## शिक्षा निदेशालय, राष्ट्रीय राजधानी क्षेत्र दिल्ली

### Directorate of Education, GNCT of Delhi

Suggestive Answers of Practice Paper

कक्षा — XII

Class - XII

**लेखांकन(कोड**: 055)

Accountancy (Code: 055) TERM II (2021-22)

अधिकतम अंक: 40

Maximum Marks: 40

1.

In the books of Railway Club

Dr. Receipts and Payments A/c for the year ended 31st March, 2019 Cr.

71. Receipts and Layments Twe for the year chaed 31 March, 2015				
Receipts	Amount (₹)	Payments	Amount (₹)	
To balance b/d	4,390	By Electricity Charges	3,440	
To Subscriptions	37,600	By Taxes Paid	490	
To Donations	8,000	By Salaries	21,500	
To Entrance Fees	4,300	By Honorarium to Secretary	2,500	
To Rent Received for Club	5,250	By Printing and Stationery	350	
Halls				
To Interest Received on	2,950	By Petty Cash Expenses	900	
Investments				
		By Insurance Premium Paid	310	
		By balance c/d	33,000	
	62,490		62,490	

- **2.** The following are the rules of settlement of accounts on dissolution as per the Section 48 of Partnership Act 1932.
- 1. *Application of Assets:* Amount received by the realisation (sale) of the assets shall be used in the following order:
  - a) First of all the external liabilities and expenses are to be paid.
  - b) Then, all loans and advances forwarded by the partners should be paid.
  - c) Then, the capital of each partner should be paid off. If there remains any surplus after the payment of (a), (b) and (c), then it should be distributed among the partners in their profit sharing ratio.
- 2. **Treatment of Loss:** In case of loss and any deficiency of capital this should be paid in the following order:
  - a) First these should be adjusted against firm's profits.

- b) Then, against the total capital of the firm.
- c)Even if there exists any loss and deficiencies then it should be borne by all the partners individually in their profit sharing ratio.

3.

Old Ratio (Shiv, Mohan and Hari) = 5:5:4

Mohan's Profit Share =  $\frac{5}{14}$ 

His share is divided between Shiv and Hari equally i.e. in the ratio of 1: 1

Share of Mohan taken by Shiv = 
$$\frac{5}{14} \times \frac{1}{2} = \frac{5}{28}$$
  
Share of Mohan taken by Hari =  $\frac{5}{14} \times \frac{1}{2} = \frac{5}{28}$ 

New Profit Share = Old Profit Share + Share taken from Mohan

Shiv's New Share 
$$=$$
  $\frac{5}{14} + \frac{5}{28} = \frac{10+5}{28} = \frac{15}{28}$   
Hari's New Share  $=$   $\frac{4}{14} + \frac{5}{28} = \frac{8+5}{28} = \frac{13}{28}$ 

∴ New Profit Ratio (Shiv and Hari) = 15:13

4

# Balance Sheet as at 31st March, 2019

			,			
Liabilities		Liabilities I		Amount (₹)	Assets	Amount (₹)
Match Fund	80,000		Match Fund Investment	72,000		
Add: Interest on Match Fund Investment	2,880		Match Fund Bank Balance	3,500		
Less: Match Expenses	(5,500)	77,380				

**OR** 

Calculation of Amount of Sports Material Consumed to be debited to Income & Expenditure A	c
Particulars	

Particulars	Amount
	(₹)

Amount Paid to the creditors of Sports Materials	91,000
Less: Creditors of the sports material as on 31st March, 2017	37,000
Closing Stock of Sports Material as on 31st March, 2018	55,000
Sports Material sold during the year	50,000
Add: Creditors of the sports material as on 31st March, 2018	45,000
Cash purchase of Sports Material	40,000
Opening Stock of Sports Material as on 31st March, 2017	50,000
Sports Material consumed during the year to be debited to Income & Expenditure A/c	84,000

5.

