



ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

COMPANY ACCOUNTS - ISSUE OF SHARES

Illustration

1. The authorized capital of Ruchi Ltd. is Rs 50,00,000 divided into 50,000 equity shares of Rs 100 each. Out of these, the company issued 30,000 equity shares for subscription to the public.

The public applied for 27,000 equity shares and all the money was duly received. How will you show the 'Share Capital A/c' in the Balance Sheet of the company? Also prepare 'Notes to Accounts' for the same.



[Watch Video Solution](#)

2. Newbie Ltd. was registered with an authorized 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 30000 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 applicants. 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 Notes to Accounts for the same.



[Watch Video Solution](#)

3. Sharp Ltd. was formed on 1st December, 2013, with a capital of Rs 5,00,000 divided into shares of Rs 10 each. It offered 80 % of the shares to the public.

The issue price was payable as follows :

30 % of the face value per share was payable with application.

20 % of the face value per share was payable with allotment.

The balance as and when required. The company did not call for balance

during the year.

All the shares offered by the company were subscribed for. The company did not receive the allotment money on 3,000 shares.

You are required to :

(i) Show the Share Capital in the Balance Sheet of the Company (prepared as per Schedule III of the Companies Act, 2013) at the end of the financial year.

(ii) Prepare Notes to Accounts.



[Watch Video Solution](#)

4. X' Ltd. was formed with a capital of Rs 15,00,000 divided into equity shares of Rs 10 each. Out of these 6,000 shares were issued to the vendors as fully paid as purchase consideration for a building acquired and 3,000 shares were issued to signatories to the Memorandum of Association as fully paid. The Directors offered 19,500 shares to the public and called up Rs 6 per share and received the entire called up amount on shares allotted. Prepare a Balance Sheet showing Share Capital as per

Schedule III Part I of Companies Act, 2013 from the above transactions in the books of 'X' Ltd.

 [Watch Video Solution](#)

5. Pawan Ltd. invited applications for 30,000 shares of Rs 10 each. Payments were to be made as follows - Rs 3 on Application , Rs 3 on Application, Rs 3 on Allotment, Rs 2 on First call and Rs 2 on Final call. All the shares were applied. You are required to prepare Journal Entries, Ledger Accounts and show the Share Capital in the Balance Sheet of the company assuming that all sums due on Allotment and Calls have been received. Share Issue expenses amounted to Rs 8,000. 4,000 fully paid shares were also issued to Promoters for their services.

 [Watch Video Solution](#)

6. Spencer Paints Ltd. was registered with an authorised capital of Rs 50,00,000 divided in 5,00,000 equity shares of Rs 10 each. Company issued 2,00,000 equity shares at a premium of Rs 3 per share, payable as

follows : Rs 4 on Application, Rs 5 on Allotment (including premium), Rs 2 on First Call and Rs 2 on Second and Final Call.

All shares were subscribed and all the money was duly received. Share issue expenses amounted to Rs 75,000 which were fully written off against Securities Premium.

Prepare necessary Journal Entries and Bank Account.

 [Watch Video Solution](#)

7. Satyam Ltd. invited applications for issuing 10,000 equity shares of Rs 100 each at a premium of Rs 20 per share. The whole amount was payable on application. The issue was fully subscribed.

Pass necessary journal entries .

 [Watch Video Solution](#)

8. A limited company offered for subscription 10,000 Equity Shares of Rs 10 each at a premium of Rs 2 per share and 5,000, 10 % Preference Shares of Rs 10 each at par.

The amount on equity shares was payable as thus :

On Application Rs 3 per share

On Allotment Rs 5 per share (including a premium)

On First Call Rs 4 per share

The amount of preference shares was payable as follows :

On Application Rs 3 per share

On Allotment Rs 4 per share

On First Call Rs 3 per share

All the shares were fully subscribed, called-up and paid.

Record these transactions in the journal and cash book of the company.



[Watch Video Solution](#)

9. Shiva Ltd. issued 20,000 shares of Rs 10 each at a premium of 10 %

Payments were to be made as - on Application Rs 5 (including premium),

on Allotment Rs 4 and on First and Final Call Rs 2.

Applications were received for 18,000 shares and all were accepted. All money was duly received.

Pass necessary entries in the Books of the Company.



[Watch Video Solution](#)

10. X Ltd. purchased the business of Y Ltd. For Rs 9,00,000 payable in fully paid shares of rs 10 each. What entries will be made in the books of X Ltd. If such issue is : (i) at par, and (ii) at a premium of 25 % .



[Watch Video Solution](#)

11. Tulip Ltd. issued 50,000 shares of Rs 10 each credited as fully paid to the promoters for their services. It also issued 30,000 shares of Rs 10 each credited as fully paid to the underwriters for their commission. Given journal entries.



[Watch Video Solution](#)

12. X Ltd. purchased a running business from Y Ltd. For a sum of Rs 30,00,000 payable 40 % by cheque and the balance by the issue of fully paid equity shares of Rs 100 each at a premium of 20 % . The assets and liabilities consisted of the following :

	Rs		Rs
Building	12,00,000	Sundry Debtors	4,30,000
Plant and Machinery	8,00,000	Cash	90,000
Stock	5,00,000	Sundry Creditors	2,00,000

Pass the necessary Journal entries in the books of X Ltd.

 [Watch Video Solution](#)

13. King Ltd. took over assets of Rs 25,00,000 and liabilities of Rs 6,00,000 of Queen Ltd. King Ltd. Paid the purchase consideration by issuing 10,000 Equity Shares of Rs 100 each at a premium of 10 % and Rs 11,00,000 by Bank Draft. Calculate purchase consideration and pass necessary Journal entries in the books of King Ltd.

 [Watch Video Solution](#)

14. Sico Ltd. took over the assets of Rs 4,80,000 and liabilities of Rs 80,000 of Mittal Ltd. For a consideration of Rs 3,20,000. Rs 20,000 were paid by an acceptance in favour of Mittal Ltd. Payable after 3 months and the balance by issue of fully paid 8 % Preference Shares of Rs 100 each at a

premium of 50%. Pass the necessary Journal entries for the above transactions in the books of Sico Ltd.

 [Watch Video Solution](#)

15. Chandra Ltd. Issued 15,000 Preference shares of Rs 100 each at a premium of 5%. Payments were to be made as - Rs 25 on Application, Rs 45 on Allotment and Rs 35 on First and Final Call.

The applications for 14,000 shares were received and all were accepted. All the money was duly received except the first and final call on 200 shares.

Give the necessary Journal Entries and prepare Cash Book of the Company.

 [Watch Video Solution](#)

16. Chandra Ltd., issued 40,000 shares of Rs. 10 each payable as follows :

Rs. 2.50 on Application payable on 1st May, 2015

Rs. 2.50 on Allotment payable on 1st July, 2015

Rs. 2.00 on First Call payable on 1st Oct., 2015

Rs. 3.00 on second Call payable on 1st Feb., 2016

All these shares were subscribed and amount received. Mohan who had 800 shares, paid the amount of first and second calls with allotment. Pass Journal entries in the books of the Company.



[Watch Video Solution](#)

17. On 1.1.2017 X Ltd. received in advance the first call of Rs. 2 per share on 10,000 equity shares. The first call was due on 15-2-2017. Journalise the above transactions and transfer the advance to first call account by opening a Calls-in-Advance Account.



[Watch Video Solution](#)

18. Sunrise Ltd., was registered with a capital of Rs. 4,00,000 in shares of Rs. 100 each. It issued 2,000 of such payable Rs. 25 per share on application, Rs. 25 on allotment, Rs. 20 on first call, and the balance as and when required. All moneys payable on application and allotments were duly received, but when the first call of Rs. 20 per share was made, one shareholder holding 100 shares failed to pay the amount due and another shareholder holding 200 shares paid them in full. Record these transactions in the journal of the Company.

 [Watch Video Solution](#)

19. On 1-1-2016 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 necessary Journal entry for the amount received by opening 'Calls-in-arrear' and 'Calls-in-advance' account in the books of the company.

 [Watch Video Solution](#)

20. X Ltd. decided to issue 75,000 equity shares of Rs. 10 each at a premium of 50%. The whole amount was payable on application. Applications for 2,00,000 shares were received. Applications for 5,000 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.



Watch Video Solution

21. X Ltd., invited applications for 20,000 shares of Rs. 10 each payable as follows : Rs. 3 on Application, Rs. 2 on Allotment, Rs. 2.50 on First Call and Rs. 2.50 on Second Call. Public applied for 30,000 shares and the allotments were made as under :

To Applicants for 8,000 shares full

To Applicants for 16,000 shares 12,000 shares

To Applicants for 6,000 shares Nil

All moneys were duly received.

Pass Journal Entries.

 [Watch Video Solution](#)

22. Sarijan Limited issued Rs. 10,00,000 new capital divided into Rs. 100 shares at a premium of Rs. 20 per share, payable as under :

On Application Rs. 10 per share

On Allotment Rs. 40 per share (including premium of Rs. 10 per share)

On First and Final Call Balance

Over-payments on application were to be applied towards sums due on allotment and first and final call. Where no allotment was made, money was to be refunded in full. The issue was oversubscribed to the extent of 13,000 shares. Applicants for 12,000 shares were allotted only 2,000 shares and applicants for 3,000 shares were sent letters of regret and application money was returned to them. All the money due duly received. Give Journal Entries to record the above transactions (including cash transactions) in the books of the company.

 [Watch Video Solution](#)

23. A company offers 10,000 shares of Rs. 10 each to the public. The amount is payable as follows :

- (i) On Application Rs. 3 per share
- (ii) On Allotment Rs. 2 per share
- (iii) On 1st call Rs. 3 per share
- (iv) On 2nd call Rs. 2 per share

Applications are received for 15,000 shares.

The directors made allotment as follows :

- (i) No allotment to applicants for 3,000 shares
- (ii) Rest of the shares were allotted on pro-rata basis.

All calls duly made and paid except :

- (i) Mohan, a holder of 100 shares paid the two calls with allotment.
- (ii) Shohan, a holder of 200 shares fails to pay the 1st and 2nd calls money.
- (iii) Rohan, a holder of 100 shares fails to pay the 2nd call money.

Pass the necessary journal entries to record the above transactions.



Watch Video Solution

24. On April 1,2018, a Limited Company was incorporated with an authorised capital of Rs. 8,00,000 divided into shares of Rs. 10 each. It offered to the public for subscription of 60,000 shares payable as follows :

On Application	Rs. 3 per share
On Allotment (May 1,2018)	Rs. 2 per share
On First and Final Call (One month after allotment)	Rs. 5 per share

Public applied for 92,000 shares and the applicatio money was duly received on April 15,2018. Applications for 2,000 shares were rejected and applicants for 90,000

shares were allotted 60,000 shares. Give Journal entries to record the transactions in the books of the company if :

- (i) The amount due has been duly received.
- (ii) The company maintains the combined account for application and allotment.



[Watch Video Solution](#)

25. Pawan Ltd., was registered with an authorised Capital of Rs. 5,00,000 divided into shares of Rs. 10 each. It purchased a Building from Y for Rs. 2,00,000 and issued fully paid shares to Y for purchase consideration. It invited applications for the balance 30,000 shares payable as under :- Rs. 3 per share on Application, Rs. 3 per share on Allotment , Rs. 2 per share on First Call, and Rs. 2 on Final Call. Ashok, who had been allotted 500 shares failed to pay both Calls. His shares were forfeited and re-issued at Rs. 9 share to Hari, as fully paid up. Make necessary entries in the Journal of the company.



Watch Video Solution

26. X Ltd., invited applications for 20,000 shares of Rs. 10 each payable as under : Rs. 3 per share on application, Rs. 3 per share on Allotment, Rs. 2 per share on First Call, and Rs. 2 per share on Final Call. Final Call was not made by the company. An applicant who had been allotted 100 shares failed to pay Allotment and First Call money due from him. His shares

were forfeited after the First Call and were immediately re-issued at Rs. 8.50 per share. Make necessary entries in the Journal of the company.



[Watch Video Solution](#)

27. Dinesh Ltd., invited applications for issuing 10,000 Equity shares of Rs. 10 each. The amount was payable as follows :

On Application	Rs. 1
On Allotment	Rs. 2
On First Call	Rs. 3
On second and Final Call	Balance

The issue was fully subscribed. Ram to whom 100 shares were allotted, failed to pay the allotment money and his shares were forfeited immediately after allotment. Shyam to whom 150 shares were allotted, failed to pay the first call. His shares were also forfeited after the first call. Afterwards the second and final call was made. Mohan to whom 50 shares were allotted failed to pay the second and final call. His shares were also forfeited. All the forfeited shares were re-issued at Rs. 9 per share fully paid up. Pass necessary journal entries in the books of Dinesh Ltd.



[Watch Video Solution](#)

28. A Ltd., makes an issue of 10,000 equity shares of Rs. 100 each, payable as follows :

On application and allotment	Rs. 50
On first call	Rs. 25
On second & Final call	Rs. 25

Members holding 400 shares did not pay the second call and the shares are duly forfeited, 300 of which are re-issued as fully paid at Rs. 80 per share. Pass Journal entries and prepare Share Capital and Forfeited Share Account in the books of the Company.



[Watch Video Solution](#)

29. Sangits Limited invited applications for issuing 60,000 shares of Rs. 10 each at par. The amount was payable as follows :

On Application	Rs. 2 per share
On Allotment	Rs. 3 per share
On First and Final Call	Rs. 5 per share

Applications were received for 92,000 shares. Allotment was made on the following basis :

- (i) To applicants for 40,000 shares — Full
- (ii) To applicants for 50,000 shares — 40 %
- (iii) To applicants for 2,000 shares — Nil

Rs. 1,08,000 was realised on account of allotment (excluding the amount carried from application money) and Rs. 2,50,000 on account of call. The directors decided to forfeit shares of those applicants to whom full allotment was made and on which allotment money was overdue. Pass journal entries in the books of Sangita Limited to record the above transactions.



[Watch Video Solution](#)

30. A limited Company was registered with an authorised capital of Rs. 2,00,000 in Rs. 10 shares, of these 6,000 shares were issued as fully paid to the vendors for the purchase of buildings. 8,000 shares were subscribed for by the public and during the first year Rs. 6 per share were called up, payable Rs. 3 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 as follows :

On 6,000 shares the full amount called.

On 1,200 shares Rs. 5 per share.

On 500 shares Rs. 4 per share.

On 300 shares Rs. 3 per share.

The directors forfeited 800 shares on which less than Rs. 5 per share had been paid. Show journal entries in the books of the company and also show the Share Capital, as it would appear in the Balance Sheet.



[Watch Video Solution](#)

31. 'Scooters India Ltd.' is registered with an authorized capital of Rs. 50,00,000, divided into 5,00,000 shares of Rs. 10 each. The company issued 1,00,000 shares for subscriptions to the public at par. The amount was payable as follows :

On Application and Allotment	Rs. 3 per share
On 1st Call	Rs. 2 per share
On 2nd and Final Call	Rs. 5 per share

The issue was fully subscribed. All calls were made and were duly received except the 2nd and final call on 1,000 shares held by Rohan. His shares were forfeited and afterwards re-issued at Rs. 8 per share as fully paid up. Present 'Share Capital' in the Balance Sheet of the company as per Schedule III Part I of the Companies Act, 2013. Also prepare Notes to accounts for the same.



[Watch Video Solution](#)

32. Kansa Ltd., offered 32,000 equity of Rs. 100 each to the public at a premium of Rs. 20 per share. The amount was payable as : Rs. 20 on application, Rs. 40 (including premium) on allotment, and the balance on first and final call. 30,000 shares were subscribed by the public. All the money was duly received except from a shareholder holding 4,000 shares who failed to pay the first and final call money. His shares were forfeited. Show 'Share Capital' in the Balance Sheet of Kansa Ltd. Also prepare 'Notes to Accounts'.



[Watch Video Solution](#)

33. 'India Auto Ltd.' is registered with an authorised capital of Rs. 7,00,00,000 divided into 7,00,000 shares of Rs. 100 each. The company issued 50,000 shares to the vendor for building purchased and 2,00,000 shares were issued to the public. The amount was payable as follows :

On application and allotment	Rs. 20 per share
On first call	Rs. 50 per share
On second and final call	The balance

All calls were made and were duly received except on 100 shares held by Rajani, who failed to pay the second and final call. Her shares are forfeited. Present the 'Shares Capital' in the Balance Sheet of the company as per Schedule III Part I of the Companies Act, 2013. Also prepare 'Notes to Accounts'.



[Watch Video Solution](#)

34. On 1st April, 2012, Vishwas Ltd., was formed with an authorized 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 share. Shyam's shares were forfeited after the first call and later on 1,500 of the forfeited shares were re-issued 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 'Notes to Accounts' for the same.



[Watch Video Solution](#)

35. Radhika Limited issued 50,000 shares of Rs. 10 each. The due amount was received except on 1,000 shares on which Rs. 6 per share was received. These 1,000 shares were forfeited and 700 shares were reissued for Rs. 8 each fully paid-up. Show the Forfeited Shares Account and the Balance Sheet as at closing date.



