

Duration: 2.5 hrs.

75 Marks

- Note: 1. Question No. 1 is Compulsory.
 2. Question No. 2,3,4 and 5 have internal options.
 3. Each question carries 15 marks.

Q.1 A) Fill in the blanks with correct alternatives (**Attempt any Eight**) (8)

- 1) If a bank's assets exceed its liabilities in the Banking Final Account, what does this indicate _____.
 (a) The bank incurred a loss (b) The bank is financially stable.
 (c) The bank has high operating expenses (d) The bank needs to attract more customers.
- 2) In the context of non-banking entities, what does the Cash Flow Statement primarily focus on _____.
 (a) Revenue and expenses. (b) Changes in equity.
 (c) Sources and uses of cash. (d) Assets and liabilities.
- 3) In case of fire insurance, the provision required to make against unexpired risks is _____.
 (a) 40% (b) 50%
 (c) 100% (d) 30%
- 4) Excess of average profit earned by the firm over and above its normal profit _____.
 (a) Bumper Profit (b) Super Profit
 (c) Normal Returns (d) Excess Profit
- 5) LLP is governed by _____.
 (a) Partnership Act,1932 (b) Companies Act,1956
 (c) Companies Act,2013 (d) Limited Liability Partnership Act,2008
- 6) Which agency regulates and Supervises NBFC _____.
 (a) Financial Ministry (b) Securities Exchange Board of India
 (c) Reserve Bank of India (d) Respective State Government
- 7) Capital employed by partners in affirm is Rs.4,00,000. Profits of the firm during the last four years are Rs.45,000, Rs.48,000, Rs.67,000 and Rs.60,000 respectively. The expected rate of return on capital employed is 10%. Calculate goodwill by 3 years purchase of super profit _____.
 (a) Rs.55,000 (b) Rs.45,000
 (c) Rs.40,000 (d) Rs.15,000
- 8) Interest Accrued is shown in the final accounts of a Bank in _____.
 (a) Schedule 3 (b) Schedule 4
 (c) Schedule 5 (d) Schedule 6
- 9) NBFC are required to accept public deposit for a maximum period of _____.
 (a) 36 month (b) 48 month
 (c) 60 month (d) 120 month

- 10) When two or more insurance company share risk it is known as _____
- (a) Co-insurance (b) Re-insurance
(c) Part insurance (d) Re-insurance ceded

(7)

Q.1 B) State whether the following statements are True or False (**Attempt any Seven**)

1. The Banking Regulation Act, 1949, requires banks to disclose the details of non-performing assets (NPAs) in the Banking Final Account.
2. A business firm earning normal profits with the least investment cannot comprise goodwill.
3. Final Accounts of General Insurance need not be prepared in the prescribed form.
4. In the case of accounting for Insurance Company AS 3 a cash flow statement will be applicable.
5. A provision of 40 % must be created in case of Loss Assets under Provision for NPA's in the case of Banking Company.
6. Limited liability partnership combines the advantages of a partnership firm and joint stock company.
7. Chairman of a banking company is appointed for a period not exceeding 10years.
8. Application for registration of NBFC is to be submitted to SEBI.
9. Non-purchased goodwill is recognized in financial statements.
10. Intrinsic Value Per Share Method is also called Asset Backing Method.

Q.2.A From the following balances, Prepare Balance sheet of Newton Bank Ltd., for the year ended 31.03.2023. (15)

Particulars	Rs. Fig. in '000'
Premises	2,500
Term Loans	5,000
Overdrafts	3,000
Cash Credits	3,500
Gold	2,000
Investment in Shares	2,500
Investment in Government Securities	2,800
Money at Call and Short Notice	4,500
Balance with RBI	2,540
Cash in hand	1,400
Inter-office Adjustments (Cr.)	1,400
Bill Payable	3,000
Borrowings from other banks	10,540
Borrowing from RBI	2,400
Term Deposits	2,000
Saving Bank Deposits	2,800
Demand Deposits	2,400
Capital Reserve	400
Profit and Loss Account Balance	1,400
Appropriation to Statutory Reserve	400
Statutory Reserve	1,000
Equity Share Capital	2,000

The authorized capital of the bank is Rs.50,00,000 divided into 5,00,000 shares of the face value of Rs.10 each. Investment in shares include 1,00,000 shares in Mars @ 4 per share whereas the face value of the share of Rs.10. The bank has bills for collection to the extent of Rs.10,00,000.

OR

Q.2 B. The following figures are extracted from the books of Madhuban Bank Ltd as on 31.03.2023. You are required to prepare the Profit and Loss Account with necessary schedules. (15)

Particulars	Amount
Profit on 1.04.2022	1,20,000
Other Expenses	4,000
Postage and Telephone Charges	11,000
Law Charges	8,000
Audit Fees	6,000
Directors Fees and Allowances	9,000
Advertisement	6,000
Repairs and Maintenance	14,000
Printing and Stationery	17,000
Sundry Income	18,000
Depreciation on Bank's Assets	21,000
Rent and Taxes	8,000
Salaries of Staff	65,000
Dividends received from Joint Stock Companies	25,000
Loss on Revaluation of Investments	10,000
Profit on Revaluation of Investments	35,000
Income from Joint Ventures	25,000
Loss on Sale of Investments	5,000
Profit on Sale of Investments	40,000
Interest on Borrowings from other Banks	10,000
Discount Bills Discounted	1,90,000
Interest on Current Accounts	30,000
Interest on Savings Accounts	80,000
Interest on Fixed Deposits	2,60,000
Interest on Investments	10,000
Interest on Balance with RBI	40,000
Interest on Overdraft	2,00,000
Interest on Cash Credits	2,90,000
Interest on Loans	3,10,000

