

(v) What is the accounting entry to be passed as per AS-10 for the following situations :

- (a) Increase in value of fixed asset by Rs. 50,00,000 on account of revaluation.
 (b) Decrease in the value of fixed asset by Rs. 30,00,000 on account of revaluation.
 (vi) "One of the characteristics of financial statements is neutrality"—Do you agree with this statement ?

(vii) An industry borrowed Rs. 40,00,000 for purchase of machinery on 1.6.2007. Interest on loan is 9% per annum. The machinery was put to use from 1.1.2008. Pass journal entry for the year ended 31.3.2008 to record the borrowing cost of loan as per AS-16.

(viii) What is Account Current ?

(ix) Domestic Assurance Co. Ltd. received Rs. 5,90,000 as premium on new policies and Rs. 1,20,000 as renewal premium. The company received Rs. 90,000 towards reinsurance accepted and paid Rs. 70,000 towards reinsurance ceded. How much will be credited to Revenue Account towards premium ?

(x) A loan outstanding of Rs. 50,00,000 has DICGC cover. The loan guaranteed by DICGC is assigned a risk weight of 50%. What is the value of Risk-adjusted asset ?

6. Answer any **four** out of the following :

(a) When can an item qualify to be a prior period item as per AS-5 ?

(b) Ram & Co. acquired a motor lorry on hire-purchase basis. It has to make cash down payment of Rs. 1,00,000 at the beginning. The payments to be made subsequently are Rs. 2,63,000; Rs. 1,85,000 and Rs. 1,14,000 at the end of first year, second year and third year respectively. Interest charged is @ 14% per annum. Calculate the cost price of motor lorry and interest paid in each instalment.

(c) Explain Garner v/s Murray rule applicable in the case of partnership firms. State, when is this rule not applicable.