

Company Final Accounts

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1. Introduction

Financial statements of a company are of utmost importance for its shareholders, tax authorities, analysts, management and other stakeholders. They give information about financial performance and position of a company. Section 129(1) of the Companies Act, 2013 lays down that the financial statements shall give a true and fair view of the statement of affairs of the company or companies. They should also comply with the accounting standards notified under section 133 and shall be in the form or forms as may be provided for different class or classes of companies in schedule III. Items contained in such financial statements shall be in accordance with the accounting standards. Section 129(1) also provides that nothing contained in this sub-section shall apply to any insurance or banking company or any company engaged in the generation or supply of electricity or to any other class of company for which a form of financial statement has been specified in or under the act governing such class of company.

In this chapter, we shall discuss about preparation of balance sheet and statement of profit and loss of company as per Companies Act, 2013.

2. Meaning of Financial Statements

Financial statements are statements presenting accounting information in brief at the end of accounting process for an accounting period. Financial statements provide information regarding financial results to its internal and external users.

As per section 2(40) of the Companies Act, 2013, "Financial statement" in relation to company includes –

- (i) A balance sheet as at the end of the financial year
- (ii) A profit and loss account or in case of a entity carrying on any activity not for profit, an income and expenditure account for the financial year
- (iii) Cash flow statement for the financial year
- (iv) A statement of changes in equity, if applicable
- (v) Notes related to the accounts

It should be noted that balance sheet shows the financial position as at a particular point of time and hence its title should be "Balance Sheet as at". Profit and loss statement shows financial performance for the period ended on a particular date which is usually a year end hence its title should

be "Profit and Loss Statement for the Year Ended". If profit and loss account is prepared for any period, shorter or longer than a year, the word "Period" issued. For example, a company is incorporated on 1st October, 2016 and its first profit and loss statement is prepared for 6 months upto 31-3-2017. In this case the title should be "Profit and Loss Statement for Period Ended 31-3-2017" or "Profit and Loss Statement for Six Months Ended 31-3-2017".

3. Financial Year

According to section 2(41) of the Companies Act, 2013, "Financial year" in relation to any company or body corporate, means the period ending on the 31st March of every year. If company is incorporated on or after the 1st day of January of a year, the financial period ends on the 31st day of March of the following year. Generally financial year is of 12 months for the period starting from 1st April and ending on 31st March.

4. Characteristics of Financial Statements

Following are some of the characteristics of financial statements :

- (1) Financial statements are called historical statements as they are related to past period.
- (2) Figures stated in financial statements are expressed in terms of money.
- (3) Financial statements are based on recorded facts and do not include even significant facts which are not recorded in the books. For example, self generated goodwill of the company is not recorded as no cost is incurred for acquisition thereof.
- (4) Profit and Loss Account shows profit or loss for a given period and thus gives idea about the financial performance of a company.
- (5) Balance sheet shows position of equity, liabilities and assets as at a particular point in time, thus gives an idea about the financial position of a company.
- (6) Financial statements are prepared based on generally accepted accounting principles.
- (7) Preparation of financial statement involves personal judgement in respect of some items where options are available under law for different treatments. For example, the person preparing accounts is free to select any alternative out of alternatives available for method of valuation of inventory and method of providing depreciation.

5. Objectives of Preparing Financial Statements

Following are some of the objectives of preparation of financial statements :

- (1) To know about true and fair view of financial performance of a company.
- (2) To know the true and fair view of financial position of a company.
- (3) To comply with legal requirements.
- (4) To communicate financial information of the company to various interested parties.

6. Form of Balance Sheet and General Instructions

Part I of schedule III to the Companies Act, 2013 gives form of Balance sheet. Balance sheet of a company must be prepared as per this format. Schedule III gives only vertical format. The format of balance sheet is given on page no. 118.

Balance Sheet

Name of the company

Balance Sheet as at :

Particulars (1)	Note No. (2)	Figures as at the end of current year (₹) (3)	Figures as at the end of previous year (₹) (4)
I Equity and Liabilities :			
(1) Shareholders' funds :			
(a) Share capital			
(b) Reserves and surplus			
(c) Money received against share warrants			
(2) Share Application Money Pending Allotment			
(3) Non-current Liabilities			
(a) Long term borrowings			
(b) Deferred tax liabilities (net)			
(c) Other long term liabilities			
(d) Long-term provisions			
(4) Current Liabilities			
(a) Short-term borrowings			
(b) Trade payables			
(c) Other current liabilities			
(d) Short-term provisions			
Total			
II Assets :			
(1) Non-current Assets :			
(a) Fixed assets			
(i) Tangible assets			
(ii) Intangible assets			
(iii) Capital work in progress			
(iv) Intangible assets under development			
(b) Non-current investments			
(c) Deferred tax assets (net)			
(d) Long-term loans and advances			
(e) Other non-current assets			

(2) Current Assets : (a) Current investments (b) Inventories (c) Trade receivables (d) Cash and cash equivalents (e) Short-term loans and advances (f) Other current assets Total			

Note : There are four columns in vertical profit and loss account of a company. Balance sheet has two main headings : (i) Equity and Liabilities (ii) Assets. Equity and liabilities and assets and their sub heads are shown in first column of particulars. Every head has subheads. Subheads also comprise of various items. The size of balance sheet becomes abnormal if all items are shown at one place. Therefore subheads are shown under main head. Notes to the accounts are prepared for every number shown against subhead to show various items of each such subhead. Which is explained later on. Third column shows figures for current year and figures for previous year are shown in fourth column, so that the figures of two years can be compared by a person who wants to study financial statements. Statements of profit and loss is prepared in the same manner by preparing same columns.

● **General Instructions for Preparation of Balance Sheet :**

- (1) An asset shall be classified as current if it satisfies any of the following criteria :
 - (a) When it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle.
 - (b) If it is held primarily for the purpose of being traded.
 - (c) If it is expected to be realised within 12 months after the reporting date.

The process of conversion of cash into raw material, conversion of raw material into finished goods, conversion of finished goods into debtor and finally conversion of debtor into cash is called as operating cycle.

Assets other than current assets are classified as non-current assets.

- (2) A liability shall be classified as current, if it satisfies any of the following criteria :
 - (a) If it is expected to be settled in the company's normal operating cycle.
 - (b) If it is held primarily for the purpose of being traded.
 - (c) If it is due to be settled within twelve months after the reporting date.
 All other liabilities except current liabilities are classified as non-current liabilities.
- (3) A receivable shall be classified as a "Trade receivable" if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business.
- (4) A payable shall be classified as a "Trade payable" if it is in respect of the amount due on account of goods purchased or services received in normal course of business.
- (5) A company shall disclose the following in the notes to accounts.

(I) Equity and liabilities :

(1) Shareholders' funds :

(A) Share capital :

For each class of share capital (Different classes of preference shares to be treated separately.)

