

ANSWERS

5

- (c) Both (a) and (b). (a) is for payment received for debentures from public in lump-sum at par and (b) is for due entry of application and allotment money.
- (b) loss on realisation
- (a) income and expenditure account
- (c) 2 : 2 : 1

Hint Z's share = $\frac{1}{5}$; X's share = $\frac{3}{5} - \frac{1}{5} = \frac{2}{5}$; Y's share = $\frac{2}{5}$; New profit sharing ratio of X : Y : Z = 2 : 2 : 1.

5. (b) Bank A/c	Dr	—
Share Forfeiture A/c	Dr	—
To Share Capital A/c		—

- (a) Land and Building ₹ 8,00,000 (Cr)

Hint Profit on revaluation = 48,00,000 – 40,00,000 = ₹ 8,00,000

- (b) (ii) - (iii) - (i)

- (c) 3,00,000

Hints Total Goodwill = ₹ 13,00,000; Tarun's Share = $\frac{3}{13}$

∴ Tarun's Share of Goodwill = 13,00,000 × $\frac{3}{13}$ = ₹ 3,00,000

- (b) ₹ 89,600

Hint Amount transferred to receipts and payments account will be = 80,000 + 9,600 = ₹ 89,600

- (c) dissolution of firm

- Non-profit Organisations (NPOs)

- executors

- By issuing debentures for consideration other than cash, company address the issue of cash management which in turn will not adversely affect the working capital of company.

- Calculation of Receipt from Subscription**
for the year ended 31st March, 2019

Particulars	Amt (₹)	
Amount of Subscription as per Income and Expenditure A/c		78,000
(+) Outstanding Subscription of Previous Year	12,000	24,000
Subscription Received in Advance for Next Year		1,02,000
(-) Outstanding Subscription of Current Year	(24,000)	
Subscription Received in Advance in Previous Year	(18,000)	(42,000)
Amount Received as Subscription in Current Year		60,000

Or

Income and Expenditure Account for the year ending 31st March, 2019

Dr		Income		Cr
Expenditure	Amt (₹)		Amt (₹)	
		Subscription	28,000	
		(+) Outstanding for Current Year	2,000	30,000

Note Subscription for the year should be 1,000 × 30 = ₹ 30,000, but as per receipts and payments account, received for the current year ₹ 28,000 only, so ₹ 2,000 is outstanding.

Balance Sheet
as at 31st March, 2018

Liabilities	Amt (₹)	Assets	Amt (₹)
		Subscription Due	1,300

Balance Sheet
as at 31st March, 2019

Liabilities	Amt (₹)	Assets	Amt (₹)
Subscription Received in Advance	500	Outstanding Subscription	
		2018 (1,300 – 1,000)	300
		2019	2,000
			2,300

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Date	Particulars	LF	Amt (Dr)	Amt (Cr)
2019 May 1	Modi's Capital A/c Shah's Capital A/c To Dharma's Capital A/c (Being goodwill written-off in gaining ratio, i.e. 1 : 3)	Dr Dr	20,000 60,000	80,000

Calculation of New Share

Modi Shah Dharma

Old ratio $\Rightarrow 1 : 2 : 2$

$$\text{Modi's gain share} = \frac{1}{4} \times \frac{2}{5} = \frac{2}{20}$$

$$\text{Shah's gain share} = \frac{3}{4} \times \frac{2}{5} = \frac{6}{20}$$

$$\text{Modi's new share} = \text{Old share} + \text{Gain share} = \frac{1}{5} + \frac{2}{20} = \frac{4+2}{20} = \frac{6}{20}$$

$$\text{Shah's new share} = \frac{2}{5} + \frac{6}{20} = \frac{8+6}{20} = \frac{14}{20}$$

New profit sharing ratio of Modi : Shah = 6 : 14 or 3 : 7

Working Note

$$\text{Dharma's share of goodwill} = 2,00,000 \times \frac{2}{5} = ₹ 80,000$$

to be contributed by Modi and Shah in their gaining ratio i.e. 1 : 3.

