**HIGHER CORPORATE ACCOUNTING**

**I UNIT - AMALGAMATION AND ABSORPTION**

1. Accounting standard for amalgamations is -------------

   (a )As-8

   (b)As-20

   (c)**As-14**

   (d)As-3

2. Pooling of interests methods is used to accounts for amalgamation in the nature of -------

   (a) Purchase

   (b) Sale

   (c) **Merger**

   (d) None of the above

3. Purchase consideration as per As-14, should include cash and securities agreed to be given by the transferor company's -------

   a) **Shareholders**

   b) Shareholders & debenture holders

   (c) Creditors, debenture holders and shareholders

   (d) None of the above

4. Expenses of liquidation of transferor company may be shown as 'reimbursement' in transferor company's books, if expenses are agreed to be paid by ------

   (a) Transferor company

   **(b) Transferee company**

   (c) Both the companies

   (d) Neither company

5. Excess purchase consideration paid to the transferor company and debited to goodwill account under the purchase method of accounting for amalgamation should be written off within a period of------

(a) 2years

(b) 8years

(c) 20 years

(d) **5years**

6. when one existing company take over the business of one or more existing companies

   (a**) Absorption**

   (b) Amalgamation

   (c) Internal reconstruction

   (d) Internal reconstruction

7. In ------ method the purchase price to be paid to shareholders may be maintained in the agreement directly

   (a**) Lump sum method**

   (b) Net asset method

   c) Net payment method

   (d)None of the above

8. In ------- the two or more companies are liquidated

   a**) Absorption**

   (b) Amalgamation

   (c) Internal reconstruction

   (d) External reconstruction

9. --------- company is the owner of the proportionate net asset of the transferor company

   (a)Transferor Company

   (b) Holding company

   (c)**Transferee Company**

   (d) Banking company

10. Dissenting share holder are the shareholders of the ---------

(a) **Transferor Company**

(b) Holding company

(c) Transferee Company

(d) Banking company

11. ------- has to be debited when the purchase price exceed the net asset received

(a) **Goodwill**

(b) Liabilities

(c) Shares

(d) Share holders

12. There are ------ method of account for amalgamation

(a)**3**

(b)2

(c)5

(d)4

13. Undistributed profit of both revenue and capital nature may appear on the -------- side of balance sheet

(a) Goodwill

(b) **Liabilities**

(c) Shares

(d) Share holders

14. In amalgamation the ---------- or more companies are liquidated

(a)**Two**

(b) Three

(c) five

(d) one

15. Transferee companies pays the -----------

(a) **Purchase consideration**

(b) Asset

c) Liabilities

d) None of the above

16. Amalgamation means--------

**a. Merging two companies into new company**

b. Purchase of one company by another

c. Liquidating two companies

d. None of these

17. Absorption means-------

a**. Purchasing an existing company**

b. Liquidating one company

c. Acquiring shares in other company

d. None of these

18. Merging of two companies is called------

a. Absorption

b. Internal construction

c. **Amalgamation**

d. External construction

19. Absorption means------

a. Takeover of one company

b. Liquidation of one company

c. Purchases of one company by other

d. **All the above**

20. Purchases consideration means------

a. Payment made to transfer company

b. Value of purchases

c. Net assets and liabilities

d**. All the above**

**II UNIT- INTERNAL AND EXTERNAL RCONSTRUCTION**

1. Alteration of share capital is effected by a company it is authorized by the :--------

   a. Memorandum of association

   b .**Articles of association**

   c. Shareholders

   d. board of directors

2. The capital reduction scheme can be implemented only after getting permission from:---

   a. Central govt.

   b. Controller of capital issues

   c. Shareholders

   d. **the competent court**

3. In case of sub-division of share capital, the total number of shares:--------

   a. Does not change

   b. decreases

   c. **Increases**

   d None of the above

4. When a company converts its equity shares in the capital stock, thane the account to be credited is:----------

   a. Preference share capital a/c

   b. Equity share capital a/c

   c. **Equity capital stock a/c**

d. No entry is required

5. After writing off of all accumulated losses, the balance in capital reduction a/c, if any, should be transferred to:---------

   a. Share capital a/c

   b. **Capital reserve a/c**

   c. General reserve a/c

   d. Goodwill a/c

6. Any gain on revaluation of the asset at the time of internal reconstruction will be credited to :-------

   a. Capital reserve a/c

   b .**Capital reduction a/c**

   c. Share capital a/c

   d .General reserve a/c

7. In the scheme of reorganization, amount of shares surrender by shareholders is transferred to :------

   a. Capital reserve a/c

   b. General reserve a/c

   c. **Surrendered shares a/c**

   d. Capital reduction a/c

8. Any decrease in the value of assets, at the time of internal reconstruction, will be charged to :-------

   a. Good will a/c

   b. **Capital reduction a/c**

   c. Revaluation a/c

   d. Share capital

9. A company has issued capital of 40,000 equity shares of rs.10 each fully paid. It decides to convert its capital in to 80,000 equity shares of rest. 5 each. it is a case of:------

a. Decrease in unissued share capital

b. **Sub-division of share capital**

c. Consolidation of share capital

d. None of the above

10. The balance in capital reduction represents------

a. **Decreased value of liabilities**

b. Decreased value of assets

c. Appropriation on asset

d. Market value of assets

11. Capital reduction is used for------

a. Issuing bonus shares

b. **Writing of assets and accumulated losses**

c. Kept as a reserve

d. Cancellation of loss on forfeited shares

12. Company can alter the share capital provided it is authorized by------

a. Board of directors

b. Shareholders

c. memorandum of association

**d. Articles of association**

13. In case of internal reconstruction the existing company will be------

a. Liquidated

b. Amalgamated

c. Absorbed

**d. None of these**

14. In case of consolidation of share capital the total number of shares-------

a. Increase

**b. Decrease**

c. No change

d. None of these

15. The balance in the capital reduction account after writing of all accumulated losses and other is transferred-------

    a. Goodwill account

    b. General reserve account

    **c. Capital reserve account**

    d. Share capital account

16. When the company converts its equity shares in to capital stock then the account to be credited------

    a. Equity share capital account

    b. preference capital account

    **c. Equity share capital account**

    d. No entry is required

17. Decrease of liability at the time of internal reconstruction----

    a. Equity share capital

    b. Capital reduction

    c**. Capital reserve**

    d. preference share capital

18. At the time of reorganization the amount of shares surrounded by shareholder is transferred to------

    a. Capital reserve account

    b. Capital reduction account

    c. General reserve account.

