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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2018

Fifth Semester

Core 14—SPECIAL ACCOUNTING

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

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Part A

Answer all questions. Each question carries 1 mark.

1. What do you mean by NPA ?
2. What is average clause in insurance policy ?
3. Narrate Bonus in reduction of premium.
4. How will you treat Accrued interest in investment account ?
5. Define Re-Insurance.
6. What do you mean by statutory reserve of a bank ?
7. Distinguish between normal goods and abnormal goods.
8. Write notes on Statutory Liquid Ratio.
9. What is indemnity period ?
10. Explain Money at Call and Short Notice.

(10 × 1 = 10)

Part B

Answer any eight questions. Each question carries 2 marks.

11. When Realisation Account is prepared ?
12. Write notes on Memorandum trading Account.
13. What is memorandum Trading Account ?
14. How will you record Goodwill at the time of dissolution of a firm ?
15. What is slip system of posting ? What are its advantages ?
16. How will you calculate short sale ?
17. Distinguish between permanent investment and current investment of bank.
18. Write the rules of preparation of capital account at the time of dissolution of firm.
19. How would you calculate capital cost of interest bearing securities purchased cum-interest ?

Turn over

20. Find out the value of stock burnt by fire from the following particulars :
- A fire broke out in a factory on 1st July 2012. Opening stock on 1st January, 2012 was Rs. 30,000. Purchases upto the date of fire were Rs. 60,000. The rate of gross profit on sales is 20%. Sales upto the fire amounted to Rs. 1,00,000.
21. A sold 70 shares of Rs. 100 each to B at Rs. 500 per share ex div. These shares are of Sharad Ltd. Some time before this sale Sharad Ltd declared dividend on these shares @Rs. 30 per share. Later on, this dividend was received by A.
- Pass the necessary journal entries in the books of A.
22. ABC bank has bills for collection balance Rs. 30 lakhs on 1.4.2013. During 20013-14 it received further bills for collection amounted to Rs. 70 lakhs and the total amount collected amounted to Rs. 68 lakhs. Bills dishonoured and returned during the year were Rs. 8, 50,000. Prepare bills for collection (Assets) and bills for collection (Liabilities) Accounts.

(8 × 2 = 16)

Part C

Answer any six questions. Each question carries 4 marks.

23. How is value of stock found out when fire occurs ?
24. Explain the term cum-interest and ex-dividend in relation to investment accounts.
25. Under what circumstances partnership firm is dissolved ?
26. Narrate the special features of Insurance account.
27. Define Banking. What are the conditions to be satisfied for granting licence by Reserve Bank of India.
28. A Limited Company, whose accounting year ends on 31st Dec. each year, purchased 100 3% Municipal Debentures of Rs. 100 each for Rs. 3,725 on 1st Jan. 2012. Interest on these debentures is paid every year on 1st February and 1st August. Company sold half of these debentures on 1st April 2012 @ Rs. 85.25 per debenture. Bank Commission is paid on these debentures is Rs. 150. Prepare Investment Account in the books of A Ltd.
29. Following is the Balance Sheet of A and B who share profits and losses equally :

Particulars	Rs.	Particulars	Rs.
Capital A	10,000	Machinery	9,000
Capital B	7,000	Plant	10,000
Creditors	3,000	Debtors	2,500
Loan	4,000	Bank	2,500
Total	24,000	Total	24,000

They decided to dissolve the firm. Assets are realised as follows: Machinery 20% less than the book value, Plant 10% less than the book value, Debtors 2,000, Creditors were paid off at a discount of 10%. Open the necessary ledger accounts assuming the cost of liquidation to Rs. 500.

30. Find out the amount of claim of loss from stock from the following information :
- Fire broke out on 1st June, 2012. Opening stock on 1st January 2012 was Rs. 50,000. Purchases during 2012 upto the date of fire were Rs. 1,00,000. Manufacturing expenses of this period were Rs. 30,000. Proprietor used goods worth Rs. 3,000 for his personal purpose.
- Sales upto 1st June 2012 amounted to Rs. 2,00,000. Salvaged stock is valued at Rs. 7,000. Rate of gross profit on cost of sales last year is 25 %.
31. The following relate to a Life Insurance Company :
- | | |
|---|----------------|
| Premium received during the year | Rs. 45, 32,000 |
| Outstanding premium on 1.04.13 | Rs. 3,48,000 |
| Outstanding premium on 31.3.14 | Rs. 4,36,000 |
| Premium received in advance on 1.4.13 | Rs. 1,12,000 |
| Premium received in advance on 31.03.14 | Rs. 88,000 |
| Reinsurance premium for 2013-14 | Rs. 6,40,000 |
| Bonus in reduction of premium for 2013-14 | Rs. 28,000 |
- Show the amount of premium to be credited to Revenue Account.

(6 × 4 = 24)

Part D

Answer any two questions. Each question carries 15 marks.

32. What is the meaning of Investment ? How many types of securities are there ? Explain with examples Cum-Dividend, Ex-Dividend quotations and explain how the investment account is affected by them ?
33. What do you mean by insolvency of partner ? How the deficiency of the capital account of insolvent partner is borne by solvent partners, according to the Indian practice on the basis of Garner Vs Murray rule ?
34. From the following Trial Balance of Comrades Bank, prepare Balance Sheet in the prescribed form (Amount in Rs.) :
- | | |
|------------------------------|-----------|
| Share Capital 40,000 shares | 4,00,000 |
| Premises | 5,00,000 |
| Rebate on Bills discounted | 5,000 |
| Traveller's cheque | 1,00,000 |
| Deposits | 56,00,000 |
| Money at call | 8,00,000 |
| Profit and Loss Account (Cr) | 45,000 |
| Investments | 7,00,000 |
| Bills Purchased | 15,00,000 |
| Acceptance for customers | 6,00,000 |
| Loans | 21,00,000 |
| Reserves | 3,00,000 |
| Cash in hand | 1,00,000 |
| Cash with bank | 8,00,000 |
| Pension fund | 50,000 |

Turn over

35. From the following information gathered from the books of Adithya Assurance Company Ltd. Prepare Revenue account for the year ended 31st March 2014 :

<i>Particulars</i>	<i>Amount in Rupees</i>
Premium ..	62,00,000
Reinsurance premium ceded ..	8,00,000
Consideration for annuities granted ..	18,00,000
Annuities less reinsurance ..	6,00,000
Interest dividend and Rent ..	1,60,000
Income tax on interest, dividend and rent ..	32,000
Commission ..	4,50,000
Registration fees received ..	15,000
Surrenders ..	3,50,000
Reinsurance premium accepted ..	5,50,000
Salaries ..	2,60,000
Directors fees ..	40,000
Audit fees ..	30,000
Other expenses ..	45,000
Claims by death ..	22,00,000
Claims by maturity ..	21,00,000
Re-insurance claims ..	3,00,000
Interim bonus paid ..	80,000

Premium outstanding on 31st March 2014 amounts to Rs. 1,10,000 and claims outstanding amounts to Rs. 60,000.

(2 × 15 = 30)