



NS – 452

69  
V Semester B.Com. Examination, November/December 2016  
(Repeaters) (2014-15 and Onwards)

COMMERCE

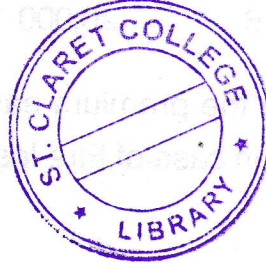
5.5 : Elective Paper – I : Advanced Accounting

Time : 3 Hours

Max. Marks : 100

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

SECTION – A



1. Answer **any ten** questions. **Each** carries **2** marks.

(2×10=20)

- a) What is bank overdraft ?
- b) What do you mean by non-performance assets ?
- c) Name any four examples of operating expenses as per Schedule 16 of B.R.A. 1949.
- d) What is banking company ?
- e) Mention any two statutory books to be maintained by a life insurance company.
- f) What is meant by reserve for unexpired risk ?
- g) Give the meaning of Reversionary Bonus.
- h) Mention different types of general insurance.
- i) State methods of inflation accounting.
- j) Give the meaning of gearing.
- k) State two objectives of farm accounting.
- l) What is ex-interest and cum-interest ?

P.T.O.



## SECTION - B

Answer **any four** of the following questions. **Each** carries **8** marks.

(4×8=32)

2. Calculate Rebate on Bills Discounted as on 31-3-2016 :

Date of bill	Amount (₹)	Period of bill	Rate of discount
15-01-16	40,000	5 months	12% p.a.
10-02-16	30,000	4 months	13% p.a.
20-03-16	20,000	2 months	14% p.a.

3. Calculate the premium earned (net) for the year ending 31-03-2016 from the following in case of Fire Insurance :

	₹
Premium received less re-insurance	13,80,000
Premium outstanding on 1-4-2015	20,000
Premium outstanding on 31-3-2016	16,000
Reserve for unexpired risk on 1-4-2015	7,00,000
Additional reserve on 1-4-2015	80,000

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

4. On 1-1-2015, 200 6% debenture of ₹ 100 each of X Ltd. were held as investment in Y Ltd. at a cost of ₹ 18,200. Interest payable on 31<sup>st</sup> December.
- On 1-4-2015 ₹ 4,000 of such debenture were purchased by Y Ltd. @ ₹ 98 each cum interest.
  - On 1-9-2015 ₹ 6,000 debentures were sold at ₹ 96 ex-interest.
  - On 1-12-2015 ₹ 8,000 debentures were sold at ₹ 99 cum-interest.
  - On 31-12-2015 Y Ltd. sold ₹ 10,000 debentures @ ₹ 95 cum-interest.

Prepare the Investment Account for 6% debenture of X Ltd. in the books of Y Ltd.





5. While preparing the final accounts of banking company, under which schedule the following items are shown.
- Locker rent
  - Statutory reserve
  - Stamps in hand
  - Gold
  - Profit on sale of investment
  - Non-banking assets
  - Silver
  - Depreciation on bank property.
6. What is farm accounting ? State the features of farm accounting.

### SECTION – C

Answer **any 3** questions. **Each** carries **16** marks.

(3×16=48)

7. Shri Lakshmi Bank Ltd. requires you to prepare Profit and Loss A/c and Balance Sheet as on 31<sup>st</sup> March 2016.

#### Shri Lakshmi Bank Ltd.

#### Trial Balance as on 31<sup>st</sup> March 2016

Particulars	Dr. (₹)	Cr. (₹)
Share capital of ₹ 100 each	—	5,00,000
Reserve fund	—	2,50,000
Loans, cash credit and overdraft	2,85,000	—
Premises	50,000	—
Investments in Govt. securities	4,00,000	—
Current deposits	—	1,00,000
Saving bank deposits	—	50,000
Fixed deposits	—	1,25,000
Salary to staff	28,000	—
Director's fees	1,800	—



Rent rates and taxes	2,300	—
General expenses	27,400	—
P/L A/c on 1-4-2015	—	16,000
Interest and discounts	—	1,28,000
Stationery	8,500	—
Bills purchased and discounted	46,000	—
Interim dividend paid	17,000	—
Recurring deposits	—	20,000
Shares	50,000	—
Cash in hand and with RBI	1,93,000	—
Money at call and short notice	80,000	—
	<b>11,89,000</b>	<b>11,89,000</b>

