



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – COMMERCE

FOURTH SEMESTER – APRIL 2017

### CO 4502 / CO 4500- COMPANY ACCOUNTS

Date: 25-04-2017  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

#### Part- A

Answer all the questions:

(10 X 2=20 Marks)

1. Define shares.
2. What is meant by Pro-Rata allotment of shares?
3. What is Firm Underwriting?
4. Write short notes on: minimum new issue of shares.
5. What is acquisition of business?
6. Write any two reasons for calculating 'Profit Prior to Incorporation'.
7. What is meant by Unclaimed Dividend?
8. What is yield value of shares?
9. Write a note on: Vendors Suspense Account.
10. Define Goodwill.

#### Part- B

Answer any FOUR questions:

(4 X 10=40 Marks)

11. Explain in detail the requirements for the redemption of preference shares as per Sec. 80 of the companies act 1956.
12. Explain and illustrate the different methods of valuation of Goodwill.
13. What is internal reconstruction? Explain different kinds of Alteration of Share Capital which do not require approval of a court of law.
14. The following is the balance sheet of XYZ Ltd. as on 31.12.2015.

Liabilities	Rs.	Assets	Rs.
4,000 10% pref. shares of Rs. 100 each	4,00,000	Sundry assets at book value	12,00,000
60,000 equity shares of Rs. 10 each	6,00,000		
Bills payable	50,000		
Creditors	1,50,000		
	12,00,000		12,00,000

The market value of 60% of the assets is estimated to be 15% more than the book value and that of the remaining 40% at 10% less than the book value. There is an unrecorded liability of Rs. 10,000.

Find the value of each equity share it is to be assumed that preference shares have no prior claim as to payment of dividend or to repayment of capital.

15. A company was incorporated on 1<sup>st</sup> May 2015 to take over a business as a going concern from 1<sup>st</sup>

January of the same year. The turnover for the year ended 31<sup>st</sup> December was Rs. 2,00,000 namely Rs.60,000 for the first period upto 1<sup>st</sup> May and Rs. 1,40,000 for the following period. From the profit and loss account given below for the year ended 31<sup>st</sup> December 2015, you are required to ascertain profits prior to incorporation.

Profit & Loss Account for the year ended 31-12-2015			
Particulars	Rs.	Particulars	Rs.
To Rent & Rates	3,240	By Gross Profit	70,000
To Insurance	720		
To Lighting	2,040		
To Salaries	7,800		
To Director's Fees	2,000		
To sales discount	5,000		
To sales commission	10,000		
To General expenses	2,400		
To Carriage outwards	3,000		
To Bank Charges	420		
To Repairs	1,380		
To Bad Debts	600		
To Loan Interest	1,200		
To Net Profit	30,200		
	<u>70,000</u>		<u>70,000</u>

16. L& T Ltd. Issued 50,000 equity shares of Rs. 10 each at par. The entire issue was underwritten as follows.

A-30,000 shares (Firm underwriting 4,000 shares)

B-15,000 shares (Firm underwriting 5,000 shares)

C-5,000 shares (Firm underwriting 1,000 shares)

The total applications including firm underwriting were for 40,000 shares. The marked applications were as follows.

A-10,000 shares B-7,000 shares C-3,000 shares

Determine the liability of each underwriter.

17. On 1<sup>st</sup> January 2016, Nissan Ltd. acquired the business of Harris taking over all the assets with the exception of book debts when it undertook to collect on behalf of Harris 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 creditors Rs. 37,000. The company agreed to do the job for vendors on 3% commission on amount collected and 1% 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 debt 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 the vendor of Rs. 3,000. Give journal entries in the books of Nissan Ltd.

### Part- C

18. X Ltd. company issued 10,000 shares of Rs. 10 each payable as follows:

Rs. 3 on application

Rs. 3 on allotment

Rs. 4 on first and final call

The company received 13,000 application form the public. Applications for 1,500 shares were rejected and the excess application money received on the other 1,500 shares was adjusted towards allotment.

All the amounts due on the shares were received except the call money on 500 shares which were forfeited after the due notice. Later 400 of the forfeited shares were reissued at Rs. 8 per share.

Pass necessary journal entries.

19. From the following balances as on 31<sup>st</sup> December 2016 of a limited company, prepare statement of profit and loss for the year ended and balance sheet as on that date.

Debits	Rs.	Credit	Rs.
Opening stock	33,380	Paid up capital	50,000
Discount	6,788	Sales	1,46,268
Land	22,000	Sundry receipts	200
Plant and machinery	10,700	Creditors	39,532
Purchases	91,888	Provision for bad debts	5,300
Furniture	2,750	Discount (Cr)	5,904
Debtors	63,600	Bank overdraft	13,823
P & L A/c (Dr)	4,960	Customer's deposit	400
Carriage	3,780		
Wages	9,016		
Bad debts	1,820		
Office expenses	10,275		
Cash in hand	470		

The following adjustments have to be made:

- i) Closing stock Rs. 35,460
- ii) Depreciation on plant & machinery at 10% and furniture at 6%
- iii) Provide 10% for bad and doubtful debts
- iv) Customer's deposit has been forfeited
- v) Provision for taxation Rs. 7,500
- vi) Proposed dividend at 10%

20. The following is the summarized balance sheet of Adams Ltd. as on 30<sup>th</sup> Sep. 2015.

Liabilities	Rs.	Assets	Rs.
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30,000 equity shares of Rs. 10 each	3,00,000	Freehold property	1,20,000
<b><u>Reserve and Surplus</u></b>		Plant	50,000
General reserve 1,20,000			
Capital reserve 40,000			
Profit & loss a/c 1,20,000	2,80,000		
<b><u>Current liabilities &amp; provision</u></b>		Stock	3,10,000
Creditors	93,700	Debtors	2,03,000
Income tax payable	11,500	Bank	1,17,000
Proposed dividend	34,500	Cash	1,700
Bills payable	82,000		
	8,01,700		8,01,700

Net profit before taxation for the past three years ended:

30.9.2013- Rs. 1,38,000

30.9.2014- Rs. 1,83,000

30.9.2015- Rs. 1,97,000

Freehold property was valued early in 2015 at Rs. 1,60,000

Average yield in this type of business is 15% on capital employed. It is the practice of the company to transfer 25% of the profit to reserve.

You are required to find out the value of each equity share on the basis of above mentioned facts.

21. From the following balance sheet of Johnson Ltd. on 31<sup>st</sup> December 2014 and 2015, you are required to prepare cash flows statement.

<b>Liabilities</b>	<b>2014 Rs.</b>	<b>2015 Rs.</b>	<b>Assets</b>	<b>2014 Rs.</b>	<b>2015 Rs.</b>
Share capital	1,10,000	1,10,000	Goodwill	22,000	22,000
General Reserve	14,000	18,000	Buildings	40,000	36,000
Profit & loss a/c	16,000	13,000	Plant	37,000	36,000
Sundry creditors	8,000	5,400	Investment	10,000	11,000
Bills payable	1,200	800	Stocks	30,000	23,400
Provision for taxation	16,000	18,000	Bills receivables	2,000	3,200
Provision for doubtful debts	400	600	Debtors	18,000	19,000
			Cash at bank	6,600	15,200
	<b>1,65,600</b>	<b>1,65,800</b>		<b>1,65,600</b>	<b>1,65,800</b>

Additional Information:

- Depreciation charged on plant was Rs. 4,000 and on Building Rs. 4,000
- Provision for taxation of Rs. 19,000 was made during the year.
- Interim dividend of Rs. 18,000 was paid during the year.

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