

Problems on Balance Sheet of a Company as per Revised Schedule III of the Companies Act 2013

FORMAT OF BALANCE SHEET BALANCE SHEET ofCompany Limited as on 31st March.....

Particulars	Note No.	Amount (Rs.)
I.EQUITY AND LIABILITIES		
1 Shareholders' Funds:		
(a) Share Capital		
(b) Reserves and surplus		
(c) Money received against share warrants		(Not to be evaluated)
2 Share Application Money pending allotment:		(Not to be evaluated)
3 Non - Current Liabilities:		
(a) Long-term borrowings		
(b) Deferred Tax Liabilities (Net)		(Not to be Evaluated)
(c) Other Long Term Liabilities		(Not to be Evaluated)
(d) Long-term provisions		
4 Current Liabilities:		
(a) Short-term borrowings		
(b) Trade payables		
(c) Other current liabilities		
(d) Short-term provisions		
TOTAL [1 +2+3+4]		
II.ASSETS		
1Non-Current Assets:		
(a) Fixed Assets		
(i) Tangible Assets		
(ii) Intangible Assets		
(b) Non-Current Investments		
(c) Long Term Loans &Advances		
(d) Other Non-Current Assets		
2Current Assets:		
(a) Current investments		
(b) Inventories		
(c) Trade receivables		
(d) Cash and cash equivalents		
(e) Short-term loans and advances		
(f) Other current assets		
TOTAL [1 + 2]		

EXPLANATION

I. ITEMS APPEARING UNDER THE HEAD EQUITY AND LIABILITIES IN THE BALANCE SHEET

(1) Shareholders Funds

(a) Share Capital:

Note: Equity Share Capital and Preference Share Capital are to be shown separately.

(b) Reserves and Surplus: The following items are shown under this head:

(i) Capital Reserves

(ii) Capital Redemption Reserve

(iii) Securities Premium

(iv) Debenture Redemption Reserve

(v) Revaluation Reserve (Accounting Treatment -Not to be evaluated)

(vi) Share options Outstanding Account (Accounting Treatment -Not to be evaluated);

(vii) Other reserves (restricted to General Reserve only);

(viii) Surplus i.e. balance in the Statement of Profit & Loss [Add Cr. Bal or Less Dr. balance]

The balance of 'Reserves and Surplus', after adjusting negative balance of surplus, if any, shall be shown under the head 'Reserves and Surplus' even if the resulting figure is in negative.

(c) Money received against share warrants: (Accounting Treatment- Not to be evaluated)

(2) Share application money pending allotment (Accounting Treatment- Not to be evaluated)

(3) Non-current liabilities

(a) Long Term borrowing:

(Debentures / Bonds, Bank Loans, Long Term Loans, Mortgage Loans, Public Deposits etc.)

(b) Deferred Tax Liabilities: (Net) (Accounting Treatment - Not to be Evaluated).

(c) Other Long Term Liabilities: (Accounting Treatment - Not to be evaluated).

Intercompany Owings from associates, subsidiaries or other companies, long term trade payable.

(d) Long Term provisions:

(Provision for Employee Benevolent/Welfare Fund, Provident Fund, Gratuity Fund, Provision for Warranties, Provision for Pension Fund)

4) Current Liabilities

(a) Short-term Borrowings: Loans repayable on demand from banks and other parties, Bank Overdrafts, Cash credits.

(b) Trade Payables: Sundry Creditors, Bills Payable, Outstanding Expenses

(c) Other Current Liabilities: Unpaid dividends, Interest accrued and due or not due on borrowings, Income received in advance, Calls in advance, o/s Interest on calls in advance.

(d) Short-term Provisions: (Provision for tax and Proposed dividend)

II. ITEMS APPEARING UNDER THE HEAD ASSETS IN THE BALANCE SHEET.

1. Non-Current Assets

(a) Fixed Assets:

(i) **Tangible Assets:** (Land, Building, Plant and Equipment, Furniture & Fixture, Vehicles, Office Equipment, Live Stock, Railway sidings etc.)

