

# OSF

Date : 07-03-2024

STD 12 Commerce Elements of Account

Total Marks : 60

## 12th Account Practice Sheet Day 18 (Part 2 - Ch.1 to 3)

### Section A

\* Choose The Right Answer From The Given Options. [10]

1. What is the minimum number of members for public company?

- (A) 2 (B) 5 (C) 7 (D) 10

Ans. : (C) 7

2. According to provisions of Companies Act, company must get share application for at least of the amount called up through public subscription.

- (A) 0.7 (B) 0.8 (C) 0.9 (D) 1

Ans. : (C) 90%

3. If premium amount has not been received on forfeited shares then proportionate amount of premium is .....

- (A) debited to securities premium account (B) credited to securities premium account  
(C) credited to capital reserve account (D) debited to share capital account

Ans. : (A) debited to securities premium account

4. Which type of preference shares can be converted into equity share?

- (A) Convertible (B) Cumulative (C) Participating (D) Redeemable

Ans. : (A) Convertible

5. After necessary amendments, Indian government has incorporated new Companies Act in the year.

- (A) 2010 (B) 1956 (C) 2012 (D) 2013

Ans. : (D) 2013

6. Debentures amount is.....for company.

- (A) income (B) expense (C) asset (D) debt

Ans. : (D) debt

7. Which type of debentures are risky from the viewpoint of investor?

- (A) bearer debentures (B) mortgaged debentures (C) unsecured debentures (D) convertible debentures

Ans. : (C) unsecured debentures

8. What is called franchise of the following ?

- (A) Trade payable (B) Trade receivable (C) Tangible assets (D) Intangible assets

**Ans. : (D) Intangible assets**

9. What is included under shareholders' fund ?

- (A) Trade payable                      (B) Long term liabilities                      (C) Debenture                      (D) Reserve and surplus

**Ans. : (D) Reserve and surplus**

10. .... assets is considered as current asset.

- (A) Convertible into cash during 12 months after the date of balance sheet  
(B) Realisable during 12 months after the date of balance sheet  
(C) Consumable within 12 months after the date of balance sheet  
(D) All of the given

**Ans. : All of the given**

**Section B**

**\* Answer The Following Questions In One Sentence.**

**[6]**

11. Can company give dividend on pre-received instalments?

**Ans. :** If articles of company allows, then company can give dividend on pre-received instalments. '

12. At what rate company can charge interest on outstanding amount of instalment

**Ans. :** Company can charge 10% interest on outstanding amount of instalment if there is no clarification in Articles of Association.

13. State the types of share capital I write headings for classification of share capital.

**Ans. :** Clarification / types of share capital is as follows:

- (1) Authorized capital                      (2) Issued capital  
(3) Subscribed capital  
(4) Called up capital                      (5) Uncalled capital  
(6) Paid-up capital  
(7) Reserve capital.

14. What is meant by 'Issue of debentures for consideration other than cash'?

**Ans. :** When company issues debentures against purchase of assets like Land-Building, plant and machinery , purchase of business etc. than it is known as 'Issue of debentures for consideration other than cash.'

15. Under which head 'Securities premium reserve account appears in balance sheet?

**Ans. :** 'Securities Premium Reserve A/c' is shown on the equity and Liabilities side of the balance sheet under the head 'Reserve and Surplus'.

16. Under which heading in company's balance-sheet debentures are shown?

**Ans. :** Under 'Mortgage Loan' debentures are shown in the company's balance sheet.

**Section C**

**\* Answer The Following Questions.**

**[9]**

17. Sachin Marble Limited issued 12,000 debentures of Rs.100 each for public subscription Interest 18 to be paid at the rate of 10% p.a. The amount were called up per debenture as under:

With application Rs.30,

On allotment Rs.45,

On call Rs.25 Application were received by company of 15,000 debentures.

After allotment of 12,000 debentures, rejected excess application of debentures and refunded the money to applicants.

All the amounts due on allotment and call were duly received. Write journal entries in the books of the company.