    **d. Surrendered share account**

19. For writing off the accumulated losses under the scheme of capital reduction we debit---

    a. Share capital account

    b. Capital reduction account

    c. General reserve account

    **d. Accumulated loss account**

20. The company can implement the capital reduction scheme only after getting permission form------

a. Central government

b. Shareholders

**c. Competent court**

d. Controller of capital issue

UNIT III

1. Every Banking Company Is Required To Close Its Accounts
    A. 31ST December
    **B. 31ST March**
    C. C. 30TH June
    D. D. 30TH September
2. The Percentage Of Profit To Be Transferred To Statutory Reserve By The Banking Company Is
    **A. 25%**
    B. 15%
    C. 20%
    D. 30%
3. An Assets Which Does Not Generate Income To The Banker Is Named As

    A. Performing Assets

    B. Fixed Assets

    **C. Non Performing Assets**

    D. Current Assets

4. Rebate on bills discounted is
    A. Actual Income
    B. Item of Income
    **C. Liability**
    D. Income Received in Advance
5. A Non Banking Asset is
    A. Investment
    B. Office Appliance
    C**. Asset Acquired from Debtor**
    D. Money at call
6. Provision For Income Tax Is Shown In The Bank Accounts Under The Head
    A. Borrowings
    B. Other Liabilities
    C. Operating Expenses
    **D. Contingent Liabilities**

7. The Heading Other Assets Doesn't Include
   A. Stationary and stamps
   B. Interest accrued
   **C. Gold**
   D. Silver
8. Demand drafts and telegraphic transfers are shown in the bank account under the
   A. Contingent liability
   **B. Bills payable**
   C. Loans and advances
   D. Borrowings
9. Letter Of Credit And Endorsement Are Shown In The Bank Accounts Under The Head
   A. Bills Payable
   **B. Contingent Liabilities**
   C. Bills for Collection
   D. Other Assets
10. Building Should Be Shown In Banking Company Accounts
   A. **Fixed Assets**
   B. Investments
   C. Advance
   D. Other Assets
11. Banking Company Act Is Enacted In The Year
   A. 1945
   B. 1941
   C. 1947
   **D. 1949**
12. Indian Banks Are Supervised By
   A. State Bank of India
   B. Imperial Bank
   C. Central Bank
   **D. Reserve Bank of India**
13. Schedule 16 of Banking Company Accounts Is Relating To
   A. Expenditure
   **B. Interest Paid**
   C. Interest Earned
   **D.Operating expenses**
14. Schedule 13 Of Banking Company Accounts Relating To
   A. Interest Paid
   B. Interest Earned
   C. Other Income
   D. Expenditures ANSWER: B

15. SLR stands for …………
    A. Savings Level Ratio
    **B. Statutory Liquidity Ratio**
    C. Standard Liquidity Ratio
    D. None of these
16. NPA stands for………….
    **A. Non- Performing Assets**
    B. Normal Performing Assets
    C. National Performing Asset
    D. None of these
17. Schedule 1 is concerned with ………….
    A. Cash and balance with RBI
    **B. Capital**
    C. Reserves and Surplus

    D. Investments

18. ………… is shown under Schedule 15.
    A. Interest earned
    B. Profit
    **C. Interest Expended**
    D. Appropriations
19. Acceptance, endorsements and other obligations come under the head…
    A. Provisions and Contingencies
    **B. Contingent liabilities**
    C. Deposits
    D. Borrowings
20. Assets do not disclose any problem & also do not carry more than normal risk is called ………….
    **A. Standard Assets**
    B. Substandard Assets
    C. Doubtful Assets
    D. Loss Assets

## IV UNIT INSURANCE COPMANY ACCOUNTS

1. The person , firm or organization which agrees to indemnity this losses for a sum of money knows as premium called

   a. **Insurance**

b. business

c. Promoter

d. divestments

2. Insurance act
a.**1938**
b.1987
c.1999
d.1949
3. The insurance is acquired to close accounts on ------- every year.
a. 31st Jan

b. 31st Dec

c.**31st**

d. 31st seep

4. Every insurer shall keep a required -----

a .Insolvency a/c

b. **solvency margin**

c. Receipts

d. payments

5. Taking more than one policy on the same subject matter with two are more insurance company is called ------

a. Single entry

b. **double entry**

c. Book keeping

d. liquidation
6. ------- is an invaluable means to provide

a. **Insurance**

b. shares

c. dividends

d .securities

7. ------ is a federal subject in India

   a. **Insurance**

   b. shares

   c. dividends

   d. securities

8. Advantages of using life insurance in a qualified plan include all of the following expect-------

   a. Predictable plan costs for employer

   b. Life insurance is a very safe investment

   c. Low cost installation and service of the plan

   d. **Greater rates of return on insurance cash value than alternative investments**

9. In a combination plan, retirement benefits are funded with a combination of------

   a. Whole life policies

   b. Assets in a side fund

   c. **Both a and b**

   d. Either a or b

10. Alternatives to using life insurance in a qualified plan include-----

    a. Group term life insurance

    b. Split dollar life insurance

    c. Personally owned life insurance

    d. **All the above**

11. Insurance is a contract or agreement in value ------

    a. Individual

    b. **Two parties**

c. Both a and b

d. None of these

12. The one party undertakes , in consideration of a certain periodically fixed amount called -------

a. Net amount

b. Gross amount

c. **Premium**

d. All the above

13. The person whose risk is covered is known as the ------

a. Insured

b. Assured

c. **Both a and b**

d. None of these

14. Insurance is a form of risk management in which the insured transfers -----

a. **Cost of potential loss**

b. Cost of profit

c. Cost of expenses

d. All the above

15. The other entity in exchange for monetary combination is known as ------

a. Dividend

b. **Premium**

c. Both a and b

d. None of these

16. Insurance is designed to protect the financial well being of you and your dependents in case of ------

a. Expected profit

b. Expected loss

c. **Unexpected loss**

d. Unexpected profit

17. Agreeing to the term of an insurance policy creates a contract between ------

a. Person

b. Insurance company

c. Parties

d. **Both a and b**

18. In exchange for payments from person called -------

a. **Premiums**

b. Profit

c. Dividend

d. Loss

19. Insurance is traditionally sold by-------

a. Person

b. **Agents**

c. Customer

d. All the above

20. Insurance is traditionally sold by------

a. person
b. Agent
c. Customer
d. All of the above

**UNIT V**

1. Preparation of consolidated Balance Sheet of Holding Co. and its subsidiary company as per
    a. As 11
    b. AS – 22
    c. ***AS 21***
    d. AS – 23

2. The share of outsiders in the Net Assets in subsidiary company is known as under :

   a. outsiders liability
   b. Assets
   c. subsidiary company's liability
   d. ***Minority Interest***
3. Excess of cost of investment over paid up value of the shares is considered as:
   a. ***Goodwill***
   b. Capital Reserve
   c. Minority Interest
   d. Non of above

