

ISBN - 978-93-5586-381-2

Scanner Appendix

CA Inter Group- I
(Solution of May - 2023)

Paper - 1 : Accounting

Chapter - 2 : Framework for Preparation and Presentation of Financial Statements

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Capital Maintenance

2023 - May [6] (d)

(i) **Historical Cost:**

Opening Equity = ₹ 15,00,000 (1500 units @ ₹ 1,000)

Closing Equity = ₹ 22,50,000

Trader can withdraw ₹ 7,50,000 and keep the capital intact.

(ii) **Current Purchase Power:**

Opening Index = 100; Closing Index = 125

Opening Equity = ₹ 15,00,000

Opening cap as closing price = $\frac{15,00,000}{100} \times 125 = ₹ 18,75,000$

Closing Capital = ₹ 22,50,000

Mile can withdraw = ₹ 22,50,000 - 18,75,000 = ₹ 3,75,000

(iii) **Physical Capital Maintenance:**

Current cost of opening stock = $\frac{15,00,000}{100} \times 135 = 20,25,000$

Closing capital at current cost = 22,50,000

Amount that can be withdrawn = 2,25,000

Chapter - 3 : Overview of Accounting Standards

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AS -1 Disclosure of Accounting Policies**2023 - May [6] (a)**

1. As per AS-2 Compliance of AS-2 is mandatory and disclosure of non-compliance of AS-2 is not a remedy, Management has to comply with AS-2 so that financial statements given true & fair view.
2. As per AS-4 and AS-1 Management should show the sale in books and should not record the amount received as advance. The correct disclosure should be given in the notes to the accounts of financial statement.
3. As per AS-1 all organization should follow the Fundamental Accounting Assumption. If accrual basis of accounting is not followed then full disclosure with reasons should be specified in the notes to the account. So Dee Ltd. should disclose full info as per AS-1.
4. As per AS-1 all Significant Accounting policies should be disclosed in the notes to the account. So Jee Ltd. is not correct in disclosing information in the Directors Report.

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AS - 10 Property, Plant and Equipment**2023 - May [1] {C} (a)**(i) **Calculation of Depreciation to be charged to P & L:**

Book value of Machinery on 1 - 4 - 22 = 56,30,000

(a) Depreciation on Machinery disposed	₹ 24,000
$\frac{96,000}{4}$	
(b) Depreciation on balance	₹ 4,67,000
$[56,30,000 - 9,60,000] \times \frac{10}{100}$	

(c) Depreciation on new Machinery $15,65,000 \times \frac{10}{100} \times \frac{9}{12}$	₹ 1,17,375
(d) Depreciation on Machinery purchased $21,12,000 \times \frac{10}{100} \times \frac{10}{12}$	₹ 1,76,000
Total Depreciation to be charged	₹ 7,84,375

(ii) **Book value of P & M as on 31-3-23:**

(a) Book value of opening balance	56,30,000
(-) BV of Machinery sold	(9,60,000)
	46,70,000
(+) Cost of Machinery purchased in exchange	15,65,000
(+) Cost of Machinery included in goods	21,12,000
	83,47,000
(-) Depreciation on above [4,67,000 + 1,17,375 + 1,76,000]	(7,60,375)
Book Value	(75,86,625)

(iii) **Calculation on P & L on Exchange of Machinery:**

Book value of Machinery disposed on 1-4-22	9,60,000
(-) Depreciation upto 30-6-22 for 3 months (9,60,000 × 3/12 × 10/100)	(24,000)
Book value of Machinery on due date	9,36,000
(-) Exchange value	(8,25,000)
Loss on exchange of Machinery	(1,11,000)

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AS - 11 The Effects of Changes in Foreign Exchange Rates**2023 - May [1] {C} (b)****(i) If payment is made immediately with Cash Discount @ 1%:**

Value of goods imported (50,000 × 97)	48,50,000
(-) 1% cash discount	(48,500)
Net purchase price	48,01,500
(+) Int. for 6 months @ 15% p.a.	3,60,113
$\left[48,01,500 \times \frac{6}{12} \times \frac{15}{100} \right]$	
Total	51,61,613

(ii) If payment after 6 months with int. @ 5% p.a.:

Value in pound	£ 50,000
(+) 5% p.a. Int. $50,000 \times 5\% \times \frac{6}{12}$	1,250
Total Amount payable	£ 51,250

Amount in rupee (51,250 × 99) ₹ 50,73,750

Option (ii) is better as ₹ 50,73,750 in outflow as compared to ₹ 51,61,613 in option (i).

