Date .....

Expt. No. ..... FUNDAMENTALS OF PARTNERSHIP Page No. CH-1

1)

	X	Y	Z
Int. on Cap. to be Cr.	5000	10000	15000
Loss to be (Dr.)	(10000)	(10000)	(10000)
	Dr 5000	NIL	+ 5000 Cr.

X's current A/c Dr 5000
To Z's current A/c 5000
(As Int. on Cap. omitted now rectified)

(OR)

	L	M	N
Profit to be Cr.	530	354	176
Int. on Drawn to be Dr.	500	360	200
	+30	-6	-24

M's Capital A/c Dr 06
N's Capital A/c Dr 24
To L's Capital A/c 30
(As Int on Drawings omitted now rectified)

(OR)

	A	B	C
Profit to be distributed [after Int. on Cap.] (Cr)	20000	20000	20000
Int. on Cap to be Reversed [Dr] (Dr)	10000	20000	30000
	+10000	—	-10000

C's Capital A/c Dr 10000
To A's Capital 10000
(As Int on Cap. provided now reversed back)

Teacher's Signature : _____

(OR) ②

	A	B	C	- 10%
Extra Int. to be credited	42000	63000	105000	-21000
Int on Cap. to be Dr.	30000	60000	120000	21000
	+12000	+3000	-15000	

C's Current a/c Dr 15000
— To A's current a/c 12000
To B's current a/c 3000

(Char Int on Cap provided @ 12% instead of 10% now rectified)

---

②

	X	Y	Z
Pft to be given (Cr.) 3:2:1	165000	110000	55000
Pft already given (Dr)	(110000)	(110000)	(110000)
	Cr. +55000	NIL	-55000

Z's Capital a/c Dr 55000
To X's Capital a/c 55000

(Pft distributed wrongly now rectified)

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3)

P/L Appropriation A/c

To Int. on Capital			By Net profit		160000
X – 15000					
Y – 10000					
Z – 7500		32500			
To partners current A/c (profit)					
X –	51000				
(–) Sh. to Z	(1750)	49250			
Y	38250				
		38250			
Z	38250			127500	
+ Sh. from X	1750	40000			
				160000	
					160000

(OR)

P/L App. A/c

To profit:			By Net profit		204,000
R	102,000				
(–) Sh. to T	(6375)	95625			
S	61200				
(–) Sh. to T	(3825)	57375			
T	40800				
+ Sh. from R	6375				
+ Sh. from S	3825	51000		204000	
				204000	
					204000

(OR)

P/L Appropriation

Distribution of profit			Deficiency Borne		Profit Share
A – 134400 × 4/12 =	44800	–	A's = 5600 × 3/6 =	2800	42000 –
B 134400 × 3/12 =	33600	–	B's = 5600 × 2/6 =	1867	31733 –
C 134400 × 3/12 =	33600	–	C's = 5600 × 1/6	933	32667
D 134400 × 2/12 =	22400	– 28000 =	5600 [Deficiency]		28000

Teacher's Signature :

(OR) (4)

JOURNAL

X's Cap	Dr	60000	
Y's Cap	Dr	36000	
Z's Cap	Dr	24000	
To P/L A/c			120000
(Being Net Loss distributed)			
X's Cap	Dr	52500	
Y's Cap	Dr	31500	
To Z's Capital			84,000
(Being Diff. in Z's share ~~gained~~ by X & Y)			

---

(4)

	X	Y	Z
Int on Cap to be Cr.	2500	1250	1250
Salary to be Cr.	—	—	18000
Profit to be Cr.	11000	5500	5500
Total amt to be given Cr.	13500	6750	24750
(-) profit already given (Dr.)	(15000)	(15000)	(15000)
	-1500	- 8250	+9750

X's Cap	Dr	1500	
Y's Cap	Dr	8250	
To Z's Cap			9750
(Being Short-term dist. of profit now rectified)			

X - 360000
Y - 240000

Int on Cap

X: $360000 \times \frac{12}{100} = 36000$

$60000 \times \frac{12}{100} \times \frac{6}{12} = 3600$ — 39600

Rough

$300000 \times \frac{12}{100} = 36000$

$10000 \times \frac{12}{100} \times \frac{6}{12} = 600$ — 29400

$240000 \times \frac{12}{100} \times \frac{6}{12} = 14400$ (2)

X	$200000 \times \frac{12}{100} \times \frac{6}{12}$	1800
	$50000 \times \frac{12}{100} \times \frac{3}{12}$	900 (4)
		2700
Y	$150000 \times \frac{9}{100} \times \frac{6}{12}$	13500
	$25000 \times \frac{9}{100} \times \frac{6}{12}$	2250 (4)
		3600

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5) Profit / Loss Appropriation A/c for the year ended on 31/3/14

To Gen. Reserve		15000	By Net profit		1,50,000
To Int. on Cap.			By Int. on Drawings:		
X	39600		X	270	
Y	29400		Y	360	6300
To Salary					
X -	24000				
Y -	18000	42000			
To Partners current (profit)					
X -	5940				
Y -	3960				
		9900			
		156300			156300

Partners current A/c

Particulars	X	Y		X	Y
Drawings	40000	40000	Bal. b/d	-	-
Int. on Draw	270	360	By Int. on Cap.	39600	29400
			By Salary	24000	18000
Bal. c/d	80300	43400	By P/L Appr (profit)	5940	3960
	123000	87000		123000	87000

Partners Cap A/c

	X	Y		X	Y
			Bal b/d	300000	200000
Cash/Bank		100000	Cash/Bank	60000	
Bal c/d	360000	240000			
	360000	240000		360000	240000

Teacher's Signature :

(6) (6)

P/L Appr. a/c

To Int on Capital		By Net profit	1500
X - 1000			
Y - 500			
	1500		
	1500		1500

Note - As Int on Capital ₹ 1800 exceeds the net profit hence Int on Capital provided ₹ 1500 [not exceeding ₹ 1500] distributed among X & Y in their Capital Ratio.

OR

P/L profit & Loss Account

To Net Loss	1500	By Partners Cap	
		X - 600	
		Y - 900	1500
	1500		1500

(7)
- Not allowed as in absence of deed no salary will be allowed to any partner.
- Int on loan will be provided @ 6% P.a.
- X objection is correct as in absence of deed profit to be shared equally.
- Y objection is correct as new partner cannot be introduced with the consent of all the partners.

(8)

Partner's Capital a/c [Fluctuating] Cr.

To Drawings		By Int on Capital	
" Int on Drawings		" Salary	
" P/L Appr (Loss)		" P/L Appr (profit)	

Partner's Current a/c Cr.

		By Int on Capital	
		" Salary	
		" P/L App (profit)	

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P/L Appr. A/c

9) To Int. on Cap
x - 1000
y - 500 — 1500

By Net profit — 1500

1500 — 1500

(OR)

P/L Appr. A/c

To Int. on Capital
x - 1200
y - 600 — 1800

By Net profit — 1500

Int profit
x - 120
y - 180 — 300

1800 — 1800

(OR)

P/L Appr. A/c

To Int. on Capital
x - 1200
y - 600 — 1800

By Net profit — 2100

Int profit
x - 120
y - 180 — 300

2100 — 2100

10)

10) a)

CHANGE IN PROFIT/LOSS SHARING RATIO AMONG EXISTING PARTNERS

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1) So that the Profit/Loss on account of such revaluation upto the date of change in Pft sh. ratio may be ascertained & adjusted in the Partner's Cap a/c in their old pft sharing ratio

2) So that such P/L upto date of change in Pft sharing ratio may be ascertained & adjusted in the partners Capital a/c in their old pft sharing ratio.

3) change in existing agreement of partnership, old Agreement comes to an end & a new agreement comes into existence & the firm continues

4) Admission of a New Partner.
Retirement of a Partner.

5) x : y : z = 5 : 3 : 2 (old) , x : y : z = 1 : 1 : 1 (New)

G.Ratio : $x - \frac{1}{3} - \frac{5}{10}$, $\frac{10-15}{30} = \frac{-5}{30}$

$y = \frac{1}{3} - \frac{3}{10}$, $\frac{10-9}{30} = +\frac{1}{30}$

$z = \frac{1}{3} - \frac{2}{10}$, $\frac{10-6}{30} = +\frac{4}{30}$

6) Goodwill = Av. pft × 3 yrs. = 25600 × 3 = 76800

Av. pft = $\frac{38000 + 2 \text{ nil} + 34000 + 14000 + 12000}{5} - \frac{128000}{5} = 25600$

	x	y	z
Goodwill (old Ratio) 3:2:1	38400	25600	12800
" (" New ") 2:2:1	25600	38400	12800
	gain/sac. +12800	sac −12800	—

x's Capital A/c ... Dr 12800

To x's Capital a/c 12800

(The Goodwill adjusted on change in pft sh. Ratio)

(OR)

Teacher's Signature : _____

1/4/14 X's capital a/c ... Dr 10000
To insolvent a/c 10000
(for Goodwill adj on reconstitution of firm)

30/3/15
P/L Appr a/c ... Dr 36000
To insolvent a/c 12000
" X's cap a/c 18000
" Z's cap a/c 6000
(for net profit distributed among partners in their P/L sharing ratio)

4)

Revaluation a/c

To P&M	10000	By Land & Building	5000
To O/s exp.	1500	" creditors	500
" profit	30000		
	41500		5500

		X		Y		Z
Old profit sharing ratio		5/10	15000	3/10	9000	2/10	6000
" " New ratio		3/10	9000	2/10	6000	5/10	15000
Gain/sacrifice		+2/10	+6000	+1/10	+3000	-3/10	-9000

Z's capital a/c ... Dr 9000
To insolvent a/c 6000
" Y's cap a/c 3000
(for profit on Revaluation adjusted on Rec. of partnership firm)

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8) Journal

Reserve	Dr	30000	
Contg. Reserve	Dr	5000	
P/L	Dr	15000	
To ins cp			25000
" js cp			15000
" zs cp			10000
is cp	Dr	1000	
js cp	Dr	600	
zs cp	Dr	400	
To adv. expense			2000

9)

a) Workman Comp Fund Dr 30000

To is cp	15000
" js cp	10000
" zs cp	5000

(To w. Comp distributed)

b) W. Comp Fund Dr 30000

To is cp	5000
" js cp	3000
" zs cp	2000
" W. Comp. Payable/Prov. fo w.c. claim	20000

(To Wages cp w. Com. Payable & bal. distributed)

c) Revaluation Dr 6000

Workmen's Comp. Fund Dr 2000

To W. Compensat. Payable 8000

Teacher's Signature : _____

P.T.O

X's Cap ... Cr 3000
Y's Cap ... Cr 1800
Z's Cap ... Cr 1200
To Revaluation 6000
(Profit on Reval. distributed among partners)

b) JOURNAL

a) Investment Fluctuation Fund ... Dr 15000
To X's Cap 7500
" Y's Cap 4500
" Z's Cap 3000

b) — Do — Same as (a) case

c) Revaluation ... Dr 25000
Investment Fluctuation Fund ... Dr 15000
To Investment 40000
(Being the value of Investment reduced to MV)

X's Cap ... Cr 12500
Y's Cap ... Cr 7500
Z's Cap ... Cr 5000
To Revaluation 25000
(Profit on Revaluation distributed)

d) Invt. Fluctuation Reserve ... Dr 15000
To X's Cap 7500
" Y's Cap 4500
" Z's Cap 3000

Investment ... Dr 40000
To Revaluation 40000
(For value of Investment appr)

Revaluation ... Dr 40000
To X's Cap 20000
" Y's Cap 12000
" Z's Cap 8000
(Profit on Revaluation distributed)

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11)

Reserves		30000	
+ Cont. Reserve		5000	
+ P/L		15000	
(-) Adv. exp.		(2000)	
Net amt to be adjusted.		48000	
	X	Y	Z
Net amt to be dist. in old ratio	24000	14400	9600
" " " " " " new ratio	19200	14400	14400
	+4800		-4800

~~X~~ Z is gaining.

