

ISSUE OF SHARES

Solution 1

Books of Company

S.No.	Particulars	L.F.	Debit	Credit
1	Bank A/c Dr.		1,50,000	
	To Equity Share Application A/c			1,50,000
	(Being Application money on 10,000 shares at ₹ 15 per share received)			
2	Equity Share Application A/c Dr.		1,50,000	
	To Equity Share Capital A/c			1,50,000
	(Being amount transferred to Capital Account)			
3	Equity Share Allotment A/c Dr.		2,00,000	
	To Equity Share Capital A/c			2,00,000
	(Being allotment money due)			
4	Bank A/c Dr.		2,00,000	
	To Equity Share Allotment A/c			2,00,000
	(Being allotment money received)			
5	Equity Share First Call A/c Dr.		1,50,000	
	To Equity Share Capital A/c			1,50,000
	(Being first call money due)			
6	Bank A/c Dr.		1,50,000	
	To Equity Share First Call A/c			1,50,000
	(Being first call money received)			

Solution 2

Books of A Limited

Date	Particulars	L.F.	Debit	Credit
20.05.22	Bank A/c Dr.		8,00,000	
	To Share Application A/c			8,00,000
	(Being Application money on 40,000 shares at ₹20 per share received)			
01.06.22	Share Application A/c Dr.		8,00,000	
	To Share Capital A/c			8,00,000
	(Being amount transferred to Capital Account)			
01.06.22	Share Allotment A/c Dr.		12,00,000	
	To Share Capital A/c			12,00,000
	(Being allotment money due)			
15.07.22	Bank A/c Dr.		12,00,000	
	To Share Allotment A/c			12,00,000
	(Being allotment money received)			
01.10.22	Share First Call A/c Dr.		10,00,000	
	To Share Capital A/c			10,00,000
	(Being first call money due)			
20.10.22	Bank A/c Dr.		10,00,000	
	To Share First Call A/c			10,00,000
	(Being first call money received)			
01.02.22	Share Second & Final Call A/c Dr.		10,00,000	
	To Share Capital A/c			10,00,000
	(Being second & final call money due)			

31.03.23	Bank A/c	Dr.	10,00,000	
	To Share Second & Final Call A/c			10,00,000
	(Being second & final call money received)			

Solution 3

Books of Pioneer Equipment Limited

Date	Particulars	L.F.	Debit	Credit
01.10.23	Bank A/c	Dr.	62,50,000	
	To Equity Share Application A/c			62,50,000
	(Being Application money on 2,50,000 shares at ₹25 per share received)			
20.10.23	Equity Share Application A/c	Dr.	62,50,000	
	To Equity Share Capital A/c			62,50,000
	(Being amount transferred to Capital Account)			
20.10.23	Equity Share Allotment A/c	Dr.	1,87,50,000	
	To Equity Share Capital A/c			1,25,00,000
	To Securities Premium A/c			62,50,000
	(Being allotment money due)			
31.10.23	Bank A/c	Dr.	1,87,50,000	
	To Equity Share Allotment A/c			1,87,50,000
	(Being allotment money received)			

Solution 4

Books of Delhi Artware Limited

Cash Book

To Equity Shares Applications Account (application money on 50,000 shares at ₹ 25)	12,50,000	By Balance c/d	1,44,40,000
To Preference Share Application A/c (application money on 1,00,000 sh. at ₹ 20)	20,00,000		
To Equity Share Allotment A/c (allotment money on 50,000 shares at ₹ 20)	10,00,000		
To Preference Share Allotment A/c (allotment money on 1,00,000 sh. at ₹ 30)	30,00,000		
To Equity Shares First Call A/c (₹ 30 on 50,000 shares)	15,00,000		
To Preference Share First Call A/c (₹20 on 1,00,000 shares)	20,00,000		
To Equity Shares Final Call A/c (₹ 25 on 42,000 shares)	10,50,000		
To Preference Share Final A/c (₹ 30 on 88,000 shares)	26,40,000		
	1,44,40,000		1,44,40,000

Journal

S.No.	Particulars	L.F.	Debit	Credit
1	Equity Share Application A/c	Dr.	12,50,000	
	Equity Share Allotment A/c	Dr.	10,00,000	
	To Equity Share Capital A/c			22,50,000
	[The Credit to share capital on allotment of 50,000 equity shares at ₹ 45/share (₹ 25 on application and ₹ 20 on allotment) allotted as per Directors resolution no.... dated.....]			

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2	Preference Share Application A/c	Dr.	20,00,000	
	Preference Share Allotment A/c	Dr.	30,00,000	
	To Preference Share Capital A/c			50,00,000
[The credit to Preference Share Capital on allotment of 1,00,000 preference shares at ₹ 50 per share (₹ 20 on application and ₹30 on allotment), allotted as per Directors' resolution no... dated...]				
3	Equity Share First Call A/c	Dr.	15,00,000	
	To Equity Share Capital A/c			15,00,000
(Amount due on 50,000 equity shares at ₹ 30 per share as per Directors' resolution no... dated...)				
4	Preference Share First Call A/c	Dr.	20,00,000	
	To Preference Share Capital A/c			20,00,000
(Amount due on 1,00,000 preference shares at ₹20 per share, as per Directors' resolution no...dated...)				
5	Equity Share Final Call A/c	Dr.	12,50,000	
	To Equity Share Capital A/c			12,50,000
(Amount due on final call on 50,000 equity shares at ₹ 25 per share, as per Directors' resolution no... dated...)				
6	Preference Share Final Call A/c	Dr.	30,00,000	
	To Preference Share Capital A/c			30,00,000
(Amount due on final call on 1,00,000 preference shares at ₹ 30 per share, as per Directors' resolution no... dated...)				

Solution 5

Books of Shreyas Limited

Date	Particulars	L.F.	Debit	Credit
01.07.22	Calls in Arrears A/c	Dr.	30,000	
	To Equity Share First Call A/c			30,000
	(Being amount due on first call on 10,000 shares at ₹3 per share transferred to calls in arrears account)			
01.04.23	Bank A/c	Dr.	30,000	
	To Calls in Arrears A/c			30,000
(Being calls in arrears received)				
01.04.23	Shareholder A/c	Dr.	2,250	
	To Interest on Calls in Arrears A/c			2,250
(Being interest charged)				
01.04.23	Bank A/c	Dr.	2,250	
	To Shareholder A/c			2,250
(Being interest on calls in arrears received)				

$$\text{Interest} = 30,000 * 10\% * 9/12 = 2,250$$

Solution 6

Books of X Limited

Date	Particulars	L.F.	Debit (in Lakhs)	Credit (in Lakhs)
1.05.22	Bank A/c	Dr.	200	
	To Share Application A/c			200
(Being Application money on 10 Lakh shares at ₹ 20 per share received)				

