

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022
(Second Semester)

Branch – COMMERCE (BUSINESS ANAYTICS)

FINANCIAL ACCOUNTING - II

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1) The objective of Branch accounting is to know
 - i. Profit / Loss of each branch
 - ii. Profit / Loss of head office
 - iii. Financial position of Branch
 - iv. None of the above
- 2) Under instalment system, the ownership of goods passes on to the buyer on the payment of
 - i. Final payment
 - ii. Initial payment
 - iii. Both down and final payment
 - iv. None of these
- 3) The average clause in a policy is concerned with
 - i. Over – insurance
 - ii. Under – insurance
 - iii. Double insurance
 - iv. None of these
- 4) On the retirement of a partner, the goodwill share is to be credited to the account of
 - i. Only retiring partner
 - ii. All partners including retiring partner
 - iii. Only remaining partners
 - iv. None of these
- 5) Preference shares can be redeemed
 - i. Only if they are fully paid
 - ii. Even if they are partly paid
 - iii. After getting the court permission
 - iv. All of the above

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6) a) X purchased a machinery under hire purchase agreement from Y. The cash price of the machinery was Rs 15,500. The payment was to be made as follows:

Particulars	Rs
On signing the agreement	3,000
First year end	5,000
Second year end	5,000
Third year end	5,000

Calculate Interest for each year.

(OR)

- b) Differentiate Hire Purchase system and Instalment Purchase system.

Cont...

7) a) The following information relates to Madurai branch.

Particulars	Rs	Rs
Stock on 1.1.94		11,200
Branch debtors on 1.1.94		6,300
Goods sent to branch for: Rent		
Salaries	1,500	
Petty cash	3,000	
	500	5,000
Sales at branch:		
Cash		
Credit	25,000	
	39,000	64,000
Cash received from debtors		41,200
Stock on 31.12.94		13,600

Prepare Branch Account for the year 1994.

(OR)

b) A firm had two departments M and N, M department supplies goods to N department at its usual selling price. From the following figures, prepare Departmental Trading & Profit and loss A/c for the year 2000.

Particulars	Department	
	M	N
Opening stock 1-1-2000	30,000	-
Purchases	2,10,000	-
Transfer to N department	50,000	50,000
Sales	2,00,000	60,000
Closing stock 31-12-2000	40,000	10,000
Salaries	12,000	1,000
Other expenses	3,000	500
Postage	500	100
Discounts received	2,500	1,000

8) a) William buys 12% Debentures of the nominal value Rs 20,000 at Rs 96 cum-interest on 31st March 1993. Interest is payable half-yearly on 30th June and 31st December. Calculate the total purchase price and show its allocation to capital and revenue.

(OR)

b) Calculate Insurance claim from the following facts assuming that the insurers met their liability under the policy on 'average basis'.

A trader's stock valued at Rs 40,000 was totally destroyed. The stock in the godown was insured for Rs 30,000 subject to average clause. The balance of stock, left after fire, appeared in the books at Rs 24,000.

Cont...

- 9) a) X & Y are partners sharing profits in the ratio of 3 : 2. They admit Z into partnership, Z paying a premium of Rs 2,000 for $\frac{1}{4}$ th share of profit. The new ratio is 3 : 2 : 2. Goodwill account appears in the books at Rs 2,000. Journalise.

(OR)

- b) Bim, Gim and Nim are partners sharing profits in the ratio of 2 : 3 : 5. Goodwill appears in their books at a value of Rs 60,000. Bim retires and on the day of Bim's retirement, goodwill is valued at Rs 30,000. Gim and Nim decided to share the future profits equally. Pass necessary Journal Entries for goodwill.

- 10)a) Good Luck Ltd, invited applications for 20,000 shares of the value of Rs 20 each. The amount payable is Rs 5 on application, Rs 8 on allotment and the balance when required. The whole of the above issue was applied for and cash was duly received. Give the journal entries for the above transactions.

