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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF LAW

MID TERM EXAMINATIONS

Sem & AY: Odd Sem.2019-20

Date: 18.10.2019

Course Code: BCL 103

Time: 2:00PM to 4:00PM

Course Name: CORPORATE ACCOUNTING

Max Marks: 60

Program & Sem: B.Com LLB. (Hons.) & III

Weightage: 30%

Instructions:

- i. Answer all the Questions.

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries four marks. (5QX4M=20M)

1. Who are qualified institutional buyers who help in book building?
(C.O.NO.1) [Knowledge]
2. What are the functions of Book Runner Lead Manager in Primary issue of shares?
(C.O.NO.1) [Knowledge]
3. Who are underwriter in the Primary issue of shares? What are their functions?
(C.O.NO.1) [Knowledge]
4. What are the differences between equity share and preference shares?
(C.O.NO.1) [Knowledge]
5. How many types of capitals may be there in the balance sheet of a company?
(C.O.NO.1) [Knowledge]

Part B [Thought Provoking Questions]

Answer both the Questions. Each question carries five marks. (2QX5M=10M)

6. What are the pre and post issue works in case of share issue?
(C.O.NO.1) [Knowledge]
7. What is article of association? Explain it.
(C.O.NO.1) [Knowledge]

Part C [Problem Solving Questions]

Answer all the Questions. Each Question carries ten marks.

(3Qx10M=30M)

8. The Z ltd issued for 10,000 equity shares of ₹ 10 each at ₹ 12 each on the following terms
- | | |
|----------------|----------------------------|
| On application | ₹ 2 |
| On allotment | ₹ 7 (including ₹2 premium) |
| On first call | ₹ 3 |

The subscription were received for 11000 shares. Extra share applications were denied. The allotment was made on pro-rata basis. Pass the necessary journal entries in the book of the company assuming that all money on allotment were received except from Mr. x who accepted 1000 shares. Mr Y who accepted 1000 share paid first call in advance with allotment. (C.O.NO.2) [Application]

9. A company offers 9,000 shares to the public. Of Rs. 10 each. The amount payable is as follows:

On application	Rs. 2 per share	On first call	Rs. 3 per share
On allotment	Rs. 3 per share	On final call	Rs. 2 per share

Applications are received for 10,000 shares. 1000 share applications were dined. Company had not made any allotment for 2,000 shares, rest allotted on a pro rata basis.

All calls were duly made and paid except a holder of 100 shares paid the two calls with allotment. A holder of 200 shares fails to pay the 1st and 2nd calls. A holder of 100 shares fail to pay 2nd call.

Pass the necessary transactions in the company's books. (C.O.NO.2) [Application]

10. A company issued 15,000 fully paid up shares of Rs. 100 each for purchase of the following assets and liabilities from Mohan Brothers.

Land and building	₹ 6,00,000	Stock in trade	₹ 4,50,000
Plant	₹ 3,50,000	Sundry Creditors	₹ 1,00,000

You are required to pass the necessary journal entries. (C.O.NO.2) [Knowledge]



SCHOOL OF MANAGEMENT

Semester: Odd Sem 2019-20

Course Code: BCL 103

Course Name:

Date:

Time:

Max Marks:

Weightage:

Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (%age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type	Thought provoking type	Problem Solving type [Marks allotted]	Total Marks
			[Marks allotted] Bloom's Levels	[Marks allotted] Bloom's Levels		
			K	C	A	
1	1	1	4			4
2	1	1	4			4
3	1	1	4			4
4	1	1	4			4
5	1	1	4			4
6	1	1		5		5
7	1	1		5		5
8	2	1			10	10
9	2	1			10	10
10	2	1			10	10
	Total Marks		20	10	30	60

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines. [Name of faculty]

Reviewer's Comments:

Annexure- II: Format of Answer Scheme



SCHOOL OF -----

SOLUTION

Semester:

Course Code:

Course Name:

Date:

Time:

Max Marks:

Weightage:

Part A

(5 x 4 = 20)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	<ul style="list-style-type: none"> • Scheduled commercial banks • Mutual funds • Foreign Institutional Investors register with SEBI • Venture capital funds registered with SEBI • Foreign Venture capital funds registered with SEBI • Insurance Companies registered with IRDA • Provident funds with minimum corpus of 25 crore • Pension fund with minimum corpus of 25 crore 	4	5
2	<ul style="list-style-type: none"> • Drafting prospectus • Preparing a budget of expenses related to the issue • Suggesting the appropriate timing of the public issue • Assisting in marketing the public issue successfully • Appointment of registrars of the issue, underwrites, brokers, bankers to the issue, advertising agents etc. 	4	5
3	<ul style="list-style-type: none"> • Underwriting is a contract in which an underwriter gives an assurance to the issuer that they will subscribe the securities if those are unsubscribed by 	2	5

	<p>the investors. Person who gives this assurance is called the underwriter.</p> <ul style="list-style-type: none"> • The company after closure of the subscription list, communicates in writing to the underwriter the total number of securities unsubscribed and the number of securities required to be taken up by the underwriter. Underwriter will taken up the agreed portion. If underwriter fails to pay then unsubscribed portion will be distributed according the company's wish or a damage will be charged. 	2	
4	<ul style="list-style-type: none"> • Equity shareholders get dividend after payment of preference dividend. Preference shareholders get their dividend before the payment of dividend to equity shareholders. • No company is allowed to payback its capital during its lifetime except in case of liquidation. Preference share capital is paid earlier than equity shareholders. • No fixed rate of dividend. It is always changing subject to the availability of profits/reserves, etc. Rate of dividend remains constant. It is told at the time of issue of preference shares, it is generally prefixed before preference shares. • If there is no profit, no dividend will be paid. If there are sufficient profits, even then there is no compulsion for the company to declare dividend. It is fixed. There is no uncertainty. If there is no profit, insufficient profits, dividend can be postponed but payable as and when sufficient profits are available. 	4	5
5	<ul style="list-style-type: none"> • Authorized capital: This is the capital, which is written in the MA of the company. This is also known as nominal or registered capital of the company. This capital is the maximum capital, divided into shares of different denomination such as 10, 100 and so on. The capital can not be altered by the company so easily. • Issued capital: This is that part of the authorized capital, (including shares offered to the vendor) which is actually offered to the public, i.e. the number of shares, which the company has offered to issue to the public to subscribe. For example, the company issues 10,000 shares out of 20,000 shares of 10 being authorized capital. • Subscribed capital: It is the part of issued capital, which is actually subscribed by the public, i.e. the number of shares, which the public has asked for 	4	5

	<p>allotment. For example the company issues 10,000 shares, where as the public has subscribed only for 8000 shares, then the subscribed capital = 8000*amount called up.</p> <ul style="list-style-type: none"> • Called up capital: The amount of shares asked by the directors of the company to pay is called up capital. For example, if 10,000 shares of Rs. 10 are offered to the public at Rs. 8, then Rs. 8 is the called up capital and remaining Rs. 2 per share is uncalled capital. • Paid-up capital: Whatever is paid out of called up capital is termed paid-up capital. If some part is not paid, it is termed calls in arrear. Thus paid-up capital = Called up capital – calls in arrear. • Reserve Capital: The part of share capital, which has already not been called up is known as reserve capital. 		
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Part B

(2 x 5 = 10)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
6	<ul style="list-style-type: none"> • Pre Issue Activities • Due diligence of company's operations/management/business plans/legal etc. • Drafting and designing offer document • Finalizing the prospectus • Drawing up the marketing strategies for the issue • Ensuring compliance with stipulated requirements and completion of prescribed formalities with the stock exchanges and the Registrar of Companies. • Post Issue Activities • Escrow accounts, coordinating, non-institutional allocation, intimation of allocation, coordination with registrar for dispatching of refunds, dematerializing of securities, listing and trading of securities and coordinating the work of other intermediaries involved in the issue process. 	<p>5</p> <p>5</p>	20
7	<ul style="list-style-type: none"> • It helps in establishing relationship with the inside world, i.e. how the affairs of the company are to be managed. All rules and regulations are given in it. 	10	20

