

Model Question Paper 2

SECTION - A

I. Answer any FIVE sub-questions. Each sub-question carries 2 marks.

(5 × 2 = 10)

1. a) Mention any two advantages of Buy-back of shares.
- b) State the methods of Buy-back of shares.
- c) What is Fixed Income bearing Securities?
- d) What is Statutory Reserve?
- e) Who is an Insurer and Insured?
- f) What do you mean by General Insurance?
- g) What is Reinsurance Premium?

SECTION - B

II. Answer any FOUR of the following questions. Each question carries 5 marks

(4 × 5 = 20)

Sri Ram Ltd., furnished the following Balance Sheet as on 31st March 2023.

Particulars		Notes	Rs. in crores
1	Assets		
	Non-current assets		
	Fixed Assets		
A	Tangible Assets	1	800
B	Non-Current Investments (at cost)		--
2	Current assets		
A	Current Investments		80
B	Inventories		200
C	Trade receivables		200
D	Cash and Cash equivalents		120
	Total		1,400
1	Equity and Liabilities		
	Shareholders' funds		
A	Share capital	2	200
B	Reserves and Surplus	3	800
2	Non-current liabilities		
	Long term borrowings		--
3	Current liabilities		
A	Short-Term borrowings		100
B	Trade Payables		200
C	Other Current Liabilities		100
	Total		1,400

Notes to Accounts:

No.	Particulars	Rs. In Crores
1	Fixed Assets- Tangible Assets	
	Land and Buildings	500
	Plant and Machinery	200
	Furniture	100
		800
2	Share Capital	
	Authorised Capital:	
	5 Crore Equity Share of Rs. 20 each	100
	15 Crore, 12% Preference Shares of Rs. 20 each	300
		400
	Issued, Subscribed and Paid-up Capital:	
	2.5 Crore Equity Share of Rs. 20 each	50
	7.5 Crore, 12% Preference Shares of Rs. 20 each	150
		200
3	Reserves and Surplus	
	General reserve	520
	Securities premium	50
	Profit and Loss account	230
		800

The company bought back 50 Lakh Equity shares of Rs. 20 each at Rs. 100 per share.

The payment for this was made out of the bank balance. Pass the journal entries to record the above.

3. Mr. Punith purchased Rs. 2,00,000, 15% Debentures of Reliance industries Ltd. from Mr. Arun @ 103, on 1-8-2022 on which stamp 2% , taxes 1.5%, Brokerage 1% and legal charges Rs. 50 was Charged. Date of interest 31-3-2022 and 30-9-2022. Calculate cost of purchase of securities and pass journal entries.
4. Analysis of bill discounted by Indian Bank as on 31st March 2022 is as follows:

Amount of the Bill	Due date of the bill	Rate of Interest
2,40,000	6th June 2022	9%
4,00,000	12th June 2022	10%
3,50,000	6th July 2022	8%
5,00,000	5th August 2022	7%

Calculate rebate on bills discounted as on 31.3.2022

5. The following particulars related to a life insurance Corporation for the year 31.3.2023

Particulars	Rs.
Premium received during the year	11,33,000
Bonus in Reduction of Premium for 2022-23	7,000
Outstanding Premium on 1.4.2022	87,000
Outstanding Premium on 31.3.2023	1,09,000

Premium Received in advance on 1.4.2022	28,000
Premium Received in advance on 31.3.2023	22,000
Re-Insurance premium paid for 2022-23	60,000

Find out the amount of premium to be included in Revenue A/c.

6. Calculate the Premium earned (Net) for the year ended 31st March 2023 from the following in the case of Fire Insurance:

Particulars	Rs.
Premium Received Less Re-Insurance	6,90,000
Premium Outstanding on 1.4.2022	10,000
Premium Outstanding on 31.3.2023	8,000
Reserve for Unexpired risk on 1.4.2022	3,50,000
Additional Reserve on 1.4.2022	40,000

It is the policy of the company to maintain 50% of premium towards reserve for unexpired risks. Reserve for unexpired Risks including additional Reserve at the end of the year is Rs. 4,18,400.