Adjustments

1. Provide 40% for taxation.
2. The rebate on the bill discounted is to be provided for Rs.20,000.
3. Write off Rs.19,000 for Bad and Doubtful Debts

Q.3 A Jupiter General Insurance Company submits the following information for the year ended 31st March 2023 (15)

Particular	Direct Business Rs.	Reinsurance Rs.
Premium received	65,75,000	9,50,000
Premium paid	-	4,75,000
Claim paid during the year	42,50,000	5,00,000
Claim payable: - 1 st April 2022	6,25,000	87,000
- 31 st March 2023	7,18,000	60,000
Claims received	-	3,25,000
Claims receivable: - 1 st April 2022	-	65,000
- 31 st March 2023	-	1,10,000
Expenses of Management	2,30,000	
Commission		
- On Insurance Accepted	1,50,000	11,000
- On Insurance Ceded	-	14,000

The following additional information are also available

1) Expenses of Management include Rs. 35,000 Surveyor's fees and Rs. 45,000 legal expenses for settlement of claims.

2) Reserve for unexpired risk is to be maintained @ 40%. The balance of the reserve for unexpired risk as on 1-4-2022 was Rs. 24,50,000.

You are required to prepare the Reserve Account for the year ended 31st March, 2023.

OR

Q.3 B Prepare a Revenue A/c respected of Fire Business from the following details for the year 2022-23. (15)

Particulars	Rs.
Reserve for unexpired risk on 1-4-2022 @ 50%	18,00,000
Additional Reserve	3,60,000
Estimated Liability for claim intimated on 1-4-2022	3,10,000
Estimated Liability for claim intimated on 31-3-2023	4,20,000
Claims Paid	36,50,000
Legal expenses	60,000
Re-insurance Recoveries (ceded)	3,10,000
Miscellaneous Expenses	40,000
Bad Debts	8,000
Premium Recovered	48,60,000
Premium on Re-insurance accepted	3,20,000
Premium on Re-insurance ceded	4,30,000
Commission of Direct Business	4,86,000
Commission on Re-insurance accepted	16,000
Commission on Re-insurance ceded	21,000
Expenses on Management	9,00,000
Interest, Dividend and Rent (Cr.)	2,40,000
Profit on Sale of Investment	30,000

Calculate Reserve on 31st March, 2023 to the same extent as on 1st April, 2022.

Q.4 Moon and Star are partners sharing profits and losses equally in LLP. From the following Trial Balance of the firm, Prepare Income Statement and Balance Sheet as on 31st March, 2023. (15)

Trial Balance as on 31.03.2023

Dr.

Cr.

Particulars	Rs.	Credit balances	Rs.
Drawings :		Creditors	20,000
- Moon	3,500	Reserve for Doubtful Debts	500
- Star	1,500	Interest on Provident Fund Investment	200
Cash	3,000	Provident Fund	2,000
Insurance	500	Discount	300
Contribution to Provident Fund	500	Purchase Returns	3,200
Provident Fund Investment	2,000	Sales	1,70,500
Salaries	3,000	Miscellaneous Income	2,000
Advertisement for 4 years	4,000	Rent	1,000
Machinery	30,000	Commission	1,000
Furniture	5,000	Capital Accounts:	
Royalties on Sales	1,000	- Moon	15,000
Wages	6,000	- Star	15,000
Debtors	20,000		
Sales Returns	700		
Purchases	1,30,000		
Stock	20,000		
	2,30,700		2,30,700

Additional Information:

1. Write off Rs.400 as Bad debts and maintain the Reserve for Doubtful Debts at 3% on debtors.
2. Depreciate Furniture @ 15% and Machinery @ 20%.
3. Prepaid Insurance amounted to Rs.100.
4. Moon has taken goods worth Rs.500 for his personal use.
5. Closing Stock Price Rs.25,000; Market Price Rs.30,000.

OR

Q.4 B. Following is the Balance Sheet of Galaxy Co.Ltd as on 31st December, 2023.

(15)

Liabilities	Rs.	Assets	Rs.
Share Capital :		Land and Building (at Cost)	30,000
3,000 5% Pref. Shares of Rs.10 each fully paid	30,000	Plant & Machinery (at cost less depreciation)	50,000
9,000 Equity Shares of Rs.10 each fully paid	90,000	Furniture & Fixture (at cost less depreciation)	10,000
Reserves	30,000	6% Govt. Securities (at cost) (Nominal Value Rs. 10,000) (Market Value Rs. 14,000)	12,000
Profit and Loss Account	12,000	Debtors (all good)	39,000
6% Debentures	20,000	Stock	46,000
Creditors	15,000	Cash in hand	5,000
		Preliminary Expenses	5,000
	1,97,000		1,97,000

Find out fair value of equity shares after considering the following information, as-

- (i) Intrinsic Value Method
- (ii) On the basis of Yield (Earning Capacity)
- (iii) On the basis of Yield (Dividend Basis).

Average annual profit (before taxation) Rs. 51,200. The rate of income-tax is 50%. Rs.5,000 is transferred to the General Reserve every year. Normal return is 9% on capital employed. Goodwill is to be valued at 4 years purchase of super profits. Dividend declared by companies doing similar business is 10% market value of share being Rs.102 (nominal value Rs. 100). All assets are worth book-value subject to the following changes: The land & building is valued at Rs.35,000 and Investments as given in the Balance Sheet.

- Q.5 A (i) Define NBFC and Classified on the basis of Activities? (8)
(ii) Define Shares and Explain the factors affecting the Valuation of Shares? (7)

OR

Q.5 B. Write Short Notes (Attempt any Three) (15)

- a) LLP Agreement
- b) Re-insurance
- c) Statutory Reserve
- d) Non-Performing Assets of NBFC
- e) Methods of valuation of goodwill
