

[Time:2 ½ Hours]

[Marks: 75]

Please check whether you have got the right question paper.

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

Q.1 (A) Choose correct alternative and rewrite the statement. (Any 8) (08)

- 1) In foreign currency transactions the exchange difference on settlement of liability for purchase of fixed assets is transferred to _____
 - Assets
 - Depreciation
 - Exchange difference
 - Profit and loss A/c
- 2) The exchange rate at the balance sheet date is known as _____
 - Average Rate
 - Closing Rate
 - Non-monetary Rate
 - Monetary Rate
- 3) A limited Liability Partnership whose contribution exceeds _____ is required to annually get its accounts audited by any Chartered Accountant in practice.
 - 40 lakh
 - 1 lakh
 - 25 lakh
 - 50 lakh
- 4) LLP is governed by _____
 - Partnership Act.1932
 - Companies Act, 1956
 - Limited Liability Partnership Act. 2008
 - None of the above
- 5) When the rights are sold (without subscribing) _____
 - Sale proceeds are credited to the Investment Account
 - Sale proceeds are debited to the Investment Account
 - No entry is made in the investment Account; and Sale proceeds are credited to the Profit & Loss Account.
 - None of the above
- 6) The cost of Right shares is _____
 - Added to the cost of investments
 - Subtracted from the cost of investments
 - No treatment is required
 - None of the above

7) Schedule 4 of banking final account represent as _____

- Borrowing
- Other Liabilities
- Reserve
- Deposits

8) Schedule 9 of banking final account represents as _____

- Advances
- Other Assets
- Balance with Banks & money at call & short notice
- Cash & Balances with RBI

9) Form B-PL under insurance company represents _____

- Revenue statement
- Changes in unexpired risk
- Profit & loss account
- Balance sheet

10) Schedule 1 under B-RA of insurance company represents _____

- Commission
- Premium Earned
- Operating expenses
- Borrowing

Q1 (B) Match the column (any 7)

(07)

1	Reporting Currency	a	Advances
2	Current investments valuation	b	Other assets
3	Spot rate	c	Currency used in presenting the financial statements
4	Weighted Average	d	Market Value
5	100% reserve for unexpired risk	e	Current rate Prevailing in market
6	Annual return to be file by LLP with Registrar	f	Sale of investment
7	Cash Credits, Overdrafts & Loans payable on Demand	g	Within 60 days from end of financial year
8	Inter-Office Adjustments (net)	h	Schedule 1
9	LLP Agreement	i	The person whose risk is insured
10	Insured	j	Marine Insurance

Q.2 The following is trial balance of DJ bank Ltd Prepare Balance Sheet as on 31-3-2016.

(15)

Particular	Dr. (Rs. In thousand)	Particular	Cr. (Rs. In thousand)
Cash in hand	120	Share cap. Of 100 each, '50 called	500
Cash with RBI	200	Reserve fund	1300
Cash with other banks	300	Dividend equalization reserve	200
Money at call	50	Profit & Loss on 31/3/2015	500
Investment in Govt securities	150	Current accounts	80
Shares and Debentures	50	Savings Bank deposits	300
Gold	300	Fixed deposits	800
Silver	50	Recurring Deposit	200
Loans	1890	Borrowings	600
Bills discounted	300	Branch adjustment	20
Fixed Assets (at cost)	2000	Unclaimed dividend	10
Fixed assets acquired in Satisfaction of claim	60	Unpaid dividend	30
Advance Tax	20	Proposed Dividend	50
Tax deducted at source	10	Provision for tax	30
Accrued interest	70	Unexpired Discount	50
		Bills Payable	40
		Accrued Interest	40
		Provision for Depreciation	800
		Reserve for doubtful debts	20
	5570		5570

Other Information:

1. Bills for collection Rs. 2,00,000
2. A claim by employees for bonus amounting to Rs. 15,000 is pending award of arbitration
3. Liability for partly paid investments Rs. 20,000
4. Guarantees given on behalf of constituents Rs. 25,000

OR

Q.2 Vaibhav had entered into the following transactions in foreign currency during the year ended 31st March 2016. You are requested to write up the Foreign Exchange Difference Account in the ledger for the year ended 31-3-2016.

