

Accountancy

Company Accounts and Analysis of Financial Statements

Textbook for Class XII



12128



एन सी ई आर टी
NCERT

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FOREWORD

The *National Curriculum Framework* (NCF), 2005, recommends that children's life at school must be linked to their life outside the school. This principle marks a departure from the legacy of bookish learning which continues to shape our system and causes a gap between the school, home and community. The syllabi and textbooks developed on the basis of NCF signify an attempt to implement this basic idea. They also attempt to discourage rote learning and the maintenance of sharp boundaries between different subject areas. We hope these measures will take us significantly further in the direction of a child-centred system of education outlined in the *National Policy on Education* (1986).

The success of this effort depends on the steps that school principals and teachers will take to encourage children to reflect on their own learning and to pursue imaginative activities and questions. We must recognise that, given space, time and freedom, children generate new knowledge by engaging with the information passed on to them by adults. Treating the prescribed textbook as the sole basis of examination is one of the key reasons why other resources and sites of learning are ignored. Inculcating creativity and initiative is possible if we perceive and treat children as participants in learning, not as receivers of a fixed body of knowledge.

These aims imply considerable change in school routines and mode of functioning. Flexibility in the daily time-table is as necessary as rigour in implementing the annual calendar so that the required number of teaching days are actually devoted to teaching. The methods used for teaching and evaluation will also determine how effective this textbook proves for making children's life at school a happy experience, rather than a source of stress or boredom. Syllabus designers have tried to address the problem of curricular burden by restructuring and reorienting knowledge at different stages with greater consideration for child psychology and the time available for teaching. The textbook attempts to enhance this endeavour by giving higher priority and space to opportunities for contemplation and wondering, discussion in small groups, and activities requiring hands-on experience.

The National Council of Educational Research and Training (NCERT) appreciates the hard work done by the textbook development committee

responsible for this book. We wish to thank the Chairperson of the advisory group in Social Sciences Professor Hari Vasudevan and the Chief Advisor for this book, Professor R.K. Grover, (Retd.) Director, School of Management Studies (IGNOU), New Delhi for guiding the work of this committee. Several teachers contributed to the development of this textbook; we are grateful to their principals for making this possible. We are indebted to the institutions and organisations which have generously permitted us to draw upon their resources, material and personnel. We are especially grateful to the members of the National Monitoring Committee, appointed by the Department of Secondary and Higher Education, Ministry of Human Resource Development under the Chairpersonship of Professor Mrinal Miri and Professor G.P. Deshpande, for their valuable time and contribution. As an organisation committed to the systemic reform and continuous improvement in the quality of its products, NCERT welcomes comments and suggestions which will enable us to undertake further revision and refinement.

New Delhi
20 November 2006

Director
National Council of Educational
Research and Training

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THE CONSTITUTION OF INDIA

PREAMBLE

WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a ¹**[SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC]** and to secure to all its citizens :

JUSTICE, social, economic and political;

LIBERTY of thought, expression, belief, faith and worship;

EQUALITY of status and of opportunity; and to promote among them all

FRATERNITY assuring the dignity of the individual and the ²[unity and integrity of the Nation];

IN OUR CONSTITUENT ASSEMBLY this twenty-sixth day of November, 1949 do **HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.**

1. Subs. by the Constitution (Forty-second Amendment) Act, 1976, Sec.2, for "Sovereign Democratic Republic" (w.e.f. 3.1.1977)
2. Subs. by the Constitution (Forty-second Amendment) Act, 1976, Sec.2, for "Unity of the Nation" (w.e.f. 3.1.1977)

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Thanks are due to Savita Sinha *Professor* under whose guidance the textbook was first brought out in the year 2007 as a follow up of the National Curriculum Framework 2005. The textbook has been reworked and updated at appropriate point of time as per the provisions of the Companies Act 2013. The contributions of Rajesh Kumar, *Lecturer Commerce*, SBV Anandvas Lok Vihar and Sunil Arora, *Lecturer Commerce*, Sarvodaya Vidyalaya, Rohini are duly acknowledged for bringing out this updated version of textbook.