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01.05.22	Share Application A/c	Dr.	200	
	To Share Capital A/c			200
	(Being amount transferred to Capital Account)			
01.05.22	Share Allotment A/c	Dr.	300	
	To Share Capital A/c			300
	(Being allotment money due)			
01.05.22	Bank A/c	Dr.	310	
	To Share Allotment A/c			300
	To Calls in Advance			10
	(Being allotment money and also the two calls (₹ 30 and ₹20) on 20,000 share received)			
01.10.22	Share First Call A/c	Dr.	300	
	To Share Capital A/c			300
	(Being first call money due)			
01.10.22	Bank A/c	Dr.	294	
	Calls in Advance A/c	Dr.	6	
	To Share First Call A/c			300
	(Receipt of the first call on 9.80 lakh shares, the balance having been previously received and now debited to call in advance account.)			
01.02.23	Share Final Call A/c	Dr.	200	
	To Share Capital A/c			200
	(Being final call money due)			
01.02.23	Bank A/c	Dr.	196	
	Calls in Advance A/c	Dr.	4	
	To Share Final Call A/c			200
	(Receipt of the moneys due on final call on 9.80 lakhs shares, the balance having been previously received.)			
01.02.23	Interest on Calls in Advance A/c	Dr.	0.66	
	To Shareholder A/c			0.66
	(Being interest on call in advance made due)			
01.02.23	Shareholder A/c	Dr.	0.66	
	To Bank A/c			0.66
	(Being interest paid)			

Working Note:

The interest on calls in advance paid @ 12% on

a) 6,00,000 (first call) from 1st May to 1st Oct., 2022–5 months = $6,00,000 \times 12\% \times 5/12 = 30,000$

b) 4,00,000 (final call) from 1st May to 1st Feb., 2023–9 months = $4,00,000 \times 12\% \times 9/12 = 36,000$

Total Interest Amount Due=

66,000

Solution 7

Books of Company

Date	Particulars	L.F.	Debit	Credit
31.01.23	Bank A/c	Dr.	2,50,000	
	To Share Application A/c			2,50,000
	(Money received on applications for 10,000 shares @ ₹ 25 per share)			
01.03.23	Share Application A/c	Dr.	2,50,000	
	To Share Capital A/c			2,50,000
	(Being amount transferred to Capital Account)			

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01.03.23	Share Allotment A/c	Dr.	3,00,000	
	To Share Capital A/c			3,00,000
	(Being Amount due on the allotment of 10,000 shares @ ₹ 30 per share)			
01.04.23	Bank A/c	Dr.	3,00,000	
	To Share Allotment A/c			3,00,000
	(Being allotment money received)			
01.06.23	Share First Call A/c	Dr.	2,00,000	
	To Share Capital A/c			2,00,000
	(First call money due on 10,000 shares @ ₹ 20 per share)			
01.07.23	Bank A/c	Dr.	1,92,500	
	Calls in Arrears A/c	Dr.	20,000	
	To Share First Call A/c			2,00,000
	To Calls in Advance A/c			12,500
	(First call money received on 9000 shares and calls-in advance on 500 shares @ ₹ 25 per share.)			

Solution 8

Sr. No.	Particulars	L.F.	Dr. (₹)	Cr. (₹)
1	Bank A/c	Dr.	40,000	
	To Equity Share Application A/c			40,000
	(Money received on applications for 20,000 shares @ ₹ 2 per share)			
2	Equity Share Application A/c	Dr.	40,000	
	To Equity Share Capital A/c			40,000
	(Transfer of application money on 20,000 shares to share capital)			
3	Equity Share Allotment A/c	Dr.	80,000	
	To Equity Share Capital A/c			60,000
	To Securities Premium A/c			20,000
	(Amount due on the allotment of 20,000 shares @ ₹ 3 per share and Securities Premium @ ₹1 per share)			
4	Bank A/c	Dr.	80,000	
	To Equity Share Allotment A/c			80,000
	(Allotment money received)			
5	Equity Share First Call A/c	Dr.	40,000	
	To Equity Share Capital A/c			40,000
	(Being first call made due on 20,000 shares at ₹ 2 per share)			
6	Bank A/c	Dr.	46,000	
	To Equity Share First Call A/c			40,000
	To Calls in Advance A/c			6,000
	(Being first call money received along with calls in advance on 2,000 shares at ₹ 3 per share)			
7	Equity Share Final Call A/c	Dr.	60,000	
	To Equity Share Capital A/c			60,000
	(Being final call made due on 20,000 shares at ₹ 3 each)			
8	Bank A/c	Dr.	53,100	
	Calls in Advance A/c	Dr.	6,000	

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	Calls in Arrears A/c	Dr.	900	
	To Equity Share Final Call A/c			60,000
	(Being final call received for 17,700 shares, calls in advance for 2,000 shares and calls in arrears on 300 shares adjusted)			
9	Interest on Calls in Advance A/c	Dr.	240	
	To Shareholders A/c			240
	(Being interest made due on calls in advance of ₹6,000 at the rate of 12% p.a.)			
10	Shareholders A/c	Dr.	240	
	To Bank A/c			240
	(Being payment of interest made to shareholder)			
11	Shareholders A/c	Dr.	15	
	To Interest on Calls in Arrears A/c			15
	(Being interest on calls in arrears made due at the rate of 10%)			
12	Bank A/c	Dr.	615	
	To Calls in Arrears A/c			600
	To Shareholders A/c			15
	(Being money received from shareholder having 200 shares for calls in arrears and interest thereupon)			
13	Shareholders A/c	Dr.	10	
	To Interest on Calls in Arrears A/c			10
	(Being interest on calls in arrears made due at the rate of 10%)			
14	Bank A/c	Dr.	310	
	To Calls in Arrears A/c			300
	To Shareholders A/c			10
	(Being money received from shareholder having 100 share for calls in arrears and interest thereupon)			

Calculation of Interest on Calls in Advance & Calls in Arrears:

Interest on Calls in Advance = ₹ 6,000 x 12% x 4 / 12 = ₹ 240

Interest on Calls in Arrears ₹ 600 x 10% x 3 / 12 = ₹ 15

Interest on Calls in Arrears ₹ 300 x 10% x 4 / 12 = ₹ 10

Table F of The Companies Act, 2013 prescribes 10% and 12% p.a. as the maximum rates respectively for calls in arrears and calls in advance. Accordingly these rates have been considered while passing the above entries,

Note: For entry no 9&10, 11&12, 13&14 combined entry can also be passed.

