

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2015****Fifth Semester****Core 14—SPECIAL ACCOUNTING**

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

[2013 Admissions]

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.  
Each question carries 1 mark.*

1. What is slip system of posting ?
2. What is surrender value ?
3. What are unrecorded assets ?
4. What is standard turnover ?
5. What is interest accrued on investments ?
6. 2 examples of Schedule 16 of Banks financial statements.
7. What are gilt edge securities ?
8. What is dissolution by agreement ?
9. What is indemnity period ?
10. What is valuation Balance Sheet ?

(10 × 1 = 10)

**Part B**

*Answer any eight questions.  
Each question carries 2 marks.*

11. Journalise the sale of goodwill at dissolution if ;
  - (a) goodwill appears in the books of account ;
  - (b) goodwill does not appear in the books of accounts.
12. Give the calculation for Net premium earned by the insurance companies.
13. What are contingent assets ? Name any 4.
14. What is Reserve for unexpired risk ?
15. What is average clause ?
16. State the need of investment account.

**Turn over**

17. What is life assurance fund ?
18. What is short sales ? How is it calculated ?
19. Bring out two important decisions of Garner Vs Murray.
20. What is the need of stock insurance ?
21. The Revenue Account of Life Insurance Company showed the life fund at 75,25,800 on 31-03-15 before taking into account the following items :—
  - (a) claims intimated but not admitted Rs. 96,750 ;
  - (b) bonus issued in reduction of premium Rs. 15,850 ;
  - (c) interest accrued on investments Rs. 30,560 ;
  - (d) outstanding premium Rs. 25,000 ;
  - (e) claims covered under reinsurance Rs. 40,500 ;
  - (f) Provisions for taxation Rs. 35,000.

Record the Journal entries to give effect for the above adjustments.

22. On 31<sup>st</sup> March 2015 X Bank has the following advances :—

		Rs.
Standard assets	...	6,45,300
Substandard assets	...	35,400
Doubtful assets :		
Upto one year	...	12,830
1 year to 3 year	...	6,420
More than 3 years	...	3,560
Loss assets	...	2,000

Calculate the amount of provisions to be made the bank against the advances. Assume the provisions of 0.10% is to be made to standard assets.

(8 × 2 = 16)

### Part C

*Answer any six questions.  
Each question carries 4 marks.*

23. Explain the following terms in the annual accounts of a general insurance company :—
  - (a) Reinsurance Recoveries ;
  - (b) Agent's balance ;
  - (c) Deposits with RBI.
24. Explain with suitable example the recording of rebate on bills discounted in banking companies account.



25. What are the different methods of calculating purchase consideration ?
26. On 1-1-2015 6% 200 Debentures of Rs. 100 each in Y Ltd. were held as investments by X Ltd. at a cost of Rs. 18,200. Interest is payable on 31<sup>st</sup> December. On 1-4-2015 Rs. 4,000 of such debentures were purchased by X Ltd. at Rs. 98 and as on 1-9-2015 Rs. 6,000 Debentures were sold at Rs. 96 ex-interest. On 1-12-2015 X Ltd. sold Rs. 10,000 Debentures at Rs. 95 ex-interest. Prepare the Investment Account for 6% debentures Y Ltd. in the books of X Ltd. Ignore tax.
27. Following are the figures relate to Super Life Insurance Co. Ltd. for the year ending 31 March 2015. Prepare Revenue account (Amount in Rs.) :

	Rs.		Rs.
Claims	... 3,90,000	Management expenses	... 1,40,000
Bonus in reduction of premium	... 1,500	Premium received	... 1,51,000
Directors fees	... 7,000	Life fund (1-4-2014)	... 11,50,000
Agents commission	... 5,000	Annuities	... 1,500

Adjustments ; Premium outstanding Rs. 9,000.

