

Branches:-Kandivali (E) Station Thakur Village, Kandivali (W) Mahavir Nagar

A.1 A Fill in the blanks & re-write the sentence. (Any 8)

Ans.

- | | | |
|----|---|-------------------------|
| 1 | Profit or loss on sale of short-term investment is calculated by deducting _____ cost of investment from the amount realized on sale of investment. | Weighted Average |
| 2 | As-13 deals with _____ Accounting | Investment |
| 3 | _____ currency is the currency used in presenting the financial statements. | Reporting |
| 4 | Foreign Fluctuation Account is _____ Type of Account. | Nominal |
| 5 | Monetary items are translated at the _____ rate at year-end. | Closing |
| 6 | _____ refers to insuring same assets with two insurance companies. | Re-Insurance |
| 7 | Provision for sub-standard assets is to be made at _____%. | 15 |
| 8 | Contingent liabilities are disclosed in schedule _____ in Banking Company Final Accounts. | 12 |
| 9 | DPIN stands for Designated Partner Identification Number . | |
| 10 | Profits made by LLP fully distributed in _____ ratio amongst the partners. | Profit Sharing |

B State whether following statements are true or false (Any 7)

Ans.

- | | | |
|----|--|--------------|
| 1 | On the purchase of bonus shares, cost of bonus share is considered nil. | TRUE |
| 2 | On the sale of bonus shares, the whole sale consideration is considered as profit as the cost of acquisition of bonus shares is nil. | TRUE |
| 3 | At the end of accounting year, investments held as current assets are valued at the lower of cost or market price. | TRUE |
| 4 | Accounting standard 11 deals with accounting for foreign currency transactions. | TRUE |
| 5 | LLP has no designate partner. | FALSE |
| 6 | Inter Branch adjustment credit balance is disclosed in schedule 7. | FALSE |
| 7 | Proposed dividend by banking company cannot be disclosed in accounts unless it is approved by shareholders. | FALSE |
| 8 | Dental insurance is an example of General insurance. | TRUE |
| 9 | Profit & Loss Account is presented by insurance companies to record incomes & expenses of individual divisions of business. | FALSE |
| 10 | Balance sheet of LLP is prepared in LLP-BS format. | FALSE |

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Q.2

In the books of Dhoni									
Investment in Equity shares of CSK Ltd.									
Date	Particulars	W.N.	N V	Cost	Date	Particulars	W.N.	N V	Cost
2016					2016				
01-Apr	To Balance B/d		2,000,000	3,600,000	21-Oct	By Bank A/c (Dividend)	3	-	15,000
01-Jun	To Bank A/c		100,000	125,000	01-Nov	By Bank A/c	4	780,000	1,131,000
05-Aug	To Bonus	1	210,000	-	2017				
30-Sep	To Bank A/c	2	184,800	277,200	31-Mar	By P/L A/c			115,599
					31-Mar	By Balance c/d		1,714,800	2,740,601
			2,494,800	4,002,200				2,494,800	4,002,200

W.N

1	Bonus Share	Held	Bonus
		10	1
		210,000	??
	No. of Bonus Shares		21,000
2	Right Share	Held	Rights
		5	1
		231,000	??
	No. of Rights Shares		46,200
		60% Sold	40% Purchase
		27,720	18,480
		*2	*15
		55,440	277,200
		Cr. To P/L A/c	

3	Dividend		
	Total Shares Held	249,480	
	(-) Bonus Shares	21,000	
	(-) Right Shares	18,480	
	Shares for Dividend	210,000	
		200,000	10,000
		*1.5	*1.5
		300,000	15,000
	Post Cr. To P/L A/c		Pre
4	Sale Value		1,170,000
	(-) Brokerage	78000*10*5%	39,000
	Selling Price		1,131,000
	Less: Cost	2,494,800	3,987,200
		780,000	?
	Loss		(115,599)

Important Note: Question says that 5% Brokerage should be added to each transaction but Right Shares are bought Directly from Company and not from the Stock Exchange, hence brokerage should not be added in Right Purchase

