

Sneha Khandelwal

Roll no. - HTBAF14D

Financial Accounting 5

Q1

12%. Debentures

Dr.

Cr.

Date	Particulars	Amt	Date	Particulars	Amt
2022			2021		
31 Mar	TO Debenture holders Alc	5,00,000	1 Apr	By Bal bld	5,00,000

DRR [Debenture Redemption Reserve]

Dr.

Cr.

Date	Particulars	Amt	Date	Particulars	Amt
2022	31/3/22		2021	31/3/22	
31 mar	TO General		1 Apr	By Bal cld	20,000
	Reserve A/c	50,000	2022		
			31 mar	By PandL A/c	30,000
	31/3/22				
		50,000			50,000

Bank Alc

Dr.

65

Date	Particulars	Amt	Date	Particulars	Amt
2021			2021		
1 Apr	TD Bal bld	5,00,000	30 Sep	By Int to Deb A/c	30,000
2022			2022		
31 Mar	TD DRR Inv. A/c	23750	31 Mar	By Int to Deb A/c	30,000
31 Mar	TD Bal cld	36250	31 Mar	By Debenture holder A/c	5,00,000
		<u>5,60,000</u>			<u>5,60,000</u>

Q2 Working Note

1,00,000
 ↘ ↗
 @ 12% cumulative (b) 10% debentures (c) Cash
 preference shares

60,000 × 2100	30,000 × 2100	10,000 × 2100
60,00,000	Add: 5% premium	Add: 5% premium
Add: 5% premium	Total - 31,50,000	Total - 10,50,000
Total - 63,00,000		

Calculation of No. of Preference Share	OF Debentures	Transfer
= <u>63,00,000</u>	= <u>315,0000</u>	= <u>10,00,000 × 10%</u>
25	96	= 1,00,000
= 252,000	= 32812.5	

Journal entries in the Books of
 Hindustan Manufacturing Ltd.

Date	Particulars	Debit	Credit
①	Securities Premium A/c	5,00,000	
	To premium on Redemption of Debentures A/c		5,00,000
	(Being premium payable on redemption)		
②	10% Debentures A/c	1,00,00,000	
	Premium on redemption of Debentures A/c		5,00,000
	To Debenture Holders A/c		1,05,00,000

(Being 10% Debentures redeemed at premium @ 5%.

(3)	Debenture holder A/c	6,300,000
	TD 12% cumm. pref. shares A/c	50,40,000
	TD Securities premium A/c	12,60,000
	(Being 12% cumm. pref. shares at premium)	
(4)	Debenture holder A/c	31,50,000
	Discount on issue of Debenture A/c	131250
	TD 10% Debentures A/c	3281250
	(Being 10% Debenture issued at discount)	
(5)	Debenture holder A/c	10,50,000
	TD Bank A/c	10,50,000
	(Being Actual payment made)	
(6)	Profit and Loss A/c	1,00,000
	TD General Reserve A/c	1,00,000
	(Being amount transferred to General Reserve)	

Debenture Holder A/c

Date	Particulars	Amt	Date	Particulars	Amt
①	TD 12% pref. shares	50,40,000	①	By 10% Debentures	1,00,00,000
②	TD Securities premium	12,60,000	②	By Premium on	5,60,000
③	TD 10% Debentures	31,50,000		redemption of	
④	TD Bank A/c	10,50,000		Debentures	

Q3

In the Books of A Ltd
 Investment in equity shares of Z Ltd.
 for the year ended 31st March, 2022

Dr.

Cr.

Date	Particulars	Nominal value	Income (cost)	Date	Particulars	Nominal value	Income S.P
2021				2021			
1 Apr	TD Bank A/c	₹ 5,00,000	-	15 May	By Bank A/c	-	- 10,000
30 June	TD Bonus Issue	1,00,000	-	-	30 Nov By Bank A/c	- 6000	-
1 Oct	TD Bank A/c	25,000	-	-	31 Dec By Bank A/c	3000	- 27,43,000
31 Dec	TD P&L A/c	-	-	2022	21,660 31 Mar By Bal cld	3250	- 279,110
2022							
31 Mar	TD P&L A/c	-	6000	6250	6250 6000	568410	568410

Working Note

1) Calculation of Cost of Purchase of 1st April, 2021

$$\text{₹} 105 \times 500 \text{ shares} = \text{₹} 52,500$$

$$\text{Add: Brokerage (2%)} = \text{₹} 10,500$$

∴ Total Cost = ₹ 53,500

2) Calculation of number of bonus shares

$$\text{Bonus shares} = \frac{5000}{5} \times 1 = 5000$$

3) Calculation of right shares subscribed

$$\text{Right shares} = \frac{6000}{12} = 500 \text{ shares}$$

$$\text{Shares Subscribed} = \frac{500}{2} = 250 \text{ shares}$$

Value of right shares subscribed = 250 shares
 @ ₹ 45 per share is ₹ 11250

4) Calculation of Sale of right entitlement
 $250 \text{ shares} \times ₹ 45 \text{ per share} = ₹ 11,250$

5) Calculation of profit on Sale of shares

Total holding	5000 shares	original
	1000 shares	Bonus shares
	250 shares	right shares
	6250 shares	

