Calcutta University Question Pattern

DSE 5.2 A: Corporate Accounting

Marks 100

Internal Assessment: 20 marks

Semester-end Examinations: 80 marks

Total: 100 marks

Unit	Title	Marks	Group
	Company - Introduction and Accounting for Shares & Debentures		
	Company Accounts – Introduction		
	O Share and Share Capital		
	O Issue of Shares		
1	O Issue of Right Shares		
	o Issue of Bonus Share		
	o Issue of Sweat Equity Shares	20	A
	o Issue of Debentures		
	O Underwriting of Shares and Debentures		
	Accounting for Changes in Capital Structure		
	Buy back of Securities and Redemption of Preference shares		
2	o Redemption of Preference Shares	10	В
	o Buy-back of Shares and Securities		
	Company Final Accounts		
3	Overview of Corporate Financial Statement	15	R
	O Corporate Financial Statement: Statement of Profit and Loss & Balance Sheet		
4	Redemption of Debentures	10	1
5	Valuation	10	1
	o Valuation of Goodwill	10	A
	o Valuation of Shares		
5	Company Merger and Reconstruction		
	Accounting for Merger and Acquisition	15	
	Accounting for Internal Reconstruction	15	В
1 6 1	S shown against the Units in diament 1 C C 1 Total	80	

B: Marks shown against the Units indicate marks for Semester-end Examinations.

Group	No. of questions provided	No. of questions to be answered	Marks per question	Total Marks

ISSUE OF SHARES Accounting for issue of shares:-A shall is a security that is issued by a company to its owners. It respressents the smallest unit of ownership of a company. Every company limited by sharees has to issue shares. A company issues two types of shares. a) Equity Shares b) Preeftrence Shares 9t may issue only Equity shares. OR both Equity and preference 8hares But is cannot issue only prefétice preférence shares without issueing equity shares. 955uing of shovers so one of the cover l'activities of the company That has to be done by the compone Through out its like 9+ is mot one-time activity done at the formation stage of the Voonpany. Rather issue of shares may be occapied to be done even at

at later stage of the company of assels b) declareation of bonus dividend g) redemption of preparence sharer, buy back chares etc. Pareties Associated with Share Pareties associated with ussue of share! a) Besuing Company b) Shældeders. c) Stock Exchange. d) Underwriter: I These are intermedian who warrant the esque of shares in The event of undersubscription by The public. Very ensure full (our desired) subscription of the shares usued by a company e) others: merchant bankers employees.

Starkeholders to whom shares wee assecol. DInvestores: The primary shareholders to whom share's acce usuad by a company acce investore The company ussues shares to the investors for ocaising capilal. When the shares are assued to the public at large in open-mæket it ied Referred 160 as - Public Issue or Public When the Shareer are resured to seelatively small number of select Vurvestors as a Joany of Jeausing capital it is I referred to as Reserve. when shaves are offered to existing shalleholders for a consibleration, usually lower than market force referred to as Right Issue. When a company ussues shares Cost - then et is refferred as Borles. 2 sure and the Shares are Bones Shares.

b) Vendor: A company acquires Valuous assets foir sunning the company. At times payment is made to various vendos by esseing shaves instead of cash. Again when the existing company Vacquere another company called the Vendor Contpany it may duscharge the surchase consibliration by essering skarees. a company is suferred to as ils Promoters! After the formation of the company il may essue to kucht bromosters for skares of The company for their entrepreneurial contributions These Shavees are known Promoters Shaves d) Directors and Employees: A company may besse equity shave to ils Screctors. or employees for their contribution. V Such & harres acce known as sweat Equity Black Shares

Various Purposes of Shave Fissue a) Relating to Joseph Coupital b) Meeting reedemption / buy-back requirements c) capitalisation of Resurve. d) Employée motivation and relention e) Acquistion of assets. D'Payment of purchase consideration Types of share Issue:-1. Public offer for subscruption 2. Privale Placement. Bonus Issue

