

Principles of Accounting-II

NEW SYLLABUS

Full Marks: 100

Teaching Hrs: 150

Introduction

Accounting is an activity designed to identify, measure, and communicate financial information about economic entities to interested persons. It is both an art and a science of keeping record of financial transactions, presenting and analysing financial information of government and non-governmental enterprises. It is an essential component of commerce education.

General Objectives

General objectives of this course are to:

- introduce the concept of accounting for companies, cost accounting, and auditing, and to develop their ability to prepare and analyse financial statements.
- provide fundamental knowledge of book-keeping and accounting required while pursuing higher education in commerce and management fields.

Specific Objectives

On completion of the course, the student shall be able to:

- develop strong foundation in terms of knowledge and understanding required for advanced level education in management.
- be familiar with formation of companies, raising of capital by issuing shares and debentures, and preparation of final accounts for companies.
- use worksheet for preparing the financial statements in the format prescribed by the Company Act 2053 BS.
- utilize and analyse accounting data for meaningful interpretation.
- understand the basic knowledge of cost accounting.

Course Scheme:

Units	Chapters	Teaching Hours
1	Accounting for Companies	35
2	Final Accounts of a Company	30
3	Financial Statement Analysis	35
4	Cost Accounting	50
	Total	150

Course content

Unit 1: Accounting for Companies

Company Formation, Types, and Documents:

Company and its formation; Meaning and concept of the company, characteristics of a company; Types of companies: Statutory Company, Registered Company; Companies limited by shares and guarantee, Unlimited Company; Private Company; Public Company; Characteristic and privileges of Private Company, advantages of company form of organization; company promoters; Concept of Memorandum of Association, Article of Association and Prospectus relating to shares and debentures.

Shares and Share Capital of a Company:

Meaning of share capital. Types of share capital: Authorized, Issued, Subscribed, Called up and Paid up Capital. Methods of Raising Capital: Meaning and types of shares- ordinary and Preference shares; Types of preference shares – cumulative, non-cumulative, participating and redeemable

Accounting treatment for: Share application, share allotment, share calls; issue of shares: at par, at discount and at premium; calls in arrears; calls in advance; share forfeiture, re-issue of forfeited shares. Minimum subscription, under subscription, over

Introduction and classification of costs: Concept of cost, classification of cost on the basis of production and process, element, functions, variability and controllability.

Materials and material control: Meaning and types of materials; Material control: objectives and essential of material control

Material Scheduling or Routing:

Purchases: Material purchasing and purchase department; centralized and decentralized purchasing; purchase order; preparation of Purchase Requisition form, Tender form, Purchase Order form, and Inspection and Receiving form.

Store keeping: Meaning, types and location of stores, storekeeper: duties and responsibilities of storekeeper; classification and codification of materials. Bin cards.

Issuing: Meaning and preparation of inventory requisition form, pricing of materials issued, and valuation of closing stock under LIFO and FIFO by preparing store ledgers.

Stock level: Meaning and computation of stock levels: minimum stock level, maximum stock level, average stock level, reordering level, and reordering quantity.

Economic order quantity (EOQ): Meaning, concept, and computation of EOQ and total cost at EOQ using formula.

Accounting for labour:

Labour cost: Meaning and importance. Labour cost control and its need. Departments and their functions: personnel department, engineering department, Rate or time and motion study department, Time keeping department, payroll department, and cost accounting department. Basic knowledge about the following forms: Labour Requisition form, Employee's History Card, Time Card, Piece Card, and Payroll Sheet.

System of wages payment: Piece Rate and Time Rate System: Meaning, advantages and disadvantages and difference between piece rate and time rate system. Determination of Total wages using Piece Rate and Time Rate System.

Accounting for Overheads:

Overheads: Concept and meaning of overheads; Classification of overhead on the basis of function, behaviour, elements, and control; Allocation, Apportionment and Absorption of overheads: Meaning and importance.

Unit or Output Costing:

Unit Costing: Concept and importance of unit costing; **Components of cost sheet:** Prime cost, work on cost, Works Cost, Office on cost, Cost of production, cost of goods sold, Selling and Distribution on cost, Cost of sales, Profit, and Total sales; Preparation of cost sheet; **Tender:** Meaning and calculation of tender cost on the basis of cost sheet; **Manufacturing account:** Meaning and preparation of Manufacturing Account for determination of cost of manufacturing and manufacturing profit.

Cost Reconciliation Statement: Concept and preparation of Cost Reconciliation Statement.

Unit-wise weightage:

Units	Chapters	No. of questions			Marks Allocated		
		Th.	Pr.	Total	Th.	Pr.	Total
1	Accounting for Companies	2	4	6	5	16	21
2	Final Accounts of a Company		2	2	-	20	20
3	Financial Statement Analysis	2	3	5	5	20	25
4	Cost Accounting	4	5	9	10	24	34
	Total	8	14	22	20	80	100

subscription and share allotment; Refund and transfer of excess application money to allotment and share calls and pro-rata allotment. Share underwriting, commission and brokerage, Issue of shares in consideration for other than cash

Accounting for Debentures:

Meaning, characteristics, importance and types of debentures: Bearer and Registered, Naked and secured, Redeemable and Irredeemable, Convertible and non-convertible, First and second debentures.

Accounting treatment: for debenture application, allotment and calls; Issue of debentures for cash, for consideration other than cash and as collateral security; Issue of debenture: at par, at a premium and at a discount, Issue of debentures with redeemable conditions; Redemption of debentures in lump sum cash and conversion into shares and debentures.

Treatment of shares and debentures in the Balance Sheet of a Company

Unit 2: Final Accounts of a Company

Trading Account: Concept and preparation of Trading Account

Profit and Loss Account: Concept and preparation of Profit and Loss Account

Profit and Loss Appropriation Account: Concept and preparation of Profit & Loss Appropriation Account

Balance Sheet: Concept, objectives and marshalling of assets and liabilities, and preparation of a Balance Sheet.

Preparation of company final account with or without the following adjustments: outstanding expenses, prepaid expenses, accrued income, income received in advance, depreciation and amortization, appreciation, closing stock, bad debts, loss of goods, provision for bad debts, provision for discount on debtors, interest on loans, interest on investments, purchase or sale of fixed assets, Goods distributed as samples, transfer to reserves and funds, tax paid and provision for tax, proposed dividend and final dividend, manager's commission, bonus and retirements to employees in cash, and goods sent to customers on sale or return basis.

Concept and preparation of Income Statement and Balance Sheet as prescribed by the Company Act 2053 BS using a work sheet.

Unit 3: Financial Statement Analysis

Meaning, concept, objectives, and limitation of financial statement analysis; parties interested in financial statement analysis.

Ratio Analysis:

Concept and limitations of ratio analysis. Calculation of following ratios (without interpretation): Current ratio, Quick ratio, Debt-equity ratio, Debt to total capital ratio, Inventory turnover ratio, Debtor turnover ratio, Average collection period, Fixed assets turnover ratio, Total assets turnover ratio, Capital employed turnover ratio, Gross profit margin, Net profit margin, Return on assets, Return on shareholder's equity, Return on common shareholder's equity, Return on capital employed, Earning per share, and Dividend per share.

Statement of Changes in Financial Position:

Meaning, objectives, and preparation of the statement of changes in financial position on working capital and cash basis— determination of funds from operations, cash from operations, cash from investing and financing activities with simple and direct adjustments.

Unit 4: Cost Accounting

Conceptual Foundation: Concept, objectives, importance and limitations of cost accounting, limitations of financial accounting, difference between financial and cost accounting; Methods of costing: Job order costing, Process costing, Service costing, Unit costing, Batch costing, and Multiple costing.

MODEL QUESTION SET I

Time: 3 hrs

Full Marks: 100

Pass Marks: 35

विद्यार्थीहरूले सकेसम्म आफ्नै शब्दमा उत्तर दिनुपर्नेछ। दायाँ किनारामा दिइएको अङ्कले पूर्णाङ्क जनाउँछ।

Candidates are required to give their answers in their own words as far as practicable. The figures in the margin indicate full marks

Attempt ALL Questions.

