



simplifying your success

Chapter Tests of FR of CA Ashish Lalaji 9825856155

FR Test 3: CFS Test 2

Maximum Marks: 20

Time Allowed: 1 hour

All questions are compulsory

Q 1 Prepare consolidated balance sheet as on 31st March, 2022:

	A Ltd.	B Ltd.	C Ltd.
Property, Plant & Equipment	28,000	54,000	36,000
Investment in shares -			
B Ltd.	85,000	-----	-----
C Ltd.	53,000		-----
Stocks	22,000	60,000	-----
Debtors	26,300	10,000	32,900
B Ltd.	8,000	-----	-----
A Ltd.	-----	-----	3,300
Total	<u>2,22,300</u>	<u>1,24,000</u>	<u>72,200</u>
Share Capital (Rs.100)	1,25,000	1,00,000	60,000
General Reserve	18,000	10,000	7,200
Retained Earnings	16,000	4,000	5,000
Creditors	60,000	3,000	-----
A Ltd.	-----	7,000	-----
C Ltd.	3,300	-----	-----
Total	<u>2,22,300</u>	<u>1,24,000</u>	<u>72,200</u>

A Ltd. holds 750 shares of B Ltd. and 600 shares of C Ltd. Shares were acquired on 30th June 2021. On 30th June 2021 following balances existed:

	B Ltd.	C Ltd.
General Reserve	8,000	6,000
Retained Earnings	1,000	1,000
Fair Value of Property, Plant & Equipment	61,000	38,000
Rate of depreciation on PPE (p.a.)	10%	10%

It has been decided to give effect of fair valuation of PPE of both the companies at the time of consolidation.

Ignore decimals. Round off the figures to closest whole number.

(16 Marks)



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Q 2 AB Limited and BC Limited establish a joint arrangement through a separate vehicle PQR, but the legal form of the separate vehicle does not confer separation between the parties and the separate vehicle itself. Thus, both the parties have rights to the assets and obligations for the liabilities of PQR. As neither the contractual terms nor the other facts and circumstances indicate otherwise, it is concluded that the arrangement is a joint operation and not a joint venture. Both the parties own 50% each of the equity interest in PQR. However, the contractual terms of the joint arrangement state that AB Limited has the rights to all of Building No. 1 owned by PQR and the obligation to pay all of the debt owed by PQR to a lender XYZ. AB Limited and BC Limited have rights to all other assets in PQR, and obligations for all other liabilities of PQR in proportion of their equity interests (i.e. 50% each). PQR's balance sheet is as follows (all amounts in INR):

Liabilities		Assets	
Debt owed to XYZ	240	Cash	40
Employee benefit plan obligation	100	Building 1	240
Equity	140	Building 2	200
Total	480	Total	480

How would AB Limited present its interest in PQR in its financial statements?

(4 Marks)

Question Paper set by **CA. Ashish Lalaji**

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