

DIWALI TEST 2015.

Ques :- 6. (ISSUE OF SHARES)

Soln :-Issued \rightarrow 1,00,000 sh. @ ₹10 + 3^(P)

$$\frac{\text{App.}}{4} + \frac{\text{Allt.}}{6(3+3)} + \frac{\text{F\&F}}{3}$$

Public \rightarrow 2,00,000 Shares.

No. of Shares		Amount Received	App. (4)	Allt. (6)	F&F (3)	Rejection
Applied	Allotted					
2,00,000	1,00,000	8,00,000	4,00,000	4,00,000	—	—

Case of Harsh.

Applied : Allotted

2,00,000 : 1,00,000

2 : 1

1,600 : 800.

Cap. + Prem.

Amount to be received on allotment (800 x 6) 4,800 = 2,400 + 2,400

Len. Amt. already received. $\left(\frac{4,00,000}{1,00,000} \times 800 \right)$ 3,200 = 2,400 + 800.

Amount not received on Allotment. 1,600 - 1,600 =

F&F Call (800 x 3) ₹2,400.

Balance Sheet :-

Total no. of shares allotted	1,00,000
Len no. of shares forfeited	800
	<u>99,200</u>
Add no. of shares reissued.	480
	<u>99,680</u>

Soln:- In the books of Rocket Company Ltd.

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Date	Particulars	L/F	Dr. Amount (in ₹)	Cr.
	Bank A/c _____	Dr.	8,00,000	
	To Share application A/c			8,00,000
	(Being application amt. on 2,00,000 shares @ ₹4 per share received.)			
	Share application A/c _____	Dr.	8,00,000	
	To Share capital A/c			4,00,000
	To Share Allotment A/c			4,00,000
	(Being app. amt. on 1,00,000 shares transfr.)			
	Share Allotment A/c _____	Dr.	6,00,000	
	To Share capital A/c			3,00,000
	To Securities Premium A/c			3,00,000
	(Being allotment amt. on 1,00,000 shares @ ₹6 per share made due.)			
	Bank A/c _____	Dr.	1,98,400	
	To Share Allotment A/c			1,98,400
	(6,00,000 - 4,00,000 - 1,600)			
	(Being allotment amt. on 98,200 shares received.)			
	Share first & Final call A/c _____	Dr.	3,00,000	
	To Share capital A/c			3,00,000
	(Being first & final call @ 3 per share made due on 1,00,000 share.)			

Date	Particulars	L F	Amount (in ₹)	
			Dr.	Cr.
	Bank A/c _____ Dr.		2,97,600	
	To Share first & final call A/c. (3,00,000 - 2,400)			2,97,600
	(Being first & final call amt. on 99,200 shares received.)			
	Share capital A/c _____ Dr.		8,000	
	Securities Premium A/c _____ Dr.		1,600	
	To Share forfeited A/c			5,600
	To Share Allotment A/c			1,600
	To Share first & final call A/c.			2,400
	(Being 800 shares forfeited for non payment of allotment & final call.)			
	Bank A/c _____ (480 × 8) Dr.		3,840	
	Share forfeited A/c _____ Dr.		960	
	To Share capital A/c. (480 × 10)			4,800
	(Being 480 shares reissued at ₹ 8 per share, fully paid up.)			
	Share forfeited A/c _____ Dr.		2,400	
	To Capital Reserve A/c			2,400
	(Being excess amt. on 480 shares transfer.)			
	($\frac{5,600}{800} \times 480 = 3,360 - 960 = ₹ 2,400$)			

Balance Sheet

as at --/--/----

Particulars.	Note No.	Amount (in ₹).
<u>EQUITIES & LIABILITIES.</u>		
i) Shareholder's fund		
a) Share capital	1.	9,99,040
b) Reserves & Surplus.	2.	3,00,800
TOTAL.		12,99,840
<u>ASSETS.</u>		
<u>CURRENT ASSETS.</u>		
Cash & Cash equivalent.		12,99,840
TOTAL.		12,99,840

NOTES :-Note 1. Share capitalAuthorised capital.

-- shares @ ₹ -- per share.

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Issued Capital.

1,00,000 shares @ ₹ 10 per share.

10,00,000

Subscribed capital :-Subscribed capital fully paid up.

99,680 shares @ ₹ 10 per share fully paid

9,96,800.

Subscribed capital not fully paid up.

Share forfeited (on 320 shares which are not reissued.)

2,240

9,99,040

Note 2:- Reserves & Surplus.

Securities Premium

2,98,400

Capital Reserve.

2,400

3,00,800

Q.7(a) COMMON SIZE STATEMENT.

Soln:-

Common Size Income Statement

for the years 2014 & 2015.

