



# BANGALORE SAHODAYA SCHOOLS COMPLEX ASSOCIATION

## PRE-BOARD EXAMINATION (2023-2024)

### Grade XII

**Subject: ACCOUNTANCY - MARKING SCHEME -SET A**

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### PART A – Accounting for Partnership & Companies

1 c. 7:2

(C's share =  $1/5 \rightarrow$  Remaining share =  $1 - 1/5 = 4/5$ )

$$A's\ NR = \frac{4}{5} \times \frac{1}{2} = \frac{4}{10} \rightarrow SR = \frac{5}{9} - \frac{4}{10} = \frac{50}{90} - \frac{36}{90} = \frac{14}{90} = \frac{7}{45}$$

$$B's\ NR = \frac{4}{5} \times \frac{1}{2} = \frac{4}{10} \rightarrow SR = \frac{4}{9} - \frac{4}{10} = \frac{40}{90} - \frac{36}{90} = \frac{4}{90} = \frac{2}{45} )$$

2 c. Only A is correct

3 (d) Credited to calls-in-advance account

Explanation: Credited to calls-in-advance account, when the amount is received in Advance.

OR

(d) Sweat Equity Shares

Explanation: A company cannot issue its shares at discount as per section 53 of the Companies Act, 2013. But Sweat Equity Shares can be issued at discount legally.

4 b. Both (A) and (R) are correct but (R) is the correct reason of (A).

OR

a. Both (A) and (R) are correct but (R) is the correct reason of (A).

5 a. Cr. Midhu's Current A/c ₹ 400

6 c. 6%

$$(50,000 \times 100 = 50,00,000 \times 10\% = 5,00,000 - 2,00,000 = 3,00,000 / 50,000 = 6\%)$$

OR

b. 5%

$$(80,000 \times 100 = 80,00,000 \times 20\% = 16,00,000$$

$$25,00,000 - 5,00,000 = 20,00,000 - 16,00,000 = 4,00,000 / 80,000 = 5\%)$$

7 b. 50,000

$$(1,00,000 / 2 = 50,000 \text{ shares})$$

8 a. ₹ 1,13,000

(40,000 applied recd 25,000 shares

Extra application to be adjusted on allotment =  $15,000 \times 2 = 30,000$

Recd on allotment =  $25,000 \times 5 = 1,25,000$  less excess  $30,000 = 95,000 + 18,000$  ( $3000 \times 6$  calls-in adv) = 1,13,000)

9 d. ₹1,45,000

P&L Appropriation a/c			
To interest on capital ( $3,00,000 + 2,00,000$ @6%)	30,000	By Net Profit b/d  (Bal. fig)	<b>1,45,000</b>
To B's profit	40,000	By Interest on drawings	
To A's profit ( $40,000 \times \frac{3}{1} \times \frac{2}{3}$ )	80,000	( $60,000 + 40,000 \times 10\%$ $\times 6/12$ )	5,000
	1,50,000		1,50,000

10 b. Super profits

11 b. 6 ½ months

12 d. ₹95,000

(Capital Balance + Share of reserve + share of Goodwill + Revaluation profit

$$= 70,000 + 25,000 \times \frac{2}{5} + 30,000 \times \frac{2}{5} + 7,500 \times \frac{2}{5}$$

$$= 70,000 + 10,000 + 12,000 + 3,000 = 95,000$$

OR

b.	A's capital a/c	Dr.	6,000	
	C's capital a/c	Dr.	14,000	
	To B's capital a/c			20,000

$$(B's \text{ share of GW} = 60,000 \times \frac{2}{6} = 20,000)$$

$$GR = A's = \frac{3}{5} - \frac{3}{6} = \frac{18}{30} - \frac{15}{30} = \frac{3}{30}$$

$$C's = \frac{2}{5} - \frac{1}{6} = \frac{12}{30} - \frac{5}{30} = \frac{7}{30} \rightarrow 3:7$$

13 (a) Share Allotment A/c ... Dr. ... 1,00,000

To Equity Share Capital A/c ... 40,000

To Securities premium A/c ... 60,000

Explanation: Amount due on allotment will be ₹1,00,000 i.e. 40,000 + 60,000 (premium).

