

[Time: 2 ½ Hours]

[Marks: 75]

Please check whether you have got the right question paper.

Note:

- All questions are compulsory subject to internal choice.
- Each question carries 15 marks.
- Figures to the right indicate full marks.
- Use simple calculator.
- Working should form part of answer.

**Q1 A** Fill in the blanks with appropriate options. (Any 8) **[8]**

1. Profit & Loss A/c is prepared in form \_\_\_\_\_.
  - a. B x L
  - b. B-PL
  - c. B x A
  - d. C-PL
2. NPA stands for \_\_\_\_\_.
  - a. Non Privilege Assets
  - b. Net Performing Assets
  - c. Non Performing Assets
  - d. None of the above
3. Bills for collection are shown in Balance Sheet \_\_\_\_\_.
  - a. Advances
  - b. Deposits
  - c. Acceptance
  - d. Notes to Balance Sheet
4. Provision for sub-standard assets in respect of unsecured infrastructure loan a/c where ESCROW A/c is available is \_\_\_\_\_.
  - a. 15%
  - b. 20%
  - c. 25%
  - d. 30%
5. IRDA stands for \_\_\_\_\_.
  - a. Insurance Regulator Dividend Authority
  - b. Insurance Regulatory and Developing Authority
  - c. India Regulator Dividend Authority
  - d. Insurance Regulatory Data Authority

6. Long term investments are carried at \_\_\_\_\_.
  - a. Cost Price
  - b. Market Value
  - c. Cost or Market Price whichever is less
  - d. None of the above
7. On each Sale of Investment, Profit / Loss is calculated as \_\_\_\_\_.
  - a. Sale price less Weighted Average Cost
  - b. Sale price less Simple Average Cost
  - c. Sale price less cost on FIFO basis
  - d. Sale price less cost on LIFO basis
8. AS-11 deals with \_\_\_\_\_.
  - a. Foreign Currency Conversion
  - b. Investment
  - c. Amalgamation
  - d. Banking Insurance
9. Foreign Currency is a currency \_\_\_\_\_.
  - a. Used in recording the foreign transaction
  - b. Used in presenting the foreign financial statements
  - c. Other than the reporting currency of an enterprise
  - d. Other than the Indian Rupee.
10. At the end of the accounting period any difference in foreign exchange fluctuation is transferred to \_\_\_\_\_ A/c.
  - a. Realization
  - b. Revaluation
  - c. Profit & Loss
  - d. Profit & Loss Appropriation

**Q1 B** State whether the following statements are true or false. (Any 7) [7]

1. General Insurance business includes fire insurance only.
2. In the case of Marine Insurance, provision for unexpired risk is 100% of Net Premium.
3. Interest is calculated on market value of the security.
4. Rebate on Bills discounted is unearned discount.
5. Balance Sheet of a Bank requires 11 Schedules.
6. Profit & Loss A/c of a Bank is prepared in form A.
7. Account Receivable is a non-monetary item.
8. On the date of Balance Sheet in case of import, when there is an increase in the rate of exchange, there is foreign exchange loss.
9. Ex-interest price – Accrued Interest = Cost of Investment.
10. When shares are purchases cost is entered in the capital column (dr.) in the investment account.

**Q2 A Solve the following [15]**

Jash Ltd. had the following investments at Cost as on 1-4-2020:

- (a) In equity shares of RTL Ltd.
    - (i) Acquired on 20-3-2020-5,000 shares @Rs. 15 each.
    - (ii) Acquired on 25-3-2020-6,000 shares @Rs. 17 each.
  - (b) In 1,000 equity shares of TFL Ltd. @ Rs. 35 each acquired in January 2021.
  - (c) In 3,000 equity shares of ABS Ltd. @ Rs. 50 each acquired in February 2022. During the year ended 31st March 2015, the following further transactions took place:
    - (a) 2,000 equity shares of RTL Ltd. sold on 10-6-2020 @ Rs. 20 per share.
    - b) 500 rights shares of TFL Ltd. purchased on 15-7-2020 @ Rs. 15 per share.
    - c) 1,000 shares of ABS Ltd. sold on 30th September 2020 @ Rs. 40 each.
    - (d) 500 shares of TFL Ltd. sold on 2nd January 2021 @ Rs. 30 per share.
- Pass entries for the above transactions in the books of Jash Ltd.

**OR**

**Q2 B Solve the following [15]**

On 1st January 2020, 1000- 12% Debentures of Rs. 100 each of Shiva Ltd. were held as investment by Mr. Dharmesh at a cost of Rs. 91,000. Interest is payable on 31st December.

On 1st April 2020, Rs. 20,000 of such debentures were purchased by Dharmesh @ Rs. 98 cum-interest.

On 1st September 2020, Rs. 30,000 of such debentures were sold at Rs. 96 ex-interest. On 1st December 2020, Rs. 50,000 of such debentures were sold at Rs. 99 cum-interest. Interest is received on due date.

Prepare investment account for 12% debentures of Shiva Ltd. in the books of Mr. Dharmesh valuing closing stock as on 31st December 2020 applying AS-13. The debentures were quoted at Rs. 93 on 31st December 2020.

**Q3 A Solve the following [15]**

During the year ended 31-12-2016, TCL Industries Ltd. entered into the following transactions in foreign currency. Pass journal entries for the same (including for bank transactions).

- a. Raw materials imported on 15 January 2016 from A in Singapore worth US \$ 4,500. The payment for the same was made on 10 February 2016.

