# COMMON PRE-BOARD EXAMINATION-2023 ACCOUNTANCY (055)

### **CLASS XII**

### **ANSWER KEY**

# PART A (Accounting for Partnership Firms and Companies)

1.	(b) Pc 60 000	
2.	(b) Rs.60,000	1
4.	(b) Both (A) and (R) are correct, but (R) is not the correct explanation	1
3.	of (A	
ا.	(c) Rs.5,500	1
	OR (c) Land	
	(c) Loss on issue of debentures account	
4.	(a) No effect on Moon	1
	OR	
	(A) Distributed to the partners in old profit-sharing ratio	
	c) ₹ 75,000	1
6.	d) None of the above	1
	OR	
	a. ₹ 10	
	(C) 48	1
8.	(c) Rs. 28,800	1
	OR CONTRACTOR OF THE CONTRACTO	
	(c) A= Rs.11,600, B= Rs.10,500 and C= Rs.2,700	
9.	b) ₹ 1,44,000, ₹ 96,000, ₹ 60,000	1
10.	d) ₹ 1,00,800, ₹ 67,200, ₹ 60,000	1
	(c) Rent paid to partners	1
12.	(A) Writing off capital losses.	1
13.	(c) ₹ 5, 91,000.	1
14.	(d)Lalit's Current A/cDr. 12,000	1
	To Amit 's Capital 6,000	-
	To Sumit's Capital 6,000	
15.	(a) Opening capital ₹ (8, 00,000) + Salary ₹ (30,000) + Int. On Capital ₹	1
	(40,000) + Profit ₹ (65,000)	1
	= ₹ 9,35000	
	Profit = ₹ 3,45,000 - ₹ 60,000 - ₹ 90,000 = ₹ 1,95,000 divide into 2:1 i.e.	
	₹ 1,95,000/3= ₹ 65,000	
	OR	
	(c) 10% p.a.	
	(c) ₹11,400	1
	Profit percentage = $2.00.000/10.00.000 \times 100 = 20\%$ Estimated profit till	3
	death = $4,50,000 \times 20/100 = 90,000 \text{ X's share of profit} = 90,000 \times 1/3 =$	3
	2 - 1,500 X 1/3 -	

	30,000				
	Profit and Loss Suspense A/c Dr. 30,000 To X's Capital A/c	30,000			
18.	Y's Capital A/c Dr. 735 To X's Capital A/c 25 To Z's Capital A/c 710				3
	Adjustment Table				
	Particulars	Х	Υ	Z	
	Interest on drawings not charged		1,800		
	Profit 1,750 + 1,800 = 3,550 in 5:3:2	=	1,065	710	
				710 Cr.	
'		20 0.	755 51.	710 CI.	
	OR				
	Loss to be transferred to P/L Appropriation	Account			
	= 40,000 profit - 60,000 Rent = 20,000 lo	SS.			
	Dua Sit and Lana Aure and Lana Aure				
		20,000			
	To Profit and Loss A/c	20,	000		
	(Being loss transferred)				
,	X's Capital A/c Dr. 10,000				
	X's Capital A/c Dr. 10,000 Y's Capital A/c Dr. 6,000				
	Z's Capital A/c Dr. 4,000				
		20,000			
	To Front and Loss Appropriation A/C 2	20,000			
	X's Capital A/c Dr. 8,000				
	Y's Capital A/c Dr. 4,000				
		,000			
	(Deficiency borne by X and Y 40,000 loss -	.,000 L 8 000 Gus	erantood n	rofito —	
	12,000 in 2:1)	1 0,000 Gue	aranteeu p	nonts –	
	,,,,				
	Note: instead of using profit and loss appro	opriation ac	count stu	dents may	
.	prepare profit and loss adjustment account	t	country stu	deries may	
9.	Journal				
	Date Particulars	Dr	Cr		
	Furniture A/c	2,20,000			
	To M/s Furniture Mart	_,_,,,,,,,,	2,20,0	00	
	(Being furniture purchased)		_,_0,0		
	M/s Furniture Mart	1,10,000	)		
	To Bills Payable A/c	1,10,000	1,10,0	00	
	(Being bills payable accepted in		1,10,0		
	part payment)				

