

**Q.4 D.** The total available budget for the company is Rs 20 lacs. The projects have been ranked in the order of profitability. (7 Marks)

Project	Cost (Rs. In Lacs)	Profitability Index
M	6	1.5
N	5	1.25
O	7	1.20
P	2	1.15
Q	5	1.10
R	13	1.40

- a) Calculate
- Cash Inflow for each of the projects
  - Net Present value for each of the projects.
- b) Which projects should be undertaken by the company in order to maximise the Net Present Value under Capital Rationing assuming that each project is indivisible.

**Q.5 A.** Explain in brief the sources of long-term finance and short-term finance. (8 Marks)

**Q.5 B.** Explain in brief the objectives of financial management? (7 Marks)

OR

**Q.5 Write short notes on (any 3) (15 Marks)**

- Qualities of a finance manager
- Concept of Time value
- Factors influencing Capital budgeting
- Types of Capital rationing
- Commercial paper

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Time : 2½ Hours

75 Marks

Q.1 A) State whether the following statements are TRUE or FALSE ( Any 8 ) (8)

1. Accounting for Banking transactions involves double entry systems of book keeping.
2. Accounting for banking transactions requires tallying of trial balance of general ledger on daily basis.
3. IRDA Regulates insurance sector in India.
4. The arrangement where one insurance company gets insured with the other is called as reinsurance.
5. Interest is always calculated on the Nominal Value of the security.
6.  $\text{Ex - Interest price less Accrued interest} = \text{Cost of the investment}$  .
7. Reporting currency is the currency used in presenting the financial statement.
8. AS 11 deals with recording and translation of foreign currency transactions .
9. Every banking company in India required to transfer at least 25% of its current year's profit to the reserve fund.
10. The term surrender is used in life insurance.

B. Match the following ( Any 7 ) (7)

Column A	Column B
1. Share capital	a. Final Dividend
2. Fire Insurance	b. Revenue account of General Insurance company
3. Fixed Income bearing security	c. AS 13
4. Monetary Item	d. Plant and Machinery
5. Variable Income bearing security	e. Mean of the exchange rate
6. Average rate	f. Equity shares
7. Non - Monetary Item	g. Trade receivables
8. Investment Accounting	h. Debentures
9. Form B - RA	i. Reserve of 50%
10. Dividend Approved in AGM	j. Schedule 1

Q.2 .A. Central Bank Ltd. gives the following details on 31<sup>st</sup> March, 2022 (8)

Bill Number	Due Date of Bill	Amount	Rate of Discount	Discounted on
102	30.04.2022	10,00,000	12%	1.03.2022
104	13.05.2022	5,00,000	10%	10.03.2022
109	18.05.2022	8,00,000	11%	15.03.2022
150	23.05.2022	7,00,000	10.5%	20.03.2022

Estimate the amount of Rebate on Bills discounted and summarize the transactions with Journal entries for Discount and Rebate.

**Q.2.B.** From the following information, calculate the amount of provision required to be made in the Profit and Loss Account for KDN Bank for the year ended 31<sup>st</sup> March, 2022. Term loans (standard) includes Rs. 10 lakhs for SME sector and Rs. 20 lakhs for Commercial Real Estate sector. All sub- standard assets are secured. (7)

Advances	Cash Credit (Rs in Lakhs)	Term Loans (Rs in Lakhs)	Bills Purchased & discounted (Rs in lakhs)
Standard Assets	100	90	20
Sub- Standard Assets	12	10	3
Doubtful Assets for:			
7 months	10	20	-
2 years 1 months	13	50	-
3 years 6 months	5	60	-
Loss Assets	3	-	-

**OR**

**Q.2.C.** The following details pertain to Jupiter Bank Ltd as on 31<sup>st</sup> March, 2022. Draw the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2022 and Balance Sheet as on that date. (15)

Particulars	Debit Rupees	Credit Rupees
Share Capital (Rs10 each)		70,00,000
Statutory Reserve		30,00,000
Loans, Cash Credit	16,00,000	
Overdraft	15,00,000	
Premises	50,00,000	
Investment	20,00,000	
Furniture	10,70,000	
Fixed Deposit		20,00,000
Interest expenses on deposits	2,00,000	
Other General expenses	20,000	
Savings Deposit		22,00,000
Current Deposit		5,00,000
Salaries	2,40,000	
Rent & Rates	80,000	
Director's fees	1,00,000	
Law charges	20,000	
Auditor's fees	1,00,000	
Reserve Fund		10,00,000
Interest & Discount earned		15,50,000
Printing & Stationery	80,000	
Bills Purchased & Discounted	30,20,000	
Interim dividend	1,20,000	

Investment in shares	80,000	
Cash in hand	2,00,000	
Cash with RBI	8,20,000	
Money at call & short notice	11,50,000	
Borrowings		1,50,000
	1,74,00,000	1,74,00,000

1. Authorised Capital was Rs. 80, 00,000, Equity Shares of Rs. 10 each.
2. Unexpired discount amounted to Rs.50, 000.
3. Provision for tax is Rs.1, 00,000.
4. Endorsements on behalf of customers were Rs. 11, 00,000.
5. Transfer to Statutory Reserve 25%.

