



ACCOUNTS

BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

FINANCIAL STATEMENT OF A COMPANY

Illustration

1. Classify the liabilities (Trade Payable) given below as Non-current Liabilities and Current Liabilities giving reasons for such classification:

Particulars	Operating Cycle (In Months)	Expected Period of Payment (In Months)
(i) Trade Payables	10	8
(ii) Trade Payables	10	12
(iii) Trade Payables	10	15
(iv) Trade Payables	18	15
(v) Trade Payables	18	24

[View Text Solution](#)

2. (Classification of Equity and Liabilities).

State the major heads under Equity and Liabilities part of the company's Balance Sheet.



[View Text Solution](#)

3. (Classification of Shareholders' Funds'). Name the sub-heads under the head 'Shareholders' Funds'.



[View Text Solution](#)

4. (Classification of 'Non-current Liabilities').

Name the sub-heads under the head 'Non-current Liabilities' in the Equity and Liabilities part of the Balance Sheet as per Schedule III of the Companies Act, 2013.



[View Text Solution](#)

5. (Classification of 'Current Liabilities).

Name the sub-heads under the head 'Current Liabilities' in the Equity and Liabilities Part of the Balance Sheet.



[View Text Solution](#)

6. (Reserves and Surplus).

Name any five items that are shown under Reserves and Surplus.



[View Text Solution](#)

7. (Long-term Borrowings).

Name any four items that are shown under Long-term Borrowings.



[View Text Solution](#)

8. (Other Current Liabilities).

Name any five items that are shown under Other Current Liabilities.



[View Text Solution](#)

9. Under which heads are the following items shown in the Balance Sheet of a company as per Schedule III?

- (i) Forfeited Shares Account, (ii) Proposed Dividend,
- (iii) Unclaimed Dividend, and
- (iv) Arrears of Fixed Cumulative Dividend.



[View Text Solution](#)

10. Under which main head and sub-head of Equity and Liabilities are the following items shown in a company's Balance Sheet as per Schedule III?

- (i) Debentures, (ii) Public Deposits,
- (iii) Securities Premium Reserve, (iv) Capital Reserve,
- (v) Forfeited Shares Account, (vi) Interest Accrued and due on Debentures,
- (vii) Bills Payable, (viii) Advances Received from Customers,
- (ix) Sundry Creditors, and (x) Premium on Redemption of Debentures.



[Watch Video Solution](#)

11. Under which main heads and sub-heads of Equity and Liabilities are the following items shown in the Balance Sheet of a company as per Schedule III?

- (i) Unclaimed Dividend, (ii) Calls-in-Arrears, (iii) Calls-in-Advance,
- (iv) Interest Accrued but not due on Debentures, and
- (v) Arrears of Fixed Cumulative Preference Dividends.



Watch Video Solution

12. Under which main heads and sub-heads of Equity and Liabilities part of the Balance Sheet as per Schedule III of the Companies Act, 2013 are the following items shown?

- (i) Interest Accrued and due on Secured Loans,
- (ii) Interest Accrued but not due on Unsecured Loans,
- (iii) Debentures Redemption Reserve,
- (iv) Capital Redemption Reserve, and
- (v) Advances from Customers (Long-term).



[Watch Video Solution](#)

13. Give major heads under which the following items will be shown in a company's Balance Sheet as per Schedule III, Part I of the Companies Act, 2013.

(i) Trade Payables,

(ii) Provision for Tax

Surplus, i.e., Balance in Statement of Profit and Loss (Dr.), and

(iv) Surplus, i.e., Balance in Statement of Profit and Loss.



[Watch Video Solution](#)

14. How are the following items shown in a company's Balance Sheet as at 31st March, 2019 as per Schedule III of the Companies Act, 2013?

General Reserve (since 31st March, 2018) Rs 3,00,000, Surplus, i.e., Balance in Statement of Profit and Loss (Debit) as at 31st March, 2019 Rs 2,00,000.



[Watch Video Solution](#)

15. How are the following two items shown in a company's Balance Sheet as at 31st March, 2019 as per Schedule III of the Companies Act, 2013?

General Reserve (since 31st March, 2018) Rs 4,50,000, Surplus, i.e., Balance in Statement of Profit and Loss (Debit) as at 31st March, 2019 Rs 6,00,000.

 [View Text Solution](#)

16. Classify the following Assets (Trade Receivables) into non-current assets and current assets and give reasons for such classification:

Particulars	Operating Cycle (In Months)	Expected Realisation Period (In Months)
(i) Trade Receivables	11	10
(ii) Trade Receivables	11	12
(iii) Trade Receivables	11	15
(iv) Trade Receivables	20	15
(v) Trade Receivables	20	24

 [View Text Solution](#)

17. (Classification of Assets).

State the major heads under which the items appearing in the Assets part of the company's Balance Sheet are classified.



[View Text Solution](#)

18. (Classification of 'Non-current Assets').

Name the sub-heads under the head 'Non-current Assets' in the Assets part of the Balance Sheet as per Schedule III of the Companies Act, 2013.



[View Text Solution](#)

19. (Classification of ' Fixed Asset').

Name the sub-heads under the head 'Fixed Assets' in the Assets part of the Balance Sheet as per Schedule III of the Companies Act, 2013.



[View Text Solution](#)

20. (Classification of 'Current Assets').

Name the sub-heads under the head 'Current Assets' in the Assets part of the Balance Sheet as per Schedule III of the Companies Act, 2013.



