11332

FINAL EXAMINATION

December 2022

P–17(CFR)
Syllabus 2016

Corporate Financial Reporting

Time Allowed: 3 Hours

Full Marks: 100

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

Section-A

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

(i) The Cost of the Closing Inventory of Mallaya co. which is not a going concern is ₹ 5,00,000. Realizable Value 120%. Realizable Expenses 5%. Calculate the amount of Inventory to be shown in the Income Statement.

(A) ₹ 5,00,000

(B) ₹ 6,00,000

(C) ₹ 5,70,000

(D) None of the above

(ii) Property, Plant & Equipment appeared at ₹ 50,00,000 in the Trial Balance of Nirav co. which is not a going concern. Property, Plant & Equipment are subject to depreciation @10% on WDV basis. Realizable value of Property, Plant & Equipment 80%. Realizable Expenses 5%. Calculate the amount of Depreciation to be shown in the Income Statement.

(A) ₹ 4,00,000

(B) ₹ 5,00,000

(C) ₹ 12,00,000

(D) None of the above

(iii) BHARAT Ltd. which produces product ZED using Raw Material X, provides you the following information as on 31.03.2022:

(a) 52 units of Raw Material X (purchased @ ₹ 480 per unit). Replacement cost of Raw Material X as on 31.03.2022 is ₹ 450 per unit.

(b) 100 units of partly finished goods in the process of producing Product ZED. Cost incurred till date is ₹ 2,000 per unit. These units can be finished next year by incurring additional cost of ₹ 1,300 per unit.

(c) 180 units of Finished Product ZED and total cost incurred is ₹ 3,300 per unit. Expected selling price of Product ZED is ₹ 3,500 per unit, subject to 10% brokerage on selling price.

Calculate the amount of total Inventory as at 31.03.2022 as per relevant Accounting Standard:

(A) ₹ 5,67,000

(B) ₹ 7,74,500

(C) ₹ 7,75,400

(D) None of the above

(iv) TUSHAR Ltd. provides you the following information:

(a) A debtor against whom insolvency proceedings were instituted prior to March 31, 2022 is declared insolvent on July 21, 2022.

(b) A theft of cash of ₹ 1 crore by the Cashier in Jan. 2022 was detected on 17th May, 2022.

(c) A major production plant destroyed by fire on August 28, 2022.

(d) The factory of the entrepreneur is permanently sealed on September 20, 2022 under Supreme Court order since it was polluting industry.

Which of the above events should be taken into account while finalizing (on 30th September, 2022) the annual accounts for the year ended March 31, 2022 as per relevant Accounting Standard?

(A) (a) and (b) only

(B) (a), (b) and (c) only

(C) (a), (b), (c) and (d)

(D) None of the above

(v) SALONI & SHWETA GUPTA provides you the following information:

(a) Till the previous year, FIFO Method was used in measuring the cost of inventories. From the current year, the cost formula has been changed to Weighted Average Method.

(b) Till the previous year, Provision for doubtful debts was created @ 2%. From the current year, the rate of provision has been changed to 3%.

(c) Till the previous year, the furniture was depreciated on straight line basis taking useful of 5 years. From the current year, the useful life of furniture has been changed to 8 years.

(d) Till the previous year, the Machinery was depreciated on straight line basis. From the current year, the method of depreciation has been changed to WDV.

Which of the above transactions will be treated as change in Accounting Policy for the year ended 31st March, 2022 as per relevant Accounting Standard?

(A) (a) only

(B) (a) and (b) only

(C) (a), (b) and (c) only

(D) None of the above

(vi) A property costing ₹ 25,00,000 and ready for use is bought on 1st April, 2021 but this property is actually put to use on 1st April, 2022. Its estimated total physical life is 20 years. However, the company considers it likely that it will sell the property after 10 years. The estimated residual value in 10 years' time, based on 2021-2022 prices, is ₹ 5,00,000. After charging depreciation for 4 years, the remaining useful life of the property is reassessed as 8 years and the residual value is re-estimated at ₹ 9,00,000 and the property is revalued upwards by ₹ 80,000. From 6th Year the company decides to adopt written down value method by charging depreciation @ 20%. Calculate the depreciation for 6th Year as per relevant Accounting Standard.

(A) ₹ 1,10,000

(B) ₹ 1,54,000

(C) ₹ 1,85,000

(D) None of the above

(vii) JHUNJHUNWALA group had Property, Plant & Equipment (PP&E) with a book value of ₹ 25,00,000 on 31st March, 2022. Last year the property was revalued upwards by ₹ 3,00,000 and increase of that asset was recognized in the Revaluation Surplus Account. Fair Value as a result of Revaluation done on 31st March, 2022 was ₹ 21,00,000. Calculate the amount to be recognized in the Profit & Loss Account as per relevant Accounting Standard.

