

Chapter Tests of FR of CA Ashish Lalaji 9825856155

FR Test 6: Ind AS 19 & 102

Maximum Marks: 20
Time Allowed: 45 minutes

Q 1

(a) On 1 April 2021, the fair value of the assets of XYZ Ltd's defined benefit plan were valued at Rs. 15,30,000 and the present value of the defined obligation was Rs.15,93,750.

On 31st March, 2022 the plan received contributions from XYZ Ltd amounting to Rs. 14,25,000 and paid out benefits of Rs. 12,55,000. The current service cost for the financial year ending 31 March 2022 is Rs. 15,10,000. An interest rate of 10% is to be applied to the plan assets and obligations.

During the year ended 31st March, 2022, XYZ Ltd. was in negotiation with employee representatives regarding planned redundancies. The negotiations were completed shortly before the year end and redundancy packages were agreed. The impact of these redundancies was to reduce the present value of the defined benefit obligation by Rs. 8,00,000. Before 31st March, 2022, XYZ Ltd. made payments of Rs. 7,00,000 to the employees affected by the redundancies in compensation for the curtailment of their benefits. These payments were made out of the assets of the retirement benefits plan. The fair value of the plan's assets at 31 March 2022 was Rs. 53,80,000, and the present value of the defined benefit obligation was Rs. 57,20,000.

Provide a reconciliation from the opening balance to the closing balance for Plan assets and Defined benefit obligation.

Also show how much amount should be recognised in the statement of profit and loss, other comprehensive income and balance sheet?

(10 Marks)

(b) A company announced a share based payment plan for its employees on 01.04.10 subject to a vesting period of 3 years. By the plan, the employees can (i) either claim difference between exercise price Rs.144 per share and market price of those shares on vesting date in respect of 5,000 shares or (ii) can subscribe to 6,000 shares at exercise price of Rs.144 per share subject to lock in period of 3 years.

On 01.04.10 fair value of the option, considering restrictions on transfers was Rs.60 and that without considering restrictions on transfer is higher by 20%. The fair value without considering transfer restrictions increases by 6%, 10% and 15% respectively at the end of 2010 – 11, 2011 – 12 and 2012 – 13. Nominal value per share is Rs.10.

Compute amount of expense to be recognized each year.

Prepare Employees' Compensation A/c, Share Based Payment Liability A/c and Share Based Payment Reserve A/c if employees opt for –

(i) Cash Settlement

(ii) Equity Settlement

(10 Marks)

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