**Adjustments :**

- Endorsement made on behalf of customers amounted to ₹ 57,500.
  - Unexpired discount amounted to ₹ 190.
  - Interest accrued on investment ₹ 4,000.
8. The following Trial Balance was extracted from the books of Oriental Life Assurance Co. Ltd. as on 31-3-2016 :

Particulars	Dr. (₹)	Cr. (₹)
Share capital	—	1,60,000
Life Assurance Fund on 1-4-2015	—	29,72,300
Dividend paid	15,000	—
Interest and dividend received	—	1,12,700
Premium received	—	1,01,500
Surrenders	7,000	—
Claims paid	1,97,000	—
Commission paid	9,300	—
Management expenses	32,300	—
Mortgage in India	4,92,200	—



Agent balances	9,300	—
Free hold premises	40,000	—
Investment	23,05,000	—
Loans on company policies	1,73,600	—
Cash on deposits	27,000	—
Cash in hand	7,300	—
Bonus to policy holders	31,500	—
	<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<sup>st</sup> March 2016 and its Balance Sheet as on that date.

**Adjustments :**

	₹
a) Claims admitted but not paid	9,300
b) Premium outstanding	12,000
c) Interest accrued	19,300
d) Management expenses due	200

9. The following balances are extracted from the books of United Insurance Co. Ltd. as on 31<sup>st</sup> March 2016 :

Particulars	Fire (₹)	Marine (₹)
Claims paid	4,00,000	3,48,000
Premium less re-insurance	14,96,000	11,88,000
Commission on re-insurance ceded	52,000	—
Commission paid	2,48,000	2,04,000
Management expenses	3,44,000	2,72,000
Reserve as on 1-4-2015	96,000	44,000
Additional reserve on 1-4-2015	2,40,000	40,000
Claims outstanding on 1-4-2015	96,000	44,000
Premium outstanding on 1-4-2015	1,04,000	68,000





Depreciation on assets	1,44,000	—	—
Loss on sale of investments	32,000	—	—
Audit fees	52,000	—	—
Director's fees	1,44,000	—	—
Interest and dividend received	2,52,000	—	—

**Additional informations :**

- Premium O/S on 31-3-2016 : Fire ₹ 1,20,000, Marine ₹ 60,000.
- Claims O/S on 31-3-2016 : Fire ₹ 1,84,000, Marine ₹ 68,000.
- Reserve for unexpired risk to be maintained at 50% and 100% of net premium of fire and marine insurance respectively.
- Additional reserve for fire to be kept at 20% of net premium.

**Prepare :**

- Fire Revenue A/c
- Marine Revenue A/c
- P/L A/c.

10. The following Trail Balance and Additional Information, prepare Crops A/c, Live Stock A/c and Final Accounts of Divya Farm House for the year ended 31<sup>st</sup> March 2016 :

Particulars	Dr. (₹)	Cr. (₹)
Opening stock on 1-4-2015 :		
Livestock	7,50,000	—
Paddy	3,00,000	—
Cattle feed	55,000	—
Fertilizers	25,000	—
Seeds	15,000	—
Capital	—	22,00,000
Land and Buildings	13,75,000	—
Farm equipments	7,50,000	—
Debtors and Creditors	1,05,000	1,30,000



Bank balance	42,500	—
Cash in hand	36,500	—
Outstanding general expenses	—	22,000
Purchases :		
Livestock	1,50,000	—
Cattle feed	3,00,000	—
Fertilizers	80,000	—
Seeds	29,000	—
Expenses :		
Crops	2,72,000	—
Livestock	62,500	—
General	58,500	—
Sales :		
Livestock	—	2,40,000
Paddy	—	10,78,000
Milk		7,96,000
Repairs and maintenance	60,000	—
	44,66,000	44,66,000

**Additional information :**

₹

1) Closing stock on 31-3-2016 :

Livestock	6,60,000
Paddy	1,50,000
Cattle feed	30,000
Fertilizers	17,500
Seeds	13,500

2) Depreciate Land and Building at 4% p.a. and farm equipments at 10% p.a.

3) The owner withdrew milk ₹ 30,000 and paddy ₹ 48,000 for personal use.