

Answer Q-1**Teeny Group****Statement of financial position****As at June 30, 20x0**

	Rs. (000)	Rs. (000)
Assets		
Non-current assets		
(15,000+16,000+600)	31,600	
Goodwill (760+340)	1,100	32,700
Net current assets		<u>11,100</u>
		<u>43,800</u>
Equity		
Ordinary share capital	12,000	
Consolidated retained earnings	27,350	
Capital reserve	(360)	38,990
Non-controlling interest		4,610
		43,600
Revaluation reserve		200
		<u>43,800</u>
	W4	W9
W-1 Group structure	%	%
Group	60	80
NCI	40	20
	<u>100</u>	<u>100</u>
W-2 Cost of control account	Rs.	Rs.
Investment		11,500
Share capital	9,000	
SRE-pre	1,500	
Fair value gain (400x.60)	240	10,740
Goodwill		<u>760</u>
W-3 NCI Goodwill		
Fair value of NCI		7,500
Share of fair value of net assets		
Share capital	6,000	
SRE-pre	1,000	
Fair value gain	160	7,160
Goodwill		<u>340</u>
W-4 Non-controlling interest		
Share capital	6,000	
SRE-pre	1,000	
SRE-post (1,500+150)	1,650	
Fair value gain	160	
Goodwill	340	9,150
Transfer to group		(4,540)

Carried down		4,610
W-5 Consolidated retained earnings		
Teeny retained earnings	24,500	
SRE-post (2,250+600)	2,850	27,350
W-6 Capital reserves		
Investment		4,900
Share from NCI		4,540
Loss		(360)
W-7 Subsidiary retained earnings		
	Pre	Post
Retained earnings	2,500	4,500
Group (3,750x.60)+(750x.80)	1,500	2,850
NCI (3750x.60)+ (750x.20)	1,000	1,650
W-8 Net assets at date of additional investment		
Share capital		15,000
Reserves		
Retained earnings		6,250
Fair value gain		600
		21,850
Purchased by group (21,850x.20)	4,370	
Goodwill transferred (340x20/40)	170	4,540

Teeny Group

Statement of comprehensive income

As at June 30, 20x0

	Teeny Rs. (000)	Tiny Rs. (000)	Adjustments Rs. (000)	Total Rs. (000)
Profit and loss account				
Revenue	18,000	6,000		24000
Operating cost	(12,000)	4,000		16000
Profit before tax	6,000	2,000		8000
Tax	(1,500)	(500)		2000
Profit after tax	4,500	1,500		6000
Group				5,550
NCI				450
Other comprehensive income				
Revaluation surplus		200		200
Group				120
NCI				80

Teeny Group
Statement of changes in equity
As at June 30, 20x0

	Share capital	Consolidated reserves	Total	NCI	Total
Brought forward	12,000	21,800	33,800	8,700	42,500
Total		5,550	5,550	450	6,000
Comprehensive income					
Transfers		(360)	(360)	(4,540)	(4,900)
Carried down	<u>12,000</u>	<u>26,940</u>	<u>38,990</u>	<u>4,610</u>	<u>43,600</u>

W-1 opening retained earnings				
Parent company			20,000	<u>20,000</u>
Subsidiary company (7,000-1,500)x.60			1,800	<u>21,800</u>
W-2 NCI opening				
Fair value of NCI at date of acquisition			7,500	<u>7,500</u>
Share of post acquisition profits			1,200	<u>8,700</u>
(7,000-1,500-2,500).40				

Answer Q-2

Teeny Group
Statement of financial position
As at June 30, 20x0

	Rs. (000)	Rs. (000)
Assets		
Non-current assets		
(15,000+16,000+600)	31,600	
Goodwill (1,630+520)	2,150	33,750
Net current assets		<u>11,100</u>
		<u>44,850</u>
Equity		
Ordinary share capital	12,000	
Consolidated retained earnings	26,700	38,700
Non-controlling interest		6,150
Revaluation reserve		<u>44,850</u>
	W4	W9
W-1 Group structure	%	%
Group	40	80

NCI		20
	40	100
W-2 Cost of control account	Rs.	Rs.
Investment		18,000
Share capital	12,000	
SRE-pre	5,480	
		15,480
Goodwill		520
W-3 NCI Goodwill		
Fair value of NCI		6,000
Share of fair value of net assets		
Share capital	3,000	
SRE-pre	1,370	
		4,370
Goodwill		1,630
W-4 Non-controlling interest		
Share capital	3,000	
SRE-pre	1,370	
SRE-post	150	
Goodwill	1,630	
Carried down		6,150
W-5 Consolidated retained earnings		
Teeny retained earnings	24,500	
Associate	1,500	
Associate	80	
Disposal	20	
SRE-post	600	
		26,700
W-6 Investment in associate		
Investment		7,400
Share of profit from post acquisition profit		1,500
Share of fair value gain		80
Gain on written down of investment		20
Fair value of investment		9,000
W-7 Subsidiary retained earnings		
	Pre	Post
Retained earnings	6,250	750
Fair value gain	600	--
Group (3,750x.60)+(750x.80)	5,480	600
NCI (3750x.60)+ (750x.20)	1,370	150

