

**ST. JOSEPH'S COLLEGE (AUTONOMOUS) BENGALURU-27**  
**MID SEMESTER EXAMINATION- AUGUST 2019**  
**B.COM - V SEMESTER**

**BCDEA 5616: ACCOUNTING FOR OTHER COMPANIES**

**TIME: 1 Hour**

**MAX. MARKS: 30 Marks**

**SECTION A**

**Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)**

- 1) Define Banking Companies according to Banking Regulation act.
- 2) While preparing the final accounts for banking companies under which schedule the following appears?
  - a. Profit on the revaluation of Investment
  - b. Share premium
  - c. Premises
  - d. Audit fees
- 3) What is Statutory Reserve of a Banking company?
- 4) Prepare 'Interest Earned' Schedule with the following information:
  - a. Interest on loans Rs 3,000
  - b. Discount on Bills Discounted Rs 2,000
  - c. Interest on Overdrafts Rs 200
  - d. Commission Rs 3,000
  - e. Transfer fee Rs 100
- 5) Explain 'Principal of Indemnity'.
- 6) Explain 'Principle of UBERRIMAE FIDEI'.
- 7) Write short note on:
  - a. Insurance policy
  - b. Re-insurance

**SECTION B**

**Answer any TWO of the following questions. Each question carries five marks. (2x5=10)**

- 8) Explain five regulations of Banking Companies.
- 9) From the following information, prepare Profit and Loss Account of Bhandan Bank Ltd. for the year ended 31<sup>st</sup> March 2019.

Interest on Loans	25,00,000
Interest on Fixed Deposits	27,00,000
Commission	82,000
Rebate on Bills Discounted	5,00,000
Salaries and Allowances	5,00,000
Discount on Bills Discounted (Net)	14,00,000
Interest on Cash Credit	22,00,000
Depreciation on Bank's Property	4,00,000
Rent and Rates	2,00,000
Interest on Overdraft	15,00,000
Director's Fees	30,000

Audit Fees	50,000
Interest on Saving Deposits	7,00,000
Postage	14,000
Printing and Stationery	29,000
Sundry Expenses	15,000

**Note:**

- Bad debts written off Rs 3,80,000.
- Provision for taxation may be made at 35%.
- Transfer 25% of profits to Statutory Reserve and provide Rs 3 lakhs for dividends

10) Calculate the premium earned for the year ending 31<sup>st</sup> March 2019 from the following for fire insurance company

Premium received less reinsurance	Rs 13,00,000
Premium outstanding on 1 <sup>st</sup> April 2018	Rs 1,00,000
Premium outstanding on 31 <sup>st</sup> March 2019	Rs 8,000
Reserve for unexpired risks on 1 <sup>st</sup> April 2018	Rs 50,000
Additional reserve on 1 <sup>st</sup> April 2019	Rs 10,000

It is the policy to maintain 50% of premium towards reserve for unexpired risk. Additional reserve is to be increased by 5% of net premium.

**SECTION C**

Answer the following compulsory question. The question carries ten marks. (1x10=10)

11) Following details extracted from Agni Insurance Company Ltd

Particulars	Fire	Marine
Directors fee	3,200	1,000
Profit on sale of land	60,000	---
Commission on reinsurance ceded	30,000	60,000
Share transfer fee	800	100
Bad debts recovered	1,200	150
Depreciation	35,000	20,000
Auditors fee	3,000	1,000
Bad debts	5,000	12,000
Commission paid	90,000	1,08,000
Additional reserve as on 1 <sup>st</sup> April 2018	50,000	1,00,000
Premium less reinsurance	6,00,000	1,08,000
Management expenses	1,45,000	4,00,000
Interest and dividend received	14,000	20,000
Miscellaneous receipts	5,000	
Reserve as on 1 <sup>st</sup> April 2018	2,50,000	8,20,000
Claims paid	1,90,000	3,80,000
Legal expenses regarding claims	4,000	1,000
Claims outstanding at the end of the year		2,000
Claims outstanding at the beginning of the year		3,000

**Note:**

- Additional reserve in case of fire insurance is to be maintained by 5% of net premium in addition to the usual reserve 50% for the fire and 100% for marine.
- Prepare Revenue account
- Prepare Profit and Loss account