

SECTION - A (10 X 1 = 10)**Answer ALL the Questions:**

1. What is "Non performing Asset"?
2. How is interest on doubtful debts treated in Bank accounts?
3. Write a short note on Valuation Balance sheet?
4. What is commission on reinsurance ceded?
5. Give the meaning of subsidiary company.
6. Write a note on Cost of Control or Goodwill.
7. How the depreciation is treated in double account system?
8. What is Development reserve?
9. What is net realizable value in the context of AS-2 'Valuation of Inventories'?
10. What is Accounting Standards Board?

SECTION - B (5 X 4 = 20)**Answer Any FIVE Questions:**

11. On 31st March 2013, Bharat Commercial Bank Ltd., finds its advance classified as follows:

| | (Rs.) |
|------------------------------------|-----------|
| Standard assets | 14,91,300 |
| Sub-standard assets | 92,800 |
| Doubtful assets (secured) | |
| : Doubtful for one year | 25,660 |
| : Doubtful for one year to 3 years | 15,640 |
| : 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.

12. The revenue account of a life insurance company shows the life insurance fund on 31.03.2013 at Rs.48,78,000 before taking into account the following items:

| | Rs. |
|---|--------|
| a) Claims intimated but not admitted | 65,500 |
| b) Bonus utilized in reduction of premium | 6,500 |
| c) Interest accrued on securities | 19,500 |
| d) Outstanding premiums | 18,000 |
| e) Claim recovered under reinsurance | 27,000 |

Show the life fund at the end of the year 2012-2013 after making the above adjustment.

13. A life insurance company got its valuation made once in every three years. The life assurance fund on 31.3.2006 amounted to Rs.41,92,000 before providing for Rs.32,000 for the shareholders dividend for the year 2004 & 2005. Its actuarial valuation on 31.3.2006 disclosed a net liability of Rs.40,40,000 under the assurance and annuity contracts. An interim bonus of Rs.40,000 was paid to the policy holder during the period ending 31.3.2006.

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

14. Consolidate the following Balance Sheet:

| Liabilities | H Ltd Rs. | S Ltd Rs. | Asset | H Ltd Rs. | S Ltd Rs. |
|--------------------|--------------|--------------|------------------------|--------------|--------------|
| Capital Re.1 share | 1,400 | 1,000 | 900 Share in S at cost | 1,200 | - |
| Creditors | - | 500 | Sundry asset | 200 | 1,800 |
| P&L A/C | - | 300 | | | |
| | 1,400 | 1,800 | | 1,400 | 1,800 |

When H Ltd acquired the shares in S Ltd, the profit and loss account of the latter had a credit balance of Rs.200.

15. H Limited purchased 16,000 out of 20,000 shares of Rs.10 each in S Limited, for Rs.2,80,000 on the date of purchase of shares, S Limited had reserves of Rs.60,000, Rs.80,000 has been earned by S Limited after the purchase of share S Limited, decided to issue bonus shares out of revenue profit in the ration of 2 shares for every 5 share held. Calculate the cost of control after the issue of bonus shares.
16. Pen out the features of double account system.
17. Write the journal entries for the replacement of assets under Double Account System.
18. Write the accounting standards for the valuation of inventories.

SECTION - C (3 X 15 = 45)**Answer Any THREE Questions:**

19. Draft the Format of profit and loss account and balance sheet of banking company.
 20. From the following trial balance of National Life Assurance Company Limited prepare revenue account and balance sheet as on 31.3.2006.