The contribution of APC Office, Administration, Publication Division and Secretariat of NCERT are also duly acknowledged for bringing out the updated textbook of accountancy.

NOTE

The recent accounting practices adopted in the presentation of corporate financial reporting as per the Companies Act 2013 has resulted in the updation of this textbook by redrafting the presentation of financial statements in the prescribed formats.

NCERT welcomes comments and suggestions which will enable us to undertake further revision and refinement of this volume.

**CONTENTS OF
ACCOUNTANCY – NOT-FOR-PROFIT ORGANISATION**

CHAPTER 1	ACCOUNTING FOR NOT-FOR-PROFIT ORGANISATION	1
CHAPTER 2	ACCOUNTING FOR PARTNERSHIP : BASIC CONCEPTS	64
CHAPTER 3	RECONSTITUTION OF A PARTNERSHIP FIRM – ADMISSION OF A PARTNER	115
CHAPTER 4	RECONSTITUTION OF A PARTNERSHIP FIRM – RETIREMENT/DEATH OF A PARTNER	176
CHAPTER 5	DISSOLUTION OF PARTNERSHIP FIRM	226

CONTENTS

	FOREWORD	<i>iii</i>
Chapter 1	Accounting for Share Capital	1
1.1	Features of a Company	1
1.2	Kinds of Companies	2
1.3	Share Capital of a Company	3
1.4	Nature and Classes of Shares	6
1.5	Issue of Shares	7
1.6	Accounting Treatment	9
1.7	Forfeiture of Shares	35
Chapter 2	Issue and Redemption of Debentures	72
2.1	Meaning of Debentures	72
2.2	Distinction between Shares and Debentures	73
2.3	Types of Debentures	73
2.4	Issue of Debentures	75
2.5	Over Subscription	82
2.6	Issue of Debentures for Consideration other than Cash	84
2.7	Issue of Debentures as a Collateral Security	90
2.8	Terms of Issue of Debentures	94
2.9	Interest on Debentures	102
2.10	Writing off Discount/Loss on Issue of Debentures	105
2.11	Redemption of Debentures	109
2.12	Redemption by Payment in Lump Sum	110
2.13	Redemption by Purchase in Open Market	117
2.14	Redemption by Conversion	121
Chapter 3	Financial Statements of a Company	139
3.1	Meaning of Financial Statements	139
3.2	Nature of Financial Statements	140
3.3	Objectives of Financial Statements	141
3.4	Types of Financial Statements	142
3.5	Uses and Importance of Financial Statements	159
3.6	Limitations of Financial Statements	160

Chapter 4	Analysis of Financial Statements	166
4.1	Meaning of Analysis of Financial Statements	166
4.2	Significance of Analysis of Financial Statements	167
4.3	Objectives of Analysis of Financial Statements	168
4.4	Tools of Analysis of Financial Statements	169
4.5	Comparative Statements	171
4.6	Common Size Statement	177
4.7	Limitations of Financial Analysis	182
Chapter 5	Accounting Ratios	188
5.1	Meaning of Accounting Ratios	188
5.2	Objectives of Ratio Analysis	189
5.3	Advantages of Ratio Analysis	189
5.4	Limitations of Ratio Analysis	190
5.5	Types of Ratios	192
5.6	Liquidity Ratios	194
5.7	Solvency Ratios	198
5.8	Activity (or Turnover) Ratio	207
5.9	Profitability Ratios	217
Chapter 6	Cash Flow Statement	235
6.1	Objectives of Cash Flow Statement	236
6.2	Benefits of Cash Flow Statement	236
6.3	Cash and Cash Equivalents	237
6.4	Cash Flows	237
6.5	Classification of Activities for the Preparation of Cash Flow Statement	237
6.6	Ascertaining Cash Flow from Operating Activities	242
6.7	Ascertainment of Cash Flow from Investing and Financing Activities	254
6.8	Preparation of Cash Flow Statement	256