

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 EXAMINATIONS APRIL - 2023

SEMESTER - IV

20UBHCT4016 - Special Accounts

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. How to do Accounting for Mutual funds? How do you report Mutual fund income?
2. On 31st March 1996, the Balance Sheets of H Ltd., and S Ltd., stood as follows:

Liabilities	H Ltd.,	S Ltd.,	Assets	H Ltd.,	S Ltd.,
Share capital Shares of Rs.10 each, fully paid	5,00,000	2,00,000	Sundry Assets	5,17,600	3,04,000
Reserves	1,00,000	50,000	60% of the shares in S Ltd., acquired on 31st march 1996 (cost)	1,62,400	-
Creditors	80,000	60,000	Preliminary expenses	-	6,000
Total	6,80,000	3,10,000	Total	6,80,000	3,10,000

Prepare the consolidated balance sheet as at 31/3/1996.

3. What is Purchase Consideration? Explain various methods of its calculation.
4. K Ltd., Agrees to purchase to business of R Ltd., on the following terms:
 - (a) For each of the 10,000 shares of Rs.10 each in R Ltd., 2 shares in K Ltd., of Rs.10 each will be issued at an agreed value of Rs.12 per share. In addition, Rs.4 per share cash also will be paid.
 - (b) 8% Debentures worth Rs.80,000 will be issued to settle the Rs.60,000; 9% Debentures in R Ltd.,
 - (c) Rs.10,000 will be paid towards expenses of winding up.

Calculate the Purchase Consideration.

5. While closing its books of accounts, a commercial bank has its advances classified as follows:

Rs. in lakhs

Standard assets	16,000
Sub standard assets	1,300
Doubtful assets:	
Up to one year	700
One to three years	400
More than three years	200
Loss Assets	500

You are required to calculate the amount of provision to be made by the bank assuming that all the doubtful assets are secured.

6. The life fund of a Life Insurance co., on 31.03.2006 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.
 - (a) Interest and dividends accrued on investments Rs.20,000
 - (b) Income tax deducted at source on the above Rs.6,000
 - (c) Reinsurance claims recoverable Rs.7,000
 - (d) Commission due on reinsurance premium paid Rs.10,000
 - (e) Bonus in reduction of premiums Rs.3,000

Contd...

7. On 31st March 2015 a bank held the following bills, discounted by it earlier:

Date of Bill 2015	Term of Bill (Months)	Discounted @ % p.a.	Amount of Bill (Rs.)
I Jan 17	4	17	7,30,000
II Feb 7	3	18	14,60,000
III March 9	3	17.5	3,64,000

You are required to calculate the Rebate on Bills Discounted.

8. X Ltd., Purchased 60% shares of Y Ltd., on 1.1.02 when the balance on their Profit & Loss A/c and General Reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31-12-02 the Balance sheet of Y Ltd., showed Profit and Loss A/c balance of Rs.4,00,000 and General Reserve Rs.3,00,000. Calculate Capital profits and Revenue profits.

Section C

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

9. Examine the contents of Financial Reporting for Mutual Funds as per SEBI's Mutual Fund Regulation 1996.
10. From the following information prepare profit and loss account of Thanjavur Bank Ltd., for the year ended on 31st December, 1992.

	Rs. in thousands		Rs. in thousands
Interest on loans	2,590	Interest on fixed deposits	2,750
Rebate on bills discounted	490	commission	82
Establishment	540	Interest on cash credit	2,230
Discount on bills discounted (net)	1,460	Interest on current accounts	420
rent and taxes	180	Interest on overdrafts	1,540
directors fees	30	Auditors fees	12
Interest on savings bank deposit	680	postage and telegrams	14
Printing and stationary	29	sundry charges	17

Bad debts to be written off to Rs.4,00,000.Provision for taxation may be made @ 55%.

11. The following is the Balance Sheet of XYZ Ltd., on 31.3.2018:

Liabilities	Rs.	Assets	Rs.
Share Capital 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 Equalisation Fund	20,000	Furniture & fittings	2,500
Profit & Loss A/C	5,100	Sundry debtors	25,000
		Cash at bank	12,500
		Cash in hand	100
Total	3,80,100	Total	3,80,100

The company is absorbed by ABC Company Ltd., on the above date. The consideration for the absorption is the discharge of debentures at a premium of 5% , taking over the liability in respect of the sundry creditors. Payment of Rs.7 in cash and one share of Rs.5 in ABC Ltd., at the market value of Rs.8 per share in exchange for one share in XTZ Ltd., The cost of Liquidation of Rs.5,000 is to be met by the purchasing company. Close the books of both the companies.

12. From the following particulars prepare the fire revenue account for 2020-21.

	Rs. ('000)
Claims paid	270
Legal expenses regarding claims	6
Premiums received	740
Reinsurance Premiums	50
Reinsurance claims	2
Commission	110
Reinsurance Commission ceded	3
Expenses of management	210
Provision for unexpired risk on 1.4.20	330
Additional reserves on 1.4.20	140
Claims unpaid on 1.4.20	25
Claims unpaid on 31.3.21	35

Increase the additional reserve on 31.3.21 by 10% on the net premium.

II - Compulsory question (1 × 10 = 10 Marks)

13. From the following balance sheets and information given below prepare a consolidated balance sheet.

Liabilities	H Ltd.,	S Ltd.,	Assets	H Ltd.,	S Ltd.,
Share Capital					
Shares of Rs.10 each, fully paid	1,00,000	20,000	Sundry Assets	80,000	12,000
Reserves	10,000	6,000	1,500 shares in S Ltd.,	15,000	-
Profit and Loss A/c	40,000	12,000	Bills receivable	1000	-
Bills payable	-	3,000	Stock in trade	61,000	24,000
Creditors	20,000	12,000	Debtors	13,000	17,000
Total	1,70,000	53,000	Total	1,70,000	53,000

Additional Information:

- (a) All profits of S Ltd., have been earned since the shares were acquired by H co., Ltd., but the reserves of Rs.6,000 was already there at the time.
- (b) Bills accepted by S co., Ltd., are all in favour of H Ltd., which has discounted Rs.2,000 of them.
- (c) Sundry assets of S co., Ltd., under valued by Rs.2,000.
- (d) The stock in trade of H co., Ltd., include Rs.5,000 bought from S co., Ltd., at a profit to the latter of 25% on cost.
