

Practical Problem & Theory Question Bank

- **Issued and forfeiture of shares ,Re-issue of forfeited shares ,Redemption of preference shares and Buyback of shares.**

ILLUSTRATIONS

- 1 . Aniket company limited prospectus Inviting applications for 5000 equity share of rupees 100 each payable as-on Application rupees 20, on allotment rupees 50 and on first call rupees 30.Applications were Received for 5000 shares and allotment made accordingly. All the calls duly received .Pass necessary journal entries.
2. Chandrakanth light company limited having an authorised capital of 4000 equity shares of100 each issued 2000 shares at rupees 120 each. The applications were Received for 2000 shares. The amount was called as, application money rupees 30, allotment money rupees 40 including premium and first and final call money rupees 50. All the amounts due on calls are Duly Received. Pass necessary journal entries.
3. Dhanaji company limited Invited applications for 15,000 equity shares of rupees 100 each payable Rupees 30 on application,Rupees 50 on allotment and rupees 20 the on first and final call. Applications were received for 12000 shares. Shares were allotted to all the applicants. The company received all the amounts due on each call . Pass necessary journal entries.
4. Kapoor film Co. limited invited applications for 5000 shares of rupees 100 each at a premium of rupees 20 per share. The price of the share is payable Rupees50 on application including premium. Rupees 50 on allotment and remaining in 2 equal instalments. Applications were received a for 4500 shares and they were fully allotted. The company received allotment money from all the subscribers. The calls are yet to be made. Pass necessary journal entries.

- **Issue and Redemption of Debentures**

ILLUSTRATIONS

1.MohiteMilk producing Co limited issued The following debentures During the year 2018-19.On 30/9/2018 ,1500 10% debenture ofRupees 100 each issued At par repayable at par after 5 years .On 31/3/2019,2000 9% Debentures of rupees 200 each issued At par repayable at 7% premium after 7 year please, enter the above Transactions in the journal of the company.

2. Mandar furniture producing Co. Issued the following debentures During the financial year 2018-19.

Date	Debentures	Issued at	Repayable at
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1/7/2018	2500 11% Debentures of rupees 100 each	10% premium	Par at the end of 10 th year
1/1/2019	5000 9% Debentures of rupees 200 each	5% premium	10% premium at the end of 5 th year

You are requested to journalise the transactions in the books of the company.

3. Shital paper producing Co. issued following debentures During the financial year 2018-19.

Date	Debentures	Issued At	Repayable at
31/12/2018	6000 6% Debentures of rupees 100 each	6% premium	Par at the end of 10 th year
31/3/2019	7000 12% Debentures of rupees 200 each	12% premium	10% premium at the end of 5 th year

You are requested to pass journal entries in the books of the company.

4. Kokan Irrigation Co. Issued 5000 12% Debentures of rupees 1000 each at a discount of rupees 100 repayable at the option of the company after 5 years at par. The price of the debenture is called as, on application rupees 400, on allotment rupees 300 and rupees 200 on first call.

Will you please pass journal entries for issue of Debentures?

Q.2. Reliance Company issued 5% Debentures of Rs.20,00,000 divided into debentures of Rs.100 each offered option for redemption

i) 6% Cumulative Preference shares of Rs.20 each at Rs.25 each to the holders of Rs.500000.

ii) 8% Debentures of Rs.100 each at 4% discount to holders of Rs.900000

iii) Remaining debentureholders issued equity shares of Rs.100 each at par.

Q.3. On 1st April 2018 Katrina Company had 1000 12% Debentures of Rs. 100 each. As per the provisions of the deed, the Company can acquire its debentures in open market for immediate cancellation. Debentures interest is payable quarterly on 30 June, 30 Sept., 31 Dec., & 31st March every year. The directors acquired the following debentures for immediate cancellation.

1. On 30th June 2018, 1000 debentures @ 102

2. On 30th Sept. 2018, 2000 debentures @ 100

3. On 31st Dec. 2018,3000 debentures @ 98
4. On 31st March 2019,4000 debentures @ 96

Pass journal entries for purchase of own debentures.Ignore interest & tax.

