Solutions to RAC/Set-3

1. (*b*) 9% p.a.

2. (*a*) Both (A) and (R) are true, and (R) is the correct explanation of (A).

3. (*c*) ₹ 3,600

Or

(*d*) ₹ 60,000

4. (*b*) Gain 1/30

Or

(*d*) Neera ₹ 10,000; Meera ₹ 7,500

5. (*d*) Profit ₹1,12,000

6. (*d*) ₹ 70 **Or** (*d*) None of these

7. (*c*) ₹ 40,000

8. (*a*)

Bad Debts A/c	Dr.	15,000	
To Sundry Debtors A/c			15,000
Provision for Doubtful Debts A/c	Dr.	15,000	
To Bad Debts A/c			15,000

Or

(*c*)

J's Current A/c	Dr.	60,000	
To G's Capital A/c			48,000
To H's Capital A/c			12,000

9. (*c*) ₹ 21,500

10. (*b*) Second & final call ₹ 5

11. (*b*) 11 : 4 : 5

12. (*b*) Capital Reserve ₹ 20,000

13. (*b*) ₹ 33,500

Average profit = Normal profit + Super profit

Super profit = ₹ 54,000 ÷ 4 = ₹ 13,500

Normal profit = 10% of ₹ 2,00,000 = ₹ 20,000

14. (*c*) equal to

15. (*a*) ₹ 13,000

Or

(*a*) ₹ 10,500

3/4 × [(₹ 22,200 – ₹ 1,200 (Interest on Loan) – ₹ 15,000 (Interest on Capital) – ₹ 20,000 (Salary)]

= 3/4 × (₹ 14,000) = (₹ 10,500

16. (*a*) ₹ 2,56,000

17. **Dr.** **Karan's Capital Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Karan's Executors' A/c	1,97,750	By Balance b/d	1,25,000
		By Dev's Capital A/c (Goodwill)	37,500
		By Rajan's Capital A/c (Goodwill)	15,000
		By Workmen Compensation Reserve A/c	9,000
		By Profit and Loss Suspense A/c	7,500
		By Interest on Capital A/c	3,750
	1,97,750		1,97,750

Working Notes:

(*i*) Karan's share of goodwill = ₹ 1,75,000 × 3/10 = 52,500

(*ii*) Karan's share of profit = ₹ 75,000 × $\frac{3}{10}$ × $\frac{4}{12}$ = ₹ 7,500

(*iii*) Interest on capital = ₹ 1,25,000 × 4/12 × 9/100 = ₹ 3,750

18. **Calculation of Actual average profits:**

Particulars	(₹)	(₹)
Profit for 2021–22	3,00,000	
Add: Abnormal Loss	30,000	3,30,000
Loss for 2022–23		(1,00,000)
Profit for 2023–24	2,50,000	
Less: Overvaluation of closing stock	(30,000)	2,20,000
Total Profits		4,50,000

Actual Average Profits = $\frac{\text{Total Profits}}{\text{No. of Years}}$

= $\frac{₹\ 4,50,000}{3}$ = ₹ 1,50,000

Value of Goodwill = Actual Average Profit × No. of years' purchase

= ₹ 1,50,000 × 2 = ₹ 3,00,000

Or

Interest on Jay's Capital (₹ 80,000 × $\frac{9}{100}$) ₹ 7,200

Interest on Vijay's Capital (₹ 50,000 × $\frac{9}{100}$) ₹ 4,500

₹ 11,700

Net profit available = ₹ 7,800 which is less than the total Interest on Capital *i.e.*, ₹ 11,700

Thus the Net profit will be divided in ratio of Interest on Capital *i.e.*, 8 : 5. (7,200 : 4,500)