X's Cap. Y. Dr 4800

To X's Cap. Y. 4800

12)

T. Stock	38000	By A & B	20000
" P.D.D	5000	" Creditors	30000
" profit A - 4000		" Exp. Insurance	5000
B - 6000			
C - 2000	12000		
	55000		55000

Partner's Capital a/c

	A	B	C		A	B	C
Goodwill	4000	6000	2000	Bal. b/d	10000	20000	30000
Adv. sup a/c	4000	6000	2000	Revaluation	4000	6000	2000
B's Cap	31000			Invest. flot.	2000	3000	1000
				W.C. fund.	4000	6000	2000
				A's Cap	—	31000	—
Bal. c/d	71000	234000	301000				
	110000	246000	303000		110000	246000	303000

Goodwill = 2 yr's avg. profit = 2 × 93000 = 186000

avg. profit = $\frac{138000 + 93000 + 43000}{3}$ $\frac{279000}{3}$ = 93000

186000 – 2:2:1 (old)

186000 – 3:2:1

A	B	C
62000	93000	31000
93000	62000	31000
Gain –31000	Gain +31000	—

Balance sheet of A B & C as on 1/4/14

Liabilities			Assets		
A's Cap		71000	L & Buildg	250000	
B's Cap		234000	+ Appn.	20000	270000
C's Cap.		301000	Stock	80000	
Creditors	300000		W Red.	(38000)	42000
W Red	(30000)	270000	Debtors	300000	
Emp. Provident Fund		60000	W.D.D.	(15000)	285000
W. Comp Fund		8000	Bank		29000
			Investment		46000
			Prepaid Insurance		3000
		944000			944000

1) Right to share in Firm's ~~Assets~~
" " " in Firm's Profit
or
Revaluation of ~~Assets~~ & Reassessment of Liabilities of firm
valuation of Goodwill of ~~the~~ firm
OR
To Compensate the old partners.

2) x:y : 3:2 z' new partner f^e 1/5 share.

(x+y) new share : $1-\frac{1}{5} = \frac{4}{5}$ x's new share : $\frac{4}{5} \times \frac{3}{5} = \frac{12}{25}$

y's new : $\frac{4}{5} \times \frac{2}{5} = \frac{8}{25}$

NPSR = 12:8:5

Sacrifice Ratio - Old share - New share

$x = \frac{3}{5} - \frac{12}{25} = \frac{15-12}{25} = \frac{3}{25}$ $y = \frac{2}{5} - \frac{8}{25} = \frac{10-8}{25} = \frac{2}{25}$

Sacrifice Ratio : 3:2

(OR)

x:y : 3:2 z f^e 1/5 share $\therefore \frac{1}{5}$: $\frac{1}{5} \times \frac{1}{2} = \frac{1}{10}$ f^m x, $\frac{1}{5} \times \frac{1}{2} = \frac{1}{10}$ f^m y

NPSR

$x = \frac{3}{5} - \frac{1}{10} = \frac{6-1}{10} = \frac{5}{10}$ NPSR : 5 : 3 : 2

$y = \frac{2}{5} - \frac{1}{10} = \frac{4-1}{10} = \frac{3}{10}$ SR = 1 : 1

Teacher's Signature : _____

(2)

$x : y = 3 : 2$

(OR) z for $\frac{1}{5}$ share $\quad \frac{1}{5} \times \frac{2}{3} = \frac{2}{15}$ from X

$\frac{1}{5} \times \frac{1}{3} = \frac{1}{15}$ from Y

NPSR

$x = \frac{3}{5} - \frac{2}{15} = \frac{9-2}{15} = \frac{7}{15}$ $\quad y = \frac{2}{5} - \frac{1}{15} = \frac{6-1}{15} = \frac{5}{15}$

$= x : y : z = 7 : 5 : 3$ (NPSR)

$x : y = 2 : 1$ (SR) (given)

(OR)

$x : y = 3 : 2$ $\quad$ 'z' new partner

Sacrifice/surrender

$x = \frac{3}{5} \times \frac{1}{6} = \frac{3}{30}$

$y = \frac{2}{5} \times \frac{1}{10} = \frac{2}{50}$

NPSR

$x = \frac{3}{5} - \frac{3}{20} = \frac{18-3}{30} = \frac{15}{30} = \frac{1}{2}$

$y = \frac{2}{5} - \frac{2}{50} = \frac{20-2}{50} = \frac{18}{50} = \frac{9}{25}$

$z = \frac{3}{30} + \frac{2}{50} = \frac{15+6}{150} = \frac{21}{150}$

$x : y : z = 75 : 54 : 21$ (NPSR)

(OR)

$x : y = 3 : 2$ 'z' for 1/5 share

$(x+y)$ new share $= 1 - \frac{1}{5} = \frac{4}{5}$

x's new sh $= \frac{4}{5} \times \frac{1}{2} = \frac{4}{10}$

y's new sh $= \frac{4}{5} \times \frac{1}{2} = \frac{4}{10}$

$z : \frac{1}{5} \times 2 = \frac{2}{10}$

$4 : 4 : 2$ NPSR

Sacrifice Ratio

$x = \frac{3}{5} : \frac{4}{10} = \frac{6-4}{10} = \frac{2}{10}$

$y = \frac{2}{5} - \frac{4}{10} = \frac{4-4}{10} = 0$ nil

only 'x' is sacrifice.

(OR)

$x : y = 3 : 2$ $\quad$ z for 20 paise i.e. $\frac{1}{5}$ share

NPSR

$x = \frac{6}{5} \times \frac{3}{5} = \frac{12}{25}$

$y = \frac{4}{5} \times \frac{2}{5} = \frac{8}{25}$

Sacrifice Ratio

= OH share − New share

$x : y = 3 : 2$

calculation of share of income Partner.

'Z' agree 1/5th of his share from 'X' i.e. : he agree 4/5th (i.e. 1 - 1/5) of his share of 'Y'. If 4/5 share : 4/25.

Then total share of 'Z' : $\frac{4}{25} \times \frac{5}{4} = 1/5$

share acquired by Z : $\frac{1}{5} \times \frac{1}{5} = \frac{1}{25}$ from X

" " : $\frac{6}{25}$ " Y

NPSR

$X = \frac{3}{5} - \frac{1}{25} = \frac{14}{25}$ $Y = \frac{2}{5} - \frac{4}{25} = \frac{6}{25}$

$Z = \frac{1}{5}$

$X : Y : Z = \frac{14}{25} : \frac{6}{25} : \frac{5}{25} = 14 : 6 : 5$

Sacrifying Ratio : $\frac{1}{25} : \frac{4}{25} = 1 : 4$

(OR)

$X : Y = 3 : 2$

NPSR

$X = \frac{3}{5} - \frac{1}{12} = \frac{36-5}{60} = \frac{31}{60}$

$Y = \frac{2}{5} - \frac{1}{8} = \frac{16-5}{40} = \frac{11}{60}$

$Z = \frac{1}{12} + \frac{1}{8} = \frac{2+3}{24} = \frac{5}{24}$

$X : Y : Z = \frac{31}{60} : \frac{11}{40} : \frac{5}{24}$

Date

Expt. No. Adjustment of Goodwill

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3) x : y = 3 : 2 (old)

Cash/Bank Dr 104000
To Z's Capital 80000
" Premium for Goodwill 24000
(Cr Capital share & Goodwill share brought in cash)

Premium for Goodwill Dr 24000
To x's capital 14400
" y's Capital 9600
(Cr Prem for Goodwill distributed among x & y in sacrificing ratio)

Note - Calculate sacrificing ratio.

(OR)

Cash/Bank Dr 120000
To Z's Capital 108000
" Prem. for Goodwill [60000 × 1/5] 12000
(Cr Capital share & Goodwill share brought in cash)

Premium for Goodwill Dr 12000
To x's capital 7200
" y's Capital 4800
(Cr Goodwill of Z distributed among x & y in their sacrificing ratio)

x's Capital Dr 7200
y's capital Dr 4800
To Goodwill (old) 12000
(Cr old goodwill written off/distributed)

(OR)

Cash/Bank Dr 104000
To Z's Capital 80000
" Premium for Goodwill 24000
(Cr capital share & Goodwill share brought in cash)

Premium for Goodwill Dr 24000
To x's Capital 14400
" y's Capital 9600
(Cr prem share of Z distributed among x & y in SR)

Teacher's Signature :

PTO

X's Capital A/c ... Dr ₹4800
Y's Capital A/c ... Dr ₹4800
To Cash/Bank ₹12000
(Cash Laid to the partners withdrew by X & Y)

(OR)

Cash/Bank ... Dr 80000
To Z's Capital 8000
(Capital Contributed in cash)

Z's current A/c ... Dr 12500
To X's Capital 7500
To Y's Capital 5000
(For Z's share of ~~Capital~~ Goodwill = 50000 × 1/4 = 12500)

(Note:- In all the above cases kindly calculate sacrifying ratio)

4) x's capital ... Dr Z's share of Goodwill
y's capital ... Dr = 100000 × 4/16 = 25000
To Goodwill (old)
(for Existing G.

Cash/Bank ... Dr 95000
To Z's capital 80000
" Premium for Goodwill 15000
(for Capital share & part of Goodwill share brought in cash)

Premium for Goodwill a/c ... Dr 15000
Z's current a/c ... Dr 10000
To x's capital 6250
" y's capital 18750
(for Goodwill share of Z' distributed amg x & y in their SR)
SR : Old share - New share = 1:3

$x = \frac{1}{2} - \frac{7}{16} = \frac{8-7}{16} = \frac{1}{16}$ $y = \frac{1}{2} - \frac{5}{16} = \frac{8-5}{16} = \frac{3}{16}$

or

Cash/Bank ... Dr 10000
To Z's capital —
To premium for Goodwill 10000
(for Part of Goodwill share brought in cash)
Premium for Goodwill ... Dr 10000
Z's current a/c ... Dr 8000
To x's capital 9000
To y's capital 9000
(for Z's share of goodwill distributed amg x & y in their SR)

OR

Cash	A/c	Dr 20000	
Stock	A/c	Dr 14000	
	To Z's Capital		22000
	" Premium for Goodwill		12000

(A/c Capital & Goodwill share brought in Cash & in kind)

Premium for Goodwill	Dr 12000	
To X's Capital		8000
" Y's Capital		4000

(A/c Goodwill share by X & Y distributed among X & Y in SR)

Z's share of Goodwill = ~~42000~~ 6000 × 2/7 = 12000

OR

W. Note –

~~Balance sheet of~~ X + Y

Capital + Liabilities = Assets

Capital + 100000 = 540000

Capital (X+Y) = 540000 − 100000 = 440000

Z's share of Capital = 200000

Z's " " profit = 1/4

Net worth of firm (as the books of X + Y Capital) = 4/1 × 200000 = 800000

(−) actual worth [440000 + 200000] (640000)

(Hidden) Goodwill of the firm 160000

Z's share of Goodwill = 160000 × 1/4 = 40000

Cash/Bank	Dr 200000	
To Z's Capital		200000

(A/c Capital Contribution made in Cash)

Z's current A/c		
To X's Capital		100000
" Y's Capital		100000

(for Z's share of Goodwill distributed among X & Y in SR)

OR

W. Note - Hidden Goodwill = $(\frac{5}{1} \times 80000) - (130000 + 90000 + 80000)$

~~Goodwill~~ $400000 - 300000 = 100000$

Z's share : $100000 \times 1/5 = 20000$

Cash/Bank Dr 80000

To Z's Capital 80000

(For Capital Contribution made in Cash)

Z's current Dr 20000

To X's Cap 10000

Y's Cap. 10000

(For Goodwill share of Z distributed among X & Y in SR)

OR

W. Note Goodwill of the firm = 3yr × Av. profit

Goodwill " " = 3×100000 = 300000

Av. profit = $(80000 + 70000 + 140000 + 90000 + 120000) \div 5$

$500000 \div 5 = 100000$

Z's share of Goodwill = $300000 \times 1/5$ = 60000

Cash/Bank Dr —

To Z Capital —

Z's current Dr 60000

To X's Cap 36000

Y's Cap 24000

(For Z's share of Goodwill distributed among X & Y in SR)

Note:- Calculate SR in all the above Cases

(6)

Revaluation a/c

To Investment	500	By Accrued Income	100
		" B. Debts Received	400
	500		500

Partner's Capital a/c

	R	S	M		R	S	M
				Bal. b/d	6000	4000	—
				G. Reserve	1500	500	—
				" Bank	—	—	8000
Bal. c/d	8000	6000	8000	" Profit on Goodwill	4500	1500	
	8000	6000	8000		12000	6000	8000

Balance sheet of R, S & M as at 1st April 2001

Liabilities	Amount	Assets		Amount
Creditors	2800	Cash at Bank		12400
Provident Fund	1200	[2000 + 8000 + 2000 + 400]		
R's Cap	8000	Debtors	6500	
S's Capital	6000	(-) P.D.D	(500)	6000
M's Capital	8000	Stock		3000
		Investment	5000	
		(-) Reduction	(500)	4500
		Accrued Income		100
	26000			26000

(OR)

Revaluation a/c (11)

To Stock	7000	By L & Building	5000
		" P.A.R	500
		" Accrued Income	1000
		" Loss :	
		X – 300	
		Y – 200	500
	7000		7000

Partner's Capital a/c

	X	Y	Z		X	Y	Z
Revaluation	300	200	—	Bal b/d	17600	25400	—
Goodwill	600	400		W.C. fund	600	400	—
Adv. Expenses	600	400		Inv. Adjust fund	300	200	—
				Cash	—	—	30000
				" Premium for Goodwill	22320	14880	
To Bal c/d	39320	39880	30000				
	40820	40880	30000		40820	40880	30000

Balance sheet of X, Y & Z as at ---

Liabilities	Amt	Assets	
X's Capital	39320	L & Building [6000+5000]	11000
Y's Capital	39880	Investments	4500
Z's Capital	30000	Debtors 10000	
W. Comp fund	1000	" P.A.R (500)	9500
Emp. Provident fund	1000	Stock [30000 – 7000]	23000
Bank Loan	30000	Cash [25000+30000+37200]	92200
		Accrued Income	1000
	141200		141200

Z's share of Goodwill 186000 × 1/5 = 37200

Goodwill of the firm = 2 yrs × Av. profit = 2 × 93000 = 186000

Av. profit = (48000 + 93000 + 138000) ÷ 3 = 279000 ÷ 3

93000

OR 12

Date

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Revaluation

— Dr —

Partners Cap a/c

	x	y	z		x	y	z
Revaluation				Bal. b/d			—
Goodwill				W.C. fund			—
Adv. expense				Investment fluct fund			—
bal. c/d				Cash			3000
				Z's current a/c	22320	14880	

Balance sheet y x y 2
as at .

