

OSF

Date : 09-03-2024

STD 12 Commerce Elements of Account Account Practice Sheet Day 11 (Part 2 - Ch.4)

Total Marks : 30

Section A

* **Choose The Right Answer From The Given Options.** [5]

1. Trading Account and Profit and loss account are also known as.....

(A) Fund flow statement

(B) Cash flow statement

(C) Payment statement

(D) Income statement

Ans. : Income statement

2. When financial statements are analysed by the management for their decisions, then what is this analysis called?

(A) Horizontal analysis

(B) Vertical analysis

(C) Internal analysis

(D) External analysis

Ans. : External analysis

3. Efficiency analysis shows.....

(A) the information
about uses of assets

(B) the earning
capacity of the
business

(C) the long-term
solvency of the
business

(D) the short-term
solvency of the
business

Ans. : the information about uses of assets

4. By which other names are the Trading Account and Profit and Loss Account known?

(A) Income Statement

(B) Expenditure
Statement

(C) Cash Flow
Statement

(D) Funds Flow
Statement

Ans. : Income Statement

5. Which of the following is taken as base while preparing Common Size Profit and Loss Statement?

(A) Total of Profit and
Loss Statement

(B) Sales

(C) Total of Balance
Sheet

(D) Purchases

Ans. : Sales

Section B

* **Answer The Following Questions In One Sentence.** [4]

6. State four different aspects, analysed from the analysis of financial statement.

Ans. : Analysis of profitability, Liquidity, solvency and efficiency are the four different aspects analysed from the analysis of financial statements.

7. What is analysis?

Ans. : The interpretation of the information or result given in financial statements is known as analysis.

8. What is inter firm comparison?

Ans. : When financial statements of various business entities are compared with each other, it is known as interfirm comparison.

9. State the name of the stages of financial statements.

Ans. : Coming soon ...

Section C

*** Answer The Following Questions.**

[9]

10. Explain the significance of comparative financial statements.

Ans. :

The importance of comparative statements can be described as under:

(1) Intrafirm Comparison:

- When the accounts of business entity of current year are compared with the accounts of previous years, it is known as intrafirm comparison.
- Moreover, when one business entity has various departments, their financial performance evaluation is also done.

(2) Interfirm Comparison:

- When financial statements of various business entities are compared with each other it is known as interfirm comparison.
- With this comparison which business unit is financially strong or weak as compared to the other business unit can be ascertained and based on this investors may rethink on their investments decisions.

(3) Indicates Trend:

- Due to comparison of financial statements of different years and different sections of a business unit the information of trend pertaining to financial position and profitability is ascertained which helps to make decision of investment.

(4) Useful to creditors:

- Creditors of business units are of long term and short term Creditors determine credit worthiness of business units through analysis of financial statements so it is useful to creditors

11. Balance sheet of Small Company Ltd. as at 31-3-2016 and 31-3-2017 are as follows.
Prepare comparative balance sheet.

| Particulars | Note No. | 31-3-2017 (Rs.) | 31-3-2017 (Rs.) |
|---------------------------------|----------|-----------------|-----------------|
| (1)) Equity and Liabilities | | | |
| 1 Shareholders' funds: | | | |
| . (a) Share capital | | | |
| (i) Equity share capital | | 22,00,000 | 17,00,000 |

| | | | | |
|-----|---------------------------------|--|------------------|------------------|
| | (ii) Preference share capital | | 10,00,000 | 12,00,000 |
| | (b) Reserves and surplus | | | |
| | (i) General reserve | | 2,40,000 | 2,00,000 |
| | (ii) Profit-loss account | | 2,10,000 | 1,80,000 |
| 2 | Non-current liabilities | | | |
| . | 10% debentures | | 6,00,000 | 8,00,000 |
| 3 | Current liabilities | | | |
| . | (i) Short-term borrowings | | 90,000 | 45,000 |
| | (ii) Trade payables | | 90,000 | 1,35,000 |
| | (iii) Other current liabilities | | 70,000 | 70,000 |
| | Total | | <u>45,00,000</u> | <u>43,30,000</u> |
| (2) | Assets : | | | |
|) | | | | |
| 1 | Non-current assets : | | | |
| . | (a) Fixed assets | | | |
| | (i) Tangible assets : | | | |
| | Machines | | 16,00,000 | 15,00,000 |
| | Furniture | | 6,00,000 | 5,00,000 |
| | (ii) Intangible assets : | | | |
| | Goodwill | | 80,000 | 1,00,000 |
| | Patent | | 7,50,000 | 7,30,000 |
| | (b) Non-current investments | | 9,00,000 | 8,00,000 |
| 2 | Current assets: | | | |
| . | (i) Stock | | 1,80,000 | 1,60,000 |
| | (ii) Trade receivables | | 1,80,000 | 2,00,000 |
| | (iii) Current investments | | 1,40,000 | 2,70,000 |
| | (iv) Cash and cash equivalent | | 70,000 | 70,000 |
| | Total | | <u>45,00,000</u> | <u>43,30,000</u> |

