

**Avinashilingam Institute for Home Science and Higher Education for Women
Coimbatore – 641 043
Bachelor's Degree Examination – November 2017**

V Semester

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

**Time : 3 Hours
Max. Marks : 100**

15BCPC23 Corporate Accounting - II

Part – A

10 x 1 = 10

Choose the Correct Answer

1. Provision for income tax is shown in the bank accounts under the head
 - a. Borrowings
 - b. other liabilities.
 - c. operating expenses
 - d. contingent liabilities
2. Letter of credit and endorsement are shown in the bank accounts under the head
 - a. bill payable
 - b. contingent liabilities
 - c. Bills for collections
 - d. other assets
3. Number of schedules to be prepared by the insurance companies for their financial statements are ----- schedules.
 - a. 26
 - b. 10
 - c. 12
 - d. 15
4. The percentage of profit of life business to be distributed to policy holders in
 - a. 95%
 - b. 100%
 - c. 50%
 - d. 40%
5. A company should purchase more than ----- shares of another company in order to become a holding company.
 - a. 75%
 - b. 51%
 - c. 50%
 - d. 100
6. Profits made by a subsidiary company after the date of acquisition of shares by the holding company are called
 - a. revenue profit
 - b. capital profit
 - c. revaluation profit
 - d. realization profit
7. The responsibility of settlement of bills in future is taken by -----
 - a. travel agent
 - b. partner
 - c. room boy
 - d. guests
8. The major income is from ----- of rooms to customers and sales of food and beverages.
 - a. liquours
 - b. restaurants
 - c. transport
 - d. provisions
9. Co-operative societies using -----
 - a. single entry principle
 - b. double entry principle
 - c. no standard principles
 - d. other principles of accounting
10. Verification of fixed asset by auditor should be made with reference to the -----
 - a. documents relating to their acquisition
 - b. only with the invoice
 - c. cash book
 - d. purchase register

Answer the following
Answer should not exceed 400 words or two pages

- 11.a. White closing the books of a bank on 31st Dec.1989, you find in the loan ledger as unsecured balance of Rs.2 lakhs in the account of a merchant whose financial condition is reported to you as bad interest on the same account amounted to Rs.20,000 during the year. During the year 1990, the bank accepted 75 paise in the rupee on account of the debt up to 31st Dec 1989. Give journal and ledger to record these transactions under alternative accounting policies.

(Or)

- 11.b. From the following ledger balances of peoples bank Ltd, prepare profit and loss account.

	Rs.
Interest paid on deposits	1,60,520
Commission exchange and brokerage	44,240
Interest received	5,32,260
Discount on bills discounted	2,43,760
Salary and provident fund	40,000
Profit on sale of fixed assets	30,000
Printing and stationery	10,000
Postage and telephones	20,000

Note: Provide for taxation Rs.20,000 and rebate on bills discounted was Rs.14,380

- 12.a. The revenue account of a life insurance company showed the life fund at Rs.73,17,000 on 31.03.2006 before taking into account the following items.

a. Claims intimated but not admitted	98,250
b. Bonus utilized in reduction of premium	13,500
c. interest accrued on investments	29,750
d. outstanding premiums	27,000
e. claims covered under reinsurance	40,500
d. provision for taxation	31,500

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

(Or)

- 12.b. Bharath life assurance company gets its valuation made once in every two years. its life assurance fund on 31.03.2006 stood at Rs.45,65,000 before providing for Rs.45,000 being the share holders dividend for 2005 – 006. It's actuarial valuation on 31.03.2006 disclosed a net liability of Rs.32,20,000. An interim bonus of Rs.80,000 was paid to the policy holders during the previous two years.

Prepare a statement showing the amount now available as bonus to policy holders.

- 13.a. 'H' Ltd purchased 16,000 out of 20,000 shares of Rs.10 each in 'S' Ltd., for Rs.2,80,000. On the date of purchase of shares, 'S' Ltd had reserve of Rs.60,000. Rs.80,000 has been earned by 'S' Ltd., after the purchase of shares. "S' Ltd., decided to issue bonus shares our of revenue profit in the ratio of 2 shares for every 5 shares held. Calculate the cost of control after the issue of bonus shares.

(Or)

- 43.b. From the following summarized balance of H Ltd and S Ltd as on 31.12.1994
Prepare a consolidated balance sheet of the two companies.

Liabilities	H Ltd Rs.	S. Ltd Rs.	Assets	H. Ltd Rs.	S. Ltd Rs.
Share capital			Fixed assets	18,10,000	15,75,000
Shares of Rs.10 each fully paid	25,00,000	12,50,000	Investments(1,00,000 shares in S Ltd)	11,00,000	-
reserves	7,50,000	5,00,000	current assets	5,65,000	3,75,000
Creditors	2,25,000	2,00,000			
	<hr/>	<hr/>		<hr/>	<hr/>
	34,75,000	19,50,000		34,75,000	19,50,000

H Ltd, purchased the shares in S Ltd, on 1st January 1994, when reserves in S Ltd, stood at Rs.3,00,000 and in H Ltd, at Rs.4,50,000.

