

Model Test Paper 2

23. Balance Sheet of New Light Ltd. for the year ended 31st March, 2018 is as follows:

BALANCE SHEET OF NEW LIGHT LTD.
as at 31st March, 2018

Particulars	Note No.	31st March, 2018 (₹)	31st March, 2017 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		22,50,000	22,50,000
(b) Reserves and Surplus	1	18,90,000	17,80,000
2. Non-Current Liabilities			
Long-term Borrowings	2	13,50,000	...
3. Current Liabilities			
(a) Trade Payables		6,70,000	8,40,000
(b) Short-term Provisions	3	3,20,000	6,00,000
Total		64,80,000	54,70,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets (Tangible)	4	16,00,000	20,00,000
(b) Non-current Investments		3,00,000	2,50,000
2. Current Assets			
(a) Current Investments		85,000	95,000
(b) Inventories		10,50,000	12,00,000
(c) Trade Receivables		22,75,000	10,50,000
(d) Cash and Cash Equivalents		11,70,000	8,75,000
Total		64,80,000	54,70,000

Notes to Accounts

Particulars	31st March, 2018 (₹)	31st March, 2017 (₹)
1. Reserves and Surplus		
General Reserve	15,50,000	15,00,000
Surplus, i.e., Balance in Statement of Profit and Loss	3,40,000	2,80,000
	18,90,000	17,80,000
2. Long-term Borrowings		
1,350; 10% Debentures of ₹ 1,000 each	13,50,000	...
3. Short-term Provisions		
Provision for Tax	50,000	3,75,000
Proposed Dividend	2,70,000	2,25,000
	3,20,000	6,00,000
4. Fixed Assets (Tangible)		
Land and Building	8,00,000	10,00,000
Plant and Machinery	8,00,000	10,00,000
	16,00,000	20,00,000

Additional Information:

- (i) Provision for tax made during the year was ₹ 45,000.
- (ii) Land and Building of Book Value ₹ 4,00,000 was sold at a profit of 10%.
- (iii) The Rate of Depreciation on Plant and Machinery is 10%. Part of Machinery was sold at book value.
- (iv) 10% Debentures have been issued on 31st March, 2018.

Prepare Cash Flow Statement.

(6)

Solution:**23.**

CASH FLOW STATEMENT
for the year ended 31st March, 2018

Particulars	₹	₹	₹
I. Cash Flow from Operating Activities			
Net Profit for the Year:			
Closing Balance of Surplus, i.e., Balance in Statement of Profit and Loss		3,40,000	
Less: Opening Balance of Surplus, i.e., Balance in Statement of Profit and Loss		2,80,000	
Profit during the Year		60,000	
Add: Provision for Tax		45,000	
Transfer to General Reserve		50,000	
Proposed Dividend		2,70,000	
Net Profit before Tax and Extraordinary Items		4,25,000	
Add: Non-Cash/Non-operating Expenses			
Depreciation on Plant and Machinery		1,00,000	
		5,25,000	
Less: Non-operating Income (Gain on Sale of Building)		40,000	
Operating Profit before Working Capital Changes		4,85,000	
Add: Decrease in Current Assets:			
Inventories		1,50,000	
		6,35,000	
Less: Increase in Current Assets and Decrease in Current Liabilities:			
Trade Receivables	12,25,000		
Trade Payables	1,70,000	(13,95,000)	
		(7,60,000)	
Less: Income Tax Paid (WN 1)		(3,70,000)	
Cash Used in Operating Activities			(11,30,000)
II. Cash Flow from Investing Activities			
Purchase of Investments		(50,000)	
Proceeds from Sale of Building		4,40,000	
Proceeds from Sale of Machinery		1,00,000	
Purchase of Building		(2,00,000)	
Cash Flow from Investing Activities			2,90,000
III. Cash Flow from Financing Activities			
Proceeds from Issue of 10% Debentures		13,50,000	
Dividend Paid		(2,25,000)	
Cash Flow from Financing Activities			11,25,000
IV. Net Increase in Cash and Cash Equivalents (I + II + III)			
			2,85,000
Add: Opening Cash and Cash Equivalents* (₹ 8,75,000 + ₹ 95,000)			9,70,000
V. Closing Cash and Cash Equivalents (₹ 11,70,000 + ₹ 85,000)			
			12,55,000

*Cash and Cash Equivalents = Cash and Cash Equivalents + Current Investments.

Working Notes:

1. Dr.		PROVISION FOR TAX ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Bank A/c (Tax Paid) (Balancing Figure)	3,70,000	By Balance <i>b/d</i>		3,75,000	
To Balance <i>c/d</i>	50,000	By Statement of Profits and Loss (Provision Made)		45,000	
	<u>4,20,000</u>			<u>4,20,000</u>	

2. Dr.		LAND AND BUILDING ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Balance <i>b/d</i>	10,00,000	By Bank A/c (Sale) (₹ 4,00,000 + ₹ 40,000)		4,40,000	
To Gain (Profit) on Sale of Building A/c (Statement of Profit and Loss)	40,000	By Balance <i>c/d</i>		8,00,000	
To Bank A/c (Purchase) (Balancing Figure)	2,00,000				
	<u>12,40,000</u>			<u>12,40,000</u>	

3. Dr.		PLANT AND MACHINERY ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Balance <i>b/d</i>	10,00,000	By Depreciation A/c		1,00,000	
		By Bank A/c (Sale)		1,00,000	
		By Balance <i>c/d</i>		8,00,000	
	<u>10,00,000</u>			<u>10,00,000</u>	

Model Test Paper 3

23. From the following Balance Sheet of Powerful Ltd. as at 31st March, 2018 and additional information, prepare a Cash Flow Statement:

