

B.B.A. Part—II (Semester—IV) (Old) Examination
CORPORATE ACCOUNTING
Paper—BBA/404

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.
- (3) **ALL** questions are compulsory.
- (4) In Section A, first solved MCQs will be taken into consideration.
- (5) Section B and Section C comprise of short and long questions respectively.
- (6) Show necessary Working Notes wherever necessary.

SECTION—A

Choose the appropriate option and write :

1. Rebate on Bills discounted is :
 - (a) An accrued income
 - (b) An income
 - (c) Income received in advance
 - (d) None of these
2. In Balance Sheet of Banking Company borrowings are shown in :
 - (a) Schedule—3
 - (b) Schedule—4
 - (c) Schedule—13
 - (d) Schedule—14
3. Every Banking Company is required to close its accounts on :
 - (a) 31st March
 - (b) 30th September
 - (c) 31st December
 - (d) 30th June
4. Surplus on revaluation should be treated :
 - (a) Other Income
 - (b) Capital Reserve
 - (c) Statutory Reserve
 - (d) Revenue Reserve
5. IRDA was set up in the year :
 - (a) 1998
 - (b) 1995
 - (c) 2000
 - (d) 2002
6. The minimum paid up capital required for General Insurance Company is Rs. ____.
 - (a) 25 Crores
 - (b) 80 Crores
 - (c) 100 Crores
 - (d) 55 Crores

7. A valuation Balance Sheet is prepared by :
- (a) Joint Stock Company (b) Banking Company
(c) Life Insurance Company (d) None
8. Insurance works on the principle of :
- (a) Sharing of Losses (b) Probabilities
(c) Large numbers (d) All of these
9. Interest on Bank Loan is recorded in :
- (a) Capital A/c (b) Net Revenue A/c
(c) Revenue A/c (d) General Balance Sheet
10. Depreciation Fund is recorded in :
- (a) Revenue A/c (b) Net Revenue A/c
(c) General Balance Sheet (d) None of these
11. Under Double Account System, the P & L A/c is known as :
- (a) Income and Expenditure A/c (b) Revenue A/c
(c) Net Revenue A/c (d) None of these
12. Net Profit is transferred to _____ A/c.
- (a) Net Revenue (b) General Balance Sheet
(c) Receipts and Expenditure A/c (d) None of these
13. Goodwill is :
- (a) Current Asset (b) Tangible Asset
(c) Fixed Asset (d) Intangible Asset
14. When Average Profit is Rs. 1,83,200 and Normal Profit is Rs. 1,44,000 then Super Profit will be :
- (a) 39,200 (b) 32,900
(c) 19,600 (d) 3,37,200
15. Normal rate of return depends on :
- (a) Rate of Risk (b) Rate of Return
(c) Both (a) and (b) (d) None of these
16. The excess of Average Profit over Normal Profit is known as :
- (a) Super Profit (b) Normal Rate of Return
(c) Capital Employed (d) Net Profit

17. Asset Backing Method is also known as :
- (a) Super Profit Method (b) Intrinsic Value Method
 (c) Yield Method (d) Fair Value Method
18. Fair Value of Share is _____ when Intrinsic Value is 242 and Yield Value is 120.
- (a) 183 (b) 181
 (c) 118 (d) 180
19. If Total Asset is of Rs. 10,05,000 and Liabilities are of Rs. 3,05,000 then Net Worth will be :
- (a) Rs. 7,00,000 (b) Rs. 13,10,000
 (c) Rs. 3,05,000 (d) Rs. 10,05,000
20. While deciding Net Value, Fictitious Assets :
 (a) Should be considered (b) Added to total assets
 (c) Should not be considered (d) None of these
- 20×1=20

SECTION—B

1. From the given information, prepare Schedule for Operating Expenses :

Particulars	Amount
Interest on Borrowings	40,00,000
Postage and Telegram	2,70,000
Printing & Stationery	7,40,000
Depreciation on Assets	22,00,000
Audit Fees	9,00,000
Salary to Staff	81,00,000
Rebate on Bill Discounted	3,00,000

OR

Prepare necessary Schedules from the given information :

	Rs.
Cash in Hand	2,88,80,000
Balance with RBI	38,25,000
Bill Purchased	3,60,00,000
Local Bill Discounted	2,75,00,000
Cash Credit	5,32,80,000
Overdraft	4,61,50,000
Term Loan	1,77,00,000

2. From the given information, find out Net Commission :

Rs.	
Commission on Direct Business	25,000
Commission on re-insurance ceded	2,000
Commission on re-insurance accepted	3,000

OR

Give the necessary Journal entries for Rasik General Insurance Company Ltd. on 31st March, 2023 :

Rs.	
Premium due but not received	84,000
Bonus in reduction of premium	26,000
Claims covered by re-insurance	45,000

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3. Prepare Revenue A/c in the books of Jay Electricity Company Ltd. :

Rs.	
Sale of Current	52,00,000
Meter Rent	2,50,000
Cost of Electricity Generation	13,75,000
Electricity Distribution Expenses	1,90,000
Rent, Rates and Taxes	2,10,000
Management Expenses	5,00,000
Depreciation	7,60,000
Land and Building	10,00,000

OR

Give the Proforma of Receipts and Expenditure on Capital A/c.

