



## ACCOUNTS

### BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

### COMPANY ACCOUNTS- ACCOUNTING FOR SHARE CAPITAL

#### Illustration

1. (When Subscribed Shares are Fully Paid-up).

ACE Computers Ltd. is registered with capital of Rs. 10,00,000 divided into 1,00,000 Equity Shares of Rs. 10 each. It issued 75,000 Equity Shares to public for subscription. It received applications for 70,000 Equity Shares. The directors called Rs. 10 per share which was received.

How will be Share Capital shown in the Balance Sheet of ACE Computers Ltd.?



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## 2. (When Shares are not Fully Called-up).

On 1st April, 2018, Vivek Ltd. was formed with an authorised capital of Rs. 1,00,00,000 divided into 2,00,000 equity shares of Rs. 50 each. The company issued prospectus inviting applications for 1,80,000 shares. The issue price was payable as under:

On Application	:	Rs.15,
On Allotment	:	Rs. 20,
On call	:	Balance amount.

The issue was fully subscribed and the company allotted shares to all the applicants. The company did not make the call during the year.

Show the following:

(a) Share Capital in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.

(b) Also prepare ' Note to Accounts' for the same.



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3. Morning Stores Ltd. is registered with the Authorised Share Capital of Rs. 50,00,000 divided into 4,00,000 Equity Shares of Rs. 10 each and

10,000 Preference Shares of Rs. 100 each.

The company issued 2,75,000 Equity Shares and 10,000, 10% Preference Shares for subscription. Application were received for 2,50,000 Equity Shares and 10,000, 10% Preference Shares. The entire nominal (face) value of Equity Shares and Rs. 80 on 10% Preference Shares were called for payment. The amount called was received.

Show Share Capital in the Balance Sheet of the company.



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4. (Issue of Shares at Par, Fully Subscribed, Amount Payable in Lump Sum).

Dynamic Ltd. offered for subscription on 1st April, 2019, 1,00,000 Equity Shares of Rs. 10 each at par payable along with application. Applications were received for all the shares by 30th April, 2019 and the shares were allotted on 15th May, 2019.

Pass necessary Journal entries in the books of the company.



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5. (Issue of Shares at Par, Fully Subscribed, Amount Payable in Instalments).

Star Ltd. invited application for 10,000 shares of Rs. 10 each. The amount is payable as Rs. 3 on application, Rs. 4 on allotment and balance Rs. 3 on first and final call. The issue was fully subscribed and amount was duly received. Pass Journal entries for the above transactions.

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6. (Issue of Shares At Par, Fully Subscribed, Amount Payable in Lump Sum).

AD Deli Ltd. invited applications for 20,000 Equity Shares of Rs. 10 each at the issue price of Rs. 10. The amount payable along with application is Rs. 10. This issue was fully subscribed. Pass Journal entries for the above transactions and also prepare Balance Sheet of the Company.

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7. ( Issue of Shares at Premium, Fully Subscribed, Amount Payable in Lump Sum).

Why Ltd. issued 20,000 Equity Shares of Rs. 10 each at a premium of Rs. 2 payable along with the application. All the shares were applied and duly allotted. Pass necessary Journal entries and also draw the Balance Sheet of the Company.

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**8.** (Issue of Shares at Premium, Fully Subscribed, Amount Payable in Instalments).

Fine Craft Ltd. issued 50,000 Equity Shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows:

Rs. 3 on application, Rs. 6 on allotment, and Rs. 3 on first and final call.

All the shares were applied for and duly allotted. Pass necessary Journal entries.

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**9.** (Issue of Shares at Premium, Fully Subscribed, Amount Payable in Instalments).

'Tractors India Ltd.' is registered with a authorised capital of Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10 each. The company issued 50,000 equity shares at a premium of Rs. 5 per share. Rs. 2 per share were payable with application, Rs. 8 per share (including premium) on allotment and the balance amount on first and final call. The issue was fully subscribed and all the amount due was received except the first and final call money on 500 shares allotted to Balaram.

Present the 'Share Capital' in the Balance Sheet of 'Tractors India Ltd.' as per Schedule III, part I of the Companies Act, 2013. Also prepare Note to Accounts for the same.



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**10.** (Issue of shares at Premium, Fully subscribed, Amount Payable in Instalments).

New India Ltd. was registered with a capital of Rs. 1,00,00,000 in equity shares of Rs. 100 each.

It issued a prospectus inviting applications for 20,000 shares at 40% premium payable as follows:

On Application Rs. 50 (including Rs. 10 premium),

On Allotment Rs. 40 (including Rs. 10 premium),

On First Call Rs. 30 (including Rs. 10 premium),

Applications were received for 20,000. The amount due was received.

Pass the necessary Journal entries and also show how 'Share Capital' Will be shown in the Balance Sheet of the Company.



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**11.** Guru Ltd. invited applications for 5,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 5 per share. Because of favourable market conditions, the issue was oversubscribed and applications for 15,00,000 shares were received.

Suggest the alternatives available to the Board of Directors for the allotment of shares.



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**12. (Issue of Shares, Oversubscribed- Rejecting the Excess Applications).**

Good Co. Ltd. invited applications for 1,00,000 shares of Rs. 10 each payable:

Rs. 3 on application , Rs. 3 on allotment and the balance when required .

1,20,000 shares were applied for. Applications were accepted for 1,00,000 shares and remaining applications were rejected . Allotment money was received on 99,500 shares.

Pass Journal entries in the books of Good Co. Ltd.



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**13. Crysta Hospitality Ltd. invited applications for 1,00,000 equity shares of Rs. 50 each payable as under:**

On Application	Rs.10 per s
On Allotment	Rs. 15 per s
On First Call (due two months after allotment)	Rs. 15 per s
On second and Final Call (due two months after First Call)	Rs. 10 per s

Applications were received for 4,00,000 shares on 1st January, 2019 and allotment was made on 1st February , 2019.

Pass Journal entries for issue of shares under each of the following cases:

- (a) Allotted 1,00,000 shares in full to selected applicants and the applications for the remaining 3,00,000 shares were rejected.
- (b) Pro rata allotment of 25 per cent of the shares applied to every applicant, to apply the balance of application money towards amount due on allotment, and to refund the balance amount.
- (c) Reject applications for 2,00,000 shares, accept full applications for 80,000 shares and make a pro rata allotment of 20,000 shares to remaining application money to be adjusted towards allotment and calls .



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**14.** To provide employment to the youth and to develop Baramula district of Jammu and Kashmir, Jyoti Power Ltd. decided to set up a power plant. For raising funds the company decided to issue 8,50,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share. The whole amount was payable on application. Application 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 .

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**15.** (Issue of Shares at Par, Oversubscription and Pro rata Allotment).

Kirloskar Ltd. issued 20,000 shares of Rs. 10 each, payable Rs. 4 on application, Rs. 3 on allotment and Rs. 3 on first and final call. Applications were received for 25,000 shares. The company decided to allot 20,000 shares on pro rata basis and surplus of application money was utilised for allotment money due.

Pass Journal entries assuming that the amounts due were received. Also, show share capital in the Balance Sheet of the company.

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**16.** (Shares Issued at Par, Oversubscribed-full allotment to some applicants, partial allotment to others and no allotment to the rest).

Preeti & Co. Ltd. was registered with an authorised capital of Rs.

10,00,000 divided into 1,00,000 shares of Rs. 10 each. The company offered 60,000 shares to public on which amounts were payable Rs. 3 per share on application, Rs. 3 per share on allotment and the balance when required. Applications for 92,000 shares were received on which the Directors allotted as follows:

Applicants for 40,000 shares	—	Full,
Applicants for 50,000 shares	—	40%,
Applicants for 2,000 shares	—	Nil.

Rs. 84,000 were received as allotment money (excluding the amount carried from application money).

Show the Journal entries recording the above.



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17. On 1st April, 2017, Prarthana Ltd. was formed with an authorised capital of Rs. 90,00,000 divided into 90,000 Equity Shares of Rs. 100 each. The company invited applications for 80,000 Equity Shares. The amount was payable as follows:

On application	—	Rs. 30 per share,
On allotment	—	Rs. 40 per share
On first and final call	—	Balance amount.

Applications for 1,00,000 shares were received. Applications for 20,000 shares were rejected and the application money was refunded. All calls were made. A shareholder holding 600 shares, did not pay the first and final call.

Show 'Share Capital' in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013 as at 31st March, 2018.

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**18.** MCS Ltd. issued 40,000 shares of Rs. 10 each payable as Rs. 2 per share on application, Rs. 4 per share on allotment and the balance in two equal instalments.

Applications were received for 80,000 shares and the allotment was made as follows:

- (a) Applications of 50,000 shares were allotted 30,000 shares.
- (b) Application of 30,000 shares were allotted 10,000 shares.

Neeraj, to whom 600 shares were allotted from Category (a), failed to pay the allotment money. Pass necessary Journal entries up to allotment only.

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### 19. (Comprehensive Illustration).

A company invited applications for 50,000 Equity Shares of Rs. 10 each payable as follows:

On application Rs. 3, on allotment Rs. 3, on first and final call Rs. 4.

Applications were received for 1,10,000 shares. It was decided

- (i) to refuse allotment to the applicants for 10,000 shares,
- (ii) to allot 50% to Mr. X who has applied for 20,000 shares,
- (iii) to allot in full to Mr. Y who has applied for 10,000 shares,
- (iv) to allot balance of the available shares on pro rata basis among the other applicants, and
- (v) to utilise excess application money in part payment of allotment and final call.

Pass journal entries till the stage of allotment assuming that the total amount due on allotment is received.



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**20.** ( Shares issued at Premium, Oversubscribed-Pro rata Allotment to some and no Allotment to the Rest).

Jaya Ltd. issued 60,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on application, Rs. 5 (including premium) on allotment and the balance on first and final call. Applications were received for 82,000 shares. The Directors resolved to allot as follows:

- |                                 |                |
|---------------------------------|----------------|
| (a) Applicants of 30,000 shares | 20,000 shares, |
| (b) Applicants of 50,000 shares | 40,000 shares, |
| (c) Applicants of 2,000 shares  | Nil.           |

Ramesh, who had applied for 900 shares in Category (a) and Suresh, who was allotted 600 shares in Category (b) failed to pay the allotment money.

Calculate amount received on allotment.



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**21.** (Issue of Shares at Par, Undersubscription).

Sarvottam Ltd. invited applications for 40,000 Equity Shares of Rs. 10 each. The amount was payable as follows: on application Rs. 3 per share, on allotment Rs. 4 per share and on first and final call Rs. 3 per share.

Applications were received for 37,500 shares and allotment was made to all. Ashok to whom 1,000 shares were allotted failed to pay the allotment money and also first and final call. Sohan who had applied for 500 shares failed to pay the first and final call.

Pass necessary Journal entries to record the above transactions.

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**22.** (Share Capital in Balance Sheet in case of Undersubscription).

The authorised capital of Suhas Ltd. is Rs. 50,00,000 divided into 25,000 shares of Rs. 200 each. Out of these, the company issued 12,000 shares of Rs. 200 each at a premium of 10% . The amount per share was payable as follows:

Rs. 60 on application,

Rs. 60 on allotment (including premium),

Rs. 30 on first call, and

balance on final call.

Public applied for 11,000 shares. All the money was duly received.

Prepare an extract of Balance Sheet of Suhas Ltd. as per Schedule III, Part I of the Companies Act, 2013 showing share capital.

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**23.** (Issue of Shares at Premium, undersubscribed, Amount Payable in Instalments).

Newbie Ltd. was registered with an authorised capital of Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each. Since, the economy was in robust shape, the company decided to offer to the public for subscription 30,000 equity shares of Rs. 10 each at a premium of Rs. 20 per share.

Applications for 28,000 shares were received and allotment was made to all the applications. All calls were made and duly received except the final call of Rs. 2 per share on 200 shares. Show the 'Share Capital' in the Balance Sheet of Newbie Ltd. as per Schedule III of the Companies Act, 2013, Also, prepare Note to Accounts for the same.

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**24. (Issue of Shares at Par and Preparation of Cash Book).**

Grand Ltd. offered 1,00,000 shares of Rs. 10 each for subscription on following terms:

Rs. 3 to be paid on application, Rs. 3 to be paid on allotment, Rs. 4 to be paid in two months after allotment.

Applications were received for 90,000 shares and allotment was made on 1st May, 2018. All the money due on allotment was received by 15th May, 2018. Call was duly made but a shareholder holding 1,500 shares failed to pay the call.

Pass entries in the Cash Book, Journal and the Ledger of the Company.

Also, prepare the Balance Sheet of the company showing Share Capital.