Particulars	Note No.	31st March, 2018 (₹)	31st March, 2017 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		2,25,000	1,75,000
(b) Reserves and Surplus	1	62,500	25,000
2. Non-Current Liabilities			
Long-term Borrowings	2	1,12,500	87,500
3. Current Liabilities			
(a) Short-term Borrowings	3	37,500	18,750
(b) Short-term Provisions	4	1,30,000	91,250
Total		5,67,500	3,97,500
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets:			
(i) Tangible Assets	5	3,66,250	2,28,750
(ii) Intangible Assets	6	25,000	37,500
(b) Non-current Investments		37,500	25,000
2. Current Assets			
(a) Current Investments		10,000	17,500
(b) Inventories	7	30,500	18,000
(c) Cash and Cash Equivalents		98,250	70,750
Total		5,67,500	3,97,500

Notes to Accounts

Particulars	31st March, 2018 (₹)	31st March, 2017 (₹)
1. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	62,500	25,000
2. Long-term Borrowings		
12% Debentures	1,12,500	87,500
3. Short-term Borrowings		
Bank Overdraft	37,500	18,750
4. Short-term Provisions		
Provision for Tax	50,000	31,250
Proposed Dividend	80,000	60,000
	1,30,000	91,250
5. Tangible Assets		
Machinery	4,18,750	2,63,750
Less: Accumulated Depreciation	(52,500)	(35,000)
	3,66,250	2,28,750
6. Intangible Assets		
Goodwill	25,000	37,500
7. Inventories		
Stock-in-Trade	30,500	18,000

Additional Information:

- (i) ₹ 25,000, 12% Debentures were issued on 31st March, 2018.
- (ii) During the year a piece of machinery costing ₹ 20,000, on which accumulated depreciation was ₹ 10,000, was sold at a loss of ₹ 2,500.
- (iii) Provision for Tax made during the year ₹ 40,000. (6)

Solution:

23. CASH FLOW STATEMENT
for the year ended 31st March, 2018

Particulars	₹	₹
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items (WN 1)	1,57,500	
<i>Add: Non Cash and Non-operating Items:</i>		
Goodwill amortised	12,500	
Depreciation on Machinery (WN 4)	27,500	
Interest on Debentures (₹ 87,500 × 12/100)	10,500	
Loss on Sale of Machinery	2,500	
Operating Profit before Working Capital Changes	2,10,500	
<i>Less: Increase in Current Assets:</i>		
Inventories	12,500	
Cash Generated from Operations	1,98,000	
<i>Less: Tax paid (WN 2)</i>	21,250	
<i>Cash Flow from Operating Activities</i>		1,76,750
B. Cash Flow from Investing Activities		
Purchase of Machinery (WN 3)	(1,75,000)	
Proceeds from Sale of Machinery	7,500	
Purchase of Non-current Investments	(12,500)	
<i>Cash Used in Investing Activities</i>		(1,80,000)
C. Cash Flow from Financing Activities		
Proceeds from Issue of Shares	50,000	
Proceeds from Issue of 12% Debentures	25,000	
Interest on Debentures Paid	(10,500)	
Dividend Paid	(60,000)	
Bank Overdraft Raised	18,750	
<i>Cash Flow from Financing Activities</i>		23,250
D. Net Increase/Decrease in Cash and Cash Equivalents (A + B + C)		20,000
<i>Add: Opening Balance of Cash and Cash Equivalents:</i>		
Current Investments	17,500	
Cash and Cash Equivalents	70,750	88,250
E. Closing Balance of Cash and Cash Equivalents:		
Current Investments	10,000	
Cash and Cash Equivalents	98,250	1,08,250

Working Notes:

1. Calculation of Net Profit before Tax and Extraordinary Items:	₹
Net Profit as per Statement of Profit and Loss (₹ 62,500 – ₹ 25,000)	37,500
<i>Add: Provision for Tax</i>	40,000
Proposed Dividend	80,000
Net Profit before Tax and Extraordinary Items	<u>1,57,500</u>

2. Dr.		PROVISION FOR TAX ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Bank A/c (Tax Paid—Balancing Figure)	21,250	By Balance b/d	31,250		
To Balance c/d	50,000	By Statement of Profit and Loss (Provision Made)	40,000		
	<u>71,250</u>		<u>71,250</u>		

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3. Dr.		MACHINERY ACCOUNT		Cr.
Particulars	₹	Particulars		₹
To Balance <i>b/d</i>	2,63,750	By Bank A/c (Sale)		7,500
To Bank A/c (Purchase) (Balancing Figure)	1,75,000	By Loss on Sale of Machinery A/c		2,500
		By Accumulated Depreciation A/c		10,000
		By Balance <i>c/d</i>		4,18,750
	<u>4,38,750</u>			<u>4,38,750</u>

4. Dr.		ACCUMULATED DEPRECIATION ACCOUNT		Cr.
Particulars	₹	Particulars		₹
To Machinery A/c (Transfer)	10,000	By Balance <i>b/d</i>		35,000
To Balance <i>c/d</i>	52,500	By Statement of Profit and Loss (Bal. Fig.) (Depreciation Provided)		27,500
	<u>62,500</u>			<u>62,500</u>

Model Test Paper 5

23. From the following Balance Sheet of Hemco Ltd., prepare Cash Flow Statement:

Particulars	Note No.	31st March, 2018 (₹)	31st March, 2017 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		10,00,000	10,00,000
(b) Reserves and Surplus	1	7,00,000	5,50,000
2. Non-Current Liabilities			
Long-term Borrowings	2	1,00,000	2,00,000
3. Current Liabilities			
(a) Trade Payables		1,00,000	1,10,000
(b) Short-term Provisions	3	2,95,000	2,30,000
Total		21,95,000	20,90,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets:			
(i) Tangible Assets	4	10,10,000	12,00,000
(ii) Intangible Assets: Goodwill		1,80,000	2,00,000
(b) Non-current Investments		1,00,000	...
2. Current Assets			
(a) Inventories		1,80,000	1,00,000
(b) Trade Receivables		2,00,000	1,50,000
(c) Cash and Cash Equivalents	5	5,25,000	4,40,000
Total		21,95,000	20,90,000

