



Date: 11-04-2019
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

PART – A

Answer ALL Questions:

10 x 2 = 20

1. What are 'Calls-in-arrears'?
2. The Bombay motors ltd., issued 2,00,000 Equity shares of Rs.10 each. The whole issue was underwritten by Mala. Applications for 1,60,000 shares were received in all. Determine the liability of underwriter.
3. Redemption of 20,000 preference shares of Rs.100 each was carried out by utilisation of reserves and by issue of 8,000 Equity shares of Rs.100 each at Rs.125. How much should be credited to capital redemption reserve a/c?
4. Goodwill is to be valued at 3 years purchase of five years' average profits. The profits for the last five years of the firm were:
2004 – Rs.2,400; 2005 – Rs.3,000; 2006 – Rs.3,400; 2007 – Rs.3,200;
2008 – Rs.4,000
Calculate the amount of goodwill.
5. What is 'Yield Method' of valuing Equity shares?
6. When can shares be forfeited?
7. What is meant by acquisition of business?
8. In order to eliminate the accumulated losses of Rs.45,000 from the Balance Sheet, a company has decided to convert its 15,000 7% preference shares of Rs.10 each into 6% preference shares of Rs.10 each, Rs.6 per share paid. Show journal entries in the books of company.
9. What do you understand by 'Alteration of Share Capital'?
10. State any two items that appear under finance costs.

PART – B

Answer any four questions:

4 x 10 = 40

11. 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.

12. Explain the provision of Companies Act relating to the issue and redemption of redeemable preference shares.

13. Explain the circumstances under which valuation of shares is essential and discuss the various methods of valuation.

14. From the following details calculate profit before and after incorporation

- Time Ratio 3:4
- Sales Ratio 2:3
- Gross profit Rs. 5,00,000
- Expenses:

Salary	96,000
Discount	40,000
Rent	15,000
General expenses	12,000
Advertisement	50,000
Director fees	18,000

15. Write short notes on:

- a. Share Capital
- b. Securities Premium
- c. Capital Redemption Reserve
- d. Contingent Liability

16. Sam Ltd invited application from public for 1, 00,000 equity shares of Rs.10 each at a premium of Rs.5 per share. The entire issue was underwritten by the underwriters A, B, C and D to the extent of 30%, 30%, 20% and 20% respectively with the provision of firm underwriting of 3, 000, 2,000, 1,000 and 1,000 shares respectively. The company received applications for 70,000 shares from public out of which application for 19,000, 10,000, 21,000 and 8,000 shares were marked in favor of A,B, C and D respectively. Calculate the liability of the underwriters treating firm underwriting as marked application.

17. The Balance Sheet of National Ltd. at 31.12.2011 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
	8,50,000		8,50,000

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

- The preference shares to be reduced to Rs.75 per share, fully paid.

20. 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 31.12.2005, 2,500 shares were fully called up.

The following balances were extracted from the ledger of the company as on 31.12.2005

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 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 31.12.2005 and the balance sheet as on that date.

Additional Information:

- Closing stock Rs.91,500
- Provide deprecation at 15% on plant & machinery and 10% furniture
- Outstanding liabilities: Wages Rs.5,200; Salary Rs.1200; Rent Rs.600
- Provide 5% dividend on the paid up share capital.

21. Define goodwill. Explain the need for valuing goodwill and what are the factors affecting goodwill.

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