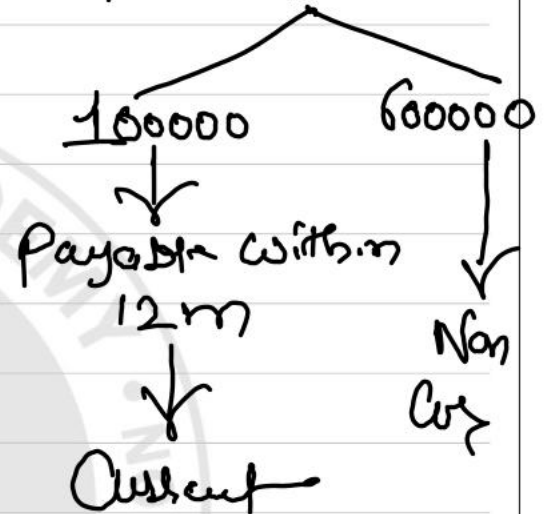


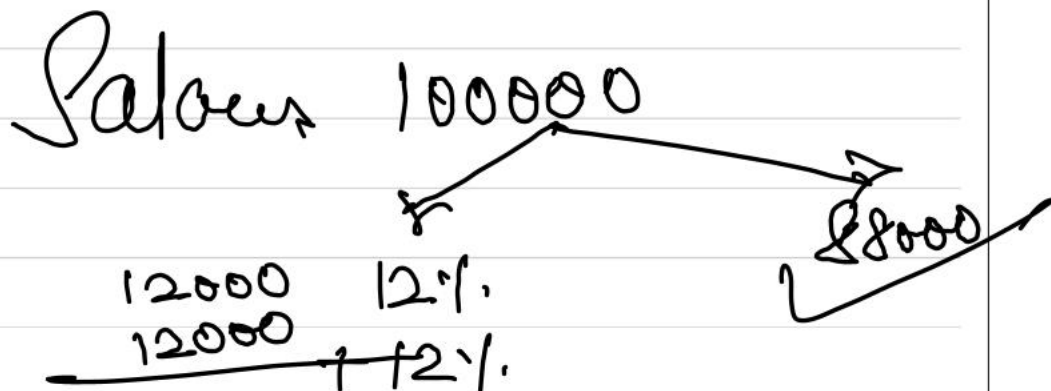
10 yrs. 10,00,000

1,00,000 Repay every year

After 3 yrs. \Rightarrow Loan o/s = 7,00,000



* That part of Long Term Borrowing which is payable within one year from B/s date is Current liability & shall be presented separately under "Short Term Borrowings" in the name of "Current maturity of Long Term Loans".



April Salary 100000

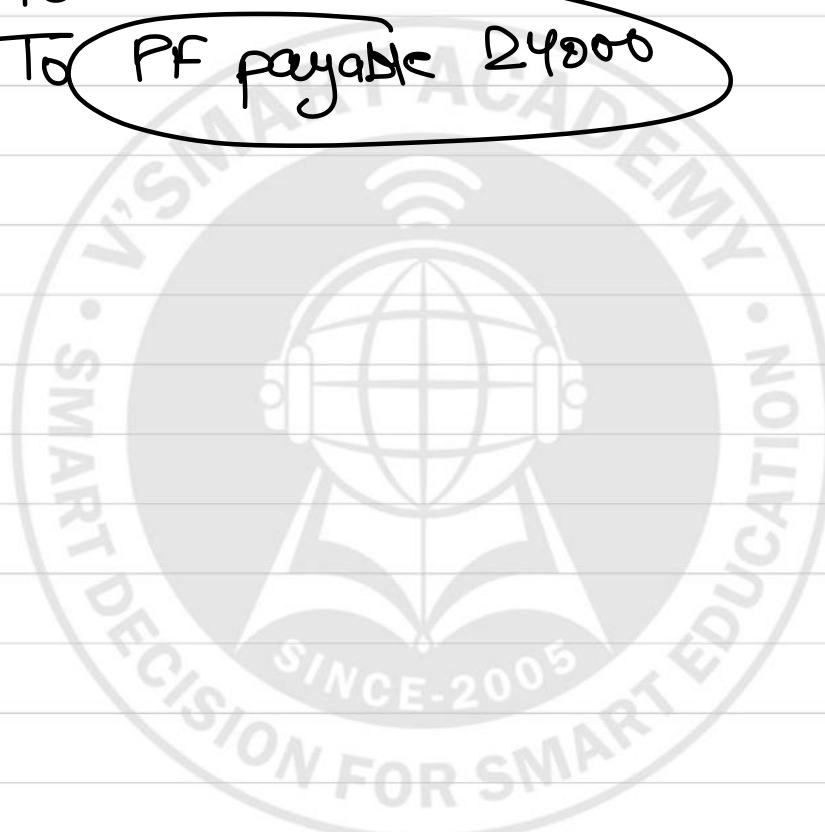
~~12% PF Employee Contribution~~

i) Salary Dr. 100000
Employer Dr. 12000
Contr.

~~12% PF Employer Contribution~~

~~To Bank 88000~~

To PF payable 24000



V'Smart Academy

Preparation of Financial Statements

1) Financial statements are to be prepared as per guidance provided by AS & Schedule III.

2) Format of Schedule III

Balance Sheet
As at 31/03/.....

Particulars

Note no.

Amnt.

Equity & Liabilities :-

1) Shareholders funds

(i) Share Capital 1

(ii) Reserves & surplus 2

(iii) Money received against these warrants

2) Share Application money pending allotment

3) Non-Current Liability :-

(i) Long Term Borrowings 3

(ii) Deferred Tax Liability

AS 22

(iii) Long Term provisions 4

(iv) Other Non Current Liabilities

4) Current Liabilities :-

(i) Short Term Borrowings 5

(ii) Trade payables 6

(iii) Short Term provision 7

(iv) Other Current Liability 8

Total

ASSETS :-

1) Non Current Assets

(i) PPE 9 AS 10

(ii) Intangible Assets 10 AS 26 & 14821

(iii) Capital work in progr.

(iv) Intangibles Under development

(v) Non Current Investment 11 AS 13

(vi) Deferred Tax Asset AS 22

(vii) Long Term Loans & Advances 12

(viii) Other Non Current Assets 13

2) Current Assets

(i) Current Investments		14
(ii) Inventory	Rm WIP FG SIT	15
(iii) Trade Receivables		16
(iv) ST Loans & Advances		17
(v) Cash & Cash Equivalent		18
(vi) Other Current Assets		19
	<u>Total</u>	

Statement of Profit & Loss For the year ending 31/03/.....

<u>Particulars</u>	<u>Note</u>	<u>Amnt.</u>
--------------------	-------------	--------------

1) Incomes

a) Revenue from operation	20
b) Other Incomes	21

Total Incomes

XXXX

2) Expenditures :-

- a) Cost of material Consumed (COMC) 22
- b) Purchases of SIT 23
- c) Changes in Inventory 24
- (difference of opening stock & closing stock)
- d) Employee Benef. Exp. 25
- e) Finance Cost (Borrowing Cost) 26
- f) Depreciation & Amortisation 27
PPE Intangible Asset
- g) Other Expense 28

COGS

Total Exp XXXX

Profit/(Loss) Before Tax XXX

(-) Tax Expenses (AS 22) (XX)

Profits/(Losses) after Taxes XXX

Trading	
Opng 85000	Sales 355000
Purch. 200000	
GP 135000	Clng Stock 70000

SPL

RFO

350000

Exp.!

Pur. of SIT
Changes in Inventory

+200000
+15000

Op 85
Clng 70

Profit

Close Stock Higher \Rightarrow Income

↓
Depend on
Side (→)

Opng Stock Higher \Rightarrow Expense

↓
Expense (⊕)

Sale 50000
Purchases 28000
Opng Stock 6500
Close Stock 6000
5000

SPL	
RFO	<u>50000</u>
Expense	
Purchases	28000
+ Ch	+ 5000
Total Exp.	<u>33000</u>
Profit	243000

Continuing opel. \Rightarrow Discontinued opel.

Q3

Balance Sheet

Equity & Liabilities

1) Shareholder's funds :-

(i) Share Capital

(ii) Reserves & Surp 1

2) Non-current Liab.

(i) DTL

3) Current Liabilities

Trade payables

Other current Liab 2

ASSETS

1) Non-current Assets

(i) PPE - Tangible

(ii) Capital WIP

(iii) DTA

(iv) Other Non Curr. Ass. 3

2) Current Assets

(i) Trade Receivables

Notes to A/c

Particulars

Amnt.

1) Res :-

ESD of S

xxx

P&L of Dr. Bal.

(xxx)

2) Other Current Liab.

Share application money
refundable

xxx

3) Other Non Current Assets

Capital Advances

xxx.

Note:- Capital Advances can either be shown as "LT L&A" or "Other NCA"

Q4 (Pg no. 23)

Haria Chemicals Ltd.
Balance Sheet
as on 31/03/20X1

<u>Particulars</u>	<u>Note no.</u>	<u>Cy. Amt.</u>
--------------------	-----------------	-----------------

Equity & Liabilities

1) Shareholder's funds

(i) Share Capital	1	2500,000
(ii) Reserves & surplus	2	7,40,000

2) Non Current Liabilities

(i) Long Term Borrowings	3	11,45,000
--------------------------	---	-----------

3) Current Liabilities

(i) Trade Payables	4	2,81,000
--------------------	---	----------

ASSETS

Total 46,66,000

1) Non-Current Assets

(i) Property plant & Equip.	5	30,05,000
(ii) Intangible Assets	6	2,65,000

2) Current Assets :-

(i) Inventory		8,23,000
(ii) Trade Receivable		4,40,000
(iii) Cash & Cash Equ.	7	53,000
(iv) Short L & Adv.	8	80,000

← Total 46,66,000

Haria Chemicals Statement of Profit and Loss For the year ending 31/03/21

<u>Particulars</u>	<u>Noteno.</u>	<u>Amount</u>
--------------------	----------------	---------------

Incomes :-

a) Revenue from operati.	9	42,68,000
b) Other Incomes	10	56,000
<u>← Total Incomes (A)</u>		<u>43,24,000</u>

Expenses :-

a) Purchase of SIT	11	23,19,000
b) Changes in Inventory	12	(143,000)
c) Employee Benefit Exp.	13	90,000
d) Finance Cost	14	17,10,000
e) Other Expenses	15	4,76,000

Total Expense (B) 37,23,000

Profits (Losses) before Tax 6,01,000

Tax Expenses 0

Profits After Tax
(transfer to R&S) 6,01,000

Notes to Accounts :-

Particulars

Amnt.

1) Share Capital :-

25,000 no. of Equity Shares (10/-) 25,00,000

2) Reserves & Surplus :-

Profit & Loss a/c :-

Opening Balance 13,90,000

(+) Profit For the year 6,01,000

7,40,000

3) Long Term Borrowings :-

11% Debentures 5,00,000

Bank Loan 6,45,000

11,45,000

4) Trade payable :-

T. payable

281000

5) Property Plant & Equip.

<u>Particulars</u>	<u>Gross</u>	<u>Provision</u>	<u>Net</u>
Machiness	860000	146000	714000
Furniture	200000	-	200000
Fixture	300000	-	300000
Free hold Land	1546000	-	1546000
Tools & Equip.	245000	-	245000
	<u>31,51,000</u>	<u>146,000</u>	<u>30,05,000</u>

6) Intangible Asset

Goodwill

265000

7) Cash & Cash Equivalent

Bank Current A/c
Cash in Hand

45000

8000

53000

8) Short Term L&A :-

Loan to Directors

80,000

9) Revenue from Oper.:-

Sales

4268,000

10) Other Incomes

Rent

46000

Transfer fees

10000

56,000

11) Purchases of SIT

Purchase

23,19,000

12) Changes in Inventory

(143000)

Opns Stock 680000

Closg Stock 823000

13) Employee Benefit Exp.

Wages

900000

14) Finance Cost:-

Debenture Inter.