- Write any two characteristics of a company. [2]
कम्पनीका कुनै दुई विशेषताहरू लेख्नुहोस्।
- Point out any three differences between equity shares and preference shares. [3]
साधारण शेयर र प्राधिकार शेयरका कुनै तीन भिन्नताहरू उल्लेख गर्नुहोस्।
- What do you understand by Financial Statement Analysis? [3]
वित्तीय विवरण विश्लेषण भन्नाले के बुझ्नुहुन्छ?
- Mention any two objectives of funds flow analysis. [2]
कोष प्रवाह विश्लेषणका कुनै दुई उद्देश्यहरू उल्लेख गर्नुहोस्।
- Name and define any two types of costing. [3]
लागत निर्धारण विधिको कुनै दुईओटाको नाम उल्लेख गरी परिभाषा दिनुहोस्।
- Differentiate between direct and indirect cost. [2]
प्रत्यक्ष तथा अप्रत्यक्ष लागतबीच भिन्नता लेख्नुहोस्।
- Give the specimen of purchase requisition form. [2]
खरिद मागपत्रको नमूना तयार गर्नुहोस्।
- What do you understand by allocation, apportionment and absorption of overhead? Write in brief. [3]
अप्रत्यक्ष खर्चको बाँडफाँड, सविभाजन तथा समावेश भन्नाले के बुझ्नुहुन्छ?
- A Company forfeited 200 shares of Rs.100 each of a shareholder for non-payment of final call money of Rs.30 per share. These shares were reissued at Rs.60 per share as fully paid. [3]
Required: Journal entries for: (a) Forfeiture (b) Reissue (c) Transfer
Ans: Share forfeiture Rs. 14,000; Calls in arrears Rs. 6,000; Capital reserve Rs. 6,000
- A company limited invited applications for 1,000 shares of Rs.100 each at a premium of Rs.20 per share payable as under: [6]
On application Rs.30
On allotment (including premium) Rs.50
On first and final call Rs.40
The public applied for 1,500 shares. Applications for 300 shares were rejected and allotment of shares were made among the remaining applicants on pro-rata basis. It was decided to utilize excess application money in part payment of allotment. One shareholder, holding 20 shares, failed to pay the money due on allotment and the call. His shares were forfeited.
Required: Journal entries for:
(a) Share allotment (b) Share first and final call and (c) Share forfeiture [6]
Ans: Share forfeiture Rs.720
- R. Co. Ltd. took over the following assets and liabilities of S. Co. Ltd. at an agreed purchase price of Rs.69,000: [3]

Sundry debtors	60,000	Stock in trade	76,000
Machinery	1,00,000	Cash and bank	5,000
Sundry creditors	40,000	Outstanding expenses	15,000

The company issued fully paid equity shares of Rs.100 each at Rs.115 per share for the payment of purchase consideration amount.
Required: Journal entries. [3]
Ans: Capital reserve Rs. 1,17,000
- X. Co. Ltd issued 200, 10% debentures of Rs.100 each at a discount of 10% and redeemable at the end of 5 years at a premium of 5%. The debentures were redeemed after 5 years. [4]
Required: Journal entries for issue and redemption of debentures. [4]
Ans: Loss on issue of debenture Rs. 1,000

13. The Trial Balance of a company as on 31st Chaitra, last year is given below:

Particulars	Debit (Rs.)	Credit (Rs.)
Building	90,000	
Machinery	66,000	
Land	1,07,000	
Creditors		68,000
Advance rent		12,000
Share capital		80,000
Cash at bank	40,000	
Debtors	14,000	
Prepaid insurance	6,000	
General reserve		44,000
Revenue		3,22,000
Wages	1,10,000	
Salaries	20,000	
Sundry expenses	40,000	
Interest	9,000	
Insurance	24,000	
Total	5,26,000	5,26,000

Additional Information:

- Outstanding wages Rs.10,000
- Outstanding Interest Rs.1,000
- Depreciation on Building and Machinery 10%
- Insurance premium Rs.4,000 advance paid

Required: Ten-column worksheet.

Ans: Balance of: Unadj. TB Rs. 5,26,000; Adj. Rs. 30,600; Adj. TB Rs. 5,37,000, IS 3,22,000; B/S Rs. 3,11,400; Net profit Rs. 96,400 [15]

14. Prepare Income statement and balance Sheet as on 31st Chaitra, last year from the Ten-column work sheet of questions No. 13. [5]

Ans: Income before tax Rs. 96,400; Balance Sheet Rs. 2,20,400

15. The Balance Sheet of A. K. Co. Ltd. as on 31st Chaitra, 2062 is as under:

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Fixed assets	2,00,000
Retained earning	1,50,000	Investment	1,23,000
10% Debentures	70,000	Sundry debtors	1,00,000
Sundry debtors	30,000	Inventory	50,000
Overdraft	20,000	Preliminary expenses	7,000
Outstanding expenses	10,000		
Total	4,80,000	Total	4,80,000

Additional Information:

- Fixed assets turnover ratio 3
- Gross profit Rs.60,000.

Required:

- Sales amount
- Current ratio
- Quick ratio
- Debt-equity ratio
- Gross profit ratio

Ans: (a) Rs. 6,00,000 (b) 2.5:1 (c) 1.667:1 (d) 20.41% (e) 10% [5]

16. The opening and closing balance of different accounts are as under:

Particulars	Opening Balance (Rs.)	Closing Balance (Rs.)
Sundry debtors	30,000	50,000
Inventories	1,00,000	1,10,000
Cash at bank	11,000	18,500
sundry creditors	71,000	94,000
Outstndng expenses	7,500	5,500

Fixed assets	1,40,000	1,88,000
10% Debentures	75,000	50,000
Share capital	1,53,000	2,04,000

Additional Information: Funds from operation was Rs.38,500

Required:

- a. Schedule of changes in working capital b. Funds flow statement [5]
 Ans: Increased in WC Rs. 16,500 (b) Balance total Rs. 89,500

17. Following are the Balance Sheets of a company as on 31st Chaitra:

Liabilities	1st Year	2nd Year	Assets	1st Year	2nd Year
Share capital	2,40,000	3,30,000	Plant & machinery	2,10,000	3,00,000
Share premium		33,000	Land and building	1,41,000	3,81,000
Reserve and suppliers	1,95,000	2,01,600	Long term investment	66,000	42,000
Long term liabilities	1,50,000	3,00,000	Inventories	42,000	57,000
Accumulated Dep.	90,000	1,65,000	Sundry debtors	75,000	87,000
Sundry creditors	45,000	60,000	Cash and bank	2,01,000	2,52,600
Bills payable	15,000	30,000			
	7,35,000	11,19,600		7,35,000	11,19,600

Income for the second year is as follows:

Particulars	Rs.	Rs.
Sales		3,60,000
Cost of goods sold		2,02,200
Gross profit		1,57,800
Less: Depreciation on plant	30,000	
Depreciation on building	48,000	
Operating expenses	60,000	1,38,000
Net income from operation		19,800
Gain on sale of investment		7,200
		27,000
Less: Loss on sale of machinery (Proceeds were Rs.9,000)		3,000
Net income		24,000
Less: Dividend paid		17,400
Retained earning		6,600

Additional information:

(i) Investment costing Rs.24,000 was sold for Rs.31,200

(ii) The plant purchase for Rs.1,05,000

Required: Cash flow statement using direct method. [10]

Ans: CFA Rs. 1,00,800; CFIA Rs. (3,04,800); CFFA Rs. 2,55,600; Ending cash balance Rs. 2,52,600

18. The details from materials purchase of a firm are:

Annual requirement 4,000 units, cost per order Rs.400, Cost per unit Rs.200, Inventory carrying cost 10% of inventory value.

Required:

a. Economic order quantity b. No. of orders per year. [2]

Ans: (a) 400 units (b) 10 order

19. The following are the details of receipts and issues of materials during Ashadh:

1 Opening stock 400 units @ Rs.5 each

3 Purchase 1600 units @ Rs.6 each

5 Issued 1000 units

10 Returned to vendors 100 units purchased on 3rd Ashadh

12 Returned from a work order 20 units

15 Issued 500 units

16 Purchased 1000 units @ Rs.5.50 each

20 Stock verification surplus 10 units

25 Issued 500 units

Required: Stores ledger under LIFO method.