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A.2 OR

Journal Entries			
Date	PARTICULARS	Amt.	Amt.
2015			
10-Jan	Gini Co. A/c To export (sales)A/c (10,000\$ @ 65.5)	655,000	655,000
20-Jun	Cash/Bank A/c (8,000\$ @ 67) To G & Co. A/c To FEF A/c (8,000\$ @ 1.5)	536,000	524,000 12,000
16-Aug	Purchase A/c To Sin Ki Co. Korea A/c (5,500\$ @ 64)	352,000	352,000
31-Aug	Sin ki Korea A/c (5,000 \$ @ 64) To Cash/Bank A/c (5,000 \$ @ 59.25) To Foreign Exchange fluctuation A/c (5,000 \$ @ 4.75)	320,000	296250 23,750
10-Oct	Cash/Bank A/c To Sin Ki of South Africa A/c	1,300,000	1,300,000
15-Oct	Sin Ki of South Africa A/c To Sales A/c (20000 \$ @ 64.5)	1,290,000	1,290,000
15-Oct	Sin Ki of South Africa A/c To Foreign Exchange fluctuation A/c	10,000	10,000
03-Nov	Machinery A/c To UK Industries A/c (12,000 \$ @ 64.35)	772,200	772,200
31-Dec	Foreign Exchange fluctuation A/c To Gini Co. A/c	5,000	5,000
31-Dec	Sin Ki South Korea A/c To Foreign Exchange fluctuation A/c	500	500
31-Dec	Foreign Exchange fluctuation A/c To Profit & Loss A/c	41,250	41,250

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Foreign Fluctuation Account					
Date	Particulars	Amt.	Date	Particulars	Amt.
31-Dec	To Gini Co. Germany A/c	5,000	20-Jun	By Bank A/c	12,000
			31-Aug	By Bank A/c	23,750
31-Dec	To Profit /Loss A/c	41,250	43,388	By Sinki RSA	10,000
			31-Dec	By Sinki Korea A/c	500
		46,250			46,250

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A.2

B Bank

Profit & Loss Account for the year ended 31st March 2015			
Particulars	Sch	₹	
		31-03-2015	31-03-2014
I. Income			
Interest Earned	13	1,540,000	-
Other Income	14	110,000	-
Total		1,650,000	-
II. Expenditure			
Interest Expended	15	600,000	-
Operating Expenses	16	220,000	-
Provisions & Contingencies		260,000	-
Total		1,080,000	-
III. Profit/ Loss			
Net Profit/Loss (-) for the year		570,000	-
Profit/Loss (-) brought forward			
Total		570,000	-
IV. Appropriations			
Transfer to Statutory Reserves 25% of Profit of year		142,500	-
Transfer to General Reserves		15,000	-
Transfer to Government/ Proposed Dividend		-	-
Balance carried over to Balance sheet		427,500	-
Total		570,000	-

Provisions & Contingencies

Provision for Tax	200,000	0
Provision for Doubtful Debts	60,000	
	260,000	

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Schedule 2- Reserves & Surplus - EXTRACT

General Reserve - Opening		??	
Add: Trf from P & L		15,000	??
Statutory Reserve - Opening		??	
Add: Trf from P & L		142,500	??
Balance in Profit & Loss account			427,500
Total			??

Branches:-Kandivali (E) Station Thakur Village, Kandivali (W) Mahavir Nagar

Schedule 13- Interest Earned	31-03-2015	31-03-2014
I. Interest/Discount on Advances/Bills	1,500,000	
Add: Opening Rebate		
Less: Closing Rebate	(10000)	
Net Interest	1,490,000	-
(II) Income on Investments		
Dividend Received	10,000	
Interest on Investment	40,000	
(III) Interest on Balances with RBI and Others		
(IV) Others		
Total	1,540,000	-

Schedule 14-Other Income		
I. Commission, Exchange and Brokerage	50,000	
II. Profit on Sale of Investments	80,000	
III. Loss on Sale of Fixed Assets	- 20,000	
Less: Loss on Revaluation of Investments		
Total	110,000	-

Schedule 15- Interest Expended		
I. Interest on Fixed Deposit	200,000	
II. Interest on Saving Deposit	400,000	
Total	600,000	-

Schedule 16- Operating Expenses		
I. Payments to & Provisions For Employees		

Branches:-Kandivali (E) Station Thakur Village, Kandivali (W) Mahavir Nagar

Director Fees, Allowances & Expenses	102,000	
General Manager	48,000	
II.Rent, Taxes and Lighting	40,000	
III.Printing & Stationery	10,000	
IV. Advertisement	-	
V.Depreciation on Bank's Property	-	
VI. Directors' Fees, Allowances and Expenses	10,000	
VII. Auditor's Fees and Expenses	4,000	
VIII.Law charges	-	
IX. Postages, Telegrams, telephones, etc.	-	
X. Repairs and Maintenance	-	
XI. Insurance	-	
IX. Other Expenditure	6,000	
\	220,000	-

