

Decision making using financial accounting
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Lecture - 08
Three Financial Statements

(Refer Slide Time: 00:14)

Balance sheet as at the end of transaction				Profit and loss for the pe	
Assets		Liabilities & Equity		Income	
Fixed Assets		Shareholder's funds		Disc received	300000
building	95,00,000	12,00,000 equity share@10	1,20,00,000	consulting fee	2600000
Plant	45,00,000	P&L	1,80,58,160	Sales	16845660
Cars, vechiles	42,00,000				
		NET WORTH	3,00,58,160		
Long term Investments		Long term liabilities			
		M. Loan	95,00,000		
		8% debentures (200,000)	2,00,00,000		
		Loan	45,00,000		
		Liab for vec	38,00,000		
Current Assets		Current Liabilities			
current account	2,90,47,980	Creditors for spcl raw mat	-		
cash	6,00,000	creditors	16,90,200		

(Refer Slide Time: 00:18)

Total Assets		Total Liabilities		Total income
		8% debentures (200,000)	2,00,00,000	
		Loan	45,00,000	
		Liab for vec	38,00,000	
Current Assets		Current Liabilities		
bank account	2,45,47,980	Creditors for spcl raw mat	-	
cash	6,00,000	creditors	16,90,200	
Spcl raw mat	30,00,000			
Purchases	1,29,58,200			
Debtors	29,29,680			
Misc Exp				
Unamortized advt exp	28,12,500			
Prelim exp Unammortize	40,50,060			
Total Assets	6,90,98,360	Total Liabilities	6,90,98,360	Total income
				19745

That means what? Does my balance sheet balance; go down it does not.

Student: We have to add it in the assets; (Refer Time: 00:21).

Add it as what in the asset; beautiful, add it as what in the asset?

Student: Long term.

Student: No.

No, it is not something which you it is not in the physical form.

You can.

Accountants you cannot say you cannot. So, what is the value? Still you have not derived the benefit you feel, you might derived more benefit than that not a problem that is what you make better utilization of the resources you make a profit fine.

Student: Minus.

Minus whatever. So, where do you put it in the asset except that amount is not a question.

Student: Long term investment.

Student: Long term investment.

Long term investment.

Student: Current asset.

Is it a physical form?

Student: Report or (Refer Time: 00:55).

Student: Current asset.

Current asset. Student: No.

Is it current?

Student: (Refer Time: 00:59).

There is one more column which you go up, go down go move up there is just one slowly there is one more, write out here write in this 22 there is what is called as miscellaneous expenditures and losses there is another heading that will appear as miscellaneous expenditure and losses.

Student: Sir, in asset.

One second asset, I will come to that. Asset side how can it be expenditure that is a first question do not worry, we will look at that. Now what all will come under miscellaneous expenditure and losses I am going to list out now.

First thing let us say, then add like this the benefit of it is going to be derived there is sunk cost there is advertisement has been taken that is you cannot for example, in an asset we do not take it as miscellaneous expenditure and losses, because you can sell the car and then get money I cannot sell the what you call it as the ad which are shot with Katrina Kaif because it is for my product, nobody is going to buy that it is over; it is a sunk cost.

It is like I do not know if you guys were tracking kingfisher not now, I am talking about 3, 4 years back what was the value? He said that kingfisher as a brand as a beautiful lot of value, but then somebody said it is a value for him; for him for kingfisher, but not for me. If I buy that brand there is no value for me, right? It is a value for you, it is not value for somebody else because you can co-brand it with his (Refer Time: 02:33) and whatever and what else and what not and so, on. If I buy king fisher and I say I am going to have a king fisher airline there is no brand for me it is negative.

So, that ad whereas, in the asset you will not it is not miscellaneous expenditure and losses in that sense your question was correct sir; because you can resell it and derive some money I might have a patent, I might buy a patent, I can sell the patent, I buy a car I can sell the car, I buy a machinery, I can sell the machinery, I cannot sell the ad which has a Katrina Kaif who is sort of what you call it as doing in ad for my product out there; nobody will buy it. So, it is an expenditure that in that sense it is an expenditure, but you still think you can derive the benefit that is where it is an asset out there, am I with you on this, sir; so for.

