

2. MAINTENANCE OF BOOKS OF ACCOUNTS:

As per Section 128 of the Companies Act, 2013, Every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.

3. FINAL ACCOUNTS OF COMPANIES:

Under Section 129 of the Companies Act, 2013, at the annual general meeting of a company, the Board of Directors of the company shall lay financial statements before the company:

Financial Statements as per Section 2(40) of the Companies Act, 2013, inter-alia include –

- (1) A Balance Sheet as at the end of the financial year
- (2) A Profit and Loss Statement.
- (3) Cash Flow Statement for the financial year.

Points to be kept in mind while preparing final accounts:

- (1) Requirements of Schedule III to the Companies Act;
- (2) Other statutory requirements;
- (3) Accounting Standards issued by the Institute of Chartered Accountants of India on different accounting matters and notified by the Central Government (AS, 1 to AS 32);
- (4) Statements and Guidance Notes issued by the Institute of Chartered Accountants of India; which are necessary for understanding the accounting treatment / valuation / disclosure suggested by the ICAI.

Compliance with Accounting Standards:

As per Section 133 of the Companies Act, it is mandatory to comply with accounting standards notified by the Central Government from time to time.

4. SCHEDULE - III OF COMPANIES ACT, 2013:**PART I - FORM OF BALANCE SHEET**

Name of the company:

(Rupees in)

Balance Sheet as at.....

Particulars	Note No.	₹	₹
[A] Equity and Liabilities:			
[1] Shareholders' Funds:			
(A) Share Capital	1A	✓	
(B) Reserves & Surplus	1B	✓	
(C) Money Received against share warrants	1C	✓	✓
[2] Share Application Money Pending Allotment	2		✓
[3] Non-Current Liabilities:			
(A) Long-Term Borrowings	3A	✓	
(B) Deferred Tax Liabilities (Net)	3B	✓	
(C) Other Long-Term Liabilities	3C	✓	
(D) Long-Term Provisions	3D	✓	✓
[4] Current Liabilities:			
(A) Short-Term Borrowings	4A	✓	
(B) Trade Payables	4B	✓	
(C) Other Current Liabilities	4C	✓	
(D) Short-Term Provisions	4D	✓	✓
TOTAL			✓
[B] Assets:			
[1] Non-Current Assets:			
(A) Fixed Assets:	5A		
(I) Tangible Assets	5A-1	✓	
(II) Intangible Assets	5A-2	✓	
(III) Capital Work-in-Progress	5A-3	✓	
(IV) Intangible Assets under Development	5A-4	✓	
Total Fixed Assets		✓	
(B) Non-Current Investments	5B	✓	
(C) Deferred Tax Assets (Net)	5C	✓	
(D) Long-Term Loans and Advances	5D	✓	
(E) Other Non-Current Assets	5E	✓	✓
[2] Current Assets:			
(A) Current Investments	6A	✓	
(B) Inventories	6B	✓	
(C) Trade Receivables	6C	✓	
(D) Cash and Cash Equivalents	6D	✓	
(E) Short-Term Loans and Advances	6E	✓	
(F) Other Current Assets	6F	✓	✓
TOTAL			✓
Contingent Liabilities	7		✓

PART-II – FORM OF STATEMENT OF PROFIT & LOSS

Name of the company:

Balance Sheet as at.....

(Rupees in)

Particulars	Note No.	₹	₹
Revenue from Operations (Gross)	8		✓
Add: Other Incomes	9		✓
Total Revenue			✓
Less: Expenses:	10		
(A) Cost of Material Consumed	10A	✓	
(B) Purchase of Stock-in-Trade	10B	✓	
(C) Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	10C	✓	
(D) Employee Benefit Expenses	10D	✓	
(E) Finance Cost	10E	✓	
(F) Depreciation & Amortization Exp.	10F	✓	
(G) Other Expenses	10G	✓	✓
Profit/Loss Before Exceptional, Extraordinary Items and Tax			✓
Add/less: Exceptional Items	11		✓
Profit/Loss Before Extraordinary Items and Tax			✓
Add/less: Extraordinary Items	12		✓
Profit Before Tax			✓
Less: Tax Expenses:	13		
(A) Current Tax		✓	
(B) Deferred Tax		✓	✓
Profit/Loss from Continuing Operations (A)			✓
Profit/Loss from Discontinuing Operations			✓
Less: Tax Expenses from Discontinuing Operations			✓
Profit/Loss from Discontinuing Operations (After Tax) (B)			✓
PROFIT/LOSS FOR THE PERIOD (A + B)			✓
(Transferred to Note-1B)			
Earnings Per Equity Share:			✓
Basic			✓
Diluted			

Note: In above specimen of B/s and Statement of Profit & Loss, Note No. are allotted as per respective sub sections as 1A, 1B, 1C. It may be allotted as per regular numbers like 1, 2, 3 etc. .

► EXERCISE:**A. THEORY:**

- (1) Prepare a Balance Sheet of a Company in accordance with Companies Act, 2013 with imaginary figures.
- (2) Prepare P & L A/c, B/s and necessary schedules in the vertical form by mentioning imaginary figures in it.
- (3) What information regarding share capital is shown in the Balance Sheet of a company?
- (4) Prepare a Vertical Balance Sheet using imaginary figures.

(Guj. Uni., S.Y.B.B.A., April, 2002, 2003, 2009, 2011;
Dec. 2012; Nov. 2013; Dec., 2017; Dec., 2018, Nov., 2019)

B. MULTIPLE CHOICE QUESTIONS:

For each of the following sub-questions more than one answer is given out of which only one answer is correct. You are requested to select the correct answer with necessary calculations or explanation for it.

- (1) Prepaid Income-tax shown on -

(A) Asset side of B/s	(B) Liabilities side of B/s
(C) Debit side of P & L A/c	(D) credit side of P & L A/c
- (2) Interest accrued but not due on secured loan is shown under the following head in the Balance Sheet-

(A) Secured Loan	(B) Unsecured Loan
(C) Current Liabilities	(D) Any one of (A) and (B)
- (3) For a company patent is-

(A) Intangible Asset	(B) Fictitious Assets
(C) Current Assets	(D) Fixed Assets
- (4) The Asset which is shown under Fixed Asset is -

(A) Loose Tools	(B) Vehicles
(C) Stock	(D) Investments
- (5) Bills payable is shown under Current Liabilities in Balance Sheet

(A) True	(B) False
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- (6) Outstanding/unpaid debenture interest is a _____ liability.

(A) Secured	(B) Unsecured
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- (7) Unclaimed Dividend is shown in Company Balance Sheet-

(A) Under the heading of Current Liabilities
(B) Under the heading of Provisions
(C) Under the heading of Reserves and Surplus
(D) Under the heading of Advances
- (8) _____ item is shown under 'Provision' in a company's Balance Sheet.

(A) Provident Fund	(B) Unclaimed Dividend
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- (9) Debenture Redemption Fund Investment (DRFI) is shown under the heading of Reserves & Surplus in Balance-Sheet.
(A) True (B) False
- (10) Interest paid is a _____ cost.
(A) Administration (B) Selling
(C) Finance (D) Employee Benefit Exp.
- (11) Debenture is shown as _____ in balance sheet.
(A) Other Long Term Liabilities (B) Long Term Borrowings
(C) Short Term Borrowings (D) Reserves & Surplus

[Ans.: (1) (A); (2) (C); (3) (A); (4) (B); (5) (A); (6) (A); (7) (A); (8) (A); (9) (B); (10) (C); (11) (B)]

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The summary of the above discussion can be presented as follows :

Particulars	Items Included	Remarks
1. Owners' Funds	Capital (Share Capital) + Reserves + Cr. bal. of P & L A/c + Capital Reserve + Workers' Compensation Fund + Investment Fluctuation Fund <i>Less :</i> Fictitious Assets like Prel. Exp., Advt. Susp. A/c etc.	In case of a company, it includes Equity Share Capital + Pref. Share Capital + Share (Securities) Premium etc.
2. Net Current Assets or Net Working Capital	Current Assets – Current Liabilities	Current Assets = Stock, Debtors, B/R, Cash, Bank Balance Current Liabilities = Creditors, Bank Overdraft, Bills Payable, Unpaid expenses.
3. Capital Employed	Capital + Reserves + Cr. bal. of P & L A/c + long-term loan <i>Less :</i> Fictitious Assets OR Fixed Assets + Current Assets – Current Liabilities (Fictitious assets to be excluded.)	Liabilities Approach Assets Approach. In this approach, fictitious assets must be excluded.
4. Long-term Liabilities or Loan Funds	1. Secured Loans + 2. Unsecured Loans	Here current assets like creditors, Bills payable etc. should not be taken into account.
5. Total Investments	Fixed Assets + Investments + Current Assets OR Owners' Funds + Long-term Liabilities + Current Liabilities – fictitious Assets	

Illustration : 7

From the following information of the firm of Surya and Chandra, construct a vertical balance-sheet as on 31-3-2009 :

	Rs.		Rs.
Capital Accounts :		Public deposits	4,500
Surya : 30,000		Creditors	12,000
Chandra : 20,000	50,000	Loose tools	3,500
General reserve	30,000	Profit & Loss A/c (Debit)	4,000
Investment allowance fund	5,000	Furniture	3,000
Bank loan	7,000	Debtors	14,000
Advertisement		Other loans and advances (unsecured)	3,000
Suspense A/c	2,400	Motor car	20,000
Equipments	15,000	Bank overdraft	5,000
Provident Fund	3,000	Bad debts reserve	500
Cash on hand	4,000	Bills payable	2,000
Loan from G.S.F.C.	8,000	Machinery	14,000
Workmen's compensation Fund	2,000	Depreciation on Fixed Assets	15,000
Land & Building	40,000	Stock	5,100
Investments	20,000		
Provision for taxation	2,000		
Bills receivable	5,000		
Unpaid expenses	1,000		

