

Problems on Profit & Loss A/c of a Company as per Revised Schedule III of the Companies Act 2013

FORMAT OF P & L Account

P & L Account ofCompany Limited for the year ended 31st March.....

Particulars	Note No	Amount
I. Revenue from Operations		****
(II) Other Income		****
(III) Total revenue		<u>*****</u>
(IV) Expenses:		
(a) Material Consumed		****
(b) Purchases		****
(c) Changes in Inventories (Finished goods, work-in-progress & stock-in-trade)		****
(d) Employees benefit expenses		****
(e) Finance Cost		****
[f] Depreciation and Amortization Exp		****
(g) Other Expenses		****
Total Expenses		<u>*****</u>
(V) Profit & Loss before Tax (III-IV)		*****
(VI) Provision for Tax		****
(VII) Profit Loss after Tax (V-VI)		<u>*****</u>

EXPLANATION

- I Revenue from operations (Cash sales + Credit sales Less Sales returns Less Excise Duty)
- II Other Income (All incomes other than sales)
- III Total Revenue (I + II)
- IV Expenses
 - a) Cost of materials consumed (it given specifically; No need to calculate if not given)
 - b) Purchases of stock-in-trade (purchases)
 - c) Changes in inventories of finished goods, work-in-progress & stock-in-trade.
(Opening stock less closing stock)

d) Employees Benefits Expenses (salaries, wages, canteen expenses, all their employee welfare expenses, PF contribution of the employer)

e) Finance cost (Interest on borrowings)

f) Depreciation & Amortisation expenses (Dep. On fixed tangible assets & amortisation of intangible asset)

g) Other expenses (All other revenue expenses & losses + loss by theft/fire etc.

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Problem No.1

You are given the following information from the books of Siraj Co. Ltd., as on 31st March 2015.

Siraj Co. Ltd
Trial Balance as on 31st March,2015

Particulars	Amount	Particulars	Amount
Depreciation on premises	8,000	Sales	12,40,000
Materials Consumed	8,00,000	Equity Share Capital	8,00,000
Opening Stock	40,000	Outstanding wages	6,000
Salaries	1,14,000		
Bad debts	3,800		
Bonus to employees	20,000		
Interest on Loan	16,000		
Depreciation on machinery	18,000		
Conveyance	4,000		
Loss on sale of machinery	20,000		
Insurance	16,200		
Sales Returns	40,000		
Provision for Tax	60,000		
Machinery	6,00,000		
P. F. Contribution	86,000		
Premises	1,60,000		
Computer	40,000		
	20,46,000		20,46,000

Additional information:

Closing stock was valued at Rs.1, 20,000.

Solution 1.

Siraj Co. Ltd
Statement of Profit and Loss as on 31st March,2015

	Note No	Amount
I. Revenue from Operations	1	12,00,000
(II)Other Income		-
(III)Total revenue		<u>12,00,000</u>
(IV) Expenses:		
(a)Material Consumed		8,00,000
(b)Purchases		0
(c)Changes in Inventories	2	(80,000)
(d)Employees benefit expenses	3	2,20,000
(e)Finance Cost		16,000
(f)Depreciation and Amortization Exp	4	26,000
(g)other Expenses	5	44,000
Total Expenses		10,26,000
(V)Profit & Loss before Tax (III-IV)		1,74,000
(VI)Provision for Tax		(60,000)
(VII)Profit Loss after Tax (V-VI)		<u>1,14,000</u>

Notes

1	Revenue from Operations	
	Sales	12,40,000
	Less Sales Returns	<u>40,000</u>
		12,00,000
2	Changes in Inventories	
	Opening Stock	40,000
	Less Closing Stock	<u>(1,20,000)</u>
		(80,000)
3	Employees benefit expenses	
	Salaries	1,14,000
	PF Contribution	86,000
	Bonus to employees	<u>20,000</u>
		2,20,000
4	Depreciation & Amortisation	
	Depreciation on premises	8,000
	Depreciation on machinery	<u>18,000</u>
		26,000

5 Other Expenses

Bad debts	3,800
Conveyance	4,000
Loss on sale of machinery	20,000
Insurance	<u>16,200</u>
	44,000

Problem No.2

From the following Trial balance of Glory Co. Ltd., as on 31st March 2015

Prepare a statement of P & L Account as per schedule III of the companies Act.