(A) Profit & Loss Account to be debited with ₹ 4,00,000

(B) Profit & Loss Account to be debited with ₹ 1,00,000

(C) Profit & Loss Account to be credited with ₹ 4,00,000

(D) Profit & Loss Account to be credited with ₹ 1,00,000

(viii) SHEENA Ltd. made the following payments during the year ended 31st March, 2022: ₹ 60 lakhs to acquire a Software, ₹ 60 lakhs to acquire a Website for a period of 8 years, ₹ 60 lakhs to acquire a Copyright for a period of 15 years, ₹ 60 lakhs to acquire Goodwill of a firm, ₹ 60 lakhs to acquire Goodwill arising under Amalgamation in the nature of Purchase, ₹ 60 lakhs to acquire a Patent for a period of 5 years, ₹ 60 lakhs to acquire Stock Exchange Membership Rights, ₹ 60 lakhs to the State Govt. towards the cost of roads built in the vicinity of the project for the purpose of carrying materials to the site. The roads so built is the property of State Govt., ₹ 60 lakhs towards extensive special initial advertisement campaign for the new product, ₹ 60 lakhs to develop a Drug to treat Cancer but AS 26 criteria for capitalization was not met. Calculate the Total Amortization Cost to be charged to Profit & Loss A/c as per relevant Accounting Standard.

(A) ₹ 246 lakhs

(B) ₹ 233.5 lakhs

(C) ₹ 238 lakhs

(D) None of the above

(ix) TASHIKA Ltd. an engineering goods company provides after sales warranty for 2 years to its customers. Based on past experience, the company has the following policy for making provision for warranties on the invoice amount, on the remaining balance warranty period:

Less than 1 year: 2% provision, More than 1 year: 3% provision

The company has raised invoices as under:

Invoice Date	19th January, 2020	29th January, 2021	15th October, 2021
Amount ₹	40,000	25,000	90,000

Calculate the amount to be debited to Profit and Loss Account for the year ended 31st March, 2022.

(A) ₹ 1,650

(B) ₹ 3,200

(C) ₹ 1,550

(D) None of the above

(x) SAHIL Ltd. has its financial year ended 31.03.2022, fifteen law suits outstanding, none of which has been settled by the time the accounts are approved by the directors. The directors have estimated that the probable outcomes as below:

	Probability	Amount of Loss ₹
For first ten cases:		
Win	0.6	—
Loss-low damages	0.3	90,000
Loss-high damages	0.1	2,00,000
For remaining five cases:		
Win	0.5	—
Loss-low damages	0.3	60,000
Loss-high damages	0.2	1,00,000

The directors believe that the outcome of each case is independent of the outcome of all the others. Estimate the amount of Contingent Loss.

(A) ₹ 4,70,000

(B) ₹ 1,90,000

(C) ₹ 6,60,000

(D) None of the above

Section-B

Answer *any five* questions out of *Seven* questions. 16×5=80

2. (a) PRITHVI Ltd. provides you the following information:

(i) On 31st March, 2022, goods worth ₹ 1,00,000 were sold to JAL Ltd. but due to refurnishing of their showroom being underway, on their request, goods were delivered on 10th April, 2022.

(ii) On 1st Jan, 2022 goods of ₹ 2,00,000 were sent on consignment basis of which 40% of the goods unsold are lying with the consignee at the year-end on 31st March, 2022.

(iii) On 15th Feb, 2022 goods worth ₹ 3,00,000 were sent to AGNI Ltd. on approval basis and on 15th Mar, 2022 goods worth ₹ 4,00,000 were sent to VAYU Ltd. on approval basis. The period of approval was 1 month. AGNI Ltd. sent approval for 75% goods sold on 10th March, 2022 and no approval or disapproval received for the remaining goods till 31st March, 2022. VAYU Ltd. pledged 60% goods to get financial help for 1 month but no approval or disapproval received for the remaining goods till 31st March, 2022.

(iv) On 1st Jan, 2022, PRITHVI Ltd. entered into an agreement with AAKASH Ltd. for sale of goods costing ₹ 5,00,000 at a profit of 20% on sale and on the same day PRITHVI Ltd. entered into another agreement with AAKASH Ltd. for repurchasing the same goods at ₹ 6,60,000 on 1st April, 2022.

(v) Obtained advertisement rights for ₹ 800 lakhs in February 2022 and procured advertisement for ₹ 1200 lakhs. 25% of the advertisements appeared before the public in March 2022 and balance appeared in April 2022.

Required: Calculate the amount to be recognized as revenue for the year ended 31st March, 2022 as per AS-9. 5

(b) ALOEVERA, GINGER & TULSI Ltd. which is developing a new production process provides the following information:

Year	
2019-2020	The total expenditure incurred on this process was ₹ 100 lakhs of which ₹ 44 lakhs incurred before 1st Dec, 2019 when the production process met the criteria for recognition as an intangible asset.
2020-2021	Development Phase began on 1st April, 2020 and completed after incurring an expenditure of ₹ 400 lakhs.
2021-2022	From 1st April, 2021 the company implemented the new process design which will result in a after-tax cost saving of ₹ 100 lakhs per annum for the next five years. The Company's Cost of Capital is 10%. (The present value of annuity factor of ₹ 1 for 5 years @ 10% = 3.79).

