SUGGESTED ANSWERS TO QUESTIONS

FINAL EXAMINATION

GROUP IV

(SYLLABUS 2016)

DECEMBER 2021

Paper- 17: CORPORATE FINANCIAL REPORTING

Time Allowed: 3 Hours Full Marks: 100

Section : A MCQ 20X1 = 20 Marks

Q.1 SHEENA TASHIKA Ltd. made the following payments during the year ended 31stMarch 2021:

Rs 60 lakhs to acquire a Software, Rs 60 lakhs to acquire a Website for a period of 8 years,Rs 60 lakhs to acquire a Copy right for a period of 15 years,Rs 60 lakhs to acquire Goodwill of a firm,Rs 60 lakhs to acquire Goodwill arising under Amalgamation in the nature of Purchase ,Rs 60 lakhs to acquire a Patent for a period of 5 years.,Rs 60 lakhs to acquire Stock Exchange Membership Rights, Rs 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.,Rs 60 lakhs towards extensive special initial advertisement campaign for the new product.,Rs 60 lakhs to develop a Drug to treat Cancer but AS 26 criteria for capitalization was not met.,

What is the Total Amortization Cost to be charged to Profit & Loss A/c?

Ans

1. **Rs 233.5 lakhs**
2. **Rs 238 lakhs**
3. ✔ **Rs 246 lakhs**
4. **None of these**

Q.2 X Ltd. holds 51% of Y Ltd.,Y Ltd holds 51% of W Ltd.,Z Ltd holds 49% of W Ltd. TheRelated Parties as per AS-18 are:

Ans

1. **Z Ltd. & X Ltd.**
2. **Z Ltd. & Y Ltd.**
3. ✔ **Z Ltd. & W Ltd.**
4. **None of these**

Q.3 JIVATMA Ltd. purchased a plant for US $ 50,000 on 31st October, 2020 payable after 6months. The company entered into a forward contract for 6 months @ Rs 64.25 per Dollar. On 31st October, 2020 the exchange rate was Rs 61.50 per Dollar. The profit orloss on forward contract for the year ended 31st March, 2021 is

Ans

1. **Rs 1,14,538**
2. ✔ **Rs 1,14,583**
3. **None of these**
4. **Rs 1,37,500**

Q.4 Net Profits of JIV AATMA Ltd. for the years 2020-2021,2019-2020,2018-2019,2017- 2018,2016-2017 are Rs 25 crore,Rs 20 crore, Rs 15 crore,Rs 10 crore and Rs 5 crore respectively. During 2020-2021,the company incurred Rs 7,00,000 and Rs 3,00,000 onfree education and medical treatment of the employees of the company and their families respectively under CSR projects. Calculate the short fall of expenditure on Corporate Social Responsibility as per The Companies Act,2013.

Ans

1. **Rs 23,00,000**
2. **Rs 20,00,000**
3. **None of these**
4. ✔ **Rs 30,00,000**

Q.5 JIWARAM COFECTIONERS Ltd., an NBFC providing Hire Purchase Solutions for acquiring consumer durables. The following information is extracted from its books for the year ended 31st March, 2021:

Asset Funded	*Interest Overdue but recognized in Profit & loss*		*Net Book Value of*
	Period Overdue	*Interest Amount (Rs in crore)*	*Assets outstanding (Rs in crore)*
LCD Televisions	Upto 12 months	480.00	20,123.00
Washing Machines	For 24 months	102.00	2,410.00
Refrigerators	For 30 months	50.50	1,280.00
Air Conditioners	For 45 months	26.75	647.00

The amount of provision to be made for the year ended 31st March, 2021,is:

Ans **1. None of these**

2. Rs 3,217

✔ **3. Rs 1,205.90**

4. Rs 1,400

Q.6 An enterprise acquired patent right for Rs400 lakhs. The product life cycle has been estimated to be 5 years and the amortization was decided in the ratio of estimated future cash flows which are as under:

Years	**1**	**2**	**3**	**4**	**5**
Estimated Future Cash Flows (Rs in lakhs)	**200**	**200**	**200**	**100**	**100**

After 3rd year, it was ascertained that the patent would have an estimated balance future life of 3 years and the estimated cash flow after 5th year is expected to be Rs 50 lakhs each year. Determine the amount of amortization in the 6th year as per AS 26.

Ans **1. Rs 100 lakhs**

2. None of these

3. Rs 40 lakhs

✔ **4. Rs 20 lakhs**

Q.7 Net Profit for 2020-2021 Rs 30,00,000,No of shares outstanding prior to right issue 10,00,000 shares. Right issue: One new share for each five shares outstanding @ Rs 25,Last date to exercise right: 31st July, 2020,Fair value of one equity share immediately prior to exercise of rights on 31.07.2020 is Rs 32. Basic earnings per share for the year 2020-2021 will be:

Ans **1. Rs 2.50**

2. Rs 2.65

3. None of these

✔ **4. Rs 2.62**

Q.8 Which of the following statements is false?

Ans **1. An item of income or expenditure is to be disclosed separately as per The Companies Act,2013 if its amount exceeds 1% of the revenue from operations or Rs 10,00,000, whichever is higher.**

2. A company is required to prepare the Consolidated Financial Statements even if it acquires the entire share capital of another company.

3. Financial Statements ofevery company include Cash Flow Statement" asper TheCompanies Act,2013.

✔ **4. All of these**

Q.9

BHARAT LTD. obtained a 14% loan from a bank for Rs 120 lakhs on 1st June, 2019 to be utilized as follows:

Particulars	*Amount (Rs in lakhs)*
Construction of a Building (work was held up totally for 1 month during the year due to heavy rains)	50
Purchase of a Machinery	40
Working Capital	20
Advance for Purchase of Truck	10

Construction of Building was completed on 1.8.2020 but was put to use only on 01.10.2020 The machinery was installed on the same date. Delivery of truck was not received. During the

Ans 1. None of these

✔ 2. Rs 5 lakhs, Rs 2.625 lakhs

3. Rs 5 lakhs, Rs 2.652 lakhs

4. Rs 5 lakhs, Rs 2.265 lakhs

Q.10 **From the given information, you are required to compute the Deferred Tax Assets(DTA) and Deferred Tax Liability (DTL) for CBDT Ltd as on 31st March 2021. The tax rate applicable is 35%.**

The Company has charged Depreciation of Rs 7,42,900 in its Books of Accounts while as per Income Tax computation, the Depreciation available to the Company is Rs8,65,400.

