

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 09.08.2021

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### Accounting for Share

#### Question 24:

Amisha Ltd inviting application for 40,000 shares of Rs 100 each at a premium of Rs 20 per share payable; on application Rs 40 ; on allotment Rs 40 (Including premium): on first call Rs 25 and Second and final call Rs 15.

Application were received for 50,000 shares and allotment was made on pro-rata basis. Excess money on application was adjusted on sums due on allotment.

Rohit to whom 600 shares were allotted failed to pay the allotment money and his shares were forfeited after allotment. Ashmita, who applied for 1,000 shares failed to pay the Two calls and his shares were forfeited after the second call. Of the shares forfeited, 1,200 shares were sold to Kapil for Rs 85 per share as fully paid, the whole of Rohit's shares being included.

Record necessary journal entries.

#### ANSWER:

#### Books of Amisha Ltd.

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share Application money received on 50,000 shares @ 40 per share)		20,00,000	20,00,000
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c (Share Application money adjusted)		20,00,000	16,00,000 4,00,000
	Share Allotment A/c Dr. To Share Capital A/c To Share Premium A/c (Share Allotment money due including premium)		16,00,000	8,00,000 8,00,000
	Bank A/c Dr. To Share Allotment A/c		11,82,000	11,82,000

(Share Allotment money received except 600 shares)			
Share Capital A/c	Dr.	36,000	
Share premium A/c	Dr.	12,000	
To Share Allotment A/c			18,000
To Share Forfeiture A/c			30,000
(600 shares forfeited after allotment)			
Share First Call A/c	Dr.	9,85,000	
To Share Capital			9,85,000
(First Call money in due on 39,400 shares)			
Bank A/c	Dr.	9,65,000	
To Share First Call A/c			9,65,000
(First Call money received except 800 shares)			
Share Second and Final Call A/c	Dr.	5,91,000	
To Share Capital A/c			5,91,000
(Second and Final Call money due on 39,400 shares)			
Bank A/c	Dr.	5,79,000	
To Share Second and Final Call A/c			5,79,000
(Second and Final Call money received except 800 shares)			
Share Capital A/c	Dr.	80,000	
To Share First Call A/c			20,000
To Share Second & Final Call A/c			12,000
To Share Forfeiture A/c			48,000
(800 share forfeited)			
Bank A/c	Dr.	1,02,000	
Share Forfeiture A/c	Dr.	18,000	
To Share Capital A/c			1,20,000
(Forfeited shares reissued 1,200 @ 85 per share)			
Share Forfeiture A/c	Dr.	48,000	
To Capital Reserve A/c			48,000
(Profit on 1,200 reissued shares are transfer to capital reserve account)			

### Cash Book (Bank Column)

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs

Share Application	20,00,000	Balance c/d	48,28,000
Share Allotment	11,82,000		
Share First Call	9,65,000		
Share Final Call	5,79,000		
Share Capital	1,02,000		
	48,28,000		48,28,000

### Working Notes:

#### 1. Number of shares applied by Rohit

$$= \frac{\text{Total number of applied shares}}{\text{Total number of allotted shares}} \times \text{Number of allotted shares.}$$

$$= \frac{50,000}{40,000} \times 600 = 750 \text{ shares}$$

#### 2. Call in arrears by Rohit on allotment

Money received on Application	(750-40) =	30,000
Less: Amount adjusted on Application	(600-40) =	24,000
Amount adjusted on Allotment		6,000

#### 3.

Money due on Allotment	(600-40)	24,000
Money adjusted		6,000
Balance due on Allotment		18,000

#### 4. Number of shares allotted to Ashmita

$$= \frac{\text{Total number of allotted shares}}{\text{Total number of applied shares}} \times \text{Number of shares applied}$$

$$= \frac{40,000}{50,000} \times 1,000 = 800 \text{ shares}$$

#### 5. Profit on the forfeiture of 600 share of Rohit = Rs 30,000

Profit on the forfeiture of 600 share of Ashmita = Rs 36,000  $\left( 48,000 \times \frac{600}{800} = 36,000 \right)$

Profit on forfeiture of 1200 shares (30,000 + 36,000)	=	66,000
Less: Loss on reissue of shares	=	18,000
Transfer to Capital Reserve	=	48,000

6. Balance in Share Forfeiture Account  $(48,000 - 36,000) = \text{Rs } 12,000$

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