

ANSWER SHEET

1. MULTIPLE CHOICE QUESTIONS

- 1.(a)
- 2.(b)
- 3.(c)
- 4.(c)
- 5.(b)
- 6.(b)
- 7.(a)
- 8.(c)
- 9.(c)
- 10.(a)

2. LONG QUESTIONS

Solution 1:

DATE	PARTICULARS	L.F	DEBIT	CREDIT
	Bank a/c Dr. To Equity Share Application a/c		7,20,000	7,20,000
	Equity Share Application a/c Dr. To Equity Share Capital a/c		2,00,000	2,00,000
	Equity Share Allotment a/c Dr. To Equity Share Capital a/c To Securities Premium a/c		7,00,000	4,00,000 3,00,000
	Equity share application a/c dr. To equity share allotment a/c		3,60,000	3,60,000

	Equity share application a/c dr. To bank a/c		1,60,000	1,60,000
	Bank a/c dr. To equity share allotment a/c		3,38,640	3,38,640
	Equity share first call a/c dr. To equity share capital a/c		2,00,000	2,00,000
	Bank a/c dr. To equity share first call a/c		1,98,480	1,98,480
	Equity share capital a/c dr. To equity share allotment a/c To equity share first call a/c To share forfeiture a/c		3200	1360 800 1040
	Equity share final call a/c dr. To equity share capital a/c		1,99,200	1,99,200
	Bank a/c dr. To equity share final call a/c		1,98,480	1,98,480
	Equity share capital a/c dr. To equity share first call a/c To Equity share final call a/c To Share forfeiture a/c		3600	720 720 2160

Solution 2:

DATE	PARTICULARS	L.F	1,98,480	CREDIT
A.	Bank a/c dr. To 7% Debentures app&allot a/c		1,98,480	1,00,000

	7%debentures app&allot a/c dr. To debenture a/c		1,00,000	1,00,000
B.	Bank a/c dr. To 7%debentures app&allot a/c		98,000	98000
	7%debentures app&allot a/c dr. Discount on issue a/c dr. To debenture a/c		98,000 2000	100000
C.	Bank a/c dr. To 7%debenture app&allot a/c		1,00000	1,00000
	7%debentures app&allot a/c dr. Loss on issue of deb. a/c dr. To dentures a/c To premium on redemption of deb. a/c		100000 2000	100000 2000

Particulars	X	Y	Z	Total
	40000	15000	50000	105000
Gross liability for public issue (In ratio 12:5:3)	300000	125000	75000	500000
Less: marked shares from public	50000	100000	25000	175000
Less: unmarked shares (including firm underwritten shares) apportioned in 12:5:3 ratio i.e. gross liability ratio [355000-50000-100000 25000=18000]	108000	45000	27000	180000
Net liability				
Relief for –ve liability of Y apportioned to X and Z in 12:3 ratio	142000	(20000)	23000	145000
Net liability as per underwriting agreement	(16000)	20000	(4000)	Nil
Add: firm underwritten shares	126000	Nil	19000	145000
Total liability of respective underwrites	40000	15000	50000	105000
	166000	15000	69000	250000

B.

Particulars	X	Y	Z	Total
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	40000	15000	50000	105000
Gross liability for public issue	300000	125000	75000	500000
Less: marked shares(including firm underwritten shares) X(50000+40000), Y(100000+15000) & Z(25000+50000)shares	90000	115000	75000	280000
Less: unmarked shares apportioned in ratio of gross liability [355000-50000-100000-25000-40000-15000-50000=75000]	45000	18750	11250	75000
Net liability	165000	(8750)	(11250)	145000
Relief for negative liabilities of Y and Z apportioned to X	(20000)	8750	11250	Nil
Net liability as per underwriting agreement	145000	Nil	Nil	145000
Add: firm underwritten shares	40000	15000	50000	105000

Total liability of respective underwriter	185000	15000	50000	250000
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