Solution 9

Books of X Limited

Date	Particulars	L.F.	Debit	Credit
01.07.20	Bank A/c	Dr.	8,40,000	
	To Equity Share Application A/c			8,40,000
	(Being Application money on 4,20,000 shares at ₹2 per share received)			
10.07.20	Equity Share Application A/c	Dr.	8,40,000	
	To Equity Share Capital A/c			2,60,000
	To Equity Share Allotment A/c			4,00,000
	To Bank A/c			1,80,000
	(Being application money on 1,30,000 shares transferred to Equity Share Capital Account; on 2,00,000 shares adjusted with allotment and on 90,000 shares refunded)			

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10.07.20	Equity Share Allotment A/c	Dr.	6,50,000	
	To Equity Share Capital A/c			3,90,000
	To Securities Premium A/c			2,60,000
	(Being allotment money due on 1,30,000 shares @ ₹ 5 each including premium at ₹ 2 each)			
	Bank A/c	Dr.	2,50,000	
	To Equity Share Allotment A/c			2,50,000
	(Being allotment money received)			
	Equity Share Final Call A/c	Dr.	6,50,000	
	To Equity Share Capital A/c			6,50,000
	(Being final call money due on 1,30,000 shares @ ₹ 5 per share)			
30.04.21	Bank A/c	Dr.	6,50,000	
	To Equity Share Final Call A/c			6,50,000
	(Being final call money on 1,30,000 shares @ ₹ 5 each received)			

Working Note: Calculation for Adjustment & Refund:

Case	No. of Shares Applied for	No. of Shares Allotted	Amount Received on Application (1x ₹ 2)	Amount Required on Application (2 x ₹ 2)	Amount adjusted on Allotmen	Refund	Amount due on Allotment	Amount Received on Allotment
(i)	20,000	20,000	40,000	40,000	Nil	Nil	1,00,000	1,00,000
(ii)	1,00,000	50,000	2,00,000	1,00,000	1,00,000	Nil	2,50,000	1,50,000
(iii)	3,00,000	60,000	6,00,000	1,20,000	3,00,000	1,80,000	3,00,000	Nil
TOTAL	4,20,000	1,30,000	8,40,000	2,60,000	4,00,000	1,80,000	6,50,000	2,50,000

Solution 10

Journal of A Limited

Date	Particulars	Dr.	Cr.
2020		₹	₹
May 31	Bank A/c (Note 1 – Column 3)	Dr.	
	To Equity Share Application A/c		11,20,000
	(Being application money received on 5,60,000 shares @ ₹ 2 per share)		
June 10	Equity Share Application A/c	Dr.	
	To Equity Share Capital A/c		2,70,000
	To Equity Share Allotment A/c (Note 1 - Column 5)		5,50,000
	To Bank A/c (Note 1–Column 6)		3,00,000
	(Being application money on 1,35,000 shares transferred to Equity Share Capital Account; on 2,75,000 shares adjusted with allotment and on 1,50,000 shares refunded as per Board's Resolution No.....dated...)		
	Equity Share Allotment A/c	Dr.	
	To Equity Share Capital A/c		1,35,000
	To Securities Premium a/c		5,40,000
	(Being allotment money due on 1,35,000 shares @ ₹ 5 each including premium at ₹4 each as per Board's Resolution No.dated)		

	Bank A/c (Note 1 – Column 8)	Dr.	1,25,000	
	To Equity Share Allotment A/c			1,25,000
	(Being balance allotment money received)			
Dec. 31	Equity Share Final Call A/c	Dr.	9,45,000	
	To Equity Share Capital A/c			9,45,000
	(Being final call money due on 1,35,000 shares @ ₹ 7 per share as per Board's Resolution on.....dated....)			
	Bank A/c	Dr.	9,45,000	
	To Equity Share Final Call A/c			9,45,000
	(Being final call money on 1,35,000 shares @ 7 each received)			

Working Note:

Calculation for Adjustment and Refund

Category	No. of Shares Applied for	No. of Shares Allotted	Amount Received on Application	Amount Required on Application	Amount adjusted on Allotment	Refund [3 – (4 + 5)]	Amount due on Allotment	Amount received on Allotment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(i)	10,000	10,000	20,000	20,000	Nil	Nil	50,000	50,000
(ii)	50,000	25,000	1,00,000	50,000	50,000	Nil	1,25,000	75,000
(iii)	5,00,000	1,00,000	10,00,000	2,00,000	5,00,000	3,00,000	5,00,000	Nil
Total	5,60,000	1,35,000	11,20,000	2,70,000	5,50,000	3,00,000	6,75,000	1,25,000

Also,

(i) Amount Received on Application (3) = No. of shares applied for (1) X ₹2

(ii) Amount Required on Application (4) = No. of shares allotted (2) X ₹ 2

Solution 11

Books of A Limited

Date	Particulars	L.F.	Debit	Credit
	Equity Share Capital A/c	Dr.	3,00,000	
	(30,000*4) To Equity Share Final Call A/c			1,20,000
	(30,000*6) To Share Forfeited A/c			1,80,000
-	(Being the forfeiture of 30,000 equity shares of ₹10 each fully called-up for non-payment of final call money @ ₹4 each as per Board's Resolution No..... dated....)			

Solution 12

Books of X Limited

Date	Particulars	L.F.	Debit	Credit
	Equity Share Capital A/c (20,000*8)	Dr.	1,60,000	
	(20,000*2) To Calls in Arrears A/c			40,000
	(20,000*6) To Share Forfeited A/c			1,20,000
-	(Being the forfeiture of 20,000 equity shares of ₹10 each, ₹8 called-up for non-payment of first call money @ ₹2 each as per Board's Resolution No.....dated.....)			

Solution 13**Books of X Limited**

Date	Particulars	L.F.	Debit	Credit
	Equity Share Capital A/c (5,000*100) Dr.		5,00,000	
	Securities Premium A/c Dr.		1,00,000	
	(5,000*50) To Equity Share Allotment A/c			2,50,000
	(5,000*50) To Equity Sh. First & Final Call A/c			2,50,000
-	(5,000*20) To Share Forfeited A/c			1,00,000
	(Being the forfeiture of 5,000 equity shares of ₹ 100 each fully called-up, issued at a premium of 20%, for nonpayment of allotment and call money as per Board's Resolution No.....dated....)			

Note: Share premium @₹ 20 on 5,000 shares has not been received by the company. Therefore, at the time of forfeiture, Securities Premium Account will be debited to cancel it (because Securities Premium Account was credited at the time of allotment).

Solution 14**Books of A Limited**

Date	Particulars	L.F.	Debit	Credit
	Equity Share Capital A/c (100*10) Dr.		1,000	
	(100*4) To Share First Call A/c			400
	(100*4) To Share Second & Final Call A/c			400
-	(100*2) To Share Forfeited A/c			200
	(Being the forfeiture of 100 equity shares of ₹10 each fully called-up for non-payment of first and second & final call money as per Board's Resolution No.... dated....)			

