

JOURNAL

Date	Particulars	L.F.	Amt ₹	Amt Cr ₹
	Share forfeited A/c		16,080	
	Capital Reserve A/c			16,080
	(By Crises forfeiture amt on 530 shares transferred)			
				88

Question-17

Jan: 190000

Revaluation A/c

By

Particulars
Patents

Amt ₹
20000

Particulars
Creditors

Amt ₹
10000

Losses transferred to Capital A/c

A 5000

B 10000

20000

20000

	Partners' Capital A/c			Particulars		
	A	B	C	A	B	C
Particulars						
Goodwill	10000	10000		20000	10000	
Revaluation (Loss)	5000	5000		5000	5000	
Cash A/c	17000					10000
Balance b/d	20000	20000	10000	10000	10000	10000
	✓	✓	✓	✓	✓	✓
	<u>232000</u>	<u>215000</u>	<u>100000</u>	<u>232000</u>	<u>2,15,000</u>	<u>100000</u>

Dr.		Cr.	
Particulars		Particulars	
Balance b/d	40000	Particulars	
Dr's Capital A/c	100000	Dr's Capital A/c	17000
Premium A/c	80000	Balance b/d	226000
Dr's Capital A/c	83000		
	<u>243000</u>		<u>243000</u>

Dr.		Cr.	
Particulars		Particulars	
Particulars		Particulars	
Balance b/d	17000	Particulars	
Dr's Capital A/c	226000	Dr's Capital A/c	17000
		Balance b/d	226000
	<u>243000</u>		<u>243000</u>

Balance Sheet

as at 1 April 2015

Liabilities	Amt (£)	Assets	Amt (£)
creditors	90,000	bank	2,260,000
bills payable	60,000	debtors	540,000
capital of ABC		building	2,000,000
A	80,000	machinery	1,000,000
B	20,000	investments	400,000
C	100,000	furniture	200,000
		vs current AC	100,000
	<u>650,000</u>		<u>650,000</u>

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WOM-1 A:B 8:2:1
A:B:C 2:2:1

A's sacrifice = $\frac{1}{2} - \frac{2}{5} = \frac{1}{10}$

B's sacrifice = $\frac{1}{2} - \frac{2}{5} = \frac{1}{10}$

SR 1:1

Dr.	Particulars	Tamu	Mamu	Partners Capital A/c	Particulars	Tamu	Mamu
	Particulars			Balance b/d	60000	40000	
	P&L Appropriation (700)	800	700	P&L Appropriation (500)	3000	2000	
	Drawings A/c	16000	14000	P&L Appropriation A/c (Salary)		6000	
	Balance b/d	52200 55,650	33200 36,750	P&L Appropriation A/c (Commission)	6000		
				P&L Appropriation A/c (Profits)	3,450	3,450	
		<u>69000</u>	<u>48000</u>		<u>69000</u>	<u>48000</u>	

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Part - 1

Question - 18

Ans: - Financing activity

Question - 19

Ans: - No the treatment is not correct interest received on investment is an investing activity.

Question - 20

Ans:- (ii)

Reserves and surplus

- Capital reserve ✓
- Capital redemption reserve ✓
- Debenture redemption reserve ✓
- Securities Premium reserve ✓
- ~~St. Profit & Loss A/c~~ ~~Surplus~~ ✓
- ~~Advertisement expenditure A/c~~ ✓

20/4

(iii) Customers are interested in financial statement analysis to check whether the company is profitable or not and what amount of returns is the company able to offer.

Customers are interested in information about the continuance of an enterprise, especially when they have a long term involvement with an enterprise or are dependent on an enterprise.

Question - 21

2011-12

$$\text{Gross profit ratio} = \frac{8,25,000}{9,00,000} \times 100$$

$$= 91.66\%$$

2012-13

$$\text{Gross profit ratio} = \frac{3,60,000}{18,00,000} \times 100 = 20\%$$

The friend Sahma is correct in this argument as - though the profit has increased from ₹2,25,000 to ₹3,60,000 but it is due to the increase in sales from ₹9,00,000 to ₹18,00,000. The gross profit ratio is declining from 2011-12 to 2012-13.