Now, there are lot of other items which will also appear under the head miscellaneous expenditure and losses, what we call it typically as, you when you start a business there are a lot of expenditure that you incur in setting up the business what you call it typically we use the word called as preliminary expenditure. We use the terminology called as preliminary expenditure.

Now the benefit of this preliminary expenditure you are going to derive over a period of about at least as long as a life of the company (Refer Time: 04:04) might say.

Otherwise might argue for a reasonable period for a period of about 10 years. So, what happens? The entire expenditure if I write it off in the first year as an expenditure then what happens to your company? It will have a negative net worth out there. So, what you do?

You write it off over a period of time till because you are not derived the entire benefit of that preliminary expenditure registration whatever etc legal fees etc. So, it is an miscellaneous expenditure which is not derived at. Third aspect; there is an abnormal loss imagine there is a catastrophe in the organization, there is a major fire the entire godown gets destroyed all the assets get destroyed raw materials and finish goods.

There is a huge loss, I can write off the all the loss in the same year. In the whole process what happens number 1 my net worth can get eroded, number 2 if I show a huge loss I do not have to pay tax on that perfectly all right only that year and so on and so, forth. Instead my tax laws allows me to carry forward these losses. So, what does it say? You can divide this loss over a period of whatever reasonable period they would have sort of given as per the guideline 5 years or 7 years or whatever it is, I divide this loss over a period of next 7 years abnormal not the normal abnormal cases.

So, imagine the loss of say about 100 crores, I will say I will charge it at the rate of 10 percent every year for the next 10 years because the effect of this loss I am going to feel it for the next 10 years. So, at the end of the first year 10 lakhs are 100 crores 10 crores is written as loss other 90 crores is sitting as your on the asset side as unutilized; you have not utilized the benefit of that. So, what happens? In the second year you actually make a profit but you write the effect of this loss 10 by 10 crores out there what happens to your tax liability?

Student: It keeps coming down.

It keeps coming down. If you write the entire 100 crores loss in the first year what happens? You can show loss you need not pay tax on that, but that is all, but you are not going to get some money back right whereas, if I distribute it over the next couple of years, every year my profit basically I am showing less by some amount I am saving basically and tax; reason why that allowance is given is because the effect of this major catastrophe you are going to feel it over a period of next 5 year 10 years or whatever it is.

So, all those kind of things for which you have not derived benefit will all come in here in bracket you would have written will all basically come in here under the head called as miscellaneous expenditures and losses. We and usually call use the word what is called as unammortized amount in an ad case. In an add case we usually use it as unammortized amount miscellaneous expenditure and losses we use unammortized that is not ammortized still; with you on this so for? Any questions; yes, sir.

Student: Sir, payment whatever is being made to made for this advertisement. Student: That we cannot totally (Refer Time: 07:21) and expenditure for that particular financial year.

If you are not deriving the entire benefit in that year.

If you are deriving only part of the benefit, only that part of it you will book as an expenditure in that particular year.

Student: But I have already made the payment and.

Cash has gone out.

Student: Ok.

Cash has gone out to the entire extent.

Student: But I can still not book in my books.

Need not be, need not because even when you buy an asset the same thing happens, right sir.

Because you have not derived you are expecting to derive the benefit in the subsequent year also; with you on this.

Student: Sir, does the term working capital come anyway?

Now, working capital will you have to hold it. It is a working capital is a we have we are still yet to work, we are still beginning. So, once we start working we will. Just joking; come on sir.

Student: The first two expense goes to the.

Expenses.

Student: First year.

