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Name of the Candidate :

**M.Com. DEGREE EXAMINATION MAY 2014.****(SECOND YEAR)****(Group – A)****640 — ADVANCED CORPORATE ACCOUNTING****(Common for M.Com. (OR), M.Com CA (OR))**

Time : 3 hours

Maximum : 100 marks

**SECTION A****Answer any FIVE questions.****(5 × 8 = 40)****All questions carry equal marks.**

1. What is Insurance Revenue Account? How do you prepare it?
2. How do you maintain the account of a Railway Undertaking?
3. Discuss the name of the books which are maintained by a bank.
4. The balances extracted from the books of the Mahalakshmi Bank Ltd. on 31<sup>st</sup> March 2011 were as follows.

Capital Account

	Rs.		Rs.
Paid up Capital	10,00,000	Profit and Loss A/c	
Local Bills Discounted	9,00,000	(credit balance)	1,10,000
Reserve Fund	3,85,000	Stamps and Stationary (in hand)	5,000
Cash Credit and Overdrafts	14,00,000	Cash in Hand	1,50,000
Unclaimed Dividends	5,000	Cash at Rank	6,50,000
Loans	23,00,000	Investments at Cost	4,75,000
Current and Savings Deposits	25,00,000		
Furniture	20,000		
Fixed Deposits	20,00,000		

- (a) Out of the total debts for Rs. 3,00,000 were doubtful and the rest were considered good. Out of the debts considered good. Rs. 23,00,000 were fully secured and for Rs. 4,50,000 (including Rs. 1,75,000 due by a director) the bank held personal securities of one or more person in addition to the personal security of the Director's and for the rest the Bank held on securities other than the Debtor's personal security.
- (b) The directors require Bank's Investments to be shown in the Balance Sheet at market value on 31.12.2010, which is Rs. 5.25,000.
- (c) The Authorised Capital of the Bank is Rs. 12,00,000. The Bank has Rs. 50,000 Bills for collection and has accepted Bills for customers Rs. 4,00,000.

Prepare the Balance Sheet of the Bank on 31.3.2011 in the form prescribed under the Banking Companies Act.

5. The Burdwan Electric Co. Ltd. rebuilt and reequipped a part of their power house at a cost of Rs. 80,00,000; the part of the old power house thus superseded had cost originally Rs. 50,00,000; but if erected at the present time would cost 20% more. Rs. 6,00,000 is realized from the sale of old materials and Rs. 3,00,000 worth of old materials are used in the reconstruction and are included in the cost of Rs. 80,00,000 mentioned above.

Give the necessary entries of recording the above transactions in the books of the company, indicating the allocation between capital and revenue and give reasons for such allocation.

6. The following is the Balance Sheet of Poddar Ltd. Which is in the hands of the liquidator. Balance Sheet as on 31.12.2010

Liability	Rs.	Assets	Rs
Share Capital		Fixed Assets	2,00,000
1,000,6% Preference Shares of		Stock	1,20,000
Rs. 100 each, fully paid	1,00,000	Book Debts	2,40,000
2,000 Equity Shares of Rs. 100 each, fully paid	2,00,000	Cash in Hand	40,000
2,000 Equity Shares of Rs. 100 each, called Rs. 75	1,50,000	Profit and Loss A/c	3,00,000
Loan from Bank(on security of stock)	1,00,000		
Trade Creditors	3,50,000		
	<u>9,00,000</u>		<u>9,00,000</u>

The assets realized the following amounts (after all costs of realization and liquidator's commission amount to Rs. 5,000 paid out cash in hand Rs. 40,000 as per Balance Sheet)

	Rs.
Fixed assets	1,68,000
Stock	1,10,000
Book debts	2,30,000

Calls on partly paid shares were made but the amounts due on 200 shares were found to be irrecoverable.

Prepare Liquidator's Statement of Receipts and Payments.

7. From the following particulars you are required to prepare Fire Revenue Account for the year ending 31<sup>st</sup> December 2010.

	Rs.		Rs
Claims paid	4,80,000	Commission on reinsurance ceded	10,000
Claims outstanding on 1.1.10		Commission on reinsurance accepted	5,000
intimated but not accepted	40,000	Expenses of management	3,05,000
On 31.12.10	10,000	Provision for unexpired risk on 1.1.10	4,00,000
Claims intimated and accepted but not paid on 31.12.10	60,000	Additional provision for unexpired risk	20,000
Premium received	12,00,000	Bonus in reduction of premium	12,000
Reinsurance premium	2,00,000		
Commission	1,20,000		

You are required to provide for additional reserve for unexpired risks at 1% of the net premium in addition to the opening balance.

8. The Great Life Assurance Co. Ltd. Prepared its Revenue Account for the year ended 31<sup>st</sup> December, 2010 and ascertained its Life Assurance Fund to be Rs. 56,70,000. It was found later that the following had been omitted from the accounts.
- Interest accrued on investments Rs. 78,000; income-tax liable to be deducted estimated to be Rs. 21,000.
  - Outstanding premiums Rs. 65,600.
  - Bonus utilized for reduction of premiums Rs. 13,500
  - Claims intimated but not yet admitted Rs. 34,800
  - Claims covered under re-insurance Rs. 13,000. What is the true Life Assurance Fund?

**SECTION B****Answer any THREE questions.****(3 × 20 = 60)****All questions carry equal marks.**

9. What is Reserve on Bill Discounted? How do you compute it? Discuss its application in Banking Accounts.
10. H Ltd. Acquired 4,000 shares of S. Ltd on 1.1.2009. Their Balance Sheets as at 31.12.2009 stood as follows.

