CBSE Class 12 Accountancy
Sample Paper 03 (2019-20)

Maximum Marks: 80
Time Allowed: 3 hours

General Instructions:

i. This question paper contains two parts – A and B.
ii. Part A is compulsory for all.
iii. Part B has two options – Analysis of Financial Statements and Computerised Accounting.
iv. Attempt only one option of Part B.
v. All parts of a question should be attempted at one place.

Section A

1. Name the account which shows the classified summary of transactions of a cash book in a not-for-profit organizations.

2. Retiring partner's share of goodwill is calculated as follows:

   a. Value of firm's goodwill x His Share of profit

   b. Value of firm's goodwill x Sacrificing partner's share

   c. Value of firm's goodwill x All partners share

   d. Value of firm's goodwill x Gainer partner's share

3. The firm of Ravi and Mohan was dissolved on 1.3.2013. According to the agreement Ravi had agreed to undertake the dissolution work for an agreed remuneration of Rs.2,000 and bear all realisation expenses. Dissolution expenses were Rs. 1,500 and the same were paid by the firm. Pass necessary journal entry for the payment of dissolution expenses.

4. At the time of adjustment of capitals, In the absence of any contract surplus or

deficiency should be adjusted in

a. Profit and Loss adjustment account

b. Cash/bank only

c. Transfer to current account

d. Both Cash/bank only and Transfer to current account

5. Give two circumstances in which the fixed capitals of the partners may change.

6. State the ratio in which the partners share profits or losses on the revaluation of assets and liabilities when there is a change in profit sharing ratio amongst the existing partners.

7. Why are ‘reserves and surplus’ distributed at the time of reconstitution of the firm?

8. Give the meaning of ‘reconstitution of a partnership firm’.

9. A, B and C are partner sharing profits in the ratio of 3:2:1. A on 31^{st} July 2015. The profits of the firm for the year ending 31^{st} March 2015 year Rs. 42000. Calculate A’s share for the period from 1^{st} April to 31^{st} July 2015 on basis of last year’s profits. Pass necessary journal entry also.

10. Fill in the blanks:

    Revaluation account is a ________ account.

11. Distinguish between ‘dissolution of partnership’ and ‘dissolution of partnership firm’ on the basis of closure of books.

12. If a company issues its debentures at premium and receive excess applications out of which some are rejected and pro-rata allotment made to the remaining. Full amount is payable on application only. What journal entries will you record?

    a. (i) Bank A/c Dr. and Deb. App. & Allot. A/c Cr. Securities premium Cr.
    (ii) Deb. App. & Allot. A/c Dr. ; Debenture A/c Cr. Bank A/c Cr.

b. (i) Bank A/c Dr. and Deb. App. & Allot. A/c Cr.
   (ii) Deb. App. & Allot. A/c Dr. ; Debenture A/c Cr. Securities premium Cr.

c. (i) Bank A/c Dr. and Deb. App. & Allot. A/c Cr. (ii) Deb. App. & Allot. A/c Dr. ; Debenture A/c Cr. Bank A/c Cr.

d. (i) Bank A/c Dr. and Deb. App. & Allot. A/c Cr.
   (ii) Deb. App. & Allot. A/c Dr. ; Debenture A/c Cr. Securities premium Cr. Bank A/c Cr.

13. Fill in the blanks:

    Part of issued capital applied by public for subscription is known as ________ capital.

14. What is subscription? How is it calculated?

OR

State the meaning of Non-Profit organization.

15. Virad, Vishad and Roma were partners in a firm sharing profits in the ratio of 5 : 3 :2 respectively. On 31st March, 2013, their balance sheet was as under.

Balance Sheet

as on 31st March, 2013

Liabilities		**Amt(Rs)**	**Assets**	**Amt(Rs)**
Reserve Fund		60,000	Buildings	2,00,000
Creditors		1,10,000	Machinery	3,00,000
Capital A/cs			Patents	1,10,000
Virad	3,00,000		Stock	1,00,000
Vishad	2,50,000		Debtors	80,000
Roma	1,50,000	7,00,000	Cash	80,000
		8,70,000		8,70,000

Virad died on 1st October 2013. It was agreed between his executors and the remaining partner's that

i. Goodwill of the firm be valued at 2 $\frac{1}{2}$ years purchase of average profits for the last three years. 2 The average profits were Rs 1,50,000.
ii. Interest on capital be provided at 10% per annum.
iii. Profit for the year 2013-14 be taken as having accrued at the same rate as that of the previous year which was Rs 1,50,000.

Prepare Virad's capital account to be presented to his executors as on 1st October, 2013

16. A and B are partners sharing profits in the ratio of 3 : 2 with capitals of Rs. 50,000 and Rs. 30,000 respectively. Interest on capital is agreed @ 6% p.a. B is to be allowed an annual salary of Rs. 2,500. During 2006, the profits of the year prior to calculation of interest on capital but after charging B's salary amounted to Rs. 12,500. A provision of 5% of the profits is to be made in respect of Manager's commission. Prepare an account showing the allocation of profits and partners' capital accounts.

OR

P and Q were partners in a firm sharing profits in the ratio of 5:3. On 1st April, 2019 they admitted R as a new partner for 1/8th share in the profits with a guaranteed profit of Rs 75,000. The new profit sharing ratio between P and Q will remain the same but they agreed to bear any deficiency on account of guarantee to R in the ratio of 3:2. The profit of the firm for the year ended 31st March, 2020 was Rs 4,00,000. Prepare profit and loss appropriation account of P, Q and R for the year ended 31st March, 2020.

17. 50 shares of Rs. 10 each, issued at as premium of Rs. 5 per share, were forfeited by sohan Ltd. for the nonpayment of allotment money of Rs.9 per share (including premium). The first and final call on these shares at Rs. 3 per share was not made. Forfeited shares were re-issued @ Rs. 12 per share, fully paid up. Journalise.

18. What Journal entries would be passed for discharge of following unrecorded liabilities on the dissolution of a firm of partners A and B.

a. There was a contingent liability in respect of bills discounted but not matured of Rs. 18,500. An acceptor of one bill of Rs. 2,500 became insolvent and fifty paise in a rupee was recovered. The liability of the firm on account of this bill discounted and dishonoured has not so far been recorded.
b. There was a contingent liability in respect of a claim for damages for Rs. 75,000, such liability was settled for Rs. 50,000 and paid by the partner A.
c. Firm will have to pay Rs. 10,000 as compensation to an injured employee, which was a contingent liability not accepted by the firm.
d. Rs. 5,000 for damages claimed by a customer has been disputed by the firm. It was settled at 70% by a compromise between the customer and the firm.