3000 shares were sold on 30.12.2021

Cost of total holding of 6250 shares (on any Basis)
 $= ₹ 5,37,500 + ₹ 11,250 - ₹ 10,000 = ₹ 5,38,750$

Any cost of 3000 shares would be

$$\frac{₹ 36750}{6250} \times 3000 \\ = ₹ 25,7640$$

Sale proceeds of 3000 shares (3000 x 95)	285000
less: 2% Brokerage	(5700)
	279,300
less: Cost of 3000 shares	(257,640)
Profit on Sale	21660

6) Dividend received on investment held as on 15th May 2021 = ₹10,000 ($5000 \times ₹100 \times 2\%$)

7) Dividend amounting ₹6000 received on 30.11.2021 will be credited to P and L A/c

8) Calculation of closing value of shares (on any Basis) as on 31st March, 2022

$$\frac{5,36,750}{6250} \times 3250 = ₹2,79,110$$

Q4

In the Books of Nidhi

8%, Bonds Account

(Interest payable = 1st November & 1st May)

Dr.

Cr.

Date	Particulars	Nominal	Income	Cost	Date	Particulars	Nominal	Income	(S.P.)	
									Value	Value
2021										
1.4.21	TO Bank A/c	12,00,000	40,000	9,26,000	1.5.21	By Bank A/c	-	48000	-	
1.10.21	TOP&L A/c	-	-	11,500	1.10.21	By Bank A/c	300000	10,000	243000	
					1.11.21	By Bank A/c	-	36000	-	
2022										
31.3.22	TOP&L A/c	-	84000	-	2022					
					31.3.22	By Bal cld	9,00,000	30,000	694500	
		12,00,000	124000	937500			12,00,000	124000	937500	

Investment in Equity Shares of Ltd A/c

Dr.

Cr.

Date	Particulars	Nominal	Income	Cost	Date	Particulars	Nominal	Income	S.P.	
									Value	Value
2021										
12.4.21	TO Bank A/c	1,00,000	-	40,00,000	15.5.21	By Bank A/c	125000	-	25,00,000	
15.5.21	TO Bonus	150000	-	-	1.12.21	By Bank A/c	-	225000	-	
	Issue A/c									
2022										
31.3.22	TOP&L A/c	-	225000	500000	31.3.22	By Bal cld	125000	-	20,00,000	
		2,50,000	2,25,000	4,50,000			2,50,000	2,25,000	4,50,000	

Working Note

1) Cost of Investment purchased on 1st April, 2021

$$12000 \times \text{Z} 80,70 = \text{Z} 966,000 \text{ (purchase value)}$$

less:

(40,000) (interest)

9,26,000 (cost value)

$$\frac{12,00,000 \times 8\% \times 5/12}{(\text{Z} 12000 \times 100)}$$

Note: Face value of Z100 per bond is assumed

2) Sale of Bonds on 1st October, 2021

3000 Bonds were sold

$$3000 \times \text{Z} 81 = \text{Z} 243,000 \text{ (SP)}$$

Add: Interest

$$(\text{Z} 3,00,000 \times 8\% \times 5/12) = \text{Z} 10,000$$

$$\text{Z} 253,000$$

Sale price Z 2,43,000

Cost of Z 300,000 Bonds

$$\frac{926000}{12,00,000} \times 300000 = \text{Z} 231500$$

Profit on sale Z 11500

3) Interest received on 1st Nov 2021Interest will be received for 9000 Bonds @ 8% for 6 months i.e. Z 906,000 $\times 8\% \times 1/2 = \text{Z} 36,000$

4) Cost of Bonds on 31.3.2021

$$\text{Cost of Bonds will be } \frac{\text{£926,000}}{12,000} \times 9,000 \\ = \text{£6,94,500}$$

Interest accrued

$$9,00,000 \times 8\% \times 5/12 = \text{£36,000}$$

5) Cost per share after Bonus share

$$\frac{\text{£40,00,000}}{250,000} = \text{£16} \text{ (avg. cost method)}$$

Profit per share sold = £4 ∵ Total profit

$$10,000,000 = \text{£5,00,000}$$

100,000

100,000

100,000

100,000

100,000

100,000

Q7

Journal Entries in the Books of Hindustan Manufacturing Ltd. for the year ended 31st March 2022

Date	Particulars	Dr	Cr
2021			
30 Sep	Int. on Deb A/c TO Bank A/c (Being Int paid)	30,000	30,000
2022			
31 Mar	Int. on Deb A/c TO Bank A/c (Being Int paid)	30,000	30,000
31 Mar	P and L A/c TO DRR A/c (Being DRR created)	30,000	30,000
31 Mar	Bank A/c TO DRR Inv A/c (Being investment sold at loss)	23750	23750
31 Mar	12% Debentures A/c TO Debenture holder A/c (Being debenture redeemed at par)	5,00,000	5,00,000
31 Mar	Debenture holder A/c TO Bank A/c (Being actual payment made)	5,00,000	5,00,000

31 Mar	P and L A/c TD Int on Deb A/c (Being int on Deb. transferred)	60,000	60,000
31 Mar	DRR A/c TD General Reserve A/c (Being DRR transferred to General Reserve)	50,000	50,000