

# Accountancy Holiday Homework 2018

## Class 12

### ASSIGNMENT ON DEBENTURES

1. B Ltd. issued 4,000 ; 12% Debentures of ₹100 each at a premium of 10% on 1<sup>st</sup> April,2013 repayable at a premium of 10% after 5 years. The company made necessary provisions for the purpose of redemption. It created required investment at 10% interest on 1<sup>st</sup> April of the year of redemption. Tax deducted at source is 20%. Give Journal entries for the issue and redemption of debentures.
2. On 1<sup>st</sup> April, 2012; D Ltd. had issued 15,000; 8% Debentures @ ₹200 each payable at a premium of 10% on or after 31<sup>st</sup> March,2016 either drawing by lots or converting into Equity Shares of ₹10 each at a premium of 25 %. Give Journal Entries.
3. The books of X Ltd. ; on 1<sup>st</sup> April,2017 showed the following balance :  
10% Debentures A/C: ₹ 40,00,000  
Debenture Redemption Reserve A/C : ₹ 4,00,000  
The company redeemed Debenture of face value ₹10,00,000 on 31<sup>st</sup> March,2018 at a premium of 10%.  
Give Journal Entries for the year ended 31<sup>st</sup> March, 2018 keeping in mind that all the legal requirements are followed.
4. M Ltd. had issued 12% Debentures @ ₹ 200 each at a discount of 10% repayable at par after 4 years at the option of debentureholders. The debentures were redeemed before the actual date of redemption. Give Journal.
5. Fern Ltd., on 1<sup>st</sup> April,2014, issued 20,000; 12% Debentures of ₹ 100 at a discount of 10% repayable at 10% premium after 5 years. On 31<sup>st</sup> March, 2019; the debentures were redeemed.  
The company invested required money in Fixed deposit with Bank at 12% interest p.a. for the purpose of redemption.  
Give Journal Entries for the issue and redemption of debentures.
6. Deeno Ltd. issued 3,000; 10% Debentures @ ₹ 200 each at a discount of 10% repayable at par at the end of 4 years from the date of issue. The debentures were redeemed 1 year before the date of redemption.  
Give Journal Entries for the issue and redemption of debentures.
7. S Ltd. issued 40,000, 10% Debentures @ ₹100 each on 1<sup>st</sup> April, 2014 redeemable in four equal instalments from 31<sup>st</sup> March,2016 at 10% premium. Necessary provision required as per law to be followed.  
Give Journal Entries for the years ended 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March,2018.
8. Oxford Ltd. issued ₹ 50,00,000 ;12% Debentures repayable at 10% premium out of profit of the company. The company has sufficient balance in Statement of Profit and Loss. The debentures of the face value ₹ 20,00,000 were redeemed by draw of lots. Give Journal for redemption.
9. Crown Ltd. took over the following assets and liabilities of Eagle Ltd. :  
Plant and Machinery of ₹2,00,000 at 10 % depreciation; Land and Building of ₹ 5,00,000 at 120%; Stock at ₹ 60,000 and Debtors at ₹ 75,000 at a provision for Bad Debt at ₹ 5,000. It took over liabilities of ₹ 2,30,000 at ₹ 2,10,000.  
The purchase consideration was discharged by issue of cheque of ₹ 1,00,000 and 5,000 ; 12% Debentures of ₹ 100 each at a premium of 25% repayable at 10% premium.  
Give Journal entries for the above transactions including redemption of debentures.
10. X Ltd. on 1<sup>st</sup> April, 2013, issued 8,000; 8% Debentures of ₹ 100 each at a discount of 10% payable as ₹ 40 on application and balance on allotment repayable at 5% premium.  
Give journal entries for the first year of issue and also prepare Loss on Issue of Debentures A/C for the first 3 years.
11. Kiran Ltd. acquired assets of ₹20,00,000 and took over creditors of ₹2,00,000 from Sachin Enterprises. Kiran Ltd. issued a cheque of ₹4,50,000; 8% Preference Shares of ₹2,70,000 and 10% Debentures of ₹100 each at a discount of 10% repayable at 10% premium as a purchase consideration.  
Give Journal entries for the same in the books of Kiran Ltd.
12. Vikrant Ltd manufacturer of woolen garments. The company decided to distribute woolen clothes to five villages of Himachal is the Pradesh. The company also decided to employ 100 young persons from these villages in its newly established factory. The Company issues ₹80,00,000, 15% Debentures of ₹ 100 each at a premium of 10% redeemable at 105% at the end of 10 years.  
Pass necessary journal entries. Also identify any one value that the company wants to communicate.
13. On April 01, 2012 Ocean Ltd issued ₹8,00,000 10% Debentures of ₹100 each redeemable after 5 years either by draw of lots or purchase in the open market. At the end of 5 years it purchased ₹ 4,00,000 debentures at ₹95 per debenture for immediate cancellation. The expense of purchase amounted to ₹1000. The remaining debentures

were redeemed by draw of lots. Pass necessary journal entries for redemption of Debentures following all rules and regulations.

