

GOVERNMENT COMMERCE COLLEGE, VADALI
INTERNAL EXAMINATION–SEPTEMBER–2022
SUBJECT: CORPORATE ACCOUNTING (SUBJECT CODE: CE 202A)
B.COM. – III
SECTION-A

DATE: 27/09/2023
DAY: WEDNESDAY

TIME: 20 MINUTES
TOTAL MARKS: 10

You are required to attempt following Multiple Choice Questions. Students have to write compulsorily only “Correct Option” in the given Box. (10)
Note: Attempt Only 10 MCQs out of 12 MCQs)

01. “What is goodwill ? It is a thing very easy to describe, very difficult to define. These words are said by_____

- (A). Spicer & Pegler
- (B). Lord Eldon
- (C). Lord Machaughten
- (D). Prof. Dicksee

02. What is formula for finding out Super Profit ?

- (A). Average Profit + Expected Profit
- (B). Expected Profit + Average Profit
- (C). Average Profit – Expected Profit
- (D). Expected Profit – Average Profit

03. As per which Accounting Standard, Goodwill is divided into ‘Purchased Goodwill’ & ‘Internally Generated Goodwill’ ?

- (A). AS-26
- (B). AS-11
- (C). AS-10
- (D). AS-14

04. In Valuation of Shares, Assets should be valued at their ____ Values.

- (A). Cost
- (B). Realizable
- (C). Original
- (D). Book

05. Which of the following method takes into account the earnings available for distribution for Valuing Shares ?

- (A). Fair Value Method
- (B). Intrinsic Value Method
- (C). Yield Valuation Method
- (D). None of the Above

06. While calculating Net Assets for Share Valuation purpose, Fictitious Assets are valued at_____

- (A). Face Value
- (B). Book Value
- (C). Market Value
- (D). None of the Above

07. The Opening Balance of Rebate on Bills Discounted Account is_____
- (A). Debit Balance
 (B). Credit Balance
 (C). Either Debit or Credit
 (D).None of the Above
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08. Credit Balance of Inter-Office Adjustments will be recorded under which heading in which Schedule No. ?
- (A). Schedule No. 3 ‘Deposits’
 (B). Schedule No. 4 ‘Borrowings’
 (C). Schedule No. 9 ‘Advances’
 (D). Schedule No. 5 ‘Other Liabilities & Provisions’
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09. Which of the following is generally granted on the hypothecation or pledge of Stock of Goods ?
- (A). Bills Purchased
 (B). Cash Credit
 (C). Term Loan
 (D). Overdraft
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10. Bank Loan pledged on Plant & Machinery is_____
- (A). Secured Creditors
 (B). Preferential Creditors
 (C). Unsecured Creditors
 (D). None of the Above
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11. When a Liquidator should prepare Final Statement of Receipts & Payments ?
- (A). Every three years
 (B). On completion of Liquidation
 (C). Every two years
 (D). Every year
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12. Amount of Calls received from Contributories is_____
- (A). Receipt of a Liquidator
 (B). Payment of a Liquidator
 (C). Neither Receipt nor Payment of a Liquidator
 (D). None of the Above
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*****ALL THE BEST*****

GOVERNMENT COMMERCE COLLEGE, VADALI
INTERNAL EXAMINATION-SEPTEMBER-2023
SUBJECT: CORPORATE ACCOUNTING (SUBJECT CODE: CE 202A)
B.COM. – III
SECTION-B

DATE:27/09/2023
DAY: WEDNESDAY

TIME: 1 HOUR
TOTAL MARKS: 30

Q-1(A).From the following balances of **HDFC LTD.** prepare Profit & Loss Account and the Balance Sheet as on 31-03-2023 giving the relevant Schedules: **(13)**

Particulars	Debit Rs.	Credit Rs.
Share Capital (19,80,000 Shares of Rs. 10 each)	--	1,98,00,000
Statutory Reserve	--	2,31,00,000
Net Profit (Before Appropriation)	--	1,50,00,000
Profit & Loss A/c	--	4,12,00,000
Fixed Deposits	--	5,17,00,000
Saving Deposits	--	4,50,00,000
Current Accounts	--	5,20,12,000
Borrowings from other Banks	--	1,10,00,000
Bills Payable	--	10,000
Cash Credit	8,40,10,000	--
Cash in Hand	1,60,15,000	--
Cash with RBI	44,61,000	--
Cash with other Banks	1,49,14,000	--
Money at Call	2,10,12,000	--
Gold	55,23,000	--
Government Securities	1,10,17,000	--
Premises	1,55,70,000	--
Furniture	70,12,000	--
Term Loans	7,92,88,000	--
TOTAL.....	25,88,22,000	25,88,22,000

Additional Information:

A. Bills for Collection Rs. 18,10,000 **B.** Acceptances and Endorsements Rs. 14,12,000 **C.** Claims against the bank not acknowledged as debt Rs. 55,000 **D.** Depreciation on Premises Rs. 1,10,000 **E.** Depreciation on Furniture Rs. 78,000. **F.** Advances Secured by Tangible Assets Rs. 11,52,53,000; Covered by Bank/Govt. Guarantees Rs. 3,96,44,000 and Balance Unsecured.

Q-1(B). Write a short note on 'Rebate on Bills Discounted'.

