



ACCOUNTS

BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

PRACTICE ASSIGNMENT

Very Short Answer Questions

1. Give the definition of 'Share'.

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2. What are preliminary expenses?

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3. What are the two types of shares which a company can issue?



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4. What are Equity Shares?



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5. What are Preference Shares?



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6. Give the meaning of 'Share Capital'.



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7. Give the meaning of 'Registered Capital' of a company.

Or

Give the meaning of 'Authorised (Nominal) Capital'.



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8. What is Issued Capital?



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9. What is Subscribed Capital?



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10. Explain the term 'Subscribed and Fully Paid-up Share Capital'.



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11. Explain the term 'Subscribed but not fully paid-up Share Capital'.

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12. Differentiate between 'Issued Share Capital' and 'Subscribed Share Capital'

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13. What is Reserve Capital?

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14. What is the name given to that 'part of capital' of a company which is called up only on winding up?

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15. Is 'Reserve Capital' a part of 'Unsubscribed Capital' or 'Uncalled Capital'?

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16. What is meant by Called-up Capital?

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17. What is meant by Paid-up Capital?

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18. Differentiate between 'Called-up Share Capital' and 'Paid-up Share Capital'.

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19. What is meant by Issue of Shares at a Premium?



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20. What is meant by 'Securities Premium'?



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21. What is meant by Issue of Shares at a Par?



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22. What is meant by 'Pro rata Allotment of Shares'?



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23. State the steps other than rejecting applications that a company can take in case of oversubscription.

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24. What is meant by 'Employees Stock Option Plan'?

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25. What is meant by Buy-Back of Shares?

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26. What is meant by Oversubscription of Shares?

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27. Give any two alternatives available to a company for the allotment of shares in case of over subscription.

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28. What is meant by Undersubscription of Shares?

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29. What is meant by Rights Issue of Shares?

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30. What is meant by Preferential Allotment of Shares?

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31. Give the meaning of Calls-in-Advance.



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32. Give the meaning of Calls-in-Arrears.



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33. At what rate can interest be charged by a company on Calls-in-Arrears according to 'Table F'?



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34. What rate of interest the company pays on Calls-in-Advance if it has not prepared its own Articles of Association?



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35. Can 'Securities Premium' be used as working capital? Give reason in support of your answer.



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36. Identify the purpose of utilising the 'Security Premium' that would maximise the return to shareholders.



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37. Give any one purpose for which the amount received as 'Securities Premium' may be utilised.



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38. What is meant by Issue of Shares for consideration other than cash?



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39. What is meant by Public Issue of Shares?



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40. D Ltd. Invited applications for 10,00,000 equity shares of Rs. 10 each. The public applied for 8,55,000 shares. Can the company proceed for the allotment of shares? Give reason in support of your answer.



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41. What is meant by Forfeiture of Shares?



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42. When can a company forfeit the shares held by a shareholder?



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43. On what conditions can forfeited shares be reissued?



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44. What is the maximum amount of discount which may be allowed on reissue of shares?



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45. A Ltd. Forfeited 100 equity shares of Rs. 10 each issued at a premium of 20% for non-payment of final call of Rs. 5 including premium. State the maximum amount of discount at which these shares can be reissued.



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46. A Ltd. Foreited a share of Rs. 100 issued at a premium of 20% for non-payment of first call of Rs. 30 per share and fianl call of Rs.10 per share.

State the minimum price at which this share can be reissued.

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47. What is meant by Capital Reserve?

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48. What is meant by 'Private Placement of Shares'?

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49. What is meant by a debenture?

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50. What does an Irredeemable Debenture mean?

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51. What is meant by Unsecured Debentures?



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52. State the meaning of Non-convertible Debentures.



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53. What is meant by Convertible Debentures?



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54. Define Secured Debentures.



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55. Distinguish between fixed charge and floating charge.



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56. What are Registered Debentures?



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57. What does a Bearer Debenture mean?



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58. Why would an investor prefer to invest partly in Shares and partly in Debentures of a Company?



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59. What is meant by Issue of Debentures as Purchase Consideration?



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60. What is the nature of Interest on Debentures?



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61. What is meant by issue of debentures as collateral security?



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62. Give the meaning of Bond.



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63. What is meant by Redemption of Debenture?



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64. State the meaning of Redemption of Debentures Out of Profits.

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65. Give two sources of finance for Rdemption of Debentures.

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66. State the meaning of Redemption of Debentures Out of Capital.

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67. What is Debentures Redemption Reserve (DRR)?

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68. What does a company create 'Debentures Redemption Reserve'?



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69. State the provisions of Companies Act, 2013 for the creation of 'Debentures Redemption Reserve'.



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70. What are the provisions regarding Debentures Redemption Investment?



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71. In which situations, amount is not transferred from Surplus, i.e., Balance in Statement of Profit and Loss to Debentures Redemption Reserve?



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72. In which situation, amount is not invested in specified securities?

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73. Name the account to which the 'Balance of Debentures Redemption Reserve' is transferred after all the debentures have been redeemed.

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Short Answer Questions

1. What is Minimum Subscription?

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2. Distinguish between Reserve Capital and Capital Reserve.

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3. Distinguish between Oversubscription and Undersubscription of Shares.



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4. Guru Ltd. Invited applications for 5,00,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share. Because of favourable market conditions, the issue was oversubscribed. Suggest the alternatives available to the Board of Directors for the allotment of shares.



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5. State any three purposes other than 'Issue of bonus shares' for which securities premium can be utilised.

Or

Securities Premium can be utilised for three purposes besides (i) 'Issuing fully paid bonus shares' and (ii) 'Buy back of shares'. State those purposes.

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6. List any three difference between a Share and a Debenture.

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7. Give any three points of difference between Shareholders and Debentureholders.

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8. List any three modes of redemption of debentures.

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Part B Practical Problems

1. (Calls-in-Arrears Account). Ghosh Ltd. Made the second and final call on its 50,000 Equity Shares @ Rs. 2 per share on 1st January, 2006. The whole amount was received on 15th January, 2006 except on 100 shares allotted to Venkat. Pass necessary Journal entry for the call money due and received by opening Calls-in-Arrears Account.