OFFER PRICE OF SHARES very chave has a value inted on iets face, suf · The Josice at which the shaves are essued by The company may be cether equal to or above or below the face Value. This leads to the concept of Issue of Shares at par-Vos at Premium de at a discount. At Par - Jessue Josice = face value. Issue at Porniun - Issue Porce) face Value Issue at a discount - Issuerrice (Face Value. PROVISIONS UNDER COMPANIES ACT, 2013. Regarding Isue at Preemium - Sec 52 of the Companies Act 2013 - Company can issue Shares at a premium Regarding Issue of Sheurs at Discount - Sec 53 of the companies Act 2013 - Prohibils a company to issue shares out a Discount except for SWEAT EQUITY SHARES.

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When the application money to as well the Share Applications afc...des to Share Capital afc. of share applications when a part of application money is refunded due to over subscription well the amount Share Application a/c to Bank ape - Tuon money refund when a paret of application money is adjusted against share algannet sue Allotalent well the Shave Application afc de cex cees application to shave Allot ment adjustid 9 denset Vallat ment

Forbeiture of Shaves Sharee Capetal afc. de Called up value of Eccurity premium ... de premium un oney vot corrected Fodepellwee of to Calle-in-accearage unpaid amt to fer fecture Shares capital poolion secewed on Shares booksted. Leuseue of Shavel forbeited. o o o de Proceeds from Bank alc s houres see usuéd Forfeeted shares afe - ode Discount on Reusen to shave capital a/c paid up.
of shares usued to Securities preimun preehium afc. onshares re essue Jours Halvery Expenses on issue Expenses on AutoL de chares, Blue of shoure afe Shoere () is a same to useue to Bank of expenses -June-our co to alle services for the poly of the services and alless

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- ANDITA-PAGE: DATE: Reserve and Surples Securities premium *XX corputal Reserve. ZXXXX 2330 Made to الم معدد ال Reoblems onforfeeture of shares. Pass Journal entries egroring narration in despect of shave for perties in the following Independent cases. CaseA) 100 equily shaves of Roso each Issued at 1570f- is forfeilided for non payment of calls of 1510 per chavee. Cancellation of share capital inpho called sup amount (100x50) 5000/-Cancellection of Securities premium NIL (un collected amount sence upto Sotal calls in arrear forfilied
(100 × 10) 000 Total amount ferfeited 100 x (50 - 10) = 4000 4000 product 1

PAGE: XANDITA-DATE: yournal Equity Shave Capital a/c .. dr 5000 to calls in arrear a/c 000 to Forfeited shaves afc 4000 CASE - B 100 equity shares @ Ro 100 each ferseited for non sagneent of Resof-fer premium) and Call Ps 20/-Caucelletton of Sherre Capital. 10000 (fully Called up 100 x 100) Cen cellation of Securilies premium uncollected (amount (failure in Allot onent) 100 x 10 Total call in arrear allot + calls [100x(50+20) 7000 Total amount of foobeitued Skaree 100x(100 40-20) 4000 gowmal. Equity Share Capital ... dr 10 000 Se audties premum afc...dr 1000 to Calle in - Amearage 7000 to forfieled Shares afc 4000 - acces Lucy of the AND alaties beville takente

-XANDITA-PAGE: DATE: / / Case C 100 equity shares of to 10 each CPSF called up fer feeted der Nou payment of first call of 183 feach Cancellaliers of share capital (100x7) Calls - un - arrear of forfeited Shares. (100x3) Chares 100x(7-3) Found Entry Equity share Cerpital a/c...dz 700 to calls - in - arrearage to forfested shares afe 300 400 A company envited application for equily share of 1840 éach payable ers: B30/ melending On application Pre mium ou allotonent Po201on first affinal call Mr Pholding 500 equity Share failed to pay allolment money and

hie shares were for feited before.