Solution 15**Books of Company**

Date	Particulars	L.F.	Debit	Credit
	Preference Share Capital A/c (2,000*75) Dr.		1,50,000	
	(2,000*25) To Preference Share Allotment A/c			50,000
	(2,000*25) To Preference Share First Call A/c			50,000
-	(2,000*25) To Share Forfeited A/c			50,000
	(Being the forfeiture of 2,000 preference shares ₹75 each being called up for non-payment of allotment and first call money)			
	Bank A/c (1,500*65) Dr.		97,500	
	Share Forfeited A/c (1,500*10) Dr.		15,000	
-	To Preference Share Capital A/c			1,12,500
	(Being re-issue of 1,500 shares at ₹ 65 per share paid-up as ₹ 75)			
	Share Forfeited A/c Dr.		22,500	
	To Capital Reserve A/c			22,500
	(Being profit on re-issue transferred to Capital Reserve)			

Working Note: Calculation of amount to be transferred to Capital Reserve

Forfeited amount per share = ₹ 50,000/2000	25
Loss on re-issue = ₹ 75 – ₹ 65	(10)
Surplus per share re-issued	15
Transferred to capital Reserve ₹ 15 x 1,500	22,500

Solution 16**Books of Company**

Date	Particulars	L.F.	Debit	Credit
	Preference Share Capital A/c (2,500*70) Dr.		1,75,000	
	(2,500*20) To Preference Share Allotment A/c			50,000
	(2,500*20) To Preference Share First Call A/c			50,000
-	(2,500*20) To Share Forfeited A/c			75,000
	(Being the forfeiture of 2,500 preference shares ₹70 each being called up for non-payment of allotment and first call money)			
	Bank A/c (2,000*60) Dr.		1,20,000	
	Share Forfeited A/c (2,000*10) Dr.		20,000	
-	To Preference Share Capital A/c			1,40,000
	(Being re-issue of 2,000 shares at ₹ 60 per share paid-up as ₹ 70)			
	Share Forfeited A/c Dr.		40,000	
	To Capital Reserve A/c			40,000
	(Being profit on re-issue tfd to Capital Reserve)			

Working Note: Calculation of amount to be transferred to Capital Reserve

Forfeited amount per share = ₹ 75,000/3000	30
Loss on re-issue = ₹ 70 – ₹ 60	(10)
Surplus per share re-issued	20
Transferred to capital Reserve ₹ 20 x 2000	40,000

Solution 17**Journal Entries**

Case	Particulars	L.F.	Debit	Credit
(i)	Share Capital A/c (300*10) Dr.		3,000	
	(300*3) To Share Allotment A/c			900
	(300*4) To Share First Call A/c			1,200
	(300*3) To Share Forfeited A/c			900
	(Being the forfeiture of 300 shares)			
	Bank A/c (300*8) Dr.		2,400	
	Share Forfeited A/c (300*2) Dr.		600	
	To Share Capital A/c			3,000
	(Being re-issue of shares at ₹ 8 per share paid-up as ₹ 10)			
	Share Forfeited A/c Dr.		300	
	To Capital Reserve A/c			300
	(Being profit on re-issue tfd to Capital Reserve)			
(ii)	Share Capital A/c (200*7) Dr.		1,400	
	(200*2) To Share Call A/c			400
	(200*5) To Share Forfeited A/c			1,000
	(Being the forfeiture of 200 shares)			
	Bank A/c (150*6) Dr.		900	
	Share Forfeited A/c (150*4) Dr.		600	
	To Share Capital A/c			1,500
	(Being re-issue of 150 shares at ₹ 6 per share paid-up as ₹ 10)			
	Share Forfeited A/c Dr.		150	
	To Capital Reserve A/c			150
	(Being profit on re-issue tfd to Capital Reserve)			

Working Note: Calculation of amount to be transferred to Capital Reserve**Case (ii)**

Forfeited amount per share = ₹ 1,000/200	5
Loss on re-issue = ₹ 10 – ₹ 6	(4)
Surplus per share re-issued	1
Transferred to Capital Reserve ₹ 1 * 150	150

Solution 18**Books of Company**

Date	Particulars	L.F.	Debit	Credit
	Preference Share Capital A/c (12,000*60) Dr.		7,20,000	
	To Preference Share Allotment A/c			2,40,000
	To Preference Share First Call A/c			2,40,000
-	To Share Forfeited A/c			2,40,000
	(Being the forfeiture of 12,000 preference shares ₹60 each being called up for non-payment of allotment and first call money)			
	Bank A/c (10,000*50) Dr.		5,00,000	
	Share Forfeited A/c (10,000*10) Dr.		1,00,000	
-	To Preference Share Capital A/c			6,00,000
	(Being re-issue of 10,000 shares at ₹ 50 per share paid-up as ₹ 60)			
	Share Forfeited A/c Dr.		1,00,000	
	To Capital Reserve A/c			1,00,000
	(Being profit on re-issue transferred to Capital Reserve)			

Working Note: Calculation of amount to be transferred to Capital Reserve

Forfeited amount per share = ₹ 2,40,000/1,20,000	20
Loss on re-issue = ₹ 60 – ₹ 50	(10)
Surplus per share re-issued	10
Transferred to capital Reserve ₹ 10 x 10000	1,00,000

Solution 19**Books of Company**

Date	Particulars	L.F.	Debit	Credit
	Share Capital A/c (9,000*10) Dr.		90,000	
	(2,000*3) To Share Allotment A/c			6,000
	(6,000*3) To Share First Call A/c			18,000
-	(9,000*2) To Share Final Call A/c			18,000
	To Share Forfeited A/c			48,000
	(Being forfeiture of 9,000 shares of ₹10 each for non-payment of allotment, first and final call money as per Board's Resolution No...dated.....)			
	Bank A/c (9,000*12) Dr.		1,08,000	
	To Share Capital A/c			90,000
-	To Securities Premium A/c			18,000
	(Being the re-issue of 9,000 shares of ₹10 each @ ₹12 as per Board's Resolution No.....dated...)			
	Share Forfeited A/c Dr.		48,000	
	To Capital Reserve A/c			48,000
	(Being profit on re-issue transferred to Capital Reserve)			

Working Note:

Shareholder	Money Received				Not Received on		
	Application	Allotment	First Call	Final Call	Allotment	First Call	Final Call
A	2,000	-	-	-	2,000	2,000	2,000
B	4,000	4,000	-	-	-	4,000	4,000
C	3,000	3,000	3,000	-	-	-	3,000
Total	9,000	7,000	3,000	-	2,000	6,000	9,000
Money	2	3	3	2	3	3	2
Receivable	18,000	21,000	9,000	-	6,000	18,000	18,000

Solution 20

Books of B Limited
Cash Book

To Equity Shares Applications Account (application money on 24,000 shares at ₹ 50)	12,00,000	By Equity Shares Applications Account (excess money refunded on 4,000 shares)	2,00,000
To Equity Share Allotment A/c (allotment money on 19,850 shares at ₹ 50)	9,92,500	By Balance c/d	23,89,500
To Equity Shares Final Call A/c (Being final call money received on 19,850 shares @ ₹ 20 each)	3,97,000		
	25,89,500		25,89,500

