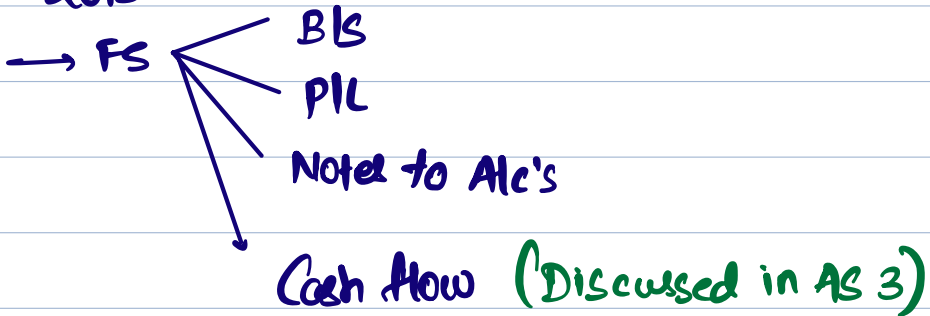


## Fin Stat. of Co.s / Preparation of FS (Co. Final Alc's) (10-14 mks)

→ FS are prepared as per Schedule III (Div 1) given by Companies Act, 2013.



## Format of Balance sheet

Particulars	Note No.	Current Year	Previous Year
<b>I] Equity &amp; Liabilities</b>			
<b>1] Shareholder's Funds</b>			
a) Share Capital	①		
b) Reserves & Surplus	②		
c) Money received against share warrants			
<b>2] Share Application money pending allotment</b> → more than 12 months			
<b>3] Non-current Liabilities</b>			
a) Long term Borrowings	③		
b) Deferred Tax Liabilities (Net)			
c) Other long term Liabilities	④		
d) Long term provisions	⑤		
→ less than 12 months			
<b>4] Current Liabilities</b>			
a) Short term Borrowings	⑥		
b) Trade payables	⑦		
c) Other current liabilities	⑧		
d) Short term provisions	⑨		
<b>Total</b>		xxx	xxx



## Assets

### 1. Non-current Assets

Ⓐ i) Property, Plant & equipment (PPE)	10		
ii) Intangible Assets	11		
iii) Capital work in progress (PPE under construction)			
iv) Intangible Assets under development			
Ⓑ Non current investments	12		
Ⓒ Deferred Tax Assets (Net)			
Ⓓ Long term loans & advances	13		
Ⓔ Other Non-current Assets	14		

### 2. Current Assets

Ⓐ Current Investments	15		
Ⓑ Inventories	16		
Ⓒ Trade receivables	17		
Ⓓ Cash & cash equivalents	18		
Ⓔ Short term loans & advances	19		
Ⓕ Other current Assets	20		
Total		xx	xx

# Statement of Profit & loss

Pasticulars	Note No.	Current Year	Previous Year
I] Revenue from operations (Main Bus)	21		
II] Other Income (misc. Inc)	22		
III] Total Income (I+II)			
IV] Expenses			
Raw Materials consumed $(\text{Opn RM} + \text{Purch RM} - \text{Cl. Stk RM})$	23		
Purchase of stock in trade (Purchase of FG)			
Changes in Inventories of finished Goods & work in Progress $(\text{Opn Stk} - \text{Cl. Stk})$	24		
Employee Benefit Expenses	25		
Finance Costs	26		
Depreciation & Amortization Expenses	27		
Other Expenses	28		
Total Expenses			
V] Profit Before Exceptional Items, extraordinary items and Tax			
vi] Exceptional Items			
vii] Profit Before extraordinary items & Tax			

As S

viii] Extraordinary items  
↳ (loss by fire/acc)

ix] Profit Before Tax

x] Tax Expense  
Current Tax  
Deferred Tax

xi] Profit / (loss) for the period from continuing operations

xii] Profit / (loss) from discontinuing operations

xiii] Tax Exp of discontinuing operations

xiv] Profit / (loss) from discontinuing operations  
(after tax)

xv] Profit / (loss) for the period (xi + xiv)

xvi] Earnings Per Share (EPS)  
Basic  
Diluted

} AS 20

## Notes to Alc's

### ① Share Capital

a) For each class of share capital  $\begin{cases} \text{Esc } ₹100 \\ \text{Psc } ₹10 \end{cases}$

- No. & amt of shares authorised
- No. & amt of shares issued, subscribed & fully paid up
- \_\_\_\_\_ " \_\_\_\_\_ But NOT fully paid up.

b) Disclose the foll. for 5 years

- No. & class of shares allotted without payment rec'd in cash (eg: shares given as PC under amalgamation)
- No. & class of shares allotted by way of Bonus Shares
- No & class of shares bought back.

© <sup>★</sup> Calls in arrears → Deduct from Share Capital

## ② Reserve & Surplus

- All types of Reserves, **ESOP Reserve** (Share options outstanding A/c)
- Disclose allocations/appropriations such as div, Bonus shares, transfer to/from Reserve etc.

eg: <u>Gen. Reserve</u>	→	Opn	xxx
less: Dividend			(xx)
less: Trf to CRR			(xx)
		Cie Bal	xxx.

→ Dr. Bal of any reserves → Show as negative Bal in R/GS.

### ③ Long term Borrowings

- ⑥ Bonds, Debentures, loan taken from Bank, term loan from other party, deposit accepted, other's. (if any)
- ⑦ loans taken from related parties
- ⑧ Borrowings shall be classified as Secured & Unsecured.

### ④ Other long term Liab

- ⑥ Creditors for PPE
- ⑦ Other's (Jo kisi bhi head mein nahi aaya woh yaha aayega)

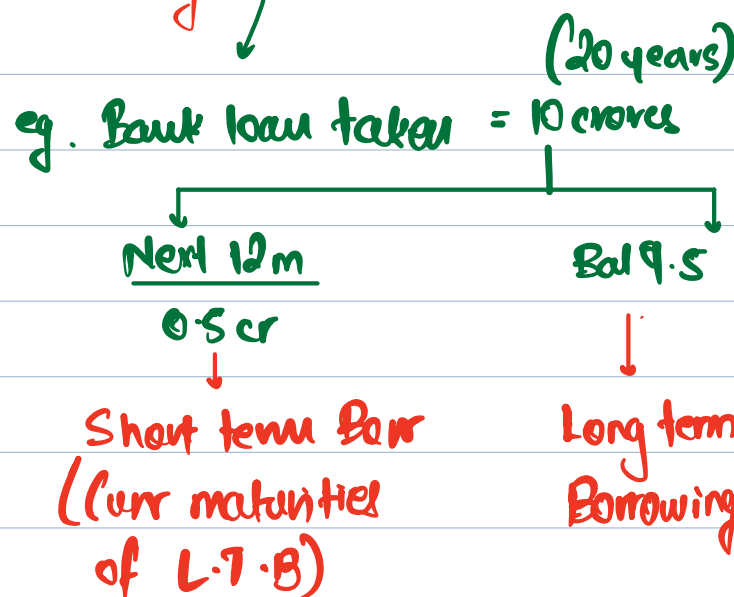
### ⑤ Long term Provisions

- ⑥ Prov for employee Benefits, Prov for Deccum<sup>n</sup>, etc.

Note: Provisions created on assets (eg: Prov for B.D, Prov for diminution in value of Invest) should be deducted from asset

### ⑥ Short term Borrowings

- ⑥ loan from Banks, loan from other parties, loan from related parties etc
- ⑦ Borrowings shall be further classified as Secured & Unsecured
- ⑧ Current maturities of long term Borrowings.



## ⑦ Trade payables

### Present trade payable ageing schedule

outstanding for

Particulars	less than 1 yr	1-2 yrs	2-3 yrs	more than 3 yrs	Total

## ⑧ Other Curr Liab

⑥ Int accrued on Borrowings, Debtors, loan  
(payable)

⑦ Income rec'd in advance, outstanding expenses

⑧ Dividend payable

⑨ Application money received for allotment of securities & due for refund. (eg 1)

⑩ Unpaid matured loan/debtors & its accrued Int. (eg 2)

eg ① IPO → 1 lakh shares

Application received  
for 1.5 lakh shares

50k extra  
applications  
↓

Application money  
refundable  
↓

Other Curr Liab

1L application  
↓

This money will  
be shown under  
share applicat<sup>n</sup> money  
pending allotment

eg2: 10 years loan taken of \$10 m, Today 10 years are over  
still 1cr is unpaid.

↓

Now it can no longer be treated as a Borrowing

↓

Show under other Curr Liab (Unpaid matured loan)

⑨ Short term provisions

⑥ Prov for emp benefits, prov for warranty

⑦ Prov for tax

⑧ others (if any)

⑩ PPE

⑥ Classification shall be given as: Land, Bldgs, Plant & Equipment, Furniture & fixtures, vehicles, otc Equip, others (Specify nature)

⑦ A reconciliation of gross & net carrying Amt:

Bldg

Land

Gross Block

(-) Acc. Deprn

(+) Additions/Purchases

(-) Disposals

(+/-) Other Adj

Net Block

## (11) Intangible Assets

- (a) Patents, copyrights, trademarks, computer software, Brands, IPR (Intellectual Prop Rights), etc.
- (b) Goodwill
- (c) A reconciliation → same as PPE

## (12) Non-Current Investments

- (a) Invest in Eq Share, Invest in Pref shares, Invest in Bonds, Invest in Deb, Invest in Govt Sec, Invest in Mutual fund, Investment Property, Other's
- (b) Provision for diminution of value of Invest (loss from Respective Invest) ✓

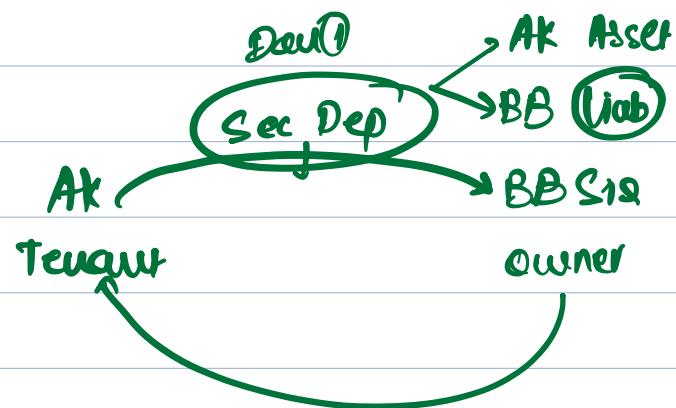
Note: Don't show this prov under Liab

## (13) Long term loans & advances

- (a) loans given to related parties, loan given to other party, loans to employees, loan to directors etc.
- (b) Capital advances (Payment made in adv for purchase of PPE)
- (c) Others (Specify nature)

## (14) Other Non-Current Asset

- (a) Security Deposit
- (b) Others (Specify nature)





### (15) Current Investment

→ Same as Non-current Invest (except Invest Prop which is generally non-current)

### (16) Inventories

(a) It shall be classified as Raw Materials, WIP, Finished Goods <sup>for manufacturing Bus<sup>n</sup></sup>  
Stock in Trade → For trading Bus<sup>n</sup>

(b) Spare part, Stores

(c) Loose Tools   
 → Depn rate → PPE  
 → No Depn rate → Inventory mostly

(Over: Tools & equip → ₹100000) → PPE

(d) Goods in transit shall be disclosed under the relevant sub head of Inventory

### (17) Trade receivables

(a) Bills Receivable

Less: Bills dishonoured

(b) Trade Receivables

outstanding for less than 6m  
— for more than 6m

Less: Prov for Bad debts (xx)

Solved eg in ICAI  
module

## ⑱ Cash & Cash equivalents (CCE)

### a) Balance with Banks

- with scheduled Bank
- with other than schedule Bank

### b) Cheques

### c) Cash in hand

### d) Earmarked Balances with Bank (eg. unpaid div money kept in separate A/c)

### e) Bank deposits with more than 12 months maturity shall be disclosed separately (eg FD 2yrs)

FD less than 3m → CCE, FD 3m to 12m → CCE x Current Invest / other Bank Bal. FD > 12m → CCE x Non Curr Invest / other Bank Bal. Non Curr side.

