

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

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Accounting for Share Capital

Q. 29. Z Ltd. was registered with an authorised capital of ₹10,00,000 divided into 10,000 shares of ₹100 each. The Company offered 5,000 of these shares to the public, which were payable ₹25 per share on application, ₹50 per share on allotment and the balance three months later. Applications for 7,100 shares were received on which the directors allotted as follows :

Applications for 4,000	Shares	Full
Applications for 3,000	Shares	1,000
Applications for 100	Shares	Nil

₹1,85,000 was realised on account of allotment money (excluding the amount carried from application money) and ₹1,15,000 on account of call. The Directors decided to forfeit those shares on which allotment money was overdue.

Show the entries in the company's books.

SOLUTION : 29.

Books of Z Ltd. JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c To Share Application A/c (Application money received on 7,100 @ ₹25 per share)	Dr.	1,77,500	1,77,500

Share Application A/c To Share Capital A/c To Share Allotment A/c (2,000 Shares × ₹25) To Bank A/c (100 Shares × ₹25) (Application money adjusted and surplus refunded)	Dr.	1,77,500	1,25,000 50,000 2,500
Share Allotment A/c To Share Capital A/c (Allotment money due on 5,000 shares @ ₹50 per share)	Dr.	2,50,000	2,50,000
Bank A/c To Share Allotment A/c (Allotment money received)	Dr.	1,85,000	1,85,000
Share First and Final Call A/c To Share Capital A/c (First and Final Call due on 5,000 shares @ ₹25 per share)	Dr.	1,25,000	1,25,000
Bank A/c To Share First and Final Call A/c (Money received on First and Final Call)	Dr.	1,15,000	1,15,000
Share Capital A/c To Share Allotment A/c To Share First and Final Call A/c To Share Forfeiture A/c (Forfeiture of 300 shares for non-payment of allotment and first and final call)	Dr.	30,000	15,000 7,500 7,500

Working Note : (1)

Calculation of number of shares on which allotment money is not received :

Total amount due on allotment : 5,000 Shares × ₹50	=	2,50,000	₹
Less : Excess received on application (3,000 shares – 1,000 Shares) × ₹25	=	50,000	
		<u>2,00,000</u>	
Less : Allotment money received		<u>1,85,000</u>	
Amount not received on allotment		<u>15,000</u>	

Hence, number of shares on which allotment is not received = $\frac{15,000}{₹50} = 300$ shares

Q. 30. W Ltd. issued 10,000 shares of ₹100 each. During the year only ₹80 were called payable as follows :

On Application	₹25
On Allotment	₹20
On Ist Call	₹20
On IInd Call	₹15

Amounts were received as follows :

On 8,000 shares the full amount called

- On 1,200 shares ₹65 per share
- On 500 shares ₹45 per share
- On 300 shares ₹25 per share

The directors forfeited those shares on which less than ₹65 per share were received. Show entries in the Cash Book and show the Share Capital in the Balance Sheet.

SOLUTION : 30.

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>
<i>Particulars</i>	<i>L.F.</i>	₹	<i>Particulars</i>	<i>L.F.</i>	₹	
To Equity Share Application A/c (10,000 × 25)		2,50,000	By Balance c/d		7,48,000	
To Equity Share Allotment A/c (9,700 × 20)		1,94,000				
To Equity Share First Call A/c (9,200 × 20)		1,84,000				
To Equity Share Second & Final Call A/c (8,000 × 15)		1,20,000				
		<u>7,48,000</u>			<u>7,48,000</u>	

JOURNAL

<i>Date</i>	<i>Particulars</i>	<i>L.F.</i>	<i>Dr. (₹)</i>	<i>Cr. (₹)</i>
	Equity Share Application A/c Dr. To Equity Share Capital A/c (Amount received on Application transferred to Capital A/c)		2,50,000	2,50,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Amount due on allotment)		2,00,000	2,00,000
	Equity Share first Call A/c Dr. To Equity Share Capital A/c (Amount due on First Call)		2,00,000	2,00,000
	Equity Share Second & Final Call A/c Dr. To Equity Share Capital A/c (Amount due on Second Call)		1,50,000	1,50,000
	Equity Share Capital A/c (800 × 80) Dr. To Equity Share Allotment A/c (300 × 20) To Equity Share First Call A/c (800 × 20) To Equity Share Second & Final Call A/c (800 × 15) To Share Forfeiture A/c (Forfeiture of 800 shares on which less than ₹65 are received)		64,000	6,000 16,000 12,000 30,000

EXTRACT OF BALANCE SHEET OF W LTD.

as at.....

<i>Particulars</i>	<i>Note No.</i>	<i>Current Year</i>	<i>Previous Year</i>
I. EQUITY AND LIABILITIES :		₹	₹
Shareholder's Funds			
(a) Share Capital	1	7,48,000	

Notes to Accounts :

		₹
(1) Share Capital :		
Authorised Capital :		
.... Equity Shares of ₹100 each	 =====
Issued Capital :		
10,000 Equity Shares of ₹100 each		10,00,000 =====
Subscribed but not fully paid Capital:		
9,200 Equity Shares of ₹100 each ₹80 Called up		7,36,000
Less : Calls in Arrears ⁽²⁾		18,000
		7,18,000
Add : Share Forfeiture A/c		30,000
		7,48,000 =====

(2) Calls in Arrears = ₹15 per share on 1,200 unforfeited shares.