$$\text{Modi gains} = 80,000 \times \frac{1}{4} = ₹ 20,000$$

$$\text{Shah gains} = 80,000 \times \frac{3}{4} = ₹ 60,000$$

Or

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Date	Particulars	LF	Amt (Dr)	Amt (Cr)
2019 Jun 12	X's Capital A/c Z's Capital A/c To Y's Capital A/c (Being the goodwill adjusted)	Dr Dr	15,000 5,000	20,000
Jun 12	Profit and Loss Suspense A/c To Y's Capital A/c (Being Y's share of profit till the date of death transferred to his capital account)	Dr	10,000	10,000
Jun 12	Y's Capital A/c To Y's Executor's A/c (Being amount due to Y transferred to his executor's account)	Dr	30,000	30,000

Working Notes

1. Gaining ratio = New share - Old share

$$X = \frac{3}{4} - \frac{3}{6} = \frac{9-6}{12} = \frac{3}{12}, Z = \frac{1}{4} - \frac{1}{6} = \frac{3-2}{12} = \frac{1}{12}$$

Gaining ratio = 3 : 1

2. **Calculation of Goodwill**

$60,000 \times \frac{2}{6} = ₹ 20,000$; to be shared by X and Z in their gaining ratio, i.e. 3 : 1.

X will share = $20,000 \times \frac{3}{4} = ₹ 15,000$

Z will share = $20,000 \times \frac{1}{4} = ₹ 5,000$

3. **Calculation of Y's Share in Profit**

$$1,50,000 \times \frac{2}{6} \times \frac{73}{365} = ₹ 10,000$$

**In the Books of Vikram Ltd
JOURNAL**

Date	Particulars	LF	Amt (Dr)	Amt (Cr)
	Bank A/c (4,000 × 25) To Debentures Application A/c (Being application money received)	Dr	1,00,000	1,00,000
	Debentures Application A/c To 10% Debentures A/c (Being application money transferred)	Dr	1,00,000	1,00,000
	Debentures Allotment A/c (4,000 × 35) To 10% Debentures A/c (Being allotment money due)	Dr	1,40,000	1,40,000
	Bank A/c To Debentures Allotment A/c To Calls-in-Advance A/c (200 × 40) (Being allotment and calls-in-advance received)	Dr	1,48,000	1,40,000 8,000
	Debentures First and Final Call A/c (4,000 × 40) To 10% Debentures A/c (Being first call money due)	Dr	1,60,000	1,60,000
	Bank A/c Calls-in-Advance A/c To Debentures First & Final Call A/c (Being first call money received)	Dr Dr	1,52,000 8,000	1,60,000

**In the Books of Soniya & Co
JOURNAL**

Date	Particulars	LF	Amt (Dr)	Amt (Cr)
2019 Mar 31	Interest on Debentures A/c (WN 1) To Debentureholders A/c (Being interest is due to debentureholders for 3 months on 14% debentures)	Dr	35,000	35,000
Mar 31	Debentureholders A/c To Bank A/c (Being interest on debentures is paid to the debentureholders)	Dr	35,000	35,000

Statement of Profit and Loss
 To Interest on Debentures A/c
 To Loss on Issue of Debentures A/c (WN 2)
 (Being interest on debentures and loss on issue of
 debentures written-off from SPR and profit and loss account)

1,50,000

Working Notes

- Interest on debentures (for 3 months in 2018-2019) = $(5,000 \times 200) \times \frac{14}{100} \times \frac{3}{12}$
 = $10,00,000 \times \frac{14}{100} \times \frac{1}{4} = ₹ 35,000$
- Loss on issue of debentures account = Premium on redemption of debentures account
 = $(5,000 \times 30) = ₹ 1,50,000$
- Available balance in securities premium reserve by issuing shares at premium of 10%
 = $(5,000 \times 20) = ₹ 1,00,000$

18.

