# CHAPTER – 8

Quick Revision Notes

**FINANCIAL STATEMENTS OF A COMPANY**

**Horizontal form of Company’s Balance Sheet:**

*Balance Sheet of .......... Co. Ltd.*

*as on ..........*

<table>
<thead>
<tr>
<th>Figures for the previous year Rs.</th>
<th>Liabilities</th>
<th>Figures for the Current year Rs.</th>
<th>Figures for the previous year Rs.</th>
<th>Assets</th>
<th>Figures for the Current year Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SHARE CAPITAL:</strong></td>
<td></td>
<td><strong>FIXED ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized Capital ........... Shares of Rs......each</td>
<td></td>
<td>1. Goodwill</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Issued Capital ........... Shares of Rs......each</td>
<td></td>
<td>2. Land</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Subscribed Capital Shares of Rs. ....... each</td>
<td></td>
<td>3. Buildings</td>
<td></td>
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</tr>
<tr>
<td>Called and Paid Up Capital Shares of Rs. ....... each</td>
<td></td>
<td>4. Leaseholds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rs. ....... called up ...........</td>
<td></td>
<td>5. Railway Sidings</td>
<td></td>
<td></td>
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<tr>
<td>Less: Calls-in-Arrears ...........</td>
<td></td>
<td>6. Plant &amp; Machinery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add : Shares Forfeiture or Forfeited A/c Calls in Advance A/c</td>
<td></td>
<td>7. Furniture &amp; Fittings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RESERVES &amp; SURPLUS</strong></td>
<td></td>
<td>8. Development of Property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Capital Redemption Reserve</td>
<td></td>
<td>10. Live Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Other Reserves</td>
<td></td>
<td><strong>INVESTMENTS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less : Debit balance of P&amp; L Appropriation A/c (if any)</td>
<td></td>
<td>1. Govt. or Trust Securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Surplus, i.e.</td>
<td></td>
<td>2. Shares, Debentures &amp; Bonds (separately)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>credit balance of P&amp;L Appropriation A/c</td>
<td></td>
<td>3. Investment in Immovable Properties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Proposed Additions to Reserves</td>
<td></td>
<td>4. Investment in the capital of Partnership Firms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Sinking Fund</td>
<td></td>
<td><strong>CURRENT ASSETS, LOANS &amp; ADVANCES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SECURED LOANS</strong></td>
<td></td>
<td>(A) Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Debentures</td>
<td></td>
<td>1. Interest accrued on Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Loans and Advances from Banks</td>
<td></td>
<td>2. Stores and Spare Parts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Loose Tools</td>
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<td></td>
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</tr>
</tbody>
</table>
3. Loans and Advances from Subsidiaries
4. Other Loans and Advances
5. Interest accrued and due on Secured Loans

**UNSECURED LOANS:**
1. Fixed Deposits
2. Short-term Loans and Advances
3. Loans and Advances from Subsidiaries
4. Other Loans and Advances
5. Interest accrued and due on Unsecured Loans

**CURRENT LIABILITIES AND PROVISIONS:**

**(A) Current Liabilities:**
1. Acceptances (B/P)
2. Sundry Creditors
3. Amount due to Subsidiary Companies
4. Outstanding Expenses
5. Unclaimed Dividends
6. Interest accrued but not due on loans
7. Other Liabilities

**(B) Provisions:**
8. Provisions for Taxation
9. Proposed Dividends
10. Provision for Contingencies
11. Provision for Provident Fund Schemes
12. Provisions for Insurance, Pension and similar Staff Benefit Schemes

4. Stock-in-Trade
5. Work in Progress
6. Sundry Debtors
   (a) Debtors outstanding for a period of 6 months
   (b) Other debtors
Less: Provisions for Doubtful Debts
7. (a) Cash Balance
   (b) Bank Balance
   (i) With scheduled Bank
   (ii) With others

**(b) Loans and Advances:**
8. (a) Loan and Advances to Subsidiaries.
   (b) Advances and Loans to partnership firms in which the company or any of its subsidiaries is a partner
9. Bills of Exchange
10. Advances recoverable in cash or kinds, e.g. Rates, Taxes, Insurance etc.
11. Balance with Customs, Port Trust etc.

**MISCELLANEOUS EXPENDITURE:**
1. Preliminary Expenses
2. Expenses, including Commission and Brokerage on issue of Share and Debentures
3. Discount allowed on the issue of Shares and Debentures
4. Interest paid out of capital during construction period
13. Other Provisions such as Premium for Redemption on Debentures

**CONTINGENT LIABILITIES:**
(by way of notes only) e.g.
1. Claims against the company not acknowledged as debts
2. Uncalled liability on partly paid shares
3. Arrears of fixed cumulative dividends
4. Estimated amount of contracts to be executed on capital account and not provided for
5. Other amount for which the company is contingently liable.

5. Development expenditure not adjusted
6. Other sums (specifying nature)

**PROFIT AND LOSS ACCOUNT:**
Dr. Balance of P&L A/c (if any)
This is shown only when debit balance could not be deducted from free or other reserves.

**Notes:**
(1) Fixed assets are shown at original cost *less* total depreciation to date.
(2) Contingent liabilities are not included in the total of the liabilities side.
(3) Paise of each item may be ignored.
(4) Headings are given in capital letters.
(5) To show the figures of the previous year on both the sides of the Balance sheet in order to facilitate a comparative study
(6) A footnote to the Balance Sheet may be added to show separately all contingent liabilities.