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Qarko

## Adjustment of Errors & its rectification

- ① L&B of Rs 40000 was purchased & was wrongly debited to P&L.

(FF0) P&L Dr      40000  
                     to Bank  
                     (FFS)      40000

② L&B of ₹2000 purchased last year & wrongly debited to P&L a/c was rectified in this year

L&B Dr → L&B a/c  
 ₹2000  
 To P&L ₹2000.  
 → FFO.

③ Stock was upvalued by 20000 & was rectified during the year



As per. Section 55, of Co. act 2013

Red of pref shares is "out of".

a) New Share issue

b) Divisible profits to CRR .

# Adjustment of Preference Shares

## Red of Pref Shares

Pref Sh. Capital Dr  
to Pref S/H

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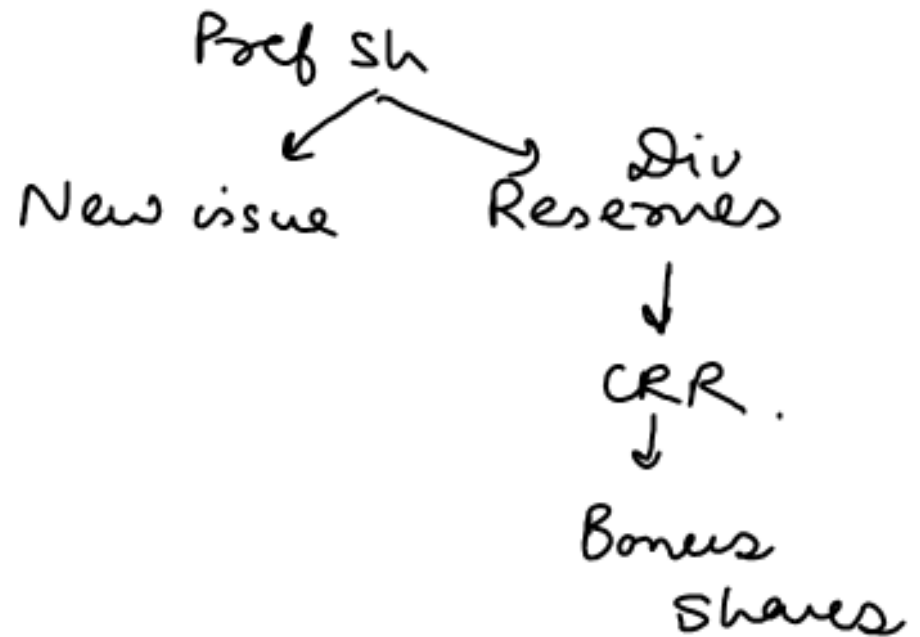
Bank Dr  
to Sh. Capital

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G.R Dr  
to CRR

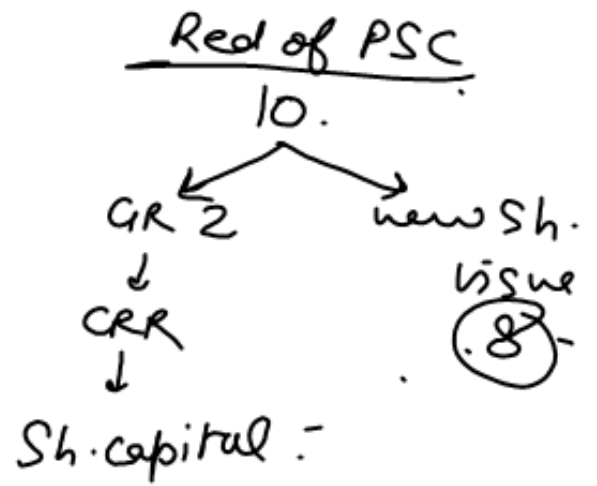
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Pref S/H Dr  
to Bank



B/S.	
Eg Sh cap	1
<del>Prf Sh cap</del>	<del>10</del>
<del>GR CRR</del>	<del>2</del>
BK loan	8
Crs	7
S. Assets	
	20
	+8
	-12
	<hr/> 16