Liabilities — Dr — | Assets — Dr —

		Cash [25000 + 30000]	55200
		Z's current a/c	37200
	141200		141200

Revaluation a/c

To stock	7000	By L & Building	5000
		" Prov. for D.D	1000
		" Accrued Income	1000
	7000		7000

Partner's cap. a/c

	X	Y	Z		X	Y	Z
Goodwill	500	500	—	Bal. b/d	17600	25400	—
Adv. exp.	500	500		W. C. fund	500	500	—
				" Invest. Fluct. fund	500	500	—
bal b/d	26100	33900	15000	" Cash " premium	8500	8500	15000
	27100	34900	15000		27100	34900	15000

Calculate X's capital

Adjusted capital of X + Y = 26100 + 33900 = 60000

New share of X + Y = $1 - \frac{1}{5} = \frac{4}{5}$

Capital of Z = $60000 \times \frac{5}{4} \times \frac{1}{5}$ = 15000

Balance sheet of X, Y & Z (as at ---)

Liabilities	Amt	Assets	Amt
X's Capital	26100	L & Building	11000
Y's Capital	33900	Investment	5000
Z's Capital	15000	Debtors	10000
W. Comp. Fund	1000	Stock	23000
E. provident Fund	1000	Cash [25000+17000+15000]	57000
Bank Loan	3000	Accrued Income	1000
	107000	Teacher's Signature :	107000

Capital Adjustment :- OR (19)

Revaluation A/c

To Stock	7000	By Land & Build'g	5000
" Bad Debts	500	" Accrued Income	1000
		" Loss X = 900	
		Y = 600	1500
	7500		7500

Partners Capital A/c

	X	Y	Z		X	Y	Z
Revaluation	900	600	—	Bal. b/d	17600	25400	—
Goodwill	6000	400	—	W.C. fund	1800	1200	—
Adv. Exp.	600	400	—	Investment fluct. fund	600	400	—
							40000
				" Cash			
				" Prem. for Goodwill	12000	8000	—
To Bal. c/d	9600	6400	40000	Current A/c	6600	3000	—
	18100	25400	40000		18100	25400	40000

Total Capital + New fund : 40000 × 5/1 = 200000

X = 96000 Y = 64000

Balance sheet of X, Y & Z (as at ——)

Liabilities	Amt	Assets	
Capital A/cs:		Land & Build'g	11000
X 96000		Investment	5000
Y 64000		Debtors 10000	
Z 40000	200000	(-) B.D 1000	9000
		Stock	23000
~~Investment fluct. fund~~		Cash [2500 + 60000]	85000
Temp. Provident fund	1000	X's current A/c	6600
Bank Loan	30000	Y's current A/c	3000
		Accrued Income	1000
	231000		231000

OR (15) Date

Capital Adjustment

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Revaluation A/c

To stock	7000	By Land & Building	5000
" Bad Debts	500	" Investment	6000
" profit		"	
X – 2100			
Y – 1400	3500		
	11000		11000

Partner's Capital A/c

	X	Y	Z		X	Y	Z
Goodwill	600	400	–	Bal. b/d	17600	25480	–
Adv. expenses	600	400	–	Revaluation	2100	1400	–
Investment	6600	4400		W.C. fund	1800	1200	–
				Cash			40000
				Premium for Goodwill	12000	8000	
Bal. c/d	96000	64000	40000				
				Cash	73300	33200	
	103800	69200	40000		103800	69200	40000

Balance sheet

X, Y & Z (as at)

Liabilities		Assets	
Capital A/c:		Land & Building	11000
X –		Debtors 10000	
Y –	200000	W B. Debts (500)	9500
Z –		Stock	23000
Emp. provident fund	1000	Cash in Land	187500
Bank loan	30000		
Diff in Rfs			
	231000		231000

Teacher's Signature :

Retirement of Partner ①

Date

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(1) $x:y:z = \frac{1}{2}:\frac{3}{10}:\frac{1}{5}$ (old) $= 5:3:2$ (old)

NPSR

G. Ratio = New sh. − old sh.

a) x retires

y : z = 3 : 2

$x = \frac{3}{5} - \frac{3}{10} = \frac{6-3}{10} = \frac{3}{10}$

$z = \frac{2}{5} - \frac{2}{10} = \frac{4-2}{10} = \frac{2}{10}$

3 : 2

b) y retires

x : z = 5 : 2

$x = \frac{5}{7} - \frac{5}{10}$

$z = \frac{2}{7} - \frac{2}{10}$

5 : 2

c) z retires

x : y = 5 : 3

$x = \frac{5}{8} - \frac{5}{10} =$

$y = \frac{3}{8} - \frac{3}{10}$

5 : 3

OR

$x:y:z = \frac{1}{5}:\frac{1}{3}:\frac{7}{15} = 3:5:7$ (old)

z retires $\frac{7}{15}$ (distributed equally between x & y)

NPSR $x = \frac{3}{15} + \left(\frac{7}{15} \times \frac{1}{2}\right) = \frac{3}{15} + \frac{7}{30} = \frac{6+7}{30} = \frac{13}{30}$

$y = \frac{5}{15} + \left(\frac{7}{15} \times \frac{1}{2}\right) = \frac{5}{15} + \frac{7}{30} = \frac{10+7}{30} = \frac{17}{30}$

13 : 17

Gain : 1 : 1

OR

x : y : z = 3 : 5 : 7 (old)

z retires [his share distributed between X & Y in ratio of 3 : 2]

NPSR

$x = \frac{3}{15} + \left(\frac{7}{15} \times \frac{3}{5}\right) = \frac{3}{15} + \frac{21}{75} = \frac{15+21}{75} = \frac{36}{75}$, 12 : 13

$y = \frac{5}{15} + \left(\frac{7}{15} \times \frac{2}{5}\right) = \frac{5}{15} + \frac{14}{75} = \frac{25+14}{75} = \frac{39}{75}$ = 12 : 13

Teacher's Signature :

Gain Ratio : 3 : 2

P : Q : R = 1 : 1 : 1 ② (In absence of any information)

P retires

NPSR

Q : R = 1 : 1

Gaining Ratio → Newsh-old ch.

Q = $\frac{1}{2} - \frac{1}{3}$ = 1 : 1

R = $\frac{1}{2} - \frac{1}{3}$

---

② x : y : z = 1/5 : 1/3 : 7/15 = 3 : 5 : 7 (old)

Z retires

NPSR = x : y = 1 : 1 (given)

Gaining Ratio :

x = $\frac{1}{2} - \frac{3}{15} = \frac{15-3}{30} = \frac{12}{30}$

y = $\frac{1}{2} - \frac{5}{15} = \frac{15-5}{30} = \frac{10}{30}$

6 : 5 (GR)

OR

x : y : z = 25 : 15 : 9 (old)

Z retires

Ratio between Y : Z = 15 : 9 ⇒ 5 : 3 therefore

NPSR : Y : Z = 5 : 3

Gaining Ratio $Y = \frac{5}{8} - \frac{15}{49} = \frac{45}{392}$ & $Z = \frac{3}{8} - \frac{9}{49} = \frac{75}{392}$

$\frac{45}{3} : \frac{75}{5}$ = 3 : 2 (GR)

OR

x : y : z = 4/9 : 1/3 : 2/9 = 4 : 3 : 2 (old)

Y retire share surrender for x $\frac{3}{9} \times \frac{1}{9} = \frac{3}{27}$ for z $\frac{3}{9} - \frac{3}{27} = \frac{9-3}{27} = \frac{6}{27}$

NPSR

$\frac{4}{9} + \frac{1}{27} = \frac{13}{27}$ $\frac{2}{9} + \frac{6}{27} = \frac{14}{27}$

x : z = 13 : 14 [NPSR

(OR)

x : y : z = 1/2 : 3/10 : 1/5 = 5 : 3 : 2 (old)

Y retire

share agreed by x & y

x $\frac{3}{10} \times \frac{2}{3} = \frac{6}{30}$ z $\frac{3}{10} \times \frac{1}{3} = \frac{3}{30}$

NPSR $\frac{5}{10} + \frac{6}{30} = \frac{15+6}{30} = \frac{21}{30}$ $\frac{3}{10} + \frac{3}{30} = \frac{6+3}{30} = \frac{9}{30}$

21 : 9 ⇒ 7 : 3

W admitted for 1/4th share

	X	Z
share given by 'X'	$1/4 \times 1/2 = 1/8$	—
share acquired by W (other than given)	$1/8 \times 1/2 = 1/16$	$1/8 \times 1/2 = 1/16$
NPSR	$7/10 - (1/8 + 1/16) = 41/80$	$3/10 - 1/16 = 19/80$

NPSR = X : Z : W = $41/80 : 19/80 : 20/80$

OR

X : Y : Z = 14 : 5 : 6 = $14/25 : 5/25 : 6/25$ (old

Y retires

NPSR = $X = 14/25 + 5/25 = 19/25$ $\quad Z = 6/25 + Nil = 6/25$

19 : 6 (NPSR

3)

~~X + Y = Z~~ =	X	Y	Z
Old share	5/10	3/10	2/10
New share [Y retires]	1/2	—	1/2
GR	—		3/10

[only Z is gaining]

Z's Capital ... Dr 18000

To Y's capital 18000

(for Y's share of Goodwill adjusted]

OR

So

Z's capital (40000 × 3/10) Dr 12000

To Y's capital 12000

(for Y's share of Goodwill adjusted in gaining ratio)

OR

Valuation of Goodwill of the firm :

4) Goodwill of the firm : 2yr x Super profit
= 2 x 25000 = (50000)

Super profit = Average profit − Normal profit
= ((50000+15000+60000)/3) − 30000
= 55000 − 30000 = 25000

On retirement

X's Capital	⇒ 10000	
To Y's capital (50000 x 5/4)		10000

(To Y's share of Goodwill adjusted as only X is going)

X's Capital	⇒ 42000	
Y's Capital	⇒ 15000	
Z's Capital	⇒ 18000	
To Goodwill (old)		75000

(To old Goodwill written off)

After Retirement − 1 yr later

P/L appropriation a/c	⇒ 100000	
To X's cap		76000
" Z's capital		24000

(To Prof distributed among X & Z in APSR)

(OR)

R's Cap	⇒ 27000	
S's Cap	⇒ 18000	
M's Cap	⇒ 9000	
To Goodwill (old)		54000

(For old/Existed Goodwill written off)

G. Reserve a/c	⇒ 30000	
P/L a/c	⇒ 21000	
To R's Cap		25500
" S's Cap		17000
" M's Cap		8500

(To Acc-profit distributed on Ram Retirement)

Teacher's Signature :

(OR)

31/8/08 Reserve & Surplus A/c ... Dr 40000

To X's Cap		20000
" Y's Capital		12000
" Z's Capital		8000

(The Acc. profit distributed among partners in old ratio)

X's Cap	Dr 5000	
Y's Cap	Dr 3000	
Z's Cap	Dr 2000	
To P/L a/c [Loss]		10000

(The Acc. loss written off)

X's Cap	Dr 7500	
Y's Cap	Dr 4500	
To Z's Capital (60000 × 2/10)		12000

(To Z's share of Goodwill adjusted in GR)

(OR)

General Reserve	Dr 15000	
To R's Cap		7500
" S's Cap		5000
" M's Cap		2500

(The Acc. profit distributed in old ratio)

R's Capital	Dr 22500	
S's Capital	Dr 15000	
M's Capital	Dr 7500	
To Goodwill (old)		45000

(For old Goodwill written off)

R's Cap	Dr 6000	
S's Cap	Dr 4000	
M's Cap	Dr 2000	
To P/L [Loss]		12000

(For ~~Of~~ Acc. loss written off)

57

Revaluation a/c

To P & Machinery	4000	By Building	20000
" Prov. for D.D	1000	" Investment	5000
" Stock	2000	" type writer	2000
" [illegible]	~~2000~~		
" Employer's claim	5000		
" profit			
X - 7500			
Y - 5000			
Z - 2500	15000		
	27000		27000

