

**E 5187**

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Reg. No.....

Name.....

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017**

**Fifth Semester**

**Core Course 14—SPECIAL ACCOUNTING**

(Common for Model I, Model II and U.G.C. Sponsored B.Com. Degree Programmes)

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

**Section A**

*Answer all questions.*

*Each question carries 1 mark.*

1. What is double insurance ?
2. What is indemnity period ?
3. What is money at call and short notice ?
4. What is dissolution by agreement ?
5. What is annuity ?
6. What is SLR ?
7. What do you mean by loss of profit policy ?
8. What is surrender of policy ?
9. What is dissolution of firm ?
10. What is non-banking assets ?

(10 × 1 = 10)

**Section B**

*Answer any eight questions.*

*Each question carries 2 marks.*

11. Explain the order of settlement on accounts on dissolution.
12. Explain about NPA.
13. Distinguish between permanent investment and current investments.
14. Explain about investment ledger.
15. Explain bonus in insurance business.
16. Explain slip system of posting.
17. Explain the need for realisation account.
18. Distinguish between cum-interest quotation and ex-interest quotation.
19. Explain valuation of balance sheet.
20. Explain about general insurance.

**Turn over**

21. On 1<sup>st</sup> March 2016 a bill of Rs. 7,50,000 is discounted with a bank @ 14% per annum. The due date of the bill is 30<sup>th</sup> April 2016. Pass necessary journal entries in the books of the bank assuming that the bill is collected on the due date. Accounting year closes on 31<sup>st</sup> March every year.
22. From the following information, Calculate the amount of premium to be credited to Revenue Account :

	Rs.
Premium received during 2015-16	20,00,000
Outstanding premium on 31-3-2016	50,000
Premium received in advance on 31-3-2016	1,00,000
Outstanding premium on 1-4-2016	1,50,000
Premium received in advance on 1-4-2016	75,000
Bonus in reduction of premium to be adjusted	22,000
Reinsurance premium of the year	2,00,000
	(8 × 2 = 16)

**Section C**

Answer any six questions.  
Each question carries 4 marks.

23. What is bonus in insurance business ? Explain the type of bonuses in insurance.
24. The following is the balance sheet of P, Q, R who were sharing in the ratio of 5 : 3 : 2, on 1<sup>st</sup> January 2016 when they decided to dissolve the partnership.

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
P's Capital	1,10,000	Cash	8,000
Q's Capital	75,000	Other assets	2,40,000
R's Capital	69,000		
	<u>2,48,000</u>		<u>2,48,000</u>

- The assets realised as under :
- 1-3-16—Rs. 18,000 ; 1-4-16—Rs. 8,000 and 1-5-16—Rs. 22,000.
- Prepare a statement showing the monthly distribution of cash according to Maximum Loss Method.
25. A fire occurred on 10<sup>th</sup> August 2016 in the godown of Mr. Sudheesh. From the following figures ascertain the claim to be lodged :

	Rs.
Stock on 1 <sup>st</sup> April 2016	45,000
Purchase upto 10 <sup>th</sup> August 2016	1,50,000
Manufacturing expenses for the period	18,000
Sales till 10 <sup>th</sup> August 2016	2,80,000
Stock salvaged	10,000
The rate of profit is 20% on sales.	

26. 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. 46,00,000 ; Claims outstanding at the beginning of the year Rs. 85,000 ; Reinsurance claim Rs. 1,20,000 ; Expenses on Claim Rs. 18,000 ; Claim intimated and accepted but not paid at the end of the year Rs. 1,70,000 ; Claim intimated but not accepted at the end of the year Rs. 52,000.
27. What are the different modes of dissolution of a partnership firm ?
28. What do you mean by bonus shares and Right shares ? How do you record them in investment accounts ?
29. Explain the different steps for ascertaining the amount of claim for loss of profit.
30. On 1<sup>st</sup> April, 2015 Dolphin Ltd. has Rs. 6,00,000, 6% Government Stock at Rs. 94 each (face value Rs. 100). Interest is payable half-yearly on 31<sup>st</sup> March and 30<sup>th</sup> September. The company sold Rs. 1,50,000 of the stock of Rs. 95 cum interest on 1<sup>st</sup> June, 2015.

