

(b) Differentiate between Government Accounting and Commercial Accounting. Also write down the objectives of Government Accounting.
8+6=14

(c) Explain the procedure to ascertain the amount of claims against loss of stock and loss of profit.

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2023

COMMERCE

Paper : COMHE5116

(Group-A)

(Advance Financial Accounting)

Full Marks : 80

Pass Marks : 32

Time : Three hours

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

1. Choose the correct answer of the following :
1×6=6

- (a) In India life insurance business was nationalised in the year
- | | |
|-------|------|
| (i) | 1938 |
| (ii) | 1972 |
| (iii) | 1956 |
| (iv) | 1999 |

(b) The tenure for the 'money at call and short notice' is

- (i) 5 to 6 days
- (ii) 3 to 4 months
- (iii) 14 to 54 days
- (iv) 3 to 31 days

(c) Banking companies are governed by the Banking Regulation Act,

- (i) 1949
- (ii) 1956
- (iii) 2000
- (iv) 1938

(d) _____ is empowered, under the Constitution, to appoint the Comptroller and Auditor-General.

- (i) The Prime Minister of India
- (ii) The Chief Justice of India
- (iii) The President of India
- (iv) The Chief Election Commissioner of India

(e) Annuities are shown in Revenue Account in Schedule 4 under the head

- (i) other income
- (ii) commission
- (iii) premium earned-net
- (iv) benefits paid

(f) _____ is the certain amount of money (called consideration) which is payable to the insurance company for effecting the insurance and also for keeping the insurance contract in force.

- (i) Premium
- (ii) Sum assured
- (iii) Commission on insurance
- (iv) Surrender value
- (g) Investment account is a
 - (i) personal account
 - (ii) real account
 - (iii) nominal account
 - (iv) None of the above

- (h) Current investment is valued at
- cost price
 - fair value
 - cost or fair value whichever is lower
 - None of the above
- (i) Average clause is applicable in case of
- underinsurance
 - overinsurance
 - full insurance
 - All of the above
- (j) Loss of profit policy is also known as
- consequential loss policy
 - abnormal loss policy
 - Both (i) and (ii)
 - None of the above

2. Answer the following questions : **(any five)**
2×5=10

- What is the meaning of non-banking asset?
- What are the *four* main legislations to control and regulate insurance business in India?
- What are the classification of investment as per AS-13?
- What are different types of risks that a business entity can claim under general insurance policies?
- What is government accounting?
- Write *two* features of general insurance company.
- Give *two* examples of fixed income bearing securities.

3. Answer **any six** of the following questions :
5×6=30

- What is core banking? What are its facilities to the customers?

(b) What are the features of Government Accounting?

(c) What is insurance? What are the types of insurance?

(d) Dena Bank discounted bills of the face value of Rs. 8,00,000 for Rs. 7,68,000 on Jan 3, 2019. Of the total discounts, Rs. 11,572 pertain to the next accounting year 2019-20. Show Journal entries to be passed at the time of discounting the bills. Also show the opening entry in the books of the bank at the beginning of the next year.

(e) On 01.06.21 Mr. Dev Kumar purchased from Mr. Dixit 600, 12% debentures of XY Ltd. @ Rs. 95 cum-interest. Interest is payable on 30th June and 31st December each year. Record this transaction in the books of both the parties on 01.06.21.

(f) What are the general duties of the Comptroller and Auditor-General relating to accounts and audit?

(g) Write down the procedure for determination of 'amount of claim for loss of profits'.

(h) A fire occurred on the midnight of 30th September, 2021 in the premises of M/s. Bhumika Ltd. From the following figures, calculate the amount of claim to be lodged with the insurance company for loss of stock :

	(Rs.)
Stock at cost on 1.1.20	45,000
Stock at cost on 1.1.21	35,000
Purchases during 2020	2,00,000
Purchases from 1.1.21 to 30.9.21	3,00,000
Sales during 2020	3,00,000
Sales from 1.1.21 to 30.9.21	4,40,000

You are informed that —

(i) In 2021 the cost of purchases has risen by 20% over the levels prevailing in 2020;

(ii) In 2021 the selling prices have gone up by 10% over the levels prevailing in 2020; and

(iii) salvaged value is Rs. 3,000.

(i) From the following figures, calculate the benefits paid as per Schedule 4 to policyholders by a life assurance co. for the year ended on 31st March, 2021:

	(Rs.)
Claims by death paid	3,70,000
Claims by maturity paid	8,40,000
Bonus in cash	8,600
Annuities paid	3,18,000
Bonus in reduction of premium	12,400
Interim bonus paid during the year	6,000
Surrender	65,300
Outstanding death claims as on 31.3.20	28,000
Outstanding death claims as on 31.3.21	59,000

(ii) Write down the procedure of ascertaining loss of stock.

4. Answer **any two** of the following questions :
10×2=20

(a) A fire occurred on 25 April, 2021 in the premises of CARELESS Ltd. The information available from the books of the company is as below :

	(Rs.)
Value of inventory on 1.1.21	50,000
Purchases from 1.1.21 to 25.4.21	3,00,000
Direct labour payment	75,000
Direct expenses paid	50,000
Sales from 1.1.21 to 25.04.21	5,50,000
Gross profit ratio is 20% on sales	
Salvage value of stock	4,000

Prepare a statement showing the amount of claim to be lodged in case the loss of inventory assuming the whole inventory was insured.

(b) From the following particulars, you are required to prepare the Fire Revenue Account of United India Insurance Company, for the year ended on 31st March, 2021 :

	(Rs.)
Claims paid	4,20,000
Claims outstanding on 1.4.2020	42,000
Claims intimated and Accepted but not paid	65,000
Premiums received	10,60,000
Re-insurance premium	1,80,000
Commission on direct business	2,20,000
Claims intimated but not Accepted on 31.3.2021	8,000
Commission on :	
Re-insurance ceded	12,000
Re-insurance accepted	6,000
Expenses of management	2,80,000
Reserve for unexpired risk on 1.04.2020	3,90,000
Additional reserve for unexpired risk on 1.04.2020	40,000
Bonus in reduction of premium	15,000

You are asked by the management to provide for additional reserve for unexpired risk at 1% of the net premium in addition to the opening balance.

(c) Explain in detail the procedure for accounting for investments in variable income bearing securities.

(d) Write down different statutory and registers to be maintained by a banking company.

5. Answer **any one** of the following questions : 14

(a) During the year ended on 31st March, 2022, X Ltd. entered into the transactions in respect of the following investment in equity shares :

1.04.21 Purchased 6,000 equity shares of Rs. 10 each in P Ltd. at Rs. 15 each

1.10.21 P Ltd. made a right issue of one share for every 2 shares held at Rs. 10 per share. Right sold in the market for Rs. 4 per share

31.12.21 Received interim dividend for the year ended on 31.03.2022 @ 12% on shares in P. Ltd.

Prepare Investment Account in the books of X Ltd.