Balance Sheet
 as at 31st March, 2018

Liabilities	Amt (₹)	Assets	Amt (₹)
Capital Fund (Balancing figure)	1,14,300	Cash	8,100
		Accrued Interest	1,800
		Outstanding Subscription	5,400
		Investments	72,000
		Furniture	18,000
		Books	9,000
	1,14,300		1,14,300

Balance Sheet
 as at 31st March, 2019

Liabilities	Amt (₹)	Assets	Amt (₹)
Advance Subscription	7,020	Cash	24,732
Outstanding Printing	90	Accrued Interest	180
Outstanding Advertisement	162	Accrued Tution Fees	1,800
Outstanding Rent	1,440	Prepaid Staff Salary	1,800
Advance Tution Fee	1,800	Investment	72,000
Capital Fund	1,14,300	Furniture	18,000
(+) Entrance Fee	7,560	(+) Purchase Books	12,060
(+) Surplus	7,200	Books	9,000
	1,29,060		1,39,572
	1,39,572		1,39,572

19. (i) Dr

Partners' Capital Account

Particulars	Anil (₹)		Sunil (₹)	
	Dr	Cr	Dr	Cr
To Anil's Capital A/c	—	3,200	By Balance b/d	2,40,000
To Balance c/d	2,43,200	2,36,800	By Sunil's Capital A/c	3,200
	2,43,200	2,40,000		2,43,200
				2,40,000

Liabilities		Amt (₹)	Assets		Amt (₹)
Creditors		48,000	Cash in Hand		32,000
Outstanding Expenses		12,000	Debtors		28,800
Capital A/cs			Stock		67,200
Anil	2,43,200		Furniture		49,600
Sunil	2,36,800	4,80,000	Machinery		3,62,400
		5,40,000			5,40,000

Working Notes

1. Average profit = ₹ 16,000

Goodwill = 16,000 × 2 = ₹ 32,000

2. **Calculation of Sacrificing and Gaining Ratio**

$$\text{Anil} = \frac{3}{5} - \frac{1}{2} = \frac{6-5}{10} = \frac{1}{10} \text{ Sacrifice;}$$

$$\text{Sunil} = \frac{2}{5} - \frac{1}{2} = \frac{4-5}{10} = \left(\frac{1}{10}\right) \text{ Gain}$$

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Date	Particulars	LF	Amt (Dr)	Amt (Cr)
(a)	Revaluation A/c To Land A/c (Being value of land is reduced by ₹ 20,000)	Dr	20,000	20,000
(b)	Bad Debts Recovered A/c To Revaluation A/c (Being bad debts is recovered from a debtor)	Dr	4,000	4,000
(c)	Revaluation A/c To Provident Fund A/c (Being provident fund is increased by ₹ 2,000)	Dr	2,000	2,000

Realisation Account

Dr		Cr	
Particulars	Amt (₹)	Particulars	Amt (₹)
To Sundry Assets A/c	60,000	By Sundry Liabilities A/c	
To Bank A/c (Trade Creditors)	14,250	Trade Creditors	15,000
To Bank A/c (Loan from Mrs Y)	4,750	Loan from Mrs Y	5,000
To Bank A/c (Expenses)	500	By Bank A/c (Sundry assets realised)	55,000
		By Loss Transferred to Capital A/cs	
		Y	3,375
		Z	1,125
	79,500		4,500
			79,500

Partners' Capital Account

Dr		Cr			
Particulars	Y (₹)	Z (₹)	Particulars	Y (₹)	Z (₹)
To Balance b/d	—	5,000	By Balance b/d	50,000	—
To Profit and Loss A/c (Loss)	3,000	1,000	By Bank A/c (Cash brought in)	—	7,125
To Realisation A/c (Loss)	3,375	1,125			
To Bank A/c	43,625	—		50,000	7,125
	50,000	7,125			