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2. (Both Calls-in-Arrears and Calls-in-Advance). X Ltd. with a nominal capital of Rs. 50,00,000 in Equity Shares of Rs. 10 each, issued 2,00,000 shares payable Rs. 2.50 per share on application, Rs. 2.50 per share on allotment and Rs. 5 per share on first and final call three months later. All money payable on allotment were duly received but one shareholder failed to pay the amount due on allotment on his 2,500 shares, while another shareholder who held 2,000 shares paid for the shares first and final call also.

Give Journal entries in the company's book to record the above

transactions up to allotment of shares and show the company's Balance Sheet.

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3. 20,000 shares of Rs. 10 each were issued for public subscription at a premium of Rs. 10%. Full amount was payable on application. Applications were received for 30,000 shares and the Board decided to allot the shares on a pro rata basis. Pass Journal entries.

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4. SSS Ltd. Has a paid-up share capital of Rs. 60,00,000 and a balance of Rs. 15,00,000 in the Securities Premium Reserve Account. The company management does not want to carry over this balance. State the purposes for which this balance can be utilised.

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5. Shubh Limited has the following balances appearing in its Balance Sheet:

securities Premium Reserve	<i>Rs.</i>	22,00,000
9% Debentures	<i>Rs.</i>	1,20,00,000
Underwriting Commission	<i>Rs.</i>	10,00,000

The company decided to redeem its 9% Debentures at a premium of 10%.

You are required to suggest the ways in which the company can utilise the securities premium amount.



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6. Nikhil Ltd. Purchased a running business from Sonia Ltd. For a sum Rs. 22,00,000 by issuing 20,000 fully paid equity shares of Rs.100 each at a premium of 10%. The assets and liabilities consisted of the following:

Machinery Rs. 7,00,000, Debtors Rs. 2,50,000, Stock Rs. 5,00,000, Building Rs. 11,50,000 and Bills Payable Rs. 2,50,000.

Pass necessary Journal entries in the books of Nikhil Ltd. for the above transactions.



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7. X Ltd. purchased furniture of Rs. 10,00,000 from Y Ltd. and paid 20% of the amount by accepting a bill of exchange in favour of Y Ltd. The remaining amount was paid by issuing equity shares of Rs. 100 each at a premium of 25% to Y Ltd.

Showing your working notes clearly, pass necessary Journal entries for the above transactions in the books of X Ltd.

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8. Pass necessary Journal entries for the following transactions in the books of Rajan Ltd:

Rajan Ltd. Purchased a running business from Vikas Ltd. for a sum of Rs. 2,50,000 payable as Rs. 2,20,000 in fully paid equity shares of Rs. 10 each and balance by a bank draft. The assets and liabilities consisted of the following: Plant and Machinery Rs. 90,000, Building Rs. 90,000, Sundry Debtors Rs. 30,000, Stock Rs. 50,000, Cash Rs. 20,000, Sunday Creditors Rs. 20,000.

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9. X Ltd. Purchased a running business from G Ltd. for a sum of Rs. 18,00,000 payable by issue of equity shares of Rs. 100 each at a premium of Rs. 20 per share. The assets and liabilities consisted of the following:
Plant - 3,50,000, Land - Rs. 6,00,000, Stock - Rs. 4,50,000 and Creditors - Rs. 1,00,000.

Pass necessary Journal entries in the books of X Ltd. for the above transactions.



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10. Samachar India Ltd. Took over the assets of Rs. 14,00,000 and liabilities of Rs. 4,00,000 from News Ltd. for a purchase consideration of Rs. 9,19,000. Samachar India Ltd. Issued a promissory note of Rs. 17,000 payable after 60 days in favour of News Ltd. and the balance amount was paid by issue of equity shares of Rs. 100 each at a premium of Rs. 25 per share.

Pass necessary Journal entries for the above transactions in the books of Samachar India Ltd.

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11. Madhur Ltd. took over the assets of Rs. 3,90,000 and liabilities of Rs. 40,000 of Rasova Ltd. for a consideration of Rs. 4,00,000. 20% was paid by a cheque and the balance by issue of fully paid equity shares of Rs. 100 each at a premium of 60%. Show necessary Journal entries for these transactions in the books of Madhur Ltd.

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12. Sico Ltd. took over the assets of Rs. 4,80,000 and liabilities of Rs. 80,000 of Mittal Ltd. for a consideration of Rs. 3,20,000. Rs. 20,000 were paid by an acceptance in favour of Mittal Ltd. payable after 3 months and the balance by issue of fully paid-up 8% Preference Shares of Rs. 100 each at a premium of 50%. Pass the necessary Journal entries for the above transactions in the books of Sico Ltd.



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13. Akash Ltd. is registered with an authorised capital of Rs. 8,00,00,000 divided into equity shares of Rs. 10 each. Subscribed and fully paid-up share capital of the company was Rs.4,00,00,000. For providing employment to the local youth and for the development of the rural areas of the Jammu and Kashmir State, the company decided to set up a food processing unit in Anantnag district. The company also decided to open skill development centres in Ladakh, Srinagar and punch. To meet its new financial requirements, the company decided to issue 1,00,000 equity shares of Rs. each and 10,000, 9% Debentures of Rs. 100 each. The debentures were redeemable after five years. The issue of equity shares and debentures was fully subscribed. A shareholder holding 1,000 shares failed to pay the final call of Rs. 2 per share.

Present the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013.



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14. The authorised capital of Suhani Ltd. is Rs. 45,00,000 divided into 30,000 shares of Rs. 150 each. Out of these, company issued 15,000 shares of Rs. 150 each at a premium of Rs. 10 per share. The amount was payable as follows:

Rs. 50 per share on application, Rs. 40 per share on allotment (including premium),

Rs. 30 per share on first call and balance on final call. Public applied for 14,000 shares. All the money was duly received.

Prepare an extract of Balance Sheet of Suhani Ltd. as per Schedule III of the Companies Act, 2013 disclosing the above information. Also prepare 'Notes to Accounts' for the same.



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15. On 1st April, 2017 Aradhana Ltd. was formed with an authorised capital of Rs. 90,00,000 divided into 90,00,000 shares of Rs. 100 each. The company invited applications for issuing 75,000 equity shares.

The amount was payable as follows:

On application	—	Rs. 20 per share,
On first and final call	—	Rs. 50 per share,
On first and final call	—	balance amount.

The issue was fully subscribed and the company allotted shares to all the applicants. All money was received except the first and final call on 5,000 shares.

