(GI-11, GI-12+15, GI-13+14, SI-5)

DATE: 28.06.2020 **MAXIMUM MARKS: 100** **TIMING: 3¼ Hours**

ADVANCE ACCOUNTING

Answer to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate who has not opted for Hindi Medium. His/her answer in Hindi will not be valued.
Question No. 1 is compulsory.
Candidates are also required to answer any Four questions from the remaining Five Questions.
In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then all answers shall be valued and best four will be considered.
Wherever necessary, suitable assumptions may be made and disclosed by way of note.

Answer 1:

(a) According to AS 29 (Revised) 'Provisions, Contingent Liabilities and Contingent Assets', contingent liability should be disclosed in the financial statements if following conditions are satisfied:

(i) There is a present obligation arising out of past events but not recognised as provision.

(ii) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(iii) The possibility of an outflow of resources embodying economic benefits is not remote.

(iv) The amount of the obligation cannot be measured with sufficient reliability to be recognised as provision.

1½M

In this case, the probability of winning of first five cases is 100% and hence, question of providing for contingent loss does not arise. The probability of winning of next ten cases is 60% and for remaining five cases is 50%. As per AS 29 (Revised), we make a provision if the loss is probable. As the loss does not appear to be probable and the possibility of an outflow of resources embodying economic benefits is remote, therefore disclosure by way of note should be made.
For the purpose of the disclosure of contingent liability by way of note, amount may be calculated as under: **1½M**

Expected loss in next ten cases = 30% of Rs. 1,20,000 + 10% of Rs. 2,00,000 **¾M**
= Rs. 36,000 + Rs. 20,000
= Rs. 56,000

Expected loss in remaining five cases = 30% of Rs. 1,00,000 + 20% of Rs. 2,10,000 **¾M**
= Rs. 30,000 + Rs. 42,000
= Rs. 72,000

To disclose contingent liability on the basis of maximum loss will be highly unrealistic. Therefore, the better approach will be to disclose the overall expected loss of Rs. 9,20,000 (Rs. 56,000 × 10 + Rs. 72,000 × 5) as contingent liability. **½M**

Answer:
(b)

(a)	Amount of foreseeable loss	**(Rs. in lakhs)**
	Total cost of construction (500 + 105 + 495)	1,100
	Less: Total contract price	(1,000)
	Total foreseeable loss to be recognised as expense	100

1M

According AS 7, when it is probable that total contract costs will exceed total contract revenue; the expected loss should be recognised as an expense immediately.

(b)	Contract work-in-progress i.e. cost incurred to date are Rs. 605 lakhs	**(Rs. in lakhs)**
	Work certified	500
	Work not certified	105
		605

1M

This is 55% (605/1,100×100) of total costs of construction.

(c) Proportion of total contract value recognised as revenue:
55% of Rs. 1,000 lakhs = Rs. 550 lakhs **1M**

(d) Amount due from/to customers = (Contract costs + Recognised profits – Recognised Losses) – (Progress payments received + Progress payments to be received)
= (605 + Nil – 100) – (400 + 140) Rs. in lakhs
= [505 – 540] Rs. in lakhs
Amount due to customers = Rs. 35 lakhs
The amount of Rs. 35 lakhs will be shown in the balance sheet as liability. **1M**

(e) The relevant disclosures under AS 7 are given below:

	Rs. in lakhs
Contract revenue	**550**
Contract expenses	605
Recognised profits less recognised losses	(100)
Progress billings Rs. (400 + 140)	540
Retentions (billed but not received from contractee)	140
Gross amount due to customers	35

1M

Answer:

(c) Amalgamation in the nature of merger is an amalgamation, as per para 3(e) of AS-14, which satisfies all the following conditions:

(i) All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company. **1M**

(ii) Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company by virtue of the amalgamation. **1M**

(iii) The consideration for the amalgamation receivable by those equity shareholders of the transferor company who agree to become equity shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares in the transferee company, except that cash may be paid in respect of any fractional shares. **1M**

(iv) The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company. **1M**

(v) No adjustment is intended to be made to the book values of the assets and liabilities of the transferor company when they are incorporated in the financial statements of the transferee company except to ensure uniformity of accounting policies. For example, if transferor company is following straight line method of depreciation, the book value of the assets of the transferor company will be revised by applying the written down method of depreciation. **1M**