55,000

Inter. on Bank Loan

116000

171000

15) Other Expenses :-

Discount	40,000
Advert Exp.	20,000
Bad-debts	35,000
Commission	12,000
Rentals	25,000
preliminary Exp.	10,000
Customables	8,000
Dealer Aid	21,000
Transit Insurance	30,000
Trade Expenses	37,000
Distribution freight	54,000
	<u>476,000</u>

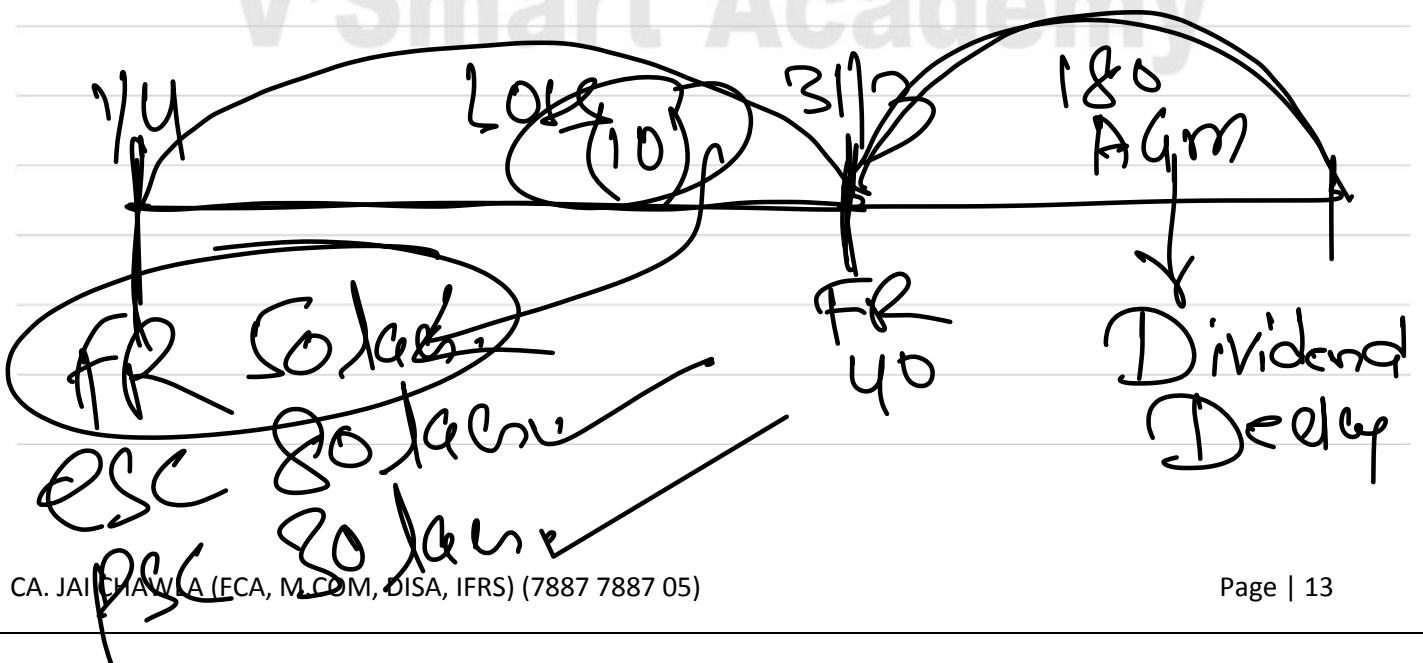
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Charge

apps:

To Bal: XXX
R/E

~~P21~~



Example

1/4/21

$$ESC = 90,00,000$$

$$PSC = 50,00,000$$

$$FR = 0$$

Fy 21-22 = Profit 30 lacs.

Company wants to Declared
Divd of 5%.

Cy Divd = 450000 out of
Cy profit

FR after Divd = 25,50,000
31/3/22

Next year 22-23

Profit = 10,00,000

Divd, proposed = 10%.

Divd amt = 900000
out of Cy

FR 31/3/23 = 2650000

Next year 23-24

Profit = 2500000

Divd proposed = 18%

Divd Amt = 1620000
out of Cy

FR = 35,30,000

Next year fy 24-25

Cy Loss = 600000

Divd proposed
in Agm = 10% ~~8%~~
30/6/25 ~~80000~~
90000

Condition 1

$$\frac{5 + 10 + 18}{3} = 11\%$$

Condition 2

10% OF ESC + PSC + FR

$$10\% \text{ OF } (90 \text{ lacs} + 50 \text{ lacs} + 29.30)$$
$$16,93,000 = \text{Maximum Withdrawal}$$

Condition 3

Minimum Bal
after withdrawal

$$\Rightarrow 15\% \text{ OF } (ESC + PS)$$

$$\Rightarrow 15\% (90 + 50)$$

$$\Rightarrow 21 \text{ lacs.}$$

GR is previous year profit

EXAMPLE 8:

Due to the inadequacy of profits during the year ended 31st March, 20X2, XYZ Ltd proposes to declare 10% dividend out of general reserves. From the following particulars, ascertain the amount that can be utilised from general reserves, according to the Companies (Declaration of dividend out of Reserves) Rules, 2014:

	Rs
17,500 9% Preference shares of Rs 100 each, fully paid up	17,50,000
8,00,000 Equity shares of Rs 10 each, fully paid up	80,00,000
General Reserves as on 1.4.20X1	25,00,000
Capital Reserves as on 1.4.20X1 X	3,00,000
Revaluation Reserves as on 1.4.20X1 X	3,50,000
Net profit for the year ended 31st March, 20X2	3,00,000 ✓
Average rate of dividend during the last three years has been 12%	

Pref Divd
157500

Solution:-

Cy Profit & its distribution

Net profit for the year = 3,00,000

(-) Pref. Dividend = (157500)
(1750000 x 9%)

Earnings available for ESH = 142500

Proposed Equity Divd. @ 10% = 8,00,000
(8000000 x 10%)

Note:- Since Cy Profit is not sufficient to discharge Equity Dividend, Hence Py Profit will be Utilized, Subject to fulfillment of following three conditions :-

Condition 1 :- Proposed Dividend should not exceed Avg. of last 3 years.

$$\text{Avg Divd. Rate of Last 3 yrs} = 12\%$$

$$\text{Proposed Cy Dividend} = 10\%$$

Condition Satisfied.

Condition 2 :-

Maximum withdrawal out of FR shall not exceed 10% of Total Paidup Share Capital & Free Reserves as per Latest Audit B/s.

a) proposed withdrawal from
Py Profits ✓
(800000 - 142500) = 657500

b) Withdrawal limit = 1239250

$$\begin{array}{r} 10\% \text{ OF } \left\{ \begin{array}{l} 8000000 \\ + 1750000 \\ + 2500000 \\ + 142500 \\ \hline 12392500 \end{array} \right. \end{array}$$

Condition Satisfied

Condition 3 :- Minimum Balance after withdrawal shall not be less than 15% of Total Paid UP Share Capital.

a) Actual Balance after proposed withdrawal = 1842500

$$2500000 - 657500$$

b) Minimum Balance Required = 1462500
15% of 97,50,000

Condition satisfied.

Conclusion :- Since all conditions are satisfied Proposed Divd of 10% can be distributed.

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Q1 (Pg. 2.1)

Since Cy Profits are not available, Py profits can be utilized subject to fulfillment of following three conditions :-

Condition 1 :- Proposed Divd should not exceed average of Last 3 years.

$$a) \text{ Avg. of Last 3 years} = 12\%$$

$$\left(\frac{12 + 14 + 10}{3} \right)$$

$$b) \text{ Proposed Divd} = 10\%$$

Condition Satisfied,

Condition 2 :- Maximum withdrawal out of Py profits shall not exceed 10% of Total paid up share Capital & FR as per latest Audited B/s.

$$a) \text{ Proposed withdrawal} = 50 \text{ Lakhs.} \\ 10\% \text{ of } 500 \text{ Lakhs.}$$

b) Maximum Withdrawal allowed = ₹ 9.5 Lakhs.

$$10\% \text{ OF } (500 + 100 - 5)$$

Condition 2 Satisfied.

Condition 3 :- Minimum Balance of P_y profits after withdrawal shall not be less than 15% OF Paid up th. Capital.

a) Balance after proposed withdrawal = 45 Lakhs.

$$\begin{array}{r} \text{GR } 100 \text{ Lakhs.} \\ (-) \text{ Loss } 5 \text{ Lakhs.} \\ \hline 95 \end{array}$$

(-) Withdrawal (50)

b) Minimum Bal. Required = 75 Lakhs.
15% OF 500 Lakhs.

Condition 3 is not Satisfied Hence Proposed Divd OF 10% is not allowed.

Maximum Divd. % Suggested :-

1) Actual Free Reserves before losses = 100 lacs

2) Less:- Cy Losses = (5 lacs)

3) Less:- Minimum Bal required 15% of Paidup Capital = (75 lacs)

Max. Divd ₹ 20 lacs.

$$\% = \frac{20 \text{ lacs.}}{500 \text{ lacs.}} \times 100$$

$$= 4\%$$

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TB

$$COGS = \text{OpSt} + \text{Pur.} - \text{Clsg.}$$

~~COGS~~

Adjusted purchase

~~500000~~

Inventory

Clsg.

SPL

Exp.

2) Purchase of stock

500000
COGS

$$\text{Adjusted Cost} = 630000$$

$$\text{Opn St.} = 15000$$

$$\text{Clo Stock} = 45000$$

Purchase

$$\text{Op} + \text{Pur} - \text{Clo} = 630000$$

$$15000 + P - 45000 = 630000$$

$$P = 660000$$

$$\text{Adj purchase} = 630000$$

Closing stock is more than Opn St
by 30000

$$\text{Assum op } 100000$$
$$\text{Clo } 30000$$

$$\text{COGS} \rightarrow \text{Adj. purchase} = 270000$$

Clas. is more than op by
12000 ✓

$$\text{Opng} = 0$$

$$\text{Clasg} = 12000$$

$$\text{Op} + \text{pur.} - \text{Clasg} = \text{COGS}$$

$$0 + P - 12000 = 270000$$

$$P = 282000$$

SPL

Rep:-

pur. of SIT
Changes in Invent

282000 ✓
(12000)

Adj purchase = ~~960000~~ Cost

Op. stock is more than Clog by 70000

$$\text{Op. stock} = 70000$$

$$\text{Clog} = 0$$

$$70000 + P - 0 = 960000$$

$$P = \underline{890000}$$

SPL

Purchase
Charges is

890000
+ 70000

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Debtors = 50000

1st

Provision Created
25000

P&L
25
To provision 25

P&L

B/S

<p>Other Exp</p> <hr/> <p>Provision 25000</p>	<p>Debt 50000</p> <p>(-) prov. 25000</p> <hr/> <p>475000</p>
---	--

Debt

Provision

<p>op 0</p> <p>Sale 80000</p>	<p>Cash 30000</p> <p>Clasg 50000</p> <p>49</p>	<p>TOTAL</p> <p>49</p> <p>25000</p>	<p>By P&L 25000</p>
-------------------------------	--	-------------------------------------	-------------------------

Manufacturer

Comc



- OP Raw mat 1000kg,
- (+) purc. of Rm 10000kg,
- (-) Closg Rm 3000kg.

Rm Consume 8000kg.

- (+) Labour
- (+) Dir exp.

COGS FG

OP FG 1200 Kg.

(+) FG produ. 7500kg.

(-) Closg FG 1000kg.

COGS 7700kg.

FG 7500 Kg.

Trader

~~Comc~~

COGS

OP Stock

+ purc of stock

- Closg st

COGS

Situation

1/4/24

Fy 24-25

31/3/25

30/4

31st May
Audit
F/A/c

Bm 5th June

F/S Approved

~~Proposing
Divd 10%~~

Agn 30th June

P&L a/c

NPAT 500000

Prof Divd xxx

Eg Divd xxx

Bal profit

SPL

RFO
Other Income

Expenses

PBT

Tax

(-)

Transfer to P&L NPAT 500000

B/S

SH fund

1) Sh. Cap

2) R&S

2

Note 2:- R&S

Op. P&L a/c b/f

100000

(+) NPAT

500000

(-) Pref. Divd

xxx

(-) eg Divd

xxx

(-) Inter. Divd

P&L a/c Dr.

R&S
(-)

To Divd. payable

OC

TB

	Dr.	Cr.
Asset	xxx	
Liab		xxx
Exp	xxx	
Ine		xxx
Part Int Div part	xxx	

Asset ↑ 100000

Asset Div. 100000
To RR 100000

Asset ↓ 120000

Ex:-10

Opng.



Org. Cost = 750000

prov. for = 220000
Dep

Sale

Org Cost 45000
provision 32000

Sale at
15000

Machine Sold

Remaining machines.

Org. Cost = 45000

provision = 32000

WDV = 13000

Sale = 15000

Gain. 2000

Org. Cost = 705000

(-) provision = (180000)

220000 - 32000

WDV = 517000
at Beg.

Dep = 77550
@ 15%

Wrong entry :-

~~Bank~~ 15000
To Suspense 15000

Correct entry :-

Bank 15000
Provision 32000
 To Gain 2000
 To Mach. 45000

Rectified entry :-

Suspense 15000
Provision 32000
 To Gain 2000
 To Mach. 45000

Dep Dr.
 To Prov.

