

J.K. SHAH[®]

**TEST
SERIES**



SUGGESTED SOLUTION

CA INTERMEDIATE

SUBJECT- ADVANCE ACCOUNTING

Test Code – ISP 2407

BRANCH - () (Date :)

Head Office : Shraddha, 3rd Floor, Near Chinai College, Andheri (E), Mumbai – 69.

Tel : (022) 26836666

Answer: -1

- (i) (b) ₹21,00,000
- (ii) (a) ₹ 38,85,000
- (iii) (b) 1,29,500

(Marks: 6)

Answer: -2

- (i) (a) Gross basis.
- (ii) (d) Premium on contract will be amortized over the life of the contract
- (iii) (c) 1- Not a change in accounting policy. 2- Not a change in accounting policy.
- (iv) (c) ADI Ltd. would account for 23% share in ASOC Ltd using equity method of accounting. SEAS Ltd. would consolidate ADI Ltd. and consequently, automatically account for ASOC Ltd 23% share and separately account for 9% share in ASOC Ltd. using equity method of accounting in consolidated financial statements.

(Marks: 8)

Answer: -3

- (i) (b) Revenue should be recognized on completion of inspection of components. The assessment would not change even in case where inspection is normally known to lead to no quality rejections.
- (ii) (d) ₹4,947,368.
- (iii) (d) Distribution of dividend out of grant is incorrect. In the second case, land should be recorded in the books of accounts at a nominal value.

(Marks: 6)

Answer: -4

- (c) Interest paid less income on temporary investment i.e. ₹ 76 lakh

(Marks: 2)

Answer: - 5

- (d) Both (a) & (b).

(Marks: 1)

Answer: -6

- (b) Actuarial assumptions

(Marks: 1)

Answer: -7

- (c). Both (a) and (b)

(Marks: 1)

Answer: -8

(c). A shareholder of the entity that holds 1% stake in the equity

(Marks: 1)

Answer: -9

(a) Nil

(Marks: 1)

Answer: -1A

Date	Particulars	Nominal Value (₹)	Interest	Cost (₹)	Date	Particulars	Nominal Value (₹)	Interest	Cost (₹)
1.12.2019	To Bank A/c (W.N.1)	10,00,000	20,000	9,90,000	1.03.2020	By Bank A/c (W.N.2)	10,00,000	50,000	10,10,000
1.3.2020	To Profit & loss A/c		30,000	20,000					
		10,00,000	50,000	10,10,000			10,00,000	50,000	10,10,000

Working Notes:		₹
(i)	Cost of 12% debentures purchased on 1.12.2019	
	Cost Value (10,000 x ₹ 101)	= 10,10,000
	Less: Interest (10,000 x 100 x 12% x 2/12)	= (20,000)
	Total	= 9,90,000
(ii)	Sale proceeds of 12% debentures sold on 1 st March, 2020	₹ 10,60,000
	Sales Price (10,000 x ₹106)	
	Less: Interest (10,000 x 100 x 12% x 5/12)	= -50,000
	Total	= <u>10,10,000</u>

As per AS 13, where the investments are acquired on cum-right basis and the market value of investments immediately after their becoming ex-right is lower than the cost for which they were acquired, it may be appropriate to apply the sale proceeds of rights to reduce the carrying amount of such investments to the market value. In this case, the amount of the ex-right market value of 200 shares bought by X immediately after the declaration of rights falls to ₹50,000. In this case, out of sale proceeds of ₹15,000, ₹10,000 may be applied to reduce the carrying amount to bring it to the market value ₹50,000 and ₹5,000 would be credited to the profit and loss account.

(Marks: 8)

Answer: -1B

- i. As per AS 4 'Contingencies and Events Occurring After the Balance Sheet Date', disclosure should be made in the report of the approving authority of those events occurring after the

