

Solutions to RAC–DS1/Set-1

1. (c) 8% p.a. $[\text{₹ } 6,000 \times 12 \times \frac{x}{100} \times \frac{5.5}{12} = \text{₹ } 2,640$ $x = \frac{\text{₹ } 2,640 \times 12 \times 100}{\text{₹ } 6,000 \times 12 \times 5.5} = 8\%$

2. (d) (A) is incorrect but (R) is correct.

3. (c) Nil

OR

(c) ₹ 40,000 from security premium and ₹ 1,10,000 from Statement of P&L.

4. (b) 23 : 5 : 14

$$\left[P = \frac{5}{7} - \left(\frac{1}{3} \times \frac{1}{2} \right) = \frac{5}{7} - \frac{1}{6} = \frac{30-7}{42} = \frac{23}{42}, Q = \frac{2}{7} - \left(\frac{1}{3} \times \frac{1}{2} \right) = \frac{2}{7} - \frac{1}{6} = \frac{12-7}{42} = \frac{5}{42}, R = \frac{1}{3} = \frac{14}{42} \right]$$

OR

(b) ₹ 85,000 $\left[\frac{\text{₹ } 80,000}{2} + 45,000 \right]$

5. (d) Dr. Leena's Capital A/c, Cr. Tina's Capital A/c by ₹ 12,000

6. (b) 5,000 debentures $[\text{₹ } 2,75,000 / \text{₹ } 55 = 5,000 \text{ debentures}]$

OR

(d) A debenture is an oral acknowledgement of debt by a company.

7. (d) Assertion (A) is correct but Reason (R) is incorrect.

8. (c) 41 : 43

Astha's gain = $\frac{5}{12} \times \frac{4}{7} = \frac{20}{84}$

Astha's new share = $\frac{3}{12} + \frac{20}{84} = \frac{(21+20)}{84} = \frac{41}{84}$

Nishtha's gain = $\frac{5}{12} \times \frac{3}{7} = \frac{15}{84}$

Nishtha's new share = $\frac{4}{12} + \frac{15}{84} = \frac{(28+15)}{84} = \frac{43}{84}$

OR

(d) A's Capital A/c

Dr. 7,500

B's Capital A/c

Dr. 7,500

To C's Capital A/c

15,000

9. (c) ₹ 2,28,000

10. (a) ₹ 8,000

11. (d) Only (i) and (iii)

12. (d) ₹ 80,000

$[\text{Minimum subscription condition is } 90\% \text{ of shares issued as per SEBI}]$

13. (c) Loss ₹ 1,50,000

$[\text{Intangible assets to be valued nil if question is silent about its realisable value.}]$

14. (d) Subscribed but not Fully Paid-up

15. (b) ₹ 67,500

$[\text{₹ } 1,80,000 \times \frac{9}{12} \times \frac{5}{10}]$

OR

(c) ₹ 4,420

$[\text{₹ } 2,21,000 \times (\text{₹ } 1,44,000 / \text{₹ } 12,00,000) \times \frac{1}{6}]$

16. (d) ₹ 2,10,000

$[(\text{₹ } 2,50,000 + \text{₹ } 1,70,000) \times \frac{3}{2} \times \frac{1}{3}]$

17. Dr. L's Loan A/c Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
31.3.2024	To Bank A/c (42,000 + 6,720)	48,720	1.4.2023	By M's capital A/c	84,000
31.3.2024	To Balance c/d	42,000	31.3.2024	By Interest on Loan A/c (84,000 × 8%)	6,720
		90,720			90,720
31.3.2025	Bank A/c (Balance Fig.)	45,360	1.4.2024	By Balance b/d	42,000
		45,360	31.3.2025	By Interest on Loan A/c (42,000 × 8%)	3,360
		45,360			45,360