You are required to work out:

(I) What is the expenditure to be recognized as an expense in the Statement of Profit and Loss for the year ended 31st March, 2020?

(II) What is the carrying amount of the Intangible Asset as at 31st March, 2020 and 31st March, 2021?

(III) What is the Cost of internally generated Intangible Asset as per AS 26 to be recognised?

(IV) What is the expenditure to be recognized as an expense in the Statement of Profit and Loss for the year ended 31st March, 2021?

(V) What is the amount of amortization of the intangible assets to be recognized as an expense in the Statement of Profit and Loss for the year ended 31st March, 2022?

(VI) What is the carrying amount of the Intangible Asset as at 31st March, 2022? 6

(c) B Ltd. acquired machinery on lease from A Ltd. on the following terms:

Lease Term	5 Years
Fair Value of Machinery	₹ 20 lakhs
Annual Lease Rental at the end of each year	₹ 5 lakhs
Guaranteed Residual Value (GRV)	₹ 1 lakh
Expected Residual Value	₹ 2 lakhs
Implicit Rate of Return (IRR)	15%

Required: Pass the necessary entries in the books of the Lessee & Lessor for the First year. Also prepare their Balance Sheets at the end of First year. Depreciation @ 10% per annum is provided on straight line basis. [Present Value of ₹ 1 at 15% Rate of Interest at the end of 1st year, 2nd year, 3rd year, 4th year and 5th year are 0.8696, 0.7561, 0.6575, 0.5718 and 0.4972 respectively.] 5

3. (a) State the Types of Joint Arrangement as per Ind AS-111. 4

(b) Given below are the extracts from the Balance Sheets of X Ltd. and Y Ltd. as at 31st March, 2022:

Particulars	**X Ltd. (₹ in lakhs)**	**Y Ltd. (₹ in lakhs)**
Equity Share Capital (Shares of ₹ 10 each fully paid-up)	5.00	10.00
8% Pref. Share Capital (Shares of ₹ 100 each fully paid-up)	1.00	2.00
General Reserve	15.46	0.70
Statutory Reserve	2.00	1.00
Profit & Loss A/c	4.25	1.30
12% Debentures of ₹ 100 each	2.00	1.00
Current Liabilities	1.00	2.20
Property, Plant & Equipment	19.00	7.60
Non-Current Investments	3.45	5.20
Current Assets	8.26	5.40

The two companies agree to amalgamate as on 1st April, 2022 and form a new company XY Ltd.

Additional Information:

(i) Goodwill of X Ltd. and Y Ltd. on the date of take-over was valued at ₹ 48,000 and ₹ 38,000 respectively and Property, Plant & Equipment of X Ltd. and Y Ltd. were valued at 10% above their book values on the date of take-over. Non-Current Investments of X Ltd. and Y Ltd. are considered worth ₹ 4,16,000 and ₹ 6,26,000 respectively.

(ii) 12% Debentures of X Ltd. and Y Ltd. are discharged by XY Ltd. by issuing such number of its 15% Debentures of ₹ 100 each so as to maintain the same amount of interest.

(iii) The issue of such an amount of fully paid 10% Pref. Shares in XY Ltd. at 125% as is sufficient to discharge 8% Pref. Shares in X Ltd. & Y Ltd. at a premium of 20%.

(iv) The Equity Shares of XY Ltd. are to be of a nominal value of ₹ 10 each credited as ₹ 8 paid up and issued at ₹ 15 per share.

(v) Statutory Reserve is to be maintained for 3 years more for Income Tax purposes.

(vi) Liquidation expenses are: X Ltd. ₹ 2,000, Y Ltd. ₹ 1,000. It was decided that these expenses would be borne by XY Ltd. Expenses on incorporation of XY Ltd. were ₹ 1,000.

(vii) Authorised equity share capital of XY Ltd. is ₹ 50,00,000, divided into equity shares of ₹ 10 each. After issuing required number of shares to the Liquidators of X Ltd. and Y Ltd., XY Ltd. issued balance shares to Public. The issue was fully subscribed.

Required: Draft the Balance Sheet of XY Ltd. after amalgamation. 12

4. (a) State the Objectives of Ind AS−105. 4

(b) From the following extracts of the Balance Sheets of DWAPARYUG Ltd., Prepare Cash Flow Statement as per AS-3 issued by ICAI.

