

**B.Com. (Part-II) Semester-IV Examination**  
**CORPORATE ACCOUNTING**  
**(Commerce)**

Time : Three Hours]

[Maximum Marks : 80

**Note** :— (1) There are Three Sections A, B, and C.

(2) Section A-20 marks, Section B-20 marks and Section C-40 marks.

**SECTION—A**

Choose an appropriate option :

1. Recording daily transaction of a Bank :
 

(a) Vouchers	(b) Slips
(c) Invoices	(d) Loose paper are used
2. The Bank to prepare trial balance :
 

(a) At the end of financial year only
(b) At the end of ½ years
(c) At the end of business hours on everyday
(d) At the end of every quarter of financial year
3. The profit on revaluation of investment is shown :
 

(a) On the assets side of balance sheet	(b) In Schedule No. 14
(c) In Schedule No. 13	(d) In Schedule No. 8
4. Surplus on revaluation should be treated :
 

(a) Other Income	(b) Capital Reserve
(c) Statutory Reserve	(d) Revenue Reserve
5. The minimum paid up capital required for a General Insurance Company is Rs. \_\_\_\_\_.
 

(a) 80 Crores	(b) 26 Crores
(c) 55 Crores	(d) 100 Crores
6. Commission on re-insurance coded is \_\_\_\_\_.
 

(a) An Expenditure	(b) An Income
(c) An Assets	(d) A Liability

7. The company engaged in Fire Insurance Business has to prepare \_\_\_\_\_ to ascertain profit or loss in the Business.
- (a) Profit and Loss A/c (b) Revenue Account  
(c) Trading A/c (d) Manufacturing A/c
8. In the Fire Insurance Business amount paid in settlement of claims includes amount of \_\_\_\_\_.
- (a) Outstanding Claims (b) Claims Paid Advance  
(c) Claims Not Accepted (d) Rejected Claims
9. The first item in order of payment to be made by liquidator is \_\_\_\_\_.
- (a) Secured Creditors (b) Preferential Creditors  
(c) Liquidation Expenses (d) Preferential Creditors
10. Liquidators statement of receipts and payments is known as \_\_\_\_\_.
- (a) Cash Flow Statement (b) Cash Book  
(c) Liquidators Final Statement of A/c (d) Deficiency A/c
11. Maximum \_\_\_\_\_ can treated as preferential salary and wages.
- (a) 20,000 (b) 25,000  
(c) 30,000 (d) 40,000
12. The company has to submit the statement of affairs to the official liquidator within :
- (a) 14 days (b) 21 days  
(c) 30 days (d) 45 days
13. Goodwill is generally valued on \_\_\_\_\_ of a joint stock company.
- (a) Amalgamation (b) Absorption  
(c) Internal Reconstruction (d) (a) and (c)
14. Super profit is the excess of average profit over normal profit \_\_\_\_\_.
- (a) Actual (b) Expected  
(c) Future Profit (d) Past Profit
15. Average profit is Rs. 19,167 and normal profit is Rs. 10,000 the super profit is \_\_\_\_\_.
- (a) Rs. 29,167 (b) Rs. 19,167  
(c) Rs. 10,000 (d) Rs. 9,167

16. Normal profit depends on \_\_\_\_\_.
- (a) Average Capital (b) Normal Rate of Return  
(c) Both (a) and (b) (d) None of the above
17. Yield value is based on the assumption that \_\_\_\_\_.
- (a) The company will be liquidated (b) The company is sick  
(c) The company is a going concern (d) None of the above
18. While deciding net asset value fictitious assets \_\_\_\_\_.
- (a) Should be considered (b) Added to total assets  
(c) Should not be considered (d) None of the above
19. If total assets is Rs. 10,05,000 and liabilities is Rs. 3,05,000 then net worth will be \_\_\_\_\_.
- (a) 7,00,000 (b) 13,10,000  
(c) 3,05,000 (d) None of these
20. Which of the following is not zero valuable assets ?
- (a) Discount on issue of share (b) Discount on issue of debenture  
(c) P and L account on assets side (d) Furniture and fixtures  $1 \times 20 = 20$