## ⑲ Short term loans & advances

→ Headings is same as long term loans & adv (except Cap Adv for PPE)

## ⑳ Other Current Assets

### a) Interest re'able, prepaid exp, others (specify nature)

### b) PPE Held for Sale<sup>\*\*</sup>

eg. PPE Purchase  
Held for use  
↓  
PPE

PPE Purchase  
Held for sale  
↓  
Business  
Inventory

PPE Purchased (Held for use)  
Now after few years of usage,  
Co decides to sell it within  
12 months (Plan to sell PPE) x



Other Curr Asset  
- PPE Held for sale.

## 21. Revenue from operations

- (a) Sale of products, sale of services, other operating revenue (specify nature)
- (b) Revenue should be excluding GST, excise duty etc.)

## 22. Other Income

- (a) Interest Income, Dividend Income, Rental Income, lottery income, Commission income etc.
- (b) Gain on sale of PPE
- (c) Net Gain/loss on sale of Investment
- (d) Other Non operating income

## 23. Raw Material Consumed

Opn Raw Material

(+) Purchase of RM

(-) Cls Stk of Raw material \_\_\_\_\_

Cost of Raw

Material Consumed \_\_\_\_\_

## 24. Changes in Inventory of Finished Goods & WIP

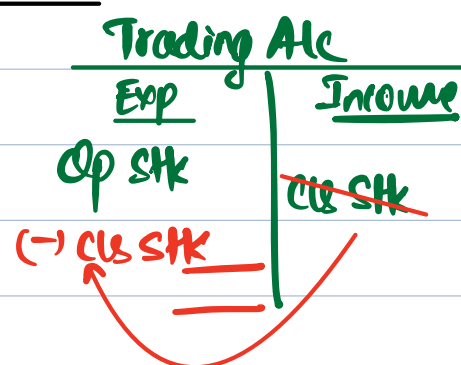
(a) WIP

Opn Inventory

(-) Cls Inventory \_\_\_\_\_ (xx)

(b) FG → Opn Inv

(-) Cls Inv \_\_\_\_\_ (xx)



~~© Raw Materials~~ → Already considered in Raw Mat<sup>e</sup> consumed.

## 25. Employee Benefit Expense

- ① Salary, wages, Bonus to employees.
- ② Contribution to Prov fund & other funds
- ③ Staff welfare Exp.
- ④ ESOP Exp

## 26. Finance Cost

- ① Interest Exp
- ② ~~Div Exp~~ → Div pay karna is not an exp, it is an appropriation of profit, directly paid from R<sup>ts</sup>
- ③ Others (Specify Nature)

## 27. Depreciation & Amortization

- ① Depr<sup>n</sup> on PPE
- ② Amortization on Intangible.

## 28. Other Expenses

- ① Electricity exp, Rent Exp, Print<sup>g</sup> & Stationary, Power & fuel, repairs & maintenance, Travel<sup>g</sup> Exp, Insurance exp, Advt Exp, training fees, Audit fees, CSR Expense, Consumables etc.

Note: Separate disclosure for an item of income or exp which exceeds:  
1% of revenue from op or 1,00,000 whichever is higher

## 29. Contingent Liab & Commitments

(They do not appear in Bal sheet, they are only disclosed in Notes to A/c's)

### (a) Contingent Liab

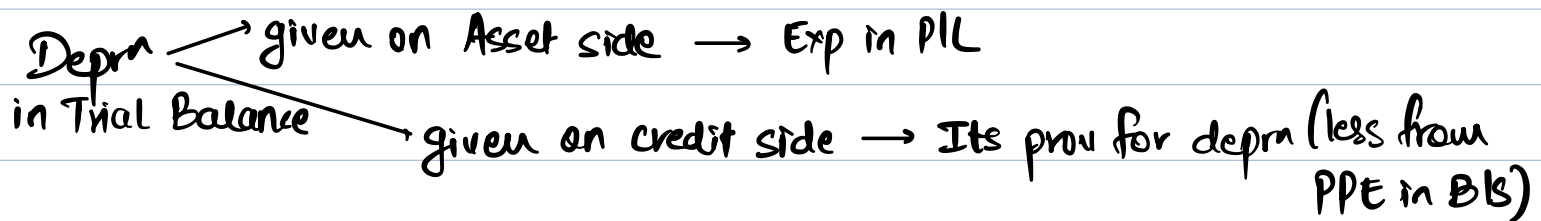
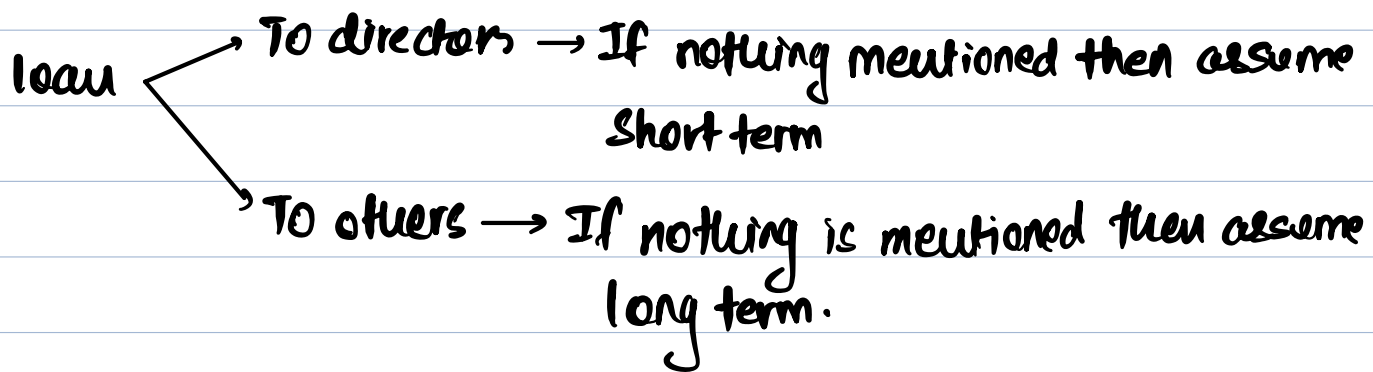
- Claims against Co. not acknowledged as debt
- Guarantees
- Arrears of Pref div
- others (Specify Nature)

### (b) Commitments

- Capital expenditure commitment
- Uncalled Amt on partly paid investments
- others (Specify Nature).

# AK Hai Bheisaabaab Exclusive (Summary Sheet)

Q1



Q2 i) Reuts. Rates & Taxes → O-E  
Tax Exp → PL (Tax Exp)

ii) Hidden Adj → Int on Debtors (6%) →  $200000 \times 6\% = 12000$   
→ PL (Fin Cost)

Int Exp Alc Dr 12000  
To o/s Deb Int Alc 12000  
→ BS (Liab - other Curr Liab)

To be done when Deb is there in T.B but Int on Deb is missing in T.B.

iii) Shares forfeited & reissued  
Profit on forfeiture

100 x (90 - 40)  
Share  
↓  
Reissue price  
uncalled Amt  
= ₹5000

→ S.C (less)  
J.E. Esc Alc Dr 5000  
To Cap Reserve 5000  
→ (Rev)

This should not be included in Esc instead it should be trf to Cap. Reserve.

5) Div declared after BS date → Not recorded (Only disclosed in notes to Alc)

Q4

① Adjusted Purchases means Raw Mate consumed.

② Suspense A/c (10000) Cr. Bal.

Entry already passed by Co.  
CLB A/c Dr 10000  
    To Suspense 10000

Correct Entry  
CLB A/c Dr 10000  
Prov for Depn Dr 20000  
    To Machinery (cost) 24000  
    To Profit on Sale 6000

Rectification Entry

Suspense A/c Dr 10000 → Susp eliminated  
Prov for Depn Dr 20000 → Loss from Prov  
    To Machinery 24000 → Loss from PPE  
    To Profit on Sale 6000 → Other Income (PIL)

Q6

i) Current maturities of long term Borrowing



To be shown under Short term Borrowings.

Q7

①

Important: Whenever closing stock is given in trial Balance that means in trial Balance the purchases will always be Adjusted Purchases (Pm / Fgr)

↓  
Opn + Purch (-) Cls.

② Directors

- whole time Director (Employee) → Director's Remuneration → EBE
- Independent director (Not an Emp) → Director's fee/sitting fees → O.E.

③ Tax

- Prov for tax → S.T.P (liab)
- Adu tax → S.T. loans & Adu (Asset)

④ Int on Deb → Exp / Income  
Int on Deb accrued But NOT due → Asset / Liab.

⑤ Prov on Debtors =  $250000 \times 4\% = 10,000$  → Cls Prov

(6000) → Opn Prov in T/P

4000 → create in C.Y.

↓

PL → (O.E)

4000

To Prov for D.D 4000

↓

Increase Prov & reduce from Debtors.



⑥ Trf to Gen Resc @ 10%.

Cur Year Profit

From P/L statement

@ 10% Trf to Gen. Reserve.

⑦ Bills Discounted not yet matured → Cont Liab<sup>y</sup>

Q15

i) Dividend @ 12% on paid up capital

↳ Date missing?

