Q36
Pg 6

1. This question relates to AS 13 "Accounting for Investments"

2. Normally, Long term Invt are valued @ cost. However, if there is permanent fall in value then it is valued @ NRV.

3. In the given case, the company has invested substantial amt in shares of another company i.e Invt are long term investments as it is under same mgmt. After acquisition there is significant decline in value. It is permanent in nature

4. Investments should be valued @ NRV even if losses are notional

Q37
Pg 6.

1. This question relates to AS 9 "Revenue Recognition"

2. Revenue from sale of goods is to be recognised when following conditions are satisfied

Cond 1:- Risks & rewards are transferred or ~~performance~~ goods should be ~~completed~~ delivered

Cond"2:- Amount should be measurable

Cond"3:- Collection should be certain

3. In the given case,
For month 1 & 2
goods are tfd i.e. Performance is completed
amount is received i.e. collection is done
∴, £50,000 (25000×2m) will be recorded as sales

For month 3 & 4
goods are ready but not tfd on request of buyer i.e. Risks & rewards are tfd
amount is recd i.e. collection is done
∴ £50000 (25000×2m) will be recorded as sales.

4. £100,000 will be recorded as sales
Treatment given by company is not in lines with AS 9.

Q38
Pg 7.
1. This q relates to AS 4
"contingencies & events occuring after B/s date"
2. If two conditions are satisfied cumulatively then event is adjusting events
cond" 1 Circumstances must exist on B/s date
+ Cond" 2 Addl" evidence must confirm the event
even if both the cond" are not satisfied but going concern assumption of company is affected then it is adjusting event.

3. In the given case,

(a) Fire has damaged asset of factory on 2nd April i.e. circumstances were not existing on B/s date
so, if ₹ 8 cr are material enough to affect going concern then it is adjusting event

(b) The directors have ~~agreed~~ agreed to increase retirement benefits i.e. circumstances were not existing on B/s date.
∴, both the conditions are not satisfied it is non adjusting event

(c) The dispute for bonus was before employees i.e. circumstances were existing on B/s date. Award was given in favour of workmen providing additional evidence confirming the event
∴, It is adjusting event

(d) same as (c)

(e) Dividends are proposed after B/s date i.e. circumstances were not existing on B/s date
∴, It is non adjusting event

Q39

Pg 7 Same as AS 29 HW Q (ii)

Q40

Pg 7. 1. This q relates to AS 19 "Leases"

2. Cal$^{n}$ of value of machinery

| YR | Future value | DF @15% | Present value |
|---|---|---|---|
| 1 | 150,000 | 0.8696 | 130440 |
| 2 | 150,000 | 0.7561 | 113415 |
| 3 | 161,400 | 0.6575 | 106120.5 |
| | 461,400 | | 349975.5 |

(i) Value of Machine = PV of MLP
or
FMV

= 349975.5 or
350,000

= ₹349975.5

(ii) Computation of finance charge of each yr.

| | |
|---|---|
| Opng Bal | 349975.5 |
| + Int @ 15% | 52496.33 |
| | 402471.83 |
| - Instalment | (150000) |
| | 252471.83 |

| | |
|---|---|
| + Int @ 15% | 37870.77 |
| | 290342.60 |
| - Installment | (150,000) |
| | 140342.60 |
| + Int @ 15% | 21057.4 |
| | 161,400 |
| - Instalment | 150,000 |
| | 11,400 |

Finance charge

| | |
|---|---|
| Y1 | 52496.33 |
| Y2 | 37870.77 |
| Y3 | 21,057.40 |

Q41 Pg 7 answer given.

Q42 Pg 8

In the books of lessee,

| | | | |
|---|---|---|---|
| 31/03/10/ | Lease Rent A/c | Dr. 20L | |
| 31/03/11/ | To cash/Bank A/c | | 20L |
| 31/03/12/ | | | |
| 31/03/13/ | P/L A/c | Dr. 20L | |
| 31/03/14. | To Lease Rent A/c | | 20L |

In the books of lessor.

| | | | |
|---|---|---|---|
| 31/3/10 | C/B A/c | Dr. 20L | |
| (for 5y) | To Lease Rent A/c | | 20L |
| | Lease Rent A/c | Dr. 20L | |
| | To P/L A/c | | 20L |

Dep$^n$ A/c Dr. 10L
To Fixed Asset A/c 10L
P/L A/c Dr. 10L
To Dep$^n$ A/c 10L

Q43 Pg 8

1. This question relates to AS 12 "government grants"

2. (a) gross

GG A/c Dr. 210 (given)
P/L A/c Dr. (90)
To C/B A/c 300
(Being GG refunded)

∵ cost of FA after refund is same
∴, Dep$^n$ is also same

(b) Net

Fixed asset A/c Dr. 300
To Cash/Bank A/c 300

old dep$^n$ = $\frac{1200-0}{10}$ = ₹120 p.a.

