



INDIAN SCHOOL MUSCAT
Senior Section
Department of Commerce and Humanities

Class : 12

Question Bank SERIES -3
COMPANIES ACCOUNTS VOLUME-3

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ACCOUNTANCY (055)

-----2017

- 1 Give the meaning of 'Private Placement of Shares. 1
- 2 Why would an investor prefer to invest partly in Shares and partly in the 1
Debentures of a Company?
- 3 What is meant by 'pro-rata allotment of shares'? 1
- 4 Give the meaning of 'Issue of Debenture as a collateral security.' 1
- 5 What is meant by 'calls in advance'? 1
- 6 What are the rates of DRR and DRI to be made while redeeming convertible 1
Debentures of a Company, as per The Indian Companies Act 2013.
- 7 At what rate is interest paid by the company on calls-in-advance, if it has not 1
prepared its own Articles of Association?
- 8 What is meant by 'Calls-in-Arrears'? 1
- 9 What do you mean by 'Employees Stock option Plan'? 1
- 10 Sunfeed Ltd. Invited application for issuing 10,00,000 equity shares of ₹10 each. 1
The public applied for 8, 55,000 shares. Can the company proceed for the
allotment of shares? Give reason in support of your answer
- 11 Moonlight Ltd. forfeited 100 equity shares of ₹10 each issued at a premium of 20% 1
for non-payment of final call of ₹5 per share including premium. State the
maximum amount of discount at which these shares can be re-issued.
- 12 Give a difference between Shares and Debenture. 1
- 13 Give the meaning of forfeiture of shares 1
- 14 Differentiate between 'Capital Reserve and Reserve Capital'. 1
- 15 State any one purpose for which Security Premium can be utilized. 1
- 16 What do you mean by 'open market operation' ? 1
- 17 Tree Leaves Ltd. Issued 50,000 equity shares of ₹ 100 each payable ₹ 20 on 3
application (on 1st July 2015); ₹ 30 on allotment (on 1st August 2015); ₹ 35 on
first call (on 1st September 2015) and the balance on final call (on 1st October
2015). Divya, a shareholder holding 5000 shares did not pay the first call on the
due date. The final call was made and Divya paid the first call amount along with
the final call. All sums due were received. Calculate the amount received at the
time of final call.

- 18 Structure Ltd. Issued 50,000 equity shares of ₹10 each. The amount was payable as follows: 3
 On application---₹3 per share
 On allotment-----₹2 per share
 On first and final call----the balance.
 Application for 45,000 shares was received and shares were allotted to all the applicants'. Deepa, to whom 500 shares were allotted, paid her entire money at the time of allotment, where as Noorjahan did not pay the first and final call on her 300 shares. Find the amount received at the time first and final call.
- 19 Swarna Ltd. Purchased furniture to the tune of ₹2, 20,000 from M/S Swaraj & Co. 3
 Half of the amount was paid by accepting a bill of exchange and for the balance, the company issued 11% debenture of ₹100 each at a premium of 10% in favour of M/S Swaraj & Co. Pass necessary journal entries for the above transaction in the books of Swarna Ltd.
- 20 Skylark Ltd. forfeited 1,500 equity shares of ₹10 each for the non-payment of first 3
 call of ₹2 per share. The final call of ₹1 per share was not yet made. The forfeited shares were re-issued for ₹21,000 as fully paid-up. Pass necessary journal entries in the books of the company for forfeiture and re-issue of these shares.
- 21 The Director of Swadheen Ltd. Forfeited 600 equity shares of ₹10 each issues at a 3
 premium of ₹3 per share (payable at the time of allotment), for the non-payment of the first call money of ₹3 per share. The final call of ₹2 per share has not been made yet. Half of the forfeited shares were reissued at ₹3,000 fully paid. Record the journal entries for the forfeiture and reissue of shares.
- 22 Roxy Ltd. issued 30,000 shares of ₹10 each at a premium of ₹2 per share payable 3
 as ₹3 on application, ₹5 (including premium) on allotment and the balance on first and final call. Applications were received for 62,000 shares. The directors resolved to allot as follows:
 A. Applicants of 20,000 shares were allotted 10,000 shares
 B. Applicants of 40,000 shares were allotted 20,000 shares
 C. Applicants of 2,000 shares were allotted nothing.
 Sunita who had applied for 1,500 shares in category A and Monika who was allotted 600 shares in category B failed to pay the allotment money. Calculate the amount received on allotment.
- 23 Food grain Ltd obtained a loan of ₹3,00,000 from Good Deal Bank. The company 3
 issued 4,000, 11% debenture of ₹100 each as a collateral security for the same. Show how these items will be presented in the Balance Sheet of the company.
- 24 Goodwill Ltd. Issued 50,000 shares of ₹10 each at par payable as ₹2 per share on 3
 application, ₹3 on allotment and ₹5 on first and final call. Applications were received for 80,000 shares. It was decided that
 (a) Refuse allotment to the applicants of 10,000 shares,
 (b) Allot 20,000 shares to Babita who had applied for a similar number, and
 (c) Allot the remaining shares on a pro-rata basis.
 Babita failed to pay the allotment money and Sangeeta who belonged to category (c) and was allotted 3,000 shares, paid call money with allotment. Calculate the amount received on allotment.
- 25 Spark Ltd. purchased machinery costing ₹10,00,000 from Space & Co. The 3
 company paid the price by issue of Equity Shares of ₹10 each at a premium of 25%. Pass necessary journal entries for the above transactions in the books of Spark Ltd.

