

NATIONAL MANAGEMENT COLLEGE – PERUNDURAI

CA INTERMEDIATE – 2022-23-P-5 ADVANCED ACCOUNTING

DATE: 25/07/23

TEST NO 2

TIME ALLOWED – 3HOURS

MAXIMUM MARKS – 100

Question No 1 compulsory

Answer any 4 from question No 2,3,4,5,6

QUESTION NO.1

15 Marks

The following is an extract from Trial Balance of overseas Bank as at 31 st March, 20X1

	₹	₹
Bills discounted	12,64,000	
Rebate on bills discounted not due		
On March 31 st, 20X0		22,160
Discount received		1,05,708

An analysis of the bills discounted is as follows:

	Amount	Due Date 20X1	Rate of Discount
(i)	1,40,000	June 5	(%)
(ii)	4,36,000	June 12	14
(iii)	2,82,000	June 25	14
(iv)	4,06,000	July 6	16

Calculate Rebate on Bills Discounted as on 31-3-20X1 and show necessary journal entries.

(b)

5 Marks

The following information is available in the books of X Bank Limited as on 31st March, 20X2:

	₹
Bills discounted	1,37,05,000
Rebate on Bills discounted (as on 1.4.20X1)	2,21,600
Discount received	10,56,650

Details of bills discounted are as follows:

Value of bill (₹)	Due date	Rate of Discount
18,25,000	5.6.20X2	12%
50,00,000	12.6.20X2	12%
28,20,000	25.6.20X2	14%
40,60,000	6.7.20X2	16%

Calculate the rebate on bills discounted as on 31.3.20X2 and give necessary journal entries.

QUESTION NO.2 (a)

A commercial bank has the following capital funds and assets. Segregate the capital funds into Tier I and Tier II capitals. Find out the risk-adjusted asset and risk weighted assets ratio –

Capital Funds:	(figures in ₹ lakhs)
Equity Share Capital	4,80,00
Statutory Reserve	2,80,00
Capital Reserve (of which ₹ 280 lakhs were due to revaluation of assets and the balance due to sale)	12,10
Assets:	
Cash Balance with RBI	4,80
Balances with other Bank	12,50
Other on Banks	28,50
Other Investments	782,50
Loans and Advances	
(i) Guaranteed by government	128,20
(ii) Guaranteed by public sector	702,50
Undertaking of Government of India	
(iii) Others	52,02,50
Premises, furniture and fixtures	182,00
Other Assets	201,20
Off-Balance Sheet Items:	
Acceptances, endorsements and letters of credit	37,02,50

(b) (5 Mark)

Given below are the interests on advances of a commercial bank (₹ in lakhs)

	Performing Assets		NPA	
	Interest	Interest	Interest	Interest
	Earned	received	earned	received
Term Loans	120	80	75	5
Cash credits and overdrafts	750	620	150	12
Bills Purchased and discounted	150	150	100	20

Find out the income to be recognized for the year ended 31st March, 20X1.

(c) (5 Marks)

Find out the income to be recognized in the case of SS Bank for the year ended 31st March, 20X1:
(₹ in lakhs)

	Performing Assets		Non-performing Assets	
	Interest accrued	Interest received	Interest accrued	Interest received
Term loans	240	160	150	10
Cash credits and	1,500	1,240	300	24

Questinos 3 (a)

(15 Marks)

X Ltd. Was ordered to be would up on 31st March, 20X2 on which date the following balances were extracted from its books:

	₹
Goodwill	1,00,000
Building	3,50,000
Plant	5,50,000
Fixtures	23,000
Stock	38,000
Debtors	25,000
Cash	500
Profit and loss account (Dr. balance)	1,38,500
Share Capital: 10,000 equity Shares of ₹ 100 each	10,00,000
5% Debentures (Secured by floating charge on all assets)	1,60,000
Interest payable on these debentures	4,000
Bank overdraft (secured by hypothecation of stock)	25,000
Creditors	36,000

The amounts estimated to be realized are: Goodwill ₹ 1,000; Building ₹ 3,00,000; Plant ₹ 5,25,000; Fixtures ₹ 10,000; Stock ₹ 31,000; Debtors ₹ 20,000.

