Model Test Paper 1

Time Allowed: 3 Hrs. **Max. Marks: 80**

General Instructions:

*(Candidates are allowed additional 15 minutes for **only** reading the paper. They must NOT start writing during this time.)*

(i) ***Part I** of **Section A** is Compulsory.*

*(ii) Answer **any 4** Questions from **Part II** of **Section A** and **any two** questions from **either Section B** or **Section C**.*

(iii) The intended marks for questions or parts of questions are given in the brackets [].

(iv) Transactions should be recorded in the answer book.

(v) All calculations should be shown clearly.

(vi) All working, including rough work, should be done on the same page as, and adjacent to, the rest of the answer.

Section A

Part I (12 Marks)

(*Answer **all** questions*)

1. Answer each of the following questions briefly:

(*i*) Why a retiring or a deceased partner is entitled to share goodwill of the firm?

(*ii*) Give adjusting entry for salary or commission to a partner as well as closing entry to close Salary or Commission Account.

(*iii*) How is profit estimated from the beginning of the year till the date of death of a partner, and, how the share of profit of deceased partner will be adjusted in case profit-sharing ratio of the continuing partners changes?

(*iv*) Star Ltd. has the following balances in its Balance Sheet:

	₹
Securities Premium Reserve	22,00,000
9% Debentures	1,20,00,000
Underwriting Commission	10,00,000

The company decided to redeem its 9% Debentures at a premium of 10%. The company decided to write off discount or loss on issue of debentures at the time of redemption of debentures.

You are required to suggest the way in which the company can use the Securities Premium Reserve.

(*v*) What are 'Short-term Borrowings'? List **any two** items which are included in 'Short-term Borrowings' of the company's Balance Sheet as per Schedule III of the Companies Act, 2013.

(*vi*) Vishva Ltd. took over assets of ₹ 8,40,000 and liabilities of ₹ 80,000 of Motorola Ltd. at an agreed value of ₹ 7,20,000. Vishva Ltd. paid to Motorola Ltd. by issue of 9% Debentures of ₹ 100 each at a premium of 20%. Pass necessary Journal entries to record the above transactions in the books of Vishva Ltd.

[6 × 2 = 12]

Part II (48 Marks)

(*Answer **any four** questions*)

2. Arun and Barun are partners in a firm sharing profits in the ratio of 2 : 3. They admitted Chandan, as a partner for 1/2 share in the profits. Chandan brings ₹ 5,00,000 for his capital and the capitals of Arun and Barun will be adjusted in the profit-sharing ratio. For this, Current Accounts will be opened. Balance Sheet of the firm as at 31st March, 2020 before Chandan's admission was as follows:

BALANCE SHEET OF ARUN AND BARUN *as at 31st March, 2020*

Liabilities		₹	Assets		₹
Creditors		1,20,000	Cash in Hand		40,000
Bills Payable		1,60,000	Sundry Debtors	2,05,000	
General Reserve		1,00,000	*Less:* Provision for Doubtful Debts	5,000	2,00,000
Workmen Compensation Reserve		40,000	Furniture		2,00,000
Capital A/cs: Arun	3,75,000		Machinery		3,10,000
Barun	1,25,000	5,00,000	Building		1,10,000
			Profit and Loss A/c		40,000
			Goodwill		20,000
		9,20,000			9,20,000

Other terms of the agreement were as follows:

(*i*) Chandan will bring ₹ 1,75,000 for his share of goodwill.

(*ii*) Building will be revalued at ₹ 3,90,000 and machinery be reduced by ₹ 70,000.

(*iii*) A liability towards damages payable to a customer of ₹ 14,000 is to be accounted.

(*iv*) All Debtors are good.

(*v*) There is a claim against the firm for damages, liability to the extent of ₹ 5,000 is to be created.

(*vi*) ₹ 10,000 included in creditors was no longer payable.

Prepare Revaluation Account, Partners' Capital Accounts, Partners' Current Accounts and Balance Sheet of the new firm. [12]

3. (*a*) Smart Co. Ltd. had issued 5,000, 9% Debentures of ₹ 100 each at par redeemable at 105% after 4 years. The company purchased 600 of these debentures for cancellation, 500 Debentures @ ₹ 95 per debenture and @ ₹ 98 per debenture for the remaining 100 Debentures. The expenses on purchase of Debentures were ₹ 400. Pass Journal entries for cancellation of debentures in the books of the company.

(*b*) Pass the Journal entries for forfeiture and reissue of shares in the following cases:

(*i*) Power Project Ltd. forfeited 600 shares of ₹ 10 each, ₹ 7 called-up, on which the shareholder had paid application and allotment money of ₹ 5 per share. Out of these, 450 shares were reissued to Dutta as ₹ 7 paid-up for ₹ 8 per share.

(*ii*) Vijaya Ltd. forfeited 300 shares of ₹ 10 each, ₹ 8 called-up, issued at a premium of ₹ 2 per share held by 'Raj' for non-payment of allotment money of ₹ 5 per share (including premium). Out of these, 210 shares were reissued to Mohan as ₹ 8 called-up for ₹ 10 per share. [4 + 8 = 12]

4. (*a*) Priya, Riya and Siya are partners sharing profits in the ratio of 6 : 3 : 1. They admitted Miya into partnership with effect from 1st April, 2020. New profit-sharing ratio among Priya, Riya, Siya and Miya will be 3 : 3 : 3 : 1. Partners decide to record the effect of the following without affecting the book values (after the required adjustment from Workmen Compensation Reserve and Investment Fluctuation Reserve) by passing an adjustment entry:

	Book Values (₹)
General Reserve	1,40,000
Profit and Loss (Cr.)	60,000
Advertisement Suspense A/c	50,000
Workmen Compensation Reserve	30,000
Investment Fluctuation Reserve	20,000

Additional Information:

(*i*) Claim on account of Workmen Compensation is ₹ 20,000.

(*ii*) Book value of Investment is ₹ 1,00,000 (Market Value ₹ 85,000).

Pass the required adjustment entry.