BV after 3y = 1200 − 120 − 120 − 120 + 300
= ₹1140

new dep$^n$ = $\frac{1140-0}{7*}$ = ₹162.86 p.a.

* 7 [(2 out of 10y 3y have already passed]

Q44 Pg 8 JKSC Text bk Q

Q45 1. AS 11 _____

2. Creditors

| Date of Purchase 15/3/08 | B/s date 31/3/08 | Settlement date 15/4/08 |
|---|---|---|
| $100,000 | $100,000 | $100,000 |
| 1$ = ₹ 44 | 1$ = ₹ 46 | 1$ = ₹ 41 |
| 4400,000 | 4600,000 | 4100,000 |

₹ 200000 loss in CY P/L

₹ 500000 profit in next yr

15/3/08 Purchase A/c Dr. 4400,000
To Creditors A/c 4400,000

31/03/08 Foreign exchange diff A/c Dr 200,000
To Creditors 200,000
P/L A/c Dr. 200,000
To Foreign Exchange diff A/c 200,000

15/04/08 Creditors A/c Dr. 4600,000
To cash/Bank A/c 4100,000
To Foreign Exchange diff A/c 500,000
Foreign Exchange diff A/c Dr 500,000
To P/L A/c. 500,000

Q46. JKSC txt bk Q
Pg 9

Q47 This question relates to AS 12 "Accounting for government grants"
Pg 9

(a) GG should be apportioned in ratio of dep$^n$

| YR | Dep$^n$ | DGG | |
|---|---|---|---|
| 1 | 10.84 | 5.02 | $\frac{10.84 \times 25}{54}$ |
| 2 | 9 | 4.17 | |
| 3 | 7.48 | 3.46 | |
| 4 | 6.21 | 2.87 | |
| 5 | 5.16 | 2.39 | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| | 54 | 25 | |

bcz as per AS10 Total Dep$^n$ = Cost − SV

(b) BV of asset after 5 years = ₹25.31

Dep$^n$ as per SLM = $\frac{25.31 - 10}{5}$ = ₹3.062

DGG w/off = $\frac{7.09}{5}$ = ₹1.418.

Q48 Pg 9

1. This q _____ AS 16 "Borrowing Cost"

2. Any Borrowing cost pertaining to Qualifying asset should be capitalized.
Qualifying asset is an asset that takes substantial period to be ready for its use/ sale.

3. In the given case, Capitalization rate $= 9/50 \times 100 = 18\%$

| Particulars | Working | Capitalised | P/L |
|---|---|---|---|
| Const$^n$ of shed | 20 X 18% | 3.6L | – |
| purchase of machine | 15 X 18% | – | 2.7L |
| working capital | 10 X 18% | – | 1.8L |
| Adv for purchase of truck | 5 X 18% | – | 0.9L |
| | | 3.6L | 5.4L |

4. Interest A/c Dr. 9L
To cash/Bank A/c 9L

Shed A/c Dr 3.6L
P/L A/c Dr 5.4L
To Interest A/c 9L.

Q49 Pg 9

1. This question relates to AS 16 "Borrowing cost".

2. Cal$^{n}$ of Borrowing cost

£ in 000

| Particulars | Working | Amt |
|---|---|---|
| 18% Bank loan | $3000 \times 12/12 \times 18\%$ | 540 |
| 14% Debentures | $2000 \times 6/12 \times 14\%$ | 140 |
| 16% Term loan | $1000 \times 9/12 \times 16\%$ | 120 |
| | | 800 |

Avg Annual Borrowing = $3000 \times 12/12 + 2000 \times 6/12 + 1000 \times 9/12$

$= 3000 + 1000 + 750$

$= 4750$ £

(Cap$^{n}$ Rate) % $= \frac{800 \times 100}{4750} = 16.84\%$

Cal$^{n}$ of Borrowing cost to be capitalized

£ in 000

| Asset | working | Amt |
|---|---|---|
| Factory shed | $2500 \times 12/12 \times 16.84\%$ | 421 |
| Plant 1 | $1500 \times 9/12 \times 16.84\%$ | 189.45 |
| Plant 2 | $1000 \times 7/12 \times 16.84\%$ | 98.23 |
| | | 708.68 |

Q50 Pg 10

1. This question relates to AS 29 "_____"

2. A contingent liability is :-
(i) A possible obligation that arises from past event & the existence of which be confirmed only by the occurence / non occurence of one / more uncertain future events not wholly within control of enterprise or
(ii) A present obligation that arises from past events but is not recognised because :-
(a) it is not ~~##~~ probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
(b) a reliable estimate of amount of obligation cannot be made

3. In the given case,
during 2007-08,
enterprise A gives guarantee of borrowing of enterprise B. So, because of this past obligating event there is a possible obligation which will be confirmed by future event.
during 2008-09, financial cond" of B deteriorates so, then possible obligation becomes present obligation.

