

Part – A

1 Not-for -Profit Organisations refer to the organisations that are established for the welfare of the society and are set up as charitable institutions which function without any profit motive. Their main aim is to provide service to a specific group or the public at large. 2

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$$A's\ Gain = \frac{3}{10} \times \frac{3}{5} = \frac{9}{50} \quad A's\ New\ Share = \frac{1}{10} + \frac{9}{50} = \frac{14}{50}$$

$$B's\ Gain = \frac{3}{10} \times \frac{2}{5} = \frac{6}{50} \quad B's\ New\ Share = \frac{2}{10} + \frac{6}{50} = \frac{16}{50}$$

$$D's\ New\ Share = \frac{4}{10} \times \frac{5}{5} = \frac{20}{50}$$

New Profit Sharing Ratio = 14:16:20 or **7:8:10** 2

3	Date	Particulars	L/F	Dr. Amt.	Cr. Amt.	2
	(i)	Bad Debts A/c Dr. To Debtors A/c		5,000	5,000	
	(ii)	Revaluation A/c Dr. To Provision for Doubtful Debts A/c		9,250	9,250	

4	Particulars	Amount	3
	Amount paid to Creditors during the year	11,49,000	
	Add: Closing Bal. of Creditors for Medicines	8,25,000	
	Less: Opening Bal. of Creditors for Medicines	(5,40,000)	
	Credit Purchase of Medicines	14,34,000	
	Add: Cash Purchase	3,30,000	
	Total Purchase	17,64,000	
	Add: Opening Stock of Medicines	1,70,000	
	Less: Closing Stock of Medicines	(3,75,000)	
	Amount of Medicines Consumed to be shown in I & E A/c	15,59,000	

OR

- a) **Sale of Used Sports Material:** Any gain or loss on the sale of asset is taken to the Income and Expenditure Account of the year. While showing furniture in the Balance Sheet, cost price/book value will be deducted from its total book value.
- b) **Life Membership Fees:** If members have paid the membership fees in lump sum amount as life membership fee instead of paying periodic subscription, then such amount is treated as capital receipt and credited directly to the capital/general fund in the Balance Sheet.
- c) **Government Grant for the Construction of Building:** Such grants are treated as capital receipt as they are of non-recurring nature and transferred to the building fund account.

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$$X's\ Share\ of\ Profit\ till\ the\ date\ of\ Death = 6,00,000 \times \frac{9}{12} \times \frac{1}{3} = ₹1,50,000$$

Date	Particulars	L/F	Dr. Amt.	Cr. Amt.	3
	P & L Suspense A/c Dr. To X's Capital A/c		1,50,000	1,50,000	

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In the books of X Ltd.

Date	Particulars	L/F	Dr. Amt.	Cr. Amt.	3
(i)	Sundry Assets A/c Dr. To Sundry Liabilities A/c To Y Ltd. To Capital Reserve A/c		18,00,000	6,00,000 10,00,000 2,00,000	
(ii)	Y Ltd. Dr. To 9% Debentures A/c To Securities Premium Reserve A/c		10,00,000	8,00,000 2,00,000	

$$\text{No. of Debentures} = \frac{10,00,000}{125} = 8,000 \text{ Debentures}$$

OR

a) In the books of Z Ltd.

Date	Particulars	L/F	Dr. Amt.	Cr. Amt.
(i)	Bank A/c Dr. To 9% Deb. App. & Allot. A/c		16,50,000	16,50,000
(ii)	9% Deb. App. & Allot. A/c Dr. To 9% Debentures A/c To Securities Premium Reserve A/c To Bank A/c		16,50,000	10,00,000 1,00,000 5,50,000

b) In the books of Z Ltd.

Date	Particulars	L/F	Dr. Amt.	Cr. Amt.
(i)	Securities Premium Reserve A/c Dr. Statement of Profit & Loss Dr. To Loss on Issue of Deb. A/c		60,000 40,000	1,00,000

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Date	Particulars	L/F	Dr. Amt.	Cr. Amt.
(i)	T's Capital A/c Dr. To Realisation A/c Bank A/c Dr. To Realisation A/c		90,000 40,000	90,000 40,000
(ii)	No Entry		--	--
(iii)	Bank A/c Dr. To Realisation A/c		5,000	5,000
(iv)	Mrs. V's Loan A/c Dr. To Bank A/c		72,000	72,000
(v)	T's Capital A/c Dr. U's Capital A/c Dr. V's Capital A/c Dr. To Realisation A/c		32,000 16,000 32,000	80,000

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OR

Revaluation A/c

Particulars	Amt.	Particulars	Amt.
To Investments A/c	30,000	By Land & Building	2,00,000
To Machinery	50,000		
To Partners' Cap. A/c (Profit on Reval.):			
D 60,000			
E 24,000			
F 36,000	1,20,000		
	2,00,000		2,00,000

Partners' Capital A/c

Particulars	D	E	F	Particulars	D	E	F
To D's Cap. A/c		20,000	30,000	By Bal. b/d	7,00,000	5,00,000	6,00,000
To D's Loan A/c	9,10,000			By Gen. Res.	1,00,000	40,000	60,000
To Bal. c/d		5,44,000	6,66,000	By E' Cap. A/c	20,000		
				By F's Cap. A/c	30,000		
				By Reval. A/c	60,000	24,000	36,000
	9,10,000	5,64,000	6,96,000		9,10,000	5,64,000	6,96,000

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In the books of _____ Ltd.