Notes to Accounts

Particulars	31st March, 2018 (₹)	31st March, 2017 (₹)
1. Reserves and Surplus		
<i>Surplus, i.e., Balance in Statement of Profit and Loss</i>		
Opening Balance	6,00,000	5,00,000
Add: Profit for the year	3,00,000	2,00,000
	9,00,000	7,00,000
Less: Dividend	2,00,000	1,50,000
	7,00,000	5,50,000
2. Long-term Borrowings		
2,000, 10% Debentures of ₹ 100 each	...	2,00,000
Bank Loan	1,00,000	...
	1,00,000	2,00,000
3. Short-term Provisions		
Provisions for Tax	95,000	80,000
Proposed Dividend	2,00,000	1,50,000
	2,95,000	2,30,000
4. Tangible Assets		
Land and Building	6,50,000	8,00,000
Plant and Machinery	3,60,000	4,00,000
	10,10,000	12,00,000

5. Cash and Cash Equivalents

Cash in Hand	70,000	50,000
Bank Balance	4,55,000	3,90,000
	5,25,000	4,40,000

Additional Information:

- (i) Income Tax paid during the year includes ₹ 15,000 paid towards Dividend Distribution Tax.
- (ii) Land and Building of Book Value ₹ 1,50,000 was sold at a Profit of 10%.
- (iii) Rate of Depreciation on Plant and Machinery is 10%. (6)

Solution:**23.****Hemco Ltd.**

CASH FLOW STATEMENT
for the year ended 31st March, 2018

Particulars	₹	₹
I. Cash Flow from Operating Activities		
<i>Net Profit for the year:</i>		
Closing Balance of Surplus, i.e., Balance in Statement of Profit and Loss	7,50,000	
Less: Opening Balance of Surplus, i.e., Balance in Statement of Profit and Loss	6,00,000	
	1,50,000	
<i>Add:</i> Provision for Tax	95,000	
Proposed Dividend	2,00,000	
Net Profit before Tax and Extraordinary Activities	4,45,000	
<i>Add: Non-Cash/Non-Operating Expenses:</i>		
Depreciation	40,000	
Goodwill Amortised	20,000	
	60,000	
	5,05,000	
<i>Less: Non-Operating Income: Gain (Profit) on Sale of Land and Building</i>	15,000	
Operating Profit before Working Capital Changes	4,90,000	
<i>Less: Decrease in Current Liabilities and Increase in Current Assets:</i>		
Trade Payables	10,000	
Trade Receivables	50,000	
Inventories	80,000	
	1,40,000	
Cash Generated from Operating Activities	3,50,000	
Less: Income Tax Paid (₹ 80,000 – ₹ 15,000 Dividend Distribution Tax)	65,000	
<i>Cash Flow from Operating Activities</i>		2,85,000
II. Cash Flow from Investing Activities		
Proceeds from Sale of Land and Building	1,65,000	
Purchase of Non-current Investments	(1,00,000)	
<i>Cash Flow from Investing Activities</i>		65,000
III. Cash Flow from Financing Activities		
Payments for Redemption of 10% Debentures	(2,00,000)	
Proceeds from Bank Loan	1,00,000	
Payment of Dividend	(1,50,000)	
Payment of Dividend Distribution Tax	(15,000)	
<i>Cash Used in Financing Activities</i>		(2,65,000)
IV. Net Increase in Cash and Cash Equivalents (I + II + III)		85,000
<i>Add: Opening Cash and Cash Equivalents</i>		4,40,000
V. Closing Cash and Cash Equivalents		5,25,000

Working Notes:

1. It is assumed that 10% Debentures have been redeemed in the beginning of the year. Therefore, interest is not provided.

2. Dr.		LAND AND BUILDING ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Balance <i>b/d</i>	8,00,000	By Bank A/c (Sale) (₹ 1,50,000 + ₹ 15,000)	1,65,000	
To Gain (Profit) on Sale of Land and Building A/c (Statement of Profit and Loss)	15,000	By Balance <i>c/d</i>	6,50,000	
	8,15,000		8,15,000	
	8,15,000		8,15,000	

Model Test Paper 6

23. From the following Balance Sheet of Sunrise Ltd. as at 31st March, 2018, prepare Cash Flow Statement:

Particulars	Note No.	31st March 2018 (₹)	31st March 2017 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	30,00,000	30,00,000
(b) Reserves and Surplus	2	7,80,000	3,80,000
2. Non-Current Liabilities			
Long-term Borrowings	3	10,00,000	10,00,000
3. Current Liabilities			
(a) Trade Payables		15,50,000	6,00,000
(b) Other Current Liabilities	4	1,00,000	70,000
(c) Short-term Provisions	5	1,70,000	1,50,000
Total		66,00,000	52,00,000
II. ASSETS			
1. Non-Current Assets			
(a) <i>Fixed Assets:</i>			
(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 Cash Equivalents		20,00,000	12,10,000
Total		66,00,000	52,00,000

Notes to Accounts

Particulars		31st March, 2018 (₹)	31st March, 2017 (₹)
1. Share Capital			
Equity Share Capital		20,00,000	20,00,000
12% Preference Share Capital		10,00,000	10,00,000
		30,00,000	30,00,000
2. Reserves and Surplus			
Surplus, i.e., Balance in Statement of Profit and Loss		11,00,000	5,00,000
Less: Interim Dividend	2,00,000		
Preference Dividend	1,20,000	3,20,000	1,20,000
		7,80,000	3,80,000
3. Long-term Borrowings			
10% Debentures		10,00,000	10,00,000
4. Other Current Liabilities			
Unclaimed Dividend (Equity)		60,000	...
Outstanding Expenses		40,000	70,000
		1,00,000	70,000
5. Short-term Provisions			
Provision for Tax		50,000	30,000
Proposed Dividend		1,20,000	1,20,000
		1,70,000	1,50,000

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%. It did not propose final dividend on Equity Shares but paid Preference Dividend. (6)