	<ul style="list-style-type: none"> • Declaration: by Directors or by Chartered Accountants or Advocate – declaring that formalities regarding incorporation have been complied with. • A list of persons with their addresses who have been agreed to become the first directors of the company. If no such list is sent, then signatories to the memorandum of association will become the first directors. • If all formalities have been completed and the Registrar of Companies is satisfied he issues a certificate, known as Certificate of incorporation. The company comes into existence immediately after the issuance of certificate of incorporation. 		
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Part C

(3 x 10 = 30)

Q No	Solution				Scheme of Marking	Max. Time required for each Question
8	Sr. No.	Particulars	Dr.	Cr.	10	20
	1	Bank (A/C)	22000			
		To share Application A/C		22000		
	2	Share Application A/C	20000			
		To Share Capital A/C		20000		
	3	Share Application A/C	2000			
		To Bank A/C		2000		
	4	Bank (A/C)	73000			
		Allotment in Arriors	7000			
		To Share Allotment		77000		
		To Share Advance		3000		
	5	Share Allotment (A/c)	70000			
		To Share Capital (A/C)		70000		
	6	Bank (A/C)	30000			
		To Share First call		30000		
	7	Share first call	30000			
		To Share Capital (A/C)		30000		
	9	Arriors (A/C)	7000			
		To Share allotment		7000		
9	Sr. No.	Particulars	Dr.	Cr.	10	20
	1	Bank (A/C)	20000			
		To share Application A/C		20000		
	2	Share Application A/C	18000			
		To Share Capital A/C		18000		
	3	Share Application A/C	2000			

		To Bank A/C			2000		
4		Bank (A/C)	14500				
		Allotment in Arriors	6000				
		To Share Allotment			20000		
		To advance in 1st and 2nd call			500		
5		Share Allotment (A/c)	20000				
		To Share Capital (A/C)			20000		
6		Bank (A/C)	29100				
		Calls in arriors	600				
		Calls in advance	300				
		To Share First call			30000		
7		Share first call	30000				
		To Share Capital (A/C)			30000		
8		Bank (A/C)	19200				
		Calls in arriors	600				
		Calls in advance	200				
		To share second call			20000		
9		Arriors (A/C)	4200				
		To Share allotment			3000		
		To share 1st call			600		
		To share 2nd call			600		
	Sr. No.	Particulars	Dr.	Cr.		10	15
	1	Land	600000				
		Building	350000				
		Stock in trade	450000				
		To Sundry Creditors		100000			
		To Good will		1400000			



Roll No

PRESIDENCY UNIVERSITY
BENGALURU
SCHOOL OF LAW

END TERM FINAL EXAMINATION

Semester: Odd Semester: 2019 - 20

Date: 24 December 2019

Course Code: BCL 103

Time: 9:30 AM to 12:30 PM

Course Name: CORPORATE ACCOUNTING

Max Marks: 80

Program & Sem: B.Com.,LL.B.(Hons.) & III

Weightage: 40%

Instructions:

- (i) Read the all questions carefully and answer accordingly.
(ii) Students will use calculator but calculator is not shareable

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries 5 marks.

(4Qx5M=20M)

- a. Describe the types of debentures and explain each of them.
b. How many types of shares are there? Explain each of them. (C.O.No.1) [Knowledge]
- What are the objectives of internal reconstruction of a company? (C.O.No.4) [Knowledge]
- How many types of preference shares are there? Explain each of them. (C.O.No.4) [Knowledge]
- Who are underwriters and what are their roles in share issue? (C.O.No.3) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries 10 marks.

