STUDENT NOTES

Question 15 → Homework

The following is the Trial Balance of Omega Limited as on 31.3.2022:

	Debit		Credit
PPE Land at cost	220	Equity Capital (Shares of ₹10 each)*	300 → SC
PPE Plant & Machinery at cost	770	10% Debentures	200 → LTB
CA Trade Receivables	96	General Reserve	130 → R&S
CA Inventories (31.3.2022)	86	Profit & Loss A/c	72 → R&S
CA Bank C&CE	20	Securities Premium	40 → R&S
Adjusted Purchases COMC	320	Sales	700 → RFO
Factor Expenses OE	60	Trade Payables	52 → CL: TP
Administration Expenses OE	30	Provision for Depreciation	172 → PPE : AD
Selling Expenses OE	30	Suspense Account	4
Debenture Interest FC	20		
Interim Dividend Paid R&S	18		
P&L : Surplus : less	1670		1670

Additional Information:

1) The authorized share capital of the company is 40,000 shares of ₹ 10 each.
2) The company on the advice of independent valuer wish to revalue the land at ₹3,60,000.
3) Declared final dividend @ 10% on 2nd April, 2022. → effect : FY 22-23
4) Suspense account of ₹ 4,000 represents cash received for the sale of some of the machinery on 1.4.2021. The cost of the machinery was ₹ 10,000 and the accumulated depreciation thereon being ₹ 8,000.
5) Depreciation is to be provided on plant and machinery at 10% on cost.

You are required to prepare Omega Limited's Balance Sheet as on 31.3.2022 and Statement of Profit and Loss with notes to accounts for the year ended 31.3.2022 as per Schedule III. Ignore previous years' figures & taxation.

Question 16

You are required to prepare Balance sheet and statement of Profit and Loss from the following trial blance of Haria Chemicals Ltd. for the year ended 31st March, 2021.

Haria Chemicals Ltd.

Trial Balance as at 31st March, 2021

RM → ~~COMC~~ WIP FG SIT } → CII

Particulars	₹	Particulars	₹
Inventory → OS → CII	6,80,000	Equity Capital (Shares of ₹10 each) → SC	25,00,000
Furniture → PPE	2,00,000	11% Debentures → NCL : LTB	5,00,000
Discount → OE	40,000	Bank loans → NCL : LTB	6,45,000
Loan to Directors → L&A	80,000	Trade payables → CL : TP	2,81,000
Advertisement → OE	20,000	Sales → RFO	42,68,000
Bad debts → OE	35,000	Rent received → OI	46,000

CA Tejas Suchak

STUDENT NOTES

Question 18

Answer :- Sch III → Disclosure :- Bonus Issue → preceeding 5 years
→ Disc : * Source of bonus issue is not required!

In the financial statements of the financial year 2021-2022, Alpha Ltd. has mentioned in the notes to accounts that during financial year, 24,000 equity shares of ₹ 10 each were issued as fully paid bonus shares. However, the source from which these bonus shares were issued has not been disclosed. Is such non-disclosure a violation of the Schedule III to the Companies Act? Comment.

← There is no violation.

Question 19

The management of Loyal Ltd. contends that the work in process is not valued since it is difficult to ascertain the same in view of the multiple processes involved. They opine that the value of opening and closing work in process would be more or less the same. Accordingly, the management had not separately disclosed work in process in its financial statements. Comment in line with Schedule III.

Question 20

Futura Ltd. had the following items under the head "Reserves and Surplus" in the Balance Sheet as on 31st March, 2021:

	₹ (in lacs)
Securities Premium Account	80
Capital Reserve	60
General Reserve	90

The company had an accumulated loss of ₹ 250 lakhs on the same date, which it has disclosed under the head "Statement of Profit and Loss" as asset in its Balance Sheet. Comment on accuracy of this treatment in line with Schedule III to the Companies Act, 2013.

Question 21

Sumedha Ltd. took a loan from bank for ₹ 10,00,000 to be settled within 5 years in 10 equal half yearly instalments with interest. First instalment is due on 30 09.2021 of ₹ 1,00,000. Determine how the loan will be classified in preparation of Financial Statements of Sumedha Ltd. for the year ended 31st March, 2021 according to Schedule III.

Question 22

Prince Ltd. presents its provisions for contingencies under "Reserves and Surplus" in Notes to Accounts in its financial statements. Whether this presentation is correct?

Question 23

Anek Ltd. is a company that is required to present its financial statements as per the Division I of Schedule III. The company has trade receivables at the balance sheet date. What are the disclosures that are applicable with respect to trade receivables in the financial statements?

