

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		11,100
		43,800
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
		43,800
	W4	W9
W-1 Group structure	%	%
Group	60	80
NCI	40	20
	100	100
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		760
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		340
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		<u>4,610</u>
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		<u>4,540</u>
Loss		<u>(360)</u>
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)	<u>1,000</u>	<u>1,650</u>
W-8 Net assets at date of additional investment		
Share capital		15,000
Reserves		
Retained earnings		6,250
Fair value gain		600
		<u>21,850</u>
Purchased by group (21,850x.20)	4,370	
Goodwill transferred (340x20/40)	170	<u>4,540</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	6,000		24000
Operating cost	<u>(12,000)</u>	<u>4,000</u>		<u>16000</u>
Profit before tax	6,000	2,000		8000
Tax	<u>(1,500)</u>	<u>(500)</u>		<u>2000</u>
Profit after tax	<u>4,500</u>	<u>1,500</u>		<u>6000</u>
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	12,000	26,940	38,990	4,610	43,600

W-1 opening retained earnings		
Parent company	20,000	
Subsidiary company (7,000-1,500)x.60	1,800	21,800
W-2 NCI opening		
Fair value of NCI at date of acquisition	7,500	
Share of post acquisition profits	1,200	8,700
(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		11,100
		44,850
Equity		
Ordinary share capital	12,000	
Consolidated retained earnings	26,700	38,700
Non-controlling interest		6,150
Revaluation reserve		
		44,850
	W4	W9
W-1 Group structure	%	%
Group	40	80

NCI		20
	<u>40</u>	<u>100</u>
W-2 Cost of control account	Rs.	Rs.
Investment		18,000
Share capital	12,000	
SRE-pre	5,480	
		<u>15,480</u>
Goodwill		<u>520</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	
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		<u>20</u>
Fair value of investment		<u>9,000</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	(12,000)	(2,000)		(14,000)
Profit before tax	6,000	1,000		7,000
Share of profit from associate			300	300
Disposal gain			80	80
Tax	(1,500)	(250)		(1,750)
Profit after tax	4,500	750	380	5,570
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	12,000	26,700	38,700	6,150	44,850
W-1 opening retained earnings					
Parent company				20,000	
Subsidiary company (7,000-1,500)x.60				1,800	21,800

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)	31,600	

Goodwill (1,630+670)	2,300	33,900
Net current assets		11,100
		<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		20
	<u>40</u>	<u>100</u>
W-2 Cost of control account	Rs.	Rs.
Investment		18,150
Share capital	12,000	
SRE-pre	5,480	
		17,480
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	
		4,370
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)	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	(12,000)	(2,000)		(14,000)
Profit before tax	6,000	1,000		7,000
Disposal gain			1,750	1,750
Tax	(1,500)	(250)		(1,750)
Profit after tax	4,500	750		7,000
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	12,000	26,850	38,850	6,150	45,000

W-1 opening retained earnings

Parent company	20,000	
		20,000