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4. Calculate the Value of Goodwill as four years purchase of last five year average profits of Shree Co. Ltd. :

2022-23	6,70,000	(Profit)
2021-22	4,80,000	(Profit)
2020-21	5,00,000	(Profit)
2019-20	50,000	(Loss)
2018-19	5,00,000	(Profit)

OR

Explain the importance of Goodwill.

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5. Ansh Company has 15,000 Equity Shares of Rs. 100 each fully paid up and Rs. 7,50,000 reserve and surplus. Find out the Value of Shares.

OR

Discuss the significance of Valuation of Shares.

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SECTION—C

1. Give the specimen of Balance Sheet of Banking Companies.

OR

Prepare Profit and Loss A/c of Oriental Bank Ltd. for the year ending 31st March, 2023 :

	Rs.
Interest on Cash Credit	3,20,000
Printing and Stationery	30,000
Interest on Overdraft	60,000
Law Charges	2,000
Rent and Taxes	22,000
Directors and Auditors Fees	50,000
Interest on Loan	4,00,000
Interest on Fixed Deposits	4,78,000
Commission Received	40,000
Rebate on Bills discounted	55,000
Postage	2,000
Discount on Bills discounted	2,00,000
Interest on Saving Bank Deposits	72,000
Establishment Charges	60,000

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2. "A contract of insurance is a contract of indemnity." Explain.

OR

From the following information, prepare a Balance Sheet of Star Insurance Co. Ltd., as on 31st March, 2023 :

	Rs.
Share Capital	4,00,000
Govt. Securities	2,80,000
Premises	3,32,000
Furniture	34,000
Due to Other Insurers	23,600
Agent's Balance (Dr.)	5,000

	Rs.
General Reserve	57,200
P & L Appropriation A/c (Cr.)	39,000
Share Forfeiture A/c	3,000
Addition Reserve (31-3-2023)	75,000
Cash at Bank	69,000

Additional Information :

(i) Claims O/s on 31-3-2023 :

Fire	Rs. 17,000
Marine	Rs. 15,000

(ii) Premium O/s on 31-3-2023 :

Fire	Rs. 13,000
Marine	Rs. 10,000

(iii) Depreciation provided on Premises by 5% and on Furniture by 10%.

(iv) Closing Balance of Funds :

Fire	Rs. 43,200
Marine	Rs. 50,000

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3. From the following balances of Paras Electric Company Ltd., prepare Capital A/c on 31-3-2023 :

31-3-2022	Particulars	Dr. (Rs.)	Cr. (Rs.)
5,00,000	Share Capital	—	25,00,000
8,00,000	Land	10,00,000	—
3,00,000	Building	7,00,000	—
9,10,000	Plant and Machine	11,10,000	—
10,00,000	Debentures	—	15,00,000
—	Reserve Fund	—	17,00,000
—	Securities Premium	—	70,000
2,00,000	Mains and Meters	8,00,000	—
2,70,000	Furniture	3,60,000	—
—	Depreciation Fund	—	1,00,000

OR

Distinguish between Revenue A/c and Net Revenue A/c.

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4. Following particulars are available in respect of the business of Shri Yuvraj :

(a) Average Capital employed – Rs. 2,00,000

(b) Trading Results :

Year		Rs.
1	Profit	48,000
2	Profit	68,000
3	Loss	16,000
4	Profit	84,800

(c) Market Rate of investment = 8%.

(d) Rate of Risk on Capital Employed in the business = 2%.

(e) Remuneration of Proprietor from alternate employment Rs. 14,400 p.a.

You are required to compute the Value of Goodwill on the basis of 3 years purchase of Super Profit.

OR

Discuss various methods of valuation of Goodwill with suitable example. 8

5. Explain various methods of valuation of Shares.

OR

From the following information, calculate the Value of Equity Shares :

(1) 6,000, 4% Preference Shares of Rs. 100 each – Rs. 6,00,000

(2) 7,500, Equity Shares of Rs. 100 each – Rs. 7,50,000

(3) Expected Profit per year (before Tax) – Rs. 3,75,000

(4) Rate of Income Tax – 50%

(5) Transfer to General Reserve 20% of Profits

(6) Normal Rate of Earning – 12%. 8