

* Sub :- F.R.A.

F.R.A. ① - Apr-15

Q.P. Code : 11319

(2½ Hours)

[Total Marks : 75]

- N.B. : (1) Attempt all questions.
 (2) Figures to the right indicate full marks.
 (3) Working note should form part of your answer.
 (4) Use of simple calculator is allowed.

1. (a) Rewrite the statement after selecting the appropriate option.
1. Schedule 8 in bank final accounts includes _____
- (a) Shares and Securities (c) Subsidiaries and Joint Ventures
 (b) Debentures and Bonds (d) All of the above
2. Discount of bill is shown by a bank in _____
- (a) Schedule of Advances (c) Schedule of other income
 (b) Schedule of Interest Earned (d) Schedule of Interest Expended
3. Insurance industry is classified into _____
- (a) Life Insurance (c) General Insurance
 (b) Life and General Insurance (d) None of the above
4. Insurance Business is controlled by _____
- (a) Insurance Act, 1938 (c) IRDA Regulations, 2002
 (b) Insurance Rules, 1039 (d) All of the above
5. The Schedule VI is divided into _____ parts
- (a) Three (c) Two
 (b) Six (d) None of the Above
6. _____ is unsecured loan
- (a) Bonds (c) Fixed Deposit
 (b) Debentures (d) All of the above
7. _____ is used to judge the solvency of a firm.
- (a) Current Ratio (c) Stock Turnover Ratio
 (b) Return on Capital Employed (d) All of the above
8. The term current asset does not include _____
- (a) Advance Income Tax (c) Stock
 (b) Preliminary Expenses (d) Prepaid Insurance

TURN OVER

Q.P. Code : 11319

2

1. (b) Rewrite the following statement and state whether true or false.

- (1) Share issue expenses are fixed assets
- (2) Unclaimed dividend is shown by a bank under contingent liability.
- (3) Surplus on revaluation should be treated as other income.
- (4) Premium shall be recognized as income only when received.
- (5) Claims outstanding is shown in the Balance Sheet of an insurance company under Current Assets.
- (6) Sale of Building is cash flow from financing activities.
- (7) Export profit reserve is statutory reserve.

2. From the following, you are required to prepare the Profit and Loss Account and the Balance Sheet of State Bank of Hyderabad Bank as on 31/03/2014. 15

| Particulars | Debit (₹) | Credit (₹) |
|---|-----------|------------|
| Issued Capital:- (20,000 shares of ₹ 100 each) | - | 20,00,000 |
| Money at call and short notice | 10,00,000 | - |
| Reserve Fund | - | 10,00,000 |
| Cash in Hand | 8,00,000 | - |
| Deposits | - | 37,00,000 |
| Cash at Bank | 12,00,000 | - |
| Borrowings from SBI | - | 10,50,000 |
| Investments in government securities | 13,00,000 | - |
| Secured loans | 22,00,000 | - |
| Cash Credits | 7,50,000 | - |
| Premises less depreciation | 8,50,000 | - |
| Furniture less depreciation | 1,50,000 | - |
| Rent | 7,500 | 90,000 |
| Interest and Discounts | - | 12,00,000 |
| Commission and brokerage | - | 1,05,000 |
| Interest paid on deposits | 4,50,000 | - |
| Salary and allowances paid to staff | 2,00,000 | - |
| Interest paid on borrowings | 75,000 | - |
| Audit Fees | 10,000 | - |
| Directors' fees | 12,000 | - |
| Non-Banking Assets | 1,00,000 | - |
| Depreciation on Bank's Property | 19,500 | - |

Q.P. Code : 11319

3

| | | |
|-----------------------|------------------|------------------|
| Printing | 4,500 | - |
| Advertisement | 1,500 | - |
| Stationery | 7,500 | - |
| Postage and telegrams | 3,000 | - |
| Other expenses | 4,500 | - |
| | 91,45,000 | 91,45,000 |

Adjustments:-

- Provide ₹ 20,000 for doubtful debts.
- Provide ₹ 25,000 on bills discounted but not matured on 31/03/2014.
- Acceptances and endorsements on behalf of customers amounting to ₹ 4,00,000.
- Provide ₹ 40,000 for taxes.

OR

2. Write short note on:-

- Rebate on bill discounted
- Valuation of investments held by a bank
- Contingent liability

15

3. From the following figures taken from the books of New Horizon Insurance Company prepare Revenue account for Fire Department, in vertical form for the year ended 31st March, 2014:

15

| Particulars | ₹ |
|---|-----------|
| Fire Fund as on 1-4-2013 | 9,30,000 |
| Claims paid | 5,03,745 |
| Claims intimated but not paid on 1-4-2013 | 40,000 |
| Additional Reserve | 3,30,000 |
| Commission on Reinsurance accepted | 60,000 |
| Premium | 28,09,400 |
| Commission on Direct Business | 2,77,999 |
| Expenses of Management | 3,41,860 |
| Reinsurance Premium (Debit) | 1,13,255 |
| Commission on Reinsurance ceded | 58,000 |

[TURN OVER

Q.P. Code : 11319

4

Following further information is given:-

- (a) Expenses of management include survey fees and legal fees of ₹36,000 and ₹ 20,000 relating to claims.
- (b) Claims intimated but not paid on 31st March, 2014 - ₹ 1,00,000

OR

3. Write short note on: -

- (a) Reserve for unexpired risk
- (b) AS-2 (Valuation of Inventories)
- (c) Purpose of formulating Accounting Standards in India.

