



Mavinayya

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

**Continuous Internal Assessment –I August 2024**  
**V Semester**

**21BCPC18/21BCOC17– CORPORATE ACCOUNTING II**

**Class : III UG**

**Time: 2 hours**

**Major: B.Com PA & B. Com**

**Maximum Marks: 60**

**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**

**Choose the correct answer**

**6 x 1 = 6**

1. An asset which does not generate income to the banker is termed as **CO1 K1**  
a) Performing Assets                      b) Fixed Assets  
c) Non Performing Assets                d) Current Assets
2. Provision for Income tax is shown in the Bank accounts under the head **CO1 K3**  
a) Borrowings    b) Other Liabilities    c) Operating expenses    d) Contingent liabilities
3. Claims paid life insurance companies is shown in **CO1 K3**  
a) Schedule 1        b) Schedule 2        c) Schedule 3                d) Schedule 4
4. The Percentage of Profits of Life business to be distributed to policy holders is **CO1 K3**  
a) 95%                      b) 100%                      c) 50%                      d) 40
5. Profit made by subsidiary company after the date of purchase of shares by the holding company are known as **CO1 K3**  
a) Revaluation Profits    b) Realisation Profits    c) Capital profits    d) Revenue Profits
6. To excess of the share in equity or net assets of the subsidiary over and above the price paid for the investment is shown as **CO1 K3**  
a) Capital Reserve        b) Cost Control        c) Revenue Reserve        d) None of the above

**Part- B**

**3 x 6=18**

**Answer all the questions**

**Each answer should not exceed 400 words or two pages**

7. (a) From the following information, prepare Profit and Loss Account of Vasari Bank Ltd. for the period ended on 31<sup>st</sup> March 2021. Working should form part of your answer: **CO1 K3**

Particulars	(Rs.'000)	Particulars	(Rs.'000)
Interest on loans	300	Interest on saving bank deposits	87
Interest on fixed deposits	275	Postage, telegrams and stamps	10
Commission	10	Printing and stationery	20
Exchange and brokerage	20	Sundry expenses	10
Salaries and allowances	150	Rent	15
Discount on bills (gross)	152	Taxes and licences	10
Interest on cash credits	240	Audit fees	10
Interest on temporary overdrafts in current accounts	30		

**Additional Information:**

- i) Rebate on bills discounted.                      30
  - ii) Salary of managing director.                      30
  - iii) Bad debts.    40
  - iv) Provision for income tax is to be made @ 55% (round off to the nearest thousands).
  - v) Interest of Rs. 4,000 on doubtful debts was wrongly credited to interest on loan account.
  - vi) Provide Rs. 15,000 as dividend.
- (Or)**

7. (b) Given below is an extract from the Trial Balance of a bank as on March 31, 2021: **CO1 K3**

	Dr.	Cr.
	Rs. ('000)	Rs. ('000)
Bills Discounted	1,264	
Rebate on bills discounted on April 1, 2020		8
Discount Received		85

An analysis of the bills discounted as shown above show the following:

Amount Rs.	Due date 2021	Rate of Discount % p.a.
1,40,000	June 4	5
4,36,000	June 10	4.5
2,82,000	June 24	6
3,80,000	July 5	4

Show with the aid of working, how the relevant items will appear in the Bank's Balance Sheet as at 31<sup>st</sup> March, 2021 and in the Bank's P & L A/c for the period to 31<sup>st</sup> March, 2021. Also pass appropriate journal entries.

8. (a) The life fund of Well-Life Assurance Co. was Rs. 90,00,000 as on 31<sup>st</sup> December, 2020. The interim bonus paid during the valuation period was Rs. 1,50,000. The periodical actuarial valuation determined the net liability at Rs. 75,00,000. Surplus brought forward from the previous valuation was Rs. 9,00,000. The directors of the company proposed to carry forward Rs. 10,00,000 and to divide the balance between the shareholders and the policy holders. You are required to show: **CO1 K3**

- The Valuation Balance Sheet.
- The Net profit for the valuation period.
- The distribution of the surplus.

(Or)

8. (b) The life Assurance Fund of an Insurance Company on 31<sup>st</sup> March, 2021 showed a balance of Rs. 87,76,500. It was later found that the following were not taken into account **CO1 K3**

- Dividend from Investment Rs. 4,80,000.
- Income tax on above Rs. 48,000.
- Bonus in reduction of premium Rs. 8,77,500. (not taken as expense)
- Claims covered under Re-Insurance Rs. 4,23,000.
- Claims intimated, but not accepted by the company Rs. 7,62,000.

Ascertain correct balance of the Fund.

9. (a) Write a short note on:

- Goodwill
- Capital Reserve
- Minority Interest

(Or)

9. (b) What do you mean by Holding Company and how it is different from Subsidiary Company?

**CO2 K1**

### Part C

Answer ALL the questions 3 x 12 = 36

Answer should not exceed 800 words or four pages

10. (a) Progressive Bank Ltd. has authorised capital of Rs. 50 Lakhs comprising of 50,000 shares of Rs. 100 each, all of which are subscribed, but 70% of the face value of the shares is called up. Bills amounting to Rs. 4,09,000 are accepted by the bank against security of the value of Rs. 6,20,000 kept with the bank. Depreciation on the land and building and furniture is to be provided to the extent of Rs. 16,000 and Rs. 7,000 respectively. You are required to prepare profit and loss account and balance sheet as on 31<sup>st</sup> March, 2021 from the following figures: **CO1 K3**