Find out (1) Owners' Fund (2) long term loan, (3) Total investment (4) Capital employed (5) Net working capital. All investments are business investments.
[South Guj. Uni., F.Y., April, 1994-modified]

Solution :**Messrs Surya and Chandra's Balance-Sheet as on 31-3-2009**

		Rs.	Rs.
Capital Employed :			
(1) Owners' Fund :			
Capital A/c : Surya	30,000		
Chandra	<u>20,000</u>	50,000	
+ Reserve and surplus :			
(1) General Reserve	30,000		
(2) Investment Fluctuation Fund	5,000		
(3) Workmen's Compensation Fund	<u>2,000</u>	37,000	
Owners' Funds		<u>87,000</u>	87,000
(2) Loan-Funds (Long-term Loan)			
Secured loan			
(1) Bank Loan	7,000		
(2) Loan From G.S.F.C.	<u>8,000</u>	15,000	
Unsecured Loan :			
(1) Other loan and advances	3,000		
(2) Public deposits	<u>4,500</u>	7,500	<u>22,500</u>
Capital Employed			<u><u>1,09,500</u></u>

Employment of Capital (Application)		
(1)	Fixed Assets :	
	Land and building	40,000
	Furniture	3,000
	Machinery	14,000
	Motor car	20,000
	Equipments	15,000
	<i>Less : Depreciation on fixed assets</i>	<u>92,000</u> 15,000
2)	Investments :	77,000
	Investments	20,000
(3)	Current Assets, Loans and Advances :	
	Cash on hand	
	Bills Receivable	4,000
	Loose tools	5,000
	Stock	3,500
	Debtors	5,100
	- Bad debts Reserve	14,000
	<i>Less : Current Liabilities and Provisions :</i>	<u>500</u> 13,500
	Creditors	31,100
	Bills Payable	12,000
	Bank Overdraft	2,000
	Unpaid Expenses	5,000
	Provident Fund	1,000
	Provision for Taxation	3,000
	Net working capital	<u>2,000</u> 25,000
(4)	Fictitious Assets :	6,100
	(To the extent not writtern off)	
	Advertisement Suspense A/c	
(5)	Profit and Loss Account	2,400
		4,000
		<u>1,09,500</u>
(1)	Owners' Funds :	
	Owners' Funds	87,000
	<i>Less : Profit and Loss A/c (Dr.)</i>	<u>4,000</u>
	Fictitious Assets -	
	Advertisement Suspense A/c	<u>2,400</u> 6,400
(2)	Long-term Loan :	<u>80,600</u>
	Secured Loan	15,000
	Unsecured loan	<u>7,500</u> 22,500
(3)	Total Investment	<u>1,28,100</u>
	Fixed Assets	77,000
	Investments	20,000
	Current Assets	<u>31,100</u>
(4)	Capital Employed :	
	Fixed Assets	77,000
	Investments	20,000

Current Assets	<u>31,100</u>	
	<u>1,28,000</u>	
Less : Current Liabilities	<u>25,000</u>	<u>1,03,100</u>
OR		
Capital	50,000	
+ Reserves and Surplus	37,000	
+ Long term's loan	<u>22,500</u>	
	<u>1,09,500</u>	
Less : Fictitious Assets and Profit and Loss A/c (Dr)	<u>6,400</u>	<u>1,03,100</u>
(5) Net Working Capital :	31,100	
Current Assets	<u>25,000</u>	<u>6,100</u>
- Current Liabilities		

Illustration 8 :

From the following particulars, prepare the Balance-sheet arranging assets and liabilities in order of liquidity :

	Rs.		Rs.
Capital :		Public deposits	40,000
Mafatlal	26,000	(for three years)	23,600
Kantilal	20,000	Motor car	18,800
Shares of TELCO Ltd.	50,000	General reserve	2,000
Bill receivable	9,500	Bad debts reserve	1,800
Creditors	17,200	Cash balance	9,400
Debtors	<u>22,000</u>	Land	
Stock	19,000	Profit and Loss A/c	2,500
Machinery	27,500	(Credit balance)	3,000
Trade-mark	3,600	Establishment expenses	800
Bank Balance	2,700	Outstanding expenses	7,400
Bank loan (payable		Furniture	1,000
after two years)	20,000	National Savings Certificates	
Provident fund	15,000		
Building fund	24,200		
Building	21,500		

[Guj. Uni., F.Y., April, 1992]

Solution :**Balance Sheet in Order of Liquidity**

	Rs.		Rs.
Outstanding Expenses	800	Cash Balance	1,800
Creditors	17,200	Bank Balance	2,700
Bills Payable	10,000	Debtors	22,000
Provident Fund	15,000	-Bad debts Reserve	<u>2,000</u>
Bank loan (payable		Bills Receivable	9,500
after two years)	20,000	Stock	19,000

Structure of Balance Sheet

Public deposits (For three years)	40,000	Shares of Telco Ltd.	50,000
Profit and Loss A/c	2,500	National Savings	1,000
General Reserve	18,800	Certificates	23,600
Building Fund	24,200	Motorcar	3,600
Capital Reserve	5,500	Trade-mark	7,400
Capital		Furniture	27,500
Mafatlal	26,000	Machinery	21,500
Kantilal	20,000	Building	9,400
		Land	3,000
		Establishment Expenses	2,00,000
	2,00,000		2,00,000

Illustration 9 :

From the following particulars, prepare the balance-sheet arranging assets and liabilities in order of permanency.

	Rs.		Rs.
Land-Building	80,000	Closing Stock	15,000
Capital	1,00,000	Bills payable	10,000
Debtors	20,000	Bills receivable	3,000
Bank loan	35,000	Creditors	12,000
Bank balance	7,000	Furniture	12,000
General Reserve	20,000	Provident Fund	8,000
Cash	8,000	Patents	3,000
Machinery	45,000	Bank overdraft	6,000
Unpaid salary	4,000	Shares of X Co. Ltd.	4,000
Goodwill	6,000	Profit & Loss A/c. (Credit)	7,000
Workmen's Comp. Fund	5,000	Advertisement Suspense A/c	2,000
Govt. Securities	5,000		
Capital Reserve	3,000		

[Guj. Uni., F.Y., B. Com., 1994]

Solution :**Balance-Sheet In Order of Permanency**

Liabilities	Rs.	Assets	Rs.
Capital	1,00,000	Goodwill	6,000
General Reserve	20,000	Land-building	80,000
Workmen's Comp. Fund	5,000	Machinery	45,000
Capital Reserve	3,000	Furniture	12,000
Profit and Loss A/c	7,000	Patents	3,000
Bank loan	35,000	Govt. Securities	5,000
Creditors	12,000	Shares of X Co. Ltd.	4,000
Bank overdraft	6,000	Closing Stock	15,000
Bills payable	10,000	Debtors	20,000
Unpaid salary	4,000	Bills Receivable	3,000

Provident Fund	8,000	Bank balance	7,000
		Cash balance	8,000
		Advertisement	2,000
		Suspense A/c	2,10,000
	<u>2,10,000</u>		

Illustration 10 :

From the following particulars, prepare the Balance Sheet in Vertical Form and calculate (1) Capital employed (2) Net Working Capital (3) Owners' Funds (4) Long-term Liabilities :

Liabilities	Rs.	Assets	Rs.
Paresh's Capital	60,000	Goodwill	27,700
Naresh's Capital	60,000	Land-building	70,000
Paresh wife's loan	14,000	Furniture	26,000
Reserve	8,000	Investment in	
Bank loan	12,000	Nirma's shares	12,000
Bank overdraft	7,500	Other share investments	
Workmen's Compensation Fund		(Temporary)	6,500
Workmen's Profit Sharing Fund	6,000	Stock	18,000
Profit and Loss A/c	4,000	Cash	8,000
Creditors	5,000	Debtors	22,000
Bills payable	17,000	Prepaid Insurance	6,000
Unpaid salaries	3,000	Interest due but not received	1,800
	1,500		
	<u>1,98,000</u>		<u>1,98,000</u>

[North Guj. Uni., F.Y., April, 1996]

Solution :**Balance Sheet**

		Rs.	Rs.
Capital Employed :			
(1) Owners' Funds :			
Paresh's Capital	60,000		
Naresh's Capital	<u>60,000</u>	1,20,000	
+ Reserves and Surplus :			
(1) Reserve	8,000		
(2) Workmen's Compensation Fund	6,000		
(3) Profit and Loss A/c	<u>5,000</u>	19,000	
Owners' Funds			1,39,000
(2) Loan Funds :			
Secured : Bank Loan		12,000	
Unsecured : Paresh wife's loan		14,000	26,000
∴ Capital Employed			<u>1,65,000</u>

Employment of Capital :		
(1) Fixed Assets :		
Goodwill	27,700	
Land-building	70,000	
Furniture	26,000	1,23,700
(2) Investments :		
Investments in Nirma's share		12,000
(3) Current Assets, Loans and Advances :		
Other Share investments (Temporary)	6,500	
Stock	18,000	
Cash	8,000	
Debtors	22,000	
Prepaid Insurance	6,000	
Interest due but not received	1,800	
	62,300	
Less : Current Liabilities and Provisions :		
Bank Overdraft	7,500	
Workmen's Profit Sharing Fund	4,000	
Creditors	17,000	
Bills payable	3,000	
Unpaid salaries	1,500	33,000
		29,300
		1,65,000

Note : The short term or temporary investments must be treated as a current asset and should be taken into account as such for calculating working capital.