Int follow this

Assumption 1:

If declared after Year end

↓  
Disclose in Notes

Assumption 2:

If declared Before Year end

↓  
less from P/L Reserve  
R/L Alc Dr 238800

To Div Payable 238800

→ B/Ls (Other c.L)

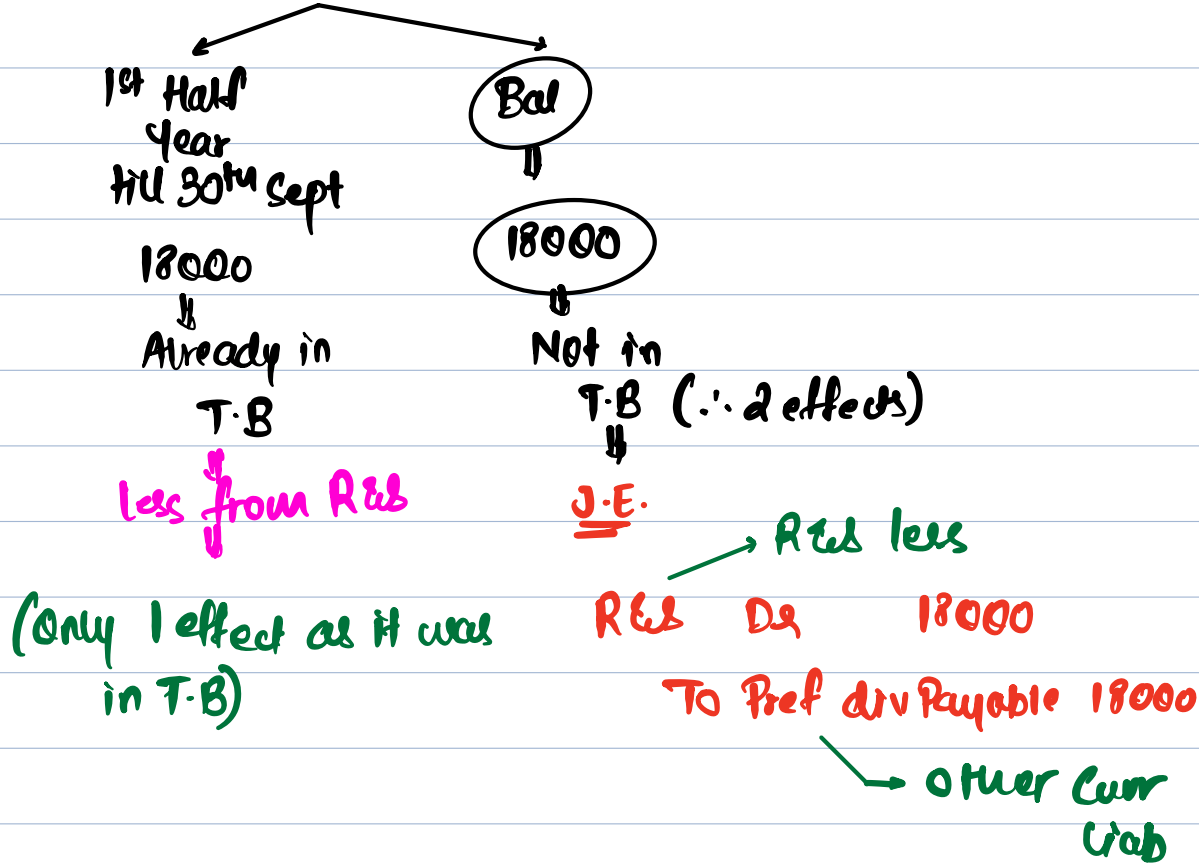
$(2000000 \rightarrow 10000) = 1990000 \times 12\%$   
Esc                      Call in amount

ii) Patterns → PPE

Q14

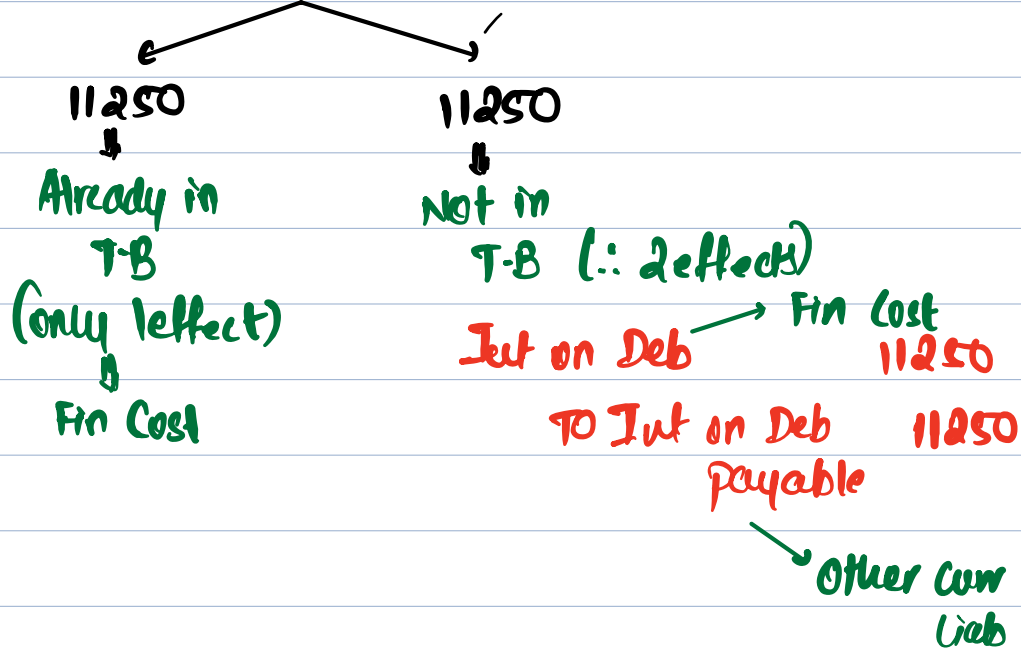
① Hidden Adj (Pref div)

Pref div =  $600000 \times 6\% = 36000$



② Hidden Adj Int on Deb

Total Deb Int =  $450000 \times 5\% = 22500$



③ Bill receivable dishonoured — 4500 — 50% irrecoverable  
 50% recoverable  
 Bad debts (50%) Dr 2250 —————> P/L (O.E)  
 Debtor's (T/R) Dr 2250 —————> B/L (T-R Add)  
 To Bill receivable 4500 —————> B/L (B-R Less)

Q17

① Bonus shares

Bonus  
 $10000 \text{ eq shares} \times \frac{1}{5} = 2000 \text{ shares of } ₹ 100 \text{ each} = 2,00,000$

Assumption 1:

If Co. has issued Bonus

shares 1<sup>st</sup> 2<sup>nd</sup> 3<sup>rd</sup>  
 [C.R.R, S.P, Free Res (P/L OR)]  
 Res Dr 200000  
 To ESC Alc 200000  
 ↓  
 X

Assumption 2:

In this ques Co. has only proposed the Bonus shares

↓  
 ∴ No entry in c/y  
 We will only Disclose in Notes.  
 ↓

ICAI assume this

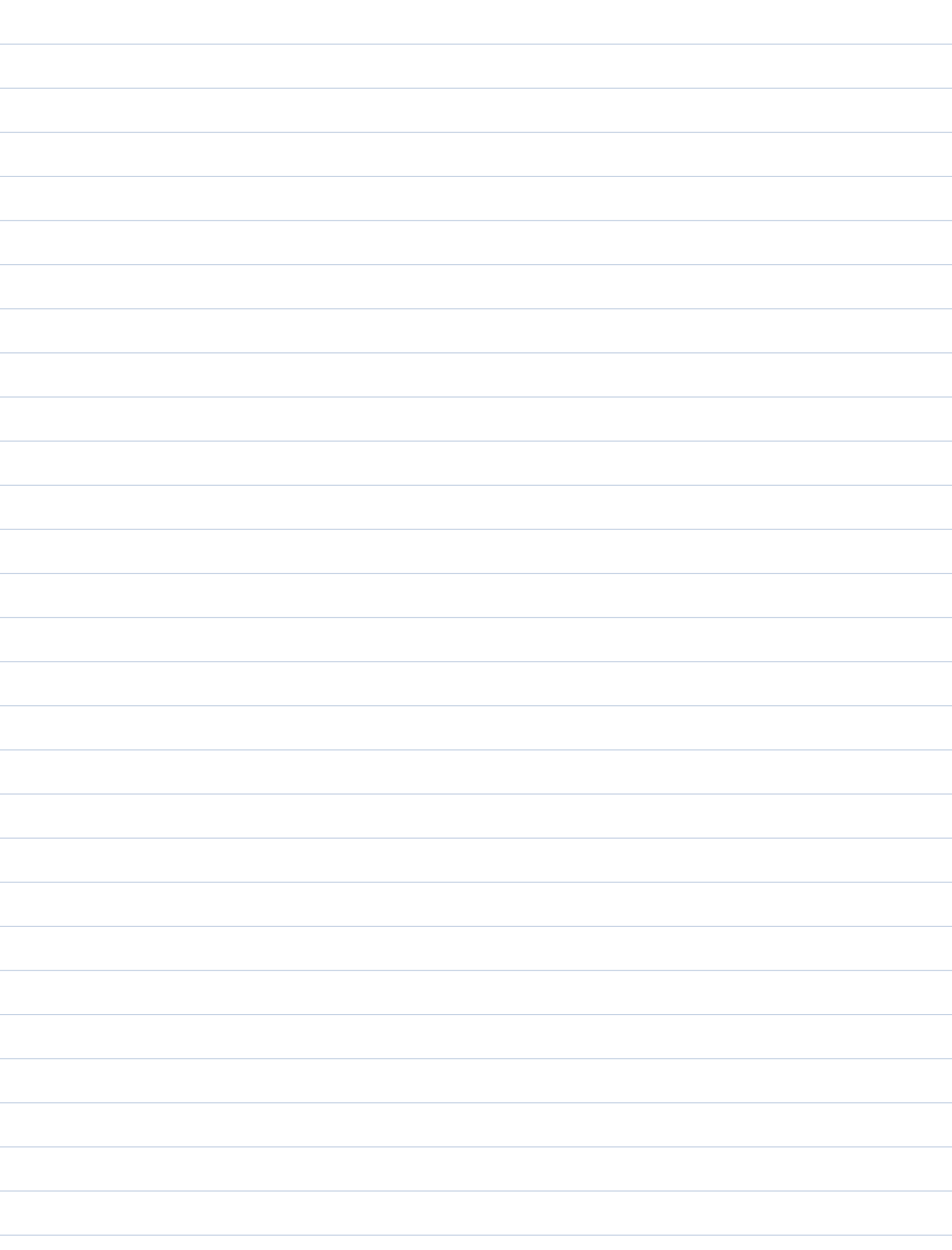
Q19

Bonus =  $20000 \text{ share} \times \frac{1}{2} = 10000 \text{ eq shares of } ₹ 10 \text{ each} = 100000$

(₹ in '000s)

Sec. Prem Dr 27 —————> S.P. (Ret) less  
 Gen Reserve Dr 73 —————> G.R (Ret) less  
 To ESC Alc 100 —————> SC Add.

Q20 & Q21 —> Based on Dividend concept (LDR)



## Q2 (LDR)

### Adjustments

i) Hidden Adj  $\rightarrow$  Int on Debtors (6%)  $\rightarrow 200000 \times 6\% = 12000$   
 $\rightarrow$  PL (Fin Cost)

Int Exp Alc Dr 12000  
To o/s Deb Int Alc 12000  
 $\rightarrow$  B/Ls (Liab - other Curr Liab)

2) Wages & Salaries o/s  
 $\rightarrow$  PL (FBE)

Wages & Salaries Alc Dr 1280  
To o/s wages & Salaries 1280  
 $\rightarrow$  B/Ls (Liab - other Curr Liab)

3) Deprn

a) Furniture @ 5% =  $86300 \times 5\% = 4315$

$\rightarrow$  PL (Deprn)  
Deprn 4315  
To Furniture / Prov for Acc. Deprn 4315  
 $\rightarrow$  B/Ls (PPE less.)

b) Land & Bldg @ 2% =  $850000 \times 2\% = 17000$

Deprn Alc Dr 17000  
To Liab / Prov for Acc. Deprn 17000

#### 4) Shares forfeited & reissued

1st April 6000 shares  $\times$  100 = 600000  
2000 shares  $\times$  60 = 120000

1st Oct 2000 shares

1900 shares	$\times$ 40 = 76000
100 share	$\times$ 90 = 9000

805000

#### Profit on forfeiture

100 share  $\times$  (90 - 40)

Reserve price

uncalled Amt

= £5000

→ S.C (less)

J.E. Esc Alc Dr 5000

To Cap Reserve 5000  
→ (Res)

This should not be included in Esc instead it should be trf to Cap. Reserve.