(*b*) Rose, Daisy and Lily were partners in a firm sharing profits and losses in the ratio of 3 : 1 : 1. On 31st March, 2020, their Balance Sheet was as under:

BALANCE SHEET *as at 31st March, 2020*

Liabilities		₹	Assets		₹
Trade Creditors		75,000	Cash at Bank		2,00,000
General Reserve		30,000	Sundry Debtors	1,50,000	
Investments Fluctuation Reserve		45,000	*Less:* Provision for Doubtful Debts	25,000	1,25,000
Capital A/cs:			Investments		1,75,000
Rose	3,50,000		(Market Value ₹ 2,00,000)		
Daisy	2,50,000		Machinery		4,40,000
Lily	2,50,000	8,50,000	Goodwill		60,000
		10,00,000			10,00,000

Rose retired on 1st April, 2020 and it was mutually agreed that:

(*i*) Goodwill of the firm be valued at ₹ 1,00,000.

(*ii*) Rose will take investments at its market value.

(*iii*) 25% of the General Reserve to be retained to meet a possible loss and the balance to be distributed among all the partners.

(*iv*) A provision of ₹ 2,000 be made for outstanding legal charges.

(*v*) Out of the amount of insurance premium debited to Profit and Loss Account, ₹ 2,000 be carried forward as an unexpired insurance.

(*vi*) Rose to be paid ₹ 1,00,000 immediately on retirement and the balance to be transferred to her Loan Account.

Pass necessary Journal entries for the above transactions in the books of the firm on Rose's retirement. [4 + 8 = 12]

5. (*a*) Partners Strong, Weak and Feeble of a firm distributed profit for the year ended 31st March, 2020 ₹ 1,40,000 in the ratio of 2 : 2 : 1 without providing for the following:

(*i*) Salary of ₹ 1,500 per quarter to Strong and Weak each.

(*ii*) Commission of ₹ 8,000 to Feeble.

(*iii*) Strong and Feeble had guaranteed a minimum profit of ₹ 50,000 p.a. to Weak.

(*iv*) Profits were to be shared in the ratio of 3 : 3 : 2.

Pass necessary Journal entry for the above adjustments in the books of the firm.

(*b*) A partnership firm earned net profits during the last three years as follows:

Year ended 31st March,	2018	2019	2020
Profits (₹)	1,90,000	2,20,000	2,50,000

Capital employed in the firm throughout the above period was ₹ 4,00,000. Having regard to the risk involved, 15% is considered to be a fair return on the capital. Management cost, during this period estimated to be ₹ 1,00,000 per annum, to be considered to calculate goodwill.

Calculate the value of goodwill on the basis of

(*i*) three years' purchase of Average Profit;

(*ii*) two years' purchase of Super Profits earned on average basis during the above mentioned three years; and

(*iii*) Capitalisation of Super Profit. [6 + 6 = 12]

6. Ram and Rahim were partners in a firm sharing profits in the ratio of 4 : 1. On 31st March, 2020 their Balance Sheet was as follows:

BALANCE SHEET *as at 31st March, 2020*

Liabilities		₹	Assets		₹
Sundry Creditors		80,000	Bank		2,00,000
Bank Overdraft		60,000	Debtors	1,70,000	
Ram's Brother's Loan		80,000	*Less:* Provision for Doubtful Debts	20,000	1,50,000
Rahim's Loan		30,000	Stock		1,50,000
Investment Fluctuation Fund		50,000	Investments		2,50,000
Capital A/cs:			Building		2,50,000
Ram	5,00,000		Goodwill		1,00,000
Rahim	4,00,000	9,00,000	Profit and Loss A/c		1,00,000
		12,00,000			12,00,000

The firm was dissolved on 1st April, 2020 and following was agreed:

(*i*) Ram agreed to pay his brother's Loan.

(*ii*) Debtors of ₹ 20,000 proved bad. The remaining debtors were sold to a debt collecting agency at 80% of the Book Value.

(*iii*) Other assets realised: Investments 20% *less*; and goodwill at 60%.

(*iv*) One of the creditors for ₹ 50,000 was paid ₹ 30,000.

(*v*) Building was auctioned for ₹ 3,00,000 and the auctioneer's commission paid was ₹ 10,000.

(*vi*) Rahim took a part of stock at ₹ 40,000 (being 20% less than the book value). Balance stock realised 50%.

(*vii*) Realisation expenses were ₹ 20,000.

Prepare: (*a*) Realisation Account, (*b*) Partners' Capital Accounts, (*c*) Bank Account. [12]

7. (*a*) Moon Ltd. had issued on 1st October, 2015, 10,000, 9% Debentures of ₹ 100 each at par redeemable at par at the end of 4 years. It was decided to transfer amount to Debentures Redemption Reserve as per the Companies Act, 2013, at the time of redemption.

Investments, as required by law, were made on 1st April of the financial year in which redemption is due and realised at book value at the time of redemption. Interest on the investment is also received @ 8% per annum.

Pass the necessary Journal entries for Redemption of Debentures, Debentures Redemption Reserve and Debentures Redemption Investment. Ignore interest on Debentures.

(*b*) Pass necessary Journal entries relating to the issue of debentures for the following:

(*i*) Issued 4,000; 9% Debentures of ₹ 100 each at a premium of 8% redeemable at 10% premium.

(*ii*) Issued 6,000; 9% Debentures of ₹ 100 each at par, repayable at a premium of 10%.

(*c*) Venus Ltd. took over assets of ₹ 10,00,000 and liabilities of ₹ 1,80,000 of Cayns Ltd. for ₹ 7,60,000. Venus Ltd. issued 9% Debentures of ₹ 100 each at a discount of 5% in full satisfaction of the purchase consideration in favour of Cayns Ltd.

Pass the necessary Journal entries in the books of Venus Ltd. for the above transactions.

[6 + 4 + 2 = 12]

8. (*a*) Vikas Ltd. offered 32,000 equity shares of ₹ 100 each to public at a premium of ₹ 20 per share. The amount was payable as: ₹ 20 on application; ₹ 40 (including premium) on allotment; and the balance on first and final call. Subscription was received for 30,000 shares.

All the amounts were duly received except from a shareholder holding 4,000 shares who did not pay the first and final call. His shares were forfeited.

Show 'Share Capital' in the Balance Sheet of Vikas Ltd.