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**25. (Issue of Two Classes of Shares).**

DSC Power Ltd. Offered to public on 1st April, 2019, 1,00,000 Equity Shares and 50,000 Preference Shares of Rs. 10 each payable as under:

	Equity Shares (Rs.)	Preference S
On application	3	3
On allotment (1 st May)	3	4
On first and final call (1 st September)	4	3

Subscription was received for 1,20,000 Equity Shares and 45,000 Preference Shares. Applications for Preference Shares were accepted in full. Out of applications for Equity Shares, applications for 10,000 shares were rejected, applications for 85,000 shares accepted in full and 15,000 shares were allotted to the remaining applicants.

All amounts were received except the amount due on call on 1,000 Equity Shares and 500 Preference Shares. Pass entries in the Cash Book and Journal.

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**26.** X Ltd. was formed with a capital of Rs. 10,000 divided into shares of Rs. 10 each. It offered 90% shares for subscription. 40% payable on application, 25% payable on allotment and the balance on final call. The applicants paid Rs. 3,60,000 on application and Rs. 1,69,000 on allotment. Final call had not yet been made. Calculate:  
(a) Authorised Capital, (b) Issued Capital,

(c) Subscribed Capital, (d) Called-up Capital,

(e) Paid-up Capital, (f) Calls-in-Arrears.



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**27.** Ben Tech Ltd. company had an authorised capital of Rs. 12,50,000 divided into 12,500 shares of Rs. 100 each. The company issued 10,000 shares payable as Rs. 25 on application, Rs. 25 on allotment, Rs. 30 on first call and Rs. 20 on second and final call. All the shares were subscribed. The Directors made allotment and the money was duly received except the second and final call on 500 shares, which is transferred to Call-in-Arrears Account. Pass Journal entries, prepare Share Capital Account and show how share capital will appear in the Balance Sheet.



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**28.** (Oversubscription of Shares and Call-in-Arrears).

Alfa Co. Ltd. issued 50,000 Equity Shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows:

Rs. 3 on application, Rs. 4 on allotment (including premium), Rs. 2 on first call and Rs. 3 on final call. Applications were received for 65,000 Equity Shares. Applications for 40,000 Equity Shares were accepted in full, 10,000 Equity shares were allotted to applicants of 20,000 Equity Shares and applications for 5,000 Equity Shares were rejected. The amounts due were duly received except the first call on 1,000 Equity Shares and final call on 1,500 Equity Shares.

Pass entries in the Cash Book and Journal of the Company. Also, show Share Capital in the Balance Sheet.



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**29.** (Calls-in-Arrears and Calls paid in Advance both).

The Kerala Coir Milks Ltd., with an authorised capital of 5,00,000 Equity Shares of Rs. 10 each, issued 2,00,000 Equity Shares, payable Rs. On application, Rs. 2 on allotment, Rs. 3 on first call and Rs. 2 on second and final call.

The amount due on allotment was received. On the first call being made, one shareholder holding 6,000 Equity Shares paid second and final call

along with the first call while five shareholders with a total holding of 10,000 Equity Shares did not pay the first call on their Equity Shares. Company has not demanded the second and final call.

Pass Journal entries to record the transactions and draw up the company's Balance Sheet.

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**30.** On 1st January, 2018, Bani Ltd. issued 10,000 Equity Shares of Rs. 10 each payable as: on application Rs. 3, on allotment Rs. 3, on first and final call Rs. 4 (three months after allotment).

Applications were received for 13,000 shares and Directors made allotment in full to the applicants demanding five or more shares and returned money to the applicants for 3,000 shares. One shareholder, who was allotted 200 shares, paid first and final call with allotment money and another shareholder did not pay allotment money on his 300 shares and paid it with first and final call.

journalise the transactions in the books of Bani Ltd. including cash transactions. The company maintains Call-in-Arrears Account.



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**31.** On 1st January, 2016 the first call of Rs. 3 per share became due on 1,00,000 equity shares issued by Kamini Ltd. Karan a holder of 500 shares did not pay the first call money. Arjun a shareholder holding 1,000 shares paid the second and final call of Rs. 5 per share along with the first call. Pass the necessary Journal entry for the amount received by opening 'Calls-in-Arrears' and 'Calls-in-Advance' Account in the books of the company.



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**32.** (Issue of Shares for Purchase of Business).

Tiny Toys Ltd. purchased the business of Ram Bros. for Rs. 1,80,000 payable in fully paid Equity Shares of Rs. 10 each. What entries will be passed in the books of Tiny Toys Ltd. if the issue is : (i) at par and (ii) at a premium of 20%?



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**33.** (Issue of Shares for Purchase of Business).

Rajan Ltd. purchased a running business from Vikas Ltd. For a sum of Rs. 2,50,000 payable as Rs. 2,20,000 in fully paid equity shares of Rs. 10 each and balance by a bank draft. The assets and liabilities consisted of the following:

Plant and Machinery Rs. 90,000, Building Rs. 90,000, Sundry Debtors Rs. 30,000, Stock Rs. 50,000, Cash Rs. 20,000, Sundry Creditors Rs. 20,000.

Journalise the above transactions.



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**34.** (Issue of Shares to Promoters and Underwriters).

Dee Ltd. issued 2,500 shares of Rs. 10 each credited as fully paid to the promoters for the services rendered to incorporate the company and also issued 2,000 shares of Rs. 10 each credited as fully paid to the underwriters for their underwriting services. Journalise these transactions.



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**35.** Pass necessary Journal entries for the following transactions in the books of Gopal Ltd.:

(i) Purchased furniture for Rs. 2,50,000 from M/s. Furniture Mart. The payment to M/s. Furniture Mart was made by issuing equity shares of Rs. 10 each at a premium of 25%.

(ii) Purchased a running business from Aman Ltd. for a sum of Rs. 15,00,000. The payment of Rs. 12,00,000 was made by issue of fully paid equity shares of Rs. 10 each and balance by a bank draft. The assets and liabilities consisted of the following:

Plant Rs. 3,50,000, Stock Rs. 4,50,000, Land and Building Rs. 6,00,000, Sundry Creditors Rs. 1,00,000.



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**36.** K Ltd. took over the assets of Rs. 15,00,000 and liabilities of Rs. 5,00,000 of P Ltd. for a purchase consideration of Rs. 13,68,500. Rs. 25,500

were paid by issuing a promissory note in favour of P Ltd. payable after two months and the balance was paid by issue of equity shares of Rs. 100 each at a premium of 25%.

Pass necessary Journal entries for the above transactions in the books of K Ltd.

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**37.** Akshit Ltd. purchased machinery of Rs. 4,30,000 from Perfect Machines Ltd. and paid as follows:

- (a) Issued 10,000 Equity shares of Rs. 10 each at a premium of Rs. 3,
- (b) Issued an acceptance of Rs. 1,00,000 payable after 3 months, and (c) Balance by issuing post-dated cheque of two months of Rs. 2,00,000.

Pass the Journal entries in the books of Akshit Ltd. and Perfect Machines Ltd.

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**38.** (Forfeiture of Shares which were Issued at Par).

XYZ Ltd. issued 5,000 Equity Shares of Rs. 10 each at par payable: on application Rs. 2 per share, on allotment Rs. 3 per share, on first call Rs. 3 per share and on second and final call Rs. 2 per share. Param was allotted 40 shares. Give necessary Journal entries relating to the forfeiture of shares in each of the following alternative cases:

Case 1. If Param failed to pay allotment money and his shares were forfeited.

Case 2. If Param failed to pay allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Case 3. If Param failed to pay the first call and on his subsequent failure to pay the final call, his shares were forfeited.



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**39.** (Forfeiture of Shares which were Issued at Par).

Airdrop Ltd. issued 1,00,000 Equity Shares of Rs. 10 each on the following terms:

Rs. 3 payable on application, Rs. 4 on allotment, the balance as and when required.

Applications were received for 1,40,000 Equity Shares. Allotment was made as under:

80,000 applications were given 80,000 Equity Shares,

50,000 applications were given 20,000 Equity Shares, and

10,000 applications were not allotted any share.

A shareholder who applied for 1,000 Equity Shares and was given 1,000 shares failed to pay the allotment money. His shares were forfeited.

Pass Journal entries to record the above transactions.



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#### **40.** (Comprehensive Illustration ).

Paliwal Exports Ltd. with a share capital of Rs. 10,00,000 divided into 20,000 Equity Shares of Rs. 50 each offers Equity Shares to the public as follows:

Rs. 10 payable on application, Rs. 10 payable on allotment, Rs. 15 payable on first call and Rs. 15 payable on second call.

Shareholder 'A' who holds 300 Equity Shares has paid only application money.

Shareholder 'B' who holds 200 Equity Shares has paid application money on 200 Equity Shares and allotment money on only 100 Equity Shares. He surrendered 100 Equity Shares and also has not paid any other calls.

Shareholder 'C' who holds 180 Equity Shares has paid only application and allotment money.

Shareholder 'D' who holds 50 Equity Shares has paid application, allotment and first call money.

Shareholder 'E' who holds 30 Equity Shares has paid application, allotment and first call money in full and second call money on only 20 Equity Shares.

The company forfeits the shares of the above shareholders who have not paid the arrears.

Journalise above transactions in the books of the Company.



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**41.** Samprag Ltd. has an authorised capital of Rs. 20,00,000 divided into equity shares of Rs. 10 each. The company invited applications for issuing 60,000 shares. Applications for 58,000 shares were received.

All calls were made and were duly received except the final call of Rs. 3 per share on 2,000 shares. These shares were forfeited.

(a) Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013.

(b) Also prepare 'Note to Accounts' for the same.



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**42.** On 1st April, 2012, Vishwas Ltd. was formed with an authorised capital of Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10 each. The company issued prospectus inviting applications for 90,000 equity shares. The company received applications for 85,000 equity shares. During the first year, Rs. 8 per share were called. Ram holding 1,000 shares and Shyam holding 2,000 shares did not pay the first call of Rs. 2 per share. Shyam's shares were forfeited after the first call and later on 1,500

of the forfeited shares were reissued at Rs. 6 per share, Rs. 8 called-up.

Show the following:

(a) Share capital in the Balance Sheet of the company as per Schedule III, Part I of the Companies ACT, 2013.

(b) Also prepare 'Note to Accounts' for the same.



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**43.** (Comprehensive Illustration).

Green Ltd. was registered with an authorised capital of Rs. 2,00,000 in Rs. 10 per equity share, of these 6,000 Equity Shares issued as fully paid to the vendor for purchase of building, 8,000 Equity Shares were issued for subscription and during the first year Rs. 5 per Equity Share were called-up, payable Rs. 2 on application, Rs. 1 on allotment, Rs. 1 on first call and Rs. 1 on second call. The amounts received in respect of these shares were:

On 6,000 Equity Shares the full amount was received,

On 1,250 shares Rs. 4 per Equity Share,

On 500 shares Rs. 3 per Equity Share,

On 250 shares Rs. 2 per Equity Share.

The company forfeited 750 Equity Shares on which less than Rs. 4 per Equity Share had been paid. Pass Journal entries in the books of the company and also show share capital in its Balance Sheet .



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**44.** (Forfeiture of Shares which were Issued at Premium, Different Cases).

SRCC Ltd. issued 10,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share . The amount is payable as:

On Application	–	Rs.4 per share,
On Allotment	–	Rs. 5 per share (including premium),
On First and Final Call	–	Rs. 3 per share.

Gaurav was allotted 200 shares. Give Journal entry relating to the 'Forfeiture of Shares' in each of the following alternative cases:

Case I : If Gaurav failed to pay allotment money and his shares were forfeited before making the first call and final call.

Case II : If Gaurav failed to pay allotment money and on his subsequent failure to pay the first and final call, his shares were forfeited.

Case III: If Gaurav failed to pay the first and final call and his shares were forfeited.

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**45.** (Forfeiture of Shares which were Issued at Premium-Premium not received).

Sargam Ltd. invited applications for issuing 80,000 equity shares of Rs. 100 each at a premium. The amount was payable as follows :

On Application- Rs. 20 per share,

On Allotment-Rs. 60 (including premium ) per share,

On First and Final Call-Rs. 40 per share.

Applications for 1,20,000 shares were received. Allotment was made on pro rata basis to all the applicants. Excess money received on applications was adjusted on sums due on allotment. Sitaram, who had applied for 6,000 shares, failed to pay the allotment money and Harnam did not pay first and final call on 800 shares allotted to him. The shares of Sitaram and Harnam were forfeited. 4,200 of these shares were reissued for Rs. 100 per share as fully paid-up. The reissued shares included all the

forfeited shares of Harnam.

Pass necessary Journal entries for the above transactions in the books of Sargam Ltd.



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**46.** Zen Ltd. issued 10,000 Equity shares of Rs. 10 each at a premium of Rs.