SECTION - C

III. Answer any TWO questions. Each question carries 12 marks.

(2 X 12 = 24)

7. During the year ended 31st December 2022 Sandal Investments Ltd., purchased and sold investments as per details below:

31st March purchased 10,000 3% debentures of 100 each of Arun Ltd. At Rs. 97, brokerage and stamp duty amounting to Rs. 25,600. Interest is payable on the debentures on 1st July and 1st January.

1st May purchased 10,000, 6% cumulative preference share of 100 each of Bharath Cements Ltd at Rs. 95 brokerage and stamp duty being Rs. 24,200. Dividends are payable on 30th June and 31st December.

1st July sold 6,00,000 debentures of asbestos Ltd at Rs 99 per hundred less brokerage etc. 3,600. 1st October purchased a further 4,000, 6% cumulative preference shares 100 of Bharath Cements Ltd. At Rs. 90 brokerage and stamp duty being Rs. 8,600

Prepare ledger a/c of the two investments for the year 2022.

8. Nayana Bank Ltd required you to prepare its Balance sheet from the following details:

Particulars	Dr.	Cr.
Share Capital		
3,960 equity shares of 10 each		3,96,000
Statutory Reserve		4,62,000
Net Profit before Appropriations		3,00,000
Profit and Loss A/c		8,24,000
Fixed Deposits		10,34,000
Savings Deposits		9,00,000
Current Deposits		10,40,240
Bills Payable		20,000

Borrowings from other Banks		2,20,000
Term Loans	15,85,760	
Furniture	1,40,240	
Premises	3,11,400	
Govt. Securities	2,20,340	
Gold	1,10,460	
Money at call	4,20,240	
Cash with other Banks	3,11,740	
Cash with RBI	75,760	
Cash in Hand	3,20,300	
Cash creditors	16,24,000	
Current Account(overdraft)	76,000	
	51,96,240	51,96,240

Adjustments:

- Acceptances and endorsements Rs. 2,82,400
 - Claims against Bank not acknowledged as debt Rs. 1,10,000
 - Bills for collection Rs. 3,62,000
 - Depreciation on Premises Rs. 60,000
9. The following is the trial balance extracted from Grand Life Insurance Company Ltd as on 31-03-2023 You are required to prepare Revenue A/c and Balance Sheet.

Particulars	Dr.	Cr.
Share Capital	-	3,20,000
Life Assurance Fund	-	59,44,600
Dividend paid	30,000	-
Interest & Dividend received	-	2,25,400
Premium received	-	2,03,000
Surrenders	14,000	-
Claims paid	3,94,000	-
Commission paid	18,600	-
Management expenses	64,600	-
Mortgages in India	9,84,400	-
Agents' balances	18,600	-
Freehold premises	80,000	-
Investments	46,10,000	-
Loan on company policies	3,47,200	-
Cash deposits	54,000	-
Cash in hand	14,600	-
Bonus to policyholders	63,000	-
	66,93,000	66,93,000

Additional information:

- Claims admitted but not paid Rs.18,600
- Premium outstanding Rs.24,000

- c. Interest accrued Rs.1,88,600
- d. Management expenses due Rs.400

SECTION - D

IV. Answer any ONE question. It carries 6 marks.

(1 x 6 = 6)

- 10. Prepare a table of Rebate on Bills Discounted with Imaginary figures.
- 11. Prepare a Schedule of Premiums with Imaginary figures in respect of Life Insurance Company.



Sri Ram Ltd., furnished the following Balance Sheet as on 31st March 2023.

