1000 p.u.
- Receive ₹1000 p.u.
- Contract liab. = 0

→ 10 × 1000 = ₹10000

Bank A/c	Dr	10000
To Sales A/c		10000

30th September → 50 Units
- Revenue ₹900 p.u.
- Receive ₹1000 p.u.
- Contract liab → ₹100 p.u.

Bank A/c	Dr	50000
To Sales		45000
To Contract liab.		5000

★ Cumulative Catch up Adjustment!

Revenue to be recognised (10×900)	₹9000
(−) Revenue already rec. (10×1000)	(₹10000)
Reverse Revenue →	₹(1000)

Sales A/c	Dr	1000
To contract liab.		1000

30th Sept. Rev. Recog. → 45000 − 1000 = 44000

Answer (11.) Txn. Price :-

	(₹)
Fixed	350 Crore
(+) Non Cash (10 Lakh Eq. Sh. × ₹100)	10 Crore
T.P. ⇒	360 Crore

Answer (12.)

A Ltd. (Telecommunication) —1 Lakh minutes→ B Ltd. (Power)

B Ltd. —20000 Electricity Units→ A Ltd.

Revenue Recognised by A Ltd. → 20000 units × ₹2.5 = ₹50,000

Revenue Recognised by B Ltd. → 100000 min. × ₹0.50 = ₹50,000

Answer (13.)

(i) T.P. :-

Fixed		1000
(+) Non Cash	(Fair value)	600
		1,600

(ii) Txn. Price (TP) → ₹1,500

Answer (14.) T.P. :-

	(₹) (In crores)
Fixed (10000 × ₹25000	25
(+) Non Cash consideration	2
	27 Crores

Answer (15.) Txn. Price :-

= 15 crore - 1.5 Crore = 13.5 crore ₹ for 1 year

Revenue to be recognised in first month $\Rightarrow \frac{13.5}{12} \Rightarrow$ ₹1.125 Crore

Answer (16.) Txn. Price :-

= 50 p.u. − (10 p.u. × 25%)

= 47.50 p.u.

Answer (17.) Txn. Price :-

= 1000 − (1000 × 5%) → ₹950

Answer (18.) Txn. Price :-

→ (800 × 24 Month) − 2000 = ₹17,200

Answer (19.) Cash selling Price = ₹100000 ⇒ TP (Revenue)

Amt. to be received = ₹121000

Financing component = 121000 − 100000 = ₹21000

Cal^{n} of Finance Income :-

Year	Op. Bal.	Int @10%	Actual Payment	Cl. Bal.
1	100000	10000	-	110000
2	110000	11000	121000	-

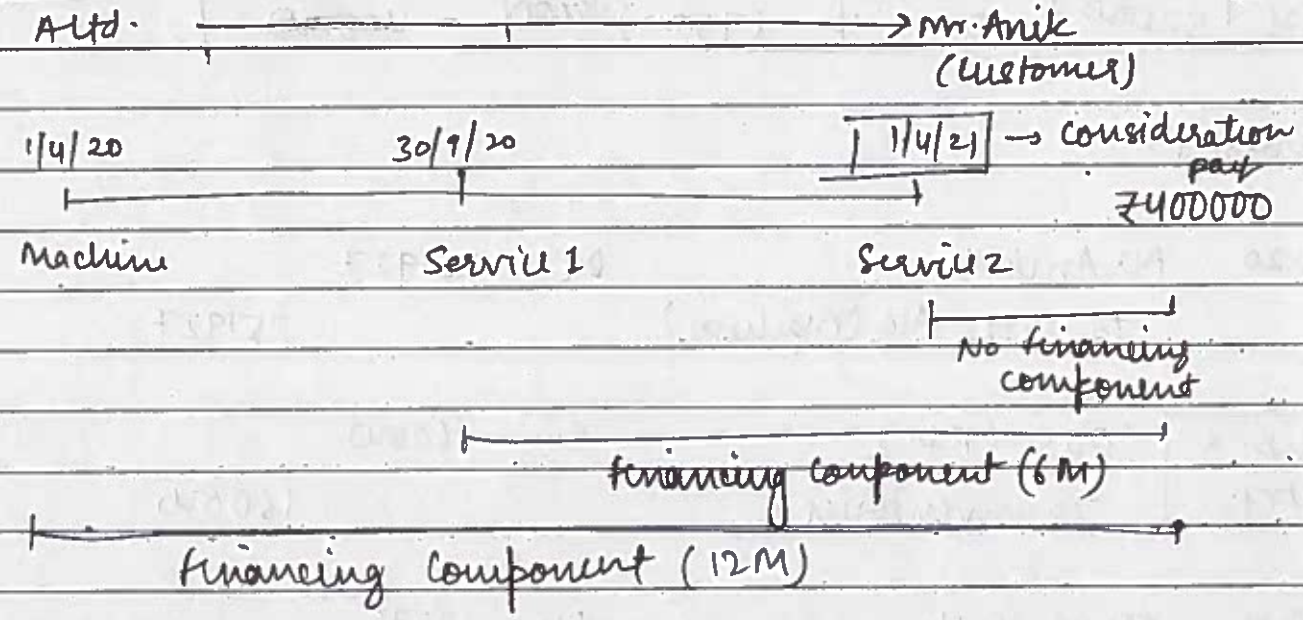
Answer (20) Cash Selling Price = ₹10000000 → TP (Revenue)
Amt. to be received = ₹212470 × 60 = ₹12748200
Financing component = 12748200 − 10000000
→ ₹2748200

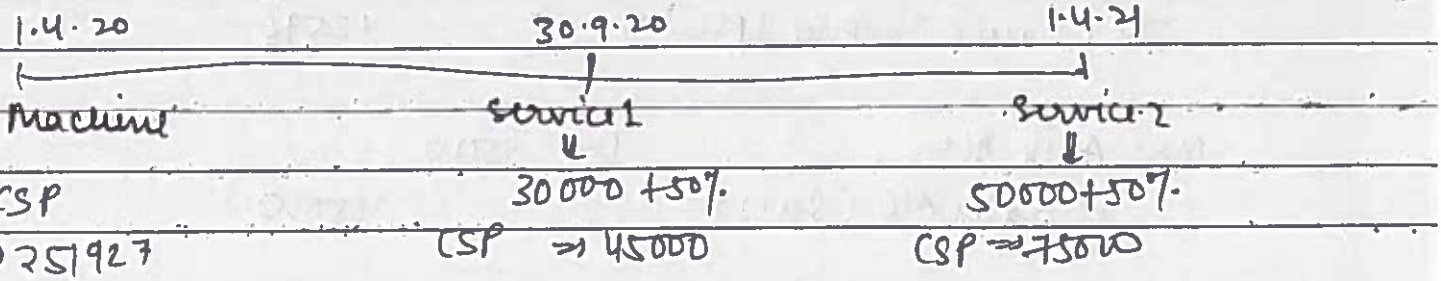
Case A

Answer (20) Dis Rate → 10% p.a.
CSP → 212470 × PVAF (10%/12 i.e. 0.8333%, 60 mnths)
(TP) → 212470 × 47.06547
→ ₹10000000

Case B Dis Rate → 14% p.a.
CSP → 212470 × PVFA (@1.1667%, 60 mnths)
(TP) → 212470 × 42.97731
→ ₹9131347

Answer (21)





C3

(i) Components
- Machine on 1.4.20
- Service
  - Service 1 on 30.9.20
  - Service 2 on 1.4.21
- Financing Component

(ii) Revenue of Machine – 251927
Revenue of Service 1 – 45000
Revenue of Service 2 = 75000

(iii) Calculation of finance Income (Mr. Anik A/c) :–

Date	Op. Bal.	Int@5%	Actual Payment	Closing Bal.
1.4.20	251927	–	–	251927
30.9.20	251927	12596	(45000)	309523 ~~284523~~
1.4.21	309523	15476	–	325000
1.4.21	325000	–	(75000)+400000	– ~~400000~~

Entries :–

1.4.20	Mr Anik A/c	Dr	251927	
	To Sales A/c (Machine)			251927
Imp.* Entry.	COGS (P&L)	Dr	160000	
	To Inventories			160000
30.9.20	Mr. Anik A/c	Dr	12596	
	To Finance Income (P&L)			12596
	Mr. Anik A/c	Dr	45000	
	To Sales A/c (Ser. 1)			45000

	Service Expense A/c (P&L)	Dr	30000	
	To Bank A/c			30000
31.3.21	Mr. Anik A/c	Dr	15476	
	To finance Income (P&L)			15476
1.4.21	Mr. Anik A/c	Dr	75000	
	To sales (Ch. 2)			75000
	Service Exp. (P&L)	Dr	50000	
	To Bank A/c			50000
	Bank A/c	Dr	400000	
	To Mr. Anik A/c			400000

(iv) Extract of P&L

Particulars	21-22	20-21
• Revenue from operations (Mac.)	–	251927
• RFO (Services)	75000	45000
• Other Income (Fin. Income) (12596 + 15476)	–	28072
Total	75000	325000

Answer (22)

Cash	Dr	4000	
To Unearned Income (Contr. Liab.)			4000
1st Yr. End: Int. Exp (P&L)	Dr	240	
To Unearned Income (Cont. Liab.)			240
2nd Yr. End: Int. Exp. (P&L)	Dr	254	
To Unearned Income (Cont. Liab.)			254
Unearned Income (Cont. Liab.)	Dr	4494	
To Sales			4494

Calculation of Finance Cost (Unearned Income):-

Year	Op. Bal.	Int @ 6%	Actual Payment	Cl. Bal.
1	4000	240	–	4240
2	4240	254	–	4494

Answer (23) Tran. Price = ₹10000

Ratio of SSP = 5000 : 2500 : 7500 or 2 : 1 : 3

A → $10000 \times \frac{2}{6}$ → 3333

B → $10000 \times \frac{1}{6}$ → 1667

C → $10000 \times \frac{3}{6}$ → 5000

Answer (24.) Scenario 1:

Txn. Price : ₹ 190000

(G, T & M)

G ⇒ $190000 \times \frac{90000}{200000}$ ⇒ ₹ 85500

T ⇒ $190000 \times \frac{44000}{200000}$ ⇒ ₹ 41800

M ⇒ $190000 \times \frac{66000}{200000}$ ⇒ ₹ 62700

Scenario 2:

Txn. Price ⇒ ₹ 190000

Revised SSP

T ⇒ $100000 \times \frac{44000}{110000}$ ⇒ ₹ 40000

M ⇒ $100000 \times \frac{66000}{110000}$ ⇒ ₹ 60000

Allocation of Txn. Price :-

Revised SSP :- G ⇒ 90000, T ⇒ 40000, M ⇒ 60000

Ratio of Rev. SSP ⇒ 9 : 4 : 6

G ⇒ $190000 \times \frac{9}{19}$ ⇒ 90000

T ⇒ $190000 \times \frac{4}{19}$ ⇒ 40000

M ⇒ $190000 \times \frac{6}{19}$ ⇒ 60000

Scenario 3:- Txn. Price ⇒ ₹240000
(G, T, M & Hope)

Selling Price of G, T & M are 90000, 40000 & 60000 respectively as shown in Scenario 2.

∴ Selling Price of Hope = 240000 − (90000 + 40000 + 60000)
= ₹ 50000

Scenario 4:-
Revised SSP → G → ₹90000
T → ₹40000
M → ₹60000

'Hope' SSP = 225000 − (90000 + 40000 + 60000) ⇒ ₹35000

Self Note*:- Write theory lines given in Question Bank for the solution as price range of Product "Hope" ranges from ₹40000 to ₹65000

Answer (25.) CASE I A

Revised SSP

$y = \frac{25000}{70000} \times 50000 \Rightarrow ₹\ 17857$

$z = \frac{45000}{70000} \times 50000 \Rightarrow ₹\ 32143$

Allocation of Txn. Price:-

Revised SSP:- x ⇒ 50000 y ⇒ 17857 Z ⇒ 32143

x ⇒ $\frac{100000}{160000} \times 50000 = 50000$

$Y = 100000 \times \frac{17857}{100000} \Rightarrow 17857$

$Z = 100000 \times \frac{32143}{100000} \Rightarrow 32143$

CASE-B

Stand-alone Selling Price (SSP) of Product X, Y, Z are 50000, 17857 & 32143 respectively
& since, Txn. Price = ₹ 130000
∴ SSP of Product Alpha = 130000 - (50000 + 17857 + 32143)
= ₹30000

CASE-C

Txn. Price = ₹ 105000
SSP of Product Alpha = 105000 - (50000 + 17857 + 32143)
= ₹5000

since, ₹5,000 does not fall in range of ₹15000-₹45000 it means entity has not faithfully depict the amt. of consideration.

Consequently, the entity revieues its observable data to estimate SSP of product Alpha using another suitable method.

Answer (26.)

Revised SSP :-

S → ₹50,000

H → $100000 \times \frac{100000}{120000}$ ⇒ 83,333

A → $20000 \times \frac{100000}{120000}$ ⇒ 16,667

Sum of SSP → 50000 + 83,333 + 16,667 = 150000

& Txn. Price ⇒ 150000

∴ Allocation of txn. Price :-

S → 50,000

H → 83,333

A → 16,667

Answer (27.)

2 crore → Txn. Price

Due Dili.	Valuation	Software Imp
₹8000000	₹2000000	₹ 10000000
		+ 2000000 (variable)
		12000000

Cumulative Revenue to be Recog. till date (1.2 crore × 60%) 7200000

(→ Revenue already booked (1 crore × 60%) (6000000)

Revenue → 1200000

SSP

Answer (28)

License A = ₹ 1600000
License B = ₹ 2000000

Case A :-

Price in Contract
- License A (Fix Amt.) = ₹ 1600000
- License B (variable Amt.) = ₹ 2000000

Allocated Txn. Price :

License A → 16 Lakh → Rev. Rec. after 1 Month
License B → 20 Lakh → Rev. Rec. on Subsequent sales

Case B :-

Price in Contract
- License A (Fix) → 600000
- License B (variable) → 3000000

Allocate Txn. Price :-

A = $3600000 \times \frac{1600000}{3600000}$ → 1600000

B = $3600000 \times \frac{2000000}{3600000}$ → 2000000

Fixed Amt. ⇒ ₹600000

A

$600000 \times \frac{16L}{36L}$

⇒ ₹ 266667

Rev. Rec. when Lic. A is ffd. (i.e. After 3 Month)

B

$600000 \times \frac{20L}{36L}$

⇒ ₹ 333333

Rev. Recognised at time License B is provided (i.e. 0 Time)

Sales based Royalty → 400000 (For 1st Month)

A

400000 × 16/36

⇒ ₹ 1,77,778

Rev. Recognised when lic. A is transferred (i.e. 3 Months later from Inception)

B

400000 × 20/36

⇒ 2,22,222

Recognise Revenue at today's date (i.e. 1 month from Inception)

Answer 29.)

% of Progress = 500000/2500000 × 100 = 20%.

∴ Rev. to be recorded on 31.3.20X1 :-

(5000000 - 1500000) × 20% ⇒ ₹ 700000

(+) Cost of Elevator ₹ 1500000

₹ 2200000

Answer (30.)

% of Progress = 600000/(4000000 - 1000000) × 100 = 20%.

∴ Rev. to be recorded on 31.03.20X1 :-

(5000000 - 1000000) × 20% ⇒ ₹ 800000

(+) Cost of A.C. ₹ 1000000

₹ 1800000

Answer (31)* Cal^{n} of Profit & Margin %:-

Fixed Consideration → ₹1000000

Estd. Total Cost → ₹950000

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue:					
Fixed Consideration	(10L × 0.50L / 9.50L) ↓ 52632	(10L × 1.75L / 9.5L) ↓ 184211	(10L × 4L / 9.5L) ↓ 421053	(10L × 2.75L / 9.5L) ↓ 289474	(10L × 0.50L / 9.5L) ↓ 52632
Variable Consideration	5263 ↑ (1L × 0.50L / 9.50L)	18421 ↑ (1L × 1.75L / 9.5L)	42105 ↑ (1L × 4L / 9.5L)	72368 ↑ (250L × 2.75L / 9.5L)	13158 ↑ (2.5L × 0.50L / 9.5L)
Cumulative Catch up Adjustment	–	–	–	98693	–
Total Revenue →	57895	202632	463158	460535	65790
(-) Cost	(50000)	(175000)	(400000)	(275000)	(50000)
Profit	7895	27632	63158	185535	15790
Margin (%) (Profit / Revenue X100)	13.64%	13.64%	13.64%	40.29%	24%

Working Note* - Cum. Catch up Adj. for Var. Consideration :-

Cost incurred till date at end of 4th year (50000+175000+400000+275000) ₹900000

Total Estd. Cost ₹950000

∴ % of Progress till 4th year End = 900000/950000 × 100 = 94.74%

Total V.C. to be booked till 4th year end → ₹236850
(250000 × 94.74%)

(-) V.C. already booked in P&L till 4th year end (138157)
(5263+18421+42105+72368)

= 98693

Answer (32.)

(in lakhs)

Cal^n of Revenue, Cost & Profit to be recorded in P&L on 31.3.22:

Particulars	A & Co.	B & Co.	Total
Revenue	12 (40 × 30%)	6 (30 × 20%)	18
Cost	10.2 (34 × 30%)	4.8 (24 × 20%)	15
Profit →	1.8	1.2	3

Cal^n of Amt. due from / (to) customer :-

Particulars	A & Co.	B. & Co.	Total
Revenue booked till date	12	6	18
(-) Payment Received	(13)	(9.5)	(22.5)
Contract Liability / (Unearned Inc. ⇒	(1)	(3.5)	(4.5)

Cal^n of WIP Asset & Prepaid Expense) :-

Particulars	A & Co.	B & Co.	Total
Cost Incurred till date	16	8	24
(-) Cost recognised in P&L till date	(10.2)	(4.8)	(15)
WIP Asset ⇒	5.8	3.2	9

Balance Sheet (Extract)

Particulars	₹ in Lakhs
Assets :-	
1. Current Asset :-	
WIP Asset	9
Liabilities :-	
1. Current liabilities :-	
Contract liab. / Unearned Income	4.5

P&L (Extract)

Revenue	18
(-) Cost	(15)
Net Profit	3

Answer (33.)

Revenue = 970 × 50 = ₹ 48,500

Refund liab. = 30 × 50 = ₹ 1500

Inventory Asset = 30 × 30 = ₹ 900

Answer (34.)

Revenue = (9 Units × ₹100) + (₹1 Unit × 3) ~~= ₹908~~

= ₹903

Refund liability = 1 Unit × (100-3) = ₹97

Bank A/c (10 units × ₹10)	Dr	1000
To Revenue		903
To Refund liab.		97

Answer (35.)

Bank A/c (1 lac x 2000)	Dr	200000	
To Sales			170000
To Unearned Income			30000
Warranty Expense (P&L)	Dr	10000	
To Provision for Ass. Warr (1 lac x 1%)			10000

Answer (36.)

Bank A/c	Dr	36000	
To Sales			32000
To Unearned Income			4000
Warranty Expense (P&L)	Dr	2000	
To Prov. for Assu. warr.			2000
COGS (P&L)	Dr	14400	
To Inventory			144000

(ये Entry Exam में नहीं पूछते)

Answer (37.) Estd. no. of Customer :-

Year 1 → 100
Year 2 → 100 × 50% = 50
Year 3 → 50 × 50% = 25
175 Customers

Estd. Total Consideration :-

→ (100 × 750) + (50 × 600) + (25 × 600)
→ ₹ 12,00,000

∴ Revenue to be recognised per customer = 12 Lakh / 175
→ ₹ 6857 per customer

Unearned Income = 750 - 6857 → ₹ 643

Answer (38.)

P.O → Product A
P.O → Dis. Voucher

Product A → SSP : ₹ 1000
Dis voucher → SSP : 500 × 30% × 80% = ₹ 120

Txn. Price → ₹ 1070

Product A	Dis. voucher
1000 × 1000 / 1120	1000 × 120 / 1120
→ 893 ₹	→ ₹ 107

++

Answer (39.)

(a.) Sale of Goods 1000000 (T.P.)

SSP of Goods → ₹1000000

SSP of loyalty Pts. → $1000000 \times \frac{10}{500} \times 0.50$ ₹

→ 20000 pts × ₹ 0.50

= ₹10000

TP = 10 00 000

Goods

→ $10 \text{ lakh} \times \frac{10 \text{ lakh}}{10.10 \text{ lakh}}$

→ ₹ 990099

Loyalty Pts

→ $10 \text{ lakh} \times \frac{0.10 \text{ lakh}}{10.10 \text{ lakh}}$

→ ₹ 9901

Bank A/c	Dr	1000000
To sales A/c		990099
To Unearned Income		9901

(b.) Total Sale (TP) = ₹ 50 00 00 000

SSP of Goods = 50 crores

SSP of loyalty Pts = $50 \text{ crores} \times \frac{10}{500} \times 0.50$ ₹

→ 1 crore pts × 0.50 ₹ → ₹ 50,00,000

TP → 500000000

Goods

→ $50 \text{ crores} \times \frac{50 \text{ crores}}{50.50 \text{ crores}}$

→ ₹ 49,50,49,505

Loyalty Pts.