From the above Vertical Balance Sheet :

	Rs.
(1) Owners' Funds	1,39,000
(2) Long-term Liabilities	26,000
(3) Capital Employed	1,65,000
(4) Net Working Capital	29,300

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EXERCISE**(A) THEORY**

1. What is a Balance Sheet ? State its limitations and functions.
2. Define Balance Sheet and explain the purposes of preparing it.
3. Give the classification of assets shown in the Balance Sheet. Give the meaning of Intangible assets, Tangible assets and Fictitious assets.
4. Explain in detail fixed assets, current assets, intangible assets and fictitious assets.
5. Explain the following item of B/S :
(1) Proprietary funds (2) Long-term Liabilities (3) Current Liabilities.
6. "A balance sheet can be presented either in order of liquidity or in order of fixity." Explain the statement.
7. (a) Explain Fixed Assets and Current Assets. *[Guj. Uni., 2002]*
(b) Explain Fixed Liabilities and Current Liabilities.
8. Prepare a balance sheet in order of premanency with imaginary figures.
9. How is a vertical balance sheet presented ? Explain the advantage of preparing a vertical balance sheet. Give a specimen of such balance sheet.
10. Give a specimen of a vertical balance sheet given in the notification issued by Government of India in 1979.
11. Explain the following terms of a B/S :
(1) Proprietary Funds (2) Long-term Liabilities (3) Long-term Investments
(4) Total Investments (5) Fixed Liabilities and Liquid Liabilities.
[Guj. Uni., 2001]
12. Explain with illustrations :
(1) Tangible Assets and Intangible Assets *[G.U., 1987, 1992, 2000
N.G.U., 1993, 1994, 1995, 1997, 1998, 2000]*
(2) Long-term liabilities and Current Liabilities.
[G.U., 1987, N.G.U., 1993, 1997]
(3) Arrangement of Assets and Liabilities in order of liquidity.
[G.U., 1988]
(4) Fixed Assets and Liquid Assets *[Guj. Uni., 1989; 2001]*
(5) Fictitious Assets. *[Guj. Uni., 1989, 1993,
S.G.U., 1991, N.G.U., 1992, 2003]*
(6) Current Liabilities.
[Guj. Uni., 1989, 1992, 1993, S.G.U. 1991 N.G.U. 1992, 1994, 1995]
(7) Intangible Assets. *[Guj. Uni., 1989, 1993, S.G.U., 1991, N.G.U., 1992]*
(8) Intangible assets and Fictitious Assets.
[Guj. Uni., 1987, 1992, N.G.U., 1993, 1994, 1995]
(9) Owners' Funds *[Guj. Uni., 1991, S.G.U., 1991, 1999, 2002]*
(10) Current Assets.
[Guj. Uni., 1991, 1992, 1993, N.G.U., 1992, 1994, 1995]
(11) Fixed Assets and Fictitious Assets. *[Guj. Uni., 1994, S.G.U., 1998]*
(12) Working Capital. *[Guj. Uni., 1994, S.G.U., 1998; N.G.U., 2003]*

- (13) Give three illustrations of Intangible Assets and two illustrations of Fictitious Assets. *[Guj. Uni., F.Y., April, 1997]*
- (13) Explain with Illustrations.
- (1) Tangible Assets, Intangible assets, Fictitious assets.
 - (2) Fixed and Current Assets.
 - (3) Secured and Unsecured loans. *[North Guj. Uni. F.Y., March, 1999]*
 - (4) Capital Employed *[Guj. Uni., 2001]*

(B) OBJECTIVE QUESTIONS

1. Classify the following assets into Tangible, Intangible and Fictitious Assets : Goodwill, Advertisement Suspense A/c, Land and Building, Cash, Stock, Preliminary Expenses, Patent, Trademark, Vehicles.
2. Classify the following liabilities into Owners' Capital, Long-term Liabilities and Current Liabilities :
Reserve Fund, Partners' Capital, Creditors, Bill Payable, Friend's Loan, Bank Loan, Provision for Taxation, Workmen Compensation Fund, Bank Overdraft.
3. Select the correct answer from the alternative answers given in the following sentences :
 - (1) Mortgage Loan from a Friend
 - (a) is included in owners' funds (b) is a long-term liability
 - (c) is a current liability.
 - (2) Goodwill is
 - (a) a fictitious asset (b) an intangible asset (c) a tangible asset.
 - (3) When land and building is shown first in B/S, it is said to be prepared
 - (a) in order of permanency (b) in order of liquidity
 - (c) in order of semi- permanency
 - (4) It is legally compulsory to show assets in order of liquidity for
 - (a) all companies (b) insurance companies (c) banking companies.

[Ans : (1) – (b), (2)–(b) (3)–(a) (4)–(c)]

- 4. State giving reasons whether following statements are true or false :
 - (1) Long-term liabilities include reserve fund and debentures.
 - (2) Interest paid out of capital is not shown in the balance sheet, because it is an expense.
 - (3) Vehicle is a current asset, because it can move from one place to another.
 - (4) Net working capital means the total of current assets.
 - (5) It is compulsory for Partnership firm in India to prepare balance sheet in a horizontal form.
 - (6) Balance of profit and loss account is a current liability.
 - (7) Manufacturing companies generally show their assets in order of liquidity.
 - (8) Balance of partner's current account (credit) in a semi-permanent liability of business.

- (9) Fictitious assets cannot be included in the business investments.
 (10) Provision for taxation is a part of long-term investments.
 (11) The net amount of working capital is shown separately in a horizontal balance sheet.
 (12) It can be clearly seen from vertical balance sheet as to how capital is employed in business.
 (13) In a vertical balance sheet, all liabilities are shown first and then all assets are shown.
 (14) In a balance sheet prepared in order of liquidity, fictitious assets are shown first.
 (15) Balance of advertisement suspense account is an intangible asset, because it cannot be seen or touched.
 (16) While computing capital employed by liabilities approach, fictitious assets are deducted.

[Ans. : No. 9, 12, & 16 are true and remaining false.]

5. Classify the following assets into Tangible, Intangible and Fictitious Assets.
 (1) Railway sidings (2) Goodwill (3) Advertisement Suspenses A/c.

(4) Development expenditure (5) Patent (6) Furniture (7) Cash (8) Trademark.
 [North Guj. Uni., F. Y., April, 1996]

[Ans. : Tangible Assets (1), (6), (7); Intangible Assets (2), (5), (8)
 Fictitious Assets-(3), (4).]

6. Classify the following assets into Tangible, Intangible and Fictitious Assets :
 Goodwill, Land & Building, Advertisement Suspense A/c, Stock, Trademark, Scooter, Patent, Underwriting Commission, Debenture Discount, Cash.
 [N.G.U., F.Y., 1998]

[Ans. Tangible : Land, Building, Stock, Scooter, Cash Intangible, Goodwill, Trademark, patent, Fictitious, Adv. Sus. A/c. under writing Com., Deb. discount.]

7. If owners equity of a business is Rs. 70,000 and liabilities are of Rs. 40,000, calculate total equity of the business.

[V.N.S.G.Uni., Oct., 2010]

[Ans. : Rs. 1,10,000 (70,000 + 40,000)]

(C) PRACTICAL

1. From the following Balance Sheet re-classify various assets and liabilities :
Balance Sheet as on 31-3-2010

Liabilities	Rs.	Assets	Rs.
(1) Share Capital :		(1) Fixed Assets :	
A's Capital	3,00,000	Land and Building	1,80,000
B's Capital	2,50,000	Leasehold assets	40,000
(2) Reserves and Surplus :		Plant and Machinery	1,60,000
Insurance Fund	10,000	Furniture and Fittings	30,000
General Reserve	15,000	Railway sidings	20,000
Workmen Compensation Fund	15,000	Goodwill	10,000
Investment Fluctuation Fund	5,000	Patent, Trademark and	
Profit and Loss Account	20,000	Copyright	5,000

Structure of Balance Sheet

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(3) Secured Loan :		Vehicles	75,000
6% Bank Loan	1,00,000	(2) Investments :	
Loan from I.F.C	50,000	Government securities	15,000
(4) Unsecured Loan :		Debentures in Reliance	
Public deposits	25,000	Industries Ltd.	15,000
Loan from Samir	10,000	Shares of Evershining	5,000
		Shares in Atul Company	
		Co. Ltd	2,000
(5) Current Liabilities		(3) Current Assets,	
and Provisions :		Loans and Advances :	
Creditors	40,000	Closing Stock	50,000
Bills Payable	5,000		
Unpaid expenses	2,000	Debtors	2,00,000
Provision for taxation	3,000	-B.D.R	10,000
Provident Fund	9,000		1,90,000
		Goods in transit	10,000
		Cash on hand	5,000
		Bank Balance	15,000
		Bills Receivable	13,000
		Telephone deposit	500
		Prepaid Insurance	500
		Misc. Expenditure (not	
		written off)	
		Development expenses	5,000
		Advertisement Suspense	
		Account	3,000
	8,59,000		8,59,000

Other Information :

(1) Shares of subsidiary company out of investments are not quoted in the market. Other investments are quoted in the market.

(2) Debentures are secured by mortgage of stock.

(3) Public deposits and loan from subsidiary company are of a period of not more than 12 months.

Calculate the following :

(1) Proprietary Funds (2) Long term Liabilities (3) Total Investments (4) Net Working Capital (5) Fixed Assets. (6) Capital employed.

[Ans. : (1) Proprietary funds Rs. 6,15,000 (2) Long-term liabilities Rs. 1,85,000 (3) Total Investment Rs. 8,51,000 (4) Net Working Capital Rs. 2,25,000 (5) Fixed Assets Rs. 5,30,000. (6) Capital employed Rs. 7,92,000.]

2. Prepare horizontal and vertical B/s from the following information :

	Rs.		Rs.
A's Capital	2,94,500	General Reserve	90,000
Investment Fluctuation Fund	16,500	Addition during current year	25,000
Insurance Fund	55,000	Profit and Loss Account	26,900
Land and Building	1,70,000	Loose tools	12,000

Depreciation on above	6,800	Debtors	66,000
15% Mortgage Loan	50,000	B.D. Reserve	3,300
Interest on above	2,500	Cash	10,800
Provident Fund	13,000	Prepaid Rent	2,000
Employment Welfare Fund	27,500	Preliminary Expenses	4,000
Investments	1,87,700	Furniture	32,000
Stock	95,400	Depreciation on above	1,600
Unpaid wages	2,500	Public deposits	14,600
Creditors	33,000	Bank- Loan long term	25,400
Other Unpaid expenses	4,500	Plant and Machinery	1,15,000
		Depreciation on above	2,300

Calculate the following from the above information (1) Current Assets (2) Net Working Capital (3) Long-term Liability (4) Total Investment. (5) Capital employed

[Ans. : Total of Horizontal B/s Rs. 6,80,900; Total of Vertical B/s. Rs. 6,00,400. Total current assets Rs. 1,82,900; Total Current liabilities Rs. 80,500; Net working capital Rs. 1,02,400; Proprietary funds Rs. 5,03,900; Long term liabilities Rs. 92,500. Long-term investments Rs. 6,00,400. Capital employed Rs. 5,96,400.]