(*b*) From the following information extracted from the books of Sonam Ltd., prepare Balance Sheet of the company as at 31st March, 2020 as per Schedule III, Part I of the Companies Act, 2013:

	(₹ in '000)		(₹ in '000)
Long-term Borrowings	600	Short-term Borrowings	180
Share Capital	780	Trade Payables	40
Fixed Assets (Tangible)	1,200	Reserves and Surplus	200
Trade Receivables	160	Inventories	40
Share Application Money		Cash and Bank Balances	120
Pending Allotment	20	Non-current Investments	400
Long-term Provisions	200	Current Investments	100
Prepaid Expenses	20	Outstanding Expenses	20

Note: Proposed Dividend for the year 2019–20 is ₹ 20,000. [3 + 9 = 12]

Section B

(20 Marks)

(*Answer **any two** questions*)

9. (*a*) (*i*) Gross Profit Ratio of Moon Ltd. is 25%. State giving reason whether the ratio will *increase* or *decrease* or *not change* on purchase of goods for ₹ 50,000 against cheque.

(*ii*) Gross Profit Ratio of Star Ltd. is 20%. State giving reason, whether the ratio will *increase* or *decrease* or *not change* on sale of goods for ₹ 30,000 on credit.

(*b*) While computing Trade Receivables Turnover Ratio, is 'Provision for Doubtful Debts' deducted from the total amount of Trade Receivables? Give reason.

(*c*) On the basis of the following information, calculate:

(*i*) Operating Ratio;

(*ii*) Inventory Turnover Ratio;

(*iii*) Proprietary Ratio.

Information:

Cash Revenue from Operations	₹ 10,00,000
Credit Revenue from Operations	120% of Cash Revenue from Operations
Operating Expenses	10% of Total Revenue from Operations
Gross Profit Ratio	40%
Opening Inventory	₹ 1,50,000
Closing Inventory ₹ 20,000 more than Opening Inventory	
Current Assets	₹ 3,00,000
Current Liabilities	₹ 2,00,000
Share Capital	₹ 6,00,000
Fixed Assets	₹ 5,00,000

[2 + 2 + 6 = 10]

10. Uniball Ltd. gives you the following information, you are required to prepare Cash Flow Statement as per AS-3 (Revised) for the year ended 31st March, 2020:

BALANCE SHEET OF UNIBALL LTD. *as at 31st March 2020*

Particulars	Note No.	31st March, 2020 (₹)	31st March, 2019 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(*a*) Share Capital		20,00,000	20,00,000
(*b*) Reserves and Surplus	1	9,00,000	5,00,000
2. Non-Current Liabilities			
Long-term Borrowings	2	10,00,000	10,00,000
3. Current Liabilities			
(*a*) Trade Payables		15,50,000	6,00,000
(*b*) Other Current Liabilities	3	1,00,000	70,000
Total		55,50,000	41,70,000

II. ASSETS			
1. Non-Current Assets			
(*a*) Fixed Assets			
(*i*) Tangible Assets (Machinery)		30,00,000	20,00,000
(*ii*) Intangible Assets (Patents)		3,00,000	3,40,000
(*b*) Non-current Investments		2,00,000	1,50,000
2. Current Assets			
(*a*) Inventories		4,00,000	6,00,000
(*b*) Trade Receivables		7,00,000	9,00,000
(*c*) Cash and Bank Balances		9,50,000	1,80,000
Total		55,50,000	41,70,000

Notes to Accounts

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
1. Reserves and Surplus		
Surplus, *i.e.*, Balance in Statement of Profit and Loss	9,00,000	5,00,000
2. Long-term Borrowings		
10% Debentures	10,00,000	10,00,000
3. Other Current Liabilities		
Unclaimed Dividend	60,000	...
Outstanding Expenses	40,000	70,000
	1,00,000	70,000

Additional Information:

1. During the year, a Machinery costing ₹ 4,00,000, on which depreciation charged was ₹ 2,20,000, was sold at a profit of ₹ 60,000.
2. Depreciation charged on machinery was ₹ 7,00,000.
3. During the year, the company declared Interim Dividend @ 10%.
4. At the end of the year, investment costing ₹ 50,000 were sold at a profit of 20%. New investment was also purchased at the end of the current accounting year. [10]

11. (*a*) State **any two** objectives of Common-size Income Statement.

(*b*) What is meant by the term 'Cash Equivalents' as per AS-3, Cash Flow Statement?

(*c*) Give **two** examples of Cash Flows which are classified as 'Investing Activity' for every type of enterprise.

(*d*) Prepare Common-size Statement of Profit and Loss from the following information:

	31st March, 2020	31st March, 2019
Revenue from Operations	₹ 7,50,000	₹ 5,00,000
Other Income	₹ 90,000	₹ 1,00,000
Cost of Materials Consumed	₹ 4,50,000	₹ 2,50,000
Other Expenses	₹ 75,000	₹ 50,000
Tax Rate	30%	30%

[2 + 2 + 2 + 4 = 10]

Answers

1. (*i*) When an existing partner of a firm retires or dies, the remaining partners will get (gain) his share of profit. So, the gaining partners should compensate the retiring or deceased partner in the form of goodwill. The amount of compensation is equal to the proportionate value of Firm's Goodwill.

Retiring/Deceased Partner's Share of Goodwill = Value of Firm's Goodwill × Share of Profits Sacrificed.

(*ii*) (*a*) Adjusting Entry to adjust salary or Commission to a partner:

Salary or Commission A/c ...Dr.
  To Partner's Capital A/c [In case of Fluctuating Capital]
  To Partner's Current A/c [In case of Fixed Capital]

(*b*) Closing Entry:

Profit and Loss Appropriation A/c ...Dr.
  To Salary or Commission A/c

(*iii*) (*a*) On the basis of Time;

(*b*) On the basis of Sales or Turnover.

Deceased partner's share of profit will be credited to his Capital Account and debited to the continuing Partners' Capital Accounts in their *Gaining Ratio* when the profit-sharing ratio of the continuing partners changes.

(*iv*) Company can utilise the Securities Premium Reserve of ₹ 22,00,000 as follows:

(*a*) ₹ 10,00,000 to write off underwriting commission.

(*b*) Remaining ₹ 12,00,000 to provide for premium on redemption of 9% Debentures.

