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Q.N.	QUESTIONS

1. From the following information calculate cash flow from investing activities:

Particulars	31-03-2014 ₹	31-03-2015 ₹
Machinery (at cost)	5,00,000	5,50,000
Accumulated depreciation	1,00,000	1,20,000
Patents	2,00,000	1,20,000
Goodwill	1,50,000	1,00,000
Investment	2,50,000	5,00,000

Additional Information

(i) During the year, a machine costing ₹ 50,000 with its accumulated depreciation of ₹ 25,000 was sold for ₹ 20,000

(ii) Patents were written off to the extent of ₹ 60,000 and some patents were sold at a profit of ₹ 10,000.

(iii) 40% of the investment held in the beginning of the year were sold at 10% profit.

(iv) Interest received on investment ₹ 25,500.

(v) Dividend received on investment ₹ 8,500.

(vi) Rent received ₹ 5,000.

2. From the following information calculate cash flow from Financing activities:

Particulars	31-03-2014 ₹	31-03-2015 ₹
Equity Share Capital	10,00,000	16,00,000
9% Debentures	1,50,000	1,00,000
Proposed Dividend	3,00,000	3,50,000
Dividend Payable	-----------	50,000
10% Preference Share Capital	2,00,000	3,00,000

Additional Information:

1. Interest paid on debentures ₹12,500.
2. During the year 2014-15, company issued bonus shares to equity shareholders in the ratio of 2:1 by capitalizing.
3. The interim dividend of ₹75,000 has been paid during the year.
4. 9% Debentures were redeemed as 5% premium.

3. P Ltd. earned a profit of ₹ 25,000 after charging the following items:

S. No.	particulars	(₹)
1.	Depreciation on fixe tangible Assets (Machinery)	20,000
2.	Loss on sale of fixed tangible Assets (Furniture)	2,000
3.	Writing off goodwill	9,000
4.	Provision for doubtful debts	2,500
5.	Provision for taxation	35,000
6.	Transfer to general reserve	15,000
7.	Gain on sale of fixed tangible Assets (Machinery)	8,000

The following information about Assets and liabilities is given

Particulars	**31.3.2015 (₹)**	**31.3.2016 (₹)**
Trade receivable (All goods)	50,000	62,000
Trade payables	45,000	55,000
Inventory	12,000	8,000
Income received in advance	8,000	………..
Outstanding expenses	6,000	3,000
Prepaid expanses	……….	5,000

You are required to calculate cash from operating Activites.

4. From the following information calculate net cash from operations:

Particulars	₹
Operating Profit after Provision for Tax of ₹1,53,000.	6,28,000
Insurance proceeds from the famine settlement	1,00,000
Proposed Dividend for the current year	72,000
Depreciation	1,40,000
Loss on Sale of Machinery	30,000
Profit on Sale of Investment	20,000
Dividend Received on Investments	6,000
Decrease in Current Assets(other than cash and cash equivalents)	10,000
Increase in Current Liabilities	1,51,000
Increase in Current Assets other than Cash and Cash Equivalents	6,00,000
Decrease in Current Liabilities	64,000
Income Tax Paid	1,18,000

Refund of Income Tax Received	3,000

5. From the following particulars, calculate cash flows from Investing Activities:

	Purchase	Sold
Plant	4,40,000	50,000
Investments	1,80,000	1,00,000
Goodwill	2,00,000	-
Patents	-	1,00,000

- Interest received on debentures held as investment ₹60,000
- Dividend received on shares held as investment ₹10,000
- A plot of land had been purchased for investment purposes and was let out for commercial use and rent received ₹ 30,000.

6. From the following Information, calculate cash flows from investing and financing activities:-

	2005 ₹	2006 ₹
Machine at cost	5,00,000	9,00,000
Accumulated Depreciation	3,00,000	4,50,000
Equity Shares Capital	28,00,000	35,00,000
Bank Loan	12,50,000	7,50,000

- In year 2006, machine costing ₹ 2,00,000 was sold at a profit of ₹ 1,50,000.
- Depreciation charged on machine during the year 2006 amounted to ₹ 2,50,000.

