

Reg. No. :

Code No. : 32093 E Sub. Code : CMCO 61

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2024.

Sixth Semester

Commerce — Core

SPECIAL ACCOUNTS

(For those who joined in July 2021-2022 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Minority of the subsidiary is entitled to
 - (a) Capital profits of the subsidiary company
 - (b) Both capital and revenue profits of the subsidiary company
 - (c) Revenue profits of the subsidiary company
 - (d) None of these

2. In consolidation of accounts of holding and subsidiary company _____ is eliminated in full.

- (a) Current liabilities of subsidiary company
- (b) Reserves and surplus of both holding and subsidiary company
- (c) Mutual indebtedness
- (d) None of these

3. Rebate on bill discounted is shown in the

- (a) Assets side of the balance sheet
- (b) Liabilities side of the balance sheet
- (c) Income side of the income statement
- (d) Expense side of the income statement

4. Inventory is _____.

- (a) Included in Fixed Assets
- (b) A part of Current Assets
- (c) An investment
- (d) An intangible asset

5. Life insurance is contract of _____.

- (a) Guarantee (b) Profit
- (c) Indemnity (d) None of these

6. The amount given to the policy holder due to his liability of paying Further premium is called _____.

- (a) Annuity (b) Bonus
- (c) Surrender value (d) Claim

7. What is the name of the account, which shows profit and loss appropriation under double account system?

- (a) Net revenue a/c
- (b) Revenue a/c
- (c) Income statement
- (d) Income and expenditure a/c

8. Under double account system, depreciation is

- (a) debited to revenue a/c
- (b) debited to net revenue a/c
- (c) credited to the asset a/c
- (d) credited to depreciation fund

9. Which of the following required to be disclosed as per AS-1?

- (a) Significant accounting policies
- (b) Fundamental accounting assumptions
- (c) Change in accounting policies
- (d) All of these

10. AS-14 deals with _____.
- Accounting for takeovers
 - Accounting for lease
 - Accounting for amalgamation
 - Accounting for taxes

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) H Ltd. acquires all the shares of S Ltd. on 31st March, 2012 on which date the balance sheets of the two companies are as under:

Particulars	Note No.	Amounts as on 31 st March, 2012	
		H.Ltd.	S.Ltd.
I. Equity and Liabilities			
(1) Shareholder's funds	1	5,00,000	2,00,000
(a) Share capital	2	1,00,000	
(b) Reserves and surplus		80,000	60,000
(2) Current Liabilities		6,80,000	2,60,000
(a) Trade payables			
II. Assets			
Sundry assets		4,80,000	2,60,000
Non-current investments	3	2,00,000	
		6,80,000	2,60,000

Notes :

	H.Ltd. Rs.	S.Ltd. Rs.
(1) Share capital		
Issued, Subscribed and Paid up :		
Equity shares of Rs. 10 each, fully paid	5,00,000	2,00,000
(2) Reserves and Surplus		
Reserves	1,00,000	
(3) Non-current Investments		
100% Equity shares in S Ltd.	2,00,000	

Prepare a Consolidated Balance Sheet as at 31st March, 2012.

Or

- (b) The following are the Balance Sheet of H and S as at 31st December on which date H acquires all the shares of S:

	H Rs.	S Rs.		H Rs.	S Its.
Share Capital	5,00,000	1,00,000	Sundry Assets	7,50,000	1,90,000
Reserve		25,000	Share in S		
Profit & Loss A/c	1,00,000	15,000 (at Cost)		2,00,000	
Creditors	3,50,000	50,000			
	9,50,000	1,90,000		9,50,000	1,90,000

Show the Consolidated Balance Sheet.

12. (a) On 31st March 2011, the new bank Ltd., held the following bills :

Date of bill	Amount (Rs.)	Term Months	Discounted @% p.a.
2011			
Feb, 9	1,00,000	4	9
Feb, 17	1,20,000	3	7.5
Mar, 6	80,000	4	8.25

Calculate the Rebate on Bills Discounted and give the necessary journal entry.

Or

- (b) Write short notes on :

- (i) Statutory Reserve
- (ii) CRR
- (iii) SLR.

13. (a) From the following particulars of the Life Insurance Company for the year ended 31.3.2006, you are required to prepare valuation Balance Sheet as on 31.3.2006 and Distribution Statement as on that date:

	Rs. Lakhs
Life insurance fund as on 31.3.2006	3,800
Net liability as per valuation	3,800
Interim bonus paid	500

Or

- (b) How profit is determined in Insurance Company Accounts?

14. (a) In the year 1984 railway lines were laid between Agra and Delhi at a cost of Rs.1,50,00,000. This expenditure was distributed over overheads, wages and material in the ratio of 2 : 4 : 9. The lines were replaced in the year 2004 at a cost of Rs. 3,80,00,000. It was estimated that the price of overheads, wages and material had gone up during this period of 20 years as follows: overheads 25%; wages 20% and materials 45%.