**SECTION—B**

1. Explain the function of Final Account of Banking Company (any **four**). 4

**OR**

Prepare schedule 13 – Interest Earned and schedule 14 – Other Income. 31 March, 2018 in the proforma pre-scribed under Banking Companies Act. Use the following information :

Particulars	Rs.
Interest on Loan	7,77,000
Interest on Cash Credit	6,69,000
Interest on Overdraft	1,42,000
Discount on Bill Discounted	4,85,000
Commission, Exchange and Brokerage	21,000
Transfer Fees	1,430
Locker Rent	2,100

**Additional Information :**

- (i) Rebate on Bills Discounted Rs. 1,51,000 4

2. Explain the nature of Business General Insurance.

4

**OR**

From the following information relating to Fire Insurance Business of a General Insurance Company prepare Fire Insurance Revenue Account for the year ended 31<sup>st</sup> March 2017 :

Claims Paid	5,80,000
Premiums Received	13,90,000
Expenses of Management	2,85,000
Provision for Unexpired Risk (31/03/2016)	5,25,000
Reinsurance Premium	80,000
Commission	2,20,000
Claims Unpaid (01/04/2016)	45,000
Claims Unpaid (31/03/2017)	47,000

Provision for Unexpired Risk at the end of the year is to be made @ 50% of net premium. 4

3. Rajpal Co. Ltd. went into liquidation on 1 Jan., 2018 prepare the Liquidators Final Statement of Account :

<b>Particulars</b>	<b>Rs.</b>
Realisation of Assets	2,10,000
Secured Creditor	1,28,500
Preferential Creditor	12,000
Liquidation Expenses	3,015
Unsecured Creditor	72,000

Remuneration of 3% on realised assets and 2½% on the amount distributed to unsecured creditor.

4

**OR**

Calculate the remuneration of liquidator :

Unsecured creditors Rs. 2,00,500

Available balance with liquidator Rs. 1,41,500

The liquidator is entitled to get 5% remuneration on the paid amount to unsecured creditor. 4

4. 'A' decided to purchase a business during the past 14 years. This business earned the profit during the last 7 year as under :

Year	Profit (Rs.)
2010–11	35,000
2011–12	38,000
2012–13	39,000
2013–14	43,000
2014–15	45,000
2015–16	45,500
2016–17	47,000

Which purchasing the business it was agreed to make valuation of goodwill at purchase of 3 years average profit of the business for previous 7 years.

Calculate the value of Goodwill.

4

**OR**

The profit of a sole trade for the last 7 years as given below. On the basis of these profit you have to calculate the value of goodwill at purchase of 3 years profit using weighted average method of valuation :

Year	Profit (Rs.)
2010–11	70,000
2011–12	90,000
2012–13	75,000
2013–14	60,000
2014–15	80,000
2015–16	95,000
2016–17	1,10,000

4

5. The balance sheet of a limited company discloses the following position as on 31<sup>st</sup> March 2018 :

**Balance Sheet**

Liability	Rs.	Assets	Rs.
2,000 Equity Share of 10 each	20,000	Fixed Assets	25,000
General Reserve	4,500	Current Assets	10,000
Profit and Loss A/c	1,000	Goodwill	2,000
5% Debenture	5,000		
Current Liabilities	6,500		
	37,000		37,000

Calculate the share valuation price.

4

**OR**

The Shanti Ltd. it is provided that goodwill shall be valued on basis of 3 years purchase of the simple average annual profit of last five year.

**The Balance Sheet**

Liability	Rs.	Assets	Rs.
20,000 Equity Share of Rs. 10 each	2,00,000	Goodwill	2,00,000
General Reserve	2,00,000	Stock	5,00,000
Workers Provident Fund	3,00,000	Debtors	4,00,000
Creditors	6,00,000	Bank	70,000
Profit and Loss A/c	1,70,000	Investment (Market Value 2,50,000)	3,00,000
	14,70,000		14,70,000

The profit for the last five year's were Rs. 15,000, Rs. 20,000, Rs. 25,000, Rs. 30,000, and Rs. 35,000.