Journal

S.No.	Particulars	L.F.	Debit	Credit
1	Equity Share Application A/c Dr.		10,00,000	
	To Equity Share Capital A/c (Being application money on 20,000 shares @ 50 each transferred to Equity Share Capital Account)			10,00,000
2	Equity Share Allotment A/c Dr.		10,00,000	
	To Equity Share Capital A/c			6,00,000
	To Securities Premium A/c (Being allotment money @ 50 per share including premium of 20 per share being made due)			4,00,000
3	Equity Share Final Call A/c Dr.		4,00,000	
	To Equity Share Capital A/c (Amount due on final call on 20,000 equity shares at ₹ 20 per share)			4,00,000
4	Equity Share Capital A/c (150*100) Dr.		15,000	
	Securities Premium A/c (150*20) Dr.		3,000	
	To Equity Share Allotment A/c			7,500
	To Equity Share Final Call A/c			3,000
	To Share Forfeited A/c (Being forfeiture of 150 shares for non-payment of allotment money and final call money as per Board's Resolution No.... dated...)			7,500

Note:

Here, securities premium on forfeited shares has not been realised, so Securities Premium Account will be debited at the time of forfeiture of these shares.

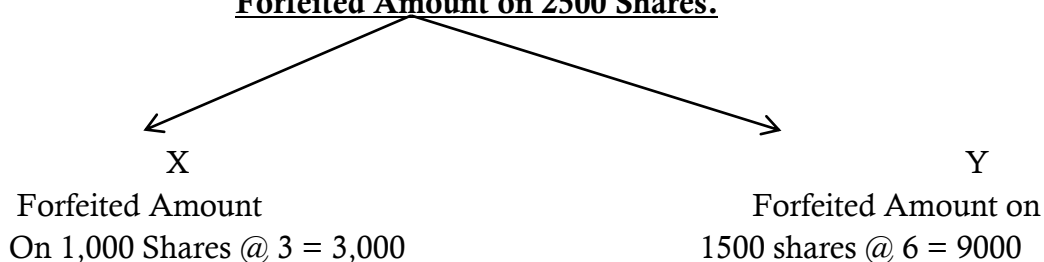
Also, alternatively Calls in arrears A/c could have been used

Solution 21
Journal of B Ltd.

S. No.	Particulars	L.F	Debit	Credit
1	Bank A/c Dr.		1,50,000	
	To Equity Share Application A/c (Being application money received ₹3 per share on 50,000 shares)			1,50,000
2	Equity Share Application A/c Dr.		1,50,000	
	To Equity share Capital A/c (Being Application money transferred)			1,50,000
3	Equity Share Allotment A/c Dr.		2,50,000	
	To Equity share capital A/c			1,50,000
	To Securities Premium A/c (Being allotment money due on 50,000 shares @ 5 including ₹2 Premium)			1,00,000
4	Bank A/c Dr.		2,45,000	
	To Equity Share Allotment A/c (Being Allotment received on 49,000 shares @ 5 each)			2,45,000
5	Equity share call A/c Dr.		2,00,000	
	To Equity Share Capital A/c (Being Call money due on 50,000 shares @ 4 each)			2,00,000
6	Bank A/c Dr.		1,88,000	
	To Equity share call A/c (Being call money received on 47000 shares @ 4 each)			1,88,000
7	Equity share capital A/c Dr.		30,000	
	Securities Premium A/c Dr.		2,000	
	To Equity share Allotment A/c			5,000
	To Equity share Call A/c			12,000
	To Share forfeiture A/c (Being 3000 shares forfeited due to non payment or Allotment & Call)			15,000
8	Bank A/c Dr.		20,000	
	Share Forfeiture A/c Dr.		5,000	
	To Equity share capital A/c (Being Reissued 2,500 shares @ 8 per share)			25,000
9	Share forfeiture A/c Dr.		7,000	
	To Capital reserve A/c (Being excess forfeited amount on 2500 share transferred)			7,000

W.N

**(1) Calculation of Amount transferred to Capital Reserve :
Forfeited Amount on 2500 Shares.**



Total Forfeited Amount = 12,000

Less: Reissued Discount = (5,000)

 Transfer to Capital Res. = 7,000

Balance Sheet as on _____

Particulars	Notes No.	Current Year	Previous Year
(I) Equity & Liabilities :			
(1) Shareholders funds :			
a) Share Capital	(1)	4,98,000	
b) Reserve & Surplus	(2)	1,05,000	
Total		6,03,000	
(II) Assets:			
(1) Current Assets			
a) Cash & Cash Equivalents		6,03,000	
Total		6,03,000	

Note to Accounts:

(1) Share Capital :

Particulars	Amount
Subscribed & Fully paid up capital	
49,500 equity shares @ 10 each	4,95,000
Add: Share Forfeiture amount on 500 shares	3,000
	4,98,000

(2) Reserve & Surplus:

Particulars	Amount
Securities Premium Reserve	1,00,000
Less: Arrear or not received	(2,000)
	98,000
Capital Reserve	7,000
	1,05,000

Solution 22

In the books of Fashion Garments Ltd. Journal Entries

Sr. No.	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
1.	Bank A/c Dr.		10,000	
	To Equity Share Application A/c			10,000
	(Money received on applications for 10,000 shares @ ₹ 1 per share)			
2.	Equity Share Application A/c Dr.		10,000	
	To Equity Share Capital A/c			10,000
	(Transfer of application money on 10,000 shares to share capital)			
3.	Equity Share Allotment A/c Dr.		20,000	
	To Equity Share Capital A/c			20,000
	(Amount due on the allotment of 10,000 shares @ ₹ 2 per share)			
4.	Bank A/c Dr.		19,800	
	To Equity Share Allotment A/c			19,800
	(Allotment money received on 9,900 shares) OR			
	Bank A/c		19,800	
	Calls in arrears A/c		200	
	To Equity Share Allotment A/c			20,000
	(Allotment Amount received except 100 shares)			