Show the 'Share Capital' in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013 as at 31st March, 2018 and also show Note to Accounts.



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16. On 1st April, 2012, Vivek Ltd. was formed with an authorised capital of Rs. 1,00,00,000 divided into 2,00,000 equity shares of Rs. 50 each. The company issued prospectus inviting applications for 1,80,000 shares. The issue price was payable as under:

On Application	:	Rs. 15,
On Allotment	:	Rs. 20,
On Call	:	Balance amount.

The issue was fully subscribed and the company allotted shares to all the applicants. The company did not make the call during the year.

(i) Share capital in the Balance Sheet of the company as per Schedule III-Part I of the Companies Act, 2013.

(ii) Also prepare 'Note to Accounts' for the same.



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17. On 1st April, 2012, Kanya Ltd. was formed with an authorised of Rs. 40,00,000 divided into 4,00,000 equity shares of Rs. 10 each. The company issued prospectus inviting applications for 3,80,000 equity shares. The company received applications for 3,60,000 equity shares. During the first year, Rs. per share were called. Deepthi holding 3,000 shares and Divya holding 6,000 shares did not pay the first call of Rs. 2 per share. Divya's shares were forfeited after the first call and later on 5,000 of the forfeited shares were reissued at Rs. 6 per share, Rs. 8 called-up.

Show the following:

(i) 'Share Capital' in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.

(ii) Also prepare 'Note to Accounts'.



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18. Sun Pharma Ltd. is registered with an authorised capital of Rs. 1,00,00,000 divided into 1,00,000 equity shares of Rs. 100 each. The company issued 50,000 shares at a premium of Rs. 40 per share. A shareholder holding 500 shares did not pay the final call of Rs. 20 per share.

His shares were forfeited.

Present the 'Share Capital' in the Balance Sheet of the Company as per Schedule III, Part I of the Companies Act, 2013. Also prepare Note to Accounts.



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19. India Auto Ltd.'is registered with an authorised capital of Rs. 7,00,00,000 divided into 7,00,000 shares of Rs. 100 each. The company issued 50,000 shares to the vendor for building purchased and 2,00,000 shares were issued to the public. The amount was payable as follows:

On application and allotment	–	Rs. 20 per share,
On first call	–	Rs.50 per share,
On second and final call	–	The balance.

All calls were made and were duly received except on 100 shares held by Rajani, who failed to pay the second and final call. Her shares were forfeited.

Present the 'Share Capital' in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. Also prepare 'Note to Accounts'.

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20. NK Ltd., a truck manufacturing company, is registered with an authorised capital of Rs. 1,00,00,000 divided into equity shares of Rs. 100 each. The subscribed and paid-up capital of the company is Rs. 50,00,000. The company decided to open technical schools in the Jhalawar district of Rajasthan to train the specially abled children of the area. It is planning to provide them employment in its various production units and industries in the neighbourhood area.

To meet the capital expital expenditure reuirements of project, the company offered 20,000 shares to the public for subscription. The shares

were fully subscribed and paid.

Present the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013.



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21. Sajag Ltd. has an authorised capital of Rs.30,00,000 divided into equity shares of Rs. 30 each.

The company invited applications for issuing 70,000 shares.

Applications for 68,000 shares were received.

All calls were made and were duly received except the final call of Rs. 10 per share on 5,000 shares. These shares were forfeited.

(i) Present the Share Capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013.

(ii) Also, prepare Note to Accounts for the same.



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22. Xansa Ltd. Offered 22,000 equity shares of Rs. 100 each to the public at a premium of Rs. 20 per share. The amount per share was payable as Rs. 30 on application, Rs. 50 (including premium) on allotment, and the balance on first and final call. 20,000 shares were subscribed by the public. All calls were made. A shareholder holding 1,000 shares failed to pay the first and final call money. His shares were forfeited. Show 'Share Capital' in the Balance Sheet of Xansa Ltd. Also, prepare 'Note to Accounts'.



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23. Janta Ltd. had an authorised capital of 2,00,000 equity shares of Rs. 10 each. The company offered to the public for subscription 1,00,000 shares. Applications were received for 97,000 shares. The amount was payable as follows: on application Rs. 2 per share, Rs. 4 payable each on allotment and first and final call. A shareholding 600 shares failed to pay the allotment money. His shares were forfeited. The company did not make the first and final call.

Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. Also prepare Notes to Accounts.

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24. DN Ltd. issued 50,000 shares of Rs. 10 each payable as Rs. 2 per share on application, Rs. 3 on allotment and Rs. 5 on first and final call.

Applications were received for 70,000 shares. It was decided that:

- (a) to refuse allotment to the applicants for 10,000 shares,
- (b) to allot 20,000 shares to Mohan who had applied for similar number, and
- (c) to allot the remaining shares on pro rata basis.

Mohan failed to pay the allotment money and Sohan who belonged to Category 'c' and was allotted 3,000 shares paid the call money with allotment.

Calculate the amount received on allotment.

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25. Nandan, a Director of 'Nanda Agro Products Ltd.,' proposed in a board meeting that to inculcate the habit of savings among people he wanted to bring a special issue of shares. His proposal was accepted by the company.

The company issued 40,000 equity shares of Rs. 100 each. The share money per share was payable as:

On Application	–	Rs. 30,
On Allotment	–	Rs. 50,
On First and Final Call	–	Rs. 20.

Raman, a farmer holding 80 shares could not pay his call money on time.

Nathan, another farmer holding 50 shares, paid the call money also with allotment.

Raman paid the amount due from him after four months explaining the reason for delay,

the company did not charge any interest from him.

Calculate the amount received by the company on allotment.



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26. Navnirman Ltd. issued 4,00,000 equity shares of Rs. 10 each at per. The amount per share was payable as follows:

Rs. 3 on application, Rs. 2 on allotment, Rs. 2 on first call and Rs. 3 on final call.

The issue was fully subscribed and the shares were allotted fully to all the applicants. All calls were made. Mahi, a shareholder holding 6,000 shares paid the final call money along with the first call. Shrey holding 700 shares did not pay the first call on the due date. Shrey paid the first call along with the final call. The accountant of the company had correctly passed the entries till receipt of allotment money. After that the following entries were left incomplete by him. Complete these entries.

