

B.COM. DEGREE END SEMESTER EXAMINATION - MARCH 2023**SEMESTER – 4: COMMERCE (CORE COURSE)****COURSE: 15U4RCOM10 – SPECIAL ACCOUNTING***(Common for Supplementary 2018/2017/2016/2015 Admissions)*

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 is rebate on bills discounted?
3. What is Ex-dividend and Cum-Dividend quotation?
4. Distinguish between Life Insurance and General Insurance.
5. What is under insurance?
6. What is average clause?
7. What is double insurance?
8. What is Annuity?
9. What is Repo rate?
10. Explain cum-interest quotation.

(2 × 10 =20)

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

11. Explain: (a) Standard Assets (b) Sub-standard Assets (c) Doubtful Assets (d) Loss Assets
12. What important points should be kept in mind in preparing the final accounts of general insurance companies?
13. From the following information, find out the amount of provision to be shown in the profit and loss account of a commercial bank on the assumption that Sub-standard and doubtful assets are fully secured

Assets	Amount
Standard	4000
Sub-Standard	2000
Doubtful up to 1 year	900
Doubtful up to 3 years	400
Doubtful for more than 3 years	300
Loss Assets	500

14. 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.

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

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

ABC Life Assurance Company Ltd. prepared its Revenue Account for the year ended 31st March 2016 and ascertained its surplus as ₹ 7,40,000. It was found later that the following had been omitted from the books of account:

- (i) Interest accrued on investment ₹ 46,000.
- (ii) Outstanding premium ₹ 62,000.
- (iii) Bonus utilized in reduction of premium ₹16,000.
- (iv) Claims intimated but not yet admitted ₹ 8,000
- (v) Claims covered under reinsurance ₹ 6,000

Give entries necessary to rectify the above omissions and ascertain the correct surplus.

17. From the following information of a bank, find out the income to be recognised for the year ended 31.03.2016 in respect of Interest on advances (in lakhs) as given below:

	Performing Assets		Non-performing assets	
	Interest Earned	Interest received	Interest earned	Interest received
Term loan	260	200	120	40
Cash credits and overdrafts	1600	1400	400	100
Bills purchased and discounted	400	300	120	60

(5 x 5 = 25)

SECTION – C

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

18. Briefly explain the classification of advances of a bank for the purpose of computing provision.
19. Explain the following:
- Steps in ascertaining the loss of stock by fire.
 - Investment ledger
 - Types of insurance
 - Cash Reserve Ratio (CRR)
20. 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.
21. Mr. A held on 1st January 2014, Rs.1,00,000 of 3.5% Government Loan at (of Rs. 100 each) Rs.95,000. Three months interest had accrued. On 31st May, he purchased a further Rs.40,000 of the Loan @ 96 (net) cuminterest. On 31st July, Rs.30,000 of the Loan was sold at 94 (net) ex-interest. On 30th November Rs.20,000 of the Loan was sold at 96 (net) cum-interest. Interest on the Loan was paid each year on 31st March and 30th September and was collected on 4th April and 5th October. The price of the Loan on 31st December 2014 was Rs.96. Draw up the Government Loan (Investment) Account. (Ignore Income-tax)
22. The life fund of a Life Insurance Company was Rs. 12,97,200 as on 31st March 2012. The interim bonus paid during the intervention period was Rs. 22,200. The periodical actuarial valuation determined the net liability at Rs. 11,13,750. Surplus brought forward from the previous valuation was Rs. 1,27,500. The directors of the company prepared to carry forward Rs. 1,39,650 and to divide the balance between the shareholders and the policy holders in the ratio of 1:10. You are required to show (a) Valuation Balance sheet, (b) Net profit for the valuation period and (c) Distribution of surplus.

(10 x 3 = 30)