SEND UP AUT 2013: Q1:

Computation of Goodwill:

Total of 3 yrs profit	Rs 712100
• Effect of Corrections:	
a) Furniture charged to repairs	95000
Dep on above 95000 × 10% × 1.5	(14250)
b) Unrecorded Sale Invoice	74000
c) Overvaluation of closing Stock	(44000)
d) Reduction in debtors (340000+74000) × 6%	(24840)
	85910
Effect of Abnormal items:	
Gain on disposal	(28000)
Stock loss	90000
Normal Profits for 3 yrs	860,010

Avg Profit = 860010 / 3 = 286670

286670

Goodwill = 286670 × 2 = Rs 573340

	ALPHA	BETA	GAMMA		ALPHA	BETA	GAMMA
Share of Goodwill			143335	Opening Balance	920000	560000	
				Investment by Gamma			633335
				Share of Goodwill	107501	35834	
				Effect of Conection	53694	32216	
Closing Balance	1196820	697425	490000	Distribution of Reserve	115625	69375	

(2)

Investment By Gamma:

Furniture	Rs 220000
Stock	180000
Cash	90000
Share of Goodwill ($576300 \times \frac{4}{16}$)	143335
	633335

	A		B	G.
Old Share	5/8		3/8	-
New share	7/16		5/16	4/16
Sacrifice	3/16		1/16	
Sacrificing Ratio	3	:	1	

ALPHA, BETA & GAMMA

BALANCE SHEET

As on APRIL 1, 2011.

ASSETS.

NON-CURRENT ASSETS:		
Furniture & fixtures (850000 + 220000 + 95000 − 14250)		1150750
Office Equipments		240000
Motor Car		72000
		1462750
CURRENT ASSETS:		
Stock (250000 + 180000 − 44000)		386000
Debtors (340000 + 74000)	414000	
Provision for Bad Debts	24840	
		389160
Cash at Bank (248000 + 900007 143335)		481335
		1256495
		2719245

EQUITIES.

LIABILITIES:		
Sundry creditors		335000
CAPITALS:		
ALPHA	Rs 1196820	
BETA	697425	
GAMMA	490000	2384245
		2719245

Q2:

~~4~~

Mr Azmat

Statement of Cash Flow:

Cash Flow From Operating Activities:		
Profit before Tax. (136700 + 46900)		Rs 183600
Adjustment for:		
Depreciation (15500 + 19200)		34700
Reduction in provision for Bad Debts		(1600)
Loss on disposal of Furniture		6000
Gain on disposal of Equipment		(1700)
Gain on disposal of Investment		(17500)
Operating Profit before working capital changes		Rs 203500
Working Capital Changes:		
Decrease in Accounts receivable	Rs 9800	
Increase in Inventory	(15600)	
Increase in Creditors	14300	
Increase in Accrued expense	13500	22000
Cash Generated from Operations		225500
Tax paid		(41000)
Net Cash flow from Operating Activities		184500

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CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Furniture	Rs (64000)	
Purchase of Equipment	(74000)	
Sale Proceeds from disposal of Furniture	6500	
Sale Proceeds from disposal of Equipment	9500	
Sale Proceeds from disposal of Investment	64400	
		(57600)

CASH FLOW FROM FINANCING ACTIVITIES:

Drawings	(114000)	
Repayment of loan	(22000)	
		(136000)
		(9100)
	24100	21400
	15000	12300

FURNITURE

Op	55000	Disposal	25000
Addition (Balancing)	64000		
		Closing	94000

Accumulated dep. Furniture

Disposal	12500	Op	15000
		Depreciation (Balg)	15500
Closing	18000		

EQUIPMENT.

Op	143000	Disposal	13000
Addition (Balg)	74000	Write off	18000
		Closing	186000

Accumulated dep Equipment

Disposal	5200	Op	38000
Write off	18000	Depreciation (Balancing)	19200
Closing	34000		

CAPITAL

Drawings	114000	Op	96700
		N. Profit (Balg)	136700
Closing	119400		

Q7

Tax Payable

Payments	41000	Op	10600
		Expense (Balancing)	46900
Closing	16500		

Disposal - Furniture

Cost	25000	Acc Dep	12500
		Sale Proceed	6500
		loss on disposal (Balancing)	6000

Disposal - Equipment

Cost	13000	Acc - dep	5200
Gain (Balancing)	1700	S. Proceeds	9500

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AL - HAMD ACADEMY

Q4:

TIME LIFE ENTERPRISE

PLANT & MACHINERY

Balance	14677060		
i) Cost not recorded	450000	iii) Cost not credited (780,000 − 410000)	370,000
		iv) Cost not credited (515000 − 242000)	273000
		Closing Balance	14484060

ACCUMULATED DEPRECIATED

		Balance	5762690
i) Excess depreciation by recording advance (450000 × 10% × 9/12)	56250	i) Depreciation not recorded (450000 × 10% × 11/12)	41250
ii) Disposal not recorded (260000+110000)	370000		
Excess dep: (370000 × 10% × 4/12)	12333		
iv) Excess dep (273000 × 10% × 2/12)	4550		
Disposal not recorded (515000 × 43.33%)	223167		
Closing Bal	5137640		

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07 ~~10% × 7/12~~

08 10% × 6/12 = 5

09 10% = 10

10 10% = 10

11 10% = 10

12 10% × 10/12 = 8.3333

43.3333

Gain / loss on disposal.

iii) Book Value already debited	410000	iii) Acc dep not debited	37000
Cost not credited	370000	Sale Proceeds fr. Sale A/c	345000
i) Cost	515000	iv) Sale Proceeds	242000
		Acc dep	223167
		Loss on disposal.	114833

Working 1: Computation of Cost

Date of Purchase Apr 1, 2007.

