LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

THIRD SEMESTER – **NOVEMBER 2018**

BC 3502– COMPANY ACCOUNTS

Date: 23-10-2018 Dept. No. Max. : 100 Marks
Time: 01:00-04:00

PART A

ANSWER ALL THE QUESTIONS: (10 X 2 = 20)

Define/What

1. Write a short note on Sweat equity shares.
2. Mari Ltd issued 1,00,000 equity shares of which only 60% was underwritten by Gandhi. Applications for 90,000 shares were received in all out of which application for 52,000 were marked. Determine the liability of Gandhi.
3. What do you mean by Premium on redemption
4. Write Any three objectives of Financial Statements
5. What is Corporate dividend tax
6. Write a note an Vendor’s suspense a/c
7. Write about the treatment of Loss prior to incorporation
8. ABC Ltd has 60,000 equity shares of Rs.100 each, Rs.80 per share called up. Now the company decides to pay off Rs. 20 per share of the paid up capital and at the same time to reduce the Rs.100 share to Rs.60 share fully paid up by cancelling the unpaid amount. Gove journal entries.
9. From the following data, calculate the amount of fresh issue of shares:

Redeemable preference shares	Rs. 80,000
Premium on redemption	5%
Divisible profits available	Rs. 15,000
General reserve balance	Rs. 6,500
Securities premium a/c	Rs. 4,000

   Fresh issue is to be made at a discount of 10%
10. A partnership firm earned net profits during the last three years as follows:
    1996 Rs.17,000; 1997 Rs. 20,000; 1998 Rs.23,000
    The capital investment in the firm throughout the above mentioned period has been Rs.80,000.
    Having regard to the risk involved, 15% is considered to be a fair return on the capital. Calculate the value of goodwill on the basis of 2 years’ purchase of average super profits earned during the above mentioned three years.

PART B

ANSWER ANY FOUR QUESTIONS (4 X 10 = 40)

11. A Co Ltd had Authorized Capital of Rs. 50,00,000 divided into 1,00,000 Equity shares of Rs.50 each. The company issued for subscription 50,000 shares at a premium of Rs.10 each. The entire issue was underwritten as follows:

X	30,000 shares (Firm underwriting---5,000 shares)
Y	15,000 shares (Firm underwriting---2,000 shares)
Z	5,000 shares (Firm underwriting---1,000 shares)

    Out of the total issue 45,000 shares including firm underwriting were subscribed. Following were the marked forms:
    X 16,000 shares; Y 10,000 shares; Z 4,000 shares.

Calculate the liability of each underwriter assuming (a) shares underwritten are treated as marked application. (b) shares underwritten are treated as unmarked applications.

12. Fine Ltd acquired land costing Rs.1,00,000 and in payment allotted Equity Shares of Rs.100 each as fully paid. Further the company issued 4,000 equity shares to the public. The shares were payable as follows:
    On application Rs.30; On allotment Rs.30 and On first and final call Rs.40
    The public applied for all the shares which were allotted. All moneys were received except the call on 200 shares. Give necessary journal entries.
13. A company has 10,000 9% redeemable preference shares of Rs.100 each fully paid. The company decides to redeem the shares on 31st December 2004 at a premium of 10%. The company makes the following issues:
    (i) 6,000 equity shares of Rs. 100 each at a premium of 10%
    (ii) 4,000 8% debentures of Rs.100 each

    The issue was fully subscribed and allotments were made. The redemption was duly carried out. The company has sufficient profits. Give necessary journal entries.
14. From the following summary of Cash account of X Ltd., prepare Cash Flow Statement for the year ended 31st March 2007 in accordance with AS-3 using the direct method. The company does not have any cash equivalents.

SUMMARY (CASH ACCOUNT) 31.3.2007

	Rs.		Rs.
To balance b/d 1.4.2006	50	By payment to suppliers	2,000
To equity shares	300	By purchase of fixed assets	200
To receipt from customers	2,800	By overhead expenses	200
To sale of *fixed assets*	100	By wages & salaries	100
		By taxation	250
		By dividends	50
		By repayment of loan	300
		By balance c/d (31.8.2007)	150
	3,250		**3,250**

15. A company was incorporated on 30th June 1994 to acquire the business of Mohan as from 1st January 1994. The accounts for the year ended 31st December 1994 disclosed the following;
    (a) There was a gross profit of Rs. 2,40,000
    (b) The sales for the year amounted to Rs.12,00,000 of which Rs.5,40,000 were for the first six months.
    (c) The expenses debited to profit and loss account included:

	Rs.
Directors' fees	15,000
Bad debts	3,600
Advertising (under a monthly contract of Rs.1000)	12,000
Salaries	64,000
Preliminary expenses written off	5,000
Donation to political parties given by the company	5,000

    Prepare a statement showing profit made before and after incorporation.
16. Explain the steps to be followed in detail when same set of books of accounts are continued on acquisition of a running business.
17. Explain the various methods of valuation of goodwill.