X's capital a/c

To cash	100	By Bal. b/d	35000
To Y's Loan a/c	39000	" Revaluation	5000
	40000		40000

Y's Loan A/c

31/3/15	To Cash [13000+3900]	16900	1/4/14	By Y's cap	39000
"	" bal b/d	26000	31/3/15	" Interest (39000 × 10/100)	3900
		42900			42900
			1/4/15	By bal. b/d	26000
31/3/16	To Cash [13000+2600]	15600	31/3/16	" Interest (26000 × 10/100)	2600
"	" bal b/d	13000			
		28600			28600
			1/4/16	By bal b/d	13000
31/3/17	To Cash [13000+1300]	14300	31/3/17	" Interest (13000 × 10/100)	1300
		14300			14300

OR

Revaluation a/c (8)

To P.D.D	1000	By Creditors	6000
" Stock	1800		
" Furniture	1500		
" O/S claim	1100		
" Rent A – 300 B – 200 C – 100	600		
	6000		6000

Partner's Capital a/c

	A	B	C		A	B	C
Revaluation				Bal. b/d	40000	40000	30000
B's capital	6000	–	2000	Gen. Reserve	6000	4000	2000
B's loan		52200		Revaluation	300	200	100
Bal c/d	40300		30100	A's cap		6000	
				C's cap		2000	
	40300	52200	32100		40300	52200	32100

Balance sheet of A & C as at 1/Jan/05

Liabilities			Assets		Amt
Creditors	30000		Cash		18000
(–) Red.	(6000)	24000	Debtors	25800	
B/P		16000	(–) Prov.	(4000)	21000
O/S claim		1100	Stock	18000	
B's Loan		52200	(–) Reduct.	(1800)	16200
A's Capital	40300		Furniture	30000	
C's Capital	30100	70400	(–) Dep.	(1500)	28500
Diff. in B/S ✱		6000	Machinery		80000
			Building		60000
		223700			223700

(OR)

✱ Note – There was difference in the old Balance sheet i.e. ₹ 60000. Assets side exceeds Liabilities side

OR (9)

Date

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Revaluation a/c

To Building	40000	By creditors	4000
" P.S.D	3000	" Loss:- P- 8800	
" o/s salary	5000	Φ- 13200	
		R- 22000	44000
	48000		48000

Partner's capital a/c

	P	Φ	R		P	Φ	R
Revaluation	8800	13200	22000	Bal. b/d	80000	70000	60000
P/L	2080	3000	5000	P's Cap			14400
R's Cap	14400	21600		Φ's Cap.			21600
Cash/Bank			15000				
R's loan			54000				
Bal c/d	54800	32200					
	80000	70000	96000		80000	70000	96000

Balance sheet of P & Φ as at 1/4/04

Liabilities	Amt	Assets		Amt
Creditors 44000		Bank	4500	
" written back (4000)	40000	" Paid to 'R'	15000	30000
o/s Salary	5000	Debtors	40000	
R's loan	54000	" prov.	(800)	32000
		Stock		50000
P's Capital	54800	Building	140000	
Φ's Capital	32200	" Acc. Dep	(40000)	100000
	182000			212000

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	Revaluation	Dr	400	
31/3/10	To prov. for D.D			400
"	Building Dr		7000	
	To Revaluation			7000
	Revaluation Dr		6600	
"	To P's Cap			3300
	" Q's Cap			2200
	" R's Cap			1100
	(for profit on Revaluation distributed)			
	P's Cap Dr		600	
	Q's Cap Dr		400	
	R's Cap Dr		200	
	To P/L [Loss]			1200
	(for Acc. loss distributed)			
	P's Cap Dr		4500	
	R's Cap Dr		1500	
	To Q's Cap			6000
	(for Q's sh. of Goodwill Adjusted)			
	Q's Capital Dr		17800	
	To Cash			2800
	" Q's Loan a/c			15000

(for 28000 Paid to Q's Immediately & Balance transferred to Q's Loan a/c)

Q's Loan a/c

31/3/11	To Cash [5000+1500]	6500	1/4/10	By Q's Cap.	15000
"	" balc/d	10000	31/3/11	By Interest	1500
		16500			16500
31/3/12	To Cash [5000+1000]	6000	1/4/11	By bal c/d	10000
"	" balc/d	5000	31/3/12	By Interest	1000
		11000			11000
31/3/13	To Cash [5000+500]	5500	1/4/12	By bal c/d	5000
			31/3/13	" Interest	500
		5500			5500

Teacher's Signature :

Capital Adjustment

Revaluation A/c

To Prov. for D.D	1000	By creditors	6000
" Stock	1800		
" Furniture	1500		
To O/S claim	1100		
To profit			
A – 300			
B – 200			
C – 100			
	600		
	6000		6000

Partner's Capital A/c

	A	B	C		A	B	C
B's Capital	—	~~—~~	8000	Bal. b/d	40000	40000	30000
Cash		52200		Revaluation	300	200	100
				G. Reserve	6000	4000	2000
				C's capital		8000	
Bal c/d	61300		61300	Cash [Bal.]	15300		37200
	61300	52200	69300		61300	52200	69300

Balance sheet of A & C (as at 1/1/05)

Liabilities			Assets		
Creditors	30000		Cash		18000
~~W~~ Red.	(6000)	24000	Debtors	25000	
B/P		16000	~~W~~ prov.	(4000)	21000
			Stock	18000	
Capital A/c :-			~~W~~ Dep.	(1800)	16200
A – 61300					
C – 61300		122600	Furniture	30000	28500
			~~W~~ Dep.	(1500)	
O/S claim		1100			8000
Diff. in P/S		60000	Machinery		60000
			Building		
		223700			223700

~~Adj~~ Capital of A + C = 46300 + 24100 = 70400
+ Amt Payable to 'B' 52200
Total New Capital of firm (A+C) 122600

A's cap – 122600 × 1/2 = 61300
C's cap – 122600 × 1/2 = 61300

Date .....

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Revaluation A/c

To Prov. for D.D.	720	By Land & Building	1760
" Plant & Machinery	4520	By Loss:-	
" ~~L & Building~~		P – 1740	
		Q – 1160	
		R – 580	3480
	5240		5240

Partners' Caps A/c

	P	Q	R		P	Q	R
Revaluation	1740	1160	580	Bal. b/d	16000	16000	16000
Cash/(Bank)			17020	Res. fa Cont.	4800	3200	1600
				Bank/ Cash (bal.)	10940	11960	
Bal b/d	30000	30000	–				
	31740	31160	17600		31740	31160	17600

Balance sheet of P & Q as at 1/01/04

Creditors		20160	Cash at Bank [20160+10940+11960–17020]		26040
P's Cap	20000		Debtors	14400	
Q's Cap	10000	60000	(–) Prov.	(720)	13680
			P & M	20800	
			(–) Dep	(4520)	16280
			L & B		24160
		80160			80160

Cash at Bank A/c

To bal b/d	20160	By R's Cap	17020
" P's Cap	10940	" bal c/d	28040
" Q's Cap	11960		
	43060		45060

Teacher's Signature :

DEATH OF A PARTNER

Date

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1)
a) on Death of a Partner
b) on Retirement of a Partner
c) on Change in Profit/Loss sharing ratio among existing Partners

2) 'C' is not correct as NPSR = 3:1

3) on Time Basis
on Sales Basis

4) If the amt due to the retiring Partner/legal representatives of a Deceased Partner is not settled & the business is carried on the the option available →
> Int @ 6% P.a till amt is Paid off,
> Share of the profit which has been earned by using the amt due to him.

5) on time basis
on Sales basis

6) Sacrifice Ratio in which old partners have agreed to sacrifice their shares of profits in favours of New Partner

Gaining Ratio in which the continuing Partners acquire the outgoing partners share

7) Because such Reserves, Accounts & Prft/loss related to pre-retirement period.

8) Deceased Partner's Cap. A/c → To Deceased Partner Executor's A/c.

Teacher's Signature :

Q) Calculate y profit share y Deceased partner.

Av. profit = $\frac{(80000 + 76000 + 90000)}{3} = \frac{246000}{3} = 82000$

x's share y profit = $82000 \times \frac{3}{4} \times \frac{5}{62} = \frac{82000}{8} = 10250$

31/3/19	P/L suspense Yc	Dr	10250
	To x's cap. Yc		10250

OR

x's share y pft = $\left(\frac{54000}{360000} \times \frac{500}{3000}\right) \times \frac{3}{6} = 4500 \times \frac{3}{6}$

$= 2250$

31/3/19	P/L suspense Yc	Dr	2250
	To x's capital		2250

OR

calculate y 'x' share y pft [31/3/09 — 30/6/09]

Av. profit = $\frac{(16000 + (10000) + 16000 + 13000 + 14000)}{5} = \frac{54000}{5} = 10800$

x's share = $10800 \times \frac{3}{12} \times \frac{1}{3} = 900$

	P/L suspense	Dr	900
	To x's Capital Yc		900

Date

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10) Total profit of last 4 completed year:

$120000 + 80000 + 40000 + 80000 = 320000$

Rs share profit (last 4 yr) $= 320000 \times \frac{3}{8} = 120000$

Rs share of Goodwill $= 120000 \times \frac{1}{2} = (60000)$

(OR)

x : y : z = 5 : 3 : 2 (old)

'x' retired

y : z = 1 : 1

Sacrifice ratio

$y = \frac{1}{2} - \frac{3}{10} = \frac{5-3}{10} = \frac{2}{10}$

$z = \frac{1}{2} - \frac{2}{10} = \frac{5-2}{10} = \frac{3}{10}$ 2:3

y's cap → 10000
z's cap → 15000
→ To x's Capital = 25000

(OR)

Av. profit of last 4 yrs $= \frac{80000 + (20000) + 20000 + 160000}{4} = \frac{240000}{4} = 60000$

Goodwill of the firm = 2 yr × Av. profit
$= 2 \times 60000 = 120000$

x's cap → 12000
z's cap → 23000
→ To y's Capital (120000 × 3/8) = 45000

15000

Sacrifice ratio

x : y : z = 4 : 3 : 1 (old)
x : z = 3 : 2 (New)

$x = \frac{3}{5} - \frac{4}{8} = \frac{24-20}{40} = \frac{4}{40}$

$z = \frac{2}{5} - \frac{1}{8} = \frac{16-5}{40} = \frac{11}{40}$

4 : 11

Teacher's Signature :

(4) OR

Total profit of Cost 4 yr (before death) : 80000 + (20000) + 20000 + 160000 = 240000

profit credit to 'y' in last 4 yrs : 240000 × 3/8 = 90000

y's share of Goodwill : 90000 × 1/2 = (45000)

x's cap → 12000
z's cap → 3800
To y's cap 45000

11) Ram's Capital A/c

To Goodwill (old) (40000 × 4/9)	17778	By bal b/d	36000
		" Revaluation (27000 × 4/9)	12000
		" G. Reserve (36000 × 4/9)	16000
		" x's cap [Goodwill share]	24000
		" z's cap	16000
To Ram's Executor's A/c		" misc.	8333
		" P/L expense	1800
		" Int. on Capital (36000 × 5/12 × 1/12)	

W. Note

Revaluation A/c

To Machinery	2000	By Land & Building	34000
" Stock	2000		
" P.D.D	2000		
" profit	28000		
	34000		34000

profit share : 50000/150000 × 5/12 × 4/9 = 28000/3 = 8333

B's Capital a/c

To Drawings	2000	By bal b/d	30,000
" Int. on Drawings (given)	60	" Salary [1600×4]	6400
		" P/L (Goodwill)	3000
To B's Executor's a/c		" C's cap. [Goodwill share]	3000
		" P/L (expense)	2355
		" Int. on Capital	600

Av. profit of 3 yrs = $\frac{21200 + (3200) + 9000}{3} = \frac{27000}{3} = 9000$

Goodwill = 9000 × 2 yrs = 18000 B's share of Goodwill = 18000 × $\frac{1}{3}$ = 6000

Profit share = $21200 \times \frac{4}{8} \times \frac{1}{3} = \frac{21200}{9} = 2355$

Int. on Capital = $30000 \times \frac{4^2}{12} \times \frac{6}{100} = 600$

(OR)

N's Capital a/c

		By bal. b/d	70000
		" Q. Reserve	10000
		" P/L (Goodwill)	3000
To N's Executor's a/c	146979	" C's Capital	3000
		" P/L (expense) (profit)	6250
		" Int. on Capital	729
	146979		146979

Goodwill of the firm = Av. profit × 2 yrs = $\left(\frac{8000 + 9000 + 10000}{3}\right) \times 2 = 18000$

Profit share = $\frac{30000}{2500} \times \frac{2.5}{12} \times \frac{1}{3} = 6250$

Int. on Capital = $70000 \times \frac{5}{100} \times \frac{2.5}{12} = 729$

Teacher's Signature :

