

## PRACTICE PROBLEMS ON COMPANY FINAL ACCOUNTS

Q1. From the following information, prepare a statement of Profit and Losses for the year ended 31<sup>st</sup> March, 2020.

Particulars	Rs
Revenue from Sales	2600
Non Operating Income	40
Cost of Material Consumed	1000
Changes in the Inventories	(300)
Employee Benefit Expenses	800
Finance Cost	20
Depreciation and Amortization Expenses	160
Other Expenses	100
Tax @ 25%	

Q2. Prepare Statement of Profit and Losses from the following data as on 31<sup>st</sup> March, 2018 for Farma Pvt Ltd.

Particulars	Rs
Interest on Investment	1,00,000
Sales of Medicines	4,50,000
Opening Stock of Hydroxichloroquine (RM)	60,000
Purchase of Hydroxichloroquine (RM)	2,50,000
Salary to Admin and Marketing Team	40,000
Audit Fees to CA Kakkad Associates	10,000
Return Inward of Medicines	20,000
Opening Stock of Medicines	1,20,000

Additional Information:

- (a) Interest on investment was receivable Rs. 30,000/-.
- (b) Outstanding Audit Fees payable to CA Kakkad Rs. 20,000/-.
- (c) Closing Stock of Hydroxichloroquine (RM) Rs. 40,000/-.
- (d) Closing Stock of Medicines Rs. 1,40,000/-.

Q3. Prepare Statement of Profit and Losses for Dhanaj Pvt Ltd for the year ended 31<sup>st</sup> March, 2019.

Particulars	Rs
Sales (RFO)	50,00,000
Discount Received (OI)	10,000
Discount Allowed (OE)	5,000
Opening Stock	
Raw Materials (COMC)	1,00,000
Finished Goods (CII)	1,50,000
Purchase of Raw Materials (COMC)	5,00,000
Carriage Inward (COMC - Incidental)	25,000
Closing Stock	
Raw Materials (COMC)	1,50,000
Finished Goods (CII)	80,000
Salaries (EBC)	2,00,000
Bonus to Employees (EBC)	60,000
Staff Welfare Expenses (EBC)	10,000
Interest on Bank Loan (FC)	15,000

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Depreciation allowed on Fixed Assets (DAE)	2,10,000
Administrative Expenses (OE)	3,60,000
Income Tax for the CY (TE)	6,05,000

Q4. Prepare necessary Notes to Accounts for the info given below FY 2019-20:

Particulars	Rs
Opening Debenture Redemption Reserve	60,00,000
Opening Profit and Loss A/c	25,00,000
Net Profits for the year (before transfer and appropriations)	50,00,000
Proposed Dividend for the year	20,00,000
Transfer to Debenture Redemption Reserve (trfd from profits)	10,00,000
Opening General Reserve	20,00,000
Transfer to General Reserve (trfd from profits)	2,00,000

Q5. The authorized capital of Torro Ltd is Rs. 1,00,00,000/- divided into 50,000 8% Preference Shares of Rs. 100/- each and 5,00,000 Equity Shares of Rs. 10/- each.

50% of those shares were issued and fully called up.

Rs. 20/- per share on 1,000 8% Preference Shares and Rs. 2/- per share on 20,000 Equity shares were not received.

The Company's Reserves and Surplus was as under:

Opening General Reserve was Rs. 30,00,000/-, Opening Profit and Loss A/c was Rs. 10,00,000/-, Profits during the year was Rs. 60,00,000/-.

Interim Dividend paid Rs. 28,00,000/-.

Transfer made to General Reserve was Rs. 20,00,000/- and Closing Profit and Loss A/c stood at Rs. 22,00,000/-.

Prepare notes to accounts for Share Capital and Reserves and Surplus.

Q6. Kabir Pvt Ltd furnishes the following information for the FY 2019-20:

A. Opening Balance of machinery (WDV) as on 1<sup>st</sup> April, 2019 was Rs. 20,00,000/-. Accumulated Depreciation as on 1<sup>st</sup> April, 2019 was Rs. 12,00,000/-. Additional Machinery purchased on 1<sup>st</sup> April, 2019 was Rs. 10,00,000/- and machine worth Rs 5,00,000/- was sold on 31<sup>st</sup> March, 2020. Accumulated Depreciation on 31<sup>st</sup> March, 2020 was Rs. 2,62,500/- on the machinery which was sold. Assume Depreciation @15%.

B. Opening Balance of Furniture (Gross) as on 1<sup>st</sup> April, 2019 was Rs. 1,00,000/-. Accumulated Depreciation as on 1<sup>st</sup> April, 2019 was Rs. 30,000/- and Furniture worth Rs. 20,000/- was sold on 30<sup>th</sup> September, 2019 on which, there was accumulated depreciation of Rs. 6,000/-. Assume Depreciation @ 10%.

