Solutions to RSPL/1

1. Following are the two effects of retirement:

(*a*) The partnership is reconstituted.

(*b*) The remaining partner's share of profit increases.

2.

$$\text{Super Profit} = \text{Average Profit} - \text{Normal Profit}$$
$$\text{Normal Profit} = 18\% \text{ of } 20,00,000$$
$$= ₹\ 3,60,000$$
$$\text{Super Profit} = 4,50,000 - 3,60,000$$
$$= 90,000$$
$$\text{Goodwill} = 90,000 \times 3 = ₹\ 2,70,000$$

3. Revaluation Account is prepared on reconstitution of Partnership to revalue the assets and reassess the liabilities of a partnership firm. This is done so as the new/retiring partner is not at an advantage/disadvantage because of change in the value of assets and liabilities.

4. B retires and his share, $\frac{4}{15}$, is equally taken up by A and C, *i.e.,* $\frac{2}{15}$ is gained by A and C each.

$$\text{New share} = \text{Old share} + \text{gain}$$
$$\text{New ratio of A} = \frac{8}{15} + \frac{2}{15} = \frac{10}{15}$$
$$\text{New ratio of C} = \frac{3}{15} + \frac{2}{15} = \frac{5}{15}$$

The new ratio is 2 : 1.

5. It enables the company to reduce its finance cost related to interest on debentures.

6. Share forfeiture (Credit Balance) 6 × 250 = 1500

Share forfeiture (Debit Balance) 4 × 100 = 400

Amount to be transferred to Capital Reserve

$$\therefore \quad = \frac{1500}{250} \times 100 - 400 = ₹\ 200$$

7. **Journal of Chandan Ltd.**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c Dr.		6,25,000	
	To Debenture Application A/c			6,25,000
	(Being debenture application money received on 50,000 debentures @ ₹ 12.50 per debenture)			
	Debenture Application A/c Dr.		6,25,000	
	To 9% Debentures A/c			6,25,000
	(Being debenture application money transferred)			
	Debenture Allotment A/c Dr.		17,50,000	
	Discount on Issue of Debentures A/c Dr.		1,25,000	
	Loss on Issue of Debentures A/c Dr.		2,50,000	
	To 9% Debentures A/c			18,75,000
	To Premium on Redemption of Debentures A/c			2,50,000
	(Being allotment due on 50,000, 9% debentures of ₹ 50 each issued at a discount of 5% redeemable at a premium of 10%)			

	Bank A/c Dr.		17,50,000	
	To Debenture Allotment A/c			17,50,000
	(Being allotment money received)			

Values: Highlighted here are:

(*i*) Generating employment

(*ii*) Sensitivity towards conserving environment

8. Journal of M & M Ltd.

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
(*i*)	Plant and Machinery A/c Dr.		4,50,000	
	Furniture A/c Dr.		80,000	
	Inventories A/c Dr.		1,70,000	
	To **L & K Ltd.**			**4,80,000**
	To **Capital Reserve** A/c			**30,000**
	To Sundry Liabilities A/c			1,90,000
	(Being the business of L & K Ltd. purchased)			
(*ii*)	L & K Ltd. Dr.		4,80,000	
	Discount on Issue of Debentures A/c Dr.		**50,000**	
	To Bills Payable A/c			30,000
	To 9% Debentures A/c			**5,00,000**
	(Being purchase consideration paid partly through accepting a bill and partly by the issue of **5,000,** 9% debentures of ₹ 100 each at 10% discount))			

9. Journal of Z Ltd.

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
(*i*)	5% Debentures A/c Dr.		15,00,000	
	Premium on Redemption of Debentures A/c Dr.		1,50,000	
	To Equity Share Capital A/c			15,00,000
	To Securities Premium Reserve A/c			1,50,000
	(Being 15,000, 5% debentures of ₹ 100 each redeemed at a premium of 10% by converting them into 15,000 equity shares of ₹ 100 each issued at a premium of 10%)			
(*ii*)	8% Debentures A/c Dr.		9,00,000	
	To 12% Debentures A/c			7,20,000
	To Securities Premium Reserve A/c			1,80,000
	(Being 9,000, 8% debentures of ₹ 100 each converted into 7,200, 12% new debentures of ₹ 100 each at a premium of 25%)			

