



# BANGALORE SAHODAYA SCHOOLS COMPLEX ASSOCIATION

## PRE-BOARD EXAMINATION (2023-2024)

### Grade XII

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

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#### PART A – Accounting for Partnership & Companies

1 d. 1:5

(C's share =  $\frac{1}{3} \rightarrow$  Remaining share =  $1 - \frac{1}{3} = \frac{2}{3}$ )

$$A's\ NR = \frac{2}{3} \times \frac{2}{3} = \frac{4}{9} \rightarrow SR = \frac{1}{2} - \frac{4}{9} = \frac{9}{18} - \frac{8}{18} = \frac{1}{18}$$

$$B's\ NR = \frac{2}{3} \times \frac{1}{3} = \frac{2}{9} \rightarrow SR = \frac{1}{2} - \frac{2}{9} = \frac{9}{18} - \frac{4}{18} = \frac{5}{18}$$

2 a. Both A and R are correct and R is the correct reason of A

3 b. ₹9

( $1000 \times 4 = 4,000 - 3,000 = 1,000 / 1,000 = ₹1$  as discount)

OR

c. ₹350

( $50 \text{ shares} \times (9 - 2 \text{ premium}) = 350$ )

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 c.. Loss ₹ 2,000 will be divided among A and B in the ratio 3:1

6 c. 3%

( $10,000 \times 100 = 10,00,000 \times 5\% = 50,000 - 20,000 = 30,000 / 10,000 = 3\%$ )

OR

b.5%

$$(4000 \times 10 = 40,000 \times 6\% = 2,400)$$

$$4,400 - 2,400 = 2,000 / 4,000 = 5\%$$

7 a. Share forfeiture a/c Dr 400 To Capital reserve a/c 400

(Forfeited  $100 \times 4 = 400$ . Reissued @premium, so full 400 is transferred to CR)

8 a. ₹ 800

$$(200 \text{ shares left} \times 4 / \text{forfeited} = 800)$$

9 b. ₹1,56,000

$$(\text{salary} = 8,000 \times 12 = 96,000; \text{commission} = 13,56,000 - 96,000 \times 5/105 = 60,000)$$

$$\text{Total remuneration} = 96,000 + 60,000 = 1,56,000)$$

10 c.. Be partially raised in the books.

11 c..  $5 \frac{1}{2}$

12 d. ₹95,000

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

$$70,000 + 25,000 \times 2/5 + 30,000 \times 2/5 + 7,500 \times 2/5$$

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

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

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

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

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

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

15 a. ₹82,500

(Z's deficiency = 2,70,000 X 2/9 = 60,000 - 75,000 (guaranteed) = 15,000 → deficiency in 1:1 ratio

Y's share of profit = 2,70,000 X 3/9 = 90,000 – 7,500(deficiency) = 82,500)

OR

a. ₹1,00,000

(C's deficiency = 2,40,000 X 1/6 = 40,000 - 70,000 (guaranteed) = 30,000 → deficiency in 2:1 ratio

A's share of profit = 2,40,000 X 3/6 = 1,20,000 – 20,000(deficiency) = 1,00,000)

16 c. ₹12,000

(-Dr. balance + profit – assets taken over = -14,000 + 43,000 – 17,000 = 12,000)

Journal					
S.No	Particulars		LF	Dr.	Cr.
i	A's cap	Dr.		1,35,000	
	B's cap	Dr.		1,35,000	
	C's cap	Dr.		90,000	
	D's cap	Dr.		90,000	
	To Goodwill				4,50,000
	(being existing goodwill				

	written off in old ratio)			
ii	A's cap Dr.	1,20,000		
	B's cap Dr.	20,000		
	To C's cap		20,000	
	To D's cap		1,20,000	
	(being adjustment of Goodwill on D's retirement)			
iii	P&L Appropriations a/c Dr.	12,00,000		
	To A's cap		6,00,000	
	To B's cap		4,00,000	
	To C's cap		2,00,000	
	(being profit distributed in the new ratio of 3:2:1)			