Particulars		Notes	₹ in Crores
1	Assets		
	Non-current Assets		
	Fixed Assets		
	A Tangible Assets	1	800
	B Non-Current Investments (at cost)		-
2	Current Assets		
	A Current Investments		80
	B Inventories		200
	C Trade receivables		200
	D Cash and Cash equivalents		120
	Total		1,400
1	Equity and Liabilities		
	Shareholders' Funds		
	A Share capital	2	200
	B Reserves and Surplus	3	800
2	Non-current Liabilities		
	Long term borrowings		-
3	Current Liabilities		
	A Short-Term borrowings		100
	B Trade Payables		200
	C Other Current Liabilities		100
	Total		1,400

Notes to Accounts:

No.	Particulars	₹ In Crores
1	Fixed Assets- Tangible Assets	500
	Land and Buildings	200
	Plant and Machinery	100
	Furniture	800
	Total	
2	Share Capital	
	Authorised Capital:	100
	5 Crore Equity Share of ₹ 20 each	300
	15 Crore, 12% Preference Shares of ₹ 20 each	400
	Total	

	Issued, Subscribed and Paid-up Capital:	
	2.5 Crore Equity Share of ₹ 20 each	50
	7.5 Crore, 12% Preference Shares of ₹ 20 each	150
	Total	200
3	Reserves and Surplus	
	General reserve	520
	Securities premium	50
	Profit and Loss account	230
	Total	800

The company bought back 50 Lakh Equity shares of ₹ 20 each at ₹100 per share.
The payment for this was made out of the bank balance. Pass the journal entries to record the above.

SOLUTION:

In the books of Sri Ram Ltd.
Journal entries

Date	Particulars	L/F	Debit (₹)	Credit (₹)
	Equity Share Capital Premium payable on buy-back A/c Dr.		40	
	To Equity shares buy-back A/c (Being the amount due on buy-back of equity shares)			50
	Equity shares buy-back A/c Dr.		50	
	To Bank A/c (Being payment made for buy-back of equity shares)			50
	Securities Premium A/c Dr.		40	
	To Premium payable on buy-back A/c (Being premium payable on buy-back charged from Securities premium)			40
	General reserve A/c Dr.		10	
	To Capital Redemption Reserve A/C (Being creation of capital redemption reserve to the extent of the equity shares bought back)			10

	Particulars	Notes	₹
1	Equity and Liabilities		
	Shareholders' Funds		
	A Share Capital	1	27,00,000
	B Reserves and Surplus	2	97,00,000
2	Current liabilities		
	A Trade Payables		14,00,000
	Total		1,38,00,000
1	Assets		
	Non-current assets		
	A Property, Plant and Equipment		93,00,000
	B Non-Current Investments		30,00,000

2	Current Assets	
	A Inventories	5,00,000
	B Trade receivables	2,00,000
	C Cash and Cash equivalents	8,00,000
	Total	1,38,00,000

ILLUSTRATION 8

Mr. Prasad purchased ₹ 2,00,000, 15% Debentures of Reliance industries Ltd. from Mr. Yogesh @ 103, on 1-8-2022 on which stamp 2%, taxes 1.5%, Brokerage 1% and legal charges ₹ 50 was Charged. Date of interest 31-3-2022 and 30-9-2022. Calculate cost of purchase of securities and pass journal entries.

SOLUTION**Calculation of Cost of Purchases**

Particulars	₹
Purchases	2,00,000
Add: stamp duty	4,000
Taxes	3,000
Brokerage	2,000
Legal Charges	50
Cost of Purchases	2,09,050

2.16**Advanced Accounting****Calculation of Period**

1-8-2022 to 30-9-2022 is **2 Months**

Calculation of Accrued Interest

$$1,98,000 \times 15\% \times 2/12 = 4,950$$

Journal Entries

Date	Particulars	L/f	Dr.	Cr.
	Investment A/c Dr.		2,09,050	
	To Bank A/c			2,09,050
	Interest A/c Dr.		4,950	
	To Bank A/c			4,950

ILLUSTRATION 2

Analysis of bill discounted by Indian Bank as on 31st March 2022 is as follows:

Amount of the Bill	Due date of the bill	Rate of Interest
2,40,000	6 th June 2022	9%
4,00,000	12 th June 2022	10%
3,50,000	6 th July 2022	8%
5,00,000	5 th August 2022	7%

Calculate rebate on bills discounted as on 31.3.2022

(BU B. Com Dec 2015)

3.8**Advanced Accounting****SOLUTION****Computation of Rebate on Bills Discounted**