4. Disclosure in NTA is required in 2007-08 & prov. should be created in 2008-09

Q51 Pg 10

1. This question relates to AS 16 "Borrowing cost"

2. Any Borrowing cost pertaining to qualifying asset is to be capitalised Qualifying assets are asset which take substantial period of time to be ready for its use / sale

3. In the given case,
License is an intangible asset for telecom circle but it won't take substantial period to be ready for its use.

4. License fee is not a ~~Qualyg~~ Qualifying asset & Borrowing cost should be charged to P/L A/c

Q52 Pg 10

JKSC Q - AS 5

Q53 Pg 10

This question relates to AS 19 "Leases"

2. A lease constitute finance lease if
(a) Ownership is transferred @ end of lease term
or (b) Lessee has an option to buy the asset @ end @ price less than mv
or (c) Asset is of special nature
or (d) Lease term ≥ 75% x life of asset
or (e) PV of MLP ≥ 90% x Fmv.

3. In the given case,

⇒ ownership is not tfd @ end & no option is given to lessee to buy the asset as asset will be guaranteed repurchase by manufacturer @ end of lease term

Asset is a computer so, not of special nature

Life of asset = 7y , Lease term = 4y
∴ Lease term < 75% x life

Cal$^{n}$ of PV of MLP

| YR | MLP | DF @ 10% | PV |
|---|---|---|---|
| 1 | 5 | 0.9091 | 4.5455 |
| 2 | 5 | 0.8264 | 4.132 |
| 3 | 5 | 0.7513 | 3.7565 |
| 4 | 5 | 0.6830 | 3.415 |
| | 20 | | 15.849 |

FMV = ₹21L  PV of MLP = ₹15.849

∴ PV of MLP < 90% x FMV

4. Since, none of the cond$^{n}$ are satisfied
∴, Operating Lease

Q54
Pg 10

1. This question relates to AS 5 "Net Profit or Loss for the period, Prior period items and Changes in Accounting Policies"

2. PPI are Income/Expense in current yr because of Error/Omission in one/more of prior year.
It is because of failure to use/misuse of information available.
It is to be shown separately in P/L A/c

3. In the given case,
During 2007-08, goods costing ₹1L were sent by LMN Ltd to its consignee of sale value ₹1.5L. Consignee sold all the goods but sent sale invoice of ₹75000 & LMN Ltd recorded ₹75000 as Sales & Balance ₹50000 as Stock.
There is an Income of ₹75000 in current year (08-09) because of error on part of consignee in ~~year~~ prior yr (07-08)

4. It is a PPI & treatment given by company is correct.

Q55 JKSC Q - AS 29
Pg 10

NOTE :- Q is incomplete.
Add^n line :- RV @ end of 7y = 11L
10y = 6L.

Q56
Pg 11. 1. This question relates to AS 19 "Leases"

2. MLP (for lessor) = Lease Rent + guaranteed residual value

$$= \left\{ \begin{matrix} (12L \times 7y) + \\ (3L \times 3y) \end{matrix} \right\} + 1L.$$

$$= 93L + 1L$$

$$= ₹ 94L.$$

MLP (for lessee) = Lease Rent + guaranteed residual value

$$= \left\{ \begin{matrix} (12L \times 7y) + \\ (3L \times 3y) \end{matrix} \right\} + 0$$

↓ { bcz GRV is given by outsiders }

$$= 93L + 0$$

$$= ₹ 93L.$$

GI = Lease Rent + Residual value

$$= \left\{ \begin{matrix} (12L \times 7y) + \\ (3L \times 3y) \end{matrix} \right\} + 6L$$

$$= 93L + 6L$$

$$= ₹ 99L.$$

Q57 Pg 11

1. This question relates to AS 20 "Earnings per share"

2. Cal$^{n}$ of WANES

| | | | |
|---|---|---|---|
| 1/1/08 | O/s shares | 1800 x 12/12 | 1800 |
| 31/5/08 | new issue | 600 x 7/12 | + 350 |
| 1/11/08 | bought back | 300 x 2/12 | − 50 |
| | | WANES → | 2100sh |

Q58 Pg 11

1. This question relates to AS 20 "Earnings per shares"

2 Cal$^{n}$ of WANES

| | | | |
|---|---|---|---|
| 1/1/08 | O/s shares | 1800 x 12/12 x 10/10 | 1800 |
| 31/10/08 | new issue | 600 x 2/12 x 5/10 | 50 |
| | | WANES → | 1850sh |

Q59 Pg 11

1. This question relates to AS 29 "Provisions, contingent liabilities & Contingent Assets"

2. Def$^{n}$ of contingent liabilities & Provisions.

3. In the given case, a manufacturer gives warranties is a

past obligating event occurence of which rise to probable obligation in which resources are involved.

