

# ***Business Taxation***

***VI SEM B.Com***

***MOCK PAPER***

***Timings Allowed: 3 Hour***

***Total Marks: 70***

## SECTION-A

Answer **any 5** sub-questions. **Each** sub-question carries **2** marks.

**(5x2=10)**

1. Define Partnership.
2. Who is a working partner?
3. What is TDS?
4. What is Digital Signature?
5. What is tax credit?
6. Expand MAT and CBDT.
7. What do you mean by Indirect Taxes?

## SECTION-B

Answer **any 3** questions. **Each** question carries **6** marks.

**(3x6=18)**

1. From the following particulars determine the Assessable Value of the imported equipment giving explanation for each item:

- a. FOB cost of equipment (Japanese Yen)-5,00,000 Yen
- b. Freight Charges in Japanese Yen -50,000 Yen
- c. Charges for Development connected to equipment paid in India – Rs.1,60,000
- d. Insurance Charges paid in India for transportation from Japan Rs. 45,000
- e. Commission Payable to agent in India Rs. 35,000
- f. Exchange Rate as per RBI-Rs.0.45
- g. Exchange Rate as per CBEC Rs.0.50

2. What do you mean by Limited Liability Partnership? State its features.

3. A, B and C are partners sharing profits equally carrying on the business. The firm's net profit before partners salary and commission is Rs. 15,00,000. The partners salary is A - Rs. 1,50,000; B - Rs. 1,00,000 and C - Rs. 2,00,000 and commission of Rs. 50,000; Rs. 40,000 and Rs. 60,000 respectively. Calculate allowable remuneration.

4. Opening Written Down Value of Plant and Machinery - A and B is Rs. 6,00,000. Rate of Depreciation is 15%. During the previous year the following additions were made: Plant C purchased for Rs. 4,00,000 and put to use on 15<sup>th</sup> April 2017 Plant D valued Rs. 20,00,000 was purchased and put to use on 1<sup>st</sup> February 2018 Calculate the Closing Written Down Value.

5. Shri Basu has estimated the following income for the financial year 2017-18

a. Income from House property (Taxable) – Rs. 75,000

b. Income from profession (Taxable) – Rs. 7,07,500

c. Dividend from X Ltd – Rs. 10,000

Determine the instalments of Advance Tax payable during financial year 2017-18

#### SECTION-C

Answer any 3 questions. **Each** question carries **14** marks.

**(3x14=42)**

1. C. Ltd., is a company in which public are substantially interested. It showed a net profit of Rs. 7,50,000 during 2017-18. Scrutiny of the accounts revealed the following:

Debits to P/L Account;

- a) Donation paid to approved Public Charitable Trust Rs. 20,000
- b) Provision for income tax Rs. 1,00,000
- c) Family planning expenses Rs. 25,000
- d) Capital expenditure on family planning Rs. 1,00,000

Credits to P/L Account:

- a) Bad debts allowed earlier recovered during the previous year Rs. 10,000
- b) Interest on bank deposits Rs. 30,000
- c) Long term capital gain Rs. 1,00,000
- d) Dividend from Indian company Rs. 20,000 (gross)

There was (a) unabsorbed depreciation Rs. 35,000 and (b) unabsorbed capital loss Rs. 40,000 brought forward from the earlier assessment year.

Compute Total Income and Tax Liability of the company for the assessment year 2018-19.

2. The following particulars are provided by Best Co. Ltd. Trading, P and L A/c for the year ending 31 -3-2018

	Rs.		Rs.
To Purchases	1,62,500	By Sales	18,18,000
" Entertainment expenses	17,500	" Amount withdrawn from	
" Travelling expenses	35,000	General Reserve	1,50,000
" Depreciation	2,75,000	" LTCG	60,000
" Income tax	1,90,000	" Transfer fees	2,500
" Outstanding Sales tax	15,000	" Profit on sale of motor car	12,500
" Provision for unascertained		" Interest on tax free Govt.	
Liabilities	30,000	Securities	10,000
" Proposed dividend	90,000		
" Tax consultation fees	10,000		
" Provision for loss of			
Subsidiary Co.	22,500		
" Salaries	1,00,000		
" Sundry expenses	82,500		
" Net Profit	10,23,000		
	<b>20,53,000</b>		<b>20,53,000</b>