Ans: Closing stock: 400 units @ Rs. 5; 20 units @ Rs. 6; 510 units @ Rs. 5.50 [5]

20. The following particulars are given:

Wage rate	Rs.20 per hour
Normal time	30 minutes per unit
Production per worker: Ram	15 units
Shyam	20 units

Required: Earning of Ram and Shyam by using Piece Rate System

Ans: Rs. 150 and Rs. 200 [2]

21. The beginning and ending balance of a manufacturing company for a month are as under:

Particulars	Beginning	Ending
Raw material	Rs.12,000	Rs.10,000
Wrok-in-progress	6,000	8,000
Finished goods 500 units	10,000	

The information available from cost records for the month ended was as follows:

Direct materials purchased	Rs.1,20,000
Indirect labour	18,000
Direct labour	32,000
Freight on materials purchased	6,000
Other factory expenses	30,000
Indirect materials	34,000
Selling and distribution overhead	10,000
Production units	16,000 units
Sales units	15,000 units
Profit	10% on cost

Required: Cost sheet showing:

- a. Cost of raw material consumed b. Prime cost c. Factory cost
 d. Cost of production e. Cost of goods sold f. Cost of sales
 g. Sales value

Ans: (a) Rs. 1,28,000 (b) Rs. 1,60,000 (c) Rs. 2,42,000 (d) Rs. 2,40,000
 (e) Rs. 2,27,500 (f) Rs. 2,37,500 (g) Rs. 2,61,250 [10]

22. The net profit shown by financial accounts of a company amounted to Rs.2,00,000. On reconciliation, the following facts brought to light:

- The director's fees amounted to Rs.6,000 and income tax Rs.80,000 were included in the financial account but not in cost account.
- Under recovery of factory overheads in cost account was Rs.20,000.
- Depreciation in financial account recorded Rs.22,000 but it was Rs.25,000 in cost account.
- Bank interest and dividend credited to financial account Rs.10,000

Required: Reconciliation Statement of Cost and Financial Account.

Ans: Profit as per cost a/c Rs. 2,93,000 [5]

MODEL QUESTION SET II

- Write briefly any three features of the company.
कम्पनीका कुनै तीनवटा विशेषताहरू लेख्नुहोस्। [3]
- Give any two points to differentiate the Equity Shares and Preference Shares.
साधारण शेयर र पूर्वाधिकार शेयरबीच कुनै दुई भिन्नताहरू लेख्नुहोस्। [2]
- Explain in brief any three objectives of Financial Statement Analysis.
वित्तीय विवरण विश्लेषणका कुनै तीनवटा उद्देश्यहरू वर्णन गर्नुहोस्। [3]
- Write any two limitations of Ratio Analysis.
अनुपात विश्लेषणका कुनै दुईवटा सीमाहरू लेख्नुहोस्। [2]

Sundry expenses	12,000		
Calls-in-arrears	20,000		
Cash	51,000		
Trade mark	50,000		
	10,15,000		10,15,000

Additional information:

- Closing stock was valued at Rs. 1,18,000
- Make a provision for tax @ 50%
- Depreciate plant and furniture by 10% each
- Outstanding rent Rs. 2,500
- The directors proposed a dividend @ 10% and transfer to general reserve Rs. 3,000.

Required:

- Trading account
- Profit and loss account

- Profit and loss appropriation account

- Balance sheet

[2+4+2+4=12]

Ans: (a) GP Rs. 1,05,000; (b) NP Rs. 32,150; (c) P/L app. a/c Rs. 41,150;
(d) B/S total Rs. 3,66,800

15. B. Ltd. provides the following information:

Closing stock	Rs. 50,000	Sales	Rs. 3,00,000
Creditors	Rs. 34,000	Fixed assets	Rs. 60,000
Cash	Rs. 10,000	Bank	Rs. 21,000
Bills receivable	Rs. 15,000	Overdraft	Rs. 17,000
Bills payable	Rs. 9,000		

Required:

- Current ratio
- Quick ratio
- Inventory turnover ratio

- Fixed assets turnover ratio

[2+1+1+1=5]

Ans: (a) 1.6:1 (b) 0.767:1 (c) 6 times (d) 5 times

16. The following details are provided:

Profit for the year	Rs. 46,000	Depreciation on fixed assets	Rs. 14,000
Dividend paid	Rs. 28,000	Issued of shares	Rs. 40,000
Goodwill written off	Rs. 40,000	Purchased of plant	Rs. 80,000
Sales of furniture	Rs. 28,000		

- Funds from operation

- Funds flow statement

[2+3=5]

Ans: (a) 1,00,000 (b) Increase in WC Rs. 60,000

17. The company's Balance Sheet for two years have been given below:

Liabilities	Year I	Year II	Assets	Year I	Year II
Share capital	10,00,000	12,00,000	Fixed assets	12,00,000	16,00,000
Share premium	1,00,000	1,20,000	Stock	1,00,000	2,00,000
Debentures	2,00,000	1,00,000	Account receivable	3,00,000	2,00,000
Bills payable	1,00,000	80,000	Cash	2,00,000	1,00,000
Account payable	2,00,000	3,00,000			
Retained earning	2,00,000	3,00,000			
	18,00,000	21,00,000		18,00,000	21,00,000

Additional information:

- Sales for the year Rs. 12,00,000
- Cost of goods sold Rs. 7,00,000
- Operating expenses Rs. 2,00,000
- Fixed assets purchased Rs. 6,00,000 and fixed assets costing Rs. 40,000 have been sold for Rs. 60,000.
- Dividend paid for the year Rs. 40,000.
- Premium on redemption of debenture was Rs. 20,000

Required: Cash flow statement by applying Direct Method.

[10]

Ans: CFOA Rs. 3,80,000; CFIA Rs. (5,40,000); CFFA Rs. 60,000;
Ending cash balance Rs. 1,00,000

18. The following are the store transactions of a certain materials during the month of Magh:

Magh 1:	Opening stock 400 units @ Rs. 10 per unit.
Magh 5	Receipts from vendor 600 units @ Rs. 10.50 per unit.
Magh 12:	Issued 800 units
Magh 18:	Return from factory 50 units
Magh 22:	Receipts from vendor 1,000 units @ Rs. 11 per unit.
Magh 28:	Return to vendor 20 units (Purchased on 5 th Magh)

Required: Store ledger under FIFO method.

[5]

Ans: Closing stock: 180 units @ Rs. 10.50; 50 units @ Rs. 10; 1,000 units @ Rs. 11

19. Following are the information relating to a firm:

Annual requirement	36,000 units
Cost per unit	Rs. 300
Carrying cost per unit	10% of average inventory
Ordering cost per order	Rs. 50
Insurance per unit	Rs. 10

Required: Economic order quantity.

[2]

Ans: 300 units

20. Following information are given:

Weekly working hours 40 hrs.	Total working weeks 10 weeks
Hourly output 8 units	Wage rate per unit of output Rs. 2

Required: Total wages payable under Piece Wage System.

[2]

Ans: Rs. 6,400

21. The account of a factory shows the following information:

Materials	Rs. 3,00,000
Wages	Rs. 2,50,000
Factory overhead	Rs. 50,000
Office overhead	Rs. 30,000

The company received a tender for 100 units. It is estimated that:

- Materials and wages are required Rs. 200 and Rs. 100 per unit respectively.
- Office overhead increase by 10%
- Profit 20% on selling price

Required: a. Cost sheet b. Tender sheet

[3+7 = 10]

Ans: (a) PC Rs. 5,50,000; FC Rs. 6,00,000; TC Rs. 6,30,000 (b) Tender Price Rs. 42,200

22. From the following figures prepare a reconciliation statement and find out profit as per cost account. [5]

Net profit as per financial account	Rs. 1,00,000
Work overhead under recovered in cost account	Rs. 4,000
Depreciation on over charged in financial account	Rs. 10,000
Interest received but not included in costing	Rs. 8,000
Income tax provided in financial account	Rs. 20,000
Bank interest credited in financial account	Rs. 1,000

[5]

Ans: Profit as per cost a/c Rs. 1,25,000

1. COMPANY FORMATION

1. 2073 Set C Q.No. 2

Write the meaning of private limited company.

[2]

प्राइवेट कम्पनी लिमिटेडको अर्थ लेख्नुहोस् ।

2. 2073 Set D Q.No. 1

State any three advantages of company.

[3]

कम्पनीका कुनै तीन फाइदाहरू उल्लेख गर्नुहोस् ।

3. 2072 Supp Q.No. 1

Write in brief any three advantages of public limited company.