Answer:

(d)

- As per para 63 of AS 26 "Intangible Assets," the depreciable amount of an intangible asset should be allocated on a systematic basis over the best estimates of its useful life. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Amortization should commence when the asset is available for use. **2M**
- Base Limited has been following the policy of amortization of the intangible asset over a period of 12 years on straight line basis. The period of 12 years is more than the maximum period of 10 years specified as per AS 26. **1M**
- Accordingly, Base Limited would be required to restate the carrying amount of intangible asset as on 1.4.2011 at Rs. 112 lakhs less Rs. 33.6 lakhs $\left(\frac{112\,\text{lakhs}}{10\,\text{year}} \times 3\,\text{years}\right)$ = Rs. 78.4 lakhs. The difference of Rs. 6.6 lakhs i.e. (Rs. 85 lakhs - Rs. 78.4 lakhs) will be adjusted against the opening balance of revenue reserve. The carrying amount of Rs. 78.4 lakhs would be amortized over remaining 7 year by Rs. 11.2 lakhs per year. **2M**

Answer 2:

Consolidated Profit & Loss Account of H Ltd. and its subsidiary S Ltd. for the year ended on 31st March, 2017

Particulars	Note No.	Rs. in Lacs
I. Revenue from operations	1	5,865
II. Total revenue		5,865
III. Expenses		
Cost of Material purchased/Consumed	3	1,180
Changes of Inventories of finished goods	2	(1,196)
Employee benefit expense	4	950
Finance cost	6	150
Depreciation and amortization expense	7	150
Other expenses	5	535
Total expenses		1,769
IV. Profit before Tax(II-III)		4,096
V. Tax Expenses	8	1,400
VI. Profit After Tax		2,696 **2M**
Profit transferred to Consolidated Balance Sheet		
Profit After Tax		2,696
Dividend paid		
H Ltd.	1,200	
S Ltd.	150	
	1,350	

Less: Share of H Ltd. in dividend of S Ltd.			
80% of Rs. 150 lacs	(120)	(1,230)	
Profit to be transferred to consolidated balance sheet		1,466	}2M

Notes to Accounts

		Rs. in Lacs	Rs. in Lacs	
1.	Revenue from Operations			
	Sales and other income			
	H Ltd.	5,000		
	S Ltd.	1,000		
		6,000		
	Less: Inter-company Sales	(120)		
	Consultancy fees received by H Ltd. from S Ltd.	(5)		
	Commission received by S Ltd. from H Ltd.	(10)	5,865	}2M
2.	Increase in Inventory			
	H Ltd.	1,000		
	S Ltd.	200		
		1,200		
	Less: Unrealised profits Rs. 24 lacs × $\frac{20}{120}$	(4)	1,196	
			7,061	}2M
3.	Cost of Material purchased/consumed			
	H Ltd.	800		
	S Ltd.	200		
		1,000		
	Less: Purchases by S Ltd. from H Ltd.	(120)	880	
	Direct Expenses (Production)			
	H Ltd.	200		
	S Ltd.	100	300	
			1,180	}2M
4.	Employee benefits and expenses			
	Wages and Salaries:			
	H Ltd.	800		
	S Ltd.	150	950	}2M
5.	Other Expenses			
	Administrative Expenses			
	H Ltd.	200		
	S Ltd.	100		
		300		
	Less: Consultancy fees received by H Ltd. from S Ltd.	(5)	295	
	Selling and Distribution Expenses:			
	H Ltd.	200		
	S Ltd.	50		
		250		
	Less: Commission received from S Ltd. from H Ltd.	(10)	240	
			535	}2M

6.	Finance Cost			
	Interest:			
	H Ltd.	100		
	S Ltd.	50	150	}2M
7.	Depreciation and Amortisation			
	Depreciation:			
	H Ltd.	100		
	S Ltd.	50	150	}2M
8.	Provision for tax			
	H Ltd.	1,200		
	S. Ltd.	200	1,400	}2M

Answer: 3

In the Books of Vayu Ltd.
Realisation Account

	Rs.		Rs.
To Sundry Assets	5,70,000	By Retirem Gratuity Fund	20,000
To Preference Shareholders		By Trade payables	80,000
(Premium on Redemption)	10,000	By Hari Ltd. (Purchase	
To Equity Shareholders		Consideration)	5,30,000
(Profit on Realisation)	50,000		
	6,30,000		6,30,000