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A.3 OR A

Journal Entries In the books of Sun Ltd. for 2014-15 & 2015-16			
Date	PARTICULARS	Amt.	Amt.
2015			
15-Jan	Purchase A/c To Moon Ltd. A/c (4,50,000\$ @ 48)	2,160,000	2,160,000
15-Feb	Moon Ltd. A/c (4,50,000\$ @ 48) To Bank A/c (4,50,000 \$ @ 46.5) To Foreign Exchange Fluctuation A/c (4,50,000 \$ @ 1.5)	2,160,000	2,092,500 67,500
31-Mar	Moon Ltd. A/c (90,000 \$ @ 48) Foreign Exchange fluctuation A/c (90,000 \$ @ 1) To Bank A/c (4,50,000 \$ @ 49)	4,320,000 90,000	4,410,000
31-Mar	Foreign Exchange fluctuation A/c To Moon Ltd. A/c	315,000	315,000
31-Mar	Profit and Loss A/c To Foreign Exchange Fluctuation A/c	337,500	337,500
30-Apr	Moon Ltd. A/c (2,10,000 \$ @ 49) To Bank A/c (2,10,000 \$ @ 47) To Foreign Exchange Fluctuation A/c (2,10,000 \$ @ 2)	10,290,000	9,870,000 420,000
31-May	Moon Ltd. A/c (1,05,000 \$ @ 49) To Bank A/c (1,05,000 \$ @ 48) To Foreign Exchange Fluctuation A/c (1,05,000 \$ @ 1)	5,145,000	5,040,000 105,000
2016			
31-Mar	Foreign Exchange fluctuation A/c To Profit & Loss A/c	525,000	525,000

Branches:-Kandivali (E) Station Thakur Village, Kandivali (W) Mahavir Nagar

Q.3

In the Books of SURAT Bank Ltd.						
Calculation of Rebate						
Date of Bill	Rs.	Period Days	Maturity Date (Date + 3 days)	Days After 31-Mar-16	Discount	Rebate
11-Feb-16	60,000	73	26-Apr-16	26	9%	385
21-Feb-16	20,000	90	23-May-16	54	12%	355
9-Mar-16	35,000	60	10-May-16	40	6%	230
Closing Rebate						970

Feb	Mar	Apr	May	Total
19	31	23		73
9	31	30	20	90
	23	30	7	60

Discount on Bills Discounted A/c Dr 970
 To Rebate on Bills Discounted 970

Branches:-Kandivali (E) Station Thakur Village, Kandivali (W) Mahavir Nagar

A.4

Statement of Income & Expenditure of D & R [LLP]			
For the period From 1-4-2014 to 31-3-2015			
Particulars	Rs	Rs	Rs
I. Income			
1 Turnover	170,500		
Less: Sales Returns	(700)	169,800	
2 Other Income (Specify)			
Commission	1,000		
Rent	1,000		
Misc Income	2,000		
Commission	300		
Goods Withdrawn for Personal use	500	4,800	
3. Increase/(Decrease) in Stocks			
Closing Stock	25,000		
Less: Opening stocks	(20,000)	5,000	
TOTAL INCOME			179,600
II. Expenses			
1. Purchase & Direct Expenses			
Gross	130,000		
Less: Returns Outward	(3,200)		
	126,800		
Royalties	1,000		
		127,800	
2. Personal Expenses			
Wages	6,000		
Salaries	3,000		
Contribution to Provident fund	500	9,500	
3. Administrative Expenses		NIL	
Insurance	500		
Less: Prepaid	(100)	400	
4. Selling Expenses			
Advertisement	4,000		
Less: Prepaid	(3,000)	1,000	
Bad Debts		400	
5. Depreciation			
Depreciation on Furniture	750		
Depreciation on Machinery	6,000	6,750	
6. Interest			
7. Other Expenses (to specify)			
Reserve for DD Closing	588		
Reserve for DD Opening	(500)	88	
TOTAL EXPENSES			145,938
III. Profit before Taxes			33,662
IV. Provision for Tax			NIL
V. Profit after Tax			33,662
VI. Profit transferred to Partner's Account			
D (1/2)	16,831		
R (1/2)	16,831		33,662
VII. Profit transferred to Reserves & Surplus			NIL

