

**SEMESTER-2**  
**SUBJECT : FINANCIAL ACCOUNTING-2**  
**ASSIGNMENT**  
**UNIT-1**  
**CHAPTER-1 : ISSUE OF BONUS SHARE**

**Example-1** : The Balance Sheet of SHAIMAL Co. Ltd. as on 31-3-2021 is as follows:

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
<b>Share Capital :</b>		Land and Building	4,00,000
80,000 Equity Shares of Rs.10 each		Plant	2,00,000
Rs.8 per share paid up	6,40,000	Stock	40,000
Profit and Loss A/c	1,00,000	Sundry Debtors	1,60,000
General Reserve	2,60,000	Bank Balance	4,00,000
10% Debenture	1,00,000		
Sundry Creditors			
	<b>12,00,000</b>		<b>12,00,000</b>

Following resolution was passed in annual general meeting:

- (1) 10% dividend on paid-up Equity Share Capital will be paid in cash.
- (2) Partly paid shares must be made fully paid by Bonus and thereafter 1 Bonus share for every 8 shares held will be issued fully paid bonus shares.
- (3) To redeem Debentures at 4% premium.

Give Journal entries for above transaction and prepare the balance sheet of the company.

**Example-2 :** The Balance Sheet of The Sun Co. Ltd. as on 31-3-2020 is as follows:

<b>Liabilities</b>	<b>Amount (Rs.)</b>	<b>Assets</b>	<b>Amount (Rs.)</b>
Issued and paid up Share Capital : 2,000 Equity Shares of Rs.100 each	2,00,000	Fixed Assets	2,00,000
Profit and Loss A/c	75,000	Stock	75,000
General Reserve	90,000	Sundry Debtors	40,000
10% Debenture	50,000	Cash and Bank	1,00,000
	<b>4,15,000</b>		<b>4,15,000</b>

Following resolution was passed in annual general meeting:

- (4) To pay dividend of 10% .
- (5) To issue 1 Bonus share for every 4 shares held
- (6) To redeem Debentures at 3% premium.

Pass necessary Journal entries for above transaction and prepare the balance sheet of the company.

## **CH-2: ALTERATION OF SHARE CAPITAL**

**Example-1: Make Necessary Journal Entries for the following transaction.**

- (1) 25,000 Equity shares of Rs. 10 each are consolidated into 2,500 Equity Shares of Rs.100 each.**
- (2) 5,000 Equity shares of Rs. 10 each are Rs. 8 paid up are consolidated into 500 Equity Shares of Rs.100 each.**

**Example-2: Make Necessary Journal Entries for the following transaction.**

- (1) 3,000 Equity shares of Rs. 100 each are consolidated into 30,000 Equity Shares of Rs.10 each.**
- (2) 4,000 Equity shares of Rs. 100 each Rs. 80 paid up are consolidated into 40,000 Equity Shares of Rs.10 each.**

**Example-3: Make Necessary Journal Entries for the following transaction.**

- (1) A company converted its 2,000 Equity Shares of Rs. 10 each into a Equity Stock of Rs. 21,000.**
- (2) A company converted its 200 Equity Shares of Rs. 100 each into a Equity Stock of Rs. 19,000**

## CHAPTER-3 : REDEMPTION OF REDEEMABLE PREFERENCE SHARES

**Example-1 : The following is the Balance Sheet of Vrushti Ltd. as on 31-3-2020 :**

Liabilities	Rs.	Assets	Rs.
<b><u>Paid up capital</u></b>		Fixed Assets	15,25,000
20,000 Equity shares of Rs. 100 each fully paid up	20,00,000	Debtors	3,00,000
		Stock	2,00,000
		Cash & Bank	1,25,000
11% Redeemable Preference Share of Rs. 100 each Rs. 80 paid up.	8,00,000		
10% Redeemable Preference Share of Rs. 100 each fully paid up.	4,00,000		
Securities Premium	1,00,000		
General Reserve	7,20,000		
Profit and Loss A/c	2,30,000		
Creditors	50,000		
	<b>43,00,000</b>		<b>43,00,000</b>

The Company on 1-4-2020 decided to redeem both the classes of the preference shares, at 10% premium after complying with provisions laid down under section 55 of the Companies Act, 2013. Cash and Bank balance of Rs. 2,30,000 is to be maintained in the business.

For the purpose of redemption the company issued necessary number of Equity shares of Rs. 100 each at 10% premium.

After redemption of preference shares the company decided to utilize the Capital redemption Reserve to issue **one** fully paid up Equity share as bonus share for every **ten** equity shares.

To record the above transactions pass the necessary journal enteries in the books of company and prepare the Balance Sheet after redemption.

## UNIT-2 :

### CH-1 :BUY-BACK OF SHARES

Que-1 : Write Short Note On : Buy-back of Shares.

