



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FOURTH SEMESTER – APRIL 2025

BU 4502 – COMPANY ACCOUNTS



Date: 24-04-2025

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

SECTION A

Answer ANY FOUR of the following

4 x 10 = 40 Marks

1. Explain different types of debentures.
2. Briefly explain the different types of underwriting.
3. What are the rules regarding redemption of preference shares?
4. Following balances have been extracted from the books of Rama Ltd. On 31st March 2024:
 - a. Equity share capital (1,00,000 shares of Rs.10 each) Rs. 10,00,000
 - b. Securities Premium Rs. 2,00,000
 - c. 12 % Debentures Rs. 5,00,000
 - d. Creditors Rs.2,00,000
 - e. Proposed dividend Rs. 50,000
 - f. Surplus, i.e Balance in statement of profit and loss (Debit) Rs. 50,000
 - g. Land and Buildings Rs.9,00,000
 - h. Government Bonds Rs. 5,00,000
 - i. Capital work-in-progress (Buildings) Rs.3,50,000
 - j. Discount on issue of 12% Debentures Rs. 1,00,000
 - k. Cash at bank Rs.50,000; Furniture Rs.60,000; Debtors Rs. 20,000.
 - l. Debenture were issued on 1st April 2023 redeemable after 5 years, i.e., on 31st March, 2027.
 - m. Surplus, i.e., Balance in statement of profit and loss is before writing off Discount on issue of Debentures.
 - n. Prepare the balance sheet of the company as per revised schedule VI, part I of the Companies Act, 1956.
5. Determine the maximum remuneration payable to the part time directors and the Managers of Alpha ltd. Before charging any such commission the profit and losses account showed a Credit Balance of Rs. 23,05,000 for the year ended 31st March 2012 after taking the following in to consideration

Particulars	Rs.
Profit on sale of investments	2,05,000
Subsidy received from the government	4,10,000
Loss on sale of fixed assets	65,000
Ex-gratia to an employee	30,000
Compensation paid to injured workman	75,000
Provision for taxation	2,75,000
Bonus to foreign technicians	3,12,000
Multiple shift allowances	1,00,000
Special depreciation	75,000
Capital expenditure	5,10,000

Company is providing depreciation as per Section 350 of the company's Act.

6. G Ltd was registered on 01-07-2009 to acquire the running business of Mr. Dhoni with effect from 1-1-2009. The following was the profit and loss account of the Company on 31-12-2009.

Particulars	Rs.	Particulars	Rs.
To Office expenses	54,000	By Gross Profit b/d	2, 25,000
To Formation expenses (written off)	10,000		
To Stationary & Post	5,000		
To Selling expenses	60,000		
To Directors fees	20,000		
To Net profit	76,000		
	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 sale for the year took place in the ratio of 1:2 before and after incorporation respectively.

7. Compute cash from operating activities from the following figures. Profits for the year 2024 is a sum of Rs.12,460 after providing for depreciation of Rs. 2,492.

Particulars	31 st December 2023	31 st December 2024
Sundry debtors	12,460	13,706
Provision for doubtful debts	1,246	1,495
Bills receivable	4,984	3,738
Bills Payable	6,230	7,476
Sundry creditors	9,968	11,214
Inventories	6,230	9,968
Trade investments	12,460	14,952

8. ABC Ltd. was formed with a capital of ₹10,00,000 in ₹10 shares, the whole amount being issued to the public. The underwriting of these shares was as follows:

A – 35,000 B – 30,000 C – 20,000 D – 10,000 E – 3,000 F – 2,000

All the marked application forms were to go in relief of the underwriters whose stamp they bear. The application forms marked by the underwriters were:

A – 10,000 B – 22,500 C – 20,000 D -7,500 E – 5,000 F – Nil

Applications for 20,000 shares were received on forms not marked. Draw up a statement showing the number of shares each underwriter had to take up.

