NS – 440

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)**

   a) What is rebate on bills discounted ?

   b) Mention types of insurance.

   c) What are bonus shares ?

   d) What is farm accounting ?

   e) List out the methods of inflation accounting.

   f) What is meant by insurance claim ceded ?

   g) 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)**

2. Give the meaning of inflation accounting and state the limitation of inflation accounting.

3. While preparing the final accounts of Banking company under which schedule the following appears.

   a) Transfer fees

   b) Gold

   c) Current accounts

   d) Telegraphic transfer

   e) Shares

   f) 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%.

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	4,17,00
Fertilisers	5,000				
Seeds	3,000	2,29,000			
Purchase			Sundry creditors		30,00
Livestock	30,000		O/s expenses		4,40
Cattle feed	60,000		Capital A/c		4,81,80
Fertilizer	16,000		Bill payable		5,20
Seeds	5,800	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			**9,38,40**

Additional information :

a) Closing stock as on 31-3-2015, Livestock ₹ 1,32,000 Cattle feed ₹ 6,000, fertilizer ₹ 3,500, Seeds ₹ 3,000.

b) The consumption of the farm output by the proprietor Milk ₹ 6,000, Paddy ₹ 9,500.

c) 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.