

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)**

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.

B.Com.(Honours) END SEMESTER EXAMINATION APRIL/NOV - 2021

SEMESTER - IV

14UBHCT4A15 - Special Accounts

Total Duration : 3 Hrs	Total Marks : 75
MCQ : 30 Mins	MCQ : 15
Descriptive : 2 Hrs.30 Mins	Descriptive : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. Sandy Ltd agrees to purchase the business of Gupta Ltd., on the following terms:
 - a. For each of the 20,000 shares of Rs.10 each in Gupta Ltd 2 shares in Sandy Ltd of Rs.10 each will be issued at an agreed value of Rs.12 per share.
 - b. Sandy Ltd agrees to pay Rs.4 per share in cash.
 - c. Rs.25,000 will be paid towards expenses of winding up.

Calculate the purchase consideration.

2. On 31st March, 2019, a Bank held the following bills, discounted by it earlier:

Sl. No.	Date of bill	Term of Bill in months	Discount rate	Amount of Bill
1	January ,17	4	16	7,00,000
2	February,7	3	19	14,50,000
3	March,9	3	16.5	3,60,000

You are required to calculate the rebate on bills discounted.

3. On 31st March 1998, Lakshmi commercial Bank Ltd, finds its advances classified as follows:

Standard assets	14,90,000
Sub-standard assets	90,000
Doubtful assets (secured)	
Doubtful for one year	25,000
Doubtful for one year to three years	15,000
Doubtful for more than three years	6,000
Loss assets	10,000

Calculate the amount of provision to be made by the bank against the above mentioned advances.

4. Explain the different methods of calculating purchase consideration.

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5. A Life Assurance company prepared its Revenue account for the year ended 31.3.2018 and ascertained its Life Assurance fund to be Rs.30,25,000. It was found later that the following had been omitted from the accounts:

Interest accrued on investments	Rs.40,000
Outstanding premiums	Rs.30,000
Bonus utilised for reduction of premium	Rs.5,250
Claims intimated but not admitted	Rs.17,000
Claims covered under reinsurance	Rs.6,000
Provision for taxation	Rs.3,500

Calculate its true assurance fund.

6. From the following particulars, prepare the Fire Revenue Account as on 31.3.2018.

Provision for unexpired risks on 1.4.17	2,00,000
Claims paid	70,000
Legal expenses regarding claims	2,000
Premiums	5,00,000
Reinsurance premium	60,000
Commission	1,00,000
Expenses of management	1,50,000
Claims unpaid on 1.4.17	20,000
Claims unpaid on 31.3.18	35,000

7. The ABC Electric company decided to replace some parts of its plant by an improved plant. The plant to be replaced was built in 2004 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. Compute the amount to be capitalised.
8. On 31.12.16 X Ltd. acquired 80% equity shares of Y Ltd. share in Y Ltd amounted to Rs.5,00,000. The P & L account and General Reserve balances as per Balance Sheet of Y Ltd. prepared on 31.12.16 amounting to Rs. 6,80,000 and Rs. 1,44,000 respectively. On the date of acquisition of shares, the assets of Y Ltd. were revalued and gain of Rs. 1,20,000 was found out. Calculate capital profits Revenue profits and calculate minority interest.

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SEMESTER - IV
14UBHCT4A15 - Special Accounts

Section C

Part A

Answer any **TWO** questions ($2 \times 10 = 20$ Marks)

9. From the following particulars prepare a profit and loss account of New Bank Ltd for the year ended 31.12.2006.

Particulars	Rs. (in '000)
Interest on loans	260
Interest on fixed deposits	280
Rebate on bills discounted	50
Commission charged to customers	9
Establishment expenses	56
Discount on bills discounted	200
Interest on current accounts	45
Printing and advertisements	3
Interest on cash credits	225
Rent and taxes	20
Interest on overdrafts	56
Director's and Auditor's fees	4
Interest on savings bank accounts	70
Postage and telegrams	2
Sundry charges	2

10. T Ltd absorbed the business of R Ltd as a going concern on 31st March 2014. The balance sheets of the two companies on that date being as under:

Liabilities	T Ltd	R Ltd	Assets	T Ltd	R Ltd
Share capital	10,00,000	6,00,000	Goodwill	-	1,00,000
Reserves	1,20,000	-	Building	5,00,000	-
Creditors	20,000	1,00,000	Debtors	2,80,000	2,00,000
Bank overdraft	-	1,00,000	Investments	1,20,000	-
			Bank	1,00,000	-
			P&L a/c	-	2,40,000
	11,40,000	8,00,000		11,40,000	8,00,000

The purchase consideration was agreed upon at Rs.4,00,000 payable as to Rs.2,00,000 in cash and the balance by issue of 16,000 equity shares of Rs.10 each fully paid in T Ltd at an agreed value of Rs.12.50 per share, pass journal entries in the book of purchasing company.

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11. From the following Balance sheet relating to H Ltd and S Ltd Prepare a consolidated balance sheet;

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Shares of Rs.10 each fully paid	10,00,000	2,00,000	Fixed assets	8,00,000	1,20,000
Reserves	1,00,000	60,000	Stock	6,10,000	2,40,000
P & L a/c	4,00,000	1,20,000	Debtors	1,30,000	1,70,000
Sundry creditors	2,00,000	1,20,000	Bills receivable	10,000	---
Bills payable	---	30,000	Shares in S Ltd at cost (15,000 shares)	1,50,000	---
	17,00,000	5,30,000		17,00,000	5,30,000

- All profits of S Ltd have been earned after the shares were acquired by H Ltd but there was already a reserve of Rs.60,000 on that date.
 - All bills payable of S Ltd was accepted in favour of H Ltd.
 - The stock of H Ltd includes Rs.50,000 purchased from S Ltd the profit added was 25% on cost.
12. Explain the features of Double Account system?

Part B

Compulsory question (1 × 10 = 10 Marks)

13. From the following balances extracted from the books of Arun Prakash Co. Ltd., contain the following information in respect of Marine insurance as on 31.03.2018.

Provision for unexpired risks (1.4.17)	80,000
Estimated liability in respect of outstanding claims:	
On 1.4.17	10,000
On 31.3.18	15,000
Medical expenses regarding claims	1,000
Claims paid	70,000
Reinsurance premium	14,500
Reinsurance recoveries	1,500
Premiums	1,90,000
Commission on direct business	25,000
Commission on reinsurance ceded	3,000
Commission on reinsurance accepted	1,000
Management expenses	55,000
Interest & Dividends	8,000
Legal expenses regarding claims	1,500
Profit on sale of investments	1,750
Additional reserve on 1.4.17	60,000

Additional reserve is to be increased by 10% of the net premium income. Prepare revenue account keeping the reserve for unexpired risks at 50% of premium income.