



**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		92,000	By Balance c/d		2,60,000	
To Share Frist Call A/c		40,000				
To Share Final Call A/c		40,000				
		<u>2,80,000</u>			<u>2,80,000</u>	

**JOURNAL ENTRIES**

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

**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 Dr. To Share Application A/c (Application money received for 2,80,000 shares @ ₹4 per share)		11,20,000	11,20,000
	Share Application A/c Dr. To Share Capital A/c (2,00,000 × ₹4) To Share Allotment A/c (30,000 × ₹6) To Calls in Advance A/c (₹2,80,000 – ₹1,80,000) To Bank A/c (10,000 × ₹4) (Application money adjusted)		11,20,000	8,00,000 1,80,000 1,00,000 40,000
	Share Allotment A/c Dr. To Share Capital A/c To Securities Premium Reserve A/c (Allotment money due on 2,00,000 shares)		12,00,000	6,00,000 6,00,000
	Bank A/c Dr. To Share Allotment A/c (Allotment money received)		10,20,000	10,20,000
	Share First and Final Call A/c Dr. 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)		10,00,000	6,00,000 4,00,000
	Bank A/c Dr. Calls in Advance A/c Dr. To Share First and Final Call A/c (Call money received)		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	=	<u>1,00,000</u>