- (a) the number and amount of shares authorised
- (b) the number of shares issued, subscribed and fully paid and subscribed but not fully paid
- (c) Par value per share

- (d) a reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period
- (e) the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital
- (f) shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held
- (g) terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date
- (h) calls unpaid
- (i) forfeited shares (amount originally paid-up)

(B) Reserves and surplus

- (i) Reserves and surplus shall be classified as :
 - (a) Capital reserves
 - (b) Capital redemption reserves
 - (c) Securities premium reserve
 - (d) Debenture redemption reserve
 - (e) Revaluation reserve
 - (f) Share options outstanding account
 - (g) Other reserves like dividend equalisation reserve, investment reserve etc.
 - (h) Surplus i.e. balance in statement of profit and loss discolling allocations and appropriations such as dividend, bonus shares and transfer to/from reserves etc.
- (ii) A reserve specifically represented by earmarked investments shall be termed as a "fund".
- (iii) Debit balance of statement of profit and loss shall be shown as a negative figure under the head "surplus". Similarly, the balance of "Reserves and surplus", after adjusting negative balance of surplus, if any, shall be shown under the head "Reserves and surplus" even if the resulting figure is in the negative.

(C) Money received against share warrants :

(2) Share application money pending allotment :

(3) Non-current liabilities :

(a) Long-term borrowings :

- (i) Long-term borrowings shall be classified as :
 - (a) Bond/debentures
 - (b) Term loans : (A) from banks (B) from other parties
 - (c) Deferred payment / liabilities
 - (d) Deposits
 - (e) Loans and advances from related parties
 - (f) Long term maturities of financial lease obligations
 - (g) Other loan and advances
- (ii) Borrowings shall further be sub-classified as secured and unsecured.
- (iii) Where loans and advances have been guaranteed by directors or others, the aggregate amount of such loans under each head shall be disclosed.
- (iv) Bonds/debentures along with the rate of interest and particulars of redemption or conversion shall be stated in descending order of maturity.
- (v) Terms of repayment of term loans
- (vi) Particulars of default in repayment of loans and interest, as on the balance sheet date.

- (b) **Deferred tax liabilities :**
 - (c) **Other long-term liabilities :**
Other long-term liabilities shall be classified as :
 - (a) Trade payables
 - (b) Others like provident fund, pension fund, gratuity fund etc.
 - (d) **Long-term provisions :**
 - (4) **Current liabilities :**
 - (a) **Short-term borrowings :**
 - (i) Short-term borrowings shall be classified as :
 - (a) Loans repayable on demand
 - (A) from banks
 - (B) from other parties
 - (b) Loans and advances from related parties
 - (c) Deposits
 - (d) Other loans and advances
 - (ii) Borrowings shall further be sub-classified as secured and unsecured. Nature of security shall be specified separately in each case.
 - (iii) Where loans have been guaranteed by directors or others, the aggregate amount of such loans and advances.
 - (iv) Period and amount of default as on the balance sheet date in repayments of loans and interest shall be specified separately in each case.
 - (b) **Trade payables :**
 - (c) **Other current liabilities :**
Other current liabilities shall be classified as :
 - (a) Current maturities of long term debt
 - (b) Current maturities of finance lease obligations
 - (c) Interest accrued but not due on borrowings
 - (d) Interest accrued and due on borrowings
 - (e) Income received in advance
 - (f) Unpaid dividends
 - (g) Application money received for allotment of securities and due for refund and interest accrued thereon.
 - (h) Unpaid matured deposits and interest accrued thereon.
 - (i) Unpaid matured debentures and interest accrued thereon.
 - (j) Other payables.
 - (k) Others like calls received in advance.
 - (d) **Short-term provisions :**
Short-term provisions shall be classified as :
 - (a) Provision for employee benefit
 - (b) Other provisions like provision for tax, proposed dividend, provision for bad debt etc
- (II) **Assets :**
- (1) **Non-current assets :**
 - (a) **Fixed assets :**
 - (i) **Tangible assets :**
Tangible assets shall be classified as :
 - (i) (a) Land (b) Building (c) Plant and equipments
 - (d) Furniture and fixtures (e) Vehicles (f) Office equipments
 - (g) Others
 - (ii) Lease hold assets

(ii) Intangible assets :

Intangible assets shall be classified as :

- (a) Goodwill
- (b) Brand / Trademark
- (c) Computer software
- (d) Publishing rights
- (e) Mining rights
- (f) Copyrights and Patents
- (g) Recipes, formulae and technical know-how
- (h) Licenses and franchise
- (i) Others

(iii) Capital work in process :

(iv) Intangible assets under development :

(b) Non-current investments :

Intangible assets shall be classified as :

- (a) Investments in property
- (b) Investments in equity instruments
- (c) Investments in preference shares
- (d) Investments in government and trust securities
- (e) Investments in debentures and bonds
- (f) Investments in mutual funds
- (g) Investments in partnership firms
- (h) Other non-current investments

(c) Deferred tax assets (Net) :

(d) Long-term loans and advances :

(i) Long-term loans and advances shall be classified as :

- (a) Capital advances
- (b) Loans and advances to related parties
- (c) Other loans and advances

(ii) The above loans and advances shall also be separately sub-classified as :

- (a) Secured
- (b) Unsecured
- (c) Doubtful

(e) Others non-current assets :

Other non-current assets shall be classified as :

- (a) Long-term trade receivables
- (b) Others

(2) Current assets :

(a) Current investments :

Current investments shall be classified as :

- (a) Investments in equity instruments
- (b) Investments in preference shares
- (c) Investments in government and trust securities
- (d) Investments in debentures or bonds
- (e) Investments in mutual funds
- (f) Investments in partnership firms
- (g) Other investments e.g. short-term investments

(b) Inventories :

Inventories shall be classified as :

- (a) Raw materials
- (b) Work-in-progress
- (c) Finished goods
- (d) Stock-in-trade
- (e) Stores and spares
- (f) Loose tools
- (g) Others e.g. goods in transit

(c) Trade receivables :

Trade receivables shall be classified as :

- (a) Debtors
- (b) Bills receivables

(d) Cash and cash equivalents :

Cash and cash equivalents shall be classified as :

- (a) Balances with banks
- (b) Cheques, drafts on hand
- (c) Cash on hand
- (d) Others

(e) Short-term loans and advances :

Loans and advances given for a period of less than 12 months shall be included in short-term loans and advances.

(f) Other current assets :

Prepaid expenses, income due but not received, tax paid in advance, deferred revenue expenditure or fictitious assets to be written off during 12 months after the date of balance sheet. e.g. Debenture discount, Advertisement suspense account etc.

● **Contingent liabilities (To the extent not provided for)**

Contingent liabilities shall be classified as :

- (a) Claims against the company not acknowledged as debt
- (b) Guarantees given by the company
- (c) Unpaid calls on shares purchased as investments
- (d) Liabilities of incomplete contract

Note : Money received against share warrant, share application money pending allotment, deferred tax liability and deferred tax assets etc. are not expected to be asked in the exam in the question of preparation of balance sheet. These balances are mentioned here as they are given in the format of balance sheet as per schedule III of Companies Act, 2013.

