

# DR.B.B. HEGDE FIRST GRADE COLLEGE

\* KUNDAPURA \*

ASSIGNMENT TOPIC : Question Paper Solving

SUBJECT : Corporate Accounting

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10/10

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Signature of student



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Redemptions means repayment. According to sec 18 the preference share can be redeemed at the expiry of a specified period is called redeemable preference shares.

legal provision or Condition.

According to section 55 of Indian Companies act 2013

1. Only fully paid shares can be redeemed.
2. Preference shares can be redeemed either out of issue of new equity share or out of divisible profit.
3. Redeemed value must be transfer from the divisible profit to 'Capital Redemption Reserve'
4. Preference share can be redeemed at par or at premium but not at discount.
5. The premium on redemption paid out of profits or securities premium account

6. The redemption of preference share should not reduce the authorised Capital of the Company

### Forms of internal reconstruction.

- 1) Alteration of share Capital
- 2) Reduction of share Capital

### Alteration of share Capital

#### a) Increasing share Capital.

It can be got about by offering more shares for subscription. The only restriction is that the offer must first be made to the existing share holder.

#### b) Cancellation of unissued share.

The authorised Capital of Company can be reduced by cancelling unissued shares.

### c) Consolidation of shares.

It means conversion of shares of smaller denomination into shares of larger denomination.

### d) Subdivision of shares.

This is just opposite to the Consolidation. In this case the shares of larger denomination & converted into shares of smaller denomination.

### e) Conversion of shares into stocks.

Fully paid shares can be converted into stock if the Company is authorised by its article.

### f) Reduction of share Capital.

This is generally relates to right of the past accumulated losses of the Company. A company can reduce the share Capital subject to the provision laid down by Companies;

act 2013.

Liquidation is the legal procedure by which the Company comes to an end. Some legal formalities are required to close the affairs of the Company.

Modes of winding up or liquidation.

[A] By court/law

[B] Voluntary winding up

[A] By law or Compulsory winding up

1) Sick Company.

If the Company is in the position where Creditors having dominating position. It does the committee of Creditors shall appoint an administrator to holdup the windup of Company

2) Special Resolution.

If the Company has agreed by a special

resolution that it will windup by the court

### 3) Acts against the state.

If the Company do the business acts against the state against the India sovereignty & integrity, the law or court have discretion to windup the Company.

### 4) Fraudulent Conduct of business.

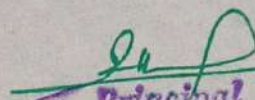
If the Company involve in fraud or unlawful business, the law or Court have discretion windup of the Company.

### 5) Failure to file financial statement

If the Company has failed to file its financial statement or annual reports with the registrar for the last 5 years, the law or Court have discretion to windup of the Company.

## [B] Voluntary Winding up

- 1) General meeting approves company to be windup
- 2) Board of directors approves a special resolution.

  
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