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V Semester B.Com. Degree Examination, February/March - 2024

COMMERCE

Advanced Accounting (Accounting Elective)

(CBCS-NEP Scheme Regular)

Paper : (A) 5.4



Time : 2½ Hours

Maximum Marks : 60

Instructions to Candidates:

Answers should be written completely in English only.

SECTION - A

Answer any FIVE of the following sub-questions. Each sub-question carries 2 marks.

(5×2=10)

1. a) Define life Insurance.
- b) What is meant by reserve for unexpired risk?
- c) Give the meaning of premium on reinsurance accepted.
- d) What do you mean by fair value of an Investment?
- e) Give the meaning of statutory liquidity ratio.
- f) What are Non-performing Assets?
- g) Mention any two objectives of Buyback of shares.

SECTION - B

Answer any FOUR of the following questions. Each question carries 5 marks.

(4×5=20)

2. A Marine Insurance Company reported the following details for the year of its working, making necessary reserve for unexpired risk at 100% of Net premium. You are required to ascertain the profit or loss made by the company from the details given below.

Premium received on original Policies	16,00,000
Reinsurance Premium paid	2,20,000
Reinsurance Premium received	70,000
Claims	1,10,000
Commission on direct business	93,000
Expenses of Management.	4,20,000

[P.T.O.]

3. From the following information, calculate the benefits paid as per insurance Regulation Act.

Particulars	Rs.
Claim by death	16,82,400
Annuities	3,23,600
Surrenders	4,51,200
Bonus in cash.	31,200
Bonus in reduction of premium	40,800

Additional Information:

- i) Further Bonus in reduction of premium - Rs. 20,000
- ii) Claims recovered under re-insurance. Rs. 1,90,000
4. While preparing the final accounts of Banking Company under which schedule the following items appear:
- i) Fixed Deposit
- ii) Advance to employees
- iii) Gold
- iv) Stamps on hand
- v) Shares.
5. On 1.4.2022, Surya Ltd. purchased 2000, 12% debentures of Rs. 100 each @ Rs. 98 (cum interest). Debenture interest is payable half yearly on 30.6.22 and 31/12/22. Date of closing the books of accounts is 31/12/22 every year. Calculate the accrued interest and cost of Debentures. Pass necessary Journal Entries.
6. Chandru Ltd. Decided to buy back 1,20,000 equity shares of Rs.10 each at a premium of 25% for this purpose, it issues 10,000, 7.5% Preference shares of Rs. 100 each at par. The company has Rs. 1,60,000 in General Reserve and Rs. 2,00,000 credit balance in profit and loss account, Rs. 2,40,000 in capital reserve, Rs. 2,00,000 in security premium. It decided to utilize the Profit and reserve also. Pass necessary Journal Entries to record the above transactions.



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SECTION - C

Answer any TWO of the following questions. Each question carries 12 marks.

(2×12=24)

7. Following is the Trial balance of Canara Bank from which you are required to prepare profit and loss a/c and balance sheet as on 31.3.22.

	Debit (Rs.)	Credit (Rs.)
6,000 Equity shares of Rs. 100 each	-	6,00,000
3,000 8% Preference shares of Rs. 100	-	3,00,000
Fixed Deposit	-	3,50,000
Savings bank	-	2,50,000
Current Account	-	6,00,000
Reserve Fund	-	3,00,000
Interest and Discount	-	3,00,000
Money at call	3,00,000	-
Cash in hand	3,00,000	-
Cash at Bank	3,60,000	-
Investments	1,80,000	-
Loans and cash credits	13,48,200	-
Furniture	30,000	-
Premises	2,52,000	-
Interest on Deposits	1,80,000	-
Salaries	48,000	-
Audit fees	6,000	-
Directors fees	3,000	-
Depreciation	6,000	-
Printing and stationery.	3,000	-
Non banking Assets	30,000	-
Other expenditure	1,800	-
Profit and Loss a/c (cr)	-	42,000
Unclaimed Dividend.	-	1,20,000
Pension Fund	-	36,000
Borrowings	-	90,000
Rent	-	12,000
Commission	-	48,000
Total	30,48,000	30,48,000

Adjustments:

- Provide for bad Debts Rs. 15,000.
- Provide for rebate on Bills discounted Rs. 3,000.
- Acceptances on behalf of customers Rs. 4,50,000.
- Bills for collection Rs. 4,20,000.

[P.T.O.]

8. On 1/6/22, Mr. Kalyan purchased Rs. 9,000. 5% Debentures of Rs. 100 each in 'X' co Ltd., at Rs. 105 cum-interest, interest being payable on 31st March and 30th September each year. Expenses on stamps amounted to Rs. 80. on 1.11.22. he sold Rs. 3000 worth debentures at Rs. 107 cum-interest. Brokerage is payable on each transaction at 8½% on nominal value. Pass necessary Journal Entries in Mr. Kalyan's books and prepare Investment a/c on 31.12.22
9. The following Trial Balance was extracted from the books of National Life Assurance Co.Ltd.

Particulars	Debit (Rs.)	Credit (Rs.)
Dividend paid	15,000	—
Bonus in reduction of premium	31,500	—
Claims Paid	1,97,000	—
Commission	9,300	—
Management Expenses.	32,300	—
Mortgage in India	4,92,200	—
Agent's Balance	9,300	—
Freehold Premises	40,000	—
Investments	23,05,000	—
Loan on Policies	1,73,600	—
Cash Deposits	27,000	—
Cash in Current Account	7,300	—
Surrenders	7,000	—
Medical fees.	7,000	—
Annuity	10,000	—
Paid up-capital (10,000 Shares of Rs.10)	—	1,00,000
Life Insurance Fund (1.4.22)	—	29,72,300
Premium Less reinsurance Premium	—	1,61,500
Outstanding claim (1.4.22)	—	7,000
Interest, Dividend and rent	—	1,12,700
Consideration for annuities granted	—	10,000
Total	33,63,500	33,63,500

Prepare Revenue a/c and Balance sheet after taking into account the following adjustments:

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|---|------------|
| i) Outstanding claims. | Rs. 10,000 |
| ii) Further Bonus in reduction of Premium | Rs. 5,000 |
| iii) Premium Outstanding | Rs. 5,000 |
| iv) Claims Covered under reinsurance | Rs. 80,000 |
| v) Management expenses due | Rs. 30,000 |

SECTION - D

Answer any ONE of the following questions. Each question carries 6 marks. (1×6=6)

10. Prepare a table of rebate on bills discounted using imaginary figures.
11. Prepare an Investment account with imaginary figures.