Creditors included ₹ 6,000 on account of wages of 15 men at ₹ 100 per month for 4 months immediately before the date of winding up: ₹ 9,000 being the salaries of 5 employees at ₹ 300 per month for the previous 6 months; Rent for godown for the last six amounting to ₹ 3,000; Income-tax deducted out of salaries of employees ₹ 1,000 and Directors Fees ₹ 500

There years ago, the debit balance in the Profit and Loss Account was ₹ 77,925 and since that date the accounts of the company have shown the following figures:

	Year 31-3-20X1 ₹	Year 31-3-20X1 ₹	Year 31-3-20X2 ₹
Gross Profit	65,000	45,000	40,000
Wages and Salaries	40,500	36,000	34,400
Debentures interest	5,750	6,380	5,260
Bad Debts	8,000	8,000	8,000
Depreciation	6,700		
Directors' Fees	1,000	1,000	1,000
Miscellaneous Expenses	10,500	7,265	7,980
Total	80,990	66,245	63,340

In addition it is estimated that the company would have to pay ₹ 5,000 as compensation to an employee for injuries suffered by him which was contingent liability not accepted by the company.

Prepare the Statement of Affairs and the Deficiency account

(b)

(5 Mark)

A liquidator is entitled to receive remuneration at 2% on the assets realized, 3% on the amount distributed to Preferential creditors and 3% on the payment made to unsecured creditors. The assets were realized for ₹ 50,00,000 against which payment was made as follows:

Liquidation	₹ 50,000
Secured Creditors	₹ 20,00,000
Preferential Creditors	₹ 1,50,000
The amount due to Unsecured creditors was	₹ 30,00,000

You are asked to calculate the total Remuneration payable to Liquidator. Calculation shall be made to the nearest multiple of a rupee.

Question no. 4

Bright Finance Ltd. Is a non-banking financial company. It provides you with the following information regarding its outstanding amount, ₹ 200 lakhs of which installments are overdue on 200 accounts for last one month (amount overdue ₹ 40 lakhs), on 24 accounts for two months (amount overdue ₹ 24 lakhs), on 10 accounts for more than 30 months (amount overdue ₹ 20 lakhs) and on accounts for more than two years (amount over due ₹ 20 lakhs-already identified as sub-standard assets) and one account of ₹ 10 lakhs which has been identified as non-recoverable by the management. Out of 10 accounts overdue for more than 30 months, 6 accounts are already identified as sub-standard (amount ₹ 6 lakhs) for more than twelve months.

Classify the assets of the company in line with Non-Banking Financial Company –Systemically Important Non-Deposit taking company and Deposit taking Company (Reserve Bank) Directions, 2016.

(b)

(5 Mark)

White closing its books of account on 31 st March, a Non-Banking Finance Company has its advances classified as follows:

	₹ in lakhs
Standard assets	16,800
Sub- standard assets	1,340
Secured portions of doubtful debts:	
- upto one year	320
- one year to three years	90
- more than three years	30

Unsecured portions of doubtful debts	97
Loss asset	48

Calculate the amount of provisions, which must be made against the Advances as per the Non-Banking Financial Company – Non Systemically Important Non – Deposit taking Company (Reserve Bank) Directions, 2016.

(c)

(5 Mark)

Babu Bhai Financiers Ltd. Is an NBFC Providing Hire Purchase Solutions for acquiring consumer durables. The following information is extracted from its books for the year ended 31st March, 20X1:

Assets Funded	Interest Overdue but recognized in Profit & Loss		Net Book Value of Assets Outstanding (₹ In crore)
	Period Overdue	Interest Amount	
		(₹ In crore)	
LCD Televisions	Up to 12 months	500.00	20,000
Washing Machines	For 24 Months	100.00	2,000
Refrigerators	For 30 Months	50.00	1,250
Air Conditioners	For 45 Months	25.00	600
Mobile Phones	For 60 Months	10.00	100

You are required to calculate the amount of provision to be made.