#### **Books of Saroj and Shanti**

#### **Journal**

Date	Particulars		L.F.	Amount Rs	Amount Rs
	Sangeeta's Capital A/c	Dr.		12,000	
	Saroj's Capital A/c	Dr.		18,000	
	Shanti's Capital A/c	Dr.		30,000	
	To Goodwill A/c				60,000
	(Goodwill written off)				
	Saroj's Capital A/c To Sangeeta's Capital A/c (Sangeeta's share of goodwill adjusted to Saroj's Capital Account in her gaining ratio)	Dr.		18,000	18,000

#### **Working Notes:**

1. Sangeeta's share of goodwill.

Total goodwill of the firm × Retiring Partner's share

$$=90,000\times\frac{2}{10}18,000$$

2. Gaining Ratio = New Ratio - Old Ratio

Saroj's Gaining Share 
$$= \frac{1}{2} - \frac{3}{10} = \frac{10 - 6}{20} = \frac{4}{20}$$
Shanti's Gaining Share 
$$= \frac{1}{2} - \frac{5}{10} = \frac{10 - 10}{20} = \frac{0}{20}$$

6.

#### In the books of Green Ltd. Journal

Date	<b>Particulars</b>	L.F.	Debit	Credit

		Amount (₹)	Amount (₹)
Sundry Assets A/c	Dr.	40,00,000	
To Sundry Liabilities A/c			7,00,000
To Strong Ltd.			32,40,000
To Capital Reserve A/c			60,000
(Being the purchase of business of Strong Ltd.)			
Strong Ltd. A/c	Dr.	32,40,000	
Discount on Issue of Debentures A/c (36,000×10)	Dr.	3,60,000	
To 10% Debentures A/c			36,00,000
(Being 36,000, 10% debentures issued as purchase			
consideration)			

#### **Working Notes:**

Number of Debentures issued= (32,40,000/90) = 36,000 debentures

OR

# When Debentures Issued as Collateral Security is shown separately X Ltd.

#### **Balance Sheet**

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
2. Non-Current Liabilities		
a. Long-Term Borrowings	1	3,00,000
3. Current Liabilities		
Total		3,00,000
II. Assets 1.Non-Current Assets 2.Current Assets a. Cash and Cash Equivalents  Total	2	3,00,000 <b>3,00,000</b>
		·

### NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Long-Term Borrowings Secured:  Loan From IDBI(Secured by issue of Debentures of Rs 4,00,000)  9 % Debentures (Issued as Collateral Security against loan)  Less: Debenture Suspense Account 4,00,000	3,00,000
		3,00,000
2	Cash and Cash Equivalents Cash at Bank	3,00,000

### **Books of Paras and Priya**

#### Journal

	Particulars		L.F.	Amount Rs	Amount Rs
1)	Bank A/c To Realisation A/c (Unrecorded furniture sold)	Dr.		3,000	3,000
2)	Bank A/c To Realisation A/c (Bad Debt recovered which was previously written off as bad)	Dr.		600	600
3)	Paras's Capital A/c To Realisation A/c (Unrecorded goodwill taken over by Paras)	Dr.		30,000	30,000
4)	Priya's Capital A/c To Realisation A/c (Unrecorded Typewriter estimated Rs 400 taken over by Priya at 25% less price)	Dr.		300	300
5)	Paras's Capital A/c Priya's Capital A/c To Realisation A/c (100 shares of Rs 10 each which were not recorded in the books taken @ Rs 6 each by Paras and Priya and divided between them in their profit sharing ratio)	Dr. Dr.		300 300	600

OR

#### **Books of Radha and Meena**

#### **Revaluation Account**

Dr. Cr.

	Amount		Amount
<b>Particulars</b>	Rs	Particulars	Rs
Machinery	800	Expenses Owing	750
Loose Tools	400	Factory Premises	1,800
Profit transferred to Capital Account:			
Meena 675			
Radha 450			

Sheela	225	1,350	
		2,550	2,550

#### Parters' Capital Account

Dr.

Cr.

<b>Particulars</b>	Radha	Sheela	Meena	<b>Particulars</b>	Radha	Sheela	Meena
Sheela's Capital A/c	3,375		1,125	Balance b/d	15,000	15,000	15,000
Sheela's Loan A/c		24,450		General Reserve	6,750	4,500	2,250
Balance c/d	19,050		16,350	Revaluation (Profit)	675	450	225
				Radha's Capital A/c		3,375	
				Meena's Capital A/c		1,125	
	22,425	24,450	17,475		22,425	24,450	17,475

8.