(ii) **Intangible Assets:**

(a) Goodwill

(b) Brand / Trademarks

(c) Computer Software & Mining rights

(d) Masthead and Publishing titles.

- (e) Copyrights, and patents and other intellectual property rights, services and operating rights. (f) Recipes, formulae, models, designs and prototypes
- (h) Licenses and franchise
- (iii) Capital work in Progress: (Accounting Treatment - Not to be evaluated)
- (iv) Intangible Assets under Development: like patents, intellectual property rights, etc. which are being developed by the company. (Accounting Treatment - Not to be evaluated).
- (b) Non-Current Investments:** Investments /Trade Investments and Non-trade investment (If it is a long term)
- (c) Deferred Tax Assets (Net):** (Accounting Treatment - Not to be evaluated).
- (d) Long-term Loans and Advances:** – only Capital Advances and Security Deposits.
- (e) Other non-current assets:-**
 - Preliminary Expenses
 - Discount on Issue of shares/ debentures
 - Underwriting Commission
 - Deferred revenue expenses/ Discount on issue of shares/debenture/Share expenses

2. Current Assets

- (a) Current Investments:**
 - (Investments in Equity Instruments (Shares), Preference shares, Government Securities, Debentures, and Mutual Funds etc.) (For **short duration**, ie, meant for resale)
- (b) Inventories:** Inventories include the following:
 - (i) Raw Material
 - (ii) Work-in-progress
 - (iii) Finished Goods
 - (iv) Stock- in- trade (in respect of goods acquired for trading)
 - (v) Stores and Spares
 - (vi) Loose Tools
- (c) Trade Receivables:** Debtors and Bills receivables.
- (d) Cash and cash equivalents:** as discussed in the salient features of Schedule-VI in General Instructions:-
 - (a) Balance with banks
 - (b) Cheques, drafts on hand.
 - (c) Cash in hand
 - (d) Deposit with Banks.
- (e) Short-term Loans and Advances:** (short term loans /advances given to employees)
- (f) Other Current Assets:** (Restricted to prepaid expenses, Accrued Incomes, Interest accrued on Investments, Advance Tax)

3. Contingent Liabilities and Capital Commitments (Not to be evaluated)

- (a) Contingent Liabilities –** Those liabilities which may or may not arise because they are dependent on a happening in future. It is not recorded in the books of accounts but is disclosed in the Notes to Accounts for the information of the users. (Claims against the company not acknowledged as debts, Guarantees, Other money for which the company is contingently liable).
- (b) Capital commitments –** A future liability for capital expenditure in respect of which contracts have been made. (Uncalled liability on shares and other investments partly paid etc.)

Illustration 1

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 Welfare Fund	6,00,000
Patents	10,00,000	Proposed Dividend	1,64,000
Discount on issue of shares(unwritten off)	25,000	Short term loan rom 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
	=====		=====

Balance Sheet of Vishal Limited as on 31st March 2014

Particulars	Note No.	Amount (Rs.)
I.EQUITY AND LIABILITIES		
1 Shareholders' funds:		
(a) Share capital		52,00,000
(b) Reserves and surplus	1	1,02,980
2 Share application money pending allotment:		Nil
3 Non-current liabilities:		
(a) Long-term borrowings		8,00,000
(b) Long-term provisions		6,00,000
4 Current liabilities:		
(a) Short-term borrowings		4,90,200
(b) Trade payables	2	1,85,120
(c) Other current liabilities		64,800
(d) Short-term provisions		1,64,000
TOTAL		76,07,100
II.ASSETS		
1.Non-current assets:		
(a) Fixed assets		
(i) Tangible assets	3	48,59,940
(ii) Intangible assets		10,00,000