JOURNAL OF NAVNIRMAN LTD.				
Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Equity Share First Call A/c ..Dr.		8,00,000	
	To ?			8,00,000
	(Being first call due on 4,00,000 shares @ ₹ 2 per share)			
	Bank A/c ..Dr.		?	
	? ..Dr.		?	
	To Equity Share First Call A/c			>
	To ?			?
	(?)			
	Equity Share Second and Final Call A/c ..Dr.		?	
	To Equity Share Capital A/c			?
	(Being final call due on 4,00,000 shares @ ₹ 3 per share)			
	Bank A/c ..Dr.		?	
	? ..Dr.		?	
	To Equity Share Second and Final Call A/c			?
	To ?			?
	(?)			

(Dr.) (Cr.)



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27. Prayuj Ltd. forfeited 2,000 shares of Rs. 10 each, fully called-up, on which they had received only Rs. 14,000. 50 of the forfeited shares were reissued for Rs. 9 per share fully paid-up.

Pass necessary Journal entries for forfeiture and reissue of shares. Also prepare Shares Forfeited Account.



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28. Cemto Ltd. forfeited 6,000 shares of Rs. 10 each issued at a premium of Rs. 2 per share for the non-payment of final call of Rs. 3 per share. 300 of the forfeited shares were reissued for Rs. 8 per share as fully paid-up.

Pass necessary Journal entries for the forfeiture and reissue of shares. Also prepare Share Forfeited Account.



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29. SSS Ltd. forfeited 1,000 Equity Shares of Rs. 100 each for the non-payment of first call Rs. 20 per share and second and final call of Rs. 25

per share. State:

(i) Can these shares be reissued?

(ii) If yes, state the minimum amount at which these shares can be reissued.

(iii) If these shares were reissued at Rs. 50 per share fully paid-up, what be the amount of Capital Reserve?



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30. Dinesh Ltd. invited applications for issuing 10,000 Equity Shares of Rs.

10 each. The amount was payable as follows:

On Application	—	Rs.1,
On Allotment	—	Rs.2,
On First Call	—	Rs.3,
On second and Final Call	—	Balance.

The issue was fully subscribed. Ram to whom 100 shares were allotted,

failed to pay the allotment money and his shares were forfeited

immediately after allotment. Shyam to whom 150 shares were allotted,

failed to pay the first call. His shares were also forfeited after the first call.

Afterwards the second and final call was made. Mohan to whom 50 shares

were allotted failed to pay the second and final call. His shares were also

forfeited. All the forfeited shares were reissued at Rs. 9 per share fully paid-up.

Pass necessary Journal entries in the books of Dinesh Ltd.

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31. L Ltd. Forfeited 470 equity shares of Rs. 20 each issued at a premium of Rs. 3 per share for the non-payment of allotment money of Rs. 8 (including premium Rs. 3) and first call of Rs. 5 per share. Final call of 5 per share was not made. Out of these, 235 shares were reissued at Rs. 19 each fully paid.

Pass necessary Journal entries for the above transactions in the books of L Ltd.

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32. A company forfeited 200 shares of Rs. 20 each, Rs. 15 per share called-up on which Rs. 10 per share had been paid. Directors reissued all the forfeited shares to B as Rs. 15 share paid-up for a payment of Rs. 10 each.

Give Journal entries in the books of the company for forfeiture and reissue of shares.

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33. X Ltd.' invited applications for issuing 10,000 Equity Shares of Rs. 100 each at a premium of Rs. 100 per share. The amount was payable as follows:

On application and allotment – Rs. 100 per share (including premium)
On first and final call – The balance.

The issue was fully subscribed. A shareholder holding 500 shares paid the full share money with application. Another shareholder holding 200 shares failed to pay the first and final call money. His shares were forfeited. The forfeited shares were reissued for Rs. 19,000 as fully paid-up.

Pass necessary Journal entries for the above transactions in the books of the company.

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34. Y Ltd.' invited applications for issuing 15,000 Equity Shares of Rs. 10 each on which Rs. 6 per share were called-up, which were payable as follows:

On application	–	Rs. 2 per share,
On allotment	–	Rs. 1 per share,
On first call	–	Rs. 3 per share.

The issue was fully subscribed and the amount was received as follows:

On 10,000 shares	–	Rs. 6 per share,
On 3,000 shares	–	Rs. 3 per share,
On 2,000 shares	–	Rs. 2 per share.

The directors forfeited those shares on which less than Rs. 6 per share were received. The forfeited shares were reissued at Rs. 9 per share, as Rs. 6 per share paid-up.

Pass necessary Journal entries for the above transactions in the books of the company.



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35. Fill in the blank spaces in the Journal entries given below:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c ? ..Dr.		?	
	? ..Dr.		?	
	To Shares Forfeited A/c			3,000
	To Shares Allotment A/c			?
	To Shares First Call A/c			?
	(Being 1,000 shares of ₹ 10 each, ₹ 8 called-up issued at a premium of ₹ 2 per share forfeited for non-payment of allotment of ₹ 5 per share including premium and first call of ₹ 2 per share)			
	Bank A/c ..Dr.		9,800	
	To Share Capital A/c			?
	To ?			?
	(Being 700 shares reissued @ 14 per share fully paid-up)			
	Shares Forfeited A/c ..Dr.		?	
	To Capital Reserve A/c			?
	(Being the gain on reissue of forfeited shares transferred to Capital Reserve)			



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36. Fill in the blank spaces in the Journal entries given below:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c ? ..Dr.		?	
	? ..Dr.		?	
	To Shares Forfeited A/c			6,000
	To Shares Allotment A/c			?
	To Shares First Call A/c			?
	(Being 2,000 shares of ₹ 10 each, ₹ 8 called-up issued at a premium of ₹ 2 per share forfeited for non-payment of allotment of ₹ 5 per share including premium and first call of ₹ 2 per share)			
	Bank A/c ..Dr.		19,600	
	To Share Capital A/c			?
	To ?			?
	(Being 1,400 shares reissued for ₹ 19,600 as fully paid-up)			
	Shares Forfeited A/c ..Dr.		?	
	To Capital Reserve A/c			?
	(Being the gain (profit) on reissue of forfeited shares transferred to Capital Reserve)			



[View Text Solution](#)

37. Moti Led. invited applications for issuing 10,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as follows:

On Application	—	Rs. 5 (including premium)
On Allotment	—	Rs. 4,
On First and Final call	—	Rs. 3.

