

**B. COM. DEGREE (C.B.C.S.S) EXAMINATION, OCTOBER 2018**  
**(2016 Admission Regular & 2015 Admission Supplementary**  
**SEMESTER V – CORE COURSE (COMMERCE)**  
**CO5B20B - SPECIAL ACCOUNTING**

Time: Three Hours

Maximum Marks: 80

**PART A****I. Answer all questions. Each question carries 1 mark.**

1. What do you mean by investment ledger?
2. What is annuity?
3. What are non-banking assets?
4. What do you mean by dissolution of a firm?
5. What is reinsurance?
6. What is net profit?

**(6X1=6)****PART B****II. Answer any seven questions. Each question carries 2 marks.**

7. What is commission on reinsurance ceded?
8. What are the features of bank accounting?
9. What is cum interest or dividend and how it is adjusted on purchase and sale of investment?
10. Mention the order of settlement of claim on dissolution of firm.
11. What do you mean by short sales?
12. Why is loan from a partner not transferred to realisation account?
13. X took a fire insurance policy containing an average clause covering his stock for Rs.40000. On the date of fire the value of stock was Rs.50000. The loss of stock was computed at Rs.30000. Ascertain the amount of claim to be lodged by X.
14. What are poor selling goods?
15. The Life Assurance Fund of Mother Life Insurance Co.Ltd. as on 31st March 2016 is ascertained at Rs.1220000 before considering the following: Interest accrued on investments Rs.30000 Claims intimated and admitted but not paid Rs.100000 Outstanding premium Rs.60000. Compute the true life assurance fund.
16. How do you settle the accounts of a partnership firm on its dissolution?

**(7X2=14)****PART C****III. Answer any five questions. Each question carries 6 marks.**

17. Explain CRR and SLR.
18. On 18th November 2016 a fire occurred in the premises of trader Tripati. Most of the stock was destroyed except some goods costing Rs.8500 which was saved in good condition. In addition, some stock was salvaged in damaged condition and its value was

estimated at Rs.3500. From the books of accounts, the following particulars were available:

Stock on 1st April 2016 Rs.47000

Purchases from 1.4.2016 to 18.11.2016 Rs.166000

Sales up to 18.11.2016 Rs.220000

Carriage on purchases and wages Rs.12000

On the basis of past few years it appears that gross profit rate is 33 1/3% on cost.

Stock was insured for Rs.45000

Compute the amount of claim.

19. What is bonus in reduction of premium? Explain its treatment in the revenue account.
20. The Life Assurance Fund of Insurance Company was Rs.6040000 as on 31st March 2017. Its actual valuation on 31st March 2017 disclosed a net liability of Rs.2020000 under the assurance annuity contracts. An interim bonus of Rs.160000 was paid to the policy holders during the two year period ending 31st March 2017 and the dividend due for the period amounts to Rs.80000. It is now proposed to carry forward Rs.100000 and divide the balance between the policy holders and the shareholders. Show:
  - a. Surplus as per valuation balance sheet
  - b. Net profit for the two years
  - c. Profit available for distribution
  - d. Final bonus available to policyholders
21. On 31 march 2016 Kodak Finance co ltd purchased 2,000 6% govt stock of the face value of Rs.100 each @ Rs.95 ex-interest. Half yearly interest is payable on 30th June and 31st December every year. Show entries in the investment ledger of Kodak Finance co ltd, for its financial year end on 31st December 2016.
22. Explain the various steps in ascertaining the loss of stock by fire.
23. The following is the Balance Sheet of A,B and C who were sharing in the ratio of 5:3:2; on 1st January 2016 when they decided to dissolve the partnership the balance sheet was as under:

Liabilities	Amount	Assets	Amount
A's Capital	55000	Cash	4000
B's Capital	37500	Other assets	120000
C's Capital	31500		
	124000		124000

The assets realised as under:

1.3.2016 Rs.9000; 1.4.2016 Rs.4000 and 1.5.2016 Rs.11000

Prepare a statement showing the monthly distribution of cash according to Maximum Loss Method.

24. The following particulars are extracted from the books of M/s. S Bank Ltd., for the year ending 31st March 2017
 

Interest and discounts Rs.9831200

Rebate on Bills discounted (balance on 1.4.2016) Rs.32520

Bills discounted and purchased Rs.3372700

It is ascertained that proportionate discount not yet earned on the bills discounted which will mature during 2016-17 amounted to Rs.46380.

Pass the necessary journal entries adjusting one above and show in the ledger accounts

of the bank:

- (a) Rebate on Bills Discounted account and  
(b) Interest and Discount account

(5X6=30)

**PART D**

**IV. Answer any two questions. Each question carries 15 marks.**

25. Explain in detail the methods of piecemeal distribution.
26. On 1/4/16 LM co. held 9% debentures in A Ltd. of the face value Rs 10,000 at a cost of Rs 8,000. Market value on that date was Rs 9,000. Interest is payable on 31st December every year. On 1st December 2016 debenture of nominal value of Rs 6,000 were purchased for Rs 5,000 Ex interest and on 31st December 2016, Debenture of nominal value of Rs 2,000 were sold cum interest for Rs 1,900. On 1st January 2017 debentures of nominal value of Rs 6,000 were bought at Rs 5,800. The market value of the debentures on 31st March 2017 was @Rs 90. Make out 9% debentures account in the books of LM co ltd showing profit and loss on sale of investment. Stocks on 31st march each year are valued at lower of cost or market price?
27. From the following particulars of Z Insurance Company Ltd. prepare separate Revenue Accounts for their fire and marine business and the Profit and Loss Account for the year ended 31st March 2017 and a Balance Sheet as on that date:

	Amount		Amount
Investment	406980	Share Capital (4000 shares of Rs.100 each)	400000
Freehold premises	306412	Claims admitted but not paid:	
Leasehold	12604	Fire	4620
Agent's balance	46212	Marine	9808
Sundry debtors	17918	Creditors	44962
Income tax on interest and dividend	4513	Due to reinsurers:	
Claims paid and outstanding:		Fire	2471
Fire	102412	Marine	4143
Marine	261512	Interests and dividends	19512
Expenses on management:		Other receipts	807
Fire	96512	Premium received:	
Marine	142218	Fire	356418
Commission:		Marine	859960
Fire	34921		
Marine	62857		
Interest accrued	919		
Office furniture	14761		
Preliminary expenses	90212		
Cash and bank balance	101738		
	1702701		1702701

Provision for unexpired risk is to be made at 40% of the premium received.

28. The following are the figures extracted from the books of Kailas Bank Ltd. as on 31st March 2017

Interest and discount received	1250000
Interest paid on deposits	650000
Commission and brokerage	240000
Rent received	40000
Profit on sale of investment	20000
Loss on sale of investments	5000
Salaries and allowances	360000
Directors fees and allowances	30000
Rent and taxes paid	24000
Printing and stationary	12000
Postage and telegram	5000
Other expenses	4000
Audit fees	3000
Depreciation on bank's property	15000
Balance of profit and loss account as on 1st April 2016	240000

Other information:

Provide Rs.15000 for doubtful debts

Provide Rs.60000 for taxation

Rebate on bills discounted on 31-3-2017 Rs.40000

Provide 10% dividend proposed on the paid-up capital of Rs.1000000.

Prepare Profit & Loss Account for the year ended 31 March 2017.

(2X15=30 )