



INDIAN SCHOOL MUSCAT
Senior Section
Department of Commerce and Humanities

Class : XII

Practice Worksheet-No 6 :
ACCOUNTING FOR SHARE CAPITAL

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VERY SHORT ANSWER TYPE QUESTIONS[1 MARK]

- Q.1 What is meant by issue of shares at premium?
- Q.2 What is meant by over-subscription? What options does a Company have to deal with over- subscription?
- Q.3 Equity shareholders are ;
(a) Creditors (b) Owners c) Customers of the company (d) None of these
- Q.4 A company issued 25,000 shares and received applications for 35,000 shares . Company wants to allot shares to everyone who has applied. What will be the ratio for allotment
(a) 6:7 (b) 7:5 (c) 5:7 (d)7:6
- Q.5 In a Public Company the maximum number of members is :
(a) 50 (b) 1000 (c) 20 (d)Upto number of shares
- Q.6. Premium received on issue of shares at :
(a) Liabilities side (b) Assets side
(c) Credit side of profit and loss A/c (d)Debit side of profit and loss A/c
- Q.7 Which amongst the following shares confer voting rights on its holders ?
(a) Equity share (b) Redeemable preferences shares
(c) participatory preference shares (d) None of these
- Q.8 A Company forfeited 60 shares of ₹ ₹ 10 each ₹ 8 per share called up on which X had paid application and Allotment money of ₹ 6 per share. Shares forfeiture a/c will be credited by the amount
a) 160 b) 480 c) 360 d) 200
- Q.9 **Match Part – A with Part –B**
- | Part -A | Part-B |
|------------------------------------|--|
| (i)Essential features of a company | a) Basic discount |
| (ii) Private company | b) Restrict the right of transfer of shares |
| (iii) Memorandum of Association | c) Atleast 51% shares on paid up capital with Govt |
| (iv) Govt. Company | d) Underwriting commission |
| v) Company's Preliminary Expense | e) Limited liability |
- Q.10 True or False Type Questions(state true or false)
1. Issued capital can be less than called up capital
 2. Share of a company asset is moveable

3. Promoters are the owners of the company.
4. Capital reserve is made out of capital profits.
5. Ltd. Word is used for private companies.

Fill in the blanks.

Q11. Upon forfeiture of shares, share capital account is debited by

- a) The profit made on reissue of shares is transferred to
- b) When shares are forfeited, Calls – in- arrear Account is.....
- c) If a share ₹ 50 on which ₹ 40 has been called up and ₹ 30 is paid is forfeited, the capital account should be debited with.....
- d) If shares were issued at premium and such premium has been received then on forfeiture such premium is.....

SHORT ANSWER TYPE QUESTIONS [3/4 MARKS]

Q.12. What is the difference between capital reserve and reserve capital?

Q.13 State the provisions of section 52 of companies' act 2013.

OR

How security premium can be utilized by the company?

Q.14 ABC Ltd. issue 10,000 equity shares of ₹ 100 each, payable as ₹ 30 on application, ₹ 40 on allotment and ₹ 30 on first and final call.

Pass necessary journal entries.

Q.15 AB Ltd issues 5,00,000 equity shares of ₹ 10 each at 20% premium, payable as ₹ 3 on Application, ₹ 4 on allotment, ₹2 on first call and balance on final call.

Applications received for 6,00,000 Equity shares, 40,000 applicants rejected and rest allotted proportionately. All the calls were made and duly received. Pass necessary journal entries

Q.16 XY Ltd purchased Land of ₹ 8,00,000 and Machinery of ₹3,00,000 from PQ Ltd. Purchase consideration satisfied by issue of equity shares of ₹ 100 each. Pass necessary journal entries for above transactions.

Q.17 MN Ltd. purchased Land of ₹ 19, 00,000, Plant and Machinery of ₹ 6,00,000 and also acquired creditors of ₹ 3,00,000. Purchase consideration settled by issue of Equity shares of ₹100 each at 10% premium. Pass necessary journal entries

Q.18 Pass necessary Journal entries for the following transaction in the books of Sachin Ltd. Sachin Ltd. purchased a running business from Deepak Ltd. for a sum of ₹3,00,000 payable as ₹2,50,000 in fully paid Equity shares and balance by a bank draft. The assets and liabilities consisted of the following :- Plant and Machinery ₹72,000; Building ₹80,000; Sundry Debtors ₹ 38,000; Stock ₹ 60,000; Sundry Creditors ₹40,000.

