|  |  |  |  |  |  |  |  |  |  |  |  |
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| Reg.No : |  |  |  |  |  |  |  |  |  |  |  |

**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE – 1**

**SEMESTER EXAMINATIONS**

**APRIL - 2018 15CCO4A / 15CCC4A**

**ADVANCED CORPORATE ACCOUNTING**

**Time: 3 Hrs Max. Marks: 75**

**SECTION – A (10 X 2 =20)**

**Answer ALL the questions.**

1. Define Goodwill.
2. What do you meant by Annuity method?
3. Write a note on Minority Interest.
4. Define Holding Company.
5. What is Non - Banking Assets?
6. Define Bank Accounts.
7. Expand IRDA.
8. What do you meant by General Insurance?
9. State the meaning for Marine Insurance.
10. What do you meant by Life Assurance Fund?

**SECTION – B (5 X 5 =25)**

**Answer any FIVE of the following questions.**

1. Average Cost of Capital employed in Karthick Ltd. Is Rs.35,00,000 whereas net trading profits before tax for the last three years have been Rs.14,75,000, Rs.14,55,000 and Rs.15,25,000. In these three years, the managing director was paid a salary of Rs.10,000 per month. But now he would be paid a salary of Rs.12,000 per month. Normal rate of return expected in the industry in which karthick Ltd. is engaged is 18%. Rate of tax is 50%. Calculate goodwill on the basis of three years’ purchase of the super profits.
2. From the following information calculate the value per equity share under Yield method:

|  |  |
| --- | --- |
| 5,000 8% preference shares of Rs.100 each  75,000 equity shares of Rs.100 each  Expected profits per year before tax  Rate of tax  Transfer to general reserve every year  Normal rate of earnings | Rs.5,00,000  Rs.6,00,000  Rs.2,80,000  50%  20% of the profit  10% |

1. The sun Co.Ltd. Acquired 18,000 Equity shares in the Moon Co.Ltd. on 31.12.2016. on this date, the balance sheet of the two companies were:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | Sun Ltd.  Rs. | Moon Ltd.  Rs. | Assets | Sun Ltd.  Rs. | Moon Ltd.  Rs. |
| Share capital  (Equity Shares 10Each)  P&L A/c  Creditors | 4,00,000  80,000  10,000  4,90,000 | 3,00,000  --  20,000  3,20,000 | Sundry Assets  Investment in shares in Moon Ltd. | 3,10,000  1,80,000  4,90,000 | 3,20,000  --  3,20,000 |

Compute Minority Interest.

1. Draft the Schedules of Revenue Account of General Insurance Company.
2. On 1st March 2015 a bill of Rs. 5 Lakhs is discounted with a bank @18% per annum. The date of the bill is 30th April 2015. Pass necessary journal entries in the bank assuming that the bill is collected on the due date. Accounting year close on 31st March every year.
3. The life fund of a Life Insurance Company on 31.12.2006 showed a balance of Rs.54,00,000. However, the following items were not taken into account while preparing the Revenue A/c for 2005-2006:
4. Interest and dividends accrued on investments Rs.20,000
5. Income tax deducted at source on the above Rs. 6,000.
6. Reinsurance claims recoverable Rs.7,000.
7. Commission due on Reinsurance premium paid Rs.10,000.
8. Bonus in reduction of premiums Rs.3,000.
9. Explain the method of Valuation of Goodwill.
10. From the following particulars, Calculate the amount of premium to be credited to Revenue Account. Rs.

|  |  |
| --- | --- |
| Premium received during 2015  Outstanding premium on 31.12.2015  Outstanding premium on 1.1.2015  Premium received in advance on 31.12.2015  Premium received on advance 1.1.2015  Reinsurance premium of the year  Bonus in reduction of premium to be adjusted | 15,00,000  3,00,000  1,00,000  2,00,000  1,50,000  50,000  3,00,000 |

**SECTION – C (3 X 10 =30)**

**Answer ALL the questions.**

1. a) The following is the summarised Balance Sheet of Aarav Ltd. as on 30th September 2008.

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Share Capital: 30,000 equity shares of Rs.10each.  General reserve  Capital Reserve  Profit & Loss A/c  Creditors  Income tax payable  Proposed dividend  Bills payable | 3,00,000  1,20,000  40,000  1,20,000  93,700  11,500  34,500  82,000  8,01,700 | Freehold Property  Plant  Stock  Debtors  Bank  Cash | 1,20,000  50,000  3,10,000  2,03,000  1,17,000  1,700  8,01,700 |

Net Profit (before taxation) for the past three years ended:

30.9.2006 – Rs.1,38,000; 30.09.2007 – Rs.1,83,000; 30.09.2008 – Rs.1,97,000.

Freehold property was valued early in 2008 at Rs.1,60,000.

Average yield in this type of business is 15% on capital employed. It is the Practice of the company to transfer 25% of the profits to reserve.

You are required to findout the value of each equity share on the basis of above mentioned facts.