19. The receipts and payments for the Swaraj Club for the year ended March 31, 2016, were: Entrance Fees Rs.300; Membership Fees Rs. 3000; Donation for Club Pavilion Rs. 10000, Foodstuff Sales Rs. 1200; Salaries and Wages Rs. 1200, Purchase of foodstuff Rs. 800; Construction of Club Pavilion Rs. 11000; General Expenses Rs. 600; Rent and taxes Rs.400; Bank Charges Rs.160. Cash in hand April 1st Rs.200, March 31st Rs. 350; Cash in Bank April 1st Rs. 400; March 31st Rs.590. You are required to prepare Receipts and payments account.

20. 'Ananya Ltd' had an authorised capital of Rs.10,00,00,000 divided into 10,00,000 equity shares of Rs.100 each. The company had already issued 2,00,000 shares. The dividend paid on share for the year ended 31st March, 2007 was Rs.18,000.
The management decided to export its products to African countries. To meet the requirements of additional funds, the finance manager put up the following three alternate proposals before the Board of Directors.

a. Issue 47,500 equity shares at a premium of Rs.100 per share.
b. Obtain a long-term loan from bank which was available at 12% per annum.
c. Issue 9% debentures at a discount of 5%.

After evaluating these alternatives the company decided to issue 1,00,000, 9% debentures on 1st April, 2008. The face value of each debenture was Rs.100. These debentures were redeemable in four installments starting from the end of third year, which was as follows

Year	Amt (Rs)

III	10,00,000
IV	20,00,000
V	30,00,000
VI	40,00,000

Prepare 9% debentures account from 1st April, 2008 till all the debentures were redeemed.

OR

SSS Ltd. issued 25,000,10% debentures of 100 each. Give journal entries and the Balance Sheet in each of the following cases when :

i. The debentures were issued at a premium of 20%
ii. The debentures were issued as a collateral security to bank against a loan of Rs.20,00,000.
iii. The debentures were issued to a supplier of machinery costing Rs.28,00,000 as his full and final payment.

21. Sahaj and Nimish are partners in a firm. They share profits and losses in the ratio of 2: 1. Since, both of them are specially abled, sometimes they find it difficult to run the business on their own. Gauri, a common friend decides to help them. Therefore, they admitted her into partnership for a l/3rd share. She brought her share of goodwill in cash and proportionate capital. At the time of Gauri's admission, the balance sheet of Sahaj and Nimish was as under:

Balance Sheet

as at...

Liabilities	Amount (Rs)	Assets	Amount (Rs)
General Reserve	30,000	Machinery	1,20,000
Creditors	30,000	Furniture	80,000
Employees' Provident Fund	40,000	Stock	50,000

Capital A/cs		Sundry Debtors	30,000
Sahaj 1,20,000		Cash	20,000
Nimish 80,000	2,00,000		
	3,00,000 =======		3,00,000 =========

It was decided to:

i. Reduce the value of stock by Rs 5,000.
ii. Depreciate furniture by 10% and appreciate machinery by 5%.
iii. Rs 3,000 of the debtors proved bad. A provision of 5% was to be created on sundry debtors for doubtful debts.
iv. Goodwill of the firm was valued at Rs 45,000.
Prepare revaluation account, partners' capital account and the balance sheet of the reconstituted firm. Identify the value being conveyed in the question.

OR

0, R and S were partners in a firm sharing profits in the ratio of 3:2:1. On 1st April, 2014 their balance sheet was as follows:

Balance Sheet
as on 1st April, 2014

Liabilities	Amount (Rs)	Assets	Amount (Rs)
General Reserve	15,000	R's Current A/c	7,000
Profit and Loss A/c	7,000;	Land and Building	1,75,000
Creditors	80,000	Plant and Machinery	67,500

Bills Payable	45,000	Furniture	80,000
Capital A/cs		Investments	36,500
O 1,75,000		Bills Receivable	17,000
R 1,50,000		Sundry Debtors	43,500
S 1,25,000	4,50,000	Stock	1,37,000
Current A/cs		Bank	43,500
O 4, 000			
S 6,000	10,000		
	6,07,000 =======		6,07,000 =======

On the above date H was admitted on the following terms

i. H will bring Rs 50,000 as his capital and will get 1/6th share in the profits.
ii. He will bring necessary cash for his share of goodwill premium. The goodwill of the firm was valued at Rs 90,000.
iii. The new profit sharing ratio will be 2: 2: 1: 1.
iv. A liability of Rs 7,004 will be created against bills receivables discounted.
v. The value of stock, furniture and investments is reduced by 20%, whereas the value of land and building and plant and machinery will be appreciated by 20% and 10% respectively.
vi. The capital accounts of the partners will be adjusted on the basis of H's capital through their current accounts.
Prepare revaluation account and partners' current accounts and capital accounts.

22. RK Ltd invited applications for issuing 70,000 equity shares of Rs. 10 each at a premium of Rs. 35 per share. The amount was payable as follows

On application — Rs. 15 per share (including Rs. 12 premium)
On Allotment — Rs. 10 per share (including Rs. 8 premium)
On first and final call — Balance
Applications for 65,000 shares were received and allotment was made to all applicants. A shareholder Ram, who was allotted 2,000 shares, failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards the first and final call was made. Sohan, who had 3,000 shares, failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares 4,000 shares were re-issued @ Rs. 50 per share fully paid-up. The reissued shares included all the shares of Ram. Pass necessary journal entries for the above transactions in the books of RK Ltd.

OR

JJK Ltd invited applications for issuing 50,000 equity shares of Rs. 10 each at par. The amount was payable as follows

On application — Rs. 2 per share
On allotment — Rs. 4 per share
On first and final call — Balance amount

The issue was over-subscribed three times. Applications for 30% shares were rejected and money refunded. Allotment was made to the remaining applicants as follows

Category	Number of Shares Applied	Number of Shares Allotted
I	80,000	40,000
II	25,000	10,000

Excess money paid by the applicants who were allotted shares was adjusted towards the sums due on allotment.

Deepak, a shareholder belonging to Category I, who had applied for 1,000 shares, failed to pay the allotment money. Raju, a shareholder holding 100 shares, also failed to pay the allotment money. Raju belonged to Category II. Shares of both Deepak and Raju were forfeited immediately after allotment. Afterwards, first and final call was made and was duly received. The forfeited shares of Deepak and Raju were reissued at Rs. 11 per share fully paid up.

Pass necessary journal entries for the above transactions in the books of the company.