3. The Balance Sheet of Asha as on 31-3-2009 is given below. Calculate the following items from Balance Sheet given :

- | | |
|-----------------------|-------------------------|
| (1) Owners' Funds | (4) Current Assets |
| (2) Fictitious Assets | (5) Current Liabilities |
| (3) Intangible Assets | (6) Capital Employed |

Liabilities	Rs.	Assets	Rs.
Capital <i>SL R</i>	1,30,000	Goodwill <i>F</i>	6,000
Workmen Compensation Fund	12,000	Land-Building <i>F</i>	40,000
Reserves <i>R</i>	8,000	Furniture <i>F</i>	38,000
Creditors <i>CL</i>	25,000	Trademark <i>F</i>	28,000
Bills payable <i>CL</i>	10,000	Copyright <i>F</i>	2,000
Bank overdraft <i>CL</i>	8,000	Machinery <i>F</i>	12,000
Outstanding Expenses <i>CL</i>	10,000	Stock <i>CL</i>	15,000
Provident Fund <i>CL</i>	5,000	Debtors <i>CL</i>	40,000
		Bills Receivable <i>CL</i>	5,000
		Prepaid Insurance <i>CL</i>	8,000
		Profit and Loss A/c <i>M</i>	8,000
		Development Expenditure <i>Mic</i>	2,000
		Cash <i>CL</i>	4,000
	2,08,000		2,08,000

[South Guj. Uni., F.Y., April, 1991]

[Ans. : (1) Owners' Funds Rs. 1,40,000 (After deduction of P and L A/c (Debit) and Development Expenditure) (2) Fictitious Assets Rs. 2,000 (3) Intangible Assets Rs. 36,000 (4) Current Assets Rs. 72,000 (5) Current Liabilities Rs. 58,000. (6) Capital Employed Rs. 1,40,000; Fixed Assets Rs. 1,26,000.]

4. Calculate from the following balances :

- | | |
|-----------------------|---------------------------|
| (i) Owners' fund | (ii) Current liabilities |
| (iii) Fixed assets | (iv) Current assets |
| (v) Fictitious assets | (vi) Net Working Capital. |

	Rs.
Capital	
Advertisement suspense A/c	1,50,000
Provision of taxes	20,000
Motor car	16,000
Development expense	22,000
Friend's loan	18,000
Bank loan	25,000
Trademark	10,800
Bills payable	22,000
Debtors	13,000
Bank overdraft	30,000
Development bank loan	18,000
Provident fund	50,000
Cash	17,000
Creditors	25,000
Stock	24,000
Copyrights	35,000
Profit & Loss A/c. (debit)	17,000
General reserve	16,000
Workmen's compensation fund	13,000
Bills receivable	12,000
Investment allowance fund	5,300
Machinery	13,000
Goodwill	93,500
Land and building	18,000
	40,000

[South Guj., F.Y., April, 1993]

[Ans. : (1) Owner's fund Rs. 1,34,000 (2) Current liabilities Rs. 88,000 (3) Fixed assets Rs. 2,12,500 (4) Current assets Rs. 95,300 (5) Fictitious assets Rs. 38,000 (6) Net working capital Rs. 7,300, Capital employed Rs. 2,19,800.]

5. (a) Explain with illustration :

(i) Current Assets and Current Liabilities

(ii) Fictitious Assets & Intangible Assets.

(b) From the following particulars, prepare the Balance sheet in Vertical Form :

	Rs.		Rs.
Capital		Land & Building	50,000
Chintan	50,000	Machinery	14,000
Manthan	35,000	Furniture	6,000
Drawing-Chintan	15,000	Scooter	10,000
General Reserve	10,000	Patents	8,000
Workmen's Compensation Fund	2,000	Investment in N.S. certi.	6,000
Workmen's Profit Sharing Fund	1,500	Investment in shares of Vipul Ltd. (Temporary)	1,500
Provident Fund	4,000	Debtors	20,000
Bank overdraft (for a short-term)	7,000	Stock	10,000
Creditors	10,000	Bills Receivable	4,000
Bills Payable	6,500	Outstanding Income	2,000
Outstanding salary	1,000	Cash Balance	500
Bank Loan for a long-term	14,500	Profit & Loss A/c (Debit Balance)	2,000
		Deposit from Rasila (payable after three years)	7,500

Ascertain : (1) Long Term Investments (2) Net Working Capital.

[North Guj. Uni., F.Y., April, 1994]

[Ans. : (b) Capital employed Rs. 1,02,000 Net Working Capital Rs. 8,000 (Current assets Rs. 38,000 less current liabilities Rs. 30,000; Investment in share is considered as a current asset. Capital employed = Capital + Reserves + Long term loan - fictitious assets = 70,000 + 12,000 + 22,000 - 2,000 = 1,02,000 OR Fixed assets + Investments + Current Assets - Current liabilities = 88,000 + 6,000 + 38,000 - 30,000 = 1,02,000.]

6. Taking into account the following details, ascertain :

(i) Owners' funds (ii) Capital employed and

(iii) Net working capital :

	Rs.		Rs.
Bijal's Capital	40,000	Loose tool	3,000
Drawings	10,000	Reserve Fund	6,000
Loan From Financial Institutions	30,000	Workmen's Accident Compensation fund	2,000
Creditors	25,000	Debtors	20,000
Goodwill	5,000	Cash	6,000

Land and Building	40,000	Profit & Loss A/c.	
Bills payable	5,000	(debit balance)	4,800
Furniture	4,000	Telephone Deposit	1,200
Loan from a friend (to be refunded after 5 years)	10,000	Worker's profit-sharing Fund	4,000
Machinery	14,000	Pre-paid salary	1,000
Stock	11,000	National Savings Certificate	2,000

[Guj., Uni., F. Y., April, 1995]

[Ans. : (1) Owners' Funds Rs. 33,200. (2) Capital employed Rs. 73,200. Net Working Capital Rs. 8,200 (current assets Rs. 42,200, Less current liabilities Rs. 34,000). Capital employed = Capital + Reserves - Fictitious Assets + Long term Loan = 30,000 + 8,000 + 4,800 + 40,000 = 73,200, OR Fixed assets 63,000 + Investment 2,000 + Current assets 42,200 - Current liabilities 34,000 = 73,200.]

7. From the following information of Shefalee-Store, construct a Vertical Balance-sheet as on 31-3-2009.

Capital	Rs. 2,50,000
Secured Loan	
Loan from G.I.D.C.	5,00,000
10% Loan from Co-op. Bank	1,75,000
Drawing A/c	13,000
Interest outstanding on G.I.D.C. Loan	75,000
Bank overdraft	1,00,000
Profit and Loss A/c (Cr.)	28,000
Advertisement Expenses (To the extent not written off)	25,000
Cash and Bank	1,20,000
Provident Fund	15,000
Unpaid Salary	2,000
Advance tax paid	12,000
Fixed Assets (Less : Depreciation)	6,00,000
Investments	2,50,000
Closing stock of Raw Material	90,000
Debtors	1,25,000
Bills Payable	7,500
Bills Receivable	2,500
Bad debts Reserve	5,000
Creditors	80,000

[Guj. Uni., F.Y., April, 1997]

[Ans. : Total of Vertical Balance Sheet Rs. 9,90,000, Owners' Funds Rs. 2,40,000 (Capital Rs. 2,50,000 - Drawings Rs. 13,000 + P & L A/c

Rs. 28,000 – advertisement Exp. 25,000) loan funds Rs. 7,50,000; Current Assets Rs. 3,44,500, Current Liabilities Rs. 2,04,500.]

8. (a) Calculate from the following balances :

- (1) Owners' Fund
- (2) Net Working Capital
- (3) Fictitious Assets.

	Rs.		Rs.
Capital : Padma	30,000	Copyrights	1,000
Pushpa	20,000	Pushpa's Current a/c.	1,000
		(Debit)	
Workmen's Compensation	5,000	Padma's Current a/c.	3,000
Fund	4,000	(Credit)	
Goodwill	25,000	Profit and Loss a/c.	4,000
Land-building		(Debit.)	8,000
Dividend Equalisation	2,000	Debtors	1,500
Fund	3,000	Goods in transit	3,000
Pushpa's Loan (12%)	2,000	Capital reserve	
Employees' Pension Fund	4,000	Advertisement	2,000
Creditors		Suspense A/c	
Workmen's profit-sharing	5,000		
Fund	7,000		
Stock	1,000		
Bad debts reserve	1,000		
Prepaid rent	2,000		
Bills payable			

(b) From the following information construct a Balance sheet in the horizontal form and arrange Assets and Liabilities in order of liquidity :

	Rs.		Rs.
Capital	1,00,000	Drawings	8,000
Land and Building	46,000	Bank balance	6,000
Stock	20,000	Furniture	8,000
Bills payable	8,000	Net-profit	44,000
Debtors	40,000	Loan to Sanjay	10,000
Bills receivable	10,000	Creditors	16,000
Investments	20,000		

[South Guj. Uni., F.Y., March, 1997]

[Ans. : (A) (1) Owners' Funds Rs. 56,000 (30,000 + 20,000 + 3,000 - 1,000 + 5,000 + 2,000 + 3,000 - Adv. Suspense A/c. 2,000 + P and L (Dr.) 4,000 = 56,000) (2) Net working capital Rs. 3,500 (Total Current Assets Rs. 16,500 Less Total Current Liabilities Rs. 13,000) (3) Fictitious Assets - Advertisement Suspense A/c. Rs. 2,000 (B) Total of Balance-Sheet in the horizontal form Rs. 1,60,000]