5.	Equity Share Capital A/c		300	
	To Share Forfeiture A/c			100
	To Equity Shares Allotment A/c			200
	(100 Shares of Ram forfeited) OR			
	Equity Share Capital A/c		300	
	To Shares Forfeiture A/c			100
	To Calls in arrears A/c			200
	(100 shares forfeited due to non-payment of allotment money)			
6.	Equity Share First Call A/c		29,700	
	To Equity Share Capital A/c			29,700
	First call made due on 9,900 shares at ₹ 3 per share			
7.	Bank A/c		29,250	
	To Equity Share First Call A/c			29,250
	(First call money received on 9,750 shares at ₹ 3 per share) OR			
	Bank A/c		29,250	
	Calls in arrears A/c		450	
	To Equity Share First Call A/c			29,700
	(First Call money received except 150 shares)			
8.	Equity Share Capital A/c		900	
	To Share Forfeiture A/c			450
	To Equity Share First Call A/c			450
	(150 Shares of Shyam forfeited) OR			
	Equity Share Capital A/c		900	
	To Share Forfeiture A/c			450
	To Calls in arrears A/c			450
	(150 shares forfeited due to non - payment of First call money)			
9.	Equity Share Second and Final Call A/c		39,000	
	To Equity Share Capital A/c			39,000
	(Second and Final call made due on 9,750 shares at ₹ 4 per share)			
10.	Bank A/c		38,800	
	To Equity Share Second and Final Call A/c			38,800
	(Second and Final call money received on 9,700 shares at ₹ 4 per share) OR			
	Bank A/c		38,800	
	Calls in arrears A/c		200	
	To Equity Shares Second and Final call A/c			39,000
	(Second and Final call money received except 50 shares)			
11.	Equity Share Capital A/c		500	
	To Share Forfeiture A/c			300
	To Equity Share Second and Final Call A/c			200
	(50 Shares of Mohan forfeited) OR.			
	Equity Share Capital A/c		500	
	To Shares Forfeiture A/c			300
	To Calls in arrears A/c			200
	(50 shares forfeited due to non-payment of Second and final call money)			

12.	Bank A/c		2,700	
	Share Forfeiture A/c		300	
	To Equity Share Capital A/c			3,000
	(300 shares reissued at ₹ 9 per share)			
13.	Share Forfeiture A/c		550	
	To Capital Reserve A/c (W.N.1)			550
	(Profit on re-issue transferred to Capital Reserve)			

Working Note-1:

Calculation of amount to be transferred to Capital Reserve:

Surplus out of 100 shares of Ram forfeited	₹ 100
Surplus out of 150 shares of Shyam forfeited	₹ 450
Surplus out of 50 shares of Mohan forfeited	₹ 300
	<u>₹ 850</u>

Less: Loss on re-issue of shares	<u>₹ 300</u>
Transferred to Capital Reserve	<u>₹ 550</u>

Solution 23

In the books of PQR. Ltd.

Journal

S.N.	Particulars		₹	₹
1	Bank A/c	Dr	6,00,000	
	To Equity Share Application A/c			6,00,000
	(Being application money on 2,00,000 shares @ ₹ 3 per share received)			
2	Equity Share Application A/c	Dr	6,00,000	
	To Equity Share Capital A/c			6,00,000
	(Being transfer of application money to Equity Share Capital on 2,00,000 shares @ ₹ 3 per share as per Director's Resolution no... dated...)			
3	Equity Share Allotment A/c	Dr	10,00,000	
	To Equity Share Capital A/c			6,00,000
	To Securities Premium A/c			4,00,000
	(Being amount due from shareholders in respect of allotment on 2,00,000 shares @ ₹ 5 per share including premium ₹ 2 per share as per Director's Resolution no.....dated.....)			
4	Bank A/c	Dr	9,75,000	
	To Equity Share Allotment A/c			9,75,000
	(Being amount received against allotment on 1,95,000 shares @ ₹ 5 per share including premium @ ₹ 2 per share)			
	Or			
	Bank A/c	Dr	9,75,000	
	Calls in Arrears A/c	Dr	25,000	
	To Equity Share Allotment A/c			10,00,000
	(Being amount received against allotment on 2,00,000 share @ ₹ 5 per share including premium @ ₹ 2 per share, Mr. J holding 5,000 shares failed to pay allotment money)			
5	Equity Share Call A/c	Dr	8,00,000	
	To Equity Share Capital A/c			8,00,000
	(Being amount due from shareholders in respect of call			

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	on 2,00,000 shares @ ₹ 4 per share as per Director's resolution no.....dated.....)			
6	Bank A/c	Dr	7,40,000	
	To Equity Share Call A/c			7,40,000
	(Being amount received against the call on 1,85,000 shares @ ₹ 4 per share)			
	Or			
	Bank A/c	Dr	7,40,000	
	Calls in Arrears A/c	Dr	60,000	
	To Equity Share Call A/c			8,00,000
	(Being amount received against the call on 1,85,000 shares @ ₹ 4 per share, J holding 5,000 shares and K holding 10,000 shares failed to pay call money)			
7	Equity Share Capital A/c (15,000 x ₹ 10)	Dr	1,50,000	
	Securities Premium A/c (5000 x ₹ 2)	Dr	10,000	
	To Equity Share Allotment A/c (5000 x ₹ 5)			25,000
	To Equity Share Call A/c (15,000 x ₹ 4)			60,000
	To Forfeited Shares A/c			75,000
	(Being forfeiture of 15,000 equity shares for non-payment of allotment and call money on 5,000 shares and for non-payment of call money on 10,000 shares as per Board's Resolution No.....dated)			
	Or			
	Equity Share Capital A/c (15,000 x ₹ 10)	Dr	1,50,000	
	Securities Premium A/c (5000 x ₹ 2)	Dr	10,000	
	To Calls in Arrears A/c (₹ 25,000 + ₹ 60,000)			85,000
	To Forfeited Shares A/c			75,000
	(Being forfeiture of 15,000 equity shares for non-payment of allotment and call money on 5,000 shares and for non-payment of call money on 10,000 shares as per Board's Resolution No.....dated.....)			
8	Bank A/c	Dr	90,000	
	Forfeited Shares A/c	Dr	10,000	
	To Equity Share Capital A/c			1,00,000
	(Being re-issue of 10,000 shares @ ₹ 9 each as per Board's Resolution No.....dated)			
9	Forfeited Shares A/c	Dr	35,000	
	To Capital Reserve A/c			35,000
	(Being profit on re-issue transferred to Capital Reserve)			

Balance Sheet of PQR as at.....