So Actual Interest on Jay's Capital = ₹ 7,800 × $\frac{8}{13}$ = ₹ 4,800

Actual Interest on Vijay's Capital = ₹ 7,800 × $\frac{5}{13}$ = ₹ 3,000

In the Books of Jay and Vijay

Profit and Loss Appropriation Account

Dr. *for the year ended 31st March 2024* **Cr.**

Particulars		Amount (₹)	Particulars	Amount (₹)
To Interest on Capital:			By Profit and Loss A/c (Net Profit)	7,800
Jay's Capital A/c	4,800			
Vijay's Capital A/c	3,000	7,800		
		7,800		7,800

19. **In the Books of Lotus Ltd.**

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(*i*)	Share Allotment A/c	Dr.		1,50,000	
	To Share Capital A/c				1,50,000
	(Being allotment money due)				
(*ii*)	Bank A/c	Dr.		1,52,200	
	Calls-in-Arrear A/c	Dr.		1,800	
	To Share Allotment A/c				1,50,000
	To Calls-in-Advance A/c				4,000
	(Being receiving allotment money)				
(*iii*)	Share First Call A/c	Dr.		2,00,000	
	To Share Capital A/c				2,00,000
	(Being first call money due)				
(*iv*)	Bank A/c	Dr.		1,93,600	
	Calls-in-Arrear A/c	Dr.		2,400	
	Calls-in-Advance A/c	Dr.		4,000	
	To Share First Call A/c				2,00,000
	(Being receiving first call money)				

Or

Dr. **Loss on Issue of Debentures Account** **Cr.**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2023			2024		
April 1	To 9% Debentures A/c	3,50,000	March 31	By Securities Premium A/c	2,40,000
April 1	To Premium on Redemption of Debentures A/c	3,00,000	March 31	By Statement of Profit and Loss (Bal. fig.)	4,10,000
		6,50,000			6,50,000

Working Note:

Discount on issue of debentures = ₹ 50,00,000 × 7/100 = ₹ 3,50,000

Premium on redemption of debentures = ₹ 50,00,000 × 6/100 = ₹ 3,00,000

Total loss on issue of debentures = ₹ 3,50,000 + ₹ 3,00,000 = ₹ 6,50,000

20. In the books of Vijay, Lakshmi and Narayan

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2024 April 30	Workmen's Compensation Reserve A/c	Dr.		20,000	
	To Workmen's Compensation Claim A/c				2,000
	To Vijay's Capital A/c				6,000
	To Lakshmi's Capital A/c				6,000
	To Narayan's Capital A/c				6,000
	(Being workmen's compensation reserve used for claim and remaining amount distributed among partners in their old profit sharing ratio)				
April 30	Investment Fluctuation Fund A/c	Dr.		40,000	
	Revaluation A/c	Dr.		30,000	
	To Investment A/c				70,000
	(Being marketable of Investment decrease and shortfall of IFR changed from Revaluation A/c)				
April 30	Vijay's Capital A/c	Dr.		10,000	
	Lakshmi's Capital A/c	Dr.		10,000	
	Narayan's Capital A/c	Dr.		10,000	
	To Revaluation A/c				30,000
	(Being loss on Revaluation transferred to Partner's Capital A/c)				

21. Journal of Shaktimaan Ltd.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c	Dr.		50,000	
	To Share Forfeited A/c				35,000
	To Calls-in-Arrears A/c				15,000
	(Being 5000 shares were forfeited for non-payment of call money).				
	Bank A/c	Dr.		26,000	
	To Share Capital A/c				20,000
	To Securities Premium A/c				6,000
	(Being 2,000 of forfeited shares were reissued at a premium of ₹ 3 per share)				
	Shares Forfeited A/c	Dr.		14,000	
	To Capital Reserve A/c				14,000
	(Being gain on reissue of shares transferred to Capital Reserve Account)				

Dr. Share Forfeited Account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Capital Reserve A/c	14,000	By Share Capital A/c	35,000
To Balance c/d (Bal. Fig.)	21,000		
	35,000		35,000

22. **Journal**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		20,000	
	To Atul's Capital A/c				12,000
	To Geeta's Capital A/c				8,000
	(Being capital brought by Atul and Geeta after adjustment made on the basis of Ira's capital.)				