3 per share payable as:

On Application	Rs. 4,
On Allotment	RS. 5 (including premium),
On First Call	Rs. 2,

Application were received for 12,000 shares. The company made pro rata allotment to all the applicants. One shareholder who was allotted 900 shares paid the entire amount with allotment while another shareholder who had applied for 1,200 shares, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited.

Of the forfeited shares, 800 were reissued at Rs. 7 per share.

You are required to prepare:

(i) Shares Allotment Account.

(ii) Securities Premium Reserve Account.

(iii) Shares Forfeiture Account.

(iv) Calls-in-Arrears Account.



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**47.** KL Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 10 each at par. The amount was payable as follows:

On Application-Rs. 3 per share,

On Allotment-Rs. 4 per share, and

On First and Final Call-Rs. 3 per share.

The issue was oversubscribed by three times. Applications for 20% shares were rejected and the money refunded. Allotment was made to the remaining applicants as follows:

Category	No. of Shares Applied	No. of Shares Allotted
I	1,60,000	80,000
II	80,000	20,000

Excess money received with applications was adjusted towards sums due on allotment and first and final call. All calls were made and were duly received except the final call by a shareholder belonging to Category I

who has applied for 320 shares. His shares were forfeited. The forfeited shares were reissued at Rs. 15 per share fully paid-up.

Pass necessary Journal entries for the above transactions in the book of XL Ltd. Open Calls-in-Arrears and Calls-in-Advance Account whenever required.

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**48.** Suvidha Ltd.' is registered with an authorised capital of Rs. 10,00,00,000 divided into 10,00,000 Equity Shares of Rs. 100 each. The company issued 1,00,000 shares for public subscription. A shareholder holding 100 shares, failed to pay the final call of Rs. 20 per share. His shares were forfeited. The forfeited shares were reissued at Rs. 90 per share as fully paid-up.

Present the 'Share Capital' in the Balance Sheet of the company as per Schedule VI, part I of the Companies Act, 1956 (Now Schedule III, Part I of the Companies ACT, 2013). Also prepare 'Note to Accounts'.

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**49.** BMY Ltd.' invited applications for issuing 1,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 10 per share. The amount was payable as follows:

On application-Rs. 10 per share (including Rs. 5 premium),

On allotment-The balance.

The issue was fully subscribed. A shareholder holding 300 shares paid the full share money with application. Another shareholder holding 200 shares failed to pay the allotment money. His shares were forfeited. Later on, these shares were reissued for Rs. 4,000 as fully paid-up.

Pass necessary Journal entries for the above transactions in the books of BMK Ltd.



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**50.** Blue Star Ltd.' was registered with an authorised capital of Rs. 2,00,000 divided into 20,000 shares of Rs. 10 each . 6,000 of these shares were issued to the vendor for building purchased . 8,000 shares were issued to the public and Rs. 5 per share were called-up as follows:

On application-Rs. 2 per share,

On allotment-Rs. 1 per share,

On first call-Balance of the called-up amount.

The amounts received on these shares were as follows:

On 6,000 shares-Full amount called,

On 1,250 shares-Rs. 3 per share,

On 750 shares-Rs. 2 per share.

The directors forfeited 750 shares on which Rs. 2 per share were received.

Pass necessary Journal entries for the above transactions in the books of

Blue Star Ltd.



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**51.** (Forfeiture of Partly Called-up Shares and their Reissue in Different Cases).

Nav Lakshmi Ltd. forfeited 500 shares of Rs. 10 each for non-payment of first call of Rs. 3 per share. The final call of Rs. 2 per share is yet to be made. All the forfeited shares were reissued. Pass the necessary Journal entries in the following cases:

Case I : If the shares are reissued for Rs. 5 per share.

Case II: If the shares are reissued for Rs. 9 per share, Rs. 8 called-up.

Case III: If the shares are reissued for Rs. 8 per share, fully paid-up.

Case IV: If the shares are reissued for Rs. 12 per share, fully called-up.



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**52.** AXN Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 6 per share. The amount was payable as follows:

On Application-Rs. 4 per share (Including Rs. 2 premium),

On Allotment -Rs. 5 per share (Including Rs. 2 premium),

On First Call-Rs. 4 per share (Including Rs. 2 premium), and

On Second and Final Call - Balance Amount.

The issue was fully subscribed.

Kumar, the holder of 400 shares, did not pay the allotment money and Ravi, the holder of 1,000 shares, paid his entire share money along with allotment money. Kumar's shares were forfeited immediately after allotment. Afterwards first call was made. Gupta a holder of 300 shares,

failed to pay the first call money and Gopal, a holder of 600 shares, paid the second call money also along with first call. Gupta's shares were forfeited immediately after the first call. Second and final call was made afterwards. The whole amount due on second call was received.

All the forfeited shares were reissued at Rs. 9 per share fully paid-up.

Pass necessary Journal entries for the above transactions in the books of the company.

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**53.** (Forfeiture of Shares Issued at Premium, Reissued at Discount).

ABC Ltd. forfeited 150 Equity Shares of Rs. 10 each issued at a premium of Rs. 5 per share, for non-payment of allotment money of Rs. 8 per share (including premium of Rs. 5 per share), the first call of Rs. 2 per share and the final call of Rs. 3 per share. Out of these, 100 Equity Shares were reissued at Rs. 14 per share.

Give Journal entries the forfeiture and reissue of shares.

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**54.** (Calculation of Gain on reissue when only a Part of Shares Forfeited are reissued).

Alok Ltd. forfeited 300 Equity Shares of Rs. 10 each, fully called-up, held by Ram for non-payment of allotment money of Rs. 3 per equity share and first and final call money of Rs. 4 per equity share. Out of these, 250 shares were reissued to Shyam for a total payment of Rs. 2,000.

Pass Journal entries for forfeiture and reissue.



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**55.** (Forfeiture of Shares issued at Premium and Reissued at Discount).

A Ltd. forfeited 600 Equity Shares of Rs. 10 each issued at a premium of 20% to Ram who had applied for 720 Equity Shares, for non-payment of allotment money of Rs. 5 per equity share (including premium) and the first and final call of Rs. 5 per equity share. Out of these, 200 Equity Shares were reissued to Shyam credited as fully paid for Rs. 9 per equity share. As per the terms of issue, company was to retain the excess

application money to adjust against calls.

Pass Journal entries to record forfeiture and reissue of shares.



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**56.** (Forfeiture of Shares which were issued at Premium and reissued at Discount).

X Ltd. issued 10,000 Equity Shares of Rs 100 each at a premium of Rs. 20 per share payable as Rs. 30 on application, Rs. 50 on allotment including premium and Rs. 40 on first and final call.

All the shares were subscribed, amount due on all shares was received except from Asha, holding 100 shares were subscribed, amount due on all shares was received except from Asha, holding 100 shares who did not pay allotment and call money and Neeru holding 200 shares did not pay the first and final call money. These 300 shares were forfeited. Out of the shares forfeited, 150 shares (including all shares of Asha) were reissued to Raja @ Rs. 80 per share as fully paid-up.

Pass Journal entries in the books of the company to record the forfeiture and reissue only.

Also, show Shareholders' Funds in the Balance Sheet before and after forfeiture and reissue.

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**57.** (Reissue of Forfeited Shares which were issued at Premium).

Complete Solutions Ltd. forfeited Shares of Rs. 100 each issued at 10% premium on which allotment money of Rs. 30 per equity share (including premium) and first call of Rs. 30 per share were not received, the second and final call of Rs. 20 per equity share was not yet called.

Pass journal entries regarding forfeiture and reissue of shares in each of the following cases:

Case 1. If 200 of these shares were reissued as Rs. 80 paid-up for Rs. 90 per share.

Case 2. If 200 of these shares were reissued as Rs. 80 paid-up for Rs. 80 per share.

Case 3. If 200 of these shares were reissued as Rs. 80 paid-up for Rs. 70 per share.

Case 4. If 200 of these shares were reissued as Rs. 80 paid-up for Rs. 50

per share.

Case 5. If 200 of these shares were reissued at Rs. 70 per share as fully paid-up.



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**58.** Welfare Limited issued 1,000 shares of Rs. 100 each . The due amount was received except for 100 shares on which Rs. 90 was received per share. These 100 shares were forfeited and 50 shares were reissued for Rs. 80 each fully paid up.

Show the Forfeited Shares Account and the Balance Sheet as at closing date.



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**59.** Z Ltd. offered to public 80,000 shares for subscription. Applications were received for 1,30,000 shares and pro rata allotment was made to the applicants. X applied for 52,000 shares and Y was allotted 16,000 shares.

On the basis of above information, calculate:

(i) How many applications have been rejected?

(ii) What is the pro rata ratio?

(iii) How many shares were allotted to X ?

(iv) How many shares were applied by Y ?



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**60.** X Ltd. issued 20,000 shares of Rs. 10 each payable as follows:

On application Rs. 6 and balance on allotment. Applications were received for 32,500 shares and pro rata allotment was made to the applicants of 25,000 shares. All the shareholders have paid the amount due up to allotment except X the allotted of 4,000 shares.

(i) Calculate amount due but not paid by X.

(ii) Calculate allotment money received later.



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**61.** (Partial Allotment of Shares and their Forfeiture and Reissue).

X applied for 2,000 shares of Rs. 10 each at a premium of Rs. 2.50 per

share . He was allotted 1,000 shares. After having paid Rs. 3 per share on application, he did not pay the allotment money of Rs, 4.50 per share (including premium) and on his subsequent failure to pay the first call of Rs. 2 per share, his shares were forfeited. These shares were reissued @ Rs. 8 per share credited as fully paid-up.

Pass Journal entries to record forfeiture and reissue of shares.

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**62.** AB Ltd. invited applications for 1,00,000 Equity Shares of Rs. 10 each, payable as Rs. 2 on application, Rs. 3 on allotment and the balance on first and final call. Application were received for 3,00,000 shares and the shares were allotted on a pro rata basis. The excess application money was to be adjusted against allotment only. M, a shareholder, who had applied for 3,000 shares, failed to pay the call money and his shares were accordingly forfeited and reissued @ Rs. 8 per share as fully paid-up.

Pass necessary Journal entries.

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**63.** (Forfeiture of Shares Allotted on Pro rata).

A company issued 10,000 shares of Rs.10 each payable as Rs. 2 on application, Rs. 3 on allotment, Rs. 3 on first call and Rs. 2 on second and final call.

Applications were received for 15,000 shares. The shares were allotted on a pro rata basis to the applicants of 12,000 shares. All shareholders paid the allotment money except one shareholder who was allotted 200 shares. These shares were forfeited. The first call was made thereafter. The forfeited shares were reissued @ Rs. 9 per share as Rs. 8 paid-up after first call. The second and final call was not yet made.

You are required to prepare Cash Book and pass Journal entries.



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**64.** (Comprehensive Illustration).

Shagoon India Ltd. issued for subscription 40,000 Equity Shares of Rs. 10 each, at a premium of Rs. 2 per share payable as under:

On application Rs. 2 per share, on allotment Rs. 5 per share (including

premium), on first call Rs. 2 per share and on second and final call Rs. 3 per share.

Applications were received for 60,000 shares. Allotment was made on pro rata basis to the applicants for 48,000 shares, remaining applications being refused. Money overpaid on application was applied towards amount due on allotment.

Amrit, to whom 1,600 shares were allotted, failed to pay the allotment money and Barun, to whom 2,000 shares were allotted, failed to pay two calls. These were subsequently forfeited after the second and final call.

Pass Journal entries in the books of Shagoon India Ltd. to record the above transactions including the bank entries.



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**65.** SK Ltd. invited applications for 3,20,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share. The amount was payable as follows:

On application-Rs. 3 per share (including premium Rs. 1 per share),

On allotment-Rs. 5 per share (including premium Rs. 2 per share),

On First and Final Call - Balance.

Applications for 4,00,000 shares were received. Applications for 40,000 shares were rejected and application money refunded. Shares were allotted on pro rata basis to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. Jeevan holding 800 shares failed to pay the allotment money and his shares were immediately forfeited. Afterwards, final call was made. Ganesh who had applied for 2,700 shares failed to pay the final call. His shares were also forfeited. Out of the forfeited shares, 1,500 shares were reissued at Rs. 8 per share fully paid-up. The reissued shares included all the forfeited shares of Jeevan.

Pass necessary Journal entries for the above transactions in the books of the company.



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**66.** On 1st April, 2019, Sangita Ltd. issued 30,000 Equity Shares of Rs. 10 each at a premium of Rs. 4 per share, payable as follows:

Rs. 6 on application (including Rs. 1 premium),

Rs. 2 on allotment (including Rs. 1 premium),

Rs. 3 on first call (including Rs. 1 premium ), and

Rs. 3 on second and final call (including Rs. 1 premium).

Applications were received for 45,000 shares, of which applications for 9,000 shares were rejected and their money was refunded. Rest of the applicants were issued shares on pro rata basis and their excess money was adjusted towards allotment.