Solution:**23.** CASH FLOW STATEMENT for the year ended 31st March, 2018

Particulars	₹	₹
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items:		
Closing Balance of Surplus, i.e., Balance in Statement of Profit and Loss		7,80,000
Less: Opening Balance of Surplus, i.e., Balance in Statement of Profit and Loss		3,80,000
		4,00,000
Add: Provision for Tax (Current Year)		50,000
Interim Dividend		2,00,000
Proposed Dividend on Preference Shares* (12% of ₹ 10,00,000)		1,20,000
Net Profit before Tax		7,70,000
Adjustment for Non-Cash and Non-Operating Items:		
Depreciation on Machinery	7,00,000	
Interest on Debentures	1,00,000	
Patents written off	40,000	8,40,000
		16,10,000
Less: Gain (Profit) on Sale of Machinery (WN)		60,000
Operating Profit before Working Capital Changes		15,50,000
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
Less: Decrease in Current Liabilities:		29,00,000
Outstanding Expenses		30,000
Net Cash Generated from Operating Activities		28,70,000
Less: Tax Paid		30,000
Cash Flow from Operating Activities		28,40,000
B. Cash Flow from Investing Activities		
Proceeds from Sale of Machinery	2,40,000	
Purchase of Machinery (WN)	(18,80,000)	
Purchase of Non-current Investments	(50,000)	
Cash Used in Investing Activities		(16,90,000)
C. Cash Flow from Financing Activities		
Interest on Debentures Paid	(1,00,000)	
Interim Dividend Paid (₹ 2,00,000 – ₹ 60,000)	(1,40,000)	
Preference Dividend Paid	(1,20,000)	
Cash Used in Financing Activities		(3,60,000)
D. Net Increase in Cash and Cash Equivalents (A + B + C)		7,90,000
Add: Opening Cash and Cash Equivalents		12,10,000
E. Closing Cash and Cash Equivalents		20,00,000

*The company has paid interim dividend on Equity Shares but it did not propose final dividend on them but has paid dividend on Preference Shares.

Working Note:

MACHINERY ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Balance <i>b/d</i>	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)	
To Bank A/c (Purchase)	18,80,000	By Depreciation A/c	7,00,000
(Balancing Figure)		By Balance <i>c/d</i>	30,00,000
	39,40,000		39,40,000
	39,40,000		39,40,000

Model Test Paper 7

23. (a) From the following information, calculate Cash Flow from Operating Activities:

Particulars	31st March, 2018	31st March, 2017
	₹	₹
Surplus, <i>i.e.</i> , Balance in the Statement of Profit and Loss	71,000	89,000
Inventory	12,000	4,000
Trade Receivables	58,000	45,000
Outstanding Expenses	14,600	10,000
Goodwill	57,000	27,000
Cash in Hand	9,000	12,000
Machinery	82,000	56,000

- (i) A piece of machinery costing ₹ 50,000 on which depreciation of ₹ 20,000 had been charged was sold for ₹ 10,000. Depreciation charged during the year was ₹ 18,000.
- (ii) Income Tax ₹ 23,000 was paid during the year.
- (iii) Interim Dividend paid during the year was ₹ 36,000.
- (iv) During the year, Non-current Investments were sold at a profit of 20% which is transferred to Capital Reserve. Book value of investment sold ₹ 10,000.

(b) From the following information, calculate Net Cash Flow from Investing Activities:

Particulars	31st March, 2018	31st March, 2017
	₹	₹
Machinery (At Cost)	4,10,000	2,50,000
Accumulated Depreciation	90,000	60,000

Additional Information: During the year, a machine costing ₹ 80,000 with its accumulated depreciation of ₹ 50,000 was sold at a profit of 20%. (4 + 2)

Solution:**23. (a) CASH FLOW FROM OPERATING ACTIVITIES**

Particulars	₹	₹
Net Profit before Tax and Extraordinary Items (WN)		41,000
<i>Add: Non-cash and Non-operating items:</i>		
Depreciation on Machinery	18,000	
Loss on Sale of Machinery (₹ 50,000 – ₹ 20,000 – ₹ 10,000)	20,000	38,000
Operating Profit before Working Capital Changes		79,000
<i>Add: Increase in Current Liabilities:</i>		
Outstanding Expenses (₹ 14,600 – ₹ 10,000)		4,600
		83,600
<i>Less: Increase in Current Assets:</i>		
Inventory (₹ 12,000 – ₹ 4,000)	8,000	
Trade Receivables (₹ 58,000 – ₹ 45,000)	13,000	21,000
Cash Flow from Operating Activities before Tax		62,600
<i>Less: Tax paid</i>		23,000
Cash Flow from Operating Activities after Tax		39,600

Working Notes:

1. Calculation of Net Profit before Tax and Extraordinary Items:	₹
Surplus, i.e., Balance in the Statement of Profit and Loss as on 31st March, 2018	71,000
<i>Less: Surplus, i.e., Balance in the Statement of Profit and Loss as on 31st March, 2017</i>	89,000
Net Loss during the year	(18,000)
<i>Add: Interim Dividend Paid</i>	36,000
Tax paid	23,000
Net Profit before Tax and Extraordinary Items	<u>41,000</u>

2. As the profit on sale of Non-current Investment ₹ 2,000 has not been transferred to Statement of Profit and Loss but to Capital Reserve, it will not be adjusted while computing Operating Profit before Working Capital Changes.

