



NS – 440

68
V Semester B.Com. Examination, Nov./Dec. 2016
(Fresh) (CBCS) (2016-17 and Onwards)

COMMERCE

5.5 Elective Paper – I : Advanced Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer **any five** sub-questions from the following **each** correct answer carries **two** marks. (5×2=10)
- What is rebate on bills discounted ?
 - Mention types of insurance.
 - What are bonus shares ?
 - What is farm accounting ?
 - List out the methods of inflation accounting.
 - What is meant by insurance claim ceded ?
 - What is Cum-interest and Ex-interest quotation of securities.



SECTION – B

Answer **any three** of the following **each** carries **six** marks. (3×6=18)

- Give the meaning of inflation accounting and state the limitation of inflation accounting.
- While preparing the final accounts of Banking company under which schedule the following appears.
 - Transfer fees
 - Gold
 - Current accounts
 - Telegraphic transfer
 - Shares
 - Silver

P.T.O.



4. From the following particulars prepare the Fire Revenue A/c for the year ending 31-3-2016.

| | ₹ |
|--|-----------|
| Claims paid | 8,46,000 |
| Claims unpaid on (1-4-2015) | 72,000 |
| Claims unpaid on (31-3-2016) | 1,26,000 |
| Legal expenses regarding claims | 18,000 |
| Premium received | 21,60,000 |
| Re-insurance premiums | 2,16,000 |
| Commission | 3,60,000 |
| Expenses of management | 5,40,000 |
| Provision against unexpired risk on (1-4-2015) | 9,36,000 |
| Commission on reinsurance ceded | 60,000 |
| Bad debts | 5,000 |

5. The following particulars related to a Life Insurance Corporation for the year 31-3-2014.

| | ₹ |
|--|-----------|
| Premium received during the year | 11,33,000 |
| Outstanding premium on (1-4-2013) | 87,000 |
| Outstanding premium on (31-3-2014) | 1,09,000 |
| Premium received in advance on (1-4-2013) | 28,000 |
| Premium received in advance on (31-3-2014) | 22,000 |
| Bonus utilized in reduction of premium for (2013-14) | 7,000 |
| Re-insurance premium paid during the year (2013-14) | 60,000 |

Find out the amount of premium to be included in Revenue A/c.

6. Mr. Prasad purchased ₹ 2 Lakhs, 15% Debenture of Reliance Industries Ltd. from Mr. Yogesh @ ₹ 103, on 1-8-2014, on which stamp 2% taxes 1.5% Brokerage 1% and legal charges ₹ 50 was charged. Date of interest 31-3-2014 and 30-9-2014. Calculate cost of purchase of securities and pass Journal Entries.



SECTION – C

Answer **any three** of the following questions. **Each** correct answer carries **fourteen** marks. **(3×14=42)**

7. From the following Trial Balance of Pavan Bank Ltd. Prepare Profit and Loss A/c for the year ended 31-3-2015 and B/S as on that date.

| Particulars | Dr. | Cr. |
|---|------------------|------------------|
| | ₹ | ₹ |
| Share capital (50,000 equity share capital of ₹ 10 each) | | 5,00,000 |
| Reserve fund | | 2,50,000 |
| Loans, cash credits and overdrafts | 2,85,000 | |
| Premises | 50,000 | |
| Investment in Govt. Securities | 6,00,000 | |
| Current deposits | | 3,00,000 |
| Fixed deposits | | 1,25,000 |
| S.B. deposits | | 50,000 |
| Salary to staff | 30,000 | |
| Directors fees | 1,800 | |
| Rent, rates and taxes | 2,300 | |
| P/L A/c on (1-4-2014) | | 16,000 |
| Interest and discounts | | 1,30,000 |
| General expenses | 27,400 | |
| Stationery | 8,500 | |
| Bill purchased and discounted | 50,000 | |
| Recurring deposits | | 24,000 |
| Interim dividend paid | 17,000 | |
| Shares | 50,000 | |
| Cash in hand with RBI | 1,93,000 | |
| Money at call and short notice | 80,000 | |
| | 13,95,000 | 13,95,000 |

**Adjustments :**

- 1) Endorsements made on behalf of customers ₹ 57,500.
 - 2) Unexpired discount ₹ 335.
 - 3) Interest accrued on investment ₹ 4,000.
8. From the following balances of Indian Insurance Co. Ltd. as on 31st March 2012
Prepare :

- 1) Fire Revenue A/c.
- 2) Marine Revenue A/c.
- 3) Profit and Loss A/c.

| Particulars | Fire | Marine |
|---|-----------|-----------|
| | ₹ | ₹ |
| Reserve for unexpired risk (1-4-2011) | 5,00,000 | 16,40,000 |
| Claims paid and outstanding | 3,80,000 | 7,60,000 |
| Commission paid and received | 1,80,000 | 2,16,000 |
| Additional reserve on (1-4-2011) | 1,00,000 | — |
| Premium less reinsurance | 12,00,000 | 21,32,000 |
| Management expenses | 2,90,000 | 8,00,000 |
| Commission on reinsurance ceded | 60,000 | 1,20,000 |
| Auditors fees | | 12,000 |
| Directors fees | | 12,400 |
| Shares transfer fee (Cr.) | | 3,200 |
| Profit on sale of land | | 40,000 |
| Depreciation | | 70,000 |
| Interest and dividend received | | 65,000 |
| Difference in exchange (Cr.) | | 1,200 |
| Sundry receipts | | 20,000 |
| Increase additional Reserve with respect to fire Insurance by 5%. | | |



