



झा पतुसोरा
झा सररकसोमः
झा झ माझ



Financial statements of Companies (10-20 marks)

#1 Things to study

- 1) Preparation of FIS.
- 2) Dividend.

#2 FIS.

- ↳ Balancesheet
- ↳ SOP12
- ↳ SOCI E → not in inter.
- ↳ CFS → AS-3
- ↳ Notes to a/c

Sec 129 :- Every Co. must submit their
A/FIS prepared in accordance with



Sch III & notified A.S. (notified by MCA)
in its AGM.

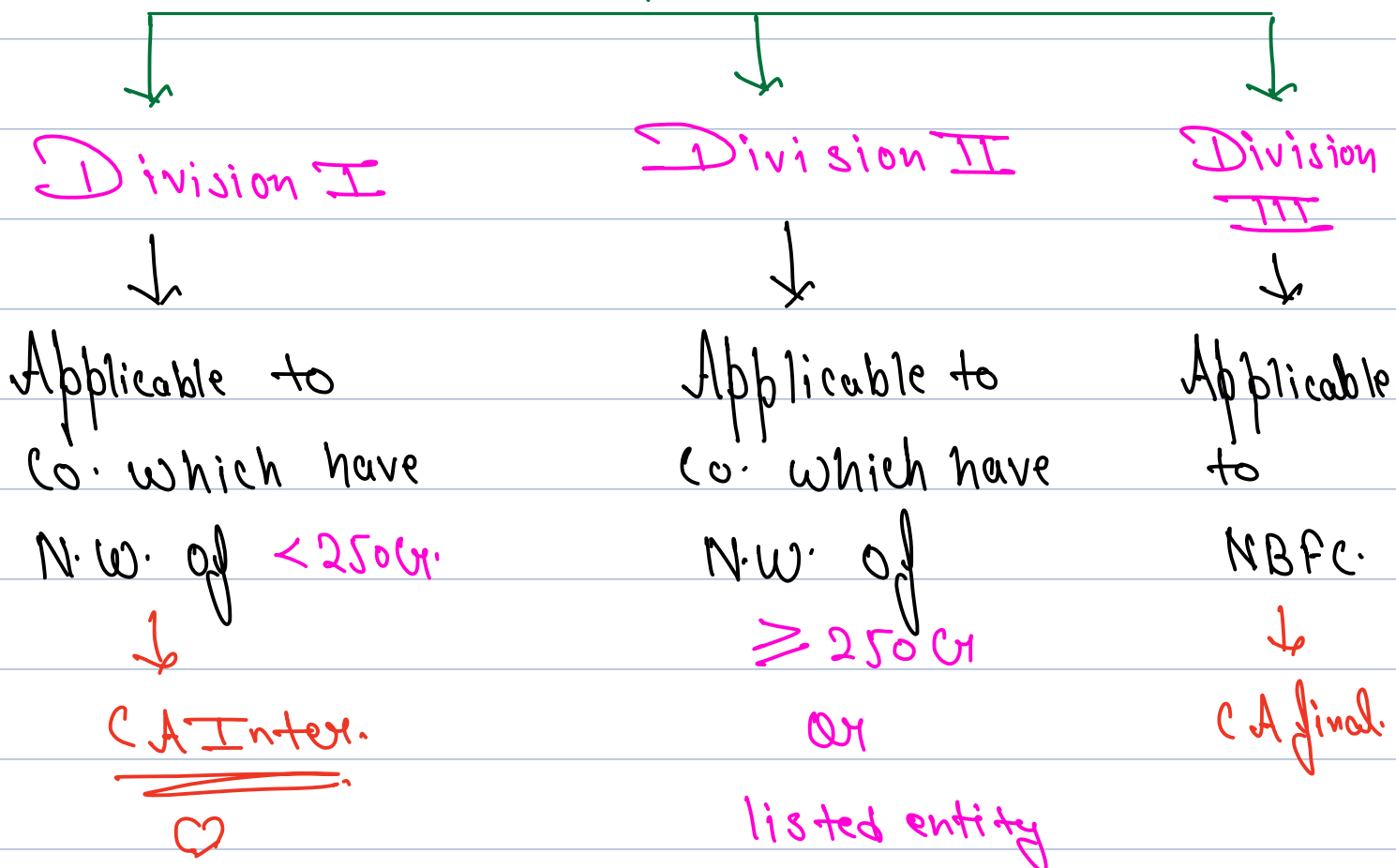


Sch III gives format of FIs i.e. B1s & P12.

Every Co. must prepare B1s, P12 as per formats in Sch III except.

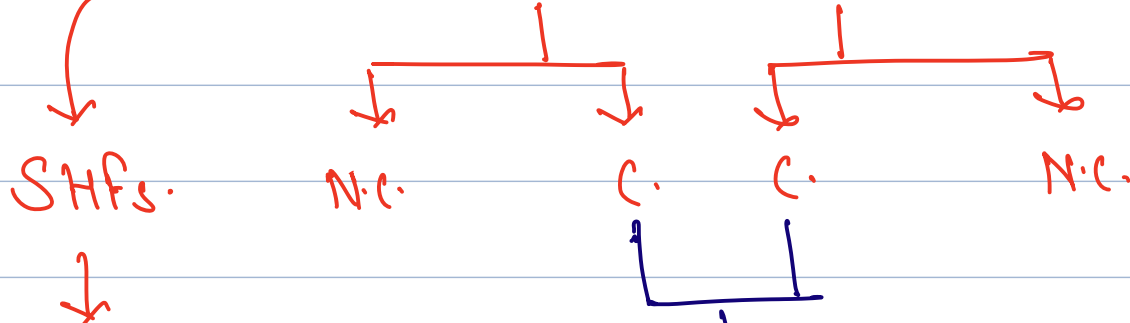
- i) Banking Co.
- ii) Ins. Co.

Format.



Division I

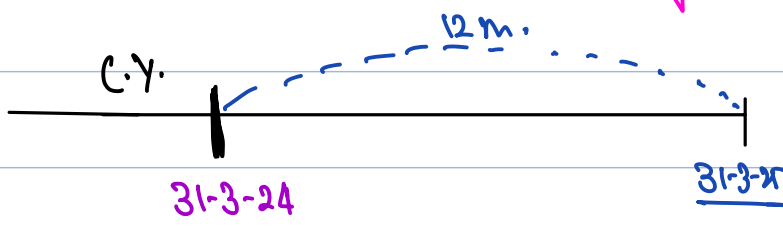
$$C + L = A.$$



Equity
(Capital base)

C.A. →

Those realisable Asset within 12m from BIS date or 1 op. cycle & includes inventory.



Capital

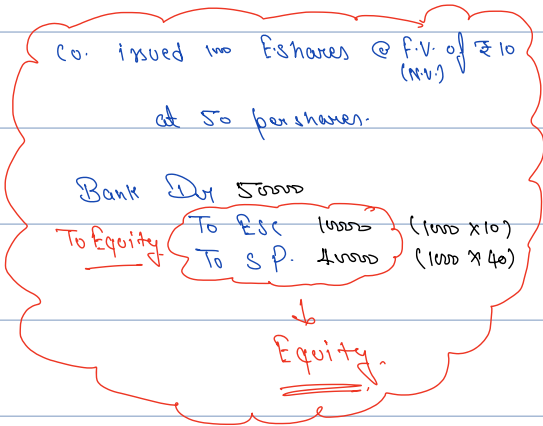
R.S.S

- a) Esc
- b) Psc

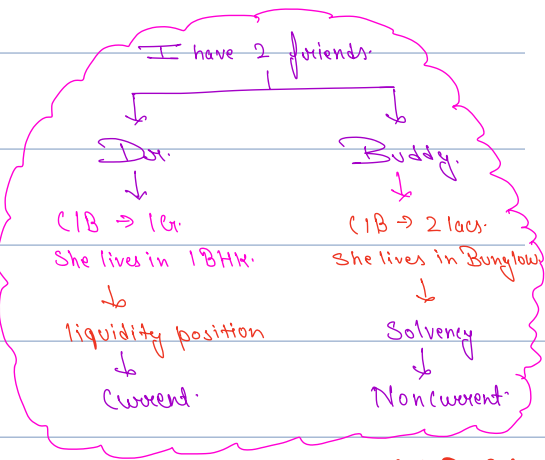
- a) S.P.
- b) D.P. (G.R./R.R./S.O.PIL)
- c) CRR/DRR/C.R.
- d) Statutory Res.

