

B. COM DEGREE END SEMESTER EXAMINATION : MARCH 2023**SEMESTER 4 : COMMERCE****COURSE : 19U4RCOM14 : SPECIAL ACCOUNTING***(For Regular - 2021 Admission and Improvement / Supplementary - 2020 / 2019 Admissions)*

Time : Three Hours

Max. Marks: 75

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

1. What is ex interest quotation?
2. How will you treat wages in kind while preparing farm accounts?
3. What do you mean by under-insurance ?
4. What is cum interest quotation?
5. What is reversionary bonus? How is it disclosed?
6. Why is life insurance policy important for business units?
7. What do you mean by inter Branch Adjustments?
8. What are short sales?
9. What is Capital Adequacy Ratio?
10. What is a notional transaction in farm accounting? Give example.
11. How will you treat provision for unexpired risk in financial statements of a general insurance company?
12. What is interim bonus? How will you disclose it in the financial statements of insurance companies?

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

13. The premises and stock of Karan Chand Stores were totally destroyed by fire on 30 January 2018. From the account books and other records that were saved, the following information is available. The stock on hand has always been valued at 10% less than cost.

	2015	2016	2017	2018
Opening stock as valued (Rs:)	27,090	32,400	36,000	36,900
Purchases less returns (Rs:)	74,900	80,000	81,000	6,000
Sales less returns (Rs:)	1,20,000	1,32,000	1,40,000	12,000
Wages (Rs:)	17,400	16,400	23,600	2,000
Closing stock as valued (Rs:)	32,400	36,000	36,900	-

Prepare a statement of submission to the Insurance Company in support of the claim for loss of stock.

14. The Revenue a/c of a life insurance co. showed the life assurance fund at Rs: 22,00,000 before taking into consideration the following:

PARTICULARS	AMOUNT (Rs:)
Bonus utilized in deduction of premium	10,000
Outstanding premium	14,600
Claims outstanding	28,700
Interest accrued on securities	5,000
Claims covered under re-insurance	10,000

Find out the true life assurance fund.

15. Dena Bank Ltd. provides the following details of cost and market values of investments as on 31st March, 2017

Investments Code	Cost (In lakhs)	Market value (in lakhs)
751	1,500	1,875
752	2,000	1,900
753	800	600
754	700	630
	5,000	5,005

Classify the investment into permanent and current so as to enable the bank to make the least amount of provision for depreciation. At present the bank cannot keep more than 25 % of its investments in the permanent category

16. A life insurance company gets its valuation made once in every two years. Its Life Assurance Fund on 31st March, 2016, amounted to Rs: `41,40,000 before providing Rs: `30,000 for the shareholders dividend for the year 2015-16. Its actuarial valuation due on 31st March 2016 disclosed a net liability of Rs: `40,40,000 under assurance annuity contracts. An interim bonus of Rs: `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.
17. 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.76000.
 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 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.

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

Opening Stock: (Rs:)		Sale of wheat (Rs:)	35,400
Wheat	5,000	Wheat consumed by the	1,600
Seeds	1,000	proprietor (Rs:)	2,000
Fertilizers (Rs:)	1,500	Depreciation on farm machinery	
Purchases:		(Rs:)	4,000
Seeds	600	Closing stock: (Rs:)	700
Fertilizers	900	Wheat	800
Wages:		Seeds	
Paid in cash	6,800	Fertilizers	
Paid in kind by giving wheat	4,600		

19. 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.

20. Prepare the Fire Insurance Revenue A/c as per IRDA regulations for the year ended 31st March, 2012 from the following details:

	Rs.		Rs.
Claims Paid	4,90,000	Expenses of Management	2,00,000
Legal Expenses Regarding Claims	10,000	Provision against Unexpired Risk on 1 st April, 2011	5,50,000
Premium Received	13,00,000	Claims Unpaid on 1st April 2011	50,000
Re-insurance Premium Paid	1,00,000	Claims Unpaid on 31st March, 2012	80,000

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. 1. A severe fire broke out in the premises of Bad Luck Ltd on 1st July 2015 and the business activities were practically disorganized up to 30th November 2015. The following information was available from the books of the firm.