[View Text Solution](#)

 [View Text Solution](#)

21. (Tangible Assets).

Name any five items of Tangible Assets.

 [View Text Solution](#)

22. (Intangible Assets).

Name any five items of Intangible Assets.

 [View Text Solution](#)

23. (Non-current Investment).

List five items which are included under the head 'Non-current Investments'.

 [View Text Solution](#)

24. (Inventories).

List five items that are included under Inventories.



[View Text Solution](#)

25. (Current Investments).

List five items that are included under Current Investments.



[View Text Solution](#)

26. (Classification of Assets).

Rearrange the following items under assets according to Schedule III:

- (i) Office Equipment, (ii) Loose Tools, (iii) Goodwill,
- (iii) Trademarks, (v) Bills Receivable, (vi) Debtors
- (vii) Land, (viii) Building, (ix) Stock-in-Trade,
- (x) Stores and Spare Parts, (xi) Furniture, (xii) Vehicles,
- (xiii) Advance to Subsidiaries (xiv) Cash at Bank,
- (xv) Cash in Hand, (xvi) Work-in Progress (Machinery),

(xvii) Plant, (xviii) Interest Accrued on Investments, and

(xix) Deposits with Electricity Supply Company.

 [View Text Solution](#)

27. Give the heads under which following items are shown in are shown in a company's Balance Sheet as per Schedule III, Part I of the Companies Act, 2013?

(i) Mortgage Loan, (ii) Patents,

(iii) Investments, (iv) General Reserve,

(v) Bills Receivable, and (vi) 10 % Debentures.

 [Watch Video Solution](#)

28. Under what heads and sub-heads will the following items appear in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?

(i) Debentures, (ii) Loose Tools, (iii) Calls-in-Advance.

 [View Text Solution](#)

29. Under what heads and sub-heads the following items will appear in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013?

- (i) Premium on Redemption of Debentures,
- (ii) Loose Tools,
- (iii) Balances with Banks.

[Watch Video Solution](#)

30. Under what heads and sub-heads the following items will appear in the Balance Sheet of a Company as per Schedule III, Part I of the Companies Act, 2013?

- (i) Tax Reserve,
- (ii) Interest on Calls-in-Advance,
- (iii) Stores and Spares.

[View Text Solution](#)

31. Under which heads and sub-heads wil the following items appear in the Balance Sheet of a Company as per Schedule III, Part I of the Companies Act, 2013?

- (i) Subsidy Reserve,
- (ii) Mining Rights,
- (iii) Provision for Doubtful Debts.

 [View Text Solution](#)

32. Under which major heads and sub-heads the following items will be placed in the Balance Sheet of a company as per revised Schedule VI, Part I of the Companies Act, 1956 (Schedule III, Part I of the Companies Act, 2013)?

- (i) Accured Incomes (ii) Loose Tools
- (iii) Provision for Employees Benefits (iv) Unpaid Dividend
- (v) Short-term Loans (vi) Longs-term Loans

 [View Text Solution](#)

33. Under which sub-heads will the following items be placed in the Balance Sheet of a company as per revised Schedule VI, Part I of the Companies Act, 1956 (Schedule III, Part I of the Companies Act, 2013)?

(i) Capital Reserve (ii) Bonds

(iii) Loans repayable on Demand (iv) Vehicles

(v) Goodwill (vi) Loose Tools



[View Text Solution](#)

34. Under which sub-headings will the following items be shown in the Balance Sheet of a company as per revised Schedule VI, Part I of the Companies Act, 1956 (Schedule III, of the Companies Act, 2013)?

(i) Stores and Spares (ii) Trademarks

(iii) Short-term Borrowings (iv) Provision for Employees Benefit

Long-term Investments (vi) Accrued Incomes



[View Text Solution](#)

35. State under which major headings the following items will be presented in the Balance Sheet of a company as per Schedule III of Companies Act, 2013:

- (i) Trademarks (ii) Capital Redemption Reserve
- (iii) Income Received in Advance (iv) Stores and Spares
- (v) Office Equipments (vi) Current Investments



[View Text Solution](#)

36. Under what main heads and sub-heads of Assets part are the following items classified or shown in the Balance Sheet of a company as per Schedule III?

- (i) Bills Receivable, (ii) Sundry Debtors,
- (iii) Long-term Investments, (iv) Shares in Listed Companies
- (v) Prepaid Insurance, (vi) Deposit with Customs Authorities, and
- (vi) Building.



[View Text Solution](#)

37. Under which major headings the following items will be presented in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?

(i) Loans provided repayable on demand (ii) Goodwill

(iii) Copyrights (iv) Loose Tools

(v) Cheques (vi) General Reserve

(vii) Stock of Finished Goods

(viii) 9 % Debentures repayable after three years



View Text Solution

38. Under which major headings and sub-headings will the following items be shown in the Balance Sheet of company as per Schedule VI, Part I of the Companies Act, 1956 (Now Schedule III, Part I of the Companies Act, 2013)?

(i) Net loss as shown by Statement of Profit and Loss

(ii) Capital Redemption Reserve

(iii) Bonds

(iv) Loans repayable on demand

(v) Unpaid dividend

(vi) Buildings

(vii) Trademarks

(viii) Raw materials



[View Text Solution](#)

39. Under which major headings and sub-headings the following items will be shown in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013?

(i) Bank Overdraft (ii) Cheques in Hand

(iii) Loose Tools

(iv) Long-term Provisions



[View Text Solution](#)

40. Under which major headings and sub-headings the following items will be shown in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013?