10. **Journal**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	C's Capital A/c Dr.		20,000	
	To B's Capital A/c			20,000
	(Being C compensating B for the share of profit he gained)			
	Profit and Loss Suspense A/c Dr.		12,500	
	To B's Capital A/c			12,500
	(Being B's shares of profit till his date of death allowed to him)			

Working Notes:

Calculation of gaining ratio :

$A = \frac{1}{2} - \frac{3}{6} = \text{Nil}, C = \frac{1}{2} - \frac{1}{6} = \frac{2}{6}$

∴ C gained B's Share.

∴ B's Share of goodwill $= \frac{2}{6} \times 60{,}000$

$= 20{,}000$

It is to be contributed by C only.

B's Share of profit $= 1{,}50{,}000 \times \frac{2}{6} \times \frac{3}{12} =$ ₹ 12,500

11. **Journal**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
(*a*)	Bank A/c Dr.		3,20,000	
	To Suresh's Capital A/c			3,20,000
	(Being capital brought in by new partner)			
(*b*)	Bank A/c Dr.		80,000	
	To Naresh's Capital A/c			80,000
	(Being additional capital brought in to make capital proportionate)			
(*c*)	Umesh's Capital A/c Dr.		20,000	
	To Bank A/c			20,000
	(Being excess capital withdrawn by the partner)			

Working Notes:

Calculation of new ratio:

Profit left after giving Suresh 1/5 share of profit $= 1 - \frac{1}{5} = \frac{4}{5}$.

Share of Naresh $= \frac{4}{5} \times \frac{5}{8} = \frac{5}{10}$

Share of Umesh $= \frac{4}{5} \times \frac{3}{8} = \frac{3}{10}$

Share of Suresh $= \frac{1}{5} = \frac{2}{10}$

∴ New ratio is 5 : 3 : 2.

Total capital of the firm on the basis of Suresh's capital = 3,20,000 × 5 = ₹ 16,00,000

∴ New capital of Naresh $= 16{,}00{,}000 \times \frac{5}{10} =$ ₹ 8,00,000. This is more than adjusted capital = ₹ 7,20,000

∴ ₹ 80,000 is brought in by Naresh.

New capital of Umesh $= 16{,}00{,}000 \times \frac{3}{10} =$ ₹ 4,80,000. This is less than adjusted capital = ₹ 5,00,000

∴ ₹ 20,000 is withdrawn by Umesh.

12. **Journal**

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
	Mohan's Current A/c	Dr.		38,000	
	To Ravi's Current A/c				38,000
	(Being error committed now rectified)				

Working Note:

Adjustment Table

Particulars	Ravi	Mohan
Profit wrongly distributed to be debited	2,52,000 (Dr)	2,52,000 (Dr)
Interest on Capital @ 12% p.a.	1,20,000 (Cr)	84,000 (Cr)
Salary	72,000 (Cr)	60,000 (Cr)
Profit to be distributed in the ratio 7 : 5 (5,04,000 – 3,36,000 = 1,68,000)	98,000 (Cr)	70,000 (Cr)
	2,90,000 (Cr)	2,14,000 (Cr)
Net adjustment to be made	38,000 (Cr)	38,000 (Dr)

13. **Journal**

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
(*i*)	Realisation A/c	Dr.		15,000	
	To Raghav's Capital A/c				15,000
	(Being unaccounted claim paid by Raghav)				
(*ii*)	Realisation A/c	Dr.		89,700	
	To Bank A/c				89,700
	(Being creditors paid two month prior to due date at a discount of 2% p.a.)				
(*iii*)	Bank A/c	Dr.		2,00,000	
	To Realisation A/c				2,00,000
	(Being assets realised)				
(*iv*)	Sarthak's Capital A/c	Dr.		5,000	
	To Prateek's Capital A/c				5,000
	(Being realisation expenses paid by Prateek on behalf of Sarthak)				

14. (a) Total discount to be written off = 12,000 × 5 = ₹ 60,000.
Calculation of discount on Issue of Debentures to be written off each year:

