

Reg. No.....

Name.....

**B. COM. DEGREE END SEMESTER EXAMINATION - MARCH 2020****SEMESTER – 4: COMMERCE (CORE COURSE)****COURSE: 15U4RCOM10: SPECIAL ACCOUNTING***(For Regular - 2018 Admission and Supplementary / Improvement 2017, 2016, 2015 Admissions)*

Time: Three Hours

Max. Marks: 75

**SECTION – A***Answer **all** questions. Each question carries **two** marks.*

1. Explain reversionary bonus.
2. What is meant by valuation balance sheet?
3. What do you mean by contingent liabilities in the case of banking companies?
4. What do you mean by Reserve for unexpired risk?
5. Explain statutory reserve.
6. What are the objectives of farm accounting?
7. List three items of expenses and incomes of Hospital
8. What do you mean by bills for collection?
9. State the differences between Cum-Interest and Ex-Interest transaction.
10. On 31<sup>st</sup> January 2019, Bhimi Purchased from Vimi four 6% ₹ 100 debentures of the Vimal Ltd at Rs110.5%cum interest; interest being payable on 1<sup>st</sup> June and 1<sup>st</sup> December each year. How will you record the transaction in the books of Bhimi and Vimi, if each party had to pay bank commission of 25 paise per cent on face value? (2 × 10 = 20)

**SECTION – B***Answer any **five** questions. Each question carries **five** marks.*

11. Explain the difference between Life insurance and General insurance.
12. What do you mean by Slip System of Posting? Explain its advantages and Disadvantages.
13. Fire occurred in the premises of Gharib Dass on 1<sup>st</sup> April 2010 and a considerable part of the stock was destroyed. The stock salvaged was ₹ 56,000. A fire insurance policy for ₹ 3,42,000 was taken to cover loss of stock by fire. You are required to ascertain the insurance claim which the company should claim from the insurance company for the loss of stock by the fire from the following particulars:

	₹
Purchase for the year 2009	18,76,000
Sales for the year 2009	23,20,000

Purchase from the 1 <sup>st</sup> January, 2010 to 1 <sup>st</sup> April, 2010	3,64,000
Sales from 1 <sup>st</sup> January, 2010 to 1 <sup>st</sup> April, 2010	4,80,000
Stock on 1 <sup>st</sup> January, 2009	2,88,000
Stock on 31 <sup>st</sup> December, 2009	4,84,000
Wages paid during the year 2009	2,00,000
Wages paid during 1 <sup>st</sup> January, 2010 to 1 <sup>st</sup> April, 2010	36,000

Fire also broke out on 21<sup>st</sup> December, 2009 and stock destroyed stock of the estimated cost of ₹ 1,00,000.

There was a practice in the concern to value stock at cost less 10%, but all of a sudden this practice was changed and stock on 31<sup>st</sup> December, 2009 was valued at cost plus 10%.

14. The revenue account of a life insurance company shows the life assurance fund on 31<sup>st</sup> March 2019 at ₹ 62,21,310 before taking into account the following items. Calculate Life Assurance fund after taking into account the omissions. Also pass rectifying entries.

Claims covered under reinsurance	₹ 12,000
Bonus utilized in reduction of life insurance premium	₹ 4,500
Interest accrued on securities	₹ 8,260
Outstanding premium	₹ 5,420
Claims intimated but not admitted	₹ 26,500

15. Ravi purchased 500 ordinary shares of ₹ 100 each in the XYZ Co. Ltd. For ₹62,500 inclusive of brokerage and stamp duty. Some years later the company resolved to capitalize its profit and to issue to the holders of ordinary shares. One ordinary share as bonus for every share held by them. Prior to the capitalization the shares of XYZ Ltd. Were quoted at ₹ 175 per share. After the capitalization the shares were quoted at ₹92.50 per share. Ravi sold the bonus shares and received at ₹ 90 per share. Show the investment account in Mr. Ravi's book.