Particulars	**31.03.2022** ₹	**31.03.2021** ₹
Equity Share Capital (Shares of ₹ 10 each fully paid-up)	9,50,000	6,00,000
5% Pref. Share Capital (Shares of ₹ 100 each fully paid-up)	2,00,000	4,00,000
General Reserve	1,40,000	4,40,000
Profit and Loss A/c	6,47,000	(13,000)
Securities Premium	—	20,000
Capital Redemption Reserve	50,000	1,50,000
Employees Stock Option Outstanding A/c	85,000	50,000
14% Debentures	2,60,000	1,50,000
Short-term Borrowings (14% Bank Loan)	40,000	50,000
Trade Payables	1,65,000	40,000
Unclaimed Dividend on Equity Shares	20,000	—
Outstanding Interest on Debentures	10,000	—
Outstanding Underwriting Commission	5,000	—
Provision for Tax	40,000	20,000
Tangible Fixed Assets	16,50,000	13,20,000
Accumulated Depreciation	(3,80,000)	(3,00,000)
Intangible Assets [Goodwill]	21,000	10,000
10% Current Investments	2,20,000	80,000

Particulars	31.03.2022 ₹	31.03.2021 ₹
Interest Accrued on Current Investments	2,000	—
8% Fixed Deposit (Date of FD 1st Mar.,2022 maturing on 31st May,2022)	2,84,000	—
Cash at Bank	33,000	1,00,000
Inventories	1,69,000	54,000
Trade Receivables	6,13,000	6,43,000

***Additional Information*:**

(i) Dividends (including an Equity Dividend @ 35%) were paid on 1st April, 2021.

(ii) During the year a machine (having accumulated Depreciation being one third of cost) was sold for ₹ 50,000 at a loss of 37.5%. A fully depreciated machine was also discarded. Machinery costing ₹ 4,40,000 was purchased for cash.

(iii) On 1st Jan., 2022, Some Current Investments costing ₹ 2,00,000 were purchased and Some Current Investments were sold at a profit of 20% on sale. New Debentures were issued and Bank Loan was repaid on the same date.

(iv) On 1st May,2021, 20000 Equity Shares of ₹ 10 each were issued @ ₹ 15 to redeem Pref. Shares at a premium of 5%. On 1st Oct., 2021, 1000 Pref. Shares of ₹ 100 each were issued @ ₹ 150 to buy back 20000 equity shares@ ₹ 15. Underwriters were entitled to commission @ 5% on issue price of shares.

(v) On 01.01.2022, the Business of Y Ltd. was purchased for ₹ 60,000 payable in fully paid equity shares of ₹ 10 each at 20% premium. The assets included Inventories ₹ 15,000. Trade Receivables ₹ 10,000 and Machine ₹ 30,000. Trade Payables of ₹ 15,000 were also taken over.

(vi) Tax provided during the year was ₹ 32,250 (Including tax@15% on short-term capital gain on Investments). Being a prudent accountant, ensure minimum reduction in free reserves. 12

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

(b) Given below are the extracts from the Balance Sheets of H Ltd. and S Ltd. as at 31st March, 2022:

Particulars	H Ltd. ₹	S Ltd. ₹
Equity Share Capital (Shares of ₹ 10 each fully paid-up)	10,00,000	5,00,000
General Reserve	6,00,000	8,40,500
Profit & Loss A/c	2,60,000	80,500
Loan from S Ltd. (including Interest)	12,60,000	—

Particulars	H Ltd. ₹	S Ltd. ₹
Trade Payables	7,30,000	10,00,000
Land & Building	6,00,000	2,70,000
Plant & Machinery	5,00,000	3,70,000
Furniture & Fixtures	4,00,000	2,70,000
Equity Shares in S Ltd.	4,60,000	—
15% Loan to H Ltd. (given on 01.06.2021)	—	11,20,000
Inventories	2,50,000	70,000
Trade Receivables	6,00,000	3,00,000
Cash & Bank	10,40,000	21,000

Additional Information: (Assume that the profits are evenly earned throughout the year and ignore taxes)

(i) On 01.01.2021, H Ltd. acquired 25000 Equity Shares of S Ltd. when the credit balance of Profit & Loss Account of S Ltd. was ₹ 1,87,000 and that of General Reserve on that date was ₹ 7,80,500. H Ltd. further acquired some equity shares in S Ltd. on 01.07.2021.

(ii) On 31.08.2021, S Ltd. declared and paid dividend @ 20% on equity shares for the year 2020–2021. On 01.10.2021 S Ltd. declared and paid an Interim dividend @ 20% p.a. on equity shares out of current year's profits for the half year ended 30th Sept., 2021. S Ltd. issued 2 shares for every 5 shares held, as bonus shares but no accounting effect has yet been given for bonus shares.

(iii) The Land and Building of S Ltd. which stood at ₹ 3,00,000 on 01.04.2021, was considered as worth of ₹ 7,05,000 on 01.06.2021, for which necessary adjustments are yet to be made. The Furniture & Fixtures of S Ltd. which stood at ₹ 3,00,000 on 01.04.2021, was considered as worth of ₹ 1,05,000 on 01.06.2021, for which necessary adjustments are yet to be made.

(iv) H Ltd. and S Ltd. agreed that with effect from 1st July, 2021, for services rendered, H Ltd. should charge ₹ 10,000 p.m. but no accounting effect has yet been given. During June 2021, goods costing ₹ 23,500 were destroyed against which the insurer paid only ₹ 2,000 to S Ltd.