7. For each of the following transactions, calculate the resulting cash flow and state the nature of cash flow viz., operating, investing and financing.

i).Acquired machinery for ₹2,50,000 paying 20% drawn and executing a bond for the balance payable.

ii). Paid ₹ 2,50,000 to acquire shares in Informa Tech. and received a dividend of ₹50,000 after acquisition.

iii). Sold machinery of original cost ₹ 2,00,000 with an accumulated depreciation of ₹ 1,60,000 for ₹60,000.

8. From the following particulars of Bharat Gas Limited, calculate Cash Flows from Investing Activities. Also show the workings clearly preparing the ledger accounts: Balance Sheet of Bharat Gas Limited as on ....

Assets	31.3.2010 Amount (₹)	31.3.2011 Amount(₹)
Goodwill	1,00,000	3,00,000
Patents	2,80,000	1,60,000
Machinery	10,20,000	12,40,000
10% Long-term investment	60,000	1,60,000
Investment in Land	1,00,000	1,00,000
Shares of Amartax Ltd	1,00,000	1,00,000

Additional Information:

a) Patents were written off to the extent of ₹40,000 and some Patents were sold at a profit of ₹ 20,000.

b).A Machine costing ₹ 1,40,000 (Depreciation provided thereon ₹ 60,000) was sold for ₹50,000.

c). Depreciation charged during the year was ₹1,40,000.

d). On March 31, 2011, 10% Investments were purchased for ₹ 1,80,000 and some Investments were sold at a profit of ₹20,000. Interest on Investment was received on March 31, 2011.

e).Amartax Ltd. paid Dividend @ 10% on its shares.

f).A plot of Land had been purchased for investment purposes and let out for commercial use and rent received ₹30,000.

9. Now that you know the meaning of operating activities, state clearly what would constitute the operating activities for the following types of enterprises:

(i) Hotel
(i) Film production house
(iii) Financial enterprise
(iv) Media enterprise
(v) Steel manufacturing unit

	(vi) Software business unit.
10.	Mention the net amount of 'source' or 'Uses' of Cash in the following cases : A. When Fixed Assets (having book value of ₹15,000) is sold at a loss of ₹5,000. B. When Goods costing ₹10,000 are sold, for ₹15,000. C. When ₹19,000 received from a debtor and allowed ₹ 1,000 as discount . D. When Discount of ₹ 1,000 is received on making payment to a creditor of ₹ 10,000. E. When issue of shares for ₹7,00,000 against purchase of business comprising of fixed assets ₹6,00,000 , current assets ₹2,00,000 and took over the current liabilities ₹ 1,00,000. F. When old furniture (book value ₹1,000.) Written off. G. When Deferred Revenue expenditure (₹1,000) charged to Profit.
11.	Raman Ltd.paid ₹60,000as instalment for machinery purchased on credit which included interest of ₹10,000 .How will this payment be presented while preparing cash flow statement?
12.	**(Calculation of Different Ratios)** From the following information calculate : (i) Gross profit Ratio (ii) Inventory Turnover ratio (iii) Current Ratio (iv) liquid Ratio (v) profit Ratio (vi) Working Capital Ratio

Sales	₹25,20,000
Net profit	₹3,60,000
Cost of sales	₹ 19,20,000
Long – term debt	₹ 9,00,000
Creditors	₹ 2,00,000
Average inventory	₹ 8,00,000
Other current Assets	₹ 7,60,000
Fixed Assets	₹ 14,40,000
Current liabilities	₹ 6,00,000
Net profit before interest and tax	₹ 8,00,000

13. **(Calculation of different Ratios)** computer Gross profit Ratio. Working capital turnover ratio, Debt-Equity Ratio and Proprietary Ratio from the following information :

Paid-up Capital	₹ 5,00,000
Current Assets	₹ 4,00,000
Net Sales	₹ 10,00,000
13%Debentures	₹ 2,00,000
Current liability	₹ 2,80,000
Cost of Goods sold	₹ 6,00,000

14. **(Comprehensive)** You are able to collect the following information about a company for two year :

	2004	**2005**
Book Debts on April 01	₹ 4,00,000	₹ 5,00,000
Book Debts on April 30		₹ 5,60,000
Stock in trade on march 31	₹ 6,00,000	₹ 9,00,000
Sales (at gross profit of 25%)	₹ 3,00,000	₹ 24,00,000

Calculate stock Turnover Ratio and Debtors Turnover Ratio if in the year 2004 stock increased by ₹2,00,000.

