

**B.COM. DEGREE END SEMESTER EXAMINATION – JULY 2021****SEMESTER – 4: COMMERCE (CORE COURSE)****COURSE: 15U4RCOM10: SPECIAL ACCOUNTING***(Common for Improvement 2018 admission / Supplementary 2018/2017/2016/2015 admissions)*

Time: Three Hours

Max. Marks: 75

**SECTION – A***Answer all questions. Each question carries 2 marks.*

1. What is an average clause in fire insurance claim?
2. Explain the Loss of Profit Policy.
3. What do mean by Banking Company?
4. Explain Contingent Liability.
5. What do you mean by Valuation Balance Sheet?
6. Explain Ex-interest and Cum-interest quotations.
7. Give any four features of farm accounting.
8. What do you mean by NPA?
9. What do you mean by Bonus Shares?
10. What do you mean by Subrogation? (2 x 10 = 20)

**SECTION – B***Answer any five questions. Each question carries 5 marks.*

11. On 31<sup>st</sup> January 2019, Bhimi Purchased from Vimi four 6% Rs. 100 debentures of the Vimal Ltd at Rs110.5% ex- 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?
12. 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	70,000	5 months	16%
10.02.2019	40,000	4 months	18%
15.03.2019	60,000	2 months	15%
13. On 31<sup>st</sup> March 2019, the of Heera Bank had the following account balances:
 

Rebate on bills discounted (1-4-2018)	₹2,30,000
Discount Received	₹48,00,000

On closing the books, it is found that the discount received includes unexpired discount to be carried to the next year ₹2,90,000.

Show the amount to be credited to profit and loss account under discount earned for the year 2018-19. Also give journal entries required to adjust the above mentioned amounts.
14. A fire occurred on the premises of a merchant on 18<sup>th</sup> September, 2019 and considerable part of the stock was destroyed. The value of the stock saved was ₹8,200.  
The books disclosed that on 1<sup>st</sup> April, 2019 the stock was valued at ₹66,850, the purchases to the date of fire amounted to ₹1,85,000 and the sales to ₹ 2,82,500. Goods costing ₹ 500 were taken

for personal use and goods sold for ₹2,500 were returned to the merchant. On investigation it is found that during the past five years the average gross profit on the cost was 25%.

You are required to prepare statement showing the amount the merchant should claim from insurance company in respect of stock destroyed by fire.

15. What is Slip System of Posting? What are its advantages?
16. What are the types of life insurance policies?
17. Briefly explain the various items that come under balance sheet of a banking company.

(5 × 5 = 25)

### SECTION – C

Answer any **three** questions. Each question carries **10** marks.

18. Surya Bank Ltd. with an authorised and subscribed capital of ₹10,00,000 in ₹ 10 shares presents you the following balance as on 31<sup>st</sup> March 2019 from which you are asked to prepare its Balance Sheet in the prescribed form:

	₹
Subscribed and called up share capital	10,00,000
Profit balance on 1 <sup>st</sup> April 2018	1,10,000
Cash credit and overdraft	40,00,000
Term loans	50,00,000
Bills purchased and discounted	10,00,000
Current deposits	30,00,000
Saving bank deposit	32,00,000
Fixed Deposit	48,00,000
Cash in hand	3,00,000
Calls in arrear	10,000
Cash with Reserve Bank of India	5,00,000
Money at call and short notice	8,00,000
Investment in Government securities	12,00,000
Land and Building	10,30,000
Furniture	50,000
Interest accrued on loans	1,50,000
Stamps and stationery	3,000
Rebate on bills discounted	12,000
General Reserve	60,000
Statutory Reserve	7,00,000
Profit of current year before appropriation	6,00,000
– under Sec. 17	
Borrowing from banks	4,53,000
Unclaimed dividend	8,000
Balance with banks	5,00,000
Bills payable	60,000

Claim against the bank not acknowledged as debt amount to ₹ 80,000. The bank's acceptance on behalf of customers amounts to ₹ 3,00,000. Bills for collection amounts to ₹ 1,30,000.

19. A carried out the following transactions in the shares of Bright Ltd
- a. On 1<sup>st</sup> April 2018 he purchased 20,000 equity shares of Re 1 each fully paid for Rs. 30,000
  - b. On 15<sup>th</sup> May 2018, A sold 4000 shares for Rs. 7,600
  - c. At a meeting on 15<sup>th</sup> June, 2018 the company decided;
    - i. to make a bonus issue of one fully paid share for every four shares held on 1<sup>st</sup> June 2018 &
    - ii. to give its members the right to apply for one share for every 5 shares held on 1<sup>st</sup> June 2018 at a price of Rs. 1.50 per share of which 75 paise is payable on or before 15<sup>th</sup> July, 2018 and the balance, 75 paise per share on or before 15<sup>th</sup> September 2018. The shares issued under (i) and (ii) were not to rank for dividend for the year ending 31<sup>st</sup> December 2018.
  - d. A received his bonus shares and took up 2000 shares under the right issue paying the sums thereon which due and selling the rights to the remaining shares at 40 paise per share; the proceeds were received on 30<sup>th</sup> September 2018
  - e. On 15<sup>th</sup> March 2019 he received a dividend from the company of 15% in respect of the year ended 31<sup>st</sup> December, 2018.
  - f. On 30<sup>th</sup> March he received Rs. 14,000 for the sale of 10,000 shares. You are required to record these transactions in the investments account in A's book for the year ended 31<sup>st</sup> March 2019, transferring any profit or losses on these transactions. Apply average basis and ignore expenses and taxes.
20. The following are extracted from the books of Alpha Star Fire Insurance Company Ltd. as on 31<sup>st</sup> March 2019.

	₹
Premium less re-insurance	82,00,000
Interest and dividend less tax	21,00,000
Commission of re- insurance ceded	30,000
Commission of direct business	4,40,000
Commission on reinsurance accepted	1,45,000
Claims paid less reinsurance	41,00,000
Claims outstanding on 31.3.2019	3,00,000
Claim outstanding on 1.4.2018	2,40,000
Reserve for unexpired risk on 1.4.2018	26,00,000
Salaries	3,40,000
Directors remuneration	60,000
Rent and taxes	80,000
Printing, postage etc.	24,000
Additional Reserve on 1.4.2018	4,00,000

Reserve for unexpired Risk is to be maintained at 50% of net premium income. Additional reserve is to be increased by ₹60,000. Prepare revenue account for the year ending 31.3.2019.

21. Briefly explain the following:

- a) Non banking asset
- b) Statutory Reserve
- c) Cash Reserve Ratio
- d) Statutory Liquidity Ratio
- e) Contingent Liability

22. From the following figures, calculate the amount of claim to be lodged with the insurance company for loss of stock

Stock at cost on 1<sup>st</sup> January 2018- 90,000

Stock at cost on 1<sup>st</sup> January 2019- 70,000

Purchase during 2018 – 4,00,000

Purchase from 1<sup>st</sup> January, 2019 to 30<sup>th</sup> September, 2019 – 6,00,000

Sales during 2018 – 6,00,000

Sales from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September, 2019- 8,80,000

You are informed that

- (i) in 2019 the cost of purchase have risen by 20% above the level prevailing in 2018;
- (ii) in 2019 the selling prices have gone up by 10% over the levels prevailing in 2018.

(10 x 3 = 30)

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