C.L. :- Those liabilities which would be settled within 12m. or 1 op. cycle from BIS date!

Any item which is not Current is treated as Non Current



HDCloud.



HDCloud.



Operating Cycle :-

Meaning

Cal.

imp. points

Time period

Lead time for purch. of R.M.

i) we consider only Gross O.C.

→ from order of purch. of R.M. to Realisation from Dev. after sale of F.C.

processing time of R.M to F.C.

ii) Consider Normal op. cycle / avg. O.C. but not contract specific.

Storage period of F.C. till sales.

iii) There can be multiple O.C. in case of multiple biz.

f

iv) if O.C. cannot



Credit period allowed to Dr.

be determined
assume it
to 12 m.

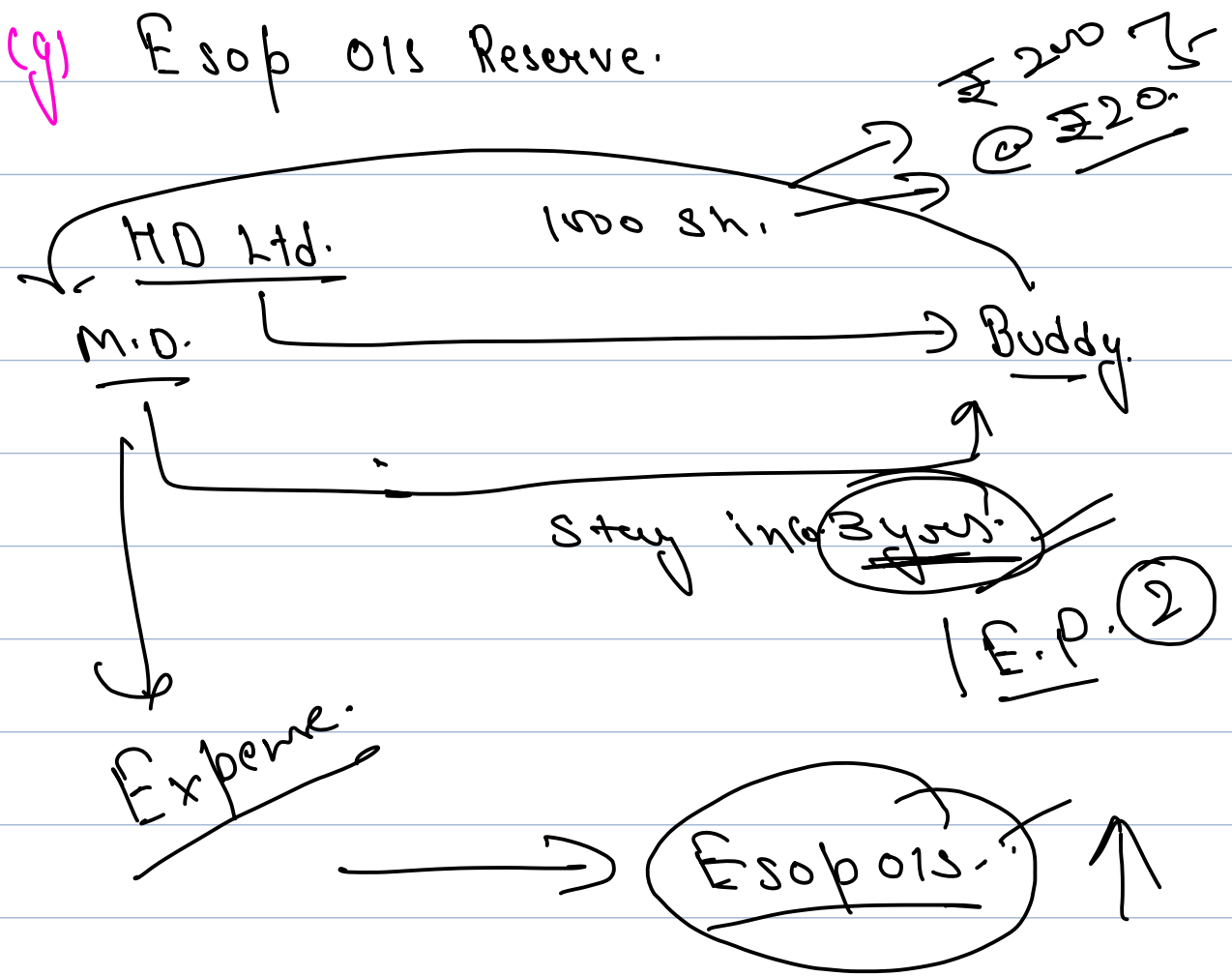


Gross O.C.

— Credit period to Credit.

Net O.C.

Note-2 (g) Esop Ols Reserve.



eg → Money received against share warrants.

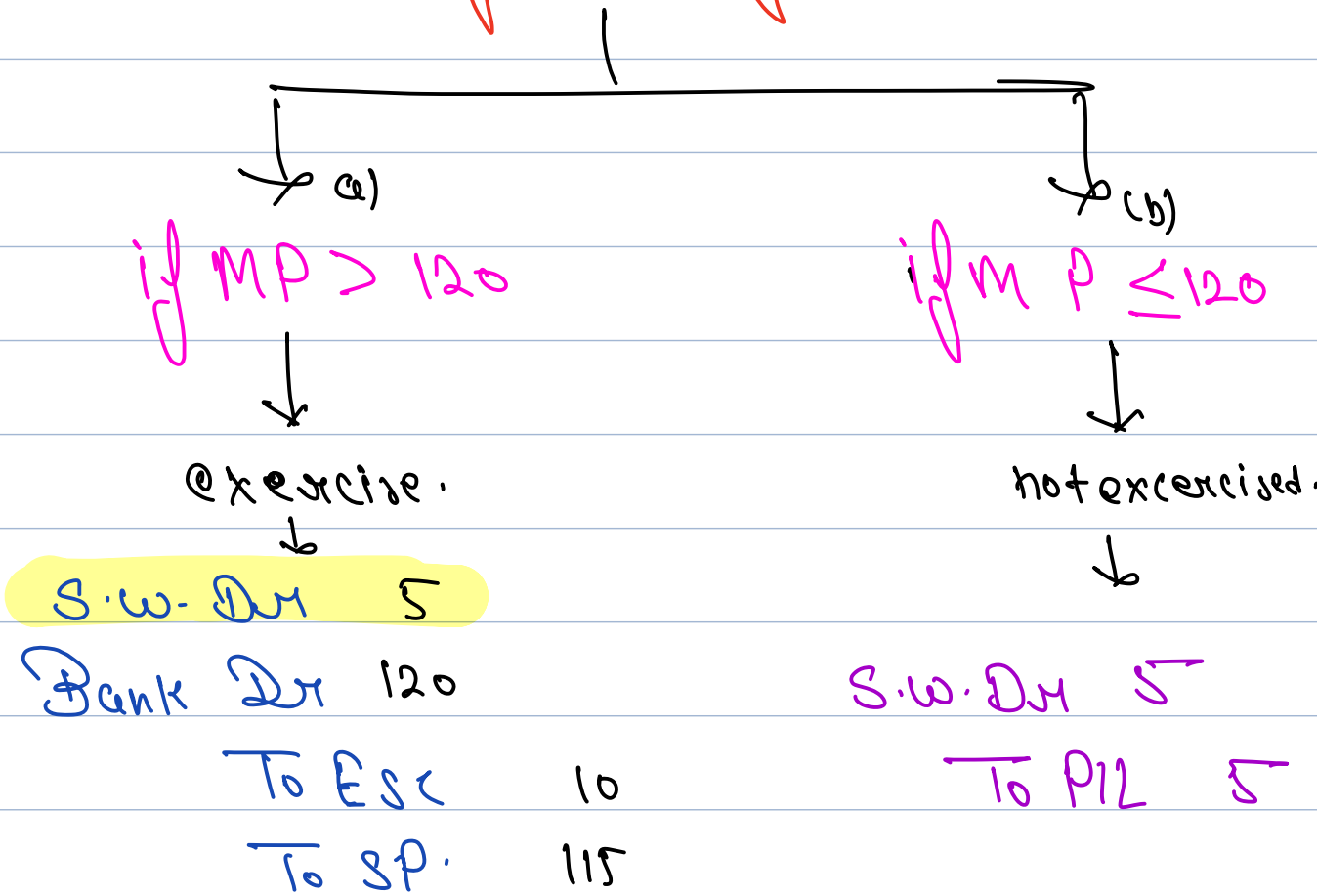
MP = 120



if u give ₹ 5 today
Co. will give u E.sh.
after 3 years @ 120
N.V. = ₹ 10

↳ Bank Dr ₹ 5
 To S.W. ₹ 5

After 3 years.



eg → sh. Application money pending allotment.