- b. A machine was imported on 15 February 2016 from Machinery Manufacturers Inc, USA for US \$ 34,000. The payment for the same was made as:
  - i. US \$ 14,000 as advance on 15 February 2016.
  - ii. US \$ 10,000 on 28 February 2016.
  - iii. Balance on 31 March 2016.
- c. Goods exported to South Africa on 25 June 2016 to SA Industries Ltd. worth US \$ 12,500. The payment for the same was realised on 7 August 2016.
- d. Order for machinery spares placed on 30 September 2016 for US \$ 500. The bank on delivery of the spares made the payment for the same after a week.
- e. Goods worth US \$ 5,700 exported to A1 Industries, Dubai on 20 November 2016. The payment for the same was due after 3 months.
- f. Raw materials worth US \$ 13,600 imported on 14 December 2016 from Fine Chemicals Ltd., UK. The payment for the same was to be made after 2 months.

The rates of exchange for the US \$ 1 during 2016 were as under:

	Rs.
(i) 15 January 2016	47.50
(ii) 10 February 2016	47.90
(iii) 15 February 2016	47.90
(iv) 28 February 2016	47.85
(v) 31 March 2016	48.10
(vi) 25 June 2016	48.35
(vii) 7 August 2016	48.30
(viii) 30 September 2016	48.40
(ix) 7 October 2016	48.35
(x) 20 November 2016	48.50
(xi) 14 December 2016	48.75
(xii) 31 December 2016	49.00

OR

**Q3 B Solve the following**

[15]

The following details pertain to Kuber Bank Ltd as on 31<sup>st</sup> March, 2023.  
Prepare the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2023 and Balance Sheet as on that date.

Particulars	Debit Rupees	Credit Rupees
Director's fees	1,800	
Premises	50,000	
Loans, Cash Credit and Overdraft	2,85,000	
Rent & Rates	2,300	
Salaries	28,000	
General charges	27,400	
Borrowings from RBI		17,000
Cash in hand	1,93,000	



Money at call & short notice	80,000	
Investment in Government securities	4,00,000	
Bills Purchased & Discounted	46,000	
Subscribed Capital: Equity Shares of Rs.10 each		5,00,000
Profit & Loss A/c (1.4.2022)		16,000
Current Account		1,00,000
Fixed Deposit		1,25,000
Saving Bank Deposit		50,000
Interest on Savings Bank deposits	7,000	
Interest on Fixed deposits	10,000	
Interim dividend paid	17,000	
Statutory Reserve		2,50,000
Investment in Shares	50,000	
Stock of Stationary	8,500	
Recurring Deposits		20,000
Interest & Discount		1,28,000
Total	12,06,000	12,06,000

1. Interest accrued on investments Rs.8,000.
2. Unexpired discount amounts to Rs.380.
3. Create Provision for bad and doubtful debts is Rs.5,000.
4. Endorsements on behalf of customers were Rs. 1,15,000.
5. Transfer to Statutory Reserve 25%.
6. Depreciation on Premises @5%.

**Q4 A Solve the following**

[15]

From the following balances of Raksha Marine Insurance Company Ltd as on 31<sup>st</sup> March 2023 prepare Revenue account for the year ended 31<sup>st</sup> March 2023:

Particulars	Direct Business Rs.	Re-insurance Business Rs.
Premium Receivable 1.4.2022	8,20,470	1,92,920
Premium received	67,45,210	18,47,540
Claims outstanding as on 01st April 2022	67,830	47,730
Claims paid during the year	6,78,420	1,74,520
Premium receivable 31.3.2023	8,75,260	2,45,380
Premium paid		6,95,280
Premium Payable 1.4.2022		80,520
Premium Payable 31.3.2023		85,240
Commission on re-insurance ceded		2,11,430
Claims outstanding on 31st March 2023	89,410	45,210
Reinsurance claim recovered		72,460
Recoveries Receivable:1.4.2022		17,920
Recoveries Receivable:31.3.2023		15,460
Commission on reinsurance accepted	3,99,450	1,98,470

Other Information:

Particulars	Amount (Rs)
Salaries	20,000
Bad debts	7,500
Interest and Dividend received	45,000
Surveyor's fees in relation to claims	15,000
Legal expenses in relation to claims	30,000
Reserve for Unexpired Risk on 31.3.2022	16,00,000

**OR****Q4 B Solve the following****[15]**

From the Books of Accounts of New Bank Ltd. as on 31st March, 2013 the following particulars regarding loans and advances given by the Bank in India are available:

i.	Loans to Corporate Sector fully secured (excluding banks but including companies in which directors are interested)	10,00,000
ii.	Loan to Vijay Bank Ltd. fully secured	3,00,000
iii.	Debts due by officers (excluding directors fully secured)	2,00,000
iv.	Loans to non-corporate sector - fully secured	9,00,000
v.	Loans to Nagrik Bank Ltd. fully secured	4,00,000
vi.	Debts due by Manogka, a director of the Bank - fully secured	1,00,000
vii.	Debts considered good which are unsecured	5,00,000
viii.	Debts due by companies in which the directors are interested, fully secured	6,00,000
ix.	Maximum amount of debts at any time during the year	15,00,000
x.	Doubtful Debts	50,000
xi.	Provision for Bad and Doubtful Debts	75,000
xii.	Maximum amount of debts due by officers and directors at any time during the year	5,00,000

You are required to show how the items are statutorily required to be entered in the Balance Sheet of the Bank.

**Q5 A Explain Non Performing Assets and its classification.****[8]****B Explain the concept of Re-insurance.****[7]****OR****Q5 C Write short notes (Any 3)****[15]**

1. Cum- interest and Ex- interest
2. Bonus shares and Right shares
3. Reserve for Unexpired Risk
4. AS-11
5. Rebate on Bills discounted

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