

DEPARTMENT OF B.COM – BANKING AND INSURANCE

17UBI305 – CORPORATE ACCOUNTING

K1 – LEVEL

Unit - I

1. _____ is a Personal A/c.
a) **Shares allotted** b) Shares application
c) Shares allotted d) None of these
2. The minimum share application money is _____.
a) **5% of the face value of shares** b) 10% of the issue price of share
c) Re.1 per share d) 15% of the face value of shares
3. Premium received on issue of **share** A/c s shown on _____.
a) Assets side of the B/S b) **Liabilities side of the B/S**
c) debit side of P&L A/c d) credit side of P&L A/c
4. Premium on issue of shares can be used for _____.
a) distribution of dividend b) **writing off capital losses**
c) transferring to general reserved) paying fees to directors.
5. The rate of discount on shares cannot exceed _____.
a) 3% b)6% c) 5% d) **10%**
6. Discount on issue of shares A/c is shown on _____.
a) **Assets side of the B/S** b)Liabilities side of the B/S
c) debit side of P&L A/c d) credit side of P&L A/c
7. The difference between subscribed capital and called up capital is called _____.
a) **Uncalled capital** b) calls in arrear c) Paid up capital d) Call in advance
8. When shares are forfeited , the share capital a/c is debited by _____.
a) Paid up capital b) **called up amount** c) calls in arrear d) nominal value
9. Capital redemption reserve a/c can be used for _____.
a) writing off past losses b) **issuing fully paid bonus shares**
c) declaring dividends d) declaring bonus to employees
10. which section of the companies Act 1956 provides for the issues and redemption of preference shares?
a) **section 80** b) section 78 c) section 77A d) section 77B

Unit - II

11. Amount realised from sale of goods is shown in the statement of profit and loss as _____.
a) Other income b) **revenue from operations**
c) Any of the above d) none of the above

12. Gain on sale of fixed assets is shown in the statement of _____ as other income.
a) **Profit and loss** b) only loss
c) only profit d) none of these
 13. Dividends received by a financial company is shown in the statement of Profit and loss as _____.
a) Other income b) **revenue from operations**
c) Any of the above d) none of the above
 14. Bank over draft is shown in the balance sheet of a company as _____.
a) Long term borrowings b) **short term borrowings**
c) other current assets d) none of these
 15. Dividend is paid _____.
a) Authorised capital b) issued capital c) called up capital d) **paid up capital**
 16. Assets which have physical existence are called _____.
a) current assets b) current liabilities c) **tangible assets** d) none of these
 17. Liabilities that are to be settled within 12 months are known as _____.
a) current assets b) **current liabilities** c) tangible assets d) none of these
 18. _____ is the allocation of cost of fixed cost over its useful life.
a) **Depreciation** b) Assets c) Liabilities d) None of these
 19. Carriage outwards is shown in the statement of profit and loss under
a) employees benefit expenses b) **other expenses**
c) finance cost d) depreciation and amortisation expenses
 20. Preliminary expenses written off is shown in the statement of profit and loss under _____.
a) employees benefit expenses b) other expenses
c) finance cost d) **depreciation and amortisation expenses**
- Unit - III
21. A company in which more than 50% of shares are held by another company termed as _____.
a) Holding company b) **subsidiary company**
c) Government company d) public company
 22. Profits earned by a subsidiary company upto the date of acquisition of shares by the holding company are called _____.
a) Revenue profit b) **Capital profits** c) Revaluation profits d) Realisation profits
 23. profits made by a subsidiary company after the date of purchase of shares by the holding company are known as _____.
a) Revenue profit b) **Capital profits** c) Revaluation profits d) Realisation profits

a) Revenue profit b) Capital profits c) Revaluation profits d) **Realisation profits**

24. The term 'Minority Interest' represents _____ .

a) The share holders holding 50% of shares in subsidiary company

b) **The interest of the outsiders in the subsidiary company**

c) The company which holds more than 51% in subsidiary company

d) none of the above

25. The excess price paid by a holding company to acquire controlling interest subsidiary company is transferred to _____ .

a) Capital Reserve b) **Goodwill A/c**

c) Revenue Reserve d) None of the above

26. To excess of the share in equity or net assets of the subsidiary over and above the price paid for the investment is shown as _____ .

a) **Capital Reserve** b) Cost of control

c) Revenue Reserve d) None of the above

27. Goods -in – transit and cash -in-transit should be entered on the _____ side of the CBS.

a) **Assets** b) liabilities c) Asset & liabilities d) none of these

28. Minority interest is shown on the _____ side of consolidation Balance Sheet.

a) Assets b) **liabilities** c) Asset & liabilities d) none of these

29. A holding company is one which holds more than _____ .

a) 2/3rd share capital of subsidiary company

b) **50% of share capital of subsidiary company**

c) 75% of share capital of Government company

d) none of the above.

30. _____ are what your company makes by going about its business.

a) **Revenue profits** b) Cost of control c) Revenue Reserve d) None of the above

Unit - IV

31. Every banking company is required to close its accounts on _____ .

a) **31st December** b) 31st March c) 30th June d) 30th September

32. The percentage of profit to be transferred to statements reserve by the banking company is _____ .

a) 25% b) **15%** c) 20% d) 25%

33. Banking companies are governed by the banking regulations Act _____ .

a) **1949** b) 1943 c) 1959 d) 1953

34. Bank in India are under the general supervision of the _____ .

a) RRB b) SBI c) **RBI** d) ICICI

35. At present, the SLR for banking company in India, as per the regulation of the RBI is _____ .

a) **25%** b) 15% c) 20% d) 25%

36. Rebate on bills discounted is _____ .

a) An accrued income b) an item of income

c) non performing assets d) **current assets**

37. An assets which does not generate income to the banker is termed as _____ .

a) Performing assets b) Fixed assets
c) **non performing assets** d) current assets.

38. Provision for income tax shown in the _____ under the head other liabilities.

a) **bank accounts** b) personal accounts
c) nominal account d) none of these.

39. The heading other _____ does not include Gold.

a) liabilities b) **assets** c) assets & liabilities d) none of these

40. According to present regulations of the RBI, a banking company is to maintain a minimum of _____ percent as cash reserve over its time and demand liabilities.

a) **5%** b) 8% c) 10% d) 25%

Unit - V

41. The percentage of profit of life business to be distributed to policy holder _____ .

a) **95%** b) 25% c) 38% d) 65%

42. Leasehold ground rents are shown in _____ .

a) Revenue a/c b) P & L c) schedule 8 investment d) schedule 9 loans

43. Agents balance (Dr) is shown in the balance sheet of life companies as _____ .

a) Current assets b) current liabilities c) **other assets** d) fixed assets

44. The valuation of balance sheet is prepared by _____ .

a) joint stock company b) banking company c) **Life insurance company** d) general insurance

45. The term 'surrender value' is exclusively applicable only for _____ .

a) **Life insurance** b) general insurance c) re insurance d) none of these

46. When an insurance company finds the risk heavy, part of the risk is insured with

another insurance company. Such a procedure is known as _____ .

- a) **Life insurance** b) general insurance c) **re insurance** d) none of these

47. Claims paid by life insurance companies is shown in _____ .

- a) schedules 1 b) schedules 2 c) schedules 3 d) **schedules 4**

48. Number of schedules to be prepared by the insurance companies for their

financial statement are _____ .