[Watch Video Solution](#)

36. A holds 100 shares of Rs. 10 each, on which he has paid only Rs. 2.50 per share as application money.

B, who holds 200 shares of Rs. 10 each, has paid Rs. 2.50 and Rs. 2 per share as application and allotment money, respectively.

C holds 300 shares of Rs. 10 each and has paid Rs. 2.50 per share on

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

They failed to pay their arrears and the final call. Therefore the Directors forfeited their shares.

These shares were subsequently reissued for cash at a discount of 10 per cent.

Record journal entries in the books of the company to give effect to the above.



[Watch Video Solution](#)

37. Pass journal entries for the forfeiture and re-issue in the following cases :

(i) A Ltd. forfeited 400 shares of Anil of Rs. 10 each fully called up for non-payment of final call of Rs. 2 per share and re-issued to Sunil as fully paid for Rs. 10 share.

(ii) B Ltd. forfeited 500 shares of Rs. 10 each fully called up for non-payment of first call of Rs. 2 per share and final call of Rs. 2 per share. All of these shares were re-issued as fully paid for Rs. 8 per share.

(iii) C Ltd. forfeited 600 shares of Rs. 10 each fully called up for non-

payment of allotment money of Rs. 3 per share, first call of Rs. 2 per share and final call of Rs. 2 per share. 400 of these shares were re-issued as fully paid up at the maximum rate of discount allowed by law.

(iv) D Ltd. forfeited 800 shares of Rs. 10 each fully called up, on which the holder has paid only the application money of Rs. 3 per share. Out of these, 500 shares were re-issued at Rs. 11 per share, fully paid up.



[Watch Video Solution](#)

38. Pass journal entries for the Forfeiture and Re-issue in the following cases :

(a) X Ltd. forfeited 200 shares of Ravi of Rs. 10 each Rs. 8 called up, on which he had paid application and allotment money of Rs. 3 per share. Out of these, 100 shares were re-issued as fully paid up for Rs. 8 per share.

(b) Y Ltd. forfeited 300 shares of Rs. 10 each, Rs. 7 called up, for non-payment of First Call of Rs. 2 per share. Out of these, 100 shares were immediately re-issued at Rs. 6 per share.

(c) Z Ltd. forfeited 600 shares of Rs. 10 each, on which first call of Rs. 3 per share was not received, the second and final call of Rs. 2 per share has not

yet been called. Out of these, 200 shares were re-issued as Rs. 8 paid for Rs. 7 per share.



[Watch Video Solution](#)

39. (a) Ravi Ltd., forfeited 800 shares of Rs. 10 each, Rs. 7.50 paid, for non-payment of Final Call of Rs. 2.50 per share. Out of these, 600 shares were re-issued as fully paid up in such a way that Rs. 2,100 were transferred to capital reserve. Pass necessary journal entries.

(b) X Ltd., forfeited 800 shares of Rs. 10 each, Rs. 7.50 called-up, for non-payment of First Call of Rs. 2.50 per share. Out of these, 600 shares were re-issued for Rs. 6 per share as Rs. 7.50 paid up. Pass necessary journal entries.

(c) 400 shares of Rs. 10, on which Rs. 8 has been called and Rs. 6 has been paid, are forfeited. Out of these, 300 are re-issued for Rs. 7 as fully paid. Pass necessary journal entries.



[Watch Video Solution](#)

40. Golder Jute Ltd. made an issue of 10,000 shares of Rs. 10 each payable Rs. 3 on Application, Rs. 3 on Allotment, Rs. 2 on First Call and Rs. 2 on Second Call. All the amounts were received, except the following :

X Who holds 100 shares paid Application, Allotment and First Call.

Y Who holds 200 shares has paid Application and Allotment.

Z Who holds 300 shares has paid only Application money.

The Company forfeited the shares of defaulting shareholders and re-issued 200 of the above shares at a discount of 2%, credited as fully paid.

Prepare Cash Book and Forfeited Shares A/c.



[Watch Video Solution](#)

41. S Ltd. issued 5,000 shares of Rs. 100 each at a premium of Rs. 10 each payable as follows :

On Application Rs. 30

On Allotment Rs. 40 (including premium)

On First & Final Call Rs. 40

All the shares were applied for the instalments received on due dates with the exception of the Allotment and First & Final Call on 100 shares,

these shares were forfeited and re-issued as fully paid @ Rs. 105 per share. Pass necessary Journal Entries in the books of the Company.

 [Watch Video Solution](#)

42. During the year 2014-15, ABC Ltd., issued 10,000 Equity Shares of Rs. 50 each at Rs. 55 per share, payable as follows :

On Application	Rs. 15
On Allotment	Rs. 120 (including premium Rs. 5)
On 1st and Final Call	Rs. 20

All the issued shares were subscribed for by the public. On shareholder holding 500 shares did not pay the amount due on allotment and his shares were immediately forfeited. Another shareholder holding 100 shares paid the amount of the 1st and Final Call with allotment. After the company had made the 1st and Final Call, 200 of the forfeited shares were reissued as fully called up at Rs. 45 per share. The share issue expenses were Rs. 7,000 which were written off at the end of the year. You are required to pass journal entries in the books of the company for the year ending 31st March, 2015. Also prepare the Opening Balance Sheet.

 [Watch Video Solution](#)

43. Kamal Ltd., was formed for the purpose of purchasing Rajesh Ltd. and was registered with a nominal 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 in 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 under : On Application Rs. 30 per Share, On Allotment Rs. 25 per Share (including premium), On First Call Rs. 20 per Share and on Final Call Rs. 30 per share. Applications were received for 900 shares which were duly allotted, and the allotment money was duly received. 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 re-issued at Ra. 60 per share, Rs. 70 per share paid. 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.



Watch Video Solution

44. Give journal entries for forfeiture and re-issued of shares :

(i) A Ltd. forfeited 1,000 shares of rs. 10 each, Rs. 7 called up, issued at a premium of 20% (to be paid at the time of allotment) for non-payment of a first call of Rs. 2 per share. Out of these, 600 shares were re-issued as Rs. 7 paid up for Rs. 4 per share.

(ii) B Ltd. forfeited 1,000 shares of Rs. 10 each, Rs. 7 called up, issued at a premium of 20% (to be paid at the time of allotment) for no-payment of allotment money of Rs. 4 per share (including premium) and first call of Rs. 2 per share. Out of these, 600 shares were re-issued as fully paid in such a way that Rs. 900 were transferred to capital reserve.



[Watch Video Solution](#)

45. Give journal entries for forfeiture and re-issue of shares :

(a) C Ltd. forfeited 800 shares of Rs. 10 each, issued at 30% premium (to be paid at the time of allotment) for non-payment of a first call of Rs. 2 per share. The second and final call of Rs. 2 has not yet been called. Out of these, 200 shares were re-issued as Rs. 8 paid up for Rs. 8 per share.

(b) D Ltd. forfeited, 800 shares of Rs. 10 each, issued at 30% premium for

non-payment of allotment money of Rs. 5 per share (including premium) and first call of Rs. 2 per share. The second and final call of Rs. 2 has not yet been called. Out of these, 200 shares re-issued as fully paid up for Rs. 11 per share.

(c) Y Ltd. forfeited 1,000 shares of Rs. 10 each issued at 10% premium to Shyam (Rs. 9 called up) on which he did not pay Rs. 3 of allotment (including premium) and first call of Rs. 2. Out of these, 600 shares were re-issued to Ram as fully paid up for Rs. 8 per share and 200 shares to Dham as fully paid up @ Rs. 12 at different intervals of time.



[Watch Video Solution](#)

46. '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 re-issued for Rs. 4,000 as fully paid up. Pass necessary journal entries for the above transactions in the books of BMY Ltd.



[Watch Video Solution](#)

47. X Ltd. issued 8,000 shares of Rs. 100 each at a premium of Rs. 40 per share. Amount was payable as follows :

	Rs.	
On application	20	(including premium Rs. 10 per share)
On allotment	50	(including premium Rs. 30 per share)
On first call	30	
On second & final call	40	

Applications were received for 7,500 shares and all were accepted. All money was received except :

(i) Ashwin, holding 100 shares failed to pay allotment money and his shares were forfeited after allotment.

(ii) Monika, holding 200 shares failed to pay first call money and her shares were forfeited after first call.

(iii) Ruchi, holding 300 shares failed to pay first and second call money and her shares were forfeited.

All the forfeited shares were reissued at a discount of 5% as fully paid-up.

Pass the necessary journal entries in the books of X Ltd.

 [Watch Video Solution](#)

48. X Ltd. issued 60,000 shares of Rs. 10 each a premium of 20% payable as follows :

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

The company received applications for 75,000 shares and allotment was made as follows :

List I Applicants for 40,000 shares were allotted in full.

List II Applicants for 25,000 shares were allotted 20,000 shares.

List III Applicants for 10,000 shares were allotted Nil shares.

A shareholder to whom 200 shares were allotted under List I paid full amount due on shares alongwith allotment money. Another shareholder holding 600 shares failed to pay the amount due on call. His shares were forfeited and 500 of these shares were subsequently re-issued as fully paid @ Rs. 11 per share. Expenses of issue came to Rs. 20,000 which were

fully written off against securities premium A/c. Pass journal entries in the books of the company.

 [Watch Video Solution](#)

49. On February 1, 2018, the Directors of Alpha Limited issued 5,00,000 Equity Shares of Rs. 10 each at Rs. 12 per share, payable Rs. 5 on application (including premium), Rs. 4 on allotment and the balance on 1st May, 2018. The lists closed on February 10, 2018 by which date applications for 7,00,000 shares were received. Of the cash received, Rs. 4,00,000 was returned and Rs. 6,00,000 was applied to the amount due on allotment, the balance of which was paid on February 16, 2018. All shareholders paid the call due on May 1, 2018 with the exception of one allottee of 500 shares. These shares were forfeited on September 29, 2018 and reissued as fully paid at Rs. 8 per share on November 1, 2018. Record journal entries in the books of Alpha Limited using a combined account of application and allotment.

 [Watch Video Solution](#)

50. S Ltd. offers 1,00,000 equity shares of Rs. 10 each payable Rs. 3 on application, Rs. 3 on allotment (including premium Rs. 2), Rs. 4 on first call three months after allotment and Rs. 2 on final call three months after first call. Applications were received for 1,58,500 shares and allotment was made as under :

	Shares allotted
(Mr. D paid in full on allotment in respect of 4,000 shares)	19,00
Allotment of 2/3 of shares applied for	80,000
Allotment of 1/2 of shares applied for	1,000

Application money of Rs. 52,500 in respect of 17,500 shares upon which no allotment was made was returned to applicants. All amounts were received except final call on 100 shares which were forfeited and re-issued later on @ Rs. 9 each. Interest on calls in advance is paid @ 12 % p.a. Give necessary journal entries.



[Watch Video Solution](#)

51. 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)
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 Girdhar, a holder of 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.



[Watch Video Solution](#)

52. Give Journal entries to record the following transactions of forfeiture and re-issue of shares and open share forfeited account :

L Ltd. Forfeited 470 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 share premium Rs. 5 per share) and the first and final call of Rs. 5 per share. Out of these 60 Equity Shares were subsequently re-issued at Rs. 14 per share.

 [Watch Video Solution](#)

53. Cemto Ltd. Forfeited 6,000 shares of Rs. 10 each issued at a premium of Rs. 2 per share for the non-payment of final call of Rs. 3 per share. 300 of the forfeited shares were reissued for Rs. 8 per share as fully paid up. Pass necessary journal entries for the forfeiture and re-issue of shares. Also prepare share forfeited account.

 [Watch Video Solution](#)

54. Rupa Ltd. issued 5,00,000 equity shares of Rs. 10 each at a premium of Rs. 15 per share. The amounts were receivable as follows :



All amounts were received except final call on 500 shares held by Mr.

Dushyant. His shares were forfeited and were reissued to Mr. Bharat at a price of Rs. 14 per share.

You are asked to pass the Journal entries on forfeiture and re-issue.



[View Text Solution](#)

55. A company offered 1,00,000 shares of Rs. 10 each payable as Rs. 3 on application, Rs. 2.50 on allotment, Rs. 2, 50 on 1st call and Rs. 2 on the final call.

The public applied for 1,52,000 shares. The shares were allotted on a pro-rata basis to the applicants of 1,50,000 shares. All shareholder who was allotted 200 shares. These shares were forfeited. The first call was made thereafter. The forfeited shares were re-issued @ Rs. 9 per share Rs. 8 paid up. The final call was not yet made.

You are required to pass journal entries.



[Watch Video Solution](#)

56. Alfa Limited invited applications for 4,00,000 of its equity shares of Rs. 10 each on the following terms :

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

Applications for 5,00,000 shares were received. It was decided :

- (a) to refuse allotment to the applicants for 20,000 shares,
- (b) to allot in full to applicants for 80,000 shares,
- (c) to allot the balance of the available shares pro-rata among the other applicants, and
- (d) to utilise excess application money in part as payment of allotment money.

One applicant whom shares had been allotted on pro-rata basis, did not pay the amount due on allotment and on the call, and his 400 shares were forfeited. The shares were reissued @ Rs. 9 per share. Show the journal and cash book entries necessary to record the foregoing data.



[Watch Video Solution](#)

57. Nav Lakshmi Ltd. issued a prospectus inviting applications for 50,000 shares of Rs. 10 each. These shares were issued at par on the following terms :

On applications Rs. 3, on allotment Rs. 4, on first call Rs. 2 and on final call the balance. Applications were received for 60,000 shares. Allotments were made on the following basis :

- (i) To applicants for 10,000 shares - in full,
- (ii) To applicants for 20,000 shares - 15,000 shares,
- (iii) To applicants for 30,000 shares - 25,000 shares.

All excess amount paid on application is to be adjusted against amount due on allotment. The shares were fully called and paid except the amount of allotment, first and final call not paid by those who applied for 2,000 shares of the group applying for 20,000 shares. All the shares on which calls were not paid were forfeited by the Board of Directors. 1,000 forfeited shares were re-issued as fully paid on receipt of Rs. 8 per share. Show the journal entries in the books of Nav Lakshmi Ltd.



[Watch Video Solution](#)

58. 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. Applications 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 at Rs. 8 per share as fully paid.



Watch Video Solution

59. The Delhi Cloth Mills Ltd. invited applications for 10,000 Shares of Rs. 100 each at a premium of Rs. 10 each payable as below :

Rs. 50 on Application,

Rs. 35 on Allotment (including premium), and

Rs. 25 on Call.

Applications for 15,000 shares were received. Applicants for 2,500 shares did not get any allotment and their money returned. Allotment was made pro-rata to the remaining applicants.

Mr. A was allotted 400 shares. He failed to pay the amount due on allotment and call money. The company forfeited his shares and subsequently re-issued at Rs. 105 per share.

Show the journal entries in the books of the company.



[Watch Video Solution](#)

60. X Ltd. issued for Public subscription 40,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as under, on application Rs. 4 per share, on allotment Rs. 5 per share (including premium) and on call Rs. 3 per share.

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

Shri Manoj, to whom 1,500 shares were allotted, failed to pay the allotment and call money and Shri Hussain to whom 2,000 shares were allotted failed to pay the call money. These shares were subsequently forfeited. All the forfeited shares were sold to Shri Banerjee as fully paid

up at Rs. 8 per share. show the journal entries to record the above transactions.



[Watch Video Solution](#)

61. A limited company issued a prospectus inviting applications for 2,00,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows : On Application Rs. 3, On Allotment Rs. 4 (including premium) : On First Call Rs. 3 and On Second Call Rs. 2.

Applications were received for 3,00,000 shares and allotment was made on pro-rata basis. Money overpaid on applications was employed on account of sums due on allotment.

R, to whom 400 shares were allotted failed to pay the allotment money and on his subsequent failure to pay the First Call his shares were forfeited. M, the holder of 600 shares failed to pay the two calls and his shares were forfeited after the Second Call. Of the shares forfeited, 800 shares were sold to K as fully paid, K paying Rs. 9 per share, the whole of R's share being included.

Give journal entries, prepare Bank Account and show how the Share Capital will be shown in the Company's Balance Sheet.



[Watch Video Solution](#)

62. Anishka Ltd. Invited applications for 2,00,000 equity shares of Rs. 10 each at a premium of Rs. 4 per share. The amount was payable as follows :

On Application - Rs. 6 (including premium Rs. 2)

On Allotment - Rs. 7 (including premium Rs. 2)

Balance on first and final call.

Applications for 3,00,000 shares were received. Allotment was made to all the applicants on pro-rata basis.

Mehak, to whom 400 shares were allotted failed to pay allotment and call money.

Khushboo, who had applied for 300 shares failed to pay the call money.

Their shares were forfeited after final call. 400 of the forfeited shares (including all shares of Khushboo) were reissued @ 8 per share as fully paid up.

