

**B.Com(Hons) DEGREE EXAMINATION, APRIL 2019**  
**II Year IV Semester**  
**Special Accounts**

**Time : 3 Hours**

**Max.marks :75**

**Section A** ( $10 \times 2 = 20$ ) Marks

Answer **ALL** the questions

1. What do you mean by Absorption?
2. B Ltd. agreed to absorb A Ltd. upon the following terms: (i) Shares of A Ltd. are to be considered as worth Rs.12 each of which shareholders are to be paid one quarter in cash and the balance in Rs.100 shares of B Ltd. which are to be issued at 25% premium. Total shares were: 20,000 in B Ltd. and 10,000 in A Ltd. Ascertain the number of shares to be issued by B Ltd.
3. Is Double Account system different from Double Entry system?
4. From the following data, compute the amount to be charged to Revenue a/c: Present cost of replacing the old works – Rs.1,80,000. Amount realised on the sale of old materials – Rs.10,000. Value of old materials used in reconstruction – Rs.250.
5. How do you treat Minority interest while preparing consolidated balance sheet?
6. X Ltd. purchased 60% shares of Y Ltd. on 1.1.2012 when the latter's balance in P&L a/c and General reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31.12.2012, Y Ltd.'s balance sheet showed P&L a/c balance of Rs.4,00,000 and General reserve Rs.3,00,000. Calculate capital profits and revenue profits.
7. Write a short note on Bills for Collection.
8. From the following information, compute provision for tax to be created by Naga Bank Ltd: interest earned – Rs.15,64,000; Other incomes – Rs.16,400; Interest expended – Rs.7,70,000; Operating expenses – Rs.1,64,400 and Bad debts – Rs.80,000. The bank is required to make a provision of 55% for tax purposes.
9. What do you understand by Life Assurance Fund?
10. Calculate net premium to be credited to Revenue a/c from the following data: Premium received during the year – Rs.16,00,000. Reinsurance premium paid – Rs.5,40,000. Reinsurance premium received – Rs.6,20,000 and Bonus in reduction of premium (not yet adjusted) – Rs.20,000.

**Section B** ( $5 \times 5 = 25$ ) Marks

Answer any **FIVE** questions

11. Explain the various methods of calculating purchase consideration.
12. Sagar Ltd. is absorbed by Mahasagar Ltd., the consideration being: (i) the taking over of the trade liabilities of Rs.40,000; (ii) the payment of cost of absorption of Rs.15,000; (iii) the repayment of 'B' debentures of Sagar Ltd. of Rs.2,00,000 at par; (iv) the discharge of 'A' debentures of Rs.3,00,000 in the Vendor Co. at a premium of 10% by way of issue of 8% debentures in Mahasagar Ltd. at par; (v) a payment of Rs.20 per share in cash and the exchange of 4 fully paid Rs.10 shares in Mahasagar Ltd. at a market price of Rs.15 per share for every Rs.50 share in Sagar Ltd. which were 40,000 in number. You are required to find out the purchase consideration.

13. ABC Electricity Company decided to replace some parts of its Plant by an improved Plant. The Plant to be replaced was built in 2003 for Rs.54,00,000. It is estimated that it would now cost Rs.80,00,000 to build a new Plant of the same size and capacity. The cost of the new Plant as per the improved design was Rs.1,70,00,000 and in addition, material belonging to the old Plant valued at Rs.5,50,000 was used in the construction of the new Plant. The balance of the old Plant was sold for Rs.3,00,000. Show necessary journal entries and Replacement account.
14. H Ltd. purchased 16,000 out of 20,000 shares of Rs.10 each in S Ltd., for Rs.2,80,000. On the date of purchase of shares, S Ltd. had a reserve of Rs.60,000. Rs.80,000 has been earned by S Ltd., after the purchase of shares. S Ltd. decided to issue bonus shares out of revenue profits in the ratio of two shares for every five shares held. Calculate the cost of control after the issue of bonus shares.
15. Briefly explain the classification of bank's advances for the purpose of provisioning.
16. On 31.12.96 Popular bank Ltd. has the following bills in its portfolio. All the bills are discounted at 5%.