8. (i) Number of Debentures to be issued = 7875000/105 = 75,000

(ii) In the Books of Arun Ltd.

Journal

Date	Particulars		L.F.	Dr. Amount (₹)	Cr. Amount (₹)
2020	Debenture Application & Allotment A/c	Dr.		7875000	
April 1	Loss on Issue of Debentures A/c	Dr.		7,50,000	
	To 6% Debentures A/c				75,00,000
	To Securities Premium Reserve A/c				3,75,000
	To Premium on Redemption of Debentures A/c				7,50,000
	(Reing allotment of dehentures made)				

(iii)

Journal

Date	Particulars		L.F.	Dr. Amount	Cr. Amount
				(₹)	(₹)
2021	Securities Premium Reserve A/c	Dr.		3,75,000	
March 31	Statement of Profit & Loss	Dr.		3,75,000	
	To Loss on Issue of Debentures A/c				7,50,000
	(Being Loss on Issue of Debentures A/c written				
	off)				

(iv) Interest on 6% debentures = 75,00,000 x 6 /100 = ₹4,50,000

(v) Loss on Issue of Debentures A/c

Dr. Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
1.4.20	To Premium on Redemption of Debentures A/c	7,50,000	31.3.21	By Securities Premium Reserve A/c By Statement of Profit & Loss A/c	3,75,000 3,75,000

7.5	0,000		7,50,000

9.

### **Books of Unity Club**

### **Income and Expenditure Account**

as on March 31, 2017

Dr.

E 424		Amount	Incomo	Amount
Expenditure	Expenditure		Income	Rs
Loss on Sale of Old Furniture (4,000	- 6,000)	2,000	Subscription	
			500 members at Rs 150 each	75,000
Salaries	72,000		Sale of Old Newspapers	10,800
Add: Outstanding for 2015–16	1,200		Profit from Entertainment	44,000
	73,200		Rent	84,000
Less: Outstanding for 2016–17	(6,000)	67,200		
General Expenses		18,000	Deficit (Balancing figure)	200
Electric Charges		12,000		
Newspapers		33,800		
Postage		3,000		
Stationery		40,000		
Audit Fees		8,000		
Depreciation on Land and Building		30,000		
		2,14,000		2,14,000

#### **Balance Sheet**

as on 31 March 2017

Liabilities	Amount	Assets	Amount
	Rs		Rs
Advance Subscription (for 2017–18)	12,000	Subscription Outstanding	15,000

Salaries Outstanding		1,200	Furniture	37,000	
Capital Fund	6,94,000		Add: Purchases	18,000	
Less: Deficit	(200)	6,93,800		55,000	
			Less: Sales	(6,000)	49,000
			Library Books	30,000	40.000
			Add: Purchases	10,000	40,000
			Land and Building  Less: 5% Depreciation	6,00,000	5,70,000
			Cash and Bank		33,000
		7,07,000			7,07,000

#### 10

(a)There is no flow of cash by the issue of 9% debentures to the vendors for the purchase of machinery of Rs 50,000 because this transaction will not change the balance of cash and cash equivalents.

#### 11.

#### **Comparative Balance Sheet of H.P. Ltd.**

as at March 31, 2018 and March 31, 2019

Particulars	2018 2019 (₹) (₹)		Absolute Change (₹)	Percentage Change (%)
I. Equity and Liabilities				
1. Shareholders' Funds				
a. Share Capital				
1. Equity Share Capital	12,50,000	5,00,000	7,50,000	150.00
2. Preference Share Capital	2,50,000	2,50,000	_	-
Total	15,00,000	7,50,000	7,50,000	100.00
b. Reserve and Surplus	3,00,000	4,50,000	(1,50,000)	(33.33)

<sup>(</sup>b) Dividend received by a finance company is an operating activity.

