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4 (Sem 4) ADAC

2013

COMMERCE

Advanced Accounting

(Major)

Paper : 405

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

Answer as directed : $1 \times 10 = 10$

(i) Which of the following is maintained by a bank under double entry principle ?

(a) Bills Register

(b) Bill discounted and purchase ledger

(c) Bills for Collection Register

(d) Safe deposit Vault Register.

Contd.

- (ii) A bank is required to show 'Investment in India' under _____ classifications.

Fill in the blank selecting the correct option from below :

- (a) Two
- (b) Four
- (c) Five
- (d) Six

- (iii) From the point of view of the insurance company which had gone for reinsurance, the amount of claim to be borne by the reinsurer is termed as _____.

Fill in the blank.

- (iv) Any Interim Bonus paid by an insurance company to the policyholders is shown in _____ Account.

Fill in the blank.

- (v) Write *one* feature of 'cum-interest' in the context of Investment Account.
- (vi) What is Stock Salvage in the context of 'Insurance claim' ?

- (vii) Write the meaning of 'Consolidated Fund of India'.

- (viii) In case of Union (Central Government) the 'Contingency Fund' remains at the disposal of :

- (a) President of India
- (b) Prime Minister
- (c) Finance Minister
- (d) Reserve Bank of India.

- (ix) There are _____ important Parliamentary Committees formed by Parliament for control of Public Expenditure. Fill in the blank selecting the correct answer from below :

- (a) 3
- (b) 5
- (c) 7
- (d) 9

- (x) Write one objective of Committee on Public Undertakings (COPU).

2. Answer the following : 2×5=10

- (a) Mention the classification of Bank's Sub-standard Advances along with the required Rate of Provision.
- (b) Explain the meaning of 'Non-banking Assets' of a bank.
- (c) Explain the meaning of 'Re-insurance claim' of an insurance company.
- (d) Mention the accounting treatment of the following items in the accounts of General Insurance Company
 - (i) Contribution to fire brigade
 - (ii) Legal charges.
- (e) Mention *any four* objectives of Government Accounting.

3. (a) Explain the features of Government Accounting. 5

Or

Explain the General principles of Government Accounting. 5

(b) Mention briefly the system of Financial Administration in India. 5

Or

Write a note on Government Accounting Standards Advisory Board. 5

(c) A fire occurred on 30.04.2013 in the premise of Soma Ltd. The information available from the books of the company is as below :

(a) Income / Expenses from 01.04.2013 to 30.04.2013 :

	Rs.
Sales	: 7,00,000
Cost of Goods sold	: 5,50,000
Purchases	: 5,70,000
Direct labour and expenses	: 30,000

(b) Value of Inventory on 01.04.2013 : 80,000

(c) Salvage value of stock : 5,000

You are required to calculate the amount of claim to be lodged in case of loss of inventory assuming whole of inventory was insured. 5

Or

Describe the procedure to be followed to lodge claim before insurance company for indemnification of loss of stock due to fire.

5

- (d) Rohit purchased 500, 10% Debentures of Star Cement Ltd from Mr. Mohit on 01.06.2012 @ Rs. 95.00 cum-interest.

Interest is payable on 30th June and 31st December each year. Record this transaction in the books of Rohit and Mohit on 01.06.2012.

5

Or

Distinguish between Cum-interest and Ex-interest in the context of investment account.

5

- ✓ 4. From the following information, prepare the Profit and Loss Account of Yes Bank Ltd for the year ended 31-03-2013.

①

	Rs.
✓ Establishment Expenses	50,000
✓ Rent and Taxes	15,000
✓ Interest on Loan	3,00,000
Interest on Current Accounts	30,000

Interchange Fee Paid	400
✓ Rebate in bills discounted on 1-4-2012	25,000
✓ Interest on Cash Credit Accounts	4,00,000
✓ Interest on Fixed Deposit Accounts	3,00,000
✓ Interest on Savings Bank Deposits	70,000
✓ Commission charged to customers	20,000
✓ Discount on bills discounted	1,00,000
✓ Interest on Overdrafts	70,000
✓ Auditor and Director's Fees	20,000
ATM Charges	2,000
Transfer to Central Government	5,000
Miscellaneous Operating Expenses	50,000

You are also required to show the amount carried over to Balance Sheet of the Bank. 10

Or

Write short notes on :

- (a) Conditions for recognition of an advance / Loan as Non Performing Assets.
- (b) Rebate on Bills Discounted. 5+5=10

5. Prepare Revenue Account of India Life Insurance Ltd for the year ended on 31st March, 2013 from the following information :

	Rs.
Life Fund as on 01.04.2012	61,00,000
- First Year Premium	2,00,000
- Renewal Premium	5,00,000
+ Outstanding Premium 31-03-2013	20,000
(-) Re-insurance Premium	40,000
Interest, Dividends and Rent (Gross)	1,00,000
- Loss on sale of Investment	2,000
- Fair Value change (Credit)	3,000
- Consideration for Annuities Granted	50,000
- Transfer Fees	1,000
- Fines and Fees	5,000
Interest on late payment of Premium	7,000
+ Commission on Direct Business	15,000
+ Commission on Reinsurance Accepted	7,000
- Commission on Reinsurance Ceded	4,000
- Medical and Audit Fees	11,000
- Printing and Stationery	6,000

Operating Expenses 70,000

Claims Paid : By Death 1,20,000

By Maturity 2,10,000

Re-insurance claims covered 30,000

Annuities Paid 25,000

Net liability on all contracts :

on 31.03.2012 20,00,000

on 31.03.2013 30,00,000

Transfer 30% of surplus to shareholders' Account and 10% of surplus to the Catastrophe Reserve and carry forward the balance amount. 10

Or

Prepare a Balance Sheet of Trust General Insurance Company in FORM B-BS as per the statutory requirement showing columns for Schedule No, Current year and Previous year with imaginary figures. 10

6. On April 1, 2012 Assam Company held Rs. 2,00,000, 6% Debentures of IDBI Bank which appeared in the books at Rs. 1,93,000. Interest is payable on April 31 and October 31 each year. On July 1, 2012, additional debentures of Rs. 50,000 of IDBI bank were bought at

Rs. 98 cum-interest. On December 31, 2012, Rs. 50,000 Debentures were sold at Rs. 101 cum-interest.

You are required to show the Investment Account for the period ending on March, 31, 2013. 10

Or

(a) What is Investment Accounting? Give the classification of Investment as per AS-13. 2+3

(b) Explain the features of Investment Account. 5

✓ 1. A fire occurred on 30th September, 2012 in the premise of M/s ABC Ltd. From the following information, calculate the amount of claim to be lodged with the insurance company for the loss of stock.

②

	Rs.
Stock at cost : on 01.01.2011	: 45,000
on 01.01.2012	: 35,000
Purchases during 2011	: 2,00,000
Sales during 2011	: 3,00,000
Purchases during 01.01.2012 to 30.09.2012	: 3,00,000
Sales during 01.01.2012 to 30.09.2012	: 4,40,000

Consider that

- (i) In 2012 the cost of purchases has risen by 20% over the levels prevailed in 2011.
- (ii) In 2012 the selling prices have gone up by 10% over the levels prevailed in 2011.
- (iii) Salvage value of stock : Rs. 3,000 10

Or

Explain the following terms used in insurance claims :

- (a) Average Clause
- (b) Consequential loss
- (c) Insurance claim and
- (d) Period of indemnity. 2½×4=10