15. **(Calculation of Different Ratios)** From the following, calculate (a) Debt equity Ratio (b) total assets to Debt-Ratio (c) Proprietary Ratio :

Equity Share Capital	₹ 75,000
Preference Share Capital	₹ 25,000
General Reserve	₹ 50,000
Accumulated profits	₹ 30,000
Debentures	₹ 75,000
Sundry Creditors	₹ 40,000
Outstanding Expenses	₹ 10,000
Preliminary Expanses to be written off	₹ 5,000

16. **PROBLEM (Calculation of Different Ratios)** From the following information, calculate Gross Profit Ratio, Stock Turnover Ratio and Debtors Turnover Ratio.

Sales	₹3,00,000
Cost of Goods Sold	₹ 2,40,000
Closing Stock	₹ 62,000
Gross Profit	₹ 60,000

	Opening Stock ₹58,000 Debtors ₹ 32,000
17.	Current ratio = 4:5:1, quick ratio = 3:1, Inventory is ₹36,000. Calculate the current assets and current liabilities.
18.	Anand Ltd. arrived at a net income of ₹5,00,000 for the year ended March 31, 2007. Depreciation for the year was ₹ 2,00,000. There was a gain of ₹50,000 on assets sold which was credited to profit and loss account. Bills receivables increased during the year by ₹40,000 and bills payable also increased by ₹60,000. Compute the cash flow from operating activities by the indirect approach.

19. Compute cash from operations from the following figures
(i) Profit for the year 2010-11 is a sum of ₹10,000 after providing for depreciation of ₹2,000.
(ii) The current assets of the business for the year ended March 31, 2010 and 2011 are as follows

Particulars	**March 31, 2010 (₹)**	**March 31, 2011 (₹)**
Debtors	10,000	12,000
Provision for Doubtful Debts	1,000	1,200
Bill Receivable	4,000	3,000
Bills Payables	5,000	6,000
Creditors	8,000	9,000
Inventories	5,000	8,000
Short Term Investments	10,000	12,000
Outstanding Expenses	1,000	1,500
Prepaid Expenses	2,000	1,000
Accrued Income	3,000	4,000
Income Received in Advance	2,000	1,000

Prepare of cash flow statement from summery cash account.

20. From the following Balance Sheet of Mohan Ltd. Prepare cash flow statement.

Balance Sheet of Rajeshwar Ltd.

As on……..

Liabilities	**2010 (₹)**	**2011 (₹)**	**Assets**	**2010 (₹)**	**2011 (₹)**
Equity Share Capital	2,00,000	3,00,000	Fixed Assets	4,00,000	6,00,000
Profit and Loss	1,60,000	2,00,000	Stock	1,30,000	1,50,000
Bank Loan	1,00,000	80,000	Debtors	1,00,000	60,000
Accumulated Depreciation	80,000	1,00,000	Bills Receivables	20,000	30,000
Creditor	1,40,000	1,20,000	Bank	90,000	30,000
Proposed Dividend	60,00	70,000			
	7,40,000	8,70,000		7,40,000	8,70,000

Additional Information
Machine Costing ₹80,000 on which accumulated depreciation was ₹50,000 was sold for ₹20,000.

21. From the following Balance Sheet of Tiger Super Steel Ltd. Prepare Cash flow statement.

Balance Sheet

Liabilities	**2010 (₹)**	**2011 (₹)**	**Assets**	**2010 (₹)**	**2011 (₹)**
Equity Share Capital	80,000	1,20,000	Goodwill	24,000	18,800
10% Preference Share Capital	40,000	20,000	Land and Building	40,000	20,000
General Reserve	8,000	12,000	Plant	36,000	76,000
Profit and loss Account	7,200	10,800	Investment	4,000	14,000
Proposed Dividend	11,200	15,600	Debtors	30,000	43,200
Bills Payable	14,000	21,200	Stock	34,000	31,200
Outstanding Expenses	3,200	2,400	Cash	6,800	11,200
Provision For Taxation	11,200	12,800			
	1,74,800	2,14,800		1,74,800	2,14,800

Additional Information
Depreciation Charged on Land and building ₹20,000 and plant ₹10,000 during the year.