Total	36,00,000	22,50,000	13,50,000	60.00
c. Cash and Cash Equivalents	1,00,000	50,000	50,000	100.00
b. Trade Receivables	8,00,000	4,50,000	3,50,000	77.78
2. Current Assets a. Inventories	4,50,000	2,50,000	2,00,000	80.00
II. Assets 1. Non-Current Assets a. Fixed Assets (Tangible)	22,50,000	15,00,000	7,50,000	50.00
Total	36,00,000	22,50,000	13,50,000	60.00
c. Short-Term Provisions	50,000	25,000	25,000	100.00
b. Trade Payables	2,00,000	1,00,000	1,00,000	100.00
3. Current Liabilities a. Short-Term Borrowings	3,50,000	1,75,000	1,75,000	100.0
	12,00,000	7,50,000	4,50,000	60.00
12% Unsecured Debentures	2,50,000	2,00,000	50,000	25.00
Non-Current Liabilities     a. Long-term Borrowings     12% Secured Debentures	9,50,000	5,50,000	4,00,000	72.73
	18,00,000	12,00,000	6,00,000	50.00

OR

Comparative Income Statement for the year ended March 31, 2014 and 2015

Particulars	2014 (Rs)	2015 (Rs)	Absolute Change (Rs)	Percentage Change (%)
I. Revenue from Operations	45,00,000	60,00,000	15,00,000	33.33
II. Expenses				
a. Depreciation	6,00,000	7,50,000	1,50,000	25.0
b. Employees Benefit Expenses	22,50,000	30,00,000	7,50,000	33.33
c. Other Expenses	10,00,000	15,50,000	5,50,000	55.0
	38,50,000	53,00,000	14,50,000	37.66
Profit before Income Tax	6,50,000	7,00,000	50,000	7.69
Less: Income Tax	1,95,000	2,10,000	15,000	7.69
Profit after Income Tax	4,55,000	4,90,000	35,000	7.69

