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| **SESSION** | **July-Aug 2024** |
| **PROGRAM** | **master of commerce (M.com)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DCM7201 Advanced Corporate Accounting** |
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**Set – 1**

**1. Mr. Prasad purchased 500 equity shares of Rs.100 each of Omega Company Ltd. for Rs.62,500 inclusive of brokerage and stamp duty.**

**Some years later the company resolved to capitalize its profits and to issue to the holders of equity shares, one equity bonus share for every share held by them.**

**Prior to capitalization, the share of Omega Co. Ltd. was quoted at Rs.175 per share.**

**After the capitalization, the shares were quoted at Rs.92.50 per share.**

**Mr. Prasad sold the bonus shares and received Rs.90 per share.**

**Prepare the Investment Account in the books of Mr. Prasad on Average Cost Basis.**

**Ans 1.**

To solve this problem and prepare the Investment Account for Mr. Prasad, we will use the **Average Cost Basis**. Below are the detailed steps, formulae, and calculations:

### Steps

1. **Understand Initial Purchase Details:**
   * Mr. Prasad bought 500 shares of Omega Co. Ltd. for ₹62,500, including brokerage and stamp duty.
   * Cost per share = ₹62,500 ÷ 500 = ₹125 per share.
2. **Bonus Share Issue:**
   * Bonus shares were issued in the ratio of 1:1.
   * Mr. Prasad received 500 bonus shares (500 × 1).
3. **Revised Holding:**
   * Total shares after the bonus = 500 (original shares) + 500 (bonus shares) = 1,000

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**2. The following particulars relate to a company:**

**Total assets Rs.18,50,000**

**External Liabilities Rs.2,50,000**

**Share capital:**

**14% Preference shares of Rs.10 each, fully paid Rs.5,00,000**

**40,000 Equity shares of Rs.10 each, fully paid Rs.4,00,000**

**60,000 Equity shares of Rs.10 each, Rs.7.50 paid Rs.4,50,000**

**Calculate the value of each category of equity shares of the company based on a deemed liquidation.**

**Ans 2.**

To calculate the value of each category of equity shares of the company based on a **deemed liquidation**, we follow these steps:

### Steps

1. **Calculate the Total Net Assets Available for Shareholders:**
   * Net Assets = Total Assets − External Liabilities.
2. **Preference Shareholders' Payment:**
   * Preference shareholders are paid in full before equity shareholders.

**3. What do you mean by final accounts of Joint Stock Company? Draw the format with the relevant contents of Balance sheet as per Companies Act, 2013.**

**Ans 3.**

### Final Accounts of a Joint Stock Company

The **final accounts of a Joint Stock Company** are the financial statements prepared at the end of an accounting period to determine the company’s financial position and operational results. These include the **Statement of Profit and Loss** and the **Balance Sheet**, prepared as per the provisions of the **Companies Act, 2013** in India. These accounts provide stakeholders such as shareholders, creditors, and regulatory bodies with a clear view of the company's performance

**Set – 2**

**4. Neon Ltd. had equity capital of Rs.2,00,000 divided into shares of Rs.100 each 11% cumulative redeemable preference shares of Rs.100 each for Rs.1,00,000 Rs.50,000 and Rs.40,000 respectively to the credit of Profit and loss Account and General Reserve as on 31st March 2023. It had also Rs.8,000 to the credit of Share Premium Account.**

**As per the agreement with the preference shareholders, the Directors decided to redeem the shares on 1.4.2024 at a premium of 10%.**

**It was also decided to sell certain investments whose book and market values on 31.3.2024 were R.40,000 and Rs.50,000 respectively to enable redemption. For purposes of redemption, the Board decided to utilize free reserve to the minimum extent possible.**

**It was decided to issue right equity shares at a premium of 20% to finance (provide funds for) the redemption.**

**After redemption, the Board decided to issue bonus shares to equity holders in the ratio of 2 for 5.**

**Holders of 10 preference shares were not traceable.**

**Show the necessary journal entries to record the above transactions in the books of Neon Ltd. and also how the items will appear in the Balance Sheet of the company.**

**Ans 4.**

To solve the problem and prepare the journal entries and the updated Balance Sheet for **Neon Ltd.**, we will go step by step, calculating the required amounts and recording the transactions systematically.

### Steps

#### 1. Understanding the Redemption Requirements

* **Preference Share Capital:** ₹1,00,000.
* **Premium on Redemption:** 10% of ₹1,00,000 = ₹10,000.
* **Total Redemption Amount:** ₹1,00,000 + ₹10,000 = ₹1,10,000.

#### 2. Utilizing Funds for Redemption

* **Available Reserves:**

**5. Explain the meaning of Issue of Shares and elucidate the methods of issue of shares in Private Company as per Companies Act, 2013**

### Ans 5.

### Issue of Shares and Methods of Issue in Private Company as per Companies Act, 2013

The issue of shares refers to the process by which a company raises capital from investors by offering its ownership rights in the form of equity or preference shares. It is a fundamental mechanism for financing the company's activities, enabling it to meet operational and expansion requirements. Under the Companies Act, 2013, a private company, which cannot publicly solicit capital, is required to follow specific provisions and guidelines for issuing s

**6. Elucidate all the methods of Redemption of Debentures**

### Ans 6.

### Methods of Redemption of Debentures

Redemption of debentures refers to the repayment of borrowed funds raised through debentures by a company to its debenture holders. Debentures are a form of debt instrument issued by companies to secure long-term finance, carrying an obligation to repay the principal amount along with interest. Redemption ensures the fulfillment of this obligation, restoring the company’s financial liability to zero for the respective debenture issue. Companies Act, 2013,