

FINANCIAL STATEMENTS OF COMPANIES

Solution 1

Amount that can be drawn from reserves for (10% dividend on ₹ 50,00,000 i.e. ₹ 5,00,000)

Profits available

Current year profit ₹ 1,42,500

Amount which can be utilized from reserves (₹ 5,00,000 – 1,42,500) ₹ 3,57,500

Conditions as per Companies (Declaration of dividend out of Reserves) Rules 2014:

Condition I

Since 10% is lower than the average rate of dividend (12%), 10% dividend can be declared.

Condition II

Maximum amount that can be drawn from the accumulated profits and reserves should not exceed 10% of paid up capital plus free reserves i.e. ₹ 7,50,000 [10% of (50,00,000 + 25,00,000)]

Condition III

The balance of reserves after withdrawal ₹ 21,42,500 (₹ 25,00,000 - ₹ 3,57,500) should not fall below 15 % of its paid up capital i.e. ₹ 7,50,000 (15% of ₹ 50,00,000)

Since all the three conditions are satisfied, the company can withdraw ₹ 3,57,500 from accumulated reserve (as per Declaration and Payment of Dividend Rules, 2014).

Solution 2

Haria Chemicals Ltd. Balance Sheet as at 31st March, 2022

	Note No.	₹
Equity and Liabilities		
(1) Shareholders' fund:		
(a) Share Capital	1	25,00,000
(b) Reserves and Surplus	2	7,40,000
(2) Non Current Liabilities		
(a) Long term borrowings	3	11,45,000
(3) Current Liabilities		
(a) Trade payables		2,81,000
Total		46,66,000
Assets		
(1) Non Current Assets		
Property, Plant & Equipment & Intangible Assets		
(a) Property, Plant & Equipment	4	30,05,000
(b) Intangible assets (Goodwill)		2,65,000
(2) Current assets		
(a) Inventories		8,23,000
(b) Trade receivables		4,40,000
(c) Cash and cash equivalents	5	53,000
(d) Short term loans and advances	6	80,000
Total		46,66,000

Statement of Profit and Loss for the year ended 31st March, 2022

	Note No.	₹
Revenue from operations		42,68,000
Other income	7	56,000
Total A		43,24,000
Expenses		
Purchase of stock in trade		23,19,000
Change in inventory of finished goods	8	(1,43,000)

The copyright of these notes is with C.A. Nitin Goel

No part of these notes may be reproduced in any manner without his prior permission in writing.

Employee benefit expenses	9	9,00,000
Finance cost	10	1,71,000
Other expenses	11	4,76,000
Total B		37,23,000
Profit before tax (A-B)		6,01,000
Provision for tax		----
Profit for the period		6,01,000

Notes to Accounts

1.	Share capital		
	<u>Authorized:</u>		
	Equity share capital of ₹10 each		25,00,000
	<u>Issued and Subscribed:</u>		
	2,50,000 Equity share capital of ₹10 each		25,00,000
			25,00,000
2.	Reserves and Surplus		
	Balance as per last balance sheet		1,39,000
	Balance in profit and loss account		6,01,000
			7,40,000
3.	Long term Borrowings		
	11% Debentures		5,00,000
	Bank loans		6,45,000
			11,45,000
4.	Property, Plant & Equipment		
		Gross Block	Depreciation
			Net Block
	Freehold land	15,46,000	15,46,000
	Furniture	2,00,000	2,00,000
	Fixtures	3,00,000	3,00,000
	Plant & Machinery	8,60,000	1,46,000
	Tools & Equipment	2,45,000	2,45,000
	Total	31,51,000	1,46,000
			30,05,000
5.	Cash and cash equivalents		
	Current account balance		45,000
	Cash		8,000
			53,000
6.	Short-term loans and Advances		
	Loan to directors		80,000
			80,000
7.	Other Income		
	Rent received		46,000
	Transfer fees		10,000
			56,000
8.	Changes in inventory of finished goods, WIP & Stock in trade		
	Opening inventory	6,80,000	
	Closing inventory	(8,23,000)	(1,43,000)
9.	Employee benefit expense		
	Wages		9,00,000
10.	Finance cost		
	Interest on bank loans		1,16,000
	Debenture interest		55,000
			1,71,000

11.	Other Expenses		
	Consumables		84,000
	Preliminary expenses		10,000
	Bad debts		35,000
	Discount		40,000
	Rentals		25,000
	Commission		1,20,000
	Advertisement		20,000
	Dealers' aids		21,000
	Transit insurance		30,000
	Trade expenses		37,000
	Distribution freight		54,000
			4,76,000

Solution 3

Oliva Company Ltd. Statement of Profit & Loss for the year ended 31.03.2022

	Particulars	Note	Amount
I	Revenue from operations		17,10,000
II	Other income (3,900 + 300)		4,200
III	Total Income (I + II)		17,14,200
IV	Expenses:		
	Cost of materials consumed	10	12,64,200
	Purchases of inventory –in-trade		--
	Changes in inventories of finished goods, work-in-progress and inventory-in-trade	11	(13,500)
	Employee benefit expenses	12	44,700
	Finance costs		--
	Depreciation and amortization expenses		18,240
	Other expenses	13	3,51,510
	Total Expenses		16,65,150
V	Profit before tax		49,050
	Tax expenses (40% of 49,050)		19,620
	Profit (Loss) for the period		29,430