(4Qx10M=40M)

- The manufacturing ltd issued for 1,000 equity shares of ₹ 10 each at ₹ 12 each on the following terms
On application ₹ 3
On allotment ₹ 5 (including ₹2 premium)
On first call ₹ 4

The subscription were received for 1200 shares. Extra share applications were denied. The allotment was made on pro-rata basis. Pass the necessary journal entries in the book of the company assuming that all money on allotment were received except from Mr. x who accepted 200 shares. (C.O.No.1 & 2) [Application]

6. A company borrowed ₹200 million for a new project. The loan will be repaid in 20 years. Interest rate is 12%. Company opened a sinking fund in a bank. The sinking fund is earning 10% interest. How much will the company deposit every year so that after 20 years company can repay the loan? (C.O.No.1 & 2) [Application]

7. A limited company wants to redeem its 10,000, 9% preference shares of ₹ 10 each fully paid at 10% premium. The ledger account show the following balances

Securities premium account ₹ 12,000

Profit and Loss account ₹ 30,000

The company redeemed the preference shares by making minimum fresh issue of equity shares of ₹ 10 each at 10% premium.

Calculate the amount of fresh issue of equity shares. (C.O.No.1 & 2) [Application]

8. A company after a series of trading losses, resolved to reduce its capital of 8000 shares of ₹10 each fully to 8000 shares of ₹5 each fully paid.

The balance sheet of the company prior to reduction of capital was as given below:

Liabilities		Assets	
Authorized and issued capital 8000 shares of ₹10 each fully paid	80000	Goodwill A/C	15000
Security premium A/C	4000	Free hold property A/C	8000
Sundry Creditors	17000	Plant and Machinery A/C	14000
		Stock A/C	21000
		Sundry Debtors A/C	17000
		Cash A/C	3000
		Profit and Loss A/C	23000
	101000		101000

It was resolved to eliminate the securities premium account and to allocate the amount then available upon reduction of capital in the order given below

- The write-off the debit of profit and loss account.
- To write-off the entire value of goodwill.
- To reduce the value of the plant and machinery by ₹2000.
- Value of stock to be reduced up to ₹18600
- Any available balance to be used for reducing book value of the freehold property.

You are required to given the journal entries necessary to give effect of the above and to show the balance sheet of the company after reduction of capital. (C.O.No.4) [Application]

Part C [Problem Solving Questions]

Answer all the Questions. Each Question carries 5 marks.

(4Qx5M=20M)

9. On 10 January 2002, a company offers 8,000 shares of ₹ 10 each. Applications are received for full 8,000 shares. Money is payable is as follows:

On Application Rs. 3 On First call Rs. 3
On allotment Rs. 2 On final call Rs. 2

Make the journal entry of the transaction (C.O.No.1, 2 & 4) [Application]

10. Calculate the amount of profits required for the redemption of preference shares in the following cases:

Preference shares to be redeemed	Proceed from fresh issue of shares
1. ₹10,00,000 at par	₹ 9,00,000
2. ₹ 7,00,000 at a premium of 10%	₹ 5,00,000
3. ₹ 5,00,000 at a discount of 5%	₹ 3,60,000 (issued at 10% discount)

(C.O.No.1 & 2) [Application]

11. AB Ltd. forfeited 500 equity shares of ₹10 each issued at a discount of ₹1 per share for non-payment of first call of ₹2 and final call of ₹2. 200 of these shares were reissued at fully paid up and receipt of ₹7 per share. Pass the journal entries for forfeiture and reissued of shares.

