



J.K. SHAH[®]
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CA INTERMEDIATE

SUBJECT- ACCOUNTS

Test Code – CIM 8512

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 - B

Omega Limited
Balance Sheet as at 31st March, 20X2

Particulars	Note No.	(Rs.in 000)
Equity and Liabilities		
1. Shareholders' funds		
a Share capital	1	300
b Reserves and Surplus	2	500
2. Non-Current liabilities		
a Long term borrowings	3	200
3. Current liabilities		
a Trade Payables		52
b Other Current Liability	4	30
Total		1082
Assets		
1. Non-current assets		
a Fixed assets		
Tangible assets	5	880
2. Current assets		
a Inventories		86
b Trade receivables		96
c Cash and bank balances		20
Total		1082

Omega Limited
Statement of Profit and Loss for the year ended 31st March, 20X2

Particulars	Notes	(Rs. in 000)
I. Revenue from operations		700
II. Other Income	6	<u>2</u>
III Total Revenue		<u>702</u>
IV Expenses:		
Purchases		320
Finance costs	7	20
Depreciation (10% of 760*)		76
Other expenses	8	<u>120</u>
Total Expenses		<u>536</u>
V. Profit (Loss) for the period (III – IV)		166

* 770 (Plant and machinery at cost) – 10 (Cost of plant and machinery sold)

Notes to accounts

		(Rs. in 000)	
1.	Share Capital		
	Equity share capital		
	Authorized		
	40,000 shares of Rs. 10 each		400
	Issued & subscribed & called up		
	30,000 shares of Rs. 10 each		<u>300</u>
	Total		<u>300</u>
2.	Reserves and Surplus		
	Securities Premium Account		40
	Revaluation reserve (360 – 220)		140
	General reserve		130
	Profit & loss Balance		
	Opening balance	72	
	Profit for the period	<u>166</u>	238
	Less: Appropriations		
	Interim Dividend		(18)
	Final Dividend (300x10%)		<u>(30)</u>
			<u>190</u>
			<u>500</u>
3.	Long term borrowing		
	10% Debentures		200
4.	Other Current Liability		
	Dividend		30
5.	Tangible assets		
	Land		
	Opening balance	220	
	Add: Revaluation adjustment	<u>140</u>	
	Closing balance		360
	Plant and Machinery		
	Opening balance	770	
	Less: Disposed off	<u>(10)</u>	
			760
	Less: Depreciation (172-8+76)	<u>(240)</u>	
	Closing balance		<u>520</u>
	Total		880
6.	Other Income		
	Profit on sale of machinery:		
	Sale value of machinery	4	
	Less: Book value of machinery (10-8)	(2)	2
7.	Finance costs		

	Debenture interest		20
8.	Other expenses:		
	Factory expenses	60	
	Selling expenses	30	
	Administrative expenses	<u>30</u>	120

(7 MARKS)

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
	<u>28,902.82</u>		<u>28,902.82</u>
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)	16,066.67	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 31st 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 off (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)