Balance Sheet for the year ended 31.3.2022

	Particulars	Note	Amount
I	Equity and Liabilities		
	(1) Shareholders' funds		
	a) Share Capital		3,15,000
	b) Reserves and surplus	1	47,430
	(2) Non-Current liabilities		
	a) Long-term borrowings	2	23,300
	(3) Current Liabilities		
	a) Short-term borrowings	3	7,000
	b) Trade payables		3,27,000
	c) Other current liability	4	75,000
	d) Short term provision	5	19,620
			8,14,350
II	Assets		
	(1) Non Current assets		
	a) Property, Plant & Equipment & Intangible Assets		

	(i) Property, Plant & Equipment	6	2,04,160
	b) Non-current investments		7,500
	(2) Current assets		
	a) Current investments		4,500
	b) Inventories	7	85,800
	c) Trade receivables		2,38,500
	d) Cash and cash equivalents		2,71,100
	e) Short-term loans and advances	8	2,490
	f) Other current assets	9	300
			8,14,350

Notes to accounts

No.	Particulars		Amount	Amount
1.	Reserve & Surplus:			
	Profit and Loss Account: Balance b/f		45,000	
	Net Profit for the year		29,430	
	Less: Interim Dividend		<u>(27,000)</u>	47,430
2.	Long term borrowings:			
	Secured loans (21,000 less current maturities 1,000)		20,000	
	Fixed Deposits: Unsecured		<u>3,300</u>	23,300
3.	Short term borrowings:			
	Secured loans		4,500	
	Fixed Deposits – Unsecured		1,500	
	Current maturities of long term borrowings		<u>1,000</u>	7,000
4.	Other Current liabilities			
	Unclaimed Dividend		3,000	
	Expenses Payable (67,500 + 4,500)		<u>72,000</u>	75,000
5.	Short term provision:			
	Provision for Income tax			19,620
6.	Property, Plant & Equipment			
	Building	1,01,000		
	Less: Depreciation	<u>2,020</u>	98,980	
	Plant & Machinery	70,400		
	Less: Depreciation	<u>7,040</u>	63,360	
	Furniture	10,200		
	Less: Depreciation	<u>1,020</u>	9,180	
	Motor vehicles	40,800		
	Less: Depreciation	<u>8,160</u>	<u>32,640</u>	2,04,160
7.	Inventory:			
	Raw Material		25,800	
	Finished goods		<u>60,000</u>	85,800
8.	Short term Loans & Advances:			
	General Charges prepaid			2,490
9.	Other Current Assets:			
	Interest accrued			300
10.	Cost of material consumed:			
	Opening inventory of Material & Stores	30,000		
	Add: Purchased	12,15,000		
	Stores & spare parts consumed	<u>45,000</u>	12,90,000	
	Less: Closing inventory		<u>(25,800)</u>	12,64,200

11.	Changes in inventory of Finished Goods & WIP			
	Opening inventory:			
	Finished Goods		46,500	
	Less: Closing inventory:			
	Finished Goods		<u>(60,000)</u>	(13,500)
12.	Employees Benefit expense:			
	Salary & Wages (40,200 + 4,500)			44,700
13.	Other Expenses:			
	Manufacturing Expenses (2,70,000 + 67, 500)		3,37,500	
	General Charges (16,500-2,490)		<u>14,010</u>	3,51,510

Solution 4

Omega Limited
Balance Sheet as at 31st March, 2022

Particulars	Note No.	(₹ in 000)
Equity and Liabilities		
1. Shareholders' funds		
A Share capital	1	300
B Reserves and Surplus	2	530
2. Non-Current liabilities		
A Long term borrowings	3	200
3. Current liabilities		
A Trade Payables		52
Total		1082
Assets		
1. Non-current assets		
PPE (Property, Plant & Equipment)	4	880
2. Current assets		
A. Inventories		86
B. Trade receivables		96
C. Cash and Cash Equivalents		20
Total		1082

Omega Limited
Statement of Profit and Loss for the year ended 31st March, 2022

Particulars	Notes	(₹ in 000)
Revenue from operations		700
Other Income	5	<u>2</u>
Total Income		<u>702</u>
Expenses:		
Purchases		320
Finance costs	6	20
Depreciation (770-10)*10%		76
Other expenses	7	<u>120</u>
Total Expenses		<u>536</u>
Profit (Loss) for the period		166

Notes to accounts

		(₹ in 000)	(₹ in 000)
1	Share Capital		
	Equity share capital		

	<u>Authorised</u>		
	40,000 shares of ₹ 10 each		<u>400</u>
	<u>Issued & subscribed & called up</u>		
	30,000 shares of ₹ 10 each		300
2	Reserves and Surplus		
	Securities Premium Account		40
	Revaluation reserve (360 – 220)		140
	General reserve		130
	Profit & loss Balance		
	Opening balance	72	
	Profit for the period	<u>166</u>	
	Less: Appropriations		
	Interim Dividend	<u>(18)</u>	<u>220</u>
			<u>530</u>
3.	Long term borrowing		
	10% Debentures		200
4.	PPE		
	Land		
	Opening balance	220	
	Add: Revaluation adjustment	<u>140</u>	
	Closing balance		360
	Plant and Machinery		
	Opening balance	770	
	Less: Disposed off	<u>(10)</u>	
		760	
	Less: Depreciation (172-8+76)	<u>(240)</u>	
	Closing balance		<u>520</u>
	Total		880
5.	Other Income		
	Profit on sale of machinery:		
	Sale value of machinery	4	
	Less: Book value of machinery (10-8)	<u>(2)</u>	2
6.	Finance costs		
	Debenture interest		20
7.	Other expenses:		
	Factory expenses	60	
	Selling expenses	30	
	Administrative expenses	<u>30</u>	120

Note: The final dividend will not be recognized as a liability at the balance sheet date (even if it is declared after reporting date but before approval of the financial statements) as per Accounting Standards. Hence, it has not been recognized in the financial statements for the year ended 31 March, 2022. Such dividend will be disclosed in notes only.

