



## B.Com. (Semester – VI) (New Course) Examination, April 2018

## ACCOUNTING MAJOR – 1

## Advanced Accounting – II

Duration : 2 Hours

Total Marks : 80

**Instructions :** 1) Q. No. 1 is compulsory.

2) Attempt any three from Q. No. 2 to Q. No. 6.

3) Each question carries 20 marks.

4) Mention working notes and Schedules required whenever necessary.

1. You are given the following extracts of ledger balances taken from Volvo Co. Limited for the year ended 31<sup>st</sup> March, 2017. 20
- Prepare a statement of Profit and Loss as per revised Schedule III of Companies' Act with necessary notes for the year ended 31<sup>st</sup> March, 2017.

Particulars	Amount (Rs.)
Excise duty	8,000
Provision for tax	10,000
Depreciation on machinery	3,300
Sundry expenses	7,000
Rent paid	4,000
Salaries	7,500
Materials consumed	90,000
Directors remuneration	20,000
Machinery	25,000
Factory expenses	2,500
Sales	4,55,000
Return inward	5,000
Purchases	2,35,000
Closing stock	75,000
Opening stock	82,000
Wages	30,000
Bank loan	40,000
Interest on bank loan	4,000
Interest on investment	5,000
Rent received	3,000
Motive power	10,000
Transport charges	1,000
Loss on sale of fixed assets	2,000

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2. Time Machine Company Limited went in for voluntary liquidation on 31<sup>st</sup> March 2017. The Balance Sheet of the Company as at 31<sup>st</sup> March 2017 is given below : 20

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share capital :		Freehold property	11,85,000
1,00,000 Equity shares of Rs. 10 each fully paid up	10,00,000	Plant	6,03,000
10% Preference shares of Rs. 100 each fully paid up	12,00,000	Motor vehicle	1,15,000
Securities premium	1,00,000	Stock	3,72,000
5% Debentures	2,00,000	Sundry debtors	1,48,000
Interest on debentures	5,000	Profit and loss A/c	4,28,000
Bank overdraft	1,16,000		
Sundry creditors	2,30,000		
<b>Total</b>	<b>28,51,000</b>	<b>Total</b>	<b>28,51,000</b>

The preference dividends are in arrears for the years 2015-16 and 2016-17.

The company's articles provide that on liquidation, out of the surplus after payment of liquidation costs and outside liabilities, it shall be applied firstly towards arrears of preference dividends, secondly to preference shareholders with a premium thereon at Rs. 10 per share and any residue shall be paid to the equity shareholders.

The liquidator realized the assets as below :

	Rs.
Freehold property	14,25,000
Plant and machinery	5,05,000
Motor vehicle	1,18,000
Stock in trade	3,00,000
Sundry debtors	1,20,000

Creditors were paid less discount of 5%

Debenture holders were paid along with accrued interest up to 30-6-2017.

Liquidator's remuneration is 2% of the assets realized and cost of liquidation was Rs. 7,640.

Prepare the Liquidator's Statement of Account.



3. The following are the figures extracted from the books of Trustworthy Bank Limited as on 31<sup>st</sup> March 2017 : 20

Particulars	Amount (Rs.)
Interest and discount received	37,05,738
Interest paid on deposits	20,37,452
Issued and subscribed capital	10,00,000
Salaries and allowances	2,00,000
Director's fees and allowances	30,000
Rent and taxes paid	90,000
Postage and telegram	60,286
Statutory reserve fund	8,00,000
Commission exchange and brokerage received	1,90,000
Rent received	65,000
Profit on sale of investment	2,00,000
Depreciation on bank property	30,000
Stationery expenses	40,000
Preliminary expenses	25,000
Auditor's fees	5,000

The following further information is available :

- 1) A customer to whom a sum of Rs. 10,00,000 has been advanced has become insolvent and it is expected that only 50% can be recovered from his estate.
- 2) There were also other debts for which a provision of Rs. 1,50,000 was found necessary by the auditors.
- 3) Rebate on bills discounted on 31<sup>st</sup> March 2016 was Rs. 12,000 and on 31<sup>st</sup> March 2017 was Rs. 16,000.
- 4) Provide Rs. 6,50,000 income-tax.
- 5) The directors desired to declare 10% dividend.