No adjustment of pro-rata amount is made in the due entry.

When the amount is received then the entry is passed adjusting such pro-rata amount

14 d. Both (A) and (R) are wrong.

15 c. ₹82,500

(Z's deficiency =  $2,70,000 \times \frac{2}{9} = 60,000 - 75,000$  (guaranteed) = 15,000 → deficiency in 1:1 ratio

Y's share of profit =  $2,70,000 \times \frac{3}{9} = 90,000 - 7,500$  (deficiency) = 82,500)

OR

a. ₹1,00,000

(C's deficiency =  $2,40,000 \times \frac{1}{6} = 40,000 - 70,000$  (guaranteed) = 30,000 → deficiency in 2:1 ratio

A's share of profit =  $2,40,000 \times \frac{3}{6} = 1,20,000 - 20,000$  (deficiency) = 1,00,000)

16 d. Realisation a/c by ₹4,300

Journal					
S.No	Particulars		LF	Dr.	Cr.
i	A's capital a/c	Dr.		32,000	
	B's capital a/c	Dr.		24,000	
	C's capital a/c	Dr.		16,000	
	To Goodwill (being existing goodwill written off in old ratio)				72,000
ii	A's capital a/c	Dr.		30,000	
	C's capital a/c	Dr.		10,000	
	To B's capital a/c (being adj of GW in gaining ratio of 3:1)				40,000
iii	P&L Appropriations a/c	Dr.		5,40,000	
	To A's capital a/c				3,75,000
	To C's capital a/c				1,65,000
	(being profit distributed in the new ratio of 3:2:1)				

WN1- Calculation of Value of Goodwill

$$\text{Average Profits} = \frac{2,00,000 + 2,40,000 + 3,10,000}{3} = 2,50,000$$

$$\text{Super Profits} = \text{Average profits} - \text{Normal profits} = 2,50,000 - 1,70,000 = 80,000$$

$$\text{Goodwill} = \text{Super profits} \times \text{no. of yrs purchase} = 80,000 \times 1.5 \text{ yrs} = 1,20,000$$

$$\text{B's share of GW} = 1,20,000 \times \frac{3}{9} = 40,000$$

WN2- Calculation of New Ratio-

B's share will be divided between A and C in the ratio of 3:1

A will gain =  $\frac{3}{4}$  of  $\frac{3}{9} = \frac{9}{36}$

$$\text{New share} = \frac{4}{9} + \frac{9}{36} = \frac{25}{36}$$

C will gain =  $\frac{1}{4}$  of  $\frac{3}{9} = \frac{3}{36}$

$$\text{New share} = \frac{2}{9} + \frac{3}{36} = \frac{11}{36} \rightarrow \text{A:C} = 25:11$$

18 WN-

Statement of adjustment to be						
	A		B		Firm	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Interest on capital @6%		4,200		3,600	7,800	
Interest on drawings @6%(3m)	240		180			420
Commission		4,000			4000	
Loss in 2:3	4552		6828			11,380
	4,792	8,200	7,008	3,600	11,800	11,800
Bal	-3,408			-3,408		
	Cr			Dr		

Journal					
S.no	Particulars	LF	Dr.	Cr.	
	B's capital a/c Dr. To A's Capital a/c (being rectifying the omissions)		3,408	3,408	

OR

Journal					
S.No	Particulars	LF	Dr.	Cr.	
i	X's capital a/c Dr.		90,000		

ii	Y's capital a/c	Dr.	60,000	
	To P&L Adjustment a/c			1,50,000
	(being profit credited, now reversed)			
	Interest on capital a/c	Dr.	45,600	
	To X's capital a/c	Dr.		15,600
	To Y's capital a/c			30,000
	(being interest on capital provided)			
iii	P&L Adjustments a/c	Dr.	45,600	
	To Interest on capital a/c			45,600
	(being interest transferred)			
iv	P&L Adjustments a/c		1,04,400	
	To X's capital a/c			62,640
	To Y's capital a/c			41,760
	(being correct profit distributed)			

