

Section-A-Mark-3

1. Compute income to be recognised for a bank from the following:

	Interest Earned (Rs.)	Interest Received (Rs.)
a) Cash credit and overdraft (Performing)	2,000	1800
b) Cash credit and overdraft (Non-performing)	450	200

2. Given below is interest on advances of a commercial bank

(Rs in lakhs)				
	Performing assets		NPA	
	Interest earned	Interest received	Interest earned	Interest received
Term loans	200	150	140	100

Calculate the amount of interest to be recognised as income.

3. Compute income to be recognised for a bank from the following:

	Interest Earned (Rs.)	Interest Received (Rs.)
a) Term loans (Performing)	600	360
b) Term loans (Non-performing)	Nil	60

- 4.

Calculate the provision amounts required for the following bills purchased and discounted:

Standard Assets: ₹ 7,00,000

Substandard Assets: ₹ 80,00,000

Loss Assets: ₹ 5,00,000

5. Compute income to be recognised for a bank from the following:

	Interest Earned (Rs.)	Interest Received (Rs.)
a) Overdraft (Performing)	900	700
b) Overdraft (Non-performing)	200	50

6. Calculate the provision amounts required for the following bills purchased and discounted:

Standard Assets: ₹ 10,00,000

Substandard Assets: ₹ 5,00,000

7. Calculate the provision amounts required for the following:

Doubtful assets (Cash credit):

Up to 1 year 6,00,000

1 to 3 Years 7,50,000

8. In respect of following information, compute the unsecured portion of loan, if as on 31-03-2026, the loan outstanding is categorized as doubtful:

Term loan:	Rs. 90,00,000
DICGC:	40% (Maximum limit RS.20,00,000)
Securities held:	Rs. 42,00,000 (realisable value Rs.25,00,000)

9. Compute the provisions required for the following term loan components:

Secured portion: ₹ 45,00,000 (including ₹ 15,00,000 covered under DICGC guarantee)

Unsecured portion: ₹ 50,00,000

10. Compute the provisions required for a term loan with:

Secured portion: ₹ 20,00,000 (including ₹ 5,00,000 covered under DICGC guarantee)

Unsecured portion: ₹ 30,00,000 (Assume RBI provisioning norms apply.)

11. Write the journal entry for the following transactions in the books of insurance company:

Outstanding premium at the end of the year: Rs.6,500

Calculate amount due to policy holders.

Net profit: Rs.4,20,000

Interim bonus paid: Rs.1,00,000

Dividend paid to the shareholders: Rs.50,000

Surplus as per valuation balance sheet: Rs.4,00,000

13. Write the journal entry for the following transactions in the books of insurance company:

Insurance claims covered under reinsurance: Rs.50,000

Outstanding claims at the end of the year: Rs.8,000

14. The Life assurance fund of mother life insurance Co. Ltd. As on 31st March 2024 is ascertained at Rs. 12,20,000 before considering the following:

Rs.	
I. Interest accrued on investments	30,000
II. Bonus utilised in reduction of premium	36,000
III. Claims intimated and admitted but not paid	1,00,000
IV. Outstanding premium	60,000
V. Claims covered under reinsurance	16,000

Compute the true life assurance fund.

15. A life insurance company gets its valuation made once in every two years. Its life assurance fund on 31st March 2024, amounted to Rs. 41,40,000 before providing Rs. 30,000 for the shareholders dividend for the year 2023-24. Its actuarial valuation due on 31st March 2024 disclosed a net liability of Rs. 40,00,000 under assurance annuity contracts. Prepare the Valuation Balance Sheet.
16. H Ltd issued 5,000 shares of ₹10 each at a premium of ₹5 per share. The amount was payable ₹3 on application, ₹7 on allotment (including premium) and the balance on first and final call. Pass necessary journal entries.
17. MKJ Ltd was registered with a nominal capital of ₹20,00,000 divided into 20,000 shares of ₹100 each. The company issued 10,000 shares at par, payable ₹20 on application, ₹30 on allotment, ₹20 on first call and ₹30 on final call. Pass necessary journal entries.
18. Alpha Ltd issued 5,000 shares of ₹10 each at a premium of ₹5 per share. The amount was payable ₹3 on application, ₹5 on allotment and the balance on first and final call. The share issue expenses amounted to ₹2,000. Pass necessary journal entries.
19. Q Ltd was registered with a nominal capital of ₹20,00,000 divided into 20,000 shares of ₹100 each. The company issued 15,000 shares payable ₹2 on application, ₹2 on allotment and the balance on first and final call. Pass necessary journal entries.
20. B Ltd issued 20,000 shares of ₹100 each payable at par, The amount is payable ₹30 on application, ₹40 on allotment, ₹30 and on first call and final call. Pass necessary journal entries.
21. A company issued 16,000 shares to the public payable ₹2 on application, ₹3 on allotment, ₹3 on first call and ₹2 on final call. All shares were subscribed and amounts duly received. Pass necessary journal entries.
22. A limited company whose authorised capital is ₹2,50,000 of shares of ₹10 each issued 16,000 shares to the public payable ₹2 on application, ₹3 on allotment, ₹4 on first and final call. A shareholder having 600 shares failed to pay the call money. Pass necessary journal entries.
23. X Ltd. issued for public subscription 25,000 equity shares of Rs. 25 each on 1st July 2024. Zahir holding 200 shares failed to pay the first call money of Rs. 10 each. Pass journal entries related to the first call.
24. X Ltd. made its first call of 20 per share on 1st July 2024. Zeba holding 250 shares paid the final call money along with the first call money. Pass journal entries related to the first and final calls of Zeba.
25. R Ltd. issued for public subscription 10,000 12% preference shares of Rs. 100 each. Megha holding 500 shares paid the final call money of Rs. 25 each along with the first call money of Rs. 30 each. Pass journal entries related to the first and final calls of R Ltd.
26. Y Ltd. issued for public subscription 25,000 equity of Rs. 10 each on 1st July 2024. Niba holding 120 shares and Neha having 350 shares failed to pay the first call money of Rs. 3 each. Pass journal entries related to the first call.
27. A Ltd company whose authorised capital is ₹2,50,000 of shares of ₹10 each issued ₹16,000 equity shares of ₹10 each, payable ₹2 on application, ₹4 on allotment and ₹4 on first and final call. A shareholder having 600 shares failed to pay the call money. Pass necessary journal entries.
28. A Ltd has a part of its share capital in 1,000, 7% redeemable preference shares of ₹100 each. These are to be redeemable out of the accumulated reserves of ₹150,000. Pass journal entries regarding redemption.
29. X Ltd wants to redeem its 50,000, 12% redeemable preference shares of Rs.10 each at par. For this purpose, the company issued 5,000 equity shares of Rs. 100 each at par. Give journal entries for redemption.
30. Ben Ltd. wants to redeem its 50,000 10% redeemable preference shares of Rs. 100 each at par. For this purpose, the company issued 30,000 equity

31. X Ltd with a paid up capital of Rs. 5,00,000 divided into shares of Rs.10 each fully paid had resolved to capitalise Rs.80,000 of the accumulated reserves of Rs.1,25,000 by issuing bonus shares of Rs.10 each fully paid. Pass necessary journal entries.
32. P Ltd with a paid up capital of Rs. 5,00,000 divided into shares of Rs.10 each fully paid had received to capitalise Rs.80,000 of the accumulated reserves of Rs.1,25,000 by issuing bonus shares of rs. 10 each fully paid. Give journal entries.
33. Alankar Ltd had issued 3,00,000 equity shares of ₹10 each, ₹7 per share called up. The company declares to utilise its general reserve of ₹9,00,000 to issue bonus shares to make the partly paid up shares fully paid up. Give journal entries recording the issue of bonus shares.
34. Thushar Ltd has ₹6,00,000 in its general reserve. Its share capital of ₹1,00,000 equity shares of ₹10 each. It was decided to issue bonus shares at the rate of one share of ₹10 each at ₹12 per share for every 2 shares held. Give journal entries.
35. Joe Ltd had issued 80,000 equity shares of Rs. 10 each, Rs. 7 per share called up. The company decides to make it fully called up and paid up out of its general reserve of Rs. 3,00,000. Give journal entries recording the issue of bonus shares.
36. Sonu Ltd offers to its shareholders the right to buy one share of Rs.100 each at Rs.150 per share for every 3 shares held. The market value of the share is Rs.200. Calculate Value of right.
37. A company offers to its shareholders the right to buy two share at Rs.12 per share for every 5 shares held. The market value of the share is Rs.65. Calculate Value of right.
38. A company offers to its equity shareholders the right to buy one equity share of Rs.100 each at Rs.120 per share for every 4 equity shares held. The market value of the share is Rs.180. Calculate Value of right.
39. X Ltd decided to make a right issue to the existing shareholders in proportion of 3 shares for every 4 shares held. Issue price per share is Rs,250 and market price at the time of right issue is 300. Calculate Value of right.
40. What do you mean by issue of shares at a discount and at a premium?
41. What do you mean by issue of shares at par and at a premium?
42. What is call in arrear?
43. What is call in advance?
44. What is forfeiture of shares? What is its effect on the share capital of the company?
45. What are the effects of forfeiture of shares?
46. What are cumulative and non- cumulative preference shares?
47. What is equity share capital?
48. What is preference share capital?
49. Give any three differences between equity shares and preference shares.
50. Give any three features of equity shares.
51. Give any three features of preference shares.
52. What is a debenture? What do you name the periodical payment given to debenture holders?
53. Explain any three characteristics of a debenture?
54. What are convertible and non- convertible debentures?
55. Classify debentures on the basis of transferability. Give their meaning also.
56. What are participating and non- participating debentures?
57. What are redeemable preference shares? Give any two conditions for redemption of preference shares.
58. Explain any three provisions on redemption of preference shares?
59. What is CRR? What are the purposes for which CRR can be used?