(02)

OR

Q-1(A).The following is the Balance Sheet of **DUSTER LTD.** as on 31st March' 2023:

Liabilities	Amt. Rs.	Assets	Amt. Rs.
Share Capital:		Building at Cost	2,60,000
2,000, 10% Pref. Shares of Rs.100 Each	2,00,000	Furniture at Cost	20,000
80,000 Equity shares of Rs. 10 Each	8,00,000	Stock at Market Value	9,00,000
General Reserve	300,000	5% Govt. Securities (Face Value Rs. 8,00,000)	7,60,000

Profit & Loss A/c: Balance from 2020-2021: 1,60,000 Profit for 2021-2022: 8,60,000	10,20,000	Debtors 5,00,000 Less: B.D.R. 40,000	4,60,000
Depreciation Fund: Building 40,000 Investment 70,000	1,10,000	Bills Receivable	20,000
Creditors	70,000	Cash-bank Balance	70,000
		Preliminary Expenses	10,000
TOTAL.....	25,00,000	TOTAL.....	25,00,000

Additional Information:

1. The building is now worth Rs. 4,50,000.
2. Companies doing similar business show a profit earning capacity of 20% on market value of their shares.
3. The profits for the past three years have shown an increase of Rs.60,000 annually.
4. Profit for 2021-2022 shown above is before tax; assume tax @ 50%.
5. For computation of average profit, weights to be used are 1,2 & 3 respectively.

You are required to compute the value of Goodwill of **DUSTER LTD.** at three years purchase of its super profit. (13)

Q-1(B). Make a list of factors affecting value of Goodwill. (02)

Q-2(A). SWIFT LTD. went into voluntary liquidation on 31st December' 2022. The Balance Sheet as on that date was as under:

Liabilities	Amt. Rs.	Assets	Amt. Rs.
Share Capital:		Land & Building	1,12,000
1,000 '7%' Preference Shares of Rs. 100 each	1,00,000	Machinery	74,000
1,000 'A' Equity Shares of Rs. 100 each (Rs. 80 paid up)	80,000	Investments	68,000
700 'B''' Equity Shares of Rs. 100 each (Rs. 60 paid up)	42,000	Stock	15,000
800 'C' Equity Shares of Rs. 100 each (Rs. 40 paid up)	32,000	Debtors	36,000
5% Mortgage Debentures	20,000	Cash & Bank Balance	27,500
Outstanding Interest on Debentures	1,000	Profit & Loss A/c	70,000
Creditors	1,35,000	Preliminary Expenses	7,500
TOTAL.....	4,10,000	TOTAL.....	4,10,000

Assets Realised: Land & Building Rs. 84,400; Machinery Rs. 36,000; Stock Rs. 9,100 and Debtors Rs. 28,500.

Creditors include Preferential Creditors of Rs. 5,000. Investments mortgaged with creditors of Rs. 65,000 who realized Rs. 71,000 of the same. The excess was given to liquidator. Creditors of Rs. 25,000 were paid 3% less and Creditors of Rs. 10,000 were paid 35% less. Remaining creditors were paid fully.

Debentureholders' were paid on 30th June' 2023. Liquidation expenses were Rs. 6,795. Liquidator is entitled to a remuneration of 3% on the assets realized by him and 2% on the amount distributed to Unsecured Creditors other than Preferential Creditors.

Prepare Liquidator's Final Statement of Account and show all your necessary workings. (13)

Q-2(B). Write a short note on 'Preferential Creditors'. (02)

OR

Q-2(A). The following is the Balance Sheet **PASSION LTD.** as on 31-03-2023:

Liabilities	Amt. Rs.	Assets	Amt. Rs.
Equity Shares of Rs.100 each fully paid-up	8,00,000	Goodwill	50,000
3,000; 10% Preference Shares of Rs. 100 each fully paid-up	3,00,000	Land & Building 6,00,000 Less: Depreciation 60,000	5,40,000
Reserve and Surplus	1,50,000	Plant & Machinery 7,60,000 Less: Depreciation 1,00,000	6,60,000
Profit & Loss A/c	60,000	Other Fixed Assets 1,00,000 Less: Depreciation 25,000	75,000
13% Debentures	2,50,000	Investments: Shares of Subsidiary Company 30,000 10% Debentures of Shine Ltd. (Face Value Rs. 1,00,000) (Interest is Taxable) 90,000	1,20,000
Creditors	70,000	Stock	80,000
Bank Overdraft	30,000	Debtors 1,10,000 Less: B.D.R. 5,000	1,05,000
Bills Payable	10,000	Cash & Bank Balance	31,000
		Preliminary Expenses	9,000
TOTAL.....	16,70,000	TOTAL.....	16,70,000

Additional Information:

1. The value of Land & Building after depreciation has appreciated by Rs. 1,49,000.
2. The present Value of Plant & Machinery is Rs. 7,00,000.
3. The Company's Average Annual Profit (Before Deducting Tax at 50%) is Rs. 3,60,000.
4. The Expected Rate of Return on Capital Employed in this type of Business is considered to be 10%.
5. The value of Goodwill of the Company has been ascertained at 2 Years' purchase of Super Profits.

From the above particulars, ascertain the Fair Value' of Equity Shares of the **PASSION LTD.** (13)

Q-2(B). List out factors affecting valuation of Shares.

(02)

*****ALL THE BEST*****