

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. Accounting for banking transactions involves double entry system of book keeping.
2. Accounting for banking transactions requires tallying of trial balance of general ledger on a daily basis.
3. In case of accounting for Insurance Company AS-3 for cash flow statement will be applicable.
4. Every insurance company is governed by the Companies' Act 1956.
5. Every non-banking financial company must have a minimum net own fund of rupees 200 lakhs.
6. Most chit fund companies are non-banking financial company.
7. A business firm earning normal profits with least investment cannot comprise goodwill.
8. Valuation of shares majorly refers to valuation of equity shares.
9. Limited liability partnership combines the advantage of a partnership firm and a joint stock company.
10. It is not mandatory to register limited liability partnership firms.

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

1. In case of a nationalised banks, capital is fully owned by the _____.
 A] Reserve Bank of India B] Central Government
 C] State Government D] None of the above
2. _____ refers to finance availed or provided by different branches of the same banking company.
 A] Advances B] Inter Office loans
 C] Inter office adjustments D] None of the above
3. If sum of all associated insurance cost exceeds related reserves for unexpired risk it leads to _____.
 A] Premium deficiency B] Premium surplus
 C] Either a or b D] None of the above
4. When two or more insurance company share risk it is known as _____.
 A] Co insurance B] Reinsurance
 C] Part insurance D] Reinsurance ceded
5. Non-banking financial company mostly cater to the _____.
 A] Urban Sector B] Rural Sector
 C] Unorganised Sector D] Both A and B
6. Non-banking financial company are registered under _____.
 A] Banking Regulation Act 1949 B] Companies Act 1956
 C] Reserve Bank of India D] IRDA
7. Super profit is the profit earned over and above the _____.
 A] Normal profit B] Estimated profit
 C] Notional profit D] Speculative profit
8. For valuation of shares on the basis of profits an investor compares expected rate of return with _____.
 A] Estimated rate of returns B] Normal rate of return
 C] Reasonable rate of returns D] Both A and C
9. A Limited liability partnership cannot raise finance through _____.
 A] Bank Loan B] Public
 C] NBFC D] Bills of Exchange
10. In the absence of LLP agreement the rights of partners are determined by _____ of LLP Act 2008.
 A] Schedule I B] Schedule II
 C] Schedule III D] Schedule IV

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

From the following information of Progressive Bank limited prepare profit and loss account for the year ended 31st March 2018. Also prepare the corresponding schedules. **[Rs.in Lakhs]**

PARTICULARS	AMOUNT
Payment to Employees	1500
Rent, Taxes and Lighting	750
Law Charges	30
Interest payable on Deposit	3750
Commission, Exchange & Brokerage	705
Repairs and Maintenance	105
Interest received	6600
Profit on exchange transaction	375
Interest on Balance with RBI	2100
Printing & Stationary	225
Advertisement & Publicity	60
Depreciation on Property	300
Directors Fees	45
Postage & Telegram	15
Interest on Borrowings	135
Profit on Sales of Investment	2100
Other Expenses	135
Income on Investment	2400
Profit / Loss carried forward	1110
Interest received on interbank deposit	1200
Auditor's Fees	60
Insurance	150

ADJUSTMENTS

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

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

Following is the trial balance of United Bank Limited as on 31st March 2018. Prepare the balance sheet and the relevant schedules.

DEBIT BALANCES	AMOUNT	CREDIT BALANCES	AMOUNT
Other Fixed assets	300	SHARE CAPITAL	
Bank Overdraft	1680	[1158 Equity Shares of Rs.10 each	
Cash Credit	4860	Fully Paid]	11580
Term Loan	30000	Profit for the year	9000
Investments-Government bonds	6900	Last years profit carried forward	23400
Investments-Approved Securities	3960	Statutory Reserve	7200
Cash deposited in other banks	13200	Fixed Deposit a/c	19200
Money at call and short notice	4680	Deposits in saving a/c	6600
Cash in Hand	9000	Deposits in current a/c	7800
Cash deposited with RBI	10320	Borrowings from other banks	7020
Furniture	4200	Inter office adjustments	5700

Premises	9600	Bills Payable	1200
	98700		98700

ADDITIONAL INFORMATION

1. Create 25% Statutory Reserve on current years profits.
2. Bill for collection is Rs. 30000.
3. Outstanding liability on forward exchange contract Rs. 80000.
4. Guarantee given on behalf of customer Rs. 50000
5. Acceptances & Endorsement were Rs. 20000

Q.3. [A]

[15 MARKS]

From the following Trial Balance of Mohan and Sohan you are required to prepare a trading and profit and loss Account for the year ended 31st March 2015 and Balance sheet as on that date after taking into consideration the additional information :

