

ACCOUNTING FOR FINANCIAL SERVICES

Max. Marks : 60

Duration: 2 Hours

Instructions:

1. Answer any 5
2. Figures to the right indicate maximum marks.
3. Start each new question on a fresh page.

- Q. No. 1) On 1st January, 2002, M/s Kamaxi Traders took delivery from Laxmi Ltd. 10 machines on hire purchase system. 6,000, Being paid on delivery and the Balance in 5 instalment of Rs.9,000 each payable annually on 31st December. The vendor company charges 5 % interest p.a. On yearly balances. The cash value of Machinery was Rs.45,000.

Prepare analysis of payment Table.

Pass Journal entries in the books of M/s Kamaxi Traders. (12 marks)

- Q. No. 2) Amar, Akbar & Anthony are partners in A & Co. In sharing profit & Losses in the ratio of 2:2:1 following is their Balance sheet as on 31st December 2007. (12 marks)

Liabilities	Amount	Assets	Amount
Creditors	45,000	Cash & Bank	18,600
Bills payable	9,600	Debtors 63,000	
		Less: Provision - 6000	57,000
Capital		Stock	60,000
Amar - 60,000		Plant & Machinery	51,000
Akbar - 60,000	1,50,000	Fixtures	6,000
Anthony - 30,000		Goodwill	12,000
	2,04,600		2,04,600

Sunset Ltd. Acquired A & Co., Which agreed to allot 18,000 fully paid shares at Rs. 10 each at 5 % premium in fully satisfaction of the purchase consideration. The company assumed the liabilities except the bills payable and took over all the assets except the Bank Balance.

Prepare Statement of Purchase consideration(payment method),, Journal entries in the books of sunset Ltd. and Balance Sheet of Sunset Ltd. As on 1st January 2008.

- Q. No. 3) On 1st April 2011 Kamini Ltd. Held 9,00,000, 6 % Government stock at Rs.94 each (Face value Rs 100 each)
Interest is payable half yearly on 31st March and 30th September.
The company sold Rs. 2,70,000 of the stock at Rs. 95 ex- interest on 1st June, and purchased Rs. 2,16,000 worth of stock at Rs.97 Cum- interest on 1st September.

A further purchase of Rs. 1,08,000 of the stock was made on 1st December at Rs. 98 ex- interest.

Prepare 6 % government Stock Account in the books of the company for the year ended 31.03.2012.

The stock was quoted at Rs. 96 at the stock exchange on that date.

(12 marks)

Q. No. 4) From the following information relating to Holy Cross Bank, prepare the profit & Loss account for the year ended 31st March 2010. (12 marks)

Particulars	Amount
Interest on Loans	69,800
Interest on fixed deposits	73,000
Rebate on bills discounted	9,600
Commission charged to customers	1,820
Establishment charges	31,000
Discount on bills discounted	38,800
Interest on cash creditors	44,800
Amount charged on Current account	2,400
Rent & Rates	3,600
Interest on overdraft	25,600
Directors Fees	400
Auditors Fees	440
Interest on saving bank deposits	13,800
Postage & Telegrams	300
Printing & stationery	780
Sundry Charges	360

Provide Rs.16,000 for taxation.

Q. No. 5) From the following particulars of Sarvodaya Insurance Co. you are required to prepare Fire Revenue Account, for the year ending 31st December, 2012. (12 marks)

	Amount
Claims paid	19,20,000
Claims outstanding on 1 st January 2012.	1,60,000
Claims outstanding at the end of the year.	2,80,000
Premium received	48,00,000
Re-insurance premium	4,80,000
Commission	8,00,000
Commission on re- insurance ceded	40,000
Commission on re- insurance accepted.	20,000
Expenses of the management	12,20,000
Provision for unexpired risk on 1 st January 2012.	16,00,000
Additional reserve for unexpired risk.	80,000
Bonus in reduction of premium.	48,000

- Q. No. 6) Two firms Rajath & Yashwant Co. and Balwanth & Ganesh Co. Doing similar business agree to amalgamate as from 1st January 2009. The partners of Rajath & Yashwant Co. are Rajath and Yashwant sharing profits and losses in the proportion of 8:7 and the other company Balwanth & Ganesh company with Balwanth and Ganesh partners sharing profit and losses in the proportion 3:2 respectively.

Their Balance sheet as on 31st December, 2008 were as under

	Rajath & Yashwant	Balwanth & Ganesh		Rajath & Yashwant	Balwanth & Ganesh
Capital a/c			Furniture	63,000	49,000
Rajath	4,55,000		Investments	52,500	-
Yashwant	3,88,500		Motor car	87,500	59,500
Balwanth		3,85,000	Building	2,62,500	1,75,000
Ganesh		2,73,000	Debtors	2,48,500	2,27,500
Creditors	2,24,000	1,96,000	Stock	2,06,500	2,34,500
			Cash & Bank	1,47,000	1,08,500
	10,67,500	8,54,000		10,67,500	8,54,000

The agreement for amalgamation provided that

- 1) The assets to be revalue are as under

	Rajath & Yashwant	Balwanth & Ganesh
Motor car	80,500	52,500
Furniture	70,000	74,000
Stock	1,99,250	2,17,000
Building	3,32,500	2,87,000

- 2) Goodwill of Rajath & Yashwant Co. Was ascertained at Rs. 2,62,500 and that of Balwanth & Co. at Rs. 1,75,000
 3) Rajath to purchase over the investment at Rs. 42,000.
 4) Of the debtors 90 % are considered good. For the balance, full provision shall be made.
 5) Creditors are subjected to a discount at 2 ½ % for which necessary provision may be made.
 6) The aggregate capital of the new firm shall be Rs. 17,50,000 which shall be contributed by the partners in their profit sharing proportion i.e. Rajath -6, Yashwant - 5, and Balwanth -5, Ganesh-4. Necessary cash may be brought in or paid out as may be necessary to adjust the capital balances of each partner.

You are required to show Revaluation Account, Capital Account of the partners in their old firm as well as in the new firm. Show the Balance sheet of the new when goodwill remains as an asset in Balance sheet.

- Q. No. 7) Answer the following .

(12 marks)

1. Explain the features of hire purchase .
2. Explain the forms of financing a merger.
3. Explain what is cum- interest and ex-interest in investment accounting
4. Explain the different facilities extended by the banks to its customers.