[3]

पब्लिक लिमिटेड कम्पनीको कुनै तीन फाइदाहरू छोटकरीमा लेख्नु होस् ।

4. 2072 Set C Q.No. 1
Mention any three advantages of public limited company. [3]
पब्लिक लिमिटेड कम्पनीका कुनै तीनवटा फाइदाहरू उल्लेख गर्नुहोस् ।
5. 2072 Set D Q.No. 1
Write any three advantages of public limited company. [3]
पब्लिक लिमिटेड कम्पनीका कुनै तीनवटा फाइदाहरू लेख्नुहोस् ।
6. 2072 Set E Q.No. 1
State any three differences between private company and public company. [3]
प्राइभेट कम्पनी र पब्लिक कम्पनीको कुनै तीन भिन्नता उल्लेख गर्नु होस् ।
7. 2071 Supp Q.No. 1
Define company and state any two characteristics of a company. [3]
कम्पनीलाई परिभाषित गरेर कम्पनीका कुनै दुईवटा विशेषता उल्लेख गर्नुहोस् ।
8. 2071 Set C Q.No. 1
Show three distinct features between Private Company and Public Ltd. Company. [3]
प्राइभेट कम्पनी र पब्लिक लिमिटेड कम्पनीका तीन फरक विशेषताहरू देखाउनुहोस् ।
9. 2071 Set D Q.No. 1
Mention any two differences between public limited company and private limited company. [2]
पब्लिक लि. कम्पनी र प्राइभेट लि. कम्पनीबीचका कुनै दुई फरक उल्लेख गर्नुहोस् ।
10. 2070 Supp Q.No. 1
What do you mean by a company? Write briefly any two features of it. [1+2]
कम्पनी भन्नाले के बुझ्नुहुन्छ ? यसका कुनै दुईवटा विशेषताहरू छोटकरीमा लेख्नुहोस् ।
11. 2070 Set C Q.No. 1
Write any three privileges of private company as provided by the Company Act. [3]
निजी कम्पनीलाई कम्पनी कानूनबाट प्राप्त कुनै तीन सहूलियतबारे उल्लेख गर्नुहोस् ।
12. 2070 Set C Q.No. 2
Write in brief about memorandum of association. [2]
प्रबन्ध पत्रबारे छोटो जानकारी दिनुहोस् ।
13. 2070 Set D Q.No. 1
What do you mean by prospectus? Mention any 4 contents to be stated in prospectus. [1+2]
विवरणपत्र भन्नाले के बुझ्नु हुन्छ ? यसमा उल्लेख गरिने कुनै ४ बुँदा उल्लेख गर्नुहोस् ।
14. 2069 Supp Set B Q.No. 1
Write in brief the meaning of prospectus. [3]
विवरण पत्रको अर्थ छोटकरीमा लेख्नुहोस् ।
15. 2069 (Set A) Q.No. 1
Write any three features of private company. [3]
निजी कम्पनीका कुनै तीन विशेषताहरू लेख्नुहोस् ।
16. 2069 (Set B) Q.No. 1
Write in brief any three advantages of public limited company. [3]
पब्लिक लिमिटेड कम्पनीको कुनै तीन फाइदाहरू छोटकरीमा लेख्नुहोस् ।
17. 2068 Q.No. 1
Write in brief about an Article of Association. [2]
कम्पनीको नियमावलीको बारेमा छोटकरीमा लेख्नुहोस् ।
18. 2068 Supp Q.No. 1
Mention any three advantages of public limited company. [3]
पब्लिक लिमिटेड कम्पनीको कुनै तीनवटा फाइदा उल्लेख गर्नुहोस् ।
19. 2067 Q.No. 1
Write briefly any three features of the company. [3]
कम्पनीको कुनै तीनवटा विशेषताहरूबारे छोटकरीमा उल्लेख गर्नुहोस् ।

20. 2067 Supp Q.No. 1

Mention any three advantages of public limited company.
पब्लिक लिमिटेड कम्पनीको कुनै तीन फाइदा उल्लेख गर्नुहोस् ।

[3]

21. 2066 (C) Q.No. 1

Mention any three characteristics of the company.
कम्पनीका कुनै तीनवटा विशेषताहरू उल्लेख गर्नहोस् ।

[3]

22. 2066 Q.No. 1

Define public limited company.
पब्लिक लिमिटेड कम्पनीको परिभाषा दिनुहोस् ।

[2]

23. 2066 Supp Q.No. 1

Mention any two features of a Public Limited Company.
पब्लिक लिमिटेड कम्पनीका कुनै दुई विशेषताहरू उल्लेख गर्नुहोस् ।

[2]

24. 2065 Q.No. 1

Write the meaning or Registration Company with a suitable example.
उपयुक्त उदाहरणसहित रजिस्टर्ड कम्पनीको अर्थ लेख्नुहोस् ।

[2]

25. 2064 Q.No. 1

State any two differences between public limited company and private limited company.
पब्लिक लिमिटेड कं. र प्राइभेट लिमिटेड कं.को कुनै दुई भिन्नताहरू उल्लेख गर्नुहोस् ।

[2]

26. 2064 Supp. Q.No. 1

Write the meaning of memorandum of Association. Mention any four important contents of Memorandum of Association.

[1+2]

प्रवन्धपत्रको अर्थ लेख्नुहोस् । प्रवन्धपत्रमा उल्लेख हुनुपर्ने कुनै प्रमुख चारवटा कुराहरू उल्लेख गर्नुहोस् ।

2. SHARE AND SHARE CAPITAL OF A COMPANY**THEORETICAL QUESTIONS****1. 2073 Set C Q.No. 1**

State any three differences between equity share and preference share.
साधारण शेयर अर्थात् अधिकार शेयरको कुनै तीन भिन्नताहरू उल्लेख गर्नुहोस् ।

[3]

2. 2073 Set D Q.No. 2

Define preference share.
पूर्वाधिकार शेयरको परिभाषा दिनुहोस् ।

[2]

3. 2072 Set C Q.No. 2

Clarify the meaning of preference share.
पूर्वाधिकार शेयरको अर्थ खुलाउनुहोस् ।

[2]

4. 2072 Set D Q.No. 2

Differentiate between issued and subscribed capital.
जारी पूँजी र आवेदित पूँजीमा फरक देखाउनुहोस् ।

[2]

5. 2072 Set E Q.No. 2

Define preference share.
पूर्वाधिकार शेयरको परिभाषा दिनु होस् ।

[2]

6. 2071 Set C Q.No. 2

Give the meaning of share capital.
शेयर पूँजीको अर्थ बताउनुहोस् ।

[2]

7. 2071 Set D Q.No. 2

Differentiate between equity shares & preference shares.
साधारण शेयर र पूर्वाधिकार शेयरमा भिन्नता छुट्याउनुहोस् ।

[3]

8. 2070-Supp Q.No. 2

Show any two differences between shares and debentures. [2]

शेयर र ऋणपत्रका कुनै दुई भिन्नताहरू देखाउनुहोस् ।

9. 2070 Set D Q.No. 2

Write the meaning of calls in arrears and calls in advance. [2]

माग बक्यौता र माग पेशकीको अर्थ खुलाउनुहोस् ।

10. 2069 Supp Set B Q.No. 2

Define preference shares. [2]

पूर्वाधिकार शेयरको परिभाषा दिनुहोस् ।

11. 2069 (Set A) Q.No. 2

Give the clear meaning of preference share with example. [2]

अग्रधिकार शेयरको अर्थ उदाहरणसहित प्रस्ट गर्नुहोस् ।

12. 2069 (Set B) Q.No. 2

Mention any two differences between equity share and preference share. [2]

साधारण शेयर र पूर्वाधिकार शेयरको कुनै दुई भिन्नता उल्लेख गर्नुहोस् ।

13. 2068 Q.No. 2

State any three important differences between preference share and equity share. [3]

अग्रधिकार शेयर र साधारण शेयरका मुख्य तीन भिन्नताहरूको उल्लेख गर्नुहोस् ।

14. 2067 Q.No. 2

What do you understand by share capital? [2]

शेयर पूँजी भन्नाले के बुझ्नुहुन्छ ?

15. 2067 Supp Q.No. 2

What is meant by pro-rata allotment of shares? [2]

अंशहरूको समानुपातिक बाँडफाँड भन्नाले के बुझ्नुहुन्छ ?