Solution 5

Pioneer Ltd. Balance Sheet as on 31st March, 2022

	Particulars	Note	₹
	Equity and Liabilities		
1.	Shareholders' funds		
	(a) Share capital	1	9,99,000
	(b) Reserves and Surplus	2	2,96,700

The copyright of these notes is with C.A. Nitin Goel
No part of these notes may be reproduced in any manner without his prior permission in writing.

2.	Non-Current liabilities		
	(a) Long-term borrowings	3	2,63,500
3.	Current liabilities		
	(a) Trade Payables		2,00,000
	(b) Other current liabilities	4	67,500
	(c) Short-term provisions	5	68,000
	Total		18,94,700
	Assets		
1.	Non-current assets		
	(a) Property, Plant & Equipment & Intangible Assets		
	Property, Plant & Equipment	6	11,25,000
2.	Current assets		
	(a) Inventories	7	2,50,000
	(b) Trade receivables	8	2,00,000
	(c) Cash and cash equivalents	9	2,77,000
	(d) Short-term loans and advances		42,700
	Total		18,94,700

Notes to accounts

			₹
1.	Share Capital		
	Equity share capital		
	Issued & subscribed & called up		
	10,000 Equity Shares of ₹100 each (Of the above 2,000 shares have been issued for consideration other than cash)	10,00,000	
	Less: Calls in arrears	(1,000)	9,99,000
	Total		9,99,000
2.	Reserves and Surplus		
	General Reserve		2,10,000
	Surplus (Profit & Loss A/c)		86,700
	Total		2,96,700
3.	Long-term borrowings		
	Secured		
	Term Loans		
	Loan from State Financial Corporation (1,50,000-7,500) (Secured by hypothecation of Plant and Machinery)		1,42,500
	Unsecured		1,21,000
	Total		2,63,500
4.	Other current liabilities		
	Interest accrued but not due on loans (SFC)		7,500
	Dividend Payable		60,000
	Total		67,500
5.	Short-term provisions		
	Provision for taxation		68,000
	Total		68,000
6.	Property, Plant & Equipment		
	Land		2,00,000
	Buildings	4,00,000	
	Less: Depreciation (Bal. fig.)	(50,000)	3,50,000

	Plant & Machinery	7,00,000	
	Less: Depreciation (Bal. fig.)	(1,75,000)	5,25,000
	Furniture & Fittings	62,500	
	Less: Depreciation (Bal. fig.)	(12,500)	50,000
	Total		11,25,000
7.	Inventories		
	Raw Material		50,000
	Finished goods		2,00,000
	Total		2,50,000
8.	Trade receivables		
	Debts outstanding for a period exceeding six months		52,000
	Other Debts		1,48,000
	Total		2,00,000
9.	Cash and cash equivalents		
	Cash at bank		
	with Scheduled Banks	2,45,000	
	with others (Perfect Bank Ltd.)	2,000	2,47,000
	Cash in hand		30,000
	Total		2,77,000

Notes:

Estimated amount of contract remaining to be executed on capital account & not provided for 1,50,000. It has been assumed that the company had given this contract for purchase of machinery.

Solution 6**Prashant Ltd. Balance Sheet as on 31st March, 2022**

Particulars	Note No.	₹
I. Equity and Liabilities		
(1) Shareholder's Funds		
a) Share Capital	1	14,95,000
b) Reserves and Surplus	2	3,76,800
(2) Non-current liabilities		
a) Long-term borrowings	3	3,65,000
(3) Current Liabilities		
a) Trade Payables		2,67,000
b) Other current liabilities	4	10,000
c) Short-term provision	5	72,000
Total		25,85,800
II. Assets		
(1) Non-current assets		
a) Property, Plant & Equipment & Intangible Assets		
i) Property, Plant & Equipment	6	15,95,000
(2) Current assets		
a) Inventories		3,15,000
b) Trade Receivables	7	2,95,000
c) Cash & bank balances	8	3,22,300
d) Short-term loans and advances		58,500
Total		25,85,800

Notes to Accounts

	Particulars		₹
1	Share Capital		
	Equity share capital: Issued & subscribed & fully paid up		
	1,50,000 Equity Shares of ₹10 each		
	(of the above 10,000 shares have been issued for consideration other than cash)	15,00,000	
	Less: Calls in arrears	(5,000)	14,95,000
2	Reserves and Surplus		
	General Reserve	2,70,000	
	Profit & Loss balance	<u>1,06,800</u>	3,76,800
3	Long-term borrowings		
	Secured		
	Loan from State Financial Corporation (2,10,000-10,000) (Secured by hypothecation of Plant and Machinery)	2,00,000	
	Unsecured Loan	<u>1,65,000</u>	3,65,000
4	Other current liabilities		
	Interest accrued but not due on loans (SFC)		10,000
5	Short-term provisions		
	Provision for taxation		72,000
6	Property, Plant & Equipment		
	Land		5,50,000
	Building	5,50,000	
	Less: Depreciation(b.f.)	(65,000)	4,85,000
	Plant & Machinery	6,25,000	
	Less: Depreciation (b.f.)	(65,000)	<u>5,60,000</u>
			15,95,000
7	Trade receivables		
	Debts outstanding for a period exceeding six months	55,000	
	Other Debts	2,40,000	2,95,000
8	Cash and bank balances		
	Cash and cash equivalents		
	Cash at bank (includes 15,000 with non scheduled bank)	2,85,000	
	Cash in hand	37,300	3,22,300