Notes to Ac :-

Particulars	Dr. Gross	Cr Bal. Provision	(Net Dr.) Net
Beginning op. Bal.	75000	22000	53000
(+/-) Depreciation during the year	-	(+) 77550	(77550)
(-) Sale of Asset (45000)	(32000)		(13000)
	<u>70500</u>	<u>265550</u>	<u>439450</u>

B/S (Extract)

Non Current Asset	
PPE	439450

SPL (Extract)

Other Income	
Gain on Sale	2000
Expense	
Depreciation & Amort.	77550

Ex:- 11

Machine sold

$$\begin{aligned}
 \text{Opng Gross} &= 450000 \\
 (-) \text{Opng prov.} &= 160000 \\
 \hline
 \text{Opng WDV} &= 290000 \\
 (-) \text{Dep 6m. 6\%} &= 17400 \\
 \hline
 \text{WDV on Sale} &= 272600 \\
 \text{date} &
 \end{aligned}$$

Remaining Machines.

$$\begin{aligned}
 \text{Op. Gross} &= 1750000 \\
 (-) \text{Op. prov.} &= 690000 \\
 \hline
 \text{Opng WDV} &= 1060000 \\
 \text{Dep 12\%} &= 127200
 \end{aligned}$$

Sale Value = 300000

Gaman Sale = 27400

Total Depreciation

= 127200 + 17400

= 144600

Notes

	<u>Gross</u>	<u>Provision</u>	<u>Net</u>
Oping.	2200000	850000	1350000
(+) Dep. For the Year	-	144600	(144600)
(-) Sale	(450000)	(177400)	(272600)
	1750000	817200	932800

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Q5 (Pg. no. 2.6)

Mehar Ltd.
Balance Sheet
As on 31/03/20

<u>Particulars</u>	<u>Note no.</u>	<u>Amnt.</u>
--------------------	-----------------	--------------

Equity & Liabilities

1) Shareholders Funds

a) Share Capital	1	1,60,00,000
b) Reserves & Surplus	2	1,06,68,000

2) Non Current Liabilities

a) Long Term Borrowings	3	48,00,000
-------------------------	---	-----------

3) Current Liabilities

Trade Payables		45,80,000
Short Term provision	4	10,20,000
Other Current Liabilities	5	4,00,000
		<hr/>
	Total	3,74,68,000
		<hr/> <hr/>

Assets

1) Non-current Assets :-

a) PPE	6	2,14,00,000
b) Non Current Invest.		900000
c) Long Term L&A	7	14.88.000

2) Current Assets :-

a) Inventory	8	48,00,000
b) Trade Receivable	9	4820,000
c) Short Term L&A	10	2,10,000
d) Cash & Cash Eq.	11	38,40,000

Total 3,74,68,000

Notes to Accounts :-

1) Share Capital

(i) 120000 Eq. Shares of 100/-	12,00,00,000
(ii) 10% Redeemable PSC 40000 no. of 100/-	40,00,000
	<u>1,60,00,000</u>

2) Reserves & Surpluses :-

(i) Security Premium	19,00,000
(ii) General Reserves	62,00,000
(iii) <u>P&I a/c :-</u>	25,68,000

Opng	NIL	
(+) Profit for the year	32,00,000	<u>1,06,68,000</u>
(-) Misc. Exp	(2,32,000)	
(-) Pref. Divd.	(4,00,000)	

3) Long Term Borrowings

Term Loan (secured)	40,00,000
Loan from other parties	8,00,000
	<u>48,00,000</u>

4) Short Term provision

provision for Tax	10,20,000
-------------------	-----------

5) Other Current Liabilities

Pref. Divd. payable	4,00,000
---------------------	----------

6) PPE

Plant & Machinery (WDr) 2,14,00,000

7) Long Term L&A :-

Other Advances 14,88,000

8) Inventory :-

Loose Tools 20,00,000

Stores 16,00,000

FG 30,00,000

48,00,000

9) Trade Receivables :-

48,20,000

Gross 49,00,000

(-) provision for (80,000)

DD

10) Short Term L&A :-

Staff Advance 2,20,000

(assuming short term)

11) Cash & Cash Equivalent

Cash & Bank Bal.

38,40,000

12) We are assuming that pref. shares are cumulative hence pref. Divd. will be payable mandatory.

Note:-

1) Share Capital

280000 no. of 10/- each (in cash) = 28 Lak.

420000 no. of 10/- each (non cash) = 42 Lak

70

Call in (-)

2)

	<u>Gross</u>	<u>Prox-</u>	<u>Net</u>
Buid	2800000	750000	2050000
P&M	4900000		
Fun	437500		

Land 1400000

1400000

3) Trade Receivable

Particulars	Due upto 6m.	Due more than 6	Total
T.R	1020000	380000	1400000

4) Cash & Cash Eq.

Bal. with Scheduled	121000
Bal. with Non-Scheduled	18000

5) Unse Loan 847000

Bank	200000	Related party	100000	Others parties	547000
------	--------	---------------	--------	----------------	--------

Pay

Loan from Bank

Loan from RP

Other Loan

Dividend as paid up

100000 no.

101-

(2/- not paid)

Paid up $100000 \times 8 = 800000$

Divd.

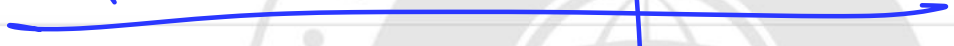
Interim Div 50
To Bank 50

FB

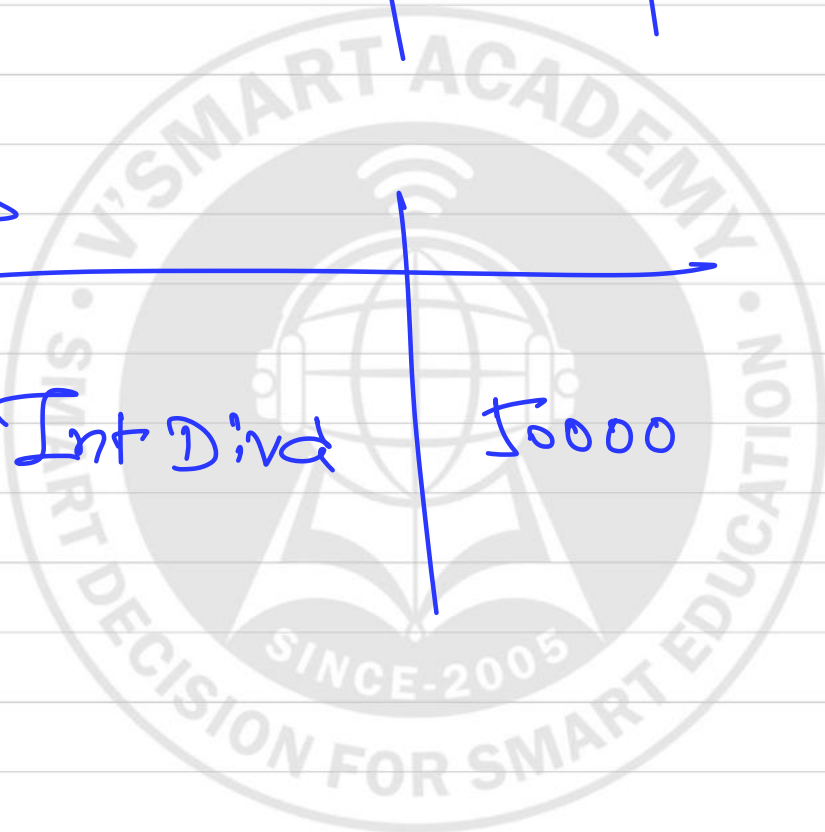
Dr.



Res



(-) Int Divd | 50000



V'Smart Academy

Q6 (Pg. no. 28)

15 marks

Solution

Ring Ltd.
Balance Sheet
31/03/22

Particulars

Notes no.

Amt.

Equity & Liabilities

1) Shareholder's Funds

a) Share Capital	1	4,00,000
b) Reserves & Surplus	2	3,42,800

2) Non Current Liability

a) Long Term Borrowings	3	4,00,000
-------------------------	---	----------

3) Current Liabilities

Trade payable	4	1,84,000
Short Term provision	5	9,200
Other Current Liab.	6	42,500

14,60,000

ASSETS

1) Non Current Asset :-

a) PPE	7	5,70,000
b) Non Current Investm.	8	2,40,000

2) Current Asset :-

a) Inventory	9	2,26,000
b) Trade Receivable	10	2,40,000
c) Cash & Cash Equ.	11	60,000
d) Other Current Assets	12	1,24,000

14,60,000

Contingent Liability 13 1,20,000

Statement of Profit and Loss for the year ended 31/03/22

Particulars	Note	Amt.
-------------	------	------

Incomes :-

1) Revenue from operation	14	10,40,000
2) Other Incomes	15	24,000

Total Incomes = 10,64,000

Expenses :-

1) Purchase of GIT	16	58,000
2) Changes in Inventory	17	(16,000)
3) Employee Benf Exp	18	12,000
4) Finance Cost	19	5,600
5) Depreciation & Amort.	20	40,000
6) Other Expense	21	124,000

Total Expenses = 76,000

Profit before Tax	30,400
(-) Tax Expense @ 30%	9,200

Profit after Tax

21,200

(transfer to R&L)

Notes to Accounts

1) Share Capital

(i) Authorized Share Capital 10000 no. of 100/- each	<u><u>10,00,000</u></u>
(ii) Issued & Subscribed 4000 no. of 100/- each	4,00,000

2) Reserves & Surplus

a) General Reserves.	10,12,800
Opng Bal.	80,000
(+ Transfer from P&L)	<u>2,12,800</u>

b) Profit & Loss A/c		
Opng. Bal.	50,000	24,15,200
(+ NPAT)	2,12,800	
(-) Transfer to GR 10%.	<u>(2,12,800)</u>	
		<u><u>34,28,000</u></u>

3) Long Term Borrowings :-

14% Debentures	4,00,000
----------------	----------

4) Trade Payables :-

Creditors 184000

5) Short Term provision

provision for Income Tax 91200

6) Other Current Liab. :-

Outstanding Expenses	4000
Interest on Debt Accrued	28000
Unclaimed Divd.	10000
	<hr/>
	42000

7) Property Plant & Equipment

	<u>Gross</u>	<u>prov. for Dep.</u>	<u>Net</u>
Building	580000	100000	480000
Machinery	200000	110000	90000
	<hr/>	<hr/>	<hr/>
	780000	210000	570000

8) Non Current Investments :-

Investments	240000
-------------	--------

9) Inventory :-

Class Stock	180000
Loose Tools	46000

226000

10) Trade Receivables

Debtors	250000
---------	--------

(-) provision for Doubtful Debts 6000 + 4000	(10000)
---	---------

240000

11) Cash & Cash Equivalent :-

Bank	60,000
------	--------

12) Other Current Assets :-

Advance Tax	120000
-------------	--------

Interest Accrued	4000
------------------	------

124000

13) Contingent Liabilities

- a) Dividend declared @ 25% i.e 100000
- b) Bills discounted but not yet 20000 matured

120000

14) Revenue from operations :-

Sales

1040000

15) Other Incomes :-

Interest on Investment

24000

16) Purchase of SIT

Adj purchase (COGS)

420000

(+) Close Stock

180000

(-) Opng Stock

(20000)

580000

17) Changes in Inventory

Opng 20000

Close 180000

(160000)

18) Employee Benf. Exp. :-

Salaries 120000

19) Finance Cost

Debenture Interest 56000

20) Depreciation & Amortisation

Dep. on Building 16000

Dep on Machine 24000

40000

21) Other Expenses :-

Director fees 20000

Rent 52000

Bad debts 12000

Sundry Exp. 36000

provision for DD 4000

124000

$250000 \times 4\% = 10000$

- 6000 op. prov

4000

Q9 (Pg. 2.17)

1) Changes in Inventory :-

Opng = 66500

Closg = 708000 → B/s

(43000) → P&L

2) Op's wages = 25000

Wages

1368000

+ 25000

P&L 1393000

B/s

25000

OCL

3) Op's BEep. = 36000

BEep.

56000

+ 36000

P&L 92000

B/s

36000

OCL

4) Dividend ⇒ Contingent Liab.

5) Depreciation

$$\text{Machinery} = 37500$$

$$\text{Eng. Tools} = 30000$$

$$\text{pattern} = 37500$$

$$\text{F&F} = 15000$$

$$\underline{120000}$$

$$6) \text{ TR Receivable} = 400500 \rightarrow \text{TB}$$

$$\text{BD Dr. To TR} \quad (-) \text{ additional BD} = \underline{(16000)} + 25500 = 41500 \text{ P&L}$$

$$384500$$

$$(-) \text{ provision For DD} \quad \underline{(25000)} \rightarrow \text{P&L}$$

other exp.

$$\underline{359500} \quad \text{B/S}$$

B/S

P&L

To provision

Credit Bal.

