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Avinashilingam Institute for Home Science and Higher Education for Women
(Deemed to be University Estd. u/s 3 of UGC Act 1956, Category 'A' by MHRD)
Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Examination November 2024
V Semester

Class : III UG
Major : B.Com / B.Com PA

Time: 3 Hours
Max. Marks: 100

21BCOC17 / 21BCPC18 Corporate Accounting - II

Course Outcomes:

1. Compute the final accounts for a corporate group like banking companies and insurance companies
2. Apply the knowledge gained in preparation of consolidated balance sheet of holding companies
3. Able to calculate the basis of charge of room rates and preparation of final accounts of hotels
4. Ability to adopt methods of valuation of human resources
5. Apply the various approaches in inflation accounting.

Part A

10 x 1 = 10

Choose the Correct Answer

1. Every banking company is required to close its account on
a. 31st December
b. 31st March
c. 30th June
d. 30th September
CO1 K1
2. The percentage of profit to be transferred to statement reserve by the banking company is
a. 25 %
b. 15 %
c. 20 %
d. 10%
CO1 K1
3. Claim paid by life insurance companies is shown in
a. Schedule 1
b. Schedule 2
c. Schedule 3
d. Schedule 4
CO2 K1
4. A valuation if balance sheet is prepared by
a. Joint stock company
b. Banking company
c. Life insurance company
d. General insurance company
CO2 K1
5. A company in which more than 50 percent f shares are held by another company is termed as
a. Holding company
b. Subsidiary company
c. Govt company
d. public company
CO3 K1
6. Profits made by a subsidiary company after the date of purchase of shares by the holdings company are known as
a. Revaluation profit's
b. Realisation profits
c. Capital profits
d. Revenue profits
CO3 K1
7. The main objectives of bookkeeping is
a. complete recording of transactions
b. ascertainment of financial effect on the business
c. analysis and interpretation of data
d. both a & b
CO4 K1
8. Internal users of accounting
a. creditors
b. managers
c. investors
d. researchers
CO4 K1
9. Inflation accounting is also known as
a. Accounting for price level changes
b. Decision accounting
c. Standard accounting
d. Historical accounting
CO5 K1
10. Measurement of the value of human resources is based on the
a. Stock concept in accounting
b. Future profits concept
c. Ownership concept of an asset
d. Shareholders
CO5 K1

Part B

5 x 6 = 30

Answer all questions

Each answer should not exceed 400 words or two pages

11.a. KJR Bank Ltd discounted a bill of the face value of Rs.2,00,000 for Rs.1,92,000 on January 11, 1992. Of the discount RS.2,893 pertain to the next accounting year. Show the journal entry that is to be made at the time of discounting the bills. Also show the opening entry. CO1 K2

(or)

11.b. From the following balances, prepare the Profit and Loss Account of safety Bank Ltd., for the year ended March 31, 1998.

	Rs.
Interest on deposits.	32,00,000
Commission Cr.	1,00,000
Interest on loans.	24,90,000
Sundry charges Dr.	1,00,000
Rent and taxes.	2,00,000
Establishment.	5,00,000
Discounted on bills discounted.	14,90,000
Interest on overdrafts.	16,00,000
Interest on cash credits.	23,20,000
Auditors fees.	35,000
Directors fees.	16,000
Make provision of Rs.3,00,000 for doubtful debts.	

CO1 K2

12.a. From the following calculate net premium earned for the year ended on 31st March 2006 of a fire insurance business.

	Rs.
Premium on direct business	8,50,000
Premium on reinsurance accepted	1,00,000
Premium on reinsurance ceded	50,000
Premium due at the beginning of the year	10,000
Reserve for unexpired risk on 1-04-05.	50,000

Reserve for unexpired risk to be maintained at 50% of net premium

CO2 K4

(or)

12.b. A life insurance company disclosed a fund of Rs.25,00,000 on 31st March 2010, before taking the following into consideration.

1. A claim of Rs.15,000 was intimated and admitted but not paid during the year.
2. A claim of Rs.8,000 outstanding in the books for 8 years is written back.
3. Premium of Rs 1,0000 is payable under reinsurance.
4. Reinsurance recoveries Rs.30,000.
5. Bonus utilised in reduction of premium Rs.8,000.
6. Agents commission to be paid Rs.6,000.

Prepare statement showing the recomputation of fund.

CO2 K4

13.a. Balance sheet of S.Ltd. as on March 31, 1998

	Rs.		Rs.
Share capital.			
50,000 shares of Rs.10 each .	5,00,000	Land and buildings.	5,00,000
General Reserve as on January 1, 1998.	2,00,000	Machinery.	3,00,000
Profit and loss account.	1,50,000	Current assets.	2,00,000
Add: profit for 98.	50,000		
	2,00,000		
Creditors.	1,00,000		
	10,00,000		10,00,000

H. Ltd. Acquired 40,000 shares of S. Ltd. On October 1, 1997 at Rs.7,80,000. H. Ltd. Valued the machinery at Rs.2,50,000 and current assets at Rs.2,75,000. Calculate the minority interest

CO3 K3

(or)

13.b. S. Ltd. Has a capital of Rs.2,00,000 in shares of Rs. 100 each outside of which H. Ltd. Purchased 75% of the shares at Rs.2,40,000. The profits of S. Ltd. At the time of purchase of shares by H. Ltd. Were Rs.1,10,000. S. Ltd. Decided to make a bonus issue out of pre-acquisition profit of one share for every five shares held. Calculate the cost of control of acquiring shares of S. Ltd.