JOURNAL

15/4/10	G. Reserve A/c	Dr	3000
	To M's Cap		1000
	" N's Cap		1000
	" O's Cap		1000
	(Gr. Res distributed)		
"	M's Cap	Dr	3000
	O's Cap	Dr	3000
	To N's Cap		6000
	(M's share & Goodwill adjusted)		
"	P/L Suspense	Dr	6250
	Int-on Capital	Dr	729
	To N's Capital		6979
	(P/L share till death & Int. credited to N's Cap)		
"	N's Capital A/c	Dr	146979
	To N's Executor's A/c		146979
	(Amt Payable to 'N' kept in his Executor's A/c)		

OR

Solanis Capital A/c

To Solanis Executor's A/c	126000	By balance b/d	75000
		" Revaluation (25000 × 2/10)	5000
		" M. C. fund (30000 × 2/10)	6000
		" R's Cap [Goodwill]	21875
		" M's Cap. [share]	13125
		" P/L Suspense [25000 × 1/12 × 2/10]	5000
	126000		126000

Revaluation	Dr 1000	
To Machinery		1000
(Being value of Machinery reduced)		
Patent	Dr 1000	
Building	Dr 2500	
To Revaluation A/c		3500
(Being value of ~~Assets~~ appreciated)		
Revaluation	Dr 25000	
To R's Cap.		12500
" M's Cap		7500
" S's Cap		5000
(Being P/L on Revaluation Distributed)		
G. Comp. Fund	Dr 30000	
To R's Cap		15000
" M's Cap		9000
" S's Cap		6000
(Being Acc. fund distributed)		
R's Cap	Dr 21875	
M's Cap	Dr 13125	
To S's Cap		35000
(Being Goodwill share of S's adjusted		
P/L suspense	Dr 5000	
To S's Cap A/c		5000
(Being profit share of Sohan's till death credited)		
Sohan's Cap	Dr 126000	
To Sohan's Executor's A/c		126000
(Being amt Payable to Sohan's transfer to his executors a/c)		

(12) (8)

Y's Capital a/c

To Goodwill (old)	12000	By bal b/d	25000
" Adv. Exp.	200	" Reserves	12000
		" X's Cap [Goodwill]	12800
		" Z's Cap [Goodwill]	6400
		" P/L Shspense	1333
To Y's Executor's a/c	44158	" Int on Capital	625
	58158		58158

Y's Executor's a/c

To Cash/Bank	4158	By Y's Capital a/c	44158
" Y's Executor's Loan a/c	40000		
	44158		44158

W. Note: Adv. profit of Last 4 yrs = $\frac{15000 + 17000 + 19000 + 13000}{4} = 16000$; $\frac{6400}{4}$

Goodwill of the firm = $2 \times 16000 = 48000$

Y's share of Goodwill = $48000 \times \frac{2}{5} = 19200$ ← 12800, 6400

Share in profit = $16000 \times \frac{2.5}{12.6} \times \frac{2}{5} = 1333$

Int on Capital = $25000 \times \frac{12}{100} \times \frac{2.5}{12.6} = 625$

OR

Y's Executor's Loan a/c

14/6/15	To Cash/Bank	14000	15/6/14	By Y's Executor's a/c	40000
	" bal c/d	30000	14/6/15	" Interest @ 10% p.a	4000
		44000			44000
14/6/16	To Cash/Bank	13000	15/6/15	By bal c/d	30000
"	" bal c/d	20000	14/6/16	" Interest @ 10% p.a	3000
		33000			33000
			15/6/16	By bal c/d	20000
14/6/17	To Cash/Bank	12000	14/6/17	" Int. @ 10% p.a	2000
"	" bal c/d	10000			22000
		22000			
			15/6/17	By bal c/d	10000
14/6/18	To Cash/Bank	11000	14/6/18	" Interest	1000
		11000			11000

Date

Expt. No. JOURNAL Page No. 1

15/6/14	Reserve	Dr 30000	
	To x's cap		12000
	" y's cap		12000
	" z's cap		6000
	(Being Res. distributed		
"	x's cap	Dr 14000	
	y's cap	Dr 14000	
	z's cap	Dr 3000	
	To Goodwill (old)		30000
	" Advertisement Exp.		5000
	(Being old Goodwill & Advt. Exp. written off)		
"	x's cap	Dr 1280	
	z's cap	Dr 640	
	To y's cap		1920
	(Being y's share of Goodwill adjusted)		
"	P/L suspense	Dr 1333	
	Int. on Cap	Dr 625	
	To y's cap A/c		1958
	(Being int. share & int on Cap till date of death credited to y's)		
"	y's Capital A/c	Dr 44458	
	To y's Executor's A/c		44458
	(Being amt Payable to 'y' transfer to his Executor's A/c)		
"	y's Executor's A/c	Dr 44458	
	To Cash/Bank		4458
	" y's Executor's Loan A/c		40000
	(Being amt Paid Payment made in Cash to Executors & bal. transfer to Loan A/c)		

Dissolution of Firm

Date.
Page No. (1)

Theory

> Realisation account is prepared on dissolution of firm in order to convert/disposed off firm assets to settle firm liabilities.

> Realisation a/c is prepared on Reconstitution of firm whereas Revaluation a/c is prepared on Dissolution of Partnership firm.

> Cash in Hand
Cash at Bank
Deff. Revenue Expenditures

Partners capital
Partner's current a/c
Reserves/acc. profits
Partner's Loan

> Application of Firm's Assets as per sec 48 :-
Meeting the claims of third parties & the partners.

> Firms Debt are ~~paid~~
These are debt of the firm owed to the third parties

Private Debts
These are debt owed by a partner personally to any other Person.

> Circumstances under which firm is Dissolved -
- on completion of firm's venture
- on expiry of the time period for which Partnership was established.

> Court may dissolve a firm
- When a Partner become unsound mind
- When business of the firm cannot be carried on except at a loss.

> Dissolution by Notice [sec 43] In case of partnership is at will then the firm can be dissolved when a Partner gives notice in writing to other Partners, signifying his intention of seeking dissolution of the firm

Date.
Page No. 3

1) 'Y' is Correct. as per section 48 of Partnership act. 3 marks

2) 'X' is Correct as " " " " " " Mrs. 'X' is considered as third party.

3) Mrs. 'X' loan of ₹ 20,000 is to be Paid off first as she is an third Party as Per the Sec. 48 of Partnership act 1932

---

1) a) X's Capital A/c Dr 7200 6 marks
Cash/Bank A/c Dr 1040
To Realisation 1760

b) Cash/Bank Dr 6000
To Realisation 6000
(Of Investment of B.V ₹ 4000 Realised 150%.)

c) Realisation Dr 4000
To Y's capital 4000
(Of Mrs. 'Y' loan taken over by Y)

d)

e) Realisation $\frac{120}{100} \times \frac{12^3}{12} \times \frac{1}{12 \times 2}$ Dr 39400
To Cash/Bank 39400
(Of R/P paid under discount of 12% P.a.)

f) Realisation Dr 1200
To X's capital 1200
(Of realisation Exp)

---

2) a) Realisation Dr 1200
To Cash/Bank 1200

Cash/Bank Dr 480
To Realisation 480

b) Realisation Dr 1200
To X's capital 1200

X's capital Dr 700
To Cash A/c 700

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c) Realisation Dr 24000
To Cash/Bank 24000
(Being creditors paid off)

d) No Entry

e) Cash/Bank Dr 1200
To Realisation A/c 1200
(Being ₹1200 realised on sale of upward)

8) a) G. Reserve Dr 6000
To P's Cap. 3000
" Q's Cap 1800
" R's Cap 1200

b) P's Capital Dr 6800
To Realisation 6800

c) Realisation Dr 20000
To Cash/Bank 20000

d) Cash/Bank Dr 48000
To Realisation 48000

e) P's Cap Dr 1600
Q's Cap Dr 960
R's Cap Dr 640
To Realisation (loss) 3200

f) Realisation Dr 4000
To Q's Cap. 4000

Date.
Page No.

4) JOURNAL

	Realisation	Dr 12000	
a)	To Cash/Bank		12000
b)	Ds Capital	Dr 16000	
	To Realisation		16000
c)	Realisation	Dr 4000	
	To P's capital		4000
d)	Cash/Bank	Dr 1500	
	To Realisation		1500
e)	Realisation	Dr 2000	
	To Ds Capital		2000
f)	Realisation	Dr 3600	
	To P's Cap		2000
	To Ds Cap		1600
g)	Realisation	Dr 2000	
	To Cash/Bank		2000
h)	R's Cap	Dr 24000	
	S's Cap	Dr 3600	
	To Diff. Rev. Cap		6000
i)	R's Cap	Dr 12000	
	S's Cap	Dr 1200	
	To P/L		3000
j)	S's Capital	Dr 3000	
	To Realisation		30000
k)	Realisation	Dr 22000	
	To Cash/Bank		22000
l)	R's capital	Dr 1500	
	To R's loan A/c		1500

(5)

Date. (31)
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Journal Entries

· Realisation	₹ 125900		8 mark
To JLP		15000	
" Stock		16000	
" Investment		47600	
" Furniture		3700	
" P&M		43600	
Creditors	₹ 57400		
JLP Reserve	₹ 15000		
To Realisation		72400	
Cash	₹ 100740		
To Realisation [15000 + 3700 + 82040]		100740	
(∵ assets realised)			
P's Capital	₹ 40600		
To Realisation		40600	
(∵ Stock + Invst. taken by 'P')			
Realisation	₹ 57400		
To Cash		57400	
(∵ creditor Paid off)			
Realisation	₹ 30440		
To P's Cap		10146	
" Q's Cap		10147	
" R's Cap		10147	
(∵ P/L unrealised distributed)			
Cash	₹ 454		
To P's Cap		454	
(∵ Cal received in P)			
Q's Cap	₹ 30147		
R's Cap	₹ 20147		
To Cash		50294	
(∵ final settlement Paid)			

2) **Realisation Account**

Date.
Page No.

To S. Assets			By Creditors		50000
Debtors		30000	" R/P		10000
Stock		20000	" Loan		12000
Furniture		15000	By Cash :-		
L & B		24500	Debtors -	28000	
			Furniture	1200	
To Cash :-			L & B	28000	32000
Creditors	4500		" Cash (ILP)		10000
R/P	9000	5400	By D's Cap (stock)		1500
Profit					
D -	17667				
G -	17667				
T	17666	5300			
					41700

Partner's Cap. a/c

	D	G	T		D	G	T
To bal. b/d	—	20000	—	By bal b/d	15000	—	15000
" Realisation	1500			" Reserve	6667	6667	6666
				" Realisation	17667	17667	17666
To bal c/d	109334	4334	174332				
	124334	24333	174332		124334	24334	174332

Cash a/c

To bal b/d		By G's loan	8000
To Stock	20000	" Realisation (Loss)	5400
" Realisation (Assets)	220000	To D's Cap	109334
" "	10000	" G's Cap	4334
		" T's Cap	174332
	35 0000		350000

(8) Realisation account

Date. (4)
Page No. 4

To Stock	5000	By P.D.D	2000
" Investment	10000	By creditors	25000
" Debtors	20000	" B/P	8000
" Plant	20000	" Mrs. A Loan	5000
" Building	15000	" Mrs. B Loan	10000
" Goodwill	4000	" Emp. Provident Fund	5000
To A's Cap. (Mrs Loan)	5000	" Invest. Fluct. fund	1000
To Cash :-		" A's Cap. (Stock)	400
Creditors B/P	32820	By Cash :-	
To Cash (Exp)	100	Debtors - 19000	
" Cash (Mrs B Loan)	1500	Plant 2500	
Emp Provident fund		Building 4000	
" Profit - 15740		G/will 6000	
B - 15740	31480	Investment 9000	79000
	159300	" Cash (old typewriter)	300
			159300

Partner's Cap. A/c

	A	B		A	B
To P/L A/c	1500	1500	By Bal. b/d	10000	10000
" Realisation	4000		" G. Reserve	5000	5000
			" Realisation	500	
			" "	15740	15740
" Cash	30240	29240			
	35740	30740		35740	30740

Cash A/c

To bal. b/d	500	By Realisation	32820
" Bank	8000	" Realisation	1000
" Realisation	79000	" "	1500
" "	300	" A's Cap	30240
		" B's Cap	29240
	107800		107800

Date.
Page No.

(1) Memorandum Balance Sheet

B's capital	150000	Cash	20000
C's Capital	100000		
Creditors	60000		
G. Reserve	40000	S. Assets (Bal.)	330000
	350000		350000

Realisation A/c

To S. Assets	330000	By creditors	60000
To Cash (Creditors)	60000	" Cash (Assets)	300000
" C's Cap (Exp)	5000	By loss :-	
		B - 17500	
		C - 17500	
			35000
	395000		395000

Partners Cap A/c

	B	C		B	C
To Realisation	17500	17500	By bal b/d	150000	100000
			" G. Reserve	20000	20000
		107500	" realisation	-	5000
To Cash	152500				
	170000	125000		170000	125000

Cash A/c

To bal b/d	20000	By Realisation	60000
" Realisation	300000	By B's Cap	152500
		" C's Cap	107500
	320000		320000

Expt. No. Page No.

