

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP**

**THIRD SEMESTER – NOVEMBER 2019**

**BC 3502 – COMPANY ACCOUNTS**

Date: 29-10-2019  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

**Section-A**

**Answer all questions**

**(10x2=20)**

1. Define shares
2. What do you mean by forfeiture of share?
3. Write a note on right issue
4. What do you mean by CRR?
5. What are the objectives of financial statements?
6. Write a note on AS-
7. What do you mean by capital reserve?
8. What do you mean by acquisition of company?
9. What is the need of valuing?
10. What is the internal re construction?

**Section-B**

**Write any four questions**

**(4x10=40)**

11. Write the provisions regarding redemption of preference shares
12. What are the different methods adopted for calculating the amount of purchase consideration
13. write a detail about maximum remuneration payable to different categories of managerial personnel
14. V Ltd declared a public issue of 2, 50,000 equity shares of Rs.100 each. The entire issue was underwritten by A, B, C and D in the proportion of 30%, 25%, 25% and 20% respectively. A,B and D Had also agreed to firm underwriting of 8,000, 12,000, nil, and 30,000 shares respectively. The total Subscription, excluding firm underwriting, and including marked applications, was for 1, 80,000 shares. Marked applications received were: – A – 48,000 ; B – 24,000 ; C – 40,000 and D – 48,000. Ascertain the liability of the individual underwriters, assuming the benefit of firm underwriting is not given to individual underwriters.
15. K Limited has 3,00,000 10% preference shares of Rs.10 each redeemable at a premium of 10% on 31 March 2013. On that date the company's balance sheet included general reserve Rs.15,00,000 and profit and loss A/c Rs.5,00,000. The company redeemed its preference shares on that date, for which purpose:
  - i) Sold investments costing Rs.4,00,000 for Rs.6,00,000
  - ii) Issued for cash 5,000, 12% debentures of Rs.100 each at par.
  - iii) Issued 1,00,000 equity shares of Rs.10 at a premium of Rs.4 per share. Journalize.

16. The following scheme of reconstruction has been approved for B Ltd:

- i) The shareholders to receive in lieu of their present holding of 60,000 shares of Rs.10 each fully paid, the following:
  - a) Fully paid equity shares, equal to one third of their holding.
  - b) 8% preference shares fully paid, equal to one fifth of the above new Equity shares.
  - c) Rs.60, 000 8% debentures.
- ii) Debenture holder's total liability of Rs.75, 000 is to be reduced to Rs.25, 000. This will be satisfied by the issue of 2500, 8% preference share of Rs.10 each, fully paid.
- iii) Goodwill is to be written down by Rs.2,50,000, Machinery by Rs.25,000 and the balance in the scheme to be used to write down premises.
- iv) Company issued Rs.50,000, 6% debentures for cash. Journalize the above transactions.

17. R Ltd was incorporated on 01.04.2012. It took over the running business of A with effect from 01.10.2011.

The sales for the period upto 31.03.2012 was Rs.2,70,000 and the sales from 01.04.2012 to 30.09.2012 amounted to Rs.3,30,000 The expenses debited to profit and loss account are as follows:

Directors fees	Rs.15,000
Bad debts	Rs. 1,800
Advertisement (Rs.500 per month)	Rs. 6,000
Salaries and general expenses	Rs.32,000
Preliminary expenses	Rs. 3,000

The gross profit for the period from 01.10.2011 to 30.09.2012 was Rs.2,40,000.

Ascertain the profit before and after incorporation.

### Section-c

**Answer any two questions**

**(2x20=40)**

18. What is different method adopted in valuing goodwill of the company

19. A company makes an issue of 5000 equity shares of Rs.100 each at 10% discount. The net amount is Payable as follows:

On application and allotment	Rs.40
On first call	Rs.25
On final call	Rs.25

A shareholder, holding 100 shares did not pay final call money. His shares were forfeited. Of these, 40 shares were re-issued to Mr. Y at Rs.70 per share.

Journalize.

20. The following Trial Balance is extracted from the books of XYZ Ltd on 31/12/2011

<u>Particulars</u>	<u>Debit</u>	<u>Credit</u>
	<u>Rs.</u>	<u>Rs.</u>
Furniture and fittings	6,400	-

Machinery	1,37,500	-
Equity Share Capital Rs.10 each	-	1,22,000
P/L balance on 1/1/2011	-	11,000
Bad Debts	2,000	-
Sundry Debtors and Creditors	38,000	25,000
Stock on 1/1/2011	34,600	-
Purchases and Sales	56,000	1,55,000
12% debentures	-	25,000
Advertising	4,500	-
Calls in arrears	2,000	-
Commission	-	12,000
Cash	6,500	-
Taxes and Insurance	12,500	-
Salaries	40,000	-
Bills receivable and payable	20,000	10,000
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	<u>3,60,000</u>	<u>3,60,000</u>

Adjustments:

- i) Stock on 31.12.2011 was Rs.33,250.
- ii) Depreciate machinery @ 5%, Furniture @ 10%.
- iii) Debentures were issued on 1<sup>st</sup> July 2011.
- iv) One-half of commission received is in respect of work to be done next year.
- v) Write off further Rs.1,000 as bad debts and provision for bad debts is to be made at 5% on Sundry Debtors.
- vi) Prepaid insurance Rs.250 and outstanding salaries are Rs.300
- vii) Directors propose 10% dividend on equity shares, subject to 10% dividend tax.
- viii) Provide Income tax at 50%

Prepare Trading and Profit and Loss account for the year ending 31.12.2011 and a Balance sheet as on that date.

21. The average capital employed by K Ltd is Rs.35,00,000, whereas the net trading profits before tax for the last three years have been Rs.14,75,000, Rs.14,55,000 and Rs.15,25,000.

During these three years the Managing Director was paid a salary of Rs.10,000 per month. But now he would be paid a salary of Rs.12,000 per month. The normal rate of return expected in the industry to which K Ltd belongs is 18%. Tax rate is 50%.

Calculate Goodwill on the basis of three years purchase of super profits.

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