



SE – 428

VI Semester B.Voc. Examination, September 2020
(CBCS) (F+R)(2018-19 and Onwards)
RETAIL MANAGEMENT
Paper – 6.2 : Advanced Accounts

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written in **English** only.

SECTION – A

Answer **any five** of the following sub-questions. **Each** carries **two** marks. (5×2=10)

1. a) Give the meaning of general insurance.
- b) State any two merits of Inflation accounting.
- c) What is pre-acquisition profit ?
- d) What do you mean by statutory liquidity ratio ?
- e) What is re-insurance ?
- f) State the meaning of accounting for price level changes.
- g) What is meant by insurance claims ceded ?

SECTION – B

Answer **any three** of the following. **Each** question carries **six** marks. (3×6=18)

2. Distinguish between life insurance and general insurance.
3. While preparing the final accounts of Banking Company, under which schedule the following appears ?
 - a) Interest on investment.
 - b) Revenue reserve
 - c) Borrowings in India
 - d) Interest accrued
 - e) Salaries
 - f) Government securities.

P.T.O.



4. From the following details prepare Revenue accounts of the Life Assurance Company Ltd., for the year ended 31-3-2018.

	₹
Claims by death	76,140
Claims by maturity	30,110
Premiums	7,05,690
Transfer fees	129
Consideration for annuity	82,127
Annuity paid	53,461
Bonus paid in cash	2,416
Expenses of management	31,920
Commission	9,574
Interest, dividend etc.	97,840
Income tax	35,710
Surrenders	13,140
Bonus reduction of premium	980
Dividend paid to shareholders	5,500
Life Assurance fund at beginning	15,21,000

5. X Ltd. provides the following details :

	₹	Index
Stock on 1-4-2017	500	100
Purchased during 2017-18	3,000	160 (Average)
Stock on 31-3-2018	800	200

Calculate cost of sales and closing inventory value for CPP purposes, under
(a) LIFO Method. (b) FIFO Method.



6. From the following particulars prepare the Fire Revenue Account for the year ending 31st March 2019 :

	₹
Claims paid	2,35,000
Legal expenses regarding claim	5,000
Premiums received	6,00,000
Re-insurance premiums	60,000
Commission	1,00,000
Expenses of management	1,50,000
Provision against unexpired risk (1-4-2018)	2,60,000
Claims unpaid (1-4-2018)	20,000
Claims unpaid (31-3-2019)	35,000

SECTION - C

Answer **any three** of the following. **Each** question carries **14** marks. **(3×14=42)**

7. From the following particulars of Star Insurance Company Limited. Prepare revenue account for fire and marine business and profit and loss account for the year ending 31-3-2018 and balance sheet as on that date :

	₹		₹
Investments	4,06,980	Share capital	4,00,000
Free hold premiums	3,06,412	(4,000 share of ₹ 100 each)	
Lease hold	12,604	Claims admitted but	
Agents balances	46,212	not paid :	
Sundry debtors	17,918	Fire	4,620
Income tax on interest and dividend	4,513	Marine	7,808



Claims paid and outstanding :		Creditors	44,962
Fire	1,02,412	Due to re-insurances :	
Marine	2,61,512	Fire	2,471
Expenses of management :		Marine	4,143
Fire	96,512	Interest and dividends	19,512
Marine	1,42,218	Other receipts premium	2,807
Commission :		received :	
Fire	34,921	Fire	3,56,418
Marine	62,857	Marine	8,59,960
Interest accrued	919		
Office furniture	14,761		
Preliminary expenses	90,212		
Cash and bank balance	1,01,738		
	17,02,701		17,02,701

Provision for unexpired risk is to be made at 50% of premium received for the fire insurance business and 100% of premium received for marine business.

8. What is inflation accounting ? Explain its objectives, merits and demerits.
9. From the following balances, prepare the balance sheet of Lucky Bank Ltd. as on 31-3-2017 :

	₹		₹
Share capital		Money at call	9,00,000
(2,000 shares)	2,00,000	Profit and loss	
Premises	1,00,000	account (Cr.)	45,000
Rebate on bills discounted	5,000	Investments	7,00,000
Travellers cheque	2,00,000	Bills purchased	15,00,000
Deposits	56,00,000	Acceptances for	
Loans	22,00,000	customers	5,00,000
Reserves	3,00,000	Bills for collection	4,00,000
Cash in hand	30,000	Depreciation fund on	
Cash with other banks	4,50,000	premises	10,000
		Cash with RBI	5,20,000
		Pension fund	40,000



The following were completely omitted while the above balances were calculated . They should be adjusted suitably.

- a) Travellers cheque paid ₹ 10,000
- b) Money at call recovered ₹ 20,000.

10. The following trial balance was extracted from the books of National Life Assurance Company Ltd., as on 31st March, 2017.

Particulars	Dr. (₹)	Cr. (₹)
Share capital		3,20,000
Life assurance fund 1-4-2016		59,44,600
Dividend paid	30,000	
Interest and dividend received		2,25,400
Premium received		2,03,000
Surrenders	14,000	
Claims paid	3,94,000	
Commission	18,600	
Management expenses	64,600	
Mortgage in India	9,84,400	
Agent balances	18,600	
Free hold premises	80,000	
Investments	46,10,000	
Loan on company's polices	3,47,200	
Cash deposits	54,000	
Cash in hand	14,600	
Bonus to policy holders	63,000	
	66,93,000	66,93,000

You are required to prepare the company's Revenue Account for the year ended 31-3-2017 and its Balance Sheet as on that date.

**Adjustments :**

	₹
1) Claims admitted but not paid	18,600
2) Premium outstanding	24,000
3) Interest accrued	38,600
4) Management expenses due	400

11. 'H' Ltd. acquired 8,000 shares of ₹ 10 each in 'S' Ltd., on 31-12-2018. The summarized balance sheet of 'H' Ltd., and 'S' Ltd. were as follows :

Particulars	H Ltd.	S Ltd.
	₹	₹
Liabilities :		
Share capital (shares of ₹ 10 each)	2,00,000	1,00,000
Reserves	10,000	15,000
Profit and Loss A/c	5,000	4,500
Bank loan	—	12,000
Creditors	40,000	20,000
Bills payable	2,000	1,000
Total	2,57,000	1,52,500
Assets :		
Machinery	60,000	45,000
Furniture	2,000	4,000



Investments :

Shares in S Ltd.	98,000	—
Stock	42,000	65,000
Debtors	18,000	27,000
Bills receivable	1,000	1,500
Cash	36,000	10,000
Total	2,57,000	1,52,500

On the date of acquisition of shares by H Ltd. The 'S' Ltd. had undistributed profit ₹ 1,500 and reserves amounted to ₹ 5,000. Prepare the consolidated balance sheet.

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