Solution 7

Alpha Ltd.
Balance Sheet as on 31st March, 2022

	Particulars	Notes	₹
	Equity and Liabilities		
	(1) Shareholders' funds		
	a) Share capital	1	49,95,000
	b) Reserves and Surplus	2	14,83,500
	(2) Non-current liabilities		
	a) Long-term borrowings	3	13,17,500
	(3) Current liabilities		
	a) Short-term borrowings	4	2,00,000
	b) Trade Payables		8,00,000
	c) Other current liabilities	5	37,500
	d) Short-term provisions	6	6,40,000
	Total		94,73,500

	Assets		
	(1) Non Current assets		
	a) Property, Plant & Equipment & Intangible Assets		
	(i) Property, Plant & Equipment	7	56,25,000
	(2) Current assets		
	a) Inventories	8	12,50,000
	b) Trade receivables	9	10,00,000
	c) Cash and cash equivalents	10	13,85,000
	d) Short-term loans and advances		2,13,500
	Total		94,73,500

Notes to accounts

	Particulars		₹
1.	Share Capital		
	Equity share capital : Issued & subscribed & called up		
	50,000 Equity Shares of ₹100 each (of the above 10,000 shares have been issued for consideration other than cash)	50,00,000	
	Less: Calls in arrears	(5,000)	49,95,000
	Total		49,95,000
2.	Reserves and Surplus		
	General Reserve	10,50,000	
	Add: Current year transfer	20,000	10,70,000
	Profit & Loss balance		
	Profit for the year	4,33,500	
	Less: Appropriations:		
	Transfer to General reserve	(20,000)	4,13,500
	Total		14,83,500
3.	Long-term borrowings		
	Secured Term Loan		
	State Financial Corporation Loan (7,50,000-37,500) (Secured by hypothecation of plant and machinery)		7,12,500
	Unsecured Loan		6,05,000
	Total		13,17,500
4.	Short Term Borrowings		
	Loan & advances from related parties		2,00,000
5.	Other current liabilities		
	Interest accrued but not due on loans (SFC)		37,500
6.	Short-term provisions		
	Provision for taxation		6,40,000
7.	Property, Plant & Equipment		
	Land and Building	30,00,000	
	Less: Depreciation (Bal. Fig.)	(2,50,000)	27,50,000
	Plant & Machinery	35,00,000	
	Less: Depreciation (Bal. Fig.)	(8,75,000)	26,25,000
	Furniture & Fittings	3,12,500	
	Less: Depreciation (Bal. Fig.)	(62,500)	2,50,000
	Total		56,25,000
8.	Inventories		
	Raw Materials		2,50,000
	Finished Goods		10,00,000
	Total		12,50,000

9.	Trade receivables		
	Debts outstanding for a period exceeding six months		2,60,000
	Other Debts		7,40,000
	Total		10,00,000
10.	Cash and cash equivalents		
	Cash at bank		
	With Scheduled Banks	12,25,000	
	With others (Omega Bank Ltd.)	<u>10,000</u>	12,35,000
	Cash in hand		1,50,000
	Total		13,85,000

Note: The final dividend will not be recognized as a liability at the balance sheet date (even if it is declared after reporting date but before approval of the financial statements) as per Accounting Standards. Hence, it has not been recognized in the financial statements for the year ended 31 March, 2022. Such dividend will be disclosed in notes only.

Solution 8

SR Ltd. Balance Sheet as on 31st March, 2022

	Particulars	Notes	₹
	Equity and Liabilities		
	(1) Shareholders' funds		
	a) Share capital	1	79,85,000
	b) Reserves and Surplus	2	30,21,000
	(2) Non-current liabilities		
	a) Long-term borrowings	3	42,66,000
	(3) Current liabilities		
	a) Short-term borrowings	4	9,40,000
	b) Trade Payables		8,13,000
	c) Other current liabilities	5	2,04,000
	d) Short-term provisions	6	3,80,000
	Total		1,76,09,000
	Assets		
	(1) Non Current assets		
	a) Property, Plant & Equipment & Intangible Assets		
	(i) Property, Plant & Equipment	7	92,00,000
	(2) Current assets		
	a) Inventories	8	58,00,000
	b) Trade receivables	9	17,50,000
	c) Cash and cash equivalents	10	4,84,000
	d) Short-term loans and advances		3,75,000
	Total		1,76,09,000

Notes to accounts

	Particulars		₹
1.	Share Capital		
	Equity share capital : Issued & subscribed & called up		
	1,60,000 Equity Shares of ₹50 each (of the above 50,000 shares have been issued for consideration other than cash)	80,00,000	
	Less: Calls in arrears	<u>(15,000)</u>	79,85,000
	Total		79,85,000
2.	Reserves and Surplus		
	General Reserve	9,41,000	

The copyright of these notes is with C.A. Nitin Goel

No part of these notes may be reproduced in any manner without his prior permission in writing.