What are the sources of fund which can be used for the redemption of a) Nominal value and b) Premium on Redemption of preference shares?

61. Can you redeem the partly paid up preference shares? Give the journal entries in support of your answer.
62. What are bonus shares?
63. What are right shares?
64. Give any three differences between bonus shares and right shares.
65. What are any three advantages of bonus issue?
66. Explain any three advantages of right issue?
67. What do you mean by value of right?
68. What do you mean by Group Companies?
69. What do you mean by consolidation of financial statements?
70. Explain the need for consolidation of financial statements of group companies?
71. Write a note on pre- acquisition profit.
72. Write a note on post- acquisition profit?
73. What is Non- Controlling Interest? Suppose A Ltd. is holding 7500 shares in its subsidiary X Ltd. The share capital of X Ltd is 10,000 shares. What is the proportion of shares of X attributable to NCI?
74. What is meant by goodwill on consolidation?
75. Differentiate between Cost of Control and Capital Reserve in the context of group companies.
76. What is a consolidated balance sheet?
77. What are Group Financial Statements?
78. What is banking? What are the primary functions of a bank?
79. What is slip system of posting?
80. What are non- banking assets?
81. What is rebate on bills discounted?
82. What are NPAs? Explain the provision on Income recognition in respect of NPAs.
83. Explain schedules 6 and 12 of a banking company.
84. Which are the schedules related to Profit and Loss Account of a bank?
85. What is money at call and short notice?
86. How would you classify NPAs for the purpose of creating provision on debts?
87. What is Cash Reserve Ratio?
88. What is Statutory Liquidity Ratio?
89. What is meant by life insurance?
90. What is a) annuity policy and b) endowment policy?

What is meant by surrender of policy and what is surrender value?

93. What is re- insurance ceded and re- insurance accepted?
94. What is a premium? How is it different from a claim?
95. What is authorised capital?
96. What is minimum subscription?
97. What is subscribed capital?
98. What is called up capital?
99. What do you mean by paid up capital?
100. What is issued capital?
101. What is uncalled capital? Give an example.
102. What is reserve capital?
103. Give any three differences between reserve capital and uncalled capital.
104. What is a prospectus?
105. What is public issue of shares?
106. What do you mean by private placement of shares?
107. What do you mean by issue of shares for consideration other than cash?
108. On 1-4-2025, subsidiary ABC Ltd., has Rs. 90,000 as surplus in the Balance Sheet while on 31-3-2026 the balance in the surplus is Rs. 1,50,000. H Ltd. acquired 80% shares of ABC Ltd. on 1-07-2025. Determine the pre - acquisition profits and H Ltd.'s share in it.
109. A Limited company acquires 80% shares of Y Ltd at a valuation of Rs. 13,00,0000 (excluding control premium) by payment in cash of Rs. 12,00,000. Compute the value of Non-Controlling Interest.
110. X Ltd purchased 80% of the shares of Y Ltd. The issued capital of Y Ltd consists of 25,000 shares of Rs. 10 each. Consideration paid is Rs. 2,60,000. The identifiable assets and liabilities of Y Ltd are Rs. 3,00,000 and Rs. 50,000 respectively. Calculate the amount of Goodwill.
111. X Ltd. Acquired 75% of Y Ltd., on payment of a consideration of Rs. 26,20,000. The value of non-controlling interest is Rs. 4,60,000. The net identifiable assets of the Y Ltd is valued at Rs. 29,00,000. Compute the amount of Goodwill.
112. X Ltd acquires 100% shares of Y Ltd which has 40,000 shares of Rs. 10 each at a market price of Rs. 12 each. The assets and Liabilities of Y Ltd are Rs. 5,00,000 and Rs. 1,00,000 respectively. Calculate the cost of control.

Section-B-Mark-6

1. A limited company issued 1,000 debentures of Rs.100 each at a premium of 10% payable at par at the end of 10th year. The debentures were payable 25% on application and 35% on allotment (including premium) and the balance on first and final call. All money were duly received by the company. Journalise the transactions.
2. X Limited issued 10,000 12% debentures of Rs.100 each at par payable ₹40 on application, Rs. 35 on allotment, Rs. 10 on First Call and the balance on Final Call. All money were duly received by the company. Journalise the transactions.
3. RK Ltd issued 5,000 11% debentures of ₹100 each at ₹110 payable as follows:
On application ₹20
On allotment ₹50(including premium)
On first call ₹40
All money were duly received by the company. Journalise the transactions.
4. AK Ltd. purchased assets of the book value of ₹99,000 from BG Ltd. It was agreed that the purchase consideration be paid by issuing 11% debentures of ₹100 each. Pass the journal entries assuming that the debentures were issued(i) at par (ii) at a discount of 10% and (iii) at a 10% premium.
5. M Ltd company purchased assets of the book value of ₹7,00,000 and liabilities of ₹60,000 from N Ltd. It was agreed that the purchase consideration of ₹6,60,000 be paid by issuing 11% debentures of ₹100 each at a 10% premium. Give entries.
6. M Ltd company purchased assets of the book value of ₹8,40,000 and liabilities of ₹80,000 from N Ltd. It was agreed that the purchase consideration of

₹3,96,000 be paid by issuing 11% debentures of ₹100 each at a 10% premium and at 10% discount. Pass the journal entries.

8. X company issued 2,00,000, 10% debentures at 105% payable ₹40,000 on application Rs. 60,000 on allotment, Rs. 40,000 on the first call and the balance on final call. Expenses of the issue came to be ₹1,000. Journalise the transactions.
9. H Ltd company purchased assets of the book value of ₹5,00,000 and liabilities of ₹1,00,000 from J Ltd. It agreed that the purchase consideration of ₹4,50,000 be paid by issuing 10% debentures of ₹100 each at par. Give journal entries.
10. A company purchased assets of the book value of ₹198,000 from another company. It was agreed that the purchase consideration be paid by issuing 13% debentures of ₹100 each. Assume debentures have been issued (i) at par (ii) discount of 10% and (iii) at a 10% premium.
11. M Ltd purchased assets of the book value of ₹4,00,000 and liabilities of ₹25,000 from N Ltd. It was agreed that the purchase consideration of ₹4,40,000 be paid by issuing 9% debentures of ₹100 each at a 10% premium. Give entries.
12. A company purchased assets of the book value of ₹396,000 from another Y Ltd. It was agreed that the purchase consideration be paid by issuing 11% debentures of ₹100 each. Assume debentures have been issued (i) at par (ii) discount of 10% and (iii) at a 10% premium.
13. Saran Ltd was registered with an authorised capital of ₹5,00,000 divided into 5,000 equity shares of ₹100 each. The company issued 4,000 equity shares at a premium of 10% per share. The amount was payable as follows: on application ₹30; on allotment ₹35 (including premium); on first call ₹20; on final call ₹25. Share issue expenses amounted to ₹4,400 which was written off against securities premium. Pass necessary journal entries.
14. Shreya Ltd. issued 5,000 shares of ₹10 each payable as follows: ₹5 on Application (1st February 2022), ₹2 on Allotment (1st April 2022) and ₹3 on First & Final Call (1st June 2022). Khushboo, a holder of 600 shares paid the full amount on application, and Nisha to whom 500 shares were allotted paid the First & Final Call money along with allotment. Pass necessary Journal Entries in the books of Shreya Ltd.
15. United Limited was registered with a nominal capital of ₹500,000 in shares of ₹100 each. 3,000 shares were issued for subscription and payable as to ₹12.50 on application, ₹12.50 on the allotment, and ₹25 three months after allotment, with the balance to be called up as and when required. All money up to allotment was duly received, but regarding the call of ₹25, a shareholder holding 100 shares did not pay the amount due. Show the journal entries needed to record the above transactions.
16. Kiran Ltd. issued 7,000 shares of ₹10 each at a discount of Rs. 1 payable as follows:
₹5 on Application
₹2 on Allotment
₹2 on First & Final Call (discount adjusted)
Meena, holder of 800 shares paid the full amount on application, and Sana to whom 600 shares were allotted paid the first & final call money along with allotment. Pass necessary Journal Entries in the books of Kiran Ltd.
17. India Software Ltd. offered 50,000 shares of ₹10 each to the public payable as: ₹2 on application ₹3 on allotment ₹2 on First call and the balance as and when required. All the shares were applied for and duly allotted but Mukesh a shareholder holding 200 shares paid the entire balance on allotment. Make necessary journal entries.
18. Ajanta Ltd issued on 01/01/2017, 1,00,000 equity shares of ₹10 each, payable ₹3 on application, ₹4 on allotment (March 1) and ₹3 on first and final call (01/04/17). All moneys were received except the final call on 10,000 shares. Assuming that company closes the books on 30th June every year, charge interest on calls in arrears. Pass necessary journal entries.
19. AB Ltd invited applications for 1,00,000 equity shares of Rs.10 each payable as Rs.2 on application, Rs.3 on allotment and the balance on first and final call. Applications were received for 3,00,000 shares and the shares were allotted on a pro-rata basis. The excess application money was to be adjusted against allotment only. M, a shareholder, who had applied for 3,000 shares, failed to pay the call money. Show necessary journal entries.
20. D Ltd had 1,000, 7% redeemable preference shares of 100 each, fully paid up. The company decided to redeem now out of accumulated reserves which is more than the necessary sum required for redemption. Show the necessary entries in the books of the company assuming that the premium on redemption of shares has to be written off against company's security premium reserve having a balance of Rs.20,000.
21. The following extract from the Balance Sheet of Sun Ltd as at 31-12-2024, is given to you:

Share capital	
10,000 Equity shares of ₹10 each	₹1,00,000
10,000 ,8% preference shares of ₹10 each	₹1,00,000
Capital reserve	₹50,000
General reserve	₹30,000
P/L account (surplus)	₹85,000

The company decided to exercise its option to redeem the preference shares on 01/01/2025. Give journal entries to record redemption.
22. 9. X Ltd has a part of its share capital in 1,000 redeemable preference shares of ₹100 each. The shares have now become due for redemption. It has been discovered that the company's reserve fund amounts to ₹75,000, of which ₹50,000 has been decided to be utilised in connection with the

record redemption.

23. A Ltd issued 50,000 equity shares of Rs.10 each and 3,000 10% preference shares of Rs.100 each, all shares being fully called up and paid up. On 31/03/2026 Profit and Loss Statement showed an undistributed profit of Rs.50,000 and General Reserve Account stood at Rs. 120,000. On 01/04/2026 the Directors decided to issue 1,500 11% preference shares of Rs.100 each for cash and to redeem the existing preference shares at Rs.105 utilizing as much profits as would be required for the purpose. Write journal entries.
24. D Ltd had 2,000,7% redeemable preference shares of 50 each fully paid up. The company decided to redeem these preference shares at 5% premium by issuing sufficient number of equity shares of 10 each fully paid at 10% premium. The company had Rs.. 75,000 undistributed profit in the Profit and Loss Statement on the date of redemption. Write journal entries.
25. Following are the extracts from the drafts B/S of Ram Ltd. as on 31/03/26:
- | | |
|--------------------------------------|-----------|
| Authorized capital | |
| 2,00,000 equity shares of Rs.10 each | 20,00,000 |
| Issued and subscribed capital | |
| 50,000 equity shares of Rs.10 each | 5,00,000 |
| Reserve fund | 1,00,000 |
| Statement of profit or loss | 80,000 |
- A resolution was passed declaring the bonus shares of 20% on equity shares to be provided as to Rs.60,000 out of surplus and Rs.40,000 out of reserve fund. The bonus shares were to be satisfied by issuing fully paid equity shares. Write the journal entries and show how they would affect the Balance sheet.
26. A Company has accumulated large profits in the reserve account and the Board of Directors decide to utilise a part of this reserve in order to make the capital properly representative of the financial position.
The paid up share capital of the company is Rs. 8,00,000 consisting of 50,000 equity shares of Rs. 10 each fully paid and 50,000 equity shares of Rs.10 each, Rs.6 per share paid up.
The directors decide to issue one fully paid up bonus shares at premium of Rs.5 for every fully paid share held and to make the partly paid shares fully paid. At the date of allotment of the bonus shares, the Market value of the above equity shares stands at Rs.24.
Assuming that the scheme is accepted and that all legal formalities are gone through, pass necessary journal entries showing the two types of issue stated above.
27. AB Ltd has a share capital of Rs.20,00,000 in equity shares of Rs. 10 as fully paid. The company now declares a bonus out of its free reserves of Rs.8,00,000. This bonus is to be paid by issue of the equity shares of Rs. 10 each at a premium of Rs.2 per share for every shares held by the shareholders. The shares are quoted at Rs.,15 on the date of allotment of bonus shares. Give journal entries.
28. Heera Ltd. had issued 4,00,000 equity shares of ₹ 10 each. The company has the following balances.
- | | |
|----------------------------|----------|
| General reserve | 2,60,000 |
| Security premium | 1,00,000 |
| Capital redemption reserve | 1,40,000 |
| Profit & loss account | 6,00,000 |
- The company resolved to issue bonus shares @ ₹ 1 per share for every 5 shares held. Pass journal entries.
29. Azar Ltd had the following ledger balances
- | | |
|---|------------|
| Equity share capital | ₹ 4,00,000 |
| (50,000 shares of ₹ 10 each, ₹ 8 per share called up) | |
| General reserve | ₹ 1,00,000 |
| Security premium | ₹ 1,60,000 |
| Capital redemption reserve | ₹ 1,40,000 |
- The company decided to declare bonus shares in the following manner:
- To make the shares fully paid
 - To issue 3 fully paid bonus shares of ₹ 10 each for 5 fully paid existing shares.
- Give journal entries to give effect to the above adjustments.
30. Jose Ltd's capital account consists of 1,00,000 equity shares of ₹ 10 each. The company resolved to issue 2 bonus shares of ₹ 10 each at 12 per share for every 5 shares held. The company has the following balances:
- | | |
|----------------------------|----------|
| | Rs. |
| General reserve | 80,000 |
| Profit & loss account (Cr) | 1,00,000 |
| Security premium | 3,00,000 |
- Give journal entries.
31. a. A company offers to its shareholders the right to buy two share at Rs.11 per share for every 5 shares held. The market value of the share is Rs.60. Calculate the Value of right.
b. What do you call the above issue?
c. What do you mean by value of right?
32. a. X Ltd decided to make a right issue to the existing shareholders in proportion of 3 shares for every 4 held. Issue price per share is Rs.150 and market price at the time of right issue is 200. Calculate the value of right.
b. What do you mean by value of right?
c. What are right shares?

Explain the accounting treatment of the issue of debentures for consideration other than cash.

34. Explain the issue of debentures a) for cash, b) for consideration other than cash c) as collateral security
35. Explain the provisions for redemption of preference shares.
36. What do you mean by redemption of preference shares? What are the sources of redemption of preference shares?
37. Explain the advantages and disadvantages of bonus issue.
38. Explain the provisions of the Companies Act 2013 relating to right issue.
39. Bring out the differences between bonus shares and right shares.
40. What are consolidated financial statements? What are the circumstances in which a parent company is exempted from preparing consolidated financial statements?
41. What is Non- Controlling Interest? How is it computed?
42. Explain a) Pre- acquisition profit b) Cost of control c) Negative goodwill
43. Explain a) Post- acquisition profit b) Non- Controlling Interest c) Gain from bargain purchase
44. Explain the need for consolidation of financial statements.
45. What is slip system of posting? What are its advantages?
46. Explain a) asset classification and b) provisioning in banks.
47. What is a bank? Explain the special features of bank accounting.
48. Explain the features of life insurance.
49. What is bonus in reduction of premium? How is it treated while calculating life fund?
50. Write a brief note on any six types of life policies.
51. Explain the types of share capital.
52. What is a share? What are its features?
53. Differentiate between reserve capital and capital reserve.
54. Explain the accounting treatment of issue of shares a) at par b) at premium and c) at discount
55. What do you mean by issue of shares at a discount? When can a company make such an issue?
56. Explain a) Over- subscription and b) Under- subscription of shares.
57. Bring out the differences between equity shares and preference shares.
58. Explain the different types of preference shares.
59. Explain the accounting treatment of issue of shares at discount and at premium.
60. Bring out the differences between calls in arrear and calls in advance.
61. What is a debenture? Explain its characteristics.
62. Explain the differences between share and debenture.
63. Explain the different kinds of debentures.
64. 1. Compute the incomes to be recognised from the following particulars as on 31-03-2025:

	Interest Earned	Interest received
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Bills discounted and purchased	400	350
Term Loans	540	380
Non-Performing Assets		
Cash credit and overdraft	340	162
Bills discounted and purchased	Nil	20
Term Loans	200	50

65. Given below is interest on advances of a commercial bank

(Rs in lakhs)				
	Performing assets		NPA	
	Interest earned	Interest received	Interest earned	Interest received
Term loans	200	150	140	10
Cash credits & overdrafts	1,400	1,200	300	25
Bills purchased and discounted	300	300	150	40

Calculate the amount of interest to be recognised as income.