Notes:-

1) Share Capital:-

(i) Authorised Capital

500000 no. of shares of 10/- 50,00,000

(ii) Issued & Subscribed

200000 no. of shares of 10/- 20,00,000

(-) Calls in arrears (10,000)

19,90,000

2) Reserves & Surpluses:-

a) P&L a/c

Opng Bal. 67000 340000

(+) NPAT 280000

(-) Transfer to GR (7000)

b) General Reserves.

7000

(+) Op Bal 0

7000

347000

3) ST Borrowings :-

Bank OD 2,67,000

4) Short Term provision :-

Tax provision 120000

5) Other Current Liab :-

ops wages 25000

ops B/Exp. 36000

61000

6) PPE :-

	<u>Gross</u>	<u>Deprec</u>	<u>Net</u>
Freehold Land	1625000	-	1625000
Machine	750000	37500	712500
Eng. Tools	150000	30000	120000
Patterns	375000	37500	337500
f & f	150000	15000	135000

2930000

7) Trade Receivable

Debtors	400500
(-) Bad debt additional	(16000)
	<hr/>
	384500
(-) prov. for DD	(25000)
	<hr/>
	359500
	<hr/>

8) Cash & CE

in Hand
Bank

8000
20000
<hr/>
28000
<hr/>

9) RFO :-

Sales

3617000

10) Other Issues :-

Rent
Transfer

30000

6500

36500

11) Changes in Inventory (43000)

Opng 665000
Clsg 708000

12) Emp. Benf

Wage Paid 1368000 1393000
Wage o/s 25000

13) Fin. Cost

Int. on Bank o/s 111000

14) Depreciation

120000

15) Other Exp. :-

Discount 30000
Carriage 57500
Rent Rates 55000
Adv. 15000
Comm. 67500
B/E + o/s exp 92000

Repairs

56500

Bad debt (25500 + 16000) 41500
 Provision for DD 25000

440000

SPL

Rfo	3617000
Other Incomes	36500
	<u>3653500</u>
Purchase	1232500
Changes in Invent	(43000)
Emp. Benf Pay	1393000
F/c	111000
Dep	120000
Other Exp	440000
	<u>3253500</u>
Profit Before Tax	400000
← Tax @ 30%	120000
Profit After Tax	<u>280000</u>

B/S

ESC	1990000
R&S	347000
<u>CL:-</u>	
T payables	240500
Sh. Term Borr.	1267000
Sh. Term prov.	120000
Other CLiab.	61000
	<u>4025500</u>
<u>NCA</u>	
PPE	2930000
<u>CA</u>	
Inventory	708000
T. Receivable	359500
Cash & CE	28000
	<u>4025500</u>

Cont. Liab Dividend @ 12% on paid up
Capital 238800/-

Q7

- 1) Pref. Divd 30000 $\left\{ \begin{array}{l} \text{P&L (-)} \\ \text{OCL B/S} \end{array} \right.$

- 2) Interest on Debt 12000 $\left\{ \begin{array}{l} \text{FC (P&L)} \\ \text{OCL (Payable)} \end{array} \right.$

- 3) Wages $\left\{ \begin{array}{l} \text{Emp Benf exp (P&L)} \\ \text{OCL (B/S)} \end{array} \right.$

- 4) Comc :-
Op Rm 5260
(+) purchase 36200
(-) Closg Rm (16400) \rightarrow B/S

25060 \rightarrow P&L

- 5) Depreciation :- 4315

17000

21315 $\left\{ \begin{array}{l} \text{P&L} \\ \text{B/S PPE (-)} \end{array} \right.$

- 6) Share Capital (TB) = 805000 $\left\{ \begin{array}{l} \text{SC 800000} \\ \text{CR 5000} \\ \text{R&S} \end{array} \right.$

- 7) Contingent Liab \Rightarrow Eg. Divd 64000/-

4) Other Current Liab.

Pref. Divd payable	30000
o/s Wages	1280
Interest o/s	12000
	<u>43280</u>

5) PPE

	<u>Gross</u>	<u>Dep.</u>	<u>Net</u>
Freehold L&B	850000	17000	833000
f&f	86300	4315	81985
	<u> </u>	<u>21315</u>	<u>914985</u>

6) Intangible Assets

Goodwill (at Cost)	300000
--------------------	--------

7) Non Current Asset

Investment	272300
------------	--------

8) Inventory :-

Rm :- Foodstuff	16400
LIT :- Wine/Cigar/Cigarette	22500
	<u>38900</u>

9) Cash & CE :-

in Hand	2200
at Bank	76380
	<u>78580</u>

10) Rfo

a) Sales :-	Food 57600	
	Wine/C/C 68400	126000
		<u>126000</u>

b) Services :-	Rent 48000	53700
	Billiards 5700	
		<u>59400</u>

179700

11) Other Income :-

Misc	2800
Transfer	3300
Discount received	700
	<u>6800</u>

12) Cost of material Consumed

Op Bm	5260	
(+) Purchase	36200	
(-) Closing	(16400)	
	<u>25060</u>	

13) Purchase of SIT

Wine/Cigarette/Cigar	45800
----------------------	-------

14) Change in Inventory :-

Wine/cig./cig.	{	OP SIT	12800	
		Closg SIT	<u>22500</u>	

(9700)

15) Emp. B. Exp. :-

Wages & Salary	28300	29580
(+) O/S	<u>1280</u>	

16) Finance Cost

Int. on Debt	12000
--------------	-------

17) Depreciation & Amort.

L&B	17000	21315
F&F	<u>4315</u>	

18) Other Exp. :-

Rent Rates Taxes	8900
Laundry	750
Coal & Firewood	3290
Carriage	810
Sundry Exp	5840
Advt.	8360
Repairs	4250
Preliminary & form. Exp	8000

V'Smart Academy

Q20 HW (Pg no. 2.43)

Working Note Machine & its Depreciation

Sold machine

Retained Machine

$$\text{Org Cost} = 24000$$

$$(-) \text{Acc. Dep} = \underline{20000}$$

$$\text{WDV on date of Sale} = 4000$$

$$\text{Sale Cash} = 10000$$

$$\text{Other Income} = \underline{6000}$$

$$\text{Org. Cost} = 80000$$

$$\text{Dep @ 10\% on Cost}$$

$$\text{Dep} = 8000$$

$$\text{Dep a/c Dr. } 8000 \\ \text{To provision } 8000$$

$$\text{Provision (TB) on retained} = \underline{13000 \text{ Cr.}}$$

$$(+)\text{ Dep during the year} = 8000 \text{ Cr.}$$

$$\text{Closg} = \underline{21000}$$

Rectified entry

$$\begin{array}{l} \text{Suspense A/c Dr. } 10000 \\ \text{Prov. for Dep A/c Dr. } 20000 \\ \hline \text{To Machine } 24000 \\ \text{To Gain } 6000 \end{array}$$

Notes PPE

<u>Particulars</u>	<u>Gross</u>	<u>Provision</u>	<u>Net</u>
1) Land	800000		
(+) Revaluation Upward	160000		
(a)	<u>960000</u>	-	<u>960000</u>
2) Plant & Machine	824000	150000	674000
(+) Depreciation	-	80000	(80000)
(-) Sold	(24000)	(20000)	(4000)
(b)	<u>800000</u>	<u>210000</u>	<u>590000</u>
Gross Total (a+b)	1760000	210000	<u>1550000</u>
			↓ B/s

Notes:-

Share Capital

1) Authorised Capital

80000 share of 10/- each 800000

2) Issued & Subscribed

a) For Cash Consideration
45000 no. of Sh. @ 10/- 450000

b) For other than Cash
5000 no. of Sh. @ 10/- 50000

(-) Calls in arrears (5000)

495000

V'Smart Academy

Class Example 1

31/3 Trial Balance (extract)

	<u>Dr.</u>	<u>Cr.</u>
Plant & machine (cost)	12,20,000	-
Provision for Depreciation (opng)	-	35,000
Suspense	-	90,000

Additional details :-

1) One Machine whose cost was 200,000 & prov. for Dep at Beginning of Cy was 90,000, sold & amt wrongly credited to suspense.

Date of Sale 1/10

2) Depreciation Rate = 12% on W.D.V

3) One Machine was purchased on 1/Jan at cost of 300,000, already included in above T.B.

Calculate 1) Gain/Loss on sale

2) Depreciation during the year

3) Prepare Notes.

Sol) :-

Working

Sold Machine	Purchased Machine	Remaining Machine
Org Cost 200000 (-) prov. till Beg. 90000 Op WDV 110000 1/4 Dep @ 6% (6600) WDV as on 1/10 103400 Sale on 1/10 90000 Loss = 13400	Org Cost 300000 1/Jan Dep $300000 \times 12\% \times \frac{3}{12}$ 9000 WDV = 291000	Org Cost 720000 (-) prov. till Beg. 260000 Opn WDV = 460000 Dep = 55200 @ 12% WDV = 404800

Total Clog WDV = 695800

Dep. during the year :-

$$6600 + 9000 + 55200 = 70800$$

Dep. a/c Dr. 70800
To prov. 70800

Notes to Accounts

Particulars	Gross	Provision	Net
Opng Bal	920000	350000	570000
(+/-) Depreciation	-	61800	(61800)
(-) Sold	(200000)	(96600)	(103400)
(+) Purchased	300000	9000	291000
	1020,000	324200	695800

$$70800 = 9000 + \underbrace{6600 + 55200}_{61800}$$

Class Ex:- 2

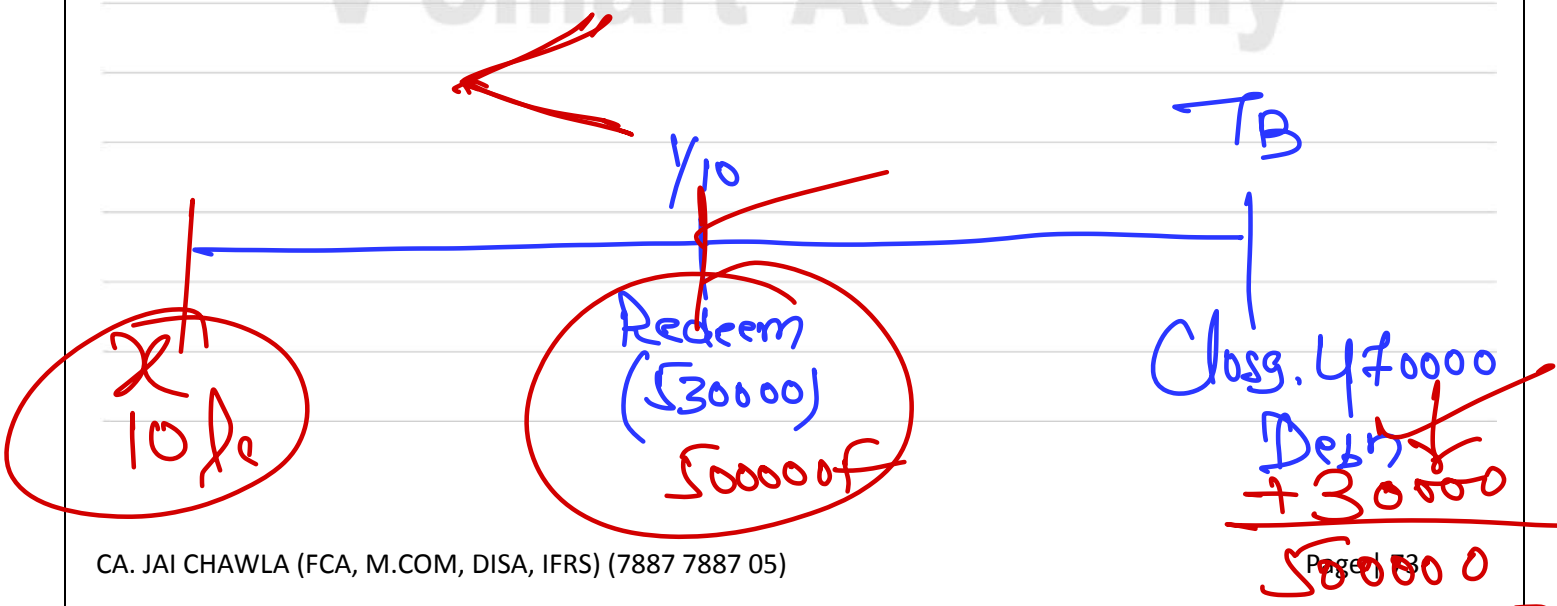
Trial Bal. (Extract) 31/3

	Dr.	Cr.
12% Debentures.	—	470000
Debenture Interest (First 6 months)	60000	—
Security Premium	—	150000

Additional information:-

1) On 1/10, Debentures of Rs. 500000 (face value) redeemed at 30000 premium & premium amount wrongly debited to Debenture a/c

Calculate :- 1) Total Debⁿ Interest during the year
2) and correct the TB figures.