- balance sheet date that represent material changes and commitments affecting the financial position of the enterprise, the investment of ₹ 40 lakhs in April, 2022 in the acquisition of another company should be disclosed in the report of the Board of Directors to enable users of financial statements to make proper evaluations and decisions.
- ii. As per AS 4, adjustment to assets and liabilities are required for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amounts relating to conditions existing at the Balance Sheet date. A debtor for ₹2,50,000 suffered heavy loss due to earthquake in the second week of March, 2022 which was not covered by insurance. This information with its implications was already known to the company. The fact that he became bankrupt in May, 2022 (after the balance sheet date) is only an additional information related to the existing condition on the balance sheet date. Accordingly, full provision for bad debts amounting ₹ 2,50,000 should be made, to cover the loss arising due to the insolvency of a debtor, in the final accounts for the year ended 31st March 2022.
 - iii. As per AS 4, adjustments to assets and liabilities are required for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amounts relating to conditions existing at the balance sheet date. In the given case, since Hari Ltd. was sued by a competitor for infringement of a trademark during the year 2021-22 for which the provision was also made by it, the decision of the Court on 26th May, 2022, for payment of the penalty will constitute as an adjusting event because it is an event occurred before approval of the financial statements. Therefore, Hari Ltd. should adjust the provision upward by ₹ 4 lakhs to reflect the award decreed by the Court to be paid by them to its competitor.
 - iv. As the embezzlement of cash comes to the notice of company management only after approval of financial statements by board of directors of the company, then the treatment will be done as per the provisions of AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" and the same will not be adjusted in the financial statements for the year ended 31st March, 2022. This being an extra-ordinary item should be disclosed in the statement of profit and loss as a part of loss for the year ending March, 2023, in a manner, that its impact on current profit or loss can be perceived.
 - v. Collection of cheques after balance sheet date is not an adjusting event even if the cheques bear the date of 31st March. Recognition of cheques in hand is therefore not consistent with requirements of AS 4. Moreover, the collection of cheques after balance sheet date does not represent any material change or commitments affecting financial position of the enterprise and no disclosure of such collections in the Directors' Report is necessary.

(Marks: 6)

Answer: -2

Hello Ltd.
Balance Sheet as at 31st March, 2022

Particulars		Notes	₹
	Equity and Liabilities		
1	Shareholders' funds		
a	Share capital	1	50,00,00 0
b	Reserves and Surplus	2	14,83,50 0
2	Non-current liabilities		
	Long-term borrowings	3	13,55,00 0
3	Current liabilities		

a	Trade Payables		10,00,000
b	Short-term provisions	4	6,40,000
			94,78,500
	Total		0
	Assets		
1	Non-current assets		
	Property, Plant & equipment	5	56,25,000
2	Current assets		
a	Inventories	6	12,55,000
b	Trade receivables	7	10,00,000
c	Cash and Cash Equivalents	8	13,85,000
d	Short-term loans and advances		2,13,500
	Total		94,78,500
			0

Notes to accounts

			₹
1	Share Capital		
	Equity share capital		
	Issued & subscribed & called up		
	50,000 Equity Shares of ₹ 100 each (of the above 10,000 shares have been issued for consideration other than cash)		50,000
2	Reserves and Surplus		
	General Reserve	10,50,000	
	Add: current year transfer	20,000	10,70,000
	Profit & Loss balance		
	Profit for the year	4,33,000	
	Less: Appropriations:		
	Transfer to General reserve	20,000	4,13,000
3	Long-term borrowings		14,83,500
	Secured Term Loan		0
	State Financial Corporation Loan (Secured by hypothecation of Plant and Machinery)		7,50,000
	Unsecured Loan		6,05,000
	Total		13,55,000
			0
4	Short-term provisions		
	Provision for taxation		6,40,000
5	Property, plant and Equipment		
	Building	30,00,000	
	Less: Depreciation	(2,50,000) (b.f.)	27,50,000
			0

	Plant & Machinery	35,00,000	
	Less: Depreciation	(8,75,000) (b.f.)	26,25,000
	Furniture & Fittings	3,12,500	
	Less: Depreciation	(62,500) (b.f.)	2,50,000
	Total		56,25,000
6	Inventories		
	Raw Materials		2,55,000
	Finished goods		10,00,000
	Total		12,55,000
7	Trade receivables		
	Outstanding for a period exceeding six months		2,60,000
	Other Amounts		7,40,000
	Total		10,00,000
8	Cash and Cash Equivalentents		
	Cash at bank		
	with Scheduled Banks	12,25,000	
	with others (Omega Bank Ltd.)	10,000	12,35,000
	Cash in hand		1,50,000
	Other bank balances		Nil
	Total		13,85,000

(Marks: 14)

Answer: - 3A

Cash Flow Statement of Grow More Ltd for the year ended 31st March, 20X1 Cash Flow from Operating Activities

