

TB155175A

Reg. No.....

Name.....

**B.COM. DEGREE (C.B.C.S.S) EXAMINATION, OCTOBER 2017**

**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 is Premium?
2. What are non-banking assets?
3. What are ex dividend quotations?
4. What is average clause?
5. What is Life assurance Fund?
6. What is meant by realization account?

**(6x1 = 6)**

**PART B**

**II. Answer any seven questions. Each question carries 2 marks.**

7. Give three points to be considered for estimation of stock in hand on the date of fire.
8. What is meant by an unrecorded asset? How do you deal with it at the time of dissolution of a firm?
9. How are investment accounts prepared when there is issue of right shares by the company?
10. How do you ascertain the claim for loss of stock?
11. Distinguish money at call from money at short notice.
12. Give four examples of Schedule 16 of a Bank's final accounts.
13. Distinguish between cash bonus and reversionary bonus.
14. How does a life insurance company ascertain its profit?
15. Discuss the nature and purpose of investment accounts.
16. Mention any four circumstances under which a partnership firm is dissolved.

**(7x2 = 14)**

**PART C**

**III. Answer any five questions. Each question carries 6 marks.**

17. Write short notes on the following  
(a) Reinsurance (b) Annuities
18. Calculate Rebate on bills Discounted as on 31<sup>st</sup> march 2106.

Date of the bill	Amount (Rs.)	Period of the bill	Rate of Discount
20.01.16	80,000	5 months	16%
10.02.16	40,000	4 months	18%
15.03.16	60,000	2 months	15%

19. On 31<sup>st</sup> March, 2016, the Life Assurance Fund of Chiranjeevee Life Assurance Company stood at Rs. 1,48,60,000. Its net liability as per actuarial valuation as on that date was Rs. 86,00,000. A dividend of Rs. 8,00,000 was payable to the shareholders for the year 2015 – 16. But an interim bonus of Rs. 4,50,000 was paid to the policy holders during the two year period ending 31<sup>st</sup> March, 2016.

Prepare statements showing the amount now available as bonus to the policy holders.

20. Explain the order of settlement of claim on dissolution of a firm
21. On 1<sup>st</sup> April 2015 Janatha Ltd. Has Rs. 3,00,000 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. 90,000 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.

22. The godown of P Ltd. Caught fire on 15<sup>th</sup> September 2015. Records saved from fire showed the following particulars –

	Rs.
Stock at cost on 1 <sup>st</sup> April 2014	60,000
Stock at cost on 31 <sup>st</sup> March 2015	84,000
Purchases less returns for the year 2014 – 15	5,08,000
Wages for the year 2014 – 15	20,000
Sales less returns for the year 2014 – 15	7,20,000
Purchases less returns from April 1 to September 15, 2015	1,80,000
Sales less returns from April 1 to September 15, 2015	2,46,000
Wages from April 1 to September 15, 2015	16,200
Gross profit remained at a uniform rate. The stocks salvaged were worth Rs. 7,200 and they were retained by P Ltd. The godown was insured. Show the amount of claim.	

23. How is the gross profit computed for the purpose of insurance on loss of profit?
24. Explain the various methods of piecemeal distribution of cash.

(5x6 = 30)

### PART D

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

25. A, B and C were in partnership sharing profits and losses in the ratio of 3:2:1. The state of affairs as on the dissolution of the firm was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	60,000	Fixed assets	70,000
A's Loan	10,000	Stock and Debtors	25,000
Profit and Loss a/c	6,000	Cash in hand	28,000
A's capital	37,000	C's capital	8,000
B's capital	18,000		
	1,31,000		1,31,000

The firm was dissolved on insolvency of C, whose private estate paid nothing. On dissolution, fixed assets realized Rs.65,000, stock and debtors realized Rs.18,000 and Creditors were paid Rs. 56,000 in full settlement. Realization expenses amounted to Rs.1,500 and unrecorded external liabilities paid Rs.2,500. Close the accounts of the firm assuring-

- (a) Partnership Deed requires to share the loss due to insolvency in the profit sharing ratio  
 (b) Nothing about is mentioned in the Deed.

26. On 1<sup>st</sup> April 2006, the godown of Hindustan Ltd. was destroyed by fire. From the books of account, the following particulars were gathered:

	Rs.
Stock at cost on 1 <sup>st</sup> January 2005	27,570
Stock as per Balance Sheet on 31 <sup>st</sup> December 2005	51,120
Purchases during 2005	2,71,350
Purchases from 1 <sup>st</sup> January 2006 to 31 <sup>st</sup> March 2006	75,000
Sales during 2005	3,51,000
Sales from 1 <sup>st</sup> January 2006 to 31 <sup>st</sup> March 2006	91,500
Value of goods salvaged	6,300

Goods of original cost of Rs. 3,600 had been valued at Rs.1,500 on 31<sup>st</sup> December 2005. These were sold in March 2006 for Rs. 2,700. Except this transaction, the rate of gross profit has remained constant.

On 31<sup>st</sup> March 2006 goods worth Rs. 15,000 had been received by the godown keeper, but had not been entered in the Purchase account.

Calculate the value of goods destroyed by fire.

27. After the valuation on March 31, 2012 in the books of Life Assurance Company Ltd. The actuary's certificate disclosed the net liability on policies and annuities at Rs.50,40,000.

From the following information prepare the Revenue account and ascertain profit and loss made by the company. It was further decided by the directors to transfer a sum of Rs.1,00,000 to the Investment Fluctuation Fund which stood at Rs.2,00,000 on that date to write down investments from Rs.49,00,000 to Rs.46,00,000 if the valuation reveals as surplus:

	Rs.
Bonus in cash	1,00,000
Bonus in reduction of premium	10,000
Surrenders	2,00,000
Premium	35,00,000
Interest, dividend and Rent (net)	12,00,000
Claims	22,00,000
Management expenses	2,50,000
Commission	1,00,000
Annuities	8,00,000
Consideration for annuities granted	12,00,000
Life fund on 1.4.07	40,00,000
Interim bonus paid for the valuation period	1,50,000

As a result of valuation it was decided that a reversionary bonus of Rs.150 per Rs.10,000 be granted and the company gave the policyholders the option to get bonus in cash @ Rs.60 per Rs.10,000. The total business in force was Rs.9 crores. One third of the policy holders in

value decided to get the bonus in cash. Show how much the policy holders can get by way of share in profit.

28. From the following information, prepare Profit and Loss Account of South India Bank Ltd. as on 31<sup>st</sup> March, 2012.

	( Rs. '000 )
Interest and discount	3,045
Income from Investments	115
Interest on balance with RBI	180
Commission, Exchange and brokerage	820
Printing and stationery	180
Advertisement and publicity	95
Depreciation	92
Director's fees	220
Profit on sale of investments	110
Interest on deposits	1,225
Interest to RBI	161
Payment to and provision for employees	1,044
Rent, taxes and lighting	210
Auditor's fees	120
Law charges	230
Postage, telegrams and telephone	70
Insurance	56
Repairs and maintenance	48
Other information	

(i) Interest and discount mentioned above is after adjustment for the following:

	(Rs. '000)
Tax provision for the year	220
Provision during the year for doubtful debts	102
Loss on sale of investments	12
Rebate on bills discounted	58
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	392
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- ( ii ) 25 % of profit is transferred to statutory reserve.  
 5% of profits is transferred to revenue reserve.  
 Profit brought forward from the last year Rs.16,000.

**(2x15= 30)**