Hari, to whom 600 shares were allotted, failed to pay the allotment money and his shares were forfeited after allotment. Mohan, who applied for 1,080 shares failed to pay the two calls and on his such failure, his shares were forfeited.

1,200 forfeited shares were reissued as fully paid-up on receipt of Rs. 9 per share, the whole of Mohan's shares being included.

Prepare Cash Book and pass necessary Journal entries. Also, show share capital in the Balance Sheet of the company.



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**67.** Sudershan Ltd. invited applications for 1,00,000 Equity Shares of Rs. 10 each. The shares were issued at a premium of Rs. 5 per share. The amount

was payable as follows:

On application and allotment Rs. 8 per share (including premium Rs. 3), the balance including premium on the first and the final call.

Applications for 1,50,000 shares were received. Applications for 10,000 shares were rejected and pro rata allotment was made to the remaining applicants on the following basis:

(i) Applicants for 80,000 shares were allotted 60,000 shares and

(ii) Applicants for 60,000 shares were allotted 40,000 shares.

Excess amount received on application and allotment is to be adjusted against amount due on call. X, who belonged to the first category and was allotted 300 shares, failed to pay the first call money. Y who belonged to the second category and was allotted 200 shares also failed to pay the first call money. Their shares were forfeited. The forfeited shares were reissued @ Rs. 12 per share as fully paid-up.

Prepare Cash Book and pass necessary journal entries.



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68. X Ltd. invited applications for issuing 50,000 equity shares of Rs. 10 each. The amount was payable as follows:

On Application	: Rs. 2 per share,
On Allotment	: Rs. 2 per share,
On First Call	: Rs. 3 per share,
On second and Final Call	: Balance amount.

Applications for 70,000 shares were received. Applications for 10,000 share were rejected and the application money was refunded.

Shares were allotted to the remaining applicants on a pro rata basis and excess money received with applications was transferred towards sums due on allotment and calls, if any.

Gopal, who applied for 600 shares, paid his entire share money with application. Ghosh, who had applied for 6,000 shares, failed to pay the allotment money and his shares were immediately forfeited. These forfeited shares were reissued to Sultan for Rs. 20,000 , Rs. 4 per share paid-up. The first call money and the second and final call money was called and duly received.

Pass necessary Journal entries for the above transactions in the books of X Ltd. Open Call-in-Advance Account and Calls-in-Arrears Account wherever necessary .



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## Example

1. XLtd. Issued 50,000 shares of Rs. 100 each at per and company received applications for 1,00,000 shares. The amount is payable as follows: on application Rs. 30, on allotment Rs. 50 and balance on call. The company made allotment as under:

Category	Shares Applied	Shares Allotted
(a)	30,000	30,000
(b)	50,000	20,000
(c)	20,000	NIL

Mohan of category (b) who was allotted 1,500 shares failed to pay allotment money.

Calculate: (i) Allotment money not paid by Mohan.

(ii) Amount received by the company on Allotment.



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1. A company is registered with an authorised capital of 1,25,000 Equity Shares of Rs. 10 each. The company offered 80,000 Equity Shares to the public for subscription payable as follows: 25% on application, 25% on allotment, 25% on first call, the balance on final call.

Applications were received for 75,000 shares.

The company duly allotted these shares. It made only the first call by 31 st March, 2019. The first call money was received on all the shares except 300 Equity Shares.

What is the Company's: (i) Authorised Share Capital, (ii) Issued Share Capital, (iii) Subscribed Share Capital, and (iv) Calls-in-Arrears?



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2. What amount of profit on reissue will be transferred to Capital Reserve under following situations?

(i) 3,000 shares of Rs. 10 each of Rakesh were forfeited by crediting Rs. 5,000 to Forfeited Shares Accounts. Out of these, 1,800 shares were reissued to Mohan for Rs. 9 per share as fully paid-up.

(ii) Z Ltd. forfeited 20 shares of Rs. 100 each (Rs. 60 called-up) issued at par to Shiv on which he paid Rs. 20 per share. Out of these, 15 shares were reissued to Rajesh as Rs. 60 paid-up for Rs. 45 per share.

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82

1. What is meant by private placement of shares?

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83

1. Zee Ltd. intends to issue 10,00,000 Equity Shares of Rs. 10 each to public for subscription. The management was suggested by the accountant Rahul that shares should be issued at 10% discount so that shares are

subscribed in full. The management did not accept the suggestion of Rahul. What must be the reason for not accepting the suggestion?



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84

1. Kinley Ltd. has a credit balance of Rs. 10,00,000 in Securities Premium Reserve. It did not earn profit during the year and thus was unable to declare dividend. Amit, the accountant of the company, suggested that Securities Premium Reserve of Rs. 10,00,000 may be used for payment of dividend. However, auditor of the company advised against such utilisation of the reserve. What must have been the reason for this advice ?



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85

1. Amrit Ltd. has issued 5,00,000 Equity Shares of Rs. 10 each for subscription. All the calls were made and amount were received on due dates expect allotment amount of Rs. 2 per share and first and final call of Rs. 3 per share on 5,000 shares.

The accountant suggests that the amount of calls-in-arrears must be transferred to Calls-in-Arrears Account. Is the accountant stating correctly ?

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86

1. Exe Ltd. has Rs. 10,000 debit balance in Calls-in-Arrears Account and also Rs. 10,000 credit balance in Calls-in-Advance Account. The Accountant did not show both the accounts in Balance Sheet adjusting the two accounts against each other. Is the approach correct? Give your reasons.

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87

1. What are the two effects of Forfeiture of Shares?



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88

1. Modern Ltd. with paid-up share capital of Rs. 10,00,000 has a balance of Rs. 2,50,000 in Securities Premium Reserve Account. Suggest the method for utilising Securities Premium Reserve that would maximum the return to shareholders.



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89

1. Determine the maximum permissible discount which a company can allow at the time of reissue of forfeited shares in the following cases:

(i) A share of Rs. 10 originally issued at par on which application and allotment money of Rs. 5 has been received.

(ii) A share of Rs. 10 originally issued at a premium of Rs. 1 on which application and allotment money (including premium) of Rs. 5 has been received.

(iii) A share of Rs. 10 originally issued at a premium of Rs. 1 on which application and allotment money (excluding premium) of Rs. 5 has been received.



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## Very Short Answer Type Questions

1. Define a Company.



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2. What are the essential characteristics of a company ?

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3. Give the definition of a Share.

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4. Explain the term Preference Share.

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5. What is meant by Cumulative Preference Share?

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6. What is meant by Authorised Capital ?



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7. Give the meaning of "Registered Capital" of a Company.



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8. What is meant by Issued Capital?



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9. What is meant by Subscribed Capital?



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10. Differentiate between 'Issued Share Capital' and 'Subscribed Share Capital,



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11. Differentiate between 'Called-up Share Capital' and 'Paid-up Share Capital,



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12. What is meant by Reserve Capital?



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13. What is meant by Capital Reserve?



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14. What are Preliminary Expenses?



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15. What is meant by Allotment?

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16. What is meant by pro rata allotment of shares?

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17. When does the need for a pro rata allotment arise?

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18. what is meant by public subscription of shares?

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19. What is meant by private placement of shares?

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**20.** What is meant by Minimum Subscription?

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**21.** What is meant by Securities Premium Reserve?

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**22.** State any one purpose for which Securities Premium Reserve Account can be utilised.

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**23.** Name the head under which the Securities Premium Reserve Account will appear in the Balance Sheet.

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24. State the name of capital which refers to that amount which is stated in the Memorandum of Association as the share capital of the company.

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25. What is meant by issue of shares for consideration other than cash?

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26. Give the meaning of oversubscription of shares.

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27. Give any two alternatives available to a company for the allotment of shares in case of oversubscription .

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**28.** What is meant by undersubscription of shares?

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**29.** What is meant by Call money?

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**30.** Give the meaning of Call-in-Arrears.

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**31.** How is Call-in-Arrears shown in the Balance Sheet?

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**32.** What is Call-in-Advance?



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**33.** On 28-2-2016 the first call of Rs. 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 Rs. 4 per share along with the first call. Pass necessary Journal entry for the amount received by opening call-in-arrear and call-in-advance accounts in the books of the company.



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**34.** Y Ltd. forfeited 100 equity shares of Rs. 10 each for non-payment of first call of Rs. 2 per share. The final call of Rs. 2 per share was yet to be made.

Calculate the maximum amount of discount at which these shares can be reissued.

## Short Answer Type Questions

1. A company invited applications for 30,000 Equity Shares of Rs. 10 each at a premium of Rs. 2 each. The total application money received @ Rs. 2 per share was Rs. 72,000 . Name the kind of subscription . List the three alternatives for allotting these shares.

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## Exercise

1. Gopal Ltd. was registered with an authorised capital of Rs. 50,00,000 divided into Equity Shares of Rs. 100 each. The company offered for public subscription all the shares. Public applied for 45,000 shares and allotment was made to all the applicants. All the calls were made and were duly received except the final call of Rs. 20 per share on 500 shares.

Prepare the Balance Sheet of the company showing the different types of share capital.

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2. Himmat Ltd. has authorised share capital of Rs. 50,00,000 divided into 5,00,000 Equity Shares of Rs. 10 each . It has existing issued and paid up capital of Rs. 5,00,000. It further issued to public 1,50,000 Equity Shares at par for subscription payable as under:

On Application : Rs. 3,  
On Allotment : Rs. 4, and  
On Call : Balance Amount.

The issue was fully subscribed and allotment was made to all the applicants. Call was made during the year and was duly received.

Show share capital of the company in the Balance Sheet of the Company.

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3. Lenova Ltd. has authorised share capital of Rs. 1,00,00,000 divided into 1,00,000 Equity Shares of Rs. 100 each. It has existing issued and paid

up capital of Rs. 25,00,000. It further issued to public 25,000 Equity

Shares at a premium of 20% for subscription payable as under:

On Application : Rs. 30,  
On Allotment : Rs. 60, and  
On Call : Balance Amount.

The issue was fully subscribed and allotment was made to all the applicants. The company did not make the call during the year.

Show Share Capital of the company in the Balance Sheet of the Company.

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4. Star Ltd. is registered with capital of Rs. 50,00,000 divided into 50,000 equity shares of Rs. 100 each. The Company issued 25,000 equity shares for subscription . Subscription was received for 23,750 shares and all the due amount was duly received, except the first and final call of Rs. 20 per share on 600 shares. Show the 'Share Capital' in the Balance Sheet of the company.

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5. Moneyplus company issued 2,50,000 Equity Shares of Rs. 10 each to public. All amounts have been received in lump sum. Pass necessary Journal entries in the books of the company.



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6. The authorised capital of Rs. 16,00,000 of Bharat Ltd. Is divided into 1,60,000 Equity Shares of Rs. 10 each . Out of these shares, 80,000 Equity Shares were issued at par to public for subscription. The full nominal value is payable on application. All the shares were subscribed by the public and total amount was paid for.

pass necessary journal entries in the books of the company.



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7. Hema Ltd. invited applications for 10,000 shares of Rs. 100 each payable as follows:

Rs. 20 on application, Rs. 30 on allotment, Rs. 20 on first call and the

balance on final call.

All the shares were applied and allotted. All the money was duly received.

You are required to Journalise these transactions.



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**8.** Marigold Ltd. was registered with the authorised capital of Rs. 3,00,000 divided into 3,000 shares of Rs. 100 each, which were offered to the public. Amount payable as Rs. 30 per share on application, Rs. 40 per share on allotment and Rs. 30 per share on first and final call. These shares were fully subscribed and all money was dully received. Prepare Journal and Cash Book.



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**9.** Modern Marbles Ltd. was registered with an authorised capital of Rs. 10,00,000 divided into 7,500 Equity Shares of Rs. 100 each and 2,500 Preference Shares of Rs. 100 each. 1,000 Equity Shares and 500,9% Preference Shares were offered to public on the following terms-Equity

Shares payable Rs. 10 on application, Rs. 10 on allotment and the balance in two calls of Rs. 25 each. Preference Shares are payable Rs. 25 on application, Rs. 25 on allotment and Rs. 50 on first and final call. All the shares were applied for and allotted. Amount due was duly received. Prepare Cash Book and pass necessary Journal entries to record the above issue of shares and show how the Share Capital will appear in the Balance Sheet.

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**10.** Shiva Ltd. issued 1,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 5 per share. The whole amount was payable on application. The issue was fully subscribed . Pass necessary Journal entries.