The Company has made Provision for Doubtful Debts for Rs 54,300 during the year.

The Company has debited Share Issue Expenses of Rs 6,23,500 which will beavailable for deduction under the Income Tax Act from the next year.

The expenses of Rs 7,84,500 has been charged to Profit and Loss Account whichare disallowed under the Income Tax Act.

The Company has made Donation of Rs 2,00,000 which has been debited to Profitand Loss Account and only 50% thereof will be allowed as deduction as per IncomeTax Law.

Ans ✔ 1. DTA Rs 2,18,225, DTL Rs 42,875

2. DTA Rs 2,18,225, DTL Rs 42,857

3. DTA Rs 2,18,252 DTL Rs 42,875

4. None of these

Q.11

BHARAT TUSHAR LTD, a firm of contractors provides the following details for the year ended 31st March, 2021:

Particulars	**(Rs in lakhs)**
Fixed Contract Price with an escalation clause	1,000
Work Certified	500
Work not Certified [includes Rs 75 lacs for Materials issued out of which material lying unused at the end of period is Rs 4 lacs]	109
Estimated further Cost to Completion	495
Progress Payment Received	400
To be Received	140
Escalation in cost by 5% and accordingly the contract price is increased by 5%	

Calculate the Expected Loss to be recognized immediately as per para 35 of AS 7.

Ans ✔ 1. Rs 22.5 lakhs

2. Rs 50 lakhs

3. None of these

4. Rs 27 lakhs

Q.12 DARYAGANJ Co-operative society Ltd has borrowed a sum of US $12.50 million at the commencement of the financial year 2020-2021 for its solar energy project at LIBOR (London Interbank offered rate of 1%) + 4%. The interest is payable at the end of the respective financial year. The loan was availed at the then rate of Rs45 to US dollar while the rate as on 31st March, 2021 is Rs48 to the US dollar. Had DARYAGANJ Co- operative Society Ltd. Borrowed the Rupee equivalent in India, the interest would have been 11%. 'Borrowing Cost' and exchange difference will be:

Ans

1. Rs 61,87,500, Rs 5,62,500
2. Rs 37,50,000, Rs 5,62,500
3. Rs 67,50,000, Rs 5,62,500
4. ✔ None of these

Q.13 M/s. TUSHAR Ltd. is developing a new production process. During the Financial Year ended 31st March, 2016, the total expenditure incurred on the process was Rs 60 lacs. The production process met the criteria for recognition as an intangible asset on 1st December, 2019. Expenditure incurred till this date was Rs 32 lacs. Further expenditure incurred on the process for the Financial Year ending 31st March, 2021 was Rs 90 lacs. As on 31.03.2021, the recoverable amount of know-how embodied in the process is estimated to be Rs 82 lacs. This includes estimates of future cash outflows and inflows. The expenditure to be charged to Profit & Loss Account for theyear ended 31st March, 2021 is:

Ans

1. Rs 82
2. Rs 118
3. ✔ Rs 36
4. None of these

Q.14 X Ltd. has its financial year ended 31.3.2021, 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* Rs
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.

Ans

1. Rs 8,50,000
2. ✔ Rs 6,60,000
3. Rs 85,000
4. Rs 4,25,000

Q.15 Which of the following statements is false as per AS 12?

Ans

1. Rs 25 lakhs received from the Local Authority for providing medical facilities to theemployees will be credited to Profit & Loss A/c or deducted from the Medical Expenses.
2. ✔ None of these
3. Rs 50 lakhs received from the State Govt. a Grant for setting up a Water treatment Plant. Cost of Plant purchased Rs 150 lakhs. The Plant will be shown at Rs 100 lakhs (i.e. Rs150 lakhs minus Rs 50).
4. Land worth Rs 100 lakhs received free of cost from the State Govt. should berecorded at a nominal value.

Q.16 Which of the following statements is false?

Ans ✔ 1. All of these

2. While preparing Balance Sheet of HARI OM Ltd (of which operating cycle is 14 months) as at 31st March,2021,Rs 30 lakh due from Y,a customer on 30th April, 2022 will beclassified as Non-Current Asset.

3. Under The Companies Act,2013 “Free Reserves” do not include Securities PremiumAccount.

4. The figures appearing in the Financial Statements of a company may be rounded offto the nearest crores only if Turnover is more than Rs 100 crore.

Q.17 NEEM TULSI Ltd. has initiated a lease for 3 years in respect of a machinery costing Rs6,00,000 with expected useful life of 5 years. Machinery would revert to NEEM TULSI Ltd. under the lease agreement. The unguaranteed residual value of the machinery after the expiry of the lease term is estimated at Rs 80,000. The implicit rate of interest is 8%. The annual payments have been determined in such a way that the present value of the lease payment plus the residual value is equal to the cost of machinery. Annual lease payments are made at the end of each accounting year. (PV of Rs 1 @ 8%for 3 years is 0.9259, 0.8573, 0.7938 respectively).The unearned finance income is

Ans 1. None of these

2. Rs 24,558

3. Rs 2,08,186

✔ 4. Rs 1,04,558

Q.18 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% provisionThe company has raised invoices as under:

Invoice Date Amount Rs 19th January, 2019 40,000

29th January, 2020 25,000

15th October, 2020 90,000

The amount to be debited to Profit and Loss Account for the year ended 31st March,2021 is:

Ans 1. Rs 3,200

2. Rs 1,550

✔ 3. Rs 1,650

4. None of these

Q.19 Accounting profit Rs15,00,000,Book profit as per MAT Rs 8,75,000,Profit as per Income-tax Act Rs 1,50,000 Tax rate 30%,MAT rate 7.50% . The deferred tax asset / liability as per AS 22 and amount of tax to be debited to Profit and Loss Account forthe year ended 31.3.2021 are

Ans 1. Rs 4,05,000,Rs 5,15,625

✔ 2. Rs 4,05,000, Rs 4,70,625

3. Rs 4,95,000, Rs 5,15,625

4. None of these

Q.20 Which of the following statements is true?