16. Calculate rebate on Bills Discounted as on 31<sup>st</sup> March 2019

Date of the bill	Amount	Period of the bill	Rate of discount
20.01.2019	80,000	5 months	16%
10.02.2019	50,000	4 months	18%
15.03.2019	60,000	2 months	15%

17. From the information given below; prepare "Cattle Account" to ascertain the profit made by the cattle division.

	No	Value (₹)
Opening stock of livestock	100	2,00,00
Closing stock of livestock	118	2,42,000
Opening stock of cattle food		4,000
Closing stock of cattle food		5,000
Purchase of cattle during the year	180	3,70,000
Sale of cattle during the year	175	4,38,000
Sale of carcasses	5	1,000
Purchase of cattle food		40,000
Wages for rearing cattle		10,000

Crop with ₹ 11,100 grown in the farm was used for feeding the cattle. Out of the calves born 4 died and their carcasses realised ₹ 100. (5 × 5 = 25)

### SECTION – C

Answer any **three** questions. Each question carries **ten** marks.

18. Explain the characteristics of farm accounting and also prepare "Crop account with the help of the following information

	Opening stock	Purchase	Closing stock
Wheat	5000	0	4000
Seeds	1000	600	700
Fertilizers	15000	900	800
Wages in cash 5,800		Wages paid in kind by giving wheat 4600	
Sale of wheat - 35,400		Wheat consumed by the proprietor – 1,600	
Depreciation on farm machinery – ₹ 2,000			

19. Revenue account of a life insurance company discloses a surplus of ₹ 50,00,000 on 31<sup>st</sup> March 2019 before taking the following

- i. A claim of ₹ 1,00,000 was intimated and admitted but not paid during the year
- ii. A claim of ₹ 70,000 outstanding in the books for 5 years is written back
- iii. Interest on securities accrued ₹ 8,000
- iv. Rent of the building occupied ₹ 20,000
- v. Premium of ₹ 6,000 is payable under reinsurance
- vi. Reinsurance recoveries ₹ 2,60,000
- vii. Bonus in reduction of premium ₹ 1,00,000
- viii. Agent's commission to be paid ₹ 80,000

Pass the necessary journal entries for the above omissions and recomputed the correct surplus for the year.

20. From the following prepare the Profit and loss account of B BANK Ltd as on 31/3/2019

Interest on loan	3,00,000	Interest on fixed deposits	2,75,000
Exchange & brokerage	20,000	Commission	10,000
Salaries and allowances	1,50,000	Discount on Bills (Gross)	1,52,000
Interest on cash credits	2,40,000	Interest on Overdraft	30,000
Interest on savings a/c	87,000	Postage	10,000
Sundry expense	10,000	Rent	15,000
Printing and stationery	20,000	Taxes and licenses	10,000
		Audit fee	10,000

Consider the following

Rebate on bills discounted required Rs 30,000, Salary to MD ₹ 30,000 Bad debt to be written off amounted to ₹ 40,000, Provision for taxation may be made @45% , interest of ₹ 5000 on doubtful debts was wrongly credited interest on loan account. Profit of previous year amounts to ₹ 17,000.

21. On first January, 2019 Mr. CA had 10,000 equity shares of ₹ 10 each in Viva Ltd purchased with ₹ 1,25,000. On 15<sup>th</sup> May, 2019 Viva Ltd made a bonus issue of one fully paid share for every two shares held. In addition, on the same day right shares were issued at 3 for every 5 shares held on that date at a premium of ₹ 3, ₹ 7 to be paid on application and balance in call after a month. These shares are not to rank for dividend for the year ending 30<sup>th</sup> June, 2019. 2000 right shares were taken up by Mr. CA, balance rights being sold at ₹ 2 each on 25<sup>th</sup> May, 2019. On 15<sup>th</sup> October, 2019, the company declared a dividend of 20% for the year ending 30<sup>th</sup> June 2019. Prepare investment account in the book of Mr. CA ignore income tax.

22. A fire occurred on new year ie 1.1.2019 and dislocation period extend for 3 months. From the following information, prepare a statement of claim under a loss of profit policy.

a) Sales in 2015	1,00,000
b) Sales in 2016	1,20,000
c) Sales in 2017	1,44,000
d) Sales in 2018	1,72,800
e) Net profit in 2018	10,000
f) Insured standing charges	7,280
g) Sales from 1.1.2018 to 31.3.2018	43,200
h) Sales from 1.1.2019 to 31.3.2019	11,840
i) Policy value	50,000

j) There was no reduction in standing charges during the dislocation period nor were there any additional costs. (10 x 3 = 30)

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