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AS - 12 Accounting for Government Grants**2023 - May [1] {C} (c)****(i) If Grant Amount is deducted from the value of plant:**

Purchase price	60,00,000
(-) Salvage value	(10,00,000)
(-) Current Amount	(20,00,000)

Depreciable Amount	30,00,000
Useful life	10 years
Per year Depreciation	₹ 3,00,000

(ii) **If Grant Amount treated as deferred income:**

Purchase price	60,00,000
(-) Salvage value	(10,00,000)
Depreciable Amount	50,00,000
Useful life	10 years
Per year Depreciation	₹ 5,00,000

(iii) **If Grant Amt. in refunded at year end 31-3-23 to the extent of ₹ 4 lakhs:**

Purchase price on 1-4-21	60,00,000
(-) Salvage value	(10,00,000)
(-) Govt. grant received	(20,00,000)
Depreciable Amount	30,00,000
(-) Dep ⁿ for year ended 31-3-22	(3,00,000)
Book value on 1-4-22	27,00,000
(+) Amount of grant to be refunded	4,00,000
	31,00,000
Balance life of 9 years	9
Depreciable Amount	₹ 3,44,444

(iv) **If the grant is treated as the promoter's contribution:**

Purchase price on 1-4-21	₹ 60,00,000
(-) Salvage value	(10,00,000)
Balance	50,00,000

Useful life	10
Depreciation	₹ 5,00,000 p.a.

The whole amount of grant treated as promoter's contribution will be credited to capital reserve for ₹ 20,00,000.

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AS - 16 Borrowing Costs

2023 - May [1] {C} (d)

Interest to be Capitalized (on qualifying asset):

	Particulars	Computation	₹
(i)	On specific Borrowings	25,00,000×12%	3,00,000
(ii)	On non-specific borrowings	(W.N.1)	6,67,500
(iii)	Amount of interest to be Capitalised	(i) + (ii)	9,67,500

Interest transferred to P&L (on non-qualifying asset)

	Particulars	Computation	₹
(i)	On non-specific Borrowings	(W.N.1)	82,500

Working note:**1. Treatment of interest under AS 16 on non-specific borrowings:**

	Particulars	Qualifying asset	# Computation	Interest-Capitalized	Interest-charged to P&L A/c
(i)	Building	Yes	45,00,000/2,00,00,000 × 63,00,000 × 11.9048%	1,68,750	-
(ii)	Furniture	No	22,00,000/2,00,00,000 × 63,00,000 × 11.9048%	-	82,500

(iii)	Plant & Machinery	Yes	90,00,000/2,00,00,000 × 63,00,000 × 11.9048%	3,37,500	-
(iv)	Factory shed	Yes	43,00,000/2,00,00,000 × 63,00,000 × 11.9048%	1,61,250	-
	Total			6,67,500	82,500

Total Amt. invested in furniture purchase in from the internal resources of the company.

Chapter - 4A : Financial Statements of Companies: Preparation of Financial Statements

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Final Accounts

2023 - May [4] (a)

Books of Traverse Ltd. Statement of P & L A/c

I.	Revenue from Operations		47,22,600
II.	Other Income	1	1,61,465
III	Total Income		48,84,065
IV	Expenses:		
	Cost of Material Consumed [4,97,250 + 28,86,000 - 4,76,850]		29,07,000
	Employee benefit Expense	2	—
	Finance Cost	3	3,52,410
	Depreciation		3,57,765
	Other Expenses	4	6,65,040

V	Total Expenses	42,82,215
	PBT (III - V)	6,01,850
	Tax Expense [6,01,850 × 25%]	1,05,462
	PAT	4,51,388

Note:**1. Other Income:**

Transfer Fees	38,250
Discount Received	66,300
Int. an Investment	55,000
Profit on sale of Plant	1,915
[1,42,800 - (1,65,750 - 24,865)]	1,61,465

2. Employee Benefit Expense**3. Finance Cost:**

Debenture Interest	3,39,150
Bank Interest	13,260
	3,52,410

4. Depreciation:

Depreciation	3,57,765
(37,43,400 - 1,65,750) × 10%	

5. Other Expenses:

Factory Exp.	2,58,060
Rates, Taxes of Insurance	65,025
Repairs	1,49,685
Sundry Expenses	1,27,500

Selling Expenses	26,520
Director Fees	38,250
	6,65,040

Working Notes:

1. Profit on revaluation of land is a capital profit and not shown in P & L.
2. Dividend in declared on 4-4-23 so not shown in P & L A/c.