9) Memorandum Balance sheet

A's Capital	170000	B's loan	20000
B's Cap	30000		
A's loan	10000		
Creditors	20000	S. Assets (Bal.)	300000
	320000		320000

Realisation a/c

To S. Assets	300000	By Creditors	20000
" Cash (Credit)	20000	" Cash (Assets)	450000
" profit			
A - 75000			
B - 75000	150000		
	470000		470000

3) x's cap ▷ 25000
y's cap ▷ 25000
To Realisation a/c 50000
(Loss on Realisation distributed

x's cap	▷	15000
y's cap	▷	25000
To cash		40000

(On final settlement mode)

---

1) Partner's Cap a/c

	D	Q	R			D	Q	R
Drawings	20000	20000	20000	1/4/12	By cash	200000	200000	100000
Loss	60000	45000	45000		by D cap			
	120000	135000	25000					
	200000	200000	100000			200000	200000	100000

Teacher's Signature :

Memorandum Balance sheet

P's Cap	120000			
Q's Cap	135000	135000		
R's Cap	35000	35000	Sundry Assets (Bal.)	330000
Creditors		40000		
		330000		330000

Realisation account

To Sundry Assets		330000	By Creditors	40000
" Cash (Creditors)		40000	" Cash (Assets)	320000
" " (Exp)		7000	" Loss	
			P – 6800	
			Q – 5100	17000
			R – 5100	
		377000		377000

Partners' capital a/c

	P	Q	R		P	Q	R
To Loss	6800	5100	5100	Bal b/d	120000	135000	35000
" Cash	113200	129900	29900				
	120000	135000	35000		120000	135000	

Cash a/c

Bal. b/d	—	By Realisation	40000
Realisation	320000	By P's cap	113200
		" Q's cap	129900
		" R's cap	29900
		" Realisation (Exp.)	7000
	320000		320000

Date .....

Expt. No. Balance sheet of ISC Page No. 1

Balance sheet of ABC plc Ltd

Particulars	Note No.	Amt
I. EQUITY AND CAPITAL		
1. Shareholders Funds		
Share Capital	01	20 00 000
Reserve & Surplus		—
Total		20 00 000
II. ASSETS		
Current Assets		
Cash & Cash Equivalents	02	20 00 000
Total		20 00 000

Notes to Accounts

Note-1 Share Capital

Authorized Capital – 180 000 Eq sh. of ₹ 20 each	3600000
Issued Capital – 100 000 Eq sh of ₹ 20 each	2000000
Subscribed Capital –	
Subscribed & Fully Paid up	
100 000 Eq sh. of ₹ 20 each fully Called & Paid up	2000000
	2000000

Note. 2 Cash & Cash Equivalent

Cash at Bank [100 000 × 20]	2000000

Other Notes to Accounts

Note-1 Share Capital

Authorized Capital

Issued Capital

Subscribed Capital

Subscribed & Fully Paid up 98800 Eq sh of ₹ 20 each		1976000
& but Not fully Paid up 1200 Eq sh of ₹ 20 each	24000	14400
(–) Calls in Arrears (1200 × 8)	(9600)	1990400

Note - 2 Cash & Cash Equivalents

Cash at Bank [100000 × 20]	2000000	
(–) Calls in arrears (1200 × 8)	(9600)	1990400

Teacher's Signature :

Balance sheet of Alpha Ltd (2)

Particulars	Note No	
I. EQUITY AND LIABILITIES		
1 Shareholders Funds		
Share Capital	01	1990400
Reserve & Surplus	—	—
Total		1990400
II. ASSETS		
2. Current Assets		
Cash & Cash Equivalents	02	1990400
Total		1990400

Q.N.3 Balance sheet of Alpha Ltd

Particulars	Note No	Amount
I. EQUITY AND LIABILITIES		
1. Shareholders Funds		
Share Capital	01	1995200
Reserve & Surplus	—	
Total		1995200
II. ASSETS		
2. Current Assets		
Cash & Cash Equivalents	02	1995200
Total		1995200

Notes to Accounts

Note-1- Share Capital

Authorized Capital —	
Issued Capital —	
Subscribed Capital -	
Subscribed & Fully Paid up - 98800 Eq sh of ₹ 2 each fully Paid up	1976000
+ Share forfeiture A/c - [1200 × 1.6]	19200
	1995200
Note-2 Cash & Cash Equivalent	1995200
Cash at Bank - 1000000 + 2000000	
- Payment (1204800)	

Date .....

Expt. No. Balance sheet of Alpha Ltd. Page No. (2)

Particulars	Note No		Amt
I. EQUITY AND LIABILITIES			
1 Shareholders Funds			
Share Capital	01	~~2,00,000~~	2,00,000
Reserve & Surplus	02	~~7200~~	4800
Total		~~2,07,200~~	2,04,800
II. ASSETS			
2. Current Assets			
Cash & Cash Equivalents			2,04,800
Total			2,04,800

Notes to Accounts

Note-1 Share Capital

Authorized Capital

Issued Capital

Subscribed Capital

Subscribed & Fully Paid up - 100000 Eq. Sh. of ₹ 2 each fully Paid up ~~2,00,000~~ / 2,00,000

Note-2 Reserve & Surplus

Capital Reserve - 120 × 60 = 7200 - ~~12,000 + 7200~~ ~~7200~~ / 4800
(-)(120 × 2) (240)

Note-3 Cash & Cash Equivalents

Cash at Bank	100000 × 20 =	2,00,000
(-) Amount	(120 × 14)	(16800)
+ Release price	120 × 18	21600
		2,04,800

Note to Accounts

Q5

Note - 1 - Share Capital

Authorized Capital

Issued Capital

Subscribed Capital -

Subscribed & Fully Paid up -

100 000 Equity Shares of 2 each — 2 00 000

Note - 2 - Reserve & Surplus

Capital Reserve - 1200 × 6 — 7200

Sec. prem. Reserve - — 2000 — 9200

Note - 3 - Cash & Cash Equivalent

Cash at Bank - 100000 × 20 — 20,00,000

(-) Calls in arrear (1200 × 14) — (16800)

+ Refund forfeited — 2600

2 00 920

Balance sheet of Alpha Ltd

Particulars	Note No.	Amt
I EQUITY AND LIABILITIES		
Shareholders Funds		
Share Capital	01	2 00 000
Reserve & Surplus	02	9200
Total		2 09 200
II ASSETS		
2. Current Assets		
Cash & Cash Equivalents	03	2 09 200
Total		2 09 200

(5)

Date

Expt. No. Issue of shares for consideration other than cash

Page No. (2) 4 mark

1) JOURNAL of — Co.

Equipment	Dr	800 cr	
To Bank Dept			80000
" vendor's			720 cr
vendor's	Dr	720 cr	
To Eq sh. Capital (6000 × 10)			6000 cr
" See premium (6000 × 2)			1200 cr

No. of sh. Issued = $\frac{720\,cr}{120} = 6000$ sh

2) Equipment Dr 540 cr

To vendor's A/c 540 cr

(for Equipment purchased)

vendor's Dr 540 cr

To Eq sh Capital (27000 × 20) 540 cr

(for 27cr Eq sh Issued to vendor at Par)

3) Equipment Dr 1000 cr

To Bank 160 cr

" Vendors 840 cr

vendor's Dr 840000

To Eq sh Capital 70000 × 10 700000

" See premium 70000 × 2 140 cr

(for 70000 Eq sh Issued at premium to vendor)

No. of sh. Issued = $\frac{840\,cr}{12} = 70000$

Teacher's Signature :

5) JOURNAL OF PQR Ltd.

S. Assets	Dr	600 000	
Goodwill	Dr	200 000	
— To S. Liabilities			700 000
" Raj Traders			5 50 000
Raj Traders	Dr	5 50 000	
— To Eq sh capital (500 000 × 10)			500 000
" Sec premium			50 000

No. of sh issued = $\frac{550000}{11}$ = 50000 sh

Journal of Mukesh Ltd

6)

Machinery	Dr	200000	
Trade Receivables	Dr	700 000	
Furniture	Dr	1 50 000	
— To Trade payables			130 000
" X Ltd			2 00 000
" Capital Reserve			90 000

X Ltd	Dr	2 00 000	
— To Eq sh Capital			2 00 000
(Eq sh issued to X Ltd)			

7)

Date

Expt. No. Forfeiture & Release of shares Page No.

Q1

a) Share Capital 450 × 30 ₹ 13500
To share forfeiture 450 × 20 9000
" Calls in arrear 450 × 10 4500

Bank 450 × 26 ₹ 11700
Sh. Forfeiture 450 × 4 ₹ 1800
To Sh. Capital 450 × 30 13500

Sh. forfeiture [9000 − 1800] ₹ 7200
To Capital Reserve 7200

b) Sh. Capital 450 × 30 ₹ 13500
To Sh. forfeiture 450 × 18 8100
" Calls in arrear 450 × 12 5400

Bank (450 × 25) ₹ 11250
Sh. forfeiture (450 × 5) ₹ 2250
To Sh. Capital 450 × 30 13500

Sh. forfeiture (8100 − 2250) ₹ 5850
To Capital Reserve 5850

c) Sh. Capital 450 × 30 ₹ 13500
To Sh. forfeiture (450 × 22) 9900
" Calls in arrear (450 × 8) 3600

Bank 450 × 32 ₹ 14400
To Sh. Cap. 450 × 30 13500
" See. premium 450 × 2 900

Sh. forfeiture ₹
To Capital Reserve

Teacher's Signature : _____

d) Sh. Capital (450 × 30) ₹
To Sh. Forfeiture (450 × 22)
& Calls in arrear (450 × 8)

Bank 450 × 25 ₹
Sh. Forfeiture 450 × 5 ₹
To Sh. Capital (450 × 30)

Sh. Forfeiture ₹
To Capital Reserve

---

2) a) Sh. Capital (50 × 700) ₹ 35000
To Sh. Forfeiture 700 × 40 28000
& Calls in arrear 700 × 10 7000

Bank ₹ 33000
Sh. Forfeiture ₹ 2000
To Share Capital (700 × 10) 2000

Sh. Forfeiture (28000 − 2000) ₹ 26000
To Capital Reserve 26000

---

5) Sh. Capital 400 × 30 ₹ 12000
To Sh. Forfeiture 400 × 7 2800
& Calls in arrear 400 × 23 9200

Bank 400 × 26 ₹ 10400
Sh. Forfeiture 400 × 4 ₹ 1600
To Sh. Capital 400 × 30 12000

Sh. Forfeiture [2800 − 1600] ₹ 1200
To Capital Reserve 1200

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c)	Share Capital 30 × 400		Dr 12000	
	To sh. forfeiture 7 × 400			2800
	" calls in arrears 23 × 400			9200
	Bank 32 × 400		Dr 12800	
	To sh. Capital 30 × 400			12000
	" see. premium 2 × 400			800
	sh. forfeiture [2		Dr 2800	
	To Capital Reserve			2800
d)	Sh. Capital 400 × 20		Dr 8000	
	To sh. forfeiture	400 × 15		6000
	" Calls in arrear	400 × 5		2000
	Bank		Dr 7500	
	sh. forfeiture		Dr 500	
	To sh. Capital	400 × 20		8000
	sh. forfeiture [6000 - 500]		Dr 5500	
	To Capital Reserve			5500
e)	Sh. Capital 1000 × 10		Dr 10000	
	To sh. forfeiture 1000 × 2			2000
	" Calls in arrear 1000 × 8			8000
	Bank		Dr 9000	
	sh. forfeiture		Dr 1000	
	To Sh. Capital 1000 × 10			10000
	sh. forfeiture (2000 - 1000)		Dr 1000	
	To Capital Reserve			1000

Teacher's Signature : _____

2) a) Share Capital 200 × 70 — ₹ 14000
To Sh. Forfeiture 200 × 50 — 10000
" Calls in arrears 200 × 20 — 4000

Bank 150 × 80 — ₹ 12000
To Sh. Capital 150 × 70 — 10500
" Sec. prem. 150 × 10 — 1500

Sh. Forfeiture (150 × 50) — ₹ 7500
To Capital Reserve — 7500

b) Sh. Capital 180 × 8 — ₹ 1440 — 6
Sec. prem. 180 × 2 — ₹ 360
To Sh. forfeiture (180 × 5) — 900 — 4
" Calls in arrears (180 × 5) — 900

Bank 160 × 10 — ₹ 1600
Sh. To Sh. Capital 160 × 8 — 1280 — 4
" Sec. premium 160 × 2 — 320