66. From the following information, find out the amount of provision to be shown in the profit and loss account of a commercial Bank:

Rs. In lakhs	
Assets	
Standard	8,000
Sub-standard	6,000
Doubtful : for one year (unsecured 10%)	1,000
For two year (unsecured 20%)	1,600
For more than three years (no surety)	400
Loss assets	1,200

67. The following figures are extracted from the trail balance of a bank as on 31.3.2012

Discount received (Cr)	4,30,000
Rebate on bills discounted (1.4.2011)	27,000

An analysis of the bills discounted revealed the following:

No .	Date of bill	Term	Amount (₹)	Rate
1	02.01.2012	3 months	4,00,000	5%
2	10.01.2012	4 months	2,00,000	4%
3	05.02.2012	2 months	1,00,000	4%
4	03.03.2012	4 months	3,00,000	5%

Compute the amount of discount to be credited to Statement of Profit or Loss.

68. Given below are the details of interest on advances of a commercial bank for the year ended 31.3.2025.

Performing assets			Non-performing assets	
	Interest earned (₹)	Interest received (₹)	Interest earned (₹)	Interest received (₹)
Term loans	10,000	7,000	5,000	1,000
Cash credits	26,000	20,000	7,000	5,000
Overdrafts	35,000	33,000	3,000	1,700
Bills purchased & discounted	18,000	17,000	10,000	3,000

Find out the income to be recognised for the year ending.

- 69.

Given below are details of interest on advance of a commercial bank as on 31-03-2025;

Interest earned
(₹ in lakhs)

Interest Received
(₹ in lakhs)

Performing Assets:

Term loans 240 160

Bills purchased and discounted	300	300
Non-performing assets:		
Term loan	150	10
Cash credit and Overdraft	300	24
Bills purchased and discounted	200	40

Find out the income to be recognised for the year ending 31.03.2025

70. Given below are the details of interest on advances of a bank.

Advances	On performing Assets	On NPA	Interest received
	Interest earned (□ in lakhs)	Interest received (□ in lakhs)	Interest earned (□ in lakhs)
1. Term loans	100	80	50
2. Cash Credits	200	120	100
3. Bills purchased	300	180	150

Find out the income to be recognised for the year ending.

71. Calculate rebate on bills discounted in respect of Kerala Bank Ltd. as on 31.03.2025 from the following information:

Date of bill	Term	Rate of Discount	Amount
Jan-17	4 Months	17%	□ 3,65,000
Feb-07	3 Months	18%	□ 7,30,000
Mar-09	3 Months	17.50%	□ 1,82,000
Mar-20	2 Months	18	□ 1,00,000

72. Following figures are available in respect of Safety Bank Ltd

No.	Amount	Date of Bill	Term	Rate
1	60,000	12-01-2026	4 months	12%
2	15,000	18-12-2025	5 months	12%
3	11,000	07-02-2026	4 months	12%
4	6,000	02-03-2026	3 months	12%

Calculate rebate on bills discounted for the year ended 31.03-2026 and give the journal entry for the same.

73. The following balances appeared in the books of Bank of Andhra as on 31.03.2025.

Rebate on bills discounted	16,000
Discount a/c	2,30,000
Bills discounted and purchased	15,77,350

Give journal entries and discount on bills discounted account, if rebate on bills discounted as on 31.03.2025 was 35,490.

74. From the following information, find out the discount to be credited to Profit and Loss account.

Rebate on Bills Discounted A/C (01-04-2024) 32,480

Discount Received 1,08,000

An analysis of the bills discounted shows the following:

Amount of bill	Rate of discount per annum	Due date (Including grace days)
73,000	12%	June 14,2026
1,46,000	11%	July 19,2026
4,38,000	10%	August 10,2026

Pass the necessary journal entries for the unexpired discount as on 31-03-2025.

75. From the following information, identify the non-performing assets (NPA) of a commercial bank for the year ending 31st March 2025.

a) Term loans: □80,00,000 on which interest remains due for 3 quarters on

for 3 quarters on ₹40,00,000 and 1 month on ₹20,00,000

c) Bills purchased and discounted: ₹500 lakh on which interest remained unpaid for 3 quarters for ₹90,00,000, 2 quarters for ₹60,00,000, and for 2 months for ₹30,00,000.

76. A banking company has the following advances on 31-03-2026:

Bills purchased & Discounted ₹26,00,000
Cash credit, OD & Demand loans ₹92,20,000
Term loans ₹75,45,000

Advances made have been classified as under:

	Bills purchased & Discounted	Cash Credit, OD Etc.	Term Loans
Standard Assets	₹15,00,000	₹65,00,000	₹70,00,000
Substandard Assets	₹4,00,000	₹10,00,000	₹5,45,000
Doubtful Assets:			
Up to one year	₹2,50,000	₹5,00,000	Nil
1 to 3 years	₹2,30,000	₹6,50,000	Nil
More than 3 years	₹1,70,000	₹3,50,000	Nil
Loss assets	₹50,000	₹2,20,000	Nil
	₹26,00,00	₹92,20,000	₹75,45,000

No provision has been made so far against these assets. Doubtful assets are secured to the extent of 60% of dues.

77. From the following information, ascertain the provision required in respect of Bank of Mysore for the year ended on 31st March 2025.

Standard Assets	₹10,00,00
Sub-standard assets	₹5,00,000
Loss assets	₹1,10,000
Doubtful debts:	
For 1 year	₹2,00,000
For 2 years	₹1,00,000

78. Calculate the amount of provision required for the City Bank of Bangalore for the year ended 31st March 2025.

Standard Assets	₹82,70,000
Sub-standard Assets	₹3,80,000
Doubtful debts:	
1 year (unsecured ₹5,000)	₹40,000
2 years (unsecured ₹3,000)	₹30,000
Loss assets	₹16,000

79. In respect of following information, compute the amount of provisions, if as on 31-3-2025, the loan outstanding is categorised as doubtful:
a. For 8 months, b) For 2 years, c) For 4 years

Term loan	₹90,00,00
DICGC	40% (maximum limit ₹20,00,000)
Securities held	42,00,000 (realisable value ₹25,00,000)

80. A life insurance company gets its valuation made once in every 2 years. Its life assurance fund on 31-03-2025 amounted to ₹60,00,000 before providing ₹60,000 dividends to shareholders for the year 2024-25. Its actuarial valuation disclosed a net liability of ₹52,72,000 on 31-03-2025. An interim bonus of ₹3,50,000 was paid to policyholders during the last two years.

Prepare a statement showing the amount now available as bonus to policy holders.

81. A life insurance company disclosed a life fund of ₹14,00,000 on 31-03-2026 before taking the following into consideration:

Particulars	Amount (₹)
(a) Interest accrued on investments	14 250

(b) Outstanding premium	16,400
(c) Bonus in reduction of premium	3,375
(d) Claims intimated but not admitted	8,700
(e) Claims covered under reinsurance	3,250

Recompute the life fund

82. 1. The Revenue A/c of a life insurance company shows a fund of ₹62,21,310 on 31-03-2025 before taking the following into consideration:

Particulars	Amount (₹)
(a) Claims covered under reinsurance	12,000
(b) Bonus utilised in reduction of premium	4,500
(c) Interest accrued on securities	8,260
(d) Outstanding premium	5,410
(e) Claims intimated but not paid	26,500

Prepare a statement showing the computation of the life fund.

83. A life insurance company prepared its revenue A/c for the year ended 31-03-2017 and ascertained a Life Assurance Fund of ₹32,72,000. Later, it was found that the following items had not been considered:

Particulars	Amount (₹)
1. Claims intimated but not admitted	1,82,000
2. Claims covered under reinsurance	16,000
3. Outstanding premium	40,000
4. Interest accrued on investments	45,000
5. Bonus utilised in reduction of premium	60,000

What is the life assurance fund?