Pass the necessary journal entries by opening 'Calls in Arrears A/c' wherever necessary.

 [Watch Video Solution](#)

63. KS Ltd. Invited applications for issuing 1,60,000 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 premium Rs. 1 per share)

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

On First and Final Call - Balance.

Applications for 3,20,000 shares were received. applications for 80,000 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.

Jain holding 800 shares, failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards the final call was made. Gupta who had applied for 1,200 shares failed to pay the final call.

These shares were also forfeited. Out of the forfeited shares 1,000 shares were re-issued at Rs. 8 per share fully paid up. The re-issued shares

included all the forfeited shares of Jain.

Assuming that the Company maintains Calls in Arrears Account, pass necessary Journal entries for the above transactions in the books of KS Ltd.



[Watch Video Solution](#)

64. Rajesh Ltd. Issued a prospectus inviting applications for 3,00,000 shares of Rs. 10 each at a premium of Rs. 4 per share, payable as follows :

On Application - Rs. 4 (including Rs. 1 premium)

On Allotment - Rs. 3 (including Rs. 1 premium)

On First Call - Rs. 4 (including Rs. 1 premium)

On Second & Final Call - Rs. 3 (including Rs. 1 premium)

Applications were received for 3,80,000 shares and pro-rata allotment was made on the applications for 3,50,000 shares. It was decided to utilise excess application money towards the sums due on allotment.

X, to whom 6,000 shares were allotted, failed to pay the allotment money and his shares were forfeited after allotment.

Y, who applied for 10,500 shares failed to pay the two calls and on his

such failure, his shares were forfeited.

Z, who was allotted 3,000 shares did not pay final call.

Of the shares forfeited, 11,000 shares were reissued as fully paid up for Rs. 9 per share, the whole of Y's shares being included. Prepare Cash Book, Journal and Show the relevant items in the Balance Sheet.



[View Text Solution](#)

65. Manvet Ltd. Invited applications for issuing 10,00,000 equity shares of Rs. 10 each payable as follows :

On application and allotment Rs. 4 per share (including premium Rs. 1),

On first call Rs. 4 per share,

On second and final call Rs. 3 per share.

Applications for 15,00,000 shares were received and pro-rata allotment was made to all the applicants. Excess application money was adjusted on the sums due on calls. A shareholder who had applied for 6,000 shares did not pay the first, and the second and final call. His shares were forfeited. 90% of the forfeited shares were reissued at Rs. 8 per share fully paid up.

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

 [View Text Solution](#)

66. A limited company forfeited 300 shares of Mr. X who had applied for 500 shares on account of non-payment of allotment money Rs. 3 + 2 (premium) and first call Rs. 2. Only Rs. 3 per share was received with application. Out of these, 200 shares were re-issued to Mr. Y as fully paid in such a way that Rs. 600 were transferred to capital reserve.

Give journal entries relating to forfeiture and re-issue.

 [View Text Solution](#)

67. A limited company forfeited 200 shares of Rs. 100 each (originally issued at 20% premium which was payable along with application money) on which allotment money of Rs. 40 and first call money of Rs. 30 were not received, the final call money of Rs. 20 is not yet called. These shares were originally allotted on pro-rata basis in the ratio of 5 : 4. These shares

were subsequently reissued at a discount of Rs. 10 per share, credited as Rs. 80 paid up.

Pass necessary Journal entries for forfeiture and reissue of shares.



[Watch Video Solution](#)

68. XY 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. 4 per share

On First and Final Call Rs. 3 per share

Applications were received for 75,000 shares and pro-rata allotment was made as follows :

Applicants for 40,000 shares were allotted 30,000 shares on pro-rat 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 forfeited. Out of the forfeited shares 1,000 shares were re-issued @ 8 per share fully paid up. The re-issued included all the forfeited shares of Shamu.

Pass necessary journal entries to record the above transactions.

 [View Text Solution](#)

69. Sudarshan 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).

Balance including premium on the first and 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 application and allotment money could be utilized for calls.

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 re-issued @ Rs. 12 per share fully paid-up.

Pass necessary Cash-Book and Journal entries.



[View Text Solution](#)

70. Meena 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 1,02,000 shares. The Directors resolved to allot as follows :

- (A) Applicants of 60,000 shares - 30,000 shares
- (B) Applicants of 40,000 shares - 30,000 shares
- (C) Applicants of 2,000 shares - Nil

Nikhil who had applied for 1,000 shares in category A, and Vish who was

allotted 600 Shares in category B failed to pay the allotment money.

Calculate the amount received on Allotment.

 [Watch Video Solution](#)

71. X Ltd. invited applications for 50,000 shares of Rs. 10 each at 10% premium, payable as Rs. 3 on application, Rs. 3 on allotment and balance amount on first and final call. Applications were received for 1,20,000 shares and shares were allotted on pro-rata basis. The excess money received on application was to be adjusted against allotment only. A shareholder who applied for 6,000 shares, could not pay the call money and his shares were accordingly forfeited.

Pass necessary journal entries.

 [Watch Video Solution](#)

72. XL 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.

On First and Final Call Rs. 3 per share.

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

Category	Number of Shares Applied	Number 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 re-issued 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.



[View Text Solution](#)

73. Bayson Ltd. invited applications for issuing 54,000 shares of Rs. 100 each payable follows :

Rs. 50 per share on application

Rs. 10 per share on allotment

Balance on first and final call.

Applications were received for 80,000 shares.

Full allotment was made to the applicants of 14,000 shares. The remaining applicants were allotted 40,000 shares on pro-rata basis. Excess money received with application was adjusted towards sums due on allotment and call.

Vibhor, holding 1,200 shares, who belonged to the category of applicants to whom full allotment was made, paid the call money at the time of allotment. Vidur, who belonged to the category of applicants to whom shares were allotted on pro-rata basis belonged to the category of application on his 400 shares. Vidur's shares were forfeited after the first and final call. All the forfeited shares were later on re-issued at Rs. 110 per share as fully paid up.

Pass the necessary journal entries in the books of Bayson Ltd. for the

above transactions by opening calls in arrears and calls in advance account wherever necessary.

 [View Text Solution](#)

74. Khyati Ltd. issued a prospectus inviting applications for 80,000 equity shares of Rs. 10 each payable as follows :

Rs. 2 on application

Rs. 3 on allotment

Rs. 2 on first call

Rs. 3 on final call

Applications were received for 1,20,000 equity shares. It was decided to adjust the excess amount received on account of over subscription till allotment only. Hence allotment was made as under :

(i) To applicants for 20,000 - in full

(ii) To applicants for 40,000 - 10,000 shares

(iii) To applicants for 60,000 shares - 50,000 shares

Allotment was made and all shareholders except Tammana, who had applied for 2,400 shares out of the group (iii), could not pay allotment

money. Her shares were forfeited immediately after allotment. Another shareholder Chaya, who was allotted 500 shares out of group (ii), failed to pay first call. 50% of Tamanna's shares were reissued to Satnaam as Rs. 7 paid up for payment of Rs. 9 per share.

Pass necessary journal entries in the books of Khyati Ltd. for the above transactions by opening calls in arrears and calls in advance account wherever necessary.

 [View Text Solution](#)

75. ARTi Limited invited applications for issuing 80,000 shares of Rs. 10 each at a premium of Rs. 4 per share. The amount was payable as follows :

On Application - Rs. 5 per share

On Allotment - Rs. 9 per share (Including Premium)

Applications were received for 1,40,000 shares.

Allotment was made on the following basis:

(i) To applicants for 80,000 shares - 60,000 shares

(ii) To applicants for 60,000 shares - 20,000 shares

Money overpaid on applications was utilized towards sum due on

allotment.

Rajiv, who had applied for 1,200 Shares failed to pay his dues and his shares were forfeited.

Pass journal entries in the books of Arti Limited to record the above transactions.



[View Text Solution](#)

76. ZX Limited invited applications for issuing 5,00,000 Equity shares of Rs. 10 each at a premium of Rs. 10 each payable with Final call. Amount per share was payable as follows :

	Rs.
On Application	2
On Allotment	3
On First Call	2
On second and Final Call	Balance

Applications for 8,00,000 shares were received. Applications for 50,000 shares were rejected and the application money was refunded.

Allotment was made to the remaining applicants as follows :

Category	Number of Shares Applied	Number of Shares Allotted
I	2,00,000	1,50,000
II	5,50,000	3,50,000

Excess application money received with applications was adjusted towards sums due on allotment. Balance, if any was adjusted towards future calls. Govind, a shareholder belonging to category I, to who 1,500 shares were allotted paid his entire share money with allotment. Manohar belonging to category II who had applied for 11,000 shares failed to pay 'Second & Final Call money'. Manohar's shares were forfeited after the final call. The forfeited shares were reissued at Rs. 10 per share as fully paid up.

Assuming that the company maintains "Calls in Advance Account" and "Calls in Arrears Account", pass necessary entries for the above transactions in the books of ZX Limited.



[View Text Solution](#)

77. 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

shares 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 re-issued 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 Calls-in-Advance Account and Calls-in-Arrears Account wherever necessary.



[View Text Solution](#)

78. 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 Amount

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 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 re-issued at Rs. 7 per share fully paid.

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



[View Text Solution](#)

79. X Ltd. issued for Public subscription 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share payable as under :

On Application	Rs. 5
On Allotment	Rs. 7 (including premium Rs. 5)
On First & Final Call	Rs. 3

Applications were received for 1,50,000 shares. Allotment was made pro-rata to all the applicants and the money overpaid on application was utilised towards sums due on allotment.

Suruchi, who applied for 1,800 shares failed to pay the allotment and call money and the shares were subsequently forfeited. Two - third of the forfeited shares were re-issued to Supriya as fully paid up at Rs. 8 per share. Show the journal entries to record the above transactions.



[Watch Video Solution](#)

80. On 1st Jan. 2017, Saraswati Ltd. issued 50,000 equity shares of Rs. 10 each at a premium of Rs. 4 per share, payable as follows:

On Application	Rs. 6 (including Rs. 1 premium)
On Allotment	Rs. 2 (including Rs. 1 premium)
On First Call	Rs. 4 (including Rs. 1 premium)
On second & Final Call	Rs. 2 (including Rs. 1 premium)

Applications were received for 65,000 shares, of which applications for 5,000 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.

Ashok, to whom 1,000 shares were allotted, failed to pay the allotment money and his shares were forfeited after allotment. Rohan, who applied for 1,800 shares failed to pay the two calls and his shares were forfeited after the final call.

1,900 forfeited shares were reissued as fully paid on receipt of Rs. 9 per share, the whole of Rohan's shares being included.

Pass necessary Journal entries.



[Watch Video Solution](#)

81. BG Limited issued 2,00,000 equity shares of Rs. 20 each at a premium of Rs. 5 per share. The shares were allotted in the proportion of 5 : 4 of shares applied and allotted to all the applicants. Deepak, who had applied for 900 shares, failed to pay Allotment money of Rs. 7 per share (including premium) and on his failure to pay 'First & Final Call' of Rs. 2 per share,

his shares were forfeited. 400 of the forfeited shares were reissued at Rs. 15 per share as fully paid up. Showing your working clearly, pass necessary Journal entries for the forfeitures and reissue of Deepak's shares in the books of BG Limited. The company maintains 'Calls in Arrears Account'.



[Watch Video Solution](#)

Multiple Choice Questions

1. Liability of a shareholder is limited to of the shares allotted to him :

- A. Paid up Value
- B. Called up value
- C. Face value
- D. Reserve Price

Answer: C



[Watch Video Solution](#)

2. Equity shares cannot be issued for the purpose of :

- A. Cash Receipts
- B. Purchase of assets
- C. Redemption of debentures
- D. Distribution of dividend

Answer: D



Watch Video Solution

3. Which of the following is not under the heading 'Share Capital' in a Balance Sheet :

- A. Subscribed Capital
- B. Issued Capital

C. Reserve Capital

D. Authorised Capital

Answer: C



Watch Video Solution

4. Share Application Account is in the nature of :

A. Real Account

B. Personal Account

C. Nominal Account

D. None of the above

Answer: B



Watch Video Solution

5. Maximum limit of Premium on shares is :

- A. 5 %
- B. 10 %
- C. No Limit
- D. 100 %

Answer: C



[Watch Video Solution](#)

6. Amount of Calls in Advance is

- A. Added to Share Capital
- B. Deducted from Share Capital
- C. Shown on the Assets side
- D. Shown on the Equity & Liabilities side

Answer: D



[Watch Video Solution](#)

7. Following amount were payable on issue of shares by a Company : Rs. 3 on application, Rs. 3 on allotment, Rs. 2 on first call and Rs. 2 on final call. X holding 500 shares paid only application and allotment money whereas Y holding 400 shares did not pay final call. Amount of calls in arrear will be :

A. Rs. 3,800

B. Rs. 2,800

C. Rs. 1,800

D. Rs. 6,200

Answer: B



[Watch Video Solution](#)

8. The subscribed capital of a company is Rs. 80,00,000 and the nominal value of the share is Rs. 100 each. There were no calls in arrear till the final call was made. The final call made was paid on 77,500 shares only. The balance in the calls in arrear amount to Rs. 62,500. Calculate the final call on share.

A. Rs. 7

B. Rs. 20

C. Rs. 22

D. Rs. 25

Answer: D



[Watch Video Solution](#)

9. A shareholder holding 600 shares paid the amount of call @ Rs. 5 per share on 1st November 2013 whereas the call was due on 1st March 2014.

Maximum interest on calls in advance will be :

A. Rs. 45

B. Rs. 120

C. Rs. 50

D. Rs. 60

Answer: B



[Watch Video Solution](#)

10. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis. The amount payable on application was Rs. 2. F applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from F will be :

A. 60 shares , Rs. 120

B. 340 shares , Rs. 160

C. 320 shares, Rs. 200

D. 300 shares, Rs. 240

Answer: D



[Watch Video Solution](#)

11. A company issued 4,000 equity shares of Rs. 10 each at par payable as under : On application Rs. 3, on allotment Rs. 2, on first call Rs. 4 and on final call Rs. 1 per share. Applications were received for 13,000 shares. Applications for 3,000 shares were rejected and pro-rata allotment was made to the applicants for 10,000 shares. How much amount will be received in cash on first call ? Excess application money is adjusted towards amount due on allotment and calls.

A. Rs. 6,000

B. Nil

C. Rs. 16,000

D. Rs. 10,000

Answer: A





[Watch Video Solution](#)

12. A company issued 4,000 equity shares of Rs. 10 each at par payable as under : On application Rs. 3, on allotment Rs. 2, on first call Rs. 4 and on final call Rs. 1 per share. Applications were received for 10,000 shares. Allotment was made pro-rata. How much amount will be received in cash on allotment ?

A. Rs. 8,000

B. Rs. 12,000

C. Nil

D. None

Answer: C



[Watch Video Solution](#)

13. Which one of the following items is not a part of subscribed capital ?

A. Equity Shares

B. Preference Shares

C. Forfeited Shares

D. Bonus Shares

Answer: C



[Watch Video Solution](#)

14. Y Ltd. forfeited 400 shares of Rs. 10 each, Rs. 7 called up, for non-payment of first call of Rs. 2 per share. Out of there, 300 shares were reissued for Rs. 6 per share as Rs. 7 paid up. What is the amount to be transferred to Capital Reserve Account ?

A. Rs. 1,700

B. Rs. 1,200

C. Rs. 2,100

D. Rs. 300

Answer: B



Watch Video Solution

15. 400 shares of Rs. 10, on which Rs. 8 has been called and Rs. 5 has been paid, are forfeited. Out of these, 300 shares are re-issued for Rs. 9 as fully paid. What is the amount to be transferred to Capital Reserve Account ?

A. Rs. 1,200

B. Rs. 1,600

C. Rs. 2,000

D. Rs. 1,700

Answer: A



Watch Video Solution

16. R Ltd. forfeited 600 shares of Rs. 100 each Rs. 70 called up on which Mahesh has paid application and allotment money of Rs. 50 per share. Of these, 400 shares were re-issued to Naresh as fully paid-up for Rs. 110 per share. What is the amount to be transferred to Capital Reserve ?

A. Rs. 30,000

B. Rs. 36,000

C. Rs. 24,000

D. Rs. 20,000

Answer: D



Watch Video Solution

17. Madhu Ltd. forfeited 800 shares of Rs. 10 each issued at 10% premium to Shyam (Rs. 9 called up) on which he did not pay Rs. 3 of allotment (including premium) and first call of Rs. 2. Out of these, 600 shares were

re-issued to Ram as fully paid up for Rs. 9 per share. What is to amount to be transferred to Capital Reserve ?

A. Rs. 2,400

B. Rs. 1,800

C. Rs. 3,000

D. Rs. 3,600

Answer: A



Watch Video Solution

18. B Ltd. forfeited 300 shares of Rs. 100 each, Rs. 70 called up, for non-payment of first call of Rs. 20 per share. Out of these, 200 shares were reissued for Rs. 60 per share as Rs. 70 paid up. What is the amount to be transferred to Capital Reserve Account ?

