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

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

**SEMESTER EXAMINATIONS**

**APRIL - 2016 15CPCO2C**

**ADVANCED ACCOUNTS**

Time : 3 Hrs Max.Marks : 75

SECTION-A (5x 6 =30)

**Answer ALL the questions.**

1. (a) Write a note on: (i) Rebate on bills discounted (ii) NPA (iii) Standard Assets.

(Or)

(b) From the following information, prepare Profit and Loss Account of South India

Bank Ltd. as on 31st March 2013.

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | (Rs.’000) | Particulars | (Rs.’000) |
| Interest and discount | 3,045 | Printing and stationery | 180 |
| Income from investment | 115 | Advertisement and publicity | 95 |
| Interest on balance with RBI | 180 | Depreciation | 92 |
| Commission, exchange and brokerage | 820 | Directors’ fees | 220 |
| Profit on sale of investments | 110 | Auditors’ fees | 120 |
| Interest on deposits | 1,225 | Law charges | 230 |
| Interest to RBI | 161 | Postage, telegrams and telephones | 70 |
| Payment to and provision for employees | 1,044 | Insurance | 56 |
| Rent, taxes and lighting | 210 | Repairs and maintenance | 48 |

Other Informations:

1. Interest and Discount mentioned above is after adjustment for the following:

|  |  |
| --- | --- |
|  | Rs. (‘000) |
| Tax provision for the year | 220 |
| Provision during the year for doubtful debts | 102 |
| Loss on sale of investments | 12 |
| Rebate on bills discounted | 58 |

1. 25% of profit is transferred to statutory reserve

5% of profit is transferred to revenue reserve

Profit brought forward from the last year Rs.16,000.

1. (a) From the following balances extracted from the books of the L.I.C. as on 31.03.2013, prepare a

Revenue A/c for the year ending 31.03.2013 in the prescribed form:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. (‘000) |  | Rs. (‘000) |
| Claims by death | 3,30,000 | Life assurance fund (01.04.12) | 63,31,000 |
| Claims by maturity | 2,15,000 | Premiums | 20,65,000 |
| Agents & Canvasser’s allowance | 26,500 | Bonus in reduction of premiums | 1,000 |
| Salaries | 44,200 | Income tax on interest and dividends | 5,700 |
| Travelling expenses | 1,200 | Printing & Stationary | 13,900 |
| Directors’ fees | 8,700 | Postage & Telegrams | 14,300 |
| Auditors’ fees | 1,000 | Receipts Stamps | 2,300 |
| Medical fees | 52,000 | Reinsurance premiums | 40,950 |
| Commission | 2,18,000 | Interest & dividends (Gross) | 2,72,000 |
| Rent | 2,800 | Policy renewal fees | 9,600 |
| Law charges | 200 | Assignment fees | 540 |
| Advertising | 4,300 | Endowment fees | 690 |
| Bank charges | 1,500 | Transfer fees | 1,400 |
| General charges | 2,000 |  |  |
| Surrenders | 47,500 |  |  |

Provide Rs.1,500 thousands for depreciation on furniture and Rs.2,20,000 thousands for depreciation on investments.

(Or)

(b) Prepare a Revenue Account in respect of Fire Business form the following details

for the year 2012-13.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. |  | Rs. |
| Reserve for Unexpired Risk on 1.4.12 @ 50% | 1,80,000 | Premium Recovered | 4,86,000 |
| Additional Reserve | 36,000 | Premium on reinsurance accepted | 32,000 |
| Estimated liability for claims intimated on 1.4.2012 | 31,000 | Premium on reinsurance ceded | 43,000 |
| On 31.3.2008 | 42,000 | Commission on direct business | 48,600 |
| Claims paid | 3,65,000 | Commission on reinsurance accepted | 1,600 |
| Legal Expenses | 6,000 | Commission on reinsurance ceded | 2,150 |
| Medical expenses | 4,000 | Expenses of management | 90,000 |
| Re – insurance Recoveries | 32,000 | Interest, Dividend and Rent | 24,000 |
| Bad debts | 800 | Profit on sale of investments | 3,000 |

Create Reserves on 31st March 13 to the same extent as on 1st April 2012.

