

20/11/19
Wednesday
10.30 to 1.00pm.

Duration: 2 ½ Hrs.

Marks: 75

Please check whether you have got the right question paper.

- Note: (a) All questions are compulsory and carry 15 marks each
(b) Working notes should form part of your answer
(c) Figures to the right indicate full marks.
(d) Use of simple calculator is allowed.

Q 1) Fill in the blanks with the correct alternative (Any 8)

[08]

1. Interest payable on deposits which is accrued but not due is shown under _____
a. Deposits b. Advances c. Other liabilities d. Contingent Liabilities
2. A _____ assets would be one, which has remained NPA for a period less than or equal to twelve months.
a. Substandard b. Standard c. Loss d. Doubtful
3. The total number of schedules to an insurance company's financial statements in India are _____.
a. 10 b. 15 c. 20 d. 25
4. Insurance business is controlled by _____.
a. Insurance Act 1938 b. Insurance Rules 1939 c. IRDA Regulation 2002
d. All of the above
5. _____ agency regulates and supervises NBFCs.
a. Finance Ministry b. SEBI c. RBI d. Respective State Government
6. NBFCs are required to accept public deposit for a maximum period of _____.
a. 36 months b. 48 months c. 60 months d. 120 months
7. The most important element in valuation of goodwill is _____.
a. Type of business b. Efficiency of owner c. Future maintainable profit
d. Place and location of business.
8. LLP has minimum _____.
a. 7 partners b. 50 partners c. 2 partners d. 3 partners
9. Following can become the partner in LLP _____.
a. Company incorporated in India b. LLP incorporated outside India
c. Individual resident outside India d. All of the above
10. Following are the factors affecting goodwill except _____.
a. Nature of business b. Efficiency of management c. Technical know how
d. Location of the customers

Q 1 B) State whether the following statements are true or false. (Any 7)

[07]

1. Sub Broking companies must be registered with RBI.
2. Mortgage Guarantee Companies have not been notified as Non Banking Financial Companies.
3. Premium shall be recognised when the income is received.
4. Company incorporated outside India can become a Partner in a LLP.
5. Current account balances are shown by the banks as demand deposit.

6. Discount received by the bank is shown under the schedule of interest earned.
7. All nationalized Banks are governed by the Banking Regulation Act.
8. Fair market value of shares is an average of yield value and intrinsic value.
9. Goodwill is excess of sales value of business over net assets of firm.
10. LLP should have minimum two partners where as maximum is unlimited.

Q 2) The following figures have been obtained from the books of the Bank Ltd. for the year ending 31st March, 2019: [15]

	Rs in '000
Interest earned	5,000
Discount earned	2,600
Commission and Exchange	390
Interest paid	4,000
Salaries and Wages	420
Directors fees	70
Rent and taxes	140
Postage and Telegrams	122
Printing and Stationary	300
Profit on sale of Investments	180
Loss on Sale of Assets	76
Rent received	124
Depreciation	62
Stationery	120
Auditors fees	16

Additional Information:

1. The Profit and Loss account had a balance of Rs. 10,00,000 on 1st April, 2017.
2. An advance of Rs. 5,68,000 has become doubtful and it is expected that only 50% of the amount due can be recovered from the security.
3. The provision for tax be made at 35%.
4. A dividend of Rs 2,00,000 is proposed by the board of directors.

Prepare Profit & Loss Account of the Bank Ltd. for the year ending 31st March, 2019.
OR

Q 2) From the following balances, prepare Balance Sheet of Prateeth Bank Ltd. as on 31st March, 2019. [15]

Particulars	Dr. (Rs Lakhs)	Cr (Rs Lakhs)
Share Capital		10.00
Reserve Fund		16.00
Fixed Deposits		40.00
Savings Deposits		60.00
Current Accounts		220.00
Money at Call and short notice	2.00	
Bills discounted and purchased	9.00	
Investments at Cost:		