	Add: Current year transfer	<u>35,000</u>	9,76,000
	Profit & Loss balance		
	Profit for the year	5,80,000	
	Less: Transfer to General reserve	<u>(35,000)</u>	5,45,000
	Securities Premium		15,00,000
	Total		30,21,000
3.	Long-term borrowings		
	Secured: Term Loan		
	Loan from Public Finance Corporation [repayable after 3 years (26,30,000 - 1,34,000 for interest accrued but not due)] (Secured by hypothecation of plant and machinery)		24,96,000
	Unsecured Loan		
	Bank Loan (Nixes Bank) (13,80,000-4,80,000)	9,00,000	
	Loan from Directors	8,50,000	
	Others	<u>20,000</u>	17,70,000
	Total		42,66,000
4.	Short-term borrowings		
	Loan from Naya bank (Secured)	1,16,000	
	Loan from Directors	48,000	
	Others	2,96,000	
	Loan from Nixes bank repayable within one year (Current maturities of Long term borrowings)	<u>4,80,000</u>	9,40,000
5.	Other current liabilities		
	Interest accrued but not due on borrowings	1,34,000	
	Unpaid dividend	<u>70,000</u>	2,04,000
6.	Short-term provisions		
	Provision for taxation		3,80,000
7.	Property, Plant & Equipment		
	Land		25,00,000
	Building	32,00,000	
	Less: Depreciation	<u>(2,00,000)</u>	30,00,000
	Plant & Machinery	30,00,000	
	Less: Depreciation	<u>(6,00,000)</u>	24,00,000
	Furniture & Fittings	16,50,000	
	Less: Depreciation	<u>(3,50,000)</u>	13,00,000
	Total		92,00,000
8.	Inventories		
	Raw Materials		13,00,000
	Finished Goods		40,00,000
	Loose tools		<u>5,00,000</u>
	Total		58,00,000
9.	Trade receivables		
	Debts outstanding for a period exceeding six months		4,86,000
	Other Debts		12,64,000
	Total		17,50,000
10.	Cash and cash equivalents		
	Cash at bank		
	With Scheduled Banks	3,58,000	
	With others	<u>56,000</u>	4,14,000
	Cash in hand		70,000
	Total		4,84,000

Contingent Liabilities and Commitments (to the extent not provided for)

Contingent Liabilities: Bills discounted but not matured 1,60,000

Solution 9

H Ltd
Balance Sheet as at 31st March 2021

Particulars	Note No.	Amount in (₹)
Equity and Liabilities		
I. Shareholders' Funds		
a. Share Capital	1	13,00,000
b. Reserves and Surplus	2	53,91,900
II. Non-Current Liabilities		
a. Long Term Borrowings	3	4,00,000
III. Current Liabilities		
a. Trade Payables	4	10,40,000
b. Other Current Liabilities	5	70,000
Total		82,01,900
Assets		
I. Non-Current Assets		
(i) PPE & Intangible Assets		
a. Property, Plant and Equipment	6	40,61,000
b. Intangible Assets	7	10,00,000
II. Current Assets		
a. Inventories		9,50,000
b. Trade Receivables		19,60,000
c. Cash and Cash equivalents		2,30,900
Total		82,01,900

Statement of Profit and Loss for the year ended 31st March 2021

Particulars	Note No	Amount in (₹)
I. Revenue from operations		60,00,000
Total Income		60,00,000
II. Expenses		
Purchases (adjusted)		22,32,100
Finance Costs	8	36,000
Depreciation and Amortization	9	3,17,000
Other Expenses	10	32,30,000
Total Expenses		58,15,100
Profit/(Loss) for the period		1,84,900

Notes to Accounts**(Amount in ₹)**

1	Share Capital		
	Authorized Capital		
	5,000, 6% Preference shares of ₹ 100/- each		5,00,000
	10,000 Equity Shares of ₹100/- each		10,00,000
			15,00,000
	Issued & Subscribed Capital		
	5,000, 6% Preference shares of ₹100/- each		5,00,000
	8,000, Equity shares of ₹100/- each		8,00,000
	Total		13,00,000
2	Reserves & Surplus		
	Capital Reserve (100 X (90-40))		5,000
	Revaluation Reserve (36,00,000-24,00,000)		12,00,000

The copyright of these notes is with C.A. Nitin Goel

No part of these notes may be reproduced in any manner without his prior permission in writing.

	General Reserve		40,00,000
	Surplus	1,84,900	
	Add: Balance from previous year	72,000	
	Less: Dividends declared (5,00,000*6%)+(8,00,000*5%)	<u>(70,000)</u>	
	Profit/(Loss) carried forward to Balance Sheet		1,86,900
	Total		53,91,900
3	Long-Term Borrowings		
	Secured		
	9% Debentures		4,00,000
4	Trade Payables		10,40,000
5	Other Current Liabilities		
	Dividend Payable		
	Preference Dividend		30,000
	Equity Dividend		<u>40,000</u>
	Total		70,000
6	Property, Plant and Equipment		
	<u>Land</u>		
	Opening balance	24,00,000	
	Add: Revaluation Adjustment	<u>12,00,000</u>	
	Closing Balance		36,00,000
	<u>Plant and Machinery</u>		
	Opening Balance	7,70,000	
	Less: Disposed off	<u>(1,00,000)</u>	
		6,70,000	
	Less: Depreciation (1,72,000-30,000+67,000)	<u>(2,09,000)</u>	
	Closing Balance		4,61,000
	Total		40,61,000
7	Intangible Assets		
	Goodwill		12,50,000
	Less: Amortized (1/5th)		<u>(2,50,000)</u>
	Total		10,00,000
8	Finance Costs		
	Debenture Interest		36,000
9	Depreciation and Amortization		
	Plant and Machinery		67,000
	Goodwill		<u>2,50,000</u>
	Total		3,17,000
10	Other Expenses		
	Factory Expenses		15,00,000
	Selling Expenses		14,00,000
	Administrative Expenses		3,00,000
	Loss on sale of Plant and Machinery		
	Book Value (1,00,000-30,000)	70,000	
	Less: Sale Value	<u>(40,000)</u>	30,000
	Total		32,30,000

Note:

The financial statements given in the above answer include adjustment for dividend declared on 31st March, 2021, strictly, as per the information given in the question. However, practically dividends are declared in the annual general meetings which take place after the reporting date.

Solution 10

“Current maturities of long term borrowing are shown under ‘short term borrowings’ and not under ‘Other current Liabilities’ as per amendment to Schedule III. Hence the statement given in the question is not valid.

