

Name.....Reg. No.....

B. COM. DEGREE END SEMESTER EXAMINATION MARCH 2017

SEMESTER - 4: COMMERCE (CORE COURSE)

COURSE: 15U4CRCOM11, SPECIAL ACCOUNTING

(For Regular - 2015 Admission)

Time: Three Hours

Max. Marks: 75

SECTION - A

*Answer **all** questions. Each question carries **two** marks.*

1. What are non-performing assets of banks?
2. What do you mean by Statutory Reserve?
3. Distinguish between Life Insurance and General Insurance.
4. How does a life insurance company ascertain its profit?
5. What is Investment Ledger? Discuss the purpose of maintaining investment ledger.
6. On 1st April, 2015 Y Ltd. had `3,00,000 6% Government stock at `94 (face value `100). Interest is payable half yearly on 31st March and 30th September. The company sold `90,000 of the stock at `95 ex-interest on 1st June, 2015. Draw up 6% Government stock account in the investment ledger of the company for the year ended 31st March 2016. Ignore brokerage and income tax. The stock was quoted at `96 ex-interest at the stock exchange on that date.
7. What is under insurance?
8. What is insured standing charges?
9. What are the uses of accounting information in agricultural farm?
10. What are the features of farm accounting in India?

(2 × 10 =20)

SECTION - B

*Answer any **five** questions. Each question carries **five** marks.*

11. How does rebate on bills discounted arise and how it is brought into record? Explain this with a suitable example.
12. On 15th May 2015, the godown of a limited company was destroyed by fire. The records of the company revealed the following particulars

Stock on 1-1-2014	76,500
Stock on 31-12-2014	81,900

Purchases during 2014	3,10,000
Sales during 2014	4,00,000
Purchases from 1 st January 2015 to the date of fire	75,000
Sales from 1 st January 2015 to the date of fire	1,00,000

It was the practice of the company to value stock at 10% less than cost price. Stock salvaged was ₹6,000. The policy was for ₹50,000 and subject to average clause.

Calculate the claim for the loss of stock.

13. What important points should be kept in mind in preparing the final accounts of Life insurance companies?

14. On 1st April, 2015, XY & Co. held 9% debentures in AB Ltd. of face value ₹10,000 at cost of ₹8,000. Market value on that date was ₹9,000. Interest is payable on 31st December every year. On 1st December 2015 debentures of nominal value ₹6,000 were purchased for ₹5,000 ex-interest and on 31st December 2015 debentures of nominal value of ₹2,000 were sold cum-interest for ₹1,900. On 1st January 2016 debentures of nominal value ₹6,000 were bought at ₹5,800. The market value of the debentures on 31st March 2016 was ₹90.

Make out Investment Account in the books of XY and Co. showing profit or loss on sale of investment. Stocks on 31st March every year are valued at lower of cost and market price.

15. From the following information of PQR Ltd., compute the provisions to be made in the Profit and Loss Account:

Assets	₹ In lakhs
Standard	20,000
Sub-standard	16,000
Doubtful: For one year (secured)	6,000
For two years and three years (secured)	4,000
For more than three years (secured by mortgage of plant and machinery ₹600 lakhs)	2,000
Loss Assets	1,500

16. From the following information prepare 'Crop Account' to ascertain the profit made by the crop division of the farm.

Opening Stock:		Sale of wheat	35,40
Wheat	5,00	Wheat consumed by the	0
Seeds	0	proprietor	1,600
Fertilizers	1,00	Depreciation on farm	2,000
Purchases:	0	machinery	
Seeds	1,50	Closing stock:	4,000
Fertilizers	0	Wheat	700
Wages:		Seeds	800
Paid in cash	600	Fertilizers	
Paid in kind by giving	900		
wheat			
	6,80		
	0		
	4,60		
	0		

17. A life insurance company gets its valuation made once in every two years. Its Life Assurance Fund on 31st March, 2016, amounted to `41,40,000 before providing `30,000 for the shareholders dividend for the year 2015-16. Its actuarial valuation due on 31st March 2016 disclosed a net liability of `40,40,000 under assurance annuity contracts. An interim bonus of `60,000 was paid to the policy holders during the year ending 31st March 2016. Prepare a statement showing the amount now available as bonus to policy holders.