(i) Long-term Loans (ii) Loose Tools

(iii) Trademarks (iv) Drafts in Hand



[View Text Solution](#)

41. Following balances have been extracted from the books of Rama Ltd.

On 31st March, 2019: Equity Share Capital (1,00,000 Equity Shares of Rs 10 each) Rs 10,00,000, Securities Premium Reserve Rs 2,00,000, 12% Debentures Rs 4,00,000, Creditors Rs 2,00,000, Provision for Tax Rs 50,000, Surplus, i.e., Balance in Statement of Profit and Loss (Debit) Rs 50,000, Land and Building Rs 9,00,000, Government Bonds Rs 5,00,000, Capital Work-in-Progress (Building) Rs 3,50,000 and Cash at Bank Rs 50,000.

Debentures were issued on 1st April, 2017 redeemable after 5 years, i.e., on 31st March, 2022. Prepare Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.



[View Text Solution](#)

42. Under which head following revenue items of a non-financial company will be shown?

(i) Sales, (ii) Sale of Scrap, (iii) Interest Earned, and (iv) Dividend.



[View Text Solution](#)

43. Under which head following revenue items of a financial company will be shown?

(i) Interest Earned, (ii) Dividend, (iii) Profit on Sale of Asset, and (iv) Refund of Income Tax.



[View Text Solution](#)

44. Calculate Revenue from Operations, Other Income and Total Revenue for a non-Financial company from the following information:

Sales Rs 12,00,000, Sales Return Rs 2,00,000, Sale of Scrap Rs 25,000, Interest on Fixed Deposits Rs 30,000, Dividend Earned Rs 10,000.



[View Text Solution](#)



[View Text Solution](#)

48. Compute Cost of Materials Consumed from the following:

Opening Inventory of Materials Rs 1,50,000, Opening Work-in-Progress Rs 2,00,000, Materials Purchased Rs 15,00,000, Closing Inventory of Materials Rs 2,50,000 and Closing Inventory of Wrok-in-Progress Rs 1,50,000.



[View Text Solution](#)

49. Compute cost of Materials Consumed from the following:

Opening Inventory of Materials Rs 7,50,000, Opening Inventory of Stock-in-Trade Rs 2,00,000, Meterials Purchased Rs 25,00,000, Purchases of Stock-in-Trade Rs 15,00,000, Closing Inventory of Meterials Rs 2,50,000 and Closing Inventory of Stock-in-Trade Rs 1,50,000.



[View Text Solution](#)

50. Prepare Note to Accounts for Change in Inventories of Bakers Ltd. For the year ended 31st March, 2019 from the following information and determine the amount that will be shown in the Statement of Profit and Loss against Changes in Inventories of Finished Goods, WIP and Stock-in-Trade:

Particulars	Opening inventory (₹)	Closing Inventory (₹)
Finished Goods	2,50,000	2,00,000
Work-in-Progress	4,50,000	5,00,000
Stock-in-Trade	7,50,000	7,00,000



[View Text Solution](#)

51. Out of the following, identify the items that are shown in the Note to Accounts on Employees Benefit Expenses:

(i) Wages, (ii) Salaries, (iii) Entertainment Expenses, (iv) Bonus, (v) Gratuity Paid, and (vi) Conveyance Expenses.



[View Text Solution](#)

52. From the following information for the year ended 31st March, 2019, prepare Note to Accounts on Employees Benefit Expenses:

(i) Wages Rs 2,40,000, (ii) Salaries Rs 3,60,000, (iii) Entertainment Expenses Rs 15,000,

(iv) Bonus Rs 50,000, (v) Gratuity Paid Rs 1,20,000, (vi) Conveyance Expenses Rs 25,000, and (vii) Medical Expenses Rs 40,000.



[View Text Solution](#)

53. Out of the following, identify the items that are shown in the Notes to Accounts on Finance Costs:

(i) Interest paid on Term Loan, (ii) Interest paid on Bank Overdraft, (iii) Discount on Issue of Debentures Written off, (iv) Interest Received on Fixed Deposits and (v) Bank Charges.



[View Text Solution](#)

54. From the following information of Abacus Ltd. for the year ended 31st March, 2019, prepare Note to Accounts on Finance Costs:

(i) Interest paid on Term Loan Rs 2,50,000, (ii) Interest paid on Bank Overdraft Rs 35,000, (iii) Discount on Issue of Debentures Written off Rs 10,000, (iv) Interest Received on Fixed Deposits Rs 25,000, (v) Bank Charges Rs 9,500 and (vi) Interest paid on Deposits Rs 75,000.



[View Text Solution](#)

55. Identify which of the following items will be shown in the Note to Accounts on Other Expenses: (i) Wages, (ii) Courier Expenses, (iii) Internal Expenses, (iv) Rent for factory, (v) Carriage Outwards, (vi) Depreciation on Furniture, (vii) Rent for warehouse, (viii) Rent for office, (ix) Audit fee and (x) Staff Welfare Expenses.