- Central and State Government	100.00	
- Government Securities	4.00	
- Bullion	24.00	
Reserves for Building		10.00
Premises at cost	100.00	
Addition to Premises	20.00	
Depreciation Fund on Premises		80.00
Cash with RBI	34.00	
Cash with SBI	12.00	
Unclaimed Dividend		1.50
Unexpired Discount		0.50
Loans and Advances	100.00	
Branch Adjustment	57.00	
Silver	2.00	
Advance payment of Tax	1.00	
Interest Accrued on Investment	2.50	
Non-Banking Assets	0.50	
Borrowed from Banks		2.00
Bills Payables		20.00
Profit and Loss Account (Profit for the year 2.10)		4.00
Dividend fluctuation fund		4.00
	468.00	468.00

The bank had bills for collection for its constituents Rs.8,00,000 and Acceptances Rs. 5,00,000. There was a claim of Rs. 2,00,000 against the Bank but not acknowledged as a debt. The liabilities for bills discounted was Rs. 32,000. Liabilities for forward exchange contract was Rs. 10,00,000. The Directors decided to transfer 20% to statutory reserves & reserves Rs. 2,000 for unexpired discounts.

Q 3) A General Insurance Company submits the following information for the year ended 31st March, 2019.

[15]

Particulars	Direct Business (Rs)	Reinsurance (Rs)
Premium received	75,25,000	8,25,000
Premium paid		4,90,000
Claim paid during the year	49,70,000	5,10,000
Claim payable:		
- 1 st April, 2018	6,85,000	95,000
- 31 st March, 2019	7,38,000	70,000
Claims received		3,95,000
Claims receivables:		
- 1 st April, 2018		75,000
- 31 st March, 2019		1,25,000
Expenses of Management	2,90,000	
Commission:		
On insurance accepted	1,60,000	15,000
On insurance ceded		18,000

The following additional information are also available:

1. Expenses of Management include Rs. 45,000 Surveyors fees and Rs. 55,000 legal expenses for settlement of claims.
 2. Reserve for unexpired risk is to be maintained @40%. The balance of reserve for unexpired risk as on 1-4-2013 was Rs. 28,40,000.
- You are required to make the Revenue Account for the year ended 31st March, 2019.

OR

Q 3) From the following figures taken from the books of Insurance Co. Ltd., doing fire underwriting business, Prepare the Revenue and Profit and Loss Accounts of the year 2018-19. [15]

Particulars	Dr. (Rs)	Cr. (Rs)
Fire fund (as on 1-4-2018)		93,000
Additional Reserve		33,000
Premium		2,70,150
Claims paid	60,200	
Profit & Loss A/c (Cr)		7,500
Re- insurance Premium	11,200	
Claim recovered from Re-insurers		2,100
Commission on Re-insurance ceded		4,800
Commission on direct business	29,970	
Commission on Re-insurance Accepted	6,000	
Outstanding Premium	2,250	
Claims intimated but not paid (1-4-2018)		6,000
Expenses on Management	43,180	
Audit fees	3,600	
Rates and Taxes	550	
Rents	6,750	
Income from Investments		15,300

The following further information may also be noted:

- (a) Expenses of Management include survey fees and legal expenses of Rs.3,600 and Rs. 2,000 related to claims;
- (b) Claim intimated but not paid on 31st March, 2019 Rs. 10,400.
- (c) Income-tax to be provided Rs. 31,400.
- (d) Transfer of Rs. 20,000 to be made from current profits to General Reserve.
- (e) 50% is to be transfer to reserve for unexpired risk along with an additional reserve of Rs. 33,000

Q 4) Alex and Rex are in partnership sharing Profit and Losses equally. The Trial Balance of the firm on 31st March, 2019 was as follows: [15]

Trial Balance as on 31st March, 2019

Debit Balances	Amount (Rs)	Credit Balances	Amount (Rs)
Purchases	25,000	Capital	
Debtors	12,000	- Alex	40,000
Opening stock	20,000	- Rex	30,000
Wages	5,000	Sales	60,000