(b) Other non-current assets		25,000
2 . Current assets:		
(a) Current investments		3,36,000
(b) Inventories		3,55,600
(c) Trade receivables		3,66,240
(d) Cash and cash equivalents		3,14,320
(e) Short-term loans and advances		3,00,000
(f) Other current assets		50,000
TOTAL		76,07,100

Solution: Notes to the Financial Statement:

1. Reserve and Surplus

Capital Reserve	60,000
Profit & Loss A/c (Cr. Bal.)	42,980
Total	1,02,980

2. Trade Payables

Sundry creditors	1,00,020
Bills payable	85,100
Total	1,85,120

3. Tangible Fixed Assets

Premises	41,09,940
Furniture & Fixture	7,50,000
Total	48,59,940

Illustration 2.

From the following Ledger balances of Varun LTD., prepare the Balance Sheet of the company as on 31st March 2014 as per Schedule III of the Companies Act.

Particulars	Rs.	Particulars	Rs.
Plant & machinery	6,00,000	Immovable property	10,00,000
8% Debenture	8,00,000	Public deposit	5,00,000
Employee's provident Fund	1,30,000	Provision for taxation	1,80,000
Securities premium	80,000	Drafts on hand	5,00,000
Cash at bank	34,000	Bills Receivable	2,40,000
24000 fully paid Equity shares of Rs.100 each Rs. 50 called up	12,00,000	Brokerage on issue of shares	1,10,000
Sundry Creditors	1,16,000	Bank overdraft	1,50,000
Loan to Manager	70,000	Security Deposit	1,24,000
Deposits with ICICI Bank(5 years)	1,98,000	Trade marks	1,80,000
Prepaid insurance	1,00,000		

Solution

Balance Sheet of VARUN LTD. as on 31st March 2014

Particulars	Note No.	Amount (Rs.)
I.EQUITY AND LIABILITIES		
1. Shareholders' funds:		
(a) Share capital	1	12,00,000
(b) Reserves and surplus		80,000
2. Share application money pending allotment:		Nil
3. Non-current liabilities:		
(a) Long-term borrowings	2	13,00,000
(d) Long-term provisions		1,30,000
4. Current liabilities:		
(a) Short-term borrowings		1,50,000
(b) Trade payables		1,16,000
(d) Short-term provisions		1,80,000
TOTAL		31,56,000
II.ASSETS		
1.Non-current assets:		
(a) Fixed assets		
(i) Tangible assets	3	16,00,000
(ii) Intangible assets		1,80,000
(b) Non-current investment		1,98,000
(c) Long-term loans & advances		1,24,000
(e) Other non-current assets		1,10,000

2 .Current assets:		
(a) Trade receivables		2,40,000
(b) Cash and cash equivalent	4	5,34,000
(c) Short-term loans and advances		70,000
(d) Other current assets		1,00,000
TOTAL		31,56,000

Notes to the Financial Statement:

1 .Share Capital

Authorised Capital (24000 Equity shares of Rs.100 each)	24,00,000 =====
Issued & Subscribed capital (24,000 Equity shares of Rs.100 each)	24,00,000 =====
Called up & Paid up capital (24000 Equity shares of 80 each)	12,00,000
TOTAL	12,00,000

2 .Long Term borrowings

8% Debentures	8,00,000
Public deposits	5,00,000
TOTAL	13,00,000

3. Tangible Assets

Plant & Machinery	6,00,000
Immovable property	10,00,000
TOTAL	16,00,000

4. Cash & Cash equivalent

Cash in hand	34,000
Drafts on hand	5,00,000
TOTAL	5,34,000

Illustration 3.

From the following ledger balances of Regal Limited as on 31st March 2015. You are required to prepare the Balance Sheet as on 31st March 2015 as per Revised schedule III of the Indian Companies Act.