5) Div declared after B/c date → Not recorded (Only disclosed in notes to Alc's)

# Balance Sheet of International Hotel as at 31/3/22

Particulars	Note No.	Current Year
<b>I] Equity &amp; Liabilities</b>		
<b><u>1] Shareholder's Funds</u></b>		
a) Share Capital	①	13,00,000
b) Reserves & Surplus	②	268745
c) Money received against share warrants		-
<b>2] Share Application money pending allotment</b>		-
<b><u>3] Non-current Liabilities</u></b>		
a) Long term Borrowings (6% Deb)		200000
b) Deferred Tax Liabilities (Net)		-
c) Other long term Liabilities		-
d) Long term provisions		-
<b><u>4] Current Liabilities</u></b>		
a) Short term Borrowings		-
b) Trade payables		42000
c) Other current liabilities	③	13280
d) Short term provisions		-
<b>Total</b>		<b>18,24,025</b>

## Assets

### 1. Non-current Assets

Ⓐ i) Property, Plant & equipment (PPE)	④	914985
ii) Intangible Assets (Goodwill)		500000
iii) Capital work in progress (PPE under construction)		-
iv) Intangible Assets under development		-
Ⓑ Non current investments (Invt)		272300
Ⓒ Deferred Tax Assets (Net)		-
Ⓓ Long term loans & advances		-
Ⓔ Other Non-current Assets		-

### 2. Current Assets

Ⓐ Current Investments		-
Ⓑ Inventories	⑤	38900
Ⓒ Trade receivables		19260
Ⓓ Cash & cash equivalents	⑥	78580
Ⓔ Short term loans & advances		-
Ⓕ Other current Assets		-
		<u>18,24,025</u>



# Statement of Profit & loss

Pasticulars	Note No.	Current Year
I] Revenue from operations (Main Bus)	(7)	179700
II] Other Income (misc. Inc)	(8)	6800
III] Total Income (I+II) (A)		<u>186500</u>
IV] Expenses		
Raw Materials consumed ( $\text{Opn RM} + \text{Purch RM} - \text{Cl. Stk RM}$ )	(9)	25060
Purchase of stock in trade (Purchase of FG) (Winer, Crg)		45800
Changes in Inventories of finished Goods & work in Progress ( $\text{Opn Stk} + \text{Cl. Stk}$ )	(10)	(9700)
Employee Benefit Expenses	(11)	29580
Finance Costs (Int on Deb)		12000
Depreciation & Amortization Expenses	(12)	21315
Other Expenses	(13)	40200
Total Expenses (B)		<u>164255</u>
V] Profit Before Tax (A-B)		22245
(-) Tax		-
Profit After Tax		<u>22245</u>

Trf to R/L (PIL)

## Notes to Alc's

### ① Share Capital

#### Authorized

5000, 6% Pref Shares of \$100 each

500000

10000 eq shares of \$100 each

1000000

#### Issued, subscribed, fully paid up

5000, 6% Pref Shares of \$100 each

500000

8000 Eq Shares of \$100 each (800000 (-) 5000)

800000

13,00,000

### ② RES

a) Profit & loss —————> Opn

(+) During the Year (from Curr Year P/L)

41500

22245

63745

b) Gen. Reserve

200000

c) Cap. Reserve

5000

268745

### ③ Other Curr Liab

o/s Int Exp

12000

o/s wages

1280

13280

### ④ PPE

a) Land & Bldg

850000

less: Deprn @ 2%

(17000)

833000

b) Furniture

86300

less: Deprn @ 5%

(4315)

81985

914985

⑤ Inventory (CE)

- a) FG - wines, Cigarettes, Cigars  
b) RM - Foodstuffs

22500

16400

38900

⑥ CCE

Cash in hand

2200

Cash with Bankers

76380

78580

⑦ Rev from op

Sales of wines, Cig.

68400

Sales of food

57600

Rent of room

48000

Billards

5700

179700

⑧ Other Income

Misc. Receipts

2800

Disc. Rec'd

3300

Trf fees

700

6800

⑨ Raw Mat. Cons (Foodstuffs)

Opn RM

5260

(+) Purch of RM

36200

(-) CE RM

(16400)

25060

# ⑩ Changes in Inv of Fd (wines, cig)

Opn Inv

less: Cl Inv

12800	
(22500)	(9700)
<u>          </u>	

# ⑪ EBE

wages & Salaries

(+) O/s wages

28300	
1280	29580
<u>          </u>	

# ⑫ Depm

Depm on land & Bldg

Furniture

17000	
4315	21315
<u>          </u>	

# ⑬ Other Exp

Rent, rates & taxes

Laundry

Coal & firewood

carriage

Sundry Exp

Advt

Repairs

Preliminary Exp

8900	
750	
3290	
810	
5840	
8360	
4250	
<u>8000</u>	40200

Note: The final Div will not be recognised as a Liab as on 31/3/12, as it was declared after B/s date. Such dividends will only be disclosed in Notes.

## Q4 (LOR)

### Adjustments

① Adjusted Purchases means Raw Mat<sup>e</sup> consumed.

### ② Land Revalue

CA 800000

FV 960000

Reu gain 160000

→ B/s (Land Add)

Land Alc Dr 160000

TO Revaluation Reserve 160000  
→ R/Ls

### ③ Suspense Alc (10000) Cr. Bal.

#### Entry already passed by Co.

CLB Alc Dr 10000

TO Suspense 10000

#### Correct Entry

CLB Alc Dr 10000

Prov for Depn Dr 20000

TO Machinery (cost) 24000

TO Profit on Sale 6000

### Rectification Entry

✓ Suspense Alc Dr 10000 → Susp eliminated

✓ Prov for Depn Dr 20000 → less from Prov

TO Machinery 24000 → less from PPE

TO Profit on Sale 6000 → Other Income (PIL)

④ Depn on Plant & Mach @ cost  
 10% of (824-24) = 10% x 800 = 80  
 ↓  
 Sold on  
 oilou

(£ in '000) (PIL → Depn)  
 Depn Alc Dr 80  
 To Prov for Depn 80  
 Add in Prov for Depn.

⑤ Tax Exp J.E. → PIL  
 Tax Exp Dr 163.8  
 To Prov for tax 163.8  
 → short term Prov  
 (30% of PBT)

} Copied from  
 PIL Statement

## Balance sheet of Delta Ltd as on 31/3/12

Particulars	Note No.	"₹"
1] <u>Equity &amp; Liab</u>		
<u>SHE</u>		
a) Share Cap	①	495
b) Res	②	807.2
c) _____		-
Sh. App money		-
<u>NEL</u>		
a) L.T.B (10% Deb)		300
b) DTL		-
c) Other long term Liab		-
d) L.T.Prov		-
<u>CL</u>		
a) S.T.B		-
b) T-P		30
c) Other C-L		-
d) S.T.Prov (Prov for tax)		1638
		<u>1796</u>

## Assets

### NCA

a) PPE	③	1550
I.A		-
Cap. WIP		-
Intan under dev		-
B) Non Curr Invest		-
c) D.T.A		-
d) long term loans to adv		-
e) other non Curr Asset		-

### Current Assets

a) Curr Invest		-
b) Inventories		96
c) T-R	④	120
d) CLE	⑤	30
e) Short term loans to adv		-
f) Other Curr Assets		-
		<hr/>
		1796



# Profit & loss of Delta Ltd for the year ended 31/3/12

## Particulars

"₹"

I] Revenue from op	1200
II] Other Income (Gain on Sale of PPE)	6
	<u>(A) 1206</u>
III Expenses	
Cost of RMC	400
Purch of STK in trade	-
Ch. in Inv of FG & c&IP	-
EBE	-
Fin cost (Deb Int)	30
Depn & Amortization (Depn on Plant)	80
Other Exp	<u>(B) 150</u>
	<u>660</u>
Profit Before Tax (A - B)	546
(-) Tax @ 30%	<u>(163.8)</u>
Profit After Tax	<u>382.2</u>

## Notes to A/c's

£'in 000s

### ① Share Cap Authorised

80000 shares of £10 each

800

### Issued, subscribed & fully paid up

50000 shares of £10 each fully paid up

500

(Out of above, 5000 shares are issued for consideration other than cash)

(see: Calls in Arrears)

(s)

495

### ② Res Gen Reserve

150

PL → op<sup>n</sup>

(+) During the year (Current Year PL)

See Prvm

Revaluation Reserve

7s

382.2

457.2

40

160

807.2

### ③ PPE

a) Land

800

(+) Rev Gain

160

960

b) P&M op<sup>n</sup> (724-24)

800

\* (-) Prov for Dep<sup>n</sup> (150-20+80)

(210)

590

1550

#### ④ Trade receivables

outstanding for more than 6 months  
less than 6 months

50

70 →

120

#### ⑤ Cash & Cash Equivalents

##### a) Cash at Bank

- with Scheduled Bank (28-5)

23

- Not with Scheduled Bank (Given)

5 →

28

##### b) Cash in hand

2

30

#### ⑥ Other Exp

Factd Exp

80

Admin Exp

45

Sellg Exp

25

150

Q6

Balance sheet of Bose & Sen Ltd as on 31.3.11Equity & LiabShare holder's fund

a) Share Cap	(1)	69,93,000
b) Reserves & Surplus	(2)	21,56,000
c) :		

NCL

L.T.B	(3)	16,97,000
D.T.L		-
Other L.T. Liab		-
Long term Prov		-

C.L

S.T.B	(4)	200000
T.P	(5)	1400000
Other C.L		-
S.T.P (Prov for tax)		816900
		<u>1,32,62,900</u>

AssetsNCA

PPE	(6)	74,75,000
IA (Patent)		400000
Cap WIP		-
Intan. under dev		-
Non Curr Invest		-

D-T A

-

long term loan to adv

-

Other non curr Asset

-

CA

Curr Invest

-

Inventories

(7)

1750000

T-R

(8)

14,00,000

CCE

(9)

19,39,000

Short term loan to Adv

298900

Other C.A

-

1,32,62,900

## Notes to A/c's

### ① Share Capital

#### Authorised

—

#### Issued Subscribed & fully paid up

700000 eq shares of ₹10 each fully paid up 70,00,000

(out of which 4,20,000 eq shares were issued for consideration other than cash)

Less: Call in Arrears

(7000)

69,93,000

### ② Reserves & Surplus

#### ① Gen Reserves

1549100

less: Preliminary exp colofft

(93100)

1456000

#### ② Profit & loss

700000

2156000

### ③ L.T.B

#### Secured

Loan from State finance corp

1050000

(Secured by hypothecation of Plant)

less: Current maturities of loan

(200000)

850000

#### Unsecured

Bank

200000

Related Parties

100000

Others

547000

847000

1697000

④ S.T.B

Current maturities of loan

200000

⑤ T.P

Payable within 6 months

1400000

⑥ PPE

a) Land

1400000

b) Blg - Cost/G.B

2800000

less: Prov for Acc. Depr (Bif)

(750000)

Net Block

2050000

c) Plant & Machd → Cost

49,00,000

less: Depn (Bif)

(12,25,000)

Net Block

3675000

d) Furniture & Fixture → Cost

437500

less: Depn

(87500)

Net Block

350000

74,75,000

⑦ Inventory

FG

1400000

RM

350000

1750000

⑦ T.R.

more than 6m

less than 6m

380000

1020000

→ 14,00,000

⑧ CCE

a) Cash at Bank

Not with scheduled Bank

18000

with scheduled Bank

1211000

b) Deposits (for 9 months)

500000

c) Cash in hand

210000

19,39,000



## Q7 (LOR)

①

Important: Whenever closing stock is given in trial Balance that means in trial Balance the purchases will always be Adjusted Purchases (Pm / Fgr)

↓  
Opn + Purch (-) Cls.