Sh. Forfeiture (160 × 5) — ₹ 800
To Capital Reserve — 800

---

c) Sh. Capital 130 × 10 — ₹
To Sh. forfeiture 130 × 70
" Calls in arrear 130 × 30

₹ 3000

Bank 100 × 30 — ₹ 7000
Sh. Forfeiture 100 × 70
To Sh. Capital 100 × 100 — 10000

Sh. Forfeiture — ₹ Nil
To Capital Reserve — Nil

PRORATA ALLOTMENT (11)

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Sh. App	Sh. Allot	Excess
120000 sh.	80000 sh	40000 sh
↓		
20000 sh	↓	20000 sh (Reg)
↓		↓
100000 sh	80000 sh	20000 sh (adv)
↓ ×	↓ ×	↓
6000 sh	4800 sh	1200 sh × 16 = 19200
×		
Allot due - 4800 × 20 =	96000	
(-) Adv	(19200)	
arrear	76800	

Bank 16 × 120000 ⇒ 2240000

To Eq sh. App. 2240000

Eq sh. App 120000 × 16 ⇒ 2240000

To Eq sh. Cap 80000 × 10 80000

" See prem 80000 × 6 80000

" Bank 2000 × 16 32000

" Calls in adv 2000 × 16 32000

Eq sh. allot 80000 × 20 ⇒ 1,60,000

To Eq sh. Allot. 80000 × 16 1280000

" See. prem. 80000 × 4 320000

Bank ⇒ 1202200

Calls in adv ⇒ 379000

Calls in arrear ⇒ 7800

To Eq sh. allot (80000 × 20) 16,00,000

Eq sh. 1st call 8000 × 10 ⇒ 80000

To Eq sh Cap 80000

Bank ⇒ 7520

Calls in arrear 480 × 10 ⇒ 4800

To Eq sh 1st call 8000

Teacher's Signature : _____

(12)

Eq sh. final call 8000 × 14 — Dr
— To Eq sh. Cap

Bank — Dr
Calls in arrear 480 × 14 — Dr 6720
— To Eq sh. final call 8000 × 14

Eq sh. Capital 480 × 50 — Dr 24000
See. premium 480 × 4 — Dr 1920
— To Eq sh. forfeited 6720
& Calls in arrear 1920

Bank 480 × 5 — Dr 2592
— To Eq sh. Cap 480 × 5 — 2400
& See premium 480 × 4 — 192

Sh. forfeited — Dr 6720
— To Capital Reserve 6720

(OR)

(2) Sh. App. 92000 sh. → 12000 sh → 40000 sh (2000 sh) → 40000 sh

Sh. Alloted 50000 sh. → Nil → 30000 sh (1500 sh) → 20000 sh

Excess 42000 sh → 12000 sh (Rej) → 10000 sh (500 sh ×8 (4000)) → 20000 sh. ×3 (1000)

Profit — 50000 × 6 = 300

15% × 6 = 90
(40)
gain 50

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Bank	8 × 9200		₹	
To Eq sh. Applicatn				
Eq sh Appn	8 × 9200		₹ 726000	
To Eq sh Cap	6 × 5000			300000
" Sec Prem	2 × 5000			100000
" Bank	12000 × 8			96000
" Calls in adv	3000 × 8			240000
Eq sh. allot	6 × 5000		₹ 200000	
To Eq sh. Cap	4 × 5000			200000
" Sec Prem	2 × 5000			100000
Bank			₹ 55000	
Calls in Adv			₹ 24000	
Calls in arrear			₹ 5000	
To Eq sh. Allot				30000
Eq sh. 1st call	5000 × 4		₹ 20000	
To Eq sh. Cap				20000
Bank			₹ 19080	
Calls in arrear	1500 × 4 : 6000 800 × 4 : 3200		₹ 9200	
To Eq sh. 1st call				20000
Eq sh. Capital	14 × 150		₹ 21000	
Sec Prem	2 × 150		₹ 2000	
To sh. Forfeiture				1300
" Calls in arrear				1100
Eq sh. final call	4850 × 6		₹	
To Eq sh. Capital				
Bank			₹ 28620	
Calls in arrears	80 × 6		₹ 480	
To Eq sh. final Call	(4850 × 6)			29100

Teacher's Signature : _____

Date

Expt. No. FINANCIAL STATEMENTS OF A COMPANY CH-9 Page No.

1)	Proposed Dividend	short term Provision	current Liab.
	General Reserve	Reserve & Surplus	shareholder Funds
	Prov. for Tax	short term Provision	current Liab.
	Goodwill	Intangible Assets	Non current Assets
	Shares in ABC Ltd	Non current Investment	Non current Assets
	Loose Tools	Inventories	current Assets
2)	Proposed Dividend		
	General Reserve		
	Calls in Arrears	share Capital	
	Computer Software	Intangible Assets	Non current Assets
	Patents	"	" " "
3)	share Forfeiture a/c	share Capital	
	Capital Reserve	Reserve & Surplus	
	Live Stock	Tangible Assets	
	Prepaid Insurance	Other current Assets	
	Debenture Red. Reserve	Reserve & Surplus	
	Capital Reserve	" "	
4)	Goodwill	Intangible Assets	
	Unclaimed Dividend	Other current Liabilities	
	Authorised Capital	Share Capital	
	~~Preliminary~~		
	outstandry Salary	Other Current Liabilities	
	Capital Redemption Reserve	Reserve & Surplus	
	Public Deposits	Long term Borrowings	
	Premium on Redemption of Debentures	Other long term Liability	
	Subsidy Received	Reserve & Surplus	

Teacher's Signature : _____

6) Share Forfeiture A/c
Capital Reserve
Life stock
Bank Loan - Long term Borrowings
18% Debentures (Payable in 12 months) - Other Current Liabilities
Debentures in Ltd - Non current Investment
Calls in Advance - Other current Liabilities

---

1) Gratuity Paid — Employees Benefit Expenses
opening Inventory of WIP — Change in Inventory
Bonus - Employees Benefit Expenses
Staff welfare expenses - " " "
Leave Encashment - Employees Benefit Expense
Goodwill amortized - Depreciation & amortization
Interest Earned

2) Selling & Marketing Exp. — ~~other bank~~ Other Expenses
Staff welfare Expenses — Employees Benefit Expenses
Profit on Sale of Furniture — Other Income
Commission Received — Other Income
Interest Earned — Other Income
Conveyance Expenses - Other Expenses
Interest on Bond - Finance cost

Expt. No. Comparative statements Ch-10 Date Page No.

17) Comparative Balance sheet of X42 Ltd as at 31/3/11 & 31/3/12

Particulars	Note No	P.Y 30/3/11	C.Y 30/3/12	change in figure	% change
I EQUITY & LIABILITIES					
1. Shareholders funds					
Share Capital		600000	700000	100000	16.7%
Res & Surplus		110000	200000	90000	81.8%
2 Non current liabilities					
Long term Borrowings		200000	200000	100000	50%
3. Current liabilities					
Trade Payable		25000	30000	5000	20%
Total		935000	1230000	295000	31.55
II ASSETS					
1. Non Current Assets					
Fixed Assets (Tangible)		800000	1100000	300000	37.5
2. Current Assets					
Inventories		60000	70000	10000	16.67%
Trade receivables		40000	32000	(8000)	(20%)
Cash & Cash Equivalents		35000	28000	(7000)	20%
Total		935000	1230000	295000	31.55%

3) Comparative Statement of Profit & Loss for the year ended on 2004 & 2005

Particulars	2004	2005	change in figure	% change
1. Revenue from operations	1500000	1800000	300000	20%
2 Other Income	—	—		
3 Total Income (1+2)	1500000	1800000	300000	20%
4. Less:- Expenses:-				
COGS	1100000	1400000	300000	27.27
Indirect Expenses	80000	100000	20000	25%
Total	1180000	1500000	320000	27.11
5. Profit before Tax [3-4]	320000	300000	(20000)	(6.25)
6. Income Tax	160000	150000	(10000)	(6.25)
Profit after Tax	160000	150000	(10000)	(6.25)

4)

Date .....

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Comman Size Balance sheet of X Y Z Ltd.
as at 31/3/11 & 31/3/12

	31/3/11	31/3/12	% with Total of Balance sheet 31/3/11	% with Total of Balance sheet 31/3/12
I EQUITY AND LIABILITIES				
Shareholder's Funds				
Share Capital	600000	700000	64.1	56.91
Res & Surplus	110000	200000	11.7	16.26
Non Current Liabilities				
Long Term Borrowings	200000	300000	21.39%	36.9
Current Liabilities				
Trade Payables	25000	30000	2.67	2.43
Total	935000	1230000	100%	100%
II ASSETS				
Non Current Assets				
Fixed Assets (Tangible)	800000	1100000	85.56	89.43
Current Assets				
Inventories	60000	70000	6.41	5.69
Trade Receivables	40000	32000	4.27	2.60
Cash & Cash Equivalents	35000	28000	3.74	2.27
Total	935000	1230000	100%	100%

Teacher's Signature :

4) Statement of Profit & Loss for the year 2011-12 & 2012-13

	2011-12	2012-13	Change in Figure	% change
1. Revenue from operations	500 000	800 000	300 000	60%
2. Other Income	100000	120000	20 000	20%
3. Total Revenue	600 000	920000	320 000	53.3%
4. Less:- Expenses				
• Employees Benefit Expenses	300 000	450 000	50 000	16.66
• Other Expenses	50 000	50 000	—	—
Total Expenses	350 000	500 000	150 000	42.85
5. Profit before Tax (3-4)	250000	420000	170000	68%
6. Less:- Taxes	125000	210000	85000	68%
7. Profit after Tax (5-6)	125000	210000	85000	68%

Date

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6) Common Size Statement of Profit & Loss for the year Ended on 31/3/14

Particulars	31/3/14	% with Rev. from oper.
1. Revenue from operations	1000000	100%
2. Other Income	50000	5%
3. Total Income [1+2]	1050000	105%
4. Less:- Expenses		
Cost of Mat. Consumed	600000	60%
Other Expenses	150000	15%
Total Expense	750000	75%
5. Profit before Tax [3-4]	300000	30%
6. Less:- Tax	150000	15%
Profit after Tax [5-6]	150000	15%

RATIO ANALYSIS

Date .....

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Page No. 1

1) To Express any number into another number.

2) Ratio analysis is a an art of determing relationship between different Component of financial statements so as to afford a meaningful understanding of profitability & solvency of the business concern.

---

1) Revenue from operations = 400000 } Let Cost be x
Gross profit Ratio = 25% on Cost } G.prft = $\frac{25x}{100}$

Cost of Revenue from operations + Gross prft = Revenue from operations

$$x + \frac{25x}{100} = 400000$$

$$\frac{125x}{100} = 400000 \Rightarrow x = \frac{80000}{400000} \times \frac{400}{125} = 320000$$

G. prft Ratio = $\frac{80000}{400000} \times 100 = 20\%$

Inventory turnover Ratio = $\frac{\text{Cost of Rev. from operations}}{\text{Av. Inventory}}$

$$\frac{5}{1} = \frac{320000}{\text{Av. Inventory}}$$

Av. Inventory = $\frac{320000}{5} = 64000$

Closing Inventory = $64000 + \frac{8000}{2} = 68000$

opening Inventory = $64000 - \frac{8000}{2} = 60000$

2) Inventory turnover Ratio = $\frac{\text{Cost of Rev. from operations}}{\text{Average Inventory}}$

$$\frac{6}{1} = \frac{\text{Cost of Rev. from operations}}{80000}$$

Teacher's Signature : _____

Cost of Revenue from operations = 6 × 80000 = 480000

Selling price = 480000 + (480000 × 25/100)

= 480000 + 120000 = 600000

G.profit Ratio = $\frac{\text{Gross profit}}{\text{Revenue from operations}} \times 100$

= $\frac{120000}{600000} \times 100$ = 20%

3) Credit Sales = ₹ 400000

Cash Sales ₹ 200000

Gross profit 20% on Sales

Gross profit = $\frac{\text{Revenue from operations}}{120} \times 20$

= $\frac{600000}{5} \times 20$ = 120000

G.profit Ratio = $\frac{120000}{600000} \times 100$ = 20%

4) Sales/Revenue from operations — ₹ 180000

(-) G.profit 20% (36000)

Cost of Revenue from operations 144000

Stock Turnover Ratio = $\frac{\text{Cost of Rev. from operations}}{\text{Av. stock}}$

6 = $\frac{144000}{\text{Av. stock}}$

Av. stock = $\frac{144000}{6}$ = 24000

op. stock = 24000 − $\left(\frac{15000}{2}\right)$ = 16500

Closing Stock = 24000 + $\frac{15000}{2}$ = 31500

5) Total Sales 600000

→ G. profit 20% 120000

Cost of Rev. from operations 480000

Stock turnover ratio = $\frac{\text{Cost of Revenue from Operations}}{\text{Av. stock}}$

$\frac{5}{1} = \frac{480000}{\text{Av. stock}}$

Av. stock = $\frac{480000}{5}$ = 96000

op. stock = 96000 − $\left(\frac{12000}{2}\right)$ = 90000

Cl. stock = 96000 + $\left(\frac{12000}{2}\right)$ = 102000

Teacher's Signature :

1) Debt Equity Ratio = $\frac{\text{Debt}}{\text{Equity}}$

$= \frac{200000 + 100000}{150000}$

$= \frac{300000}{150000} = \underline{2:1}$

Total Assets - Debt
$= (360000 + 90000) - 300000$
$= 450000 - 300000$
$= 150000$ →

(a)

2) Debt Equity Ratio = $\frac{\text{Debt}}{\text{Equity}} = \frac{2x}{1x} = \frac{200000}{100000}$

a) $\frac{\text{Debt}}{\text{Equity}} = \frac{300000}{100000} = 3:1$ ⊖ Increase

b) $\frac{\text{Debt}}{\text{Equity}} = \frac{200000}{300000} = 0.66:1$ - Decrease

c) $\frac{\text{Debt}}{\text{Equity}} = \frac{250000}{150000} = 1.6:1$ - Increase

3) Net profit before tax = 510000
⊕ + Interest on Debt. = 120000
Net profit before Int. & Tax = 630000

Int. Coverage Ratio = $\frac{\text{Net profit before Int \& Tax}}{\text{Int. Charges}}$

$= \frac{630000}{120000} = 5.25$ times.