Rs.

Actual sales from 1st July 2015 to 30th November 2015 60,000

Sales from 1st July 2014 to 30th November 2014 2,00,000

Net Profit for the last financial year 90,000

Total standing charges for the year 72,000

Insured standing charges for the last year 60,000

Turnover for the last financial year 5,00,000

Turnover for the year ending 30th June 2015 5,50,000

The company incurred additional expenses amounting to Rs.9,000 which reduced the loss in turnover. There was a saving of Rs.2,486 during the indemnity period.

The company holds a loss of profit policy for Rs.1,65,000 having an indemnity period for 6 months. There has been a considerable increase in trade and it had been agreed that an adjustment of 20% has made in respect of upward trend in turnover.

Compute claim under 'loss of profit policy' assuming that all sales during indemnity period were because of additional cost.

22. Following balance are extracted from the books of Great Life Insurance Co. Ltd. as on 31-12-2018

Particular	Amount (Rs.)	Particular	Amount (Rs.)
Life Assurance Fund (1-1-2018)	15,00,000	Claims paid during the year	64,900
Premiums	1,96,000	Annuities	2,050
Consideration for Annuity Granted	15,000	Bonus in reduction of premium	1,600
Interest and Dividend	1,00,000	Medical Fees	2,400
Fines for Revival of policies	750	Surrenders	4,000
Reinsurance Premium	20,750	Commission	18,650
Claims Outstanding (1-1-2018)	4,500	Management Expenses	22,000
		Income-tax on Dividends	8,500

Prepare revenue Account after making the following adjustments:

Outstanding balances:

Claims	Rs : 14,000
Premium	Rs : 1,600
Further bonus for premium	Rs: 2,400
Claims under Reinsurance	Rs: 8,000

23. Raju carried out the following transactions in the shares of Sunshine Ltd.:
- On 1st April, 2015 he purchased 20,000 equity shares of ` 1 each fully paid for ` 30,000 on cum right basis.
 - On 15th May, 2015, Raju sold 4,000 shares for ` 7,600.
 - At a meeting on 15th June 2015, the company decided:
 - To make a bonus issue of one fully paid share for every four shares held on 1st June 2015 and
 - To give its members the right to apply for one share for every five shares held on 1st June, 2015 at a price of ` 1.50 per share of which 75 paise is payable on or before 15th July, 2015 and the balance, 75 paise per share, on or before 15th September, 2015.

The shares issued under (i) and (ii) were not to rank for dividend for the year ending 31st march, 2015
 - Raju received his bonus shares and took up 2,000 shares under the right 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 30th September, 2015.
 - On 15th March 2016, he received a dividend from Sunshine Ltd. of 15% in respect of the year ended 31st March 2015.
 - On 30th March, he received ` 14,000 for the sale of 10,000 shares.
- You are required to record these transactions in the Investment Account in Raju's books for the year ended 31st March 2016, transferring any profits or losses on these transactions. Apply Average basis. Expenses and taxes to be ignored.

24. From the following Trial Balance of Oriental Bank of Commerce Ltd, prepare its Balance sheet as on 31.3.2018

	Rs:
Share capital	3,00,000
Premises	1,00,000
Rebate on Bills Discounted	5,000
Traveller's cheques	2,00,000
Deposits	56,00,000
Money at call	9,00,000
Profit and Loss Account (cr)	45,000
Investments	7,00,000
Bills Purchased	15,00,000
Acceptances for customers	5,00,000
Loans	22,00,000
Statutory Reserve	2,00,000
Depreciation Fund	10,000
Cash in hand	10,00,000
Pension fund	40,000

Adjustments:

The following are to be adjusted:

- Money at call recovered Rs: 20,000
- Traveller's cheques paid Rs: 10,000

25. Discuss the accounting of specialised type of business with proforma.

(10 x 3 = 30)