② Directors

- whole time Director (Employee) → ~~Director's Remuneration~~ → EBE
- Independent director (Not an Emp) → Director's fee/sitting fees → O.E.

(Director's fees, remuneration → always O.E.)

③ Tax

- Prov for tax → S.T.P (liab)
- Adu tax → S.T. loans & Adu (Asset)

④ Int on Deb → Exp / Income  
Int on Deb accrued But NOT due → Asset / Liab.

⑤ Prov on Debtors =  $250000 \times 4\% = 10,000$  → Cls Prov  
(6000) → Opn Prov in T.P  
4000 → create in C.Y.  
↓  
PIL → (O.E.) 4000  
To Prov for D.D 4000  
↓  
Increase Prov  
& reduce from Debtors.

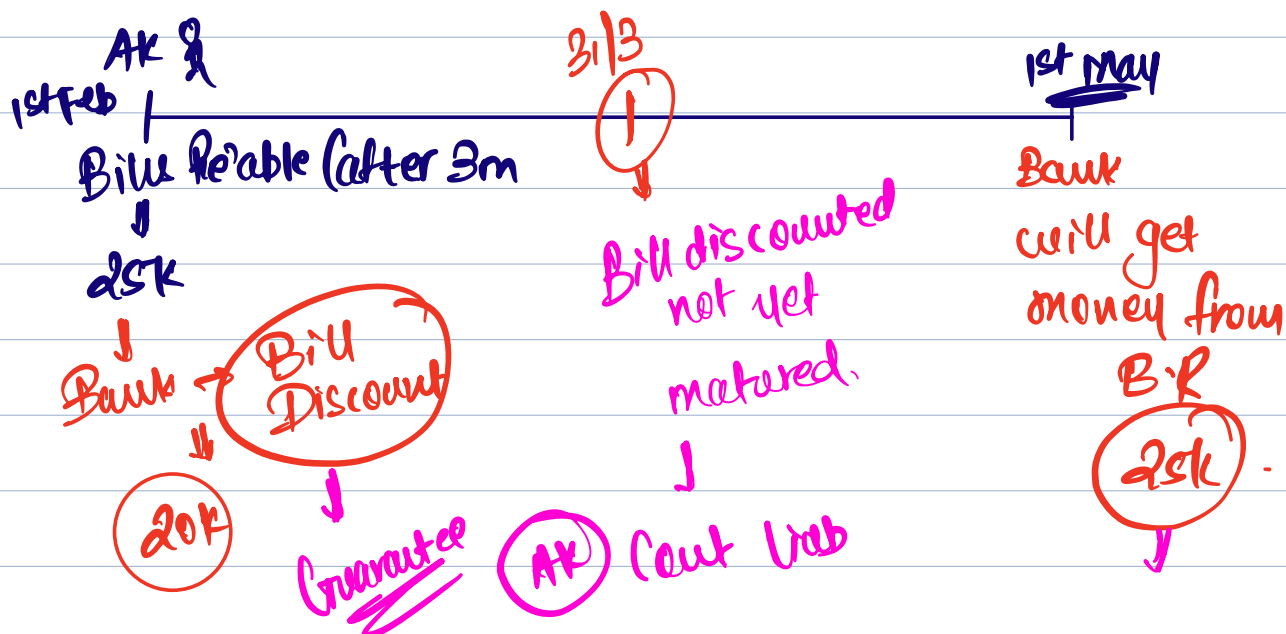
⑥ Prov for Tax @ 30%.

Tax Exp (PL) Dr 91200  
TO Prov for tax 91200 } Curr Year P/L.  
↳ S.T.P

⑦ Trf to Gen Res @ 10%.

Curr Year Profit → @ 10% Trf to Gen. Reserve.  
↓  
from P/L statement

⑧



Bills Discounted not yet matured → Cont Liab<sup>y</sup>

# Balance Sheet of

as at

Particulars	Note No.	Current Year
<b>I] Equity &amp; Liabilities</b>		
<b>1] Shareholder's Funds</b>		
a) Share Capital	①	400000
b) Reserves & Surplus	②	342800
c) Money received against share warrants		-
<b>2] Share Application money pending allotment</b>		-
<b>3] Non-current Liabilities</b>		
a) Long term Borrowings (K17- Deb)		400000
b) Deferred Tax Liabilities (Net)		-
c) Other long term Liabilities		-
d) Long term provisions		-
<b>4] Current Liabilities</b>		
a) Short term Borrowings		-
b) Trade payables		184000
c) Other current liabilities	③	42000
d) Short term provisions (Prov for tax @20%)		91200
<b>Total</b>		<b>1460000</b>

## Assets

### 1. Non-current Assets

① i) Property, Plant & equipment (PPE)	④	570000
ii) Intangible Assets		-
iii) Capital work in progress (PPE under construction)		-
iv) Intangible Assets under development		-
② Non current investments (Invest)		240000
③ Deferred Tax Assets (Net)		-
④ Long term loans & advances		-
⑤ Other Non-current Assets		-

### 2. Current Assets

① Current Investments		-
② Inventories	⑤	226000
③ Trade receivables	⑥	240000
④ Cash & cash equivalents (Cash at Bank)		60000
⑤ Short term loans & advances (Adv tan)		120000
⑥ Other current Assets (Int accrued on Invest)		4000
		<hr/> 1460000

Cont Liab: There is a cont Liab for Bills discounted But not yet matured amounting to ₹ 20,000.

# Statement of Profit & loss

Pasticulars	Note No.	Current Year
I] Revenue from operations (Sales)		1040000
II] Other Income (Int on Invest)		24000
III] Total Income (I+II) (A)		<u>1064000</u>
IV] Expenses		
Raw Materials consumed ( $\text{Opn RM} + \text{Purch RM} - \text{Cl. Stk RM}$ )		-
Purchase of stock in trade (Purchase of FG)	(7)	580000
Changes in Inventories of finished Goods & work in Progress ( $\text{Opn Stk} + \text{Cl. Stk}$ )	(8)	(160000)
Employee Benefit Expenses (Salaries)		120000
Finance Costs (Int on Deb)		56000
Depreciation & Amortization Expenses	(9)	40000
Other Expenses	(10)	124000
Total Expenses (B)		<u>760000</u>
V] Profit Before Tax (A-B)		304000
(-) Tax @ 30%		(91200)
Profit After Tax		<u>212800</u>

## Notes to A/c's

### ① Share Cap Authorised

10000 eq shares of ₹100 each 10,00,000

Issued, subscribed & fully paid up  
4000 eq shares of ₹100 each fully paid 4,00,000

### ② Reserves & Surplus

a) Gen. Reserve

(+) Trf @ 10% from Curr Year Profit

80000

21280

101280

b) P/L → Opn

(+) C.Y Profit (100%)

50000

21280

(-) Trf to G.R @ 10% (212800 × 10%)

(21280)

241520

342800

### ③ Other Curr Liab

o/s exp

4000

Int on Deb accrued but not due

28000

unclaimed dividend

10000

42000

### ④ PPE

a) Bldg

less: Prov for Deprn on Bldg

580000

(100000)

480000

b) Machinery

less: Prov for Deprn on Machine

200000

(100000)

90000

570000

### ⑤ Inventories

FG	180000
loose Tools	46000
	<u>226000</u>

### ⑥ Trade re'ables

Debtors

less: Prov for Doubtful debts (6000 + 4000)	250000 (10000)	240000
---	-------------------	--------

### ⑦ Purch of stock in trade (FG)

Opn + Purch (-) CLS = Adjusted Purchase.

20k + (-) 18000 = 420000

Purchase = 420000 - 20000 + 180000 = 580000

### ⑧ Changes in Inventory of FG

Opn stk	20000	
(-) CLS stk	<u>(180000)</u>	(160000)

### ⑨ Depm

Depm on Bldg

Depn on Machine

16000	
<u>24000</u>	40000

### (10) Other Exp

Directors fees

20000

Rent

5000

Bad debts

12000

Sundry Exp

36000

Prov for D.D

4000

---

124000

---

Note: The final dividend will not be recognised as a Liab as on 31/03/2, as it was declared after B/s date. Such dividends will be disclosed in notes only.

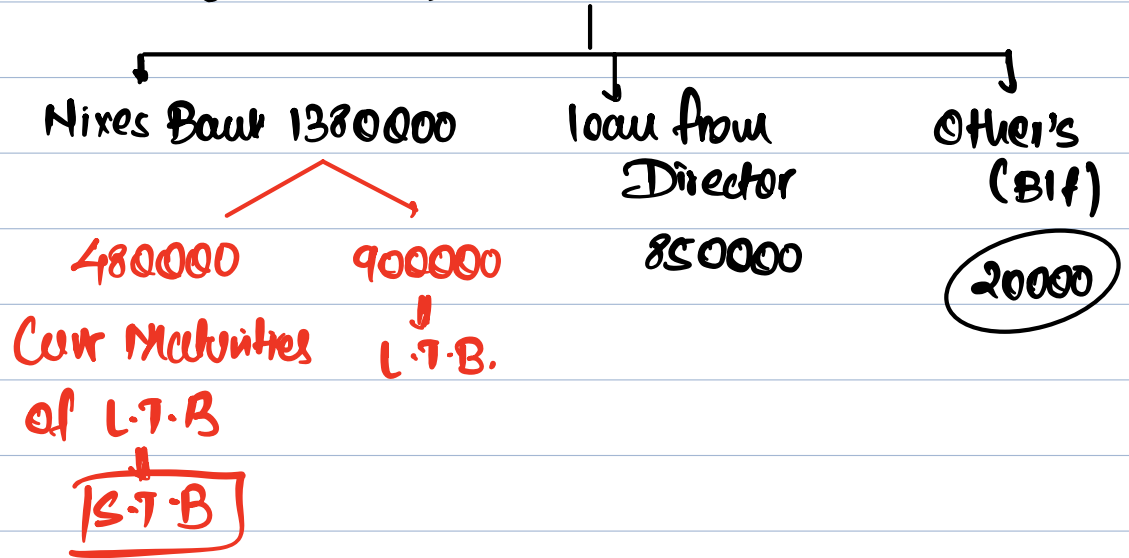
Bhul jooge → Cont Liab  
Div ka note



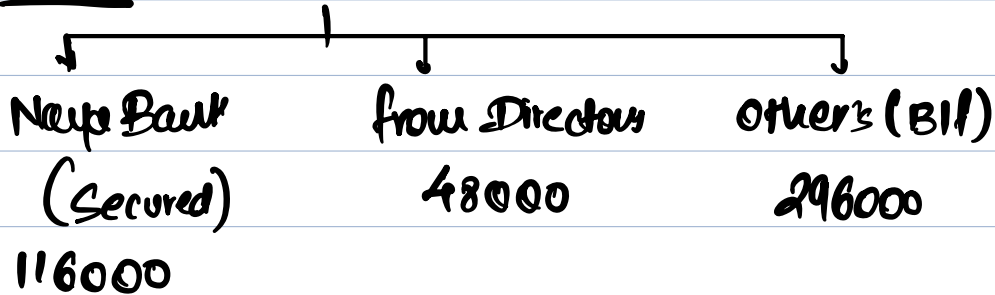
Q.10 (COR)