(b) CASH FLOW FROM INVESTING ACTIVITIES

Particulars	₹
Purchase of Machinery (WN 1)	(2,40,000)
Sale of Machinery	36,000
Cash Used in Investing Activities	(2,04,000)

Working Notes:

1. Dr.		MACHINERY ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance <i>b/d</i>	2,50,000	By Bank A/c (Sale Proceeds)*	36,000		
To Gain (Profit) on Sale of Machinery A/c (Statement of Profit and Loss)	6,000	By Accumulated Depreciation A/c	50,000		
To Bank A/c (Purchase)—Balancing Figure	2,40,000	By Balance <i>c/d</i>	4,10,000		
	<u>4,96,000</u>				<u>4,96,000</u>

	₹
*Book Value of Machinery on the date of Sale (₹ 80,000 – ₹ 50,000)	30,000
Add: Gain (Profit) on Sale of Machinery (20% of ₹ 30,000)	<u>6,000</u>
Sale Proceeds	<u>36,000</u>

2. Dr.		ACCUMULATED DEPRECIATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Machinery A/c—Transfer	50,000	By Balance <i>b/d</i>	60,000		
To Balance <i>c/d</i>	90,000	By Statement of Profit and Loss (Depreciation of Current Year) (Balancing Figure)	80,000		
	<u>1,40,000</u>				<u>1,40,000</u>

Model Test Paper 8

23. From the following Balance Sheet of Pioneer Traders Ltd. as at 31st March, 2018, prepare Cash Flow Statement:

BALANCE SHEET OF PIONEER TRADERS LTD. as at 31st March, 2018

Particulars	Note No.	31st March, 2018 (₹)	31st March, 2017 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		6,00,000	4,00,000
(b) Reserves and Surplus	1	2,00,000	1,00,000
2. Non-Current Liabilities			
Long-term Borrowings: 10% Bank Loan		1,00,000	2,00,000
3. Current Liabilities			
(a) Trade Payables		45,000	60,000
(b) Other Current Liabilities	2	20,000	...
(c) Short-term Provisions	3	1,70,000	1,00,000
Total		11,35,000	8,60,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets:			
(i) Tangible Assets: Machinery (Net)		6,00,000	6,00,000
(ii) Intangible Assets: Patents		45,000	50,000
(b) Non-current Investments		75,000	...
2. Current Assets			
(a) Inventories		15,000	10,000
(b) Trade Receivables		2,55,000	1,20,000
(c) Cash and Cash Equivalents		1,45,000	80,000
Total		11,35,000	8,60,000

Notes to Accounts

Particulars	31st March, 2018 (₹)	31st March, 2017 (₹)
1. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	2,00,000	1,00,000
2. Other Current Liabilities		
Unpaid Dividend	20,000	...
2. Short-term Provisions		
Provision for Tax	70,000	40,000
Proposed Dividend	1,00,000	60,000
	1,70,000	1,00,000

Additional Information:

- (i) During the year, a machine costing ₹ 75,000 was purchased. Loss on sale of machinery was ₹ 5,000. Depreciation charged on machinery was ₹ 12,000.
- (ii) Tax paid during the year was ₹ 50,000.
- (iii) Bank Loan of ₹ 1,00,000 repaid on 1st April, 2017. (6)

Solution:**23.****Pioneer Traders Ltd.**

CASH FLOW STATEMENT for the year ended 31st March, 2018

Particulars	₹	₹
I. Cash Flow from Operating Activities		
Net Profit (₹ 2,00,000 – ₹ 1,00,000)	1,00,000	
Add: Provision for Tax (WN 2)	80,000	
Proposed Dividend (Last Year)	1,00,000	
Net Profit before Tax and Extraordinary Items		2,80,000
Adjustment for Non-Cash and Non-Operating Items:		
Add: Depreciation on Machinery	12,000	
Loss on Sale of Machinery	5,000	
Amortisation of Patents	5,000	
Interest on Bank Loan (10% of ₹ 1,00,000)	10,000	32,000
Operating Profit before Working Capital Changes		3,12,000
Change in Current Assets and Current Liabilities:		
Decrease in Trade Payables	(15,000)	
Increase in Inventories	(5,000)	
Increase in Trade Receivables	(1,35,000)	(1,55,000)
Cash Generated from Operating Activities before Tax		1,57,000
Less: Tax Paid		50,000
Cash Flow from Operating Activities		1,07,000
II. Cash Flow from Investing Activities		
Purchase of Non-Current Investments	(75,000)	
Purchase of Machinery	(75,000)	
Proceeds from Sale of Machinery (WN 1)	58,000	
Cash Used in Investing Activities		(92,000)
III. Cash Flow from Financing Activities		
Proceeds from Issue of Shares	2,00,000	
Bank Loan Repaid	(1,00,000)	
Interest on Bank Loan Paid	(10,000)	
Dividend Paid [(₹ 60,000 – ₹ 20,000 (Unpaid))]	(40,000)	
Cash Flow from Financing Activities		50,000
IV. Net Increase in Cash and Cash Equivalents (I + II + III)		65,000
V. Opening Cash and Cash Equivalents		80,000
VI. Closing Cash and Cash Equivalents (IV + V)		1,45,000

Working Notes:

1. Dr. MACHINERY ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Balance b/d	6,00,000	By Depreciation A/c	12,000
To Bank A/c (Purchase)	75,000	By Bank A/c (Sale) (Balancing Figure)	58,000
		By Loss on Sale of Machinery A/c (Statement of Profit and Loss)	5,000
		By Balance c/d	6,00,000
	6,75,000		6,75,000

2. Dr. PROVISION FOR TAX ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Bank A/c (Tax Paid)	50,000	By Balance b/d	40,000
To Balance c/d	70,000	By Statement of Profit and Loss (Bal. Fig.)	80,000
	1,20,000		1,20,000

Model Test Paper 13

23. From the following Balance Sheet of Pioneer Construction Ltd. as at 31st March, 2018, prepare Cash Flow Statement:

BALANCE SHEET OF PIONEER CONSTRUCTION LTD. as at 31st March 2018

Particulars	Note No.	31st March, 2018 (₹)	31st March, 2017 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		3,50,000	2,50,000
(b) Reserves and Surplus	1	1,75,000	1,00,000
2. Non-Current Liabilities			
Long-term Borrowings—Bank Loan		25,000	50,000
3. Current Liabilities			
(a) Trade Payables		26,000	27,500
(b) Short-term Provisions	2	60,000	40,000
Total		6,36,000	4,67,500
II. ASSETS			
1. Non-Current Assets			
(a) <i>Fixed Assets:</i>			
(i) Tangible Assets—Equipment		2,50,000	2,50,000
(ii) Intangible Assets—Patents		47,500	50,000
(b) Non-current Investments		50,000	2,500
2. Current Assets			
(a) Inventories—Stock		65,000	25,000
(b) Trade Receivables—Debtors		60,000	40,000
(c) Cash and Cash Equivalents	3	1,63,500	1,00,000
Total		6,36,000	4,67,500