Ans. :

Comparative Balance Sheet of Small Company Limited
as on 31-3-2016 and 31-3-2017

| Particulars | Note No. | 31-3-2016 (Rs.) | 31-3-2017 (Rs.) | Increase/ Decrease(Rs.) | Increase/ Decrease(%) |
|----------------------------|----------|-----------------|-----------------|-------------------------|-----------------------|
| (1) Equity and Liabilities | | | | | |
|) | | | | | |
| 1 Shareholders' funds: | | | | | |
| . | | | | | |
| (a) Share capital | | | | | |
| (i) Equity share capital | | 17,00,000 | 22,00,000 | 5,00,000 | 29.41 |
| (ii) Preference share cap. | | 12,00,000 | 10,00,000 | (2,00,000) | (16.67) |
| (b) Reserves and surplus | | | | | |

| | | | | | |
|-----|-------------------------------|------------------|------------------|-----------------|---------------|
| | (i) General reserve | 2,00,000 | 2,40,000 | 40,000 | 20.00 |
| | (ii) Profit-loss account | 1,80,000 | 2,10,000 | 30,000 | 16.67 |
| 2 | Non-current liabilities | | | | |
| . | 10% debentures | 8,00,000 | 6,00,000 | (2,00,000) | (25.00) |
| 3 | Current liabilities | | | | |
| . | (i) S.-term borrowings | 45,000 | 90,000 | 45,000 | 100 |
| | (ii) Trade payables | 1,35,000 | 90,000 | (45,000) | (33.33) |
| | (iii) Other current liab. | 70,000 | 70,000 | - | - |
| | Total | <u>43,30,000</u> | <u>45,00,000</u> | <u>1,70,000</u> | <u>3.93</u> |
| (2) | Assets : | | | | |
|) | | | | | |
| 1 | Non-current assets : | | | | |
| . | (a) Fixed assets | | | | |
| | (i) Tangible assets : | | | | |
| | Machines | 15,00,000 | 16,00,000 | 1,00,000 | 6.67 |
| | Furniture | 5,00,000 | 6,00,000 | 1,00,000 | 20.00 |
| | (ii) Intangible assets : | | | | |
| | Goodwill | 1,00,000 | 80,000 | (20,000) | (20.00) |
| | Patent | 7,30,000 | 7,50,000 | 20,000 | 2.74 |
| | (b) Non-current investments | 8,00,000 | 9,00,000 | 1,00,000 | 12.50 |
| 2 | Current assets: | | | | |
| . | (i) Stock | 1,60,000 | 1,80,000 | 20,000 | 12.50 |
| | (ii) Trade receivables | 2,00,000 | 1,80,000 | (20,000) | (10.00) |
| | (iii) Current investments | 2,70,000 | 1,40,000 | (1,30,000) | - |
| | (iv) Cash and cash equivalent | 70,000 | 70,000 | - | - |
| | Total | <u>43,30,000</u> | <u>45,00,000</u> | <u>1,70,000</u> | <u>(3.93)</u> |

12. Find out balancing figures of common size profit and loss statements of two years :

| Particulars | Note No. | Amount (Rs.) | | Percentage In Sales | |
|-----------------------------|----------|-----------------|-----------------|---------------------|---------------|
| | | 31-3-2017 (Rs.) | 31-3-2016 (Rs.) | 31-3-2017 (%) | 31-3-2016 (%) |
| (i) Sales revenue | | 45,00,000 | 60,00,000 | 100 | 100 |
| (ii) Expenses : | | | | | |
| (i) Cost of goods | | ? | ? | 68 | 70 |
| (ii) Financial cost | | ? | ? | 10 | 12 |
| (III) Depreciation | | ? | ? | 2 | 3 |
| Total Expenses | | 36,00,000 | 51,00,000 | 80 | 85 |
| (iii) Profit before tax | | 9,00,000 | 9,00,000 | 20 | 85 |
| (IV) Less : Income tax 30 % | | ? | ? | ? | ? |
| (V) Profit after tax | | ? | ? | ? | ? |