Ans 1. Internal Reconstruction is done in case of companies incurring losses only.

2. All of these

✔ 3. Internal Reconstruction may be done in case of companies earning profits orincurring losses.

4. Internal Reconstruction is done in case of companies earning profits only.

Section : B SAQ

20X1 = 20 Marks

Q.1 Property,Plant & Equipment appeared at Rs 50,00,000 in the Trial Balance of MALLYA 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%. At what amount depreciation will be shown in the Income Statement of MALLYA co.

Ans :- As Mallaya Co. is not a going concern, therefore Property. Plant & Equipment would be shown at Net Realizable Value. Hence the amount of Depreciation would be = Rs. 12,00,000 [Rs. 50,00,000 – Rs. 38,00,000 (i.e. Rs. 50,00,000 x 0.80 x 0.95)]

Q.2 While finalizing the financial statements of the year ending 31/03/2021 the companyfinds that the stock sheets of 31/03/2020 did not include two pages containing details of inventory worth Rs 10 lakhs. Comment.

Ans:- In this case, the stock sheet of 31/03/2020 (prior year) did not include two pages containing details of inventory worth Rs. 10 lakhs which is the omission, and this omission was detected in the current period i.e. 31/03/2021. Therefore, it is a prior item as per AS – 5. It has resulted in understatement of profit of previous period.

Q.3 On 1st April,2020, the Share Capital of S Ltd. consists of Rs 10 crore Equity ShareCapital (Rs 10 each) and Rs 12 crore ,10% Preference Share Capital(Rs 100 each) (Convertible into Equity Shares of Rs 10 each).On 1st July,2020,H Ltd. acquires 50lac equity shares and 6.2 lac Preference Shares of S Ltd. State with reason whetherS Ltd. has become the subsidiary of H Ltd.

Ans:- S Ltd. has become the subsidiary of H Ltd because H Ltd. holds more than 50% of the total share capital of S Ltd. (i.e. Rs. 5 crores + Rs. 6.2 crores).

Q.4 As at 31st March,2021,DEC Ltd has Equity Share Capital of Rs 475 lakh, Tangible Fixed Assets of Rs 325 lakh, Statutory Reserves of Rs 25 lakh, and General Reserve of Rs 140 lakh, Current Liabilities of Rs 80 lakh, Current Assets of Rs 425 lakh, Non-Current Liabilities of Rs 30 lakh,. 40% Statutory Reserves are to be maintained for 2 more years. The business of MAY Ltd. is taken over by JIWARAM Ltd.for Rs 600 lakh. The purchase consideration is to be discharged by the issue of equity shares of Rs 100 each, Rs 80 paid up at a premium of Rs 800 per share. The market value of an equity share of JIWARAM Ltd. at present is Rs 1000. Is there any need to open Amalgamation Adjustment A/c in this case?

Ans:- There is no need to open Amalgamation Adjustment A/c in this case, since it is Amalgamation in the nature of Merger and not purchase.

Q.5 A company is in a dispute involving allegation of infringement of patents by a competitor company who is seeking damages of a huge sum of Rs 500 lakhs. The directors are of the opinion that the claim can be successfully resisted by the company. How will you deal with this case?

Ans:- Since the directors of the company are of the opinion that the claim can be successfully resisted by the company, therefore there will be no outflow of resources. The company will disclose the same as a contingent liability by way of the following note: "Litigation is in the process against the company relating to a dispute with a competitor who alleges that the company has infringed patents and is seeking damages of Rs. 500 lakhs. However, the directors are of the opinion that the claim can be successfully resisted by the company."

Q.6 Goodwill on the basis of Capitalisation of Super Profits Rs 5,00,000.Goodwill on the basis of Capitalisation of Average ProfitsRs 3,00,000.Goodwill on the basis of four years' purchase of Super Profits Rs 2,00,000. Opening Capital Employed is 2/3rd of Closing Capital Employed. Calculate Goodwill of the firm at 3 years' purchase of Average Profits of the firm.

Ans:- Goodwill of the firm at 3 years' Purchase of Average Profit of the firm = Rs. 4,50,000

Q.7 4,00,000 Equity Shares of Rs 10 each,Rs 8 paid up. 7,00,000 Equity Shares of Rs 5each fully called up (Calls-in-arrears @Rs 2 on 2,00,000 shares).3. 10,000 9% Preference Shares of Rs100 each fully paid up. Normal Rate of Earnings—9%. FairValue of an Equity Share (Rs 3 paid up) Rs 8.50.Difference between Yield Based Value and Net Assets Value is Rs 1. Calculate Net Assets for Equity Shareholders and Expected FMP for Equity Shareholders.

Ans:- Net Assets for Equity Share Holders = Rs. 150 lakhs including uncalled amount and call–in–arrears or Net Assets for Equity Share Holders = Rs. 138 lakhs excluding uncalled amount and call–in– arrears

Expected Future Maintainable Profit for Equity Shareholders = Rs. 17.01 lakhs

Q.8 A Cosmetic articles producing company provides the following information:

Particulars	*Cold Cream*	*Vanishing Cream*
January, 2020 – September, 2020 per month	5,00,000	5,00,000
October, 2020 – December, 2020 per month	2,50,000	7,50,000
January, 2021- March, 2021 per month	0	10,00,000

The company has enforced a gradual change in product-line on the basis of an overall plan. The Board of Directors of the company has passed a resolution in March, 2020 to this effect. The company follows calendar year as its accounting year. State with reason whether this should be treated as a discontinuing operation.

Ans:- The company is changing only the product mix and is not disposing of any of its components. Changing only the product mix is not a discontinuing operation as per AS 24.

