VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 6.10.2020 Teacher name – Ajay Kumar Sharma

Accounting for Share Capital

Q. 19. On 28-2-2016 the first call of ₹2 per share became due on 50,000 equity shares allotted by Kumar Ltd. Komal, a holder of 1,000 shares, did not pay the first call money. Kovil, a holder of 750 shares, paid the second and final call of ₹4 per share alongwith the first call. Pass necessary Journal entry for the amount received by opening call-in-arrear and calls-in-advance accounts in the books of the company.

(C.B.S.E. 2016, Outside Delhi)

SOLUTION: 19.

Kumar Ltd. JOURNAL

Date	Particulars		L.F.	Dr. Amount	Cr. Amount
2016				₹	₹
Feb. 28	Bank A/c	Dr.	1	1,01,000	
	Calls in Arrears A/c	Dr.	1	2,000	
	To Equity Share First Call A/	c	1		1,00,000
	To Calls in Advance A/c				3,000
	(Call money received except on and received advance on 750 sha				

Over-Subscription

Q. 20. Jyoti Power Ltd. decided to issue 8,50,000 equity shares of ₹10 each at a premium of ₹3 per share. The whole amount was payable on application. Applications for 20,00,000 shares were received. Applications for 3,00,000 shares were rejected and shares were allotted to the remaining applicants on pro-rata basis.

Pass necessary Journal entries for the above transactions in the books of the company. (C.B.S.E. 2016, All India)

SOLUTION: 20.

Jyoti Power Ltd. JOURNAL

Date	Particulars	L.F.	Dr. Amount	Cr. Amount
			₹	₹
	Bank A/c Dr.		2,60,00,000	
	To Equity Share Application and Allotment A/c			2,60,00,000
	(Application & allotment money received for		2	
	20,00,000 shares)			
	Equity Share Application & Allotment A/c Dr.		2,60,00,000	
	To Equity Share Capital A/c (8,50,000 × ₹10)			85,00,000
	To Securities Premium Reserve A/c	1		
	(8,50,000 × ₹3)			25,50,000
	To Bank A/c (11,50,000 × ₹13)	1		1,49,50,000
	(Share application and allotment money adjusted)			

Q. 21. Govind Ltd., issued a prospectus inviting applications for 20,000 shares of ₹10 each at a premium of ₹3 per share, payable as to ₹4 on application; ₹5 on allotment (including premium); ₹2 on First call; and ₹2 on Final call.

Applications were received for 27,000 shares. Directors allotted the shares as follows:

To applicants of 16,000 shares full allotment
To applicants of 6,000 shares 4,000 shares

To applicants of 5,000 shares Nil

Give entries in the Cash Book and Journal, assuming that all sums due on allotment and calls have been received.

SOLUTION: 21.

Dr.		CASH	BOOK		Cr.
Particulars	L.F.	₹	Particulars	L.F.	₹
To Share Application A/c		1,08,000	By Share Application A/c		20,000
To Share Allotment A/c	1 1	92,000	By Balance c/d	1 1	2,60,000
To Share Frist Call A/c		40,000		1 1	
To Share Final Call A/c		40,000		1 1	
		2,80,000			2,80,000

JOURNAL ENTRIES

ate	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Application A/c To Share Capital A/c (20,000 shares × ₹4) To Share Allotment A/c (2,000 shares × ₹4) (Application money transferred)	Dr.		88,000	80,000 8,000
	Share Allotment A/c To Share Capital A/c To Securities Premium Reserve A/c (Allotment due on 20,000 shares)	Dr.		1,00,000	40,000 60,000
	Share First Call A/c To Share Capital A/c (Amount due on first call)	Dr.		40,000	40,000
	Share Final Call A/c To Share Capital A/c (Amount due on final call)	Dr.		40,000	40,000

Q. 22. X Ltd. issued shares for ₹20,00,000 divided into shares of ₹10 each at a premium of ₹5 per share, payable as under:

On Application ₹4 per share

On Allotment ₹6 (including premium of ₹3)

On First and Final Call Balance

Excess application money was to be adjusted against allotment and first and final call and the money on rejected applications was to be returned.

The issue was oversubscribed to the extent of 80,000 shares and the allotment was made as follows:

(i) Applicants of 1,00,000 shares were allotted 30% shares, applicants for 10,000 shares were rejected and the remaining applicants were given full allotment.

All the money was duly received. Give journal entries.

SOLUTION: 22.

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c To Share Application A/c (Application money received for 2,80,000 shares @ ₹4 per share)	Dr.		11,20,000	11,20,000
	Share Application A/c To Share Capital A/c (2,00,000 × ₹4) To Share Allotment A/c (30,000 × ₹6) To Calls in Advance A/c	Dr.		11,20,000	8,00,000 1,80,000
	(₹2,80,000 – ₹1,80,000) To Bank A/c (10,000 × ₹4) (Application money adjusted)				1,00,000
	Share Allotment A/c To Share Capital A/c To Securities Premium Reserve A/c (Allotment money due on 2,00,000 shares)	Dr.		12,00,000	6,00,000 6,00,000
	Bank A/c To Share Allotment A/c (Allotment money received)	Dr.		10,20,000	10,20,000
	Share First and Final Call A/c To Share Capital A/c To Securities Premium Reserve A/c (First and final call due on 2,00,000 shares including premium of ₹2)	Dr.		10,00,000	6,00,000 4,00,000
	Bank A/c Calls in Advance A/c To Share First and Final Call A/c (Call money received)	Dr. Dr.		9,00,000 1,00,000	10,00,000

Working Note:

Applicants for 1,00,000 shares have been allotted 30% *i.e.*, 30,000 shares. Hence, excess application money received on these shares =

		₹
70,000 Shares @ ₹4 per share	=	2,80,000
Less: Amount adjusted on allotment on 30,000 shares		-,,
@ ₹6 per share	=	1,80,000
Amount transferred to Calls in Advance	=	1,00,000