Particulars	Notes No.	₹
EQUITY AND LIABILITIES		
Shareholders' funds		
Share Capital	1	19,80,000
Reserves and Surplus	2	4,25,000
Total		24,05,000
ASSETS		
Current assets		
Cash and Cash Equivalents	3	24,05,000
Total		24,05,000

Notes to accounts

	₹	₹
1. Share Capital		
Equity share capital		
Issued share capital		
2,00,000 Equity shares of ₹ 10 each	20,00,000	
Subscribed, called up and paid up share capital		
1,95,000 Equity shares of ₹ 10 each	19,50,000	
Add: Forfeited shares	<u>30,000</u>	19,80,000
2. Reserves and Surplus:		
Securities Premium	3,90,000	
Capital Reserve	<u>35,000</u>	4,25,000
3. Cash and Cash Equivalents:		
Amount received on Share Application	6,00,000	
Amount Received on Share Allotment	9,75,000	
Amount Received on Share Call	7,40,000	
Amount Received on Re-issue of Shares	<u>90,000</u>	24,05,000

Working Note:

1. Calculation of Amount to be Transferred to Capital Reserve

Amount forfeited per share of J	₹ 3	Amount forfeited per share of K	₹ 6
Less: Loss on re-issue per share	(₹ 1)	Less: Loss on re-issue per share	(₹ 1)
Surplus	₹ 2	Surplus	₹ 5

Transferred to Capital Reserve: J's Share (5,000 x ₹ 2)	₹ 10,000
K's Share (5,000 x ₹ 5)	₹ 25,000
Total	₹ 35,000

2. Balance of Security Premium

Total Premium amount receivable on allotment	=	4,00,000
Less: Amount reversed on forfeiture	=	(10,000)
Balance remaining	=	3,90,000

Solution 24

1.	Bank A/c	Dr.	40,000	
	To Equity Share Application A/c			40,000
	(Being the application money received for 20,000 shares at ₹ 2 per share)			
2.	Equity Share Application A/c	Dr.	40,000	
	To Equity Share Capital A/c			40,000
	(Being share allotment made for 20,000 shares at ₹ 2 per share)			
3.	Equity Share Allotment A/c	Dr.	60,000	
	To Equity Share Capital A/c			60,000
	(Being allotment amount due on 20,000 equity shares at ₹ 3 per share as per Directors' resolution no... dated...)			
4.	Bank A/c	Dr.	60,000	
	To Equity Share Allotment A/c			60,000
	(Being allotment money received for 20,000 equity shares at ₹ 3 per share)			

5.	Equity Share First Call Account	Dr.	80,000	
	To Equity Share Capital A/c			80,000
	(Being first call money due on 20,000 equity shares @ Rs. 4 per share)			
6.	Bank Account	Dr.	78,800	
	To Equity Share First Call Account			78,800
	(Being full amount of first call money received except on 300 shares)Or			
	Bank Account	Dr.	78,800	
	Calls in Arrear A/c	Dr.	1,200	
	To Equity Share First Call Account			80,000
	(Being full amount of first call money received except on 300 shares)			
7.	Equity Share Final Call Account	Dr.	20,000	
	To Equity Share Capital A/c			20,000
	(Being first call and final call money due)			
8.	Bank Account	Dr.	19,700	
	To Equity Share Final Call Account			19,700
	(Being full amount of final call money received except on 300 share)Or			
	Bank Account	Dr.	19,700	
	Calls in Arrear A/c	Dr.	300	
	To Equity Share Final Call Account			20,000
	(Being full amount of final call money received except on 300 shares)			
9.	Equity Share Capital A/c (300 x ₹ 10)	Dr.	3,000	
	To Equity Share First Call Account			1,200
	To Equity Share Final Call Account			300
	To Forfeited Shares A/c			1,500
	(Being forfeiture of 300 equity shares for non- payment of call money as per Board's Resolution No.....dated)			
	Equity Share Capital A/c	Dr.	3,000	
	To Forfeited Shares A/c			1,500
	To Calls in Arrears			1,500
	(Being 300 shares forfeited on which first call and final call money was unpaid.)			
10.	Bank A/c (300 x ₹ 8)	Dr.	2,400	
	Forfeited Shares A/c	Dr.	600	
	To Equity Share Capital A/c			3,000
	(Being re-issue of 300 shares @ ₹8 each as per Board's Resolution No.....dated.....)			
11.	Forfeited Shares A/c	Dr.	900	
	To Capital Reserve A/c			900
	(Being profit on re-issue transferred to Capital Reserve)			

Solution 25

Journal Entries In the books of Bhagwati Ltd.

Particulars	Dr. ₹	Cr. ₹
Bank A/c	Dr.	9,00,000
To Equity Share Application A/c		9,00,000
(Being application money received for 3,00,000 shares at 3 per share)		
Equity Share Application A/c	Dr.	9,00,000
To Equity Share Capital A/c (2,00,000 x ₹ 3)		6,00,000

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To Share allotment A/c			3,00,000
(Being share allotment made for 2,00,000 shares and excess adjusted towards allotment)			
Equity Share Allotment A/c	Dr.	10,00,000	
To Equity Share Capital A/c			10,00,000
(Being allotment amount due on 2,00,000 equity shares at ₹ 5 per share as per Directors' resolution no... dated...)			
Bank A/c	Dr.	7,00,000	
To Equity Share Allotment A/c			7,00,000
(Being balance allotment money received for 2,00,000 shares at ₹ 5 per share.)			
Equity Share first and final call A/c	Dr.	4,00,000	
To Equity Share Capital A/c			4,00,000
(Being balance allotment money received for 2,00,000 shares at ₹ 5 per share.)			
Bank A/c	Dr.	3,94,000	
Calls in arrears A/c	Dr.	6,000	
To Equity Share first and final call A/c			4,00,000
(Being final call received on 1,97,000 shares)			
Share capital A/c (3,000 x ₹ 10)	Dr.	30,000	
To Forfeited share A/c (3,000 x ₹ 8)			24,000
To Calls in arrears A/c (3,000 x ₹ 2)			6,000
(Being forfeiture of 3,000 shares of ₹10 each fully called up for non payment of first and final call @ ₹ 2 as per resolution no... dated..)			
Bank A/c (2,500 x ₹ 6)	Dr.	15,000	
Forfeited share A/c (2,500 x ₹4)		10,000	
To Equity Share Capital A/c (2,500 x ₹10)			25,000
(Being re-issue of 2,500 shares @₹6)			
Forfeited share A/c (2,500 x ₹ 4)	Dr.	10,000	
To Capital reserve A/c (2,500 x ₹ 4)			10,000
(Being profit on re-issue transferred to capital reserve)			

Working Note:

Calculation of amount to be transferred to Capital reserve A/c

Forfeited amount per share = 24,000/3,000 =	8
Loss on re issue (8-4)	<u>4</u>
Surplus per share	<u>4</u>
Transfer to capital reserve 4 x 2,500 = ₹ 10,000	

Solution 26

		Dr. ₹	Cr. ₹
1	Bank Account Dr.	27,00,000	
	To Share Application & Allotment A/c		27,00,000
	(Being Application money on 3,00,000 shares at ₹ 9 per share received.)		
2	Share Application & Allotment A/c Dr.	27,00,000	
	To Share Capital A/c (75,000 x ₹ 4)		3,00,000
	To Securities premium A/c (75,000 x ₹ 5)		3,75,000
	To Bank A/c (2,00,000 x ₹ 9)		18,00,000
	To Share First & Final Call A/c		2,25,000
	(Being application money transferred)		

3	Share First & Final Call A/c (75,000 x6)	Dr.	4,50,000	
	To Share Capital Account			4,50,000
	(Amount First & Final Call A/c due from members as per Directors, resolution no..... dated)			
4	Bank Account A/c	Dr.	2,21,625	
	Calls in arrear A/c	Dr.	3,375	
	To Share First & Final Call Account			2,25,000
	(Being Receipt of the amounts due on first call.)			
5	Equity share capital A/c	Dr.	11,250	
	To Share forfeiture A/c			7,875
	To Calls in arrear A/c			3,375
	(Being 1,125 shares forfeited for non payment of final call.)			
6	Bank Account A/c (1,125 x ₹ 6)	Dr.	6,750	
	Share forfeiture A/c (1,125 x ₹ 4)	Dr.	4,500	
	To Share Capital Account (1,125 x ₹ 10)			11,250
	(Being forfeited shares reissued at ₹ 4 discount)			
7	Share forfeiture A/c	Dr.	3,375	
	To Capital reserve A/c			3,375
	(Being share forfeiture transferred to capital reserve*)			

Working notes:

1.