Structure of Balance Sheet

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9. From the following particulars of Keyur Limited prepare the Balance sheet as on 31-3-'09 in vertical form :

	Rs.		Rs.
Equity Share Capital	3,00,000	Goodwill	1,00,000
General Reserve	1,00,000	Land-Building	2,90,000
Securities Premium	50,000	Plant-Machinery	1,50,000
Workmen's Profit Sharing Fund	30,000	Investments	50,000
Workmen's Accident Compensation Fund	1,00,000	Stock of finished goods	2,00,000
Loan from G.S.F.C.	2,00,000	Loose tools	60,000
Depreciation Fund on Fixed Assets	1,00,000	Debtors	2,80,000
Creditors	1,80,000	Cash on hand	10,000
Bills Payable	50,000	Prepaid Expenses	5,000
Unclaimed Dividend	30,000	Preliminary Expenses	20,000
Bank Overdraft	50,000	Deposit with A.E.C.	10,000
Unpaid Expenses	10,000	Bills Receivable	25,000

[Ans. : Total of vertical Balance sheet Rs. 7,50,000, Shareholders' Fund Rs. 5,50,000, Loan Funds Rs. 2,00,000, Fixed Assets Rs. 4,40,000, Investment Rs. 50,000, Current Assets Rs. 5,90,000, Current Liabilities Rs. 3,50,000. Fictitious Assets Rs. 20,000]

10. From the following information of Dharti Traders, prepare a vertical Balance sheet as on 31-3-'09.

Liabilities	Rs.	Assets	Rs.
Vipul's Capital	80,000	Goodwill	20,000
Jigar's Capital	80,000	Land-Building	60,000
Vipul's Loan	14,000	Plot of Land	20,000
Jigar's wife Loan	8,000	Machinery	64,000
Bank loan	20,000	Furniture	12,000
Bank overdraft	10,000	Vespa Scooter	20,000
(Short time-unsecured)	10,000	Investment on	
Workmen Compensation Fund	10,000	share of G.S.F.C. (Temporary)	4,000
Workmen profit sharing Fund	12,000	Stock	40,000
Profit and Loss A/c.	16,000	Debtors	30,000
Outstanding Expenses	3,000	Bills Receivable	10,000
Creditors	25,000	Cash/bank balance	2,000
Income received in advance	4,000		
	2,82,000		2,82,000

[North Guj. Uni., F.Y., March, 1998]

[Ans. : Total of vertical balance sheet Rs. 2,28,000, Owner's Fund Rs. 1,88,000, Loan Funds Rs. 40,000, Fixed Assets Rs. 1,96,000, Net Current Assets Rs. 32,000, Current Assets Rs. 86,000, Current Liabilities Rs. 54,000.]

11. From the following particulars of Remand Limited prepare a vertical balance-sheet as on 31-3-'09 :

	Rs.
	20,000
Preliminary expenses	1,00,000
12 % Debentures	3,50,000
Equity share capital	4,00,000
Land and buildings	1,85,000
Debtors	1,10,000
Creditors	15,000
Bills receivable	16,000
Bills payable	9,000
Unclaimed dividend	32,000
Provident fund	62,000
General reserve	18,000
Advertisement Suspense A/c.	60,000
Plant and Machinery	20,000
National Savings Certificates	55,000
Closing stock	26,000
Goodwill	25,000
Furniture	45,000
Securities premium	20,000
Cash on hand	75,000
Public deposits	3,000
Telephone deposits	31,000
Profit and loss A/c. (Cr.)	24,000
Bank overdraft	7,000
Prepaid expenses	

[Guj. Uni., F.Y., April, 1999]

[Ans. : Total of Vertical Balance sheet Rs. 6,63,000, Equity share capital Rs. 3,50,000, Reserves and surplus Rs. 1,38,000, Loan funds Rs. 1,75,000, Fixed assets Rs. 5,11,000, Net working capital Rs. 94,000, Current assets Rs. 2,85,000, Current liabilities Rs. 1,91,000, Fictitious assets Rs. 38,000]

12. (A) Calculate the Owner's funds from the following details :

	Rs.
Partners' capital	2,00,000
Preliminary expenses	15,000
Provident fund	10,000
Capital reserve	80,000
General reserve	50,000
P & L A/c. (Dr.)	30,000
Workmen accident comp. fund	50,000

(B) From the following particulars, find out owners fund, working capital (net), fixed assets :

	Rs.		Rs.
Capital	4,00,000	Investments	25,000
Closing stock	75,000	Drawings	30,000
Land and building	2,50,000	Net profit	1,75,000
Cash balance	2,000	Furniture	20,000
Bank balance	50,000	Loan to A	40,500
Debtors	1,75,000	Bills receivable	40,000
Creditors	1,50,000	Machinery	40,000
Bills payable	22,500		

[Guj. Uni., F.Y., March, 2000]

[Ans. : (A) Owners' funds Rs. 3,35,000 (Partners' Capital Rs. 2,00,000 + Capital reserve Rs. 80,000 + General Reserve Rs. 50,000 + workmen accident comp. fund Rs. 50,000 = 3,80,000 less prel. expenses Rs. 15,000 and profit and loss A/c. (Dr.) Rs. 30,000 = 3,35,000)

(B) Owners fund Rs. 5,45,000 (Capital Rs. 4,00,000 + Net profit Rs. 1,75,000 less drawings Rs. 30,000), Fixed assets Rs. 3,10,000 (2,50,000 + 40,000 + 20,000) Working capital Rs. 2,10,000 (Current assets Rs. 3,82,500 less Current liabilities Rs. 1,72,500 = 2,10,000]

13. From the following balances of Nisarg Limited, calculate :

- (1) Shareholders' funds (2) Capital employed (3) Net working capital
(4) Fixed assets (5) Fictitious assets

Particulars	Rs.	Particulars	Rs.
Equity share capital	2,00,000	12 % Preference share capital	1,00,000
Investments	55,000	Capital reserve	5,000
Discount on debentures	5,000	Debtors	95,000
12% debentures	3,00,000	Goodwill	60,000
Creditors	85,000	Bills payable	40,000
Stock	1,50,000	Loan of Industrial Development Bank	1,50,000
Underwriting commission	10,000	General reserve	45,000
Calls in arrears	5,000	Debenture redemption fund	65,000
Cash balance	42,000	Expenses outstanding	5,000
Liability to Subsidiary Company	25,000	Land and Building	2,50,000
Securities premium	15,000	Bills receivable	35,000
Provision for Taxation	60,000	Loose tools	10,000
Machineries	3,85,000	Furniture	50,000
Divided Equalisation fund	20,000	Provident fund	50,000
Patent <i>fluctuation</i>	58,000	Depreciation fund	45,000

Additional Information :

Out of the investment, investments of Rs. 5,000 are for short term.

[South Guj. Uni., F.Y., March, 2000]

[Ans. : (1) Shareholders funds Rs. 4,30,000 (2) Capital employed Rs. 8,80,000 (3) Net working capital Rs. 72,000 (4) Fixed Assets Rs. 7,58,000 (5) Fictitious Assets Rs. 15,000]

14. Calculate from the following balances :

(1) Owner's fund (2) Long-term liabilities (outside) (3) Capital employed (4) Current liabilities (5) Current Assets (6) Net working capital (7) Fixed Assets (8) Intangible Assets

	Rs.		Rs.
Capital	45,000	Workmen's profit sharing fund	10,000
Goodwill	10,000	Workmen's compensation fund	12,000
Land & Building	25,000	Public Deposits (Payable after five years)	10,000
Bills payable	3,000	Friend's loan (Payable after five years)	15,000
Bills Receivable	2,000	Provident fund	10,000
General Reserve	10,000	Creditors	9,000
Profit and loss A/c. (credit)	8,000	Patent - trademark	3,000
Bank balance	12,000	Prepaid insurance	2,000
Machineries	30,000		
National Saving Certificates	3,000		
Outstanding Expenses	1,000		
Stock	13,000		
Debtors	15,000		

[North Guj. Uni., F.Y., March, 2000]

[Ans. : (1) Owner's fund Rs. 75,000 (2) Long-term liabilities Rs. 25,000 (3) Capital employed Rs. 1,00,000 (4) Current liabilities Rs. 33,000 (5) Current assets Rs. 44,000 (6) Net working capital Rs. 11,000 (44,000 - 33,000) (7) Fixed Assets Rs. 68,000 (8) Intangible Assets Rs. 13,000]

15. From the following information of a firm, construct a Vertical Balance Sheet as on 31-3-2009 :

	Rs.		Rs.
Cash balance	6,600	Bank loan	84,000
Bank balance	39,300	Unsecured loan	36,000
Bills receivable	3,600	Public deposits	63,000
Profit and Loss A/c	50,076	Equipments	1,50,000
Depreciation Fund	23,451	Land	2,85,000
I.D.B.I. Loan	1,50,000	Building	4,05,000
✓ Outstanding interest on loan 5. loan	7,500	Machineries	2,49,000
Bad-debt reserve	10,500	Creditors	1,05,000
Unpaid expenses	33,000	Provident fund	66,000
		General Reserve	2,55,000

Structure of Balance Sheet

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Provisions for taxation	12,573	Capital Reserve	1,50,000
Debtors	1,05,000	Workmen Compensation	
Loose tools	36,000	Fund	45,000
Investments	4,35,000	Capital Accounts :	
Bank overdraft	3,000	Atul	4,50,000
Furniture	66,000	Babul	<u>4,50,000</u>
Advertisement Suspense A/c	18,000		9,00,000
Closing stock	1,95,600		

[Guj. Uni., F.Y., April, 2001]

[Ans. : (A) Total on Vertical B/s Rs. 17,40,576, Owners' Funds Rs. 14,00,076 (Capital Rs. 9,00,000 + Reserves and Surplus Rs. 5,00,076), Loan Funds Rs. 3,40,500, (Secured loan Rs. 2,41,500 + Unsecured loan Rs. 99,000) Fixed assets Rs. 11,31,549, Investments Rs. 4,35,000, Current assets Rs. 3,75,600, Current liabilities Rs. 2,19,573, Net Current Assets (working capital) Rs. 1,56,027, Fictitious Assets Rs. 18,000.]