6 items = ½M

Equity Shareholders Account

	Rs.		Rs.
To Equity Shares of Hari Ltd.	4,20,000	By Share Capital	3,00,000
		By General Reserve	70,000
		By Realisation Account (Profit on Realisation)	50,000
	4,20,000		4,20,000

4 items = ½M

Preference Shareholders Account

	Rs.		Rs.
To 9% Preference Shares of Hari Ltd.	1,10,000	By Preference Share Capital	1,00,000
		By Realisation Account (Premium on Redemption of Preference Shares)	10,000
	1,10,000		1,10,000

3 items = ½M

Hari Ltd. Account

	Rs.		Rs.
To Realisation Account	5,30,000	By 9% Preference Shares	1,10,000
		By Equity Shares	4,20,000
	5,30,000		5,30,000

3 items = ½M

In the Books of Hari Ltd.
Journal Entries

		Dr.	Cr.	
		Rs.	Rs.	
Business Purchase A/c	Dr.	5,30,000		½M
To Liquidators of Vayu Ltd. Account			5,30,000	
(Being business of Vayu Ltd. taken over)				
Goodwill Account	Dr.	50,000		1M
Building Account	Dr.	1,50,000		
Machinery Account	Dr.	1,60,000		
Inventory Account	Dr.	1,57,500		
Trade receivables Account	Dr.	1,00,000		
Bank Account	Dr.	20,000		
To Retirement Gratuity Fund Account			20,000	
To Trade payables Account			80,000	
To Provision for Doubtful Debts Account			7,500	
To Business Purchase A/c			5,30,000	
(Being Assets and Liabilities taken over as per agreed valuation).				
Liquidators of Vayu Ltd. A/c	Dr.	5,30,000		½M
To 9% Preference Share Capital A/c			1,10,000	
To Equity Share Capital A/c			4,00,000	
To Securities Premium A/c			20,000	
(Being Purchase Consideration satisfied as above).				

Balance Sheet of Hari Ltd. (after absorption) as at 31st March, 20X1

		Particulars	Notes	Rs.	
		Equity and Liabilities			
1		**Shareholders' funds**			
	A	Share capital	1	16,10,000	}½M
	B	Reserves and Surplus	2	90,000	}½M
2		**Non-current liabilities**			
	A	Long-term provisions	3	70,000	}½M
3		**Current liabilities**			
	A	Trade Payables		2,10,000	}½M
	B	Short term provision		7,500	}½M
		Total		**19,87,500**	
		Assets			
1		**Non-current assets**			
	A	Fixed assets			
		Tangible assets	4	11,10,000	}½M
		Intangible assets	5	1,00,000	}½M
2		**Current assets**			
	A	Inventories		4,07,500	}½M
	B	Trade receivables	6	3,00,000	}½M
	C	Cash and cash equivalents		70,000	}½M
		Total		**19,87,500**	

Notes to accounts

		Rs.	
1	**Share Capital**		
	Equity share capital		
	1,40,000 Equity Shares of Rs. 10 each fully paid(Out of above 40,000 Equity Shares were issued in consideration other than for cash)	14,00,000	
	Preference share capital		
	2,100 9% Preference Shares of Rs. 100 each (Out of above 1,100 Preference Shares were issued in consideration other than for cash)	2,10,000	
	Total	**16,10,000**	**}½M**
2	**Reserves and Surplus**		
	Securities Premium	20,000	
	General Reserve	70,000	
	Total	**90,000**	**}½M**
3	**Long-term provisions**		
	Gratuity fund	70,000	
	Total	**70,000**	**}½M**
4	**Short term Provisions**		
	Provision for Doubtful Debts	7,500	
	Total	**7,500**	**}½M**
5	**Tangible assets**		
	Buildings	4,50,000	
	Machinery	6,60,000	
	Total	**11,10,000**	**}½M**
6	**Intangible assets**		
	Goodwill	1,00,000	
	Total	**1,00,000**	**}½M**
7	**Trade receivables**	3,00,000	

Working Notes:

Purchase Consideration:	**Rs.**
Goodwill	50,000
Building	1,50,000
Machinery	1,60,000
Inventory	1,57,500
Trade receivables	92,500
Cash at Bank	20,000
	6,30,000
Less: Liabilities:	
Retirement Gratuity	(20,000)
Trade payables	(80,000)
Net Assets/ Purchase Consideration	5,30,000
To be satisfied as under:	
10% Preference Shareholders of Vayu Ltd.	1,00,000
Add: 10% Premium	10,000
1,100 9% Preference Shares of Hari Ltd.	1,10,000
Equity Shareholders of Vayu Ltd. to be satisfied by issue of 40,000	
Equity Shares of Hari Ltd. at 5% Premium	4,20,000
Total	5,30,000

2M

Answer: 4

(a)

Date	Particulars		Rs.	Rs.	
31.3.20X2	Employees compensation expense A/c	Dr.	14,25,000		
	To ESOS outstanding A/c			14,25,000	
	(Being compensation expense recognized in respect of the ESOP i.e. 100 options each granted to 1,000 employees at a discount of Rs. 30 each, amortised on straight line basis over vesting years (Refer W.N.)				¾M
	Profit and Loss A/c	Dr.	14,25,000		
	To Employees compensation expenses A/c			14,25,000	¾M
	(Being expenses transferred to profit and Loss A/c)				
31.3.20X3	Employees compensation expenses A/c	Dr.	3,95,000		
	To ESOS outstanding A/c			3,95,000	¾M
	(Being compensation expense recognized in respect of the ESOP- Refer W.N.)				
	Profit and Loss A/c	Dr.	3,95,000		
	To Employees compensation expenses A/c			3,95,000	¾M
	(Being expenses transferred to profit and Loss A/c)				
31.3.20X4	Employees compensation Expenses A/c	Dr.	8,05,000		
	To ESOS outstanding A/c			8,05,000	¾M
	(Being compensation expense recognized in respect of the ESOP- Refer W.N.)				
	Profit and Loss A/c		8,05,000		
	To Employees compensation expenses A/c			8,05,000	¾M
	(Being expenses transferred to profit and Loss A/c)				
20X4-X5	Bank A/c (85,000 × Rs. 20)	Dr.	17,00,000		
	ESOS outstanding A/c [(26,25,000/87,500) x 85,000]	Dr.	25,50,000		
	To Equity share capital (85,000 x Rs. 10)			8,50,000	¾M
	To Securities premium A/c (85,000 x Rs. 40)			34,00,000	
	(Being 85,000 options exercised at an exercise price of Rs. 50 each)				
31.3.20X5	ESOS outstanding A/c	Dr.	75,000		
	To General Reserve A/c			75,000	
	(Being ESOS outstanding A/c on lapse of 2,500 options at the end of exercise of option period transferred to General Reserve A/c)				¾M

Working Note:

Statement showing compensation expense to be recognized at the end of:

Particulars	Year 1 (31.3.20X2)	Year 2 (31.3.20X3)	Year 3 (31.3.20X4)	
Number of options expected to vest	95,000 options	91,000 options	87,500 options	
Total compensation expense accrued (50-20)	Rs. 28,50,000	Rs. 27,30,000	Rs. 26,25,000	1M
Compensation expense of the year	28,50,000 x 1/2 = Rs. 14,25,000	27,30,000 x 2/3 = Rs. 18,20,000	Rs. 26,25,000	1M
Compensation expense recognized previously	Nil	Rs. 14,25,000	Rs. 18,20,000	1M
Compensation expenses to be recognized for the year	Rs. 14,25,000	Rs. 3,95,000	Rs. 8,05,000	1M

Answer:

(b)

In the books of Rebuilt Ltd.

