Rishabh Publication Author: PAWAN JHABAK

Q.1) a) Solution: Is Same to Q.1 on page 146 of Rishabh Publication Textbook Author Pawan Jhabak

AS per para 27 B – 10% result test

Particulars	**Total**	**S**	**T**	**U**	**V**	**W**	**X**	**Y**	**Z**
Profit Seg	40	5	-	15		8	-	5	7
Loss Seg	100		90		5		5		
Segment result as a% total loss	100	5	90	15	5	8	5	5	7
Reportable Segment		x	√	√	x	x	x	x	x

As per para 27 (- 10% Asset Test)

Particulars	**Total**	**S**	**T**	**U**	**V**	**W**	**X**	**Y**	**Z**
Segment Asset	100	15	47	5	11	3	5	5	9
% Segment Asset	-	15	47	5	11	3	5	5	9
Reportable Segment		√	√	x	√	x	x	x	x

As per para 27 A – 10% Total revenue test

Particulars	**Total**	**S**	**T**	**U**	**V**	**W**	**X**	**Y**	**Z**
External	400	-	255	15	10	15	80	20	35
Inter segment	200	100	60	30	5	-	-	5	
Total revenue	600	100	315	45	15	15	80	25	35
Total revenue %	100	16.67	52.5	7.5	2.5	2.5	8.33	4.17	5.83
		√	√	X	x	x	x	x	x

As per par 27, a,b,c reportable segment S,T,U,V
Para 27 – 75% revenue test
External revenue test of indentified segment = 280
Total E.R. = 400
% = 70

In order to satisfy 75% external revenue test segment X is also considered as reportable segment.

Conclusion: Hence reportable segments are segment S,T,U,V & X.

Q.1) b) Solution: Is Same to Q.1 on page 152 of Rishabh Publication Textbook Author Pawan Jhabak

Description	**Calculations**	**Amount (₹)**
Tax as per Accounting Profit	100000 x 30% =	30000
Tax as per Income Tax Profit	10000 x 30% =	3000
Tax as per MAT	90000 x 10% =	9000

Tax Expenses = Current Tax + Deferred Tax

30000 = 3000 + Deferred Tax

Therefore, Deferred Tax Liability as on 31.3.2009

= ₹ 30000 – ₹ 3000

= ₹ 27000

Deferred Tax liability as per AS-22 for the year ended 31st March, 2010 is ₹ 27000.

Amount of tax to be debited in Profit and Loss Account for the year 31.3.2009:

= Current Tax + Deferred Tax Liability + Excess of MAT over Current Tax

= Current Tax + Deferred Tax Liability + [MAT – Current Tax]

= 3000 + 27000 + [(9000 – 3000)]

Amount of tax to be debited in Profit and Loss Account for the year 31.3.2010 as per AS-22 is ₹ 36000.

:. **Journal Entry**

Particular	Debit ₹	Credit ₹
P & Loss A/c	36000	
To DTL A/c		27000
To PFT A/C		90000

Q.1) c) Solution:

Particular	W	K	WACC
Debt	1/5	9.75%	1.95%
Equity	4/5	18%	14.4%
		WACC = Kd	**16.35%**

Kd = I (1-tax)
= 15 (1-0.35)
= 9.75%

	₹
PBIT NOPBT	300
-Tax @ 35%	105
NOPAT	195

:. EVA = NOPAT –Ko x Capital
= 195 -16.35% x 1000
= **₹ 31.5 crores.**

Q.2) a) Solution: Is Same to Q.4 on page 19 of Rishabh Publication Textbook Author Pawan Jhabak

Loan Amortization Schedule

Equal Annual Loan Installment Method

Year	P (o/s) @ Beg.	Int. @ 12%	Principal Inst.	Loan Inst.	P (o/s) at end
1	240000	28800	29580	58380	210420
2	210420	25250	33130	58380	177290
3	177290	21275	37105	58380	140185
4	140185	16822	41558	58380	98627
5	98627	11835	46545	58380	52082
6	52082	* 6298	52082	58380	–

Note: Principal installment is balancing figure in all installment except last. In last installment, interest is taken as balancing figure.