Q7. Following is the Trial Balance of Suleman Pvt Ltd who is a manufacturer and trader of Ceramic Pots. Data as on 31<sup>st</sup> March, 2019 is as follows:

Particulars	Rs
Sale of Ceramic Pots (RFO)	90,00,000
Supply of Pot Assembly services (RFO)	30,00,000
Opening Stock of Clay and Aluminium Oxide (COMC)	10,00,000
Opening Stock of Ceramic Pots (CII)	5,00,000
Purchase of Clay and Aluminium Oxide (COMC)	27,00,000
Purchase of Clay and Aluminium Oxide Returned (-COMC)	2,00,000
Sales of Ceramic Pots Returned (-RFO)	20,00,000

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Interest on Fixed Deposits with ICICI Bank (OI)	5,00,000
Miscellaneous Income (OI)	4,00,000
Freight Paid for Acquiring Raw Materials (COMC)	30,000
Salary and Wages to Full Time Employees (EBC)	4,00,000
Annual Bonus to Workers (EBC)	80,000
Director's Remuneration (EBC)	8,00,000
Depreciation on Land and Building (DAE)	5,00,000
Depreciation on Plant and Machinery (DAE)	3,00,000
Depreciation on Furniture (DAE)	1,00,000
Interest Paid on Debentures (FC)	5,00,000
Interest Paid on Loan from Bank of Maharashtra (FC)	2,00,000
Repairs and Maintenance Expenses (OE)	80,000
Insurance Premium for Office Premises (OE)	30,000
Electricity Charges (OE)	40,000
Rent, Rates and Taxes (OE)	20,000
Audit Fees (OE)	50,000
Advertisement and Marketing Expenses (OE)	1,20,000
Sundry Expenses (OE)	10,000

### Additional Information:

- (a) Closing Stock of Clay and Aluminium Oxide stood at Rs. 5,00,000/- (-COMC) and that of Ceramic Pots Rs. 6,00,000/- (-CII).
- (b) Electric Bill was outstanding Rs. 10,000/- along with Rent Rates and Taxes Rs. 30,000/-.
- (c) Miscellaneous Income receivable Rs. 10,000/- (earned but not received)
- (d) Provision to be made for RDD Rs. 50,000/- (Assuming debtors to be Rs. 6,00,000/-. The net debtors shall become Rs. 5,50,000/- considering a provision being made for Doubtful Debtors worth rs. 50,000/-. This Rs. 50,000/- is not expected to be received. Hence, it's an anticipated loss.)
- (e) Provision for Income Tax Rs. 2,00,000/-.

Prepare Statement of Profits and Losses for the FY ending 31<sup>st</sup> March, 2019 as per Schedule III of the Companies Act, 2013.

Q8. Following is the Trial Balance of Maddy Pvt Ltd for year ended 31<sup>st</sup> March, 2019

Particulars	Rs	Particulars	Rs
Stock (at cost)	5,00,000	Equity Share Capital FV Rs. 100 each	20,00,000
Plant and Machinery	8,35,000	General Reserve	70,000
Furniture	4,00,000	Loan from IDBI	3,00,000
Advanced Salary to Staff	85,400	Provision for Taxation	11,000
Cash in Hand	60,000	Net Profit (CY)	2,70,000
Current A/c Balance IDBI	4,94,000	Profit and Loss Opening	1,00,000
Preliminary Expenses	26,600	Unsecured Loan	50,000
Advance Tax	12,000	Creditors	1,40,000
Bills Receivable	58,000	Unclaimed Dividend	5,000
Investments (Cost)	75,000		
Sundry Debtors	4,00,000		
	<b>29,46,000</b>		<b>29,46,000</b>

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### **Additional Information:**

- (a) Rs. 50,000/- transferred to General Reserve.
- (b) The Directors recommended a dividend @ 6%.
- (c) Debtors worth Rs. 52,000/- are due for over 6 months.
- (d) Sundry Creditors included Creditors for goods Rs. 1,05,000/- and the remaining were for expenses.
- (e) Loan from IDBI is secured against stock.
- (f) Market Value of Investment is Rs. 78,000/- whereas Face Value is Rs. 60,000/-.

You are required to prepare Balance Sheet as per Schedule III of the Companies Act, 2013 supplemented by Profit and Loss Appropriation Statement.

Q9. Sachinam Pvt Ltd gives the following info for the year ended 31<sup>st</sup> March, 2019.

Particulars	Rs	Rs
Equity share Capital (FV - Rs. 10/-)		50,00,000
Capital Redemption Reserve		20,00,000
Interim Dividend Paid	1,80,000	
Opening General Reserve		26,70,000
Cash Balance	20,000	
Dhanalakshmi Bank - Current A/c	1,00,000	
Sundry Debtors	42,00,000	
Provision for Bad Debts		2,00,000
Advance Salary	1,50,000	
Expenses paid in advance	50,000	
Income received in advance		60,000
Creditors		10,00,000
<u>Fixed Assets</u>		
Cost	78,00,000	
Provision for Depreciation		15,40,000
Inventory (Cost)	20,00,000	
Advance Tax Paid	6,00,000	
Income Tax Provision		5,50,000
GST Liability Payable		80,000
Profit and Loss A/c (Cr Bal)		20,00,000
<b>Total</b>	<b>1,51,00,000</b>	<b>1,51,00,000</b>

### **Additional Information:**

- (a) The Directors have proposed a dividend @ 20% (including interim dividend)
- (b) Transferred Rs. 7,00,000/- to General Reserve.
- (c) Debtors worth Rs. 2,00,000/- were outstanding for more than 6 months.
- (d) Statement of Profits and Losses showed the following:

Opening Profit and Loss Balance	Rs. 1,00,000
Net Profit during the year	<u>Rs. 19,00,000</u>
Total	<u>Rs. 20,00,000</u>

- (e) Authorized Share Capital was Rs. 75,00,000/- divided into 7,50,000 shares of Rs. 10/- each.