Notes to Accounts

Particulars	31st March, 2018 (₹)	31st March, 2017 (₹)
1. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	1,75,000	1,00,000
2. Short-term Provisions		
Provision for Tax	25,000	15,000
Proposed Dividend	35,000	25,000
	60,000	40,000
3. Cash and Cash Equivalents		
Cash at Bank	1,50,000	1,00,000
Cash in Hand	13,500	...
	1,63,500	1,00,000

Additional Information:

- (i) During the year, equipment costing ₹ 50,000 was purchased.
- (ii) Loss on sale of equipment amounted to ₹ 6,000. ₹ 9,000 depreciation was charged on equipment.
- (iii) Tax paid during the year was ₹ 15,000.
- (iv) An Interim Dividend of ₹ 55,000 was paid during the year. The Board of Directors proposed dividend for the years ended 31st March, 2017 and 2018 @ 10%. (6)

Solution:**23.** CASH FLOW STATEMENT for the year ended 31st March, 2018

Particulars	₹	₹
A. Cash Flow from Operating Activities		
Closing Surplus, i.e., Balance in Statement of Profit and Loss	1,75,000	
Less: Opening Surplus, i.e., Balance in Statement of Profit and Loss	1,00,000	
	75,000	
Add: Provision for Tax (WN 2)	25,000	
Interim Dividend	55,000	
Proposed Dividend	35,000	
Net Profit before Tax and Extraordinary Items	1,90,000	
Adjustment for: Non Cash and Non-operating Items:		
Loss on Sale of Equipment	6,000	
Patents Amortised	2,500	
Depreciation	9,000	
Operating Profit before Working Capital Changes	2,07,500	
Less: Increase in Current Assets and Decrease in Current Liabilities:		
Trade Payables	1,500	
Inventories	40,000	
Trade Receivables	20,000	61,500
Cash Generated from Operations	1,46,000	
Less: Tax paid	15,000	
Cash Flow from Operating Activities		1,31,000
B. Cash Flow from Investing Activities		
Purchase of Equipment	(50,000)	
Purchase of Non-current Investments	(47,500)	
Proceeds from Sale of Equipment (WN 3)	35,000	
Cash Used in Investing Activities		(62,500)
C. Cash Flow from Financing Activities		
Proceeds from Issue of Shares	1,00,000	
Repayment of Bank Loan	(25,000)	
Payment of Interim Dividend	(55,000)	
Payment of Final Dividend	(25,000)	
Cash Flow from Financing Activities		(5,000)
D. Net Increase in Cash and Cash Equivalents (A + B + C)		63,500
Add: Opening Cash and Cash Equivalents		1,00,000
E. Closing Cash and Cash Equivalents		1,63,500

Working Notes:

1. Dr. PROVISION FOR TAX ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Bank A/c	15,000	By Balance b/d	15,000
To Balance c/d	25,000	By Statement of Profit and Loss (Bal. Fig.)	25,000
	40,000		40,000

2. Dr.		EQUIPMENT ACCOUNT		Cr.
Particulars	₹	Particulars		₹
To Balance <i>b/d</i>	2,50,000	By Depreciation A/c		9,000
To Bank A/c (Purchase)	50,000	By Bank A/c (Sale)—Balancing Figure		35,000
		By Loss on Sale of Equipment A/c (Statement of Profit and Loss)		6,000
		By Balance <i>c/d</i>		2,50,000
	3,00,000			3,00,000

3. Since the shareholders have not declared dividend for the year ended 31st March, 2017, it is not accounted and paid. Hence, adjustment for Proposed Dividend will not be made

Model Test Paper 14

23. From the following information, prepare a Cash Flow Statement:

BALANCE SHEET as at 31st March, 2018

Particulars	Note No.	31st March, 2018 (₹)	31st March, 2017 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		10,00,000	10,00,000
(b) Reserves and Surplus	1	6,00,000	3,00,000
2. Non-Current Liabilities			
Long-term Borrowings	2	8,00,000	6,00,000
3. Current Liabilities			
(a) Short-term Borrowings	3	4,50,000	4,00,000
(b) Trade Payables		4,50,000	6,00,000
(c) Short-term Provisions	4	3,00,000	2,50,000
Total		36,00,000	31,50,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets—Tangible	5	19,00,000	15,00,000
(b) Non-current Investments		3,00,000	4,00,000
2. Current Assets			
(a) Inventories		5,50,000	4,00,000
(b) Trade Receivables		4,50,000	4,00,000
(c) Cash and Cash Equivalents		4,00,000	4,50,000
Total		36,00,000	31,50,000

Notes to Accounts

Particulars	31st March, 2018 (₹)	31st March, 2017 (₹)
1. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	6,00,000	3,00,000
2. Long-term Borrowings		
12% Debentures	8,00,000	6,00,000
3. Short-term Borrowings		
Bank Overdraft	4,50,000	4,00,000
4. Short-term Provisions		
Provision for Tax	2,00,000	1,00,000
Proposed Dividend	1,00,000	1,50,000
	3,00,000	2,50,000
5. Fixed Assets—Tangible		
Machinery	19,00,000	15,00,000

Additional Information:

- (a) A piece of machinery costing ₹ 50,000, on which depreciation of ₹ 20,000 had been charged was sold for ₹ 10,000. Depreciation charged during the year was ₹ 1,70,000.
- (b) New Debentures were issued on 1st August, 2017.
- (c) During the year ₹ 1,00,000 were paid as interim dividend.