[View Text Solution](#)

56. Following is the Trial Balance of Perfect Solutions Ltd. as at 31st March, 2019:

Particulars	Dr. (₹)	Cr. (₹)
Machinery	1,60,000	...
Land and Building	6,74,000	...
Depreciation on Machinery	16,000	...
Purchases of Raw Materials (Adjusted)	4,00,000	...
Closing Stock	1,50,000	...
Wages	1,20,000	...
Sales	...	10,00,000
Salaries	80,000	...
Bank Overdraft	...	2,00,000
10% Debentures (Issued on 1st April, 2018)	...	1,00,000
Equity Share Capital—Shares of ₹ 100 each (Fully paid)	...	2,00,000
Preference Share Capital—1,000; 6% Preference Shares of ₹ 100 each (Fully paid)	...	1,00,000
	16,00,000	16,00,000

The Board of Directors of Perfect Solutions Ltd. had proposed the following appropriations:

- (i) To declare equity dividend @10 % (previous year @9 %) on paid-up capital.
- (ii) To pay dividend on the Preference Share Capital in full.
- (iii) To transfer Rs 25,000 to Debentures Redemption Reserve.
- (iv) To transfer Rs 2,00,000 to General Reserve.

You are required to prepare Statement of Profit and Loss in as much detail as possible for the year ended 31st March, 2019 and the Balance Sheet of the company as at that date as per Schedule III of the Companies Act, 2013.

Note: Ignore the Income Tax.



[View Text Solution](#)

Example

1. Sony Ltd. has an opening debit balance of Rs 1,00,000 in Surplus, i.e., Balance in Statement of Profit and Loss. During the year ended 31st March, 2019, it earned a profit of Rs 3,00,000. Prepare Note to Accounts on Reserves and Surplus showing the amount to be carried to Balance Sheet.



[View Text Solution](#)

2. HP Computers Ltd. has an opening credit balance of Surplus, i.e., Balance in Statement of Profit and Loss and Securities Premium Reserve of Rs 1,00,000 and Rs 2,00,000 respectively. During the year, it incurred a loss of Rs 1,50,000. How will it be shown in Note to Accounts on Reserves and Surplus?



[View Text Solution](#)

3. Casio Machines Ltd. has an opening balance of 5,00,000 in Securities Premium Reserve and also debit balance of Rs 10,00,000 in Surplus, i.e., Balance in Statement of Profit and Loss under Reserves and Surplus. During the year ended 31st March, 2019, it incurred a loss of Rs 15,00,000. How will it be shown in Note to Accounts on Reserves and Surplus?



[View Text Solution](#)

4. Samsung One Ltd. has opening credit balance of Rs 5,00,000 in Surplus, i.e., Balance in Statement of Profit and Loss. Debentures Redemption Reserve has opening balance of Rs 1,25,000. It earned a profit of Rs 2,00,000 for the year ended 31st March, 2019. It was decided to transfer Rs 50,000 to Debentures Redemption Reserve and also proposed dividend of Rs 1,00,000 against last year's proposed dividend of Rs 90,000.

Show the appropriations by preparing Note to Accounts on Reserves and Surplus. How will be Proposed Dividend shown in the Note ,to Accounts?



[View Text Solution](#)

Questions

1. Beattall Sports Ltd. Has Authorised Share Capital as follows : 10,000 Equity Shares of Rs 10 each and 10,000 Preference Shares of Rs 10 each. Can the company issue 15,000 Equity Shares and 5,000 Preference Shares?



[View Text Solution](#)

2. A company has called and received Rs 8 against nominal (face) value of Rs 10 of the share. Will it be classified or shown as 'Subscribed and fully paid-up? Why?



[View Text Solution](#)

3. A company has passed a resolution to call Rs 2 per share in the event of it being wound up. Balance amount, i.e., Rs 8 per share has been called and also received. How will it be classified in the Balance Sheet of the company?



[View Text Solution](#)

4. A company has to transfer Rs 50,000 to Debentures Redemption Reserve. Explain how it will be shown in the financial statements.



[View Text Solution](#)

5. A company received applications for 1,25,000 equity Shares against as issue of 1,00,000 Equity Shares of Rs 10 each. Allotment is yet to be made against the applications received as on the date of the Balance Sheet. How will it be shown in the Balance Sheet?



[View Text Solution](#)

6. A company is in the business of trading in timber and also making furniture. Can it have different Operating Cycles for the two businesses?

 [View Text Solution](#)

7. Axis Consultants Ltd. Issued 10,000, 9% Debentures of Rs 100 each on 1st October, 2013 to be redeemed on 30th September, 2021. How will it be classified or shown in the Balance Sheet as at 31st March, 2019? Give reason.

 [View Text Solution](#)

8. A company has issued 1,000, 9% Debentures of Rs 1,000 each on 1st October, 2018 to be redeemed on 31st July, 2019. How will it be shown in the Balance Sheet as at 31st March, 2019?

 [View Text Solution](#)

9. Where is 'Calls-in-Advance' shown in the Balance Sheet?



[View Text Solution](#)

10. Ashok, the Accountant of Best Barcode Systems Ltd., has shown bills Receivable as Trade Receivables. Is he correct in his approach?



[View Text Solution](#)

11. Beatal Sports Ltd. Is a manufacturer of cricket equipment. It sold waste from wood used for manufacturing cricket bats for Rs 1,00,000. Is the sale of waste Revenue from Operations? Give reasons.



[View Text Solution](#)

12. Redfort Finance Ltd., a financial company, had invested its surplus funds of Rs 10,00,000 in 10% Deposit with Tata Housing Ltd. Is the

interest received on the deposit Revenue from Operations or Other Income? Give reasons.

