

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

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## Accounting for Share

### Question 6:

A limited company offered for subscription of 1,00,000 equity shares of Rs 10 each at a premium of Rs 2 per share. 2,00,000. 10% Preference shares of Rs 10 each at par.

The amount on share was payable as under :

	<i>Equity Shares</i>	<i>Preference Shares</i>
On Application	Rs 3 per share	Rs 3 per share
On Allotment	Rs 5 per share (including a premium)	Rs 4 per share
On First Call	Rs 4 per share	Rs 3 per share

All the shares were fully subscribed, called-up and paid.

Record these transactions in the journal and cash book of the company:

### ANSWER:

#### Books of A Ltd.

#### Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Equity Share Application A/c	Dr.	3,00,000	
	10% Preference Share Application A/c	Dr.	6,00,000	
	To Equity Share Capital A/c			3,00,000
	To 10% Preference Share Capital A/c			6,00,000
	(Application money transferred to Equity Share Capital )			
	Equity Share Allotment A/c	Dr.	5,00,000	
	10% Preference Share Allotment A/c	Dr.	8,00,000	

To Equity Share Capital A/c			3,00,000
To Securities Premium A/c			2,00,000
To 10% Preference Share Allotment A/c (Amount due on allotment)			8,00,000
Equity Share First and Final Call A/c	Dr.	4,00,000	
10% Preference Share First and Final Call A/c	Dr.	6,00,000	
To Equity Share Capital A/c			4,00,000
To 10% Preference Share Capital A/c (Amount on First and Final call due)			6,00,000

### Cash Book( Bank Column)

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
	Equity Share Application		3,00,000				
	10% Preference Share Application		6,00,000				
	Equity Share Allotment		5,00,000				
	10% Preference Share Allotment		8,00,000				
	Equity Share First and Final Call		4,00,000		Balance c/d		32,00,000
	10% Preference Share First & Final Call		6,00,000				
			32,00,000				32,00,000

#### Question 7:

Eastern Company Limited, having an authorised capital of Rs 10,00,000 in shares of Rs 10 each, issued 50,000 shares at a premium of Rs 3 per share payable as follows :

On Application	Rs 3 per share
On Allotment (including premium)	Rs 5 per share

On first call (due three months after allotment) and the balance as and when required. Rs 3 per share

Applications were received for 60,000 shares and the directors allotted the shares as follows :

- (a) Applicants for 40,000 shares received shares, in full.
- (b) Applicants for 15,000 shares received an allotment of 8,000 shares.
- (c) Applicants for 500 shares received 200 shares on allotment, excess money being returned.

All amounts due on allotment were received.

The first call was duly made and the money was received with the exception of the call due on 100 shares.

Give journal and cash book entries to record these transactions of the company. Also prepare the Balance Sheet of the company.

**ANSWER:**

**Note: In order to solve this question, applicants of category C has been assumed as 5000 instead of 500 and allotment to the applicants of this category has been taken as 2000 in place of 200.**

**Books of Eastern Company Limited**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c (Share Application money for 50,000 shares transferred to Share Capital Account and the excess money transferred to Share Allotment Account)		1,80,000	1,50,000 30,000
	Share Allotment A/c Dr. To Share Capital A/c To Share Premium A/c (Allotment money due on 50,000 share @ Rs 5 per share including Rs 3 security premium)		2,50,000	1,00,000 1,50,000
	Share First Call A/c Dr. To Share Capital A/c (First call due on 50,000 share @ Rs 3 per share)		1,50,000	1,50,000

### Cash Book (Bank Column)

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
	Share Application		1,80,000		Balance c/d		5,49,700
	Share Allotment		2,20,000				
	Share First Call		1,49,700				
			5,49,700				

### Eastern Company Limited Balance Sheet

Particulars	Note No.	Amount (Rs)
<b>I. Equity and Liabilities</b>		
1. Shareholders' Funds		
a. Share Capital	1	3,99,700
b. Reserves and Surplus	2	1,50,000
2. Non-Current Liabilities		
3. Current Liabilities		
<b>Total</b>		<b>5,49,700</b>
<b>II. Assets</b>		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	5,49,700
<b>Total</b>		<b>5,49,700</b>

#### **NOTES TO ACCOUNTS**

Note No.	Particulars	Amount (Rs)
1	<b>Share Capital</b>	
	Authorised Share Capital 1,00,000 shares of Rs 10 each	10,00,000
	Issued Share Capital 50,000 shares of Rs 10 each	5,00,000
	Subscribed, Called up and Paid up Share Capital 50,000 shares of Rs 10      4,00,000 each, Rs 8 called-up	

	<i>Less: Calls-in-Arrears</i>	(300)	3,99,700
2	<b>Reserves and Surplus</b>		
	Securities Premium		1,50,000
3	<b>Cash and Cash Equivalents</b>		
	Cash at Bank		5,49,700

*Question 8:*

Sumit Machine Ltd. issued 50,000 shares of Rs. 100 each at premium of 5%. The shares were payable Rs. 25 on application, Rs. 50 on allotment and Rs. 30 on first and final call. The issue was fully subscribed and money was duly received except the final call on 400 shares. The premium was adjusted on allotment.