Date	Particulars	L/F	Dr. Amt.	Cr. Amt.
(i)	Bank A/c Dr. To 9% Deb. App. & Allot. A/c		50,00,000	50,00,000

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	9% Deb. App. & Allot. A/c Dr. To 9% Debentures A/c		50,00,000	50,00,000
(ii)	Bank A/c Dr. To 8% Deb. App. & Allot. A/c		10,70,000	10,70,000
	8% Deb. App. & Allot. A/c Dr. To 8% Debentures A/c To Securities Premium Reserve A/c		10,70,000	10,00,000 70,000
(iii)	Bank A/c Dr. To 8% Deb. App. & Allot. A/c		67,500	67,500
	8% Deb. App. & Allot. A/c Dr. Discount on Issue of Deb. A/c Dr. To 8% Debentures A/c		67,500 7,500	75,000
(iv)	Bank A/c Dr. To 9% Deb. App. & Allot. A/c		1,05,000	1,05,000
	9% Deb. App. & Allot. A/c Dr. Loss on Issue of Deb. A/c Dr. To 9% Debentures A/c To Securities Premium Reserve A/c To Premium on Redemption of Deb. A/c		1,05,000 8,000	1,00,000 5,000 8,000
(v)	Bank A/c Dr. To 9% Deb. App. & Allot. A/c		45,000	45,000
	9% Deb. App. & Allot. A/c Dr. Discount on Issue of Deb. A/c Dr. Loss on Issue of Deb. A/c Dr. To 9% Debentures A/c To Premium on Redemption of Deb. A/c		45,000 5,000 5,000	50,000 5,000

9	Income & Expenditure A/c				5
	Expenditure	Amt.	Income	Amt.	
	To Loss on Sale of Furniture	6,000	By Subscription:		
	To Honorarium	75,000	Amt. Recd.	2,00,000	
	To Stationery	15,000	(+) O/s CY	----	
	To Elec. Bill	35,000	(+) Adv. PY	----	
	To Rent	1,20,000	(-) O/s PY	----	
	To Surplus	21,000	(-) Adv. CY	<u>(25,000)</u>	1,75,000
			By Entrance Fees	50,000	
			By Sale of Old Newspaper	2,000	
			By Donations	45,000	
		2,72,000		2,72,000	

Part – B

10 Cash flow statement shows inflows and outflows of the cash and cash equivalents over a period of time from various activities like Operating Activities, Investing Activities and Financing Activities. This statement is usually prepared by companies.

11	Common Size Statement of Profit & Loss of K K Ltd				
	Particulars	2020 - 21 (₹)	2021 - 22 (₹)	% 2020-21	% 2021-22
	Revenue from operations	15,00,000	20,00,000	100%	100%
	Other Income	1,50,000	2,00,000	10%	10%
	Total Revenue	16,50,000	22,00,000	110%	110%
	Expenses	3,00,000	4,00,000	20%	20%
	Profit before Tax	13,50,000	18,00,000	90%	90%
	Less: Income Tax @ 50%	6,75,000	9,00,000	45%	45%
	Profit after Tax	6,75,000	9,00,000	45%	45%

OR

Comparative Balance Sheet of J J Ltd.

Particulars	2020 (₹)	2021 (₹)	Absolute Change	% Change
(I) EQUITY AND LIABILITIES				
Shareholders' Fund				
Share Capital	20,00,000	25,00,000	5,00,000	25%
Reserves and Surplus	4,00,000	5,00,000	1,00,000	25%
Non-Current Liabilities				
LT Borrowings	10,00,000	10,00,000	0	0
Current Liabilities				
Trade Payables	1,00,000	2,00,000	1,00,000	100%
Total	35,00,000	42,00,000	7,00,000	20%
(II) ASSETS				
Non-Current Assets				
Fixed Assets	25,00,000	30,00,000	5,00,000	20%
Current Assets				
Inventories	10,00,000	12,00,000	2,00,000	20%
Total	35,00,000	42,00,000	7,00,000	20%

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CASH FLOW STATEMENT (for the year ended 31st March, 2022)

[as per AS-3 (Revised)]

Particulars	Amount	Amount
I. <u>Cash flow from Operating Activities</u>		
Net Profit before Tax and Extra-ordinary items (WN 1)	5,50,000	
Add: <u>Non Cash & Non-Operating Expenses</u>		
Interest on Debentures	40,000	
Operating Profit (Loss) before Working Capital Changes	5,90,000	
Add: Increase in CL/ Decrease in CA	2,00,000	
Outstanding Rent		
Less: Decrease in CL/ Increase in CA	(1,00,000)	
Trade Payables	(6,60,000)	
Inventories		
Cash Generated from Operations	30,000	
Less: Net Tax Paid (Tax paid – Tax refund)/Prov. for Tax (PY=Paid)	(1,00,000)	
Cash Generated from Operations before Extra-ordinary items	(70,000)	
Add: Extra-ordinary Incomes	---	
Less: Extra-ordinary Expenses	(---	
A. <u>Net Cash Outflow from Operating Activities</u>		(70,000)
II. <u>Cash flow from Investing Activities</u>		
Less: Purchase of Land	(20,00,000)	
B. <u>Net Cash Outflow from Investing Activities</u>		(20,00,000)
III. <u>Cash flow from Financing Activities</u>		
Issue of Shares	20,00,000	
Issue of Debentures	4,00,000	
Less: Interest on Debentures	(40,000)	
C. <u>Net Cash Inflow from Financing Activities</u>		23,60,000
Net Increase in Cash & Cash Equivalents		2,90,000
Add: Opening Balance of Cash & Cash Equivalents		60,000
Closing Balance of Cash & Cash Equivalents		3,50,000

WN 1: Calculation of Net Profit before Tax and Extra-ordinary items	
Particulars	Amount
Net Profit for the year (Closing Bal. of St. of P&L - Opening Bal. of St. of P&L)	4,00,000
Add: Tax provision made during the year	1,50,000
Net Profit before Tax and Extra-ordinary items	5,50,000