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Reg. No.....

Name.....

B.B.A. DEGREE (SPECIAL MERCY CHANCE) EXAMINATION JANUARY 2025

Fourth Semester

COMPANY ACCOUNTS

[Prior to 2009 Admissions]

Time : Three Hours | Maximum Marks : 75

Part A

Answer **all** *questions.*

Each question carries 3 *marks.*

1. Define a company and state its characteristics.
2. State the reasons and procedure of forfeiting shares.
3. What is amalgamation ? Briefly state its objects.
4. What are the advantages of holding company ?
5. What do you understand by reserve for unexpired risks ?

(5 × 3 = 15)

Part B

Answer any **five** *questions.*

Each question carries 6 *marks.*

6. Give a Performa of Profit and Loss Account of a banking company.
7. Discuss the objects of financial statement analysis.
8. Define fund flow statement and state its significance.
9. What is purchase consideration ? How do you calculate it ?

Turn over

10. A Company is offered to the public 1,00,000 shares payable Re. 1 per share on application, Rs. 4 (including Rs. 2 as premium) per share on allotment and Rs. 3 per share on first call. The balance of Rs. 4 per share to be called only in case of necessity. Applications were received for 90,000 shares and t shares were accordingly allotted. All the money was duly received with the exception of 200 shares. Pass necessary journal entries.

11. Find out goodwill by capitalization method from the following information. Normal rate of return 10 %. Profit for the last three years are Rs. 30,000, Rs. 40,0000 and Rs. 50,000. Non recurring income of Rs. 3,000 is included in the above mentioned profit of Rs. 30,000. Capital employed is Rs. 3,00,000.

12. On 31st March, 2024, a bank held the following bills discounted by it earlier :

Date of bills	*Term of bills* (*months*)	*Discounted* % p.a.	*Amount of bill*
1. 17-1-2024	4	14	Rs. 65,000
2. 07-2-2024	3	12	70,000
3. 09- 3-2024	3	16	82,000

You are required to calculate the rebate on Bills discounted. Also show the necessary journal entry for the rebate.

13. Calculate :

    (a) Current ratio.

    (b) Quick ratio.

    (c) Gross profit ratio and Net profit ratio.

Debtors Rs. 30,000, Cash in hand Rs. 4,500, Creditors Rs. 18,000, Cash at bank Rs. 8,000, Stock Rs. 7,500, Bills payable Rs. 2,500, Outstanding expenses Rs. 450, Bills receivable Rs. 2,000, Sales Rs. 90,000, Cost of goods sold Rs. 65,000, General expenses Rs. 8,500 and salary paid Rs. 12,200.

(5 × 6 = 30)

Part C

Answer any **two** *questions.*

Each question carries 15 *marks.*

14. Briefly explain the methods of financial statement analysis.

15. Define debenture. How are debentures classified ? Explain in detail.

16. National Insurance Company has furnished the following information for the preparation of revenue account for fire insurance business for the year ended 31st March 2024.

	Amount (Rs.)
Claims admitted but not paid	... 1,50,000
Commission paid	... 5,00,000
Commission on reinsurance ceded	... 1,20,000
Expenses of management	... 7,80,000
Claims paid	... 14,23,000
Premium received	... 55,20,000
Reserve for unexpired risks as on 1-4-23	... 23,00,000
Claims outstanding as on 1-4-23	... 2,70,000

The following further information has to be considered :

(i) Premium outstanding at the end of the year Rs. 4,00,000.

(ii) As the policy of the company to maintain 50 % of the premium towards reserve for unexpired risks.

17. The following is the Trial Balance of A Ltd. as on 31st December 2024 :

		Dr. (Rs.)	Cr. (Rs.)
Share capital	...	—	3,00,000
General reserve	...	—	50,000
Manufacturing wages	...	30,000	—
Opening stock	...	1,20,000	—
Cash at bank	...	50,000	—
Purchases and Sales	...	6,00,000	9,00,000
Directors fees	...	10,000	—
Establishment expenses	...	25,000	—
Debtors and Creditors	...	2,00,000	50,000
Machinery	...	2,50,000	—
Investments	...	50,000	—
Interest on investments	...	—	5,000
Cash in hand	...	15,000	—
Profit and Loss Account	...	—	45,000
		13,50,000	13,50,000

Adjustments :

Closing stock is valued at Rs. 30,000. Depreciate machinery by 10 % and provide 5 % of debtors for doubtful debts. Wages outstanding Rs. 1,500. Prepare Trading and Profit and Loss Account for the year ended 31st December 2024 and Balance Sheet as on that date.

(2 × 15 = 30)