4. If reliable estimate can be made of claims then create provision.

Q60 Pg 11
1. AS 19 "Leases"
2. In books of samsung ltd (Lessee)

| YR | Lease Rent | DF@14.97% | Present Value |
|---|---|---|---|
| 1 | 500,000 | 0.8698 | 434900 |
| 2 | 500,000 | 0.7565 | 378250 |
| 3 | 500,000 | 0.6580 | 329000 |
| 4 | 600,000 | 0.5724 | 343440 |
| | 2100,000 | | 1485590 |

Value of Asset = PV of MLP or FMV | = 1485590 or 1600,000

= ₹ 1485590

Cal$^n$ of UFI p.a.

| | |
|---|---|
| Opng Bal | 1485590 |
| + Int @ 14.97% | 222392.82 |
| | 1707,982.82 |
| - Instalment | (500,000) |
| | 1207,982.82 |
| + Int @ 14.97% | 180835.03 |
| | 1388817.85 |
| - Instalment | (500,000) |

| | | |
|---|---|---|
| | 888,817·85 | |
| + Int @ 14·97% | 133056·03 | |
| | 1021873·88 | |
| - Inst | (500,000) | |
| | 521873·88 | |
| + Int @ 14·97% | 78126·12 | |
| | 600,000 | |
| - Inst | (500,000) | |
| | 100,000 | |

41 Asset A/c Dr. 1485590
To Payable A/c 1485590

41 Lease Rent A/c Dr. 500,000
To C/B A/c 500,000

41 Payable A/c Dr. 277607·18
Interest A/c Dr. 222,392·82
To Lease Rent A/c 500,000

42 Lease Rent A/c Dr. 500,000
To C/B A/c 500,000

42 Payable A/c Dr 319164·97
Interest A/c Dr. 180,835·03
To Lease Rent A/c 500,000

43 Lease Rent A/c Dr. 500,000
To C/B A/c 500,000

43 Payable A/c Dr 366943·97
Interest A/c Dr. 133056·03
To Lease Rent A/c 500,000

| | | | |
|---|---|---|---|
| 44 | Lease Rent A/c | Dr. | 500,000 |
| | To C/B A/c | | 500,000 |
| 44 | Payable A/c | Dr | 42187388 |
| | Interest A/c | Dr | 78126·12 |
| | To Lease Rent A/c | | 500,000 |

Q61
Pg 12

1. This question relates to AS 5 "_____"
2. • PPI are Income/Expenses in current yr bcz of error/omission in one/more prior year.
   • Alcing estimates are approximates/adhoc amount. It can change either because of past experience/new information.
   • PPI is different from Alcing estimates.
3. In the given case, the difference between actual expense/income and estimated expense/income can be because of past experience, new information or error/omission.
4. The statement is correct because it can ~~be~~ either be change in Alcing estimate or PPI.

Q62 Pg 12

1. AS 19 "Leases"

2. In the books of Trintron Ltd. (Lessee)

| YR | Future value | DF@ 14.97% | Present value |
|---|---|---|---|
| 1 | 500,000 | 0.8698 | 434900 |
| 2 | 500,000 | 0.7565 | 378250 |
| 3 | 500,000 | 0.6580 | 329000 |
| 4 | 800,000 | 0.5724 | 457920 |
| | 2300,000 | | 1600070 |

Cal$^{n}$ of UFI

| | |
|---|---|
| Opng Balance | 1600070 |
| + Int @ 14.97% | 239530.48 |
| | 1839600.48 |
| - Instalment | (500,000) |
| | 13,39,600.48 |
| + Int @ 14.97% | 2,00,538.19 |
| | 15,40,138.67 |
| - Instalment | (500,000) |
| | 10,40,138.67 |
| + Int @ 14.97% | 155,708.76 |
| | 11,95,847.43 |
| - Instalment | (500,000) |
| | 695,847.83 |
| + Int @ 14.97% | 104152.56 |
| | 800,000 |
| - Instalment | (500,000) |
| | 300,000 |

