

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 - 2024

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)

- Write a Short note on Mutual Fund Charges a) Entry Load b) Recurring Expenses c) Exit Load.
- On 31st March 2018, Bharat Commercial Bank Ltd., finds its advances classified as follows:
Standard assets Rs.14,91,300
Sub-standard assets Rs.92,800
Doubtful assets (secured)
: doubtful for one year Rs.25,660
: doubtful for one year to 3 years Rs.15,640
: doubtful for more than 3 years Rs.6,580
Loss assets Rs.10,350
Calculate the amount of provision to be made by the bank against the above mentioned advances.

- On 31st March, 2018 a bank held the following bills, discounted by it earlier:

Date of bill	Terms of bill (months)	Discounted @% p.a	Amount of bill
January, 17	4	17	7,30,000
February, 7	3	18	14,60,000
March, 9	3	17.5	3,64,000

You are required to calculate the rebate on bills discounted. Also show the necessary journal entry for the rebate.

- Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following 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, Rs.4 per share cash also will be paid.
 - 8% Debentures worth Rs.80,000 will be issued to settle the Rs.60,000 9% debentures in Krishnan Ltd.
 - Rs.10,000 will be paid towards expenses of winding up.

Calculate the purchase consideration.

- Guha Ltd., was formed to acquire the businesses of Bharath Ltd., and Sarath Ltd., Sarath Ltd., had a share capital of Rs.5,00,000, General reserve of Rs.2,00,000. It accepted a purchase consideration of Rs.6,35,000. Bharath Ltd.,'s capital was Rs.16,00,000 and Reserves Rs.7,00,000 and the agreed upon purchase price was Rs.22,30,000. Determine the Reserves to be shown in the books of Guha Ltd., if the amalgamation is in the nature of merger.

Contd...

6. A Life Assurance Company prepared its Revenue A/c for the year ended 31.3.2016 and ascertained its Life Assurance fund to be Rs.28,35,000. It was found later that the following had been omitted from the accounts:
- Interest accrued on investments Rs.39,000; Income tax liable to be deducted thereon is estimated to be Rs.10,500.
 - Outstanding premiums Rs.32,800.
 - Bonus utilised for reduction of premium Rs.6,750.
 - Claims intimated but not admitted Rs.17,400.
 - Claims covered under reinsurance Rs.6,500.

What is the true Life Assurance Fund?

7. From the following figures appearing in the books of Fire Insurance division of a General company, show the amount of claim as it would appear in revenue account, by preparing schedule 2, claims incurred.

Particulars	Direct Business Rs.(000)	Re – insurance Rs.(000)
Claims paid during 2015-16	4,670	700
Claims payable – 1-4-2015	763	87
31-3-2016	812	53
Claims Received	-	230
Claims Receivable – 1-4-2015	-	65
31-3-2016	-	113
Expenses of Management (Includes Rs.35 Thousand surveyor's fees and Rs.45 Thousand legal expenses for settlement of claims)	230	

8. Difference between Amalgamation and Absorption.

Section C

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

9. Define Mutual Fund and explain the different types of Mutual Fund.
10. From the following particulars, prepare a Profit and Loss A/c of New bank Ltd., for the year ended 31.12.2016.

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

11. Alpha Ltd., and Beta Ltd., were amalgamated on 1st April 2001. A New company Gamma Ltd., was formed to take over the business of the existing companies. The Balance sheets of Alpha Ltd., and Beta Ltd., as on 31st March 2001 are given below: (Rs. In Lakhs)

Liabilities	Alpha Ltd.,	Beta Ltd.,	Assets	Alpha Ltd.,	Beta Ltd.,
Share Capital			Fixed Assets	1,200	1,000
Equity shares of Rs.100 each	1,000	800	Current Assets, Loans and Advances	880	565
15% Pref. Shares of Rs.100 each	400	300			
Reserves and Surplus:					
Revaluation Reserve	100	80			
General Reserve	200	150			
P&L A/C	80	60			
Secured Loan:					
12% Debentures of Rs.100 each	96	80			
Current Liabilities and provisions	204	95			
Total	2,080	1,565		2,080	1,565

Other Informations:

- (i) 12% Debentures of Alpha Ltd., and Beta Ltd., are discharged by Gamma Ltd., by issuing adequate number of 16% Debentures of Rs.100 each to ensure that they continue to receive the same amount of interest.
- (ii) Preference shareholders of Alpha Ltd., and Beta Ltd., have received same number of 15% Preference shares of Rs.100 each of Gamma Ltd.
- (iii) Gamma Ltd., has issued 1.5 equity shares for each equity share of Alpha Ltd., and 1 equity share for each equity share of Beta Ltd. The face value of shares issued by Gamma Ltd., is Rs.100 each.

Prepare the Balance Sheet of Gamma Ltd., as on 1st April 2001 after the Amalgamation has been carried out using the 'Pooling of Interest method'.

12. Following is the Balance Sheet of K Ltd., as on 31.12.2020

Liabilities	Rs.	Assets	Rs.
2000 shares of Rs.10 each fully paid	20,000	Goodwill	4,000
Profit & Loss A/C	7,000	Fixed Assets	16,500
Debentures	10,000	Current Assets	19,500
Creditors	3,000		
Total	40,000		40,000

R Limited agreed to take over the assets of K. Ltd. (exclusive of one fixed asset of Rs.4,000 and cash Rs.1,000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400. K Ltd., sold the fixed asset of Rs.4,000 and realised the book value. It paid off its debentures and liquidation expenses. You are required to give journal entries in the books of K Ltd., and R Ltd.

Contd...

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

13. The following balances are abstracted from the books of New Bharat Life Insurance Co. Ltd., as on 31.3.2016.

	Rs.(000)		Rs.(000)
Life Assurance Fund (1-4-2015)	15,00,000	Claims paid during the year	64,900
Premiums	4,96,000	Annuities	2,050
Consideration for annuities granted	15,000	Bonus in reduction of premiums	1,600
Interest & Dividends	1,00,000	Medical fees	2,400
Fines for revival of policies	750	Surrenders	4,000
Reinsurance premium	20,750	Commission	18,650
Claims outstanding (1.4.2015)	4500	Management Expenses	22,000
		Income tax on Dividends	8,500

Prepare Revenue A/c after making the following adjustments.

- i. Outstanding balances: Rs.
 - Claims 14,000
 - Premiums 4,600
- ii. Further bonus for premium 2,400
- iii. Claim under reinsurance 8,000