Que-2 : Write Short Note On : Book-Building Process

### CH-2 : UNDERWRITING COMMISSION

#### EXAMPLE-1

SHAIMAL Ltd. issued a prospectus inviting applications for 4,00,000 Equity Shares of Rs. 10 each at a premium of 10%.

The whole issue was fully underwritten by Shail, Malaika, Vrushti and Daxesh as follows.

Shail	1,60,000 Shares	Malaika	1,20,000 Shares
Vrushti	80,000 Shares	Daxesh	40,000 Shares

Applications were received for 3,50,000 shares of which marked applications were as follows.

Shail	1,70,000 Shares	Malaika	80,000 Shares
Vrushti	85,000 Shares	Daxesh	5,000 Shares

It was agreed that underwriters be paid commission at 5% on the issue price.

From the above information find out the liabilities of individual underwriters and give necessary journal entries in the books of company.

## **EXAMPLE-2**

Maun Ltd. issued 20,000 Equity Shares of Rs. 100 each. These shares were underwritten as follows.

A 12,000 Shares      B 5,000 Shares  
C 3,000 Shares

In addition to the above underwriting, there was a firm underwriting as follows:

A 1,600 Shares      B 600 Shares  
C 2,000 Shares

Total subscription received by the company (including firm underwriting and Marked Application) were 14,200 shares.

The applications were marked as follows:

A 2,000 Shares      B 4,000 Shares  
C 1,000 Shares

You are required to determine the liability of underwriters:

- (A) If underwriters were not given any credit for firm underwriting.
- (B) If underwriters were given any credit for firm underwriting.

**GOVERNMENT COMMERCE COLLEGE, VADALI**  
**SEMESTER-2**

**SUBJECT : FINANCIAL ACCOUNTING-2**  
**ASSIGNMENT**

**UNIT-1**

**CH-1: ALTERATION OF SHARE CAPITAL**

**Example-1: Make Necessary Journal Entries for the following transaction.**

- (1) 25,000 Equity shares of Rs. 10 each are consolidated into 2,500 Equity Shares of Rs.100 each.**
- (2) 5,000 Equity shares of Rs. 10 each are Rs. 8 paid up are consolidated into 500 Equity Shares of Rs.100 each.**

**Example-2: Make Necessary Journal Entries for the following transaction.**

- (1) 3,000 Equity shares of Rs. 100 each are consolidated into 30,000 Equity Shares of Rs.10 each.**
- (2) 4,000 Equity shares of Rs. 100 each Rs. 80 paid up are consolidated into 40,000 Equity Shares of Rs.10 each.**

**Example-3: Make Necessary Journal Entries for the following transaction.**

- (1) A company converted its 2,000 Equity Shares of Rs. 10 each into a Equity Stock of Rs. 21,000.**
- (2) A company converted its 200 Equity Shares of Rs. 100 each into a Equity Stock of Rs. 19,000**

## UNIT-1 : CH-2 : REDEMPTION OF REDEEMABLE PREFERENCE SHARES

**Example-1 : The following is the Balance Sheet of Krutarth Ltd. as on 31-3-2012 :**

Liabilities	Rs.	Assets	Rs.
<b><u>Paid up capital</u></b>		Fixed Assets	30,40,000
2,40,000 Equity shares of Rs. 10 each fully paid up	24,00,000	Investments	5,50,000
10,000 15% Redeemable Preference Share of Rs. 100 each Rs. 90 paid up.	9,00,000	Other Current assets	4,50,000
Securities Premium	60,000	Cash & Bank	4,00,000
General Reserve	4,50,000		
Profit and Loss A/c	2,80,000		
Creditors	3,50,000		
	<b>44,40,000</b>		<b>44,40,000</b>

The Company on 1-4-2012 decided to redeem preference shares, at 10% premium after complying with provisions laid down under section 55 of the Companies Act, 2013. Cash and Bank balance of Rs. 3,40,000 is to be maintained in the business. All Investments were sold at Rs. 5,00,000

For the purpose of redemption the company issued necessary number of Equity shares of Rs. 100 each at 10% premium. The share issue is fully subscribed.

To record the above transactions pass the necessary journal entries in the books of company and prepare the Balance Sheet after redemption.

**(HNGU-2012)**

**Example-2 : The following is the Balance Sheet of Yuvraaj Ltd. as on 31-3-2014 :**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
<b><u>Paid up capital</u></b>		Fixed Assets	28,00,000
13,200 Equity shares of Rs. 10 each fully paid up	13,20,000	Investments	3,30,000
3,300 10% Redeemable Preference Share of Rs. 100	3,30,000	Stock	6,00,000
6,600 8% Redeemable Preference Share of Rs. 100 each Rs. 80 paid up.	5,28,000	Debtors	5,00,000
Securities Premium	99,000	Bills Receivables	2,75,000
General Reserve	13,20,000	Bank Balance	3,30,000
Creditors	6,00,000	Preliminary Exp.	1,65,000
Bills payable	5,00,000		
Other Liability	3,03,000		
	<b>50,00,000</b>		<b>50,00,000</b>

The Company on 1-4-2014 decided to redeem both types of preference shares at 4% premium. Cash and Bank balance of Rs. 59,400 is to be maintained in the business. All Investments were sold at Rs. 3,63,000

For the purpose of redemption the company issued necessary number of 9% Preference shares of Rs. 100 each at par. The share issue is fully subscribed.