WN-

Calculation of Opening Capital		
	X	Y
Closing Capital	2,00,000	3,00,000
(-) Profit in 3:2	-90,000	-60,000
(+) Drawings	20,000	10,000
	1,30,000	2,50,000
Interest on capital @ 10%	15,600	30,000

19

Akash Ltd				
Journal				
S.No	Particulars	LF	Dr.	Cr.
i	Plant & Machinery	Dr.	4,00,000	
	Stock	Dr.	4,00,000	

	Building	Dr.	4,00,000	
	Cash	Dr.	3,00,000	
	Sundry Debtors	Dr.	3,00,000	
	To Sundry Creditors			2,00,000
	To M/s Mayank Bros			15,00,000
	To Cap Reserve ( <i>Bal fig</i> )			1,00,000
	(being business purchased)			
ii	M/s Mayank Bros	Dr.	15,00,000	
	To Share capital			12,00,000
	To Bank			3,00,000
	(being sh issued)			

OR

Midhu Ltd					
Journal					
S.No	Particulars	LF		Dr.	Cr.
i	Share Capital Dr.		200X80	16,000	
	SPR Dr.		200X10	2,000	
	To Share Allotment		200X60		12,000
	To Share Forfeited				6,000
	(being defaulted shares cancelled)				
ii	Bank a/c Dr.		200X70	14,000	
	Share Forfeited Dr.			6,000	
	To Share Capital				20,000
	(being shares reissued)				
iii.	No JE				

## 20 Calculation of Adjusted Profit

Yr	Profit	adjustment	Adjusted Profit
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31-03-2016	1,00,000	50,000	1,50,000
31-03-2017	-1,50,000	80,000	
		60,000	-10,000
31-03-2018	1,50,000	80,000	
		-6,000	2,24,000
31-03-2019	2,00,000	-8,000	1,92,000
			5,56,000

Average Profit

$$= \frac{5,56,000}{4}$$

$$= 1,39,000$$

Goodwill = Average Profit X 100%

$$= 1,39,000$$

21

Aaryan Guru Ltd		
Balance Sheet as on 31st March 2022		
Particulars	Note no	Rs.
I Equity & Liabilities		
Shareholders Funds		
Share Capital	1	28,70,000

Note to Accounts-	
1 Share capital	
Authorised Capital (4,50,000 equity shares @10/ each)	45,00,000
Issued Capital (3,70,000 equity shares @10/each)	37,00,000
Subscribed Capital Subscribed but not fully paid up	



*3,59,000 equity shares @8/	28,72,000
less- Calls-in-arrears (4,000 X 2)	-8,000
Add- Share forfeited (WN)	6,000
	28,70,000

\*3,60,000 -7000(forfeited) +6,000(reissue)

WN		
Share forfeited		
Amt forfeited =	7,000 X 6 =	42,000
Used as dis =	6,000 X 2 =	-12,000
Transfer to Capital Reserve = (6,000 X 6 - 12,000) =		-24,000
Balance in Share Forfeited a/c =		6,000

22

i

Realisation a/c (An Extract)			
Particulars	₹	Particulars	₹
To stock	40,000	By X's cap a/c (40,000 X 60% X 80%)	19,200
		By Cash a/c (40,000 X 40% X 90% - 5%)	13,680

ii

Realisation a/c (An Extract)			
Particulars	₹	Particulars	₹
To Investments a/c	30,000	By Cash a/c (30,000 X 70% X 110% - 2%)	22,638
		By B's cap a/c (30,000 X 30% X 50% X 90%)	4,050

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**iii**

Realisation a/c (An Extract)			
Particulars	₹	Particulars	₹
To Debtors a/c	50,000	By Prov for B/D	3,000
		BY Cash a/c	28,500
		(50,000 X 60% X 95%)	
		BY Cash a/c	12,000
		(50,000 X 40% X 60%)	