Glory Co. Ltd.

Trial Balance as on 31st March,2015

Particulars	Amount	Particulars	Amount
Interest on Debentures	32,400	Share Transfer Fees	15,000
Travelling Expenses	10,200	12% Debentures	2,70,000
Delivery van expenses	5,100	Commission received	7,400
Bad Debts	6,500	Sales	6,45,500
Discount	7,000	Share Capital	5,00,000
Purchases	3,15,800		
Opening Stock	72,000		
Freight outward	8,400		
Free samples	5,000		
Depreciation	38,900		
Showroom expenses	11,400		
Bank balance	1,58,600		
Wages	93,000		
Land & Building	4,00,000		
Office Equipment	1,45,000		
Insurance	6,000		
Furniture	1,22,600		
Total	14,37,900	Total	14,37,900

Additional information:

Closing stock was valued at Rs.85,500

Solution 2

Glory Co. Ltd.

Statement of Profit and Loss as on 31st March,2015

Particulars	Note No	Amount
I. Revenue from Operations		6,45,500
(II)Other Income	1	22,400
(III)Total revenue		<u>6,67,900</u>
(IV) Expenses:		
(a)Material Consumed		0
(b)Purchases		3,15,800
(c)Changes in Inventories	2	(13,300)
(d)Employees benefit expenses		93,000
(e)Finance Cost		32,400
[f] Depreciation and Amortization Exp		38,900
(g)Other Expenses	3	59,600
Total Expenses		5,26,400
(V)Profit & Loss before Tax (III-IV)		1,41,500
(VI)Provision for Tax		0
(VII)Profit Loss after Tax (V-VI)		<u>1,41,500</u>

Notes

1 Other Income

Share Transfer Fees	15,000
Commission Received	<u>7,400</u>
	22,400

2 Changes in Inventories

Opening Stock	72,000
Less Closing Stock	<u>(85,500)</u>
	(13,500)

3 Other Expenses

Travelling Expenses	10,200
Delivery van Expenses	5,100
Bad Debts	6,500
Discount	7,000
Freight Outward	8,400
Free samples	5,000
Showroom expenses	11,400
Insurance	<u>6,000</u>
	59,600

Problem No.3

You are given the following extracts of ledger balances taken from Vihar Co. Ltd., for the year ending 31st March 2015.

Prepare a statement of P & L A/C as per revised schedule III

Particulars	Rs
Excise Duty	8,000
Provision for tax	10,000
Depreciation on Machinery	3,300
Sundry expenses	7,000
Rent	4,000
Salaries	7,500
Materials consumed	90,000
Machinery	25,000
Directors remuneration	20,000
Factory expenses	2,500
Sales	4,55,000
Returns inward	5,000
Purchases	2,35,000
Closing stock	75,000
opening stock	82,000
Wages	30,000
Bank loan	40,000
Interest on Bank loan	4,000
Interest on Investment	5,000
Rent received	3,000
Motive power	12,000
Transport Charges	1,000

Vihar Co. Ltd.
Statement of Profit and Loss as on 31st March,2015

Particulars	Note No	Amount
(I) Revenue from Operations	1	4,42,000
(II) Other Income	2	8,000
(III) Total revenue		<u>4,50,000</u>
(IV) Expenses:		
(a) Material Consumed		90,000
(b) Purchases		2,35,000
(c) Changes in Inventories	3	7,000
(d) Employees benefit expenses	4	37,500
(e) Finance Cost		4,000
[f] Depreciation and Amortization Exp		3,300
(g) Other Expenses	5	46,500
Total Expenses		4,23,300
(V) Profit & Loss before Tax (III-IV)		26,700
(VI) Provision for Tax		(10,000)
(VII) Profit Loss after Tax (V-VI)		<u>16,700</u>