Chapter - 4B : Cash Flow Statement**7****Cash Flow by Indirect Method****2023 - May [4] (b)****Cash Flow from Operating Activities:**

PBT	92,000
(+) Depreciation	7,200
(+) Int. on 8% Deb.	12,000
(+) Loss on sale of Vehicle	800
(+) Goodwill W/O	13,000
(-) Profit on sale of Land	(25,000)
(-) Profit on sale of L/T Investments	(8,000)
(-) Int. Income Received	(6,500)
Operating Profit before Working Capital	85,500
(+) Inc. in O/S Exp.	1,500
(+) Inc. in trade payable	4,000
(-) Dec. in bills payable	(2,000)
(-) Inc. in stock	(8,000)
(-) Inc. in bills receivable	(3,650)

Dec. in trade receivable	6,000
Operating profit before tax	83,350
Income tax paid (WN 4)	9,000
Net cash from Operating Activities	74,350

Working Note:

1. Dr.		Vehicle A/c		Cr.
To Bal. b/d	28,000	By Bank A/c	3,000	
		By Dep ⁿ A/c	2,200	
		By P&L A/c	800	
		By Bal. c/d	22,000	
	28,000			28,000

2. Dr.		Land A/c		Cr.
To Bal. b/d	6,00,000	By Bank A/c	1,25,000	
To P&L A/c	25,000	By Bal. c/d	5,75,000	
To Capital	75,000			
	7,00,000			7,00,000

3. Dr.		Furniture/Fixture A/c		Cr.
To Bal. b/d	44,000	By Dep ⁿ	5,000	
To Bank A/c	9,000	By Bal. c/d	48,000	
	53,000			53,000

4. Dr.		Provision for Taxation A/c		Cr.
To Bank A/c	9,000	By Bal. b/d	11,000	
To Bal. b/d	18,000	By P&L A/c	16,000	
	27,000			27,000

5. Calculation of PBT:

Inc. in P&L A/c	41,000
Inc. in General Reserve A/c	30,000
(+) CY. Provision for Tax	16,000
(+) Interim Dividend Paid	5,000
Profit before Tax	92,000

Chapter - 5 : Profit or Loss Pre and Post Incorporation**2*****Pre-Incorporation Profit & Losses: Preparation of Financial Statements*****2023 - May [5] (a)****(i) Calculation of Time Ratio:**

Pre period 1-4-22 to 31-7-22 4 months
 Post-period 1-8-22 to 31-3-23 8 months
 Time Ratio 4 : 8 or 1 : 2

(ii) Calculation of Sales Ratio:

Sales in Pre-Period

April - 8,40,000

May - 8,40,000

June - 8,40,000

July - 9,00,000

34,20,000

Sales in Post Period:

August to January 23 [6 × 9,00,000] = 54,00,000

February to March [2 × 15,75,000] = 31,50,000

85,50,000

Sales Ratio: 34,20,000 : 85,50,000 i.e. 1 : 2.5 or 2 : 5

Statement Ascertaining Pre-in Corporation & Post Incorporation Profits:

Particulars	Ratio	Pre Period	Post Period	Total
Gross Profit	342 : 855	15,80,000	39,50,000	55,30,000
Int. Received	Pre	60,000	—	60,000
Profit on Sale of Inv.	Pre	40,000	—	40,000
Bad Debts Recovered			17,000	17,000
(A)		16,80,000	39,67,000	56,47,000
Printing/Stationery	1 : 2	29,000	58,000	87,000
Sales Manager Salary	WN 2	17,000	64,000	81,000
Donation	Post	—	41,000	41,000
Rent	WN 3	50,000	85,000	1,35,000
Bad Debts [67,000 + 17,000]	342 : 855	24,000	60,000	84,000
Underwriting Commission	Post	—	56,000	56,000
Depreciation	1 : 2	23,400	46,800	70,200
Int. on Deb.	Post	—	8,900	8,900
Audit Fees	Post	—	15,000	15,000
Sundry Office Exp.	1 : 2	18,500	37,000	55,500
Int. on Loan	WN 4	50,000	12,500	62,500
(B)		2,11,900	4,84,200	6,96,100
Capital Reserve (A - B)		14,68,100		
Net Profit			34,82,800	