Receivable A/c Dr. 1600070
To Asset A/c 1600070

41 C/B A/c Dr. 500,000
To Lease Rent A/c 500,000

Lease Rent A/c Dr. 500,000
To Receivable A/c 260,469·52
To Int A/c 239,530·48

42 C/B A/c Dr. 500,000
To lease Rent A/c 500,000

Lease Rent A/c Dr. 500,000
To Receivable A/c 299461·81
To Int A/c 200,538·19

43 C/B A/c Dr. 500,000
To Lease Rent A/c 500,000

Lease Rent A/c Dr. 500,000
To Receivable A/c 344291·14
To Int A/c 155,708·76

44 C/B A/c Dr. 500,000
To Lease Rent 500,000
Lease Rent Dr. 500,000
To Receivable A/c 395847·44
To Int A/c 104152·56

Correction in Q :- (new old) 2:1

Q63
Pg 11 AS 20 "Earnings per share"

| | 2007 | 2008 |
|---|---|---|
| Profit attributable for Eq SHs | £1800,000 | £6000,000 |
| Wt avg no. of Eq sh | 200,000 sh | 600000sh (#1) |
| Basic EPS | £9/sh | £10/sh |

Adjusted EPS $\frac{£1800,000}{2L \times 12/12 + 4L \times 12/12}$

$= \frac{£18L}{£6L}$

$= £3/sh.$

WN #1 Cal$^n$ OF CY WANES.

$= 200,000 \times 12/12 + 400,000 \times 12/12$

$= 600,000 sh$

Q64 Pg 11

1. Cal$^n$ of Theoretical ex right price

$$= \frac{\left(\text{Existing sh} \times \text{FMV}\right) + \left(\text{Right sh} \times \text{Right price}\right)}{\text{Existing sh} + \text{Right sh}}$$

$$= \frac{5L \times 21 + 1L \times 15}{5L + 1L}$$

$$= \frac{105L + 15L}{6L}$$

$$= £20/sh$$

2. Cal$^n$ of paid up sh & Free sh.

$$\text{Paid up sh} = \frac{\left(\text{Right sh} \times \text{Right price}\right)}{\text{Th. ex right price}}$$

$$= \frac{1L \times 15}{20}$$

$$= 75000 sh$$

Free sh = Right sh − paid up sh

= 100,000 − 75000

= 25000sh

3.

| | 2007 | 2008 |
|---|---|---|
| Profit attributable to ESHs | 11,00,000 | 15,00,000 |
| Wt avg no. of ESHs | 5,00,000 | 5,87,500 |
| Basic EPS | £2.2/sh | £2.55/sh |

Adjusted EPS

$$\frac{11,00,000}{5L \times 12/12 + 0.25L \times 12/12}$$

$$= £2.10/sh.$$

Cal$^{n}$ of CY WANES

$= 500,000 \times 12/12 +$
$25,000 \times 12/12 +$
$75,000 \times 10/12$

$= 500,000 + 25,000 + 62,500$

$= 587,500$ sh

Q65 Pg 11

AS 20 "Earnings per sh"

Basic EPS $= \frac{100,00,000}{50,00,000} = ₹2/sh$

Diluted EPS $= \frac{100,00,000 + 12,00,000 - 12,00,000 \times 30\%}{50,00,000 + (100,000 \times 10)}$

$= \frac{10840,000}{60,00,000}$

$= ₹1.8067/sh.$

Q66 Pg 11

AS 20 "Earnings per share"

Basic EPS $= \frac{12,00,000}{5,00,000} = ₹2.4/sh$

Diluted EPS $= \frac{12,00,000}{5,00,000 + 100,000 - 75000}$

$= \frac{1200,000}{525,000}$

$= ₹2.29/sh$

paid up sh = $\frac{1L \times 15}{20}$ = 75000sh.

Q67
Pg 11

1. AS 29 "Provisions, Contingent Liabilities and Contingent Assets"

2. Def$^n$ of Contingent liabilities
   &
   Provision.

3. In the given case,
   The company has a policy of refunding purchases is past obligating event resulting into probable obligation where resources are involved.

4. If reliable estimate of refund can be made then create provision.

Q68
Pg 12

1. AS 26 "Intangible Assets"

2. Cal$^n$ of Amortization p.a.

| YR | Future Economic Benefit | Am$^n$ |
|---|---|---|
| 1 | 300 | $300/1300 \times 200 = 46.15$ |
| 2 | 300 | 46.15 |
| 3 | 300 | 46.15 |
| 4 | 200 | 30.77 |
| 5 | 200 | 30.77 |
| | 1300 | 200 |

Cal$^{n}$ of Revised Am$^{n}$ p.a.

| YR | Future Eco Benefit | Am$^{n}$ |
|---|---|---|
| 4 | 200 | $200/550 \times 61.55 = 22.38$ |
| 5 | 200 | |
| 6 | 150 | |
| | 550 | 61.55 |

200
- 46.15
- 46.15
- 46.15

| YR | Future Eco Benefit | Am$^{n}$ |
|---|---|---|
| 4 | 200 | $200/1000 \times 61.55 = 12.31$ |
| 5 | 200 | 12.31 |
| 6 | 150 | 9.23 |
| 7 | 150 | 9.23 |
| 8 | 150 | 9.23 |
| 9 | 150 | 9.23 |
| | 1000 | 61.55 |

200
- 46.15
- 46.15
- 46.15

Q69 (i) AS 20 "Earnings per share"
Pg 13

Wt avg no. of eq share means lesser/larger no. of eq share were outstanding at any given point in current yr because of time factor/paid up factor/both.