The Call was made. Premum = 30+20+10-40 Cancellation of share capital upto called up amount [500 x (10+20)] 15000/ Total Calls - in - arrear 10000/of forfeeted Shares : (\$500x20) To tel amount of forfeeted decepts towards capital Sestion (Application)
500x (300-20) Journal Equility Share Capitalafe. dr 15000 to Calle-in-arrearage 10 10000 to forfeited Shaves afc. 5000 case D. at a premuin payable de sendez: h50 (unduding hs.

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an on his subsequent failure to
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Concept Building Peroblem- Forfeiture of shaves Bilto issued 1,00,000 equity shares of Rs 100 each at a premium of Re 20/share payable as follows: On Application Re 30/enane, on Allot ment Re 50 per share (including peremium), on 1st call Re 25/shave & on Final call R8 15/ Shave. One of the applicants, her x was allotid 200 shaves. Sørfeiture of shaves in each of the following independent a) If her. I failed to pay the allotment money and his shares are forfeited before maningany further b) If Mr. Defauled to pay the allotment money and on his subsequent faiture to pay the first call his shaves were forfeiled. c) If her. I failed to pay the allot ment money and on his subsequent. Jaulure to pay the two ceiles, his shaues were forfeiled d) If Mr X failed to pay the first earl and his shares were forfeited before the final call is made. e) If her. & failed to pay the first cell and on his subsequent failure to pay the final cale his shaves were forfeiled f) If her & Jaules to pay the final cally his charge were forfuled

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Concept Building problem - Forfeiture and Reissue of Sharebate: X Itd essued to public 22000 ordinary shares of Ps 100 each at parz. Amount payable on each shares is as follows: Po25 on application Ro40 on œ 11 otnerl Ro 20 on final call and Be balance on final call. The company decenved public application for 20,000 shaves. Ft. Mer holding 400 shaces could not pay fund call. As a Coursequeuce, these 600 shaves were Gerbeeted after final call. skow Journal entries for forfeited & charles. Also pass the entry for. de - sessue of forfeited chares in the following independent case: Case A:- All forfeited shares were re-usued to Mer A at 1580/- each as fully called up. and pand up. Care B:- \$ 500 ekaves out of those ferfeited cencluding all of MrP) were re-ussued torer A at B 90 per share, as fully paid case C:- All faufeited chaves were dec-issued to Mr A at minimum oue-ressure porice, as bully called up and paid up. 0012000 5466 - 341 -1935 CARROLL STORY OF STREET STREET STREET STREET

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Allotment M&CB - Application+ allotnent + 15 call the sees of the purpose of second which Frankley Willer William Williams belief course of many by offered in he-LADITOR MALLEY TO MANAGE MARCHET I ANT THAT o sulla du phod = parada de Jan 643434 word Lives our Louis auso 001 % 009

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B. Com Hons 2009 Stid forfeited 200 shares of Po 10 each Ps 8 being called up, which were usered lat par for non payment of first call of Po 3/- por share. Of these forfeited shaves, 160 shaves wiere at 855/- as Rs8 spaid up pler share. Give Jour mad entrice fer forfeiture of Shewes + recosure of shares inchiency aut Toursferred Ad capital Ruerve Booksof S. Htd. Déquity share capital aje... dr 1600 I to calls - in-arrear ak 600 to Fosfeited sharesayc 1000 Beeng 200 shares & forfeeted fer Non pay ment of allotment and call noney Jas per Board's Resolution No.000 Dated (...) (con-1) (2) Bank afc (160×5) Forfeiled characy (160x3) 480 to Equity share Capital Mc 1206 Berie 160 shares reissued @ Po5 per shares.

as pir Boards Resolution No. dated) 3 Forfeited shorres af - · · · de 320 to carpital Recerve af ing Profit on one-voice transferre 3 no capital Receve 10N-2)

