

**B.Com(Hons) DEGREE EXAMINATION, APRIL 2020**  
**II Year IV Semester**  
**Special Accounts**

**Time : 3 Hours**

**Max.marks :75**

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

Answer **ALL** the questions

1. Define Amalgamation.
2. Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the followings: terms: For each of the 10,000 shares of Rs.10 each in Krishnan Ltd., 2 shares in Raman Ltd., of Rs.10 each will be issued at an agreed value of Rs.12 per share. In addition so Rs.4 per share cash also will be paid.  
Calculate purchase consideration.
3. What is meant by Double Account System?
4. Ascertain the amount to be capitalised from the following information:  
Total cost of new asset : Rs.20,00,000  
Estimated present cost of replacement: Rs.12,00,000
5. Write a short note on Minority Interest.
6. Stock of Rs.3,20,000 held by H Ltd., consists of Rs.1,20,000 goods purchased from S Ltd., who has charged profit on sale of 20%. H Ltd., acquired 80% of shares of S Ltd. Calculate the amount of unrealised profit included in stock.
7. What is Statutory Reserve?
8. Calculate the amount of provision to be shown in P&L A/c of a commercial bank:  

	Amt(Rs. in lakhs)
Standard Assets	8,000
Sub - Standard Assets	650
Doubtful Assets(more than 3 years)	100
Loss Assets	250
9. Calculate commission expenses to be derived in schedule 2 of Life Insurance company:  

	Rs.
Commission on direct business	93,000
Commission on reinsurance accepted	40,000
Commission on reinsurance ceded	50,000
10. Write a note on 'Reserve for unexpired Risk'.

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

Answer any **FIVE** questions

11. What is Purchase Consideration? Explain various methods of its calculation.
12. Abdul Ltd. Having a capital of Rs. 10,000 shares of Rs.100 each (Rs. 75 paid up) and a reserve fund of Rs. 2,50,000 was absorbed by National Timber Ltd. having a capital of Rs. 40,00,000 divided into 40,000 shares of Rs. 100 each (Rs.60 paid up) and a reserve fund of Rs.16,00,000 on the terms that for every four shares in Abdul Ltd. National Timber Ltd. was to give five shares partly paid as its original ones. Prepare ledger A/c to close the books of Abdul Limited.

13. 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 mains 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 the journal entries to record the above and show the allocation of expenses between revenue and capital along with Replacement Account.
14. H Ltd. Purchased 75% of shares in S Ltd. On 1-7-2019. On 31-12-2019 the Balance sheet of S Ltd. showed Reserve Fund balance on 1-1-2019 Ra.40,000. Profit earned during 2019 Rs.60,000 and preliminary expenses unwritten off Rs.20,000. Calculate capital profits and revenue profits.
15. Write short notes on :
- Reserve for Bad Debts
  - Provision for Taxation.
  - Standard Assets.
  - Contingent Liabilities.
16. Calculate Rebate on Bills discounted as on 31.3.2016.

Date of bill	Amount(Rs.)	Period	Rate of Discount
15-1-2016	25,000	5 Months	8%
10-2-2016	15,000	4 Months	7%
25-2-2016	20,000	4 Months	7%
20-3-2016	30,000	3 Months	9%

17. The life insurance of life insurance company on 31.3.2016 showed a balance of Rs.54,00,000. However, the following items were not taken into account while preparing the revenue A/c for 2015-2016. Ascertain the correct life fund balance.
- |   |        |
|---|--------|
|   | Rs.    |
| (a) Interest and dividends accrued on investments | 20,000 |
| (b) Income tax deducted at source on the above    | 6,000  |
| (c) Reinsurance claims recoverable                | 7,000  |
| (d) Commission due on reinsurance premium paid    | 10,000 |
| (e) Bonus in reduction of premiums                | 3,000  |

