



SN – 485

V Semester B.Com. Examination, November/December 2017  
(F + R) (CBCS) (2016 – 17 and Onwards)  
COMMERCE

5.5 : Elective Paper – I : Advanced Accounting

Time : 3 Hours

Max. Marks : 70

**Instruction:** 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 money at call and short notice ?
  - What is reinsurance ?
  - Mention any two statutory books to be maintained by a life insurance company.
  - State methods of inflation accounting.
  - What is farm accounting ?
  - Give the meaning of fixed income bearing securities.
  - How do you show bills for collection in the final accounts of a bank ?

SECTION – B

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

- Give the meaning of inflation accounting and state the limitations of inflation accounting.
- While preparing the final accounts of Banking company under which schedule the following appears
  - Shares
  - Current accounts
  - General Reserve
  - Transfer fees
  - Commission and exchange
  - Interest on deposits.

P.T.O.





4. From the figures given below, prepare Revenue Account of National Life Insurance Company for the year ending 31<sup>st</sup> March 2017.

	₹
Life Assurance fund as on 1 <sup>st</sup> April 2016	7,50,000
Premiums	3,72,000
Interest, dividend and rent	2,26,000
Consideration of 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

5. Calculate the premium earned (net) for the year ending 31-3-2017 from the following, in case of Fire Insurance.

Premium received less reinsurance ₹ 6,90,000

Premium outstanding on 1-4-2016 ₹ 10,000

Premium outstanding on 31-3-2017 ₹ 8,000

Reserve for unexpired risks on 1-4-2016 ₹ 3,50,000

Additional reserve on 1-4-2016 ₹ 40,000

It is the policy of the company to maintain 50% of premium towards reserve for unexpired risks. Additional reserve is to be increased by 5% of net premium.





6. Vikas buys 12% debentures of the nominal value ₹ 20,000 at ₹ 96 cum interest on 31<sup>st</sup> March 2013.

Interest payable half-yearly on 30<sup>th</sup> June and 31<sup>st</sup> December. Calculate the total purchase price and show its allocation to capital and revenue.

### SECTION – C

Answer **any three** of the following questions. **Each** correct answer carries **fourteen** marks.

(3×14=42)

7. The following trial balance was extracted from the books of Vikas Life Assurance Co. Ltd. as on 31<sup>st</sup> March 2017.

Particulars	Dr.	Cr.
	₹	₹
Share capital (shares of ₹ 10 each)	–	1,60,000
Life assurance fund as on 1-4-2016	–	29,72,300
Dividends paid	15,000	–
Bonus to policy holders	31,500	–
Premiums received	–	1,01,500
Claims paid	1,97,000	–
Commission paid	9,300	–
Management expenses	32,300	–
Mortgage in India	4,92,200	–
Interest, dividend and rent	–	1,12,700
Agents balances	9,300	–
Freehold premises	40,000	–
Investments	23,05,000	–
Loan against company policies	1,73,600	–





Cash on deposit	27,000	—
Cash in hand and on Current A/c	7,300	—
Surrenders	7,000	—
	<b>33,46,500</b>	<b>33,46,500</b>

You are required to prepare company's Revenue A/c for the year ended 31-3-2017 and its Balance Sheet as on that date taking the following into consideration.

- Claims admitted but not paid ₹ 9,300.
- Management expenses due ₹ 200.
- Interest accrued ₹ 19,300.
- Premium outstanding ₹ 12,000.

8. From the following balances of Star Insurance Company Ltd. as on 31-3-2017, Prepare

- Fire Revenue A/c
- Marine Revenue A/c
- Profit and Loss A/c

Particulars	Fire	Marine
	₹	₹
Bad debts	10,000	24,000
Reserve (as on 1-4-16)	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 1-4-16)	1,00,000	—
Premium less reinsurance	12,00,000	2,16,000
Management expenses	2,90,000	8,00,000
Commission on reinsurance coded	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.

9. Shri Rangam Bank Ltd. requires you to prepare Profit and Loss A/c and Balance Sheet as on 31<sup>st</sup> March 2017 from the following details.

Particulars	Dr.	Cr.
	₹	₹
Share capital		
10000 equity shares of ₹ 100 each	-	10,00,000
Reserve Fund	-	5,00,000
Loans, cash credit and overdrafts	5,70,000	-
Premises	1,00,000	-
Investment in Govt. Securities	8,00,000	-
Current Deposits	-	2,00,000
Fixed Deposits	-	2,50,000
Savings Bank Deposits	-	1,00,000
Salary to staff	56,000	-





Directors fees	3,600	—
Rent, rates and taxes	4,600	—
General Expenses	54,800	—
Profit and Loss A/c on 1-4-2016	—	32,000
Interest and discounts	—	2,56,000
Stationery	17,000	—
Bills purchased and discounted	92,000	—
Interim dividend paid	34,000	—
Recurring deposits	—	40,000
Shares	1,00,000	—
Cash in hand and with RBI	3,86,000	—
Money at call and short notice	1,60,000	—
	<b>23,78,000</b>	<b>23,78,000</b>

#### Adjustments :

- 1) Endorsements made on behalf of customers totalled to ₹ 1,15,000.
- 2) Unexpired discount amounted to ₹ 380. 5 -13
- 3) Interest accrued on investments ₹ 8,000. 13 11

10. From the following Trial Balance extracted from the books of Kiran a farmer, draw up his final accounts.

#### Trial Balance

Debit Balance	₹	Credit Balance	₹
Opening Stock :		Sales :	
Livestock	2,50,000	Livestock	60,000
Grains	50,000	Grains	80,000
Vegetables	5,000	Vegetables	30,000
Purchases :		Dairy produce	15,000
Livestock	30,000	Sundry creditors	15,000



Seeds and fertilizers	12,000	Mortgage loan	2,80,000
Cattle feeds	10,000	Capital introduced	4,00,000
Sundry debtors	30,000		
Wages	8,000		
Rates and insurance	4,000		
Repairs and maintenance	12,000		
Drawings	9,000		
Cash at bank	10,000		
Farm machinery	1,50,000		
Land and buildings	3,00,000		
	<b>8,80,000</b>		<b>8,80,000</b>

**Additional information :**

- 1) Closing stock on 31-12-2013 : Livestock ₹ 80,000, Grain ₹ 1,00,000, Vegetables ₹ 20,000, Dairy produce ₹ 20,000.
  - 2) Depreciate form machinery by 10%.
  - 3) Vegetables worth ₹ 2,000 were consumed by the proprietor.
  - 4) Grain worth ₹ 5,000 was given to the labourers as a part of their wages.
11. a) Calculate Rebate on bills discounted as on 31-3-08.

Date of Bill	Amount Rs.	Period of Bill	Rate of Discount
1) 15-1-08	20,000	5 months	12% p.a.
2) 10-2-08	15,000	4 months	13% p.a.
3) 20-3-08	10,000	2 months	14% p.a.

b) Write short notes on :

- a) Reversionary bonus.
- b) General insurance.
- c) Consideration for annuity granted.
- d) Annuity.