18. (i) Calculation of Goodwill by Capitalisation of Super Profit Method

$$\text{Goodwill} = \frac{\text{Super Profit}}{\text{Normal rate of return}} \times 100 = \frac{\text{₹ } 30,000 \times 100}{15} = \text{₹ } 2,00,000$$

(ii) Calculation of Goodwill by Super Profit Method

$$\begin{aligned} \text{Goodwill} &= \text{Super Profit} \times \text{Number of Years' Purchase} \\ &= \text{₹ } 30,000 \times 2 = \text{₹ } 60,000 \end{aligned}$$

Working Notes:

$$\begin{aligned} \text{Capital Employed} &= \text{Total Assets} - \text{External Liabilities} \\ &= \text{₹ } 14,00,000 - \text{₹ } 6,00,000 = \text{₹ } 8,00,000 \end{aligned}$$

$$\begin{aligned} \text{Normal Profit} &= \text{Capital Employed} \times \frac{\text{Normal rate of return}}{100} \\ &= \text{₹ } 8,00,000 \times \frac{15}{100} = \text{₹ } 1,20,000 \end{aligned}$$

$$\begin{aligned} \text{Super Profit} &= \text{Average Profit} - \text{Normal Profit} \\ &= \text{₹ } 1,50,000 - \text{₹ } 1,20,000 = \text{₹ } 30,000 \end{aligned}$$

OR

Sacrificing / (Gaining) share = Old share - New share

Nick = $\frac{3}{6} - \frac{1}{3} = \frac{1}{6}$ (sacrifice)

Peter = $\frac{2}{6} - \frac{1}{3} = 0$

Paul = $\frac{1}{6} - \frac{1}{3} = -\frac{1}{6}$ (gain)

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2023 April 1	Paul's Capital A/c Dr. To Nick's Capital A/c (Being adjustment entry was made for goodwill at the time of change in profit ratio)		35,000	35,000

19.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Share First Call A/c Dr. To Share Capital A/c (1,60,000(s) × ₹ 4) (Being first call money due)		6,40,000	6,40,000
(ii)	Bank A/c Dr. Calls-in-Arrears A/c (500(s) × ₹ 2) Dr. To Share First call To Calls in-Advance A/c (2,400(s) × ₹ 3) (Being first call money received)		6,45,200 2,000	6,40,000 7,200
(iii)	Share Second and Final Call A/c (1,60,000(s) × ₹ 3) Dr. To Share Capital A/c (Being second call money due)		4,80,000	4,80,000
(iv)	Bank A/c (4,80,000 – 7,200 – 1,500) Dr. Calls-in-Arrears A/c Dr. Calls-in-Advance A/c Dr. To Share Second and Final Call A/c (Being Second Call money received)		4,71,300 1,500 7,200	4,80,000

OR

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Goodwill A/c Dr. Plant A/c Dr. Stock A/c Dr. Debtors A/c Dr. To Creditors A/c To Vendor's A/c (Being business purchased and the excess consideration transferred to goodwill account)		4,20,000 16,50,000 11,50,000 12,50,000	4,70,000 40,00,000
(ii)	Vendor's A/c Dr. To Bank A/c To 8% Debentures A/c To Securities Premium A/c (Being amount paid to vendor by cheque and by issuing debentures)		40,00,000	8,00,000 25,60,000 6,40,000

Working Note:

No of Debentures issued = ₹ 32,00,000/₹125 = 25,600 debentures

20. Particulars	A		B		C		Firm	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Profit wrongly distributed	40,000	–	40,000	–	40,000	–	–	1,20,000
Interest on Capital	–	7,200	–	4,800	–	2,400	14,400	–
Salary	–	–	–	14,400	–	–	14,400	–
Net Profit	–	45,600	–	30,400	–	15,200	91,200	–
Net Balance	12,800	–	9,600	–	–	22,400	–	–
	52,800	52,800	49,600	49,600	40,000	40,000	1,20,000	1,20,000

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	C's Current A/c Dr.		22,400	
	To A's Current A/c			12,800
	To B's Current A/c			9,600
	(Being adjustment entry made for wrong distribution of profit)			

