

**DURATION :- 2.30 HOURS**

**TOTAL MARKS : 75 MARKS**

**NOTE:-**

1. All the questions are compulsory with internal options.
2. Each question carry 15 marks.
3. Working notes form part of your answer.
4. Use of only simple calculator is allowed.

**Q.1. [A] STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE/FALSE [ANY 8] [08 MARKS]**

1. Demand draft is a mode of transfer of money from one place to another.
2. Reinsurance is done when the risk involved in the subject matter is very burdensome.
3. A claim on reinsurance accepted is added to claims paid.
4. Claims outstanding at the end of the year is added to claims paid.
5. Future maintainable profit is calculated on the basis of past adjusted average profit.
6. Yield value of shares depends on net assets of the business.
7. Term deposits are repayable after a certain period.
8. Current account in a bank can only be opened by businessman.
9. Only the partners of the partnership can be the partners of a converted LLP.
10. Insolvency of a partner of LLP automatically results in its dissolution.

**Q.1. [B] FILL IN THE BLANKS WITH APPROPRIATE OPTIONS [ANY 7] [07 MARKS]**

1. Money at call and short notice is presented in the final accounts of a banking company in \_\_\_\_\_.  
A] Schedule 7 B] Schedule 6  
C] Schedule 5 D] Schedule 4
2. Balance with RBI is recorded in final accounts of a banking company in \_\_\_\_\_.  
A] Schedule 3 B] Schedule 4  
C] Schedule 5 D] Schedule 6
3. First item on assets of the Balance sheet of a bank is \_\_\_\_\_.  
A] Cash and balance with RBI B] Investments  
C] Balance with bank & Money at call & short notice D] Advances
4. Items of Schedule 3 of Balance sheet of bank is shown in the following order \_\_\_\_\_ of Deposits.  
A] Saving, Demand, Term B] Term, Demand, Saving  
C] Demand, Saving, Term D] Demand, Term, Saving
5. A banking Company must hold a licence issued by \_\_\_\_\_.  
A] RBI B] SBI  
C] Central government D] State government
6. NPA stands for \_\_\_\_\_.  
A] Non privilege asset B] National performing asset  
C] Non-performing assets D] None of the these
7. Value appearing in the Balance sheet refers to \_\_\_\_\_ value.  
A] Book B] Trade  
C] Market C] Agreed
8. Intrinsic value method for valuation of shares is suitable in case of \_\_\_\_\_.  
A] Liquidation B] Amalgamation  
C] Both A & B D] None of the Above
9. In LLP there is no concept of \_\_\_\_\_ however every partner must contribute in some manner.  
A] Profit and Loss B] Share capital  
C] Guaranteed profit D] Goodwill
10. At least \_\_\_\_\_ designated partner must be resident Indian.  
A] One B] Two  
C] Three D] Four

**Q.2. [A]****[15 MARKS]**

Following is the Trial Balance of Apna Sapna Money Money Bank limited. You are required to prepare final accounts as the prescribed format of Banking Regulation Act.

**TRIAL BALANCE AS ON 31<sup>st</sup> MARCH 2018**

DEBIT BALANCES	AMOUNT	CREDIT BALANCES	AMOUNT
Furniture	7000	Share Capital	
Premises	16000	[1930 Equity Shares of Rs.10 each	
Other Fixed assets	500	Fully Paid]	19300
Bank Overdraft	2800	Profit for the year	15000
Cash Credit	8100	Last years profit carried forward	39000
Term Loan	50000	Statutory Reserve	12000
Investments-Government bonds	11500	Fixed Deposit a/c	32000
Investments-Approved Securities	6600	Deposits in saving a/c	11000
Cash deposited in other banks	22000	Deposits in current a/c	13000
Money at call and short notice	7800	Borrowings from other banks	11700
Cash in Hand	15000	Inter office adjustments	9500
Cash deposited with RBI	17200	Bills Payable	2000
	164500		164500

**ADDITIONAL INFORMATION**

1. Create 25% statutory reserve on current year profits.
2. Bill for collection amounted to Rs. 30000
3. Claim against bank not acknowledged as debt is Rs. 80000
4. Partly paid investments were worth Rs. 50000
5. Acceptances & Endorsement of bill were Rs. 20000

**OR****Q.2. [B]****[15 MARKS]**

From the following information prepare Profit & Loss account of Unnati Bank Limited for the year ended 31<sup>st</sup> March 2018.

**[Rs. in Lakhs]**

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Payment to Employees	500	Depreciation on Property	100
Rent, Taxes and Lighting	250	Directors Fees	15
Law Charges	10	Postage & Telegram	5
Interest payable on Deposit	1250	Interest on Borrowings	45
Commission, Exchange & Brokerage	235	Profit on Sales of Investment	700
Repairs and Maintenance	35	Other Expenses	45
Interest received	2200	Income on Investment	800
Profit on exchange transaction	125	Profit / Loss carried forward	370
Interest on Balance with RBI	700	Interest received on interbank deposit	400
Printing & Stationary	75	Auditor's Fees	20
Advertisement & Publicity	20	Insurance	50

**ADDITIONAL INFORMATION**

1. Transfer 25% of current year net profit to statutory reserve
2. Transfer 10% of current year net profit to proposed dividend



