

APS COLLEGE OF COMMERCE
N.R.COLONY, BANGALORE
V semester B.Com
SUBJECT: ADVANCED ACCOUNTING

TIMINGS: 3 Hours

MAX MARKS: 70

SCHEME- Nov / Dec 2018

SECTION-A

- a) If bonus declared, neither paid to policy holder In in cash, nor utilized in reduction of premium due but paid along policy amount Called revisionary bonus.
- b) i. It helps to maintain the physical capital intact
ii. Balance sheet [exhibits a true and fair value of the financial firm
- c) IRDA= Insurance Regulatory and Development Authority.
- d)The two objective of form accounting are: of farming
 - a. To ascertain the true cost of each farming activity
 - b. To ascertain the profit in Each activity
- f) In case of cum interest on purchase accrued interest must be deducted
In case of ex-interest on purchase, no need to deduct the accrued interest

Crop account

Particular	Amt	particular	Amt
To opening stock		By wheat consumed by proprietor	15000
Wheat	89000	By grains consumed by live stock section	7500
Seeds	14000	By sales of wheat	792000
Fertilizer	16000		
To purchase		Wages paid in wheat	75000
Seeds	12000		
Fertilizer	18000		
To salary paid in		By closing stock	
Cash	115000	Wheat	60000
To wages paid in wheat	75000	Seeds	10000
Depreciation of farm machinery	3000	fertilizer	13000
Repairs of farm equipment	50000		
To gross profit	648000		
	1040000		1040000

2. calculation of rebate on bill discounted as on 31/3/2019

date	Amt	Period	rate	Rate on bill	Amt
13/1/19	75000	4 mnths	80%	$75000 \times 8.5\% \times 4/12$	2125
9/3/19	60000	3 mnths	8.75%	$60000 \times 8.75\% \times 3/12$	1312.5
16/3/19	40000	2 mnths	9%	$40000 \times 9\% \times 3/12$	600
					4037.5

Total rebate on bill discounted = 4037.5

3. calculation of rebate on bill

date	amt	Period	rate	Rate on bill	Amt
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12/5/15	25000	6 mnths	6%	25000*6%*42/365	172.60
5/5/16/	40000	4 mnths	8%	40000*8%*35/365	306.84
8/2/16	15000	3 mnths	9%	15000*9%*38/365	140.54
16/3/16	10000	2 mnths	7%	10000*7%*46/365	88.21
				Rebate on bill	708.19

12/11/15 – 12/5/16 = 42

5/1/16 – 5/05/16 = 35

8/2/16 – 8/5/16 = 38

16/3/16 – 16/05/16 = 46

4. trading and profit & loss A/c for the year ending 31/3/2016

Particular		amt	particular		Amt
To opening stock			By sales		
Cattle	60000		Dairy product	180000	
seeds	6500		Paddy	325000	
Fertilizer	12000		Cattle	75000	580000
Cattle seed	32000	110500	By drawing		
To crop expenses			Paddy	20000	
Labour	39000		Dairy product	10000	30000
Other direct exp	4000	43000	By closing stock		
To cattle exp			Cattle	330000	
Medicines	9000		Paddy	23000	
Labour	30000		Cattle feed	8000	
Daring exp	11000	50000	Fertilizer	3000	364000
To gross profit		770500			974000
		974000	By gross profit		770500
To general exp	8000				
To vehicles	23000				

(230000*10%)					
To interest (437000*8%)	34960	65960			
To net profit		704540			
		770500			

Balance sheet as on 31/8/2016

liabilities	amt	Asset	Amt
Capital 437000		Land	70000
Add : net profit 704540		Vechile 230000	
		Less dep 23000	207000
Less drawing		Cash	70000
Dairy 20000		Closing stock	
Paddy 10000	1111540	Cattle 330000	
Creditor	74500	Paddy 23000	
Loan form		Cattle feed 8000	
Bank 12000		Fertilizer 3000	364000
Add interest 34960	154960		
	1341000		1341000

5. net premium for the year ended 31st march 2017

Particular	fire	marine
Premium on direct business	4220000	6444000
Add : preinsurance accepted	775000	1510000
	4995000	7950000
Less : reinsurance ceded	1035000	2220000
	3960000	5730000

Add : reserve for unexpected risk on 1/4/16	1485000	4818000
	5445000	10548000
Less : reserve for unexpired risk		
(3960000 * 40%)	1584000	
(5730000 * 80%)		4584000
	3861000	5964000

7. computation of re computation of fund

Particular		Amt
Life fund before the adjustments		1225000
Add: bonus reduction of premium	126000	
o/s premium	445000	
Claims covered under reinsurance	25500	
o/s interest on investment	15000	
Provision for taxation	15200	625700
		1850700
Less : bonus id reduction of premium	125000	
Claims intimated but not paid	13400	
Agents commission to be paid	5800	144200
		1706500

1.