 [View Text Solution](#)

13. Hind Electricals Ltd., manufacturer of lamps, has surplus funds of Rs 5,00,000, which it has invested in fixed deposit with a bank. The deposit earned an interest of Rs 30,000. How will it be shown in the Statement of Profit and Loss?

 [View Text Solution](#)

14. Business Forms Ltd. Sold its car at a gain (profit) of Rs 10,000. How will it be shown in the Statement of Profit and Loss?

 [View Text Solution](#)

15. The accountant of Axis Manufacturing Ltd. Has prepared its Statement of Profit and Loss showing Cost of Materials Consumed at Rs 5,50,000. On being questioned about its correctness, he explained that it is calculated by taking the Opening Inventory of Materials and Stock-in-Trade + Purchases of Materials and Stock-in-Trade - Closing Inventory of Materials and Stock-in-Trade. Has he determined the Cost of Materials Consumed correctly?



[View Text Solution](#)

16. Are opening and closing inventories considered in the amount shown against Purchases of Stock-in-Trade? Give reasons.



[View Text Solution](#)

17. Why is difference between opening and closing inventories of materials not shown against Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade?



[View Text Solution](#)

18. Why are bank charges charged by the bank not included in finance costs?



[View Text Solution](#)

Objective Type Questions

1. Shares on which the company has not called the entire nominal value is shown in the Note to Accounts on Share Capital under Subscribed Capital as:

- A. Subscribed and fully paid-up,
- B. Subscribed but not fully paid-up,
- C. None of the above,
- D. Any of the above.

Answer: B



[View Text Solution](#)

2. Shares on which the company has called the entire nominal value and has also received it is shown in the Notes to Accounts on Share Capital under Subscribed Capital as:

- A. Subscribed and fully paid-up,
- B. Subscribed but not fully paid-up,
- C. None of the above,
- D. Any of the above.

Answer: A



[View Text Solution](#)

3. Shares on which the company has called the entire nominal value but has not received final call of Rs 2 on 500 shares, the shares on which the final call is not received are shown in the Note to Accounts on Share Capital under Subscribed Capital as:

- A. Subscribed and fully paid-up,
- B. Subscribed but not fully paid-up,
- C. None of the above,
- D. Any of the above.

Answer: B



[View Text Solution](#)

4. A company has issued 1,00,000 Equity Shares of Rs 10 each. It has called the entire nominal value of the share. It has received the calls made except the final call of Rs 3 on 1,000 shares. Subscribed Capital will be shown as follows:

A. Subscribed but not fully paid-up,

B.

Subscribed and fully paid-up	₹	₹
1,00,000 Equity Shares of Rs 10 each	1,00,000	
Less: Calls-in-Arrears	3,000	9,97,000

C.

Subscribed and fully paid-up		
99,000 Equity Shares of Rs 10 each	9,90,000	
Subscribed but not full paid-up		
1,000 Equity Shares of Rs 10 each	10,000	
Less: Calls-in-Arrears	3,000	7,000
		9,97,000

D. Can be shown as (b) or as (c).

Answer: C

 [View Text Solution](#)

5. Debentures redeemable after 10 years of issue are shown as:

A. Long-term Borrowings,

B. Other Long-term Liabilities,

C. Short-term Borrowings,

D. Other Short-term Liabilities.

Answer: A



[View Text Solution](#)

6. 1,000, 10% Debentures of Rs 100 each out of 10,000, 10% Debentures are redeemable within the 12 months of the date of Balance Sheet. They will be shown in the Current Liabilities as:

A. Short-term Borrowings,

B. Other Current Liabilities,

C. Trade Payables,

D. Short-term Provisions.

Answer: B



[View Text Solution](#)

7. Securities Premium Reserve is shown on the Equity and Liabilities part of the Balance Sheet under the head:

- A. Reserves and Surplus,
- B. Current Liabilities,
- C. Share Capital,
- D. None of the above.

Answer: A



[View Text Solution](#)

8. Indicate the item which appears as Short-term Provision:

- A. Provision for Expenses,
- B. Interest Accrued but not Due,
- C. Employees' Provident Fund,

D. None of the above.

Answer: A



[View Text Solution](#)

9. Dividend is paid on:

A. Authorised Capital,

B. Issued Capital,

C. Subscribed Capital that is Paid-up,

D. None of the above.

Answer: C



[View Text Solution](#)

10. Debentures are shown in the Balance Sheet under the head of:

A. Other Long-term Liabilities,

B. Current Liabilities,

C. Long - term Borrowings,

D. Long-term Provisions.

Answer: C



[View Text Solution](#)

11. Revenue from sale of goods manufactured is shown in the statement of Profit and Loss as:

A. Revenue from Operations

B. Other Income.

C. Any of the above,

D. None of the above.

Answer: A

 [View Text Solution](#)

12. Revenue from sale of Stock-in-Trade is shown in the Statement of Profit and Loss as:

- A. Revenue from Operations,
- B. Other Income.
- C. Any of the above,
- D. None of the above.

Answer: A

 [View Text Solution](#)

13. Revenue from sale of scrap from goods manufactured is shown in the Statement of Profit and Loss as:

- A. Revenue from Operations,

B. Other Income.

C. Any of the above,

D. None of the above.

Answer: A



[View Text Solution](#)

14. Interest income of a non-financial company is shown in the Statement of Profit and Loss as:

A. Revenue from Operations,

B. Other Income.

C. Any of the above,

D. None of the above.

Answer: B



[View Text Solution](#)

15. Gain (Profit) on sale of fixed assets by a non-financial company is shown in the Statement of Profit and Loss as:

- A. Revenue from Operations,
- B. Other Income.
- C. Any of the above,
- D. None of the above.