WN1- Calculation of Gaining Ratio-

$$A - \frac{3}{6} - \frac{3}{10} = \frac{30}{60} - \frac{18}{60} = \frac{12}{60} \text{ (gain)}$$

$$B - \frac{2}{6} - \frac{3}{10} = \frac{20}{60} - \frac{18}{60} = \frac{2}{60} \text{ (gain)}$$

$$C - \frac{1}{6} - \frac{2}{10} = \frac{10}{60} - \frac{12}{60} = \frac{2}{60} \text{ (sacrifice)}$$

WN2- Share of Goodwill-

$$A - 6,00,000 \times \frac{12}{60} = 1,20,000$$

$$B - 6,00,000 \times \frac{2}{60} = 20,000$$

$$C - 6,00,000 \times \frac{2}{60} = 20,000$$

$$D - 6,00,000 \times \frac{2}{10} = 1,20,000$$

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
Balance	-3,408			-3,408		
	Cr			Dr		

Journal					
S.n o	Particulars		L F	Dr.	Cr.
	B's capital a/c	Dr.		3,408	
	To A's Capital a/c				3,408
	(being rectifying the omissions)				

OR

Journal					
S.N o	Particulars		L F	Dr.	Cr.
i	X's capital a/c	Dr.		90,000	
	Y's capital a/c	Dr.		60,000	
	To P&L Adjustment a/c				1,50,000
	(being profit credited, now reversed)				
ii	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	

iv	To Interest on capital a/c (being interest transferred)		45,600
	P&L Adjustments a/c	1,04,40	0
	To X's capital a/c		62,640
	To Y's capital a/c (being correct profit distributed)		41,760

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

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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.	15,00,00 0	
	To Share capital			12,00,000
	To Bank			3,00,000
	(being sh issued)			

OR

Midhu Ltd					
Journal					
S. No	Particulars	L F		Dr.	Cr.
i	Share Capital a/c Dr.		200 X 80	16,000	
	SPR Dr.		200 X 10	2,000	
	To Share Allotment a/c		200 X 60		12,000
	To Share Forfeited a/c				6,000
	(being defaulted share cancelled)				
ii	Bank a/c Dr.		200 X 70	14,000	
	Share Forfeited a/c Dr.			6,000	
	To Share Capital a/c				20,000
	(being shares reissued)				
iii.	No JE				

## 20 Calculation of Adjusted Profit

Yr	Profit	adjustment	Adjusted Profit	Weights	Weighted Adjusted Profits
31-03-2015	80,000	-40,000	40,000	1	40,000
31-03-2016	1,05,000	41,500			

		40,000	1,86,500	2	3,73,000
31-03-2017	-20,000	-40,000	-60,000	3	- 1,80,000
31-03-2018	1,80,000	-60,000			
		9,000	1,29,000	4	5,16,000
31-03-2019	2,00,000	10,200	2,10,200	5	10,51,000
					18,00,000

Avg Profit = 18,00,000/15

= 1,20,000

Goodwill = avg profit X 3 yrs pur

= 1,20,000 X 3 yrs

3,60,000

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Hero Ltd		
Balance Sheet as on 31st March 20...		
Particulars	Not e no	Rs.
I Equity & Liabilities		
Shareholders Funds		
Share Capital	1	32,84,000

Note to Accounts-	
1 Share capital	
Authorised Capital	
(50,000 shares @ 100/ each)	50,00,000



Issued Capital (38,000 shares @100/each)	38,00,000
Subscribed Capital	
Subscribed but not fully paid up	
*32,800 shares @100/	32,80,000
less- Calls-in-arrears (600 X 20)	-12,000
Add- Share forfeited (WN)	16,000
	32,84,000

\*33,000 -400(forfeited) +200(reissue)

<b>WN</b>	
Share forfeited	
Amt forfeited = 400 X 80 =	32,000
Used as dis = 200 X 10 =	-2,000
Transfer to CR = (200 X 80 - 2,000) =	-14,000
Balance in Share forfeited a/c =	16,000

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<b>i</b>	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

<b>ii</b>	Realisation a/c (An Extract)			
	Particulars	₹	Particulars	₹
	To Investments a/c	30,000	By Cash a/c	22,638