(*v*) Short-term borrowings are the borrowings which are taken during the year and are repayable within 12 months or within the period of operating cycle from the date of Balance Sheet.

The items included are:

(*a*) Loan repayable on demand; (*b*) Deposits:

(*c*) Bank overdraft or cash credit from banks.

(*vi*) JOURNAL OF VISHVA LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c ...Dr.		8,40,000	
	To Sundry Liabilities A/c			80,000
	To Motorola Ltd.			7,20,000
	To Capital Reserve A/c (Balancing Figure)			40,000
	(Being the assets and liabilities of Motorola Ltd. taken over)			
	Motorola Ltd. ...Dr.		7,20,000	
	To 9% Debentures A/c			6,00,000
	To Securities Premium Reserve A/c			1,20,000
	(Being the consideration paid by issue of 6,000; 9% Debentures)			

Note: No. of Debentures to be Issued = Purchase Consideration ÷ Issue Price
= ₹ 7,20,000 ÷ ₹ 120 = 6,000 Debentures.

2.

Dr. REVALUATION ACCOUNT *Cr.*

Particulars		₹	Particulars	₹
To Machinery A/c		70,000	By Building A/c	2,80,000
To Liability for Damages Claims A/c*		19,000	By Provision for Doubtful Debts A/c (WN 4)	5,000
To Gain (Profit) transferred to:			By Creditors A/c	10,000
Arun's Capital A/c (2/5)	82,400			
Barun's Capital A/c (3/5)	1,23,600	2,06,000		
		2,95,000		2,95,000

*Liabilities against damages claims = ₹ 14,000 + ₹ 5,000 = ₹ 19,000.

Dr. PARTNERS' CAPITAL ACCOUNTS *Cr.*

Particulars	Arun ₹	Barun ₹	Chandan ₹	Particulars	Arun ₹	Barun ₹	Chandan ₹
To Goodwill A/c	8,000	12,000	...	By Balance *b/d*	3,75,000	1,25,000	...
To Profit and Loss A/c	16,000	24,000	...	By Workmen Compensation			
To Arun's Current A/c	3,59,400	...	...	Reserve A/c	16,000	24,000	...
(Bal. Fig.)				By General Reserve A/c	40,000	60,000	...
To Barun's Current A/c	...	1,01,600	...	By Revaluation A/c (Gain)	82,400	1,23,600	...
(Bal. Fig.)				By Bank A/c	...	...	5,00,000
To Balance *c/d* (WN 3)	2,00,000	3,00,000	5,00,000	By Premium for			
				Goodwill A/c	70,000	1,05,000	...
	5,83,400	4,37,600	5,00,000		5,83,400	4,37,600	5,00,000

Dr. PARTNERS' CURRENT ACCOUNTS *Cr.*

Particulars	Arun ₹	Barun ₹	Particulars	Arun ₹	Barun ₹
To Balance *c/d*	3,59,400	1,01,600	By Arun's Capital A/c	3,59,400	...
			By Barun's Capital A/c	...	1,01,600
	3,59,400	1,01,600		3,59,400	1,01,600

BALANCE SHEET OF NEW FIRM *as at 1st April, 2020*

Liabilities		₹	Assets	₹
Creditors		1,10,000	Cash in Hand	40,000
Bills Payable		1,60,000	Cash at Bank (₹ 5,00,000 + ₹ 1,75,000)	6,75,000
Liability for Damages Claims		19,000	Sundry Debtors	2,05,000
Capital A/cs:			Furniture	2,00,000
Arun	2,00,000		Machinery	2,40,000
Barun	3,00,000		Building	3,90,000
Chandan	5,00,000	10,00,000		
Current A/cs:				
Arun	3,59,400			
Barun	1,01,600	4,61,000		
		17,50,000		17,50,000

Working Notes:

1. Unless agreed otherwise, sacrificing ratio of old partners will be same as their old profit-sharing ratio.
2. *Calculation of New Profit-sharing Ratio:*

   Let, Total Profit = 1; Chandan's Share = $\frac{1}{2}$

   Remaining Profit = $1 - \frac{1}{2} = \frac{1}{2}$, which will be shared by Arun and Barun in their old profit-sharing, *i.e.*, 2 : 3. Thus,

   Arun's New Share = $\frac{2}{5} \times \frac{1}{2} = \frac{2}{10}$; Barun's New Share = $\frac{3}{5} \times \frac{1}{2} = \frac{3}{10}$; Chandan's Share = $\frac{1}{2}$ or $\frac{5}{10}$

   Hence, New Profit-sharing Ratio of Arun, Barun and Chandan = $\frac{2}{10} : \frac{3}{10} : \frac{5}{10} = 2 : 3 : 5.$
3. *Total Capital of the New firm and Capitals of Partners in New Firm:*

   Total Capital of New firm on the basis of Chandan's Capital = ₹ 5,00,000 × $\frac{2}{1}$ = ₹ 10,00,000

   Arun's Capital = ₹ 10,00,000 × $\frac{2}{10}$ = ₹ 2,00,000; Barun's Capital = ₹ 10,00,000 × $\frac{3}{10}$ = ₹ 3,00,000;

   Chandan's Capital = ₹ 5,00,000.
4. **'All Debtors are Good'** means *Provision for Doubtful Debts* is no longer required and hence should be credited to Revaluation Account.

3. (*a*)

JOURNAL OF SMART CO.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Own Debentures A/c ((500 × ₹ 95) + (100 × ₹ 98) + ₹ 400)	...Dr.		57,700	
	To Bank A/c				57,700
	(Being the purchase of own 600 debentures)				
	9% Debentures A/c (600 × ₹ 100)	...Dr.		60,000	
	Premium on Redemption of Debentures A/c (600 × ₹ 5)	...Dr.		3,000	
	To Own Debentures A/c				57,700
	To Gain (Profit) on Cancellation of Own Debentures A/c				5,300
	(Being the cancellation of 600; 9% Debentures of ₹ 100 each redeemable at 105%) (Note)				
	Gain (Profit) on Cancellation of Own Debentures A/c	...Dr.		5,300	
	To Capital Reserve A/c				5,300
	(Being the gain (profit) on cancellation of own debentures transferred to Capital Reserve)				

Note: When the debentures are redeemable at premium, gain or loss on cancellation of own debentures should be calculated after taking into consideration the premium payable on redemption of debentures. In such a case Premium on Redemption of Debentures Account will be debited along with 9% Debentures Account.