Prf Sh. cap Dr 10  
 Premonnd Dr 2  
 to BK 12





Bank (FFS) Dr  
to Pref Sh. Capital

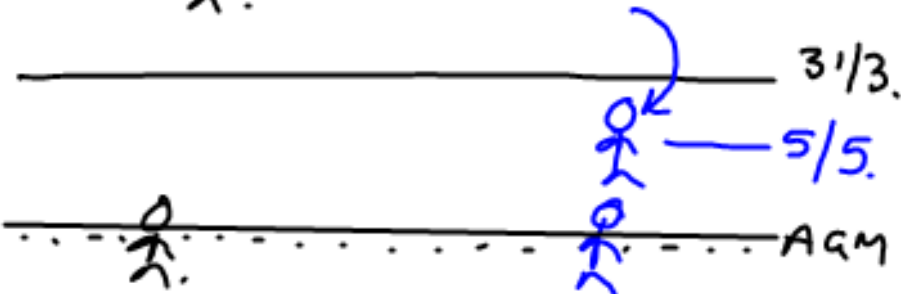
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Pref Sh. Capital Dr  
to Equity Sh. Capital

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# Adj of Preacquisition dividend

P/Y  
P



Beer purchased shares of Tax

Normal dividend  
Bank Dr  
to P&L

Preacquisition dividend

Bank Dr  
to Investment

### Funds flow statement

### Computation of FFO

Sale of L&B Int 90000  
 Int 12000  
 Issue of deb<sup>n</sup> 50000  
 Ep sh. 100000  
 Decrease in WC 16400  
 FFO 317000

Red of Pref sh. cap 110000  
 Purc of P&M 55000  
 Tax paid 70400  
 Int divid 40000  
 Purc of L&B 210000  
 Purc of Int 60000  
 Dividend 40000

Prel Exp 1000  
 prem on red 10000  
 loss on L&B 10000  
 Depr " " 40000  
 Int divid 40000  
 depts on P&M 50000  
 Prop divid 50000  
 Prov for tax 78000  
 Trf to CR 30000  
 Bal yd 110000

Bal bld 10000  
 Profit on Int 2000  
 FFO (317000)

## Schedule of Change in WC

	+	-
Stock		15000
Debtors		25000.
Cash	45600	
Creditors.		22000
	75600	62000.
Decrease in WC	16400	

L & B.		Proposed dividend	
Op 45000 Bank 21000	Bank 9000 P&L 10000 depr 40000 cl 52000.	Bank 40000 cl 50000	Op 40000 P&L 50000
Plant & Machinery		Prov for Tax	
Op 135000 Bank 55000	depr 50000 cl 140000	Bank 70400 cl 88000	Op 80400 P&L 78000
Investment a/c.		Debenture	
Op 95000 P&L 2000 Bank 60000	Bank 12000 cl 145000	cl 50000	BK 50000

General Reserve		Eq Share Capital	
	bal 60000		op 400000
bal 90000	PL 30000	CE 50000	BL 100000
10% Pref Share Capital			
Bank 10000	bal 20000		
CE 10000			

Prof Sh. Cap Dr 100000

Prem on red Dr 10000

to Bank 110000

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Funds flow Statement

Computation of FFO

Purc of 70000 Stock thru Shares	Tax settled 35000	Patent w/o 5000	Bal b/d 90000
Sale of Invt 25000	Int divid 12000	G/w w/o 10000	Adj of Stock 10000
Sale of P&M 35000	Purc of P&M 70000	Int divid 12000	Tax settle 5000
Issue of Sp sh. 50000	Dividend 51000	depr on L&B 10000	P on P&M 15000
FFO 235000	Red of 50000 Pref Sh.	P&M 40000	FFO
	Increase in WC 197000	Dividend 60000	<u>235000</u>
		Pror for tax 50000	
		Trf to GR 48000	
		Bal c/d 120000	



## Schedule of change in WC

	+	-
Stock		25000
Debtors.	60000.	
Cash	148000	
B/P.		6000.
Creditors	30000.	
<u>Increase in WC</u>		<u>197000</u>

L & B a/c		P & M	
Op 40000 Bus Pur 100000	CE 50000	Op. 20000 Bus Pur 20000 P&L 15000 Bank 70000	Pror for depr 20000 Bank 35000 CE 250000
Pror for depr		Pror for depr	
L CE 10000	Op 90000 depr 10000	P&M 20000 CE 80000	Op. 60000 depr 40000
Sp Sh. Capital		Investment	
CE 80000	Op 50000 Liq 200000 GR 50000 Bank 50000	Op 50000 CR 5000	Bank 25000 CE 30000

