



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION**

**FOURTH SEMESTER – NOVEMBER 2013**

**BU 4502/BU 4500 – COMPANY ACCOUNTS**

Date : 11/11/2013  
Time : 1:00 - 4:00

Dept. No.

Max. : 100 Marks

**PART – A**

**ANSWER ALL QUESTIONS:**

**(10x2=20 marks)**

1. Explain re-issue of shares.
2. What is Firm underwriting?
3. What is Redemption of debentures?
4. What is Managerial Remuneration?
5. What is Liquidation of a company?
6. Calculate goodwill, if it is to be calculated at 3 years purchase of the super profit: The firm started business with a capital of Rs.4,00,000. The normal rate of earning in this class of business is 15%.The firm earned Rs.74,000 as profit during the year.
7. In order to eliminate the accumulated losses of Rs.45,000 from the balance sheet ,a company has decided to convert its 15000 . 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.
8. Z Ltd does not want to take over debtors and creditors of vendor, However, it agreed to collect from debtors and pay to creditors for a commission of 3% on amount collected and 1% on amount paid.  
The debtors realized Rs.1,70,000 only, out of which Rs.50,000 was paid to creditors.  
Calculate the amount of commission earned and amount payable to vendor.
9. ABC Ltd redeemed 4000 ; 15% Debentures of Rs.100 each which were issued at a discount of 5% by converting them before due date at the option of the debenture holders into equity shares of Rs.10 each issued at a premium of 25% Journalize.
10. THR Ltd issues 2,00,000 equity shares of Rs.10 each at par. The issue was underwritten by OSR & Co. for maximum Commission permitted by law. The public applied for and received 16000 shares. Calculate the Commission payable to the underwriter.

**PART-B**

**ANSWER ANY FIVE QUESTIONS:**

**(5x8=40 marks)**

11. Explain the law relating to calculation of Managerial Remuneration.
12. Explain the methods of Computing purchase consideration on acquisition of business.
13. Bring out the various methods of valuation of shares.

14. The liquidator of a company is entitled to a remuneration of 2% on assets realized and 3% on the amount distributed to unsecured creditors. The assets realized Rs.1,00,000, including cash balance of Rs.5000.Amount available for distribution to unsecured creditors before paying liquidator's remuneration was Rs.43,100. Calculate liquidator's remuneration.
15. A Ltd Co. was incorporated on 1-7-2010 in order to purchase a running business from 1-1-2010 . From the following particulars, Calculate pre-incorporation loss:  
 (i) Total sales for 2010 was Rs.1,80,000  
 (ii) Sales from 1-1-2010 to 30-6-2010 =Rs.60,000  
 (iii) Gross profit for the whole year Rs.54,000  
 (iv) Establishment expenses Rs.37000.
16. A company pays interest on 30<sup>th</sup> June and 31<sup>st</sup> December on its 1,00,000 ;15% Debentures of Rs.100 each; the book are closed on 31<sup>st</sup> March. How will the relevant items appear in the company's balance sheet?
17. X Ltd issued 5000; 8% Debentures of Rs.100 each at par on 1-4-2010 which are repayable at 10% premium at the end of 4 years .Give journal entries for issue and redemption if:  
 (i) The redemption is out of profits  
 (ii)The redemption is out of capital.
18. A Company had decided to issue 4000 equity shares of Rs.100 each at a premium of 10% and utilize the proceeds to redeem 40,000; 12% preference shares of Rs.10 each at a premium of 5% .The new issue was fully subscribed and paid-up. The preference shares were duly redeemed. Journalize.

### PART-C

ANSWER ANY **TWO** OF THE FOLLOWING:

(2x20=40 marks)

19. Sun Ltd issued to the public 5000 shares of Rs.100 each at a discount of 5% payable as follows:  
 On application Rs.25  
 On allotment Rs.34  
 On first & final call Rs.36.  
 Applications were received for 4800 shares and all of these were accepted .All the money due was received except the first and final call on 300 shares which were forfeited.200 of these shares were re-issued at Rs.90 as fully paid. Show the required cash book and journal entries in the Company's books.

20. Sick Ltd had the following balance sheet as on 31.3.2012

Liabilities	Rs.	Assets	Rs.
6% preference share of Rs.100 each	2,00,000	Goodwill	60,000
Equity shares of Rs.100 each	4,00,000	Fixed Assets	3,00,000
Debentures	1,00,000	Stock	1,50,000
Sundry creditors	1,50,000	Debtors	60,000
		Discount on debentures	10,000
		Bank	1,000
		P/L a/c	2,69,000
	<b>8,50,000</b>		<b>8,50,000</b>

The following reconstruction scheme was approved:

- (a) Preference shares be reduced to 8% preference shares of Rs.60 each  
 (b) Equity shares to be reduced by Rs.80 each  
 c) The amount ,thus, made, available to be utilized to write off fictions assets including goodwill and Rs.50,000 from fixed assets.

Give entries for reconstruction and the final balance sheet.

21. Moon Ltd furnish you the Balance sheets for the years ending 31<sup>st</sup> Dec 2011-2012. You are required to prepare a cash flow statement for the year ending 31-12-2012 as per AS-3

**BALANCE SHEETS**

Liabilities	2011	2012	Assets	2011	2012
	Rs.	Rs.		Rs.	Rs.
Equity share capital	20,000	20,000	Goodwill	2,400	2,400
General Reserve	2,800	3,600	Land	8,000	7,200
Profit & Loss a/c	3,200	2,600	Building	7,400	7,200
			Investments	2,000	2,200
Sundry creditors	1,600	1,080	Inventories	6,000	4,680
Outstanding Expenses	240	160	A/C Receivable	4,000	4,440
Provision for tax	03,200	3,600			
Provision for bad debts	80	120	Bank Balance	1,320	3,040
	<b>31,120</b>	<b>31,160</b>		<b>31,120</b>	<b>31,160</b>

Following additional information has been supplied:

- (i) A piece of land has also been sold for Rs.800;
- (ii) Depreciation amounting to Rs.1,400 has been charged on building.
- (iii) Provision for taxation has been made for Rs.3,800 during the year.

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