Cash flow Statement			
for the year ended 31st March, 2017			

A. Cash Flow from Operating Activities Closing Balance of Surplus i.e. Statement of Profit and Loss  Less: Opening Balance of Surplus i.e. Statement of Profit and Loss  Add: Provision for Tax made Proposed Dividend paid as on 31st March, 2016 Net Profit before tax and extraordinary items  Add: Depreciation charged during the year Interest paid on 10% debentures Net Profit before Working Capital changes  Less: Increase in Trade Receivables Receivables B. Cash flow from Operating Activities Purchase of Machinery Cash used in Investing Activities Purchase of Machinery Cash used in Investing Activities Proceeds from issue of 10% debentures Proceeds from issue of 10% debentures Proposed Dividend paid Cash flow from Gebrutures Proposed Dividend paid Cash flow from financing activities Proposed Dividend paid Cash flow from financing activities Proposed Dividend paid Cash flow from financing activities Net Increase in Cash and Cash Equivalents Add: Cash and Cash Equivalents at the beginning of the year  (2,10,000)  (3,12,500) (50,000)  Respectively.	Particulars	Amount	Amount
Closing Balance of Surplus i.e. Statement of Profit and Loss		(₹)	(₹)
Less: Opening Balance of Surplus i.e. Statement of Profit and Loss       (25,000)         Add: Provision for Tax made       1,25,000         Proposed Dividend paid as on 31st March, 2016       50,000         Net Profit before tax and extraordinary items       3,00,000         Add: Depreciation charged during the year       62,500         Interest paid on 10% debentures       15,000         Net Profit before Working Capital changes       3,77,500         Less: Increase in Trade Receivables       (50,000)         Net Profit before tax       3,27,500         Less: Tax Paid during the year       75,000         Cash flow from Operating Activities       2,52,500         B. Cash flow from Investing Activities       (2,12,500)         Short term loans and advances given       (1,00,000)         Cash used in Investing Activities       (3,12,500)         C. Cash flow from Financing activities       (3,12,500)         Proceeds from issue of 10% debentures       1,00,000         Increase in the Bank Overdraft       50,000         Interest paid on debentures       (15,000)         Proposed Dividend paid       (50,000)         Cash flow from financing activities       85,000         Net Increase in Cash and Cash Equivalents       25,000         Add: Cash and Cash Equivalent	A. Cash Flow from Operating Activities		
1,25,000   1,25,000   1,25,000   1,25,000   1,25,000   1,25,000   1,25,000   1,25,000   50,000   1,25,000   50,000   1,25,000   50,000   1,25	Closing Balance of Surplus i.e. Statement of Profit and Loss	1,00,000	
Add: Provision for Tax made       1,25,000         Proposed Dividend paid as on 31" March, 2016       50,000         Net Profit before tax and extraordinary items       3,00,000         Add: Depreciation charged during the year       62,500         Interest paid on 10% debentures       15,000         Net Profit before Working Capital changes       3,77,500         Less: Increase in Trade Receivables       (50,000)         Net Profit before tax       3,27,500         Less: Tax Paid during the year       75,000         Cash flow from Operating Activities       2,52,500         B. Cash flow from Investing Activities       (2,12,500)         Purchase of Machinery       (2,12,500)         Short term loans and advances given       (1,00,000)         Cash used in Investing Activities       (3,12,500)         C. Cash flow from Financing activities       (3,12,500)         Proceeds from issue of 10% debentures       1,00,000         Increase in the Bank Overdraft       50,000         Interest paid on debentures       (15,000)         Proposed Dividend paid       (50,000)         Cash flow from financing activities       85,000         Net Increase in Cash and Cash Equivalents       25,000	Less: Opening Balance of Surplus i.e. Statement of Profit and Loss	(25,000)	
Proposed Dividend paid as on 31st March, 2016         50,000           Net Profit before tax and extraordinary items         3,00,000           Add: Depreciation charged during the year         62,500           Interest paid on 10% debentures         15,000           Net Profit before Working Capital changes         3,77,500           Less: Increase in Trade Receivables         (50,000)           Net Profit before tax         3,27,500           Less: Tax Paid during the year         75,000           Cash flow from Operating Activities         2,52,500           B. Cash flow from Investing Activities         (2,12,500)           Purchase of Machinery         (2,12,500)           Short term loans and advances given         (1,00,000)           Cash used in Investing Activities         (3,12,500)           C. Cash flow from Financing activities         1,00,000           Proceeds from issue of 10% debentures         1,00,000           Increase in the Bank Overdraft         50,000           Interest paid on debentures         (15,000)           Proposed Dividend paid         (50,000)           Cash flow from financing activities         85,000           Net Increase in Cash and Cash Equivalents         25,000		1,25,000	
