

Schedule 12 – Advances and Other Assets

(₹ '000)

Agents' balance	1,20,000
Premium outstanding	1,30,000
Sundry debtors	12,80,000
	15,30,000

Schedule 13 – Current Liabilities

Sundry creditors	8,70,000
Outstanding expenses	3,50,000
	12,20,000

Schedule 14 – Provisions

Provision for income tax	3,00,000
Proposed dividend	2,60,000
	5,60,000

Schedule 15 – Miscellaneous Expenditure

Discount on issue of shares	1,00,000
	1,00,000

Illustration 6: Following is the Trial Balance of Best Life Insurance Company as on 31-3-2020.

Debit balance	(₹ '000)	Credit balance	(₹ '000)
Loans on company policies	1,74,600	Premium	3,65,900
Loans on govt. securities	7,00,000	Profit on sale of investments	10,800
Mortgages	8,86,800	Claims outstanding	58,400
Agents' balance	6,800	Trade creditors	7,700
Investments	9,60,300	Life Assurance Fund (1.4.2019)	8,00,000
Cash at bank	12,700	Consideration for annuities	12,200
Cash in hand	1,750	Interest, dividend, rent, etc.	1,20,500
Furniture	1,500	Share capital	20,00,000
House property	59,800		
Loans on life policies	4,200		
Expenses of management	18,200		
Stock of stamps	150		
Deposits with RBI	2,00,000		
Commission	9,800		
Bonus in cash	4,200		
Surrenders	21,100		
Claims by maturity	1,04,700		
Claims by death	1,72,600		

Annuities paid		
Outstanding premium	7,600	
Advance income tax	21,600	
	7,100	
	33,75,500	
		33,75,500

Prepare Revenue a/c and Balance Sheet.

Solution

Revenue a/c for the year ended 31-3-2020

Particulars	Schedule No.	Amount (₹ '000)
Premium earned (net)	1	3,65,900
Income from investments:		
(a) Interest, dividend, rent		1,20,500
(b) Profit on sale of investments		10,800
Other incomes		
Consideration for annuities		12,200
Total (A)		5,09,400
Commission	2	9,800
Operating expenses	3	18,200
Total (B)		28,000
Benefits paid	4	3,10,200
Total (C)		3,10,200
Surplus D (A - B - C)		1,71,200
Appropriations		
Balance to funds for future appropriations		1,71,200
		1,71,200

Schedules

Schedule 1 - Premium

	(₹ '000)
Premium	3,65,900
	3,65,900

Schedule 2 - Commission Expenses

Commission	9,800
	9,800

Schedule 3 - Operating Expenses

Expenses of management	18,200
	18,200

Schedule 4 – Benefits Paid

(₹ '000)

Claims by death	1,72,600
Claims by maturity	1,04,700
Annuities	7,600
Surrenders	21,100
Bonus in cash	4,200
	3,10,200

Balance Sheet as on 31-3-2020

Particulars	Schedule No.	Amount (₹ '000)
<i>Source of funds</i>		
Share capital	5	20,00,000
Reserves and surplus	6	9,71,200
Borrowings	7	-
Total		29,71,200
<i>Application of funds</i>		
Investments	8	9,60,300
Loans	9	17,65,600
Fixed assets	10	61,300
Total		27,87,200
<i>Current assets</i>		
Cash and bank balance	11	14,450
Advances and other assets	12	2,35,650
Sub-total (A)		2,50,100
<i>Current liabilities</i>		
Provisions	13	66,100
	14	-
Sub-total (B)		66,100
Net current assets C		1,84,000
Total		29,71,200

Schedules**Schedule 5 – Share Capital**

(₹ '000)

Share capital	20,00,000
	20,00,000

Schedule 6 – Reserves and Surplus

Life Assurance Fund (1-4-2019)	8,00,000	
Add: Surplus	1,71,200	9,71,200
		9,71,200

(₹ '000)

Schedule 7 - Borrowings

Nil

Schedule 8 - Investments

Investment	9,60,300
	9,60,300

Schedule 9 - Loans

Mortgages	8,86,800
Loan on company's policies	1,74,600
Loan on govt. securities	7,00,000
Loan on life policies	4,200
	17,65,600

Schedule 10 - Fixed Assets

House property	59,800
Furniture	1,500
	61,300

Schedule 11 - Cash and Bank Balance

Cash in hand	1,750
Cash with bank	12,700
	14,450

Schedule 12 - Advances and Other Assets

Advance income tax	7,100
Deposit with RBI	2,00,000
Agents' balance	6,800
Outstanding premium	21,600
Stock of stamps	150
	2,35,650

Schedule 13 - Current Liabilities

Claims outstanding	58,400
Trade creditors	7,700
	66,100

Illustration 7: Following is the Trial Balance of Southern Life Insurance Company as on 31-3-2016.

Debit balance	(₹ '000)	Credit balance	(₹ '000)
Claims by death	76,980	Life Assurance Fund (1.4.2015)	14,70,562
Claims by maturity	36,420	Premium	2,10,572
Management expenses	19,890	Consideration for annuities	10,620