(C.O.No.1,3 &4) [Application]

12. Suppose you bought 1000 debentures each of ₹100, Interest rate is 5%. The maturity period is 10 years. After 10th years how much will your deposit grow? (C.O.No.1&2) [Application]



SCHOOL OF LAW

END TERM FINAL EXAMINATION

Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (% age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type	Thought provoking type	Problem Solving type	Total Marks
			[Marks allotted]	[Marks allotted]	[Marks allotted]	
			Bloom's Levels	Bloom's Levels	[Marks allotted]	
			K	C	A	
1 a. b.	1	Unit No. 3: Debenture Unit no. 1: Share Capital	5			5
2	2 & 4	Unit no. 5: Final Account	5			5
3	1	Unit 2: Preference share	5			5
4	3	Unit no. 4: Underwriting share and debenture	5			5
5	1&2	Unit no. 1: Share capital		10		10
6	1&2	Unit no. 3: Debenture		10		10
7	1&2	Unit no. 2: Preference share		10		10
8	4	Unit no. 5: Final Accounts		10		10

9	1, 2 &4	Unit no. 1: Share capital			5	5
10	1, 2	Unit no. 2: Preference Share			5	5
11	1,3&4	Unit no. 1: Share capital			5	5
12	1&2	Unit no. 3: Debenture			5	5
Total Marks			20	40	20	80

K =Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines.

Faculty Signature:

Reviewer Commend:

Format of Answer Scheme



SCHOOL OF ENGINEERING

SOLUTION

Semester: Odd Sem. 2019-20
Course Code: BCL 103
Course Name: Corporate Accounting
Program & Sem: LAW & #rd

Date: 24.12.2019
Time: 9:30AM TO 12:30PM
Max Marks: 80
Weightage: 40%

Part A

(4Q x 5M = 20Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	<ul style="list-style-type: none"> • On the basis of security: • Mortgage debenture: The type of debentures is secured by a charge on the whole or part of company's assets. In India debentures are of mortgage type. • Naked or simple: When no security is given, then such debentures are termed simple or naked debentures. In India no such debentures are there. • On the basis of redemption • Redeemable debentures: The debentures for which terms of issue indicate the date of redemption, are termed redeemable debentures. In India such debentures are very popular. • Non-redeemable debentures: The debentures for which no date is given for its redemption, are termed non-redeemable or irredeemable debentures. • Registered debentures: Such debentures are transferred as per rules and regulations of the company for which proper record is maintained by the company. A deed is signed by the transferrer and transferee and is sent to the company. • Bearer debentures: Such debentures are transferable merely by physical delivery of the document. No deed is required for its transfer. Such debentures are termed bearer debentures. <p>Share capital:</p> <ul style="list-style-type: none"> • Equity share capital: According to Section 85 of the Indian Companies Act, 1956, the equity or ordinary share capital includes all capital other than preference share capital. • Preference share capital: According to Section 85 of the Indian Companies Act, 1956, the preference share capital is a capital which provides two preferences, namely (i) receipt of dividend, and (ii) return of capital in case of liquidation of company. 	5	10
2	<ul style="list-style-type: none"> • To improve the financial position of a company if the company is suffering from heavy losses or is in financial mess or is not in a position to pay its loans. • To provide a new life to a company as the company is able to collect working capital according to its needs. • To protect the company against the evils of over exploitation. • To change the shareholders' right or/and change the place of business. • To run the business at a profit. 	5	10
3	<ul style="list-style-type: none"> • Cumulative preference shares: If payment of dividend is not possible in the current year and is paid in future, then such shares are called cumulative preference shares and if right is not there, then it is called non-cumulative preference shares. • Participating preference shares: If preference shares are entitled to participate (along with equity shares) in dividend over and above a fixed dividend, it is called 	5	10