1. (a) H Ltd. acquires 3/4 of the share capital of S Ltd. on 31 December 2013, when the balance

sheets of the two companies are as under:

Balance Sheets as on 31 December 2013

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | H Ltd | S Ltd | Assets | H Ltd | S Ltd. |
| Share capital (in Rs.10 per shares) | 20,000 | 10,000 | Fixed Assets | 20,000 | 10,000 |
| General Reserve | 5,000 | 3,000 | Current Assets | 13,000 | 12,000 |
| Profit & Loss a/c | 3,000 | 2,000 | Shares in S | 10,000 |  |
| 10% Debentures | 10,000 | 5,000 |  |  |  |
| Sundry Creditors | 5,000 | 2,000 |  |  |  |
|  | 43,000 | 22,000 |  | 43,000 | 22,000 |

You are required to prepare the consolidated balance sheet as on 31 December 2013.

(Or)

(b) On 1st April 2012, S Ltd. had a subscribed share capital of Rs.5,00,000 divided into 50,000 fully

paid equity shares of Rs.10 each. It had accumulated capital and revenue profits to the tune of

Rs.3,90,000 by that date when H Ltd. acquired 80% of its shares for Rs.9,00,000. The profit

earned by S Ltd. amounted to Rs.2,60,000 for the year ended 31st March 2013 on which date S

Ltd. issued by way of bonus, one fully paid equity share of Rs.10 for five equity shares held out

of its pre – acquisition profits.

Calculate as on 31.03.2013 cost of control and minority interest just before the issue of

bonus shares.

1. (a) Explain the accounting treatment for replacement when there is no extension or improvement

involved.

(Or)

(b) Discuss the limitations of Historical accounting.

1. (a) What is Human Resource Accounting? State its benefits and problems and limitations of Human

Resource Accounting.

(Or)

(b) What is meant by social responsibility? What are its objectives?

SECTION-B (3x15 =45)

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

1. The following is the Trial Balance of the Mayas Nagari Bank Ltd., as on 31.12.2013.

|  |  |  |  |
| --- | --- | --- | --- |
| Credit balances | Rs. | Debit balances | Rs. |
| Share Capital | 1,15,00,000 | Silver | 13,00,000 |
| Statutory Reserve | 1,15,00,000 | Cash on hand | 40,30,000 |
| Saving account | 1,76,24,000 | Provident fund investments | 10,00,000 |
| Demand drafts | 13,40,000 | Other investments and Govt.  securities | 40,00,000 |
| Rebate on bills discounted 1.1.2013 | 2,90,000 | Buildings | 56,92,700 |
| Interest and discount | 1,44,00,000 | Depreciation on buildings | 4,10,300 |
| Commission and Brokerage | 18,00,000 | Bad debts | 80,000 |
| Locker Rent | 1,00,000 | Loans | 3,00,00,000 |
| Cash Certificates | 30,00,000 | Cash credit and O/D | 40,00,000 |
| Traveller’s cheque | 8,00,000 | Furniture | 64,00,000 |
| Provident fund | 10,00,000 | Stationary Stock | 51,000 |
| Interest on P.F. investments | 1,00,000 | Balance with Rajkot Bank | 10,00,000 |
| Income tax deduced at source form employee’s salary | 10,000 | Balance with RBI | 30,00,000 |
| Fixed deposits | 1,12,00,000 | Bills purchased and  discounted | 10,00,000 |
| Current accounts | 45,00,000 | Interest on deposits | 60,00,000 |
|  |  | Salaries | 80,00,000 |
|  |  | Contribution to P.F. | 8,00,000 |
|  |  | Gold | 24,00,000 |
|  | 7,91,64,000 |  | 7,91,64,000 |

Prepare Bank’s Profit and Loss account and balance sheet considering the following information:

1. Bill for collection of Rs. 12,00,000 on 31.12.2013.
2. Depreciation on buildings to be increased up to 10% on the book value given.
3. Average due date on the bills discounted is 14th March and average discount rate is 10%.
4. From the following balances of Prudential General Insurance Co. prepare (i) Fire revenue account; (ii) Marine revenue account and (iii) profit and loss account for the year ending on 31st March, 2013.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Fire | Marine | Not related  to any business |
| Claims paid and outstanding | 3,60,000 | 7,60,000 |  |
| Additional Reserve in 1-4-2012 | 1,00,000 |  |  |
| Sundry Expenses regarding claims | 20,000 |  |  |
| Bad debts | 10,000 | 24,000 |  |
| Auditors’ Fees |  |  | 2,400 |
| Directors’ Fees |  |  | 10,000 |
| Share Transfer Fees |  |  | 1,600 |
| Bad Debts Recovered |  |  | 2,400 |
| Fund on 1-4-2012 | 5,00,000 | 16,40,000 |  |
| Commission @5% of premium earned on reinsurance ceded | 20,000 | 40,000 |  |
| Depreciation |  |  | 70,000 |
| Interest, Dividends etc. received |  |  | 28,000 |
| Difference in Exchange (cr.) |  |  | 600 |
| Miscellaneous Receipts |  |  | 10,000 |
| Profit on Sale of Land |  |  | 1,20,000 |
| Insurance Premium less  Reinsurance | 12,00,000 | 21,60,000 |  |
| Management Expenses | 2,90,000 | 8,00,000 |  |