→ $50 \text{ crores} \times \frac{0.50 \text{ crores}}{50.50 \text{ crores}}$

→ ₹ 49,50,495

Bank A/c	Dr	5000000
To Sales		4950495
To Loyalty Pts. Liab.		49 50 495

(Being Sale done)

Revenue to be recognised for redeemed points :-

Loyalty Pts. Liab ⇒ ₹ 49,50,495

Loyalty Pts. to be redeemed till 31-3-22

⇒ (10000000 - 1800000) + 1800000 × 80%

⇒ 8200000 + 1440000

⇒ 96,40,000 points

∴ Loyalty Pts. Liab. tfd to Revenue in 2019-20 due to 82,00,000 points redemption = $4950495 \times \frac{82,00,000}{96,40,000}$

⇒ ₹ 42,11,002

Loyalty Pts. Liab	Dr	42,11,002
To Sales		42,11,002

(c) Loyalty Pts. Liab. balance on 2019-20 year end

⇒ 4950495 - 4211002

⇒ ₹ 7,39,493

(d) In year 2020-21 :-

Pts. redeemed = 1800000 × 60% = 1080000 pts.

∴ Loyalty Pts. Liab. tfd. to revenue :-

⇒ $\frac{739493}{1440000} \times 1080000$ ⇒ ₹ 5,54,620

T1

(8200000 + 1080000)

Alternatively → $\left[\frac{4950495 \times 9280000}{9640000}\right] - 4211002$

→ ₹ 5,54,620

Loyalty Pts Liab A/c Dr 554620
To Sales 554620

Balance on 31.3.21 in Loyalty Pts. Liab. A/c :-

→ 739493 - 554620 → ₹1,84,873

(e) Loyalty Pts. Liab. A/c Dr 184873
To Sales A/c 184873

Answer (40) ∴ Additional Product = 30 × 7950 = ₹28,500

↓

Separate Contract

Answer (41) Remaining consideration for 6 Months → 45000 ₹ × 6
→ ₹ 2,70,000

Answer (42)

3rd year beginning :-
3rd Year Service → ₹ 120000

Addition 4th to 6th year Service → ₹100000 × 3M = ₹300000

∴ Remaining service is of 4 years & remaining consideration = ₹120000 + ₹300000 = ₹420000

∴ Consideration booked as Revenue for Service per Year = $\frac{420000}{4}$ ⇒ ₹1,05,000 per year

Answer (43)

	Hour	Rate / Hour	Amount
Existing	200	150	30000
Modification	50	100	5000
	250	140	35000

Cumulative Catch Up Adjustment :-

⇒ 100 Hrs. × ₹140 ⇒ ₹ 14000
(-) 100 Hrs. × ₹150 ⇒ (₹ 15000)
Revenue Reverse ⇒ (₹1,000)

Answer(44.)

(i) financial Asset

(ii) Intangible Asset

(iii) I^st Project Bhilwara Toll Road : I.E.C

During Construction Phase :-

financial Asset	Dr	110 crores	
To Sales			110 Crores
Cons. Cost	Dr	100 Crores	
To Bank A/c			100 Crores

During Operation Phase :

Financial Asset	Dr	15 Crore	
To Finance Income			15 Crore
financial Asset (200 - 110 - 15)	Dr	75 Crore	
To Sales (Operation)			75 Crore
Bank A/c	Dr	200 Crore	
To Financial Asset			200 Crore

IInd Project Kolhapur Expressway :-

During Construction Phase:-

Intangible Asset	Dr 200 crore	
To Sales		200 crore
Cons. Cost (P&L)	Dr 110 crore	
To Bank A/c		110 crore

Operation Phase :-

Amortisation	Dr 200 crore	
To Intangible Asset		200 crore
Bank A/c	Dr ?	[Keep it Blank]
To Sales (Operation)		?

Answer (46.)

Cash	Dr 1000000	
To Dep. Liab.		900000
To Unearned Lease Inc.		100000
Unearned Lease Inc.	Dr 100000	
To Lease Inc. (P+L)		100000
Dep. Liab.	Dr 900000	
To Bank		900000

} If not exercised than transfer dep. liab. balance to sales (i.e. Rec. it as

Answer (47.)

Contract Term = 5 years + 2 yrs. = 7 years

Designing Services → ₹ 50,000 [WIP Asset & Amortise it over 7 years]
Hardware → ₹ 140000 [PPE as per Ind AS - 16]
Software → ₹ 100000 [Intangible Asset as per Ind AS - 38]
Migration & Testing of data Centre → ₹ 1100000 [WIP Asset & Amortise it over 7 years]

Ind AS-116 Leases

Answer (1.)

Year	Lease Payment	PVf @ 5%	PV (₹)
1 (Beg.)	100000	1	100000
1 (Beg.)	102000	0.952	97104
3 (Beg.)	104040	0.907	94364
4 (Beg.)	106121	0.864	91689
5 (Beg.)	108243	0.823	89084
6 (Beg.)	110408	0.784	86560
7 (Beg.)	112616	0.746	84012
8 (Beg.)	114869	0.711	81672
9 (Beg.)	117166	0.677	79321
10 (Beg.)	119509	0.645	77083

Lease liability ⇒ ₹ 8,80,889

Answer (2.)

Lease liability = ₹ 8,50,000

ROU Asset :-

Lease Liab.	850000
(+) Lease Pay. before Com. Date	10000
(−) Lease Incentive	(5000)
(+) Initial Direct Cost	1000
Cost of ROU Asset ⇒	₹ 8,11,000

JEL

ROU Asset	Dr	811000
Bank A/c	Dr	50000
To Lease Liability		850000
To Bank (10000 + 1000)		11000

Answer (3.)

S.1) Cal^{n} of Lease Liability

Years	Lease Payment	PVF @12%	PV (₹)
1	20000	0.8929	17858
2	30000	0.7972	23916
3	50000	0.7118	35590
			77364

S.2) Calculation of Cost of ROU Asset :-

Lease Liability		77,364
	COST ⇒	77,364

S.3) Depreciation on ROU Asset = $\frac{77364}{3}$ = 25,788

Closing Balance of ROU Asset

Year	Op. Bal.	Dep^{n}	Cl. Bal.
1	77364	25788	51576
2	51576	25788	25788
3	25788	25788	—

S.4) Cal. of fc + Cl. Bal. of Lease Liability :-

Year	Op Bal. of LL	Int @12%	Actual Payment	Cl. Bal. of LL
1	77364	9284	20000	66648
2	66648	7998	30000	44646
3	44646	5354	50000	—

5.5) JE:-

ROU Asset A/c	Dr	77364	
To Lease Liability			77364

At Year End:-

Depn A/c (P&L)	Dr	25788	
To ROU Asset			25788

Finance Cost (P&L)	Dr	9284	
To Lease Liability			9284

Lease Liability	Dr	20000	
To Bank A/c			20000

Answer (4)

5.1) Cal^{n} of Initial Lease Liab.:-

Year	Lease Payments	PVF @ 9.04%	PV
1 (Beg)	500000	1	500000
2 (Beg)	315000 ← [(500000 + 3%) − 200000]	0.92	289800
3 (Beg)	530450 ← [(500000 + 3%) + 3%]	0.84	445578
4 (Beg)	546364	0.77	420700
5 (Beg)	562754	0.71	399555
6 (Beg)	579637	0.65	376764
7 (Beg)	597026	0.59	352245
8 (Beg)	614937	0.55	338215
9 (Beg)	633385	0.50	316693
10 (Beg)	652387	0.46	300098
10 (End)	3000000	0.42	1260000
		Lease Liability ⇒	4999649

or

5000000 (Approx)

or

S.2) Cal^n of cost of ROU Asset :-

Lease Liab => ₹5000000

S.3) Dep^n on ROU Asset = $\frac{5000000}{40}$ = ₹1,25,000 per year

S.4) Cal^n of finance cost :-

Year	Op. Bal. of L.L.	Int @ 9.04%	Actual Payment	Cl. Bal. of L.L.
1 (Bg)	5000000	-	500000	4500000
2 (Bg)	4500000	406800	315000	4591800
3 (Bg)	4591800	415099	530450	4476449
4 (Bg)	4476449	404671	546364	4334756
5 (Bg)	4334756	391862	562754	4163864
6 (Bg)	4163864	376413	579637	3960640
7 (Bg)	3960640	358042	597026	3721656
8 (Bg)	3721656	336438	614937	3443156
9 (Bg)	3443156	311261	633385	3121033
10 (Bg)	3121033	282141	652387	2750787
(c/End)	2750787	249213 (B/F)	3000000	-

Page No.
Date :

Answer (5) (Knowledge of Ind AS 21 Reqd.)

5.1) Calⁿ of Lease Liability :-

Year	Cash Flow ($)	PVF @ 5%	Present Value
1	10000	0.952	9520
2	10000	0.907	9070
3	10000	0.864	8640
4	10000	0.823	8230
5	10000	0.784	7840
			$43300

∴ Initial Lease Liability in ₹ = $43300 × ₹68 ⇒ ₹2944400

5.2) ROU Asset ⇒ ₹ 2944400

5.3) Calⁿ of Closing Balance of ROU Asset :-

Year	Op. Bal.	Depreciation [5 years]	Cl. Bal.
1	2944400	588880	2355520

5.4) Calⁿ of closing Bal. of Lease Liability [Amort. Table] :-

Currency	Year	Op. Bal.	Int. @ 5%	Actual Payment	Exchange (gain)/loss	Cl. Bal.
$	1	43300 @₹68	2165 @₹69	10000 @70	-	35465 @70
₹	1	2944400	149385	700000	88765 (B/F)	2482550

2944400 + 149385 − 700000 ⇒ ₹ 2393785

W.N. :- Exch. Loss (P&L) ⇒ 2482550 − [2944400 + 149385 − 700000]
⇒ ₹ 88765

Page No.
Date :

Answer (6.)

S.1) Calculation of Initial lease liab. :-

Annual Lease Payments × PVAf @ 6% for 10 yrs

⇒ 100000 × 7.360

⇒ ₹736009

S.2) ROU Asset = ₹736009

S.3) Dep^n = $\frac{736009}{10}$ = 73601 p.a.

S.4) Cal^n of Cl. Bal. of ROU Asset on Modification date i.e. on 7th year beginning :-

⇒ 736009 − (73601 × 6) ⇒ ₹2,94,404

S.5) Cal^n of finance cost & U. Bal. of lease liab on Mod. date :-

Yr	Op. Balance of lease liab.	Int @ 6%	Actual Payment	U. Balance of lease liab.
1	736009	44161	100000	680169
2	680169	40810	100000	620979
3	620979	37259	100000	558238
4	558238	33494	100000	491732
5	491732	29504	100000	421236
6	421236	25274	100000	346511

Alternatively, Cl. Bal. of lease liab. on Mod. date

⇒ Annual lease Payment × PVAF@6% for 4 yrs

⇒ 100000 × 3.465 ⇒ ₹346511

S.6) Cal^{n} of Revised Lease Liability on Mod. date :-

Revised Rem. lease Term = 8 years

∴ Revised Lease Liab. on mod. date = Annual lease Payments
× PVAf @7% for 8 years

= 100000 × 5.971

= ₹597130

S.7) ⇒ 597130 − 346511 ⇒ 250619

ROU Asset Dr 250619

To lease Liab. 250619

Answer (7.)

S.1) Initial lease Liab. = Annual L.P × PVAf @6% for 10yrs.

= 100000 × 7.360

⇒ ₹736009

S.2) ROU Asset → ₹736009

S.3) Dep^{n} = $\frac{736009}{10}$ = 73601 p.a.

Cl. Bal. of ROU Asset on Mod-date = 736009 − (73601 × 5)

⇒ ₹368005

S.4) Cl. Bal. of Lease Liab. on Mod. date

⇒ Annual Lease Payment × PVA f @6% for 5yrs

⇒ 100000 × 4.212

⇒ ₹421236

S.5) Calⁿ of Revised Lease Liab. on Mod. date :-

⇒ Annual Lease Payments × PVAF @7% for 5 years (Revised)

= 95000 × 4.100 ⇒ ₹389519

S.6) ⇒ 421236 − 389519 ⇒ ₹31717

Lease Liab.	Dr	31717
To ROU Asset A/c		31717

Answer (8.)

S.1) Calⁿ of Initial Lease Liab. :-

Year	Lease Payment	PVF @6%	PV.
1	50000	0.943	47150
2	50000	0.890	44500
3	50000	0.840	42000
4	50000	0.792	39600
5	50000	0.747	37350
6	50000	0.705	35250
7	50000	0.665	33250
8	50000	0.627	31350
9	50000	0.592	29600
10	50000	0.558	27900
	Lease Liability	⇒	₹367950

S.2) ROU Asset ⇒ ₹ 3,67,950

S.3) Depⁿ p.a. => $\frac{367950}{10}$ = 36795 p.a.

Calⁿ of Cl. Bal. of ROU Asset on Mod. Date :-

Year	opening Bal. of ROU Asset	Depreciation	Cl. Balance of ROU Asset
1	367950	36795	331155
2	331155	36795	294360
3	294360	36795	257565
4	257565	36795	220770
5	220770	36795	183975

S.4) Calⁿ of Finance Cost & Cl. Bal. of Lease Liab. on Modification Date :-

Year	op. Bal. of L.L.	Interest @ 6%	Actual Payment	Cl. Bal. of L.L.
1	367950	22077	50000	340027
2	340027	20402	50000	310429
3	310429	18626	50000	279054
4	279054	16743	50000	245798
5	245798	14748	50000	210546

S.5) Calⁿ of Gain / (Loss) due to decrease in Area :-

Reduction in Lease Liability

= 210546 × $\frac{2500\ m^2}{5000\ m^2}$

→ ₹105273

Reduction in ROU Asset

= 183975 × $\frac{2500\ m^2}{5000\ m^2}$

→ ₹91987.50

Gain due to Redⁿ = 105273 − 91987.5 = ₹13285.50

Lease Liab. A/c		Dr	105273
To ROU Asset A/c			91987.50
To Gain (P&L) (B/F)			13285.50

S.6) C. Bal. of ROU Asset on Mod. date after above reduction = 183975 - 91987.50 ⇒ 91987.50

S.7) C. Bal. of Lease Liab. on Mod. date after above reduction = 210546 - 105273 ⇒ 105273

S.8) Cal^{n} of Revised lease liab. on Mod. date as per new terms!

Year	Lease Payments	PVF @ 5%	PV
6	30000	0.952	28560
7	30000	0.907	27210
8	30000	0.864	25920
9	30000	0.823	24690
10	30000	0.784	23520
	Revised L.L. on M.D. ⇒		129900

S.9) ⇒ 129900 - 105273 ⇒ ₹24,627

~~Lease Liability A/c~~			
To ROU Asset A/c		Dr	24,627
To Lease Liability A/c			24,627

Alternatively Q.8 can be done like this

S.1) Cal^{n} of Initial lease liab. :-

→ Annual lease Payment × PVAF @ 6% for 10 years

→ 50000 × 7.360 → ₹ 368000

S.2) ROU Asset → ₹ 3,68,000

S.3) Dep^{n} p.a. = $\frac{368000}{10}$ = ₹ 36800 p.a.

Cl. Bal. of ROU Asset on Modification Date :-

→ 368000 − (36800 × 5)

→ ₹ 184000

S.4) Cl. Balance of lease liab. on Mod. Date

→ Annual lease Payment × PVAF @ 6% for 5 years

→ 50000 × 4.212

→ ₹ 210600

S.5) Cal^{n} of Gain / (loss) due to dec. in Area :-

Reduction in L.L.	Reduction in ROU Asset
→ $210600 \times \frac{2500\ m^2}{5000\ m^2}$	→ $184000 \times \frac{2500\ m^2}{5000\ m^2}$
→ ₹ 1,05,300	→ ₹ 92,000

∴ Gain → 105300 − 92000 → ₹ 13,300

Lease Liab.	Dr	105300	
To ROU Asset			92000
To Gain (B/F) (P&L)			13300

S.6) Cl. Bal. of ROU Asset on Mod. date after above Reduction = 184000 - 92000 = ₹92,000

S.7) Cl. Bal. of L.L. on MD after above reduction = 210600 - 105300 = ₹105300

S.8) Revised Lease Liability on Modification date as per new terms :

= Annual Lease Payments as per new terms × PVAF @ 5% for Rem. 5 Years

= 30000 × 4.329 ⇒ ₹ 1,29,870

S.9) Adjustment in lease Liab = 129870 - 105300
= ₹24,570

ROU Asset A/c	Dr	24570	
To Lease Liability			24570

Answer (9.)

S.1) Case B Modifications

S.1> Initial lease liability = Annual lease Payment × PVAF @ 6% for 10 yrs

= ₹100000 × 7.360

=> ₹7,36,000 ✓

S.2> ROU Asset ⇒ ₹736000

S.3> Cl. Bal. of ROU Asset on Mod. date. (6th Year Beg.)

⇒ $736000 - \left(\frac{736000}{10} \times 3\right)$ ⇒ ₹3,68,000 ✓

S.4> Cl. Bal. of LL on Mod. date

= Annual lease Payment × PVAF @ 6% for 5 yrs

=> 100000 × 4.212 ⇒ ₹421200 ✓

S.5> Gain / (Loss) due to dec. in Lease Term

Decrease in lease liab.

⇒ [421200 − (100000 × 2.673)]

(Annual Lease Payment; PVAF @ 6% for 3 yrs.)

⇒ 153900 ✓

PV of org. Lease Payment in Rem. Revised Lease Term using org. dis. rate

Decrease in ROU Asset

$368000 \times \frac{2}{5}$

⇒ 147200 ✓

∴ Gain ⇒ 153900 − 147200

=> 6,700

S.6) Cl. Bal. of ROU Asset on MD after above reduction
⇒ 368000 - 147200
⇒ ₹ 2,20,800

S.7) Cl. Bal. of L.L. on Mod. Date after above reduction
⇒ 421200 - 153900
⇒ 267300

S.8) Revised LL as on MD as per new terms
⇒ 100000 × 2.624 ⇒ ₹ 2,62,400 ✓
(100000: Annual lease Payment; 2.624: PVAF @7% for 3 years (Year 6 to Year 8))

S.9) Adjustment in LL = 267300 - 262400
= ₹ 4900 ✓

Lease Liability A/c	Dr 4900	
To ROU Asset A/c		4900

S.2) Cl. Bal. of ROU Asset after "Case B" Modification
⇒ 220800 - 4900 ⇒ ₹ 215900

S.3) Cl. Bal. of L.L. after "Case B" Modification
⇒ 267300 - 4900 ⇒ ₹ 2,62,400

S.4) Revised L.L. on Mod. date (Case A)
⇒ Revised Annual Lease Payments × PVAF @7% for 3 years (Yr. 6 to Yr. 8)
⇒ 150000 × 2.624 ⇒ ₹ 3,93,600 ✓

S.5) Adjustment in Lease Liability = 393600 - 262400
=> ₹ 1,31,200

ROU Asset A/c Dr 131200
To Lease Liability 131200

Answer (10.) Insignificant Remeasurement

S.1) Initial Lease Liability => ₹ 351613
S.2) ROU Asset => ₹ 351613
S.3) Depn = 351613/10 => 35161.3 p.a.

Cl. Bal. of ROU Asset on date of Remeasurement => 351613 - (351613.3 x 2)
=> ₹ 281290

S.4) Cl. Bal. of Lease Liab on date of Remeasurement => Annual Lease Pay. x PVAF @ 9.5% for 8 years
=> 5600 x 5.433
=> ₹ 304248

Alternatively,

Year.	Op. Bal. of LL	Int @ 9.5%	Actual Payment	Cl. Bal. of LL
1	351613	33403.235	5600	329016.235
2	329016.235	31256.542325	5600	304273

S.5) Revised Lease liability on date of Remeasurement using Original dis. rate $= \left[56000 \times \frac{301}{280}\right] \times$ PVAf @ 9.5% for 8 4-years

$= 60200 \times 5.433$

$\Rightarrow$ ₹ 327067

S.6) Adjustment in Lease Liab. $\Rightarrow$ 327067 − 304273

$\Rightarrow$ ₹ 22794

ROU Asset A/c	Dr	22794
To Lease Liability		22794

Answer (ii.) Significant Remeasurement :-

S.1) Cal^n of Initial Lease Liability :-

~~Annual Lease Payment × PVAf @ 5% for 4 years~~

Annual Lease Payment × (1 + PVAf @5% for 4 4-years)

100000 × (1 + 3.546) $\Rightarrow$ ₹ 454600

[Because Lease Payment is done in Beg. of 4 year]

S.2) ROU Asset $\Rightarrow$ ₹ 454600

S.3) Cl. Bal. of ROU Asset on Rem. Date $\Rightarrow$ $454600 - \left(\frac{454600 \times 3}{5}\right)$

Depreciation for 3 years

$\Rightarrow$ ₹ 181840

S.4) Cl. Bal. of LL on Rem. date $\Rightarrow$ 100000 (1 + PVAf @5% for 1 yrs)

$\Rightarrow$ 100000 (1 + 0.952)

$\Rightarrow$ ₹ 195200

S.5) Revised Lease liab. on Remeasurement date

Year	Lease Payment	PVf@ 6%	PV
4 (Beg.)	$100000 \times 125/120 = 104167$	1	104167
5 (Beg.)	$100000 \times 125/120 = 104167$	0.943	98229
6 (Beg.)	$110000 \times 125/120 = 114583$	0.890	101979
7 (Beg.)	114583	0.840	96250
8 (Beg.)	114583	0.792	90750
			491375

S.6) Adjustment in Lease Liability
⇒ 491375 − 195200
⇒ ₹296175

ROU Asset Dr 296175
To Lease Liability 296175

Answer (12.) (i) Lease covers [3/5 × 100] ⇒ 60% part of life of Asset.

IRR is the rate at which

P.V. of Lease Payments + P.V. of UGRV = FV of Asset

P.V. of L.P. + (50000 × 0.7513) = 800000

⇒ P.V. of Lease Payment = ₹7,62,435

Now, P.V. of Lease Payment covers $\left[\frac{762435}{800000} \times 100\right] \Rightarrow 95.30\%$ fair value of Asset. Hence, it is a FINANCE LEASE.

