

V Semester B.Com. Examination, November/December 2018
(F+R) (CBCS) (2016 – 17 and Onwards)

COMMERCE

5.5 : Elective Paper – I : Advanced Accounting

Time : 3 Hours

Max. Marks : 70

Instructions : Answer should be written either in **English** or in **Kannada**.

SECTION – A

1. Answer **any five** sub-questions. **Each** sub-question carries **two** marks. (5×2=10)

- a) Give the meaning of Reversionary Bonus.
- b) State two advantages of Inflation accounting.
- c) How do you treat the following in Bank Final accounts ?
 - 1) Unpaid dividend
 - 2) Interest accrued on Investments.
- d) Expand IRDA.
- e) State two objectives of farm accounting.
- f) What is ex-interest and cum-interest of securities ?
- g) Give the meaning of Gearing.



SECTION – B

Answer **any three** questions. **Each** question carries **6** marks. (3×6=18)

2. Write short notes on the following :
 - a) Non-performing Assets.
 - b) Classification of farm activities.
 - c) Rebate on Bills discounted.

P.T.O.



3. While preparing the final accounts of Banking company under which schedule the following items appear :
- Locker rent
 - Demand deposits
 - Bills purchased and discounted
 - Tax deducted at source
 - Liability for partly paid investment
 - Salary to employee.
4. On 1st April 2012 Mr. Rajesh holds 900, 12% Debentures of a company of face value of ₹ 100/- each at a cost of ₹ 1,20,000/-. Interest is payable on 30th June and 31st December every year. On 1st June 2012, 300, such debentures are purchased cum interest for ₹ 40,200/-. Prepare Investment Account as on 31-3-2013.
5. From the following figures, prepare Revenue Accounts of Blue Diamond Insurance Company for the year ending 31st March 2014.



	₹
Premium	10,25,000
Claims paid	1,08,500
Fines for revival of lapsed policies	1,250
Bad debt	1,800
Interest, Deividend etc.	4,54,000
Consideration of annuities granted	32,300
Life Assurance fund on 1 st April 2013	8,20,000
Management expenses	85,000
Commission	24,200
Bonus in reduction of premium	6,300
Annuities	26,300
Surrenders	61,250
Income tax paid	84,000



6. Calculate net premium for the year ended 31st March 2017 of Popular Insurance Business.

Particulars	Fire	Marine
	₹	₹
Premium on reinsurance ceded	10,35,000	22,20,000
Premium in reinsurance accepted	7,75,000	15,10,000
Premium on direct business	42,20,000	64,40,000
Reserve for unexpired risk on 1 st April 2016	14,85,000	48,18,000

Reserve for unexpired risk to be maintained at 40% and 80% of net premium for fire and marine Insurance respectively.

SECTION - C

Answer **any three** questions. **Each** question carries **14** marks. (3×14=42)

7. Following is the Trial Balance of Royal Bank Ltd. as on 31st March 2012.

Particulars	Dr.	Cr.
	₹	₹
Interest and Discount	—	2,60,000
Share capital	—	6,00,000
Reserve Fund	—	3,00,000
Deposits	—	8,00,000
Gift cheques	—	5,60,000
Pension fund	—	1,00,000
Borrowings from Banks	—	75,000
Unclaimed Dividend	—	25,000
Rent	—	20,000
Commission	—	50,000





P&L A/c on 1-4-2011	–	40,000
Bills Payable	–	10,000
Buildings	2,50,000	–
Money at call and short notice	2,75,000	–
Furniture	40,000	–
Cash in hand	2,75,000	–
Cash at Bank	3,25,000	–
Investments	1,75,000	–
Loans, cash credits and overdraft	11,40,000	–
Interest on Deposits	1,75,000	–
Audit fees	10,000	–
Salaries	50,000	–
Directors fees	5,000	–
Printing and stationery	5,000	–
Depreciation	7,500	–
Non Banking Assets	1,00,000	–
Other Expenditure	7,500	–
	28,40,000	28,40,000

Adjustments :

- 1) Provide ₹ 10,000/- for rebate on bills discounted.
- 2) Bills for collection amounted ₹ 20,200/-.
- 3) Provide ₹ 6,250/- for bad debts.
- 4) Provide ₹ 25,000/- for Income Tax.
- 5) Liabilities in bills rediscounted ₹ 12,000/-.
- 6) Directors propose 8% dividend.

Prepare Bank's Final Accounts.





