Paper / Subject Code: 44802 / Financial Accounting - VI

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| | Time : 2.5 Ho | ours | Marks: 75 |
|----------|--|--|--------------------|
| Note . | 1. Question No. 1 is Compulsory. | | . 27 |
| Note: | 2. Question No. 2,3,4 and 5 have internal op | tions | 1.00 |
| | | Trans. | |
| | 3. Each question carry 15 marks. | 1 N. 12 12 13 13 | Sign. |
| O.1 A. | Fill in the blanks with correct alternatives (A | Any 8) | (8) |
| 1. | Discounted Bills Purchased are shown under | r | |
| | a) Other Assets | b) Loans | S. 18 |
| | c) Other Incomes | d) Advances | |
| • | | noun under | 8, 6 |
| 2. | Locker Rent under Banking Company are sl | b) Other Incomes | 7 18 |
| | a) Operating Expenses | d) Other Assets | (, A) |
| | c) Deposits | u) Offici Assets | The Section |
| 2 | Reinsurance Obligations are disclosed unde | | 101 |
| э. | a) Current Liabilities | b) Fixed Liabilities | 5 |
| | c) Contingent Liabilities | d) Advances and Other A | ssets |
| | c) Contingent Elabinities | × (0) | ,62 |
| 4 | is deducted from premium earne | d E | , C. |
| , (| a) Closing O/s Premium | b) Reinsurance Premium (| (Dr) |
| | c) Premium received during the year | d) Claims on reinsurance | |
| . 19.0 | | \$ 5 | |
| 5. | is not a part of payment & set | tlement system. | Tay. |
| | a) HDFC | b) IDFC | -\$p |
| | c) NBFC | d) ICICI | 47 |
| . , | | Signal Si | 10 |
| 6. | "Owned Fund" excludes | | |
| Ç. | a) Paid Up Capital | b) Free Reserves | |
| | c) Securities Premium | d) Reserves created by re- | valuation of |
| 1 | | Fixed Assets | |
| 7 | LIDIn | | |
| 1. | a) Specified Period of Life | L) D | |
| | | b) Perpetual Succession | |
| | c) committed only for a venture | d) No Perpetual Successi | on |
| 8. | Capitalised value of Super Profit = Super Profit | rofit / × 100 | |
| <i>(</i> | a) Super Profit | b) Paid Up Share Capital | 1 |
| 0 | c) NRR | d) Average Profit | |
| 3. | of the second | d) Average From | |
| 9. | Goodwill is Rs.3,20,000, Number of Years | of Purchase is 4 Years. Su | per Profit will be |
| | a) Rs. 80,000 | b) Rs. 3,19,996 | |
| ** | c) Rs. 12,80,000 | | |
| 10 | ,,,,,,,,, | d) Rs. 3,20,004 | |
| 10. | The minimum number of partners LLP can | have is | |
| | a) 2 | b) 7 | |
| 13 | c) 20 | d) 50 | |
| 1 | | u) 30 | |

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- Q.1B. Statement whether the following statements are True or False (Any 7)
- (7

- 1. LLP is convenient for professionals.
- 2. Out of the 2 designated partner, one should be an Indian Resident,
- 3. Intrinsic Value Per Share Method is also called as Asset Backing Method
- 4. Goodwill doesn't have realizable value.
- 5. NBFC is registered under IRDA Act
- 6. Final Accounts of General Insurance need not be prepared in prescribed form.
- 7. Profit and Loss A/c has been prepared as per Form B-PL.
- 8. A provision of 40 % has to be created in case of Loss Assets under Provision for NPA's in case of Banking Company.
- 9. NBFC is basically a banking company.
- 10. Current Account is opened by businessman.

Q2 A. Following is trial balance of Sun Bank Ltd. Prepare Balance Sheet as on 31.03.2022. Trial balance as on 31.03.2022. (15)

| 12 | 17. | | - |
|--|-----------|---|-----------|
| Particulars | Dr. (Rs.) | Particulars S | Cr.(Rs.) |
| Accrued interest | 70,000 | Share Capital of 100 each, Rs.50 called | 5,00,000 |
| Cash in hand | 1,20,000 | Statutory Reserve Fund | 13,00,000 |
| Cash with RBI | 2,00,000 | Dividend Equalization Reserve | 2,00,000 |
| Cash with Other Banks | 3,00,000 | Profit and Loss on 31.03.2021 | 5,00,000 |
| Money at call | 50,000 | Current Accounts | 80,000 |
| Investment in government Securities | 1,50,000 | Saving Bank deposits | 3,00,000 |
| Shares and Debentures | 50,000 | Fixed deposits | 8,00,000 |
| Gold | 3,50,000 | Recurring deposit | 2,00,000 |
| Cash credit, overdraft and loan | 18,90,000 | Borrowings | 6,00,000 |
| Bill discounted | 3,00,000 | Branch Adjustment | 20,000 |
| Fixed Assets(at cost) | 20,00,000 | Unclaimed dividend | 40,000 |
| Fixed Assets acquired in satisfaction of claim | 60,000 | Proposed dividend | 50,000 |
| Advance Tax | 20,000 | Provision for tax | 30,000 |
| Tax deducted at source | 10,000 | Unexpired discount | 50,000 |
| 20 | | Bills payable | 40,000 |
| | 1 | Accrued Interest | 40,000 |
| | | Provision for Depreciation | 8,00,000 |
| | X | Reserve for Doubtful Debts | 20,000 |
| | 55,70,000 | | 55,70,000 |