**iv**

Realisation a/c (An Extract)			
Particulars	₹	Particulars	₹
To P&M	1,50,000	By Mortgage loan (P&M)	80,000
		By Bank a/c	
		(1,35,000 - 80,000 - 4,500)	50,500

23

Varshini & Co

Journal					
S.No	Particulars	LF		Dr.	Cr.
i	Bank a/c Dr. To Equity Share Application a/c (being application received on 2,00,000 shares @4/)			8,00,000	8,00,000
ii	Equity Share Application Dr. To Equity Share Capital To SPR (being application money adjusted)			8,00,000	4,00,000 4,00,000
iii	Equity Share Allotment Dr.			10,00,000	

		To Equity Share Capital				6,00,000
		To SPR				4,00,000
		(being allotment money due)				
iv		Bank a/c	Dr.		10,11,500	
		Calls in arrears	Dr.	(1,000X5)	5,000	
		To Equity Share Allotment				10,00,000
		To Calls-in-advance		(1,500X11)		16,500
		(being allotment received)				
v		Equity Share Capital	Dr.	(1,000X5)	5,000	
		SPR	Dr.	(1,000X2)	2,000	
		To Share Forfeited				2,000
		To Call-in-arrears				5,000
		/Equity Share Allotment				
		(being 1,000 defaulted shares cancelled)				
vi		Equity Share 1st call	Dr.		9,95,000	
		To Equity Share Capital				3,98,000
		To SPR				5,97,000
		(being call money due on 1,99,000 shares)				
vii		Bank	Dr.		9,88,600	
		Calls in arrears	Dr.	(500 X 5)	2,500	
		Calls-in-advance	Dr.	(1,500 X 5)	7,500	
		To Equity Share 1st Call				9,95,000
		To Calls-in advance		(600 X 6)		3,600
		(being 1st call money received)				
viii		Equity Share Capital	Dr.	(500 X 7)	3,500	
		SPR	Dr.	(500 X 3)	1,500	
		To Share Forfeited				2,500
		To Call-in-arrears				2,500
		/Equity Share 1st call				
		(being 500 defaulted shares cancelled)				

ix	Equity Share 2nd & final call To Equity Share Capital To SPR (being call money due on 1,98,500 shares)			11,91,000	5,95,500 5,95,500
x	Bank a/c Dr. Calls in advance (1500 X 6 + 600 X 6) To Equity Share 2nd & final call (being call money received)			11,78,400 12,600	11,91,000

OR

			app money			Allot @ 4			
	app	allot	received	Transferred	excess	due	adj	to rec	refund
I	30,000	0	90000	0	90000	0	0	0	90000
II	40,000	40,000	120000	120000	0	240000	0	240000	
III	90,000	60,000	270000	180000	90000	360000	90000	270000	
	<b>1,60,000</b>	<b>1,00,000</b>	<b>4,80,000</b>	<b>3,00,000</b>	<b>1,80,000</b>	<b>6,00,000</b>	<b>90,000</b>	<b>5,10,000</b>	<b>90,000</b>
1	100	100	300	300	0	600	0	600	
2	300	200	900	600	300	1200	300	900	

Reethika & Co.				
Journal				
S.No	Particulars	LF	Dr.	Cr.
i	Bank Dr. To Share Application (being application received on 1,60,000 shares @3/)		4,80,000	4,80,000
ii	Share Application Dr. To Share Capital To Share Allotment To Bank a/c (being application money adjusted)		4,80,000	3,00,000 90,000 90,000
iii	Share Allotment Dr.		6,00,000	

	To Share Capital			4,00,000
	To SPR			2,00,000
	(being allotment due)			
iv	Bank a/c Dr.	5,08,500		
	Calls in arrears Dr.	1,500		
	To Share Allotment		5,10,000	
	(being allotment received)			
v	Share 1st call Dr.	3,00,000		
	To Share Capital		3,00,000	
	(being call money due )			
vi	Bank a/c Dr.	2,98,200		
	Calls in arrears (1) Dr.	1,800		
	To Share 1st Call		3,00,000	
	(being 1st call money received)			
vii	Share Capital	6,000		
	SPR	600		
	To Share Forfeited (2)		3,300	
	To Call-in-arrears		3,300	
	(being 600 defaulted shares cancelled)			
viii	Bank a/c Dr.	2,400		
	Shares Forfeited	600		
	To Share Capital		3,000	
	(being 300 shares re-issued)			
ix	Shares Forfeited Dr.			
	To Capital Reserve	600		
	(being gain on reissue transferred- 300 +600 -600)		600	

