

Bachelor of Commerce (B.Com.) Semester-IV Examination

FINANCIAL ACCOUNTING—III

Compulsory Paper—1

Time : Three Hours]

[Maximum Marks : 80

N.B. :— (1) **ALL** questions are compulsory.

(2) All questions carry equal marks.

1. (a) Explain the following :

(i) Bills for collection

(ii) Money at call and short notice

(iii) Deposit from customers.

8

(b) From the following balances of Maharashtra Bank Ltd. prepare Profit and Loss Account for the year ended on 31st March, 2018 :

	Rs.
Interest paid on Saving A/c	7,950
Interest on Loans and Advances	1,14,600
Discount on Bills Discounted	12,000
Director's Fees	6,200
Salaries	21,200
Postage	50
Commission	12,000
Exchange	8,200
Brokerage	5,100
Profit on Sale of Investment	3,900
Interest on Fixed Deposits	10,000
Interest on Overdrafts	8,000

Adjustments :

(1) Provide for bad debts Rs. 500.

(2) Rebate on bills discounted Rs. 1,000.

(3) Current year's depreciation on building Rs. 2,000.

(4) Provide Rs. 20,000 for tax.

(5) Transfer necessary amount to Statutory Reserve Fund from Profit as per Banking Companies Act.

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OR

(c) The following Trial Balance was extracted from the books of Dena Bank Ltd. as on 31st March 2018 :

Particulars	Rs. (in '000)	Rs. (in '000)
Share Capital		3,00,000
Cash in hand	46,350	
Investment in Govt. Securities	1,94,370	
Other Investment	1,55,630	
Gold	15,130	
Interest Accrued on Investment	24,620	
Security Deposit of Employees		15,000
Saving Account		7,420
Current Ledger Control A/c		97,000
Fixed Deposit		23,050
Share Premium A/c		90,000
Statutory Reserve		1,40,000
Silver	2,000	
Building	65,000	
Furniture	5,000	
Borrowings from Other Banks		77,230
Money at Call and Short Notice	26,000	
Advances	2,00,000	
Profit and Loss Account Balance		6,500
Bill Discounted and Purchased	12,500	
Interest	7,950	72,000
Commission and Brokerage		25,300
Discount		42,000
Audit Fees	5,000	
Salaries and Allowances	32,450	
Profit on Gold Valuation		1,200
Managing Director's Remuneration	2,000	
Miscellaneous Income		3,300
Loss on Sale of Investment	31,000	
Deposits with Other Banks	75,000	
Branch Adjustment	20,000	
Depreciation Fund on Building		20,000
	9,20,000	9,20,000

You are required to prepare Profit and Loss A/c for the year ended on 31st March 2018 and Balance Sheet as on that date after considering the following :

- (1) Provide for rebate on bill discounted Rs. 50,00,000.
- (2) Claims by employees for Bonus amounting to Rs. 1,50,00,000 are pending towards arbitration bills for collection Rs. 4,35,00,000 and acceptances on behalf of customers Rs. 5,65,00,000.
- (3) Provide for depreciation on building Rs. 50,00,000.
- (4) Provide for statutory reserve as per the Banking Companies Act.
- (5) The directors propose dividend @ 8%. 16

2. (a) Write short notes on the following :

- (i) Reserve for Unexpired Risk
- (ii) Additional Reserve. 8

(b) From the following information prepare the Balance Sheet of Insurance Co. Ltd. as on 31st March 2018 :

	Rs.
Reserve for Unexpired Risk as on 31-3-2018	7,25,000
Outstanding Premium	42,000
Deposit with Controller of Insurance	5,00,000
Furniture and Fittings	52,000
Amounts due from Agents	27,000
Profit and Loss Appropriation A/c	1,00,460
General Reserve	80,000
Share Capital	5,00,000
Investment	7,40,000
Cash in Deposit A/c	2,00,000
Outstanding dividends on Investment	12,000
Amount due to Re-insurers	80,000
Sundry Creditors	27,400
Cash at Bank	10,000
Sundry Debtors	33,160

