

B. COM. DEGREE END SEMESTER EXAMINATION - MARCH 2025**SEMESTER 4 : COMMERCE****COURSE : 19U4CRCOM14 : SPECIAL ACCOUNTING***(For Regular 2023 Admission and Improvement/Supplementary 2022/ 2021/2020/ 2019 Admissions)*

Time : Three Hours

Max. Marks: 75

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

1. What do you mean by loss of stock policy?
2. What do you understand by farm accounting?
3. Which are the regulations related to insurance business in India?
4. Explain non performing asset.
5. What are insurance claims? What are the types of claims for accounting purpose?
6. What are the objectives of investment ledger?
7. State any two reasons for the non popularity of farm accounts in India.
8. Distinguish between insurance and assurance.
9. What is Reverse Repo Rate?
10. Define fair value.
11. Explain non performing asset.
12. How will you disclose the following items in the financial statements of insurance companies?
a) commission in re-insurance ceded b) Commission on re-insurance accepted

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

13. On 31st March 2018 Loan Account in the books of a bank showed a debit balance of Rs 3,00,000 including Rs 24,000 due from a merchant which is doubtful. The interest accrued on this loan upto 31-3-2018 was Rs 15,000 including Rs 3,000 on doubtful debts. The merchant became insolvent and the official receiver paid a dividend of 50 paise in the rupee on 30-4-2018. Pass necessary journal entries relating to Merchant's Loan Account which is doubtful in the books of the bank on 31-3-2018 and 30-4-2018 and prepare Merchant's Loan Account.

14. From the following information, Prepare Cattle Account:

Opening stock of livestock	2,00,000
Closing stock of livestock	2,42,000
Opening stock of cattle-food	4,000
Closing stock of cattle-food	5,000
Purchase of cattle during the year	3,70,000
Sale of cattle during the year	4,38,000
Sale of carcasses	1,000
Purchase of cattle food	40,000
Wages for rearing cattle	10,000
Crop worth ` 10,000 grown in the farm was used for feeding the cattle. Out of the calves born, 4 died and their carcasses realized 100.	

15. On 01.04.2018, the stock of Joseph was destroyed by fire but sufficient records were saved from which following particulars were ascertained:

Stock at cost (01.01.2017)	1,47,000
Stock at cost (31.12.2017)	1,59,200
Purchases during 2017	7,96,000
Sales for the year ended 31.12.2017	9,74,000
Purchases from 01.01.2018 to 31.03.2018	3,24,000
Sales from 01.01.2018 to 31.03.2018	4,62,400

In valuing the stock for the Balance sheet at 31.12.2017, Rs.74,600 had been written off on certain stock which was a poor selling line having cost of Rs. 13,800. A portion of these goods were sold in March 2018 at a loss of 500 on original cost of Rs. 6,900. The remainder of this stock was estimated to be worth its original cost. Subject to the above exception, gross profit had remained at a uniform rate throughout the year.

The value of stock salvaged was Rs.11,600. The policy was Rs. 1,00,000 and was subject to average clause.

Work out the amount of claim of loss by fire.

16. What are the conditions to be satisfied for granting licence by Reserve Bank of India?
17. Mr.Mohan gives you the following details regarding his investment in 9% Government Bonds of Rs.100 each. Opening balance on 1st January 2015- Face value of the bonds Rs.60,000/- at a cost of Rs.59,000/-
1-3-2015 - 100 units purchased ex-interest at Rs.98/-
1-7-2015 -sold 200 ex – interest out of original holding at Rs.100/-
1-10-2015 -purchased 50 units at Rs.98/- cum interest
1-11-2015 -sold 200 units cum interest at Rs.99/- out of original holdings
Prepare investment account assuming that interest dates are 30th September and 31st March
18. State the guidelines given by the R.B.I. regarding making provisions of different categories of bank advances
19. The life fund of Anand Life Insurance Co. Ltd was Rs.94,00,000 as 31/03/19.The interim bonus paid during the valuation period was Rs.4,60,000.The periodical actuarial valuation revealed the net liability at Rs.72,00,000.The directors of the company proposed to write down the investment by Rs. 1,20,000.Provide for taxation Rs.2,40,000 and carry forward Rs.5,40,000 to the next valuation period and divide the balance between the shareholders and policy holders in the ratio 1:10.Prepare
a)Valuation Balance Sheet
b)Net Profit for the valuation period
c)Distribution of surplus
20. Explain the profit ascertainment procedure in life insurance. Also discuss how surplus is distributed.

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. How will you make a record of the farm transactions?
22. Following Trial Balance was extracted from the books of the Life Insurance Corporation as on 31 March 2018

	Dr Rs. (in '000)	Cr. Rs. (in '000)
Paid up share capital –1,00,00,000 shares of Rs. 10 each	-	1,00,000
Life Assurance Fund as on 1 April 2017	-	29,72,300
Bonus to policy holders	31,500	-
Premiums received	-	1,61,500
Claims paid	1,97,000	-
Commission paid	9300	-
Management expenses	32,300	-
Mortgages in India	4,92,200	-
Interest and dividends received	-	1,12,700
Agents Balance	9300	-
Free hold premises	40,000	-
Investments	23,05,000	-
Loans and company's policies	1,73,600	-
Cash on deposit	27,000	-
Cash in hand and current Account	7300	-
Surrenders	7000	-
Dividend paid	15000	-
Total	3346500	3346500

You are required to prepare the corporations Revenue Account for the year as on 31 March 2018 and its Balance Sheet as on that date after taking the following matter into consideration:

- Claims admitted but not paid Rs. 90,00,000
- Management expenses due Rs. 2,00,000
- Interest accrued Rs. 1,93,00,000
- Premiums outstanding Rs. 1,00,00,000
- Bonus utilized in reduction of premium Rs. 20,00,000
- Claims covered under reinsurance Rs. 23,00,000

23. From the following information, find the claims under a loss of profit policy:

Sales in 2013 1,00,000
 Sales in 2014 1,20,000
 Sales in 2015 1,44,000
 Sales in 2016 1,72,800
 Standing charges (all insured) in 2016 7,280
 Net profit in 2016 10,000
 Policy value 50,000
 Date of dislocation by fire 1.1.2017
 Period of dislocation 3 months
 Indemnity period 9 months
 Sales from 1.1.2016 to 31.3.2016 43,200
 Sales from 1.1.2017 to 31.3.2017 11,840
 Additional expenses to maintain sales amounted to Rs. 3,000 and savings in standing charges amounted to 1000

24. 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.

25. On 1st April, 2018, Rajat has 50,000 equity shares of P Ltd at a book value of Rs.15 per share (face value 10 each). He provides you the further information
- (1) On 20th June, 2018, he purchased another 10000 shares of P Ltd at Rs.16 per share
 - (2) On 1st August, 2018, P Ltd. issued one equity bonus share for every six shares held by the shareholders
 - (3) On 31st October, 2018, the directors of P Ltd announced a right issue which entitle the holders to subscribe the shares for every seven shares at Rs. 15 per share. Shareholders can transfer their rights in full or in part.
- Rajat sold 1/3rd of entitlement to Umang for consideration of Rs. 2 per share and subscribe the rest on 5th November, 2018
- You are required to prepare investment A/c In the books of Rajat for the year ending 31st March, 2019.

(10 x 3 = 30)