Q.1 Answer the following Questions:

1. 1. A company desires to redeem its 10% 50,000 preference shares of Rs.10 each paid up as Rs.8 per share at 20% premium. In the books of the company, there was balance of security premium Rs.40,000 and P & L A/c (Cr.) 2, 00,000. Company issued minimum equity shares of Rs.10 each at 20% premium. Write journal entries for issue of equity shares in the books of company.
2. Neel Co. Ltd. issued 50,000 equity shares of Rs.10 each and 3000, 10% Redeemable preference shares of Rs.100 each. All shares are fully paid up. P& L A/c shows profit of Rs. 1,50,000 and General Reserve Rs.2,20,000. The directors decided to redeem preference shares at Rs.105 utilizing necessary profit for the purpose. Give entries in the books of company.
3. Parth company desires to redeem its 12% 20,000 Preference shares of Rs.100 each paid up Rs. 70 per share at 25% premium. In the books of company there was of security premium Rs.1,00,000 and P & L A/c (Cr) Rs.4,80,000. Company issued minimum equity share of Rs.10 each at 20% premium. Write journal entry of issuing equity share in the books of the company. (April-19)
4. A company in India issued 500 redeemable preference shares at Rs. 200 each, with a dividend rate of 6%. The shares are redeemable after 4 years at **face value**. Calculate the amount to be transferred to the Capital Redemption Reserve upon redemption. Calculate the amount to be carried to the capital redemption reserve.

2. Following is the balance sheet of Vikarm Ltd. as on 31-03-2025:

Particulars	Amount
I. Equity and Liabilities	
1. Share Holders' Fund	
a. Share Capital	
10% Redeemable Preference Shares of Rs.100 each, Rs.75	3,00,000
Equity shares of Rs.100 each fully paid	8,00,000
b. Reserve & Surplus	
Security Premium A/c	**60,000**
Profit & Loss A/c	96,000
Reserve fund	64,000
Employees profit sharing Fund	40,000
Dividend Equalization Fund	48,000
2.Current Liabilities	
a. Trade payable- Creditors	72,000
Total	14,80,000
II. Assets	
1. Non-Current Assets	
a. Fixed Assets	7,20,000
b. Non-current Investments	3,20,000
2. Current Assets	
a. Cash & Cash equivalents- Bank	2,40,000
b. Other Current Assets	2,00,000
Total	14,80,000

The company decided to redeem 10% redeemable preference shares at 10% premium after complying with the provision laid down under Companies Act,2013. For the purpose, necessary minimum numbers of equity shares are issued.

Thereafter, the company issued fully paid bonus shares at a premium of 10% to equity shareholders in the ratio of one equity share to the holders of five equity shares from the capital redemption reserve.

Write journal entries and prepare new balance sheet in the books of company.

3. Following is the balance sheet of Ratan Ltd. As on 31/03/2026: **14**

Particulars	**Nt.**	**Amt.**
I. EQUITY AND LIABILITIES:		
(1) Shareholders' Funds:		
(a) Share Capital:		
10,000 Equity Shares of Rs. 100 each		10,00,000
		4,00,000

10% Red. Pref. Shares of Rs. 100 each, Rs. 80 Paid up		2,00,000
12% Red. Pref. Shares of Rs. 100 each, fully paid up		
(b) Reserves and Surplus:		3,60,000
General Reserve		1,15,0000
Profit & Loss A/c		50,000
Securities Premium		
(2) Current Liabilities:		25,000
Trade Payables: Creditors		
Total		**21,50,000**
II. ASSETS:		
(1) Non-Current Assets:		
(a) Fixed Assets		15,25,000
(2) Current Assets:		
(a) Inventories: Stock		2,00,000
(b) Trade Receivables: Debtors		3,00,000
(c) Cash and Cash Equivalents: Bank balance		1,25,000
Total		**21,50,000**

The company on 01-04-2026 decided to redeem both the classes of the preference shares, at 10% premium after complying with the provisions laid down under Section 55 of the Companies Act 2013. Cash and Bank balance of Rs. 1,15,000 is to be maintained in the business.

For the purpose of redemption, the company issued necessary number of 10% cumulative preference shares of Rs. 10 each at 10%. Premium After redemption of preference shares the company decided to utilize the capital redemption reserved to issue one fully paid-up equity share as bonus share for every ten equity shares. Write necessary journal entries in the books of the company and prepare the Balance sheet after redemption.

