

CHAPTER 2

Balance Sheet

Note: Answers to only half the questions have been provided. It gives you an opportunity to work on the rest problems and discuss about the relevant solutions. You are requested to complete this chapter before attempting the questions.

MULTIPLE CHOICE QUESTIONS

1. (b)
- 2.
3. (d)
- 4.
5. (c)
- 6.
7. (d)
- 8.
9. (b)
- 10.
11. (c)
- 12.
13. (e)
- 14.
15. (c)
- 16.
17. (a)
- 18.
19. (b)
- 20.
21. (c)
- 22.
23. (c)
- 24.
25. (c)
- 26.
27. (c)

EXERCISE

1. Fill in the Blanks
 - 1.1 (a) Increase in liabilities
 - (b) Increase in Equity
 - (c) Decrease in any other asset

- 1.2 (a)
 - (b)
 - (c)
 - 1.3 Liabilities
 - 1.4
 - 1.5 Asset
 - 1.6
 - 1.7 Increase; decrease
 - 1.8
 - 1.9 Footnotes
 - 1.10
- 2) True or False Statements
- 2.1 - F
 - 2.2 -
 - 2.3 - F
 - 2.4 -
 - 2.5 - F
 - 2.6 -
 - 2.7 - F
 - 2.8 -
 - 2.9 - T
 - 2.10 -
 - 2.11 - T
 - 2.12 -
- 3) Filling the Boxes
- 3.1 Assets = Liabilities + Owners Equity
 - 3.2
 - 3.3 25,000
 - 3.4
- 4) Complete the Blanks
- 4.1 (a) Accounting Period
 - (b)

- (c) Financial Year
- 4.2 (a) Assets
(b)
(c) Capital
- 4.3 (a) Current Assets
(b)
(c) Intangible Assets (or Other Assets)
- 4.4 (a) Current Liabilities
(b)
(c) Share holders Equity
- 5. Fill in the Blanks
 - 5.1 - Liquidity
 - 5.2 -
 - 5.3 - Lower of cost or market price
 - 5.4 -
 - 5.5 - Depreciation
 - 5.6 -
 - 5.7 - Accounts Payable (or Trade Payables or Trade Creditors)
 - 5.8 -
 - 5.9 - Lower of cost or market price
 - 5.10 -
 - 5.11 - Liquidity
 - 5.12 -
 - 5.13 - Bad Debts
 - 5.14 -
 - 5.15 - Raw materials, Work in Progress (or Semi-Finished Goods) and Finished Goods.
- 6. Fill in the Blanks
 - 6.1 - Assets, liabilities, owner equity
 - 6.2 -
 - 6.3 - Liability
 - 6.4 -
 - 6.5 - Sundry Creditors or Accounts Payable
 - 6.6 -
 - 6.7 - Original Historical Cost
 - 6.8 -
 - 6.9 - Balance Sheet
 - 6.10 -
 - 6.11 - Useful Life
 - 6.12 -

7. Fill in the Blanks

- 7.1 - Market Price
- 7.2 –
- 7.3 – Either Market Price or Historical Cost
- 7.4 –
- 7.5 – Market Price (provided non temporary increase in market price)
- 7.6 –

8. Fill in the Blanks

- 8.1 – Long Term Liabilities, Cash Balance
- 8.2 –
- 8.3 – Cash, Owner’s Equity
- 8.4 –
- 8.5 – Current Assets
- 8.6 –
- 8.7 – Ordinary Shares, Preference Shares

9. Classification

Asset	Liability	Capital
Loose Tools	Term Loan	Preference Shares Issued
Salary Advance	Account Payable	
Bills Receivables	Electricity Bill Payable	
Accounts Receivable	Dividend Payable	
Building	Wages	
	Debenture Issued	
	Advances from Customers	

11. Accounting Equation: $\text{Assets} = \text{Liabilities} + \text{Capital}$
 $\text{Rs. } 1,17,100 = \text{Rs. } 9,600 + \text{Rs. } 1,07,500$

12. $\text{Assets} = \text{Liabilities} + \text{Capital}$
 $\text{Rs. } 77,000 = 0 + \text{Rs. } 77,000$

13. (a) (ii) Rs. 6,66,832.00/-
 (b) (iii) Other Assets
 (c) (i) More than Rs. 2,00,000.00/-

REVIEW QUESTIONS

1. Total assets of Dilli Durbar Company as at March 31st, 2X11 = Rs. 6,54,500
2. Total assets of Dimple Parathas as at March 31st, 2X10 = Rs. 19,00,000
3. Total Assets of Dr. Bansi Yadav as at March 31st, 2X11 = Rs. 10,05,000
4. Total Sources of Funds of Sneha Event Consultants Ltd. as at March 31st, 2X11 = Rs. 25,50,000
5. Total Sources of Funds of Big Toys Limited as at March 31st, 2X11 = Rs.8,00,000
6. Total assets of Peninsular Transport Company as at December 31st, 2010= Rs. 32,80,000