- a) 26 schedules b) 10 schedules c) 12 schedules d) **15 schedules**

49. Every year, the accounting year of every insurance company is to end on _____ .

- a) **31st March** b) 31st January c) 31st May d) 31st July

50. Appropriations, like interim dividend, proposed final dividend in general insurance

business are shown in _____ .

- a) Profit & Loss Appropriations A/c b) Revenue A/c
c) **Profit & Loss A/c** d) Trading A/c

K2 - LEVEL

Unit - I

1. What is a shares?

A share is a single unit of ownership in a company or financial asset.

2. What is meant by 'Allotment of shares'.

The allotment of shares is the issuing of new shares to the existing shareholders or to third parties.

3. List out the various kinds of shares which can be issued company.

As per The Companies Act, a company can issue two types of shares; preference shares, and equity shares (also called ordinary shares).

4. What is meant by Issue of Shares at par.

When shares are issued at the face value means when the issue price is equal to the face value then it is called as the issue of shares at par.

5. What is Issue of Shares at Premium?

When shares are issued at a price higher than the face value then it is called as the issue of shares at premium.

6. What is Issue of Shares at discount?

When the shares are issued at a price lower than the face value, they are said to be issued at discount.

7. What is mean by pro rata allotment?

Pro rata is the term used to describe a proportionate allocation.

8. What is meant by call in arrears?

When a company calls for an unpaid amount of shares it has issued and an investor fails to pay the amount fully or partially, then it is known as call in arrears.

9. What is meant by call in advance?

It is the amount which is received in advance before the amount is due from shareholders.

10. What is the minimum share application money ?

The minimum share application money 5% of the face value of shares

Unit - II

11. What is revenue from operation?

Operating revenue is revenue generated from a company's primary business activities.

12. What is Cost of materials consumed.

Cost of materials consumed means Cost of Raw Materials used to produce a finished product.

13. What is share holders fund?
Shareholders' funds is the balance sheet value of the shareholders' interest in a company.

14. What is meant by non current liabilities?
Non-current liabilities are long-term liabilities, which are financial obligations of a company that will come due in a year or longer.

15. What is a Current Liability?
A current liability is an obligation that must be repaid within the current period or the next year whatever is longer.

16. What is a Current Asset?
A current asset, also called a short-term asset, is a resource expected to be used to benefit a company within a year or the current accounting period.

17. What is a Dividend?
Dividends represent a distribution of corporate earnings to company shareholders and usually take place in one of two forms -- cash or stock.

18. What is a interim Dividend?
An interim dividend is a distribution to shareholders that has been both declared and paid before a company has determined its full-year earnings.

19. What are Tangible Assets?
Tangible assets are physical, measurable resources; like property, plant, and equipment, used in a company's operations to produce a profit.

20. What is a Proposed Dividend?
Proposed dividend is the dividend declared or proposed to be distributed among the shareholders of the company during a financial year which will be paid in the next financial year .

Unit - III

21. What is a Holding Company?

A holding company owns controlling interest in another company or owns enough stock to control the company's management and operations.

22. What is a subsidiary Company

The subsidiary company is the company that is controlled by the holding or parent company.

23. What is Cost control?

Cost control is the practice of identifying and reducing business expenses to increase profits, and it starts with the budgeting process.

24. What is capital profit?

The profit earned by a business from the sale of its assets, shares, and debentures is capital profit.

25. What is Revenue profits?

Revenue profits are what your company makes by going about its business.

26. What is Minority Interest?

Minority interest, also known as non-controlling interest (NCI) represents an ownership of less than 50% in a company and being reported in the consolidated financial statements of the parent company.

27. What is Capital losses Capital
losses means losses made on the sale of a fixed asset or a loss resulting from raising money for the business.

28. What is Revenue losses

Revenue losses are the losses which are incurred in the trading operation, such as the loss on sale of merchandise.

29. Proposed Dividend Amount of dividend suggested by board of directors (BOD) to shareholders for approval in annual general meeting (AGM) is called proposed dividend.

30. What is Abnormal Loss

Abnormal loss means that loss which is caused by unexpected or abnormal conditions such as accident, machine breakdown, substandard material etc.

Unit - IV

31. What does Statutory Reserve mean?

A statutory reserve is an amount of money set aside by a financial institution, such as a bank or insurance firm, in order to meet unmatured obligations.

32. What is Rebate on Bills Discounted?

Rebate on Bills Discounted is also known as Discount Received in Advance, or, Unexpired Discount or, Discount Received but not earned.

33. Definition of 'Non Performing Assets'

A Non Performing Asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days.

34. What is Contingent Liability

A contingent liability is a potential liability that may occur depending on the outcome of an uncertain future event.

35. Bills for Collection

A Bill for Collection is the handling of documents (financial and/or commercial) by banks in accordance with instructions received from the exporter in order to:

- Obtain payment or acceptance or
- Deliver documents against payment and/or acceptance or
- Deliver documents on other terms and conditions.

36. Definition of Suspense Account.

A suspense account is a general ledger account in which amounts are temporarily recorded.

37. What is Interest Suspense Account.

Fixed rate interest liabilities on fixed term loans are shown separately in the balance sheet using the interest suspense account.

38. What is Money At Call and short notice

Money at call, or "at call money," is any financial loan that is payable immediately and in full upon demand. Typically, it is a short-term, interest-paying loan from one to 14 days made by a bank (or financial institution) to another bank.

39. What is Reserve & Surplus? Reserves and surplus At the end of an accounting period the company may decide to transfer part of the profits to a reserve and retain the balance in the profit and loss account.

40. What is Share Premium

Share premium is the amount received by a company over and above the face value of its shares.

Unit - V

41. What is meant by life fund

Life Fund, also known as Life Assurance Fund is concerned with Life Insurance (Assurance) business. It is an item that appears on the liability side of the company's Balance Sheet.

42. What is an Annuity?

An annuity is a series of equal payments made at equal intervals during a period of time.

43. Definition of 'Surrender Value'

It is the amount the policyholder will get from the life insurance company if he decides to exit the policy before maturity.

44. What Is Reinsurance?

Reinsurance occurs when multiple insurance companies share risk by purchasing insurance policies from other insurers to limit their own total loss in case of disaster.

45. What do you mean by reversionary bonus?

A reversionary bonus would normally be declared at the end of every financial year.

46. What do you mean by Double insurance?

It is a type of insurance where the same subject matter is insured more than once.

47. What is the definition of NCAV?

NCAV equals the company's current assets minus its total liabilities. This gives an additional margin of safety versus book value - on this valuation measure, one is essentially paying nothing for all the fixed assets (buildings, machinery, etc), or any goodwill items that may exist.

48. Definition of 'General Insurance'

Insurance contracts that do not come under the ambit of life insurance are called general insurance.

49. What revenue account

A type of account that shows a company's income from the sale of its goods and services as well as the expenses associated with the sales of those items.

50. What is unexpired risk reserve?

A reserve account opened at the discretion of the insurer if it believes the amount of funds kept in the unearned premium reserve account is not sufficient to cover the amount of risk perceived.

While unearned premium reserve minimums are set by law, an unexpired risk reserve is voluntary.

K3 - LEVEL

Unit - I

1. B Ltd ., issued 50,000 equity shares of Rs.10 each to the public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public. Pass journal entries in the books of company when :

- i) shares are issued at par ;
- ii) shares are issued at a premium of 10% and;
- iii) shares are issued at a discount of 10%

2. A company in a series of operations

- i) Issues at par 20,000 redeemable preference shares of Rs. 10 each redeemable at premium of 50 paise per share.
- ii) Redeems 10,000 of the redeemable preference shares out of surplus of the company.
- iii) Issues at par for cash 20,000 equity shares of Rs.10 each and out of the proceeds redeems the balance of the redeemable preference shares.