→ Aron
 bheni.
→ Moh. Gosti.



HD Ltd.
₹ 100

Dst

Buddy



Sheru

Nadeem bhai

Parha bhai

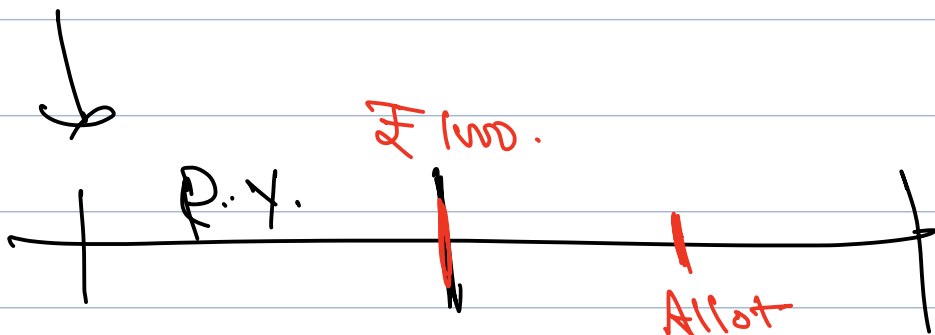
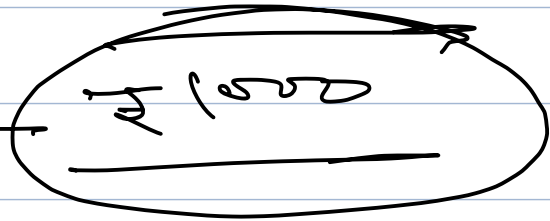
Sansk.

Danish

₹ 100 Appl.

x 10

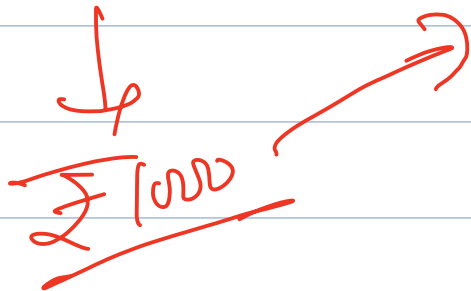
Pending Allotm.



31-3.

4-5.

₹ 1000



22/



AS

P. Exps. **Acc**
1000

less pr.
↓
less tax

T.B.

200

more pr.

↓
more tax

↓
Paid more tax.

I.T. loss



2nd yr.

Acc
0

profit ↑

T.B.

200

Profit ↓

Format i-

$$C + L = A.$$

S.H.F

- i) s.c.
- ii) R.S.S
- iii) S.W.

Appn
money
pending
allotment

N.C.

- i) L.T.B.
- ii) DTL
- iii) L.T.P.

C.

- i) STB
- ii) T.P.
- iii) O.E.L.
- iv) S.T.A

- N.C. →
- a) PPE I.T.
 - i) PPE
 - ii) I.T.A
 - iii) C.WIP
 - iv) I.T.AUD

- b) N.C.I
- c) D.T.A.
- d) Long term L.A.
- e) N.C.A.

(V) O.L.T.B.



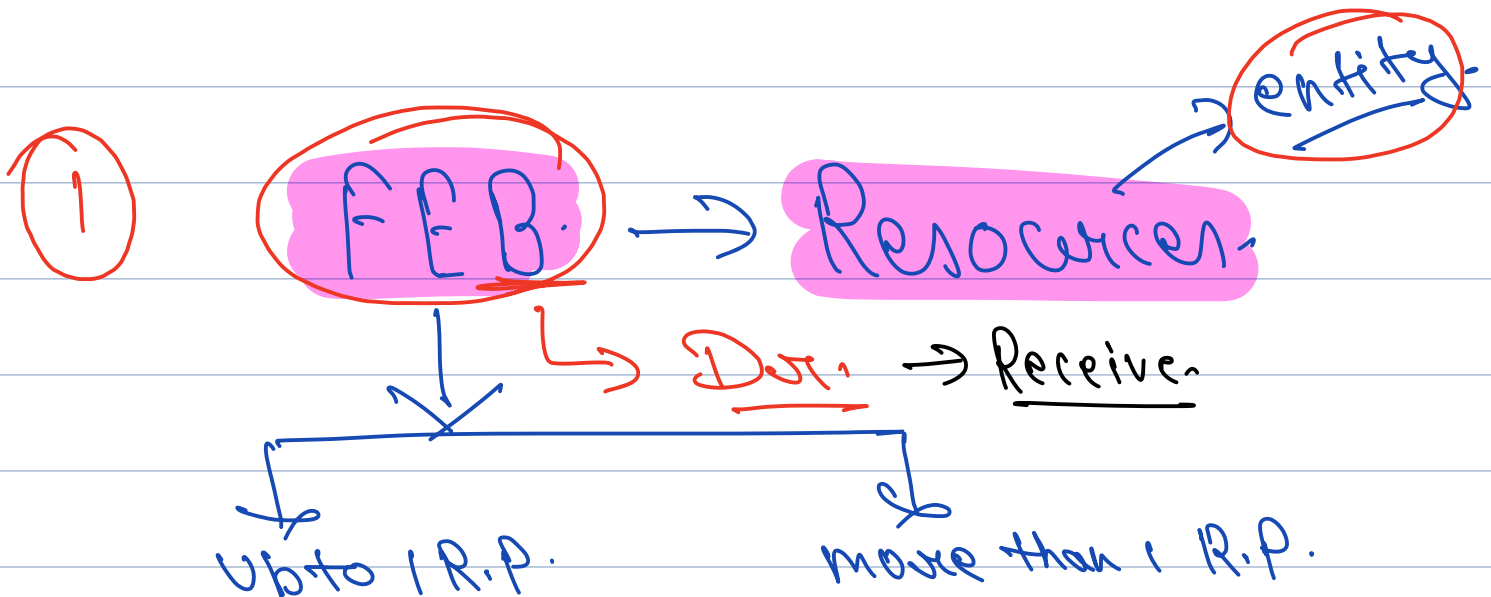
- ↓
- a) C.I.
 - b) Inventories.
 - c) T.R.
 - d) C.S.E.
 - e) S.T.L.SAd.
 - f) O.C.A.



Financial Transaction is any event, Transaction of business which can be expressed in terms of money.

There are 5 elements of FIT.

- i) Asset → Dr.
- ii) Liability → Cr
- iii) Income → Cr
- iv) expense → Dr.
- v) Equity → Cr.





Expense.
Dr.

Asset -
Cr.



2

Entity
↓
Resource.

↓
Giving benefits.

Outflow of Resource

↓
Obligation

benefit given before BIS date.

benefit yet to be given till BIS date.

↓
~~Income~~

↓
~~Liability~~

↓
Cr.

SECTION III : FORMAT OF FINAL ACCOUNTS (Schedule III)

..... Ltd. ①
 Balance Sheet as at

Particulars	Note	CY	PY ✓
I. EQUITY AND LIABILITIES			
(1) <u>Shareholders' funds</u>			
(a) Share capital	1		
(b) Reserve and surplus	2		
(c) <u>Money received against share warrants</u>			
(2) <u>Share application money pending allotment</u>			
(3) <u>Non-current liabilities</u>			
(a) <u>Long - term borrowings</u>	3		
(b) <u>Deferred tax liabilities (Net)</u> → <u>As-22</u>			
(c) <u>Other Long - term liabilities</u>			
(d) <u>Long - term provisions</u>	4 ✓		
(4) <u>Current liabilities</u>			
(a) <u>Short - term borrowings</u>	5		
(b) <u>Trade payables (BP + S. Gen.)</u>			
(c) <u>Other Current liabilities</u>	6		
(d) <u>Short - term provisions</u>	7		
TOTAL			
II. ASSETS			
(1) <u>Non-current assets</u>			
(a) <u>Property, plant & equipments</u> → <u>As-10.</u>			
(i) <u>Tangible assets</u>	8		
(ii) <u>Intangible assets</u> → <u>As-26.</u>	9		
(iii) <u>Capital Work - in - progress</u>			
(iv) <u>Intangible assets under development</u>			
(b) <u>Non - current investments</u>	10		
(c) <u>Deferred tax assets (net)</u> → <u>As-22</u>			
(d) <u>Long - term loans and advances</u>	11		
(e) <u>Other non-current assets</u>			

(2) Current assets			
(a) Current investments			
(b) Inventories	12		
(c) Trade receivables	13		
(d) Cash and cash equivalents	14		
(e) Short - term loans and advances	15		
(f) Other current assets	16		
TOTAL			
Contingent liabilities and commitments	17		

.....Ltd.

