

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 07.08.2021

Teacher name – Ajay Kumar Sharma

Accounting for Share

Question 21:

Amit holds 100 shares of Rs 10 each on which he has paid Re.1 per share as application money. Bimal holds 200 shares of Rs 10 each on which he has paid Re.1 and Rs 2 per share as application and allotment money, respectively. Chetan holds 300 shares of Rs 10 each and has paid Re.1 on application, Rs 2 on allotment and Rs 3 for the first call. They all fail to pay their arrears and the second call of Rs 2 per share and the directors, therefore, forfeited their shares. The shares are reissued subsequently for Rs 11 per share as fully paid. Journalise the transactions.

ANSWER:

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Capital A/c (600×8) Dr. To Share Allotment (100×2) To Share First Call A/c (300×3) To Share Second Call A/c (600×2) To Share Forfeiture A/c (600 shares @ Rs 10 per share Rs 8 called-up forfeited after making Second Call)		4,800	200 900 1,200 2,500
	Bank A/c Dr. To Share Capital A/c To Securities Premium A/c (600 shares @ Rs 10 each for Rs 11 per share fully paid-up reissued)		6,600	6,000 600
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance of Share Forfeiture Account transferred to Capital)		2,500	2,500

Reserve Account after reissue)				
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Working Notes:

Share Forfeiture Account credited			
Amit	(100×1)	=	100
Bimal	(200×3)	=	600
Chetan	(300×6)	=	1,800
			2,500

Question 22:

Ajanta Company Limited having a normal capital of Rs 3,00,000, divided into shares of Rs 10 each offered for public subscription of 20,000 shares payable at Rs 2 on application; Rs 3 on allotment and the balance in two calls of Rs 2.50 each. Applications were received by the company for 24,000 shares. Applications for 20,000 shares were accepted in full and the shares allotted. Applications for the remaining shares were rejected and the application money was refunded.

All moneys due were received with the exception of the final call on 600 shares which were forfeited after legal formalities were fulfilled. 400 shares of the forfeited shares were reissued at Rs 9 per share.

Record necessary journal entries and prepare the balance Sheet showing the amount transferred to capital reserve and the balance in Share forfeiture account.

ANSWER:

Books of Ajanta Company Limited

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share Application money received for 24,000 shares @ Rs 2 per share)		48,000	48,000
	Share Application A/c Dr. To Share Capital A/c To Bank A/c (Share Application @ Rs 2 per share for 20,000 shares transferred to Share Capital and remaining for 4,000 shares rejected)		48,000	40,000 8,000

Share Allotment A/c To Share Capital A/c (Share Allotment money due @ Rs 3 per share on 20,000 shares)	Dr.	60,000	60,000
Bank A/c To Share Allotment A/c (Share Allotment money received for 20,000 shares @ Rs 3 per share)	Dr.	60,000	60,000
Share First Call A/c To Share Capital A/c (Share First Call money due on 20,000 Shares @ Rs 2.5 per share)	Dr.	50,000	50,000
Bank A/c To Share First Call A/c (Share First Call money received for 20,000 shares @ Rs 2.5 per share)	Dr.	50,000	50,000
Share Final Call A/c To Share Capital A/c (Share Final Call money due on 20,000 Shares @ Rs 2.5 per share)	Dr.		
Bank A/c Calls in Arrears A/c To Share Final Call A/c (Share Final Call money received for 19,400 shares @ Rs 2.5 per share except 600 shares)	Dr. Dr.	48,500 1,500	50,000
Share Capital A/c To Calls in Arrears A/c To Share Forfeiture A/c (600 Shares forfeited @ Rs 10 each for the non-payment of Share Final Call @ Rs 2.5 per share)	Dr.	6,000	1,500 4,500
Bank A/c	Dr.	3,600	

Share Forfeiture A/c To Share Capital A/c (400 shares @ Rs 10 each for Rs 9 per share reissued)	Dr.	400	4,000
Share Forfeiture Account To Capital Reserve A/c (After reissue balance of 400 shares in Forfeiture Account transferred to Capital Reserve Account)	Dr.	2,600	2,600

