



**IV Semester B.Com. Degree Examination, May 2017**  
**COMMERCE**  
**Corporate Accounting – II (4.3)**  
**(Old)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **any ten** of the following.

**(10×2=20)**

1. State any two functions of Bank.
2. What is non purchased Goodwill ?
3. What is deficiency account ?
4. What is average clause ?
5. What is memorandum trading account ?
6. What is insolvency ?
7. What do you mean by secured creditors ?
8. State two objectives of self balancing ledger system.
9. What do you mean by valuation of shares ?
10. What is meant by bonus shares ?
11. What is super profit ?
12. What are intangible fixed assets ? Give examples.

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SECTION – B

Answer **any three** of the following.

(3×5=15)

13. What are the preferential creditors under the insolvency act ?
14. On 17-10-2016 a fire broke out in the premises of a trader and destroyed most of the stock the following particulars were however available.

Stock on 1-1-2016	Rs. 45,000
Purchases from 1-1-2016 to 17-10-2016	Rs. 2,02,500
Sales from 1-1-2016 to 17-10-2016	Rs. 2,81,250

It is further stated that the trader, in fixing the selling price has added 25% on the cost of the goods.

Prepare the statement of fire claim assuming that the salvage was valued at Rs. 1,500.

15. The following are the profits of Hubli Co. for the past five years.

Year	Profits
2011	Rs. 60,000
2012	Rs. 20,000
2013	Rs. 50,000
2014	Rs. 75,000
2015	Rs. 95,000

It is agreed that value of goodwill is the purchase of the 3 years profit of the average profit of the last 5 years under simple average profits method.



16. From the following particulars prepare the creditors ledger adjustment account.

	Rs.
Debit balance of creditors (1-1-2014)	1,000
Credit balance of creditors (1-1-2014)	10,000
Credit purchases	40,000
Cash purchases	20,000
Cash paid to creditors	35,000
Discount earned	2,000
Bills payable issued	3,000
Bills payable dishonoured	1,000
Debit balance of creditors (31-12-2014)	2,000

17. Distinguish between net assets method and yield method of valuation of shares.

SECTION – C

Answer **any three** of the following.

(3×15=45)

18. The following are the ledger balance of Indian Bank Ltd., as on 31-3-2016. Prepare the profit and loss account and the schedules in the prescribed form.

	Rs.
Interest and discount	2,46,000
Payments and provisions to employees	85,000
Contributions to staff provident fund	15,000
Advertising	8,000
Directors fees	7,000
Auditors fees	5,000



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Depreciation on banks property	9,200
Printing and Stationery	3,700
Law charges	3,100
Interest on deposits and borrowings	1,05,000
Profit on sale of investments	25,000
Loss on sales of investments	10,000
Commission and exchange	54,000
Miscellaneous incomes	6,000
Profit and loss account on 1-4-2014(Cr.)	85,000

**Additional Information :**

- a) Make provision for income tax Rs. 5,000 and Rs. 10,000 for investment fluctuations.
- b) Make provision for unexpired discount on bills Rs. 5,000 and accrued interest on investments amounted to Rs. 2,500.
- c) Directors recommended a dividend at 15% on share capital of Rs. 2,50,000.
- d) Make provision for statutory reserves and provide for tax at 15% of proposed dividend.

19. From the following particulars prepare the necessary adjustment accounts in the ledger of Ramesh who keeps his books on self balancing system.

Debtors balance on 1-1-2016 (Dr.) Rs. 38,000 (Cr.) Rs. 400

Creditors balance on 1-1-2016 (Cr.) Rs. 47,000 (Dr.) Rs. 700

Credit sales Rs. 1,50,000



Credit purchases	Rs. 1,20,000
Cash received from debtors	Rs. 1,23,000
Cash paid to creditors	Rs. 97,000
Allowances to customers	Rs. 1,000
Bad debts written off	Rs. 20,000
Bills received	Rs. 5,000
Bills accepted	Rs. 6,000
Discount allowed by customers	Rs. 700
Return outwards	Rs. 12,000
Return inwards	Rs. 9,600
Cash paid to customers	Rs. 12,500
Bills receivable endorsed to creditors	Rs. 2,000
Bills receivable endorsed dishonoured	Rs. 800
Bad debts written off previously now recovered	Rs. 1,300
Sundry expenses charged to debtors	Rs. 50

20. A fire occurred in the premises of Raju and Co. Ltd. on 1-9-2016 and the stock of the value of Rs. 50,500 was salvaged, the books and records of the business were saved. The following information was obtained

	Rs.
Purchases for the year ending 31-3-2016,	3,40,000
Sales for the year ending 31-3-2016	5,50,000
Purchases from 1-4-2016 to 31-8-2016	1,25,000

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Sales from 1-4-2016 to 31-8-2016	1,80,000
Stock on 1-4-2015	1,50,000
Stock on 31-3-2016	1,70,000

The stock 31-3-2016 was over valued by Rs. 10,000. In April 2016 the selling price was lowered by 10%.

Calculate the amount of claim.

21. From the following information prepare the statement of affairs and deficiency account of Mr. Malli Swamy who filed his petition for insolvency on 31-12-2010.

	Rs.
Creditors	1,30,000
Creditors on open accounts	60,000
Mortgage on building	20,000
Preferential creditors	4,000
Bills discounted (dishonoured Rs. 6,000)	14,000
Book debts : Good	40,000
Doubtful	7,000
Bad	9,000
Bills of exchange (estimated to produce Rs. 9,000)	10,000
Stock (estimated value Rs. 60,000)	76,000
Shares (estimated to produce Rs. 24,000)	34,000
Cash at bank	2,000



Buildings (estimated value Rs. 32,000)	36,000
Machinery (estimated value Rs. 8,000)	12,000
Furniture (estimated value Rs. 3,000)	8,000
Loss by betting	24,000

On 1-1-2006 he had capital Rs. 80,000. The business resulted in a profit Rs. 50,000 in the first three years and a loss of Rs. 28,000 in the last two years after allowing Rs. 4,000 for interest on capital each year. The drawings were Rs. 78,000 during the above period.

22. What is valuation of goodwill ? What are the factors affecting the value of goodwill ?

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