A. Rs. 13,000

B. Rs. 8,000

C. Rs. 2,000

D. Rs. 7,000

Answer: B



[Watch Video Solution](#)

19. 2,000 shares of Rs. 10, on which Rs. 7 has been called and Rs. 5 been paid, are forfeited. Out of these, 1,500 shares are re-issued for Rs. 9 as fully paid. What is the amount to be transferred to Capital Reserve Account ?

A. Rs. 6,000

B. Rs. 7,500

C. Rs. 10,000

D. Rs. 8,500

Answer: A



[Watch Video Solution](#)

20. X Ltd. forfeited 400 shares of Rs. 20 each Rs. 15 called up on which application and allotment money of Rs. 11 per share has been received. Of these, 100 shares were re-issued as fully paid-up for Rs. 24 per share.

What is the amount to be transferred to Capital Reserve ?

- A. Rs. 1,500
- B. Rs. 4,400
- C. Rs. 1,100
- D. Rs. 3,500

Answer: C

[Watch Video Solution](#)

21. Z Ltd. forfeited 300 shares of Rs. 10 each issued at 20% premium (Rs. 9 called up) on which Rs. 4 of allotment (including premium) and first call of

Rs. 2 has not been received. Out of these, 100 shares were re-issued as fully paid up for Rs. 9 per share. What is to amount to be transferred to capital Reserve ?

A. Rs. 400

B. Rs. 300

C. Rs. 500

D. Rs. 600

Answer: A



[Watch Video Solution](#)

22. What is the net balance left in Share Forfeiture Account :

A. Rs. 1,400

B. Rs. 1,500

C. Rs. 900

D. Rs. 1,000

Answer: D



[View Text Solution](#)

23. Metacaf Ltd. issued 50,000 shares of Rs. 100 each payable Rs. 20 on application (on 1st May 2012), Rs. 30 on allotment (on 1st January 2013) , Rs. 20 on first call (on 1st July 2013) and the balance on final call (on 1st February 2014). Shankar, a shareholder holding 5,000 shares did not pay the first call on the due date. The second call was made and Shankar paid the first call amount along with the second call. All sums due were received. Total amount received on 1st February was :

A. Rs. 15,00,000

B. Rs. 16,00,000

C. Rs. 10,00,000

D. Rs. 11,00,000

Answer: B

 [Watch Video Solution](#)

Very Short Answer Questions Knowledge Based

1. State two essential features of a company.

 [Watch Video Solution](#)

2. State two essential features of a Private Company.

 [Watch Video Solution](#)

3. State two essential features of a Public Company.

 [Watch Video Solution](#)

4. What is a share ?



[View Text Solution](#)

5. What are the two types of shares which a company can issue ?



[Watch Video Solution](#)

6. What are preference Shares ?



[Watch Video Solution](#)

7. What are equity shares ?



[Watch Video Solution](#)

8. What do you mean by Cumulative Preference Shares ?



 [Watch Video Solution](#)

9. What do you mean by Non-Cumulative Preference Shares ?

 [Watch Video Solution](#)

10. What do you mean by Participating Preference Shares ?

 [Watch Video Solution](#)

11. What do you mean by Non-Participating Preference Shares ?

 [Watch Video Solution](#)

12. What do you mean by Redeemable Preference Shares ?

 [Watch Video Solution](#)

13. What do you mean by Non-Redeemable Preference Shares ?

 [Watch Video Solution](#)

14. What do you mean by Convertible Preference Shares ?

 [Watch Video Solution](#)

15. What do you mean by Non-Convertible Preference Shares ?

 [Watch Video Solution](#)

16. What is meant by Authorised Capital of a Company ?

 [Watch Video Solution](#)

17. What is Subscribed Capital ?



 [Watch Video Solution](#)

18. What is meant by called up Capital ?

 [Watch Video Solution](#)

19. What is meant by Reserve Capital ?

 [Watch Video Solution](#)

20. Is reserve capital a, part of 'Unsubscribed Capital' or Uncalled Capital'.

 [Watch Video Solution](#)

21. What is meant by 'Capital Reserve' ?

 [Watch Video Solution](#)

22. What is meant by 'Private Placement of Shares' ?

 [Watch Video Solution](#)

23. What is meant by Sweat Equity Shares ?

 [Watch Video Solution](#)

24. What is meant by Employee Option Plan ?

 [Watch Video Solution](#)

25. What are preliminary expenses ?

 [Watch Video Solution](#)

26. What is meant by 'issue of shares at par' ?



 [Watch Video Solution](#)

27. How 'preliminary expenses' appear in the Balance Sheet ?

 [Watch Video Solution](#)

28. How Share Issue Expenses are shown in the Balance Sheet ?

 [Watch Video Solution](#)

29. How 'securities premium reserve' appears in the Balance Sheet ?

 [Watch Video Solution](#)

30. State two purposes for which securities premium reserve can be used by a company.

 [Watch Video Solution](#)

31. What is Over-subscription ?



Watch Video Solution

32. What is pro-rata allotment of shares ?



Watch Video Solution

33. What is meant by 'Minimum Subscription' ?



Watch Video Solution

34. What are calls in Arrears ?



Watch Video Solution

35. How are Calls-in-arrears shown in the Balance Sheet ?



[Watch Video Solution](#)

36. What is meant by Calls-in-Advance ?



[Watch Video Solution](#)

37. How are Calls in Advance shown in the Balance Sheet ?



[Watch Video Solution](#)

38. At what rate interest on Calls-in-Arrears can be charged by a Company according to Table F of Schedule I of the Companies Act, 2013 ?



[Watch Video Solution](#)

39. At what rate interest on Calls-in-Advance may be paid by a Company according to Table F of Schedule I of the Companies Act, 2013 ?



[Watch Video Solution](#)

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



[Watch Video Solution](#)

41. What is meant by forfeiture of shares ?



[Watch Video Solution](#)

42. What is meant by surrender of shares ?



[Watch Video Solution](#)

43. What is maximum amount of discount which may be allowed on reissue of forfeited shares ?



[Watch Video Solution](#)

44. Where would you transfer the balance left in the share forfeited account after the reissue of such shares ?



Watch Video Solution

45. What is meant by 'Issue of shares for consideration other than cash' ?
Give an example.



Watch Video Solution

46. What is the name given to that 'part of capital' of a company which is
Called-up only on winding up ?



Watch Video Solution

47. Give the meaning of 'Subscribed and Fully Paid-up-Capital'.



Watch Video Solution

 [Watch Video Solution](#)

Very Short Answer Questions Understanding

1. Give one point of distinction between Authorised Capital and Issued Capital.

 [Watch Video Solution](#)

2. Differentiate between 'Issued Share Capital' and 'Subscribed Share Capital'.

 [Watch Video Solution](#)

3. Differentiate between 'Called-up Share Capital' and 'Paid-up Share Capital'.

 [Watch Video Solution](#)

4. Given one point of distinction between Reserve Capital and Capital Reserve.

 [Watch Video Solution](#)

5. Can a Company issue a share having face value of Rs. 10 at Rs. 9 ?

 [Watch Video Solution](#)

6. Can 'securities premium reserve' be distributed as dividend ?

 [Watch Video Solution](#)

7. Can 'Securities Premium Reserve' be used as working capital ? Give reason in support of your answer.

 [Watch Video Solution](#)

8. Distinguish between 'Over-Subscription' and 'Under-Subscription'.

 [Watch Video Solution](#)

9. State the steps other than rejecting applications that a company can take in case of over-subscription.

 [Watch Video Solution](#)

10. D Ltd. invited applications for issuing 10,00,000 equity shares shares of Rs. 10 each. The public applied for 8,55,000 shares. Can the company proceed for the allotment of shares ? Given reason in support of your answer.

 [Watch Video Solution](#)

11. Do you think that Calls in Advance is a part of Share Capital ?



[Watch Video Solution](#)

 [Watch Video Solution](#)

12. Identify the purpose of utilizing the 'Security Premium Reserve' that would maximise the return to shareholders.

 [Watch Video Solution](#)

Very Short Answer Questions Application Based

1. A Ltd. forfeited 100 equity shares of Rs. 10 each issued at a premium of 20% for the non-payment of final call of Rs. 5 including premium. State the maximum amount of discount at which these shares can be re-issued.

 [Watch Video Solution](#)

2. Joy Ltd. issued 1,00,000 equity shares of Rs. 10 each. The amount was payable as follows :

On application	Rs. 3 per share
On allotment	Rs. 4 per share
On 1st and final call	Balance

Applications for 95,000 shares were received and shares were allotted to all the applicants. Sonam to whom 500 shares were allotted failed to pay allotment money and Gautam paid his entire amount due including the amount due on first and final call on the 750 shares allotted to him along with allotment. What was the amount received on allotment ?

 [Watch Video Solution](#)

3. Nirman Ltd. issued 50,000 equity shares of Rs. 10 each. The amount was payable as follows :

On application	Rs. 3 per share
On allotment	Rs. 2 per share
On first and final call	The Balance

Applications for 45,000 shares were received and shares were allotted to all the applications. Pooja, to whom 500 shares were allotted, paid her entire share money at the time of allotment, whereas Kundan did not pay the first and final call on his 300 shares. What was the amount received at the time of making first and final call ?

 [Watch Video Solution](#)

 [Watch Video Solution](#)

4. A Ltd. forfeited a share of Rs. 100 issued at a premium of 20% for non-payment of first call of Rs. 30 per share and final call of Rs. 10 per share. State the minimum price at which this share can be reissued.

 [Watch Video Solution](#)

5. 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.

 [Watch Video Solution](#)

6. 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. 100 originally issued at par on which application and

allotment money of Rs. 60 has been received.

(ii) A share of Rs. 100 originally issued at a premium of Rs. 20 on which application and allotment money (including premium) of Rs. 60 has been received.

(iii) A share of Rs. 100 originally issued at a premium of Rs 20 on which application and allotment money (excluding premium) of Rs. 60 has been received.



[Watch Video Solution](#)

Short Answer Questions Knowledge Based

1. What is Reserve Capital ? Does it differ from 'Capital Reserve' ?



[Watch Video Solution](#)

2. Show the Share Capital in Company's balance sheet with imaginary figures.

 [Watch Video Solution](#)

3. At least how much portion of the nominal amount of a share must be called as application money ?

 [Watch Video Solution](#)

4. What is the maximum amount of a Call according to Table 'F' of Schedule I ?

 [Watch Video Solution](#)

5. What is the minimum time interval between two consecutive calls according to Table 'F' of Schedule I ?

 [Watch Video Solution](#)

6. What journal entry shall you pass when shares are issued by a Public Limited Co. on premium ?

 [Watch Video Solution](#)

7. Can securities premium be utilised for the purchase of fixed assets ?
Give reason.

 [Watch Video Solution](#)

8. State any three purposes other than 'issue of bonus shares' for which securities premium can be utilized.

 [Watch Video Solution](#)

9. Write journal entries of forfeiture when the shares have been reissued
(i) At par, and (ii) At premium.



[Watch Video Solution](#)

10. Can forfeited shares be re-issued at a discount ? If so, to what extent ?

Where would you transfer the balance left in the share forfeited account after the re-issue of such shares ?



[Watch Video Solution](#)

11. What maximum amount of discount can be allowed at the time of re-issue of forfeited shares when shares were originally issued at a premium

?



[Watch Video Solution](#)

12. What entries are made for the forfeiture of shares and their re-issue ?



[Watch Video Solution](#)

Short Answer Questions Understanding

1. Differentiate between equity share and preference share.



[Watch Video Solution](#)

Short Answer Questions Application Based

1. 3,000 shares of Rs. 10 each were issued to the Promoters for their services at a premium of Rs. 5 per share. Give Journal entry.



[Watch Video Solution](#)

2. S.S.C. Ltd. Has a paid up share capital of Rs. 60,00,000 and a balance of Rs. 15,00,000 in Securities Premium Account. The company management do not want to carry over the balance. State the purposes for which the balance can be utilised.



[Watch Video Solution](#)

3. Guru Ltd. invited applications for issuing 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 over-subscribed and applications for 15,00,000 shares were received. Suggest the alternatives available to the Board of Directors for the allotment of shares.

 [Watch Video Solution](#)

4. ZLtd. forfeited 1,000 equity shares of Rs. 100 each for the non-payment of first call of Rs. 20 per share and second and final call of Rs. 25 per share. State :

(i) Can these shares be re-issued ?

(ii) If yes, state the minimum amount at which these shares can be re-issued.

(iii) If these shares were re-issued at Rs. 50 per share fully paid up, what will be the amount of Capital Reserve ?

 [Watch Video Solution](#)

Test Your Understanding Choosing Out Of The Words Provided Fill In The Blanks Given Below

1. Equity shareholders are of the Company (Creditors, Owners, Customers)

 [Watch Video Solution](#)

2. Preference shareholders are of the Company. (Creditors, Owners, Customers)

 [Watch Video Solution](#)

3. Premium received on the issue of shares is shown on the side of the Balance Sheet. (Assets, Equity and Liabilities)

 [Watch Video Solution](#)

4. The liability of every shareholder of a Company is (Limited, Unlimited)

 [Watch Video Solution](#)

5. Share Application is a account. (Personal, Real, Nominal)

 [View Text Solution](#)

6. Minimum Share Application money is % of the nominal value of shares. (5, 20, 25)

 [Watch Video Solution](#)

7. There must be an interval of atleast month between the making of the two calls. (One, three)

 [Watch Video Solution](#)

8. At what rate interest on Calls-in-Advance may be paid by a Company according to Table F of Schedule I of the Companies Act, 2013 ?

 [Watch Video Solution](#)

9. Shareholders get (Interest, Dividend)

 [Watch Video Solution](#)

Practical Questions

1. Vikas Ltd. has an authorised capital of Rs. 40,00,000 divided into 4,00,000 Equity Shares of Rs. 10 each. Out of these, the company invited applications for 3,00,000 equity shares. The public applied for 2,80,000 shares and all the money was duly received. Show how Share Capital will

appear in the Balance Sheet of the Company. Also prepare notes to accounts.



[Watch Video Solution](#)

2. 'Tractors India Ltd.' is registered with an authorized 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 Balram. 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 Notes to Accounts for the same.



[Watch Video Solution](#)

3. Nupur Ltd. was reheadered with an Authorised Capital of Rs. 20, 00,000 divided into 2,00,000 equity of Rs. 10 each. The Company offered 1,50,000 equity shares for subscription to public and applications were received for 1,40,000 equity shares. The directors called Rs. 7 per share upto 31st March and the money called was duly received. Show the Share Capital in the Balance Sheet of the Company together with notes to accounts.

 [Watch Video Solution](#)

4. On 1st April, 2017, Shakti Ltd. was formed with an authorized capital of Rs. 60,00,000 divided into 3,00,000 equity shares of Rs. 20 each. Out of these, 50,000 shares were issued to the vendors as fully paid up for purchase of office premises. The directors offered 1,20,000 shares to the public and called up Rs. 10 per share and received the entire called up amount on these shares. Show the share capital in the Balance Sheet of the company as per Schedule-III and also prepare 'notes to accounts'.

 [Watch Video Solution](#)

5. Rama Co. issued 50,000 shares of Rs. 10 each payable as follows :

Rs. 3 on Application, Rs. 3 on Allotment

Rs. 2 on First Call, Rs. 2 on Final Call.

All the shares were subscribed and allotted. Give Journal entries and show the Share Capital in the Balance Sheet assuming that all sums have been duly received. Expenses on issue of shares amounted to Rs. 10,000.



[Watch Video Solution](#)

6. Z Ltd. was registered with an authorised capital of Rs. 60,00,000 divided in 60,000 equity shares of Rs. 100 each. Company issued 25,000 equity shares at a premium of Rs. 20 per share, payable as follows : Rs. 30 on Application, Rs. 45 on Allotment (including premium), Rs. 20 on first call and Rs. 25 on Second and Final Call. All shares were subscribed and all the money was duly received. Share issue expenses amounted to Rs. 40,000 which were fully written off against Securities Premium. Prepare necessary Journal Entries and Bank Account in the books of the Company.



[Watch Video Solution](#)

7. Pushkar Ltd. invited applications for issuing 5,00,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share. The whole amount was payable on application. The issue was fully subscribed. Pass necessary journal entries.

 [Watch Video Solution](#)

8. Kiran Textiles Ltd. issued 50,000 Equity Shares of Rs. 10 each at a premium of Rs. 4 per share and 2,000, 6% Preference Shares of Rs. 100 each at par payable as follows :

	Equity Shares Rs.	Pref. Shares Rs.
On Application	3.50	30
On Allotment	6.50(including premium)	20
On First Call	2	25
On Final Call	2	25

All these shares were fully subscribed, called-up and paid. Record these transactions in Journal and cash book.