Q.9 On 1st April,2020, the Share Capital of S Ltd. consists of Rs 10 crore Equity ShareCapital (Rs 10 each) and Rs 12 crore ,10% Preference Share Capital(Rs 100 each) (Convertible into Equity Shares of Rs 10 each).On 1st July,2020,H Ltd. acquires 50 lac equity shares and 6.2 lac Preference Shares of S Ltd. with a view to their subsequent disposal on 1st June,2021? State how will you deal with this case asper AS 21.

Ans:- Investment in S Ltd. shall be accounted for in accordance with AS 13. Hence, the Cost of Control is not required to be calculated on 31st March 2021.

Q.10 P Ltd. has 60% voting right in Q Ltd. Q Ltd. has 20% voting right in R Ltd. Also, P Ltd. directly enjoys voting right of 14% in R Ltd. R Ltd. is a listed company and regularly supplies goods to P Ltd. The management of R Ltd. has not disclosed itsrelationship with P Ltd. How would you assess the situation from the viewpoint of AS 18 on Related Party Disclosures?

Ans:- (1) P Ltd. has a direct economic interest in R Ltd to the extent of 14%, and through Q Ltd. in which it is the majority shareholder therefore it has further control of 12% in R Ltd. (i.e. 60% of Q Ltd ‖ s 20%). These two taken together (14% + 12%) make the total control of 26%.

(2) In the present case, the control of P Ltd. in R Ltd. directly and through Q Ltd. does not go beyond 26%. However, as per AS 18, significant influence may be exercised if investing party (P Ltd.) holds, directly or indirectly through intermediaries, 20% or more of the voting power of the R Ltd.

(3) As R Ltd. is a listed company and regularly supplies goods to P Ltd. therefore, related party disclosure, as per AS 18, is required.

Q.11 Cashier of X Ltd. embezzled cash amounting to Rs 5,00,000 during March, 2021. However same comes to the notice of Company management during April, 2021 only. Financial statements of the company are not approved by the Board of Directors of the company. With the help of provisions of AS 4 "Contingencies andEvent Occurring after the Balance Sheet Date" decide, whether the embezzlement of cash should be adjusted in the books of accounts for the ending March, 2021?

Ans :-

The embezzlement of cash should be adjusted as per AS – 4 in the books of accounts for the ending March 2021 because though the theft, by the cashier Rs. 5,00,000 was detected after the balance sheet date (before approval of financial statements) but it is additional information materially affecting the determination of the cash amount relating to conditions existing at the balance sheet date.

Q.12 Y Ltd. purchased a machinery for Rs 80 lakhs. (Useful life 4 years and residual value Rs 16 lakhs) Government grant received is Rs 32 lakhs. Refund of grant was made in the beginning of 3rd year. Calculate the Depreciation for the 3rd year if theGrant is credited to Deferred Grant Account.

Ans :- Depreciation to be provided in 3rd Year = 16 Lakhs

Depreciation in each year is calculated as $\frac{\text{80 lakhs – 16 lakhs}}{\text{4 Years}}$

Q.13 Cashier of Y Ltd. embezzled cash amounting to Rs 5,00,000 during March, 2021. However the same comes to the notice of Company only after approval of financial statements by the Board Directors of the company during April, 2021 only. How willyou deal with this case ?

Ans :- If embezzlement of cash comes to the notice of company management only after approval of financial statements by the board of directors of the company, then its treatment shall be done as a Prior Period item as per the provisions of AS 5. The nature and the amount of prior period items should be separately disclosed on the Statement of Profit and Loss in a manner that its impact can be perceived in the next year. This being is also an extraordinary item and as such disclosed separately.

Q.14 The Chief Accountant of JIWARAM COFECTIONERS Ltd. gives the following data regarding its six segments:

							Rs In lakhs
Particulars	***M***	***N***	***O***	***P***	***Q***	***R***	***Total***
Segment Assets	100	50	20	10	10	10	200
Segment Results	-100	–280	160	20	–20	20	–600
Segment Revenue	400	640	400	180	180	200	2000

Identify the Reportable Segments as per AS 17

Ans:- Reportable Segments as per AS – 17 are M, N, O and R
Criteria for identifying Reportable Segments Segments fulfilling Criteria

1) 10% of Total Revenue i.e. 200 M, N, O and R
2) 10% of Total Result (Profit or Loss whichever is greater in the absolute term) i.e. 40
M, N and O
3) 10% of Total Assets i.e. 20 M, N and O

Q.15 The Cost of the Closing Stock was Rs 5,00,000. Realizable value 120%. Realizable Expenses 5%.At what amount stock wil be shown in the Income Statement of Mallaya co which is not a going concern.

Ans:- Stock to be shown at Net Realizable Value since Mallaya Co. is not a going concern. The Net Realizable Value of Stock is Rs. 5,00,000 x 1.20 x 0.95 = Rs. 5,70,000

Q.16 An airline is required by law to overhaul its aircraft once in every three years. A company which operates aircrafts does not provide any provision as required by law in its final account. State with reason whether there is any need for provision.

Ans:- No Present Obligation as per AS – 29 because it is a future obligation and the incurring of the expenditure depends on the company's decision to continue operating aircraft. However, a provision should be recognized for the best estimate of any fines and penalties if the airline continues to operate aircraft for more than three years.

Q.17 State the treatment of Rs 20 lakhs received from the Central Govt. as subsidy for setting up a Plant in backward area. Cost of Plant Rs 100 lakhs.

Ans:- As per AS 12, Government grants of the nature of promoters' contribution should be credited to capital reserve and treated as a part of shareholders' funds. In this case grant of Rs. 20 lakhs is in nature of promoters' contribution hence it should be credited to Capital Reserve which can neither be distributed as divided nor considered as deferred income.

Q.18 X Ltd. purchased a machinery for Rs 80 lakhs. (Useful life 4 years and residual value Rs 16 lakhs) Government grant received is Rs 32 lakhs. Refund of grant was made in the beginning of 3rd year. Calculate the Depreciation for the 3rd year if theGrant is credited to Fixed Assets.