Applications for 15,00,000 shares were received. Applications for 3,00,000 shares were rejected and pro rata Allotment was made to the remaining applicants. Excess application money was utilised towards sum due on allotment. Giri who had applied for 24,000 shares failed to pay the allotment and call money. His shares were forfeited. Out of the forfeited shares, 10,000 shares were reissued for Rs. 8 per share fully paid-up.

Pass necessary Journal entries in the books of Moti Ltd.



[View Text Solution](#)

38. R.K. Ltd. invited application for issuing 70,000 Equity Shares of Rs. 10 each at a premium of Rs. Per share. The amount was payable as follows:

On Application	—	Rs. 15 (including Rs. 12 premium),
On Allotment	—	Rs.10 (including Rs. 8 premium),
On First and Final call	—	Balance.

Applications for 65,000 shares were received and allotment was made to all the applicants. A shareholder, Ram, who was allotted 2,000 shares, failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards, the first and final call was made. Sohan, who had 3,000 shares, failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares, 4,000 shares were reissued at Rs. 50 per share fully paid-up. The reissued shares included all the shares of Ram.

Pass necessary Journal entries for the above transactions in the books of R.K. Ltd.



[View Text Solution](#)

39. Bhagwati Ltd. invited applications for issuing 2,00,000 equity shares of Rs. 10 each. The amount were payable as follows:

On Application	—	Rs. 3 per share,
On Allotment	—	Rs. 5 per share,
On First and Final call	—	Rs. 2 per share.

Applications were received for 3,00,000 shares and pro rata allotment was made to all the applicants. Money overpaid on application was

adjusted towards allotment money. B, who was allotted 3,000 shares, failed to pay the first and final call money. His shares were forfeited. Out of the forfeited shares, 2,500 shares were reissued as fully paid-up @ Rs. 8 per share.

Pass necessary Journal entries to record the above transactions in the books of Bhagwati Ltd.

 [View Text Solution](#)

40. A Ltd. invited applications for issuing 1,00,000 shares of Rs. 10 each at a premium of Rs. 1 per share. The amount was payable as follows:

On Application	—	Rs. 3 per share,
On Allotment	—	Rs. 3 per share (including premium),
On First Call	—	Rs. 3 per share,
On second and Final Call	—	Balance amount.

Applications for 1,60,000 shares were received. Allotment was made on the following basis:

- (i) To applicants for 90,000 shares : 40,000 shares,
- (ii) To applicants for 50,000 shares : 40,000 shares,
- (iii) To applicants for 20,000 shares : Full shares.

Excess money paid on application is to be adjusted against the amount due on allotment and calls.

Rishabh, a shareholder, who applied for 1,500 shares and belonged to category (ii), did not pay allotment, first and second and final call money.

Another shareholder, Sudha, who applied for 1,800 shares and belonged to category (i), did not pay the first and second and final call money.

All the shares of Rishabh and sudha were forfeited and were subsequently reissued at Rs. 7 per share fully paid.

Pass the necessary Journal entries in the books of A Ltd. Open Calls-in-Arrears Account and Calls-in-Advance Account wherever required.



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41. Amrit Dhara Ltd.' invited applications for issuing 80,000 Equity Shares of Rs. 10 each. The amount was payable as follows:

On application and allotment	—	Rs. 2 per share,
On first call	—	Rs. 4 per share,
On second and final call	—	the balance.

Applications for 1,00,000 shares were received. Shares were allotted on pro rata basis to all the applicants. Excess money received with applications was adjusted towards sums due on first call. Manohar who had applied for 2,000 shares failed to pay the first call and his shares

were immediately forfeited. Afterwards second and final call was made. Mohan who was allotted 2,400 shares failed to pay the second and final call. His shares were also forfeited. All the forfeited shares were reissued at Rs. 9 per share as fully paid-up.

Pass necessary Journal entries in the books of the company for the above transactions.

 [View Text Solution](#)

42. Subham Ltd.' invited applications for issuing 12,000 equity shares of Rs. 10 each at a premium of Rs 3 per share. The amount was payable as follows:

On application and allotment	—	Rs. 6 per share (Including Premium)
On first call	—	Rs. 4 per share,
On second and final call	—	the balance.

Applications for 18,000 shares were received and pro rata allotment was made to all the applicants.

Excess money received with applications was adjusted towards sums due on first call. All calls were made and were duly received except the first call and second and final call on 120 shares allotted to Vibha. His shares were

forfeited. The forfeited shares were reissued at the maximum permissible discount as per the provisions of the Companies Act, 2013.

Pass necessary Journal entries for the above transactions in the books of the company.



[View Text Solution](#)

43. KS Ltd. invited applications for issuing 1,60,000 equity shares of Rs. 10 each at a premium of Rs. 6 per share. The amount was payable as follows:

On Application - Rs. 4 per share (Including premium Rs. 1 per share),

On Allotment - Rs. 6 per share (Including premium Rs. 3 per share),

On First and Final Call - Balance.

Applications for 3,20,000 shares were received. Applications for 80,000 shares were rejected and application money refunded. Shares were allotted on pro rata basis to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. Jain holding 800 shares failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards, the final call was made. Gupta who had applied for 1,200 shares failed to pay the final call.

These shares were also forfeited. Out of the forfeited shares, 1,000 shares were reissued at Rs. 8 per share fully paid-up. The reissued shares included all the forfeited shares of Jain.

Pass necessary Journal entries for the above transactions in the books of KS Ltd.



[View Text Solution](#)

44. GG Ltd. had issued 50,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable with application money. The incomplete Journal entries related to the issue are given below.

You are required to complete these blanks.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2015				
Jan. 10	? To ? (Amount received on application for 70,000 shares @ ₹ 5 per share including premium)	...Dr.	?	?
Jan. 16	Equity Shares Application A/c To ? To ? To ? To ? (Transfer of application money to Share Capital, Securities Premium, money refunded for 8,000 shares for rejected applications and balance adjusted towards amount due on allotment as shares were allotted on <i>pro rata</i> basis)	...Dr.	?	?
Jan. 31	? To ? (Amount due on allotment @ ₹ 4 per share)	...Dr.	?	?
Feb. 20	? To ? (Balance amount received on allotment)	...Dr.	?	?
April 1	? To ? (First and final call money due)	...Dr.	?	?
April 20	? Calls-in-Arrears A/c To ? (Money received on first and final call)	...Dr. ...Dr.	?	?
Aug. 27	? To ? To ? (Forfeited the shares on which call money was not received)	...Dr.	?	?
Oct. 3	? To ? (Reissued the forfeited shares @ ₹ 8 per share fully paid-up)	...Dr. ...Dr.	?	?
?	? To ?	...Dr.	?	?