### Adjustment

① Other long term loan (Unsecured) = 2250000



② S.T.B = 460000



# Balance Sheet of SR as at 31/3/21

Particulars	Note No.	Current Year
<b>1] Equity &amp; Liabilities</b>		
<b><u>1] Shareholder's Funds</u></b>		
a) Share Capital	①	79,85,000
b) Reserves & Surplus	②	30,21,000
c) Money received against share warrants		-
<b>2] Share Application money pending allotment</b>		-
<b><u>3] Non-current Liabilities</u></b>		
a) Long term Borrowings	③	42,66,000
b) Deferred Tax Liabilities (Net)		-
c) Other long term Liabilities		-
d) Long term provisions		-
<b><u>4] Current Liabilities</u></b>		
a) Short term Borrowings	④	940000
b) Trade payables		813000
c) Other current liabilities	⑤	204000
d) Short term provisions (Prov for tax)		380000
<b>Total</b>		<b>1,76,9000</b>

## Assets

### 1. Non-current Assets

Ⓐ i) Property, Plant & equipment (PPE)	Ⓔ	92,00,000
ii) Intangible Assets		-
iii) Capital work in progress (PPE under construction)		-
iv) Intangible Assets under development		-
Ⓑ Non current investments		-
Ⓒ Deferred Tax Assets (Net)		-
Ⓓ Long term loans & advances		-
Ⓔ Other Non-current Assets		-

### 2. Current Assets

Ⓐ Current Investments		-
Ⓑ Inventories	Ⓔ	58,00,000
Ⓒ Trade receivables	Ⓕ	17,50,000
Ⓓ Cash & cash equivalents	Ⓖ	484000
Ⓔ Short term loans & advances		375000
Ⓕ Other current Assets		-
		<u>1,76,09,000</u>

Cont Liab: Bills discounted but NOT yet matured ₹ 160000

## Notes to Alc's

### ① Share Capital Authorised

Issued, Subscribed & fully paid up

160000 eq shares of £50 each fully paid up 80,00,000  
(out of above, 50000 eq shares were issued for consideration other than cash)

less: Calls in Arrears

(15000)  
79,85,000

### ② Reserves & Surplus

a) Sec. Prem

15,00,000

b) Gen. Rese

941000

Add: Trf from P/L

35000

976000

c) P/L

580000

less: Trf to G.R.

(35000)

545000

30,21,000

July

### ③ Long term Borrowings

a) Secured

Loan from Public finance corp

2630000

(secured by hypothecation of Land)

(134000), 2496000

less: Int accrued

## b) Unsecured

loan from Nixes Bank	1380000	
less: Current maturities of L.T.B	<u>(480000)</u>	900000
loan from directors		850000
other unsec loan		<u>20000</u>
		<u>42,66,000</u>

July

## ④ Short term Borrowings

### a) Secured

loan from Naya Bank	116000
---------------------	--------

### b) Unsecured

loan from directors	48000
others	296000

### c) Curr. Maturities of L.T.B

<u>480000</u>
<u>940000</u>

## ⑤ Other Curr Liab

Unpaid div	70000
Other C.L	<u>134000</u>
	<u>204000</u>

## ⑥ PPE

### ⑥ Bldg Cost

less: Prov for Acc-Depr\* (BH)

Net Block (copy from T.B)

3200000
<u>(200000)</u>

30,00,000

b) <u>Plant &amp; Machs</u>	Cost	30,00,000	
	less: Prov for Acc-Depr* (BH)	(6,00,000)	
	Net Block (copy from T-B)		24,00,000

c) <u>Furniture</u>	Cost	16,50,000	
	less: Prov for Acc-Depr* (BH)	(35,00,000)	
	Net Block (copy from T-B)		13,00,000

d) <u>Land</u>			25,00,000
			<u>92,00,000</u>

## ⑦ Inventories

a) Raw Materials	13,00,000
b) Fcr	40,00,000
c) Loose Tools	<u>5,00,000</u>
	58,00,000

## ⑧ Trade re'ables

a) o/s for more than 6m	48,60,000
b) ——— less than 6m	<u>1,26,40,000</u>
	17,50,000

## ⑨ CCE

a) <u>Cash at Bank</u>		
- with Scheduled Bank	35,80,000	
- NOT with Scheduled Bank	<u>5,60,000</u>	41,40,000
b) <u>Cash in hand</u>		<u>70,000</u>
		48,40,000

Q9 Simpler than Q10  
Only 1 Adj New

The co. has contract for erection of machinery of \$150,000  
which is still incomplete

↓  
Capital Commitment (Cont Liab)

Q15

## Adjustments

① Cls Stk 708000  $\begin{cases} \text{PL} \rightarrow \text{Change in Inv (Cls Stk)} \\ \text{Bls} \rightarrow \text{Inv} \end{cases}$

② o/s wages  $\rightarrow 25000 \rightarrow$   $\begin{cases} \text{PL EBF} \\ \text{Wages} \\ \text{TO o/s wages} \\ \text{Bls Other C.L.} \end{cases}$

③ o/s Burn exp 36000  $\rightarrow$   $\begin{cases} \text{PL (O.E)} \\ \text{Burn Exp Dr} \\ \text{TO o/s Burn exp} \\ \text{Bls Other C.L.} \end{cases}$

④ Dividend @ 12% on paid up capital  
 $\hookrightarrow$  Date missing?

Int followers

Assumption 1:

If declared after Year end



Disclose in Notes

Assumption 2:

If declared Before Year end



$\rightarrow$  less from PL Reserve

Ret Alc Dr

238800

To Div Payable

238800

$\rightarrow$  Bls (Other C.L.)

$(2000000 (-10000)) = 1990000 \times 12\%$   
 $\downarrow$   $\downarrow$   
Esc Calls in  
ahead



⑤ Trf 2.5% from C.Y Profit to Gen. Reserve.

⑥ ~~Depn~~

⑦ Bad debts w/off

B.D  $\xrightarrow{\text{Dr}} \text{O.E}$  16000  
TO Debtors 16000  
 $\rightarrow \text{T.R less.}$

⑧ Prov for D.D

PIL  $\xrightarrow{\text{Dr}} \text{O.E}$  25000  
TO Prov for D.D 25000  
 $\rightarrow \text{T.R less}$

$\rightarrow \text{PIL}$

⑨ Tax Exp Dr

TO Prov for tax @ 30%.  
 $\rightarrow \text{S.T.P}$

# Balance Sheet of Kapil Hd as at 31/3/17

Particulars	Note No.	Current Year
<b>I] Equity &amp; Liabilities</b>		
<b>1] Shareholder's Funds</b>		
a) Share Capital	①	19,90,000
b) Reserves & Surplus	②	108200
c) Money received against share warrants		-
<b>2] Share Application money pending allotment</b>		-
<b>3] Non-current Liabilities</b>		
a) Long term Borrowings		-
b) Deferred Tax Liabilities (Net)		-
c) Other long term Liabilities		-
d) Long term provisions		-
<b>4] Current Liabilities</b>		
a) Short term Borrowings (Bank o/d)		12,67,000
b) Trade payables		240500
c) Other current liabilities	③	299800
d) Short term provisions (Prov for tax)		120000
<b>Total</b>		<b>40,25,500</b>

## Assets

### 1. Non-current Assets

Ⓐ i) Property, Plant & equipment (PPE)	Ⓐ	29,30,000
ii) Intangible Assets		-
iii) Capital work in progress (PPE under construction)		-
iv) Intangible Assets under development		-
Ⓑ Non current investments		-
Ⓒ Deferred Tax Assets (Net)		-
Ⓓ Long term loans & advances		-
Ⓔ Other Non-current Assets		-

### 2. Current Assets

Ⓐ Current Investments		-
Ⓑ Inventories (CL & SLK)		708000
Ⓒ Trade receivables	Ⓔ	359500
Ⓓ Cash & cash equivalents	Ⓐ	28000
Ⓔ Short term loans & advances		-
Ⓕ Other current Assets		-
		<hr/>
		40,25,500
		<hr/>

# Statement of Profit & loss

Pasticulars	Note No.	Current Year
I] Revenue from operations (Main Bus.)		3617000
II] Other Income (misc. Inc)	⑦	<u>36500</u>
III] Total Income (I+II) (A)		<u>3653500</u>
IV] Expenses		
Raw Materials consumed ( $\text{Opn RM} + \text{Purch RM} - \text{Cl. Stk RM}$ )		-
Purchase of stock in trade (Purchase of FG)		1232500
Changes in Inventories of finished Goods & work in Progress ( $\text{Opn Stk} - \text{Cl. Stk}$ )	⑧	<u>(43000)</u>
Employee Benefit Expenses	⑨	13,99,000
Finance Costs (Int on Bank LD)		1,11,000
Depreciation & Amortization Expenses	⑩	1,20,000
Other Expenses	⑪	<u>440000</u>
Total Expenses (B)		<u>32,53,500</u>
V] Profit Before Tax (A-B)		4,00,000
(-) Tax @ 30%.		<u>(120000)</u>
Profit After Tax		<u>280000</u>

## Notes to Ali's

### ① Share Cap Authorised

50 eq shares of £10 each fully paid

50,00,000

### Issued, Subs & fully paid up

20 eq shares of £10 each fully paid up

20,00,000

less: Calls in arrears

(10000)

19,90,000

### ② R&B

#### a) PL Op<sup>n</sup>

Add: Curr Year Profit (100%)

less: Trf to G.R. (@2.5%) (280000 x 2.5%)

less: Div paid

67000

280000

(7000)

(238800) → 101200

#### b) Gen Res → Op<sup>n</sup>

(+) Trf from PL (2.5%)

NIL

7000

7000

108200

Exp

### ③ Other Curr Liab

o/s wages

25000

o/s Bu'n exp

36000

Div payable

238800

299800

#### ④ PPE

a) Patterns → Op <sup>n</sup> less: Dep <sup>n</sup> @ 10%	375000 <u>(37500)</u> 150000	337500
b) Furnitures → Op <sup>n</sup> less: Dep <sup>n</sup> @ 10%	<u>(15000)</u>	135000
c) Freehold land - Op <sup>n</sup>	1625000 -	1625000
d) Plant → Op <sup>n</sup> less: Dep <sup>n</sup> @ 5%	750000 <u>(37500)</u>	712500
e) Engineering Tools - Op <sup>n</sup> less: Dep <sup>n</sup> @ 20%	150000 <u>(30000)</u>	120000
		<u>29,30,000</u>

⑤ Trade re'ables less: Bad debts less: Prov for D.D	400500 (16000) <u>(25000)</u>	359500
---	-------------------------------------	--------

#### ⑥ CCE

a) Cash at Bank	20000
b) Cash in hand	<u>8000</u>
	<u>28000</u>

#### ⑦ Other Income

Rent	30000
Trf fees	<u>6500</u>
	<u>36500</u>

⑧ <u>Chin Inv</u>		
Op Stk	665000	
(-) Cls Stk	<u>(708000)</u>	(43000)

⑨ <u>EBE</u>		
wages	1368000	
(-)ols wages	<u>25000</u>	1393000

⑩ <u>Depm</u>		
a) Patterns	37500	
b) Furniture	15000	
c) Plant	37500	
d) Tools Engineering	<u>30000</u>	120000