7. Form of Profit and Loss Statement and General Instructions :

Part II of schedule III to the Companies Act, 2013 gives form of statement of profit and loss. Profit and loss account of a company must be prepared as per this format. Schedule III gives only vertical format. This form is as under :

Statement of Profit and Loss

Name of the Company

Profit and Loss Statement for the Year Ended

Particulars (1)	Note No. (2)	Figures of current year (₹) (3)	Figures of previous year (₹) (4)
I Revenue from Operations (Sales)			
II Other Income			
III Total Revenue (I + II)			
IV Expenses			
Cost of material consumed			
Purchase of stock-in-trade			
Changes in inventories work-in-progress, finished goods and stock-in-trade.			
Employee benefit expense			
Finance costs			
Depreciation and amortisation expense			
Other expenses			
Total expenses			
V Profit before exceptional and extraordinary items and tax (III – IV)			
VI Exceptional items			
VII Profit before extraordinary items and tax (V – VI)			
VIII Extraordinary items			
IX Profit before tax (VII – VIII)			
X Tax expense :			
(a) Current tax			
(b) Deferred tax			

XI Profit (loss) for the period from continuing operations (IX – X)			
XII Profit (loss) from discontinuing operations			
XIII Tax expense of discontinuing operations			
XIV Profit (loss) from discontinuing operations			
XV Profit (loss) for the period (XI – XIV)			
XVI Earning per equity share :			
(a) Basic			
(b) Diluted			

● **General Instructions for Preparation of Statement of Profit and Loss :**

- (1) This instructions shall apply to the income and expenditure account in the similar manner as they apply to a statement of profit and loss.
- (2) (A) In respect of a company other than a finance company revenue from operations shall disclose seperately in the notes revenue from :
 - (a) Sale of product
 - (b) Sale of services
 - (c) Other operating revenues
 (B) In respect of finance company, revenue from operations shall include revenue from
 - (a) Interest and
 - (b) Other financial services
- (3) **Finance Expenses :**
 Finance costs shall be classified as :
 - (a) Interest expense
 - (b) Other borrowing costs
 - (c) Applicable net gain/loss on foreign currency transactions and translation
- (4) **Other Income :**
 Other income shall be classified as :
 - (a) Interest income
 - (b) Dividend income
 - (c) Net gain/loss on sale of investments
 - (d) Other non-operating income e.g. bad debt return
- (5) **Employee Benefit Expenses :**
 Employee benefit expenses shall be classified as :
 - (a) Salary and wages
 - (b) Contribution to provident fund
 - (c) Expense on employee stock option scheme
 - (d) Staff welfare expenses

(6) Finance Cost :

Interest paid and outstanding interest on loan, debentures, public deposits, bonds and bank overdraft shall be shown as finance cost.

(7) Depreciation and Amortisation Expenses :

Depreciation on fixed assets for current year, intangible assets written off, leasehold assets written off and fictitious assets written off like research and developemnt expenses, advertisement campaign expenses, debenture discount etc. shall be shown as depreciation and amortisation expenses.

(8) Other Expenses :

Office and administrative expenses, selling and distribution expenses, audit fee, bad debt, provision for bad debt for current year, loss on sale of assets, bank charges and commission etc. shall be shown as other expenses.

Note : Exceptional items, extraordinary items, deferred tax, profit or loss of continuing and discontinuing operations and earning per share is not expected in the question of preparation of statement of profit and loss and hence these items will not be asked in the examination. These items are shown here because they are given in schedule III of Companies Act, 2013.

Balance sheet and statement of profit and loss as per schedule III of Companies Act, 2013 are given only for explanation. For the purpose of examinations, balance sheet and statement of profit and loss and their subheads shown below are to be considered.

Balance Sheet

Name of Company

Balance sheet as at

Particulars	Note No.	As at (₹)
I Equity and Liabilities :		
(1) Shareholder's funds :		
(a) Share capital	1	
(b) Reserves and surplus	2	
(2) Non-current liabilities :		
(a) Long-term borrowings	3	
(b) Other long-term liabilities	4	
(c) Long-term provisions	5	
(3) Current liabilities :		
(a) Short-term borrowings	6	
(b) Trade payables	7	
(c) Other current liabilities	8	
(d) Short-term provisions	9	
Total		

II Assets :		
(1) Non-current Assets :		
(a) Fixed assets		
(i) Tangible assets	10	
(ii) Intangible assets	11	
(b) Non-current investments	12	
(c) Long-term loans and advances	13	
(d) Others non-current assets	14	
(2) Current Assets :		
(a) Current investments	15	
(b) Inventories	16	
(c) Trade receivables	17	
(d) Cash and cash equivalents	18	
(e) Short-term loans and advances	19	
(f) Others current assets	20	
Total		

Following information is expected to be studied as notes on heads and subheads of balance sheet.

1. Share Capital :		
Authorised share capital :		
..... Equity shares of ₹ each		✓
..... Preference shares of ₹ each		✓
Issued share capital :		
..... Equity shares of ₹ each		✓
..... Preference shares of ₹ each		✓
Subscribed share capital :		
(i) Subscribed and fully paid up share capital :		
..... Equity shares of ₹ each		✓
..... Preference shares ₹ each		✓
(ii) Subscribed but not fully paid up share capital :		
..... Equity shares of ₹ each		
₹ per share called up	✓	
Less : Calls in arrears	✓	✓
..... Preference shares of ₹ each		
₹ per share called up	✓	
Less : Calls in arrears	✓	✓
(iii) Forfeited shares account :		
		✓
		✓✓✓

2. Reserves and Surplus :		
Surplus : As per statement of profit-loss	✓	
Less : Appropriation of profit		
General reserve	✓	
Proposed dividend	✓	✓
Security premium reserve		✓
General reserve	✓	
+ Appropriation	✓	✓
Capital reserve		✓
Debenture redemption reserve		✓
Dividend equalisation fund		✓
Reserve fund		✓
Workers' accident compensation fund		✓
Investment fluctuation reserve		✓
Loss as per statement of profit and loss		(✓)
		✓
3. Long-Term Borrowings :		
Debenture		✓
Long-term loan or term loan		✓
Bond		✓
Public deposit		✓
		✓
4. Other Long-Term Liabilities :		
Premium on redemption of debentures		✓
Premium on redemption of preference shares		✓
		✓
5. Long-Term Provisions :		
Provident fund, gratuity fund		✓
Pension fund		✓
Workers' profit sharing fund		✓
Workers' savings account		✓
		✓
6. Short-Term Borrowings :		
Short-term loans (for less than 12 months)		✓
Bank overdraft, cash credits		✓
		✓

7. Trade payables :	
Creditors	✓
Bills payable	✓
	✓
8. Other Current Liabilities :	
Outstanding expenses, income received in advance	✓
Unclaimed dividend	✓
Debenture and premium on redemption payable during next 12 months	✓
Calls in advance, advance received from customers, outstanding interest on debentures	✓
	✓
9. Short-Term Provisions	
Provision for tax	✓
Proposed dividend	✓
	✓
II Assets :	
10. Fixed assets : Tangible :	
Land-building	✓
Plant-machinery	✓
Furniture and fixtures	✓
Vehicles	✓
Tools and equipments	✓
Lease hold asset	✓
	✓
11. Fixed assets : Intangible :	
Goodwill	✓
Patents	✓
Trademark	✓
Copyright	✓
Licence	✓
Software	✓
Frenchise	✓
	✓

