

- (b) X Limited has provided depreciation as per accounting records of Rs. 8,00,000 and as per tax records same is Rs. 14,00,000. Unamortised preliminary expenses as per tax records is Rs. 11,200. There is adequate evidence of future profit sufficiency. How much deferred tax asset/liability should be recognised. Tax rate is 40%. 4
- (c) X Ltd. has its financial year ended 31.3.2009, fifteen Law suits outstanding, none of which has been settled by the time the accounts are approved by the directors. The directors have estimated that the probable outcomes as below: 4

Result	Probability	Amount of Loss Rs.
For first ten cases :		
Win	0.6	—
Lose-low damages	0.3	90,000
Lose-high damages	0.1	2,00,000
For remaining five cases :		
Win	0.5	—
Lose-low damages	0.3	60,000
Lose-high damages	0.2	1,00,000

The directors believe that the outcome of each case is independent of the outcome of all the others.

Estimate the amount of contingent loss and state the accounting treatment of such contingent loss.

- (d) From the following information find out the amount of provision to be shown in the Profit and Loss account of a Commercial Bank : 4

Assets	Rs. in lakhs
Standard	4,000
Sub-standard	2,000
Doubtful upto one year	900
Doubtful more than one year but upto three years	400
Doubtful more than three years	300
Loss assets	500

Doubtful assets are considered as fully secured.