CA-Final Paper-1

Financial Reporting May-2018 Exams (New Scheme)

Solution to Q-1(A) Consolidated Financial Statements.

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G.A.P [GLOBAL ACCOUNTING PAATHSHAALA]

From the Founder’s Desk

My Dear Friends!!

It is very immense pleasure for me to announce that our You tube channel GAP (Global Accounting Paathshaala) will be launching soon and will be providing initially educational inputs to the students of CA-Final New Scheme for Paper-1 Financial Reporting & Paper-6E Global Financial Reporting Standards. Our Team is continuously researching on the development of IFRS in India in form of converged Indian Accounting Standards (IND-AS), the vision of our channel is to provide the quality education to the students of CA-Final in the era of change in a Financial Reporting World.

I am attaching herewith the solution of Q-1(A) of CA-Final Financial Reporting Paper of May-2018 Exams *this will also be discussed in the first video of our channel* in detail, along with this *we will also cover Dividend adjustment in Consolidation as per IND-AS* which is now a day a very complex issue for a Group Financial Accountants who have recently migrated with the previous IGAAP and this is also a concern in the academic world as well , so you will definitely get to learn a comprehensive understanding about this issue. In our first video the coverage will be on accounting treatment of dividend while doing the consolidation as per relevant provisions of IND AS and the main focus will be on Pre-Acquisition Dividend and its presentation and its reporting in the Consolidated Financial Statements.

We will also cover that in Examination how should we present the answer in a time effective manner as well as in order to secure good marks, here you can refer this pdf file for solution and do not forget to watch the Video on our You Tube Channel GAP.

I wish to all the Students who have appeared in May-2018 Exams All the Best for you Results.

In case of any doubts you can write back to us at

helpdesk.gap2018@gmail.com

You Can Visit our You Tube Channel by following this link

https://www.youtube.com/channel/UCP_jtbIBNlUxCS0rIlUWVbQ

With Best Regards

Prof.DK Sharma

Founder

GAP (Global Accounting Paathshaala)

CA Final New Scheme May-2018 Exam
Solution Q-1 (a)

Hold Ltd.
Consolidated Balance Sheet
As At 31st-March-2018

	Particulars	Note No.	Amount in Rs.
(I)	**ASSETS**		
1	**Non-current assets**		
	(a) Property, Plant and Equipment	1	1,72,00,000
2	**Current assets**		
	(a) Inventories	2	34,28,000
	(b) Financial Assets		
	(i) Trade Receivables	3	19,96,000
	(ii) Cash and Cash Equivalents	4	4,50,000
	Total Assets		**2,30,74,000**
(II)	**EQUITY AND LIABILITIES**		
A	**EQUITY**		
	(a) Equity Share Capital	5	1,00,00,000
	(b) Other Equity	6	99,84,000
B	**LIABILITIES**		
1	**Current liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	7	16,00,000
	(ii) Trade payables	8	14,90,000
	Total Equity and Liabilities		**2,30,74,000**

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Consolidated Statement of Changes in Equity

(A) Equity

Particulars	Note	Amount
Balance as at 01-04-2017		1,00,00,000
Changes in Equity Share Capital during the year		-
Balance as at 31-03-2018		1,00,00,000

(B) Other Equity

Particulars	Note	Reserves & Surplus			Items of OCI	Attributable to Owners of the Parent	Non Controlling Interest	Total
		Capital Reserve	Other Reserves	Retained Earnings				
Balance at 01-04-2017		-	48,00,000	-	-	48,00,000	-	48,00,000
Profit for the year		-	-	14,14,000	-	14,14,000	-	14,14,000
Other Comprehensive Income		-	-	-	-	-	-	-
Total Comprehensive Income for the year		-	-	14,14,000	-	14,14,000	-	14,14,000
Dividend paid				-			-	
Gain on Bargain Purchase		37,70,000						37,70,000
Balance as at 31-03-2018		37,70,000	48,00,000	14,14,000	-	62,14,000	-	99,84,000

Note No.	Particulars	Details	Amount
1	Property Plant & Equipment		
	Land & Building		
	Hold Limited	30,00,000	
	Sub Limited (3600000+2000000)	56,00,000	86,00,000
	Plant & Machinery		
	Hold Limited	48,00,000	
	Sub Limited (4000000-200000)	38,00,000	86,00,000
			1,72,00,000