Sch:1 premium earned	1025000
Sch: 2 = Commission	24200
Sch: 3 = Operating Expenses	

Management Expenses + Bad debts		
8500 + 1800 =		86800
Sch: 4 = Benefit paid		
Claims	108500	
Bonus in reduction of premium		6300
Annuities		26300
Surrenders		61250

Revenue a/c for the year ending 31/3/2014

particular	SI NO	AMT
Premium Earned a	1	1025000
INCOME FROM INVESTMENTS		
Interest and dividend and rent		454000
OTHER INCOME		
Consideration for annuities granted		32300
Fines you revised of lapsed policies		1250
TOTAL CA	2	1512550
Commission	3	24200
operating Expenses.		86800
Income tax paid.		84000
TOTAL (B)	4	195000
Benefit Paid		202350
TOTAL (1)		202350
Surplus D= A-B-C		115200

2. Schedule 13 interest earned

Particular	Amt
Interest Earned. Interest & discount	260000

	5000
Less: Rebate on bills discounted	255000
Total	200000
	50000
Schedule 14: Other Incomes	70000
Rent	175000
	175000
Commission.	
Total	10000
Schedule 15: Interest Expenses	
Interest on deposit	
Total	
Schedule 16 operating Expenses	
Audit fees	
Salaries	50000
Director fees "printing Stationery	5000
Depreciation	7500
Other Expenditure	7500
Total	85000
Schedule 17: Provision and contingent	
Provision for bad debts	1250

Provision for income tax	2500
Total	3750

Canara bank ltd

Profit & loss account for year ending 31/3/2

Particular	schedules	Amt
Income		
Interest Earned	13	255000
other incomes	14	70000
B) expenditure.		
Interest Expended	15	175000
operating Expenses	16	85000
provision / Contingency (1250+2500)		3750
		263750
c) Profit (Loss		61250
C Net profit for Current year, (A-B		40000
profit brought froward		101250
D) Appropriation		
Transfer to Statutory Reserve @ 20%		12250
proposed dividend		30000
balance transferred to balance sheet		59000
		101250

Schedule 1 share capital

Share Capital	600000
Total	600000
Schedule-2 Reserve and Surplus	
Reserve fund	300000
Statutory Reserves,	12250
P/L a/c balance	59000
	371250
Total	
Schedule 3: Deposits.	
	800000
Deposits	
	800000
Total	
Schedule 4 Borrowings	
	75000
bank Borrowing from	
	75000
Total	
Schedule 5 Other Liabilities	
	5000
Rebate on Bills discounted	

	2500
Provision for tax	
	200000
Telegraphic transfer	
	10000
Bills payable	
Traveling letters of Credit	60000
	100000
Gift cheque	25000
provison fund	30000
Unclaimed dividend	
proffered dividend (600,000 X 5%)	732500
Total	
Schedule 6: cash in hand & with RBI	
Cash in hand	275000
Total	275000

Schedule 7: Balance with other bank	
Cash at bank money at Call	325000
Money at call and short notice.	275000

Total	600000
Schedule 8: Investments	
	175000
Investment	
	175000
Total	
Schedule 9: Advances loan, Cash Credit & DD (11,40,000 -1250)	1138750
	1138750
Total	
schedule 10 Fixed assets	
	250000
Building	40000
Furniture	
	290000
Total	
Schedule 11: Other asset	
	100000
Non banking asset	
	100000
Total	
Schedule 12. Contingent	
Liabilities for bills discounted	7500
Liability o/s an forward Exchange Contract	3000
Total	10500

Balance sheet for the year ending 31/03/02

Particulars	Schedules	Amount
Capital & Liabilities		
Share capital	1	600000
Reserve and surplus	2	371250
Deposits	3	800000
Borrowing	4	75000
Other liabilities/Provision	5	732500
		2578750
Assets		
Cash in hand with RBI	6	275000
Balance with other bank, money at call short notice	7	600000
Investment	8	175000
Advances	9	1138750
Fixed assets	10	290000
Other assets	11	100000
		2578780
Contingent liabilities		
Bills for collection	12	10500

10. Classification of farm activities

(1) Available natural resource base, including water land, grazing areas and forest, climate of which altitude is one important determinant landscape including slope; form Size, tenure and organization, and

