

Buy-Back of Shares

1. The balance sheet of AFCONS Ltd. as on 31st March, 2004 was as follows:

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs.10 each	400000	Net Block of Fixed	750000
Preference Shares of Rs.100 each	100000	Assets	
Security Premium	127500	Investments	50000
General Reserves	100000	Current Assets	1000000
Profit and Loss Account	122500		
Debentures	800000		
Current Liabilities	150000		
Total	<u>1800000</u>	Total	<u>1800000</u>

Keeping in view the legal requirements, ascertain the maximum number of equity shares that AFCONS Ltd. can buy back Rs.25 per share.

Pass journals entries to record buy back and prepare a balance sheet thereafter.

2. The balance sheet of MANISH Ltd. as on 31-03-2005 is as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Fixed Assets:	
Authorized, Issued, Subscribed and Called-Up:		Net Block of Fixed Assets	4000000
Equity Shares of Rs.10 each	2500000	Investments	1500000
Reserves and Surplus:		Current Assets, Loans and Advances:	
Security Premium	500000	Current Assets	3500000
General Reserves	1000000	(including bank balance of Rs.1500000)	
Profit and Loss Account	1000000	Loans and Advances	500000
Secured Loans:			
10% Debentures	1500000		
Current Liabilities and Provisions:			
Sundry Creditors	1500000		
Bills Payable	500000		
Total	<u>9500000</u>	Total	<u>9500000</u>

Keeping in view all the legal requirements ascertain:

- i. Maximum number of equity shares that MANISH Ltd. can buy back.
- ii. The maximum price it can offer.

Assume that the buy-back is carried out actually at the legally permissible terms, record the entries in the journal of MANISH Ltd. and prepare its balance sheet thereafter.

3. Following is the balance sheet of INDICA Ltd. as on 31-12-2004:

Liabilities	Rs.	Assets	Rs.
Share Capital: Authorized: 1000000 Equity Shares of Rs.10 each	10000000	Fixed Assets: Land and Building	4000000
Issued, Subscribed and Called-Up: 800000 Equity Shares of Rs.10 each, Rs.8 per share paid up	6400000	Plant and Machinery	2200000
Reserves and Surplus: Security Premium	3000000	Furniture	2000000
Profit and Loss Account	5000000	Investments	2000000
Secured Loans: 10% Debentures	3000000	Current Assets, Loans and Advances: Debtors	4200000
Unsecured Loans:	1000000	Bills Receivables	1000000
Current Liabilities and Provisions: Sundry Creditors	2000000	Bank Balance	4500000
Bills Payable	1000000	Stock	2000000
Provision for Tax	500000		
Total	<u>9500000</u>	Total	<u>9500000</u>

Keeping in view the legal requirements, ascertain the maximum number of equity shares that INDICA Ltd. can buy back Rs.20 per share.

Pass journals entries to record buy back and prepare a balance sheet thereafter.

4. Following is the balance sheet of SUYOG Ltd. as on 31st March 2006:

Liabilities	Rs.	Assets	Rs.
Share Capital: Authorized: 1000000 Equity Shares of Rs.10 each	<u>10000000</u>	Fixed Assets: Land and Building	3000000
Issued: 800000 Equity Shares of Rs.10 each, Rs.8 per share paid up	6400000	Plant and Machinery	3000000
Reserves and Surplus: General Reserve	1000000	Furniture	2200000
Security Premium	2000000	Investments	1500000
Profit and Loss Account	5000000	Current Assets: Debtors	4700000
Secured Loans: 10% Debentures	2000000	Bills Receivables	1000000
Unsecured Loans:	2000000	Bank Balance	4000000
Current Liabilities and Provisions: Sundry Creditors	1500000	Stock	2000000
Bills Payable	1500000		
Total	<u>21400000</u>	Total	<u>21400000</u>

The company decides to buy back the maximum number of equity shares as may be permitted at a price of Rs.20 per share.

Find out maximum number of shares to be bought back and pass journal entries and prepare balance sheet after buy back.