Date

Expt. No. (5) Page No (3)

1) a) Current Assets = Total Assets − Non-Current Assets
= 150000 − 30000 = 120000

Current Liab = Total Assets − Shareholders funds − Non C. Liab
= 150000 − 70000 − 60000
= 20000

Current Ratio = C. Assets / C. Liab = 120000 / 20000 = 6 : 1

b) C. Ratio = C. Assets / C. Liab

2.8/1 = C. Assets / 40000 → C. Assets = 40000 × 2.8 = 112000

2) a) C. Ratio = C. Assets / C. Liab = 2.8x / 1x

Working Capital = C. Assets − C. Liab
90000 = 2.8x − 1x
90000 = 1.8x
x = 90000 / 1.8 = 50000

C. Assets = 2.8x = 2.8 × 50000 = 140000
C. Liab = 1x = 1 × 50000 = 50000

b) Current Ratio = C. Assets / C. Liab = 3x / 1x

C. Assets = 3x
3 × 40000 = 120000

Quick Ratio = Liquid Assets / C. Liab = 1.2x / 1x

L. Assets = 1.2x
1.2 × 40000
= 48000

Liquid Assets = C. Assets − Closing Inventory
1.2x = 3x − 72000
1.8x = 72000
x = 72000 / 1.8 = 40000

Teacher's Signature :

8) a) Stock turnover Ratio = $\frac{\text{Cost of Revenue from operations}}{\text{average stock}}$

$\frac{4}{1} = \frac{45000}{\text{Av. stock}}$

Sales	60000
(-) G.Pft.	(15000)
COGS	45000

Av. stock = $\frac{45000}{4}$ = 12500

Opening Inventory = $12500 - \frac{2000}{2}$ = 11500

Closing Inventory = $12500 + \frac{2000}{2}$ = 13500

Quick Ratio = $\frac{\text{Liquid Assets}}{\text{C. Liabilities}}$

$\frac{0.75}{1} = \frac{\text{L. Assets}}{6000} \Rightarrow$ L. Assets = 0.75×6000 = 4500

C. Assets = Liquid Assets + Closing Inventory

= 4500 + 13500

= 18000

b) Working Capital = C. Assets − C. Liab

16000 = $3x - 1x \Rightarrow x = \frac{16000}{2}$ = 8000

Current Ratio = $\frac{\text{C. Assets}}{\text{C. Liab}} = \frac{3x}{1x}$

C. Assets = $3x = 3 \times 8000$ = 24000

Quick Ratio = $\frac{\text{L. Assets}}{\text{C. Liab}}$

$\frac{1.8}{1} = \frac{\text{L. Assets}}{8000}$ L. Assets = 8000×1.8 = 14400

Stock = 24000 − 14400 = 9600

4) Revenue from Operations 300000 Sales
(-) G. profit Ratio = 25% (75000) G. profit
Cost of Revenue from Operations 225000 Cost of Sales

Inventory Turnover Ratio = Cost of Rev. from operations / Av. Inventory

$\frac{4}{1} \times = \frac{225000}{\text{Av. Inventory}}$

Av. Inventory = $\frac{225000}{4}$ = 56250

Opening Inventory = 56250 − $\frac{20000}{2}$ = 46250

Closing Inventory = 56250 + $\frac{20000}{2}$ = 66250

Quick Ratio = $\frac{\text{Q. Assets}}{\text{C. Liab}} \rightarrow \frac{0.75}{1} \times \frac{\text{Q. Assets}}{40000}$ =

Q. Assets = 40000 × 0.75 = 30000

C. Assets = 30000 + 66250 = 96250

5) Current Ratio = $\frac{\text{C. Assets}}{\text{C. Liab}}$, $\frac{3}{1}$, $\frac{30000}{10000}$

a) No change [as it will not affect C. Assets & C. Liab]

b) Reduce [as it increase both C. Assets & C.L with same amt]

c) Increase [" " Reduces " " " " " "]

Qr- 12 Date.....

Expt. No. Cash Flow Statement Page No.....

1) Cash Flow from operating activities

Net profit		275000
Adjust Extraordinary Items:-		
Depreciation	45000	
Goodwill written off	20000	
Loss on sale of Machinery	18000	
(-) profit on sale of Investment	(12000)	71000
		346000
Add Dec. in C. Assets / Inc. in C. Liab		
Stock	370 CR	
O/s salary	830 CR	120000
		466,000
Less Inc. in C. Assets / Dec. in C. Liab		
B/R	20000	
B/P	520 CR	
Prov. for Doubtful Debts	2000	(74000)
Cash Flow From Operating Act.		392000

2) Plant Account

To bal. b/d	750000	By Acc. Dep. *	700 CR
		" Cash (sale)	35000
To Cash (Pur.)	361000	" P/L (Loss)	40000
		" bal. c/d	970000
	1111500		1111500

Acc. Dep. A/c

To Plant *	70000	By bal. b/d	180000
To bal. c/d	240,000	By P/L [current year Dep]	130000 (Bal.)
	310000		310000

Teacher's Signature :

3) Cash Flow from Operating Activities

Net profit		100000
+ Transfer to Reserve		30000
Net profit before Tax		130000
Adjust Extra ordinary items		
Depreciation	20000	
Goodwill written off.	7000	
(-) Gain on sale of Machinery	(3000)	24000
		154000
Add - Decrease in C. Assets / Increase in C. Liab.		
Creditors	10000	
R&P	3000	13000
		167000
Less - Increase in C. Assets / Decrease in C. Liab		
Debtors	6000	
Prepaid Exp	200	
B/P	4000	
O/S Expenses	2000	(12200)
Cash flow from operating Act.		154800

4)

Plant a/c

To bal. b/d	850000	By Acc. Dep	30000
To Cash	395000	" Cash (sale)	40000
		" P/L (Loss	5000
		" bal c/d	1170000
	1245000		1245000

Acc. Depreciation a/c

To Plant a/c	30000	By bal. b/d	180000
To bal. c/d	200000	By Depreciation	50000
	230000		230000

Date (2)

Cash Flow statement

Page No. 6 mark

Cash Flow from operating Activities

Net profit +		90000
Adjust Extra ordinary Items		
		90000
Add Dec. in C. Assets / Inc. in C. Liab		
Trade Payables	5000	
Trade Receivables	8000	13000
		103000
Less Inc. in C. Assets / Dec. in C. Liab		
Inventories	10000	(10000)
		93000
Cash flow from operating Activities	(A)	93000
Cash Flow From Investing Activities		
Purchase of Tangible Assets		(300000)
Cash flow from Invest. Act	(B)	(300000)
Cash Flow from financing Activity		
Issue of Sh-Capital		100000
Borrowings		100000
Cash flow from finan. Act	(C)	200000
Net Cash Inflow [A+B+C]		(7000)
+ Cash & Cash Equivalent 31/3/11		35000
Cash & " " 31/3/12		28000

Teacher's Signature :

(2) Cash Flow statement

Cash Flow from operating Activities		
Net profit		90,000
Adjust Extraordinary Items		
Dep on Machinery	20000	
Loss on sale of Machinery	1500	21500
		205000
Add Dec in C. Assets / Inc in C. Liab		
Trade payables	5000	
Trade Receivables	8000	13000
		218000
Less Inc in C. Assets / Dec in C. Liab		
Inventories	(10000)	(10000)
Cash flow from operating Act	(A)	208000
Cash Flow from Investing Activities		
Sale of Machinery		65000
Purchase of Machinery		(380000)
Cash flow from Investing Act	(B)	(315000)
Cash flow from Financing Activities		
Issue of Share Capital		1,50,000
Borrowings		100000
Cash flow from Financing Activities	(C)	280000
Net Cash Flow (A+B+C)		(7000)
+ Cash & Cash Equivalent 31/3/11		35000
" " " " 31/3/12		28000

Date (3)

Page No.

Cash Flow Statement

Cash Flow from operating Activities

Net profit before Tax (Note 1)		91000
Adjst - Extraordinary Items		
Dep on F. Assets	50000	
		50000
		141000
Add Dec in C. Assets / Inc in C. Liab		
Inventories	9000	
		9000
		231000
Less Inc in C. Assets / Dec in C. Liab		
Creditors	202000	
T. Receivables	735000	(937800)
		(706000)
(-) Tax Paid		(120000)
Cash Flow from operat Act	(A)	(826000)
Cash Flow from Investing Activities		
Sale of F. Assets		190000
Pur of Investment		(30000)
Cash Flow from Investg Act	(B)	160000
Cash Flow from Financing Activities		
Issue of Debentures		810000
Cash Flow from Fin Act	(C)	810000
Net Cash Flow (A+B+C)		144000
+ Op Bal of Cash & C. Equivalent [430000+17000]		447000
Cl. " " " " " [570000+21000]		591000

Teacher's Signature :

Note-1 Net profit 36000
+ Transfer to Reserve 30000
+ prov. for Tax 25000
91000

prov. for Tax A/c

To Cash (Paid)	120000	By bal. b/d	225000
To bal c/d	130000	By P&L (Appn made)	25000
	250000		250000

Working Note - Net profit - 36,000
Transfer to G R 30,000
prov. for Tax (c.y) 130000
P. B. Tax 196000

Cash Flow statement

Cash flow from Operating activities

Net profit before Tax (Note)		196000
Adjst Extraordinary items		
Dep. on F. Assets	50000	50000
		246000
Add Dec in C. Assets / Inc. in C. Liab Inventories	90000	90000
		336000
Less Inc in C Assets / Dec in C. Liab Creditors	(202000)	(93700)
T. Receivables	(73500)	
		(60100)

Date (4)

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(-) Tax Paid		(22500)
Cash flow from operating Act	(A)	(82600)
Cash flow from Investing Activities		
Sale of F. Assets		190000
Purchase of Investment		(30000)
Cash flow from Investing Act	(B)	160000
Cash flow from Financing Activities		
Issue of 10% Debentures		810000
Cash flow from Finan. Act	(C)	810000
Net Cash flow (A+B+C)		144000
+ Op. Cash & Cash Equivalent [17000 + 430000]		447000
Cl. " " " " (21000 + 570000)		591000

(2)

Cash flow statement

Cash Flow from operating Activities		
Net profit before Tax [660000 + 30000 + 30000]		196000
Adjust - Extraordinary Items:		
Dep on F. Assets		50000
		246000
Add Dec in C. Assets / Inc. in C. Liab		
Inventories	90000	90000

Teacher's Signature : _____

(7) Cash Flow Statement

Cash flow from Operating Activities		
Net profit before Tax		19600
Adjust Extraordinary Items :		
Dep on F. Assets	5000	
Loss on sale of Fixed	2300	
Goodwill written off	20000	
(+) profit on Sale of Investment	(1600)	7700
		27300
Add - Dec in C. Assets / Inc. in C. Liab		
Inventories	10000	10000
		37300
Less - Inc in C. Assets / Dec. in C. Liab		
Creditors	(20200)	
Trade Receivables	(22500)	(42700)
		(5400)
Less - Tax Paid		(20000)
(A)		(25400)
Cash flow from Investing Activities		
Sale of Machinery		32000
Pur. of F. Assets		(405000)
Sale of Investment		36000
Pur. of Investment		(5000)
(B)		(387000)
Cash flow from Financing Activities		
Proposed Dividend		(2500)
Issue of 10% Debenture		810000
(C)		783500
Net Cash flow (A+B+C)		14400
+ op Cash & Cash equivalent	[17000 + 430000]	447000
Cl " " "	(21000 + 5700)	591000