

Q:01. Airdrop Ltd. Was registered with an authorised capital of 1,00,000 equity shares of Rs. 10 each. The following is the Trial Balance as on 31st March, 2017:

Particulars	Debit Rs.	Credit Rs.
Share Capital : 60,000 Equity shares of Rs. 10 each		6,00,000
Long term borrowing from bank @ 12% interest p.a.		40,000
Trade Creditors		16,000
Buildings	2,50,000	
Plant and Machinery	1,50,000	
Furniture and Fittings	45,000	
Non-Current Investments	40,000	
Income from Investments		4,000
Sale of Products		9,60,000
Sales Return	80,000	
Opening stock on 1 st April, 2016	40,000	
Purchase of Goods	6,64,000	
Purchases Returns		84,000
Discounting Charges	1,250	
Carriage on Goods Purchased	27,800	
Rent and Taxes	12,000	
Trade Debtors	2,40,000	
Interest on Bank Loan	4,000	
Advertisement Expenses	24,000	
Bad Debts	2,000	
Employee Salaries	80,150	
Audit Fees	5,400	
Contribution to P. F. and Gratuity Fund	12,000	
Cash at Bank and In Hand	26,400	
Total	17,04,000	17,04,000

Additional Information:

1. Closing stock as on 31st March 2017 was Rs. 42,500
2. Depreciation is to be provided as follows: Furniture and fittings 10%, Plant and Machinery 20% and Building 10%.
3. Salaries outstanding as on 31st March 2017 were Rs. 12,450
4. Create a provision for doubtful debts at 5% on Trade Debtors
5. Trade debtors include an amount of Rs. 5,000 due from Mr. Aman and Trade Creditors include Rs. 3,000 dues to Mr. Aman.
6. Provide for income tax (current) Rs. 16,000.

You are required to:

1. Prepare a statement of profit and loss account for the year ended on 31st March 2017.
2. Prepare a Balance sheet for the same period.

Airdrop Ltd.

Statement of Profit and Loss account for the year ended 31st March, 2017

	Particulars	Note No.	Amt. (Rs.)
I	Revenue from Operations	1	8,80,000
II	Other Income (Income from Investments)	-	4,000
III	Total Revenue (I+II)		8,84,000
IV	Expenses:		
	Cost of Material Consumed		--
	Purchase of Stock in Trade	2	6,07,800
	Change in Inventories	3	(2,500)
	Employee benefits Exps.	4	1,04,600
	Finance Cost	5	6,050
	Depreciation and Amortization Exps.	6	59,500
	Other Exps.	7	55,250
	Total Expenses		8,30,700
V	Profit before exception and extraordinary items and Tax (III - IV)		53,300
VI	Exceptional items		--
VII	Profit before extraordinary items and Tax (V-VI)		53,300
VIII	Extraordinary Items		---
IX	Profit before Tax (VII-VIII)		53,300
X	Tax Expense: Current Tax		16,000
XI	Profit (Loss) for the period (IX-X)		37,300

M/s. Airdrop Ltd.

Balance Sheet as 31st March, 2017

	Particulars	Note No.	Amt. Rs.
I. Equity and Liabilities			
1. Shareholders' Funds:			
	(a) Share Capital	8	6,00,000
	(b) Reserve and Surplus	9	37,300
	(c) Money Received against share warrants		--
2. Share Application Money Pending Allotment			
3. Non-current Liabilities:			
	(a) Long-term borrowings	10	40,000
	(b) Deferred Tax Liabilities (Net)		--
	(c) Other Long-term Liabilities		--
	(d) Long term Provisions		--
4. Current Liabilities:			
	(a) Short term borrowings		--
	(b) Trade Payables	11	13,000
	(c) Other Current Liabilities	12	13,250
	(d) Short term Provisions	13	16,000
Total			7,19,550
II. Assets			
1. Non-current Assets:			
	(a) Fixed Assets		

(i) Tangible Assets	14	3,85,500
(ii) Intangible Assets		--
(iii) Capital work-in-progress		--
(iv) Intangible Assets under Development		--
(b) Non-current investments		40,000
(c) Deferred Tax Assets (Net)		--
(d) Long-term Loans and Advances		--
(e) Other Non-Current Assets		--
2. Current Assets:		
(a) Current Investments		--
(b) Inventories		42,500
(c) Trade Receivables	15	2,25,150
(d) Cash and Cash Equivalents	16	26,400
(e) Short term Loans and Advances		--
(f) Other Current Assets		--
Total		7,19,550

