

AS 10 [Compatibility Mode] - PowerPoint

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7
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12
13

Improvement Cost

- ✓ Capitalized:
If it increases Quantity, Quality and capacity of FA.
- ✓ Revenue: Otherwise.
(for normal running)



Click to add notes

SLIDE 10 OF 16 NOTES COMMENTS 70%

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7
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13

If it Capital Expend
Addition or Extension

✓Integral Part: Add to the BV of asset

✓Separate Identity: Separate asset.

11

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SLIDE 11 OF 16 NOTES COMMENTS 70%

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Addition or Extension

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11

Addition or Extension

- ✓ Integral Part: Add to the BV of asset
- ✓ Separate Identity: Separate asset.

11

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SLIDE 11 OF 16 NOTES COMMENTS 70%

CS7. If Total life = 10 years.

$$\text{Car cost} = 500000$$

- depre h'll now

$$\textcircled{i} \quad \frac{500000}{10} \times 5 = 250000$$

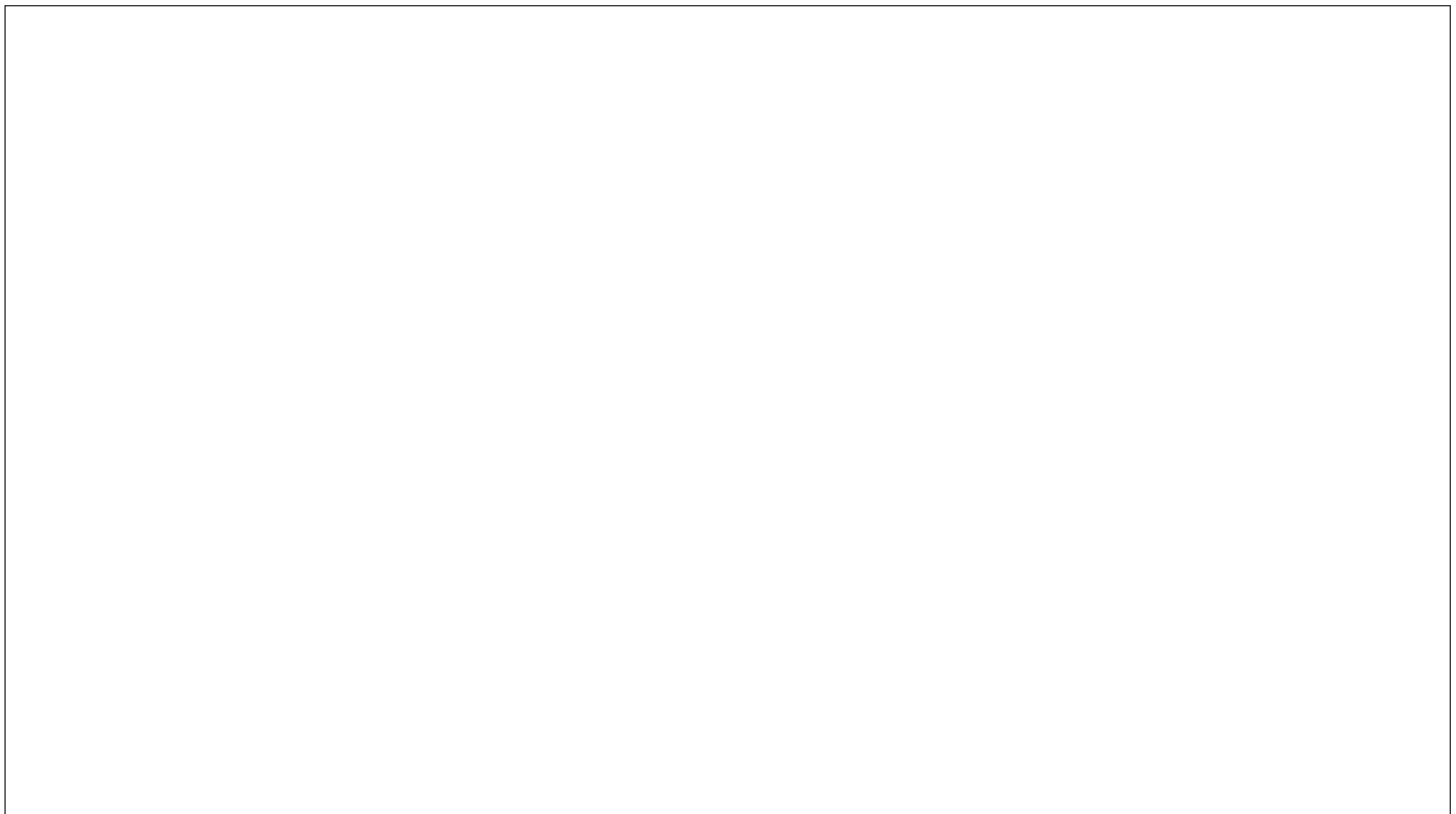
$$\text{BV of Car} = 250000$$

$$+ \text{Tires} \quad 12000$$

$$\text{New BV} = 262000$$

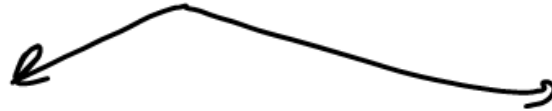
As per AS-10 'A/c for FA', any Expense to be Capitalised is added to BV of asset if it is an integral part of the asset.

In above case, New tyres increases quality/capacity of car but they are integral part of the car, hence it should be added to the present book value of the car.





Asset A/c



Net Method

Gross Method.