100 Self Note :- NIIL का Amt. हमेशा Fair Value of Asset के बराबर आयेगा

(ii) Calculation of Unearned Finance Income :-

→ GIIL - NIIL
→ Gross Inv. in lease - Net Investment in lease
⇒ [(306593 × 3) + 50000] - [762435 + 37565]
⇒ 969779 - 800000
⇒ ₹ 1,69,779

W.N. :- Annual Lease Payment :-

PV of Lease Payment = 762435
Annual Lease Payment × PVAF @10% for 3 yrs = 762435
Annual Lease Payment × 2.4869 = 762435
Annual Lease Payment ⇒ $\frac{762435}{2.4868}$ ⇒ 306593

Answer (13.)

P.V. of Lease Payments :-
⇒ (15000 × PVAf @ 10.0787% for 10 years)
+ (30000 (GRV) × PVF @ 10.0787% for 10th Year)

⇒ (15000 × 6.124) + (30000 × 0.383)
⇒ 91860 + 11490
⇒ ₹103350

Present Value of Lease Payment covers 93.09% $\left(\frac{103350}{110000} \times 100\right)$ of fair value of Asset. So, it is a finance lease

5.1) Calculation of Net Investment in Lease (NIIL) [Lease Receivable]

⇒ P.V. of Lease Payment + P.V. of UGRV
103350 + [(50000 - 30000) × 0.383] ⇒ 111010
103350 + 7660
or
1,11,000 (Approx)

5.2) CA of Asset = 100000

5.3) Sale Value of Asset = NIIL - PV of UGRV

= 111000 - 7660

⇒ ₹103340

5.4) CA of Asset - PV of UGRV = COGS

COGS = 100000 - 7660

⇒ ₹92340

5.5) Gain on Lease = Sales - COGS = 103340 - 92340

= ₹11000

5.6) Cal^{n} of Finance Income & Closing balance of Lease Receivables at each year end :-

Year	Op. Bal. of L.R.	Int @ 10.0787%	Actual Lease Receipt	Cl. Bal. of L.R.
1	111000	11187	15000	107187
2	107187	10802	15000	102989
3	102989	10379	15000	98368
4	98368	9918	15000	93282
5	93282	9401	15000	87683
6	87683	8837	15000	81520
7	81520	8216	15000	74735
8	74735	7532	15000	67267
9	67267	6779	15000	59047
10	59047	5953	65000	-

S.7) J.E.

(i)	Lease Receivables	Dr 111000	
	COGS	Dr 92340	
	To Sales		103340
	To Asset		100000
(ii)	Lease Receivables	Dr 11187	
	To Fin. Income (P+L)		11187
	Bank A/c	Dr 15000	
	To Lease Receivable		15000
OR			
	Bank A/c	Dr 15000	
	To Finance Income		11187
	To Lease Receivable		3813

Answer (14.) Total Payment → ₹90,000

Lease → 90000 × 85000/100000 → ₹76,500

Non Lease → 90000 × 15000/100000 → ₹13,500

Answer (15.)

Total Payment = 70000 + 100000 = ₹170000 p.a.

Lease → 170000 × 120000/200000 → ₹102000

Non Lease → 170000 × 80000/240000 → ₹68000

∴ Lease liability to be booked at commencement date

⇒ Annual lease Payment × PVAF @ 10% for 9 years

⇒ 102000 × 5.759

⇒ ₹ 587418

→ ₹ 68000 will be booked as expense in P&L when incurred

Answer (16) Sales Price = ₹ 3000000

Carrying Amt. = ₹ 1500000

Fair value = ₹ 2700000

Ann. Pay. = ₹ 200000 p.a. for 20 yrs

PVFA @ 12% for 20 yrs = 7.47

Seller lessee :

financial liab. (loan) = 3000000 − 2700000 = ₹ 300000

Lease liability ⇒

∴ PV of Annual Payments

(200000 × 7.47) 1494000

(-) financial liab. (300000)

1194000

ROU Asset = $1194000 \times \frac{1500000}{2700000}$ = ₹ 663333

Bank A/c	Dr	3000000	
ROU Asset	Dr	663333	
To Asset			1500000
To Fin. liab.			300000
To lease liab.			1194000
To Gain on Sale & lease back A/c (B/F)			669333

Buyer - Lessor :-

Building A/c	Dr	2700000	
Loan (Financial Asset)	Dr	300000	
To Bank A/c			3000000

* Bifurcation of Annual Payments :-

200000 p.a.

Lease	Loan
$200000 \times \frac{1194000}{1494000}$	$200000 \times \frac{300000}{1494000}$
⇒ ₹ 1,59,840 p.a.	⇒ ₹ 40,160 p.a.

IND AS-32, 109 & 107 Accounting & Reporting of Financial Instrum.

Answer (1.)

S.1) Calculation of Fair Value

Year	Cash Flow	PVF @ 12%.	PV
1	1200000	0.892	1070400
2	1200000	0.797	956400
3	1200000	0.712	85440
4	1200000	0.636	763200
5	1200000	0.567	680400
5	12000000	0.569	6804000
		Fair Value →	~~7484400~~ 11128800

JE:-

Loan to Ord Ltd. (FA)	11128800	
P&L A/c	871200	
To Bank A/c		12000000

∴ Diff. of ₹ 871200 is tfd. to P&L

Answer (2.)

S.1) Calculation of F.V. of Inv. in Pr. Sh. of A Ltd. (FA) :-

Year	Cash flow	PVF @ 12%.	PV
5	100000000	0.5674286	56742686
		fair Value	56742686

S.2) Amortisation Schedule :-

Cal^{n} of Fin. Income (Int. Income) on F.A. :-

Year	Op. Bal. of F.A.	Interest @ 12%	Actual Payment	Cl. Bal. of F.A.
1	56742686	6809122	-	63551808
2	63551808	7626217	-	71178025
3	71178025	8541363	-	79719388
4	79719388	9566327	-	89285715
5	89285715	10714285	100000000	-

S.3) J.E.'s

1st Year Beg.:	Inv. in Pref. Sh. of A Ltd. (FA)	Dr	56742686
	Inv. in Equity of Subsidiary	Dr	432573 14
	To Bank		100000000
1st Year End:	Inv. in Pref. Sh. of A Ltd. (FA)	Dr	6809122
	To Fin. Income (P&L)		6809122
2nd Year End:	Inv. in Pref. Sh. of A Ltd. (FA)	Dr	7626217
	To Fin. Income (P&L)		7626217
3rd Year End:	Inv. in Pref. Sh. of A Ltd. (FA)	Dr	8541363
	To Fin Income (P&L)		8541363
4th Year End:	Inv. in Pref. Sh. of A Ltd. (FA)	Dr	9566327
	To Fin Income (P&L)		9566327
5th Year End:	Inv. in Pref. Sh. of A Ltd. (FA)	Dr	10714285
	To Fin. Income (P&L)		10714285

Bank A/c		Dr 10000000	
To Inv. in Pref. Sh. of A Ltd. (FA)			10000000

Answer (3)

S.1) Calculation of FV:

Year	CF	PVF @ 12%	PV
5	1000000	0.567427	567427
		Fair Value →	567427

S.2) Amortisation Schedule:

Calculation of Int. Income on Sec. Dep. (FA):-

Year	Op. Bal. of FA	Int. @ 12%	Actual Payment	Cl. Bal. of FA
1	567427	68091	-	635518
2	635518	76262	-	711780
3	711780	85414	-	797194
4	797194	95663	-	892857
5	892857	107143	1000000	-

S.3) JE:-

1st Year beg:-	Sec. Dep. (FA)	Dr	567427	
	ROU Asset	Dr	432573	
	To Bank A/c			1000000
1st Year End :-	Sec. Dep. (FA)	Dr	68091	
	To Int. Income (P&L)			68091

Dep^{n} [Lease Rent] [432573/5] Dr 86515
To ROU Asset 86515

Last Year (5th year) :-

Sec. Dep. (FA) Dr 107143
To Int. Income (P&L) 107143

Dep^{n} A/c [Lease Rent] Dr 86515
To ROU Asset A/c 86515

Bank A/c Dr 1000000
To Sec. Dep. (FA) 1000000

Answer (4.1

Calculation of Cash Flows :

Year	Opening Bal. of Loan	Int. @ 5%	Principal Repaid	C. Bal. of Loan	Total Actual Installment
1	1600000	80000	320000	1280000	400000
2	1280000	64000	320000	960000	384000
3	960000	48000	320000	640000	368000
4	640000	32000	320000	320000	352000
5	320000	16000	320000	-	336000

S.1) Cal^{n} of FV :-

Year	Cash Flows	PVF@10%	PV
1	400000	0.909	363600
2	384000	0.827	317568
3	368000	0.751	276368
4	352000	0.683	240416
5	336000	0.620	208320
	Fair Value		1406272

S.2) Amortisation schedule:
Cal^{n} of Int. Income on F.A.

Year	Op. Bal. of FA	Int @ 10%	Actual Payment	C. Bal. of FA
1	1406272	140627	400000	1146899
2	1146899	114690	384000	877589
3	877589	87759	368000	597348
4	597348	59735	352000	305083
5	305083	30917	336000	-

S.3) JE :- (31.12.2001)

1.1.2001	Loan to staff [FA]	Dr	1406272	
	P/L staff cost	Dr	193728	
	To Bank			1600000

31.12.2001 Loan to staff [FA] Dr 140627
To Finance Income (P+L) 140627

Staff Expense (P+L) (193728/5) Dr 38746
To P/P staff cost 38746

Bank A/c Dr 400000
To Loan to staff [FA] 400000

Answer (5.)

Scenario (i) :- Current

KK Ltd.

0 time Loan to YK Ltd. Dr 1000000
To Bank A/c 1000000

On Repayment Bank A/c
To Loan to KK Ltd Dr 1000000
1000000

YK Ltd.

0 time Bank A/c Dr 1000000
To Loan from YK Ltd. 1000000

On Repayment Loan from YK Ltd. Dr 1000000
To Bank A/c 1000000

Scenario (ii)

KK Ltd.

0 Time	Loan to YK Ltd. [FA]	Dr 810150	
	Investment in Eq. of YK Ltd.	Dr 189850	
	To Bank A/c		1000000
Year 1 End	Loan to YK Ltd. [FA]	Dr 58898	
	To ~~Bank~~ Int. Income (P&L)		58898
On Repayment	Bank A/c	Dr 1000000	
	To Loan to YK Ltd.		1000000

YK Ltd.

0 Time	Bank A/c	Dr 1000000	
	To Loan from KK Ltd.		810150
	To Equity Contri from KK Ltd.		189850
Year 1 End	~~Loan~~ Int. Exp. (P&L)	Dr 58898	
	To Loan from KK Ltd.		58898
On Repayment	Loan from KK Ltd.	Dr 1000000	
	To Bank A/c		1000000

Scenario (iii) - It is a loan repayable as and when funds are available (NOT Loan Repayable on Demand). So, Entity has to make an estimate of repayment date & then do A/cing as per "Scenario (ii)".

In case the subs. YK Ltd. grant int free loan to KK Ltd., then the diff. b/w FV & Nominal Value at the time of initial recognition ~~shall~~ should be treated as Dividend Distribution by YK Ltd. & Div. Income by parent KK Ltd..

Answer (6)

Scenario (i.) Current

XYZ Ltd.

0 Time	Loan to ABC	Dr	1000000
	To Bank A/c		1000000
On Repayment	Bank A/c	Dr	1000000
	To Loan to ABC		1000000

Scenario (ii.)

XYZ Ltd.

0 Time	Loan to ABC	Dr	751315
	Inv. in Eq. of ABC	Dr	248685
	To Bank A/c		1000000
Year 1 End	Loan to ABC	Dr	75132
	To Int. Inc. (P&L)		75132
Year 2 End	Loan to ABC	Dr	82645
	To Int. Inc. (P&L)		82645
Year 3 End	Loan to ABC	Dr	90909
	To Int. Income (P&L)		90909

On Repayment Bank A/c Dr 1000000
To Loan to ABC 1000000

W.N.

(1.) Cal^n of FV :-

Year	Cash Flow	PVF @ 10%	PV
5	1000000	0.751315	751315
		fair value →	751315

(2.) Amortisation Schedule :-

Cal^n of Int. Income on FA & Int Exp. on FL

Year	Op. Balance of FA or FL	Int. @ 10%	Actual Payment	Cl. Balance of FA or FL
1	751315	75132	-	826447
2	826447	82645	-	909091
3	909091	90909	1000000	-

Scenario (iii) Same as prev. Question

NOTE* :- Pass entries for Subsidiary i.e. ABC as done in Previous Question

Answer (7.)

S.1) Cal^n of fair Value of financial Liability :

since, the txn. is on mkt. terms

$\therefore$ FV = txn. Price $\Rightarrow$ 10000

S.2) Adjustment of Txn. Cost :

$\rightsquigarrow$ 10000 − 500 $\Rightarrow$ 9500

Cal^n of EIR :-

Year	Cash flows	PV f @ 10%	PV	PV f @ 13%	PV
1	1000	0.909	909	0.885	885
2	1000	0.826	826	0.783	783
3	1000	0.751	751	0.693	693
4	1000	0.683	683	0.613	613
5	1000+1000	0.621	6831	0.543	5973
			10000		8947

$$EIR = 10\% + \frac{10000 - 9500}{10000 - 8947}(13 - 10)$$

$$= 11.42\%$$

S.3) Amortisation Schedule :

Cal^n of Interest Expense on F.L. :-

year	op. Bal. of FL	Int. @ 11.42%	Actual Payment	Cl. Bal. of FL
1	9500	1085	1000	9585
2	9585	1095	1000	9680
3	9680	1105	1000	9785
4	9785	1117	1000	9902
5	9902	1098	11000	-

Answer (8)

Cal. of Actual Payment of Instalment [Int + Principal] :-

Date	op. Bal	Int. @12% p.a. Paid Qtrly	Principal Repaid	Cl. Bal.	Actual Instalment (Int + Princ.)
30.6.01	10000	300	-	10000	300
30.9.01	10000	300	2500	7500	2800
31.12.01	7500	225	-	7500	225
31.3.02	7500	225	2500	5000	2725
30.6.02	5000	150	-	5000	150
30.9.02	5000	150	2500	2500	2650
31.12.02	2500	75	-	2500	75
31.3.03	2500	75	2500	-	2575

5.1) Fair Value = 10000

5.2) Adjustment of Txn. Cost :

→ 10000 - 500 → 9500

5.3) Amortisation Schedule :-

Calⁿ of Int. Exp on FL :

Year	op. Bal of FL	Int. @ 16.60%	Actual Payment	Cl. Bal. of FL
30.6.01	9500	389	300	9589
30.9.01	9589	401	2800	7190
31.12.01	7190	301	225	7266
31.3.02	7266	297	2725	4838
30.6.02	4838	200	150	4888
30.9.02	4888	204	2650	2442
31.12.02	2442	102	75	2473
31.3.03	2473	102	2575	-

Answer (9.)

5.1) fair Value ⇒ ₹4,80,000

5.2) Amortisation Schedule :-

cal^{n} of finance cost on FL:

~~Years~~ Years Int @18% Actual Payment

1st year End 31.3.06 480000 86400 19200 547200

	Year	Op. Bal of F.L.	Int@ 18%	Actual Payment	Cl. Bal. of F.L.
1st year End	31.03.06	480000	86400	19200	547200

Rectification Entry on 31.3.06 :-

Red. P.S. (Equity)	Dr 480000	
Finance Cost (P&L)	Dr 86400	
To Equity (Retained Earnings)		19200
To Red. P.S. (FL) (BIF)		547200

Answer (10.)

Initially (1.4.01) Inv. in E.Sh. of Carter Ltd	Dr 500000	
To Bank A/c		500000
Qtr. End (30.6.01) fair value loss [1000 (50-45)]	Dr 50000	
To Inv. in E.Sh. of Carter Ltd.		50000
fair value Res. (OCI)	Dr 50000	
To fair Value loss		50000

Answer (12)

15th March Inv. in Eq. sh. of C Ltd. Dr 10000
To Bank 10000

Txn Cost Dr 500
To Bank 500

P&L Dr 500
To Txn. Cost 500

31st March Inv. in Eq. sh. (11200 - 10000) Dr 1200
To Fair Value Gains 1200

Fair Value Gains Dr 1200
To P&L 1200

Answer (13.) Total Proceeds : ₹ 10,00,000
Coupon Rate = 9+1 = 10%
Market Rate = 9+4 = 13%

Cal^{n} of Liability Component :

Year	Cash Flow	PVF @ 13%	PV
1	100000	0.88496	88496
2	100000	0.78315	78315
3	100000	0.69305	69305
3	1000000	0.69305	693050
			9,29,166

∴ Equity Component = 1000000 - 929166 ⇒ ₹ 70834

Answer (14.) Redemption Amount → 5000000 + Prem (10%)
→ ₹ 5500000

Cash (50%) → ₹ 2750000
Conversion (50%) → ₹ 2750000

Total Proceeds → ₹ 5000000 [500000 Sh. × ₹10]
Int. Rate → 6%
Mrkt. Rate → 10%

Cal^{n} of Liability Component :-

Year	Cash Flow	PV f @ 10%	PV
1	300000	0.91	273000
2	300000	0.83	249000
3	300000	0.75	225000
4	300000	0.68	204000
4	2750000	0.68	1870000
			28,21,000

∴ Equity Component ⇒ 5000000 − 2821000 ⇒ ₹ 21,79,000

JEL (at beginning)

Bank A/c	Dr 5000000	
To 6% Debentures (F.L.)		2821000
To 6% Debentures (Equity)		2179000

(1)

Answer (15.) (i) PV of Principle Repayment = 1000000 × 0.751315 = 751315

(ii) P.V. of Int. Payments = 80000 × 2.48685 = 198948

(iii) F.L. is recognised at = 751315 + 198948 ⇒ 950263

(iv) 1st year Beg: Bank A/c Dr 1000000
To 8% LT Bond Ser. A [FL] 950263
To P&L 49737

1st year End: Int. Exp. (P&L) Dr 95026
To 8% LT Bonds Ser A [FL] 95026

8% Bonds A/c Dr 80000
To Bank 80000

(2)

(a) Bank A/c Dr 1000000
To 8% LT Bond Ser. B [FL] 950263
To 8% LT Bond Ser. B [Equity] 49737

(b) 8% Bond B [FL] Dr 1000000
8% Bond B [Equity] Dr 49737
To ESC (10L/1) 1000000
To Sec. Prem. 49737

W.N.:- ① Cal^n of Liab. Component:

Year	Cash Flow	PVF@10%	PV
1-3	80000	2.48685	198948
3	1000000	0.751315	751315
			950263

∴ Eq. Comp. ⇒ 1000000 - 950263 ⇒ 49737

Answer (16.) (a) Cal^{n} of Liab. Component :

Year	Cash flows	PVF @ 8%	PV
1 - 8	600000	5.7466	3447960
8	10000000	0.5403	5403000
			8850960

∴ Equity Component => 10000000 - 8850960 => 1149040

1st yr. Beg.	Bank A/c	Dr	10000000	
	To Bonds [F.L]			8850960
	To Bonds [Equity]			1149040
1st yr. End	Int. Exp. (P+L)	Dr	708077	
	To Bonds [F.L]			708077
	Bonds [F.L]	Dr	600000	
	To Bank			600000

(b) Amortisation Table :-

Year	Op. Bal. of f.L.	Interest @ 8%	Actual Payment	Cl. Bal. of f.L.
1	8850960	708077	600000	8959037
2	8959037	716723	600000	9075760
3	9075760	726061	600000	9201821
4	9201821	736146	600000	9337966
5	9337966	747037	600000	9485003
6	9485003	758800	600000	9643804
7	9643804	771504	600000	9815308
8	9815308	784692	600000	10000000

12)

(c) JE:- 3rd Year

Int. Exp. (P&L)	Dr	726061	
To Bond [FL]			726061
Bonds [FL]	Dr	600000	
To Bank			600000
Bonds [FL]	Dr	9201821	
Bonds [Equity]	Dr	1149040	
To ESC			10350861

Answer (17.)

S.1) Cal^{n} of Liability Component :-

Year	Cash Flows	PVF @ 15%	PV
1-5	150000	3.352155	502823
E			502823

∴ Equity Component = 1500000 - 502823

⇒ 997177

S.2) Adjustment of Txn. Cost :

Txn. cost ⇒ 1500000 × 2% = 30000

FL	Equity
30000 × 502823 / 1500000	30000 × 997177 / 1500000
⇒ 10056	⇒ 19944

∴ Amt. at initial recognition

F.L. ⇒ 502823 − 10056 = 492767

Equity ⇒ 997177 − 19944 = 977233

5.3) Amortisation Schedule of f.L.:

Year	Op. Bal. of f.L.	Int. @ 15.86%	Actual payment	Cl. Bal. of f.L.
1	492767	78153	150000	420920
2	420920	66758	150000	337678
3	337678	53556	150000	241233
4	241233	38260	150000	129493
5	129493	20507	150000	−

5.4) JEL

1.4.01	Bank	Dr	1470000	
	To P.S. [F.L.]			492767
	To P.S. [Equity]			977233
31.3.02	Int. Exp. Alc (P/L)	Dr	78153	
	To P.S. [F.L]			78153
	P.S. [F.L.]	Dr	150000	
	To Bank Alc			150000
31.3.03	Int. Exp. Alc (P+L)	Dr	66758	
	To P.S. [F.L.]			66758
	P.S. [F.L.]	Dr	150000	
	To Bank Alc			150000

31.3.04	Int. Exp. (P&L)	Dr 53556	
	To P.S. [F.L]		53556
	P.S. [F.L.]	Dr 150000	
	To Bank A/c		150000
31.3.05	Int. Exp. (P&L)	Dr 38260	
	To P.S. [F.L.]		38260
	P.S. [F.L.]	Dr 150000	
	To Bank A/c		150000
31.3.06	Int. Exp. (P&L)	Dr 20507	
	To P.S. [F.L.]		20507
	P.S. [F.L.]	Dr 150000	
	To Bank A/c		150000
1.4.06	P.S. [F.L.]	Dr -	
	P.S. [Equity]	Dr 977233	
	To ESC		50000
	To Sec. Prem (B/F)		927233

Answer (18.)