⑪ <u>Other Exp</u>		
Disc allowed		30000
Carriage		57500
Fares, Taxes		55000
Advt		15000
Comm'n		67500
Burn Exp (56000 + <sup>ols</sup> 36000)		92000
Repairs		56500
Bad debk (25500 + 16000)		41500
Prov for B.D		<u>25000</u>
		<u>440000</u>

Q13

<u>Extract of B/s of Attd</u>	<u>Note No.</u>	<u>Am't</u>
<u>Particulars</u>		
<u>Non - Curr Liab</u>		
L.T.B	①	16,03,000
<u>Curr Liab</u>		
S.T.B	②	434000

Notes

① L.T.B

a) Secured

- From Banks	895000	
less: Current maturity of Bank loan	<u>(124000)</u>	771000
- From others	917000	
less: Current maturity	<u>(85000)</u>	<u>832000</u>
		<u>16,03,000</u>

② S.T.B

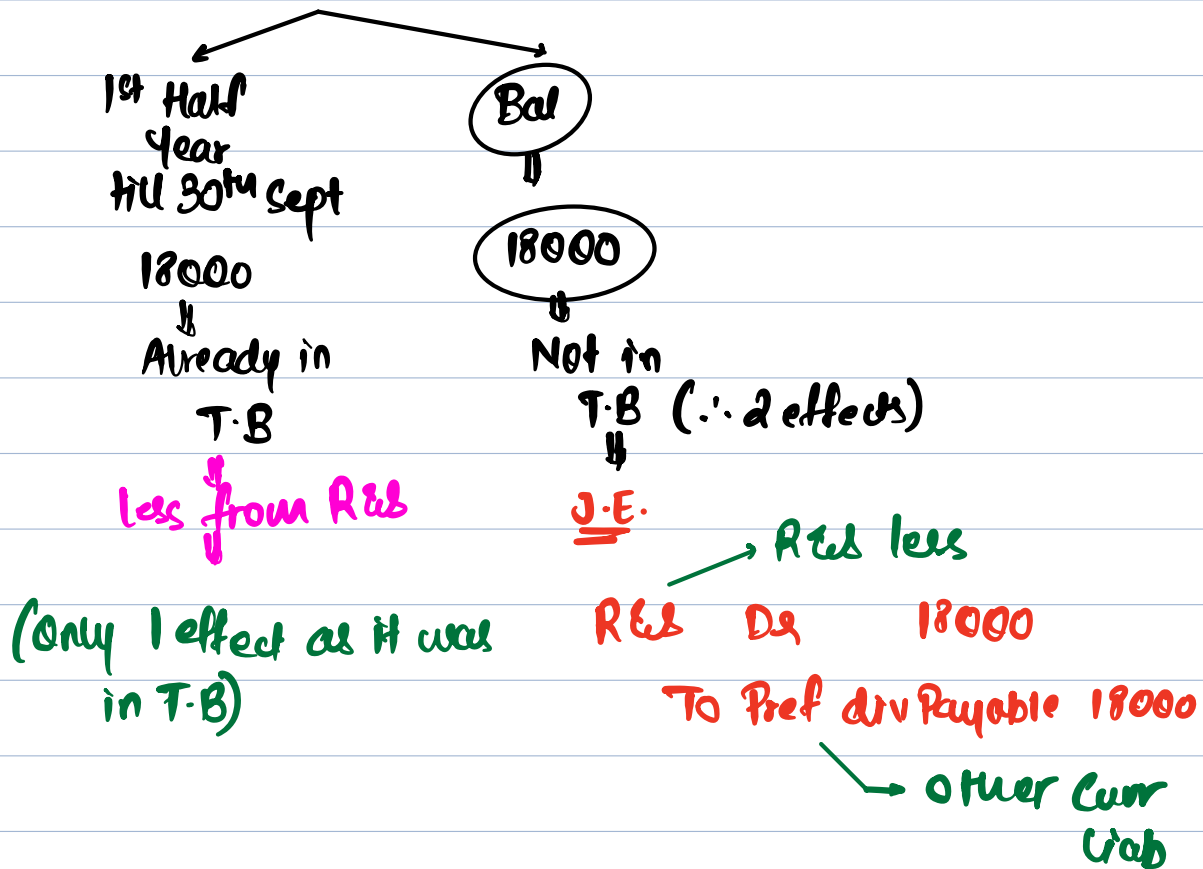
a) <u>Unsecured loans (from Bank)</u>	225000
b) <u>Current maturity of Bank loan</u>	124000
c) <u>Current maturity of other loan</u>	<u>85000</u>
	<u>434000</u>



## Q14 (LDR)

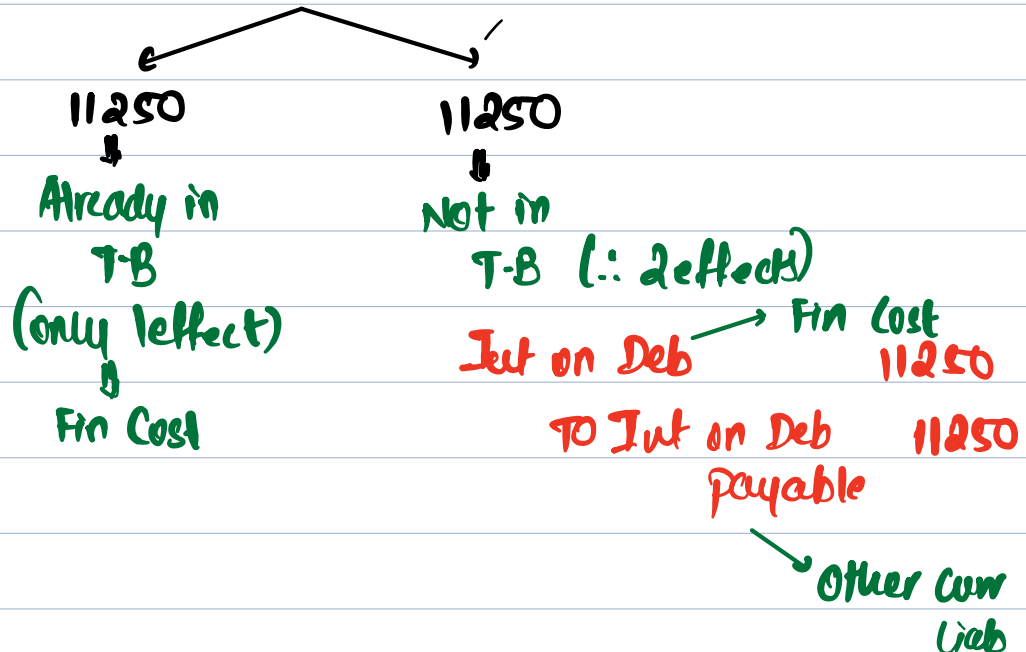
### ① Hidden Adj (Pref div)

$$\text{Pref div} = 600000 \times 6\% = 36000$$



### ② Hidden Adj Int on Deb

$$\text{Total Deb Int} = 450000 \times 5\% = 22500$$



③ Purchases  
 1471500  $\swarrow$  15000  $\rightarrow$  Advt  $\rightarrow$  O.E  
 $\searrow$  1456500  $\rightarrow$  Purchases.

④ Salaries & wages  
 156000  $\xrightarrow{\quad}$  6000 (incurred for furniture) Add to PPE (furniture)  
 $\xrightarrow{\quad}$  150000 EBE  
                      $\swarrow$  30000  $\searrow$  120000  
                     Director's fees (O.E) EBE.

⑤ Bill re'able dishonoured  $\rightarrow$  4500  $\begin{cases} 50\% \text{ irrecoverable} \\ 50\% \text{ recoverable} \end{cases}$   
 Bad debts (50%) Dr 2250  $\rightarrow$  P/L (O.E)  
 Debtor's (T/R) Dr 2250  $\rightarrow$  B/L (T-R Add)  
                     To Bill re'able 4500  $\rightarrow$  B/L (B-R less)

⑥ Depn @ 10% on furniture  

Net C.A	105000	
(+) wages	6000	
	<u>1,11,000</u>	
Depn @ 10%	(11,100)	$\rightarrow$ Depn

 Depn  $\rightarrow$  P/L (Dep)  
 TO Prov for Depn  
                     (PPE less)

⑦ Prov for tax  $\rightarrow$  P/L  

Tax Exp	Dr	12000
TO Prov for Tax		12000

 $\rightarrow$  S.T.P.

⑧ Technical knowhow =  $450000 \times \frac{14r}{104r}$

Amortizati<sup>n</sup> = 45000 → Amort<sup>n</sup> At DS 45k  
TO Prov for Amortizati<sup>n</sup> 45k  
↳ I.A less.

plc (Dep<sup>n</sup> Amort<sup>n</sup>)

# Balance Sheet of Shweta Ltd as at 31/3/18

Particulars	Note No.	Current Year
<b>I] Equity &amp; Liabilities</b>		
<b>1] Shareholder's Funds</b>		
a) Share Capital	①	12,00,000
b) Reserves & Surplus	②	66150
c) Money received against share warrants		-
<b>2] Share Application money pending allotment</b>		-
<b>3] Non-current Liabilities</b>		
a) Long term Borrowings (5% Deb secured on Freehold Prop)		450000
b) Deferred Tax Liabilities (Net)		-
c) Other long term Liabilities		-
d) Long term provisions		-
<b>4] Current Liabilities</b>		
a) Short term Borrowings (Bank OD Secured)		450000
b) Trade payables		263550
c) Other current liabilities	③	29250
d) Short term provisions (Prov for tax)		12000
<b>Total</b>		<b>24,70,950</b>

## Assets

### 1. Non-current Assets

Ⓐ i) Property, Plant & equipment (PPE)	④	11,49,900
ii) Intangible Assets	⑤	405000
iii) Capital work in progress (PPE under construction)		-
iv) Intangible Assets under development		-
Ⓑ Non current investments (Invest in Shares)		150000
Ⓒ Deferred Tax Assets (Net)		-
Ⓓ Long term loans & advances		-
Ⓔ Other Non-current Assets		-

### 2. Current Assets

Ⓐ Current Investments		-
Ⓑ Inventories		427500
Ⓒ Trade receivables	⑥	272550
Ⓓ Cash & cash equivalents (Cash on hand)		36000
Ⓔ Short term loans & advances (Adv tax)		30000
Ⓕ Other current Assets		-
		<u>24,70,950</u>

Cont Liab: Bills discounted not yet matured ₹ 6000

# Statement of Profit & loss

Pasticulars	Note No.	Current Year
I] Revenue from operations (Main Bus)		20,11,050
II] Other Income (Div Income)		<u>12,750</u>
III] Total Income (I+II) (A)		<u>20,23,800</u>
IV] Expenses		
Raw Materials consumed ( $\text{Opn RM} + \text{Purch RM} - \text{Cl. Stk RM}$ )		-
Purchase of stock in trade (Purchase of FG)		14,56,500
Changes in Inventories of finished Goods & work in Progress ( $\text{Opn Stk} + \text{Cl. Stk}$ )	(7)	8100
Employee Benefit Expenses ( $156000 - 6000 - 30000$ )		120000
Finance Costs (Int on Deb) <small>Wages Furn Directors fees</small>	(8)	51900
Depreciation & Amortization Expenses	(9)	56100
Other Expenses	(10)	<u>302550</u>
Total Expenses (B)		<u>19,95,150</u>
v] Profit Before Tax (A-B)		28650
(-) Tax		<u>(12000)</u>
Profit After Tax		<u>16650</u>