Ans. :

Common size statement of profit and loss statement of Limited

Company for the year ending on 31-3-2016 and 31-3-2017

| Particulars | Note No. | Amount (Rs.) | | Percentage In Sales | |
|-----------------------------|-------------|--------------------|--------------------|---------------------|------------------|
| | | 31-3-2016 (Rs.) | 31-3-2017 (Rs.) | 31-3-2016 (%) | 31-3-2017 (%) |
| (i) Sales revenue | | 60,00,000 | 45,00,000 | 100.00 | 100.00 |
| (ii) Expenses : | | | | | |
| (i) Cost of goods | | <u>42,00,000</u> | <u>30,60,000</u> | 70.00 | 68.00 |
| (ii) Financial cost | | <u>7,20,000</u> | <u>4,50,000</u> | 12.00 | 10.00 |
| (III) Depreciation | | <u>1,80,000</u> | <u>90,000</u> | 3.00 | 2.00 |
| Total Expenses | | 51,00,000 | 36,00,000 | 85.00 | 80.00 |
| (iii) Profit before tax | | 9,00,000 | 9,00,000 | 15.00 | 20.00 |
| (IV) Less : Income tax 30 % | | <u>2,70,000</u> | <u>2,70,000</u> | <u>4.50</u> | <u>6.00</u> |
| (V) Profit after tax | | <u>6,30,000</u> | <u>6,30,000</u> | <u>10.50</u> | <u>14.00</u> |

Section D

* **Answer The Following Questions With Necessary Calculations.** **[12]**

13. From the following information, prepare comparative statement of profit-loss :

| Particulars | 31-3-2019 (Amount in ₹) | 31-3-2018 (Amount in ₹) |
|--|----------------------------|----------------------------|
| Revenue from sales | 37,50,000 | 22,50,000 |
| Net purchase for resale | 22,50,000 | 15,00,000 |
| Changes in stock | 1,25,000 | 1,25,000 |
| Other expenses (percentage of cost of sales) | 10 % | 12 % |
| Income tax rate | 30 % | 30 % |

Ans. :

Comparative profit-loss statement for the year ending on 31-3-2018 and 31-3-2019.

| No. | Particulars | Note No. | 31-3-2018 (in ₹) | 31-3-2019 (in ₹) | Increase/ Decrease (in ₹) | Increase/ Decrease (in %) |
|------------|--------------------------------|----------|---------------------|---------------------|---------------------------------|---------------------------------|
| | 1 | 2 | 3 | 4 | 5 = (4 – 3) | 6 = $\frac{5}{3} \times 100$ |
| I | Revenue from sales | | 22,50,000 | 37,50,000 | 15,00,000 | 66.67 |
| II | Other incomes | | — | — | — | — |
| III | Total revenue | | 22,50,000 | 37,50,000 | 15,00,000 | 66.67 |
| IV | Expenses : | | | | | |
| | Net purchase for resale | | 15,00,000 | 22,50,000 | 7,50,000 | 50 |
| | Changes in stock | | 1,25,000 | 1,25,000 | — | — |
| | Other expenses | | 1,95,000 | 2,37,500 | 42,500 | 21.79 |
| | Total expenses | | 18,20,000 | 26,12,500 | 7,92,500 | 43.54 |
| V | Profit before income tax | | 4,30,000 | 11,37,500 | 7,07,500 | 164.53 |
| VI | Income tax (30 %) | | 1,29,000 | 3,41,250 | 2,12,250 | 164.53 |
| VII | Profit after income tax | | 3,01,000 | 7,96,250 | 4,95,250 | 164.53 |

14. From the following profit-loss statements for the year ending on 31-3-2019 and 31-3-2018 of Hidustan Ltd, prepare comparative profit-loss statement :

| Particulars | Note No. | 31-3-2019 (Amount in ₹) | 31-3-2018 (Amount in ₹) |
|---------------------------------------|----------|----------------------------|----------------------------|
| Revenue from sales | | 22,50,000 | 26,00,000 |
| Other incomes | | 1,00,000 | 5,00,000 |
| Net purchases | | 16,00,000 | 19,00,000 |
| Other expenses (percentages of sales) | | 22 % | 18 % |
| Changes in stock | | (1,00,000) | (50,000) |
| Income tax rate is 30 % | | | |

