

Amt. paid = $400 \times 95 = ₹ 38,000$
 $200 \times 97 = ₹ 19,400$
 Exp. $\frac{500}{₹ 57,900}$

Date	Particulars	L F	Dr. Amount (₹)	Cr.
	6% Debentures A/c _____	Dr.	60,000	
	To Own Debentures A/c			57,900
	To Gain on cancellation A/c			2,100
	(Being 600 deb. purchase now cancelled.)			
	Gain on cancellation A/c _____	Dr.	2,100	
	To Capital Reserve A/c			2,100
	(Being profit on cancellation transfer.)			

Ques :- 15.

Particulars	Particulars
To Cash A/c	By Cash A/c
5,000	60,000
2,000	Reserve fund 19,000
15,000	Profit and loss 8,000
Plant 9,200	Commission 8,000
	By Bank A/c
To Bank A/c	Debit
5,000	30,000
Salaries 7,000	Stock 26,000
Commission 9,200	Investment 4,250
Reserve fund 25,000	Plant 12,250
Credit	By Sales A/c
60,000	5,500
To P&L A/c	9
(Commission)	37,000
	R
	12,500

Ques:- 16.

Soln:-

Dr.

Z's Capital A/c

Cr

Particulars	Amount (in ₹)	Particulars	Amount (in ₹)
To Z's Executors A/c	60,000	By balance b/d	37,500
		By P&L Suspense A/c	2,500
		By Revaluation A/c (Profit)	2,500
		By X's Capital A/c	10,938
		By Y's Capital A/c	6,562
	<u>60,000</u>		<u>60,000</u>

Dr.	Z's Entrepreneur's A/c		Cr.		
Date	Particulars	Amount (in ₹)	Date	Particulars	Amount (in ₹)
2010 31 st July	To bank A/c	17,500	2010 31 st July	By Z's capital A/c	60,000
31 st Jan 2011	To bank A/c (10,625 + 2,550)	13,175	2011 31 st Jan	By Interest $(42,500 \times \frac{12}{100} \times \frac{6}{12})$	2,550
31 st March	To balance c/c	32,512.5	2011 31 st March	By bal. Interest $(31,875 \times \frac{12}{100} \times \frac{2}{12})$	637.50
		<u>63,187.50</u>			<u>63,187.50</u>

Ques:-17-

Issued \rightarrow 40,000 sh. @ ₹10 + 2[Ⓟ]

$$\frac{\text{App.}}{2} + \frac{\text{Allt.}}{5(3+2)} + \frac{\text{F&FC}}{5}$$

Public \rightarrow 60,000 Shares.

No. of Shares.		Amount Received	App. (2)	Allt. (5)	F&FC (5)	Rejection
Applied	Allotted					
60,000	40,000	1,20,000	80,000	40,000	—	—

Case of A (1,000 Shares.)

Amt. to be received on Allt. $(1,000 \times 5) = 5,000$

Less Amt. already received $(\frac{40,000}{40,000} \times 1,000) = 1,000$

Amt. not received on allotment. ₹ 4,000

F&FCall $(1,000 \times 5) = ₹5,000$

Case of B - (2,000 Shares).

$$F \& F \text{ Call } (2,000 \times 5) = ₹10,000.$$

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Date _____

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Soln:- In the books of _____
Journal.

Date	Particulars	L F	Amount (in ₹)	
			Dr.	Cr.
	Bank A/c _____ Cr. To Share Application A/c (Being application on 60,000 shares @ ₹2 per share received.)		1,20,000	1,20,000
	Share Application A/c _____ Cr. To Share capital A/c To Share Allotment A/c (Being application amt. on 40,000 Sh. adjusted)		1,20,000	80,000 40,000
	Share Allotment A/c _____ Cr. To Share capital A/c To Securities Premium A/c (Being allotment amt. on 40,000 Sh. @ ₹5 per share made due.)		2,00,000	1,20,000 80,000
	Bank A/c _____ Cr. To Share Allotment A/c (Being allotment amt. on 39,000 shares received. (2,00,000 - 40,000 - 4,000))		1,56,000	1,56,000.
	Share first & final Call A/c _____ Cr. To Share capital A/c (Being first & final call amt. on 40,000 shares @ ₹5 per share made due.)		2,00,000	2,00,000.

