



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – APRIL 2025

16/17/18UCO3MC01 – COMPANY ACCOUNTS



Date: 25-04-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART-A

Answer any four questions

4x10= 40 Marks

1. What is the significance of the buyback of shares? Discuss its accounting treatment.
2. Discuss the importance and methods of valuation of shares with suitable examples.
3. Explain the concept of alteration of share capital and the different ways in which it can be carried out.
4. Explain the concept of vendors' suspense account and its significance.
5. The profits of Thilalga Ltd. for the last 5 years were as follows:
6. Compute the value of goodwill of BLtd. on the basis of 4 years purchase of weighted average profit after assigning weights 1, 2, 3, 4, and 5 serially to the profits.

Year	Rs.
2014	15,000
2015	18,000
2016	22,000
2017	25,000
2018	27,000

7. XYZ Ltd. has suffered financial losses and decides to restructure. The balance sheet before reconstruction is as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity Share Capital (Rs. 10 each)	8,00,000	Land & Building	5,00,000
Preference Share Capital (Rs. 100 each)	4,00,000	Plant & Machinery	7,00,000
12% Debentures	6,00,000	Stock	3,00,000
Sundry Creditors	3,00,000	Debtors	2,50,000
Outstanding Expenses	1,00,000	Cash & Bank	50,000
		Profit & Loss A/c	4,00,000
	22,00,000		22,00,000

Reconstruction Scheme

- a) Equity shares are reduced to Rs. 5 each.
- b) Preference shares are converted into Rs. 50 each.
- c) Debenture holders accept 50% of their claim in equity shares.
- d) Sundry creditors accept 75% of their claim as full settlement.
- e) Stock is revalued at Rs. 2,50,000, and Plant & Machinery at Rs. 6,00,000.
- f) The Profit & Loss A/c is written off completely.

8. Explain the various methods of computing purchase consideration.

PART-B

Answer any Three questions

3x20= 60 Marks

9. Discuss the differences between maintaining a new set and the same set of books during acquisition.

10. Explain the procedure to be followed for the preparation of a Cash Flow Statement as per AS-3.

11. Discuss the format of a balance sheet of a Joint Stock Company and the reports attached to it.

12. Amba Ltd. issued 2,000 shares of Rs. 100 each at a premium of 10% payable as follows:

Rs. 25 on application

Rs. 35 on allotment (including premium)

Rs. 20 on first call

Rs. 30 on final call

1,800 shares were applied for and allotted. All the money was received with the exception of first and final calls on 200 shares held by Raghu. These shares were forfeited. Give journal entries and prepare the balance sheet.

13. Fast Forward Limited made an issue of 60,000 shares, underwritten as follows:

X – 30,000 shares; Y – 18,000 shares; Z – 12,000 shares

Additionally, there was firm underwriting:

X – 3,000 shares; Y – 1,500 shares; Z – 4,500 shares

Total subscriptions, including firm underwriting, were 45,600 shares. Market forms included:

X – 9,000 shares; Y – 13,500 shares; Z – 5,100 shares

Show the allocation of liabilities of each underwriter:

(a) If the benefit of firm underwriting is given to individual underwriters.

(b) If the benefit of firm underwriting is not given to individual underwriters.

14. Swan Ltd. issued 8,000 9% Redeemable Preference Shares of Rs. 100 each on 1.7.2010 redeemable on or after 30th June 2016. Redemptions were made as follows:

(i) 1,200 shares on 30th June 2016 at par

(ii) 1,600 shares on 31st Dec. 2016 at 10% premium

(iii) Remaining shares on 30th June 2017 at 5% premium, financed by a fresh issue of 40,000 equity shares of Rs. 10 each at a premium of Rs. 1.

On 30th June 2017, the company also decided to capitalize 50% of its capital redemption reserve by issuing bonus shares of Rs. 10 each at a premium of Rs. 2.50.

Pass necessary journal entries

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