28. On dissolution of a partnership firm the book value of assets (other than cash and bank) transferred to realisation account was Rs. 1,00,000. 50% of the assets were taken over by the partner A at a discount of 20%. 40% of the remaining were sold off at a profit of 30% on cost and 5% of the balance being obsolete realised nothing. The remaining were handed over to creditor at full settlement. Give journal entries to record realisation of the assets.
29. A fire occurred in the premises of Mr. Y on June 15, 2015 and a considerable part of the stock was destroyed. The value of the stock saved was Rs. 4,000. The books disclosed that on 1.4.2015 the stock was valued at Rs. 45,000, the purchases up to date of fire amounted to Rs. 1,25,000 and the sales to Rs. 1,80,000. On investigation, it was found that during the past 5 years the average gross profit on sales was 30%. Prepare the statement showing the claim raised by Mr. Y from the insurance company.
30. On 31 March 2015, Bharat Bank Ltd. had the following discounted bills :—

Date of bill	Amount (Rs.)	Term	Discount rate
2.01.2015	... 50,000	5	16%
15.02.2015	... 75,000	4	20%
05.03.2015	... 1,00,000	3	12%
31.03.2015	... 80,000	2	10%

Calculate rebate on discount on bills and give necessary journal entry.

Turn over

31. Balance Sheet of X, Y, Z who were sharing profits 3 : 1 : 1 stood as follows on 3.12.2015 on dissolution date :

<i>Liability</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>(Rs.)</i>
Bank overdraft ...	28,000	Cash in hand ...	500
Sundry creditors ...	24,500	Bills receivable ...	2,000
X's capital ...	7,500	Debtors ...	12,000
Z's capital ...	5,000	Stock ...	19,000
		Plant and machinery ...	16,000
		Goodwill ...	5,000
		Y's capital ...	10,500

Assets realised Rs. 39,875 and realisation expenses were Rs. 1,000. Prepare necessary accounts assuming that all partners are insolvent.

(6 × 4 = 24)

### Part D

*Answer any two questions.*

*Each question carries 15 marks.*

32. C Ltd., has a loss of profit insurance policy of Rs. 21,00,000. The period of indemnity is three months. A fire occurred on 31.03.2015. The following information are available. (Amount in Rs.) :

<i>Sales :</i>	<i>Rs.</i>
For the year ended 31.12.2014 ...	70,00,000
For the period 1.04.2014—31.03.2015 ...	80,00,000
For the period 1.04.2014—30.06.2014 ...	18,00,000
For the period 1.04.2015—30.06.2015 ...	1,20,000
Standing charges for 2014 ...	16,00,000
Savings in standing charges because of fire ...	50,000
Profit for 2014 ...	5,00,000
Additional expenses incurred to mitigate the loss ...	1,00,000

10% of turnover of the last year is due to factory second sales. Compute the claim to be made to insurance company.

33. Following is the balances of Commercial bank as on 31-03-2015. (Amount in Rs. '000) :

	<i>Rs.</i>		<i>Rs.</i>
50,00,000 shares of Rs. 50 each ...	2,50,000	Salary ...	28,500
General reserve ...	1,50,000	General expenses ...	27,500
Loans and advances ...	31,40,000	Rent paid ...	2,300
Premises ...	1,77,500	Directors fee ...	1,800
Government securities ...	9,10,000	Bills discounted ...	30,000
Current deposits ...	11,82,000	Profit and loss ...	12,500



	Rs.		Rs.
Savings deposits	... 20,00,000	Miscellaneous income	... 100
Fixed deposits	... 10,00,000	Interim dividend paid	... 10,000
Cash in hand	... 3,05,000	Money at call	... 62,000
Interest ; discount etc	... 1,00,000		
Provide :			
(a) Bad and doubtful debts	... 1,000		
(b) Rebate on bills discounted	... 600		
(c) Interest accrued on investments	... 6,100		

Prepare Final statements.

34. X, Y, Z were partners. Their balance sheet stood as under on the date when the firm was dissolved :

<i>Liability</i>		<i>Amount</i>	<i>Assets</i>		<i>Amount</i>
		(Rs.)			(Rs.)
Sundry creditors	...	60,000	Sundry assets	...	55,000
X's Capital	...	22,000	Profit and loss	...	12,000
Z's capital	...	10,000	Y's capital	...	25,000

Assets realised Rs. 41,000. The expenses of realisation amounted to Rs. 1,000. The position of the partners were as follows :

	<i>Private Assets</i>	<i>Private Liabilities</i>
X ...	18,000	20,000
Y ...	12,000	21,000
Z ...	12,000	10,000

Record necessary Journal entries and prepare relevant ledger accounts to close the books of the firm.

35. Explain how the profit and loss from a general insurance business is ascertained and prepare a fire revenue account with imaginary figures.

(2 × 15 = 30)