

**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.(Hons) - END SEMESTER EXAMINATIONS APRIL - 2022

SEMESTER - IV

20UBHCT4016 - Special Accounts

Total Duration : 3 Hrs.

Total Marks : 60

Section A

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. From the following figures appearing in the books of Fire Insurance divisions of a General company, show the amount of claim as it would appear in revenue account, by preparing schedule2, claims incurred:

	Direct business (Rs.)	Re-insurance (Rs.)
Claims paid during 2005-06	4,670	700
Claims paid during 1-4-2005	763	87
31-3-2006	812	53
Claims received	-	230
Claims receivable 1-4-2005	-	65
31-3-2006	-	113
Expense of management (includes Rs.35 thousand surveyor's fees and Rs.45 thousand legal expense for settlement of claims)	230	

2. X Ltd., is negotiating to sell its business to Y Ltd., Its assets are agreed to be worth Rs.40,00,000. Its share capital consists of 10,000 equity shares of Rs.10 each and it has reserves of Rs.50,000. Workmen's compensation fund amounts to Rs.25,000 (estimated Liability 10,000) and Provident fund Rs.20,000. Employee's security deposits amount to Rs.10,000. Trade creditors amounted to Rs.80,000. Ascertain the Purchase consideration, if it is paid 75% in Rs.10 equity shares of the Transferee Company and the balance in cash.
3. From the following ledger balances of Peoples bank Ltd., prepare profit and loss account.

Particulars	Rs.
Interest paid on deposits	1,60,520
Commission exchange and brokerage	44,240
Interest received	5,32,260
Discount on bills discounted	2,43,760
Salary and provident fund	40,000
Profit on sale of fixed asset	30,000
Printing and stationery	10,000
Postage and telephones	20,000

NOTE: Provide for taxation Rs.20,000 and rebate on bills discounted was Rs.14,380.

4. Write short notes on (a) Rebate on bills Discounted (b) NPA (C) Statutory Reserves.
5. Explain the aspects of Mutual Funds Accounting.

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6. The life fund of a life insurance company on 31.3.2006 showed a balance of Rs.54,00,000. However, the following items were not taken into account while preparing the Revenue a/c for 2005-06:

Interest and dividends accrued on investment	20,000
Income tax deducted at source on the above	6,000
Reinsurance claims recoverable	7,000
Commission due on reinsurance premium paid	10,000
Bonus in reduction of premiums	3,000

7. H limited acquired 3,000 equity shares in S limited on 1st April 1987. On 31st December 1987 the balance sheet of S limited was as follows.

Liabilities	Rs.	Assets	Rs.
Share capital 4,000 equity of 100 each	4,00,000	Sundry assets	6,40,000
General reserves on 1.1.87	80,000		
Profit and loss account balance on 1.1.87	20,000		
Profit for 1987	80,000		
Sundry creditors	80,000		

Ascertain capital profit and revenue profit.

8. Spring field limited is absorbed by sports field limited, the consideration being:
- 1) The taking over of trade liabilities of Rs.40,000.
 - 2) The payment of cost of absorption of Rs.15,000.
 - 3) The repayment of B debentures of spring field limited of 2,00,000 at par,
 - 4) The discharge of A debentures of Rs.3,00,000 in the vendor company at a premium of 10% by the issue of 8% debentures in sports field limited at par,
 - 5) A payment of rupees 20 per share in cash on the exchange of 4 fully paid Rs.10 shares in sports field limited at a market price of Rs.15 per share for every 50 shares in Spring field limited which were 40,000 in number. You are required to calculate purchase consideration.