Bank Account

Dr		Cr	
Particulars	Amt (₹)	Particulars	Amt (₹)
To Balance b/d	1,000	By Realisation A/c (Creditors)	14,250
To Realisation A/c (Assets realised)	55,000	By Realisation A/c (Loan from Mrs Y)	4,750
To Z's Capital A/c (Cash brought in)	7,125	By Realisation A/c (Expenses)	500
		By Y's Capital A/c (Final payment)	43,625
	63,125		63,125

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Date	Particulars	Dr	LF	Amt (Dr)	Amt (Cr)
	Bank A/c (30,000 × 20) To Share Application A/c (Being application money received on 30,000 shares)	Dr		6,00,000	6,00,000
	Share Application A/c To Share Capital A/c (20,000 × 20) To Share Allotment A/c To Bank A/c (WN 1) (Being application money transferred to capital account at the time of allotment and the excess adjusted in allotment and balance refunded)	Dr		6,00,000	4,00,000 85,000 1,15,000
	Share Allotment A/c (20,000 × 45) To Share Capital A/c (20,000 × 30) To Securities Premium Reserve A/c (20,000 × 15) (Being allotment money due)	Dr		9,00,000	6,00,000 3,00,000
	Bank A/c To Share Allotment A/c (WN 2) (Being the balance of allotment money received)	Dr		8,15,000	8,15,000
	Share First and Final Call A/c (20,000 × 60) To Share Capital A/c (20,000 × 50) To Securities Premium Reserve A/c (20,000 × 10) (Being final call money due)	Dr		12,00,000	10,00,000 2,00,000
	Bank A/c To Share First and Final Call A/c (Being final call money received)	Dr		12,00,000	12,00,000

Working Notes

1.

Analysis Table

Shares Issued	Shares Applied	Shares Allotted	Application Money Received	Application Money Due	Excess Money	Excess	
						Adjusted at Allotment	Refunded
20,000	30,000 8,000	1,000	1,60,000	20,000	1,40,000	45,000 (1,000 × 45)	95,000 (1,60,000 – 45,000) – 20,000 20,000
	1,000 21,000 (30,000 – 9,000)	— 19,000 (20,000 – 1,000)	20,000 4,20,000 —	— 3,80,000 —	— 40,000 —	— 40,000 (4,20,000 – 3,80,000)	— — —
						85,000	1,15,000

2. Amount to be received at the time of allotment = Amount due at the time of allotment – Money received at the time of application adjusted towards allotment
= 9,00,000 – 85,000 = ₹ 8,15,000

Or

In the Books of Vardhman Ltd

Dr

Cash Book

Cr

Particulars	Amt (₹)	Particulars	Amt (₹)
To Equity Share Application A/c (3,00,000 × 7)	21,00,000	By Share Application A/c (60,000 shares × 7)	4,20,000
To Equity Share Allotment A/c (WN 1)	5,18,960	By Balance c/d	35,96,560
To Equity Shares First Call A/c (WN 2) (1,98,000 shares × 3)	5,96,400		

Particulars	Amt (₹)	Particulars	Amt (₹)
To Equity Share Second and Final Call A/c (WN 2) (1,98,300 shares × 4)	7,93,200		
To Equity Shares Capital A/c (Re-issued) (1,000 shares × 8)	8,000		
	40,16,560		40,16,560