(v) S Ltd. owed H Ltd. ₹ 3,00,000 for the purchase of stock from H Ltd. which made at a profit of 20% on cost. S Ltd. sold some of these goods for ₹ 2,88,000 at a profit of 20% on its cost till 31.03.2022. On 01.01.2022, S Ltd. sold to H Ltd. a Machine for ₹ 2,40,000 at a loss of 25% on cost. Depreciation at 10% p.a. was provided by H Ltd. on this Machine.

(vi) H Ltd. held 42000 equity shares in S Ltd. on 31.03.2022.

Required: Calculate the Minority Interest, Capital Reserve on consolidation/Goodwill on consolidation and the Balance of Consolidated P& L Account to be taken to the Consolidated Balance Sheet of H Ltd. and its subsidiary, as at 31st March, 2022.

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6. (a) Given below are the extracts from the Balance Sheet of BHARAT & SHEENA Ltd. as at 31st March, 2022:

Particulars	**₹**
Equity Share Capital (Shares of ₹ 10 each fully paid-up)	80,00,000
12% Pref. Share Capital (Shares of ₹ 100 each fully paid-up)	20,00,000
Reserves and Surplus	40,00,000
10% Debentures	40,00,000
Current Liabilities	20,00,000
Goodwill	8,00,000
Fixed Tangible Assets	120,00,000
10% Trade Investments	20,00,000
Current Assets	52,00,000

Additional Information:

(i) Profits after tax @ 40%:2019–2020: ₹ 24,00,000, 2020–2021: ₹ 36,00,000, 2021–2022: ₹ 30,00,000.

(ii) Trade Investments are to be valued at 150% of Face Value (i.e. ₹ 16,00,000).

(iii) 60% Debentures are to be redeemed prior to valuation of Shares.

(iv) Rate of Income Tax — 30% with effect from 1st April, 2022.

(v) Normal Rate of Return on net assets for equity shareholders is 10%.

(vi) Goodwill is to be valued at 3 years' purchase of Super Profits.

***Required*:**

(I) Calculate Goodwill. 4

(II) Calculate Net Asset Value of an Equity Share. 3

(III) Calculate Yield Based Value of an Equity Share. 2

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

(b) On 01.07.2018 AMLA, GILOY & TULSI Ltd. grants 100 options to each of its 2100 employees at ₹ 60 when the market price is ₹ 200. The vesting date is 31st March, 2021 and the exercise date is 31st March, 2022. At the end of year 1, the company found that 100 employees had left. Fair Value of a share issued under ESOP was ₹ 93. At the end of year 2, the company found that 80 employees had left. Fair Value of a share issued under ESOP was ₹ 104. At the end of year 3, the company found that 192 employees had left. Fair Value of a share issued under ESOP was ₹ 80. Only 1700 employees exercised their options on 31st March, 2022. The face value of equity share is ₹ 10 per share.

(I) Calculate Expenses to be recognised in Year 1 by Fair Value Method. 2

(II) Calculate Expenses to be recognised in Year 2 by Fair Value Method. 2

(III) Calculate Expenses to be recognised in Year 3 by Fair Value Method. 1

(IV) Calculate Value of Options Forfeited. 1

7. (a) Explain the meaning and benefits of XBRL reporting. 8

(b) Explain briefly about Consolidated Fund of India, Contingency Fund and Public Accounts of India. 8

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

(a) Objectives and Constitution of Public Accounts Committee

(b) Government Accounting Standards Advisory Board (GASAB)

(c) CSR Reporting and Integrated Reporting

(d) Meaning and Advantages of Sustainability Reporting

(e) Meaning and Advantages of Triple Bottom Line Reporting (TBL)

SUGGESTED ANSWERS TO QUESTIONS

Section – A

2X10 = 20 Marks

1.

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

Section – B

(Answer *any five* questions out of the seven question)

16x5=80 Marks

5 Marks

2. (a) The amount to be recognized as revenue for the year ended 31st March, 2022 as per AS-9 = ₹ 107,60,000

2. (b) 6 Marks

Year	Accounting Treatment	Reasons as per AS 26
(I) 2019-2020	1.Expenditure on research ₹ 44 lakhs should be recognised as an expense when it is incurred. 2. Expenditure on Development i.e. ₹ 56 lakhs incurred since the Date(1.12.2019) when Recognition Criteria met shall be the Carrying amount as of 31-3-2020.	1.No Intangible Asset arising from research should be recognised. 2. An Intangible Asset arising from development should be recognised if, and only if, an enterprise can demonstrate all of the conditions specified in the standard.
(II), (III) and (IV) 2020-2021	Actual Expenditure = ₹ 56 lakhs + ₹ 400 lakhs = ₹ 456 lakhs PV of Future Cash Inflows = ₹ 100 lakhs x 3.79= ₹ 379 lakhs Intangible Asset should be recognised at ₹ 379 lakhs being lower of Fair ValueandBook Value.	1. The expenditure incurred before the intangible asset is available for use should be added to the cost of the intangible asset. 2.Intangible Assets should be recognised at lower of Fair Value(estimated by discounting estimated future net cash flows) and Book Value.
	₹ 77 lakhs being the Impairment Loss [i.e. Book Value(56 + 400) – Recoverable Amount(379)] should be recognized as an expense in the Statement of Profit and Loss for the year ended 31st March 2021.	3.Excess of Book Value over Fair Value should be recognised as Impairment Loss in the Statement of Profit and Loss.
(V) and (VI) 2021-2022	₹ 379 lakhs/5= ₹ 75.8 lakhs should be amortised for each year beginning with 2021-2022. Carrying Amount of the Intangible Asset as at 31.3.2022 =₹ 379 lakhs - ₹ 75.8 lakhs=₹ 303.2 lakhs	Depreciable amount of an intangible asset should be allocated on a systematic basis over the best estimate of its useful life(not exceeding 10 years from the date when the asset is available for use). Amortization should commence when the asset is available for use.