Working Note:**1. Calculation of GP:**

$$\begin{aligned} \text{GP} &= \text{Sales} - \text{COGS} \\ &= 1,19,70,000 - 64,40,000 \\ &= 55,30,000 \end{aligned}$$

2. Calculation of Sales Manager Salary:

$$\begin{aligned} \text{Salary} &= 81,000 \\ \text{Let Average salary in pre} &= 4x + 5,000 \\ \text{Let Average salary in post} &= 8x + 40,000 \\ \text{So, } 12x + 45,000 &= 81,000 \\ 12x &= 36,000 \\ x &= 3,000 \end{aligned}$$

$$\begin{aligned} \text{Salary in pre} &= 12,000 + 5,000 = 17,000 \\ \text{Salary in post} &= 24,000 + 40,000 = 64,000 \end{aligned}$$

3. $\frac{\text{Calculation of Rent}}{\text{Total Rent}} = 1,35,000$

$$\begin{aligned} \text{Let, Average rent per month be } x \\ \text{Average rent per month from June to August} &= x + 5,000 \\ \text{Rent in pre} &= 4x + 10,000 \\ \text{Rent in post} &= 8x + 5,000 \\ \text{So, } 12x + 15,000 &= 1,35,000 \\ 12x &= 1,20,000 \\ x &= 10,000 \end{aligned}$$

$$\begin{aligned} \text{Rent in pre} &= 40,000 + 10,000 = 50,000 \\ \text{Rent in post} &= 80,000 + 5,000 = 85,000 \end{aligned}$$

4. Calculation of Int. on Loan:

$$\begin{aligned} \text{Total Int. on loan for 5 months} \\ \text{Upto 1-9-22} &= 62,500 \\ \text{Pre} &= 62,500 \times \frac{4}{5} = 50,000 \\ \text{Post} &= 62,500 \times \frac{1}{5} = 12,500 \end{aligned}$$

Chapter - 6 : Accounting for Bonus Issue and Right Issue

1

Issue of Bonus Shares

2023 - May [6] (e)

Journal Entries in the Books of Storek Limited:

Sr. No.	Particulars	Debit ₹	Credit ₹
(i) (a)	General Reserve A/c	Dr. 4,00,000	
	To Bonus to Equity Shareholders A/c		4,00,000
	(Being transfer of ₹ 4,00,000 from General Reserve to make the partly paid-up shares fully paid up) (1,00,000 × 4)		
(b)	Equity Share Final Call A/c	Dr. 4,00,000	
	To Equity Share Capital A/c		4,00,000
	(Being final call due on 1,00,000 shares @ ₹ 4 per share)		
(c)	Bonus to Equity Shareholders A/c	Dr. 4,00,000	
	To Equity Share Final Call A/c		4,00,000
	(Being Bonus money applied for final call)		
(ii) (a)	Capital Redemption Reserve A/c	Dr. 80,000	
	Security Premium A/c (₹ 2,20,000 - ₹ 75,000)	Dr. 1,45,000	
	General Reserve A/c	Dr. 7,75,000	
	To Bonus To Equity Shareholder A/c		10,00,000

	(Being bonus issue) (4,00,000/ 6,00,000 × 15,00,000)			
(b)	Bonus to Equity Shareholder A/c To Equity Share Capital A/c (Being Bonus Shares issued to fully paid-up shareholders)	Dr.	10,00,000	10,00,000

Working Note:

Value of fully paid-up shares to partly paid-up shares = 15,00,000: 6,00,000
or 5:2.

Therefore, Bonus to be issued to fully paid up if ₹ 4,00,000 bonus issued to
partly paid up will be = ₹ 4,00,000 × 5 / 2 = ₹ 10,00,000.