21.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Realisation A/c Dr.		12,500	
	To Karn's Capital A/c			12,500
	(Being remuneration payable to Karn for dissolution expenses)			
	Karn's Capital A/c Dr.		6,000	
	To Monu's Capital A/c			6,000
	(Being realisation expenses paid by Monu for Karn)			
(ii)	Monu's Capital A/c Dr.		1,44,000	
	To Realisation A/c			1,44,000
	(Being stock taken by Monu)			
(iii)	Bank/Cash A/c Dr.		36,000	
	To Realisation A/c			36,000
	(Being Debtors realised)			
(iv)	Monu's Loan A/c Dr.		75,000	
	To Bank/Cash A/c			72,000
	To Realisation A/c			3,000
	(Being Meena's loan paid)			

22.

Balance Sheet

Particulars	Note No.	Amount (₹)
LIABILITIES		
1. Shareholders' Funds:		
a. Share Capital	1	19,66,000

Note No.	Particulars	Amount (₹)
1.	Share Capital	
	Authorised Capital:	
	30,000 shares @ ₹ 100 each	30,00,000
	Issued Capital:	
	20,000 shares @ ₹ 100 each	20,00,000
	Subscribed Capital:	
	Subscribed and fully paid up	
	19,300 equity shares of @ ₹ 100 each	19,30,000
	Subscribed but not fully paid up	
	200 equity shares (700 Shares – 500 Forfeited Shares) of ₹ 100 each	20,000
	Less: Calls-in-Arrears A/c (200 × ₹ 20)	(4,000)
	Add: Shares Forfeited A/c (500 × ₹ 40)	20,000
		36,000
		19,66,000

23.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Equity Share Application A/c (Being application money on 1,30,000 shares @ ₹ 4 received)		5,20,000	5,20,000
(ii)	Equity Share Application A/c Dr. To Equity Share Capital A/c (80,000 × ₹4) To Share allotment A/c (40,000 × ₹4) To Bank A/c (10,000 × 4) (Being application money transferred)		5,20,000	3,20,000 1,60,000 40,000
(iii)	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (80,000 × ₹ 3) To Securities Premium Reserve (80,000 × ₹ 2) (Being allotment money due)		4,00,000	2,40,000 1,60,000
(iv)	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Equity Share Allotment A/c (Being allotment money of ₹ 5 received except on 1,600 shares)		2,35,200 4,800	2,40,000

(v)	Equity Share Capital A/c (1,600 × ₹ 7) Securities Premium A/c (1,600 × ₹ 2) To Calls-in-Arrears A/c To Shares Forfeited A/c (Being 1,600 shares forfeited)	Dr. Dr.	11,200 3,200	4,800 9,600
(vi)	Equity Share First & Final Call A/c (78,400 × ₹ 3) To Equity Share Capital A/c (Being first call @ ₹ 3 due on 78,400 shares)	Dr.	2,35,200	2,35,200
(vii)	Bank A/c To Equity Share first and final Call A/c (Being first and final call received on 78,400 shares)	Dr.	2,35,200	2,35,200
(viii)	Bank A/c (800 × ₹ 7) Shares Forfeited A/c To Equity Share Capital A/c (Being 800 shares were reissued @ ₹ 7 per share as fully paid up)	Dr. Dr.	5,600 2,400	8,000
(ix)	Shares Forfeited A/c To Capital Reserve A/c (Being gain on reissue of forfeited shares transferred to capital reserve)	Dr.	2,400	2,400

Working Notes:

(i)	Shares Applied	Shares Alloted	Application Money Received (₹)	Application Money Adjusted for Share Capital (₹)	Excess Money (₹)	Adjusted for Allotment (₹)	Refund (₹)
	1,20,000	80,000	4,80,000	3,20,000	1,60,000	1,60,000	0
	10,000	NIL	40,000	0	40,000	0	40,000
	1,30,000	80,000	5,20,000	3,20,000	2,00,000	1,60,000	40,000