5. A company buybacks 50000 shares of Rs.10 each at Rs.25 per share. The reserves of the company are as follows:

	Rs.
Securities Premium	1500000
General Reserve	2300000

Pass journal entries in the books of a company without narration for buyback of shares.

6. Following information is available from the books of a company:

	Rs.
1200000 equity shares of Rs.10 each	1200000
Securities Premium	70000
General Reserve	350000

The company decided to buyback 25% of the equity share capital at Rs.12 per share. Pass journal entries in the books of a company without narration for buyback of shares.

7. X Ltd. furnishes the following information:

	Rs.
800000 Equity Shares of Rs.10 each, Rs.8 per share paid up	560000
General Reserve	80000
Securities Premium	600000
Profit and Loss Account	120000
Bank Loan (secured)	300000
Unsecured Loans	100000

Keeping in view the legal requirements, ascertain the maximum number of equity shares that can bought back at a price Rs.40 per share.

8. Yuvraj Ltd. furnishes the following information:

60000 Equity Shares of Rs.100 each fully paid-up

	Rs.
Securities Premium	400000
General Reserve	3600000
Profit/Loss A/C (Cr.)	4000000
Secured Loan	4000000
Unsecured Loan	2000000

Keeping in view the legal requirements, ascertain the maximum number of equity shares that can bought back at a price Rs.250 per share.

9. Following is the summarized balance sheet of Ms. Mandangad Ltd. as on 31st March, 2013

Liabilities	Rs.	Assets	Rs.
40000 Equity Shares of Rs.100 each fully paid	4000000	Fixed Assets	12000000
20000, 10% Redeemable Preference Shares of Rs.100 each fully paid	2000000	Investments	800000
Capital Redemption Reserve	400000	Stock	1600000
Security Premium	320000	Debtors	1600000
General Reserves	800000	Bank Balance	600000
Profit and Loss Account	400000		
11% Debentures	4000000		
Creditors	4160000		
Total	<u>16080000</u>	Total	<u>16080000</u>

On the same date it was decided to buyback the maximum number of equity shares at the maximum price possible under the law:

In case of shortage of funds, bank overdraft was to be arranged. The company decided to utilize profit and loss account to the minimum extent. Pass journal entries for the above transactions and prepare the balance sheet after buyback in revised schedule VI format.

10. Following is the summarized balance sheet of Shreenath Ltd. as on 31st March, 2014 is as follows:

Particulars	Rs.
Share Capital:	
600000 Equity Shares of Rs.10 each fully paid	6000000
Security Premium	400000
Profit and Loss Account	2000000
13% Debentures	2800000
Creditors	1000000
Total	12200000
Fixed Assets	6700000
Investments	2500000
Current Assets	3000000
Total	12200000

Ascertain the maximum number of equity shares the company can buyback at the maximum possible price under the law as on 31st March, 2014.

Assuming the buyback is actually is actually carried out; record the journal entries in the books of Shreenath Ltd. also prepare Notes to Account with respect to Share Capital and Reserves and Surplus as they would appear in Notes to Accounts forming part of the balance sheet of Shreenath Ltd. as on 31st March, 2014. (Do not prepare the balance sheet)

11. Following is the summarized balance sheet of Surya Ltd. as on 31-03-2015.

Liabilities	Rs.	Assets	Rs.
1600000 Equity Shares of Rs.10 each, Rs.8 paid up	12800000	Land and Building	6000000
Security Premium	12000000	Plant and Machinery	6000000
Profit and Loss Account	4000000	Furniture	4400000
10% Debentures	4000000	Investments	3000000
Bank Term Loan	4000000	Debtors	9400000
Creditors	6000000	Bank Balance	10000000
		Stock	4000000
Total	<u>42800000</u>	Total	<u>42800000</u>

The company decides to buyback maximum number of equity shares as maybe permitted at a price of Rs.20 per share being the current market price.