24

Y's Capital a/c			
Particulars	₹	Particulars	₹
To Goodwill		By Bal b/d	2,00,000

(3,00,000 X 2/10)	60,000	By General Reserve	
To P&L a/c		(1,00,000 X 2/10)	20,000
		By Revaluation a/c	
(60,000 X 2/10)	12,000	(WN1)	15,400
To P&L Suspense a/c			
(WN2)	2,400		
To Executors a/c (BF)	1,61,000		
	2,35,400		2,35,400

Y's Executors a/c			
Particulars	Rs.	Particulars	Rs.
To Y's Executors Loan a/c	2,11,600	By Y's Capital a/c	1,61,000
		By Y's Loan a/c	50,000
		By Intt on Y's Loan a/c	
		(50,000 X 73/365 X 6%)	600
	2,11,600		2,11,600

WN1-

Revaluation a/c			
Particulars	Rs.	Particulars	Rs.
To Machinery	35,000	By L&B	1,20,000
To Stock	5,000		
To Prov for B/D	3,000		
To P's Cap a/c(profit)			
X- 23,100			
Y- 15,400			
Z- <u>38,500</u>	77,000		
	1,20,000		1,20,000

WN2-

Y's Share of Loss (P&L Suspense a/c) =  $60,000 \times \frac{73}{365} \times \frac{2}{10} = 2,400$

25 X:Y = 2:1 → Z admitted for 1/5<sup>th</sup>

Revaluation a/c				
Particulars	₹		Particulars	₹
To Creditors	6,000		By Investment a/c	4,500
To Prov for B/D	1,800		By Partner's Cap a/c	
To Workmen Compensation Claim	6,000		(loss)	
			X- 6,200	
			Y- <u>3,100</u>	9,300
	13,800			13,800

Partner's Capital a/c								
Particulars	X	Y	Z		Particulars	X	Y	Z
To P&L	2,400	1,200			By Bal b/d	85,500	90,000	
To Revaluation	6,200	3,100			By Bank a/c			45,000
To Current (BF)		33,700			By Prem for GW	8,000	4,000	
To Bal c/d (WN2)	1,20,000	60,000	45,000		By IFR	8,000	4,000	
					By Current (BF)	27,100		
	1,28,600	98,000	45,000			1,28,600	98,000	45,000

WN1-

Z's share of profit =  $\frac{1}{5}$  → Remaining share =  $1 - \frac{1}{5} = \frac{4}{5}$

X's New Share =  $\frac{4}{5} \times \frac{2}{3} = \frac{8}{15}$

$$Y's \text{ New Share} = \frac{4}{5} \times \frac{1}{3} = \frac{4}{15}$$

WN2- Calculation of Partner's New Capital-

$$\text{Capital of the firm} = 45,000 \times \frac{5}{1} = 2,25,000$$

$$X's \text{ new capital} = 2,25,000 \times \frac{8}{15} = 1,20,000$$

$$Y's \text{ new capital} = 2,25,000 \times \frac{4}{15} = 60,000$$

OR

A:B:C = 3:2:2 → C retired on 1/4/2023

Revaluation a/c				
Particulars	₹		Particulars	₹
To Stock	3,000		By Furniture	2,000
To Machinery	7,000		By Creditor	1,000
To Prov for B/D	5,000		By Partner's Cap a/c (loss)	
			A- 4,500	
			B- 4,500	
			C- <u>3,000</u>	12,000
	15,000			15,000