Ans:- Depreciation to be provided in 3rd Year = 24 Lakhs

Q.19 State the treatment of Refund of grant of Rs 10 crores received from Government for employees welfare activities due to non-fulfilment of prescribed the conditions

Ans:- As per AS 12, the amount refundable in respect of a government grant related to revenue is applied first against any unamortised deferred credit remaining in respect of the grant. To the extent that the amount refundable exceeds any such deferred credit, or where no deferred credit exists, the amount is charged immediately to the Profit and Loss Statement as an extraordinary item as per AS-5. Hence, a Refund of the grant of Rs. 10 crores should be charged to the Profit and Loss Account of the company as an extra-ordinary item.

Q.20 Z Ltd. signed an agreement with its employees union for revision of wages in June, 2021. The wage revision is with retrospective effect from 1.4.2019. The arrear wages upto 31.3.2021 amounts to Rs 50 lakhs. Arrear wages for the period from 1.4.2021 to 30.6.2021 (being the date of agreement) amounts to Rs 10 lakhs. Decide whether a separate disclosure of arrear wages is required.

Ans:- Additional liability on account of wages amounting to Rs. 60 lakhs (from 01/04/2019 to 30/06/2021) should be included in the current year's wages. It may be mentioned that

additional wages are expenses arising from the ordinary activities of the company. Although abnormal in amount, such an expense does not qualify as an extraordinary item.

Wages payable for the current year (from 01/04/2019 to 31/03/2021) amounting to Rs. 50 lakhs is not a prior period item hence need not be disclosed separately. This may be shown as current year wages.

Section C

12 x 4 = 48 Marks

ONE LAQ

2+2+2+1 = 7 Marks

Q.1 **On 1.4.2017 OM Ltd grants 50 options to each of its 2100 employees at Rs 70 when the Market price is Rs 110 . The vesting date is 31st March,2020 and the exercise date is 31st March,2021. At the end of year 1,the company found that 100 employees had left and estimated the expected annual forfeitures rate at 10%. Earning per Share and Price - Earning Ratio were Rs 26 and 5 respectively. At the end of year 2,the company found that the actual annual forfeitures rate was at 4% and re-estimated the expected annual forfeitures rate at 5%. Earning per Share and Price - Earning Ratio were Rs 27.5 and 4 respectively. At the end of year 3,the company found that the actual annual forfeitures rate was at 10%. Earning per Share and Price -Earning Ratio were Rs 18 and 5 respectively. Only 1700 employeesexercised their options on 31st March,2021. The face value of equity share is Rs 10per share.**

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

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

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

(iv) **Calculate Value of Options Forfeited.**

Answer:

(i) **Expenses to be recognised in the first year = Rs.16,20,000**

(ii) **Expenses to be recognised in the Second year = Rs.8,12,000**

(iii) **Expenses to be recognised in the Third year = Rs. −7,04,000 (i.e. expense to be derecognised)**

(iv) **Value of Options Forfeited = Rs. 28,000**

Q.2 Given below are the extracts from the Balance Sheets of A Ltd. and B Ltd. on at 31st March 2021: **5 Marks**

Particulars	**Rs**
80,000 Equity shares of Rs 10 each fully paid up	8,00,000
Reserves & Surplus	1,00,000
Current Liabilities	1,00,000
Non-Current Assets	7,00,000
Current Assets	3,00,000

The consideration was agreed to be paid as follows:

(i) A payment in cash of Rs 5 per share in B Ltd., and
(ii) The issue of shares of Rs 10 each in A Ltd. on the basis of 2 equity shares (valued at Rs 15) and one 10% Cumulative Preference shares (valued at Rs 10) for every five shares held in B Ltd.

The whole of the share capital consists of shareholdings in exact multiple of five except the followings holdings:

A	116
B	76
C	72
D	28
Other individual	8 (each member holding one share each)
	300

It was agreed that A Ltd. will pay in cash for fractional shares equivalent at agreed value of shares in B Ltd.
Required: Prepare a Statement showing the purchase consideration receivable in shares and cash.

Answer: Statement showing the Purchase Consideration

Particulars	**Rs.**	
Equity Shares = $\frac{79,985 \times 2 \times \text{Rs. } 15}{5}$	**4,79,910**	
Preference Shares = $\frac{79,985 \times \text{Rs. } 10}{5}$	**1,59,970**	
Cash = 79,985 x Rs. 5	**3,99,925**	
Cash for fractional shares = 15 x Rs. 13	**195**	
Total	**10,40,000**	

Q.1 PRITHVI Ltd. provides the following extracts of its Balance Sheets: 4+2+3+3 = 12 Marks

Particulars	*31.3.2021 (Rs)*	*31.3.2020 (Rs)*
Equity Share Capital	9,10,000	5,00,000
General Reserve	2,10,000	2,50,000
Profit & Loss A/c	6,61,500	(1,40,000)
Employees Stock Option Outstanding A/c	3,00,000	1,00,000
Securities Premium	50,000	—
Capital Redemption Reserve	—	1,00,000
Capital Grant	8,00,000	Nil
Convertible Debentures (into equity shares at 25% premium)	—	2,00,000
Trade Payables	1,05,000	1,00,000
Goodwill	15,000	—
Plant & Machinery	7,65,000	5,00,000
Non-Current Investments	35,000	50,000
Inventories	95,640	54,000
Trade Receivables	7,10,000	5,85,000
Less: Provision for Doubtful Debts	(1,90,000)	(1,50,000)
Voluntary Separation Payments	1,25,000	65,000
Cash and Cash Equivalents	14,69,360	6,000
Advance Tax(including Rs 1,500 being 15% tax on gain on sale of Investments)	11,500	

Additional Information:

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

(b) It was decided to value Inventories at cost whereas previously the practice was to value Inventories at cost less 10%. However the closing stock on 31.03.2021 was correctly valued at cost.

(c) On 31st March 2021, the business of Y Ltd. was purchased for Rs 60,000 payable in fully paid equity shares of Rs 10 each at a premium of 20%. The assets included Inventories Rs 26,640, Trade Receivables Rs 10,000, and Machine Rs 18,360. In addition Trade Payables of Rs 15,000 were taken over.

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

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

[Note: Cash Flow Statement is not required to be prepared.]