Salaries	8,000	Creditors	20,000
Land and Building	30,000	10% Bank Loan	20,000
Plant and Machinery	25,000	Commission	5,000
Furniture	16,000	Outstanding Rent	1,500
Advertisement (for 2 years)	6,000	Discount	500
Bills Receivable	8,000		
Insurance	2,000		
Drawings:			
- Alex	2,000		
- Rex	3,000		
Cash in Hand	5,000		
Rent	7,000		
Power and Fuel	3,000		
	1,77,000		1,77,000

Adjustments:

1. Closing stock was valued at Rs. 30,000.
2. Credit Purchases amounting to Rs. 5,000 were not recorded in the books of account.
3. Outstanding expenses were wages Rs. 1,000 and Salary Rs. 2,000.
4. Write off Rs. 2,000 for Bad debts and maintain R.D.D. at 5% on debtors.
5. Depreciate Land and Building at 5% and Machinery at 10%.

From the above Trial balance and adjustments you are required to prepare Final accounts of LLP limited.

OR

Q 4 A) The Balance Sheet of XYZ Ltd. as on 31st March, 2019 was as under:

[08]

Balance Sheet as on 31st March, 2019

Liabilities	Amount	Assets	Amount
10,000-8% preference share of Rs.10 each fully paid	1,00,000	Freehold Premises	3,00,000
25,000 Equity Shares of Rs.10 each fully paid	2,50,000	Plant	3,00,000
Securities Premium	3,00,000	Furniture	2,00,000
General Reserves	4,00,000	Motor Car	50,000
10% Debentures	2,00,000	Stock	2,50,000
Accounts Payable	2,50,000	Debtors	3,50,000
		Cash	50,000
	15,00,000		15,00,000

The Company earned profits (after tax) for the past five years as follows:

Year ended	Profit after Tax (Rs)	Income tax rate
31-3-2015	1,80,000	40%
31-3-2016	3,38,000	35%
31-3-2017	3,64,000	35%
31-3-2018	2,60,000	35%
31-3-2019	4,20,000	30%

The profit of 31-3-2015 includes loss due to fire Rs.30,000 and profit of 31-3-2018 included abnormal profit of Rs.40,000.

- (a) As on 31-3-2019 Fixed Assets were worth 10% above book value.
 (b) Normal Rate of Return in this type of industry is 16%.
 (c) Closing Capital employed should be assumed as average capital employed.

You are required to calculate value of Goodwill on the basis of 3 years purchase of super profits.

Q 4 B) The following is the summarized Balance Sheet of Virendra Ltd. as on 31st March, 2019: [07]

Liabilities	Amount	Assets	Amount
50,000 Equity shares of Rs. 20 each fully paid up	10,00,000	Machinery	4,80,000
Securities Premium A/c	2,00,000	Furniture	2,00,000
General Reserve	4,78,000	Stock	12,40,000
Profit & Loss A/c	3,14,000	Debtors	4,12,000
Sundry Creditors	8,18,000	Cash in Hand	6,000
Provision for Taxation	3,96,000	Cash at Bank	8,68,000
	32,06,000		32,06,000

The company transfers 20% of its profits (after tax) to General Reserve. Net profits before taxation for the last three years have been as follows:

For the year ended 31 st March 2017	Rs. 5,44,000
For the year ended 31 st March 2018	Rs. 7,32,000
For the year ended 31 st March 2019	Rs. 7,88,000

Machinery is valued at Rs. 6,37,200.

Average yield in the type of business is 20%. The rate of tax is 50%. Use simple average. Calculate the value of Equity Share on the basis of (a) Intrinsic value method (b) Yield value method.

- Q 5 A) What is NBFCs? Explain the different types of NBFC's on the basis of their activities [08]
 B) Write distinguish between Banks & NBFCs. [07]

OR

Q 5 Write Short notes on: (Any 3) [15]

1. Capitalization method
2. Designated partner
3. Factors affecting share valuation
4. Re-insurance
5. Non-Performing assets of Bank.