14. Star Ltd issued 45,00,000, 8% debentures of ₹500 each at a discount of 4% , redeemable at a premium of 5% after 4 years payable as : ₹ 200 on application and balance on allotment . Record necessary entries for issue of debentures. Star Ltd also expended ₹10,00,000 for planting trees in the neighborhood. What values did the company try to convey.
15. Goodluck Ltd issued 10,000, 10% Debentures of ₹100 each on 1<sup>st</sup> April, 2015. The issue was fully subscribed. According to the terms of issue , interest on debentures is payable half-yearly on 30<sup>th</sup> September and 31<sup>st</sup> March and tax deductible at source is 10%. Pass necessary journal entries related to the debenture interest for the half-yearly ending on 31<sup>st</sup> March 2016 and transfer of interest on debentures for the year to Statement of Profit and Loss.
16. Kunal Ltd made the following issue of Debentures
  - (i) For cash at 95%, 5000 debentures of ₹100 each, redeemable at a premium of 10%.
  - (ii) To a creditor who has supplied furniture worth ₹2,60,000 , 2800 debentures of ₹100 each.Show necessary journal entries.
17. A company issued ₹ 3,00,000, 15% Debentures of ₹ 100 each at a premium of 5% redeemable at a premium of 10% at the end of 4 years. The company had a balance of ₹ 75000 in its debenture redemption reserve account. Pass necessary journal entries for redemption of debentures.
18. Mrigank Ltd redeemed Rs 5000000 8% debentures at a premium of 10% out of profits on 31.3.2011. Pass necessary journal entries for the redemption of debentures. The company had a Debenture Redemption Reserve of Rs 2600000.
19. A Ltd company issued 12% Debentures of ₹9,00,000 at a discount of 5% on 1<sup>st</sup> April 2016. The Debentures are repayable by annual drawing of ₹3,00,000 commencing from 31<sup>st</sup> March 2017. Show the 'Discount on Issue of Debentures A/c ' in the company's ledger for the period of duration of Debentures. Accounts are closed on 31<sup>st</sup> March each year.
20. AX Ltd. issued 25,000; 10% debentures ₹100 each. Give Journal Entries in each of the following cases:
  - 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 ₹20,00,000.
  - iii) The debentures were issued to a supplier of machinery costing ₹28,00,000 in full settlement.

## ASSIGNMENT ON ISSUE OF SHARES

- 1) PASCO Co. Ltd. having authorised capital of ₹10,00,00,00 divided into Equity Shares of ₹10 each issued 5,00,000 shares payable as ₹2.50 on application, ₹3 on allotment , ₹2.50 on 1st call and balance on final call. Public subscribed for 6,00,000 shares and excess money overpaid were refunded and balance allotted. All Sums due were received except that a shareholder holding 4,000 shares did not pay allotment money ; whereas another shareholder did not pay 1<sup>st</sup> and final call money on 2,000 shares. Give journal entries and show Balance Sheet as per schedule III of The Companies Act, 2013 [Only Shareholders' Fund and Current Assets] with notes to accounts in the books of the company under the following situations:
  - A) If unpaid shares were not forfeited,
  - B) If all the shares were forfeited ,
  - C) If those share on which allotment money & subsequent calls money was not received were forfeited and later on re-issued for ₹8 per share fully paid,
  - D) If all the shares were forfeited and reissued at ₹8.50 per share.
- 2) New Industries Ltd. is registered with a capital consisting of 5,00,000 Equity Shares @ ₹10 each and 5,000, 8% Preference Shares ₹100 each . It has fully paid issued capital in 50,000 equity shares. It purchased Sundry Assets of ₹20,00,000 from Beta Ltd. and issued to vendor, a cheque for ₹ 5,00,000 and 1,00,000 fully paid equity shares ₹12.50 per share and certain no. of preference shares for the balance amount due. The company also made public issue of 2,00,000 equity shares at a premium of 10% payable as follows:- ₹ 3 on application; ₹ 4 on allotment and balance on first and final call. Public subscribed for 1,90,000 shares and money due on calls were received except that Satis, a shareholder of 5,000 shares could not pay call money and another shareholder Biresh paid the entire sums

due on his holding of 2000 shares along with allotment. 50% of shares held by Satish were forfeited and 2,000 of the forfeited shares were reissued at ₹ 8 per share.