SECTION B

Answer ANY THREE of the following

3 x 20 = 60 Marks

9. Differentiate between Debentures and Shares.
10. Big Bull has a nominal capital of Rs.6,00,000 divided into shares of Rs.10 each. The Following was the Trail Balance extracted from the books of the company as on 31.12.2022.

Particulars	Rs.	Particulars	Rs.
Calls in arrear	7,500	6% Debentures	3,00,000
Premises (Rs.60,000 added on 1.7.2022)	3,60,000	P&L A/c (1.1.2022)	14,500
Machinery	3,00,000	Creditors	50,000
Interim dividend paid	7,500	General Reserve	25,000
Purchases	1,85,000	Share Capital (Called up)	4,60,000
Preliminary Expenses	5,000	Bills Payable	38,000
Freight	13,100	Sales	4,15,000
Director's fees	5,740	Provision for bad debts	3,500
Bad debts	2,110		
4% Govt. Securities	60,000		
Stock (1.1.2022)	75,000		
Furniture	7,200		
Sundry Debtors	87,000		
Goodwill	25,000		
Cash	750		
Bank	39,900		
Wages	84,800		
General Expenses	16,900		
Salaries	14,500		
Debenture Interest	9,000		
	13,06,000		13,06,000

Prepare final accounts of the company for the year ending 31.12.2022 in the prescribed form after taking into consideration the following:

- Depreciate machinery by 10% and furniture by 5%.
- Write off half of preliminary expenses.
- Wages include Rs.10,000 paid for construction of compound wall to the premises and no adjustment was made.
- Provide 5% for bad and doubtful debts.
- Transfer Rs.10,000 to general reserve
- Provide for income tax Rs. 25,000
- Stock on 31.12.2012 was Rs.1,01,000.

11. A Ltd invited applications for 10,000 shares of Rs. 100 each at a discount of 5% payable as follows,

On applications	Rs.25/-
On allotment	Rs.34/-
On first & final call	Rs.36/-

Applications were received for 9,000 shares and all of those accepted. All money due were received except the first and final call on 100 shares which were forfeited. Of the forfeited shares, 50 shares were re-issued at the rate of Rs. 90 as fully paid. Show necessary journal entries in the books of the company.

12. Following are the comparative balance sheet of a company for the year 2023 and 2024 as follows:

Liabilities	2023	2024	Assets	2023	2024
Share capital	70,000	74,000	Cash	9,000	7,800
Debentures	12,000	6,000	Debtors	14,900	17,700
Trade Creditors	10,360	11,840	Stock	49,200	42,700
Prov. For doubtful debts	700	800	Goodwill	10,000	5,000
Profit and loss a/c	10,040	10,560	Land	20,000	30,000
	1,03,100	1,03,200		1,03,100	1,03,200

Additional information:

a. Dividends were paid: Rs.3,500

b. Land was purchased for Rs.10,000 and amount provided for amortization of goodwill totalled Rs. 5,000

c. Debenture loan was repaid Rs.6,000

You are required to prepare a Cash Flow Statement.

13. What are Preference Shares? Explain different classes of preference shares.

14. A company was incorporated on 1st May 2024 to take over a business as a going Concern from 1st January of the same year. The turnover for the year ended 31st December was Rs. 2,00,000, namely Rs. 60,000 for the first period upto 1st May and Rs. 1,40,000 for the following period. From the profit and loss account given below for the year ended 31st December 2024, you are required to ascertain profits prior to incorporation. Profit & Loss Account for the year ended 31st December 2024

Particulars	Rs.	Particulars	Rs.
To Rent & Rates	3,240	By Gross Profit	70,000
To Insurance	720		
Lighting	2,040		
Salaries	7,800		
Director's fees	2,000		
Sales Discount	5,000		
Sales Commission	10,000		
General Expenses	2,400		
Carriage outwards	3,000		
Bank charges	420		
Repairs	1,380		
Bad Debts	600		
Loan Interest	1,200		
Net Profit	30,200		
	70,000		70,000

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