



J.K. SHAH[®]
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CA INTERMEDIATE

SUBJECT- ACCOUNTS

Test Code – CIM 8473

BRANCH - () (Date :)

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ANSWER -1**ANSWER –A****Computation of Effective Capital**

	Rs.
Paid-up share capital-	
15,000, 14% Preference shares	15,00,000
1,20,000 Equity shares	96,00,000
Capital reserves (excluding revaluation reserve)	45,000
Securities premium	50,000
15% Debentures	<u>65,00,000</u>
(A)	<u>1,76,95,000</u>
Investments	75,00,000
Profit and Loss account (Dr. balance)	<u>15,25,000</u>
(B)	<u>90,25,000</u>
Effective capital	(A–B) <u>86,70,000</u>

(4 MARKS)**ANSWER – B****Calculation of net profit u/s 198 of the Companies Act, 2013**

	Rs.	Rs.
Balance from Trading A/c		40,25,365
Add : Subsidies received from Government		2,73,925
		42,99,290
Less : Administrative, selling and distribution expenses	8,22,542	
Director's fees	1,34,780	
Interest on debentures	31,240	
Depreciation on fixed assets as per Schedule II	5,75,345	(15,63,907)
Profit u/s 198		27,35,383

Maximum Managerial remuneration under Companies Act, 2013=11% of Rs. 27,35,383=
Rs.3,00,892

(4 MARKS)

ANSWER -2

In the Books of Jyotishikha Traders

Trading Account for the year ended 31.03.2019

	Particulars	Rs.		Particulars	Rs.
To	Opening Stock A/c (Bal. fig.)	1,65,000	By	Sales (W.N.1)	12,50,000
To	Purchases (W.N.2)	9,00,000	By	Closing Stock	65,000
To	Gross profit (12,50,000x25/125)	<u>2,50,000</u>			
		<u>13,15,000</u>			<u>13,15,000</u>

Profit and Loss Account for the year ended 31.03.2019

	Particulars	Rs.		Particulars	Rs.
To	Discount		By	Gross profit	2,50,000
To	Salaries Expenses	32,000	By	Discount	4,500
To	Office expenses (W.N.3)	37,000			
To	Selling expenses	<u>15,000</u>			
To	Interest on loan (12% on Rs.1,60,000)	19,200			
To	Bad debts (2% of Rs.2,25,000)	4,500			
To	Loss on sale of Machinery	15,000			
To	Depreciation:				
	Land & Building	25,000			
	Plant & Machinery (W.N 4b)	23,750			
	Office Equipment (W.N. 5)	<u>12,750</u>			
To	Net profit after tax	<u>64,800</u>			
		<u>2,54,500</u>			<u>2,54,500</u>

(5 MARKS)**Balance sheet as on 31.3.2019**

<i>Liabilities</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Capital (W.N. 6)	8,95,500		Land and Building (5,00,000-25,000)	4,75,000
<i>Add:</i> Net Profit	<u>64,800</u>	9,60,300	Plant and Machinery (W.N.4a) (3,30,000-21,750)	3,08,250
Creditors for Purchases		1,05,500	Office Equipment (85,000-12,750)	72,250
(W.N. 8) Outstanding expenses		15,000	Debtors less Bad debts (W.N. 7)	2,20,500
Loan from SBI		1,00,000	Stock	65,000
			Bank Balance (W.N. 9)	39,800
		<u>11,80,800</u>		<u>11,80,800</u>

Working Notes:**1. Calculation of Total Sales**

	Rs.
Cash Sales	2,50,000
Credit Sales (80% of total sales)	
Cash Sales (20% of total sales)	
Thus total Sales (250000 x 100/20)	12,50,000
Credit Sales (1250000 x 80/100)	10,00,000

2. Calculation of Total Purchases

	Rs.
Credit Purchases	5,40,000
Cash Purchases (40% of total purchases)	
Credit Purchases (60% of total purchases)	
Thus total Purchases (5,40,000 x 100/60)	9,00,000
Cash Purchases 9,00,000 x 40/100)	3,60,000

3. Office Expenses Account

	Rs.		Rs.
To Bank A/c	42,000	By Balance b/d	20,000
To Balance c/d	15,000	By Profit & loss A/c	37,000
	<u>57,000</u>		<u>57,000</u>

4 (a). Plant and Machinery Account

	Rs.		Rs.
To Opening balance	2,20,000	By Sale	40,000
To Purchases	1,50,000	By Closing Balance	3,30,000
	<u>3,70,000</u>		<u>3,70,000</u>

(b) Depreciation calculations on Plant & Machinery

	Rs.
Depreciation on 1,80,000 x 10% (for full year)	18,000
1,50,000 x 10% x 3/12 (for 3 months)	3,750
40,000 x 10% x 6/12 (for 6 months)	<u>2,000</u>
	<u>23,750</u>

(c) Sale of Machinery Account

	Amount (Rs.)		Amount (Rs.)
To Plant & Machinery	40,000	By Depreciation	2,000
		By Profit and Loss A/c	15,000
		By Bank	<u>23,000</u>
	<u>40,000</u>		<u>40,000</u>