(Refer Slide Time: 08:18)

	D	E	F	G	H	I	J
	Liabilities & Equity		Income		Expense		
3	Shareholder's funds			Disc received	300000	Advt exp	1687500
4	12,00,000 equity share@10	1,20,00,000		consulting fee	2600000	Prelim exp ammortiz	450000
5	P&L	1,76,08,160		Sales	16845660		
7	NET WORTH	2,96,08,160					
9	Long term liabilities						
10	M. Loan	95,00,000					
11	8% debentures (200,000)	2,00,00,000					
12	Loan	45,00,000					
13	Liab for vec	38,00,000					
15	Current Liabilities						
16	Creditors for spcl raw mat	-					
17	creditors	16,90,200					

First year expenditure that is 9 months you go to the expenditure column ma'am; go up add expenditure I have written with off as an ad expenditure; so much.

Student: And the rest goes into the (Refer Time: 08:24).

Rest goes in I you have not utilized that amortized unammortized amount instead of that what you do is, go down miscellaneous expenditure, take out that. write unammortized advertising expenditure in the next column and put it that is better .

Student: Sir, one doubt; (why is this (Refer Time: 08:45) added (Refer Time: 08:46) as a (Refer Time: 08:48) expenses?

Expenses I have put in (Refer Time: 08:52).

Student: Liability.

Student: The liability.

When is a liability?

Student: When you pay.

When you pay; here are you pay, you are (Refer Time: 08:57) to to pay you have the benefit I have the benefit I have not derived the benefit of that ad, I can launch, I can sell hundred more products using that ad again. It is an asset in that sense right. So, always look at it from that point of view ma'am, yes sir.

Student: Sir, you said lot of excess allow has to credit for order and losses to amortized further between (Refer Time: 09:20) you have your let us say.

Abnormal loss; not all losses.

Student: All right, abnormal loss.

Student: You have your insurance and insurance is payable as you know; you do not know when it is going to get claimed. So, once you are going to get your insurance.

Then what happens; you are abnorm, they now 100 crores loss this year, I claimed insurance, I have decide to write this loss over the next 3 years, agreed? First year I raise write 33.33 lakhs as the loss in my P & L, my tax liability comes down; second year also I do that and third year by third year this 100 crores loss which is there on the miscellaneous expenditure and losses gets wiped out. After all the litigation fourth year you receive 100 crores from insurance company, in that fourth year that becomes an income for you.

Student: All right.

Obviously right.

Student: In between if we get then also.

Then also then also you will have to show it as an income.

Student: Working will become like this.

That is all, that 100 crores will become an income, this 33 crores is an expenditure, what there is the reference; suppose you get in the last year, that entire 100 crores is in income for you because you already (Refer Time: 10:34) loss.

Student: Ok, miscellaneous also, (Refer Time: 10:38) also (Refer Time: 10:39).

One second, (Refer Time: 10:40) will come to you.

Student: So; that means, in terms all the miscellaneous expenditure categories sir, that TDS deduction, liability is not there account.

TDS deduction, liability is not because it is already paid. What is there in the miscellaneous expenditure is after all that deduction whatever amount is there that is all; come into your insulation cost. When we say cost of a machine, landed cost complete including installation that is what is the value of the asset. When you buy a car ex factory, ex showroom, RTO charge etc etc complete landed cost is your premises; yes, sir.

Student: So, let us say the last 4 months where the ad is valid, you are not able to broadcast the ad or something and after end of 2 years if the ad is no long valid.

That year at the end of 2 years and the second year financial statement, you have not utilized it, it is a loss (Refer Time: 11:32) that is all; amortize it. (Refer Time: 11:35) you have not derived benefit perfectly all right no problem, but next year you will have to write it off; yes, sir.

Student: The current account (Refer Time: 11:41) comes down by the total (Refer Time: 11:44).

Which one; current account there is (Refer Time: 11:46); current account is the total, current account, current account it is a current account make it bank account; just make it bank account; one second make it bank account; simple (Refer Time: 12:00) now.

Student: The value.

Value, see bank account is what? What is the money that is there in the bank?

What is the money that is there in the bank?