Proposed dividend		General Reserve	
unclaimed 4000	op 55000	Sh. cap 50000	op. 60000
Bank 51000	P&L 60000		P&L 48000
ce 60000		ce 58000	
Unclaimed dividend		Capital Reserve	
	Prop dividend 4000		Int 5000
ce 4000		ce 5000	
Profit for tax		Pref Shares	
Bank 35000	op 40000	Bk 50000	op 120000
P&L 5000	P&L 50000		
ce 50000		ce 50000	

L&B Dr 10000  
 P&M Dr 20000  
 Stock Dr 70000 ☹️  
 G/W Dr 10000  
 to Bus Pur 20000  


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 Lig Dr 20000  
 to Eq Sh. Cap 20000

Stock Dr 10000  
 to P&L 10000  


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 op cl.  
 120000 95000  
 +10000  
130000

↗ 35000  
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$$WDV = C - \text{acc depr}$$

20000      40000      20000.

$$P = SP - WDV$$

15000      35000      20000

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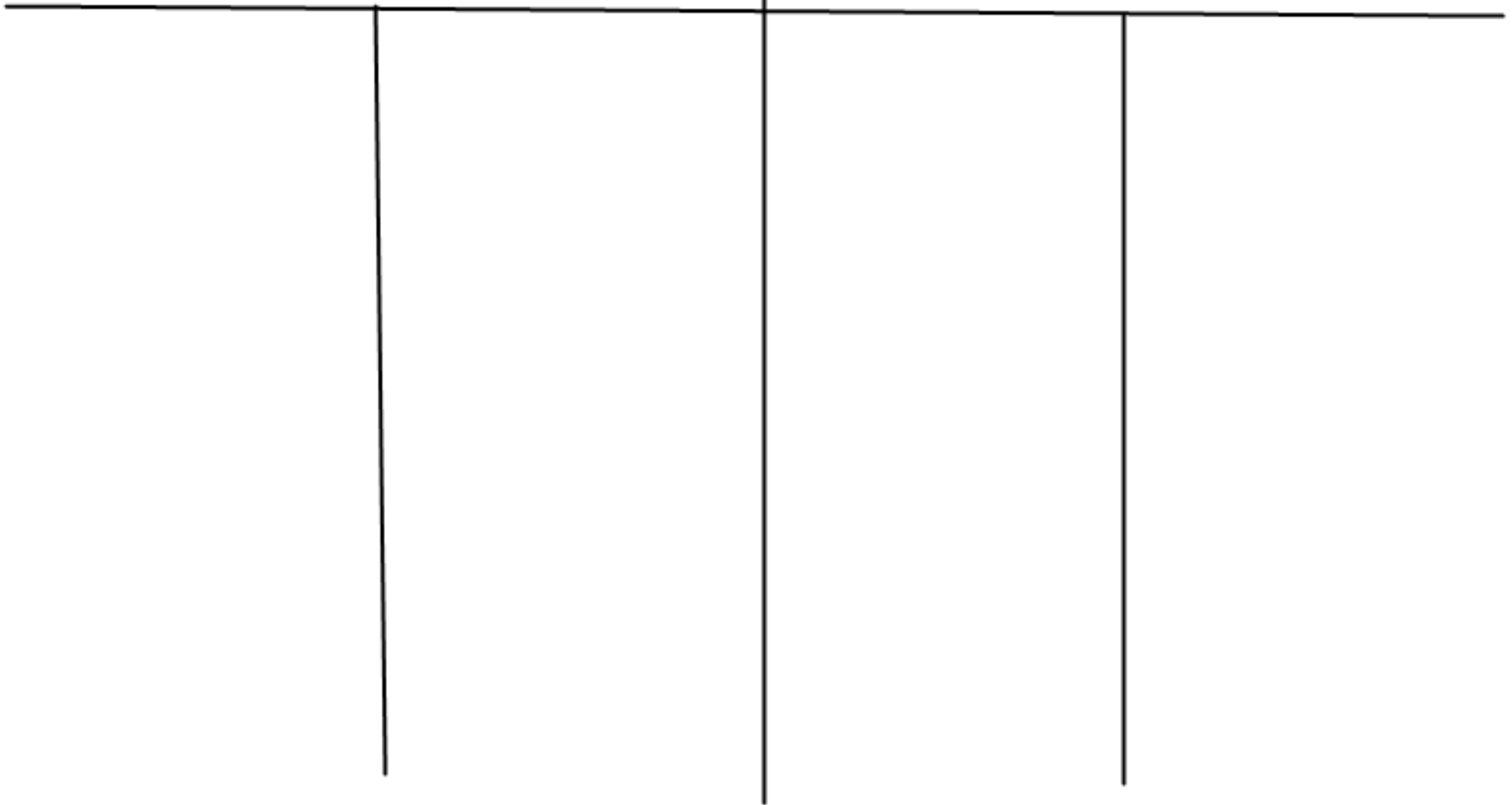