(OR)

- b) C. Ltd. Had 10,000 10% Redeemable Preference Shares of Rs 100 each, fully paid Up. The company decided to redeem these Preference shares at par, by issue of sufficient Number of equity shares of Rs 10 each at a Premium of Rs 2 per share as fully paid up. You are required to pass necessary Journal Entries including cash transactions in the books Of the company.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11)a) Mr. M purchased a machine on hire purchase system on 1st January 1993. The terms of payment are four annual instalments of Rs 12,690 at the end of each year. Interest is charged @ 5% and is included in the annual payment of Rs 12,690.

Show Machinery account And Hire vendor account in the books of Mr. M who defaulted in the payment of the third yearly payment whereupon the vendor repossessed in the Machinery. Mr. M provides depreciation on the machinery @ 10% p.a... on the reducing balance.

(OR)

- b) Mr. Anbu purchased a Television by hire purchase system for ₹ 30,000 to be paid as follows:

Particulars	Rs
Down payment	5,000
At the end of the first year	7,000
At the end of the second year	6,500
At the end of the third year	6,000
At the end of the fourth year	5,500

Interest is charged on the value at 10% p.a. At what value the Television be capitalized?

12)a) Loyal shoe company opened a branch at Madras on 1.1.2020. From the following particulars, the Madras Branch account for the years 2020 and 2021.

Particulars	2020 Rs	2021 Rs
Goods sent to Madras Branch	15,000	45,000
Cash sent to Branch for		
Rent	1,800	1,800
Salaries	3,000	5,000
Other expenses	1,200	1,600
Cash received from the Branch	24,000	60,000
Stock on 31 st December	2,300	5,800
Petty cash in hand on 31 st December	40	30

(OR)

b) The following purchases were made by a business house having three departments.

Dept. A - 1,000 units

Dept. B - 2,000 units

Dept. C - 2,400 units

At a total cost of Rs 1,00,000

Stocks on 1st January were:

Dept. A-120 units

Dept. B - 80 units

Dept. C - 152 units

Sales were:

Dept. A - 1020 units @ Rs 20 each

Dept. B- 1920 units @ Rs 22.50 each

Dept. C - 2496 units @ Rs 25 each.

The rate of gross profit is same in each case. Prepare Departmental Trading Account.

13)a) Rao purchased 500 ordinary shares of Rs 100 each in the ABC Co. Ltd, for Rs 62,500 inclusive of brokerage and stamp duty. Some years later the company resolved to capitalize its profit and to issue to the holders of ordinary shares, one ordinary as bonus for every share held by them. Prior to capitalization the shares of ABC Co. Ltd., were quoted at Rs 175 per share. After the capitalization, the shares were quoted at Rs 92 per share. Rao sold the bonus shares at Rs 90 per share. Show the Investment Account in Rao's books.

(OR)

b) A fire occurred in the godown of a company on 20th March 1995. All stocks were destroyed except to the extent of Rs 13,000. From the following figures ascertain the claim amount in respect of loss of stock by fire:

Particulars	Rs
Stock on 1.1.1994	40,000
Purchases during 1994	1,40,000
Sales during 1994	2,00,000
Stock on 31.12.1994	24,000
Purchases during 1995 upto the date of fire	1,46,000
Sales during 1995 upto the date of fire	1,60,000

Stock was always valued at 80% of the cost.

Cont...

- 14) a) A & B are partners sharing profits in the ratio of 3 : 1. Their balance sheet stood as under on 31.3.2004:

Liabilities	Rs	Rs	Assets	Rs	Rs
Salary due		5,000	Stock		10,000
Creditors		40,000	Prepaid insurance		1,000
Capital:			Debtors:	8,000	
A:	30,000		Less:		
B:	20,000	50,000	Provision	500	7,500
			Cash		18,500
			Machinery		22,000
			Buildings		30,000
			Furniture		6,000
		95,000			95,000

C is admitted as a new partner introducing a capital of Rs 20,000, for his 1/4th share in future profits.

Following revaluation are made:

- Stock be depreciated by 5%
- Furniture be depreciated by 10%
- Building be revalued at Rs 45,000
- The provision for doubtful debts should be increased to Rs 1,000. Prepare Revaluation A/c, Capital A/c and Balance sheet after admission.

