

2022

5. Answer any one of the following questions : 14

(Held in 2023)

(a) On 1-4-2021, Ashoka Ltd. had ₹ 3,00,000, 6% Government Stock at ₹ 94 (face value ₹ 100). Interest is payable half yearly on 31st March and 30th September each year. The company sold ₹ 90,000 of the stock at ₹ 95 ex-interest on 1-6-2021.

COMMERCE

Paper : COMHE5016

(Advanced Financial Accounting)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

The figures in the margin indicate full marks for the questions

(b)

(b) Explain the general principles of Government Accounting.

1. Choose the correct answer of the following :

1×6=6

(a) Provision against loss assets is required to be made at _____ percent.

(i) 50

(ii) 20

(iii) 80

(iv) 100

(b) Consideration for annuities granted is a source of _____ for life insurance company.

(i) income

(ii) expenditure

(iii) loss

(iv) reserve

(c) The closing stock on the day of fire is ascertained by preparing _____ Account.

- (i) Trading
- (ii) Profit and Loss
- (iii) Income and Expenditure
- (iv) Memorandum Trading

(d) Marketable securities are of _____ types.

- (i) two
- (ii) three
- (iii) four
- (iv) five

(e) The capital division of Government Accounts consists of capital _____ and capital expenditure.

- (i) receipts
- (ii) income
- (iii) profit
- (iv) revenue

(f) Income on non-performing assets is to be recognised on _____ basis.

- (i) cash
- (ii) accrual
- (iii) assets
- (iv) profit

2. Answer the following questions : 2x5=10

- (a) Define standard assets in case of banking company.
- (b) What is commission on re-insurance accepted?
- (c) Give the meaning of cum-interest.
- (d) What is short sales?
- (e) What is non-performing asset?

3. Answer any six of the following questions : 5x6=30

(a) Yes Bank Ltd. discounted the bills of the face value ₹ 4,00,000 for ₹ 3,84,000 on January 11, 2021 of the total discount, ₹ 5,786 pertain to the next accounting year i.e. 2021/22.

Show Journal Entries to be passed at the time of discounting the bills. Also show the opening entry at the beginning of the next year i.e. April 1, 2021.

(b) Explain briefly the special features of Bank Accounting.

(c) Mention any ten statistical/subsidiary books to be maintained by an Insurance Company.

(4)

(d) State the objectives of Government Accounting.

(e) On 30th April, 2021, Mr. A purchased 1000, 12% Debentures of B Ltd. of ₹ 100 each at ₹ 98 ex-interest. Interest on debenture is payable half yearly on 30th June and 31st December each year. Brokerage and other expenses were ₹ 2,000.

Pass Journal Entries in the books of Mr. A relating to the above investment for the year ending on 31st March, 2022.

(f) State the procedure for determination of amount of loss of stock.

(g) Explain briefly any five features of Government Accounting.

(h) A fire occurred in the premises of Agni on 25th August, 2022 where a large part of the stock was destroyed. Salvage was ₹ 15,000. Agni gives you the following information for the period January 1, 2022 to 25th August, 2022 :

(i) Purchases ₹ 85,000

(ii) Sales ₹ 90,000

(iii) Goods costing ₹ 5,000 were taken by Agni for personal use

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(Continued)

(5)

(iv) Cost price of stock on January 1, 2022 was ₹ 40,000

Over the past few years Agni has been selling goods at a consistent gross profit margin of $33\frac{1}{3}\%$. The insurance policy was ₹ 50,000. It includes average clause.

You are required to prepare a statement of claim to be made on the Insurance Company on behalf of Agni.

(i) The life fund of an LIC was ₹ 86,48,000 as on 31st December, 2021. The interim bonus paid during the inter-valuation period was ₹ 1,48,000. The periodical actuarial valuation determined the net liability at ₹ 74,25,000. Surplus brought forward from the previous valuation was ₹ 8,50,000. The directors of the company proposed to carry forward ₹ 9,31,000 and to divide the balance of the surplus between the shareholders and the policy holders.

You are required to show—

(i) the valuation Balance Sheet;

(ii) the net profit for the valuation period;

(iii) the distribution of surplus.

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(Turn Over)

4. Answer any two of the following questions :

10×2=20

(a) Explain in detail the procedure of accounting for investment in fixed income bearing securities.

(b) A fire occurred in the premises of B & Co. on 1-9-2021 and stock of the value of ₹ 1,01,000 was salvaged. The books of accounts and records were saved from which the following informations were obtained :

- (i) Purchase for the year ended 31-3-2021, ₹ 7,00,000
- (ii) Sales for the year ended 31-3-2021, ₹ 11,00,000
- (iii) Purchase from 1-3-2021 to 1-9-2021, ₹ 2,40,000
- (iv) Sales from 1-3-2021 to 1-9-2021, ₹ 3,60,000
- (v) Stock on 31-3-2020, ₹ 3,00,000
- (vi) Stock on 31-3-2021, ₹ 3,40,000

Further, it is provided that the stock on 31-3-2021 was overvalued by ₹ 20,000.

Calculate the amount of claim to be presented to the Insurance Company in respect of losses. Rate of Gross profit is to be based on the year ended 31-3-2021.

(c) From the following particulars prepare a Fire Revenue Account of United India Insurance Company for the year ended 31-3-2022 :

- (i) Fire fund as on 1-4-2021, ₹ 1,40,000
- (ii) Claims paid, ₹ 80,000
- (iii) Re-insurance claim paid, ₹ 10,000
- (iv) Management expenses, ₹ 20,000
- (v) Commission on direct business, ₹ 20,000
- (vi) Premium ₹ 2,00,000
- (vii) Re-insurance premium, ₹ 12,000
- (viii) Legal expenses regarding claim, ₹ 2,000
- (ix) Survey expenses, ₹ 1,000
- (x) Commission on re-insurance ceded, ₹ 2,000
- (xi) Profit on sale of investment, ₹ 1,000
- (xii) Interest and dividend, ₹ 20,000
- (xiii) Income tax thereon, ₹ 2,000
- (xiv) Additional fire fund as on 1-4-2021, ₹ 30,000
- (xv) Contribution to fire brigade, ₹ 1,000
- (xvi) Outstanding claims, ₹ 5,000
- (xvii) Commission on re-insurance accepted, ₹ 1,000