15

4. (a) Following details are taken from the Trial Balance of Tatto Ltd

8

| Particulars | Cost (₹) | Provision for Depreciation (1/14/2013) (₹) |
|---------------------|----------|--|
| Land and Building | 5,00,000 | 40,000 |
| Furniture | 1,00,000 | 25,000 |
| Goodwill | 2,50,000 | — |
| Motor Car | 3,00,000 | 80,000 |
| Plant and Machinery | 2,00,000 | 50,000 |

Provide depreciation on written down value of the asset at the following data:-

| Particulars | Rate of Depreciation |
|---------------------|----------------------|
| Land and Building | 5% |
| Motor Car | 20% |
| Plant and Machinery | 20% |
| Furniture | 15% |

Prepare a schedule of fixed asset as on 31st March, 2014 as per Revised Schedule VI.

[TURN OVER

Q.P. Code : 11319

5

4. (b) TATA Ltd. furnishes the following summarized Balance Sheet.

Balance Sheet as on 31st March, 2014

| Liabilities | ₹ (In Lakhs) | Assets | ₹ (In Lakhs) |
|----------------------------|--------------|--------------|--------------|
| Equity Share Capital | 1,200 | Machinery | 1,800 |
| Securities premium | 180 | Furniture | 220 |
| General Reserve | 260 | Investment | 80 |
| Capital Redemption Reserve | 200 | Stock | 600 |
| Profit and Loss Account | 150 | Debtors | 250 |
| 12% Debentures | 750 | Cash at Bank | 750 |
| Sundry Creditors | 740 | | |
| Other Current Liabilities | 220 | | |
| | 3,700 | | 3,700 |

You are required to prepare Balance Sheet as per Revised Schedule VI.

OR

4. Explain the provision of Schedule VI of Company's Act, 1956 as regard to:-

15

- (a) Share Capital
(b) Fixed Assets
(c) Reserves and Surplus

5. Following are summarized Balance Sheet of BDM Ltd. as on 31st December, 2013 and 2014

15

Balance Sheet

| Liabilities | 2013 | 2014 | Assets | 2013 | 2014 |
|------------------------|-----------------|-----------------|-----------|-----------------|-----------------|
| Share Capital:- | | | | | |
| Equity Share | 2,00,000 | 2,50,000 | Bank | 35,000 | 16,000 |
| 10% Preference Share | 50,000 | 80,000 | Stock | 40,000 | 75,000 |
| 12% Debentures | 1,00,000 | 80,000 | Debtors | 90,000 | 1,50,000 |
| Bank Loan | 70,000 | 1,10,000 | Machinery | 75,000 | 60,000 |
| Reserves | 20,000 | 25,000 | Furniture | 10,000 | 8,000 |
| P & L A/c | 50,000 | 60,000 | Land | 1,70,000 | 2,80,000 |
| Creditors | 60,000 | 75,000 | Building | 1,40,000 | 99,000 |
| Bills Payable | 40,000 | 33,000 | Goodwill | 30,000 | 25,000 |
| | 5,90,000 | 7,13,000 | | 5,90,000 | 7,13,000 |

204

Q.P. Code : 11319

6

Additional information:-

- (a) Depreciation charged during 2014 was ₹ 4,000 on Furniture, ₹ 12,000 on Machinery, and ₹ 20,000 on Buildings.
 - (b) Part of Machinery was sold for ₹15,000 at a loss of ₹ 4,000.
 - (c) During 2014 interim dividend was paid ₹ 10,000 and Income Tax was paid ₹ 5,000.
 - (d) During the year part of the Building was sold at book-value.
- You are required to prepare Cash Flow Statement as per AS-3.

OR

5. From the following details of Sahara Ltd. and Wapasi Ltd. as on 31st March, 2014. Calculate for both the companies:

15

- (a) Current Ratio (b) Liquid Ratio (c) Proprietary Ratio
- (d) Stock Turnover Ratio (e) Debtors Turnover Ratio

| Particulars | Sahara Ltd (₹) | Wapasi Ltd (₹) |
|--------------------------|-----------------|-----------------|
| Liabilities | | |
| Paid Up Capital | 2,00,000 | 3,50,000 |
| Reserves | 50,000 | 60,000 |
| Profit and Loss Account | 12,500 | 1,02,000 |
| Bank Overdraft | 11,500 | 15,000 |
| Sundry Creditors | 36,000 | 58,000 |
| Provision for Taxation | 20,000 | 15,000 |
| Total Liabilities | 3,30,000 | 6,00,000 |
| Assets | | |
| Goodwill | 30,000 | 50,000 |
| Building | 1,20,000 | 2,40,000 |
| Plant and Machinery | 30,000 | 40,000 |
| Stock | 65,000 | 95,000 |
| Debtors | 50,000 | 1,00,000 |
| Cash Balance | 5,000 | 5,000 |
| Short Term Investments | 30,000 | 70,000 |
| Total Assets | 3,30,000 | 6,00,000 |

Other Information:-

| Particulars | Sahara Ltd (₹) | Wapasi Ltd (₹) |
|------------------------------|----------------|----------------|
| Sales for the year | 8,40,000 | 10,50,000 |
| Stock as on 31st March, 2013 | 60,000 | 1,07,000 |
| Gross Profit | 2,10,000 | 2,50,000 |