(5 × 5 = 25)

SECTION - C

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

18. Explain the following:
- Slip system of posting
 - Reinsurance
 - Bonus shares and right shares
 - Average clause
19. The following are the figures extracted from the books of PQR Bank Ltd. as on 31-3-2016. (All figures in rupees)

Interest and Discount received	20,30,0
	00
Interest paid on deposits	12,02,0
	00
Issued and subscribed capital	5,00,00
	0
Reserve under Section 17	3,50,00
	0
Commission, exchange and brokerage	90,000
Rent received	30,000
Profit on sale of investment	95,000
Salaries and allowances	1,05,00
	0
Directors fees and allowances	12,000
Rent and taxes paid	54,000
Stationery and printing	12,000
Postage and telegram	25,000
Other expenses	12,000
Audit fees	4,000
Depreciation on Bank properties	12,500

Other information:

(a) Provision for bad and doubtful debts necessary ` 50,000.

(b) Rebate on bills discounted as on 31-3-2016, ` 7,500.

(c) Provide ` 3,50,000 for income tax.

(d) The directors desire to declare 10% dividend.

Make the necessary assumptions and prepare the Profit and Loss Account in accordance with the law.

20. From the following particulars you are required to prepare Fire Revenue Account for the year ended on 31st March 2016. (All figures in rupees). You are required to provide for additional reserve for unexpired risks at 1% of the net premium in addition to the opening balance.

Claims paid	4,80,000	Reinsurance recoveries of	8,00
		claims	0
Claims outstanding on 1 st	40,000	Sundry expenses	5,00
April, 2015		regarding claims	0
Claims intimated but not	10,000	Additional reserve for	20,0
accepted on 31 st March,		unexpired risk	00
2016	60,000	Loss on sale of motor car	5,00
Claims intimated and			0
accepted but not paid on			

31 st March, 2016			
Premium received	12,12,00	Bad debts	3,00
	0		0
Reinsurance premium paid	1,20,000	Refund of double taxation	5,00
			0
Commission	2,00,000	Interest and dividends	6,00
			0
Commission on	10,000	Income tax deducted	1,00
reinsurance ceded		thereon	0
Commission on	5,000	Profit on sale of	2,00
reinsurance accepted		investments	0
Expenses of management	3,17,000	Depreciation on furniture	6,00
			0
Reserve for unexpired risk	4,00,000	Rent of staff quarters	2,00
on 1 st April, 2015		deducted from salaries	0
Legal expenses regarding	3,000		
claims			

21. Mr. Raj furnishes the following details relating to his holding in 16% Debentures (₹100 each) of XY Ltd. held as current assets:
- 01-01-2015 - Opening balance - Face value ₹60,000, Cost ₹59,000.
 - 01-03-2015 - 100 debentures purchased ex-interest at ₹98.
 - 01-07-2015 - Sold 200 debentures ex-interest at ₹100.
 - 01-10-2015 - Purchased 50 debentures at ₹98 cum-interest.
 - 01-11-2015 - Sold 200 Debentures ex-interest at ₹99.
- Interest dates are 30th September and 31st March. Mr. Raj closes his books every 31st December. Brokerage @1% is to be paid for each transaction. Show the Investment Account as it would appear in his books. FIFO Method is to be assumed. Market value of 16% Debentures of XY Ltd. on 31-12-2015 was ₹99.
22. Fire occurred in the premises of a businessman on 30th June 2015. From the following data, compute a consequential loss claim:
- (a) Financial year ends on 31st December.
 - (b) Turnover ₹2,00,000
 - (c) Net Profit ₹18,000
 - (d) Standing charges ₹42,000 out of which ₹10,000 have not been insured.
 - (e) Indemnity period - 6 months

- (f) Period of interruption - 1st July to 31st October
- (g) Sum assured ` 50,000
- (h) Standard turnover ` 65,000
- (i) Turnover in the period of interruption - ` 25,000 out of which ` 6,000 was from a place rented at ` 600 a month.
- (j) Savings in standing charges - ` 4,725 per annum.
- (k) Annual turnover preceding the date of fire - ` 2,40,000
- (l) Date of fire - 30th June.

It was agreed between the insurer and the insured that the business trends would lead to an increase of 10% in the turnover.

(10 x 3 = 30)