Net Profit before tax and extraordinary items  Add: Depreciation charged during the year  Interest paid on 10% debentures  Net Profit before Working Capital changes  Less: Increase in Trade Receivables  Net Profit before tax  Less: Tax Paid during the year  Cash flow from Operating Activities  B. Cash flow from Investing Activities  Purchase of Machinery  Short term loans and advances given  Cash flow from Financing activities  C. Cash flow from Financing activities  Proceeds from issue of 10% debentures  Increase in the Bank Overdraft  Interest paid on debentures  Proposed Dividend paid  Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year	Add: Provision for Tax made	1,25,000	
Add: Depreciation charged during the year       62,500         Interest paid on 10% debentures       15,000         Net Profit before Working Capital changes       3,77,500         Less: Increase in Trade Receivables       (50,000)         Net Profit before tax       3,27,500         Less: Tax Paid during the year       75,000         Cash flow from Operating Activities       2,52,500         B. Cash flow from Investing Activities       (2,12,500)         Purchase of Machinery       (2,12,500)         Short term loans and advances given       (1,00,000)         Cash used in Investing Activities       (3,12,500)         C. Cash flow from Financing activities       (3,12,500)         Proceeds from issue of 10% debentures       1,00,000         Increase in the Bank Overdraft       50,000         Interest paid on debentures       (15,000)         Proposed Dividend paid       (50,000)         Cash flow from financing activities       85,000         Net Increase in Cash and Cash Equivalents       25,000         Add: Cash and Cash Equivalents at the beginning of the year       25,000	Proposed Dividend paid as on 31st March, 2016	50,000	
Interest paid on 10% debentures       15,000         Net Profit before Working Capital changes       3,77,500         Less: Increase in Trade Receivables       (50,000)         Net Profit before tax       3,27,500         Less: Tax Paid during the year       75,000         Cash flow from Operating Activities       2,52,500         B. Cash flow from Investing Activities       (2,12,500)         Purchase of Machinery       (2,12,500)         Short term loans and advances given       (1,00,000)         Cash used in Investing Activities       (3,12,500)         C. Cash flow from Financing activities       (3,12,500)         Proceeds from issue of 10% debentures       1,00,000         Increase in the Bank Overdraft       50,000         Interest paid on debentures       (15,000)         Proposed Dividend paid       (50,000)         Cash flow from financing activities       85,000         Net Increase in Cash and Cash Equivalents       25,000         Add: Cash and Cash Equivalents at the beginning of the year       25,000	Net Profit before tax and extraordinary items	3,00,000	
Net Profit before Working Capital changes       3,77,500         Less: Increase in Trade Receivables       (50,000)         Net Profit before tax       3,27,500         Less: Tax Paid during the year       75,000         Cash flow from Operating Activities       2,52,500         B. Cash flow from Investing Activities       (2,12,500)         Purchase of Machinery       (1,00,000)         Short term loans and advances given       (1,00,000)         Cash used in Investing Activities       (3,12,500)         C. Cash flow from Financing activities       (3,12,500)         Proceeds from issue of 10% debentures       1,00,000         Increase in the Bank Overdraft       50,000         Interest paid on debentures       (15,000)         Proposed Dividend paid       (50,000)         Cash flow from financing activities       85,000         Net Increase in Cash and Cash Equivalents       25,000         Add: Cash and Cash Equivalents at the beginning of the year       25,000	Add: Depreciation charged during the year	62,500	
Less: Increase in Trade Receivables       (50,000)         Net Profit before tax       3,27,500         Less: Tax Paid during the year       75,000         Cash flow from Operating Activities       2,52,500         B. Cash flow from Investing Activities       (2,12,500)         Purchase of Machinery       (1,00,000)         Short term loans and advances given       (1,00,000)         Cash used in Investing Activities       (3,12,500)         C. Cash flow from Financing activities       1,00,000         Proceeds from issue of 10% debentures       1,00,000         Increase in the Bank Overdraft       50,000         Interest paid on debentures       (15,000)         Proposed Dividend paid       (50,000)         Cash flow from financing activities       85,000         Net Increase in Cash and Cash Equivalents       25,000         Add: Cash and Cash Equivalents at the beginning of the year       25,000	Interest paid on 10% debentures	15,000	
Net Profit before tax       3,27,500         Less: Tax Paid during the year       75,000         Cash flow from Operating Activities       2,52,500         B. Cash flow from Investing Activities       (2,12,500)         Purchase of Machinery       (1,00,000)         Short term loans and advances given       (1,00,000)         Cash used in Investing Activities       (3,12,500)         C. Cash flow from Financing activities       1,00,000         Proceeds from issue of 10% debentures       50,000         Increase in the Bank Overdraft       50,000         Interest paid on debentures       (15,000)         Proposed Dividend paid       (50,000)         Cash flow from financing activities       85,000         Net Increase in Cash and Cash Equivalents       25,000         Add: Cash and Cash Equivalents at the beginning of the year       25,000	Net Profit before Working Capital changes	3,77,500	
