Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.** All other instructions on the reverse of Admit Card should be followed meticulously.

Section-A

Attempt any 3 Questions. All Question Carry Equal Marks.

A1. What do you think the various stakeholders will want to know about an organization's financial affair?

A2. A company sells an annual policy of Rs 200 on 1st July 2014 another for Rs100 on 1st Jan 2015 and yet another for Rs 300 on 1st July 2015. Is the premium earned and premium written same for 2015?

A3. Why might a business such as a supermarket be able to survive on a CR of less than 1?

A4. Describe the following principles /concepts of accounting and explain the relevance of cash to insurance supervisor.

- Matching

- Full Disclosure

A5. Describe the main items reported on the Balance Sheet of an insurance company.

Section-B

Attempt any 2 Questions. All Question Carry Equal Marks.

B1 Prepare Cash Flow Statement

Liabilities	2005	2006	ASSETS	2005	2006
Equity shares	80000	120000	Goodwill	24000	18000
Preference share	40000	20000	Land and Building	40000	20000
General Reserve	8000	12000	Plant	36000	76400
Profit and loss	7200	10800	Investment	4000	14000
proposed dividend	11200	15600	Debtors	30000	43200
Bills payable	14000	21200	Stock	34000	31200
Outstanding expenses	3200	2400	cash	6800	11200
provision for taxation	11200	12800			
	174800	214800		174800	214800

Additional Information: Depreciation charges on land and Building Rs 20000 and Plant Rs 10000

B2. The current ratio is 2:1. State giving reasons which of the following transactions would improve, reduce and not change the current ratio:

(a) Repayment of current liability;

(b) Purchased goods on credit;

(c) Sale of an office typewriter (Book value – Rs. 4,000) for Rs. 3,000 only;

(d) Sale of merchandise (goods) costing Rs. 10,000 for Rs. 11,000;

(e) Payment of dividend.

B3. From the following transactions, indicate which accounts are affected and why, by presenting the same in a table in the form of an accounting equation in the books of Anant's firm

1. Anant commenced the business with cash of Rs 150000
2. Goods of Rs 40000 purchased for cash
3. Credit sales of goods to Aqua soft solutions of Rs 18000
4. Paid Rent of Rs 1200
5. Cash received from Aqua Soft Solution on his A/C – Rs 7500
6. Deposited Rs 10000 into the bank
7. Salary paid Rs 2500
8. Machinery of Rs 50000 purchased for cash
9. Credit purchase of goods from Fortune Electro worth Rs 12500
10. Cash sales of Rs 19000

SECTION C
CASE STUDY

Liabilities	Dr	ASSETS	Cr
land	15300	sales	41400
purchase	21200	Return outwards	420
salaries	2200	Interest	300
Rent	600	Accounts payable	4920
Postage	300	Loan	3000
Stationary	240	capital -	12000
wages	5200		
Freight and carriage	560		
Miscellaneous	500		
Carriage on sale	800		
Repairs	900		
Bad Debts	120		
Opening Inventories	3100		
Building	1700		
Furniture	1000		
Accounts Receivable	6000		
Cash In Hand	1300		
Return Inwards	1020		
	62040		62040

In addition, the following information is also given:

- A provision @ 5 % for doubtful debts has to be made
- The value of inventory on 31 December 2013 was estimated at Rs 2980
- Depreciation on Building was to be charged at 10% p.a
- Salaries for the month of December amounting to Rs 200 are still to be paid
- Miscellaneous expenses include insurance premium of Rs 60 pertaining to 2014

From the above information, prepare Final Accounts.