Cal^{n} of Liab. Component :-

Year	CF	PVf @ 10%	PV
1-4	48000	3.17	152160
4	600000	0.68	408000
			560160

∴ Equity Component = 600000 - 560160
= 39840

Year	Op. Bal. of F.L.	Int @ 10%	Actual Payment	Cl. Bal. of F.L.
31.3.02	560160	56016	48000	568176

Rectification Entry :-

Int. Exp. A/c	Dr	8016	
To Loan (F.L.)			8016

W.N. :- finance cost to be booked 56016
(-) Finance cost already booked (48000)
8016

Answer(19.)

(i) Cal^n of Liability Component :-

Year	Cash flows	PVF@9%	
1-3	60000	2.531295	151878
3	1000000	0.772183	772183
			924061

∴ Equity Component = 1000000 - 924061 = 75939

Amortisation schedule :-

Cal^n of Finance cost on F.L. :-

Year	Op. Bal. of F.L.	Int. @ 9%	Actual Payment	Cl. Bal. of F.L.
1	924061	83165	60000	947226
2	947226	85250	60000	972477
3	972477	87523	60000	1000000

(ii) Early Redemption by paying ₹ 1100000 :-

Allocate Prepayment Amt. to F.L. :-

Year	Cash flow	PVF@5%	PV
30.6.04	60000 + 1000000	0.952381	1009524
			1009524

∴ Amt. Paid for Equity → 1100000 - 1009524 = 90476

JE :-

Pref. Sh. (F.L.)	Dr	972477	
P&L	Dr	37047	
To Bank A/c			1009524
Pref. Sh. (Equity)	Dr	75939	
Retained Earnings	Dr	14537	
To Bank A/c			90476

Answer (20.)

Cal^{n} of Liability Component :

Year	Cash flows	PVF@12%	Present value
1 - 5	40000	3.605	144200
5	500000	0.567	283500
			427700

∴ Equity Component → 500000 - 427700 = 72300

Amortisation Schedule :

Cal^{n} of finance cost on F.L. :

Year	Op. Bal. of FL	Int. @ 12%	Actual Payment	Cl. Bal. of FL.
04-05 → 1	427710	51324	40000	439024
05-06 → 2	439024	52683	40000	451707
06-07 → 3	451707	54205	40000	465912
07-08 → 4	465912	55909	40000	481821
08-09 → 5	481821	58179	40000	500000

(i) Bank A/c Dr 500000

To 8% Deb. [F.L.] 427710

To 8% Deb. [Equity] 72300

(ii) S.1) Carrying Amt. of f.l. component on 1.4.07

⇒ 465912 (from Amortisation Table)

S.2) Allocate Repurchase Price in f.l. :-

Year		Cash Flow	PVF @ 9%	Present Value
07-08	1	40000	0.917	3680
08-09	2	40000+500000	0.~~842~~	~~430380~~ 454680
				~~467060~~ 491360

∴ Repurchase Price Paid for Equity

⇒ 525000 - 491360 ⇒ 33640

8% Deb. A/c (F.L) Dr 465912

8% Deb. A/c (Equity) Dr 72300

P&L A/c (491360 - 465912) Dr 25448

To Bank A/c 525000

To Retained Earnings (72300 - 33640) 38660

OR

8% Deb A/c (f.l) Dr 465912

P&L A/c Dr 25448

To Bank A/c 491360

8% Deb A/c (Equity) Dr 72300

To Bank A/c 33640

To RE 38660

Answer (21)

S.1) CA of Loan (F.A.) on 31.3.2021 :-

Amt. of Loan (F.A.) recog. on 1.4.2020 → 2 Crore + 10 Lakh
→ 2.10 Crore ✓

Amortisation Table :-

Year	Op. Bal. of F.A.	Int. @ 6.9%	Actual Payment	Cl. Bal. of F.A.
31.3.21	2.10 Crores	14.49 Lakh ✓	—	2.2449 Crores ✓

S.2) Calⁿ of Revised Amt. of F.A. on 31.3.21 :-

Year	Cash flow	PVF @ 6.9%	Present Value
31.3.22	22000000	0.9354537	20579981 ✓

S.3) Difference to be charged to P&L → 22449000 - 20579981
→ 1869019 ✓

P&L A/c	Dr	1869019
To F.A.		1869019

Net Amt. charged to P&L = 1869019 - 1449000
= ₹ 420019

Answer (22.)

S.1) Cal^{n} of Amt. of fV of Loan at 1.1.01

Year	Cash Flows	PVF @ 12%	Present Value
30.12.01 (1)	258000	0.892857	230357
.02 (2)	244000	0.797194	194515
.03 (3)	230000	0.711780	163709
.04 (4)	216000	0.635518	137272
.05 (5)	208000	0.567427	118025
			843878

1.1.01	Loan to Employee (FA)	Dr 843878	
	P/P Staff cost	Dr 156122	
	To Bank A/c		1000000

* P/P Staff Cost w/o to P&L each year = $\frac{156122}{5}$ = 31224

Amortisation Table :-

Year	Op. Bal. of F.A.	Int. @ 12%	Actual Payment	Cl. Bal. of F.A.
31.12.01 (1)	843878	101625	258000	687143
31.12.02 (2)	687143	82457	244000	525600

31.12.01	Loan to Employee (FA)	Dr 101625	
	To Int. Income		101625
	Bank A/c	Dr 258000	
	To Loan to Employee		258000

	Staff Cost (P&L)	Dr	31224	
	To P/P staff cost			31224

31.12.02	Loan to Employee A/c	Dr	82457	
	To Int. Income			82457
	Bank A/c	Dr	244000	
	To Loan to Employee			244000
	Staff Cost (P&L)	Dr	31224	
	To P/P staff Cost			31224

S.2) Cal^n of Revised FV of Loan on 31.12.02 :-

Year	Cash Flow	PVF @ 12%	Present value
31.12.03 (1)	216000	0.892857	192857
31.12.04 (2)	208000	0.797194	165816
			358673

S.3) Diff. in F.A - = 525600 - 358673 = 166927

31.12.02 Prepayment (Modification) Entry

	Bank A/c	Dr	200000	
	To P/P staff cost			33073
	To Financial Asst			166927

∴ New Amortisation table from 31.12.02 onwards :-

Year	Op. Bal. of F.A.	Int. @ 12%	Actual Payment	Cl. Bal. of F.A.
31.12.03 (1)	358673	43041	216000	185714
31.12.04 (2)	185714	22286	208000	–

* P/P Staff cost w/o to P&L each Year (Revised)

$$= \frac{156122 - 31224 - 31224 - 33073}{2} = \frac{60601}{2}$$

$$\Rightarrow 30300.5$$

31.12.03	Loan to Emp. (FA)	Dr 43041	
	To Int Income		43041
	Bank A/c	Dr 216000	
	To Loan to Emp. (FA)		216000
	Staff Cost (P&L)	Dr 30300.5	
	To P/P Staff Cost		30300.5
31.12.04	Loan to Employee (F.A.)	Dr 22286	
	To Int. Income		22286
	Bank A/c	Dr 208000	
	To Loan to Emp. (FA)		208000
	Staff Cost	Dr 30300.5	
	To P/P Staff Cost		30300.5

ANSWER (23.) S.1) Calⁿ of C.A. of F.L. on 01.01.05 :-

FV at initial recog. of F.L. on 01.01.00 = ₹1000000

Amortisation Table :-

Year	Op. Bal. of F.L.	Int @10%	Actual Payment	Cl. Bal. of F.L.
31.12.00 (1)	1000000	100000	100000	1000000
31.12.01 (2)	1000000	100000	100000	1000000
31.12.02 (3)	1000000	100000	100000	1000000
31.12.03 (4)	1000000	100000	100000	1000000
31.12.04 (5)	1000000	100000	100000	1000000

PV of Revised Remaining CF on 01.01.05 using org. EIR :-

Year	Cash flows	PVF@10%	PV
31.12.05 - 31.12.11	50000	4.868419	243421
31.12.11	1500000	0.513158	769737
			1013158

$$\text{Modification \%} = \frac{(1013158 + 100000) - 1000000}{1000000} \times 100 = 11.32\%$$

∴ Extinguishment Acing will apply

S.2) Now, New liability on 01.01.05 :-

Year	Cash Flow	PVF@11%	PV
31.12.05 - 31.12.11	50000	4.712196	235610
31.12.11	1500000	0.481658	722487
			958097

J.E. :-	F.L. (Existing)	Dr 1000000	
	P&L (Loss)	Dr 58097	
	To Bank A/c		100000
	To F.L. (New)		958097

Imp. Question

Answer (24.) S.1) Calⁿ of CA of f.L. on 31.12.02 :-

f.L. to be recog. on 01.01.01 → 500000000 − 5870096
→ 49,41,29,904

1.1.01 Bank A/c Dr 4941 29 904
To Loan from Bank 4941 29 904

Now, calculate Amt. of Actual Installment to be paid each year :-

Year	Op. Bal. of Loan	Int. @ 11%	Principle Paid	Cl. Bal. of Loan	Actual Installment
(1)	(2)	(3) = (2) × 11%	(4)	(5) = (2) − (4)	(6) = (3) + (4)
31.12.01	500000000	55000000	100000000	40 Cr.	155000000
31.12.02	40 Cr.	44600000	100000000	30 Cr.	144000000
31.12.03	30 Cr.	33000000	100000000	20 Cr.	133000000
31.12.04	20 Cr.	22000000	100000000	10 Cr.	122000000
31.12.05	10 Cr.	11000000	100000000	−	111000000

Amortisation Schedule :-

Year	Op. Bal. of f.L.	Int. @ 11.50%	Actual Payment	Cl. Bal. of f.L.
31.12.01	4941 29 904	56824939	155000000	395954843
31.12.02	395954843	45534807	144000000	29748 9650
31.12.03	29748 9650	3421 1310	133000000	1987 00960
31.12.04	1987 00960	2285 0610	122000000	9955 1570
31.12.05	9955 1570	1144 8430	111000000	−

31.12.01 Int. Exp. Dr 56824939
To Loan 56824939

Loan Dr 155000000
To Bank 155000000

31.12.02 Int. Exp. Dr 45534807
To Loan 45534807

only Actual Int. is paid for 2002 * Loan Dr 44000000
To Bank 44000000

Carrying Amt. of Loan 31.12.02 → 297489650 + 100000000
→ 397489650

→ P.V. of Rem. Rw. Cash flows using org. EIR on 31.12.02 :-

* Revised Installments to be paid in Actual :-

Year	Op. Bal. of Loan	Int. @ 15%	Principle Paid	Cl. Bal. of Loan	Actual Installment
31.12.03	400000000	60000000	4 Cr.	36 Cr.	10 Crore
04	36 Crore	54000000	4 Cr.	32 Cr.	9.4 Crore
05	32 Cr.	48000000	4 Cr.	28 Cr.	8.8 Crore
06	28 Cr.	42000000	4 Cr.	24 Cr.	8.2 Crore
07	24 Cr.	36000000	4 Cr.	20 Cr.	7.6 Crore
08	20 Cr.	30000000	4 Cr.	16 Cr.	7 Crore
09	16 Cr.	24000000	4 Cr.	12 Cr.	6.4 Crore
10	12 Cr.	18000000	4 Cr.	8 Cr.	5.8 Crore
11	8 Cr.	12000000	4 Cr.	4 Cr.	5.2 Crore
12	4 Cr.	6000000	4 Cr.	0 -	4.6 Crore

Year	Cash Flow	PVF @ 11.50%	PV
31.12.03	10	0.89686099	89686099
04	9.4	0.80435963	75609805
05	8.8	0.72139877	63483092
06	8.2	0.64699441	53053542
07	7.6	0.58026405	44100068
08	7	0.52041619	36429133
09	6.4	0.46674097	29871422
10	5.8	0.41860177	24278903
11	5.2	0.37542760	19522235
12	4.6	0.33670636	15488493
			451522792

Modification (%) = $\frac{451522792 - 397489650}{397489650} \times 100 \Rightarrow 13.59\%$

∴ Extinguishment Alcing will apply.

S-2) Revised F.L. on 31.12.02 (New F.L.) :-

~~Year | CF | PVF @ 15%~~

Since, Int. Rate for PV is 15%, so, new F.L. will be of ₹ 40 crores

Extinguishment Alcing Entry 31.12.02

Loan from Bank (Existing)	Dr	397489650
P&L	Dr	2510350
To Loan from Bank (New)		400000000

~~Since, Int Rate for PV is 15%.~~

New Amortisation Schedule :-

Year	Op. Bal. of F.L.	Int @ 15%	Actual Payment	Cl. Bal. of F.L.
31.12.03	400000000	60000000	100000000	360000000

31.12.03 JE :-

Int. Exp. A/c	Dr	60000000
To Loan from Bank (New)		60000000
Loan from Bank (New)	Dr	100000000
To Bank		100000000

Answer (25) S.1) Cal^{n} of CA of F.L. 01.01.05 :

F.L. recog. initially on 01.01.00 → 1000000

Amortisation Schedule :

Year	Op Bal. of FL	Int @ 10%	Actual Payment	Cl. Bal. of f.L.
31.12.00	1000000	100000	100000	1000000
31.12.01	1000000	100000	100000	1000000
31.12.02	1000000	100000	100000	1000000
31.12.03	1000000	100000	100000	1000000
31.12.04	1000000	100000	100000	1000000

P.V. of rev. CF on 01.01.05 using org. EIR :-

Year	Cash Flow	PV f @10%	PV
31.12.09 (5th year)	1600000	0.62091	993474

$$\therefore \text{Modification \%} = \frac{(993474 + 5000) - 1000000}{1000000} \times 100 \rightarrow 4.35\%$$

Since, less than 10%, Hence, Modification Accng will Apply.

151

5.2) 1.1.05 F.L. Dr 50000

To Bank 50000

∴ Adjusted CA of F.L. = 1000000 - 50000 = 950000

Year	CF	PVF @10%	PV	PVF@11%	PV
31.12.09 (5th yr)	1600000	0.620921	993474	0.59345)	949522

So, now do Interpolation to find EIR

$$\Rightarrow 10\% + \frac{993474 - 950000}{993474 - 949522}(11-10)$$

$$\Rightarrow 10 + \frac{43474}{43952} \Rightarrow 10.989\%$$

Amortisation Table for future :-

Year	Op. Bal.	Int @ 10.989%	Actual Pay.	Cl. Bal.
31.12.05	950000	104396	-	1054396
06	1054396	115868	-	1170263
07	1170263	128600	-	1298863
08	1298863	142732	-	1441595
09	1441595	158405	1600000	-

Answer (26.)

Carrying Amt of loan = ₹90 Cr.

2/3rd [Debt Fn Eq. Swap] | 1/3rd [Mod. in terms of FL]

₹60 Cr. → CA | ₹30 Cr. ⇒ CA

FV of Equity Instruments ⇒ 80 Cr × 70%
⇒ 56 Cr.

S.1) Mod % = 25 − 30 × 100 / 90
⇒ 16.67%

JE:-

Loan (F.L.) Dr 60 Cr.
To P&L (Gain) (B/F) 4 Cr.
To Equity 56 Cr.

S.2) Apply extinguishment Accing :-

Loan (Old) Dr 30 Cr.
To P&L (B/F) 2 Cr.
To Loan (New) 28 Cr.

∴ Total Gain → 4 Crore + 2 Crore = ₹6 Crore [P&L]

Answer (27.)

S.1) Cal^{n} of Securitised Comp. of loan :-

FV of Total Loan	3042000
(-) FV of Princip Strip	(74000)
(-) FV of Int. Strip	(310100)
(-) FV of Service Strip	(140200)
	2517700

S.2) Allocate C.A. of loan in ratio of fair value

Sec. Comp. = 2500000 × 2517700 / 3042000 ⇒ 2069116

principal Strip = 2500000 × 74000/3042000 = 60815

Interest Strip = 2500000 × 310100/3042000 = 254849

Service Asset = 2500000 × 140200/3042000 = 115220

S·3) J.E/-

(i) Bank A/c	Dr	2480000	
To PAL (BIF)			410884
To Loan (FA)			2069116
(ii) Principal Strip Receivable	Dr	60815	
Interest Strip Receivable	Dr	254849	
Service Asset	Dr	115220	
To Loan [F.A.]			430844

Answer(28·) (a) Continuing Inv. Asset
→ Receivables (95 Cr.) or Guarantee (5 Cr.) } Lower = ₹5 crore

(b) Associated Liability - 5 crore + 0·50 crore = ₹5·5 crore

(c) Bank A/c	Dr	90 Cr.	
Continuing Involv. Asset	Dr	5 Cr.	
PAL (Cash) To ~~Bank~~ Receivables	Dr	5·5 Cr.	95 Cr.
To Associated Liab.			5·5 Cr.

Answer (29) Loan ⇒ ₹ 1000000
LGD ⇒ 25%
POD - 12 months ⇒ 0.5%
∴ Loss Allowance ⇒ 1000000 × 25% × 0.5% = ₹1,250

Answer (30) Cal^{n} of Expected Credit Loss :-

Particulars	Gross CA	Default Rates	ECL
Current	15000000	0.3%	45000
1 - 30 days	7500000	1.6%	120000
31 - 60 days	4000000	3.6%	144000
61 - 90 days	2500000	6.6%	165000
More than 90 days	1000000	10.6%	106000
		ECL →	580000

Answer (31) Cal^{n} of Default / loss Rate :

→ Group X = $\frac{600}{200000} \times 100 = 0.30\%$

→ Group Y = $\frac{450}{300000} \times 100 = 0.15\%$

Answer (32)

15.03.20X1	Financial Asset	Dr	1000	
	To Bank A/c			1000
31.3.20X1	Impairment loss (P&L)	Dr	30	
	fair value loss (OCI)	Dr	20	
	To financial Asset			50

01.04.20X1	Bank A/c	Dr	950	
	To Financial Asset			950
	P&L	Dr	20	
	To fair value Res. (OCI)			20

Answer (33)

5.1) Cal^{n} of fv of financial guarantee at initial recog. (1.4.01) —

Year	Int @ 11%	Int @ 8%	Int. Saving	PVF @ 11%	Pres. Value
1-3	110000	80000	30000	2.444	73320
					73320

1.4.01	Investment in Subs.	Dr	73320	
	To financial guarantee			73320

5.2) Cal^{n} of FV of fin. Guar. on 31.3.02 —

→ PV of remaining Int. Saving

Year	Int. @ 11%	Int. @ 8%	Int. Saving	PVF @ 11%	PV
2nd - 3rd (1-2)	110000	80000	30000	1.713	51390
					51390

→ Expected loss = 1000000 × 1% => 10000

∴ FV of is ₹ 51390 (higher of PV or Expected loss)

31.3.02	financial guarantee A/c	Dr	21930	
	To P&L (73320 - 51390)			21930

Calⁿ of FV on 31·3·03 —

→ PV of remaining Int Saving

Year	Int. @ 11%	Int. @ 8%	Int. Saving	PVF @ 11%	PV
(1) 3rd year	110000	80000	30000	0·901	27030

27030

→ Expected loss → 1000000 × 3% = 30000

∴ FV is ₹ 30000 [Higher]

31·03·03	Financial Guarantee A/c		Dr 21390	
	To P&L			21390

Answer (34)

1·1·01 → No Entry

31·3·01 →	P&L		Dr 25000	
	To DFL			25000

30·6·01 ⇒ Bal. of DFL should be ₹15000 [since it is its FV]

Dec. in DFL ⇒ 25000 − 15000 = 10000

DFL		Dr 10000	
To P&L			10000

30·9·01 → Bal. of DFA should be ₹12000 [Since it is its FV]

Dec. in DFL = 15000

Inc. in DFA = 12000

DFL		Dr 15000	
DFA		Dr 12000	
To P&L			27000

31.12.01 →	Bank (20000$ × 66)	Dr	1320000	
	P&L A/c (B.F.)	Dr	52000	
	To Bank (20000 $ × ₹68)			1360000
	To DFA			12000

Answer (35.)

1.1.01 ⇒	NO ENTRY			
31.3.01 ⇒	P&L A/c	Dr	25000	
	To DFL			25000
30.6.01 ⇒	~~P&L A/c~~	~~Dr~~	~~10000~~	
	~~To DFL~~			
	DFL	Dr	10000	
	To P&L A/c			10000

(Decrease in DFL = 25000 − 15000 ⇒ 10000)

30.9.01	DFL	Dr	15000	
	To P&L A/c			15000
31.12.01	Bank A/c (20000$ × 66₹)	Dr	1320000	
	P&L A/c (B/F)	Dr	40000	
	To Bank A/c (20000$ × 68₹)			1360000

Answer (36.)