12. Non-Current Investments :	
Provident fund investments	✓
Debenture redemption fund investments	✓
Shares of subsidiary company	✓
Shares and debentures of other company (for more than 12 months)	✓
Fixed deposit with bank (for more than 12 months)	✓
Government securities (for more than 12 months)	✓
Units of mutual fund (for more than 12 months)	✓
	✓
13. Long-Term Loans and Advances :	
Loan to employee (for more than 12 months)	✓
Custom deposit	✓
Telephone deposit	✓
Electricity deposit	✓
	✓
14. Other Non-Current Assets :	
Debenture discount (to be written off after next 12 months)	✓
Advertisement campaign expenditure (to be written off after next 12 months)	✓
Research and development expenditure (to be written off after next 12 months)	✓
	✓
15. Current Investments :	
Shares and debentures of other company (for less than 12 months)	✓
Marketable securities (for less than 12 months)	✓
Government securities (for less than 12 months)	✓
Units of mutual fund (for less than 12 months)	✓
	✓
16. Inventories :	
Stock of raw material	✓
Stock of semi finished goods	✓
Stock of finished goods	✓
Stock in trade	✓
Loose tools	✓
Spare parts	✓
Consumable stores	✓
Goods in transit	✓
	✓

17. Trade Receivables :	
Debtors	✓
Bills receivables	✓
	✓
18. Cash and Cash Equivalentents :	
Cash on hand	✓
Bank balance	✓
Cheques and drafts on hand	✓
	✓
19. Short-Term Loans and Advances :	
Loan advanced for less than 12 months	✓
Advances to suppliers (for less than 12 months)	✓
	✓
20. Other Current Assets :	
Prepaid expenses	✓
Income due but not received	✓
Advertisement campaign expenditure to be written off during next 12 months	✓
Debenture discount to be written off during next 12 months	✓
Research and development expenditure to be written off during next 12 months	✓
	✓

Statement of profit and loss for the purpose of examination is to be prepared containing following details :

Name of Company

Statement of Profit and Loss for the Year Ending

Particulars	Note No.	As on (₹)
I Revenue from operations (sales)	1	
II Other incomes	2	
III Total revenue (I + II)		
IV Expenses		
Purchase	3	
Changes in stock	4	
Direct expenses	5	
Employee benefit expenses	6	
Finance cost	7	

Depreciation and amortisation	8	
Others expenses	9	
Total expenses		
V Profit before tax (III – IV)		
VI Provision for tax		
VII Profit after tax (V – VI)		

Following particulars of revenue and expenses in the statement of profit and loss are to be considered for the purpose of examination :

Particulars	(₹)
(1) Revenue From Operation :	
Sales	✓
Less : Sales return	✓
	✓
(2) Other Incomes :	
Interest and dividend received	✓
Bad debt recovered	✓
Profit on sale of asset	✓
	✓
(3) Net Purchases :	
Total purchases	✓
Less : Purchase return	✓
	✓
(4) Change in Stock :	
Opening stock	✓
Less : Closing stock	✓
	✓
(5) Direct Expenses :	
Wages	✓
Carriage inward, freight	✓
	✓
(6) Employee Benefit Expenses :	
Salary	✓
Bonus, Commission	✓
Contribution to provident fund	✓
	✓
(7) Finance Cost :	
Interest on bond or debenture	✓
Interest on loan or public deposit	✓
Interest on bank overdraft	✓
Interest on short-term loan	✓
	✓

(8) Depreciation and Amortisation : Depreciation on fixed assets Goodwill, Patents, Trademark etc. intangible assets written off Debenture discount written off Advertisement campaign expenses written off Research and development expenses written off (9) Others Expenses : Postage, stationery Rent Audit fee Office and administrative expenses Sales expenses Bad debt written off	✓
	✓
	✓
	✓
	✓
	✓
	✓
	✓
	✓
	✓
	✓
	✓

Illustration 1 : How will you show following balances in balance sheet of a company as per shedule III of Companies Act, 2013.

- | | |
|------------------------------|--|
| (1) Equity share capital | (6) General reserve |
| (2) Calls in arrears | (7) Debenture |
| (3) Forfeited shares account | (8) Creditors |
| (4) Calls in advance | (9) Loss as per statement of profit and loss |
| (5) Securities premium | (10) Public deposit |

Ans. :

Particulars	Balance sheet head	Main head	Sub head
(1) Equity share capital	Equity and liabilities	Shareholders' funds	Share capital
(2) Calls in arrears	Equity and liabilities	Shareholders' funds	Deducted from share capital
(3) Forfeited shares A/c	Equity and liabilities	Shareholders' funds	Share capital
(4) Calls in advance	Equity and liabilities	Current liabilities	Other current liabilities
(5) Securities premium	Equity and liabilities	Shareholders' funds	Reserves and surplus
(6) General reserve	Equity and liabilities	Shareholders' funds	Reserves and surplus
(7) Debentures	Equity and liabilities	Non-current liabilities	Long-term borrowings
(8) Creditors	Equity and liabilities	Current liabilities	Trade payables
(9) Loss as per statement of profit and loss	Equity and liabilities	Shareholders' funds	Reserves and surplus (Deducted from sum of reserve balances.)
(10) Public deposit	Equity and liabilities	Non-current liabilities	Long-term borrowings

Illustration 2 : How will you show following balances in balance sheet of a company as per schedule III of Companies Act, 2013 ?

- | | |
|----------------------------------|--|
| (1) Proposed dividend | (6) Term loan |
| (2) Unclaimed dividend | (7) Reserve fund |
| (3) Bond | (8) Advance received from customers |
| (4) Bills payable | (9) Outstanding interest on debentures |
| (5) Debenture redemption reserve | (10) Bank overdraft |

Ans. :

Particulars	Balance sheet head	Main head	Sub head
(1) Proposed dividend	Equity and liabilities	Current liability	Short-term provisions
(2) Unclaimed dividend	Equity and liabilities	Current liability	Other current liability
(3) Bond	Equity and liabilities	Non-current liability	Long-term borrowings
(4) Bills payable	Equity and liabilities	Current liability	Trade payables
(5) Debenture redemption reserve	Equity and liabilities	Shareholders' funds	Reserves and surplus
(6) Term loan	Equity and liabilities	Non-current liability	Long-term borrowings
(7) Reserve fund	Equity and liabilities	Shareholders' funds	Reserves and surplus
(8) Advance received from customers	Equity and liabilities	Current liability	Others current liabilities
(9) Outstanding interest on debentures	Equity and liabilities	Current liability	Others current liabilities
(10) Bank overdraft	Equity and liabilities	Current liability	Short-term borrowings

Illustration 3 : How will you show following balances in balance sheet of a company as per schedule III of Companies Act, 2013 ?