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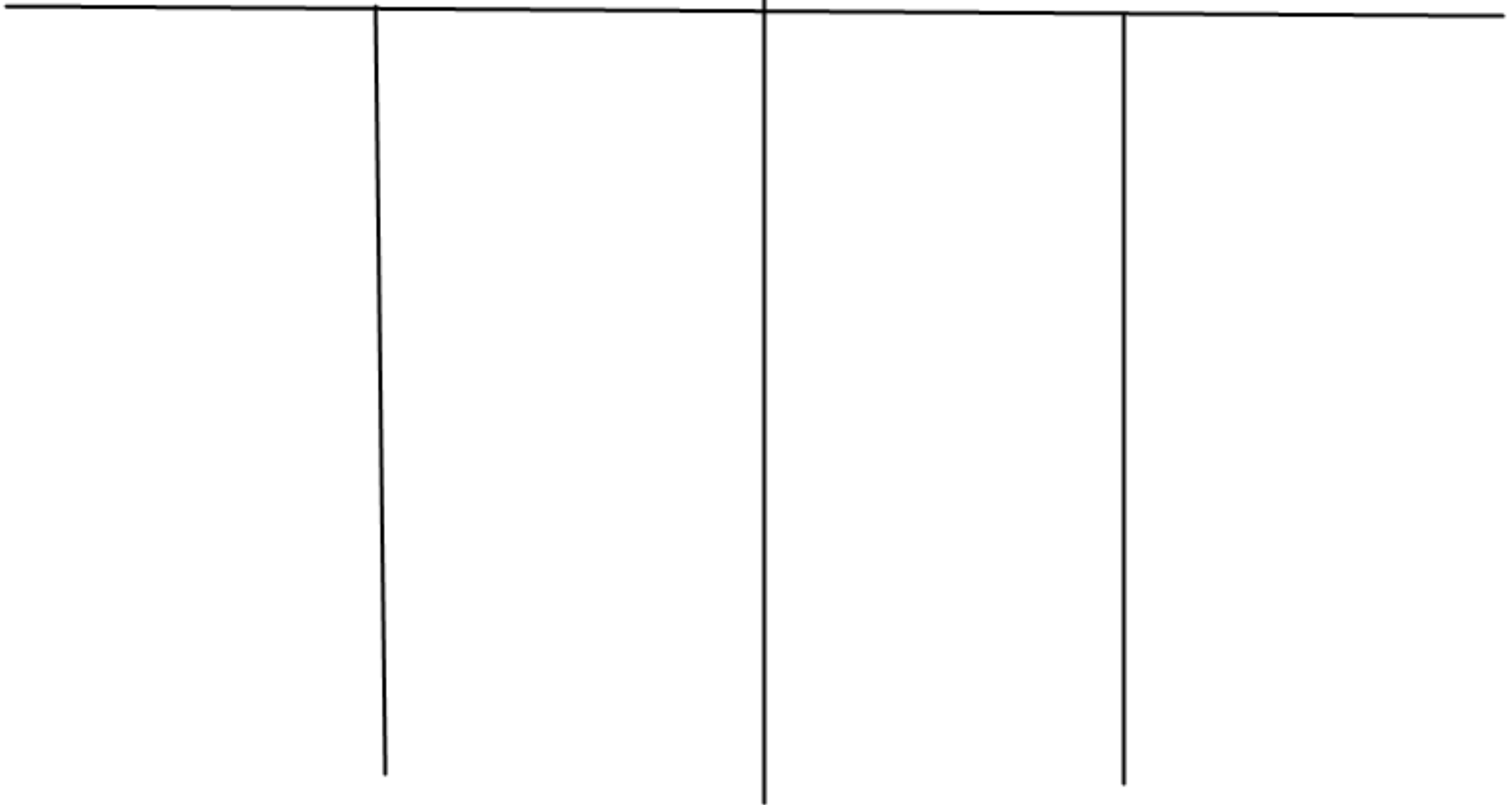
