

(FOR THE CANDIDATES ADMITTED

SUBJECT CODE **22 UCO 409**

DURING THE ACADEMIC YEAR 2022-23 ONLY)

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : MAY – 2024

B.Com. (AIDED & SF)

MAXIMUM MARKS: 50

IV SEMESTER

TIME : 3 HOURS

PART – III

HIGHER CORPORATE ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

(K1)

1. The difference between Subscribed Capital and Called up Capital is called ____
a) Calls-in-Arrear b) Calls-in-Advance c) Uncalled capital d) Paid-Up-Capital
2. Rebate on bills discounted for a banking company is
a) An expenses b) An income c) A liability d) Assets
3. ----is an agreement between a policyholder and insurer wherein the insurance company protects your valuable assets from fire, theft, burglary, or any other unfortunate accident.
a) Corporate insurance b) Cost insurance c) General insurance d) Life insurance
4. ----can be defined as a contract between an insurance policy holder and an insurance company, where the insurer promises to pay a sum of money in exchange for a premium, upon the death of an insured person or after a set period.
a) Life Insurance b) General Insurance c) Car Insurance d)Bike Insurance
5. Inter-company owings on account of individuals will be shown in the consolidated balance sheet on
a) The assets side b) The liabilities side c) No where d) Debit side

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.

(K2)

6. Define Goodwill.
7. What is a sub-standard asset?
8. Define Premium.
9. List the Revenue account schedules of Life Insurance..
10. What is a holding company?

(CONTD 2)

SECTION – B**(5 X 3 = 15 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(K3)**

11. a) Distinguish between shares and stock.

(OR)

- b) Describe the needs for valuation of Goodwill.

12. a) On 31-3-1998, Bharat commercial banks Ltd. finds its advances classified as follows:

Standard assets	Rs. 14,91,300
Sub-standard assets	Rs. 92,800
Doubtful Assets (Secured): Doubtful for one year	Rs. 25,600
Doubtful for one year to 3 years	Rs. 15,600
Doubtful for more than 3 years	Rs. 6,580
Loss assets	Rs. 10,350

Calculate the amount of provision to be made by the bank against the above mentioned advances.

(OR)

- b) The trial balance of the Nedugadi Bank Ltd., as on 30th June 1984 shows the following balances.

Interest and discount	Rs. 45,40,000
Rebate on bills discounted (1.7.83)	Rs. 4,750
Bills discounted and purchased	Rs. 3,37,400

The unexpired discount as on 30.06.84 is estimated to be Rs.5,560. Draft necessary adjusting entries and calculate the amount of interest and discount to be credited to profit and loss account.

13. a) Calculate the net claim to be shown in Revenue Account of Insurance Company;

Claims paid during the year ended 31-3-2008	5,60,000
Claims outstanding on 1-4-2007	52,000
Claims outstanding on 31-3-2008	92,000
Claims covered under reinsurance	25,000

(OR)

- b) From the following particulars relating to 'Z' Insurance company Limited prepare Fire Revenue A/c for the year ending 31.3.2005.

(CONTD 3)

Particulars	Rs. (in 000)	Particulars	Rs.(in 000)
Claim paid	4,80,000	Premium received	12,00,000
Claims outstanding on 1.4.04	40,000	Re-insurance premium paid	1,20,000
Claims intimated but not accepted and paid on 31.3.2005	10,000	Commission	2,00,000
Claims intimated and accepted but not paid on 31.3.2005	60,000	Commission on re-insurance ceded	10,000
Commission on re-insurance accepted	5,000	Provision for un expired risk on 1.04.2004	4,00,000
Expenses of management	3,05,000	Additional provision for un-expired risk on 1.4.04	20,000
Bonus in reduction of premium	12,000		

You are required to provide for additional reserve for un-expired risk at 1% of the net premium in addition to the opening balance.