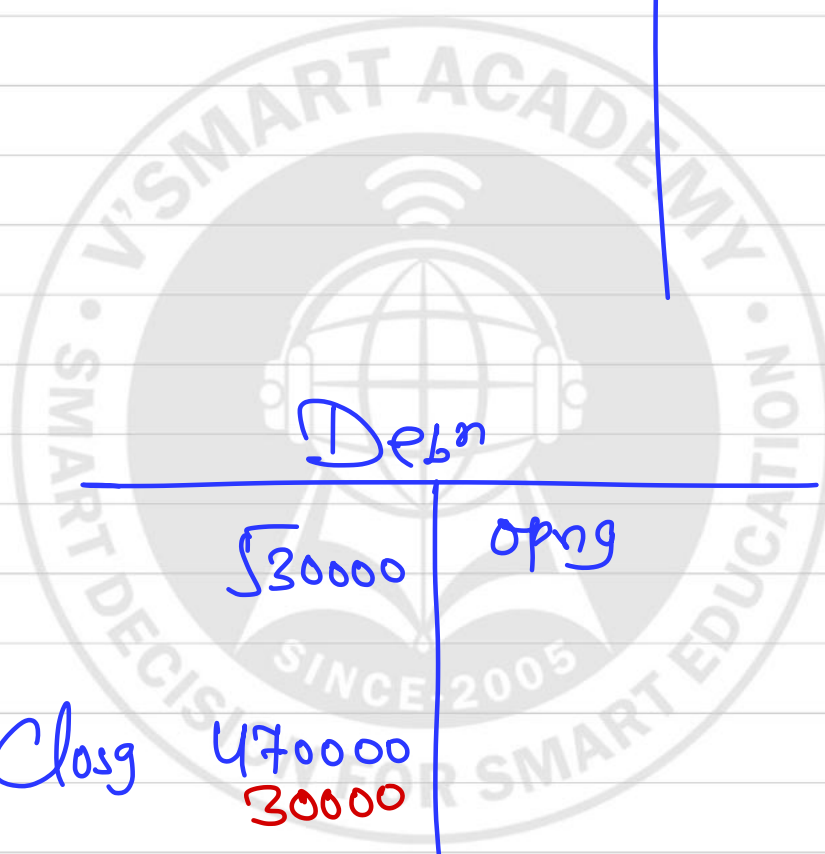


Correct

Debn a/c Dr. 500000
 SP a/c Dr. 30000
 To Bank ₹300000

Wrong Entry

~~Debn ₹30000~~
~~To Bank ₹30000~~



Debn

₹30000	opng
Closg 470000 30000	

V'Smart Academy

TB	Dr.	Cr.
12% Debn	-	500000
SP	-	120000
Debn Int (full)	90000	
Debn Int Payable	-	30000



1) ~~Debn~~ ~~preman~~ 0.3
To Debn Hold 530

2) ~~Debn Hold~~
To Bank 530

3) ~~SP~~
To preman

B/R = 4500 dishonour

Debtor 4500
To B/R 4500

OE

BD a/c Dr. 2250
To Debtors 2250

Q10 (Pg. no. 220)

Om Ltd.
Balance Sheet

<u>Particulars</u>	<u>Note</u>	<u>Amnt.</u>
<u>Equity & Liabilities</u>		
1) Shareholders funds		
a) Share Capital	1	12,00,000
b) Reserves & surplus	2	78150
2) <u>Non Current Liab.</u>		
a) Long Term Borrowings	3	450000
3) <u>Current Liabilities</u>		
a) Short Term Borrowing	4	450000
b) Trade payables		263550
c) Other Current Liab.	5	47250
		<u>24,88,950</u>

ASSETS

1) Non Current Assets

a) PPE	6	1149900
b) Intangible Assets	7	405000
c) Non Current Invt		150000

2) Current Assets

a) Inventory	8	427500
b) Trade Receivable	9	272550
c) Cash & Cash Eq.	10	84000

2488950

Contingent Liabilities 11

Bills discounted but not yet matured 6000

Statement of Profit & Loss

For the year ending 31/03/21

Particulars	Note	Amt.
<u>Incomes :-</u>		
1) RFO	12	2011050
2) Other Incomes	13	12750
	Total	2023800
<u>Expenses :-</u>		
1) Purchase of SIT	14	1456500
2) Charges in Inventory	15	8100
3) Employee Benf. Exp	16	120000
4) Finance Cost	17	51900
5) Depn. & Amort.	18	56100
6) Other Expense	19	302550
	Total Expenses	1995150
Profit For the year (transfer to Res)		28650

Notes to Accounts :-

1) Share Capital

a) Authorised Capital

6% Red. Pref. Sh. (60000 no.) of 10/-	600000
Equity Shares (90000 no.) of 10/-	900000
	<u>1500000</u>

b) Issued & Subscribed :-

6% Redem. Pref. Sh. Cap (60000 no.)	600000
Equity Shares (60000 no.) 10/-	600000
	<u>1200000</u>

2) Reserves & Surplus :-

Profit & Loss A/c

Opng. Bal	85500
(+) Profit	28650
(-) Pref. Divd.	(36000)
	<u>78150</u>

3) Long Term Borrowings :-

5% Debentures

450000

4) Short Term Borrowing

Bank OD 450000

5) Other Current Liab :-

Interest on Deb ⁿ payable	11250
pref. Dividend payable	36000
	<u>47250</u>

6) PPE

	<u>Gross</u>	<u>Prov. for. Depreciation</u>	<u>Net</u>
1) Free Hold property	1050000	-	1050000
2) Furniture			
Opng	150000	45000	105000
(+) addition	6000	-	6000
(-) Depreciation	-	11,100	(11,100)
	<u>156000</u>	<u>56100</u>	<u>99900</u>
Gross Total	1206000	56100	1149900

7) Intangible Asset

Technical 450000 (45000) 405000

8) Inventory:-

Closing Stock 427500

9) Trade Receivables

a) Bills Receivables 120000

Opng 124500
(-) Dishonour 4500

b) Debtors

Opng. 150300
(+) B/R dishonour 4500
(-) B. Debts 2250

152550

Debtors due for upto 6m. 134550

Debtors due for 6m or months 18000

152550

10) Cash & Cash Egv.

in Hand

84000

12) RFO
Sales

2011050

13) Other Incomes
Dividend

12750

14) Purchase of SIT

Purchase
(-) Adv. Exp (Free Sample)

1471500

15000

1456500

15) Changes in Inventory

Opng 435600

8100

Clng 427500

16) Employee Benf. Exp.

Salary & Wages

126000

(156000 - 30000)

(-) PPF Install.

(6000)

120000

17) Finance Cost

Interest on Bank OD	29400
Debn Interest	11250
	+ 11250
	<u>51900</u>

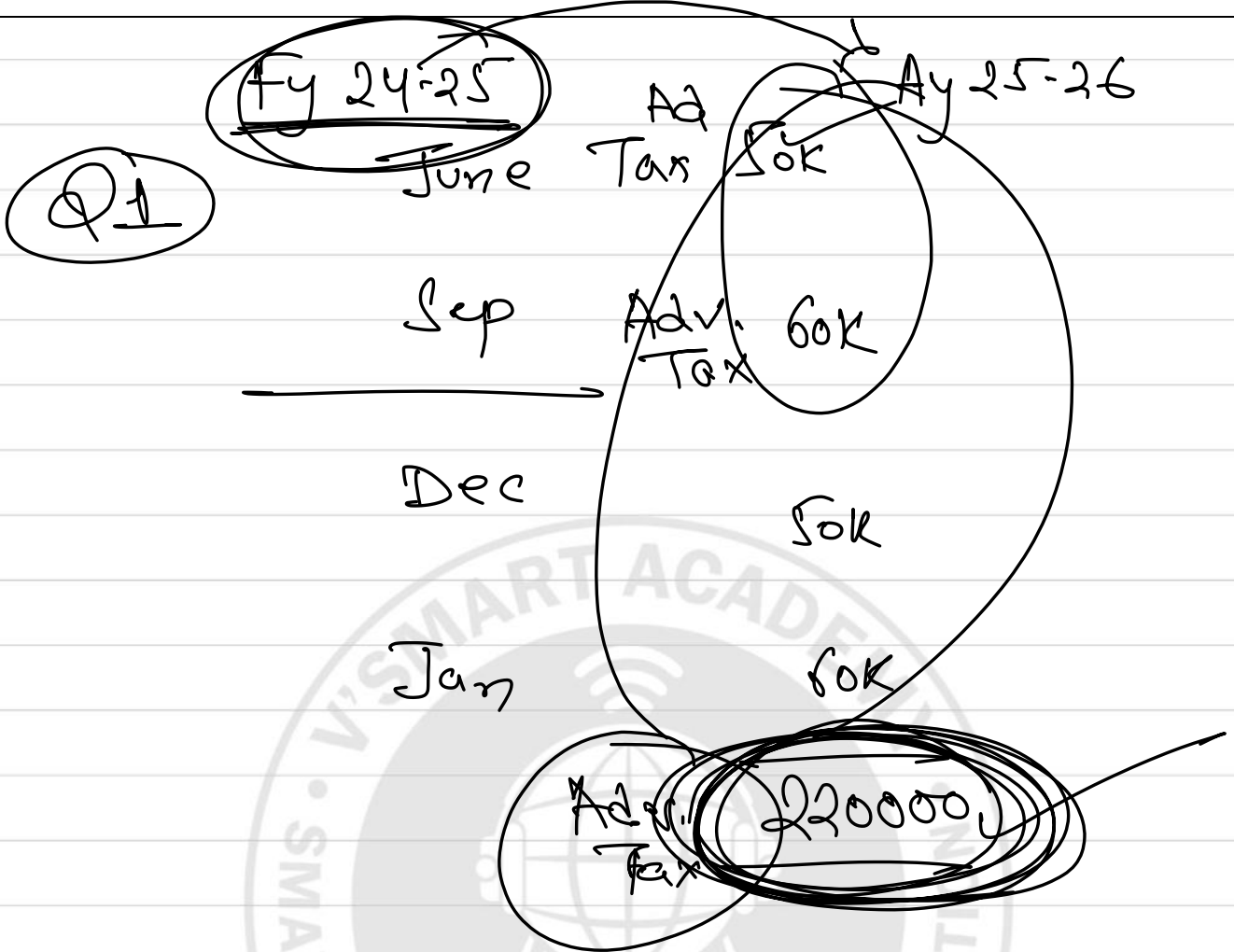
18) Dep. & Amortisation :-

F&F	1100
Amort. of Tech. Kw	45000
	<u>56100</u>

19) Other Exp. :-

Director Rem.	30000
Bad debts	2250
Advertising	15000
Selling Exp.	237300
Audit fees	18000

302550



31/3/25 Provision for Tax 200000

P&L Dr.
To Provision for Tax
B/S

STP 25000

(-) Adv. Tax (220000)

30000 ✓

Q14

Rough work

1) Depreciation P2m 531250
 F&F 74250
 F Build. 174800

2) O/s Rent 20000
 Other exp (+)
 OCL

3) O/s Wage 156500
 Emp. BINF (+)
 OCL

4) Debtors = 647500
 X 5%
 323750 Provision
 (-) 25000 Provision (TB)
 298750 Other exp. (P&I)
 additionally Created

B/s

Debtors 647500
 (-) 323750

5) STP = Tax 25%
 P&I → Tax
 STP (setoff)

1) Share Capital

Authorise 200000 of 10/- 20,00,000

Issued 100000 of 10/- 10,00,000

2) Res

a) SP 250000

b) GR opng 1000000 1100000

(+) Transfer 100000

c) P&L opng 875500 1126462

(+) profit 350962
A.Tax

(-) Transfer (100000)
to GR

2476462

3) Long Term Borrowing

Loan from Public Sector Bank 8500000

4) Short Term Borrowing

Current maturity of LT Loan 1700000

5) Trade Payables

Creditors	5508875
(+) B/P	125000
	<u>5633875</u>

6) ST provision

provision for Tax	116988
(-) Adv. Tax	<u>(37500)</u>
	79488

7) Other Current Liab

Ofs Wages	156500
Ofs Rent	20000
	<u>176500</u>

8) PPE :-

	<u>Gross</u>	<u>Provision</u>	<u>Net</u>
a) Land	2400000	-	2400000
b) F. Building			
Opng.	3680000	184000	3496000
(+/-) Depr.	-	174800	(174800)
	<u>3680000</u>	<u>358800</u>	<u>3321200</u>

c) Fix. & fitting

Opng.	825000	82500	742500
Dep.	—	74250	(74250)
	<u>825000</u>	<u>156750</u>	<u>668250</u>

d) P&M

Opng.	6250000	937500	5312500
Dep.	—	531250	(531250)
	<u>6250000</u>	<u>1468750</u>	<u>4781250</u>

Gross



1,11,70,700

g) Trade Receivables :-

As per Trial Bal. :-

due for more than 6m.	85600
(B/F) due for within 6m	6389400
	<u>6475000</u>
(-) provision for DD	323750
	<u>6151250</u>

10) Cash & Cash Equ.