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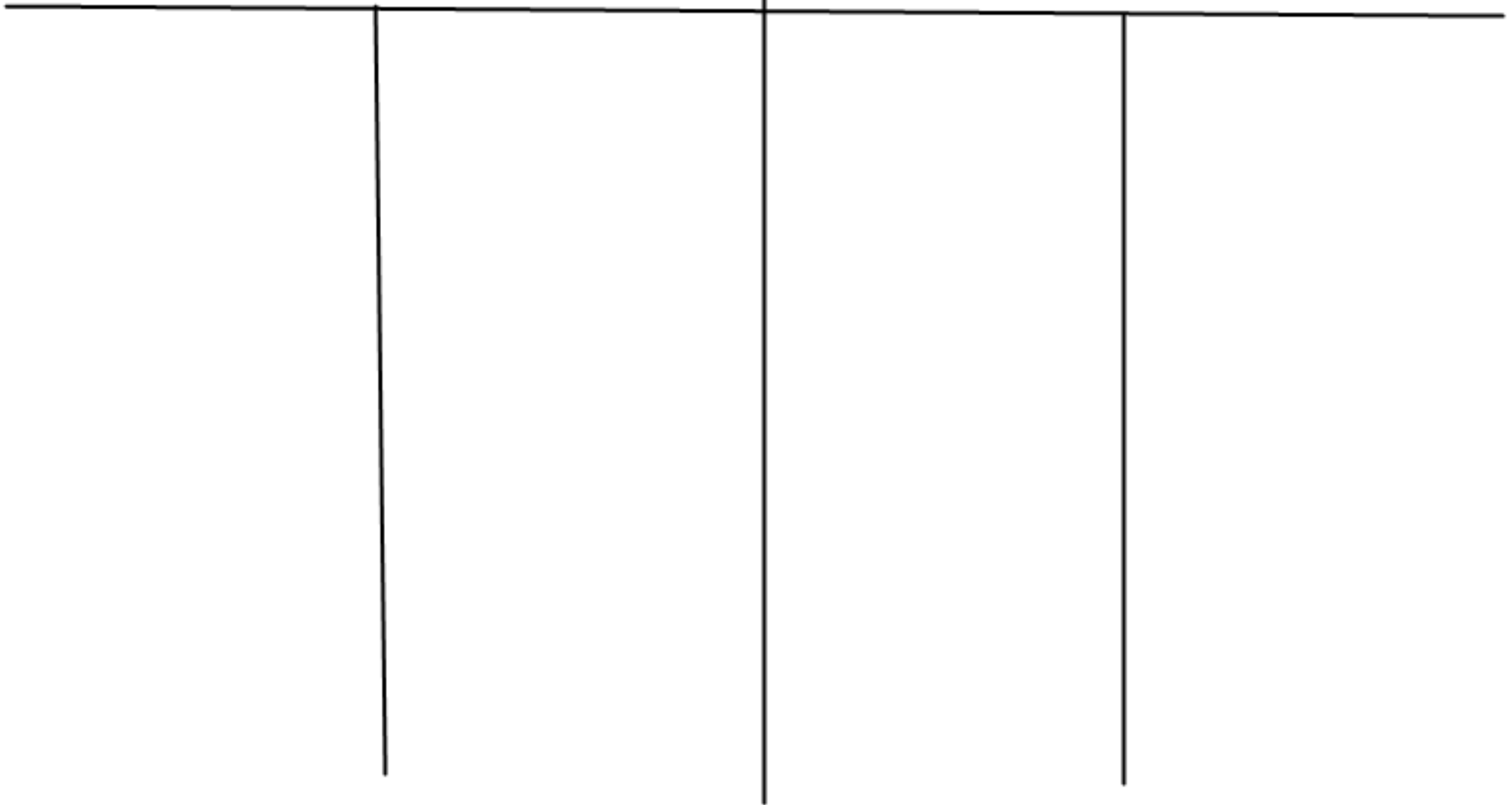
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