STUDENT NOTES

RM cons. = OS + P - CS

Commission → OE	1,20,000	Transfer fees → OI	10,000
Materials consumed	23,19,000	Profit & Loss account → R&S	1,39,000
Plant and Machinery PPE	8,60,000	Depreciation provision:	
Rentals → OE	25,000	Machinery PPE	1,46,000
Current account CA: C&CE	45,000		
Cash CA: C&CE	8,000		
Interest on bank loans FC	1,16,000	Depn Dr. → Dr. → P&L : D&A.	
Preliminary expenses OE	10,000	To Accum. Depn → Cr. → PPE	
Fixtures PPE	3,00,000		
Wages EBE	9,00,000		
Consumables OE	84,000		
Freehold land PPE	15,46,000		
Tools & Equipment PPE	2,45,000		
Goodwill IA	2,65,000		
Trade receivables CA: TR	4,40,000		
Dealer aids OE	21,000		
Transit insurance OE	30,000		
Trade expenses OE	37,000		
Distribution freight OE	54,000		
Debenture interest FC	55,000		
	85,35,000		85,35,000

Additional information: Closing Inventory on 31-3-2021: ₹ 8,23,000. → Closing Stock Dr. → CA: Inv. To Trading → CII

Question 17 ~~RM COMC~~ WIP FG SIT CII

20 marks → 14 marks

You are required to prepare a Statement of Profit and Loss and Balance Sheet from the following Trial Balance extracted from the books of the International Hotels Ltd., on 31st March, 2022:

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Authorized Capital Divided into:	₹	₹
5,000 6% Preference Shares of 100 each		
10,000 Equity Shares of 100 each		1500000
Subscribed Capital		
5,000 6% Preference Shares of ₹ 100 each		500000
Equity Shares of ₹ 100 each		805000
Purchases - Wines, Cigarettes, Cigars, etc. SIT	45800	
- Foodstuffs RM (COMC)	36200	
Wages and Salaries EBE	28300	
Rent, Rates and Taxes OE	8900	
Laundry OE	750	

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Notes to Accounts

NOTE : Share capital

Particulars	Amount
Authorised Share Capital	
5000 6% Preference shares of ₹ 100 each	500000
10000 Equity Shares of ₹ 100 each	1000000
	1500000
Issued Subscribed & Paidup	
5000 6% Preference Shares of ₹ 100 each	500000
Equity share Capital	805000
– (Balance of share forfeiture)	(5000)
	13,00,000

NOTE : Cost of Material Consumed

1. Opening Stock of foodstuff	5260
2. Purchase of foodstuff (RM)	36200
3. less: Closing stock of foodstuff	(16400)
	25060

NOTE : Employee Benefit Expenses

1. Wages & Salaries	28300
2. Wages payable	1280
	29580

NOTE : Other Expenses

1. Rent, rates & taxes	8900
2. Laundry	750
3. Coal & firewood	3290
4. Carriage & cooliage	810
5. Sundry Expenses	5840
6. Advertising.	8360
7. Repairs	4250
8. Preliminary & formation expenses	8000
	40200

NOTE : Revenue from operation

1. Sale of wine, cigy. cigars	68400
2. Sale of food	57600
3. Rent of rooms	48000
4. Billiards	5700
	179700

NOTE : Other Income

1. Miscellaneous Receipts	2800
2. Discount received	3300
3. Transfer fees	700
	6800

NOTE : Property Plant & Equipment

Particulars	Cost	Accumulated Depn	WDV.
1. Freehold Land & Building	850000	17000	833000
2. Furniture & fitting	86300	4315	81985
			914985

NOTE : Changes in inventory of WIP, FG, SIT

1. Opening Stock of WIP, FG, SIT	12800
2. Closing Stock of WIP, FG, SIT	22500
	9700

NOTE : Cash & Cash Equivalents

1. Cash in hand	2200
2. Cash with bankers	76380
	78580

NOTE : Long Term Borrowings

1. 6% 2000 Debentures of ₹ 100 each	200,000
	200,000

NOTE : Finance Charges

1. Interest on Debentures	12,000
	12,000

NOTE : Other current liability

1. Interest payable	12000
2. Wages payable	1,280
	13,280

NOTE : Reserves & Surplus

1. P&L : Surplus	41,500	
add: current year profit	22,245	63,745
2. General Reserve		2,00,000
3. Capital Reserve		5000
		268,745

NOTE : Intangible Assets

1. Goodwill	5,00,000
	5,00,000

NOTE : Inventory

1. Inventory of wines, cigy. cigar	22500
2. Inventory of foodstuff	16400
	38900

NOTE : Depreciation & Amortisation

1. Depreciation on furniture & fixtures	4315
2. Depreciation on Land & Building	17000
	21315

1.4.21 = 6000 x 100 = 600000
2000 x 60 = 120000
720000 Cr.

