



SN – 350

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V Semester B.Com. Examination, November/December 2013  
(Semester Scheme) (Prior to 2013-2014 Scheme)

COMMERCE

Paper – 5.5 (E – I) : Advanced Financial Accounting

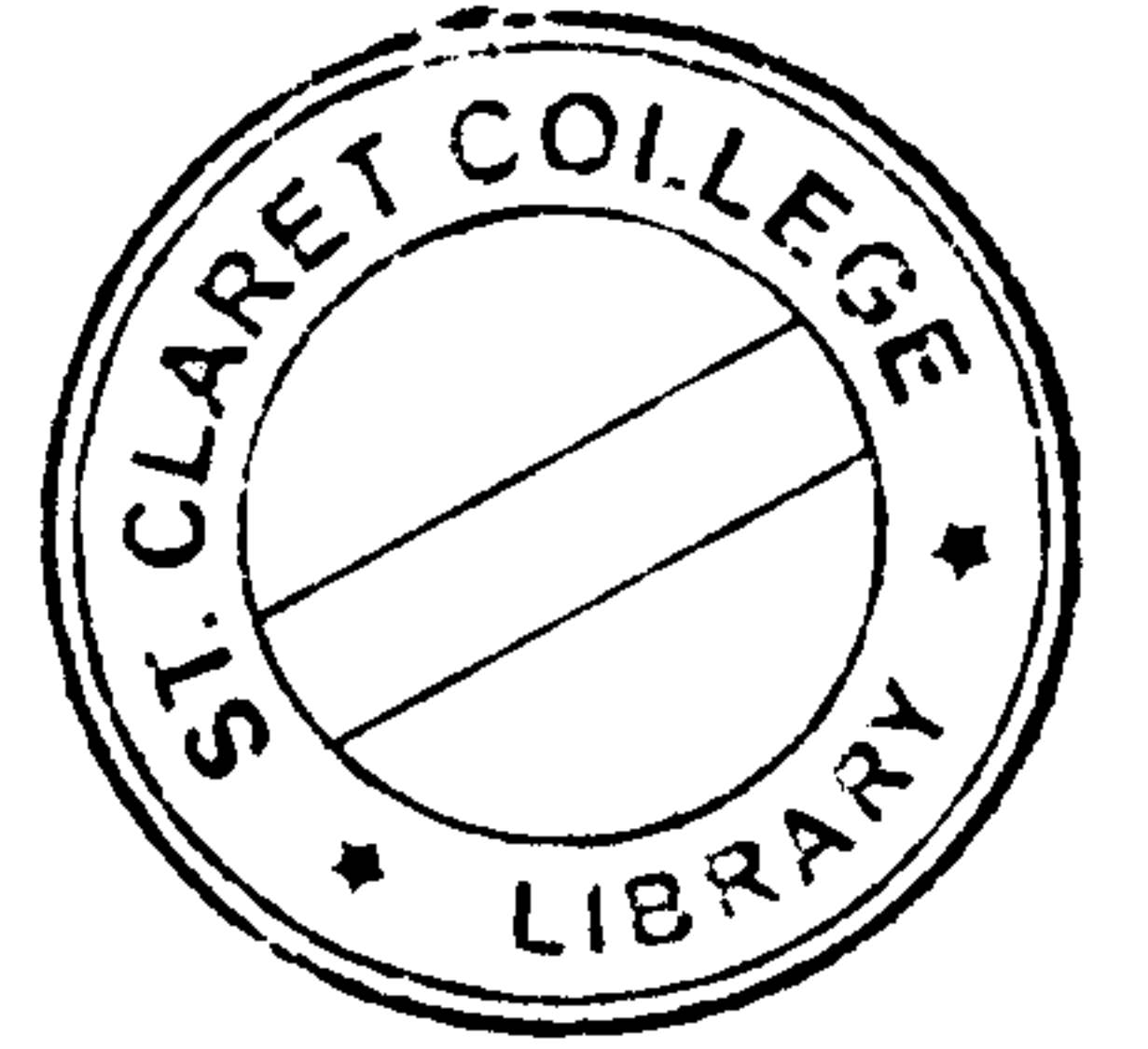
Time : 3 Hours

Max. Marks : 90

**Instruction :** Answer 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 cost of control in holding company accounts ?
  - b) What are inter company owings ?
  - c) Give two examples for contingent liabilities.
  - d) Explain the meaning of capital profit.
  - e) What do you mean by N.P.A. ?
  - f) How do you treat the followings in Bank Final Accounts ?
    - i) T.D.S.
    - ii) Unclaimed dividend
  - g) What is statutory reserve ?
  - h) What is rebate on bills discounted ?
    - i) Mention types of Insurance.
    - j) What do you mean by reserve for an expired risk ?
  - k) Give the meaning of holding company.
  - l) Give the meaning of Reversionary Bonus.



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## SECTION – B

Answer **any five** questions. **Each** question carries **5** marks.