Ans. :

Comparative profit-loss statement of Hindustan Limited for the year ending on 31-3-2018 and 31-3-2019 :

| No. | Particulars | Note No. | 31-3-2018 (in ₹) | 31-3-2019 (in ₹) | Increase/ Decrease (in ₹) | Increase/ Decrease (in %) |
|------------|--------------------------------|----------|---------------------|---------------------|---------------------------------|---------------------------------|
| I | Revenue from sales | | 26,00,000 | 22,50,000 | (3,50,000) | (13.46) |
| II | Other incomes | | 5,00,000 | 1,00,000 | (4,00,000) | (80.00) |
| III | Total revenue | | 31,00,000 | 23,50,000 | (7,50,000) | (24.19) |
| IV | Expenses : | | | | | |
| | Net purchase | | 19,00,000 | 16,00,000 | (3,00,000) | (15.79) |
| | Other expenses | | 4,68,000 | 4,95,000 | 27,000 | 5.77 |
| | Changes in stock | | (50,000) | (1,00,000) | (50,000) | (100.00) |
| | Total expenses | | 23,18,000 | 19,95,000 | (3,23,000) | (13.93) |
| V | Profit before income tax | | 7,82,000 | 3,55,000 | (4,27,000) | (54.60) |
| VI | Income tax (30 %) | | 2,34,600 | 1,06,500 | (1,28,100) | (54.60) |
| VII | Profit after income tax | | 5,47,400 | 2,48,500 | (2,98,900) | (54.60) |

15. From the given profit-loss of two years, prepare common size financial statements of profit-loss :

| Particulars | Note No. | 31-3-2019 (Amount in ₹) | 31-3-2018 (Amount in ₹) |
|--------------------------------|----------|----------------------------|----------------------------|
| I Sales revenue | | 60,00,000 | 50,00,000 |
| II Other incomes | | 6,00,000 | 3,00,000 |
| III Total incomes | | 66,00,000 | 53,00,000 |
| IV Expenses : | | | |
| (1) Purchase of goods | | 36,00,000 | 28,00,000 |
| (2) Change in stock | | (3,00,000) | 1,50,000 |
| (3) Employees benefit expenses | | 9,00,000 | 7,50,000 |
| (4) Financial expenses | | 13,20,000 | 11,00,000 |
| Total expenses | | 55,20,000 | 48,00,000 |
| V Profit before income tax | | 10,80,000 | 5,00,000 |
| VI Less : Income tax (30 %) | | 3,24,000 | 1,50,000 |
| VII Profit after income tax | | 7,56,000 | 3,50,000 |

Ans. :

Commonsize statement of profit-loss for the year ending on 31-3-2018 and 31-3-2019 :

| No. | Particulars | Note No. | Amount (in ₹) | | Percentage of sales | |
|------------|--------------------------------|-------------|---------------------|---------------------|---------------------|---------------------|
| | | | 31-3-2018 (in ₹) | 31-3-2019 (in ₹) | 31-3-2018 (in %) | 31-3-2019 (in %) |
| I | Revenue from sales | | 50,00,000 | 60,00,000 | 100 | 100 |
| II | Other incomes | | 3,00,000 | 6,00,000 | 6 | 10 |
| III | Total revenues | | 53,00,000 | 66,00,000 | 106 | 110 |
| IV | Expenses : | | | | | |
| | Goods purchased | | 28,00,000 | 36,00,000 | 56 | 60 |
| | Changes in stock | | 1,50,000 | (3,00,000) | 3 | (5) |
| | Employees benefit exp. | | 7,50,000 | 9,00,000 | 15 | 15 |
| | Financial expenses | | 11,00,000 | 13,20,000 | 22 | 22 |
| | Total expenses | | 48,00,000 | 55,20,000 | 96 | 92 |
| V | Profit before income tax | | 5,00,000 | 10,80,000 | 10 | 18 |
| VI | Income tax (30 %) | | 1,50,000 | 3,24,000 | 3 | 5.4 |
| VII | Profit after income tax | | 3,50,000 | 7,56,000 | 7 | 12.6 |