Working Note of shoure consutal 600 Jup aunt (applitallot + 18 all (200x8) Yotal Calls-in-arrear offofested shares.
1st call (200 x 3) many harmon harmon of some of some Total aut forfettel on 200 shares
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When the application money is transferre amound Share Application afc ... de to Share Capilal a/c application money when a part of application money les refunded due to oversubscription well the amount Share Application a/c ... de of excess applica Leon money to Bank alc. repund SHOW BEEN ALL BEEN SHOW AND SHOW AS A SHOW AS when a paret of application money algannet share us adjusted Allotablent well the sex cell application Shave Application afc ... dr to shave Allot ment adjusted agdense Vallat meut

when transfer of application money welvdes share Brenium Share Application of C. .. dr noney Received to share corpital af capital postion Mong to share I se mumafa Exemiuna wduded w abblication Securatus afc

Over subscription of shares when a company goes bor public issues, it announces the number of shares to be essued by the in the Prospectus. The shave of Reputed companies having goodwill and companies with good future prospects have high blemand. en the share market. When such companies resues shaves usually the number of shaves applied for by the curestors exceeds the runker of shares offered by the co for issue This is called over subsouption such over subscription con be Cackled by a) Refund of excess apphealion koney Heerine b) Adjusting the excess application reolvery Absenced against Jutworelally may be through pewerata allotnews 08 Exercising alur allot ment of hor (also called Green Shoe option)

Under Subscription when the rumber of shares applied for by the public happens to be less than the number of Shares issued by a company il is deeferred to as Under selbsauplion The coursequence of undersubscuption are that the co famel fails to receive the desire Vamount of chares offered to shave capital. Movee ever il is to be noted that if the Shares are grossly under subsor - ed and the company fails To raise ever the amount stated in the prospectus as The minimum amount (feehnically suferre to as minimum subscription) it would not be passible for the to allot shares and the collection application money has to be bufunded to the Share Applicants

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	Share Allot	ment.	
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	- arrear.	to shave	Fotal allotment
		allotnentak	money.

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Notes

fails to pay any amount that has been called up for payment of the company. It is deferred as CALLS-IN-

Interest is to be charged, to the Shareholders on Calls-in - arrear & 10/ P. a. I as per Zable F of the Companies Act, 2013]

When a Shoveholder pays any future uncalled installment along with any previous installment, it is referred to as Calls - in - Advance.

payable to the Shareholders or calls-in-Advance @ 1 12/p. A. Las per Table F of the companies Act 2013]

PRO-RATA allotment. The Turm peroveata means propostion In the context of public issue of shaves, The concept of prosata allot ment comes to the sicture when the shaves offered by a company are over slib-Is crubed - In this situation the company allots share in Propostionate manner so that all the applicants have been in a proportionate basis. were a shareholder of the Preso deata allot ment refers to the allot ment of shares in peroposition of the shares In event of proseata allot ment the Issuer company adjusts money deceived for application firstly on allot ment and thereafter towards other calls.

Example. Aftel uned 1,00,000, 6%. Pruf shaves @ Rs 10 each at a premium of Re 1 der share payable as Ro I on-Ps3/- on allot ment (unduding premum) and balance of calle. I show the yournals of Share application and share allot men. In the books of Att Journal V seleculare Bauk alc. to 6%. prey Share Appleeation of Blung application decenned on TOO oop 16% porcef Shares @ Ral persh 6 Poujoh application a/c ... - dez 100 000 to 6'/. Pool 8h Cerputal aya 40000 Being Application Money on 100000 Shares Arams Jerred to 6'/.

6/Pory sh Allot ment ... dz 300 000 (100000 ×3) 406%. Pruf Shares Capital a/C. (100000x2) to Securities Premium Afc. (1000000 21) (Being allotment money on 100000 6% pref shares @ Rs 3 éach including seemium Rej per shard du as Der Boards 5% port Shares allest ment Leine allotnent money