Give journal and Cash Book entries and show Balance Sheet [only Shareholders' Fund and notes to accounts] at the end of the above transactions.

- 3) A company invited applications for 25,000 equity shares of ₹10 each on the following terms:  
On applications ₹ 4 ; on allotment ₹ 4 ; on first and final call ₹2 . Applications were received for 60,000 shares. It was decided to i) to refuse allotments to the applicants for 13,000 shares, ii) to allot 15,000 shares to Mr. X who has applied for 30,000 shares, iii) to allot in full to Mr. Y who has applied for 5,000 shares , iv) to allot balance of the available shares pro rata among the other applicants and v) to utilize excess application money in part payment of allotment and final call.  
Give Journal entries assuming that a shareholder who was applied for 480 shares under category (iv) as above failed to pay first and final call money and 50% of his shares were forfeited and later on re-issued at no profit no loss.  
Show Balance Sheet of the company also.
- 4) Z Ltd. issued 1,20,000 shares of ₹10 each at a premium of 20% payable as ₹ 3 On application; ₹ 5 on allotment and balance on first and final call. Application were received for 1,64,000 shares. The directors resolved to allot as follows:
- |                   |                 |               |
|-------------------|-----------------|---------------|
| a) Application of | 60,000 shares   | 40,000 shares |
| b) Applicants of  | 1,00,000 shares | 80,000 shares |
| c) Applicants of  | 4,000 shares    | nil           |
- Asif who had applied for 1,800 shares in category (a) and John who was allotted 1,200 shares in category (b) failed to pay allotment money.  
Calculate the amount received on allotment and show journal entries and the Balance Sheet after the allotment money has been received.
- 5) Prakriti Ltd. purchased a Machinery for ₹ 10,00,000 from Ayer Ltd. 50% of the payment was made through cheque and for remaining sum, the company issued equity shares of ₹ 100 each at a premium of 25%.  
GIVE Journal Entries.
- 6) Seema Ltd. invited applications for issuing 2,00,000 equity shares of ₹10 each at a premium of ₹3 per share . The amount was payable as follows:  
On Application ₹ 5 per share ( including premium)  
On Allotment ₹ 4 per share  
On first and final call -- the balance.  
Application for 2,60,000 shares were received. Application for 20,000 shares were rejected. To remaining applicants, shares were allotted on pro rata basis. Excess money received on application was adjusted with the sum due on allotment. All calls were made and were duly received except the first and final call of Mr. Sudhir who applied for 2,400 shares. His shares were forfeited. The forfeited shares were re-issued for ₹28,800 fully paid-up.  
Pass the necessary journal entries for the above transactions in the books of the company.
- 7) Rupa Ltd. issued a prospectus inviting applications for 2,00,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows:  
On application ₹2 per share; on allotment ₹ 5 per share; on first call ₹3 per share and ₹2 on final call.  
Applications were received for 3,00,000 shares and allotment was made pro rata to the applicants of 2,40,000 shares and remaining applications were refused. Money overpaid on application was employed on account of sums due on allotment. Mr. X to whom 4000 shares were allotted failed to pay allotment money and his shares were subsequently forfeited on his failure to pay first call money. Mr Z , the holder of 6000 shares failed to pay the two calls and so his shares were forfeited. All these shares were re-issued to Mr. Y for ₹ 9 per share.  
Give Journal and Cash Book entries for the above transactions and show the balance Sheet just after first call is completed.
- 8) Indian Tubes Ltd. having authorized capital in 2,00,000 equity shares of ₹10 each, invited for public subscription of 1,00,000 shares at a premium of ₹ 4 per share. The amount was payable as under  
On application ₹ 6 ( including premium ₹ 2 )  
On allotment ₹ 6 ( including premium ₹2 ) and balance on first and final call.  
Application for 1,50,000 shares were received. Allotment was made on pro-rata basis.

Subir ,who applied for 300 shares failed to pay allotment and call money. Vicky, to whom 100 shares were allotted, failed to pay the call money. Their Shares were forfeited and later on re-issued as follows- Subir' shares at a discount of 2 per share and Vicky's shares at issue price.

Give journal entries and prepare ledger accounts.

- 9) Shiva Ltd. issued 90,000 equity shares of 10 each at a premium of 10% payable as follows:

On application 3 per share; on allotment 2 per share and on first call 4 per share.

