

11.Amit ltd. was registered with a capital of 5,00,000 in shares of 10 each and issued 20,000 such shares at a premium of 2 per share, payable as 2 per shares on application, 5 per share on allotment (including premium) and 2 per share on first call made three months later. All the money payable on application and allotment was duly received but when the first call was made, one shareholder paid the entire balance on his holding of 300 shares and another shareholder holding 1,000 shares failed to pay the first call money. Pass journal entries to record the above transaction and show how they will be shown in the company's Balance sheet .

Solution

Journal

	Bank a/c Dr.	40,000	
	To share application a/c (application money received)		40,000
	Share app a/c Dr	40,000	
	To share capital a/c (share application money transfer to share capital a/c)		40,000
	Share allotment a/c Dr.	100,000	
	To share capital a/c		60,000
	To security premium a/c		40,000

	(share allotment due)			
	Bank a/c Dr.		100,000	
	To share allotment a/c			100,000
	(share allotment received)			
	Share first call a/c Dr.		40,000	
	To share capital a/c			40,000
	(share first call due)			
	Bank a/c Dr.		38900	
	Call in arrear a/c		2000	
	To share first call a/c			40,000
	To call in advance a/c			900

Balance sheet

Particular	Note no.	₹
1. Equity and Liability		
Shareholder's Funds		1,38,000
Share Capital		40,000
2.current liability		<u>900</u>
		178900

Note to Accounts

Particular	₹
1. Share capital	
Authorized capital	
50,000 equity shares of ₹ 10 each	<u>500,000</u>
Issued of capital	<u>200,000</u>
20,000 equity shares of ₹10 each	
Subscribed capital	
Subscribe but not fully paidup	
20,000equity shares of ₹ 7 each	140,000
	<u>138,000</u>
call in arrear (1000X 2)	(2000)
	40,000
2.reserve and surplus	
3. call in advance	<u>900</u>
	<u>178900</u>

Issue of share for cash at par

12.Global sales Ltd. issued 2,50,000 equity shares of 10 each to public at par for subscription, amount being payable as application money. Pass necessary journal entries in the books of the company.

Journal

	Bank a/c Dr.		25,00,000	
	To equity share capital a/c			25,00,000
	(share application money received)			
	Equity share application a/c Dr.		25,00,000	
	To equity share capital a/c			25,00,000
	(share application money transfer to share capital a/c)			

13. Authorized capital of ₹ Bharat Ltd. Is divided into 1,60,000 equity shares of ₹ 10 each. Out of the shares, 80,000 equity shares were issued at par to public for subscription. The issue price is payable on application. All the shares were subscribed.

Pass necessary journal entries in the books of the company.

Solution:

Journal

Date	Particular	L.f	Dr.	Cr.
1.	Bank A/c Dr. To equity share Application & Allotment A/c (being equity share application Received)		8,00,000	8,00,000
2.	Equity share Application & Allotment A/c Dr. To equity share capital A/c (Being equity share app & Allotment Amount Transferred to share capital)		8,00,000	8,00,000

14. Alok Leathers Ltd. invited applications for 10,000 shares of 100 each payable as follows:

30 on application, 30 on allotment and balance on first and final call.

All the shares were applied and allotted and the money was duly received. You are required to journalise these transactions and show share capital in the balance sheet.

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Solution:

Journal

Date	Particular	L.f	Dr.	Cr.
1.	Bank A/c Dr. To share Application & Allotment A/c (share application Received)		3,00,000	3,00,000
2.	Share Application A/c Dr. To share capital A/c Share application money Transferred to share capital)		3,00,000	3,00,000
3.	Share Allotment A/c Dr. To share capital A/c (share Allotment due)		3,00,000	3,00,000
4.	Bank A/c Dr. To share Allotment A/c (share Allotment money received)		3,00,000	3,00,000
5.	Share first & final call A/c Dr. To Share capital A/c (share first & final call due)		4,00,000	4,00,000
6.	Bank A/c Dr. To share first & final call A/c (share first & final call received)		4,00,000	4,00,000

Alok leather Ltd. Balance Sheet

Particular	Note no.	₹
1. Equity and Liability		
Shareholder's Funds		10,00,000
Share Capital		

Note to Accounts

Particular	₹
1. Share capital	-
Authorized capital	
Issued of capital	<u>10,00,000</u>
10,000 equity shares of ₹100 each	
Subscribed capital	
Subscribed and fully paid up	<u>10,00,000</u>
10,000 equity shares of ₹ 100 each	

15.National Textiles Ltd. was registered with the authorized of ₹ 3,00,000 divided into 3,000 shares of ₹ 100 each, which were offered to the public. Amount payable as ₹ 30 per share on application, ₹ 40 per share on allotment and ₹ 30 per share on first and final call. These shares were fully subscribed and all money was duly received.

Prepare cash Book, journal and Balance Sheet showing share capital.