5. Depreciation calculations on Office Equipments

	Rs.
Opening Balance	1,05,000
Less: Closing Balance	<u>85,000</u>
Sale of Office Equipment	<u>20,000</u>
Balance of Office Equipment after sale	<u>85,000</u>
Depreciation @15%	<u>12,750</u>

6. Opening Balance Sheet as on 31.03.2018

	Rs.		Rs.
Creditors	95,000	Land & Building	5,00,000
Creditor for Exp.	20,000	Plant & Machinery	2,20,000
Loan	1,60,000	Office Equipment	1,05,000
Capital (Bal. fig.)	8,95,500	Debtors	1,55,500
		Stock	1,65,000
		Bank	25,000
	<u>11,70,500</u>		<u>11,70,500</u>

7. Sundry Debtors A/c

	Rs.		Rs.
To Balance b/d	1,55,500	By Bank	9,25,000
To Sales	10,00,000	By Discount	5,500
		By Bad debts	4,500
		By Bal. c/d	2,20,500
	<u>11,55,500</u>		<u>11,55,500</u>

8. Sundry Creditors A/c

	Rs.		Rs.
To Bank	5,25,000	By Balance b/d	95,000
To Discount	4,500	By Purchases	5,40,000
To Balance c/d	1,05,500		
	<u>6,35,000</u>		<u>6,35,000</u>

9. Bank Account

		Rs.			Rs.
To	Balance b/d	25,000	By	Creditors	5,25,000
To	Debtors	9,25,000	By	Office Expenses	42,000
To	Cash Sales	2,50,000	By	Salary Expense	32,000
To	Sale of Machinery (W.N. 4c)	23,000	By	Selling Expenses	15,000
To	Sale of equipment	20,000	By	Purchases (cash)	3,60,000
			By	Purchase of Machinery	1,50,000
			By	Bank Loan & Interest	79,200
			By	Balance c/d	39,800
		<u>12,43,000</u>			<u>12,43,000</u>

ANSWER -3

M/s ABC & Co.

Bangalore Branch Trial Balance in (US \$)

as on 31st March, 2018

	Conversion rate per US \$ (Rs.)	Dr. US \$	Cr. US \$
Stock on 1.4.17	55	5,454.55	-
Purchases and sales	58	13,793.10	20,689.66
Sundry debtors and Creditors	60	6,666.67	5,000.00
Bills of exchange	60	2,000.00	4,000.00
Wages and Salaries	58	9,655.17	-
Rent, rates and taxes	58	6,206.90	-
Sundry Charges	58	2,758.62	-
Computers	-	6,000.00	-
Bank Balance	60	7,000.00	-
New York office A/c.	-	-	29,845.35
		59,535.01	59,535.01

(5 MARKS)

Trading and Profit & Loss Account

For the year ended 31st March, 2018

	US \$		US \$
To opening stock	5,454.55	By Sales	20,689.66
To Purchases	13,793.10	By Closing stock	7,000.00
To Wages and Salaries	9,655.17	(Rs. 4,20,000/60)	
		To Gross Loss c/d	1,213.16
	28,902.82		28,902.82
To Gross Loss b/d	1,213.16	By Net Loss	13,778.68
To Rent, rates and taxes	6,206.90		
To Sundry charges	2,758.62		
To Depreciation on computers (US \$ 6,000 × 0.6)	3,600.00		
	13,778.68		13,778.68

(3 MARKS)

Balance Sheet of Bangalore Branch

As on 31st March, 2018

Liabilities	US \$	Assets	US \$	US \$
New York Office A/c.	29,845.35	Computers	6,000.00	
Less : Net Loss	(13,778.68)	Less : Depreciation	(3,600.00)	2,400.00
Sundry Creditors	5,000.00	Closing stock		7,000.00
Bills Payable	4,000.00	Sundry debtors		6,666.67

		Bills receivable	2,000.00
		Bank balance	7,000.00
	25,066.67		25,066.67

(2 MARKS)

ANSWER - 4

Statement of profit and Loss of Shweta Ltd. for the year ended 31st March, 2018

	Particulars	Note	Rs.
I	Revenue from Operations		20,11,050
II	Other income (Divided income)		12,750
III	Total Revenue (I & II)		20,23,800
IV	Expenses :		
	(a) Purchases (14,71,500 – Advertisement Expenses 15,000)		14,56,500
	(b) Changes in Inventories of finished Goods /Work in progress (4,35,600 – 4,27,500)		8,100
	(c) Employee Benefits expense	9	1,20,000
	(d) Finance costs	10	51,900
	(e) Depreciation & Amortization Expenses [10% of (1,05,000 + 6,000)]		11,100
	(f) Other Expenses	11	3,47,550
	Total Expenses		19,95,150
V	Profit before exceptional, extraordinary items and tax (III – IV)		28,650
VI	Exceptional items		-
VII	Profit before extra ordinary items and tax (V – IV)		28,650
VIII	Extraordinary items		-
IX	Profit before tax (VII – VIII)		28,650
X	Tax expense :		
	Current Tax		12,000
XI	Profit / Loss for the period (after tax)		16,650