 [Watch Video Solution](#)

9. Kanpur Gas Ltd. issued 40,000 equity shares of Rs. 10 each at a premium of Rs. 1 per share. Amount were payable as follows :

Rs. 2.50 on Application , Rs. 4.50 on Allotment (including premium), Rs. 2 on First Call and Rs. 2 on Final Call.

Applications were received for 37,000 shares.

Give Journal Entries assuming that all sums have been received on due dates.



[Watch Video Solution](#)

10. Vimal Ltd. purchased machinery of Rs. 9,90,000 from Kamal Ltd. The payment to Kamal Ltd. was made by issuing equity shares of Rs. 100 each.

Pass the necessary Journal entries in the books of Vimal Ltd. for purchase of machinery and the issue of shares when

(i) Shares were issued at par.

(ii) Shares were issued at 25% premium.



[Watch Video Solution](#)

11. Pass journal entries for the following :

(i) X Ltd. purchased L and Building from R. Sundram for Rs. 5,00,000 payable in fullypaid shares of Rs. 100 each at a premium of 25 %.

(ii) Y Ltd. decided to issue 2,000 shares of Rs. 100 each to the Unit Trust of India as underwriting commission.

 [Watch Video Solution](#)

12. Tagore Ltd. purchased a running business from Tulsi Bros. for a sum of Rs. 48,00,000 payable by the issue of fully paid equity shares of Rs. 20 each at a premium of 20%. The assets and liabilities consisted of the following :

	Rs.
Plant and Machinery	25,00,000
Stock	15,00,000
Sundry Debtors	15,00,000
Sundry Creditors	3,00,000

Pass the necessary journal entries in the books of Tagore Ltd.

 [Watch Video Solution](#)

13. X Ltd. took over the following assets and liabilities of Y Ltd. :

Land & Building Rs. 20,00,000, Stock Rs. 5,00,000, Sundry Debtors Rs. 2,50,000 and Sundry Creditors Rs. 2,00,000. X Ltd. paid purchase consideration by issuing Bank Draft of Rs. 16,00,000 and 50,000 Equity Shares of Rs. 20 each at 10% premium. Calculate purchase consideration and pass journal entries in the books of X Ltd.

 [Watch Video Solution](#)

14. Madhur Ltd. took over the assets of Rs. 3,90,000 and Liabilities of Rs. 40,000 of Rasova Ltd. for a consideration of Rs. 4,00,000. 20% was paid by a cheque and the balance by issue of fully paid equity shares of Rs. 100 each at a premium of 60%. Show necessary journal entries for these transactions in the books of Mandhur Ltd.

 [Watch Video Solution](#)

15. X Ltd. issued 20,000, 7% Preference shares of Rs. 100 each at a premium of 6%. Payments were to be made as - Rs. 25 on Application, Rs. 46 on Allotment, Rs. 10 on First call and Rs. 25 on Final Call. The applications for 18,000 shares were received and all were accepted. All the money was duly received except the first and final call on 100 shares. Give the necessary Journal Entries and prepare Cash Book of the Company. Also show the Share Capital in the Balance Sheet of the Company.

 [Watch Video Solution](#)

16. Shipra Limited invited applications for 80,000 shares of Rs. 10 each payable as follows :

Rs. 2.50 on Application (on 2st May, 2015),
Rs. 2.50 on Allotment (on 1st June, 2015),
Rs. 2 on First Call (on 1st Nov., 2015), and
Rs. 3 on second Call (on 1st Feb., 2016)

All the shares were applied and allotted. Shankar, holding 600 shares paid the whole of the amount alongwith allotment. Pass Cash Book and Journal entries assuming that books are closed on 31 st March every year.

 [Watch Video Solution](#)

17. On 1st February 2016, Raj Ltd. received in advance the first call of Rs. 25 per share on 400 equity shares. The first call was due on 31st March 2016. Journalise the above transactions.



[Watch Video Solution](#)

18. A limited Company 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. Per share, payable as Rs. 3 per share on application, Rs. 4 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 were duly received but when the first call was made, one shareholder paid the entire balance on his holdings of 300 shares, and another shareholder holding 1,000 shares failed to pay the first call money. Give Journal entries to record the above transactions and show how share capital will be shown in the company's Balance Sheet.



[Watch Video Solution](#)

19. 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.

[Watch Video Solution](#)

20. Jyoti Power Ltd. 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. Applications for 20,00,000 shares were received. Applications for 3,00,000 shares were rejected and shares were allotted to the remaining applicants on pro-rata basis. Pass necessary Journal entries for the above transactions in the books of the company.

[Watch Video Solution](#)

21. Govind Ltd., issued a prospectus inviting application, Rs. 5 on allotment (including premium), Rs. 2 on First call, and Rs. 2 on Final call.

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

To applicants of 16,000 shares	full allotment
To applicants of 6,000 shares	4,000 shares
To applicants of 5,000 shares	Nil

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



[Watch Video Solution](#)

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

On Application	Rs. 4 per share
On Allotment	Rs. 6 (including premium of Rs. 3)
On First Final Call	Balance

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

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

(i) Applicants of 1,00,000 shares were allotted 30% shares, as applicants for 10,000 shares were rejected and the remaining applicants were given full allotment. All the money was duly received. Give journal entries.



[Watch Video Solution](#)

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

On Application	:	Rs. 20 per share
On Allotment	:	Rs. 30 per share
On First Call	:	Rs. 20 per share
On second and Final Call	:	Rs. 30 per share

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

All calls were made and duly except :

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

Pass necessary journal entries to record the above transactions.



[Watch Video Solution](#)

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

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

Applications were received for 1,25,000 shares on October 15, 2018.

Applications for 1,20,000 shares were allotted 1,00,000 shares and the remaining applications were rejected. Give journal entries assuming that all amount have been received and the company maintains a combined account for application and allotment.

[Watch Video Solution](#)

25. X Ltd. was registered with an authorised capital of 2,00,000 shares of Rs. 10 each. It purchased assets of Y Ltd. for Rs. 3,00,000 and issued fully paid shares for purchase consideration. It also invited applications for 1,20,000 shares payable as under :

Rs. 2.50 on application

Rs. 2.50 on allotment

Rs. 2 on first call and Rs. 3 on final call.

Sarkar, who had been allotted 400 shares failed to pay the final call. His shares were forfeited and re-issued at Rs. 8.50 per share as fully paid up.

Pass entries in the Cash Book and Journal. Show the Share Capital in the Balance Sheet of the Company.



[Watch Video Solution](#)

26. Alfa Ltd. issued 5,000 shares of Rs. 100 each at par. The amount payable was as under :

Rs. 25 on application,

Rs. 25 on allotment,

Rs. 20 on first call, and

Rs. 30 on final call.

The company did not make final call. X, a holder of 100 shares, failed to pay allotment and first call money. Directors forfeited his shares and immediately re-issued the forfeited shares at Rs. 6,500. Pass Journal

entries in the books of the company and show the Share Capital in the Balance Sheet.

 [Watch Video Solution](#)

27. Dinesh Ltd. issued 5,000 shares of Rs. 100 each at par, payable as follows :

	Rs.
On Application	25
On Allotment	25
On First Call	20
On Final Call	30

Anil, holding 100 shares failed to pay the amount of allotment and first call and his shares were forfeited after the first call. Sunil, holding 200 shares failed to pay the amount due on final call and his shares are also forfeited. Show entries in the Cash Book and Journal of the Company.

 [Watch Video Solution](#)

28. Fast Food Ltd. issued a prospectus offering 10,000 equity shares of Rs. 50 each at par payable as follows :

	Rs.
On Application	15
On Allotment	10
On First Call	15
On Final Call	10

Ram, the holder of 500 equity shares did not pay the amount due on both the calls. These 500 shares were forfeited by the Board of Directors and 300 of these shares were subsequently re-issued at Rs. 55 per share. Show the entries in the Cash Book and Journal of the Company.

 [Watch Video Solution](#)

29. Z Ltd. was registered with an authorised capital of Rs. 10,00,000 divided into 10,000 shares of Rs. 100 each. The Company offered 5,000 of these shares to the public, which were payable Rs. 25 per share on application, Rs. 50 per share on allotment and the balance three months later. Applications for 7,100 shares were received on which the directors allotted as follows :

Applications for 4,000 Shares	Full
Applications for 3,000 Shares	1,000
Applications for 100 Shares	Nil

Rs. 1,85,000 was realised on account of allotment money (excluding the

amount carried from application money) and Rs. 1,15,000 on account of call. The Directors decided to forfeit those shares on which allotment money was overdue. Show the entries in the company's books.



[Watch Video Solution](#)

30. W Ltd. issued 10,000 shares of Rs. 100 each. During the year only Rs. 80 were called payable as follows :

On Application Rs. 25

On Allotment Rs. 20

On Ist Call Rs. 20

On Iind Call *Rs.* 15

Amount were received as follows :

On 8,000 shares the full amount called

On 1,200 shares Rs. 65 per share

On 500 shares Rs. 45 per share

On 300 shares Rs. 25 per share

The directors forfeited those shares on which less than Rs. 65 per share were received. Show entries in the Cash Book and Journal and show the Share Capital in the Balance Sheet.



[Watch Video Solution](#)

31. 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'.

[Watch Video Solution](#)

32. Xansa Ltd. offered 22,000 equity shares of Rs. 100 each to the public at a premium of Rs. 20 per share. The amount per share was payable as Rs. 30 on application, Rs. 50 (including premium) on allotment, and the balance on first and final call. 20,000 shares were subscribed by the public. All calls were made. A shareholder holding 1,000 shares failed to

pay the first and final call money. His share were forfeited. Show 'Share Capital' in the Balance Sheet of Xansa Ltd. Also, prepare 'Notes to Accounts'.

 [Watch Video Solution](#)

33. David Ltd. issued Rs. 40,00,000 equity shares of Rs. 10 each out of its registered capital of Rs. 10,00,000. The amount payable on these shares was as follows :

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

All calls were made and were duly received, except the second and final call on 1,000 shares held by Vipul. These shares were forfeited. Present the 'Share Capital' in the Balance sheet of the company as per Schedule III Part I of the Companies Act, 2013. Also prepare 'Notes to Accounts'.

 [Watch Video Solution](#)

34. On 1st April, 2014, Blue Heaven Ltd. was formed with an authorised capital of Rs. 20,00,000 divided into 2,00,000 equity shares of Rs. 10 each. The company issued prospectus inviting applications for 1,50,000 equity shares. The company received applications for 1,40,000 equity shares. During the first year, Rs. 7 per share were called. Arun holding 4,000 shares and Varun holding 3,000 shares did not pay the first call of Rs 2 share. Vanrun's shares were forfeited after the first call and later on 1,800 of the forfeited shares were re-issued at Rs. 5 per share, Rs. 7 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 'Notes to Accounts' for the same.



Watch Video Solution

35. Surya Tubes Limited issued 20,000 shares of Rs. 100 each. The due amount was received except for 500 shares on which Rs. 75 per share was received. These 500 shares were forfeited and 300 shares were reissued

for Rs. 60 each fully paid-up. Show the Forfeited Shares Account and the Balance Sheet as at closing date.

 [Watch Video Solution](#)

36. A, who holds 200 shares of Rs. 100 each, has paid only Rs. 25 per share as application money.

B, who holds 300 shares of Rs. 100 each, has paid Rs. 25 per share on application and Rs. 30 per share on allotment.

C, who holds 400 shares of Rs. 100 each, has paid Rs. 25 per share on application, Rs. 30 per share on allotment and Rs. 20 per share on first call.

They failed to pay their arrears and the final call. Their shares were forfeited and re-issued at Rs. 95 per share.

Prepare necessary journal entries.

 [Watch Video Solution](#)

37. Pass journal entries for the forfeiture and re-issue in the following cases :

(i) A Ltd. forfeited 100 shares of Rs. 10 each fully called-up for non-payment of first call of Rs. 3 per share and final call of Rs. 3 per share. All of these shares were re-issued as fully paid for Rs. 10 per share.

(ii) B Ltd. forfeited 400 shares of Rs. 10 each fully called-up for non-payment of final call of Rs. 3 per share. 300 of these shares were re-issued as fully paid for Rs. 8 per share.

(iii) C Ltd. forfeited 700 shares of Rs. 10 each fully called-up on which the holder has paid application money @ Rs. 3 and allotment money @ Rs. 2 per share. Out of these, 300 shares were re-issued as fully paid @ Rs. 7 per share.

(iv) D Ltd. forfeited 1,000 shares of Rs. 10 each fully called-up on which the holder has paid only the application money @ Rs. 3 per share. Out of these, 600 shares were re-issued at Rs. 10.50 per share, fully paid up.



Watch Video Solution

38. Pass journal entries for the forfeiture and re-issue in the following cases :

(a) X Ltd. forfeited 700 shares of Ashok of Rs. 10 each Rs. 8 called-up, on which had paid Rs. 5 share. Out of these, 500 shares were re-issued for Rs. 9 per share as fully paid.

(b) Y Ltd. forfeited 400 shares of Rs. 10 each, Rs. 6 called-up, for non-payment of first call of Rs. 2 per share. Out of these, 300 shares were immediately re-issued Rs. 5 per share.

(c) Z Ltd. forfeited 300 shares of Rs. 100 each on which first call of Rs. 20 per share was not received, the second and final call of Rs. 30 per share has not yet been called. Out of these, 200 shares were re-issued as Rs. 70 paid-up for Rs. 55 per share.

 [Watch Video Solution](#)

39. Journalise the following :

(i) A Ltd. forfeited 1,000 shares of Rs. 10 each, Rs. 8 paid, for non-payment of final call of Rs. 2 per share. Out of these, 400 shares were re-issued as

fully paid-up in such a way that Rs. 2,000 were transferred to capital reserve.

(ii) B Ltd. forfeited 1,000 shares of Rs. 10 each, Rs. 8 called-up, for non-payment of Allotment of Rs. 2.50 per share and first call of Rs. 3 per share. Out of these, 400 shares were re-issued for Rs. 7 per share as Rs. 8 paid-up.

(iii) C Ltd. forfeited 300 shares of Rs. 10 each on which Rs. 7 has been called and Rs. 5 has been paid. Out of these, 100 shares are re-issued for Rs. 6 share as Rs. 7 paid-up.



[Watch Video Solution](#)

40. Paliwal Exports Ltd. with a share capital of Rs. 10,000 divided into 20,000 shares of Rs. 50 each offers the shares to the public as under :

Rs. 15 per share payable on application, Rs. 15 per share payable on allotment, Rs. 10 per share payable on 1st call, and Rs. 10 per share payable on second call. Shareholder 'A' who holds 200 shares has paid only the application money. Shareholder 'B' who holds 300 shares has paid only the application and allotment money. Shareholder 'C' who holds

400 shares has paid application, allotment and first call money. The company forfeits the shares of the above shareholders who have not paid the arrears and re-issued 600 of these shares at a discount of 20%. Journalise the above transactions including entries relating to Bank in the books of Paliwal Exports Ltd.

 [Watch Video Solution](#)

41. Accountancy Publication Ltd. issued 50,000 equity shares of Rs. 10 each at a premium of 10% payable as under :

On Application Rs. 3, On Allotment Rs. 4 (Premium Rs. 1), On First Call Rs. 2, and On Final Call Rs. 2. The whole of the issue was called for by the company and all the money were duly received except the allotment and calls money on 500 shares. These shares were, therefore, forfeited and later on re-issued at Rs. 9 per share as fully paid. Pass the necessary journal to record the above transactions.

 [Watch Video Solution](#)

42. X Ltd. issued a prospectus offering 2,00,000 shares of Rs. 10 each at Rs. 14 per share, payable as follows :

On Application Rs. 4

On Allotment Rs. 6 (including premium Rs. 4)

On First Call Rs. 3

On Final Call Balance

Dinesh, the holder of 1,000 shares, did not pay the amount due on allotment and first call. His shares were forfeited and 400 of these shares were immediately re-issued credited Rs. 9 paid for Rs. 8.40 per share. Final call was made afterwards and it was duly received. Show entries in the Cash Book and the Journal of the company.



[Watch Video Solution](#)

43. Vikram Ltd. issued 50,000 shares of Rs. 10 each at a premium of Rs. 1 per share payable as follows :

Rs. 3 on Application

Rs. 4 on Allotment (including premium)

Rs. 2 on Ist Call

Balance when required

Applications were received for 46,000 shares and all of these were

accepted. Directors did not make the final call. The shares were forfeited and re-issued at Rs. 7 per share, Rs. 8 per share paid. Pass Cash at Bank and Journal Entries.



[Watch Video Solution](#)

44. Give journal entries for forfeiture and re-issued of shares :

(a) X Ltd. Forfeited 500 shares of Rs. 100 each, Rs. 75 called-up, issued at 10% premium (to be paid at the time of allotment) for non-payment of a first call of Rs. 20 per share. Out of these, 200 shares were re-issued as Rs. 75 paid-up for Rs. 60 per share.