Due Date	Days Beyond 31.3.2022	Amount	Rate	Rebate
6 th June 2022	67	2,40,000	9%	3,960
12 th June 2022	73	4,00,000	10%	8,000
6 th July 2022	98	3,50,000	8%	7,518
5 th August 2022	127	5,00,000	7%	12,175
Total				31,661

ILLUSTRATION 3

The following particulars related to a life insurance Corporation for the year 31.3.2023

Particulars	(₹)
Premium received during the year	11,33,000
Bonus in Reduction of Premium for 2022-23	7,000
Outstanding Premium on 1.4.2022	87,000
Outstanding Premium on 31.3.2023	1,09,000
Premium Received in advance on 1.4.2022	28,000
Premium Received in advance on 31.3.2023	22,000
Re-Insurance premium paid for 2022-23	60,000

Find out the amount of premium to be included in Revenue A/c. (BU B.Com Nov. 2015)

SOLUTION

Calculation of The premium to be credited to Revenue Account

Particulars	(₹)
Premium received during the year	11,33,000
Add: Outstanding premium on 31.3.2023	1,09,000
Add: Premium received in advance on 1.4.2022	28,000
Add: Bonus in reduction of premium for 2022-23	7,000
	12,77,000
Less: Outstanding premium on 1.4.2022	87,000
Less: Premium received in advance on 31.3.2023	22,000
Less: Re-Insurance Premium Paid	60,000
Net Premium	11,08,000

ILLUSTRATION 2

Calculate the Premium earned (Net) for the year ended 31st March 2023 from the following in the case of Fire Insurance:

Particulars	₹
Premium Received Less Re-Insurance	6,90,000
Premium Outstanding on 1.4.2022	10,000
Premium Outstanding on 31.3.2023	8,000
Reserve for Unexpired risk on 1.4.2022	3,50,000
Additional Reserve on 1.4.2022	40,000

It is the policy of the company to maintain 50% of premium towards reserve for unexpired risks. Reserve for unexpired Risks including additional Reserve at the end of the year is ₹ 4,18,400. (B U Exam Dec 2010)

SOLUTION**Net Premium**

Particulars	₹
Premium Received	6,90,000
Add: Premium outstanding 31.3.2023	8,000
	6,98,000
Less: Premium outstanding 1.4.2022	10,000
	6,88,000
Less: Reserve for Unexpired Risk*	4,18,400
	2,69,600
Add: Reserve for Unexpired Risk on 1.4.2022	3,50,000
Add: Additional Reserve on 1.4.2022	40,000
Net Premium	6,59,600

Note: Reserve for Unexpired Reserve give in the problem no need to calculate the reserve.

ILLUSTRATION 4

During the year ended 31st December 2022 Ivory Investments Ltd., purchased and sold investments as per details below:

31st March purchased 10,000 3% debentures of 100 each of Asbestos Ltd. At ₹ 97, brokerage and stamp duty amounting to ₹ 25,600. Interest is payable on the debentures on 1st July and 1st January.

1st May purchased 10,000, 6% cumulative preference shares of 100 each of Andhra Cements Ltd at ₹ 95 brokerage and stamp duty being ₹ 24,200. Dividends are payable on 30th June and 31st December.

1st July sold 6,00,000 debentures of asbestos Ltd at ₹ 99 per hundred less brokerage etc. 3,600.

October purchased a further 4,000, 6% cumulative preference shares 100 of Andhra Cements Ltd. At ₹ 90 brokerage and stamp duty being ₹ 8,600.

Write up the ledger a/c of the two investments for the year 2022.

SOLUTION

Investment Account

Date	Particulars	Face value	Interest	Investment	Date	Particulars	Face value	Interest	Investment
2022		₹	₹	₹	2022		₹	₹	₹
Mar. 31 st	To Cash 9,70,000 Add: Brokerage 25,600 9,95,600	10,00,000	12,500 (for 3 months on 10,00,000)	9,83,000	July 1 st	By cash (interest) Cash Sold @ 99% 5,94,000 Less: Expenses 3,600 5,90,400	- 6,00,000	25,000 -	5,90,400
Dec. 31 st	To Profit & Loss A/c	-	-	540	Dec. 31 st	By Accrued interest (4,00,000 × 5/100 × 6/12)	-	10,000	
Dec. 31 st	To Profit & Loss A/c	-	22,500		"	By balance c/d (at cost)	4,00,000	-	3,93,140
	Total	10,00,000	35,000	9,83,540		Total	10,00,000	35,000	9,83,540