Question No.5

(5 Mark)

From the following information, find out the amount of provisions to be shown in the profit and Loss Account of AG bank.

	₹ in lakhs
Assets	
Standard	5000
Sub-standard	4000
Doubtful : for one year	800
: for three years	600
: for more than three years	200
Loss Assets	1000

(b)

(5 Marks)

From the following information of AY Limited, compute the provisions to be made in the profit and Loss account:

	₹ in lakhs
Assets	
Standard	20,000
Substandard	16,000
Doubtful	
For one year (secured)	6,000
For two years and three years (secured)	4,000
For more than three years (secured by mortgage of plant)	2000
Loss Assets	1,500

(c)

(5 Mark)

Templeton Finance Ltd. Is a banking finance company. It provides the following information:

	₹ in crores
Leased out assets	800
Investment:	
In shares of subsidiaries and group companies	100
In debentures of subsidiaries and group Companies	100
Cash and bank balances	200
Deferred expenditure	200
Paid-up equity capital	100
Free reserves	500
Loans	400
Deposits	400

You are required to compute 'Net owned Fund' of Templeton Finance Ltd. As per Non-Banking Financial Company – Systemically Important Non – Deposit taking Company and Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Question No.6 (a)

5 Mark

The following is an extract Trial Balance of overseas Bank as at 31 st March, 20X1

	₹	₹
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Discount received		1,05,708

An analysis of the bills discounted is as follows:

	Amount	Due Date 20X	Rate of Discount
	₹		
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Calculate Rebate on Bills Discounted as on 31-3-20X1 and show necessary journal entries.

(b) 5 Mark

The following information is available in the books of X Bank Limited as on 31st March,

	₹
Bill discounted	1,37,05,000
Rebate on Bills discounted (as on 1.4.20X1)	2,21,600
Discount received	10,56,650

Details of bills discounted are as follows:

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Calculate the rebate on bills discounted as on 31.3.20X2 and give necessary journal entries.

(c) 5 Mark

From the following details prepare "Acceptances, Endorsements and other Obligation A/c" as would appear in the General Ledger.

On 1.4.20X1 Acceptances not yet satisfied stood at ₹ 22,30,000. Out of which ₹ 20 lacs were subsequently paid off by clients and bank had to honour the rest. A scrutiny of the Acceptance Register (for transactions during the year) revealed the following:

Client Acceptances/Guarantees Remarks:

	₹	
A	10,00,000	Bank honoured on 10.6.20X1
B	12,00,000	Party paid off on 30.9.20X1
C	5,00,000	Party failed to pay and bank had to honour on 30.11.20X1
D	8,00,000	Not satisfied upto 31.3.20X2
E	5,00,000	-do-
F	<u>2,70,000</u>	-do-
Total	<u>42,70,000</u>	

(d) 5 Mark

In a liquidation which commenced on April 2, 20X2 certain creditors could not receive payments out of the realization of assets and out of the contributions from "A" list Contributories. The following are the details of certain transfers, which took place in 20X1 and 20X2.

Shareholders	Number of shares transferred at the date of ceasing to be member	Date of ceasing to be member	Creditors remaining unpaid and outstanding
X	1,500	1 st March 20X1	4,000
A	1,000	1 st May 20X1	6,000
B	1,500	1 st July 20X1	7,500
C	300	1 st Nov. 20X1	8,000
D	200	1 st Feb. 20X2	9,500

All the share were ₹ 10 each, ₹ 6 paid up ignoring expenses of and remuneration to liquidators, etc., show the amount to be realized from the various persons listed above.