16. From the following information, find out Owners' Funds and Net Working Capital.

	Rs.		Rs.
Kehav's Capital	4,00,000	Investments	25,000
Closing stock	75,000	Furniture	20,000
Land and Building	2,50,000	Net Profit	1,75,000
Cash – Bank	52,500	Loan to Staff	40,500
Provident Fund	13,000	Machinery	40,000
Bills Receivable	40,000	Drawings	30,000
Advertisement Suspense A/c	80,000	Debtors	1,75,000
Unpaid Expenses	9,500	Bills Payable	22,500
Bank Loan	50,000	Workmen's Profit	
Stationery on hand	2,500	Sharing Fund	10,000
		Creditors	1,50,000

[North Guj. Uni., F.Y., April, 2001]

[Ans. : Owners' funds Rs. 4,65,000 (4,00,000 + 1,75,000 = 5,75,000 – Drawings 30,000 and Advertisement Suspense A/c Rs. 80,000), Net Working Capital Rs. 1,80,500 (Current Assets 3,85,500 less Current Liabilities 2,05,000).]

17. From the following information of Mahavir Ltd. construct a Vertical Balance sheet as on 31-3-2009 :

	Rs.		Rs.
General Reserve	65,000	National savings	
Land	80,000	certificates	20,000
Bills Receivable	13,600	Outstanding expenses	20,000
Capital	1,20,000	Debtors	92,000

Workers' profit sharing fund	22,000	Factory building	1,70,000
Capital Reserve	27,200	Cash balance	24,550
Closing stock of finished goods	2,40,000	Plant & Machinery	1,75,000
Investment fluctuation fund	22,000	Workers' compensation fund	65,000
Bad debt reserve	2,550	Investment in Ram Ltd : Shares	30,000
Goodwill	8,000	Bills payable	8,000
Pre-paid insurance premium	3,400	Provident fund	36,000
Profit and loss account (Credit balance)	35,800	15% Loan from IDBI	3,55,000
Public deposits	80,000	Furniture	34,000
Creditors	32,000		

[South Guj. Uni., F.Y., April, 2001]

[Ans. : Total of Vertical Balance sheet Rs. 7,70,000. Owners' funds Rs. 3,35,000 (Capital Rs. 1,20,000 + Reserve and others Rs. 2,15,000), Loan funds Rs. 4,35,000. Fixed Assets Rs. 4,67,000, Investments Rs. 50,000, Working capital Rs. 2,53,000. (Current Assets Rs. 3,71,000 – Current Liabilities Rs. 1,18,000).]

18. From the following information of Sejal Ltd., prepare a Vertical Balance Sheet as on 31-3-2002 :

	Rs.		Rs.
Equity share capital	4,00,000	Furniture	30,000
Shares of Saroj Ltd.	1,00,000	12% Debentures	2,00,000
Land and Building	2,50,000	Calls in arrears	5,000
Unclaimed dividend	4,000	National Saving Certificates	1,00,000
Underwriting commission	4,000	Depreciation fund	30,000
Discount on debentures	10,000	Securities premium	60,000
Plant and machinery	3,00,000	Creditors	20,000
Cash balance	10,000	Goods in transit	5,000
Debenture redemption fund	60,000	Debtors	35,000
Workmen profit sharing fund	10,000	Employees' pension fund	30,000
Workmen compensation fund	80,000	Stock	45,000

[Guj. Uni., F.Y., April, 2002]

[Ans. : Total of Vertical Balance Sheet Rs. 7,95,000, Share capital Rs. 3,95,000, Reserves and surplus Rs. 2,00,000. Owners' funds Rs. 5,95,000, Loan funds Rs. 2,00,000, Fixed assets less Dep. fund Rs. 5,50,000, Investments Rs. 2,00,000, Net Working Capital Rs. 31,000 (Current assets 95,000 – Current liabilities 64,000 = 31,000). Fictitious assets Rs. 14,000]

19. From the following information prepare a Vertical Balance Sheet as on 31-3-2001 :

	Rs.		Rs.
Preliminary Expenses	1,00,000	Plant and Machinery	3,00,000
12 % Debentures	5,00,000	Investment in Govt. Securities	1,00,000
Equity share capital	17,50,000	Closing stock	2,75,000
Land- Building	20,00,000	Goodwill	1,30,000
Debtors	9,25,000	Furniture	1,25,000
Creditors	5,50,000	Securities Premium	2,25,000
Bills Receivable	75,000	Cash on hand	1,00,000
Bills Payable	80,000	Public Deposits	3,75,000
Unclaimed Dividend	45,000	Telephone Deposits	15,000
Provident Fund	1,60,000	Profit and Loss A/c (credit)	1,55,000
General Reserve	3,10,000	Bank overdraft	1,20,000
Advertisement Suspense A/c	90,000	Prepaid Expenses	35,000

[North Guj. Uni., F.Y., April, 2002]

[Ans. : Total of vertical B/s Rs. 33,15,000, Share Capital Rs. 17,50,000, Reserves and surplus Rs. 6,90,000, Loan funds Rs. 8,75,000 (Secured 5,00,000 + Unsecured 3,75,000), Fixed Assets Rs. 25,55,000, Investments Rs. 1,00,000, Net Working Capital Rs. 4,70,000 (Total current assets Rs. 14,25,000 – Total current liabilities Rs. 9,55,000), Fictitious Assets Rs. 1,90,000.]

20. From the following Balance Sheet of Tisco Ltd find out :

- | | |
|-------------------------|-----------------------|
| (1) Owners' fund | (2) Capital employed |
| (3) Net working capital | (4) Fixed assets |
| (5) Fictitious assets | (6) Intangible assets |

Particulars	Rs.
Equity share capital	5,00,000
Temporary Investments	80,000
Discount on debentures	12,500
12 % Debentures	2,50,000
Creditors	90,000
Stock	20,000
Underwriting commission	15,000
Calls in arrears	25,000
Securities forfeiture account	5,000
Cash balance	30,000
Custom deposit	35,000
Debts of subsidiary company	20,000
Share premium	50,000
Provision for taxation :	
Current	30,000
Future	25,000
	55,000

Plant	4,00,000
Goodwill	50,000
Patents	20,000
Trademarks	10,000
Copyrights	15,000
Debtors	80,000
Bad debt reserve	5,000
Workmen's profit sharing fund	10,000
Workmen's compensation fund	20,000
Bills receivable	5,000
Prepaid Insurance	2,500
Advertisement Suspense A/c	25,000
Expenses outstanding	5,000
Land & Building	3,00,000
Interest accrued but not received	4,000
Dividend equalisation fund	25,000
Workmen saving fund	25,000
Pension fund	35,000
Gratuity	25,000
Public deposit	20,000
Debenture redemption fund	50,000
Profit and Loss A/c	35,500
Loan from HDFC	2,00,000
Bank loan	25,000
Uncalled dividend	15,000

Public deposits and Bank loans are for the period of more than 12 months.

[South Guj. Uni., F.Y., April, 2002]

[Ans. : (1) Owners' funds Rs. 6.08,000 (2) Capital employed Rs. 11,28,000 (3) Net Working Capital – Rs. 3,500 (Current assets Rs. 2,51,500 – Current liabilities Rs. 2,55,000 = – 3,500) (4) Fixed assets Rs. 7,95,000 (5) Fictitious assets Rs. 52,500 (6) Intangible assets Rs. 95,000.]

21. From the following balances of Keyur Bros. as on 31-3-2003, prepare their vertical balance sheet.

	Rs.		Rs.
Capital		Building	20,000
Ketan	18,500	Workmen's compensation fund	2,500
Tushar	12,500	Workmen's profit sharing fund	4,500
Patents	4,000	Machinery	15,000
Stock	13,500	Establishment expenses	2,000
Capital reserve	1,000	10% Govt. Loan 2010	12,000
General reserve	14,000	Loan from ICICI	30,000
Land	10,000	Bills receivable	7,000
Creditors	13,600	Bills payable	9,700

Debtors	18,000	Bad debts reserve	1,800
Cash balance	1,400	Bank balance	3,900
10% Debentures of TISCO Ltd. (Redemption date 31-3-2009)	6,000	Motor-cycle	8,000
Furniture	5,000	Outstanding salary	1,200
Loan from Rohit (Payable after 3 years)	7,500	Profit and loss A/c (Cr.)	9,000
Prepaid insurance	400	Depreciation fund on machinery	8,600
Rent received in advance	1,400	National Savings Certificates	11,000
Current A/cs :		Outstanding interest on Debentures of TISCO Ltd.	600
Ketan (Dr.)	4,500		
Tushar (Cr.)	6,500		

[Guj. Uni., F.Y., April, 2003]

[Ans. : Total of Vertical B/s Rs. 97,000, Owners' Fund Rs. 59,500 (Ketan's Capital Rs. 14,000 + Tushar's Capital Rs. 19,000 = Rs. 33,000 + Reserves and surplus Rs. 26,500); Secured loan Rs. 30,000, unsecured loan Rs. 7,500, Fixed Assets Rs. 53,400, Investments Rs. 29,000, Net Working Capital Rs. 12,600 (Current Assets Rs. 43,000 less Current liabilities Rs. 30,400), Fictitious Assets Rs. 2,000.]