STUDENT NOTES

Question 24

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) ⇒ SC			10,00,000
Calls in Arrears ⇒ SC		1,000	
Land ⇒ PPE		2,00,000	
Building ⇒ PPE		3,50,000	
Plant and Machinery ⇒ PPE		5,25,000	
Furniture ⇒ PPE		50,000	
General Reserve ⇒ R&S			2,10,000
Loan from State Financial Corporation ⇒ NCL: LTB			1,50,000
Inventory : ⇒ CA: INV			
Finished Goods	2,00,000		
Raw Materials	50,000	2,50,000	
Provision for Taxation ⇒ STP			68,000
Trade receivables ⇒ CA·TR		2,00,000	
Advances ⇒ L&A: CA		42,700	
Dividend Payable ⇒ CL: OCL			60,000
Profit and Loss Account ⇒ R&S			86,700
Cash Balance ⇒ C&CE: CA		30,000	
Cash at Bank ⇒ C&CE: CA		2,47,000	
Loans (Unsecured) ⇒ NCL: LTB			1,21,000
Trade payables (For Goods and Expenses) ⇒ CL: TP			2,00,000
		18,95,700	18,95,700

The following additional information is also provided:

1) 2,000 equity shares were issued for consideration other than cash. ⇒ SC: additional disc.
2) Trade receivable of ₹ 52,000 are due for more than six months. ⇒ TR: ageing disclosure.
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.

CA Tejas Suchak

Question 24

NOTE 1 : Share Capital

Particulars		Amount
Authorised share capital		
Equity share capital of ₹ 100 each		1000000
Issued, Subscribed & Paidup		
Equity share Capital ₹ 100 each	1000000	
less: Calls in arrears	(1000)	999000
(Out of 10000 shares, 2000 shares were issued for consideration other than cash)		999000

NOTE : Property, Plant & Equipment

Particulars	Cost	Accumulated Depreciation	WDV
1. Land	200000	–	200000
2. Building	400000	50000	350000
3. Plant & Mach	700000	175000	525000
4. Furniture	62500	12500	50000
			1125000

NOTE : Reserves & Surplus

Particulars	Amount
1. General Reserve	210000
2. P&L : Surplus	86700
	296700

NOTE :- Long Term Borrowings

Particulars		Amount
1. **Secured**		
Loan from State financial Corporation	150000	
less: Interest accrued but not due	(7500)	142500
2. Unsecured : Loan		121000

263,500

138

NOTE : Inventory

Particulars	Amount
1. Raw Material	50,000
2. Finished Goods	2,00,000
	2,50,000

NOTE : Short Term Provision

Particulars	Amount
1. Provision for taxation	68,000
	68000

NOTE : Trade Receivables

Particulars		Amount
1. Trade Receivables	2,00,000	
Due for more than 6months		52,000
Others		1,48,000
		2,00,000

NOTE : Other Current Liability

Particulars	Amount
1. Dividend Payable	60000
2. Interest accrued but not due	7,500
	67500

NOTE : Cash & cash Equivalents

Particulars		Amount
1. Cash balance		30,000
2. Balance with bank	2,47,000	
with scheduled bank		2,45,000
with other bank		2,000

Question 24 Balance Sheet as on 31-3-21

Particulars	Notes	31-3-21	31-3-20
Equity & Liabilities			
1. Shareholders funds			
Share Capital	1	999000	
Reserves & Surplus		296700	
2. Share application money pending allotment.			
3. Non-Current liabilities			
Long Term Borrowings		263500	
Deferred Tax Liabilities			
Other Long Term Liabilities			
Long Term provisions			
4. Current Liabilities			
Short Term Borrowings			
Trade Payables		200000	
Other current Liabilities			
Short Term provisions.		67500	
		68000	
		1894700	
Assets			
1. Non-Current Assets			
a. PPE & Intangible Assets			
i) PPE		1125000	
ii) Intangible Assets			
iii) Capital WIP			
iv) Intangible Assets under development			
b. Non-current Investments			
c. Deferred Tax Assets			
d. Long Term Loans & Advances			
e. Other Non-current Assets.			
2. Current Assets			
Currents Investments		–	
Inventories		250000	
Trade Receivables		200500	
Cash & Cash Equivalents		277000	
Short Term Loans & Advances	–	42100	
Other current assets		–	
		1894700	

NOTE NUMBER – HOMEWORK

Question 25 Statement of Profit & loss f.t.y.e. 31.3.22

Particulars	Notes	31.3.22	31.3.21
Incomes			
Revenue from operation	–	1200000	
Other Income	8	6000	
Total income		1206000	
Expenses			
Cost of material consumed	–	400000	
Purchase of stock in Trade		–	
changes in inventory of WIP, FG, SIT		–	
Employee Benefit Expenses		–	
finance Cost	9	30000	
Depreciation & Amortisation	10	80000	
Other Expenses	11	150000	
Total Expenses		660000	
Profit before tax		546000	
less: provision for tax @ 30%	4	163800	
Profit after tax		382200	

