

**APS COLLEGE OF COMMERCE
N.R.COLONY, BANGALORE
B. Com. Examination, December – 2019
(F + R) (CBCS) (2016-17 and Onwards)**

COMMERCE

5.5: Elective – I : Advanced Accounting

TIMINGS: 3 Hours

MAX MARKS: 70

Q-2 - merits and demerits of inflation accounting.

Merits:-

1. Since assets are shown at current values balance sheet exhibits a fair view of the financial position of a firm.
2. Depreciation is calculated on the value of assets to the business and not on their historical cost.
3. Profit and loss account will not overstate business income.
4. Inflation accounting shows current profit based on current prices.
5. Profit and loss is determined by matching the cost and the revenue at current values.
6. Financial ratios based on figures adjusted to current value are more meaningful.
7. Inflation accounting gives correct information based on current price to the workers and shareholders.

Demerits:-

1. The system is not acceptable to income tax authorities.
2. Too much calculation main complications.
3. Changes in price are never ending process.
4. The account of depreciation will be lower in time of deflation.
5. The profit calculated on the system of price level accounting may not be realistic profit.

Ans 3 .

Date of bills	No. of days including 3 days grace.	amount	No. of days after 31/3/20	Rate of interest
15/1/20	18/6/20	20000	79 days	12%pa.
10/2/20	13/6/20	15000	74 days	13%pa.
20/3/20	23/5/20	10000	53 days	14%pa.

Rebate on bills discount

$$20000 * 79/365 * 12/100 = 519$$

$$15000 * 74/365 * 13/100 = 395$$

$$10000 * 53/365 * 14/100 = 203$$

$$\text{unexpired discount} = 1117$$

4 Ans. **Crop account for the year ended 31/3/2020**

Particulars	Amount	Particulars	Amount
To opening stock		By sales of wheat	792000
Wheat – 89000		By wages paid in	75000
Seeds - 14000		wheat	15000
Fertilizer – 16000	119000	By wheat	
To purchase		consumed by the	75000
Seeds-12000		proprietor	
Fertilizer-18000	30000	By grains	
To salary paid in	115000	consumed by live	
cash	75000	stock	
To wages paid in		By losing stock	83000
wheat		Wheat – 60000	
To depreciation on	3000	Seeds – 10000	
farm machinery		Fertilizer- 13000	
To repair of farm	50000		
equipments	648000		
To gross profit			
	1040000		1040000

5 Ans. **Schedule 4 benefits paid**

Particulars	Amount
Claims by death	841200
Annuities	161800
Surrenders	225600
Bonus in cash	15600
Bonus in reduction of premium	20400
Future bonus in reduction of premium	10000
	<hr/>
	1274600
(-)-claims recovered under reinsurance	95000
Total	1179600

SECTION C

7 Ans. Schedule 13 interest & earned discount.

Particulars	Amount
Interest & discount 256000	255620
(-)unexpired discount 380	8000
Interest accrued on investment	
TOTAL	263620

SCHEDULE -14 Other incomes Nil

SCHEDULE- 15 Interest expended Nil

SCHEDULE- 16 Operating expenses

Particulars	Amount
Salary to staff	56000
Director fee	3600
Rent rate & taxes	4600
General expences	54800
Total	119000

Shri Keshava bank Ltd.

Profit & loss account for the year ended 31/3/20

Particular	Schedule	Amount
Ist		
Interest earned	13	263620
Other income	14	Nil
		263620
(A)		
Ind		
Expenditure:	15	Nil
Interest expended	16	119000
Operating expenses		119000

(B)		119000
IIIrd Profit and loss account		144620
Net profit for the year		32000
Profit on 1/4/19		<hr/> 176620
(c)		36155
IVth Appropriations		34000
Transfer to statutory reserve (144620 * 25%)		106465
Interim dividend		<hr/> 176620
Profit c/d		
(d)		

Schedule – 1 – capital

Particular	Amount
Share capital	1000000
total	1000000

Schedule – 2 – reserve & surplus

Particulars	Amount
Reserve funds	500000
Statutory reserve	36155
profit	106465
Total	642620