22. From the following information of a firm, prepare a Vertical Balance Sheet as on 31st March, 2002 :

	Rs.		Rs.
Capital		Closing Stock	19,560
Ketan	45,000	Furniture	6,600
Tushar	45,000	Bank Overdraft	300
Workmen compensation Fund	4,500	Investment	43,500
Capital reserve	15,000	Loose Tools	3,600
General reserve	25,500	Debtors	10,500
Provident fund	6,600	Cash on hand	660
Creditors	10,500	Bank Balance	3,930
Bank loan	8,400	Bills receivable	360
Other loan & advances (unsecured)	3,600	Profit & Loss Account	5,008
Public deposits	6,300	Loan from G.S.F.C.	15,000
Equipments	15,000	Depreciation for current year	2,345
Land	28,500	Outstanding interest on loan	750
Buildings	40,500	Bad debts reserve	1,050
Machinery	24,900	Unpaid expenses	3,300
Advertisement • Suspense A/c	1,800	Provision for taxation	1,257

[N.G.U., F.Y., April, 2003]

[Ans. : Total of Vertical B/s Rs. 1,74,058. Owners' funds Rs. 1,40,008 (Capital 90,000 + Reserve and Surplus Rs. 50,008), Secured loan Rs. 24,150, Unsecured loan Rs. 9,900; Fixed assets Rs. 1,13,155; Investments Rs. 43,500, Net Working Capital Rs. 15,603 (Current assets Rs. 37,560 less current liabilities Rs. 21,957). Fictitious assets Rs. 1,800.]

23. From the following particulars ascertain :

(1) Owners' Fund (2) Net Working Capital (3) Capital Employed (4) Long Term Liabilities.

Particulars	Rs.	Particulars	Rs.
A's Capital	1,00,000	Goodwill	27,500
B's Capital	1,00,000	Land and Building	1,50,000
B's Wife Loan	15,000	Furniture	26,000
General Reserve	10,000	Investment (Long term)	12,000
Bank Loan	12,000	Investment in Shares	
Bank Overdraft	7,500	(Short term)	6,500
Workmen's Compensation Fund		Stock	18,000
Profit and Loss A/c.	6,000	Cash	10,000
Creditors	5,000	Debtors	22,000
Bills Payable	17,000	Prepaid Insurance	6,000
Unpaid Salary	3,000	Interest due	3,000
Workmen Profit Sharing Fund	1,500		
	4,000		
	2,81,000		2,81,000

[Guj. Uni., F.Y., April, 2004]

[Ans. : (1) Owners' Fund Rs. 2,21,000. (2) Net Working Capital Rs. 32,500 (Current Assets Rs. 65,500 less Current liabilities Rs. 33,000). (3) Capital Employed Rs. 2,48,000 (4) Long term liabilities Rs. 27,000.]

Note : B's wife loan will be considered as 'Unsecured Loan.'

24. From the following particulars, find out (1) Owners' funds (2) Capital employed and (3) Net working capital :

Capital A/c	Rs.	Rs.
X	35,000	
Y	<u>15,000</u>	50,000
Goodwill		18,000
Stock		22,000
General Reserve		10,000
Prepaid Insurance		3,000
Workers' Accident Compensation Fund		5,000
Unpaid Rent		500
Custom Deposit		10,000
Advertisement Suspense Account		3,000
Debtors		20,000
Bad Debts Reserve		2,000
Workers' Profit Sharing Fund		3,000
Bills Payable		2,000
Bank Overdraft		1,000

Structure of Balance Sheet

Provident Fund
Bills Receivable
Bank Loans
Cash on hand
Patents
Creditors
Loose Tools
Income received in advance

10,000
7,000
12,000
2,000
8,000
12,000
1,000
300

[Guj. Uni., F.Y., April, 2005]

[Ans. : (1) Owners' Funds Rs. 62,000 (Capital Rs. 50,000 + Gen. Res. Rs. 10,000 + Workers' Acc. Comp. Fund 5,000 = 65,000 less Advertisement Susp. A/c 3,000 = 62,000) (2) Capital Employed Rs. 74,000 (62,000 + Bank loan 12,000) (3) Net working capital Rs. 24,200 (Total current assets Rs. 53,000 - Total current liabilities Rs. 28,800.)

25. The following balances are in the books of Vananchal Ltd as on 31-3-'05 :

Debit	Rs.	Credit	Rs.
Land-buildings F.A.	3,75,000	Equity Share Capital S.C.	4,00,000
Plant-Machinery F.A.	3,50,000	General Reserve R&S	1,50,000
Motor Vehicles F.A.	2,10,000	Bad debts reserve - C.A.	5,000
Debtors C.A.	55,000	12% Debentures C.L.	
Live stock F.A.	45,000	Redeemable on (31-3-'08)	4,00,000
Loans to subsidiary Co. C.L.	65,000	Provision for Taxation C.L.	50,000
Cash and Bank C.A.	25,000	Forfeited Shares account S.C.	5,000
Tax deducted at source C.A.	5,000	Debenture redemption fund R&S	2,50,000
Goodwill F.A.	1,50,000	Public deposits (Payable within six months) C.L.	1,50,000
Patents F.A.	1,00,000	Loan from IFCI S.L.	1,50,000
Debenture redemption investments I.	2,00,000	Creditors C.L.	50,000
Govt. Securities I.	45,000	Bills Payable C.L.	40,000
Investments (Term : six months) C.A.	25,000	Provision for depreciation - F.A.	
Closing Stock C.A.	2,50,000	Land-Buildings 50,000	
Loose Tools C.A.	5,000	Plant-Machinery 30,000	
Sale-tax paid X	30,000	Motor-Vehicles 10,000	90,000
Paid dividend X	60,000	Profit and Loss A/c R&S	80,000
Discount on debentures (1-4-04) ↑ this	20,000	Dividend declared C.L.	
Calls unpaid on shares - Sh.C.P.	5,000	(Year 2003-2004)	75,000
		Pension Fund R&S	35,000
		Gratuity Fund R&S	45,000
		Tax deducted at source C.L.	5,000
		Sales tax Recovered X	40,000
	20,20,000		20,20,000

From the above details, find out :

(1) Net working capital

(2) Fixed assets

(3) Owners' funds

(4) Fictitious assets

[South Guj. Uni., T.Y., April, 2005]

[Ans. : (1) Net working capital Rs. 25,000 (Total current assets Rs. 4,25,000 less Total current liabilities Rs. 4,00,000); (2) Fixed assets Rs. 11,40,000 (3) Owners' funds Rs. 8,60,000; (4) Fictitious assets Rs. 20,000.]

26. From the following particulars ascertain :

(i) Owners' Funds

(ii) Net Working Capital,

(iii) Capital Employed

(iv) Long Term Loans

	Rs.		Rs.
Capital		Stock	1,00,000
A	1,25,000	Drawings	
B	1,50,000	A	25,000
Loan from H.D.F.C. Ltd.	3,50,000	B	50,000
Creditors	2,00,000	Net Profit	75,000
Debtors	2,00,000	Loan from M/s. B	
Unpaid Tax	20,000	(for 5 years)	1,50,000
Bank Balance	30,000	Bills Receivable	75,000
Bills Payable	50,000	Loose Tools	30,000
		Investments (short term)	14,000

[Guj. Uni., F.Y., March, 2006]

[Ans. : (i) Owners' Funds Rs. 2,75,000 (A's Capital Rs. 1,37,500 + B's Capital Rs. 1,37,500 = 2,75,000). (ii) Net Working Capital Rs. 1,79,000 (Current assets Rs. 4,49,000 less Current liabilities Rs. 2,70,000 = 1,79,000). (iii) Capital Employed Rs. 7,75,000 (Owners' funds Rs. 2,75,000 + Loan funds Rs. 5,00,000 = 7,75,000) (iv) Long Term Loans Rs. 5,00,000 (3,50,000 + 1,50,000).]

27. Aman Co. Ltd. has an authorized capital of Rs. 18,00,000 divided into 16,000 equity shares of Rs. 100 each, 2,000 20% preference shares of Rs. 100 each. Out of which 50% shares are issued and fully paid. The books show the following balance as on March 31, 2006.

Particulars	Rs.	Particulars	Rs.
20% Preference		Equity Shares capital	8,00,000
Share capital	1,00,000	Land & Building	3,60,000
Goodwill	64,000	Loose Tools	40,000
Plant & Machinery	6,60,000	Furniture	15,000
Preliminary expenses	20,000	Bills receivable	15,000
8% Investments	40,000	Sundry debtors	90,000
Motor Vehicles	25,000	Repairs	5,000
Interim dividend (paid)	18,000	Profit and Loss (1-4-'05)	60,000
Creditors	1,25,000	Purchases return	35,000
Purchases	10,00,000	Audit fees	10,000
Sales	13,00,000	Salaries	50,000
Advertisement expenses	20,000	7% Debentures	3,00,000

Structure of Balance Sheet

Carriage	15,000	Bank Loan (Long Term)	35,000
Stock (1-4-'05)	20,000	General expenses	32,500
Debenture interest	10,500	Sales return	30,000
Cash on hand	15,000		
Custom deposits	2,00,000	€	

Other Details :

- (1) Stock as on March 31, 2006 Rs. 2,00,000.
- (2) Make a provision for bad debts at 5% and bad debts reserve at 2% on debtors.
- (3) Provide 10% depreciation on fixed assets.
- (4) Prepaid expenses :
 - Carriage : Rs. 1,000
 - Audit Fees : Rs. 1,500
- (5) Outstanding Expenses :
 - Salary : Rs. 5,000
 - Advertisement Rs. 7,000
- (6) General reserve fund to be created by Rs. 25,000.
- (7) Directors declared 3% interim dividend on equity share capital for six months ending September 30, 2005 and also proposed 10% final dividend at the end of the year on equity share capital.

You are required to prepare :

- (1) Profit and Loss A/c for the year ended March 31, 2006.
- (2) Balance Sheet as on March 31, 2006 as per the Companies Act 1956 in vertical form.

[South Guj. Uni., T.Y., April, 2006]

[Ans. : Gross Profit Rs. 4,71,000, Net Profit Rs. 2,12,990, Balance of P and L App. A/c Rs. 1,23,990, Total of Vertical B/s Rs. 13,94,490.]