Note:

1. Securities premium account and capital redemption reserve account may only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares. In other words, securities premium account and capital redemption reserve cannot be applied towards payment of unpaid amount on any shares held by existing shareholders.
2. Question is silent on Capital Reserve whether realized in cash or not. Hence, it is assumed that not realized in cash and therefore not available for free reserve in the above solution. If Capital Reserve is assumed to be realized in cash, then entry number (ii) (a) may be given as below:

Capital Redemption Reserve A/c	Dr.	80,000	
Capital Reserve A/c	Dr.	1,00,000	
Security Premium A/c (₹ 2,20,000- ₹ 75,000)	Dr.	1,45,000	
General Reserve A/c	Dr.	6,75,000	
To Bonus to Equity Shareholders A/c (Being bonus issue) (4,00,000/6,00,000 × 15,00,000)			10,00,000

Chapter - 8 : Redemption of Debentures

2

Methods of Redemption of Debentures

2023 - May [6] (c)

Date	Particulars	Dr.	Cr.
30-4-22	Deb. Redemption Reserve Inv. A/c Dr. To Bank A/c (Being 15% of the value of Deb. in invested)	11,25,000	11,25,000
31-3-23	9% Deb. Int. A/c Dr. To Bank A/c (Being Deb. Int. paid)	6,75,000	6,75,000
31-3-23	Bank A/c Dr. To DRR Inv. A/c To Int. A/c (Being DRR Investment Encased)	12,07,500	11,25,000 82,500
31-3-23	9% Debentures A/c Dr. Premium on Red ⁿ of Deb ⁿ A/c Dr. To Deb ⁿ Holders A/c (Being amount mode due to deb ⁿ holder)	75,00,000 3,75,000 78,75,000	
31-3-23	Deb ⁿ holders A/c Dr. To Bank A/c (Being amount paid)	78,75,000	78,75,000
31-3-23	Deb ⁿ Redemption Reserve A/c Dr. To General Reserve A/c (Being DRR Amount T/F to General Reserve)	7,50,000	7,50,000
31-3-23	P & L A/c Dr. To Prem on Redemption A/c To Int. on Deb ⁿ A/c (Being amount w/o)	10,50,000 6,75,000	3,75,000

Chapter - 9 : Investment Accounts

3	<i>Disposal of Investments</i>
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2023 - May [2] (b)

Books of Mr. Atwood

Dr.					Cr.				
Date	Particulars	No. of shares	Dividend	₹	Date	Particulars	No. of shares	Dividend	₹
1-4-22	To Bal b/d	3,000	—	3,30,000	2-10-22	By Bank A/c		30,000	15,000
1-7-22	To Bank A/c	1,500	—	1,38,600	1-1-23	By Bank A/c	1,000		1,75,000
5-10-22	To Bonus shares	1,800	—	—	31-3-23	By Bal. c/d	5,300		3,81,600
1-1-23	To P&L A/c (Profit on sale)			43,000					
1-3-23	To P& L A/c		30,000						
		6,300	30,000	5,11,600			6,300	30,000	5,11,600

Investment in 9% Bonds A/c

Dr.

Cr.

Date	Particulars	No. of Bonds	Int.	₹	Date	Particulars	No. of Bonds	Int.	₹
1-8-22	To Bank A/c	5,000	18,750	4,66,250	1-9-22	By Bank A/c	—	22,500	
31-3-23	To P & L A/c			23,000	1-3-23	By Bank A/c	—	22,500	
31-3-23	To P& L A/c		30,000		31-3-23	By Bank A/c	4,000	3,750	3,96,000
					31-3-23	By Bal.	1,000	—	93,250
		5,000	48,750	4,89,250			5,000	48,750	4,89,250

Working Note:

1. Calculation of dividend receive on 2-10-22:

- (i) Dividend on 3000 equity shares @ 10% $3,00,000 \times 10\% = 30,000$
- (ii) Pre- Acqⁿ dividend on 1500 equity shares $1,50,000 \times 10\% = 15,000$

2. Calculation of bonus shares insured on 15-10-22:

Bonus Ratio = 2 : 5

No. of shares = 4,500

No. of bonus shares = $4,500 \times \frac{2}{5} = 1800$ shares.