- Q.19** 100 shares of Rs 10 each (₹ 8 called up) cancelled as shareholder failed to pay first call of ₹ 3. All the shares reissued for ₹ 7 per share as fully paid up. Pass entries for forfeiture and re-issue of shares.
- Q.20** Pass journal entries for the forfeiture and re-issue in the following cases:-
- a) Z Limited forfeited 800 shares of Ashok of ₹ 10 each fully paid called up due to non-payment of Final Call of ₹ 3 per share. All these shares were re-issued to Mohan for ₹ 8 per share as fully paid up.
- b) K Limited forfeited 80 shares of ₹ 100 each due to non-payment of First Call of ₹ 20 per share. Second and Final Call of ₹ 30 has not been yet called. Out of these 24 shares were re-issued for ₹ 60 per share
- Q.21** 80 shares of ₹ 10 each, cancelled due to nonpayment of final call of ₹ 3. All the shares reissued at ₹ 12 per share. Pass entries for forfeiture and re-issue.
- Q.22** Axis Ltd. issues 60,000 Equity shares of ₹ 100 each at 10% premium, payable as follows:
Application ₹ 20, Allotment ₹ 30, First call ₹ 30, second call - balance Issue was oversubscribed by 40,000 shares. 20,000 applications rejected and rest allotted proportionately. All installments were duly received, except call money on 200 shares. Pass necessary journal entries.

Q.23 On 1st April 2012 Ashwin Ltd. was formed with an authorized capital of ₹ 10,00,000 divided into 20,000 equity shares of ₹ 50 each. The company issued prospectus inviting applications for 8,000 shares. The issue price was payable as under: On application: ₹ 20. On allotment: ₹ 20 On call: balance amount. The issue was fully subscribed and the company allotted shares to all the applicants. The company did not make the call during the year, Chahal having 1,000 shares didn't pay the allotment.

Show the following:

- (a) Share capital in the balance sheet of the company as per schedule III, part of the Companies Act, 2013.
- (b) Also prepare notes of accounts for the same.

LONG ANSWER TYPE QUESTIONS [8 MARKS]

Q.24. A Ltd invited applications for issuing 1,50,000 equity 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 balance.

Applications for ₹ 3,00,000 shares were received.

Applications for 50,000 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 sum due on allotment. Neha who had applied for 2,500 shares, failed to pay the allotment and first and final call money. Hemant did not pay the first and final call money on his 2000 shares. All these shares were forfeited and later on 2000 of these shares were reissued at ₹ 17 per share fully paid up. The reissue shares included all the shares of Neha. Pass the necessary journal entries in the books of A Ltd. for the above transactions.

Q.25. Jk.ltd invited application for issuing 70,000 equity shares of ₹10 each at a premium of ₹2 per share the amount was payable as follows:

On application ₹3 per share

On allotment ₹4(including premium ₹2

On first and final call balance

Applications for 65,000 shares were received and allotment was made to all the applicants .A shareholder Ram who was allotted 2000 shares failed to pay the allotment money. His shares were forfeited immediately after the allotment.Afterwards the first and final call was made. Soham who had 3,000 shares failed to pay the first and final call his shares were also forfeited.Out of forfeited shares 4,000 were reissued at ₹20 per share fully paid up.The reissued share included all the shares of Ram. Pass the necessary journal entries for the above transactions in the book of JK.ltd .

Q. 26 Garima Limited issued a prospectus inviting applications for 3,000 shares of ₹ 100 each at a premium of ₹20 payable as follows:

On Application ₹20 per share

On Allotment ₹50 per share (Including premium)

On First call ₹20 per share

On Second call ₹30 per share

Applications were received for 4,000 shares and allotments made on prorata basis to the applicants of 3,600 shares, the remaining applications being rejected, money received on application was adjusted on account of sums due on allotment. Renuka whom 360 shares were allotted failed to pay allotment money and calls money, and her shares were forfeited. Kanika, the applicant of 200 shares failed to pay the two calls, her shares were also forfeited. All these shares were sold to Naman as fully paid for ₹80 per share. Show the journal entries in the books of the company.