(OR)

- b) K, L and M are partners sharing profits in the ratio of 4 : 3 : 2. Their balance sheet on 31.3.2011 was:

Liabilities	Rs	Rs	Assets	Rs
Creditors		26,400	Cash in hand	4,000
General reserve			Cash at bank	4,000
Capital a/c		21,600	Debtors	12,000
K	56,000		Stock	24,000
L	36,000		Machinery	40,000
M	24,000		Land & Building	80,000
		1,16,000		
		1,64,000		1,64,000

The firm had a joint life policy for Rs 32,000. The surrender value of the policy was Rs 10,800 as on 31.3.2011. L retires on the above date on the following terms:

- A provision of Rs 1,200 be made in respect of legal charges.
- Goodwill is to be valued at Rs 14,400
- Machinery be written down by 10% and stock by 5%

Cont...

- iv. Land and Building be appreciated by 20%
- v. A provision for doubtful debts of 5% to be created.
- vi. L to be paid Rs 2,000 by cheque and ₹ 2,000 by cash at the time of retirement and balance be transferred to his loan account.

Prepare Revaluation A/c, Partner's Capital A/c and Balance sheet of K and M.

15)a) Eastern Company Limited issued 40,000 shares of Rs 10 each to the public for the subscription out of its share capital, payable at Rs 4 on Application, Rs 3 on Allotment and the balance on 1st and final call. Applications were received for 40,000 shares. The company made the allotment to the applicants in full. All the amounts due on allotment and first and final call are duly received. Give the Journal Entries in the books of the Company.

(OR)

b) Sony Ltd issued 10,000, 8% Redeemable Preference shares of Rs 100 each. The shares are redeemable at a Premium of 10%. The shares are now due for redemption. The company decides to redeem the preference shares out of the General reserves and write off the premium payable on redemption out of the securities premium A/c. Show the necessary journal entries.

Z-Z-Z

END

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(Third Semester)

Branch – COMMERCE (BUSINESS ANALYTICS)

CORPORATE ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Loss prior to incorporation should be debited to
(i) Revenue Reserve account (ii) Goodwill account
(iii) Capital Reserve account (iv) Preliminary expenses account
- 2 Accounting Standard for Amalgamation is
(i) AS-8 (ii) AS-20
(iii) AS -14 (iv) AS-3
- 3 The Liquidator's final statement of account is prepared
(i) Only in case of creditors voluntary winding up
(ii) Only in case of members voluntary winding up
(iii) Only in case of compulsory winding up by the Court
(iv) Whatever may be the mode of winding up
- 4 The excess price paid by a holding company to acquire 'controlling interest' in the subsidiary company is transferred to
(i) Capital Reserve (ii) Goodwill account
(iii) Revenue Reserve (iv) None of the above
- 5 Number of Schedules to be prepared by the insurance companies for their financial statements are
(i) 26 schedules (ii) 10 schedules
(iii) 12 schedules (iv) 15 schedules

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a From the following particulars, determine the maximum remuneration available to a fulltime director of a manufacturing company.
The Profit & Loss Account of the company showed a net profit of Rs.40,00,000 after taking into account the following items:

	Rs.
(a) Depreciation (including special depreciation of Rs.40,000)	1,00,000
(b) Provision for income tax	2,00,000
(c) Donation to political parties	50,000
(d) Ex-gratia payment to a worker	10,000
(e) Capital profit on sale of assets	15,000

OR

- b Ganesh Ltd., was registered on 1-1-2021 to acquire the running business of Suneel & Co with effect from 1-1-2021. The following was the profit and loss account of the company on 31-12-2021.

Cont...

6 b Cont ...

Particulars	Rs.	Particulars	Rs.
To Office expenses	54,000	By Gross Profit b/d	2,25,000
To formation expenses (written off)	10,000		
To Stationery & Postage	5,000		
To Selling expenses	60,000		
To Directors' Fees	20,000		
To Net Profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

7 a Following is the balance sheet of S Ltd as on 31.03.2021.