(15)

Date	Particulars
10-06-2015	Goods worth \$15,000 imported to K of Korea
20-06-2015	Payment made to K of Korea \$ 15,000
16-08-2015	Raw Material exported worth \$ 5,10,000 from C of China
31-08-2015	Payment received from C of China \$ 10,000
10-10-2015	Payment made to SA of South America \$30,000 as advance.
15-10-2015	Goods worth \$30,000 imported SA of South America
03-11-2015	A machine worth \$15,000 imported from UK industries of UK
15-11-2015	Goods purchased amounted to \$ 7,500 from N Ltd Norway
15-12-2015	Payment made \$ 7,500 to N Ltd Norway
15-01-2016	Exported goods to Gurkha industries of Nepal worth \$ 5,000
	Payment is outstanding as on 31-3-16.
15-03-2016	Imported machinery worth \$ 15,000 from CK of Canada.

Payment is outstanding as on 31-3-16

The exchange rate for \$ 1 during the year was as follows:

Date	Exchange Rate (Rs.)	Date	Exchange Rate (Rs.)	Date	Exchanged Rate (Rs.)
15-12-15	48.40	10-10-15	48.75	10-6-15	46.75
15-01-16	49.00	15-10-15	49.00	20-6-15	46.50
15-03-16	49.50	03-11-15	48.60	16-8-15	48.00
31-03-16	50.00	15-11-15	48.70	31-8-15	48.50

Q.3 Prepare a Revenue A/c respected of Fire business from the following details for the year 2015-2016 **15**

Rs.	Particular
18,00,000	Reserve for Unexpired Risk on 1.4.2015@50%
3,60,000	Additional reserve
3,10,000	Estimated Liability for claims intimated on 1.4.2015
4,20,000	Estimated Liability for claims intimated on 31-3-2016
36,50,000	Claims paid
60,000	Legal Expenses
3,10,000	Re-insurance Recoveries (ceded)
40,000	Miscellaneous Expenses
8,000	Bad Debts
48,60,000	Premium recovered
3,20,000	Premium on re-insurance accepted
4,30,000	Premium on re-insurance ceded
4,86,000	Commission of direct business
16,000	Commission on re-Insurance accepted
21,000	Commission on re-Insurance ceded
9,00,000	Expenses on Management
240,000	Interest, Dividend and Rent (cr.)
30,000	Profit on sale of investment

Calculate Reserve on 31st March 2016 to the same extent as on 1st April 2015

OR

Q.3 Changu & Mangu are partners sharing profit and losses equally in LLP in business From the following (15) 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, 2015 and Balance sheet as on that date :

Debit Balances	Amount	Credit Balances	Amount
Carriage	2,000	Capitals	
Opening Stock	30,760	Cangu	60,000
Salary	4,000	Mangu	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		

Drawings:			
Changu	2,800		
Mangu	3,200		
	2,31,800		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, 2015 was Market Value Rs. 40,000; Cost Price Rs. 50,000.

Q4 Man Investment furnishes the following details regarding its holding in 6% National Defence Bonds of (15)
Rs. 100/- each

Opening Balance on 01.04.2015 F.V. Rs. 70,000/- Cost Rs. 68,000/-

On 01.07.2015 – 100 units were purchased ex-interest @ Rs.98/-

On 01.10.2015-200 units were purchased ex-interest @ Rs.99/-

On 01.01.2016 -300 units were sold cum-interest @ Rs.102/-

On 01.03.2016 – 50 units were purchased cum-interest @ Rs. 101/-

Interest is paid every year on 30th September and 31st March. Man Investment closes books on 31st March every year Prepare Investment A/c

OR

Q.4 On 1st April 2016 Sam held 25,000 fully paid equity shares of Rs.10 each in Lambar Ltd., at a book value of Rs.15 per share. On 20th June, 2016 he purchased another lot of 5,000 shares of the company at Rs. 16 per share. Lambar Ltd announced at bonus issue and rights issue, the following being the terms: **15**

Bonus issue in the ratio of 1:6 (Record date 16.8.2016)

Rights issue in the ratio of 3:7 (Record date 31-8-2016)

The rights shares were issued at Rs.15 per share and the full amount was payable by 30th September 2016. Shareholders were entitled to transfer their rights in full or in a part. Accordingly, Sam sold one-third of his entitlement to another person for a consideration of Rs. 3 per share on 5th September 2016. Dividends for the year ended 31st March, 2016 @ 20% were declared by Lambar Ltd and received by Sam on 31st October, 2016. Dividends for shares acquired by Sam on 20th June, 2016, were adjusted against the cost of purchase. On 15th November 2016 Sam sold 25,000 shares @ Rs.15 share. You are required to prepare in the books of Sam: Investment in Equity Shares in Lambhar Ltd., Assume that the books are closed on 31st March.2017

Q.5 i) Explain in Detail Reserve for unexpired risk as special item in Insurance final account **07**
ii) State in Brief Statutory provisions for Limited Liability Partnership **08**

