

Duration: 2 ½ Hours

Total Marks: 75

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) (08)

- 1) Endorsement are shown by a bank under _____.
 (a) Deposits (b) Advances.
 (c) Contingent Liabilities (d) Other Liabilities and Provisions.
- 2) Loss on revaluation of Assets is shown under _____ in Banking Company Final Accounts.
 (a) Operating Expenses. (b) Provision and Contingencies.
 (c) Appropriations. (d) Other Incomes.
- 3) Stock Exchange is regulated by _____.
 (a) IRDA (b) NHB
 (c) SEBI (d) Government
- 4) NBFC is a company which is engaged in the business of _____.
 (a) Providing Loans & advances (b) Sale or Purchase of Goods and Services
 (c) Accounts Activity (d) Agriculture Activity
- 5) Under General Insurance Business, Net Claims Paid Rs.15,00,000 . Opening & Closing Outstanding of claim are Rs.2,00,000 and Rs.3,00,000. Claims paid during the year would be _____.
 (a) Rs. 20,00,000 (b) Rs. 16,00,000
 (c) Rs. 10,00,000 (d) Rs. 14,00,000
- 6) Commission paid Rs.20,000, opening outstanding of commission Rs.2,000 & Closing Outstanding R.5,000. Net commission paid is Rs. _____.
 (a) 22,000 (b) 17,000
 (c) 23,000 (d) 18,000
- 7) Profit available to equity shareholders= Profit after tax minus _____.
 (a) Interest (b) Equity Dividend
 (c) Preference Share Capital (d) Debentures
- 8) Intrinsic Value Per Share = Rs. 120, Fair Value Per Share = Rs. 100, Yield Value Per Shre will be _____.
 (a) Rs. 80 (b) Rs.110
 (c) Rs. 160 (d) Rs.170
- 9) Advertisement expenses under LLP final accounts are recorded under the heads of _____.
 (a) Administration Expenses (b) Selling Expenses
 (c) Finance Expenses (d) Personnel Expenses
- 10) _____ days notice to LLP for resignation by an auditor
 (a) 11 (b) 12
 (c) 13 (d) 14

Q.1 B) State whether the following statements are True or False (**Attempt any Seven**) (07)

1. Unclaimed Dividend is shown under Borrowings under Balance Sheet of Banking Company.
2. The Asset which ceases to generate income for the Bank is termed as Non-Performing Assets.
3. Claims recovered from reinsurers is added to claims paid under Schedule 2.
4. Outstanding Premium at the end of the year is shown under the head Advances and Other Assets under Final Accounts of Insurance Companies.
5. Venture Capital Fund Companies are regulated by SEBI.
6. AFC stands for Asset Finance Company.
7. NBFC cannot carry on any agricultural activity.
8. NBFC cannot carry on any purchase or sale of securities.
9. Goodwill has a realizable value.
10. The liability of partners in LLP is limited to their contribution.

Q.2.A) The following is the trial balance of SET Bank Ltd. Prepare Balance Sheet as on 31st March, 2024 (15)

Particulars	Dr. (Rs.)	Particulars	Cr. (Rs.)
Cash in Hand	25,000	Statutory Reserve	20,00,000
Cash with RBI	6,20,000	Profit & Loss on 31-3-2023	2,60,000
Cash Credit, Overdraft, and Loan	95,000	Share Capital of Rs 10 each	5,00,000
Advance Tax	50,000	Recurring Deposits	3,60,000
Fixed Assets (at cost)	3,40,000	Borrowings	40,000
Fixed Assets acquired in satisfaction of Claim	20,00,000	Branch Adjustment	20,000
Tax deducted at Source	25,000	Unclaimed Dividend	15,000
Bill discounted	20,000	Proposed Dividend	25,000
Investment in Government Securities	9,00,000	Unexpired Discount	30,000
Bonds	8,00,000	Unclaimed Interest	20,000
Silver	7,00,000	Bills Payable	15,000
Money at Call	50,000	Provision for Tax	75,000
Cash with Other Bank	5,00,000	Fixed Deposits	14,00,000
Unclaimed Interest	35,000	Current Accounts	5,00,000
		Saving Bank Deposits	9,00,000
Total	61,60,000	Total	61,60,000

Additional Information:

1. The Authorized Capital of a Bank is Rs.10,00,000.
2. Bills for Collection Rs.5,00,000.
3. Guarantees given on behalf of constituents of Rs.75,000.
4. Acceptance, Endorsement, and Other Obligations is Rs.3,00,000.