(i) **Calculate Operating Profit before Working Capital Changes.**

(ii) **Calculate Cash flow from Operating Activities**

(iii) **Calculate Cash Flow from Investing Activities**

(iv) **Calculate Cash Flow from Financing Activities**

Answer :-

(i) **Operating Profit before Working Capital Changes = Rs. 44,000**

(ii) **Cash flow from Operating Activities = Rs. (80,000)**

(iii) **Cash flow from Investing Activities = Rs. (3,56,640)**

(iv) **Cash flow from financing Activities = Rs. 19,00,000**

3+2+2+3+2 = 12 Marks

Q.1 Given below are the extracts from the Balance Sheet of Sickness Ltd. as at 31st March, 2021:

Particulars	**Rs**
Share Capital:	
8,000 equity shares of Rs 100 each, Rs 50 per share paid up	4,00,000
4,000 11% Cumulative Preference shares of Rs 100 each, fully paid up	4,00,000
Securities Premium A/c	40,000
General Reserve	60,000
Current Liabilities[including Trade Creditors Rs 1,36,550]	3,10,000
Fixed Assets	
Tangible Fixed Assets	8,50,000
Less: Depreciation	(2,70,000)
Goodwill at cost	40,000
Investments	25,000
Inventories	2,15,000
Trade Debtors	2,50,000
Cash and Bank Balances	1,00,000

Contingent liability not provided: Preference dividends are in arrears for three years including the year ended 31st March, 2021

The funds of the Company are sufficient to discharge its liabilities including Preference Dividends in arrears. However, the company does not want to deplete its resources. It would also like to reflect the values of some of its assets in a realistic manner. The Board of Directors of the Company decided and proposed the following scheme of rehabilitation/reconstruction to be effective from 1st April, 2021.

(i) The cumulative preference shareholders are to be issued, in exchange of their holdings, 13% Debentures of the face value of Rs 100 each at a premium of 10% Fractional holdings are to be paid off in cash.
(ii) Arrears in preference dividends to be converted into equity shares of Rs 100, Rs 50 per share paid up.
(iii) After the issue of the equity shares mentioned in (ii) above, the paid up value of all the equity shares is to be reduced to Rs 25 each.
(iv) The face value of all the equity shares to be reduced to Rs 50 each and the balance of the unpaid portion is to be called up fully.
(v) Goodwill has lost its value and has to be written off. Market value of Tangible Fixed Assets is determined, as at 31st March, 2021 at Rs 4,99,250.
(vi) Investments have no market value and have to be written off.
(vii) Inventories is to be valued at 110% of its book value and Trade Debtors are to be discounted by 5%.

The scheme, as approved by the Directors, is duly accepted by all authorities and put into effect. During the working for the half year ended 30th September, 2021, it is noticed that the trading for the period has resulted in an increase of bank balances by Rs 55,100, trade Debtors by 20%, Trade Creditors by 20% and a decrease in Inventories by 6%. Depreciation on fixed assets is to be provided.@ 10% p.a.The increase in the bank balances was prior to the company paying the half yearly interest on the debentures and redeeming one half of the debentures on 30th September, 2021.

(i) **Calculate the Balance of Profit & Loss Account which will appear in the Balance Sheet of Sickness Ltd. as at 30th September, 2021.**

(ii) **Calculate the Balance of Cash and Bank Balances which will appear in the Balance Sheet of Sickness Ltd. as at 30th September, 2021.**

(iii) **Calculate the Trading Cash Flow for each of the years 2018-2019, 2019-2020 and2020-2021;**

(iv) **Calculate the Weighted Average Annual Trading Cash Flow.**

(v) **Calculate the Price which CAS Ltd. should offer for the business.**

Answer :-

(i) **Balance of Profit & Loss A/c as of 30th September 2021 – Rs. 12,716**

(ii) **Cash & Bank Balance on 30/09/2021 – Rs. 2,15,630**

(iii) **Trading Cash Flows for 2018 – 2019 = Rs. 4,000**
Trading Cash Flows for 2019 – 2020 = Rs.(3000)
Trading Cash Flows for 2020– 2021 = Rs. 10,800

(iv) **Weighted Average Annual Trading Cash Flows = Rs. 5,000**

(v) **Price CAS Ltd. should offer for the business = Rs. 50,000**

Q.1 Given below are the extracts from the Balance Sheets of H Ltd. and S Ltd. as at 31st March 2021: 1+1+4+4+2 = 12 Marks

Particulars	*H Ltd. (Rs)*	*S Ltd. (Rs)*
Equity Share Capital	2,40,000	2,40,000
Capital Reserve (since 1.4.2018)	-	5,000
General Reserve	40,000	32,000
Profit & Loss A/c	24,000	39,000
Trade Creditors	8,000	15,000
Bills Payable	4,000	10,000
Tangible Fixed Assets	88,000	1,74,960
Goodwill [Purchased]	—	5,000
Investments	1,80,000	10,000
Trade Debtors	12,000	30,000
Bills Receivable	8,000	32,000
Inventories	20,000	80,000
Cash at bank	8,000	9,040

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

Additional information:

(a) On 1st April. 2018 H Ltd. acquired from the shareholders of S Ltd. 10,000 shares of Rs 10 each in S Ltd. and allotted in consideration thereof 8,000 of its own shares of Rs 10 each at a premium of Rs 6 per share. On 1st Oct. 2018 H Ltd. further acquired some shares in S Ltd. for Rs 48,000@ Rs 8.

(b) Balances to General Reserve of S Ltd. stood on 1.4.2018 at Rs 60,000.Out of Current profits an uniform amount has been transferred to General reserve every year. The net profit made during three years is Rs 55,200 including Rs 6,000 received from insurance company in settlement of the claim towards loss of stock by fire on 30.06.2018 (Cost Rs 10,800 included in opening stock).

(c) On each 30th Sept. Dividends have been paid @ 10% for each of the years 2018-2019 and 2019-2020. Dividend for the year 2018-2019 was paid out of the pre-acquisition profits. H Ltd. has credited all dividends received to Profit and Loss Account.On 1.3.2021, bonus shares were issued by S Ltd. in the ratio of 1:5 out of reserves created prior to 1.4.2018.