Particulars	Rs	Particulars	Rs
Office Equipment	4,80,600	General Reserve	4,15,000
9% Debentures in APCO Ltd,	2,45,000	Creditors for Goods	1,68,500
Loose Tools	1,63,000	Creditors for expenses	36,000
Plant & machinery	18,00,000	Cash Credit	75,000
Computer Software	83,250	Mortgage loan	3,10,000
Debtors for goods	1,90,000	8%Preference share capital	5,50,000
Advertisement (unwritten off)	30,000	Equity Share Capital	15,00,000
Stores & Spares	1,00,200	Staff Welfare Fund	85,000
Interest accrued on investment	51,000	Provision for Taxation	26,550
Cash at Bank	23,000		

Solution:**Balance Sheet of Regal Limited as on 31st March 2014**

Particulars	Note No.	Amount (Rs.)
I.EQUITY AND LIABILITIES		
1 Shareholders' funds:		
(a) Share capital : i)Equity Share Capital		15,00,000
ii)Preference Share Capital		5,50,000
(b) Reserves and surplus		4,15,000
2. Share application money pending allotment:		Nil
3. Non-current liabilities:		
(a) Long-term borrowings		3,10,000
(d) Long-term provisions		85,000
4 .Current liabilities:		
(a) Short-term borrowings		75,000
(b) Trade payables	1	2,04,500
(d) Short-term provisions		26,550

TOTAL		31,66,050
II.ASSETS		
1.Non-current assets:		
(a)Fixed assets		
(i) Tangible assets	2	22,80,600
(ii) Intangible assets		83,250
(e) Other non-current assets		30,000
2. Current assets:		
(a) Current investments		2,45,000
(b) Inventories	3	2,63,200
(c) Trade receivables		1,90,000
(d) Cash and cash equivalents		23,000
(e) Other current assets		51,000
TOTAL		31,66,050

Notes to the Financial Statement:

1. Trade payables

Creditors for Goods	1,68,500
Creditors for expenses	36,000
Total	2,04,500

2. Tangible Fixed Assets

Office Equipment	4,80,600
Plant and machinery	18,00,000
Total	22,80,600

3 Inventories

Loose tools	1,63,000
Stores & Spares	1,00,200
Total	2,63,200

Illustration 4

Prepare Balance sheet of Darshan Ltd., in the prescribed pro forma as on 31st March 2015 from the following Trial balance

Trial Balance as on 31st March 2015

Particulars	Rs.	Particulars	Rs.
Leasehold property	16,00,000	Share Capital	20,65,000
Bank balance	1,05,000	Staff Provident fund	8,00,000
Plant & Machinery	9,00,000	Capita redemption reserve	2,20,000
Goodwill	3,00,000	General reserve	1,90,000
Investment in a subsidiary Co.	11,50,000	Deposits from public	9,00,000
P & L A/c	70,000	Accounts payable	2,10,000
Stock of finished goods	1,20,000	Short Term loan from SBI	1,78,000
Accounts receivable	2,40,000	Unclaimed dividend	6,000
Preliminary Expenses	39,000		
Underwriting commission	45,000		
	=====		=====
	45,69,000		45,69,000
	=====		=====

Solution

Balance Sheet of Darshan Limited as on 31st March 2014

Particulars	Note No.	Amount (Rs.)
I.EQUITY AND LIABILITIES		
1. Shareholders' funds:		
(a) Share capital		20,65,000
(b) Reserves and surplus	1	3,40,000
2. Share application money pending allotment:		
3. Non-current liabilities:		
(a) Long-term borrowings		9,00,000
(b) Long-term provisions		8,00,000
4. Current liabilities:		
(a) Short-term borrowings		1,78,000
(b) Trade payables		2,10,000
(c) Other current liabilities		6,000
TOTAL		44,99,000
II.ASSETS		
1.Non-current assets:		
(a)Fixed assets		
(i) Tangible assets	2	25,00,000

