

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 02.08.2021

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Accounting for Share

Question 17:

Life machine tools Limited, issued 50,000 equity shares of Rs 10 each at Rs 12 per share, payable at to Rs 5 on application (including premium), Rs 4 on allotment and the balance on the first and final call.

Applications for 70,000 shares had been received. Of the cash received, Rs 40,000 was returned and Rs 60,000 was applied to the amount due on allotment, the balance of which was paid. All shareholders paid the call due, with the exception of one share holder of 500 shares. These shares were forfeited and reissued as fully paid at Rs 8 per share. Journalise the transactions.

ANSWER:

Books of Life machine tools Limited

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Application money received on application for 70,000 shares @ Rs 5 per share including premium Rs 2)		3,50,000	3,50,000
	Share Application A/c Dr. To Share Capital A/c To Securities Premium A/c To Share Allotment A/c		3,50,000	1,50,000 1,00,000 60,000

<p>To Bank A/c</p> <p>(Share Application money for 50,000 shares transferred to Share Capital Account and Securities Premium, Rs 60,000 adjusted to Allotment and Rs 40,000 returned)</p>			40,000
<p>Share Allotment A/c</p> <p>To Share Capital A/c</p> <p>(Share Allotment money due on 50,000 shares @ Rs 4 per share)</p>	Dr.	2,00,000	2,00,000
<p>Bank A/c</p> <p>To Share Allotment A/c</p> <p>(Share Allotment money received on share allotment)</p>	Dr.	1,40,000	1,40,000
<p>Share First and Final A/c</p> <p>To Share Capital A/c</p> <p>(Share First and Final Call money due on 50,000 shares @ Rs 3 per share)</p>	Dr.	1,50,000	1,50,000
<p>Bank A/c</p> <p>To Share First and Final A/c</p> <p>(Share First and Final Call money received from 49,500 shares @ Rs 3 per share and 500 shares failed to pay)</p>	Dr.	1,48,500	1,48,500
<p>Share Capital A/c (500×10)</p> <p>To Share First and Final Call A/c (500×3)</p> <p>To Share Forfeiture A/c (500×7)</p>	Dr.	5,000	1,500 3,500

(500 shares @ Rs per share fully paid up forfeited for the non-payment of Share First and Final Call Rs 3 per share)			
Bank A/c	Dr.	4,000	
Share Forfeiture A/c	Dr.	1,000	
To Share Capital A/c			5,000
(500 Shares reissued @ 8 per share fully paid up)			
Share Forfeiture A/c	Dr.	2,500	
To Capital Reserve A/c			2,500
(Balance of 500 shares in Forfeiture Account after adjustment, transferred to Capital Reserve Account)			

Question 18:

The Orient Company Limited offered for public subscription 20,000 equity shares of Rs 10 each at a premium of 10% payable at Rs 2 on application; Rs 4 on allotment including premium; Rs 3 on First Call and Rs 2 on Second and Final call. Applications for 26,000 shares were received. Applications for 4,000 shares were rejected. Pro-rata allotment was made to the remaining applicants. Both the calls were made and all the money were received except the final call on 500 shares which were forfeited. 300 of the forfeited shares were later on issued as fully paid at Rs 9 per share. Give journal entries and prepare the balance sheet.

ANSWER:

Books of Orient Company Limited

Journal

Date	Particulars	L.F.	Debit	Credit
			Amount	Amount
			Rs	Rs

Bank A/c	Dr.	52,000	
To Share Application A/c			52,000
(Share Application Money received for 26,000 shares @ Rs 2 per share)			
Share Application A/c	Dr.	52,000	
To Share Capital A/c			40,000
To Share Allotment A/c			4,000
To Bank A/c			8,000
(Application money @ Rs 2 per share of 20,000 shares transferred to Share Capital Account and money of 4,000 shares returned, remaining to Share Allotment)			
Share Allotment A/c	Dr.	80,000	
To Share Capital A/c			60,000
To Securities Premium A/c			20,000
(Share Allotment money due on 20,000 shares @ Rs 4 per share including Re 1 Securities Premium)			
Bank A/c	Dr.	76,000	
To Share Allotment A/c			76,000
(Share Allotment Money received for all the shares after adjustment of money transferred from Share Application)			
Share First Call A/c	Dr.	60,000	
To Share Capital A/c			60,000
(Share First Call money due on 20,000 share @ Rs 2 per share)			

Bank A/c	Dr.	60,000	
To Share First Call A/c			60,000
(Share First Call received for 20,000 shares @ Rs 2 per share)			
Share Second and Final Call A/c	Dr.	40,000	
To Share Capital A/c			40,000
(Share Second and Final Call money due on 20,000 shares @ Rs 2 per share)			
Bank A/c	Dr.	39,000	
To Share Second and Final Call A/c			39,000
(Share Second and Final Call money received for 19,500 shares @ Rs 2 per share and 500 shares failed to pay)			
Share Capital A/c	Dr.	5,000	
To Share Second and Final Call A/c			1,000
To Share Forfeiture A/c			4,000
(500 shares of Rs 10 per share fully called-up forfeited for non-payment of Second and Final Call Rs 2 per share)			
Bank A/c	Dr.	2700	
Share Forfeiture A/c	Dr.	300	
To Share Capital A/c			3,000
(300 shares @ Rs 10 each reissued for Rs 9 per share fully paid-up)			
Share Forfeiture A/c	Dr.	2,100	
To Capital Reserve A/c			2,100

(Balance of 300 shares in Share Forfeiture Account transferred to Capital Reserve Account, after adjustment)			
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**Orient Company Limited
Balance Sheet**

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	1,99,600
b. Reserves and Surplus	2	22,100
2. Non-Current Liabilities		
3. Current Liabilities		
Total		2,21,700
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	2,21,700
Total		2,21,700

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Equity Share Capital Equity Shares of Rs 10 each	-
	Issued Equity Share Capital 20,000 Equity Shares of Rs 10 each	2,00,000
	Subscribed, Called-up and Paid-up Equity Share Capital	
	19,800 Equity Shares of Rs 10 each 1,98,000	
	Add: Shares Forfeiture 1,600	1,99,600
2	Reserves and Surplus	

	Securities Premium	20,000	
	Capital Reserve	2,100	22,100
3	Cash and Cash Equivalents		
	Cash at Bank		2,21,700

Working Notes:

Share Forfeiture Account credited	Rs 8 per share
<i>Less:</i> Share Forfeiture Account debited	Rs 1 per share
Amount transferred to Capital Reserve Account, after adjustment	Rs 7 per share

Amount transferred to Capital Reserve Account, after adjustment for 300 shares = 300 Shares @ Rs 7 per share = Rs 2,100