Year ended	Outstanding Debentures	Ratio	Amount of discount to be written off
31st March 2017	12,000	4	$60,000 \times \frac{4}{15} = 16,000$
31st March 2018	12,000	4	$60,000 \times \frac{4}{15} = = 16,000$
31st March 2019	9,000	3	$60,000 \times \frac{3}{15} = 12,000$
31st March 2020	6,000	2	$60,000 \times \frac{2}{15} = 8,000$
31st March 2021	3,000	1	$60,000 \times \frac{1}{15} = 4,000$
31st March 2022	3,000	1	$60,000 \times \frac{1}{15} = 4,000$
		15	60,000

(b)

Journal of Balco Ltd.

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
(*i*)	Balance in Statement of Profit and Loss	Dr.		2,50,000	
	To Debenture Redemption Reserve A/c				2,50,000
	(Being profit transferred to DRR to make the reserve equivalent to 25% of value of debentures)				
(*ii*)	Debenture Redemption Investment A/c	Dr.		1,50,000	
	To Bank A/c				1,50,000
	(Being investment created to the extent of 15% of the amount of debentures to be redeemed)				
(*iii*)	Bank A/c	Dr.		1,62,000	
	To Debenture Redemption Investment A/c				1,50,000
	To Interest Earned A/c				12,000
	(Being debenture redemption investment realised and interest received)				
(*iv*)	9% Debentures A/c	Dr.		10,00,000	
	To Debentureholder's A/c				10,00,000
	(Being debentures due for redemption)				
(*v*)	Debentureholder's A/c	Dr.		10,00,000	
	To Bank A/c				10,00,000
	(Being debentureholders paid)				
(*vi*)	Debenture Redemption Reserve A/c	Dr.		2,50,000	
	To General Reserve A/c				2,50,000
	(Being DRR account transferred to general reserve)				

15. **Journal**

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
(*i*)	Stock A/c	Dr.		5,000	
	Revaluation A/c	Dr.		3,000	
	To Machinery A/c				8,000
	(Being assets revalued)				
(*ii*)	Bank A/c	Dr.		5,000	
	Bad Debts A/c	Dr.		5,000	
	To Sundry Debtors A/c				10,000
	(Being a debtor became insolvent and only 50p in a rupee received)				
(*iii*)	Revaluation A/c	Dr.		5,000	
	To Bad Debts A/c				5,000
	(Being bad debts transferred to revaluation A/c)				
(*iv*)	Golu's Capital A/c	Dr.		4,800	
	Molu's Capital A/c	Dr.		3,200	
	To Revaluation A/c				8,000
	(Being loss on revaluation distributed in old ratio)				

(*v*)	Investment Fluctuation Fund A/c	Dr.		10,000	
	To Investment A/c				2,000
	To Golu's Capital A/c				4,800
	To Monu's Capital A/c				3,200
	(Being investment fluctuating fund distributed)				
(*vi*)	Monu's Capital A/c	Dr.		250	
	To Golu's Capital A/c				250
	(Being adjustment done for goodwill)				
(*vii*)	Monu's Capital A/c	Dr.		500	
	To Golu's Capital A/c				500
	(Being adjustment done for general reserve)				
(*viii*)	Workmen Compensation Reserve A/c	Dr.		8,000	
	To Golu's Capital A/c				4,800
	To Molu's Capital A/c				3,200
	(Being workmen compensation reserve distributed)				
(*ix*)	Golu's Capital A/c	Dr.		9,000	
	Molu's Capital A/c	Dr.		6,000	
	To Goodwill A/c				15,000
	(Being existing goodwill written off)				

Balance Sheet of newly constituted firm

Liabilities		Amount (₹)	Assets	Amount (₹)
Capitals	Golu	54,550	Machinery	30,000
	Molu	53,450	Investment	18,000
General Reserve		5,000	Sundry Debtors	25,000
			Stock	25,000
			Bank	15,000
		1,13,000		**1,13,000**

Working Notes:

Calculation of gaining/sacrificing ratio:

Golu = $\frac{1}{2} - \frac{3}{5} = \frac{1}{10}$ (Sacrifice)

Molu = $\frac{1}{2} - \frac{2}{5} = \frac{1}{10}$ (Gain)

16. Dr. **Revaluation A/c** **Cr.**

Particulars	Amount (₹)	Particulars		Amount (₹)
To Provision for Bad Debts A/c	300	By Plant and Machinery A/c		5,000
To Stock A/c	5,000	By loss transferred to:		
		Pranav	180	
		Rahul	120	300
	5,300			**5,300**

Dr.				Partners' Capital A/c			Cr.
Particulars	**Pranav (₹)**	**Rahul (₹)**	**Sohan (₹)**	**Particulars**	**Pranav (₹)**	**Rahul (₹)**	**Sohan (₹)**
To Revaluation A/c	180	120		By Balance b/d	40,000	30,000	
To Bank A/c	5,920	7,280		By Profit & Loss A/c	9,000	6,000	
To Balance c/d	49,500	33,000	30,000	By Premium for Goodwill A/c	6,600	4,400	
				By Bank A/c			30,000
	55,600	**40,400**	**30,000**		**55,600**	**40,400**	**30,000**

Balance Sheet

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Creditors		20,000	Bank (5,000 + 30,000 + 11,000 – 5,920 – 7,280)		32,800
Capital A/cs:			Sundry Debtors	20,000	
Pranav	49,500		Less: Provision	1,000	19,000
Rahul	33,000		Stock		20,000
Sohan	30,000	1,12,500	Plant and Machinery		40,000
			Patents		20,700
		1,32,500			**1,32,500**

Working Notes:

1. Valuation of Goodwill:

Average Profit of last 4 years = $\frac{20{,}000 + 14{,}000 + 17{,}000 + 15{,}000}{4}$ = ₹ 16,500

Goodwill = 2.5 × 16,500 = ₹ 41,250.

Sohan's Share of Goodwill = $41{,}250 \times \frac{4}{15}$ = ₹ 11,000

Calculation of new profit sharing ratio:

New Profit Sharing Ratio of Pranav = $\frac{11}{15} \times \frac{3}{5} = \frac{33}{75}$

New Profit Sharing Ratio of Rahul = $\frac{11}{15} \times \frac{2}{5} = \frac{22}{75}$

Profit Sharing Ratio of Sohan = $\frac{20}{75}$

New PSR = 33 : 22 : 20

Total Capital on the basis of Sohan's Capital = $30{,}000 \times \frac{15}{4}$ = ₹ 1,12,500

∴ Pranav's Capital = $1{,}12{,}500 \times \frac{33}{75}$ = ₹ 49,500

Rahul's Capital = $1{,}12{,}500 \times \frac{22}{75}$ = ₹ 33,000

Or

Dr. **Revaluation A/c** **Cr.**

Particulars	Amount (₹)	Particulars		Amount (₹)
To Stock A/c	2,300	By loss transferred to:		
To Furniture A/c	500	A	4,200	
To Plant and Machinery A/c	750	B	2,800	
To Building A/c	4,000	C	1,400	8,400
To Provision for Bad Debts A/c	850			
	8,400			**8,400**

Dr. **Partners' Capital A/c** **Cr.**

Particulars	A (₹)	B (₹)	C (₹)	Particulars	A (₹)	B (₹)	C (₹)
To A's Capital A/c		2,250	2,250	By Balance b/d	40,000	25,000	20,000
To Revaluation A/c	4,200	2,800	1,400	By Profit & Loss A/c	2,250	1,500	750
To Bank A/c	42,550			By B's Capital A/c	2,250		
To Balance c/d		52,500	37,500	By C's Capital A/c	2,250		
				By Bank A/c		31,050	20,400
	46,750	**57,550**	**41,150**		**46,750**	**57,550**	**41,150**

Balance Sheet

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		12,500	Bank (25,650 + 31,050 +, 20,400 – 42,550)		34,550
Bills Payable		6,400	Bills Receivable		5,400
Capital A/cs:			Debtors	17,800	
B	52,500		Less: Provision	850	16,950
C	37,500	90,000	Stock		20,000
			Furniture		3,000
			Plant and Machinery		9,000
			Building		20,000
		1,08,900			**1,08,900**

Working Notes:

Profit sharing ratio of A, B and C $= \frac{1}{2} : \frac{1}{3} : \frac{1}{6}$

$= 3 : 2 : 1$

A retires and his share is gained by B and C equally.

