

[Time : 2 Hours]

[Marks : 60]

Please check whether you have got the right question paper.

- N.B:**
1. All questions are **compulsory**.
 2. **Figures** to the **right** indicate **full marks**.
 3. All working notes should form part of **your answer**.

1. From the following Trial Balance and the adjustments given in respect of Meher Consumers Co-operative Society, Mumbai, prepare the Final Accounts for the year ended 31.3.2017 : **15**

Trial Balance as on 31-3-2017

	Debit (₹)	Credit (₹)
Share Capital	-	75,000
Deposits from Members	-	90,000
Printing and Stationery	3,000	-
Investment in Shares of District Co-operative Bank	60,000	-
Investment in Shares of Co-operative Purchases and Sales Society	36,000	-
Loan to Members	1,35,000	-
Interest earned on Loan given to Members	-	45,000
Opening Stock of Fertilisers and Machinery	10,000	-
Purchases of Fertilisers and Machinery	3,70,000	-
Sales of Fertilisers and Machinery	-	4,50,000
Office Equipments	25,000	-
Office Rent	5,000	-
Salaries	25,000	-
Travelling Expenses	5,000	-
Carriage Inward	3,500	-
Freight	1,500	-
Interest paid	8,000	-
Reserve Fund	-	1,86,000
Cash in hand	51,000	-
Cash at Bank	1,08,000	-
Total	8,46,000	8,46,000

Adjustments :

- a) Closing Stock of Fertilisers and Machinery as on 31.3.2017 was ₹ 70,000.
- b) Outstanding office rent ₹ 1,000.
- c) Office Equipments are to be depreciated @ 5%p.a.
- d) Audit Fees are to be paid of ₹ 6,500.
- e) Contribute to Education Fund ₹ 100.
- f) Directors Recommend a Dividend to Members @ 10%.

OR**TURN OVER**

1. From the following Trial Balance of Sangam Consumer's Co-operative Society as on 31st March 2017, prepare the Final Accounts in the prescribed format : **15**

Trial Balance

Particulars	Dr. (₹)	Cr. (₹)
Share Capital		5,50,000
Deposit from Members		50,000
Sales		14,50,000
Purchase Returns		44,000
Due to Suppliers		11,000
Interest on Investments		11,000
Rebate Received		2,000
Common Good Fund		4,000
Price Fluctuation Fund		3,000
Reserve Fund		25,000
Cash in Hand	50,200	
Cash at Bank	4,76,200	
Furniture	10,000	
Purchases	12,43,000	
Due from Customers	56,000	
Carriage Inwards	4,000	
Sales Returns	3,000	
Rent (for 10 months)	10,000	
Audit Fees	2,000	
Sales Tax	3,000	
Staff Salary	50,000	
Printing and Stationery	10,000	
Investments	2,00,000	
Stock in Trade	30,000	
Interest Paid	2,600	
Total	21,50,000	21,50,000

Additional information :

- Value of Closing Stock on 31st March, 2017 was ₹ 75,000.
 - Depreciation on Furniture @ 10% p.a. for full year.
 - Interest accrued on Deposits ₹ 5,000 and interest accrued on investment ₹ 1,200.
 - Salary includes advance of ₹ 6,000 paid against salary of April, 2017.
 - Outstanding Sales Tax of ₹ 2,000.
2. From the information given below and the Balance Sheet of Rakesh Ltd. on 31.12.2016; find the value of its equity shares by 'intrinsic value method', 'yield method' and 'fair value method' : **15**
- Company's prospects for 2017 are good;
 - Buildings are now worth ₹ 2,50,000 and goodwill is valued at ₹ 1,00,000.
 - The other assets and liabilities have been correctly valued.

TURN OVER

- d) Profits for the last three years given shows an annual increase of ₹ 50,000, the annual transfer to reserve is 25% of net profit;
- e) Preferential shares are preferential as to capital and dividend ; and
- f) Normal rate of return expected is 15%.
- g) Ignore taxation.