- 14.a. Mr. Ramesh checks into a five star hotel on 10th January, 2012 at 9 Am on American plan @ Rs.300 per day. The hotel levies a service tax @ 12% in addition to the room rent. Find the duration of stay and amount payable by Mr. Ramesh if he checks out at:
- 6 P.M on 10th January, 2012
 - 8 am on 11th January, 2012
 - 4 pm on 11th January, 2012
 - 11 am on 12th January,2012

When the duration of day is ascertained by the hotel on (i) 24 hours or Part there of basis, and (ii) fixed check out time of 12 Noon basis.

(Or)

- 14.b. A hotel has 179 rooms in all, out of which 15 rooms are used for operational purposes and 4 rooms are occupied by the general manger and the departmental managers. If 136 rooms are occupied by the guests on 24th March, 2012 calculate the room occupancy rate for the day.
- 15.a. State objectives of Co –operative accounting.
- (Or)
- 15.b. Explain the books of account to be kept by a Government company.

Part – C

5 x 12 = 60

Answer the following

Answer should not exceed 800 words or four pages

- 16.a. From the following information prepare the profit and loss account of ABC bank Ltd. for the year ended on 31st March 1992 in the prescribed form.

Interest on loan	2,59,000
Interest on fixed deposits	2,75,000
Rebate on bills discounted required	49,000
Commission	8,200
Establishment	54,000
Discount on bills discounted	1,95,000
Interest on cash deposit	2,23,000
Interest on current account	42,000
Rent and taxes	18,000
Interest on over draft	1,54,000
Directors fees	3,000
Auditors fees	1,200
Interest on savings bank deposits	68,000
Postage and telegrams	1,400
Printing and stationery	2,900
Sundry charges	1,700

Bad debts to be written off amounted to Rs.40,000. Provision for taxation may be made @ 55%. Balance of profit from last year was Rs.1,20,000. the directors have recommended a dividend of Rs.20,000 for the share holders.

(Or)

16.b. The following is the trial balance of a banking company as on 31.12.94.

	Debit (Rs. In 1000)	Particulars	Credit (Rs.in 1000)
Loan and advances	2,385	Share capital	
Premises	60	25,000 shares of Rs.20 each	500
Reserve fund investments	200		
Investments in Govt Securities	160	Reserve fund	200
Salaries	60	Current and other deposits	2,080
General expenses	32	Profit and loss A/c as on 1.1.94	35
Rent rates and taxes	3	Interest and discounts	312
Director's fees	20		
Money at call and short notice	80		
Income tax paid	26		
Bills discounted	36		
Interim dividend paid	25		
Cash in hand and with RBI	40		
	-----		-----
	3,127		3,127

Adjustments:

- Interest accrued on investments Rs.22,000
- The market value of government securities is Rs.1,50,000 and provision is to be made.
- Endorsement on behalf of customers Rs.2,10,000
- Authorised capital 50,000 shares of Rs.20 each

Prepare profit and loss account and balance sheet as on 31.12.1994.

17.a. From the following trial balance of National assurance Co Ltd., prepare revenue a/c and balance sheet as on 31.03.2006.

Debit balance	Rs.(1000)	Credit balance	Rs.1000
Claims by death	76,980	Life assurance fund(1.4.05)	14,70,562
Claims for maturity	36,420	Premises	2,10,572
Expenses of mgt	19,890	Consideration for annuities granted	10,620
Commission	26,541	Interest dividends & Rents	52,461
Dividend paid	20,000		
Income tax on interest		Fines	92
Etc	3,060	Annuities due but not paid	22,380
Surrenders	21,860	Share capital:4,00,000	
Annuities	29,420	Shares of Rs.100 each	4,00,000
Bonus paid in cash	9,450		
Bonus is reduction		Claims admitted but not paid	80,034
Of premium	2,500		
Preliminary expenses	200		
Stamps on hand	400		
Govt. Securities	8,70,890		
Furniture	20,000		
Mortgages	3,09,110		
Loan on company's Policies	2,00,000		
Freehold premises	3,00,000		
Lease hold ground rents	2,00,000		
House property	1,00,000		
	-----		-----
	22,46,721		22,46,721

Additional information:	Rs.('000)
i. Management expenses due	600
ii. Premium outstanding	7,400
iii. Re insurance premium	6,000
iv. Interest accrued	15,400
v. Surrenders adjusted against loans	5,000
vi. Further bonus utilized in reduction of premium	1,500
vii. Further claim intimated	8,000
viii. claim covered under reinsurance	10,000

(Or)

17.b. From the following balances of united general insurance Co. Ltd as on 31.3.2006
Prepare:

(i) Fire revenue a/c ii. Marine revenue A/c and (iii) profit & loss a/c.