(a) 0 time : DFA A/c Dr 10000
To Bank A/c 10000

31.3.02 : FV of Derivative is ₹ 15,250 [DFA]
Inc. in DFA = 15250 − 10000 = 5250

DFA A/c Dr 5250
To P&L A/c 5250

Balance Sheet ⇒ Financial Asset = ₹ 15,250
Profit & Loss ⇒ Gain of ₹ 5,250

(b) 0 time : Investment in Deb. [FA] Dr 150000
To Bank A/c 150000

31.3.02 : Inv. in Deb. (FA) (150000 × 8%) Dr 12000
To Interest Income (P&L) 12000

Bank A/c (150000 × 6%) Dr 9000
To Inv. in Deb. A/c (FA) 9000

Balance Sheet ⇒ 150000 + 12000 − 9000 ⇒ ₹ 153000
Profit & Loss ⇒ Interest Income ⇒ ₹ 12000

(c) 0 time : Investment in sh. (FVTOCI) Dr 175000
To Bank A/c (50000 × 3.50) 175000

31.3.02 : Inv. in sh. Dr 12500
To OCI (50000 × 0.25) 12500
(3.75 − 3.50)

B/S ⇒ FA ⇒ 50000 × 3.75 = ~~187500~~ 187580 P&L ⇒ NIL OCI ⇒ 12500

Extract of B/s

FA :—

Int. Rate option	15250
Inv. in Deb.	153000
Inv. in shares	187500
	355750

Extract of P&L

P&L

Gain on Int. Rate option FV	5250
Interest Income	12000
	17250

OCI

FV Gain on Inv. in sh.	12500
total	29750

Answer (37.) Accounting

Sale of Copper [Ind AS 115]

1.4.01 → NO Entry

30.9.01 → Bank/Debtors Dr 7200

To Sales (100 $ X ₹72) 7200

Future Contract (Ind AS 109)

1.4.01 → NO Entry

30.6.01 → FV of future Contract

100 $ X (76 − 74) X 0.985

→ ₹197 (DFA)

3 Months PV factors @6% p.a.

↓

1.5% Rate for 3 months

DFA Dr 197

To Cash Fl. Hed. Res (OCI) 197

30.9.01 ⇒ FV of future contract

⇒ 100 $ × (₹76 − 74) × 1 — PVF

⇒ ₹500 (DFA)

∴ Inc. in DFA = 500 − 197

= ₹303

→ DFA	Dr	303
To Cash Flow Hed. Res. (OCI)		303
→ Cash Flow Hed. Res (OCI)	Dr	500
To P&L		500
→ Bank A/c	Dr	500
To DFA		500

Answer (38.)

Prepayment Option Amt = 100 crores + 3% = ₹103 crores

Cal^{n} of FV of FL (loan) at Initial Recognition: (in crores)

Year	Cash Flow	PVf @ 11%	Present Value
1 - 6	12	4.2305	50.77
6	100	0.5346	53.46
			104.23

PTO →

Cal^{n} of CA of FL at each year end :-

Year	op. Bal.	Int. @ 11%	Actual Payment	Cl. Bal.
1	104.23	11.47	12	103.70
2	103.70	11.41	12	103.10
3	103.10	11.34	12	102.44
4	102.44	11.27	12	101.71
5	101.71	11.19	12	100.90
6	100.90	11.10	112	-

Compare CA of FL with prepayment Amt on option exercise date

Year	CA of F.L.	Prepayment Amount	Difference (₹ in Crore)	Difference (in %)
1	103.70	103	0.70	0.68%
2	103.10	103	0.10	0.10%
3	102.44	103	-0.56	-0.55%
4	101.71	103	-1.29	-1.27%
5	100.90	103	-2.10	-2.08%

Hence, it is NOT approximately equals as it crosses more than 2% difference. So, Host Contract & Embedded ~~derivative~~ derivative are not closely related; therefore Entity need to separate Host Loan Contract & Embedded derivative.

Answer (39) Contract Date : 1 Jan. 20X1
Delivery Date : 30 June 20X1

Entity A → Sale of goods at $ 1000000

Accounting by Entity A (₹)

Sale of goods [Host Contract]

1.1.01 ⇒ No Entry

30.6.01 ⇒ Debtors Dr 55000000
To sales 55000000
(10 Lakh × ₹55)

Embedded Derivative

1.1.01 ⇒ No Entry

31.3.01 ⇒ Fair Value ⇒ $1000000 × (55-45)
→ ₹10000000 (DFL)

P&L Dr 10000000
To DFL 10000000

30.6.01 ⇒ fair Value ⇒ 1000000 $ × (60-55)
⇒ ₹50000000 (DFA)

→ DFA Dr 50000000
DFL Dr 100000000
P&L 150000000

→ Debtors Dr 50000000
To DFA 50000000

Answer (40) Contract Date = 9 Sept. 20X1

Delivery Date = 31 Dec. 20X1

Company A → Purchase of Machinery at $1000000

Accounting by Company A

Purchase of Machinery [Host Contract]	Embedded Derivative
9.9.01 ⇒ No Entry	9.9.01 ⇒ No Entry
31.12.01 ⇒ Machinery A/C (PPE) Dr 67800000 To Creditors 67800000 (10 lakh × 67.8)	31.12.01 ⇒ fair value → $1000000 × (67.8 − 67.5) = ₹300000 (DFA) To DFA Dr 300000 To P&L 300000
	31.12.01 → fair Value ⇒ $1000000 × (67.8 − 67) = ₹800000 (DFA) ↑ in DFA ⇒ 800000 − 300000 = ₹500000 → DFA Dr 500000 To P&L 500000
	→ Creditors Dr 800000 To DFA 800000

Answer (41)

Trade Date A/cing :-

Date	ACM		FVTOCI		FVTPL	
1·1·01	FA	Dr 1000000	FA	Dr 1000000	FA	Dr 1000000
	To Payables	1000000	To Payables	1000000	To Payables	1000000
4·1·01	Payables	Dr 1000000	FA	Dr 50000	FA	Dr 50000
	To Cash/Bank	1000000	TOCI	50000	To P&L	50000
			Payables	Dr 1000000	Payables	Dr 1000000
			To Bank	1000000	To Bank	1000000

Settlement Date A/cing :-

Date	ACM		FVTOCI		FVTPL	
1·1·01	No Entry		No Entry		No Entry	
4·1·01	FA	Dr 1000000	FA	Dr 1050000	FA	Dr 1050000
	To Bank	1000000	To Bank	1000000	To Bank	1000000
			To OCI	50000	To P&L	50000

Answer (42.) Bonds at FVOCI Dr 90000
OCI - Loss on Reclassification Dr 10000
To Bonds at ~~Amor~~ ACM 100000

Answer (43.) Bonds at FVTPL Dr 90000
P&L - Loss on Reclassification Dr 10000
To Bonds at ACM 100000

Answer (44.) Bonds at ACM Dr 90000
P&L - Loss on Reclassification Dr 10000
To Bonds at FVTPL 100000

Answer (45.) Bonds at FVTOCI Dr 90000
P&L Dr 10000
To Bonds at FVTPL 100000

Answer (46.) Bonds at ~~FVTOCI~~ ACM Dr 10000
To OCI - Loss on Reclassi. 10000
(Being loss recog. in OCI reversed)

Bonds @ (ACM) Dr 100000
To Bonds at FVTOCI 100000

Answer (47.) P&L - Loss on Reclassi. Dr 10000
To Bonds at FVTOCI 10000

Bonds at FVTPL Dr 90000
To Bonds at FVTOC 90000

OR

Bonds at FVTPL Dr 90000
P&L Dr 10000
To Bonds at FVTOC 100000

IND AS-102 Share Based Payment

Answer (1.) Total Employees = 1000

No. of options / shares per employee = 100

FV of option at Grant Date = ₹195

Cal^{n} of Expense to be recognised –

1st Year : $\frac{(1000 \times 97\%) \times 100 \times 195 \times 1}{2}$ → 9457500

(–) Expense already recognised (0)

9457500

2nd Year : $\frac{(1000 \times 91\%) \times 100 \times 195 \times 2}{2}$ → 17745000

(–) Expense already recognised (9457500)

8287500

Answer (2.) Total Employees = 1000

No. of options / share per Employee = 10

FV of option at Grant Date = ₹100

Cal^{n} of Expense to be recognised :–

1st Year : $\frac{(1000 \times 97\%) \times 10 \times 100 \times 1}{3}$ 323333

(–) Expense already recog. (0)

323333

2nd Year :- $\frac{(1000 \times 95\%) \times 10 \times 100 \times 2}{3}$ = 633333

(-) Expense already recognised = (323333)

310000

3rd Year :- $\frac{(1000 \times 93\%) \times 10 \times 100 \times 3}{3}$ = 930000

(-) Expense already recognised = (633333)

296667

Answer (3.) Total Employees = 1

No. of options/shares per Employee = 10000

FV of options at Grant Date = ₹95

Cal^{n} of Expense to be recognised :-

1st Year :- $\frac{(1 \times 10000) \times 95 \times 1}{3}$ = 31667

(-) Exp. already recognised = (0)

316667

2nd Year :- $\frac{(1 \times 10000) \times 95 \times 0}{2}$ = 0

(-) Expense already recognised = (31667)

Reverse Expense already booked → (31667)

3rd Year :- $\frac{(1 \times 10000) \times 95 \times 3}{3}$ = 950000

(-) Expense already recognised = (0)

950000

Answer (4.) Total No. of Employees = 1
No. of options/shares per Employee = 10000
FV at grant date = ₹ 120

Cal^n of Expense to be recognised :-

1st Year : $\frac{(1 \times 10000) \times 120}{3} \times 1$ ⇒ 400000

2nd Year : $\frac{(1 \times 10000) \times 120}{3} \times 2$ ⇒ 800000

(-) Exp. already recognised (400000)

400000

3rd Year : $\frac{(1 \times 10000) \times 120}{3} \times 3$ ⇒ 1200000

(-) Exp. already recognised (800000)

400000

Answer (5.) Total No. of Employees = 100
FV at grant date = ₹ 25

a) Cal^n of Exp. to be recognised :-

Year 1 : $\frac{(100 \times 1) \times 25}{4} \times 1$ ⇒ 625

Year 2 : $\left[\frac{(100 \times 1) \times 25}{4} \times 2\right] - 625$ ⇒ 625

Year 3 : $\left[\frac{(100 \times 1) \times 25 \times 3}{3}\right] - 1250$ ⇒ 1250

b) Cal^{n} of Expense to be recognised :-

Year 1: $\frac{(100 \times 1) \times 25 \times 1}{4}$ ⇒ 625

Year 2: $\frac{(100 \times 1) \times 25 \times 2}{4}$ ⇒ 1250

(-) Already recog. (625)

625

Year 3: ⇒ 625

Year 4: ⇒ 625

Year 5: ⇒ NIL

Answer (6.) Cal^{n} of Expense to be recognised :

31.3.2001 (1st Year) ⇒ $\frac{500000 \times 91\% \times 1}{3}$ ⇒ 151667

31.3.2002 (2nd Year) ⇒ $\frac{500000 \times 89\% \times 2}{3}$ ⇒ 296667

(-) Already Recognised (151667)

145000

31.3.2003 (3rd Year) ⇒ $\frac{500000 \times 81\% \times 3}{3}$ ⇒ 410000

(-) Alredy Recognised (296667)

113333

31·3·2001	EBE A/c (P&L)	Dr	151667	
	To SBP Reserve (Equity)			151667
31·3·2002	EBE A/c (P&L)	Dr	145000	
	To SBP Reserve (Equity)			145000
31·3·2003	EBE (P&L)	Dr	113333	
	To SBP Reserve (Equity)			113333
	SBP Reserve (Equity)	Dr	410000	
	To Eq. Sh. Cap.			410000

Answer (7.)

Cal^{n} of Expense to be recognised :

2001 (1st Year) → $\frac{(500-29-31)\times 100 \times 122 \times 1}{2}$ → ₹ 2684000

2002 (2nd Year) → $\frac{(500-29-29-23)\times 100 \times 122 \times 2}{3}$ → 3407867

(-) Already Recognised (2684000)

₹723867

2003 (3rd Year) → $\frac{(500-29-29-21)\times 100 \times 122 \times 3}{3}$ → 5136200

(-) Already Recognised (3407867)

₹1728333

J.E. :-

2001	EBE A/c (P&L A/c)	Dr	2684000	
	To SBP Reserve			2684000
2002	EBE A/c (P&L A/c)	Dr	723867	
	To SBP Reserve			723867
2003	EBE A/c (P&L A/c)	Dr	1728333	
	To SBP Reserve			1728333
2003 (Exercise)	SBP Reserve	Dr	5136200	
	To Eq. Sh. Cap.			5136200

Answer (8.)

Cal^{n} of Expense to be recognised :-

31.3.2023 → (1st Year) $\frac{(1000 \times 90\%) \times 150 \times 129 \times 1}{3}$ → 5805000

31.3.2024 → (2nd Year) $\frac{(1000 \times 95\%) \times 150 \times 129 \times 2}{3}$ → 12255000

(-) Already Recognised (5805000)

(+) Incremental FV of modified option 213750

$\left(\frac{950 \times 150 \times 30 \times 1}{2}\right)$

(-) Already Booked (5805000)

8587500

150

31.3.2025 (3rd year) → $\frac{930 \times 150 \times 129 \times 3}{3}$ → 17995500

(+) Incremental FV of modified option ($\frac{930 \times 150 \times 30}{2} \times 2$) → 4185000

(-) Already Booked (5805000 + 858750) (14663750)

7788000

J.E:-

31.3.2023	EBE A/c (P&L)	Dr	5805000	
	To SBP Reserve			5805000
31.3.2024	EBE A/c (P&L)	Dr	858750	
	To SBP Reserve			858750
31.3.2025	EBE A/c (P&L)	Dr	7788000	
	To SBP Reserve			7788000
31.3.2025 (Exercise)	SBP Reserve A/c	Dr	22180500	
	To Equity Sh. Cap.			22180500

Answer (9.)

Cal^{n} of Expense to be recognised :-

1st year :- $\frac{(1000-35-60)\times 150 \times 129 \times 1}{3} \Rightarrow ₹ 5837250$

2nd year :- $\frac{(1000-35-30-36)\times 150 \times 129 \times 2}{3} \Rightarrow 11597100$

(+) Incremental FV of mod. option $\Rightarrow$ 2022750

$\left(\frac{(1000-35-30-36)\times 150 \times 30 \times 1}{2}\right)$

13619850

(-) Already booked (5837250)

₹ 7782600

3rd year :- $\frac{(1000-35-30-39)\times 150 \times 129 \times 3}{3} \Rightarrow 17337600$

(+) Incremental FV of mod. option $\Rightarrow$ 4032000

$\left(\frac{(1000-35-30-39)\times 150 \times 30 \times 2}{2}\right)$

21369600

(-) Already booked (13619850)

₹ 7749750

Answer (10.)

Cal^{n} of Expense to be recognised :-

Year 1 (31.3.2002) $\Rightarrow \frac{1850 \times 1000 \times 1.20 \times 1}{3} \Rightarrow ₹ 740000$

Year 2 (31.3.2003) $\Rightarrow \frac{1840 \times 1000 \times 1.20}{3} \times 2 \Rightarrow ₹ 1472000$

(+) Inc. FV of mod. option

30.9.2002 - 31.3.2003 $\Rightarrow$ 92000

$\left[\frac{1840\times 1000 \times (1.05-0.90)}{1.5} \times 0.5\right]$

1564000

(-) Already Recognised (740000)

₹ 824000

Answer (11.)

S.1) Cal^{n} of Expense (EBE) :-

Year 1 → $\frac{8 \times 2000 \times 130 \times 1}{3}$ → 693333

Year 2 → $9 \times 2000 \times 130$ → 2340000

(→ Already Book) (693333)

1646667

S.2) Total Compensation Amount → $9 \times 2000 \times ₹95 = ₹17100000$

S.3) Bifurcate Compensation to be paid from

SBP Reserve	P&L (loss on cancellation)
↓	↓
$9 \times 2000 \times ₹90$	$1710000 - 1620000$
→ ₹1620000	→ ₹90000

S.4) J.E :-

SBP Reserve	Dr 2340000	
P&L A/c	Dr 90000	
To Bank		1710000
To Retained Earning (BIF)		720000

Answer (12.)

S.1) Cal^{n} of Expense (EBE) :-

Year 1 :- $\frac{(200 \times 90\%) \times 1000 \times ₹18 \times 1}{3}$ → 1080000

Year 2 :- 190 × 1000 × ₹18 → 3420000

(-) Already booked (1080000)

2340000

S.2) Total Compensation Amt. ⇒ 190 × 1000 × 13.50 = ₹2565000

S.3) Bifurcate compensation to be paid from

SBP Reserve ⇓

190 × 1000 × 12

⇒ ₹2280000

P&L (Loss on cancelation) ⇓

2565000 − 2280000

⇒ ₹285000

Answer (13.) Cal^{n} of expense to be recognised :-

Year 1 ⇒ $\frac{170 \times 50 \times ₹80 \times 1}{2}$ ⇒ 340000

Year 2 ⇒ $\frac{170 \times 50 \times 90 \times 2}{2}$ ⇒ 765000

(-) Already Booked (340000)

425000

Answer (14) Cal^{n} of Expense to be recognised :-

1.4.2000 ⇒ 10000 × ₹95	⇒	₹950000
31·3·2001 ⇒ (10000 × 95%) × 112	⇒	₹1064000
(–) Already Booked		(950000)
		₹114000
31·3·2002 ⇒ (10000 × 92%) × 109	⇒	1002800
(–) Already booked		(1064000)
		(₹61200)
31·3·2003 ⇒ (10000 × 89%) × 114	⇒	1014600
(–) Already Booked		(1002800)
		₹11800

J.E. :-

1·4·2000	EBE A/c (P&L A/c)	Dr	950000	
	To SBP Liability A/c			950000
31·3·2001	EBE A/c (P&L A/c)	Dr	114000	
	To SBP Liability A/c			114000
31·3·2002	SBP Liability A/c	Dr	61200	
	To EBE A/c (P&L A/c)			61200
31·3·2003	EBE A/c (P&L A/c)	Dr	11800	
	To SBP Liability A/c			11800
31·3·2003 (Closing)	SBP Liability A/c	Dr	1014600	
	To Bank A/c			1014600

Answer (15-) Cal^{n} of Expense to be recognised :-

1·4·2000 ⇒	11000 × ₹100	⇒ ₹1100000
1·4·2001 ⇒	(11000 × 94%) × 132	1364880
	(-) Already Booked	(1100000)
		₹264880
1·4·2002 ⇒	(11000 × 91%) × 139	1391390
	(-) Already Booked	(1364880)
		₹26510
1·4·2003 ⇒	(11000 × 85%) × 141	1318350
	(-) Already Booked	(1391390)
		(₹73040)

J.E.L

1·4·2000	EBE A/c (P&L A/c)	Dr 1100000	
	To SBP Liability A/c		1100000
1·4·2001	EBE A/c (P&L A/c)	Dr 264880	
	To SBP Liability A/c		264880
1·4·2002	EBE A/c (P&L A/c)	Dr 26510	
	To SBP Liability A/c		26510
1·4·2003	SBP Liability A/c	Dr 73040	
	To EBE (P&L A/c)		73040
1·4·2003	SBP Liability A/c	Dr 1318350	
(Exercise)	To Bank A/c		1318350

Answer (16) Cal^{n} of Expense to be recognised :-

31.12.2005 ⇒ $\frac{(40 \times 90\%) \times 12 \times 1 \times 1000}{2}$ ⇒ ₹ 216000

31.12.2006 ⇒ $\frac{(40 \times 90\%) \times 8 \times 2 \times 1000}{2}$ ⇒ 288000

(-) Already Booked (216000)

₹ 72000

31.12.2007 ⇒

(Exercise Pd.) Total Employees stayed in Co. till date = 36

30 Employee Pending		6 Employee Exercise	
30 × 1000 × 13		6 × 1000 × 10	
⇒ ₹ 390000	+	⇒ ₹ 60000	⇒ ₹ 450000
(-) Already Booked			(288000)
			₹ 162000

31.12.2008 ⇒ 30 × 1000 × 12 ⇒ 360000

(-) Already Booked (450000 - 60000) ⇒ (390000)

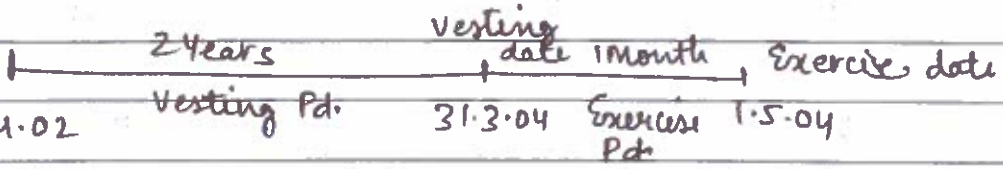
(30000)

J.E. :-

31.12.2005	EBE A/c	Dr	216000
	To SBP Liability A/c		216000
31.12.2006	EBE A/c	Dr	72000
	To SBP Liability A/c		72000

31.12.2007	EBE A/c	Dr	162000	
	To SBP Liability A/c			162000
31.12.2008 (Exercise)	SBP Liability A/c	Dr	60000	
	To ~~EBE A/c~~ Bank A/c			60000
31.12.2008	SBP Liability A/c	Dr	30000	
	To EBE A/c			30000
31.12.2008 (Exercise)	SBP Liability A/c	Dr	360000	
	To Bank A/c			360000

Answer (17)



Cal^{n} of Expense to be recognised :

31.3.03 [Year 1] → $\frac{10 \text{ Million} \times 6}{2} \times 1$ → ₹ 30 Million

31.3.04 [Year 2] → $\frac{10 \text{ Million} \times 8}{2} \times 2$ → 80 Million
(30 Million)
₹ 50 Million

1.5.04 [Year 3] → Exercise → Non ~~Adjusting~~ Event
10 Million × 9 → 90 Million
(→ Already Booked (80 Million)
₹ 10 Million

Answer (18.)