(ii) No. of share applied by Nimisha = $\frac{1,20,000}{80,000} \times 1,600 = 2,400$ shares

Money paid by her on application (2,400 × ₹ 4)	₹ 9,600
Money adjusted on application (1,600 × ₹ 4)	₹ 6,400
Excess Money	<u>₹ 3,200</u>
Amount due by her on allotment (1,600 × ₹ 5)	₹ 8,000
Less: Excess application money adjusted	<u>₹ 3,200</u>
Money not paid by her on allotment	<u>₹ 4,800</u>

(iii) Capital Reserve = (₹ 9,600/1,600 × 800) – ₹ 2,400 = ₹ 2,400

OR

Dr. Cash Book (Bank Column) Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Share Application A/c	2,80,000	By Equity Share Application A/c	40,000
To Share Allotment A/c	2,07,900	By Balance c/d	6,00,400
To Equity Share First Call A/c	97,000		
To Equity Share Second and Final Call A/c	48,500		
To Share Capital A/c	7,000		
	6,40,400		6,40,400

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Equity Share Application A/c Dr. To Equity Share Capital A/c (50,000 × ₹ 4) To Share Allotment A/c (10,000 × ₹ 4) (Being application money transferred)		2,40,000	2,00,000 40,000
(ii)	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (50,000 × ₹ 3) To Securities Premium A/c (50,000 × ₹ 2) (Being share allotment money due)		2,50,000	1,50,000 1,00,000
(iii)	Calls-in-Arrears A/c Dr. To Equity Share Allotment A/c (Being allotment money of ₹ 5 received except on 500 shares)		2,100	2,100
(iv)	Equity Share First Call A/c (50,000 × ₹ 2) Dr. To Equity Share Capital A/c (Being first call money due)		1,00,000	1,00,000
(v)	Calls-in-arrears A/c [(500 × ₹ 2) + (1,000 × ₹ 2)] Dr. To Equity Share First Call A/c (Being first call money of ₹ 2 received except on 1,500 shares)		3,000	3,000
(vi)	Equity Share Capital A/c (500 × ₹ 9) Dr. Securities Premium A/c (500 × ₹ 2) Dr. To Calls-in-Arrears A/c To Shares Forfeited A/c (Being 500 shares forfeited)		4,500 1,000	3,100 2,400
(vii)	Equity Share Second & Final Call A/c (49,500 × ₹ 1) Dr. To Equity Share Capital A/c (Being second call @ ₹ 1 due on 49,500 shares)		49,500	49,500
(viii)	Calls-in-Arrears A/c (1,000 × ₹ 1) Dr. To Equity Share Second & Final Call A/c (Being second & final call money of ₹ 1 received except on 1,000 shares)		1,000	1,000

(ix)	Equity Share Capital A/c (1000 × ₹ 10) Dr.	10,000	
	To Calls-in-Arrears A/c To Shares Forfeited A/c (Being 1,000 shares forfeited)		3,000 7,000
(x)	Shares Forfeited A/c Dr.	3,000	
	To Equity Share Capital A/c (Being 1,000 shares reissued @ ₹ 7 per share as fully paid up)		3,000
(x)	Shares Forfeited A/c Dr.	2,900	
	To Capital Reserve A/c (Being gain on reissue of forfeited shares transferred to Capital reserve)		2,900

24. Dr. Revaluation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Outstanding claim	1,300	By provision for doubtful debts	2,000
To Creditors	4,000	By Building	21,000
To Stock	3,500	By Prepaid insurance	1,700
To Profit transferred to:			
Arun	7,950		
Varun	5,300		
Tarun	2,650		
	15,900		
	24,700		24,700

Dr. Partners' Capital A/cs Cr.