Section B

23. Average Inventory is used to calculate the ....
    a. Debt Equity Ratio
    b. Inventory Turnover Ratio
    c. Interest Coverage Ratio
    d. Current Ratio
24. Name the Profitability Ratio based on investment.
25. Out of Current Ratio and Liquid Ratio, which ratio is better indicator of liquidity position of a firm?
26. Name any two items shown under the heading current Liabilities.
27. A Company had Current Assets of Rs.3,00,000 and Current Liabilities of Rs.1,40,000. Afterwards it purchases goods for Rs.20, 000 on credit. Calculate Current Ratio after the purchase of goods.
28. State true or false:

    Capital Reserve recorded under Share Capital (subhead) in Shareholders fund (major head).
29. Match the following:

(a) Cash budget is prepared for	(i) Marketable security
(b) cash flow statement is prepared for	(ii) cash payment of wages
(c) cash equivalents include	(iii) Future period

(d) cash flow from operating activity	(iv) Past period

30. Under what main heads andand sub-heads, will the following items appear in the balance sheet of a company as per Schedule III, Part I of the Companies Act, 2013

i. Debentures
ii. Loose tools
iii. Calls-in-advance

OR

From the following information, prepare a comparative statement of profit and loss for the year 2009-2010

Particulars	**2009 Amt (Rs.)**	**2010 Amt (Rs.)**
Revenue from Operations	7,00,000	8,50,000
Materials Consumed	3,30,000	4,20,000
Manufacturing and Office Expenses	2,40,000	2,60,000
Other Incomes	30,000	30,000

Other Information

i. Income tax is calculated @ 50%.
ii. Manufacturing expenses are 50% of the total of that category.

31. From the following information provided, prepare a comparative statement for the period 2008 and 2009.

Particulars	**2008 Amt (Rs.)**	**2009 Amt (Rs.)**
Revenue from Operations	6,00,000	8,00,000
Gross Profit	40% on Revenue from Operations	50% on Revenue from Operations
Administrative		

Expenses	20% of Gross Profit	15% of Gross Profit
Income Tax	50%	50%

OR

From the following information extracted from the books of PQ Ltd., prepare a Balance Sheet of the company as at 31st March, 2012 as per Schedule-Ill of the Indian Companies Act, 2013:

Particulars	**(Rs.)**
Long-term Borrowings	500
Trade Payables	30
Share Capital	400
Reserve and Surplus	90
Fixed Assets(tangible)	800
Inventories	20
Trade receivables	80
Cash and Cash Equivalents	120

32. From the following balance sheet of Vikas Ltd as at 31st March, 2009 and 2010. Prepare the cash flow statement.

Particulars	**Note No.**	**31st March, 2009 Amt (Rs)**	**31st March, 2010 Amt (Rs)**
1.EQUITY AND LIABILITIES			
1.Shareholders' Funds			
(a)Share Capital		90,000	1,30,000
(b)Reserves and Surplus		48,000	84,000

2.Current Liablities			
Trade Payables		17,400	22,000
Total		1,55,400	2,36,000
II.ASSETS			
1.Non-current Assets			
Fixed Assets		93,400	1,66,000
2.Current Assets			
(a)Inventories (Stock)		22,000	26,000
(b)Trade Receivable (Debtors)		36,000	39,000
(c) Cash		4,000	5,000
Total		1,55,400	2,36,000

Notes to Accounts

Particulars	**31st March, 2009 (Rs)**	**31st March, 2010 (Rs)**
1.Reserves and Surplus		
Generaql Reserve	28,000	54,000
Surplus, i.e. Balance in Statement of Profit and Loss	20,000	30,000
	48,000	84,000

Additional Information

i. Depreciation charged on fixed assets for the year 2009-2010 was Rs. 20,000.
ii. Income tax Rs.5.000 has been paid in advance during the year.

Solution
Section A

1. Receipts and payment account is the account which shows the classified summary of transactions of a cash book in a not-for-profit organisations

2. (a) Value of firm's goodwill x His Share of profit
Explanation: At the time of retirement, share of goodwill is calculated for the retired partner as follows: Value of firm's goodwill x His Share of profit

3. **Journal**

Date	Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
	Ravi's Capital A/c Dr.		1,500	...
	To Bank A/c		...	1,500
	(Being expenses of realisation paid by the firm recovered from Ravi as he is supposed to bear realisation expenses)		...	...

Note: As Ravi is supposed to bear the Realisation Expenses so if these are paid by the firm; the firm has right to recover it from Ravi. Hence, Ravi's account has been debited and Bank account has been credited.

4. (b) Cash/bank only
Explanation: THE DIFFERENCE IN THE CAPITALS OF THE PARTNERS will be adjusted through cash or bank account when nothing is mentioned in the question about the adjustment of difference amount.

5. The fixed capital of partners may change in the following cases:

   i. When additional capital is introduced by the partners.

ii. When some part of Capital is permanently withdrawn from the business by the partner.

6. At the time of change in profit sharing ratio among the existing partners,Gain or loss on revaluation are distributed in existing partners in old profit sharing ratio,
7. New partner is not entitled to any share in Reserves and surplus at the time of reconstitution of the firm because they are earned/accrued by the old partners so undistributed profits or losses are always distributed among old partners in old Profit-sharing ratio.
8. Any change in the existing agreement of partnership is reconstitution of a partnership firm. As a result, the existing agreement comes to an end and the new agreement comes into existence. But, the firm continues its business as earlier and Reconstituion of a firm always leads to change in profit-sharing ratio amomg partners.
9. A's share of Profit for four months = Preceding year's profit $\times$ Proportionate Period $\times$ Share of A

=. $Rs. 42,000 \times \frac{4}{12} \times \frac{3}{6}$

= .Rs. 7,000

Date	Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
31/07/2015	Profit and Loss Suspense a/c Dr.	_	7,000	.
	To A's Capital A/c (Being A's share of profit for four months transferred to his capital A/c	_		7,000

10. Nominal
11. Difference between dissolution of partnership firm and dissolution of partnership is

Basis	Dissolution of Partnership Firm	Dissolution of Partnership

Closure of Books	Closure of Books of accounts is required as the firm is closed. So all the assets are sold and payment of all the liabilities is made. Main accounts being Realisation A/c, Partners' Capital A/cs and Cash/Bank A/c.	Closure of Books of accounts of the firm is not required because the business is not terminated. Therefore, only effect of changes in the partnership is recorded and accounting continues.Main accounts being Revaluation A/c, Partners' Capital A/cs and the Balance Sheet.

12. (d) (i) Bank A/c Dr. and Deb. App. & Allot. A/c Cr.
(ii) Deb. App. & Allot. A/c Dr. ; Debenture A/c Cr. Securities premium Cr. Bank A/c Cr.
Explanation:
Following journal entry will be recorded in the books:
(i) Bank A/c Dr. and Deb. App. & Allot. A/c Cr.
(ii) Deb. App. & Allot. A/c Dr. ; Debenture A/c Cr. Securities premium Cr. Bank A/c Cr.At the time of allotment excess money should be refund. so bank account will be credit with that amount.