Q.5 Short notes (Any 3) **15**

1. Non-performing assets
2. Fire insurance
3. weighted average method under Investment accounting
4. Monetary item under AS 11
5. Rights of Designated Partner

Q1A) Any 8 $1 \times 8 = 8 \text{ marks}$

1. Exchange difference
2. Closing Ratio
3. 25 Lakh
4. Limited Liability Partnership Act, 2008
5. No entry is made in the investment Account, and Sale proceeds are credited to the Profit & loss Account.
6. Added to the Cost of investment
7. Borrowing
8. Advances
9. Profit & loss account
10. Premium Earned

B) Any 7 $1 \times 7 = 7 \text{ marks}$

1. Reporting Currency - Currency used in presenting the financial statements.
2. Current investment valuation - Market value
3. Spot rate - Current rate Prevailing in market
4. Weighted Average - Sale of investment
5. 100% reserve for unexpired risk - Marine Insurance
6. Annual return to be file by LLP with Registrar - Within 60 days from end of financial year

7. Cash Credits, overdrafts & loans payable on Demand - Advances.
8. Inter-office Adjustment (net) - other assets
9. LLP Agreement - Schedule 1
10. Insured - The person whose ~~the~~ risk is insured.

Q2

DJ Bank Ltd

Balance Sheet as on 31-3-2016.

(£ in '000)

	Particulars	Schedule No.	Current year	Previous Year
1 mark	<u>Liabilities</u>			
1 marks	Share capital	1	500	
2 marks	Reserve & Surplus	2	2000	
1 mark	Deposits	3	1380	
1 marks	Borrowings	4	600	
2 marks	Other liability & Provision	5	1090	
	Total		5570	
	<u>Assets</u>			
	Cash in Hand &			
1 marks	Cash with RBI	6	320	
	Cash with other			
1 marks	banks & Money at call	7	350	
1/2 marks	Investment	8	500	
1/2 marks	Loans & Advances	9	2190	
1 marks	Fixed Assets	10	2060	
1 marks	Other Assets	11	150	
	Total		5570	
3 marks	Bills for Collection		200	
	Contingent liability	12	60	

~~Schedule 2~~
~~Schedule~~

Reserve fund	1300
Dividend & Reserve	200
P&L	<u>500</u>
	<u>2000</u>

Schedule 3

Current A/C	80
Saving Bank deposits	300
Fixed Deposits	800
Recurring deposits	<u>200</u>
	1380

Schedule 5

Branch Adjustment	20
Unclaimed dividend	10
Unpaid dividend	30
Proposed dividend	50
Unexpired dividend	50
Provision for tax	30
Bills Payable	40
Accrued Interest	40
Provision for depreciation	800
Reserve for doubtful debts	<u>20</u>
	<u>1090</u>

Schedule 6

Cash with RBI	200
Cash not in Hand	<u>120</u>
	320

Schedule 7

Cash with other Banks	300
Money at call	<u>50</u>
	350

Schedule 8

Investment in Govt securities	150
Shares and Debentures	50
Gold	<u>300</u>
	500

Schedule 9

Loans	1890
Bills discounted	<u>300</u>
	2190

Schedule 10

Fixed Assets	2000
	<u>60</u>
	2060

Schedule 11

Advance Tax	20
Tax deducted at source	10
Accrued interest	<u>70</u>
	100

Q2

1. Korea (15000×0.25) P 3750
2. China (10000×0.50) P 5000
3. China (O/S) (500000×2) P 1000000
4. South America (30000×0.25) P 7500
5. UK (15000×1.4) L 21000
6. Norway (7500×0.3) P 22500
7. Nepal (5000×1) P 5000
8. Canada (15000×0.50) L 7500

Dr		Foreign Exchange Alc		Cr
Particulars	Amt (£)	Particulars	Amt (£)	
To (UK) ^{IND} CK	2100	By (Korea) K	3750	
To (Canada) ^{CK}	7500	By (China) C	5000	
		By (China (O/S)) C	1000000	
3 marks To P&L	1034150	By (South America) ^{SA}	7500	
		By (Norway) N	22500	
		By (Nepal) G	5000	
	<u>1043750</u>		<u>1043750</u>	

All other entries carry 1.5 marks each.
~~entries~~

Q3

Revenue A/c

	Particulars	Schedule No	Current Year	Previous Year
3 marks	Premium Earned	1	4060 000	
2 marks	Interest, Dividend & Rent		240 000	
	Profit on sale of investment		30 000	
	Total Income (A)		<u>4330 000</u>	
4 marks	Claims Paid	2	3510 000	
1 mark	Commission	3	481 000	
1 mark	Operating Exp	4	948 000	
	Total Expenses (B)		<u>4939 000</u>	
2 marks	Operating Profit (A - B)		(609 000)	