Journalise these transactions including those relating to cash.

3 Fine Ltd., acquired land costing Rs.1,00,000 and in payment allotted 1,000 equity shares of Rs.100 each fully paid. Further the company issued 4,000 equity shares to the public. The shares were payable as follows:

On Application Rs.30 On Allotment Rs.30 and 1st and final call Rs.40.

The public applied for all the shares which were allotted. All moneys were received except the call on 200 shares. Give Journal Entries in the books Fine Ltd.

4. P Ltd., Purchased the business of Q Ltd., for Rs.10,80,000 payable in fully paid shares. Accordingly, P Ltd. allotted equity shares of Rs.10 each fully paid in full satisfaction of the claim of Q Ltd., Pass the necessary Journal Entries in the books of P Ltd .based on the following assumption:

- i) The shares are issued at par;
- ii) Shares are issued at a premium of 25% ;
- iii) Shares are issued at a discount of 20% .

5. X Ltd. Invited applications for 10,000 shares of Rs.100 each at at discount of 6% payable as follows:

On application Rs.25; on allotment Rs. 34; on first and final call Rs.35;

The applications received were for 9,000 shares and all of these applications were accepted, all moneys due were received except the first and final call on 100 shares which were forfeited. Pass entries in the journal of the company.

6. You are required to set out the journal entries relating to the issue of the following

debentures in the books of X Ltd.

- i) 8% , 120 Rs. 1000 debentures are issued At 5% discount and are repayable at par

ii) Another 7% , 150 Rs.1000 debentures are issued at 5% discount and repayable at 10% premium

iii) Further 80, 9% Rs.1000 debentures ate issued at 5% premium

iv) In addition another 400, 8% Rs.1000 debentures are issued at collateral security against a loan of Rs,40,000

7. P Ltd .Purchased the business of Q Ltd for Rs.10,80,000 payable in fully paid shares. Accordingly, P Ltd. Allotted Equity Shares of Rs.10 each fully paid in full satisfaction of the claim of Q Ltd. Pass the necessary Journal Entries in the books of P Ltd .based on the following assumption:

- i) The shares are issued at par;
- ii) Shares are issued at a Premium of 25%
- iii) Shares are issued at a discount of 20%

8. A Company has Rs.2,00,00,000 as its authorized capital divided into 10,00,000 equity shares of Rs.10 each and 2,00,000 preference shares of Rs.50 each. The company issued 8,00,000 equity shares and 1,00,000 preference shares. The public subscribed for 6,00,000 equity shares and 1,00,000 preference shares Rs.8 per share has been called on equity shares and Rs.40 has been called on preference shares. All shareholders paid the amount. Calculate the amount of various types of Share Capital.

9. XY Ltd was registered with an authorized capital of 2,00,000 shares of Rs.10 each. 1,40,000 shares were issued to the public. The public subscribed for 1,00,000 shares. The company called up Rs.7 per share. All the money called up was duly received. Show the amounts of various types of share capital.

10. Explain the Capital Redemption Reserve.

Unit-II

11. Give a format of statement of profit and loss as per revised schedule VI of companies act 1956.

12. The following are the relevant balances extracted from the books of XYZ Ltd.

Particulars	Rs
Net profit	6,00,000
Items considered for arriving at the above net profit:	
i) Provision for taxation	4,00,000
ii) Managing director's remuneration	30,000
iii) Preliminary expenses written off	45,000
iv) Directors fees	20,000
v) Provision for doubtful debts	8,000
vi) Depreciation written off	35,000
vii) Depreciation allowable as per income tax rules	31,000
viii) Ex-gratia payments to employees	7,500

Calculate the managing director's remuneration.

13. X Ltd., employs a manager who is entitled to a salary of Rs.40,000 per month , and in additional to a commission of 2% of the net profit of the company before such salary or a commission. Information for the company's financial year ending 31st march,2015 is as follows:

Particular	Rs	Particular	Rs.
To General expenses	1,260	By gross profit b/d	12,200
To Staff salaries and bonus	2,740	By subsidy from the state government	500
To Ex-Gratia to employees	80	By profit on sale of machinery and plant	800
To Charitable Donation	200	(difference between price realized and	
To Depreciation	1,100	WDV)	
To manager salary	480		
To commission to manager(on account)	100		
To income tax	3,700		
To net profit	3,840		
Total	13500	Total	13500

14. Give the format of balance sheet as per Revised schedule VI

15. Explain the difference between Provision and Reserve.

16. A Company was formed a capital of Rs.15,00,000 in shares of Rs.10 each. It offered to the public 1,00,000 share payable Rs.1 per share on application, Rs.2 per share on allotment and Rs.3 per share on first call. The balance of Rs.4 per share to be called only in case of necessity. Applications were received for 90,000 shares and were accordingly allotted. All the money was duly received with the exception of allotment money on 200 shares and first call on 500 shares.

Journalise the transactions and prepare the Balance Sheet.

17. Tax payable on assted income is Rs.1,50,000 and the company has paid advance tax Rs. 1,00,000. Balance outstanding amount is 50,000. Give Journal entry.

18. A limited company has a paid up equity share capital of Rs.15,00,000 dividend into 1,50,000 shares of Rs.10 each and 11% preference share capital of Rs.5,00,000 dividend into 5,000 shares of Rs.100 each. The balance of surplus brought forward from the previous Balance Sheets was Rs.38,000.

The profit for the year ended 31-3-2014 amounted to Rs.5,80,000 after tax. The Directors proposed a dividend of 24% on equity share capital after the following provisions (i) Statutory maximum transfer to General Reserve and (ii) Provision for dividend on preference shares.

Corporate Dividend tax as per law. Prepare Surplus Account.

19. Difference between Provisions & Reserves.

20. From the following balances, prepare the balance sheet of a company in the prescribed format. Goodwill Rs.1,50,000 investments Rs. 2,00,000 Share capital Rs.5,00,000; Reserves Rs.1,10,000; securities premium Rs.15,000 ; preliminary expenses Rs.10,000; P & L A/c(Cr) Rs.25,000; Debentures Rs.2,50,000. Other fixed assets Rs.4,70,000; stock Rs.80,000; Debtors Rs.60,000; Bank balance Rs.30,000; Unsecured loan Rs.65,000; Creditors Rs.35,000.

Unit - III

21. The balance sheet of C Ltd and D Ltd as at 31st December ,1986 are as follows:

Liabilities	C Ltd	D Ltd	Assets	C Ltd	D Ltd
Share capital (in shares of Rs.10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	-	20,000
Profit & Loss	24,500	23,000	Shares in D Ltd.at cost	1,40,000	-
Creditors	30,000	15,200			
TOTAL	2,72,500	1,58,200	TOTAL	2,72,500	1,58,200

In the case of 'D' Ltd., profit for the year ended 31st December 1986 is Rs.12,000 and transfer to reserve is Rs.5,000 . The holding of C Ltd in D Ltd is 90% acquired on 30th June 1986.

Draft a consolidated Balance Sheet of 'C' Ltd and its subsidiary.