14. a) The Life Fund of a Life Insurance Company on 31.03.2011 showed a balance of Rs. 54,00,000. However, the following items were not taken into account while preparing the Revenue A/c for 2010-11. Ascertain the correct life fund balance.
- | | |
|--|------------|
| a) Interest and dividends accrued on investments | Rs. 20,000 |
| b) Income Tax deducted at source on the above | Rs. 6,000 |
| c) Reinsurance claims recoverable | Rs. 7,000 |
| d) Commission due on reinsurance premium paid | Rs. 10,000 |
| e) Bonus in reduction of premiums | Rs. 3,000 |

(OR)

- b) The life fund of a life Assurance Company was Rs.86,48,000 as on 31-3-2008. The interim bonus paid during the inter-valuation period was Rs.148000. The periodical Actuarial valuation determined the net liability at Rs. 74,25,000. Surplus brought from the previous valuation was Rs.8,50,000. The directors of the company proposed to carry forward Rs.9,31,000 and to divide the balance between the shareholders and the policy holders in the ratio of 1:10. Show i) The valuation balance sheet ii) The net profit for the valuation period and iii) The distribution of the surplus.
15. a) Prepare a consolidated Balance Sheet from the following are the Balance Sheet.

Liabilities	H Ltd.	S. Ltd.	Assets	H Ltd.	S. Ltd.
Share capital of Re.1 per share	1,400	1,000	Sundry assets	885	1,510
Sundry Creditors	350	190	Shares in S Ltd		
Profit & Loss a/c	260	320	(900 shares at cost)	1,125	
	2,010	1,510		2,010	1,510

On the date of acquisition of shares by H Ltd. in S Ltd. the credit balance on latter's profit and loss Account was Rs.220. No dividends have been declared since that date.

(CONTD4)

(OR)

- b) P Ltd. Acquired 65% shares of Q Ltd. On 1-10-02. P & L a/c in the books of Q Ltd. Showed a debit balance of Rs. 40,000 on 1-04-02. On 31-03-03, the Balance sheet of Q Ltd. Showed P & L a/c balance of Rs. 1,20,000. Calculate Capital profits and Revenue profits.

SECTION – C**(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(K4/K5)**

16. a) Discuss the methods of valuation of shares.

(OR)

- b) Summarize the Methods of Valuing Goodwill.

17. a) From the following particulars, Prepare a Profit and loss a/c of New Bank Ltd., for the year ended 31.12.1996.

Particulars	Rs. (in '000)	Particulars	Rs. (in '000)
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdrafts	56
Commission charged to customers	9	Directors' and Auditor's fees	4
Establishment expenses	56	Interest on savings bank accounts	70
Discount on bills discounted	200	Postage and telegrams	2
Interest on current accounts	45	Sundry charges	2
Printing and advertisement	3		

(OR)

- b) From the following information find out the amount of provisions to be shown in the profit and loss account of a commercial bank:

	Rs. in lakhs
Standard assets	5,000
Sub-standard assets	4,000
Doubtful Assets (Secured): Doubtful for one year	800
Doubtful for one year to 3 years	600
Doubtful for more than 3 years	200
Loss assets	1,000

(CONTD 5)

18. The Books of Jai Prakash Insurance Co Ltd. contain the following information in respect of fire insurance as on 31.03.2011

Provision for unexpired risks (1.4.10)	80,000	Reinsurance Premium	14,500
Estimated Liability in respect of		Reinsurance Recoveries	1,500
Out Standing Claims on 01.4.2010	10,000	Premiums	1,90,000
on 31.3.2011	15,000	Management Exp	55,000
Medical Expenses regarding claims	1,000	Claims paid	70,000
Refund of Doubtful Taxation	600	Interest & Dividends	8,000
Commission on Direct business	25,000	Legal Exp. Regarding claims	1,500
Commission on Re Insurance Ceded	3,000	Profit on sale of Investments	1,750
Commission on Re Insurance accepted	1,000	Additional Reserve on 31.3.10	60,000

Additional reserve is to be increased by 10% of the net premium income.

Prepare Revenue Account keeping the reserve for unexpired risks at 50% of Premium income.

(OR)

- b) Zaldi pay Insurance Company Limited has furnished the following information for preparation of revenue account for fire insurance business for the year ended 31.3.2006 and its profit and loss a/c for the year.