(it) Dominant pattern of farm activities and household Livelihoods, including field Groff, livestock, times, aquaculture hunting and gathering processing and off-farm activities, and take and i into account the than technologies wild, which determine for intensity of production and integration of crops livestock could other activities.

b. Rebate on bills discounted. Refers to discount Earned on bill discounted for future period, it, bill that will mature after closing date of financial year. Its an income received in advance

3] Nonperforming assets. Nonperforming asset are those assets which bank doesn't acquire for being used in business. These assets come into hands of bankers when borrower who has given certain asset, al Security fails to repay Lean and to bank takes over there asset in satisfying in claims of defaulting borrower

12. Deepthi life insurance company

particulars	Rs	Rs
Claims by death		790000
Claims by maturity paid		360000
ADD :		
Annuities paid	290000	
Surrender value of policies paid	120000	
+ o/s surrender value	10000	
Bonus paid	99400	
+ further bonus declared in		
Reduction of premium	12000	
o/s claims by death intimated	65000	
Further claims by death intimated	20000	616400
Less:		
o/s claims 1/4/14	50000	
Claims by death covered under reinsurance	40000	140000
Total benefit paid		1626400

13. Market value of govt binds = $180000 * 98/100$
 Face value =180000 =176400

Calculation of interest accrued from 31/9/18 – 1/3/19 = $180000 * 10/100 * 5/12 = 7500$

Calculation of cost of purchase

particulars	Amount
Market value of govt bonds	176400
(-) interest accrued	7500
Ex – interest price	198900
ADD:	
Stamps duties (168900 * 25%)	4223
Taxes (168900 * 1.5%)	2534
Brokerage (176400 * 2%)	3528
Legal charges	200
Purchase (cost of govt bonds)	179385

14. Sch = 1= capital

Share capital	1000000
Total	1000000
Sch = 2 = reserve & surplus	
Statuary reserve fund	50000
Statutory reserve	43250
Surplus from A/c	129750
	673000
Sch = 2 = deposits	
Fixed and reserving deposits	750000
Current account	750000
Savings bank a/c	480000
Total	150000
Sch = borrowings	
Borrowings from SBI	300000

Total	300000
Sch = 5 other liabilities & provisions	
Rebate on bill discount	12000
Provision for doubtful debt	25000
Pension fund	50000
Total	87000
SCH = 6 = cash & cash balance in hand & RBI	
Cash in hand	500000
Total	300000
Sch = 7 balance with other bank & call short	
Cash at bank	150000
Total	150000
SCH – 8 investment	
Govt securities	800000
Total	800000
SCH – 9 advance & loans	
Bills discounted	150000
Loans cash credit and overdraft	1192000
total	1342000
Sch – 10 fixed assets	
Self locker and furniture	260000
Buildings	300000
Computers counting machines and printer	400000
Total	960000
Sch 110 their asset	
Stamps on hand	3000
Interest accrued	5000

Total	8000
Sch = 12 contingent liabilities	
Pending award	15000
Sch = 13 interest earned	
Interest discounted received	715000
(-)reduction on bills discount	12000
(+) interest accrued	5000
Total	708000
Sch = 14 other incomes	
Transfer fees	2000
Locker fees	3000
Commission and exchange	30000
Profit on sale on investment	10000
Total	45000
Sch = 14 interest expended	
Interest on deposits	155000
total	155000
Sch = 16 operating expensed	
Operating expenses	400000
Total	400000

Profit & loss a/c Lakshmi bank Ltd for the year ended 30/9/19

Particular	Sch no	Amount
1. Income		

Interest earned	13	708000
Other income	14	45000
Total A		753000
2. Expenses		
Interest expended	15	155000
Operating exp	16	40000
Provision for cosionment liability		25000
Total B		580000
3. Profit / loss		
Net profit / loss (A-B)		173000
Total		173000
4. Appropriations		
Statutory reserve (25% of NP)		43250
Balance transfer to B/S		129750
Total		173000

Lakshmi bank ltd
Balance sheet as on 31/3/19

liabilities	Sch no	Amount
Capital	1	1000000
Reserve and surplus	2	673000
Deposit	3	1500000
Borrowings	4	300000
Other laibility & provision	5	87000
Total liability		3560000
Cash & balance with RBI	6	300000
Balance with other bank & money call	7	150000
Investment	8	800000

Advance & loans	9	1342000
Total assets	10	960000
Other assets	11	8000
Total assets		3560000
Contingent liabilities	12	150000