**Additional Information:**

- 1) Value of plant and machinery as on 1 -4-2017 was Rs. 30,00,000 and Buildings Rs. 5,00,000.
- 2) Sundry expenses include an item of Rs. 26,000 paid in cash.
- 3) Out of the outstanding amount of sales tax, Rs. 12,500 was paid before due date of Filing the returns.
- 4) Unabsorbed business loss brought forward is Rs. 3,00,000 for income tax purposes and Rs. 2,25,000 for accounting purposes.
- 5) Unabsorbed depreciation b/f is Rs. 1,50,000 for accounting purposes.

**Compute:**

- i) Book profits under 115JB
- ii) Tax under Minimum Alternative Tax.

3. The following is the Profit and Loss account of X Co.:

A firm of X, Y and Z which satisfies all conditions of Section 184 and 40 (b)

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Cost of goods sold	23,95,000	Sales (Commission	
Remuneration to partners		agency business)	33,00,000
X	3,00,000	Rent of house property	
Y	4,50,000	(Half portion)	25,000
Z	27,500	Interest on debentures	
Income tax	4,000	(non-trade investment)	30,000
Interest to partners @ 13.5%			
X	20,000		
Y	5,000		
Z	30,000		
Municipal tax of house			
property (entire property)	2,500		
Other expenses	1,05,000		
Net profit	16,000		
	<b>33,55,000</b>		<b>33,55,000</b>

Other information:

a. Out of the other expenses 24,250 is not deductible under Section 36, 37 (1) and 43.

b. On January 15, 2018, the firm pays an outstanding sale tax liability of Rs. 1,461 of the previous year 2016-17. As this amount pertains to the previous year 2016-17. It has not been debited to the aforesaid profit and loss account.

c. Z is not a working partner.

d. The firm owns a house, the ground floor is used for business purposes. The first floor is given on rent. Municipal tax is paid on May 10, 2018. Find out the net income of the firm (and tax treatment of payments to partners in their hand) for the assessment year 2018-19.

4. Determine the total Custom duty payable from the following data:

Quantity Imported: 100Mts

FOB Value: Swiss Franc: 10,000

Air Freight: Swiss Franc: 2,500

Insurance: Data not available

Exchange Rate : Rs. 34

BCD 10% and IGST 18%

5. Calculate TDS in the following cases:

a. Compensation for the acquisition of land Rs. 5,00,000

b. Rent received Rs. 60,000 per month on building

c. Amount from RPF on premature settlement Rs. 70,000

d. Interest on deposits with a firm Rs. 28,000

e. Amount paid to civil contractor Rs. 20,000 but the aggregate amount during the year exceeds one lakh rupees and contractor is X ltd

f. Commission on sale of house Rs. 80,000

g. Interest on securities Gross Rs. 22,000



**Subject: Income Tax II**  
**Practice Paper**

**Duration: 3:00 Hrs**  
**Max Marks:70**

**Note:1. All sections are compulsory      2. Illustrate wherever necessary**

**SECTION – A**

**(Answer any FIVE Questions Sub question. Each Sub-question carries 2 marks)(02x05=10 Marks)**

1.	Define business.	(02 Marks)
2.	What is depreciation u/s 32 (1) of the act?	(02 Marks)
3.	Explain the term block of asset.	(02 Marks)
4.	What is mercantile system of accounting?	(02 Marks)
5.	What is indexed cost of improvement?	(02 Marks)
6.	What do you mean by less tax securities?	(02 Marks)
7.	What is casual income?	(02 Marks)