(d) On 1.10.2018, Fixed Assets and Investments of S Ltd. were undervalued by 5% and overvalued by 100% respectively but no adjustment had been made in the books. Depreciation on Fixed Assets had been charged @ 10% p.a. (on WDV basis), there being no addition or sale since 01.04.2018.

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

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

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

(i) **Calculate Profit/Loss on Revaluation of Fixed Assets.**

(ii) **Calculate Unrealized Profit/Loss on Stock.**

(iii) **Calculate the Balance of Consolidated P& L Account.**

(iv) **Calculate the Cost of Control.**

(v) **Calculate the Minority Interest.**

[Note: Consolidated Balance Sheet is not required to be prepared.]

Answer :-

(i) **Profit on Revaluation of Asset = Rs. 12,000**

(ii) **Unrealised Loss on Stock = Rs. 1,600**

(iii) **Balance of Consolidated Profit & Loss A/c = Rs.40,456**

(iv) **Capital Reserve on Consolidation = Rs. 61,000**

(v) **Minority Interest = Rs. 60,864**

FIVE LAQ

Q.1 Given the following information of NIKITA Ltd. 3 Marks

Goods of Rs 60,000 were sold on 20-3-2021 but at the request of the buyer thesewere delivered on 10-4-2021.
On 15-1-2021 goods of Rs 1,50,000 were sent on consignment basis of which 20% of the goods unsold are lying with the consignee as on 31-3-2021.
Rs 1,20,000 worth of goods were sold on approval basis on 1-12-2017. The period of approval was 3 months after which they were considered sold, buyer sent approval for 75% goods up to 31-1-2021 and no approval or disapproval received for the remaining goods till 31-3-2021.
Apart from the above, the company has made cash sales of Rs 8,70,000 (gross).Trade discount of 5% was allowed on the cash sale.

Calculate the total revenue to be recognized for the year ending 31-3-2021.

Answer: Total Revenue to be recognized for the year ending 31/03/2021 = Rs. 10,06,500

Q.2 X Ltd. entered into an agreement with Y Ltd. for sale of goods costing Rs 2,40,000 ata profit of 20 % on sale. The sale transaction took place on 1st February, 2021. On the same day X Ltd. entered into another agreement with Y Ltd. for repurchasing the same goods at Rs 3,20,000 on 1st August, 2021. The predetermined repurchasing price covers, inter alia, the holding cost of Y Ltd. Calculate the amount of revenue as per AS - 9 for the financial statements of X Ltd. for the year 2020–2021. 3 Marks

Answer:- Revenue should not be recognised since the transaction between X Ltd. and Y Ltd. on 1st February 2021 is a financing transaction rather than a sale. The resulting cash inflow of Rs. 3,00,000 [i.e. Rs. $\frac{2,40,000}{0.8}$] is not revenue as per AS - 9.

Q.3 SB Advertisers obtained advertisement rights for one day world cup crickettournament to be held in May 2021 for Rs 1,200 lakhs in February 2021. 3 Marks
By 31/3/2020, they had paid Rs 500 lakhs to secure these advertisements rights. The balance Rs 300 lakhs was paid in April 2021. By March 2021, they procured advertisement for 75% of the available time for Rs 1500 lakhs. The advertisers paid60 % of the amount by that date. The balance 40 % was received in April 2021.
Advertisements for balance 25 % time were procured in April 2021 for Rs 300 lakhs.The advertisers paid the full amount while booking the advertisement. 25 % of the advertisement time is expected to be available in May 2021 and balance in June 2021. Calculate the amount of net revenue as per AS - 9 to be recognised in June, 2021.

Answer: - Amount of Net Revenue as per AS - 9 to be recognised in June, 2021 = Rs. 450 lakhs

Q.4 BS Ltd acquired machinery on lease from BHARAT Ltd on the following terms: 3 Marks

Lease Term 5 Years, Fair Value of Machinery (useful life 15 years) Rs 45 lakhs, Annual Lease Rental payable at Rs 10 lakhs, Rs 8 lakhs, Rs 6 lakhs, Rs 4 lakhs, Rs 2lakh at the end of each year ,
Implicit Rate of Return (IRR) 15%
State with reason whether the Lease is Operating Lease or Finance Lease. Present value. factors @ 15% for years 1 to 5 are 0.8696, 0.7561, 0.6575, 0.5718 and0.4972 respectively.
Who will provide Depreciation and of what amount for the First year? Lesseefollows Depreciation rate@ 10% p.a. on straight line basis. Lessor follows Depreciation rate@ 6–2/3 % p.a. on straight line basis.

Ans:- (i) It is an operating lease since the Present Value of Minimum Lease Payment is substantially less than the Fair Value of Machinery.
Present Value of Minimum Lease Payment = (10 lakhs × 0.8696) + (8 lakhs × 0.7561) + (6 lakhs × 0.6575) + (4 lakhs × 0.5718) + (2 lakhs × 0.4972) = Rs. 21.9714 lakhs, whereas Fair Value of Machinery= Rs. 45 lakhs and
Lease Term (i.e. 5 years) is substantially less than the useful life of Machinery (i.e. 15 years).
(ii) In the case of Operating Lease, Lessor will provide Depreciation = Rs. 45 lakhs × $6\frac{2}{3}$ %= Rs. 3 lakhs

SIX LAQ

(4x3 = 12 Marks)

Q.1 Write short on Characteristics and Types of Joint Arrangement As per Ind AS-111. 3 Marks

Answer:

Characteristics of Joint Arrangement:

A joint arrangement has the following characteristics :

(a) **The parties are bound by a contractual arrangement.**

(b) **The contractual arrangement gives two or more of those parties joint control of thearrangement.**

Types of Joint Arrangement As per Ind AS-111

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.

(i) **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.**

(ii) **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.**

Q.2 Write short on Benefits of XBRL reporting. 3 Marks

Answer:- The benefits of XBRL reporting are enumerated below:-

(1) Automated Data Processing: The use of XBRL offers major benefits to the preparers and users of business and financial information by enabling this data to be exchanged and processed automatically by the software.

(2) More accurate and efficient: XBRL makes reporting more accurate and more efficient by using comprehensive definitions and accurate date tags.