Additional Information :

- (i) Outstanding claims due and intimated as on 31st March 2018 Rs. 66,000.
- (ii) Dividend at 8% has been proposed by the directors out of current profit.
- (iii) Share Capital consists of 10,000 equity share of Rs. 100 each on which Rs. 50 per share has been called and paid up. 8

OR

(c) Following balances are taken from the books of 'X' Insurance Company on 31st March 2018 :

Particulars	Rs.	Particulars	Rs.
Profit and Loss Appropriation		Commission on Re-Insurance	
A/c 1-4-2017 (Cr.)	60,000	accepted :	
Transfer Fee	1,500	(a) Fire	9,000
Interest on Loans given and		(b) Marine	25,000
Investment	12,500	Commission on Re-Insurance	
Management Expenses	45,000	ceded :	
Loss on realisation of Investment	34,000	(a) Fire	15,000
Reserve for Unexpired Risk		(b) Marine	15,000
(1-4-2017)		Claims Paid	
Fire Insurance	4,00,000	Fire	60,000
Marine Insurance	3,00,000	Marine	1,60,000
Additional Reserve Fire (1-4-2017)	80,000	Outstanding Claims (1-4-2017)	
Premium		Fire	5,900
Fire	9,00,000	Marine	22,000
Marine	4,60,000	Recoveries of Claims	
Commission on Direct Business		Fire	3,100
Fire	1,00,000	Marine	28,000
Marine	1,15,000	Expenses of Management	
		Fire	1,60,000
		Marine	82,000
		Legal Expenses	
		Fire	6,000
		Marine	18,000

Additional Information :

(1) Provide Reserve for Unexpired Risk at the end of the years as per rules.

(2) Outstanding claims on 31st March, 2018

 Fire Rs. 9,000

 Marine Rs. 20,000

- (3) Increase the amount of Additional Reserve to Rs. 2,00,000.
- (4) Balance of Profit and Loss Account (last year's) indicates the profit after paying a dividend of Rs. 1,40,000 for the year 2016-17.
- (5) Transfer Rs. 60,000 to Investment Fluctuation Fund.
- (6) Dividend declared for 2017-18 was Rs. 2,00,000.

Prepare :

- (i) Fire Revenue A/c
- (ii) Marine Revenue A/c
- (iii) Profit and Loss A/c.

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3. (a) What do you mean by Goodwill ? Explain the factors influencing valuation of Goodwill. 8
- (b) Ascertain the value of goodwill of Raju Co. Ltd. by capitalisation of average profit method from the following :

The net worth of the company on 31-3-2018 is Rs. 57,00,000.

The company started operation five years back with a paid up capital of Rs. 50,00,000. Profits earned before providing for taxation have been as follows :

Year ended 31-3-2014	Rs. 12,00,000
Year ended 31-3-2015	Rs. 15,00,000
Year ended 31-3-2016	Rs. 17,00,000
Year ended 31-3-2017	Rs. 19,00,000
Year ended 31-3-2018	Rs. 17,00,000

Income tax @ 50% has been payable on these Profits. Average dividend paid in five years is 12%. 8

OR

- (c) From the following Balance Sheet of Sunlight Co. Ltd. as on 31-3-2017 :

Balance Sheet

Liabilities	Rs.	Assets	Rs.
50,000 Equity Shares of		Building	2,60,000
Rs. 10 each	5,00,000	Machinery	2,00,000
6% Debentures of Rs. 500 each	50,000	Accounts Receivable	60,000
Creditors	75,000	Stock-in-Trade	90,000
Provision for Tax	35,000	Furniture	25,000
Dividend Declared	50,000	Cash	75,000
Profit and Loss A/c	1,00,000	Bank	1,00,000
	8,10,000		8,10,000

Following appreciated value of assets is estimated :

Building Rs. 3,00,000, Stock Rs. 80,000, Furniture Rs. 30,000.

There is devaluation of Machinery by Rs. 30,000; reasonable rate of return on capital invested in business is 12%.