		Rs.
Increase in balance of Profit and Loss Account (1,00,000 - 60,000)	40,000	
Provision for taxation (W.N.1)	80,000	
Transfer to General Reserve (2,00,000-1,50,000)	50,000	
Depreciation (W.N.2)	1,25,000	
Profit on sale of Plant and Machinery	-15,000	
Operating Profit before Working Capital changes	2,80,000	
Increase in Inventories	(2,00,000)	
Decrease in Trade receivables	2,00,000	
Decrease in Trade payables	(1,20,000)	
Cash generated from operations	1,60,000	
Income tax paid	-50,000	

Net Cash generated from operating activities		1,10,000
--	--	----------

Cash Flow from Investing Activities

Purchase of fixed assets	(3,45,000)	(6,10,000)
Expenses on building (6,00,000-4,00,000)	(2,00,000)	
Increase in investments	(1,00,000)	
Sale of old machine	35,000	
Net Cash used in investing activities		

Cash Flow from Financing activities

Proceeds from issue of debentures (10,00,000 - 8,00,000)	2,00,000	
Proceeds from issue of debentures	2,00,000	3,00,000
Dividend paid	1,00,000	
Net cash generated from financing activities		
Net increase in cash or cash equivalents		NIL
Cash and Cash equivalents at the beginning of theyear		2,00,000
Cash and Cash equivalents at the end of the year		Nil

Working notes

1. Provision for taxation account

		Rs.			Rs.
T o	Cash (Paid)	50,000	B y	Balance b/d	70,000
T o	Balance c/d	1,00,000	B y	Profit and LossA/c	80,000
				(Balancingfigure)	
		1,50,000			1,50,000

2. Plant and machinery account

		Rs.			Rs.
T o	Balance b/d	5,00,000	B y	Depreciation	1,25,000
T o	Profit and Loss A/c (profit on sale of machine)	15000			
		1,50,000			
T o	Cash (Balancing figure)	3,45,000	B y	Cash (sale of machine)	35,000
			B y	Balance c/d	7,00,000
		8,60,000			8,60,000

Answer: - 3B

Books of Ruby Ltd.

Journal Entries

Particulars		Debit (₹)	Credit (₹)
Equity Share Capital (₹100 each) a/c	Dr .	60,00,00 0	
To Equity share capital (₹10 each) A/c (Sub division of equity share into ₹10 each)			60,00,00 0
Equity Share Capital (₹ 10) A/c	Dr .	48,00,00 0	
To Share surrendered A/c (Surrender of 80% of share holding by equity share holders)			48,00,00 0
7% Cumulative preference share capital A/c	Dr .	40,00,00 0	
To 8% cumulative preference share capital A/c (Conversion of 7% Cumulative Preference share capital into 8% Cumulative Preference share capital. They also forgo their right to arrears of dividends)			40,00,00 0
Shares Surrendered A/c	Dr .	10,00,00 0	
To Equity share capital A/c (Surrendered share issued against trade payables under reconstruction scheme)			10,00,00 0
Bank loan A/c	Dr .	6,00,000	
Expenses of reconstruction A/C	Dr .	1,20,000	
To Bank A/c (Bank loan and reconstruction expenses paid)			7,20,000
Share surrendered A/C	Dr .	38,00,00 0	
To Capital Reduction A/c (Cancellation of unissued surrendered shares) (48,00,000-10,00,000)			38,00,00 0
Loan from Director A/c	Dr .	8,80,000	
Trade Payables A/c	Dr .	12,30,00 0	
Building A/c	Dr .	3,00,000	
To Capital reduction A/c (Amount sacrificed by directors and trade payables and appreciation in value of building)		0,00,000	24,10,00 0
Capital reduction A/c	Dr .	62,10,00 0	
To Patent A/c			8,00,000

To Trade receivables A/c			13,00,000
To Inventory A/c			6,80,000
To Profit and Loss A/c			16,80,000
To Expenses on Reconstruction A/C			1,20,000
To Plant A/c (bal, fig) (8,00,000+8,30,000) (Various assets and expenses written off)			16,30,000
Bank A/c	Dr	8,00,000	
To Share application money A/c (Application money received on full and final payment)			8,00,000
Share application money A/c	Dr	8,00,000	
To Share capital A/c (Being 80,000 equity shares of ₹10 each issued and fully paid up)			8,00,000

Note: Cancellation of preference dividend need not be journalised. On cancellation, it ceases to be contingent liability and hence no further disclosure required
Balance Sheet of Ruby Ltd. (and Reduced) as at 31st March, 2023