Working Note:

$$\text{Loan Installment} = \frac{\text{Loan Amount}}{\text{Annuity Rate}}$$

$$= \frac{240000}{4.111}$$

= ₹ 58380 (Approx)

Q.2) b) Solution:

Project A:

IO=COF=135000

Year	CIF	PV@16%	PVCIF
1	0	0.862	0
2	30000	0.743	22290
3	132000	0.641	84612
4	84000	0.552	46368
5	84000	0.476	39984
		PVCIF	**193254**

Project B:

IO=COF=240000

Year	CIF	PV@16%	PVCIF
1	60000	0.862	51720
2	84000	0.743	62412
3	96000	0.641	61536
4	102000	0.552	56304
5	90000	0.476	42840
		PVCIF	**274812**

NPV =PVCIF-PVCOF

Project A =193254-135000=**58254**

Project B =274812-240000=**34812**

$$PI = \frac{PVCIF}{PVCOF}$$

$$A = \frac{193254}{135000} = 1.43$$

$$B = \frac{274812}{240000} = 1.15$$

Q.3) a) Is Same to Q.9 on page 138 of Rishabh Publication Textbook Author Pawan Jhabak

Solution:

JOURNAL

Date	Particulars		L/f	Debit	Credit
10/08/13	Purchases A/c	Dr.		2,14,50,000	
	To US Company A/c				2,14,50,000
	(Being goods purchased)				
10/10/13	US Company A/c	Dr.		32,17,500	
	To Bank A/c				32,06,250
	To Exchange Difference A/c				11,250
	(Being part payment paid @ 1$ = 42.75)				
10/12/13	US Company A/c Dr.			64,35,000	
	Foreign Exchange difference A/c	Dr.		90,000	

	To Bank A/c (Being part payment paid @ 1$ = 43.50)			65,25,000
10/02/14	US Company A/c Dr. Foreign Exchange difference A/c Dr. To Bank A/c (Being part payment paid @ 1$ = 44.50)		25,74,000 96,000	 2,67,0000
31/03/14	Foreign Exchange difference A/c Dr. To US Company A/c (Being loss of ₹ 21,500 reported at the year end)		21,500	 21,500
31/03/14	P & L A/c Dr. To Foreign Exchange Difference A/c (Being loss transferred to P & L A/c)		1,96,250	 1,96,250
10/04/14	US Company A/c Dr. To Bank A/c To Foreign Exchange difference A/c (Being part payment paid @ 1$ = 42.9)		32,25,000	 32,17,500 7,500
05/06/14	US Company A/c Dr. To Bank A/c (Being part payment paid @ 1$ = 43)		60,20,000	 60,20,000
31/03/15	Foreign Exchange difference A/c Dr. To P & L A/c (Being Profit transferred to Profit & Loss A/c		7,500	 7,500

Q.3) b) Solution:

In the books of Happy Ltd.

Dr. Foreign exchange Fluctuation A/c Cr.

Date		₹	Date		₹
22.11.2013	To ching Ltd. ($ 1,50,000 x (43-42.5)	45,000	15.09.2013	By Ching Ltd. (@100000 x (44.5 - 43)	150000
31.03.2014	To P & Loss A/c (Net FEF Gain traf.)	5,75,000	15.12.2013	By Ching Ltd. ($50000 x (44-43)	50000
			05.02.2014	By Ching Ltd. ($100000 x (45-44)	3,60,000
			31.03.2014	By Ching Ltd. ($100000 x (44-43)	
		650000			**650000**
31.03.2015	To P & Loss A/c (Net FEF Gain trfd.)	100000	15.04.2014	By Ching Ltd. ($100000 x (45-44)	100000
		100000			**100000**

Q.4 a) Solution: Is Same to Q.5 on page 48 of Rishabh Publication Textbook Author Pawan Jhabak

H.P Price = D/P + 4 x 11,000
= 20,000 + 44,000
= 64,000

Cash Price = 61,700

1st Yr. 1st half Int. = 920
2nd half Int. = 690

2nd Yr 1st half Int. = 460
2nd half Int. = 230

In the Books of UFO Ltd.
Hind Machinery Ltd. A/c

Date	Particulars	Amount	Date	Particulars	Amount
01.01.02	To Bank	20,000	01.01.02	By Machinery	61,700
30.6.02	To Bank	11,000	1.7.02	By Int.	920
31.12.02	To Bank	11,000	31.12.02	By Int.	690
31.12.02	To bal c/d	21,310			
		63,310			63,310
1.7.03	To bank	11,000	1.1.03	By Bal.	21,310
31.12.03	To bank	11,000	1.7.03	By Int.	460
			31.12.03	By Int.	230
		22,000			22,000

Q.5) Solution: Is Same to Q.25 on page 10 of Numerical Book & Q.2 on page 215 of Rishabh Publication Textbook Author Pawan Jhabak

E & O. E