Balance Sheet as at 31<sup>st</sup> December 2009

Liabilities	H. Ltd Rs.	S. Ltd Rs.	Assets	H. Ltd Rs.	S. Ltd Rs.
Share Capital:			Fixed Assets	80,000	45,000
10,000 Equity Shares of Rs. 10			Investments:		
each, fully paid	1,00,000	—	4,000 shares in S. Ltd., as per	40,000	—
5,000 Equity Shares of Rs. 10 each fully paid	—	50,000	Stock	20,000	10,000
General Reserve (1.1.2009)	40,000	10,000	Debtors	25,000	10,000
Profit & Loss A/c	20,000	10,000	Cash and Bank	5,000	10,000
Creditors	10,000	5,000			
	<u>1,70,000</u>	<u>75,000</u>		<u>1,70,000</u>	<u>75,000</u>

On 1.1.2009, the Profit and Loss Account of S. Ltd. Showed a credit balance of Rs. 4,000. Stock of H. Ltd includes Rs. 2,500 for goods at invoice price from S. Ltd. On which the latter company made a profit of 25% on cost.

Prepare a Consolidated Balance Sheet at 31.12.2009.

11. The following figures were extracted from the books of City Ltd. Bank as on 31<sup>st</sup> March 2010.

	Rs.
Interest and discount received	73,91,476
Interest paid on deposits	40,64,904
Issue and Subscribed Capital	20,00,000
Reserve u/s 17	4,00,000
Rent received	1,10,000
Profit on sale of Investment	4,00,000
Salaries and Allowances	4,00,000

Director's Fees and Allowances	60,000
Rent and Taxes paid	2,00,000
Postage and Telegrams	1,01,172
Depreciation on Bank Properties	60,000
Printing and Stationary	1,00,000
Preliminary Expenses	30,000
Audit Fees	10,000
Commission, Exchange and Brokerage	4,00,000

The following further information is also given

- (a) A customer to whom a sum of Rs. 20,00,000 has been advanced has become insolvent and it is expected that only 50% can be recovered from his estates. Interest due 18% on his debt has not been provided in the books.
- (b) There was another advance for which a provision of Rs. 3,00,000 was considered necessary by the auditors
- (c) Rebate on Bills discounted as on 31<sup>st</sup> March 2009 Rs. 24,000. Rebate on bills discounted as on 31<sup>st</sup> March 2010 Rs. 32,000.
- (d) Tax provision to be made for Rs. 12,00,000
- (e) The directors suggest a dividend of 10%.

Prepare the Profit and Loss Account in accordance with law.

12. From the following details, prepare the Revenue Account. Profit and Loss Account and the Balance Sheet of Moonshine Insurance Co. Ltd. carrying on Marine Insurance Business, for the 15 months ended 31st March 2011.

	Rs.
Share capital	15,00,000
Balance of Marine Fund as on 1.1.2010	7,60,000
Unclaimed Dividends	2,400
Profit and Loss A/c (Cr.)	2,40,000
Sundry Creditors	12,600
Agent's Balance (Dr.)	1,46,400
Interest accrued but not due	8,200
Due to reinsurers	60,000
Furniture and fixtures (Cost Rs. 12,600)	8,400
Stock on Stationery	2,500
Expenses of Management	2,20,000
Foreign Taxes and Insurance	12,300

Outstanding Premiums	21,200
Donation Paid	8,600
Advance Income-Tax payments	62,000
Sundry Debtors	9,200
Govt. of India securities	9,20,000
Debenture of public bodies	1,80,000
Share in Limited Companies	3,60,000
State Govt. Securities	8,80,000
Claims less: Reinsurance	10,60,000
Premium, less: Reinsurance	12,40,000
Commission paid	62,400
Interest and Dividends	2,40,000
Transfer fees received	600
Cash and Bank balances	94,400

Outstanding claims 31<sup>st</sup> March 2011 were Rs. 1,40,000. Depreciation on Furniture to be provided at 20% pa.

13. The following trial balance was extracted from the books of New India Assurance Co. Ltd., as on 31<sup>st</sup> December 2011

Debit	Rs.	Credit	Rs.
Dividend paid	15,000	Paid-up Capital:	
Bonus in reduction of premium	31,500	10,000 shares of Rs. 10 each	1,00,000
Claims paid	1,97,000	Life Fund balance on 1.1.2011	29,72,300
Commission	9,300	Premium Less:	
Management of Expenses	32,300	Reassurance premium	
Mortgage in India	4,92,200	(commission on Rs. 5000)	1,61,500
Agents Balance	9,300	Outstanding claim (1.1.2011)	7,000
Freehold Premises	40,000	Interest, Dividends and Rents	1,12,700
Investments	23,05,000	Consideration for annuities	
Loans and Policies	1,73,600	granted	10,000
Cash on Deposits	27,000		
Cash on Current Account	7,300		
Surrenders	7,000		
Medical fees	7,000		
Annuity	10,000		

Prepare the Revenue Account for the year ended 31<sup>st</sup> December 2011 and a Balance Sheet of the company as at that date after taking the following into consideration:

	Rs.
Claims outstanding	10,000
Further bonus in reduction of premium	5,000
Premium outstanding	5,000
Claim cover under re-insurance	80,000
Management expenses due	30,000

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