Answer: B



[View Text Solution](#)

16. Gain (Profit) on sale of fixed assets by a financial company is shown in the Statement of Profit and Loss as:

- A. Revenue from Operations,
- B. Other Income.

C. Any of the above,

D. None of the above.

Answer: B



[View Text Solution](#)

17. Dividend earned by a financial company is shown in the Statement of Profit and Loss as:

A. Revenue from Operations,

B. Other Income.

C. Any of the above,

D. None of the above.

Answer: A



[View Text Solution](#)

18. Interest on loans given by a financial company is shown in the Statement of Profit and Loss as:

- A. Revenue from Operations,
- B. Other Income.
- C. Any of the above,
- D. None of the above.

Answer: A



[View Text Solution](#)

19. Raw materials purchased is shown in the Statement of Profit and Loss as:

- A. Purchases of Stock-in-Trade,
- B. Cost of Materials Consumed,

- C. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade,
- D. None of the above.

Answer: B



[View Text Solution](#)

20. Purchase of goods for reselling is shown in the Statement of Profit and Loss under:

- A. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade,
- B. Cost of Materials Consumed,
- C. Purchases of Stock-in-Trade,
- D. None of the above.

Answer: C

 [View Text Solution](#)

21. Wages paid to workers is shown in the Statement of Profit and Loss under:

- A. Cost of Materials Consumed,
- B. Other Expenses,
- C. Employees Benefit Expenses,
- D. Any of the above.

Answer: C

 [View Text Solution](#)

22. Salaries paid to office staff is shown in the Statement of Profit and Loss under:

- A. Cost of Materials Consumed,

- B. Other Expenses,
- C. Employees Benefit Expenses,
- D. Any of the above.

Answer: C

 [View Text Solution](#)

23. Electricity expenses are shown in the Statement of Profit and Loss under:

- A. Cost of Materials Consumed,
- B. Other Expenses,
- C. Employees Benefit Expenses,
- D. Any of the above.

Answer: B

 [View Text Solution](#)

24. Carriage Inwards is shown in the Statement of Profit and Loss under:

- A. Cost of Materials Consumed,
- B. Other Expenses,
- C. Employees Benefit Expenses,
- D. Any of the above.

Answer: B



[View Text Solution](#)

Exercise

1. What are the major heads in the Equity and Liabilities part of the Balance Sheet as per Schedule III?



[View Text Solution](#)

2. Under which major head will the following be shown:

(I) Share Capital, and (ii) Money Received Against Share Warrants?



[View Text Solution](#)

3. List any five items that are shown under Reserves and Surplus.



[View Text Solution](#)

4. Under which sub-head will the following be classified or shown:

(i) Long-term Borrowings, (ii) Deferred Tax Liabilities (Net), and (iii) Long-term Provisions?



[View Text Solution](#)

5. Name the items that are shown under Long-term Borrowings.



[View Text Solution](#)

6. State giving reason whether Trade Receivables are classified as Current Assets or Non-current Assets in the Balance Sheet of a Company as per Schedule III of the Companies Act, 2013 in the following cases:

in the Balance Sheet of a Company as per Schedule III of the Companies Act, 2013 in the following cases:

Case	Operating Cycle Period (Months)	Expected Realisation Period (Months)
1	10	11
2	10	12
3	10	13
4	14	13
5	15	16



[View Text Solution](#)

7. State giving reason whether Trade Payables are classified as Current Liabilities or Non-current Liabilities in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013 in the following cases:

in the following cases:

Case	Operating Cycle Period (Months)	Expected Payment Period (Months)
1	10	11
2	10	12
3	10	13
4	14	13
5	15	16



[View Text Solution](#)

8. Under which head and how are the following items shown in the Balance Sheet of a company under Schedule III:

(i) Calls-in-Arrears: (ii) Share Application Money Pending Allotment, (iii) Unpaid Dividend, and (iv) Dividend not paid on Cumulative Preference Shares?



[View Text Solution](#)

9. Under which main head and sub-head of Equity and Liabilities part of the Balance Sheet are the following items classified or shown:

(i) Bonds, (ii) Debentures,
(iii) Public Deposits, (iv) Capital Redemption Reserve,
(v) Forfeited Shares Account, (vi) Sundry Creditors, and
(vii) Interest Accrued but Not Due on Debentures?



[View Text Solution](#)

10. State any two items that are included in the following major heads under which liabilities of a company are shown: (i) Reserves and Surplus, (ii) Long-term Borrowings, (iii) Short-term Borrowings, (iv) Other Current Liabilities.



[View Text Solution](#)

11. Under which major head and sub-head of the Assets part of the Balance Sheet will the following be shown:

(i) Intangible Assets, (ii) Intangible Assets under Development, (iii) Investments (more than 12 months), (iv) Deferred Tax Assets (Net), (v) Stores and Spares, and (vi) Loose Tools?



[View Text Solution](#)

12. Under which heads the following items are classified or shown on the Assets part of the Balance Sheet of a company: (i) Loose Tools, (ii) Bills Receivable, (iii) Sundry Debtors, and (iv) Advances Recoverable in Cash?



