

KT Oct - 2018

TYBAF / Financial Accounting / Paper VI 2 Sem - VI

Q.P. Code :36236

[Time: 02:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

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

Q.1 a) MATCH THE FOLLOWING : (ANY EIGHT)

08

COLUMN A	COLUMN B
1.Fire Insurance	a) Must have Rs. 15 lakhs Capital
2.Exchange Difference	b) In case of heavy risk
3.Shares	c) AS-13
4.Stock	d) Difference due to different rates
5.Bank in Mumbai	e) Form — A
6.Liability of Partner	f) Year ending 31st March
7.Re- insurance	g) General insurance
8.Accounting Year	h) No fixed Income
9. Investment Account	i) Non monetary item
10. Balance sheet of banking Company	j) Limited

07

b) State whether the following statement are true or false: (any seven)

1. Dividend on shares accrues on the date of closure of books.
2. The AS-11 is optional to companies.
3. At least seven persons are required to form a LLP.
4. General insurance business includes fire insurance only.
5. Chairman of a banking company is appointed for a period not exceeding 10 years.
6. In LLP, Form NO. 2 is the form of incorporation.
7. Foreign currency is the currency other than the reporting currency.
8. Issue of bonus shares is entered in Nominal Value column of Investment A/c.
9. Capital Reserve can be distributed as dividend.
10. Re- insurance obligations are contingent liabilities.

Q.2 a) The following is the trial balance of A.P Bank Ltd as on 31-3-2017

Particulars	Debit(Rs.)	Credit
Share capital 30,000 shares of Rs. 10 each		3,00,000
Statutory Reserve	-	4,00,000
Deposits:		
Fixed	-	2,78,000
Saving	-	4,50,000
Current	-	3,74,000
Cash in hand	2,90,000	-
Cash with Reserve Bank of India	4,20,000	-
Interest and Discount	-	3,00,000
Commission and Brokerage	-	50,000
Interest on Fixed deposit	30,000	-
Interest on Saving Deposite	20,000	-
Interest on Current Deposite	12,500	-
Salaries (including Rs. 12,000 to manager)	1,31,000	-
Rent , Insuranc and Taxes	4,000	-
Postage and telegram	900	-
Printing and Stationery	7,000	-
Audit fees	4,000	-
Depreciation	3,300	-
Investment in shares	84,000	-
Loans cash credit and overdraft	4,90,000	-
Bills discounted and purchased	1,80,000	-
Government bonds	1,60,000	-
Furniture	40,000	-
Premises	3,00,000	-
Branch Adjustment account	-	24,700
Total	21,76,700	21,76,70

Additional Information

1. Rebate on bill discounted Rs.27,000.
2. Create Reserve for bad and doubtful debts Rs. 11,000
3. Acceptances on behalf of customers Rs. 80,000

You are required to prepare profit and loss account for the year ended 31-3.-2017 and balance sheet as on date.

OR

- b) On 1st January, 2004; Marina Ltd., an Indian Importer, purchased \$ 2, 50,000 worth goods from Gemini Ltd of U.S.A.

The payment for the import was made as follow :

On 10th February, 2004 \$ 1,00,000

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On 15 th march, 2004	\$75,000
On 20 th April, 2004	\$75,000
Marina Ltd. Closes its book on 31 st march every year	
The exchange rate for \$ 1 was as follows	
1 st January, 2004	Rs.49.50
10 th February,2004	Rs.49.50
15 th march,2004	Rs.47.60
31 st march, 2004	Rs.45.00
20 th april, 2004	Rs.46.75

Pass journal entries in the books of Marina Ltd. & prepare forgein exchange fluctuation A/c.

- Q.3 a) Prepare a Revenuc A/c in respect of Fire business from the following details for the year 15 2015 — 16.