Working Notes:

(*i*) *Calculation of New Profit-sharing Ratio:*

Let Total Profit = 1,

$$\text{Ira's Share} = \frac{1}{4}$$

$$\text{Remaining Profit} = 1 - \frac{1}{4} = \frac{3}{4}$$

$$\text{Atul's Share} = \frac{3}{4} \times \frac{3}{5} = \frac{9}{20};$$

$$\text{Geeta's Share} = \frac{3}{4} \times \frac{2}{5} = \frac{6}{20}$$

$$\text{New Profit-sharing Ratio} = \frac{9}{20} : \frac{6}{20} : \frac{1}{4} \text{ or } 9 : 6 : 5$$

(*ii*) *Total Capital of New Firm and New Capital of Existing Partners:*

$$\text{Let Total Capital of New Firm} = ₹\ 40,000 \times \frac{4}{1} = ₹\ 1,60,000$$

$$\text{Atul's Capital} = ₹\ 1,60,000 \times \frac{9}{20} = ₹\ 72,000;$$

$$\text{Geeta's Capital} = ₹\ 1,60,000 \times \frac{6}{20} = ₹\ 48,000$$

(*iii*) *Calculation of Actual Costs to be paid off/brought by the Old Partners:*

	Atul (₹)	**Geeta (₹)**
(*a*) New Capital	72,000	48,000
(*b*) Adjusted Old Capital	60,000	40,000
Capital brought in Cash	12,000	8,000

23. **Journal of Peak Performance Academy Ltd.**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2024					
April 1	Bank A/c	Dr.		22,00,000	
	To 9% Debentures Application & Allotment A/c				22,00,000
	(For application money received for 20,000, 9% debentures @ 100 each at a premium of 10%)				
April 1	9% Debentures Application & Allotment A/c	Dr.		22,00,000	
	Loss on issue of Debentures A/c	Dr.		1,00,000	
	To 9% Debentures A/c				20,00,000
	To Securities Premium A/c				2,00,000
	To Premium on Redemption of Debentures A/c				1,00,000
	(For 20,000, 9% debentures of ₹ 100 each issued at a premium of 10% redeemable at a premium of 5%)				

April 1	Sundry Assets A/c Dr.		3,50,000	
	Goodwill A/c (Balancing Figure) Dr.		10,000	
	To Liabilities A/c			1,40,000
	To Vendor			2,20,000
	(For sundry assets and liabilities taken over)			
April 1	Vendor Dr.		2,20,000	
	To 9% Debentures A/c			2,00,000
	To Securities Premium A/c			20,000
	(For 2,000 debentures issued at 10% premium for purchase consideration)			
April 1	Bank A/c Dr.		4,00,000	
	To Bank Loan A/c			4,00,000
	(For loan taken from Bank)			
April 1	Debentures Suspense A/c Dr.		4,50,000	
	To 9% Debentures A/c			4,50,000
	(For 4,500, 9% debentures of ₹ 100 each issued as collateral security)			

Or

In the books of Maxima Ltd.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(*i*)	Bank A/c Dr.		2,76,000	
	To Share Application A/c			2,76,000
	(Being application money received on 92,000 shares)			
(*ii*)	Share Application A/c Dr.		2,76,000	
	To Share Capital A/c			1,80,000
	To Bank A/c			6,000
	To Share Allotment A/c			90,000
	(Being application money adjusted and surplus refunded)			
(*iii*)	Share Allotment A/c Dr.		3,00,000	
	To Share Capital A/c			1,80,000
	To Securities Premium A/c			1,20,000
	(Being allotment money due on 60,000 shares of ₹ 5 each including premium)			
(*iv*)	Bank A/c Dr.		1,90,000	
	To Share Allotment A/c			1,90,000
	(Being allotment money received except 4,000 shares)			
(*v*)	Share First and Final Call A/c Dr.		2,40,000	
	To Share Capital A/c			2,40,000
	(Being call money due on 60000 shares of ₹ 4 each)			
(*vi*)	Bank A/c Dr.		2,12,000	
	To Share First and Final A/c			2,12,000
	(Being call money received except 7,000 share)			
(*vii*)	Share Capital A/c Dr.		40,000	
	Securities Premium A/c Dr.		8,000	
	To Shares Forfeited A/c			12,000
	To Share Allotment A/c			20,000
	To Share First and Final Call A/c			16,000
	(Being 4,000 shares forfeited for non-payment of allotment and call Money)			