- 26 Fusion Ltd. purchased 1,000, 9% Debentures of ₹100 each from the market at ₹97 each. The Debentures were redeemable at a premium of 5% after 7 years .The expenses in this regard is ₹500. Pass necessary journal entries for the above transaction in the books of Fusion Ltd 3
- 27 Rochak Ltd. invited applications for issuing 3,000, 9% Debenture of ₹100 each at a premium of ₹50 per Debenture. The full amount was payable on application. Applications were received for 4,000 Debentures. Applications for 1,000 debentures were rejected and application money was refunded. Debentures were allotted to the remaining applicants. Pass necessary Journal Entries for the above transactions in the books of Rochak Ltd. 3
- 28 Simple Ltd. purchased a piece of land for ₹3, 00,000 from Jaminwala & Sons ₹1,00,000 were paid by drawing a Promissory Note in favour of the vendor. The balance was paid by issue of Equity Shares of ₹10 each at a premium of 25%. Pass necessary Journal entries in the books of Simple Ltd. 3
- 29 Pass necessary Journal entries for the issue of Debentures in the following cases: 3
 a) ₹40,000, 15% Debentures of ₹100 each issued at par, redeemable at 10% premium.
 b) ₹90,000, 14% Debentures of ₹50 each issued at premium of 40% redeemable at par
- 30 Super star Ltd. invited applications for issuing 5,00,000 equity shares of ₹10 each at a premium of ₹5 per share. Because of favorable market conditions the issue was over-subscribed and applications for 15,00,000 shares were received. Suggest the alternative available to the Board of Directors for the allotment of shares. 3
- 31 Genesis Ltd. is registered with an authorized capital of ₹10,00,00,000 divided into 10,00,000 equity shares of ₹100 each. The company issued 1,00,000 shares for public subscription. A shareholder holding 100 shares, failed to pay the final call money of ₹20 per share. His shares were forfeited. 75 of the forfeited shares was re-issued at ₹90 per share as fully paid up. 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 3
- 32 Fair motive Ltd. is a company manufacturing woolen Shawls. Shawls of the company are exported to many countries. The company decided to distributed shawls free of cost to ten villages of Murshidabad district of West-Bengal where most of the people are very poor and. It also decided to employ 50 young unemployed person from these villages in their newly established factory at Farrakain west Bengal. To meet the requirements of funds for stating its new factory, the company issued 50,000 equity shares of ₹10 each and 2,000, 9% debenture of ₹100 each to the vendors of machinery purchased for ₹7,00,000. Pass necessary journal entries for the above transactions in the books of the company. Also identify any one value which the company wants to communicate to the society. 3
- 33 Cosmopolitan Ltd. was registered with an authorized capital of ₹50,00,000 divided into 50,000 equity shares of ₹100 each. Since economy was in robust shape, the company decided to offer to the public for subscription 30,000 equity shares of ₹100 each at a premium of ₹20 per share. Applications for 28,000 3