22. Prepare cash flow statement form the following information.

Balance Sheet

Liabilities	**2010 (₹)**	**2011 (₹)**	**Assets**	**2010 (₹)**	**2011 (₹)**

Equity Share Capital	5,00,000	7,00,000	Cash/Bank	3,00,000	4,00,000
8% Debentures	6,00,000	4,00,000	Sundry Debtors	4,00,000	6,00,000
Profit and Loss Account	3,00,000	5,00,000	Stock	2,50,000	1,70,000
Creditors	6,00,000	9,00,000	Goodwill	2,50,000	1,70,000
			Discount on Debenture	50,000	30,000
			Plant	5,00,000	7,00,000
	20,00,000	25,00,000		20,00,000	25,00,000

Additional Information
Depreciation charged on plant amount to ₹80,000.

23. From the following information, prepare cash flow statement for Yogeta Ltd.

Balance Sheet

Liabilities	2010 (₹)	2011 (₹)	Assets	2010 (₹)	2011 (₹)
Equity Share Capital	2,00,000	3,00,000	Bank	45,000	-
Preference Share Capital	-	1,00,000	Cash	5,000	-
Profit and Loss Account	1,00,000	2,00,000	Stock	1,00,000	1,70,000
Loan	2,00,000	-	Bills Receivable	50,000	1,00,000
Provision for Taxation	30,000	50,000	Fixed Assets	4,00,000	7,00,000
Bills Payable	50,000	70,000			
Bank Overdraft	-	1,00,000			
Loan from Rahul	20,000	1,50,000			
	6,00,000	9,70,000		6,00,000	9,70,000

Additional Information
Net profit for the year after charging ₹50,000 as depreciation was ₹1,50,000, dividend paid on share was ₹50,000, tax provision created during the year amounted to ₹60,000.

24. Following is the Balance Sheet of Computer India Ltd.

Balance Sheet

Liabilities	2010 (₹)	2011 (₹)	Assets	2010 (₹)	2011 (₹)
Equity Share Capital	40,000	50,000	Fixed Assets	41,000	40,000
Profit and Loss Account	1,000	1,200	(-) Provision for Depreciation	11,000	15,000
General Reserve	2,000	2,500		30,000	25,000
10% Debentures	6,000	6,500	Debtors	20,000	24,000
Sundry Creditor	12,000	11,000	Stock	30,000	35,000
Provision for Taxation	3,000	4,200	Prepaid Expenses	300	500
Proposed Dividend	5,000	5,800	Cash	1,200	3,500
Bank Overdraft	12,500	6,800			
	81,500	88,000		81,500	88,000

Additional Information
Interest paid on debentures ₹600

MARKING SCHEME NCERT ACCOUNTS

Q.N. 1.

Particulars	₹
Proceeds from sale of machinery	20,000
Proceeds from sale of investment	1,10,000
Proceeds from sale of patents	30,000
Cash paid for purchase of machinery	(1,00,000)
Cash paid for purchase of investment	(3,50,000)
Interest Received	25,000
Dividend Received	8,500
Rent Received	50,000
Net Cash Used in investing Activities	(2,51,000)

2.

Particulars	₹
Proceeds from issue of equity share Capital	1,00,000
Proceeds from issue of 10% preference Share capital	1,00,000
Cash paid for redemption of 9% debentures (50,00 x 105%)	(52,500)
Interest paid for on debentures	(12,500)
Interim dividend paid	(75,000)
Final dividend paid (3,00,000 – 50,000)	(2,50,000)
Net cash used in Financing activities	1,90,00

3.

i) Net profit before tax and extra ordinary items : ₹3,02,500.
ii) Operating profit before working Capital changes : ₹3,25,500.
iii) Cash flow from operation activities ₹2,76,500.

4.