Liabilities	Rs.	Assets	Rs.
Share Capital:	3,75,000	Fixed Assets	16,25,000
8% Pref. Shares of Rs.100 each		Investments	3,00,000
Equity Shares of Rs.10 each	7,50,000	Current Assets	2,50,000
General Reserve	4,50,000		
7% Debentures	3,50,000		
Current Liabilities	2,50,000		
	21,75,000		21,75,000

Calculate purchase consideration under Net Assets method on the basis of the following:

- R Ltd agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures by R Ltd.
- Fixed Assets are to be valued at 10% above book value, the investments at par, current assets at 10% discount and current liabilities at book value.

OR

b Explain the various methods of calculating purchase consideration.

8 a Calculate the amount of goodwill on the basis of three years purchase of the last five years average profits. The profits for the last five years are

I year – Rs. 4,800 II year – Rs. 7,200 III year – Rs. 10,000
IV year – Rs. 3,000 V year – Rs. 5,000

OR

b A liquidator is entitled to receive remuneration @2% of the assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs.70,00,000 against which payment was made as follows:

Liquidation expenses Rs.50,000

Preferential creditors Rs.1,50,000

Secured creditors Rs.40,00,000; Unsecured creditors Rs.30,00,000

Calculate the total remuneration payable to the liquidator.

9 a X Ltd purchased 60% shares of Y Ltd on 1-1-2021 when the balance on their P & L A/c and General reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31-12-2021, the Balance sheet of Y Ltd showed P&L A/c balance of Rs.4,00,000 and General Reserve Rs.3,00,000. Calculate Capital Profits and Revenue Profits.

OR

b Calculate minority interest from the Balance sheet of Mumbai Ltd.

Balance Sheet of Mumbai Ltd as on 31.12.2021

Liabilities	Rs.	Assets	Rs.
Share Capital:		Sundry Assets	10,00,000
7,00,000 shares of Rs.2 each	14,00,000	Plant and Machinery	7,00,000
General reserve as on 1.1.2021	6,00,000	Other assets	1,50,000
Creditors	3,00,000	Investment (80% of shares)	6,50,000
P & L A/c as on 31.12.2021	2,00,000		
	25,00,000		25,00,000

Chennai Ltd acquired 80% of the shares at Rs.6,50,000

Cont...

- 10 a From the following information, find out the amount of provision to be shown in the Profit and Loss Account of a bank.

	Rs. (in Lakhs)
Assets:	
Standard	8,000
Sub-standard	6,000
Doubtful: For one year	1,000
For three years	1,600
For more than three years	400
Loss assets	1,200

OR

- b A Life Assurance Company prepared its Revenue A/c for the year ended 31.3.2021 and ascertained its Life Assurance fund to be Rs.28,35,000. It was found later that the following had been omitted from the accounts:
- Interest accrued on investments Rs.39,000
Income tax liable to be deducted thereon is estimated to be Rs.10,500
 - Outstanding premiums Rs.32,800
 - Bonus utilized for reduction of premium Rs.6,750
 - Claims intimated but not admitted Rs.17,400
 - Claims covered under reinsurance Rs.6,500
- What is the true Life Assurance Fund?

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 a The Alfa manufacturing Company Limited was registered with a nominal capital of Rs.6,00,000 in Equity Shares of Rs.10 each. The following is the list of balances extracted from its books on 31st December, 2021.

	Rs.		Rs.
Calls in arrears	7,500	Salaries	14,500
Premises	3,00,000	Director's fees	5,725
Plant and machinery	3,30,000	Bad Debts	2,110
Interim dividend paid on 1 st August, 2021	37,500	Debenture interest Paid	9,000
Stock, 1 st January, 2021	75,000	Subscribed and fully called up capital	4,00,000
Fixtures	7,200	6% Debentures	3,00,000
Sundry Debtors	87,000	P&L Account (Cr.)	14,500
Goodwill	25,000	Bills Payable	38,000
Cash in hand	750	Sundry Creditors	50,000
Cash at bank	39,900	Sales	4,15,000
Purchases	1,85,000	General Reserve	25,000
Preliminary Expenses	5,000	Bad Debts reserve 1st January, 2021	3,500
General Expenses	16,835		
Wages	84,865		
Freight and carriage	13,115		