Profit and Loss Statement for the year ended.....

	Particulars	Note	CY	PY
I.	Revenue from operations (Sales)			
II.	Other incomes	18		
III.	Total Revenue			
IV.	Expenses :			
	Cost of materials consumed ✓			
	Purchases of Stock - in - Trade ✓			
	Changes in inventories of finished goods, Work - in - progress and Stock-in-Trade	19		
	Employee benefits expenses	20		
	Finance Cost	21		
	Depreciation and amortization expenses			
	Other expenses	22		
	Total expenses			
V.	Profit before exceptional and extraordinary items and tax (III - IV)			
VI.	Exceptional items	23		
VII.	Profit before extraordinary items and tax (V - VI)			
VIII.	Extraordinary Items	24		
IX.	Profit before tax (VII - VIII)			
X.	Tax expense :			
	(1) Current tax ✓			
	(2) Deferred tax ✓			
	(3) (Excess) / Short Income Tax Provision of earlier year			
XI.	Profit / (Loss) for the period from Continuing operations (IX - X)			
XII.	Profit / (loss) from discontinuing Operations			
XIII.	Tax expense of discontinuing Operations			
XIV.	Profit / (loss) from Discontinuing Operations after tax (XII - XIII)			
XV.	Profit / (Loss) for the period (XI + XIV)			

v.p.

AS-13
 AS-2

Op. SCL
 ↓
 Δ (Op - CI) ✓

AS-5

AS-22

AS-24

Notes to Accounts

Note 1: Share Capital

Authorised			
.....Preference Shares of ₹.. each	xx		
..... Equity Shares of ₹.. each	xx	xx	
Issued, Subscribed and paid up			
.....Preference Shares of ₹.. each, fully paid / called	xx		
..... Equity Shares of ₹.. each fully paid / called up	xx		
	xx		
Less : Call in Arrears (including due from directors / officers)	xx	xx	
Share Forfeiture A/c		xx	
Notes :			
(i) Shares issued for <u>consideration</u> other than cash			xx
(ii) Shares issued as Bonus			xx
(iii) No. of shares bought back			xx

Note 2: Reserves and Surplus

(a) Capital Reserves ✓			xx
(b) Capital Redemption Reserve ✓			xx
(c) Securities Premium Q/c ✓			xx
(d) Debenture Redemption Reserve -			xx
(e) Revaluation Reserve			xx
(f) General Reserve ✓			xx
(g) Employee Stock option Outstanding			xx
(h) Surplus (Profit & Loss A/c)			
Surplus as at the beginning of the year	xx		
Add : Profit / (Loss) for the period	xx		
Less : Interim Dividend	(xx)		
Less : Transfer to Reserves	(xx)	xx	
Add : Transfer from Reserves	Xx		
			xx

Note 3: Long term borrowings

(A) Secured : Debentures, Bank Loan, loan from financial institutions, etc. (Security information also needs to be disclosed)

(B) Unsecured : Directors loan, loan from related parties/ subsidiaries, public deposits taken, etc.

Note 4: Long Term Provisions

Provision for Gratuity/ Provident fund/ pension.

Note 5: Short term borrowings

Bank O/D, Cash credit, Loans payable on demand (Security information also needs to be disclosed)

Note 6: Other Current Liabilities

O/s expenses, calls in advance, Advance from customers, unclaimed dividend, TDS on expense, Income Tax payable, dividend declared etc

Note 7: Short term provisions

Provision for Tax, etc.

Note 8: Tangible Assets

Land & Building, Furniture, machinery, motor vehicle, office equipment, etc. (information of cost & Accumulated Depreciation to be disclosed)

Note 9: Intangible Assets

Goodwill, Patents, Trade marks, copyrights, Computer software etc. (information of cost & Amortisation to be disclosed)

Note 10: Non - Current Investments

Investments in Shares, Bonds, Govt. securities, Property, Gold, etc. (market value of Investment must be disclosed)

Note 11: Long term Loan and Advances

Loan to subsidiaries/ related parties, housing loan to employees, security deposit given. Deposit with Government Authorities, Telephone deposit etc.

Note 12: Inventories

Closing stock of RM/ WIP/FG
Stock in Trade. Loose Tools, Stores & spares, Goods in transit etc.

Note 13: Trade Receivables

(i) Bills receivables ✓			x
(ii) Sundry Debtors			
- O/s for more than 6 months		x	
- Other debts.			x

Note 14: Cash & Cash equivalents

Cash in hand, Cash at Bank

Note 15: Short term loans & Advances

Advance to staff, prepaid expenses, Advance Tax, TDS on Income, Income Tax refund receivable, etc.

Note 16: Other Current Assets

Income Receivables

Note 17: Contingent Liabilities and Commitments

- Claims against Co. not acknowledged as debts
- Bills discounted but not matured.
- Guarantee given by co.
- Uncalled amount on partly paid shares held as investments.
- Capital expenditure commitments
- Arrears of cumulative preference share Dividend.

Note 18: Other Incomes ✓

Rent/ Interest/Dividend / Commission Received

Note 19: Change in Inventory of FG, WIP & Stock in trade

Opening stock	xx	
Less Closing stock	(x)	xx

Note 20: Employee Benefit cost → AS-15

Salary, wages, Bonus, allowances to staff, staff welfare expenses

Note 21 : Finance Cost

Interest on all borrowings

Note 22 : Other Expenses

- All Administration expenses ✓
- All selling and distribution expenses ✓
- Bad debts ✓
- Auditors, Remuneration for Audit fees, Tax work, co. law matter, consultancy fee, other matters etc.
- Reimbursement of employee expenses ✓

Note 23 : Exceptional Items

Profit / Loss on sale of FA/ Investments

Note 24 : Extra Ordinary Items

Loss due to earthquake and other natural calamities

QUESTION:1

The following is the Trial Balance of Subhash Limited as on 31.3.2017:

(Figures in ` '000)

Debit		Credit	
Land at Cost	110	Equity Capital	150
Plant & Machinery	385	(Shares of `10 each)	
Debtors	48	10% Debentures	100
Capital W.I.P	43	General Reserve	65
Bank	10	Profit & Loss A/c	36
Purchases	160	Share Premium	20
Factory Expenses	30	Sales	350
Administration Expenses	15	Creditors	26
Selling Expenses	15	Provision for Depreciation	86
Opening Stock	10	Suspense Account	2
Interim Dividend Paid	9		
	835		835

item sopil & BLU.



Additional Information:

(a) During the year, the company issued bonus shares to the shareholders on 1 : 3 basis.

No entry relating to this has yet been made.

(b) The authorised share capital of the company is 25,000 shares of `10 each.

(c) The company on the advice of independent valuer wish to revalue the land at `1,80,000.

(d) Declared dividend 10% after providing for tax at 40%.

(e) Suspense account of `2,000 represents cash received for the sale of some of the machinery on 1.4.2016. The cost of the machinery was `5,000 and the accumulated depreciation thereon being `4,000.

(f) Depreciation is to be provided on plant and machinery at 10% on cost.

(g) Closing stock `30,000.

You are required to prepare Subhash Limited's profit and loss account for the year ended 31.3.2017 and a balance sheet on that date as per the provisions of Schedule III of the Companies Act, 2013.

