

Marks: 75

Duration: 2.5 hours

Note: 1) All questions are compulsory.

2) Working Note should form part of your answer

3) Figures to the right indicate full marks

Q1) A) Select the most appropriate alternative form those given below and rewrite the statements. (Any 8) (08)

1. Share capital of banking company can include _____
 - a. Reserve and surplus only
 - b. Equity shares and Debentures
 - c. Equity and Preference shares
 - d. Equity shares only
2. Provision for unsecured doubtful assets is _____%.
 - a. 100
 - b. 150
 - c. 10
 - d. 200
3. Reserve for unexpired risk should be created at _____ in case of fire insurance policy.
 - a. 50% of net premium
 - b. 50% of net claims
 - c. 100% of net premium
 - d. 100% of net claims
4. AS-3 is for _____
 - a. Valuation of inventory
 - b. Disclosure of accounting policies
 - c. Cash Flow statement
 - d. Borrowing cost
5. Net block closing = _____ - Depreciation closing
 - a. Gross block deduction
 - b. Gross block closing
 - c. Gross block opening
 - d. Gross block addition
6. Buying and selling of machinery is a _____ activity.
 - a. Financing
 - b. Administrative
 - c. Operating
 - d. Investing
7. Full form of ICAI is Institute of _____ Accountants.
 - a. Current
 - b. Compulsory
 - c. Chartered
 - d. Corporate
8. IFRS 1 is _____ for users.
 - a. Transparent
 - b. Complex
 - c. Confusing
 - d. Ambiguous
9. Paid-up capital of a company cannot exceed _____
 - a. Securities premium
 - b. Preference capital
 - c. Authorized capital
 - d. Debentures
10. _____ is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.
 - a. IAS
 - b. CKR
 - c. IASB
 - d. CSR

Q1) B) State whether True or False (Any 7)

(07)

1. Bills payable is posted in schedule 5 of the banking financial statement.
2. Prudential norms are guidelines or norms on income recognition asset classification and provisioning regarding advances.
3. RBI is the regulator of the insurance sector.
4. Contingency is unknown and unpredictable events.
5. Debentures are unsecured loans.
6. Provision for Taxation is a non-operating expense.
7. Increase in term loan is cash outflow in cash flow statement.
8. Whistle blowers are the people who report the fraudulent actions to their employers.
9. It is compulsory to follow accounting standards.
10. Deemed cost is an amount used as a surrogate for cost or depreciated cost at a given date.

Q2) A) The following details pertaining to Yash Bank Ltd as on 31st March 2023. You are required to prepare Profit and Loss Account for the year ended 31st March 2023 and Balance Sheet as on that date: **(15)**

Particulars	Dr. (Rs)	Cr. (Rs)
Share Capital (Rs 10 each)		35,00,000
Statutory Reserve		15,00,000
Loans, Cash Credit and Overdraft	15,50,000	
Land and Building	25,00,000	
Furniture	5,35,000	
Investment	10,00,000	
Fixed Deposit		10,00,000
Saving Deposit		11,00,000
Current Deposit		2,50,000
Interest Expenses on Deposit	1,00,000	
Salaries and Allowances	1,20,000	
Other General Expenses	10,000	
Rent and Rates	40,000	
Directors Fees	1,10,000	

Reserve Fund		5,00,000
Interest and Discount Earned		7,75,000
Printing and Stationary	40,000	
Bills Purchased and Discounted	15,10,000	
Interim Dividend	60,000	
Investment in shares	40,000	
Cash in Hand	1,00,000	
Cash with RBI	4,10,000	
Money at call and Short Notice	5,75,000	
Borrowings from Banks		75,000
	87,00,000	87,00,000

Additional Information:

1. Authorized Capital was 5,00,000 Equity shares of Rs 10 each.
2. Rebate on bill discounted amounted to Rs. 25,000.
3. Provision for tax is Rs. 50,000
4. Acceptance and Endorsement on behalf of customer were Rs. 6,00,000
5. Transfer to statutory reserve 25% of profits.

OR

Q2) B) The following details are available from the books of Shah Bank Ltd. As on 31-03-23.