OR

Q.2 B) From the following particulars, prepare the Profit & Loss Account of the HNPC Bank Ltd. as of 31st March, 2024 in the prescribed form. (15)

Particulars	Rs.
Postage and telegrams	1,400
Printing and Advertisement	2,900
Director's and Audit fees	4,200
Interest on Savings Bank deposits	68,000

Sundry Charges	1,700
Interest on overdraft	54,000
Rent & Taxes	18,000
Commission on Letter of Credit	1,18,000
Interest on Cash Credit	2,23,000
Interest on current account	42,000
Interest on fixed deposits	2,75,000
Rebate on bills discounted	49,000
Establishment Charges	54,000
Interest on Loans	2,59,000
Share Capital	2,00,000
Profit on Sale of Investment	80,000
Commission, Exchange, and Brokerage	50,000
Income on Investment	75,000

The following further information is given:

- (1) Transfer 20% to Statutory Reserve.
- (2) Transfer 5% to Other Reserve
- (3) A Dividend @ 10% is proposed.
- (4) Profit & Loss A/c (Cr.) Rs.40,000
- (5) Provision for non-performing assets Rs.25,000

Q.3 A) Prepare Revenue Account in proper form for the year ended 31st March, 2024 from the following particulars related to Balaji General Insurance Co. for the year ended 2023-24: (15)

Particulars	Related to Direct Business (Rs.)	Related to Reinsurance (Rs.)
Premiums:		
Amount received	40,00,000	3,60,000
Receivable at the beginning	5,60,000	46,000
Receivable at the end	4,10,000	54,000
Amount paid	--	6,30,000
Payable at the beginning	--	80,000
Payable at the end	--	94,000
Claims:		
Amount paid	32,00,000	3,20,000
Payable at the beginning	70,000	72,000
Payable at the end	3,80,000	68,000
Amount recovered	--	2,20,000
Receivable at the beginning	--	38,000
Receivable at the end	--	42,000
Commission:		
Amount paid	63,000	20,200
Amount received	--	44,400

Additional Information:

- (i) Interest, dividend and rent received - 45,000
- (ii) Management expenses including 25,000 related to legal expenses regarding claims - 2,00,000

- (iii) Provision for income tax existing at the beginning of the year was 3,45,000, the income-tax actually paid during the year 2,45,000 and the provision necessary at the year end 4,18,000.
- iv) The net premium income of the company during the year 2022 – 23 was Rs. 28,00,000 on which reserve for unexpired risk @ 50% and additional reserve @ 8% was created. This year, the balance to be carried forward is 50% of net premium on reserve for unexpired risk and 5% on additional reserve.

OR

Q.3 B) Raj and Ketan are partners sharing profits equally. From the following Trial Balance, prepare Trading and Profit & Loss A/c for the year ended 31st March, 2024 and the Balance Sheet as at that date of M/s RK after making the adjustments given below:

(15)

Particulars	Dr. Rs.	Cr. Rs.
Raj's Capital		16,00,000
Ketan's Capital		14,00,000
Land and Buildings	8,70,000	
Plant and Machinery	1,75,000	
Goodwill	12,00,000	
Raj's Drawings	1,00,000	
Ketan's Drawings	1,26,000	
Electricity Deposits	10,000	
Stock (1-4-2023)	2,70,000	
Wages	1,00,000	
Purchases	6,90,000	
Carriage Inward	6,000	
General Expenses	40,000	
Rent and Taxes	12,000	
Motor Car	30,000	
Carriage Outward	14,000	
Sales		8,40,000
Salaries	31,000	
Legal Charges	1,050	
Bad Debts written off	21,000	
Provision for Doubtful Debts		15,000
Printing and Stationery	20,000	
Debtors	1,98,000	
Creditors		75,000
Bank Current A/c	15,950	
	39,30,000	39,30,000