- **Preparation of Final Accounts of Companies**

ILLUSTRATIONS

1. Following particular from the books of the company limited are available for the year ended on 31/3/2019:

Particular	Debit amount	Credit amount
Purchases	600000	
Selling expenses	55000	
Stock on 1/4/2018	160000	
Salaries and wages	55500	
Interest on bank overdraft	9300	
Interest on Debentures up to 30/9/2018	6000	
Dividends		12000
Surplus a/c (1/4/2018)		64500
Sales (Net)		1050000
Audit fees	11000	

- a) Closing stock was valued at rupees 155500.
- b) Rs. 4000 worth of goods distributed as free sample.
- c) Salaries and wages include directors remuneration Rs.12000.
- d) Interest on Debentures for the half year ending on 31/3/2019 was due Rs.6000.
- e) Provide for depreciation on premises Rs.44795 .
- f) Provide for taxation @50% of profit .

You are required to prepare _

- 1) The statement of profit and loss for the year ended 31 /3/2019 alongwith accompanying notes.
2. The authorised capital of Roxy company limited is Rs.500000 consisting of equity shares of Rs.10 each .following was the extract of trial balance of the company as on 31/03 /2019 :

Particular	Debit amount	Credit amount
Investment at cost	2,00,000	
Cash on hand	58,000	
Bills receivable	5,800	
Sundry debtors and creditors	75,000	90,000

Freehold property at cost	8,95,900	
Depreciation reserve		1,15,000
Equity share capital fully paid up		4,50,000
6% Debentures		2,00,000
Bank overdraft		1,50,000
Total		

- a) Closing stock was valued at Rs.1,55,500.
- b) Interest on Debentures for the half year ending on 31/ 03/ 2019 .was due Rs.6000
- c) Provide for depreciation on premises and furniture Rs.44,795.
- d) Provision for tax was made @50% of net profit.
- e) Profit after making all above adjustments was resulted at Rs.1,17,202.

You are required to prepare _

- 1) Balance sheet as on 31/ 03 /2019 alongwith required notes.

3. The paid -up capital of the FLIPCART Ltd. Is -₹200,000 in 3%preference shares of Rs.100 each and Rs. 500000 in equity shares of Rs.100 each . Following balances are extracted from the books of the company for the year ended on March 31,2019:

Particular	Amount	Particular	Amount
Salaries	100,000	Purchase	490,000
Contribution to PF	10000	Freight and carriage inward	4000
Surplus account (cr.)	50500	Debenture interest (for half year)	5000
Selling and distribution expenses	98000	Stock on 1 st April,2018	150000
Rent and rates	78000	Preference Dividend paid	10000
General expenses	52000	Shares forfeited account	2000
Sales	920000		

- a) The value of stock on March 31,2019 was Rs.200000 .
- b) Depreciation on freehold properties is to be provided at 2.5% on its cost Rs.300000 and on furniture at 5%on Rs .85000.

You are required to prepare the statement of profit and loss of the company for the year ended on 31stMarch, 2019 .

4. The authorised capital of reliance distributors Ltd. Is Rs. 750000 consisting of 3000, 6% cumulative preference shares of Rs.100 each and 45000 equity shares of Rs.10 each. Following balance are extracted from the books of the company for the year ended on March 31,2019:

Particular	Amount	Particular	Amount
Paid-up capital: <ul style="list-style-type: none"> • 3000,6% preference shares • 30,000 equity shares 	3,00,000 3,00,000	Furniture at cost	85,000
Goodwill	1,00,000	Bills receivable	20,000
5% Debentures	2,00,000	Investments in shares	50,000
Trade debtors	1,67,500	Bills payable	20,000
Trade creditors	1,27,000	Balance at bank	2,50,000
Freehold properties at cost	3,00,000	Cash in hand	60,500
General reserve	70,000	Shares forfeited account	2,000
Provision for taxation	12,000	Surplus account (cr.)	50,500
		Preference Dividend paid	18,000

- a) The value of stock on March 31, 2019 was Rs. 2,00,000.
- b) Depreciation on Freehold properties is to be provided at 2% and on furniture at 5% .
- c) Debenture interest is payable for half year.
- d) The directors proposed 10% Dividend on equity shares.
- e) Surplus after incorporating all above adjustments but before tax was Rs. 1,66,250.

You are required to prepare only the statement of balance sheet of the company as on 31st March, 2019.