Give journal entries and prepare balance sheet.

**ANSWER:**

**Books of Sumit Machine Ltd.**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c <span style="float: right;">Dr.</span> To Share Application A/c (Share Application money received on application for 50,000 shares @ ₹25 per share)		12,50,000	12,50,000
	Share Application A/c <span style="float: right;">Dr.</span> To Share Capital A/c (Share Application money of 50,000 shares transferred to Share Capital Account)		12,50,000	12,50,000
	Share Allotment A/c <span style="float: right;">Dr.</span> To Share Capital A/c To Securities Premium A/c (Share Allotment money due on 50,000 shares @ ₹45 each at a premium of ₹5)		25,00,000	22,50,000 2,50,000
	Bank A/c <span style="float: right;">Dr.</span> To Share Allotment A/c (Allotment money received for 50,000 shares @ ₹50 per share)		25,00,000	25,00,000

Share First and Final Call A/c To Share Capital A/c (Share First and Final call due on 50,000 shares @ ₹30 per share)	Dr.	15,00,000	15,00
Bank A/c Calls in Arrears A/c To Share First and Final Call A/c (Share First and Final Call received except 400 shares)	Dr. Dr.	14,88,000 12,000	15,00

**Sumit Machine Ltd.  
Balance Sheet**

Particulars	Note No.	Amount (₹)
<b>I. Equity and Liabilities</b>		
1. Shareholders' Funds		
a. Share Capital	1	49,88,000
b. Reserves and Surplus	2	2,50,000
<b>2. Non-Current Liabilities</b>		
<b>3. Current Liabilities</b>		
<b>Total</b>		<b>52,38,000</b>
<b>II. Assets</b>		
1. <b>Non-Current Assets</b>		
1. <b>Current Assets</b>		
a. Cash and Cash Equivalents	3	52,38,000
<b>Total</b>		<b>52,38,000</b>

**NOTES TO ACCOUNTS**

Note No.	Particulars	Amount (₹)
1	Share Capital	

	Authorised Share Capital ..... shares of ₹ 100 each		-
	Issued Share Capital 50,000 shares of ₹ 100 each		50,00,000
	Subscribed, Called-up and Paid-up Share Capital 50,000 shares of ₹ 100 each	50,00,000	
	<i>Less: Calls-in-Arrears</i>	<i>(12,000)</i>	49,88,000
2	<b>Reserves and Surplus</b> Securities Premium Reserve		2,50,000
3	<b>Cash and Cash Equivalents</b> Cash at Bank		52,38,000

**Question 9:**

Kumar Ltd. purchased assets of Rs. 6,30,000 from Bhanu Oil Ltd. Kumar Ltd. issued equity share of Rs. 100 each fully paid in consideration. What journal entries will be made, if the shares are issued, (a) at par, and (b) at premium of 20%.

**ANSWER:**

**Case (a)**

**Books of Kumar Ltd**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Sundry Assets A/c To Bhanu Oil Ltd (Assets purchased from Bhanu Oil Ltd.)	Dr.	6,30,000	6,30,000
(a)	Bhanu Oil Ltd To Share Capital A/c (6,300 shares issued at par to Bhanu Ltd.)	Dr.	6,30,000	6,30,000

$$\text{No. of Shares issued at par} = \frac{\text{Amount Payable}}{\text{Face Value}}$$

$$6,300 \text{ Shares} = \frac{6,30,000}{100}$$

**Case (b)**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Sundry Assets A/c To Bhanu Oil Ltd (Assets purchased from Bhanu Oil Ltd.)	Dr.	6,30,000	6,30,000
	Bhanu Oil Ltd To Share Capital A/c To Securities Premium A/c (5,250 share are issued at 20% premium to Bhanu Ltd. in consideration of assets purchased)	Dr.	6,30,000	5,25,000 1,05,000

$$\text{No. of Shares issued at premium} = \frac{\text{Amount Payable}}{\text{Face Value} + \text{Premium per Share}}$$

$$5,250 \text{ Shares} = \frac{6,30,000}{100 + 20}$$

**Question 10:**

Bansal Heavy machine Ltd purchased machine worth Rs 3,20,000 from Handa Trader. Payment was made as Rs 50,000 cash and remaining amount by issue of equity share of the face value of Rs 100 each fully paid at an issue price of Rs 90 each.

