

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2081
Bachelor of Business Studies (BBS)
Semester - III

Subject: Company Account

Full Marks: 60 Pass Marks: 30

Course Code: MGMT 431/331

Time: 3: 00 Hours

You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.

SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)

Answer ALL the questions.

1. Define share.
2. List out any two features of debenture.
3. What are the reasons of corporate liquidation?
4. What do you mean by operating activities in cash flow?
5. Make any two difference between amalgamation and absorption.
6. Total creditors of a company are Rs. 200,000 including preferential creditors Rs. 50,000, bills payable Rs. 30,000, outstanding expenses Rs. 40,000.

Required: Secured Creditors

7. The following pieces of information are given to you:

Opening balance of Retained earning.....Rs. 60,000

Net profit for the year.....Rs. 40,000

Closing balance of Retained earning.....Rs. 50,000

Required: Dividend paid

8. The information related with G Company. Where sales are of Rs. 200,000; cost of goods sold Rs. 80,000; office expenses Rs. 20,000. Find net profit.
9. M company acquired the business of P company by issuing 6000 equity share @ Rs. 120 each, 1000 debenture @ Rs. 100 each and cash Rs. 80,000.

Required: Purchase consideration

10. What do you mean by financial statements?

SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)

Answer any THREE questions.

11. Explain public company with its features. [3+5]
12. (a) A company Ltd. issued 4,000, 10% debentures of Rs. 100 each at par. These debentures were redeemed after 7 years at par. [2+2]
Required: Entries for issue and redemption of debenture.
- (b) What do you mean by debenture? Write the difference between Share and Debenture. [1+3]
13. A company issued 40,000 shares of Rs. 10 each payable as under:
On application.....Rs. 4
On allotment (including Rs. 1 premium)Rs. 5
On first and final call.....Rs. 2

Application were received for 60,000 shares. The allotment was made as follows.

To the applicants of 10,000 shares..... Nil

To the remaining applicants.....Pro-rata basis

Resolved that the excess amount received on applications would be adjusted against the due amount on allotment. All the called money were duly received except on 2,000 shares on first and final call. These 2,000 shares were forfeited.

Required: Entries for: application, allotment, first and final calls and forfeiture of shares. [2+2+2+2]

14. From the data relating to a company, you are asked to prepare Liquidator's statement of account. [8]
- | | |
|---------------------------------|--------------------------|
| 10,000; Equity share of | Rs. 100 each fully paid. |
| 10,000; 10% preference share of | Rs. 100 each fully paid. |
| 5000; 5% debenture | Rs. 300,000. |
| Total asset realized | Rs. 11,07,143 |
| Secured creditors | Rs. 200,000 |
| Preferential creditors | Rs. 50,000 |
| Liquidation expenses | Rs. 20,000 |
| Unsecured creditors | Rs. 500,000 |
- Liquidator remuneration 2% on asset realized and 3% on unsecured creditors.

15. The income statement and balance sheet of a company is given below:

Income statement

Particulars	Rs	Rs
Sales		12,00,000
Less: Cost of goods sold		7,00,000
Gross profit		5,00,000
Less: Operating expenses:		
Depreciation	1,60,000	
Other operating expenses	2,00,000	
Premium on redemption of debenture	20,000	
Net profit before other income		3,80,000
Add: profit on sale of plant (Book value 40000)		1,20,000
		20,000
		1,40,000
Less: Dividend paid		40,000
Retained earning		1,00,000

Balance sheet

Liabilities	Year 1	Year 2	Assets	Year 1	Year 2
Share capital	10,00,000	12,00,000	Plant	12,00,000	16,00,000
Share premium	1,00,000	1,20,000	Inventories	1,00,000	2,00,000
10% debenture	2,00,000	1,00,000	Account receivable	3,00,000	2,00,000
Bill payable	1,00,000	80,000	Cash	2,00,000	1,00,000
Account payable	2,00,000	3,00,000			
Retained earning	2,00,000	3,00,000			
	18,00,000	21,00,000		18,00,000	21,00,000

Required: Cash flow statement

[3+2+2+1]

SECTION C: LONG ANSWER QUESTIONS (2 X 13-26 MARKS)

Answer any TWO questions.

16. Define holding company and subsidiary company. How would you ascertain the amount of capital profit, revenue profit, minority interest and capital reserve or goodwill? [5+8]

17. The trial balance of a company is given below:

Particulars	Debit Rs	Particulars	Credit Rs
Opening stock	20,000	Sales	10,00,000
Purchase	8,00,000	Loan	20,000
Fixed assets	2,00,000	Interest	3,000
Debtor	40,000	Creditor	10,000
Wages	30,000	P/L a/c	17,000
Salaries	20,000	Share capital	2,00,000
Insurance	5,000		
Interest	6,000		
Freight inward	7,000		
Cash	22,000		
Investments	1,00,000		
Total	12,50,000	Total	12,50,000

Adjustment:

- Closing stock Rs 220,000
- Depreciation on fixed asset 15%
- Proposed dividend 10%
- Salary due Rs 4,000

Required: Income statement, Statement of R/E, Balance sheet.

[6+2+5]

18. Y Ltd. is absorbed by X Ltd. The terms of absorption are as follows:

- The X Ltd. to take all the assets and the liabilities of the Y Ltd.
- The X Ltd. to pay to each holder of one debenture of Rs. 500 in the Y Ltd, Rs. 560 in cash.
- The X Ltd. to pay to each shareholder of the Y Ltd. Rs. 10 per share.
- The X Ltd. to issue one fully paid Rs. 10 share at an agreed value of Rs. 15 each in exchange for 2 fully paid shares in the Y Ltd.

The balance sheet of the Y Ltd. stood as follows:

Liabilities	Rs	Assets	Rs
1,00,000 shares of Rs. 10 each fully paid	10,00,000	Business premises	6,00,000
1,000 debentures of Rs. 500 each	5,00,000	Plant & machinery	8,00,000
Reserve fund	20,000	Furniture	2,00,000
Creditors	2,30,000	Stock	2,00,000
Account payable	1,50,000	Debtors	1,75,000
Profit & loss a/c	1,00,000	Cash at bank	25,000
Total	20,00,000	Total	20,00,000

Required:

- Purchase consideration
- Closing entries in the books of vendor company
- Realization account

[3]

[8]

[2]

THE END