(5×5=25)

2. State the differences between Life Insurance and General Insurance.
3. While preparing the final accounts of Banking Company under which schedule the following appears ?
  - a) Transfer fees
  - b) Travellers letter of credit
  - c) Gold
  - d) Silver
  - e) Current account.
4. A new Insurance Company received premium totalling ₹ 43,00,000 (Net) claims totalled ₹ 6,25,000 and expenses of management including commission amounted to ₹ 18,10,000 all in the final year of its working. What is the profit earned by the company ?
5. X Co. Ltd., acquired 4000 Eq. shares of 'Y' Ltd. on 1-4-2012. The following are the balance sheet of two companies on 31-03-2013.

Liabilities	X Ltd. ₹	Y Ltd. ₹	Assets	X Ltd. ₹	Y Ltd. ₹
Eq. shares of ₹ 100 each	10,00,000	5,00,000	Land and Buildings	2,50,000	1,50,000
General Reserve 1-4-2012	2,00,000	1,00,000	Plant and Machinery	2,50,000	3,00,000
P/L A/c on 1-4-2012	50,000	30,000	Stock	75,000	50,000
Creditors	50,000	50,000	S. Debtors	50,000	60,000
Profit during the year ended 31-03-2013	1,00,000	40,000	<b>Investments:</b> Shares in 'Y' Ltd.	5,00,000	—
Bills payable	15,000	5,000	Cash and Bank	2,50,000	1,60,000
			Bills Receivable	40,000	5,000
	<b>14,15,000</b>	<b>7,25,000</b>		<b>14,15,000</b>	<b>7,25,000</b>

**Calculate:**

- 1) Capital profit and
- 2) Revenue profit.



6. From the following information calculate the benefits paid :

	₹
Claims by death	2,10,300
Annuities	40,450
Surrenders	56,400
Bonus in cash	3,900
Bonus in reduction of premium	5,100

**Additional information :**

- a) Further Bonus in reduction of premium ₹ 2,500.
- b) Claims recovered under re-insurance ₹ 23,750.

7. Calculate minority interest from the following :

Ramesh Ltd. acquired 50000 shares of Rs. 10 each in Prakash Ltd., on 01-07-2012.

The following balances are extracted from the balance sheet of Prakash Ltd. as on 31-12-2012.

Share Capital	70000 shares of Rs. 10 each
General reserve	Rs. 1,40,000 (On 1-1-2012)
P/L A/c	Rs. 2,24,000 (On 1-1-2012)

Profit during the year 2012 Rs. 1,20,000.

8. Axis Bank Ltd. has the following bills discounted on 31-03-2013 :

Date of bill	Amount	Term	Rate of Discount
	₹		
10-01-2013	50,000	5 months	10%
15-02-2013	60,000	4 months	12%
12-03-2013	40,000	3 months	11%

Calculate Rebate on Bills discounted on 31-03-2013.



9. From the following particulars prepare P/L account of Global Bank Ltd., for the year 2012-13 :

	₹
Interest on overdraft	1,50,000
Bad debts written off	4,500
Commission	25,000
Interest expended	40,000
Salaries	40,000
Provident fund contribution	10,000
Balance in P/L (Cr.) on 1-4-2012	10,000

## SECTION – C

Answer any 3 questions. Each question carries 15 marks.

(3×15=45)

10. From the following Balance Sheet of 'X' Ltd., and to subsidiary 'Y' Ltd., prepare the consolidated Balance Sheet on 31-03-2013.

Liabilities	X Ltd. ₹	Y Ltd. ₹	Assets	X Ltd. ₹	Y Ltd. ₹
Share capital of			Goodwill	—	10,000
Rs. 5 each	5,00,000	1,00,000	Buildings	1,00,000	35,000
General Reserve	50,000	20,000	Machinery	3,00,000	60,000
P & L A/c	25,000	32,000	Shares in 'Y' Ltd.	85,000	—
Creditors	45,000	12,000	Stock	1,00,000	30,000
Bills payable	30,000	6,000	Debtors	60,000	12,000
			Bills Receivables	—	18,000
			Cash in hand	5,000	5,000
	<b>6,50,000</b>	<b>1,70,000</b>		<b>6,50,000</b>	<b>1,70,000</b>

'X' Ltd., purchased 15,000 shares in 'Y' Ltd., on 1-10-2012. The balance of General Reserve and P & L A/c of 'Y' Ltd. stood at Rs. 12,000 and Rs. 8,000 respectively on 1-4-2012. The bills receivables of 'Y' Ltd., Rs. 18,000 is accepted by 'X' Ltd. The debtors of 'Y' Ltd., Rs. 4,000 due from 'X' Ltd.





11. From the following Trial Balance of Canara Bank Ltd., prepare profit and loss A/c for the year ending 31-03-2013 and Balance Sheet as on that date.