Prepare Statement of Profit and Loss Account and Balance Sheet in proper form after making the following adjustments:

- Depreciate Plant and Machinery by 10%.
- Write off Rs.500 from Preliminary Expenses.
- Provide half year's Debenture interest due.
- Leave Bad and Doubtful Debts Reserve at 5% on Sundry Debtors.
- Stock on 31st December, 2021 was Rs.95,000.

OR

- b "A" Co. Ltd was incorporated on May 1, 2021 to take over the business of "X" Co. as a going concern from January 1, 2021. The profit and loss account for the year ending December 31, 2021 was as follows:
Profit and Loss Account of "A." Co.Ltd for the year ended 31.12.21

Cont...

11 b Cont ...

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Rent and taxes	12,000	By Trading account	1,55,000
To Insurance	3,000	(Gross Profit)	
To Electricity charges	2,400		
To Salaries	36,000		
To Directors' fees	3,000		
To Auditors' fees	1,600		
To Commission	6,000		
To Advertisement	4,000		
To Discount	3,500		
To Office expenses	7,500		
To Carriage	3,000		
To Bank charges	1,500		
To Preliminary expenses	6,500		
To Bad debts	2,000		
To Interest on loan	3,000		
To Net Profit	60,000		
	1,55,000		1,55,000

The total turnover for the year ending December 31, 2021 was Rs.5,00,000 divided into Rs.1,50,000 for the period up to May 1, 2021 and Rs.3,50,000 for the remaining period. Ascertain the profits earned prior to the incorporation of the company.

- 12 a M Ltd and N Ltd agreed to amalgamate on the basis of the following Balance Sheets as on 31.3.2021.

Liabilities	M Ltd Rs.	N. Ltd Rs.	Assets	M Ltd Rs.	N. Ltd Rs.
Share capital Rs. 25 each	75,000	50,000	Goodwill	30,000	-
P& L A/c	7,500	2,500	Fixed Assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund	-	2,500	Debtors	8,000	5,200
	86,000	58,500	Bank	1,500	2,500
				86,000	58,500

The assets and liabilities are to be taken over by a new company formed called P Ltd., at book values. P Ltd's capital is Rs.2,00,000 divided into 10,000 equity shares of Rs.10 each and 10,000 9% preference shares of Rs.10 each.

P Ltd issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price.

Pass journal entries in the books of P Ltd and prepare its Balance Sheet, if the amalgamation is in the nature of purchase.

OR

- b The following is the Balance Sheet of United Industries Ltd. on 31st Dec. 2021

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	45,000
6,000 6% Preference shares of Rs.100 each	6,00,000	Land & Building	6,00,000
12,000 Equity shares of Rs.100 each	12,00,000	Plant & Machinery	9,00,000
8% Debentures	3,00,000	Stock	1,30,000
Bank overdraft	3,00,000	Debtors	1,40,000
Sundry Creditors	1,50,000	Cash	15,000
		Profit & Loss A/c	7,00,000
		Preliminary Expenses	20,000
	25,50,000		25,50,000

On the above date, the company adopted the following scheme of reconstruction:

- The Equity shares are to be reduced to shares of Rs.40 each fully paid and the Preference shares to be reduced to fully paid shares of Rs.75 each.
- The debenture holders took over stock and debtors in full satisfaction of their claims.

Cont...

12 b Cont ...

- iii. The Land & Buildings to be appreciated by 30% and Plant & Machinery to be depreciated by 30%.
- iv. The fictitious and intangible assets are to be eliminated.
- v. Expenses of reconstruction amounted to Rs. 5,000

Give journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance Sheet.

- 13 a Enumerate the different methods of valuation of shares and goodwill.