[View Text Solution](#)

45. R.K. Ltd., invited applications for issuing 80,000 equity shares of Rs. 10 each at a premium of Rs. 35 per share. The amount was payable as follows:

On Application - Rs. 8 (including Rs. 5 premium) per share,

On Allotment - 12 (including Rs. 10 premium) per share,

On First and Final Call - Balance.

Applications for 75,000 shares were received and allotment was made to all the applicants. Rahim, a shareholder who was allotted 3,000 shares failed to pay allotment money and his shares were immediately forfeited.

Afterwards, the first and final call was made. Suhani,

who held 3,000 shares failed to pay final call. Her Shares were also forfeited. All the forfeited shares were reissued for a sum of Rs. 62,000 as fully paid-up.

Pass necessary Journal entries for the above transactions in the books of R.K. Ltd.



[View Text Solution](#)

46. BBG Ltd. invited applications for issuing 2,00,000 equity shares of Rs. 10 each at a premium of Rs. 10 per share. The amount was payable as follows:

On Application	—	Rs. 4 per share (including Rs. 2 premium)
On Allotment	—	Rs. 5 per share (including Rs. 2 premium)
On First Call	—	Rs. 5 per share (including Rs. 3 premium)
On second and Final Call	—	Balance amount

The issue was fully subscribed, Raghu, a shareholder holding 1,000 shares, failed to pay the allotment money and Rahim, another shareholder holding 1,500 shares, paid his entire share money along with allotment. Raghu's shares were forfeited immediately after allotment.

Afterwards, the first call was made, Deenanath, a shareholder holding 500 shares, failed to pay the first call money and Dayal, a shareholder holding 600 shares, paid his second call money along with the first call. Deenanath's shares were forfeited immediately after the first call. Later on the second call was made which was duly received.

Pass necessary Journal entries for the above transactions in the books of BBG Ltd.



[View Text Solution](#)

47. X Ltd. invited applications for issuing 50,000 equity shares of Rs. 10 each. The amount was payable as follows:

On Application	—	Rs. 2 per share,
On Allotment	—	Rs. 2 per share,
On First Call	—	Rs. 3 per share,
On second and Final Call	—	Balance amount.

Applications for 70,000 shares were received. Applications for 10,000

shares were rejected and the application money was refunded.

Shares were allotted to the remaining applicants on a pro rata basis and excess monay received with applications was transferred towards sums due on allotment and calls, if any.

Gopal, who applied for 600 shares, paid his entire share money with application. Ghosh, who had applied for 6,000 shares, failed to pay the allotment money and his shares were immediately forfeited. These forfeited. shares were reissued to Sultan for Rs. 20,000, Rs. 4 per share paid-up. The first call money and the second and final call money was called and duly received.

Pass necessary Journal entries for the above transactions in the books of X Ltd. Open Calls-in-Advance Account and Calls-in-Arrears Account wherever necessary.



[View Text Solution](#)

48. Manvet Ltd. invited applications for issuing 10,00,000 equity shares of Rs. 10 each payable as follows:

On application and allotment	–	Rs. 4 per share (including premium Rs.
On first call	–	Rs. 4 per share,
On second and final call	–	Rs. 3 per share.

Applications for 15,00,000 shares were received and pro rata allotment was made to all the applicants. Excess application money was adjusted on the sums due on calls. A shareholder who had applied for 6,000 shares did not pay the first, and the second and final call. His shares were forfeited. 90% of the forfeited shares were reissued at Rs. 8 per share fully paid-up.

Pass necessary Journal entries for the above transactions in the books of the company.



[View Text Solution](#)

49. Joy Ltd. invited applications for issuing 20,000 equity shares of Rs. 10 each at per. The amount was payable as follows:

On Application	–	Rs. 3 per share
On Allotment	–	Rs. 4 per share
On First Call and Final Call	–	Balance amount

The issue was oversubscribed by three times. Applications for 20% shares were rejected and the money was refunded. Allotment was made to the

remaining applicants as follows:

Category	No. of Shares Applied	No. of Shares Allotted
I	30,000	15,000
II	18,000	5,000

Excess money received with applications was adjusted towards sums due on allotment. Money in excess to sums due on allotment was adjusted towards sums due on first and final call and any money in excess to sums due on first and final call was refunded. Kavi, a shareholder who had applied for 600 shares, failed to pay the remaining allotment money and his shares were immediately forfeited. Kavi belonged to Category I.

Afterwards the first and final call was made. Gupta, who had applied for 400 shares, failed to pay the first and final call. Gupta also belonged to Category I.

Shares of Gupta were also forfeited after the first and final call. The forfeited shares were reissued at Rs. 12 per share fully paid -up.

Pass necessary Journal entries for the above transactions in the books of Joy Ltd.



[View Text Solution](#)

50. Benolac Paints Ltd. invited applications for issuing 1,20,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as follows:

- On application — Rs. 3 per share (including premium Rs. 1),
- On allotment — Rs. 3 per share, and
- On first and final call — Rs. 6 per share (including premium Rs. 1).

Applications for 1,40,000 shares were received. Applications for 10,000 shares were rejected and pro rata allotment was made to the remaining applicants. Over payments on application were adjusted towards sums due on allotment. All calls were made and were duly received except allotment and final call on 6,000 shares allotted to Sharvi. These shares were forfeited. Afterwards, half of the forfeited shares were reissued for Rs. 33,000 as fully paid-up.

Pass necessary journal entries for the above transactions in the books of Benolac Paints Ltd.



[View Text Solution](#)

51. Bayson Ltd. invited applications for issuing 54,000 shares of Rs. 100 each payable as follows:

Rs. 50 per share on application,

Rs. 10 per share on allotment, and

Balance on first and final call.

Applications were received for 80,000 shares.

Full allotment 40,000 shares on pro rata basis. Excess money received with application was adjusted towards sums due on allotment and call.

