



Date: 05-04-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

**SECTION – A**

1. A liquidator is entitled to receive remuneration @ 2% of the assets realised and 3% on the amount distributed among the unsecured creditors. The assets realised Rs.70,00,000 against which payment was made as follows:  
Liquidation expenses Rs.50,000  
Preferential creditors Rs.1,50,000 and  
Secured creditors Rs.40,00,000 ; unsecured creditors : Rs.30,00,000.  
Calculate the total remuneration payable to the liquidator.
2. The trial balance of the Nedungadi Bank Ltd., as on 30<sup>th</sup> June 1984 shows the following balances.  
Interest and discount Rs.45,40,600  
Rebate on bills discounted (1.7.83) Rs.4,750  
Bills discounted and purchased Rs.3,37,400  
The unexpired discount as on 30.6.84 is estimated to be Rs.5560.Draft necessary adjusting entries and calculate the amount of interest and discount to be credited to profit and loss account.
3. A life assurance company prepared its revenue a/c for the year ended 31.3.2006 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:  
(a) Interest accrued on investments Rs.39,000;income tax liable to be deducted thereon is estimated to be Rs.10,500. (b)Outstanding premiums Rs.32,800  
(c) Bonus utilised for reduction of premium Rs.6,750. (d) Claims intimated but not admitted Rs.17400.  
(e) Claims covered under reinsurance Rs.6500.  
What is the true life assurance fund?
4. X Ltd. purchased 60% shares of Y Ltd. on 1-1-02 when the balance on their P & L 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 P & L a/c balance of Rs.4,00,000 and general reserve Rs.3,00,000. Calculate capital profits and revenue profits.
5. Raman Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms:  
(a) 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.  
(b) 8% debentures worth Rs.80,000 will be issued to settle the Rs.60,000 9% debentures in Krishnan Ltd.  
(c) Rs.10,000 will be paid towards expenses of winding up.Calculate the purchase consideration.
6. What do you understand by life assurance fund?
7. Write short notes on the following:  
(a) Statutory Liquidity Ratio (b) Rebate on bills discounted.
8. Write a note on purchase consideration?
9. What is minority interest?
10. What is liquidation of a company?

**SECTION – B**

Answer any FOUR questions

(4 \* 10 = 40)

11. Following is the Balance sheet of Samy Ltd.as on 31-3-2004.

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

Romy Ltd.agreed to take over the business of Samy Ltd.

- (a) Calculate purchase consideration under net asset method on the basis of the following:
  - (i) Romy Ltd. agreed to discharge 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.

- (ii) 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.
- (b) Calculate purchase consideration under net payments method on the basis of the following:
- (i) Romy Ltd. agrees to discharge the 7% debentures at a premium of 10% by issuing 9% debentures of Romy Ltd.
- (ii) Preferences shares are discharged at a premium of 10% by issuing 10% Preferences shares of Rs.100 each in Romy Ltd.
- (iii) For every 2 equity shares in Samy Ltd. 3 equity shares of Rs.10 each in Romy Ltd. will be issued in addition to cash payment of Rs.3 per equity share in Samy Ltd.
12. As on 31<sup>st</sup> December 1985, the books of the Hercules Bank, include among others, the following balances.
- Rebate on bills discounted (1.1.1985) Rs.3,20,000  
Discounted received Rs.46,00,000  
Bills discounted and purchased Rs.3,15,47,000
- Throughout 1985, the bank's rate for discounting has been 18%.  
On investigation and analysis, the average due date for the bills discounted and purchased is calculated as 14<sup>th</sup> February, 1986.  
Show the calculation of the amount to be credited to the banks profit and loss a/c under discount earned for the year 1985. Show also the journal entries required to adjust the above mentioned accounts.
13. The Revenue account of a life insurance company showed the life fund at Rs.73,17,000 on 31.3.2006 before taking into account the following items:
- (a) Claims intimated but not admitted Rs.98,250  
(b) Bonus utilised in reduction of premium Rs.13,500  
(c) Interest accrued on investments Rs.29,750  
(d) Outstanding premiums Rs.27,000  
(e) Claims covered under re insurance Rs.40,500  
(f) Provision for taxation Rs.31,500
- Pass journal entries giving effect to the above adjustments and show the adjusted life fund.
14. On 31.3.1998 the date of liquidation of a company, its balance sheet was as under:

Liabilities	Rs.	Assets	Rs.
<b>Share capital:</b>		Land & buildings	4,00,000
7% preference shares	3,00,000	Plant & machinery	1,60,000
6,000 equity shares of Rs.10 each, Rs.8 paid up	48,000	Stock	4,00,000
3,000 equity shares of Rs.10 each, Rs.7 paid up	21,000	Debtors	6,40,000
6% debentures of Rs.100 each	12,00,000	Cash at bank	51,000
Outstanding interest on debentures	72,000		
Creditors	8,000		
Bills payable	2,000		
	16,51,000		16,51,000

The assets were realised as under:

- (i) Land & Buildings Rs.3,50,000; Plant & Machinery – Rs.2,00,000; Debtors – Rs.6,00,000; Stock – Rs.4,61,000; Liquidation expenses – Rs.2,000.
- (ii) Remuneration of liquidator:  $\frac{1}{2}\%$  on the assets realised including cash and 1% on the amount paid to unsecured creditors.
- (iii) Creditors shown in the balance sheet included – Rs.2,000 preferential.
- (iv) Interest on debentures is to be paid up to 31.5.1998.
- (v) Dividend on preferences shares is in arrears for 1  $\frac{1}{2}$  years. legal charges Rs.1,000.

Prepare Liquidator Final Statement of Account.

15. The following are the balance sheets of A Ltd. and B Ltd. as at 31<sup>st</sup> Dec.1973.

Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
Equity share capital, Rs.10 each.	1,00,000	50,000	Sundry assets	66,250	69,100
Revenue reserves	9,000	10,000	Shares in B Ltd at cost	70,000	-
P&L a/c on 1.1.73	8,500	8,000	Goodwill	-	10,000
Profit for the year less transfer to reserves	3,750	3,500			
creditors	15,000	7,600			
	1,36,250	79,100		1,36,250	79,100

Profit for the year of B Ltd. was Rs.6000 out of which Rs.2,500 was transferred to reserves.

The holding of A Ltd.in B Ltd.is 90% acquired a year ago on 31.12.72.

Write off from sundry assets of A Ltd.Rs.9000. Also write off Rs.3,100 from the sundry assets of B Ltd. out of the current year's profits. Draft a consolidated balance sheet of A and its subsidiary.

16. What are the points to be considered while preparing a consolidated balance sheet?  
17. What are the duties of a liquidator?

**SECTION – C**

**Answer any TWO questions**

**(2 \* 20 = 40)**

18. From the following Trial balance of the National Insurance Co. Ltd as at march 31, 2006, prepare the final accounts of the company for 2005 – 06:

**Trail balance as on 31.3.2006**

Particulars	Dr.	Cr .
	(Rs.'000)	(Rs.'000)
Cash at bank	51,500	-
Capital	-	1,50,000
Government securities	5,25,000	-
<b>Claims paid:</b>		
Marine	1,00,000	-
Fire	80,000	-
<b>Commission:</b>		
Marine	55,000	-
Fire	60,000	-
<b>Provision for unexpired risk (1.4.05)</b>		
Marine	-	3,00,000
Fire	-	1,25,000
Additional Reserve (fire)	-	50,000
<b>Expenses:</b>		
Marine	1,05,000	-
Fire	1,02,500	-
<b>Claims outstanding on 1.4.05</b>		
Marine	-	15,000
Fire	-	12,500
General expenses	75,000	-
<b>Premium outstanding:</b>		
Marine	10,000	-
Fire	7,500	-
Due to other insurance companies	-	17,500
Interest on securities	-	32,500
General reserve	-	25,000
Profit & Loss a/c	-	9,000
<b>Premium received:</b>		
Marine	-	3,75,000
Fire	-	3,50,000
Dividend paid	15,000	-
Premises	2,50,000	-
Furniture	25,000	-
	<b>14,61,500</b>	<b>14,61,500</b>

Additional Information:

- (i) Claims outstanding on 31.3.06 were:  
Fire Rs.12,500 thousands ; Marine Rs.12,500 thousands.
- (ii) A taxation reserve of Rs.15,000 thousands is required.
- (iii) Depreciation premises by 5 % and furniture by 10%

(iv) Additional reserve (fire) is to be increased by 5% of net premiums.