——	П	14 F 11 14 1		10.000	· ·	<b>—</b>	
		M/s Furniture Mart	1,	,10,000			
		To 9% Debentures A/c			1,00,000		
		To Securities Premium a/c			10,000		
		(Being debentures issued to			,		
		Furniture Mart in part payment)					
		rumiture Mart in part payment)				$\dashv$	İ
		<u>                                     </u>					
	OR	Books of Ra	ian Lim	nited			
		Jour	nal				
	Date			Dr	Cr		
		1	Dr.	5,00,00			
		To Geeta & Co.	İ		5,00,00	0	
		(Assets purchased from Geeta &	(Co)				
				1,00,00	0	-	
		To Bank A/c			1,00,00	n	
		(Payment made to Geeta & Co.)			1,00,00	<b>~</b>	
		Geeta & Co.	Dr.	4,00,00			
		To Equity Share Capital A/c			3,20,00	0	
		To Securities Premium A/c			80,00	0	
		(32,000 equity shares of Rs 10					
		issued at 25% premium)	1				
20.	Norma Super	profits = ₹3,60,000 - ₹1,20,000 al profits= 15% x ₹10,00,000 = ₹ profits = Actual profits - Normal 40,000 - ₹1,50,000	1,50,0	00	1 mark		1+1+
	= ₹90	,0001	. mark				
	Goody	vill= Super profits x Number of ye	ears pu	ırchase			3
	= ₹90	,000 x 2	-				
	1	, 30,000	1 m	nark			
21.							4
		Particulars	Note	No.	Amount		
		I. Equity & Liabilities					
		Shareholders' Funds					
		(a) Share Capital		ĺ	40,68,000		
		(a) Share capital			40,00,000		
					<del></del>		1
		tes to Accounts					
	I CH						
		ARE CAPITAL			1		
	Au	thorized Capital			05 00 00		
	Au				85,00,00		½ mark
	<b>Au</b> 85	thorized Capital			85,00,00 0		
	<b>Au</b> 85 <b>Is</b> :	thorized Capital ,000 equity shares of ₹100 each sued Capital			0		½ mark ½ mark
	<b>Au</b> 85 <b>Is</b> : 45	thorized Capital ,000 equity shares of ₹100 each sued Capital ,000 equity share of ₹100 each					
	Au 85 <b>Is:</b> 45	thorized Capital ,000 equity shares of ₹100 each sued Capital ,000 equity share of ₹100 each bscribed Capital			0		
	Au 85 <b>Is:</b> 45 <b>Su</b>	thorized Capital ,000 equity shares of ₹100 each sued Capital ,000 equity share of ₹100 each	38.70	0,000	<u>0</u> 45,00,00		

	Add	d Forfeited shares A/c(3,300x ₹60)	1,98	,000			2 marks
					40,68,00		
					<u>0</u>		
٠					40,68,00		Ì
	,				0		
22.		Journal		<del></del>			
	Date	Particulars		Dr	Cr		
	(i)	Ankit's Capital A/c D	- 1	32,000			
		Bank/ Cash A/c D	r.	52,000			
		To Realisation A/c			84,000		_
		(Being stock taken over by Ankit,					1x 4 =
		remaining sold at a profit)					4 = 4
		Ankit's Capital A/c D	r	32,000			<b>T</b>
		To Realisation A/c	'	32,000	32,000	) . 	
		(Being stock taken over by Ankit)			,		
		Bank/ Cash A/c D		52,000			
		To Realisation A/c			52,000	)	
		(Being stock sold at a profit)					
		1	r.	69,000	60.000		
		To Bank/Cash A/c (Being payment made to creditors	-,		69,000	,	
		(Being payment made to creditors	ا (د				
		Realisation A/c D	r.	22,000			
		To Bank/ Cash A/c		•	22,000	)	
		(Being Bobby's sister's loan paid					
		along with interest)				ŀ	
		Kartik's loan A/c Di	r.	12,000			
İ		Realisation A/c D	r.	500			
	-	To Bank/ Cash A/c			12,500	)	
·		(Being Kartik's loan settled)					
		or Kartik's loan A/c Di	r	12,000			
		To Bank/ Cash A/c		12,000	12,000		
		(Being Kartik's loan settled)			12,000	·	
		Realisation A/c Di	r.	500	·	·	1.
		To Bank / Cash/c			500	0	
		(Being Kartik's loan settled at a					
		loss)					
	<u> </u>						
23	3.   <u> </u>						0.5+
		Particulars		Dr(Rs)	Cr(Rs	5)	1.5+
		1. Bank a/c Dr		24,00,	000		0.5+
				<u> </u>	<u> l</u>		1+