13. Subscribed

14. Subscription is the main source of income for an N.P.O. besides entrance fees, donations, grants, etc. Subscriptions refer to the amount of money paid by the members on periodic basis for keeping their membership with the organization alive. It is paid monthly, quarterly, half yearly or annually by the members.

The Subscription amounts are treated as revenue receipts.It is shown in the debit side of the Receipt and Payment Account with the total amount received during the year that may be related to the current period and to the previous and next accounting period. While calculating subscription for the current period, advance subscription received for the current period in the previous period and outstanding subscription for the current period are added to the subscription received during the current period. Whereas, on the other hand, advance subscription received for the next accounting period during the current period and outstanding subscription for the preceding period are deducted from the subscription received during the current period.

Calculation Of Subscription Amount for the current year :

Amount received during the year	= ....
(+) Advance of current year received during previous year	= ....
(+) Outstanding of current year	= ....
(-) Outstanding of previous year received during current year	= ....
(-) Advance of Next year received during current year	= ....
Subscription Amount (credited in Income & expenditure)	= ....

OR

Not-for-Profit organizations are those organizations whose objective is not to earn profit but to provide services to its members and to the society. These organizations are set up for the welfare of the society as a whole, rather than for the benefit of any one individual and are set up for the purpose of promoting culture, art, religion, education etc. These are non business entity. Non Profit Organization are tax exempt or charitable. It uses its surplus of revenues to further achieve its ultimate objectives.

E.g.- Clubs, Hospitals, Libraries, Schools, Societies for promotion of sports, arts and culture etc.

15. **Working Note:**

i. Interest On Capital = 3,00,000 $\times$ 10/100$\times$ 6/12 = 15,000
ii. Share Of Profit = 1,50,000 $\times$ 5/10 $\times$ 6/12 = 37,500
iii. Goodwill = Average Profit $\times$ No. Of Year Purchased
1,50,000 $\times$ 2.5 = 3,75,000
Virad's Share = 3,75,000 $\times$ 5/10 = 1,87,500
This Will Be Contributed By Vishad and Roma In 3:2 (Sacrificing Ratio)

Virad's Capital Account

Particulars	Amount	Particulars	Amount
To Virad's Executor's a/c	5,70,000	By Bal. B/d	3,00,000
		By Reserve Fund	30,000
		By Interest On Capital	15,000

		By P&L Suspense	37,500
		By Vishad's Capital A/c	1,12,500
		By Roma's Capital	75,000
	5,70,000		5,70,000

16. **Profit and Loss Appropriation Account**

Particulars		**Amount Rs**	**Particulars**	**Amount Rs.**
To Interest on Capital			By Profit and loss A/c (Net profit) 12500+2500= 15,000 less 5% Manager's Commission (15,000×5/100 = 750)	14250
A	3000			...
B	1800	4800		...
To Salary(B)		2500		
To Profit transferred to:				...
A's Capital A/c	4,170			...
B's Capital A/c	2,780	6950		...
.		14250		14250

Partner's Capital A/c

Particulars	**A**	**B**	**Particulars**	**A**	**B**
To Balance c/d	57170	37080	By Balance b/d	50000	30000
	...	...	By interest on capital	3000	1800
	....	...	By salary	-	2500

	....	...	By P and L Appropriation A/c	4,170	2,780
	57170	37080		57170	37080

arrears of Deepak**OR**

New Profit sharing ratio

R = 1/8

Remaining = 7/8

P = 7/8 × 5/8 = 35/64

Q = 7/8 × 3/8 = 21/64

R = 8/64

P:Q:R = 35 : 21 : 8

R = 400000/64 × 8 = 50000

To be given to R = 75000

Deficency = 25000 bear by P & Q in ratio 3:2 (15000 & 10000)

Share of P = 400000/64 × 35 = 218750 - 15000 = 203750

Share of Q = 400000/64 × 21 = 131250 - 10000 = 121250

PROFIT AND LOSS APPROPRIATION ACCOUNT

PARTICULARS	RS.	PARTICULARS	RS.
To Profit Transferred:		By Net Profit	400000
P	203750		
Q	121250		
R	75000		
	400000		**400000**

17. **JOURNAL**

Date	**Particulars**	**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Share Capital A/c dr.		350	...

	Securities Premium A/c dr.		250	...
	To share forfeiture A/c		...	150
	To share allotment A/c		...	450
	(Being 50 shares forfeited for non payment of allotment money as per board's resolution dated..)			
	Bank A/c dr.		600	...
	To Share capital A/c		...	500
	To securities Premium A/c		...	100
	(Being 50 shares reissued @ Rs. 12 per share, fully paid)			
	Shares Forfeiture A/c Dr.		150	...
	To capital reserve A/c		...	150
	(Being the balance of Forfeited shares transferred to capital reserve.)			

Note: Since forfeited shares are reissued at Premium, full amount of share forfeiture account has been transferred to Capital Reserve account.

18. **Journal**

Date	Particulars	LF	Dr. (Rs.)	Cr. (Rs.)
i	Realisation A/c ....Dr.		17,250	
	To Bank A/c			17,250
	(Being bill dishonoured Paid by firm.)			
ii	Realisation A/c ....Dr.		50,000	
	To A's Capital A/c			50,000
	(Being claim for damages paid by "A")			
iii	Realisation A/c ....Dr.		10,000	
	To Bank A/c			10,000

	(Being Compensation to employee paid by firm)			
iv	Realisation A/c ....Dr.		3,500	
	To Bank A/c			3,500
	(Being claim for damages to customer paid by firm)			

19. **Swaraj Club Receipts and Payments Account**

for the year ended 31st march 2016

Receipts		Amount	Payments		Amount
To balance b/d			By salaries and Wages		1200
Cash in Hand	200		By Rent and Taxes		400
Cash at Bank	400	600	By Bank Charges		160
To Entrance Fees		300	By Purchase of Food Stuff		800
To Membership Fees		3000	By Expenditure on Club Pavilion		11000
To Donation for Club Pavilion		10000	By General Expenses		600
To sales of Foodstuff		1200	By balance c/d		
			Cash in hand	350	
			Cash in Bank	590	940
		15100			**15100**

20.