Balance Sheet

Liabilities	₹	Assets	₹
1,000 8% Preference Share of ₹100 each fully paid	1,00,000	Building	70,000
4,000 Equity Shares of ₹100 each fully paid	4,00,000	Furniture	3,000
Reserves	1,50,000	Stock	4,50,000
Profit & Loss A/c Balance		Investment	3,35,000
On 1.1.2016 80,000		Debtors	2,80,000
Add: Profit for 2016 (before appropriation) 4,30,000	5,10,000	Bank	60,000
Creditors	48,000	Preliminary Expenses	10,000
Total	12,08,000	Total	12,08,000

OR

2. The balance sheet of a company as at 31-3-2017 was as follows :

15

Liabilities	₹	Assets	₹
Share capital:		Land and Building	1,10,000
2,000 Shares of ₹100 each	2,00,000	Plant and Machinery	1,30,000
General Reserve	40,000	Patents and Trade Marks	20,000
Profit and Loss A/c	32,000	Stock	48,000
Sundry Creditors	1,28,000	Debtors	88,000
Income Tax	60,000	Bank Balance	52,000
		Preliminary Expenses	12,000
Total	4,60,000	Total	4,60,000

The expert valued the Land and Buildings at ₹ 2,40,000; Goodwill at ₹ 1,60,000; and Plant and Machinery at ₹ 1,20,000. Depreciation is charged @ 15% on Plant and 10% on Building. Out of the total Debtors, it is found that Debtors of ₹ 8,000 are bad.

The profits of the company have been as follows :

Year	₹
2014-2015:	80,000
2015-2016:	90,000
2016-2017:	1,06,000

TURN OVER

The company follows the practice of transferring 25% of profits to general reserve. Similar type of companies earn at 10% of the value of their shares.

Ascertain the value of the company's shares under:

- Intrinsic Value method
- Yield value method
- Fair value method

Ignore taxation.

3. Mukta Insurance Company's Fire Insurance division provide the following information, show the amount of claim as it would appear in the Revenue Account for the year ended 31st March, 2017 :

Particulars	Direct Business (₹)	Reinsurance (₹)
Claims paid during the year	68,60,000	16,00,000
Claims Received	-	7,40,000
Claim Payable :		
1 st April, 2016	18,46,000	1,16,000
31 st March, 2017	19,50,000	2,14,000
Claim Receivable :		
1 st April, 2016	-	1,70,000
31 st March, 2017	-	1,84,000
Expenses of Management (includes ₹ 1,76,000 Surveyor's fee and ₹ 1,84,000 Legal Expenses for settlement of claims)	6,90,000	-

OR

3. General Insurance Company submits the following information for the year ended 15 31st March, 2017 :

Particulars	Direct Business (₹)	Reinsurance (₹)
Premium Received	65,75,000	9,50,000
Premiums Paid	-	4,75,000
Claims paid during the year	42,50,000	5,00,000
Claims Payable- 1 st April, 2016	6,25,000	87,000
31 st March, 2017	7,18,000	60,000
Claims Received	-	3,25,000
Claims Receivable - 1 st April, 2016	-	65,000
31 st March, 2017	-	1,10,000
Expenses of Management	2,30,000	-
Commission		
On Insurance Accepted	1,50,000	11,000
On Insurance Ceded	-	14,000

TURN OVER

The following additional information is also available :

- Expenses of Management include ₹35,000 Surveyor's fees and ₹45,000 legal expenses for settlement of claims.
- Reserve for unexpired risk is to be maintained @ 40%. The balance of reserve for unexpired risk as on 01-04-16 was ₹24,50,000.

You are required to prepare the Revenue Account for the year ended 31st March, 2017.

4. (A) State whether the following statements are **True or False** : **8**

- Liabilities under the existing policies are determined by Actuarial valuation in case of life insurance.
- In fire insurance business 50% of premium income is carried forward as provision for and the balance is transferred to profit and loss account.
- In marine insurance business 100% of premium income is carried forward as provision for and the balance is transferred to profit and loss account.
- IFRS stands for International Financial Reporting Standards.
- Every society deriving profits shall transfer 25% of the profit to the Reserve Fund.
- Dead stocks is shown in the balance sheet of a co-operative society under Fixed Assets.
- Associate Member is a member who holds jointly a share of society with others, but whose name does not stand first in share certificate.
- Excess of Average Profit earned by the firm over its Normal Profit is known as Super Profit.

(B) Match the Following :

Column A	Column B
1. AS-16	a. Education Fund
2. AS-17	b. US GAAP
3. AS-20	c. Insurance Company
4. AS-22	d. Borrowing Costs
5. Co-operative Society	e. Accounting for Taxes on income
6. IRDA	f. Earnings Per Share
7. Goodwill	g. Segment Reporting
	h. Indian Accounting Standards
	i. Future Maintainable Profit

OR

TURN OVER

4. Write Short notes on (Any 3) :

- a) Net Assets Method of valuation of shares.
- b) Methods of Valuation of Goodwill.
- c) Bye-Laws of a Co-operative Society.
- d) Earnings per Share.
- e) Accounting for Taxes on Income