84. The revenue account of a life insurance company showed a fund of ₹10,30,000 before considering the following:

Particulars	Amount (₹)
1. Bonus utilised in reduction of premium	82,000
2. Claims intimated but not admitted	98,000
3. Interest accrued on investments	10,000
4. Provision for taxation	30,000
5. Premium outstanding	60,000
6. Claims covered under reinsurance	50,000

Give journal entries recording the above omissions and show the true-life assurance fund.

85. The Life assurance fund of mother life insurance Co. Ltd. As on 31st March 2023 is ascertained at Rs. 12,20,000 before considering the following:

Rs.	
I. Interest accrued on investments	30,000
II. Bonus utilised in reduction of premium	36,000
III. Claims intimated and admitted but not paid	1,00,000
IV. Outstanding premium	60,000
V. Claims covered under reinsurance	16,000

Compute the true life assurance fund.

- 86.

The following are the Balance Sheets of A Ltd and B Ltd as at 31st March 2026.

Investment:		
15,000 Equity shares in B Ltd at Cost	2,00,000	
Current Assets:		
Trade Receivables	90,000	65,000
	6,70,000	2,70,000
II. Equity and Liabilities		
Share capital (Equity shares of Rs. 10 each)	5,00,000	2,00,000
Reserves and Surplus:		
General Reserve	60,000	25,000
Statement of Profit and Loss (Surplus)	36,000	16,000
Current Liabilities:		
Trade Payables	74,000	29,000
	6,70,000	2,70,000

Shares of B Ltd . are acquired by A Ltd.on 1-07-2025. B Ltd had a surplus of Rs. 6,000 on 1-04-2025. Calculate:

- a. Pre – Acquisition Profit
- b. Post- Acquisition Profit
- c. Non- Controlling Interest and
- d. Cost of Control /Goodwill

87. X Ltd acquired 80% shares of Y Ltd. On 30-.6-2025 for Rs. 8,60,000. From the following information, compute:

- (a) Pre acquisition Profit
- (b) Post Acquisition profit
- (c) Non Controlling Interest
- (d) Goodwill/ gain on bargain purchase

Additional information:

1. The share capital of Y Ltd is Rs. 10,00,000 in 1,00,000 equity shares of Rs. 10 each, fully paid
2. Profit of Y Ltd on 1.4.2025 Rs. 60,000
3. Reserve of Y Ltd on 1-4-2025 Rs. 1,00,000
4. Profit of Y Ltd during the year 2025-2026 – Rs. 80,000

88. ABC Ltd acquired 90% of shares of XYZ Ltd on 30th September 2024 at Rs. 42,00,000. From the following details of XYZ Ltd , compute:

- (a) Pre acquisition Profit
- (b) Post Acquisition profit
- (c) Non Controlling Interest
- (d) Goodwill/ gain on bargain purchase

- i. The share capital of XYZ Ltd consists of 3,00,000 shares of Rs. 10 each
- ii. The General Reserve and Profit of XYZ Ltd as 1-4-2024 were Rs. 8,00,000 and Rs. 4,00,000 respectively.
- iii. The General Reserve and Profit of XYZ Ltd as on 31-3-2025 were Rs. 12,00,000 and Rs. 5,00,000 respectively.

Assume the date of consolidation is 31st March 2025.

89.

4 . The Balance Sheets of H Ltd., and its subsidiary S Ltd as on 31-03-2026 are as follows:

Assets	H Ltd	S Ltd
Sundry assets	4,85,000	3,00,000
Investment in S Ltd at Cost (7,500 shares of Rs. 10 each)	75,000	
	5,60,000	3,00,000
Equity and Liabilities		
Equity share capital (fully paid equity shares of Rs. 10 each)	2,50,000	1,00,000

Surplus	40,000	10,000
Trade Payables	1,20,000	1,40,000
	5,60,000	3,00,000

Shares of S Ltd are acquired by H Ltd on 1st January 2026. Find out the amount of Non controlling interest and Pre acquisition profit.

90. X Ltd acquired 80% of the equity share capital of Y Ltd on 31-12-2025 for Rs. 7,80,000. At this date the net assets of Y Ltd were Rs. 8,50,000. What Goodwill arises on the acquisition:

- (a) If NCI is valued using the proportion of Net Assets Method
(b) If the NCI is valued using the fair value method and the fair value of NCI on the acquisition date is Rs. 1,90,000

Section-C-Mark-10

1. A limited company invited applications for 1,00,000 equity shares of ₹10 each payable as under:

On application	₹2 per share
On allotment	₹3 per share
On first call	₹2 per share
On final call	₹3 per share

Applications were received for 2,00,000 shares on 01/01/2024 and allotment was made on 01/02/2024. The Directors decide to make a pro rata allotment of 50% of shares applied for by every applicant and to apply the balance of application money towards amount due on allotment and to refund the amount remaining thereafter. Pass necessary journal entries.

1. A limited company invited applications for 1,00,000 equity shares of ₹10 each payable as under:

On application	₹2 per share
On allotment	₹3 per share
On first call	₹2 per share
On final call	₹3 per share

Applications were received for 2,00,000 shares on 01/01/2024 and allotment was made on 01/02/2024. The Directors decide to make a pro rata allotment of 50% of shares applied for by every applicant and to apply the balance of application money towards amount due on allotment and to refund the amount remaining thereafter. Pass necessary journal entries.

2. Arvind Ltd was registered with an authorised capital of ₹5,00,000 divided into 50,000 shares of ₹10 each. The company offered 30,000 shares to the public which were payable as follows:

- ₹2 per share on application
₹4 on allotment
₹4 on first and final call

Applications were received for 46,000 shares on which the directors allotted as follows:

- Applications for 20,000 shares - full
Applications for 25,000 shares - 40%
Applications for 1,000 shares - nil

Allotment and call moneys were duly received except the first call money on 300 shares. Pass necessary journal entries.

3. Premier industries Ltd issued 25,000 equity shares of ₹100 each at a premium of ₹25 per share payable as follows:

- On application ₹25
On allotment of ₹75 (including premium)
On first and final call Balance amount

On making the first and final call, a holder of 1,000 shares, failed to pay the call money. All the shares are subscribed by the public. Pass necessary journal entries.

4. Yellow Ltd offered for subscription 3,000, 12% preference shares of ₹100 each at a premium of 20% on 01/01/2017. The amount was payable as follows:

On application ₹20; on allotment ₹40 (including premium - due on 01/02), on first call ₹30 due on 01/03; on second call on 01/05. All the shares were subscribed by the public and subscription list was closed on 25th January, 2017. Money due on allotment and calls payable 15 days after due date. All the amounts were duly received in time except the second call on 200 shares. Pass necessary journal entries.

5. Ram Co Ltd was registered with an authorised capital of ₹10,00,000 divided into 1,00,000 shares of ₹10 each. The company offered 40,000 shares to the public which were payable:

- On application ₹2 per share
On allotment ₹4 per share
On first call and final call ₹4 per share

Applications were received for 48,000 shares on which the directors allotted as follows:

- Applications for 25,000 shares - full
Applications for 20,000 shares - 75%
Applications for 3,000 shares - Nil

Allotment and call moneys were duly received except the first call money on 600 shares. Pass necessary journal entries.

On application □ 2 per share
 On allotment □ 3 per share
 On first call □ 2 per share
 Final call □ 3 per share

Applications were received for 50,000 shares on which the directors allotted as follows:

Applications for 10,000 shares - 10,000 shares
 Applications for 30,000 shares -15,000 shares
 Applications for 10,000 shares - Nil

Allotment and call moneys were duly received except the first call money on 600 shares .Pass necessary journal entries.

7. Mehra Co Ltd invited applications for 2,00,000 equity shares of □ 10 each payable as under:

 On application □ 2 per share
 On allotment □ 3 per share
 On first call □ 2 per share
 On final call □ 3 per share

Applications were received for 4,00,000 shares on 01/01/2024 and allotment was made on 01/02/2024 . The Directors decide to make a pro rata allotment of 50% of shares applied for by every applicant and to apply the balance of application money towards amount due on allotment and to refund the amount remaining thereafter.

8. Amrita ltd made an issue of 10000 equity shares of Rs. 15 each payable as follows :

Rs. 4 per share on application

Rs. 7 per share (including premium of Rs.2) on allotment Rs. 6 per share on first call

Mr. Mohanlal holding 50 shares failed to pay allotment and call money. Mr.Devan holding 80 shares failed to pay the call money. Pass necessary journal entries to record the above.