(5 MARKS)

Balance sheet of Shweta Ltd. as on 31st March, 2018

	Particulars as on 31 st March	Note	
I			
(1)	Shareholders' funds :		
	(a) Share Capital	1	12,00,000
	(b) Reserves and surplus	2	66,150
(2)	Non current liabilities :		
	Long term borrowings	3	4,50,000
(3)	Current Liabilities :		

	(a) Short term borrowings	4	4,50,000
	(b) Trade payables		2,63,550
	(c) Other current liabilities	5	29,250
	Total		24,58,950
II	ASSETS		
(1)	Non – current Assets		
	(a) Property, Plant & Equipment		
	(i) Tangible assets	6	11,49,900
	(ii) Intangible assets	7	4,05,000
	(b) Non current investments (Shares at cost)		1,50,000
	Current Assets :		
	(a) Inventories		4,27,500
	(b) Trade receivables	8	2,72,550
	(c) Cash and Cash equivalents – Cash on hand		36,000
	(d) Short term loans and advances – Income tax *		
	(paid 30,000 – Provision 12,000)		18,000
	Total		24,58,950

Note : There is a Contingent liability for Bills receivable discounted with Bank Rs. 6,000.

*** Alternatively Provision for tax can be shown as short term provision on the liability side.**

(6 MARKS)

Notes to accounts

			(Rs.)
1.	Share Capital		
	Authorized		
	90,000 Equity shares of Rs. 10 each	9,00,000	
	6,000 6% Preference shares of Rs. 100 each	6,00,000	15,00,000
	Issued, subscribed & called up		
	60,000, Equity Shares of Rs. 10 each	6,00,000	
	6,000 6% Redeemable Preference shares of 100 each	6,00,000	12,00,000
2.	Reserves and Surplus		
	Balance as on 1 st April, 2017	85,500	
	Add: surplus for current year	16,650	1,02,150
	Less : Preference Dividend		36,000
	Balance as on 31 st March, 2018		66,150
3.	Long Term Borrowings		
	5% Mortgage Debentures (Secured against Freehold Properties)		4,50,000
4.	Short Term Borrowings		
	Secured Borrowings : Loans Repayable on Demand Overdraft from Banks (Secured by Hypothecation of Stocks & Receivables)		4,50,000

5.	Other Current liabilities		
	Interest Accrued and due on Borrowings (5% Debentures)	11,250	
	Unpaid Preference Dividends	18,000	29,250
6.	Tangible Fixed assets		
	Furniture		
	Furniture at Cost Less depreciation Rs. 45,000 (as given in Trial Balance)	1,05,000	
	Add : Depreciation	45,000	
	Cost of Furniture	1,50,000	
	Add: Installation charge of Electrical Fittings wrongly included under the heading Salaries and Wages	6,000	
	Total Gross block of Furniture A/c.	1,56,000	
	Accumulated Depreciation Account : Opening Balance – given in Trial Balance	45,000	
	Depreciation for the year : On Opening WDV at 10% i.e. (10% × 1,05,000)	10,500	
	On additional purchase during the year at 10% i.e. (10% × 6,000)	600	
	Less : Accumulated Depreciation	56,100	99,900
	Freehold property (at cost)		10,50,000
			11,49,900
7.	Intangible Fixed Assets		
	Technical Knowhow	4,50,00	
	Less : Written off	45,000	4,05,000
8.	Trade Receivables		
	Sundry Debtors (a) Debt outstanding for more than six months	18,000	
	(b) Other Debts(refer Working Note)	1,34,550	
	Bills receivable (1,24,500 – 4,500)	1,20,000	2,72,550
9.	Employee benefit expenses		
	Amount as per Trial Balance	1,56,000	
	Less : Wages incurred for installation of electrical fittings to be capitalised	6,000	
	Less : Directors' Remuneration shown separately	30,000	1,20,000
	Balance Amount		
10.	Finance Costs		
	Interest on bank overdraft	29,400	
	Interest on debentures	22,500	51,900
11.	Other Expenses		
	Payment to the auditors	18,000	
	Director's remuneration	30,000	

	Selling expenses		2,37,300	
	Technical knowhow written of (4,50,000/10)		45,000	
	Advertisement (Goods and Articles Distributed)		15,000	
	Bad Debts (4,500 × 50%)		2,250	3,47,550

NOTE : Presentation for Schedule 6 might differ, but final answer of Schedule 6 need to be consider

Working Note

Calculation of Sundry Debtors – Other Debts	1,50,300
Sundry Debtors as given in Trial Balance	4,500
Add Back : Bills Receivables Dishonoured	<u>1,54,800</u>
Less : Bad Debts written off – 50% Rs. 4,500	(2,250)
Adjusted Sundry Debtors	<u>1,52,550</u>
Less : Debts due for more than 6 months (as per information given)	(18,000)
Total of other Debtors i.e. Debtors outstanding for less than 6 months	<u>1,34,550</u>

(6 MARKS)