Q.27. Raja Ltd. Invited applications for 1,00,000 equity shares of ₹ 10 each . The shares were issued at a premium of ₹ 5 per share. The amount was payable as follows. On application and allotment ₹ 8 per share (including premium ₹ 3 The balance including premium on the first and final call.

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

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

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

(iii) P, who belonged to the first category and was allotted 300 shares, failed to pay first call money. Q, who belonged to the second category and was allotted 200 shares, also failed to pay the first call money. Their shares were forfeited. The forfeited shares were re-issued@ ₹ 12 per share fully paid – up . Pass necessary journal entries and prepare cash book .

Q.28. on 1st June , 2019, Kartik Ltd. Offered for subscription 50,000 equity shares of ₹ 100 each at a premium of ₹ 20 per share payable as given below

On application ₹ 20 per share, on allotment (Including premium) ₹ 50 per share and two month after allotment ₹ 50 per share.

Application were received for 84,000 shares. On 1st July, 2019 , the Directors processed to allot shares proportionately . Of these, application for 4,500 shares were accompanied with full amount and hence, were accepted in full and the balance allotment was made on pro-rata basis.

Excess amount paid by applicants was utilized towards allotment and call money due from them.

One of the applicants to whom 300 shares were allotted proportionately, failed to pay the call money.

His shares were forfeited on 30th November, 2019 and subsequently issued @ ₹ 130 per share.

Record entries relating to these transactions in the journal of the company.

Q.29 Candid Ltd. Invited applications for issuing 75,000 equity shares of ₹ 100 each at a premium of ₹ 30 per share . the amount was payable as follows .

On application and allotment ₹ – ₹ 85 per share (including premium)

On first and final call- the balance account .

Applications for 1,27,500 shares were received . Applications for 27,500 shares were rejected and shares were allotted on prorata basis to the remaining applicants.

Excess money received on application and allotment was adjusted towards sum due on first and final call. The calls were made. A shareholder, who applied for 1,000 shares, failed to pay the first and final call money . His shares were forfeited . All the forfeited shares were re- issued at ₹ 150 per share fully paid –up.

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

Q.30. The Director of X Ltd. issued for public subscription 50,000 equity shares of ₹ 10 each at ₹ 12 per share payable as to ₹ 5 on application (including premium), ₹ 4 on allotment and the balance on call. Applications for 70,000 shares were received. Of the cash received ₹ 40,000 was returned and ₹60,000 was applied to the amount due on allotment, All the shareholders paid the call due with the exception of an allottee of 500 shares. These shares were forfeited and reissued as fully paid at ₹ 8 per share.

The company, as a matter of policy, does not maintain a calls-in-arrears account.

Give journal entries to record these transactions in the books of X. Ltd.

Q.31. Sunrise Company Limited offered for public subscription 10,000 shares of ₹10 each at ₹ 11 per share. Money was payable as follows:

₹ 3 on application

₹ 4 on allotment (including premium)

₹ 4 on first and final call.

Applications were received for 12,000 shares and the directors made prorata allotment.

Mr. Ahmad, an applicant for 120 shares, could not pay the allotment and call money, and Mr. Basu, a holder of 200 shares, failed to pay the call. All these shares were forfeited. Out of the forfeited shares, 150 shares (the whole of Mr. Ahmad's shares being included) were issued at ₹ 8 per share fully paid-up.

Prepare Cash Book, Shares Capital Account and Share Forfeiture Account.

Q.32. A Ltd. Invited applications for issuing 1,00,000 shares of ₹10 each at a premium of ₹ 1 per share . The amount was payable as follows

- On application ₹ 3 per share
- On allotment ₹ 3 per share (including premium)
- On first call ₹ 3 per share
- On second and final call Balance amount

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

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

Excess money paid on application is to be adjusted against the amount due on allotment and call. Rishabh , a shareholder, who applied for 1,500 shares and belonged to category (ii) , did not pay allotment, first and second and final call money , Another shareholder, Sudha , who applied for 1,800 shares and belonged to category (i), did not pay the first and second and final call money.

All the shares of Rishabh and Sudha were forfeited and were subsequently re- issued at ₹ 7 per share fully paid.

Pass the necessary journal entries in the books of A Ltd. Open calls -in-arrears account and calls-in-advance account wherever required.