Notes

1	Revenue from Operations	
	Sales	4,55,000
	Less Sales Returns	5,000
	Less Excise Duty	<u>8,000</u>
		4,42,000
2	Other Income	
	Interest on investment	5,000
	Rent received	<u>3,000</u>
		8,000
3	Changes in Inventories	
	Opening Stock	82,000
	Less Closing Stock	<u>(75,000)</u>
		7,000
4	Employees benefit expenses	
	Salaries	7,500
	Wages	<u>30,000</u>
		37,500

5	Other Expenses	
	Sundry expenses	7,000
	Rent	4,000
	Directors remuneration	20,000
	Factory expenses	2,500
	Motive power	12,000
	Transport charges	<u>1,000</u>
		46,500

Problem No.4

You are given the following extracts of ledger balances taken from Chanakya co. ltd. For the year ending 31st March 2015.

Prepare a statement of P & L A/C as per revised schedule III

Particulars	Rs.
opening stock of finished goods	1,90,500
Cost of material consumed	2,92,000
Salaries to office staff	68,000
Closing stock of finished goods	2,03,000
Interest on debentures paid	16,250
General expenses	8,250
Discount earned	4,900
Cash sales	2,66,000
Credit sales	3,87,500
Income tax refund	11,500
Provision for taxation	30,000
Goodwill written off	18,000
Sales returns	17,000
Provision for bad debts	8,200
Delivery Expenses	7,200
Printing & stationery	22,600
Factory expenses	82,000
Bonus to employees	32,000
Depreciation on Plant & machinery	50,000

Solution 4

Chanakya Ltd.,

Statement of Profit and Loss as on 31st March,2015

Particulars	Note No	Amount
I. Revenue from Operations	1	6,36,500
(II)Other Income	2	16,400
(III)Total revenue		<u>6,52,900</u>
(IV) Expenses:		
(a)Material Consumed		2,92,000
(b)Purchases		0
(c)Changes in Inventories	3	(12,500)
(d)Employees benefit expenses	4	1,00,000
(e)Finance Cost		16,250
[f] Depreciation and Amortization Exp	5	68,000
(g)Other Expenses	6	1,28,250
Total Expenses		5,92,000
(V)Profit & Loss before Tax (III-IV)		60,900
(VI)Provision for Tax		(30,000)
(VII)Profit Loss after Tax (V-VI)		<u>30,900</u>

Notes

1	Revenue from Operations	
	Cash sales	2,66,000
	Credit sales	3,87,500
	Less: sales returns	<u>(17,000)</u>
		6,36,000
2	Other Income	
	Discount earned	4,900
	Income tax refund	<u>11,500</u>
		16,400
3	Changes in Inventories	
	Opening Stock	1,90,500
	Less Closing Stock	<u>(2,03,000)</u>
		(12,500)
4	Employees benefit expenses	
	Salaries to office staff	68,000
	Bonus to employees	<u>32,000</u>
		1,00,000

5	Depreciation & Amortisation	
	Goodwill written off	18,000
	Dep. on Plant & machinery	<u>50,000</u>
		68,000
6	Other Expenses	
	General expenses	8,250
	Provision for Bad debts	8,200
	Freight on purchases	7,200
	Printing & stationery	22,600
	Factory expenses	<u>82,000</u>
		1,28,250

Problem No.5

Following ledger balances are taken from Virupaksh Ltd., for the year ending 31/3/2015.

Prepare P & L Account in vertical form with major heads.

Particulars	Rs
Stock of finished goods as on 01-04-2014	2,90,000
Stock of work-in-progress as on 01-04-2014	3,93,000
Stock of finished goods as on 31-03-2015	1,84,000
Stock of work-in-progress as on 31-03-2015	2,60,000
Material consumed	3,15,000
Wages	74,000
Coal & Coke	87,500
Live stock	1,00,600
Patents written off	25,200
Directors fees	57,000
Sales	10,95,000
Depreciation on plant	38,000
Bad debts	16,570
Provision for taxation	18,000
Royalty received	18,300
Bank loan	4,00,000
Administrative expenses	37,400
Interest on loan	60,000

Solution 5.