Land Dr 70
To RR. 70

Similar to ill- 2 of SM ✓

(Similar to Sept 24)

Solⁿ :- Step 1 :- W.N :-

(` in lacs)

i) S.P. Dr 20
 PIL Dr 30
 To Esc 50
 (150 x 1/3)

4)



2) Land Dr 70
 To RR. 70

3) PIL Dr 20
 To Dividend. 20
 (200 x 10%)

4) **wrong** Cash Dr 2
 To susp. 2

Right Cash Dr 2
 PFD Dr 4.
 To PIM 5
 To PIL 1

Rectify. Suspense Dr 2
 PFD Dr 4
 To PIM 5
 To PIL 1

Step 2
Notes to call

Particulars	Amount	Particulars	Amount
1) Share Capital		9) Inventories	
Authorized S.C.		Cl. Stock	30
2500 E.Sh. of ₹10	250		
Issued, Subs. Sp. Up.		10) C & C Equivalent	
20000 E.Sh. of ₹10	200	Bank	10
{ out of above 5000 E.Sh. }			
{ are issued as Bonus. }		11) Revenue from op.	
2) Reserve & Surplus		Sales	350
SP (20-20)	0		
G.R.	65		
R.R. (WN-2)	70		
PIL	36		
- Bonus (30)			
- Dividend (20+9) (29)			
+ PAT (WN-3)			
+ PAT (30 PIL) <u>61.2</u>	38.8		
3) Long term Borrowings	173.8		

10% Deb

100



4) Trade payables.

Creditors

26

6) Other C.L.

Dividend (WN-3) 20

O/S Int. (100 x 10%) 10

30

5) Short term provision

Provision for tax 41.2
(SOPIL)

7) PPE

Land (110 + 70) 180

PIM. (385 - 5) 380

- PFD (86 - 4 + 38) (120) 260

440

8) Trade receivables.

Debtors

48

12) Other income

profit on sale of PPE (WN-4) 1

13) Change in Inventory

Op. 10

C.I. 30

Change (20)

14) Other expenses.

Adm. 15

Sell. 15

factory 30

60

Step 3.

Subhash Ltd.



Statement of Profit or Loss for year ending on 31-3-17



Particulars	Notes	Amount
Incomes:		
a) R.F.O.	11	350
b) Other Incomes	12	1
Total (A)		<u>351</u>
Expenses:		
a) Purchases		160
b) change in Inventory	13	(20)
c) Employee benefit Exp.		-
d) Finance cost (o/s int)		10
e) Dep. & Amortisation		38
f) other exp.	14	60
Total (B)		<u>248</u>
PBT (A - B)		103
- PFT @ 40%		<u>(41.2)</u>
PAT		<u>61.8</u>



Particulars

Notes Amount.

Equity & Liabilities.

i) Share holders funds.

a) Share Capital.

1 200

b) Reserve & Surplus.

2 173.8

ii) Non Current Liabilities

a) Long term borrowings.

3 100

iii) Current Liabilities

a) T.P.

4 26

b) S.T.P.

5 41.2

c) Other C.L.

6 30

Total571

Assets.

a) Non Current Assets

i) PPE

7 440

ii) Capital WIP

43

b) Current Assets.

i) Inventory

9 30

ii) T.P.

8 48

iii) C.S.C.E

10

10

Totaled

571

QUESTION:6

Q.7 of ICAI SM

On 31st March, 2015 Bose and Sen Ltd. provides to you the following ledger balances after preparing its Profit and Loss Account for the year ended 31st March, 2015:

Credit Balances:

Equity shares capital, fully paid shares of `10 each → S.C.	70,00,000
General Reserve	15,49,100 ✓
Loan from State Finance Corporation Secured by hypothecation of Plant & Machinery (Repayable within one year `2,00,000)	10,50,000
Loans: <u>Unsecured (Long term)</u>	8,40,000 847000
Sundry Creditors for goods & expenses	14,00,000
Calls in Advance	7,000

Profit & Loss Account	7,00,000 ✓
Provision of Taxation	325,500
Dividend Payable	4,24,000
Provision for Dividend Distribution Tax	71,400
	1,33,63,000

816900

Debit Balances: ✓

<u>Calls in arrear</u> ✓	7,000
Land	14,00,000
Buildings	20,50,000
Plant and Machinery	36,75,000
Furniture & Fixture	3,50,000
Stocks: <u>Finished goods</u>	14,00,000 →
<u>Raw Materials</u>	3,50,000 →
Sundry Debtors	14,00,000
Advances: <u>Short-term</u>	2,98,900 →
Cash in hand	2,10,000 →
Balance with banks	17,29,000 →
Preliminary Expenses	93,100
Patents & Trade marks	4,00,000
	1,33,63,000 ✓

The following additional information is also provided:

- (i) 4,20,000 fully paid equity shares were allotted as consideration for land & buildings.
- (ii) Cost of Building ₹28,00,000
Cost of Plant & Machinery ₹49,00,000 ✓
Cost of Furniture & Fixture ₹4,37,500 ✓
- (iii) Sundry Debtors for ₹3,80,000 are due for more than 6 months.
- (iv) The amount of Balances with Bank includes ₹18,000 with a bank which is not a scheduled Bank and the deposit of 5 lakhs are for a period of 9 months.
- (v) Unsecured loan includes ₹2,00,000 from a Bank and ₹1,00,000 from related parties. You are not required to give previous year figures. You are required to prepare the Balance Sheet of the Company as on 31st March, 2015 as required under Revised Schedule III of the Companies Act, 2013.

(16 Marks, November 2013) (IPCC)

vi) Entire P/E to be worked by adjusting with Cr.R.

Solⁿ :- Notes to Acc. :-

Particulars	₹
Note-1 Share Capital.	
Issued, subscribed & p.up.	
70000 E.Sh. of ₹10 each	700000
(out of above 420000 shares were issued other than cash consideration)	
- calls in arrears	(7000)
	<u>699300</u>

Particulars	₹
Note-6 PPE	
Land.	140000
Buildings	280000
- Dep. (B/f)	<u>75000</u> 205000
P.S. Machin.	490000
- Dep. (B/f)	<u>122500</u> 367500
Furniture & fix.	437500
- Dep (B/f)	<u>87500</u> 350000
	<u>747500</u>

Note-2. Reserve & surplus



Cr.R.	1549100	
- P1E	(23100)	1456000
P1L.		<u>700000</u>
		<u>2156000</u>

Note-3. Long term Borrowings

Secured Loans:

loan from stat. fin. Cor 850000
(1050000 - 200000)

Unsecured loans:

Bank loan	200000	
Related parti.	10000	
Others	<u>547000</u>	<u>847000</u>
		<u>1697000</u>

Note-4 Short term borrowings

maturity of loan
within 1 year 200000

Note-5 Short term provision

P F Tax 81690

Note-7 I.T.A.

Patents & T.M 400000

Note-8 Inventories

FG.	1400000
RM	<u>350000</u>
	<u>1750000</u>

Note-9 TIR.

Debtors:

overdue exceed. Gm	380000
Others	<u>1020000</u>
	<u>1400000</u>

Note-10 C.S.C.E

CIH 2100000

Balance with bank

i) Bank Bal.
with sch. bank = 1210000

ii) Bank Bal. with
non sch. bank 180000

iii) Bank Dep. 500000

1930000



Bose & Sen Ltd.

Balance Sheet as at 31-3-15.



Equity & Liabilities.

	Notes	₹.
1) Shareholder funds.		
a) Share Capital	1	6993000
b) Reserve & Surplus.	2	2156000
2) Non Current liabilities.		
a) Long term borrowings.	3	1697000
3) Current Liabilities.		
a) Trade payables. (Creditors)		1400000
b) Short term borrow.	4	200000
c) Short term provisions.	5	816400
To total		13262900

Assets.

1) Non Current Assets.		
a) PPE	6	7475000
b) I.T.A	7	400000
2) Current Assets.		
a) Inventories.	8	1750000
b) TIR.	9	1400000



c) C.S.C.F

10

193900

d) S.T. L.S.A.d.