Bank
in Hand

975000
131875

1106875

11) Revenue from Oper.

Sales.

12587000

12) Other Incomes

Commission

72500

13) Changes in Inventory

Opn Stock

92500

Clos. Stock

1137500

(212500)

14) Emp. Benef. Exp.

Wages Paid

1272000

(+) O/S

156500

1428500

16) Finance Cost

Interest on Term Loan

805000

17) Depreciation & Amort.

on Building

174800

on P&M

531250

on F&F

74250

780300

19566325 B/Ls

350962 PAT

18) Other Exp. :-

Rent (220+20)	240000
Rates Taxes	50000
S&D	436000
Directors fee	32000
Bad debts	38500
provision for DD	298750
	<hr/>
	1095250

SFC

Reven.
Other

12587000
72500

12659500

Purchase
Changes in Inv.
EBE
F/c

8295000
(212500)
1428500
805000

Dep.

780300

Other Exp

1095250

12191550

PBT

467950

Tax @ 25%

116988

PAT

350962

B/e

Sh. Capital

10,00,000

R&S

2476462

LTB

8500000

STB

1700000

T. payables

5633875

STP

79488

OCL

176500

195,66,325

PPE

11170700

Inventory

1137500

T.R

615250

CAKE

1106875

19566,325

Contingent Liab.

Dividend @ 10% = 100000

Q13 (Pg. 2.29)

Rough work

1) ~~Pref. Divd 30000~~ → ~~R&S (-)~~
~~OCL~~

2) ~~Loss on Sale~~ ⇒ ~~Other Exp (P&L)~~

3)

~~Machin. (TB)~~

~~770000~~

Sold
 Cost 100000

X

Retained
 Cost 670000

Dep @ 10%

~~67000~~

Opng

Yoct

FC Value = 100/-

805000

~~$6000 \times 100 = 600000$
 $2000 \times 60 = 120000$~~

~~720000 Sh. Capital~~

~~40/- Call~~

~~1900
 $\times 40$~~

~~76000~~

~~Bank~~

~~To Sh. Capital~~

~~Reissue~~

~~100 no.
 $\times 90/-$
 9000~~

~~Bank
 To Sh. Cap.~~

Share Capital 5000
 To CR 5000

4) Equity Divd = $800000 \times 5\% = 40000$

R&S (-)
 OCL +

5) Amortisation = 250000

Goodwill (-)
 Dep & Am. (P&L)

6) Land Upward Revalue 1200000

R&S
 PPE

7) Share Capital

Authorized Capital

a) 5000, 6% Pref. sh. of 100/-	500000
b) 10000 equity sh. of 100/-	1000000
	<u>1500000</u>

Issued & Subscribed

a) 5000, 6% PSC of 100/-	500000
b) 8000 equity sh. of 100/-	800000

2) Reserves & Surplus

a) Capital Reserves (Garnar forfeited)	5000
b) Revaluation Reserves (Land)	120000
c) General Reserves	4000000
d) P&L a/c Bal.	186900

Opng. 72000

5391900

(+) Profit 184900

(-) Pref. Divd (30000)

(-) Eq. Divd. (40000)

3) Long Term Borrowing

G.I. Debt

400000

4) Other Curr. Liab :-

Pref. Divd

30000

Equity Divd

40000

70000

5) PPE

	<u>Gross</u>	<u>Provision</u>	<u>Net</u>
a) <u>Land :-</u>			
Opng. Bal.	2400000	-	2400000
(+) Revaluation	1200000	-	1200000
	<u>3600000</u>	<u>-</u>	<u>3600000</u>

b) Plant & Mach.

Opng. Bal.	770000	172000	598000
(+/-) Depreciation	-	67000	(67000)
(-) Sold	(100000)	(30000)	(70000)
	<u>670000</u>	<u>209000</u>	<u>461000</u>

Gross Total 4270000 209000 4061000

6) Intangible

	<u>Cost</u>	<u>Amort.</u>	<u>Net</u>
Goodwill	1250000	250000	1000000

7) RFO

Sales

60,00,000

8) Purchase of SIT

Adjusted purchase
(COGS) 22,32,000

9) Finance Cost

Interest on Debⁿ 36,000

10) Depreciation & Amort.

Dep on P&M 67,000

Amort. on Goodwill 25,000

31,700

11) Other Expense

Factory 1,50,000

Adm. 30,000

S/E 1,40,000

Loss on Sale 30,000

32,30,000

Profit = ~~18,49,000~~ 5,000

Wrong

~~Bank 40~~
To suspense / 40

Correct

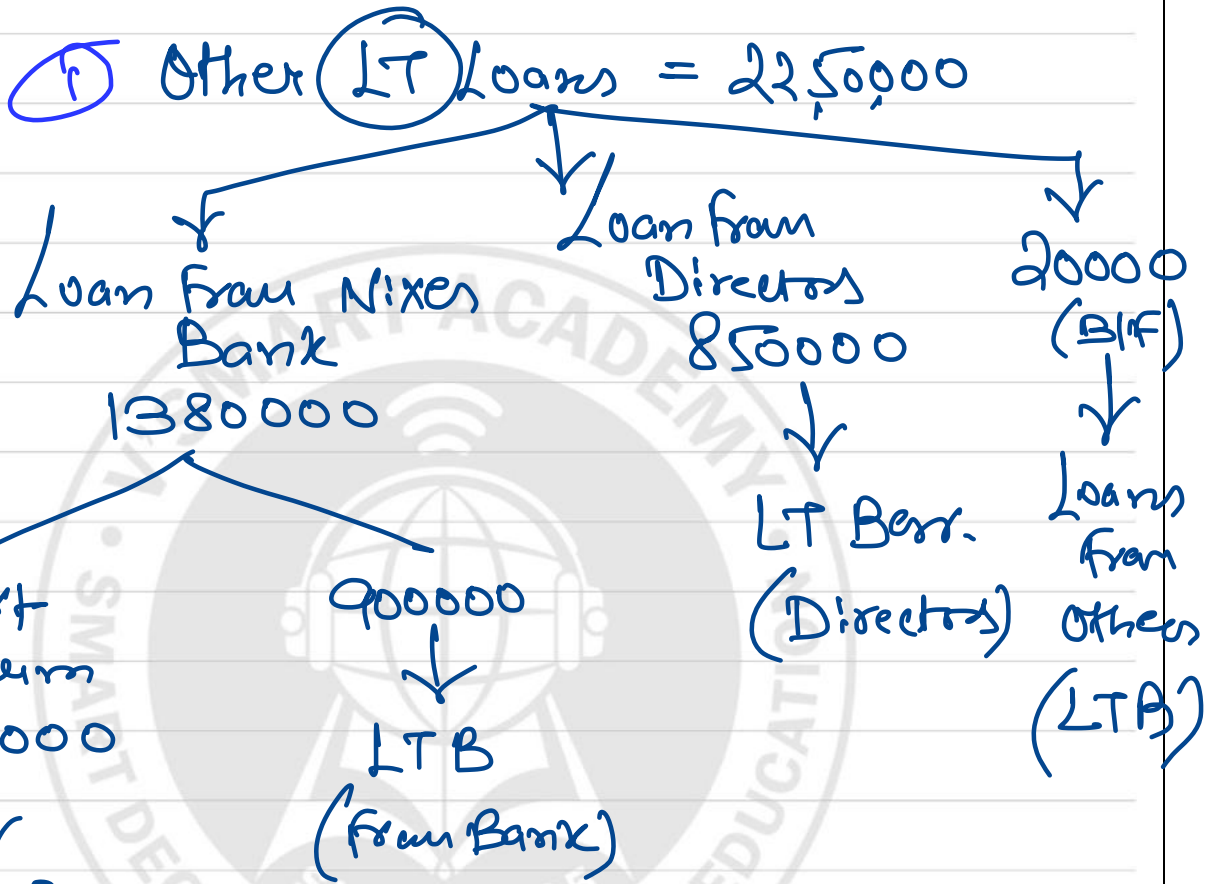
~~Bank 40000~~
Loss 30000
prov. Dep 30000
To Asset 100000

Rect.

Loss Dr. 30000 (P&L)
prov. Dr. 30000 (P&F Note)
suspens. Dr. 40000 (TB X)
To Ass. 100000

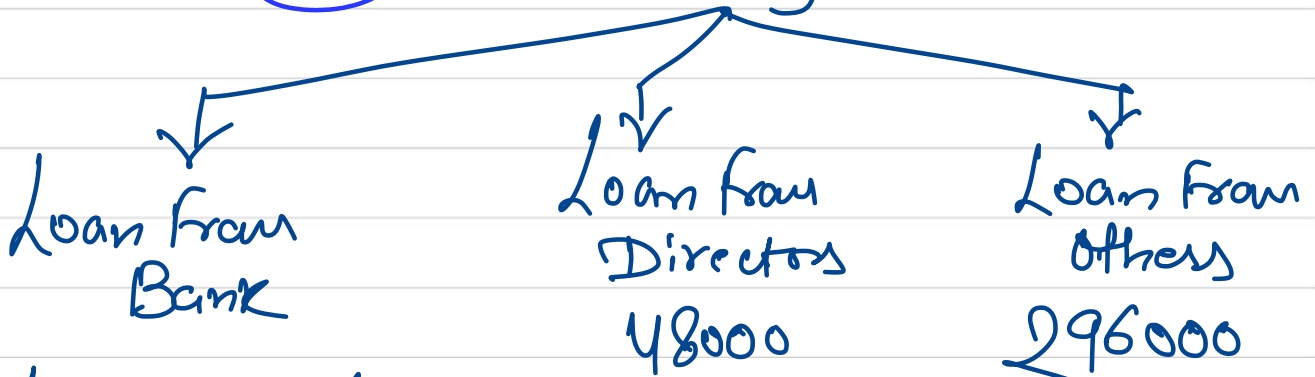
Q8

Working Note :-



Current maturity of LT Loans

② ST Borrowings 4,60,000



1) Naya Bank 1,16,000

2) Nixes Bank 4,80,000

(Current maturity of LT Loan)

② Loan from public finance Corp. (3 years)
₹630000

Interest
134000
↓
OCL

Balance
2496000
LTB

Q8

SR Ltd.
Balance Sheet
31/03/20X1

Particulars

Note

Amnt.

Equity & Liabilities

1) Shareholders Funds

- a) Share Capital 1
- b) Reserves & Surplus 2

2) Non Current Liability

- a) Long Term Borrowings 3

3) Current Liability

- a) Short Term Borrowings 4
 - b) Trade payables
 - c) Short Term provision 5
 - d) Other Current Liab. 6
-
-

ASSETS

1) Non Current Assets :-

- a) PPE 7

2) Current Assets

- a) Inventories 8
 - b) Trade Receivables 9
 - c) Cash & Cash Equivalents 10
 - d) Short Term L&A
-
-

Notes to Accounts

1) Share Capital

110000 no. of equity of ₹50/- in Cash Consideration	₹55,00,000
50000 no. of equity of ₹50/- in non Cash Consideration	₹25,00,000
(-) Calls in arrears	(15,000)
	<hr/>
	₹79,85,000

2) Reserves & Surplus:-

a) Securities premium	₹15,00,000
b) General Reserve	
Opnng	₹94,10,000
(+ Transfer from P&L)	₹35,000
	<hr/>
c) P&L Balance	₹58,00,000
(-) Transfer to GR	(35,000)
	<hr/>
	₹30,21,000

3) Long Term Borrowings :-

a) Secured Loans :-

Loan from public Fin. Corp. (WN-3)	2496000
---------------------------------------	---------

b) Unsecured Loans

(i) Loan from Nives Bank (WN-1)	900000
------------------------------------	--------

(ii) Loan from Directors	850000
--------------------------	--------

(iii) Loans from other parties	20000
--------------------------------	-------

42,66,000

4) Short Term Borrowings

a) Secured Loans :-

Loan from Naya Bank	116000
---------------------	--------

b) Unsecured Loans :-

(i) Loan from Nives Bank (Current maturity)	480000
--	--------

(ii) Director's Loan	48000
----------------------	-------

(iii) Loan from other parties	296000
-------------------------------	--------

940000

5) Short Term provisions

Provision for Tax 380000

6) Other Current Liab. :-

Unpaid Dividend 70000
Interest Accrued But not due 134000

204000

7) PPE

	<u>Gross</u>	<u>Provision</u>	<u>Net</u>
Land	2500000	-	2500000
Building	3200000	200000	3000000
P&M	3000000	600000	2400000
F&F	1650000	350000	1300000
	<u>10350000</u>	<u>1150000</u>	<u>9200000</u>