- shares were received and allotment was made to all the applicants. All calls were made and duly received except the final call of ₹20 per share on 200 shares.
- Show the 'Share Capital' in the Balance Sheet of Cosmopolitan Ltd as per Schedule III of the Companies Act. Also prepare Notes to Accounts for the same
- 34 Power Ltd. Had a prosperous shoe business. They were manufacturing shoes in India and export to Arabian Countries. Being a socially aware organization, they wanted to payback to the society. They decided to not only supply free shoes to 50 orphanages in various parts of the country but also give employment to children from those orphanages who were above 18 years of age. In order to meet the fund requirements, they decided to raise 50,000 equity shares of ₹ 50 each and 40,000, 8% Debentures of ₹100 each. Pass the necessary journal entries for issue of shares and debentures. Also identify one value which the company wants to communicate to the society. 3
- 35 Candid Ltd. was registered with an authorized capital of ₹4,00, 00,000 divided into equity shares of ₹100 each. The company offered for public subscription 3, 00,000 equity shares. The public applied for 2,80,000 shares and all were allotted. The company did not make the second and final call of ₹10 per share. The first call of ₹20 per share was not received on 1000 shares. Show the heading Share Capital in the Balance Sheet of the company as per Revised Schedule III Part I of the Companies Act 2013. 3
- 36 Cobal Ltd. had ₹10,00,000 8% Debentures due to be redeemed out of profits on 1st October 2015 at a premium of 5%. The company had a Debenture Redemption Reserve of ₹4,64,000. 4
Pass necessary journal entries at the time of redemption.
- 37 Pass necessary journal entries for the issue and redemption of Debentures in the following cases: 4
- (i) 15,000, 11 % Debentures of ₹250 each issued at 5 % premium, repayable at 15 % premium.
 - (ii) 2, 00,000, 12 % Debentures of ₹10 each issued at 8% premium, repayable at par.
- 38 Hologram Ltd. decided to redeem its 1250, 11% Debentures of ₹100 each. It purchased 850 Debentures from the open market at ₹96 per Debenture. The remaining Debentures were redeemed out of profit. The company has already made a provision for Debenture Redemption Reserve in its books. 4
Pass necessary Journal Entries in the books of the company for the above transaction.
- 39 The authorized capital of Gagan Ltd. Is ₹50,00,000 divided into 25,000 shares of ₹200 each. Out of these, the company issued 12,000 shares of ₹ 200 each at a premium of 10 %. The amount per share was payable as follows: ₹60 on application ₹60 on allotment (including premium) ₹30 on first call and Balance on final call. Public applied for 11,000 shares. All the money was duly received. 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. 4
- 40 Rose Ltd. Purchased a running business of Nandan & Co. for a sum of ₹22,00,000 by issuing 20000 fully paid equity shares of ₹100 each at a premium of 10 %. The assets and liabilities consisted of the following: 4
Machinery ₹7,00,000; Debt ₹2,50,000; Stock ₹5,00,000; Building ₹11,50,000 and Bills Payable ₹2,50,000. Pass necessary Journal Entries in the books of Rose Ltd for the above transactions.
- 41 On 1st April, 2015, Komal Ltd. Was formed with an authorized capital of ₹10, 4

- 00,000 divided into 1,00,000 equity shares of ₹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, ₹8 per share were called. Anuj holding 1,000 shares and Tanuj holding 2,000 shares did not pay the first call of ₹2 per share. Tanuj's shares were forfeited after the first call and later on 1,500 of the forfeited shares were re-issued at ₹6 per share, ₹8 called up. Show the following:
- (a) Share Capital in the Balance Sheet of Komal Ltd. as per revised Schedule III Part I of the Companies Act 2013.
- (b) Also prepare 'Notes to Accounts' for the same.
- 42 Pass necessary journal entries for the following transactions in the books of Swift Ltd. : 4
- (i) Purchased furniture for ₹2,50,000 from M/S Good Deal & Co. The payment to M/S Good Deal & Co was made by issuing equity shares of ₹10 each at a premium of 25%.
- (ii) Purchased a running business of Diganta & Sons for a sum of ₹15,00,000. The payment of ₹12,00,000 was made by issue of fully paid equity shares of ₹10 each and balance by a bank draft. The assets and liabilities consisted of the following: Plant ₹3,50,000; Stock ₹4,50,000; Land & Building ₹6,00,000; Sundry Creditors ₹1,00,000.
- 43 Pass necessary journal entries in the books of Varun Ltd. for the following transactions: 6
- (a) Issued 58,000, 9% Debentures of ₹1,000 each at a premium of 10%.
- (b) Purchased 350, 11% Debenture of ₹100 each purchased from open market at ₹96 each.
- (c) Redeemed 450 8 % Debentures of ₹500 each by draw a lots.
- 44 a) Lamp Ltd. took over assets of ₹9,40,000 and Liabilities of ₹1,40,000 of Komal & Co. at an agreed value of ₹7,80,000. Lamp Ltd. paid by issue of 11 % Debenture of ₹100 each at a premium of 20 %. Pass necessary journal entries to record the above transactions in the books of Lamp Ltd. 6
- b) Give journal entries in each of the following cases if the face value of a debenture is ₹100:
- (i) A debenture issued at ₹105 repayable at ₹100
- (ii) A debenture issued at ₹100 repayable at ₹105
- (iii) A debenture issued at ₹110 repayable at ₹105
- 45 Deluxe Ltd. on 1st April 2015 acquired assets of the value of ₹6,00,000 and liabilities worth ₹70,000 from Moti & Co. , at an agreed value of ₹5,50,000. Deluxe Ltd. issued 10 % Debentures of ₹100 each at a premium of 10 % in full satisfaction of purchase consideration. The Debentures were redeemable 3 years after 3 years later at a premium of 5%. 6
- Pass journal entries to record the above including redemption of debentures
- 46 On 1st January 2010 Dream Ltd. issued 15,000, 11% Debentures of ₹100 each at par which repayable at a premium of 15% on 31st December 2014. On the date of maturity, the company decided to redeem the above mentioned Debenture as per the terms of issue, out of profits. The Profit & Loss Account shows a credit balance of ₹20,00,000 on this date. The offer was accepted by all the Debenture-holders and all the debentures were redeemed. 6
- Pass the necessary journal entries in the books of the Company only for the redemption of Debentures, as per the Companies Act ,2013 guidelines.
- 47 Konkan Ltd. had an authorized capital of ₹10,00,00,000 divided into 10,00,000 equity shares of ₹100 each. The company had already issued 2,00,000 shares. 6

Dividend paid per share for the year ended 31st March 2010 was ₹30. The management decided to export its products to Arabian Countries. To meet the requirement of additional funds, the finance manager put up the following three alternate proposals before the Board of Directors:

- (i) Issue 47500 equity shares of ₹10 each at a premium of ₹100 per share.
- (ii) Obtain a long-term loan from bank which was available at 12 % per annum.
- (iii) Issue 11 % Debenture of ₹100 at par. After evaluating these alternatives the company decided to issue 1,00,000, 11% Debenture of ₹100 each on 1st April 2010.

These Debentures were redeemable in four installments starting from the end of third year, which was as follows:

Year	Amount (₹)
III	10,00,000
IV	20,00,000
V	30,00,000
VI	40,00,000

Prepare 11 % Debenture Account from 1st April 2010 till all the debentures were redeemed.

- 48 a) Rosni Ltd. has an equity share capital of ₹10,00,000. The company earns a return on investment of 15 % on its capital. The company needed funds for diversification. The finance Manager had the following options:
- (i) Borrow ₹5, 00,000 @ 15 % p.a from a bank payable in four equal quarterly installment starting from the end of the fifth year
 - (ii) Issue ₹5, 00,000; 11% Debentures of ₹100 each redeemable at a premium of 10 % after 5 years
 - (iii) Issue ₹5, 00,000 equity share of ₹10 each with a buy back scheme after five years. The dividend rate for last five years is 15%. To increase the return to the shareholders, the company opted for the alternative

Pass necessary journal entries for the chosen alternative.

- b) Dawn Ltd. issued ₹6,00,000; 9 % Debentures of ₹100 each redeemable after 3 years either by draw a lots or by purchase in the open market at the end of three years, finding the market price of debentures at ₹95 per debentures, it purchased all its debentures for immediate cancellation.

Pass necessary journal entries for cancellation of debentures assuming the company has sufficient balance in Debenture Redemption Reserve and necessary investment has been made in due course of time.

- 49 a) Arjun plastics Ltd. issued 5,000, 14% Debentures of ₹ 100 each at a discount of 5% on January 1, 2012. Interest on these debentures is payable annually on 31st December each year. The debentures are redeemable in five equal instalments. Prepare 14% Debentures Account, Discount on Issue of Debentures Account and Debenture redemption reserve account for the first year. 6
- b) White Ltd. issued ₹ 8,00,000, 8% Debentures of ₹ 100 each redeemable at a premium of 20%. According to the terms of redemption, the company redeemed 25% of the above debentures by converting them in to Equity shares of ₹ 100 each issued at a premium of 25%. Pass Journal entries regarding conversion of debentures.

- 50 On 1st April, 2016, Rohit Ltd. invited applications for 1,00,000 Equity shares @ ₹ 6

10 each at a premium of ₹ 2 per share payable as follows:-

On application	₹ 4 (including premium)
On allotment	₹ 3 (1-7-2016)
First Call	₹ 2 (1-10-2016)
Second and final call	₹ 3 (1-12-2016)

Applications received for 45,000 shares and these were allotted. A to whom 300 shares were allotted failed to pay allotment money and First Call money and paid his calls in arrear along with the Second and final call money. B to whom 200 shares were allotted paid the entire amount along with allotment money. Company charged interest on calls in arrear and allowed interest on calls in advance as per companies act guidelines.

Calculate Interest on calls in Arrear and Calls in advance and pass journal entries for the issue.

- 51 AB Ltd. invited applications for issuing 40,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share. The amount was payable as follows: 6

On Application ₹ 6 (including premium) and balance on Allotment.

Applications for 50,000 shares were received, Pro-rata allotment was made to all applicants' Excess money received on application was adjusted towards sums due on allotment.

A shareholder to whom 8,000 shares were allotted failed to pay the allotment money and therefore, his shares were forfeited. Later on 6,000 of the forfeited shares were re-issued for ₹ 50,000 as fully paid up.

Prepare cashbook and pass necessary journal entries the books of AB Ltd.

- 52 A limited company issued ₹ 1,00,000; 9% Debentures of ₹ 100 each at a discount of 6% on 1st April, 2016. These debentures are to be redeemed equally in 5 annual instalments starting from 31st March, 2017. Discount on Issue of Debentures is written off from Statement of Profit and Loss. Pass the Journal entries for Issue of Debentures and writing off the discount and prepare discount account till it is written off. 6

- 53 A company issued 9% Debentures of ₹ 10,00,000 at 8% discount, redeemable at par. The debentures are to be redeemed by drawings method in the following manner: 6

Year-end	Amount (Face Value) (₹)
2	1,00,000
3	2,00,000
4	3,00,000
5	4,00,000

Calculate the amount of discount on debentures to be written off each year and Pass the Journal entries for Issue of Debentures and writing off the discount and prepare discount account till it is written off.

- 54 On 1st April, 2014, Kohinoor Ltd. had issued 21,000, 10% Debentures of ₹ 100 each at a discount of 5% redeemable at a premium of 5% as follows: On 31st March, 2017 3,000 Debentures; On 31st March, 2018 5,000 Debentures; On 31st March, 2019 6,000 Debentures; On 31st March, 2020 7,000 Debentures. 6

How much loss will be written off each year by the company? Pass the Journal entries for Issue of Debentures and writing off the Loss on issue of debentures and prepare loss on issue of debentures account till it is written off.

- 55 A) On 1st June, 2015, R Energy Ltd. issued 10,000, 7% Debentures of ₹ 6

100 each at a discount of 10% redeemable at a premium of 10% at the end of five years All the debentures were subscribed and allotment was made. Loss on issue of Debentures is to be written off over the life of the debentures. Prepare the Balance Sheet (extract) as at 31st March, 2016 and 31st March, 2017 showing Loss on Issue of Debentures

B) Parvathy Ltd., engaged in the production of Ayurvedic products. The capital structure of the company is as follows.

1,00,000 equity shares of ₹100 each ₹1,00,00,000

50,000 nonconvertible 8% Debentures of ₹100 each ₹50,00,000

In order to expand the business activities, the company issued 25,000 8% Debentures of ₹100 each at par on 1st January 2016 which are convertible into equity shares of ₹100 each at a discount of 10%. The return on investment of the company is 10%.

Identify the values ignored at the time of issue of debentures

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Fill in the blanks from the following Journal entries and Narration			
<i>Particulars</i>		<i>Dr.</i>	<i>Cr.</i>
Bank a/c To Equity share application a/c [Application money received on 15,000 shares @ ₹,2 per share]	Dr.	?	?
Equity share application a/c To Equity share capital a/c To Bank a/c To Equity share allotment a/c (shares application money adjusted)	Dr.	?	? 6,000 4,000
Equity share Allotment a/c To Equity share capital a/c [Allotment money due on 10,000 shares @ ₹3 per share}	Dr.	?	?
Bank a/c Calls in arrear a/c To Equity share allotment a/c (Allotment money received except on 240 shares applied by Kumar)	Dr. Dr.	? ?	?
Equity share first call a/c To Equity share capital a/c [First call money due on 10,000 shares @ ₹3 per share]	Dr.	?	?
Bank a/c Calls in arrear A/c To Equity share First call a/c (First call money received except on 240 shares applied by Kumar)	Dr. Dr.	? ?	?
Equity share Second and Final Call a/c To Equity share capital a/c [Second call money due on 10,000 shares @ ₹2 per share]	Dr.	?	?
Bank a/c Calls in arrear a/c To Equity share second and Final cal a/c (Second and Final call money received except on 240 shares applied by Kumar)	Dr. Dr.	?	?

Share Capital A/c To Share Forfeited A/c To Calls in Arrear (Forfeited all shares of Mr. Kumar)	Dr.	?	?
Bank A/c Share forfeited A/c To Share Capital Reissued 100 forfeited shares of Mr. Kumar @ ₹9 per share fully Paid	Dr. Dr.	?	?
Share Forfeited A/c To Capital Reserve (Balance of share forfeited Account transferred to Capital Reserve A/c)	Dr.	?	?
57 Fill in the blanks from the following Journal entries and Narration			
<i>Particulars</i>		<i>Dr.</i>	<i>Cr.</i>
Bank a/c To Equity share application a/c [Application money received on 30,000 shares @ ₹,2 per share]	Dr.	?	?
Equity share application a/c To Equity share capital a/c To Bank a/c To Equity share allotment a/c (shares application money adjusted)	Dr.	?	? 12,000 8,000
Equity share Allotment a/c To Equity share capital a/c To Securities Premium Reserve A/c [Allotment money due on 20,000 shares @ ₹5 per share including premium ₹2 per share]	Dr.	?	? ?
Bank a/c Calls in arrear a/c To Equity share allotment a/c (Allotment money received except on 300 shares)	Dr. Dr	? ?	?
Equity share first call a/c To Equity share capital a/c [First call money due on 20,000 shares @ ₹3 per share]	Dr.	?	?
Bank a/c Calls in arrear a/c To Equity share First call a/c (First call money received except on 500 shares)	Dr. Dr	? ?	?
Equity share Second and Final call a/c To Equity share capital a/c [second call money due on 20,000 shares @ ₹2 per share]	Dr.	?	?
Bank a/c Calls in arrear a/c To Equity share second and Final cal a/c (Final call money received except on 500 shares)	Dr. Dr	?	?

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Share Capital A/c Securities Premium Reserve A/c To Share Forfeited A/c To Calls in Arrear (Forfeited all unpaid shares.)	Dr. Dr.	?	?
Bank A/c Share forfeited A/c To Share Capital Reissued all the forfeited shares @ ₹9 per share fully Paid	Dr. Dr.	?	?
Share Forfeited A/c To Capital Reserve (Balance of share forfeited Account transferred to Capital Reserve A/c)	Dr.	?	?
58 Fill in the blanks from the following Journal entries and Narration			
<i>Particulars</i>		<i>Dr.</i>	<i>Cr.</i>
Bank a/c To Equity share application a/c [Application money received on 90,000 shares @ ₹,3 per share]	Dr.	?	?
Equity share application a/c To Equity share capital a/c (shares application money adjusted)	Dr.	?	?
Equity share Allotment a/c To Equity share capital a/c [Allotment money due on 90,000 shares @ ₹4 per share }	Dr.	?	?
Bank a/c To Equity share allotment a/c (Allotment money received)	Dr.	?	?
Equity share first and Final call a/c To Equity share capital a/c [First call money due on 90,000 shares @ ₹3 per share]	Dr.	?	?
Bank a/c Calls in arrear A/c To Equity share First and Final call a/c (First and final call money received except on 500 shares)	Dr. Dr.	?	?
Share Capital A/c To Share Forfeited A/c To Calls in Arrear (Forfeited all unpaid shares.)	Dr	?	?
Bank A/c Share forfeited A/c To Share Capital Reissued 300 forfeited shares @ 8 per share fully Paid	Dr Dr	?	?
Share Forfeited A/c To Capital Reserve (Balance of share forfeited Account transferred to Capital Reserve A/c)	Dr	?	?

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59	Fill in the blanks from the following Journal entries and Narration.			6
	Share Capital A/c To Share Forfeited A/c To Share Allotment To Share First and Final Call A/c (Forfeited 300 Equity Shares @ ₹10 each issued at par for non-payment of allotment money ₹4 per share and First and Final Call ₹ 2 per share.)	Dr	?	? ? ?
	Bank A/c Share forfeited A/c To Share Capital (Reissued 200 of the forfeited shares @ ₹8 per share fully paid)	Dr	? ?	?
	Share Forfeited A/c To Capital Reserve (Balance of share forfeited Account transferred to Capital Reserve A/c)	Dr	?	?
	Share Capital A/c To Share Forfeited A/c To Share Allotment (Forfeited 400 Equity Shares @ ₹10 each issued at a discount of 10%, ₹6 called up for non-payment of allotment money ₹4 per share.)	Dr	?	? ?
	Bank A/c To Share Capital To Securities Premium Reserve A/c (Reissued 300 of the forfeited shares @ ₹8 per share.)	Dr	?	? ?
	Share Forfeited A/c To Capital Reserve (Balance of share forfeited Account transferred to Capital Reserve A/c)	Dr	?	?
60	a) Harini Ltd Purchased 800 12% Debentures@ ₹100 purchased from the open market @ ₹92 for immediate cancellation. The expenses for the purchase amounted to ₹100. Pass Journal entries. b) Nawaz Ltd Purchased ₹90,000 12% Debentures@ ₹100 purchased from the open market @ ₹ 90 for immediate cancellation. The expenses for the purchase amounted to ₹1,000. Pass Journal entries.			6
61	a) Siddant Ltd Purchased 8,000 12% Debentures@ ₹100 from the open market @ ₹95 for investment purpose. Later Company sold all these debentures @ ₹110. Pass Journal entries b) Hetsree Ltd Purchased 5,000 12% Debentures@ ₹100 from the open market @ ₹94 for investment purpose. Later Company cancelled all these debentures. Pass Journal entries.			6
62	SUFIAN Limited invited application for issuing 60,000 shares of ₹ 10 each at par. The amount was payable as follows: On Application ₹ 2 per share On Allotment ₹ 3 per share On First and Final Call ₹ 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%			6

iii) To applicants for 2,000 Shares – Nil

₹1,08,000 was realized on account of allotment (excluding the amount carried from application money and ₹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 Sufian Limited to record the above transactions.

- 63 Following are the Journal entries extracted from the books of Kings Ltd. as on. 6
You are required to fill in the missing figure:- (ignore Interest and Taxes)

Date	Particulars	Dr.	Cr.
2016 31 st March	8% Debenture a/c Dr. To ----- (Being 5000 8% Debentures, including 1000 convertible Debentures, due for redemption)	5,00,000	5,00,000
2016 31 st March	Debenture Holders a/c Dr. To Share Capital To ----- (Being Convertible Debentures converted into Equity shares of ₹100 each, issued at a premium of ₹25.)	1,00,000	----- -----
2016 31 st March	----- Dr. To Debenture Redemption Investments (Being DRI encashed at par, before the redemption of Non- Convertible Debentures.)	-----	-----
2016 31 st March	Debenture Holder a/c Dr. To ----- (Being remaining Debenture holders' dues paid off)	-----	-----
2016 31 st March	DRR a/c Dr. To ----- (Being DRR a/c closed as all the debentures have been redeemed)	-----	-----

- 64 Random Ltd. invited applications for issuing 70,000 Equity shares of ₹10 each at a premium of ₹35 per share .The amount was payable as follows: 8

On Application ₹15 (including ₹12 premium)

On Allotment ₹10 (including ₹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, Rashmi, who was allotted 2000 shares, failed to pay the allotment money. Her shares were forfeited immediately after allotment. Afterwards, the first & final call was made. Sita, who had 3000 shares, failed to pay the first & final call .Her shares were also forfeited. Out of the forfeited shares, 4000 shares were re-issued at ₹50 per share fully paid up. The re-issued shares included all the shares of Rashmi.

Pass necessary Journal Entries for the above transactions in the books of Random Ltd.

- 65 Ashirbad Ltd, invited application for issuing ₹75,000 Equity Shares of ₹10 each at par. The amount was payable as follows: 8

On application ₹2 per share.

On Allotment ₹3 per share

On First and Final Call-Balance.

Applications for 1,50,000 shares were received. Applications for 25,000 shares were rejected and application money of these applicants was refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with these applicants was adjusted towards sums due on allotment. Siyaram, who had applied for 1250 shares, failed to pay allotment and first and final call money. Mayadhar did not pay the first and final call on his shares. All these shares were forfeited and later on 1000 of these shares were re-issued at ₹17 per share fully paid-up. The re-issued shares included all the shares of Siyaram.

Pass the necessary Journal Entries in the books of Ashirbad Ltd for the above transactions

- 66 Holistic Ltd. issued for public subscription 1, 50,000 shares of the value ₹100 each at a premium of 10 % payable per share as follows: 8

₹25 on application, ₹45 on allotment and ₹40 on call.

The company received applications for 3, 00,000 shares. The allotment was done as under:

- (a) Applicants of 30,000 shares were allotted 10,000 shares.
- (b) Applicants of 1, 40,000 shares were allotted 80,000 shares.
- (c) Remaining applicants were allotted the balance shares.

After adjusting excess money in allotment, the money was returned. Hemant, a shareholder who had applied for 7,000 shares of group (b), failed to pay allotment and call money. Nishant, another shareholder who was allotted 6,000 shares, paid the call money along with the allotment. Nishant also belong to group (b).

Pass necessary Journal entries to record the above transactions in the books of the company. Show your working notes clearly

- 67 Record the journal entries for forfeiture and reissue in the following cases: 8

- a. Xylem Ltd. forfeited 200 shares of ₹ 100 each, ₹ 70 called up, on which the shareholders had paid application and allotment money of ₹50 per share. Out of these, 150 shares were re-issued to Surinder as ₹70 paid up for ₹80 per share.
- b. Yok Ltd forfeited 180 shares of ₹10 each, ₹8 called up, issued at a premium of ₹2 per share to Farhan for nonpayment of allotment money of ₹5 per share (including premium). Out of these, 160 shares were re-issued to Govind as ₹8 called up for ₹10 per share fully paid up.
- c. Zeal Ltd. Forfeited 30 shares of ₹100 each issued at par for non-payment of first and final call money of ₹30 per share. Out of these 20 shares were re-issued at ₹30 per share fully paid up.

- 68 Sankalp Ltd. invited applications for issuing 75,000 equity shares of ₹10 each at a premium of ₹5 per share. The amount was payable as follows: 8

On application and allotment- ₹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 Hitesh. His shares were forfeited. The forfeited shares were re-issued at a discount of ₹4 per share. Pass necessary journal entries for the above transactions in the books of Sankalp Ltd

- 69 Yamuna Ltd. invited applications for issuing 80,000 equity shares of ₹10 each at 8
par. The amount was payable as follows:
On application and allotment-₹4.50 per share (including premium)
On first and final call-the balance amount.
Applications for 2, 00,000 shares were received .Applications for 40,000 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 1,600 shares applied by Dhiraj .His shares were forfeited.
The forfeited shares were re-issued at the maximum discount permissible under
the law.
Pass necessary journal entries for the above transactions in the books of
Yamuna Ltd
- 70 Best Deal Ltd. invited applications for issuing 1, 00,000 equity shares of ₹10 each 8
at a premium of ₹10 per share. The amount was payable as follows:
On application-₹ 14 per share (including ₹5 premium)
On allotment-the balance amount.
The issue was fully subscribed. A shareholder holding 300 shares paid the full
shares 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 ₹4,000 as fully paid up.
Pass necessary journal entries for the above transactions in the books of Best
Deal Ltd
- 71 ZX Limited invited applications for issuing 5,00,000 Equity shares of ₹ 10 each 8
payable at a premium of ₹ 10 each payable with Final call. Amount per share was
payable as follows:
- | | | |
|------------------------|---|---------|
| | ₹ | |
| On Application | 2 | |
| On Allotment | 3 | |
| On First Call | 2 | |
| On Second & 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 whom 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 ₹ 10 per share as fully paid up.
Assuming that the company maintains "Calls in Advance Account" and "Calls in
Arrears Account", Pass necessary Journal entries for the above transactions in
the books of ZX Limited.
- 72 a) AX Limited forfeited 6,000 shares of ₹ 10 each for non-payment of First call 8
of ₹ 2 per share. The Final call of ₹ 3 per share was yet to be made. The
Final call was made after Forfeited of these shares. Of the forfeited shares,
4,000 shares were reissued at ₹ 9 per share as fully paid up. Assuming that
the company maintains 'Calls in Advance Account' and 'Calls in Arrears

- Account', prepare "Share Forfeited Account" in the books of AX Limited.
- b) BG Limited issued 2,00,000 equity shares of ₹ 20 each at a premium of ₹ 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 ₹ 7 per share (including premium) and on his failure to pay 'First & Final Call' of ₹ 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 Forfeited and reissue of Deepak's shares in the books of BG Limited. The company maintains 'Calls in Arrears' Account'.
- c) ML Limited forfeited 1,200 shares of ₹ 10 each allotted to Ravi for Non-payment of 'Second & Final Call' of ₹ 5 per share (including premium of ₹ 2 per share). The forfeited shares were reissued for ₹ 10,800 as fully paid up. Pass necessary Journal entries for reissue of shares in the books of ML Limited.