22. A Ltd purchased 16,000 out of 20,000 shares of Rs.10 each in B Ltd for Rs.2,80,000. On

the date of purchase of shares, B Ltd had reserve of Rs.60,000. Rs.80,000 has been earned by B Ltd., after the purchase of shares. B Ltd decided to issue bonus shares out of revenue profit in the ratio of 2 shares for every 5 shares held. Calculate the cost of control or

Goodwill after the issue of bonus shares.

23. On 31.12.2013 X Ltd acquired 80% equity shares of Y Ltd. The P & L a/c and general

reserve balances as per balance sheet of Y Ltd prepared on 31.12.2013 amounting to

Rs.6,80,000 and Rs.1,44,000 respectively. On the date of acquisition of shares the assets of Y Ltd were revalued and gain of Rs.1,20,000 was found out . calculate capital profit and revenue profit.

24. From the following Balance Sheet relating to H Ltd and S Ltd. Prepare a consolidated Balance Sheet

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share capital (in shares of Rs.10 each)	10,00,000	2,00,000	Sundry fixed assets	8,00,000	1,20,000
Profit & Loss A/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000
Reserve	1,00,000	60,000	Debtors	1,30,000	1,70,000

Creditors	2,00,000	1,20,000	Bills receivable	10,000	
Bills payable	-	30,000	Shares in 'S' Ltd at cost (15,000 shares)		
TOTAL	17,00,000	5,30,000		17,00,000	5,30,000

- All profit of S Ltd have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs.60,000 on that date.
- All the bills payable of S Ltd were accepted in favour of H Ltd.
- The stock of H Ltd includes Rs. 50,000 purchased from S Ltd. The profit added was 25% on cost.

25. H Ltd acquires all the shares of S Ltd on 1.1.2003 .from the Balance sheet given below prepare a consolidated balance sheet:

Balance Sheets as on 31st march 2003

Liabilities	H. Ltd. Rs.	S. Ltd Rs.	Assets	H. Ltd Rs.	S. Ltd Rs.
Share capital: Share of Rs.10 each	8,00,000	3,00,000	Land & Building	4,00,000	2,70,000
Creditors	3,50,000	1,60,000	Plant & Machinery	2,00,000	1,00,000
Bills Payable	40,000	20,000	Furniture & Fixtures	50,000	20,000
Reserve on 1.4.2002	2,10,000	40,000	Investment in shares of S. Ltd	5,00,000	—
Profit & Loss A/C	50,000	30,000	Stock	1,50,000	80,000
			Sundry Debtors	1,00,000	60,000
			Bank Balance	50,000	20,000
TOTAL	14,50,000	5,50,000	TOTAL	14,50,000	5,50,000

The profit & loss a/c of s ltd had a credit balance of Rs.6,000 on 1.4.2002

26. Consolidated Final Accounts are useful but not statutory- Explain

27. On 31st March ,1996 the balance sheet of H Ltd and its subsidiary S Ltd stood as follows;

Liabilities	H Ltd (Rs)	S Ltd (Rs)	Assets	H Ltd (Rs)	S Ltd (Rs)
Share capital	8,00,000	2,00,000	Fixed assets	5,50,000	1,00,000
General reserve	1,50,000	70,000	75% shares in S Ltd(at cost)	2,80,000	-
Profit & Loss	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
TOTAL	11,60,000	4,05,000	TOTAL	11,60,000	4,05,000

Draw a consolidated balance sheet as at 31st March 96 after taking into consideration the following information.

- H Ltd acquire the shares on 31st July 95
- S Ltd earned profit of Rs. 45,000 for the year ended 31st March 96
- In January 96 S Ltd sold to H Ltd goods costing Rs.15,000 for Rs.20,000.

iv) On 31st March 96 half of these goods were lying as unsold in the godown of H Ltd.
28. The summarized balance sheets of H Ltd and S Ltd as on 31st dec.,1992 are given below;

Liabilities	H Ltd (Rs)	S Ltd (Rs)	Assets	H Ltd (Rs)	S Ltd (Rs)
Share capital; Shares of Rs.10 each	5,00,000	10,00,000	Sundry assets 8,000 shares in S Ltd	5,00,000	1,70,000
Reserve	80,000	30,000		1,40,000	
Profit & Loss	60,000	40,000			
TOTAL	6,40,000	1,70,000	TOTAL	6,40,000	1,70,000

S Ltd had the reserve of Rs.30,000 when H Ltd acquired the shares in S Ltd but the P& L account balance of S Ltd. Was fully earned after the purchase of shares.

S Ltd decided to issue bonus shares out of the post acquisition profit in the ratio of 2 share for every 5 shares held.

Calculate the cost of control before the issue of bonus shares and after the issue of bonus shares.

29. The following are balance sheet H Ltd and its subsidiary S Ltd 31.3.95.

Liabilities	H Ltd (Rs)	S Ltd (Rs)	Assets	H Ltd (Rs)	S Ltd (Rs)
Share capital; Shares of Rs.10 each fully paid	6,00,000	2,00,000	Machinery	3,00,000	1,00,000
General Reserve	1,50,000	70,000	Furniture	70,000	45,000
Profit & Loss	70,000	50,000	70% shares in SLtd.at cost	2,60,000	-
Creditors	90,000	60,000	Stock	1,75,000	1,89,000
			Debtors	55,000	30,000
			Cash at bank	20,000	10,000
			Preliminary expenses	-	6,000
TOTAL	9,10,000	3,80,000	TOTAL	9,10,000	3,80,000

H Ltd acquired the shares of S Ltd on 30th June 94. On 1st April 94, S Ltd 's General Reserve

And Profit & Loss stood at Rs.60,000and 20,000respectively. No part of the preliminary expenses was written off in the year ended 31.3.95.

Prepare consolidated balance sheet of H Ltd and it's subsidiary S Ltd as on 31.3.95 giving all you working notes separately.

30. What is a holding company? and Explain what does a company become a holding company?

Unit - IV

31. From the following particulars, prepare a profit and loss a/c of new bank ltd .,for the year ended 31.12.1996

Particulars	Rs(in '000)	Particulars	Rs(in '000)
Interest on loans	260	Interest on cash credit	225
Interest on fixed deposits	280	Rent and taxes	20
Interest on bills discounted	50	Interest on overdraft	56
Commission charged to customers	9	Directors and auditor's fees	4
Establishment expenses	56	Interest on savings bank accounts	70
Discount on bills discounted	200	Postage and telegrams	2
Interest on current account	45		

Printing and advertisements	3	Sundry charge	2
-----------------------------	---	---------------	---

32. From the following information relating to Lakshmi Bank Ltd., prepare the Profit & loss a/c for the year ended 31st December,1987.

Particulars	Rs	Particulars	Rs
Rent received	72,000	Salaries and allowances	2,18,800
Exchange and commission	32,800	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charge	4,000
Interest on savings bank A/cs	2,72,000	Director's and auditor's fees	16,800
Interest on overdrafts	2,16,000	Printing	8,000
Discount on bills discounted	7,80,000	Law charges	3,600
Interest on current account	1,68,000	Locker rent	1,400
Interest on cash credits	8,92,000	Transfer fees	2,800
Depreciation on bank property	20,000	Interest on loans	10,36,000

33. The following figures have been obtained from the books of the Rana Bank Ltd., for the year ending 31st March,2012:

Particulars	Rs.(in'000)	Particulars	Rs.(in'000)
Issued and subscribed capital	1,000	Postage and telegrams	61
Interest and discount earned	3,800	Profit on sale of investments	240
Commission and exchange earned	195	Loss on sale of investments	38
Interest paid	2,000	Rent received	62
Salaries and wages	210	Deprecation	31
Directors' fees	35	Stationery	60
Rent and taxes	70	Auditors' fees	8

Additional information:

i) The profit and loss account had a balance of Rs.10, 00,000 on 1st April, 2011.

ii) An advance of Rs.12, 00,000 has become doubtful and it is expected that only 50% of the amount due can be recovered from the security.

iii) The provision of tax be made at 50%.

iv) A dividend of 10% is proposed.