Ascertain the amount to be capitalized in respect of the railway lines for the purpose of preparing the final accounts for the year 2004.

Or

- (b) Write a note on automated accounting and banking.

15. (a) What are the main features of the Cash Flow Statement? Explain with special reference to AS 3.

Or

- (b) Why International Financial Reporting Standards (IFRS) is important?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Distinguish between Holding Company and Subsidiary Company.

Or

- (b) The summarized Balance Sheet of H Ltd. and its S Ltd. on 31st December 2004 are as follows:

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Share Capital (in Shares of Rs. 10 each)	5,00,000	1,00,000	Assets 8,000 shares in S Ltd.	5,00,000	1,70,000
Reserves	80,000	30,000		1,40,000	
Profit & Loss	60,000	40,000			
	<u>6,40,000</u>	<u>1,70,000</u>		<u>6,40,000</u>	<u>1,70,000</u>

S Ltd. had the credit balance of Rs. 30,000 in the Reserves when H Ltd. acquired shares in S Ltd. decided to make a bonus issue out of post-acquisition profits of two shares of Rs. 10 each fully paid for every five shares held. Calculate the cost of control before the issue of bonus shares and after the issue of bonus shares. Also make the consolidated Balance Sheet after the issue of bonus shares.

17. (a) The following are the figures of advances of a Commercial Bank:

	Rs.
Advances to priority sector	62,00,000
Advances to public sector	28,00,000
Advances to other banks in India	25,00,000
Other advances	15,00,000
Further details of the above advances were as under:	
Bills purchased and discounted (Including 10,00,000 outside India)	35,00,000
Cash credit, overdraft and loan payable on demand	82,00,000
Term loan	23,00,000

Out of the above advances Rs. 1.10 lakh were secured by tangible assets while those Rs. 20 lakh were secured by bank or Govt. guarantee. Rs. 10 lakh were unsecured. Prepare the schedule of advances as per Banking Regulation Act.

Or

- (b) Sketch the format of Profit and Loss Account for a Banking Company.

18. (a) Indian Insurance Co. Ltd. furnishes you with the following information:

(i) On 31.3.2011 it had reserve for unexpired risks to the tune of Rs. 40 crore. It comprised of Rs. 15 crore in respect of marine insurance business; Rs. 20 crore in respect of fire insurance business and Rs. 5 crore in respect of miscellaneous insurance business.

(ii) It is the practice of Indian Insurance Co. Ltd. to create reserve at 100% of net premium income in respect of marine insurance policies and at 50% of net premium income in respect of fire and miscellaneous insurance policies.

(iii)During the year ended 31st March, 2012, the following business was conducted:

	Marine	Fire	Miscellaneous
	Rs.	Rs.	Rs.
	crores	crores	crores
Premia collected from :			
(1)Insured (other than insurance companies) in respect of policies issued	18	43	12
(2)Other insurance companies in respect of risks undertaken	7	5	4
Premia paid/ payable to other insurance companies on business ceded	6.7	4.3	7

Indian Insurance Co. Ltd. asks you to:

- (A) Pass journal entries relating to “unexpired risks reserve”.
- (B) Show in columnar form Unexpired Risks Reserve Account for the year ended 31st March, 2012.

Or

- (b) Write about types of Insurance.

19. (a) From the following balances as on December 31, 2004 appearing in the ledger of the Electric Light and Power Co. Ltd. you are required to prepare :

- (i) Revenue Account
(ii) Net Revenue Account
(iii) Capital Account, and
(iv) General Balance Sheet

	Rs.		Rs.
Equity share	54,900	Stores on hand	700
Debentures	20,000	Cash	300
Lands on		Cost of generating	
31.12.2003	15,000	electricity	3,000
Lands purchased		Cost of distributing	
during 2004	500	electricity	600
Machinery on		Rent, rates and taxes	400
31.12.2003	60,000	Management expenses	1,200
Machinery purchased		Depreciation	2,000
during 2004	500	Sale of current	13,200
Mains including cost		Rent of meters	300
of laying, 31.12.2003	20,000	Interest on debentures	1,000

	Rs.		Rs.
Spent on mains		Dividends	2,000
during 2004	5,100	Balance of Net	
Sundry creditors	100	Revenue Account,	
Depreciation fund	25,000	31.12.2003	2,850
Sundry debtors for			
current supplied	4,000		
Other debtors	50		

Or

- (b) Distinguish between Replacement and Renewals.

20. (a) State the objectives of an accounting standard.

Or

- (b) Elucidate Inflation Accounting.