Student: (Refer Time: 12:10).

That you have paid 24 lakhs, right.

Student: That is based on this?

Obviously.

It gives you what you own and what you owe what you own is minus that 24.

Student: So, end of (Refer Time: 12:23) should be (Refer Time: 12:24).

Fire, flood anything.

Student: Is it possible for an individual to split the losses by what you (Refer Time: 12:35)?

Sir, individual taxes are different, we are talking only about the entity.

Individual is different individual rules individual cannot claim depreciation.

Student: But only (Refer Time: 12:50).

No if it is a, if you are preparing for Imran and Co., I can claim depreciation. I cannot book my expenditure, there is no profit and loss statement for individual. There is only income that is all; no expenditure.

Individuals are taxed on income, entities are taxed on profit; difference, do not mix both.

Student: But individuals (Refer Time: 13:17) balance sheets are prepared.

Where sir; no sir. If you are filing a normally in what is called as there are different ways we file income tax returns; one is I file it as an individual as a salaried employee then I cannot do balance sheet. I am a private consultant, then basically I am filing it for the consultancy firm which I am doing it then I do that P & L. I am filing it for my then be-

come a sole proprietor entity that is when you become a do a P & L. If you are doing it for an individual you cannot, am I right?

Student: Sir, individual means a director of a company, then he also gets a balance sheet prepared for himself?

That is he must be entering the business circle when he is filing his income tax return, he is not entering the personal income tax circle, he is entering the business circle there are multiple circles of it; ok, sir? Thus suppose I quite this job, I am a consultant I go teaching freelancer like this; then what happens? Every time I can show prepare a balance sheet because I enter the business circle there, I do not enter the individual circle.

Student: That the (Refer Time: 14:23) is being paid to the money and it is (Refer Time: 14:25) on the different amount (Refer Time: 14:27).

Sir, when are you receiving the income?

Student: On that day.

That day that is all it becomes an income.

Student: Losses also (Refer Time: 14:34)?

Losses are happening, losses government; you see the tax laws allows you because the effect of that loss you are going to have it for sometime of course, one can argue the effect of the income I am going to enjoy for 10 years that is perfectly fine, but you might enjoy this year also.

It just that is just a benefit that is given to you; 17th statement; preliminary expenditure incurred in incorporating the business amounted to 45 lakhs, it was decided to a write it off over a period of 10 years exactly the same thing; preliminary expenditure 45 lakhs write it off over 10 years.

(Refer Slide Time: 15:13)

	B	C	D	E	F	G	H
11			8% debentures (200,000)	2,00,00,000			
12			Loan	45,00,000			
13			Liab for vec	38,00,000			
14							
15	Current Assets		Current Liabilities				
16	current account	2,90,47,980	Creditors for spcl raw mat	-			
17	cash	6,00,000	creditors	16,90,200			
18	Spcl raw mat	30,00,000					
19	Purchases	1,29,58,200					
20	Debtors	29,29,680					
21							
22	Misc Exp						
23	Unammortized advt exp	28,12,500					
24							
25	Total Assets	6,95,48,360	Total Liabilities	6,95,48,360	Total income	19745	
26							
27							

So, that means, 45 lakhs is your total expenditure, bank balance goes down by 45 lakhs; obviously, straight away write it off over 10 years; 10 percent of that 45 lakhs goes an expenditure preliminary expenditure written off ; the other 90 percent says as unammortized amount out here.

Student: Sir, (Refer Time: 15:50) sir?

Student: In the next years when we are preparing a balance sheet; (Refer Time: 15:5) refer to this amount?

Which amount?

Student: 4.5 lakhs which we have (Refer Time: 15:59).

That is over, next year what happened; this is gone next year balance sheet you will start with that amount whatever is there what he has written preliminary expenditure unammortized; whatever is the amount you will start the opening balance sheet. When you are closing the balance sheet it is going to be minus another 4.5 lakhs over a period of 10 years it will get ammortized.