16. 2066 (C) Q.No. 2

Define preference shares. [2]

पूर्वाधिकार शेयरको परिभाषा दिनुहोस् ।

17. 2066 Q.No. 2

Define share capital. Also differentiate between issued capital and subscribed capital. [1+2]

शेयर पूँजीको परिभाषा दिनुहोस् । साथै जारी पूँजी तथा स्वीकृत पूँजीको फरक देखाउनुहोस् ।

18. 2066 Supp Q.No. 2

Write any three differences between share and debenture. [3]

शेयर र ऋणपत्रका कुनै तीन भिन्नताहरू लेख्नुहोस् ।

19. 2064 Q.No. 2

Define preference shares and give any two differences between preference shares and equity shares. [3]

पूर्वाधिकार शेयरको परिभाषा दिई साधारण शेयर र पूर्वाधिकार शेयरका कुनै दुई भिन्नताहरू उल्लेख गर्नुहोस् ।

20. 2064 Supp. Q.No. 2

When and how the shares of a company are forfeited? [2]

कहिले र कुन अवस्थामा कम्पनीको शेयर जफत हुन्छ ?

NUMERICAL PROBLEMS**ISSUES OF SHARES FOR CASH**

1. 2073 Set C Q.No. 9

A limited company issued 2,000 shares of Rs. 100 each at a discount of 10% payable as follows:

On application : Rs. 40 per share

On allotment : Rs. 50 per share

6. 2072 Set E Q.No. 9

A company issued 5,000 shares of Rs.100 each, payable as under:

- Rs. 30 on application
- Rs. 50 on allotment
- Rs. 20 on first and final call

Applications were received for 10,000 shares. The allotment were made as follows:

- To the applicants of 2,000 shares- 2,000 shares
- To the applicants of 6,000 shares- 3,000 shares
- To the applicants of 2,000 shares- nil shares

Resolved that the excess amount received on applications would be adjusted against the due amount on allotment. All the called money were duly received.

Required entries for:

[2+2+2=6]

- a. Application b. Allotment c. First and final call.

Ans: Excess money transferred to allotment = Rs. 90,000, Refunded = Rs. 60,000

7. 2071 Supp Q.No. 9

A company issued 10,000 shares of Rs.100 each, payable as follows:

- On application: Rs.30 per share
- On allotment: Rs.40 per share
- First and final call: Rs.30 per share

Applications were received for 16,000 shares. No allotment was made to 1,000 shares. Rest were allotted on pro-rata basis. All money were duly received except a holder holding 100 shares, failed to pay on first and final call money.

Required : Journal entries for:

- a. Application b. Allotment c. First and final call

[2+2=2]

Ans: Excess money transferred to allotment = Rs. 150,000 Refund = Rs. 30,000; Calls in arrear = Rs. 3,000

8. 2071 Set C Q.No. 9

A limited company issued 25,000 shares of Rs. 100 each at 10 percent discount payable as follows:

- on application: Rs. 25 per share
- on allotment with discount: 35 per share
- on first & final call : 30 per share

Applications were received for all the shares and calls money were duly received

Required:

- a. Entry for allotment b. Entry for first and final call

[2+1=3]

Ans: Share allotment Rs. 875,000

9. 2071 Set D Q.No. 9

A company Ltd. issued 20,000 shares of Rs. 100 each at a premium of 10%, payable as follows:

[1+2=3]

- On Application: Rs. 20
- On Allotment, inclusive premium: Rs. 40
- On First and final calls: Rs. 50

Applications were received for all the shares, accordingly all instalments were received.

Required:

- a. Entries for application b. Entries for allotment

Ans: (a) Share applications Rs. 400,000 (b) Share allotment Rs. 800,000

10. 2070 Supp Q.No. 9

A limited company issued 20,000 shares of Rs. 100 each at 10 percent discount payable as follows:

- On application: Rs. 30 per share
- On allotment: Rs. 30 per share with discount
- First and final call: Rs. 30 per share

Applications were received for all the shares and calls money were duly received.

Required:

- a. Entry for allotment b. Entry for first and final call

[2 + 1]

Ans: Share allotment = Rs. 600,000

11. 2070 Supp Q.No. 10

A company issued 10,000 shares of Rs 10 each payable on the following terms:

on Application:	Rs. 3
on Allotment:	Rs. 2
on 1 st and final call:	Rs. 5

Applications were received for 22,000 shares. Allotment were made as follows:

To applications of 4,000 shares:	2,000 shares
To applications of 2,000 shares:	2,000 shares.
To applications of 2,000 shares:	Nil
To applications of 14,000 shares:	pro-rata.

It is resolved that the excess amount paid on application is to be utilized on allotment and calls. All the money were duly received.

Required: Entries for a. Application b. Allotment c. First and final call [2+2+2]

Ans: (a) Excess application money transfer to allotment Rs. 16,000, first and final call Rs. 14,000

12. 2070 Set D Q.No. 9

A limited company issued 100,000 shares of Rs. 50 each at a premium of 20% payable as follows.

On application	Rs. 10 per share
On allotment	Rs. 30 including premium
On First and Final call	Balance amount.

Applications were received for 1,10,000 shares. Excess amount received were adjusted in Allotment call. Calls amounts were duly received.

Required: Journal Entries for (a) Application (b) Allotment [1.5+1.5]

Ans: (a) Excess application money transferred to allotment Rs. 100,000

13. 2069 Supp Set A Q.No. 9

A company Ltd. issued 1000 shares of Rs. 100 each at a discount of 10% payable as under.

On application	Rs. 50
On allotment	Rs. 30
On First and final call	Rs. 10

Applications were received for all the shares and allotment were made accordingly. All Due seems were received.

Required: Journal Entries for application and allotment. [1.5+1.5 = 3]

14. 2069 Supp Set B Q.No. 10

A company limited Ltd. applications for 10,000 shares of Rs. 10 each. The calls were made as follows:

On applications	Rs. 3.
On allotment	Rs. 4
On first and final call	Rs. 3

Applications were received for 20,000 shares. Allotment was made on the following basis:

To applicants for 5,000 shares - full
To applicants for 10,000 shares - 5,000 shares
To rest applicants- no allotment.

Resolved that the excess amount paid on application would be adjusted against the due on allotment. All money were duly received except a holder holding 100 shares failed to pay on first and final call money.

Required: Journal Entries for:

a. Application b. Allotment c. First and final call [2+2+2=6]

Ans: Calls-in-arrear on first and final call Rs. 300

15. 2069 (Set A) Q.No. 9

A limited company issued 50,000 shares of Rs. 100 each at a premium of 10 percent payable as follows:

On application	Rs. 20 per share
On allotment	Rs. 50 (including premium)

On first and final call Rs. 40

Applications were received for 40,000 shares and all shares were allotted.

Calls money were duly received.

Required:

a. Entries for application

b. Entries for allotment

[2+1=3]

Ans: Share premium Rs. 400,000

16. 2069 (Set B) Q.No. 10

A company issued 5,000 shares of Rs.100 each payable under:

On application Rs. 30

On allotment Rs. 40

On first and final call Rs. 30

Applications were received for 7,000 shares. The allotments were made as follows:

To the applicants for 2,000 shares - 2,000 shares

To the applicants of 4,000 shares - 3,000 shares

To the applicants of 1,000 shares - Nil

It is resolved that the excess amount paid on application is to be adjusted against amount due on allotment. All monies were duly received except a shareholder holding 200 shares, failed to pay the call money.

Required: Entries for

a. Application

b. Allotment

c. First and final call.

[2+2+2 = 6]

Ans: Amount transferred to allotment Rs. 30,000; Calls in arrear on first and final call Rs. 6,000

17. 2068 Q.No. 9

A Limited Company issued 10,000 shares of Rs. 100 each at a premium of 5% payable as follows:

On application : Rs. 20

On allotment : Rs. 35 (including premium)

On first and final call : Rs. 50

Applications were received for all the shares. All shares were accepted and calls money were duly received.

Required:

a. Entry for application b. Entries for allotment

[1+2=3]

Ans: Share premium Rs. 50,000

18. 2068 Supp Q.No. 10

A company ltd. was registered with a capital of 20,00,000 divided into 20,000 shares of Rs. 100 each. 10,000 shares were issued payable as under:

On application Rs. 30

On allotment Rs. 50 (including premium)

On first and final call Rs. 30

Applications were received for 20,000 shares. No allotment were made for 5,000 shares.