You are required to calculate price to be paid for each share by Net Asset Methods. 4

**SECTION—C**

1. Prepare Profit & Loss account of Bharat Bank Ltd. for the year ended 31<sup>st</sup> March, 2018 from the following information :

	Rs.
Salaries and Allowances	5,40,000
Commission	82,000
Rebate on Bill Discounted	4,90,000
Interest on Fix Deposits	27,50,000
Interest on Loan	25,90,000
Discount on Bill Discounted	14,60,000
Interest on Overdrafts	15,40,000
Rent and Rates	1,80,000
Depreciation on Bank property	4,20,000
Director's Fees	30,000
Sundry Charges	17,000
Printing and Stationery	29,000
Postage and Telegrams	14,000
Interest on Savings Bank Deposits	6,80,000
Auditor's Fees	12,000
Interest and Cash Credit	22,30,000

**Additional Information :**

- (1) Bad debts to be written off amounted to Rs. 4,00,000.
- (2) Provision for taxation to be made at Rs. 15,56,500.
- (3) 20% of net profit is to be transferred to statutory reserve.
- (4) A provision of Rs. 3,00,000 is to be made for dividends. 8

**OR**

Explain the kinds of accounts that could be opened with bank. 8

2. From the following balance from the books of Paint General Insurance.

Prepare Fire Revenue Account and Accident Revenue Account. For the year ended 31 March, 2018 :

Claims Paid and outstanding :	Rs.
Fire	3,60,000
Accident	7,60,000
Additional Reserve (fire) (01/04/2017)	1,00,000
Survey Expenses (fire)	20,000
<u>Bad Debts:</u>	
Fire	10,000
Accident	24,000
Fire Fund (01/04/2017)	5,00,000
Accident Fund (01/04/2017)	16,40,000
Commission Earned on Reinsurance ceded	40,000
Profit on Sale of Land	1,20,000
<u>Premiums Less Reinsurance:</u>	
Fire	12,00,000
Accident	21,60,000
<u>Commission of Direct Business:</u>	
Fire	65,000
Accident	1,16,000
<u>Management Expenses:</u>	
Fire	2,90,000
Accident	8,00,000
Commission Earned on Reinsurance Ceded (Fire)	20,000
Commission Paid on Reinsurance Accepted:	
Fire	15,000
Accident	32,000

Additional reserve in case of Fire Insurance is to be raised by 5% of net premium in addition to usual reserve.

8

**OR**

From the following particulars of Atal Insurance Co. Ltd. you are required to prepare Fire Insurance revenue account for the year ended 31<sup>st</sup> March, 2017 :

Particulars	Rs.
Claims Paid	2,40,000
Claims outstanding (01/04/2016)	20,000
Claim intimated but not accepted as on 31 <sup>st</sup> March, 17	5,000
Claims accepted but not paid up to 31 <sup>st</sup> March, 17	30,000
Premiums Received	8,00,000
Re-insurance Premium Paid	60,000
Re-insurance Premium Received	30,000
Commission on Direct Business	50,000
Commission on Re-insurance coded	5,000
Commission on Re-insurance Accepted	2,500
Premiums Outstanding on (01/04/2016)	15,000
Expenses of Management	1,02,500
Provision for Unexpired Risk (01/04/2016)	2,50,000
Additional Provision for Unexpired Risk on 1/4/2016	10,000
Bonus in Reduction of Premium	6,000
Interest and Divided (after deducting Income Tax of Rs. 4,500)	9,000

Provide reserve for unexpired risk as per rules and for additional reserve for unexpired risk at 1% of net premium in addition to the opening balance. 8

3. The following was the "Balance Sheet" of Pawan Company Ltd. when it went into liquidation on 31st March 2018 :

**Balance Sheet**

Liability	Rs.	Assets	Rs.
Autho. Share Capital: 1,00,000 Share of Rs.10 each	<u>10,00,000</u>	Goodwill	1,00,000
Issued and paid up capital 48,000 share of Rs. 10 each	4,80,000	Leasehold Property	1,12,000
Sundry Creditor:  Preferential 1,98,000		Plant and Machinery	1,42,000
Unsecured <u>2,00,000</u>	3,98,000	Stock in Trade	1,94,000
Bank overdraft (unsecured)	10,000	Sundry Debtors	1,44,800
	<u>8,88,000</u>	Cash	1,200
		P. and L. A/c	1,94,000
			<u>8,88,000</u>

The liquidator realised the assets as follows :

	Rs.
Leasehold Property	90,000
Plant and Machinery	1,12,000
Stock in trade	1,74,800
Sundry Debtors	1,30,000

The expenses of liquidation amount to Rs. 30,000 and the liquidator's remuneration was agreed at 3% on the amount realised from asset and 2% on the amount paid to unsecured creditors other than preferential creditor.