Amount in Rs.	Due date
50,000	31.1.1997
40,000	30.4.1997
30,000	3.3.1997

Calculate rebate on bills discounted, assuming accounts are closed on 31<sup>st</sup> December every year.

17. From the following particulars, prepare fire revenue account for 2015-16:

	(Rs. in '000)
Claims paid	235
Legal expenses regarding claims	5
Premiums received	600
Reinsurance premium	60
Commission	100
Expenses of management	150
Provision against unexpired risk on 1.4.2015	260
Claims unpaid on 1.4.2015	20
Claims unpaid on 31.3.2016	35

18. A Life Insurance Company gets its valuation made once in every two years. Its Life Assurance fund on 31.3.16 amounted to Rs.63,84,000 before providing Rs.64,000 for the shareholders' dividend for the year 2015-16. Its actuarial valuation due on 31.3.16 disclosed a net liability of Rs.60,80,000 under assurance annuity contracts. An interim bonus of Rs.80,000 was paid to the policy holders during the two years ending 31.3.2016. Prepare a statement showing the amount now available as bonus to policy holders.

### Section C (2 × 15 = 30) Marks

#### PART - A - Case Study - Compulsory Question

19. From the balance sheets of H Ltd. And its subsidiary S Ltd. as on 31.12.2015 and the information given below, prepare a consolidated balance sheet.

Liabilities	H Ltd.(Rs)	S Ltd.(Rs)	Assets	H Ltd.(Rs)	S Ltd.(Rs)
Share capital:(Rs. 10 per share fully paid)	2,00,000	40,000	Sundry assets	1,60,000	24,000
Profit & loss a/c	80,000	24,000	Stock	1,22,000	48,000
Reserves	20,000	12,000	Debtors	26,000	34,000
Creditors	40,000	24,000	Bills receivable	2,000	Nil
Bills payable	Nil	6,000	Investments	30,000	Nil
	3,40,000	1,06,000		3,40,000	1,06,000

Additional information:

H Ltd. purchased 3,000 shares in S Ltd. on 1.1.2015. At the time, S Ltd.'s balance sheet had a credit balance of Rs.12,000 in reserves but there was no balance in P&L a/c.

Bills payable of S Ltd. are all in favour of H Ltd.

Sundry assets of S Ltd. were undervalued by Rs.4,000.

The stock of H Ltd. includes Rs.10,000 bought from S Ltd. at a profit to the latter of 25% on cost.

### PART - B

Answer any **ONE** question

20. M Ltd. and N Ltd. agreed to amalgamate on the basis of the following balance sheets as on 31.3.2017

Liabilities	M Rs.	N Rs.	Assets	M Rs.	N Rs.
Shares of Rs.25 each	75,000	50,000	Goodwill	30,000	Nil
P&L a/c	7,500	2,500	Fixed assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund	Nil	2,500	Debtors	8,000	5,200
			Bank	1,500	2,500
	86,000	58,500		86,000	58,500

The assets and liabilities are to be taken over by a new company formed called P Ltd., at book values. P Ltd.'s capital is Rs.2,00,000 divided into 10,000 equity shares of Rs.10 each and 10,000 9% preference shares of Rs.10 each. P Ltd. issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price. Pass journal entries in the books of P Ltd. and prepare its balance sheet, if the amalgamation is in the nature of purchase.

21. From the following information prepare the Profit and Loss Account of ABC Ltd. for the year ended on 31<sup>st</sup> March 2012 in the prescribed form.

	Rs.
Interest on loan	2,59,000
Interest on fixed deposits	2,75,000
Rebate on bills discounted	49,000
Commission	8,200
Establishment charges	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
Director's fees	3,000
Auditor's fees	1,200
Interest on savings 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 shareholders.