	Particulars	Note	Amount (₹)
I.	EQUITY AND LIABILITIES		
	1. Shareholders' funds		
	a. Share capital	1	70,00,000
	b. General reserve		12,00,000
	2. Current liabilities		
	a. Trade payables (49,20,000-12,30,000)		36,90,000
	b. Other current liabilities (outstanding expenses)		6,40,000
	Total		1,25,30,000
II	ASSETS		
	1. Non-current assets		
	i. Property, Plant and Equipments	2	57,70,000
	ii. Intangible assets	3	-
	2. Current assets		
	a. Inventories (32,60,000-6,80,000)		25,80,000
	b. Trade receivables (47,00,000-13,00,000)		34,00,000
	c. Cash and cash equivalents	4	7,80,000
	Total		1,25,30,000

Notes to the financial statements

(1) Share capital

	Particulars	Amount (₹)
--	-------------	------------

a	Authorised	
	<ul style="list-style-type: none"> 6,00,000 equity shares of ₹ 10 each 40,000 8% cumulative preference shares of ₹100 each 	60,00,000 40,00,000
b	Issued, subscribed and fully paid up	
	<ul style="list-style-type: none"> 3,00,000 equity shares of ₹10 each (of the above, 1,00,000 shares were issued as fully paid up for consideration other than cash under the scheme of reconstruction) 40,000 8% cumulative preference shares of ₹100 each 	30,00,000 40,00,000
	Total	70,00,000

(2) Property, Plant and Equipments

Particulars	₹
Plant (60,00,000 - 16,30,000)	43,70,000
Building (11,00,000 + 3,00,000)	14,00,000
Total	57,70,000

(3) Intangible assets

Particulars	₹
Patent (8,00,000 – 8,00,000)	-

(4) Cash and cash equivalents

Particulars	₹
Balance with bank (4,60,000 – 6,00,000 – 1,20,000 + 8,00,000)	5,40,000
Cash on hand	2,40,000
Total	7,80,000

(Marks: 7)

Answer: -4

M/s Ltd. Balance Sheet as at 1.4.2016

	Particulars	Notes	Rs. in'000
	Equity and Liabilities		
1	Shareholders' funds		
a	Share capital	1	6,55,980
b	Reserves and Surplus	2	2,77,990
2	Non-current liabilities		
a	Long-term borrowings	3	80,000
3	Current liabilities		
a	Trade Payables	4	80,000
b	Short term provision	5	22,000
	Total		11,15,970
	Assets		
1	Non-current assets		
a	Fixed assets		
	Tangible assets	6	5,60,000
b	Non-current investments	7	1,30,000

2		Current assets		
	a	Inventory	8	1,52,000
	b	Trade receivables	9	1,44,000
	c	Cash and cash equivalents	10	1,29,970
		Total		11,15,970

Note to accounts

		Rs. in'000
1	Share Capital	
	Equity share capital	
	55,598 Equity shares of Rs. 10 each, fully paid up (W.N.2)	5,55,980
	Preference share capital	
	9% Preference share capital (Share of Rs. 100 each) (W.N.2)	1,00,000
		6,55,980
2	Reserves and Surplus	
	Securities premium (W.N.2)	2,77,990
	Investment allowance reserve (Rs.70,000+ Rs.60,000)	1,30,000
	Amalgamation adjustment reserve	-
		1,30,000
		2,77,990
3	Long-term borrowings	
	Secured	
	10% Debentures (50% of Rs. 1,60,000)	80,000
4	Trade Payables (Rs.50,000+ Rs.30,000)	80,000
5	Short term provisions	
	Provision for tax (Rs. 14,000+ Rs.8,000)	22,000
6	Tangible assets	
	Building (Rs. 1,32,000+ Rs. 1,05,000)	2,37,000
	Plant and machinery (Rs. 1,76,000+ Rs. 1,47,000)	3,23,000
		5,60,000
7	Non - current Investments (Rs.80,000+ Rs.50,000)	1,30,000
8	Inventory	
	Stock (Rs. 72,000+ Rs. 80,000)	1,52,000
9	Trade receivables	
	Trade receivables (90% of (Rs. 90,000+ Rs. 70,000))	1,44,000
10	Cash and cash equivalents	
	Cash and Bank (Rs. 80,000+ Rs. 50,000 - Rs. 30)	1,29,970

Working Notes:

1. Calculation of value of equity shares issued to transferor companies

	P Ltd. (Rs.)	Q Ltd. (Rs.)
Assets taken over:		
Building	1,32,000	1,05,000
Plant and machinery	1,76,000	1,47,000
Investments	80,000	50,000
Inventories	72,000	80,000
Trade receivables	81,000	63,000

