



# ACCOUNTS

## NCERT - NCERT ACCOUNTS(HINGLISH)

### FINANCIAL STATEMENTS OF A COMPANY

#### Illustration

1. Dinkar Ltd. has an authorised capital of Rs. 50,00,000 divided into equity shares of Rs. 100

each. The company invited applications for 40,000 shares, applications for 36,000 shares were received. All calls were made and duly received except for 500 shares on which the final call of Rs. 20 was not received. The company forfeited 200 shares on which final call was not received. Show how share capital will appear in the balance sheet of the company. Also prepare 'Notes to Accounts' for the same



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2. Show the following items in the balance sheet of Amba Ltd. as on March 31, 2017:

2017:	Rs.
8% Debentures	10,00,000
Equity share capital	50,00,000
Securities premium	20,000
Preliminary expenses	40,000
Statement of Profit & Loss (cr.)	1,50,000
Discount on issue of 8% debentures (Amount to be written in next 4 years approx.)	40,000
Loose tools	20,000
Bank balance	60,000
Cash in hand	38,000



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3. Show the following items in the balance sheet of Sunfill Ltd. as at March 31, 2017:

Particulars	Amount (Rs.)
General Reserve (since 31 March 2012)	5,00,000
Statement of profit & loss (debit balance) for 2016-17	(3,00,000)



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4. Show the following items in the balance sheet of Avalon Ltd., as at March 31, 2017:

	Rs. in Lakh
General Reserve (since 31 March 2016)	5
Statement of Profit & Loss (Debit Balance) for 2016-17	(8)



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5. Arushi Ltd. issued 5,000, 10% debentures of Rs. 100 each at par but redeemable at a premium of 5% after 5 years. Give journal

entries and also prepare the balance sheet of the company.



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6. From the given particulars of Shine and Bright Co. Ltd., as at March 31, 2017, prepare balance sheet in accordance to the Schedule

III:

Particulars	Amount Rs.	Particulars	Amount Rs.
Preliminary expenses	2,40,000	Goodwill	30,000
Discount on Issue of shares	20,000	Loose Tools	12,000
10% Debentures	2,00,000	Motor vehicles	4,75,000
Stock in trade	1,40,000	Provision for tax	16,000
Cash at bank	1,35,000		
Bills receivables	1,20,000		



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7. From the following particulars, prepare Statement of profit and loss for the year ending March 2017:



Additional information

(i) Equity dividend @ 10% declared on paid up capital.

(ii) Dividend on the preference share capital paid in full.

(iii) Rs. 2,00,000 transferred to general reserve

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## Short Answer Questions

1. State the meaning of financial statements?



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2. What are limitations of financial statements?



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3. List any three objectives of financial statements?



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4. State the importance of financial statements to :

(i) shareholders

(ii) creditors

(iii) government

(iv) investors



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## Long Answer Questions

1. Explain the nature of the financial statements.



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2. Explain in detail about the significance of the financial statements.



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**3.** Explain the limitations of financial statements.

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**4.** Prepare the format of statement of profit and loss and explain its items.

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5. Prepare the format of balance sheet and explain the various elements of balance sheet.



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6. Explain how financial statements are useful to the various parties who are interested in the affairs of an undertaking?



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7. 'Financial statements reflect a combination of recorded facts, accounting conventions and personal judgements'. Discuss.



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8. Explain the process of preparing income statement and balance sheet



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