Additional Information:

- 1. Guarantees given on behalf of constituents Rs.25,000.
- 2. Liability for partly paid investment Rs.20,000.
- 3. Bills for collection Rs.2,00,000
- A claim by employees for bonus amounting to Rs.15,000 is pending award of arbitration.

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OR

Q2 B. The following figures have been obtained from the books of the Galaxy Bank Ltd. For the year ending 31st March, 2021.

| the year ending 31° | Particul: | ors | | | Amount |
|------------------------|-----------|--------------|------|-----|-----------|
| | Tar ticus | | - 1 | | 50,00,000 |
| Interest earned | | | 1 | | 16,000 |
| Auditor Fees | - 1 | | | | 62,000 |
| Depreciation | 1,7 | , he ' | -3 | | 1,24,000 |
| Rent received | | <u> </u> | | | 76,000 |
| Loss on sale of asset | S | | | | 1,80,000 |
| Profit on sale of invo | | - 60 | - 0 | 7.5 | 4,20,000 |
| Printing and Station | ery | 3 | 1.7 | - 8 | 1,22,000 |
| Postage and Telegra | ms | الميا است | 1 | 1- | 1,40,000 |
| Rent and Taxes | | Y 5 | - | · . | 70,000 |
| Director Fees | <u> </u> | . ~ | | | 4,20,000 |
| Salaries and Wages | N. N. | | | | |
| Interest paid | 1 | 18 | 135 | 1.1 | 40,00,000 |
| Commission and Ex | change | 63 | \$ T | 433 | 3,90,000 |
| Discount carned | , | × × | | 1 | 26,00,000 |

Additional Information:

- 1. The Profit and Loss account had a balance of Rs. 10,00,000 on 1st April, 2020.
- 2. An advance of Rs.5,68,000 has become doubtful and its expected that only 50% of the amount due can be recovered from the security.
- 3. The provision for tax amounted to Rs. 9,39,000.
- A dividend of Rs.2,00,000 is proposed by the board of directors. Prepare profit and loss account of the bank Ltd. For the year ending 31st March, 2021.

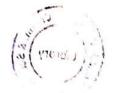
Q3 A. Following information is provided to you of Royale Fire Insurance Company Ltd for (15)the year ended 31st March, 2022.

| Particulars | Amt |
|---|----------|
| Claims Paid | 2,25,000 |
| Legal Expenses regarding claims | 20,250 |
| Legal Expenses regarding channel | 40,500 |
| Claims unpaid (01/04/2021) | 38,250 |
| Claims unpaid (31/03/2022) | 6,75,000 |
| Premium received | 33,750 |
| Reinsurance Premium Paid | 1,57,500 |
| Commission on direct business | 67,500 |
| Management Expenses | 2,47,500 |
| Provision for Unexpired Risk (01/04/2021) | 1,00,000 |
| O/s Premiums (01/04/2021) | 1,50,000 |
| O/s Premiums (31/03/2022) | 20,000 |
| Commission on Reinsurance Business Accepted | 15,000 |
| Commission on reinsurance Business Ceded | 15,750 |
| Surveyors fees regarding claims | 10,100 |

Provision for unexpired risk to be created @ 50%

Prepare Revenue A/c for the year ended 31st March, 2022 of Royale Fire Insurance Co. Ltd.

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OR

Q3 B. M/s Jupiter & Sons whose partners shared their profits and losses in equal proportion decided to convert into LLP on the following terms and conditions on 1st April, 2021, when their Balance was as follows:

(15)

| Liabilities | Amount | Assets | Amount | |
|------------------|----------|---|----------|--|
| 2 | 2,1 | 7. T. | 40 | |
| Capital Balances | | Building | 90,750 | |
| Нарру | 1,00,000 | Furniture | 31,125 | |
| Merry | 1,25,000 | Equipments | 15,000 | |
| Sundry Creditors | 67,500 | Inventory · | 51,000 | |
| O/s Expenses | 13,125 | Trade Receivables | 1,20,000 | |
| Loan from Bank | 45,000 | Bank Balance | 30,000 | |
| Dom Non Zum | 1.3 | Cash Balance | 12,750 | |
| , , , , , , | 3,50,625 | | 3,50,625 | |

Terms of conversion were as follows:

- 1. Provision for Doubtful debts is to be created at 10 % on receivables
- 2. Building is to be taken over at Rs. 2,25,000
- 3. Inventory is to be revalued at Rs. 47,250
- 4. Partners took over loan from Bank
- 5. Goodwill was valued at Rs. 75,000.