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Date	Particulars	LF	Amt (Dr)	Amt (Cr)
	Equity Share Application A/c Dr		16,80,000	
	To Equity Share Capital A/c (2,00,000 × 5)			10,00,000
	To Securities Premium Reserve A/c (2,00,000 × 2)			4,00,000
	To Equity Share Allotment A/c (Money Adjusted) (40,000 × 7) (Being the application money adjusted)			2,80,000
	Equity Share Allotment A/c (2,00,000 × 4) Dr		8,00,000	
	To Equity Share Capital A/c (2,00,000 × 2)			4,00,000
	To Securities Premium Reserve A/c (2,00,000 × 2) (Being the allotment money due on 2,00,000 shares)			4,00,000
	Equity Share Capital A/c (400 × 7) Dr		2,800	
	Securities Premium Reserve A/c (400 × 2) Dr		800	
	To Equity Share Allotment A/c [WN1(ii)]			1,040
	To Forfeited Shares A/c			2,560
	(Being 400 shares of X forfeited for non-payment of allotment money)			
	Equity Share First Call A/c (1,99,600 × 3) Dr		5,98,800	
	To Equity Shares Capital A/c (1,99,600 × 1)			1,99,600
	To Securities Premium Reserve A/c (1,99,600 × 2) (Being the first call money due on 1,99,600 shares)			3,99,200
	Equity Share Second and Final Call A/c (1,99,600 × 4) Dr		7,98,400	
	To Equity Share Capital A/c (1,99,600 × 2)			3,99,200
	To Securities Premium Reserve A/c (1,99,600 × 2) (Being the second and final call due on 1,99,600 shares)			3,99,200
	Equity Share Capital A/c (800 × 10) Dr		8,000	
	Securities Premium Reserve A/c (800 × 4) Dr		3,200	
	To Equity Share First Call A/c (800 × 3)			2,400
	To Equity Share Second and Final Call A/c (800 × 4)			3,200
	To Forfeited Shares A/c			5,600
	(Being 800 shares of Y forfeited for non-payment of calls)			
	Forfeited Shares A/c (1,000 × 2) Dr		2,000	
	To Equity Share Capital A/c			2,000
	(Being the discount on reissue adjusted against the credit balance of forfeited shares account)			
	Forfeited Shares A/c Dr		4,880	
	To Capital Reserve A/c (WN 3)			4,880
	(Being the profit on reissue transferred to capital reserve)			

Working Notes

1. (i) Calculation of Excess Amount Received from X on Application

400 shares were allotted to X

Therefore, he must have applied for $\left(\frac{2,40,000}{2,00,000} \times 400\right) = 480$ shares

Excess application money received from X

	Amt (₹)
(ii) Money due from X on allotment	1,600
400 shares × ₹ 4	(560)
(-) Excess applied money adjusted	<u>1,040</u>
Money due from X	
(iii) Money received on allotment	8,00,000
Total amount due on allotment (₹ 2,00,000 × 4)	(2,80,000)
(-) Excess application money adjusted	<u>5,20,000</u>
	<u>(1,040)</u>
(-) Money not paid by X (ii)	<u>5,18,960</u>
Net amount received on allotment	

2. Y applied for 960 shares

Therefore, he must have been allotted $\left(\frac{2,00,000}{2,40,000} \times 960\right) = 800$ shares

He has not paid first and second call money. As such,

- (i) First call money will be received on 1,99,600 shares – 800 shares of Y = 1,98,800 shares
(ii) Second call money will be received on 1,99,600 shares – 800 shares of Y – 500 shares of Z = 1,98,300 shares

3. Amount Transferred to Capital Reserve

1,000 shares have been reissued which include 800 shares of Y and the balance 200 of X.

(i) Amount forfeited in respect of Y's shares 5,600

(ii) Amount forfeited in respect of X's shares $\left(\frac{2,560}{400} \times 200\right)$ 1,280

(-) Loss on re-issue of 1,000 shares @ ₹ 2 each 6,880

Profit on re-issue to be transferred to capital reserve (2,000)

₹4,880

22. Dr Revaluation Account Cr

Particulars	Amt (₹)	Particulars	Amt (₹)
To Provision for Doubtful Debts A/c	800	By Building A/c	14,000
To Profit Transferred to Aashi's Capital A/c	6,600		
Kiran's Capital A/c	4,400		
Madhu's Capital A/c	2,200		
	<u>13,200</u>		
	14,000		<u>14,000</u>