9. Philips Ltd issued 100000 shares of the face value of Rs 10 each at a premium of Rs 1 per share payable as follows

Rs 3 on application Rs 4 on allotment Rs 2 on first call and Rs 2 on final call. Applications were received for 140000 shares and directors made the allotment on pro rata basis as follows:

 On 80000 shares –full allotment

 On 40000 shares—half the shares applied for

 On 20000 shares –nil

Money over paid on application was adjusted against sum due on allotment. All the money due is received except the final call on 200 shares. Show journal entries in the books of the company.

10. A company issued 10,000 of Rs.10 each payable as Rs.2 on application, Rs.3 on allotment Rs.3 on first call and Rs.2 on second and final call. Applications were received for 15,000 shares the shares were allotted on a pro rata basis to the applicants of 12,000 shares. All share holders paid the allotment money except one share holder who was allotted 200 shares. Pass necessary journal entries.

11. The Balance Sheet of Y Ltd. as on 31st March, 2024 is as follows:

Particulars

EQUITY AND LIABILITIES

1. Shareholders' funds

a) Share capital	2,90,000
b) Reserves and Surplus	48,000

2. Current liabilities

Trade Payables	56,500
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Total	3,94,500
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ASSETS

1. Fixed Assets

Tangible asset	3,45,000
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Non-current investments	18,500
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2. Current Assets

Cash and cash equivalents (bank)	31,000
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Total	3,94,500
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The share capital of the company consists of `50 each equity shares of `2,25,000 and 100 each Preference shares of `65,000(issued on 1.4.2016). Reserves and Surplus comprises Profit and Loss Account only. In order to facilitate the redemption of preference shares at a premium of 10%, the Company decided:

(a) to sell all the investments for `15,000

(b) to finance part of redemption from company funds, subject to, leaving a bank balance of `12,000.

(c) to issue minimum equity share of `50 each at a premium of `10 per share to raise the balance of funds required.

You are required to pass: The necessary Journal Entries to record the above transactions and prepare the balance sheet as on completion of the above transactions.

EQUITY AND LIABILITIES

1. Shareholders' funds	
a) Share capital (50,000 equity shares of ₹10 each)	5,00,000
40,000 preference shares of ₹10 each	4,00,000
b) Reserves and Surplus	1,00,000
2. Current liabilities	
Creditors	60,000
Total	10,60,000

ASSETS

1. Fixed Assets	
Tangible asset	4,00,000
Investment	1,00,000
Non-current investments	
2. Current Assets	
Bank balance	5,60,000

Total **10,60,000**

The company decided to redeem its preference shares at apr. For this purpose the company made the following issue:

a. 30,000 equity shares of ₹10 each at a premium of ₹2 per share

b. ₹50,000 15% debentures

Give necessary Journal Entries and prepare the balance sheet after redemption.

13. The Balance Sheet of AnwarLtd. as on 31st March, 2024 is as follows:

Particulars

EQUITY AND LIABILITIES

1. Shareholders' funds	
a) Share capital (30,000 equity shares of ₹10 each)	3,00,000
20,000 preference shares of ₹10 each	2,00,000
b) Reserves and Surplus	80,000
2. Current liabilities :	
Creditors	50,000
Outstanding expenses	30,000
Total	6,30,000

ASSETS

1. Fixed Assets	
Tangible asset	4,50,000
Intangible assets	50,000
Investment	1,00,000
Non-current investments	
2. Current Assets	
Short term investments	20,000
Bank balance	1,10,000

Total **6,30,000**

It was decided to redeem the preference shares at a premium of 10%. For this purpose investments were sold for ₹18,000. The company issued necessary equity shares for this purpose at par after utilising the divisible profits .Redemption was duly carried out .However ,holders of 100 preference shares could not be traced . Give entries and show the Balance Sheet.

14. The capital structure of a company consists of 20,000 equity shares of ₹10 each fully paid and 1,000 8% Redeemable Preference Shares of ₹100 each fully paid.

Undistributed reserves and surplus stood as: General reserve ₹80,000; Profit and Loss Statement ₹10,000; Investment Allowance Reserve (out of which ₹15,000, not free for distribution as dividend) ₹20,000; Securities Premium A/c ₹12,000.

Cash at bank amounted to ₹98,000. Preference shares are to be redeemed at a premium of 10% and for the purpose of redemption, the directors are empowered to make fresh issue of equity shares at par after utilising the undistributed reserves and surpluses, subject to the condition that a sum of ₹20,000 shall be retained in General Reserve and which should not be utilised. Pass journal entries and show relevant items in the Balance Sheet.

15. The Balance Sheet of Excel Ltd. as on 31st March, 2024 is as follows:

Particulars

EQUITY AND LIABILITIES

1. Shareholders' funds	
a) Share capital	5,40,000
2.Non current liabilities - 8% Debentures	3,60,000
3. Current liabilities	
Creditors	20,000
Total	9,20,000

ASSETS

1. Fixed Assets	6,00,000
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Bank balance	4,20,000
Total	9,20,000
Notes	
1. Share capital	
20,000 equity shares of ₹20 each	4,00,000
20,000 Redeemable Pref shares of ₹ 10.	
₹7 per share called up	1,40,000
Total	5,40,000

Preference shares are to be redeemed at par . The company decided to issue 10,000 equity shares of ₹20 each at a premium of ₹5 per share for the purpose of redemption.Pass journal entries and show relevant items in the Balance Sheet.

16. The Balance Sheet of Sheena Ltd. as on 31st March, 2024 is as follows:

Particulars	
EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital (1,20,000 equity shares of ₹10 each)	12,00,000
8% Redeemable Preference shares of ₹10 each	5,00,000
2. Non current liabilities - 10% Debentures	3,00,000
2. Current liabilities	
Trade payable	3,00,000
Total	23,00,000
Assets:	
1. Tangible asset - Fixed assets	20,00,000
Non-current investments	
2. Current Assets	
Inventories	3,00,000
Total	23,00,000

The directors decided to redeem preference shares by issuing sufficient number of equity shares at par . Pass journal entries and show relevant items in the Balance Sheet.

17. The Balance Sheet of Anwar Ltd. as on 31st March 2024 is as follows:

Particulars	
EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital (30,000 equity shares of ₹10 each)	600,000
20,000 preference shares of ₹10 each	400,000
b) Reserves and Surplus	1,60,000
2. Current liabilities :	
Creditors	1,00,000
Outstanding expenses	60,000
Total	12,60,000
ASSETS	
1. Fixed Assets	
Tangible asset	9,00,000
Intangible assets	1,00,000
Investment	2,00,000
Non-current investments	
2. Current Assets	
Short term investments	40,000
Bank balance	2,20,000
Total	12,60,000

It was decided to redeem the preference shares at a premium of 10%. For this purpose investments were sold for ₹36,000. The company issued necessary equity shares for this purpose at par after utilising the divisible profits .Redemption was duly carried out .However ,holders of 100 preference shares could not be traced . Give entries and show the Balance Sheet.

18. The Balance Sheet of Akash Ltd. as on 31st March, 2024 is as follows:

Particulars	
EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital (30,000 equity shares of ₹10 each)	600,000
20,000 preference shares of ₹10 each	400,000
b) Reserves and Surplus	1,60,000
2. Current liabilities :	
Creditors	1,00,000
Outstanding expenses	60,000
Total	12,60,000
ASSETS	

Intangible assets	1,00,000
Investment	2,00,000
Non-current investments	
2. Current Assets	
Short term investments	40,000
Bank balance	2,20,000
Total	12,60,000

It was decided to redeem the preference shares at a premium of 10%. For this purpose, investments were sold for ₹36,000. The company issued necessary equity shares for this purpose at par after utilising the divisible profits. Redemption was duly carried out. However, holders of 100 preference shares could not be traced. Give entries and show the Balance Sheet.

19. Sun Ltd has the following Balance Sheet as on 31/03/2024:

Particulars	Amount
A Assets:	
3. Non current assets	16,00,000
4. Current assets	4,00,000
Total assets	20,00,000

B Equity and liabilities

4. Equity	
(a) Share capital (30,000 equity shares of Rs.20 each fully paid up	12,00,000
6% redeemable preference share capital (2,500 shares of Rs.40 each)	2,00,000
(b) other equity (retained earnings)	
Capital reserve	20,000
Security premium a/c	30,000
Dividend equalisation fund	50,000
General reserve	60,000
Surplus a/c	2,40,000
Current liabilities	2,00,000
Total liabilities	20,00,000

On 1/04/24 the Board of Directors decided to redeem the preference shares at 10% premium by utilisation of revenue profits and balance from Surplus a/c. Pass journal entries and Balance Sheet.