- Closing stock was 4,60,000.
- It is discovered that credit sales effected on 21-3-2024 to the value of 2,000 have not been entered in the books.
- Stock worth 30,000 un-insured has been destroyed by fire.
- Plant and Machinery worth 10,000 purchased on 31st March, 2024 has been inadvertently included in purchase.
- Wages include a sum of 5,000 spent at the time of installation of a new machinery valued Rs.40,000 on 30.09.2023
- The Motor Car was sold on 30-9-2023 for Rs.20,000, the amount being wrongly included in the sales. Depreciate Plant and Machinery at 10% p.a. and Motor Car

at 20% p.a. and Provision for Bad Debts to be increased to 20,000. Opening balance of Plant and Machinery as on 1-4-2023 was 1,35,000.

Q.4 A) Summarized balance sheet of Nagarajan Ltd. as at 31st March, 2024 (15)

Liabilities	Amount	Assets	Amount
15,000 Equity shares of Rs.100 each	15,00,000	Goodwill	1,20,000
Profit and loss account	10,00,000	Land and Building	14,00,000
Workman compensation fund	6,00,000	Plant and Machinery	5,00,000
Debentures	6,00,000	10% Investment (Non-Trade)	9,00,000
Creditors	4,60,000	Debtors	5,20,000
Other current liabilities	2,80,000	Stock	4,80,000
		Cash and Bank Balance	2,60,000
		Other Current Assets	2,20,000
		Share Issue Expenses	40,000
	44,40,000		44,40,000

Additional Information:

- In similar business normal return on capital is 10% (After Tax)
- Profit for last four years before tax are as follows:

Year	Profit (Rs.)
Year ending 31 st March, 2021	8,50,000
Year ending 31 st March, 2022	9,00,000
Year ending 31 st March, 2023	9,50,000
Year ending 31 st March, 2024	8,00,000

- An Average rate of 40% is payable as income tax.
- In the year 2021-22, there was a fire which resulted in a loss of Rs.1,00,000 and during the year 2022-23 the company had sold its furniture resulting into a profit of Rs.1,50,000.
- The changes expected from ensuing year are:
 - Increase Directors fees Rs.1,00,000 p.a
 - Reduction in Advertisement Expenses Rs.2,50,000 p.a
 - Increase in distribution expenses Rs.1,00,000 p.a
- All Current Assets (Excluding cash and bank) are to be valued at 120% of book value for valuation of goodwill.
- The market value of land and building is Rs.20,00,000 and plant and machinery is Rs.6,00,000.
- Liability under workmen compensation fund is expected at Rs.3,00,000

Calculate goodwill under capitalization by future maintainable profit method. Use simple average.

OR

Q.4 B) Balance Sheet of Virat Ltd as on 31st March, 2024 is below: (15)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
2,000 Equity shares of Rs.100 each fully paid up	2,00,000	Land & Building	70,000
200, 6% Preference Shares of Rs.100 each, fully paid up	20,000	Plant & Machinery	88,000
Reserve & Surplus	50,000	Investments	20,000
Debentures	20,000	Stock	36,000
Creditors	20,000	Sundry Debtors	24,000
		Bank Balance	53,000
		Cash on Hand	19,000
	3,10,000		3,10,000

You are informed that:

- Land and Building is valued at Rs.80,000
- Plant and Machinery is valued at Rs.80,000
- The profits for last five years were Rs.36,000, Rs.35,000, Rs.40,500, Rs.40,000 and Rs.38,500.
- The normal rate of return is 10% for all purpose.
- Company has practice to transfer to reserve 25% of net profit.
- Goodwill valued Rs.59,000.

You are required to find out:

- Intrinsic Value per share
- Yield Value Per share
- Fair Value Per Share

Q.5 A) (i) Distinguish between NBFC and Banks (08)

(ii) What do you mean by Bank? Explain its functions? (07)

OR

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

- Short Note on Asset Finance Company
- Re-insurance
- Short note on acceptances and endorsements under Banking company
- Features of Limited Liability Partnership
- Methods of valuation of Shares