**Ans. :**

**Journal entries in the books of Sachin Marble Limited**

Date	Particulars	L.F.	Debit(Rs.)	Credit(Rs.)
1.	Bank A/c To 10% Debenture application A/c (Being receipt of application money on 15,000 debentures at Rs.30 per debenture)	D r.	4,50,000	4,50,000
2.	10% Debenture application A/c To 10% Debenture A/c To Bank A/c (Being transfer money to debenture account on the allotment of 12,000 debentures and refund money on rejected 3,000 debentures)	D r.	4,50,000	3,60,000 90,000
3.	10% Debenture allotment A/c To 10% Debenture A/c (Being allotment money due on 12,000 debentures at Rs.45 per debenture)	D r.	5,40,000	5,40,000
4.	Bank A/c To 10% Debenture allotment A/c (Being receipt of full amount of allotment money)	D r.	5,40,000	5,40,000
5.	10% Debenture call A/c To 10% Debenture A/c	D r.	3,00,000	3,00,000

	(Being call money due on 12, 000 debentures at Rs.25 per debenture)			
6.	Bank A/c To 10% Debenture A/c (Being receipt of full amount on call money on debentures)	D r.	3,00,000	3,00,000
	<b>Total</b>		<b>25,80,000</b>	<b>25,80,000</b>

18. Dynamic Limited of Ankleshwar issued 30,000, 12% debentures of Rs.100 each, on which the amount per debenture was payable as under:

With application Rs.35,  
on allotment Rs.40,  
on first and final call Rs.25

All the debentures were applied. Palak, the holder of 1000 debentures paid the entire amount on his holding on allotment. Where, Akash, the holder of 400 debentures failed to pay the allotment and call amount.

Ans. :

**Journal entries in the books of Dynamic Limited**

Date/N o.	Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
1.	Bank A/c To 12% Debenture application A/c (Being received debenture application money on 30, 000 debentures at Rs.35 per debenture)	D r.	10,50,000	10,50,000
2.	12% Debenture application A/c To 12% Debentures A/c (Being transfer of debenture application money to debenture account)	D r.	10,50,000	10,50,000
3.	12% Debenture allotment A/c To 12% Debenture A/c (Being amount due on allotment stage at Rs.40 per debenture)	D r.	12,00,000	12,00,000
4.	Bank A/c Calls in arrears on debentures A/c To 12% Debenture allotment A/c To Calls in advance on debenture A/c (Being receipt allotment money on 29,600 debenture and also received call amount in advance on 1,000 debenture at Rs.25 per debenture)	D r. D r.	12,09,000 16,000	12,00,000 25,000

5.	12% Debenture first and final call A/c To 12% Debenture A/c (Being amount due on first and final call money on sanctioned debenture at Rs.25 per debenture)	D r.	7,50,000	7,50,000
6.	Bank A/c Calls in arrears oh debentures A/c Calls in advance on debenture A/c To 12% Debenture first and final calls A/c (Being balance amount received on final call after deducting. calls in advance on 1000 debenture and also amount not paid on 400 debenture on final call)	D r. D r. D r.	7,15,000 10,000 25,000	7,50,000
	<b>Total</b>		<b>60,25,000</b>	<b>60,25,000</b>

19. Write the journal entries only for the issue of debentures from the following transactions  
(Without narration)  
(1) Issued 8,500, 9.5% debentures of Rs.100 each at par, redeemable also at par.

**Ans. :**

Journal entries in the books of company

Date/ No.	Particulars	L.F.	Debit(R s.)	Credit(R s.)
1.	Bank A/c To Debenture application and allotment A/c (8,500 Debentures x Rs.100)	D r.	8,50,000	8,50,000
2.	Debenture application and allotment A/c To 9.5% Debenture A/c (8,500 Debentures x Rs.100)	D r.	8,50,000	8,50,000
3.	9.5% Debenture A/c To Debenture holders A/c	D r.	8,50,000	8,50,000
4.	Debenture holders A/c To Bank A/c	D r.	8,50,000	8,50,000

#### Section D

\* Answer The Following Questions With Necessary Calculations.

[8]

20. Explain in detail, the method of issuing shares by private placement.

**Ans. :** Sometimes the promoters of a public company are confident of raising capital through private sources and contacts. In such cases, the company does not invite the public to subscribe for its shares but make private placement of shares to promoters, their friends, their relatives etc.