9. The following are the balances extracted from the books of Jayan Life Insurance Co. Ltd. as on 31-3-2014.

| | ₹ |
|-------------------------------------|-----------|
| Life Assurance Fund (1-4-2013) | 14,70,562 |
| Premium | 2,10,572 |
| Management expenses | 19,890 |
| Consideration for annuities granted | 10,620 |
| Dividend paid | 20,000 |
| Fines | 92 |
| Annuities | 29,420 |
| Claims by death | 79,980 |
| Claims by maternity | 36,420 |
| Commission | 26,451 |
| Interest, dividend and rent | 55,461 |
| Income tax on interest | 3,060 |
| Surrenders | 21,860 |
| Bonus paid in cash | 9,450 |
| Preliminary expenses | 200 |
| Claims admitted but not paid | 80,034 |
| O/s premium | 2,500 |
| Stamp on hand | 400 |
| Annuities due but not paid | 22,380 |
| Government securities | 8,70,890 |
| Mortgages loan | 3,09,110 |
| Freehold premises | 5,00,000 |
| House properties | 1,00,000 |
| Share capital | 4,50,000 |
| Furniture | 20,000 |
| Loans on company policies | 2,50,000 |

Prepare Revenue Accounts and B/S after taking into consideration the following.

- Claims intimated further ₹ 5,000.
- Claims covered reinsurance ₹ 25,000.



10. From the following Trial Balance extracted from the books of Rajkumar farm draw up the Final A/c for the year ended 31st March 2015 and the Balance Sheet as on that date.

| Debit Balance | | ₹ Credit Balance | |
|----------------------|-----------------|-------------------------|-----------------|
| Opening Stock | | Sales | |
| Livestock | 1,50,000 | Livestock | 48,000 |
| Paddy | 60,000 | Paddy | 2,12,000 |
| Cattle Feed | 11,000 | Milk | 1,57,000 |
| Fertilisers | 5,000 | | 4,17,000 |
| Seeds | 3,000 | | |
| | 2,29,000 | | |
| Purchase | | Sundry creditors | |
| Livestock | 30,000 | | 30,000 |
| Cattle feed | 60,000 | O/s expenses | 4,400 |
| Fertilizer | 16,000 | Capital A/c | 4,81,800 |
| Seeds | 5,800 | Bill payable | 5,200 |
| | 1,11,800 | | |
| Sundry debtors | | | |
| | 25,000 | | |
| Repairs of equipment | | | |
| | 12,000 | | |
| Farm equipment | | | |
| | 1,70,000 | | |
| Crop expenses | | | |
| | 50,400 | | |
| Live stock exp's | | | |
| | 12,500 | | |
| General expenses | | | |
| | 11,700 | | |
| Cash in hand | | | |
| | 7,500 | | |
| Cash at Bank | | | |
| | 8,500 | | |
| Land and Building | | | |
| | 3,00,000 | | |
| | 9,38,400 | | 9,38,400 |

Additional information :

- Closing stock as on 31-3-2015, Livestock ₹ 1,32,000 Cattle feed ₹ 6,000, fertilizer ₹ 3,500, Seeds ₹ 3,000.
- The consumption of the farm output by the proprietor Milk ₹ 6,000, Paddy ₹ 9,500.
- Provide 10% depreciation on farm equipment and 5% on land and buildings.



11. a) On 1-6-2014 Mr. Ajay acquired 6000 equity shares of ₹ 10 each in PQR Ltd. for ₹ 1,20,000 on Cum-Right Input, basis PQR Ltd. declared

a) One for three bonus shares

b) One for four right issue on 1-9-2014 at 20% premium.

1) Mr. Ajay took up the half of the right issue.

2) Sold half of its total shareholdings on 31-12-2014 for ₹ 74,000

c) Sold the remaining rights share for ₹ 8/share.

Prepare Investment Account for the year ended 31st Dec. 2014.

b) Given below is an extract of the Trial Balance of Indian Bank as on 31-3-2014.

| Particulars | Dr. | Cr. |
|---------------------------------------|-----------|--------|
| Bills discounted | 16,80,000 | |
| Rebate on bills discounted (1-4-2013) | | 8,040 |
| Discount received during the year | | 85,912 |

Analysis of the bills discounted as given above shows the following.

| Amount of Bill | Due date | Discount Rate |
|------------------|----------------|---------------|
| 2,40,000 | June-06-2014 | 10% P.A. |
| 4,40,000 | June-12-2014 | 10% P.A. |
| 3,00,000 | June-26-2014 | 12% P.A. |
| 5,00,000 | July-06-2013 | 8% P.A. |
| 2,00,000 | August-05-2013 | 12% P.A. |
| 16,80,000 | | |

Calculate how much discount received to be credited to P/L A/c.