I. If Co. does not modify SAR

Calⁿ of Expense :-

31.3.02 → [Year 1]	$\frac{75 \times 400 \times 210}{4} \times 1$	⇒ 1575000
31.3.03 → [Year 2]	$\frac{75 \times 400 \times 220}{4} \times 2$	⇒ 3300000
	(-) Already Booked	(1575000)
		1725000
31.3.04 → [Year 3]	$\frac{75 \times 400 \times 215}{4} \times 3$	→ 4837500
	(-) Already Booked	(3300000)
		1537500
31.3.05 → [Year 4]	$\frac{75 \times 400 \times 218}{4} \times 4$	→ 6540000
	(-) Already Booked	(4837500)
		1702500

J.E. :-

31.3.02	EBE A/c (P&L A/c)	Dr 1575000	
	To SBP Liability A/c		1575000
31.3.03	EBE A/c (P&L A/c)	Dr 1725000	
	To SBP Liability A/c		1725000

31.3.04	EBE A/c (P&L A/c)	Dr	1537500	
	To SBP Liability A/c			1537500
31.3.05	EBE A/c (P&L A/c)	Dr	1702500	
	To SBP Liability A/c			1702500
31.3.05	SBP Liability A/c	Dr	6540000	
(Exercise)	To Bank A/c			6540000

[* It is assumed that it is exercised on 31.3.05]

II. If Entity modify SAR :-

Cal^{n} of Expense :-

31.3.02 → (Year 1) $\frac{75 \times 400 \times 210}{4} \times 1$ = 1575000

31.3.03 → (Year 2) $\frac{75 \times 400 \times 220}{3} \times 2$ = 4400000

(-) ~~Already~~ Already Booked = (1575000)

= 2825000

31.3.04 → (Year 3) $\frac{75 \times 400 \times 215}{3} \times 3$ = 6450000

(-) Actually Booked = (4400000)

= 2050000

J.E.:-

31.3.02	EBE A/c (P&L A/c)	Dr	1575000	
	To SBP Liability A/c			1575000

31.3.03	EBE A/c (P&L A/c)	Dr	2825000	
	To SBP Liability A/c			2825000
31.3.04	EBE A/c (P&L A/c)	Dr	2050000	
	To SBP Liability A/c			2050000
31.3.04 (Exercise)	SBP Liability A/c	Dr	6450000	
	To Bank A/c			6450000

Answer (19.)

S.1) Cal^{n} of ESOP Component :-

FV of ESOP on Grant Date (1×1500×102)	153000
(-)FV of SAR on Grant Date (1×1500×113)	113000
ESOP Component →	40000

Cal^{n} of ESOP Expense to be recognised each year :-

31.12.01 → [Year 1]	$\frac{40000}{2} \times 1$	→ ₹20000
31.12.02 → [Year 2]	$\frac{40000}{2} \times 2$	→ 40000
	(-) Already Booked	(20000)
		₹20000

Cal^{n} of SAR Expense to be recognised each year :-

31.12.01 → (Year 1)	$\frac{1 \times 1000 \times 120 \times 1}{2}$	⇒ ₹60000
31.12.02 → (Year 2)	$\frac{1 \times 1000 \times 132 \times 2}{2}$	→ 132000
	(-) Already Booked	(60000)
		₹72000

Q.2) J.E :-

31.12.01	EBE A/c (P&L A/c)	Dr	80000	
	To SBP Reserve			20000
	To SBP Liability A/c			60000
31.12.02	EBE A/c (P&L A/c)	Dr	92000	
	To SBP Reserve A/c			20000
	To SBP Liability A/c			72000
31.12.02 (Exercise)	SBP Liability A/c	Dr	132000	
	To Bank A/c			132000
	SBP Reserve A/c	Dr	40000	
	To Retained Earnings			40000

Answer (20)

Q.1) Cal^{n} of ESOP Component :-

FV of ESOP on Grant Date (990 × 212)	209880
-FV of SAR on Grant Date (800 × 213)	(170400)
ESOP Component →	39480

Cal^{n} of ESOP expense to be recognised each year :-

31.12.2000 → $\frac{39480}{2} \times 1$ = ~~104940~~ 19740 (Year 1)

31.12.2001 → $\frac{39480}{2} \times 2$ = 39480

↳ Already Booked (19740)

19740

Cal^{n} of SAR Expenses to be recognised each year :-

31.12.2000 → [Year 1] $\frac{800 \times 220 \times 1}{2}$ ⇒ ₹ 88000

31.12.2001 → [Year 2] $\frac{800 \times 232 \times 2}{2}$ → 185600

(-) Already Booked (88000)

₹ 97600

S.2) J.E. :-

31.12.2000	EBE A/c (P&L A/c)	Dr 107740	
	To SBP Reserve A/c		19740
	To SBP Liability A/c		88000
31.12.2001	EBE A/c (P&L A/c)	Dr 117340	
	To SBP Reserve A/c		19740
	To SBP Liability A/c.		97600
31.12.2001 (Exercise)	SBP Liability A/c	Dr 185610	
	To Bank A/c		185600
	SBP Reserve A/c	Dr 39480	
	To Retained Earnings		39480

Answer (21)

S.1) Cal^{n} of ESOP Component :-

FV of ESOP (90000 × 115)	10350000
FV of SAR (74000 × 135)	(9990000)
ESOP Component →	360000

⇒ ESOP Expense of each year = $\frac{360000}{3}$ = ₹120000 each year

→ SAR Expenses to be recognised each year :-

Particulars	Year 1	Year 2	Year 3
No. of Cash Settled Sh.	74000	74000	74000
fair value	138	140	147
	1/3	2/3	3/3
Cumulatin Exp.	3404000	6906667	10878000
- Already Booked	-	(3404000)	(6906667)
Exp. to be recog. each year	3404000	3502667	3971333

S.2) J.E. :-

31.12.2000	EBE A/c	Dr 3524000	
	To SBP Res.		120000
	To SBP Liab.		3404000
31.12.2001	EBE A/c	Dr 3622667	
	To SBP Res.		120000
	To SBP Liab.		3502667

31.12.2002 SBE A/c Dr 4091333

To SBP Res. A/c 120000

To SBP Liab. A/c 3971333

31.12.2002 (Exercise)

Cash Option

SBP Liability Dr 10878000

To Bank 10878000

SBP Res. A/c Dr 360000

To Retained Earnings 360000

ESOP Option

SBP Liab. Dr 10878000

To SBP Res. 10878000

SBP Res. Dr 11238000

To ESC 9000000

To Sec. Prem. 1250000
[(90000 × 115) − 9000000]

To Retained Ear. (BIF) 888000

Answer (22.) Cal^{n} of Expense [ESOP] → 100 × 25 × 87 → ₹ 217500

Parent Co. 'P'

Investment in Co. B (Subs.) Dr 217500

To SBP Res. 217500

SBP Res. Dr 217500

To ESC (100 × 25 × 10) 25000

To Sec. Prem. 192500

ITS

Subsidiary Co. 'B'

Emp. Ben. Exp. (EBE) A/c (P&L A/c) Dr 217500
To Cap. Contri from Parent (Equity) 217500

Answer (23.) Cal^{n} of Expense (ESOP) = 100 × 25 × ₹87 = 217500

Parent Co. 'P'

Inv. in Co. B (Subs.) Dr 217500
To SBP Res. A/c 217500

SBP Res. A/c Dr 217500
To ESC 217500

Subsidiary Co. 'B'

EBE A/c (P&L A/c) Dr 217500
To Cap. Contri. from Parent (Equity) 217500

Answer (24) Cal^{n} of Expense to be recognized each year :

Particulars	Year 1	Year 2
No. of Employees	80	81
No. of option/shares	200	200
Fair value	₹30 1/2	₹30 2/2
Total Exp. to be recog.	480000	486000
(-) Already booked	(-) 240000	(240000)
	240000	246000

J.E. (Subsidiary)

Year 1 EBE A/c Dr 240000

To Cap. Contri. from Parent 240000

Year 2 EBE A/c Dr 246000

To Cap. Contri. from Parent 246000

Answer (25.) Cal^{n} of Expense :-

Year 1 ⇒ $\frac{100 \times 30 \times 5 \times 1}{3}$ ⇒ 5000

Year 2 ⇒ $\frac{100 \times 30 \times 5 \times 2}{3}$ ⇒ 10000

(-) Already Booked (5000)

5000

Year 3 ⇒ $\frac{100 \times 30 \times 5 \times 3}{3}$ ⇒ 15000

(-) Already Booked (10000)

5000

J.E :- (Parent Co. 'P')

Year 1 to Year 3 →	Investment in 'S' (Subs.)	Dr	1250	
	Bank A/c (5000 × 75%)	Dr	3750	
	To SBP Res. A/c			5000

J.E :- (Subsidiary Co. 'S')

Year 1 to Year 3 →	EBE A/c (P&L A/c)	Dr	5000	
	To Bank A/c (5000 × 75%)			3750
	To Eq. (Cap. Contr. from Par.)			1250

Answer (26.)

1.02.2001	PPE A/c	Dr	200000	
	To SBP Res. A/c			200000
	SBP Res. A/c	Dr	200000	
	To ESC (995 × 100)			99500
	To Sec. Prem.			100500

Answer (27.) Cal^{n} of Maintenance Expense to be recognized each month

$$\rightarrow \frac{100000}{3} = 33333.33$$

J.E :-

30.4.2001	Rep. & Main. (P&L)	Dr	33 333.33	
	To SBP Res.			33333.33
30.5.2001	Rep. & Main. (P&L)	Dr	33 333.33	
	To SBP Res.			33333.33
30.6.2001	Rep. & Main. (P&L)	Dr	33333.33	
	To SBP Res.			33333.33
1.7.2001	SBP Res. A/c (Equity)	Dr	100000	
	To ESC. (1000×10)			10000
	To Sec. prem. (B/F)			90000

~~Answer (28)~~

INDAS-12 Income Taxes

Answer (1.) S.1) CA of Asset = ₹100

S.2) Tax Base of Asset → 150 − 90 = ₹66

S.3) Temporary Difference = 100 − 60 = 40 [TTD]

S.4) DTL = 40 × 25% = ₹10

Answer (2.)

S.1) Cal^{n} of CA of Asset :- ₹ '000

	1	2	3	4	5
Cost	100	80	60	40	₹20
(−) Depreciation	(20)	(20)	(20)	(20)	(20)
	80	60	40	20	–

S.2) Cal^{n} of Tax Base of Asset :-

₹ '000

	1	2	3	4	5
Cost	100	75	50	25	–
(−) Depreciation	(25)	(25)	(25)	(25)	–
	75	50	25	–	–

S.3) Cal^{n} of Temporary Difference ₹ in 000

	1	2	3	4	5
Carrying Amount	80	60	40	20	–
Tax Base	₹75	50	25	–	–
	5	10	15	20	–

5.4) Calculation of DTL :- ₹ '000

	1	2	3	4	5
Temporary Diff.	5	10	15	20	–
DTL @ 30%	1.5	3	4.5	6	–
CY [P&L]	1.5	1.5	1.5	1.5	(6)
		(3-1.5)	(4.5-3)	(6-4.5)	

Answer (3.)

5.1) Revised CA of Asset = ₹650000 [Recoverable Amount]

5.2) Tax Base of Asset = ₹800000

5.3) Temporary Difference = 800000 - 650000 = 150000

5.4) DTA = 150000 × 30% ⇒ ₹45000

Answer (4.)

(ii) 5.1) CA of Prov. of Closure Cost (Liability) = 2000000

5.2) Tax Base = 0

5.3) Temp. Diff. = 2000000 - 0 = 2000000 [DTD]

5.4) DTA = 2000000 × 20% = ₹400000

(iii) 5.1) CA of Intangible Assets = 1600000 - [1600000/5 × 3/12] = 1520000

5.2) Tax Base = 0

5.3) Temporary Diff = 1520000 - 0 = 1520000 [TTD]

5.4) DTL = 1520000 × 20% = ₹304000

(iv) 5.1) CA of Loan :-

Initially (1.4.21) ⇒ 10000000 - 200000 = 9800000

Amortisation Schedule :-

Year	Op. Bal.	EIR @ 10%	Actual Payment	Cl. Bal.
31.3.22	9800000	980000	–	10780000

S.2) Tax Base of Loan → 10000000

S.3) Temp. Diff. → 10780000 - 10000000 = 780000 [DT D]

S.4) DTA = 780000 × 20% = ₹ 156000

Answer (5.)

Scenario (2) S.1) CA of Intangible Assets = $1600000 - \left(\frac{1600000}{5} \times \frac{3}{12}\right)$

= ₹1520000

S.2) Tax Base = 0

S.3) Temporary Diff = 1520000 - 0 = ₹1520000 [TTD]

S.4) DTL = 1520000 × 30%

= ₹ 456000

Scenario (3) ~~S.1) CA of Loan = 10000000 - 200000 = ₹9800000~~

~~S.2) Tax Base = ₹10000000~~

S.1) Carrying Amt. of loan :-

Initially (1.4.2021) ⇒ 10000000 - 200000 ⇒ ₹9800000

Amortisation Schedule —

Year	op. Bal.	EIR @ 10%	Actual Payment	Cl. Bal.
31.3.22	9800000	980000	–	10780000

S.2) Tax Base = ₹ 10000000

S.3) Temp. Diff = 10780000 - 10000000

= ₹ 780000 [DTD]

S.4) DTA = 780000 × 30%

= ₹ 234000

Answer (6)

(ii) S.1) Carrying Amount of Loan :-

Initially (1.4.21) = 5000000 - 100000 => ₹4900000

Amortisation Schedule :-

Year	Op. Bal.	EIR @ 10%	Actual Payment	Cl. Bal.
31.3.22	4900000	490000	–	5390000

S.2) Tax Base of Loan = ₹5000000

S.3) Temp. Diff. = 5390000 - 5000000 = ₹390000 [DTD]

S.4) DTA = 390000 × 20% = ₹78000

Amortisation Schedule for verification of EIR

Year	Op. Bal. of FL	EIR @ 10%	Actual Payment	Cl. Bal. of FL
31.3.22	4900000	490000	–	5390000
31.3.23	5390000	539000	–	5929000
31.3.24	5929000	592900	6521900	–

Since, closing Bal. of loan as per Amortisation Schedule matches with the bullet payment of ₹6521900, it assures that EIR @ 10% is CORRECT and is in accordance with IND AS 109.

Answer (7.) (b) Done on Page Number - (191)

(a.) S.1) CA of Investment = ₹240000

S.2) Tax Base = ₹200000

S.3) Temp. Diff. = 240000 - 200000 = ₹40000 [TTD]

S.4) DTL = 40000 × 25% = ₹10000 [OCI]

(b) S.1) Carrying Amt. of Income recd. in Advance = 200000 - 120000
= ₹80000

S.2) Tax Base = 0

S.3) Temporary Diff. = 80000 - 0 = ₹80000 [DTD]

S.4) DTA = 80000 × 25% = ₹20000

Current Tax — 200000 × 25% = ₹50000 [CTL]

Answer (8.)

(1) Investment in A Ltd :—

Closing Balance of DTA/DTL on 31.3.02 :—

S.1) CA of Investment = ₹75 Crore

S.2) Tax Base = ₹45 Crore

S.3) Temp. Diff = 75 - 45 = ₹30 Crore [TTD]

S.4) DTL = 30 × 20% = ₹6 Crore

Calⁿ of DTL on 31.3.01 :— (Op. Bal. of DTL)

S.1) CA of Investment = ₹70 Crore

S.2) Tax Base = ₹45 Crore

S.3) Temp. Diff. = 70 - 45 = 25 Crore [TTD]

S.4) DTL = 25 Crore × 20% = ₹5 Crore

Charge to P&L on 31.3.02 = 6 Crore - 5 Crore = ₹1 Crore (P&L)

(ii) PPE :- (Important Question)

Closing Bal. of DTA / DTL on 31.3.2002 —

S.1) CA of PPE = ₹45 Crore

S.2) Tax Base = 22 Crore − 1.25 Crore = ₹ 20.75 Crore

S.3) Temp. Diff. = 45 − 20.75 = ₹ 24.25 Crore (TTD)

S.4) DTL = 24.25 Cr. × 20% = ₹ 4.85 Crores

Cal^{n} of DTL on 31.3.2001 :- (Op. Bal. of DTL)

S.1) CA = ₹ 40 Crore

S.2) Tax Base = ₹22 Crore

S.3) Temp. Diff. = 40 − 22 = ₹ 18 Crore (TTD)

S.4) DTL = 18 Crores × 20% = ₹ 3.6 Crore

Difference b/w Cl. DTL & Op. DTL :-

→ 4.85 Cr. − 3.60 Cr. ⇒ ₹ 1.25 Crore [DTL]

To be charged to P&L

Cl. Bal. of DTL if on 31.3.02 if there is no Revaluation

S.1) CA = 40 − 2 = 38 Cr.

S.2) TB = 22 − 1.25 = 20.75 Cr.

S.3) TD = 38 − 20.75 = 17.25 Crore (TTD)

S.4) DTL = 17.25 × 20% = ₹3.45 Crore

Now, diff. b/w Cl. & Op. DTL

→ 3.45 − 3.60 = (0.15 Crore)

Reversal of DTL [P&L]

To be charged to OCI

Bal. of DTL on Revaluation Gain. Past

S.1) CA = ₹ 7 Cr (Rev. Gain)

S.2) TB = 0

S.3) TD = 7 − 0 = ₹7 Cr. (TTD)

S.4) DTL = 7 Cr. × 20% = ₹1.4 Crore

DTL to be credited [OCI]

Alternatively,

Bal. figure = ₹1.25 − (−0.15)

= ₹1.40 Crore

∴ Total DTL in Balance Sheet at 31.3.02

⇒ 6 Cr. + 4.85 Cr. ⇒ 10.85 Crores

Answer (9.)

S.1) Carrying Amount of Int. Receivable - 10000 (Asset)

S.2) Tax Base = 0

S.3) Temp. Diff. = 10000 - 0 = ₹ 10000 [TTD]

S.4) DTL = 10000 × 25% = ₹ 2500

Answer (10.)

DTA @ 40% = 80000

28000 (OCI) → DTD → ⇒ 28000 ÷ 40% = 70000

52000 (P&L) → DTD → ⇒ 52000 ÷ 40% = 130000

DTL @ 40% = 60000 [P&L] → TTD → 60000 ÷ 40% = 150000

Revised DTA (OCI)
⇒ 70000 × 45%
= 31500

∴ Inc. in DTA
⇒ 31500 - 28000
⇒ 3500

DTA A/c Dr 3500
To DT Exp (OCI) 3500

Revised DTA (P&L)
⇒ 130000 × 45%
= 58500

∴ Inc. in DTA
⇒ 58500 - 52000
⇒ 6500

DTA A/c Dr 6500
To DT Exp. (P&L) 6500

Revised DTL (P&L)
⇒ 150000 × 45%
= 67500

∴ Inc. in DTL
⇒ 67500 - 60000
= 7500

DT Exp. (P&L) Dr 7500
To DTL 7500

~~₹ 1000 Crore~~

Answer(11) S·1) Carrying Amount of Inv. in PQR Ltd.
= 1000 + 50 = ₹1050 Crore

S·2) Tax Base = ₹1000 Crore

S·3) Temp. Diff. = 1050 - 1000 = ₹50 Crore [TTD]

S·4) DTL = 50 × 15% = ₹7.5 Crores

Answer(12) S·1) CA of Investment in XYZ Ltd. = 4373 + 5
= ₹4738 Crore

S·2) Tax Base = ₹4373 Crore

S·3) Temp. Diff = 4738 - 4373 = 5 Crore

No, DTA / DTL as it is Investment in Subsidiary.

Answer(13) S·1) CA :-

ROU Asset [31·3·02] = 120 Crore - [120 Cr. / 5] = ₹96 Crore

Lease Liab. [31·3·02] =

Date	op. Bal.	Int. @ 8%	Actual Payment	Cl. Bal.
31·3·02	120	9·6	30	99·60

Carrying Amt. (Net) = 96 - 99.10 = 3.60 (liability) Crore

S·2) Tax Base = 0

S·3) Temp. Diff = 3.60 - 0 = 3.60 Crores [DTD]

S·4) DTA = 3.60 Crore × 30% = ₹1.08 Crores

31·3·02 [Year 1]

Answer (14) S·1) Carrying Amt. = Nil

S·2) Tax Base = 1·60 Crores × 1/2 = 0·80 Crs

S·3) Temp. Diff = 0 − 0·80 = 0·80 [DTD]

S·4) DTA = 0·80 × 30% = 0·24 Crs

S·5) J.E :-

DTA	Dr	0·24 Cr.	
To DT Exp. (P&L)			0·24 Cr.

31·3·03 [Year 2]

J.E :- for Reversal

DT Expense (P&L)	Dr	0·24 Crore	
To DTA			0·24 Crore

Answer (15)

₹ '000

	F.V. (New CA)	Tax Base (Existing CA)	Temp. Diff.	
PPE	250	260	10	DTA
Inventory	120	125	5	DTA
Debtors	200	210	10	DTA
	570	595		
9% Debentures	100	100	–	
Net Asset	470	495	25	[DTD]

DTA – 25 × 30% = 7·5 in ₹ '000 or ₹ 7500

JE:-

PPE	Dr	250	
Inventory	Dr	120	
Debtors	Dr	210	
DTA	Dr	7.5	
~~GHW (BIF)~~	~~Dr~~	~~22.5~~	
To 9% Debentures			100
To Bank			540

Answer (16.)