Particulars	Rs.
Reserve for Unexpired risk on 1-4-2015 @ 50%	18,00,000
Additional Reserve	3,60,000
Estimated Liability for claims intimated on 1-4-2015	3,10,000
Estimated Liability for claim intimated on 31-3-2016	4,20,000
Claim paid	36,50,000
Legal Expenses	60,000
Re- insurance Recoveries (ceded)	3,10,000
Miscellaneous Expenses	40,000
Bad Debts	8,000
Premium Recovered	48,60,000

Premium on Re — insurance accepted	3,20,000
Premium on Re — insurance ceded	4,30,000
Commission of Direct Business	4,86,000
Commission on Re — insurance accepted	16,000
Commission on Re — insurance ceded	21,000
Expenses on Management	9,00,000
Interest, Dividend and Rent (Cr.)	2,40,000
Profit on sale of Investment	30,000

Maintain additional Reserve at same percentage of Reserve for unexpired risk as on 1st April, 2015

OR

- b) Raj and Viraj are partners sharing profit and losses equally in LLP in business. From the following Trial Balance and adjustments you are required to prepare a Trading A/c. Profit and Loss A/c for the year ended on 31st March, 2016 and Balance sheet as on that date. 15

Debit	Rs.	Credit	Rs.
Carriage	2,000	Capital	
Opening Stock	30,760	Raj	60,000
Salary	4,000	Viraj	40,000
Wages	1,000	Commission	4,000
Discount	500	Interest	4,200
Interest	750	Sales	92,000
Motive Power	4,500	Purchase Return	3,800
Motor van	28,000	Sundry Creditors	27,400
Bad Debts	1,920	Outstanding salary	400
Building	34,000		
Debtors	20,000		
Cash at Bank	16,120		
Machinery	10,000		
Investment	12,000		
Purchases	60,250		
Drawing :			
Raj	2,800		
Viraj	3,200		
Total	2,31,800	Total	2,31,800

Adjustments :

1. Outstanding wages Rs. 400.
2. Provide depreciation at 10% p.a. on Building and Motor Van.
3. Accrued interest on investment Rs. 360.
4. Provide 5% R.B.D.D. on Debtors.
5. Stock at 31st March, 2016 was Market Value Rs. 40,000; cost Price Rs. 50,000.

Q.4

- a) Calcutta Investment held 600 12 per cent debentures of Rs. 100 each in Snow Ltd. as on 15th April, 2014 at a cost of Rs. 70,000. Interest is payable on 30th June and 31st December each year. On 1st June, 2014; 200 Debentures are purchased ex — interest at Rs. 20,400. On 1st November, 2014; 200 debentures are purchased ex — interest at Rs. 19,200. On 30th November, 2014; 300 debentures are sold cum interest for Rs. 32,250. On 31st December, 2014; 400 debentures are sold ex — interest at Rs. 38,650. Prepare Investment Account valuing closing 31st March, 2015 at cost or market price whichever is lower. The debentures were quoted at par on 31st March, 2015.

OR

- b) On 1st April 2012 Sunder held 25,000 fully paid equity shares of Rs. 10 each in X Ltd. at 15 a book value of Rs. 15 per share. On 20th June, 2012 he purchased another lot of 5,000 shares of the company at of Rs. 15 per shares. Afterwards X Ltd. Announced a bonus issue and rights issue, the following being the terms.
 Bonus issue in the ratio of 1 : 6 (Record date 16 — 8 — 2012)
 Right issue in the ratio of 3 : 7 (Record date 31 — 8 — 2012)
 The rights shares were issued at Rs. 15 per share and the full amount was payable by 30th September, 2012. Share holders were entitled to transfer their rights in full or in part. Accordingly, Sunder sold one — third of his entitlements to another person for a

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consideration of Rs. 2 per share on 5th September, 2012. After becoming ex —rights, the market price of the shares was Rs. 15.

Dividends for the year ended 31st March, 2012 @ 20% were declared by X Ltd. and received by Sunder on 31st October, 2012. Dividend for shares acquired by Sunder on 20th June, 2012, were adjusted against the cost of purchase. On 15th November, 2012 Sunder sold 25,000 shares @ Rs. 15 per share.

You are required to prepare in the books of Sunder :

1. Investment in Equity Shares in X Ltd. Account.
2. Dividends Received Account.
3. Profit and Loss Account.
4. Assume that the books are closed on 31st March, 2013 and shares are valued at average cost.

Q.5

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| a) Explain the type of General Insurance | 07 |
| b) Explain the Procedure for formation of Limited Liability Partnership. | 08 |

OR

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|---|----|
| a) write a short notes on any three of the following: | 15 |
| i. Money at call and short notice. | |
| ii. Reserve for Unexpired Risks ion | |
| iii. Right of Designated partner | |
| iv. Bonus shares & Rights shares. | |
| v. Monetary and non monetary items in foreign exchange. | |