**Q.3. [A]****[15 MARKS]**

Ravi and Kishore are partners in Ravi and Kishore (LLP) sharing profits and losses as 2:3. Their Trial Balance as on 31<sup>st</sup> March 2016 is as given below. You are required to prepare Profit and Loss Account for the year ended 31<sup>st</sup> March 2016 and Balance sheet as on that date after taking into Account the given

DEBIT BALANCE	Rs.	CREDIT BALANCE	Rs.
Purchases	98,000	<u>CAPITAL</u>	
Building	1,00,000	Ravi	30,000
Stock (1.4.15)	15,000	Kishore	40,000
Sundry Debtors	35,000		
Wages & Salaries	11,000	Sundry Creditors	34,250
Furniture & Fixtures	8,000	Bank Loan	12,000
Cash	4,000	Sales	1,55,000
Advertisement	500	Reserve Doubtful Debts	250
<b>TOTAL</b>	<b>2,71,500</b>	<b>TOTAL</b>	<b>2,71,500</b>

**ADJUSTMENTS:**

- Closing stock on 31<sup>st</sup> March 2016 is valued at cost of Rs. 15,000 while the market value Rs. 18,000.
- Reserve for Doubtful Debts @ 5% on Sundry Debtors.
- Depreciation on Building is charged at @ 5%.
- Goods worth Rs. 10,000 destroyed by fire. The Insurance Company admitted a claim for Rs. 8,000.

**OR****Q.3. [B] SOLVE [I] and [II]****[15 MARKS]****[I]****[08 MARKS]**

From the following information ascertain the value of goodwill on the basis of Capitalization of

**[A] Future Maintainable Profit &**

**[B] Super profit**

- Profit for the past 5 years is as follows

YEAR	PROFIT
2013	250000
2014	300000
2015	120000
2016	-50000
2017	420000

- Good will is considered at 3 years purchase of super profit
- Normal Rate of Return expected is 10%
- Remuneration payable to partners is Rs. 20000
- All Tangible assets were valued at Rs. 2400000 & All outside liabilities at Rs. 1600000

**[II]****[07 MARKS]**

From the following information calculate the Intrinsic Value of Share

- All the Tangible assets were revalued Rs.2600000.
- External Liabilities were valued at Rs 900000.
- 6% Preference shares worth Rs.500000 were to be redeemed.
- Preference shares were to be redeemed at premium of 10%.
- Preference Dividend were in arrears for 2 years.
- Total number of Equity Shares were 10000

Q.4. [A]

[15 MARKS]

From the following Balances of Sun General Insurance Company. Prepare the Revenue account and Profit and Loss Account for the year ended 31st December 2017. In addition to usual reserve the fire Insurance Dept. increases the additional Reserve by 10% of net premium.

PARTICULARS	AMOUNT
<b><u>FIRE DEPT :</u></b>	-
Outstanding Claims on 1-1-2017	75000
Claims paid during the year	400000
Outstanding Claims on 31-12-2017	148000
<b><u>MARINE DEPT :</u></b>	
Outstanding Claims on 1-1-2017	60000
Claims paid during the year	500000
Outstanding Claims on 31-12-2017	230000
Bad Debts (Related to Fire)	5000
Bad Debts (Related to Marine)	15000
Auditors Fees	2800
Directors Fees	6500
Share Transfer Fees	4500
Depreciation	30000
Interest ,Dividend, Received	50000
Difference in Exchange (Cr.)	980
Fire Unexpired risk reserve fund(1-1-2017)	375000
Marine Unexpired risk reserve fund(1-1-2017)	1230000
<b><u>COMMISSION PAID :</u></b>	
Fire	182000
Marine	145000
Additional Reserve (Fire)on 1st Jan 2017	75000
Miscellaneous Receipts	7500
Premium Received (Including Fire Premium 800000)	2800000

**ADJUSTMENTS:**1) Outstanding Premium on 31st December 2017:

For Fire Dept. 45000

For Marine Dept. 58000

2) Tax @ 20% to be provided

OR



**Q.4. [B]****[15 MARKS]**

From the following Balance of United Fire Insurance Company. Prepare the Revenue account for the year ended 31st March 2018.

PARTICULARS	RS
Bad Debts	36000
Premium Received on Direct Business	1920000
Premium on Reinsurance Accepted	138000
Premium on Reinsurance Ceded	158000
Reserve for unexpired risk Reserve on 1st April 2017	740000
Additional Reserve	148000
Claims Paid	1440000
Legal Expenses	50000
Claims on Reinsurance Ceded	120000
Medical Expenses	30000
Commission on Direct Business	180000
Commission on Reinsurance Accepted	9000
Commission on Reinsurance Ceded	12000
Expenses of Management	150000
Interest ,Dividend, Rent	96000
Profit on Sale of Investment	14000

**ADJUSTMENTS:**

- Create Reserve for Unexpired Risk @50% of Net Premium.
- Outstanding Claims on 1st April 2017 Rs. 180000.
- Outstanding Claims on 31st March 2018 Rs. 160000.
- Transfer Rs. 5000 to Catastrophe Reserve.

**[15 MARKS]****Q.5. [A]**

[i] What are the advantages of Limited Liability Partnership?

**[08]**

[ii] Explain the basis for the classification of Nonbanking Financial Companies?

**[07]****OR****Q.5. [B] WRITE SHORT NOTES [Any 3]****[15 MARKS]**

- Designated Partner.
- Reinsurance.
- Money at call and short notice.
- Computation of net owned funds of Nonbanking Financial Companies.
- Fair value of shares.