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**11.** Seema Ltd. offered for subscription 10,000 shares of Rs. 25 each, payable Rs. 5 per share on application, Rs. 10 per share on allotment (including Rs. 5 per share as premium), Rs. 5 per share as first call on the

shares and the balance in two equal amounts at intervals of three months. All the shares were applied for and allotted. All the money was received except the second call and final call on 200 and 400 shares respectively . Pass the entries in the company's Journal, Cash Book and the Ledger. Also show the company's Balance Sheet on completion of the above transactions.



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**12.** Bharat Ltd. was incorporated with a capital of Rs. 2,00,000 divided into shares of Rs. 10 each . 2,000 shares were offered for subscription and out of these, 1,800 shares were applied for and allotted. Rs. 3 per share (including Rs. 1 premium ) was payable on application, Rs. 4 per share (including Rs. 1 premium) on allotment, Rs. 2 per share on first call and Rs. 3 per share on final call. All the money was received. Give necessary Journal entries and show share capital in the Balance Sheet.



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**13.** Authorised capital of Suhani Ltd. is Rs. 45,00,000 divided into 30,000 shares of Rs. 150 each. Out of these company issued 15,000 shares of Rs. 150 each at a premium of Rs. 10 per share. The amount was payable as follows: Rs. 50 per share on application, Rs. 40 per share on allotment (including premium), Rs. 30 per share on first call and balance on final call. Public applied for 14,000 shares. All the money was duly received.

Prepare an extract of Balance Sheet of Suhani Ltd. as per Schedule III, part I of the Companies Act, 2013 disclosing the Share Capital.



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**14.** A company invited applications for 75,000 equity shares of Rs. 100 each. The application money received @ Rs. 30 per share was Rs. 27,00,000. Name the kind of subscription. List the three alternatives for allotting these shares.



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**15.** Sangam Ltd. invited applications for 10,000 Equity Shares of Rs. 100 each issued at par. The amount was payable on application. The issue was oversubscribed by 2,000 shares and allotment was made on pro rata basis. Pass necessary Journal entries.



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**16.** Citizen Watches Ltd. invited applications for 50,000 shares of Rs. 10 each payable Rs. 3 on application, Rs. 4 on allotment and balance on first and final call. Applications were received for 60,000 shares. Applications were accepted for 50,000 shares and remaining applications were rejected. All calls were made and received except First and Final call on 500 shares.

Pass the Journal entries in the books of Citizen Watches Ltd.



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17. Arti Ltd. offered for subscription 20,000 shares of Rs. 10 each payable Rs. 3 on application, Rs. 5 on allotment and balance on first and final call. Applications were received for 30,000 shares. Letters of regret were issued to applicants for 5,000 shares and their application money was refunded. Application money for other 5,000 shares was applied towards the payment for allotment money . The balance of allotment money was also received in due time. Company didn't make first and final call. You are to prepare the Journal, Cash Book, Ledger Accounts and show 'Share Capital' in the Balance Sheet of the company .



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18. Eastern Company Limited, having an authorised capital of Rs. 10,00,000 divided into shares of Rs. 10 each, issued 50,000 shares at a premium of Rs. 3 per share payable as follows:

On Application	Rs. 3 per share,
On Allotment (including premium)	Rs. 5 per share,
On first call (due three months after allotment)	Rs. 3 per share,

and the balance as and when required.

Applications were received for 60,000 shares and the directors allotted

the shares as follows:

- (i) Applicants for 40,000 shares received in full.
- (ii) Applicants for 15,000 shares received and allotment of 8,000 shares.
- (iii) Applicants for 5,000 shares received 2,000 shares on allotment excess money being returned.

All amounts due on allotment were received.

The first call was made and the money was received except on 100 shares.

Give Journal and cash book entries to record these transactions of the company. Also prepare the Balance Sheet of the company.



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**19.** Varun Ltd. issued Rs. 10,00,000 shares of Rs. 100 each at a premium of Rs. 20 for subscription payable as:

Rs. 10 per share on application,

Rs. 40 per share and Rs. 10 premium on allotment, and

Rs. 50 per share and Rs. 10 premium on final payment.

Over-payments on application were to be applied towards amount due on allotment and over-payments on application exceeding amount due on

allotment was to be returned. Issue was oversubscribed to the extent of 13,000 shares. Applicants for 12,000 shares were allotted only 1,000 shares and applicants for 2,000 shares were sent letters of regret. All the money due on allotment and final call was duly received. Pass necessary entries in the company's books to record the above transactions. Also, prepare company's Balance Sheet on completion of the above transactions.



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**20.** Sugandh Ltd. issued 60,000 shares of Rs. 10 each at a premium of Rs. Per share payable as Rs. 3 on application, Rs. 5 (including premium) on allotment and the balance on first and final call. Applications were received for 92,000 shares. The Directors resolved to allot as:

- |                                  |                |
|----------------------------------|----------------|
| (i) Applicants of 40,000 shares  | 30,000 shares, |
| (ii) Applicants of 50,000 shares | 30,000 shares, |
| (iii) Applicants of 2,000 shares | Nil.           |

Mohan, who had applied for 800 shares in Category (i) and Sohan, who was allotted 600 shares in Category (ii) failed to pay the allotment money. Calculate amount received on allotment.



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**21.** Sony Media Ltd. issued 50,000 shares of Rs. 10 each payable Rs. 3 on application, Rs. 4 on allotment and balance on first and final call. Applications were received for 1,00,000 shares and allotment was made as follows:

(i) Applicants for 60,000 shares were allotted 30,000 shares,

(ii) Applicants for 40,000 shares were allotted 20,000 shares.

Anupam to whom 1,000 shares were allotted from category (i) , failed to pay the allotment money.

Pass Journal entries up to allotment.



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**22.** The Kalyan Cotton Mills Ltd. was registered on 1st January, 2011 with a capital of Rs. 10,00,000 divided into 1,00,000 shares of Rs. 10 each . The company issued 42,000 shares of which 40,000 shares were taken up by the public and Rs. 1 per share was received with application. On 1st

February, these shares were allotted and Rs. 2 per share was duly received on 28th February as allotment money. A first call of Rs. 3 per share was made on 1st March and the call money on all shares with the exception of 100 shares was received. The final call of Rs. 4 per share was made on 1st June and the amount due, with the exception of 400 shares, was received by 30th June. Pass necessary Journal and Cash Book entries and prepare the Balance Sheet as at 30th June, 2011.

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**23.** Ghosh Ltd. made the second and final call on its 50,000 Equity Shares @ Rs. 2 per share on 1st January, 2016. The entire amount was received on 15th January, 2016 except on 100 shares allotted to Venkat. Pass necessary journal entries for the call money due and received by opening Call-in-Arrears Account.

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**24.** Star Ltd. was registered with a capital of Rs. 5,00,000 in shares of Rs. 10 each and issued 20,000 such shares at a premium of Rs. 2 per share, payable as Rs. 2 per share on application, Rs. 5 per share on allotment (including premium) and Rs. 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 transactions and show how they will appear in the company's Balance Sheet.

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**25.** Green Ltd. issued 8,000 Equity Shares of Rs. 10 each. Rs. 5 per share was called, payable Rs. 2 on application, Rs. 1 on allotment, Rs. 1 on first call and Rs. 1 on second call. All the money was duly received with the following exceptions:

A who holds 250 shares paid nothing after application.

B who holds 500 shares paid nothing after allotment.

C who holds 1,250 shares paid nothing after first call.

Prepare Journal and the Balance Sheet.



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**26.** Bharat Ltd. made the first call of Rs. 2 per share on its 1,00,000 Equity Shares on 1st March, 2006. Ashok, a shareholder, holding 800 shares paid the second and final call amount along with the first call money. The second and final call amount was Rs. 3 per share. Pass necessary Journal entries for recording the above using the Calls-in-Advance Account.



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**27.** 2,000 Equity Shares of Rs. 10 each were issued to X Limited from whom assets of Rs. 25,000 were acquired. Pass Journal entry.



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**28.** Amrit Dhara Ltd.' issued 800 Equity Shares of Rs. 100 each at a premium of 25% as fully paid-up in consideration of the purchase of plant and machinery of Rs. 1,00,000.

Pass entries in company's Journal.

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**29.** Rajan Ltd. purchased assets from Geeta & Co. for Rs. 5,00,000 . A sum of Rs. 1,00,000 was paid by means of a bank draft and for the balance due Rajan Ltd. Issued Equity Shares of Rs. 10 each at a premium of 25%. Itbr. Journalise the above transactions in the books of the company.

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**30.** Z Ltd. purchased furniture costing Rs. 2,20,000 from C.D Ltd. The payment was to be made by issue of 9% Preference Shares of Rs. 100 each at a premium of Rs. 10 per share. Pass necessary Journal entries in the books of Z Ltd.



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**31.** Goodluck Ltd. purchased machinery costing Rs. 10,00,000 from Fair Deals Ltd. The company paid the price by issue of Equity Shares of Rs. 10 each at a premium of 25% .

Pass necessary Journal entries for the above transactions in the books of Goodluck Ltd.



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**32.** Jain Ltd. purchased machinery costing Rs. 10,00,000 from Ayer Ltd. 50% of the payment was made by cheque and for the remaining 50%, the company issued Equity Shares of Rs. 100 each at a premium of 25%.

Pass necessary Journal entries in the books of Jain Ltd. for the above transactions.



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**33.** Sona Ltd. purchased machinery costing Rs. 17,00,000 from Mona Ltd. Sona Ltd. Paid 20% of the amount by cheque and for the balance amount issued Equity Shares of Rs. 100 each at a premium of 25%.

Pass necessary Journal entries for the above transactions in the books of Sona Ltd. Show your working notes clearly .



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**34.** Light Lamps Ltd. issued 50,000 shares of Rs. 10 each as fully paid-up to the promoters for their services to set-up the company. It also issued 2,000 shares of Rs.10 each credited as fully paid-up to the underwriters of shares for their services. Journalise these transactions.



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**35.** Bharat Lamp Ltd. Issued 30,000 fully paid-up shares of Rs. 100 each for purchase of the following assets and liabilities from Sharma & Co:

Plant	Rs. 7,00,000	Stock-in-Trade	Rs. 9,00,000
Land and Building	Rs.12,00,000	Sundry Creditors	Rs. 2,00,000

You are required to pass necessary Journal entries.

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**36.** Sure Ltd. purchased a running business from M/s. Rai Brothers for a sum of Rs. 15,00,000 payable Rs. 12,00,000 in fully paid shares of Rs. 10 each and balance through cheque.

The assets and liabilities consisted of the following:

Plant and Machinery	Rs. 4,00,000	Stock	Rs. 4,00,000
Building	Rs. 4,00,000	Cash	Rs. 3,00,000
Sundry Debtors	Rs. 3,00,000	Sundry Creditors	Rs. 2,00,000

You are required to pass necessary Journal entries in the company's books.

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**37.** Sandesh Ltd. took over the assets of Rs. 7,00,000 and liabilities of Rs. 2,00,000 from Sanchar Ltd. For a purchase consideration of Rs. 4,59,500 . Rs. 8,500 were paid by accepting a draft in favour of Sanchar Ltd. Payable after three months and the balance was paid by issue of equity shares of Rs. 10 each at a premium of 10% in favour of Sanchar Ltd.

Pass necessary Journal entries for the above transactions in the books of Sandesh Ltd.

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**38.** Better Prospect Ltd. acquired land costing Rs. 1,00,000 and in payment allotted 1,000 Equity Shares of Rs. 100 each as fully paid. Further, the company issued 4,000 Equity Shares for subscription payable as follows: Rs. 30 on application, Rs. 30 on allotment, Rs. 40 on first and final call. Applications were received for all shares which were allotted. All the money was received except the call on 200 shares.

Pass Journal entries and prepare Balance Sheet of the company.

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**39.** Alankrit Ltd. purchased machinery of Rs. 10,00,000 from Grand Iron Works Ltd. And paid as follows:

- (i) Issued 50,000 Equity Shares of Rs. 10 each at a premium of Rs. 2.
- (b) Gave an acceptance of Rs. 3,00,000 payable after 3 months, and
- (c) Balance by issuing post-dated cheque of two months of Rs. 1,00,000.

Pass the Journal entries in the books of Alankrit Ltd. and Grand Iron Works Ltd.



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**40.** Alpha Ltd. issued 20,000 Equity Shares of Rs. 10 each at par payable: On application Rs. 2 per share, on allotment Rs. 3 per share, on first call Rs. 3 per share, on second and final call Rs. 2 per share.

Mr. Gupta was allotted 100 shares. Pass necessary Journal entry relating to the forfeiture of shares in each of the following alternative cases:

Case I If Mr. Gupta failed to pay the allotment money and his shares were immediately forfeited.

Case II If Mr. Gupta failed to pay allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Case III If Mr. Gupta failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited.



