

Illustration 1.

The following balances have been extracted from the books of Vanity Ltd. as at 31st March, 2017:

TRIAL BALANCE
as at 31st March, 2017

Particulars	Dr. (₹)	Cr. (₹)
Equity Share Capital (5,000 shares of ₹ 100 each fully paid)	...	5,00,000
Fixed Assets	7,30,000	...
Reserves and Surplus	...	2,00,000
Inventories	50,000	...
Cash and Bank Balances	1,58,000	...
Creditors	...	40,000
Bills Payable	...	20,000
Underwriting Commission on Issue of Shares	10,000	...
5% Debentures (1/5 of the Debentures to be redeemed on 31st March, 2018)	...	2,00,000
Interest accrued and due on 5% Debentures	...	8,000
Trade Receivables	20,000	...
Total	9,68,000	9,68,000

*The question is modified in view of changed AS-4, Contingencies and Events Occurring after the Balance Sheet Date to Dividend paid.

You are required to prepare as at 31st March, 2017:

(i) The Balance Sheet of Vanity Ltd. as per Schedule III of the Companies Act, 2013.

(ii) Notes to Accounts. (ISC 2018, Modified, 12 Marks)

Solution:

BALANCE SHEET OF VANITY LTD. (AN EXTRACT)

as at 31st March, 2017

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	1	5,00,000
(b) Reserves and Surplus	2	1,90,000
2. Non-Current Liabilities		
Long-term Borrowings	3	1,60,000
3. Current Liabilities		
(a) Short-term Borrowings	4	40,000
(b) Trade Payables	5	60,000
(c) Other Current Liabilities	6	8,000
Total		9,58,000

II. ASSETS		
1. Non-Current Assets		
Property, Plant and Equipment and Intangible Assets		7,30,000
2. Current Assets		
(a) Inventories		50,000
(b) Trade Receivables		20,000
(c) Cash and Bank Balance		1,58,000
Total		9,58,000

Notes to Accounts

Particulars		₹
1. Share Capital		
<i>Authorised Capital</i>		
...Equity Shares of ₹ 100 each		...
<i>Issued Capital</i>		
5,000 Equity Shares of ₹ 100 each		5,00,000
<i>Subscribed Capital</i>		
<i>Subscribed and fully paid-up:</i>		
5,000 Equity Shares of ₹ 100 each		5,00,000
2. Reserves and Surplus		
Reserves and Surplus	2,00,000	
Less: Underwriting Commission on Issue of Shares	10,000	1,90,000
3. Long-term Borrowings		
5% Debentures (4/5 of the Debentures to be redeemed after 31st March, 2018)		1,60,000
4. Short-term Borrowings		
Current Maturities of Long-term Debts (1/5 of Debentures to be redeemed on 31st March, 2018)		40,000
5. Trade Payables		
Creditors	40,000	
Bills Payable	20,000	60,000
6. Other Current Liabilities		
Interest Accrued and due on 5% Debentures		8,000