



NANAK CHAND ANGLO-SANSKRIT COLLEGE, MEERUT
CORPORATE FINANCIAL ACCOUNTING
(I-2002)

Subject Guide: Dr. S.K.GHAI (M) 09557331969 email: drskghainas@gmail.com

Instructions: (1) Students are required to write their Name, Father's Name, Class, Year & Semester, Roll no./Enrolment no. and Batch (2019-21) on the top of the answer sheet. (2) Answer sheet should be of A4 size.

Max. Time: 30 minutes

Max. Marks: 20

M.COM. 2nd SEMESTER: TEST No.5

Q.1. The profits and losses for last six years were as under – (10)

YEAR	PARTICULARS
1	Rs.3,000 (including gain on sale of fixed assets Rs.1,000)
2	Rs.7,000 (excluding Rs.2,000 as insurance premium)
3	Rs.2,000 (after debiting loss due to fire Rs.1,000)
4	Rs.3,000
5	Rs.5,000 (including voluntary retirement compensation of Rs.1,000)
6	Rs.1,000 (Loss)

Calculate the amount of Goodwill on the basis of three years' purchase of last 6 years' profits and losses.

OR

Explain **any five** (i) Features of Goodwill and (ii) Reasons for arising Goodwill.

Q.2. The profits of last five years and respective weights assigned are as under – (10)

YEAR	2015	2016	2017	2018	2019
PROFITS	32,000	21,000	28,000	26,000	25,000
WEIGHTS	1	2	3	4	5

You are being informed that –

- (a) On October 1, 2019 a vehicle shed was constructed for Rs.40,000. The same was charged to revenue. Depreciation @ 10% p.a. was also not charged on this.
- (b) The closing stock for the year 2018 was undervalued by Rs.3,000.
- (c) Profit for the year 2017 was distributed to partners in the ratio of 2:2:1 instead of 3:2:1.
- (d) An Annual Insurance Premium of Rs.5,000 has not been taken into account during any of the years. The same should be taken into consideration for the purpose of valuation of goodwill.

Calculate the Goodwill of a firm on the basis of three years' purchase of the weighted average profits of the last five years.