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B.Com. (CBCS) DEGREE EXAMINATION, APRIL 2026.

Sixth Semester

PROFESSIONAL ACCOUNTING — Core

SPECIAL ACCOUNTS

(For those who joined in July 2023 only)

Time : Three hours Maximum : 75 marks

PART A — ($10 \times 1 = 10$ marks)

Answer ALL questions.

Choose the correct answer :

1. A subsidiary company is one in which
   (a) Another company holds more than 50% voting power
   (b) Public holds shares
   (c) Directors are independent
   (d) It has no liabilities

2. Revenue profits arise

(a) Before acquisition (b) After acquisition

(c) During winding up (d) At incorporation

3. SLR stands for

(a) Statutory Liquidity Ratio

(b) Standard Liability Ratio

(c) Secured Loan Ratio

(d) System Liquidity Reserve

4. Bills for collection are shown as

(a) Assets

(b) Liabilities

(c) Contingent liabilities

(d) Income

5. Reserve for unexpired risk is created because

(a) Losses occur

(b) Premium is received in advance

(c) Expenses are unpaid

(d) Claims are settled

6. Minimum reserve for unexpired risk in fire insurance is generally

(a) 25% (b) 50%

(c) 75% (d) 100%

7. Depreciation in electricity companies is charged on

(a) Original cost

(b) Written down value

(c) Replacement value

(d) Market value

8. Development reserve is created out of

(a) Capital profit (b) Revenue profit

(c) Government grant (d) Share capital

9. The main objective of accounting standards is to

(a) Increase profit

(b) Ensure uniformity and comparability

(c) Reduce taxes

(d) Avoid audits

10. Accounting Standards deal with

(a) Tax calculation

(b) Presentation and disclosure of financial statements

(c) Marketing strategies

(d) Production planning

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) 'A' Limited (Holding Company) acquired 6,000 equity shares of 'B' Limited (face value of a share Rs. 10) at Rs. 1,00,000 on 1.4.2018. Total number of shares issued by B Limited is 8,000. The Balance Sheet of B Limited as on 31.12.2017 shows reserves Rs. 30,000 and P and L Account (Cr.) Rs. 50,000. During the year ended 31.12.2018, 'B' limited has made a profit of Rs. 20,000. Calculate the value of Goodwill / Capital Reserve.

Or

(b) What are the difference between capital profit and revenue profit?

12. (a) Write a short note on classification of assets in case of a banking company.

Or

(b) What are the legal restrictions imposed on banking companies.

13. (a) How does a Life Insurance Company ascertain its profit?

Or

(b) A new marine insurance company reported the following figures for the first year of its working. Make necessary reserve for unexpired risks at 100% on net premium and ascertain profit or loss made by the company.

Loss made by the company	Rs.
Premium received on original policies	80,00,000
Reinsurance premium paid	11,00,000
Reinsurance premium received	3,50,000
Claims	1,00,000
Commission on direct business	4,65,000
Expenses of management	21,00,000

14. (a) From the following data prepare a Revenue account of a Electric supply Company for the year ended 31.03.2024.

	Rs.		Rs.
Sale of current	1,04,000	Rent of Meters	4,000
Cost of generation	28,000	Rent, Rates	4,000
Cost of distribution	4,000	Management expenses	25,600

Or

(b) What are the limitations of double account system?

15. (a) State the objectives of accounting standards.

Or

(b) List out the international accounting standards.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 600 words.

16. (a) The Balance Sheet of H Ltd., and S Ltd., on 31.3.2016 given as under.

Liabilities	H Rs.	S Rs.	Assets	H Rs.	S Rs.
Share capital Rs. 10	5,00,000	1,00,000	Fixed assets	4,00,000	60,000
General Reserve	60,000	30,000	Stock	3,00,000	1,20,000
P & L a/c (1.4.2015)	2,00,000	60,000	Debtors	75,000	85,000
Creditors	1,10,000	60,000	Bills receivable	20,000	—
Bills payable	—	15,000	Shares at S Ltd. at 75,000 cost	75,000	
	8,70,000	2,65,000		8,70,000	2,65,000

(i) Bills Receivable held by H Ltd., are all accepted by S Ltd.