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3. Calculation of profit/loss on sale of shares on 1-1-23:

Sales value (1,000 × 115)	1,15,000
(-) Weighted Average Cost	(72,000)
$\frac{4,68,000 - 15,000}{4,500 + 1,800} \times 1,000$	
Profit on Sale	43,000

4. Calculation of value of investment on 31-3-23:

Cost of Investment	3,81,600
(3,30,000 + 1,38,600 + 43,000 - 15,000 - 1,15,000)	
Market value of shares (98 × 5,300)	5,19,400

As per AS-13, shares are valued at least of cost or MP so at ₹ 3,81,600

5. Calculation of purchase price of bonds on 1-8-22:

Amount paid (5,000 × 97)	4,85,000
(-) Cum Int. (5,000 × 100 × 9% × 5/12)	(18,750)
Net Purchase Price	4,66,250

6. Calculation of Ex. Interest on bonds sold on 31-3-23:

$$5,00,000 \times 9\% \times \frac{1}{12} = 3,750$$

7. Calculation of profit on sale of bonds on 31-3-23:

Sale value (99 × 4,000)	3,96,000
(-) Cost $\frac{4,66,250}{5,000} \times 4,000$	(3,73,000)
Profit on Sale	23,000

8. Calculation of value of bonds of 31-3-23:

Cost = ₹ 93,250

Market price = ₹ 98,000

Value of bonds is ₹ 93,250 at cost

Chapter - 10 : Insurance Claims for Loss of Stock and Loss of Profit**1****Claim for Loss of Stock**

2023 - May [5] (b)

Calculation of Value of Stock on 24-7-22:

Dr.		Memorandum Trading A/c		Cr.	
To Opening Stock	1,83,500	By Sales	37,54,000		
To Purchase	31,12,000	By Closing Stock	3,54,540		
To Commission on Purchase	62,240	(Bal. Fig.)			
To GP (20% of 37,54,000)	7,50,800				
	41,08,540				41,08,540

Calculation of Value of Claim:

Value of stock on 24-7-22 [Insurable Value]	3,54,540
(-) Salvaged value [51,200+ 30,540]	(81,740)
Value of Claim/(Loss)	2,72,800

$$\begin{aligned} \text{Claim} &= \frac{\text{Policy Amount}}{\text{Insurable Value}} \times \text{Value of Loss} \\ &= \frac{3,00,000}{3,54,540} \times 2,72,800 \\ &= 2,30,834 \end{aligned}$$

Chapter - 11 : Hire Purchase and Instalment Sale Transactions**2****Ascertainment of Total Cash Price**

2023 - May [6] (b)

Calculation of Cash Price:

Particulars	₹	Interest	Cash Price
Down Payment	40,000	—	40,000

6 th Instalment	50,000	$50,000 \times \frac{4}{104} = 1,923$	48,077
5 th Instalment	50,000	$(50,000 + 48,077) \times \frac{4}{104} = 3,772$	46,228
4 th Instalment	50,000	$(50,000 + 48,077 + 46,228) \times \frac{4}{104} = 5,550$	44,450
3 rd Instalment	50,000	$(50,000 + 48,077 + 46,228 + 44,450) \times \frac{4}{104} = 3,260$	42,740
2 nd Instalment	50,000	$(50,000 + 48,077 + 46,228 + 44,450 + 42,740) \times \frac{4}{104} = 8,904$	41,096
1 st Instalment	50,000	$(50,000 + 48,077 + 46,228 + 44,450 + 42,740 + 41,096) \times \frac{4}{104} = 10,484$	39,516 October 11, 2023
Total	3,40,000	37,893	3,02,107

5**Repossession****2023 - May [2] (a)****1. Calculation of Interest:**

Total cost of 2 Machines	5,60,000
(-) Down payment	(1,40,000)
	4,20,000
(+) Int. @ 8% for 6 months 30-9-21 $[4,20,000 \times 8\% \times \frac{6}{12}]$	16,800
	4,36,800
(-) First Instalment	(1,00,000)
Balance	3,36,800

(+) Int. @ 8% p.a. on 31-3-22 [$3,36,800 \times 8\% \times \frac{6}{12}$]	13,472
Balance	3,50,272
(-) Second Instalment	(95,000)
Balance	2,55,272
(+) Int. @ 8% p.a. on 30-9-22 [$2,55,272 \times 8\% \times \frac{6}{12}$]	10,211
	2,65,483
(-) Third Instalment	(85,000)
(+) Int. @ 8% p.a. on 31-3-23 [$1,80,483 \times 8\% \times \frac{6}{12}$]	1,80,483
	7,219
	1,87,702

2. **Calⁿ of repossessed value:**

Cost of 1 Machine on 1-4-21	2,80,000
(-) 25% Dep ⁿ for year 1 ending 31-3-22	(70,000)
	2,10,000
(-) 25% Dep ⁿ for ending 31-3-23	(52,500)
Repossessed Value	1,57,500

