

Reg. No. :

**Code No. : 31013 E Sub. Code : CMCO 61/
CMBE 61**

**B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2025.**

Sixth Semester

**Commerce/Banking and E-Commerce — Core
SPECIAL ACCOUNTS**

(For those who joined in July 2021 & 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which of the following is an advantage of having a subsidiary company?
 - (a) Higher control over subsidiary operations
 - (b) Increased complexity in financial reporting
 - (c) Potential for double taxation
 - (d) Reduced parent company liability for subsidiary actions

2. What is "unrealised profit" in the context of consolidated financial statements?
- (a) Profit from selling subsidiary shares
 - (b) Profit from transactions between the parent and subsidiary that has not yet been realized through sales to external parties
 - (c) Dividend received from a subsidiary
 - (d) Interest earned on investments
3. What is the restriction on loans against the security of a company's own shares?
- (a) No such restriction
 - (b) Allowed up to 50% of the share value
 - (c) Prohibited under Section 20(1)
 - (d) Allowed with RBI approval
4. What does Money at Call and Short Notice refer to in banking?
- (a) Long-term loans
 - (b) Short-term loans repayable on demand or at short notice
 - (c) Deposits with maturity over a year
 - (d) Investments in government bonds

5. Which act governs the preparation of annual accounts for insurance companies in India?
- (a) Companies Act, 2013
 - (b) Insurance Act, 1938
 - (c) Banking Regulation Act, 1949
 - (d) SEBI Act, 1992
6. Profits in life insurance companies are usually determined based on
- (a) premium income only
 - (b) investment income only
 - (c) mortality experience and other factors
 - (d) sales performance
7. In electricity companies, the replacement of assets is charged to
- (a) capital account
 - (b) revenue account
 - (c) replacement reserve
 - (d) contingencies reserve

8. The Tariff and Dividend Control Reserve is created for
- Replacing machinery
 - Meeting unforeseen contingencies
 - Ensuring control over the rates charged and dividends paid
 - Payment of employee bonuses
9. Which of the following would be an adjusting event under Indian AS 10?
- Declaration of dividends after the reporting date
 - A major lawsuit that was settled after the reporting date but arose before the reporting period ended
 - A fire in the company's warehouse occurring after the reporting date
 - Discovery of a fraud after the reporting date
10. What is a common challenge faced in the adoption of International Accounting Standards (IAS)?
- Lack of global trade
 - Differences in local laws and regulations
 - Standardized financial reporting procedures
 - High-quality financial reporting

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) State the particulars which are disclosed in the Balance Sheet of holding company in relation to the subsidiary as per Schedule VI of Companies Act 1956.

Or

- (b) From the following balance sheet of two companies, prepare consolidated balance sheet.

Liabilities	X	Y	Assets	X	Y
Share capital	20,000	4,000	Fixed assets	36,000	6,300
Rs.10 each			Investment		
Reserve	12,000	—	(300 shares)	4,000	—
P and L a/c	8,000	4,800	Current assets	2,000	3,700
Creditors	2,000	1,200			
	<u>42,000</u>	<u>10,000</u>		<u>42,000</u>	<u>10,000</u>

X Ltd. acquired the shares in Y Ltd. at the end of this year.

12. (a) Calculate rebate on bills discounted as on 31.12.2023.

Date of Bill	Amount	Period	Rate of Interest
20.11.2023	5,000	2 months	6%
15.10.2023	7,000	4 months	7%
16.09.2023	8,000	6 months	8%
25.08.2023	9,000	6 months	9%

Or

- (b) Explain the items requiring special attention in preparation of final accounts of a bank.
13. (a) 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.

	Direct Business Rs. ('000)	Re-insurance Rs. ('000)
Claims paid during 2022-23	4,670	700
Claims payable 1-4-2022	763	87

	Direct Business Rs. ('000)	Re-insurance Rs. ('000)
31-3-2023	812	53
Claims received	—	230
Claims receivable 1-4-2022	—	65
31-3-2023	—	113
Expenses of management	130	—

(Includes Rs.35 Thousand surveyor's fees and Rs.45 Thousand legal expenses for settlement of claims)

Or

- (b) Discuss the important terms used in general insurance business.
14. (a) The Hindustan Gas company rebuilt and reequipped part of their works at a cost of Rs.5,00,000 The part of the works thus superseded cost Rs.3,00,000 The capacity of the new works is double the capacity of the old works. Rs. 20,000 is realized by the sale

of old materials and old materials worth Rs. 10,000 are used in the construction of the new works and included in the total cost of Rs. 5,00,000 mentioned above. The cost of labour and materials are 25% higher now than when the old works were built. Journalize the entries.

Or

- (b) Distinguish between double account system and double entry system.
15. (a) Explain the important terms used in AS-21.

Or

- (b) V Ltd. follows LIFO system of stock issues. From the following particulars ascertain
- (i) cost of sales and
- (ii) closing inventory under CPP method.

	Rs.	Index
Inventory on 1.1.2023	10,000	100
Purchases during the year	25,000	150
Inventory on 31.12.2023	30,000	200

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) The following balance sheets are presented to you.

Balance Sheet as at 31-12-2023

Liabilities	A Ltd. Rs.	B Ltd. Rs.	Assets	A Ltd. Rs.	B Ltd. Rs.
Share capital :			Fixed assets	1,75,000	75,000
Shares of			Stock-in-trade	45,000	20,000
Rs.50 each	2,50,000	1,00,000	Debtors	30,000	15,000
General reserve	50,000	—			

Profit and Loss A/c	40,000	—	6% debentures in B Ltd.		
6% Debentures	—	50,000	acquired at par	30,000	—
Trade creditors	37,500	22,500	Shares in B Ltd.		
			1,500 at Rs.40	60,000	—
			Cash at bank	37,500	12,500
			Profit and loss account	—	50,000
	<u>3,77,500</u>	<u>1,72,500</u>		<u>3,77,500</u>	<u>1,72,500</u>

A Ltd. acquired the shares on 1.4.23. The Profit and Loss account of B Ltd. showed a debit balance of Rs.75,000 on 1.1.23. Trade creditors of B Ltd. include Rs.10,000 for goods supplied by A Ltd. on which A Ltd., made a profit of Rs.1,000. Half of the goods were still in stock on 31.12.23.

Prepare the consolidated Balance Sheet.

Or

- (b) What are the various points to be considered and followed for the preparation of "consolidated balance sheet of a holding company and its subsidiaries?"

17. (a) On 31st December 2023. The following balances stood in the books of Vel Bank Ltd., after preparation of its profit and Loss Account.

	Rs. (in '000)	Rs. (in '000)
Share capital :		
Issued and subscribed	4,000	
Reserve fund (under section 17)		6,200
Fixed deposits	42,600	
Savings bank deposits	19,000	
Current accounts	23,200	
Money at call and short notice		1,800
Investments	25,000	
Profit and Loss Account (cr) 1 st June 2023		1,350
Dividend for 2022	400	
Premises	2,950	
Cash in hand	380	

Cash with RBI	10,000	
Cash with other banks	6,000	
Bills discounted and purchases		3,800
Loans, cash credits and over drafts		51,000
Bills payable		70
Unclaimed dividend	60	
Rebate on bills discounted	50	
Short loans (borrowing from other banks)		4,750
Furniture	1,164	
Other assets	336	
Net Profit for 2023	1,550	

Prepare balance sheet of the bank as on 31st December 2023.

Or

- (b) List and explain the various types of Banking aggravate value of paid up capital and reserves.

18. (a) Describe the important terms used in life insurance companies.

Or

- (b) The following trial balance was extracted from the books of New India Life Insurance Co.

Particulars	Dr	Cr
Paid up capital (10,000 shares of Rs.10)	-	1,00,000
Life insurance fund (1 st January)	-	29,72,300
Dividend paid	15,000	-
Bonus to policy holders	31,500	-
Premium received	-	1,61,500
Claims paid	1,97,000	
Management expenses	32,300	
Commission paid	9,300	
Mortgages in India	4,92,200	
Interest, dividend received	-	1,12,700
Agents balance	9,300	
Freehold premises	40,000	
Investment	23,05,000	

Particulars	Dr	Cr
Loan on company's policies	1,73,600	
Cash on deposits	27,000	
Cash in hand and on current a/c	7,300	
Surrenders	7,000	
	<u>33,46,500</u>	<u>33,46,500</u>

Adjustments :

- (i) Claims admitted but not paid Rs.9,300
- (ii) Management expenses due Rs.200
- (iii) Interest accrued Rs. 19,300
- (iv) Premiums outstanding Rs. 12,000.

From the above particulars prepare revenue account and balance sheet as on 31st December.

19. (a) Explain the provisions relating to reasonable return and disposal of surplus of an Electric supply company.

Or

Page 14 Code No. : 31013 E

- (b) Nellai Electricity Co. Ltd earned a profit of Rs.8,45,000 during the year ended 31.3.2023 after debenture interest @ 7 1/2% on Rs.2,50,000, With the help of the figures given below, show the disposal of profits.

	Rs.
Original cost of fixed assets	1,00,00,000
Formation and other expenses	5,00,000
Monthly average of current assets (Net)	25,00,000
Reserve fund (represented by 4% bonds)	10,00,000
Contingencies reserve fund investments	2,50,000
Loan from E.B	15,00,000
Total depreciation written off to date	20,00,000
Tariff and dividend control reserve	50,000
Security deposits received from customers	2,00,000

Assume bank rate to be 6%.

Page 15 Code No. : 31013 E

20. (a) Write any twenty list of international accounting standards.

Or

- (b) Sundaram Motors Ltd. was incorporated on 1.1.2022 with a contributed capital of Rs.5,00,000. The objective of investment is subject of buying and selling two wheelers. The dealer price of the two wheeler was Rs.1,00,000 on 1.1.2022 and 1,25,000 on 1.1.2023. The general price level increased by 15% during 2023. The company purchased 5 two wheelers on 1.1.2022 and sold three two wheelers during the year at an average price of Rs.1,70,000. Show how the financial statements will be prepared under

- (i) HCA
 - (ii) CPPA
 - (iii) CCA.
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