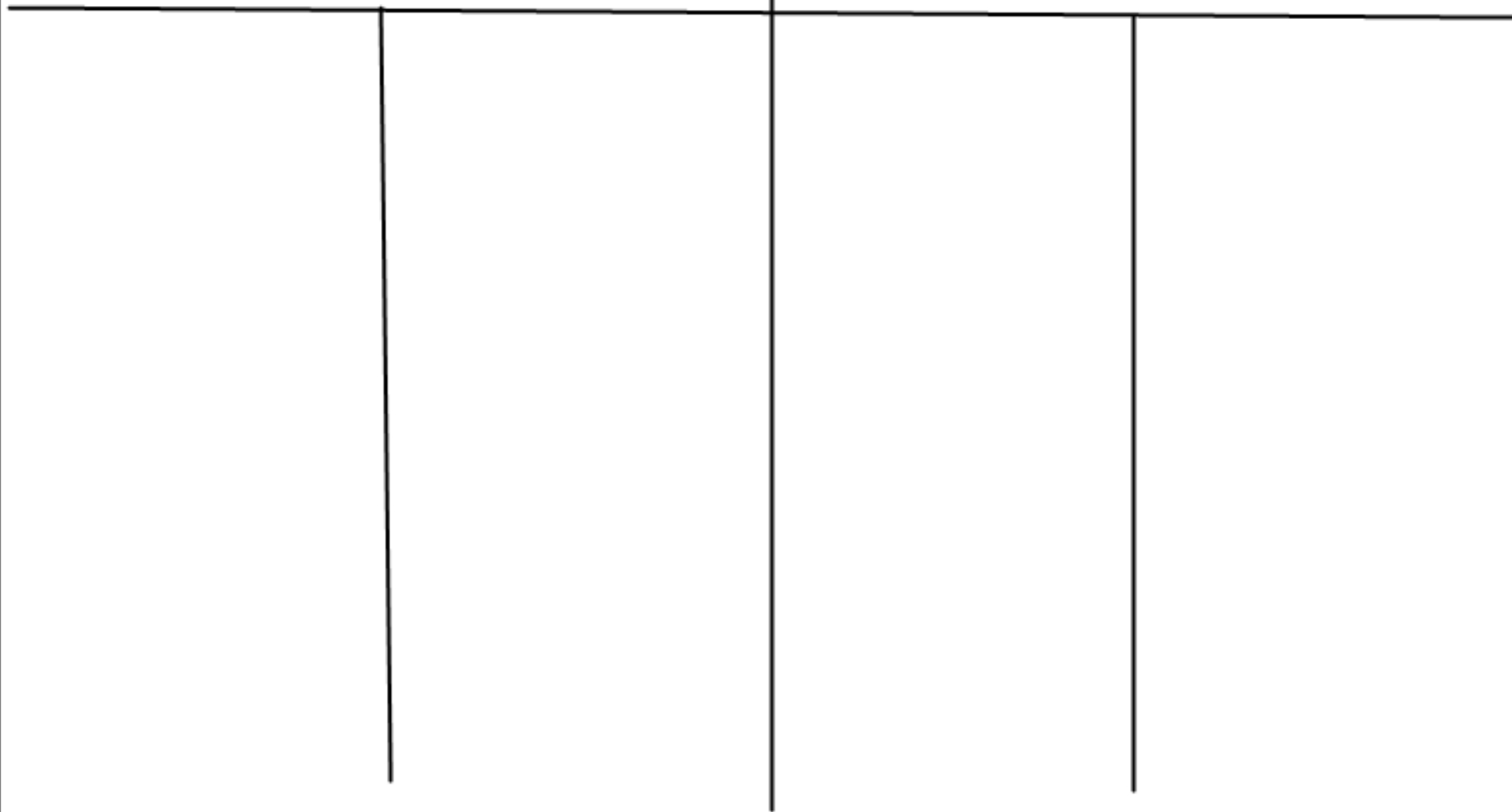
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