		(30,000X70% X110%-2%)	
		By B's cap a/c	4,050
		(30,000 X 30% X50% X90%)	

**iii**

Realisation a/c (An Extract)			
Particulars	₹	Particulars	₹
To Debtor a/c	50,000	By Prov for B/D	3,000
		BY Cash a/c	28,500
		(50,000 X 60% X95%)	
		BY Cash a/c	12,000
		(50,000 X 40% X60%)	

**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

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Varshini & Co

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

	To SPR (being application money adjusted)				4,00,000
iii	Equity Share Allotment Dr. To Equity Share Capital To SPR (being allotment due)			10,00,000	6,00,000 4,00,000
iv	Bank a/c Dr. Calls in arrears Dr.			10,11,500	
		(1,000X5)	5,000		10,00,00
	To Equity Share Allotment To Calls-in-advance (being allotment received)				0
		(1,500X11)			16,500
v	Equity Share Capital Dr. SPR Dr.	(1,000X5)	5,000		
	To Share Forfeited To Call-in-arrears /Equity Share Allotment (being 1,000 defaulted shares cancelled)	(1,000X2)	2,000		2,000 5,000
vi	Equity Share 1st call Dr. To Equity Share Capital To SPR (being call money due on 1,99,000 shares)			9,95,000	3,98,000 5,97,000
vii	Bank a/c Dr. Calls in arrears Dr. Calls-in-advance Dr.			9,88,600	
	To Equity Share 1st Call To Calls-in advance (being 1st call money received)	(500X5)	2,500		
		(1,500X5)	7,500		9,95,000
		(600X6)			3,600
viii	Equity Share Capital Dr. SPR Dr.	(500X7)	3,500		
		(500X3)	1,500		

ix	To Share Forfeited				2,500
	To Call-in-arrears				2,500
	/Equity Share 1st call (being 500 defaulted shares cancelled)				
	Equity Share 2nd & final call			11,91,000	
x	To Equity Share Capital				5,95,500
	To SPR				5,95,500
	(being call money due on 1,98,500 shares)				
	Bank a/c Dr.			11,78,400	
	Calls in advance (1500 X 6 +600 X 6)			12,600	
					11,91,00
	To Equity Share 2nd & final call				0
	(being call money received)				

OR

	app money					Allot @ 4			
	app	allot	recd	tranf	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	
II									
I	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.N	Particulars	LF	Dr.	Cr.
i	Bank a/c Dr.		4,80,000	
	To Share Application			4,80,000

	(being application received on 1,60,000 shares @3/)			
ii	Share Application Dr.	4,80,000		
	To Share Capital		3,00,000	
	To Share Allotment		90,000	
	To Bank		90,000	
	(being application money adjusted)			
iii	Share Allotment Dr.	6,00,000		
	To Share Capital		4,00,000	
	To SPR		2,00,000	
	(being allotment money due)			
iv	Bank a/c Dr.	5,08,500		
	Calls in arrears Dr.	1,500		
	To Share Allotment		5,10,000	
	(being allotment money received)			
v	Share 1st call Dr.	3,00,000		
	To Share Capital		3,00,000	
	(being call money due )			
vi	Bank 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		
	Share Forfeited	600		
	To Share Capital		3,000	
	(being 300 shares re-issued)			
ix	Share Forfeited Dr.			

	To Capital Reserve (being gain on reissue transferred- 300 +600 -600)		600	600

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Y's Capital a/c			
Particulars	Rs.	Particulars	Rs.
To Goodwill (3,00,000 X 2/10)	60,000	By Bal b/d	2,00,000
To P&L a/c  (60,000 X 2/10)	12,000	By General Reserve (1,00,000 X 2/10)	20,000
To P&L Suspense a/c (WN2)	2,400	By Revaluation a/c (WN1)	15,400
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	Rs.		Particulars	Rs.
To Creditors	6,000		By Investment a/c	4,500
			By Partner's Cap a/c	
To Prov for B/D	1,800		(loss)	
To Workmen Compensation Claim	6,000		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	45,000
To Revaluation	6,200	3,100			By Bank a/c			
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 =  $1 - \frac{1}{5} = \frac{4}{5}$

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

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

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	Rs.		Particulars	Rs.
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. Discount on issue of Debentures Dr. To 8% Debentures (being application money transferred)		22,50,000 2,50,000	25,00,000
iii	Securities Premium Reserve Statement of P&L To Discount on issue of Debentures a/c (being discount on issue written off)		1,50,000 1,00,000	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 b. Both (A) and (R) are correct but (R) is the correct reason of (A).