- Draw up 6% Government stock account in the Investment Ledger of the company for the year ended 31<sup>st</sup> March 2016. Ignore brokerage and income tax. The stock was quoted at Rs. 96 ex-interest at the stock exchange on that date.
31. Calculate Rebate on Bills discounted as on 31<sup>st</sup> March 2016 :

Date of the bill	Amount	Period of the Bill	Rate of discount
	Rs.		
05-01-16	30,000	5 months	18%
15-02-16	40,000	4 months	14%
10-03-16	60,000	3 months	13%
20-03-16	1,20,000	2 months	15%
			(6 × 4 = 24)

**Section D**

Answer any two questions.  
Each question carries 15 marks.

32. From the following information, prepare profit and loss account of Vijaya Bank Ltd. for the year ended on 31<sup>st</sup> March, 2016 :

Interest on loans	15,00,000
Interest on fixed deposits	13,75,000
Commission	50,000
Salaries and allowances	7,50,000
Exchange and brokerage	1,00,000
Discount on bills (gross)	7,50,000
Interest on cash credits	12,00,000
Interest on temporary overdrafts in current account	1,50,000
Interest on savings bank deposits	4,35,000
Postage, telegram and stamps	50,000

Turn over

	Rs.
Printing and stationery ...	1,00,000
Sundry expenses ...	50,000
Rent ...	75,000
Taxes and licences ...	50,000
Audit fees ...	50,000

**Additional information :**

(a) Rebate on bills discounted Rs. 1,50,000 ; (b) Salary to managing director Rs. 1,50,000 ;  
 (c) Bad Debts Rs. 2,00,000 ; (d) Provision for income tax is to be made @ 45% ; and interest of  
 Rs. 25,000 on doubtful debts was wrongly credited to interest on loans account.

33. The following are extracted from the books of Real Insurance Company Ltd. as on 31<sup>st</sup> March 2014 :

	Rs.
Premium less re-insurance ...	1,64,00,000
Interest and dividend less tax ...	42,00,000
Commission of re-insurance ceded ...	60,000
Commission on direct business ...	8,80,000
Commission on reinsurance accepted ...	2,90,000
Claims paid less reinsurance ...	82,00,000
Claims outstanding on 31-3-2014 ...	6,00,000
Claims outstanding on 1-4-2013 ...	4,80,000
Reserve for unexpired risk on 1-4-2013 ...	52,00,000
Salaries ...	6,80,000
Director's remuneration ...	1,20,000
Rent and taxes ...	1,60,000
Printing and postages ...	48,000
Additional Reserve on 1-4-2013 ...	8,00,000

Reserve for unexpired Risk is to be maintained at 50% of net premium income.

Additional reserve is to be increased by Rs. 1,20,000.

Prepare revenue account for the year ending 31-3-2014.

34. B and C were partners sharing profits and losses in the ratio 3 : 2 : 1 Their balance sheet on 31<sup>st</sup> December 2014, the date of dissolution was as follows :

<i>Liabilities</i>		<i>Amount</i>	<i>Assets</i>		<i>Amount</i>
		Rs.			Rs.
Sundry Creditors ...		1,35,000	Fixed assets ...		1,57,500
A's Loan ...		22,500	Stock and debtors ...		56,250
Profit and loss a/c ...		13,500	Cash in hand ...		63,000
A's Capital ...		83,250	C's Capital ...		18,000
B's Capital ...		40,500			
		<u>2,94,750</u>			<u>2,94,750</u>

The firm was dissolved on insolvency of C, Whose private estate paid nothing. On dissolution, fixed assets realised Rs. 1,46,250, Stock and debtors realised Rs. 40,500 and Creditors were paid Rs. 1,26,000 in full settlement. Realisation expenses amounted Rs. 3,375 and unrecorded external liabilities paid Rs. 5,625. Close the accounts of the firm applying principles laid down in *Garner vs. Murray*.

35. What is insolvency ? Explain the decision in *Garner vs. Murray* case.

(2 × 15 = 30)