Particulars	Dr. (₹)	Cr. (₹)
Share capital	—	5,00,000
Money at call and short notice	2,00,000	—
Reserve fund	—	1,25,000
Cash on hand	2,50,000	—
Cash with R.B.I.	1,00,000	—
Fixed deposit	—	6,00,000
Loan cash credit etc.,	7,50,000	—
Investments	1,00,000	—
Borrowing from City Bank	—	1,50,000
Pension fund	—	50,000
Unclaimed dividend	—	25,000
Furniture less depreciation	40,000	—
Premises less depreciation	1,60,000	—
Rent	—	5,000
Interest and discount	—	3,00,000
Commission received	—	30,000
Salaries and allowances	45,000	—
Interest on deposit and borrowings	1,55,000	—
Audit fees	4,000	—
Directors fees	3,500	—
Depreciation on Bank's property	4,500	—
Printing and stationery	2,000	—
Other expenses	1,000	—
P/L A/c on 1-4-2012	—	30,000
	<b>18,15,000</b>	<b>18,15,000</b>

**Adjustments :**

- 1) Provide ₹ 2,500 for rebate on bills discounted.
- 2) Provide ₹ 11,000 for bad debts.
- 3) Bills for collection on behalf of customers ₹ 2,50,000.
- 4) Provide for taxation ₹ 2,000.



12. From the following Balances of Oriented Insurance Company Ltd., as on 31-03-2013.

**Prepare :**

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

<b>Particulars</b>	<b>Fire (₹)</b>	<b>Marine (₹)</b>
Bad debts	20,000	48,000
Reserve on 1-4-2012	10,00,000	32,80,000
Claims paid and outstanding	7,60,000	15,20,000
Commission paid	3,60,000	4,32,000
Additional Reserve on 1-4-2012	2,00,000	—
Premium Less Reinsurance	24,00,000	43,20,000
Management Expenses	5,80,000	16,00,000
Commission earned on re-insurance ceded	1,20,000	2,40,000
	₹	
Auditor's fees	12,000	
Director's fees	12,800	
Shares transfer fees	3,200	
Bad debts recovered	4,800	
Depreciation	1,40,000	
Interest dividend received	56,000	
Difference in Exchange (Cr.)	1,200	
Miscellaneous Receipts	20,000	
Profit on sale of land	2,40,000	

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



13. The followings are the summarised Balance sheet of 'A' Ltd., and 'B' Ltd., as on 31-03-2013.

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share capital of			Land	9,00,000	2,40,000
Rs. 10 each	20,00,000	6,00,000	Plant & Machinery	7,00,000	3,20,000
General reserve	8,00,000	2,50,000	Furniture	1,60,000	60,000
Profit and Loss A/c	6,00,000	3,50,000	Debtors	6,00,000	3,40,000
S. Creditors	2,00,000	1,40,000	Investments :		
			40,000 shares in		
			B Ltd.	5,20,000	—
			Cash	80,000	60,000
			Stock	6,40,000	3,20,000
	<b>36,00,000</b>	<b>13,40,000</b>		<b>36,00,000</b>	<b>13,40,000</b>

You are required to prepare a consolidated Balance Sheet on 31-03-2013. Showing in details necessary adjustments and taking into consideration the following information :

- 'A' Company Ltd., acquired shares of 'B' Ltd., on 1-4-2012 when the balance in their P/L A/c and General Reserve were ₹ 1,50,000 and ₹ 1,60,000 respectively.
  - The stock of ₹ 3,20,000 held by 'B' Ltd. consists of ₹ 1,20,000 goods purchased from 'A' Company Ltd., who has charged profit at 25% on cost.
  - S creditors of 'B' Ltd., includes ₹ 40,000 due to 'A' Company Ltd.
14. Jeevan Life Insurance Ltd., provides the following details :

**Trail Balance as on 31-03-2013**

Particulars	Dr. (₹)	Cr. (₹)
Buildings	10,50,000	—
Furniture	77,500	—
Claims paid	60,000	—
Surrenders	15,000	—
Loan against mortgages	3,50,000	—



Management expenses	1,10,000	—
Stationery	15,000	—
Govt. securities with R.B.I.	4,00,000	—
Other securities	8,00,000	—
Annuity	37,500	—
T.D.S. on Interest and Dividend	10,000	—
Outstanding premium on 31-3-13	65,000	—
Interest accrued	15,000	—
Debtors	25,000	—
Bonus	5,000	—
Cash at Bank	1,15,000	—
Life assurance fund	—	20,00,000
Investment fluctuation fund	—	65,000
Premium deposit	—	20,000
Creditors	—	25,000
Interest and dividends	—	80,000
Claims outstanding on 1-04-2012	—	10,000
Premium less re-insurance	—	4,50,000
Share capital : 5000 shares of Rs. 100 each	—	5,00,000
	<b>31,50,000</b>	<b>31,50,000</b>

**Adjustments :**

	₹
1) Further bonus utilized in reduction of premium	3,000
2) Premium outstanding on 31-03-2013	1,500
3) Claims recovered under re-insurance	6,000
4) Claims outstanding on 31-03-2013	13,500
5) Surrender adjusted against loan on policies	5,000

Prepare Revenue Account and Balance Sheet for the year ended 31-03-2013.