Balance Sheet as on 31-3-22

Particulars	Notes	31-3-22	31-3-21
Equity & Liabilities			
1. **Shareholders funds**			
Share Capital	1	495000	
Reserves & Surplus	2	807200	
2. **Share application money pending allotment.**			
3. **Non-Current Liabilities**			
Long Term Borrowings	3	300000	
Deferred Tax Liabilities			
Other Long Term Liabilities			
Long Term provisions			
4. **Current Liabilities**			
Short Term Borrowings			
Trade Payables	–	30000	
Other current Liabilities			
Short Term provisions.	4	163800	
		1796000	
Assets			
1. **Non-Current Assets**			
a. **PPE & Intangible Assets**			
i) PPE	5	1550000	
ii) Intangible Assets			
iii) Capital WIP			
iv) Intangible Assets under development			
b. Non-current Investments			
c. Deferred Tax Assets			
d. Long Term Loans & Advances			
e. Other Non-current Assets.			
2. **Current Assets**			
Currents Investments			
Inventories	–	96000	
Trade Receivables	6	120000	
Cash & Cash Equivalents	7	30000	
Short Term Loans & Advances			
Other current assets			
		1796000	

NOTE 5 : Property Plant & Equipment

Particulars	Cost	Accumulated Depreciation	WDV
1. Land	800000+160000		960000
2. Plant & Machine	824000−24000	150000−20000+80000	590000
			1550000

P&M sold

Cost	A.D.
24000	20000

WDV = 4000
SP = 10000 ✓
P = 6000 ✓

WRONG

~~Cash~~	~~Dr.~~	~~10000~~
To, Suspense		10000

CORRECT

~~Cash~~	~~Dr.~~	~~10000~~
Acc. Depn	Dr.	20000
To, P&L		6000
To, P&M		24000

RECTI

Suspense	Dr.	10000 ✓
Acc. Depn	Dr.	20000 ✓
To, P&L		6000 ✓
To, P&M		24000 ✓

NOTE 1: Share Capital

Particulars		Amount
Authorised Share Capital		
Equity Share Capital : 80000 of ₹10 each		800000
Issued Subscribed & Paid up Capital		
Equity Share Capital	500000	
less: Calls in Arrears	(5000)	495000
(5000 shares are issued for consideration other than cash)		

NOTE 7 : Cash & Cash Equivalents

Particulars		Amount
1. Cash in hand		2000
2. Cash at Bank	28000	
with scheduled bank		23000
with others		5000
		30000

NOTE 6 : Trade Receivables

Particulars		Amount
1. Trade Receivables	120000	
due for more than 6 months		50000
Others		70000
		120000

NOTE 11 : Other Expenses

Particulars	Amount
1. Factory expenses	80000
2. Administrative expenses	45000
3. Selling Expenses	25000
	150000

NOTE 9 : Finance Charges

Particulars	Amount
1. Debenture Interest	30000
	30000

NOTE 3 : Long Term Borrowing

Particulars	Amount
1. 10% Debentures	300000
	300000

NOTE 2 : Reserves & Surplus

Particulars		Amount
1. General Reserve		150000
2. P&L : Surplus : Op. bal.	75000	
current year profit	382200	457200
3. Securities Premium		40000
4. Revaluation Reserve		160000
		807200

NOTE 8 : Other Income

Particulars	Amount
1. Profit on sale of machine	6000
	6000

NOTE 10 : Depreciation & Amortisation

Particulars	Amount
1. On P&M	80000
	80000

NOTE 4 : Short Term Provision

Particulars	Amount
1. Provision for Tax	163800
	163800

STUDENT NOTES

(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.

Question 25

Following is the trial balance of Delta limited as on 31.3.2022.

(Figures in ₹ '000)

Particulars	Debit	Particulars	Credit
Land at cost → PPE	800	Equity capital (share of ₹ 10 each)	500 → SC
Calls in arrears → SC	5	10% Debentures	300 → LTB
Cash in hand → C&CE	2	General reserve	150 → R&S
Plant & Machinery at cost → PPE	824	Profit & Loss A/c (on 1.4.21)	75 → R&S
Trade receivables CA: TR	120	Securities premium	40 → R&S
Inventories (31.3.22) CA: INV	96	Sales	1200 → RFO
Cash at Bank CA: C&CE	28	Trade payables	30 → TP
Adjusted Purchases COMC	400	Provision for depreciation	150 → PPE
Factory expenses OE	80	~~Suspense Account~~	~~10~~
Administrative expenses OE	45		
Selling expenses OE	25		
Debenture Interest FC	30		
	2455		2455

Additional Information:

1) The authorized share capital of the company is 80,000 shares of ₹ 10 each.
2) The company revalued the land at ₹ 9,60,000.
3) Equity share capital includes shares of ₹ 50,000 issued for consideration other than cash.
4) Suspense account of ₹ 10,000 represents cash received from the sale of some of the machinery on 1.4.2021. 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.
5) Depreciation is to be provided on plant and machinery at 10% on cost.
6) Balance at bank includes ₹ 5,000 with ABC Bank Ltd., which is not a Scheduled Bank.
7) Make provision for income tax @30%.
8) Trade receivables of ₹ 50,000 are due for more than six months.

CA Tejas Suchak