(b) X Ltd. forfeited 300 shares of Rs. 100 each. Rs. 75 called-up, issued at 10% premium (to be paid at the time of allotment) for non-payment of allotment money of Rs. 30 per share (including premium) and first call of Rs. 20 per share. Out of these, 100 shares were re-issued as fully paid-up in such a way that Rs. 3, 100 were transferred to capital reserve.



[Watch Video Solution](#)

45. Journalise the following :

(a) Y Ltd. forfeited 400 shares of Rs. 100 each, issued at a premium of Rs. 5 per share (to be paid at the time of allotment) for non-payment of a first call of Rs. 2 per share. The second and final call of Rs. 20 has not yet been called. Out of these, 100 shares were re-issued on fully paid-up for Rs. 110 per share.

(b) Y Ltd. forfeited 700 shares of Rs. 100 each, issued at a premium of Rs. 5 per share for non-payment of allotment money of Rs. 35 per share (including premium) and first call of Rs. 20 per share. The second and final call of Rs. 20 has not yet been called. 500 of these shares were re-issued as Rs. 80 paid-up for Rs. 92 per share.



[Watch Video Solution](#)

46. Luxury Cars Ltd. invited applications for issuing 10,000 equity shares of Rs. 50 each at a premium of Rs. 100 per share. The amount was payable as follows :

On application - Rs. 75 per share (including Rs. 50 premium)

On allotment - The balance

The issue was fully subscribed. A shareholder holding 400 shares paid his entire share money at the time of application. Another shareholder holding 300 shares did not pay the allotment money. His shares were forfeited. The forfeited shares were later on re-issued for Rs. 9 per share as fully paid up. Pass necessary journal entries for the above transactions in the books of the company.

 [Watch Video Solution](#)

47. Hindustan Ltd. issued 20,000 shares of Rs. 20 each at 20% premium.

Amount was payable as follows :

	Rs.
On application	5
On allotment	6
On first call	7
On second & final call	6

Applications were received for 18,000 shares and all were accepted. All money was received except :

(i) Vasundhra, holding 500 shares failed to pay allotment money and her shares were forfeited after allotment.

(ii) Tapasya, holding 300 shares failed to pay first call money and her

shares were forfeited after first call.

(iii) Swarna, holding 400 shares failed to pay first and second call money and her shares were forfeited.

All the forfeited shares were reissued at a discount of 10% as fully paid up. Pass the necessary journal entries in the books of Hindustan Ltd.



[Watch Video Solution](#)

48. A Co. Ltd. offered to the public 20,000 equity shares of Rs. 100 each at a premium of Rs. 10 per share. The payment was to be as follows :

On Application	Rs. 30 per share
On Allotment	Rs. 30 per share (including premium)
On First Call	Rs. 25 per share
On second & Final Call	Rs. 25 per share

Applications were received for 35,000 shares. Applications for 10,000 shares were rejected. Applications for 15,000 shares were allotted 10,000 shares and remaining applications were accepted in full. The Directors made both the calls. One shareholder holding 500 shares failed to pay the two calls and as a consequence his shares were forfeited 200 of these shares were re-issued as fully paid at Rs. 80 per share. Expenses of issue

came to Rs. 10,000. Prepare Cash Book and Journal on the basis of information given above.

 [Watch Video Solution](#)

49. On March 1, 2016, the Directors of Sahara Ltd. issued 10,000 Equity Shares of Rs. 100 each at Rs. 125 per share, payable Rs. 50 on application (including premium), Rs. 45 on allotment and the balance on 1st June, 2016. The lists closed on March 10, 2016 by which date applications for 16,000 shares were received. Of the cash received, Rs. 50,000 was returned and Rs. 2,50,000 was applied to the amount due on allotment, the balance of which was paid on March 16, 2016. Call money was received on 1st June, 2016 with the exception of one allottee of 200 shares. These shares were forfeited on October 15, 2016 and reissued as fully paid at Rs. 110 per share on December 3, 2016. Record necessary journal entries in the books of Sahara Ltd. using a joint account of application and allotment.

 [Watch Video Solution](#)

50. Elite Ltd. invited applications from public for 5,00,000 equity shares of Rs. 10 each issued at Rs. 11 per share. The payment was to be made as follows : Rs. 3 on Application, Rs. 4 on Allotment including premium, and Rs. 4 on call. Applications for 6,50,000 shares were received. Allotment of shares was made as follows : (i) 100% shares to applicants of 4,00,000 shares, (ii) 50% shares to applicants of 2,00,000 shares, (iii) No allotment to applicants of 50,000 shares. A shareholder to whom 500 shares were allotted under category (i) paid full amount due on shares along with allotment money. Another shareholder holding 1,000 shares were subsequently re-issued as fully paid-up @ Rs. 8 per share. Pass the journal entries.



[Watch Video Solution](#)

51. 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)
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 alongwith 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 alongwith 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 re-issued at Rs. 9 per share fully paid up. Pass necessary Journal Entries for the above transactions in the books of the company.



[Watch Video Solution](#)

52. Journalise the following transactions in the books of Poonam Ltd. :
200 shares of Rs. 10 each issued at a premium of Rs. 5 each payable with allotment were forfeited for the non payment of allotment money of Rs. 8 per share including premium. The first and final call on these shares at Rs.

3 per share was not made. The forfeited shares were re-issued @ Rs. 12 per share fully paid up.

 [Watch Video Solution](#)

53. Prayuj Ltd. forfeited 2,000 shares of Rs. 10 each, fully called up, on which they had received only Rs. 14,000.50 of the forfeited shares were reissued for RS. 9 per share fully paid up. Pass necessary journal entries for foreclosure and re-issue of shares. Also prepare share forfeited account.

 [Watch Video Solution](#)

54. Vaibhav Ltd. issued 20,000 equity shares of Rs. 10 each at Rs. 250 payable as follows :

	Rs.
On Application	100 (including premium Rs. 60)
On Allotment	50 (including premium Rs. 30)
On First Call	70 (including premium Rs. 40)
On second & Final Call	30 (including premium Rs. 20)

All amounts were received except first and second & final call on 750 shares held by Mr. Akash. His shares were forfeited and 2/3 rd of these

shares were reissued to Mr. Dinesh at Rs. 200 per share. Pass entries for forfeiture and reissue.

 [Watch Video Solution](#)

55. X Ltd. offered 25,000 shares of Rs. 100 each payable as Rs. 25 on application, Rs. 20 on allotment, Rs. 30 on first call and the balance on final call. Applications were received for 40,000 shares out of which shares were allotted to the applicants for 35,000 shares on a pro-rata basis. All shareholders paid the allotment money excepting Mr. Gopal who was allotted 500 shares. These shares were forfeited immediately. The first call was made thereafter. The forfeited shares were re-issued @ Rs. 8 per share Rs. 75 paid up. The final call was not made. Prepare Cash Book and pass journal entries.

 [Watch Video Solution](#)

56. A Limited company invites applications for 50,000 equity shares of Rs. 10 each payable as follows :

On Application	Rs. 3
On Allotment	Rs. 4
On First Call	Rs. 2
On Final Call	Balance

Applications were received for 70,000 shares. Allotments were made on the following basis :

- (i) To applications for 10,000 shares - in full.
- (ii) To applicants for 60,000 shares - 40,000 shares

Excess money paid on application was utilised towards allotment money. A shareholder who was allotted 1,000 shares out of the group applying for 60,000 shares failed to pay allotted money and money due on calls. These shares were forfeited. 600 forfeited shares were re-issued as fully paid on receipt of Rs. 8 per share. Prepare Cash Book and journal entries in the books of company.

 [Watch Video Solution](#)

57. Jay Ltd. issued a prospectus inviting applications for 1,00,000 shares of Rs. 10 each. These shares were issued at par on the following terms :

On application Rs. 2.50, on allotment Rs. 2.50, on first call Rs. 3 and on final call the balance. Applications were received for 1,35,000 shares.

Allotments were made on the following basis :

(i) To applicants for 25,000 shares - in full,

(ii) To applicants for 60,000 shares - 45,000 shares

To applicants for 50,000 shares - 30,000 shares

All excess amount paid on application is to be adjusted against amount due on allotment. The shares were fully called and paid-up except the amount of allotment, first and final call not paid by those who applied for 4,000 shares of the group applying for 50,000 shares. All the shares on which calls were not paid were forfeited by the Board of Directors. 1,800 forfeited shares were re-issued as fully paid on receipt of Rs. 9 per share.

Prepare Cash Book and Journal entries to record the above.



[View Text Solution](#)

58. XY Ltd. invited applications for 5,00,000 Equity shares of Rs. 10 each, payable as Rs. 3 on application, Rs. 4 on allotment and the balance on first and final call. Applications were received for 12,00,000 shares and the shares were allotted on a prorata basis. The excess application money was to be adjusted against allotment only. R, a

shareholder, who had applied for 6,000 shares, failed to pay the call money and his shares were accordingly forfeited and reissued at Rs. 9 per share as fully paid. Pass necessary journal entries.



[View Text Solution](#)

59. A company issued 10,000 shares of Rs. 10 each at a premium of Rs. 1 per share, payment to be made as follows :

	Rs.
On Application	3
On Allotment	4 (including premium)
On First call	2
On second and final call	2

Applications were received for 20,000 shares. Applications for 5,000 shares were rejected and allotment was made proportionately to the remaining applicants. The directors made both the calls and all the money was received, except the allotment, first call and final call on 400 shares, which were subsequently forfeited. Later, 300 of the forfeited shares were re-issued as fully paid @ Rs. 15 per share. Give journal entries to record the above.



[View Text Solution](#)

60. A company issued for public subscription 60,000 equity shares of Rs. 10 share at a premium of Rs. 4 per share, payable as under : Rs. 4 on Application, Rs. 5 on Allotment (including premium), Rs. 2.50 on First Call and Rs. 2.50 on Final Call. Applications were received for 75,000 equity shares. The shares were allotted pro-rata to the applicants for 70,000 shares, the remaining applications being rejected. Money over-paid on applications was utilised towards sums due on allotment. A, to whom 1,200 shares were allotted failed to pay allotment and calls money and B, to whom 1,800 shares were allotted failed to pay two calls. These shares were subsequently forfeited after the final call was made. All the forfeited shares were sold to Rajesh as fully paid-up at Rs. 11 per share. Prepare Cash Book and journal entries required to record the above transactions.



Watch Video Solution

61. Suzuki Limited issued a prospectus inviting applications for 60,000 shares of Rs. 10 each at a premium of 30% payable as follows : On

Applications Rs. 3.50, On Allotment Rs. 5.50 (including premium) : On First Call Rs. 2 and on Second Call Rs. 2. Applications were received for 95,000 shares and allotment was made pro-rata to applicants of 80,000 shares. Money over-paid on applications were employed on account of sums due on allotment. X, to whom 1,500 shares were allotted failed to pay the allotment money and on his subsequent failure to pay the First Call his shares were forfeited. Y, the holder of 2,400 shares failed to pay the two calls and his shares were forfeited after the second Call. Of the shares forfeited, 3,000 shares were sold to Z as fully paid, Z paying Rs. 8.50 per share, the whole of Y' s share being included. Give journal entries and prepare Bank ASccount.



[View Text Solution](#)

62. Hindustans Steel Ltd. invited applications for 50,000 equity shares of Rs. 10 each at a premium of Rs. 4 per share. The amount was payable as follows :

On Application	Rs. 4 (including premium Rs. 2)
On Allotment	Rs. 6 (including premium Rs. 2)
On First and Final Call	Balance

Applications for 60,000 shares were received. Allotment was made to all the applicants on pro-rata basis. Excess application money was adjusted towards sums due on allotment. Ram, to whom 500 shares were allotted, failed to pay allotment and call money. Shyam, to whom 1,000 shares were allotted, failed to pay the call money. These shares were forfeited. Out of the forfeited shares 1,200 shares (including all shares of Shyam) were re-issued at 10% discount as fully paid-up. Pass the necessary journal entries in the books of the company by opening 'Calls in Arrears A/c' wherever necessary.



[Watch Video Solution](#)

63. SK Ltd. Invited applications for issuing 3,20,00 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 allotments. 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 re-issued at Rs. 8 per share fully paid up. The re-issued shares included all the forfeited shares of Jeevan. Assuming that the Company maintains 'Calls in Arrears Account' pass necessary Journal entries for the above transactions in the books of the company.



[View Text Solution](#)

64. Modern Ltd. issued a prospectus inviting applications for 2,00,000

shares of Rs. 10 each at a premium of Rs. 6 per share, payable as follows :

On Application	Rs. 5 (including premium Rs. 2)
On Allotment	Rs. 5 (including premium Rs. 2)
On Ist Call	Rs. 3 (including premium Rs. 1)
On II nd & Final Call	Rs. 3 (including premium Rs. 1)

Applications were received for 2,60,000 shares and pro-rata allotment was made to the applicants for 2,50,000 shares. Excess money paid on

applications for these shares was utilised towards allotment.

A, who applied for 1,000 shares, failed to pay the allotment money and his shares were forfeited after allotment.

B, who applied for 1,500 shares, failed to pay the two calls and his shares were also forfeited.

Of the shares forfeited, 1,800 shares were re-issued as fully paid up for Rs. 15 per shares, the whole of B's share being included. Prepare Cash Book and Journal.



[View Text Solution](#)

65. X Ltd. invited applications for issuing 75,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share. The amount was payable as follows :

On application and allotment - Rs. 9 per share (including premium)

On first and final call - the balance amount.

Applications for 3,00,000 shares were received. Applications for 2,00,000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. The first and final call was made.

The amount was duly received except on 1,500 shares applied by Ravi. His

share were forfeited. The forfeited shares were re-issued at a discount of Rs. 4 per share. Excess application and allotment money can be utilised for calls. Pass necessary journal entries for the above transactions in the books of X Ltd.

 [View Text Solution](#)

66. A limited company forfeited 400 shares of Mr. X, who had applied for 600 shares on account of non-payment of allotment money Rs. 3 + Rs. 2.50 (premium) and first call Rs. 2. Only Rs. 4 per share was received with application. Out of these, 200 shares were re-issued to Mr. Y at Rs. 8 per share, Rs. 9 paid -up. Give journal entries relating to forfeiture and re-issue.

 [Watch Video Solution](#)

67. X Ltd. forfeited 1,500 shares of Rs. 10 each (originally issued at a premium of Rs. 3 per share which was payable along with application money) on which allotment money of Rs. 3 and first call money of Rs. 2

were not received, the final call money of Rs. 3 is not yet called. These shares were originally allotted on pro-rata basis in the ratio of 3 : 2. These shares were subsequently reissued at a discount of Rs. 1 per share, credited as Rs. 7 paid up. Pass necessary Journal entries for forfeiture and reissue of shares.

 [Watch Video Solution](#)

68. AB Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 10 each. The amount was payable as follows :

On Application	Rs. 3 per share
On Allotment	Rs. 3 per share
On First and Final Call	Rs. 4 per share

Applications for 1,50,000 shares were received and pro-rata allotment was made to all applicants as follows :

Applications for 80,000 shares were allotted 60,000 shares on pro-rata basis.

Applications for 70,000 shares were allotted 40,000 shares on pro-rata basis. Sudha, to whom 600 shares were allotted out of the group applying for 80,000 shares failed to pay the allotment money. Her shares

were forfeited immediately after allotment. Asha, who had applied for 1,400 shares out of the group for 70,000 shares failed to pay the first and final call. Her shares were also forfeited. Out of the forfeited shares 1,000 were re-issued @ Rs. 8 per share fully paid-up. The re-issued shares included all the forfeited shares of Sudha. Pass necessary journal entries to record the above transactions.

 [View Text Solution](#)

69. X Ltd. invited applications for 4,00,000 shares of Rs. 10 each. The shares were issued at a premium of Rs. 7 per share. The amount was payable as follows :

On Application & Allotment : Rs. 9 per share (including premium Rs. 4)

On First & Final Call : The balance amount (including premium)

Applications were received for 5,70,000 shares and the allotment was made as under :

(i) To applicants for 3,50,000 shares : 2,50,000 shares on pro-rata basis

(ii) To applicants for 2,00,000 shares : 1,50,000 shares on pro-rata basis

(iii) To applicants for 20,000 shares : NIL

Excess application and allotment money could be utilized for calls.

A, who belonged to the first category and was allotted 500 shares, failed

to pay the first call money. B, who belonged to the second category and was allotted 300 shares also failed to pay the first call money. Their shares were forfeited and were re-issued @ Rs. 15 per share fully paid-up. Pass necessary Cash-Book and Journal entries.

 [View Text Solution](#)

70. Meena Ltd. issued 30,000 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 52,000 shares. The directors resolved to allot as follows :

- (A) Applicants of 20,000 shares 10,000 shares
- (B) Applicants of 30,000 shares 20,000 shares
- (C) Applicants of 2,000 shares Nil

Balu who had applied for 4,000 shares in category A and Ganesh who was allotted 2,000 shares in category B failed to pay the allotment money. Calculate the amount received on allotment.