1.10.21 = 2000 x 40 = 80000
800000 Cr.

forfeit = 100 x 100 = (10000) Dr.
790000

Reissue = 100 x 100 = 10000 Cr.
800000 Cr.
805000

} 5000

→ Share Capital Dr. 100 x 100
To, Share forfeiture 100 x 60
To, Calls in arrears 100 x 40

→ Bank Dr. 100 x 90
Share forfeiture Dr. 100 x 10
To, Share Capital 100 x 100

Share forfeiture Dr. 100 x 50
To, Capital Reserve ~~x ESC~~ 100 x 50

Equity S.C. Dr. 5000
To, Capital Reserve 5000

Statement of Profit & loss f.t.y.e. 31.3.22

Particulars	Notes	31.3.22	31.3.21
Incomes			
Revenue from operation		179700	
Other Income		6800	
Total income		186500	
Expenses			
Cost of material consumed		25060	
Purchase of stock in Trade		45800	
changes in inventory of WIP, FG, SIT		(9700)	
Employee Benefit Expenses		29580	
finance Cost		12000	
Depreciation & Amortisation		21315	
Other Expenses		40200	
Total Expenses		164255	
Profit before tax		22245	

NOTE :- Effect of dividend is passed in the accounting year in which dividend is declared.

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Balance Sheet as on 31·3·22

Particulars	Notes	31·3·22	31·3·21
Equity & Liabilities			
1· **Shareholders funds**			
Share Capital		1300000	
Reserves & Surplus		268745	
2· **Share application money pending allotment·**			
3· **Non-Current liabilities**			
Long Term Borrowings		200000	
Deferred Tax Liabilities			
Other Long Term Liabilities			
Long Term provisions			
4· **Current Liabilities**			
Short Term Borrowings			
Trade Payables		42000	
Other current Liabilities		13280	
Short Term provisions·			
		1824025	
Assets			
1· **Non- Current Assets**			
a· **PPE & Intangible Assets**			
i) PPE		914985	
ii) Intangible Assets		500000	
iii) Capital WIP			
iv) Intangible Assets under development			
b· Non- current Investments		272300	
c· Deferred Tax Assets			
d· Long Term Loans & Advances			
e· Other Non- current Assets·			
2· **Current Assets**			
Currents Investments			
Inventories		38900	
Trade Receivables		19260	
Cash & Cash Equivalents		78580	
Short Term Loans & Advances			
Other current assets			
		1824025	

Note number → Homework

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STUDENT NOTES

Sales - Wines, Cigarettes, Cigars, etc. RFO		68400
Food FG RFO		57600
Coal and Firewood OE	3290	
Carriage and Cooliage OE	810	
Sundry Expenses OE	5840	
Advertising OE	8360	
Repairs OE	4250	
Rent of Rooms RFO		48000
Billiard RFO		5700
Miscellaneous Receipts OI		2800
Discount received OI		3300
Transfer fees OI		700
Freehold Land and Building PPE	8,50,000	
Furniture and Fittings PPE	86300	
Inventory on hand, 1st April, 2021		
Wines, Cigarettes. Cigars, etc. → SIT (CII)	12800	
Foodstuffs → RM (COMC)	5260	
Cash in hand → C&CE : CA	2200	
Cash with Bankers → C&CE : CA	76380	
Preliminary and formation expenses → OE	8000	
2,000 Debentures of ₹ 100 each (6%) → LTB : NCL		2,00,000
Profit and Loss Account → R&S		41500
Trade payables → CL : TP		42000
Trade receivables → CA : TR	19260	
Investments → NCA : NCI	2,72,300	
Goodwill at cost → NCA : PPE & IA : IA	5,00,000	
General Reserve → R&S		2,00,000
	19,75,000	19,75,000

Interest : Hidden Adjustment
2 effects
Int Dr. → FC
Int pay Cr.
→ CL : OCL

Wages and Salaries Outstanding	1280
Inventory on 31st March, 2022	
Wines, Cigarettes and Cigars, etc. SIT	22500
Foodstuffs RM	16400

→ Wages Dr. → EBE
wages payable → CL : OCL

→ closing Stock Dr. → CA : INV. → RM+SIT
Trading

COMC
CS { RM, WIP, FG, SIT } CII

Depreciation: Furniture and Fittings @ 5% p.a. : Land and Building @ 2% p.a.

The Equity capital on 1st April, 2021 stood at ₹ 7,20,000, that is 6,000 shares fully paid and 2,000 shares ₹ 60 paid. The directors made a call of ₹ 40 per share on 1st October 2021. A shareholder could not pay the call on 100 shares and his shares were then forfeited and reissued @ ₹ 90 per share as fully paid. The Directors declared a dividend of 8% on equity shares on 2nd April, 2022, transferring any amount that may be required from General Reserve. Ignore Taxation.

Depn Dr. ⇒ P&L : D&A
To, PPE ⇒ PPE (-)

CA Tejas Suchak