(*viii*)	Bank A/c Dr.		16,000	
	Shares Forfeited A/c Dr.		4,000	
	To Share Capital A/c			20,000
	(Being 2,000 shares were reissued as fully paid for ₹ 8 per share)			
(*ix*)	Shares Forfeited A/c $\left[\frac{₹\,12{,}000}{4000\,(s)} \times 2{,}000\,(s)\right] - ₹\,4{,}000$ Dr.		2,000	2,000
	To Capital Reserve A/c			
	(Being transfer of Shares Forfeited A/c to Capital Reserve)			

Working Notes:

Share Allotment money due:	₹ 3,00,000
Less: allotment money received on application:	(₹ 90,000)
Less: Share allotment money received :	(₹ 1,90,000)
Share allotment money not received :	₹ 20,000

No. of shares on which allotment money not received and forfeited = ₹ 20,000/5 = 4,000 shares

24. **In the Books of Amit, Sumit and Nimit**

Dr. **Revaluation Accounts** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Provision for Doubtful Debts A/c	5,000	By Land A/c	18,000
To Machinery A/c	10,000	By Creditors A/c	2,350
To Patents A/c	2,000		
To Profits transferred to:			
Amit's Capital A/c	1,675		
Sumit's Capital A/c	1,340		
Nimit's Capital A/c	335		
	20,350		20,350

Dr. **Partners' Capital Accounts** **Cr.**

Particulars	Amit (₹)	Sumit (₹)	Nimit (₹)	Particulars	Amit (₹)	Sumit (₹)	Nimit (₹)
To Goodwill A/c	13,500	10,800	2,700	By Balance b/d	85,000	54,000	36,000
To Amit's Capital A/c	–	33,600	8,400	By General Reserve A/c	10,000	8,000	2,000
(Goodwill)				By Revaluation A/c	1,675	1,340	335
To Amit's Loan A/c	1,25,175	–	–	By Sumit's Capital A/c	33,600	–	–
To Balance c/d	–	18,940	27,235	(Goodwill)			
(Bal. Fig.)				By Nimit's Capital A/c	8,400	–	–
				(Goodwill)			
	1,38,675	63,340	38,335		1,38,675	63,340	38,335

Working Note:

Calculation of Goodwill:

Total Profits = ₹ 34,000 + ₹ 42,000 + ₹ 50,000 = ₹ 1,26,000

Average Profit = $\frac{₹\ 1{,}26{,}000}{3}$ = ₹ 42,000

Goodwill = 2 × ₹ 42,000 = ₹ 84,000

Amit's share 5/10 × ₹ 84,000 = ₹ 42,000

Or

In the Books of Kusum, Suman and Radha

Realisation Account

Dr. | | | Cr.

Particulars	Amount (₹)	Particulars		Amount (₹)
To Plant A/c	80,000	By Creditors A/c		1,20,000
To Furniture A/c	45,000	By Kusum Capital A/c (Plant)		45,000
To Motor Van A/c	25,000	By Bank A/c:		
To Debtors A/c	71,000	Plant	50,000	
To Stock A/c	30,000	Furniture	40,000	
To Cash A/c (Creditors)	1,00,000	Debtors	70,000	1,60,000
To Cash A/c (Realisation Expenses)	5,000	By Suman Capital A/c (Motor van)		30,000
		By Partners' Capital A/c (Loss):		
		Kusum	500	
		Suman	300	
		Radha	200	1,000
	3,56,000			3,56,000

Partners' Capital Accounts

Dr. | | | Cr.