2. (c)

Journal of B Ltd. 5 Marks

Date	Particulars		Dr. (₹)	Cr. (₹)
	At the inception of lease			
	Machinery A/c	Dr.	17,25,820	
	To A Ltd.'s A/c			17,25,820
	(Being lease of machinery recorded at present value of MLP)			
	At the end of the first year of lease			
	Finance Charges A/c	Dr.	2,58,873	
	To A Ltd.'s A/c			2,58,873
	(Being the finance charges for first year due)			
	A Ltd.'s A/c	Dr.	5,00,000	
	To Bank A/c			5,00,000
	(Being the lease rent paid to the lessor which includes outstanding liability of A/c. ₹2,41,127 and finance charge of ₹2,58,873)			
	Depreciation A/c	Dr.	1,72,582	
	To Machinery a/c			1,72,582
	(Being the depreciation provided @ 10% p.a. on straight line method)			
	Profit and Loss a/c	Dr.	4,31,455	
	To Depreciation A/c			1,72,582
	To Finance Charges A/c			2,58,873
	(Being the depreciation and finance charges transferred to profit and loss account)			

An Extract of the Balance Sheet of B Ltd. at the end of the first year

Non–Current Liabilities:		₹
Long–term Borrowings (Lessor)		14,84,693
Non–Current Assets:		
Property,Plant& Equipment and Intangible Assets:		
Property,Plant& Equipment:		
Tangible Assets		
Plant & Equipment on Lease	17,25,820	
Less: Total Depreciation	(1,72,582)	15,53,238

Journal of A Ltd.

Date	Particulars		Dr. (₹)	Cr. (₹)
IstYr Beg	Lease Receivable A/c	Dr	17,75,540	
	To Machinery A/c			17,75,540
	(Being Finance Lease recorded at Net Investment)			
IstYr End	Bank A/c	Dr	5,00,000	

	To Lease Receivable A/c			2,33,680
	To Finance Income A/c			2,66,320
	(Being Actual Lease Rental received)			
IstYr End	Finance Income A/c	Dr	2,66,320	
	To P& L A/c			2,66,320
	(Being the T/F of Lease Rental Income to P& L A/c)			

An Extract of the Balance Sheet of A Ltd as of the end of the first year

Non–Current Assets:	
Other Non–Current Assets	
Lease Receivable A/c [At Net Investment]	15,41,860

3. (a) Types of Joint Arrangments as per IND AS 111

4 Marks

An entity shall determine the type of joint arrangement in which it is involved.

A joint arrangement is either a joint operation or a joint venture. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

3. (b)

12 Marks

Balance Sheet of XY Ltd. as at 31/03/2022

Particulars	**(₹ in lakhs)**
I. EQUITY AND LIABILITIES	
(1) Shareholders' Funds	
(a) Share Capital	42.88
(b) Reserves and Surplus	35.71
(2) Non-Current Liabilities[Long-term Borrowings]	2.40
(3) Current Liabilities	3.20
TOTAL	84.19
II. ASSETS	
(1) Non-Current Assets	
(a) Fixed Assets	
Property, Plant & Equipment	29.26
Intangible Assets (Goodwill)	0.89
(b) Non-Current Investments	10.42
(2) Current Assets	43.62
TOTAL	84.19

4. (a) Objectives of Ind AS – 105 4 Marks

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

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

4. (b) 12 Marks

Cash Flow Statement

For the Year Ended 31st March 2022

Particulars	₹	₹
Net Cash Inflow from Operating Activities after Tax		10,38,750
Net Cash used in Investing Activities		(5,07,750)
Net Cash used in Financing Activities		(3,14,000)
Net Increase in Cash and Cash Equivalents		2,17,000
Cash and Cash Equivalents in the beginning		1,00,000
Cash and Cash Equivalents at the end		3,17,000