Virupaksh Co. Ltd.

Statement of Profit and Loss as on 31st March,2015

Particulars	Note No	Amount
(I) Revenue from Operations		10,95,000
(II) Other Income		18,300
(III) Total revenue		<u>11,13,300</u>
(IV) Expenses:		
(a) Material Consumed		3,15,000
(b) Purchases		0
(c) Changes in Inventories	1	2,39,000
(d) Employees benefit expenses		74,000
(e) Finance Cost		60,000
[f] Depreciation and Amortization Exp	2	63,200
(g) Other Expenses	3	1,98,470
Total Expenses		9,49,670
(V) Profit & Loss before Tax (III-IV)		1,63,630
(VI) Provision for Tax		(18,000)
(VII) Profit Loss after Tax (V-VI)		<u>1,45,630</u>

Notes

1 Changes in Inventories

Opening Stock

Work-in-progress	3,93,000
Finished Goods	<u>2,90,000</u>
	6,83,000

LESS Closing Stock

Work-in-progress	2,60,000
Finished Goods	<u>1,84,000</u>
	4,44,000
	2,39,000

2 Depreciation & Amortisation

Depreciation on plant	38,000
Patents written off	<u>25,200</u>
	63,200

3 Other Expenses

Coal & coke	87,500
Bad debts	16,570
Administrative expenses	37,400
Directors fees	<u>57,000</u>
	1,98,470

PROBLEMS FOR PRACTICE:

Problem No.1

You are given the following extracts of ledger balances taken from Abhinav Co. Ltd., for the year ending 31 March, 2015.
Prepare P & L A/c as per schedule III of the companies Act.

Particulars	Rs.
Salary	40,000
Selling expenses	18,750
Interest on loan (Debit)	17,500
Closing stock	7,75,000
Purchases	2,42,500
Wages	51,000
Manufacturing expenses	18,000
Sales	5,25,500
Sales returns	7,500
Opening stock	2,75,000
Audit fees	20,000
Interest on debentures	12,000
Depreciation on Plant & machinery	27,000
Depreciation on furniture	13,000
Provision for tax	12,500
Interest on investment	16,750
Machinery	2,00,000
Furniture	1,00,000
Discount on issue of shares written off	2,000
Directors fees	20,000

Problem No.2

You are given the following extracts of ledger balances taken from Ashirvad Co. Ltd., for the year ending 31 March, 2015.

Prepare P & L A/c as per revised schedule III of the companies Act.

Particulars	Rs.
Closing stock	50,000
Sales	4,25,000
Purchases	3,00,000
Bonus to workers	27,500
Discount received	3,150
Opening stock	91,500
Discount allowed	4,200
Insurance	3,040
consumables	2,600
Trade marks	8,000
Repairs	6,950
Printing & stationery	2,400
Interest on debenture	8,500
Depreciation machinery	7,200
Machinery	80,000
Rent from sub-let	36,000
Loss by fire	4,700
Wages	65,000

Problem no. 3

Following ledger balances are taken from the books of Navbharat Trading Co. for the year ending 31/3/2013

Prepare P & L A/c as per revised schedule III

Particulars	Rs.
Profit on sale of furniture	58,780
Cash purchases	2,58,120
Credit purchases	1,02,560
Sales	5,36,000
Returns outward	15,050
Royalty paid	36,000
Salesman's commission	24,000
Bad debts	2,540
Depreciation on furniture	9,800
Opening stock of finished	1,03,000
Opening stock of work-in-process	2,58,000
Rentals	26,000
Closing stock of work-in-process	32,500
Closing stock of finished goods	1,89,500

Interest on Bank overdraft	14,580
Freight Outward	5,790
Share transfer fees	11,200
Provision for tax	53,000