Ajanta Company Limited
Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	1,99,500
b. Reserves and Surplus	2	2,600
2. Non-Current Liabilities		
3. Current Liabilities		
Total		2,02,100
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	2,02,100
Total		2,02,100

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital 30,000 shares of Rs 10 each	3,00,000
	Issued Share Capital 20,000 shares of Rs 10 each	2,00,000
	Subscribed, Called-up and Paid-up Share Capital 19,800 shares of Rs 10 each	1,98,000

	<i>Add:</i> Shares Forfeiture	1,500	1,99,500
2	Reserves and Surplus Capital Reserve		2,600
3	Cash and Cash Equivalents Cash at Bank		2,02,100

Working Note:

Share Forfeiture Account credited	Rs 7.5 per share
<i>Less:</i> Share Forfeiture Account debited	Rs1 per share
Amount transferred to Capital Reserve Account, after adjustment	Rs 6.5 per share

Amount of 400 shares transferred to Capital Reserve Account, after reissue = 400 Shares @ Rs 6.5 per share = Rs 2,600

Question 23:

Journalise the following transactions in the books Bhushan Oil Ltd.:

(a) 200 shares of Rs. 100 each issued at a premium of Rs. 10 were forfeited for the non-payment of allotment money of Rs. 60 per share. The first and final call of Rs. 20 per share on these shares were not made. The forfeited shares were reissued at Rs. 70 per share as fully paid-up.

(b) 150 shares of Rs. 10 each issued at a premium of Rs. 4 per share payable with allotment were forfeited for non-payment of allotment money of Rs. 8 per share including premium. The first and final calls of Rs. 4 per share were not made. The forfeited shares were reissued at Rs. 15 per share fully paid-up.

(c) 400 shares of Rs. 50 each issued at par were forfeited for non-payment of final call of Rs. 10 per share. These shares were reissued at Rs. 45 per share fully paid-up.

ANSWER:

Case (a)

Books of Bhushan Oil Ltd.

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Capital A/c (200 ×× 80) Dr.		16,000	
	Securities Premium A/c (200 ×× 10) Dr.		2,000	
	To Share Allotment A/c (200 ×× 60)			12,000

To Share Forfeiture A/c (200 ×× 30) (200 shares forfeited @ ₹100 each issued at a premium of ₹10 for the nonpayment of allotment money ₹60 per share)			6,000
Bank A/c (200 ×× 70)	Dr.	14,000	
Share Forfeiture A/c (200 ×× 30)	Dr.	6,000	
To Share Capital A/c (200 ×× 100) (200 shares reissued @ ₹70 per share fully paid-up)			20,000

Case (b)

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Capital A/c Dr.		900	
	Securities Premium A/c Dr.		600	
	To Share Allotment A/c			1,200
	To Share Forfeiture A/c			300
	(150 shares @ ₹10 each forfeited for nonpayment of allotment money Rs 8 per share including premium ₹4)			
	Bank A/c Dr.		2,250	
	To Share Capital A/c			1,500
	To Securities Premium A/c			750
	(150 shares @ ₹10 each reissued For ₹15 per share fully paid-up)			
	Share Forfeiture A/c Dr.		300	
	To Capital Reserve A/c			300
	(Balance of Share Forfeiture Account transferred to Capital Reserve Account)			

Case (c)

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Capital A/c Dr. To Share Final Call A/c To Share Forfeiture A/c (400 shares @ ₹ 50 per share forfeited for nonpayment of Final Call Rs 10 per share)		20,000	4,000 16,000
	Bank A/c Dr. Share forfeiture A/c Dr. To Share Capital A/c (400 shares @ ₹50 each reissued for ₹45 fully paid-up)		18,000 2,000	20,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in Share Forfeiture Account transferred to Capital Reserve Account)		14,000	14,000