Schedule – 3 – deposits

Particular	Amount
Current deposit	200000
Fixed deposit	250000
Saving bank deposit	100000
Recurring deposit	40000
Total	590000

Schedule – 4 – Borrowing Nil

Schedule – 5 – other liabilities and provisions

Particular	Amount
Rebate on bill discount	380
Total	380

Schedule – 6 – cash in hand & with RBI

Particulars	Amount
cash in hand & with RBI	386000
total	386000

Schedule – 7 – cash at bank and money at call and short notice

Particulars	Amount
money at call and short notice	160000
Total	160000

Schedule – 8 – investment

Particulars	Amounts
Investments in gov. security.	800000
Total	800000

Schedule – other assets

Particulars	Amount
Stationary	17000

Interest accrued environment 8000
Total 25000

SHRI KESHAVA BANK LTD.

Balance sheet as on 31/3/2020

Capital & liabilities	Schedule	Amount
Capital	1	1000000
Reserves & Surplus	2	642420
Deposits	3	590000
Borrowings	4	-
other liabilities & provisions	5	380
		2233000
Total		
Assets	6	386000
Cash in hand & with RBI	7	160000
money at call& short notice	8	900000
	9	662000
Investment	10	100000
Loans & Advances	11	25000
Fixed Assets		2233000
OTHER ASSETS	12	115000
TOTAL		2000
CONTINGENT LIB.		10000
PROFIT ON REL.OF ASSETS	60000	
INVESTMENT FLUC. A/C		
CLAIM UNDER POLI.BY DEATH	100000	
	560000	
CLAIM UNDER POLI.BY MATURITY	300000	
	103000	
LOANS ON MOR.	3600	
LOANS ON POLI.	-	5600
FREEH.PROP.& FURNITURE	24000	
	25000	
AGENTS BALANCE		
SUNDARY CREDITORS	3000	
OUTSTANDING PREMIUM COMMISSION		280000
	20000	6000
INTEREST ACCRUED BUT NOT CLUE PREMIMUM		50000
	3000	70000
	54000	

CLAIMS ADMITTED BUT NOT PAID SURRENDER CONSI. FOR ANNU. INTEREST ,DIVIDENT & RENT DEPRECIATION ON FURNITURE ADMINISTRATION & GENE.EX. CASH AT BANK	168000	
Total	2423600	2423600

8 Ans. Prepare revenue acc. For the year ended 31 st march 2018 & balance sheet on dates

Schedule – 1 – premium 280000

Schedule – 2 – commission – 25000

Schedule – 3 – operating - 57000

Schedule – 4 – benefits paid

Claims under policies by death	60000
Claims under policies by maturity	100000
Surrenders	20000
Total	180000

Schedule – 5 – share capital – 1200000

Schedule – 6 - resrve & surplus - 10000

Schedule - 7 – borrowing - Nil

Schedule – 8 - investment – 1000000

Schedule- 9 – loans – 860000

Schedule 10 – Fixed assets – 103000

Schedule - 12 – advance and other assets

Schedule – 13 – current liabilities

FORM - A (REVENUE ACCOUNT)

Indian life assurance society

Particular	Schedule	Amount
Premium	1	280000
Interest , rent		70000
Consideration for annu.		50000
Total		402000
Commission	2	25000
Oper.exp.	3	57000
Total		
Benef. Paid	4	180000
Total		180000
Surplus		140000
Appropriation		
Balance being funds 4 future		140000

FORM – B (BALANCE SHEET)

Particular	Schedule	Amount
SOURCE of funds		
Share funds	5	1200000
Reserve	6	10000
		1210000
Borrowing	7	-
Policy holder funds		
Life assurance funds		800000
Bala.being funds for future		140000
Total		2150000
Application of funds	8	1000000
Investment	9	860000
	10	103000

Loans		
Fixed assets		
	11	
Current assets	12	168000
Cash & bank hand		30600
Advance & others assets		198600
<u>Total</u>		<u>187000</u>
Non current asset	15	2150000
Misl. Expenses		
Total		