Cal$^{n}$ of WANES

| | | | |
|---|---|---|---|
| 1.4.11 | Bal of Eq sh | 480,000 × 12/12 | 480,000 |
| 31.8.11 | new issue | 360,000 × 7/12 | +210,000 |
| 1.02.12 | buy back | 180,000 × 2/12 | − 30,000 |
| 31.03.12 | Bal of Eq sh | 660,000 × 0/12 | − |
| | | | 660,000 sh |

(ii)

| | 2010-11 | 2011-12 |
|---|---|---|
| Profit attributable to Eq SHs. | 11,40,000 | 22,50,000 |
| Wt avg no. of eq sh | 500,000 | 10,00,000 (WN1) |
| Basic EPS | ₹2.28/sh | ₹2.25/sh |

Adjusted EPS $= \frac{11,40,000}{5L \times 12/12 + 5L \times 12/12}$

$= ₹1.14/sh.$

WN #1 CY WANES.

$= 5L \times 12/12 + 5L \times 12/12$

$= \boxed{10L\ sh}$

Q70 Pg 13 AS 20 "Earnings per share"

1. Cal$^n$ of Theoretical ex right price

$$= \frac{(\text{Existing share} \times \text{Fair mkt value}) + (\text{Right share} \times \text{Right price})}{\text{Existing share} + \text{Right share}}$$

$$= \frac{(1200{,}000 \times 28) + (400{,}000 \times 22)}{1200{,}000 + 400{,}000}$$

$$= ₹26.5/\text{sh}$$

2. Cal$^n$ of paid up share & free share

$$\text{paid up share} = \frac{\text{Right share} \times \text{Right price}}{\text{Th ex right price}}$$

$$= \frac{400{,}000 \times 22}{26.5}$$

$$= 332075 \text{ shares}$$

$$\text{Free share} = \text{Right share} - \text{paid up share}$$

$$= 400000 - 332075$$

$$= 67925 \text{ shares}$$

3.

| | 2009-10 | 2010-11 | |
|---|---|---|---|
| Net Profit | 2500,000 | 40,00,000 | |
| Wt avg no. of eq sh | 12,00,000 | 15,16,981 | (WN1) |
| Basic EPS | ₹2.08/sh | ₹2.64/sh | |

$$\text{Adj EPS} = \frac{2500000}{12L \times 12/12 + 67925 \times 12/12}$$

$$= ₹1.97/\text{sh}$$

WN1 CY WANES

= 1200,000 x 12/12 +
67,925 x 12/12 +
~~Q71~~ ~ 332075 x 9/12
= 1516,981 sh

Q71 JKSC - Q AS 26.

Q72 JKSC - Q AS 26

Q73 JKSC - Q AS 26.

Q74 1. AS 29 " " "

2. Def OF contingent liab & provision

3. In the given case,
an enterprise in oil industry causes ~~contin~~ contamination but does not clean up because there is no legislation requiring cleaning up. At 31/03/05 it was probable that law requiring clean up of land ALREADY contiminated.
Because of this there is past obligation & future liabilities are probable.

4. If reliable estimate of penalties can be made then create provision.

Q 75
Pg 15

1. AS 29 "_____"
2. Defn of contingent liab
3. In the given case,
government introduces a no. of changes to income tax system. As a result of these changes, an enterprise in financial service sector will need to retrain a large proportion of its admin & sales work
~~It is~~ There is no past obligation event
4. Company is correct.
no disclosure / provision required as ~~they~~ there is no contingency

Q 76
Pg 15

1. This q _____ AS 29 "_____"
2. Defn of contingent liab & Provision
3. In the given case,
In 2007-08
There is a past obligation because of legal proceedings. Future is uncertain and obligation is remote as per lawyer.
In 2008-09
Due to update in case, lawyer feels that enterprise will be found liable i.e. there is probable obligation
4. In 2007-08 - no contingency
In 2008-09 create provision if reliable

estimate can be made.

Q77 Pg 15 Refer JKSC - AS 16

Q78 Pg 15 Refer JKSC - AS 4

Q79 Pg 15 Refer JKSC - AS 5

Q80 Pg 16

1. This Q ____ As 26 "Intangible Assets".

2.

| Particulars | Phase | Cap$^n$ | P/L |
|---|---|---|---|
| Completion of detailed prog & design | Research | - | 25000 |
| coding & Testing | Research | - | 20000 |
| Other coding cost | Development | 42000 | - |
| Testing cost | Development | 12000 | - |
| Product master for training | Development | 13000 | |
| Packing the product | Post-Development | - | 11,000 |
| | | 67000 | 56,000 |

₹67000 should be capitalized as software cost.