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**41.** Ankit Ltd. issued 20,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share, payable as:

On Application	:	Rs. 3
On Allotment	:	Rs. 5 (including premium)
On First Call	:	Rs. 2
On second and Final Call	:	Rs. 2

Vijay was allotted 500 shares. Pass the necessary Journal entries relating to the forfeiture of shares in following cases.

Case I Vijay did not pay allotment money and his shares were immediately forfeited.

Case II Vijay did not pay allotment and first call, his shares were forfeited after first call.

Case III Vijay failed to pay first call and his shares were forfeited

immediately.

Case IV Vijay failed to pay both the calls and his shares were forfeited.

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**42.** U.P. Sugar Works Ltd. was registered on 1st January, 2019 with an authorised capital of Rs. 15,00,000 divided into 15,000 shares of Rs. 100 each. The company issued on 1st April, 2019, 5,000 shares of Rs. 100 each at a premium of Rs. 5 per share payable Rs. 25 per share on application, Rs. 30 (including premium) on allotment and the balance in two equal instalments of Rs. 25 per each on 1st July and 1st October respectively . All the allotment and call moneys were paid when due, except in case of one shareholder who failed to pay the final call on 100 shares held by him . His shares were forfeited on 1st November after giving him a due notice. Show necessary entries in the books of the company to record these transactions .

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**43.** Black Stone Ltd. issued 10,000 Equity Shares of Rs. 10 each at a premium of Rs. 3 per share payable Rs. 5 on application, Rs. 5 (including premium) on allotment and the balance on first call. All the shares offered were applied for and allotted. All the money due on allotment was received except on 200 shares. Call was made. All the amount due thereon was received except on 300 shares. Directors forfeited 200 shares on which both allotment and call money were not received.

Pass necessary Journal entries to record the above.

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**44.** A company issued 10,000 shares of the value of Rs. 10 each, payable Rs. 3 on application, Rs. 3 on allotment and Rs. 4 on the first and final call. All amounts are duly received except the call money on 100 shares. These shares are subsequently forfeited by Directors and are resold as fully paid-up for Rs. 500.

Give necessary Journal entries for the transactions.

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**45.** X Ltd. forfeited 900 Equity Shares of Rs. 100 each for the non-payment of allotment money of Rs. 30 per share and the first call of Rs. 20 per share. The second and final call of Rs. 25 per share had not been made. The forfeited shares were reissued for Rs. 90 per share, Rs. 75 paid-up. Journalise the above.

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**46.** The Directors of M Ltd. resolved on 1st May, 2015 that 2,000 Equity Shares of Rs. 10 each, Rs. 7.50 paid be forfeited for non-payment of final call of Rs. 2.50 . On 10th June, 2015, 1,800 of these shares were reissued for Rs. 6 per share. Give necessary Journal entries.

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**47.** Super Star Ltd. makes an issue of 10,000 Equity Shares of Rs. 100 each, payable as:

On application and allotment	Rs. 50 per share,
On first call	Rs. 25 per share,
On second and final call	Rs. 25 per share.

Members holding 400 shares did not pay the second and final call and the shares are duly forfeited, 200 of which are reissued as fully paid-up @ Rs. 50 per share. Pass Journal entries in the books of the company.

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**48.** Sunshine Ltd. issued 20,000 shares of Rs. 100 each payable Rs. 25 per share on application, Rs. 25 per share on allotment and the balance in two calls of Rs. 25 each. The company did not make the final call of Rs. 25 per share. All the money was duly received with the exception of the amount due on the first call on 400 shares held by Mr. Modi. The Board of Directors forfeited these shares and subsequently reissued them @ Rs. 75 per share paid-up for a sum of Rs. 28,000.

Journalise the above transactions and prepare Share Capital Account.

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**49.** The Hindustan Manufacturing Ltd. had a total subscribed capital of Rs. 10,00,000 in Equity Shares of Rs. 10 each of which Rs. 7.50 were called-up . A final call of Rs. 2.50 was made and all amount paid except two calls of Rs.2.50 each in respect of 100 shares held by D. These shares were forfeited and reissued at Rs. 8 per share.

Pass necessary Journal entries (including that of cash) to record the transactions of final call, forfeiture of shares and reissue of forfeited shares. Also, prepare the Balance Sheet of the company.

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**50.** On 1st May, 2014, Directors of a Limited Company forfeited 200 shares of Rs. 20 each, Rs. 15 per share called-up, on which Rs. 10 per share has been paid by A, the amount of the first call of Rs. 5 per share being unpaid. Ten days later, the Directors reissued the forfeited shares to B credited as Rs. 15 per share paid up, for a payment of Rs. 10 per share.

Give Journal entries in the company's books to record the forfeited shares and their reissue.

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51. X Ltd. forfeited 100 shares of Rs. 10 each (Rs. 8 called-up) issued at a premium of Rs. 2 per share to Mr. R, on which he had paid application money of Rs. 5 per share, for non-payment of allotment money of Rs. 5 per share (including premium) . Out of these, 70 shares were reissued to Mr. Sanjay as Rs. 8 called-up for Rs. 7 per share. Give necessary Journal entries relating to forfeiture and reissue of shares.

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52. Bee Ltd. Company forfeited 100 Equity Shares of the face value of Rs 10 each, Rs. 6 per share called-up, for non-payment of first call of Rs. 2 per share. The forfeited shares were subsequently reissued as fully paid-up @ Rs. 7 each.

Give necessary entries in the company's Journal.

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**53.** Give necessary Journal entries:

(i) The Directors of Devendra Ltd. Resolved on 1st January, 2010 that 100 Equity Shares of Rs. 10 each, Rs. 8 paid-up be forfeited for non-payment of final call of Rs. 2. On 1st February, 60 of these shares were reissued @ Rs. 7 per share as fully paid-up.

(ii) Virender Limited forfeited 20 shares of Rs. 100 each (Rs. 60 called-up) issued at par to Mukesh on which he had paid Rs. 20 per share. Out of these, 15 shares were reissued to Sanjeev as Rs. 60 paid-up for Rs. 45 per share.



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**54.** Show the forfeiture and reissue entries under each of the following cases:

(i) X Ltd. Forfeited 300 shares of Rs. 10 each, Rs. 8 called-up held by Mr. A for non-payment of second call money of Rs. 3 per share. These shares were reissued to Mr. Z for Rs. 10 per share as fully paid-up.

(ii) Y Ltd. forfeited 400 shares of Rs. 10 each, fully called-up, held by Mr. B for non-payment of final call money of Rs. 4 per share. These shares were

shares were reissued to Mr. T at Rs. 12 per share as fully paid-up.

(iii) Light Ltd. forfeited 250 shares of Rs. 10 each, fully called-up, held by Mr. C for non-payment of Rs. 3 per share and first and final call money of Rs. 4 per share. These shares were reissued @ Rs. 8 per share as fully paid-up to Mr. P.

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**55.** Record the Journal entries for forfeiture and reissue of shares in the following cases:

(i) Basak Ltd. Forfeited 20 shares of Rs. 10 each, Rs. 7 called-up on which the shareholder had paid application and allotment money of Rs. 5 per share. Out of these, 15 shares were reissued to Naresh as Rs. 7 per share paid-up for Rs. 8 per share.

(ii) Y Ltd. forfeited 90 shares of Rs. 10 each, Rs. 8 called-up issued at a premium of Rs. 2 per share to 'R' for non-payment of allotment money of Rs. 5 per share (including premium). Out of these, 80 shares were reissued to Sanjay as Rs. 8 called-up for Rs. 10 per share.

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**56.** Star Ltd. forfeited 500 Equity shares of Rs. 100 each for non-payment of first call of Rs. 30 per share. The final call of Rs. 10 per share was not yet made. Out of these, 60% shares were reissued for Rs. 39,000 fully paid. Journalise the forfeiture and reissue of shares.



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**57.** A holds 100 shares of Rs. 10 each on which he has paid Rs. 1 per share on application .

B holds 200 shares of Rs. 10 each on which he had paid Rs. 1 and Rs. 2 per share on application and allotment respectively.

C holds 300 shares of Rs. 10 each and has paid Rs. 1 on application, Rs. 2 on allotment and Rs. 3 on first call.

They all fail to pay their arrears and the second call of Rs. 2 per share.

Shares are forfeited and subsequently reissued @ Rs. 11 per share as fully paid-up.

Journalise the above.



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**58.** Software Ltd. Company with registered capital of Rs. 5,00,000 in shares of Rs. 10 each issued 20,000 of such shares payable Rs. 2 on application, Rs. 4 on allotment, Rs. 2 on first call and Rs. 2 on final call. All the money payable on allotment was duly received but on the first call being made, one shareholder paid the entire balance on his holding of 300 shares and five shareholders with a total holding of 1,000 shares failed to pay their dues on the first call. These shares were forfeited for non-payment of first call money. Final call was made and all the money due was received. Later on, forfeited shares were reissued @ Rs. 6 per share as fully paid-up.

Record the above in the company's Journal and prepare the Balance Sheet.



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**59.** New Company Ltd. has a nominal capital of Rs. 2,50,000 in shares of Rs. 10. Of these, 4,000 shares were issued as fully paid in payment of building purchased, 8,000 shares were subscribed by the public and during the first year Rs. 5 per share were called-up, payable Rs. 2 on application, Rs. 1 on allotment, Rs. 1 on first call and Rs. 1 on second call.

The amounts received in respect on these shares were:

On 6,000 shares	Full amount called,
On 1,250 shares	Rs. 4 per share,
On 500 shares	Rs 3 per share,
On 250 shares	Rs. 2 per share.

The Directors forfeited the 750 shares on which less than Rs. 4 had been paid. The shares were subsequently reissued at Rs. 3 per share.

Pass Journal entries recording the above transactions and prepare the company's Balance Sheet.



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**60.** Slow & Steady Ltd. invited applications for 10,000 Equity Shares of Rs. 10 each for public subscription. The amount of these shares was payable as:

On application Rs. 1 per share, on allotment Rs. 2 per share, on first call Rs. 3 per share and on second and final call Rs. 4 per share.

All sums payable on application, allotment and call were duly received with the following exceptions:

- (i) A, who held 200 shares, failed to pay the money on allotment and calls.
- (ii) B, to whom 150 shares were allotted , failed to pay the money on first call and final call.
- (iii) C, who held 50 shares, did not pay the amount of second and final call.

The shares of A , B and C were forfeited and were subsequently reissued for cash as fully paid-up at a discount of 5%.

Pass necessary Journal entries to record these transactions in the books of X Ltd.



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**61.** A share of Rs. 100 issued at a premium of Rs. 10 on which Rs. 80 (including premium ) was called and Rs. 60 (including premium) was paid,

has been forfeited . This share was afterwards reissued as fully paid-up for Rs. 70. Give Journal entries to record the above.

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**62.** Pass Journal entries in the following cases:

M Ltd. forfeited 200 Equity Shares of Rs. 10 each, issued at a premium of Rs. 5 per share, held by Ram for non-payment of the final call of Rs. 3 per share. Of these, 100 shares were reissued to Vishu at a discount of Rs. 4 per share.

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**63.** VT Ltd. forfeited 200 shares of Rs. 10 each, issued at a premium of Rs. 5 per share, held by Mohan for non-payment of the final call of Rs. 3 per share. 100 out of these share were reissued to Narender at a discount of Rs. 4 per share. Journalise.

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**64.** The Director of a company forfeited 300 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the first call money of Rs. 2 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 1,500 as fully paid-up. Record the Journal entries for the forfeiture and reissue of shares.

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**65.** JCV Ltd., forfeited 200 shares of Rs. 10 each issued at a premium of Rs. 2 per share for the non-payment of allotment money of Rs. 3 per share (including premium). The first and final call of Rs. 4 per share has not been made as yet. 50% of the forfeited shares were reissued at Rs. 8 per share as fully paid-up. Pass necessary Journal entries for the forfeiture and reissue of shares.

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**66.** Pass necessary Journal entries in the books of the company for the following transactions:

Vishesh Ltd. Forfeited 1,000 Equity Shares of Rs. 10 each issued at a premium of Rs. 2 per share for non-payment of allotment money of Rs. 5 per share including premium. The final call of Rs. 2 per share was not yet called on these shares. Of the forfeited shares 800 shares were reissued at Rs. 12 per share as fully paid-up. The remaining shares were reissued at Rs. 11 per share fully paid-up.



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**67.** 150 shares of Rs. 10 each issued at a premium of Rs. 4 per share payable with allotment were forfeited for non-payment of allotment money of Rs. 8 per share including premium. The first and final call of Rs. 4 per share was not made. The forfeited shares were reissued at Rs. 15 per share fully paid-up.

Pass Journal entries in the books of X Ltd. for the above.



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**68.** Commerce Publications Ltd. issued 50,000 Equity Shares of Rs. 10 each at a premium of 10% payable as under:

On application Rs. 2, On first call Rs. 2,  
On allotment Rs. 5, On final call Rs. 2.