- | | |
|---|---|
| (1) Debenture redeemable during next year | (7) Workmen accident compensation fund |
| (2) Cash credit from bank | (8) Preference share capital |
| (3) Provision for tax | (9) General reserve |
| (4) Rent received in advance | (10) Premium on debentures, redeemable during next year |
| (5) Short-term loan (credit balance) | (11) Calls in advance on shares |
| (6) Provision for gratuity | |

Ans. :

Particulars	Balance sheet head	Main head	Sub head
(1) Debentures redeemable during next year	Equity and liabilities	Current liability	Other current liability
(2) Cash credit from bank	Equity and liabilities	Current liability	Short-term borrowings
(3) Provision for tax	Equity and liabilities	Current liability	Short-term provision
(4) Rent received in advance	Equity and liabilities	Current liability	Other current liability

Particulars	Balance sheet head	Main head	Sub head
(5) Short-term loan (credit balance)	Equity and liabilities	Current liability	Short-term borrowings
(6) Provision for gratuity	Equity and liabilities	Non-current liability	Long-term provisions
(7) Workmen accident compensation fund	Equity and liabilities	Shareholders' funds	Reserves and surplus
(8) Preference share capital	Equity and Liabilities	Shareholders' funds	Share capital
(9) General reserve	Equity and liabilities	Shareholder's funds	Reserves and surplus
(10) Premium on redemption of debentures, redeemable during next year	Equity and liabilities	Current Liability	Other current liability
(11) Calls in advance on shares	Equity and liabilities	Current Liability	Other current liability

Illustration 4 : Prepare statement indicating equity and liabilities of balance sheet as per schedule III of Companies Act, 2013 from the following balances :

Trade payables	₹ 30,000	Share capital	₹ 2,00,000
Long-term provisions	₹ 60,000	Short-term provisions	₹ 35,000
Reserves and surplus	₹ 80,000	Long-term borrowings	₹ 1,20,000
Other Current Liabilities	₹ 25,000	Other long-term liabilities	₹ 76,000
Short-term borrowings	₹ 24,000		

Ans. :

Balance Sheet

Particulars	Note No.	Amt. (₹)	As on(₹)
Equity and Liabilities :			
(1) Shareholders' funds :			
(a) Share capital		2,00,000	
(b) Reserves and surplus		80,000	2,80,000
(2) Non-current Liabilities :			
(a) Long-term borrowings		1,20,000	
(b) Other long-term liabilities		76,000	
(c) Long-term provisions		60,000	2,56,000
(3) Current Liabilities			
(a) Short-term borrowings		24,000	
(b) Trade payables		30,000	
(c) Other Current Liabilities		25,000	
(d) Short-term provisions		35,000	1,14,000
Total			6,50,000

Illustration 5 : Following balances are extracted from books of Shaan Ltd. on 31-3-2017. From these balances, prepare statement indicating equity and liabilities of balance sheet as per schedule III of Companies Act, 2013.

Particulars	(₹)
26,000 equity shares of ₹ 10 each	2,60,000
9 % loan from Bank of Baroda	50,000
Proposed dividend	18,000
Bills payable	10,000
Surplus as per statement of profit and loss	50,000
Provident fund	70,000
Bank overdraft	17,000
Outstanding salary	30,000

Ans. :

Balance Sheet of Shaan Ltd. as on 31-3-2017

Particulars	Note No.	Amt. (₹)	Amt. (₹)
Equity and Liabilities :			
(1) Shareholders' funds :			
(a) Share capital (Equity share capital)		2,60,000	
(b) Reserves and surplus (Surplus as per statement of profit and loss)		50,000	3,10,000
(2) Non-current liabilities :			
(a) Long-term borrowings (9 % loan from Bank of Baroda)		50,000	
(b) Other long-term liabilities		—	
(c) Long-term provisions (Provident fund)		70,000	1,20,000
(3) Current liabilities :			
(a) Short-term borrowings (Bank overdraft)		17,000	
(b) Trade payables (Bills payable)		10,000	
(c) Other Current Liabilities (Outstanding salary)		30,000	
(d) Short-term provisions (Proposed dividend)		18,000	75,000
Total			5,05,000

Illustration 6 : Following balances are taken from books of Kuber Limited as on 31-3-2017. State how these balances will be shown as per schedule III of Companies Act, 2013.

- | | |
|---|--|
| <ul style="list-style-type: none"> (1) Land-building (2) Shares of subsidiary company (3) Debtors (4) Closing stock (5) Short-term investments (6) Bank balance | <ul style="list-style-type: none"> (7) Goodwill (8) Furniture (9) Custom deposit (10) Trademark (11) Prepaid insurance premium (12) Bills receivable |
|---|--|

- (13) Stores and spare parts
 (14) Loan to employees
 (15) Government securities
 (Maturity date 30-6-2017)
 (16) Prepaid taxes

- (17) Fixed deposit with bank
 (Maturity date 31-3-2020)
 (18) Loose tools
 (19) Loan to directors (Temporary)
 (20) Investments in provident fund

Ans. :

Particulars	Balance sheet head	Main head	Sub head
(1) Land-building	Assets	Non-current assets	Fixed assets - tangible
(2) Share of subsidiary	Assets	Non-current assets	Non-current investments
(3) Debtors	Assets	Current assets	Trade receivables
(4) Closing stock	Assets	Current assets	Inventories
(5) Short-term investments	Assets	Current assets	Current investments
(6) Bank balance	Assets	Current assets	Cash and cash equivalents
(7) Goodwill	Assets	Non-current assets	Fixed assets - intangible
(8) Furniture	Assets	Non-current assets	Fixed assets - tangible
(9) Custom deposit	Assets	Non-current assets	Long-term loan and advances
(10) Trademark	Assets	Non-current assets	Fixed assets - intangible
(11) Prepaid insurance premium	Assets	Current assets	Others Current Assets
(12) Bills receivable	Assets	Current assets	Trade receivables
(13) Stores and spare parts	Assets	Current assets	Inventories
(14) Loan to employees	Assets	Non-current assets	Long-term loans and advances
(15) Government securities (Maturity date 30-6-2017)	Assets	Current assets	Current investments
(16) Prepaid Taxes	Assets	Current assets	Other current assets
(17) Fixed deposit with bank (Maturity date 31-3-2020)	Assets	Non-current assets	Non-current Investments
(18) Loose tools	Assets	Current assets	Inventories
(19) Loan to director (Temporary)	Assets	Current assets	Short-term loans and advances
(20) Investment in provident fund	Assets	Non-current assets	Non-current investments

Illustration 7 : How will you show following balances in balance sheet of a company as per Schedule III of Companies Act, 2013 ?

