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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 eachExpected profits per year before taxRate of taxTransfer to general reserve every yearNormal rate of earnings  | Rs.5,00,000Rs.6,00,000Rs.2,80,00050%20% of the profit10% |

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/cCreditors | 4,00,00080,00010,0004,90,000 | 3,00,000--20,0003,20,000 | Sundry AssetsInvestment in shares in Moon Ltd. | 3,10,0001,80,0004,90,000 | 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 2015Outstanding premium on 31.12.2015Outstanding premium on 1.1.2015Premium received in advance on 31.12.2015Premium received on advance 1.1.2015Reinsurance premium of the yearBonus in reduction of premium to be adjusted | 15,00,0003,00,0001,00,0002,00,0001,50,00050,0003,00,000 |

 **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 reserveCapital ReserveProfit & Loss A/cCreditorsIncome tax payableProposed dividendBills payable | 3,00,0001,20,00040,0001,20,00093,70011,50034,50082,0008,01,700 | Freehold PropertyPlantStockDebtorsBankCash | 1,20,00050,0003,10,0002,03,0001,17,0001,7008,01,700 |

 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 paidGeneral reserveProfit & Loss A/cCreditors | 6,00,0001,50,00070,00090,0009,10,000 | 2,00,00070,00050,00060,0003,80,000 | MachineryFurniture70% shares in S Ltd.  at costStockDebtorsCash at bankPreliminary expenses  | 3,00,00070,0002,60,0001,75,00055,00050,000--9,10,000 | 1,00,00045,0001,89,00030,00010,0006,0003,80,000 |

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 banksInvestment in Govt. BondsOther InvestmentsGold BullionInterest accrued on investmentSilverConstituent’s Liability for –  acceptances, etc.,BuildingFurnitureMoney at callLoans Bills Discounted InterestBills for CollectionAudit feesLoss on sale of furnitureDirector’s feesSalariesPostageManaging directors -  RemunerationLoss on sale of investmentCash in handCash with RBIBranch Adjustment A/c   | 46,3501,94,3701,55,63015,13024,6202,00056,50065,0005,00026,0002,00,00012,5007,95043,5005,0001,0001,20021,20050,00012,00030,00025,00050,00020,00010,20,000 | Share capitalSecurity deposit of  employeesSB AccountsCurrent AccountsFixed depositsReserve FundBorrowing from banksProfit & Loss A/cBills for CollectionAcceptances &  EndorsementsInterestCommissionDiscountsRentProfit on BullionMiscellaneous incomeAccumulated -  depreciation on building  | 3,00,00015,0007,42097,0001,13,0501,40,00077,2306,50043,50056,50072,00025,30042,0006001,2002,70020,00010,20,000 |

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 DeathClaims by MaturityExpenses of managementCommissionDividend PaidIncome tax on interest etc.,SurrenderAnnuitiesBonus paid in cashBonus in reduction on premiumPreliminary expensesStamps on handGovt. SecuritiesFurnitureMortgagesLoans on companies policiesFreehold premisesLeasehold ground rentHouse property  | 76,98036,42019,89026,54120,0003,06021,86029,4209,4502,5002004008,70,89020,0003,09,1102,00,0003,00,0002,00,0001,00,00022,46,721 | Life assurance fund (1.4.2015)PremiumsConsideration for Annuities granted Interest, Dividends & RentsFinesAnnuities due but not paidShare capital: 40,00,000Shares of Rs.100 eachClaims admitted but not paid  | 14,70,5622,10,57210,62052,4619222,3804,00,00080,03422,46,721 |

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 dueFurniture & Fixtures(Cost Rs.12,600)Stock of stationeryExpenses of managementForeign taxes & insuranceOutstanding premiumDonations paidAdvance income tax paymentsSunday debtorsGovt. of India securitiesDebenture of public bodiesShare in limited companiesState govt. SecuritiesClaims less re insuranceCommission paidCash & bank balances  | 1,46,4008,2008,4002,5002,20,00012,30021,2008,60062,0009,2009,20,0001,80,0003,60,0008,80,00010,60,00062,40094,400 | Share capital Balance of marine fund(1.1.2015)Unclaimed dividendsP&L A/c creditorsDue to reinsurersPremium less reinsuranceInterest & DividendsTransfer fees received | 15,00,0007,60,0002,4002,40,00060,00012,40,0002,40,000600 |

 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.

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