[View Text Solution](#)

13. Under which heads the following items on the Assets part of the Balance Sheet of a company will be presented:

- (i) Sundry Debtors, (ii) Patents and Trademarks, (iii) Shares in Quoted Companies,
- (iv) Advances recoverable in cash, (v) Prepaid Insurance, and (vi) Work-in-Progress (Machinery)?



[View Text Solution](#)

14. Under which heads the following items are shown in the Balance Sheet of a company:

- (i) Calls-in-Arrears, (ii) Commission Received in Advance, (iii) Debentures,
- (iv) Stores and Spare Parts, (v) Land and Building, (vi) Forfeited Shares Account?



[View Text Solution](#)

15. Under which heads the following are shown in a company's Balance Sheet:

- (i) Public Deposits, (ii) Office Furniture,
- (iii) Prepaid Rent, (iv) outstanding Salaries,
- (v) Computer Software,
- (vi) Interest Accrued on Investment?



[View Text Solution](#)

16. Name the major heads under which the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013:

- (i) Loose Tools. (ii) Unpaid Dividend.
- (iii) Copyrights and Patents. (iv) Land and Building.



[View Text Solution](#)

17. Identify the major heads under which the following items will be shown in the Balance Sheet of a company as per Schedule III of Companies Act, 2013:

(i) Provision for Tax. (ii) Loan payable on demand.

(iii) Computer and related equipment. (iv) Goods acquired for trading.



[View Text Solution](#)

18. Under which major headings and sub-headings will the followings items be shown in the Balance Sheet of a company as per Schedule III of Companies Act, 2013?

(i) Provision for Employee Benefits.

(ii) Calls-in-Advances.



[Watch Video Solution](#)

19. Hero Ltd. has raised following long term loans on 1st April, 2018:

10,000, 10% Debentures of Rs 100 each redeemable in four equal yearly instalments beginning 1st July, 2019

11% Bank Loan from SBI repayable after 5 years

Interest on Debentures and Bank Loan has not yet been paid.

How will be the above items shown in the Balance Sheet of the company as at 31st March, 2019?

 [View Text Solution](#)

Prepare Balance Sheet of Recovery Ltd. as per Schedule III of the Companies Act, 2013.

10% Debentures of ₹ 100 each	₹ 1,90,000
Stock-in-Trade (Inventories)	40,000
Goodwill	20,000
Provision for Tax	6,000

Totalling of Balance Sheet is not required. [Ans.: Long-term Borrowings (10% Debentures): ₹ 1,90,000; Short-term Provisions (Provision for Tax): ₹ 6,000; Fixed Assets: Intangible Assets (Goodwill): ₹ 20,000; Current Assets (Inventories): ₹ 40,000.]

20.

 [View Text Solution](#)

	₹		₹
General Reserve	3,000	Fixed Assets: Tangible Assets (Cost)	9,000
8% Debentures	3,000	Other Current Liabilities	2,500
Surplus, i.e., Balance in Statement of Profit and Loss (Credit)	1,200	Share Capital	5,000
Depreciation of Fixed Assets	700	Other Current Assets	6,400

21.

 [View Text Solution](#)



[View Text Solution](#)

22.

	(₹ in '000)		(₹ in '000)
Long-term Borrowings	1,000	Fixed Assets (Tangible)	1,600
Trade Payables	60	Inventories	40
Share Capital	800	Trade Receivables	160
Reserves and Surplus	180	Cash and Cash Equivalents	240

[Ans.: Total of Balance Sheet—₹ 20,40,000.]



[View Text Solution](#)

23.

	₹		₹
Equity Share Capital	20,00,000	Surplus, i.e., Balance in Statement of Profit and Loss (Cr.)	3,00,000
12% Preference Share Capital	10,00,000	Stock	6,00,000
Fixed Assets (At cost)	46,60,000	Sundry Debtors	8,00,000
Accumulated Depreciation	16,60,000	Cash	1,50,000
Investments	4,00,000	Loans and Advances	50,000
Current Liabilities	8,00,000	Provision for Taxation	2,00,000
12% Debentures	6,00,000	Workmen Compensation Reserve	1,00,000

[Ans.: Total of Balance Sheet—₹ 50,00,000.]



[View Text Solution](#)

24. Under which head following revenue items of a non-financial company will be classified or shown:

- (i) Sales, (ii) Revenue from Services Rendered, (iii) Sale of Scrap, (iv) Interest Earned on Loans, and (v) Gain (Profit) on Sale of Investments?



[View Text Solution](#)

25. Under which head following revenue items of a financial company will be classified or shown:

(i) Gain (Profit) on Sale of Building, (ii) Revenue from Project Consultancy Rendered, (iii) Sale of Scrap, (iv) Interest earned on Loans, and (v) Gain (Profit) on Sale of Investments?



[View Text Solution](#)

26. Under which head following revenue items of non-financial company will be classified or shown:

(i) Gain (Profit) on Sale of Fixed Asset, (ii) Fee Received for Arranging Loans, (iii) Interest on Loans Given, (iv) Gain (Profit) on Sale of Investments and (v) Sale of Miscellaneous items?



[View Text Solution](#)

27. Calculate Cost of Materials Consumed from the following:

Opening Inventory of Materials Rs 5,00,000, Purchase of Materials Rs 25,00,000, and Closing Inventory of Materials Rs 4,00,000.



[View Text Solution](#)

28. Calculate Cost of Materials Consumed from the following:

Opening Inventory of: Materials Rs 2,50,000, Finished Goods Rs 1,00,000,
Closing Inventory of: Materials Rs 2,25,000, Finished Goods Rs 75,000,
Raw Material purchased during the year Rs 15,00,000.