2011-12

$$\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$= \frac{3,00,000}{1,50,000}$$

$$= 2:1$$

2012-13

$$\text{Current Ratio} = \frac{4,50,000}{2,50,000} = 1.8:1$$

~~4~~

Similarly, the current assets are increasing from ₹ 30,00,000 to ₹ 4,50,00,000, ~~there~~ there has also been an increase in current liabilities from ₹ 1,50,00,000 to ₹ 2,50,00,000 and the current ratio is declining from 2 to 1.8:1 in year 2011-12 to 2012-13. ∴, share is correct. **because change in CA & CL is not proportionately.**

Question-22 (A)

Soln 1 Liquid Ratio = 1.5 : 1

Current Ratio = 2 : 1

$$\frac{2}{1} = \frac{\text{Current assets}}{\text{Current liab.}}$$

Current assets = ₹ 8,00,000

∴ Current liabilities = Current assets. ⇒ Current liab. = ₹ 4,00,000

Also $\frac{1.5}{1} = \frac{\text{Quick assets}}{\text{Current liab.}}$

Quick assets = 1.5 Current liabilities.

Quick assets = 1.5 × ₹ 4,00,000
= ₹ 6,00,000

Inventory = Current assets - Quick assets
= ₹ 2,00,000

Inventory Turnover Ratio = $\frac{\text{Cost of goods sold}}{\text{Average inventory}}$

$$6 = \frac{\text{Cost of goods sold}}{2,00,000}$$

$$\text{Cost of goods sold} = \text{£}12,00,000$$

$$\text{Profit} = \frac{25}{100} \times 12,00,000$$
$$= \text{£}3,00,000$$

$$\boxed{\text{Sales} = \text{£}15,00,000}$$

Question - 22(1)

$$\text{Form: } \text{ROI} = \frac{\text{Profit before interest \& Tax}}{\text{Capital employed}} \times 100$$

$$\text{Profit before interest \& Tax} = \frac{15 \times 30,00,000}{100}$$

$$= \text{£}45,00,000$$

~~24~~

Profit after interest & Tax =

Profit before interest & Tax =
 less Interest

Profit before Tax

less Tax

$\text{₹ } 4,50,000$
 $(\text{₹ } 3,00,000)$
 $\text{₹ } 1,50,000$
 $(\text{₹ } 75,000)$
 $\text{₹ } 75,000$

Shareholder's gain = $\text{₹ } 75,000$

Question - 23

Form:

Earnings Statement
 for the year ending 2015

Particulars	Amount (₹)
CASH FLOW FROM OPERATING ACTIVITIES	
NET DIFFERENCE IN THE BALANCE OF P & LC	60000
ADD General Reserve	5000
Provision for Tax	4500
Dividend	20000
	<u>29500</u>
ADD Depreciation on fixed assets	
Profit before Tax	35000
	<u>35000</u>

Particulars

~~Add~~ Profit on sale of investment (250)
 Profit on sale of fixed assets. (1000) Amount (₹)

Operating profit before working capital changes. 69,250

Add Decrease in inventory. 15,000

Less Increase in Trade receivables (12,250)
 Increase in trade payables (17,000)
 Decrease in Other current liabilities. (32,500)

Cash generated from operations (87,750)
 Less Taxes paid. (4,500)

Net cash used in operating activities (A) (19,2250)

CASH FLOW FROM INVESTING ACTIVITIES.

Purchase of investments (9,000)

Sale of investments 4,250

Sale of fixed assets 6,000

Net cash from investing activities (B) 1,250

Particulars

CASH FLOW FROM FINANCING ACTIVITIES:

Issue of loan
Dividend paid

Net cash flow from financing activities (CF)

Net increase in cash & cash equivalents
Add opening balance of cash

Closing Balance of cash

Amt (₹)

135000
(20000)
115000

115000

24000
74500

98500

66

WN-1 Dr.

Investment A/c

Cr.

Particulars	Amount	Particulars	Amount
Balance b/d	25000	Bank A/c (Sales)	42500
Profit on sale of investment	250		
Bank A/c (purchases)	9000	Balance c/d	20000
	<u>34250</u>		<u>34250</u>

WN-2 Dr.

Fixed Assets A/c

Particulars	Amount	Particulars	Amount
Balance b/d	900000	Bank A/c (sale)	6000
(Profit on sale)	1000	Depreciation A/c	25000
Statement of P & L A/c		Balance c/d	160000
	<u>201000</u>		<u>201000</u>