

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 (Any 8)

(8)

1. Credit balances in overdrafts are shown by a bank as _____.
a) Borrowings
b) Demand Deposits
c) Other Liabilities
d) Balance with Other Banks
2. Every banking company must submit P & L a/c & Balance Sheet together with Auditors report in _____ copies.
a) 3
b) 4
c) 5
d) 2
3. Premiums received in advance is shown in the balance sheet of an Insurance Company under _____.
a) Reserves
b) Current Liabilities
c) Advances and Other Assets
d) Provisions
4. Profit and Loss A/c is prepared in Form _____.
a) A - PL
b) D - PL
c) B - PL
d) C - PL
5. Owned Fund excludes _____.
a) Paid Up Capital
b) Forfeited Shares Balance
c) Free Reserves
d) Reserves created by revaluation of Asset
6. Merchant Banking Companies are required to be registered with _____.
a) RBI
b) SBI
c) SEBI
d) FBI
7. In an LLP one partner _____ for another partner's misconduct or negligence.
a) Is Liable
b) Is responsible
c) Is responsible and liable
d) Is not responsible and liable
8. For valuation of goodwill only _____ Assets is consider
a) Fictitious Assets
b) Trading Assets
c) Non-Trading Assets
d) Intangible Assets
9. _____ value of shares depends on Net Assets Available for Equity shareholders
a) Face Value
b) Market
c) Fair
d) Intrinsic
10. LLP has _____.
a) Perpetual Succession
b) No Perpetual Succession
c) Specified period of life
d) No specified period of life

Q.1B. Statement whether the following statements are True or False (Any 7) (7)

1. LLP is convenient for professionals.
2. Yield Value depends on Earnings of the Company.
3. Excess of Normal Profit over Average Profit is termed as Super Profit.
4. Location of customer is one important factor which affects goodwill.
5. NBFC means Non-Banking Funding Company.
6. Average Clause is introduced to discourage over insurance.
7. Reinsurance is done when the risk involved in the subject matter is very heavy.
8. Rate of Interest on Fixed Deposits is lowest.
9. Banking can carry business without a license issued by RBI.
10. LLP Agreement must specify the contribution of partners.

Q.2A. From the following balances, Prepare Balance Sheet of Ilalo Bank Ltd for the year ended 31st March, 2023. (15)

Particular	Amount
Saving Bank Deposits	19,25,000
Term Deposits	10,00,000
Recurring Deposits	3,75,000
Bills Purchased and Discounted	10,31,250
Borrowings from RBI	16,50,000
Appropriation to Statutory Reserve	2,75,000
Profit & Loss A/c Balance	9,62,500
Capital Reserve	2,06,250
Demand Deposits	16,50,000
Non-Banking Assets acquired in satisfaction of claims	13,75,000
Overdrafts	20,62,500
Investment in Government Securities	5,50,000
Term Loans	34,37,500
Cash Credits	13,75,000
Premises	17,18,750
Share Capital	13,75,000
Statutory Reserve	6,87,500
Revenue Reserve	68,750
Bills Payable	20,62,500
Inter-Office Adjustments (Cr bal)	9,62,500
Cash in Hand	9,62,500
Balance with RBI	17,18,750
Investment in Bonds	13,75,000
Stock of Stationary	27,500
Borrowings from Other Banks	72,46,250
Money at Call and Short Notice	30,93,750
Investment in Shares	17,18,750

Additional Information :

1. The authorized Capital of the Bank is Rs. 40,00,000 divided into shares of Rs. 10 each.
2. The bank has bills for collection to the extent of Rs. 7,00,000

OR

Q.2B. From the following balances of Public Bank Ltd Nashik as on 31st March, 2023, Prepare Profit and Loss A/c and Balance Sheet as on that date : (15)

Rs. in '000

PARTICULARS	DR AMT	CR AMT
Eq Sh Cap of Rs. 100 each Rs. 50 paid up		400
Profit and Loss A/c (1/4/2022)		160
Current Deposit A/c		1,800
Fixed Deposit A/c		1,200
Saving Deposit A/c		950
Directors Fees	10	
Postage and Telegrams	4	
Audit Fees	8	
Furniture (Cost Rs. 400)	348	
Interest and Discount Received		1,040
Commission and Exchange		200
Reserve Fund		140
Printing and Stationary	50	
Rent and Taxes	30	
Salaries	250	
Building (Cost Rs. 1200)	900	
Law Charges	6	
Cash in Hand	396	
Cash with RBI	1,068	
Cash with Other Bank	1,300	
Investment at Cost	480	
Loans, Cash Credit and Overdraft	1,180	
Bills Discounted and Purchased	580	
Interest paid	600	
Borrowings from Lena Bank		800
Branch Adjustment A/c		520
	7,210	7,210

Additional Information:

1. The bank has accepted on behalf of the customers bills worth Rs. 6,00,000 against the securities of Rs. 8,60,000 lodged with the bank.
2. Rebate on bills discounted Rs. 22,000
3. Provide depreciation on building at 10 % and Furniture at 5% on cost
4. Provide Rs. 6,000 for bad and doubtful debts
5. Transfer 25 % of the current years profit to statutory reserve