Profits for the last five years are as follows :

Year ended	Rs.
31-3-2016	1,08,000
31-3-2015	1,15,000
31-3-2014	1,17,000
31-3-2013	93,000
31-3-2012	67,000

Estimate the value of Goodwill :

(a) Five years purchase of super profit.

(b) Average profit capitalisation.

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4. (a) How is a liquidator appointed ? State the functions of liquidator.

8

(b) A company under liquidation had following assets realised by the liquidators for amount shown against each asset.

Assets	Book Value	Realisation Value
	(Rs.)	(Rs.)
Machinery and Plant	10,00,000	9,00,000
Premises	8,00,000	10,00,000
Stock	4,00,000	1,00,000
Debtors	5,00,000	4,20,000
Cash	30,000	30,000

In addition to above assets having book value of Rs. 8,00,000 were mortgaged with fully secured creditors for Rs. 4,00,000. The creditors sold the assets themselves for Rs. 5,60,000 and returned the surplus to the liquidator.

Liquidator is to be paid 3% commission on the amount realised by him (Except Cash).

Show the above particulars in the liquidator statement of account.

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OR

- (c) On 1st January 2017 Arajun Co. Ltd. went into voluntary liquidation. The position at the winding up was as follows :

Liabilities		Rs.	Assets		Rs.
Paid-up Capital			Buildings		4,20,000
2,000 Preference Shares of			Debtors		1,30,000
Rs. 100 each		2,00,000	Stock		70,000
3,000 Equity Shares of			Cash		20,000
Rs. 100 each		3,00,000	Machinery		1,00,000
5% Debentures		2,00,000	Goodwill and Patterns		70,000
Accrued Interest on Debentures		5,000	Profit and Loss A/c		1,00,000
Sundry Creditors :					
Bank Overdraft	1,27,000				
Trade Debts	60,000				
Income Tax	10,000				
Rate	5,000				
Workmen's					
Compensation	2,000				
Electricity	<u>1,000</u>				
		2,05,000			
		<u>9,10,000</u>			<u>9,10,000</u>

The assets realised the following amounts :

	Rs.
Buildings	8,00,000
Debtors	1,14,000
Stock	50,000
Machinery	60,000
Goodwill and Patterns	76,000

The liquidator's remuneration was 5% on the amount realised by him and 1% on the amount paid to unsecured creditors. Liquidation expenses amounted to Rs. 4,000.

In the event of liquidation the preference shareholders were entitled to 20% of any surplus left after discharging liabilities and costs the balance belonging to the equity shareholder.

Prepare the liquidator's final statement of account.

16

5. (a) The following are the figures extracted from the books of Bank Ltd. :

	Rs.
Salary and Allowances	4,00,000
Rent and Tax	1,80,000
Directors Fees and Allowances	60,000
Postage and Telegrams	1,20,536
Auditors Fees	10,000
Depreciation on Bank Properties	80,000
Stationery	80,000
Interest on Deposits	40,74,504

Find out :

(1) Schedule 15 Interest Expended

(2) Schedule 16 Operating Expenses.

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(b) From the following balance of India Insurance Co. Ltd. prepare the Marine Revenue A/c for the 31st March, 2018 :

	Rs.
Bad Debts (Marine)	12,000
Bad Debts (Fire)	5,000
Marine Fund (1-4-17)	8,20,000
Fire Fund (1-4-17)	2,50,000
Marine Premium Less Re-Insurance	10,80,000
Commission Paid (Marine)	1,08,000
Commission Paid (Fire)	90,000
Claim Paid and Outstanding (Fire)	1,90,000
Claim Paid and Outstanding (Marine)	3,80,000
Management A/c (Fire)	1,45,000
Management A/c (Marine)	4,00,000
Commission Earned on Re-insurance Ceded (Fire)	30,000
Commission Earned on Re-insurance Ceded (Marine)	60,000

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- (c) Ram Ltd. agreed to purchase business of sole trader; for that purpose goodwill is to be valued at 3 years' purchase of average profit of last five years :

Profits or Losses For the years were :