Cash & Bank		80,000		50,000
		6,21,000		4,95,000
Less: Liabilities				
10% Debentures	1,00,000		60,000	
Trade payables	50,000		30,000	
Tax Provision	14,000	1,64,000	8,000	98,000
		4,57,000		3,97,000
Less: Preference Share Capital		60,000		40,000
		3,97,000		3,57,000

2. Number of shares issued to equity shareholders, debenture holders and preference shareholders

	P Ltd.	Q Ltd.	Total
Equity shares issued @ Rs. 15 per share (including Rs. 5 premium)			
Rs. 3,97,000/15	26,466 shares		
Rs.3,57,000/15		23,800 shares	50,266 shares
Equity share capital @ Rs. 10	Rs.2,64,660	Rs.2,38,000	Rs.5,02,660
Securities premium @ Rs. 5	Rs. 1,32,330	Rs.1,19,000	Rs.2,51,330
	Rs.3,96,990	Rs. 3,57,000	Rs.7,53,990
50% of Debentures are converted into equity shares @ Rs. 15 per share			
1,00,000/2=50,000/15	3,332 shares		
60,000/2=30,000/15		2,000 shares	5,332 shares
Equity share capital @ Rs. 10	Rs.33,320	Rs. 20,000	Rs.53,320
Security premium@ Rs. 5	Rs. 16,660	Rs. 10,000	Rs. 26,660
	Rs. 49,980	Rs. 30,000	Rs. 79,980
9% Preference share capital issued	Rs.60,000	Rs. 40,000	Rs. 1,00,000

(Marks: 14)

Answer: -5

Consolidated balance Sheet of Virat Ltd. and its Subsidiary Anushka Ltd. as at 31st March, 2023

Particulars		Note	Amount (₹)
I	EQUITY AND LIABILITIES:		
(1)	Shareholders' Funds:		
	(a) Share Capital	1	6,00,000
	(b) Reserve and Surplus	2	1,80,000
(2)	Minority Interest	3	1,00,000
(3)	Non-Current Liabilities:		
	Long Term Borrowings	4	3,00,000
(4)	Current Liabilities:		
	Trade Payables	5	2,00,000
	Total		13,80,000
II	ASSETS:		
(1)	Non-Current Assets		

	Property, Plant & Equipment	6	7,00,000
(2)	Current Assets:		
	(a) Inventories	7	3,60,000
	(b) Trade receivables	8	2,20,000
	(c) Cash and Cash Equivalents	9	1,00,000
	Total		13,80,000

Notes to Accounts

	Particulars	₹	₹
1	Share capital		
	60,000 equity shares of ₹ 10 each fully paid up		6,00,000
2	Reserves and Surplus		
	General Reserve	1,00,000	
	Add: General reserve of Anushka Ltd (80%)	80,000	
	Total		1,80,000
3	Minority interest		
	20% share in Anushka Ltd (WN 3)	1,00,000	
4	Long term borrowings		
	Long term borrowings of Virat	2,00,000	
	Add: Long term borrowings of Anushka	1,00,000	
	Total		3,00,000
5	Trade payables		
	Trade payables of Virat	1,00,000	
	Add: Trade payables of Anushka	1,00,000	
	Total		2,00,000
6	Property, Plant and Equipment (PPE)		
	PPE of Virat Ltd	4,00,000	
	Add: PPE of Anushka Ltd	3,00,000	
	Total		7,00,000
7	Inventories		
	Inventories of Virat Ltd	1,60,000	
	Add: Inventories of Anushka Ltd	2,00,000	
	Total		3,60,000
8	Trade receivables		
	Trade receivables of Virat Ltd	80,000	
	Add: Trade receivables of Anushka Ltd	1,40,000	
	Total		2,20,000
9	Cash and cash equivalents		
	Cash and cash equivalents of Virat Ltd	40,000	
	Add: Cash and cash equivalents of Anushka Ltd	60,000	
	Total		1,00,000

Working Notes:

1. Basic Information

Company Status	Dates	Holding Status
Holding Co. = Virat Ltd. Subsidiary = Anushka Ltd.	Acquisition: Anushka's Incorporation Consolidation: 31st March, 2023	Holding Company =80% Minority Interest =20%

2. Analysis of General Reserves of Anushka Ltd

Since Virat holds shares in Anushka since its incorporation, the entire Reserve balance of ₹1,00,000 will be Revenue.