Particulars	Kusum (₹)	Suman (₹)	Radha (₹)	Particulars	Kusum (₹)	Suman (₹)	Radha (₹)
To Realisation A/c (Loss)	500	300	200	By Balance b/d	68,000	50,000	27,000
To Realisation A/c (Assets Taken)	45,000	30,000	–				
To Cash A/c	22,500	19,700	26,800				
	68,000	50,000	27,000		68,000	50,000	27,000

Cash Account

Dr. | | | Cr.

Particulars	Amount (₹)	Particulars		Amount (₹)
To Balance b/d	14,000	By Realisation A/c (Creditors + Realisation Expenses)		1,05,000
To Realisation A/c (Assets)	1,60,000	By Partner's Capital A/c:		
		Kusum	22,500	
		Suman	19,700	
		Radha	26,800	69,000
	1,74,000			1,74,000

25. **In the Books of Jay, Vijay and Karan**

Profit and Loss Appropriation Account

for the year ended 31st March, 2024

Particulars		Amount (₹)	Particulars	Amount (₹)
To Salary A/c:			By Profit and Loss A/c (Net Profit)	15,00,000
Jay's Capital A/c	1,80,000		By Jay's Capital A/c	25,000
Vijay Capital A/c	1,80,000	3,60,000	(₹ 2,00,000 – ₹ 1,75,000)	
To Divisible Profit Credited to:				
(Working Note 1)				
Jay's Capital A/c	3,05,800			
Vijay's Capita A/c	3,59,200			
Karan's Capital A/c	5,00,000	11,65,000		
		15,25,000		15,25,000

Dr.			Partners' Capital Accounts				Cr.
Particulars	**Jay (₹)**	**Vijay (₹)**	**Karan (₹)**	**Particulars**	**Jay (₹)**	**Vijay (₹)**	**Karan (₹)**
To Profit & Loss Appropriation A/c	25,000	—	—	By Profit and Loss Appropriation A/c (Salary)	1,80,000	1,80,000	—
To Balance c/d	4,60,800	5,39,200	5,00,000	By Profit and Loss Appropriation A/c (Divisible profit)	3,05,800	3,59,200	5,00,000
	4,85,800	5,39,200	5,00,000		4,85,800	5,39,200	5,00,000

Working Notes:

Division Profit = ₹ 11,65,000

Jay's share in divisible profit = ₹ 11,65,000 × $\frac{2}{5}$ = ₹ 4,66,000

Vijay's share in divisible profit = ₹ 11,65,000 × $\frac{2}{5}$ = ₹ 4,66,000

Karan's share in divisible profit = ₹ 11,65,000 × $\frac{1}{5}$ = ₹ 2,33,000

Profit share guarnteed to Karan = ₹ 5,00,000

Deficiency to Karan's Share of Profit = ₹ 5,00,000 – ₹ 2,33,000 = ₹ 2,67,000

Deficiency to be born by Jay = ₹ 2,67,000 × $\frac{3}{5}$ = ₹ 1,60,200

Deficiency to be borne by Vijay = ₹ 2,67,000 × $\frac{2}{5}$ = ₹ 1,06,800

Final Share in Divisible Profit for:

Jay = ₹ 4,66,000 – ₹ 1,60,200 = ₹ 3,05,800

Vijay = ₹ 4,66,000 – ₹ 1,06,800 = ₹ 3,59,200

Karan = ₹ 2,33,000 + ₹ 1,60,200 + ₹ 1,06,800 = ₹ 5,00,000

26. (*i*) (*a*) 45,000 shares

[Pro-rata Ratio = 3 : 2

Shares Applied : Share Alloted

3 : 2

x : 30,000

$2x = 90,000$

$x = 45,000$ shares]

(*ii*) (*c*) ₹ 4 [Application Money Per share = $\frac{₹\,1,80,000}{45,000(s)}$ = ₹ 4]

