

CORPORATE ACCOUNTING

(Test)

Maximum Marks: 24

Attempt the following question.

Q. 1 Answer any two of the following:

- (a) State the journal entries required for the forfeiture of shares and their re-issue. (12)
- (b) State the essential conditions regarding redemption of preference shares as specified under Section 55 of the Companies Act, 2013. Also, mention five examples of divisible profits which can be utilised for the redemption of preference shares. (12)
- (c) Draw the format of 'Cash Flow Statement', mentioning therein the relevant items. (12)

OR

From the following Balance Sheets of X Ltd. and additional information provided, (24)

prepare a Cash Flow Statement for the year 2023 as per AS- 23 (revised) :

LIABILITIES	2022	2023	ASSETS	2022	2023
	Rs	Rs		Rs	Rs
Share Capital	3,00,000	4,00,000	Goodwill	-	24,000
General Reserve	1,30,000	2,24,000	Plant & Machinery	2,20,000	2,75,000
Profit & Loss A/C	80,000	1,50,000	Land & Building	2,15,000	1,95,000
Long-term Loan	1,00,000	-	Investments	75,000	40,000
Creditors	90,000	70,000	Stock	1,46,000	2,10,000
Bills Payable	35,000	40,000	Debtors	1,10,000	1,62,000
Provision for Tax	65,000	85,000	Prepaid Expenses	15,000	32,000
			Cash at Bank	19,000	31,000
	8,00,000	9,69,000		8,00,000	9,69,000

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Additional information:

- (I) During the year ended 31st March, 2023, an interim dividend of Rs 30,000 and a final dividend of Rs 40,000 were paid.
- (II) Investments costing Rs 35,000 were sold at a loss of Rs 7,000.
- (III) Interest received on investments during the current year amounted to Rs 10,000.
- (IV) Depreciation charged on land and building Rs 20,000 and on plant and machinery Rs 25,000.
- (V) The company made a provision of Rs 70,000 for income tax.

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B.COM(H) Semester II
CORPORATE ACCOUNTING
(Assignment)

2023-24

Maximum Marks: 24

Attempt the following question.

Q1(A) Write down necessary journal entries to be passed with regard to re-issue of forfeited shares.
(4)

(B) X Ltd. has issued share capital of 650, 6 % redeemable preference shares of Rs 100 each and 4,500 equity shares of Rs 50 each. The preference shares are redeemable at a premium of 7.5% on 1st April, 2023.

The company's financial information as on 31st March, 2023, was as follows:

	Rs		Rs
Issued Share Capital:		Fixed Assets	3,45,000
650, 7% Redeemable		Investments	18,500
Preference shares of		Bank balance	31,000
Rs 100 each fully paid up	65,000		
4,500 Equity shares of			
Rs 50 each fully paid up	2,25,000		
Profit and Loss Account	48,000		
Sundry creditors	56,500		
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	3,94,500		3,94,500
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In order to facilitate the redemption of preference shares, the company decided –

- (a) to sell all the investments for Rs 16,000;
- (b) to finance part of the redemption from company funds, subject to leaving a balance of Rs 12,000 in the Profit & Loss Account; and
- (c) to issue sufficient number of equity shares of Rs 50 each at a premium of Rs 13 per share to raise the balance of funds required.

The preference shares were redeemed on the due date and the issue of equity shares was fully subscribed. You are required to prepare:

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- (i) the necessary journal entries to record the above transactions including cash transactions
and
(ii) the Balance Sheet as on completion (20)

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