	<p>participating preference shares, otherwise it is not participating preference shares.</p> <ul style="list-style-type: none"> • Redeemable preference shares: The share for which the company agrees to pay the full amount or promised money in its stipulated period or lifetime, is known as redeemable preference shares, otherwise it is non-redeemable preference shares. • Convertible preference shares: If the terms of issue provide the right of conversion of preference shares into debenture or equity shares, it is known as convertible preference shares, otherwise it is non-convertible preference shares. 		
4	<ul style="list-style-type: none"> • Underwriting is a contract in which an underwriter gives an assurance to the issuer that they will subscribe the securities if those are unsubscribed by the investors. Person who gives this assurance is called the underwriter. • The company after closure of the subscription list, communicates in writing to the underwriter the total number of securities unsubscribed and the number of securities required to be taken up by the underwriter. Underwriter will taken up the agreed portion. If underwriter fails to pay then unsubscribed portion will be distributed according the company's wish or a damage will be charged. 	5	10

Part B

(4Q x 10M = 40 Marks)

Q No	Solution				Scheme of Marking	Max. Time required for each Question
5	Sr. No.	Particular	Dr	Cr	10	20
	1	Bank (A/C) To share application (A/C)	3600	3600		
	2	Share Application (A/C) To Share Capital (A/C)	3000	3000		
	3	Share appliation (A/C) To Bank (A/C)	600	600		
	4	Bank (A/C) Arrior in Allotment (A/C) To Share Allotment To Share Premium	4000 1000	3000 2000		
	5	Share Allotment To share capital (A/C)	3000	3000		
	6	Bank (A/C)	4000			

	<p>To share first call (A/C) 4000</p> <p>7 Share first call (A/C) 4000 To share capital 4000</p> <p>8 Share allotment 1000 To error (A/C) 1000</p>																																																																																								
6	$FV_n = PV(1+r)^n$ <p>PV=200, r=12%, n=20 FV = 1929.2</p> $FV_n = PV \frac{(1+r)^n - 1}{r}$ <p>1929.2 = PV((1.1^20)-1/0.1) PV=33.683</p>	10	20																																																																																						
7	<p>$X + X/10 + 12000 + 30000 = 100000 + 10000$ X=61818.18 No of shares = 6182</p>	10	20																																																																																						
8	<table border="0"> <thead> <tr> <th>Sr. No.</th> <th>Particulars</th> <th>Dr.</th> <th>Cr.</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Share capital</td> <td>80000</td> <td></td> </tr> <tr> <td></td> <td>To reduction of capital</td> <td></td> <td>40000</td> </tr> <tr> <td></td> <td>To reduced share capital</td> <td></td> <td>40000</td> </tr> <tr> <td>2</td> <td>Security premium</td> <td>4000</td> <td></td> </tr> <tr> <td></td> <td>To reduction of capital</td> <td></td> <td>4000</td> </tr> <tr> <td>3</td> <td>Capital reduction</td> <td>42400</td> <td></td> </tr> <tr> <td></td> <td>To P&L (A/c)</td> <td></td> <td>23000</td> </tr> <tr> <td></td> <td>To Goodwill</td> <td></td> <td>15000</td> </tr> <tr> <td></td> <td>To Plant and Machinery</td> <td></td> <td>2000</td> </tr> <tr> <td></td> <td>To stock</td> <td></td> <td>2400</td> </tr> <tr> <td>4</td> <td>Capital reduction</td> <td>1600</td> <td></td> </tr> <tr> <td></td> <td>To Free hold property</td> <td></td> <td>1600</td> </tr> <tr> <td></td> <td>Liability</td> <td></td> <td>Assets</td> </tr> <tr> <td></td> <td>Share capital</td> <td>40000</td> <td>Free hold property</td> <td>6400</td> </tr> <tr> <td></td> <td>Sundry creditor</td> <td>17000</td> <td>Plant and Machinery</td> <td>12000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Stock</td> <td>18600</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Sundry Debtors A/C</td> <td>17000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Cash A/C</td> <td>3000</td> </tr> <tr> <td></td> <td></td> <td>57000</td> <td></td> <td>57000</td> </tr> </tbody> </table>	Sr. No.	Particulars	Dr.	Cr.	1	Share capital	80000			To reduction of capital		40000		To reduced share capital		40000	2	Security premium	4000			To reduction of capital		4000	3	Capital reduction	42400			To P&L (A/c)		23000		To Goodwill		15000		To Plant and Machinery		2000		To stock		2400	4	Capital reduction	1600			To Free hold property		1600		Liability		Assets		Share capital	40000	Free hold property	6400		Sundry creditor	17000	Plant and Machinery	12000				Stock	18600				Sundry Debtors A/C	17000				Cash A/C	3000			57000		57000	10	20
Sr. No.	Particulars	Dr.	Cr.																																																																																						
1	Share capital	80000																																																																																							
	To reduction of capital		40000																																																																																						
	To reduced share capital		40000																																																																																						
2	Security premium	4000																																																																																							
	To reduction of capital		4000																																																																																						
3	Capital reduction	42400																																																																																							
	To P&L (A/c)		23000																																																																																						
	To Goodwill		15000																																																																																						
	To Plant and Machinery		2000																																																																																						
	To stock		2400																																																																																						
4	Capital reduction	1600																																																																																							
	To Free hold property		1600																																																																																						
	Liability		Assets																																																																																						
	Share capital	40000	Free hold property	6400																																																																																					
	Sundry creditor	17000	Plant and Machinery	12000																																																																																					
			Stock	18600																																																																																					
			Sundry Debtors A/C	17000																																																																																					
			Cash A/C	3000																																																																																					
		57000		57000																																																																																					