Prepare the profit and loss account of Trustworthy Bank Ltd. with necessary Schedules for the year ended 31<sup>st</sup> March 2017 and also show how the profit and loss account will appear in the balance sheet, if the profit and loss account opening balance was Rs. 1,00,000 as on 31<sup>st</sup> March 2016.

8% Preference share  
 5,50,000  
 30,000 capital  
 15,00,000  
 1,00,200 Equity share capital  
 85,000  
 51,000 Staff Welfare Fund  
 23,000 Provision for taxation  
 28,550  
 Deferred advertisement  
 expenses  
 Closing stock  
 Interest accrued on investments  
 Debtors for goods



4. From the following information of M/s Kingfish Marine Insurance Co. Ltd., prepare the Revenue account as per Regulations of IRDA with necessary Schedules for the year ended 31<sup>st</sup> March 2017.

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Particulars	Amount Rs.
Premiums received	18,75,000
Premium outstanding on 31 <sup>st</sup> March, 2017	1,25,000
Premium paid on reinsurance ceded	2,28,000
Claims paid	10,54,000
Estimated liability in respect of outstanding claims :	
On April 1 <sup>st</sup> , 2016	1,80,000
On March 31 <sup>st</sup> , 2017	2,25,000
Expenses of management (includes Rs. 45,000 towards Surveyor's fee and Rs. 65,000 towards legal expenses paid for settlement of claims)	Rs.
Interest and dividend (gross)	1,65,000
Income tax on the above	49,575
Profit on sale of investment	46,000
Commission paid	1,94,000
Balance of fund on 1 <sup>st</sup> April 2016 was Rs. 18,50,000 including additional reserve of Rs. 1,80,000. Additional reserve has to be maintained at 10% of net premiums for the year.	

5. From the following ledger balances of Royal Limited as on 31<sup>st</sup> March, 2017, you are required to prepare the balance sheet as on 31<sup>st</sup> March, 2017 as per the Revised Schedule III of the Companies Act along with necessary notes.

20

Particulars	Amounts (Rs.)	Particulars	Amounts (Rs.)
Office equipment	4,80,600	General reserve	2,15,000
9% Govt. Bonds (investment)	2,45,000	Profit and loss A/c (Credit)	2,00,000
Loose tools	1,63,000	Creditors for goods	1,68,500
Plant and machinery	18,00,000	Creditors for expenses	36,000
Computer software	83,250	Bank overdraft	75,000
Debtors for goods	1,90,000	Mortgage loan	3,10,000
Deferred advertisement expenses	30,000	8% Preference share capital	5,50,000
Closing stock	1,00,200	Equity share capital	15,00,000
Interest accrued on investments	51,000	Staff Welfare Fund	85,000
Cash at bank	23,000	Provision for taxation	26,550

6. The trial balance of Janata Bank as on 31<sup>st</sup> March 2017 stood as follows : 20

Particulars	Amount (Rs.)
Paid up share capital (Rs. 10 face value)	10,00,000
Bills discounted	9,00,000
Reserve fund	3,85,000
Cash credits and overdrafts	14,00,000
Unclaimed dividends	5,000
Loans to public sector	23,00,000
Saving deposits	25,00,000
Furniture	20,000
Fixed deposits	20,00,000
Profit and loss account (credit balance)	1,60,000
Stamps	5,000
Cash in hand	2,50,000
Cash with R.B.I.	6,50,000
Investments at cost (approved securities)	4,75,000

Out of the total debts, Rs. 26,85,000 was considered good.

Debts (advances) amounting to Rs. 26,85,000 were fully secured and for the balance, the bank held no other security. The liability of the bank for acceptances and guarantees on behalf of the customers is Rs. 5,00,000.

The directors require the bank's investments to be shown in the Balance sheet at Market value which is Rs. 5,25,000.

Prepare the Balance Sheet of the Bank for the year ended 31<sup>st</sup> March, 2017 along with necessary Schedules in the prescribed format.