Student: Where are we tracking the number of years?

Where are we number of years; that is where you have to write all the explanation out here sir.

Student: Ok.

That is where.

Student: This is year (Refer Time: 16:27).

Yes, this is year 1, year 2; yes, everything will be there, all the details will be there. If we look at the annual report which is there as part of it, it will all be there.

Student: Sir, then 45 lakhs, preliminary expenditure; the expenditures (Refer Time: 16:47) also the 45 lakh?

No, expenditure what is, I said what is it? I have write decide to write it over a period of 10 years; only one-tenth of it is this year.

Student: So, it will come only that is.

One-tenth of is this year, 20 percent next year. At the end (Refer Time: 17:01) second year, 80 percent will still remain, third year 70 percent will still remain and so on and so forth.

Student: So, it will figure in the.

Expenditure side.

Student: Expenditure; also in the miscellaneous expenditure.

Yes, of course, yes expenditure what is pertaining to this particular year, miscellaneous expenditure and losses what is still not unammortized.

Student: The write off period how (Refer Time: 17:26)?

Sir, there are some guidelines the company also has can decide there is a within the guidelines.

Student: (Refer Time: 17:33).

Within the guidelines.

Guidelines if you ask me I am not very thorough on the guidelines (Refer Time: 17:40); yes, Anshuman.

Student: Here you have taken 10 years as a period right, suppose after 5 years the company shut off.

At the 5th year you will write the remaining entire amount as a abnormal loss and close it or.

Student: (Refer Time: 17:53).

Preliminary complete preliminary expenditure unammortized preliminary expenditure written off in that year and close it, possible; now 18th transaction.

Invested excess cash to the tune of 50 lakhs in a corporate bond of at 6 percent interest payable biannually on September 1st, 2018, is there excess cash? Excess cash of 50 lakhs.

Student: (Refer Time: 18:22).

Whatever above 50 lakhs; is there above 50 lakhs, yes. There is amount above 50 lakhs. Remaining amount goes in as to the corporate bond out there bond means long term investment; interest rate pay biannually; that means, 6 percent interest.

(Refer Slide Time: 18:40)

	A	B	C	D	E	F	G	H
10	Bond 6%		50,00,000	M. Loan		95,00,000		
11	Equity inv in subsidiary		35,00,000	8% debentures (200,000)		2,00,00,000		
12				Loan		45,00,000		
13				Liab for vec		38,00,000		
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								



Corporate bond, bond 6 percent whatever 6 percent bond. Now sir what happens is that 6 percent, 6 percent is the interest, when is the interest due? It says biannually; biannually means?

Student: Twice.

Student: Twice a year.

Twice a year; that means, on 1st of September I am investing, when is the interest due? 31st of March; but 31st of December when you close the accounts what happens?

Student: Only one.

Interest has accrued for September, October, November, and December; 4 months interest would have accrued. So, you will show it has a asset interest accrued but not due; accrued but not due; that we will worry about it at that stage. On 31st of December when we close it; as of now we will just interest at the amount in excess of 50 lakhs what is amount?

Student: ((Refer Time: 19:25).

To the (Refer Time: 19:26) of 50 lakhs ok.

Student: (Refer Time: 19:27).

Reduce 50 lakhs on the bank account. Further on the same day.

Student: (Refer Time: 19:41) 6 percent.

Student: 6 percent (Refer Time: 19:44).

I, we will give it on 31st of December; on 31st when you close it only it has accrued know, as of today it has not, today you have invested at the end of today it will accrue. So, we will worry about the end of today.

Student: Sir, (Refer Time: 19:57).

I, 31st of December that particular company in which you have invested decides you closed on and return your money, they will return only the capital or the interest for 4 months.

Student: (Refer Time: 20:08).

It has accrued for you, you have earned it, we will do it; 31st of December when we do it we will do it may not be today, tomorrow definitely. Further on the same day of September 21st the company invested 35 lakhs in the form of equity in a subsidiary; long term investment equity in a subsidiary no interest in this particular case, if they give a dividend it is fine; 35 lakhs invested in equity in a subsidiary.