You are required to:

- a) Calculate the purchase consideration
- b) Prepare Realisation A/c, Partners Capital A/c and LLP A/c.

O4 A. The balance sheet of Prabhat as on 31st March, 2022 was as under:

(15)

Balance Sheet-As on 31st March, 2022

| Liabilities | Amount | Assets | Amount |
|---|-----------|-------------------|-----------|
| 25,000 equity shares of Rs.10 each fully paid | 2,50,000 | Plant | 3,00,000 |
| 10,000 8% preference share of Rs.10 each | 1,00,000 | Furniture | 2,00,000 |
| Securities Premium | 3,00,000 | Freehold Premises | 3,00,000 |
| General Reserves | 4,00,000 | Vehicles | 50,000 |
| 10% Debentures | 2,00,000 | Stock | 2,50,000 |
| Accounts payable | 2,50,000 | Debtors | 3,50,000 |
| | 2 3 | Cash | 50,000 |
| | 15,00,000 | | 15,00,000 |

The company earned profits (after tax) for the past five years as follows:

| Year ended | Profit after Tax(Rs.) | Income tax rate |
|------------|-----------------------|-----------------|
| 31.03.2018 | 1,80,000 | 40% |
| 31.03.2019 | 3,38,000 | 35% |
| 31.03.2020 | 3,64,000 | 35% |
| 31.03.2021 | 2,60,000 | 35% |
| 31.03.2022 | 4,20,000 | 30% |

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The profit of 31.03.2018 includes loss due to fire Rs.30,000 and profit of 31.03.2021 included abnormal profit of Rs.40.000.

1. As on 31.03.2022 Fixed assets were worth 10% above book value

2. Normal rate of return in this type of industry is 16%

Closing Capital employed should be assumed as average capital employed.

You are required to calculate value of Goodwill on the basis of 3 years purchase of super profits.

OR

Q4 B. The following is the summarized Balance Sheet of Moon Ltd. As on 31st March 2022.

(15)

| Liabilities | Rs. | Assets | Rs. |
|---|-----------|----------------------|-----------|
| 1,00,000 equity shares of Rs.10 each fully paid | 10,00,000 | Goodwill | 1,00,000 |
| General Reserves | 5,00,000 | Machinery | 5,00,000 |
| Profit and Loss A/c | 5,60,000 | Furniture | 4,00,000 |
| Security Premium | 2,00,000 | Investments | 1,00,000 |
| Sundry Creditors | 8,50,000 | Stock | 7,00,000 |
| Provision for Tax | 5,00,000 | Debtors | 9,00,000 |
| 70.10101.701 | 5." | Cash in Hand | 6,000 |
| .7 | | Cash at Bank | 9,00,000 |
| 20 | ¥ | Preliminary Expenses | 4,000 |
| | 36,10,000 | (A) (A) | 36,10,000 |

Additional Information:

- 1. Machinery is valued at Rs.6,00,000
- 2. The company transfer 20% of its profit(after tax) to General Reserve.

3. Net Profits before tax for the past 3 years were as follows:

| Year | Amount |
|------------|----------|
| 31.03.2020 | 6,50,000 |
| 31.03.2021 | 7,50,000 |
| 31.03.2022 | 7,00,000 |

- 4. Normal rate of return in this type of business is 20%
- 5. Assume Income Tax @ 50%
- 6. Use simple Average.

Calculate the value of equity share by -

- a) Intrinsic Value Method
- b) Yield Value Method

| Q |)5. | A (| (i) | Exp | lain | the | diff | erence | between | LI | P | and | Partne | ership | Firm. |
|---|-----|-----|-----|-----|------|-----|------|--------|---------|----|---|-----|--------|--------|-------|
|---|-----|-----|-----|-----|------|-----|------|--------|---------|----|---|-----|--------|--------|-------|

(08)

(ii) Explain and concept and computation of Net Owned Fund under NBFC

(07) (15)

- Q5 B. Write Short Notes on: (Any 3)
 - 1. Reinsurance
 - 2. Asset Finance Company
 - 3. Designated Partner
 - 4. LLP Agreement
 - 5. Rebate on Bills Discounted

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