Remaining shares were allotted as under:

Share applied group Shares allotted

5,000 5,000

10,000 5,000

All the calls were made and the call monies were duly received. However, a shareholder holding 1000 shares from 5000 shares applied group, paid the full value of shares on allotment and another shareholder holding 1000 shares from 10,000 shares applied group failed to pay the first and final call.

Required: Journal entries for:

a. Application

b. Allotment

c. First and final call

[2+2+2]

Ans: Transfer to allotment Rs. 150,000; Calls-in-arrear on first and final call Rs. 30,000

19. 2067 Q.No. 9

A Co. Ltd. issued 5000 shares of Rs. 100 each at a discount of 10% payable as follows:

on application Rs.20

on allotment Rs.40

on first and final call Rs.30

The applications were received for 5000 shares and all were accepted. In the calls money were duly received.

Required: Journal entries for Application and Allotment.

Ans: Discount on issue of share Rs. 50,000

20. 2067 Supp Q.No. 9

A company issued 10,000 shares of Rs. 100 each at a Premium of Rs. 10 per share payable under:

On application	Rs. 40
On allotment	Rs. 50 (Including Premium)
On First and Final call	Rs. 20

Applications were received for 25,000 shares. The allotment were made as follows:

To the applicants of 5,000 shares	5,000 shares
To the applicants of 12,000 shares	5,000 shares
To the applicants of 8,000 shares	Nil

It is resolved that the excess amount paid on application is to be adjusted against amount due on allotment and call. All the monies were duly received.

Required: Entries for

- a. Application b. Allotment c. First and final call. [2+2+2]

Ans: Share premium Rs. 100,000.

21: 2066 Q.No. 9

A company Ltd. issued 5000 share of Rs. 100 each at a premium of Rs. 10 per share, payable as under:

Rs. 50 on application; Rs 60 on allotment (including premium)

Applications were received for all the shares and allotment were also made accordingly. All due sums were received.

Required: Journal entries for application and allotment.

[1.5+1.5]

Ans: Share allotment Rs. 300,000 and Share premium Rs. 50,000

22. 2066 Supp Q.No. 9

Birat Company Ltd. issued 10,000 Shares of Rs. 50 each at a premium of Rs. 5 per share, payable as under:

on application	Rs. 15
on allotment	Rs. 25 (including Premium)
on first and final call	Rs. 15

Applications were received for 15,000 shares. Allotment was made on the following basis:

To applicants for 4000 shares - full	
To applicants for 9000 shares - 6000 shares	
To rest applicants - no allotment	

Resolved that the excess amount paid on application would be adjusted against the due on allotment and call. According the shares were fully called up and paid up except one share holder holding 400 shares on pro-rata basis failed to pay allotment and final call monies.

Required: Journal entries for -

- a. Application b. Allotment c. First and final call [1+3+2]

Ans: Calls in arrear: on allotment Rs. 7,000; on first and final call Rs. 6,000

23. 2066 (C) Q.No. 9

Applications were invited for 10,000 shares of Rs 100 each. The calls were made as follows:

On application	Rs. 25 per share
On allotment	Rs. 25 per share
One first and final call	Rs. 50 per share

Applications were received for 17,000 shares. No allotment was made to 2,000 shares. Rest were allotted on the pro-rata basis.

Required: Journal entries for:

- a. Application and b. Allotment [4]

Ans: Excess application money transferred to allotment Rs. 125,000

24. 2065 Q.No. 10

S.N. Company limited issued 5,000 shares of Rs. 100 each at a premium of Rs. 10 per share payable as follows:

On application	Rs. 30
On allotment	Rs. 40 (including premium)
On first call	Rs. 20, and
On second and final call	Rs. 20

All the shares were subscribed and allotted. One shareholder, who held 300 shares paid the entire amount along with allotment money. However, another shareholder holding 200 shares failed to pay the second and final call. [2+2+2=6]

Required: Journal entries for

- a. Share allotment b. Share first call c. Share second and final call.

Ans: Calls in advance on allotment Rs. 12,000; Calls in arrears on final call Rs. 4,000

25. 2065 Q.No. 1 (Old)

A limited company offered for public subscription 10,000 shares of Rs. 100 each, payable Rs. 30 on application, Rs. 50 on allotment and Rs. 20 on first and final call. Application received for 15,000 shares and were allotted in the following manner:

Group	Share applied	Share allotted
I	5,000	5,000
II	10,000	5,000

According to the terms of issue, the surplus application money could be utilized by the directors against money due on allotment. All the sum due on allotment and call were received except from a shareholder to whom 400 shares of group II were allotted, failed to pay allotment and call money.

Required: Journal entries for share allotment and share first and final call. [3+2]

Ans: Calls in arrears Rs. 8,000

26. 2064 Q.No. 9

A company limited issued 1,000 shares of Rs. 100 each at a premium of Rs. 20 per share, payable as under:

Rs. 50 on application Rs. 70 on allotment (including premium)

Applications were received for all the shares and all the shares were duly allotted.

All the due sums were received.

Required: Journal entries for application and allotment. [3]

Ans: Share allotment Rs. 70,000; Share premium Rs. 20,000

27. 2064 Supp. Q.No. 9

A company limited invited applications for 1,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as under:

On application - Rs. 5
On allotment - Rs. 7 (Including premium)

The shares were all subscribed and money also duly received.

Required: Journal entries for application and allotment. [3]

Ans: Share premium Rs. 2,000

28. 2063 Q.No. 1

A Company Ltd. invited applications for 15,000 shares of Rs. 100 each. The calls were made as follows:

On application Rs. 20 per share
On allotment Rs. 40 per share (Rs. 10 premium per share)
On first and final call Rs. 50 per share

Applications were received for 21,000 shares

No allotment was made to 1,000 shares. Rest were allotted on the pro-rata basis. All the calls were made and the call monies were duly received. However a shareholder holding 450 shares failed to pay the last call on due date.

Required: Journal entry for

- a. Application b. Allotment c. First and final call [2+2+1]

Ans: Calls in arrear first and final call Rs. 22,500

29. 2062 Q.No. 1

A company Ltd. was registered with a share capital of Rs. 20,00,000 divided into 50,000 shares of Rs. 40 each. 30,000 shares were offered to public at Rs. 50 per share. The calls were made as follows:

On application	Rs. 10 per share
On allotment	Rs. 20 per share (including premium)
On first & final call	Rs. 20 per share

Applications were received for 40,000 shares. No allotment was made to 4000 shares. Rest were allotted on pro-rata basis. Directors have the right to utilize the excess money received into subsequent calls. All the calls were made and the call monies were duly received. However, a share holder holding 500 shares, failed to pay the last call on due date.

Required: Journal Entries for:

a. Application	b. Allotment	c. First and final call	[2+2+1]
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Ans: (c) Calls in arrear first and final call Rs. 10,000

30. 2061 Q.No. 1

B Company Ltd. was registered with a share capital of Rs. 10,00,000 divided into 10,000 shares of Rs. 100 each. 5000 shares were offered to the public for subscription at Rs. 120 per share. The money was payable as follows:

On Application	Rs. 30 per share
On Allotment	Rs. 40 per share (including premium)
On first call	Rs. 20 per share
On final call	Rs. 30 per share

Applications were received for 8,000 shares. No allotment was made to the applicants for 2000 shares. Rest were allotted on pro-rata basis. All calls were duly made and received except:

- A shareholder holding 200 shares paid the full value of shares on allotment
- A shareholder holding 300 shares failed to pay the first call on due date.

Required: Journal entries for:

a. Application	b. Allotment	c. First call.	[2+2+1]
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Ans: Calls in advance adjusted Rs. 4,000

FORFEITURE AND RE-ISSUE OF SHARES

1. 2073 Set C Q.No. 10

M. Company limited issued 10,000 shares of Rs. 10 each payable as follow:

On application	Rs. 5
On allotment	Rs. 3
On first and final call	Rs. 2

All the shares were subscribed and allotted. All the money were duly received except one shareholder who was holding 200 shares failed to pay the first and final call money. Hence his shares were forfeited and subsequently re-issued at Rs. 8 per share fully paid up.