(3) Data Review: Organisations can use software to automatically validate data electronically received through XBRL. The software can help analyze the data and identify problems that accountants and auditors can examine.

(4) Improved reporting quality: XBRL provides its users with increased data integrity and uniformity. It also allows for increased transparency of public-owned companies financial records for view by —interested parties.

(5) Interchangeable: Information in reports prepared using XBRL standard is interchangeable between different information systems in entirely different organisations.

(6) Cost and time savings: Currently all companies file their reports with regulators using formats like the Portable Document Format (PDF) which has its inherent limitations. Moreover, the costs of sending, receiving storing, validating and auditing the financial records in this format are comparatively higher, XBRL reduces the involved time and also the cost.

Q.3 Write short on Financial reporting vis-a-vis triple bottom line reporting. 3 Marks

Answer: Financial reporting vis-a-vis triple bottom line reporting:

(1) **Origin: the origination of financial reporting precedes that of Triple bottom line reporting, the latter being just a few decades old.**

(2) **Nature: It is mandatory for corporates to prepare and present their financial reports; whilepreparation of full TBL reports including social and environmental dimensions are voluntary in nature.**

(3) **Scope: Triple bottom line reporting is broader in scope than financial reporting, as the former includes the reporting of social and environmental performances in addition to the financial performance of an organisation.**

(4) **Contents: The information contained with a TBL report is of a different nature to that included in a financial report. Thus TBL reporting enables environmental and social risksthat have the capacity to materially affect long-term financial performance to be identified and, therefore, taken into consideration when preparing financial reports.**

Q.4 Write short on Fair value hierarchy as per Ind AS 113. 3 Marks

Answer: Fair value hierarchy as per Ind AS 113:

Ind AS 113 establishes a fair value hierarchy into three levels of the input to valuation techniques for measuring fair value.

(1) Level 1 – Based on quoted prices (unadjusted) for identical asset or liabilities that is traded in a currently active market.

(2) Level 2 – Other than included within Level 1 that are observable for the asset or liabilities either directly or indirectly.

(3) Level 3 –Unobservable inputs for asset or liabilities

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical asset or liabilities (Level 1 inputs) and the lowest priority unobservable inputs (Level 3 inputs).

Q.5 Write short on Objectives and Scope of IGAS - 2 : Accounting Classification of Grant In-Aid. 3 Marks

Answer: The objectives of IGAS-2 are :

(i) To prescribe the principle for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.

(ii) To prescribe practical solutions to remove any difficulties experienced in adherence to the appropriate principles of accounting and classification of Grant-in-aid by way of appropriate disclosures in the Financial statement of Government.

Scope:

This Standard applies to the Union Government and the State Government in accounting and classification of Grants-in-aid received or given by them. The Financial Statements should not be described as complying with this Standard unless they comply with all the requirements contained therein.

This Standard encompasses cases of Pass-Through Grants such as Grants-in-aid given by the Union Government or State Government and by the State Governments to the Local Bodies discharging functions of local government under the Constitution.

Q.1 TUSHAR & TASHIKA LTD provides you the following information:

2+6+1+1+1+1 = 12 Marks

Date	Particulars	No. of Shares
01.04.2020	Balance at the beginning of year	5,00,000
01.06.2020	Issue of Shares for Cash	1,20,000
01.07.2020	Issue of Shares to Underwriters	6,000
01.08.2020	Buy - Back of Shares	2,69,250
01.09.2020	Issue of Shares against Purchase of Building. (acquisition is recognized on the same day)	30,000
01.10.2020	Issue of Shares in settlement of liability	15,000
01.11.2020	TUSHAR & TASHIKA Ltd. purchased Y Ltd. on the basis of intrinsic value of shares of both the companies. The intrinsic value of shares of TUSHAR & TASHIKA Ltd. and Y Ltd. are Rs 60 and Rs 15 respectively Shares outstanding on 1st April, 2020 of Y Ltd. are 4,80,000	
01.12.2020	Split up of shares into shares of Rs 10 each	
01.01.2021	Bonus issue:1 share for every 2 held	

No. of 12% convertible Debentures of Rs 100 each	1,00,000
Interest on Debentures since issue	3,00,000
Conversion Ratio of Debentures	10 shares per debenture
Net Profit for year ended 31-03-2020	Rs 85,00,000
Net Profit for year ended 31-03-2021	Rs 1,10,00,000
Tax Rate	30%
10% Cumulative Preference Shares	Rs1,00,00,000
12% Non-Cumulative Preference Shares	Rs1,00,00,000

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

(i) **Compute the Net Profit attributable to Equity Shareholders for the year 2019-2020 and 2020- 2021.**

(ii) **Compute the Weighted Average Number of Shares Outstanding as on 31.03.2021 for Basic EPS and Diluted EPS.**

(iii) **Compute the Basic EPS (earning per share) for the year 2020-2021.**

(iv) **Compute the Net Profit attributable to Equity Shareholders for the year 22020-2021 for Diluted EPS (earning per share) for the year 2020-2021 .**

(v) **Compute the Diluted EPS (earning per share) for the year 2020-2021 .**

(vi) **Compute the Adjusted EPS for the year 2019-2020.**

Answer :-

(i) **Net Profit attributable to Equity Shareholders for the year 2019–2020 = Rs. 75,00,000**
Net Profit attributable to Equity Shareholders for the year 2020– 2021= Rs. 1,00,00,000

(ii) **Weighted Number of Shares Outstanding on 31/03/2021 for Basic EPS = Rs.75,00,000**
Weighted Number of Shares Outstanding on 31/03/2021 for Diluted EPS = Rs.77,50,000

(iii) **Basic EPS (Earning per share) for the year 2020–2021= Rs. 1.33 per Share**

(iv) **Net Profit attributable to Equity Shareholders for the year 2020–2021 for Diluted EPS = Rs. 1,02,10,000**

(v) **Diluted EPS (Earning per share) for the year 2020–2021= Rs. 1.3174 per Share**

(vi) **Adjusted EPS for the year 2019–2020 = Re. 1 per share**