(*b*) (*i*) JOURNAL OF POWER PROJECT LTD.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c (600 × ₹ 7)	...Dr.		4,200	
	To Calls-in-Arrears A/c (600 × ₹ 2)				1,200
	To Forfeited Shares A/c (600 × ₹ 5)				3,000
	(Being 600 shares forfeited for non-payment of first call money of ₹ 2 each)				
	Bank A/c A/c (450 × ₹ 8)	...Dr.		3,600	
	To Share Capital A/c (450 × ₹ 7)				3,150
	To Securities Premium Reserve A/c (450 × ₹ 1)				450
	(Being 450 shares reissued as ₹ 7 paid-up for ₹ 8 per share)				
	Forfeited Shares A/c	...Dr.		2,250	
	To Capital Reserve A/c (450 × ₹ 5)				2,250
	(Being the transfer of gain on reissue of 450 shares)				

(*ii*) JOURNAL OF VIJAYA LTD.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c (300 × ₹ 8)	...Dr.		2,400	
	Securities Premium Reserve (300 × ₹ 2)	...Dr.		600	
	To Calls-in-Arrears A/c (300 × ₹ 5)				1,500
	To Forfeited Shares A/c (300 × ₹ 5)				1,500
	(Being 300 shares forfeited for non-payment of allotment money)				
	Bank A/c (210 × ₹ 10)	...Dr.		2,100	
	To Share Capital A/c (210 × ₹ 8)				1,680
	To Securities Premium Reserve (210 × ₹ 2)				420
	(Being 210 shares reissued as ₹ 8 called-up for ₹ 10 per share)				
	Forfeited Shares A/c	...Dr.		1,050	
	To Capital Reserve A/c				1,050
	(Being the gain on reissue of 210 forfeited shares transferred to Capital Reserve)				

4. (*a*) *Calculation of Net Effect of Accumulated Profits, Losses and Reserve:*

	₹
General Reserve	1,40,000
Profit and Loss A/c (Cr.)	60,000
Workmen Compensation Reserve (Adjusted)	10,000
Investment Fluctuation Reserve (Adjusted)	5,000
	2,15,000
Less: Advertisement Suspense A/c (Dr.)	50,000
	1,65,000

Calculation of Sacrifice/(Gain) of Each Partner:

	Priya	Riya	Siya	Miya
(*i*) Old Share	6/10	3/10	1/10	...
(*ii*) New Share	3/10	3/10	3/10	1/10
(*iii*) Sacrifice/(Gain) (*i* – *ii*)	3/10	...	(2/10)	(1/10)
	Sacrifice		Gain	Gain

ADJUSTMENT JOURNAL ENTRY

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2020 April 1	Siya's Capital A/c (₹ 1,65,000 × ₹ 2/10) ...Dr. Miya's Current A/c (₹ 1,65,000 × ₹ 1/10) ...Dr. To Priya's Capital A/c (₹ 1,65,000 × ₹ 3/10) (Being the adjustment made for net accumulated profits , losses and reserves)		33,000 16,500	 49,500

(*b*) JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2020 April 1	Rose's Capital A/c ...Dr. Daisy's Capital A/c ...Dr. Lily's Capital A/c ...Dr. To Goodwill A/c (Being the existing goodwill written off)		36,000 12,000 12,000	 60,000
	General Reserve A/c ...Dr. To Rose's Capital A/c To Daisy's Capital A/c To Lily's Capital A/c (Being 25% balance of General Reserve retained for contingencies and balance appropriated)		22,500	 13,500 4,500 4,500
	Revaluation A/c ...Dr. To Provision for Outstanding Legal Charges A/c (Being the provision created for outstanding legal charges)		2,000	 2,000
	Investments A/c ...Dr. Unexpired Insurance A/c ...Dr. To Revaluation A/c (Being the increase in value of assets recorded)		25,000 2,000	 27,000
	Revaluation A/c ...Dr. To Rose's Capital A/c To Daisy's Capital A/c To Lily's Capital A/c (Being the gain (profit) on revaluation transferred to Partners' Capital Accounts)		25,000	 15,000 5,000 5,000
	Rose's Capital A/c ...Dr. To Investments A/c (Being the investments taken by Rose)		2,00,000	 2,00,000
	Investments Fluctuation Reserve A/c ...Dr. To Rose's Capital A/c To Daisy's Capital A/c To Lily's Capital A/c (Being the investments of Fluctuation Reserve distributed among partners)		45,000	 27,000 9,000 9,000
	Daisy's Capital A/c ...Dr. Lily's Capital A/c ...Dr. To Rose's Capital A/c (Being the Rose's share of goodwill adjusted between Daisy and Lily in their gaining ratio, *i.e.*, 1 : 1)		30,000 30,000	 60,000
	Rose's Capital A/c ...Dr. To Bank A/c To Rose's Loan A/c (Being ₹ 1,00,000 paid to Rose and balance transferred to her Loan Account)		2,29,500	 1,00,000 1,29,500

Working Notes:

1. Unless agreed otherwise, gaining ratio of remaining or continuing partners is same as their old profit-sharing ratio.
2. Rose's share of Goodwill = 3/5 of ₹ 1,00,000 = ₹ 60,000, which will be contributed by Daisy and Lily in their gaining ratio, i.e., 1 : 1.