Particulars	Arun (₹)	Varun (₹)	Tarun (₹)	Particulars	Arun (₹)	Varun (₹)	Tarun (₹)
To P & L A/c	4,500	3,000	1,500	By Balance b/d	1,20,000	80,000	40,000
To Arun's Capital A/c	—	8,000	4,000	By WCR A/c	4,500	3,000	1,500
To Cash A/c	1,39,950	—	—	By Revaluation A/c	7,950	5,300	2,650
To Balance c/d	—	1,62,600	81,300	By Varun's Capital A/c	8,000	—	—
				By Tarun's Capital A/c	4,000	—	—
				By Bank A/c	—	85,300	42,650
	1,44,450	1,73,600	86,800		1,44,450	1,73,600	86,800

Working Notes:

(i) Calculation of Gaining Ratio is 2 : 1 [as no change in new ratio]

(ii) Total Capital of New Firm = Adjusted Capital of All Partners

$$= ₹ 1,39,950 (\text{Arun}) + ₹ 77,300 (\text{Varun}) + ₹ 38,650 (\text{Tarun}) - 12,000 (\text{Surplus cash}) = ₹ 2,43,900$$

Capital contribution in new firm:

$$\text{Varun} = ₹ 2,43,900 \times 2/3 = ₹ 1,62,600, \text{ Tarun} = ₹ 2,43,900 \times 1/3 = ₹ 81,300$$

OR

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

Particulars	Amount (₹)	Particulars	Amount (₹)
To Provision for Doubtful Debts (10% of ₹ 46,000 – ₹ 1,000)	3,600	By Employees Provident Fund	1,500
To Workmen Compensation Claim	6,000	By Loss transferred to:	
		X	4,860
		Y	3,240
	9,600		8,100
			9,600

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

Particulars	X (₹)	Y (₹)	Z (₹)	Particulars	X (₹)	Y (₹)	Z (₹)
To Profit & Loss A/c	6,000	4,000	—	By Balance c/d	50,000	1,10,000	—
To Revaluation A/c (loss)	4,860	3,240	—	By Premium for Goodwill A/c	15,000	15,000	—
To Balance c/d	54,140	1,17,760	57,300	By Bank A/c	—	—	57,300
	65,000	1,25,000	57,300		65,000	1,25,000	57,300

Balance Sheet

as at 31st March, 2023

Liabilities	Amount (₹)	Assets	Amount (₹)
X's Capital A/c	54,140	Equipment	85,000
Y's Capital A/c	1,17,760	Building	73,000
Z's Capital A/c	57,300	Stock	16,000
Workmen Compensation Claim	24,000	Debtors	50,000
Employees Provident Fund	13,500	Less: Bad Debts	4,000
Creditors	22,000	Less: Provision for Doubtful Debts	4,600
		Bill Receivable	28,000
		Cash at Bank	45,300
		[18,000 + 30,000 + 57,300 – 60,000]	
	2,88,700		2,88,700

Working Note:

Combined Capital of X & Y = ₹ 54,140 + ₹ 1,17,760 = ₹ 1,71,900

Combined share of X & Y = $1 - \frac{1}{4} = \frac{3}{4}$

Capital of the new firm = ₹ 1,71,900 × $\frac{4}{3}$ = ₹ 2,92,200

Z's Capital = ₹ 2,92,200 × $\frac{1}{4}$ = ₹ 57,300

25. Dr.

Arnayak's Capital A/c

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Drawings A/c	16,000	By Balance b/d	1,20,000
To Interest on Drawings A/c (₹ 16,000 × $\frac{2}{100}$)	320	By Interest on Capital A/c	3,600
To Arnayak's Executors' A/c (Bal. Fig.)	1,62,780	By P&L Suspense A/c (Profit)	3,000
		By Salary A/c	30,000
		By Vinayak's Capital A/c (Goodwill)	16,875
		By Vanya's Capital A/c (Goodwill)	5,625
	1,79,100		1,79,100

Working Notes:

Arnayak's Interest on Capital = ₹ 1,20,000 × 9/100 × 4/12 = ₹ 3,600

Arnayak's share of profit = (- ₹ 20,000 + ₹ 40,000 + ₹ 61,000)/3 × 4/12 × 2/6 = ₹ 3,000

Arnayak's share of goodwill = (₹ 9,000 - ₹ 20,000 + ₹ 40,000 + ₹ 61,000)/4 × 3 × 2/6 = ₹ 22,500

Since the word p.a. is not given along with rate of interest on drawings, the interest is calculated for full year.