		FV (New CA)	Tax Base	Temp. Diff	
				₹'000	
Land & Building	~~NCA~~	710	500	210	TTD
PPE	~~NCA~~	270	200	70	TTD
Inventory	~~CA~~	80	100	20	DTD
Accounts Receivable	~~RCA~~	150	150	100	DTD
Cash & Cash Equivalents		130	130	-	-
		1330	1080		
Accounts Payable		160	160	-	-
Retirement ben. obligation	DTA	100	-	100	DTD
Net Assets		1070	920	150	(TTD)

DTL = 150 × 40% = ₹60 in ₹'000 OR ₹60000

J.E.:-

L & B	Dr	710	
INV.	Dr	270	
PPE	Dr	80	
Accounts Rec.	Dr	150	
C & CE	Dr	130	
GW (BIF)	Dr	490	
To Pay.			160
To Ret. ben. obl.			100
To DTL			60
To PC			1500

Cal^{n} of Goodwill :-

Purchase consideration	1500
(-) Net Assets [1070 - 60]	(1010)
Goodwill ⇒	490

Answer (17)* (Special Question)

	New CA (F.V.)	Tax Base	Tem. Diff.	DTA / DTL
Cash	780	780	-	-
Receivables	5200	5500	300	DTA ⇒ 90
P&E	8000	6000	2000	DTL ⇒ 600
Brand	4300	-	4300	DTL ⇒ 1290
	18280			
Payables	1050	1050	-	-
Borrowings	4900	4900	-	-
Emp. liab.	900	0	900	DTA ⇒ 270
Net Assets	11430			

(i) ∴ DTA = 90 + 270 = 360 .
DTL = 600 + 1290 = 1890 .

(ii) Cal^{n} of Goodwill :-

	₹ in lakhs
Purchase consideration	12000
(-) Net Assets [11430 + 360 - 1890]	(9900)
Goodwill ⇒	2100

* NOTE :- इस Question में हमने Total DTA / DTL calculate किया है बजाय की only Buz. Combination से कितना DTA / DTL हुआ।

Answer (18.)* Cal^{n} of Deferred Tax :-

	FV (New CA)	Tax Base (Exis. CA)	Temp. Diff.
Property	18	15	3 TTD
P&E	13	11	2 TTD
Inventory	3	2.50	0.5 TTD
	34	28.5	5.50 TTD

DTL = 5.50 Cr. × 20% = 1.10 Crore

Goodwill :-

Purchase Consideration
(+) Non Controlling Int. (12 + 5.5) 1.10 25 (27.40)
(-) Net Assets taken over

Purchase Consideration	25
(+) Non Controlling Int. ($\frac{12 Cr}{80\%} \times 20\% = 3 Cr. \times ₹2$)	6
(-) Net Assets taken (23+5.5 - 1.10)	(27.4)
Goodwill →	3.10 Crores

Answer (19)

DTD = 50000

OR

Profit from Tax Strategy = 60000 - 12000 (cost) = 48000 } lower ↓ 48000

∴ DTA = 48000 × 30% = ₹14,400

So, DTA on ₹2000 [50000 - 48000] of ₹600 will not be recorded

Answer (20.)

DTL = 9000 × 30% = ₹ 2700

DTA :-

	Year 1	Year 2	Year 3	Year 4
Reversal of TTD	3000	3000	3000	–
Reversal of DTD	1000	1000	1000	1000
Lower	1000	1000	1000	0

∴ Total of lower Amount = 3,000

∴ DTA = 3000 × 30% = ₹ 900

∴ DTA on ₹ 1000 [4000 - 3000] of ₹ 300 cannot be recognised

Answer (21.)

Current Tax = 104 × 25% = 26 thousand

Curr. Tax Exp. (P&L)	Dr	26
To CT Liab.		26

Deferred Tax :- [on Machine]

CA on 31-3-02 = ₹120 - (120/10 × 2/12) = ₹118 Thousand

Tax Base on 31-3-02 = $120 - \left(\frac{120}{10} \times \frac{6}{12}\right)$ = ₹ 114 Thousand

Temp. Diff. = 118 - 114 = 4 thousand [TTD]

DTL = 4 × 25% = 1 Thousand

DT Exp. (P&L)	Dr	1
To DTL		1

Cal^{n} of Taxable Profits :-

	₹ in thousand
PBT as per books	100
(+) Expense Disallowed	8
(+) Dep^{n} as per Books	2
(-) Dep^{n} as per Income Tax	(6)
Taxable Profits	104

Tax Reconciliation :-

(a.) Absolute Numbers :-

PBT (Books)	100
Tax @ 25%	25
(+) Charitable Don. (8 × 25%)	2
Tax Expense (CT. + DT.)	27

(b) Tax Rate Reconciliation :-

Applicable Tax Rate	25%
(+) [2 thousand / 100 thousand × 100]	2%
Avg. Effective Tax Rate [27 × 100 / 100]	27%

Answer (7*) (b)

Current Tax = 80000 - 64000 = 16000 × 25% = ₹4000

Deferred Tax :- Inventory

Subsidiary ⇒ 80000 × 60% = ₹48000 [Tax Base]
Fair Value ⇒ 64000 × 60% = ₹38400 [Carrying Amt.]
Temp. Diff. = 48000 - 38400 = ₹9600 [DTD]
DTA = 9600 × 25% = ₹2400

IND AS 103 Business Combination

Answer (1)

Case (i)

Initially on Date of Acquisition :-

Total P.C. :	
ESC issue (10 Lakh Sh. × ₹20)	20000000
⊕ FV of Cont. Cons.	2500000
Total PC	22500000

Subsequently Acing for provision for Cont. Cons. :-

It is an Equity Instrument. so, No effect will be given for fair Value change.
Hence, on 31.3.2002 condition is met. so, we have to issue 2 Lakh Eq. sh. against this provision for contingent cons.

31.3.2002 (1st Year End) J.E. :-

Provision for Cont. Cons. A/c	Dr	2500000	
Retained Earnings (B/f) (Equity Instru.)	Dr	2500000	
To Eq. Sh. Cap. (200000 × 10)			2000000
To Sec. Prem. (200000 × 15)			3000000

Case (ii.) Initially on Date of Acq.:

Total PC:

ESC Issued	20000000
(+) FV of Cont. Cons	2500000
Total PC →	22500000

Subsequently Acing for Prov. for Cont. Liab. –

Fin. Liab. at FVTPL

31.3.2002 (1st Year End) J.E.:

Prov. for Cont. Cons.	Dr	2500000	
Profit & Loss (B/F)	Dr	1500000	
To ESC [4000000/25 = 160000 Shares × 10]			1600000
To Sec. Prem. (160000 × 15)			2400000

Answer (2.)

Org. vesting Pd. = 5 Yrs.

Vesting Pd. complete = 2 Yrs.

Revised Vesting Pd. = 2 + 2 = 4 Yrs.

Replacement Awards

Pre (PC)	Post (Ind AS 102)
↓	↓
500 × 2/5 = ₹200	600 − 200 = ₹400

Answer (4.) F.V of Liab. = ₹ 20 Million

∴ P.C. = 500 − 20 = 480 Million ₹

J.E :-

Provision for Liab. A/c	Dr	10 Million	
P&L A/c (B/F)	Dr	10 Million	
To Bank A/c			20 Million

Answer (5.)

Settlement Amount

₹ 450000

(−) 250000 − $\left(\frac{250000}{10} \times 4\right)$

⇒ 450000 − 150000

⇒ ₹ 300000

₹ 180000 (Penalty payable on termination)

Lower ⇒ ₹ 180000 (P&L)

∴ P.C. : 1 Crore − 180000 = ₹ 9820000

Answer (6.)

Case (i.) → ABC Ltd. will recognise Contingent Liab. at FV of ₹ 70 Lakhs and also recognise corresponding Indemnification Asset of ₹ 70 Lakhs (upto contingent liab. but not more than Amount indemnified i.e., ₹ 1 Crore)

Case (ii.) → However, if Liab. is more than ₹ 1 Crore, i.e., ₹ 1.2 Crore, the Indemnification Asset will be limited to ₹ 1 Crore only.

Answer (7) Case (i): Measure NCI at FV, i.e., ₹ 15 Crores

Case (ii): Measure NCI as proportion of FV of identifiable Net Assets

→ ₹ 100 crores × (100 − 90)%

→ ₹ 10 crores

Answer (3) Vesting Pd. Org. = 5 years

Vesting Pd. completed = 2 years

Revised Vesting Pd. total = 2 + 2 = 4 years

Non Replacement Award

Pre (NCI)

$\frac{500 \times 2}{5}$

→ ₹ 200

Post (NCI over the period)

500 − 200

→ ₹ 300

Answer (8)

	₹ in Crores
P.C.	15
(+) NCI	4.2
	19.2
(−) Net Assets	(20)
Gain on Bargain Purch. (CIR) →	(0.8)
OR ₹ 80 Lakhs	

If NCI at PSNA

	₹ in Crore
PC	15
(+) NCI	4
	19
(−) NA	(20)
Gain on Bargain Pur →	(1)

Answer (9.)

	(₹)
Purchase Consideration	5000000
(+) Non controlling Interest (10000000 × 30%)	3000000
	8000000
(−) Net Assets	(10000000)
Gain on Bargain Purchase →	2000000

Answer (10.)

	(₹)
Purchase Consideration	100 lakhs
(−) Net Assets	(80 lakhs)
Goodwill →	20 lakhs

Answer (11.) Purchase consideration = ₹400000

Calⁿ of Net Assets taken over —

	(₹)
PPE	150000
(+) IA 1	30000
(+) IA 2	70000
(+) Cash & Bank	130000
(−) Trade Payables	(50000)
Net Assets →	330000

Calⁿ of Goodwill —

	(₹)
PC	400000
(−) Net Assets	(330000)
g/w →	70000

Answer (12.) N.A. taken over :—

	(₹)
Net Assets	30 00 000
(+) Trade Mark	180000
(+) Sole Distribution rights (150000 X 4.36)	654000
	3834000

Calⁿ of G/W —

	(₹)
P C	50 00 000
(-) Net Assets	(3834 000)
Goodwill ⇒	1166000

Answer (13.)

N.A taken over :—

	(₹)
NA	85000000
(+) Non Compete Fee (Intangible Asst)	50 00000
	900 00 000

Goodwill :—

P.C.	1000 00 000
(-) Net Assets	(900 00 000)
G/W →	1000 00 000

Answer (14.)

Net Assets taken over —	(₹ in Crores)
Net Asset	15
(+) Patent	10
(+) Patent for new Drug	20
(+) Licence	10
	55

Calⁿ of Goodwill or GBP — (₹) in Crores

Purchase Consideration	35
(–) Net Asset	(15)
GBP →	₹ 20 Crores

Answer (15)* [question easy है पर question को frame बहुत अच्छा किया है]

	Additional Payment	
	Employment Capacity (Expense)	Shareholder Capacity (Pur. Cons.)
P.C. in Cash	900	900
P.C. in form of Cont. Cons.	–	200
Total P.C.	900	1100
(–) NA taken over	(850)	(850)
Goodwill	₹ 50	₹ 250

Impact on Results:

Cumulative Earnings	1050	1050
(–) Payment of Cont. Cons.	(500)	(300) → [500 – 200]
Net Profit	₹ 550	₹ 750

Answer (16)*

₹ in '000

	NCI at fair value	NCI at PSNA
P.C. :-		
Shares issue (12000000 × 75% × 2/3 × 6.50)	39000	39000
(+) Deferred Consideration (715000 / 0.10)	6500	6500
(+) Contingent Consideration	25000	25000
	70500	70500
Cal^{n} of N.A. taken over :-		
F.V. of NA	70000	70000
(-) DTL ((70000000 - 60000000) × 20%	(2000)	(2000)
	68000	68000
Cal^{n} of NCI :-		
FV method [12000000 × 25% × 6]	18000	~~18000~~
PSNA method (68000000 × 25%)	—	17000
Cal^{n} of Goodwill —		
Purchase consideration	70500	70500
(+) NCI	18000	17000
	88500	87500
(-) Net Assets	(68000)	(68000)
Goodwill →	20500	19500
∴ Impairment on Goodwill @10%	2050	1950

200

Answer (17)

(a.) If NCI as per FV method —

NCI = ₹ 65 Crores

PC = ₹97.5 Crores

Net Asset = ₹150 Crores

Goodwill = 97.5 + 65 − 150 = ₹12.50 Crores

J.E. :- (CFS)

Net Assets A/c	Dr	150 Crores	
Goodwill A/c	Dr	12.50 Crores	
To NCI			65 Crores
To Inv. in Natural Ltd. (P.C.)			97.5 Crores

(b.) If NCI as per PSNA method —

NCI = ₹150 Crores × 40% = ₹60 Crores

GIW = 97.5 + 60 − 150 = ₹ 7.5 Crores

J.E. :- (CFS)

Net Assets A/c	Dr	150 Crores	
GIW A/c	Dr	7.5 Crores	
To NCI			60 Crores
To Inv. in Natural Ltd. (P.C.)			97.5 Crores

Answer (18)

(i) If NCI as per FV method –

P.C. = ₹120 Crore

Net Asset = ₹130 Crore

NCI = ₹30 Crores

G/W = 120 + 30 – 130 = ₹20 Crore

J.E. :– (CFS)

Net Assets A/c	Dr	130 Crores	
Goodwill A/c	Dr	20 Crore	
To NCI			30 Crore
To Investment in B Ltd. (P.C.) / Cash			120 Crore

(ii) If NCI as per PSNA method –

NCI = ₹ 130 Crores × 20% = ₹ 26 Crore

G/W = 120 + 26 – 130 = ₹16 Crore

J.E. :– (CFS)

Net Assets A/c	Dr	130 Crore	
Goodwill A/c	Dr	16 Crore	
To NCI			26 Crore
To Investment in B Ltd. (P.C.) / Cash			120 Crores

Answer (19) (i) If NCI as per FV method —

P.C. = ₹ 750 lakhs

NCI = ₹480 lakhs

Net Assets = ₹ 1000 lakhs

G/W → 750 + 480 − 1000 = ₹ 230 lakhs

J.E. :- (CFS)

Net Assets A/c	Dr	1000 lakhs	
Goodwill A/c	Dr	230 lakhs	
To NCI			480 lakhs
To Cash / Inv. in Raja. Ltd. (PC)			750 lakhs

(ii) If NCI as per PSNA method —

NCI => ₹1000 lakhs × 40% = ₹400 lakhs

G/W → 750 + 400 − 1000 = ₹150 lakhs

J.E. :- (CFS)

Net Assets A/c	Dr	1000 lakhs	
Goodwill A/c	Dr	150 lakhs	
To NCI			400 lakhs
To Cash / Inv. in Raja Ltd. (PC)			750 lakhs

Answer (20.) (i.) If NCI as per FV method —

PC = ₹400 lakh • NCI = ₹100 lakhs, NA = ₹520 lakhs

CR = 400 + 100 − 520 = ₹ 20 lakhs (Gain on Bargain Purch.)

J.E. :- (CFS)

Net Assets A/c	Dr	520 lakhs	
To Capital Reserve			20 lakhs
To NCI			100 lakhs
To Cash (P.C.)			400 lakhs

(ii) If NCI as per PSNA method –

NCI = ₹520 lakhs × 20% = ₹104 lakhs

Gain on Bargain Purch. (CR) = 400 + 104 − 520 = ₹16 lakhs

J.E. : (CFS)

Net Assets A/c	Dr	520 lakhs
To Capital Reserve		16 lakhs
To NCI		104 lakhs
To Cash (P.C.)		400 lakhs

Answer (21.) (i) If NCI as per PSNA method —

Purchase consideration = ₹300

NCI = ₹400 × 20% = ₹80

Net Assets = 500 − 100 = ₹400

Gain on Bargain Purchase = 300 + 80 − 400 = ₹20

J.E. : — (CFS)

Assets A/c	Dr	500
To Liabilities		100
To Gain on Bargain Purch.		20
To NCI		80
To Cash (PC)		300

(ii) If NCI as per FV method –

NCI = ₹84

Gain on Bar. Purch. = 300 + 84 − 400 = ₹16

J.E. : (CFS)

Assets A/c	Dr	500
To Liabilities A/c		100
To Gain on Bar. Purch.		16
To NCI		84
To Cash (PC)		300

S.1) Acquirer = Bima Ltd.

S.2) DoA = 01.06.2001

Answer (22) S.3) Cal^n of P.C. :—

	(₹)
Cash	5000000
(+) Equity Sh. (50000 × 25)	1250000
(+) Contingent Consideration	980000
	₹ 7230000

S.5) Cal^n of NCI :— (FV method)

→ 100000 × (100 − 65)% × ₹12 = ₹ 420000

S.4) Net Assets taken over ⇒ ₹ 8000000

S.6)

∴ Gain on Bargain Purchase = 7230000 + 420000 − 8000000

= ₹ 350000

J.E. :- (CFS)

Net Assets A/c	Dr	8000000
To Cash		5000000
To ESC (50000 × 10)		500000
To Sec. Prem. [₹50000 × (25−10)]		750000
To NCI		420000
To Cap. Res. (Gain on Bar. Pur.)		350000
To Prov. for Conti. Consideration		980000

Answer (23) *

₹ in lakhs

S.1) Acquirer = Professional Ltd.

S.2) DoA = 1.4.2002

S.3) Cal^n of P.C. :-

Shares issued [400 lakh → 4 lakh Sh. / ₹100 × 70% × 1/2 × 40]	56
(+) PV of Deferred Consideration (35 lakh × 0.826446)	28.93
(+) SBP Reserve	2.50
Total P.C.	87.43

NOTE :- ESOP (Replacement Award)

Pre (PC)	Post (P&L over the Period)
₹ 500000 × 2/4	8 lakh − 2.5 lakhs
= ₹ 2.5 lakhs	⇒ 5.50 lakh

5.4) Net Assets taken over — ₹ in lakhs

		Fair Value
PPE		350
Investment		100
Inventory		150
Trade Rec.		340
Cash		100
Other Assets		230
		1230
(-) Liabilities :-		
Long Term Borr.	240	
Long Term Prov.	70	
DTL	35	
Short Term Borr.	150	
Trade Payables	340	
Cont. Liab	5	(760)
Net Assets taken over		470

* Calⁿ of DTA/DTL — (₹) in lakh

	FV of NA (CA)	CA of NA (Tax Basis)
Net Assets	470	625 (1380 − 755)

∴ DTA = [(470 − 625) × 30%] = ₹ 46.50 lakhs

→ Total NA taken Over = 470 + 46.50 = ~~428.50~~ ₹516.50 lakhs

S.5) Cal^{n} of NCI — (PSNA method)

→ 576.50 lakhs × 30% = ₹154.95 lakhs

S.6) G/W or C/R —

	₹ in lakhs
PC	87.43
(+) NCI	154.95
	242.38
(-) Net Assets	(516.50)
Gain on Bargain Purch. (CR)	274.12

S.7) Not Reqd. (J.E.)

S.8) Consolidated B/s of Professional Ltd. as at 01.04.2002

Particulars	₹ in lakhs
Assets	
I. Non Curr. Assets :-	
PPE (300+350)	650
Investment (400+100)	500
II. Curr. Assets :-	
Inventories (250+150)	400
Fin. Asset:	
Trade Rec. (450+300)	750
Cash & Cash Eq. (200+110)	310
Others (400+230)	630
TOTAL	3,230

20 +

Equity & Liabilities

I. Equity

ESC [500 + (4 lakh × 70% × 1/2 × 10)]	514
Other Equity [810 + 42 + 2.5 + 274.12] (42 → Sec. Prem.; 2.5 → SDP Res.; 274.12 → C/R)	1128.62
NCI	154.95

II. Non Curr. Liab.

FL

Long Term Borr. (250 + 200)	450
Long Term Prov. (50 + 70 + 28.93)	148.93
DTL (40 + 35 − 46.5)	28.50

III. Curr. Liab.

FL

Short Term Borr. (100 + 150)	250
Trade Payables (250 + 300)	550
Short Term Prov. for Law Suit	5
TOTAL	3230

NOTE :-

Shares issued in P.C. :- ⇒ 4 lakh shares × 70% × 1/2 = 140000 Shares

ESC	Sec. Prem.
140000 × 10	140000 × (40 − 10)
⇒ ₹ 14 lakhs	⇒ ₹ 42 lakhs

Answer (24)

₹ in lakhs

S.1) Acquirer = RS Ltd.

S.2) DOA = When RS Ltd Purchased rem 70% Stake

S.3) P.C :—

Cash	700
(+) FV of Prev. held Inv.	300
	1000

S.4) NA taken over = 800

S.5) NCI : Not Applicable

S.6) G/W = 1000 − 800 = 200

S.7) J.E. :— (CFS)

Net Assets A/c	Dr	800 lakhs
Goodwill	Dr	200 lakhs
To P&L A/c*		200 lakhs
To Cash		700 lakhs
To Investment in PQ Ltd.		300 lakhs

* Gain on Remeasurement of Prev. held Investment in PQ Ltd.
⇒ 300 lakhs − 100 lakhs = 200 lakhs [Gain]

Answer (25) S.1) Acquirer ⇒ Company A

S.2) DOA ⇒ 1st November

S.3) P.C :—

Cash	5900000
(+) ESC [100000 sh × ₹10)	1000000
(+) FV of Cont. cons.	300000
(+) FV of Prev. held Inv.	2000000
Total PC →	₹9200000

* Txn. Cost of ₹100000 is not included in P.C. It is recognised as an Expense in P&L A/c.