4. Excess of paid up value of the shares over cost of investment is considered as:
   a. Goodwill
   b. ***Capital Reserve***
   c. Minority Interest
   d. Non of above
5. Profit earned before acquisition of share is treated as
   a. ***Capital profit***
   b. Revenue profit
   c. General Reserve
   d. Revaluation Loss

6. Profit earned after acquisition of share is treated as
   a. Capital profit
   b. ***Revenue profit***
   c. General Reserve
   d. Revaluation Loss
7. 3. Pre-acquisition profit in subsidiary company is considered as :
   a. Revenue profit
   b. ***Capital profit***
   c. Goodwill
   d. Non of the above
8. 
   16. The Time interval between the date of acquisition of shares in subsidiary company and date of Balance Sheet of Holding Company is known as :
   a. Pre-acquisition period
   b. ***Post-acquisition period***
   c. Pre-commencement period
   d. Pre-incorporation period.
9. 17. Pre-acquisition dividend received by Holding company is credited to
   a. profit & loss A/c
   b. Capital profit
   c. ***Investment A/c***
   d. non of the above

10. 18. Post Acquisition dividend received by Holding Company is debited to :
   a. Bank A/c

b. ***profit & loss A/c***
c. Dividend A/c
d. Investment A/c

11. Minirity interest shown in the consolidated balance sheet is the equity held by the _________in the subsidiary company.
    a. Outsiders
    b. Workers
    c. Employees
    d. employers
12. A holding company is one which holds more than____________.
    A. 30% share capital of subsidiary company
    B. 20% share capital of subsidiary company
    C. 50 % share capital of Government Company
    D. 12% share capital of subsidiary company
13. Any loss or profit on revaluation of assets and outside liabilities is_______________.
    A. treated as reserve profit or loss
    B. ignored in CBS
    C. treated as capital profit or loss and adjusted in the respective assets or liabilities in CBS.
    D. shown separately in liabilities side of CBS ANSWER: C
14. Pre acquisition reserves are treated as--------.
    A. Revenue Profit
    B. Capital Profit
    C. Capital Reserve
    D. Revenue Reserve
15. Post acquisition profits are treated as.
    **A. Revenue Profit**
    B. Capital Profit
    C. Capital Reserve
    D. Revenue Reserve

16. Preparation of consolidated statement as per AS 21 is
    a. Optional
    b. ***Mandatory for listed Companies***
    c. Mandatory for Pvt. Ltd.
    d. Companies Ltd. partnership firm

17. Holding Co. share in capital profits of subsidiary company is adjusted in :
    a. Cost of control
    b. Shown on Assets side of Balance sheet
    c. Revenue profit
    d. None of above

18. . Holding Co. share in revenue profits of subsidiary company is adjusted in :
    a. a. Cost of control
    b. Shown on Assets side of Balance sheet
    c. ***Profit and loss account***
    d. None of above

19.
Minority Interest includes :
    a. Share in share capital
    b. Share in Capital profit
    c. Share in Revenue profit
    d. loss

20. Post-acquisition profit in subsidiary company is considered as :
    **a. Revenue profit**
    b. *Capital profit*
    c. Goodwill
    d. loss

## I UNIT
## AMALGAMATION
## K2 QUESTIONS

1. Define Amalgamation.

   **Amalgamation** is when two or more companies willingly unite to carry on their business together.
2. What is pooling of interest method?

   A way to record a merger or acquisition where the assets and liabilities are added together
3. What is purchase consideration?
   The consideration payable by the purchasing company to the vendor company
4. What is intrinsic value amalgamation?
   The real worth of Company shares & not merely its face value.
5. What are lump sum methods?
   Purchase consideration will be paid in lump sum
6. What is net asset method in amalgamation?
   Net value of assets is calculated and it is divided by the value of one share of Transferee Company.
7. What is net payment method in amalgamation?

   The aggregate of shares and other securities issued and the payment made in the form of cash or other assets by Transferee Company
8. What is Vendor Company in amalgamation?
   In amalgamation, the companies that are wound up or merged are termed as vendor or transferor companies..
9. What is absorption?

   One company undertakes the another company called absorption
10. What is accounting standard for amalgamation

    AS 14

## II UNIT
## INTERNAL / EXTERNALRECONSRUCTION

11. Explain capital reduction

    Capital reduction is the process of decreasing a company's shareholder equity.
12. Explain Internal reconstruction

    accumulated loss are written off, asset are valued at its fair.
13. What do you understand by alteration of share capital?

    A change in the number of authorized shares a company may issue.
14. Define external reconstruction
    An existing company goes into liquidation for the express purpose of selling its assets and liabilities to a newly formed company
15. Difference between internal and external reconstruction?

To make internal arrangements for overcoming financial difficulties. while external reconstruction involves liquidation of only one company,

16. What do you mean by sub division of shares?
    Division of existing shares to make shares of a smaller amount.
17. What is consolidation of share?
    A share consolidation is the opposite of a share split and, indeed, is sometimes referred to as a reverse share split..
18. Why would a company reduce its share capital?
    A reserve arising from a reduction of capital can increase or create distributable reserves
19. How do you reduce capital?
    Reduce the liability of its shares in respect of the share capital not paid-up.
20. Why would a company reduce its share capital?
    A reserve arising from a reduction of capital can increase or create distributable reserves

**UNIT III**

1. .Restate the meaning of rebate on bills discounted
   Unexpired discount
2. Construct the meaning of doubtful assets
   Assets remained NPA exceeding 2 years.

3. Express the percentage of provision for loss assets
   100%
4. Restate the meaning of Standard assets
   Assets do not disclose any problem
5. Restate the name of shedule1
   capital
6. Locate the name of shedule 4
   borrowings
7. Construct the name of shedule 8
   Investments
8. Predict the name of shedule 10
   Fixed asset
9. Express the name of shedule 9
   Advances
10. Restate the name of shedule 3
    Deposits

**IV UNIT**

**K1 QUESTIONS**

**INSURANCE COMPANY ACCOUNTS**

1.What do you understand by life assurance fund?

Life insurance is a contract between an insurance policy holder and an insurer or assurer,

2.What is meant by annuity?

An annuity is a type of policy issued by an insurance company designed to accept and grow funds,

3.Explain the meaning of surrender value?

The cash surrender value is the sum of money an insurance company pays to a policyholder

4.What is the different between annuity and consideration for annuities granted?

An annuity consideration is the money an individual pays to an insurance company in exchange for a financial instrument

5.What is Re insurance?

