

**CA Inter CMA - Version 2 Batch**

**Chapter 1 : Q. 22 - Page 19**

**Query :** About Sub-question (ii) : Type of cost not understood.

"Withdrawing money from bank deposit for the purpose of purchasing new machine for expansion purpose".

**Solution :**

- (1) Purchase of a new machine is a **capital expenditure**. No doubt about it.
- (2) However, ICAI thinking is : The money is withdrawn from bank deposit and then used for purchase of machine. Here, we will be losing an opportunity to earn interest on such bank deposit.
- (3) Hence, ICAI answer was "**Opportunity Cost**" i.e. implicit cost or notional cost etc.
- (4) Sometimes, we have 3 answers to a question i.e. (a) Correct answer (b) Wrong answer and (c) ICAI answer.
- (5) The above answer is ICAI answer and Boss is always right.