(Or)

b) The following are the Balance sheets of H Ltd. and Subsidiary of S Ltd. as on 31.3.2015.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | H Ltd.  Rs. | S Ltd.  Rs. | Assets | H Ltd.  Rs. | S Ltd.  Rs. |
| Share Capital:  Rs.10 each fully paid  General reserve  Profit & Loss A/c  Creditors | 6,00,000  1,50,000  70,000  90,000  9,10,000 | 2,00,000  70,000  50,000  60,000  3,80,000 | Machinery  Furniture  70% shares in S Ltd.  at cost  Stock  Debtors  Cash at bank  Preliminary expenses | 3,00,000  70,000  2,60,000  1,75,000  55,000  50,000  --  9,10,000 | 1,00,000  45,000  1,89,000  30,000  10,000  6,000  3,80,000 |

H Ltd. acquired the shares of S Ltd. on 30th June 2014. On 1st April 2014, S Ltd’s general reserve and Profit & Loss A/c stood at Rs.60,000 and 20,000 respectively. No part of the preliminary expenses was written off in the year ended 31.3.2015.

Prepare consolidated balance sheet of H Ltd. and its subsidiary S Ltd. as on 31.3.2015, giving all your working notes separately.

1. a) The following is the Trial Balance extracted from the books of City bank Ltd.

|  |  |  |  |
| --- | --- | --- | --- |
| Debit balances | Rs. | Credit balances | Rs. |
| Balances with banks  Investment in Govt. Bonds  Other Investments  Gold Bullion  Interest accrued on investment  Silver  Constituent’s Liability for –  acceptances, etc.,  Building  Furniture  Money at call  Loans  Bills Discounted  Interest  Bills for Collection  Audit fees  Loss on sale of furniture  Director’s fees  Salaries  Postage  Managing directors -  Remuneration  Loss on sale of investment  Cash in hand  Cash with RBI  Branch Adjustment A/c | 46,350  1,94,370  1,55,630  15,130  24,620  2,000  56,500  65,000  5,000  26,000  2,00,000  12,500  7,950  43,500  5,000  1,000  1,200  21,200  50,000  12,000  30,000  25,000  50,000  20,000  10,20,000 | Share capital  Security deposit of  employees  SB Accounts  Current Accounts  Fixed deposits  Reserve Fund  Borrowing from banks  Profit & Loss A/c  Bills for Collection  Acceptances &  Endorsements  Interest  Commission  Discounts  Rent  Profit on Bullion  Miscellaneous income  Accumulated -  depreciation on building | 3,00,000  15,000  7,420  97,000  1,13,050  1,40,000  77,230  6,500  43,500  56,500  72,000  25,300  42,000  600  1,200  2,700  20,000  10,20,000 |

You are required to prepare the profit & loss A/c and balance sheet after taking into consideration in the following:

1. Bad debts Rs.500
2. Rebate on bills Rs,1,000
3. Current years depreciation building RS.2,000
4. Some current accounts are over drawn to the extent of Rs.25,000 and total of Credit balance is Rs.1,22,000

(Or)

b) From the following Trial balance of National Life Assurance Co. Ltd.

Prepare revenue A/c and Balance sheet as on 31.03.2016.

|  |  |  |  |
| --- | --- | --- | --- |
| Debit balances | Rs. | Credit balances | Rs. |
| Claims by Death  Claims by Maturity  Expenses of management  Commission  Dividend Paid  Income tax on interest etc.,  Surrender  Annuities  Bonus paid in cash  Bonus in reduction on premium  Preliminary expenses  Stamps on hand  Govt. Securities  Furniture  Mortgages  Loans on companies policies  Freehold premises  Leasehold ground rent  House property | 76,980  36,420  19,890  26,541  20,000  3,060  21,860  29,420  9,450  2,500  200  400  8,70,890  20,000  3,09,110  2,00,000  3,00,000  2,00,000  1,00,000  22,46,721 | Life assurance fund (1.4.2015)  Premiums  Consideration for Annuities granted  Interest, Dividends & Rents  Fines  Annuities due but not paid  Share capital: 40,00,000  Shares of Rs.100 each  Claims admitted but not paid | 14,70,562  2,10,572  10,620  52,461  92  22,380  4,00,000  80,034  22,46,721 |

Additional Information:

1. Management expenses due. ii) Premium outstanding. iii) Reinsurance premium.

iv) Interest Accrued. v) Surrenders adjusted against loans.

vi) Further bonus utilized in reduction of premium. Vii) Further claim intimated.

viii) Claim covered under reinsurance.

21 a) From the following details, prepare Revenue A/c, Profit & Loss A/c and Balance sheet of New

India Insurance Co.Ltd. carrying on Marine Insurance Business, for the 15 months ended

31.3.2016.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. |  | Rs. |
| Agents balances(Dr)  Interest accrued but not due  Furniture & Fixtures(Cost Rs.12,600)  Stock of stationery  Expenses of management  Foreign taxes & insurance  Outstanding premium  Donations paid  Advance income tax payments  Sunday debtors  Govt. of India securities  Debenture of public bodies  Share in limited companies  State govt. Securities  Claims less re insurance  Commission paid  Cash & bank balances | 1,46,400  8,200  8,400  2,500  2,20,000  12,300  21,200  8,600  62,000  9,200  9,20,000  1,80,000  3,60,000  8,80,000  10,60,000  62,400  94,400 | Share capital  Balance of marine fund(1.1.2015)  Unclaimed dividends  P&L A/c creditors  Due to reinsurers  Premium less reinsurance  Interest & Dividends  Transfer fees received | 15,00,000  7,60,000  2,400  2,40,000  60,000  12,40,000  2,40,000  600 |

Outstanding claims on 31.3.2016 were Rs.1,40,000. Depreciation on furniture to be provided at

20% per annum.

(Or)

b) Draft the various Schedules of Banking company relating to Balance sheet.

**\* \* \* \* \* \* \***