Shares Applied	Shares Allotted	Money Received on Application @ ₹ 9/-	Money Transferred to Share Capital @ ₹ 4/-	Money tfd to Security Premium @ ₹ 5/-	Excess Application on Money	Share First and Final Call @ ₹ 6/-	Amount received from Share First & Final Call after adjusting excess appl. money	Money Refunded
2,00,000	-	18,00,000	-	-	-	-	-	18,00,000
1,00,000	75,000	9,00,000	3,00,000	3,75,000	2,25,000	4,50,000	2,25,000	-
3,00,000	75,000	27,00,000	3,00,000	3,75,000	2,25,000	4,50,000	2,21,625*	18,00,000

* ₹ 4,50,000 less ₹ 3,375.

2. Number of shares allotted to Mr. Raj = $1,500 \times 75,000 / 1,00,000 = 1,125$ shares

3. Calculation of calls in arrear

Application money received from Raj	(1,500 x9)	13,500
Less: actual application money	1,125 x9	10,125
Excess Application & Allotment Money Adjusted with first and final call		3,375
Final call due from Raj		6,750
Less: Adjusted with final call		(3,375)
Calls in arrear		3,375

Solution 27

Books of Company

Date	Particulars	L.F.	Debit	Credit
	Equity Share Capital A/c	Dr.	7,000	
	Securities Premium A/c	Dr.	1,500	
-	To Share Allotment A/c			1,500
	To Share First Call A/c			2,000
	To Share Forfeited A/c			5,000

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	(Being the forfeiture of 1,000 shares for non payment of allotment & first call)			
	Bank A/c	Dr.	8,000	
	Share Forfeited A/c	Dr.	2,000	
-	To Share Capital A/c			10,000
	(Being re-issue of 1,000 shares at ₹ 8 per share paid-up as ₹ 10)			
	Share Forfeited A/c	Dr.	3,000	
	To Capital Reserve A/c			3,000
	(Being profit on re-issue tfd to Capital Reserve)			

Working Note: Calculation of the amount due but not paid on allotment

(a) Total No. of Shares applied	2,000
(b) Total money paid of application (2,000x 3)	6,000
(c) Excess application money (₹ 6000-(1,000x3))	3,000
(d) Total amount due on allotment (1,000x 4.50)	4,500
(e) Amount due but not paid (₹4,500- Rs.3,000)	1,500

Out of ₹ 4,500, ₹ 2,000 are for Share Capital and ₹ 2,500 are for Securities Premium Reserve. Out of excess application money of ₹ 3,000, ₹2000 are adjusted towards allotment as share capital and ₹ 1,000 are adjusted towards allotment as securities premium reserve. Therefore, Securities Premium Reserve of ₹ 1,500 (i.e. ₹ 2,500- 1,000) is not received. Hence securities Premium Reserve is debited by ₹ 1,500.

Solution 28

Journal of BP Limited

Particulars		Dr. (₹)	Cr. (₹)
Bank A/c (Note 1 – Column 3)	Dr.	10,80,000	10,80,000
To Equity Share Application A/c			
(Being application money received on 3,60,000 shares @ ₹ 3 per share)			
Equity Share Application A/c	Dr.	10,80,000	
To Equity Share Capital A/c			3,60,000
To Equity Share Allotment A/c (Note 1 Column 5)			4,40,000
To Bank A/c (Note 1 – Column 6)			2,80,000
(Being application money on 2,80,000 shares transferred to Equity Share Capital Account; on 1,60,000 shares adjusted with allotment and on 80,000 shares refunded as per Board's Resolution No.....dated...)			
Equity Share Allotment A/c	Dr.	6,00,000	
To Equity Share Capital A/c			3,60,000
To Securities Premium a/c			2,40,000
(Being allotment money due on 1,20,000 shares @ ₹ 5 each including premium at ₹4 each as per Board's Resolution No....dated....)			
Bank A/c (Note 1 – Column 8)	Dr.	1,60,000	
To Equity Share Allotment A/c			1,60,000
(Being balance allotment money received)			
Equity Share First and Final Call A/c	Dr.	4,80,000	
To Equity Share Capital A/c			4,80,000
(Being final call money due on 1,20,000 shares @ ₹ 4 per share as per Board's Resolution No.....dated....)			
Bank A/c	Dr.	4,78,640	
Calls in Arrears A/c	Dr.	1,360	
To Equity Share First and Final Call A/c			4,80,000

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(Being final call money on 1,19,660 shares @ ₹4 each received)			
Equity Share Capital A/c	Dr.	3,400	
To Calls in Arrears A/c			1,360
To Forfeited Shares A/c			2,040
Being forfeiture of 340 equity shares for non- payment of call money as per Board's Resolution No.....dated)			
Bank A/c	Dr.	4,420	
To Equity Shares Capital A/c			3,400
To Securities Premium A/c			1,020
Being re-issue of 340 shares @ ₹13 each as per Board's Resolution No.....dated....)			
Forfeited Shares A/c	Dr	2,040	
To Capital Reserve A/c			2,040
(Being profit on re-issue transferred to Capital Reserve)			

Working Note:

Calculation for Adjustment and Refund

Category	No. of Shares Applied for	No. of Shares Allotted	Amount Received On Application	Amount Required On Application	Amount adjusted On Allotment	Refund [3 - 4 + 5]	Amount due on Allotment	Amount received On Allotment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rejected	80,000	Nil	2,40,000	Nil	Nil	2,40,000	Nil	Nil
(i)	1,60,000	80,000	4,80,000	2,40,000	2,40,000	Nil	4,00,000	1,60,000
(ii)	1,20,000	40,000	3,60,000	1,20,000	2,00,000	40,000	2,00,000	Nil
TOTAL	3,60,000	1,20,000	10,80,000	3,60,000	4,40,000	2,80,000	6,00,000	1,60,000

Also,

- i. Amount Received on Application (3) = No. of shares applied for (1) x ₹ 3
- ii. Amount Required on Application (4) = No. of shares allotted (2) x ₹ 3