Student: Bank account (Refer Time: 20:37).

Student: Bank account it is 35 lakhs.

35 lakhs whatever. Bank account it is (Refer Time: 20:49) 35 lakhs (Refer Time: 20:50). During the year the two friends who started the company together withdrew 5 lakhs from the entity for their personal use.

Student: 6 percent.

Student: 6 percent.

Student: 6 percent.

(Refer Slide Time: 21:11)

A	B	C	D	E	F	G	H
4	building	95,00,000	12,00,000 equity share@10	1,20,00,000	consulting fee	2600	
5	Plant	45,00,000	Drawings by partners	-5,00,000	Sales	16845	
6	Cars, vechiles	42,00,000	P&L	1,76,08,160			
7			NET WORTH	2,91,08,160			
8							
9	Long term Investments		Long term liabilities				
10	Bond 6%	50,00,000	M. Loan	95,00,000			
11	Equity inv in subsidiary	35,00,000	8% debentures (200,000)	2,00,00,000			
12			Loan	45,00,000			
13			Liab for vec	38,00,000			
14							
15	Current Assets		Current Liabilities				
16	bank account	1,60,47,980	Creditors for spcl raw mat	-			
17	cash	6,00,000	creditors	16,90,200			
18	Spcl raw mat	30,00,000					
19	Purchases	1,29,58,200					
20	Debtors	29,29,680					

Student: Liability.

Liability, why a liable?

Student: No.

Who said liability?

Student: Dividend.

Yes ma'am, why liability?

Student: Because (Refer Time: 21:16).

So, where is a liability?

Student: It is a dividend.

Student: All of.

Student: So, over to the company, right.

No, they; we are worried about the company or them?

Student: Company.

Whether the company owe them the money?

Student: No.

Company owes them the money.

Student: Yes, yes right yes.

Yes or no?

Student: (Refer Time: 21:33).

One second one second.

Somebody said dividend here, yes why dividend? Dividend is paid out of what?

Student: Equity, they have.

Dividend is paid out of equity; no, dividend is paid out of what?

Student: (Refer Time: 21:44).

Profit.

Student: (Refer Time: 21:45). No, we do not know still we have not close the books.

Student: (Refer Time: 21:48) sir, the company will always (Refer Time: 21:50) salary for month.

That is ok, salary now they have withdrawn 5 lakhs, they have taken there is cash in the box they have just put their hand into it that is all; they have dug their hand into it.

Student: But they are not spending it for the company.

No, there are so, what? So, what does it?

Student: (Refer Time: 22:03)

What happens?

Student: It is an asset to the company.

Student: So, as far as they (Refer Time: 22:05) to company it is a liability.

Liability.

Student: It is an asset to the company.

What is the liability for the company?

Student: It is an asset for the company.

It is an asset for the company, how does it become an asset?

Student: Sir, no they it happen (Refer Time: 22:18).

Student: It is a loan.

Where does it say it is a loan?

Student: It is a loan.

Where is it say, did the does it say it is a loan?

Student: No.

Student: It is a (Refer Time: 22:24) gets (Refer Time: 22:25).

So, now hold it.

Student: (Refer Time: 22:29).

Ok, fine; now let us get back. Normally there are two forms in which the partners can take money out three forms in this particular case. One is salary everybody knows; right that is ok, the other two forms are they can take a loan from the company, when they take a loan from the company then what you say is true there is a cash that is getting down, there is an asset that is getting created that is they are liable to pay back to the company. It is an asset for the company then it is perfectly fine. Here they have not use the word loan.

They had said they have withdrawn when they have withdrawn; that means, what have they done? They were drawing from the company; that means, their capital what they

have invested; they are reducing their capital, they are withdrawing the money from the capital. So, what we normally say in this particular case is just move the P & L down insert a column out here what we normally say out there is drawings; drawings by the partner that is the capital they are reducing, drawings by the partner to the tune of about 10 lakhs out there.