3. **Calⁿ of loss on Repossession:**

Cost of 1 Machine on 1-4-21	2,80,000
(-) Dep ⁿ for year 1 @ 20%	(56,000)
	2,24,000
(-) Dep ⁿ for year 2 @ 20%	(44,800)
Balance on 31-3-23	1,79,200
(-) Repossessed value	1,57,500
	21,700

Machinery A/c

Date	Particulars	₹	Date	Particulars	₹
1-4-21	To MK Traders	5,60,000	31-3-22	By Dep ⁿ A/c	1,12,000
1-4-22	To Bal b/d	4,48,000	31-3-22	By Bal C/d	4,48,000
			31-3-23	By Dep ⁿ A/c	89,600
			31-3-23	By MK Trader	1,57,500
			31-3-23	By P&L A/c	21,700
			31-3-23	By Bal C/d	1,79,200
		4,48,000			4,48,000

MK Traders A/c

Date	Particulars	₹	Date	Particulars	₹
1-4-21	To Bank A/c	1,40,000	1-4-21	By Machinery	5,00,000
30-9-21	To Bank A/c	1,00,000	30-9-21	By Int.	16,800
31-3-22	To Bank A/c	95,000	31-3-22	By Int.	13,472
31-3-22	To Bal c/d	5,90,272			5,90,272
31-2-22	To Bank A/c	85,000	1-4-22	By Bal b/d	2,55,272
31-3-23	To Machinery A/c	1,57,500	30-9-22	By Int.	10,211
31-3-23	To Bal c/d	30,202	31-3-23	By Int.	7,219
31-3-24	To Bank A/c	2,72,702	1-4-23	By Bal b/d	2,72,702
			31-3-24	By Int.	2,416
		32,618			32,618

Chapter - 12 : Departmental Accounts

3	<i>Departmental Trading Account</i>
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2023 - May [3] (a)

Departmental Trading A/c

Dr.				Cr.			
Particulars	A	B	C	Particulars	A	B	C
To Opening stocks	3,50,000	2,20,000	5,80,000	By Sales			26,40,000
To Consumption of Material	7,20,000	7,60,000		By Transfer from Dept.	11,20,000	25,00,000	—
To Wages	1,60,000	1,80,000	3,20,000	By Closing Stock	4,30,000	2,80,000	10,20,000
To Transfer from Dept.		11,20,000	25,00,000				
To GP	3,20,000	5,00,000	2,60,000				
	15,50,000	27,80,000	36,60,000		15,50,000	27,80,000	36,60,000

Departmental P&L A/c

Dr.				Cr.			
Particulars	A	B	C	Particulars	A	B	C
To Salaries (18:15:12)	72,000	60,000	48,000	By GP	3,20,000	5,00,000	2,60,000
To Rent (10 : 8 : 6)	1,20,000	96,000	72,000				
To Dep ⁿ (12 : 15 : 6)	88,000	1,10,000	44,000				
To NP	40,000	2,34,000	96,000				
	3,20,000	5,00,000	2,60,000		3,20,000	5,00,000	2,60,000

General P&L A/c

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To Int. on loan	1,02,000	By NP	3,70,000
To Closing Stock Reserve	5,17,143	A – 40,000	
To NP	62,285	B – 2,34,000	
		C – 96,000	
		By Opening Stock Reserve (W.N.2)	3,11,428
	6,81,428		6,81,428

Working Notes:**1. Calculation of transfer price from Depⁿ A to B, B to C:**

	A	B
Opening Stock	3,50,000	2,20,000
Consumption	7,20,000	7,60,000
Wages	1,60,000	1,80,000
Transfer	—	11,20,000
Closing Stock	4,30,000	2,80,000
Cost of Goods Transferred	8,00,000	20,00,000
(+) 40% Margins (A to B)	3,20,000	—
(+) 25% Margins (B to C)	—	5,00,000
Transfer Price	11,20,000	25,00,000

2. Calculation of Stock Reserve:

(i) Opening stock of C	5,80,000
Margins is $\frac{25\%}{100}$ of cost or $\frac{25}{125}$ of SP	
$\frac{25}{125} \times 5,80,000$ Margin	1,16,000
	4,64,000
Margin earned by Dep ⁿ A on above	
$\left[\frac{40}{140} \times 4,64,000 \right]$	1,32,571
(ii) Opening stock of B	2,20,000
Margin $\frac{40}{140} \times 2,20,000$	62,857
On C stock 1,16,000 + 1,32,571	2,48,571
On B stock	62,857
	3,11,428