Note:

Calculation of profit on sale of debentures on 1-7-2022

Amount realized on sale of debenture (nominal value 6,00,000)	5,90,400
Less: Purchase of ₹ 6,00,000 $(9,83,100 / 10,00,000 \times 6,00,000)$	5,89,860
Profit on sale of debentures	540

Investment Account
(6% cum. preference shares in Andhra Cement Ltd)

Date	Particulars	Face Value	Dividend	Investment	Date	Particulars	Face Value	Dividend	Investment
2022		₹	₹	₹	2022		₹	₹	₹
May 1 st	To Cash 9,50,00 Add: brokerage and stamp duty 24,200 = 9,74,000	10,00,000	20,000 (for 4 months on 10,00,000)	9,54,200	June 30 th	By cash (dividend) (10,00,000 $\times 6/100 \times 6/12$)	-	30,000	-
					Dec. 31 st	By cash (dividend) (10,00,000 $\times 6/100 \times 6/12$)	-	42,000	-
Oct. 1 st	To Cash 3,60,000 Add: brokerage 8,600 =3,68,600	4,00,000	6,000	3,62,600	Dec. 31 st	Balance (at cost) c/d	14,00,000	-	13,16,800
Mar. 31 st	To Profit & Loss A/c	-	46,000	-					
		14,00,000	72,000	13,16,800			14,00,000	72,000	13,16,800

Narayana Bank Ltd required you to prepare its Balance sheet from the following details:

Particulars	Dr	Cr
Share Capital		
3,960 equity shares of 10 each		3,96,000
Statutory Reserve		4,62,000
Net Profit before Appropriations		3,00,000
Profit and Loss A/c		8,24,000
Fixed Deposits		10,34,000

Savings Deposits		9,00,000
Current Deposits		10,40,240
Bills Payable		20,000
Borrowings from other Banks		2,20,000
Term Loans	15,85,760	
Furniture	1,40,240	
Premises	3,11,400	
Govt. Securities	2,20,340	
Gold	1,10,460	
Money at call	4,20,240	
Cash with other Banks	3,11,740	
Cash with RBI	75,760	
Cash in Hand	3,20,300	
Cash creditors	16,24,000	
Current Account(overdraft)	76,000	
Total	51,96,240	51,96,240

Adjustments:

- Acceptances and endorsements ₹ 2,82,400
- Claims against Bank not acknowledged as debt ₹ 1,10,000
- Bills for collection ₹ 3,62,000
- Depreciation on Premises ₹ 60,000

(BU B.Com 2012)

Form A

Form of Balance Sheet

Balance sheet of Narayana Bank as on 31st March 2023

Particulars	Schedule No	₹
I Capital and Liabilities:		
Capital	1	3,96,000
Reserve and Surplus	2	15,26,000
Deposits	3	29,74,240
Borrowings	4	2,20,000
Other Liabilities and Provisions	5	20,000
Total Capital and Liabilities		51,36,240
II Assets		
Cash in hand and with RBI	6	3,96,060
Cash with Other Banks and Money at Call and Short	7	7,31,980
Notice	8	3,30,800
Investment	9	32,85,760
Advances	10	3,91,640
Fixed Assets	11	-
Other Assets		
Total Assets		51,36,240
Contingent Liabilities	12	3,92,400
Bills for collection		3,62,000

Working note for Schedules

Schedule 1: Capital

Particulars	₹
Share capital	3,96,000
3,960 equity share of 10 each	
Total Capital	3,96,000

Schedule 2: Reserves and Surplus

Particulars	₹
Statutory Reserve (2,40,000 × 25%)	60,000
Add: existing reserve	4,62,000
	5,22,000
Profit and Loss Account	
Balance b/f	8,24,000
Current years profit	1,80,000
Total Reserve and Surplus	15,26,000