	To Equity share application 8	§		24,00,000	1	Į.
	allotment a/c				0.9	
2.	Share application & allotment		24,00,000		6	5
	a/c Dr	-				
	To share capital a/c			10,00,000		
	To Securities premium a/c			6,00,000		
	To Bank a/c			4,00,000		
	To share first and final			4,00,000		
	call(calls in advance)					.
3.	Share first and final call a/c	Dr	10,00,000			
	To share capital a/c			10,00,000	:	
4.	Bank a/c	Dr	594000			
	Calls in advance a/c	Dr	400000			
	To share first and final ca	H		9,94000		
5.	Share capital a/c	Dr	20,000			
	To share forfeiture a/c			14000		
	To Call in arrears a/c			6000		
6.	Bank a/c	Dr	14000			
	Share forfeiture a/c	Dr	6000			
	To share capital a/c			20,000		
7.	Share forfeiture a/c	Dr	8000			
	To capital reserve a/c			8000		
		<b>^</b> D				
1.	Share capital a/c	OR Dr	12,000			
	To share forfeiture a/c			7,500	1	.x3
	To first a/c			4,500	1	=3
2.		Dr				
	Share forfeiture a/c To share capital a/c	Dr	1800	7200		
3.		Dr	2700			
	To capital reserve a		ho turn -f	2700		
Reserv	ntion of Forfeited Share Account e:	ווג ל0	De transferi	eu to Capital		
I	ed Shares for 1500 shares = 7	7,500	)			