 [Watch Video Solution](#)

71. X Ltd. invited applications for 40,000 shares of Rs. 10 each at 5% premium, payable as Rs. 3 on application, Rs. 3.50 on allotment (including premium) and balance on first and final call. Applications were received on application was to be adjusted against allotment only. A shareholder who applied for 4,500 shares, could not pay the call money and his shares were accordingly forfeited. Pass necessary journal entries and show the items in company's Balance Sheet.



[View Text Solution](#)

72. Durga 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. 2 per share
On Allotment	Rs. 3 per share.
On First and Final Call	Rs. 5 per share.

Applications were received for 2,80,000 shares. Applications for 30,000 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	1,50,000	85,000
II	1,00,000	15,000

Excess money received with applications was adjusted towards sums due on allotment and first final call. All calls were made and were duly received except the final call by a shareholder belonging to Category I who applied for 300 shares. His shares were forfeited. The forfeited shares were re-issued at a premium of 30% fully paid up. Pass necessary Journal entries for the above transactions in the book of Durga Ltd. Open calls in-arrears and calls in advance account wherever required.



[View Text Solution](#)

73. Piyush Ltd. invited applications for issuing 1,00,000 shares of Rs. 10 each payable as follows :

Rs. 4 - per share on application

Rs. 2 per share on allotment

Balance on first and final call.

Applications were received for 1,60,000 shares. Full allotment was made to the applicants of 10,000 shares. The remaining applicants were allotted 90,000 shares on pro-rata basis. Excess money received with application was adjusted toward sums due on allotment and call. Kanika,

holding shares, who belonged to the category of applicants to whom full allotment was made, paid the call money at the time of allotment. Ruchi, who belonged to the category of applicants to whom shares were allotted pro-rata basis did not pay anything after application on her 600 shares. Ruchi's shares were forfeited after the first and final call. These shares were later reissued at Rs. 9 per share fully paid up. Pass the necessary journal entries for the above transactions by opening calls in arrears and calls in advance account wherever necessary.



[View Text Solution](#)

74. Khushboo Ltd. issued for Public subscription 50,000 equity shares of Rs. 10 each at a premium of 30% payable as under :

Rs. 4 on application

Rs. 5 on allotment (including premium)

Rs. 4 on first & final call

Applications were received for 1,00,000 shares. Allotment was made pro-rata to the applicants for 80,000 shares, the remaining applications being refused. Money overpaid on applications was utilised towards sums due

on allotment. Chatterjee, to whom 1,000 shares were allotted, failed to pay the allotment and call money and the shares subsequently forfeited. Half of the forfeited shares were reissued as fully paid at a discount of 10%. Show the journal entries to record the above transactions.



[View Text Solution](#)

75. Kochi Silk Ltd. issued a prospectus inviting applications for 40,000 shares of Rs. 10 each at a premium of Rs. 8 per share, payable as follows :

On Application	Rs. 6 (including Rs. 2 premium)
On Allotment	Rs. 6 (including Rs. 2 premium)
On First Call	Rs. 3 (including Rs. 2 premium)
On second & Final Call	Rs. 3 (including Rs. 2 premium)

Applications were received for 80,000 shares and pro-rata allotment was made on the applications for 70,000 shares. It was decided to utilise excess application money towards the sums on allotment. X, to whom 1,200 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 3,500 shares failed to pay the two calls and on his such failure, his shares were also forfeited.

Of the shares forfeited, 2,500 shares were reissued as fully paid up for Rs.

9 per share, the whole of Y' s shares being included. Prepare Cash Book and Journal entries.



[Watch Video Solution](#)

76. Jupiter Ltd. issued shares of Rs. 100 each at a premium of 40% payable as follows :

On Application	Rs. 50
On Allotment	Rs. 70 (including premium)
On First & Final Call	Rs. 20

Vinita, who applied for 700 shares and to whom 400 shares were allotted on prorata basis did not pay allotment and her shares were immediately forfeited. Pass entry for forfeiture of shares.



[Watch Video Solution](#)

Additional Questions For Practice

1. 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 'Notes to Accounts' for the same.



[Watch Video Solution](#)

2. Sun Pharma Ltd. is registered with an authorized capital of Rs. 1,00,00,000 divided into 1,00,000 equity shares of Rs. 100 each. The company issued 50,000 shares at a premium of Rs. 40 per share. A shareholder holding 500 shares did not pay the final call of Rs. 20 share. A shareholder holding 500 shares did not pay the final call of Rs. 20 per share. His shares were forfeited. Present the 'Share Capital in the Balance Sheet of the Company as per Schedule III Part I of the Companies Act, 2013. Also prepare notes to accounts.



[Watch Video Solution](#)

3. Akshra Ltd. was incorporated with a share capital of Rs. 2 crore in shares of Rs. 100 each. The Company purchased Land & Building for Rs. 50,00,000 payable in fully paid shares of the Company. Half of the remaining shares were issued for cash and were taken up by the public and fully paid for. Pass necessary journal entries and also show the Balance Sheet of the Company.



[Watch Video Solution](#)

4. On 1st April, 2012 Vivek Ltd. was formed with an authorized 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 applications. All money received except allotment on 5,000 shares. 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 'Notes to Accounts' for the same.



[Watch Video Solution](#)

5. 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.



[Watch Video Solution](#)

6. 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.



[Watch Video Solution](#)

7. Nikhil Ltd. purchased a running business from Sonia Ltd. for a sum of Rs. 22,00,000 by issuing 20,000 fully paid equity shares of Rs. 100 each at a premium of 10%. The assets and liabilities consisted of the following :
Machinery Rs. 7,00,000, Debtors Rs. 2,50,000, Stock Rs. 5,00,000, Building Rs. 11,50,000 and Bills Payable Rs. 2,50,000. Pass necessary Journal entries in the books of Nikhil Ltd. for the above transactions.



[Watch Video Solution](#)

8. 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.

 [Watch Video Solution](#)

9. X Ltd. with a nominal capital of Rs. 50,00,000 in equity shares of Rs. 10 each, issued 2,00,000 shares payable Rs. 2.50 per share on application, Rs. 2.50 per share on allotment and Rs. 5 per share on first and final call three months later. All moneys payable on allotment were duly received but one shareholder failed to pay the amount due on allotment on his 2,500 shares, while another shareholder who held 2,000 shares paid for the shares and final call also. Make the necessary Journal entries in the company's books to record the above transactions upto allotment of shares and show the company's Balance Sheet.

 [View Text Solution](#)

10. Zee Limited was registered with a capital of Rs. 20,00,000. divided into 80,000 shares of Rs. 25 each. The Company offered to the public for subscription 40,000 shares payable Rs. 7.50 per share on Application, Rs. 7.50 per share on allotment and the balance in two calls of equal amounts. The company received applications for 46,400 shares. Applications for 4,00 shares were rejected altogether and the application money was returned to the applicants. A person who applied for 4,000 shares was allotted only 1,600 shares and the excess of his application money was carried forward towards the payment to allotment and calls. Make Journal entries to record the above issue of shares.



[View Text Solution](#)

11. A Company invited applications for 50,000 equity shares of Rs. 10 each on the following terms : On application Rs. 3, On allotment Rs. 2 and on Ist and Final call Rs. 5 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 applied for 10,000 shares,

(iv) To allot balance of the available shares pro-rata among the other applications, and

(v) To utilise excess application money in part payment of allotment and final call.

Give journal entries assuming that the entire sum due is received in full.

Call is made after two months of allotment and 6% p.a. interest is allowed on calls in advance.



[Watch Video Solution](#)

12. Narmada Limited was registered with an Authorised Capital of Rs. 5,00,000 in Rs. 10 shares. Company purchased an Asset for Rs. 2,00,000 and issued fully paid shares for it. Balance 30,000 shares were issued to the public, payable as follows :

On Application & Allotment	Rs. 3
On First Call	Rs. 4
On second Call	Rs. 3

Govind, holding 100 shares failed to pay the First Call money and his shares were forfeited after the First Call. Gopal, holding 200 shares failed

to pay the Second Call and his shares were also forfeited. Pass Journal Entries.

 [Watch Video Solution](#)

13. The directors of a company forfeited 1,000 equity shares of Rs. 10 each (fully called) on which Rs. 4,00 had been paid. 400 of these shares were re-issued upon payment of Rs. 3,000. Journalise the transactions of forfeiture and re-issue of shares.

 [Watch Video Solution](#)

14. (A) Virender Limited forfeited 400 shares of Rs. 100 each (Rs. 60 called-up) issued at par to Mukesh on which he paid Rs. 25 per share. Out of these, 300 shares were re-issued to Sanjeev as Rs. 60 paid-up for Rs. 45 per share. Pass entries for forfeiture and re-issue of share.

(B) The Directors of Devendra Ltd. resolved on 1st April, 2016 that 1,000 equity shares of Rs. 10 each, Rs. 8 per share called-up be forfeited for non-payment of first call of Rs. 2 per share. On 1st May, 2016, 600 of these

shares were re-issued at Rs. 7 per share fully paid-up. Pass entries for forfeiture and re-issued of shares.

 [Watch Video Solution](#)

15. Y Ltd. invited applications for issuing 15,000 equity shares of Rs. 10 each on which Rs. 6 share were called up, which were payable as follows :

On application Rs. 2 per share

On allotment Rs. 1 per share

On first Rs. 3 per share

The issue was fully subscribed and the amount was received as follows :

On 10,000 shares — Rs. 6 per share

On 3,000 shares — Rs. 3 per share

On 2,000 shares — Rs. 2 per share

The directors forfeited those shares on which less than Rs. 6 per share were received. The forfeited shares were re-issued at Rs. 9 per share, as Rs. 6 per share paid up. Pass necessary journal entries for the above transactions in the books of the company.

 [Watch Video Solution](#)

16. XYZ Limited has an authorised Capital of Rs. 4,00,000 divided into shares of Rs. 20 each, the whole of which is issued and subscribed at a premium of Rs. 2 per share. The amount was payable as follows : On Application and Allotment : Rs. 10 per share, On 1st Call Rs. 4 per share (including premium) and the balance as and when required. The company made both the calls. The application and allotment money was duly received. But a shareholder holding 2,00 shares failed to pay both the calls and his shares were forfeited. These shares were later re-issued at Rs. 14 per share as fully paid. Give journal entries regarding the above.



[Watch Video Solution](#)

17. The Mohan Ltd., has authorised capital of Rs. 5,00,000 divided into 50,000 shares of Rs. 10 each. The company issued a prospectus inviting applications for 30,000 shares of Rs. 10 each at a premium of Rs. 2 per share, payable as follows : On Application Rs. 3, On Allotment Rs. 5 (including premium), On First Call Rs. 2 , On Second and Final Call Rs. 2. The Company received applications for 45,000 shares and pro-rata

allotment was made in respect of applications of 40,000 shares and the remaining applications were rejected. Money overpaid on applications was employed on account of sums due on allotment. All the calls were made. B, to whom 300 shares were allotted failed to pay the two calls. The company decided to forfeit the shares allotted to B. These shares were subsequently re-issued to C as fully paid for Rs. 9 per share. Pass the necessary journal entries in the books of the company and prepare the Opening Balance Sheet.

 [Watch Video Solution](#)

18. A Ltd. forfeited 800 shares of Rs. 10 each issued at 20% premium (to be paid at the time of allotment) for non-payment of a final call of Rs. 2 per share. Out of these, 600 shares were re-issued as fully paid-up for Rs. 13 per share. Journalise.

 [Watch Video Solution](#)

19. B Ltd. forfeited 500 shares of Rs. 10 each issued at 20% premium (to be paid at the time of allotment) for non-payment of the first call of Rs. 3 per share and final call of Rs. 2 per share. Out of these, 300 shares were re-issued as fully paid-up for Rs. 10 per share. Journalise.



[Watch Video Solution](#)

20. C Ltd. forfeited 300 shares of Rs. 10 each issued at 20% premium (to be paid at the time of allotment) for non-payment of allotment money of Rs. 4 per share (including premium), first call of Rs. 3 per share and final call of Rs. 2 per share. Out of these, 200 shares were re-issued as fully paid-up at a discount of Rs. 3 per share. Journalise.



[Watch Video Solution](#)

21. X Ltd. forfeited 800 shares of Rs. 20 each issued at a premium of Rs. 2 per share to Mahesh (Rs. 18 called-up) on which he did not pay first call of

Rs. 4. Of these, 300 shares were re-issued @ Rs. 15 per share as Rs. 18 paid-up. Journalise.

 [Watch Video Solution](#)

22. X Ltd., forfeited 1,000 shares of Rs. 20 each issued at a premium of Rs. 2 per share to Ashok (Rs. 18 called-up) on which he did not pay allotment of Rs. 6 (including premium) and 1st Call of Rs. 4. Give Journal Entries for forfeiture and re-issue in the following cases :

(i) 600 shares were re-issued to Mohan at Rs. 14 per share as Rs. 18 paid up, (ii) 200 share to Sohan as fully paid-up for Rs. 4 share, and (iii) 200 shares to Suresh as fully paid-up for Rs. 10 per share at different intervals of time.

 [Watch Video Solution](#)

23. X Limited forfeited 1,000 shares of Rs. 10 each (Rs. 8 called-up) issued at a premium of Rs. 2 per share to Mr. R, for non-payment of allotment money of Rs. 5 per share (including premium). Out of these, 800 shares

were re-issued to Mr. Sanjay as Rs. 8 called for Rs. 7 per share. Give the necessary Journal entries relating to forfeiture and re-issue of shares.

 [Watch Video Solution](#)

24. Y Ltd. forfeited 100 shares of Rs. 10 each issued at 20 premium (to be paid at the time of allotment) on which first call money of Rs. 3 was not received, the final call money of Rs. 2 is not yet called. These shares were subsequently re-issued at Rs. 7 per share as Rs. 8 paid-up. Give necessary journal entries regarding forfeiture and re-issue of shares.

 [Watch Video Solution](#)

25. Y Ltd. forfeited 2,000 shares of Rs. 10 each issued at 20% premium (to be paid at time of allotment) on which allotment money of Rs. 4 (including premium) and first call money of Rs. 3 was not received, the final call money of Rs. 2 is not yet called 1,500 of these shares were re-issued as fully paid for Rs. 7 per share. Journalise.

 [Watch Video Solution](#)

26. Z Ltd., forfeited 1,200 shares of Rs. 100 each, issued at a premium of 30% to Dinesh on which he had paid application money of Rs. 50 per share and allotment money of Rs. 50 per share (including premium), for non-payment of a first call of Rs. 10 per share. Out of these, 500 shares were re-issued as fully paid for Rs. 105 per share. Journalise.



Watch Video Solution

27. Z Ltd. forfeited 700 shares of Rs. 100 each, issued at a premium of 30% to Ghanshyam on which he had paid application money of Rs. 35 per share, for non-payment of allotment money of Rs. 50 per share (including premium) and first call of Rs. 15 per share. Out of these, 400 shares were re-issued as Rs. 70 paid-up for Rs. 65 per share. Journalise.



Watch Video Solution

28. 500 shares of Rs. 10 each, issued at a premium of Rs. 1 on which Rs. 8 (including premium) was called and Rs. 6 (including premium) was paid, have been forfeited. 400 of these shares were re-issued as fully paid in such a way that Rs. 800 were transferred to capital reserve. Journalise.



[Watch Video Solution](#)

29. Raja Ltd., forfeited 400 shares of Rs. 25 each (Rs. 20 called up) held by Asha, for non-payment of allotment money of Rs. 10 per share (including Rs. 5 per share premium) and the first call of Rs. 6 per share. Out of these, 300 shares were reissued to X as Rs. 20 called up for Rs. 16 per share. Give journal entries for forfeiture and reissue of shares.



[Watch Video Solution](#)

30. On April 1, 2018 the Directors of Ashoka Methals Ltd., issued 60,000 equity shares of Rs. 10 each at Rs. 12 per share, the amount payable as Rs. 5 on application (including premium), Rs. 4 on allotment and the balance

on July 15, 2018. On April 10, 2018 applications were received for 80,000 shares. Of the cash received in excess, Rs. 40,000 were returned and Rs. 60,000 were applied towards the amount due on allotment. The balance of allotment money was received on April 30, 2018. All the shareholders paid the call due on July 15, 2018, with the exception of one shareholder holding 500 shares. These shares were forfeited on August 31, 2018. You are required to submit Journal Entries regarding the above transactions and also prepare the Balance Sheet of the Company on August 31, 2018.



[View Text Solution](#)

31. Mahadev Ltd., with an authorised capital of Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each, issues the entire amount of the shares payable as follows :

Rs. 5 on Application (including premium of Rs. 3 per share)

Rs. 4 on Allotment, and

Rs. 4 on Call.

All share money is received in full with the exception of the allotment of 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 400 of these (including the 200 shares on which allotment money has not been paid) are re-issued at Rs. 8 per share as fully paid up. Pass journal entries (including cash transactions) and show the balances in the Balance Sheet giving effect to the above transactions.