8. The following balances are extracted from the books of Modern Insurance Co. as on 31st March, 2014.

Particulars	Fire ₹	Marine ₹
Claims paid	2,00,000	1,74,000
Premium less reinsurance	7,48,000	5,94,000
Commission on re-insurance ceded	26,000	—
Commission paid	1,24,000	1,02,000
Management expenses	1,72,000	1,36,000
Reserve as on 1-4-2013	4,20,000	4,80,000
Additional Reserve on 1-4-2013	1,20,000	20,000
Claims outstanding on 1-4-2013	48,000	22,000
Premium outstanding on 1-4-2013	52,000	34,000
Depreciation on assets ₹ 72,000/-		
Loss on sale of Investments ₹ 16,000/-		
Audit fees ₹ 26,000/-		
Directors fees ₹ 72,000/-		
Interest and dividend on Investments ₹ 1,26,000/-		



Additional Information :

- 1) Premium outstanding on 31-3-2014, Fire ₹ 60,000, Marine ₹ 30,000/-.
- 2) Claims outstanding Fire ₹ 92,000/-, Marine ₹ 34,000/-
- 3) Reserve for unexpired risk to be maintained at 50% and 100% for Fire and Marine insurance respectively.
- 4) Additional Reserve for Fire to be kept at 20% of net premium and for Marine 10% of net premium.

Prepare :

- 1) Revenue Account.
- 2) Profit and Loss A/c.



9. The following are the balances extracted from the books of Suraksha Life Insurance Co. Ltd. as on 31-3-2016.

	₹
Life Assurance fund as on 1-4-2015	14,70,560
Premium	2,10,570
Management expenses	19,890
Consideration for annuities granted	10,620
Dividend paid	20,000
Fines	90
Annuities	29,420
Bonus in reduction of premium	2,500
Stamps on hand	400
Annuities due but not paid	22,380
Govt. Securities	8,70,890
Mortgages	3,09,110
Freehold premises	5,00,000
House property	1,00,000
Claims by death	79,980
Claims by maturity	36,420
Commission	26,540
Interest, dividend and rent	52,460
Income Tax on Interest	3,060
Surrenders	21,860
Bonus paid in cash	9,450
Preliminary expenses	200
Claims admitted but not paid	80,030
Share capital	4,00,000
Furniture	20,000
Loans on company policies	2,00,000





Prepare Revenue A/c and Balance Sheet after taking into the following :

- 1) Claims covered under reinsurance ₹ 20,000/-.
- 2) Further claims intimated ₹ 4,500/-.
- 3) Further Bonus utilised in reduction of premium ₹ 5,500/-.
- 4) Reinsurance premium ₹ 6,000/-.
- 5) Premium outstanding ₹ 8,000/-.

10. a) From the following information of People Bank, calculate rebate on Bills discounted, the accounts are closed on 31st March, 2016.

Date of Bill	Period	Amount	Rate of Discount Pa
12 th Nov. 2015	6 months	25,000/-	6%
5 th Jan. 2016	4 months	40,000/-	8%
8 th Feb. 2016	3 months	15,000/-	9%
16 th March 2016	2 months	10,000/-	7%

b) Revenue account of a Life Insurance Co. showed a balance of ₹ 12,25,000/- on 31-3-2014 without considering the following :

- a) Bonus in reduction of premium ₹ 1,25,000.
- b) Outstanding premium ₹ 4,45,000/-.
- c) Outstanding interest on Investments ₹ 15,000/-.
- d) Claims intimated but not paid ₹ 13,400/-.
- e) Claims covered under reinsurance ₹ 25,500/-.
- f) Provision for taxation ₹ 15,200/-.
- g) Agent's commission to be paid ₹ 5,800/-.

Recompute the fund after making the above adjustments.





11. A farmer given the following particulars relating to his firm for the year ending 31st March 2016.

Particulars	Dr.	Cr.
Purchases		
Cattle	60,000	
Seeds	6,500	
Fertilisers	12,000	
Cattle feed	32,000	
Sales		
Dairy product		1,80,000
Paddy		3,25,000
Cattle		75,000
Crop expenses		
Labour	39,000	
Other Direct expenses	4,000	43,000
Cattle expenses		
Medicines	9,000	
Labour	30,000	
Dairy expenses	11,000	50,000
Creditors		74,500
General expenses	8,000	
Land	7,00,000	
Vehicles	2,30,000	
Cash	70,000	
Loan from Bank		
@ 8% interest		1,20,000
Capital		4,37,000
	12,11,500	12,11,500

Adjustments :

- 1) Closing stock

Cattle	₹	3,30,000
Paddy	₹	23,000
Cattle feed	₹	8,000
Fertilisers	₹	3,000
 - 2) The farmer has consumed dairy products worth ₹ 20,000/- and Paddy worth ₹ 10,000/-.
 - 3) Provide 10% depreciation on vehicles.
 - 4) Interest on Bank loan is outstanding :
- Prepare Trading and Profit and Loss A/c and Balance Sheet as at the end of the year.