4. The Balance Sheet of Chetana Co. Ltd as on 31-3-2026 is as under:

Particulars	Notes	Rs.
I. EQUITY AND LIABILITIES:		
(1) Shareholder's Funds:		
(a) Share Capital:		
Equity shares of Rs. 10 Each fully paid		6,00,000
up 15% Redeemable preference shares of Rs. 100 Rs. 60 paid up		1,20,000

(b) Reserves and surplus		
General Reserve		1,20,000
Profit & Loss A\c		60,000
Securities premium		20,000
2. Current Liabilities;		
(a) Trade payables; Creditors		80,000
Total		**10,00,000**
II. ASSETS;		
(1) Non-Current Assets;		
(a) Fixed Assets		7,00,000
(b) Non – Current Investment (Face Value Rs. 80,000)		1,14,000
(2) Current Assets;		
(a) Inventories; Stock (b) Trade Receivable: Debtors (c) Cash and Cash Equivalents; Cash **Total**		46,000 60,000 80,000 **10,00,000**

The company on 1-4-2026 decided redeem 15% redeemable preference shares at 20% premium after complying with the provision laid down under the Companies Act and for the purpose issued new necessary 12% Cumulative Preference Shares of Rs. 10 each at a premium of Rs. 5 on each share after keeping a balance of Rs. 50,000 in Profit & Loss A/c. All investments were sold at Rs. 180 each.
After redemption, the company decided to give 8 bonus shares for every 30 equity shares at par. Journalize the above transactions and prepare a balance sheet thereafter.

5. The balance sheet of Alisha Ltd. as at 31-03-2026 was as follows:

Particulars	Amount
I. Equity and Liabilities	
1. Share Holders’ Fund	
a. Share Capital	
9000 Equity Shares of Rs.50 each fully paid	4,50,000
8% Preference shares of Rs.100 each fully paid	1,30,000
b. Reserve & Surplus	
Profit & Loss A/c	96,000
2. Current Liabilities	
a. Trade payable- Creditors	1,13,000
Total	7,89,000
II. Assets	
1. Non-Current Assets	

a. Fixed Assets- Furniture	1,00,000
b. Non-current Investments	37,000
2. Current Assets	
a. Inventories- Stock	4,90,000
b. Trade Receivables- Debtors	1,00,000
c. Cash & Cash equivalents- Bank	62,000
Total	7,89,000

The preference shares were due for redemption on 1-04-2026 at a premium of 7.5%. In order to facilitate the redemption of preference shares, the company decided:

(a) To sell investments for Rs.32,000
(b) To finance the part of the redemption from company's funds, subject to leaving a balance of Rs.24,000 in the profit & loss account, and
(c) To issue sufficient number of equity shares of Rs.50 each at a premium of Rs.13 per share to raise the balance of funds required.

Pass journal entries to record above transactions and prepare balance-sheet as per Schedule III of Companies Act,2013.

6. Following is the Balance sheet of Pavan Ltd. as on 31-03-2026.

Particulars	Amount
I. Equity and Liabilities	
1. Share Holders' Fund	
a. Share Capital	
10% Redeemable Preference Shares of Rs.100 each, Rs.80 paid-up	8,00,000
12% Redeemable Preference Shares of Rs.100 each fully paid	4,00,000
Equity shares of Rs.100 each fully paid	20,00,000
b. Reserve & Surplus	
Security Premium A/c	1,00,000
Profit & Loss A/c	2,30,000
General Reserve	7,20,000
2.Current Liabilities	
a. Trade payable- Creditors	50,000
Total	43,00,000
II. Assets	
1. Non-Current Assets	
a. Fixed Assets	30,50,000
b. Non-current Investments	----------
2Current Assets	
a. Inventories- Stock	3,00,000
b. Trade Receivables- Debtors	7,00,000
c. Cash & Cash equivalents- Bank	2,50,000
Total	43,00,000

The company decided to redeem both the classes of redeemable preference shares at 10% premium after complying with the provision laid down under Companies

Act,2013. Cash & bank balance of Rs.2,30,000 is to be maintained in the business. For the purpose of redemption, the company issued necessary number of 10% cumulative Preference shares at 10% premium. Preference shareholders are paid.

Thereafter, the company issued fully paid bonus shares to the holders in the ratio of one equity share to the holders of 10 equity shares from the capital redemption reserve. Write journal entries and prepare new balance sheet in the books of company.