Partner's Capital a/c								
Particulars	A	B	C		Particulars	A	B	C
To C's Cap	5,000	5,000			By Bal b/d	1,10,000	1,50,000	80,000
To Revaluation	4,500	4,500	3,000		By Reserve Fund	15,000	15,000	10,000
To C's Loan a/c			97,000		By A's cap (GW)			5,000
To Cash (BF)		20,000			By B's cap (GW)			5,000
To Bal c/d (WN1)	1,35,500	1,35,500			By Cash (BF)	20,000		
	1,45,000	1,65,000	1,00,000			1,45,000	1,65,000	1,00,000



WN- Calculation of new capital-

	A	B	total
Adjusted capital	1,15,500	1,55,500	2,71,000
New capital in 1:1	1,35,500	1,35,500	
Surplus/(Deficiency)	20,000	-20,000	

26 (i)

A Ltd				
Journal				
S.no	Particulars	LF	Dr. (Rs.)	Cr. (Rs.)
i..	Machinery Dr. To Machine Tools Ltd (being Machinery purchased)		6,90,000	6,90,000
ii..	Machine Tools Ltd Dr. Discount on issue of Debentures a/c Dr. To Bank a/c To 6% Debentures (being 7,500 debentures issued for machinery purchased; 6,00,000 / 80)		6,90,000 1,50,000	90,000 7,50,000

(ii)

Sita Ltd				
Journal				
S.no	Particulars	LF	Dr. (Rs.)	Cr. (Rs.)
i	Bank a/c Dr. To Debenture Application & Allotment a/c (being 2,500;8% Debentures of 100/, issued at 10% discount)		22,50,000	22,50,000

ii	Debenture Application & Allotment a/c	Dr.	22,50,000	
	Discount on issue of Debentures a/c	Dr.	2,50,000	
	To 8% Debentures (being application money transferred)			25,00,000
iii	Securities Premium Reserve		1,50,000	
	St of P&L		1,00,000	
	To Discount on issue of Debentures a/c (being discount on issue written off)			2,50,000

### **PART B – Analysis of Financial Statement**

27 d. All of the above

OR

d.It Identifies the reasons for change in the financial position of the firm.

28 c.Only (R) is correct.

29 c. Cash flow from investing activities ₹34,000

OR

c. Cash used from financing activities ₹2,10,000

30 d. ₹7,600

$(34,000 + 8,400 - 28,000 - (3,40,00 \times 40\% + 8,400))$

31	Items	Heading	Sub-heading
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i	Building under construction	Non-Current Assets	Property, Plant & Equipment , Intangible Assets- Capital work in progress
ii	Premium on redemption of Debentures	Non-Current Liabilities	Other Non-Current Liabilities
iii	Bank overdraft	Current Liabilities	Short Term Borrowings
iv	Shares in SBI	Non-Current Assets	Non-Current Investments
v	Provision for retirement benefits	Non-Current Liabilities	Long term Provision
vi	Design	Non-Current Assets	Property, Plant & Equipment , Intangible Assets- Intangible assets

32 i. Current Ratio =  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

$$= \frac{20,00,000}{8,00,000} = 2.5:1$$

Where, CA = Inventory + Trade Receivables + Cash  
 $= 4,40,000 + 12,00,000 + 3,60,000 = 20,00,000$   
 CL = Trade Payables + Bank Overdraft  
 $= 6,00,000 + 2,00,000 = 8,00,000$

ii. Debt Equity Ratio =  $\frac{\text{Debt}}{\text{Equity}} = \frac{10,00,000}{40,00,000} = 0.25:1$

Where, Debt = 10% Debenture = 10,00,000  
 Equity = share capital + SPR + DRR  
 $= 25,00,000 + 10,00,000 + 5,00,000 = 40,00,000$

iii. Trade Receivables Turnover Ratio =  $\frac{\text{Credit Revenue from Operations}}{\text{Trade Receivables}} = \frac{72,00,000}{12,00,000} = 6$   
 times