Prepare profit and loss account of the Rana Bank Ltd. for the year ending 31st March, 2012.

34. From the following information prepare profit and loss account of Thrifty Bank, for the year ended on 31st March,2012.

Particulars	Rs.(in'000)	Particulars	Rs.(in'000)
Interest on loans	2,590	Interest on overdrafts	1,540
Interest on fixed deposits	3,170	Interest on savings bank deposits	680
Directors fees, allowances and expenses	30	Discount on Bills Discounted	1,060
Commission	82	Postage, telegrams & telephones	14
Auditor fees and expenses	12	Interested on Cash Credits	2,230
Payment of Employees	540	Printing and stationery Rent,	29
		Taxes and lighting	180
		Sundry charges	17

Additional information:

i) Provide for contingencies Rs.2, 00,000

ii) Transfer Rs.15, 57,000 to Reserve and

iii) Transfer Rs.2, 00,000 to Central Govt

35. As on 31st December 2005, the books of the Hercules bank, include among others, the following balances:

	Rs.
Rebate on bills discounted (1.1.2005)	3,20,000
Discount received	46,00,000
Bills discounted and purchased	3,15,47,000

Throughout 2005, the banks rate for discounting has been 18%.

On investigation and analysis, the average due date for the bills discounted and purchased is calculated as 14th feb, 2006.

Show the calculation of the amount to be credited to the banks profit and loss a/c under discount earned for the year 2005. Show also the journal entries required to adjust the above mentioned accounts.

36. Explain the Non performing assets.

37. Prepare a Balance sheet of Evergreen Bank Ltd., from the following information:

Particulars	Rs.('000)	Particulars	Rs. ('000)
Share capital	1500	Fixed capital	1250
Cash in Hand	250	Borrowings	475
Profit and Loss Account	250	Other assets	550
Balance with other Banks	300	Other Liabilities	525
Capital Reserve	250	Claims against the bank but not acknowledged as debt	125
Investments	1700	Acceptances, Endorsements and other obligations	375
Fixed deposits	950		
Advances	950		
Term deposits	1050		

38. Describe the advances usually made by banks and shown under schedule 9.

39. On 31st March 98 Bharat commercial Bank Ltd., find its advances classified as follows;

Particulars	Rs
Standard assets	
Sub – Standard assets	14,91,300
Doubtful assets (secured)	92,800
Doubtful for one year	25,600
Doubtful for one year to 3 years	15,600
Doubtful for more than 3 years	6,580
Loss assets	10,350

Calculate the amount of provision to be made by the bank against the above mentioned advances.

40. On 1st October 1987, Rupali Bank discounted a bill of Rs. 20,000 @ 12% p.a. and the bill has on that date exactly 4 months to run considering the days of grace also. Journalise (accounts are closed on 31st December)

Unit - V

41. From the following particulars of the Life Insurance Company for the year ended

31.3.2006, you are required to prepare valuation Balance Sheet as on 31.3.2006 and

Distribution Statement as on that date:

Particulars	Rs.
-------------	-----

Life insurance fund as on 31.3.2006	3,800
Net liability as per valuation	3,800
Interim bonus paid	500

42. The revenue a/c of a Life Insurance company showed the life fund at Rs.73,17,000 on 31.3.2006 before taking into a/c the following items claims. Prepare the revenue a/c .

- i) Claims intimated but not admitted Rs.98, 250
- ii) Interest accrued on investment Rs.29,750
- iii) Bonus utilized in reduction of premium Rs.13,500
- iv) Outstanding premium Rs.27,000
- v) Claims covered under reinsurance Rs.40,500
- vi) Provision for conditions Rs.31,500

43. A Life Insurance assurance company prepared its revenue a/c for the year ended 31.3.2006 and ascertain its life assurance fund to be Rs.28,35,000 it was found that the following had been omitted from the accounts.

- i) Interest accrued on investment Rs.39,000
- income tax liabilities to be detected there on is estimated be Rs.10,500
- ii) Outstanding premium Rs.32,800
- iii) Bonus utilized for reduction for premium Rs.6,750
- iv) Claims intimated but not admitted Rs.17,400
- v) Claims covered under insurance Rs.6,500

What is the true Life Assurance fund?

44. Prepare a Revenue Account in respect of Fire Business from the following details for the year 2005-2006:

Particulars	Rs
Reserve for unexpired risk on 1.4.2005 @ 50%	1,80,000
Additional reserve	36,000
Estimated liability for claims intimated on 1.4.2005	31,000
On 31.3.2006	42,000
Claims paid	3,65,000
Legal expenses	6,000
Re-insurance recoveries	32,000
Medical expenses	4,000

Bad debts	800
Premiums recovered	4,86,000
Premiums on re-insurance accepted	32,000
Premiums on re-insurance	43,000
Commission on direct business	48,600
Commission on reinsurance accepted	1,600
Commission on reinsurance ceded	2,150
Expenses of management	90,000
Interest, dividend and rent	24,000
Profit on sale of investments	3,000

Create reserve on 31.3.206 to the same extent as on 1.4.2006

45. The revenue account of a Life Insurance Company showed the life fund at Rs.73,17,000

on 31.3.2006 before taking into account the following items:

- i) Claim intimated but not admitted Rs.98,250
- ii) Bonus utilized in reduction of premium Rs.13,500
- iii) interest accrued on investments Rs.29,750
- iv) Outstanding premiums Rs.27,000
- v) Claims covered under re-insurance Rs.40,500
- vi) provision for taxation Rs.31,500

Pass journal entries giving effect to the above adjustments and show the adjusted

life fund.

46. The Life fund of a Life Insurance Company on 31.3.2006 showed a balance of Rs.54,00,000.

However, the following items were not taken into account while preparing the Revenue A/c for 2005-06:

Particulars	Rs
Interest and dividends accrued on investments	20,000
Income tax deducted at source on the above	6,000
Reinsurance claims recoverable	7,000
Commission due on reinsurance premium paid	10,000
Bonus in reduction of premiums	3,000

47. Distinguish between Life Insurance and General insurance.

48. Explain what are schedules prepared to finalize Life Insurance Accounts?

49. The Life fund of a Life Insurance company on 31.3.2006 showed a balance of Rs.54,00,000.

However, the following items were not taken into account while preparing the Revenue A/c for 2005-06;

- i) interest and dividends accrued on investments Rs. 20,000

ii) income tax deducted at source on the above Rs.6,000

iii) Reinsurance claims recoverable Rs.7,000

iv) Commission due on reinsurance premium paid Rs.10,000

v) Bonus in reduction of premiums Rs.3,000

50. A Life Insurance company get valuation made once in every 2 years. Its Life Assurance fund 31.3.06 amounted to Rs.63,84,000 before providing Rs. 64,000 for the shareholders dividend for the year 2005-2006. Its actuarial valuation due on 31.3.2006 disclosed a net liability of Rs.60,80,000 under assurance annuity contracts. An interim bonus of Rs.80,000 was paid to the policy holders during the two years ending 31.3.2006

Prepare a statement showing the amount now available as bonus to policy holders.

