

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FOURTH SEMESTER – APRIL 2010

BC 4502/BC 4500/CR 4500 - COMPANY ACCOUNTS

Date & Time: 23/04/2010 / 9:00 - 12:00

Dept. No.

Max. : 100 Marks

PART – A

Answer **ALL** questions

(10 x 2 = 20 Marks)

1. B Ltd, issued 50,000 equity shares of Rs. 10 each to the Public on condition that full amount of shares will be paid in a lump sum. All these shares were taken up and paid by the public, pass journal entry in the books of the company when shares are issued at a premium of 10%.
2. What is forfeiture of shares?
3. Sintex Ltd, issued 1000, 8% Debentures of Rs 100 each, Give journal entry in the books of the company, If the debentures are issued at par, redeemable at par.
4. What is "Loss on issue of debentures"?
5. What is interim dividend?
6. Under what heading in a company's Balance sheet would you classify 'Preliminary expenses'?
7. What is capital reduction?
8. Calculate Time ratio from the following details:
Pre-incorporation period from 1-1-2009 to 1-5-2009
Post-incorporation period from 1-5-2009 to 31-12-2009.
9. What is Liquidators final statement of account?
10. Calculate goodwill from the following:
Net assets-Rs.960000, Total capitalized value of assets – Rs.1200000.

PART – B

Answer any **FIVE** Questions

(5 x 8 = 40 marks)

11. XYZ Co Ltd issued 20,000 shares of Rs. 10 each. These shares were underwritten as follows:
X-10,000 shares; Y-6000 shares. The Public applied for 16000 shares which included marked applications as follows:
X-2400 shares; Y-600 shares. Determine the obligation of the underwriters?
12. R LTD has Rs. 10,00,000, 8% debentures outstanding 1.1.2009. The company has been redeeming every year on 1st January, Rs. 1,00,000 debentures by drawings a lot. Give necessary journal entries.
(i) If the redemption is out of profits
(ii) If the redemption is out of capital
13. From the following particular, determine the maximum remuneration available to a full time director of a manufacturing company.
The profit & loss account of the company showed a net profit of Rs.40,00,000 after taking into account the following items.
(i) Depreciation (including special depreciation of Rs 40,000) 1,00,000
(ii) Provision for income –tax 2,00,000
(iii) Donation to political parties 50,000
(iv) Ex-gratia payment to a worker 10,000
(v) Capital profit on sale of assets 15,000
14. G Ltd was registered on 01-07-2009 to acquire the running business of Mr. Lal Jain with effect from 1-1-2009. The following was the profit and loss account of the company on 31-12-2009.

To Office expenses	54,000	By Gross Profit b/d	2, 25,000
To Formation expenses (written off)	10,000		
To Stationary & Post	5,000		
To Selling expenses	60,000		
To Directors fees	20,000		
To Net profit	76,000		
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	2, 25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sale for the year took place in the ratio of 1:2 before and after incorporation respectively.

15. From the following information find out the value of each share.

LIABILITIES	Rs	ASSETS	Rs
Share capital 20,000 equity shares of Rs.10/-	2,00,000	Goodwill	1,90,000
Reserves	2,50,000	Investments	3,00,000
Profit & Loss A/c	30,000	Current Assets	50,000
Unsecured Loans	80,000	Loans & Advances	30,000
Current liabilities	20,000	Miscellaneous expenditure	10,000
	5,80,000		5,80,000

For the purpose of valuation of shares, goodwill will be taken at two years purchase of the average profit of the last five years are Rs.60,000 ; Rs. 40,000 ; Rs. 50,000, Rs. 50,000 and Rs.70,000.

16. Explain in detail the provisions relating to the redemption of preference shares.

17. What is Acquisition of business? Explain the methods of computing purchase consideration on acquisition of business.

18. Show the specimen Balance sheet of a Company.

PART - C

Answer any TWO questions.

(2 X 20 = 40 marks)

19. A Ltd invited applications for 10,000 shares of Rs. 100 each at a discount if 5% payable as follows,

On applications Rs.25/-

On allotment Rs.34/-

On first & final call Rs.36/-

Applications were received for 9,000 shares and all of those accepted. All money 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 Balance sheet of weak co Ltd a son 31.12.2009

LIABILITIES	Rs	ASSETS	Rs
1, 00,000 Equity shares of Rs. 10 each.	10,00,000	Land	1,00,000
Sundry creditors	1,73,000	Plant & Machinery	2,30,000
		Furniture & Fittings	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at Bank	5,000
		Profit & Loss Account	5,50,000
	11,73,000		11,73,000

The approval of the court was obtained for the following scheme of reduction of capital.

(a) The equity shares to be reduced to Rs. 4 per share

(b) Plant & machinery to be written down to Rs. 1, 50,000.

(c) Stock to be revalued at Rs. 1, 40,000.

(d) The provision of debtors for doubtful debts to be credited Rs. 2,000.

(e) Land to be revalued at Rs. 1, 42,000.

Pass journal entries to give effect to the above arrangement and also prepare reconstruction account and balance sheet after reconstruction.

21. The comparative balance sheet of Mr.Vijay for two years as follows:-

LIABILITIES	2003	2004	ASSETS	2003	2004
	Rs	Rs		Rs	Rs
Loan from wife	–	20,000	Cash	11,000	15,000
Bills payable	12,000	8,000	Debtors	40,000	35,000
Creditors	25,000	52,000	Stock	25,000	30,000
Loan from Bank	43,000	60,000	Machinery	20,000	14,000
Capital	66,000	34,000	Land & Building	50,000	80,000
	1,46,000	1,74,000		1,46,000	1,74,000

Additional information:

I. Net loss for the year 2004 amounted to Rs. 13,000

II. During the year machine costing Rs. 5,000

(accumulated depreciation Rs.2,000) was sold for Rs.2,500. The provision for depreciation against machinery as on 31-12-2003 was Rs. 6,000 and on 31-12-2004 Rs.7000.

From the above information. prepare a cash flow statement.

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