Schedule 3: Deposits

Particulars	₹
Fixed Deposit	10,34,000
Saving Bank Deposit	9,00,000
Current Deposit	10,40,240
Total Deposits	29,74,240

Schedule 4: Borrowing

Particulars	₹
Borrowing from other banks	2,20,000
Total Borrowings	2,20,000

Schedule 5: Other Liabilities and Provisions

Particulars	₹
Bills payable	20,000
Total other Liabilities and Provisions	20,000

Schedule 6: Cash in Hand and with RBI

Particulars	₹
Cash in Hand	3,20,300
Cash at RBI	75,760
Total	3,96,060

Schedule 7: Cash with other Bank and Money at Call and Short Notice

Particulars	₹
Money at Call	4,20,240
Cash with other Bank	3,11,740
Total	7,31,980

Schedule 8: Investment

Particulars	₹
Investment in Government securities	2,20,340
Gold	1,10,460
Total	3,30,800

Schedule 9: Advances

Particulars	₹
Current accounts (overdraft)	76,000
Cash credits	16,24,000
Term loans	15,85,760
Total	32,85,760

Schedule 10: Fixed Assets

Particulars	₹
Furniture	1,40,240
Premises	3,11,400
Less: Depreciation	60,000
Total	3,91,640

Schedule 12: Contingent Liabilities

Particulars	₹
Acceptances & Endorsement	2,82,400
Claims against banks	1,10,000
Total	3,92,400

Working Note:**The balance of profit is ascertained as follows:**

Current year's profit as give	3,00,000
Less: Depreciation on premises	60,000
Profit for appropriation	2,40,000
Less: Transfer to Statutory reserve - 25%	60,000
(2,40,000 × 25%)	
Total	1,80,000

 COMPLIMENTARY COPY
NOT FOR SALE

ILLUSTRATION 10

The following is the trial balance extracted from Grand Life Insurance Company Ltd as on 31-03-2023
You are required to prepare Revenue A/c and Balance Sheet.

Particulars	Dr.	Cr.
Share Capital	-	3,20,000
Life Assurance Fund	-	59,44,600
Dividend paid	30,000	-
Interest & Dividend received	-	2,25,400
Premium received	-	2,03,000
Surrenders	14,000	-
Claims paid	3,94,000	-
Commission paid	18,600	-
Management expenses	64,600	-
Mortgages in India	9,84,400	-
Agents' balances	18,600	-
Freehold premises	80,000	-
Investments	46,10,000	-
Loan on company policies	3,47,200	-
Cash deposits	54,000	-
Cash in hand	14,600	-
Bonus to policyholders	63,000	-
Total	66,93,000	66,93,000

Additional information:

- Claims admitted but not paid ₹18,600
- Premium outstanding ₹24,000
- Interest accrued ₹1,88,600
- Management expenses due ₹400

Hint: Dividend paid ₹ 30,000 shall be shown as an appropriation in the P & L A/c and the amount equivalent to it shall be considered as the amount transferred from Revenue A/c to Shareholders A/c.

Revenue Account for the year ending 31st March, 2023

Policyholders' Account (Technical Account)

Particulars	Schedule No.	₹
Premium Earned (net)		
a. Premium	1	2,27,000
b. Reinsurance ceded		-
c. Reinsurance accepted		-
Income from investments (gross):		
Interest, dividend & rent (2,25,400+1,88,600)		4,14,000
Other incomes:		-
Total (A)		6,41,000
Commission	2	18,600
Operating expenses related to insurance	3	65,000
Provision for Doubtful Debts		-
Bad Debts written off (Reassurances irrecoverable)		-
Income tax/Provision for Taxation		-
Other provisions		-
Total (B)		83,600
Benefits paid (net)	4	4,89,600
Interim bonus paid		-
Change in valuation of net liability (closing net liability opening net liability)		-
Total (C)		4,89,600
Surplus (D) i.e., A - (B+C)		67,800
Appropriations:		
Transfer to shareholders (Dividend paid)		30,000
Transfer to other reserves		-
Balance being funds for future appropriations		37,800
Total (D)		67,800