3. Consolidation of Balances

Holding- 80%, Minority - 20%	Total	Minority Interest	Holding Company	
Equity Capital	4,00,000	80,000	3,20,000	
General Reserves	1,00,000	20,000	Nil (pre-acq)	80,000 (post-acq)
Total		1,00,000	3,20,000	80,000
Cost of Investment Goodwill/ capital reserve			(320000) NIL	-
Parent's Balance				1,00,000
Amount for Consolidated Balance Sheet				1,80,000

(Marks: 14)

Answer: -6A

	Rs. in crore
Cost of construction of bridge incurred up to 31.3.2019	4.00
Add: Estimated future cost	6.00
Total estimated cost of construction	10.00
Contract Price (12 crore x 1.05)	12.60 crore

Stage of completion

Percentage of completion till date to total estimated cost of construction = $(4/10) \times 100 = 40\%$

Revenue and Profit to be recognized for the year ended 31st March, 2019 as per AS 7:

Proportion of total contract value recognized as revenue

= Contract price × percentage of completion

= Rs. 12.60 crore × 40% = Rs. 5.04 crore

Profit for the year ended 31st March, 2019 = Rs. 5.04 crore - Rs. 4 crore = 1.04 crore.

(Marks: 5)

Answer: -6B

Computation of Basic Earnings Per Share (as per AS 20 Earnings Per Share)

	Year 2016-17	Year 2017-18
	₹	₹
EPS for the year 2021-22 as originally reported		
= $\frac{\text{Net Profit of the year attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$		
= (₹30,00,000 / 20,00,000 shares)	1.5	
EPS for the year 2021-22 restated for rights issue	(approx.)	
= [₹30,00,000 / (20,00,000 shares × 1.04 (W.N. 2))]	1.44 (approx.)	2.13 (approx.)
EPS for the year 2022-23 including effects of rights issue		

₹ 50,00,000	
$(20,00,000 \text{ shares} \times 1.04 \times 2/12) + (24,00,000 \text{ shares} \times 10/12)$	
₹50,00,000/23,46,667 shares	

Working Notes:

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

$$\frac{\text{Fair value of all outstanding shares immediately prior to exercise of rights} + \text{Total amount received}}{\text{Number of shares outstanding prior to exercise} + \text{Number of shares issued in the exercise}}$$

$$= \frac{(\text{₹}26 \times 20,00,000 \text{ Shares}) + (\text{₹}20 \times 4,00,000 \text{ Shares})}{20,00,000 \text{ shares} + 4,00,000 \text{ Shares}} = \frac{\text{₹}6,00,00,000}{24,00,000 \text{ Shares}} = \text{₹}25$$

2. Computation of adjustment factor

$$= \frac{\text{Fair value per share prior to exercise of rights}}{\text{Theoretical ex - rights value per share}} = \frac{26}{\text{₹}25 \text{ (Refer working Note 1)}} = 1.04 \text{ (approx.)}$$

(Marks: 5)

Answer: -6C

Fair value of plan assets on 31.3.20X1	8,00,000
Add: Employer contribution	2,80,000
Less: Benefits paid	<u>(2,00,000)</u>
(A)	<u>8,80,000</u>
Fair market value of plan assets at 31.03.20X2 (B)	<u>11,40,000</u>
Actual return on plan assets(B-A)	<u>2,60,000</u>

(Marks: 4)

Answer: - 6C

Trial Balance of Foreign Branch (converted into Indian Rupees) as on March 31, 2019

Particulars	\$(Dr.)	\$(Cr.)	Conversion Basis	Rate	F (Dr.)	₹ (Cr.)
Fixed Assets	8,000		Transaction Date Rate	63	5,04,000	
Opening Inventory	800		Opening Rate	65	52,000	
Goods Received from HO	2,800		Actuals		1,85,500	
Sales		24,050	Average Rate	66	15,87,300	
Purchases	11,800		Average Rate	66	7,78,800	
Expenses	1,800		Average Rate	66	1,18,800	
Cash	700		Closing Rate	67	46,900	
Remittance to HO	2,450		Actuals		1,62,000	
HO Account		4,300	Actuals			2,84,500

Exchange Rate Difference			Balancing Figure		23,800	
	28,350	28,350			18,71,800	18,71,800
Closing Stock	700		Closing Rate	67	46,900	
Depreciation	800		Fixed Asset Rate	63	50,400	

(Marks: 4)