298900

← Total

13261900

QUESTION: 8

INTERMEDIATE (NEW) EXAMINATION: NOVEMBER, 2019

Illustration 5

From the following particulars furnished by Pioneer Ltd., prepare the Balance Sheet as at 31st March, 20X1 as required by Schedule III of the Companies Act. Give notes at the foot of the Balance Sheet as may be found necessary -

	Debit	Credit
	₹	₹
Equity Capital (Face value of ₹ 100)		10,00,000
Calls in Arrears	1,000	
Land	2,00,000	
Building	3,50,000	
Plant and Machinery	5,25,000	
Furniture	50,000	
General Reserve		2,10,000
Loan from State Financial Corporation		1,50,000
Inventory:		
Finished Goods	2,00,000	
Raw Materials	<u>50,000</u>	2,50,000
Provision for <u>Taxation</u>		<u>68,000</u>
Trade receivables	2,00,000	
Advances	42,700	
Dividend Payable		60,000
Profit and Loss Account		86,700
Cash Balance	30,000	
Cash at Bank	2,47,000	
Loans (Unsecured)		1,21,000
Trade payables (For Goods and Expenses)		<u>2,00,000</u>
	<u>18,95,700</u>	<u>18,95,700</u>

The following additional information is also provided:

- (1) 2,000 equity shares were issued for consideration other than cash.
- (2) Trade receivables of ₹52,000 are due for more than six months.
- (3) The cost of assets:

Building	₹4,00,000
Plant and Machinery	₹7,00,000
Furniture	₹62,500

- (4) The balance of ₹1,50,000 in the loan account with State Finance Corporation is inclusive of ₹7,500 for interest accrued but not due. The loan is secured by hypothecation of the Plant and Machinery.
- (5) Balance at Bank includes ₹2,000 with Perfect Bank Ltd., which is not a Scheduled Bank.
- (6) The company had contract for the erection of machinery at ₹1,50,000 which is still incomplete.

Solⁿ :-

Pioneer Ltd.

Balance Sheet as at 31-3-2011

Equity & Liabilities.	Notes	₹.
1) Shareholder funds.		
a) Share Capital	1	999000
b) Reserve & Surplus.	2	296700
2) Non Current liabilities.		
a) Long term borrowings.	3	263500
3) Current Liabilities.		
a) Trade payables. (Creditors)		200000
b) Other Current Liabilities.	4	67500
c) Short term provision.	5	68000

To tel

1894700



1) Non Current Assets.

a) PPE	6	1125000
b) I.T.A		—

2) Current Assets.

a) Inventories.	7	250000
b) TIR.	8	20000
c) C.S.C.F	9	277000
d) S.T. L.S.A.d.		42700

To tel.

1894700

Notes to acc :-

Particulars	₹
Note 1 Share Capital.	
Issued, subscribed & p.up.	
10000 eq. sh of ₹100 each 1000000	
(out of above 2000 shares were issued other than cash consideration)	
— calls in arrears	(1000)
	<u>999000</u>

Particulars	₹
Note-6 PPE	
Land.	2025000
Buildings	400000
— Dep. (B/f)	(50000)
P.S. Machin.	700000
— Dep. (B/f)	(175000)
Furniture & fix.	62500
— Dep (B/f)	(12500)
	<u>1125000</u>

Note-2. Reserve & Surplus



Gr. R.	210000
Surplus of P12	<u>86700</u>
	<u>296700</u>

Note-3. Long term Borrowings

Secured Loans:

loan from stat. fin. Cor 142500
(150000 - 7500)

Unsecured loans:	<u>121000</u>
	<u>263500</u>

Note-4 Other Current Li.

Dividend payable	60000
<u>Int. accr.</u>	<u>7500</u>
	<u>67500</u>

Note-5 Short term provision

P.F.T.	68000
--------	-------

Note-7



Inventories

FG.	200000
RM	<u>50000</u>
	<u>250000</u>

Note 8 TIR.

Debtors:

overdue exceed. Gm	52000
Others	<u>148000</u>
	<u>200000</u>

Note-9 C&CE

R.I.H.	30000
Bank Bal. with not a sch. Bank	2000
Bank Bal. with sch. bank	<u>245000</u>
	<u>277000</u>



Note. amount paid by company for erection means company paid amount for purchase of machinery where cost related to same been incurred but not yet billed.
So ignore it

QUESTION: 10

Q.8 of SM

(10 Marks, IPCC November, 2014)

From the following particulars furnished by Alpha Ltd., prepare the Balance Sheet as on 31st March 20X1 as required by Part I, Schedule III to the Companies Act, 2013.

Particulars		Debit ₹	Credit ₹
Equity Share Capital (Face value of ₹ 100 each)			50,00,000
Call in Arrears		5,000	
Land & Building		27,50,000	
Plant & Machinery		26,25,000	
Furniture		2,50,000	
General Reserve			10,50,000
Loan from State Financial Corporation			7,50,000
Inventory:			
Raw Materials	2,50,000		
Finished Goods	10,00,000	12,50,000	
Provision for Taxation			6,40,000
Trade receivables		10,00,000	
Short term Advances		2,13,500	



Profit & Loss Account		4,33,500
Cash in Hand	1,50,000	
Cash at Bank	12,35,000	
Unsecured Loan		6,05,000
Trade payables (for Goods and Expenses)		8,00,000
Loans & advances from related parties		2,00,000
	94,78,500	94,78,500

The following additional information is also provided:

- (i) 10,000 Equity shares were issued for consideration other than cash.
- (ii) Trade receivables of ₹ 2,60,000 are due for more than 6 months.
- (iii) The cost of the Assets were:
Building ₹ 30,00,000, Plant & Machinery ₹ 35,00,000 and Furniture ₹ 3,12,500
- (iv) The balance of ₹ 7,50,000 in the Loan Account with State Finance Corporation is inclusive of ₹ 37,500 for Interest Accrued but not Due. The loan is secured by hypothecation of Plant & Machinery.
- (v) Balance at Bank includes ₹ 10,000 with Omega Bank Ltd., which is not a Scheduled Bank.
- (vi) Transfer ₹ 20,000 to general reserve is proposed by Board of directors.
- (vii) Board of directors declared dividend of 5% on the paid up capital on 2nd April, 20X1.

Sol^m

Notes to Q1C.

Do it in H.W

You are required to prepare Balance sheet and statement of Profit and Loss from the following trial balance of Haria Chemicals Ltd. for the year ended 31st March, 20X1.

Haria Chemicals Ltd.
Trial Balance as at 31st March, 20X1

Particulars	₹	Particulars	₹
Inventory ✓	6,80,000	Equity Shares	
Furniture ✓	2,00,000	Capital (Shares of ₹ 10 each)	25,00,000
Discount	40,000	11% Debentures	5,00,000
Loan to Directors	80,000	Bank loans	6,45,000
Advertisement	20,000	Trade payables	2,81,000
Bad debts	35,000	Sales	42,68,000
Commission	1,20,000	Rent received	46,000
Materials consumed	23,19,000	Transfer fees	10,000
Plant and Machinery ✓	8,60,000	Profit & Loss account	1,39,000
Rentals	25,000	<u>Depreciation provision:</u>	
Current account	45,000	<u>Machinery</u>	1,46,000
Cash	8,000		
Interest on bank loans	1,16,000		
Preliminary expenses	10,000		
Fixtures	3,00,000		
Wages	9,00,000		
Consumables ✓	84,000		
Freehold land ✓	15,46,000		
Tools & Equipment ✓	2,45,000		
<u>Goodwill</u>	2,65,000		
<u>Trade receivables</u>	4,40,000		
Dealer aids	21,000		
Transit insurance	30,000		

Trade expenses	37,000		
Distribution freight	54,000		
Debenture interest	55,000		
	85,35,000		85,35,000

Additional information: Closing Inventory on 31-3-20X1: ₹8,23,000.

Soln :- Notes to a/c.

Particulars	₹	Particulars	₹
Note-1 Share Capital Issued, subscribed sp. 250000 E.sh. of ₹10 each 250000		Note-7 Other income Rent Received 46000 Transfer fees <u>10000</u> <u>56000</u>	
Note-2 R.S. PIL a/c 139000 + Profit of c.y. <u>601000</u> <u>740000</u>		Note-8 Δ in inventory. Op 680000 Cl. <u>823000</u> <u>(143000)</u>	
Note-3 long term bank. 11% Deb 500000 Bank loan <u>645000</u> <u>1145000</u>		Note-9 EBF Wages <u>900000</u>	
Note-4 PPE Freehold land 1546000		Note-10 Finance cost Int. on Bank loans 116000	

Furniture	200000	
Plants mach.	860000	
- Dep.	(146000)	714000

Tools & equipment	245000	
Fixtures	300000	
	<u>3005000</u>	

Note - 5 C.S.C.F		
Current acc	45000	
Cash	8000	
	<u>53000</u>	

Note - 6 S.T. L.S.A.		
loan to directors	80000	

Deb. Int.