(ii) Intangible assets		3,00,000
(b)Non- current Investment		11,50,000
(c) Other Non-current assets	3	84,000
2 .Current assets:		
(a) Inventories		1,20,000
(b) Trade receivables		2,40,000
(c) Cash and cash equivalents		1,05,000
TOTAL		44,99,000

: Notes to the Financial Statement:

1. Reserve and Surplus

Capital Redemption Reserve	2,20,000
General Reserves	1,90,000
Debit balance of P& L	(70,000)
Total	3,40,000

2Tangible Fixed Assets

Leasehold property	16,00,000
Plant & machinery	9,00,000
Total	25,00,000

3 Other non-current assets

Underwriting Commission	45,000
Preliminary expenses	39,000
Total	84,000

Illustration 5

From the following ledger balances of Sunshine Co. Ltd., prepare the Balance Sheet of the company as on 31st March 2014 as per Schedule VI of the Companies Act.

Particulars	Rs.	Particulars	Rs.
Equity Share Capital	26,00,000	Advances to employees	1,50,000
General Reserves	30,000	Discount on issue of debentures(unwritten off)	12,500
12% Debenture	4,00,000	Tools and equipment	3,75,000
Land & Buildings	15,54,970	Gratuity Fund	3,00,000
Goodwill	10,00,000	Debtors	1,38,520
Bank Overdraft	2,45,100	Cash at Bank	1,57,160
Proposed Dividend	82,000	Stores & Spares	1,77,800
Prepaid insurance	25,000	Profit & Loss A/c (credit)	21,490
Mutual Fund	1,68,000	Bills Receivable	44,600
Interest payable	32,400	Sundry Creditors	92,560

Solution:

Balance Sheet of Sunshine Company Limited as on 31st March 2014

Particulars	Note No.	Amount (Rs.)
I.EQUITY AND LIABILITIES		
1. Shareholders' funds:		
(a) Share capital		26,00,000
(b) Reserves and surplus	1	51,490
2. Share application money pending allotment:		Nil
3. Non-current liabilities:		
(a) Long-term borrowings		4,00,000
(b) Long-term provisions		3,00,000
4. Current liabilities:		
(a) Short-term borrowings		2,45,100
(b) Trade payables		92,560
(c) Other current liabilities		32,400
(d) Short-term provisions		82,000
TOTAL		38,03,550
II.ASSETS		
1.Non-current assets:		
(a)Fixed assets		
(i) Tangible assets	2	19,29,970
(ii) Intangible assets		10,00,000

(b) Other non-current assets		12,500
2. Current assets:		
(a) Current investments		1,68,000
(b) Inventories		1,77,800
(c) Trade receivables	3	1,83,120
(d) Cash and cash equivalents		1,57,160
(e) Short-term loans and advances		1,50,000
(f) Other current assets		25,000
TOTAL		38,03,550

Notes to the Financial Statement:

1. Reserve and Surplus

General Reserve	30,000
Profit & Loss A/c (Cr. Bal.)	21,490
Total	51,490

2. Tangible Fixed Assets

Land & Buildings	15,54,970
Tools & Equipment	3,75,000
Total	19,29,970

3. Trade Receivables

Sundry Debtors	1,38,520
Bills Receivable	44,600
Total	1,83,120

PROBLEMS FOR PRACTICE:

1. The following Trial Balance has been extracted from the books of Agro India Ltd. on 31.03.2015

Trial Balance as on 31st March 2015			
Debit	Rs.	Credit	Rs.
Plant & Machinery	9,00,000	Sinking Fund	1,00,000
Stock of raw material	1,75,000	Sundry Creditors	1,00,000
Live stock	4,30,000	Equity Share capital	15,00,000
Loan to director	1,35,000	15% Debentures	25,000
IFCI Bonds	2,00,000	Outstanding salary	10,000
Profit & Loss A/c	10,000	Proposed dividend	2,00,000
Patents	3,74,000	Revaluation Reserve	1,65,000
Discount on issue of shares	25,000	Mortgage Loan	2,54,000
Interest Accrued	1,05,000		
	23,54,000		23,54,000

Prepare the Balance sheet of the company as per schedule III of the Companies Act 2013.

