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Register Number:

Name of the Candidate:

M.Com. DEGREE EXAMINATION, May 2015**(SECOND YEAR)****GROUP – A)****240: ADVANCED CORPORATE ACCOUNTING***(New Regulations)**[Common with M.Com. A & F (NR) / M.Com. CA (NR)]*

Time: Three hours

Maximum: 100 marks

SECTION - A**Answer any FIVE questions****(5 × 8 = 40)**

1. Distinguish between “Capital Profits” and “Pre acquisition profits”.
2. Write short note on “Valuation balance sheet”.
3. What is statutory reserve? How it is created.
4. The revenue account of Life Insurance company showed the life fund at ₹80,00,000 on 31.03.2013 before taking into account the following items.

Claims intimated but not admitted	-- ₹90,200
Bonus utilized in reduction of premium	-- ₹13,000
Interest accrued on investments	-- ₹30,750
Outstanding premiums	-- ₹20,000
Claims covered under re-insurance	-- ₹50,000
Provision for taxation	-- ₹21,000

Pass journal entries giving effect to the above adjustments and show the adjusted life fund.

5. A company issues 20,000 shares of the face value of 10 each, payable ₹3 on application, ₹3 on allotment, ₹2 on first call and ₹2 on final call. All the shares are subscribed and duly allotted and both the calls are made. All cash is duly received, except the final call on 500 shares. These are subsequently forfeited by the directors and are resold as fully paid for ₹2,500. Give entries necessary to record the transaction in the company's journal.
6. From the following particulars prepare revenue account in respect of scrap business for the year ending on 31.03.2013.

Reserve for unexpired risk-opening	-- ₹3,50,000
Additional reserve	-- ₹50,000
Survey expenses	-- ₹20,000

Commission paid	-- ₹80,000
Claims paid	-- ₹1,00,000
Premium less re-insurance	-- ₹4,00,000
Management expenses	-- ₹1,50,000
Bad debts	-- ₹10,000
Commission earned	-- ₹30,000

7. Prepare the profit and loss account for the year ended 31.12.2013 of Mahalakshmi bank ltd., from the following particulars.

Interest on loans	-- ₹5,50,000
Interest on savings account	-- ₹2,50,000
Discount	-- ₹40,000
Commission, brokerage	-- ₹50,000
Rebate on bills discounted	-- ₹10,000
Managing director salary	-- ₹15,000
Dearness allowance	-- ₹35,000
Interest on overdrafts	-- ₹45,000
Interest on cash credits	-- ₹50,000

8. Goods were purchased on 01.01.90 for ₹1,00,000, 80% of them were sold during the year for ₹1,20,000 specific index for this line of goods went up by 20% during the year and the general price index moved up by 15%. You are required to find out the operating gain, realised and unrealised holding gain during the year under CCA method and CPP method.

SECTION - B

Answer any THREE questions

(3 × 20 = 60)

9. Describe different methods of inflation accounting.
10. The balance sheets of 'A' Ltd., and its subsidiary 'B' ltd., as on 31st March 2013 was as follows.

Liabilities	"A" Ltd.	"B" Ltd.,	Assets	"A" Ltd.	"B" Ltd.,
Share Capital (₹ 10 each)	20,000	12,000	Sundry assets	32,000	20,000
General reserve	8,000	--	Investments:	8,000	
Profit and Loss A/c	8,000	2,600	800 shares in "B" Ltd.,		
Creditors	4,000	4,400			
	40,000	20,000		40,000	20,000

The shares were purchased by "A" Ltd., is "B" Ltd., on 30th September 2012 on 1st April 2012, the profit & Loss a/c of "B" Ltd., showed a loss of ₹6,000. Profit are earned uniformly over the year 2012-13.

Prepare the consolidated balance sheet of "A" ltd and "B" ltd as on 31st March 2013.

11. From the following balances of Shanthi Bank Lt., as on 31st December 2013. Prepare its balance sheet in the prescribed form.

	(₹ in '000)
Paid up share (Shares of ₹100 each fully paid)	2,000
Bills discounted	1,800
Reserve fund	770
Cash credits	2,000
Overdrafts	800
Unclaimed dividends	10
Loans	4,600
Current deposits	3,800
Furniture	40
Profit and loss A/c (Cr)	220
Stamps and stationery	10
Cash in hand	500
Cash with reserve bank	1,300
Branch adjustment (Dr)	170
Investments	950
Loans(Cr)	1,200
Recurring deposits	1,000
Fixed deposits	2,000
Cash certificates	1,000
Contingency reserve	170

Adjustments

- Rebate on bills discounted ₹10,000
 - Provide ₹80,000 for doubtful debts
 - Banks acceptances on behalf of customers were ₹6,50,000
12. From the figures stated below prepare a revenue a/c and a valuation balance sheet as at 31.03.2013 showing surplus for policy holders:

	(₹ in '000)
Life Assurance fund (opening)	4,000
Premiums	2,500
Interest, dividends and rents	1,500
Consideration for annuities granted	100
Claims paid	300
Surplus on revaluation of reversions purchased	8
Bonus in reduction of premium	5
Surrenders	100
Commission	50
New liability on policies in force on 31.03.2013	5,653

13. From the following particulars draw up

1. Balance sheet as at 31.12.2013 under the ordinary double entry system.
2. The Capital a/c and general balance sheet as at the same date under the double account system.
 - i) Authorised Capital – 8,000 shares of ₹100 each.
 - ii) Issued Capital – 4,000 shares of ₹100 each fully paid, including 500 shares issued during the year.
 - iii) 8% debentures – ₹2,00,000; Trade creditors - ₹50,000; Reserve Fund - ₹1,00,000; Trade Debtors - ₹90,000; Cash at Bank - ₹50,000.
 - iv) Reserve investments at cost ₹1,00,000 (market value ₹1,10,000) stock - ₹60,000.
 - v) Fixed assets – expenditure on 01.01.2013; Machinery - ₹3,00,000 ; buildings – ₹2,00,000; Addition during the year – Machinery – ₹70,000.
 - vi) Depreciation fund: Machinery – ₹60,000; Building – ₹20,000.
 - vii) Profit and loss A/c – ₹40,000.

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