3. *Dr.* ROSE'S CAPITAL ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Investments A/c	2,00,000	By Balance *b/d*	3,50,000
To Goodwill A/c	36,000	By General Reserve A/c	13,500
To Bank A/c	1,00,000	By Investments Fluctuation Reserve A/c	27,000
To Rose's Loan A/c	1,29,500	By Revaluation A/c (Gain)	15,000
		By Daisy's Capital A/c	30,000
		By Lily's Capital A/c	30,000
	4,65,500		4,65,500

5. (*a*) ADJUSTMENT JOURNAL ENTRY

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Strong's Capital A/c ...Dr.		8,000	
	To Feeble's Capital A/c			8,000
	(Being the error rectified)			

Working Notes:

1. STATEMENT SHOWING REQUIRED ADJUSTMENT

Particulars	Strong's Capital A/c		Weak's Capital A/c		Feeble's Capital A/c		Firm	
	Dr. (₹)	Cr. (₹)	Dr. (₹)	Cr. (₹)	Dr. (₹)	Cr. (₹)	Dr. (₹)	Cr. (₹)
Salary Payable to Strong & Weak	...	6,000	...	6,000	...	...	12,000	...
Commission Payable to Feeble	...	...	...	...	...	8,000	8,000	...
Share of Profit in ₹ 1,20,000 (*i.e.,* ₹ 1,40,000 – ₹ 12,000 – ₹ 8,000) (WN 2)	...	42,000	...	50,000	...	28,000	1,20,000	...
Profit of ₹ 1,40,000 already distributed in 2 : 2 : 1, now taken back	56,000	...	56,000	...	28,000	...	...	1,40,000
	56,000	48,000	56,000	56,000	28,000	36,000	1,40,000	1,40,000
Net Effect	8,000 Dr.		...		8,000 Cr.		...	

2. DISTRIBUTION OF PROFITS

Particulars	Strong	Weak	Feeble
Profit of ₹ 1,20,000 [*i.e.,* ₹ 1,40,000 – ₹ 12,000 (Salary of Strong and Weak) – ₹ 8,000 (Commission of Feeble)] will be divided between Strong, Weak and Feeble in the ratio of 3 : 3 : 2	₹ 1,20,000 × 3/8 = ₹ 45,000	₹ 1,20,000 × 3/8 = ₹ 45,000	₹ 1,20,000 × 2/8 = ₹ 30,000

However, Weak's *minimum guaranteed profit is ₹ 50,000. So, there is a deficiency of ₹ 5,000.*

Deficiency to be met by Strong and Feeble in 3 : 2	₹ 5,000 × 3/5 = ₹ 3,000	...	₹ 5,000 × 2/5 = ₹ 2,000
Adjusted Share of Profit	₹ 45,000 – ₹ 3,000 = ₹ 42,000	₹ 45,000 + ₹ 3,000 + ₹ 2,000 = ₹ 50,000	₹ 30,000 – ₹ 2,000 = ₹ 28,000

(*b*) (*i*) *Goodwill at 3 years' Purchase of Average Profit:*

$$\text{Average Profit} = \frac{₹\ 1,90,000 + ₹\ 2,20,000 + ₹\ 2,50,000}{3} = ₹\ 2,20,000$$

Average Profit for Goodwill = ₹ 2,20,000 – Management Cost
= ₹ 2,20,000 – ₹ 1,00,000 = ₹ 1,20,000

Goodwill = Average Profit × Number of Years' Purchase
= ₹ 1,20,000 × 3 = ₹ 3,60,000.

(*ii*) *Goodwill at 2 Years' Purchase of Super Profit:*

Normal Profit = Capital Employed × Normal Rate of Return/100
= ₹ 4,00,000 × 15/100 = ₹ 60,000

Super Profit = Average Profit – Normal Profit
= ₹ 1,20,000 – ₹ 60,000 = ₹ 60,000

Goodwill = Super Profit × Number of Years' Purchase
= ₹ 60,000 × 2 = ₹ 1,20,000.

(*iii*) *Goodwill under Capitalisation of Super Profit:*

$$\text{Goodwill} = \text{Super Profit} \times \frac{100}{\text{Normal Rate of Return}}$$

= ₹ 60,000 × 100/15 = ₹ 4,00,000.

6.

Dr. REALISATION ACCOUNT *Cr.*

Particulars	₹	Particulars		₹
To Debtors A/c	1,70,000	By Sundry Creditors A/c		80,000
To Stock A/c	1,50,000	By Ram's Brother's Loan A/c		80,000
To Investments A/c	2,50,000	By Provision for Doubtful Debts A/c		20,000
To Building A/c	2,50,000	By Investment Fluctuation Fund A/c		50,000
To Goodwill A/c	1,00,000	By Bank A/c (Assets Realised)		
To Ram's Capital A/c (Ram's Brother's Loan)	80,000	Debtors (80% of ₹ 1,50,000)	1,20,000	
To Bank A/c:		Investments (80% of ₹ 2,50,000)	2,00,000	
Creditors (₹ 80,000 – ₹ 20,000)	60,000	Goodwill (60% of ₹ 1,00,000)	60,000	
To Bank A/c (Realisation Expenses)	20,000	Building (₹ 3,00,000 – ₹ 10,000)	2,90,000	
		Stock (WN 2)	50,000	7,20,000
		By Rahim's Capital A/c (WN 1)		40,000
		By Loss transferred to:		
		Ram's Capital A/c	72,000	
		Rahim's Capital A/c	18,000	90,000
	10,80,000			10,80,000

Dr. PARTNERS' CAPITAL ACCOUNTS *Cr.*

Particulars	Ram (₹)	Rahim (₹)	Particulars	Ram (₹)	Rahim (₹)
To Profit and Loss A/c	80,000	20,000	By Balance *b/d*	5,00,000	4,00,000
To Realisation A/c (Stock)	...	40,000	By Realisation A/c (Brother's Loan)	80,000	...
To Realisation A/c (Loss)	72,000	18,000			
To Bank A/c (Final Payment)	4,28,000	3,22,000			
	5,80,000	4,00,000		5,80,000	4,00,000

Dr. RAHIM'S LOAN ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Bank A/c	30,000	By Balance *b/d*	30,000
	30,000		30,000

Dr.	BANK ACCOUNT		*Cr.*
Particulars	₹	Particulars	₹
To Balance *b/d*	2,00,000	By Bank Overdraft	60,000
To Realisation A/c (Assets Realised)	7,20,000	By Realisation A/c (Creditors)	60,000
		By Realisation A/c (Expenses)	20,000
		By Rahim's Loan A/c	30,000
		By Ram's Capital A/c (Final Payment)	4,28,000
		By Rahim's Capital A/c (Final Payment)	3,22,000
	9,20,000		9,20,000

Working Notes:

1. *Calculation of book value of stock taken by Rahim:*
   Let book value of stock taken over by Rahim = ₹ 100; Rahim takes it at 20% *less* than the book value, *i.e.*, ₹ 100 – ₹ 20 = ₹ 80
   Book Value of Stock taken by Rahim = ₹ 40,000 × ₹ 100/₹ 80 = ₹ 50,000.
2. Out of Total Stock of ₹ 1,50,000; Stock of ₹ 50,000 is taken by Rahim. Firm sold the remaining stock of ₹ 1,00,000 at 50% of its book value, *i.e.*, at ₹ 50,000.