Particulars	Rs. ('000)	Particulars	Rs. ('000)
Share capital	3,500	Profit and loss account (Cr.)	100
Fixed deposit accounts	8,181	Statutory reserve fund	140
Current accounts	6,026	Loans, cash credit and overdraft	14,240
Savings bank deposits	4,046	Stamps in hand	0.3
Bills payable	200	Salaries and wages	84
Branch adjustment account (Cr.)	78	Provident fund contribution	20
Bills discounted	2,957	Commission, exchange and brokerage	200
Borrowings from other banks in India	500	Interest paid on deposits, current accounts etc.,	125
Reserve fund	400	Audit fees	3
Investments	2,026	Directors' fees	10
Money at call and at short notice in India	102	Legal charges	13
Land and buildings	410	Interest and discounts	525

(Cost: Rs. ('000) (600))			
Furniture (Cost Rs. ('000) (104))	73	Unexpired Insurance	0.7
Cash in hand	840	Rent, taxes and lighting	17
Deposit with other banks	2,300	Postage and telegrams	6
Deposits with RBI	800	Printing, stationery and advertisement	6
Contingency reserve	120	Miscellaneous receipts	20
		Deposit maintenance	3

(Or)

10. (b) Following balances were extracted on the closing date, 31<sup>st</sup> March, 2021 from the books of Adrash Bank Ltd. You are required to prepare the Balance Sheet and Profit and Loss Account of the Bank.

**CO1 K3**

Particulars	Rs. ('000)	Particulars	Rs. ('000)
Current Deposits	45,500	Cash in hand and with RBI	487
Saving Bank Accounts	14,520	Cash with Bank	6,869
Fixed Deposits	37,180	Money at Call	1,500
Sundry Creditors Accounts	454	Investments in Government Securities	45,200
Deposit due to other banks secured by Investments	12,200	Investments in Shares	4,700
Bills for Collection being Bills Receivable	22,100	Interest accrued on Investments	875
Acceptances and Endorsements for Customers	11,168	Cash Credit and Loans	44,100
Rebate on Bills Discounted	15	Bills Discounted	33,100
Branch Adjustment (Cr.)	4,555	Furniture, Fixtures and Equipment	500
Statutory Reserve	10,000	Postage and Telegrams	500
Dividend Equalization fund	2,500	Interest Paid	1,200
Capital: 2 lakh shares of Rs. 100 each Rs. 50 paid up.	10,000	Law Charges	100
Interest and Discount received	5,800	Payment to Employees	2,400
Exchange and Commission (Cr.)	1,700	Directors' Fees	100
General charge recovered	55	Stationery and Advertisements	400
Profit & Loss A/c- Balance on 1-4-2020	852	Miscellaneous Expenses	300
		Land and Building	3,500
		Depreciation Reserve	500

Provide for a) Reserve for Taxation Rs. 5 lakhs b) Transfer to General Reserve Rs. 15 lakhs, and c) Transfer to Dividend Equalisation Fund Rs.5 lakhs.

11.(a) Following were the balances extracted from the Trial Balance of the Indian Life Assurance Society at 31<sup>st</sup> March, 2021.

**CO1 K3**

Particulars	Rs. ('000)	Particulars	Rs. ('000)
Balance of account at the beginning of the year	20,00,000	Premiums (other than single)	2,00,000
Govt. Securities	10,00,000	Claims admitted but not paid	6,000
Profit on realization of assets	2,000	Surrenders	20,000
Investment fluctuation A/c	10,000	Single premiums	80,000
Claims under policies by death	60,000	Consideration for annuities granted	50,000
Claims under policies by maturity	1,00,000	Interest, dividends and rent received	70,000
Loans on mortgages	5,60,000	Depreciation of furniture	3,000
Loans on policies	3,00,000	Administrative expenses	36,000
Freehold property and furniture	83,000	Salaries	3,000
Leasehold properties	20,000	Auditor's fees	1,500
Agents's Balance owing	3,600	Director's fees	300

Sundry Creditors	2,000	Legal expenses	1,000
Outstanding Premiums	24,000	Advertising	1,400
Commission paid	24,000	Printing, stationery and others	10,800
Interest accrued not due	3,000	Cash at Bank	1,68,400
		Provision for depreciation	3,000

Prepare Revenue Account and Balance Sheet.

(Or)

11.(b) From the following balances as at March 31, 2003 in the books of General Insurance Co. Ltd., prepare Revenue Account in respect of Fire Insurance business carried on by them: CO1 K3

	Rs. ('000)		Rs. ('000)
Claims paid	4,80,000	Commission on reinsurance accepted	4,000
Claims outstanding on 1.04.2002	40,000	Expenses of Management	3,14,000
Claims intimated and accepted but not paid on 31.03.2003	70,000	Reinsurance recoveries of claims	8,000
Premium received	12,12,000	Survey expenses regarding claims	5,000
Reinsurance Premium paid	1,20,000	Loss on sale of motor car	3,500
Commission	2,00,000	Bad Debts	2,500
Commission on reinsurance ceded	8,000	Refund of Double Taxation	4,500
Reserve for unexpired risks on 1.4.2002	4,00,000	Interest and Dividends	8,000
Additional Reserve for unexpired risks on 1.4.2002	20,000	Income tax deducted thereon	1,500
Profit on sale of investments	3,500	Legal expenses regarding claims	4,000
Rent on staff quarters deducted from salaries	2,400		
Depreciation on Furniture	4,600		

You are required to provide for additional reserves for unexpired risk at 1 per cent of the net premium in addition to the opening balance of Additional Reserve.

12.(a) Describe the Steps involved in preparation of Consolidated Balance Sheet.

CO2 K1

(Or)

12.(b) Explain the advantages and disadvantages of holding companies.

CO2 K1

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