Q81

Pg 16

1. AS 29 "_____"

2. Defⁿ of Contingent liab & Provision.

3. In the given case,

Q82 1. AS 5 " "

Pg 16. 2. PPI are Income/Expenses in current year because of error/omission in one/more prior year.
PPI is to be shown in P/L A/c separately

3. In the given case,
In current year 16-17, it was found that inventory worth ₹ 14.5 lakhs were not recorded in ~~15-17~~ 15-16
There is an income in current yr because of omission of prior yr.

4. It is a PPI.

Q83 1. This question relates to
Pg 16 AS 4 "Contingencies & events occuring after B/s date"

2. If two cond$^n$ are satisfied cumulatively then event is adjusting event
(a) Circumstances must exist on B/s date
(b) Additional evidence must confirm the event

3. In the given case, during may '2016 engineers realised that due to unexpected rainfall the total cost of project will be inflated by ₹50 lakhs i.e. circumstances were not existing on B/s date.

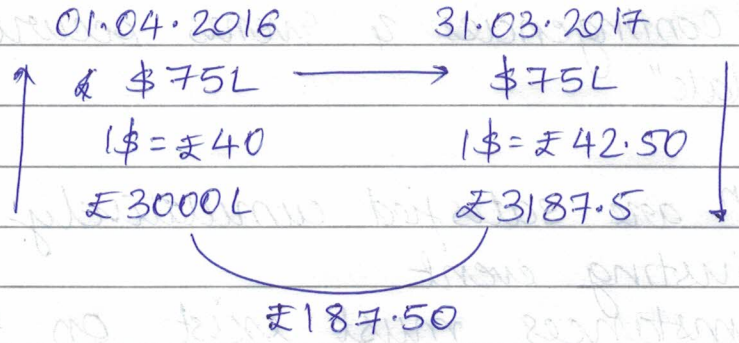
4. Since, both the conditions are not satisfied cumulatively. Therefore, it is a non-adjusting event

§84
Pg 16 1. AS 12 "Government Grants"

2. Fixed Asset A/c Dr. 20L
To cash/Bank A/c 20L
(Being GG recd)

§85
Pg 16. 1. AS 11 "_____"

2. Payable




₹187.5 will be charged to P/L A/c

(Alternatively, effect can be given as per Para 46A)

Q86 Pg 16 Deferred Revenue Expenditure of ₹33L charged to P/L A/c in 1st yr itself as per AS 26

Q87 Pg 17 Sun Ltd.

19 "Leases"

| YR | LR | DF @15% | PV of MLP |
|---|---|---|---|
| 1 | 3 | 0.8696 | 2.6088 |
| 2 | 3 | 0.7561 | 2.2683 |
| 3 | 3 | 0.6575 | 1.9725 |
| 4 | 3 | 0.5718 | 1.7154 |
| 5 | 3 | 0.4972 | 1.4916 |
| | 15 | | 10.0566 |

Cal$^{n}$ of UFI

| YR | Opng Bal | Inst | Int | Prin | Clsg Bal |
|---|---|---|---|---|---|
| 1 | 10.0566 | 3 | 1.508 | 1.492 | 8.5646 |
| 2 | 8.5646 | 3 | 1.285 | 1.715 | 6.8492 |
| 3 | 6.8492 | 3 | 1.027 | 1.973 | 4.8766 |
| 4 | 4.8766 | 3 | 0.7315 | 2.2685 | 2.6081 |
| 5 | 2.6081 | 3 | 0.3919 | 2.6081 | 0 |
| | | | 4.9434 | | |

Asset A/c Dr. 10.0566
To Payable A/c 10.0566

Lease Rent A/c Dr 3
To cash/Bank A/c 3

Payable A/c Dr 1.492
Int A/c Dr 1.508
To Lease Rent A/c 3

42 Lease Rent A/c Dr 3
To Cash/Bank A/c 3

Payable A/c Dr 1.715
Interest A/c Dr 1.285
To Lease Rent A/c 3

43 Lease Rent A/c Dr 3
To Cash/Bank A/c 3

Payable A/c Dr 1.973
Interest A/c Dr 1.027
To Lease Rent A/c 3

44 Lease Rent A/c Dr 3
To Cash/Bank A/c 3

Payable A/c Dr 2.2685
Interest A/c Dr 0.7513
To Lease Rent A/c 3

45 Lease Rent A/c Dr 3
To Cash/Bank A/c 3

Payable A/c Dr 2.6081
Interest A/c Dr 0.3919
To Lease Rent A/c 3

Q88
Pg 17 AS 20 "Earnings per share"

WANES = $1800 \times 10/10 + 600 \times 5/10 \times 2/12$

$= 1800 + 50$

$= \boxed{1850 \text{ shares}}$.

