

B COM DEGREE END SEMESTER EXAMINATION - JULY 2021**SEMESTER 4 : COMMERCE****COURSE : 19U4RCOM14 : SPECIAL ACCOUNTING***(For Regular - 2019 Admission)*

Time : Three Hours

Max. Marks: 75

PART A**Answer any 10 (2 marks each)**

1. What is SLR?
2. Define Banking
3. Distinguish between double insurance and coinsurance.
4. How will you disclose bonus in reduction of premium in financial statements of a life insurance company?
5. What do you mean by under-insurance ?
6. Give notes on provision for unexpired risk.
7. How do you deal with profit on sale on investment?
8. How will you treat brokerage in investment accounts?
9. What is Average clause?
10. What are short sales?
11. What do you understand by farm accounting?
12. State any two reasons for the non popularity of farm accounts in India.

(2 x 10 = 20)**PART B****Answer any 5 (5 marks each)**

13. Following information is furnished to you by sound Bank Limited for the year ended 31st March 2018

	Rs '000
Interest and discount income.	8860
Interest on public deposits expenditure.	2720
Operating expenses	2662
Other expenses	250
Provisions and contingencies it includes in respect of NPS and tax provisions	2004
Rebate on Bill discounted to be provided for as on 31 march 2018	30
Classification of advances	
Standard assets.	5000
Sub standard assets fully secured	1120
Doubtful assets fully unsecured	200
Doubtful assets fully secured	
Less than 1 year	50
More than one year but less than three years	300
More than 3 years	300
Loss assets.	200

You are required to prepare: Profit and Loss account of the bank for the year ended 31st March 2018.

14. From the following information calculate the amount of claim to be debited in the revenue account. Also give journal entries. Claims paid during the year Rs.60, 00,000; Claims outstanding at the beginning of the year Rs.55,000; Reinsurance claims Rs.75,000; Expenses on claim Rs.32,000; Claim intimated and accepted but not paid at the end of the year Rs.1,43,000; Claim intimated but not accepted at the end of the year Rs.68,000.
15. Following are the balances extracted from the books of Oriental General Insurance Company. Prepare Revenue Account for the year ending 31/12/2018.

	Fire (rs)	Marine (rs)
Funds on 1/1/18	3,10,000	8,40,000
Premium	5,56,400	8,82,200
Due to reinsurers	4,400	20,200
Claims paid and outstanding	2,61,500	1,02,000
Commission	21,000	54,000
Operating expenses	42,000	73,000

Premium outstanding were for Fire Rs.1,400 and Marine Rs.1,600. Provisions is to be made for unexpired risk on fire and marine at 50% and 100% respectively

16. A fire occurred in the premises of Mr. Patil on 31 March 2018. From the following particulars ascertain the claim to be lodged.

Stock on 1-1-2017	4,50,000
Purchases during the year 2017	18,55,000
Purchases returns during the year 2017	15,000
Goods taken by Mr. Patil for his personal use during the year 2017	10,000
Stock on 31-12-2017	6,30,000
Sales for the year 2017	20,60,000
Sales return during the year 2017	60,000
Purchases from 1-1-2018 t date of fire	4,20,000
Sales from 1-1-2018 to date of fire	4,95,000
Value of stock saved	99,000
Goods destroyed by fire during the year 2017	30,000

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

Particular	No.	Value (in ₹)
Opening stock of livestock	50	90000
Closing stock of livestock	60	110000
Purchase of cattle during the year	110	205000
Sales of cattle during the year	95	212000
Sales of slaughtered cattle	6	12000
Sales of carcasses	4	1000
Cattle food		18000
Wages for rearing		4500
Slaughter house expenses		500

Crop with ₹5000 grown in the farm was used for feeding the cattle. Out of the calves born 2 died and their carcasses realised ₹ 100

18. Give a summarised format of Bank Profit and Loss Account.
19. What is valuation balance sheet? Give a valuation balance sheet with imaginary
20. Explain the treatment of bonus shares and right shares in investment accounts?