Reinsurance occurs when multiple insurance companies share risk by purchasing insurance policies from other insurers

6.Give the meaning of reversionary bonus

A reversionary bonus is a bonus added to the value of a life insurance policy.

7.What is reinsurance ceded?

Reinsurance ceded allows the primary insurer (the ceding company) to reduce its risk exposure to an insurance policy

8.What is commission on reinsurance accepted?

Ceding commission is the fee paid by a reinsurance company to a ceding company to cover administrative costs,

9.Explain the meaning of double insurance

Situation in which the same risk is insured by two overlapping but independent insurance policies.

10.Write a notice on reserve for un expired Risk

premium reserve minimums are set by law, an unexpired risk reserve is voluntary.

**UNIT V**

**K2 LEVEL**

1. Explain the term Holding Company

   A company which holds more than 50% of the shares of other company.

2. Restate the meaning of DoI.
   Date of Investment
3. Construct the meaning of RoI
   Ratio of Investment
4. Construct the meaning Capital profit

Pre acquisition profit

5. Express the meaning Revenue profit
   Post acquisition profit
6. Construct the meaning Minority shareholders
   Shareholders of subsidiary comaany other than the holding company
7. Discuss the meaning Minority interest
   Share of the minority share holders
8. Predict the meaning Consolidated balancesheet
   Combined balance sheet of holding company and subsidiary company
9. Construct the meaning wholly owned subsidiary
   A wholly owned subsidiary is one in which all the shares with voting rights of 100% are owned by the holding company
10. .Construct the meaning of capital reserve

Shares are purchased at a price which is less than the paid up value of shares

**UNIT I**

1. 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. 2shares 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..

2. Following is the balance sheet of SammyLtd . as on 31.3.2004

| LIABILTIES | RS | ASSETS | RS |
|---|---|---|---|
| Share capital: | | Fixed asset | 16,25,000 |
| 8% preference shares of | | Investments | 3,00,000 |
| RS 100 each | 3,75,000 | Current assets | 2,50,000 |
| Equity shares of RS 10 | 7,50,000 | | |
| each | 4,50,000 | | |
| General reserve | 3,50,000 | | |
| 7% debentures | 2,50,000 | | |
| Current liabilities | | | |
| | 21,75,000 | | 21,75,000 |

Roomy ltd agreed to take over the business of Sammy ltd.

(A) calculate purchase consideration under net asset method on the basis of the following;

a) Roomy ltd agreed to discharge 7% dangers at a premium of 10% by issuing 9% dangers of roomy ltd
b) Fixed asset or to be valued at 10% above book value the investment at par current asset at 10% discount and current liabilities at book value

**Calculate purchase consideration under net payments method on the basis of the following**;

a) Roomy ltd agrees to discharge the 7% debunkers at a premium of 10% by issuing 9% Debentures of roomy ltd
b) Preference shares are disparage at a premium of 10% by issuing 10% preference share of Rs 100 each in roomy ltd.

c) For every 2 equity shares in Sammy ltd .3 equity shares of Rs 10 each in roomy ltd. Will be issued in addition to cash payment of Rs .3 per equity share in swami ltd .

3. Abdul ltd having a capital of Rs 1000000 divided into 10000 shares of Rs 100 each (75 paid) and a reserve fund of Rs 250000 was absorb by national timber ltd having a capital of Rs 4000000 divided in to 40000 shares of Rs 100 each Rs 60 paid up and reserve fund of Rs 1600000 on the terms of for every four shares in Abdul ltd national timber ltd was to give five shares partly paid as its original ones .

   Prepare ledger a/c to close the books of Abdul ltd

4. The following is the balance sheet of M ltd. as on the date of its acquisition by R ltd.

| Balance sheet | Rs. | assets | Rs |
|---|---|---|---|
| Share capital | 800000 | land & building | 500000 |
| Reserve fund | 300000 | goodwill | 300000 |
| Bills payable | 200000 | machinery | 400000 |
| Creditors | 400000 | stock | 200000 |
| Employ P.F | 100000 | debtors | 350000 |
| | | cash | 50000 |
| | 1800000 | | 1800000 |

   On acquisition goodwill is valued at Rs 450000 land and building At Rs 600000 and stock at Rs 180000. All assets and liabilities are taken over. Calculate the amount of purchase considerations

5. The following is the balance sheet of X& co. ltd. As on 31.12.1984

| Liabilities | Rs | assets | Rs |
|---|---|---|---|
| Share capital;<br>12000 shares of Rs10 each fully paid | 120000 | Land &building | 100000 |
| | | Machinery | 40000 |
| | | Stock | 15000 |
| Sundry creditors | 30000 | Sundry debtors | 22000 |
| Bank overdraft | 28000 | P&L a/c | 1000 |
| | 178000 | | 178000 |

   The company went into liquidation and the asset were sold to y &co. Ltd for Rs 150000 payable as to Rs 60000 in cash (which suffices to discharge the creditors and pay expanses of liquidation Rs 2000) and as to Rs 90000 in the form of fully paid shares of Rs 10 each is y & co. Give the necessary journal entries for recording this transaction in the books of X ltd.

**UNIT II**

1. Kala Ltd balance sheet showed the following position on 31/3/1995

| Liabilities | Rs | asset | Rs |
|---|---|---|---|
| 10,000 equity shares of Rs 100 each | 1000000 | Fixed assets | 80000 |
| | | Currents assets | 400000 |
| Capital reserve | 200000 | Cash at bank | 200000 |
| Bank loan | 200000 | P &L A/C | 300000 |
| Trade creditors | 300000 | | |

Mala Ltd was incorporated to take the fixed assets and 60% of the urrent assts at an agreed value of Rs.900000 to be paid as to Rs.740000 in equity shares of Rs.10 each and balance in 9% debentures. The debentures realisedRs.90000.After meeting Rs.2000 expenses of liquidation all the remaining cash was paid to the creditors in full settlement. Give journal entries in the books of both companies

2. Distinguish between internal and external reconstruction of companies.
3. Write the accounting entries for internal reconstruction
4. A company has a paid up share capital of Rs.640000 divided in to equity shares of Rs.10 each, Rs.8 per share paid up. The profit and loss account show a credit balance of Rs.280000.The Company decides to reduce paid up share capital to Rs.6 per share paid up paying off the necessary amount out of accumulated profits. Give journal entries.
5. ’X’ Co Ltd has the following shares as a part of its share capital

   10000, 8% preference shares of Rs.100 each fully paid

   50000 equity shares of Rs.5 each fully paid

   20000 equity shares of Rs.10 each, Rs.8called up and paid up

   **The company has decided to alter the share capital as follow**s:

   i)To subdivide the preference shares of Rs.10 each

   ii) To consolidate the equity shares of Rs.5 each in to shares of Rs.10 each

iii) To convert the partly paid up equity shares in to fully paid up shares of Rs.8 each with necessary legal sanctions. Journalize the alterations