Therefore = Rs.2,7	utilized re amour 00 Share cap To sh To C Bank a/c	oital a/colare for all in ar	s difference = 7,2 transferred feiture a/c rears a/c are capital	in calle 200-5,4 d to cap Dr	d up a 00 = F ital res	ind reconstruction re	eived 0 = 4,50 25,00	00 - 1, 00 00	,800	1x3 =3
9			•	Dr	10.00	I .	10,00	00		
			Reva	aluation	3/6					
Р	articulars		₹			rs		₹ ]		6
Revalua Kalpana	tion Profi 's Capital	t A/c	61,200 40,800	Land a A/c	nd Buil		42,0	00		(2
			1.02.000				1 02	000		
				Capital	Accou	nts	1,02	,000		
1	1 .	Kanika	Karuna				ı Ka	anika	Karuna	<b>⊣  +</b>
Balance c/d	6,49,00 0	3,22,000	2,43,000	Cash General Reserve Workme Compeni Fund Revaluat	n sation ion A/c i for	36,000 24,000 61,200	0 2	24,000 16,000 10,800	2,43,000	4)
	6,49,00	3,22,000	2,43,000						2,43,000	$\dashv$
	10			OD				<del></del>		
			Pov:		2/0					
Particula	ars		Neve						3	-
	reciation	3,600	+ 4,00			nt fund	<u> </u>			(2
To Pate To Office	e Equipr	ment erred to	: 45	00 By I					5,800	
	Particular s  Balance c/d  Particular s  Particular s	Amount utilized  Therefore amour =Rs.2,700  Share cap To sh To C Bank a/c  Share for To capi  Particulars Revaluation Profit Kalpana's Capital Kanika's Capital Kanika's Capital Code  Particular S  Balance 6,49,00 0  Particulars To Depreciation 400 To Patents To Office Equipr To Profit transfer AK	Amount utilized towards Therefore amount to be =Rs.2,700  Share capital a/c To share fort To Call in an Bank a/c To sh  Share forfeiture To capital rese  Particulars Revaluation Profit Kalpana's Capital A/c Kanika's Capital A/c Kanika's Capital A/c  Particular Kalpan Kanika  Balance 6,49,00 3,22,000  6,49,00 3,22,000  6,49,00 3,22,000  Particulars To Depreciation 3,600 400 To Patents To Office Equipment To Profit transferred to AK	Amount utilized towards difference = 7,2 Therefore amount to be transferred =Rs.2,700  Share capital a/c To share forfeiture a/c To Call in arrears a/c  Bank a/c To share capital  Share forfeiture a/c To capital reserve a/c  Revaluation Profit Kalpana's Capital A/c Kanika's Capital A/c Kanika's Capital A/c  Farticular Kalpan Shalance C/d  Alpana Kanika Karuna  Balance C/d  6,49,00  6,49,00  3,22,000  2,43,000  Revaluation Profit Capital Ranika Karuna  And Capital Ranika Karuna  Balance C/d  6,49,00  7,02,000  Revaluation Profit Capital Ranika Karuna  And Capital Ranika Karuna  And Capital Ranika Karuna  Balance C/d  6,49,00  7,00  7,43,000  1,00  7,00	Amount utilized towards difference in calle = 7,200-5,41 Therefore amount to be transferred to cap = Rs.2,700  Share capital a/c	Amount utilized towards difference in called up a = 7,200-5,400 = F Therefore amount to be transferred to capital reserved.    Share capital a/c	Amount utilized towards difference in called up and recompliance of the provided HTML Revaluation A/C Balance C/d C/d C/d C/d C/d C/d C/d C/d C/d C/d	Amount utilized towards difference in called up and received = 7,200-5,400 = Rs.1,800  Therefore amount to be transferred to capital reserve = 4,56 = Rs.2,700  Share capital a/c	Therefore amount to be transferred to capital reserve = 4,500 − 1, =Rs.2,700    Share capital a/c	Amount utilized towards difference in called up and received = 7,200-5,400 = Rs.1,800  Therefore amount to be transferred to capital reserve = 4,500 - 1,800 = Rs.2,700    Share capital a/c

