

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FOURTH SEMESTER – APRIL 2010

CO 4502/CO 4500 - COMPANY ACCOUNTS

Date & Time: 23/04/2010 / 9:00 - 12:00 Dept. No.

Max. : 100 Marks

SECTION – A

Answer **ALL** the questions

(10X2=20 marks)

1. What is 'Prorata' allotment of shares?
2. Explain the term 'Firm underwriting'.
3. What do you mean by Ex-interest of debenture?
4. How do you Calculate Super Profit?
5. What is "Pre-incorporation Profit"?
6. Write a note on Internal Reconstruction.
7. The share capital of Z Ltd. consisted the following:
 - a) 10,000 6% preference shares of rs.100 each
 - b) 50,000 equity shares of rs.10 eachThe following scheme of capital reduction was approved.
The 6 % preference shares to be converted into 7 %
Preference shares of rs.60 each and the equity shares are
To be converted into shares of rs.2 each. Pass journal entry.
8. From the following particulars, compute the value per equity Share under Net assets method:

Total assets at market value	Rs.49, 80,000
Total outside Liabilities	Rs.19, 00,000
2, 00,000 Equity shares of rs.10 each	Rs.20, 00,000
9. B Ltd. issued 1000 12 % debentures, of rs.100 each at a Discount of 10 % and redeemable at a premium of 10 %. Show the Journal entry.
10. A Company had as part of its share capital 1000 redeemable Preference shares of rs.100 each fully paid up. When the shares Became due for redemption, the company had rs.60, 000 in its Reserve fund. The company issued necessary equity shares of Rs.25 specially for the purpose of redemption and received cash In full. Make the necessary journal entries recording the above Transactions.

SECTION-B

Answer any **FIVE** questions

(5X8=40 marks)

11. Explain the provisions relating to redemption of redeemable Preference shares.
12. Bring out the various methods of valuation of shares.
13. Explain briefly the provisions of the Indian companies act 1956 Regarding issue of shares at discount.
14. A Ltd. issued 10,000 equity shares of rs.10 each payable as Under:

Rs.2 on application;	Rs.5 on allotment;	Rs.3 on first and final Call.
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The public applied for 8,000 shares which are allotted. All the Money due on shares was received except the first and final Call on 100 shares. These shares were forfeited and reissued at Rs.8 per share. Show the Journal entries.
15. Velu Ltd. issued 1, 00,000 equity shares. The whole of the issue Was underwritten as follows:

A – 40 %;	B – 30 %;	C – 30%
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Applications for 80,000 shares were received in all, out of the Which applications for 20,000 shares had the stamp of A, those For 10,000 shares that of B and 20,000 share that of C. The Remaining applications for 30,000 shares did not bear any stamp. Show the net liability of the underwriters.

(P.T.O) -1-

16. A company purchased Building of the book value of Rs.1,98,000 From another firm. It was agreed that the purchase consideration be paid by issuing 10 % Debentures of Rs.100 each. Give Journal entries if the debentures have been Issued; a) at par; b) at discount of 10 %; and c) at a premium of 10 %.
17. From the following information calculate the value of goodwill On the basis of 3 years purchase of super profit.
- Average capital employed in the business is rs.20,00,000
 - Rate of interest expected from capital having regard to the Risk involved is 10 %
 - Net trading profits of the firm for the past three years Were rs.3, 50,400; rs.2, 80,300 and rs.3, 10,100
 - Fair remuneration to the partners for their services Is rs.48, 000 p.a.
 - Sundry assets of the firm are rs.23, 50,400 and current Liabilities are rs.95, 110.
18. A company was incorporated on 30th June 1984 to acquire the Business of Mohan as from 1st January 1984. The accounts for the year ended 31st Dec.1984. Disclosed the following:
- There was a gross profit of rs.2,40,000
 - The sales for the year amounted to Rs.12,00,000 of which Rs.5, 40,000 were for the first six months.
 - The expenses debited to profit and loss accounts included: Director's fees rs.15, 000; Bad debts rs.3, 600; Advertising (Under a monthly contract of rs.1, 000) rs.12, 000; Salaries rs.64, 000; preliminary expenses Written off rs.5, 000; Donation to political parties given By the company rs.5, 000.
- Prepare a statement showing profit made before and after Incorporation.

SECTION-C

Answer any **TWO** questions

(2X20=40 marks)

19. Shrine Ltd went into Liquidation on 30.6.2006. Following information is available. Based on this prepare Liquidation Final Statement allowing for his Remuneration at 3 % on Assets Realised excluding cash and 2 % on amount paid to Unsecured creditors.

Share Capital:

2,000 8 % Preference Shares of Rs.100 each fully paid
30,000 equity shares of Rs.10 each Rs.8 paid.

Assets realised Rs.8, 20,000 (including cash Rs.12, 000)

Preferential Creditors Rs.6, 000;

Unsecured Creditors Rs.6, 30,000;

Debentures having floating charge on the assets Rs.1, 00,000;

Legal expenses Rs.1, 500

Liquidation expenses Rs.10, 000

A call of Rs.2 per share on partly paid 30,000 shares was made.

20. The Comparative Balance sheets of Mr. Wheldon for the two years were as follows:

Liabilities	1993 Rs.	1994 Rs.	Assets	1993 Rs.	1994 Rs.
Creditors	40,000	44,000	Cash	10,000	7,000
Wheldon's loan	25,000	-----	Debtors	30,000	50,000
Loan from bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	75,000	1,10,000
Total	2,30,000	2,47,000	Total	2,30,000	2,47,000

During the year a machine costing Rs.10, 000 (accumulated depreciation Rs.3, 000) Was sold for Rs.5, 000. The provision for depreciation against machinery as on 1st jan.1993 Was Rs.25, 000 and on 31st Dec. 1993 Rs.40, 000. Net profit for the year 1993 amounted to Rs.45, 000. Prepare cash flow statement.

21. The Alfa Manufacturing Company Ltd. was registered with a nominal capital of Rs.6, 00,000 in equity shares of Rs.10 each. The following is the list of balances Extracted from its books on 31st Dec.1996.

Calls-in-arrears rs.7, 500; Premises rs.3, 00,000; Plant rs.3, 30,000; Interim dividend Paid on 1.8.96 rs.37, 500; Stock on 1.1.96 rs.75, 000; Fixtures rs.7, 200; Debtors rs.87,000 Goodwill rs.25,000; Cash in hand rs.750; Cash at bank rs.39,000; Purchases rs.1,85,000 Preliminary expenses rs.5,000; Wages rs.84,865; General expenses rs.16,835; Freight and carriage rs.13,115; salaries rs.14,500; Directors' fees rs.5,725; Bad debts rs.2,110; Debenture Interest paid rs.9,000; 6 % debentures rs.3,00,000 Subscribed and fully called up capital rs.4,00,000; Profit \$ Loss a/c rs.14,500 (cr.) Bills Payable rs.38,000; Sundry creditors rs.50,000; Sales rs.4,15,000; General reserve rs.25,000; Bad debts reserve (1.1.96) rs.3,500

Prepare Trading and Profit & Loss Account and Balance sheet in proper form after Making the following adjustments:

- a) Depreciate Plant and Machinery by 10%
- b) Write off rs.500 from preliminary expenses
- c) Provide half years debenture interest due
- d) Leave bad and doubtful debts reserve at 5 % on sundry debtors
- e) Closing stock rs.95,000

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