

Net Profit before Tax and Extraordinary Items		
5. Following is the extract from the Balance Sheet of Karishma Ltd. as at 31st March, 2021:		
Equity and Liabilities	31st March, 2021 (₹)	31st March, 2020 (₹)
Surplus, i.e., Balance in Statement of Profit and Loss	10,00,000	5,00,000
Dividend Payable	50,000	...

Additional Information: Proposed Dividend for the years ended 31st March, 2020 and 2021 are ₹ 4,00,000 and ₹ 5,00,000 respectively.

Prepare the Note to show Net Profit before Tax and Extraordinary Items.

[Ans.: Net Profit before Tax and Extraordinary Items = ₹ 9,00,000.]

6. Following is the extract from the Balance Sheet of Mercury Ltd.:

Equity and Liabilities	31st March, 2021 (₹)	31st March, 2020 (₹)
Equity Share Capital	8,00,000	8,00,000
10% Preference Share Capital	6,00,000	6,00,000
Surplus, i.e., Balance in Statement of Profit and Loss	7,20,000	4,00,000
Unpaid Dividend	20,000	...

Additional Information:

(i) Proposed dividend on equity shares for the years 2019–20 and 2020–21 are ₹ 1,60,000 and ₹ 2,00,000 respectively.

(ii) An Interim Dividend of ₹ 40,000 on Equity Shares was paid.

Calculate Net Profit before Tax and Extraordinary Items.

[Ans.: Net Profit before Tax and Extraordinary Items = ₹ 5,80,000.]

[Hint: Dividend on preference shares is paid before dividend is paid on equity shares. Since dividend is paid (proposed for 2019–20) on Equity Shares, dividend on Preference Shares must have been paid. Therefore, Preference Dividend of ₹ 60,000, i.e., 10% of ₹ 6,00,000 will also be added to determine Net Profit before Tax and Extraordinary Items.]

7. Calculate Net Profit before Tax and Extraordinary Items of Liva Ltd. from its Balance Sheet as at 31st March, 2021:

Particulars	Note No.	31st March, 2021 (₹)	31st March, 2020 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital			
(b) Reserves and Surplus (Surplus, i.e., Balance in Statement of Profit and Loss)		5,00,000	5,00,000
		2,00,000	1,45,000
2. Current Liabilities			
(a) Trade Payables		90,000	50,000
(b) Other Current Liabilities		20,000	10,000
(c) Short-term Provisions		50,000	30,000
Total	1	8,60,000	7,35,000
II. ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment (Fixed Assets)			
(b) Non-current Investments		4,50,000	4,00,000
2. Current Assets			
(a) Inventories		1,50,000	1,50,000
(b) Receivables		2,60,000	1,85,000
Total		8,60,000	7,35,000

Note to Accounts**Note to Accounts****particulars****Short-term Provisions****1. provision for Tax**

	31st March, 2021 (₹)	31st March, 2020 (₹)
	50,000	30,000

Additional Information:

(i) Proposed Dividend for the years ended 31st March, 2020 and 2021 are ₹ 50,000 and ₹ 75,000 respectively.

(ii) Interim Dividend paid during the year was ₹ 10,000.