(6)

Solution:**23.** CASH FLOW STATEMENT for the year ended 31st March, 2018

Particulars	₹	₹
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items (WN 1)	7,00,000	
Add: Depreciation on Fixed Assets	1,70,000	
Loss on Sale of Fixed Assets	20,000	
Interest on Debentures (WN 2)	88,000	
Operating Profit before Working Capital Changes	9,78,000	
Less: Increase in Current Assets and Decrease in Current Liabilities		
Inventories	1,50,000	
Trade Receivables	50,000	
Trade Payables	1,50,000	3,50,000
Cash Generated from Operating Activities	6,28,000	
Less: Tax Paid	1,00,000	
Cash Flow from Operating Activities		5,28,000
B. Cash Flow from Investing Activities		
Proceeds from Sale of Machinery (WN 3)	10,000	
Purchase of Machinery (WN 3)	(6,00,000)	
Proceeds from Sale of Non-current Investment	1,00,000	
Cash Used in Investing Activities		(4,90,000)
C. Cash Flow from Financing Activities		
Interim Dividend Paid	(1,00,000)	
Final Dividend Paid (2016–17)	(1,50,000)	
Bank Overdraft Raised	50,000	
Interest on Debentures	(88,000)	
Cash Proceeds from Long-term Borrowings	2,00,000	
Cash Used in Financing Activities		(88,000)
D. Net Increase/Decrease in Cash and Cash Equivalents (A + B + C)		(50,000)
E. Add: Opening Cash and Cash Equivalents (Cash and Bank Balances)		4,50,000
F. Closing Cash and Cash Equivalents (Cash and Bank Balances) (D + E)		4,00,000

Working Notes:

1. Calculation of Net Profit before Tax and Extraordinary Items:

Particulars	₹
Profit for the Year (₹ 6,00,000 – ₹ 3,00,000)	3,00,000
Add: Interim Dividend Paid	1,00,000
Proposed Dividend (for Current Year)	1,00,000
Provision for Tax	2,00,000
Net Profit before Tax and Extraordinary Items	7,00,000

$$2. \text{ Interest on Debentures} = (\text{₹ } 6,00,000 \times 12/100 \times 4/12) + (\text{₹ } 8,00,000 \times 12/100 \times 8/12) \\ = \text{₹ } 24,000 + \text{₹ } 64,000 = \text{₹ } 88,000.$$

3. *Dr.* MACHINERY ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Balance <i>b/d</i>	15,00,000	By Bank A/c—Sale	10,000
To Bank A/c—Balancing Figure (Purchase)	6,00,000	By Loss on Sale of Machinery A/c (Statement of Profit and Loss)	20,000
		By Depreciation A/c	1,70,000
		By Balance <i>c/d</i>	19,00,000
	21,00,000		21,00,000

4. It is assumed that Proposed Dividend for the year 2016–17 had been approved by shareholders and paid.

Model Test Paper 17

23. From the following Balance Sheet of Bee Ltd. as at 31st March, 2018, prepare Cash Flow Statement:

Particulars	Note No.	31st March, 2018 ₹	31st March, 2017 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		15,00,000	12,50,000
(b) Reserves and Surplus	1	7,50,000	6,00,000
2. Non-Current Liabilities			
Long-term Borrowings (10% Debentures)		2,00,000	...
3. Current Liabilities			
(a) Short-term Borrowings (10% Bank Loan)		1,00,000	50,000
(b) Trade Payables	2	7,00,000	6,50,000
(c) Short-term Provisions	3	4,00,000	2,70,000
Total		36,50,000	28,20,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets		3,00,000	2,00,000
(b) Non-current Investments		1,00,000	1,50,000
2. Current Assets			
(a) Inventories (Stock)		12,00,000	8,70,000
(b) Trade Receivables (Debtors)		9,00,000	9,80,000
(c) Cash and Cash Equivalents		11,50,000	6,20,000
Total		36,50,000	28,20,000

Notes to Accounts

Particulars	31st March, 2018 ₹	31st March, 2017 ₹
1. Reserves and Surplus		
General Reserve	1,50,000	1,00,000
Surplus, i.e., Balance in Statement of Profit and Loss	6,00,000	5,00,000
	7,50,000	6,00,000
2. Trade Payables		
Creditors	4,50,000	5,00,000
Bills Payable	2,50,000	1,50,000
	7,00,000	6,50,000
3. Short-term Provisions		
Provision for Tax	2,50,000	1,50,000
Proposed Dividend	1,50,000	1,20,000
	4,00,000	2,70,000

Additional Information:

1. During the year ₹ 50,000 depreciation was charged on fixed assets.
2. Tax provided during the year ₹ 2,00,000.
3. 10% Debentures were issued on 1st April, 2017 and further Bank loan was raised on the same date.

Solution:**23.**

CASH FLOW STATEMENT
for the year ended 31st March, 2018

Particulars	₹	₹
I. Cash Flow from Operating Activities		
Closing Balance of Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss	6,00,000	
Less: Opening Balance of Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss	5,00,000	
Profit for the year	1,00,000	
Add: Transfer to General Reserve	50,000	
Proposed Dividend	1,50,000	
Provision for Tax	2,00,000	
Net Profit before Tax and Extraordinary Items		5,00,000
<i>Adjustment for Non-Cash and Non-Operating Items:</i>		
Depreciation on Fixed Assets	50,000	
Interest on Debentures (10% of ₹ 2,00,000)	20,000	
Interest on Bank Loan (10% of ₹ 1,00,000)	10,000	80,000
Operating Profit before Working Capital Changes		5,80,000
<i>Change in Current Assets and Current Liabilities:</i>		
Decrease in Trade Receivables	80,000	
Increase in Inventories	(3,30,000)	
Decrease in Creditors	(50,000)	
Increase in Bills Payable	1,00,000	(2,00,000)
Cash Generated from Operations		3,80,000
Less: Tax Paid (WN 1)		1,00,000
<i>Cash Flow from Operating Activities</i>		2,80,000
II. Cash Flow from Investing Activities		
Fixed Assets Purchased (WN 2)	(1,50,000)	
Sale of Non-current Investments	50,000	
<i>Cash Used in Investing Activities</i>		(1,00,000)
III. Cash Flow from Financing Activities		
Proceeds from Issue of Shares	2,50,000	
Proceeds from Issue of 10% Debentures	2,00,000	
Increase in Short-term Borrowings (Bank Loan)	50,000	
Dividend Paid*	(1,20,000)	
Interest paid on Debentures	(20,000)	
Interest paid on Bank Loan	(10,000)	
<i>Cash Flow from Financing Activities</i>		3,50,000
IV. Net Increase in Cash and Cash Equivalents (I + II + III)		5,30,000
V. Cash and Cash Equivalents in the beginning of the year		6,20,000
VI. Cash and Cash Equivalents at the end of the year (IV + V)		11,50,000