iculars nvestment CK's Capital CK's Loan Bal. c/d BK's rent Bal. c/d iculars Drawings nterest on Dakbar's scutor's Ac	AK 2,70 0 48,2 50 50,9 50 54,1 50 0 crawing	1,80 0  42,0 00 5,90 36,1 00 42,0 00 A	CK 15,80 0  12,35 0  28,15 0 kbar's Ca	By Gen. Reserve By AK's Capital By BK's Capital By Revaluation By P/L A/c  By Balance b/d By AK's Current A/c  apital Account Particulars By Balance b/d By Interest on Ca By General Reser	AK 40,0 00 4,50 0  450 6,00 0 50,9 50 48,2 50 5,90 0 54,1 50	ļ	CK 20,0 00 1,50 0 2,70 0 1,80 0 150 2,00 0 28,1 50  mount 50,000 3,750 9,000 3,000	4
nvestment CK's Capital CK's Loan Bal. c/d BK's rent Bal. c/d iculars Drawings nterest on Dakbar's	2,70 0  48,2 50 50,9 50 54,1 50	1,80 0  42,0 00 43,8 00 5,90 0 36,1 00 42,0 00 A	15,80 0  12,35 0  28,15 0 kbar's Ca ount 12,000 600	By Balance b/d By Gen. Reserve By AK's Capital By BK's Capital By Revaluation By P/L A/c  By Balance b/d By AK's Current A/c  apital Account Particulars By Balance b/d By Interest on Caby General Reser By WCR	40,0 00 4,50 0   450 6,00 0 50,9 50 48,2 50 5,90 0 54,1 50	36,5 00 3,00 0 - - 300 4,00 0 43,8 00 42,0 00 A2,0	20,0 00 1,50 0 2,70 0 1,80 0 150 2,00 0 28,1 50 	6
CK's Capital CK's Loan Bal. c/d BK's rent Bal. c/d iculars Drawings nterest on D	2,70 0  48,2 50 50,9 50 54,1 50	1,80 0  42,0 00 5,90 0 36,1 00 42,0 00 Amo	28,15 0  28,15 0 kbar's Ca ount 12,000 600	By Gen. Reserve By AK's Capital By BK's Capital By Revaluation By P/L A/c  By Balance b/d By AK's Current A/c  apital Account Particulars By Balance b/d By Interest on Caby General Reser By WCR	00 4,50 0  450 6,00 0 50,9 50 48,2 50 5,90 0 54,1 50	300 4,00 0 43,8 00 42,0 00	00 1,50 0 2,70 0 1,80 0 150 2,00 0 28,1 50 3,750 9,000	
CK's Loan Bal. c/d BK's rent Bal. c/d iculars Drawings nterest on D	50,9 50,0 54,1 50,1 54,1	42,0 00 43,8 00 5,90 0 36,1 00 42,0 00 Amo	28,15 0 28,15 0 kbar's Ca ount 12,000 600	By AK's Capital By BK's Capital By Revaluation By P/L A/c  By Balance b/d By AK's Current A/c  apital Account Particulars By Balance b/d By Interest on Ca By General Reser By WCR	4,50 0 450 6,00 0 50,9 50 48,2 50 5,90 0 54,1 50	3,00 0 - - 300 4,00 0 43,8 00 42,0 00	1,50 0 2,70 0 1,80 0 150 2,00 0 28,1 50 	
Bal. c/d BK's rent Bal. c/d iculars Drawings nterest on D	50,9 50,0 54,1 50 54,1 50	43,8 00 5,90 0 36,1 00 42,0 00 A	28,15 0 kbar's Ca ount 12,000 600	By BK's Capital By Revaluation By P/L A/c  By Balance b/d By AK's Current A/c  apital Account Particulars By Balance b/d By Interest on Ca By General Reser By WCR	450 6,00 0 50,9 50 48,2 50 5,90 0 54,1 50	4,00 0 43,8 00 42,0 00 42,0	2,70 0 1,80 0 150 2,00 0 28,1 50 	
BK's rent Bal. c/d iculars Drawings nterest on D	50,9 50 54,1 50 54,1 50	43,8 00 5,90 0 36,1 00 42,0 00 A	28,15 0 kbar's Ca ount 12,000 600	By Revaluation By P/L A/c  By Balance b/d By AK's Current A/c  apital Account Particulars By Balance b/d By Interest on Ca By General Reser By WCR	6,00 0 50,9 50 48,2 50 5,90 0 54,1 50	4,00 0 43,8 00 42,0 00 42,0	1,80 0 150 2,00 0 28,1 50 	
