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## Chapter Tests of FR of CA Ashish Lalaji 9825856155

### Solution of FR Test 2: CFS Test 1

**Q 1 Working Notes:**

**(1) Reserves and Profits in 2021 – 22:**

|                                                       | <b>General Reserve</b>      | <b>Retained Earnings</b> |
|-------------------------------------------------------|-----------------------------|--------------------------|
| Balance on on 31.03.22                                | 4,20,000                    | 6,00,000                 |
| Add: Dividend at 10 % for 2020 – 21 [20,00,000 X 10%] | <u>                    </u> | <u>2,00,000</u>          |
|                                                       | 4,20,000                    | 8,00,000                 |
| Less: Balance on 01.04.21                             | <u>1,80,000</u>             | <u>3,20,000</u>          |
|                                                       | <u>2,40,000</u>             | <u>4,80,000</u>          |

**(2) Pre & Post Acquisition Analysis:**

|                                                            | <b>On<br/>01.06.21</b>      | <b>After 01.06.21</b>       |                          |
|------------------------------------------------------------|-----------------------------|-----------------------------|--------------------------|
|                                                            |                             | <b>General Reserve</b>      | <b>Retained Earnings</b> |
| Equity Share Capital                                       | 20,00,000                   |                             |                          |
| General Reserve                                            |                             |                             |                          |
| * 1,80,000 + (2,40,000 X 2 / 12)                           | 2,20,000                    |                             |                          |
| * 2,40,000 X 10 / 12                                       |                             | 2,00,000                    |                          |
| Retained Earnings:                                         |                             |                             |                          |
| * 3,20,000 + (4,80,000 X 2 / 12)                           | 4,00,000                    |                             |                          |
| * 4,80,000 X 10 / 12                                       |                             |                             | 4,00,000                 |
| Unrealised profit [20,000 X 40%]                           |                             |                             | (8,000)                  |
| Revaluation loss on 01.06.21                               | (1,20,000)                  |                             |                          |
| Excess Depreciation reversed<br>(1,20,000 X 20% X 10 / 12) | <u>                    </u> | <u>                    </u> | <u>20,000</u>            |
|                                                            | 25,00,000                   | 2,00,000                    | 4,12,000                 |

**(3) Cost of Control:**

|                                             |                  |
|---------------------------------------------|------------------|
| Fair Value of Consideration (1,50,000 X 15) | 22,50,000        |
| NCI on 01.06.21 (25,00,000 X 25%)           | <u>6,25,000</u>  |
|                                             | 28,75,000        |
| Identifiable net assets on 01.06.21         | <u>25,00,000</u> |
| Goodwill                                    | <u>3,75,000</u>  |

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**(4) Non Controlling Interest:**

|                                                  |                 |
|--------------------------------------------------|-----------------|
| NCI on 01.06.21                                  | 6,25,000        |
| NCI after 01.06.21 [(2,00,000 + 4,12,000) X 25%] | <u>1,53,000</u> |
|                                                  | 7,78,000        |
| Less: Dividend received (2,00,000 X 25%)         | <u>50,000</u>   |
|                                                  | <u>7,28,000</u> |

**Consolidated Balance sheet of Football Ltd. as on 31<sup>st</sup> March, 2022**

|                                   | Note No. | Amount           |
|-----------------------------------|----------|------------------|
| <b>Assets:</b>                    |          |                  |
| <b>1. Non Current Assets</b>      |          |                  |
| Property, Plant & Equipment       | 1        | 43,50,000        |
| Goodwill                          |          | 11,25,000        |
| Investments (3,50,000 + 4,50,000) |          | 8,00,000         |
| <b>2. Current Assets</b>          |          |                  |
| Inventories                       | 2        | 11,62,000        |
| Trade Receivables                 | 3        | 17,50,000        |
| Cash & Cash Equivalents           |          | 4,35,000         |
| Total                             |          | <b>96,22,000</b> |
| <b>Equity and Liabilities:</b>    |          |                  |
| <b>Equity</b>                     |          |                  |
| (a) Equity Share Capital          |          | 48,00,000        |
| (b) Other Equity                  |          | 18,59,000        |
| (c) Non Controlling Interest      |          | 7,28,000         |
| <b>Liabilities:</b>               |          |                  |
| <b>Current Liabilities</b>        |          |                  |
| Short Term Borrowings             |          | 12,70,000        |
| Trade Payables                    | 4        | 9,65,000         |
| Total                             |          | <b>96,22,000</b> |

**Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2022:**

**(a) Equity:**

| Balance at the beginning | Change during the year | Balance at the end |
|--------------------------|------------------------|--------------------|
| 48,00,000                | 0                      | 48,00,000          |

**(b) Other Equity:**

| Particulars                               | General Reserve  | Retained Earnings | Total            |
|-------------------------------------------|------------------|-------------------|------------------|
| Balance as given                          | 5,50,000         | 10,00,000         | 15,50,000        |
| Attributable to parent                    | 1,50,000         | 3,09,000          | 4,59,000         |
|                                           | (2,00,000 X 75%) | (4,12,000 X 75%)  |                  |
| Dividend from subsidiary (2,00,000 X 75%) |                  | (1,50,000)        | (1,50,000)       |
|                                           | 7,00,000         | 11,59,000         | <b>18,59,000</b> |

See accompanying notes.

| Note No. |                                             | (Rs.)            |
|----------|---------------------------------------------|------------------|
| <b>1</b> | <b>Property, Plant &amp; Equipment</b>      |                  |
|          | As given                                    | 44,50,000        |
|          | Less: Revaluation loss                      | <u>1,20,000</u>  |
|          |                                             | 43,30,000        |
|          | Add: Excess depreciation reversed           | <u>20,000</u>    |
|          |                                             | <u>43,50,000</u> |
| <b>2</b> | <b>Inventories</b>                          |                  |
|          | Stock                                       | 11,70,000        |
|          | Less: unrealized profit                     | <u>8,000</u>     |
|          |                                             | <u>11,62,000</u> |
| <b>3</b> | <b>Trade Receivables:</b>                   |                  |
|          | Bills Receivables                           | 1,45,000         |
|          | Less: Mutual Obligation (1,30,000 – 25,000) | <u>1,05,000</u>  |
|          |                                             | 40,000           |
|          | Debtors                                     | <u>17,10,000</u> |
|          |                                             | <u>17,50,000</u> |
| <b>4</b> | <b>Trade Payables:</b>                      |                  |
|          | Bills Payables                              | 1,60,000         |
|          | Less: Mutual Obligation (1,30,000 – 25,000) | <u>1,05,000</u>  |
|          |                                             | 55,000           |
|          | Creditors                                   | <u>9,10,000</u>  |
|          |                                             | <u>9,65,000</u>  |

**Q 2 Accounting Entry:**

|                                 |     |       |       |
|---------------------------------|-----|-------|-------|
| NCI A/c                         | Dr. | 4,950 |       |
| (6,600 / 40% i.e. 16,500 X 30%) |     |       |       |
| Other Equity A/c                | Dr. | 1,050 |       |
| To Bank A/c                     |     |       | 6,000 |

**Solution prepared by CA. Ashish Lalaji**

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