Particulars	31st March 2014	31st March 2015	2014 %	2015 %
I. INCOME				
Revenue from operation	5,00,000	5,00,000	100	100
Other Incomes.	5,000	5,500	1	1.10
TOTAL.	5,05,000	5,05,500	101	101.10
II. Expenses:				
Purchases of Stock-in-Trade	3,25,000	3,50,000	65	70
Change in Inventories	25,000	24,000	5	4.8
Employees benefit Exp.	40,000	49,000	8	9.8
Other expenses. (a)	2,500	7,500	0.5	1.5
TOTAL.	3,92,500	4,30,500	78.5	86.1
III. Profit before tax (I-II)	1,12,500	75,000	22.5	15.0
Less Provision for tax	56,250	37,500	11.25	7.5
IV. Profit after tax.	56,250	37,500	11.25	7.5

Notes:- (a)

Other expenses.	58,750	45,000
Less Prov. for tax.	56,250	37,500
=	<u>2,500</u>	<u>7,500</u>

Q 7(b) COMPARATIVE BALANCE SHEET.

Soln:-

Comparative Balance Sheet
as at 31st March, 2014 & 2015.

Particulars	2014	31 st March 2015	Absolute Change Increase or Decrease	Percentage %
<u>EQUITY AND LIABILITIES</u>				
1. <u>Shareholder's fund</u>				
a) Share capital	50,00,000	50,00,000	—	—
b) Reserves & Surplus.	10,00,000	12,00,000	2,00,000	20
2. <u>Non Current Liabilities</u>				
Long term borrowings.	30,00,000	30,00,000	—	—
3. <u>Current Liabilities.</u>				
a) Short term borrowings	4,50,000	4,80,000	30,000	6.67
b) Trade payables.	4,00,000	4,50,000	50,000	12.50
c) Other current Liab.	1,00,000	1,10,000	10,000	10
d) Short term provision	50,000	60,000	10,000	20
TOTAL.	1,00,00,000	1,03,00,000	3,00,000	3
<u>ASSETS.</u>				
1. <u>Non Current Assets</u>				
a) Fixed Assets (Tangible)	60,00,000	72,00,000	12,00,000	20
b) Non Current Investment	10,00,000	10,00,000	—	—
2. <u>Current Assets.</u>				
a) Inventories	15,00,000	11,00,000	(4,00,000)	(26.67)
b) Trade receivables.	10,00,000	6,00,000	(4,00,000)	(40)
c) Cash & Cash equivalent	3,00,000	3,50,000	50,000	16.67
d) Other Current Assets	2,00,000	50,000	1,50,000	(75)
Total	1,00,00,000	1,03,00,000	3,00,000	3

Q 8 (a) RATIO ANALYSIS.

Soln:-

$$\text{Return on Investment} = \frac{\text{Profit before Interest \& Tax}}{\text{Capital employed}} \times 100$$

$$= \frac{2,47,000}{10,50,000} \times 100$$

$$= 23.52\%$$

$$\text{Return on Investment} = 23.52\%$$

Capital employed

$$= \text{Net fixed Assets} \quad \text{₹ } 9,50,000$$

$$(\text{₹ } 11,50,000 - \text{₹ } 2,00,000)$$

$$10\% \text{ Trade Investment} \quad \text{₹ } 50,000$$

Working capital

$$(\text{₹ } 2,20,000 - \text{₹ } 1,70,000) \quad \text{₹ } 50,000$$

$$\underline{\text{₹ } 10,50,000}$$

$$\text{Profit before Tax} = \frac{\text{PAT} \times 100}{100 - \text{Rate}}$$

$$= \frac{1,21,500 \times 100}{60} = \text{₹ } 2,02,500$$

Profit after Tax	1,21,500
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Add Tax	81,000
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PBT.	2,02,500
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Add Interest on Debentures	48,000
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	2,50,500
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Less Interest on Non Trade Invest.	3,500
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Profit before Int. & Tax	2,47,000
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Q8 (b).

Soln:-

$$\begin{aligned}
 1. \text{ Gross Profit Ratio} &= \frac{\text{Gross profit}}{\text{Revenue from operation}} \times 100 \\
 &= \frac{₹3,40,000}{₹8,00,000} \times 100 \\
 &= 42.50\%
 \end{aligned}$$

$$\begin{aligned}
 2. \text{ Inventory Turnover Ratio} &= \frac{\text{Cost of Revenue from operation}}{\text{Average Inventory}} \\
 &= \frac{₹4,60,000}{₹1,49,000} \\
 &= 3.09 \text{ Times}
 \end{aligned}$$

Cost of Revenue from operation =

Opening Inventory	₹99,000
<u>Add Purchases</u>	<u>₹5,45,000</u>
Direct expenses	₹15,000
	<u>₹6,69,000</u>
<u>Less Closing Inventory</u>	<u>(₹1,99,000)</u>
	<u>₹4,60,000</u>

Gross Profit = Revenue from operation	₹8,00,000
<u>Less Cost of Revenue from op.</u>	<u>₹4,60,000</u>
	<u>₹3,40,000</u>

$$\begin{aligned}
 \text{Average Inventory} &= \frac{\text{Opening Inventory} + \text{Closing Inventory}}{2} \\
 &= \frac{₹99,000 + ₹1,99,000}{2} = ₹1,49,000
 \end{aligned}$$