7. (*a*) JOURNAL OF MOON LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019				
Mar. 31	Surplus, *i.e.*, Balance in Statement of Profit and Loss A/c ...Dr.		2,50,000	
	To Debentures Redemption Reserve A/c			2,50,000
	(Being the profit transferred to DRR equivalent to 25% of the value of Debentures outstanding)			
April 1	Debentures Redemption Investment A/c ...Dr.		1,50,000	
	To Bank A/c			1,50,000
	(Being the amount invested in specified securities equal to 15% of the amount of redeemable debentures)			
Sept. 30	Bank A/c ...Dr.		1,56,000	
	To Debentures Redemption Investment A/c			1,50,000
	To Interest Earned A/c			6,000
	(Being the debentures redemption investment realised and interest received)			
Oct. 1	9% Debentures A/c ...Dr.		10,00,000	
	To Debentureholders' A/c			10,00,000
	(Being the amount due on redemption)			
	Debentureholders' A/c ...Dr.		10,00,000	
	To Bank A/c			10,00,000
	(Being payment made to debentureholders)			
	Debentures Redemption Reserve A/c ...Dr.		2,50,000	
	To General Reserve A/c			2,50,000
	(Being the amount in DRR A/c transferred to General Reserve)			

Note: As per Section 71(4) of the Companies Act, 2013 and Rule 18(7)(*b*) of the Companies (Share Capital and Debentures) Rules, 2014, an amount at least equal to 25% of the Nominal Value of Debentures Outstanding is credited to Debentures Redemption Reserve Account and as per Rule 18(7)(*c*) of the Companies (Share Capital and Debentures), Rules, 2014 investment is made in specified securities of an amount equal to at least 15% of the nominal value of debentures to be redeemed.

(*b*) JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(*i*)	Bank A/c ...Dr. To Debentures Application and Allotment A/c (Being the application money received)		4,32,000	 4,32,000
	Debentures Application and Allotment A/c ...Dr. Loss on Issue of Debentures A/c ...Dr. To 9% Debentures A/c To Securities Premium Reserve A/c To Premium on Redemption of Debentures A/c (Being the issue of 4,000 debentures at a premium of 8% redeemable at 10% premium)		4,32,000 40,000	 4,00,000 32,000 40,000
(*ii*)	Bank A/c ...Dr. To Debentures Application and Allotment A/c (Being the application money received for 6,000 debentures)		6,00,000	 6,00,000
	Debentures Application and Allotment A/c ...Dr. Loss on Issue of Debentures A/c ...Dr. To 9% Debentures A/c To Premium on Redemption of Debentures A/c (Being the issue of 6,000 debentures at par repayable at a premium of 10%)		6,00,000 60,000	 6,00,000 60,000

(*c*) JOURNAL OF VENUS LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c ...Dr. To Sundry Liabilities A/c To Cayns Ltd. To Capital Reserve A/c (Bal. Fig.) (Being the assets and liabilities of Cayns Ltd. taken over)		10,00,000	 1,80,000 7,60,000 60,000
	Cayns Ltd. ...Dr. Discount on Issue of Debentures A/c ...Dr. To 9% Debentures A/c (Being 8,000; 9% Debentures of ₹ 100 each issued against purchase consideration at 5% discount)		7,60,000 40,000	 8,00,000

8. (*a*) BALANCE SHEET OF VIKAS LTD. *as at ...*

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	27,60,000

Note to Accounts

Particulars		₹
1. Share Capital		
Authorised Capital		
... Equity Shares of ₹ 100 each		...
Issued Capital		
32,000 Equity Shares of ₹ 100 each		32,00,000
Subscribed Capital		
Subscribed and fully paid-up		
26,000 Equity Shares of ₹ 100 each	26,00,000	
Add: Forfeited Shares A/c (4,000 × ₹ 40)	1,60,000	27,60,000

(*b*) **Sonam Ltd.**

BALANCE SHEET *as at 31st March, 2020* (₹ *in "000*)

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(*a*) Share Capital		780
(*b*) Reserves and Surplus		200
2. Share Application Money Pending Allotment		20
3. Non-Current Liabilities		
(*a*) Long-term Borrowings		600
(*b*) Long-term Provisions		200
4. Current Liabilities		
(*a*) Short-term Borrowings		180
(*b*) Trade Payables		40
(*c*) Other Current Liabilities	1	20
Total		2,040
II. ASSETS		
1. Non-Current Assets		
(*a*) Fixed Assets:		
Tangible		1,200
(*b*) Non-current Investments		400
2. Current Assets		
(*a*) Current Investments		100
(*b*) Inventories		40
(*c*) Trade Receivables		160
(*d*) Cash and Bank Balances		120
(*e*) Other Current Assets	2	20
Total		2,040

Notes to Accounts (₹ *in "000*)

Particulars	₹
1. Others Current Liabilities	
Oustanding Expenses	20
2. Other Current Assets	
Prepaid Expenses	20

Contingent Liabilities: Dividend Proposed for the year 2019–20 is ₹ 20,000.

Section B

9. (*a*)

Change	*Reason*
(*i*) No Change	Both purchases and closing inventory will increase by the same amount. Hence, Cost of Revenue from Operations will remain unchanged.
(*ii*) No Change	Revenue from Operations will increase but closing inventory will decrease by the same percentage (not by same amount). As a result, Cost of Revenue from Operations will increase by the same percentage as the Revenue from Operations increase.

(*b*) 'Provision for Doubtful Debts' is not deducted from the Trade Receivables as the purpose is to calculate the number of days for which sales are tied up in debtors and not to ascertain the realisable value of trade receivables. If the 'Provision for Doubtful Debts' is deducted, it would give an impression that a portion of Trade Receivables (to the extent of provision) has already been collected.