Additional reserve in case of fire insurance is to be raised by 5% of net premiums in addition to usual reserve. Reinsurance premiums received amounted to Rs.30,00,00,000 for fire business and Rs. 64,00,00,000 for marine business. Management expenses are exclusive of commission. Rage of commission on direct business, reinsurance accepted and reinsurance ceded is 5%.

1. X Ltd. acquired 3,200 equity shares of Y Ltd. of Rs.100 each, on 31st December, 2013. The balance sheets of the two companies as on that date were:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | X Ltd.  Rs. | Y Ltd.  Rs. | Assets | X Ltd.  Rs. | Y Ltd.  Rs. |
| Capital:10,000 Equity  shares of Rs.100 each | 10,00,000 |  | Land & Buildings | 3,00,000 | 3,60,000 |
| 4,000 equity shares of  Rs.100 each |  | 4,00,000 | Plant & Machinery | 4,80,000 | 2,18,800 |
| Capital reserve |  | 2,40,000 | Investment in Y Ltd. (at cost) | 6,80,000 |  |
| General reserve | 4,80,000 |  | Stocks | 2,40,000 | 72,000 |
| Profit and loss account | 1,14,400 | 72,000 | Sundry debtors | 88,000 | 80,000 |
| Bank over draft | 1,60,000 |  | Bills receivable  (including Rs.6,000 from Y Ltd.) | 31,600 |  |
| Bills payable (including  Rs.8,000 to X Ltd.) |  | 16,800 | Cash at Bank | 29,000 | 16,000 |
| Bills payable | 94,200 | 18,000 |  |  |  |
|  | 18,48,600 | 7,46,800 |  | 18,48,600 | 7,46,800 |

The following additional information is available:

1. Y Ltd. had made a bonus issue on 31st December 2013 of one equity share for every two shares held by its shareholders. This issue had not yet been taken into account.
2. Land and Buildings of Y Ltd. are under – valued by Rs.40,000 and Plant and Machinery of Y Ltd. are over – valued by Rs.20,000. Values of these assets have to be adjusted accordingly.
3. Sundry creditors of X Ltd. include Rs.24,000 due to Y Ltd.

Prepare the consolidated balance sheet as on 31st December 2013.

1. The Balance Sheet of Himachal Ltd. as on 1st April, 2012 and Profit and Loss Statement for the year ending March 2013 are given below:

BALANCE SHEET as on 1.4.2012

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Share Capital | 4,00,000 | Plant & Machinery | 3,00,000 |
| 13% Debenture | 1,00,000 | Furniture and Fixture | 40,000 |
| Current Liabilities | 50,000 | Inventory | 60,000 |
|  |  | Debtors | 50,000 |
|  |  | Cash | 1,00,000 |
|  | 5,50,000 |  | 5,50,000 |

PROFIT AND LOSS STATEMENT for the year ending 31st March 2013

|  |  |  |
| --- | --- | --- |
| Particulars | Rs. | Rs. |
| Sales |  | 10,00,000 |
| Less: Cost of goods sold: Operating inventory | 60,000 |  |
| Add: Purchases | 7,10,000 |  |
|  | 7,70,000 |  |
| Less: Closing inventory | 70,000 |  |
| Gross profits |  | 7,00,000 |
|  |  | 3,00,000 |
| Less: Operating expenses | 1,51,000 |  |
| Interest on debentures | 13,000 |  |
| Depreciation on Machinery | 45,000 |  |
| Depreciation on furniture | 4,000 |  |
|  |  | 2,13,000 |
|  |  | 87,000 |

Debtors and current liabilities balances remained constant throughout the year, Interest on debentures was paid on 31-3-2013.

The general price index was as follows:

On April 1, 2012 300

Average for the year 320

On March 31, 2013 360

You are required to prepare the financial statements for the year 2012-2013 after

adjusting for price level changes under current purchasing power method.

1. Discuss in detail the various methods of valuation of Human Resources.

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