Solution 11**Balance Sheet of Anmol Ltd. as at 31st March, 2022**

Particulars	Note No	₹
Equity and Liabilities		
1. Shareholders' funds		
a. Share capital	1	10,00,000
b. Reserves and Surplus	2	24,76,462
2. Non-current liabilities		
a. Long-term borrowings	3	85,00,000
3 Current liabilities		
a. Short term borrowings (Installment of term loan falling due in one year)		17,00,000
b. Trade Payables	4	56,33,875
c. Other current liabilities	5	1,76,500
d. Short term provisions (provision for tax)		1,16,988
Total		1,96,03,825
ASSETS		
1. Non-current assets		
a. PPE	6	1,11,70,700
2. Current assets		
a. Inventories		11,37,500
b. Trade receivables	7	61,51,250
c. Cash and bank balances	8	11,06,875
d. Short term loans & advances (Advance tax paid)		37,500
Total		1,96,03,825

Statement of Profit and Loss of Anmol Ltd. for the year ended 31st March, 2022

	Particulars	Notes	Amount
I.	Revenue from operations		1,25,87,000
II.	Other income (Commission income)		72,500
III.	Total Income (I + II)		1,26,59,500
IV.	Expenses:		
	Purchases of Inventory-in-Trade		82,95,000
	Changes in inventories of finished goods work-in-progress and Inventory-in-Trade	9	(2,12,500)
	Employee benefits expense	10	14,28,500
	Finance costs (interest on term loan)		8,05,000
	Depreciation		7,80,300
	Other operating expenses	11	10,95,250
	Total expenses		1,21,91,550
V.	Profit (Loss) for the period (III - IV)		4,67,950
VI.	(-) Tax (25%)		<u>(1,16,988)</u>
VII.	PAT		3,50,962

Notes to accounts

			₹
1	Share Capital		
	Equity share capital		
	Authorized: 2,00,000 equity shares of ₹ 10 each		<u>20,00,000</u>
	Issued & subscribed: 1,00,000 equity shares of ₹ 10 each		10,00,000
2	Reserves and Surplus		
	General Reserve	10,00,000	
	Add: current year transfer	<u>1,00,000</u>	11,00,000
	Profit & Loss balance		
	Opening balance: Surplus P & L A/c	8,75,500	
	Profit for the year	3,50,962	
	Less: Appropriations:		
	Transfer to General reserve	<u>(1,00,000)</u>	11,26,462
	Securities premium		2,50,000
3	Long-term borrowings		24,76,462
	Term loan from public sector bank (Secured by hypothecation)		1,02,00,000
	Less: Installment of Term loan falling due within one year		<u>(17,00,000)</u>
	Total		85,00,000
4	Trade payables		
	Trade payables	55,08,875	
	Bills payable	<u>1,25,000</u>	56,33,875
5	Other current liabilities		
	Rent outstanding	20,000	
	Wages and Salaries Outstanding	<u>1,56,500</u>	1,76,500
6	PPE (Note 2)		
	Land		24,00,000
	Factory Buildings		33,21,200
	Plant & Machinery		47,81,250
	Furniture & Fittings		<u>6,68,250</u>
	Total		1,11,70,700
7	Trade receivables		
	Debtors Outstanding for period exceeding 6 months	85,600	
	Other debts	63,89,400	
	Less: Provision for doubtful debt	<u>(3,23,750)</u>	61,51,250
8	Cash and bank balances		
	Cash and cash equivalents		
	Bank balance	9,75,000	
	Cash on hand	<u>1,31,875</u>	11,06,875
9	Changes in Inventories		
	Opening Inventory	9,25,000	
	Less: Closing Inventory	<u>(11,37,500)</u>	
	Change		(2,12,500)
10	Employee benefit expense		
	Wages and Salaries	12,72,000	
	Add: Wages and Salaries Outstanding	<u>1,56,500</u>	14,28,500
11	Other operating expenses		
	Rent	2,20,000	
	Add: outstanding	<u>20,000</u>	2,40,000
	Rates and Taxes		50,000
	Selling & Distribution expenses		4,36,000

Bad debts		38,500
Provision for Doubtful Debts		
Closing Provision: (64,75,000*5%)	3,23,750	
Less: Opening Provision	(25,000)	2,98,750
Director's fee		32,000
Total		10,95,250

Note:

- 1) The final dividend will not be recognized as a liability at the balance sheet date (even if it is declared after reporting date but before approval of the financial statements) as per Accounting Standards. Hence, it has not been recognized in the financial statements for the year ended 31 March, 2022. Such dividends will be disclosed in notes only.

2) Calculation of depreciation:

	Book value	Accumulated depreciation	WDV	Current year Depreciation	Current year WDV
Land	24,00,000	-	24,00,000	-	24,00,000
Factory building	36,80,000	1,84,000	34,96,000	1,74,800	33,21,200
Plant & Machinery	62,50,000	9,37,500	53,12,500	5,31,250	47,81,250
Furniture & Fittings	8,25,000	82,500	7,42,500	74,250	6,68,250
			Total	7,80,300	1,11,70,700

Solution 12

- Current Liabilities/ Other Current Liabilities
- Shareholders' Fund / Reserve & Surplus
- Current liabilities/Other Current Liabilities
- Contingent Liabilities and Commitments
- Shareholders' Fund / Share Capital (Deduction from called up capital)
- Shareholders' Fund / Money received against share warrants

Solution 13**Statement of Profit and Loss of Travesse Limited.****For the year ended 31st March, 2023**