Dr Partners' Capital Account Cr

Particulars	Aashi (₹)	Kiran (₹)	Madhu (₹)	Particulars	Aashi (₹)	Kiran (₹)	Madhu (₹)
To Kiran's Capital A/c (Note)	9,000	—	3,000	By Balance b/d	30,000	20,000	20,000
To Profit and Loss A/c	1,200	800	400	By Revaluation A/c (Profit)	6,600	4,400	2,200
To Cash A/c	—	6,000	—	By Aashi's Capital A/c (Note)	—	9,000	—
To Kiran's Loan A/c	—	29,600	—	By Madhu's Capital A/c (Note)	—	3,000	—
To Balance c/d	26,400	—	18,800				
	<u>36,600</u>	<u>36,400</u>	<u>22,200</u>		<u>36,600</u>	<u>36,400</u>	<u>22,200</u>

Dr		Cash Account		Cr	
Particulars	Amt (₹)	Particulars	Amt (₹)		
To Balance b/d	9,400	By Kiran's Capital A/c	6,000		
		By Balance c/d	3,400		
	9,400		9,400		

Balance Sheet
as at 31st December, 2019

Liabilities		Amt (₹)	Assets		Amt (₹)
Creditors		27,180	Cash		3,400
Kiran's Loan A/c		29,600	Stock		23,380
Capital A/cs			Debtors	16,000	
Aashi	26,400		(-) Provision for Doubtful Debts	(800)	15,200
Madhu	18,800	45,200	Building		60,000
		1,01,980			1,01,980

Note Kiran's share of goodwill ₹ 36,000 × 1/3 or ₹ 12,000 has been debited to capital accounts of Aashi and Madhu in their gaining ratio, i.e. 3 : 1 and credited to Kiran's capital account.

Dr		Revaluation Account		Cr	
Particulars	Amt (₹)	Particulars	Amt (₹)		
To Patents A/c	20,000	By Building A/c	40,000		
To Provision for Doubtful Debts A/c	5,100				
To Machine A/c	10,000				
To Profit Transferred to					
A's Capital A/c	2,940				
B's Capital A/c	1,960	4,900			
		40,000			40,000

Dr		Partners' Capital Account						Cr	
Particulars	A (₹)	B (₹)	C (₹)	Particulars	A (₹)	B (₹)	C (₹)		
To Goodwill A/c	12,000	8,000	—	By Balance b/d	1,00,000	1,00,000	—		
To Balance c/d	1,53,940	1,40,960	80,000	By Profit and Loss A/c	18,000	12,000	—		
				By Reserve Fund A/c	24,000	16,000	—		
				By Cash A/c	—	—	80,000		
				By Premium for Goodwill A/c	10,000	10,000	—		
				By C's Current A/c	5,000	5,000	—		
				By Workmen's Compensation Fund A/c	6,000	4,000	—		
				By Revaluation A/c (Profit)	2,940	1,960	—		
	1,65,940	1,48,960	80,000		1,65,940	1,48,960	80,000		

Dr		Cash Account		Cr	
Particulars	Amt (₹)	Particulars	Amt (₹)		
To Balance b/d	30,000	By Balance c/d	1,30,000		
To C's Capital A/c	80,000				
To Premium for Goodwill A/c	20,000				
	1,30,000		1,30,000		

Balance Sheet

as at

Liabilities		Amt (₹)	Assets		Amt (₹)
Creditors		1,00,000	Debtors	61,000	
Bills Payable		1,00,000	(-) Provision for Doubtful Debts	(6,100)	54,900
Provident Fund		10,000	Building	2,00,000	
Workmen's Compensation Fund		20,000	(+) Appreciation	40,000	2,40,000
Capital A/cs			Machine	1,00,000	
A	1,53,940		(-) Depreciation	(10,000)	90,000
B	1,40,960		Investment		40,000
C	80,000	3,74,900	Cash		1,30,000
			Bank		40,000
			C's Current A/c		10,000
		6,04,900			6,04,900

Working Notes

1.