CASH FLOW FROM OPERATING ACTIVITIES

Particulars	₹	₹
Operating profit after Taxation		6,28,000
Add: Provision for Taxation (₹1,53,000 – ₹3,000)		1,50,000
Operating profit before Tax & extraordinary items		7,78,000
Add: N.O.E. Depreciation		1,40,000
Operating profit before working capital changes		9,18,000
Add: Decrease in Current Assets	10,000	
Increase in Current Liabilities	1,51,000	1,61,000
		10,79,000
Less: Increase in Current Assets	6,00,000	
Decrease in Current Liabilities	64,000	6,64,000
Cash generated from operating activities		4,15,000
Less: Income Tax Paid (1,18,000 – 3,000)		1,15,000
Cash flow before extraordinary items		3,00,000
Add: Extraordinary Items (insurance proceeds from famine settlement)		1,00,000
Net cash flow from operating Activities		4,00,000

Note: Since operating profit is given the following items have not have added or deducted from operating profit:-

1. Proposed dividend for the current year
2. Profit on sale of investment
3. Profit on sale of investment
4. Dividend received on Investments

5.

Particular	**Amt.(₹)**
Purchase of Plant	(4,40,000)
Purchase of investment	(1,80,000)
Purchase of Goodwill	(2,00,000)
Sale of Plant	50,000
Sale of investment	1,00,000

Sale of patents	1,00,000
Interest on debentures (Investment)	60,000
Dividend on Shares (Investment)	10,000
Rent Received on land (Investment)	30,000
Cash used in investing Activities	(4,70,000)

6.

Cash Flow from Investing Activities

Particular	**Amt.(₹)**
Purchase of Machinery	(6,00,000)
Sale on Machinery	2,50,000
Net Cash used in Investing Activities	(3,50,000)

Cash Flow from Financing Activities

Particular	**Amt.(₹)**
Issue of Equity Share Capital	7,00,000
Payment of Bank Loan	(5,00,000)
Net cash Flow from Financing Activities	2,00,000

Dr **Machinery Account** **Cr**

Particulars	**Amt.(₹)**	**Particulars**	**Amt.(₹)**
To Balance b/d	5,00,000	By Bank (sale of Machinery) (1,00,000 + 1,50,000)	2,50,000
To Profit and Loss (Profit on sale of Machinery)	1,50,000	By Depreciation (Transfer from accumulated Depreciation)	1,00,000
To Bank (Balancing Figure) (Purchase of Machinery)	6,00,000	By Balance c/d	9,00,000
	12,50,000		12,50,000

Dr **Accumulated Depreciation Account** **Cr**

Particulars	**Amt.(₹)**	**Particulars**	**Amt.(₹)**
To Depreciation on Machine Sold (Transferred) (Balancing Figure)	1,00,000	By Balance b/d	3,00,000
		By Profit and Loss (depreciation for the year)	2,50,000
To Balance c/d	4,50,000		
	5,50,000		5,50,000

7.

(a) value of machinery acquired = ₹2,50,000

Cash paid for machinery = ₹50,000

Therefore , outflow of cash of machinery = ₹50,000

Purchase of machinery is an investing activity

(b) Cash paid for shares(investment i.e., an assets) = ₹2,50,000 (outflow)

Therefore cash outflow for investment = ₹2,50,000

Cash received from dividend i.e, income from investment = ₹50,000

Thus, net cash outflow from investment activity = ₹2,50,000 – 50,000

= ₹2,00,000

I Cash received from sale of machinery = ₹60,000

Therefore inflow of cash from investing activity = ₹60,000

8.

STATEMENT SHOWING CASH FLOWS FROM INVESTMENTS ACITVITES

Purchase of Goodwill	(2,00,000)
Dividend received on shares of Amarta Ltd.	10,000
Sale on patents	1,00,000
Sale on machinery	50,000
Purchase of machinery	(4,40,000)
Purchase of investment	(1,80,000)
Sale of investment	1,00,000
Rent received from land	30,000
Interest on 10% Investment	6,000
Cash used in investing Activities	(5,24,000)

Working notes :

PATENT'S ACCOUNT

PARTICULARS	₹	Particulars	₹
To balance b/d	2,80,000	By depreciation	40,000
To profit & loss A/c (profit on sale)	20,000	By cash (sale)	1,00,000
		By balance c/d	1,60,000
	3,00,000		3,00,000

MACHINERY ACCOUNT

Particulars	₹	Particulars	₹
To balance c/d	10,20,000	By depreciation	1,40,000
To cash A/c (purchase)	4,40,000	By cash (sale)	50,000
		By profit and loss A/c (loss on sale)	30,000
		By balance C/d	12,40,000
	14,60,000		14,60,000

9.