| Debit balance | Rs.(000) | Credit balance | Rs.(000) |
|-------------------------------|------------------|--|------------------|
| Claims by death | 76,980 | Life assurance fund 1.4.2005 | 14,70,562 |
| Claims by maturity | 36,420 | Premiums | 2,10,572 |
| Expenses of management | 19,890 | Consideration for annuities granted | 10,620 |
| Commission | 26,541 | Interest, dividends & rents | 52,461 |
| Dividend paid | 20,000 | Fines | 92 |
| Income tax on interest etc | 3,060 | Annuities due but not paid | 22,380 |
| Surrenders | 21,860 | Share capital: 40,00,000 shares of Rs.100 each | 4,00,000 |
| Annuities | 29,420 | Claims admitted but not paid | 80,034 |
| Bonus paid in cash | 9,450 | | |
| Bonus in reduction of premium | 2,500 | | |
| Preliminary expenses | 200 | | |
| Stamps on hand | 400 | | |
| Govt. securities | 8,70,890 | | |
| Furniture | 20,000 | | |
| Mortgages | 3,09,110 | | |
| Loan on companies policies | 2,00,000 | | |
| Free hold premises | 3,00,000 | | |
| Lease hold ground rents | 2,00,000 | | |
| House property | 1,00,000 | | |
| | 22,46,721 | | 22,46,721 |

Additional information:

| | Rs. |
|--|--------|
| • Management expenses due | 600 |
| • Premium outstanding | 7,400 |
| • Reinsurance premium | 6,000 |
| • Interest accrued | 15,400 |
| • Surrender adjusted against loan | 5,000 |
| • Further bonus utilized in reduction of premium | 1,500 |
| • Further claim intimated | 8,000 |
| • Claim covered under reinsurance | 10,000 |

21. The balance sheet of H Ltd, and S Ltd on 31st December 2013 were as follows:

| Liabilities | H Ltd Rs. | S Ltd Rs. | Assets | H Ltd Rs. | S Ltd Rs. |
|--|------------------|-----------------|------------------------------------|------------------|-----------------|
| Share Capital: Equity Share of Rs.100 each | 10,00,000 | 4,00,000 | Land and Buildings | 3,10,000 | 1,60,000 |
| 10% preference shares of Rs.100 each | - | 1,00,000 | Machinery less 10% Depreciation | 2,70,000 | 1,35,000 |
| General reserve | 1,00,000 | 50,000 | 3000 shares in S Ltd | 4,50,000 | - |
| P&L A/c balance on 01.01.2013 | 40,000 | 30,000 | Stock at Cost | 2,20,000 | 1,50,000 |
| Profit for 2013 | 2,00,000 | 80,000 | Debtors | 1,55,000 | 90,000 |
| Creditors | 1,50,000 | 70,000 | Cash & Bank Balance | 85,000 | 1,95,000 |
| | 14,90,000 | 7,30,000 | | 14,90,000 | 7,30,000 |

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H Ltd acquired 3000 equity shares on S Ltd on 1st July 2013. As on the date of acquisition, H Ltd found that the value of Land and Buildings 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.

22. The following are the balances on 31st March 2014 in the books of Ernakulum Power and Light Company Ltd.

| Particulars | Rs. | Rs. |
|---|----------|----------|
| Lands on 31.03.2013 | 1,20,000 | - |
| Land expanded during 2013 and 2014 | 4,000 | - |
| Machinery on 31.03.2013 | 4,80,000 | - |
| Machinery expanded during 2013 and 2014 | 4,000 | - |
| Mains including cost of laying | 1,60,000 | - |
| Mains expanded during 2013 and 2014 | 40,800 | - |
| Equity shares | - | 4,39,200 |
| Debenture | - | 1,60,000 |
| Sundry Creditors | - | 800 |
| Depreciation Fund A/c | - | 2,00,000 |
| Sundry Debtors for current supply | 32,000 | - |
| Other Debtors | 400 | - |
| Cash | 4,000 | - |
| Cost of generation of Electricity | 28,000 | - |
| Cost of Distribution of Electricity | 4,000 | - |
| Rent Rates and taxes | 4,000 | - |
| Management Expenses | 9,600 | - |
| Depreciation | 16,000 | - |
| Sale of Current | - | 1,04,000 |
| Rent of meters | - | 4,000 |
| Interest on Debenture | 8,000 | - |
| Interim dividend | 16,000 | - |
| Net revenue A/c balance on 31.03.2013 | - | 22,800 |
| | 9,30,800 | 9,30,800 |

From the above trial balance prepare Revenue A/c, Net Revenue A/c, Capital A/c and General Balance Sheet.

23. Explain in detail:

Accounting Standards for Cash flow statements and fixed assets.