Part C

(4Q x 5M = 0Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question																																				
9	<table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Particular</th> <th>Dr.</th> <th>Cr.</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Bank To Share application</td> <td>24000</td> <td>24000</td> </tr> <tr> <td>2</td> <td>Share application To Share capital</td> <td>24000</td> <td>24000</td> </tr> <tr> <td>3</td> <td>Bank To Share allotment</td> <td>16000</td> <td>16000</td> </tr> <tr> <td>4</td> <td>Share allotment To share capital</td> <td>16000</td> <td>16000</td> </tr> <tr> <td>5</td> <td>Bank To first call</td> <td>24000</td> <td>24000</td> </tr> <tr> <td>6</td> <td>First call To share capital</td> <td>24000</td> <td>24000</td> </tr> <tr> <td>7</td> <td>Bank To final call</td> <td>16000</td> <td>16000</td> </tr> <tr> <td>8</td> <td>Final call To share capital</td> <td>16000</td> <td>16000</td> </tr> </tbody> </table>	Sr. No.	Particular	Dr.	Cr.	1	Bank To Share application	24000	24000	2	Share application To Share capital	24000	24000	3	Bank To Share allotment	16000	16000	4	Share allotment To share capital	16000	16000	5	Bank To first call	24000	24000	6	First call To share capital	24000	24000	7	Bank To final call	16000	16000	8	Final call To share capital	16000	16000	5	15
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10	<p>a. 1000000-900000=100000 b. 770000-500000 = 270000 c. 475000 – 324000 = 151000</p>	5	15																																				
11	<table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Particulars</th> <th>Dr.</th> <th>Cr.</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Equity Share capital (A/C) To share forfeiture (A/C) To Discount To share first call To Share Final call</td> <td>5000</td> <td>2500 500 1000 1000</td> </tr> <tr> <td>2</td> <td>Bank Discount Share forfeiture To share capital</td> <td>1400 200 400</td> <td>2000</td> </tr> <tr> <td>3</td> <td>Share forfeiture To capital reserve</td> <td>600</td> <td>600</td> </tr> </tbody> </table>	Sr. No.	Particulars	Dr.	Cr.	1	Equity Share capital (A/C) To share forfeiture (A/C) To Discount To share first call To Share Final call	5000	2500 500 1000 1000	2	Bank Discount Share forfeiture To share capital	1400 200 400	2000	3	Share forfeiture To capital reserve	600	600	5	15																				
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12	$FV_n = PV(1+r)^n$ <p>162889.463</p>	5	15																																				