Operating Activities As we know that these are the principal revenue producing activities of the enterprise and other activities. Operating activities generally reflect cash generated and/or paid as a result of the firm's core business functions. Hence, the following will be the operating activities in the above mentioned enterprises respectively.

(i) **In case of a hotel** Receipts from sale of goods and services to the customer will be operating activities related to revenue generation. And payment of wages and salaries, electricity, food items and other items used in accommodation and stay of customer will be an operating activity related to expenditure.

(ii) **Film production House** In case of film production house revenue generation operating activity would be its receipts from selling film rights of a film to the distributors and its operating activity related to expenditure would be payment made to the staff member, unit, actors, actresses, directors, location rent and air fare etc.

(iii) **Financial Enterprise** In case of a financial enterprise like bank the receipts from repayment of loans, interest incomes from investment, etc will we considered as revenue generating operating activity and repayment of loans, recovery expenditure for recover of loans, etc. Salaries of employees will be considered as operating activity related to the expenditure.

(iv) media enterprise A media enterprise is involved in service industry and its revenue generating operating activity would be receipts from advertisement. And expenditure related operating activity would be payment to staff, reporter, photographs, etc.

(v)**Steel manufacturing unit** The main source for revenue for a steel manufacturing unit would be its receipts from sales of steel sheets, steel casting, steel rods, etc. And expenditure related operating activity would be payment for raw material (iron, coal), salaries to staff, etc.

(vi) Software Business unit A software business unit is a basically a service providing unit which get its revenue through receipts from sale of software and renewal of licenses as an operating activity and various payment made by in the from of salaries to its employees , etc. it is a part operating activity as expenditure.

10.	
11.	
12.	**(i)** Gross profit $= \frac{gross\ profit}{sales}$ x 100 $= \frac{sales - cost\ of\ Goods\ Sold}{Sales}$ x 100 $= \frac{25{,}20{,}000 - 19{,}20{,}000}{25{,}20{,}000}$ x 100 $= \frac{6{,}00{,}000}{25{,}20{,}000}$ x 100 = 23.81% approx. **(ii)** Inventory Turnover Ratio $= \frac{Cost\ of\ Sales}{Average\ Inventory}$ $= \frac{19{,}20{,}000}{8{,}00{,}000}$ = 2.4 Times **(iii)** Current Ratio $= \frac{\text{Current assets}}{\text{current Liabilities}}$ $= \frac{7{,}60{,}000+8{,}00{,}000}{6{,}00{,}000}$ $= \frac{15{,}60{,}000}{6{,}00{,}000}$ = 2.6 : 1 Here Current Assets = Other Current Assets + tock (Inventory) **(iv)** Liquid Ratio $= \frac{Liquid\ Assets}{Current\ Libilities}$ $= \frac{7.60{,}000}{6{,}00{,}000}$ = 1.27 : 1 (Approx.) **(v)** net profit Ratio $= \frac{net\ profit}{100}$ x 100

		$= \frac{3,60,000}{25,20,000}$ = 14.29% (Approx)
	(vi) Working Capital ratio	$= \frac{Sales}{Working\ Capital}$ = Current Assets – Current Liabilities = 15,600,000 - 6,00,000 = ₹9,60,000
	Working Capital Ratio	$= \frac{25,20,000}{9,60,000}$ = 2.625 Times.
13.	Gross profit	= Sales – Cast of Goods sold = 10,00,000 – 6,00,000 = ₹4,00,000
	(i) Gross Profit Ratio	$= \frac{Gross\ Profit}{Net\ Sales} \times 100$ $= \frac{4,00,000}{10,00,000} \times 100$ = 40%
	Working Capital	= Current assets – current liabilities
	(ii) working capital Turnover Ratio	$= \frac{Net\ sales}{Working\ capital}$ $\frac{n(n-1)x^2}{2!}$ $= \frac{10,00,000}{1,20,000}$ = 8.33 times
	Debt	= Long – term debt = Debentures = ₹2,00,000
	Equity	= Paid – up Capital = ₹5,00,000
	(iii) Debt – Equity Ratio	$= \frac{Debt}{equity}$ = 2 : 5.
	Proprietary or Owners' Funds	= Paid-up capital = ₹5,00,000
	Total Assets	= Total liabilities =paid-up capital +13%Debentures + current liability =5,00,000 + 2,00,000 + 2,80,000 = ₹ 9,80,000

