

OSF

Date : 06-03-2024

STD 12 Commerce Elements of Account 12th Account Practice Sheet Day 8 (Part 2 - Ch.1)

Total Marks : 40

Section A

*** Choose The Right Answer From The Given Options. [5]**

1. State maximum member of applicants for share application.

- (A) two (B) three (C) four (D) five

Ans. : (B) three

2. Which of the following is not shown under the heading 'Share Capital' in a balance sheet ?

- (A) Authorised capital (B) Issued capital (C) Reserve capital (D) Subscribed capital

Ans. : (C) Reserve capital

3. From year.....Companies Act was applicable in India.

- (A) 1923 (B) 1932 (C) 1956 (D) 1965

Ans. : (C) 1956

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

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

Ans. : (A) Convertible

5. Demat account is just like _ account.

- (A) current (B) saving (C) cash credit (D) overdraft

Ans. : (B) saving

Section B

*** Answer The Following Questions In One Sentence. [5]**

6. Who receives initial shares, issued through private placement?

Ans. : Issue house or brokers receives initial shares, issued through private placement.

7. Write full form of: SEBI, ASBA, IPO, FPO

Ans. : SEBI: Securities Exchange Board of India

ASBA: Application Supported by Blocked Amount

IPO: Initial Public Offer

FPO: Follow-on Public Offer

8. Write another name of authorised capital.

Ans. : Register capital or nominal capitals are the other names of authorised capital.

9. 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.

10. Who manages the company?

Ans. : Board of directors selected by the capital providers are manages or administrated the company.

Section C

*** Answer The Following Questions.**

[6]

11. Give differences : Preference share and Equity share :

Ans. : Points of difference for Preference shares and Equity shares are as follows :

Preference Share	Equity Share
(1) Dividend on preference shares are paid at a fixed rate.	(1) The rate of dividend on equity shares is not fixed.
(2) The arrears of dividend is paid against company's profit in future.	(2) The arrears of dividend can not be accumulated, so it is not paid against company's profit in future.
(3) Preference shareholders do not have any voting right.	(3) Equity shareholders have voting rights.
(4) If there is sufficient called up capital then only reserved capital can be created.	(4) If there is capital profit then only capital reserve can be created.
(5) Preference shareholders have a right to receive dividend before any dividend is paid on equity shares.	(5) Payment of dividend on equity shares is made after the payment of preference shareholders dividend.
(6) Preference shareholders have right to receive amount before amount returned to equity shareholders in case of winding up of business.	(6) Equity share capital is paid only after the payment to preference share capital in case of winding up of business.

12. Reserved Capital and Capital Reserve :

Ans. : Following are the points of differences for Reserved Capital and Capital Reserve :

Reserved Capital	Capital Reserve
(1) When board of directors think that they have sufficient called up capital and no further capital is needed in future then by special resolution passed in shareholder's meeting regarding uncalled capital is kept as reserve, then that capital is called reserved capital.	(1) Reserve created from capital profit is called capital reserve. It is not created from the normal transaction of business.
(2) When company going to be liquidated or winding up then this amount of capital can be called from shareholders.	(2) This can not be possible in capital reserve.
(3) Reserved capital can be created from the starting of the company proceeding.	(3) Capital reserve can be created at any time in the business.
(4) If there is sufficient called up capital then only reserved capital can be created.	(4) If there is capital profit then only capital reserve can be created.

Section D

*** Answer The Following Questions With Necessary Calculations.**

[8]

13. What do you mean by share capital? State the types of share capital.

Ans. : Through initial public offer when capital amount is collected, it is known as share capital.

Types of share capital is as follows :

- Authorized share capital: The maximum amount which a company can accumulate by share capital during its lifetime is called authorized share capital.
- Issued share capital: The share capital issued by issue of shares out of authorized capital based on the need of the company in full or part is known as issued capital.
- Subscribed capital: The value of shares for which applications are received out of issued share capital is known as subscribed capital.
- Called up capital: Amount called up by company per share is known as called up capital.
- Uncalled capital: A capital which is not yet called from the shareholders by the board of directors of the company is called uncalled capital.
- Paid-up capital: The amount received by the company from shareholders out of called up capital is known as paid-up capital.

- Reserve capital: Amount of difference between subscribed capital and uncalled capital which directors feels that will not be required in future, is transferred as reserve by passing special resolution known as reserve capital.