(*iii*) (*d*) ₹ 3

[First and Final call money per share = ₹ 10 – ₹ 4 (Application Money) – ₹ 3 (Allotment Money) = ₹ 3

Allotment money per share = $\frac{\text{Allotment money not received}}{\text{Number of alloted shares}}$

= $\frac{₹\,90,000}{30,000 \text{ Shares}}$ = ₹ 3 per shares] (*iv*) (*c*) ₹ 28,000

Allotment money received by the Company: ₹

Total amount due on Allotment = 30,000(s) × ₹ 3		=	90,000
Less: Excess Application money adjusted to Share Allotment		=	60,000
			30,000
Less: Calls-in-Arrears 2,000(s) × ₹ 3	= 6,000		
Less: 1,000(s) × ₹ 4	= 4,000	=	2,000
Net amount received in Allotment		=	28,000

(*v*) (*a*) ₹ 6,000

Amount transferred to Capital Reserve:

Amount forfeited on 1,000 shares $= \frac{₹\,12{,}000}{2{,}000\,(s)} \times 1{,}000(s)$

= ₹ 6,000

Less: Discount on Reissue = NIL

Amount transferred to Capital Reserve = ₹ 6,000

(*vi*) (*b*) Purchase of fixed assets

27. (*c*) no flow

Or

(*b*) ₹ 28,800

28. (*b*) Decrease [Because the current liabilities would increase with no change in current assets.]

29. (*d*) Only (*ii*) and (*iii*) are correct.

Or

(*c*) Issue of shares for cash

30. (*d*) Only statement-II is true.

31.

Items	Major Head	Sub-head
(*a*) Preliminary Expenses	Nowhere, as these expenses are to written off in the year they are incurred	–
(*b*) Goodwill	Non-Current Assets	Property, Plant and Equipment and Intangible Assets – Intangible Assets
(*c*) Long-term Investments	Non-Current Assets	Non-Current Investments
(*d*) Securities Premium	Shareholders' Funds	Reserves and Surplus
(*e*) Bank Overdraft	Current Liabilities	Short-term borrowing
(*f*) Encashment of Employees Earned Leave Payable on retirement	Non-Current Liabilities	Long-term Provisions

32. **Common-size Statement of Profit and Loss**

For the year ended 31st, March, 2024 and 2023

Particulars	Note No.	Absolute Amount		Percentage of Revenue from Operations (Net Sales)	
		31st March, 2023 (₹)	31st March, 2024 (₹)	31st March, 2023 (%)	31st March, 2024 (%)
I. Revenue from Operations		7,50,000	10,00,000	100.00	100.00
II. Other Income		75,000	1,00,000	10.00	10.00
III. **Total Revenue (I + II)**		8,25,000	11,00,000	110.00	110.00
IV. **Expenses**					
(*a*) Purchases of Stock-in-Trade		6,00,000	7,50,000	80.00	75.00
(*b*) Change in Inventories of Stock-in-Trade		10,000	(50,000)	1.33	(5.00)
(*c*) Other Expenses		7,500	10,000	1.00	1.00
Total Expenses		6,17,500	7,10,000	82.33	71.00
V. **Profit before Tax (III – IV)**		2,07,500	3,90,000	27.67	39.00
VI. *Less*: Income Tax		1,03,750	1,95,000	13.83	19.50
VII. **Profit after Tax (V – VI)**		1,03,750	1,95,000	13.84	19.50

33. (*a*) (*i*) Current ratio will improve because both current liabilities and current assets will decrease by same amount.

(*ii*) Current ratio will improve because current assets will increase by the amount received in cash as sale proceeds.

(*iii*) Current ratio will improve because current assets will increase by 10% profit.

(*iv*) Current ratio will reduce because of increase in current liabilities.

