

**MANAGEMENT ACCOUNTING****CHAPTER 1: STUDY OF FINANCIAL STATEMENTS****PART I: VERTICAL BALANCE SHEET**

**Q.1.** The Balance Sheet of Vimal Ltd., as on 31<sup>st</sup> March, 2007 was as follows:

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	2,50,000	Goodwill	1,75,000
12% Preference Share Capital		Freehold Premises	3,50,000
General Reserve	2,50,000	Plant and Machinery	3,00,000
Profit and Loss Account	50,000	Furniture	30,000
Provision for taxation	2,25,000	Live Stock	20,000
Bills Payable	87,500	Trade Marks	1,00,000
Bank Overdraft	60,000	Stock	2,00,000
Sundry Creditors	62,500	Sundry Debtors	1,25,000
11% Debentures	1,40,000	Bills Receivable	15,000
Loan from Bank	1,50,000	Discount on issue of Shares	25,000
	2,00,000	Cash and Bank	1,35,000
	14,75,000		14,75,000

Rearrange the above Balance Sheet in vertical form and determine: (1) Fixed Assets (2) Intangible Assets (3) Quick Assets (4) Quick Liabilities (5) Shareholder's Funds.

**Q.2.** The following balances appear in the books of Kadu Bros. Pvt Ltd as 31<sup>st</sup> March 2010. You are required to prepare Vertical Balance Sheet

Particulars	Rs.
Cash at Bank	6,000
Land and Building at cost less depreciation	40,000
Prepaid Expenses	10,000
Stock	30,000
Trade Creditors	8,000
General Reserve	14,000
Debtors	18,000
Preliminary Expenditure	3,000
Plant and Machinery at cost less depreciation	52,000
10% Debentures	35,000
Bank Overdraft	18,000
Equity Shares of Rs 10 each	80,000
Profit and Loss Account- Cr Balance	16,000
Marketable Investment	10,000
Advance Payments of Tax	18,000
Provisions for tax	16,000

**Q.3.** From the following position statement, prepare a Balance Sheet in both forms:

Particulars	Rs.
Total Current Assets	8,35,432
Less: Current Liabilities	<u>2,13,232</u>
NET CURRENT ASSETS	6,22,200
Add: Non-Current Assets	<u>13,24,800</u>
	19,47,000
Less: Long Term Loans	<u>2,47,000</u>

PROPRIETORS FUNDS		<u>17,00,000</u>
Represented by:		
Equity Share Capital		10,00,000
Preference Share Capital		5,00,000
General Reserve	3,00,000	
Less: Profit and Loss Account	<u>1,50,000</u>	1,50,000
Share Premium Account		<u>60,000</u>
		17,10,000
Less: Miscellaneous Expenditure		<u>(10,000)</u>
PROPRIETORS FUNDS		<u>17,00,000</u>

Q.4. Following is the Balance Sheet of Bapana Ltd as at 31.3.08:(Figure in Thousands)

Liabilities	Rs	Assets	Rs.
Equity share Capital	1,000	Trade Investments	400
Dividend equalization Reserve	140	Patents	60
General Reserve	220	Land and Building (Cost)	640
Profit and loss Account	380	Plant and Machinery (Cost)	1,300
6% Debentures	500	Cash and Bank Balance	176
Bank Overdraft	300	Closing Stock	620
Sundry Creditors	420	Sundry Debtors	444
Unpaid Dividend	20	Bills Receivable	60
Proposed Dividend	120	Short term Deposit with Customers	60
Provision for Tax	340	Underwriting Commission	120
Provision for Depreciation:		Preliminary Expenses	60
Land and Building	100		
Plant and Machinery	100		
	3,940		3,940

Present the above Balance Sheet in Vertical form.

Q.5. Following is the Balance Sheet of Abhijeet Ltd. as on 31<sup>st</sup> March, 2006.

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	3,90,000	Cash in Hand	15,000
10% Preference Share Capital	2,00,000	Cash at Bank	90,000
9% Debentures	2,50,000	Preliminary Expenses	20,000
General Reserve	60,000	Goodwill	1,00,000
Capital Reserve	50,000	Building	3,00,000
11% Bank Loan	1,00,000	Investment (Long Term)	2,00,000
Creditors	1,25,000	Furniture	2,50,000
Bank Overdraft	1,35,000	Plant & Machinery	3,00,000
Provision for Tax	1,40,000	Debtors	1,50,000
Proposed Dividend	30,000	Prepaid Expenses	50,000
Profit & Loss Account	1,40,000	Stock	2,00,000
Depreciation Provision	80,000	Calls in arrears (Equity)	10,000
		Commission on issue of Shares	15,000
	17,00,000		17,00,000

Present the above Balance Sheet in Vertical form and show the following:

- a) Net Worth                      b) Borrowed Fund                      c) Capital Employed  
d) Net Block                      e) Working Capital                      f) Fictitious Assets