Dr	**9% Debentures Account**				**Cr**
Date	**Particulars**	**Amt (Rs)**	**Date**	**Particulars**	**Amt (Rs)**
2009			2008		
Mar 31	To Balance c/d	1,00,00,000	Apr 1	By Debenture Application And Allotment A/c	95,00,000
			Apr 1	Debentures A/c (1,00,00,000 $\times$ 5%)	5,00,000

		1,00,00,000			**1,00,00,000**
2010			2009		
Mar 31	To Balance c/d	1,00,00,000	Apr 1	By Balance b/d	1,00,00,000
		1,00,00,000			**1,00,00,000**
2011			2010		
Mar 31	To Bank A/c	10,00,000	Apr 1	By Balance b/d	1,00,00,000
Mar 31	To Balance c/d	90,00,000			
		1,00,00,000			**1,00,00,000**
2012			2011		
Mar 31	To Bank A/c	20,00,000	Apr 1	By Balance b/d	90,00,000
Mar 31	To Balance c/d	70,00,000			
		90,00,000			**90,00,000**
2013			2012		
Mar 31	To Bank A/c	30,00,000	Apr 1	By Balance b/d	70,00,000
Mar 31	To Balance c/d	40,00,000			
		70,00,000			**70,00,000**
2014			2013		
Mar 31	To Bank A/c	40,00,000	Apr 1	By Balance b/d	40,00,000
		40,00,000			**40,00,000**

Note :

- It is assumed that legal requirement with respect to Debenture Redemption Reserve and Investment have been accomplished before commencing redemption of debentures.
- The amount invested or deposited shall not be used for any purpose other than for redemption of debentures.
- Premium payable on redemption is a Capital Loss.
- Redemption of Debentures out of capital means that the company redeems debentures without transferring any amount to D.R.R. out of the profits.
- D.R.R. is not required to be created on fully convertible debentures.
- Debentures may be redeemed by a company : 1. out of Capital ; 2. out of Profits.
- Interest is ignored.
- Method adopted by the company to redeem debenture is known as Redemption of Debentures in Installments by Draw of Lots.
- When on issue of debenture all amount is received in a single installment then Debenture Application and Allotment account is credited.
- Debentures Issued at Discount means Debentures issued at price that is less than its nominal (face) value.
- Discount on issue of Debentures is a Capital Loss . It is written off either from Securities Premium Reserve or from Statement of Profit or Loss.

OR

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Date	**Particulars**		**L.F.**	**Amt (Dr)**	**Amt (Cr)**
	Bank A/c (25,000*120)	Dr		30,00,000	
	To Debenture Application and Allotment A/c (Being application money received)				30,00,000
	Debenture Application and	Dr		30,00,000	

	Allotment A/c				
	To 10% Debentures A/c (25,000*100)				25,00,000
	To Securities Premium Reserve A/c (25,000*20) (Being application money transferred to 10% debentures account)				5,00,000

Balance Sheet
as at..........

	Particulars	Note No.	Amt (Rs)
I.	**EQUITY AND LIABILITIES**		
1	Shareholders' Funds		
	Reserve and Surplus	1	5,00,000
2	Non-current Liabilities		
	Long-term Borrowings	2	25,00,000
	Total		30,00,000
II.	**ASSETS**		
1	Current Assets		
	Cash and Cash Equivalents	3	30,00,000
	Total		30,00,000

Notes to Accounts

	Particulars	Amt (Rs)
1	Reserves and Surplus	
	Securities Premium Reserve	5,00,000

2	Non-current Liabilities	
	10% Debentures	25,00,000
3	Cash and Cash Equivalents	
	Cash at Bank	30,00,000

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Date	Particulars		L.F.	Amt (Dr)	Amt (Cr)
(i)	Bank A/c	Dr		20,00,000	
	To Bank loan A/c (Being bank loan taken)				20,00,000
(ii)	Debenture Suspense A/c	Dr		25,00,000	
	To 10% Debentures A/c (Being 25,000, 10% debentures of Rs.100 each issued as Collateral security)				25,00,000

Balance Sheet

As at ....

	Particulars	Amt (Rs)
1	**EQUITY AND LIABILITIES**	
	Non-current Liabilities	
	Long-term Borrowings	20,00,000

Notes to Accounts

	Particulars		Amt (Rs)

1	**Long-term Borrowings**		
	Loan from Bank		20,00,000
	25,000, 10% Debentures of Par Value of Rs.100 each Issued as Collateral Security	25,00,000	
	(-)Debenture Suspense	(25,00,000)	
			20,00,000

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Date	Particulars		L.F.	Amt (Dr)	Amt (Cr)
	Machinery A/c	Dr		28,00,000	
	To Vendor's A/c (Being machinery purShare allotted to Deepakchased)				28,00,000
	Vendor's A/c	Dr		28,00,000	
	To 10% Debentures A/c (25,000*100)				25,00,000
	To Securities Premium Reserve A/c (Being 25,000, 10% debentures issued to the supplier of machinery at premium)				3,00,000

Balance Sheet

As at..............................

	Particulars	Note No.	Amt (Rs)
I.	**EQUITY AND LIABILITIES**		
1	**Shareholders' Funds**		
	Reserves and Surplus	1	3,00,000

2	**Non-current Liabilities**		
	Long-term Borrowings	2	25,00,000
	Total		28,00,00
II.	**ASSETS**		
1.	**Non-current Assets**		
	Fixed Assets		
	Tangible Assets	3	28,00,000
	Total		28,00,000

Notes to Accounts

	Particulars	Amt (Rs)
1	**Reserves and Surplus**	
	Securities Premium Reserve	3,00,000
2	**Long-term Borrowings**	
	10% Debentures (25,000 debentures @ Rs.100)	25,00,000
3	**Tangible Fixed Assets**	
	Machinery	28,00,000

NOTES:

- Debentures issued as collateral security being for the loan of the company, debentures issued as collateral security are shown in the Note to Accounts in which loan is secured by debentures is shown.
- If the company fails to pay the loan along with interest with the time, the lender may recover the dues from the sale of primary security or by seeking redemption of collateral security.

21. **Revaluation A/c**

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Stock A/c	5,000	By Machinery A/c	6,000
To Furniture A/c	8,000	By Loss on Revaluation Transferred to Capital A/c:	
To Provision for Doubtful Debts A/c	1,350	Sahaj 7,567	
To Bad Debts A/c	3,000	Nimish 3,783	11,350
	17,350 ======		17,350 ======

Partner's Capital

Particulars	Sahaj Amount (Rs)	Nimish Amount (Rs)	Gauri Amount (Rs)	Particulars	Sahaj Amount (Rs)	Nimish Amount (Rs)	Gauri Amount (Rs)
To Revaluation A/c (Loss)	7,567	3,783		By Balance b/d	1,20,000	80,000	
To Balance c/d	1,42,433	91,217	1,16,825	By General Reserve A/c	20,000	10,000	
				By Premium for Goodwill A/c	10,000	5,000	
				By Cash A/c			1,16,825
	1,50,000 =======	95,000 =======	1,16,825 ======		1,50,000 =======	95,000 ======	1,16,825 =======

Balance Sheet
as at.....