Schedules

Schedule 1 - Premium Earned

Premium received	2,03,000
Premium outstanding	24,000
Total	2,27,000

Schedule 2 - Commission

Commission paid	18,600
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Schedule 3 - Operating Expenses

Management expenses	64,600
Management expenses due	400
Total	65,000

Schedule 4 - Benefits paid

Surrenders	14,000
Claims paid	3,94,000
Bonus to policyholders	63,000
Claims admitted but not paid	18,600
Total	4,89,600

Profit and Loss Account for the year ending 31st March, 2023
Shareholders' Account (Non-Technical Account)

Particulars	₹
Amounts transferred from/to the Policyholders Account (Technical Account)	30,000
Income from investments	-
Other incomes	-
Total (A)	30,000
Expenses other than those directly related to the insurance business	-
Bad debts written off	-
Provisions (other than taxation)	-
Total (B)	-
Profit/Loss before tax	30,000
Provision for taxation	-
Profit/Loss after tax	30,000
Appropriations	-
Balance at the beginning of the year	-
Interim dividends paid during the year	-
Proposed final dividend	30,000
Dividend distribution tax	-
Transfer to reserves and other accounts	-
Profit carried to balance sheet	-
Total	30,000

Balance Sheet as at 31st March, 2023

Particulars	Schedule	₹
Sources of funds		
Shareholders Funds		
Share Capital	5	3,20,000
Reserves and Surplus	6	59,44,600
Fair value change A/c		-
Sub-total		62,64,600

Borrowings (debentures, fixed deposits accepted, bank loans, etc.)	7	
Sub-total		
Policyholders Funds		
Fair value change A/c		
Policy liabilities		
Insurance reserves		
Provision for linked liabilities		
Sub-total		
Funds for future appropriations		37,800
Total		63,02,400
Application of funds		
Investments		
Shareholders	8	46,10,000
Policyholders	8A	-
Assets held to cover linked liabilities	8B	-
Loans	9	13,31,600
Fixed Assets	10	80,000
Current Assets:		
Cash and Bank balances (54,000+14,600)	11	68,600
Advances and other assets (18,600+24,000+1,88,600)	12	2,31,200
Sub-total (11+12) = (A)		2,99,800
Current Liabilities:(18,600+400)	13	19,000
Provisions	14	
Sub-total (13+14) = (B)		19,000
Net current assets (C) = (A-B)		2,80,800
Miscellaneous Expenditure	15	-
Profit & Loss A/c (Debit balance in shareholders account)		-
Total		63,02,400

Contingent Liabilities

3.8 Six Marks Questions (Skill Development Question)

Prepare a table on bills discounted with imaginary figures.

Amount of Bills (₹)	Due Date	Rate of Interest
60,000	31-07-2023	14% p.a.
65,000	30-06-2023	12% p.a.
1,00,000	31-05-2023	15% p.a.
85,000	31-08-2023	16% p.a.

SOLUTION

Statement showing rebate on bills discounted

Due date	No. of days after 31-3-2023	Working	Rebate on bills discounted (₹)
31-07-2023	$30+31+30+31=122$	$(60,000 \times 14\% \times 122/365)$	2,808
30-06-2023	$30+31+30=91$	$(65,000 \times 12\% \times 91/365)$	1,945
31-05-2023	$30+31=61$	$(1,00,000 \times 15\% \times 61/365)$	2,507
31-08-2022	$30+31+30+31+31=153$	$(85,000 \times 16\% \times 153/365)$	5,701
Total rebate on bills discounted as at 31/3/2023			12,961

4.7 Six Marks (Skill Development Questions)

1. Prepare a schedule of premiums with imaginary figures in respect of Life Insurance Company.

Particulars	₹
Premium received during the year	10,00,000
Add: Outstanding premium on 31.3.2023	1,00,000
Add: Premium received in advance on 1.4.2022	2,00,000
Add: Bonus in reduction of premium for 2022-23	2,00,000
Add: Re-Insurance Premium Received	1,00,000
	16,00,000
Less: Outstanding premium on 1.4.2022	2,00,000
Less: Premium received in advance on 31.3.2023	4,00,000
Net Premium	10,00,000