- (1) Loose tools
- (2) Leasehold Assets
- (3) Debenture redemption fund investments
- (4) Electricity deposit
- (5) Debentures of other company (Redeemable during next year)
- (6) Advance given to creditors
- (7) Copyrights
- (8) Debenture discount (To be written off during next year)
- (9) Debenture discount (To be written off after next year)
- (10) Units of mutual fund (For short period)
- (11) Shares of other company (For long term)
- (12) Work-in-progress
- (13) Vehicles
- (14) Chque received from debtors
- (15) Interest accrued on investment
- (16) Computer
- (17) Computer software
- (18) Rent paid in advance
- (19) Machinery
- (20) Machinery (To be sold during next year)

Ans. :

Particulars	Balance sheet head	Main head	Sub head
(1) Lose tools	Assets	Current assets	Inventories
(2) Leasehold assets	Assets	Non-current assets	Fixed assets - tangible
(3) Debenture redemption fund investments	Assets	Non-current assets	Non-current investments
(4) Electricity deposit	Assets	Non-current assets	Long-term loans and advances
(5) Debentures of other company (Redeemable during next year)	Assets	Current assets	Current investments
(6) Advance given to creditors	Assets	Current assets	Short-term loans and advances
(7) Copyrights	Assets	Non-current Assets	Fixed assets - intangible

Particulars	Balance sheet head	Main head	Sub head
(8) Debenture discount (To be written off during next year)	Assets	Current assets	Others current assets
(9) Debenture discount (To be written off after next year)	Assets	Non-current assets	Others non-current assets
(10) Units of mutual fund (for short-term)	Assets	Current assets	Current investments
(11) Shares of other company (for long-term)	Assets	Non-current assets	Non-current investments
(12) Work-in-progress	Assets	Current assets	Inventories
(13) Vehicles	Assets	Non-current assets	Fixed assets - tangible
(14) Cheque received from debtors	Assets	Current assets	Cash and cash equivalents
(15) Interest accrued on investment	Assets	Current assets	Others current assets
(16) Computer	Assets	Non-current assets	Fixed assets - tangible
(17) Computer software	Assets	Non-current assets	Fixed assets - intangible
(18) Rent paid in advance	Assets	Current assets	Other current assets
(19) Machinery	Assets	Non-current assets	Fixed assets - tangible
(20) Machinery (To be sold next year)	Assets	Current assets	Other current assets

Illustration 8 : Following balances are taken from books of Vijay Ltd. as on 31-3-2017. Prepare statement indicating assets of balance sheet as on 31-3-2017 as per scheduled-III of Companies Act, 2013.

Balances	(₹)
(1) Fixed assets - tangible	8,00,000
(2) Cash and cash equivalents	60,000
(3) Long-term loans and advances	34,000
(4) Inventory	43,000
(5) Other non-current assets	31,000
(6) Non-current investments	27,000
(7) Current investments	29,000
(8) Trade receivables	56,000
(9) Short-term loans and advances	40,000
(10) Other current assets	10,000
(11) Fixed assets - intangible	50,000

Ans. :

Balance Sheet of Vijay Ltd. as at 31-3-2017

Particulars	Note No.	Amt. (₹)	As on 31-3-2017 (₹)
Assets :			
(1) Non-current assets :			
(a) Fixed assets			
(i) Tangible		8,00,000	
(ii) Intangible		50,000	
(b) Non-current investments		27,000	
(c) Long-term loans and advances		34,000	
(d) Others non-current assets		31,000	9,42,000
(2) Current assets :			
(a) Current investments		29,000	
(b) Inventories		43,000	
(c) Trade receivables		56,000	
(d) Cash and cash equivalents		60,000	
(e) Short-term loans-advances		40,000	
(f) Other current assets		10,000	2,38,000
Total			11,80,000

Illustration 9 : Following balances are extracted from books of Gujarat Ltd. as on 31-3-2017. Prepare statement indicating assets of balance sheet as per schedule-III of Companies Act, 2013.

Balances	(₹)
(1) Interest accrued	3000
(2) Plant-machinery	6,00,000
(3) Cash on hand	37,000
(4) Trademark	20,000
(5) Debtors	42,000
(6) 10 % Narmada bond	70,000
(7) Loose tools	18,000
(8) Telephone deposit	30,000
(9) Units of mutual fund (Temporary)	10,000

Ans. :

Balance Sheet of Gujarat Ltd. as at 31-3-2017

Particulars	Note No.	Amt. (₹)	Amt. (₹)
Assets :			
(1) Non-current assets :			
(a) Fixed assets			
(i) Tangible (Plant-machinery)		6,00,000	
(ii) Intangible (Trademark)		20,000	
(b) Non-current investments (10 % Narmada bond)		70,000	
(c) Long-term loans and advances (Telephone deposit)		30,000	
(d) Other non-current assets		—	7,20,000
(2) Current assets :			
(a) Current investments (Units of mutual fund - Temporary)		10,000	
(b) Inventory (Loose tools)		18,000	
(c) Trade receivables (Debtors)		42,000	
(d) Cash and cash equivalents (Cash on hand)		37,000	
(e) Short-term loans and advances		—	
(f) Other current assets (Interest accrued)		3000	1,10,000
Total			8,30,000

Illustration 10 : Following balances are extracted from books of Star Ltd. Prepare balance sheet as per Schedule-III of Companies Act, 2013 as at 31-3-2017.

Balances	(₹)
(1) Accrued commission	20,000
(2) Land-building	10,00,000
(3) Equity share capital	10,00,000
(4) Bank balance	45,000
(5) General reserve	20,000
(6) Closing stock	1,80,000
(7) Creditors	4,00,000
(8) Debtors	2,30,000
(9) 10 % Debentures	1,30,000
(10) Debenture redemption fund investments	30,000
(11) Custom deposit	1,25,000
(12) Gratuity fund	20,000
(13) Provision for taxation	60,000

Ans. :

Balance Sheet of Star Ltd. as at 31-3-2017

Particulars	Note No.	Amt. (₹)	Amt. (₹)
I Equity and Liabilities :			
(1) Shareholders' funds :			
(a) Share capital (Equity share capital)		10,00,000	
(b) Reserves and surplus (General reserve))		20,000	10,20,000
(2) Non-current liabilities :			
(a) Long-term borrowings (10 % Debentures)		1,30,000	
(b) Other long-term liabilities		—	
(c) Long-term provisions (Gratuity fund)		20,000	1,50,000
(3) Current liabilities			
(a) Short-term borrowings		—	
(b) Trade payables (Creditors)		4,00,000	
(c) Others Current Liabilities		—	
(d) Short-term provisions (Provision for tax)		60,000	4,60,000
Total			16,30,000
II Assets :			
(1) Non-current assets :			
(a) Fixed assets			
(i) Tangible (Land-building)		10,00,000	
(ii) Intangible		—	
(b) Non-current investments		30,000	
(Debenture redemption fund investments)			
(c) Long-term loans-advances (Custom deposit)		1,25,000	
(d) Other non-current assets		—	11,55,000
(2) Current assets :			
(a) Current investments		—	
(b) Inventory (Closing stock)		1,80,000	
(c) Trade receivables (Debtors)		2,30,000	
(d) Cash and cash equivalents (Bank balance)		45,000	
(e) Short-term loans and advances		—	
(f) Other current assets		20,000	4,75,000
Total			16,30,000

Illustration 11 : Under which head will you show following balances in statement of profit and loss as per schedule III of Companies Act, 2013 ?

