



Date: 05-05-2018
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

PART – A

Answer All:

10 x 2 =20

1. What do you mean by 'Forfeiture of Shares'?
2. Explain 'Internal Reconstruction'.
3. What are the different types of debentures?
4. What is Capital reduction?
5. What is interim dividend?
6. Write a note on cash flow statement.
7. List out the reasons for converting the sole proprietorship concern to limited companies.
8. What is super profit method?
9. Kandan Ltd purchased the business of Senthil Brothers for Rs.54,00,000 payable in fully paid shares of Rs.100 each. What entries will be made in the books of Kandan Ltd., if such issue is (a) at Par, (b) at a premium of 20%.
10. A Ltd invited application for 10,000 shares of Rs.100 each at a discount of 5% payable as: on application Rs.25, on allotment Rs.34, on first & final Call Rs.36. Application were received for 9,000 shares. All moneys due were received except the first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 were reissued at Rs.90, as fully paid. Show Journal entries for forfeiture and reissue of shares.

PART – B

Answer any four:

4 x 10 = 40

11. What are the different types of underwriting?
12. 'A' limited company issued 10,000 shares of Rs.10 each payable as under:
Rs.2 on application; Rs.3 on allotment ; Rs.3 on first call and Rs.2 on final call.
The public applied for 9,000 shares. These were allotted. All the money due on these shares was received except the first call and final call on 400 shares.
Pass journal entries.
13. What is the procedure to be followed for reducing share capital?
14. Pankajam Mills Ltd, was incorporated on 31st July 1977 to purchase the business of Hemalatha & Co, as on 1st April 1977. The books of accounts disclosed the following on 31st March 1978.
- (1) Sales for the year Rs.32,10,400 (1st April to 31st July '77 Rs. 8,02,600;
1st August '77 to 31st March 1978 Rs. 24,07,800)
- (2) Gross profit for the year Rs. 4,12,800; Managing Directors' salary Rs. 12,000; Preliminary expenses written off Rs.18,000 Company secretary's salary Rs. 58,000.
- (3) Bad debts written off Rs.14,890 (prior to 31st July Rs. 4,020, after 31st July Rs.10,870)
- (4) Depreciation on machinery Rs.25,200; general expenses Rs.51,000; Advertising Rs.7,400; Interest on debentures Rs.20,000.
- You are required to prepare a statement showing properly the net profit of the company as between
- a) Profits available for distribution;
b) Profits prior to incorporation.
15. From the following particulars relating to the business of Mr. Rahul compute the value of goodwill on the basis of 3 years purchase of super profits taking average of last four years:
- Capital invested –Rs.1,20,000
Market rate of return on investment – 12%
Rate of risk return on capital invested – 3%
Managerial remuneration of the proprietor, if employed elsewhere Rs.30,000 p.a
- Trading results :
- | | | |
|------|--------|--------|
| 1995 | Profit | 60,000 |
| 1996 | Profit | 72,000 |
| 1997 | Loss | 8,000 |
| 1998 | Profit | 88,000 |
16. What is the accounting treatment to be followed when same set of books are followed?

17. Symcox Ltd, issued 75,000 equity shares of Rs.10 each and 5,000 Redeemable Preference Shares of Rs.100 each all shares being fully called and paid up on 31-3-1992. Profit & loss account showed undistributed profits of Rs. 3,00,000 and general reserve stood at Rs. 2,50,000. On 1-4-1992, the directors decided to redeem the existing preference shares at Rs. 105 utilising as much profits as would be required for the purpose.

You are required to pass journal entries in the books of the company.

PART – C

Answer any two:

2 x 20 = 40

18. Asit Ltd. is a company with an authorized capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs.100 each. On 31.12.005, 2,500 shares were fully called up.

The following balances were extracted from the ledger of the company as on 31.12.05

	Rs
Stock	50,000
Sales	4,25,000
Purchases	3,00,000
Wages (productive)	70,000
Discount allowed	4,200
Discount received	3,150
Insurance upto 31.3.06	6,720
Salaries	18,500
Rent	6,000
General expenses	8,950
Profit & loss A/c (Cr)	6,220
Printing and stationery	2,400
Advertisement	3,800
Bonus	10,500
Debtors	38,700
Creditors	35,200
Plant & Machinery	80,500
Furniture	17,100
Cash and bank balance	1,34,700
Reserve	25,000
Loan from Managing director	15,700
Bad debts	3,200
Calls-in-arrears	5,000

You are required to prepare trading and profit & loss A/c for the year ended 31.12.05 and the balance sheet as on that date.

Additional Information:

- (a) Closing stock Rs.91,500
- (b) Provide depreciation at 15% on plant & machinery and 10% furniture
- (c) Outstanding liabilities: Wages Rs.5,200; Salary Rs.1,200; Rent Rs.600
- (d) Provide 5% dividend on the paid up share capital.

19. The Balance Sheet of National Ltd. at 31.12.2006 was as follows:

Liabilities	Rs.	Assets	Rs.
Share capital:		Goodwill	15,000
2000 Preference Shares of 100 each	2,00,000	Freehold properties	2,00,000
4,000 Equity Shares of Rs.100 each	4,00,000	Plant	3,00,000
5% Mortgage Debentures	1,00,000	Stock	50,000
Bank Overdraft	50,000	Debtors	40,000
Creditors	1,00,000	Profit & Loss	2,45,000
	<u>8,50,000</u>		<u>8,50,000</u>

The company got the following scheme of reconstruction approved by the court:

- a. The preference shares to be reduced to Rs.75 per share, fully paid.
- b. The Debenture holders took over the stock and book debts in full satisfaction of the amount due to them.
- c. Goodwill is to be eliminated, the freehold properties to be depreciated by 50%, value of plant to be increased by Rs.50, 000, the Profit & Loss to be eliminated.

Give Journal entries and prepare revised Balance sheet.

20. a. What are the different methods of valuing shares of a company?

- b. List out the factors affecting the goodwill of the company.

21. Good prospects Ltd, issued 40,000 shares of Rs. 10 each at a premium of Rs.2 per share.

The shares were payable as follows:

Rs.2 on application

Rs.5 on allotment (including premium)

Rs.5 on first & final call.

All the shares were applied for and allotted. All moneys were received with the exception of the first & final call on 1,000 shares which were forfeited. 400 of these were reissued as fully paid at Rs.8 per share. Give the necessary journal entries, prepare the bank a/c and the balance sheet of the company.