2,000 Shares

1,000 sh. \times ₹ 8,000 = ₹ 8,000

$\frac{1}{2}$ ₹ 3,000 = ₹ 1,500

1,000 sh. \times 1,000 = ₹ 1,000

$\frac{10,000}{2,000} \times 1,000 = ₹ 5,000$

₹ 4,000

Date	Particulars	L F	Amount (in ₹)	
			Dr.	Cr.
	Bank A/c _____	Dr.	1,85,000	
	To Share first & final call A/c.			1,85,000
	(Being first & final call amt. on 37,000 shares received.)			
	Share capital A/c _____	Dr.	10,000	
	Securities Premium A/c _____	Dr.	2,000	
	To Share forfeited A/c			3,000
	To Share Allotment A/c			4,000
	To Share first & final call A/c.			5,000
	(Being 1,000 sh. forfeited for non-payment of Allt. & first & final call.)			
	Share capital A/c _____	Dr.	20,000	
	To Share forfeited A/c.			10,000
	To Share first & final call A/c.			10,000
	(Being 2,000 shares forfeited for non payment of first & final call.)			
	Bank A/c _____	Dr.	16,000	
	Share forfeited A/c _____	Dr.	4,000	
	To Share capital A/c.			20,000
	(Being 2,000 shares reissued @ ₹ 8 per share fully paid up.)			
	Share forfeited A/c _____	Dr.	4,000	
	To Capital Reserve A/c.			4,000
	(Being excess forfeited amt. on 2,000 shares transferred.)			

(b) Values:- Equality.

PART - B

Ques:-18

Ans:- (b) Cash Basis.

Ques:-19

Ans:- Interest received on calls-in-Arrears.

Ques:-20

Ans 20(a)

Non Current Assets:

- a) Fixed Assets
- b) Non Current Investments
- c) Deferred Tax Assets (Net)
- d) Long term Loans & Advances.
- e) Other Non Current Assets.

Ans 20(b)

The Management analysis the financial statements with a view to knowing the profitability, efficiency and financial soundness of the business entity. It also requires analysis for planning and controlling the affairs of the business entity.

Ques :- 21.

Soln :-

Common Size Income statement of Delta Ltd,
for the year ended 31st March, 2013

Particulars	Note No.	Amount (in ₹)	Percentage %
I. Revenue from operation (Sales)		18,00,000	100
II Expenses :-			
Purchases of Stock in trade		12,60,000	70
Changes in Inventories		(36,000)	(2)
Employees benefit expenses.		1,08,000	6
Depreciation and Amortization		90,000	5
Other Expenses		1,17,000	6.5
		<u>15,39,000</u>	<u>85.5</u>
III Net Profit		2,61,000	14.5.

Ques :- 22.

Ans :- 22(a).

S.No.	Current Ratio will	Reasons for change.
1.	Improve	Both the current Assets & Current Liabilities are decreased by the same amount.
2.	Improve	Total current Liabilities remain unchanged but total current assets are increased.
3.	Improve	Total current Liabilities remain unchanged but current assets increased by the amt. of cash received on issue of shares.
4.	Improve	Both current assets & current Liabilities decreases with the same amt.

Ques:- 22 (b).

Soln:- 22(b). Inventory Turnover Ratio = $\frac{\text{Cost of Revenue}}{\text{Avg. Inventory}}$.

$$\begin{aligned} \text{Average Inventory} &= \frac{\text{Cost of Revenue from operation}}{\text{Inventory Turnover Ratio}} \\ &= \frac{\text{₹ } 3,00,000}{6} = \text{₹ } 50,000. \end{aligned}$$

$$\text{Closing Inventory} = \text{Opening Inventory} + 10,000$$

$$\begin{aligned} \text{Average Inventory} &= \frac{\text{Opening Inventory} + \text{Closing Inventory}}{2} \\ &= \frac{2(\text{Opening Inventory} + 5,000)}{2} \end{aligned}$$

$$\text{Opening Inventory} = \text{₹ } 45,000$$

$$\text{Closing Inventory} = \text{₹ } 55,000$$

Ques:- 23.

Soln:-

	Particulars	Amount (in ₹)
	Operating profit after tax	1,70,000
<u>Add</u>	Provision for tax	25,000
	<u>less</u> Refund of tax	<u>(4,000)</u>
	Operating profit before tax	1,91,000
<u>Add</u>	Depreciation	15,000
	Operating profit before changes in working Capital	2,06,000
<u>Add</u>	↓ in Stock	12,000
	↑ in Creditors	<u>9,000</u>
		21,000
<u>less</u>	↑ in Receivables	<u>8,000</u>
		<u>(8,000)</u>
	Cash generated from operation	2,19,000.

Particulars.	Amount (in ₹).
Cash generated from operation	2,19,000
<u>Less</u> Taxes paid (₹20,000 - ₹4,000)	16,000
	<u>2,03,000</u>
<u>Add</u> Insurance claim for goods lost by fire	6,000
	<u>2,09,000</u>
Cash flow from operating incomes.	<u>2,09,000</u>

Notes to Remember:-

- i.) We are given operating profit instead of Net profit so, non operating items are not considered. However non operating incomes/losses will be adjusted in net profit to find out Profit from operating activities.
 Thus items not consider are :-
 - i) Profit on Sale of Investment
 - ii) Dividend and interest received on Investment.
 - iii) Loss on Sale of Plant.
- ii) Proposed dividend is added in Net profit and not in Operating profit as it doesn't included it.