$\therefore$ Sacrificing ratio is 1 : 1 and the new ratio is

$B = \frac{2}{6} + \frac{3}{12} = \frac{7}{12}$ and $C = \frac{1}{6} + \frac{3}{12} = \frac{5}{12}$

Total Capital of new firm = ₹ 90,000

B's new capital = $90,000 \times \frac{7}{12}$ = ₹ 52,500

C's new capital = $90,000 \times \frac{5}{12}$ = ₹ 37,500

17. Dr. **Bank A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Share Application A/c	5,40,000	By Balance c/d	9,70,000
To Share Allotment A/c	1,76,400		
To Share First and Final Call A/c	2,35,200		
To Share Capital	16,000		
To Securities Premium Reserve A/c	2,400		
	9,70,000		**9,70,000**

Journal of X Ltd.

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Application A/c Dr.		5,40,000	
	To Share Capital A/c			3,20,000
	To Securties Premium Reserve A/c			1,60,000
	To Share Allotment A/c			60,000
	(Being application money transferred)			
	Share Allotment A/c Dr.		2,40,000	
	To Share Capital A/c			2,40,000
	(Being share allotment money due)			
	Share First and Final Call A/c Dr.		2,40,000	
	To Share Capital A/c			2,40,000
	(Being first and final call due)			
	Share Capital A/c Dr.		16,000	
	To Share Forfeiture A/c			7,600
	To Share Allotment A/c			3,600
	To Share First & Final Call A/c			4,800
	(Being 1,600 shares forfeited for non-payment of allotment and first and finall call)			
	Share Forfeiture A/c Dr.		7,600	
	To Capital Reserve A/c			7,600
	(Being profit on reissue transferred to capital reserve)			

Or

Journal of Y Ltd.

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Application A/c	Dr.		2,50,000	
	To Share Capital A/c				2,00,000
	To Share Allotment A/c				50,000
	(Being share application money transferred)				
	Share Allotment A/c	Dr.		5,00,000	
	To Share Capital A/c				5,00,000
	(Being share allotment due)				
	Share First and Final Call A/c	Dr.		3,00,000	
	To Share Capital A/c				3,00,000
	(Being call money due on 10,000 equity shares @ ₹ 30 each)				
	Share Capital A/c	Dr.		58,000	
	To Share Forfeiture A/c				28,000
	To Share Allotment A/c				12,600
	To Share First & Final Call A/c				17,400
	(Being 500 shares forfeited for non-payment of dues)				
	Share Forfeiture A/c	Dr.		6,000	
	To Share Capital A/c				6,000
	(Being 300 forfeited shares reissued))				
	Share Forfeiture A/c	Dr.		2,400	
	To Capital Reserve A/c				2,400
	(Being profit on reissue transferred to capital reserve)				

Dr. **Bank A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Share Application A/c	2,60,000	By Share Application A/c	10,000
To Share Allotment A/c	4,37,400	By balance c/d	9,94,000
To Share First and Final Call A/c	2,82,600		
To Share Capital A/c	24,000		
	10,04,000		**10,04,000**

18. Cash flow from investing activities shows the extent to which investment have been made in resources for generating revenue and cash flows in future.

19. It will be shown as inflow of cash in investing activities.

20. (*a*) Proprietory ratio assesses the solvency of the concern. It shows the extent to which fixed assests are financed by owner's fund.