(ii) Stock of H Ltd. includes Rs. 25,0000 bought from S Ltd at a profit to latter of 20% of Sales.

(iii) All the profits of S Ltd. has been earned since the Shares were acquired by H Ltd. But there was already the reserve of Rs. 30,000 at that date.

Prepare Consolidated Balance Sheet.

Or

(b) Explain the stages in the preparation of Consolidated Balance Sheet.

17. (a) The following are the balances of Cholan Bank Limited for the year ended 31, March 2019.

	Rs.
Interest on loan	5,18,000
Interest on fixed deposits	5,50,000
Commission received	16,000
Salaries and Allowances	1,08,000
Discount on bills discounted	2,92,000
Rebate on bills discounted	98,000
Interest on Cash Credits	4,46,000
Interest on current accounts	84,000
Rent and taxes	36,000
Interest on overdraft	3,08,000
Director's fees	6,000
Auditor's fees	2,000
Interest on savings bank deposits	1,36,000
Postage and telegrams	3,000
Printing and stationeries	6,000
Locker rent	2,000
Transfer fees	1,000
Depreciation on Bank's properties	10,000
Sundry charges	4,000

Other Information's :

(i) Provision for bad debts Rs. 80,000.

(ii) Provision for income tax Rs. 3,00,000.

Prepare Profit and Loss Account of the Bank for the year ended 31st March 2009.

Or

(b) Give a pro forma of Profit and Loss Account of Banking Company.

18. (a) From the following details prepare Revenue a/c and Balance sheet of Bharat Assurance Co. Ltd., as 31st December 2015 :

Particulars	Debit	Credit
	Rs.	Rs.
Paid up share capital : 10,000 shares of Rs. 10 each		1,00,000
Life Insurance Fund 1.1.2015		29,72,300
Dividend Paid	15,000	
Premiums received less reinsurance premium (commission thereon Rs. 5,000)		1,61,500
Bonus in reduction of premium	31,500	

Particulars	Debit Rs.	Credit Rs.
Claims paid	1,97,000	
Outstanding claims (1.1.2015)		7,000
Commission paid	9,300	
Management expenses	32,300	
Mortgages in India	4,92,200	
Interest, dividends		1,12,700
Agents balances	9,300	
Buildings	40,000	
Investments	23,05,000	
Loan on policies	1,73,600	
Cash on deposit	27,000	
Cash in hand	7,300	
Surrenders	7,000	
Medical fees	7,000	
Consideration for annuities granted		10,000
Annuity	10,000	
	33,63,500	33,63,500

Prepare the Revenue account after considering the following :

(i) Claims outstanding Rs. 10,000.

(ii) Further bonus in reduction of premium Rs. 5,000.

(iii) Premium outstanding Rs. 5,000.

(iv) Claim covered under reinsurance Rs. 80,000.

(v) Management expenses Rs. 30,000.

Or

(b) Distinguish between life insurance and general insurance.

19. (a) From the following details relating to an Electricity Undertaking you are required to draw up the Capital Account and General Balance Sheet as at 31st March 2009, under the Double Account System, Authorized Capital : 8,000 shares of Rs. 100 each. Issued Capital : 4,000 shares of Rs. 100 each fully paid (out of which 500 shares were issued during the year). 13% Debentures Rs. 2,00,000 : Trade Creditors Rs. 50,000. Reserve fund Rd. 1,00,000. Trade Debtors Rs. 90,000 and cash at Bank Rs. 50,000 Reserve fund investments (cost) Rs. 1,00,000; Market Value Rs. 1,10,000 Stock Rs. 60,000.

Fixed Assets-Spent upto 31.3.2008; Machinery Rs. 3,00,000; Building Rs. 2,00,000, Additions during the year Machinery Rs. 60,000; Building Rs. 10,000. Depreciation fund : Machinery Rs. 70,000; Building Rs. 10,000. Profit and Loss Account Rs. 40,000.

Or

(b) Explain the advantages and disadvantages of Double Account System.

20. (a) What are the advantages and disadvantages of accounting standards?

Or

(b) How do you prepare consolidated financial statements under AS-217?