K4-LEVEL

Unit - I

1. A Company was floated with an authorized capital consisting of 20,000. 90% Preference Shares of Rs.100 each, payable Rs.25 per share on application, Rs.25 per share on allotment and Rs.50 per share on first and final call; and 3,00,000 Equity Shares of Rs.10 each, payable Rs.2.50 per share on application, Rs.2.50 per share on allotment and Rs.5 per share on the first and final call.

Applications were received for the whole of the preference and equity share. All the money due on the shares was paid with the exception on the amount due on the first and final call on 4,000 Equity Shares. Make the necessary journal entries and the balance sheet of the company.

2. Explain in detail the requirements for the redemption of preference shares as per Sec.80 of the Companies act 1956.

3. A limited company has an authorized capital of Rs.2,50,000 in Rs.10 shares. Of these 4,000 shares were issued as fully paid in payment of building purchased and 8,000 shares were subscribed for by the public ,and during the first year Rs.5 per share was called payable Rs.2 on application , Rs.1 on allotment, Rs. 1 on first call and Rs.1 on second call. The amount received in respect of these shares were as follow

On 6,000 shares the full amount called

On 500 shares Rs.3 per share.

On 1,250 shares Rs.4 per share.

On 250 shares Rs.2 per share.

The directors forfeited the shares on which less than Rs.4 had been paid.

You are required to show journal entries in the books of company, and to set out the capital as the capital as it should appear in the company's Balance Sheet at the end of the first year.

4. The Evershine Co Ltd ., offered 5,000 shares of Rs.100 each to the public at Rs. 95 payable as under

Rs. 15 on application , Rs.30 on allotment, Rs.25 on first call., Rs. 25 on final call

All the shares were applied for and allotted. Anand, to whom 500 shares were allotted paid the whole of the sum due along with allotment (under arrangement with directors). Assume all sums were received.

Pass journal entries to record the above and show the figures in balance sheet.

5. Goods proposed Ltd issued 40,000 shares of Rs.10 each at a premium of Rs.2 per share . The share were payable as follows :

Rs. 2 on application , Rs.5 on allotment (including premium), Rs.5 on first call & final call

All the shares were applied for and allotted . All moneys were received with the exception of the first and final call on 1,000 shares which were forfeited. 400 of these were reissued as fully paid at Rs.8 per share.

Give the necessary journal entries , prepare the bank A/c and the balance sheet of the company.

Unit - II

6. Moon and Star Co. Ltd, is a company with an authorized capital of Rs.5,00,000 dividend into 5,000 equity shares of Rs.100 each on 31.12.1985 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.1985.

Trail balance of Moon and Star Co.Ltd.

Debit	Rs.	Credit	Rs
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit & loss a/c	6,220
Discount allowed	4,200	Creditor	35,200
Insurance (upto 31.3.86)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisement	3,800		
Bonus	10,500		
Debtors			

Plant	38,700		
Furniture	1,80,500		
Bank	17,100		
Bad debts	34,700		
Calls - in – arrears	3,200		
TOTAL	5,000	TOTAL	
	6,60,270		6,60,270

You are required to prepare statement of P & L for the year ended 31.12.85 and a balance sheet as on that date. The following further information is given;

- i) Closing stock was valued at Rs. 1,91,500
- ii) Depreciation on plant at 15% and on furniture at 10% should be provided
- iii) A Tax provision of Rs.8,000 is consolidated necessary.
- iv) The directors declared an interim dividend on 15.8.85 for 6 months ending June 30,1985 @ 6%
- v) Provide for corporate dividend tax 17%

7. The Auto parts manufacturing Co. Ltd was registered with an authorized capital of Rs. 7,50,000 divided into 3,000 6% cumulative preference shares of Rs. 100 each and 4,500 equity shares of Rs. 100 each. The following are the balances taken as on 31.12.98.

Particulars	Rs.	Particulars	Rs.
Stock on 1.1.98	2,41,500	Share capital:	
Delivery expenses	1,02,000	3,000 6% cumulative preference shares of Rs. 100 each	
General expenses	21,000	3000 equity shares (Rs. 75 called up)	3,00,000
Bills receivable	6,000	Investments:	
Investments:		General reserve	
6000 shares of Rs. 10 each in Sunrise Co. Ltd	60,000	P & L A/c (Cr.)	2,25,000
Preference dividend half year 30.6.98		Sales	82,725
Bank balance	9,000	5% debentures	53,500
Goodwill	97,500	Trade creditors	9,18,600
Trade debtors	1,00,000	Provision for taxation	2,10,000
Freehold properties at cost	1,67,500		1,25,520
Salaries	3,90,000		8,800

Rent and rates	1,03,500		
Furniture at cost	38,250		
Purchases	75,000		
Freight and carriage inwards	4,76,500		
Debenture interest (half year)	3,750		
Final dividend for 1997	5,250		
Cash in hand	20,250		
	12,145		
	<u>19,29,145</u>		<u>19,29,145</u>

Prepare the statement of profit and loss for the year ended 31.12.98 after taking the following into account:

- i. Closing stock Rs. 2,15,000
- ii. Dep. : 2 ½ % on freehold property and 6% furniture
- iii. Bills receivable for Rs. 2500 maturing after 31.12.98 has been discounted with bank
- iv. Directors proposed to pay second half year's dividend on pref. shares
- v. 10% dividend on equity shares is proposed
- vi. Provide 5% towards reserve for doubtful debts on trade debtors
- vii. Provide for corporate dividend tax.

8. Difference between a Private Limited Company & Public Limited Company.

9. Prepare a balance sheet as at 31st March 2000 from the following information of ABC Ltd as required under the companies act 1956;

Particulars			
Term loan	10,00,000	Loss for the year	3,58,000
Creditors	11,45,000	Debtors	12,25,000
Advances	3,72,000	Loan from directors	2,00,000
Cash & bank balances	2,75,000	Provisions for doubtful debts	20,200
Staff advances	55,000	Stock	4,00,000
Provision for tax	1,70,000	Fixed assets	51,50,000
Securities premium	4,75,000	Finished goods	7,50,000
Loose tools	50,000		
Investments	2,25,000		

General reserve	20,50,000		
Capital work in progress	2,00,000		

share capital consists of;

- i) 30,000 equity shares Rs.100 fully paid up.
- ii) 10,000 – 10% pref. shares of Rs.100 each fully paid up
- iii) term loan is secured
- iv) depreciation on assets Rs. 5,00,000

10. Difference between Interim Dividend & Final Dividend.

Unit - III

11. H Ltd acquired 20,000 (i.e., 4/5) equity shares of S Ltd of Rs.100 each on 31st March, 2012 were as follows:

Liabilities	H. Ltd. Rs	S. Ltd Rs.	Assets	H. Ltd. Rs	S. Ltd Rs.
Share capital in shares of Rs.100 each,			Fixed Assets	70,00,000	25,00,000
Reserve	80,00,000	25,00,000	Current Assets	40,00,000	20,00,000
Profit & Loss A/C	30,00,000	5,00,000	20,000 shares in S Ltd	30,00,000	-
	10,00,000	10,00,000			
Creditors					
TOTAL	20,00,000	5,00,000	TOTAL		
	<u>1,40,00,000</u>	<u>45,00,000</u>		<u>1,40,00,000</u>	<u>45,00,000</u>

S Ltd. Had the credit balance of Rs. 5,00,000 in the reserves and Rs. 2,00,000 in the profit and loss account when H. Ltd. Acquired the shares in S Ltd. S Ltd. Issued bonus shares at 1 for every 5 shares held out of post acquisition profits. This is not shown in the above balance sheet of S Ltd. Prepare Consolidated Balance Sheet.