Liabilities	Amount	Assets	Amount

	Rs		Rs
Creditors	30,000	Machinery (1,20,000 + 6,000)	1,26,000
Employees Provident Fund	40,000	Furniture (80,000 - 8,000)	72,000
Capital A/cs:		Stock (50,000-5,000)	45,000
Sahaj 1,42,433		Sundry Debtors 30,000	
Nimish 91,217		(-) Bad Debts 3,000	
Gauri 1,16,825	3,50,475	(-) Provision for Doubtful Debts 1,350	25,650
		Cash	1,51,825
	4,20,475 =======		4,20,475 =======

Values being conveyed in the question are (any one)

I. **Doing Your Best** Garni has done her best by helping her friends by becoming a partner in their firm.
II. **Mutual Respect** Partners have shown mutual respect by admitting Gauri as a partner and Gauri has shown respect by accepting to become a partner in their firm.
III. **Compassion** Gauri has shown compassion towards her specially abled friends by becoming a partner in their firm.

Before we introduce a new partner to the partnership firm, we must ensure all the assets and liabilities are valued correctly. So just prior to introducing a new partner revaluation account is made and subsequent adjustments are made in books of accounts.

- The assets are overstated or understated are revalued.
- The liabilities are brought in the books at their correct values

- Unrecorded assets and liabilities of the firm are brought into the books of the firm
- The actual position of the firm is calculated.
- Profit and loss arriving on account of such revaluation up to the date of admission of a new partner may be adjusted in the partner’s capital accounts in their old profit sharing ratio

Working Note

Firm’s goodwill = Rs 45,000

Gauri’s share in goodwill $45,000 \times \frac{1}{3} = Rs 15,000$ to be credited to Sahaj and Nimish in sacrificing ratio i.e., 2: 1 .

Adjustment for Capital

Adjusted capital of Sahaj	1,42,433
Adjusted capital of Nim ish	91,217
Total adjusted capital for 2 /3 share	Rs 2,33,650

Firm's total capital = $233650 \times \frac{3}{2} = Rs 3,50,475$

Gauri's share = $3,50,475 \times \frac{1}{3} = Rs 1,16,825$

Cash A/C

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Balance b/d	20,000	By Balance c/d	1,51,825
To Gauri's Capital A/c	1,16,825		
To Premium for Goodwill A/c	15,000		
	1,51,825 =======		1,51,825 ======

OR

Revaluation A/c

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Stock A/c	27,400	By Land and Building A/c	35,000
To Furniture A/c	16,000	By Plant and Machinery A/c	6,750
To Investments A/c	7,300	By Loss Transferred to Capital A/cs	
To Liability against Bills		O 7,977	
Receivable Discounted	7,004	R 5,318	
		S 2,659	15,954
	57,704 ======		57,704 =======

Partner's Capital A/c

Particulars	O Amount (₹)	R Amount (₹)	S Amount (₹)	H Amount (₹)	Particulars	O Amount (₹)	R Amount (₹)	S Amount (₹)	H Amount (₹)
To Current A/c	75,000	50,000			By Balance b/d	1,75,000	1,50,000	1,25,000	
To Balance c/d	1,00,000	1,00,000	50,000	50,000	By cash A/c				50,000
	1,75,000 ======	1,50,000 =======	1,25,000 =======	50,000 ======		1,75,000 =======	1,50,000 ======	1,25,000 ======	50,000 ======

Partner's Current A/c

Particulars	O Amount (Rs)	R Amount (Rs)	S Amount (Rs)	Particulars	O Amount (Rs)	R Amount (Rs)	S Amount (Rs)

To Balance b/d		7,000		By Balance b/d	4,000		6,000
To Revaluation A/c (Loss)	7,977	5,318	2,659	By General Reserve A/c	7,500	5,000	2,500
To Balance c/d	97,023	45,015	82,008	By Profit and Loss A/c	3,500	2,333	1,167
				By Premium for Goodwill A/c	15,000		
				By Capital A/c	75,000	50,000	75,000
	1,05,000 =======	57,333 ======	84,667 ======		1,05,000 =======	57,333 ======	84,667 ======

Working Note:

When a new partner is admitted he/she acquires his/her share in profit from the existing partners. As a result, the profit sharing ratio in the new firm is decided mutually between the existing partners and the new partner.

i. **Calculation of Sacrificing Ratio**
   Old ratio = 3:2:1; New ratio = 2:2 :1:1
   Sacrificing Ratio = Old Share - New Share
   $\text{O} = \frac{3}{6} - \frac{2}{6} = \frac{1}{6}$
   $R = \frac{2}{6} - \frac{2}{6} = \text{Nil}$
   $\text{S} = \frac{1}{6} - \frac{1}{6} = \text{Nil}$
   Here, only O has sacrificed his $\frac{1}{6}$ th share.

Over a period of time, a business firm develops a good name and reputation among the customers. This help the business earn some extra profits as compared to a newly set up business. In accounting capitalised value of this extra profit is known as goodwill.

i. **Adjustment of Goodwill**
   H's share of goodwill = $90,000 \times \frac{1}{6} = Rs15,000$
   As only O has sacrificed his share, therefore, he will get = Rs15,000

ii. **Adjustment of Capital**

Total Capital of the Firm = H's Capita × Reciprocal of His share

$= 50,000 \times \frac{6}{1} = Rs 3,00,000$

New profit sharing ratio = 2:2:1:1

O's new capital = $3,00,000 \times \frac{2}{6} = Rs 1,00,000$

R's new capital = $3,00,000 \times \frac{2}{6} = Rs 1,00,000$

S's new capital = $3,00,000 \times \frac{1}{6} = Rs 50,000$

H's new capital = $3,00,000 \times \frac{1}{6} = Rs 50,000$

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Date	Particular	L.F.	Amt. (Dr)	Amt. (Cr)
	Bank A/c (65,000 × 15) Dr.		9,75,000	
	To Equity Share Application A/c			9,75,000
	(Being application money received.)			
	Equity Share Application A/c Dr.		9,75,000	
	To Equity Share Capital A/c (65,000 × 3)			1,95,000
	To Securities Premium Reserve A/c (65,000 × 12)			7,80,000
	(Being application money transferred.)			
	Equity Share Allotment A/c Dr.		6,50,000	
	To Equity Share Capital A/c (65,000 × 2)			1,30,000
	To Securities Premium Reserve A/c (65,000 × 8)			5,20,000
	(Being share allotment money due.)			
	Bank A/c Dr.		6,30,000	
	To Equity Share Allotment A/c			6,30,000
	(Being allotment money received.)			
	Equity Share Capital A/c (2,000 × 5) Dr.		10,000	

	Securities Premium Reserve A/c (2,000 × 8) Dr.		16,000	
	To Equity Share Allotment A/c (2,000 × 10)			20,000
	To Share Forfeiture A/c (2,000 × 3)			6,000
	(Being shares forfeited.)			
	Equity Share First and Final Call A/c (63,000 × 20) Dr.		12,60,000	
	To Equity Share Capital A/c (63,000 × 5)			3,15,000
	To Securities Premium Reserve A/c (63,000 × 15)			9,45,000
	(Being first and final call due.)			
	Bank A/c Dr.		12,00,000	
	To Equity Share First and Final Call A/c (60,000 × 20)			12,00,000
	(Being first and final call received.)			
	Equity Share Capital A/c (3,000 × 10) Dr.		30,000	
	Securities Premium Reserve A/c (3,000 × 15) Dr.		45,000	
	To Equity Share First and Final Call A/c (3,000 × 20)			60,000
	To Share Forfeiture A/c (3,000 × 5)			15,000
	Being shares forfeited.)			
	Bank A/c (4,000 × 50) Dr.		2,00,000	
	To Equity Share Capital A/c (4,000 × 10)			40,000
	To Securities Premium Reserve A/c (4,000 × 40)			1,60,000
	(Being 4000 share reissued.)			
	Share Forfeiture A/c Dr.		16,000	
	To Capital Reserve A/c (W.N.)			16,000

	(Being share forfeiture transferred to capital reserve.)			