26.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2023 April 1	Bank A/c To 8% Debenture Application & Allotment A/c (For application money received for 40,000; 8% debentures @ ₹50 each at a premium of 15%)	Dr.	23,00,000	23,00,000
April 1	8% Debenture Application & Allotment A/c Loss on Issue of Debentures A/c To 8% Debentures A/c To Securities Premium A/c To Premium on Redemption of Debentures A/c (For 40,000, 8% debentures of ₹ 50 each issued at a premium of 15% redeemable at a premium of 10%)	Dr. Dr.	23,00,000 2,00,000	20,00,000 3,00,000 2,00,000
April 1	Sundry Assets A/c Goodwill A/c To Liabilities A/c To Vendor (For sundry assets and liabilities taken over)	Dr. Dr.	5,50,000 1,40,000	2,30,000 4,60,000

April 1	Vendor To 8% Debentures A/c To Securities Premium A/c (For 8,000 debentures issued at 15% premium)	Dr.	4,60,000	4,00,000 60,000
April 1	Bank A/c To Bank Loan A/c (For loan taken from Bank)		3,00,000	3,00,000
April 1	Debenture Suspense A/c To 9% Debentures A/c (For 4,000, 8% debentures of ₹ 50 each issued as collateral security)		2,00,000	2,00,000

Working Note:

$$\text{Number of debentures issued} = \frac{\text{₹ } 4,60,000}{\text{₹ } 57.5} = 8,000 \text{ debentures}$$

27. (c) Intra-firm comparison

OR

(d) (a) and (b) Both

28. (b) ₹ 15,00,000 [₹ 17,00,000 (Total liabilities) – ₹ 2,00,000 (Current Assets)]

29. (c) Statement I is correct and Statement II is incorrect.

OR

(d) Outflow in Investing Activity

30. (a) ₹ 15,000 [₹ 40,000 + ₹ 25,000 – ₹ 50,000]

31.

Item	Major Heads	Sub-heads
(i) Fixed Deposits from Public	Non-current liabilities	Long-term Borrowings
(ii) Interest accrued and due on borrowings	Current Liabilities	Other Current Liabilities
(iii) Copyrights and Patents	Non-current Assets	Property, Plant and Equipment and Intangible Assets-Intangible assets
(iv) Stores and Spares	Current Assets	Inventories
(v) Security Deposits (more than 12 month)	Non-current Assets	Long-term Loans and Advances
(vi) Accrued Income	Current Assets	Other Current Assets

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

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

Working Notes:

(i) Working Capital = Capital Employed – Fixed Assets
= ₹ 9,50,000 – ₹ 7,00,000 = ₹ 2,50,000

(ii) Calculation of Revenue from Operations:

When Sales = ₹ 100 and Gross Profit = ₹ 20

Cost = ₹ 100 – ₹ 20 = ₹ 80

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

33.