Section B

Part A

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

9. The following is the Balance sheet of X YZ Ltd., as on 31. 3.1976.

Liabilities	Rs.	Assets	Rs.
20,000 shares of Rs.10 each	2,00,000	Land & buildings	1,00,000
Debentures	1,00,000	Plant & Machinery	1,50,000
Sundry creditors	30,000	Work – in – progress	30,000
Reserve fund	25,000	Stock	60,000
Dividend equalization fund	20,000	Furniture and fittings	2,500
Profit & Loss appropriation A/c	5,100	Sundry debtors	25,000
		Cash at Bank	12,500
		Cash in hand	100
	3,80,100		3,80,100

The company is absorbed by ABC Ltd. On the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5%, taking over the liability in respect of sundry creditors and a payment of Rs.7 in cash and one share of Rs.5 in ABC Ltd., at the market value of Rs.8 per share for every share in XYZ Ltd., The cost of liquidation of Rs.5,000 is to be met by the purchasing company.

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Pass journal entries in the books of both the companies. Show how the purchase price is arrived at. Hint:

1. Payment of Debenture holders should be shown in the purchasing company.
2. Expenses will be treated like reimbursement.

10. The following is the trail balance extracted from the books of Madras Bank Ltd.

Particulars	Debit (Rs.)	Particulars	Credit (Rs.)
Money at call and short notice	800	Issued capital: 20,000 shares of Rs.100 each	2,000
Cash in hand	650	Reserve fund	700
Cash at bank	950	Deposits	2,500
Investments in Government securities	900	Borrowings from SBI	500
Cash credits	1,500	Rent	60
Premises less depreciation	500	Interest and discount	800
Furniture less depreciation	580	Commission and brokerage	70
Rent	120		
Interest paid on deposits	5		
Salary and allowances paid	300		
Interest paid on borrowing	150		
Audit fees	50		
Directors' fees	10		
Non- banking assets	8		
Depreciation on bank's property	80		
Printing	13		
Advertisement	3		
Stationery	1		
Postage and telegrams	5		
Other expenses	2		
	3		
	6,630		6,630

11. Give the Specimen form of Balance sheet of Insurance Company Accounts.
12. On 31st march 1996 the balance sheet of H Ltd. and its subsidiaries S Ltd. should as follows:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Equity share capital	8,00,000	2,00,000	Fixed assets	5,50,000	1,00,000
General reserve	1,50,000	70,000	75% shares in S Ltd.(at cost)	2,80,000	—
Profit and loss A/C	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

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Draw a consolidated balance sheet as at 31/03/1996 after taking into consideration the following information.

- H Ltd. acquired the shares on 31st July 1995.
- S Ltd. earn profit of Rs.45,000 for the year ended 31st march 1996.
- In January 1996 S Ltd. sold to H Ltd. goods costing Rs.15,000 for Rs.20,000. On 31st march 1996 half of these goods were lying as unsold in the Godown of H Ltd.

Give your working notes.

Part B

Compulsory question (1 × 10 = 10 Marks)

13. Sun Ltd., and Moon Ltd., are two companies carrying on business in the same line of activity. Their balance sheets as on 31.12.1994 are:

Liabilities	Sun Ltd (Rs.)	Moon Ltd. (Rs.)	Assets	Sun Ltd (Rs.)	Moon Ltd. (Rs.)
Share capital Rs.10 each	6,00,000	2,00,000	Land & Buildings	1,00,000	-
General reserve	4,00,000	2,00,000	Plant & Machinery	7,00,000	3,00,000
Secured loan	6,00,000	1,00,000	Investments	1,00,000	-
Current liabilities	6,00,000	4,00,000	Stock	9,00,000	4,00,000
			Debtors	3,00,000	1,00,000
			Cash at bank	1,00,000	1,00,000
	22,00,000	9,00,000		22,00,000	9,00,000

The two companies decided to amalgamate into Mars Ltd., The following further information is given.

- All assets and liabilities of the two companies are taken over.
- Each share in Moon Ltd, is valued at Rs. 25 for the purpose of amalgamation.
- Shareholders of Moon Ltd., and Sun Ltd., are paid off by issue of sufficient number of equity shares of Rs.10 each in Mars Ltd., as fully paid at par.
- Each shares in Sun Ltd., is valued at Rs.15 for the purpose of amalgamation.

Show the journal entries to close the books of both the companies.