(a) Before the issue of bonus shares and

(b) After the issue of bonus shares.

CO3 K3

14.a. Rainbow Hotel has the following revenue and expenses for the month of March:

Revenue:

- Room revenue: \$150,000
- Food and beverage revenue: \$60,000
- Other operating revenue: \$10,000

Expenses:

- Room expenses: \$40,000
- Food and beverage costs: \$30,000
- Salaries and wages: \$50,000
- Utilities: \$15,000

Prepare a Profit & Loss Account for Rainbow Hotel for March

CO4 K4

(or)

14.b. Explain the steps involved in the preparation of basis of charging room rates?

CO4 K4

15.a. State the advantages of HRA and the difficulties in implementing it?

CO5 K1

(or)

15.b. A company purchased a machinery on 1st January 1994 for a sum of rupees 6 lakhs. The retail price index on that date stood at Rs.150. You are required to restate the value of the machinery according to CPP method on 31st December 1998 when the price Intex stood at rupees 200. CO5 K1

Part C

5 x 12 = 60

Answer all questions

Each answer should not exceed 800 words or four pages

16.a. The following are the balances of Cholan Bank Ltd. for the year ended March 31, 1998.

	Rs.
Interest on loans.	5,18,000
Interest on fixed deposits.	5,50,000
Commission received.	16,000
Salaries and allowance.	1,08,000
Discount on bills discounted.	2,92,000
Rebate on bills discounted.	98,000
Interest on cash credits.	4,46,000
Interest on current account.	84,000
Rent and taxes.	36,000
Interest on overdrafts.	3,08,000
Directors fees.	6,000
Auditors fees.	2,000
Interest on savings bank deposits.	1,36,000
Postage and telegrams	3,000
Printing and stationery.	6,000
Locker rent	2,000
Transfer fees.	1,000
Depreciation on Banks properties.	10,000
Sundry charges.	4,000
Other information:	
(a) Provision for Bad debts Rs.80,000	
(b) Provision for Income tax Rs.3,00,000	

From the above information, prepare the profit and loss account of the bank for the year ended March 31, 1998.

CO1 K4

(or)

16.b. The following balances are extracted from the books of New Delhi Bank Ltd., as on March 31, 1998.

	Rs.
Rebate on bills discounted.	15,000
Interest and discount received.	40,55,000
Interest paid on deposits.	24,04,000
Issued and subscribed capital.	10,00,000
Reserve under section	17,70,000
Commission, exchange and brokerage.	1,80,000
Rent received.	60,000
Profit on sale of investment.	1,90,000
Salaries and allowances.	2,10,000

Directors fees and allowances.	24,000
Rent and taxes paid.	1,08,000
Stationery, printing.	48,000
Postage and telegram.	40,000
Preliminary expenses.	10,000
Audit fees.	8,000
Depreciation on Banks properties.	25,000

The following further information is given:

(a) A customer to whom a sum of Rs.5,00,000 has been advanced has become insolvent and it is expected only 40% can be recovered from his estate. Interest due at 15% has not been provided for in the books.

(b) Provision for Bad and doubtful and other debts necessary, Rs.1,00,000.

(c) Provide Rs.7,00,000 for income tax.

(d) The directors desire to declare 10% dividend.

Prepare the Profit and Loss Account in accordance with the law. Make necessary assumptions.

CO1 K4

17.a. Prepare in the proper statutory form the Revenue Account of the Minister Life Assurance Co.Ltd. for the year ended 31-3-2009 from the following figures.

Particulars.	Rs
Claims by death.	60,912
Claims by maturity.	24,088
Premiums.	5,64,552
Transfer fees.	103
Consideration for annuity granted.	65,702
Annuity paid.	42,769
Bonus paid in cash.	1,933
Expenses of management	25,536
Commission.	7,659
Interest, dividend etc.	78,272
Income tax thereon.	28,568
Surrenders.	10,512
Bonus in reduction of premium	784
Dividend paid to shareholders	4,400
Life assurance fund at the beginning	12,16,800

Paid-up share capital of the above life assurance company is Rs.4,00,000. You are required to prepare Revenue Account for the year ended 31-3-2009.

CO2 K5

(or)

17.b. Prepare Revenue Account and Balance Sheet from the following.

