

E 2103

(Pages : 4)

Reg. No.....

Name.....

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2015**

**Fifth Semester**

**Core Course 14—SPECIAL ACCOUNTING**

(Common for Model I, Model II and UGC Sponsored B.Com. Degree Programmes)

[2012 Admissions only]

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam.*

**Section A**

*Answer all questions.*

*Each bunch of four questions carries a weight of 1.*

I. Choose the correct answer from the choices given below :—

- 1 In case of dissolution, the available cash from gradual realization should firstly be used to :  
(a) Pay-off preferential creditors. (b) Pay partner's loan.  
(c) Meet realization expenses. (d) Pay-off creditors.
- 2 What is the purpose of preparing valuation Balance Sheet ?  
(a) To ascertain profit. (b) To find out net assets.  
(c) To calculate net liability. (d) To show the expenses.
- 3 A statutory reserve is a compulsory reserve kept under banking regulation act as per section :  
(a) 12. (b) 14.  
(c) 18. (d) 17.
- 4 Cum-interest purchase price means, price is :  
(a) Including interest. (b) Excluding interest.  
(c) Par value. (d) Market price.

II. Fill in the blanks :

- 5 CRR represents \_\_\_\_\_.
- 6 Average clause in insurance is applied when the amount of policy is \_\_\_\_\_ than the value of subject matter insured.
- 7 Commission on re-insurance ceded is an \_\_\_\_\_.
- 8 If the subject matter is insured with more than one company, it is known as \_\_\_\_\_.

**Turn over**

III. State whether the statements are True or False :

- 9 NPA stands for net banking assets.
- 10 Commission on re-insurance accepted is an expense.
- 11 Standard turnover is the turnover during the indemnity.
- 12 Right shares have not cost of acquisition.

IV. Match the following :—

- |                               |   |
|-------------------------------|---|
| 13 Double insurance           | (a) Fixed Asset.                          |
| 14 Short sales                | (b) Non-banking asset.                    |
| 15 Rebate on bills discounted | (c) Insurance taken by Insurance Company. |
| 16 Reinsurance.               | (d) Unexpired discount.                   |
|                               | (e) Reduction in sales.                   |
|                               | (f) Insured with more than one company.   |

(4 × 1 = 4)

### Section B

*Answer any five questions.  
Each question carries a weight of 1.*

- 17 What do you mean by NPA ?
- 18 What is Reinsurance ?
- 19 What is meant by cum-interest purchase ?
- 20 What is meant by standard turnover ?
- 21 What is Garner Vs. Murray decision ?
- 22 What is investment account ?
- 23 What is meant by consequential loss policy ?
- 24 The Life Assurance Fund of Insurance Company on 31-03-2010 showed a balance of Rs. 87,76,500. It was later found that the following were not taken into account :

	Rs.
(a) Dividend from investments ...	4,80,000
(b) Income tax on the above ...	48,000

Ascertain correct balance of the Fund.

(5 × 1 = 5)

### Section C

*Answer any four questions..*  
*Each question carries a weight of 2.*  
*Answers should not exceed half a page each.*

- 25 How do you treat right shares and bonus shares while preparing investment account ?
- 26 Explain the special features of bank accounting.
- 27 State the differences between Life Insurance and General Insurance.
- 28 On 15 March an investment company purchased Rs. 1,00,000, 9 % Govt. Bond at 88 cum-interest. (interest payable on 1st April, 1st July 1st October and 1st January). On 1st August Rs. 20,000 bond is sold at 89 cum interest and 1st September Rs. 30,000 bond is sold at 88.25 ex interest. On 31st December, at the date of Balance Sheet, the market price was Rs. 90. Show the investment account for the year.
- 29 On 31st March 2011, the books of Bharat Bank had the following account balances :
- |   |          |
|---|----------|
| Rebate on bills discounted (1st April 2010) ... | 42,000   |
| Discount received ...                           | 3,40,000 |
- On closing the books, it is found that the discount received includes unexpired discount of Rs. 61,000 to be carried to next year. Show the amount of discount earned to be credited to Profit and Loss Account for the year 2010-11. Also give journal entries and ledger accounts for the above.
- 30 What do you mean by piecemeal distribution on dissolution of a firm ?

(4 × 2 = 8)

### Section D

*Answer any two questions.*  
*Each question carries a weight of 4.*

- 31 From the following information drawn from the books of Sun Life Insurance Company Ltd., you are required to prepare Revenue Account for the year ended 31st March 2011 :

	Amount in 000's
Life fund as on 1-4-2011 ...	2465
Premium received ...	8650
Claims paid during 2010-11 ...	2940
Consideration for annuities granted ...	1630
Reinsurance premium ...	780
Reinsurance claim received ...	420
Annuities less reinsurance ...	320
Interest, dividend and rent less tax ...	530
Commission ...	670
Registration fees received ...	16
Surrenders less reinsurance ...	212
Bonus in cash ...	110

**Turn over**

Salaries and allowances	...	620
Directors fees	...	80
Printing and Stationery	...	65
Other expenses	...	72
Advertisement	...	21

Premium outstanding on 31st March 2011 amounts to Rs. 1,40,000 and claims outstanding amounts to Rs. 1,12,000. Bonus utilized in reduction of premium amounts to Rs. 30,000.

- 32 The following is the Balance Sheet of P, Q, R sharing profit and losses in the ratio of their Capital :

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Capital accounts P ...	25,000	Fixed Assets	... 45,000
Q ...	15,000	Sundry Current assets	... 40,000
R ...	10,000	Cash	... 10,000
Current Accounts		Accrued income	... 2,000
P	... 2,000	R's current account	... 8,000
Q	... 8,000		
General Reserve	... 10,000		
Creditors	... 30,000		
Expenses due	... 3,000		
Bank overdraft	... 2,000		
	<u>1,05,000</u>		<u>1,05,000</u>

The partners decided to dissolve the firm. Fixed assets realized 20 % more than their book value, but current assets realized only 10 % less. Creditors are settled at a discount of 10 %. The firm had unrecorded investments which realized Rs. 3,000. Prepare the necessary ledger accounts on dissolution. The realization expenses totaled Rs. 1,000.

- 33 From the following information, you are required to work out claim under the loss of profit insurance policy :

Amount of policy—1,00,000

Indemnity period—Six months

Damage due to fire accident on 28th December—Accounting year ends on 31st December

Net profit plus all standing charges in the prior accounting year—1,50,000

Standing charges insured—25,000

Turnover of the last accounting year—5,00,000

Rate of gross profit—25 %

Annual turnover—5,20,000

As a consequence of fire there was a reduction in certain insured standing charges at the rate of Rs. 25,000 per annum.

The standard turnover—2,60,000

Increased cost of working during the period of indemnity—20,000

Turnover during the period of indemnity was Rs. 1,00,000 out of this turnover of Rs. 80,000 was maintained due to increased cost of working.

(2 × 4 = 8)