



B.Com. IV Semester (CBCS) Degree Examination, May/June - 2019

COMMERCE

Corporate Accounting - II

Time : 3 Hours

Maximum Marks : 70

SECTION - A

Answer any **FIVE** from the following:

(5×2=10)

1. Define Banking company.
2. What is Non-Banking Assets.
3. Define Insolvency.
4. What is Fire Insurance?
5. Why the self balancing Ledgers are introduced?
6. What are types of goodwill?
7. Define share.

SECTION - B

Answer any **THREE** from the following:

(3×5=15)

8. Explain the treatment of the following items in Insolvency account:
 - a) Interest on capital
 - b) Unrecorded asset
 - c) Loan from wife
 - d) Bills Discounted
 - e) Incomplete Account
9. Define self Balancing system. What are the advantages of self Balancing system.



10. From the following prepare the debtors Ledger adjustment account under self Balancing system in general Ledger.

Opening Balance of Debtors (Dr)	50,000
Opening Balance of Debtors (Cr)	3,000
Credit sales	2,20,000
Cash Received from debtors	1,70,000
Discount allowed	5,000
Returns inwards	3,000
Bad Debts	3,000
Bad Debts recovered	5,000
Bills Receivable received	20,000
Provision for Bad Debts	5,000
Transfer from Debtors to creditors Ledger	2,000
Closing credit balance of the Debtors	5,000

11. From the following information prepare the Profit and Loss Account and calculate status reserve of Mahalaxmi Bank on 31-03-2017.

Particulars	Amount
Interest and earned	2,00,000
Other Income	50,000
Interest expended	90,000
Operating expenses	60,000
Profit and Loss Account Balance on 1-4-2016	50,000
Proposed Dividend	1,500
Provision for bad debts	7,500
Provision for taxation	30,000
Rebate on bills discounted	50,000

12. From the following particulars relating to X.Co. Ltd. Calculate the value if each class of Equity Shares based on the deemed liquidation.

Total Assets	15,00,000
External Liabilities	3,40,000
Share Capital:	
15% preference shares of Rs. 100 each	3,00,000
20000 Equity shares of Rs. 10 each fully paid	2,00,000
30000 Equity shares of Rs. 10 each 8 paid	2,40,000

SECTION - C

Answer any **THREE** from the following: (3×15=45)

13. The following are the ledger balances of the Janata Bank Ltd as on 31-3-2007

Name of Accounts	Dr.	Cr.
Share Capital		
10000 shares of Rs. 10 each		100,000
Statutory Reserve		75,000
Borrowings from other Bank		80,000
Net profit for the year (before appropriation)		1,25,000
Bills payable		20,000
Cash in Hand	1,00,000	
Profit and Loss Account (balance on 1-4-2006)		1,00,000
Cash with Reserve Bank of India	25,000	
Cash with other banks	1,20,000	
Current Accounts		3,40,000
Savings Book Accounts		1,10,000
Fixed Deposits		1,50,000
Bills purchased and Discounted	1,50,000	

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Cash credits and overdrafts	2,37,500	
Money at call and short Notice	55,000	
Investments in Government Securities	70,000	
Term Loans	2,62,500	
Premises (at cost Rs. 60,000)	45,000	
Investments in shares	20,000	
Furniture and fixtures (at cost Rs. 25,000)	15,000	
	11,00,000	11,00,000

Other information:

- a) Claims against the bank not acknowledged as debts Rs. 10,000
- b) Bills for collection amounted to Rs. 75,000 and acceptances and endorsements Rs. 80,000. Prepare the balance sheet of the book as on 31-03-2007 and also the relevant schedules.

14. A filed his insolvency petition on 31-12-1990 when his position was as follows:

Creditors for goods	75,000
Loan from Mrs. A	5,000
Bills payable	5,000
Creditors secured by lien on shares	40,000
Creditors secured by lien on stock	15,000
Liability on bills discounted (estimated to rank Rs. 3,000)	7,000
Mortgage on mill	10,000
Preferential creditors	3,000
Consignment	10,000
Book debts: Good	20,000
Doubtful and bad (estimated to realized Rs. 2,000)	10,000
Shares (Estimated to realize Rs. 16,000)	15,000



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Stock (estimated to realize Rs. 40,000)	60,000
Cash	100
Bills of exchange	1,400
Mill (estimated to realize Rs. 11,000)	20,000
Machinery (estimated to realize Rs. 12,000)	15,000
Furniture (estimated to realize Rs. 1,500)	3,000
Loose tools (estimated to realize Rs. 3,000)	6,800

On 1-1-1985 he had a capital of Rs. 50,000. Profits for the first four years were Rs. 45,500 and losses for the last two years were Rs. 25,000 after allowing interest on capital at the rate of Rs. 2,500 per year. Withdrawals for the whole period amounted to Rs. 77,200. Prepare the statement of affairs and deficiency account.

15. A fire occurred in the business premises of Mr. Kumar on 20-4-2007.

The following figures were ascertained from his Books.

Stock on 1-7-2005	54,000
Stock on 30-6-2006	72,000
Purchases during the year 2005-06	5,82,500
Sales during the year of 2005-06	7,50,000
Purchases from 1-7-2006 to 20-4-2007	3,87,500
Sales from 1-7-2006 to 20-4-2007	4,50,000
Value of Salvaged stock	18,000

The Business incurred an expenses of Rs. 3000 to extinguish fire. There was a practice to value the stock at cost less 10%. He has taken fire insurance policy for Rs. 97,500 Ascertain the stock destroyed by fire and prepare the statement of claim under average clause.



16. There are three self - balancing ledgers in use of the Hospet cables Ltd namely. Purchases ledger. Sales ledger and General ledger. From the following particulars write up the necessary ledger adjustment accounts as they would appear in the general ledger:

	Rs.
Debtors balance on 1-1-1983 (Dr)	58,400
Debtors balance on 1-1-1983 (Cr)	1,000
Creditors balance on 1-1-1983 (Cr)	30,500
Creditors balance on 1-1-1983 (Dr)	500
Credit Sales	42,300
Cash sales	10,000
Cash purchases	20,000
Credit purchases	25,000
Creditors paid off	30,000
Provision for Doubtful debts	500
Received from Debtors	40,000
Provision for Doubtful debts	5,000
Discount allowed to business	1,400
Discount allowed by business	1,500
Bills receivable dishonored	500
Return inwards	2,000
Return outwards	6,000
B/R Endorsed to creditors	1,000
Bills payable accepted	6,000
Bills receivable received interest charged for dishonored bills	100
Allowances allowed by business	2,000
B/R Endorsed dishonored	500
Transfers from creditors ledger to Debtors ledger	1,000
Bad debts	700
Debtors balance on 31-12-1983 (Cr)	800
Creditors balance on 31-12-1983 (Dr)	200



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17. The following particulars are available in respect of the business of a company:

i) Profits earned for the following years are as under.

2013 - 14	2,00,000
2014 - 15	2,40,000
2015 - 16	2,20,000

ii) Normal rate of return is 10%.

iii) Average capital employed in the business Rs. 12,00,000.

iv) Present value of an annuity of one rupee for 5 years at 10% is 3.78.

v) The profits included non recurring profits on an average basis of Rs. 20,000 per year.

You are required to calculate the value of goodwill of the company on the basis of :-

- 5 years purchase of super profits.
- Annuity method of valuation of super profit.
- Capitalization of super profits method.