	Rs.
Insurance fund of 1st Jan.	3,12,050
Insurance fund of 31st Dec.	3,10,799
Premiums.	21,834
Outstanding premiums.	2,802
Loans on society policies.	1,020
Claims by death.	23,626
Commission.	653
Expenses of management.	2,813
Reduction allowed to members on their premiums.	2,232
Interest, dividend and rent.	10,860
Annuities	1,408
Mortgage on property.	84,443
Government securities.	69,161
Railway shares.	1,35,295
Profit on Reversion fallen in.	2,587
Outstanding interest and rent.	1,297
Balance due by agents.	79
Claims admitted but not paid.	5,012
Depreciation on investment.	4,770
Surrenders.	2,040
Sundry creditors.	1,003
Loans on personal security.	824
Accrued interest.	2,723
Cash in hand.	2,470.

CO2 K5

18.a. The following are the balances sheets of sun Ltd. And Moon Ltd. As on December 31, 1998.

Balance Sheets					
	SLTD	M LTD		SLTD	M LTD
Share capital			Fixed Assets.	1,95,000.	70,000
Shares of Rs.10.	2,00,000.	50,000	Investment:		
General Resvers.	50,000.	20,000	Shares in Moon Ltd.	60,000	
P&L account			Debtors.	35,000.	25,000
balance. 1.1.1998	30,000.	7,500.	Other current assets.	60,000.	12,500
Profit for the year 1998.	50,000.	20,000.			
Creditors.	20,000.	10,000			
	3,50,000.	1,07,500		3,50,000.	1,07,500

Notes:

1. Sun Ltd. Purchased on July 1, 1998, 4,000 shares in Moon Ltd. At rs.15 each.
 2. Stock in Moon Ltd. Includes Rs.7,500 worth of goods purchased from Sun Ltd. Which company sells goods at 25% above cost
 3. Creditors of Moon Ltd. Include Rs.5,000 due to Sun Ltd.
- Prepare a consolidated Balance Sheet as on December 31, 1998.

CO3 K3

(or)

18.b. Following are the draft Balance Sheets of two companies A Ltd. And B Ltd. As at 31st March, 1996.

Liabilities	ALTD	B LTD	Assets	ALTD	B LTD
Share capital			Fixed Assets.	5.00.	1.50
Rs.100 each.	6.00.	3.00	Investment:		
Profits:			2,400 Shares in B Ltd.	3.00.	-
Capital Profit.	0.80.	0.851,200	Shares in A Ltd.	-	2.00
Revenue profit	3.20.	0.29	Current assets:		
Creditors.	1.50.	0.81	Debtors.	2.00.	0.80
			Stock.	0.40.	0.30
			Cash&Bank.	1.10.	0.35
	11.50.	4.95		11.50.	4.95

The following adjustments were not yet made:

1. Stock worth Rs.5,000 in B. Ltd. Was found to be obsolete with on value.
 2. A Ltd. Acquired an assets costing Rs.50,000 on 31.03.96. No effect has been given for both the purchase and payment.
 3. During the year A Ltd sold an assets for Rs. 60,000 (Original cost Rs.40,000). The profit was included in the revenue profit.
 4. Debtors of A Ltd. Include a sum of Rs.50,000 owed by B. Ltd.
- You are required to prepare the consolidated balance sheet of both the companies as on 31st March, 1996 after giving effect to the above adjustment.

CO3 K3

19.a. Sunset Hotel has the following information for the year ended December 31:

Profit & Loss Account:
Revenue: \$750,000
Cost of Sales: \$300,000
Operating Expenses: \$250,000
Operating Profit: \$200,000

Balance Sheet:

Assets:
- Cash and bank balances: \$150,000
- Accounts receivable: \$100,000
- Property, plant, and equipment: \$500,000

Liabilities:
- Accounts payable: \$50,000
- Long-term loans: \$200,000

Equity:
- Share Capital: \$300,000
- Retained Earnings: \$?

Prepare:
1. Profit & Loss Account for the year ended December 31.
2. Balance Sheet as of December 31.

CO4 K4

(or)

19.b. Palmview Hotel has the following information as of December 31:

Assets:
- Cash and bank balances: \$100,000
- Accounts receivable: \$50,000
- Inventory: \$20,000
- Property, plant, and equipment: \$500,000

Liabilities:
- Accounts payable: \$30,000
- Short-term loans: \$100,000
- Long-term loans: \$200,000

Equity:
- Share Capital: \$250,000
- Retained Earnings: \$150,000

Prepare a Balance Sheet for Palmview Hotel as of December 31

CO4 K4

20.a. Compute the net Monetary result of X Company Ltd. As at 31st December, 1998. The relevant data are given below:

Cash	5,000.	10,000
Book debts.	20,000.	25,000
Creditors.	15,000.	20,000
Loan.	20,000.	20,000.

Retail price index numbers:
January 1, 1998. Rs.200
December. 31, 1998. Rs.300
Average for the year. Rs.240

CO5 K3

(or)

20.b.Explain the valuation methods of human resources

CO5 K3