Notes:

1. Revenue from Operations:

Sales	Rs. 9,60,000
Less: Sales Return	Rs. 80,000
Net Income	Rs. 8,80,000

2. Purchase of Stock:

Purchase of Goods	Rs. 6,64,000
Add: Carriage	Rs. 27,800
	Rs. 6,91,800
Less: Return	Rs. 84,000
Net Purchase	Rs. 6,07,800

3. Change in Inventories

Closing stock	Rs. 42,500
Less: Opening Stock	Rs. 40,000
	Rs. 2,500

4. Employee benefit Exps.:

Employee Salary	Rs. 80,150
Contribution to PF	Rs. 12,000
Add: Outstanding	Rs. 12,450
Net Amt.	Rs. 1,04,600

5. Finance Costs:

Interest on Long term Borrowing	Rs. 4,000
Add: Outstanding Interest	Rs. 8,00
Total	Rs. 4,800
Add: Discounting Charges	Rs. 1,250
Total	Rs. 6,050

6. Depreciation :

On Building (10% X 2,50,000)	Rs. 25,000
On Plant & Machinery (20% X 1,50,000)	Rs. 30,000
On Furniture & Fittings (10 % X 45,000)	Rs. 4,500
Total Depreciation	Rs. 59,500

7. Other Exps.:

Rent and Taxes	Rs. 12,000
Advertisement Exps.	Rs. 24,000
Bad Debts	Rs. 2,000
Audit Fees	Rs. 5,400
Provision for Bad Debts (5% (Rs. 2,40,000-3,000))	Rs. 11,850
	Rs. 55,250

8. Share Capital:**Authorised Capital:**

1,00,000 Equity Shares of Rs. 10, Each Rs. 10,00,000

Issued, Subscribed and Paid-up Capital:

60,000 Equity shares of Rs. 10 Each Rs. 6,00,000

9. Reserve and Surplus:

Profit and Loss Balance	Rs. 37,300
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10. Long Term Borrowings:

<i>Borrowing from Bank</i>	<i>Rs. 40,000</i>
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11. Trade Payable:

Trade Creditors	Rs. 16,000
Less: Mutual Indebtedness	Rs. 3,000
	Rs. 13,000

12. Other Current Liabilities:

Outstanding Salaries	Rs. 12,450
Interest on Loan from Bank	Rs. 800

13. Short term Provisions

Income Tax	Rs. 16,000
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14. Fixed Assets:**Tangible Assets:**

Building	Rs. 2,50,000	
Less: Depreciation@10	Rs. 25,000	Rs. 2,25,000

Plant and Machinery	Rs. 1,50,000	
Less: Depreciation@20	Rs. 30,000	Rs. 1,20,000

Furniture and Fittings	Rs. 45,000	
Less: Depreciation@10	Rs. 4,500	Rs. 40,500

15. Trade Receivables

Trade Debtors	Rs. 2,40,000	
Less: Due from Aman	<u>Rs. 3,000</u>	Rs. 2,37,000
Less: Provision for Bad Debts		<u>Rs. 11,850</u> Rs. 2,25,150

16. Cash and Cash Equivalents

Cash at Bank and in Hand	Rs. 26,400
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Q:02. Silver Ore Co. Ltd. Was formed on 1st April, 2017 with an authorised capital of Rs. 6,00,000 in shares of Rs. 10 each. Of these 52,000 shares had been issued and subscribed but there were call in arrears on 100 shares. From the following Trial balance as on 31st March, 2018 Prepare statement of profit and loss and a balance sheet as on that date.