9 Ans .

Particulars	Fire	Marine
Prem. Less re insurance	748000	594000
(+) O/S premium	60000	30000
on 31/3/14	52000	34000
(-) O/S premium on	756000	590000
1/4/13	420000	480000
Net premium	120000	20000
(-) unexpired risk on	1296,000	1090000
1/14/13		
(+) additional risk on		
1/4/13		

Schedule 2 claims

particulars	fire	Marine
Claims paid	204000	174000
+ claims o/s on 31/3/14	92000	34000
	292000	208000
(-) claims o/s 1/4/13	48000	22000
Total	244000	186000

Schedule 3 commission

Particular	Fire	Marine
Commission	124000	102000
(-) commission on reinsurance added	26000	
Total	98000	102000

Schedule 4 operating expenses

Particular	fire	Marine
Management	172000	136000
Total	172000	136000

Form B - RA

Particular	Schedule	fire	Marine
Premium	1	766800	441000
Total (A)		766800	441000
Claims	2	244000	186000
Commission	3	98000	102000
Operating expenses	4	172000	136000
Total (B)		514000	424000
Operating profit (A-B)		252800	17000

Form b – P&L a/c

Profit and loss for the year ended 31/3/20

Particular	Amt
Operating profit fire	252800
Operating profit marine	17000

Income from investment	
Interest & dividend on interest -126000	
(-) loss o sale of investment - 16000	110000
Total	379800
Other expenses	
Depreciation	72000
Audit fees	26000
Directors fees	72000
Total	170000
Profit before tax (A-B)	209800
Tax	
Profit carries forward to b/s	209800

10. trading account for the year ended 31/3/20

Particular	Crop	Livestock	particular	crop	livestock
To opening livestock		150000	By sales LIVESTOCK		48000
Paddy	60000		Paddy	212000	
Cattle ferd		11000	Milk		157000
Fertilizer	5000		By drawing milk		6000
Seeds	3000		Paddy	9500	
To purchase			By closing stock		
Livestock		30000	Livestock		132000
Cattle seed		60000	Cattle feed		6000
fertilizer	16000		Fertilizer	3500	
seeds	5800		Seeds	3000	

To crop exp	50400				
To livestock expenses		12500			
To gross profit	878800	85500		228000	349000

Profit & loss a/c for the year ended

Particular	amt	particular	Amt
To repairs of equipment	12000	By gross profit (87800 + 85500)	173300
To general expenses	11700		
To depreciation on farm equipment ' (170000 * 10%)	17000		
To depreciation on land & building (300000 * 5%)	15000		
To net profit	117600		
	173300		173300

Kumar Farm

Balance sheet as on 31/38/2020

Liabilities	Amt	Assests	Amt
Sundry creditors	30000	Debtors	25000
o/s expenses	4400	Farm equipment 12000	
Capital 481800		(-) dep 17000	153000
(-) drawings 15500	466300	Land & Building 30000	
Bills payable	5200	(-) dep 15000	285000
Net profit	117600	Closing stock	144500
		Cash in hand	7500
		Cash at bank	8500

	623500		623500
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11, ans premium earned

particulars	Amt
Premium received reinsurance	690000
(+) premium o/s on 31/3/20	8000
	698000
(-) premium o/s on 1/4/19	10000
Net premium	688000
(+) reserve for unexpired risk 1/4/19	350000
(+) additional reserve 1/4/19	40000
	1078000
(-) reserve for unexpired risk 688000 * 50%	344000
(-) additional reserve (688000 * 5% = 34400 + 40000)	74400
Total premium	659600

b) short Notes on

Reversionary, bonus:

Bonus declared of Premium amount neither pares to policy has del in cark was utilised in reduction due but paid a long with policy amount On maturity is carried reversionary bonus

b) General Insurances :

General Insurance e insurance for valuables, other than our life and header General Insurance Covers the insures against damage. loss theft of your valuables

c) Consideration for annuity granted = An annuity Consideration or premium is the money tun individual pays to an insure Company to fund an annuity or receive stream of annuity payments.

d) Annuities: An annuity is a contract between you and an insurance Company in which you make a lump-sum payment or series of payment and in-return receive regular or at some point in the future