5. (a) The Ind AS 112 does not apply to 4 Marks

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

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

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

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

5. (b) 12 Marks

Holding of H Ltd before bonus = 42000/140% = 30000 shares

Shares acquired on 01/7/2021 =30000 - 25000=5000

(a) Minority Interest = ₹ 7,00,600

(b) Capital Reserve on Consolidation = ₹ 5,01,950

(c) Balance of Consolidated Profit and Loss Account = ₹ 4,07,350

6. (a) 4+3+2+1 =10 Marks

Goodwill = ₹ 68,04,000

Valuation of an Equity Share on Net Assets Basis = ₹ 23.005

Valuation of an Equity Share on Yield basis = ₹ 42.85

Fair Value of Share = ₹ 32.9275

6. (b) 2+2+1+1 = 6 Marks

Expense to be Recognised in each year

Year 1 end = ₹ 18,00,000

Year 2 end = ₹ 35,76,000

Year 3 end = ₹ (19,20,000)

Value of Options Forfeited = ₹ 56,000

7. (a) 8 Marks

Meaning of XBRL Reporting

XBRL stands for eXtensible Business Reporting Language. It is one of a family of “XML”languages which is becoming a standard means of communicating information betweenbusinesses and on the internet. XBRL provides major benefits in the preparation, analysis andcommunication of business information and is fast becoming an accepted reporting languageglobally. It offers major benefits to all those who have to create, transmit, use or analyse suchinformation.

(a) Extensible: means the user can extend the application of a particular business data beyondits original intended purpose and the major advantage is that the extended use can bedeterminedeven by the users and not just the ones who merely prepare the business data. This is achievedby adding tags which are both human and machine-readable – describing what the data is.The property of extensibility is very handy in situations when the list of items reported for variouselements of the financial statements are not the same across firms, industries, and countries.For example, many of the items constituting non-current assets in the Oil and Gas Industry (items likerigs,exploratory oil and gas wells) may not be applicable to companies in general. In a situationof this kind, XBRL may prepare a taxonomy called a ‘Global Common Document’ (GCD) foritems common to all the firms, industries, and countries, and, any country-specific, industry-specific and firm-specific variations (extensions/limitations) can, then, be written asindependent taxonomies that can be imported and incorporated with the GCD.

(b) Business: means relevant to the type of business transaction. XBRL's focus is on describingthe financial statements for both public and private companies.

(c) Reporting: the intention behind promoting the use of XBRL is to have all companies reporttheir financial statements in a consolidated manner using the specified formats.

(d) Language: XBRL is based on XML, which prescribes the manner in which the data can be“marked-up” or “tagged” to make it more meaningful to human readers as well as to the computer-basedsystem.

Benefits of XBRL Reporting

1.Automated Data Processing: XBRL allows very efficient handling of business data bycomputer software and supports all the standard tasks involved in compiling, storing and usingbusiness data. XBRL software also facilitates the automatic checking of information and thus makesthe entire process of data collection and analysis more reliable and accurate.

2. Cost Saving: Adoption of XBRL for data processing reduces the manpower involved andresults in a considerable amount of cost savings.

3. Time-Saving: The powerful XBRL software increases the speed of handling the data andcompletes all aspects of data processing in a quick time. This time reduction will allow users toincrease their focus on analysis and help in prompt decision-making. For example, searches forparticular information which might normally take hours can be completed with XBRL in afraction of a second.

4. Better Financial Reporting: XBRL also facilitates the preparation of quality and timely reports tosuit different needs. Once data is gathered in XBRL, different types of reports using varyingsubsets of the data can be produced with minimum effort.

5. Multi-Language Capability: XBRL can read and understand data in different languages andaccounting standards and can be flexibly adapted to meet the different needs of various users.

6. Improved Data Analysis: The XBRL software helps to automatically validate and manipulatedata received electronically. XBRL facilitates a deeper and more accurate analysis of the automateddata to meet the requirements of all types of end users. This thorough analysis will equipbusiness leaders with greater confidence to make financial decisions that impact their companies,For example, banks and other financial institutions can analyse loan applications as well as aborrower's financial records more quickly and more accurately which may increase the approvalof good loans and significantly lower the acceptance of loans to high-risk borrowers.

7. Advantages to Individual Stakeholders: All types of organisations can use XBRL to save costsand improve efficiency in handling business and financial information. Due to its flexible nature,XBRL can be adapted to suit a wide variety of requirements of preparers as well as users offinancial data.

The prominent entities that can benefit from the use of XBRL are government regulators, stock exchanges, investment analysts, banks, financial companies, accountants, auditors, accountancy software vendors, and information technology companies.

7. (b) 8 Marks

Consolidated Fund of India

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

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

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

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

Contingency Fund

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

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

Public Account of India

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

8. Write Short Notes on *any four* of the following.

4X4 =16 Marks

8. (a)

Objectives ofPublic Accounts Committee

The Committee on Public Accounts is constituted by Parliament each year:

1. To examine accounts showing the appropriation of sums granted by Parliament for the expenditure of the Government of India.

2. To examine the annual Finance Accounts of the Government of India, and such other Accountslaid before Parliament as the Committee may deem fit (e.g. Accounts of autonomous andsemiautonomousbodies except those which come under the purview of the Committee on PublicUndertakings).