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Date	Particulars	LF	Amt (Dr)	Amt (Cr)
	Cash A/c Dr		1,00,000	
	To C's Capital A/c			80,000
	To Premium for Goodwill A/c			20,000
	(Being cash brought in by new partner for capital and premium)			
	Premium for Goodwill A/c Dr		20,000	
	To A's Capital A/c			10,000
	To B's Capital A/c			10,000
	(Being premium brought transferred to old partners in sacrificing ratio)			
	C's Current A/c Dr		10,000	
	To A's Capital A/c			5,000
	To B's Capital A/c			5,000
	(Being C's share of goodwill credited to A and B)			

2. Sacrificing ratio = Old share - New share

$$A = \frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10}; \quad B = \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}$$

Sacrificing ratio = 1 : 1

23. (c) ₹ 84,000

Hint

Calculation of Net Cash Flow from Financing Activities

Particulars	Amt (₹)
Issue of Shares [2,00,000 + 20,000 (Premium)]	2,20,000
Redemption of Debentures	(1,00,000)
Interest on Debentures	(36,000)
	84,000

24. (a) Reserve and Surplus

25. (a) 40%

Hint Percentage of Tangible Assets = $\frac{8,00,000}{20,00,000} \times 100 = 40\%$

26. (c) Liquidity ratio

27. (d) Both (b) and (c)

28. inventories, current assets

29. Financing activities result in changes in the size and composition of the owner's capital and borrowings of the enterprise.

Working Notes

1. Calculation of Net Profit before Tax

	Amt (₹)
Net profit before tax but after interest	6,07,500
(+) Interest on debentures (12,00,000 × 12/100)	1,44,000
	7,51,500
(-) Interest on non-trade investment (1,05,000 × 10/100)	(10,500)
Net profit before tax	₹ 7,41,000

2. Calculation of Capital Employed (Liabilities approach)

Capital employed = Equity share capital + Preference share capital + Reserves and surplus
 (Balance of statement of profit and loss) + Long-term Loan – Non-trade Investment (book value)
 = 15,00,000 + 1,50,000 + 3,75,000 + 12,00,000 – 75,000 = ₹ 31,50,000

Current Ratio = $\frac{\text{Current Assets (CA)}}{\text{Current Liabilities (CL)}}$

Current Assets = Total Assets – Non-current Assets = 1,00,000 – 50,000 = ₹ 50,000

Current Liabilities = Total Assets – Non-current Liabilities – Shareholders' fund
 = 1,00,000 – 20,000 – 60,000 = ₹ 20,000

∴ Current Ratio = $\frac{50,000}{20,000} = 2.5:1$

Working Capital Turnover Ratio = $\frac{\text{Revenue from Operations}}{\text{Working Capital}}$

Working Capital = CA – CL = 50,000 – 20,000 = ₹ 30,000

Working Capital Turnover Ratio = $\frac{1,50,000}{30,000} = 5 \text{ times}$

Balance Sheet
as at 31st March, 2020

Particulars	Note No.	Current Year (₹)
I. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	1	5,00,000
(b) Reserves and Surplus	2	4,20,000
2. Non-current Liabilities		
Long-term Borrowings	3	3,00,000
3. Current Liabilities		
Trade Payables		2,50,000
Total		14,70,000
II. ASSETS		
1. Non-current Assets		
(a) Fixed Assets		
Tangible Assets	4	8,30,000
		64,000
2. Current Assets		
(a) Inventories		2,56,000
(b) Trade Receivables		3,20,000
(c) Cash and Cash Equivalents		14,70,000
Total		14,70,000