S.4) N.A. taken over = ₹ 6000000

S.5) NCI :-

→ ₹ 750000

S.6) G/W or C/R :-

Purchase Consideration	9200000
(+) NCI	750000
(-) Net Assets	(6000000)
Goodwill	₹ 3950000

S.7) J.E. :- (CFS)

Net Assets A/c	Dr	6000000	
Goodwill A/c	Dr	3950000	
To Cash (PC)			5400000
To Investment in Comp. B (Prev. held)			600000
To ESC (PC)			1000000
To Prov. for cont. cons. (PC)			300000
To Gain on Prev. held Inv. (P&L) *			1400000

* Gain on Remeasurement of Prev. held Investment in Comp. B

→ 2000000 - 600000 = ₹ 1400000 [Gain]

Answer (26)

₹ in Crores

S.1) Acquirer = PQR Ltd

S.2) DoA = 1.4.2002

S.3) P.C. :-

Cash	25000
(+) FV of Prev. Held Inv.	9000
	34000

S.4) NA taken over = ₹30000 Crores

S.5) NCI :- Not Applicable

S.6) Goodwill — (₹) in crores

PC	34000
(-) NA	(30000)
Goodwill ⇒	4000

S.7) J.E. :- (CFS)

Net Assets A/c	Dr	30000	
Goodwill A/c	Dr	4000	
FCTR [OCI]	Dr	100	
Ret. Surplus (OCI)	Dr	50	
To Cash (PC)			25000
To Inv. in XYZ Ltd. (Prev. held)			8850
To Gain on Prev. held Inv. (P&L)*			150
To P&L [For Curr. Trnsl. Res. Reclassification]			100
To Retained Earnings			50

* Gain on Prev. held Investment Remeasurement ⇒ 9000 - 8850 = 150 Cr. [Gain]

Answer (27)*(a) S.1) Acquirer = H Ltd. (₹) in crores

S.2) DOA = 1st January, 2007

S.3) Cal^{n} of P.C. :-

ESC [₹12 Cr. / ₹100 = 12 lakh shares × 45% × 1/2 × 10000]	270
(+) Cash	50
(+) F.V. of Cont. Cons.	22
(+) F.V. of Prev. held Inv. [12 lakh × 15% × 395₹]	7.11
Total P.C. ⇒	349.11

~~S.4) Net Assets taken over~~

S.4) Net Assets taken over ——

Cal^{n} of DTA / DTL arising through B.C. :—

	Fair Value of NA (C.A.)	Existing CA (Tax Base)	Temp. Diff.
PPE	90	40	
Intangible Assets	30	20	
Investment	350	100	
Inventory	20	20	
Cash	4	4	
Trade Rec.	20	20	
NCA held for Sale → [Ind AS 105]	4	4*	
Indemnification Asset → [Ind AS 12]	1	1	
	519	209	
(-) Liabilities :-			
Borrowings	(20)	(20)	
Trade Payables	(28)	(28)	
Prov. for warranty	(3)	(3)	
Current Tax Liab.	(4)	(4)	
Contingent Liab (0.5+2)	(2.5)	(2)	
Net Assets ⇒	461.50	152	309.50

DTL = 309.50 × 30% ⇒ ₹92.85 Crores

Hence, total Net Asset taken over = 461.50 − 92.85
⇒ ₹368.50 Crores

S.5) NCI :- (PSNA method)
⇒ 368.50 Crores × 40% ⇒ ₹147.46 Crores
[100% − (15% + 45%)]

S.C) Goodwill = P.C. + NCI − Net Assets

= 349.11 + 147.46 − 368.65 ⇒ ₹127.92 Crores

(b.) 31.5.2007 :−

Customer Relationship	Dr	3.5 Crore	
To NCI [3.5 × 40%]			1.4 Crore
To Goodwill (B/F)			2.1 Crore

* Changes in F.V of Customer Relationship to ₹4 Crore after 01.01.2007 is recognised as per respective Ind AS [normal Accing].

(C.) Change in fv of cont. cons. is recognised in P&L.

P&L A/c [FV change]	Dr	1 Crore	
To Provision for cont. cons.			1 Crore
(23 Crore − 22 Crore)			

Answer (28.) S.1) Acquirer = Sita Ltd.

S.2) ~~DoA~~ PC → NIL

S.3) Net Assets = ₹70 Crore

S.4) NCI = fV of Beta Ltd. = ₹80 Crore (100%)

S.5) Goodwill :−

	(₹) in Crores
P.C.	NIL
(+) NCI	80
	80
(−) Net Assets	(70)
G/W ⇒	10

∴ Goodwill is recognised at ₹10 Crores

Answer (29.1) S.1) Acquirer :- B Ltd. [Alcing Acquirer]

Combined Entity ⇒ 100 shares + (60 × 2.5) ⇒ 250 shares

A Ltd. ⇒ $\frac{100}{250} \times 100 = 40\%$

∴ B Ltd = 100% - 40% = 60%.

S.2) DOA = 31.12.2001

S.3) Deemed P.C. :-

No. of shares to be issued to Alcing Acquirer [A Ltd.]

⇒ $\frac{60 \text{ shares}}{60\%}$ - 60 shares ⇒ 40 shares

F.V. of sh. to be issued ⇒ 40 shares × ₹40

⇒ ₹1600 [Deemed PC]

ESC	Sec. Prem.
40 sh. × ₹10 (Face value)	1600 - 400
⇒ ₹400	⇒ ₹1200

* Face Value of Entity B = $\frac{₹600}{60 \text{ sh.}}$ = ₹10 per share

S.4) N.A. taken over :-

	(₹)
Current Assets	500
Non Current Assets	1500
	2000
(-) Liabilities :-	
Curr. Liab.	(300)
Non Curr. Liab.	(400)
Net Assets	1300

S.5) NCI ⇒ Not Applicable

S.6) Goodwill :—

	(₹)
P.C.	1600
(-) Net Assets	(1300)
Goodwill ⇒	300

S.7) J.E. :—

Not Required

S.8) Consolidated B/S of Entity A as at 31.12.2021

	(₹)
Assets	
Current Assets (700+500)	1200
Non Curr. Assets (3000+1500)	4500
Goodwill	300
Total	6000
Equity & Liabilities	
Equity :—	
E. Sh. Cap. [600+400] (Issued No. of shares ⇒ 250 shares)	1000
Other Equity [1400+1200]	2600
Liabilities :—	
Curr. Liab. (600 + 300)	900
Non Curr. Liab. (1100+400)	1500
Total	6000

Smart Tech < Cloudstrics

Smart Tech → Microfly → Cloudstrics
∴ It is Common Control Txn.. Pooling of Int. Method apply

Answer (30) S.1) Acquirer (Transferee) = Micro fly

S.2) DOA = 5th Sept., 2023 S.3) P.C. = ₹18 Crore

S.4) Net Assets taken over —

		(₹) in Crores
PPE		15
T/R		10
Cash & Cash Eq.		10
Other Curr. Assets		8
		43
(-) Liabilities :-		
Borrowings	2.8	
Curr. Liab.	20	(22.8)
(+) Reserves & Surplus (Acc. Losses)		24.8
Net Assets	⇒	45

S.5) NCI = Not Appliable

S.6) Capital Reserve —

	(₹) in Crores
Purchase consideration	18
(-) Net Assets	(45)
Gain on Restructuring (CR) (Cr.)	27

Answer (31.)

(A) Merger in nature of common control :—

S.1) Transferee (Acquirer) ⇒ ABX Ltd.

Transferor (Acquiree) < AX Ltd.
BX Ltd

AX Ltd. BX Ltd.

Merge
ABX Ltd.

S.2) DOA ⇒ 01.01.2002

S.3) P.C. :-

	AX Ltd.	BX Ltd.	(₹ in '000)
PPE	8500	7500	
Investment	1050	550	
	1250	2750	
	1800	4000	
	450	400	
	13050	15200	

(-) Liabilities :-

Borrowing	(30%)	(40%)	
TIP	(10%)	(15%)	
	9050 +	9700	⇒ 18750

(-) Reserves :- [Other Equity]

G/R	(15%)	(20%)
P&L	(10%)	(5%)
Inv. All. Res.	(5%)	(1%)
Export Profit Res.	(5%)	(1%)
Total P.C. ⇒	60% +	70% ⇒ ₹13000

Distribute (in ratio of NA excluding reserves)

AX Ltd. ⇓

$$\frac{13000 \times 9050}{18750} \Rightarrow ₹6275$$

No. of Sh. to be issued → $\frac{6275000}{10}$ ⇒ 627500 shares

BX Ltd. ⇓

$$\frac{13000 \times 9700}{18750} \Rightarrow ₹6725$$

⇒ $\frac{6725000}{10}$ ⇒ 672500 shares

S.4) NA taken over including Reserves —

AX = 6000
BX = 7000

S.5) NCI → Not Applicable

S.6) Capital Reserve :—

	₹ in '000
P.C. (60W + 70W)	13000
(–) Net Assets (60W + 7W)	(130W)
	—

S.7) J.E. — (Not Required)

S.8) B/S of ABX Ltd. as at 01.01.2002 :—

	₹ in '000
Assets	
1. NCA :—	
(i) PPE (8500 + 7500)	16000
(ii) Fin. Asset :	
Investment (1050 + 550)	1600
2. Curr. Assets :—	
(i) Inventory [1250 + 2750]	4000
(ii) T/R [1800 + 4000]	5800
(iii) Cash & Cash Equivalents (450 + 400)	850
TOTAL →	28250

Equity & Liabilities

1. Equity :—

ESC [627500 + 672500] ⇒ 1300000 shares]	13000
Other Equity [3050 + 2700]	5750

2. NCL :—

Fin. Liab.

Borrowings (12% Deb.) (3000+4000)	7000

3. Current Liabilities :—

Trade Payables (1000 + 1500)	2500
TOTAL →	28250

(B.)* Merger in nature of Reverse Acquisition —

AX Ltd. BX Ltd.

↓

[ABX Ltd.] → Control BX Ltd.

BX Ltd → Acing Acquirer

AX Ltd & ABX Ltd. → Acing Acquiree

S.1) Acing Acquirer = BX Ltd.

Actual legal no. of shares issued by the legal Acquirer (ABX)

	AX	BX
P.C. [F.V. of Business] (a)	₹11000	₹14000
Value per share (b)	₹10	₹10
∴ No. of shares (a/b)	1100	1400

Combined Entity (ABX Ltd.) = 1100 + 1400 ⇒ 2500 shares

$\therefore$ AX Ltd. $= \frac{1100}{2500} \times 100 \rightarrow 44\%$

BX Ltd. $= \frac{1400}{2500} \times 100 \Rightarrow 56\% \rightarrow$ Acing Acquirer

S.2) DOA ⇒ 01.01.2002

S.3) Deemed P.C. —

~~7000~~ 70 No. of Shares in BX Ltd. before Buz. comb. ⇒ $\frac{7000}{10}$ ₹

= 700 Shares

No. of Shares to be issued to Acing Acquiree

⇒ 700 Shares / 56% − 700 ⇒ 1250 − 700 ⇒ 550 Shares

550 × 10 = 5500 ESC; 11000 − 5500 Sec P. − 5500

$\therefore$ FV of shares to be issued = 550 shares × ₹20* ⇒ ₹11000

* Market Price per share of BX Ltd. → F.V. of Buz. of BX Ltd. / No. of Share in BX Ltd.

⇒ $\frac{14000}{700}$ = ₹20 per share

S.4) NA taken over of Acing Acquiree [AX Ltd.]:

	₹ 'in '000
PPE	9500
Inventory	1300
Investment	1050
T/R	1800
Cash	450
	14100
(→ Liab.: —	
Deb.	(3000)
T/P	(1000)
Net Assets →	10100

S.5) NCI → Not Applicable

S.6) Goodwill:-

P.C. [Deemed]	11000
↳Net Assets	(10100)
Goodwill →	900

S.7) J.E. — (Not Required)

S.8) Consolidated B/S of ABX Ltd. as at 01.01.2002 —

	₹'000
Assets	
1. NCA:-	
PPE (7500 + 9500)	17000
Goodwill	900
Fin. Asst:-	
Investment (550+1050)	1600
2. C.A.:-	
Inventory (2750 + 1300)	4050
T/R (4000+1800)	5800
Cash (400+450)	850
TOTAL →	30,200
Equity & Liab.	
1. Equity:-	
ESC [7000+5500]	12500
(Issued no. of shares → 2500 shares)	
other Equity (2700+5500)	8200
2. NCL:-	
Fin. Liab:	
Borrowings (12% Deb.) (4000+3000)	7000
3. CL:-	
T/P (1500 + 1000)	2500
TOTAL	30200

Answer (32.) (i) J.E. in ₹ in books of Enterprise Ltd. [Demerged Co.] :-

Current Liabilities	Dr	400 Cr.	
Accumulated Dep^{n}	Dr	400 Cr.	
Loan	Dr	300 Cr.	
To Capital Res. [B/F] (Gain on Res.)			100 Cr.
To PPE			500 Cr.
To current Assets			50 Cr.

(ii) B/S of Enterprise Ltd. after demerger — ₹ in Crores

Asset		
PPE cost	~~250~~	250
(-) Depreciation	~~(200)~~	~~200~~ (225)
Net PPE		25
Current Assets		200
	TOTAL	225
Equity & Liabilities		
Equity :-		
Capital	C/R ↑	25
Other Equity (Surplus) [175-100+100]		175
Current Liabilities		25
Loan Funds		-
	TOTAL	225

Notes to A/c's :- ₹ in crore

Other Equity :-	
Surplus [175 -100]	75
(+) Gain on Restructuring (CR)	100
	175

(iii) Turnaround Ltd. [Resulting (Acquirer) Co.] :-

S.3) P.C. - ₹ 25 Crores

1 Crore shares x ₹10 ⇒ ₹ 10 Crores [ESC]

1 Crore Shares x ₹15 ⇒ ₹ 15 Crores [Sec. Prem.]

S.4) N.A. :-

₹ in Crores

PPE [500 - 400]	100
CA	500
	600
(-) Liabilities :-	
CL	(400)
Loan Funds	(300)
Net Assets ⟶	(100)

S.5) NCI → Not Applicable

S.6) Gain / (Loss) on Restructuring [Cap. Res.] :-

PC	25 Crores
(-) Net Assets	(-100 Crores)
	125 Crores

S.7) J.E. :-

PPE	Dr	100 Cr.	
CA	Dr	500 Cr.	
Loss on Restructuring [Cap. Res.]	Dr	125 Cr.	
To CL			400 Cr.
To Loan Funds			300 Cr
To Eq. Sh. Cap.			10 Cr.
To Sec. Prem.			15 Cr.

5.8) B/S of Turnaround Ltd. :— ₹ in Crores

Assets :-

1. NCA :-

PPE		100
2. CA :-		500
	TOTAL	600

Equity & Liabilities :-

1. Equity

ESC	10
Other Eq. [15 (Sec. Prem.) - 125 (Cap. Res.)]	(110)

2. NCL :-

Loan Funds	300

3. CL :- 400

TOTAL 600

NOTES TO A/Cs —

Other Equity :-

Sec. Prem.	15
Cap. Res. (Loss on Restructuring)	(125)
	(110)

Answer (33) (A) Maxi Mini Ltd. (Demerged Co.) :—

(i) J.E. :—

Prov. for Depⁿ A/c	Dr	100 Cr.	
Curr. Liab. A/c	Dr	100 Cr.	
Loan funds	Dr	100 Cr.	
Loss on Res. (CR) (B/F)	Dr	300 Cr.	
To PPE			300 Cr.
To Curr. Assets A/c			300 Cr.

(ii) B/S of Maxi Mini Ltd. :— [1st Nov. 2002] ₹ in Crores

	After Demerger	Before Demerger
Assets :—		
1. NCA :—		
PPE	100	300
2. CA :—	400	700
TOTAL	500	1000
Equity & Liab. :—		
1. Equity :—		
ESC	50	50
Other Equity [650 − 300 (CR)]	350	650
2. NCL :—		
Loan funds	[redacted]	100
3. CL :—	100	200
TOTAL	500	1000

Mini Ltd. [Resulting Co.] :-

(i.) J.E. :-

PPE	Dr	200 Cr.	
CA	Dr	300 Cr.	
To Loan			100 Cr.
To CL			100 Cr.
To ESC [5 Cr. Sh. X ₹10]			50 Cr.
To Gain on Res. (CR) (B/F)			250 Cr.

(ii) B/s of Mini Ltd :- [1st Nov. 2002] ₹ in crores

Assets

1. NCA :-		
PPE		200
2. CA :-		300
	TOTAL	500

Equity & Liabilities

1. Equity :-		
ESC		50
Other Equity (CR)		250
2. NCL :-		
Loan		100
3. CL :-		100
	TOTAL	500

(B.) Net Asset Value per Equity Share :-

	Pre Demerger	Post Demerger
Maxi Mini Ltd.	700 Crores (1000 - 200 - 100)	400 Crores (500 - 100)
	5 Crores shares	5 Crore Sh.
	→ ₹140/Sh.	→ ₹80 per Share

220

Mini Ltd. – 300 Crores (520 - 110 - 110) / 5 Crore shares → ₹60 / share

(C.) There is no impact on Shareholder's Wealth because of Demerger.

Answer (34.) (1) It is Business Acquisition as per Ind AS 103 & IFRS.
Business Definition → Inputs, process & outputs

(2.) DOA → 30.6.2001

Alcing for Buz. Comb. in books of Company 'x' :-

S.1) Acquirer → Co. 'x' → 33.33% share of Co. 'z'
S.2) DoA → 30.6.2001
S.3) P.C.:- ₹1 lakh
S.4) Net Assets taken over :-

Cal" of DTA/DTL arising due to Buz. comb.:- (₹)

	Fair Value of Net Assets [Carrying Amt.] (33.33%)	Carrying Amt. (Existing of Net Assets [Tax Base] (33.33%)
PPE	166650	199980
ROU Asset	6666	6666
Development CWIP	66660	33330
Loan Receivable	16665	16665
Inventories	10000	10000
Trade Rec.	33330	33330
Other CA	16665	16665
	316636	216646

	BIF	316636	216646
(-) Liabilities			
Prov.		(66660)	(66660)
Other NCL		(33330)	(33330)
Trade Payable		(66660)	(66660)
Net Assets		149986	49996

Temp. Diff. = 149986 - 49996 = 99990 (DTD)

∴ DTL = 99990 × 30% = 29997

Hence, Total Net Asset taken over = 149986 - 29997 = 119989

S.5) [NCI → Not Applicable [Since, Net Assets Acquired]]

S.6) Goodwill or Capital Res. (Gain on Bargain Purchase) :-

	(₹)
PC	100000
(-) NA	(119989)
CR (Gain on Bargain Purchase) →	19989

S.7) J.E.:-

PPE	Dr	166650	
ROU Asset	Dr	6666	
Dev. CWIP	Dr	66660	
Loan Rec.	Dr	16665	
Inventories	Dr	10000	
T/R	Dr	33330	
other CA	Dr	16665	
To Cash			100000
To Prov.			66660
To Other NCL			33330
To T/P			66660
~~To~~ To D.TL			29997
To Gain on Bargain Purch. (CR)			19989

S.8) Consolidated B/S of Co. 'x' :-

(₹)

Assets :-

1. NCA :-

PPE (1000000 + 166650)	1166650
ROU Asset (200000 + 6666)	206666
Dw. CWIP (100000 + 66660)	166660
Fin. Assets	
Loan Rec. (50000 + 16665)	66665

2. CA :-

Inventories (200000 + 10000)	210000
Cash & Cash Eq. (400000 - 100000)	300000
Other CA (50000 + 16665)	66665
Trade Receivables (300000 + 33330)	333330
TOTAL	2516636

Equity & Liabilities :-

1. Equity :-

ESC	300000
Other Equity (300000 + ₹19989)	319989
↓ Cap. Res.	

2. NCL :-

Prov. (800000 + 66660)	866660
Other NCL (300000 + 33330)	333330
DTL	29997

3. CL :-

FL :

Trade Payables (600000 + 66660)	666660
TOTAL	2516636

Answer (35.) S.1) Fair Value of Gross Assets Acquired —

PC	300 Cr.
(+) FV of prev. held Inv.	80 Cr.
(+) FV of NCI	120 Cr.
	500 Cr.
(+) FV of liab. (other than DTL)	800 Cr.
	1300 Cr.
(-) Cash	(200 Cr.)
	1100 Cr.

S.2) Asset [Higher Amount] ⇒ Building ⇒ ₹1000 Cr.

S.3) % of Concentration ⇒ $\frac{1000 \text{ Crore}}{1100 \text{ Crore}} \times 100 \Rightarrow 90.91\%$ or 91% (Say)

Hence, it is an Asset Acquisition [Since % of concentration is 91% which is Substantial].

Answer (36.)

Acquire ⇒ Patent [Intangible Asset] + Equipment [PPE]

Fair Value = 1000 Crore ; Fair Value = 500 Crore

Consideration ⇒ Cash + Land ⇒ 1400 Crore

1000 Crore + 400 Crore [Fair Value]

Recognise Patent & Equipment at following amt in books as per Ind AS 38 & Ind AS 16 :-

Patent [Intangible Asset] ⇒ $1400 \text{ Cr.} \times \frac{1000 \text{ Cr.}}{(1000+500) \text{ Cr.}}$

⇒ ₹933.33 Crore

Equipments [PPE] → ~~1400 Cr.~~ 1400 Cr. × $\frac{500 \text{ Cr}}{(1000+500) \text{ Cr}}$

⇒ ₹ 466.67 crore.

J.E.:-

Patent	Dr	933.33 crore	
Equipment	Dr	466.67 Crore	
To Cash			1000 Crore
To Land			100 Crore
To Gain on exch. of Asst (P&L) (BIF)			300 Crore