Journal Entries

	Particulars		Debit (Rs.)	Credit (Rs.)	
1.	Equity share capital A/c (Rs. 50)	Dr.	7,50,000		
	To Equity share capital A/c (Rs. 2.50)			37,500	
	To Capital reduction A/c			7,12,500	{1 M}
	(Being equity capital reduced to nominal value of Rs. 2.50 each)				
2.	Bank A/c	Dr.	1,12,500		
	To Equity share capital			1,12,500	{1 M}
	(Being 3 right shares against each share was issued and subscribed)				
3.	7% Preference share capital A/c (Rs. 50)	Dr.	6,00,000		
	Capital reduction A/c	Dr.	60,000		
	To 5% Preference share capital (Rs. 10)			4,80,000	
	To equity share capital (Rs. 50)			1,80,000	{2 M}
	(Being 7% preference shares of Rs. 50 each converted to 5% preference shares of Rs. 10 each and also given to them 6 equity shares for every share held)				
4.	Loan A/c	Dr.	1,50,000		
	To 5% Preference share capital A/c			1,20,000	
	To Equity share capital A/c			30,000	{1 M}
	(Being loan to the extent of Rs. 1,50,000 converted into share capital)				
5.	Bank A/c	Dr.	1,00,000		
	To Equity share application money A/c			1,00,000	{1 M}
	(Being shares subscribed by the directors)				
6.	Equity share application money A/c	Dr.	1,00,000		
	To Equity share capital A/c			1,00,000	{1 M}
	(Being application money transferred to capital A/c)				
7.	Loan A/c	Dr.	2,00,000		
	To Bank A/c			2,00,000	{1 M}
	(Being loan repaid)				

8.	Capital reduction A/c	Dr.	6,52,500	
	To Profit and loss A/c			4,51,000
	To Plant A/c			35,000
	To Trademarks and Goodwill A/c (Bal.fig.)			1,66,500
	(Being losses and assets written off to the extent required)			

{2 M}

Answer 5:

(a) **KLM Bank Limited**

Profit and Loss Account for the year ended 31st March, 20X2

		Schedule	Year ended 31.03.20X2	
			Rs.	
I.	Income:			
	Interest earned	13	37,95,160	}¾M
	Other income	14	4,87,800	}¾M
	Total		42,82,960	
II.	Expenditure			
	Interest expended	15	22,95,360	}¾M
	Operating expenses	16	5,70,340	}¾M
	Provisions and contingencies			
	(4,50,000+2,00,000+2,00,000)		8,50,000	}¾M
	Total		37,15,700	
III.	Profits/Losses			
	Net profit for the year		5,67,260	}¾M
	Profit brought forward		Nil	}¾M
			5,67,260	
IV.	Appropriations			
	Transfer to statutory reserve (25% of 5,67,260)		1,41,815	}¾M
	Proposed dividend		50,000	}¾M
	Balance carried over to balance sheet		3,75,445	}¾M
			5,67,260	

Profit & Loss Account balance of Rs. 3,75,445 will appear under the head 'Reserves and Surplus' in Schedule 2 of the Balance Sheet.

		Year ended 31.3.20X2 (Rs.)	
	Schedule 13 – Interest Earned		
I.	Interest/discount on advances/bills (Refer W.N.)	37,95,160	}½M
		37,95,160	
	Schedule 14 – Other Income		
I.	Commission, exchange and brokerage	1,90,000	}½M
II.	Profit on sale of investment	2,25,800	}½M
III.	Rent received	72,000	}½M
		4,87,800	
	Schedule 15 – Interest Expended		
I.	Interests paid on deposits	22,95,360	}½M
		22,95,360	
	Schedule 16 – Operating Expenses		
I.	Payment to and provisions for employees (salaries & allowances)	2,50,000	}½M
II.	Rent, taxes paid	1,00,000	}½M
III.	Depreciation on assets	40,000	}½M

IV.	Director's fee, allowances and expenses	35,000	}½M
V.	Auditor's fee	12,000	}½M
VI.	Statutory (law) expenses	38,000	}½M
VII.	Postage and telegrams	65,340	}½M
VIII.	Preliminary expenses*	30,000	}½M
		5,70,340	

Working Note:

	Rs.
Interest and discount received	38,00,160
Add: Rebate on bills discounted on 31.3. 20X1	15,000
Less: Rebate on bills discounted on 31.3. 20X2	(20,000)
	37,95,160

4 items = ¼M

Answer:

(b) Statement showing computation of 'Net Owned Fund'

		Rs. in 000	
Paid up Equity Capital		100	}½M
Free Reserves		500	}½M
		600	
Less: Deferred expenditure		(200)	}½M
	A	400	}½M
Investments			
In shares of subsidiaries and group companies		100	}½M
In debentures of subsidiaries and group companies		100	}½M
	B	200	}½M
10% of A		40	}½M
Excess of Investment over 10% of A (200-40)	C	160	}½M
Net Owned Fund [(A) - (C)] (400-160)		240	}½M

