

END OF SEMESTER EXAMINATIONS, NOVEMBER - 2018
SPECIAL ACCOUNTS
SUBJECT CODE: 12UAGO20

MAJOR: B.COM
TIME : 3 HOURS

SEMESTER : VI
MAX.MARKS : 75

SECTION - A (10 X 1 = 10)

Answer All the questions:

1. State any two advantages of double accounting system.
2. What is meant by double account system?
3. Define banking.
4. Explain the meaning of Non-Performing assets.
5. Give the expansion for IRDA.
6. State the types of insurance.
7. What do you mean by a holding company?
8. Explain the term Minority Interest.
9. Define Government Accounting.
10. Mention the classification of services in the central budget.

SECTION - B (5 X 4 = 20)

Answer any FIVE questions:

11. What is the format of Receipts and Expenditure on Capital Account?
12. The Bangalore Municipal Corporation replaces part of its existing water mains with larger mains at the cost of Rs. 75,00,000. The original cost of laying the old main was Rs. 15,00,000 and the present cost of laying those mains would be three times the original cost. Rs. 1,25,000 was realized by the sale of old materials and old materials of Rs. 3,75,000 were used in the replacement and included in the cost given above. Give journal entries to record the above.
13. Draft the Profit and Loss Account of a Banking Company in a prescribed form as per schedule III of Banking Companies Act.
14. Calculate the net profit earned by Sandhya Bank Ltd., from the data given below for the year ended 31.03.2015.

Interest earned	Rs. 5,00,000
Other Incomes	Rs. 37,000
Interest Expended	Rs. 3,40,000
Operating Expenses	Rs. 1,05,000
Rebate on bills discounted	
(1.4.2014)	Rs. 48,000
(31.3.2015)	Rs. 52,000

15. Bring out the objectives of Government Accounting.

16. The Balance Sheet of C Ltd and D Ltd as at 31st December 2014 are as follows:

Liabilities	C Ltd (Rs.)	D Ltd (Rs.)	Assets	C Ltd (Rs.)	D Ltd (Rs.)
Share Capital (in Shares of Rs. 10)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General Reserve	18,000	20,000	Goodwill	-	20,000
Profit and Loss Account	24,500	23,000	Shares in D Ltd at Cost	1,40,000	-
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of D Ltd Profit for the year ended 31.12.2014 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of C Ltd in D Ltd is 90% acquired on 30.06.2014. Draft a consolidated balance sheet of C Ltd., and its Subsidiary.

17. A Life assurance company prepared its revenue account for the year ended 31.03.2006 and ascertained its life assurance fund to be Rs. 28,35,000. It was found later that the following had been omitted from the accounts.

..2.,

- a) Interest accrued on investments Rs. 39,000. Income Tax liable to be deducted there on is estimated to be Rs. 10,500.
 - b) Outstanding premium Rs. 32,800.
 - c) Bonus utilized for reduction of premium Rs. 6,750.
 - d) Claims intimated but not admitted Rs. 17,400.
 - e) Claims covered under reinsurance Rs. 6,500.
- What is the true life insurance fund?

18. The life fund of a life insurance company on 31.03.2014 showed a balance of Rs. 54, 00,000. However the following items were not taken into account while preparing the revenue account for 2013-2014:

- a) Interest and dividends accrued on Investments Rs. 20,000.
- b) Income tax deducted at source on the above Rs. 6,000.
- c) Reinsurance claims recoverable Rs. 7,000.
- d) Commission due on reinsurance premium paid Rs. 10,000.
- e) Bonus in reduction of premiums Rs. 3,000.

SECTION - C (3 X 15 = 45)

Answer any **THREE** questions:

- 19. State the difference between single accounting system and double accounting system.
- 20. Briefly explain the terms and expressions used in government finance.
- 21. The Books of Jai Prakash Insurance Company Ltd., contain the following information in respect of fire Insurance as on 31.03.2006.

Provision for unexpired risk (01.04.05)	Rs. 80,000
Estimated Liability in respect of outstanding claims:	
On 01.04.05	Rs. 10,000
On 31.03.06	Rs. 15,000
Medical expenses regarding claims	Rs. 1,000
Claims paid	Rs. 70, 000
Reinsurance premium	Rs. 14,500
Reinsurance recoveries	Rs. 1,500
Premiums	Rs. 1, 90,000
Commission on direct business	Rs. 25,000
Commission on reinsurance ceded	Rs. 3,000
Commission on reinsurance accepted	Rs. 1,000
Refund of double taxation	Rs. 600
Management expenses	Rs. 8, 000
Legal expenses regarding claims	Rs. 1,500
Profit on sale of Investments	Rs. 1,750
Additional reserve on 31.03.05	Rs. 60,000

Additional reserve is to increased by 10% of the net premium income

Prepare revenue account keeping the reserve for unexpired risk at 50% of premium income.

22. You are required to consolidate the following Balance Sheet.

Balance Sheet of R Ltd

Liabilities	Rs.	Assets	Rs.
20,000 shares of Rs.10 each fully paid	2,00,000	Buildings	80,000
12% debentures	1,00,000	Machinery	60,000
Trade creditors	40,000	Fixtures	40,000
General reserve	60,000	Investments in S Ltd 10,000 shares at cost	1,40,000
Profit and Loss Account	50,000	Stock-in-trade	30,000
		Sundry debtors:	
		S Ltd	30,000
		Other	60,000
			90,000
		Balance at bank	10,000
	4,50,000		4,50,000

Balance Sheet of S Ltd

Liabilities	Rs.	Assets	Rs.
12,000 shares of Rs. 10	1,20,000	Buildings	50,000
Profit and Loss Account	90,000	Vehicles	40,000
Sundry Creditors:		Stock	30,000
R Ltd 25,000	80,000	Sundry debtors	90,000
Others 55,000		Bills receivable	50,000
		Balance at bank	30,000
	2,90,000		2,90,000

The holding of R Ltd in S Ltd was acquired some years earlier at a premium of 40%, the balance at credit of the profit and loss account of S Ltd being Rs. 30,000.

Transactions between R Ltd and S Ltd include the purchase of goods by S Ltd at cost plus 25%. The stock of S Ltd on the balance sheet date consists of:

Goods from R Ltd Rs. 15,000
Goods from others Rs. 15,000
<u>Rs. 30,000</u>

Cash amounting to Rs. 5,000 was in transit from S Ltd to R Ltd on the date of the balance sheet.

23. From the following information prepare the Profit and Loss Account of ABC Bank Ltd. for the year ended on 31st March 2006 in the prescribed form.

	Rs.
Interest on Loan	2,59,000
Interest on fixed deposits	2,75,000
Rebate on bills discounted required	49,000
Commission	8,200
Establishment	54,000
Discount on bills discounted	1,95,000
Interest on cash credit	2,23,000
Interest on current account	42,000
Rent and taxes	18,000
Interest on overdraft	1,54,000
Directors fees	3,000
Auditors fees	1,200
Interest on savings bank deposits	68,000
Postage and telegrams	1,400
Printing and stationery	2,900
Sundry Charges	1,700

Bad debts to be written off amounted to Rs. 40,000. Provision for taxation may be made @ 55%.

Balance of profit from last year was Rs. 1, 20,000. The directors have recommended a dividend of Rs. 20,000 for the share holders.

* * * * *