Solution:

Journal

Date	Particular	L.f	Dr.	Cr.
1.	Share Application A/c (30000x30) Dr. To share capital A/c (share application transferred to share capital A/c)		90,000	90,000
2.	Share Allotment A/c (3000 x 40) Dr. To share capital A/c (share Allotment due)		1,20,000	1,20,000
3.	Share first & final call A/c Dr. To share capital A/c (3000 x 30) (share first & final call due)		90,000	90,000

Dr.

cash book (balance column)

Cr.

Particular	₹	Particular	₹
To share Application A/c	90,000		

(3000 x 30)			
To Allotment A/c (3000 x 40)	1,20,000	By Balance c/d	3,00,000
To share first & final call A/c (3000 x 30)	90,000		
	3,00,000		3,00,000

National Textiles Ltd. Balance Sheet

Particular	Note no.	₹
1. Equity and Liability		
Shareholder's Funds		3,00,000
Share Capital		

Note to Accounts

Particular	₹
1. Share capital	
Authorized capital	-

Issued of capital	
3,000 equity shares of ₹100 each	
	<u>3,00,000</u>
Subscribed capital	
Subscribed and fully paid up	
3,000 equity shares of ₹ 100 each	
	<u>3,00,000</u>

16.Modern Diaries Ltd. Was registered with an authorized capital of ₹ 10,00,000 divided into 7,500 equity shares of ₹ 100 each and 2,500 preference shares of ₹ 100 each 1,00 equity shares and 500; 9% preference shares were offered to public on the following terms – equity shares payable ₹ 10 on application, ₹ 40 on allotment and the balance in two calls of ₹ 25 each. Preference shares are payable and final call. All the shares were applied for and allotted. Amount due was duly received.

You are required to prepare cash book, pass necessary journal and show share capital in the balance sheet.

Solution:- journal

Data	Particular	L.F	Dr.	Cr.
1.	Equity share Application A/c Dr.		10,000	
	9% preference share application A/c		12,500	
	To equity share capital A/c			10,000
	To 9% preference share capital A/c			12,500

	(share application transferred to share capital)				
2.	Equity share Allotment A/c	Dr.	40,000		
	9% preference share allotment A/c	Dr.	12,500		
	To equity share capital A/c				40,000
	To 9% preference share capital A/c				12,500
	(Allotment due)				
3.	Equity share first call A/c	Dr.	25,000		
	9% preference share first call A/c	Dr.	25,000		
	To equity share capital A/c				25,000
	To 9% preference share capital A/c				25,000
	(Share first call due)				
4.	Equity share final call A/c	Dr.	25,000		
	To equity share capital A/c				25,000
	(share final call due)				

Dr.	Cash Book (Bank Column)		Cr.
Particular	₹	Particular	₹
To Equity share Application A/c	10,000		
To 9% preference share app A/c	12,500		
To equity share Allotment A/c	40,000		
To 9% preference share Allotment A/c	12,500		
To Equity share first call A/c	25,000	By Balance c/d	1,50,000
To 9% preference share first & final call A/c	25,000		
To Equity share final call A/c	25,000		
	1,50,000		

Particular	Note no.	₹
1. Equity and Liability		
Shareholder's Funds		1,50,000
Share Capital		

Note to Accounts

Particular	₹
1. Share capital	
Authorized capital	
75,000 equity shares @ ₹ 100 each	7,50,000
2,500 9% preference shares @ of ₹ 100 each	<u>2,50,000</u>
	<u>10,00,000</u>

Issued of capital	
1,000 equity shares of ₹100 each	1,00,000
500 9% preference shares of ₹ 100 each	<u>50,000</u>
Subscribed capital	<u>1,50,000</u>
Subscribed and fully paid up	
1,000 equity shares of ₹ 100 each	
500 9% preference shares of ₹ 100 each	
	1,00,000
	<u>50,000</u>
	<u>1,50,000</u>

Issue of Shares for cash at premium

17.Premio Ltd. 50,000 Equity shares of ₹ 100 each at a Premium of ₹ 50 per share, payable as follows:

**₹ 100 per share on Application; and
Balance on Allotment.**

**The issue was subscribed an share were issued to the applications.
Pass the necessary journal entries.**

Solution:

Journal

Date	Particular	L.F.	Dr.	Cr.
1.	Bank A/c (50,000 x 100) Dr. To equity share application A/c (Being equity share application received)		50,00,000	50,00,000

2.	Equity share application A/c To equity share capital A/c (Being share application transferred to equity share capital)	Dr.	50,00,000	50,00,000
3.	Share Allotment A/c To securities premium A/c (Amount due on allotment on 50,000 equity shares @ ₹ 50 per share)	Dr.	25,00,000	25,00,000
4.	Bank A/c To share Allotment A/c (Amount of securities premium Received)	Dr.	25,00,000	25,00,000

18. Bharat Ltd. Was incorporated with a capital of ₹ 2,00,000 divided into shares of ₹ each, 2000 shares were offered for subscription and out of these, 1,800 shares were applied for and allotted . ₹ 3 per share (including ₹ 1 premium) was payable on application, ₹ 4 per share (including ₹ 1 premium) on allotment , ₹ 2 per share on first call and ₹ 3 per share on final call. Give necessary Journal entries and show share capital in the Balance Sheet.