Required: Journal entries for

a. Allotment	b. First and final call	c. Forfeiture	
d. Re-issued	e. Transfer		[1.5+1.5+1+1+1=6]

Ans: (b) Calls-in-arrear Rs. 400 (c) Share forfeiture a/c Rs.1,600 (e) Capital reserve Rs.1,200

2. 2073 Set D Q.No. 9

A company forfeited 100 shares of Rs. 100 each for non-payment of allotment money @ Rs. 50 and first and final call @ Rs. 30 per share. These shares were reissued @ Rs. 90 per share as fully paid.

Required: Journal for forfeiture, re-issue and transfer.

[3]
Ans: Share forfeiture account Rs. 2,000; Capital reserve Rs. 1,000

3. 2072 Supp Q.No. 9

A company forfeited 300 shares of Rs. 10 each for non-payment of final call money of Rs. 1 per share. These shares were re-issued @ Rs. 5 per share as fully paid up.

Required: Journal entries for:

a. Forfeiture	b. Re-issue	c. Transfer	[1+1+1]
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Ans: Capital reserve Rs. 1,200

4. 2072 Set C Q.No. 10

A Ltd company issued 10,000 shares of Rs. 100 each at a discount of Rs.5 per share at allotment call payable as follows:

On application	Rs.30
On allotment	Rs.35
On first and final call	Rs.30

Applications were received for 9000 shares and allotment were also completed. All the due money were collected with the exception of on 400 shares due on first and final call. Subsequently these 400 shares were forfeited.

Required: Journal entries for [2+2+2=6]

- a. Allotment b. First and final call c. Forfeiture of share

Ans: Calls in arrear = Rs. 12,000, Share forfeiture = Rs. 26,000

5. 2072 Set D Q.No. 10

A company issued 20,000 shares of Rs.100 each at Rs.90 per share payable as under:

On application	Rs.20
On allotment including discount	Rs.30
On first and final call	Rs.40

Applications were received for 30,000 shares and allotment were made as under:

12,000 applicants	Full
16,000 applicants	8,000
2,000 applicants	nil

Money overpaid on applications were utilized towards sum due on allotment. Applicants of 100 shares failed to pay the first and final call money and these shares were forfeited.

Required: [2+2+2=6]

- a. Entries for allotment b. Entries for first and final call c. Entry for forfeiture

Ans: Calls in arrear = Rs. 4,000, Share forfeiture = Rs. 5,000

6. 2072 Set E Q.No. 10

C company Ltd. forfeited 50 shares of Rs. 100 each for nonpayment of final call money of Rs. 20 per share. These shares were re-issued at Rs. 80 per share as fully paid.

Required:

- a. Forfeiture b. Re-issue c. Transfer [1+1+1]

Ans: Calls in arrear = Rs. 1,000, Forfeiture = Rs. 4,000, Capital reserve = Rs. 3,000

7. 2071 Supp Q.No. 10

A company forfeited 200 shares of Rs.10 each for non-payment of final call money Rs.3 per share. These share were re-issued @ Rs.6 per share as fully paid up:

Required: Journal entries for:

- a. Forfeiture. b. Re-issue c. Transfer [1+1+1]

Ans: Share forfeiture= Rs. 1,400; Capital reserve = Rs. 600

8. 2071 Set C Q.No. 10

A Limited Company issued 5000 shares of Rs. 100 each at 10 percent premium payable as follows:

on application: Rs. 30 per share
on allotment: Rs. 40 per share (with premium)
on first & final call: Rs. 40 per share

Applications received for 6,000 shares. These shares were allotted on prorata basis to the applicants for 5,500 shares and applications for 500 shares were rejected. Money over paid on applications were utilized towards sum due on allotment. A shareholder holding 60 shares failed to pay first & final call money. Hence, his shares were forfeited.

Required:

- a. Entry for allotment b. Entry for first and final call c. Entry for forfeiture. [2×3=6]

Ans: Share allotment Rs. 1,85,000; Calls in arrear Rs. 2,400; Share forfeiture Rs. 3,600

9. 2071 Set D Q.No. 10

B. company Ltd. issued 10,000 shares of Rs. 50 each at a premium of 10%, payable as follows:

On application: Rs. 15

On allotment, inclusive premium: Rs. 25

On first and final instalment: Rs. 15

Applications were received for 15,000 shares. Among them, applicants for 4,000 shares were allotted fully, for 9,000 applicants 6000 shares on pro-rata basis and rest applicants for 5000 shares were refunded. Excess money paid on applications were utilized towards the allotment due money, 100 shares which were allotted to a shareholder from pro-rata basis, were forfeited as he failed to pay first and final call money.

Required: Journal entries for:

[2+2+2=6]

- a. Allotment call b. First and final call c. Forfeiture

Ans: Share allotment Rs. 250,000, Calls in arrear Rs. 1,500; Share forfeiture Rs. 3,500

10. 2070 Set C Q.No. 9

K. company Ltd. forfeited 100 shares of Rs. 100 each for non-payment of final call money of Rs. 30 each by a shareholder. Subsequently these shares were re-issued at Rs. 80 per share as fully paid up.

Required:

- a. Forfeiture b. Re-issued c. Transfer journal entries

[3]

Ans: (a) Rs. 7,000 (b) Bank a/c Rs. 8,000 (c) Capital reserve Rs. 5,000

11. 2070 Set C Q.No. 10

A limited company issued 3000 shares of Rs. 100 each at 10% premium payable as follow.

On application: Rs. 20 per share

On allotment with premium: Rs. 50 per share

On first and final call: Rs. 40 per share

Applications received for 4,000 shares. These shares were allotted on pro-rata basis to the applicants for 3,500 shares and applications for 500 shares, were rejected. Money overpaid on applications were utilized towards sum due on allotment. A share holding 50 shares failed to pay first and final call money. Hence his shares were forfeited.

Required:

- a. Entry for allotment b. Entry for first and final call c. Entry for forfeiture

[2+2+2]

Ans: Calls in arrears Rs. 2,000; Share forfeiture Rs. 3,000

12. 2070 Set D Q.No. 10

A Ltd. company issued 50,000 equity shares of Rs. 100 each payable as follows:

On application Rs. 30

On allotment Rs. 30

On first and final call Rs. 40

Applications were received for 80,000 shares. Allotment were made as follows:

To applicants for 40,000 shares: Full

To applicants for 20,000 shares : 50%

To applicants for 20,000 shares : Refunded

The excess money received on application were utilized toward the sum due on allotment. All the calls money were duly received, except a shareholder to whom 1000 shares were allotted from pro-rata basis failed to pay the first and final call money therefore, his shares were forfeited.

Required: Journal Entries for

[1.5+1.5+1.5+1.5]

- a. Application b. Allotment c. First and Final call d. Forfeiture

Ans: Calls in arrear: First and final call Rs. 40,000; Share forfeiture Rs. 60,000

13. 2069 Supp Set A Q.No. 10

A company Ltd. issued 10,000 shares of Rs. 100 each payable as under.

On application Rs. 20

On allotment Rs. 30

On First and final call Rs. 50

Applications were received for 20,000 shares. Allotment was made on the following basis.

To applicants for 5000 shares - full

To applicants for 10000 shares - 5000 shares

To applicants for 5000 shares - Nil

Excess money received on applications were utilized towards the sum due on allotment.

Shares were fully called and paid up, except one shareholder to whom 500 shares were allotted on pro-rata basis, failed to pay on first and final call and his shares were forfeited.

Required: Journal entries for:

a. Allotment b. First and final call c. Forfeiture [2+2+2=6]

Ans: Calls in arrear Rs. 25,000; Share forfeiture Rs. 25,000

14. 2069 Supp Set B Q.No. 9

A company forfeited 50 shares of Rs. 100 each for non-payment of final call money of Rs. 20 per share. These shares were re-issued @ Rs. 70 per share as fully paid up.

Required: Journal Entries for

a. Forfeiture b. Re-issue c. Transfer [3]

Ans: (a) Share forfeiture a/c Rs. 4,000; (b) Bank a/c Rs. 3,500; (c) Capital reserve Rs. 2,500

15. 2069 (Set A) Q.No. 10

A limited company issued 75,000 shares of Rs. 100 each at 10% discount payable as follows:

On application Rs. 30 per share

On allotment Rs. 30 per share

On first and final call Rs. 30 per share

Applications were received for 90,000 shares.

