

TYBAF (Sem VI) / Financial Accounting Paper II/

(7)

Q.P. Code :36237

[Time: 02:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All question are Compulsory.
 2. All question carry 15 marks each.
 3. Working notes should form part of your answer.

Q.1 a) Choose correct alternative and rewrite the statement: (Any Eight)

1. Liability of designated partner in LLP
 - (a) Limited
 - (b) Unlimited
 - (c) a & b
 - (d) None the above
2. The CRR to be maintained by the banking company is
 - (a) 6%
 - (b) 5%
 - (c) 2.5%
 - (d) 5.5%
3. The mean of the exchange rates in force during a period is known as
 - (a) Average rate
 - (b) Closing rate
 - (c) Reporting rate
 - (d) none of the above
4. Cost of Investment includes
 - (a) Purchase price
 - (b) Stamp duty
 - (c) Brokerage
 - (d) All of the above
5. In the case of marine insurance the provision for unexpired risk as per the Executive committee of General Insurance council is
 - (a) 80%
 - (b) 100%
 - (c) 50%
 - (d) 60%

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6. Money at call and short notice is disclosed under
- Cash and Bank balance
 - Investment
 - Provision
 - None of the above
7. Interest on securities is always calculated on
- Cost price
 - Market price
 - Face value
 - All of the above
8. At the end of the year the balance on foreign exchange fluctuation a/c is transferred to
- Foreign exchange fluctuation a/c
 - Profit and loss a/c
 - Balance sheet
 - none of the above
9. Certificate of incorporation of limited liability partnership is issued by
- Government
 - SEBI
 - stock exchange
 - Registrar of companies
10. Unclaimed dividend is shown by bank under
- Deposits
 - Advances
 - Other liabilities
 - Contingent liabilities
- a) State whether the following statements are true or false (any seven)
- Share capital of a banking company includes equity shares only.
 - The investment as per AS-13, is under only financial investment.
 - In fluctuating exchange rate use of average rate is unreliable.
 - At least one of the partners of LLP should be resident in India.
 - In fire insurance, the compensation is equal to the loss incurred.
 - Claim on Re-insurance accepted is added to claims Paid.
 - Discounting of bill is converting the bill into cash.
 - In the case of bonus, only nominal value is entered in nominal value column of the investment account.
 - Exchange rate is the ratio of exchange of two currencies.
 - Form No.2 is the form of incorporation under limited liability partnership.

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Q.2 a) The following figures are taken from the books of Abhaya bank Ltd. You are required to prepare the Balance sheet as at 31st March , 2017 and profit and Loss A/C for the year ended as on that date: 15

| PARTICULARS | AMOUNT | PARTICULAR | AMOUNT |
|---|-------------|---|-------------|
| Current Accounts | 32,00,000 | Interest and Discount received | 30,00,000 |
| Saving Bank Account | 1,20,00,000 | Interest accrued and paid | 8,00,000 |
| Fixed and Time Deposits | 38,00,000 | Salaries and Allowances | 2,04,000 |
| Sundry Creditors | 1,20,000 | Salary to General Manager | 96,000 |
| Bills Payable | 32,00,000 | Directors Fees | 20,000 |
| Bill for collection | 5,60,000 | Rent and rates | 80,000 |
| Acceptances and endorsement on behalf of customers | 8,00,000 | General expenses | 12,000 |
| Borrowing from Bank | 28,00,000 | Stationery and Printing | 20,000 |
| Unclaimed Dividend | 1,20,000 | Audit fees | 8,000 |
| Dividend for 2016 | 2,00,000 | Money at call and short notice | 12,00,000 |
| Profit and Loss Account (cr.) | 8,40,000 | Investment at cost | 1,20,00,000 |
| Reserve fund | 14,00,000 | Premises (after depreciation up to March 2016 Rs. 4,00,000) | 48,00,000 |
| Share Capital (Authorised & Issued 2,00,000 shares of Rs. 20 each Rs. 10 paid up) | 20,00,000 | Cash in hand | 2,40,000 |
| | | Cash with RBI | 60,00,000 |
| | | Cash with other bank | 52,00,000 |
| | | Bills discounted and purchased | 24,00,000 |
| | | Loans overdrafts and cash credit | 2,80,00,000 |

Rebate on bill discounted for unexpired term amounted to Rs. 20,000. Create provision for taxation Rs. 4,00,000 and for Doubtful debtors Rs. 1,20,000. Allow 5% Depreciation on premises on the original cost.

OR

Q.2 On 1st January, 2012 John Ltd imported goods worth \$85,000 from Synergy Ltd USA. The payment were made as under: 15

| Date | Amount of Installment — US(\$) | Exchange Rate per US \$ (Rs.) |
|------------|--------------------------------|-------------------------------|
| 10-01-2012 | 16,000 | Rs.61 |
| 15-02-2012 | 18,000 | Rs.62 |
| 15-03-2012 | 29,000 | Rs.63 |
| 15-04-2012 | 22,000 | Rs.59 |

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Exchange rate on 1/1/2012 was 1\$ = Rs. 60

Books are closed on 31st March every year. The Exchange rate on 31/3/2012 was \$ 1 = Rs. 63.