[View Text Solution](#)

32. R.K. Ltd. invited applications for issuing 70,000 Equity Shares of Rs. 10 each at a premium of Rs. 35 per share. The amount payable as follows :

On Application	Rs. 15 (including Rs. 12 premium)
On Allotment	Rs. 10 (including Rs. 8 premium)
On First and Final Call	Balance

Applications for 65,000 shares were received and allotment was made to all the applicants. A shareholder, Ra., who was allotted 2,000 shares, failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards, the first and final call was made. Sohan, who has 3,000 shares, failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares, 4,000 shares were re-issued at Rs. 50 per share fully paid up. The re-issued included all the shares of Ram.

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



[View Text Solution](#)

33. X Ltd., invited applications for issuing 5,00,000 equity shares of Rs. 10 each at par. The amount per share was payable as follows :

On Application Rs. 1 per share

On Allotment Rs. 2 per share

On First call Rs. 3 per share

On Second and Final Call - Balance.

Applications for 8,00,000 shares were received. Applications for 1,00,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. All calls were made. Ashok, a shareholder holding 5,000 shares failed to pay the allotment and the call money. Mohan, a shareholder who had applied for 7,000 shares, failed to pay the first and second and final call. Shares of Ashok and Mohan were forfeited after the second and final call. Of the forfeited shares 8,000 shares were

re-issued at Rs. 12 per share fully paid up. The re-issued shares included all the forfeited shares of Ashok. Pass necessary journal entries for the above transactions in the books of X Ltd.

 [View Text Solution](#)

34. 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)

the balance - on first final call

Applications for 1,80,000 shares received. Applications for 10,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Over payment on application were 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 re-issued for Rs. 43,000 as fully

paid up. Pass necessary journal entries for the above transactions in the books of Nitro Paints Ltd.

 [View Text Solution](#)

35. X Ltd., invited applications for the issue of 10,00,000 equity shares of Rs. 10 each payable as follows :

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

Applications for 15,00,000 shares were received and pro-rata allotment was made to all the applicants. Excess application money was adjusted on the sums due on first call. When the first call was made one shareholder who had applied for 15,000 shares did not pay the first call money. Pass necessary journal entries in the books of the company.

 [View Text Solution](#)

36. 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.



[Watch Video Solution](#)

37. X Ltd., invited applications for 50,000 Equity Shares of Rs. 10 each, payable Rs. 3.50 on application, Rs. 5 on allotment (including premium Rs. 2.50), and Rs. 4 on first and final call. The company received applications for 65,000 shares. It was decided :

- (a) to refuse allotment to the applicants for 5,000 shares,
- (b) to allot in full to the applicants for 20,000 shares,
- (c) to allot balance of the available shares pro-rata among the other applicants, and
- (d) to utilise the excess application money in part payment of allotment

money.

All the money due was received except from one applicant to whom shares had been allotted on pro-rata basis. He failed to pay allotment and call money and his 300 shares were forfeited. These shares were re-issued at Rs. 9 as fully paid. Give journal entries to record the above transactions in the books of the company.



[View Text Solution](#)

38. New Industries Limited issued a prospectus, inviting applications for 1,00,000 shares of Rs. 10 each at a premium of Rs. 5 per share, payable as follows : On Application Rs. 4.50 , On Allotment Rs. 7.50 (including Premium), On 1st Call Rs. 2.00 and On Final Call Rs. 1.00. Applications were received for 1,25,000 shares and allotment was made pro-rata to the applicants of 1,20,000 shares, the remaining applications being refused. Money received in excess on the application was adjusted towards the amount due on allotment. D, to whom 2,000 shares were allotted , failed to pay allotment money and on his failure to pay the first call, his shares were forfeited. M, the holder of 3,000 shares, failed to pay the to calls,

and so his shares were also forfeited. All these shares were sold to R, credited as fully paid for Rs. 8 per share. Pass Cash Book and journal entries (with narrations) to record the above issue of shares by the company.

 [View Text Solution](#)

39. X Limited offered to the public 10,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows :

On application Rs. 3, On allotment (including premium) Rs. 4, On first call Rs. 3 and on second and final call Rs. 2.

Applications were received for 15,000 shares.

All applications were placed under four categories and allotment was made as follows :

Category A : to applicants of 4,000 share	in full
Category B : to applicants of 6,000 share	4,000 shares
Category C : to applicants of 3,000 shares	2,000 shares
Category D : to applications of 2,000 shares	Nil

Except in the cases where applications were wholly rejected, excess application money was not to be refunded to be adjusted against moneys due on allotment and calls.

A, an applicant under category B to whom 400 shares were allotted failed to pay the allotment money and on his failure to pay the first call his shares were forfeited.

B, an applicant under category C to whom 300 shares were allotted failed to pay both the calls and his shares were also forfeited.

500 of the shares thus forfeited were re-issued to C as fully paid for Rs. 8 per share. Show Cash Bok, Journal entries and prepare the Balance Sheet in the books of the company, you are to assume that the whole of the A's shares were issued to C.



[View Text Solution](#)

40. Amrit Ltd. issued a prospectus inviting applications for 20,000 shares at a premium of Rs. 2 per share payable as follows :

On Application Rs. 5 (including premium)

On Allotment Rs. 4

On Call Rs. 3

Applications were received for 30,000 shares and pro-rata allotment made on applications for 24,000 shares. Excess money paid on applications for these shares was utilised towards allotment money. Atul,

who applied for 600 shares failed to pay the allotment money and on his subsequent failure to pay the call, his shares were forfeited. Pass the necessary entries in the books of Amrit Limited.

 [View Text Solution](#)

41. X Ltd., invited applications for issuing 80,000 equity shares of Rs. 10 each at a premium of Rs. 2 share. The amount was payable as follows :

On application Rs. 6 (including premium) per share.

On allotment Rs. 3 per share.

Balance of first and final call.

Applications for 90,000 shares were received. Applications for 5,000 shares were rejected and pro-rata allotment was made to the remaining applications. Over payments received on application was adjusted towards sums due on allotment. All calls were allotted to Vijay. These shares were forfeited and the forfeited shares were re-issued for Rs. 18,400 fully paid up. Pass necessary journal entries in the books of the company.

 [View Text Solution](#)

42. A Ltd., forfeited 400 shares of Mr. X who had applied for 600 shares on account of non-payment of allotment, first call and final call. Shares were issued at Rs. 2 premium payable as follows :

On Application Rs. 3, on Allotment Rs. 3 + 2, on First call Rs. 2 and Final Call Rs. 2. Out of these, 300 shares were re-issued to Mr. Y at the rate of Rs. 12 per share as fully paid shares. Give journal entries in the books of company to record above transactions.



[View Text Solution](#)

43. K Limited has been registered with an authorised capital of Rs. 20,00,000 divided into 20,000 shares of Rs. 100 each, of which 10,000 shares were offered for public subscription at a premium of Rs. 5 per share, payable as under :

	Rs.
On application	30
On allotment	25 (including premium)
On first call	20
On final cal	30

Applications were received for 18,000 shares, of which applications for 3,000 shares were rejected outright, the rest the applications were allotted 10,000 shares on pro-rata basis. Excess application money was transferred to allotment. All the moneys were duly received except from Sundar, holder of 200 shares, who failed to pay allotment and first call money. His shares were later forfeited made. Pass necessary Cash Book and Journal entries in the books of K Limited.



[View Text Solution](#)

44. 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

Applications for 1,50,000 shares were received. Shares were allotted to all the applicants 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 re-issued at Rs. 9 per share as fully paid up. Pass necessary journal entries for the above transactions in the books of Jeevan Dhara Ltd.



[View Text Solution](#)

45. Ganesh Ltd. issued a prospectus inviting applications for 20,000 shares of Rs. 10 each at premium of Rs. 4 per share, payable as follows :

On Application	Rs. 4 (including premium Rs. 1)
On Allotment	Rs. 3 (including premium Rs. 1)
On First Call	Rs. 3 (including premium Rs. 1)
On second and Final Call	Rs. 4 (including premium Rs. 1)

Applications were received for 30,000 shares and pro-rata allotment was made on the applications for 24,000 shares. It was decided to utilise excess application money towards the sums due on allotment.

X, who was allotted 500 shares, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Y, who applied for 1,800 shares, failed to pay the two calls and his shares were forfeited after the second call.

Of the shares forfeited, 1,7000 shares were re-issued as fully paid up for Rs. 8 per share, the whole of Y' shares being included. Prepare Cash Book, Journal and Balance Sheet.

 [View Text Solution](#)

46. Vinod Papers Ltd., invited applications for issuing 1,00,000 shares of RS. 10 each at a premium of Rs. 4 per share payable as follows :

On Application Rs. 4 (including premium Rs. 2)

On Allotment Rs. 4 (including premium Rs. 2)

On First & Final Call Rs. 6

Applications were received for 1,30,000 shares and pro-rata allotment was made to all applicants as follows :

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

(ii) Applicants for 50,000 shares were allotted 40,000 shares.

X, who belonged to the first category and was allotted 900 shares failed to pay the allotment and call money.

Y, who belonged to the second category and who applied for 1,000 shares also failed to pay the allotment and call money. Their shares were forfeited and 1,400 of the forfeited shares were re-issued @ Rs. 9 per

share as fully paid Re-issued shares included whole of Y's shares.

Prepare Cash Book, journal entries and an opening Balance Sheet.

 [View Text Solution](#)

47. A company issued for public subscription 40,000 equity shares of Rs.

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

On Application Rs. 3 per share

On Allotment Rs. 4 per share (including premium)

On First Call Rs. 2 per share

On second Call Rs. 3 share

Applications were received for 70,000 shares. Allotment was made pro-rata to the applicants for 50,000 shares, the remaining applications being refused. Money overpaid on application was applied towards sum due on allotment. A, to whom 1,600 shares were allotted failed to pay the allotment and calls money. B, to whom 2,000 shares were allotted failed to pay the two calls. The shares of A and B were subsequently forfeited after the second call was made. 3,000 of the forfeited shares were re-issued at Rs. 8 per share fully paid. The re-issued shares included all of A's shares. Pass journal entries in the books of the company to record the above transactions.



[View Text Solution](#)

48. (A) PS Ltd., forfeited 500 equity shares of Rs. 100 each for the non-payment of first call of Rs. 30 per share. The final call of Rs. 10 per share was not yet made. The forfeited shares were re-issued for Ra. 65,500 fully paid up. Pass necessary journal entries in the books of the company.

(B) Samta Ltd., forfeited 800 equity shares of Rs. 100 each for the non-payment of first call of Rs. 30 per share. The final call of Rs. 20 per share was not yet made. Out of the forfeited shares 400 were re-issued at the rate of Rs. 105 per share fully paid up. Pass necessary journal entries in the books of Samta Ltd. for the above transactions.



[View Text Solution](#)

49. 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 the amount received on Allotment.



[View Text Solution](#)

50. X Ltd., issued 50,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows :

Rs. 3 on Application

Rs. 6 on Allotment (including premium) and

Rs. 3 on call.

Applications were received for 75,000 shares and pro-rata allotment was made as follows :

To the applicants of 40,000 shares, 30,000 shares were issued and for the rest 20,000 shares were issued. All moneys due were received except the allotment and call money from Ram who had applied for 1,200 shares (out of the group of 40,000 shares). All his shares were forfeited. The forfeited

shares were re-issued Rs. 7 per share fully paid-up. Pass necessary journal entries for the above transactions.

 [View Text Solution](#)

51. Shiva Ltd., invited applications for issuing 2,00,000 Equity Shares of Rs. 100 each at a premium of Rs. 60 per share. The amount was payable as follows :

On application Rs. 30 per share (including premium Rs. 10).

On allotment Rs. 70 per share (including premium Rs. 50).

On first and final call the balance amount.

Applications for 1,90,000 shares were received. Shares were allotted to all the applicants and the company received all money due on allotment except Jain who had been allotted 1,000 shares, and his shares were immediately forfeited. Afterwards first and final call was made. Gupta did not pay the first and final call on his 2,000 allotted shares. His shares were also forfeited. 50% of the forfeited shares of both Jain and Gupta were re-issued for Rs. 90 per share fully paid up. Pass necessary journal entries in the books of Shiva Ltd. for the above transactions.



[View Text Solution](#)

52. X Ltd., issued 40,000 Equity Shares of Rs. 10 each at a premium of Rs. 2.50 per share. The amount was payable as follows :

On Application Rs. 2 per share

On Allotment Rs. 4.50 per share (including premium)

On Call Rs. 6 per share

Owing to heavy subscription the allotment was made on pro-rata basis as follows :

(a) Applicants for 20,000 shares were allotted 10,000 shares.

(b) Applicants for 56,000 shares were allotted 14,000 shares.

(c) Applicants for 48,000 shares were allotted 16,000 shares.

It was decided that excess amount received on applications would be utilized on allotment and the surplus would be refunded. Ram, to whom 1,000 shares were allotted, who belong to category (a), failed to pay allotment money. His shares were forfeited after the call. Pass the necessary journal entries in the books of X Ltd. for the above transactions.



[View Text Solution](#)

53. (i) 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 fully paid-up. The remaining shares were reissued at Rs. 11 per share fully paid up.

(ii) G. Ltd. forfeited 7,000 equity shares of Rs. 100 each for the non-payment of first call of Rs. 30 per share. These shares were issued at a premium of Rs. 30 per share. The second and final call of Rs. 20 per share was not yet made. The forfeited shares were re-issued at Rs. 80 per share fully paid up.



[View Text Solution](#)

54. Sun Ltd., issued shares of Rs. 50 each at a premium of 20% payable as follows :

On Application	Rs. 15
On Allotment	Rs. 25 (including premium)
On First & Final Call	Rs. 20

Dev, who applied for 2,500 shares and to whom 1,000 shares were allotted on prorata basis, did not pay allotment and first & final call and his shares were forfeited. Pass entry for forfeiture of shares.



[View Text Solution](#)

55. 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
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 Deepk and Raju were forfeited immediately after allotment. Afterwards, first and final call was made and was duly paid up. Pass necessary journal entries for the above transactions in the books of the company.

 [View Text Solution](#)

56. Janta Ltd., had an authorized capital of 2,00,000 equity shares of Rs. 10 each. The company offered to the public for subscription 1,00,000 shares. Applications were received for 97,000 shares. The amount payable on application was Rs. 2 per share, Rs. 4 was payable each on allotment and first and final call. A shareholder holding 600 shares failed to pay the allotment money. His shares were forfeited. The company did not make first and final call. Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. Also prepare Notes to accounts.

 [View Text Solution](#)

Questions Based On Incomplete Information Problem

1. Complete the following journal entries :



 [View Text Solution](#)

2. Complete the following journal entries :



 [View Text Solution](#)

3. Complete the following journal entries :



 [View Text Solution](#)

4. Complete the following journal entries :



[View Text Solution](#)

5. Fill in the missing figures in the following journal entries :



[View Text Solution](#)

6. Trisha Ltd. invited applications for 4,00,000 Equity shares of Rs. 10 each, payable as Rs. 3 on application, Rs. 4 on allotment and the balance on first and final call. The excess application money was to be adjusted against allotment only. Shareya, a shareholder, who had applied for 3,000 shares, failed to pay the call money and his shares were accordingly forfeited and reissued in such a way that Rs. 6,250 should be transferred to capital reserve. You are required to fill in the missing information in

the journal entries given below :



[View Text Solution](#)

7. X Ltd. issued shares during the year 2014-15. You are required to fill the missing figures in the following journal entries. You are informed that one application did not pay anything after paying application money and all of his shares were forfeited and reissued.



[View Text Solution](#)

8. D Ltd. offered to the public 20,000 shares of Rs. 100 each at a premium of Rs. 20 per share payable as follows :

	<i>Rs.</i>
On Application	30
On Allotment	40(including premium)
On First Call	25, and
On Final Call	25

Issue was over-subscribed and prorata allotment was made to all applicants.

Final Call was not made and a shareholder holding - shares to whom allotment was made on pro-rata basis failed to pay the allotment and first call money.

His share were forfeited and were re-issued at - per share as Rs. 75 paid-up.

You are required to fill in the missing figures in the Cash Book and Journal of the Company.



[View Text Solution](#)

9. GG Ltd. Had issued 50,000 equity shares of Rs. 10 each at a premium of rs. 2 per share payable with application money. The incomplete Journal entries related to the issue are given below. You are required to complete these blanks.



[View Text Solution](#)

10. Navnirman Ltd. issued 4,00,000 equity shares of Rs. 10 each at par.

The amount per share was payable as follows :

Rs. 3 on application, Rs. 2 on allotment, Rs. 2 on first call and Rs. 3 on final call. The issue was fully subscribed and the shares were allotted fully to all the applicants. All calls were made. Mahi, a shareholder holding 6,000 shares paid the final call money along with the first call. Shrey holding 700 shares did not pay the first call on the date. Shrey paid the first call along with the final call. The accountant of the company had correctly passed the entries till receipt of allotment money. After that the following entries were left incomplete by him. Complete these entries.



[View Text Solution](#)

