

A-9022

Sub. Code

4MCO4C1

M.Com. DEGREE EXAMINATION, NOVEMBER 2019

Fourth Semester

Commerce

SPECIAL ACCOUNTING

(CBCS – 2014 onwards)

Time : Three Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. What is Rebate?
2. Write a note on letter of credit.
3. What is re-insurance ceded?
4. Write a note on life assurance fund.
5. Write note on Revenue account.
6. Write a note on development reserve.
7. What is price level changes?
8. Write a note on current cost accounting.
9. What do you mean the Human resource accounting?
10. Write a note on replacement cost.

Part B (5 × 5 = 25)

Answer **all** questions, choosing either (a) or (b).

11. (a) Explain the term provision for NPA.

Or

- (b) On 31st March 2011, the New Bank Ltd. held the following bills :

Date of bill	Amount	Term months	Discounted @%p.a.
Feb 9	1,00,000	4	9
Feb. 17	1,20,000	3	7.5
March 6	80,000	4	8.25

Calculate the rebate on bills discounted and give the necessary journal entry.

12. (a) Explain valuation balance sheet.

Or

- (b) The revenue account of a life insurance company shows the life assurance fund on 31st March, 2004 at Rs. 76,87,500 before taking into account the following items :

- (i) Claims covered under reinsurance Rs. 3,25,000.
- (ii) Bonus utilized in reduction of life insurance premium Rs. 4,85,000.
- (iii) Dividend from investment Rs. 3,50,000.
- (iv) income tax on above — Rs. 32,000.
- (v) Claims intimated hut not yet admitted by the company Rs. 8,07,000.

Prepare Valuation Balance sheet.

13. (a) Explain :

- (i) Contingency reserve.
- (ii) Capital base.

Or

- (b) Bring out the advantages of Double accounts.

14. (a) Explain Economic Value.

Or

- (b) A machine is bought for Rs.10,000 on 1st Jan. 1980. It is estimated to last for 10 years. The asset is depreciated on SLM basis. The movement in the specific index of the assets is given below :

Date	1.1.80	31.12.83	31.12.84
Index	100	150	170

You are required to calculate net book value included in CCA.

15. (a) Explain competitive bidding price.

Or

- (b) State the objective of HRA.

Part C

(3 × 10 = 30)

Answer any **three** questions.

16. From the following information relating to Akshan Bank Ltd.. prepare profit and loss account for the year ended 31st March, 1994 along with the necessary schedules :

	Rs. ('000)
Interest and Discount	3,045
Income from investments	115
Interest on balances with RBI	180
Commission, Exchange and Brokerage	820
Profit on Sale of Investments	110
On deposits	1,225
Interest to RBI	161
Payment to and provisions for employees	1,044
Rent, Taxes and Lighting	210

	Rs. ('000)
Printing and Stationery	180
Advertisement and Publicity	95
Depreciation	92
Directors' Fees	220
Auditors' Fees	120
Legal charges	230
Postage, Telegrams and Telephones	70
Insurance	56
Repairs and Maintenance	48

Other Information :

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

	Rs. ('000)
(i) Tax provision for the year	220
(ii) Provision during the year for doubtful debts	102
(iii) Loss on sale of investments	12
(iv) Rebate on bills discounted	58

- (b) 20% of profit is transferred to Statutory Reserves.

5% of profit is transferred to revenue reserve.

Profit brought forward from last year Rs. 16,000 only.

17. The following balances were extracted from the books of Kanpur Electric Supply Co. Ltd. as on December 31, 2004.

	Rs.		Rs.
Share capital	10,00,000	Amount contributed by consumers for fixed assets	10,000
Reserve fund (invested $4\frac{1}{2}\%$)		Intangible assets	50,000
Government securities at par)	5,00,000	Tariff and dividends	
Contingencies reserve			

	Rs.		Rs.
(invested in 5% state loan)	1,00,000	control reserve	50,000
Loan from state electricity board	6,00,000	Current assets (monthly average)	2,00,000
8% debentures	2,00,000	Depreciation reserve on fixed assets	5,00,000
Development reserve	1,00,000	Consumers deposits	5,50,000
Fixed assets	20,00,000		

The company earns a profit of Rs. 75,000 (after tax) in 2004. Show how the profit is to be dealt with the company, assuming the bank rate is 9%.

18. The following figures have been extracted from the books of National Insurance Co. Ltd. in respect of their marine business for 2005 :

Particulars	(In lakhs of Rs.)
Direct premium income received	50.00
Reserve for unexpired risks as on 1-1-05	60.00
Claims outstanding as on 1-7-05 (net)	20.00
Bad debts	10.00
Income from investments and dividends (gross)	10.00
Rent received from properties	5.00
Investments in Government securities as on 1-1-05	100.00
Investments in shares as on 1.1.05	20.00
Commission paid on direct business	5.00
Expenses of management	5.00
Income-tax deducted at source	3.00
Profit and loss a/c (Cr.) balance on 1-1-75	10.00
Other expenses	1.25
Re-insurance premium receipts	5.00
Outstanding claims as on 31-12-05 (net)	30.00
Direct claims paid (gross)	25.00
Re-insurance claims paid	4.00

Prepare a revenue a/c, P and L a/c and the P and L appropriation a/c for the year, after taking into account the following further information :

All direct risks are re-insured for 20% of the risk. Claim a commission of 25% on re-insurance ceded. Provide 25% commission on re-insurance accepted. Market value of investments as on 31-12-05 is as follows: Government securities Rs.105 lakh, Shares Rs.18 lakh. Adjust separately for each of these two categories of investment. Provide 65% for income tax.

19. Compare and contrast historic and replacement cost methods of valuing human capital.
20. Explain various methods of evaluation of Inflation accounting.