(*b*) Working Capital = Capital Employed – Fixed Assets

= ₹ 7,50,000 – ₹ 5,00,000 = ₹ 2,50,000

Calculation of Revenue from Operations:

When, Sales is ₹ 100, Gross Profit is ₹ 20, then Cost is ₹ 100 – ₹ 20 = ₹ 80

When, cost is ₹ 5,00,000; Sales = ₹ 5,00,000 × 100/80 = ₹ 6,25,000

$$\text{Working Capital Turnover Ratio} = \frac{\text{Revenue from Operations}}{\text{Working Capital}}$$

$$= \frac{₹\ 6,25,000}{₹\ 2,50,000} = 2.5 \text{ Times}$$

Or

For the years 2022-23

$$\text{Gross profit} = \frac{25x}{100} \quad (x\text{=Cost of revenue from operations})$$

$$\frac{x}{4} = ₹\ 50,00,000 - x$$

$$x = ₹\ 40,00,000$$

$$\text{Cost of revenue from operations} = ₹\ 40{,}00{,}000$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}}$$

$$= \frac{₹\ 40{,}00{,}000}{\frac{₹\ 50{,}00{,}000 + ₹\ 7{,}00{,}000}{2}} = \frac{₹\ 40{,}00{,}000}{₹\ 6{,}00{,}000}$$

$$= 6.67 \text{ times}$$

For 2023-24

$$\text{Cost of Revenue from Operations} = y$$

$$\frac{y}{4} = ₹\ 75{,}00{,}000 - y$$

$$y = ₹\ 60{,}00{,}000$$

$$\text{Cost of Revenue from Operations} = ₹\ 60{,}00{,}000$$

$$\text{Inventory turnover ratio} = \frac{₹\ 60{,}00{,}000}{\frac{₹\ 70{,}00{,}000 + ₹\ 17{,}00{,}000}{2}} = \frac{₹\ 60{,}00{,}000}{₹\ 12{,}00{,}000}$$

$$= 5 \text{ times}$$

34. **Cash Flow Statement of Grover Industries Ltd.**

for the year ended 31st March, 2024

Sr. No.	Particulars	Details (₹)	Amount (₹)
A.	**Cash Flows from Operating Activities:**		
	Net Profit before tax and Extraordinary items	(20,000)	
	Adjustments for non-cash and non-operating items:		
	Add: Loss on sale of Fixed Assets	3,000	
	Depreciation on Fixed Tangible Assets	12,000	
	Operating profit before change in working capital	(5,000)	
	Add: Increase in current liabilities and Decrease in current asssets		
	Inventory	15,000	
	Less: Decrease in current liabilities and Increase in current assets		
	Prepaid Expenses	(5,000)	
	Trade Payables	(45,000)	
	Cash used in Operating Activities	(40,000)	(40,000)
B.	**Cash Flow from Investing Activities:**		
	Sale of Fixed Tangible Assets	10,000	
	Purchase of Intangible Assets	(50,000)	
	Sale of Intangible Assets	60,000	
	Net Cash used in Investing Activities	20,000	20,000
C.	**Cash flow from Financing Activities:**		
	Proceeds from issue of Share Capital	50,000	
	Net Cash from Financing Activities	50,000	50,000
D.	Net increase in cash and cash equivalents (A + B + C)		30,000
E.	*Add*: Cash and Cash equivalents at the beginning		10,000
F.	Cash and Cash equivalents at the end		40,000

Working Notes:

Net Profit before tax and Extraordinary items = (₹ 50,000) – (₹ 30,000) = (₹ 20,000)

Dr. **Property, Plant and Equipment (Machinery) Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	1,10,000	By Accumulated Depreciation A/c	7,000
		By Bank A/c (sales)	10,000
		By Statement of Profit and Loss	3,000
		By Balance c/d	90,000
	1,10,000		1,10,000

Dr. **Accumulated Depreciation Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Fixed Assets A/c	7,000	By Balance b/d	5,000
To Balance c/d	10,000	By Statement of Profit and Loss	12,000
	17,000		17,000

Dr. **Intangible Assets Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	70,000	By Bank A/c (Sold) (Bal. Fig.)	60,000
To Bank A/c (Purchases)	50,000	By Balance c/d	
			60,000
	1,20,000		1,20,000