OR

- b A company went into voluntary liquidation on 31.3.2022: when the following Balance Sheet was prepared:

Liabilities	Rs.	Assets	Rs.
Authorized capital: 4000 shares of Rs.10 each	40,000	Goodwill	6,960
Issued Capital: 3000 shares of Rs.10 each	30,000	Freehold property	5,000
Unsecured creditors	15,432	Machinery	7,480
Partly secured creditors	5,836	Stock	11,710
Preferential creditors	810	Debtors	9,244
Bank overdraft (unsecured)	232	Cash	100
		Profit & loss A/c	11,816
	52,310		52,310

The liquidator realized the assets as follows:

Freehold property which was used in the first instance to pay the partly secured creditors pro-rata Rs.3,600; Machinery Rs.5,000; Stock Rs.6,200; Debtors Rs.8,700; Cash Rs.100.

The expenses of liquidation amounted to Rs.100 and the liquidator's remuneration was agreed at 2.5% on the amount realized including cash and 2% on the amount paid to unsecured creditors.

Prepare the liquidator's final statement of account.

- 14 a On 31
- st
- March, 2021 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.
Equity 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 A/c	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
	11,60,000	4,05,000		11,60,000	4,05,000

Draw a consolidated Balance sheet as at 31st March, 2021 after taking into consideration the following information:

- i. H Ltd acquired the shares on 31st July, 2020.
- ii. S Ltd earned profit of Rs.45,000 for the year ended 31st March, 2021
- iii. In January 2012 S Ltd sold to H Ltd goods costing Rs.15,000 for Rs.20,000. On 31st March, 2021 half of these goods were lying as unsold in the godown of H Ltd.

OR

- b The following are the Balance Sheets of A Ltd. and B Ltd. as at 31
- st
- Dec. 2021.

liabilities	A Ltd Rs.	B Ltd Rs.	Assets	A Ltd Rs.	B Ltd Rs.
Equity share capital, 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 A/c on 1.1.2021	8,500	8,000	Goodwill	-	10,000
Profit for the year less transfer to reserves	3,750	3,500			
Creditors	15,000	7,600			
	1,36,250	79,100		1,36,250	79,100

Cont...

14 b Cont ...

Profit for the year of B Ltd was Rs.6,000 out of which Rs.2,500 was transferred to reserves. The holding of A Ltd in B Ltd is 90% acquired a year ago on 31.12.2020. 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 a The following balances are abstracted from the books of New Bharat Life Insurance Co. Ltd., as on 31.03.2021

	Rs. ('000)
Life Assurance Fund (1-4-2020)	15,00,000
Premiums	4,96,000
Consideration for annuities granted	15,000
Interests & Dividends	1,00,000
Fines for revival of policies	750
Reinsurance premium	20,750
Claims outstanding (1-4-2020)	4,500
Claims paid during the year	64,900
Annuities	2,050
Bonus in reduction of premiums	1,600
Medical fees	2,400
Surrenders	4,000
Commission	18,650
Management Expenses	22,000
Income tax on Dividends	8,500

Prepare Revenue A/c after making the following adjustments:

	Rs. ('000)
i. Outstanding balances:	
Claims	14,000
Premiums	4,600
ii. Further bonus for premium	2,400
iii. Claim under reinsurance	8,000

OR

b From the following information prepare the Profit and Loss Account ABC Bank Ltd for the year ended on 31st March 2021 in the prescribed form.

	Rs.
Interest on loan	2,59,000
Interest on fixed deposits	2,75,000
Rebate on bills discount required	49,000
Commission	8,200
Establishment	54,000
Discount on bills discounted	1,95,000
Interest on cash credit	2,23,000
Interest on current account	42,000
Rent and taxes	18,000
Interest on overdraft	1,54,000
Director's fees	3,000
Auditor's fees	1,200
Interest on savings bank deposits	68,000
Postage and telegrams	1,400
Printing and stationery	2,900
Sundry charges	1,700

Bad debts to be written off amounted to Rs.40,000. Provision for taxation may be made @55%.

Balance of profit from last year was Rs.1,20,000. The directors have recommended of Rs.20,000 for the shareholders.

Z-Z-Z

END