

**BA SANGAM COLLEGE  
YEAR 13 ACCOUNTING  
WORKSHEET 4**

**QUESTION 1 COMPANY ACCOUNTING**

**Part A Nature of Company business**

- (a) Differentiate between Provisions and Reserves.
- (b) State one advantage of a company business.
- (c) Define articles of association.
- (d) Define the term Limited Liability.
- (e) Explain ordinary shares.

**Part B Final Accounts of Companies**

The following balances have been extracted from the books of Shyla Company Ltd as at 31 December, 2019

**Note:**

This is not a trial balance.

	\$		\$
Issues and Paid up Capital 250 000 shares@ \$1.00 each	250 000	Purchases	128 300
Retained Profit	10 000	Purchases Returns	3 000
Accounts Receivable	30 000	Cash At Bank	74 850
Loss on Disposal of Furniture	200	Interim Dividend	25 000
Provision for Doubtful Debts	1 000	Sales	450 000
Provision of Income Tax (Under - provision)	850	Accounting and Audit fees	7 600
Discount Revenue	800	Insurance Premiums	25 000
Inventories (01/01/2018)	150 500	Asset Revaluation Reserve	20 000
Building	55 500	Director's Remuneration	10 500
Bad Debts	1 000	Goodwill	180 000
Delivery Van	60 000	Advertising	8 000
Accumulated Depreciation - delivery van	6 000	Salaries	90 500
Cartage Inwards	3 500	Calls in Advance	500
Shares in Value Holdings Limited	50 000	Accounts Payable	25 000
10% Debenture (2025)	80 000	Prepaid Expenses	500

## **Adjustments**

1. Transfer \$ 8 000 to General reserves.
2. Depreciate Delivery Van at 10% per annum on cost.
3. Provision for Final Dividend is at 10% of paid –up capital.
4. The Board of Directors resolved to amortize the value of Goodwill by \$4 000.
5. Interest at rate of 10 percent on Debenture remains outstanding.
6. Dividend income was accrued from Island Holdings Limited \$3 000.
7. Inventories as at 31 December, 2019 was \$95 000.
8. Provide income tax at the rate of 35% on the Net Operating Profit.

### **Required :**

Prepare a **fully classified Statement of Financial Performance** of Shyla Company Ltd for the year ended 31 December, 2019.