Q307

Investment a/c

Opng	10000	By Bank (Pre ACQ Divd)	600
To Bank	25600		
CFIA		Closg	35000

Cost 100
10%
90

Opng Inventory = 216000
(Cost Less 10%)

Org. Cost of Op Inventory = $\frac{216000}{90} \times 100$

= 240000

Trading P&L

Op. St. ~~216000~~ 240000	
GP	
NP	

Surplus

(+) Transfer to GR

(+) Divd Dc

NPAT

(+) provision Tax

NPBT

(–) Rectification in profit due to Inventory (24000)

Q308

WN-1 FV of Redemption (Debn) = 120000

+5% prem = 6000

Payment 126000

WN-2 FV of Pref. Redeemed = 120000

(+) 5% premium = 6000

Payment 126000

Total premium in P&L = 12000

CFOA (+)

WN-3 PPE a/c (Org. Cost)

Op. 3200000	By Prov. For Dep 80000
To Bank 856000 (Purchase)	By Bank 100000
	By Loss (P&L) 20000
	By Prov. For Dep 40000
	By P&L 16000
	Closg 3800000

Prov. For Dep.

To PPE 80000	Op 920000
To PPE 40000	Dep 360000
Closg 1160000	

WN-4

Op. Inventory Shown in B/S = 216000 (Cost Less 10%)

Org. Cost of Inventory = $\frac{216000}{90\%}$

= 240000

* For Cash Flow Statement, Org. Cost must be Considered. Hence NP shall be

reduced by 24000 (240000 – 216000)
due to increase in Opng Inventory.

WN-5 Opng Dividend payable of 120000
must have been paid in Cy
Hence it is financing activity.

There is no closg. Divd in B/s
Hence ignore.

CFOA :-

Surplus	100000
(+) Transfer to GR	160000
(+) Cy Divd Declared	0
NPAT	260000
(+) Prov. for Tax	340000
NPBT	600000
(-) Rectification due to Op. Inventory	(24000)
(+/-) Adj: Depreciation	360000
Loss on Sale	20000
PPE w/o	16000
Gain on Sale	(40000)
Int. on Deb	36000

Premium on Redemp 12000

(+/-) WC Changes

Inventory	(60000)
CL	40000
Other CA	44000
Cash Before Tax	10,04,000
(-) Tax paid	(360000)
(a) Net Cash generated	6,44,000

CFIA

Sale of PPE	100000
Pur. of PPE	(856000)
Sale of Invst	120000
(b) Net Used	(636000)

CFFA

Issue of Sh. Cap eg.	400000
Red. of PSC	(126000)
Red. of Debn	(126000)
Inter. on Debn	(36000)

Divd (Py) Paid (120000)

(C) Net Used (8000)

Q310

1) Land purchased = 300000

(–) Share issue
22000 x 12 = (264000)

Cash paid 36000 I

(–)

2) Pref. Shares Redeemed = 22500 no.
x100

FV = 2250000

(+) 5% = 112500

Cash paid = 2362500

PSC Dr. 2250000
Prem. Dr. 112500
To Bank 2362500

F

P&L 112500
To Prem. 112500

non cash + op.

Sale
(-) exp.

Business Income = 250000 (NP)

(+)

Prem. on Red. of Pref. Sh. Cap. ⇒ P&L

Surplus XXX
(+) Transfer to GR XX
(+) Divd. by Dc XX
(+) Prem. on Red of Pf. sh XX

NPAT

Q301

1) 34650 Deb^n redeemed = Financing (−)

2) 1650 Premium → OP. (+)

3) Inter.

To Bank 10100	By op. 275
Closg 1175	Int. 11000

To Bank 10100 → F (−)

Int. 11000 → OP (+)

4) Interest on Invest due Accrued = 35000
not receiv. −10500

received = 24500 → I (+)

OP (−)

Q401

WN-1

Debtor a/c

Op	250	By Cash (Collection)	4000
Sale	4150	Closg.	400

WN-2

Creditor a/c

To Cash	2380	By Bal	230
To Bal	250	By purchase	2400

WN-3

O/s Wages

Paid	790	op.	40
Closg	50	E.B. Exp	800

WN-4

Tax

Adv. Tax Op.	180	Prov. op.	180
To Bank	195	P&L	200
Prov. Closg	200	Adv. Tax Closg	195

Q401

Cash Flow Statement

1) CFOA :-

Collection from Debtors	4000
(-) payment to Creditors	(2380)
(-) payment to Employees	(790)
(-) Paymnt of Other exp	(190)
Net Cash generated before Tax	640
(-) Tax paid	(195)
(a) Net Cash generated from oper. Act.	= 445

Indirect

CFOA :-

NPBT = 710

(+/-) Adjust :-

Depreciation = + 100

F. Cost = + 60

Other Income = (100)

(+/-) WC Changes :-

(+) O/s wages = 10

(+) O/s Exp = 10

(+) T. Payables = 20

(-) Inventory = (20)

(-) T. Receiv. = (150)

640

(-) Tax paid = (195)

445