[View Text Solution](#)

29. Calculate Cost of Materials Consumed from the following:

Opening Inventory of: Materials Rs 3,50,000, Finished Goods Rs 75,000,
Stock-in-Trade Rs 2,00,000, Closing Inventory of: Materials Rs 3,25,000,
Finished Goods Rs 85,000, Stock-in-Trade Rs 1,50,000, Purchases during
the year: Raw Material Rs 17,50,000, Stock-in-Trade Rs 9,00,000.



[View Text Solution](#)

30. From the following information, calculate Change in Inventory of Finished Goods: Opening Inventory and Closing Inventory of Finished Goods Rs 2,00,000 and Rs 1,75,000 respectively.



[View Text Solution](#)

31. From the following information, calculate Change in Inventory of Finished Goods: Opening Inventory and Closing Inventory of Finished Goods Rs 2,50,000 and Rs 2,00,000 respectively.



[View Text Solution](#)

32. From the following information, calculate Change in inventory of Work-in-Progress: Opening and Closing Work-in-Progress Rs 1,00,000 and Rs 1,15,000 respectively.



[View Text Solution](#)

 [View Text Solution](#)

33. From the following information, calculate Change in inventory of Work-in Progress: Opening and Closing Work-in-Progress Rs 1,50,000 and Rs 1,45,000 respectively.

 [View Text Solution](#)

34. Form the following information, calculate Change in inventory of Stock-in-Trade: Opening and Closing Stock-in-Trade Rs 5,00,000 and Rs 4,50,000 respectively.

 [View Text Solution](#)

35. From the following Informatio, calculate Change in inventory of Stock-in-Trade: Opening and Closing Stcok-in-Trade Rs 5,00,000 and Rs 4,00,000 respectively.

 [View Text Solution](#)

36. From the following information of Hospitality Ltd. for the year ended 31st March, 2018, calculate amount that will be shown in the Note to Accounts on Changes in Inventories of Finished Goods, WIP and Stock-in-Trade:



[View Text Solution](#)

37. From the following information, compute the amount to be shown in Note to Accounts on Employees Benefit Expenses: Wages Rs 5,40,000, Salaries Rs 7,20,000, Bonus Rs 1,05,000, Staff Welfare Expenses Rs 60,000, and Business Promotion Expenses Rs 50,000.



[View Text Solution](#)

38. From the following information, prepare Note to Accounts on Employees Benefit Expenses: Wages Rs 2,70,000, Salaries Rs 3,60,000,

Staff Welfare Expenses Rs 60,000, Printing and Stationery Expenses Rs 20,000 and Business Promotion Expenses Rs 50,000.

 [View Text Solution](#)

39. Out of the following, identify the items that are shown in the Note to Accounts On Finance Costs:

(i) Interest paid on Borrowing from Price Finance Ltd, (ii) Interest paid on Term Loan to Bank, (iii) Interest paid on Public Deposits, (iv) Loss on Issue of Debentures Written off, and (v) Bank Charges.

 [View Text Solution](#)

40. From the following information, prepare Note to Accounts on Finance Costs: Interest paid to Bank Rs 75,000, Interest on Debentures Rs 58,000, Loss on issue of Debentures written off Rs 27,500, and Commitment Charges Rs 15,000.

 [View Text Solution](#)

41. From the following information of Best Marketing Ltd. for the year ended 31st March, 2019 prepare Note to Accounts on Depreciation and Amortisation Expenses:

Depreciation on: Building Rs 15,500, Plant and Machinery Rs 25,000, Computers Rs 60,000, Goodwill written off Rs 7,500, Patents written off Rs 12,500.



[View Text Solution](#)

42. Identify which of the following items will be shown in the Note to Accounts on Other Expenses?

(i) Salaries, (ii) Postage Expenses, (iii) Telephone and Internet Expenses, (iv) Rent for warehouse, (v) Carriage Inwards, (vi) Depreciation on computers, (vii) Computer Software amortised, (viii) Computer Hiring Charges, (ix) Audit fee, and (x) Bonus.



[View Text Solution](#)

43. under which line item (major head) of the Statement of Profit and Loss of non-financial company will the following be shown:

(i) Sale of Goods, (ii) Revenue from Services Rendered, (iii) Interest Earned, (iv) Gain (Profit) on Sale of Assets, (v) Purchases of Stock-in-Trade, (vi) Salaries and Wages, (vii) Interest paid to Bank, and (viii) Carriage Outward?



[View Text Solution](#)

44. Under which line item (major head) of the Statement of Profit and Loss of a financial company will the following be shown:

(i) Interest on Loans Given, (ii) Gain (Profit) on Sale of Securities, (iii) Loss on Sale of Fixed Assets, (iv) Interest paid on Deposits, (v) Depreciation on Computers, (vi) Goodwill Written off, (vii) Commission paid for Deposit Mobilisation, and (viii) Repairs Expenses?



[View Text Solution](#)

45. Under which line item of the financial statements following items will be shown:

(i) Sales, (ii) Loss on Sale of Vehicle, (iii) Debentures, (iv) Unamortised Loss on issue of Debentures (to be written off within 12 months of the date of Balance Sheet), (v) Encashable Leave Payable at the Time of Retirement, (vi) Tax Reserve, (vii) Carriage on Purchases of Stock-in-Trade, and (viii) Telephone and Internet Expenses?



View Text Solution