Particulars	Rs. (in '000)	Particulars	Rs. (in '000)
Claims admitted but not paid	42,376	Bad debts.	2,500
Commission paid	50,000	Claims paid	15,000
Commission on re-insurance received	12,000	P&L Appropriation A/c	10,000
Share transfer fees	5,000	Premium received	5,52,000
Expenses of management	78,000	Less re-insurance claims outstanding as on 1.4.05	27,000
Reserve for unexpired risk as on 1.4.2005	2,30,000	Dividend on share capital	18,500
Additional reserve on 1.4.2005	40,000		

The following further information has also to be considered:

1. Premium outstanding at the end of the year Rs. 40,000 Thousands.
2. Additional reserve at 10% of net premium to be maintained.
3. It is the policy of the company to maintain 50% of premium towards reserves for unexpired risks.

(CONTD 6)

19. a) From the following balances extracted from the books of the LIC as at 31.03.2011,
Prepare a Revenue A/c for the year ending 31.03.2011 in the prescribed form.

Claims by death	3,30,000	Life Assurance Fund (1.4.2010)	63,31,000
Claims by maturity	2,15,000	Premiums	20,65,000
Salaries	44,200	Bonus in reduction of premiums	1,000
Travelling Exp	1,200	Income Tax on Interest & Dividends	5,700
Directors' fees	8,700	Agents & Canvasser's allowance	26,500
Auditor's Fees	1,000	Printing & Stationery	13,900
Medical fees	52,000	Postage & Telegrams	14,300
Commission	2,18,000	Receipt Stamps	2,300
Rent	2,800	Reinsurance premiums	40,950
Law Charges	200	Interest & Dividend (Gross)	2,72,000
Advertising	4,300	Policy Renewal Fees	9,600
Bank Charges	1,500	Assignment Fees	540
General Charges	2,000	Endowment Fees	690
Surrenders	47,500	Transfer Fees	1,400

Provide Rs. 1,500 Thousands for depreciation of furniture and Rs. 2,20,000
Thousands for depreciation on investments.

(OR)

- b) The Revenue a/c of Life Insurance Company showed the life fund at 89,46,725 as on
31.12.1989 before considering the following items.

Particulars	Rs.
Claims intimated but not admitted	68,700
Bonus utilized in reduction premium	12,100
Interest accrued on investments	22,450
Outstanding premiums	24,000
Claims covered under re-insurance	42,250
Provision for taxation	19,000

Show the adjusted life fund.

(CONTD 7)

20. a) From the Balance Sheets and information given below, Prepare Consolidated Balance Sheet:

Balance Sheet as on 31st December, 2006

Liabilities	C Ltd. Rs.	D.Ltd. Rs.	Assets	C Ltd. Rs.	D.Ltd. Rs.
Share capital of Rs.10 each	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	-----	20,000
Profit & Loss a/c	24,500	23,000	Shares in D Ltd at cost	1,40,000	
Sundry Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of 'D' Ltd. profit for the year ended 31st December 2006 is Rs.12, 000 and transfer to reserve is Rs.5, 000. The holding of C Ltd. in D Ltd. is 90% acquired on 30th June, 2006.

(OR)

- b) From the Balance Sheet and information given below, Prepare Consolidated Balance Sheet:

Balance Sheet as on 31st December, 2004

Liabilities	H Ltd. Rs.	S. Ltd. Rs.	Assets	H Ltd. Rs.	S. Ltd. Rs.
Share capital of Rs.10 each	5,00,000	1,00,000	Fixed assets	4,00,000	60,000
Profit & Loss a/c	2,00,000	60,000	Stock	3,00,000	1,20,000
Reserves	60,000	30,000	Debtors	75,000	85,000
Bills payable	---	15,000	Bills receivable	20,000	---
Sundry Creditors	1,10,000	60,000	Shares in S Ltd at cost: 7,500 shares	75,000	---
	8,70,000	2,65,000		8,70,000	2,65,000

Additional information:

- The Bills accepted by S Ltd. are all in favour of H Ltd.
- The stock of H Ltd. includes Rs.25,000 bought from S Ltd. at a profit to latter of 20% on sales
- All the profits of S Ltd. has been earned since the shares were acquired by H Ltd. but there was already the reserve of Rs.30, 000 at that date.