The calls were made by the company and all the money was duly received except the allotment and call money on 500 shares. These shares were, therefore, forfeited and later reissued @ Rs. 9 per shares as fully paid-up.

Pass necessary Journal entries to record the above transactions .



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**69.** Gaurav applied for 5,000 shares of Rs. 10 each at a premium of 2.50 per share. But he was allotted only 2,500 shares on pro rata basis. After having paid Rs. 3 per share on application, he did not pay allotment money of Rs. 4.50 per share (including premium) and on his subsequent failure to pay the first call of Rs. 2 per share, his shares were forfeited .

These shares were reissued at the rate of Rs. 8 per share credited as fully

paid.

Pass Journal entries to record the forfeiture and reissue of shares.

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**70.** Telecom Ltd.' issued 20,000 Equity Shares of Rs. 10 each at a premium of Rs. 5 per share, payable as: Rs. 7 (including premium ) on application, Rs. 5 on allotment and the balance after three months of allotment. A shareholder to whom 200 shares were allotted failed to pay the allotment and call money and his shares were forfeited. 160 of the forfeited shares were reissued for Rs. 1,600.

Give necessary entries in company's Journal and the Balance Sheet.

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**71.** Kamal Ltd. was formed on 1st April, 2010 with an authorised capital of Rs. 2,00,000, divided into 2,000 Equity Shares of Rs. 100 each. 1,000 shares were issued as fully paid to the vendors of building for payment of the purchase consideration . The remaining 1,000 shares were offered for

public subscription at a premium of Rs. 5 per share payable as:

On application	Rs. 10 per share,
On allotment	Rs. 25 per share (including premium),
On first call	Rs. 40 per share,
On final call	Rs. 30 per share.

Applications were received for 900 shares which were duly allotted and the allotment money was received in full. At the time of the first call, a shareholder who held 100 shares failed to pay the first call money and his shares were forfeited. These shares were reissued @ Rs. 60 per share, Rs. 70 per share paid-up. Final call has not been made.

You are required to (i) give necessary Journal entries to record the above transactions and (ii) show how share capital would appear in the Balance Sheet of the company.



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**72.** Krishna & Co. Ltd. with an authorised capital of Rs. 2,00,000 divided into 20,000 Equity Shares of Rs. 10 each, issued the entire amount of the shares payable as:

Rs. 5 on application (including premium Rs. 2 per share),

Rs. 4 on allotment, and

Rs. 3 on call.

All share money is received in full with the exception of the allotment money on 200 shares and the call money on 500 shares (including the 200 shares on which the allotment money has not been paid).

The above 500 shares are duly forfeited and 400 of these (including the 200 shares on which allotment money has not been paid) are reissued at Rs. 7 per share payable by the purchaser as fully paid-up. Pass Journal entries (including cash transactions) and show the balances in the Balance Sheet giving effect to the above transactions.



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**73.** Midee Ltd. invited applications for issuing 27,000 shares of Rs. 100 each payable as follows:

Rs. 50-per share on application,

Rs. 10-per share on allotment, and

Balance-on First and Final call.

Application were received for 40,000 shares. Full allotment was made to the applications of 7,000 shares. The remaining applicants were allotted

20,000 shares on pro rata basis. Excess money received on application was adjusted towards allotment and call.

Asha, holding 600 shares was belonged to the category of applicants to whom full allotment was made, paid the call money at the time of allotment. Ankur, who belonged to the category of applicants to whom shares were allotted on pro rata basis did not pay anything after application on his 200 shares. Ankur's shares were forfeited after the First and Final call. These shares were later reissued at Rs. 105 per share as fully paid-up.

Pass necessary Journal entries in the books of Midee Ltd. for the above transactions, by opening Call-in-Arrears and Call-in-Advance Accounts wherever necessary.



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**74.** VXN Ltd. invited applications for issuing 50,000 equity shares of Rs. 10 each at a premium of Rs. 8 per share.

The amount was payable as follows:

On Application-Rs. 4 per share (Including Rs. 2 premium),

On Allotment-Rs. 6 per share (Including Rs. 3 premium),

On First Call-Rs. 5 per share (Including Rs. 1 premium), and

On Second and Final Call-Balance Amount.

The issue was fully subscribed. Gopal, a shareholder holding 200 shares, did not pay the allotment money and Madhav, a holder of 400 shares, paid his entire share money along with the allotment money. Gopal's shares were immediately forfeited after allotment. Afterwards, the first call was made. Krishna, a holder of 100 shares, failed to pay the first call money and Girhar, a holder 300 shares, paid the second call money also along with the first call. Krishna's shares were forfeited immediately after the first call. Second and final call was made afterwards and was duly received. All the forfeited shares were reissued at Rs. 9 per share fully paid-up.

Pass necessary Journal entries for the above transactions in the books of the company.



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**75.** Sukanya Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 10 each. The shares were issued at a premium of Rs. 20 per share. The amount was payable as follows:

On Application and Allotment	–	Rs. 14 per share (including premium of Rs. 4)
On First Call	–	Rs. 8 per share (including premium of Rs. 4)
On Final Call	–	Rs. 8 per share (including premium of Rs. 4)

Applications for 96,000 shares were received. Rohit, a shareholder holding 7,000 shares, failed to pay both the calls and Namit, a holder of 5,000 shares, did not pay the final call.

Shares of Rohit and Namit were forfeited. Of the forfeited shares, 8,000 shares including all the shares of Rohit were reissued to Reena at Rs. 8 per share fully paid-up.

Pass necessary journal entries for the above transactions in the books of Sukanya Ltd.



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**76.** Alfa Ltd. invited applications for issuing 75,000 equity shares of Rs. 10 each. The amount was payable as follows:

On application and allotment	–	Rs. 4 per share,
On first call	–	Rs. 3 per share,
On second and final call	–	balance.

Application for 1,00,000 shares were received. Shares were allotted to all the applicants on pro rata basis and excess money received with applications was transferred towards sums due on first call. Vibha who was allotted 750 shares failed to pay the first call. Her shares were immediately forfeited. Afterwards the second call was made. The amount due on second call was also received except on 1,000 shares applied by Monika. Her shares were also forfeited. All the forfeited shares were reissued to Mohit for Rs. 9,000 as fully paid-up.

Pass necessary Journal entries in the Books of Alfa Ltd. for the above transactions .



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**77.** Himalaya Company Limited issued for public subscription 1,20,000 equity shares of Rs. 10 each at a premium for Rs. 2 per share payable as under:

With Application	–	Rs. 3 per share,
On allotment (including premium)	–	Rs. 5 per share,
On First call	–	Rs. 2 per share,
On second and Final call	–	Rs. 2 per share.

Applications were received for 1,60,000 shares. Allotment was made on pro rata basis. Excess money on application were adjusted against the amount due on allotment.

Rohan to whom 4,800 shares were allotted, failed to pay for the two calls. These shares were subsequently forfeited after the second call was made. All the shares forfeited were reissued to Teena as fully paid at Rs. 7 per share.

Record Journal entries and show the transactions relating to share capital in the company's Balance Sheet.



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**78.** Amrit Ltd. issued 50,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on application, Rs. 4 on allotment (including premium), Rs. 2 on first call and the remaining on second call.

Applications were received for 75,000 shares and pro rata allotment was made to all the applicants.

All moneys due were received except allotment and first call from Sonu who applied for 1,200 shares. All his shares were forfeited. The forfeited shares were reissued for Rs. 9,600. Final call was not made. Pass necessary Journal entries.



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**79.** Dogra Ltd. had an authorised capital of Rs. 1,00,00,000 divided into Equity Shares of Rs. 100 each. The company offered 84,000 shares to the public at premium.

The amount was payable as follow:

On Application	—	Rs. 30 per share,
On Allotment	—	Rs. 40 per share (Including premium),
On First and Final Call	—	Rs. 50 per share.

Application were received for 80,000 shares.

All sums were duly received except the following:

Lakhan, a holder of 200 shares did not pay allotment and call money.

Paras, a holder of 400 shares did not pay call money.

The company, forfeited the shares of Lakhan and Paras. Subsequently , the forfeited shares were reissued for Rs. 80 per share as fully paid-up. Show

the entries for the above transactions in the Cash Book and Journal of the company.



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**80.** Jeevan Dhara Ltd. invited applications for issuing 1,20,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as follows:

- On application                    –    Rs. 2 per share,
- On allotment                     –    Rs. 5 per share (Including premium),
- On first and final call       –    Balance.

Application for 1,50,000 shares were received. Shares were allotted to all the applications on pro rata basis. Excess money received on applications was adjusted towards sums due on allotment. All calls were made. Manu who had applied for 3,000 shares failed to pay the amount due on allotment and first and final call. Madhur who was allotted 2,400 shares failed to pay the first and final call. Shares of both Manu and Madhur were forfeited. The forfeited shares were reissued at Rs. 9 per share as fully paid-up.

Pass necessary Journal entries for the above transactions in the books of Jeevan Dhara Ltd.

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**81.** JJK Ltd. invited applications for issuing 50,000 equity shares of Rs. 10 each at par. The amount was payable as follows:

On Application-Rs. 2 per share,

On Allotment-Rs. 4 per share, and

On First and Final Call-Balance Amount.

The issue was oversubscribed three times. Applications for 30% shares were rejected and money refunded . Allotment was made to the remaining applicants as follows:

Category	No. of Shares Applied	No. of Shares Allotted
I	80,000	40,000
II	25,000	10,000

Excess money paid by the applicants who were allotted shares was adjusted towards the sums due on allotment.

Deepak , a shareholder belonging to Category I, who had applied for 1,000 shares, failed to pay the allotment money. Raju, a shareholder holding 100

shares, also failed to pay the allotment money. Raju belonged to Category II. Shares of both Deepak and Raju were forfeited immediately after allotment. Afterwards, first and final call was made and was duly received. The forfeited shares of Deepak and Raju were reissued at Rs. 11 per share fully paid-up.

Pass necessary Journal entries for the above transactions in the books of the company.



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**82.** XYZ Ltd. is registered with an authorised capital of Rs. 2,00,000 divided into 2,000 shares of Rs. 100 each of which, 1,000 shares were offered for public subscription at a premium of Rs. 5 per share, payable as:

- On application — Rs. 10 per share,
- On allotment — Rs. 25 per share (including premium),
- On first call — Rs. 40 per share,
- On final call — Rs. 30 per share.

Application were received for 1,800 shares, of which applications for 300 shares were rejected outright, the rest of the applications were allotted 1,000 shares on pro rata basis. Excess application money was transferred

to allotment.

All the money was duly received except from Sundar, holder of 100 shares, who failed to pay allotment and first call money. His shares were later forfeited and reissued to Shyam at Rs. 60 per share Rs. 70 paid-up . Final call has not been made.

Pass necessary Journal entries and prepare Cash Book in the books of XYZ Limited.



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**83.** A Ltd. invited applications for issuing 1,00,000 shares of Rs. 10 each at a premium of Rs. 1 per share. The amount was payable as follows:

On Application	–	Rs. 3 per share,
On Allotment	–	Rs. 3 per share(including premium),
On First Call	–	Rs. 3 per share,
On second and Final Call	–	Balance.

Applications for 1,60,000 shares were received. Allotment was made on the following basis,

- (i) To applicants for 90,000 shares – 40,000 shares,
- (ii) To applicants for 50,000 shares – 40,000 shares,
- (iii) To applicants for 20,000 shares – Full shares.

Excess money paid on application is to be adjusted against the amount due on allotment and calls.

Rishabh, a shareholder, who applied for 1,500 shares and belonged to category (ii), did not pay allotment, first and second and final call money.

Another shareholder, Sudha, who applied for 1,800 shares and belonged to category (i), did not pay the first and second and final call money.

All the shares of Rishabh and Sudha were forfeited and were subsequently reissued at Rs. 7 per share fully paid.

Pass the necessary Journal entries in the books of A Ltd. Open Call-in-Arrears Account and Call-in-Advance Account wherever required.



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**84.** Ruchi Ltd. issued for public subscription 40,000 Equity Shares of Rs. 10

each at a premium of Rs. 2 per share payable as :

On application	–	Rs. 2 per share,
On allotment	–	Rs. 5 per share (including premium),
On first call	–	Rs. 2 per share,
On second and final call	–	Rs. 3 per share.

Applications were received for 60,000 shares. Allotment was made on pro rata basis to the applicants for 48,000 shares, the remaining applications

being refused. Money overpaid on application was utilised towards sums due on allotment. Ram to whom 1,600 shares were allotted failed to pay the allotment money and Shyam to whom 2,000 shares were allotted failed to pay the two calls. These shares were subsequently forfeited after the second and final call was made. All the forfeited shares were reissued as fully paid-up @ Rs. 8 per share.

