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63/2 (SEM-2) MCO 201

2022

COMMERCE

(Theory Paper)

Paper Code : MCO 201

(Advanced Financial Accounting)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks
for the questions.

(A) Choose the correct option for the following
questions : 1×6=6

1. _____ is the amount payable either on the death
of the insured or on the maturity of the policy.
 - (a) Sum assured
 - (b) Premium
 - (c) Accrued amount
 - (d) None of the above

[Turn over

2. Banking companies are governed by Banking Regulation Act _____.
 - (a) 2013 (b) 1956
 - (c) 1994 (d) 1949

3. According to AS 21, a _____ is an enterprise that is controlled by another enterprise, known as the parent.
 - (a) Substitute (b) Subsidiary
 - (c) Holding Company (d) Minority

4. Inflation is measured by _____.
 - (a) Consumer price index
 - (b) Marshall's index
 - (c) Wholesale price index
 - (d) None of the above

5. In holding company accounting, profit earned after the acquisition of share is known as
 - (a) Capital Profit (b) Goodwill
 - (c) Revaluation Profit (d) Revenue Profit

6. The Historical Cost Approach of Human Resource Accounting is given by
 - (a) Brummet, Flamholtz and Pyle
 - (b) Giles and Robinson
 - (c) Hekimian and Jones
 - (d) Roger H. Hermanson.

(B) Answer the following questions : $2 \times 5 = 10$

1. What is Non Performing Asset of the banks ?
2. State four features of insurance business.
3. What is minority interest in holding company accounting ?
4. What is cost pull inflation ?
5. What is Core Banking Service ?

(C) Answer any *six* of the following questions :

$5 \times 6 = 30$

1. Explain some of the merits and demerits of holding company.
2. Explain the special features of bank accounting.
3. Explain the reason behind the need of inflation accounting.

4. What are the Statutory and Subsidiary Books maintained by a life insurance company?
5. What are the drawbacks of Human Resource accounting?
6. Explain pre-equation profit and loss and its accounting treatment in holding company accounting.
7. Write short note on corporate social responsibility reporting.

8. Following information are taken from the Balance Sheet of ABC Ltd. as on 31-03-2021 :

Rs. Share capital 60,000	
Equity shares of Rs. 10 each	6,00,000
Reserves and Surpluses	3,75,000
Secured loan	3,75,000
Other Liabilities	1,50,000

On the above date XYZ Ltd. acquired 45,000 Equity shares in ABC Ltd. for Rs. 7,50,000. On the same date fixed assets of ABC Ltd. were appreciated by Rs. 2,25,000. Find out cost of control/Goodwill.

9. From the following information, calculate the benefit paid as per schedule 4 of the Life Insurance Co. for the year ended 31st March, 2022.

Claim by death paid	7,40,000
Claim by Maturity paid	16,80,000
Bonus Paid	13,600
Annuity Paid	6,36,000
Bonus in reduction of premium	24,800
Interim Bonus paid during the year	12,000
Surrender	1,30,600
Outstanding Death Claim as on 31.3.2021	56,000
Outstanding Death Claim as on 31.3.2022	1,18,000

(D) Answer any two of the following questions :

$$10 \times 2 = 20$$

1. Write the importance of Human Resource Accounting? Explain some of the methods that are used for measuring and accounting of human resource cost and value.
2. Explain the some of the merits and demerits of Current Purchasing Power (CPP) method of inflation accounting. Explain the steps that is followed to prepare financial statement under CPP method of accounting of price level change.

$$5 + 5 = 10$$

3. H. Ltd. acquired the share of S. Ltd. on 1st April, 2009. From the following information prepare the consolidated Balance Sheet of H. Ltd. and its subsidiary S. Ltd. as on 31st March, 2010.

Balance Sheets as on 31st March, 2010.

Capital & Liabilities	H. Ltd.	S. Ltd.
Equity Shares of Rs. 10 each fully paid	10,00,000	4,00,000
General Reserve	2,00,000	1,00,000
Profit and loss Account	1,20,000	70,000
Creditors	1,60,000	1,20,000
	14,80,000	6,90,000
Assets	H. Ltd.	S. Ltd.
Fixed Assets	6,00,000	2,00,000
60% shares in S. Ltd. at cost	3,24,800	
Current Assets	5,55,200	4,78,000
Preliminary Assets		12,000
	14,80,000	6,90,000

Additional Information

- On 1st April, 2009 General Reserve and Profit and Loss Account of S. Ltd. showed balances of Rs. 80,000 and Rs. 16,000 respectively.
- No part of preliminary expenses was written off during the year ending 31st March, 2010.

- (E) Answer any *one* of the following questions :

14×1=14

1. Explain the various types of insurance policies of life insurance business ? What are the additional information that has to be disclosed as a part of the financial statement of the Life Insurance Company.

7+7=14

Or

2. From the following information prepare the Profit and Loss Account of HDFC Bank for the year ended 31-03-2021.

	Amount (Rs.)
Interest on Cash Credit Account	12,00,000
Interest on Fixed Deposit Accounts	9,00,000
Interest on Saving Bank Deposits	2,10,000
Interest on Overdrafts	2,10,000
Interest on loan	9,00,000
Interest on Current Accounts	90,000
Commission Charged to Customers	60,000
Interchange Fees Paid	1,200
Establishment Expenses	1,15,000

Rent and Rates	45,000
Rebate on bill discounted (on 01-04-2020).	75,000
Discount on bill discounted	3,00,000
Auditor and Director's fees	60,000
ATM charges	6,000
Transferred to Central Government	15,000
Miscellaneous Operating Expense	1,50,000