**SECTION – B**

**(Answer any THREE Questions Sub question. Each Sub-question carries 6 marks) ( 03x6=18 Marks )**

8.	State whether following are admissible or inadmissible expenses a. Bad debts b. Audit fees c. Welfare expenses d. Advertisement expenses e. Charities and donations f. Capital losses g. Excess depreciation h. Interest on capital	(6 Marks)
9.	Agricultural land purchased by Mr. (resident) in 2004-05 for Rs. 90,000. Sold for Rs. 15, 00,000 on 1-6-2017. The assessee purchased another piece of agricultural land on 1-9-2017 for Rs.98, 000 and deposited Rs.60,000 on 1-7-2017 in capital gains account scheme 1988. Find out the capital gain chargeable to tax for the A.Y. 2018-19. The cost inflation index in 2004-05 was 113 and in 2017-18 are 272.	(6 Marks)
10.	List out any six items included u/s 80C.	(6 Marks)
11.	Explain provision regarding set off and carry forward losses.	(6 Marks)

12.	Explain section 54EC and 54F under capital gain.	(6 Marks)
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**SECTION - C**

**(Answer any THREE Questions Sub question. Each Sub-question carries 14 marks)(03x14=42Marks )**

From the given profit and loss account and additional information of Mr. Rama. Compute his taxable business income for the assessment year 2018-19.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Opening stock	40,000	Sales	5,00,000
Purchase	2,20,00	Closing stock	50,000
Wages	15,000		
Freight	10,000		
Gross profit c/d	2,65,000		
	<b>5,50,000</b>		<b>5,50,000</b>
Establishment expenses	15,000	Gross profit b/d	2,65,000
Salaries	25,000	Dividends on shares (gross)	6,000
Rent and taxes	12,000	Rent from house property	15,000
Income tax	10,000	Refund of income tax	2,000
Household expenses	14,000	Interest on Govt. securities	1,000
Reserve for bad debts	5,000	Bad debt recovered	5,000
Advertisement	15,000	Profit on sale of machinery	3,000
Donation	6,000	Miscellaneous income	9,000
Sales tax	20,000		
Provision for income tax	8,000		
Carriage outwards	11,000		
Drawings	4,000		
General expenses	16,000		
Interest on capital	9,000		
Bad debts	7,000		
Repairs	7,500		
Tax and insurance	2,500		
Car expenses	11,000		
Audit fees	12,500		
Depreciation	20,500		
Net profit	75,000		
	<b>3,06,000</b>		<b>3,06,000</b>

Additional information

(14 Marks)



- i. Salaries include payment to a relative employee, which is considered to be unreasonable upto Rs. 6,000.
- ii. Purchases include two payments of Rs. 30,000 and Rs. 10,000 paid in cash to a supplier
- iii. Opening stock is valued at 10 % above the cost.
- iv. Allowable depreciation is Rs. 22,500.
- v. 60% of car expenses are for business purpose.
- vi. General expenses include Rs. 10,000 given to notified research institute for carrying on scientific research



1 Dr. Galagali is a renowned medical practitioner. He furnishes his receipts and payments account for the financial year 2018-19.

Receipts	Amount (RS)	Payments	Amount (RS)
To balance b/d	35,000	By rent of clinic	
To consultation fee		2014-15	1,600
2014-15	50,000	2015-16	14,800
2015-16	70,000	2016-17	16,600
2016-17	12,000	By electricity and water	12,000
To visiting fees	30,000	By purchase of professional books	18,000
To loan from bank for personal purposes	1,75,000	By house hold expenses	17,800
To sale of medicines	70,000	By municipal taxes paid on property	2,000
To sales tax on medicines	3,000	By sales tax on medicine	2,800
To gift from patients	50,000	By purchase of motor car	1,45,000
To remuneration from articles published in professional magazine	16,000	By fire insurance on property	2,000
To rent from house property	11,000	By surgical equipment	4,700
To interest on PONSC	7,000	By advance income tax	13,000
		By salary to nurse	12,000
		By entertainment expenses	6,000
		By purchase X - Ray machine	94,500
		By expenses of income tax proceedings	15,000
		By life insurance premium	
		By gift to wife	15,000
		By interest on loan	5,000
		By loan account installment paid	2,000
			15,000
		By donation to political party	500

14

(14 Marks)

		By car expenses	15,000
		By purchase of medicines	35,000
		By balance c/d	17,000
	<b>5,29,000</b>		<b>5,29,000</b>

Compute Dr. Galagali professional income for the A Y. 2016-17 with the help of the following additional information.