Q89
Pg 17 1. AS 16 "Borrowing cost"
In case of,
2. Specific Borrowings capitalization rate is Actual interest rate & in case of general borrowings capitalization rate is weighted average rate

3. In ~~ea~~ given case, Rainbow ltd. borrowed an amt of ₹150 cr for const$^n$ of boiler plant. This is specific borrowing.
& ₹3.50 crores was earned & credited to P/L A/c
So net amt to be capitalised.
= (150 cr × 11%) − 3.5 cr
= ₹13 cr

4. Treatment given by company is incorrect.

Q90
Pg 17 Refer JKSC Q

Q91 AS 19 "Leases"
Pg 17

Cal$^n$ of Annual lease payment

NI = PV of GI
16,99,999.50 = PV of MLP + PV of UGRV
16,99,999.50 = PV of MLP + 133500 × 0.751
PV of MLP = 1599741

MLP = LR + GRV
PV of MLP = PV of LR (∵ GRV = 0)
15,99,741 = 2.486 × LR
LR = ₹643,500

GI = LR + GRV + UGRV
= 3 × 643,500 + 0 + 133500
= ~~₹1930500~~ ₹2064000

NI = ₹1699,999.5

URI = ₹364000.5

Q92

Pg 17 AS 18 "Related Party ~~Deal~~ Disclosure"

2. As per para 3d KMP and there relatives are related parties.
KMP means person having authorities & responsibilities of planning, directing & controlling operating & financing decisions of company.

3. In given case,

Q93 Pg 17

AS 7 "Const$^{n}$ Contract"

| | |
|---|---|
| Cost Incurred | 4 cr |
| Cost to be Incurr | 6 cr |
| Total contract cost | 10 cr |

% of completion using cost to cost method

$= 4/10 \times 100$

$= 40\%$

Contract price $= 12 cr \times 1.05 = 12.60 cr$

P/L A/c

| | £ |
|---|---|
| Revenue to be recognised | 5.04 cr (12.60 cr x 40%) |
| - cost incurred | (4 cr) |
| Profit for yr ending 31/03/16 | 1.04 cr. |

Q94 Pg 18

AS 9 "Revenue Recognition"

Revenue from sale of goods is to be recognised when all cond$^{n}$ are satisfied :-

① Risks & Rewards are tfd
or
goods are delivered

② Amt should be measureable

③ collection should be certain

3. In given case,
all these cond$^n$ are satisfied only on 15.3.16 when sales are agreed upon @ price & goods are allocated for delivery purpose through invoice

4. The amt of net profit of ₹150000 would b recognised ~~on~~ for y.e. 31.03.16.

Q95
Pg18 Basic EPS = $\frac{\text{Profit attributable for EqSHs}}{\text{wt avg no. of eq shares}}$

$= \frac{7500,000}{100,000} = ₹75/\text{sh.}$

Diluted EPS = $\frac{7500,000 + 800000\,(1-0.3)}{100,000+110,000}$

$= \frac{80,60,000}{2,10,000} = ₹38.38/\text{sh}$

Q96
Pg18 Same as JKSC - Q AS 24

Q97 Company is incorrect.
Pg18 They must create provision for warranties

Q98 Pg 18 — Refer AS 16 - JKSLQ

Q99 Pg 18 — In the books of lessee

| YR | LR | DF @ 12.6% | PV |
|---|---|---|---|
| 1 | 80,000 | 0.89 | 71200 |
| 2 | 80,000 | 0.79 | 63200 |
| 3 | 80,000 | 0.70 | 56000 |
| 4 | 80,000 | 0.622 | 49760 |
| 5 | 108,000 | 0.552 | 59616 |
| | 428,000 | | 299776 |

Asset A/c Dr. 299776
To Payable A/c 299776

(value of Asset = PV of MLP or FV | = 299776 or 300000)

Q100 Pg 189 — same as Q97 (Pg 18)

Q101 — same as JKSC AS 16 (Homework) Q

Q102 Pg 189

Q103 Pg 19 same as JKSC Q (AS26)

Q104 Pg 19. AS 5 "_____"

2. ~~Ordi~~ Ordinary items are
- for the business
- incidental to business &
- for furtherance of business

They are controllable in nature & separate disclosure is required ~~to~~ in P/L only if size/nature is material

Extra-ordinary items are uncontrollable in nature & disclosed separately in P/L A/c.

3. In the given case,
Sale of land is ordinary item though non recurring in nature as it is controllable
Loss by fire is an extra-ordinary item as uncontrollable in nature

4. Separate disclosure is required for both the items. set off is not allowed.

Q105
Pg 19 1. AS 11 "_____"

2.