19. X Ltd. purchased 750 shares in Y Ltd. on 1.7.94. the following were their balance sheets on 31.12.94.

Liabilities	X Ltd., Rs.	Y Ltd., Rs.	Assets	X Ltd., Rs.	Y Ltd., Rs.
Share capital:			Buildings	2,05,000	1,25,000
Shares of Rs.100 each	3,00,000	1,00,000	Stock	1,00,000	80,000
General reserve on 1.1.94	1,00,000	70,000	Debtors	1,00,000	40,000
Profit and Loss a/c	1,00,000	60,000	Investment in Y Ltd.	1,00,000	-
Creditors	80,000	40,000	Bills receivable	40,000	45,000
Bills payable	50,000	20,000	Cash at bank	60,000	20,000
Current account: X Ltd	-	20,000	Current account: Y Ltd	25,000	-
	6,30,000	3,10,000		6,30,000	3,10,000

Additional Information:

(a) Bills receivable of X Ltd. include Rs.10,000 accepted by Y Ltd.

(b) Debtors of X Ltd. include Rs.20,000 payable by Y Ltd.

(c) A cheque of Rs.5,000 sent by Y Ltd. on 28<sup>th</sup> December was not yet received by X Ltd. on 31<sup>st</sup> December 1994.

(d) Profit and Loss a/c of Y Ltd. showed a balance of Rs.20,000 on 1.1.94.

You are required to prepare a consolidated balance sheet of X Ltd. and Y Ltd. as on 31.12.1994.

20. The following is the Trial balances of the Mayas Nagari Bank Ltd., as on 31.12.1984.

Credit Balances	Rs .
Share capital	1,15,00,000
Statutory reserve	1,15,00,000
Savings accounts	1,76,24,000
Demand draft	13,40,000
Rebate on bills discounted 1.1.84	2,90,000
Interest and discount	1,44,00,000
Commission and brokerage	18,00,000
Locker rent	1,00,000
Cash certificates	30,00,000
Traveller's cheques	8,00,000
Provident fund	10,00,000
Interest on P.F. investments	1,00,000
Income tax deducted at sources from employee's salary	10,000
Fixed deposits	1,12,00,000
Current accounts	45,00,000
	7,91,64,000

Debit Balances	Rs .
Silver	13,00,000
Cash on hand	40,30,000
Provident fund investments	10,00,000
Other investments in government securities	40,00,000
Buildings	56,92,700
Depreciation on buildings	4,10,300
Bad debts	80,000
Loans	3,00,00,000
Cash credits and overdrafts	40,00,000
Furniture	64,00,000
Stationery stock	51,000

Balance with Rajkot bank	10,00,000
Balance with RBI	30,00,000
Bills purchased and discounted	10,00,000
Interest on deposits	60,00,000
Salaries	80,00,000
Contribution to P.F.	8,00,000
Gold	24,00,000
	7,91,64,000

Prepare bank's Profit and Loss account and balance sheet considering the following information:

- (i) Bills for collection are Rs.12,00,000 on 31.12.84.
- (ii) Depreciation on Buildings to be increased up to 10% on the book value given.
- (iii) Average due date on all bills discounted is 14<sup>th</sup> march and the average discount rate is 10%.

21. M Ltd. and N Ltd. agreed to amalgamate on the basis of the following balance sheets as on 31.3.97.

Liabilities	M Ltd Rs	N Ltd Rs	Assets	M Ltd Rs	N Ltd Rs
Share capital Rs.25 each	75,000	50,000	Good will	30,000	-
P & L a/c	7,500	2,500	Fixed assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund	-	2,500	Debtors	8,000	5,200
			Bank	1,500	2,500
	86,000	58,500		86,000	58,500

The assets and liabilities are to be taken over by a new company formed called P Ltd at book value. P Ltd's capital is Rs.2,00,000 divided into 10,000 equity shares of Rs.10 each and 10,000 9% preference shares of Rs.10 each.

P Ltd issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price.

Pass journal entries in the books of P Ltd. and prepare its balance sheet, if the amalgamation is in the nature of purchase.