**Q.3.A.** From the following information of Max Insurance Company Limited (15)  
prepare Revenue Account Marine Department for the year ended 31st March 2022.

Particulars	Direct Business Rs.	Re-insurance Business Rs.
Premium Receivable 1.4.2021	19,000	25,000
Premium received	4,60,000	72,000
Claims outstanding as on 01st April 2021	12,500	3,000
Claims paid during the year	2,35,000	30,000
Dividend & Interest Received	-	1,20,000
Premium receivable 31.3.2022	26,000	25,500
Premium paid	-	46,000
Premium Payable 1.4.2021	-	28,000
Premium Payable 31.3.2022	-	36,500
Commission on re-insurance ceded	-	2,500
Claims outstanding on 31st March 2022	15,500	3,500
Reinsurance claim recovered	-	13,000
Recoveries Receivable:1.4.2021	-	3,000
Recoveries Receivable:31.3.2022	-	1,500
Commission on reinsurance accepted	22,000	2,000
Operating expenses		2,16,000
Legal expenses regarding Claims		18,000
Balance of Fund 1.4.2021		3,85,000

OR

Q.3 b) Exim Ltd. entered into the following transactions during the year ended 31-3-2017.

**Exports:**

- a. On 1-7-2016 on FOB basis US \$ 1,05,000 to P Ltd. The amount was realised on 1-1-2017.
- b. On 1-12-2016 on CIF basis US \$ 75,000 to Q Ltd. The amount was receivable after 6 months.

**Imports:**

- a. On 15-9-2016, raw materials on FOB basis US \$ 20,000, to R Ltd. payable as 50% advance and balance on 15-4-2017. 50% of the materials were in stock on 31-3-2017.
- b. On 1-2-2017, machinery spares on CIF basis (by air) US \$ 3,500 to S Ltd. The company's bankers on receipt of the documents made the payment for the same.
- c. On 15-3-2017, raw materials on FOB basis US \$ 12,500 to T Ltd. The same had not reached India as on 31-3-2017.

The exchange rates for US \$ are as under:

		Rs.
i.	1-7-2016	46.25
ii.	15-9-2016	47.50
iii.	1-12-2016	47.25
iv.	1-1-2017	48.00
v.	1-2-2017	47.50
vi.	15-3-2017	48.25
vii.	31-3-2017	48.50

Pass journal entries (including for bank transactions) for the above transactions in the books of the company for the year ended 31 March 2017. Also prepare the Foreign Currency Fluctuation A/c. (15)

**Q4) A) Solve the following**

**(15)**

On 1<sup>st</sup> January 2021, 1000-12% Debentures of Rs. 100 each of Shiva Ltd. were held as investment by Mr. Dharmesh at a cost of Rs. 91000. Interest is payable on 31<sup>st</sup> December.

On 1<sup>st</sup> April 2021, Rs. 20000 of such Debentures were purchased by Dharmesh @ Rs. 98 cum-interest.

On 1<sup>st</sup> September 2021, Rs. 30000 of such Debentures were sold at Rs. 96 ex-interest.

On 1<sup>st</sup> December 2021, Rs. 50000 of such Debentures were sold at Rs. 99 cum-interest.

Interest is received on the due date.

Prepare investment account for 12% Debentures of Shiva Ltd. in the books of Mr. Dharmesh valuing closing stock as on 31<sup>st</sup> December 2021 applying AS-13. The debentures were quoted at Rs. 93 on 31<sup>st</sup> December 2021.

**OR**

**Q4) B) Solve the following****(15)**

On 1-4-2021 Mr. Ajay had 30000 equity shares in Vipro Ltd. face value of the share was Rs. 10 each but his purchase price was Rs. 14 per share. On 1-7-2021, Ajay purchased 6000 additional equity shares of the same company for a price of Rs. 16 per share. On 31-7-2021 the directors of the company announced a bonus and rights issue. Bonus was declared at the rate of one equity share for every six shares held. Bonus shares were received on 5-8-2021.

Right Issue was as per the following terms:

- Right shares to be issued to the existing holders on 17-8-2021.
- Rights offered were at the rate of one share for every three shares held at Rs. 15 per share. Full amount was payable by 30-9-2021.
- Existing shareholders may to the extent of their entitlement, either wholly or in part, transfer their rights to outsiders.
- Ajay exercised his option and subscribed for 60% of his entitlement and the balance of rights, he sold to Vikas for a consideration of Rs. 1.50 per share.
- Dividend for the year ended 31-3-2021 @ 14% was declared by the Company and received by Ajay on 22-10-2021.
- On 1-11-2021 he sold 25000 shares at Rs. 15 per share.

Prepare investment account of Equity Shares in Vipro Ltd. for the year ended 31-3-2022 in the books of Mr. Ajay. Apply AS-13.

The market price of an equity share was Rs. 14 as on 31-3-2022.

Q.5 A ) Distinguish between Cum- Interest Price and Ex- Interest price. **(8)**

B ) What are the disclosure requirements of AS 13 "Accounting for Investment". **(7)**

**OR**

Q.5 Write Short Notes ( Any three) **(15)**

- Contingent liabilities
- Reserve for unexpired risk
- Inter office adjustment
- Monetary Items
- Pre- acquisition dividend