

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 2025
SEMESTER - IV

23UBHCT4014 - Special Accounts

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

- Mr.Kiritee Prasad can earn a return of 16 per cent by investing in equity shares on his own.Now he is considering a recently announced equity-based Mutual Fund Scheme in which initial expenses are 5.70 per cent and annual recurring expenses are 1.70 per cent. How much should the Mutual Fund earn to provide Mr.Kiritee Prasad a return of 16 per cent?
- Consolidate the following Balance Sheets:

Liabilities	H Ltd., (Rs.)	S Ltd., (Rs.)	Assets	H Ltd., (Rs.)	S Ltd., (Rs.)
Capital Re.1 shares	1,400	1,000	900 Shares in S at cost	1,200	-
Creditors	-	500	Sundry assets	200	1,800
P & L A/c	-	300			
	1,400	1,800		1,400	1,800

When H Ltd., acquired the shares in S, the profit and loss A/c of the latter had a credit balance of Rs.200.

- Explain the various methods of computing purchase consideration.
- Following is the balance sheet of Samy Ltd., as on 31-3-2014

Liabilities	Rs.	Assets	Rs.
Share capital: 8% preference shares of Rs.100 each	3,75,000	Fixed assets	16,25,000
Equity shares of Rs.10 each	7,50,000	Investments	3,00,000
General Reserve	4,50,000	Current assets	2,50,000
7% debentures	3,50,000		
Current liabilities	2,50,000		
Total	21,75,000	Total	21,75,000

Romy Ltd., agreed to take over the business of samy Ltd., Calculate purchase consideration under Net assets method on the basis of the following:

- Romy Ltd., agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.,
- Fixed assets are to be valued at 10% above book value, the investments at par, current assets at 10% discount and current liabilities at book value.

Contd...

5. For the year ending on March 31, 2021, the balances of The Narmada Bank Ltd. are given hereunder:

Interest on loan	2,50,000
Interest on fixed deposit	36,000
Salaries	30,000
Postage	5,000
Printing & stationery	6,000
Telephone & internet	4,000
Rent	7,000
Interest on savings bank deposit	20,000
Commission received	1,40,000
Legal charges	15,000
Insurance	9,000
Interest on cash credit account	3,40,000
Interest on overdraft	1,20,000

Prepare P&L Account for the year ended on March 31, 2021.

6. Write a note on Non-Banking assets.

7. The Life fund of a Life Insurance Company on 31.3.2017 showed a balance of Rs.54,00,000. However, the following items were not considered while preparing the Revenue A/c for 2016-17:

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

8. Difference between Life Insurance and General Insurance.

Section C

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

9. Following information is available regarding four Mutual Funds:

Mutual fund	Return (%)	Standard deviation (σ)	Beta (β)
A	12	15	0.80
B	16	22	0.76
C	21	37	1.15
D	13	24	1.32

Risk free rate of return is 10% and face value is Rs.100 each.

Evaluate the performance of these Mutual Funds using Sharpe Ratio and Treynor's Ratio. Comment on the evaluation after ranking the Funds.

Contd...

10. The Balance Sheets of C Ltd. and D Ltd. as at 31st December, 2016 are as follows:

Liabilities	C Ltd.	D Ltd.	Assets	C Ltd.	D Ltd.
Share capital (in shares of Rs.10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	_____	20,000
Profit & Loss A/c	24,500	23,000	Shares in D Ltd. at cost	1,40,000	_____
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of 'D' Ltd., profit for the year ended 31st December 2016 is Rs.12,000 and transfer to reserve is Rs.5,000. The holding of C Ltd. in D Ltd, is 90% acquired on 30th June 2016. Draft a consolidated Balance sheet of 'C' Ltd. and its subsidiary.

11. The following is the balance sheet of X Ltd., as on 31-3-2014

Liabilities	Rs.	Assets	Rs.
Share capital: 2,00,000 shares of Rs.10 each	20,00,000	Land & buildings	10,00,000
General reserve	2,50,000	Plant & machinery	15,00,000
Dividend reserve	2,00,000	Furniture	25,000
Profit & loss A/c	51,000	Stock	6,00,000
12% debentures	10,00,000	Work in progress	3,00,000
Sundry creditors	3,00,000	Sundry debtors	2,50,000
		Cash at bank	1,26,000
Total	38,01,000	Total	38,01,000

The company was absorbed by A 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 premium of Rs.7 in cash and one share of Rs.5 in A Ltd., at the market value of Rs.8 per share for every share in X Ltd. The cost of liquidation of Rs.15,000 is to be met by the purchasing company. Close the entries in the books of X Ltd.

12. Life fund of a life assurance company was Rs.86,48,000 as on 31-3-2016. The interim bonus paid during the inter-valuation period was Rs.1,48,000. The periodical actuarial valuation determined the net liability at Rs.74,25,000. Surplus brought forward from the previous valuation was Rs.8,50,000. The directors of the company proposed to carry forward Rs.9,31,000 and to divide the balance between the shareholders and the policy holders in the ratio of 1: 10.

Show (a) the valuation Balance Sheet

(b) the net profit for the valuation period

(c) the distribution of the surplus

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

13. XYZ Ltd. is the parent company, and ABC Ltd. is its 100% owned subsidiary. Both companies have the same financial year-end (December 31). XYZ Ltd. decides to revalue its property, plant, and equipment at the end of the year. The revaluation will be reflected in the consolidated financial statements.

Contd...

Financial Information as of December 31:

XYZ Ltd. (Parent) Balance Sheet:

Assets	Amount (Rs.)
Property, Plant and Equipment(Cost)	2,000,000
Current Assets	
Inventory	500,000
Trade Receivables	300,000
Cash	150,000
Total Assets	2,950,000
Liabilities and Equity	Amount (Rs.)
Long-Term Debt	1,000,000
Trade Payables	200,000
Equity	
Share Capital	1,200,000
Retained Earnings	550,000
Total Liabilities and Equity	2,950,000

ABC Ltd. (Subsidiary) Balance Sheet:

Assets	Amount (Rs.)
Property, Plant, and Equipment (Cost)	1,000,000
Current Assets	
Inventory	300,000
Trade Receivables	200,000
Cash	100,000
Total Assets	1,600,000
Liabilities and Equity	Amount (Rs.)
Long-Term Debt	500,000
Trade Payables	100,000
Equity	
Share Capital	500,000
Retained Earnings	500,000
Total Liabilities and Equity	1,600,000

Revaluation Details:

- XYZ Ltd. revalued its property, plant, and equipment to Rs.2,500,000 from its cost of Rs.2,000,000.
 - The revaluation surplus of Rs.5,00,000 will be credited to the Revaluation Reserve.
-

Questions:

1. How should XYZ Ltd. account for the revaluation surplus?
2. What will be the impact of the revaluation on the consolidated balance sheet?
3. What adjustments are needed in the consolidated balance sheet?