Less: Tax Paid during the year75,000Cash flow from Operating Activities2,52,500B. Cash flow from Investing Activities(2,12,500)Purchase of Machinery(2,12,500)Short term loans and advances given(1,00,000)Cash used in Investing Activities(3,12,500)C. Cash flow from Financing activities1,00,000Proceeds from issue of 10% debentures1,00,000Increase in the Bank Overdraft50,000Interest paid on debentures(15,000)Proposed Dividend paid(50,000)Cash flow from financing activities85,000Net Increase in Cash and Cash Equivalents25,000Add: Cash and Cash Equivalents at the beginning of the year25,000	Less: Increase in Trade Receivables	(50,000)	
Cash flow from Operating Activities  B. Cash flow from Investing Activities  Purchase of Machinery  Short term loans and advances given  Cash used in Investing Activities  C. Cash flow from Financing activities  Proceeds from issue of 10% debentures  Increase in the Bank Overdraft  Interest paid on debentures  Proposed Dividend paid  Cash flow from financing activities  Cash flow from financing activities  Proposed Dividend paid  Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year  2,52,500  (2,12,500)  (3,12,500)  (3,12,500)  (50,000)  (50,000)  85,000  25,000	Net Profit before tax	3,27,500	
B. Cash flow from Investing Activities Purchase of Machinery Short term loans and advances given (2,12,500) Cash used in Investing Activities C. Cash flow from Financing activities Proceeds from issue of 10% debentures Increase in the Bank Overdraft Interest paid on debentures Proposed Dividend paid Cash flow from financing activities  Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year  (2,12,500) (1,00,000) (3,12,500) (50,000)  (50,000)  85,000	Less: Tax Paid during the year	75,000	
Purchase of Machinery Short term loans and advances given  Cash used in Investing Activities C. Cash flow from Financing activities Proceeds from issue of 10% debentures Increase in the Bank Overdraft Interest paid on debentures Proposed Dividend paid Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year  (2,12,500) (1,00,000) (3,12,500) (3,12,500) (50,000)  (3,12,500) (50,000)  (85,000) (50,000)	Cash flow from Operating Activities		2,52,500
Short term loans and advances given  Cash used in Investing Activities  C. Cash flow from Financing activities  Proceeds from issue of 10% debentures  Increase in the Bank Overdraft  Interest paid on debentures  Proposed Dividend paid  Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year  (1,00,000)  (3,12,500)  (1,00,000)  (15,000)  (15,000)  (50,000)  85,000  25,000	B. Cash flow from Investing Activities		
Cash used in Investing Activities C. Cash flow from Financing activities Proceeds from issue of 10% debentures Increase in the Bank Overdraft Interest paid on debentures Proposed Dividend paid Cash flow from financing activities Net Increase in Cash and Cash Equivalents Add: Cash and Cash Equivalents at the beginning of the year  (3,12,500)  1,00,000  50,000  (50,000)  85,000  25,000	Purchase of Machinery	(2,12,500)	
C. Cash flow from Financing activities  Proceeds from issue of 10% debentures  Increase in the Bank Overdraft  Interest paid on debentures  Proposed Dividend paid  Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year  1,00,000  15,000  (15,000)  85,000	Short term loans and advances given	(1,00,000)	
Proceeds from issue of 10% debentures Increase in the Bank Overdraft Interest paid on debentures Proposed Dividend paid Cash flow from financing activities Net Increase in Cash and Cash Equivalents Add: Cash and Cash Equivalents at the beginning of the year  1,00,000 50,000 (15,000) 85,000 85,000	Cash used in Investing Activities		(3,12,500)
Increase in the Bank Overdraft  Interest paid on debentures  Proposed Dividend paid  Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year  50,000  (50,000)  85,000  25,000			
Interest paid on debentures  Proposed Dividend paid  Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year  (15,000)  85,000  25,000	Proceeds from issue of 10% debentures	1,00,000	
Proposed Dividend paid  Cash flow from financing activities  Net Increase in Cash and Cash Equivalents  Add: Cash and Cash Equivalents at the beginning of the year  (50,000)  85,000  25,000	Increase in the Bank Overdraft	*	
Cash flow from financing activities85,000Net Increase in Cash and Cash Equivalents25,000Add: Cash and Cash Equivalents at the beginning of the year25,000	Interest paid on debentures	` '	
Net Increase in Cash and Cash Equivalents25,000Add: Cash and Cash Equivalents at the beginning of the year25,000	Proposed Dividend paid	(50,000)	
Add: Cash and Cash Equivalents at the beginning of the year 25,000	Cash flow from financing activities		85,000
	Net Increase in Cash and Cash Equivalents		25,000
Cash and Cash Equivalents at the end of the year 50,000	Add: Cash and Cash Equivalents at the beginning of the year		25,000
	Cash and Cash Equivalents at the end of the year		50,000

<u>Note:</u> Proposed Dividend Treatment is as per AS-4.