- i. One third of car expenses are for professional use
- ii. Depreciation on motor car is 15%, opening stock of medicines is value Rs. 8,000
- iii. Remuneration from articles includes Rs. 3,000 received for setting QP

Mr. Hari submits the following particulars of his income for the previous year 2017-2018.

a) business income Rs. 1,50,000

b) he had shares of face value of Rs. 1,50,000 which he purchased for Rs. 2,40,000 in May 2014. He sold them for Rs. 5,25,000 on 10<sup>th</sup> September 2017 and paid 1% brokerage on the face value of shares.

c) On 30<sup>th</sup> November 2017, he sold his personal car for Rs. 1,00,000, which he had purchased 5 years back for Rs. 75,000.

d) He sold one of his residential house costing Rs. 2,74,000 in 2008-09, for Rs.14,30,000 on 16-08-2017 and paid brokerage Rs. 15,000.

e) He sold listed debentures of a company on 01-08-2017 for Rs. 1,81,000 which were purchased by him for Rs. 1,31,500 on 01-02-2015.

f) He sold jewellery on 01-07-2017 for Rs. 21,50,000, which cost him Rs.5,25,000 in May 2002.

Cost inflation index are 2002-03 is 105, 2008-09 is 137, 2014-15 is 240, 2017-18 is 272

Compute his taxable capital gain for the assessment year 2018-19.

(14 Marks)

Mrs. Raghu submit the following particulars of income from other sources for the year ended 31-3-2018

- a) Family pensions from Government of Karnataka Rs. 1,20,000.
- b) Interest of POSB A/C Rs.3,000
- c) Interest on Rs. 90,000, 10 per cent debentures (listed) of TM company Limited.
- d) Winning from lottery net Rs. 2,80,000.

(14 Marks)

	<p>e) She lives in a rented house paying a rent of Rs.6, 000 per month. She has sub-let half of the portion for a rent of Rs. 4,500 p.m. of this house.</p> <p>f) Dividend from Tata Co. Ltd. Rs 9,100 (net) and paid Rs. 250 for collecting dividend.</p> <p>g) Royalty from books written Rs. 58,000 and she incurred Rs.1, 800 towards stationary and other expenses.</p> <p>h) Interest on loan given to friend Rs. 9,000.</p> <p>i) Remuneration from article published in a journal Rs. 2,800.</p> <p>j) Cash worth Rs. 10, 00,000 was found in a bank locker and sources of which are not known.</p> <p>k) Interest on fixed deposits in a bank Rs. 22,000 (gross)</p> <p>Compute the taxable income from other sources for the assessment year 2018-19.</p>	
17.	<p>From the following particulars of Mrs. Seetha of Bengaluru, compute her taxable income and tax liability for the assessment year 2018-19</p> <p>Basic salary Rs. 18,200pm</p> <p>Dearness Allowance at 60% of basic salary.</p> <p>Special allowances Rs. 3,640 pm</p> <p>Medical allowance Rs. 1,000 pm</p> <p>CCA Rs. 300 pm</p> <p>Employment tax paid Rs. 300 pm</p> <p>Rent received from house property Rs. 6,000 pm</p> <p>Interest due on loan taken for the construction of let out property Rs. 3,600</p> <p>Municipal tax paid on let out property Rs. 3,600</p> <p>Income from business Rs. 1,60,000</p> <p>Interest on bank fixed deposit Rs. 5,800</p> <p>Directors fees Rs. 3,000</p> <p>Dividend from Indian companies Rs. 10,000</p> <p>Dividend from a Co-operative society Rs. 3,000</p> <p>Contribution to PPF Rs. 10,000</p> <p>Life insurance premium paid on a policy of Rs. 25,000 is - Rs. 6,000</p> <p>Donation to Bengaluru University Rs. 10,000</p> <p>Medical insurance premium paid by cheque Rs. 8,000</p> <p>Donation to an approved charitable trust Rs. 2,500</p>	(14 Marks)