20. The following is the Balance sheet of Q Ltd:

Particulars	Note No.	Rs.
A. Equity and Liabilities:		
1. Shareholders fund	1	5,00,000
Share capital		50,000
2. Reserves and Surplus		<u>80,000</u>
SOPL		<u>6,30,000</u>
3. Current liabilities	2	4,50,000
Creditors		50,000
		20,000
B. Assets:		<u>1,10,000</u>
1. Non- Current Assets		<u>6,30,000</u>
Tangible assets		
Intangible assets- Goodwill		

Short term investments		
Bank		

Note No. 1- Share Capital

Share Capital:	
30,000 Equity shares of Rs. 10 each	3,00,000
20,000 Preference shares of Rs. 10	2,00,000
	5,00,000

Note No. 2- Tangible assets

Tangible assets:	
Computers	50,000
Furniture	4,00,000
	4,50,000

The company decided to redeem its preference shares at a premium of 10%. For this purpose, the investments were sold for Rs. 18,000. The company decided to issue necessary equity shares of Rs. 10 each after utilizing the divisible profits. Redemption was duly carried out. However, holders of 200 preference shares could not be traced. Give journal entries and show the Balance Sheet after the redemption.

21. The Balance Sheet of Blue Ltd. as on 31st March, 2018 is as follows:

Particulars	
EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital	6,00,000
b) Reserves and Surplus	
Security premium	60,000
General reserve	1,40,000
P/L account	60,000
2. Non current liabilities:	
8% Debentures	3,20,000
2. Current liabilities	
Trade Payables	1,40,000
Total	13,20,000
ASSETS	
1. Fixed Assets	
Tangible asset	4,00,000
Intangible assets	3,40,000
2. Current Assets	
Trade receivables	4,00,000
Inventories	1,80,000
Total	13,20,000

The company decides to issue bonus shares @ one equity shares of ₹ 10 each for every 3 shares held. Give journal entries and show the the company's balance sheet after the issue of bonus shares.

22. The Balance Sheet of XYZ Ltd. as on 31st March, 2024 is as follows:

Particulars	
EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital	
Authorised share capital	
60,000 ,8% preference shares of ₹10 each	6,00,000
2,00,000 equity shares of ₹10 each	20,00,000

Issued and subscribed capital	
50,000 pre shares of ₹10 each	5,00,000
10,000 equity shares of ₹100 each	10,00,000
b) Reserves and Surplus	
General reserve	8,00,000
Reserve fund	60,000
2. Non current liabilities:	
2. Current liabilities	3,50,000
Total	30,10,000
ASSETS	
1. Fixed Assets	
Machinery	12,00,000
Land	8,00,000
2. Current Assets	10,10,000
Total	30,10,000

The company resolved to purchase a new machinery for ₹1,00,000 for which it allotted 10,000 8% preference shares of ₹10 each to the vendors. The

Give journal entries and show the company's balance sheet after the issue of bonus shares.

23. The Balance Sheet of Ram Ltd. as on 31st March, 2025 is as follows:

Particulars	
EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital	
Authorised share capital	
2,00,000 equity shares of ₹10 each	20,00,000

Issued and subscribed capital	
50,000 equity shares of ₹10 each	5,00,000

b) Reserves and Surplus

Reserve fund	1,00,000
P/L (Surplus)	80,000

A resolution was passed declaring the issue of bonus shares of 20% on equity shares to be provided as to ₹60,000 out of surplus and ₹40,000 out of reserve fund. The bonus shares were to be satisfied by issuing fully paid equity shares.

Give journal entries and show the company's balance sheet after the issue of bonus shares.

24. Surya Ltd has ₹5,60,000 in equity share capital consisting of ₹40,000 shares of ₹10 each fully paid and 20,000 shares of ₹10 each, ₹8 paid. It has ₹20,000 in capital reserve, ₹45,000 in security premium account, ₹70,000 in capital redemption reserve account and ₹1,50,000 in general reserve. By view of bonus dividend, it was decided that the partly paid up shares be converted into fully paid up shares and the holders of fully paid up shares are also allotted fully paid up bonus in the same ratio. Give journal entries.

25. A company has accumulated large profits in the reserve account and Board of Directors decide to utilise a part of this reserve in order to make the capital properly representative of the financial position.

The paid up share capital of company is ₹8,00,000 consisting of 50,000 equity shares of ₹10 each fully paid and 50,000 equity shares of ₹10 each, ₹6 per share paid up.

The directors decide to issue one fully paid up bonus shares at a premium of ₹5 for every fully paid shares held and to make the partly paid shares fully apid. At the date of allotment of the bonus issue, the market value of the above equity shares stands at ₹24. Give journal entries.

26. The Balance Sheet of XYZ Ltd. as on 31st March, 2026 is as follows:

Particulars	
EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital	
(10,000 equity shares of ₹100 each, ₹60 paid)	6,00,000
b) Reserves and Surplus	
Security premium	80,000
Reserve	5,40,000
P/L account	2,50,000
2. Current liabilities	7,00,000
Sundry creditors	5,30,000
Other current liabilities	11,000
Total	20,00,000
ASSETS	
Non Current Assets	20,00,000
Total	20,00,000

The company resolved to distribute ₹3,00,000 as bonus to be utilised in paying up a call of ₹30 per share. Minimum reduction is to be made from free reserves.

Give journal entries and show the the company's balance sheet after the issue of bonus shares.

27. The Balance Sheet of XYZ Ltd. as on 31st March, 2025 is as follows:

Particulars	
EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital	
Authorised share capital	
60,000, 8% preference shares of ₹10 each	3,00,000
2,00,000 equity shares of ₹10 each	10,00,000

Issued and subscribed capital	
50,000 pre shares of ₹10 each	2,50,000
10,000 equity shares of ₹10 each	5,00,000

b) Reserves and Surplus

General reserve	4,00,000
Reserve fund	30,000
2. Non current liabilities:	1,50,000
2. Current liabilities	1,75,000
Total	15,05,000

ASSETS

1. Fixed Assets

Machinery	6,00,000
Land	4,00,000
2. Current Assets	5,05,000

The company resolved to purchase a new machinery for ₹50,000 for which it allots 5,000 ,8% preference shares of ₹10 each to the vendors. The company also resolved to issue bonus shares @one share of ₹10 each for every 2 shares held out of general reserve. Give journal entries and show the the company's balance sheet after the issue of bonus shares.

28. A life insurance company disclosed a fund of ₹30,00,000 on December 31, 2025, before taking the following into consideration:

Particulars	Amount(₹)
(a) A claim of ₹20,000 was intimated and admitted but not paid during the year	20,000
(b) A claim of ₹8,000 outstanding in the books for 8 years is written back	8,000
(c) Premium of ₹1,000 is payable under reinsurance	1,000
(d) Reinsurance recoveries	30,000
(e) Bonus utilised in reduction of premium	8,000
(f) Agents' commission to be paid	7,000

Pass the necessary journal entries for the above and recompute the fund.

29. A life insurance company gets its valuation made once in every two years. Its life assurance fund on 31st March 2023, amounted to Rs. 41,40,000 before providing Rs. 30,000 for the shareholders dividend for the year 2022-23. Its actuarial valuation due on 31st March 2023 disclosed a net liability of Rs. 40,00,000 under assurance annuity contracts.

An interim bonus of Rs. 60,000 was paid to the policyholders during the year ending 31st March 2023. Prepare a statement showing the amount now available as bonus to policyholders.

30. The life fund of a life assurance company was Rs. 86,48,000 as on 31st March 2024. 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 policyholders in the ratio of 1: 10. Show

- the valuation balance sheet
- the net profit for the valuation period ; and
- the distribution of the surplus.

31. X Ltd acquired all the shares of Y Ltd. On 31st March 2025, on which the date of balance sheets of both the companies stood as follows:

Particulars	Note No.	X Ltd (Rs)	Y Ltd (Rs)
Assets			
Non- current Assets,			
Property, plant, Equipment	1	9,30,000	5,20,000
Investment in Y Ltd	2	4,00,000	
Total		13,30,000	5,20,000
Equities and Liabilities			
Equity Capital	3	10,00,000	4,00,000
Other Equity	4	2,00,000	
Current Liabilities			
Trade Payable		1,30,000	1,20,000
Total		13,30,000	5,20,000

Notes

No	Particulars	X Ltd (Rs)	Y Ltd (Rs)
1	Property, Plant and Equipment		
	Land & Building	7,00,000	3,00,000
	Plant & Machinery	2,30,000	2,20,000
		9,30,000	5,20,000

3	Equity Capital Equity Shares of Rs.10 Each	4,00,000	
		10,00,000	4,00,000
		10,00,000	4,00,000
4	Other Equity Reserves		
		2,00,000	
		2,00,000	

Prepare Consolidated Balance Sheet as on 31st March 2025.