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. From the following information , prepare the profit and loss account of ABC Bank Ltd. for the year ended on 31 March 2017(all figures are in rupees)

Interest on loans	2,59,000	Interest on fixed deposits	2,75,000
Establishment	54,000	Commission	8200
Interest on cash credit	2,23,000	Discount on bills	1,95,000
Rent and taxes	18,000	Interest on current account	42,000
Directors fees	3000	Interest on over draft	1,54,000
Interests on savings bank deposits	68,000	Auditors fees	1200
Printing Stationery	2900	Postage and telegrams	1400
		Sundry expenses	1700

Rebate on bills discounted required Rs. 49000. Bad debts to be written off amounted to Rs. 40000. Provision for taxation may be made @ 40 %. Balance of Profit from last year was Rs. 120000. Transfer 25 % of profits to statutory reserve and provide Rs. 20,000 for dividends.

22. From the following particulars as on 31st march, 2019 prepare the Revenue Account of Overseas General Insurance Company engaged in marine Insurance Business.

Particulars		Direct Business ₹	Reinsurance ₹
i.	Premium received	24,00,000	3,60,000
	Premium Receivable (1/4/2018)	1,20,000	21,000
	Premium Receivable (31/3/2019)	1,80,000	28,000
	Premium Paid		2,40,000
	Premium Payable (1/4/2018)		20,000
	Premium Payable (31/3/2019)		42,000
ii.	Claims:		
	Claims Paid	16,50,000	1,25,000
	Claims Payable (1/4/2018)	95,000	13,000
	Claims Payable (31/3/2019)	1,75,000	22,000
	Received		1,00,000
	Receivable (1/4/2018)		9,000
	Receivable (31/3/2019)		12,000
iii.	Commission		
	On insurance accepted	1,50,000	11,000
	On insurance ceded		14,000

Other expenses and incomes:

Salaries 2,60,000, Rent, rates and taxes 18,000, printing and stationery 23,000: income tax paid 2,40,000: legal expenses (inclusive of 20,000 in connection with the settlement of claims) 60,000: Bad debt 5,000. Interest, dividend and rent (net) 1,15,500. Income tax deducted at source ₹24,500. Double income tax refund 12,000. Profit on sale of motor car 5,000: Balance of fund on 1st April 2018 was 26,50,000. Including additional reserve of 3,25,000. Additional reserve has to be maintained at 5% of the net premium of the year.

23. Tandon carried out the following transactions in the shares of Bright Ltd.
- a) On 1 April 2017 he purchased 20,000 equity shares of Rs. 1 each fully paid for Rs. 30,000 on cum-right basis.
 - b) On 15 May 2017 Tandon sold 4000 shares for Rs.7600.
 - c) At a meeting on 15 June 2017 the company decided:
 - I. To make a bonus issue of one fully paid share for every four shares held on 1 June 2017 and
 - II. To give its members the right to apply for one share for every five shares held on 1 June 2017 at a price of Rs. 1.50 per share of which 75 paise is payable on or before 15 July 2017 and the balance 75 paise per share on or before 15 Sept 2017.

The shares issued under I and II were not to rank for dividend for the year ending 31 March 2017.
 - d) Tandon received his bonus shares and took up 2000 shares under the rights issue, paying the sums thereon when due and selling the rights to the remaining shares at 40 paise per share; the proceeds were received on 30 September 2017.
 - e) On 15 March 2018 he received 14000 for the sale of 10000 shares.
 - f) On the 30 March, he received Rs. 14000 for the sale of 10,000 shares.
- You are required to record these transactions in Investment Account in Tandon's books for the year ended 31 March 2018, transferring any profits or losses on these transactions. Apply Average basis. Expenses and taxes to be ignored.

24. Bright Ltd. has a 'loss of profit' insurance policy of ~ 12,60,000. The period of indemnity is three months. A fire occurred on 1st July 2016. The following information is available (all figures in rupees):

Sales for the year ended 31st March 2016	42,00,000
Sales for the period from 1st July 2015 to 30th June 2016	48,00,000
Sales for the period from 1st July 2015 to 30th Sept 2015	10,80,000
Sales for the period from 1st July 2016 to 30th Sept 2016	72,000
Standing charges for 2015-2016	9,60,000
Profit for year ended 31st March 2016	3,00,000
Saving in standing charges because of fire	30,000
Additional expenses to reduce loss of turnover	60,000

Assuming no adjustment has to be made for the upward trend in turnover, compute the claim to be made on the insurance company.

25. How are the final accounts of a farmer prepared?

(10 x 3 = 30)