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Statement of Assets & Liabilities of D & R [LLP] as at 31-3-2015			
Particulars	Rs	Rs	Rs
I. CONTRIBUTION AND LIABILITIES			
1. Partner's Funds			
(a) Contribution			
D			
Balance b/d	15,000		
Add: Net Profit	16,831		
Less: Drawings	(3,500)		
Less: Goods Withdrawn for Personal Use	(500)	27,831	
R			
Balance b/d	15,000		
Add: Net Profit	16,831		
Less: Drawings	(1,500)	30,331	
(b) Reserves & Surplus			58,162
2. Liabilities			
(a) Secured Loans			
(b) Unsecured Loan			
(c) Short term Loans			
(d) Creditors/ Trade Payables			
Sundry Creditors		20,000	
Provident Fund	2,000		
Add: Int on PF	200	2,200	
(e) Other Liabilities (to specify)			
(f) Provisions			
			22,200
TOTAL			80,362
II. ASSETS			
(a) Fixed Assets			
Machinery	30,000		
Less : Depreciation	(6,000)	24,000	
Furniture	5,000		
Less: Depreciation	(750)	4,250	28,250
(b) Investments			
Provident Fund Investment			2,000
© Loans & Advances			
Prepaid Insurance		3,000	
Prepaid Advertisement		100	3,100
(d) inventories			25,000
(e) Debtors/ Trade Receivables			
Debtors	20,000		
Less: Bad Debt	(400)		
	19,600		
Less: Reserve for D.D. @ 3%	(588)		19,012
(f) Cash & cash Equivalents			
Cash in hand			3,000
(g) Other Assets (to specify)			NIL
TOTAL			80,362

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A.4 Revenue account for the year ended 31st March, 2015			
Particulars	Sch no.	Fire	Marine
Premiums earned (net)	1	768,125	1,230,000
Profit on sale of investment			
Others			
Interest, Dividend			
Total (A)		768,125	1,230,000
Claims incurred (net)	2	273,000	570,000
Commission	3	162,000	135,000
Operating expenses related to insurance business	4	4,500	12,000
Total (B)		439,500	717,000
Profit /loss from Marine/fire insurance business		328,625	513,000

2 Mk

Profit & Loss Account for the year 31st March 2015	
Particulars	₹
Operating Profit/Loss	
Fire Insurance	328,625
Marine Insurance	513,000
Income from Investments	
Interest, Dividends & Rent Gross	48,000
Profit/Loss on sale of investments	-
Other income (to be specified)	
Difference in Exchange	780
Miscellaneous Receipts	7,500
Share Transfer Fees	6,200
Total (A)	904,105

2 Mk

Branches:-Kandivali (E) Station Thakur Village, Kandivali (W) Mahavir Nagar

Provisions (other than taxation)		
Other expenses-		
Depreciation	26,500	
Auditor's fee	1,800	
Director's fee	7,500	
Total (B)	35,800	
Profit before tax	868,305	
Provision for taxation @ 30%	(260,492)	
Profit after tax	607,814	2 Mk

Sch 1. Premiums	Fire	Marine
Direct	900,000	1,800,000
Add: Outstanding Premium as on 31st Mar 2015	25,000	48,000
Net Premium	925,000	1,848,000
Less: Changes in Reserve for unexpired risk	(156,875)	(618,000)
Total	768,125	1,230,000

2 Mk

Working Note: Changes in Reserve for unexpired risk - Fire			
	Normal	Additional	Total
Opening Reserve	375,000	75,000	450,000
Less: Closing Reserve	(462,500)	(144,375)	(606,875)
Changes in Reserve for unexpired risk			(156,875)

1 mk

Branches:-Kandivali (E) Station Thakur Village, Kandivali (W) Mahavir Nagar

Working Note: Changes in Reserve for unexpired risk - Marine		
Opening Reserve		1,230,000
Less: Closing Reserve		(1,848,000)
Changes in Reserve for unexpired risk		(618,000)
Sch 2. Claims	Fire	Marine
Paid - Direct	200,000	400,000
Add: Outstanding as on 31st Dec, 2015	148,000	230,000
Less: Outstanding as on 1st Jan, 2015	(75,000)	(60,000)
Net Claims Incurred	273,000	570,000

1 mk

1 Mk

Sch 3. Commission	Fire	Marine
Direct Business	162,000	135,000
Add: Accepted		
Less: Ceded		
Total	162,000	135,000
Sch 4. Operating Expenses	Fire	Marine
Bad Debts	4,500	12,000
Total	4,500	12,000

1 Mk

1 Mk