Working Note

Calculation of amount to be transferred to capital reserve:-

Amount of Ram's 2,000 forfeited shares = 6,000

Amount of Sohan's 2,000 forfeited share $\left(15,000 \times \frac{2{,}000}{3{,}000}\right) = 10,000$

Amount to be transferred to capital reserve = Rs. 16,000

OR

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Date	Particulars	L. F.	Amt. (Dr.)	Amt. (Cr.)
.	Bank A/c (1,50,000 $\times$ 2) Dr.	.	3,00,000	.
	To Equity Share Application A/c	.	.	3,00,000
.	(Being application money received.)	.	.	.
	Equity Share Application A/c Dr.	.	3,00,000	.
.	To Equity Share Capital A/c	.	.	1,00,000
.	To Equity Share Allotment A/c	.	.	1,00,000
.	To Bank A/c	.	.	90,000
.	(Being application money transferred.)	.	.	.
.	Equity Share Allotment A/c (50,000 $\times$ 4) Dr	.	2,00,000	.
.	To Equity Share Capital A/c	.	.	2,00,000
.	(Being allotment money due)	.	.	
.	Bank A/c Dr.	.	88,900	.
.	Calls-in-arrears A/c Dr.	.	1,100	.

.	To Equity Share Allotment A/c	.	.	90,000
.	(Being allotment money received)	.	.	.
.	Equity Share Capital A/c (600 × 6) Dr	.	3,600	.
.	To Calls-in-arrears A/c 1000 + 100)	.	.	1,100
.	To Equity Share Forfeiture A/c	.	.	2,500
.	(Being shares forfeited for non-payment of allotment money)	.	.	.
.	Equity Share First and Final Call A/c Dr.	.	1,97,600	.
.	To Equity Share Capital A/c (49,400 × 4)	.	.	1,97,600
.	(Being first call money due)	.	.	.
.	Bank A/c Dr.	.	1,97,600	.
.	To Equity Share First and Final Call A/c	.	.	1,97,600
.	(Being first and final call money received)	.	.	.
.	Bank A/c (600 × 11) Dr.	.	6,600	.
.	To Equity Share Capital A/c (600 × 10)	.	.	6,000
.	To Securities Premium Reserve A/c (600 × 1)	.	.	600
.	(Being 600 shares reissued @ Rs. 11 per share)	.	.	.
.	Share Forfeiture A/c Dr.	.	2,500	.
.	To Capital Reserve A/c	.	.	2,500
.	(Being share Forfeiture transferred to capital reserve)	.	.	.

Analysis Table

	Shares	Shares	Application money	Application money	Excess application	Share allotment	Excess application money,	Money

	applied I	allotted II	received @ Rs. 2 per share ill	Tansferred to share capital IV	money V = III-IV	money due @ Rs. 4	adjusted on allotment	refunded
I	80,000	40,000	1,60,000 (80,000 $\times$ 2)	80,000 (40,000 $\times$ 2)	80,000	1,60,000 (40,000 $\times$ 4)	80,000	—
II	25,000	10,000	50,000 (25,000 $\times$ 2)	20,000 (10,000 $\times$ 2)	30,000	40,000 (10,000 $\times$ 4)	30,000	–
III	45,000	–	90,000 (45,000 $\times$ 2)	–	–	–	–	90.000
	1,50,000	50,000	3,00,000	1,00,000	1,10,000	2,00,000	1,10,000	90,000

Working Notes:-

Calls-in-arrears of Deepak

Share allotted to Deepak $\frac{40{,}000}{80{,}000} \times 1,000 = 500$

Application money received (1,000 $\times$ 2)	2,000
(-) Amount adjusted on application (500 $\times$ 2)	(1,000)
Excess application money adjusted on allotment	1,000
Money due on allotment (500 $\times$ 4)	2,000
(-) Excess application money adjusted on allotment	(1,000)
Calls-in-arrears	1,000

Calls-in-arrears by Raju

Share applied by Raju $= \frac{25{,}000}{10{,}000} \times 100 = 250$

Application money received (250 x 2)	500
(-) Amount adjusted on application (100 x 2)	(200)
Excess application money adjusted on allotment	300
Money due on allotment (100 x 4)	400
(-) Excess application money adjusted on allotment	(300)
Calls-in-arrears	100

Money Received on Allotment	Amt (Rs.)
Total amount due on allotment	2,00,000
(-) Excess application money adjusted	(1,10,000)
Allotment money to be received	90,000
(-) Calls-in-arrears by Deepak	(1,000)
(-) Calls-in-arrears by Raju	(100)
Allotment money received	88,900

Section B

23. (b) Inventory Turnover Ratio

    Explanation: Average inventory is the mean value of an inventory throughout a certain time period. In inventory turnover ratio is calculated by dividing the cost of goods sold for a period by the average inventory for that period.

24. Return On Investment or Return On Capital Employeed.

25. Liquid ratio is better indicator of liquidity position of a firm

26. i. Short-term Borrowings,
    ii. Short-term Provisions.

27. Current Asset = Cash + Bank+ Current Investment+ Inventory+ Trade receivables+ other current assets.

    Current Liability = Short Term Borrowings + Trade Payable +Short Term Provisions+ other current liabilities.

Current Ratio = $\frac{\text{Current assets}}{\text{Current Liabilities}}$

Current Ratio = $\frac{Rs.3{,}00{,}000+Rs.20{,}000}{Rs.140{,}000+Rs.20{,}000} = \frac{Rs.3{,}20{,}000}{Rs.1{,}60{,}000} = 2:1$

28. False

29. (a) - (iii), (b) - (iv), (c) - (i), (d) - (ii)

30. The following items are arranged in the balance sheet as per schedule 3 of the company's act,2013 and Ministry of Corporate affairs have revised the standards in order to bring uniformity in classification.

