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Chapter Tests of FR of CA Ashish Lalaji 9825856155

Solution of FR Test 3: CFS Test 2

Q 1 Working Notes:

(1) Increase in Reserves and Profits of companies after 30.06.21:

	B Ltd.		C Ltd.	
	General Reserve	Retained Earnings	General Reserve	Retained Earnings
Balance on 31.03.22	10,000	4,000	7,200	5,000
Less: Balance on 30.06.21	<u>8,000</u>	<u>1,000</u>	<u>6,000</u>	<u>1,000</u>
	<u>2,000</u>	<u>3,000</u>	<u>1,200</u>	<u>4,000</u>

(2) Revaluation of PPE:

	B Ltd.	C Ltd.
Book Value on 01.04.21	60,000	40,000
	(54,000 / 90%)	(36,000 / 90%)
Less: Depreciation for 3 months	1,500	1,000
	(60,000	(40,000
	X 10% X 3/12)	X 10% X 3/12)
Book Value on 30.06.21	58,500	39,000
Revalued on 30.06.18 at	61,000	38,000
Revaluation Gain on 30.06.21	2,500	
Revaluation Loss on 30.06.21		1,000
Depreciation effect for 01.07.21 to 31.03.22:		
Depreciation on revalued amount	4,575	2,850
	(61,000	(38,000
	X 10% X 9/12)	X 10% X 9/12)
Less: Already provided	4,500	3,000
	(60,000	(40,000
	X 10% X 9/12)	X 10% X 9/12)
Additional Depreciation:		
To be provided	75	
To be reversed		150



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(3) Pre and Post Acquisition Analysis:

	On 30.06.21	After 30.06.21	
		General Reserve	Retained Earnings
(i) B Ltd.:			
Equity Share Capital	1,00,000	-----	-----
General Reserve	8,000	2,000	-----
Retained Earnings	1,000	-----	3,000
Revaluation Gain on 30.06.21	2,500	-----	-----
Depreciation provided	-----	-----	(75)
	<u>1,11,500</u>	<u>2,000</u>	<u>2,925</u>
(ii) C Ltd.:			
Equity Share Capital	60,000	-----	-----
General Reserve	6,000	1,200	-----
Retained Earnings	1,000	-----	4,000
Revaluation Loss on 30.06.21	(1,000)	-----	-----
Depreciation reversed	-----	-----	150
	<u>66,000</u>	<u>1,200</u>	<u>4,150</u>

(4) Determination of Goodwill / Bargain Purchase Gain:

	B Ltd.	C Ltd.
Fair Value of Consideration	85,000	53,000
Add: NCI	27,875	N.A.
	(1,11,500 X 25%)	
	1,12,875	53,000
Less: Identifiable net assets	<u>1,11,500</u>	<u>66,000</u>
	<u>1,375</u>	<u>(13,000)</u>

(5) Non Controlling Interest:

	B Ltd.
NCI on 30.06.21 (WN 4)	27,875
NCI after 30.06.21	
(2,000 + 2,925) X 25%	<u>1,231</u>
	<u>29,106</u>



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Consolidated Balance Sheet of A Ltd. as on 31st March, 2022

	Note No.	Amount
Assets:		
1. Non Current Assets		
Property, Plant & Equipment	1	1,19,575
Goodwill		1,375
2. Current Assets		
Inventories		82,000
Trade Receivables	2	69,200
Cash and Cash Equivalents		1,000
Total		2,73,150
Equity and Liabilities:		
Equity		
Equity Share Capital		1,25,000
Other Equity		56,044
Non Controlling Interest		29,106
Liabilities:		
Current Liabilities		
Trade Payables	3	63,000
Total		2,73,150

Statement of Changes in Equity for the year ended 31st March, 2022:

(a) Equity:

Balance at the beginning	Change during the year	Balance at the end
1,25,000	0	1,25,000

(b) Other Equity:

Particulars	General Reserve	Retained Earnings	Capital Reserve	Total
Balance at beginning	18,000	16,000	---	34,000
Bargain Purchase gain			13,000	13,000
Share from subsidiary				
B:	1,500	2,194		3,694
	(2,000 X 75%)	(2,925 X 75%)		
C:	1,200	4,150		5,350
	(1,200 X 100%)	(4,150 X 100%)		
	<u>20,700</u>	<u>22,344</u>	<u>13,000</u>	<u>56,044</u>

See accompanying notes.

Note No.		(Rs.)
1	Property, Plant & Equipment	
	As given	1,18,000
	Add: Revaluation Gain (2,500 – 1,000)	<u>1,500</u>
		1,19,500
	Add: Depreciation Reversed (150 – 75)	<u>75</u>
		<u>1,19,575</u>
2	Trade Receivables:	
	As given	69,200
	Add: Inter Company	<u>11,300</u>
		80,500
	Less: Cheque in transit	<u>1,000</u>
		79,500
	Less: Mutual Obligation	<u>10,300</u>
		<u>69,200</u>

3	Trade Payables:	
	As given	63,000
	Add: Inter Company	<u>10,300</u>
		73,300
	Less: Mutual Obligation	<u>10,300</u>
		<u>63,000</u>

Q 2 Under Ind AS 111, AB Ltd. should record the following in its financial statements, to account for its rights in the assets of PQR and its obligations for the liabilities of PQR:

Assets

Cash	20
Building 1*	240
Building 2	100

Liabilities

Debt (third party)^	240
Employees benefit plan obligation	50
Equity	70

^AB Limited has obligation for the debt owed by PQR to XYZ in its entirety.

*Since AB Limited has the rights to all of Building No. 1, it records the amount in its entirety.

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