# SRI BHAGAWAN MAHAVEER JAIN EVENING COLLEGE

[Affiliated to Bengaluru Central University, Bengaluru  
V V Puram, Bangalore – 560 004

**VI Semester B.Com (CBCS) Commerce –practice paper – August 2018**

**Subject: management accounting (Practice Paper)**

**Duration:3 hours**

**Time: 6:30 PM to 8:00 PM**

**Max Marks: 70**

**Note:1. All sections are compulsory**

**2. Illustrate wherever necessary**

## SECTION – A

**Answer any FIVE Questions Sub question. Each Sub-question carries 2 marks 02x05=10 Marks)**

1.	Give the meaning of management accounting.	(02 Marks)
2.	What is funds flow?	(02 Marks)
3.	State any two objectives of management reporting.	(02 Marks)
4.	State any four balance sheet ratios	(02 Marks)
5.	GP ratio- 20% on sales, gross profit ₹ 50,000 calculate cost of goods sold	(02 Marks)
6.	Give the meaning of working capital.	(02 Marks)
7.	What is price earning ratio?	(02 Marks)

## SECTION – B

**Answer any Three question. Each Sub-question carries 6 marks 03x6=18 Marks**

8.	The sales of ABC co. ltd are declining year after year. As a management accountant of a company, draft a brief report to the management explaining the reasons for declining sales.	(6 Marks)																																				
9.	From the following information compute trend ratios using 2013 as a base	(6 Marks)																																				
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>2013 (₹)</th> <th>2014 (₹)</th> <th>2015 (₹)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>2,00,000</td> <td>4,50,000</td> <td>5,50,000</td> </tr> <tr> <td>Cost of goods sold</td> <td>1,50,000</td> <td>3,00,000</td> <td>3,00,000</td> </tr> <tr> <td><b>Operating expenses</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>office expenses</td> <td>10,000</td> <td>55,000</td> <td>70,000</td> </tr> <tr> <td>selling expenses</td> <td>5,000</td> <td>30,000</td> <td>45,000</td> </tr> <tr> <td>distribution expenses</td> <td>2,000</td> <td>5,000</td> <td>6,000</td> </tr> <tr> <td><b>Non-operating expenses</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Interest on loan</td> <td>15,000</td> <td>20,000</td> <td>50,000</td> </tr> </tbody> </table>		Particulars	2013 (₹)	2014 (₹)	2015 (₹)	Sales	2,00,000	4,50,000	5,50,000	Cost of goods sold	1,50,000	3,00,000	3,00,000	<b>Operating expenses</b>				office expenses	10,000	55,000	70,000	selling expenses	5,000	30,000	45,000	distribution expenses	2,000	5,000	6,000	<b>Non-operating expenses</b>				Interest on loan	15,000	20,000	50,000
	Particulars		2013 (₹)	2014 (₹)	2015 (₹)																																	
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10.	From the following details find out funds from operations	(6 Marks)																																				
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	Preliminary expenses written off	6,000		
11	Prepare statement showing changes in working capital from the following			(6 Marks)
	Particulars	2014	2015	
	Bank O/D	8,000	---	
	Creditors	40,000	45,000	
	Bills payable	5,000	8,000	
	O/S expenses	3,000	5,000	
	Debtors	20,000	40,000	
	Stock	15,000	25,000	
	Bills receivable		5,000	
	Cash in hand	1,000	8,000	
Prepaid rent	2,000	3,000		
12	Current assets of a company are ₹ 5,00,000; current ratio – 2.5:1 and quick ratio 1:1. Calculate current liabilities, liquid assets and stock			(6 Marks)

**SECTION - C**

**Answer any Three question. Each Sub-question carries 14 marks 03x14=42 Marks**

13.	Following are the balance sheets of suhas co. ltd as on 31.03.2014 and 31.03.2015					(14 Marks)	
	Liabilities	2014 (₹)	2015(₹ )	Assets	2014(₹ )		2015(₹ )
	Equity shares capital	3,00,000	4,00,000	Plant and machinery	3,00,000		6,25,000
	Preference share capital	2,00,000	2,50,000	Land and buildings	1,80,000		2,20,000
	Reserves	1,00,000	1,90,000	Investment	1,00,000		2,00,000
	Debentures	1,00,000	2,00,000	Stock	1,50,000		2,00,000
	Creditors	2,00,000	4,10,000	Debtors	1,00,000		1,20,000
	Bills payable	---	50,000	Cash	70,000		1,35,000
		9,00,000	15,00,000		9,00,000		15,00,000
	You are required to prepare comparative balance sheet and comment						

