

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

THIRD SEMESTER – JUNE 2015

BC 3502/BC 4502/BC 4500 - COMPANY ACCOUNTS

Date : 01/07/2015

Dept. No.

Max. : 100 Marks

Time : 10:00-01:00

Answer all questions:

1. What is 'pro-rata' allotment of shares?
2. What are preference shares?
3. What is profit & loss appropriation account?
4. What is acquisition of business?
5. What is meant by alteration of share capital of a company?
6. Define Goodwill?
7. What is firm underwriting?
8. P Company Ltd redeems 20,000; 8% preference shares of Rs. 100 each at a premium of 10% out of the profit otherwise available for dividends journalise.
9. C Ltd acquired the business of kamal & co for a consideration of Rs 5, 00,000. The vendors were paid Rs 1, 40,000 in cash and balance in 10% debentures of Rs.100 each issued at 90%. Give journal entries.
10. A company offers to its existing shareholders the right to buy one share of Rs.100 each at Rs. 120 for every three shares held. The cum rights quotation in the market for the company's share is Rs.180 Calculate the value of the rights.

PART –B (4x10=40Marks)

Answer any Four questions:

11. Bring out the various methods of valuation of shares.
12. Describe the methods of ascertaining profit prior to incorporation?
13. State the conditions and procedures for the issue of redeemable preference shares?
14. M Ltd issued 1,00,000 equity shares of which only 60% was underwritten by ganesh. Applications for 90,000 shares were received in all out of which application for 52000 were marked. Determine the liability of ganesh.

15. Ascertain the value of goodwill of shoeneischit Limited carrying on business from the following:

Balance Sheet as at 30-06-2000

Liabilities	Rs.	Assets	Rs.
Paid-up capital – 2,500 Shares of Rs.100 each fully paid	25,00,000	Goodwill at cost	2,50,000
Bank Overdraft	4,80,000	Land & Building at cost	11,00,000
Sundry Creditors	8,05,000	Plant & Machinery at cost less Depreciation	10,00,000
Provision for Taxation	4,25,000	Stock-in-trade	15,00,000
Profit & Loss Appropriation Account	6,00,000	Book debts less provision for bad debts	9,60,000
	----- 48,10,000 -----		----- 48,10,000 -----

The Company started operations in 1995 with a paid-up capital as aforesaid of Rs.25,00,000. Profit earned before providing for taxation have been as follows:

Year ended 30yh June	Rs.
1996	6,00,000
1997	7,50,000
1998	8,50,000
1999	9,50,000
2,000	8,50,000

Income tax @ 50% has been payable on these profits. Dividends have been distributed from the profits of the first three years @ 10% and from those of the next two years @15% of the paid-up capital.

16. A Ltd purchased business A & co and agreed to settle purchase consideration by the allotment of 1000 equity shares of Rs 10 each at 10% premium to partners 500 10% debentures of Rs100 each at per for loan creditors and Rs. 50,000 in cash to partners. Calculate purchase consideration.

17. On 1st January,2000 YZ Ltd. Acquired the business of X, taking over all the assets with the exception of the book debts, which it undertook to collect on behalf of X, and out of the proceeds pay the liabilities owing at the date of the transfer. At that date the book debts amounted to Rs. 54,000 and the creditors Rs.37,000. The company agreed to do the job for vendors on 3 per cent commission on amounts collected and one percent on amount paid. The company could not collect Rs.2,800 from the existing debtors and allowed Rs.300 as cash discount to the remaining debtors. The company could collect the time-barred debts (which was written off as bad by the vendors) of Rs.2,000. The company paid Rs.35,000 to creditors in satisfaction of total amount due. However, the company was forced to meet a contingent liability on bills discounted by vendors of Rs.3,000. Give journal entries (including that of cash) in the books of YZ Ltd.

PART-C (2X20= 40 MARKS)

Answer any TWO questions

18. Explain the law relating to calculation of Managerial Remuneration.
 19. A Ltd invited applications for 10,000 shares of Rs. 100 each at a discount of 5% payable as follows:

on application Rs.25

on allotment Rs. 34

on first & final call Rs. 36

Applications were received for 9000 shares and all of these were accepted. All moneys due were received except the first and final call on 100 shares which were forfeited of the forfeited shares, 50 shares were re-issued at the rate of Rs. 90 as fully paid. Show necessary journal entries in the books of the company.

20. The following is the trial balance of Nakul Ltd. As at 31st March, 1990.

	Rs.	Rs.
Stock 1 st April, 1989	75,000	
Purchases Returns		10,000
Purchases and Sales	2,45,000	3,40,000
Wages	30,000	
Discount		3,000
Carriage Inward	950	
Furniture and Fittings	17,000	
Salaries	7,500	
Rent	4,000	
Sundry Expenses	7,050	
Profit and Loss Appropriation Account, 31 st March, 1989		15,000
Dividend paid for 1988-89	9,000	
Share Capital		1,00,000
Debtors and Creditors	27,500	17,500
Plant and Machinery	29,000	
Cash at Bank	46,200	
General Reserve		15,500
Patents and Trade Marks	4,800	
Bills Receivable and Bills Payable	5,000	7,000

Prepare Trading Account, Profit and Loss Account, and Profit and Loss Appropriation Account for the year ended 31st March, 1990 and Balance sheet at that date. Take into consideration the following adjustments:

- (i) Stock on 31st March, 1990 was valued at Rs.88,000
- (ii) Make a provision for income tax@ 50%
- (iii) Depreciate plant and machinery @ 15%. Furniture and Fittings @ 10% and Patents and Trade Marks @ 5%.
- (iv) On 31st March, 1990 outstanding rent amounted to Rs.800 while outstanding salaries totaled Rs.900.
- (v) The Directors propose a dividend @ 15% per annum for the year ended 31st March, 1990 after the minimum transfer to General Reserve as required by law.

- (vi) Make a provision for doubtful debts amounting to Rs.510.
- (vii) Provide for managerial remuneration at 10% of net profits before tax.

21. The balance sheet of weak Ltd was as follow as 31 st March 2014

Liabilities	Rs	Assets	Rs
4000 shares of Rs 100 each fully paid	4, 00,000	Goodwill	60,000
6% debentures	2, 00,000	Land & buildings	1, 00,000
Sundry creditors	2, 50,000	Plant &Machinery	4, 00,000
		Stock	90,000
		Sundry Debtors	60,000
		Preliminary expenses	10,000
		Profit & Loss a/c	1, 30,000
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	8, 50,000		8,50,000
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In order to reconstruct the company, wiping off fictions and intangible assets and writing down plants & Machinery to its proper figure of Rs. 300,000 the shares were reduced to Rs. 20 each. Court's approval was obtained. Draft necessary journal entries and show the balance sheet after the scheme is put through.

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