Sl. No.	**Items**	**Major headings**	**Sub-headings**
(i)	Debentures	Non-current Liabilities	Long-term Borrowings
(ii)	Loose Tools	Current Assets	Inventories
(iii)	Calls-in-advance	Current Liabilities	Other Current Liabilities

OR

Comparative Statement of Profit and Loss

for the year ended 31st March, 2010

Particulars	**31st March, 2009 (Rs.)**	**31st March, 2010 (Rs.)**	**Absolute Change (Increase or Decrease) (Rs.)**	**Percentage Change (Increase or Decrease) (%)**
I. Revenue from Operations (Sales)	7,00,000	8,50,000	1,50,000	21.43
II. Other Income	30,000	30,000	—	—
III. **Total Revenue**				

(I + II)	7,30,000	8,80,000	1,50,000	20.55
IV. Expenses				
(a) Material Consumed	3,30,000	4,20,000	90,000	27.27
(b) Manufacturing Expenses	1,20,000	1,30,000	10,000	8.33
(c) Office expenses	1,20,000	1,30,000	10,000	8.33
V. **Total Expenses** (a+b+c)	5,70,000	6,80,000	1,10,000	19.30
VI. Profit before Tax (III - V)	1,60,000	2,00,000	40,000	25.00
VII.Tax @50%	(80,000)	(1,00,000)	(20,000)	25.00
VIII. Profit after Tax (VI-VII)	80,000	1,00,000	20,000	25.00

Working Note

Manufacturing expenses = 50% of manufacturing and office expenses

$$2009 \Rightarrow \frac{50}{100} \times 2,40,000 = Rs. 1,20,000$$
$$2010 \Rightarrow \frac{50}{100} \times 2,60,000 = Rs. 1,30,000$$

31. **Comparative Statement of Profit and Loss**

for the year ended 31st March, 2009

Particulars	**31st March, 2008 (Rs.)**	**31st March, 2009 (Rs.)**	**Absolute Change (Increase or Decrease) (Rs.)**	**Percentage Change (Increase or Decrease) (%)**

I. Revenue from Operations (Sales)	6 ,00,000	8,00,000	2,00,000	33.33
II.Total Revenue	6,00,000	8,00,000	2,00,000	33.33
III. Expenses:				
(a) Cost of Revenue from Operations	3,60,000	4,00,000	40,000	11.11
(b) Administrative Expenses	48,000	60,000	12,000	25.00
IV. Total Expenses (a+b)	4,08,000	4,60,000	52,000	12.74
V. Profit before Tax (I I - IV)	1,92,000	3,40,000	1,48,000	77.08
VI. Income Tax @ 50%	(96,000)	(1,70,000)	(74,000)	(77 08)
VII. Profit after Tax (V- VI)	96,000	1,70,000	74,000	77.08

Working Note

	2008	**2009**
Revenue from operations	6,00,000	8,00,000
(-) Gross profit	(2,40,000)	(4,00,000)
Cost of revenue from operations	3,60,000	4,00,000
Administrative expenses	20% on Gross profit i e 48,000	15% on Gross profit i e. 60,000

Comparative statement of P&L A/c is prepared as per Schedule 3, Part 1 of the Companies Act,2013. A comparative statement is a document that compares a particular financial statement with prior period statements or with the same financial report generated by another company. Analysts and business managers use the income statement, balance sheet and cash flow statement for comparative purposes. The process reveals trends in the financials and compares one company's performance with another business.

OR

Balance Sheet of PQ Ltd.
as at 31st March 2012 (Extract)

	Particulars	**Note No.**	**31st March 2012 Amount (Rs.)**	**31st March 2011 Amount (Rs.)**
I.	**EQUITY AND LIABILITIES**			
	(1) **Shareholders' Funds**			
	(a) Share Capital		400	
	(b) Reserves and Surpluses		90	
	(2) **Non-Current Liabilities**			
	(a) Long Term Borrowings		500	
	(3) **Current Liabilities**			
	(a) Trade Payables		30	
			1,020	
II.	**ASSETS**			
	(1) **Non-current Assets**			
	(a) Fixed Assets			

	(a) Fixed Assets			
	Tangible Assets		800	
	(2) **Current Assets**			
	(a) Inventories		20	
	(b) Trade Receivables		80	
	(c) Cash and Cash Equivalents		120	
			1,020	

There is a legal requirement as per Companies Act 2013 that every company should prepare Profit and Loss account and Balance Sheet as per the format given in Schedule 3. This requirement is only for companies and not for Partnership or Proprietorship.

32.

Cash Flow Statement

(for the year ended 31st March, 2010)

Particulars		**Amt (Rs)**
I.Cash Flow from Operating Activities		
Net Profit before Tax and Extra ordinary Items [W.N. (i)]		41,000
Adjustments for Non Cash And Non Operating Items		
(+)Depreciation on Fixed Assets	20,000	20,000
Operating Profit before Working Capital Changes		61,000
(+)Decrease in Current Assets and Increase in Current Liabilities		
Creditors	4,600	
(-)Increase in Current Assets and Decrease in Current		

Liabilities		
Debtors	(3,000)	
Stock	(4,000)	(2,400)
Cash Generated from Operations		**58,600**
(-)Income Tax Paid		(5,000)
Net Cash Flow from Operating Activities		**53,600**
II.Cash Flow from Investing Activities		
Purchase of Fixed Assets [W.N. (ii)]	(92,600)	
Net Cash Used in Investing Activities		(92,600)
III.Cash Flow from Financing Activities		
Proceeds from Issue of Shares	40,000	
Net Cash Flow from Financing Activities		40,000
Net Increase in Cash and Cash Equivalents [I+II+III]		**1,000**
(+)Cash and Cash Equivalents at the Beginning of Period		4,000
Cash and Cash Equivalents at the End of Period		**5,000**

Working Note :

1.Calculation of Net Profit before Tax and Extraordinary Items	
Net Profit for the year (30,000-20,000)	10,000
(+)Transfer to general reserve	26,000
(+)Provision for tax (Income Tax Paid in advance)	5,000
Net Profit before Tax and Extra ordinary Items	**Rs.41,000**

Dr	**Fixed Assets Account**		**Cr**
Particulars	**Amt (Rs)**	**Particulars**	**Amt**

			(Rs)
To Balance b/d	93,400	By Depreciation A/c	20,000
To Bank A/c (Balancing figure) (Purchase)	92,600	By Balance c/d	1,66,000
	1,86,000		1,86,000

Note : Transfer from Surplus to other Reserves is added because it is appropriation of Profit.
Provision for Tax is an estimate of tax liability for current year.
Depreciation is shown as an expense in the Statement of Profit and Loss to determine profit for the year.It does not involve payment in cash but is an allocation of cost of fixed asset. So Depreciation is added back.