



V Semester B.Com. Examination, November/December 2014
(Semester Scheme) (2014-15 and Onwards) (Freshers)
COMMERCE

5.5 Elective – I : Advanced Accounting (Paper – I)

Time : 3 Hours

Max. Marks : 100

Instruction : Answers should be completely written either in **Kannada** or in **English**.

SECTION – A

1. Answer **any ten** sub questions of the followings. **Each** sub questions carries **2** marks. : **(10×2=20)**
- a) How do you treat the followings in bank final accounts ?
 - i) Transfer fees ii) Gold
 - b) What is statutory reserve ?
 - c) Mention types of Insurance.
 - d) What do you mean by Reserve for Unexpired Risk ?
 - e) Give the meaning of Reversionary Bonus.
 - f) What do you mean by inflation accounting ?
 - g) Write two objectives of farm accounting.
 - h) What is cum-interest and ex-interest quotation of securities?
 - i) What is Reinsurance ?
 - j) Give the meaning of Gearing.
 - k) State the two approaches to price level accounting.
 - l) State the two advantages of inflation accounting.

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SECTION - B

Answer any four questions. Each question carries 8 marks.

2. Following bills have been discounted by a bank during year 2013 at 5% p.a.

Date of bill	Amount ₹	Period in months
(i) July 27, 2013	1,00,000	4
(ii) Oct. 27, 2013	4,00,000	6
(iii) Dec. 20, 2013	30,000	2

Find out the amount of unexpired discount as on 31st December 2013.

3. Write characteristics of farm accounting.

4. While preparing the final accounts of banking company under which schedule the following appears ?

- | | |
|-------------------------|--------------------------------|
| i) Audit fees | ii) Commission and exchange |
| iii) Law charges | iv) Lockers rent |
| v) Interest on deposits | vi) Silver |
| vii) Non banking assets | viii) Branch adjustments (cr). |

5. From the figures set out below, prepare Revenue Account of Southern India Life Insurance Company for the year ending 31st March 2014 :

	₹
Life Assurance fund as on 1 st April 2013	7,50,000
Premiums	3,72,000
Interest, dividend and rent	2,26,000
Consideration for Annuities granted	12,500
Fines for Revival of Lapsed Policies	200
Claims paid	42,500
Bad debts	400



Expenses of management	35,000
Commission	16,000
Bonus in Reduction of premium	500
Annuities paid	18,500
Surrenders	25,500
Surplus on Revaluation of Reversions purchased	1,500
Income tax paid	32,000
Bonus in cash	18,000

6. Mr. Suresh sold 400 Equity shares of ₹ 10 each at ₹ 12 per share and the brokerage thereon was 2%. He purchased immediately 450 shares of Reliance Co. Ltd. ₹ 10 each and paid brokerage thereon 2%. Ascertain the cash left with him ?

SECTION – C

Answer any three questions. Each question carries 16 marks. (3×16=48)

7. From the following balances of National Insurance Company Limited as on 31-3-2014, Prepare

- i) Fire Revenue A/c
- ii) Marine Revenue A/c
- iii) Profit and Loss A/c.

Particulars	Fire	Marine
	₹	₹
Bad debts	10,000	24,000
Reserve (as on 1-4-2013)	5,00,000	16,40,000
Claims paid and outstanding	3,80,000	7,60,000
Commission paid	1,80,000	2,16,000
Additional Reserve (as on 1-4-2013)	1,00,000	—
Premium less reinsurance	12,00,000	2,16,000
Management expenses	2,90,000	8,00,000
Commission on Reinsurance ceded	60,000	1,20,000



	₹
Auditors fees	6,000
Directors fees	6,400
Share transfer fees	1,600
Bad debts recovered	2,400
Depreciation	70,000
Interest and dividend received	28,000
Difference in Exchange (Cr.)	600
Miscellaneous receipts	10,000
Profit on sale of land	1,20,000

An additional reserve in case of Fire Insurance is to be increased by 5% of Net Premium in addition to the usual reserve 50% for the fire and 100% for marine.