Particulars	Dr. Rs.	Cr. Rs.
Cash at Bank	1,05,000	
Share Capital		5,19,750
Plant	40,000	
Sale of Silver		1,79,500
Mines	2,20,000	
Promotional Exps.	6,000	
Interest on Fixed Deposit		3,900
Dividend on Investment less 22 % Tax		3,200
Royalties paid	10,000	
Railway Track and Wagons	17,000	
Wages of Miners	74,220	
Advertising	5,000	
Carriage on plant	1,800	
Furniture and Buildings	20,900	
Administrative Exps.	28,000	
Repairs	900	
Coal and Oil	6,500	
Cash	530	
Investment in shares of tin Mines	80,000	
Brokerage on purchase of shares in tin mines	1,000	
6% fixed deposit in syndicate bank	89,000	
Total	7,06,350	7,06,350

Depreciate Plant and Railway track and wagons by 10%, Furniture and Building by 5%, Value of Silver on 31st March, 2018 was Rs. 15,000. On 10th December, 2017 the directors forfeited 100 shares of which only Rs. 7.50 per share had been paid. Provide income tax Rs. 20,000.

Ans:

Silver Ore Co. Ltd.

Statement of Profit and Loss account for the year ended 31st March, 2018

Particulars		Note No.	Amt. (Rs.)
I	Revenue from Operations	1	1,79,500
II	Other Income	2	9,443
III	Total Revenue (I+II)		1,88,943
IV	Expenses:		
	Cost of Material Consumed		--
	Purchase of Stock in Trade	3	16,500
	Change in Inventories	4	(15,000)
	Employee benefits Exps.	5	74,220
	Finance Cost		-
	Depreciation and Amortization Exps.	6	6,925
	Other Exps.	7	39,900
	Total Expenses		1,22,545
V	Profit before exception and extraordinary items and Tax (III - IV)		66,398
VI	Exceptional items		--
VII	Profit before extraordinary items and Tax (V-VI)		66,398
VIII	Extraordinary Items		---
IX	Profit before Tax (VII-VIII)		66,398
X	Tax Expense: Current Tax		20,000
XI	Profit (Loss) for the period (IX-X)		46,398

Silver Ore Co. Ltd.

Balance Sheet as 31st March, 2018

Particulars	Note No.	Amt. Rs.
I. Equity and Liabilities		
1. Shareholders' Funds:		
(a) Share Capital	8	5,19,750
(b) Reserve and Surplus (Net Profit during the year)		46,398
(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 (Provision for Income Tax)		20,000
Total		5,86,148
II. Assets		
1. Non-current Assets:		
(a) Fixed Assets		

(i) Tangible Assets	9	2,92,775
(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:		
(g) Current Investments	10	81,000
(h) Inventories		15,000
(i) Trade Receivables		--
(j) Cash and Cash Equivalents	11	1,95,030
(k) Short term Loans and Advances		--
(l) Other Current Assets	12	2,343
Total		5,86,148

Notes:

1. Revenue from Operations:		8. Share Capital	
Sales of Silver	1,79,500	60,000 Equity Shares @ 10	6,00,000
2. Other Income:		Issued:	
Interest on FD 3,900		52,000 Shares@ Rs. 10	5,20,000
Add: Outstanding (6% X Rs. 89,000-3900) 1,440	5,340	Subscribed and Paid up 51,900 Shares @ Rs. 10	5,19,000
Dividend on Investment (Rs. 3,200 / 78 X 100) (100-22)	4,103	Add: Forfeited (7.50X100)	750
	9,443		5,19,750
3. Purchase of Stock:		9. Fixed Assets:	
Coal and Oil	6,500	(a) Tangible:	
Royalties paid	10,000	1. Mines	2,20,000
	16,500	2. Railway 17,000	
4. Change in Inventories:		Less: Dep @ 10 1,700	15,300
Opening stock	--	3. Plant 41,800	
Less: Closing Stock	15,000	Less: Dep. @ 10 4,180	37,620
	(15,000)	4. Fur. & Bldg. 20,900	
5. Employee Benefits Exps.		Less: Dep@ 5 1,045	19,855
Wages – Miners	74,220		2,92,775
6. Depreciation:		10. Current Investments:	
a. Railway Trac (17,000 X 10%)	1,700	Shares of Tin Mine	80,000
b. Fur. & Bldg. (20,900 X 5%)	1,045	Add: Brokerage	1,000
c. Plant (Rs.40,000+1,800 X10)	4,180		81,000
	6,925	11. Cash and Equip.	
7. Other Exps.:		Cash in Hand	530
Admin. Exps.	28,000	Cash at Bank	1,05,500
Repairs	900	F. D.	89,000
Advertising	5,000		1,95,030
Promotional Exps.	6,000	12. Other Cr. Assets:	
	39,900	Accrued Int. on FD 1,440	
		TDS (4103-3200) 903	2,343

Q:03. The following is the Trial Balance of P Ltd.