- | | |
|------------------------------------|--------------------------|
| (1) Sales | (6) Telegram and postage |
| (2) Salary | (7) Interest on loan |
| (3) Interest and dividend received | (8) Bonus |
| (4) Income from scrap | (9) Bank charges |
| (5) Depreciation | (10) Sales expenses |

Ans. :

Balance	Head
(1) Sales	Revenue from operation
(2) Salary	Employee benefit expenses
(3) Interest and dividend received	Other incomes
(4) Income from scrap	Other incomes
(5) Depreciation	Depreciation and amortisation
(6) Telegram and postage	Other expenses
(7) Interest on loan	Finance costs
(8) Bonus	Employee benefit expenses
(9) Bank charges	Other expenses
(10) Sales expenses	Other expenses

Illustration 12 : Prepare statement of profit and loss of Paras Ltd. from the following information for the year ended on 31-3-2017 as per schedule-III of Companies Act, 2013.

Particulars	Amt. (₹)
Cost of material consumed	6,25,000
Change in stock of finished goods	40,000
Employees salary and provisions for employees	2,60,000
Sales	12,70,000
Interest paid	30,000
Office and sales expenses	52,000
Depreciation on fixed assets	28,000
Profit on sale of asset	35,000
Provision for tax, 50 % of profit	

Ans. :

Statement of Profit and Loss for the Year Ended on 31-3-2017

Particulars	Note No.	Amt. (₹)	For the year ended on 31-3-2017 (₹)
I Revenue from operation		12,70,000	
II Other incomes		35,000	
III Total revenue (I + II)			13,05,000
IV Expenses :			
Cost of material consumed		6,25,000	
Change in stock of finished goods		40,000	
Employee benefit expenses		2,60,000	
Finance costs		30,000	
Depreciation		28,000	
Other expenses		52,000	
Total expenses			10,35,000
V Profit before tax (III – IV)			2,70,000
VI Provision for tax			1,35,000
VII Profit after tax (V – VI)			1,35,000

Illustration 13 : Prepare statement of profit and loss of Shree Sahjanand Ltd. from the following balances for the year ending on 31st March, 2017 as per schedule-III of Companies Act, 2013.

Particulars	Amt. (₹)
Office and sales expenses	40,000
Sales	16,00,000
Salary	5,00,000
Wages	40,000
Purchase	7,10,000
Opening stock	60,000
Debenture interest	20,000
Profit on sale of investments	26,000
Closing stock	70,000
Provision for tax	1,63,000

Ans. : Statement of Profit and Loss of Shree Sahjanand Ltd. for the Year Ending on 31-3-2017

Particulars	Note No.	Amt. (₹)	Amt. (₹)
I Revenue from operation (Sales)		16,00,000	
II Other incomes (Profit on sale of investments)		26,000	
III Total revenue (I + II)			16,26,000
IV Expenses :			
Purchase		7,10,000	
Change in stock of finished goods (Opening stock ₹ 60,000 – Closing stock ₹ 70,000)		(10,000)	
Employee benefit expenses (Salary + Wages)		5,40,000	
Finance costs (Debenture interest)		20,000	
Depreciation		—	
Other expenses (Office and sales expenses)		40,000	
Total expenses			13,00,000
V Profit before tax (III – IV)			3,26,000
VI Provision for tax			1,63,000
VII Profit after tax (V – VI)			1,63,000
(Transferred to Balance sheet)			

Illustration 14 : Following is the trial balance of Shivam Ltd. as on 31-3-2017 :

Particulars	Debit (₹)	Credit (₹)
Inventories	1,10,000	
Fixed assets - tangible	8,00,000	
5000 equity shares of ₹ 100 each		5,00,000
Sales		7,50,000
Other incomes		20,000
Employee benefit expenses	1,30,000	
Long-term borrowings		3,50,000
Finance costs	17,500	
Trade payables		1,00,000
Trade receivables	40,000	
Cash and bank balance	60,000	
Depreciation	22,500	
Cost of goods sold	4,00,000	
Non-current investments	1,40,000	
	17,20,000	17,20,000

Additional Information : Provision for tax ₹ 80,000.

Prepare final accounts of the company as per schedule-III of Companies Act, 2013.

Ans. : Statement of Profit and Loss of Shivam Ltd. for the Year Ending on 31-3-2017

Particulars	Note No.	Amt. (₹)	Amt. (₹)
I Revenue from operation (Sales)		7,50,000	
II Other income		20,000	
III Total incomes (I + II)			7,70,000
IV Expenses :			
Cost of goods sold		4,00,000	
Employee benefit expenses		1,30,000	
Finance costs		17,500	
Depreciation		22,500	
Other expenses		—	
Total expenses			5,70,000
V Profit before tax (III – IV)			2,00,000
VI Provision for tax			80,000
VII Profit after tax (V – VI)			1,20,000
(Transferred to Balance sheet)			

Balance Sheet of Shivam Ltd. as at 31-3-2017

Particulars	Note No.	Amt. (₹)	Amt. (₹)
I Equity and Liabilities :			
(1) Shareholders' funds :			
(a) Share capital		5,00,000	
(b) Reserves and surplus (Net profit)		1,20,000	6,20,000
(2) Non-current liabilities :			
(a) Long-term borrowings		3,50,000	3,50,000
(3) Current liabilities			
(a) Trade payables		1,00,000	
(b) Short-term Provision		80,000	1,80,000
Total			11,50,000

Particulars	Note No.	Amt. (₹)	Amt. (₹)
II Assets :			
(1) Non-current assets :			
(a) Fixed assets : Tangible		8,00,000	
(b) Non-current investments		1,40,000	9,40,000
(2) Current assets :			
(b) Inventory		1,10,000	
(c) Trade receivables		40,000	
(d) Cash and cash equivalents (Cash and bank balance)		60,000	2,10,000
Total			11,50,000

Explanation :

- (1) As cost of goods sold is given in the question, purchase and change in stock will not be recorded in statement of profit and loss because cost of goods sold = purchase + opening stock – closing stock.
- (2) Provision for tax ₹ 80,000 is given as an adjustment, therefore it will have two effects : (i) Deducted from profit before tax in the statement of profit and loss (ii) Shown as short-term provision in balance sheet.
- (3) Other expenses, other long-term liabilities, long-term provisions, other current liabilities, intangible fixed assets, long-term loans and advances, other non-current assets, short-term loan are not given in the question.

Exercise

1. Select correct alternative for each question :

- (1) Financial statements of a company includes
 - (a) statement of profit and loss and balance sheet
 - (b) cash flow statement and statement showing changes in equity
 - (c) notes to the accounts
 - (d) all of above
- (2) It is compulsory to prepare statement of profit and loss and balance sheet in form as per schedule III of Companies Act, 2013.
 - (a) horizontal or T
 - (b) vertical
 - (c) statement of profit and loss is horizontal and balance sheet vertical
 - (d) statement of profit and loss is vertical and balance sheet horizontal
- (3) is/are compulsory to prepare in specified form as per schedule III of Companies Act, 2013.
 - (a) Balance sheet
 - (b) Statement of profit and loss
 - (c) Balance sheet and statement of profit and loss both
 - (d) Neither balance sheet nor statement of profit and loss