Working Notes:

1. Dr.		PROVISION FOR TAX ACCOUNT		Cr.
Particulars	₹	Particulars		₹
To Bank A/c (Bal. Fig.) (Tax Paid)	1,00,000	By Balance b/d		1,50,000
To Balance c/d	2,50,000	By Statement of Profit and Loss (Prov. Made)		2,00,000
	<u>3,50,000</u>			<u>3,50,000</u>

2. Dr.		FIXED ASSETS ACCOUNT		Cr.
Particulars	₹	Particulars		₹
To Balance b/d	2,00,000	By Depreciation A/c		50,000
To Bank A/c (Bal. Fig.) (Purchase)	1,50,000	By Balance c/d		3,00,000
	<u>3,50,000</u>			<u>3,50,000</u>

Model Test Paper 20

23. (a) From the following information, calculate Cash Flow from Operating Activities:

Particulars	31st March, 2018 ₹	31st March, 2017 ₹
Surplus, i.e., Balance in the Statement of Profit and Loss	71,000	89,000
Inventory	12,000	4,000
Trade Receivables	58,000	45,000
Outstanding Expenses	14,600	10,000
Goodwill	57,000	27,000
Cash in Hand	9,000	12,000
Machinery	82,000	56,000

(i) A piece of machinery costing ₹ 50,000 on which depreciation of ₹ 20,000 had been charged was sold for ₹ 10,000. Depreciation charged during the year was ₹ 18,000.

(ii) Income Tax ₹ 23,000 was paid during the year.

(iii) Interim Dividend paid during the year was ₹ 36,000.

(iv) During the year, Non-current Investments were sold at a profit of 20% which is transferred to Capital Reserve. Book value of investment sold ₹ 10,000.

(b) From the following information, calculate Cash Flow from Investing Activities:

Particulars	31st March, 2018 ₹	31st March, 2017 ₹
Machinery (At Cost)	4,10,000	2,50,000
Accumulated Depreciation	90,000	60,000

Additional Information: During the year, a machine costing ₹ 80,000 with its accumulated depreciation of ₹ 50,000 was sold at a profit of 20%. (4 + 2)

Solution:**23. (a) CASH FLOW FROM OPERATING ACTIVITIES**

Particulars	₹	₹
Surplus, <i>i.e.</i> , Balance in the Statement of Profit and Loss as on 31st March, 2018		71,000
Less: Surplus, <i>i.e.</i> , Balance in the Statement of Profit and Loss as on 31st March, 2017		89,000
Net Loss during the year		(18,000)
Add: Interim Dividend Paid	36,000	
Tax paid	23,000	59,000
Net Profit before Tax and Extraordinary Items		41,000
Add: <i>Non-cash and Non-operating items:</i>		
Depreciation on Machinery	18,000	
Loss on Sale of Machinery (₹ 50,000 – ₹ 20,000 – ₹ 10,000)	20,000	38,000
Operating Profit before Working Capital Changes		79,000
Add: <i>Increase in Current Liabilities:</i>		
Outstanding Expenses (₹ 14,600 – ₹ 10,000)		4,600
		83,600
Less: <i>Increase in Current Assets:</i>		
Inventory (₹ 12,000 – ₹ 4,000)	8,000	
Trade Receivables (₹ 58,000 – ₹ 45,000)	13,000	21,000
Cash Flow from Operating Activities before Tax		62,600
Less: Tax paid		23,000
Cash Flow from Operating Activities		39,600

Note: As the Gain (Profit) on sale of Non-current Investment ₹ 2,000 has not been transferred to Statement of Profit and Loss but to Capital Reserve, it will not be adjusted while computing Operating Profit before Working Capital Changes.

(b) CASH FLOW FROM INVESTING ACTIVITIES

Particulars	₹
Purchase of Machinery (WN 1)	(2,40,000)
Sale of Machinery	36,000
Cash Used in Investing Activities	(2,04,000)

Working Notes:

1. Dr. MACHINERY ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Balance <i>b/d</i>	2,50,000	By Bank A/c (Sale Proceeds)*	36,000
To Gain (Profit) on Sale of Machinery A/c (Statement of Profit and Loss)	6,000	By Accumulated Depreciation A/c	50,000
To Bank A/c (Purchase)—Balancing Figure	2,40,000	By Balance <i>c/d</i>	4,10,000
	4,96,000		4,96,000

₹	
*Book Value of Machinery on the date of Sale (₹ 80,000 – ₹ 50,000)	30,000
Add: Gain (Profit) on Sale of Machinery (20% of ₹ 30,000)	6,000
Sale Proceeds	<u>36,000</u>

2.Dr.		ACCUMULATED DEPRECIATION ACCOUNT		Cr.
Particulars	₹	Particulars		₹
To Machinery A/c—Transfer	50,000	By Balance <i>b/d</i>		60,000
To Balance <i>c/d</i>	90,000	By Statement of Profit and Loss (Depreciation Current Year) (Balancing Figure)		80,000
	1,40,000			1,40,000
	1,40,000			1,40,000