Particulars	Dr. Rs.	Cr. Rs.
Equity share capital of Rs. 10 each	-	3,00,000
Retained Earnings	-	1,60,000
Land	70,000	
Building at cost	98,000	-
Accumulated Depreciation	-	19,600
Equipment at cost	1,40,000	-
Inventory	89,000	--
Purchases	6,10,000	-
Discount Received	-	10,000
Discount Allowed	14,500	-
Sales	-	11,00,000
Sales Return	17,500	-
Bills Receivable	1,10,000	-
Bills Payable	-	70,000
Trade Debtors	1,06,000	-
Trade Creditors	-	49,000
Accumulated Depreciation – Equipment	-	28,000
Salaries Payable	-	18,000
Rent Received	-	18,000
Salaries to Staff	2,32,000	-
Repairs and Maintenance	19,000	
Electricity	80,000	
Interim Cash Dividend	30,000	
Provision for Doubtful Debts	-	6,000
Selling Exps.	14,000	
Freight Inward	20,000	
Bond Payable	-	1,00,000
Profit on sale of Land	-	25,000
Cash and Cash Equivalents	2,53,600	
Total	19,03,600	19,03,600

Additional Information:

1. The company was incorporated with an authorised capital of Rs. 10,00,000 divided into equity shares of 10 each.
2. Inventory as at 31st March, 2018 was Rs. 64,000
3. Depreciation is to be charged as follows:
 - a. Building at 5% using reducing balance method
 - b. Equipment at 20% using straight line method.
4. The company had issued bonds on 1st Oct, 2017. The interest is payable half yearly on 1st April and 1st October. The rate of interest is 12% p.a.
5. Final dividend of Rs.15,000 was declared on 31st March, 2018.
6. Income tax rate is 35%.

You are required to prepare:

1. A Statement of Profit and Loss for the year 31st March 2018.
2. A Balance Sheet on the same date.

P Ltd.

Statement of Profit and Loss account for the year ended 31st March, 2018

	Particulars	Note No.	Amt. (Rs.)
I	Revenue from Operations	1	10,82,500
II	Other Income	2	53,000
III	Total Revenue (I+II)		11,35,500
IV	Expenses:		
	Cost of Material Consumed		--
	Purchase of Stock in Trade	3	6,30,000
	Change in Inventories (Rs. 89,000-64,000)		25,000
	Employee benefits Exps.		2,32,000
	Finance Cost (Rs. 1,00,000 X 12%/2)		6,000
	Depreciation and Amortization Exps.	4	31,920
	Other Exps.	5	1,27,500
	Total Expenses		10,52,420
V	Profit before exception and extraordinary items and Tax (III - IV)		83,080
VI	Exceptional items		--
VII	Profit before extraordinary items and Tax (V-VI)		83,080
VIII	Extraordinary Items		---
IX	Profit before Tax (VII-VIII)		83,080
X	Tax Expense: Current Tax (Rs. 35% X Rs. 83,080)		29,078
XI	Profit (Loss) for the period (IX-X)		54,002

P Ltd.

Balance Sheet as 31st March, 2018

	Particulars	Note No.	Amt. Rs.
I. Equity and Liabilities			
1. Shareholders' Funds:			
	(d) Share Capital	6	3,00,000
	(e) Reserve and Surplus	7	1,69,002
	(f) Money Received against share warrants		--
2. Share Application Money Pending Allotment			
3. Non-current Liabilities:			
	(e) Long-term borrowings (12% Bonds)		1,00,000
	(f) Deferred Tax Liabilities (Net)		--
	(g) Other Long term Liabilities		--
	(h) Long term Provisions		--
4. Current Liabilities:			
	(e) Short term borrowings		--
	(f) Trade Payables	8	1,19,000
	(g) Other Current Liabilities	9	39,000
	(h) Short term Provisions (Provision for Income Tax)		29,078
Total			7,56,080
II. Assets			
1. Non-current Assets:			
	(f) Fixed Assets		
	(v) Tangible Assets	10	2,28,480