Constitution of Public Accounts Committee

1.15 Members of Lok Sabha & 7 Members of Rajya Sabha: The Committee consists of notmore than 22 members comprising 15 members elected by Lok Sabha in April each year fromamongst its members according to the principle of proportionalrepresentation by means of single transferable vote and not more than 7 members of RajyaSabha elected by that House in like manner are associated with the Committee.

2.Appointment of Chairman:The Chairman of the Committee is appointed by the Speakerfrom amongst the members of Lok Sabha elected to the Committee. As a convention, startingfrom the Public Accounts Committee of 1967-68, a member of the Committee belonging to themain opposition party/group in the House is appointed as the Chairman of the Committee.

3.Minister not to be Member of Committee:A Minister is not eligible to be elected as amember of the Committee and if a member, after his election to the Committee, is appointed as aMinister, he ceases to be a member of the Committee from the date of such appointment.

4.Term of Office:The term of office of the members of the Committee is one year.

5.Association of Members with Government Committees:A member, on his election to theCommittee, has to communicate to the office of the Committee, the particulars regarding thevarious Committees appointed by Government with which he is associated, for being placedbefore the Speaker.

8. (b) Government Accounting Standards Advisory Board (GASAB)

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

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

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

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

(i) Deputy Comptroller and Auditor General (Accounts) as Chairperson

(ii) Controller General of Accounts

(iii) Financial Commissioner, Railways

(iv) Controller General of Defence Accounts

(v) Member (Finance) Telecom Commission, Department of Telecom

(vi) Additional / Joint Secretary (Budget), Ministry of Finance, Govt. of India

(vii) Secretary, Department of Post

(viii) Deputy Governor, Reserve Bank of India or his nominee

(ix) Director General, National Council of Applied Economic Research (NCAER), N. Delhi

(x) President, Institute of Chartered Accountants of India (ICAI) or his nominee

(xi) President, Institute of Cost and Works Accountants of India or his nominee

(xii to xv) Principal Secretary (Finance) of four States by rotation

(xvi) Principal Director in GASAB as Member secretary.

8. (c) CSR Reporting and Integrated Reporting

Annual report on CSR activities to be included in the Board's Report

1. A brief outline of the company's CSR policy, including an overview of projects or programsproposed to be undertaken and a reference to the weblink to the CSR policy and projects orprograms.
2. The Composition of the CSR Committee.
3. Average net profit of the company for the last three financial years
4. Prescribed CSR Expenditure (2% of the Average net profit)
5. Details of CSR spent during the financial year.
   (a) Total amount to be spent for the financial year;
   (b) Amount unspent, if any;
   (c) Manner in which the amount spent during the financial year.
6. In case the company has failed to spend the 2% of the average net profit of the last threefinancial years or any part thereof, the company shall provide the reasons for not spending theamount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSRPolicy, is in compliance with the CSR objectives and Policy of the company.
8. CSR Report is required to be duly signed by:
   (i) Chief Executive Officer or Managing Director or Director
   (ii) Chairman CSR Committee
   (iii) Person specified u/s 380 (1) (d) (wherever applicable)

8. (d) Meaning of Sustainability Reporting

A sustainability report is an organizational report that gives information about economic, environmental, social and governance performance.A sustainability report is a key platform for communicating positive and negative sustainability impacts.Sustainability reporting is a vital step for managing change towards a sustainable global economy – one that combines long-term profitability with social justice and environmental care Sustainability reporting can be consideredas synonymous with other terms for non-financial reporting; triple bottom line reporting, corporate social responsibility (CSR) reporting, and more. It is also an intrinsic element of integrated reporting; a recent development that combines the analysis of financial and non-financial performance.

Advantages of Sustainability Reporting

I.Internal benefits for companies and organizations can include:

1.Increased understanding of risks and opportunities

2.Emphasizing the link between financial and non-financial performance

3.Influencing long-term management strategy and policy, and business plans

4.Streamlining processes, reducing costs and improving efficiency

5.Benchmarking and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives

6.Avoiding being implicated in publicized environmental, social and governance failuresComparing performance internally, and between organizations and sectors

II.External benefits of sustainability reporting can include:

1.Mitigating - or reversing - negative environmental, social and governance impacts

2.Improving reputation and brand loyalty

3.Enabling external stakeholders to understand the company's true value and tangible and intangible assets

4.Demonstrating how the organization influences, and is influenced by, expectations about sustainable development

8. (e) Meaning of Triple Bottom Line Reporting

TBL reporting refers to providing information on the economic, environmental and social dimensions of the activities carried on by an organisation.

Thus, The Triple Bottom Line is made up of "Social (People), Economic (Profit) and Environmental (Planet)".

In the private sector, a commitment to CSR implies a commitment to some form of TBL reporting.

Advantages of Triple Bottom Line Reporting

1. Enhancement of reputation and brand
2. Securing a social licence to operate
3. Attraction and retention of high-calibre employees
4. Improved access to investors
5. Reduced risk profile
6. Identification of potential cost savings
7. Increased scope for innovation
8. Aligning stakeholder needs with a management focus, and
9. Creation of a sound basis for stakeholder dialogue