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2. Prepare Balance sheet of Samarth Ltd. In a prescribed pro forma as on 31-03-2015 from the following trial balance.

Trial balance as on 31st March 2015

Debit	Rs.	Credit	Rs.
Lease hold premises	13,00,000	Debenture redemption reserve	3,75,000
Plant & Equipment	9,45,000	Provision for warranties	1,35,000
Book debts	3,44,000	Short Term loan from Ambica Ltd.	2,65,000
Bank balance	1,45,000	Profit & loss A/c	2,69,000
Advance Income tax	85,000	12% Debentures	4,55,000
Licenses & Franchise	2,25,000	Commission payable	44,000
Redeemable pref. shares in Sonata Ltd.	6,30,000	32000 equity shares of Rs. 100 each, Rs.50 called up	16,00,000
Cheques on hand	95,000	Provision for tax	46,000
Rent paid in advance	36,000	Interest accrued	54,000
		Mortgage loan from IDBI	5,62,000
	38,05,000		38,05,000
	=====		=====

3. From the following Ledger balances of Mahan LTD., prepare a Balance Sheet of the company as on 31st March 2014 as per Schedule III of the Companies Act 2013.

Particulars	Rs.	Particulars	Rs.
Furniture & fixtures	5,00,000	Free hold property	32,00,000
Public Issue of 7% bonds	15,00,000	8% Government bonds	8,00,000
Provident Fund	4,60,000	Provision for taxation	1,40,000
General Reserve	5,40,000	Cash in hand	5,00,000
10% Preference share capital	15,00,000	Acceptances received	7,20,000
Equity share capital	26,00,000	Discount on issue of shares	1,30,000
Outstanding printing & stationery	86,000	Bank overdraft	4,50,000
Payment due to suppliers	9,00,000	Loan to Managing director	3,72,000
Trade Investment	3,24,000	Goodwill	5,40,000
Interest accrued on investment	48,000	Cash at bank	10,42,000

4. From the following Ledger balances of PREMIER CO. LTD., prepare a Balance Sheet of the company as on 31st March 2015 as per Schedule III of the Companies Act, 2013:

Particulars	Rs.	Particulars	Rs.
Plant & machinery	3,00,000	Premises	5,00,000
6% Debenture	4,00,000	Fixed Deposits with Banks	2,50,000
Provision for workmen, compensation	65,000	Provision for taxation	90,000
General Reserves	40,000	Loan from Bank of India	2,50,000
Cash in hand	17,000	Discount on issue of Debentures(unwritten off)	55,000
Equity Share capital	6,00,000	Bills Receivable	1,20,000
Sundry creditors	58,000	Bank overdraft	75,000
Advance salary to staff	35,000	Security deposits	62,000
Shares of Reliance Co. Ltd.	99,000	Goodwill	90,000
Commission receivable	50,000		

5. From the following ledger balances of AKSHAR Co. Ltd., prepare a Balance Sheet of the company as on 31st March 2015 as per Schedule III of the Companies Act, 2013:

Particulars	Rs.	Particulars	Rs.
Equity Share Capital	26,00,000	Advances to employees	1,50,000
General Reserves	30,000	Discount on issue of debentures(unwritten off)	12,500
12% Debenture	4,00,000	Tools and equipment	3,75,000
Land & Buildings	15,54,970	Gratuity Fund	3,00,000
Goodwill	10,00,000	Debtors	1,38,520
Bank Overdraft	2,45,100	Cash at Bank	1,57,160
Proposed Dividend	82,000	Stores & Spares	1,77,800
Prepaid insurance	25,000	Profit & Loss A/c [Cr.]	21,490
Mutual Fund	1,68,000	Bills Receivable	44,600
Interest payable	32,400	Sundry Creditors	92,560