Vibhor, holding 1,200 shares, who belonged to the category of applicants to whom full allotment was made, paid the call money at the time of allotment. Vidur, who belonged to the category of applicants to whom shares were allotted on pro rata basis did not pay anything after application on his 400 shares. Vidur's shares were forfeited after the first and final call. All the forfeited shares were later on reissued at Rs. 110 per share as fully paid-up.

Pass the necessary Journal entries in the books of Bayson Ltd. for the above transactions by opening Calls-in-Arrears and Calls-in-Advance Account wherever necessary.

52. X Ltd. invited applications for issuing 5,00,000 equity shares of Rs. 10 each at per. The amount per share was payable as follows:

On Application	–	Rs.1 per share,
On Allotment	–	Rs. 2 per share,
On First call	–	Rs.3 per share,
On second and Final call	–	Balance.

Applications for 8,00,000 shares were received. Applications for 1,00,000 shares were rejected and pro rata allotment was made to the remaining applicants. Excess money received with applications was adjusted sums due on allotment. All calls were made. Ashok, a shareholder holding 5,000 shares, failed to pay the allotment and the call money. Mohan, a shareholder who had applied for 7,000 shares, failed to pay the first and second and final call. Shares of Ashok and Mohan were forfeited after the second and final call. Of the forfeited shares 8,000 shares were reissued at Rs. 12 per share fully paid-up . The reissued shares included all the forfeited shares of Ashok.

Pass necessary journal entries for the above transactions in the books of X Ltd.



Issue Of Debentures For Cash

1. Pass necessary Journal entries for issue of 1,000, 7% Debentures of Rs. 100 each in the following cases:
 - (a) Issued at 5% premium, redeemable at a premium of 10%.
 - (b) Issued at a discount of 5%, redeemable at par.



[View Text Solution](#)

2. Sargam Ltd. issued Rs. 1,00,000, 6% Debentures of Rs. 10 each at a premium of Rs. 2 per debenture on 1st April, 2012. The issue was fully subscribed. Interest will be paid at the end each financial year.

Pass necessary Journal entries for the year 2012-13.



[View Text Solution](#)

3. Fena Ltd. issued Rs. 7,00,000, 12% Debentures of Rs. 100 each at a premium of 5% redeemable at a premium of 20%.

Pass necessary Journal entries at the time of issue of debentures.



[View Text Solution](#)

4. Sunrise Company Ltd. has an equity share capital of Rs. 10,00,000. The company earns a return on investment of 15% on its capital. The company needed funds for diversification. The finance manager had the following options: (i) Borrow Rs. 5,00,000 @ 15% p.a. from a bank payable in four equal quarterly instalments starting from the fifth year, or (ii) Issue Rs. 5,00,000, 9% Debentures of Rs. 100 each redeemable at a premium of 10% after five year. To increase the return to the shareholders, the company opted for option (ii).

Pass necessary Journal entries for issue of debentures.



[View Text Solution](#)

5. Aishwarya Ltd. issued 7,000, 10% Debentures of Rs. 1,000 each at a discount of 10%, redeemable at a premium of 5% after 4 years. According to the terms of issue Rs. 300 was payable on a application and balance on allotment of debentures.

Record necessary entries regarding issue of 10% Debentures.



[View Text Solution](#)

6. VKR Ltd. issued 975, 9% Debentures of Rs. 500 each on 14th March, 2016. Pass necessary Journal entries for the issue of debentures under the following situations:

(a) When debentures were issued at a premium of 10% redeemable at a premium of 6%.

(b) When debentures were issued at per redeemable at 9% premium.



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7. X Ltd. invited applications for 1,000, 9% Debentures of Rs. 100 each at a discount of 6%.

Applications for 1,200 debentures were received. Pro rata allotment was made to all the applicants.

Pass necessary Journal entries for the issue of debentures assuming that whole amount was payable with applications.



[View Text Solution](#)

8. Hina Ltd. purchased assets of Harish Ltd. for Rs. 8,40,000 and took over the liabilities (creditors) of Rs. 80,000 for an agreed purchase consideration of Rs. 8,00,000. Hina Ltd. issued 12% Debentures of Rs. 100 each at 25% premium for purchase consideration.

Pass necessary Journal entries in the books of Hina Ltd.



[View Text Solution](#)

9. Sangam Woollens Ltd., Ludhiana, are the manufacturers and exporters of woollen garments. The company decided to distribute woollen garments free of cost to 10 villages of Lahaul and Spiti District of Himachal Pradesh. The company also decided to employ 50 young persons from these villages in its newly established factory. The company issued 40,000 Equity Shares of Rs. 10 each and 1,000, 9% Debentures of Rs. 100 each to the vendors for the purchase of machinery of Rs. 5,00,000. Pass necessary Journal entries.



[View Text Solution](#)

10. Venus Ltd., is a real estate company. To discharge its Corporate Social Responsibility, it decided to construct a night shelter for the homeless. The company took over assets of Rs. 10,000 and liabilities of Rs. 1,80,000 of Cayns, Ltd. for Rs. 7,60,000. Venus Ltd. issued 9% Debentures of Rs. 100 each at a discount of 5% in full satisfaction of the purchase consideration in favour of Cayns Ltd.

Pass necessary Journal entries in the books of Venus Ltd. for the above transactions.

 [View Text Solution](#)

11. Z Ltd. purchased machinery from K Ltd. Z Ltd. paid K Ltd. as follows:

- (i) By issuing 5,000 equity shares of Rs. 10 each at a premium of 30%.
- (ii) By issuing 1,000, 8% Debentures of Rs. 100 each at a discount of 10%.
- (iii) Balance by giving a promissory note of Rs. 48,000 payable after two months.

Pass necessary Journal entries for the purchase of machinery and payment to K Ltd. in the books of Z Ltd.

 [View Text Solution](#)

12. (Issue of Debentures as Collateral Security). X Ltd. secured a loan of Rs. 8,00,000 from the Bank of Baroda by issuing 10,000, 9% Debentures of Rs. 100 each as a collateral security. How will you show the issue of such debentures in the Balance Sheet?



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13. Explain with an imaginary example how issue of debentures as collateral security is shown in the Balance Sheet of a company when it is recorded in the Books of Account.