18. From the following particulars, prepare the fire revenue account for 2015 -2016.

	(Rs. In '000)
(a) Claims paid	235
(b) Legal expenses regarding claims	5
(c) Premiums received	600
(d) Reinsurance premium	60
(e) Commission	100
(f) Expenses of management	150
(g) Provision against unexpired risk on 1.4.2015	260
(h) Claims unpaid on 1.4.2015	20
(i) Claims unpaid on 31.3.2016	35

### Section C (2 × 15 = 30) Marks

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

19. From the Balance sheets and information given below prepare a consolidated Balance sheet.

Liabilities	E Ltd. Rs.	G Ltd. Rs.	Assets	E Ltd. Rs.	G Ltd. Rs.
Share capital: (Rs.10 per share fully paid)	1,00,000	20,000	Sundry Assets	80,000	12,000
Reserve fund	10,000	6,000	Stock –in-trade	61,000	24,000
P&L A/c	40,000	12,000	Debtors	13,000	17,000
Creditors	20,000	12,000	Bills receivable	1,000	-
Bills payable	-	3,000	Share in G Ltd. 1,500 shares at cost	15,000	-
Total	1,70,000	53,000		1,70,000	53,000

Additional information

1. All profits of G Ltd. Have been earned since the share were acquired by E Ltd., but the reserve of Rs.6,000 was already there at the time.
2. Bills accepted by G Ltd., are all in favour of E Ltd., which has discounted Rs.2,000 of them.
3. Sundry assets of G Ltd. Undervalued by Rs.2,000.
4. The stock-in-trade of E Ltd., includes Rs.5,000 bought from G Ltd., at a profit to the later of 25% on cost.

## PART - B

Answer any **ONE** questions

20. Ram Ltd.and Shyam Ltd., have agreed to amalgamate. A new company Guru Ltd., has been formed to take over combined concerns as on 31st December 2018. After negotiations the assets of the two companies have been agreed upon as shown bellow. Balance sheet as on 31-12-2018

Liabilities	Ram Ltd.(Rs.)	Shyam Ltd.(Rs.)	Assets	Ram Ltd.(Rs.)	Shayam Ltd.(Rs.)
Share capital: Shares of Rs,10 each	10,00,000	5,00,000	Land & Buildings	5,00,000	3,00,000
Reserve fund	-	50,000	Plant & machinery	2,00,000	2,50,000
P&L A/c	50,000	50,000	Good will	-	50,000
Creditors	80,000	50,000	Furniture	1,10,000	-
			Stock	1,50,000	20,000
			Debtors	1,20,000	20,000
			Bank	50,000	10,000
	11,30,000	6,50,000		11,30,000	6,50,000

Prepare the balance sheet of Guru Ltd assuming

- (a) The entire purchase price is paid off in the form of equity shares of Rs.100 each in Guru Ltd.
  - (b) The amalgamation is in the nature of merger.
21. On 31st December 2016. The following balances stood in the books of account Asian bank limited after preparing of its profits and loss account.

	Rs.(in '000)
(a) Share capital : Issued and subscribed	4,000
(b) Reserve fund (under section 17)	6,200
(c) Fixed deposits	42,600

(d)	Savings bank deposits	19,000
(e)	Current accounts	23,200
(f)	Money at call and share notice	1,800
(g)	Investments	25,000
(h)	P&L (cr.) 1st Jan 2016	1,350
(i)	Dividend for 2015	400
(j)	Premises	2,950
(k)	Cash in hand	380
(l)	Cash with RBI	10,000
(m)	Cash with other banks	6,000
(n)	Bills discounted and purchased	3,800
(o)	Loans, cash credits and overdrafts	51,000
(p)	Bills payable	70
(q)	Unclaimed dividend	60
(r)	Rebate on bills discounted	50
(s)	Short loans (borrowing from other banks)	4,750
(t)	Furniture	1,164
(u)	Other assets	336
(v)	Net profits for 2016	1,550

Prepare balance sheet of the bank as on 31st December 2016.