

## **Subject: FINANCIAL ACCOUNTING IV**

### **S.Y. BAF - Semester IV**

#### **ASSIGNMENT**

1. Write different types of Preference Shares

2. Maximum number of shares that can be bought back,

Yuvraj Ltd. furnishes the following information: 60,000 Equity Shares of Rs. 100 each fully paid up.

General Reserve	Rs. 36,00,000
Profit & Loss Account (Cr.)	Rs. 40,00,000
Securities Premium	Rs. 4,00,000
Secured Loan	Rs. 40,00,000
Unsecured Loan	Rs. 20,00,000

Keeping in view all the legal requirements, ascertain the maximum number of equity shares that can be bought back by the company at a price of Rs. 250 per share.

3. Kitkat Co. Ltd. Issued 50,000 Equity shares of Rs.10 each and 3000, 10% Preference shares of Rs.100 each, all shares being fully paid. On 31.3.08, Profit and Loss Account showed an undistributed profit of rs.50,000 and General Reserve Account stood at Rs.1,20,000. On 2.4.08, the directors decided to issue 1500, 6% Preference shares of Rs.100 each for cash and to redeem the existing preference shares at Rs.105 utilizing as much as would be required for the purpose. Show the journal entries to record the transactions.

4. Explain in detail condition for Buy Back

5. Delight Ltd. decided to buy back 60,000 of its equity shares of ₹ 10 each at a premium of 25%. For this, it issues 5,000, 7.5% Preference Shares of ₹ 100 each at par. The company have ₹ 90,000 in General Reserve, ₹ 80,000 in Profit & Loss Account (cr), ₹ 1,20,000 in Capital Reserve and ₹ 1,00,000 in Security Premium. It decided to utilise profits and reserves also. Give Journal Entries assuming that the transactions have been duly carried out.

6. The King Kong Ltd.'s Balance sheet shows the following balance s on 31-3-08. 30,000 equity shares of Rs.10 each fully paid; 18,000 10% Redeemable Preference shares of Rs.10 each fully paid; 4000, 15% Redeemable Preference shares of Rs.10 each, Rs.8 paid up. General Reserve Rs.12,000; Securities Premium Rs.15,000; Profit Loss Account Rs.80,000 and capital Reserve Rs.20,000. Preference shares are redeemed on 1-4.08 at a premium of Rs.2 per share. For redemption, 4000 equity shares of Rs.10 each are issued at 10% premium. A bonus issue of equity share was made at par, two shares being issued for every five held on that date. Show the journal entries to record the above transactions.

7. Explain advantages and disadvantages of Buy Back of shares?

8. The preference shares were redeemed on April 1, 2008 at a premium of Rs.5.00 per share, the whereabouts of the holders of 1500 such shares not being known. At the same time, a bonus issue of equity share was made at par, one share being issued for every four equity shares held. Show the journal entries to record the above transactions and the Balance sheet as it would appear after the redemption. The following is the balance sheet of Black Diamond Co. Ltd. As at 31 st March,2008.

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Issued & Subscribed Capital:		Fixed Assets	7,00,000
40,000 Equity shares of Rs.10 each fully paid	4,00,000		
18,000, 8% Preference shares of Rs.10 each fully paid	1,80,000	Current Assets	4,00,000
Reserves & Surplus:			
Profit & Loss Account	4,80,000		
Current Liabilities:			
Sundry Creditors	40,000		
	11,00,000		11,00,000

9. Write a short note on Capital Redemption Reserve (CRR) Account

10. X Ltd. furnishes the following information:

80,000 Equity Shares of Rs. 10 each, Rs. 7 per share paid up Rs. 5,60,000.

General Reserve : Rs. 80,000. Profit & Loss Account: Rs. 6,00,000,

Securities Premium : Rs. 1,20,000. Bank Loan (Secured) Rs. 3,00,000.

Unsecured Loan : Rs. 1,00,000.

Keeping in view the legal requirements, ascertain the maximum number of equity shares that can be bought back by the company at a price of 40 per share.

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