Application for 1,20,000 shares were received and allotment was made as under:

LIST I : Applicants of 15,000 shares were allotted in full,

LIST II : Applicants of 45,000 shares were allotted  $\frac{2}{3}$ <sup>rd</sup> on pro rata basis

LIST III : Applicants of 60,000 shares were allotted  $\frac{3}{4}$ <sup>th</sup> on pro rata basis.

All the shareholders paid the amount due on allotment and call except A ,who was allotted 1,000 shares under List I , B who was allotted 3,000 shares under List II and C who was allotted 4,500 shares under List III .Their Shares were forfeited after 1<sup>st</sup> call and reissued at ₹ 6 per share fully paid.

Give Journal entries for the above transactions.

- 10) X Ltd. Offered 10,00,000 equity shares of ₹10 each payable as ₹3 On application, ₹3 on allotment and ₹ 4 on 1<sup>st</sup> call and balance on final call. Application were received for 15,00,000 shares and money on 90,000 shares were refunded and allotment was made as under:

- Full allotment was made to the applicants of 1,90,000 shares
- 8,00,000 shares were allotted to the extent of  $\frac{2}{3}$ <sup>rd</sup> of the shares applied for
- 10,000 shares were allotted to the extent half of the shares applied for.

Mr. Subodh who applied for 40,000 shares and allotted the same paid full on allotment. All amount were received except final call on 1,000 shares which were forfeited and later on reissued @ ₹ 9 per share.

Expense on issue of shares came to be ₹2,000.

Give Journal entries.

- 11) Q Ltd. Forfeited 5,000 shares of ₹10 each on non payment of ₹ 4 per share. Later on 4,000 shares were reissued at ₹7,500 .Give journal for the above transactions.
- 12) RLtd. Forfeited 3,500 shares of ₹50 each ( ₹ 40 per share called up) on non payment of 1<sup>st</sup> call of ₹15 each. 2,500 shares were reissued at 55 each fully paid up. Give Journal Entries.
- 13) Fox Ltd. forfeited 12,000 equity Shares of ₹25 each ( ₹20 each called up) where defaulter shareholder has paid only 5 on application. The shares were reissued for ₹18 for ₹20 called up.
- 14) A shareholder who applied for 5,000 shares to be allotted in the ratio 5:4 under prorata allotment paid application money of ₹3 each , but failed to pay allotment money of ₹6 per share including premium of 2 per share and final call. The face value of each share was ₹10 each. Later on 80% of forfeited shares were reissued for ₹27,000. Give Journal Entries for the above transactions.
- 15) Disha Ltd . forfeited 5,000 shares issued at ₹25 per share including premium on 5 per share on non payment of allotment and call money of ₹ 15 per share and 5 per share respectively. Out of forfeited shares, 3,500 shares were reissued in such away that ₹ 2,500 was transferred to Capital Reserve A/c.
- Give Journal Entries for the above transactions.
- 16) Susan Ltd. issued fully paid equity shares of ₹60 each at a premium of 25% for the purchase of a running business from Das Ltd. for a sum of ₹30,00,000. The assets and liabilities consisted the following :  
Plant ₹10,00,000; Furniture and Fixtures ₹14,00,000; Stock ₹6,00,000; Machinery 12,00,000 and Sundry Creditors of ₹10,00,000.

You are required to pass necessary journal entries for the above transactions in the books of Susan Ltd.

- 17) Alfred Ltd. issued ₹50,00,000 new capital divided into ₹100 shares at a premium of ₹20 per share, payable as follows :

On Application ₹10 per share

On allotment ₹40 per share ( Including premium of ₹10 per share)

On First and Final Call Balance.

Over-payment on application were to be applied towards sums due on allotment and first and final call. Where no allotment was made, money was to be refunded in full.

The issue was oversubscribed to the extent 65,000 shares. Applicants for 60,000 shares were allotted only 10,000 shares and applicants for 15,000 shares were sent letters of regret and application money was returned to them. All the money due was duly received.

Give Journal Entries to record the above transactions( including cash transactions) in the books of the company.

18) Awasthi Ltd. issued 1,20,000 shares of ₹10 each at ₹12 per share , the amount payable as ₹5 on application ( including premium) , ₹4 on allotment and the balance on Final call.

Application money were received 1,60,000 shares. Of the cash received in excess, ₹80,000 were returned and ₹1,20,000 were applied towards the amount due on allotment. The balance of allotment money was received. All the shareholders paid the call due with the exception of one shareholder holding 1,000 shares. These shares were forfeited.

You are required to pass journal entries regarding the above transactions and also show Share Capital in the Balance Sheet of the company with notes to accounts.