Teeny Group
Statement of comprehensive income
As at June 30, 20x0

	Teeny Rs. (000)	Tiny Rs. (000)	Adjustments Rs. (000)	Total Rs. (000)
Profit and loss account				
Revenue	18,000	3,000		21,000
Operating cost	<u>(12,000)</u>	<u>(2,000)</u>		<u>(14,000)</u>
Profit before tax	6,000	1,000		7,000
Share of profit from associate			300	300
Disposal gain			80	80
Tax	<u>(1,500)</u>	<u>(250)</u>		<u>(1,750)</u>
Profit after tax	<u>4,500</u>	<u>750</u>	<u>380</u>	<u>5,570</u>
Group				5,420
NCI				150
Other comprehensive income				
Revaluation surplus			80	80
Group				80
NCI				

Teeny Group
Statement of changes in equity
As at June 30, 20x0

	Share capital	Consolidated reserves	Total	NCI	Total
Brought forward	12,000	21,200	33,200	--	33,200
Total		5,500	5,500	150	5,650
Comprehensive income					
Subsidiary acquired during the year				6,000	6,000
Carried down	<u>12,000</u>	<u>26,700</u>	<u>38,700</u>	<u>6,150</u>	<u>44,850</u>
W-1 opening retained earnings					
Parent company				20,000	<u>20,000</u>
Subsidiary company (7,000-1,500)x.60				1,800	<u>21,800</u>

Answer Q-3

Teeny Group
Statement of financial position
As at June 30, 20x0

	Rs. (000)	Rs. (000)
Assets		
Non-current assets		
(15,000+16,000+600)	<u>31,600</u>	

Goodwill (1,630+670)	2,300	33,900
Net current assets		<u>11,100</u>
		<u>45,000</u>
Equity		
Ordinary share capital	12,000	
Consolidated retained earnings	26,850	
		38,850
Non-controlling interest		6,150
Revaluation reserve		<u>45,000</u>
	W4	W9
W-1 Group structure	%	%
Group	40	80
NCI	<u>40</u>	<u>20</u>
	40	100
W-2 Cost of control account	Rs.	Rs.
Investment		18,150
Share capital	12,000	
SRE-pre	5,480	
		<u>17,480</u>
Goodwill		<u>670</u>
W-3 NCI Goodwill		
Fair value of NCI		6,000
Share of fair value of net assets		
Share capital	3,000	
SRE-pre	1,370	
		<u>4,370</u>
Goodwill		<u>1,630</u>
W-4 Non-controlling interest		
Share capital	3,000	
SRE-pre	1,370	
SRE-post	150	
Goodwill	1,630	
Carried down		<u>6,150</u>
W-5 Consolidated retained earnings		
Teeny retained earnings	24,500	
Disposal	1,750	
SRE-post	600	
		26,850
W-6 Ordinary Investment		
Cost of Investment		1,750
Gain on written down of investment		<u>1,750</u>
Fair value of investment		<u>3,500</u>
W-7 Subsidiary retained earnings		

	Pre	Post
Retained earnings	6,250	750
Fair value gain	600	--
Group (3,750x.60)+(750x.80)	<u>5,480</u>	<u>600</u>
NCI (3750x.60)+ (750x.20)	<u>1,370</u>	<u>150</u>

Teeny Group

Statement of comprehensive income

As at June 30, 20x0

	Teeny Rs. (000)	Tiny Rs. (000)	Adjustments Rs. (000)	Total Rs. (000)
Profit and loss account				
Revenue	18,000	3,000		21,000
Operating cost	<u>(12,000)</u>	<u>(2,000)</u>		<u>(14,000)</u>
Profit before tax	6,000	1,000		7,000
Disposal gain			1,750	1,750
Tax	<u>(1,500)</u>	<u>(250)</u>		<u>(1,750)</u>
Profit after tax	<u>4,500</u>	<u>750</u>		<u>7,000</u>
Group				6,850
NCI				150

Teeny Group

Statement of changes in equity

As at June 30, 20x0

	Share capital	Consolidated reserves	Total	NCI	Total
Brought forward	12,000	20,000	32,000	--	32,000
Total		6,850	6,850	150	7,000
Comprehensive income					
Subsidiary acquired during the year				6,000	6,000
Carried down	<u>12,000</u>	<u>26,850</u>	<u>38,850</u>	<u>6,150</u>	<u>45,000</u>

W-1 opening retained earnings

Parent company		20,000	<u>20,000</u>
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