

13. PROBLEMS ON SCHEDULE III**MODEL WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC**

MODEL NO.	N-11	M-12	N-12	M-13	N-13	M-14	N-14	M-15	N-15	M-16	N-16
Problems on Schedule III	-	-	-	-	4	4	-	-	5	-	-

THEORY

Refer Company Final Accounts Chapter of Paper I - Accounting

PROBLEMS FOR CLASSROOM DISCUSSION

Problem 1: (PRINTED SOLUTION AVAILABLE) State under which head these accounts should be classified in Balance Sheet as per Schedule III of the Companies Act: (May – 2014)

- Share application money received in excess of issued share capital
- Share option outstanding account.
- Unpaid matured debenture and interest accrued thereon.
- Uncalled liability on shares and other partly paid investments.
- Calls unpaid.
- Intangible Assets under development.
- Money received against share warrant.
- Long term maturity of finance lease obligations.

Note: _____

Problem 2: (PRINTED SOLUTION AVAILABLE) Y Ltd has FCCBs worth Rs.100 crore which are due to mature on 31 December 2012. While preparing the financial statements for the year ending 31 March 2012, it is expected that the FCCB holders will not exercise the option of converting the same to equity shares. How should the company classify the FCCBs on 31 March 2012? Will your answer be different if the company expects that FCCB holders will convert their holdings into equity shares of Y Ltd?

Note: _____

Problem 3: (PRINTED SOLUTION AVAILABLE) X Ltd has an immovable property and expects that it will be sold within 12 months from the reporting date. How should it classify its property, assuming that it is an investment property?

Note: _____

Problem 4: (PRINTED SOLUTION AVAILABLE) X Ltd provides you the following information:

- Raw material stock holding period: 3 months
- Work-in-progress holding period: 1 month

- Finished goods holding period: 5 months
- Debtors collection period: 5 months

You are requested to compute the operating cycle of X Ltd.

(Nov – 2013)

Note: _____

Problem 5: (PRINTED SOLUTION AVAILABLE) Vasudha Ltd provides you the following information:

- Raw material stock holding period: 3.5 months
- Work-in-progress holding period: 1 month
- Finished goods holding period: 4.5 months
- Debtors collection period: 6 months

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You are required to compute the operating cycle of Vasudha Ltd. What would happen if the trade payables of the company are paid in 14 months – whether these should be classified as current or non-current liability?

Note: _____

Problem 6: (PRINTED SOLUTION AVAILABLE) The management of Kshitij Ltd contends that the work in process is not valued since it is difficult to ascertain the same in view of the multiple processes involved. They opine that the value of opening and closing work in process would be more or less the same. Accordingly the management has separately disclosed the work in process in its financial statements. Comment in line with Schedule III. (Nov – 2013)

Note: _____

Problem 7: (PRINTED SOLUTION AVAILABLE) Note 6(P) of Part I of Schedule III requires that aggregate amount of current trade receivables outstanding for a period exceeding 6 months from the date they are due for payment should be separately stated. How the outstanding status should be reckoned in such cases?

Note: _____

Problem 8: (PRINTED SOLUTION AVAILABLE) S Ltd took a loan from a bank for Rs. 10,00,000 to be settled within 5 years in 10 equal installments with interest. 1st installment is due on 13.9.2013 of Rs. 1,00,000. Determine how the loan will be classified in preparation of Financial Statements of S Ltd. for the year ended 31.3.2013 according to Schedule III.

Note: _____

Problem 9: (PRINTED SOLUTION AVAILABLE) H Ltd. engaged in the business of manufacturing lotus wine. The process of manufacturing this wine takes around 18 months. Due to this reason H Ltd. prepared in its Financial Statements considering its operating cycle as 18 months and accordingly classified the raw material purchased and held in stock for less than 18 months as current asset. Comment on the accuracy of decision and the treatment of asset as per Schedule III

Note: _____

ASSIGNMENT PROBLEMS

Problem 1: On 1st April, 2011, Ashok Ltd. was formed with an authorized capital of Rs. 1,00,00,000 divided into 2,00,000 equity shares of Rs.50 each. The company issued prospectus inviting applications for 1,50,000 shares. The issue price was payable as under:

	Rs.
On application	15
On allotment	20
On call	Balance

The issue was fully subscribed and the company allotted shares to all the applicants. The company did not make the call during the year.

The company also issued 5,000 share of Rs. 50 each fully paid up to the vendor for purchase of office premises.

Show the Share Capital in the Balance Sheet of the company as at 31st March, 2012 and also show Notes to Accounts

Problem 2: Under what heads and sub-heads the following items will appear in the Balance sheet of a company as per schedule III:

- a. Un-called liability on partly paid up shares purchased
- b. Premium on Redemption of Debentures
- c. Security deposit for telephones
- d. Employees Earned leave payable on retirement
- e. Proposed dividend

Problem 3: Prepare Comparative Income Statements from the following:

Particulars	31-3-2011	31-3-2012
Revenue from operations	10,00,000	15,00,000
Expenses	6,00,000	10,50,000
Other income	2,00,000	1,80,000
Income Tax	50%	50%

ABC ANALYSIS

	A Category	B Category	C Category
Class Room Problems	1, 4, 5, 8, 9	3, 6, 7	2
Assignment Problems	2	3	1

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Verified by: Hari Narayana Garu

Executed by: Rajasekar sir

THE END