14. 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, upto 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]

15. Pagedar Sugar Limited of Nagpur issued 12,00,000 equity shares in the public of Rs.10 each. Company received applications for 13,50,000 shares. Shares were allotted at a meeting of board of directors. Excess share applications were rejected and amount received thereon was refunded.

Amount called up against shares was as under:

On application Rs.2.50 per share,

on allotment Rs.2.50 per share,

On first call Rs.2 per share,

On Enal call Rs.3 per share.

Aishwarya, who was allotted 960 shares, could not my first call and final call money, where Vinay, who was allotted 1,200 shares, could not pay final call money. Except this, all sums due from other shareholders were received.

Aishwarya and Vinay had paid their arrears amount to company otherwards. Pass necessary journal entries to record above transactions in the books of company without giving effect of interest.

Ans. :

Journal entries in the book of Pagedar Sugar Limited

Date	Particulars	L.F	Debit(Rs.)	Credit(Rs.)
1.	Bank A/c To Equity share application A/c (Being receipt of application money on 13,50,000 equity shares at Rs.2.50 per share)	D r.	33,75,000	33,75,000
2.	Equity share application A/c	D r.	33,75,000	

16.		To Equity share capital A/c To Bank A/c (Being transfer of application money to share capital account and money refunded on rejected shares)			30,00,000 3,75,000
	3.	Equity Share allotment A/c	D r.	30,00,000	
		To Equity share capital A/c (Being allotment money is due on 12,00,000 equity share at Rs.2.50 per share)			30,00,000
	4.	Bank A/c	D r.	30,00,000	
		To Equity share allotment A/c (Being receipt of full amount of share allotment)			30,00,000
	5.	Equity share first call A/c	D r.	24,00,000	
		To Equity share capital A/c (Being first call of Rs.2 per share is due on 12,00,000 shares)			24,00,000
	6.	Bank A/c	D r.	23,98,080	
		Calls in arrears A/c	D r.	1,920	
		To Equity share first call A/c (Being receipt of share final call amount on all shares except 960 shares held by Aishwarya)			24,00,000
	7.	Equity share final call A/c	D r.	36,00,000	
		To Equity share capital A/c (Being final call of Rs.3 per share is due on 12,00,000 shares)			36,00,000
	8.	Bank A/c	D r.	35,93,520	
		Calls in arrears A/c	D r.	6,480	
		To Equity share final call A/c (Being amount received on all shares except 960 shares held by Aishwarya and 1200 shares held by Vinay)			36,00,000
	9.	Bank A/c	D r.	8,400	
		To Call in arrears A/c (Being arrears amount on shares received from Aishwarya and Vinay)			8,400
		Total		2,47,58,400	2,47,58,400
[5]					

Sharda Limited issued 6,00,000 equity shares at Rs. 10 each, at a premium of Rs. 4 per share.

Amount called up per share is as under:

On application Rs. 4,

On allotment Rs. 3 + premium,

On share first and final call Rs. 3.

Subscription were received 3.5 times, out of which 4/7th the share applications were rejected full and pro-rata allotment was made to the remaining applicants. Excess application money were credited to share allotment and share calls.

Write the necessary journal entries in the books of Sharda Limited.

Ans. :

Journal entries in the books of sharda limited

Date	Particulars	L.F.	Debit(Rs.)	Credit(Rs.)
1.	Bank A/C D r. To Equity share application A/C (Being received amount on 2100000 shares (subscribed 3.5 times) at 4 per share)		84,00,000	84,00,000
2.	Equity share application A/C D r. To Equity share capital A/c To Equity share allotment A/c To Bank A/c (Being received amount on sanctioned 6,00,000 shares transferred to share capital A/C, additional amount received is adjusted and rejected application money refunded)		84,00,000	24,00,000 12,00,000 48,00,000
3.	Equity share allotment A/c D r. To Equity share capital A/C To Securities premium A/C (Being amount due on 6,00,000 shares cluding premium @ 4))		42,00,000	18,00,000 24,00,000
4.	Bank A/C D r. To Equity share allotment A/c (Being received difference of amount of share allotment call)		30,00,000	30,00,000
5.	Equity share first and final call A/C D r. To Equity share capital A/C (Being amount due on share first and final call at 3 per share)		18,00,000	18,00,000

6.	Bank A/C	D r.	18,00,000	
	Equity share first and final call A/C (Being received amount on first and final call)			18,00,000
	total		<u>2,76,00,00</u> <u>0</u>	<u>2,76,00,00</u> <u>0</u>