(vi) Intangible Assets		--
(vii) Capital work-in-progress		--
(viii) Intangible Assets under Development		--
(g) Non-current investments		--
(h) Deferred Tax Assets (Net)		--
(i) Long-term Loans and Advances		--
(j) Other Non-Current Assets		--
2. Current Assets:		
a. Current Investments		-
b. Inventories		64,000
c. Trade Receivables	11	2,10,000
d. Cash and Cash Equivalents		2,53,600
e. Short term Loans and Advances		--
f. Other Current Assets		--
Total		7,56,080

Notes:

1. Revenue from Operations:		6. Share Capital	
Sales	11,00,000	Authorised Capital:	
Less: Sales Return	17,500	1,00,000 Equity Shares @ 10	10,00,000
	10,82,500		
2. Other Income:		Issued, Subscribed and Paid up:	
- Rent Received	18,000	30,000 Shares@ Rs. 10	3,00,000
- Discount Received	10,000		
- Profit on sale of Land	25,000		
	53,000	7. Reserve & Surplus:	
		Retaining Earnings	1,60,000
3. Purchase of Stock:		Add: Current Year Profit	54,002
Purchases	6,10,000		2,14,002
Add: Freight inward	20,000	Less: Dividend Paid (30,000+15,000)	45,000
	6,30,000		1,69,002
4. Depreciation:		8. Trade Payable:	
Building	98,000	Trade Creditors	49,000
Less: Accu. Depreciation	19,600	Bills payable	70,000
WDV as 01.04.2017	78,400		1,19,000
Depreciation (78,400X5%)	3,920	9. Other Current Lia.	
Equipment (1,40,000X20%)	28,000	Salaries Payable	18,000
Total Depreciation:	31,920	Dividend Payable	15,000
5. Other Expenses:		Interest on Bonds	6,000
- Repairs	19,000		39,000
- Electricity	80,000	10. Fixed Assets	
- Selling Exps.	14,000	Land	70,000
- Discount Allowed	14,500	Building (98,000-23,500)	74,480
	1,27,500	Equipment (1,40,000 - 56,000)	84,000
			1,95,030

		11. Trade Receivables	
		Trade Debtors	1,06,000
		Less: Prov. For Bad Debts	6,000
			1,00,000
		Bills Receivable	1,10,000
			2,10,000

Q:04 From the following is the trial balance of Vishal Ltd., prepare the Balance Sheet of the company as on 31st March 2015 as per Schedule III of the Companies Act.

Trial Balance as on 31st March 2015

Debit	Rs.	Credit	Rs.
Advances to employees	3,00,000	Equity Share Capital	52,00,000
Cash at Bank	3,14,320	Capital Reserve	60,000
Furniture & Fixture	7,50,000	Loan from SBI	8,00,000
Premises	41,09,940	Provision for Employees	6,00,000
Patents	10,00,000	Proposed Dividend	1,64,000
Discount on issue of Shares (unwritten off)	25,000	Short term loan from bank	4,90,200
Trade Receivables	3,66,240	Unpaid dividend	64,800
Advance Tax	50,000	Profit & Loss A/c	42,980
8% Govt. Bonds	3,36,000	Bills Payable	85,100
Stock in trade	3,55,600	Sundry Creditors	1,00,020
	=====		=====
	76,07,100		76,07,100
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Q:05. The following balances have been extracted from the books of Prakash Ltd.

Particulars	Amt. Rs.
Sale of Sugar (Net of Excise duty)	70,66,041
Other operating Income (Power Generation)	1,95,616
Other Income	1,30,088
Cost of Material Consumed	30,81,842
Increase in Inventories of Finished Goods, WIP etc	6,96,688
Salaries and Wages	5,19,426
Contribution to P. F. and Gratuity Fund	2,50,000
Depreciation	3,32,593
Amortisation Expenses	1,00,000
Power and Fuel	15,23,312
Rent, Rates and Taxes	13,21,246
Finance Cost	1,97,768
Tax Expenses (including deferred tax)	2,16,818
Paid up Equity Share Capital Rs. 10 each	2,71,000

You are required to: Prepare a statement of Profit and Loss account for the year ended on 31st March 2018.