8. The following Trial balance was extracted from the Ever Green Life Assurance Co. Ltd. as on 31-3-2014.

Particulars	Dr. ₹	Cr. ₹
Share Capital (shares of ₹10 each)	-	2,00,000
Life Assurance fund as on 1-4-2013	-	30,00,000
Premiums Received	-	3,20,000
Interest, dividend, rent	-	2,35,000
Dividends paid	20,000	-
Auditors fees	32,000	-
Mortgage in India	4,93,000	-
Agents balances	10,000	-
Freehold Premises	50,000	-



Bonus to policy holders	30,000	—
Claims paid	2,00,000	—
Investments	26,80,000	—
Loan against companies policies	1,73,000	—
Cash on deposit	27,000	—
Cash in hand and on Current account	20,000	—
Surrenders	10,000	—
Commission paid	10,000	—
	37,55,000	37,55,000

You are required to prepare Company's Revenue Account for the year ended 31-3-2014 and its Balance sheet as on that date considering the following :

- a) Claims admitted but not paid ₹ 9,300.
 - b) Auditors fee outstanding ₹ 200.
 - c) Interest accrued ₹ 19,300.
 - d) Premium outstanding ₹ 12,000.
9. From the following Trial Balance of Andra Bank Ltd. prepare Profit/Loss Account for the year ending 31-3-2014 and Balance Sheet as on that date.

Particulars	Dr. ₹	Cr. ₹
Paid up share capital	—	10,00,000
Money at call and short notice	4,00,000	—
Reserve fund	—	2,50,000
Cash on hand	5,00,000	—
Cash with RBI	2,00,000	—



Fixed deposits	-	12,00,000
Loans, cash credits	15,00,000	-
Investments	2,00,000	-
Borrowings from City Bank	-	3,00,000
Pension fund	-	1,00,000
Unclaimed dividend	-	50,000
Furniture less Depreciation	80,000	-
Premises less Depreciation	3,20,000	-
Rent	-	10,000
Interest and discounts	-	6,00,000
Commission Received	-	60,000
Salaries and allowances	90,000	-
Interest on deposits	3,10,000	-
Audit fees	8,000	-
Directors fees	7,000	-
Depreciation on Bank Property	9,000	-
Printing and stationery	4,000	-
Other Expenses	2,000	-
Profit and Loss A/c 1-4-2013	-	60,000
	36,30,000	36,30,000

Adjustments :

- 1) Provide ₹ 5,000 for rebate on bills discounted.
- 2) Provide ₹ 22,000 for bad debts.
- 3) Bills for collection on behalf of customers ₹ 50,000.
- 4) Provide for taxation ₹ 4,000.



10. Mr. Rajesh has a five acre farm land. He grows rice on four acres. The balance area has mango trees. Other particulars about his activities during 2013-14 are :

	Amount ₹		Amount ₹
Opening stock of fertilizers	30,000	Wooden boxes purchased	
Rice saplings purchased	50,000	during the year	6,000
Water charges	12,000	Jute bags purchased	
Sprinkler system	60,000	during the year	48,000
Pump	30,000	Agriculture labour wages	60,000
Fertilizer Purchases	90,000	Orchard labour wages	24,000
Insecticide spraying charges	9,000	Threshing Machine	10,000
Salary to Manager	6,000	Dead trees sold	5,000

During the year, he obtained 90,000 mangoes from his trees, which he disposed of at ₹ 10 per dozen. All the boxes were used for packing.

He also obtained 100 quintals rice per acre, half of which fetched him ₹ 7 per Kilo and the rest ₹ 5 per Kilo. One-tenth quantity of the bags purchased remained unutilised. Fertilizers worth ₹ 20,000 remained in stock at the end of the year. Depreciation is to be provided at 10 percent. Rural development authority of his region monitors his performance and he needs to provide Productwise Profit and Loss account to them. He apportions common expenses in proportion of the area under each product. Insecticide is required to be sprayed once in every three years on mango trees to keep them free from harmful insects.

Prepare Productwise Profit and Loss Account.