12. Following are the balance sheets of H Ltd and S Ltd as at 31st march 2016:

	H Ltd Rs.	S Ltd Rs
I. Equity and liabilities:		

Share holders' funds:		
i) share capital : Rs.10 shares fully paid	3,00,000	1,50,000
ii) Reserves and surplus:		
General reserve	1,90,000	6,000
Surplus account	1,60,000	1,08,000
Non-current liabilities: creditors	30,000	48,300
TOTAL	6,80,000	3,12,300
II.Assets:		
i) Non-current Assets		
Fixed assets: freehold premises	2,56,000	90,000
Machinery	60,000	81,300
ii) Current Assets:		
Investment in shares of S Ltd at cost	1,80,000	---
Stock	68,000	60,600
Sundry debtors	56,000	47,400
Cash	60,000	33,000
TOTAL	6,80,000	3,12,300

H Ltd acquired 12,000 shares of S Ltd., on 1.4.2015 at the total cost of Rs.1,80,000 . on the

scrutiny of the liabilities and assets of H Ltd as at 31.3.2016, the following details are obtained:

- i) Surplus account includes the interim dividend at the rate of 10% p.a. free of tax from S Ltd.
- ii) Stock includes Rs.6,000 of stock at cost purchased from S Ltd.
- iii) Creditors include Rs.18,000 for purchases from S Ltd., on which the latter company made a profit of Rs.4,500

It is further stated that on 1.4.2015 surplus account of S Ltd stood at Rs.76,000 and the general reserve at Rs.4,500. No final dividends are yet proposed to be declared by S Ltd.

Prepare consolidated balance sheet of H Ltd and its subsidiary S Ltd.

13. The balance sheet of H Ltd and S Ltd on 31stdec 1990 were as follows:

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share capital (10% pref. shares of Rs.100 each)	-	1,00,000	Land & Buildings	3,10,000	1,60,000
Equity shares of Rs.100 each	10,00,000	4,00,000	Machinery less 10% depreciation	2,70,000	1,35,000
General Reserve	1,00,000	50,000	3,000 shares in S Ltd.	4,50,000	
P&L A/c balance on 1.1.90	40,000	30,000	Stock at cost	2,20,000	1,50,000
Profit for 1990	2,00,000	80,000	Debtors	1,55,000	90,000
Creditors	1,50,000	70,000	Cash and bank balance	85,000	1,95,000

TOTAL	14,90,000	7,30,000	TOTAL	14,90,000	7,30,000
--------------	------------------	-----------------	--------------	------------------	-----------------

H Ltd acquired 3,000 equity shares in S Ltd on 1st July 1990. As on the date of acquisition, H Ltd., found that the value of Land and Building and Machinery of S Ltd., should be Rs.1,50,000 and Rs.1,92,500 respectively.

Prepare the consolidated Balance Sheet of H Ltd and its subsidiary S Ltd showing the assets at their proper values.

14. The following are the balance sheet of A Ltd and B Ltd as at 31.12.73

Liabilities	A Ltd Rs	B Ltd Rs	Assets	A Ltd Rs	B Ltd Rs
Equity shares of Rs.10 each	1,00,000	50,000	Sundry assets	66,250	69,100
Revenue reserves	9,000	10,000	Shares in B Ltd at cost	70,000	-
P & L on 1.1.73	8,500	8,000	Goodwill	-	10,000
Profit for the year less transferred to reserves	3,750	3,500			
Creditors	15,000	7,600			
TOTAL	1,36,250	1,36,250	TOTAL	1,36,250	1,36,250

Profit for the year of B Ltd was Rs.6,000 out of which Rs.2,500 was transferred to reserve

The holding of A Ltd in B Ltd is 90% acquired a year ago on 31.12.72

Write off from sundry assets of A Ltd. Rs.9,000. Also write off Rs.3,100 from the sundry assets of B Ltd out of the current year's profits.

Draft a consolidated balance sheet of A Ltd and its subsidiary.

15. The following balance sheet are presented to you Balance sheet as on 31.12.89

Liabilities	A Ltd Rs	B Ltd Rs	Assets	A Ltd Rs	B Ltd Rs
Share capital shares of Rs.50 each)	2,50,000	1,00,000	Fixed assets	1,75,000	75,000
General Reserve	50,000	-	Stock in trade	45,000	20,000
P & L A/c	40,000	-	Debtors	30,000	15,000
6% debentures	-	50,000	6% debentures in		
Trade creditors	37,500	22,500	B Ltd acquired at par	30,000	-
			Shares in B Ltd 1,500 at Rs.40	60,000	-
			Cash at bank		

			P&L A/c	37,500	12,500
				-	50,000
TOTAL	3,77,500	3,77,500	TOTAL	3,77,500	3,77,500

A Ltd acquired the shares on 1.4.89. The profit and loss account of B Ltd showed a debit balance of Rs.75,000 on 1.1.89. Trade creditors of B Ltd include Rs. 10,000 for goods supplied by A Ltd on which A Ltd., made a profit of Rs.1,000 Half of the goods were still on 31.12.89

Prepare the consolidated Balance sheet.

Unit - IV

16. The following is the Trail Balance extracted from the following the books of Town Bank Ltd.

Debit balances	Rs	Credit Balances	Rs
Balances with banks	46,350	Share capital	3,00,000
Investment in government bonds	1,94,370	Security deposit of employees	15,000
Other investment	1,55,630	SB Accounts	7,420
Gold bullion	15,130	Current accounts	97,000
Interest accrued on investment	24,620	Fixed deposits	1,13,050
Silver	2,000	Reserve fund	1,40,000
Constituent's liability for acceptances, etc.	56,500	Borrowings from banks	77,230
Building	56,500	Profit and loss a/c	6,500
Furniture	65,000	Bills for collection	43,500
Money at call	5,000	Acceptances and endorsements	56,500
Loans	26,000	Interest	72,000
Bills discounted	2,00,000	Commission	25,300
Interest	12,500	Discounts	42,000
Bills collection	7,950	Rent	600
Audit fees	43,500	Profit on bullion	1,200
Loss on sale of furniture	5,000	Miscellaneous income	2,700
Directors fees	1,000	Accumulated depreciation on building	20,000
Salaries	1,200		
Postage	21,200		
Managing directors remuneration	50		
Loss on sale of			

investments			
Cash in hand	12,000		
Cash with RBI	30,000		
Branch adjustment A/c	25,000		
TOTAL	50,000		
	20,000		
	10,20,000	TOTAL	10,20,000

You are required to prepare the profit and loss account and balance sheet after taking into consideration the following

- i) Bad debts Rs.500
- ii) Rebate on bills Rs.1,000
- iii) Current year's depreciation on building Rs.2,000
- iv) Some current accounts are over drawn to the extent of Rs.25,000 and total of credit balances is Rs.1,22,000.

