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Register Number:

Name of the Candidate:

**M.Com. DEGREE EXAMINATION, May 2015****(ACCOUNTING AND FINANCE)****(SECOND YEAR)****640. ADVANCED CORPORATE ACCOUNTING****(Old Regulation)**

Time: Three hours

Maximum: 100 marks

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

1. A Ltd., issued 1,000, 12% debentures of ₹100 each payable as ₹30 on application and the balance on allotment. Applications were received for 2,000 debentures out of which applications for 800 were allotted fully, applications for 600 debentures were allotted 200 debentures; and the remaining were rejected. All sums due were received. Journalise the transactions.
2. A Life Insurance Company gets its valuation made once in every two years. Its Life Assurance fund on 31.3.06 amounted to ₹63,84,000 before providing ₹ 64,000, for the share holders dividend for the year 2005-06. Its actuarial valuation due on 31.3.06 disclosed a net liability of ₹60,80,000 under assurance annuity contracts. An interim bonus of ₹ 80,000 was paid to the policy holders during the two years ending 31.3.2006.

3. Compute reasonable return from the following information given below:

	₹
Capital Base	34,00,000
Loan from electricity board	30,00,000
Development reserve	10,00,000
10% debentures	8,00,000
Reserve fund investment (6%)	60,00,000
Assume the bank rate to be 8%	

4. Distinguish between life insurance and general insurance.
5. How would you ascertain the amount of minority interest?

6. LT Limited went into liquidation with the following (securities realised ₹ 50,000)

Liabilities	₹
Secured creditors	40,000
Preferential creditors	1,200
Unsecured creditors	61,000
Liquidation expenses	500

The liquidator is entitled to a remuneration of 3% on the amounts realised (including securities in the hands of secured creditors) and 1.5% on the amount distributed to the unsecured creditors. The various assets (excluding the securities in the hands of the secured creditors) realised ₹52,000. Prepare the liquidator's statement of account showing the payment made to unsecured creditors.

7. Define Human Resource Accounting. State its objectives.
8. H Ltd. purchased 75% of shares in S Ltd., on 1.7.01 on 31.12.01 the Balance sheet of S Ltd. showed Reserve Fund balance on 1.1.01. ₹40,000 profit earned during 2001 ₹60,000 and preliminary expenses unwritten off ₹20,000. Calculate capital profit and revenue profit.

### **SECTION - B**

(3 × 20 = 60)

**Answer any THREE questions**

9. Following is the Balance sheet of K Ltd. as on 31.12.1980.

Liabilities	₹	Assets	₹
2,000 shares of ₹10 each fully paid	20,000	Goodwill	4,000
Profit & Loss A/c	7,000	Fixed Assets	16,500
Debentures	10,000	Current assets	19,500
Creditors	3,000		
	40,000		40,000

R limited agreed to take over the assets of K Ltd. (executive of one fixed assets of ₹ 4,000 and cash ₹ 1,000 included is current assets) at 10% more than the books values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of ₹10 each at the market value of ₹ 15 each and the balance in cash. Liquidation expenses came to ₹400.

K Ltd., sold the fixed asset of ₹4,000 and realised the book value. It paid off its debentures and liquidations expenses.

You are required to give journal entries in the books of K Ltd and R Ltd.

10. From the following balance extracted from the books of the L.I.C as at 31.3.06, prepare a Revenue A/c for the year ending 31.3.2006. in the prescribed form:

Particulars	₹ in ('000)	Particulars	₹ in ('000)
Claims by death	3,30,000	Life Assurance fund (1.4.05)	63,31,000
Claims by maturity	2,15,000	Premiums	20,65,000
Agents & Canavasser'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 & Stationery	13,900
Director's fees	8,700	Postage and telegrams	14,300

Auditor's fees	1,000	Receipt stamps	2,300
Medical fees	52,000	Reinsurance premiums	40,950
Commission	2,18,000	Interest & dividend (gross)	2,72,000
Rent	2,800	Policy renewal fees	540
Law charges	200	Endowment fees	690
Advertising	4,300	Transfer fees	1,400
Bank charges	1,500		
General charges	2,000		
Surrenders	47,500		

Provide ₹ 1,500 thousands for depreciation of furniture and ₹ 2,20,000 thousands for depreciation on investment.

11. City electricity Ltd., earned a profit of ₹ 8,45,000 during the year ended 31<sup>st</sup> March 2004 after debentures interest @7½% on ₹2,50,000. With the help of the figures given below, show the disposal of profits:

Particulars	₹
Original cost of fixed assets	1,00,00,000
Formation and other expenses	5,00,000
Monthly average of current assets(net)	25,00,000
Reserve fund (represented by 4% Govt. Securities)	10,00,000
Contingencies Reserve Fund Investments	2,50,000
Loan from Electricity Board	15,00,000
Total depreciation written off to date	20,00,000
Tariff and dividend control reserve	50,000
Security deposits received from customers	2,00,000

Assume Bank rate to be 6%

12. The following are the Balance sheets of A Ltd., and B Ltd as at 31.12.1973.

Liabilities	A Ltd ₹	B Ltd ₹	Assets	A Ltd ₹	B Ltd ₹
Equity share capital ₹10 each	1,00,000	50,000	Sundry assets	66,250	69,100
Revenue Reserves	9,000	10,000	Shares in B Ltd at cost	70,000	-
P & L A/c on 1.1.73	8,500	8,000	Goodwill	-	10,000
Profit for the year less transfer to reserves	3,750	3,500			
Creditors	15,000	7,600			
	<u>1,36,250</u>	<u>79,100</u>		<u>1,36,250</u>	<u>79,100</u>

Profit for the year of B Ltd was ₹6,000 out of which ₹2,500 was transferred to reserves.

The holding of A Ltd in B Ltd is 90% acquired a year ago on 31.12.72.

Write off from sundry assets of A ltd ₹ 9000. Also write off ₹3,100 from the sundry assets of B ltd, out of the current years profits.

Draft a consolidated balance sheets of A Ltd and its subsidiary.

13. What do you understand by social responsibility accounting? Explain the need for it and the procedure for accounting.

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