

(7)

Marks

HBN

Income Statement for the year ended 31st March, 2010

Sales		40,80,000
Less : Cost of sales		<u>27,20,000</u>
Gross Profit		13,60,000
Less : Operating expenses		
Administrative expenses	4,60,000	
Depreciation	<u>2,20,000</u>	
	6,80,000	<u>6,80,000</u>
Operating Profit		6,80,000
Add : Non-operating incomes (dividend received)		<u>50,000</u>
		7,30,000
Less : Interest paid		<u>1,40,000</u>
		5,90,000
Less : Income-tax		<u>2,60,000</u>
Profit after tax		<u>3,30,000</u>

Statement of Retained Earnings

	Rs.
Opening balance	8,50,000
Add : Profit	<u>3,30,000</u>
	11,80,000
Less : Dividend paid	<u>1,80,000</u>
Closing balance	<u>10,00,000</u>

6. (a) A Ltd. purchased fixed assets costing Rs. 6,000 lakhs on 1.1.2009. This was financed by foreign currency loan (U.S. Dollars) payable in three annual equal instalments. Exchange rates were 1 Dollar = Rs. 40 and Rs. 45 as on 1.1.2009 and 31.12.2009 respectively. First instalment was paid on 31.12.2009.

You are required to state, how these transactions would be accounted for ?

HBN

P. T. O.