(*b*)

Particulars	Main head	Sub head
(*i*) Finished goods	Current Assets	Inventories
(*ii*) Bank overdraft	Current Liabilities	Short-term Borrowings
(*iii*) Prepaid Insurance	Current Assets	Other Current Assets
(*iv*) Debenture Redemption Reserve	Shareholder's Fund	Reserves and Surplus

21. **Comparative Statement of Profit and Loss**

for the year ended 31st March 2016 and 2017

Particulars	31.3.2016 (₹)	31.3.2017 (₹)	Absolute Change	% Change
Revenue from Operations	12,00,000	**16,00,000**	4,00,000	**33.3%**
Add: Other Income	2,00,000	4,00,000	**2,00,000**	**100%**
Total Revenue from Operations	**14,00,000**	**20,00,000**	**6,00,000**	**42.8%**
Expenses:				
Cost of Revenue from Operations	5,70,000	**7,00,000**	1,30,000	**22.8%**
Employees Benefit Expenses	2,00,000	2,50,000	**50,000**	**25%**
Finance Cost	80,000	**1,00,000**	**20,000**	25%
Total Expenses	**8,50,000**	**10,50,000**	**2,00,000**	**23.5%**
Profit Before Tax	**5,50,000**	**9,50,000**	**4,00,000**	**72.7%**

$$\text{Operating Profit Ratio} = \frac{\text{Operating Profit}}{\text{Revenue from Operations}}$$

$$\text{Operating Profit Ratio (2016)} = \frac{6,30,000}{12,00,000} \times 100 = 52.5\%$$

$$\text{Operating Profit Ratio (2017)} = \frac{10,50,000}{16,00,000} \times 100 = 65.6\%$$

22. (*a*) Credit analysis aims at judging the credibility of a concern. This analysis is done after offering credit to a new customer/a dealer.

(*b*) (*i*) Increases, as the debt will increase by that amount and there is no change in equity.

(*ii*) No change, as bonus shares are issued by capitalising profits, there is no change in debts or equity.

(*iii*) Increases, as the shareholders funds decreases to the extend of loss incurred.

(*iv*) Increases, as debts increases and there is no change in equity.

23. **Cash Flow Statement**

for the year ended 31.3.16 and 31.3.17

Sr. No.	Particulars	Details ₹	Total ₹
A.	**Cash flows from Operating Activities:**		
	Profit before Tax	2,25,000	
	Add : Depreciation on plant and machinery	1,20,000	
	Loss on sale of plant & machinery	5,000	
	Operating profit before working capital changes	3,50,000	
	Add: Decrease in Inventories	25,000	
	Less: Increase in Trade Receivables	(75,000)	
	Decrease in Trade Payables	(15,000)	
		2,85,000	
	Less: Tax paid	(80,000)	
	Cash from operating activities	2,05,000	2,05,000

B.	**Cash flows from Investing Activities:**		
	Purchase of Plant & Machinery	(4,00,000)	
	Sale of Plant & Machinery	50,000	
	Purchase of Investments	(2,00,000)	
	Cash used in investing activities	(5,50,000)	(5,50,000)
C.	**Cash flows from Financing Activities:**		
	Proceeds from Issue of Shares	2,00,000	
	Proceeds from taking Loan	1,00,000	
	Cash flows from Financing Activities:	3,00,000	3,00,000
D.	Net decrease in Cash and Cash Equivalent (A + B + C)		(45,000)
E.	*Add* : Opening Cash and Cash Equivalents		80,000
F.	Closing Cash and Cash Equivalents		35,000

Working Notes:

Calculation of Net Profit before Tax:

Surplus as per Statement of Profit and Loss	80,000
Add: Transfer to General Reserve	20,000
Add: Provision for Tax made	1,25,000
	2,25,000

Dr. **Provision for Tax A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bank A/c (Tax Paid)	80,000	By Balance b/d	55,000
To Balance c/d	1,00,000	By Statement of Profit and Loss	1,25,000
	1,80,000		**1,80,000**

Dr. **Plant & Machinery A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	15,00,000	By Accumulated Depreciation A/c	20,000
To Bank A/c	4,00,000	By Bank A/c	50,000
		By Statement of Profit and Loss	5,000
		By Balance c/d	18,25,000
	19,00,000		**19,00,000**

Dr. **Accumulated Depreciation A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Plant & Machinery A/c	20,000	By Balance b/d	4,00,000
To Balance c/d	5,00,000	By Statement of Profit and Loss	1,20,000
	5,20,000		**5,20,000**