Rs.(000)	Rs.(000)
Provision for unexpired Risk on 01.04.05:	28
Fire	500
Marine	1,640
Additional reserve on 01.04.05:	
Fire	100
Bad debts:	
Fire	10
Marine	24
Auditors fees	24
Directors fees	10
Share transfer fees	1.6
Bad debts recovered	2.4
Claims paid outstanding:	
Fire	380
Marine	760
Commission paid:	
Fire	180
Marine	216
Depreciation	70
Interest dividends etc	28
Difference in exchange (Cr)	6
Miscellaneous receipts	10
Profit on sale of land	120
Premium received:	
Fire	1,200
Marine	2,160
Expenses of management:	
Fire	290
Marine	800
Commission earned on reinsurance ceded:	

Provision for unexpired risk is to be kept @ 50% of the premiums for fire and at 100% for marine departments. The additional reserve in case of fire insurance is to be increased by 5% of the net premium.

18.a. The Balance sheet of H Ltd., and Ltd., on 31st Dec.1990 were as follows:

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share capital:			Land & Buildings	3,10,000	1,60,000
10% pref shares of Rs.100 each	-	1,00,000	Machinery less 10% depreciation	2,70,000	1,35,000
Equity shares of Rs.100 each	10,00,000	4,00,000	3000 shares in S Ltd	4,50,000	-
General reserve	1,00,000	50,000	Stock at cost	2,20,000	15,000
P& L A/c balance	40,000	30,000	Debtors	1,55,000	90,000
Profit for 1990	1,50,000	70,000	Cash and bank		
			Balance	85,000	1,95,000
	-----	-----		-----	-----
	14,90,000	7,30,000		14,90,000	7,30,000

'H' Ltd acquired 3000 equity shares in 'S' Ltd on 1st July 1990. As on the date of acquisition 'H' Ltd, found that the value of Land and buildings and Machinery of 'S' Ltd should be Rs.1,50,000 and Rs.1,92,500 respectively.

Prepare the consolidated balance sheet of 'H' Ltd and its subsidiary 'S' Ltd showing the assets at their proper values.

(Or)

18.b. Y Ltd., purchased 75% of the shares in Z Ltd. On 01.01.1997 the following balance sheets of the two companies on 31.12.1997 are made available and you are requested to prepare a consolidated balance sheet.

Liabilities	Y Ltd Rs.	Z Ltd Rs.	Assets	Y Ltd Rs.	Z Ltd Rs.
Share capital: (Rs.10 each)	2,00,000	3,00,000	Fixed assets	2,00,000	2,50,000
Reserves	3,00,000	-	Current assets	1,80,000	1,70,000
P & L A/c	1,00,000	80,000	22,500 shares in Z Ltd	3,00,000	-
Current liabilities	80,000	40,000			
	6,80,000	4,20,000		6,80,000	4,20,000

- The profit & loss a/c of Z Ltd on 01.01.1997 showed a balance of Rs.20,000
- It was agreed that Y Ltd. should charge Z Ltd. Rs.1000 per month for services rendered no entries were passed in their books for the same.
- Current assets of z Ltd. include Rs.10,000 loan receivable from y Ltd.

19.a.i. In Hyath Hotel, there are 200 lettable rooms out of which there are 70 single bed room and 130 double bed rooms on 26th December, 2011, 63 single bed room and 109 Double bed rooms were occupied by the guests you are required to calculate the bed occupancy rate for the day.

ii. The check out time of a hotels in 11.00 am. On 4th July, 2012, the visitors ledger of the hotel shows that immediately after 11.00 Am there are 93 rooms in which guests are staying. Till 11.00 Am on 5th July, 2012 guests from 23 room check out while in 27 rooms new guests check in calculate the occupancy of rooms for 5th July, 2012.

(Or)

19.b. Following is the trial balance of H Hotel Ltd. as on 31.12.2011. Prepare a statement of profit and loss and a balance sheet.

Particulars	Dr. Rs.	Cr. Rs.
Authorized capital: 10,000, 5% preference Shares of Rs.10 each; 15,000 equity Shares of Rs.10 each		
Paid up capital: 8,500 5% preference shares	-	85,000
14,000 equity shares	-	1,40,000
Purchases:		
Liquors	60,000	-
Provisions	50,000	-
Sales:		
Food	-	70,000
Liquors	-	80,000
Apartments rents	-	82,000
4% mortgage debentures	-	2,00,000
Buildings	2,50,000	-
Furniture and fittings	57,000	-
Investments	52,000	-
Goodwill at cost	1,10,000	-
Reserve fund	-	75,000
Surplus A/c 01.01.2011	-	15,000

Creditors	-	50,000
Debentures interest	75,000	
Wages and salaries	52,000	
Hotel expenses	7,000	
General administrative expenses	29,500	
Repairs	2,175	
Interim dividend for pref shares (½ year)	2,125	
Stock 01.01.2011:		
Liquors	22,000	
Provisions	3,200	
Cash	1,300	
Book debts	1,500	

	8,07,300	8,07,300

Adjustments:

- (i) Closing stock in liquors Rs.25,000 and provisions 15,000
- (ii) depreciated furniture by 5%
- (iii) wages unpaid Rs.15,000
- (iv) provide for balance of debentures interest and preference dividend.
- (v) Declare 10% dividend for equities.

20.a. Explain the major provisions of co – operative societies act relating to co – operative accounting.

(Or)

20.b. What are the advantages and disadvantages of Government companies?