## Notes to Alc's

### ① Share Capital Authorised

6000, 6% Pref shares of \$100 each	600000
90000, eq shares of \$10 each	<u>900000</u>
	15,00,000

### Issued, subscribed, fully paid up

6000, 6% Pref shares of \$100 each	600000
60000, eq shares of \$10 each	<u>600000</u>
	12,00,000

### ② Ret

PLC → Opn Bal	85500
Add: Current Year Profit	16650
Less: Pref div ( $\underset{\substack{\uparrow \\ \text{T.B}}}{18000} + \underset{\substack{\uparrow \\ \text{Hidden Adj}}}{18000}$ )	<u>(36000)</u> → 66150

### ③ Other Curr Liab

Pref div payable	18000
Interest on deb payable	<u>11250</u> → 29250

## ④ PPE

a) Freehold Prop (@ cost)

1050000

## b) Furniture

Gross Block

150000

less: Acc Depn

(45000)

Net Block

105000

(+) wages

6000

less: Deprn @ 10%

(11100) → 99,900

11,49,900

## ⑤ Intangible Assets

Technical know how

450000

less: Amortizati<sup>n</sup>

(45000) → 405000

## ⑥ Trade re'ables

a) Bilal Re'able

124500

less: Bill dishonoured

(4500) → 120000

## b) Debtors

(+) Bilal re'able

150300

2250

152550

ols for more than 6m

18000

ols for less than 6m (152550 - 18000)

134550 → 152550

272550



⑦ Changes in Inv  
 Opn<sup>n</sup> stk 435600  
 (-) Cls stk (427500), 8100

⑧ Fin Cost  
 Int on Bank old 29400  
 Int on Deb (11250 + 11250) 22500, 51900

⑨ Depn & Amortization  
 Depn on Furniture 11,100  
 Amortizati<sup>n</sup> on Technical know how 45000, 56100

⑩ Other Exp  
 Selling Exp 237300  
 Audit fees 18000  
 Advt 15000  
 Director's fees 30000  
 Bad debts 2250  
302550

Q16 i) Hidden Adj → Pref div  
(2 effects)

ii) Eq div → ~~Note~~ → Ret  
 4 reud 31.3.21 TO Div Payable

Q17  
 ① Land Revalue Land Dr PPE Add 150000  
 TO Revaluation Reserve 150000  
 (FV 8-SL C.A 7L) → Ret

② Bonus shares

10000 eq shares  $\times \frac{1}{5} = 2000$  Bonus shares of ₹ 100 each = 2,00,000

Assumption 1:

If Co. has issued Bonus

shares 1st 2nd 3rd  
 [C.R.R, S.P, Free Res (PIL/OR)]  
 Ret Dr 200000  
 To ESC Acc 200000  
 ↓  
 X

Assumption 2:

In this ques Co. has only proposed the Bonus shares

∴ No entry in c.A  
 we will only Disclose in Notes.

ICAI assume this

② Int on Deb =  $200000 \times 10\%$   
 = 20000 → Int on Deb  
 TO Int  
 P/L (Fin cost)  
 B/L (Other Curr Liab)

④ Hidden Adj 10% Pref div =  $41 \times 10\%$   
 = 4100  
 Res less  
 Res Alc Dr 4100  
 TO Div Payable 4100  
 Other Curr Liab.  
 Ignore

In exam if nothing is mentioned for Pref div, we can either consider it or ignore it. Whatever you follow give a note.

⑤ Carriage Inward → In this ques Add to RMC  
 → Prev ques → trf to O.E  
 In exam follow either of it.

B/L & P/L → For later practice

Q18 i) O/S exp

Manu fact<sup>y</sup> exp Alc Dr → O.E.  
To O/S exp → Other CL

Salary exp Dr → EBE  
To O/S Sal<sup>y</sup> → Other CL

\* ii) Int income Accrued = 300 → Other C.A.

Int receivable Dr 300  
To Int Income Alc 300  
→ O.I (PIL)

→ Other C.A

\* iii) Prepared Exp Alc Dr 2400  
To Exp Alc 2400  
→ Gen Exp (less) (PIL O.E.)

BIS / PL P12 try during extra practice

Q19 Bonus = 20000 shares  $\times \frac{1}{2} = 10000$  eq shares = 100000 of ₹ 10 each.

(₹ in '000)

Sec. Prem Dr 27  $\longrightarrow$  S.P. (Rtd) less

Gen Reserve Dr 73  $\longrightarrow$  G.R (Rtd) less

TO Esc Alc 100  $\longrightarrow$  SC Add.

Q01D

$\longrightarrow$  Tally Amt

## \* Declaration & Payment of Dividend (Rule, 2014) → 4-5 mks

If Co. has sufficient profits  
in Curr. Year to distribute dividend

↓  
No restriction/limit to pay Div

eg: C.Y  
Profit

100L

200L

100L

(200L)

Div proposed  
to be distributed

95L → No Problem

199L → No Problem

150L → Check 3 conditions.

50L → ————— " —————

If Co. does not have sufficient  
profit in curr-year to distribute  
dividend

↓  
In this case, Dividend  
can be given out of  
Past years free Reserves  
subject to 3 conditions

↓  
Discussed Below

## \* 3 Conditions (All 3 are to be met)

### Condition 1: Rate check

The rate of dividend should NOT exceed the avg rate of dividend in  
last 3 financial years.

(eg: C.Y 25-26

11%.

(Max Rate)

Prev Years 24-25 → 15%.

23-24 → 10%.

22-23 → 8%.

$$\left. \begin{array}{l} 15 + 10 + 8 = 11\% \\ 34m \end{array} \right\}$$

## Condition 2: 10% withdrawal limit

Total Amount of Past Reserves to be withdrawn should NOT exceed 10% of Paid up Sh. Cap (+) Free Reserve (as per latest audited FS)

Note: Free Reserves should be considered after adjusting C.Y losses & C.Y / Past Year unabsorbed deprn.

## Condition 3: Reserve Balance after withdrawal

The balance of Free Reserve after dividend should NOT Fall below 15% of Paid up Sh. Cap.

Note: Free Reserve → included → PL, Gen Res, Revenue Reserve.  
exclude → Cap Res, Sec Prem, CRR, Revaluation Res

Paid up Capital → includes Both ESC & PSC

Eg: In Cur Year company has insufficient profit to declare dividend  
∴ Ascertain the amount that can be utilized from Free Reserves for dividend.

5L eq shares of ₹10 each  
Gen. Reserve  
Cap. Reserve

"2"

50L

12L

1L

Net profit for the year

1.5L

Avg rate of div in past 3 years

14%

Compute whether co. can declared 10% div or not?

Sol<sup>n</sup>:

$$\text{Div Amount } (50L \times 10\%) = 5L$$

Less: Current Year Profit Available (1.5L)

(If there is Pref div then

Am't available from C-y Profit

will be PAT (-) Pref div)

Am't reqd from Past reserves 3.5L

Condition 1: Rate check

Avg of Past 3 F.Y. = 14%

Company wants to declare only 10% which is lower than Avg of Past 3 years.

∴ Co can declare 10% div.

Condition 2: 10% withdrawal limit

10% of Paid up Cap + F.R

$$10\% \times (50L + 12L) = 6.2L$$

Since Co. wants to utilize 3.5L which is less than 10% of Paid up Cap + F.R

∴ This condition is met.



### Condition 3: Reserve Balance Post withdrawal

$$\begin{aligned} \text{i) F.R after div} &= 12L - 3.5L \\ &= 8.5L \end{aligned}$$

$$\begin{aligned} \text{ii) 15\% of Paid up Cap} &= 15\% \times 50L \\ \text{(Min FR to be maintained)} &= 7.5L \end{aligned}$$

In this case our F.R is 8.5L which is NOT falling Below 15% of Paid up Sh. Cap  
 $\therefore$  This condition is met.

Since All 3 conditions are met

$\therefore$  Company can withdraw 3.5L from F.R as per declaration to payment of div rules, 2014

Q20 (LOR)

$$\begin{array}{rcl} \text{Div Amt } (80L \times 10\%) & = & 8,00,000 \\ \text{Less: Cur Year Profit} & & \\ \quad (PAT - \text{Prof div } (17.5L \times 9\%)) & & (142500) \\ \quad 3000000 (-) 1,57500 & & \\ \hline \text{Amt to be utilized from Past Reserves} & & \underline{657500} \end{array}$$

Condition 1: Rate check

Avg of Past 3 F.Y. = 12 %

Company wants to declare only 10%. which is lower than Avg of Past 3 years.

$\therefore$  Co can declare 10% div.  $\therefore$  Condition met

Condition 2: 10% withdrawal limit

10% of Paid up Cap + FR

$10\% \times (17.5L + 80L + 25L)$

= 12,25,000

Since Co. wants to withdraw only 657500 which is less than 10% of Paid up Cap + FR

$\therefore$  this condition is met.

Condition 3: Reserves Bal after withdrawal

i) F.R Bal after div =  $25L (-) 657500$

= 1842500

ii) 15% of Paid up Share Cap = 1462500

$$\checkmark [15\% \times (17.5L + 80L)]$$

(Min to be maintained)

Since reserves after div is 1842500 which is not below 15% of Paid up S.C.  $\therefore$  this condition is met.

Since All 3 conditions are met

$\therefore$  Company can withdraw 657500 from F.R as per declaration & payment of div rules, 2014

Q21 (W.R)

$$\text{Div Amt} = (500L \times 10\%) = 50L$$

Less: C.Y Profit amt available

-

(Since there is a loss full div will be out of Post Year Free Reserve)

Amt required from Past Reserves 50L

Condition 1: Rate check

$$\text{Avg of Past 3 year} = \frac{12\% + 14\% + 10\%}{3\text{yr}}$$

$$= \boxed{12\%}$$

$$\text{Co wants to declare} = 10\%$$

$\therefore$  condition met

Condition 2: 10% withdrawal limit

10% (Paid up Cap + F.R. (-) C.G. loss)

10% (500L + 100L (-) 5L)

10% x 595L

= 59.5L

we want to withdraw only 50L

∴ condition met

Condition 3: Reserve Bal Post Div

i) F.R. Bal after div = ~~100~~ 95L (-) 50L  
C.G. loss (5L)  
= 45L

ii) 15% of Paid up Cap = 15% x 500L  
(min to be maintained) = 75L

Condition NOT met

Ans

ii) Rate of dividend suggested by us

F.R. (after C.G. loss) 95L

Min FR to be maintained 75L

(15% of Paid up Cap)

Am't available  
for Div

20L

$$\begin{aligned}\text{Rate of div} &= \frac{\text{Div Amt}}{\text{Share Cap}} \times 100 \\ &= \frac{20L}{500L} \times 100 \\ &= \textcircled{4\%}\end{aligned}$$

## Trade receivables → Note to A/c's → 4 marks theory ques → learn this

Under Schedule III, trade receivables are required to be classified into long-term (non-current) trade receivables and short-term (current) trade receivables. Trade Receivables, shall be sub-classified as:

- (i) (a) Secured, considered good;
  - (b) Unsecured considered good;
  - (c) Doubtful
- (ii) Allowance for bad and doubtful debts shall be disclosed under the relevant heads separately.
- (iii) Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

For trade receivables outstanding, following ageing schedule shall be given:

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables – considered good						
(ii) Undisputed Trade Receivables – considered doubtful						
(iii) Disputed Trade Receivables – considered good						
(iv) Disputed Trade Receivables – considered doubtful						

# similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction.