

1. 2022 December [15Marks]

In the books of PQR. Ltd.

Journal

Entry no.	Particulars		₹	₹
1	Bank A/c To Equity Share Application A/c (Being application money on 2,00,000 shares @ ₹ 3 per share received)	Dr	6,00,000	6,00,000
2	Equity Share Application A/c To Equity Share Capital A/c (Being transfer of application money to Equity Share Capital on 2,00,000 shares @ ₹ 3 per share as per Director's Resolution no... dated...)	Dr	6,00,000	6,00,000
3	Equity Share Allotment A/c To Equity Share Capital A/c To Securities Premium A/c (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.....)	Dr	10,00,000	6,00,000 4,00,000
4	Bank A/c To Equity Share Allotment A/c (Being amount received against allotment on 1,95,000 shares @ ₹ 5 per share including premium @ ₹ 2 per share) OR Bank A/c Calls in Arrears A/c To Equity Share Allotment A/c (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)	Dr Dr Dr	9,75,000 9,75,000 25,000	9,75,000 10,00,000
5	Equity Share Call A/c To Equity Share Capital A/c (Being amount due from shareholders in respect of call on 2,00,000 shares @ ₹ 4 per share as per Director's resolution no.....dated.....)	Dr	8,00,000	8,00,000
6	Bank A/c To Equity Share Call A/c (Being amount received against the call on 1,85,000 shares @ ₹ 4 per share) OR Bank A/c Calls in Arrears A/c To Equity Share Call A/c (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)	Dr Dr Dr	7,40,000 7,40,000 60,000	7,40,000 8,00,000

Notes to accounts

		₹	₹
1.	Share Capital Equity		
	share capital		
	Issued share capital		
	2,00,000 Equity shares of ₹ 10 each Subscribed, called up and paid up share capital	20,00,000	
	1,95,000 Equity shares of ₹ 10 each	19,50,000	
	<i>Add:</i> Forfeited shares	30,000	19,80,000
2.	Reserves and Surplus		
	Securities Premium	3,90,000	
	Capital Reserve	35,000	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	90,000	24,05,000

2. 2021 December [15Marks]

In the books of Fashion Garments Ltd.

Journal Entries

Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
Bank A/c Dr. To Equity Share Application A/c (Money received on applications for 10,000 shares @ ₹ 1 per share)		10,000	10,000
Equity Share Application A/c Dr. To Equity Share Capital A/c (Transfer of application money on 10,000 shares to share capital)		10,000	10,000
Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Amount due on the allotment of 10,000 shares @ ₹ 2 per share)		20,000	20,000
Bank A/c Dr. To Equity Share Allotment A/c (Allotment money received on 9,900 shares)		19,800	19,800
OR			
Bank A/c Dr. Calls in arrears A/c Dr. To Equity Share Allotment A/c (Allotment Amount received except 100 shares)		19,800 200	20,000

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

Equity Share Capital A/c To Share Forfeiture A/c To Equity Share Second and Final Call A/c (50 Shares of Mohan forfeited)	Dr.		500	300 200
OR				
Equity Share Capital A/c To Shares Forfeiture A/c To Calls in arrears A/c (50 shares forfeited due to non-payment of Second and final call money)	Dr.		500	300 200
Bank A/c Share Forfeiture A/c To Equity Share Capital A/c (300 shares reissued at ₹ 9 per share)	Dr. Dr.		2,700 300	3,000
Share Forfeiture A/c To Capital Reserve A/c (W.N.1) (Profit on re-issue transferred to Capital Reserve)	Dr.		550	550

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

₹ 850

Less: Loss on re-issue of shares ₹ 300

Transferred to Capital Reserve ₹ 550

3. 2021 July [15Marks]

			Dr. ₹	Cr. ₹
1	Bank Account To Share Application & Allotment A/c (Being Application money on 3,00,000 shares at ₹ 9 per share received.)	Dr.	27,00,000	27,00,000
2	Share Application & Allotment A/c To Share Capital A/c (75,000 x ₹ 4) To Securities premium A/c (75,000 x ₹ 5) To Bank A/c (2,00,000 x ₹ 9) To Share First & Final Call A/c (Being application money transferred)	Dr.	27,00,000	3,00,000 3,75,000 18,00,000 2,25,000
3	Share First & Final Call A/c (75,000 x 6) To Share Capital Account (Amount First & Final Call A/c due from members as per Directors, resolution no..... dated.....)	Dr.	4,50,000	4,50,000
4	Bank Account A/c	Dr.	2,21,625	

	Calls in arrear A/c To Share First & Final Call Account (Being Receipt of the amounts due on first call.)	Dr.	3,375	2,25,000
5	Equity share capital A/c To Share forfeiture A/c To Calls in arrear A/c (Being 1,125 shares forfeited for non payment of final call.)	Dr.	11,250	7,875 3,375
6	Bank Account A/c (1,125 x ₹ 6) Share forfeiture A/c (1,125 x ₹ 4) To Share Capital Account (1,125 x ₹ 10)	Dr.	6,750 4,500	11,250
7	Share forfeiture A/c To Capital reserve A/c (Being share forfeiture transferred to capital reserve*)		3,375	3,375

Working notes:

1.

Shares Applied	Shares Allotted	Money Received on Application @ ` 9/-	Money Transferred to Share Capital @ ` 4/-	Money Transferred to Security Premium @ ` 5/-	Excess Application Money	Share First and Final Call @ ` 6/-	Amount received from Share First and 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	4,25,000	-
3,00,000	75,000	27,00,000	3,00,000	3,75,000	2,25,000	4,50,000	4,46,625*	18,00,000

* ₹ 4,50,000 less ₹ 3,375.

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

2. Calculation of calls in arrear

Application money received from Raj	(1,500 x 9)	13,500
Less: actual application money	1,125 x 9	<u>10,125</u>
Excess Application & Allotment Money Adjusted with first		<u>3,375</u>

4. 2021 January[15Marks]

Journal of A Limited

Date 2020	Particulars		Dr. ₹	Cr. ₹
May 31	Bank A/c (Note 1 – Column 3) To Equity Share Application A/c (Being application money received on 5,60,000 shares @ ₹ 2 per share)	Dr.	11,20,000	11,20,000
June 10	Equity Share Application A/c To Equity Share Capital A/c To Equity Share Allotment A/c (Note 1 - Column 5) To Bank A/c (Note 1–Column 6) (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...)	Dr.	11,20,000	2,70,000 5,50,000 3,00,000
	Equity Share Allotment A/c To Equity Share Capital A/c To Securities Premium a/c (Being allotment money due on 1,35,000 shares @ ₹ 5 each including premium at ₹4 each as per Board's Resolution No.....dated....)	Dr.	6,75,000	1,35,000 5,40,000
Dec. 31	Bank A/c (Note 1 – Column 8) To Equity Share Allotment A/c (Being balance allotment money received)	Dr.	1,25,000	1,25,000
	Equity Share Final Call A/c To Equity Share Capital A/c (Being final call money due on 1,35,000 shares @ ₹ 7 per share as per Board's Resolution No.....dated....)	Dr.	9,45,000	9,45,000
	Bank A/c To Equity Share Final Call A/c (Being final call money on 1,35,000 shares @ ₹ 7 each received)	Dr.	9,45,000	9,45,000

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

5. 2020 November [10Marks]

1. Bank A/c To Equity Share Application A/c (Being the application money received for 20,000 shares at ` 2 per share)	Dr.	40,000	40,000
2. Equity Share Application A/c To Equity Share Capital A/c (Being share allotment made for 20,000 shares at ` 2 per share)	Dr.	40,000	40,000
3. Equity Share Allotment A/c To Equity Share Capital A/c (Being allotment amount due on 20,000 equity shares at ` 3 per share as per Directors' resolution no... dated...)	Dr.	60,000	60,000
4. Bank A/c To Equity Share Allotment A/c (Being allotment money received for 20,000 equity shares at ` 3 per share)	Dr.	60,000	60,000
5. Equity Share First Call Account To Equity Share Capital A/c (Being first call money due on 20,000 equity shares @ Rs. 4 per share)	Dr.	80,000	80,000

<p>(a) Bank Account To Equity Share First Call Account (Being full amount of first call money received except on 300 shares)</p> <p style="text-align: center;">OR</p> <p>Bank Account Calls in Arrear A/c To Equity Share First Call Account (Being full amount of first call money received except on 300 shares)</p> <p>(b) Equity Share Final Call Account To Equity Share Capital A/c</p>	Dr.	78,800	78,800
<p>8. Bank Account To Equity Share Final Call Account (Being full amount of final call money received except on 300 shares)</p> <p style="text-align: center;">OR</p> <p>Bank Account Calls in Arrear A/c To Equity Share Final Call Account (Being full amount of final call money received except on 300 shares)</p>	Dr.	19,700	19,700
<p>9. Equity Share Capital A/c (300 x ` 10) To Equity Share First Call Account To Equity Share Final Call Account To Forfeited Shares A/c Being forfeiture of 300 equity shares for non- payment of call money as per Board's Resolution No.....dated)</p> <p style="text-align: center;">OR</p> <p>Equity Share Capital A/c To Forfeited Shares A/c To Calls in Arrears (Being 300 shares forfeited on which first call and final</p>	Dr.	3,000	1,200 300 1,500
	Dr.	3,000	1,500 1,500

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)			

6. 2019 November [15Marks]

In the books of B Ltd.

Journal Entries

Date	Particulars		Dr. ₹	Cr. ₹
	Bank A/c	Dr.	1,50,000	
	To Equity Share Application A/c			1,50,000
	(Application money on 50,000 shares @ ₹ 3 share received.)			
	Equity Share Application A/c	Dr.	1,50,000	
	To Equity Share Capital A/c			1,50,000
	(Transfer of application money to Equity Share Capital on 50,000 shares @ ₹ 3 per share as per Directors resolution no... dated...)			
	Equity Share Allotment A/c	Dr.	2,50,000	
	To Equity Share Capital A/c			1,50,000
	To Securities Premium A/c			1,00,000
	(Amount due from members in respect of allotment on 50,000 shares @ ₹ 5 per share including premium ₹ 2 per share as per Directors resolution no... dated...)			
	Bank A/c	Dr.	2,45,000	
	To Equity Share Allotment A/c			2,45,000
	(Amount received against allotment on 49,000 shares @ ₹ 5 per share including premium ₹ 2 per share.)			
	'OR'			
	Bank A/c	Dr.	2,45,000	
	Calls in Arrear A/c	Dr.	5,000	
	To Equity Share Allotment A/c			2,50,000
	(Amount received against allotment on 49,000 shares @ ₹ 5 per share including premium ₹ 2 per share. X, holding 1,000 shares failed to pay allotment money.)			

Equity Share Call A/c To Equity Share Capital A/c (Amount due from members in respect of call on 50,000 shares @ ₹ 4 per share as per Directors resolution no... dated...)	Dr.	2,00,000	2,00,000
Bank A/c To Equity Share Call A/c (Amount received against the call on 47,000 shares @ ₹ 4 per share.) 'OR' Bank A/c	Dr. Dr.	1,88,000 1,88,000	1,88,000
Calls in Arrear A/c To Equity Share Call A/c (Amount received against the call on 47,000 shares @ ₹ 4 per share. X, holding 1,000 shares and Y, holding 2,000 shares failed to pay call money.)	Dr.	12,000	2,00,000
Equity Share Capital A/c (3,000 x ₹ 10) Securities Premium A/c (1,000 x ₹ 2) To Equity Share Allotment A/c (1,000 X ₹ 5) To Equity Share Call A/c (3,000 X ₹ 4) To Forfeited Shares A/c (Being forfeiture of 3,000 equity shares for non-payment of allotment and call money on 1,000 shares and for non-payment of call money on 2,000 shares as per Board's Resolution No.....dated) 'OR' Equity Share Capital A/c (3,000 x ₹ 10) Securities Premium A/c (1,000 x ₹ 2) To Calls in Arrear A/c (₹ 5,000 + ₹ 12,000) To Forfeited Shares A/c (Being forfeiture of 3,000 equity shares for non-payment of allotment and call money on 1,000 shares and for non-payment of call money on 2,000 shares as per Board's Resolution No... dated...)	Dr. Dr. Dr. Dr.	30,000 2,000 30,000 2,000	5,000 12,000 15,000 17,000 15,000
Bank A/c Forfeited Shares A/c To Equity Share Capital A/c (Being re-issue of 2,500 shares @ ₹8 each as per Board's Resolution No.....dated....)	Dr. Dr.	20,000 5,000	25,000
Forfeited Shares A/c To Capital Reserve A/c (Being profit on re-issue transferred to Capital Reserve)	Dr.	7,000	7,000