WN

	U.R.R	A.R
closing Balance	2375 000	475 000
(-) Opening Balance	<u>1800 000</u>	<u>360 000</u>
Transfer from Premium	575 000	115 000
	<u>690 000</u>	

2 marks

Schedule 1

Premium Recovered (08)	4860000
(+) Re Insurance (A)	320000
(-) Re Insurance ceded	(430000)
	<u>4750000</u>
(-) Trf to Reserve	<u>600000</u>
	4060000

Schedule 2

Claims Paid	3650000
(-) o/s Last year	(310000)
(+) o/s current year	420000
(+) Legal Exp	60000
(-) Re Insurance	<u>(310000)</u>
	3510000

Schedule 3

Commission of direct Business	486000
(+) Re Insurance accepted	16000
(-) Re Insurance ceded	<u>(21000)</u>
	481000

Schedule 4

Miscellaneous Expenses	40000
Bad debt	8000
Management Expenses	<u>900000</u>
	948000

Q3

In the Books of Changu & Mangu

Balance Sheet as on

	Particulars	Amt	Amt
I	<u>Contribution & Liabilities</u>		
2marks	Contribution : Changu	72740	
	Mangu	52340	
	<u>Liabilities</u>		
2marks	o/s salary	4000	
	creditors	27400	
	o/s wages	4000	
	Total	<u>153280</u>	
	<u>Assets</u>		
2marks	Motor Van	25200	
	Buildings	30600	
1mark	Debtors	19000	
	Cash at Bank	16120	
	Machinery	10000	
1marks	Investment	12360	
1marks	Inventory	40000	
	Total	<u>153280</u>	

Profit & Loss A/c

	Particulars	Amt	Amt
	<u>Income</u>		
1 mark	Turnover	92000	
	Other Income	8560	
	Change in Inventory	9240	
	Total (A)	<u>109800</u>	
	<u>Expenses</u>		
1 mark	Raw Material	58450	
	Personel Relevat Exp	5400	
	Admin. Exp		
	Selling Exp	-	
1 mark	Depreciation	6200	
	<u>other Exp</u>		
2 marks	Discount	500	
	Interest	750	
	Motive Power	4500	
	Bad debts	1920	
	RDD	<u>1000</u>	
	Total (B)	<u>78720</u>	
1 mark	Net Profit (A-B)	31080	
	Trf to Capital A/c		

Working Note

$$\begin{aligned} \text{Raw Material} &= \text{Purchase } 60250 + \text{carriage } 2000 - \text{Return } 3800 \\ &= \underline{58450} \end{aligned}$$

$$\begin{aligned} \text{Other Income} &= \text{Com } 4000 + \text{Interest } 4200 \\ &\quad + 360 (\text{o/s Int}) \\ &= 8560 \end{aligned}$$

$$\begin{aligned} \text{Personnel} \\ \text{Personnel Exp} &= \text{Salary } 4000 + \text{Wage } 1400 \\ &= 5400 \end{aligned}$$

Depreciation

Motor van 2800

Building 3400 6200

Dr

Capital A/c

Cr

	C	M		C	M
To Drawing	2800	3200	By Bal b/d	60000	40000
To Bal c/d	72740	52340	By P/L A/c	15540	15540
	75540	55540		75540	55540

Q4

In the Books of Man Investment -
Dr 6% National Defence Bond Cr

	Particulars	FV	Int	Cost	Particulars	FV	Int	Cost
1mrks	To op bal	70000	-	68000	By Bank ^{1mrks}	-	2400	-
2mrks	To Bank a/c	10000	150	9800	By Sale ^{2mrks}	30000	450	30150
2mrks	To Bank a/c	20000		19800	By Bank ^{2mrks}	75000	2250	72120
	To P/L a/c	-	-	870				
2mrks	To Bank	5000	1250	3800				

$$\text{Weighted Cost} = \frac{97600 \times 30000}{100000}$$

$$= 29280 \quad 2 \text{ marks.}$$

$$\therefore \text{Profit / Loss} = 30150 - 29280$$

$$= 870 \quad 1 \text{ mark.}$$

Weighted cost

$$\begin{array}{rcl} 45000 & \times & 555000 \\ 25000 & & 308333 \end{array}$$

$$\text{Profit} = 66666 \quad 2 \text{ marks}$$

Q5. Theory questions to be asked on the basis of actual answers presented and its relevants with reference to given question, as per best judgement of examiner.