14.	The following is the balance sheet are given					(14 Marks)	
	Liabilities	2013	2014	Assets	2013		2014
	Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000		90,000
	pref capital	1,50,000	1,00,000	Land &	2,00,000		1,70,000
	General Reserve	40,000	70,000	Building			
	Profit &	30,000	48,000	Plant	80,000		2,00,000
	Loss A/c			Debtors	1,60,000		2,00,000
	Proposed dividend	42,000	50,000	Stock	77,000		1,09,000
	Creditors	55,000	83,000	Bills	20,000		30,000
	Bills payable	20,000	16,000	Receivable			
Provision	40,000	50,000	Cash in Hand	15,000	10,000		
			Cash at bank	10,000	8,000		

	for taxation							
		6,77,000	8,17,000			6,77,000	8,17,000	
You are required to prepare common size balance sheet								
15.	From the following balance sheet of XYZ limited prepare: statement of changes in working capital, adjusted profit and loss account, fund flow statement							
	Liabilities	2013	2014	Assets	2013	2014		
	Share capital	6,00,000	8,00,000	Land and buildings	1,80,000	2,20,000		
	P&L a/c	1,00,000	1,60,000	Plant and machinery	5,00,000	8,00,000		
	General reserve	50,000	70,000	Stock	1,00,000	85,000		
	Provision for taxation	50,000	40,000	Bills receivable	50,000	30,000		
	Sundry creditors	1,10,000	1,30,000	Debtors	1,50,000	1,60,000		
	Bills payable	80,000	90,000	Cash in hand	20,000	20,000		
	Out standing rent	10,000	25,000					
		10,00,000	13,15,000		10,00,000	13,15,000		
Additional information:								
1. Depreciation on plant and machinery in 2014 ₹ 50,000								
2. A piece of machinery costing ₹ 12,000 was sold for ₹ 8,000 during 2014 (depreciation of ₹ 7,000)								
3. An interim dividend of ₹ 6,000 was paid during the year								
4. Income tax was paid during the year 2014 ₹ 45,000								
16	The following information is given prepare balance sheet							
	Current ratio – 2.5							
	Liquid ratio – 1.5							
	Working capital - ₹ 3,00,000							
	Stock turn over ratio – 6 times (CGS/closing stock)							
	GP ratio- 20%							
	Fixed assets turn over ratio – 2 times							
	Average debt collection period – 2 months							
	Fixed assets to share holders net worth – 1: 1							
	Reserve to share capital – 0.5:1							
17	The following is the balance sheet are given							
	Liabilities	2013	2014	Assets	2013	2014		
	Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000		
	pref capital	1,50,000	1,00,000	Land &	2,00,000	1,70,000		
	General Reserve	40,000	70,000	Building	80,000	2,00,000		
	Profit &	30,000	48,000	Plant	1,60,000	2,00,000		
	Loss A/c			Debtors	77,000	1,09,000		
				Stock	20,000	30,000		
				Bills				



Proposed dividend	42,000	50,000	Receivable		
Creditors	55,000	83,000	Cash in Hand	15,000	10,000
Bills payable	20,000	16,000	Cash at bank	10,000	8,000
Provision for taxation	40,000	50,000			
	6,77,000	8,17,000		6,77,000	8,17,000
Additional information					
<ul style="list-style-type: none"> <li>• Depreciation of ₹ 20,000 on land and building and ₹ 10,000 on plant has been charged in 2014</li> <li>• Interim dividend of ₹ 20,000 has been paid in 2014</li> <li>• Income tax ₹ 35,000 has been paid during 2014</li> </ul>					
Prepare cash flow statement					