K. Singh

To Equity Share Capital A/c (2,00,000 x ₹ 3)			6,00,000
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 first and final call amount due on 2,00,000 equity shares at ₹ 2 per share as per Directors' resolution no... dated...)			
Bank A/c	Dr.	3,94,000	
Calls in arrears A/c		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 @ ₹			
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) (Being re-issue of 2,500 shares @ ₹ 6)			25,000
Forfeited share A/c (2,500 x ₹ 4)		10,000	
To capital reserve A/c (2,500 x ₹ 4)			10,000
(Being profit on re-issue transferred to capital reserve)			

8. 2018 November [15Marks]

1. Journal Entries in the books of X Ltd.

Date			Dr. ₹	Cr. ₹
(a)	Equity Share Capital A/c To Equity Share Allotment money A/c (300 x ₹ 3) To Equity Share Final Call A/c (300 x ₹ 4) 4) To Forfeited Shares A/c (300 x ₹ 3) (Being the forfeiture of 300 equity shares of ₹ 10 each for non-payment of allotment money and final call, held by Ramesh as per Board's resolution No.....dated.....)	Dr.	3,000	900 1,200 900
(b)	Bank Account (300 x 8) Forfeited Shares Account (300x 2) To Equity Share Capital Account (Being the re-issue of 300 forfeited shares @ Board's resolution No.....dated.....)	Dr. Dr.	2,400 600	3,000
(c)	Forfeited Shares Account To Capital Reserve Account (Being the profit on re-issue, transferred to capital reserve)	Dr.	300	300

K. Singh

(ii)

Date			Dr. ₹	Cr. ₹
(a)	Equity Share Capital A/c (200 x ₹ 7) To Equity Share First Call A/c (200 x ₹ 2) To Forfeited Shares A/c (200 x ₹ 5) (Being the forfeiture of 200 equity shares of ₹ 10/- (₹7 called up) for non-payment of first call @ ₹ 2/- per share as per Board Resolution No..... dated.....)	Dr.	1,400	400 1,000
(b)	Bank Account Forfeited Shares Account To Equity Share Capital Account (Being the re-issue of 150 forfeited shares as fully paid up as per Board's resolution No..... dated.....)	Dr. Dr.	900 600	1,500
(c)	Forfeited Shares Account To Capital Reserve Account (Being the profit on re-issue, transferred to	Dr.	150	150

(iii)

Date			Dr. ₹	Cr. ₹
(a)	Equity Share Capital A/c (100 x ₹ 6) To Equity Share Final Call A/c (100 x ₹ 3) To Discount on issue of shares (100 x ₹ 1) To Forfeited Shares A/c (100 x ₹ 2) (Being the forfeiture of 100 equity shares issued at a discount as per Board's resolution No.....dated.....)	Dr.	600	300 100 200
(b)	Bank Account (80 x ₹ 6) Discount on issue of shares (80 x ₹ 1) Forfeited Shares A/c (80 x ₹ 1) To Equity Share Capital Account (80 x ₹ 8) (Being the re-issue of 80 shares fully paid up as per Board's Resolution No.....dated.....)	Dr. Dr. Dr.	480 80 80	640
(c)	Forfeited Shares Account To Capital Reserve Account (Being the profit on re-issue, transferred to capital reserve)		80	80