E 5285 (Pages : 4) Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2018

Fifth Semester

Core Course 14—SPECIAL ACCOUNTING

(Common for Model I, Model II and UGC Sponsored B.Com. Degree Programmes)

[2013 Admission onwards]

Time : Three Hours Maximum Marks : 80

Part A

Answer **all** *questions.*
Each question carries 1 *mark.*

1. What do you mean by non banking assets ?
2. What is short sale ?
3. State the purpose of valuation balance sheet.
4. Write notes on Rebate on Bills Discounted.
5. Mention the concept of SLR.
6. Narrate the meaning of Bonus in reduction of premium.
7. What is double insurance ?
8. Explain contingent liability.
9. How will you calculate cost of goods sold ?
10. Describe the term Non Performing Assets.

(10 × 1 = 10)

Part B

Answer any **eight** *questions.*
Each question carries 2 *marks.*

11. Explain loss on profiting policy.
12. Write four items which are recorded in realisation account.
13. Give a specimen for investment account.
14. What do you mean by fire insurance policy ?
15. How are advances classified for determining provision for bad debts ?
16. What do you mean by insolvency of a partner ?
17. What is valuation balance sheet ?
18. What do you mean by Dissolution of a firm ?

Turn over

19. Explain the purpose of Average clause.

20. Find out the value of stock burnt by fire from the following particulars :

    A fire broke out in a factory on 1st July 2012. Opening stock on 1st January, 2012 was Rs. 50,000. Purchases up to the date of fire were Rs. 1,00,000. The rate of gross profit on sales is 25 %. Sales up to the fire amounted to Rs. 75,000.

21. On 1st December 2015, a purchased 200, 6 % debentures of Rs. 100 each @ Rs. 104 ex-int per debenture. He paid ½ % brokerage in this connection. Interest is payable on 30th June and 31st December each year. Pass journal entries in the books of A.

    A closes his books on 31st December each year.

22. Claims paid during the year Rs. 32,00,000. Claims outstanding at the beginning of the year Rs. 1,60,000. Re-insurance claim Rs. 1,80,000. Expenses on claim Rs. 30,000, Claims intimated and accepted but not paid at the end of the year Rs. 1,20,000, Claims intimated but not accepted at the end of the year Rs. 90,000.

    Calculate the amount of claims to be debited in the Revenue account.

$(8 \times 2 = 16)$

Part C

Answer any **six** *questions.*
Each question carries 4 *marks.*

23. Under what circumstances can a partnership firm are dissolved ? Explain the procedure for settlement of accounts amongst partners after dissolution.

24. Explain average clause on insurance policy by taking an imaginary illustration.

25. What is the meaning of Investment ? Write the merits of investing in securities.

26. What are the features of Insurance Account ?

27. What is slip system of posting ? What are its advantages ?

28. From the following information, calculate the amount of premium to be credited to Revenue Account :

    Premium received during 2013-14—Rs. 42,00,000.

    Outstanding premium on 31.03.2014—Rs. 3,20,000.

    Premium received in advance on 31.3.2014—Rs. 1,80,000.

    Outstanding premium on 1.4.2013 —Rs. 2,40,000

    Premium received in advance on 1.4.2013— Rs. 1,10,000.

    Bonus in reduction of premium adjusted—Rs. 60,000.

    Reinsurance premium for the year—Rs. 3,00,000.

29. On 31st March 2014, the Life Assurance Fund of Chiranjeevi Life Assurance Company stood at Rs. 1,48,60,000. Its net liability as per actuarial valuation as on that date was Rs. 86,00,000. A dividend of Rs. 8,00,000 was payable to the share holders for the year 2013-14.But an interim bonus of Rs. 4, 50,000 was paid to the policy holders during the two year period ending 31st March 2014.

Prepare a valuation balance sheet and a statement showing the bonus now available to the policy holders

30. On 31st March 2014 ,the books of Bharatiya Bank Ltd., had the following balances among other things :

Rebate on bills discount at (1-4-2013)—Rs. 76,000.

Discount received during 2013-14—Rs. 8,40,000.

The rate of discount of the bank during the year was 16 %. On investigation and analysis the average due date of bills discounted during the year was 25th May 2014.

Show the amount of discount to be credited to profit, if the total of bill purchased and discounted on 31st March 2014 is Rs. 16,00,000. Also give journal entries.

31. The cheap stores Ltd, deals in provisions, prepare accounts annually to 31st Dec. The ratio of gross profit to sales is constant throughout. On 30th April, 2013, the stock was destroyed by fire. The books and records were saved and from these the following information was obtained:

Stock including old stock (all at cost) :
31st December, 2011—Rs. 900
31st December, 2012—Rs. 2,200
Purchases 2012—Rs. 22,510.
Sales 2012—Rs. 30,300.
Purchases January to April 2013—Rs. 8,350.
Sales January to April 2013—Rs. 10,400

You are required to ascertain the value of stock destroyed.

(6 × 4 = 24)

Part D

Answer any **two** *questions.*
Each question carries 15 *marks.*

32. Discuss the features of Investment account and also explain the terms, cum-div and ex-div in relation to investment accounts and show how the purchase and sale of investment at these prices are recorded in ledger accounts.

33. Prepare the Balance Sheet of Trust India Insurance Ltd. with all schedules using imaginary figures.

34. A, B and C are partners in a firm and share profits and losses equally. They dissolved the firm on 31st, March 2014. On this date the Balance Sheet of this firm was as under :

Particulars		Rs.	*Particulars*		Rs.
Creditors	...	60,000	Fixed Assets	...	1,00,000
Capitals :			Current Assets	...	40,000
A — 30,000			Cash	...	10,000
B — 30,000					
C — 30,000	...	90,000			
	Total	1,50,000		*Total*	1,50,000

10 % less than book value was realised from assets. Creditors were paid in full.

Dissolution expenses amounted to Rs. 500 which were paid in cash. An amount of Rs. 500 was paid for contingent liabilities for which no provision was made in the books of accounts.

Prepare necessary ledger accounts.

35. From the following information, prepare profit and loss account of Aryan Bank Ltd. for the year ended on 31st March 2014. (Rs. In '000)

		Rs.
Interest on loans	...	300
Interest on Fixed Deposit	...	275
Commission	...	10
Exchange and Brokerage	...	20
Salaries and allowances	...	150
Discount on bills (Gross)	...	152
Interest on cash credits	...	240
Interest on TOD in current account	...	30
Interest on Saving Bank Deposit	...	87
Postage, Telegram and Stamps	...	10
Printing and Stationery	...	20
Sundry Expenses	...	10
Rent	...	15
Taxes and Licenses	...	10
Audit fees	...	10

Additional information :

(a) Rebate on bills discounted Rs. 30,000.

(b) Salary to managing Director Rs. 30,000.

(c) Bad debts Rs. 40,000.

(d) Provision for Income Tax 45 %.

(e) Interest of Rs. 5,000 on doubtful debts wrongly credited to interest on loans account

Working should form part of your answer.

(2 × 15 = 30)