8) Inventory :-

Rm 1300000
FG 4000000
Loose Tools 500000

5800000

9) Trade Receivable :-

Due for more than 6m.	486000
Due upto 6 months	1264000
	<hr/>
	1750000

10) Cash & Cash Equivalent

Cash on Hand	70,000
Balance with Non Scheduled Bank	56000
Balance with Scheduled Bank	358000
	<hr/>
	484000

11) Contingent Liability

Bills discounted Not yet matured 160000

Class Example 3 (Tax provision)

First year Profit earned before Tax = 500000
(24-25) Tax Rate = 30%

Second year
(25-26)

1st June 2025 = Tax paid
125000

Profit earned before Tax = 720000

Sol) :-

24-25

31/03/25 Provision for Tax to be Created = $\frac{500000 \times 30\%}{150000}$

SPL → P&L a/c Dr. 150000
To provision for Tax 150000
↓
STP (B/S)

25-26

1st June \Rightarrow Provision for Tax Dr. 125000
To Bank 125000

New provision for Tax
to be created \Rightarrow $720000 \times 30\%$
 \Rightarrow 216000

31/03/26 P&L a/c Dr. 216000
To provision for Tax 216000
SPL of 2nd yr. \downarrow STP

Provision for Tax A/c

Ist yr.		Ist yr.	
To Bal. b/d (STP)	150000	By P&L a/c	150000
1/6 To Bank	125000	II nd By Bal b/d	150000
To Bal b/d (STP)	241000	By P&L a/c	216000

Op prov. 55000
 Clos prov. 68000
 Tax paid 105000

Prov.	
To Bank 105000	Op. 55000
Closg 68000	P&L 118000

→ SPL

↓
STP

Op 115000	Opng 115000
Closg 98000	Closg 98000
Prov. 400000	Provision Created 400000

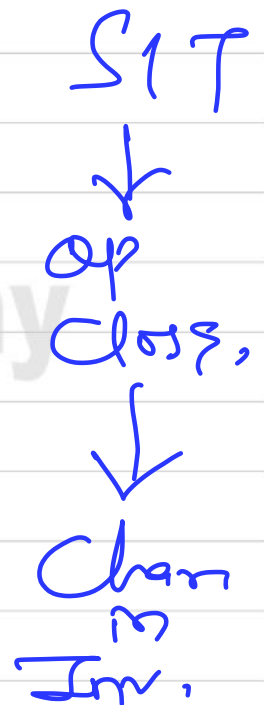
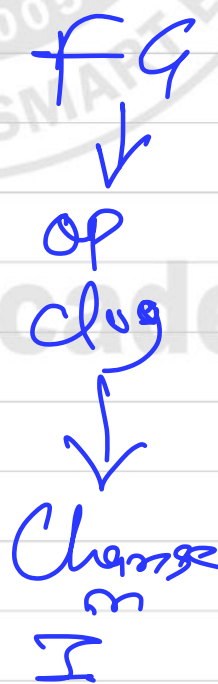
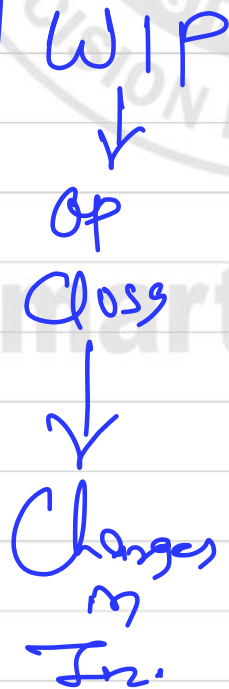
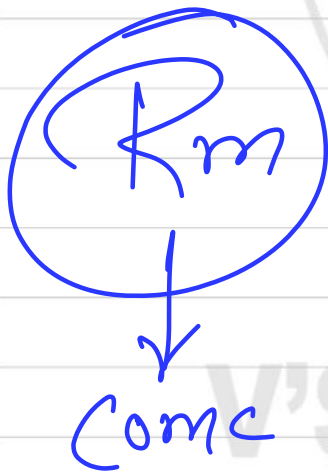
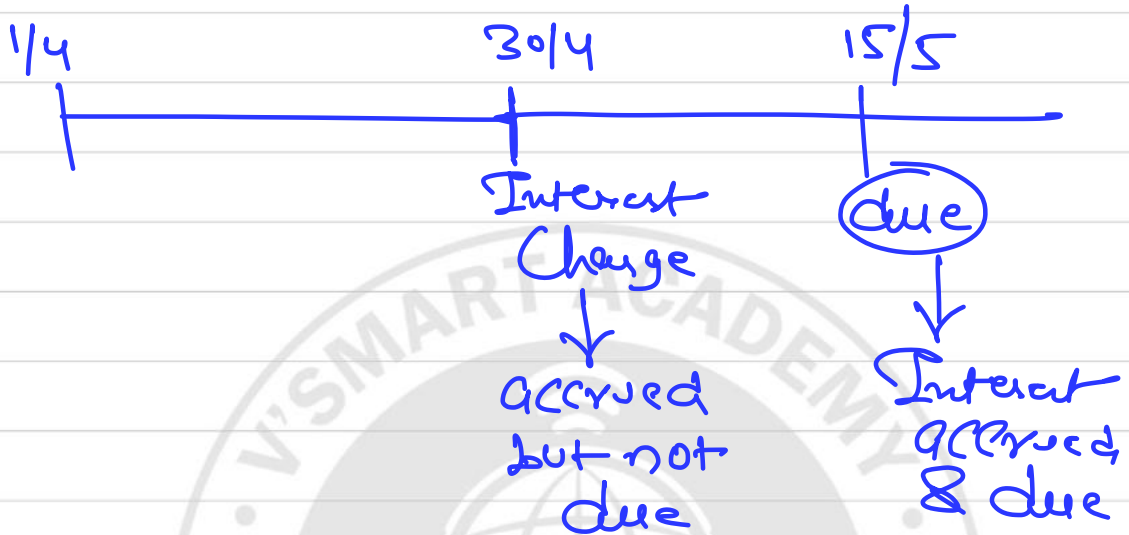
To 417000 Bank

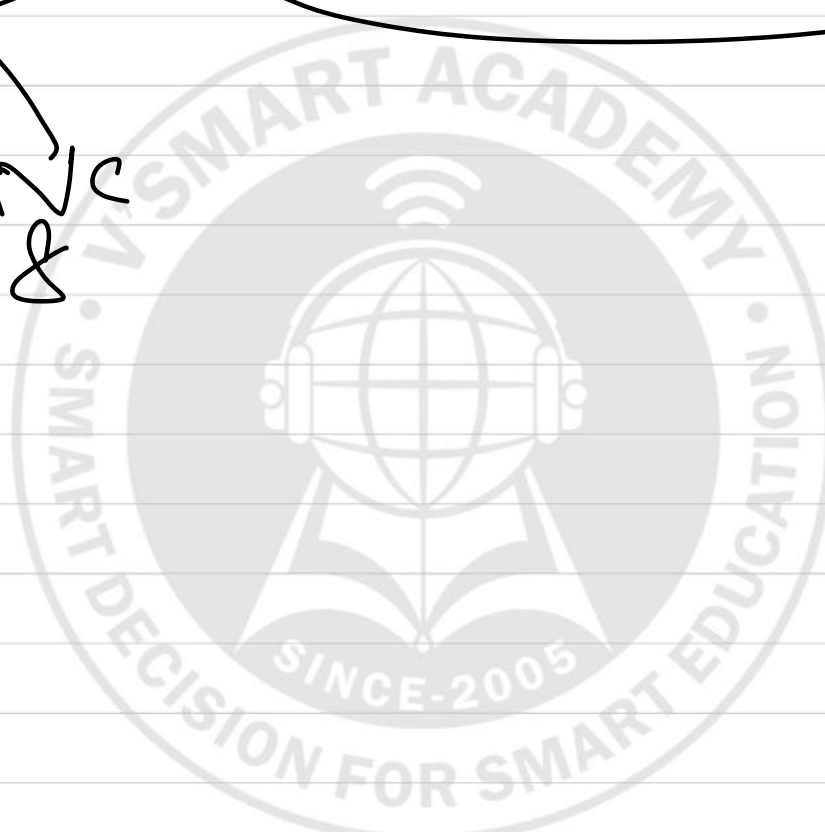
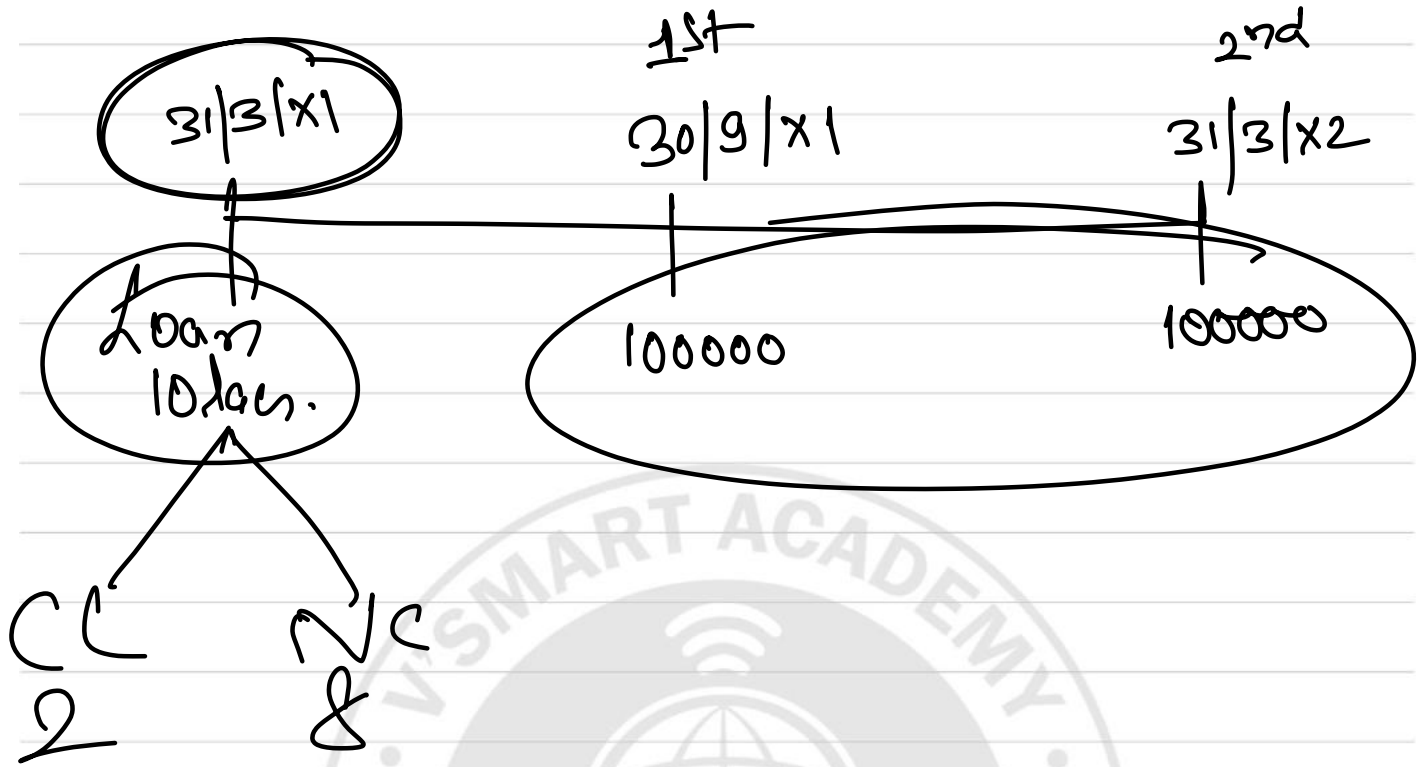
↓
SPL

↓
STP (B/L)

Interest monthly Charge

But Collection — Baad me





V'Smart Academy

Q21 (Master)

a) Pref. Divd 27000 \leftarrow P&L (-)
OCL

b) Debt Interest ?

c) Suspense Bal = 140000 \rightarrow Gain = 20000 other
WDV = 120000 \rightarrow Income

d) Provision For DD

1500000
 $\times 7\%$

105000 Clog.

\rightarrow B/S (-)

105000

67000 Opng.

38000

P&L other exp

e) Interest on Invest = 120000

\rightarrow 30000

Other Income

OCA

f)