rent  Bal. c/d  iculars  Drawings nterest on D	50,9 50 54,1 50 54,1 50	43,8 00 5,90 0 36,1 00 42,0 00 A	kbar's Ca bunt 12,000 600	By P/L A/c  By Balance b/d  By AK's Current A/c  apital Account  Particulars  By Balance b/d  By Interest on Ca  By General Reser  By WCR	6,00 0 50,9 50 48,2 50 5,90 0 54,1 50	4,00 0 43,8 00 42,0 00 42,0	150 2,00 0 28,1 50 	
rent  Bal. c/d  iculars  Drawings nterest on D	54,1 56 54,1 50	00 5,90 0 36,1 00 42,0 00 A	kbar's Ca bunt 12,000 600	By AK's Current A/c  apital Account Particulars By Balance b/d By Interest on Ca By General Reser By WCR	50 48,2 50 5,90 0 54,1 50 apital	42,0 00 A	mount 50,000 3,750 9,000	
rent  Bal. c/d  iculars  Drawings nterest on D	50 54,1 50	42,0 00 Al	12,000 600	By AK's Current A/c  apital Account Particulars By Balance b/d By Interest on Ca By General Reser By WCR	50 5,90 0 54,1 50 apital	42,0 00	mount 50,000 3,750 9,000	
iculars Drawings nterest on D Akbar's	50	Amo	12,000 600	Particulars  By Balance b/d  By Interest on Ca  By General Reser  By WCR	apital	00 A	50,000 3,750 9,000	
)rawings nterest on D kbar's		Amo	12,000 600	Particulars  By Balance b/d  By Interest on Ca  By General Reser  By WCR	apital ve	A	50,000 3,750 9,000	
)rawings nterest on D kbar's	Prawing	Amo	12,000 600	Particulars  By Balance b/d  By Interest on Ca  By General Reser  By WCR	ve	ļ	50,000 3,750 9,000	
)rawings nterest on D kbar's	Prawing		12,000 600	By Balance b/d By Interest on Ca By General Reser By WCR	ve	ļ	50,000 3,750 9,000	(
nterest on D kbar's	Prawing	S	600	By Interest on Ca By General Reser By WCR	ve		3,750 9,000	(
kbar's	rawing	S		By General Reser By WCR	ve		9,000	(
			86,150	By WCR				`
cutor's Ac			86,150	1 ,	.,		3,000	ŀ
				By Akshay Capita	, i			1
					31		24,000	
				By P& L Suspens			9,000	-
							,,,,,	2
			00.750		.		00 750	
· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	Akt	98,750 par's Exe	ecutor's Account		•	98,750	
Bank A/c			86,150	By Akbar Cap A/	c		86,150	
			86.150					
,						1	86,150	
(i) Balar	nce Sh	eet as	s at 31s	st March, 2020				-
articulars					Note N	o. An	nount ₹	(
I. EQUITY AND LIABILITIES							·	1
Non-curre	nt Liabi	ilities L	ong-ter	m Borrowings				
					1	20	,00,000	4
·							•	4
	(i) Balar articulars EQUITY AN	(i) Balance Sh articulars EQUITY AND LIAE	(i) Balance Sheet as articulars EQUITY AND LIABILITIE	(i) Balance Sheet as at 31starticulars  EQUITY AND LIABILITIES	(i) Balance Sheet as at 31st March, 2020 articulars	(i) Balance Sheet as at 31st March, 2020 articulars Note Note Note Note Note Color   EQUITY AND LIABILITIES  Non-current Liabilities Long-term Borrowings	(i) Balance Sheet as at 31st March, 2020 articulars Note No. Ar EQUITY AND LIABILITIES  Non-current Liabilities Long-term Borrowings	86,150  (i) Balance Sheet as at 31st March, 2020  articulars  EQUITY AND LIABILITIES  Non-current Liabilities Long-term Borrowings