	Particulars	Notes	Amount
I.	Revenue from operations	1	47,22,600
II.	Other income	2	<u>1,61,465</u>
III.	Total Income (I + II)		<u>48,84,065</u>
IV.	Expenses:		
	Purchases of Inventory-in-Trade		28,86,600
	Changes in inventories of finished goods, work-in- progress and Inventory-in-Trade	3	20,400
	Finance costs	4	3,52,410
	Depreciation and amortization expenses	5	3,57,765
	Other expenses	6	<u>6,65,040</u>
	Total expenses		<u>42,82,215</u>
V.	Profit (Loss) for the period (III - IV) before tax		6,01,850
VI.	Provision for tax		<u>(1,50,463)</u>
VII.	Profit for the period		<u>4,51,387</u>

Notes to accounts

			₹
1	Revenue from operations		
	Sale		47,22,600
2	Other Income		
	Transfer fees		38,250
	Discount received		66,300
	Interest on Investment		55,000
	Profit on sale of plant		<u>1,915</u>
	Total		<u>1,61,465</u>
3	Changes in inventories of finished goods, work-in- progress and Inventory-in-Trade		
	Opening Inventory	4,97,250	
	Less: Closing Inventory	<u>(4,76,850)</u>	<u>20,400</u>
	Total		<u>20,400</u>
4	Finance costs		
	Interest on Debentures		3,39,150
	Bank Interest		<u>13,260</u>
	Total		<u>3,52,410</u>
5	Depreciation and Amortization expenses		
	Depreciation on Plant & Machinery (10% x (37,43,400 - 1,65,750))		3,57,765
6	Other expenses		
	Factory expense		2,58,060
	Rent, Taxes and Insurance		65,025
	Repairs		1,49,685
	Sundry expenses		1,27,500
	Selling expenses		26,520
	Director's fees		<u>38,250</u>
	Total		<u>6,65,040</u>

Note: The final dividend will not be recognized as a liability at the balance sheet date (even if it is declared after reporting date but before approval of financial statements) as per accounting standards. Hence, it is not recognized in the financial statement for the year ending 31st March 2023. Such dividend will be disclosed in notes only.

Solution 14

**Statement of Profit and Loss of Falgun Ltd.
for the year ended 31st March, 2023**

	Particulars	Notes	₹
I.	Revenue from operations		8,46,000
II.	Other income (Rent income)		24,000
III.	Total Income (I + II)		8,70,000
IV.	Expenses:		
	Cost of materials consumed / Cost of purchases	9	2,42,200
	Changes in inventories of finished goods, work-in-progress and Inventory-in-Trade		-
	Employee benefits expense	10	72,000
	Finance costs (Interest on debentures)	11	20,000
	Depreciation and amortization expenses	12	1,80,000
	Other expenses	13	2,54,800
	Total expenses		7,69,000
V.	Profit (Loss) for the period (III - IV)		1,01,000

Balance Sheet of Falgun Ltd. as at 31st March, 2023

Particulars	Note No	₹
Equity and Liabilities		
1. Shareholders' funds		
a. Share capital	1	14,00,000
b. Reserves and Surplus	2	6,26,000
2. Non-current liabilities		
a. Long-term borrowings	3	8,14,000
3. Current liabilities		
a. Short term borrowings	4	1,00,000
b. Trade Payables		72,000
c. Other current liabilities	5	79,000
Total		30,91,000
ASSETS		
1. Non-current assets		
a. Property, plant and equipment	6	22,30,000
2. Current assets		
a. Inventories		1,12,000
b. Trade receivables	7	3,10,000
c. Cash and bank equivalents	8	4,39,000
Total		30,91,000

Note: There is a Contingent Liability for bills discounted but not yet matured amounting ₹ 35,000.

Notes to accounts:

1	Share Capital		
	Authorised capital:		
	10,000, 10% preference shares of ₹ 100		10,00,000
	20,000 Equity shares of ₹ 100 each		20,00,000
			30,00,000
	Issued and subscribed capital:		
	4,000, 10% preference shares of ₹ 100 each fully paid		4,00,000
	10,000 Equity shares of ₹ 100 each, fully paid		10,00,000
	(of the above 2,500 shares have been issued for consideration other than cash)		14,00,000
2	Reserves and Surplus		
	Securities premium	50,000	
	Revaluation reserve	1,50,000	
	General Reserve	2,85,000	4,85,000
	Surplus (Profit & Loss balance)		
	Opening balance	40,000	
	Profit for the year	1,01,000	1,41,000
	Total		6,26,000
3	Long-term borrowings		
	<u>Debentures</u> 2,000 10% Debentures of ₹ 100 each	2,00,000	
	<u>Secured: Term Loans</u>		
	6% Loan from State Finance Corporation [repayable after 3years (₹ 4,50,000 - ₹ 36,000 for interest accrued but not due)] (secured by hypothecation of Plant and machinery)	4,14,000	
	<u>Others</u>		
	Bank overdraft from Nationalized bank (secured by hypothecation of stocks)	2,00,000	
	Total		8,14,000

