



SN – 335

**V Semester B.Com. Examination, November/December 2013
(2013–14 and Onwards Scheme)**

COMMERCE

Paper – 5.5 (E-1) : Advanced Financial Accounting

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

Answer **any eight** sub-questions. **Each** sub-question carries **2** marks.

(8×2=16)

1. a) What is a Consolidated Balance Sheet ?
- b) Give the meaning of Non performing Asset.
- c) What is surrender value of a policy ?
- d) Give the meaning of subsidiary company.
- e) What do you mean by money at call and short Notice ?
- f) Give the meaning of Reserve for Unexpired Risk.
- g) What is meant by contingent liability.
- h) Give the meaning of "Pre Acquisition Profits".
- i) What is an Annuity ?
- j) What is meant by Statutory Reserve ?

P.T.O.



SECTION – B

Answer **any three** of the following. **Each** question carries **8** marks.

(3×8=24)

2. While preparing the Final accounts of Banking Co. under which schedule the following items are shown.

- 1) Locker Rent
- 2) Statutory reserve
- 3) Branch adjustments (Cr.)
- 4) Loss on sale of Investments
- 5) Owing by foreign correspondent
- 6) Stamps on hand
- 7) Liability on partly paid investment
- 8) Contribution to provident fund.

3. Calculate Minority Interest and Cost of Control from the following.

Geetha Ltd. acquired 75% of Equity shares in Seetha Ltd. on 01-07-2012 at 50% premium. The following balances are extracted from the Balance Sheet of Seetha Ltd. as on 31-03-2013.

1) Share capital

20000 equity shares of Rs. 10 each

2) Balances as on 01-04-2012

General Reserve Rs. 70,000

Profit and Loss a/c Rs. 55,000

3) Net profit for the year 2013 Rs. 45,000.

4. From the following particulars prepare the Fire Revenue Account for the year ending 31-03-2013.

Claims paid	Rs. 2,82,000
Claims unpaid on 01-04-2012	Rs. 24,000
Claims unpaid on 31-03-2013	Rs. 42,000
Legal expenses regarding claims	Rs. 6,000
Premium received	Rs. 7,20,000
Re-insurance premiums	Rs. 72,000
Commission	Rs. 1,20,000
Expenses of management	Rs. 1,80,000
Provision against unexpired risk on 01-04-2012	Rs. 3,12,000

5. Given below is an extract of the Trial Balance of Indian Bank as on 31-03-2013.

Particulars	Dr.	Cr.
Bills discounted	12,64,000	
Rebate on bills discounted on 01-04-2012		8,040
Discount received during the year		85,912

Analysis of the bills discounted as shown above shows the following :

Amount of the bill	Due Date of bill	Rate of Discount
2,40,000	June 06 2013	10% P.A.
4,40,000	June 12 2013	10% P.A.
3,00,000	June 26 2013	12% P.A.
5,00,000	July 06 2013	8% P.A.
2,00,000	August 05 2013	12% P.A.

Calculate how much of Discount Received to be credited to Profit and Loss Account ?



6. From the following particulars of Modern Life Assurance Company prepare Revenue Account as on 31-03-2013

Premium	Rs. 15,18,000
Bonus in cash	Rs. 1,74,240
Fines and Fees	Rs. 792
Interest, dividend etc.	Rs. 8,25,000
Income tax	Rs. 1,30,350
Management expenses	Rs. 1,92,500
Bonus in Reduction of premium	Rs. 2,170
Commission	Rs. 59,400
Surrenders	Rs. 93,700
Reassurances irrecoverable	Rs. 1,400
Claims	Rs. 9,80,000
Consideration for annuities granted	Rs. 50,000

SECTION – C

Answer any four of the following. Each question carries 15 marks. (4×15=60)

7. On 1st July 2012 X Ltd. bought 7000 shares of Rs. 12 each fully paid in Y Ltd. for Rs. 24 each. The following are the Balance Sheets of the two Co's as on 31-12-2012.

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Share capital (of Rs. 12 each)	3,60,000	96,000	Buildings	3,30,000	60,000
General Reserve (01-01-2012)	72,000	30,000	<u>Investments</u>		
Profit and Loss a/c (01-01-2012)	54,000	12,000	7000 shares of Rs. 12 each at Rs. 24 per share	1,68,000	–
Current year Profit (2012)	1,14,000	40,800	Sundry Assets	1,08,000	1,44,000
Creditors	1,02,000	61,200	Debtors	96,000	36,000
	7,02,000	2,40,000		7,02,000	2,40,000

The debtors of X Ltd. included Rs. 12,000 due from Y Ltd.

Prepare the Consolidated Balance Sheet as on 31-12-2012.



