

## Profit Prior to Incorporation

### Important Terms

- 1 Profit Prior to Incorporation  
The profit earned by the company before the date of Incorporation
- 2 Post Incorporation Profit -  
The profit earned by the company after the date of Incorporation
- 3 Capital Profit - Profit prior to incorporation is treated as Capital Profit
- 4 Revenue Profit - Post incorporation profit is Revenue Profit
- 5 Date of Acquisition - The date on which Joint stock company purchase the business of existing firm
- 6 Date of Incorporation - It is the date on which Joint stock company is incorporated as per the company law.
- 7 Date of Commencement Certificate Received -  
The date on which Joint stock company has received the certificate of Registration from Registrar of Companies.

- 8 Date of payment of Purchase Consideration -  
It is the date on which Joint stock Company paid the amount of purchase Consideration to the vendor.
- 9 Date of financial year End - It is the date of accounting year end.
- 10 Time Ratio - It is calculated with the help of Pre-incorporation period & post-incorporation period.
- 11 Sales Ratio - It is calculated with the help of sales of pre-incorporation period & post-incorporation period.

### Format

In the Books of .....  
Statement Showing Profit Prior to & Post Incorporation  
For the year ended -.....

Particulars	Basis	Ratio	Total ₹	Pre-Incorporation		Post-Incorporation	
				Dr ₹	Cr ₹	Dr ₹	Cr ₹
A) Income							
_____	xx	xx	xx	-	xx	-	xx
_____	xx	xx	xx	-	xx	-	xx
Total (A)			xx		xx		xx
Less B) Expenses							
_____	xx	xx	xx	xx	-	xx	-
Total (B)			xx	xx		xx	
			xx	xx		xx	
(A-B)			xx (Net Profit)	xx (Capital Profit)		xx (Revenue Profit)	