Calculation of Closing Stock Reserve:

(i) Closing stock of C	10,20,000
Margins $\frac{25\%}{100} \times 10,20,000$ ended by B	2,04,000
	8,16,000
Margin $\frac{40}{140} \times 8,16,000$ ended by A	2,33,143
Total stock reserve on C stock	4,37,143....(1)
(ii) Closing stock of B	2,80,000
Margin $\frac{40}{140} \times 2,80,000$	80,000(2)
Total closing stock reserve [1 + 2]	5,17,143

Chapter - 13 : Accounting for Branches Including Foreign Branches**5****Foreign Branch**

2023 - May [5] (c)

Trial Balance

Particulars	\$ Dr.	\$ Cr.	Rate	₹ Dr.	₹ Cr.
Stock 1-1-22	22,000		79	17,38,000	
Purchases	1,00,000		79.5	79,50,000	
Sales	—	1,30,500	79.5	—	1,03,74,750
Goods from H.O.	30,000		—	24,00,000	
Salaries	4,500	—	79.5	3,57,750	
O/S Salaries		500	83	—	41,500
H.O.	—	27,000		—	21,90,000

S. Drs.	2,200		83	1,82,600	
S. Crs.		1,500	83	—	1,24,500
Cash/Bank	800		83	66,400	
	1,59,500	1,59,500		1,26,94,750	1,27,30,750
F. Ex. Loss				36,000	1,27,30,750
				1,27,30,750	

Working Note:**Adjusting Entry for Salaries:**

Salaries A/c Dr. 500

To O/S Salaries 500

Foreign Exchange Loss as per AS - 11 = ₹ 36,000

Chapter - 14 : Accounts from Incomplete Records**2*****Techniques of Obtaining Complete Accounting Information*****2023 - May [3] (b)****Books of Trade
Trading P & L A/c**

Dr.		Cr.	
To Opening Stock	35,000	By Sales	2,49,000
To Purchase	2,01,000	By Closing Stock	75,000
To G.P.	88,000		
To Petty Exp.	3,24,000		3,24,000
To Exp. (Bal. Fig)	37,500	By GP	88,000
To Dep ⁿ	2,000		
To NP	41,000		
	88,000		88,000

Balance Sheet as at 31-3-03

Liabilities		₹	Assets		₹
Capital	95,000		Fixed Assets		
Net Profit	41,000		[20,000 - 75,000]		18,000
(-) Borrowings	<u>(24,000)</u>	1,12,000	Stock		75,000
Outstanding Exp.		2,000	Sundry Debtors		27,000
Creditors		35,000	Cash in Hand		15,500
		1,49,000	Cash at Bank		13,500
		1,49,000			1,49,000

Working Note:**1. Calculation of Opening Capital:****Balance Sheet of as at 1-4-22**

Liabilities		₹	Assets		₹
Capital	95,000	95,000	Fixed Assets		20,000
Sundry Creditors		15,000	Stock		35,000
			Sundry Debtors		23,000
			Cash in Hand		4,000
			Cash at Bank		28,000
		1,10,000			1,10,000

2. Dr.**Cash Book****Cr.**

Particular	Cash	Bank	Particular	Cash	Bank
To Bal b/d	4,000	28,000	By Sundry Creditors	26,000	1,55,000
To Sundry Debtors	55,000	1,90,000	By Petty Exp	7,500	

			By Borrowings	10,000	14,000
			By Exp. [37,500 - 2,000]		35,500
			By Bal. C/d	15,500	13,500
	59,000	2,18,000		59,000	2,18,000

Dr.		Sundry Debtors A/c		Cr.	
To Bal. B/d	23,000	By Cash A/c	55,000		
To Sales [Credit] (Bal Fig.)	2,49,000	By Bank A/c	1,90,000		
		By Bal. c/d	27,000		
	2,72,000		2,72,000		

Dr.		Sundry Creditors A/c		Cr.	
To Cash A/c	26,000	By Bal. b/d	15,000		
To Bank A/c	1,55,000	By Purchase (Credit) (Bal Fig.)	2,01,000		
To Bal. c/d	35,000				
	2,16,000		2,16,000		

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