

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com.DEGREE EXAMINATION –COMMERCE

FOURTH SEMESTER – APRIL 2018

CO 4502– COMPANY ACCOUNTS

Date: 09-05-2018
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART-A

ANSWER ALL QUESTIONS

(10*2=20 MARKS)

1. For what purposes “Securities premium” can be used?
2. Y Ltd forfeited 1000 equity shares of Rs.10 each, issued at a discount of 10% for non-payment of first call of Rs.2 and the final call of Rs.3 per share. Show necessary Journal entry.
3. What are ‘convertible debentures’?
4. Z Ltd redeemed Rs.10,000. 12% Debentures, out of capital by drawing a lot and it has also redeemed Rs.20,000. 10% debentures out of profit by drawing a lot Journalize.
5. What is the maximum rate of Managerial remuneration in case of a public limited company?
6. What is meant by revenue from operations?
7. What is meant by Alteration of share capital?
8. In order to provide funds for capital reduction scheme , a debenture holder of Rs.4,00,000 has agreed to take over stock worth Rs.1,00,000 and book debts of Rs.80,000 in full satisfaction of the amount due to him , pass Journal entry to record the above transactions .
9. How do you determine ‘Fair value’ of shares?
10. Calculate Liquidator’s remuneration from the following particulars: Assets realized Rs.6,30,000 including cash balance Rs.30,000 Liquidator’s remuneration-2% on the assets realized.

PART-B

ANSWER ANY FIVE QUESTIONS

(5*8=40 MARKS)

11. Write a short note on:
 - (a) Marked Application
 - (b) Firm underwriting
 - (c) Underwriting commission on shares and debentures
12. The following particulars relate to a company, which has gone into voluntary liquidation. Prepare Liquidator’s final statement of account, allowing for his remuneration at 2% on the amount distributed to unsecured creditors other than preferential creditors.

Rs.	
Preferential creditors	24,200
Unsecured creditors	1,32,100
Liquidation expenses	1,000
Assets realized	1,51,000

13. The following is the balance sheet of A Ltd as on 31.3.2018:

Liabilities	Rs.	Assets	Rs.
Equity share capital	5,00,000	Sundry assets	7,60,000
Redeemable preference share capital	2,00,000	Bank	1,90,000
General reserve	1,50,000		
Sundry creditors	1,00,000		
Total	9,50,000	Total	9,50,000

On the above date, the preference shares has to be redeemed for this purpose, 1000 equity shares of Rs.100 each were issued at Rs.110. The shares were immediately subscribed and paid for. The preference shares were duly redeemed. Give journal entries and balance sheet after redemption.

14. Mohit Ltd which has Rs.10,00,000 8% debentures of Rs.100 each. Outstanding on 1.1.1996 on which interest is payable on 30th June and 31st December each year is permitted to purchase its own debenture in the open market and cancel them or retain them or resell them as its option.

The company made the following purchase in the open market on 1.4.1996: 500 debentures at Rs.97 at ex-interest.

Give appropriate journal entries if, (a) the debentures were cancelled on the same day; (b) the debentures were retained till 1.7.1996 on which date they were cancelled.

15. What is cash flow statement? What are its uses?

16. What is goodwill? Discuss the factors affecting the valuation of goodwill.

17. Ganesh Ltd was registered on 1.7.2017 to acquire a running business of S & Co with an effect from 1.1.2017. The following was the P&L A/c of the company on 31.12.2017:

Particulars	Dr.	Particulars	Cr.
To Office expenses	54,000	By Gross Profit b/d	2,25,000
To Formation expenses (written off)	10,000		
To Stationary and postages	5,000		
To Selling expenses	60,000		
To Director fees	20,000		
To Net Profit	76,000		
Total	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 sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

PART-C

ANSWER ANY TWO QUESTIONS

(2*20=40 MARKS)

18. Moon and Star Ltd is a company with the authorized capital of Rs.5,00,000 divided into 5000 equity shares of Rs.100 each on 31.12.2017 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2017:

Trial Balance of Moon and Star Company Ltd

Particulars	Dr.	Particulars	Cr.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit and Loss A/C	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (up to 31.3.2018)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls-in-arrears	5,000		
Total	6,60,270	Total	6,60,270

You are required to prepare Profit and Loss Account for the year ended 31.12.2017 and a balance sheet as on that date. The following further information is given:

- a. Closing stock was valued at Rs.1,91,500.
- b. Depreciation on plant at 15% and on furniture at 10% should be provided.
- c. A tax provision of Rs.8,000 is considered necessary.
- d. The directors declared an interim dividend on 15.8.2017 for 6 months ending June 30, 2017 at 6%.

19. A Ltd 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 applications from the public. Applications for 1,500 were rejected and the excess application money received on the other 1,500 shares was adjusted towards allotment. All the amounts due on shares were received except the call money on 500 shares, which were forfeited after due notice. Later 400 of the forfeited shares were reissued at Rs.8 per share. Pass journal entries and prepare balance sheet.

20. On 31st December 2017 the balance sheet of Ganesh Ltd was as follows:

Liabilities	Rs.	Assets	Rs.
Equity share capital: 15,000 shares of Rs.100 each fully paid	15,00,000	Land and Building	6,60,000
Profit and Loss A/c	3,09,000	Plant and Machinery	2,85,000
Sundry creditors	3,31,000	Stock	10,50,000
Bank overdraft	60,000	Sundry Debtors	4,65,000
Provision for taxation	1,35,000		
Dividend equalization fund	2,25,000		
Total	24,60,000	Total	24,60,000

The net profit of the company after deducting all working charges and providing for depreciation and taxation were as under:

2013 Rs. 2,55,000; 2014 Rs. 2,88,000; 2015 Rs.2,70,000; 2016 Rs.3,00,000; 2017 Rs.2,85,000

On 31.12.2017 Land and Building were valued at Rs.7,50,000 and Plant and Machinery at Rs.4,50,000. In view of the nature of the business, it is considered that 10% is a reasonable return on capital.

Calculate the value of company shares after taking into account the revised value of fixed assets and your own valuation of goodwill based on 4 years purchase of the annual super profits.

21. The company went into liquidation on 31.3.2018 when the following Balance Sheet was prepared:

Liabilities	Rs.	Assets	Rs.
Authorized capital	40,000	Goodwill	6,960
4,000 shares of Rs.10 each		Freehold property	5,000
Issued capital	30,000	Machinery	7,480
3,000 shares of Rs.10 each		Stock	11,710
Unsecured creditors	15,432	Debtors	9,244
Partly secured creditors	5,836	Cash	100
Preferential creditors	810	P&L A/c	11,816
Bank Overdraft (unsecured)	232		
Total	52,310	Total	52,310

- The liquidator realized the assets as follows: Freehold property which was used in the first instance to pay the partly secured creditors pro-rata Rs.3,600; Machinery Rs.5,000; Stock Rs.6,200; Debtors Rs.8,700; Cash Rs.100.
- The expenses of liquidation amount Rs.100 and the liquidators remuneration was agreed at 2.5% on the amount realized, including cash and 2% on the amount paid to unsecured creditors.

Prepare liquidator's final statement.