Provision For Tax

To Bank 950000 Opng 520000

To Bal. 80000 By P&L 1230000

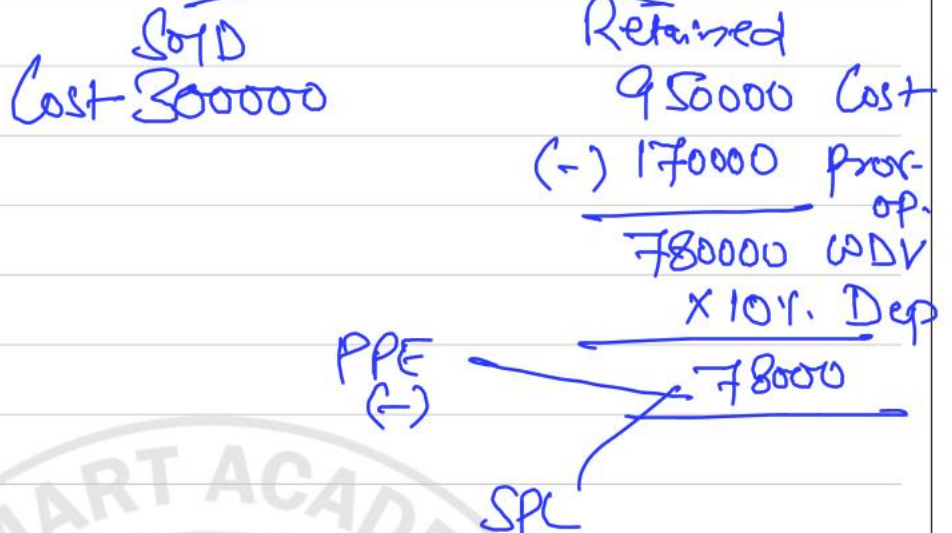
\rightarrow SPL

\rightarrow STP

g) Divd = 192000 \leftarrow P&L (-)
OCL

h) Revaluation 400000 \leftarrow PPE
P&L (+)

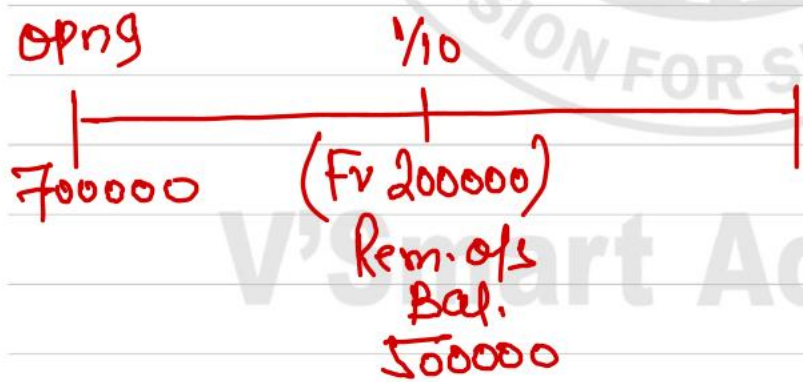
Depreciation P&M Cost 1250000



Debenture:-

Debn a/c	
To Bank 220000	Opng Bal. 700000
Closg 480000	

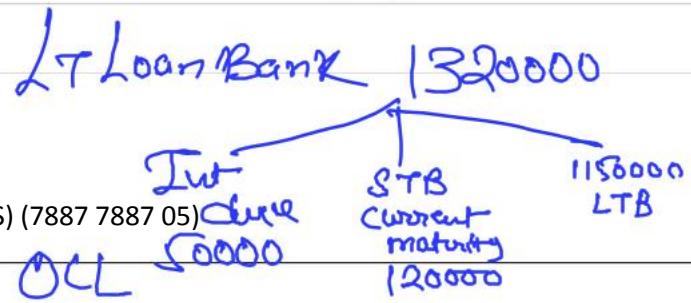
Debn 220000	To Bank 220000
-------------	----------------



$700000 \times 10\% \times \frac{6}{12} = 35000 \text{ (TB)}$
 $500000 \times 10\% \times \frac{6}{12} = 25000 \text{ Payable}$

Payable is split into:

- FC
- OCL



Q21

Important Working Note

1) Sale of Asset & Depreciation for the year

<u>Machine Sold</u>	<u>Machine Retained</u>
Org. Cost 300000	Org Cost = 950000
Prov. For (180000)	← Prov. For = (170000)
Dep _____	Dep _____
WDV 1/4 = 120000	WDV 1/4 = 780000
Sold 1/4 = 140000	Dep @ 10% = 78000
Gain <u>20000</u>	_____
	WDV 31/3 = <u>702000</u>

2) Debtors Redemption:-

31/3 Clsng Bal. as per TB = 480000

(+) Redemption Amt = 220000
1/10

1/4 Opng Bal. of = 700000
Debn

First 6 months Interest = $700000 \times 10\% \times \frac{6}{12} = 25000$ (TB)

Next 6 months Interest = $(700000 - 200000) \times 10\% \times \frac{6}{12} = 25000$

3) Provision for Tax :-

Provision for Tax	
To Bank 95000	Opng Bal 520000
Closg Bal 80000	P&L 1230000
↓ STP	↳ SPL

4) Share Forfeit :-

Earlier Called & paid up = 60/-

Reissued at = 90/-

Total Credited to SC = 150/-

(-) FV SC = 100/-

50
X 50000.

CR 25000

Holding Ltd.

Balance Sheet

31/03/22

<u>Particulars</u>	<u>Note no.</u>	<u>Amnt.</u>
--------------------	-----------------	--------------

Equity & Liabilities

1) Shareholders funds

a) Share Capital	1	19,00,000
b) Reserves & Surplus	2	39,30,000

2) Non Current Liab. :-

a) Long Term Borrowings	3	19,50,000
b) DTL		1,00,000

3) Current Liabilities

a) Short Term Borrowings	4	6,20,000
b) Trade payables		11,50,000
c) Short Term provision	5	8,00,000
d) Other Current Liab.	6	3,27,000

1,67,77,000

ASSETS

1) Non Current Assets:

a) Property plant & Eq.	7	51,02,000
b) Intangible Asset	8	8,00,000
c) Non Current Invest.	9	16,00,000

2) Current Assets

a) Inventory	10	10,20,000
b) Trade Receivable	11	17,95,000
c) Cash & Cash Eq.	12	4,30,000
d) Other C. Asset	13	30,000

1,07,77,000

Contingent Liab. 14 15,000
(Bill not yet matured)

Statement of P&L

For the year ended 31/3/12

<u>Particulars</u>	<u>Note</u>	<u>Amount</u>
<u>Incomes :-</u>		
1) Revenue from oper.	15	90,00,000
2) Other Income	16	31,500
		93,15,000

<u>Expense :-</u>		
1) Cost of Mat. Cons.	17	77,500
2) Pur. of JIT	18	2,14,000
3) Finance Cost	19	60,000
4) Depreciation & Amort.	20	27,800
5) Other Expense	21	28,29,000
		60,56,000

Profit before Tax	32,59,000
(-) Tax Expenses	(12,30,000)

20,29,000

Profit after Tax
(transfer to R&S)

Notes to A/c

1) Share Capital :-

Authorized Capital :-

3000 3% Pref. Sh. Cap of 100/-	300000
20000 Eq. Shares of 100/-	2000000
	<u>2300000</u>

Issued & Subscribed

3000 3% Pref. Shares of 100/-	300000
16000 Equity Shares of 100/- (1625000 - 25000)	1600000
	<u>1900000</u>

2) Reserves & Surplus :-

a) Capital Reserves	25000
b) Revaluation Reserve	400000
c) Securities premium	135000
Opng 155000	
(-) prem (20000)	
as per comp	<u>135000</u>
d) General Reserve	1905800
Opng 1500000	
(+ Transfer from P&L	<u>405800</u>

e) Profit & Loss A/c 1464200

Opng Bal.	150000
(+) NPAT	20,29,000
(-) pref. Divd	(27000)
(-) Equity Divd.	(192000)
(-) Interm Divd	(40,000)
(-) Transfer to GR (20%)	(405800)

39,20,000

3) Long Term Borrowings

10% Debentures
(480000 + 20000) 500000

Loan from Bank
(1320000 - 50000 - 120000) 1150000

Loan from other parties 300000

1950000

4) Short Term Borrowings

Loan from Bank 500000

Current maturity of LT Loan 120000

620000

5) Short Term provision

provision for Tax (wn 3) 800000

6) Other Current Liab.

Unclaimed Dividend	12000
pref. Dividend Payable	27000
Eg. Divd. payable	192000
Ofs Exp.	21000
Interest on Debt	25000
Interest accrued not due	5000
	<u>327000</u>

7) Property plant & Equipment

	<u>Gross</u>	<u>Provision</u>	<u>Net</u>
a) Land opng	40,00,000	-	40,00,000
(+) Rental.	400000	-	400000
	<u>4400000</u>	<u>-</u>	<u>4400000</u>

b) plant & Machinery

Opng.	125000	350000	900000
(+/-) Dep. (WN-1)	-	78000	(78000)
(-) Sold	(300000)	(180000)	(120000)
	<u>95000</u>	<u>248000</u>	<u>702000</u>
Gross Total	535000	248000	5102000

8) Intangible Assets

	<u>Gross</u>	<u>Amort.</u>	<u>Net</u>
Goodwill	1000000	200000	800000

9) Non Current Invest

7.5% LT Invest 1600000

10) Inventories

Rm	245000
FG	750000
L Tools	<u>25000</u>
	<u>1020000</u>

11) Trade Receivable:-

a) B/R		400000
b) Debtor	1500000	1395000
(-) provision @ 7%	105000	
		<u>1795000</u>

12) Cash & Cash Eq.

Bank Bal.	430000
-----------	--------

13) Other Current Assets

Accrued Interest on Investments	30000
---------------------------------	-------

14) Revenue from operation

Sales	90,00,000
-------	-----------

15) Other Income

Interest Income (90000 + 30000)	120000
------------------------------------	--------

Gain on sale

20000

315000

16) Comc :-

Opng Rm	210000
(+) purchase Rm	810000
(-) Closg Rm	(245000)
	<u>775000</u>

17) Purchase of stock m.

Adjusted purchase	2130000
(-) Adv. Exp.	(160000)
	<u>2140000</u>

* Adj purchase means COGS Hence NO need to present Changes in Inventory

18) Finance Cost

Int. Debt Paid 35000	<u>60000</u>
(+) Int payable 25000	<u>25000</u>

19) Depr. & Amort

Dep. on P&M
Amortisation

78000

20000

278000

20) Other Exp. :-

Factory Exp.

1200000

Adm. Exp.

400000

S/E

900000

BD

45000

Directors fees

5000

Consumables

18000

preliminary Exp

40000

Manag. Rem.

1000000

Provision for DD

38000

(105000 - 67000)

Adver. Exp.

16000

Other Exp.

20000

2829000

Ex:-9 (Conceptual Summary Book)

1) Calculation of Profits available for Eq/SH

$$NP = 120000$$

$$(-) \text{ Pref. Divd} = 40500$$

(Cumulative)

$$\text{Profit available} = \underline{79500}$$

For ESH

Proposed Eq. Dividend

$$a) 6\% \Rightarrow 800000 \times 6\% = 48000$$

$$b) 7.5\% \Rightarrow 1200000 \times 7.5\% = 90000$$

$$\underline{\underline{138000}}$$

Note:- Since cy available profits are not sufficient to pay prop. Eq Divd
Hence, Py profits may be utilized.

Py profits can be used to pay Dividend
Subject to satisfaction of following
Conditions :-

1) Cy proposed shall not exceed Avg of Last 3 years.

$$\text{Avg} = 10\%$$

$$\text{Cy proposed} = 6\% \text{ \& } 7.5\%$$

Condition Satisfied.

2) Maximum Withdrawal shall not 10% OF (Total Paidup Sh. Cap + FR) Latest

a) actual proposed withdrawal = $\text{\textcircled{58500}}$
(138000 - 79500)
Prop. Divd Cy profit

b) Max. Withdrawal = 342950

80000 Esc

120000 Esc

30000 Non cum psc

45000 Psc

50000 GR

100000 P2d

79500 Cy

$$342950 \times 10\%$$

Condition 2 is Satisfied

3) Minimum Balance after withdrawal shall be atleast 15% of Paid up. Sh. Cap.

a) Actual Balance after proposed withdrawal

$$\begin{array}{r} \text{GR } 50000 \\ \text{PR } 10000 \\ \hline 60000 \\ (-) 5850 \\ \hline 54150 \end{array}$$

b) Minimum Bal. Required

412500

$$\left. \begin{array}{l} 80000 \\ 20000 \\ 30000 \\ 45000 \end{array} \right\} \times 15\%$$

Condition 3 is satisfied

Hence prop. Divd of 6% & 7.5%

Can be distributed as y.