(*c*)

(*i*) $$\text{Operating Ratio} = \frac{\text{Cost of Revenue from Operations} + \text{Operating Expenses}}{\text{Revenue from Operations}} \times 100$$

$$= \frac{₹\ 13{,}20{,}000 + ₹\ 2{,}20{,}000}{₹\ 22{,}00{,}000} \times 100 = 70\%.$$

Notes: Revenue from Operations = Cash Revenue from Operations + Credit Revenue from Operations

= ₹ 10,00,000 + ₹ 12,00,000 = ₹ 22,00,000

Gross Profit = 40% of ₹ 22,00,000 = ₹ 8,80,000

Cost of Revenue from Operations = Revenue from Operations – Gross Profit

= ₹ 22,00,000 – ₹ 8,80,000 = ₹ 13,20,000

Operating Expenses = 10% of ₹ 22,00,000 = ₹ 2,20,000.

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

$$\text{Inventory Turnover Ratio} = \frac{₹\ 13{,}20{,}000}{\frac{₹\ 1{,}50{,}000\ (\text{Opening}) + ₹\ 1{,}70{,}000\ (\text{Closing})}{2}}$$

= 8.25 Times.

(*iii*) $$\text{Proprietary Ratio} = \frac{\text{Shareholders' Funds}}{\text{Total Assets}} \times 100$$

$$= \frac{₹\ 6{,}00{,}000\ (\text{Share Capital})}{₹\ 8{,}00{,}000} \times 100 = 75\%.$$

Note: Total Assets = Current Assets + Non-Current Assets (Fixed Assets)

= ₹ 3,00,000 + ₹ 5,00,000 = ₹ 8,00,000.

10. **Uniball Ltd.**

CASH FLOW STATEMENT as Per AS–3 *for the year ended 31st March, 2020*

Particulars		₹	₹
I. Cash Flow from Operating Activities			
Net Profit before Tax (WN 1)		6,00,000	
Adjustment for Non-Cash and Non-Operating Items:			
Add: Depreciation on Machinery		7,00,000	
Interest on Debentures (10% of ₹ 10,00,000)		1,00,000	
Amortisation of Intangible Assets (Patents)		40,000	
		14,40,000	
Less: Gain (Profit) on Sale of Non-current Investments	10,000		
Gain (Profit) on Sale of Machinery	60,000	70,000	
Operating Profit before Working Capital Changes		13,70,000	
Add: Decrease in Current Assets and Increase in Current Liabilities:			
Inventories	2,00,000		
Trade Receivables	2,00,000		
Trade Payables	9,50,000	13,50,000	27,20,000
Less: Decrease in Current Liabilities:			
Outstanding Expenses			30,000
Cash Flow from Operating Activities			26,90,000
II. Cash Flow from Investing Activities			
Purchase of Machinery (WN 2)		(18,80,000)	
Sale of Machinery (WN 2)		2,40,000	
Sale of Non-current Investments (WN 3)		60,000	
Purchase of Non-current Investments (WN 3)		(1,00,000)	
Cash Used in Investing Activities			(16,80,000)
III. Cash Flow from Financing Activities			
Interest on Debentures Paid		(1,00,000)	
Dividend Paid (₹ 2,00,000 – ₹ 60,000)		(1,40,000)	
Cash Used in Financing Activities			(2,40,000)
IV. Net Increase in Cash and Bank Balances (I + II + III)			7,70,000
V. *Add:* Opening Cash and Bank Balances			1,80,000
VI. Closing Cash and Bank Balances (IV + V)			9,50,000

Working Notes:

1. *Calculation of Net Profit before Tax:*

	₹
Surplus, *i.e.*, Balance in Statement of Profit and Loss (Closing)	9,00,000
Less: Surplus, *i.e.*, Balance in Statement of Profit and Loss (Opening)	5,00,000
	4,00,000
Add: Interim Dividend Paid	2,00,000
Net Profit before Tax	6,00,000

2. *Dr.* MACHINERY ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Balance *b/d*	20,00,000	By Bank A/c (Sale)*	2,40,000
To Gain (Profit) on Sale of Machinery A/c (Statement of Profit and Loss)	60,000	(₹ 4,00,000 – ₹ 2,20,000 + ₹ 60,000)	
		By Depreciation A/c	7,00,000
To Bank A/c (Purchase) (Balancing Figure)	18,80,000	By Balance *c/d*	30,00,000
	39,40,000		39,40,000

**Calculation of Sale Value of Machinery*

	₹
Book value on the date of sale	1,80,000
Add: Gain (Profit) on Sale	60,000
Sale Value of Machinery	2,40,000

3. *Dr.* NON-CURRENT INVESTMENTS ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Balance *b/d*	1,50,000	By Bank A/c (Sale)	60,000
To Gain (Profit) on Sale of Non-current Investments A/c (Statement of P & L)	10,000	By Balance *c/d*	2,00,000
To Bank A/c (Purchase) (Balancing Figure)	1,00,000		
	2,60,000		2,60,000

11. (*a*) Objectives of Common-size Income Statement:

(*i*) To analyse change in individual items of Income Statement.

(*ii*) To determine the trend in different items of Revenue and Expenses.

(*b*) Cash Equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(*c*) (*i*) Purchase/Sale of Fixed Assets.

(*ii*) Purchase of Goodwill.

(*d*) COMMON-SIZE STATEMENT OF PROFIT AND LOSS

for the years ended 31st March, 2020 and 2019

Particulars	Absolute Amounts		% of Revenue from Operations	
	31st March, 2020 (₹)	31st March, 2019 (₹)	31st March, 2020 (%)	31st March, 2019 (%)
I. Revenue from Operations	7,50,000	5,00,000	100	100
II. Other Income	90,000	1,00,000	12	20
III. Total Revenue	8,40,000	6,00,000	112	120
IV. Expenses:				
Cost of Materials Consumed	4,50,000	2,50,000	60	50
Other Expenses	75,000	50,000	10	10
Total Expenses	5,25,000	3,00,000	70	60
V. Profit before Tax (III – IV)	3,15,000	3,00,000	42	60
VI. Tax Expense	94,500	90,000	12.6	18
VII. Profit after Tax (V – VI)	2,20,500	2,10,000	29.4	42