

Chapter 1 Financial Statements of Companies (As per Schedule III)

Question 1

On 1st April 2018, ABC Ltd. was established with an authorized capital of ₹. 25,00,000/- divided into 2,50,000 equity shares of ₹. 10/- each. Out of these, the company issued 1,00,000 equity shares of ₹. 10/- each at a premium of 10%. The amount was payable as follows:

On Application: ₹. 4/- (including premium)

On Allotment: ₹. 4/-

On Final Call: ₹. 3/-

The public applied for 90,000 equity shares and all the money was duly received. How will you show the 'Share Capital' in the Balance Sheet of a company? Also, prepare 'notes to accounts' for the same.

Solution:

EXTRACT OF BALANCE SHEET OF ABC LTD.

As at 31st March 2019

Particulars	Note No.	Amount Current year	Amount Previous year
		₹	₹
EQUITY AND LIABILITIES			
Shareholder's Funds:			
Share Capital	1	9,00,000	

Notes to Accounts:

Particulars	₹
Share Capital:	
Authorised Capital:	
2,50,000 Equity Shares of ₹.10/- each	25,00,000
Issued Capital:	
1,00,000 Equity Shares of ₹. 10/- each	10,00,000
Subscribed and Fully Paid	

90,000 Equity Shares of ₹. 10/- each	9,00,000
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Question 2

French Ltd. has an opening debit balance of ₹. 5,00,000/- in Reserves and Surplus as Balance of Statement of Profit and Loss. It earned a profit of ₹. 8,00,000/- for the year ended March 31st 2019. How would you show these items in the Balance Sheet and notes to accounts?

Solution:

French Ltd.

EXTRACT OF BALANCE SHEET *As at 31st March 2019*

Particulars	Note No.	31.03.2019	31.03.2018
		₹	₹
EQUITY AND LIABILITIES			
Shareholder's Funds:			
Reserves and Surplus	1	3,00,000	(5,00,000)

Notes to Accounts:

Particulars	₹
Reserves and Surplus:	
Surplus	
Balance in the statement of P&L (Opening) (5,00,000)	
Surplus for the period 8,00,000	3,00,000

Question 3

Neptune Ltd. has the following balances on 1st April 2018:

₹

General reserve 4,50,000

Statements of P&L 2,00,000

During the year ended 31st March 2019, it incurred a loss of ₹.3,20,000/-. How would you show these items in the Balance Sheet and notes to accounts?

Solution:

Neptune Ltd.

EXTRACT OF BALANCE SHEET *As at 31st March 2019*

Particulars	Note No.	31.03.2019	31.03.2018
		₹	₹
EQUITY AND LIABILITIES			
Shareholder's Funds:			
Reserves and Surplus	1	3,30,000	6,50,000

Notes to Accounts:

Particulars	₹
Reserves and Surplus:	
General Reserve	4,50,000
Surplus	
Balance in the statement of P&L (Opening) 2,00,000	
Surplus for the period (3,20,000)	(1,20,000)
	3,30,000

Question 4

Name the sub-headings under which the shareholder's funds shall be classified in a company's balance sheet.

Solution:

Shareholder's funds shall be classified as follows:

- Share Capital
- Reserves and Surplus
- Money received against share warrants