Assuming the buyback is actually is actually carried out, you are required to:

- a) Pass necessary journal entries in the books of company and
- b) Prepare Notes to Account with respect to Share Capital and Reserves and Surplus as they would appear in Notes to Accounts forming part of the balance sheet of Surya Ltd. as on 31st March, 2015. (Do not prepare the balance sheet)

12. Following is the summarized balance sheet of Shreeram Ltd. as on 31st March, 2017 is as follows:

Particulars	Rs.
Share Capital:	
300000 Equity Shares of Rs.10 each fully paid	3000000
Reserves and Surplus	
Security Premium	200000
Profit and Loss Account	800000
Long-Term Borrowings	
13% Debentures	1400000
Current Liabilities	
Creditors	400000
Total	5800000
Assets	
Fixed Assets	2800000
Investments	1000000
Current Assets	2000000
Total	5800000

Ascertain the maximum number of equity shares of company that can buyback at a price Rs.40 per share.

Assuming the buyback is actually is actually carried out, you are required to:

- a) Record the journal entries in the books of Shreeram Ltd.
- b) Prepare Notes to Account with respect to Share Capital and Reserves and Surplus as they would appear in Notes to

Accounts forming part of the balance sheet of Surya Ltd. as on 31st March, 2017. (Do not prepare the balance sheet)

13. The following is the balance sheet of Seema Ltd. as on 31-03-2017:

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs.10 each	1200000	Fixed Assets	4000000
10% Redeemable Preference Shares of Rs.100 each	300000	Investments	1200000
General Reserves	360000	Stock	1000000
Security Premium	400000	Debtors	550000
Security Premium	240000	Bank Balance	250000
11% Debentures	2000000		
Bank Loan	1600000		
Sundry Creditors	900000		
Total	<u>7000000</u>	Total	<u>7000000</u>

Keeping in mind all the legal requirements, ascertain the maximum number of equity shares that Seema Ltd. can buy back Rs.50 per share. Investment costing Rs.600000 were sold for Rs.640000.

Pass necessary journal entries to record the above transactions.

14. The following is the balance sheet of Seema Ltd. as on 31-03-2018.

Liabilities	Rs.	Assets	Rs.
Share Capital: Authorized: 800000 Equity Shares of Rs.10 each fully paid	8000000	Fixed Assets: Land and Building Plant and Machinery Furniture and Fixtures	4000000 3600000 2200000
Reserves and Surplus: Security Premium General Reserve Profit and Loss Account	2000000 1000000 5000000	Investments Current Assets, Loans and Advances: Stock Debtors Bills Receivables Bank Balance	1500000 2000000 4000000 1000000 4700000
Secured Loans: 10% Debentures	2000000		
Unsecured Loans:	2000000		
Current Liabilities and Provisions: Sundry Creditors Bills Payable	2000000 1000000		
Total	<u>23000000</u>	Total	<u>23000000</u>

The company decides to buyback maximum number of equity shares as maybe permitted by law at a price of Rs.20 per share being the current market price. Investments are sold for out at a loss of 20%

You are required to pass journal entries (without narration) in the books of Mayuresh Ltd. assuming that buyback is carried out. Also Prepare Notes to Account with respect to Share Capital and Reserves and Surplus and Cash and Cash

Equivalents as on 31st March, 2018. (Do not prepare the balance sheet)

15. Following is the summarized balance sheet of Shalaka Ltd. as on 31-03-2018 is as follows:

Particulars	Rs.
Share Capital:	
600000 Equity Shares of Rs.10 each fully paid	6000000
Security Premium	400000
Profit and Loss Account	2000000
13% Debentures	2800000
Creditors	1000000
Total	12200000
Fixed Assets	6700000
Investments	2500000
Current Assets	3000000
Total	12200000

Ascertain the maximum number of equity shares the company can buyback at a maximum possible price under the law as on 31st March, 2018.

Assuming the buyback is actually carried out, record the pass journal entries (without narration) in the books of Shalaka Ltd. Also Prepare Notes to Account with respect to Share Capital and Reserves and Surplus as on 31st March, 2018 (Do not prepare balance sheet).