4	Short-term borrowings		
	Loan from Directors		1,00,000
5	Other current liabilities		
	Unclaimed dividend	23,000	
	Interest on Debentures	20,000	
	Interest accrued but not due on loans (SFC)	<u>36,000</u>	79,000
6	Property, plant and equipment		
	Land	7,00,000	
	Add: Revaluation Adjustment	<u>1,50,000</u>	8,50,000
	Plant & Machinery	14,70,000	
	Less: Provision for depreciation	<u>(3,00,000)</u>	11,70,000
	Furniture	4,00,000	
	Less: Provision for depreciation	<u>(1,90,000)</u>	2,10,000
	Total		<u>22,30,000</u>
7	Trade receivables		
	Debts outstanding for a period exceeding six months		46,000
	Other Debts		<u>2,64,000</u>
			<u>3,10,000</u>
8	Cash and cash equivalents		
	Cash at bank with Scheduled Banks (3,05,000-55,000)	2,50,000	
	with others	55,000	
	Cash in hand	<u>1,34,000</u>	4,39,000
9	Cost of materials consumed/Cost of purchases		
	Adjusted purchases	2,25,000	
	Carriage inward	<u>17,200</u>	2,42,200
10	Employee benefit expense		
	Salaries		72,000
11	Finance cost		
	Debenture interest		20,000
12	Depreciation and amortization expenses		
	Plant and Machinery	1,10,000	
	Furniture	<u>70,000</u>	1,80,000
13	Other expenses		
	Misc. expenses (10,200-5,000)	5,200	
	Audit fee	5,000	
	Selling & Distribution expenses	46,600	
	Director's fee	40,000	
	Travelling expenses (including foreign tour)	1,30,000	
	Office expenses	<u>28,000</u>	2,54,800

Notes:

1. The final dividend will not be recognized as a liability at the balance sheet date (even if it is declared after reporting date but before approval of the financial statements) as per Accounting Standards. Hence, it has not been recognized in the financial statements for the year ended 31 March, 2023. Such dividends will be disclosed in notes only.
2. Since Bonus issue is in proposal state, no adjustment has been made in the given answer.

Solution 15

Shivam Limited
Balance Sheet as at 31st March 2024

	Particulars	Note No.	₹ (in 000)
I.	Equity and Liabilities		
1.	Shareholders' funds		
	(a) Share capital	1	300.00
	(b) Reserves and Surplus	2	232.70
2.	Non-Current liabilities		
	(a) Long term borrowings	3	135.00
3.	Current Liabilities		
	(a) Trade Payables		35.00
	(b) Short-Term Provisions		30.30
	Total		733.00
II.	Assets		
1.	Non-current assets		
	(a) Property, Plant and Equipment and Intangible assets (i) Property, Plant and Equipment	4	596.00
2.	Current assets		
	(a) Inventories		58.00
	(b) Trade receivables		65.00
	(c) Cash and cash equivalents		14.00
	Total		733.00

Shivam Limited
Statement of Profit and Loss for the year ended 31st March 2024

	Particulars	Notes	₹ (in '000)
I.	Revenue from operations		473.00
II.	Other Income	5	<u>1.00</u>
III.	Total Income		<u>474.00</u>
IV.	Expenses:		
	Purchases		226.00
	Finance costs		14.00
	Depreciation and Amortisation expenses (10% of 510*)		51.00
	Other expenses	6	82.00
V.	Total Expenses		<u>373.00</u>
	Profit before Tax (III-IV)		101.00
	Tax Expense:		
	Current tax		<u>(30.30)</u>
	Profit for the period (after tax)		<u>70.70</u>

Note: * 520 (Plant and machinery at cost) – 10 (Cost of plant and machinery sold)

Notes to accounts

		₹ (in 000)
1.	Share Capital	
	Equity share capital	
	<u>Authorised</u>	
	35,000 shares of ₹ 10 each	<u>350.00</u>
	<u>Issued, subscribed and paid-up</u>	
	20,000 shares of ₹ 10 each fully paid up	200.00
	Add: 10,000 Bonus Shares issued during the year	<u>100.00</u>
		300.00

2. Reserves and Surplus		
<u>Securities Premium Account</u>		
Opening Balance	27.00	
Less: Utilised for bonus issue	(27.00)	0.00
<u>Revaluation reserve (2,45,000 – 1,48,000)</u>		97.00
<u>General Reserve</u>	90	
Less: Utilized for bonus issue	(73)	17.00
Add: Transfer from Profit and loss @ 10%	7.07	24.07
<u>Profit and loss Balance</u>		
Opening balance	48.00	
Profit for the period	70.70	
Appropriations		
Transfer to General Reserve @ 10%	(7.07)	111.63
		<u>232.70</u>
3. Long term borrowing		
10% Debentures		135.00
4 Property, Plant and Equipment		
Land		
Opening balance	148.00	
Add: Revaluation adjustment	97.00	
Closing balance		245.00
Plant and Machinery		
Opening balance	520.00	
Less: Disposed off	(10.00)	
	510.00	
Less: Depreciation (1,16,000-8,000+51,000)	(159.00)	
Closing balance		<u>351.00</u>
Total		<u>596.00</u>
5 Other Income		
Profit on sale of machinery:		
Sale value of machinery	3.00	
Less: Book value of machinery (10,000-8,000)	(2.00)	1.00
6 Other expenses:		
Factory expenses	40.00	
Selling expenses	20.00	
Administrative expenses	<u>22.00</u>	82.00

The final dividend will not be recognized as a liability at the balance sheet date (even if it is declared after reporting date but before approval of the financial statements) as per Accounting Standards. Hence, it has not been recognized in the financial statements for the year ended 31 March 2024. Such dividends will be disclosed in notes only.

Working note:

Bonus Shares Issue:

- Bonus shares are issued in a 1:2 ratio, so for every 2 equity shares, 1 bonus share is issued.
- Equity Share Capital = ₹ 2,00,000 / ₹ 10 = 20,000 shares.
- Bonus Shares = 20,000 / 2 = 10,000 shares × ₹ 10 = ₹ 1,00,000.

Alternatively, since, the amount of interest on 10% 1,35,000 Debentures comes to ₹ 13,500 while the Debenture Interest in the trial balance is listed as ₹ 14,000, the difference of ₹ 500 (₹ 13,500 - ₹ 14,000) may be treated as an advance payment.