Prepare the liquidators final statement of account. Give your working note. 8

**OR**

Definition of liquidation. Explain the methods of liquidation. 8

4. Following is the record of profit/loss in the business of Shree Bharat during the last 5 year :

Year	Profit/Loss (Rs.)
2012-13	85,000
2013-14	90,000
2014-15	1,10,000
2015-16	17,000 (Loss)
2016-17	98,000
2017-18	1,15,500

Shree Kamalnath agreed to purchase the business of Shree Bharat and to pay for goodwill to be valued with due consideration for the following points :

- (i) Goodwill to be valued at 3 year purchase of average profit for the last 6 year.
- (ii) The profit the year 2014-15 includes profit of Rs. 35,000 earned in speculative business.
- (iii) While preparing trading account for the year 2016-17 the opening stock was over-valued by Rs. 25,000.
- (iv) An amount of Rs. 15,000 paid as remuneration to a special consultant was debited to P and L A/c in 2017-18.

Compute the value of Goodwill.

8

**OR**

From the following information, compute the value of goodwill as per super method :

Average Capital Employed      Rs. 20,00,000

Normal rate of profit              12%

Profit for 2012-13 Rs. 3,00,000, 2013-14 Rs. 2,73,000, 2014-15 Rs. 3,45,000.

Profit for 2012-13 has been arrived at after writing off abnormal losses of 22,000 Rs. and profit of 2014-15 included a nonrecurring income of 40,000 Rs. Goodwill is to be calculated on the basis of annuity of 2 year purchase of super profit. The present value of annuity of Rs. 1 for 3 year at 12% is Rs. 2.6830.

8

5. Following is the Balance Sheet of XYZ Co. Ltd. as on 31<sup>st</sup> March 2018 :

**Balance Sheet**

Liability	Rs.	Assets	Rs.
<u>Share Capital:</u>		Land and Building	22,50,000
12,500 10% Preference share of Rs. 100 each Fully Paid	12,50,000	Plant	7,50,000
1,00,000 equity share of Rs. 10 each Fully Paid	10,00,000	Furniture	37,500
General Reserve	5,00,000	Stock	4,12,500
P and L A/c	7,50,000	Debtors	7,00,000
10% secured Debenture	6,00,000	Bank	1,45,000
Sundry Creditor	1,87,500	Cash	5,000
Unpaid Expenses	12,500		
	43,00,000		43,00,000

From the following information find out the value of each equity share :

- (i) Stock to be valued at Rs. 5,00,000.
- (ii) 10% of debtor will not be realised and may be a bad debt.
- (iii) One year interest is outstanding on debentures.
- (iv) No dividend has been paid so for preference share for the year 2017-18.
- (v) Depreciation is to be charged at 10% P.A. on land and building, plant and furniture. 8

**OR**

On 31<sup>st</sup> Dec. 2018 the Balance Sheet of 'X' Limited Company Disclosed the following position :

**Balance Sheet**

Liability	Rs.	Assets	Rs.
Issue capital in Rs. 10 share 40,000	4,00,000	Fixed Asset	5,00,000
Reserve	50,000	Current Assets	2,00,000
P & L A/c	20,000		
5% Debenture	1,00,000		
Current Liabilities	1,30,000		
	7,00,000		7,00,000

On 31<sup>st</sup> Dec. 2018 the fixed assets were independently valued at Rs. 6,00,000.

The net profit for 3 year were : 2016 — 51,600, 2017 — 52,000, 2018 — 51,650.

On which 20% was placed to reserve, this proportion being considered reasonable in the industry in which company is engaged and where fair investment return may be taken at 10% P.A. Calculate the value of company share by the Net Assets Method. 8