

BRAIN INTERNATIONAL SCHOOL

SUBJECT: ACCOUNTANCY CLASS: XII NOVEMBER'24

CHAPTER 8: ACCOUNTING FOR SHARES

1. The part of un-called capital, to be called only in the liquidation of a company is called:
 - (a) Un-reserved Capital
 - (b) Reserve Capital
 - (c) Capital Reserve
 - (d) Calls-in Arrears
2. A shareholder allotted to whom 9,000 shares of ₹ 10 per share failed to pay first & final of ₹ 2 per share. ₹ 18,000 to be recorded in the books of company with _____
 - (a) Dr. to Calls-in Arrears A/c
 - (b) Dr. to Share Forfeiture A/c
 - (c) Cr. to Calls-in Arrears A/c
 - (d) Cr. to Share Forfeiture A/c
3. Company can utilise securities premium for :
 - (a) Writing off loss incurred on revaluation of asset
 - (b) Issuing fully paid bonus shares
 - (c) Paying dividend
 - (d) Writing off trading loss
4. Rama Ltd. invited applications for issuing 20,000 shares of ₹ 10 each at a premium of ₹2 per share. The amount was payable as follows:

On application	: ₹ 5
On allotment	: ₹ 4 (including ₹ 1 premium)
On first and final call	: ₹ 3 (including ₹ 1 premium)

Applications for 30,000 shares were received. Applications for 6,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Excess application money was utilized towards sum due on allotment. Rohit, who had applied for 4,800 shares failed to pay the allotment and call money. His shares were forfeited. Manoj who was allotted 1,200 shares did not paid the call money and his shares were forfeited. Out of the forfeited shares, 2,000 shares were reissued for ₹ 8 per share fully paid up including all the shares of Manoj. Pass the necessary Journal entries in the books of Rama Ltd.
5. X Ltd. was registered with an authorised Capital of ₹ 2,00,00,000 divided in 12,50,000 Equity Shares of ₹ 10 each and 75,000, 9% Preference Shares of ₹ 100 each. The company issued 4,00,000 Equity Shares for public subscription at 20% premium, payable ₹ 3 on application; ₹ 7 on allotment (including premium) and balance on call. Public had applied for 5,00,000 shares. Excess Applications were sent letters of regret. All the dues were received except on 7,500 shares held by Sanju. You are required to prepare the Balance Sheet of the company as per Schedule III of Companies Act, 2013, showing Share Capital balance and also prepare Notes to Accounts.

CHAPTER 9: ACCOUNTING FOR DEBENTURES

1. What is meant by issue of debentures for consideration other than cash? How are these debentures disclosed in the balance sheet?
2. How is 'discount on issue of debentures' treated in the books of accounts?
3. On 1st April 2019, Bright Ltd issued, 4,00,000, 6% Debentures of ₹100 each at a discount of 5%, redeemable after three years. The amount per debenture was payable

as follows: on Application — ₹80 per debenture; on Allotment — Balance. The debentures were fully subscribed and all money was duly received. Pass necessary journal entries for issues of debentures.

4. (i) Novelty Ltd issued 1,000, 8% Debentures of ₹100 each at a discount of 5%, redeemable at a premium of 10%.
 (ii) Disha Ltd took assets of ₹8,00,000 and liabilities of ₹3,00,000 from Kriti Ltd for a purchase consideration of ₹6,00,000. The payment was made by issue of 9% Debentures of ₹ 100 each at 20% premium.
 Pass the necessary journal entries for the above transactions in the books of Disha Ltd.
5. B Ltd. secured a loan of ₹1,60,000 from Punjab National Bank issuing 2,000, 9% debentures of ₹100 each as collateral security. How will you show issue of debentures in the balance sheet (i) without passing journal entry? (ii) when journal entry is passed?
6. (i) Neeraj Ltd took over business of Ajay enterprises on 1st April, 2020. The details of the agreement regarding the assets and liabilities to be taken over are:

Particulars	Book Value (₹)	Agreed Value (₹)
Building	20,00,000	35,00,000
Plant and Machinery	12,00,000	8,00,000
Stock	4,00,000	4,00,000
Trade Receivables	5,00,000	4,00,000
Creditors	2,00,000	3,00,000
Outstanding Expenses	50,000	1,00,000

It was decided to pay for purchase consideration as ₹7,00,000 through cheque and balance by issue of 2,00,000, 9% debentures of ₹20 each at a premium of 25%.
 Journalise.

(ii) On 1st April 2019 Z Ltd. issued 10,000, 8% debentures of ₹100 each at premium of 5%, to be redeemable at a premium of 10%, after 5 years. The entire amount was payable on application. The issue was oversubscribed to the extent of 10,000 debentures and the allotment was made proportionately to all the applicants. The securities premium amount has not been utilised for any other purpose during the year. Give journal entries for the issue of debentures and writing-off loss on issue of debentures.