Allotment was made as under:

To applicants for 60,000 shares - full

To applicants for 30,000 shares - 50%

The excess money on applications were utilized towards the sum due on allotment. A shareholder to whom 1,000 shares were allotted from pro-rata basis failed to pay the first and final call money. His shares were forfeited.

Required: Journal entries for

a. Allotment b. First and final call c. Forfeiture [2+2+2=6]

Ans: Share forfeiture a/c Rs. 60,000; Calls in arrears first and final call Rs. 30,000

16. 2069 (Set B) Q.No. 9

A Company forfeited 200 shares of Rs. 10 each for non-payment of final call money of Rs. 3 per share. Out of these forfeited shares, 100 shares were re-issued at Rs. 6 per share as fully paid up.

Required: Journal entries for:

a. Forfeiture b. Re-issue c. Transfer [3]

Ans: Transfer to capital reserve Rs. 300

17. 2068 Q.No. 10

A Company Ltd. issued 50,000 equity shares of Rs. 100 each at premium of 10% payable as follows:

On application : Rs. 25

On allotment : Rs. 60 (including premium)

On first and final call : Rs. 25

Applications were received for 71,000 shares. These shares were allotted on Pro-rata basis to the applicants for 60,000 shares and applications for 11,000 shares were rejected and refunded. Money excess paid on applications were utilized towards the sum due on allotment. Suman to whom 100 shares were allotted, failed to pay allotment and first and final call money, and his shares were forfeited.

Required: Journal entries for:

a. Allotment b. First and final call c. Forfeiture [2+2+2=6]

Ans: Calls-in-arrear: (a) Rs. 5,500 (b) Rs. 2,500 (c) Rs. 8,000; Share forfeiture a/c Rs. 3,000

18. 2068 Supp Q.No. 9

A Co. Ltd. forfeited 200 shares of Rs. 100 each, for non-payment of 1st and final call money of Rs. 40 per share by the Board's resolution. These shares were re-issued subsequently by the company at Rs. 80 per share as fully paid.

Required: Journal entries for:

- a. Forfeiture b. Re-issue c. Transfer. [3]

Ans: Capital reserve Rs. 8,000; Share forfeiture Rs. 12,000; Calls in arrears Rs. 8,000

19. 2067 Q.No. 10

A Co. Ltd. issued 2,000 equity shares of Rs. 100 each at a premium of Rs. 10 per share payable as follows: [2 + 2 + 2 = 6]

On Application	Rs.20 per share
On Allotment	Rs.50 per share (including premium) and
On First and Final Call	Rs.40 per share

Applications were received for 3000 shares. These shares were allotted on pro-rata basis to the applicants for 2,400 shares and applications for 600 shares were rejected. Money overpaid on applications were utilized towards sum due on allotment. Rajesh, to whom 20 shares were allotted, failed to pay allotment and first and final call money, hence his shares were forfeited.

Required: Journal entries for:

- a. Allotment b. First and Final call c. Forfeiture.

Ans: (a) Calls in arrear Rs. 920; (b) Calls in arrear Rs. 800 (c) Share forfeiture a/c Rs. 480

20. 2067 Supp Q.No. 10

B company Ltd. forfeited 200 shares of Rs. 10 each issued at 10% discount for non payment of final call money of Rs. 3 per share. Of the forfeited shares 200 shares were re-issued at Rs. 6 per share as fully paid.

Required: Entries for

- a. Forfeiture b. Re-issue c. Transfer [1+1+1]

Ans: Capital reserve a/c Rs. 600; Share forfeiture Rs. 1,200

21. 2066 (C) Q.No. 10

A co. Ltd issued 5,000 equity shares of Rs. 100 each at a discount of 10% payable as follows:

On application	Rs.30 per share
On allotment	Rs.20 per share
On first and final call	Rs.40 per share

All the shares were subscribed and allotted. All monies were duly received except a holder holding 200 shares, failed to pay on allotment and call money. These shares were forfeited and reissued at Rs. 60 per share as fully paid. [2+2+2]

Required: Journal entries for:

- a. Allotment b. First and final call c. Forfeiture and reissued

Ans: (a) Calls in arrear Rs. 4,000 (b) Calls in arrear Rs. 8,000 (c) Share forfeiture a/c Rs. 6,000

22. 2066 Q.No. 10

A Company Ltd. issued 8000 shares of Rs. 100 each payable as under:

On application	Rs. 30
On allotment	Rs. 40
On first and final call	Rs. 30

Applications were received for 12,000 shares. Allotment were made on the following basis:

To applicants for 5000 shares	Full
To applicants for 6000 shares	3000 shares
To applicants for 1000 shares	Nil

Board resolved that all excess amount paid on application is to be adjusted against amount due on allotment and subsequent call. Shares were fully called and paid up, except one shareholder to whom 400 shares were allotted on pro-rata basis failed to pay on first and final call. Later his shares were forfeited.

Required: Journal entries for

- a Allotment b. First and Final call c. Forfeiture [3+2+1]

Ans: (b) Calls in arrear Rs. 12,000 (c) Share forfeiture Rs. 28,000

23. 2066 Supp Q.No. 10

G. Company Ltd. forfeited 300 shares of Rs. 50 each allotted to a shareholder, for the non-payment of final call money of Rs. 15 per share. Out of these forfeited shares, 200 shares were re-issued at Rs. 40 per shares as fully paid

Required: Journal entries for

- a. Forfeiture b. Reissue c. Transfer [3]

Ans: Calls in arrear Rs. 4,500; Share forfeiture Rs. 10,500; Capital reserve Rs. 5,000

24. 2065 Q.No. 9

A company forfeited 350 shares of Rs. 100 each of non-payment of first and final call money of Rs. 25 per share. Out of these forfeited shares, 200 shares were re-issued at Rs. 65 per share as fully paid up.

Required: Journal entries for:

- a. Forfeiture b. Re-issue c. Transfer. [3]

Ans: Share forfeiture a/c Rs. 26,250; Capital reserve Rs. 8,000

25. 2065 Q.No. 2 (Old)

Kantipur Company Limited forfeited 500 shares of Rs. 100 each on which Rs. 70 were called up. The shareholder failed to pay the first call money of Rs. 30 each out of these 400 shares were re-issued at Rs. 50 per share.

Required: Journal entries for forfeiture, re-issue and transfer. [1+1+1]

Ans: Calls in arrears Rs. 15,000; Capital reserve Rs. 8,000

26. 2064 Q.No 10

A company limited issued 5,000 shares of Rs. 100 each payable as under:

On application Rs. 40; On allotment Rs. 30; On first and final call Rs. 30

Applications were received for 8,000 shares, allotment were made on the following basis:

To applicants for 3,000 shares	full
To applicants for 4,000 shares	2,000 shares
To applicants for 1,000 shares	Nil

All excess amount paid on application is to be adjusted against amount due on allotment and subsequent calls. The shares were fully called and paid up except one shareholder to whom 100 shares were allotted failed to pay on first and final calls and his shares were forfeited.

Required: Journal entries for

- a. Allotment b. First and final call c. Forfeiture [3+2+1]

Ans: Calls in arrear Rs. 2,000; share forfeiture Rs. 8,000

27. 064 Q.No 1 (OLD)

A Co. Ltd. issued 10,000 shares of Rs. 100 each at a premium of 20% payable as follows:

On application Rs. 20 per share

On allotment (including premium) Rs. 50 per share

On first and final call Rs. 50 per share

Applications were received for 15,000 shares. Allotment were made on the following basis:

To applicants for 5,000 shares Full

To applicants for 10,000 shares 5,000 shares

It was decided to utilize excess application money in past payment of allotment. All the calls were made and the call monies were duly received except a holder, holding 200 shares, failed to pay on allotment and call money and these shares were forfeited. [2+2+1]

Required: Journal entries for

- a. Share allotment b. Share first and final call c. Share forfeiture

Ans: (a) Calls in arrear Rs. 6,000; (b) Rs. 10,000 (c) Rs. 8,000

28. 2064 Q.No 2 (OLD)

A Company forfeited 200 shares of Rs. 100 each fully called up for non-payment of first call of Rs. 30 and final call of Rs. 40 per share. These shares were reissued at Rs. 80 per share as fully paid.

Required: Journal entries for forfeiture, reissue and transfer. [1+1+1]

Ans: Forfeiture Rs. 6,000; Capital Reserve Rs. 2,000