Answer: 6

(a) Section 326 of the Companies Act, 2013 is talks about the overriding preferential payments to be made from the amount realized from the assets to be distributed to various kind of creditors. According to the proviso given in the section 326 the security of every secured creditor should be deemed to be subject to a paripassu change in favor of the workman to the extent of their portion. **1M**

$$\text{Workman's Share to Secured Asset} = \frac{\text{Amount Realied * Workman's Dues}}{\text{Workman's Dues} + \text{Secured Loan}}$$ **1M**

$$\text{Workman's Share to Secured Asset} = \frac{4{,}00{,}00{,}000 * 1{,}25{,}00{,}000}{1{,}25{,}00{,}000 + 5{,}00{,}00{,}000}$$

$$4{,}00{,}00{,}000 * \frac{1}{5}$$

$$\text{Workman's Share to Secured Assets} = 80{,}00{,}000$$ **1M**

{Amount available to secured creditor is Rs.400 Lakhs–80 Lakhs = 320 Lakhs**}1M**

{Hence, no amount is available for payment of government dues and unsecured creditors. **}1M**

Answer:

(b) Computation of Basic Earnings per share-

		Year 2015-16 (Rs.)	Year 2016-17 (Rs.)
(i)	EPS for the year 2015-16 as originally reported = Net profit for the year attributable to equity share holder / weighted average number of equity shares outstanding during the year Rs. 35,00,000 / 15,00,000 shares	2.33 {1 M}	
(ii)	EPS for the year 2015-16 restated for the right issue Rs. 35,00,000 / 15,00,000 shares x 1.08	2.16 {1 M}	
(iii)	EPS for the year 2016-17 (including effect of right issue) Rs. 45,00,000 / [15,00,000 x 1.08x4/12)+ (20,00,000 x 8/12)]		2.40 {1 M}

Working Notes:

1. Computation of theoretical ex-rights fair value per share =

$$\frac{\text{Fair value of all outstanding shares immediately prior to exercise of rights+total amount received from exercise}}{\text{Number of shares outstanding prior to exercise + number of shares issued in the exercise}}$$ **{1/2 M}**

[(Rs. 35 x 15,00,000) + (Rs. 25 x 5,00,000)] / (15,00,000 + 5,00,000) = Rs. 32.5 **{1/2 M}**

2. Computation of adjustment factor

$$\frac{\text{Fair value per share prior to exercise of rights}}{\text{Theoretical ex-rights value per share}}$$ **{1/2 M}**

= Rs. 35 / 32.50 = 1.08 (approx.) **{1/2 M}**

Answer:

(c) **Analysis :-**

(i) P Ltd. is a majority shareholder [60%] in Q Ltd. Thus, P Ltd has control over Q Ltd.

(ii) Q. Ltd holds 20% shares in R Ltd. So Q Ltd has significant influence over R Ltd.

(iii) P Ltd & Q Ltd. together hold (14% + 20%) = 34% of the shares in R Ltd. So, P Ltd. has significant influence over R Ltd. **2½M**

Signification influence

When an investing Party holds; directly or indirectly through intermediaries, 20% or more of the voting power, it is presumed that there is a significant influence, unless otherwise proved, P Ltd., Q Ltd. and R Ltd. are related parties.

Hence the disclosure requirement of AS-18 are applicable in the above case. **2½M**

Answer :

(d) According to AS 18 on 'Related Party Disclosures', parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Hence, Mr. Raj, a relative of key management personnel should be identified as relative as at the closing date i.e. on 31.3.2017. **{5 M}**

Answer:

(e) **Calculation of ESOP cost to be amortized**

	2015-2016	**2016-2017**
Fair value of options per share	Rs. 18 **{1/4 M}**	Rs. 18 **{1/4 M}**
No. of options expected to vest under the scheme	93,000 (930 x 100) **{3/4 M}**	88,000 (880 x 100) **{3/4 M}**
Fair value of options	Rs. 16,74,000 **{3/4 M}**	Rs. 15,84,000 **{3/4 M}**
Value of options recognized as expenses	(Rs. 16,74,000 / 2) 8,37,000 **{3/4 M}**	(Rs.15,84,000 – Rs. 8,37,000) 7,47,000 **{3/4 M}**

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