When the shares are not offered to the public, the company need not issue a prospectus but issue a 'statement in lieu of prospectus' and must file it with the registrar at least 3 days before first allotment of either share or debenture. In case of private placement of shares, shareholders can't sell their shares within 'Lock-in period'.

21. What is meant by calls-in-advance? State the provisions of it under Companies Act.

**Ans. :** If there is provision in the Articles of Association, a company can receive in advance a part or whole of the uncalled amount. Since the uncalled amount is received by company in advance from shareholders, the same is credited to the 'calls-in-advance' account.

Calls-in-advance is not share capital of the company, hence dividends can not be given on it. It is compulsory to pay interest on calls-in-advance amount, until it is settled against the call is due for payment. On pre-decided rate specified in articles of the company. If articles of the company is silent on this matter, interest is payable 12% p.a. (maximum). The interest on calls-in-advance is payable compulsorily even if there is no profit.

### Section E

\* **Answer The Following Questions In Detail.**

**[16]**

22. Nanavati Limited of Junagadh issued 3,00,000 equity shares of Rs.10 each at a premium of Rs.5 per share. Amount was called up as under:

On application Rs.4 per share,

On allotment Rs.8 per share (including premium),

On final Rs.3 per share.

Company received application for 3,50,000 shares. Excess applications were rejected and money paid thereon was refunded to applicants. All the sums due were received in full except allotment and final call on 3,000 equity shares held by Ishira.

Pass journal entries in books of company.

**Ans. :**

#### Journal entries in the books of Navaratri Limited

Date	Particulars	L.F.	Debit(Rs.)	Credit(Rs.)
1.	Bank A/c  To Equity share application A/c (Being money received on 3,50,000 equity shares at Rs.4 Per share at the time of application)	D r.	14,00,000	14,00,000

2.	Equity share application A/c To Equity share capital A/c To Bank A/c (Being transfer share application money to share capital account and excess share money refunded)	D r.	14,00,000	12,00,000 2,00,000
3.	Equity share allotment A/c To Equity share capital A/c To Securities premium A/c (Being amount due on 3,00,000 shares at Rs.8 per share including Rs.5 for premium)	D r.	24,00,000	9,00,000 15,00,000
4.	Bank A/c Calls in arrears A/c To Equity share allotment A/c (Being received due amount of allotment except on 3,000 shares allotted to Ishira)	D r. D r.	23,76,000 24,000	24,00,000
5.	Equity share final call A/c To Equity share capital A/c (Being amount due for final call on 3,00,000 shares at Rs. 3 per share)	D r.	9,00,000	9,00,000
6.	Bank A/c. Calls in arrears A/c To Equity share final call A/c (Being received due amount of final call except on 3,000 shares held by Ishira)	D r. D r.	8,91,000 9,000	9,00,000
	<b>Total</b>		<b>94,00,000</b>	<b>94,00,000</b>

23. Dharam Metals Ltd. Of Jamnagar issued 8,00,000 equity shares of Rs.10 each at a premium Of Rs.30 per share. The amount was payable as under:

- Rs.13 (including premium of Rs.10) per share on application;
- Rs.23 (including premium Of Rs.20) per share on allotment;
- Rs.4 per share on final call.

Company received share application for 8,00,000 shares and all the applications were allotted shares. Vipul, who was allotted 1,500 shares, did not pay money due on allotment and hence his shares were forfeited by company after allotment. Company reissued all these 1,500 shares before final call at Rs.5 per share.

Hema, who was allotted 500 shares, did not pay money due on final call and therefore her shares were forfeited by company. Company reissued these 500 shares at maximum permissible discount.

Pass journal entries for above transactions in the books of company.

Ans. :