Give journal entries to record the above transaction.

**ANSWER:**

**Book of Bansal Heavy Machine Ltd**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Machinery A/c To Cash A/c To Handa Traders (Machine purchased from Handa Traders paid Rs 50,000 in cash immediately)	Dr.	3,20,000	50,000 2,70,000



Handa Trader	Dr.	2,79,000	
Discount on Issue of Shares A/c	Dr.	30,000	
To Share Capital A/c			3,00,000
(3,000 share issued at Rs 90 face value of Rs 100 each to Handa Traders in consideration of amount due to him for machinery purchased)			

### Working Notes:-

1. Number of share issued

$$= \frac{\text{Amount payable}}{\text{Issue price}}$$

$$= \frac{2,70,000}{90} = 3,000 \text{ shares}$$

### Question 11:

Naman Ltd issued 20,000 shares of Rs 100 each, payable Rs 25 on application, Rs 30 on allotment, Rs 25 on first call and The balance on final call. All money duly received except Anubha, who holding 200 shares did not pay allotment and calls money and Kumkum, who holding 100 shares did not pay both the calls. The directors forfeited shares of Anubha and kumkum.

Give journal entries.

**ANSWER:**

### Books of Naman Ltd

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Shares Application money received for 20,000 shares @ Rs 25 each)		5,00,000	5,00,000
	Share Application A/c Dr. To Share Capital		5,00,000	5,00,000

(Share Application money of 20,000 shares @ Rs 25 each transferred to Share Capital Account)			
Share Allotment A/c To Share Capital A/c (Share Allotment due on 20,000 shares @ Rs 30 each)	Dr.	6,00,000	6,00,000
Bank A/c To Share Allotment A/c (Allotment money received for 19,800 shares @ Rs 30 per share)	Dr.	5,94,000	5,94,000
Share First Call A/c To Share Capital A/c (Share First Call money due on 20,000 @ Rs 25 per share)	Dr.	5,00,000	5,00,000
Bank A/c To Share First Call A/c (Share First Call received @ Rs 25 per share for 19,700 shares)	Dr.	4,92,500	4,92,500
Share Final Call A/c To Share Capital A/c (Share Final Call money due on 20,000 shares @ 20 per share)	Dr.	4,00,000	4,00,000
Bank A/c To Share final call A/c (Share Final Call received @ Rs 20 per Share for 19,700 shares and 300 shares failed to pay the call)	Dr.	3,94,000	3,94,000
Share Capital A/c To Share Forfeiture A/c (200×25+100×55) To Share Allotment (200×30) To Share First Call A/c (300×25) To Share Final Call A/c (300×20) (300 Shares forfeited)	Dr.	30,000	10,500 6,000 7,500 6,000

Alternatively this question can be solved by debiting Calls in Arrears Account

**Books of Naman 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 application for 20,000 shares @ Rs 25 per share)		5,00,000	5,00,000
	Share Application A/c Dr. To Share Capital A/c (Share Application money for 20,000 shares @ Rs 25 per share transferred to Share Capital Account)		5,00,000	5,00,000
	Share Allotment A/c Dr. To Share Capital A/c (Share Allotment money due on 20,000 shares @ Rs 30 per share)		6,00,000	6,00,000
	Bank A/c Dr. Calls in Arrears A/c Dr. To Share Allotment A/c (Allotment money received for 19,800 shares @ Rs 30 per share and 200 shares failed to pay the Allotment)		5,94,000 6,000	6,00,000
	Share First Call A/c Dr. To Share Capital A/c (Share First Call money due on 20,000 shares @ Rs 25 per share)		5,00,000	5,00,000
	Bank A/c Dr. Calls in Arrears A/c Dr. To Share First Call A/c (Share First Call money for 19,700 shares @ Rs 25 each received except 300 shares)		4,92,500 7,500	5,00,000

Share Final Call A/c To Share Capital A/c (Share Final Call money due on 20,000 shares @ Rs 20 per share)	Dr.	4,00,000	4,00,000
Bank A/c Calls in Arreras A/c To Share final call A/c (Share Final Call money received for 19,700 shares @ Rs 20 per share except 300 shares)	Dr. Dr.	3,94,000 6,000	4,00,000
Share Capital A/c To Share Forfeiture A/c (200×25+100×55) To Calls in Arrears A/c (300 Shares forfeited on account failed to pay the money due)	Dr.	30,000	10,500 19,500

### Working Note:

#### 1. Forfeited Amount

Amount on application	(300 shares @ Rs 25 each)	=	7,500
Amount on allotment	(100 Shares @ Rs 30 each)	=	3,000
			10,500