29 c. Cash used in investing activities ₹7,20,000

OR

a. Cash used in investing activities ₹8,000

30 d. ₹7,600

(34,000+8,400-28,000-(3,40,00X40%+8,400))

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	Items	Heading	Sub-heading
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

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

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Common-size P&L for the year ending 31/3/2023					
Particulars		31-03- 2022	31-03- 2023	% chg of PY (2022)	% chg 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

OR

Vicky & Co.

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

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Cash flow Statement for the year ending 31<sup>st</sup> March 2021 & 2022

Particulars	Rs.	Rs.
<u>I. Cash Flows from Operating Activities</u>		
Profit during the year (2,400 - 2,000)	400	
<i>Add:</i> Proposed Dividend for 2021	10,000	
Interim Dividend Paid	9,000	
Provision for Tax made during the current year	9,400	
Net Profit Before Interest & Extraordinary items	28,800	
Adjustments for non-cash and non-operating items:		
<i>Add:</i> Depreciation	14,000	
Loss on Sale of fixed assets	4,000	
Interest on Debentures	1,800	
Operating Profit before working capital changes	48,600	
<i>Less:</i> Increase in Current Assets:		
Inventories		
Trade Receivables	-10,000	
Prepaid Expenses	-8,000	
Decrease in Current Liabilities:	-400	
Trade Payables	-2,400	

Cash Generated from operating activities	27,800	
<i>Less:</i> Income Tax Paid (5)	-7,000	
<b>Net Cash from operating Activities</b>	<b>(I)</b>	20,800
<u>II. Cash Flows from Investing Activities:</u>		
Sale of Fixed Assets	10,000	
Purchase of Fixed Assets (3)	-18,000	
<b>Net Cash used in Investing Activities</b>	<b>(II)</b>	-8,000
<u>III. Cash Flows from Financing Activities:</u>		
Issue of Share Capital	20,000	
Issue of Debentures	2,000	
Interest on Debentures	-1,800	
Decrease in Cash Credit (6)	-11,400	
Payment of Proposed Dividend (for 2021) (7)	-8,000	
Interim Dividend Paid	-9,000	
<b>Net Cash used in financing activities</b>	<b>(III)</b>	-8,200
	(I+II+I	
Net Increase in Cash and Cash Equivalents	II)	4,600
<i>Add:</i> Cash and cash equivalents in the beginning of the period		2,400
Cash and cash equivalents at the end of the period		7,000

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Fixed Assets a/c

Particulars	Rs.	Particulars	Rs.
To Balance b/d	82,000	By Bank A/c (sales)	10,000
To Bank a/c/ (Bal.Fig- Pur)	18,000	By Acc. Dep. A/c	6,000
		By St of P&L(Loss)	4,000
		By Balance c/d	80,000
	<b>1,00,000</b>		<b>1,00,000</b>

Accumulated Depreciation A/c

Particulars	Rs.	Particulars	Rs.
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To Fixed Assets a/c (dep)	6,000	By Balance c/d	22,000
To Balance c/d	30,000	By St of P&L(Dep)	14,000
	36,000		36,000

Provision for Tax a/c

Particulars	Rs.	Particulars	Rs.
To Bank A/c	7,000	By Balance b/d	6,000
To Balance c/d	8,400	By St of P & L (Bal fig)	9,400
	15,400		15,400

(1) It is assumed that new debentures have been issued at the end of the current accounting period. Hence interest on debentures is 15% on Rs. 12,000

(2) Decrease in Cash Credit will be treated as financing activity.

(3) Dividend Payable will be deducted from last year's 'Proposed Dividend' to ascertain the actual payment for dividend