17. Prepare Balance Sheet as at 31st March, 2015 from the particulars furnished by Vision Ltd., as per Schedule III of the Companies Act, 2013

Particulars	Amount
Equity Share Capital (Rs.10 each, Fully paid)	8,00,000
Call in arrear	800
Land	1,60,000
Building	2,80,000
Plant & Machinery	4,20,000
Furniture	40,000
General Reserve	1,68,000
Loan from IDBI	1,20,000
Loans (Unsecured)	96,800
Provision for Taxation	54,400
Sundry Debtors	1,60,000
Advances (Dr)	34,160
Proposed Dividend	48,000
Surplus A/c	80,000
Cash Balance	24,000
Cash at Bank	1,97,000
Preliminary Expenses	10,640

Sundry Creditors (For Goods & Expenses)		1,60,000
Stock :		
Finished Goods	1,60,000	
Raw Material	40,000	
	—————	2,00,000

Adjustments:

- i) 1,500 Equity Shares were issued for consideration other than cash.
- ii) Loan of Rs. 1,20,000 from IDBI is inclusive of Rs. 6,000 for interest accrued but not due. The loan is hypothecated by plant and machinery.
- iii) Debtors of Rs.50,000 are due for more than six months.
- iv) The cost of assets:

	Rs
Building	3,20,000
Plant & Machinery	5,60,000
Furniture	50,000
- v) Bank balance includes Rs. 2,000 with Trust Bank Ltd. Which is not a schedule Bank.
- vi) Bills Receivable for Rs. 2,20,000 maturing on 30th June, 2015 have been discounted.
- vii) The company had contract for the erection of machinery at Rs.1,50,000 which is still incomplete.

18. From the following information prepare profit and loss account of PN Bank, for the year ended on 31st March, 2013.

Particulars	Rs.(in'000)	Particulars	Rs.(in'000)
Interest on loans	518	Postage, telegrams & telephones	2.8
Discount on bills discounted	390	Sundry charges	2.0
Interest on overdraft	108	Advertisement	1.4
Interest on saving bank deposit	220	Directors fees	6.0

Interested on fixed deposits	554	Printing & stationery	0.4
Commission and exchange and brokerage	16.4	Law charges	1.4
Rent and taxes and lighting	36	Payment to employees	108
Auditors fees	2.4	Lockers rent	0.7
Interest on cash credits	446	Transfer fees	1.4
		Depreciation on bank property	10.0

Supplementary information: Rebate on bills discounted Rs.98,000 and Provide Bad debts Rs.58,000

19. From the following information, you are required to prepare profit and loss account of Yes bank Ltd for the year ending 31st march, 2016:

	Rs.		Rs.
Interest and discount	44,00,000	Interest expended	13,60,000
Other income	1,25,000	Operating expenses	13,31,000
Income on investments	5,000	Interest on balance with RBI	25,000

Additional information:

- Rebate on bills discounted to be provided for Rs.15,000
- Make tax provision @ 35%
- Profit and loss A/c (cr) Rs.40,000
- Classification of advances:

	Rs.
Standard assets	25,00,000
Substandard assets (fully secured)	5,60,000
Doubtful assets not covered by security	2,55,000
Doubtful assets covered by security:	
For 1 year	25,000
For 2 years	50,000
For 3 years	1,00,000
For 4 years	75,000
Loss assets	1,00,000

20. Explain the various schedules to be prepared by a commercial bank.

Unit - V

21. Prepare revenue account format of Life Insurance Company.

22. Following were the balances extracted from the trial balance of the Indian life assurance society at 31st march, 2016.

Particulars	Rs.(‘000)	Particulars	Rs. (‘000)
Balance of account at the beginning of the year	20,00,000	Premiums (other than single)	2,00,000
Claims admitted but not paid	6,000	Govt. securities	10,00,000
Profit on realization of assets	2,000	Investment fluctuation a/c	10,000
Claims under policies by death	60,000	Claims under policies by maturity	1,00,000
Loans on mortgages	5,60,000	Loans on policies	3,00,000
Freehold property and furniture	83,000	Lease hold properties	20,000
Agent’s balances owing	3,600	Creditors	2,000
Outstanding premiums	24,000	Commission paid	24,000
Interest accrued not due	3,000	Surrenders	20,000
Single premiums	80,000	Consideration for annuities granted	50,000
Interest, dividends and rent received	70,000	Depreciation on furniture	3,000
Administrative expenses	36,000	Salaries	3,000
Auditors fees	1,500	Director’s fees	300
Legal expenses	1,000	Advertising	1,400
Printing and stationery	10,800	Cash at bank	1,68,400
Provision for depreciation	3,000		

Prepare revenue account and balance sheet.

23. from the following balances extracted from the books of the L.I.C as at 31.3.06. prepare revenue a/c for the year ending 31.3.06 in the prescribed form.

Particulars	Rs(‘000)	Particulars	Rs(‘000)
Claim by death	3,30,000	Life assurance fund(1.4.05)	63,31,000
Claims by maturity	2,15,000	Premiums	20,65,000
Agents & canvasser’s allowance	26,500	Bonus in reduction of premiums	1,000
Salaries	44,200	Income tax on interested and dividends	5,700
Travelling expenses	1,200	Printing & stationery	13,900
Directors’ fees	8,700	Postage & telegrams	14,300

Auditor's fees	1,000	Receipts stamps	2,300
Medical fees	52,000	Reinsurance premiums	40,950
Commission	2,18,000	Interest & dividend(gross)	2,72,000
Rent	2,800	Policy renewal fees	9,600
Law charges	200	Assignment fees	540
Advertising	4,300	Endowment fees	690
Bank charges	1,500	Transfer fees	1,400
General charges	2,000		
Surrenders	47,500		

Provide Rs.1,500 thousands for depreciation of furniture and Rs.2,20,000 thousands for depreciation on investment.

24. prepare in the statutory form ,the revenue account of the Jai Hindu Life Assurance Co.Ltd for the year ended 31st March 2006 from the following figures

Particulars	Rs('000)	Particulars	Rs('000)
Claim by death	76,140	Exp. of management	31,920
Claims by maturity	30,110	Commission	9,574
Premiums	7,05,690	Interest , dividend & rent	97,840
Transfer fees	129	Income tax thereon	35,710
Consideration for annuities granted		Surrenders	13,140
Annuities paid	82,127	Bonus in reduction of premiums	980
Bonus paid in cash	53,461	Dividend paid to shareholders	5,500
	2,416	Life assurance fund(1.4.2005)	15,21,000

Paid up capital of the above life assurance company is Rs. 5,00,000 thousands and net liability as per actuary's valuation is Rs. 11,05,000 thousands as on 31.3.06

Prepare valuation balance sheet of the company as on that date.

25. Zaldi pay insurance co ltd has furnished the following information for preparation of revenue account for fire insurance business for the year ended 31.3.2006 and its profit and loss A/c for the year.

Particulars	Rs('000)	Particulars	Rs('000)
Claims admitted but not paid	42,376	Bad debts	2,500
Commission paid	50,000	Claims paid	15,000
Commission on re insurance received		P& L Appn.A/c	10,000
Share transfer fees	12,000	Premium received	

Expenses of management	5,000	Less reinsurance	5,52,000
Reserve for unexpired risk as on 1.4.05	78,000	Claim outstanding as on 1.4.05	
Additional reserve on 1.4.05		Dividend on share capital	27,000
	2,30,000		18,500
	40,000		

The following further information has also to be consolidated :

- i) Premium outstanding at the end of the year Rs.40,000 thousands
- ii) Additional reserve at 10% of the net premium to be maintained
- iii) It is the policy of the company to maintain 50% of premium towards reserves for unexpired risks.