B/S

| FA WDV.

depr Dr
to FA

B/S

| FA cost
| acc depr WDV.

depr Dr
to acc depr.

Case 2

B/S

P&M	100000	
-depr	<u>60000</u>	400000.

It is revalued to 700000.

$$\uparrow se = 700000 - 400000 = 300000.$$

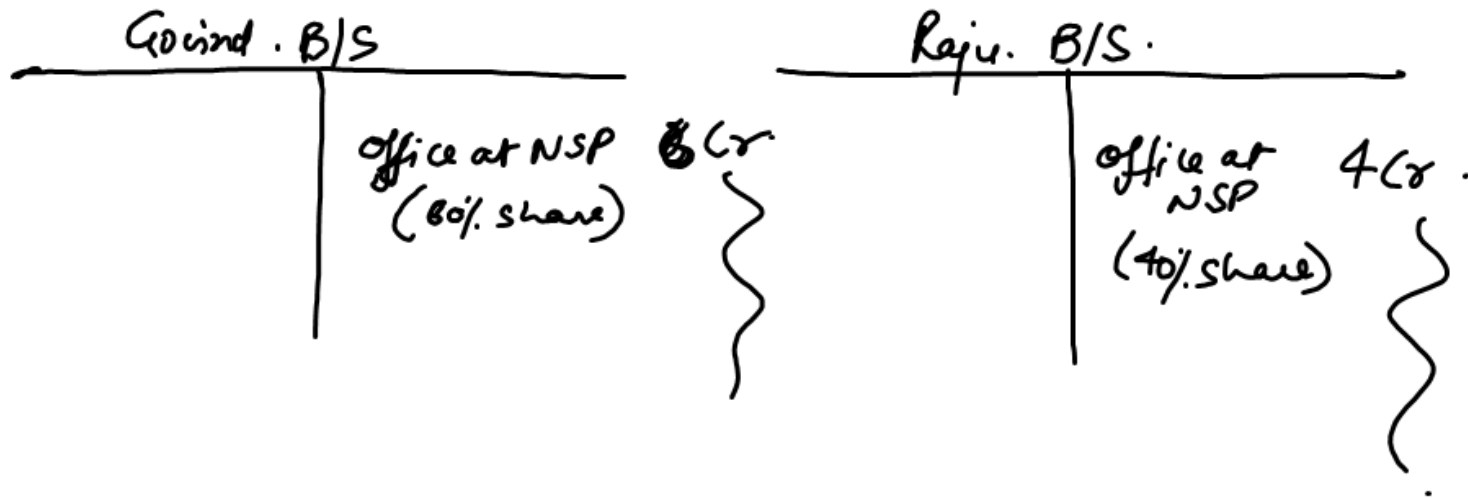
$$\% \uparrow se = \frac{300000}{400000} = 75\%$$

$$P\&M \uparrow ses \text{ by } 75\% = 100000 \times 75\% = 750000$$

$$depr \uparrow ses \text{ by } 75\% = 60000 \times 75\% = 45000.$$

P&M Or 750000

to acc depr 45000



NSP : office of 10 Cr.

Govind 6 Cr : Raju 4 Cr.

TV 55000

WM 15000

IMG 9000

Iphoneg. 70000.

144000

- 14400

Consolidated
price : 129600 in 55:15:4:70.

CS8

① Increase of FA by 500000

FA Dr 500000
to Reval. Reserve Cr 500000.

② Decrease of FA by 300000

P&L Dr 300000
to FA Cr 300000.

Ques 9

$$\text{Table} \quad 50000 \times \frac{20000}{60000} = 16667$$

$$\text{Chair} \quad 50000 \times \frac{25000}{60000} = 20833$$

$$\text{Almira} \quad 50000 \times \frac{15000}{60000} = 12500.$$

Table Dr 16667

Chair Dr 20833

Almira Dr 12500

to Cash 50000.

Ques 10.

$$\begin{aligned} \text{Pur cost of Bldg} &= 450000 + 8\% \\ &= 48,60,000. \end{aligned}$$

Mr B Balance Sheet

L&B (60% share)	29,16,000.
--------------------	------------

L&B Dr 29,16,000
to Bank 29,16,000

Ques 11.

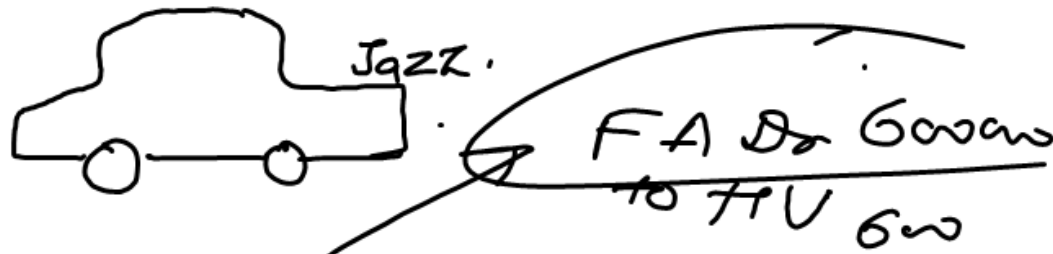
$$\begin{aligned} \text{Book value} &= 18000 - (18000 \times 10\% \times 5) \\ &= 9000. \end{aligned}$$

$$\text{NRV} = 1500$$

$$\text{lesser amount} = 1500$$

P&L Dr 7500 ←
 to TV(Old) 7500

BV 9000
Value 1500
Loss 7500



Cash price = 60000

$$\text{Hire purchase price} = 10000 + 50000 \times 13 = 750000$$

into 150 cars