55000

171000



Note-11 other exp.	
Consumables	84000
P/E	10000

Bad debts	35000
-----------	-------

Discount	4000
----------	------

Advertisement	2000
---------------	------

Commission	12000
------------	-------

Rentals	25000
---------	-------

Dealer aids	21000
-------------	-------

Transit ins.	3000
--------------	------

Trade exp.	37000
------------	-------

Dist. freight	54000
	<u>476000</u>



Maxia Chemicals Ltd.

Balance Sheet as at 31-3-2011



Particulars

Notes

F.

Equity and Liabilities.

1) Shareholders funds

a) Share Capital

1

2500000

b) Reserve & Surplus

2

740000

2) Non current liabilities

a) long term borrowings.

3

1195000

3) Current liabilities.

a) Trade payables

281000

Total

4666000

Assets.

1) Non Current Assets.

a) PPE

4

3055000

b) I.T.A (goodwill)

265000

2) Current Assets.

a) Inventories

823000

b) TIR.

440000

c) ESCF

5

53000

d) Short term loans & Ad.

6

80000

Total

466000

Haria Chemicals Ltd.

Statement of P/L for year ended 31-3-2011



Particulars

Notes

₹.

Incomes

a) Revenue from operations		4268000
b) other incomes	7	56000
<u>Total (A)</u>		<u>4324000</u>

Expenses

a) cost of materials consumed.		2319000
b) change in inventories	8	(143000)
c) Employee benefit expenses	9	900000
d) Finance cost	10	171000
e) Dep. & Amortisation		0
f) other Expenses.	11	476000
<u>Total (B)</u>		<u>3723000</u>

PBT (A - B) 601000

- Tax

PAT 601000

→ H.W.

Following is the trial balance of Delta limited as on 31.3.20X2.

(Figures in ₹ '000)

Particulars	Debit	Particulars	Credit
Land at cost PPE	800	Equity share capital (shares of ₹ 10 each)	500
Calls in arrears - SC	5	10% Debentures	300
Cash in hand C.A.C.F.	2	General reserve	150
Plant & Machinery at cost PPE	824	Profit & Loss A/c (balance on 1.4.X1)	75
Trade receivables	120	Securities premium	40
Inventories (31-3-X2) CI	96	Sales	1200

Cash at Bank C.A.C.F.	28	Trade payables	30
Adjusted Purchases	400	Provision for depreciation	150
Factory expenses	80	Suspense Account	10
Administrative expenses	45		
Selling expenses	25		
Debenture Interest	30		
	2455		2455

Additional Information:

- The authorized share capital of the company is 80,000 shares of ₹ 10 each.
- The company revalued the land at ₹ 9,60,000.
- Equity share capital includes shares of ₹ 50,000 issued for consideration other than cash.
- Suspense account of ₹ 10,000 represents cash received from the sale of some of the machinery on 1.4.20X1. The cost of the machinery was ₹ 24,000 and the accumulated depreciation thereon being ₹ 20,000. The balance of Plant & Machinery given in trial balance is before adjustment of sale of machinery. C.A. 4,000.
- Depreciation is to be provided on plant and machinery at 10% on cost.
- Balance at bank includes ₹ 5,000 with ABC Bank Ltd., which is not a Scheduled Bank.
- Make provision for income tax @30%.
- Trade receivables of ₹ 50,000 are due for more than six months.

You are required to prepare Delta Limited's Balance Sheet as at 31.3.20X2 and Statement of Profit and Loss with notes to accounts for the year ended 31.3.20X2 as per Schedule III. Ignore previous year's figures & taxation.

Ring Ltd. was registered with a nominal capital of ₹ 10,00,000 divided into shares of ₹ 100 each. The following Trial Balance is extracted from the book on 31st March, 20X2:

Particulars	₹	Particulars	₹
Buildings	5,80,000	Sales	10,40,000
Machinery	2,00,000	Outstanding Expenses	4,000
Closing Stock	1,80,000	Provision for Doubtful Debts (1-4-20X1)	6,000
Loose Tools	46,000	Equity Share Capital	4,00,000
Purchases (finished goods)	4,20,000	General Reserve	80,000
Salaries	1,20,000	Profit and Loss A/c (1-4-20X1)	50,000
Directors' Fees	20,000	Creditors	1,84,000
Rent	52,000	Provision for depreciation:	
Depreciation	40,000	On Building 1,00,000 ✓	
Bad Debts	12,000	On Machinery 1,10,000	2,10,000
Investment	2,40,000	14% Debentures	4,00,000
Interest accrued on investment	4,000	Interest on Debentures accrued but not due	28,000
Debenture Interest	56,000	Interest on Investments	24,000
Advance Tax	1,20,000	Unclaimed dividend	10,000
Sundry expenses	36,000		
Debtors	2,50,000		
Bank	60,000		
	24,36,000		24,36,000

You are required to prepare statement of Profit and Loss for the year ending 31st March, 20X2 and Balance sheet as at that date after taking into consideration the following information:

- Closing stock is more than opening stock by ₹ 1,60,000.
- Provide to doubtful debts @ 4% on Debtors.
- Make a provision for income tax @ 30%.
- Depreciation expense included depreciation of ₹ 16,000 on Building and that of ₹ 24,000 on Machinery.
- The directors declared a dividend @ 25% on 2nd April, 20X2 and transfer to General Reserve @ 10%.
- Bills Discounted but not yet matured ₹ 20,000.

Statement of P/L for ye ended 31-3-2011

Particulars

Notes

31-3-2011

Incomes

a) Revenue from operations		104000
b) other incomes (int. on invt)		24000
<u>Total (A)</u>		<u>128000</u>

Expenses

a) Purchases		42000
b) change in inventories	8	(16000)
c) Employee benefit expenses	9	12000
d) Finance cost (Deb. int)		5600
e) Dep. & Amortisation (24000 + 16000)		40000
f) other Expenses	11	12900
<u>Total (B)</u>		<u>124500</u>

PBT (A - B)

- Tax

PAT

Particulars

Notes

Equity and Liabilities

1) Shareholders funds

a) Share Capital	1	40000
------------------	---	-------



b) Reserve & Surplus 2

2) Non current liabilities

a) long term borrowings. 3 40000

3) Current liabilities.

a) Trade payables (creditors) 184000

b) other C.L 12 42000

c) S.T.P. 13

Assets.

1) Non Current Assets.

a) PPE 4 57000

b) non C.I. 240000

2) Current Assets.

a) Inventories (180000 + 46000) 226000

b) TIR. (250000 - 100000) 240000

c) E.S.C.E 5 60000

d) other C.A. 6 4000

Total

Particulars

₹

Note-1 Share Capital
 Authorised S.C.
 10000 Sh. @ ₹100 each 1000000
 Issued, sub. sp. up.
 4000 Sh @ 100 each 400000

Note-2 R.S.
 Cr. R. 80000

P12 50000

Note-3 long term bank.
 14% Deb. 400000

Note-4 PPE

Building	500000	
- Dep.	<u>(100000)</u>	400000
Machinery	200000	
- Dep.	<u>(100000)</u>	100000
		<u>500000</u>

Particulars

₹

Note-7
 Other income

Note-8 Δ in inventories.

Op (Bif)	20000
- Cl.	<u>(18000)</u>
	(16000)

Note-9 EBE

Salaries 120000

Note-10 Finance cost

Int. on Bank loans	116000
Deb. Int.	<u>55000</u>
	<u>171000</u>

Note-11 Others Exp.



Notes C S C E



Bank

60000

Note 12 O.C.L.

Unclaimed Dividend. 10000

OIS exp. 4000

Int ac. on Deb. 28000

42000

REVENUE

2000

Director fees. 20000

Baldebts. 12000

HD 12000

P.F.D. 10000

MENTORING
RASHIT DWIVEDI
FOUNDATION | CA INTERMEDIATE | CA FINAL

(250000 x 4%) → 6000 4000

Sundry expenses 36000
124000

Notes 13 S.T.P.

P.F.T.

Notes 6 O.C.A.

Int. on Invnt 4000

Remaining Solve in H.W.

#3 Dividend.



Sec 2 (35)

Dividend is distribution of Divisible profits of a Co. Among members according to no. of shares held by them in Capital of Co.
it includes I.D.

Dividend.