**Journal entries in the books of Dharam Metals Ltd.**

Date	Particulars	L.F.	Debit(Rs.)	Credit(Rs.)
1.	Bank A/c D r. To Equity share application A/c (Being application money received on 8,00,000 shares at Rs.13 per share)		1,04,00,00 0	1,04,00,000
2.	Equity share application A/c D r. To Equity share capital A/c To Securities premium A/c (Being received amount transferred to share capital and; secutiries premium account)		1,04,00,00 0	24,00,000 80,00,000
3.	Equity share allotment A/c D r. To Equity share capital A/c To Securities premium A/c (Being amount due on allotment on 8, 00, 000 shares at Rs.23 per share)		1,84,00,00 0	24,00,000 1,60,00,000
4.	Bank A/c D r. Calls in arrears A/c D r. To Equity share allotment A/c (Being amount received on all other shares except 1,500 shares held by Vipul)		1,83,65,50 0 34,500	1,84,00,000
5.	Equity share capital A/c D r. Securities premium A/c D r. To Share forfeiture A/c To Share allotment A/c (Being forfeited 1,500 shares of Vipul after due formalities)		9,000 30,000	4,500 34,500
6.	Bank A/c D r. Share forfeiture A/c D r. To Equity share capital A/c (Being reissued forfeited shares of Vipul at Rs.5 per share)		7,500 1,500	9,000



7.	Share forfeiture A/c To Capital reserve A/c (Being excess amount of share forfeiture account transferred to capital reserve account)	D r.	3,000	3,000
8.	Equity share final call A/c To Equity share capital A/c (Being amount due on 8 00,000 on final call)	D r.	32,00,000	32,00,000
9.	Bank A/c Call-in-arrears A/c To Equity share final call A/c (Being amount received except on 500 shares held by Hema)	D r. D r.	31,98,000 2,000	32,00,000
10.	Equity share capital A/c To Share forfeiture A/c To Equity share final call A/c (Being forfeited 500 shares of Hema being non-payment of final call amount)	D r.	5,000	3,000 2,000
11.	Bank A/c Share forfeiture A/c To Equity share capital A/c (Being reissued share of Hema by allowing maximum discount)	D r. D r.	2,000 3,000	5,000
	<b>Total</b>		<b><u>6,40,61,000</u></b>	<b><u>6,40,61,000</u></b>

### Section F

\* Answer The Following Essay Type Questions.

[11]

24. Following is the trial balance of shivam as on 31-03-2017

Particulars	Debit(Rs.)	Cradit(Rs.)
Inventories	1,10,000	
Fixed assets - tangible	8,00,000	
5000 equity shares of 100 each		5,00,000
Sales		7,50,000
Other incomes		20,000
Employee benefit expenses	1,30,000	
Long-term borrowings		3,50,000
Finance costs	17,500	

Trade payables		1,00,000
Trade receivables	40,000	
Cash and bank balance	60,000	
Depreciation	22,500	
Cost of goods sold	4,00,000	
Non-current investments	1,40,000	
	17,20,000	17,20,000

Additional information : Provision for tax Rs. 80,000

Prepar final account of the company as per schedule-III of Companies Act, on 31-03-2017

Ans. :

**Statement of profit and loss of Shivam Ltd. For the year ending on 31-03-2017**

Particulars	Note No.	Amount (Rs.)	Amount (Rs.)
(1) Revenue from operations (Sales)		7,50,000	
(2) Other income		20,000	
(3) Total income (I + II)			7,70,000
(4) Expenses :			
Cost of goods sold		4,00,000	
Employee benefit expenses		1,30,000	
Finance costs		17,500	
Depreciation		22,500	
<b>Total</b>			5,70,000
(5) Profit before tax (III- IV)			2,00,000
(6) Provision for tax			80,000
(7) Total Profit (Transferred to balance sheet)			<u>1,20,000</u>

**Balance Sheet of Shivam Ltd. As at 31-03-2017**

Particulars	Note No.	Amount (Rs.)	Amount (Rs.)
<b>Equity and Liabilities:</b>			
(1) <b>Shareholder's funds:</b>			
(a) Share capital		5,00,000	
(b) Reserves and surplus (Net profit)		1,20,000	6,20,000
(2) <b>Non-current Liabilities:</b>			
(a) Long-term borrowings		3,50,000	3,50,000
(3) <b>Current Liabilities:</b>			
(a) Trade payables		1,00,000	
(b) Short-term Provision		80,000	1,80,000
<b>Total</b>			<u>11,50,000</u>
<b>Assets:</b>			
(1) <b>Non-current assets:</b>			
(a) Fixed assets : Tangible		8,00,000	
(b) Non-current investments		1,40,000	9,40,000
(2) <b>Current assets:</b>			

(a) Inventory		1,10,000	
(b) Trade receivables		40,000	
(c) Cash and cash equivalents		60,000	2,10,000
Total			<u>11,50,000</u>

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