Give necessary Journal entries for the above transactions .



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**85.** Competent Ltd. issued a prospectus inviting applications for 50,000 Equity Shares of Rs. 10 each, payable Rs. 5 as per application (including Rs. 2 as premium), Rs. 4 as per allotment and the balance towards first and final call.

Applications were received for 65,000 shares. Application money received on 5,000 shares was refunded with letter of regret and allotment were made on pro rata basis to the applicants of 60,000 shares. Money overpaid on applications including premium was adjusted on account of account of sums due on allotment.

Mr. Sharma to whom 700 shares were allotted failed to pay the allotment money and his shares were forfeited by the Directors on his subsequently failure to pay the call money.

All the forfeited shares were subsequently sold to Mr. Jain credited as fully paid-up for Rs. 9 per share.

You are required to set out the Journal entries and the relevant entries in the Cash Book.



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**86.** Nitro Paints Ltd. invited applications for issuing 1,60,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share. The amount was payable as follows:

On application-Rs. 6 per share (Including premium Rs. 1),

On allotment-Rs. 3 per share (Including premium Rs. 1 ), and

The balance-on First and Final call.

Applications for 1,80,000 shares were received . Applications for 10,000 shares were rejected and pro rata allotment was made to the remaining applicants. Over payment received on application was adjusted towards

sums due on allotment . All calls were made and were duly received except allotment and final call from Aditya who was allotted 3,200 shares. His shares were forfeited . Half of the forfeited shares were reissued for Rs. 43,000 as fully paid-up.

Pass necessary Journal entries for the above transactions in the books of Nitro Paints Ltd.

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**87.** Raja Ltd. invited applications for issuing 50,000 Equity Shares of Rs. 10 each. The amount was payable as follows:

On application	—	Rs. 3 per share,
On allotment	—	RS. 5 per share,
On first and final call	—	Balance.

Applications for 70,000 shares were received. Allotment was made to all applicants on pro rata basis. Excess money received on application was adjusted towards sums due on allotment. Ramesh, who had applied for 700 shares, did not pay the allotment money and on his failure to pay the allotment money his shares were forfeited . Afterwards, the first and final call was made. Adhar, who had been allotted 500 shares, did not pay the

first and final call. His shares were also forfeited. Out of the forfeited shares 900 shares were reissued at Rs. 8 per share as fully paid-up. The reissued shares included all the shares of Ramesh.

Pass necessary Journal entries for the above transactions in the books of the company.

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**88.** Prince Limited issued a prospectus inviting applications for 20,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share payable as follows:

With application	—	Rs. 2,
On allotment (including premium)	—	Rs. 5,
On first call	—	Rs. 3,
On second call	—	Rs. 3.

Applications were received for 30,000 shares and allotment was made on pro rata basis. Money overpaid on applications was adjusted to the amount due on allotment.

Mr. Mohit whom 400 shares were allotted , failed to pay the allotment money and the first call, and his shares were forfeited after the first call.

Mr. Jolly, whom 600 shares were allotted, failed to pay for the two calls

and hence, his shares were forfeited.

Of the shares forfeited , 800 shares were reissued to Supriya as fully paid for Rs. 9 per share, the whole of Mr. Mohit's shares being included .

Pass necessary Journal entries.



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**89.** XYZ Ltd. invited applications for issuing 50,000 Equity Shares of Rs. 10 each. The amount was payable as:

- On application                   —   Rs. 3 per share,
- On allotment                     —   Rs. 4 per share,
- On first and final call       —   Rs. 3 per share.

Application were received for 75,000 shares and pro rata allotment was made as:

Applicants for 40,000 shares were allotted 30,000 shares on pro rata basis.

Applicants for 35,000 shares were allotted 20,000 shares on pro rata basis.

Ramu, to whom 1,200 shares were allotted out of the group applying for 40,000 shares, failed to pay the allotment money . His shares were

forfeited immediately after allotment.

Shamu , who had applied for 700 shares out of the group applying for 35,000 shares, failed to pay the first and final call. His shares were also were also forfeited . Out of the forfeited shares. 1,000 shares were reissued @ Rs. 8 per share as fully paid-up. The reissued shares included all the forfeited shares of Shamu.

Pass necessary Journal entries to record the above transactions .



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**90.** Super Star Ltd. issued a prospectus inviting applications for 2,000 shares of Rs. 10 each at a premium of Rs. 2 per share, payable as:

- On application                      – Rs. 3 per share (including Rs. 1 premium),
- On allotment                         – Rs. 4 per share (including Rs. 1 premium),
- On first call                         – Rs. 3 per share.
- On second and final call       – Rs. 2 per share.

Application were received for 3,000 shares and pro rata allotment was made on the applications for 2,400 shares. It was decided to utilise excess application money towards the amount due on allotment.

Ramesh, to whom 40 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were

forfeited.

Rajesh, who applied for 72 shares failed to pay the two calls and on such failure, his shares were forfeited.

Of the shares forfeited, 80 shares were sold to Krishan credited as fully paid-up for Rs. 9 per share, the whole of Ramesh's shares being included.

Give Journal entries to record the above transactions (including cash transactions).



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**91.** Bharat Ltd. invited applications for issuing 2,00,000 Equity Shares of Rs. 10 each. The amount was payable as:

On application Rs. 3 per share, on allotment Rs. 5 per share and on first and final call Rs. 2 per share.

Applications for 3,00,000 shares were received and pro rata allotment was made to all the applicants of the following basis:

Applicants for 2,00,000 shares were allotted 1,50,000 shares on pro rata basis.

Applicants for 1,00,000 shares were allotted 50,000 shares on pro rata

basis.

Bajaj, who was allotted 3,000 shares out of group applying for 2,00,000 shares failed to pay the allotment money. His shares were forfeited immediately after allotment. Sharma, who had applied for 2,000 shares out of the group applying for 1,00,000 shares failed to pay the first and final call. His shares were also forfeited.

Out of the forfeited shares 3,500 shares were reissued as fully paid-up @ Rs. 8 per share. The reissued shares included all the forfeited shares of Bajaj.

Give necessary Journal entries to record the above transactions.



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**92.** The Directors of Super Star Ltd. invited applications for 2,00,000 Equity Shares of Rs. 10 each to be issued at 20% premium . The money payable per shares was: on application Rs. 5, on allotment Rs. 4 (including premium of Rs. 2 ), first call Rs. 2 and final call Rs. 1.

Application were received for 2,40,000 shares and allotment was made as:

(i) to applicants for 1,00,000 shares-in full,

(ii) to applicants for 80,000 shares-60,000 shares ,

(iii) to applicants for 60,000 shares-40,000 shares.

Applicants of 1,000 shares falling in Category (i) and applicants of 1,200 shares falling in Category (ii) failed to pay allotment money. These shares were forfeited on failure to pay first call. Holders of 1,200 shares falling in Category (iii) failed to pay the first and final call and these shares were forfeited after final call.

1,300 shares [1,000 of Category (i) and 300 of Category (ii)] were reissued at Rs. 8 per share as fully paid-up.

Journalise the above transactions. Prepare Cash Book and Balance Sheet .



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**93.** XYZ Ltd. issued a prospectus inviting applications for 2,000 shares of Rs. 10 each at a premium of Rs. 4 per share, payable as:

- |                          |   |  |
|--------------------------|---|--|
| On application           | — | Rs. 6 per share (including Rs. 1 premium), |
| On allotment             | — | Rs. 2 per share (including Rs. 1 premium), |
| On first call            | — | Rs. 3 per share (including Rs. 1 premium), |
| On second and final call | — | Rs. 3 per share (including Rs. 1 premium). |

Applications were received for 3,000 shares and pro rata allotment was made on the applications for 2,400 shares. It was decided to utilise excess

application money towards the amount due on allotment.

X , to whom 40 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Y , who applied for 72 shares failed to pay the two calls and on his such failure, his shares were forfeited.

Of the shares forfeited, 80 shares were sold to Z credited as fully paid-up for Rs. 9 per share, the whole of Y's shares being included. Prepare Journal, Cash Book and the Balance Sheet.



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## Evaluation Questions Questions With Missing Values

1. (Business Purchase and Issue of Shares to Vendor).

Complete the following Journal entries:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Plant A/c ...Dr.		3,00,000	
	Land and Building A/c ...Dr.		5,00,000	
	Stock A/c ...Dr.		2,00,000	
	Goodwill A/c ...Dr.		80,000	
	To Creditors A/c			3,00,000
	To Bills Payable A/c			1,00,000
	To ?			?
	(Being the purchase consideration for acquiring the business from HT Impex)			
	? ...Dr.		?	
	To ?			?
	To ?			?
	To ?			?
	(Being the purchase consideration settled by issue of 40,000 fully paid-up Equity Shares of ₹ 10 each at a premium of 20% and payment of balance amount by cheque)			



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## 2. (Business Purchase and Issue of Shares to Vendor).

Complete the following Journal entries:

JOURNAL				
Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Plant and Machinery A/c ...Dr.		4,00,000	
	Building A/c ...Dr.		4,00,000	
	Sundry Debtors A/c ...Dr.		3,00,000	
	Stock A/c ...Dr.		5,00,000	
	Bank A/c ...Dr.		2,00,000	
	To Sundry Creditors A/c			2,00,000
	To ?			13,00,000
	To ?			?
	(Being the assets and liabilities of M/s. Maheshwari Brothers taken over)			
	? ...Dr.		?	
	To ?			?
	To ?			?
	(Being the payment made by issue of 10,000, 10% Preference Shares of ₹ 100 each at a premium of 30%)			



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### 3. (Forfeiture and Reissue of Shares).

Complete the following Journal entries:

#### JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Shares Forfeited and Reissued @ ₹ 8 per Share: Share Capital A/c (100 × ₹ 9) ...Dr.		900	?
	To Forfeited Shares A/c			?
	To Calls-in-Arrears A/c			
	(Being the forfeiture of 100 shares, ₹ 9 called-up, on which allotment money of ₹ 3 and first call money of ₹ 4 have not been received)			
	? ...Dr.		800	
	? ...Dr.		200	
	To ?			1,000
	(Being the reissue of 100 shares fully paid-up at ₹ 8 per share)			
(b)	Shares Forfeited and reissued @ ₹ 10 per share:			
	(i) Share Capital A/c (100 × ₹ 9) ...Dr.		900	
	To Forfeited Shares A/c (100 × ₹ 2)			200
	To Calls-in-Arrears A/c (100 × ₹ 7)			700
	(Being the forfeiture of 100 shares, ₹ 9 called-up, on which allotment money of ₹ 3 and first call money of ₹ 4 have not been received)			
	(ii) ? ...Dr.		?	
	To ?			?
	(Being the reissue of 100 forfeited shares, fully paid-up at par)			
	(iii) ? ...Dr.		?	
	To ?			?
	(?)			



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### 4. (Forfeiture and Reissue of Shares).

Complete the following Journal entries:

Date	Particulars	L.F.	Dr.(₹)	Cr.(₹)
	Equity Share Capital A/c (470 × ₹ 10) ...Dr.		4,700	
	? ...Dr.		?	
	To Forfeited Shares A/c			940
	To Calls-in-Arrears A/c			6,110
	(Being 470 shares forfeited for non-payment of allotment and call money)			
	Bank A/c ...Dr.		840	
	To ?			
	To ?			
	(Being 60 shares reissued at ₹ 14 per share)			
	? ...Dr.		?	
	To ?			
	(Being ?)			



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5. Complete the following Journal entries:

Date	Particulars	L.F.	Dr.(₹)	Cr.(₹)
	Share Capital A/c ...Dr.		140	?
	To ?			?
	To ?			?
	(Being 20 shares forfeited for non-payment of first call of ₹ 2)			
	? ...Dr.		?	?
	To ?			?
	To ?			?
	(Being 15 forfeited shares reissued as ₹ 7 per share paid-up for ₹ 8 per share)			
	? ...Dr.		?	?
	To ?			?
	(Being the transfer of gain on reissue)			



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6. Complete the missing (?) figures in the following Extract of Balance Sheet:

Particulars	Note No.	₹
<b>1. EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	1	?

Particulars	₹
<b>1. Share Capital</b>	
<b>Authorised Capital</b>	
4,00,000 Equity Shares of ₹ 10 each	?
10,000 Preference Shares of ₹ 100 each	?
	?
<b>Issued Capital</b>	
3,00,000 Equity Shares of ₹ 10 each	?
10,000; 10% Preference Shares of ₹ 100 each	?
	?
<b>Subscribed Capital</b>	
<b>Subscribed and fully paid-up</b>	
2,70,000 Equity Shares of ₹ 10 each	?
<b>Subscribed but not fully paid-up</b>	
10,000; 10% Preference Shares of ₹ 100 each; ₹ 80 called-up	?
	?



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