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शक्तिउत्थानआश्रमलखीसरायबिहार

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Accounting for Share Capital

Q. 23. A Company invited applications for 5,000 shares of ₹100 each. The amount is payable as follows :

On Application	:	₹20 per share
On Allotment	:	₹30 per share
On First Call	:	₹20 per share
On Second and Final Call	:	₹30 per share

Applications were received for 8,000 shares. Applications for 1,000 shares were rejected and pro-rata allotment was made to the remaining applicants.

All calls were made and duly paid except :

- (i) Ganesh, the holder of 200 shares paid the two calls with allotment.
- (ii) Shiva, the holder of 300 shares failed to pay the first and second call money.

Pass necessary journal entries to record the above transactions.

SOLUTION : 23.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c Dr. To Share Application A/c (Application money received on 8,000 shares @ ₹20 each)		1,60,000	1,60,000
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c To Bank A/c (Application money adusted)		1,60,000	1,00,000 40,000 20,000
	Share Allotment A/c Dr. To Share Capital A/c (Allotment due on 5,000 shares @ ₹30 each)		1,50,000	1,50,000
	Bank A/c Dr. To Share Allotment A/c (₹1,50,000 – ₹40,000) To Calls in Advance A/c (200 shares × ₹50) (Allotment money received)		1,20,000	1,10,000 10,000
	Share First Call A/c Dr. To Share Capital A/c (First Call due on 5,000 shares @ ₹20 each)		1,00,000	1,00,000
	Bank A/c Dr. Calls in Arrears A/c (300 × ₹20) Dr. Calls in Advance A/c (200 × ₹20) Dr. To Share First Call A/c		90,000 6,000 4,000	1,00,000
	Alternatively : Bank A/c Dr. Calls in Advance A/c Dr. To Share First Call A/c (First call money received except on 300 shares)		90,000 4,000	94,000

Share Second & Final Call A/c	Dr.	1,50,000	
To Share Capital A/c			1,50,000
(Second Call due on 5,000 shares @ ₹30 each)			
Bank A/c	Dr.	1,35,000	
Calls in Arrears A/c (300 × ₹30)	Dr.	9,000	
Calls in Advance A/c (200 × ₹30)	Dr.	6,000	
To Share Second and Final Call A/c			1,50,000
Alternatively :			
Bank A/c	Dr.	1,35,000	
Calls in Advance A/c	Dr.	6,000	
To Share Second & Final Call A/c			1,41,000
(Second & Final Call received except on 300 shares)			

Q. 24. On October 1, 2018 X Ltd. offered 1,00,000 shares of ₹10 each payable as follows :

On Application	₹3 per share
On Allotment (November 1, 2018)	₹2 per share
On First Call (December 1, 2018)	₹3 per share
On Second and Final Call (One month after first call)	₹2 per share

Applications were received for 1,25,000 shares on October 15, 2018. Applications for 1,20,000 shares were allotted 1,00,000 shares and the remaining applications were rejected.

Give journal entries assuming that all amounts have been received and the company maintains a combined account for application and allotment.

SOLUTION : 24. JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018				
Oct. 15	Bank A/c To Share Application and Allotment A/c (Application money received on 1,25,000 shares @ ₹3 per share)	Dr.	3,75,000	3,75,000
Nov. 1	Share Application and Allotment A/c To Share Capital A/c (Transfer of application money @ ₹3 and allotment money due @ ₹2 on 1,00,000 shares)	Dr.	5,00,000	5,00,000
Nov. 1	Share Application and Allotment A/c To Bank A/c (Application money refunded on rejected applications : 5,000 shares @ ₹3)	Dr.	15,000	15,000
Nov. 1	Bank A/c To Share Application and Allotment A/c (Balance of allotment money received)	Dr.	1,40,000 ⁽¹⁾	1,40,000
Dec. 1	Share First Call A/c To Share Capital A/c (First call due on 1,00,000 shares @ ₹3 each)	Dr.	3,00,000	3,00,000

Dec. 1	Bank A/c To Share First Call A/c (Amount received on first call)	Dr.	3,00,000	3,00,000
2019				
Jan. 1	Share Second and Final Call A/c To Share Capital A/c (Second and final call due on 1,00,000 shares @ ₹2 each)	Dr.	2,00,000	2,00,000
Jan. 1	Bank A/c To Share Second and Final Call A/c (Amount received on second and final call)	Dr.	2,00,000	2,00,000

Note (1) Amount due on Allotment : 1,00,000 Shares @ ₹2 = 2,00,000
Less : Excess received on Application : 20,000 shares @ ₹3 = 60,000
1,40,000