Comparative St of P&L for the year ending 31/3/2023					
Particulars		31-03-2022 a	31-03-2023 b	absolute change c=b-a	% change d=c/aX100
Revenue from					
I Operations		4,00,000	12,00,000	8,00,000	200.00
II Total Revenue		4,00,000	12,00,000	8,00,000	200.00
<u>Expenses</u>					
Cost of materials consumed		2,00,000	4,00,000	2,00,000	100.00
Other expenses		40,000	80,000	40,000	100.00
III Total		2,40,000	4,80,000	2,40,000	100.00
IV PBT (II - III)		1,60,000	7,20,000	5,60,000	350.00
V Tax @ 50%		80,000	3,60,000	2,80,000	350.00
VI PAT (IV - V)		80,000	3,60,000	2,80,000	350.00

OR

Common-size P&L for the year ending 31/3/2023					
Particulars		31-03-2022	31-03-2023	% change of PY (2022)	% change of CY (2023)
Revenue from					
I Operations		8,00,000	16,00,000	100.00	100.00
II Total Revenue		8,00,000	16,00,000	100.00	100.00
<u>Expenses</u>					

	Cost of materials consumed	4,00,000	9,60,000	50.00	60.00
	Other expenses	40,000	80,000	5.00	5.00
III	Total	4,40,000	10,40,000	55.00	65.00
IV	PBT (II - III)	3,60,000	5,60,000	45.00	35.00
V	Tax	1,08,000	2,24,000	13.50	14.00
VI	PAT (IV - V)	2,52,000	3,36,000	31.50	21.00

34

Cash flow statement for the year ending 31<sup>st</sup> March 2022 & 2023

Particulars	Rs.	Rs.
<u>A. Cash Flows from Operating Activities</u>		
Profit before Tax (48,000-30,000)	18,000	
Add- Proposed Dividend (PY)	42,000	
Interim Dividend	20,000	
Transfer to GR	30,000	
Provision for Tax	45,000	
Net Profit Before Interest Tax & Extraordinary items	1,55,000	
Adjustments for non-cash and non-operating items:		
<i>Add:</i> Depreciation on Plant	10,000	
Depreciation on Land and Building	20,000	
Goodwill written off	25,000	
	2,10,000	
<i>Less:</i> Rent Received	-10,000	
Operating Profit before working capital changes	2,00,000	
<i>Add:</i> Increase in Current Liabilities:		
Trade Payables	32,000	
	2,32,000	
<i>Less:</i> Increase in Current Assets:		
Inventory	-32,000	
Trade Receivables	-50,000	
Cash Generated from operating activities	1,50,000	
<i>Less:</i> Income Tax Paid	-35,000	

<b>Net Cash from operating Activities</b>	<b>(I)</b>	1,15,000
<b>B. Cash Flows from Investing Activities:</b>		
Sale of Land and Building (2)	10,000	
Purchase of Plant (3)	-1,30,000	
Rent Received	10,000	
<b>Net Cash used in Investing Activities</b>	<b>(II)</b>	-1,10,000
<b>C. Cash Flows from Financing Activities:</b>		
Issue of Share Capital	50,000	
Payment of Proposed Dividend	-42,000	
Interim Dividend Paid	-20,000	
<b>Net Cash used in financing activities</b>	<b>(III)</b>	-12,000
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(I+II+III)</b>	-7,000
<i>Add: Cash and cash equivalents in the beginning of the period</i>		25,000
<i>Cash and cash equivalents at the end of the period</i>		18,000

Working Notes-

Land and Building a/c

Particulars	Rs.	Particulars	Rs.
To Balance b/d	2,00,000	By Statement of P & L (Dep.)	20,000
		By Bank A/c (Bal fig)	10,000
		By Balance c/d	1,70,000
	2,00,000		2,00,000

Plant a/c

Particulars	Rs.	Particulars	Rs.
To Balance b/d	80,000	By Statement of P & L (Dep.)	10,000
To Bank a/c (Bal fig- Pur)	1,30,000	By Balance c/d	2,00,000
	2,10,000		2,10,000

Provision for Tax a/c

Particulars	Rs.	Particulars	Rs.
To Bank A/c	35,000	By Balance b/d	40,000
To Balance c/d	50,000	By Statement of P & L (Bal fig)	45,000
	85,000		85,000