Pass necessary journal entries in the books of John Ltd to record the above transaction and also prepare Synergy Ltd. USA Account and foreign exchange fluctuation account in the books of John Ltd. For the year ended 31/3/2012 and 31/3/2013.

Q.3 From the following information of M/S Big fish Marine Insurance co Ltd. Prepare the Revenue Account as per 15 regulations of IRDA for the year ended 31st March , 2017:

| PARTICULARS | Rs. |
|--|-----------|
| Premium received | 18,75,000 |
| Premium outstanding on March 31,2017 | 1,25,000 |
| Premium paid on reinsurance ceded | 2,28,000 |
| Claims paid | 10,54,000 |
| Estimated liability in respect of outstanding claims: | |
| On April 1 2016 | 1,89,000 |
| On March 31,2017 | 2,25,000 |
| Expenses of management (includes Rs. 45000 Surveyors fee and 65000 legal expenses paid for settlement of claims) | 4,85,000 |
| Interest and dividend (Gross) | 1,65,250 |
| Income tax on the above Interest and dividend | 49,575 |
| Profit on sale of investment | 46,000 |
| Commission paid | 1,94,000 |

Balance of fund on 1st April, 2016 was Rs. 18,50,000 including addition reserve of Rs. 1,80,000
Additional Reserve has to be maintained at 10% of net premium for the year.

OR

Q.3 From the following Trial balance of Sudhakar and Prabhakar (LLP) You are required to prepare a profit and loss 15 A/c for the year ended 31st March,2017 and Balance sheet as on that date.

Trial balance (as on 31st March , 2017)

| PARTICULARS | Dr.(Rs.) | Cr. (Rs.) |
|------------------------------------|----------|-----------|
| Opening stock | 60,000 | - |
| Salary and wages | 4,500 | - |
| Carriage | 2,500 | - |
| Purchase and sales | 60,000 | 1,25,000 |
| Bills Receivable and bills payable | 600 | 1000 |
| Rent | 3,500 | |
| Reserve for bad and doubtful debts | - | 800 |

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| | | |
|------------------------------|----------|----------|
| Sundry Debtors and Creditors | 18,000 | 16,000 |
| Returns | 1000 | 500 |
| Machinery | 12,000 | |
| Travelling expenses | 3,000 | |
| Cash at bank | 1,000 | |
| Building | 25,000 | - |
| Office expenses | 2,700 | |
| Advertisement for 3 year | 3,000 | |
| Drawings: | | |
| Sudhakar | 1,000 | |
| Prabhakar | 1,500 | |
| Capital account: | | |
| Sudhakar | - | 20,000 |
| Prabhakar | - | 15,000 |
| Insurance | 600 | |
| Reserve Fund | | 21,600 |
| Total | 1,99,900 | 1,99,900 |

Adjustments:

1. Closing stock Rs. 25000, Market Value Rs. 30,000
2. Partner sharing profit and loss equally
3. Goods costing Rs. 3,000 were destroyed by fire.
4. Provide depreciation on machinery @10%and on building @20%
5. Provide Reserve for doubtful debts @ 5% on sundry debtors.

Q.4 During the year ended 31st March, 2013 Mr. Raj bought and sold the following 12% Debenture of Rs. 100 each Of Zen Ltd. Interest being payable by Zen Ltd On 1st April and 1st October each year. 15

| Date | Particulars |
|--------------------|---|
| 1st June ,2012 | Bought 300 debentures at R5.92 ex- interest |
| 1st September,2012 | Bought 300 debentures at Rs.94 cum — interest |
| 1st December, 2012 | Sold 200 debentures at Rs.95 ex- interest |
| 1st February,2013 | Bought 150 debentures at Rs.98 cum — interest |

Books are closed on 31st March every year . Market price on 31st March 2013 was, Rs.90 per Debenture.

You are required to prepare Investment in 12% Debentures in Zen Ltd .account for the year ended 31stMarch, 2013 in the books of Mr. Raj.

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Q.4 On 1-4-2012 Mr. Krishna Murty purchased 1000 equity shares of Rs. 100 each in Telco Ltd @ Rs. 120 Each 15
 from a Broker, who charged 2% Brokerage. He incurred 50 paise per Rs. 100 as cost of shares Transfer stamps.
 On 31-1-2013 Bonus was declared in the ratio of 1:2. Before and after the record
 Date of bonus shares, the shares were quoted at Rs. 175 per share and Rs. 90 per share respectively.
 On 31-3-2013 Mr. Krishna Murty sold bonus share to a Broker who charged 2% brokerage
 Show the investment account in the books of Mr. Krishna Murty who held the shares as current assets
 And closing value of investment shall be made at cost or market value whichever is lower.

- Q.5 a) Explain Weighted average Method under Investment Accounting. 08
 b) Explain the type of General Insurance 07

OR

Write short notes on any three of the following:

- i. Designated Partner
- ii. Inter- related transaction in foreign currency
- iii. ex- interest and cum — interest Price
- iv. Re-insurance
- v. Money at call and short notice.