Student: 5 lakh.

So.

Student: 5 lakh.

5 lakhs each.

Student: Each (Refer Time: 23:40).

Student: Together.

Student: Together.

Together 5 lakhs, ok 5 lakhs fine; I did not read the statement I am sorry negative. So, what happens? Now you are net worth basically has come down to that extent of 5 lakhs because they have withdrawn, they may not pay back the money. If they pay back then we will reduce it; as of now it does not say anywhere that it is a loan, it is a drawings; they have withdrawn their capital that is all.

(Refer Slide Time: 24:13)

A	B	C	D	E	F	G	H
4	building	95,00,000	12,00,000 equity share@10	1,20,00,000	consulting fee	2600	
5	Plant	45,00,000	Drawings by partners	-5,00,000	Sales	16845	
6	Cars, vechiles	42,00,000	P&L	1,76,08,160			
7			NET WORTH	2,91,08,160			
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17	cash	6,00,000	creditors	16,90,200			
18	Spcl raw mat	30,00,000					
19	Purchases	1,29,58,200					
20	Debtors	29,29,680					

So, to an extent what you said madam, liability side is right but what you do with liability was not right; you thought you are (Refer Time: 24:15) the liability? No, your basically your liability basically in that case.

Student: Reduces.

Student: Fine I thought.

Your thought process were right but it had to be fine tuned a little more that is all.

Student: They are withdrawing more money than what they invested. So.

They can then what happens to the net worth?

Student: Negative.

Student: No, as we know liability to the other investors.

In this case there are only two investors.

Student: Any.

Student: (Refer Time: 24:43).

They can withdraw of course yes, then they are liable, then net worth gets eroded; they are liable that is what will lead to corporate governance issues sir.

Student: Yes.

We will deal with that separately.

Student: This is a partnership.

It is a partnership whatever you had call it partnership.

Student: Sir, in this case.

Student: It means that we had seen that the equity is retained as is how do you think that is that (Refer Time: 25:04) data has been added for the.

(Refer Time: 25:05) data has, that is their value of their ownership as reduced, the share certificate we might remain the same, right. Now next three or four more transaction; yes, Navya.

Student: 1 by (Refer Time: 25:18). So, if because they are only the two investors and they have taken a 5 lakhs right now we are not talking about the governance issue or the (Refer Time: 25:27) but if you have like a number of shareholders that the primary (Refer Time: 25:31).As long as it is disclosed it is perfectly fine.

Student: As long as it .

Disclosed and the others are ok with it.

Student: So in that case in that (Refer Time: 25:40).

That is a govern, that is a separate aspect governance corporate governance. I deal is an elective in your last part when you are going to graduate we will talk about all that aspect of it.

Student: That money is owned by all by the equity holders know.

In this case only two know.

Student: No in a.

Sir, they are withdrawing see I have contributed 10 lakhs I am withdrawing 5 lakhs out of it that is all; so, what.

Student: In that case.

Now, my capital is 5 lakhs how do you say that 5 lakhs belongs to everybody, it might belong to me also. We are not splitting that money at all at this stage ok. The rest part of it few more transactions I need to add one more transaction to this list. Tomorrow morning I will add it and then we will complete this tomorrow because already 10:40 and please read the case Lone Pine Cafe part A. We are going a little slow than compared to your outline what I have given. We are going slow by one class no problem, read up Lone Pine Cafe A, it will take only ten minutes for you do read even if you come here at 8:50 and read it is perfectly fine not a problem.

Student: Lone.

Lone Pine Cafe the case A, Lone Pine Cafe A, as per your outline, check your outline the first case in your outline Lone Pine Cafe A. Read that case and come we will finish this and take up that case tomorrow ok.

Student: Ok.

Thank you very much.

Student: Thank you sir.

I hope I am communicating.

Student: Yes, sir.

Good.