You are required to prepare a Balance Sheet as per Schedule III of the Companies Act, 2013 along with relevant notes to accounts.

## PRACTICE PROBLEMS ON COMPANY FINAL ACCOUNTS

Q10. Following is the Trial Balance of Charles Pvt Ltd as on 31<sup>st</sup> March, 2018.

Particulars	Rs (Dr)	Particulars	Rs (Cr)
Fixed Assets (Net Block)	29,00,000	Equity Share Capital	15,00,000
Sundry Debtors	4,67,235	12% Preference Share Capital	4,00,000
Advance Tax (AY 2018-19)	1,40,000	General Reserve	4,00,000
Preliminary Expenses	5,000	Capital Reserve	2,00,000
Prepaid Expenses	10,000	Securities Premium	2,00,000
Stock in Trade (at cost as on 31.03.18)	2,42,000	Profit & Loss A/c (31.03.18)	12,80,000
Investments (at cost)	4,00,000	Sundry Creditors	2,93,635
Preference Share Redemption A/c	4,00,000	9% Debentures	1,50,000
Cash at Bank	76,500	Interest Accrued and Due on Debentures	6,750
Cash in Hand	32,650	Provision for Taxation (AY 2018-19)	1,55,000
Bills Receivable	77,000	Bills Payable	15,000
	47,50,385		47,50,385

### Statement of Fixed Assets as on 31<sup>st</sup> March, 2018

Assets	Gross Block				Depreciation				Net Block	
	Opening	Addition	Deduction	Closing	Opening	Addition	Deduction	Closing	Opening	Closing
Land	3,50,000	?	-	?	-	-	-	-	?	4,00,500
Building	7,50,000	2,50,000	-	10,00,000	37,500	25,000	-	62,500	7,12,500	?
Plant	?	-	-	7,25,000	?	72,500	-	2,90,000	5,07,500	4,35,000
Vehicles	?	?	2,00,000	14,00,000	1,53,000	1,60,000	?	2,73,000	?	11,27,000
Total	9,00,000	11,35,000	2,00,000	35,25,500	4,08,000	2,57,000	?	6,25,500	?	29,00,000

### Additional Information:

- Authorized Share Capital of the Company consists of 2,50,000 Equity Shares of Rs. 10/- each and 5000 12% Preference Shares of Rs. 100/- each.
  - Preference Shares were redeemed at par on 1<sup>st</sup> April, 2017 out of General Reserve but no entry was recorded in the books for giving effect thereto except for the payment standing to the debit of Preference Share Redemption A/c.
  - Investments of Rs. 4,00,000/- consist of 50,000 Equity Shares of Rs. 10/- in Kaka Ltd where Rs. 8/- per share is paid up. Market Price of these shares stood at Rs. 3,90,000/- on 31<sup>st</sup> March, 2018.
  - Out of Sundry Debtors, Rs. 1,69,365 are due for over 6 months.
- Prepare Balance Sheet as per Schedule II of the Companies Act, 2013.

Q11. The following is the Trial Balance of Somberi Ltd as on 31<sup>st</sup> March, 2019.

Particulars	Rs	Rs
Equity Shares of Rs. 10/- each		12,00,000
General Reserve		5,35,000
Unclaimed Dividend		1,000
Creditors		85,768
Fixed Assets (At Cost)	7,70,000	
Provision for Depreciation on Fixed Assets (Upto 31.3.18)		1,82,000
Purchases and Sales	10,01,806	21,67,894
Employee Benefit Expenses	7,53,628	
Finance Cost	2,156	
Other Expenses	60,000	
Opening Stock of Finished Goods	3,44,116	
Debtors	4,64,760	
Long Term Investments	5,77,900	
Advance Income Tax	90,000	
Cash in Hand	57,600	
Bank Balance	1,00,480	

## PRACTICE PROBLEMS ON COMPANY FINAL ACCOUNTS

Interest on Investments		17,088
Surplus (1.4.18)		33,696

### **Additional Information**

1. Stock of Finished Goods was valued at Rs. 2,97,360/- as on 31.03.2019.
2. Provide Rs. 38,000/- depreciation on fixed assets for the current year.
3. Outstanding Employee Benefit Expenses were Rs. 16,000/-.
4. Interest accrued and due on investments Rs. 3,500/-.
5. Provide Rs. 1,00,000/- for income tax.
6. Transfer Rs. 70,000/- to General Reserve.
7. Directors proposed a dividend @ 8%.

Prepare Balance Sheet and SOPL as per Schedule III of Companies Act, 2013.