Solution: journal

Data		L.F	Dr.	Cr.
1.	Bank A/c (1,800 x 3) To share Application A/c (share application Received)	Dr.	5,400	5,400
2.	Share Application A/c To share capital A/c (1800 x 2) To securities premium reserve A/c (share application transferred to share capital	Dr. Dr.	5,400	3,600 1,800
3.	Share Allotment A/c (1800 x 4) To share capital A/c (18,000 x 2) To security premium Reserve A/c (Share allotment due)	Dr.	7,200	5,400 1,800
4.	Bank A/c To share Allotment A/c (Share Allotment money Received)	Dr.	7,200	7,200
5.	Share first call A/c (1800 X 2) To share capital A/c (share first call received)	Dr.	3,600	3,600
6.	Bank A/c To share first call A/c	Dr.	3,600	3,600

	(share final call due)			
7.	Share final call A/c To share capital A/c (share final call due)	Dr.	5,400	5,400
8.	Bank A/c To share final call A/c (share final call received)	Dr.	5,400	5,400

Bharat Ltd. Balance Sheet

Particular	Note no.	₹
1. Equity and Liability		
Shareholder's Funds		18,000
Share Capital		

Note to Accounts

Particular	₹
1. Share capital	
Authorized capital	<u>2,00,000</u>
20,000 shares @ ₹ 10 each	

Issued of capital	<u>20,000</u>
20,000 shares @ ₹ 10 each	
Subscribed capital	
Subscribed @ fully paid up	
18,000 shares @ ₹ 10 each	18,000

19. Authorized capital of shuhani Ltd. Is ₹45,00,000 divided into 30,000 shares of ₹ 150 each at premium of ₹ per share. The amount was payable as follows:

₹ 50 per share on application, ₹ 40 per share on allotment (including premium), ₹ 30 per share on first call and balance on final call. Public applied for 14,000 shares. All the money as was duly received.

Prepare an extract of Balance Sheet of suhani Ltd. as per schedule III, per I of the companies Act, 2013 disclosing the share capital.

Solution: Bharat Ltd. Balance Sheet

	Particular	Note no.	₹
I	Equity and Liability		
	Shareholder's Funds		
	Share Capital	1	21,00,000
	Reserve & surplus	2	<u>1,40,000</u>

	Total		<u>22,40,000</u>
II	Assets		
	1) Current Assets		
	a) Cash & Cash Equity	3	<u>22,40,000</u>
	Total		<u>22,40,000</u>

Note to Accounts

Particular	₹
1. Share capital	
Authorized capital	<u>4,50,000</u>
30,000 shares @ ₹ 150 each	
Issued of capital	
15,000 shares @ ₹ 150 each	<u>22,50,000</u>
Subscribed capital	
Subscribed & fully paid up	
14,000 shares @ ₹ 150 each	<u>21,00,000</u>
2. Reserve & surplus	

Security premium reserve (14,000 x 10)	<u>1,40,000</u>
3. Cash & cash Equity wellness	
Cash at Bank	<u>22,40,000</u>

Oversubscription

20. Pragati Ltd. issued 80,000 equity shares of 10 each against which it received application for 1,20,000 shares. Application money was 4, allotment money and first and final call was of 3 each.

Pass the Journal entry for allotment of shares in each of the following cases:

Case 1 : Excess Application were rejected

Case 2 : Pro rata allotment is made.

Case 3 : Applications for 20,000 shares was refused allotment and pro rata allotment was made to remaining.

Case 4 : Applications for 10,000 shares was refused allotment, applications for 10,000 shares were allotted the shares applied and pro rata allotment was made to the remaining.

Solution:

Journal

Date	Particular	L.f	Dr.	Cr.
1.	Share Application A/c Dr. To share capital A/c To bank a/c Share application money Transferred to share capital and excess application rejected)		480,000	320,000 160,000
2.	Share Application A/c Dr. To share capital A/c To share allotment a/c Share application money Transferred to share capital and excess transfer to allotment)		480,000	320,000 160,000
3.	Share Application A/c Dr. To share capital A/c To share allotment a/c To bank a/c Share application money Transferred to share capital and excess transfer to allotment and some rejected)		480,000	320,000 80,000 80,000

4.	<div>Share Application A/c Dr.</div> <div>To share capital A/c</div> <div>To share allotment a/c</div> <div>To bank a/c</div> <div>Share application money Transferred to share capital and excess transfer to allotment and some rejected)</div>		480,000	<div>320,000</div> <div>120,000</div> <div>40,000</div>
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