	(iv) Proprietary Ratio	$= \frac{Owners\ Funds}{Total\ assets}$ $= \frac{5,00,000}{9,80,000}$ = 25 : 49
14.	Opening stock Closing stock Average stock Cost of Goods sold **(i)** Stock Turnover Ratio **(ii)** Debtors Turnover Ratio Opening Debtor Closing debtor Average Debtors Debtors Turnover ratio	= ₹6,00,000 = ₹9,00,000 $= \frac{6,00,000 + 9,00,00}{2}$ = ₹ 7,50,000 = Sales- Gross profit = 24,00,000-25% = ₹ 18,00,000 $= \frac{18,00,000}{7,50,000}$ = 2.4 $= \frac{sales}{Average\ debtor}$ = ₹5,00,000 = ₹5,60,000 $= \frac{5,00,000}{2}$ = ₹5,30,000 $= \frac{24,00,000}{5,30,000}$ = 4.53 times
15.	**(a)** Debt equity Ratio Debt Equity Debt Equity Ratio **(b)** Total Assets to Debt – Ratio Debt Total Assets to Debt-Ratio **(c)** proprietary Ratio	$= \frac{Debt}{Equity}$ = Debenture = ₹ 75,000 = Equity share capital + Preference share capital + General Reserve + Accumulated profits – preliminary expanses = 75,000 + 25,000 + 50,000 30,000 – 5,000 = ₹1,75,000 $= \frac{75,000}{1,75,000}$ = 3 : 7. $= \frac{Tatal\ Asseta}{Debt}$ = Total Liabilities = Equity + long-term debt +shot-term Debt (Current Liabilities) = Equity + Debentures + Outstanding Expanses = 1,75,000 + 75,000 + 40,000 + 10,000 = ₹3,00,000 = Long-term Debt = Debenture = ₹75,000 $= \frac{3,00,000}{75,000}$ = 4 : 1. $= \frac{Owner}{Total\ Assets}$

	$= \frac{1,75,000}{3,00,000}$ = 7 : 12.
16.	**(i)** Gross Profit Ratio = $\frac{gross\ profit}{sales}$ x 100 $= \frac{60,000}{3,00,000}$ x 100 = 20% **(ii) Stock Turnover Ratio =** $\frac{Cost\ of\ Goods\ sold}{Average\ Stock}$ **Average Stock =** $\frac{Opening\ Stock+Closing\ Stock}{2}$ **=** $\frac{58,000+62,000}{2}$ **=** ₹60,000 Stock Turnover Ratio = $\frac{2,40,000}{60,000}$ = 4 times **(iii)** Debtors Turnover Ratio = $\frac{Sales}{Average\ Debtors}$ Average Debtors = $\frac{Opening\ Stock+Closing\ Stock}{2}$ Since opening debtor's are not given, closing debtors will be average debtors. Debtors Turnover Ratio = $\frac{3,00,000}{32,000}$ = 9.375 times
17.	Current ratio = 4.5:1 Liquid ratio = 3:1 Inventory = ₹36,000 Let CL be x. Then, CA = 4.5x and LA = 3x Inventory = CA – CL 36,000 = 4.5x – 3x 36,000 = 1.5x X = $\frac{36000}{1.5}$ X = 24,000 Hence, CL = 24,000 And CA = 24,000x4.5 = ₹1,08,000
18.	**Cash Flow from Operating Activities** As on March 31, 2007

Particulars	Amt. (₹)	Amt. (₹)
Net Profit During the Year		5,00,000
Items to be adjusted		
(+) Depreciation (-) Gain on Sale of Assets	2,00,000 (50,000)	 1,50,000
Operating Profit before Working Capital changes		6,50,000
(+) Increase in Bills Payable (-) Increase in Bills Receivables	60,000 (40,000)	 20,000
Net Cash from Operations		6,70,000