2013—2014	Rs. 72,000 Profit
2014—2015	Rs. 90,000 Profit
2015—2016	Rs. 74,000 Profit
2016—2017	Rs. 92,000 Profit
2017—2018	Rs. 1,00,000 Profit

Find out value of goodwill. 4

- (d) Pravin Co. Ltd. went into liquidation on 31st March 2018; creditors on that date comprised the following items :

	Rs.
(1) Local taxes due	3,000
(2) Sales tax	4,200
(3) Commission due to two sodeman in respect of services rendered during three months of date of liquidation	9,400
(4) Directors fees for the year	40,000
(5) Income tax	5,000
(6) Trade creditors	8,13,200
	<u>8,74,800</u>

Find out preferential creditors. 4

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[Maximum Marks : 80

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(2) All questions carry equal marks.

(मराठी माध्यम)

1. (अ) स्पष्टीकरण लिहा :
- (1) संग्रहणार्थ विपत्रे
- (2) याचना व अल्पसूचना राशी
- (3) ग्राहकांकडून स्वीकारलेल्या ठेवी. 8
- (ब) इंग्रजी माध्यमानुसार. 8
- किंवा
- (क) इंग्रजी माध्यमानुसार. 16
2. (अ) खालीलवर संक्षिप्त टिपणे लिहा :
- (अ) न संपलेल्या जोखिमी साठी संचिती
- (ब) अतिरिक्त संचिती. 8
- (ब) इंग्रजी माध्यमानुसार. 8
- किंवा
- (क) इंग्रजी माध्यमानुसार. 16
3. (अ) ख्यातीपासून तुम्हास कोणता अर्थबोध होतो ? ख्याति मूल्याला प्रभावीत करणारे घटक स्पष्ट करा. 8
- (ब) इंग्रजी माध्यमानुसार. 8
- किंवा
- (क) इंग्रजी माध्यमानुसार. 16
4. (अ) निस्तारणाची नियुक्ती कशी करण्यात येते ? निस्तारणाची कार्य स्पष्ट करा. 8
- (ब) इंग्रजी माध्यमानुसार. 8
- किंवा
- (क) इंग्रजी माध्यमानुसार. 16
5. (अ) इंग्रजी माध्यमानुसार. 4
- (ब) इंग्रजी माध्यमानुसार. 4
- (क) इंग्रजी माध्यमानुसार. 4
- (ड) इंग्रजी माध्यमानुसार. 4

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Compulsory Paper—1

Time : Three Hours]

[Maximum Marks : 80

N.B. :— (1) **ALL** questions are compulsory.

(2) All questions carry equal marks.

(हिन्दी माध्यम)

1. (अ) निम्न स्पष्ट कीजिये :
- (1) संग्रहणार्थ विपत्रे (Bill for collection)
- (2) याचना व अल्पसूचनार्थ राशी (Money at call and short notice)
- (3) ग्राहकों से स्वीकृति (Deposit from customers)। 8
- (ब) अंग्रेजी माध्यम के अनुसार। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार। 16
2. (अ) निम्न पर संक्षेप में टिप्पणी लिखिये :
- (अ) असमाप्त जोखिम के लिये संचय
- (ब) अतिरिक्त संचय। 8
- (ब) अंग्रेजी माध्यम के अनुसार। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार। 16
3. (अ) ख्याति से आपका क्या आशय है ? ख्याति के मूल्य को प्रभावित करने वाले कारक (Factors) स्पष्ट कीजिये। 8
- (ब) अंग्रेजी माध्यम के अनुसार। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार। 16
4. (अ) निस्तारक की नियुक्ति कैसे की जाती है ? निस्तारण के (समापन के) कार्य स्पष्ट कीजिये। 8
- (ब) अंग्रेजी माध्यम के अनुसार। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार। 16
5. (अ) अंग्रेजी माध्यम के अनुसार। 4
- (ब) अंग्रेजी माध्यम के अनुसार। 4
- (क) अंग्रेजी माध्यम के अनुसार। 4
- (ड) अंग्रेजी माध्यम के अनुसार। 4