

FINANCIAL ACCOUNTING- VI

Time: - 2hrs.30mins

[Marks: 75]

1. All questions are compulsory & carry equal marks.
2. Working note should be part of answer.

Q.1. A Choose correct alternative & 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 _____
 - a) Assets
 - b) Depreciation
 - c) Exchange difference
 - d) Profit & Loss A/c
2. The exchange rate at the balance sheet date is known as _____.
 - a) Average Rate
 - b) Closing Rate
 - c) Non-monetary Rate
 - d) Monetary Rate
3. A limited Liability Partnership whose contribution exceeds _____ is required to annually get its accounts audited by any Chartered Accountant in practice.
 - a) 40 lakhs
 - b) 1 lakh
 - c) 25 lakh
 - d) 50 lakh
4. LLP is governed by _____.
 - a) Partnership Act. 1932
 - b) Companies Act, 1956
 - c) LLP Act, 2008
 - d) None of the above
5. When the rights are sold (without subscribing) _____.
 - a) Sale proceeds are credited to the Investment Account.
 - b) Sale proceeds are debited to the Investment Account
 - c) No entry is made in the Investment Account; & Sale proceeds are credited to the Profit & Loss Account.
 - d) None of the above.
6. The cost of Right shares is _____.
 - a) Added to the cost of investments
 - b) Subtracted from the cost of investments
 - c) No treatment is required
 - d) None of the above
7. Schedule 4 of banking final account represent as _____.
 - a) Borrowing
 - b) Other Liabilities
 - c) Reserve
 - d) Deposits
8. Schedule 9 of banking final account represent as _____.
 - a) Advances
 - b) Other Assets
 - c) Balance with Banks & Money at call & short notice
 - d) Cash & Balances with RBI
9. From B-PL under insurance company represents
 - a) Revenue Statement
 - b) Changes in unexpired risk
 - c) Profit & Loss account
 - d) Balance sheet

10. Schedule 1 under B-RA of insurance company represents _____.
- a) Commission
b) Premium Earned
c) Operating expenses
d) Borrowing

B. Match the column (Any 7)

[07]

Column A	Column B
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.

(₹ in "000")

Particulars	Debit	Particulars	Credit
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 & 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
Total	5,570	Total	5,570

Other Information:

[15]

1. Bills for collection ₹ 2,00,000
2. A claim by employees for bonus amounting to ₹ 15,000 is pending award of arbitration
3. Liability for partly paid investment ₹ 20,000
4. Guarantees given on behalf of constituents ₹ 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 31-03-2016
15-03-2016	Imported machinery worth \$ 15,000 from CK of Canada.

Payment is outstanding as on 31-03-2016

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

Date	Exchange Rate (₹)	Date	Exchange Rate (₹)	Date	Exchange Rate (₹)
15-12-15	48.50	10-10-15	48.75	10-06-15	46.75
15-01-16	49.00	15-10-15	49.00	20-06-15	46.50
15-03-16	49.50	03-11-15	48.60	16-08-15	48.00
31-03-16	50.00	15-11-15	48.70	31-08-15	48.50

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

Particulars	₹
Reserve for unexpired Risk on 1-4-2015 @ 50%	18,00,000
Additional reserve	3,60,000
Estimated Liability for claim intimated on 1-4-2015	3,10,000
Estimated Liability for claim intimated on 31-3-2016	4,20,000
Claims paid	36,50,000
Legal Expenses	60,000
Re-insurance Recoveries (ceded)	3,10,000
Miscellaneous Expenses	40,000
Bed debts	8,000
Premium recovered	48,60,000
Premium on re-insurance accepted	3,20,000
Premium on re-insurance ceded	4,20,000
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 & Rent (cr.)	2,40,000
Profit on Sale of investment	30,000

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

OR

- Q.3.** Changu & Mangu are partners sharing profit & losses equally in LLP in business. From the following Trial Balance & adjustments you are required to prepare a Trading A/c, Profit & Loss A/c for the year ended on 31st March, 2015 & Balance sheet as on that date. [15]

Particulars	Debit	Particulars	Credit
Carriage	2,000	Capitals:	
Opening Stock	30,760	Changu	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	1,920		
Machinery	10,000		
Investment	12,000		
Purchases	60,250		
Drawings:			
Changu	2,800		
Mangu	3,200		
Total	2,31,800	Total	2,31,800

Adjustments:

1. Outstanding wages ₹ 400
2. Provide depreciation at 10% p.a. on Building & Motor Van.
3. Accrued Interest on Investment ₹ 360
4. Provide 5% B.D.D. on Debtors.
5. Stock at 31st March, 2015 was Market Value ₹ 40,000; Cost Price ₹ 50,000.

- Q.4.** Man investment furnishes the following details regarding its holding in 6% National Defense Bonds of ₹ 100/- each. [15]

Opening Balance on 01.04.2015 F.V. ₹ 70,000/- cost ₹ 68,000

On 01-07-2015 – 100 units were purchased ex-interest @ ₹ 98/-

On 01-10-2015 – 200 units were purchased ex-interest @ ₹ 99/-

On 01-01-2016 – 300 units were sold cum-interest @ ₹ 102/-

On 01-03-2016 – 50 units were purchased cum-interest @ ₹ 101/-

Interest is paid every year on 30th September & 31st March. Man Investment closes books on 31st March every year Prepare Investment Account.

OR

Q.4. On 1st April 2016 Sam held 25,000 fully paid equity shares of ₹ 10 each in Lambar Ltd., at a book value of ₹ 15 per share. On 20th June, 2016 he purchased another lot of 5,000 shares of the company at ₹ 16 per share. Lambar Ltd. announced at bonus issue & 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 ₹ 15 per share & 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 ₹ 3 per share on 5th September 2016. Dividends for the year ended 31st March, 2016 @ 20% were declared by Lambar Ltd & 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 @ ₹ 15 share. You are required to prepare in the books of Sam: Investment in Equity Shares in Lambar Ltd., Assume that the books are closed on 31st March, 2017.

Q.5. A Explain in detail Reserve for unexpired risk as special item in Insurance final account. **[07]**

B. State in Brief statutory provisions for Limited Liability Partnership. **[08]**

OR

Q.4. Write 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.