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

Particulars	Direct Business	Re-insurance
Premium Received	52,60,000	7,60,000
Premium Paid		3,80,000
Claims Paid during the year	34,00,000	4,00,000
Claims Payable as on		
1 st April, 2022	5,00,000	69,600
31 st March, 2023	5,74,400	48,000
Claims Received		2,60,000
Claims Receivable		
1 st April, 2022		52,000
31 st March, 2023		88,000
Expenses of Management	1,80,000	
Commission		
On Insurance Accepted	1,20,000	8,800
On insurance Ceded		11,200

Additional Information :

- Expenses of management include Rs. 28,000 Surveyors fees and Rs. 36,000 legal expenses for settlement of claims. Expenses of Management were outstanding at the end of the year amounted to Rs. 4,000
- Reserve for Unexpired Risks is to be maintained @ 40 %. The balance of reserve of unexpired risk as on 1/4/2022 was Rs. 19,60,000.

You are required to prepare Revenue A/c for the year ended 31st March, 2023.

OR

Q.3 B. From the following trial balance of Rahul and Shahul you are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2023 and Balance Sheet as on that date. (15)

PARTICULARS	DR AMT	CR AMT
Rahul's Capital		3,00,000
Shahul's Capital		2,70,000
Rahul's Drawings	20,000	
Shahul's Drawings	16,675	
Stock (1/4/22)	4,00,000	
Bills Receivable	12,550	
Purchases	3,50,000	
Sales		6,00,000
Bills Payable		60,000
Return Outward		6,750
Return Inward	7,500	
Plant and Machinery	1,50,000	
Goodwill	40,000	
Patents	27,500	
Sundry Debtors	1,87,500	
Sundry Creditors		2,07,000
Cash in Hand	32,500	
Cash at Bank	1,23,775	

Salaries	20,000	
Wages	22,000	
Office Expenses	10,000	
Insurance	8,750	
Advertisement	10,000	
General Expenses	3,000	
Factory Rent	2,000	
	14,43,750	14,43,750

Additional Information :

1. Depreciate Plant and Machinery by 5 % and Patents by 15 %
2. Provide for Reserve for Bad and Doubtful Debts @ 5 % on sundry debtors
3. Prepaid Insurance Rs. 900
4. Provide for Outstanding Expenses : Salary – Rs. 3000, Wages – Rs. 1,500, Advertisement – Rs. 1,050
5. Stock as on 31st March, 2023 was valued at Rs. 1,80,000
6. Goods costing Rs. 9,000 were destroyed by fire and the Insurance Company has admitted a claim for Rs. 5,700.
7. Partners share profits and losses equally.

(15)

Q.4 A. T Ltd and V Ltd propose to amalgamate. Their business as at 31st March, 2023 were as follows :

Liabilities	T Ltd	V Ltd	Assets	T Ltd	V Ltd
Eq Share Capital	15,00,000	6,00,000	Fixed Assets	12,00,000	3,00,000
General Reserve	6,00,000	60,000	Investments	3,00,000	--
Profit and Loss A/c	3,00,000	90,000	(Face Value – Rs. 3 Lac, 6 % tax free GP Notes		
Creditors	3,00,000	1,50,000	Stock	6,00,000	3,90,000
			Debtors	5,10,000	1,80,000
			Cash and Bank Balance	90,000	30,000
	27,00,000	9,00,000		27,00,000	9,00,000

Their Net Profits (after taxation) were as follows :

Date	T Ltd	V Ltd
2020-21	3,90,000	1,35,000
2021-22	3,75,000	1,20,000
2022-23	4,50,000	1,68,000

Normal Trading Profit may be considered at 15 % on closing capital invested. Tax Rate is 40 %. Goodwill may be taken as 4 years purchase of average super profits. The stock of T Ltd and V Ltd are to be taken at Rs. 612000 and Rs. 426000 respectively for the purpose of amalgamation. W Ltd is formed for the purpose of amalgamation of two companies. Compute the value of Goodwill under Super Profit Method

OR

Q.4B. The final accounts of Ratnam Ltd as on 31st March 2023 revealed following significant information: (15)

1. Share Capital (fully Paid up)
Equity – 2,00,000 shares of Rs. 10 each
10 % Preference – 20,000 shares of Rs. 100 each
2. Reserves and Surplus – Rs. 3,00,000
3. Preliminary Expenses – Rs. 60,000
4. The valuation of assets revealed that assets as per accounts are undervalued by Rs. 5,00,000
5. The average post-tax profits of the past three years were Rs. 8,20,000. Tax applicable to the company is Rs. 4,00,000.
6. It is anticipated that due to unfavorable market conditions, pre-tax profits will decrease by Rs. 20,000.
7. Equity Shareholders expect a return at 15 %.

Find the fair value of shares.

- Q.5 A. (i) Explain the concept and computation of Net Own Fund in NBFC. (8)
(ii) Explain Reinsurance and Co-insurance in detail. (7)

OR

- Q.5 B. Write Short Notes on : (Any 3) (15)
1. Rebate on Bills Discounted
 2. Short Note on Marine Insurance
 3. Short Note on LLP
 4. Objectives of RBI regulations regarding NBFC
 5. Factors affecting valuation of shares