07: 10% × 9/12 = 7.5

08: 10% = 10

09: 10% = 10

10: 10% = 10

11: 10% = 10

12: 10% × 8/12 = 6.66

54.1667

So, book value is 45.833 (100 - 54.166)

Cost is 220000/45.8333 = Rs 480000

Acc dep = 480000 - 220000 = 260000

Date of Purchase Jan 1, 2009.

09: 10% = 10

10: 10% = 10

11: 10% = 10

12: 10% × 8/12 = 6.666

36.666

So, book value is 63.333 (100 - 36.666)

Cost is ~~190000~~/63.333 = Rs 300,000

Acc dep = 300000 - 190000 = 110000

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Q5:

INCOMPLETE RECORDS.

BANK

Opening Balance	120,000	Payments	1600,000
Receipt	1300,000	Rent	24,000
Cash Deposited	285,000	Drawings	36,000
		Electricity	52,000
		Salary	31,500
		Furniture	90,000
		Return Inward	13,000
Closing Balance	159,500	Cash	18,000

DEBTOR

Opening Balance	191,740	Receipts	1300,000
Credit Sales	1388,260	Closing Balance	280,000

Payment	1600,000	Opening Balance	160,000
Discount	10,000	Purchases	1500,000
Closing Balance	50,000		

CASH.

Cash Withdrawings	18,000	Cash Deposited	285,000
Opening Balance	18.000	Wages	19,000
Cash Sales (Balancing)	394,000	Carriage Out.	12,000
		Drawings	40,000
		Closing Balance	34,000

COMPUTATION FOR OPENING CAPITAL.

ASSETS :-

Bank	Rs. 120,000	
Cash	18,000	
Prepaid Rent	7,500	
Prepaid Salaries	6,000	
Stocks	32,000	
Furniture	190,000	
Debtors.	191,740	
TOTAL ASSETS.		Rs. 565,240

LESS: LIABILITIES:-

Creditors	Rs. 160,000	
Accrued Electricity	2,000	
TOTAL LIABILITIES.		(162,000)
OPENING CAPITAL.		Rs. 403,240

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MR. BHOLO

TRADING & PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED JULY 31, 2010

REVENUE :-		
Sales		Rs. 1742 260
Sales Return.		(13,000)
NET SALES.		Rs. 1729,260
COST OF GOODS SOLD:-		
Opening Stock	Rs. 32,000	
Purchases	1500,000	
AVAILABLE FOR SALE	Rs 1532,000	
less: Closing Stock	(24,000)	
less: Drawings	(30,000)	
COST OF GOODS SOLD.		(1,478,000)
GROSS PROFIT.		Rs. 251,260
INCOMES:-		
Diccount Received		10,000
EXPENSES:		
Rent (24000 + 7500 - 10000)	Rs. 21.500	
Electricity (52000 + 6000 - 2000)	56,000	
Salary (31500 + 6000 + 11000).	48,500	
Wages	19.000	
Carriage Out	12,000	
Depreciation. (190,000 + 90000 - 240000)	40,000	
TOTAL EXPENSES		(197,000)
NET PROFIT		Rs. 64,260

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MR. BHOLO

BALANCE SHEET

AS ON JULY 31, 2010

ASSETS.		
Non-Current Assets:-		
Furniture		Rs. 240,000
Current Assets:-		
Stocks	Rs. 24,000	
Prepaid Rent	10,000	
Debtors	280,000	
Cash in Hand.	34,000	
TOTAL CURRENT ASSETS.		348,000
TOTAL ASSETS.		Rs. 588,000
EQUITIES.		
Liabilities:-		
Bank Over Draft	Rs. 159,500	
Creditors	50,000	
Accrued Expenses (11000+6000)	17,000	
TOTAL LIABILITIES.		Rs. 226,500
Capital		
Opening Capital	Rs. 403,240	
Net Profit	64,260	
Drawings (36000+40000+30000)	(106,000)	
CLOSING CAPITAL		361,500
TOTAL EQUITIES.		Rs. 588,000

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Q6:

a). Acc. Dep (112000 x 25%)	28000	
Dep. Exp		28000
Acc. Dep	60000	
Sales	24800	
Loss	27200	
Cost		112000
b) A/R - Rana	36000	
Suspense A/c		36000
c) A/R - Taha	1900	
Bank		1860
Discount Allowed		40
d). Discount Received	929	
Discount Allowed	292	
Suspense A/c		1221

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e) Acc. Dep (122000 x 20% x 8/12) 16267
Dep. Exp 16267

Acc Dep 91333
Sales 36000
Gain 5333
Cost 122000

f) Trading A/c 5833
Stock 5833

WORKING:- Purchases (48000)
Net Sales [55000 - 4400 x 100/120] 42167
5833

g) Purchases 138750
Accounts Payable 138750

h) Salary Expense 25000
Purchases 25000

i) Sales 35000
Accounts Receivable 35000

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j) Drawings 1800
Suspense A/c 1800

k) Cash 7200
Suspense A/c 7200

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