Bill No	Amount (Rs)	Date of Discount	Rate of Discount	Due Date
508	15,00,000	05-03-2023	14%	05-05-2023
509	6,00,000	10-03-2023	10%	20-05-2023
520	9,00,000	15-03-2023	10%	06-06-2023
522	8,00,000	20-03-2023	12%	15-06-2023
525	11,00,000	25-03-2023	16%	20-06-2023

You are required to calculate the amount of Discount and Rebate on Bills Discounted as on 31-03-2023. (08)

Q2) C) While closing the books a bank its advances were classified on 31st March 2023 as under:

Particulars	Rs in Lakhs
Standard Assets	1,90,000
Sub- Standard Assets	13,000
Doubtful Assets:	
Up to one Year	4,000
One to three Years	3,000

More than three years	2,000
Loss Assets	500

You are required to calculate the amount of provision to be made by the bank as on 31st March 2023. (07)

Q3) A) From the following balances as on 31st March 2023, prepare Revenue Account for the Marine Business of Jet General Insurance Company. (15)

	Direct Business Rs. '000	Re-insurance Business Rs. '000
a) Premium:		
Received	1380	216
Receivable- On 1/04/2022	57	75
On 31/03/2023	78	77
Paid	-	138
Payable- On 1/04/2022	-	84
On 31/03/2023	-	110
b) Claim		
Paid	705	90
Payable- On 1/04/2022	38	9
On 31/03/2023	45	11
Received	-	39
Receivable- On 1/04/2022	-	9
On 31/03/2023	-	5
c) Commission		
On Direct Business	66	-
On Re-insurance accepted	-	6
On Re-insurance ceded	-	8
d) Other Expenses and Income		
Salary	420	-
Rent and Rates	120	-
Postage	9	-
Stationary	90	-
Dividend and Interest Received	360	-
Legal Expenses	54	-
e) Balance of Fund as on 1/04/2022	1155	-

OR

Q3) B) From the following figures taken from the books of Sunshine Insurance Company, prepare revenue account for Fire Department, in vertical form for the year ended 31st March 2023. (15)

Particulars	Rs
Fire Fund as on 1-4-2022	12,09,000
Claims Paid	6,54,860
Claims initiated but not paid n 1-4-2022	52,000
Commission on reinsurance accepted	75,000
Premium	36,54,000
Commission on Direct Business	3,60,000
Expenses of Management	4,42,000
Reinsurance Premium (Debit)	1,43,000
Commission on Reinsurance ceded	78,000

Additional Information:

- Expenses of management include survey fees and legal fees of Rs. 46,000 and Rs. 26,000 respectively relating to claims.
- Claims intimated but not paid on 31-03-2023 Rs 1,20,000

Q4) A) Rema Ltd furnishes the following summarized balance sheet. **(08)**

Balance Sheet as at 31st March 2023

Liabilities	Rs. lakhs	Assets	Rs Lakhs
Equity share capital	2,400	Machinery	3600
Securities Premium	360	Furniture	440
General Reserve	520	Investment	160
Capital Redemption reserve	400	Stock	1200
Profit and Loss a/c	300	Debtors	500
12% Debentures	1500	Cash at Bank	1500
Sundry Creditors	1480		
Other Current Liabilities	440		
	7400		7400

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

Q4) B) Following figures are taken from the Trial balance of Sean Ltd as on 31st March 2023.

Particulars	Cost	Provision for depreciation (1/4/2022)
Goodwill	3,00,000	-
Land and Building	10,00,000	3,00,000
Office Equipment	50,000	5,000
Plant and Machinery	20,00,000	4,00,000

Provide depreciation on Straight Line Method on the Assets at 10%. Prepare a schedule for Fixed Assets as on 31st March 2023 as per Revised Schedule III. (07)

OR

Q4) C) Following are summarized balance sheet of Parag Ltd as on 31st March, 2022 and 2023. (15)

Liabilities	2022	2023	Assets	2022	2023
<u>Share Capital:</u>			Bank	70,000	32,000
Equity Shares	4,00,000	5,00,000	Stock	80,000	1,50,000
10% Preference Shares	1,00,000	1,60,000	Debtors	1,80,000	3,00,000
12% Debentures	2,00,000	1,60,000	Machinery	1,50,000	1,20,000
Bank Loan	1,40,000	2,20,000	Furniture	20,000	16,000
Reserve	40,000	50,000	Land	3,40,000	5,60,000
Profit and Loss A/c	1,00,000	1,20,000	Building	2,80,000	1,98,000
Creditors	1,20,000	1,50,000	Goodwill	60,000	50,000
Bills Payable	80,000	66,000			
	11,80,000	14,26,000		11,80,000	14,26,000

Additional Information:

1. Depreciation charged during 2023 was Rs. 8,000 on Furniture, Rs. 24,000 on Machinery and Rs. 40,000 on Building.
2. Part of Machinery was sold for Rs. 30,000 at a loss of Rs. 8,000.
3. During 2023 interim dividend was paid Rs 20,000 and Income Tax was paid Rs. 10,000.
4. During the year part of the building was sold at book value.

You are required to prepare Cash Flow Statement as per AS-3.

Q5) A) What is a cash flow statement? Explain the three activities of the cash flow statement. (08)

B) Describe the uses of financial statements. (07)

OR

Q5) Short Notes (Any 3 out of 5) (15)

1. Reinsurance
2. Non-performing assets
3. Importance of Ethical Behavior in accountants.
4. IFRS-2
5. Reserve for unexpired risk