8. The following are the Ledger Balances of Bharat Life Assurance Company as on 31-03-2013

Share Capital	Rs. 5,00,000
Life Assurance Fund as on 01-04-2012	Rs. 25,27,825
Dividend paid to share holders	Rs. 25,000
Investments	Rs. 12,50,000
Buildings	Rs. 4,50,000
Mortgage in India	Rs. 10,12,700
Loans on policies	Rs. 6,50,000
Furniture	Rs. 24,500
Cash and bank balance	Rs. 1,40,790
Policy stamps on hand	Rs. 6,700
Surrenders	Rs. 1,12,800
Claims paid	Rs. 4,20,600
Claims admitted but not paid	Rs. 40,210
Consideration for annuities granted	Rs. 1,20,000
Interest, Dividend and Rents	Rs. 1,70,620
Annuities	Rs. 80,900
Income tax on interest	Rs. 30,200
Loss on sale of Investments	Rs. 1,27,800
Re-assurance premium	Rs. 2,14,500
Bonus in reduction of premium	Rs. 10,200
Bonus in cash	Rs. 7,800
Commission	Rs. 40,670
Expenses of management	Rs. 1,27,800
Outstanding premium	Rs. 4,40,600
Agents balance (Dr.)	Rs. 1,20,500
Outstanding expenses	Rs. 52,200
Interest O/S on investments	Rs. 7,295

Prepare the Revenue Account and Balance Sheet taking the following matters into consideration.

- Claims covered under re-insurance Rs. 47,500.
- The Managing Director is to be paid commission of Rs. 51,520.
- Further bonus in reduction of premium is Rs. 5,000.



9. From the following Balance Sheets of Vinod Ltd. and its Subsidiary Ashok Ltd. Prepare the Consolidated Balance Sheet as on 31-03-2013

Liabilities	Vinod Ltd.	Ashok Ltd.	Assets	Vinod Ltd.	Ashok Ltd.
Share capital (Shares of Rs. 6 each)	3,00,000	60,000	Goodwill	—	6,000
			Building	60,000	21,000
General Reserve	30,000	12,000	Machinery	1,80,000	36,000
Profit and Loss a/c	15,000	19,200	Shares in Ashok Ltd.	51,000	—
Creditors	27,000	7,200	Stock	60,000	18,000
Bills payable	18,000	3,600	Debtors	36,000	7,200
			B/R	—	10,800
			Cash in hand	3,000	3,000
	3,90,000	1,02,000		3,90,000	1,02,000

Vinod Ltd. purchased 7500 shares in Ashok Ltd. on 01-09-2012.

The balance of General Reserve and Profit and Loss of Ashok Ltd. stood at Rs. 7,200 and 4,800 respectively on 01-4-2012.

The B/R of Ashok Ltd. of Rs. 9,800 is accepted by Vinod Ltd. The Debtors of Ashok Ltd. of Rs. 2,400 due from Vinod Ltd.

10. The following Trial Balance was extracted from the books of Vijaya Bank Ltd. as on 31-03-2013

Particulars	Debit Amount (₹)	Particulars	Credit Amount (₹)
Cash in hand and with RBI	55,620	Share capital	3,60,000
Investment in Govt. bonds	2,33,244	Security deposit of employees	18,000
Gold bullion	18,156	Savings bank a/c	8,904



Interest accrued on	Current ledger control a/c	1,16,400
investments	29,544	Fixed deposit 27,660
Buildings	78,000	Borrowings from banks 3,68,676
Furniture	6,000	Interest received 86,400
Money at call and short notice	2,17,956	Commission & Brokerage 30,360
Advances	2,40,000	Discounts 50,400
Bills discounted and purchased	15,000	Rent 720
Interest paid	9,540	Profit on bullion 1,440
Audit fees	6,000	Miscellaneous income 3,240
Loss on sale of Furniture	37,200	Depreciation Reserve on
Directors fees	1,440	Building 24,000
Salaries	42,300	Profit and Loss Balance 7,800
Deposit with other banks	90,000	
Branch adjustments	24,000	
	11,04,000	11,04,000

You are required to prepare Profit and Loss a/c and Balance Sheet after considering the following :

- 1) Provide rebate on bills discounted Rs. 5,000
- 2) Provide for bad debts Rs. 2,000
- 3) Provide for Income Tax Rs. 2,500
- 4) Liabilities on bills rediscounted Rs. 7,500
- 5) Depreciation on building for the year amounted to Rs. 5,000
- 6) Directors proposed a dividend of 8%
- 7) The market value of investment on Govt. bonds is Rs. 2,25,000. Show the Investment at its market value.



11. From the following balances of National General Insurance Company as on 31-03-2013. Prepare

- a) Fire Revenue A/c b) Marine Revenue A/c
c) Profit and Loss Account.

Provision for Unexpired Risk on 1-4-2012

Fire	Rs. 5,00,000
Marine	Rs. 16,40,000
Additional Reserve of fire on 1-4-2012	Rs. 1,00,000
Auditors fees	Rs. 2,400
Directors fees	Rs. 10,000
Share Transfer fees	Rs. 3,500
Claims paid : Fire	Rs. 3,80,000
Marine	Rs. 7,60,000
Bad debts	
Fire	Rs. 10,000
Marine	Rs. 24,000
Management expenses	
Fire	Rs. 2,90,000
Marine	Rs. 8,00,000
Commission paid	
Fire	Rs. 1,80,000
Marine	Rs. 2,16,000
Depreciation	Rs. 70,000
Interest dividends etc. received	Rs. 28,000
Difference in exchange (Cr.)	Rs. 600
Miscellaneous receipts	Rs. 10,000
Profit on sale of land	Rs. 1,20,000
Premium received	
Fire	Rs. 12,00,000
Marine	Rs. 21,60,000
Commission earned on Reinsurance ceded	
Fire	Rs. 60,000
Marine	Rs. 1,20,000

Provision for unexpired risk to be kept at 50% of Premium Received for Fire, and at 100% for Marine Dept. The additional Reserve in case of Fire Insurance is to be increased by 5% of net premium.