15. Trail balance
Naga Gowda

particulars	amount	particulars	Amt
To opening stock livestock	590000	To sales	
Paddy	60000	Milk	304000
Cattle seed	25000	Paddy	526000
Fertilizers	22000	Livestock	90000
To purchase livestock	116000		
Fertilizers	27000	By drawing	
Seeds	12000	Paddy	30000
Cattle seed	68000	Milk	25000
To crop expenses	80000		
To livestock exp	99000	By closing stock livestock	350000
		Paddy	75000
		Cattle seed	30000
		Fertilezer	35000
To gros profit C/D	366000		
	465000		465000

Profit & Loss A/C

Particular	amt	particular	Amt
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To general exp	121000	By gross profit	366000
To dep (72000 + 20000)	92000		
To interest on loan	12000		
To profit b/d	141000		
	366000		366000

particular	amt	particular	amt
Capital	1052000	Tractor	360000
Netprofit	141000	(-) DEP	78000
(-) drawing	550000	Land	800000
Creditor	113000	Furniture	200000
Agricultural from SBI	660000	(-) DEP	20000
Amt payable	12000	Cash in hand	165000
		Closing stock	49000
	1923000		1923000

16. schedule 1 : Premium

Premium	120575
ADD : further bonus in reduction of premium	3000
ADD : premium outstanding	8000
LESS : reinsurance premium	6000
Total	215672
SCHEDULE 2 : commisiion	
Commission	26451

Total	26451
Schedule 3 : operating expenses	
Management Exp	19890
Total	19890
Schedule 4 : benfits paid	
Claims	
Less : claims covered under reinsurance	20000
Add : further claims intimed	8500
Claims by death	79980
Claims by matieral	36420
Annuities	29420
Surrender	21860
Bonus paid in cash	9450
Further bonus in reduce on premium	3000
Total	162630
Schedule 5 : share capital	
Share capital	400000
Less : preliminary exp	200
Total	399800
Schedule 8 investment	

Government securities	870890
Total	870890
Schedule 9 loans	
Mortgage loans	309110
Loans on company policies	200000
Total	509110
Schedule 10 fixed assets	
Freehold premium	500000
House properties	100000
Furniture	20000
Total	62000
Schedule 12 advances & other assets	
o/s premium	2500
Stamps on hand	400
Amount due from other insurance company	20000
Premium O/S	800
Total	30920
Schedule 13 : current liabilities	
Claims admitted but not paid	80300
Annuities due but not paid	22380
Claims further intimated	250
Re insurance premium due	6000

Total	110934
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Form A RA

The jayan life insurance company Ltd

Revenue account for the year ended 31/3/2016

Particular	Sch NO	Amt
Premium	1	215527
Interest dividend & rent (55461 - 3060)		52400
Consideration for annuities granted		10620
Other		92
Total (A)		278685
commsiion		26541
Operating EXP		19890
Total (B)		46431
Benefit paid		162630
Total (C)		182630
Surplus (D) = A – B – C		69624
Appropriation :		
Dividend paid		20000
Balance being funds for further appropriations		49624
Total (D)		58624

Form A : BS

Balance sheet as at 31/3/2016

Source of funds	schedules	Amt
Share holders fund		
Share capital	5	399800
Reserve & surplus	6	
Borrowings	7	
Policy holder fund		
Balance of funds		
Life assurance funds		1470562
Funds for appropriations		49624
Total		1919986

17. a) locker rent = schedule = 14 interest earned

b) demand deposits = schedule - 3 – deposits

Bills purchased and dislanted = schedule – 9 advance

Tax deducted at source = schedule - 5 – other liability and provision

Salary to employess - schedule - 16 operating exp

18. Schedule 1 Premium

Premium	280000
Total	280000
schedule 2 commission	
Commission	25000
Total	25000
Schedule 3 operating exp	
Administration and general exp	54000
Dep on furniture	3000
Total	67000

Schedule 4 benefits paid	
Claims under policies by death	60000
Claims under policies by maturity	100000
Surrender	20000
Total	180000
Schedule 5 share capital	
Share capital	1200000
Total	120000
Schedule 6 reserve & surplus	
Investment floatation a/c	10000
+ surplus	140000
Total	150000
Schedule 8 borrowings investment	
Government securities	1000000
Total	1000000
Schedules 9 loans	
Loan on mortgage	560000
Loan on policies	300000
Total	860000
Schedule 10 fixed assets	
Free hold property & furniture	103000
Total	103000
Schedule 12 advance & other assets	
Agent balances	3600
o/s premium	24000
Interest accrued but not due	3000

Total	30600
Schedule 13 current liabilities	
Sundry creditors	5600
Claims admitted but not paid	6000
Total	116000