**UNIT III**

1) From the following details relating to a Banking Company find out the profit balance carried over to the Balance sheet. Interest earned

| | |
|---|---|
| Other Incomes | 525000 |
| Interest Expended | 220440 |
| Operating expenses | 125000 |
| Profit brought forward from the previous year | 183686 |
| Transfer to the statutory Reserve at 25% | 100640 |

2. On 31ST MAR 2015,Yadhav Bank Ltd.,.has The following Bills.

| DATE 2015 | AMOUNT | TERM IN MONTHS | DISCOUNTING @% p.a |
|---|---|---|---|
| Feb 11 | 50,000 | 4 | 6 |
| Feb 16 | 60,000 | 3 | 5 |
| Jan 7 | 40,000 | 4 | 5.5 |

Calculate the rebate on bills discounted.

3. on 31st march 2018 a bank held the following bills, discounted by it earlier. K3

| Date of bill | Term | Discounted @%p.a | Amount of bill Rs. |
|---|---|---|---|
| January 5 | 5 | 20 | 15,00,000 |
| February23 | 4 | 14 | 6,00,000 |
| March 12 | 2 | 10 | 2,00,000 |

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

4. From the following particulars, you are required to calculate the amount of provision to be made by the bank, assuming that all the doubtful assets are secured.

| | |
|---|---|
| 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 |

5. On 31st March 2008, Bharat Commercial Bank Ltd. finds its advances classified as follows

| | Rs. |
|---|---|
| Standard Assets | 14,91,300 |
| Sub-standard Assets | 92,800 |
| Doubtful Assets (secured): | |
| Doubtful for one year | 25,660 |
| Doubtful for one to 3 years | 15,640 |
| Doubtful for more than 3 years | 6,580 |
| Loss assets | 10,350 |

Calculate the amount of provision to be made by the bank against the above mentioned advances.

**UNIT IV**

1. The revenue account of a LIC showed the life fund at Rs 7317000 on 31.3.2006 before taking into account the following items:
   a) Claims intimated but not admitted Rs.98250
   b) Bonus utilized in reduction of premium Rs.13500
   c) Interest accrued on investment Rs.29750
   d) Outstanding premiums Rs.27000
   e) Claims covered under reinsurance Rs.40500
   f) Provision for taxation Rs.31500

   Pass journal entrees giving effect to the above adjustment and show the adjusted fund.

2. The life fund of LIC on 31.3.2006 showed a balance of Rs.5400000.however the following items were not taken into account while preparing the revenue a/c for 2005-06;
   a) interest and dividend accrued on investments Rs.20000
   b) income tax deducted at source on the above Rs.6000
   c) Reinsurance claims recoverable Rs.7000
   d) Commission due on reinsurance premium paid Rs.10000
   e) Bonus in reduction of premiums Rs.3000

3. The revenue account of a LIC the life Assurance fund on 31.3.2006 at Rs.6221310 before Taking in to account the following

    Claims covered under reinsurance 12000
    Bonus utilized in reduction of life insurance premium 4500
    Inters accrued on security's 8260
    Outstanding premiums 5420
    Claims intimated but not admitted 26500

    What is the life assurance fund after taking into account the above omissions?

4. b) From the following particulars prepare fire revenue account for 2005-06: Rs.in('000)

| | |
|---|---|
| Claims paid | 235 |
| Legal expenses regarding claims | 5 |
| Premium received | 600 |
| Reinsurance premium | 60 |
| Commission | 100 |
| Expenses of management | 150 |
| Provision against unexpired risk on 1-4-2005 | 260 |
| Claims unpaid on 1-4-2005 | 20 |
| Claims unpaid on 31-3-2006 | 35 |

5. From the following particulars prepare the profit & Loss A account of Govind Ltd for 1991.

| | | | |
|---|---|---|---|
| Interest on Loans | 34900 | Interest on Fixed deposit | 36500 |
| Rebate on Bills discounted | 4800 | Commission | 910 |
| Office expenses | 15500 | Discount on bills discounted | 19400 |
| Interest on cash credit | 22400 | Rent and taxes | 1800 |
| Interest on Over Drafts | 2800 | Directors Remuneration | 420 |
| Interest on saving deposit | 6900 | Other expenses | 180 |
| Postal expenses | 150 | Printing and stationery | 390 |

**UNIT V**

1. A Ltd purchased 60% shares of B Ltd on 1-1-2013 when the balance on their P&L a/c and general reserve were Rs.150,000 and Rs.1,60,000 respectively. On 31-12-2013, the balance sheet of B Ltd, showed P&L a/c balance of Rs.4, 00,000 and general reserve Rs.3,00,000. Calculate revenue profits.

OR

2. Consolidate the following balance sheets

| Liabilities | H | S | Assets | H | S |
|---|---|---|---|---|---|
| Capital Rs.1 shares | 1400 | 1000 | 900 Shares in S at cost | 1200 | |
| Creditors | - | 500 | Sundry Assets | 200 | 1800 |
| P&L A/c | - | 300 | | | |
| | 1400 | 1800 | | 1400 | 1800 |

When H Ltd acquired in S the profit and Loss A/c of the later had a credit balance of Rs.200

3. H Ltd. acquires all the shares of S Ltd. on 31st march 2010 on which date the balance sheets of the two companies are as under:

| Liabilities | H Ltd. Rs. | S Ltd. Rs. | Assets | H Ltd. Rs. | S Ltd. Rs. |
|---|---|---|---|---|---|
| Share Capital: | | | Sundry Assets | 4,80,000 | 2,60,000 |
| Shares of Rs. 10 each, fully paid | 5,00,000 | 2,00,000 | 100% shares in S Ltd. | 2,00,000 | – |
| Reserves | 100,000 | | | | |
| Creditors | 80,000 | 60,000 | | | |
| **Total** | **6,80,000** | **2,60,000** | **Total** | **6,80,000** | **2,60,000** |

Prepare a Consolidated Balance Sheet as at 31 March 2010

4. Consolidate the following balance sheets

| Liabilities | A | B | Assets | A | B |
|---|---|---|---|---|---|
| Share Capital Rs.10 shares | 7,000 | 5,000 | 450 Shares in S at cost | 6,000 | |
| Creditors | - | 2,500 | current Assets | 1,000 | 9,500 |
| P&L A/c | - | 1,500 | | | |

| | | | | | |
|---|---|---|---|---|---|
| | 7,000 | 9,000 | | 7,000 | 9,500 |

5. U Ltd purchased 80% shares of V Ltd on 1-1-2015 when the balance on their P&L a/c and general reserve were Rs.6,00,000 and Rs.6,40,000 respectively. On 31-12-2015, the balance sheet of B Ltd, showed P&L a/c balance of Rs.16, 00,000 and general reserve Rs.12,00,000. Calculate capital profits