Note No.	Particulars	Details	Amount
2	Inventories		
	Hold Limited	24,00,000	
	Sub Limited (728000+300000)	10,28,000	34,28,000

Note No.	Particulars	Details	Amount
3	Trade Receivables		
	Hold Limited	11,96,000	
	Sub Limited	8,00,000	19,96,000

Note No.	Particulars	Details	Amount
4	Cash & Cash Equivalent		
	Hold Limited	2,90,000	
	Sub Limited	1,60,000	4,50,000

Note No.	Particulars	Details	Amount
5	Share Capital		
	Authorised issued subscribed & fully paid up Share Capital		
	1000000 Equity Shares of Rs.100 each.		1,00,00,000
			1,00,00,000

Note No.	Particulars	Details	Amount
6	Other Equity		
	Other Reserves	48,00,000	
	Retained Earnings	14,14,000	
	Capital Reserve	37,70,000	99,84,000
			99,84,000

Note No.	Particulars	Details	Amount
7	Borrowings		
	Bank overdraft		
	Hold Limited	16,00,000	
	Sub Limited	-	**16,00,000**

Note No.	Particulars	Details	Amount
8	Trade Payables		
	Hold Limited	9,42,000	
	Sub Limited	5,48,000	**14,90,000**

Working Note-1

Net Worth Analysis of Sub Ltd as on the date of acquisition 01-10-2017

Particulars	Date of Acquisition 01-10-2017	Post Acquisition Changes in Other Reserves	Post Acquisition Changes in Retained Earnings	Date of Consolidation 31-03-2018
Share Capital	40,00,000	-	-	40,00,000
Other Reserves	20,00,000	-	-	20,00,000
Retained Earnings (01-04-2017)	6,00,000	-	10,40,000	16,40,000
Add back Dividend Paid	*-*	*-*	*4,00,000*	
	66,00,000	-	14,40,000	
Time Apportionment for 6 months	*7,20,000*		*-7,20,000*	
	73,20,000	-	7,20,000	
Less Dividend Paid			*-4,00,000*	
	73,20,000	-	3,20,000	
Fair Value Adjustments (Refer Additional Working Notes)				
Increase in Land & Building	20,00,000			
Increase in Plant & Machinery	11,50,000			
Additional Depreciation on Plant & Machinery			-50,000	
Increase in Inventories	3,00,000			
Increase in Trade Payables	-2,00,000			
Total Identifiable Net Assets	**1,05,70,000**	**-**	**2,70,000**	

Working Note-2

Calculation of Goodwill on Consolidation/Gain on Bargain Purchase

Particulars	Amount
Consideration Paid	68,00,000.00
NCI Share at PSNA	-
Less :- Net Assets Acquired	-1,05,70,000.00
Gain on bargain Purchase	**37,70,000.00**

Additional Working Notes

I	Calculation of Revaluation Profit	Plant & Machinery	Land & Building
	Fair Value as on the date of acquisition	40,00,000	56,00,000
Less:	Book Value as on the date of acquisition	-28,50,000	-36,00,000
	Profit/Loss on Revaluation	**11,50,000**	**20,00,000**

II	Calculation of Additional/Savings in Depreciation	Plant & Machinery
	Depreciation to be provided	2,00,000
Less	Already charged in the books	-1,50,000
	Additional Depreciation	**50,000**

III	Calculation of Closing Value of Fixed Asset	Plant & Machinery
	Fair Value as on the DOA	40,00,000
Less	Depreciation including additional depreciation	-2,00,000
	Closing Book Value of Fixed Assets	**38,00,000**

IV	Calculation of Book Value as on the date of acquisition	Plant & Machinery
	Book Value as per Closing Balance Sheet	27,00,000
Add:	Depreciation charged for the relevant period	1,50,000
	Book Value of Fixed Assets as on the date of acquisition	**28,50,000**

Assumptions taken:-	
1	In Separate Financial Statements of Hold Ltd it has elected to opt Cost model as per para 10 of IND-AS 27.
2	Pre acquisition dividend has been recognised in Statement of Profit Loss received from a subsidiary in parent's separate financial statements when its right to receive the dividend is established and the same treatment has been carried in CFS.