TRIAL BALANCE AS ON 31ST MARCH 2015

PARTICULARS	DEBIT	CREDIT
Opening stock	17,500	
Salaries & Wages	4,600	
Cash in Hand	5,000	
Purchases & Sales	1,12,600	1,45,000
Office Expenses	4,300	
Bills Receivable	4,000	
Bad Debts	500	
Commission	1,500	2,400
Investments	10,000	
Debtors & Creditors	20,000	10,000
Bank Overdraft		3,600
Furniture	6,000	
<u>CAPITAL ACCOUNT</u>		
Mohan		30,000
Sohan		20,000
Land & Building	25,000	
TOTAL	2,11,000	2,11,000

ADJUSTMENTS:

- 1) Partners share their profits and Losses in the Ratio 3:2
- 2) The closing Stock at cost Rs.20,000 and Market Price Rs.22,500
- 3) Rs.225 written off as Bad Debts form Debtors.
- 4) Outstanding Salaries and Wages Rs.400.
- 5) Depreciation on Land and Building @ 7.5%.

OR

Q.3. [B] SOLVE [I] AND [II]

[15 MARKS]

[I]

[07]

From the following information calculate the Intrinsic Value of Share.

1. All the Tangible assets were revalued Rs.3500000.
2. External Liabilities were valued at Rs.250000.
3. 8% Preference shares worth Rs.700000 were to be redeemed.
4. Preference shares were to be redeemed at premium of 20 %.
5. Preference Dividend were in arrears for 4 years.
6. Total number of Equity Shares were 10000.

AND

[II]

[08]

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

[A] Future Maintainable Profit &

[B] Super profit Method

1. Profit for the past 5 years is as follows

YEAR	PROFIT
2013	200000
2014	150000
2015	60000
2016	100000
2017	-50000

2. Good will is considered at 3 years purchase of super profit

3. Normal Rate of Return expected is 5%.

4. Remuneration payable to partner is Rs. 10000.

5. All Tangible assets were valued at Rs. 1200000.

6. All outside liabilities at Rs. 800000.

Q.4. [A]

[15 MARKS]

From the following Balance of Sunlife Insurance Company Ltd .Prepare the necessary Revenue Account and Profit /Loss Account for the year ended 2013-2014

PARTICULARS	RS	PARTICULARS	RS
Bad Debts :		Interest Dividend Rent	20000
Fire	8000	Difference in Exchange Rate	900
Marine	9000	Profit on Sale of Investments	50000
Auditors Fees	3000	Fire Premium	700000
Directors Fees	5200	Marine Premium	1280000
Share Transfer Fees	700	Management Expenses (Fire)	160000
Miscellaneous Income	1800	Management Expenses (Marine)	404000
Fire Fund(31-3-13)	350000	Claims Outstanding Fire (1-4-13)	70000
Marine Fund (31-3-13)	920000	Claims Outstanding Marine (1-4-13)	50000
Claims Paid (Fire)	150000	Commission Earned on reinsurance	
Claims Paid (Marine)	350000	Ceded :	
Commission (Fire)	90000	Fire	30000
Commission (Marine)	108000	Marine	40000
Additional Reserve on 1-4-13(Fire)	60000		
Depreciation	45000		

ADJUSTMENTS:

1. Reserve for Unexpired Risk for Fire 50% and Reserve for Unexpired Risk for Marine 100%
2. Additional Reserve for Fire 10% on Net Premium is to be provided on additional Reserve.
3. Outstanding Claims on 31-3-14 for Fire Rs.100000 Outstanding Claims on 31-3-14 for Marine Rs. 1300.
4. Common Expenses Rs. 30000 has to be charged to both departments.

REINSURANCE PREMIUM	FIRE	MARINE
Reinsurance accepted	45000	650000
Reinsurance ceded	30000	55000

OR

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

From the following figures relating to New Life Insurance Company. Prepare Revenue Account for fire Department in vertical form for the year ended 31st March 2009.

PARTICULARS	RS.
Commission on Direct Business	3000000
Expenses of Management	863000
Premium on Reinsurance ceded	250000
Commission on Reinsurance ceded	95000
Profit on sale of investment	90000
Interest Dividend Rent	50000
Fire Fund as on 1-4-2008	1850000
Claims Paid	12,00,000
Claims outstanding on 1-4-2008	150000
Additional Reserve	660000
Commission on Reinsurance Accepted	110000
Premium Received	5400000

ADJUSTMENTS

- Expenses of Management include Survey free of Rs. 62000 and Rs. 50000 in respectively in relation to claims.
- Claims outstanding 31-3-2009 Rs. 100000.

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

- What are the factors affecting goodwill of a firm?
- What are the types of General Insurance?

[08]**[07]****OR****Q.5. [B] WRITE SHORT NOTES [Any 3]****[15 MARKS]**

- Interoffice Adjustments of a Bank.
- Cash Reserve Ratio in Banks.
- Intrinsic Value of Shares.
- Rebate on Bill Discounted.
- Unexpired Risk Reserve in Insurance.