**UNIT I**

1. Raman ltd. And Siva ltd have agreed to amalgamate a new company Siva ram ltd. has been formed to take over the running concerns as on 31.12.1995. The following balance sheet shows the position of the companies amalgamating.

| liabilities | Raman ltd Rs. | Sivan ltd Rs. | assets | Raman ltd Rs. | Sivan ltd Rs. |
|---|---|---|---|---|---|
| Share capital Rs.10 each | 20000 | 50000 | Good will | - | 6000 |
| General reserve | 16000 | - | Plant | 14000 | 20000 |
| Capital reserve | - | 4000 | Furniture | 8000 | 12000 |
| P&l a/c | 4000 | - | Stock | 16000 | 8000 |
| loan from bank | 10000 | 16000 | Sundry debtors | 10000 | 17000 |
| creditors | 10000 | 6000 | Cash at bank | 12000 | 7000 |
| | | | P&l a/c | - | 6000 |
| | 60000 | 76000 | | 60000 | 76000 |

Siva ram ltd. took over all the assets and liabilities of both the transferor companies at book values except cash at bank, creditors and the goodwill of Siva ltd. This was considered worthless. The purchase consideration was agreed at Rs. 60000 for Raman ltd. And Rs.40000 for Siva ltd fully paid equity shares of Rs.10 each was issued to settle the purchase price for both the combines. Cash at bank of the both the company was exactly sufficient to settle their creditors at 10% discount and pay the liquidation expenses. You are required to give important ledger accounts to close the books of the transferee company assuming that the amalgamation is in the nature of purchase.

2. M ltd and N ltd .agreed to amalgamate on the basis of the following balance sheet on 31.3.1997.

| Liabilities | M. Rs | N . Rs | Assets | M.Rs | N.Rs |
|---|---|---|---|---|---|
| Share capital Rs.25each | 75000 | 50000 | Goodwill | 30000 | - |
| P&L a/c | | | Fixed asset | 31500 | 38800 |
| Creditors | 7500 | 2500 | stock | 15000 | 12000 |
| Depreciation | 3500 | 3500 | Debtors | 8000 | 5200 |
| | - | 2500 | Bank | 1500 | 2500 |

| | | | | | |
|---|---|---|---|---|---|
| | 86000 | 58500 | | 86000 | 58500 |

The assets and liabilities are to be taken over by a new company formed called P ltd., at book values.

P ltd. Share capital is Rs.200000 divided into 10000 equity shares of Rs.10 each. P ltd issued the equity shares equally to the vendor company's and preference share were issued for any balance of purchase price .pass journal enters in the books of P ltd and prepare a balance sheet, if the amalgamation is in the nature of purchase.

3. Following is the Balance sheet of K ltd. As on 31.12 .1980

| Liabilities | Rs | Assets | Rs |
|---|---|---|---|
| 2,000 shares of Rs.10 each fully paid | 20000 | Goodwill | 4000 |
| | | Fixed assets | 16500 |
| P&L A/C | 7000 | Current assets | 19500 |
| Debentures | 10000 | | |
| creditors | 3000 | | |
| | 40000 | | 40000 |

R limited agreed to take over the assets of K. Ltd.(exclusive of one fixed asset of Rs 4000 and cash Rs1000 included in current assets )at 10% more than the books values . it agreed to Take over creditors also. The purchase price was to be discharged by the issue of 2000 shares of Rs 10 each at the market value of Rs 15 each and there balance in cash .liquidation expenses came to Rs 400. K ltd sold the fixed assets of Rs 4000 and realized the book value .it paid off its Debentures and liquidation expenses .you are required to give journals entries in the books of K ltd and R ltd

**UNIT II**

1. The following is the balance sheet of Lucky Ltd as on 31 st December 1995

| Liabilities | Rs. | Assets | Rs. |
|---|---|---|---|
| Paid up capital | | Fixed Assets | |
| 200000 Equity shares of Rs.10 each | 2000000 | Good will | 500000 |
| Creditors | 1500000 | Plant &Machinery | 1700000 |
| | | Current assets | |
| | | Stock | 800000 |

| | | | |
|---|---|---|---|
| | | Debtors<br>Cash<br>P&L | 300000<br>10000<br>190000 |
| | 3500000 | | 3500000 |

The following scheme of reconstruction was approved by the court

a) To reduce the paid up capital Rs.5 per share

b) To Write off good will and debit balance in P&L A/c

c) To write down the P&M by Rs.310000

Give journal entries prepare balance sheet

2. The following is the balance sheet of United industries Ltd on 31 Dec'98

| Liabilities | Amount | Assets | Amount |
|---|---|---|---|
| Share capital: | | Goodwill | 45000 |
| 6000 6% preference shares of Rs100 each | 600000 | L&B | 6000000 |
| 12000 equity shares of Rs 100 Each | 1200000 | P&M | 9000000 |
| 8% Debentures | 300000 | Stock | 130000 |
| Bank over draft | 300000 | Debtors | 140000 |
| Sundry creditors | 150000 | Cash | 15000 |
| | | P&La/c | 700000 |
| | | Preliminary expenses | 20000 |
| | 2550000 | | 2550000 |

On the above date the company adopted the following scheme of reconstruction:

i) The equity shares are to be reduced to shares of Rs 40 each fully paid and the preference shares to be reduced to fully paid shares of Rs75 each

ii)The debenture holder took over stock and debtors in full satisfaction of their claims

iii) The L&B to be appreciated by30% and P&M to be depreciated by 30%

iv).The fictitious and intangible assets are to be eliminated

v).Expenses of reconstruction amounted to Rs.5000

Give journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance sheet.

3. Anbu Ltd's Balance sheet showed the following position on 31 st March 1995

| Liabilities | Rs | Assets | Rs |
|---|---|---|---|
| 10000 Equity shares of Rs.100 each<br>Capital reserve<br>Bank loan<br>Trade creditors | 100000<br>200000<br>200000<br>300000 | Fixed assets<br>Current Assets<br>Cash at bank<br>P&L a/c | 800000<br>400000<br>200000<br>300000 |
| | 1700000 | | 1700000 |

Arul Ltd was incorporated to take the fixed assets and 60% of the current assets at an f Rs.900000 to be paid as to Rs.740000 in equity shares of Rs.10 each and balance in 9% debentures. The debentures realisedRs.90000.After meeting Rs.2000 expenses of liquidation all the remaining cash was paid to the creditors in full settlement. Give journal entries and prepare balance sheet.

4. A company has equity share capital of Rs.10 Lakhs consisting 10000 shares of Rs.100.

   i) It is resolved to sub divide the shares of Rs,10 each

   ii) To ask the share holders to Surrender 50% of their shares.

   iii) To issue 60% of the surrendered shares to 15% debenture holder of Rs400000 in full settlement of their claims

   iv) To cancel the un issued surrendered shares.

   Give journal entries in the books of the company.

**UNIT III**

**1** From the following information prepare profit and loss account of thrifty bank for the year ended on
31st March 2008

| | **Rs.(000)** | | **Rs.(000)** |
|---|---|---|---|
| Interest on loans | 2590 | Interest on overdrafts | 1540 |
| Interest on fixed deposits | 3170 | Directors' fees, Allowances and | 30 |

| | | | |
|---|---|---|---|
| | | expenses | |
| Rebate on bills discounted | 490 | Auditors' fees and expenses | 12 |
| Commission | 82 | Interest on savings bank deposits | 80 |
| Payment employees | 540 | Postage, telegrams& telephones | 14 |
| Discount on bills discounted (Gross) | 1550 | Printing and stationery | 29 |
| Interest on cash credits | 2230 | Sundry charges | 17 |
| Rent, taxes, lighting | 180 | | |

Additional information:

a) Provide for contingencies Rs. 200000
b) Transfer Rs. 1557000 to reserves and
c) Transfer Rs. 200000 to Central govt.

2. From the following details, prepare profit and loss account of the Bharat Bank Ltd., for the year ended December 31$^{st}$ 2010

| | Rs. | | Rs. |
|---|---|---|---|
| Interest paid on deposits and borrowings | 2,40,000 | Interest and discount | 7,48,000 |
| Rent Received | 36,000 | Net profit on sale of investment | 36,000 |
| Salaries, allowances, bonus and provident fund | 2,10,000 | Commission, exchange and brokerage | 1,20,000 |
| Legal charges | 12,000 | Audit fees | 5,000 |
| Directors and local committee members fees | 2,400 | Printing and stationery | 6,400 |
| Miscellaneous Expenditure | 12,000 | Telephone, stamp postage and telegram | 44,000 |
| Advertising | 9,000 | Insurance and lighting | 7,400 |
| Bad debts | 34,500 | Rent paid | 48,000 |

Opening balances of unexpired discount and reserve for bad and doubtful debts were Rs. 48,000 and Rs. 24,000 respectively. Closing balances required on these amounts are Rs. 54,000 and Rs. 36,000 respectively. Provide 60% taxation on current profits.
The Chairman and managing director has been paid a salary of Rs. 2,400 p.m and has been provided free quarters and a motor car perquisites valued at Rs. 6,000 p.a.

3 . Prepare profit and loss account of bright bank ltd.,for the year ended 31-3-2014 from the following particulars.

| | (Rs.in'000) |
|---|---|
| Interest on loans | 518 |
| Interest on fixed deposits | 550 |
| Commission received | 16 |
| Salaries and allowances | 108 |
| Discount on bills discounted | 292 |

| | |
|---|---|
| Rebate on bills discounted | 98 |
| Interest on cash credit | 446 |
| Interest on current account | 84 |
| Rent and taxes | 36 |
| Interest on overdrafts | 308 |
| Directors fees | 6 |
| Auditors fees | 2 |
| Interest on saving bank deposits | 136 |
| Postage and telegram | 3 |
| Printing and stationery | 6 |
| Locker rent | 2 |
| Transfer fees | 1 |
| Depreciation on bank properties | 10 |
| Sundry charges | 4 |

Other information

i) Provide for bad debts to be made Rs. 80,000

ii) Provision for income tax required Rs.3, 00,000.

**4.** From the following information prepare profit and loss account of Dhana bank for the year ended on 31$^{st}$ March 2017

| | **Rs.(000)** | | **Rs.(000)** |
|---|---|---|---|
| Interest on loans | 1000 | Interest on overdrafts | 100 |
| Interest on fixed deposits | 4000 | Directors' fees, Allowances and expenses | 40 |
| Rebate on bills discounted | 50 | Auditors' fees and expenses | 10 |
| Commission | 100 | Interest on savings bank deposits | 50 |
| Payment employees | 500 | Postage, telegrams& telephones | 15 |
| Discount on bills discounted (Gross) | 400 | Printing and stationery | 10 |
| Interest on cash credits | 200 | Sundry charges | 10 |
| Rent, taxes, lighting | 20 | | |

5. Prepare profit and loss account of banu bank ltd.,for the year ended 31-3-2018 from the following particulars.

| | (Rs.in'000) |
|---|---|
| Interest on loans | 900 |
| Interest on fixed deposits | 400 |
| Commission received | 10 |
| Salaries and allowances | 200 |
| Discount on bills discounted | 100 |
| Rebate on bills discounted | 30 |
| Interest on cash credit | 200 |
| Interest on current account | 20 |
| Rent and taxes | 10 |
| Interest on overdrafts | 120 |
| Printing and stationery | 60 |
| Locker rent | 20 |

**UNIT IV**

1. .From the following balances extracted from the books of the LIC as at 31.3.06 prepare in

Revenue a/c for the year ending 31.3 2006 in the prescribed form;

| | | | |
|---|---|---|---|
| Claims by death | 330000 | Life assurance fund (1.4.05) | 6331000 |
| Claims by maturity | 215000 | Premiums | 2065000 |
| Agent &canvasser | 26500 | Bonus in reduction of premiums | 1000 |
| allowance | 44200 | Income tax on interest and | |
| Salaries | 1200 | dividend's | 5700 |
| Travelling expenses | 8700 | Printing and stationery | 13900 |
| Director fees | 1000 | Postage and telegrams | 14300 |
| Auditor fees | 52000 | Receipt stamp | 2300 |
| Medical fees | 218000 | Reinsurance premiums | 40950 |
| Commission | 2800 | Interest and Dividend (gross) | 272000 |
| Rent | 200 | Policy renewal fees | 9600 |
| Law charge | 4300 | | |
| Advertising | 1500 | Assignment fees | 540 |
| Bank charges | 2000 | Endowment fees | 690 |
| General charges | 47500 | Transfer fees | 1400 |

| | | | |
|---|---|---|---|
| Surrenders | | | |

Provide Rs.1500 thousands for depreciation of furniture and Rs.220000 thousand for Deprecation on investment.

2. Prepare in the proper story from the revenue account of jai hind life assurance co. Ltd for the year ended 31.3.2006. From the following figures

| | | | |
|---|---|---|---|
| Claims by death | 76,140 | Exp.of management | 31920 |
| Claims by maturity | 30,110 | Commission | 9574 |
| Premiums | 705690 | Intrest,divent & rent | 97840 |
| Transfer fess | 129 | Income tax there on | 35710 |
| Consideration for annuity's granted | 2127 | Surrenders | 13140 |
| Annuity paid | 53461 | Bones in deduction on premium | 980 |
| Bonus in paid in cash | 2416 | Dividend paid to shareholders | 5500 |
| | | Life assurance fund(1.4.2005) | 1521000 |

Paid up share capital of the above life assurance company is Rs 500000 thousand and net liability as per actuary's valuation Rs 1105000 thousand as on 31.03.06 prepare a valuation balance sheet of the company on the date

3. from following particulars realizing to Z insurance co ltd prepare fire revenue A/C for the year ending 31.3.05

| | |
|---|---|
| Claim paid 480000<br>Claims outstanding on 1.4.04 40000<br>Claims intimated but not acceptance and paid on 31.3.05 10000<br>Claims intimated and acceptance and but not paid on 31.03.05 60000<br>Commission on reinsurance accepted 5000<br>Expenses on management 305000<br>Bonus in deduction on premium 12000 | Premium received 1200000<br>Re insurance premium paid 120000<br>Commission 200000<br>Commission on reinsurance ceded 10000<br>Provision for unexpired risk on 1.4.04 400000<br>Additional provision for un expired risk 20000 |

You are recurred to provide for un expired additional reserve for unexpired risk at 1 % on book premium in additional to the opening balance

4. The following balances are abstracted from the books of new Bharat ltd insurance Co. ltd .As on 31.3.2006

| | | | |
|---|---|---|---|
| Life assurance fund (1-4-05)<br>Premiums | 1500000<br>496000 | Claims paid during the year<br>Annuities | 64900<br>2050 |

| | | | |
|---|---|---|---|
| Consideration for annuity granted<br>Interest &dividends<br>Fines for revival of policies<br>Reinsurance premium<br>Claims outstanding (1-4-2005) | 15000<br>100000<br>750<br>20750<br>4500 | Bonus in reduction of premium<br>Medical fees<br>Surrenders<br>Commission<br>Management expenses<br>Income tax on dividends | 1600<br>2400<br>4000<br>18650<br>22000<br>8500<br>5000 |

Prepare revenue a/c after making following adjustments:

i. Outstanding balances
   a) Claims Rs.14000
   b) Premiums Rs.4600

ii) Further bonus for premium
iii) Claims under reinsurance

**UNIT V**

**1.** H Ltd acquired all the shares in S Ltd on 1st January 2008 and the balance sheets of the two companies on 31st March, 2008 were as follows:

| Liabilities | H Ltd | S Ltd | Assets | H Ltd | S Ltd |
|---|---|---|---|---|---|
| Share capital | 50000 | 30000 | Sundry assets | 65000 | 70000 |
| Reserve on 1-4-2007 | 20000 | 15000 | Shares in S Ltd at cost | 50000 | - |
| Profit & loss a/c | 25000 | 10000 | | | |
| Sundry creditor | 20000 | 15000 | | | |
| | 115000 | 70000 | | 115000 | 70000 |

The profit and loss account of S Ltd has a credit balance of Rs.3000 on 1st April 2007. Prepare a Consolidated balance sheet as on 31st March 2008.

2. From the following Balance sheets relating to H Ltd and S Ltd Prepare a consolidated Balance Sheet.

| Liabilities | H Ltd | S Ltd | Assets | H Ltd | S Ltd |
|---|---|---|---|---|---|
| Share Capital ( Shares of Rs. 10 each) | 10,00,000 | 2,00,000 | Sundry fixed Assets | 8,00,000 | 1,20,000 |
| Profit & Loss A/c | 4,00,000 | 1,20,000 | Stock | 6,10,000 | 2,40,000 |
| Reserves | 1,00,000 | 60,000 | Debtors | 1,30,000 | 1,70,000 |
| Creditors | 2,00,000 | 1,20,000 | Bills Receivables | 10,000 | - |
| Bills Payable | | 30,000 | Shares in S Ltd at cost ( 15,000 shares) | 1,50,000 | - |

| | | | | | |
|---|---|---|---|---|---|
| | 17,00,000 | 5,30,000 | | 17,00,000 | 5,30,000 |

(a) All profits of S Ltd have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs. 60,000 on that date
(b) All the bills payable of S Ltd were accepted in favour of H Ltd.
© The stock of H Ltd includes Rs. 50,000 purchased from S Ltd. The profit added was 25% on cost.

3.On 31st march 1996 the Balance sheet of P Ltd and Q Ltd stood as follows

| .liabilities | P Ltd | Q ltd | Assets | P Ltd | Q ltd |
|---|---|---|---|---|---|
| Share capital: Shares of Rs.10 each fully paid | 500000 | 2000000 | Sundry Assets | 517600 | 304000 |
| Reserves | 100000 | 50000 | 60% shares in S Ltd acquired on 31st march 1996 (cost) | 162400 | - |
| Creditors | 800000 | 60000 | Preliminary expenses | - | 6000 |
| | 680000 | 310000 | | 680000 | 310000 |

4.Prepare the consolidated balancesheet as at 31st march 1996

| 21. The balance sheet of C Ltd and D Ltd as at December 1986 are as follows. liabilities | C Ltd | D Ltd | Assets | C Ltd | D Ltd |
|---|---|---|---|---|---|
| Share capital(in shares of Rs.10 each) | 200000 | 100000 | Sundry asset | 132500 | 138200 |
| General reserve | 18000 | 20000 | Goodwill | - | 20000 |
| P&L A/c | 24500 | 23000 | Shares in D Ltd at cost | 140000 | - |
| Creditors | | 30000 | | 15200 | |
| 272500 | | 158200 | | 272500 | 158200 |

5.On 31st march2012 the Balance sheet of S Ltd and E Ltd stood as follows

| .liabilities | S Ltd | E ltd | Assets | S Ltd | E ltd |
|---|---|---|---|---|---|
| Share capital: Shares of Rs.10each fully paid | 20,00,000 | 8,00,000 | Fixed Assets | 20,00,000 | 12,40,000 |
| Reserves | 4,00,000 | 2,00,000 | 80% shares in S Ltd | | |

| | | | | | |
|---|---|---|---|---|---|
| Creditors | 3,20,000 | 2,40,000 | acquired on 31st march 2012(cost) | 7,20,000<br>- | - |
| | 27,20,000 | 12,40,000 | | 27,20,000 | 12,40,000 |