(b) In the year 2003, railway lines were laid between Virudhunagar and Shencotoh at a cost of Rs. 1,50,00,000. This expenditure was distributed overheads, wages and materials in the ratio of 2:4:9.

The lines were replaced in the year 2013 at a cost of Rs. 3,80,00,000. It was estimated that the price of overheads, wages and materials had gone up during the period of 10 years as follows.

Overheads : 25%

Wages : 20%

Materials : 45%

Ascertain the amount to be capitalised in respect of the railway lines for the purpose of preparing the final accounts for the year 2013.

Reg. No. : ....

Code No. : 8773 **Sub. Code : HKCM 31/ HKAM 31**

M.Com./M.Com WITH COMPUTER APPLICATION (CBCS) DEGREE EXAMINATION, NOVEMBER 2015.

Third Semester

Commerce/Commerce with Computer Application

ADVANCED CORPORATE ACCOUNTING

(For those who joined in July 2012 and afterwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Goodwill is mostly based on

   (a) assets (b) liabilities

   (c) profit (d) loss

2. Internal reconstruction is related to alteration of

   (a) capital (b) building

   (c) accounts (d) agreement

3. A holding company acquires majority equity shares in a/an
   (a) amalgamation (b) subsidiary
   (c) absorption (d) reconstruction

4. The excess amount paid by a holding company is usually treated as
   (a) loss (b) expense
   (c) premium (d) goodwill

5. The P & L a/c of the banking co. has to be prepared in
   (a) Form A (b) Form B
   (c) Form C (d) Form D

6. Schedule 13 and 14 of Form B in a P&L a/c of a bank relates to
   (a) Income (b) Expenditure
   (c) Profit (d) Appropriations

7. The premium paid on general insurance policy is
   (a) an income (b) an expense
   (c) a profit (d) a loss

8. IRDA is associated with
   (a) banks (b) telecom
   (c) media (d) insurance

9. Under double account system, interest on debentures is shown in
   (a) revenue a/c
   (b) net revenue a/c
   (c) capital a/c
   (d) balance sheet

10. The electricity companies are required to present their final accounts according to the
   (a) single entry
   (b) single a/c
   (c) double a/c system
   (d) auditor

PART B — (5 × 5 = 25 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Find out the yield value of equity share from the details given below.

   Expected rate of return : 30% normal rate of return : 10%

   Face value of equity share Rs. 10; paid up value Rs. 8.

Or

(b) Ascertain the value of goodwill on the basis of 3 years purchase of 4 years average profit.

2011 Rs. 10 lakhs : 2012 Rs. 12 lakhs

2013 Rs. 14 lakhs : 2014 Rs. 24 lakhs.

12. (a) X Ltd. purchased 60% shares in Y Ltd. On 1.1.2012 when the balance on their P&L a/c and General Reserve were Rs. 1,50,000 and Rs. 1,60,000 respectively. On 31.12.2012; the balance sheet of Y Ltd. showed P&L a/c balance of Rs. 4,00,000 and General Reserve Rs. 3,00,000. Calculate capital profits and revenue profit.

Or

(b) A Subsidiary Co. has a capital of Rs. 50,000 in shares of Rs. 100 each, out of which the holding company acquired 80% of the shares at Rs. 6,00,000. The profits of the subsidiary co. on the date of acquisition were Rs. 3,00,000.

Calculate the value of goodwill or capital reserve.

13. (a) From the given details, prepare P&L a/c of Chennai bank for the period ended 31.12.2014.

	Rs. (in '000)		Rs. (in '000)
Interest earned	790	Other income	130
Interest expended	350	Operating expenses	200
Provisions	80	Transfer to statutory reserve	25%

Or

(b) From the details given, calculate the amount of provision for tax to be created by Nandha Bank Ltd.,

	Rs. (in '000)		Rs. (in '000)
Interest earned	1,564	Operating expenses	164
Other income	16	Bad debts........	80
Interest expended	770	Tax provision to be made	55%

14. (a) Comment on the concepts : (i) Sum assured and (ii) premium.

Or

(b) Write notes on : (i) under insurance and (ii) Mediclaim.

15. (a) What is meant by double account system?

Or

(b) Mention any two limitations of double a/c system.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) How would you calculate super profit? Illustrate.

Or

(b) Explain the net assets of valuation of equity shares.

17. (a) Write note on (i) minority interest and (ii) consolidated balance sheet.

Or

(b) Why holding companies acquire majority of shares in subsidiary companies.

18. (a) From the following ledger balances, prepare P&L a/c of Peoples Bank Ltd..

	Rs.		Rs.
Interest paid on deposits	1,60,520	Commission	
Interest received	5,32,260	Exchange	44,240
Salary and P.F.	40,000	Discount on bills	2,43,760
Printing and Stationery	10,000	Profit on sale of Fixed assets	30,000
		Telephone on postage	20,000

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

Or

(b) Prepare the balance sheet of Balan Bank, from the details available as on 31.12.2014.

	Rs. (in '000)		Rs. (in '000)
Share capital	2,000	Bills discounted	1,800
Reserve fund	770	Cash credit	2,000
Over draft	800	Unclaimed dividend	10
Loans	4,600	Current deposits	3,800
Furniture	40	P&L a/c (cr)	220
Stationery and stamps	10	Cash in hand	500
		Branch adjustment (Dr.)	170
Cash with RBI	1,300	Loans (Cr)	1,200
Investments	950	Fixed deposits	2,000
Recurring deposits	1,000	Contingency Reserve	170
Cash certificates	1,000		

Adjustments :

(i) Rebate on bills discounted Rs. 10,000;

(ii) Provide Rs. 80,000 for doubtful debts;

(iii) Banks acceptances, on behalf of customers were Rs. 6,50,000.

19. (a) L.I.C. got its valuation made once in every 3 years. The Life assurance fund on 31.3.2015 is Rs. 41,92,000 before providing for Rs. 32,000 for dividend for the year 2014-2015. Its actuarial valuation on 31.3.2015 disclosed a net liability of Rs. 40,40,000, under annuity contracts.

An interim bonus of Rs. 40,000 was paid to the policy holders during the period ended 31.3.2015.

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

Or

(b) From the following particulars, prepare the fire revenue a/c for 2015-2016.

	Rs. (in '000)		Rs. (in '000)
Claims paid	235	Legal expenses	5
Premium received	600	Reinsurance premium	60
Commission	100	Management expenses	150
Provision against unexpired risk on 1.4.2015.	260	Claims unpaid on 1.4.2015	20
		Claims unpaid on 31.3.2016	35

20. (a) From the following particulars, draw up the capital a/c and General Balance sheet as on 31.12.2013, under the double a/c system.

	Rs. (in '000)		Rs. (in '000)
Paid up capital	27,000	6% debentures	3,000
Creditors	1,600	Debtors	3,800
Cash	3,500	Stock	2,400
P&L a/c	1,600	Land	3,700
Machineries	16,000	Shafting	5,000
Buildings	1,300	Depreciation fund (machinery)	2,500

Or