

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 17.07.2021

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## Accounting for Share

Question 12:

Kishna Ltd issued 15,000 shares of Rs 100 each at a premium of Rs 10 per share, payable as follows:

On application	Rs 30
On allotment	Rs 50 (including premium)
On first and final call	Rs 30

All the shares subscribed and the company received all the money due, With the exception of the allotment and call money on 150 shares. These shares were forfeited and reissued to Neha as fully paid share of Rs 12 each.

Give journal entries in the books of the company.

ANSWER:

### Books of Krishna Ltd

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share Application money received for 15,000 shares @ Rs 30 per share)		4,50,000	4,50,000
	Share Application A/c Dr. To Share Capital A/c (Share Application money of 15,000 shares transferred to Share Capital Account)		4,50,000	4,50,000

Share Allotment A/c To Share Capital A/c To Securities Premium A/c (Share Allotment money on 15,000 shares @ Rs 50 per share including Rs 10 securities premium due)	Dr.	7,50,000	6,00,000 1,50,000
Bank A/c To Share Allotment A/c (Share Allotment received on 14,850 shares and 150 shares failed to pay the money due)	Dr.	7,42,500	7,42,500
Share First and Final Call A/c To Share Capital A/c (Share First and Final Call for 15,000 shares @ Rs 30 per share due)	Dr.	4,50,000	4,50,000
Bank A/c To Share First and Final Call A/c (Share First and Final Call received for 14,850 shares @ Rs 30 per share and 150 shares failed to pay amount due)	Dr.	4,45,500	4,45,500
Share Capital A/c (150·100) Share Premium A/c (150×10) To Share Allotment A/c (150×50) To Share First and Final Call A/c (150·30) To Share Forfeiture A/c (150·30) (150 shares forfeited for non-payment of Share Allotment and Share First and Final Call )	Dr. Dr.	15,000 1,500	7,500 4,500 4,500
Bank A/c To Share Capital A/c To Securities Premium A/c (150 shares of Rs 100 each reissued @ Rs 120 to Neha)	Dr.	18,000	15,000 3,000
Share Forfeiture A/c To Capital Reserve A/c (Balance of Share Forfeiture Account transferred to Capital Reserve)	Dr.	4,500	4,500

Account)			
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**Note:** In the solution, the reissued price of Rs 12 has been assumed as Rs 120 per share.

*Question 13:*

Arushi Computers Ltd. issued 10,000 equity shares of Rs. 100 each at 10% premium. The net amount payable as follows:

On application	Rs. 20
On allotment	Rs. 50 (Rs. 40 + premium Rs. 10)
On first call	Rs. 30
On final call	Rs. 10

A shareholder holding 200 shares did not pay final call. His shares were forfeited. Out of these 150 shares were reissued to Ms. Sonia at Rs. 75 per share.

Give journal entries in the books of the company.

**ANSWER:**

**Books of Arushi Computers Ltd.**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c Dr. To Share Application A/c (Share Application money received for 10,000 shares @ ₹20 per share)		2,00,000	2,00,000
	Share Application A/c Dr. To Share Capital A/c (Share Application money for 10,000 shares transferred to Share Capital Account)		2,00,000	2,00,000
	Share Allotment A/c Dr. To Share Capital A/c To Securities Premium Reserve A/c		5,00,000	4,00,000 1,00,000

(Allotment money due on 10,000 shares @ ₹40 per share excluding premium ₹10)			
Bank A/c To Share Allotment A/c (Share Allotment money received for 10,000 shares @ ₹50 per share)	Dr.	5,00,000	5,00,000
Share First Call A/c To Share Capital A/c (Share First Call money due on 10,000 shares @ ₹30 per share)	Dr.	3,00,000	3,00,000
Bank A/c To Share First Call A/c (First Call money received for 10,000 shares @ ₹30 per share)	Dr.	3,00,000	3,00,000
Share Final Call A/c To Share Capital A/c (Final Call money due on 10,000 shares @ ₹10 per share)	Dr.	1,00,000	1,00,000
Bank A/c To Share final call A/c (Final Call money received for 9800 shares @ ₹10 per share and 200 shares failed to pay)	Dr.	98,000	98,000
Share Capital A/c (200××100) To Share Final Call A/c (200×·10) To Share Forfeiture A/c (200××90) (200 shares forfeited for non-payment of Final Call ₹ 10 per share)	Dr.	20,000	2,000 18,000
Bank A/c (150××75)	Dr.	11,250	
Share Forfeiture A/c (150××25)	Dr.	3,750	
To Share Capital A/c (150××100)	Dr.		15,000