### **Notes to Account**

Particular Amount

1. Long-term Borrowings

20,000, 9% Debentures of ₹100 each

20,00,000

(ii)

**Journal** 

Dt.	Particulars	Dr. (₹)		Cr.	(₹
2020	Bank A/c (1,00,000 ×12) Dr	12,00,000			+
Apr 1	To Debenture Application and Allotment A/c		12,00,00		
	(Being the application money received on 1,00,000, 8% debentures @ ₹ 12)				
	Debenture Application and Allotment A/c DrTo 8% Debentures A/c (1,00,000 ×10) To Securities Premium Reserve A/c (1,00,000 ×2)	12,00,000	10,00,00 0 2,00,000		
	(Being application money transferred todebentures account)		2,00,000		
2021 Mar 31	Debenture Interest A/c (10,00,000 ×8%) DrTo Debenture-holders' A/c (Being the interest payable on 8% debentures provided)	80,000	80,000		

	Debenture-holders' A/c Di Bank A/c	rTo	80,000		
	(Being interest paid to del	benture-holders)		80,000	
	Statement of Profit and Lo To Debenture Inter (Being the debenture inte statement of profit and lo	est A/c rest transferred to	80,000	80,000	
	Part B: - An	alysis of Financial Stat	tements		1
27.	<ul><li>(b) Other Current Liabilities</li><li>OR</li><li>(c) 8 times</li></ul>				1
28.	(c) X ltd. is better than Y ltd.				1
29.	(d) Rs.1,86,000 outflow OR (a) Rs.20,000 inflow				1
30.	a) Only D				1
31.	Item	Major headings	Sub-heac		3 (1/2 mark
	(i) Loose tools	Current Assets	Inventori	es	(1/2 mark s each)
·	(ii) Long term Provisions	Non – Current Liabilities	Long tern	n Provisions	
	(iii) Provision for Warranties	Non – Current Liabilities	Long tern	n Provisions	
	(iv) Income received in advance	Current Liabilities	Other Cu Liabilities		
	(v) Capital Advances	Current Assets	Long Terr	m Loan and	
			Advances	i	
	(vi) Advances	Current Assets	Short Ter	m Loan and	
	recoverable in cash		Advances	;	
	within the operation				
	cycle				

32.	Variations of Accounting Practice as Limitation is	s highlighted i	n the given	3
	statement.			
	Two Other Limitations (Any two of the following	, with suitable	e explanation)	
	(a) Limitations of Accounting Data (b) Ignores Price-level Changes			
	(c) Ignore Qualitative or Non-monetary Aspects			
	(d) Forecasting			
33.	1 Purchase goods on credit `20,000 No change	2		4
	2 Paid wages `5,000 No Change			
	3 Redeemed`.8,000,9% Debentures No Chang	е		
	4 Sold goods `50,000 for cash No Change			
	OR			
	Interest Coverage Ratio =	t Chauses		
	Net Profit before Interest and Tax/Fixed Interest Net Profit after tax = ₹ 1,20,000	c Charges		
	Tax rate = 40%			
	Net Profit before tax = ₹ 1,20,000 ×100/60 = ₹	2.00.000		
	Interest on 12% long-term debt i.e.,	2,00,000		
	12/100× ₹ 20,00,000 = ₹ 2,40,000			
	Profit before Interest and Tax = ₹ 2,00,000 + ₹	2,40,000 = ₹	4,40,000	
	Interest Coverage Ratio = ₹ 4,40,000 / 2,40,00	0		
34.	= 1.833 times  Cash Flow Statemen			+_
J-1.	Particulars Cash Flow Statement	nt ₹	₹	6
	I. Cash flow from operating activities:			
	Net profit before tax (4,00,000-2,00,000)		2 00 000	
	Adjustment for non-cash and non-operating		2,00,000	
	items:			
	Depreciation	30,000		
	Profit on sale of machinery	(10,000)	20,000	
	Operating profit before working capital		2,20,000	
	changes			
	Change in current assets and current liabilities:			
	Decrease in inventories	F0 000		
	Increase in trade receivable	50,000		
	Increase in trade payables	(2,00,000) 1,00,000	(50,000)	
	Net cash inflow from operating activities	1,00,000	(50,000) <b>1,70,000</b>	(2
	II. Cash flow from investing activities:		1,7 0,000	+
	Sale of plant	60,000		
	Purchase of plant	(2,80,000)	(2,20,000)	
	Net cash used in investing activities			2
	III. Cash flow from financing activities:			+
	Issue of share capital	1,00,000		3,
	Net cash inflow from financing activities  IV.Net increase in cash and cash		1,00,000	2)
	IV.Net increase in cash and cash equivalents		E0 000	
			50,000	

V. Opening cash and cash equivalents	 30,000
VI. Closing cash and cash equivalents	80,000

## Working Note:

### Plant and Machinery Account

Particulars	₹	Particulars	₹
To Balance b/d	3,00,000	By Bank A/c(Sale)	60,000
To Statement of P/L(Profit)	10,000	By Depreciation A/c	30,000
To Bank A/c(Purchase)	2,80,000	By Balance c/d	5,00,000
	5,90,000		5,90,000