After redemption of preference shares the company decided to utilise the Capital redemption Reserve to issue one fully paid up equity share as bonus share for every two equity shares.

Write necessary journal entries in the books of company and prepare the Balance Sheet after redemption.

**(HNGU-2014)**

**Example-3 : The following is the Balance Sheet of Bharati Ltd. as on 31-3-2015:**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
<b><u>Paid up capital</u></b>		Land	2,00,000
4,000 Equity shares of Rs. 10 each fully paid up	4,00,000	Building	1,65,000
8% Redeemable Preference Share of Rs. 100 fully paid.	1,00,000	Plant	1,00,000
7% Redeemable Preference Share of Rs. 100 each Rs. 80 paid up.	80,000	Investments	70,000
Securities Premium	10,000	Stock	1,00,000
General Reserve	75,000	Debtors	80,000
Profit & Loss A/c	35,000	Bills Receivables	10,000
Creditors	80,000	Bank Balance	55,000
	<b>7,80,000</b>		<b>7,80,000</b>

The Company on 1-4-2015 decided to redeem both types of preference shares at 4% premium after complying with provisions laid down under section 55 of the Companies Act, 2013. Cash and Bank balance of Rs. 30,000 is to be maintained in the business. All Investments were sold at Rs. 60,000

For the purpose of redemption the company issued necessary number of 9% Equity shares of Rs. 100 each at 15% Premium. The share issue is fully subscribed.

After redemption of preference shares the company decided to utilise the Capital redemption Reserve to issue fully paid up equity share as bonus share.

Write necessary journal entries in the books of company and prepare the Balance Sheet after redemption.

**(HNGU-2016)**

**Example-4 : The following is the Balance Sheet of Daksh Ltd. as on 31-3-2016 :**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
<b><u>Paid up capital</u></b>		Fixed Assets	7,50,000
6,000 Equity shares of Rs. 100 each fully paid up	6,00,000	Investments	1,37,500
15% Redeemable Preference Share of Rs. 100 each Rs. 90 paid up.	2,25,000	Other Current assets	1,22,500
Securities Premium	15,000	Cash & Bank	1,00,000
General Reserve	1,10,000		
Profit and Loss A/c	72,500		
Creditors	87,500		
	<b>11,10,000</b>		<b>11,10,000</b>

The Company on 1-4-2012 decided to redeem preference shares, at 10% premium after complying with provisions laid down under section 55 of the Companies Act, 2013. Cash and Bank balance of Rs. 85,000 is to be maintained in the business. All Investments were sold at Rs. 1,25,000.

For the purpose of redemption the company issued necessary number of Equity shares of Rs. 100 each at 10% premium. The share issue is fully subscribed.

Write journal entries in the books of company and prepare the Balance Sheet after redemption.

**(HNGU-2017)**

## CHAPTER-3 : ISSUE OF BONUS SHARES

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<b>Share Capital :</b>		Land and Building	4,00,000
80,000 Equity Shares of Rs.10 each		Plant	2,00,000
Rs.8 per share paid up	6,40,000	Stock	40,000
Profit and Loss A/c	1,00,000	Sundry Debtors	1,60,000
General Reserve	2,60,000	Bank Balance	4,00,000
10% Debenture	1,00,000		
Sundry Creditors			
	<b>12,00,000</b>		<b>12,00,000</b>

Following resolution was passed in annual general meeting:

- (1) 10% dividend on paid-up Equity Share Capital will be paid in cash.
- (2) Partly paid shares must be made fully paid by Bonus and thereafter 1 Bonus share for every 8 shares held will be issued fully paid bonus shares.
- (3) To redeem Debentures at 4% premium.

Give Journal entries for above transaction and prepare the balance sheet of the company.

**Example-2 :** The Balance Sheet of The Sun Co. Ltd. as on 31-3-2020 is as follows:

<b>Liabilities</b>	<b>Amount (Rs.)</b>	<b>Assets</b>	<b>Amount (Rs.)</b>
Issued and paid up Share Capital :		Fixed Assets	2,00,000
2,000 Equity Shares of Rs.100 each	2,00,000	Stock	75,000
Profit and Loss A/c	75,000	Sundry Debtors	40,000
General Reserve	90,000	Cash and Bank	1,00,000
10% Debenture	50,000		
	<b>4,15,000</b>		<b>4,15,000</b>

Following resolution was passed in annual general meeting:

- (4) To pay dividend of 10% .
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