(150 forfeited shares reissued at ₹100 per share for ₹75)			
Share Forfeiture A/c To Capital Reserve A/c (Balance of 150 reissue shares after adjustment transferred to Capital Reserve Account)	Dr.	9,750	9,750

### Working Notes:

Amount Transferred to Capital Reserve A/c

Amount credited to Share Forfeiture	₹ 90 per share
<i>Less:</i> Amount debited to Share Forfeiture	₹25 per share
Balance after adjustment	₹ 65 per share

Amount transferred to Capital Reserve Account = Balance per share after adjustment × Number of shares reissued

$$₹ 9,750 = ₹ 65 \times ₹ 150 \text{ per shar}$$

### Question 14:

Raunak Cotton Ltd. issued a prospectus inviting applications for 6,000 equity shares of Rs 100 each at a premium of Rs 20 per shares, payable as follows:

On application	Rs 20
On allotment	Rs 50 (including premium)
On first call	Rs 30
On final call	Rs 20

Applications were received for 10,000 shares and allotment was made Pro-rata to the applicants of 8,000 shares, the remaining applications Being refused. Money received in excess on the application was adjusted toward the amount due on allotment.

Rohit, to whom 300 shares were allotted failed to pay allotment and calls money, his shares were forfeited. Itika, who applied for 600 shares, failed to pay the two calls and her share were also forfeited. All these shares were sold to Kartika as fully paid for Rs 80 per shares.

Give journal entries in the books of the company.

**ANSWER:**

**Books of Raunak Cotton Ltd.**

<b>Date</b>	<b>Particulars</b>	<b>L.F.</b>	<b>Debit Amount Rs</b>	<b>Credit Amount Rs</b>
	Bank A/c <span style="float: right;">Dr.</span> To Share Application A/c (Share Application money received on 10,000 shares)		2,00,000	2,00,000
	Share Application A/c <span style="float: right;">Dr.</span> To Share Capital A/c To Share Allotment A/c To Bank (Share Application money adjusted)		2,00,000	1,20,000 40,000 40,000
	Share Allotment A/c <span style="float: right;">Dr.</span> To Share Capital A/c To Share Premium A/c (Share allotment money due)		3,00,000	1,80,000 1,20,000
	Bank A/c <span style="float: right;">Dr.</span> To Share Allotment A/c (Allotment money received except 300 shares)		2,47,000	2,47,000
	Share First Call A/c <span style="float: right;">Dr.</span> To Share Capital A/c (Share First Call money due)		1,80,000	1,80,000
	Bank A/c <span style="float: right;">Dr.</span> To Share First Call A/c (Share First Call money received except 750 (300+450 shares))		1,57,500	1,57,500
	Share Final Call A/c <span style="float: right;">Dr.</span> To Share Capital A/c		1,20,000	1,20,000

(Share Final Call money is due)			
Bank A/c	Dr.	1,05,000	
To Share Final Call			1,05,000
(Share Final Call money received except 750 shares)			
Share Capital A/c (750·100)	Dr.	75,000	
Share Premium A/c (300·20)	Dr.	6,000	
To Share Allotment A/c			13,000
To Share first call A/c (750·30)			22,500
To Share final call A/c (750·20)			15,000
To Share Forfeiture A/c			30,500
(750 shares were forfeited)			
Bank A/c	Dr.	60,000	
Share Forfeiture A/c	Dr.	15,000	
To Share Capital A/c			75,000
(Forfeited shares reissued @ 80 per share)			
Share Forfeiture A/c	Dr.	15,500	
To Capital Reserve A/c			15,500
(Share Forfeiture Account transferred capital reserve)			

## 2. Call in arrears by Rohit on allotment

Money received on Application	(400·20)	8,000
Less: Transferred to share capital	(300·20)	6,000
Excess adjusted on allotment		2,000
Allotment due	(300·50)	15,000
Less: Excess adjustment on allotment		2,000
Call in arrear		13,000

#### 4. Share Forfeiture amount

Amount on application		
	300·20	6,000
	450·20	9,000
Excess amount received from Rohit for allotment on pro-rata basis		2,000
Amount received on Allotment by Kartika		13,500
		<u>30,500</u>

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