Common-Size Statement of Profit and Loss
for the year ended 31st March 2022 and 2023

Particulars	Note No.	Absolute amounts		Percentage of Revenue from Operations	
		31 st March 2022 (₹)	31 st March 2023 (₹)	31 st March 2022 (₹)	31 st March 2023 (₹)
I. Revenue from Operations		10,00,000	12,50,000	100	100
II. Expenses					
(a) Purchases of Stock-in-Trade		7,20,000	8,70,000	72	69.6
(b) Change in Stock		30,000	(40,000)	3	(3.2)
(c) Depreciation and Amortisation		20,000	30,000	2	2.4
(d) Other Expenses		30,000	50,000	3	4
Total Expenses		8,00,000	9,10,000	80	72.80
III. Profit before Tax (I – II)		2,00,000	3,40,000	20	27.2
IV. Income Tax		60,000	96,000	6	7.68
V. Profit after Tax (III – IV)		1,40,000	2,44,000	14	19.52

OR

Comparative Statement of Profit and Loss
for the year ended 31st March, 2023

Particulars (A)	2021-22 (B)	2022-23 (C)	Absolute Change D = (C – B)	Percentage change E = D/B × 100
I. Revenue from Operations	6,00,000	8,00,000	2,00,000	33.33
II. Other Income	50,000	1,00,000	50,000	100
III. Total Revenue (I + II)	6,50,000	9,00,000	2,50,000	38.46
IV. Expenses				
Cost of materials consumed	3,25,000	4,00,000	75,000	23.07
Employees Benefit Expenses	1,00,000	1,50,000	50,000	50
Total Expenses	4,25,000	5,50,000	1,25,000	29.41
V. Profit before Tax (III – IV)	2,25,000	3,50,000	1,25,000	55.55
VI. Tax	1,12,500	1,75,000	62,500	55.55
VII. Profit after Tax (V – VI)	1,12,500	1,75,000	62,500	55.55

34.

Cash Flow Statement of Malti Ltd.*For the year ended 31st, March, 2023*

Particulars	Amount (₹)	Amount (₹)
A. Cash Flow from Operating Activities		
Net Profit before Tax	25,000	
<i>Add:</i> Non-cash and Non-operating expenses:		
Depreciation on Plant & Machinery	46,000	
Loss on sale of Plant & Machinery	2,000	
Operating Profit before Working Capital Changes	73,000	
Adjustment for Current Assets and Current Liabilities:		
Increase in Trade Receivables	(40,500)	
Decrease in Inventory	1,33,000	
Increase in Other Current Liabilities	5,000	
Increase in Trade Payables	1,20,000	
Net Cash inflow from Operating Activities before Tax	2,90,500	
<i>Less:</i> Tax paid	(74,000)	
Net Cash flow from Operating Activities		2,16,500
B. Cash Flow from Investing Activities		
Sale of Plant & Machine	22,000	
Purchase of Plant & Machinery	(3,11,500)	
Purchase of Goodwill	(40,000)	
Purchase of Investment	(1,31,000)	
Net Cash outflow from Investing Activities		(4,60,500)
C. Cash Flow from Financing Activities		
Cash proceeds from issue of Equity Shares	4,00,000	
Repayment of bank overdraft	(80,000)	
Net Cash Inflow from Financing Activities		3,20,000
D. Net Increase in Cash and Cash Equivalents (A + B + C)		76,000
E. Add: Opening Balance of Cash and Cash Equivalents		1,00,000
F. Closing Balance of Cash and Cash Equivalents		1,76,000

Working Notes:

<i>(i) Calculation of Profit before tax:</i>	(₹)
Profit /(Loss) as per Statement of Profit & Loss	(30,000)
<i>Add:</i> Provision for tax made during the year (Current year)	55,000
Net Profit before Tax & Extraordinary items	<u>25,000</u>

(ii) **Dr.** **Plant & Machinery Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	4,38,500	By Bank A/c (Sale)	22,000
To Bank A/c (Purchase) (Bal. Fig.)	3,11,500	By Depreciation A/c	46,000
		By Statement of Profit & Loss (Loss on sale)	2,000
		Balance c/d	6,80,000
	7,50,000		7,50,000

Dr. **Provision for Tax Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bank A/c (Tax paid)	74,000	By Balance b/d	95,000
To Balance c/d	76,000	By Statement of Profit & Loss (Bal. Fig.)	55,000
	1,50,000		1,50,000