P.Y. Dividend
in C.Y.

↓
Final

C.Y. Dividend
in C.Y.

↓
I.D.



Sec 123.

Dividend should be paid out of



↳ C.Y. profit after providing Dep.

↳ P.Y. " " " "

↳ both from above 2 cases.

↳ by money provided by Cr/Gr.



↳ Dividend on pref. shares is calculated at fixed rate & pref. Dividend should be provided before equity Dividend.

↳ Dividend can also paid on partly paid up shares **subject to A.O.A.** & should be paid in proportion to amount on each share.

Also no dividend should be paid on calls in Advance.

↳ D.P. Dr
To Div.

↳
Div. Dr



To Bank.

Not allowed ~~To Assets~~
~~To ESC~~



Dividend out of past profit. ?
Yes it can be paid out of G.R.
after adjusting

i) Prov. of Dep.

ii) Current year losses.

and provided 3 following conditions fulfilled.

Condition I \Rightarrow $R\&D \leq$ Avg. rate of last 3 F.Y.
+

Condition II \Rightarrow $\frac{\text{Amt. of Div. out of G.R.}}{\text{G.R.}} \leq 10\%$ of (PUSC + FR)
+

Condition III \Rightarrow $\left\{ \text{G.R.} - \frac{\text{amt. of Div. from G.R.}}{\text{G.R.}} \right\} \geq 15\%$ of PUSC

XYZ Ltd proposes to declare 10% dividend out of general reserves. From the following particulars ascertain the amount that can be utilized from general reserves according to the companies (declaration of dividend out of reserves) Rules 2014-

17,500 9% preference shares of `100 each fully paid up	17,50,000
8,00,000 equity shares of `10 each fully paid up	80,00,000
General Reserves as on 1.4.2014	25,00,000
Capital Reserves as on 1.4.2014	3,00,000
Revaluation reserves as on 1.4.2014	3,50,000
Net profit for year ended 31.3.2015	3,00,000
Average rate of dividend during last 3 years	12%

Solⁿ :-

WN-1 amount of Dividend to be declared

$$\text{Pref. Dividend} = 1750000 \times 9\% = 157500$$

$$\text{Equity Dividend} = 8000000 \times 10\% = 800000$$

957500

WN-2 amount of Dividend out of G.R.

C.Y. profits 300000

amount of Dividend 957500

amount from G.R. 657500

₹ 657500 Dividend can be paid out of G.R.

only if following 3 conditions are fulfilled.

Condition I \rightarrow R.O.D \leq Avg. rate of last 3 F.Y.



$$10\% \leq 12\%$$



\therefore Condition satisfied.

Condition II \rightarrow amt of Div. out of G.R. \leq 10% of PUSC + F.R.

$$657500 \leq 10\% (1750000 + 80L + 25L)$$

$$657500 \leq 1225000$$

\therefore Condition 2 satisfied.

Condition III \Rightarrow $\left\{ \text{G.R.} - \text{amt of Div. from G.R.} \right\} \geq 15\% \text{ of PUSC}$

$$(2500000 - 657500) \geq 15\% (17.5L + 80L)$$

$$1842500 \geq 1482500$$

\therefore Condition 3 satisfied.

\therefore All 3 conditions satisfied.

\therefore Dividend of ₹ 657500 can be paid out of



Now solve remaining Q's
 of PDF as it covers
 all varieties of Past,

QUESTION: 3

(8 Marks, IPCC May, 2014)

(8 Marks, November, 2008) (PCC)

The Articles of Association of S Ltd. provide the following:

- (i) That 20% of the net profit of each year shall be transferred to reserve fund.
- (ii) That an amount equal to 10% of equity dividend shall be set aside for staff bonus.
- (iii) That the balance available for distribution shall be applied:
 - (a) In paying 14% on cumulative preference shares
 - (b) In paying 20% dividend on equity shares.
 - (c) One-third of the balance available as additional dividend on preference shares and two third as additional equity dividend.

A further condition was imposed by the article viz. that the balance carried forward shall be equal to 12% on preference shares after making provisions (i), (ii) and (iii) mentioned above. The company has issued 13,000, 14% cumulative participating preference shares of `100 each fully paid 70,000 equity shares of `10 each fully paid.

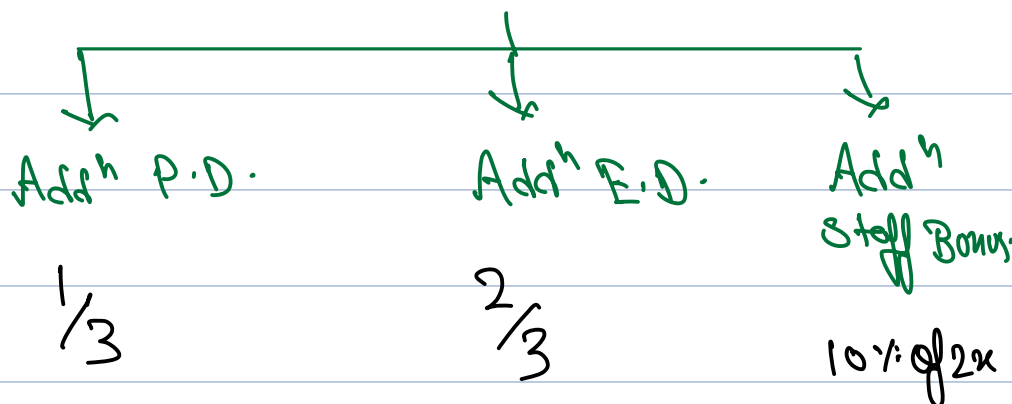
The profit for the year 2012 was `10,00,000 and balance brought from previous year `80,000 provide `31,000 for depreciation and `80,000 for taxation before making other appropriations.

Calculate Additional Dividend on preference shares and Equity Shares.

Solⁿ for Statement of P12



Particulars	Amount.
EBITDA.	1000000
- Dep.	(31200)
- P.F.T.	<u>(80000)</u>
PAT	888800
+ op. Bal. of P12	80000
- \rightarrow to R.F.	(177760)
(20% of 888800)	<u>791040</u>
Bal. avail. for dist.	791040
less: Pref. Dividend	(182000)
(132 \times 14%)	
less: Equity Dividend. (140000)	
(72 \times 20%)	
less: Staff Bonus	(12000)
(140000 \times 10%)	
less: bal. c/f. (12% of 132)	<u>(156000)</u>
Balance Available	299040





$$x$$

$$\downarrow$$

$$93450$$

$$2x$$

$$\downarrow$$

$$186900$$

$$0.2x$$

$$\downarrow$$

$$18690$$

$$x + 2x + 0.2x = 299040$$

$$3.2x = 299040$$

$$x = 93450$$

QUESTION: 4

The following items were extracted from the Balance Sheet of Xansa Ltd. as on 1st April, 2014:

13½% Preference Share capital ✓	4,00,000 ✓
Equity Share Capital fully paid up	10,00,000 ✓
Securities Premium ✓	7,00,000 ✓
15% Debentures ✓	10,00,000 ✓

Profit before interest on debentures and before payment of tax @ 30% is `11,50,000 for the year ended 31st March, 2014.

The company also decided to transfer creation of general reserve @ 5% of net profit (i.e. `7,00,000)

Pass the necessary Journal entries to incorporate the Board's recommendations and show how the items concerned would be shown on the liabilities side of the Balance Sheet of Xansa Ltd. as on 31st March, 2015.

4 marks. / 6 marks.

Solⁿ :- Statement of P/L

Particulars	Amount.
PBIT	1150000
- Deb Int. (15% of 10L)	(150000)
PBT	1000000



— Tax @ 30%	(30000)
PAT	70000
→ transf. to G.R. (7LX5%)	(35000)
	<u>66500</u>



Journal.

P/L Dr	48500	
	To Deb. Int.	15000
	To PFT	30000
	To G.R.	3500

B/S (extract)

Equity & Liabilities.

1) SHF

a) S.C.

①

140000

b) R.S.

②

140000

2) NCL

a) long term borr.

15% Deb.

100000

3) C.L.

a) other C.L.

Old Deb. Int.

15000

b) S.T.P.

P.F.II.



Note-1 S.C.

13.5% P.S.C.

Equity S.C.

400000

100000

1400000

Note-2 R.J.S

S.P.

PIL

G.R.

700000

665000

350000

1400000