PART C

ANSWER ANY TWO OF THE FOLLOWING **(2 X 20 = 40)**

18. DEF Company Limited, issued prospectus inviting applications for 20,000 shares of Rs.10 each at a premium of Rs.2 per share payable as follows:

    On application Rs. 3 ; On allotment Rs. 5 (including premium) ; On first call Rs.2 ; On second call Rs.2

    Applications were received for 30,000 shares and allotment made pro-rata to the applicants of 24,000 shares. Money overpaid on application was employed on account of sums due on allotment.

    Mr.Bhat, to whom 400 shares were allotted, failed to pay the allotment money; and on his subsequent failure to pay the first call, his shares were forfeited. Mr. Lokesh, the holder of 600 shares, failed to pay both calls and his shares were forfeited after the second call.

    Of the shares forfeited, 800 shares were reissued to Mr. Seetharaman, credited as fully paid, for Rs. 9 per share, the whole of Mr.Bhat's share being included.

    Pass necessary journal entries

19. Marshall and Robert carrying on business in partnership, sharing profits and losses in the ratio of 2:1 wish to dissolve the firm and sell the business to a limited company on 31st December 1998 when the firm's balance sheet stands as under:

Liabilities		Rs	Assets	Rs.
Sundry creditors		45,000	Cash at bank	8,000
Reserve fund		45,000	Sundry debtors	1,20,000
Capital accounts:			Stock	1,62,000
Marshall	1,40,000		Motor vehicle	24,000
Robert	1,00,000	2,40,000	Furniture	16,000
		3,30,000		3,30,000

Nash Co Ltd was registered with an authorized capital of Rs.6,00,000 in equity shares of Rs.10 each to acquire the above business on the following terms:

(i) Goodwill is valued at Rs.75,000

(ii) Furniture and stock are revalued at Rs.14,500 and Rs. 1,74,500 respectively.

(iii) Debtors are subject to 5% provision.

Motor vehicle is not required by the company and Marshall takes over the same at an agreed valuation of Rs.22,000.

The purchase price is satisfied by the issue of equity shares Rs.10 each at par.

Show Journal entries and balance sheet of the company assuming that the same set of books are continued.

20. Asit Limited is a company with an authorized capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each. On 31.12.1990, 2,500 shares were fully called up.

The following balances were extracted from the ledger of the company as onn 31.12.90.

Particulars	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 up to 31.3.91	6,720
Salaries	18,500
Rent	6,000
General expenses	8,950
Profit and loss a/c (Cr)	6,220
Printing and stationary	2,400
Advertisement	3,800
Bonus	10,500
Debtors	38,700
Creditors	35,200
Plant and 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
Share Capital	2,50,000
Calls in arrears	5,000

You are required to prepare statement of profit and loss a/c for the year ended 31.12.90 and the Balance sheet as on that date.

Additional Information:

1. Closing stock Rs.91,500
2. Provide depreciation at 15% on plant and machinery and 10% furniture.
3. Outstanding liabilities: wages Rs.5,200; salary Rs.1,200; rent Rs.600.
4. Provide 5% dividend on the paid up share capital
5. Provide for corporate dividend tax @17%.

21. A) Explain the different kinds of 'Alteration of share capital' which do not require approval of a court of law with suitable examples.

B) From the following balance sheet, you are required to value the equity shares:

Liabilities	Rs.	Assets	*Rs.*
2,000 6% pref.shares of Rs.100 each	2,00,000	Assets at book values	*6,00,000*
30,000 equity shares of Rs.10 each	3,00,000		
Current liabilities	1,00,000		
	6,00,000		**6,00,000**

The market value of 50% of the assets is considered as 10% more than the book values and that remaining 50% at 5% less than the book values. There was a liability of Rs. 5,000 which remained unrecorded. Assume preference shares have no priority as to the repayment of capital or dividend.

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