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SUBJECT CODE NO: - C-3054
FACULTY OF COMMERCE AND MANAGEMENT
B.COM. (CBCGS) (Pattern-2018-22) T.Y. SEM V
Examination October / November 2024
Advanced Financial Accounting - I

[Time: 3:00 Hours]

[Max. Marks : 80]

Please check whether you have got the right question paper.

N. B

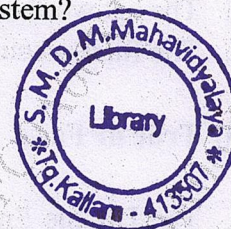
- 1) Question No. 1 is compulsory.
- 2) Attempt any Four questions from the remaining six questions.
- 3) Use of calculator is allowed

Q1

A) Multiple Choice Questions

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1. Which of the following is a feature of the Double Entry System?
 - a) Only one entry is recorded
 - b) Debit and credit entries are made for each transaction
 - c) Only income transactions are recorded
 - d) None of the above
2. Which of the following is included in the legal provisions for a bank?
 - a) Income Tax Returns
 - b) Non Performing Assets
 - c) Dividend Declaration
 - d) Stock Portfolio
3. The Net Worth System is applicable in which type of accounting?
 - a) Single Entry System
 - b) Double Entry System
 - c) Banking Account
 - d) Investment Account
4. In insurance accounting, what does 'Re-insurance transactions' refer to?
 - a) Premium paid by policyholders
 - b) Claims received by policyholders
 - c) Insurance policies ceded to another company
 - d) Insurance premiums collected from customers
5. Which accounting method is used for closing investments?
 - a) FIFO method
 - b) Average cost method
 - c) LIFO method
 - d) Weighted average method



B) Answer in one sentence

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1. Define 'Single Entry System'.
2. What are 'Non Performing Assets' in banking?
3. What is 'Reserve Fund' in banking?
4. Explain 'Underwriting' in Insurance.
5. Define 'Closing Investment Account'.

**C) Fill in the Blanks**

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1. The _____ system is considered the basic accounting system for small businesses.
2. A _____ is a legal obligation of a bank to honour its customer's instructions.
3. The re-insurance transactions account for the risk _____ by one company to another.
4. The net worth system is used in the _____ Entry System of accounting.
5. The final accounts of a bank are prepared as per _____ stated.

D) True or False

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1. The Double Entry System of accounting is more reliable than the Single Entry System.
2. The Final Accounts of insurance companies are the same as those of other businesses.
3. The FIFO method is used for calculating depreciation.
4. For an insurance company, the claims are shown on the revenue account.
5. Rebate on bills discounted is an expense for a bank.

Q2 The following are the balances extracted from the books of **ABC Bank Ltd.** as on 31st March 2023: **15**

Particulars	Amount (₹)
Share Capital	10,00,000
Reserves and Surplus	5,00,000
Deposits	50,00,000
Borrowings	10,00,000
Bills Payable	2,00,000
Other Liabilities	1,00,000
Cash and Bank Balances	5,00,000
Investments	20,00,000

Loans and Advances	40,00,000
Fixed Assets	2,00,000
Other Assets	1,00,000
Interest Earned	6,00,000
Other Income	1,00,000
Interest Expended	4,00,000
Operating Expenses	1,50,000

Q3 The following Balance appeared in the Books of Mutual Benefits General Insurance Co. Ltd. as on 31.03.2019. **15**

Particulars	Fire (₹)	Marine (₹)
Claims Paid	2,00,000	1,40,000
Outstanding Claims on 1.4.2018	50,000	10,000
Reserve for Unexpired risks (on 1.4.2018)	2,50,000	2,00,000
Additional Reserve (1.4.2018)	1,00,000	-
Premium Received	7,00,000	4,00,000
Commission Paid	25,000	15,000
Expenses of Management	60,000	30,000
Reinsurance Premium (Dr.)	35,000	10,000
Bad Debts	10,000	17,500
Survey Expenses	5,000	7,500
General Items :		(₹)
Fixed Assets 1.4.2018		50,000
Directors Fees		1,00,000
Auditors Fees		25,000
Share Transfer Fees		5,000
Interest and Dividend Received		1,60,000
Difference in Exchange (Cr.)		2,000
Provision for taxation 1.4.2018		3,00,000
Income tax paid during the year		2,50,000
Miscellaneous Receipts		10,000

Additional Information :

- Claims outstanding on 31.3.2019: Fire ₹ 20,000, Marine ₹ 5,000.
- Premium outstanding on 31.3.2019: Fire ₹ 75,000, Marine ₹ 50,000.
- Depreciate on Fixed Assets @10% p.a. on opening balances.
- Interest Receivables ₹ 10,000.
- The Directors have decided that the provision for taxation should stand at ₹ 1,50,000 as at 31.3.2019.

- vi) Provide for Additional reserve in case of Fire insurance at 5% of Net premium income in addition to the opening balance.

Prepare in the prescribed forms :

- Fire Revenue Account
- Marine Revenue Account, and
- Profit and Loss Account for the year ended 31.3.2019.



Q4 Mr. Mahendra does not maintain has books of account by double entry system. **15**
However, he provided the information Assets and Liabilities as follows –

Particulars	Amount as on 01.04.2021	Amount as on 31.03.2022
Cash at Bank	2000	5,000
Stock in Trade	1,04,000	1,57,000
Debtors	1,52,000	1,84,000
Bills Receivable	54,000	61,000
Plant and Machinery	2,20,000	2,60,000
Creditors	1,84,000	1,95,000
Bills Payable	88,000	94,000

- (1) During 2021-22 Mr. Mahendra received Rs. 25000 as interest on his private investment which he deposited in the Bank account of his business.
 - (2) His drawing during the year 2021-22 amounted Rs. 24,000.
 - (3) Interest on opening capital balance is to be provided at 5 % & charged on drawing at 10 %
 - (4) During 2021-22 Mr. Mahendra has used goods of Rs. 7000 for his domestic purpose.
- Prepare statement showing profit or loss during 2021-22.

Q5 On 15th May 2021, a limited Co. purchased at ₹ 89 ⁷/₈ x-d ₹ 20,000 3% **15**
Government loan (interest payable 1st June and 1st Dec.) the bank charges being 1/4 percent and on 1st Aug. 2021, it also invested at par ₹ 10,000 in 3% Port Trust Bond (interest payable 1st Feb. and 1st August)

Give the two Investment Account and the interest A/c in the Company's Ledger for 2021.

Q6 Explain the Single Entry System in detail. Discuss its advantages and **15**
disadvantages.

Q7 Write short notes on any three of the following (5 Marks each):

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1. Types of insurance
2. Meaning and features of the Double Entry System
3. Cloud Accounting System
4. Legal Provisions in Banking
5. Role of Artificial Intelligence in Accounting