28. Taking into account the following details, ascertain :

- (1) Onwers' Fund, (2) Capital employed and (3) Net working capital.

Particulars	Rs.	Particulars	Rs.
A's Capital	60,000	Reserve Fund	9,000
Drawings	15,000	Loose Tools	4,500
Loan from Financial Corporation	45,000	Workmen's Accident Compensation Fund	3,000
Creditors	37,500	Debtors	30,000
Goodwill	7,500	Cash	9,000
Building	60,000	Profit & Loss A/c (Dr.)	7,200
Bills Payable	7,500	Custom deposit	1,800
Furniture	6,000	Workers' Profit Sharing Fund	6,000
Loan from a friend (to be refunded after 5 years)	15,000	Pre-paid Salary	1,500
Machinery	21,000	National Savings Certificate	3,000
Goods Stock	16,500		

[Guj. Uni., F.Y., March, 2007]

[Ans. : (1) Owners' Funds Rs. 49,800 (2) Capital Employed Rs. 1,09,800 (49,800 + 15,000 + 45,000) (3) Net Working Capital Rs. 12,300 (Current Assets Rs. 63,300 Less Current Liabilities Rs. 51,000.)]

29. Calculate from the following balances :

(1) Owners' Funds (2) Net Working Capital (3) Fictitious assets

	Rs.		Rs.
Capital		Copyrights	2,500
Harish	75,000	Mahadev's Current A/c (Dr.)	2,500
Mahadev	<u>50,000</u>	Harish's Current A/c (Cr.)	7,500
	1,25,000	Profit and Loss A/c (Dr.)	10,000
Workmens' Compensation		Debtors	20,000
Fund	12,500	Goods-in-transit	3,750
Goodwill	10,000	Capital Reserve	7,500
Land-Building	62,500	Advertisement Suspense A/c	5,000
Dividend Equilisation Fund	5,000	Stock	17,500
Mahadev's Loan (12%)	7,500	Bad Debts Reserve	2,500
Employees' Pension Fund	5,000	Prepaid Rent	2,500
Creditors	10,000		
Workmen's Profit Sharing Fund	12,500		
Bills Payable	5,000		

[Kutch Uni. F.Y., March, 2007]

[Ans. : (1) Owners' Funds Rs. 1,40,000 (2) Net Working Capital Rs. 8,750 (Current assets Rs. 41,250 – Current Liabilities Rs. 32,500), (3) Fictitious Assets Advertisement Suspense A/c Rs. 5,000.]

EXAMPLES FROM LATEST EXAMINATIONS

1. Calculate from the following balances :

- | | |
|-------------------------|-------------------------|
| (1) Owners' fund | (5) Fictitious assets |
| (2) Current liabilities | (6) Net working capital |
| (3) Fixed assets | (7) Intangible assets |
| (4) Current assets | (8) Capital employed. |

Capital	1,50,000	Cash	25,000
Advertisement		Creditors	24,000
Suspense A/c	20,000	Stock	35,000
Provision of taxes	16,000	Copy rights	17,000
Motor cycle	22,000	Profit and Loss A/c (debit)	16,000
Development expenses	18,000	General reserve	13,000
Friend's loan	25,000	Workmen's compensation	
Bank loan	10,800	fund	12,000
Trade mark	22,000	Bills receivable	5,300
Bills payable	13,000	Investment allowance	
Debtors	30,000	fund	13,000
Bank overdraft	18,000	Machinery	93,500

Development bank loan	50,000	Goodwill	18,000
Provident fund	17,000	Land and building	40,000

[S.G.Uni. F.Y., March, 2007]

[Ans. :

(1) Owner's funds	Rs. 1,34,000
(2) Current liabilities	Rs. 88,000
(3) Fixed assets	Rs. 2,12,500
(4) Current assets	Rs. 95,300
(5) Fictitious assets (excluding P & L A/c Dr. balance)	Rs. 38,000
(6) Net working capital (95,300 – 88,000)	Rs. 7,300
(7) Intangible assets	Rs. 57,000
(8) Capital employed (Owners' fund 1,34,000 + Long-term liabilities 85,800).	Rs. 2,19,800

2. Classify the following assets into Tangible, Intangible and Fictitious assets :
Goodwill, Land & Building, Advertisement Suspense A/c, Stock, Trade Mark, Scooter, Patent, Underwriting Commission, Debenture Discount, Cash.

[S.G.Uni. F.Y., March, 2008]

[Ans. : Tangible Assets : Land and Building, Stock, Scooter and Cash.

Intangible Assets : Goodwill, Patent and Trade Mark.

Fictitious Assets : Advertisement Suspense A/c, Underwriting Commission and Debenture Discount.]

3. Classify the following assets into Tangible, Intangible and Fictitious assets :
Trademark, Cash, Furniture, Patent, Development Expenditure, Advertisement Suspense A/c, Goodwill, Railway Sidings.

[S.G.Uni. F.Y., March, 2009]

[Ans. : Tangible Assets : Railway Sidings, Furniture and Cash

Intangible Assets : Goodwill, Patents and Trademark.

Fictitious Assets : Advertisement Suspense A/c, Development Expenditure.]

4. From the following information of a company construct a vertical balance sheet as on 31.3.2006 :

Credit	Rs.	Debit	Rs.
Share Capital	39,25,000	Premises	30,72,000
12% Debentures	30,00,000	Plant and Machinery	33,00,000
Profit and Loss A/c	50,000	Stock	9,50,000
Bills Payable	3,70,000	Debtors	8,70,000
Creditors	4,00,000	Goodwill	2,50,000
General Reserve	2,50,000	Cash and Bank	4,06,500
Bad Debts Provision	43,500	Preliminary Exp.	45,000
Depreciation on plant			

and Machinery	49,500
Provision for taxation	1,80,000
Outstanding	
Interest on Debentures	1,80,000

(S.G. Uni., April, 2008)

[Ans. : Capital Rs. 39,25,000; Reserves & Surplus 3,00,000; Secured loan 31,80,000 (Debentures + Interest on it) Fixed Assets Gross Block : 66,22,000 Net Current Assets : Rs. 12,33,000 Total : 74,05,000]

5. From the following information of a company, construct a vertical balance sheet as on 31-03-2010 :

Credit	Rs.	Debit	Rs.
Share capital	4,00,000	Land at cost	30,000
General reserve	4,66,827	Raw material at cost	2,67,000
Depreciation :		Sundry debtors	1,40,000
On Building	3,800	Finished goods	5,60,000
On Machinery	43,000	Building	77,900
On Furniture	1,300	Plant and Machinery	4,73,000
Cash credit	12,500	Cash in hand	6,200
Provision for tax	3,42,450	Income tax in advance	2,30,000
Creditors for expenses	20,000	Cash at bank	8,000
Sundry creditors	3,40,000	Prepaid expenses	4,600
Statutory reserve	10,623	Advances to staff	5,300
Proposed dividend	60,000	Furniture	13,500
Advance from customer	30,000		
Income tax payable	85,000		
	<u>18,15,500</u>		<u>18,15,500</u>

(S.G. Uni., April, 2008)

[Ans. : Share capital : Rs. 4,00,000; Reserve & S.P. General Reserve : Rs. 4,66,827; Statutory Reserve : Rs. 10,623; Secured loan : Rs. 12,500; Total Fixed Assets : Rs. 5,46,300; Total of Balance sheet Rs. 8,89,950]

6. Calculate from the following balances :

- (1) Owner's Funds
- (2) Current Assets
- (3) Current Liabilities
- (4) Intangible Assets.

	Rs.
Capital :	
Patel	70,000
Gohil	<u>60,000</u>
Workmen's compensation fund	1,30,000
	15,000

Structure of Balance Sheet

18.

Goodwill	10,000
Trademark	28,000
Copyright	2,000
Land and building	50,000
Dividend equalisation fund	15,000
Stock	20,000
Bad debt reserve	2,000
Prepaid rent	2,000
Current A/c of Patel (credit)	10,000
Profit and Loss A/c (debit)	12,000
Debtors	25,000
Goods in transit	1,000
Employee's Pension Fund	4,000
Creditors	11,000
Bills payable	5,000
Capital reserve	8,000
Current A/c of Gohil (debit)	2,000
Workmen's profit sharing fund	15,000

(V.N.S.Guj. Uni., Oct., 2010)

[Ans. : (1) Owner's Funds Rs. 1,64,000 (Capital : Patel Rs. 70,000 + Gohil Rs. 60,000 + Patel's Current A/c Rs. 10,000 less Gohil's Current A/c Rs. 2,000 less P & L A/c (Debit) Rs. 12,000 = 1,26,000 + W.C. Fund Rs. 15,000 + Divi. Eq. Fund Rs. 15,000 + Capital Reserve Rs. 8,000 = 1.64,000)

(2) Current Assets Rs. 46,000 (Stock Rs. 20,000 + Debtors Rs. 23,000 (25,000 - 2,000) + Goods in transit Rs. 1,000 + Prepaid Rent Rs. 2,000 = 46,000)

(3) Current Liabilities Rs. 35,000 (Workmen's Profit Sharing Fund Rs. 15,000 + Employee Pension Fund Rs. 4,000 + Creditors Rs. 11,000 + Bills Payable Rs. 5,000 = 35,000)

(4) Intangible Assets : Rs. 40,000 (Goodwill Rs. 10,000 + Trademark Rs. 28,000 + Copyright Rs. 2,000 = 40,000)]

7. From the following balance sheet prepare vertical balance sheet as on 31st March, 2010 :

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital	8,00,000	Fixed Assets (W.D.V.)	12,00,000
Reserves and Surplus	6,00,000	Investments	6,00,000
Long term Liabilities	5,00,000	Current Assets	4,00,000
Current Liabilities	3,50,000	Fictitious Assets	50,000
	22,50,000		22,50,000

(V.N.S.G.U. April 2011)

[Ans. : Total of Vertical B/S Rs. 19,00,000]