- (4) For it is compulsory to prepare statement of profit and loss and balance sheet in specified vertical form.
- sole proprietorship
 - partnership
 - all companies
 - companies except insurance company, electricity company and banking company
- (5) Balance sheet is prepared while statement of profit and loss is prepared
- for a particular accounting period, as at particular date
 - as at particular date, for a particular accounting period
 - as at particular date, as at particular date
 - for a particular accounting period, for a particular accounting period
- (6) shows financial position of a company while shows financial performance of a company.
- Statement of profit and loss, cash flow statement
 - Balance sheet, cash flow statement
 - Statement of profit and loss, balance sheet
 - Balance sheet, statement of profit and loss
- (7) Assets and liabilities of a company are classified into and as per Companies Act, 2013.
- current, fixed
 - fixed, fixed
 - for short-term, for long-term
 - current, non-current
- (8) assets is considered as current asset.
- Convertible into cash during 12 months after the date of balance sheet
 - Realisable during 12 months after the date of balance sheet
 - Consumable within 12 months after the date of balance sheet
 - All of above
- (9) A machine to be sold during 12 months after the date of balance sheet is considered as as per Companies Act, 2013.
- fixed asset
 - non-current asset
 - current asset
 - expense

2. Answer in two or three sentences :

- What is financial statements ?
- What is included in financial statements ?
- State characteristics of financial statements.
- State objectives of preparing financial statements.
- State main headings of equity and liabilities side of balance sheet as per schedule-III of Companies Act, 2013.
- Show the classification of non-current liabilities.
- Show the classification of current liabilities as per schedule-III of Companies Act, 2013.

- (8) What is current asset and non-current asset ?
- (9) What is current liability and non-current liability ?
- (10) Show the classification of current assets as per schedule-III of Companies Act, 2013.
3. How will you show following balances in the balance sheet of a company as per schedule-III of Companies Act, 2013 ?
- | | |
|--|--|
| (1) Creditors | (2) Security premium |
| (3) Bond | (4) Goodwill |
| (5) Bank overdraft | (6) Bills receivable |
| (7) Equity share capital | (8) Copyright |
| (9) Debenture discount
(To be written off during next year) | (10) Calls in advance |
| (11) Cash | (12) Provident fund |
| (13) Debentures | (14) Trademark |
| (15) Loose tools | (16) Loan (Repayable during next year) |
| (17) Bills payable | (18) General reserve |
| (19) Public deposit | (20) Debtors |
| (21) Patent | (22) Calls in arrears |
| (23) Debenture redemption fund investment | (24) Stores and spare parts |
| (25) Licence | (26) Closing stock |
| (27) Bank balance | (28) Surplus as per statement of profit and loss |
| (29) Deposit in electricity company | (30) Premium on redemption of preference shares |
4. Following balances are taken from the books of Seema Ltd. on 31-3-2017. Prepare statement indicating assets of balance sheet as at 31-3-2017 as per schedule-III of Companies Act, 2013.

Balance	(₹)
(1) Current investments	12,000
(2) Short-term loans and advances	16,000
(3) Other current assets	7200
(4) Fixed assets - tangible	5,60,000
(5) Cash and cash equivalents	14,000
(6) Inventory	46,000
(7) Trade receivables	15,800
(8) Other non-current assets	18,000
(9) Non-current investments	26,000
(10) Fixed assets - intangible	1,20,000
(11) Long-term loans and advances	22,000

5. Following balances are taken from the books of Yuva Ltd. on 31-3-2017. Prepare statement indicating equity and liabilities of balance sheet as at 31-3-2017 as per schedule-III of Companies Act, 2013.

Balance	Amt. (₹)
(1) 1,30,000 equity shares of ₹ 5 each	6,50,000
(2) General reserve	70,000
(3) Provident fund	3,60,000
(4) Creditors	86,000
(5) Public deposit	3,26,000
(6) Outstanding rent	13,000
(7) Provision for tax	68,000
(8) Other long-term liabilities	15,000
(9) Temporary loan (Credit balance)	12,000

6. Following balance are taken from the books of Moon Ltd. Prepare balance sheet as at 31-3-2017 as per schedule-III of Companies Act, 2013.

Balance	Amt. (₹)
(1) Interest accrued	30,000
(2) Plant-machinery	15,00,000
(3) Equity share capital	15,00,000
(4) Bank balance and cash	67,500
(5) General reserve	30,000
(6) Closing stock	2,70,000
(7) Creditors	6,00,000
(8) Debtors	3,45,000
(9) Provision for tax	90,000
(10) 12 % bank loan	1,95,000
(11) Non-current investments	45,000
(12) Electricity deposit	1,87,500
(13) Provident fund	30,000

7. Under which head, will you show following balances in the statement of profit and loss as per schedule III of Companies Act, 2013 ?

- | | |
|---------------------------------|-------------------------------------|
| (1) Sales | (2) Salary |
| (3) Depreciation | (4) Bad debt recovered |
| (5) Debenture interest | (6) Audit fee |
| (7) Income from scrap | (8) Profit on sale of asset |
| (9) Advertisement expenses | (10) Contribution to provident fund |
| (11) Interest on bank overdraft | (12) Bank charges |
| (13) Bonus to employees | (14) Debenture discount written off |

8. Following balance is taken from the books of Patel Ltd. Prepare statement of profit and loss for the year ending 31-3-2017 as per schedule-III of Companies Act, 2013.

Balance	Amt. (₹)
(1) Sales of scrap	10,500
(2) Cost of material consumed	1,87,500
(3) Salary	78,000
(4) Interest paid	9000
(5) Sales	3,81,000
(6) Change in stock of finished goods	12,000
(7) Office and administration expenses	15,600
(8) Depreciation	84,000
(9) Provision for tax on profit is 30 %	

9. Following is the balance sheet of Keyur Ltd. as on 31-3-2017 :

Particulars	Debit (₹)	Credit (₹)
Equity share capital		2,40,000
Office and sales expenses	24,000	
Purchase	4,26,000	
10 % Debenture		1,20,000
Sales		9,60,000
Software	1,20,000	
Wages	24,000	
Debenture interest	12,000	
Salary	3,00,000	
Bank overdraft		14,400
Land-building	2,28,000	
Opening stock	36,000	
Discount received		15,600
Debtors	1,80,000	
	13,50,000	13,50,000

Other information :

- (1) Closing stock ₹ 42,000
- (2) Make provision for tax at 50 % of net profit.

From the above information, prepare final accounts of the company for the year ending on 31st March, 2017 as per schedule-III and Companies Act, 2013. Notes to the accounts are not required.

10. Following is the trial balance of Parth Ltd. as on 31-3-2017 :

Particulars	Debit (₹)	Credit (₹)
Sales		11,25,000
Employee benefit expenses	1,95,000	
Inventories	1,65,000	
Finance costs	26,250	
Security premium		60,000
Fixed assets - tangible	12,00,000	
Trade payables		90,000
Equity share capital		7,50,000
Trade receivables	60,000	
Other income		30,000
Long-term borrowings		5,25,000
Cash and bank balance	90,000	
Depreciation	33,750	
Cost of goods sold	6,00,000	
Non-current investments	2,10,000	
	25,80,000	25,80,000

From the above information, prepare final accounts of the company for the year ended on 31-3-2017 as per schedule-III of Companies Act, 2013. Notes to the accounts are not required.