32. The following are the balance sheets of P Ltd. and Q Ltd as on 31-03-2025.

Particulars	Note No.	P Ltd (Rs)	Q Ltd (Rs)
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	2,20,00,000	5,00,000
Investment in Q Ltd	2	6,20,000	
Inventory		2,40,000	3,00,000
Trade receivables			1,00,000
Total		30,60,000	9,00,000
Equity and Liabilities			
Equity capital (of Rs. 100 each)		20,00,000	8,00,000
Other Equity		3,00,000	
Non Current Liabilities			
8% Debentures		4,00,000	
Current Liabilities			
Trade Payables		3,60,000	1,00,000
Total		30,60,000	9,00,000

No	Particulars	P Ltd (Rs)	Q Ltd (Rs)
1	Property, Plant and Equipment		
	Land & Building	20,00,000	3,00,000
	Plant & Machinery	2,00,000	2,00,000
		22,00,000	5,00,000
2	Investment in Q Ltd.		
	75% share in Q Ltd. at cost	6,20,000	
		6,20,000	

Prepare Consolidated Balance Sheet as on 31-03-2025.

33. Chand Ltd purchased 16000 shares of Rs. 10 each of Ind Ltd on 31st March 2025. The following are the balance Sheets of both the companies.

Particulars	Note No.	Chand Ltd (Rs)	Ind Ltd (Rs)
Assets			
Non Current Assets			
Property, Plant and Equipment		6,50,000	2,05,000
Investment in Ind Ltd		2,20,000	
Current Assets			
Inventory		60,000	80,000
Trade receivables		40,000	1,00,000
Total		9,70,000	3,85,000
Equity and Liabilities			
Equity capital (of Rs. 10 each)		5,00,000	2,00,000
Other Equity		2,00,000	50,000
Non Current Liabilities			

Trade Payables		1,70,000	1,35,000
Total		9,70,000	3,85,000

Prepare Consolidated Balance Sheet.

34. The balance sheet of H Ltd., and its subsidiary S Ltd as on 31-03-2026 are as follows:

Particulars	H Ltd. (Rs)	S Ltd.(Rs)
Assets		
Fixed Assets	5,40,000	60,000
Investment in S Ltd at cost (5000 shares)	80,000	
Current Assets	1,20,000	30,000
Total	7,40,000	90,000
Equity and Liabilities		
Equity capital (of Rs. 10 each)	5,00,000	50,000
Reserves and Surplus:		
General Reserve	1,00,000	
Surplus	50,000	15,000
Current Liabilities		
Trade Payables	90,000	25,000
Total	7,40,000	90,000

Additional information:

H Ltd., acquired the shares of S Ltd on 31-03-2026. Prepare a consolidated Balance sheet.

35. H Ltd acquired all the shares of S Ltd. the balance sheet of H Ltd., and its subsidiary S Ltd. as on 31-03-2026 are as follows:

Particulars	H Ltd. (Rs)	S Ltd.(Rs)
Assets		
Sundry Assets	65,000	70,000
Investment in S Ltd at cost	50,000	
Total	1,15,000	70,000
Equity and Liabilities		
Equity Share Capital (fully paid eq. shares of Rs.10 each)	50,000	30,000
Reserves and Surplus:		
General Reserve 01-07-2025	20,000	15,000
Surplus	25,000	10,000
Current Liabilities:		
Trade Payables	20,000	15,000
Total	1,15,000	70,000

The statement of Profit and Loss of S Ltd., had a credit balance (surplus) of Rs.3,000 on 1st April 2025. The profit of S Ltd., accrued evenly throughout the year. Prepare a consolidated Balance Sheet.

36. X Ltd acquired all the shares of Y Ltd. On 31st March 2025, on which the date of balance sheets of both the companies stood as follows:

Particulars	Note No.	X Ltd (Rs)	Y Ltd (Rs)
Assets			
Non- current Assets,			
Property, plant, Equipment	1	9,30,000	5,20,000
Investment in Y Ltd	2	4,00,000	
Total		13,30,000	5,20,000
Equities and Liabilities			
Equity Capital	3	10,00,000	4,00,000
Other Equity	4	2,00,000	
Current Liabilities			
Trade Payable		1,30,000	1,20,000
Total		13,30,000	5,20,000

Notes

No	Particulars	X Ltd (Rs)	Y Ltd (Rs)
1	Property, Plant and Equipment		
	Land & Building	7,00,000	3,00,000
	Plant & Machinery	2,30,000	2,20,000
		9,30,000	5,20,000
2	Investment in Y Ltd.		
	100% share in Y Ltd.	4,00,000	
		4,00,000	
3	Equity Capital		
	Equity Shares of Rs.10 Each	10,00,000	4,00,000
		10,00,000	4,00,000
4	Other Equity		
	Reserves	2,00,000	
		2,00,000	

Prepare Consolidated Balance Sheet as on 31st March 2025.

37. The following are the balance sheet of Hind Ltd. And its subsidiary Sun Ltd. As on 31.3.2024.

particulars		Note No.	Amount as on 31.3.2024	
			Hind Ltd. ₹	Sun Ltd. ₹
i.	Equity and liabilities			
	1. Shareholders funds	1	8,00,000	4,00,000
	i. Share capital	2	3,00,000	—
	ii. Reserve and surplus		<u>1,16,000</u>	<u>1,20,000</u>
			<u>12,60,000</u>	<u>5,20,000</u>
	2. Current liabilities			
ii.	Trade payables	3	8,30,000	<u>5,20,000</u>
			4,30,000	—
			<u>12,60,000</u>	
	Assets			<u>5,20,000</u>
	Sundry assets			
	Non-current investments			

Notes

		Hind Ltd.	Sun Ltd.
1.	Share capital Issued, subscribed and paid up Equity shares of ₹ 10 each	8,00,000	4,00,000
2.	Reserve and surplus General reserve Surplus	2,00,000 1,00,000 <u>3,00,000</u>	
3.	Noncurrent investments 40,000 equity shares in Sun Ltd at cost	4,30,000	
		<u>4,30,000</u>	

Prepare consolidated balance sheet as on 31st March 2024

38. The following are the balance sheet of Ajay Ltd. And Abhay Ltd. as on March 2024.

particulars	Note No.	Amount	
		Ajay	Abhay Ltd.

2.	1. Shareholders funds	1	10,00,000	5,00,000
	Share capital		3,00,000	
	Reserves and surplus			
			2,20,000	1,70,000
	2. Current liabilities		30,000	20,000
	Trade payable		<u>15,50,000</u>	<u>6,90,000</u>
	Bill payable			
	Assets	2	8,00,000	4,90,000
			4,60,000	
	1. Non-current assets			
	Fixed assets		2,00,000	1,70,000
	Non-current investments		90,000	30,000
			<u>15,50,000</u>	<u>6,90,000</u>
	2. Current assets			
	Inventories			
	Trade receivables			

Notes

1.	Share capital		
	Issued subscribed & called up capital		
	Equity shares of ₹ 10 each	<u>10,00,000</u>	<u>5,00,000</u>
2.	Non-current investment		
	50,000 shares in Abhay Ltd. At cost	4,60,000	
		<u>4,60,000</u>	

Prepare a consolidated financial statement as at 31st March 2024.

39. The following are the balance sheets of Premier Ltd. And Prem Ltd. As at 31st March 2024.

PARTICULARS		NOTE NO.	AMOUNT AS ON 31.3.2016	
			Premier Ltd. ₹	Prem Ltd. ₹
1.	Equity and liabilities			
	1. Shareholders funds	1	20,00,000	8,00,000
	Share capital		3,00,000	
	Reserves and surplus			
			4,00,000	
	2. Non-Current liabilities		3,60,000	1,00,000
	8% debentures		<u>30,60,000</u>	<u>9,00,000</u>
	3. Current liabilities			
	Trade payable			
2.		2	22,00,000	5,00,000
			6,00,000	
	Assets		2,60,000	4,00,000
			<u>30,60,000</u>	<u>9,00,000</u>
	1. Non-current assets			

	Non-current investments at cost			
	2. Current assets			
	Trade receivables			

Notes

		Premier Ltd. ₦	Prem Ltd. ₦
1.	Share capital	20,00,000	
	Equity shares of ₦ 10 each fully called up	<u>20,00,000</u>	80,00,000
			<u>80,00,000</u>
2.	Non-current investments	6,00,000	
	75% shares in prem ltd. (60,000 x 10)	<u>6,00,000</u>	

Prepare a consolidated financial statement as on 31st March 2024.