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14. BG. Ltd. issued 2,000 12% debentures of Rs. 100 each on 1st April, 2012. The issue was fully subscribed. According to the terms of issue, interest on the debentures is payable half-yearly on 30th September and 31st March and the tax deducted at source is 10%.

Pass necessary journal entries related to the debenture interest for the half-yearly ending 31st March, 2013 and transfer of interest on debentures of the year to the Statement of Profit and Loss.



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15. On 1st April, 2015, J.K. Ltd. issued 8,000, 9% Debentures of Rs. 1,000 each at a discount of 6%, redeemable at a premium of 5% after three years. The company closes its books on 31st March every year. Interest on 9% Debentures is payable on 30th September and 31st March every year. The rate of tax deducted at source is 10%.

Pass necessary Journal entries for the issue of debentures and debenture interest for the year ended 31st March, 2016.



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16. SSS Ltd., issued 25,000, 10% Debentures of Rs. 100 each. Give Journal entries and the Balance Sheet in each of the following cases when:

(i) the debentures were issued at a premium of 20%.

(ii) the debentures were issued as a collateral security to Bank against a loan of Rs. 20,00,000.

(iii) the debentures were issued to a supplier of machinery costing Rs. 28,00,000 as his full and final payment.



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17. Fill in the blanks in the following entries:

GG Ltd.
JOURNAL

Date	Particulars	L.F.	Dr.(₹)	Cr.(₹)
?	To ? (Application and allotment money received on 2,000, 12% Debentures of ₹ 100 each issued at a premium of 5% and redeemable at a premium of 10%)	...Dr.	?	?
?	To ?	...Dr.	?	?
?	To ?	...Dr.	?	?
?	To ?	...Dr.	?	?
(?)				



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18. Fill in the blanks in the following entries:

X Ltd.
JOURNAL

Date	Particulars	L.F.	Dr.(₹)	Cr.(₹)
	Sundry Assets A/c	...Dr.	18,00,000	
	To Sundry Creditors A/c			2,00,000
	To ?			?
	To ?			?
	(Business of Rohan & Co. purchased for a consideration of ₹ 15,00,000)			
?	To 9% Debentures A/c	...Dr.	?	
?	(Paid to Rohan & Co. by issue of ?; 9% Debentures of ₹ 150 each at a discount of ₹ 50 per debenture)	...Dr.	?	?



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19. Complete the following entries in the Journal:

XY Ltd.
JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c ...Dr.		18,00,000	
	? ...Dr.		?	
	To Sundry Creditors			2,00,000
	To ?			?
	(Business of Rohit & Co. purchased for a consideration of ₹ 20,00,000)			
	? ...Dr.		20,00,000	
	? ...Dr.		?	
	To 8% Debentures A/c			?
	(Paid to Rohit & Co. by issue of ? 8% Debentures of ₹ 150 each at a discount of ₹ 50 per debenture)			

(AI 2016 C)



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Issue And Redemption Of Debentures

1. Pass necessary journal entries for the issue and redemption of Debentures in the following cases:

(i) 10,000, 10% Debentures of Rs. 120 each issued at 5% premium, repayable at par.

(ii) 20, 000, 9% Debentures of Rs. 200 each issued at 20% premium, repayable at 30% premium.



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2. Mona Ltd. has issued 20,000, 9% Debentures of Rs. 100 each of which half the amount is due for redemption on 31st March, 2015. The company has in its Debenture Redemption Reserve Account a balance of Rs. 5,00,000. Record necessary Journal entries at the time of redemption of Debentures.



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3. X Ltd. has Rs. 8,00,000, 9% Debentures due to be redeemed out of profits on 1st October, 2015 at a premium of 5%. The company had a Debenture Redemption Reserve of Rs. 4,14,000.

Pass necessary Journal entries at the time of redemption.



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4. F Ltd. issued Rs. 1,00,000, 15% Debentures of Rs. 100 each at a premium of 5%, redeemable at a premium of 10% at the end of 4 years. The Board

of Directors decided to transfer the minimum required amount to Debenture Redemption Reserve Account at the time of redemption. Pass Journal entries at the time of Redemption of Debentures.

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5. On 1st January, 2011, a Public Limited Company issued 15,000, 10% Debentures of Rs. 100 each at per which were repayable at a premium of 15% on 31st December, 2015. On the date of maturity, the company decided to redeem the above mentioned 10% Debentures as per the terms of issue, out of profits. Surplus, i.e., Balance in Statement of Profit and Loss shows a credit balance of Rs. 20,00,000 on this date. The offer was accepted by all the debentureholders and all the debentures were redeemed.

Pass necessary Journal entries in the books of the Company only for the redemption of debentures.

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6. Ruchi Ltd. issued 42,000, 7% Debentures of Rs. 100 each on 1st April, 2011, redeemable at a premium of 8% on 31st March, 2015. The Company decided to create required Debenture Redemption Reserve on 31st March, 2014. The company invested the funds as required by law in a fixed deposit with State Bank of India on 1st April, 2014 earning interest @ 10% per annum. Tax was deducted at source by the bank on interest @ 10% per annum.

Pass necessary Journal entries regarding issue and redemption of debentures.



[View Text Solution](#)

7. On 1st April, 2014, KK Ltd. invited applications for issuing 5,000, 10% Debentures of Rs. 1,000 each at a discount of 6%. These debentures were repayable at the end of 3rd year at a premium of 10%. Applications for 6,000 debentures were received and the debentures were allotted on pro rata basis to all the applicants. Excess money received with applications was refunded. The directors decided to transfer the minimum amount to Debenture Redemption Reserve on 31st March, 2016. On 1st April, 2016,

the company invested the necessary amount in 9% bank fixed deposit as per the provisions of the Companies Act, 2013. Tax was deducted at source by bank on interest @ 10% p.a.

Pass the necessary entries for issue and redemption of debentures. Ignore entries relating to writing off loss on issue of debentures and interest paid on debentures.

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8. On 1st April, 2013, the following balances appeared in the books of Jeet Ltd.:

9% Debentures (Redeemable on 31st March, 2015)	Rs. 30,00,000
Debenture Redemption Reserve	Rs. 5,00,000

The Company met the requirement of Companies Act, 2013 regarding Debenture Redemption Reserve and Debenture Redemption Investment and redeemed the debentures. Ignoring interest on investment pass necessary Journal entries for the above transactions in the books of the company.

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