Notes to Accounts	Particulars	Amt (₹)
		5,00,000
1.	Share Capital Preference Share Capital	3,00,000
2.	Reserves and Surplus General Reserve Balance in Statement of Profit and Loss	1,20,000 4,20,000
3.	Long-term Borrowings 8% Debentures	3,00,000
4.	Tangible Fixed Assets Cost (-) Depreciation	9,00,000 (70,000) 8,30,000

Or

Common Size Income Statement

for the year ending 31st March, 2019 and 2020

Particulars	Absolute Amount (₹)		Percentage of Revenue from Operations (%) (Net sales)	
	2019 ₹	2020 ₹	2019	2020
I. Revenue from Operations (Net sales)	40,00,000	40,00,000	100.00	100.00
II. Other Income	40,000	44,000	1.00	1.10
III. Total Revenue (I + II)	40,40,000	40,44,000	101.00	101.10
IV. Expenses				
(a) Purchases of Stock-in-trade	26,00,000	28,00,000	65.00	70.00
(b) Changes in Inventories of Stock-in-trade	2,00,000	1,92,000	5.00	4.80
(c) Employees Benefit Expenses	3,20,000	3,92,000	8.00	9.80
(d) Other Expenses (4,70,000 – 4,50,000) (3,60,000 – 3,00,000)	20,000	60,000	0.50	1.50
Total Expenses	31,40,000	34,44,000	78.50	86.10
V. Profit before Tax (III – IV)	9,00,000	6,00,000	22.50	15.00
(-) Provision for Tax	(4,50,000)	(3,00,000)	(11.25)	(7.50)
VI. Profit after Tax	4,50,000	3,00,000	11.25	7.50

32.

Cash Flow Statement

for the year ending 31st March, 2020

Particulars	Amt (₹)
I. Cash Flow from Operating Activities	
Net Profit before Tax and Extraordinary Items	31,000
Adjustments for Non-cash and Non-operating Expenses	
(+) Depreciation on Machinery	13,000
(-) Profit on Sale of Machinery	(3,000)
Operating Profit before Working Capital Changes	41,000
(+) Increase in Current Liabilities and Decrease in Current Assets	
Creditors	12,000
(-) Decrease in Current Liabilities and Increase in Current Assets	
Debtors	(5,000)
Stock	(5,000)
Net Cash Flow from Operating Activities	43,000

Particulars	Amt (₹)
II. Cash Flow from Investing Activities	
Purchase of Land	(11,000)
Purchase of Building	(5,000)
Purchase of Machinery	(15,000)
Sale of Machinery	5,000
Net Cash Used in Investing Activities	(26,000)
III. Cash Flow from Financing Activities	
Loan from Mr Rajesh	15,000
Bank Loan Paid	(10,000)
Drawings	(21,000)
Net Cash Used in Financing Activities	(16,000)
Net Increase in Cash and Cash Equivalents	1,000
(+) Opening Cash and Cash Equivalents	4,000
Closing Cash and Cash Equivalents	5,000

Working Notes

	Amt (₹)
1. Closing Capital	1,60,000
(+) Drawings	21,000
	1,81,000
(-) Opening Capital	(1,50,000)
Net Profit before Tax	31,000

Machinery Account

Dr		Cr	
Particulars	Amt (₹)	Particulars	Amt (₹)
To Balance b/d	81,000	By Bank A/c (Sale)	5,000
To Profit and Loss A/c (Profit on sale)	3,000	By Provision for Depreciation A/c	8,000
To Bank A/c (Purchase)	15,000	By Balance c/d	86,000
(Balancing figure)	99,000		99,000

Provision for Depreciation Account

Dr		Cr	
Particulars	Amt (₹)	Particulars	Amt (₹)
To Machinery A/c	8,000	By Balance b/d	10,000
To Balance c/d	15,000	By Profit and Loss A/c (Depreciation)	13,000
	23,000	(Balance figure)	23,000