



1. (d) The amount which is stated in the capital clause of the Memorandum of Association as the Share Capital.
2. (d) Capital that a company has issued for subscription.
3. (c) It can be called-up in the event and for the purpose of the company being wound-up.
4. (d) Dr. Balance in the Share Allotment A/c.
5. (c) called-up capital of shares forfeited; amount received on shares forfeited.
6. (d) Capital Reserve.
7. (c) Private placement of shares.
8. (b) credited to Calls-in-Advance Account.
9. (c) (ii), (i), (iii), (iv).
10. (c) (ii) and (iii) both.
11. (a) Issue of partly paid bonus shares.
12. (b) Goodwill Account.
13. (c) ₹ 9,000.
14. (c) Debited with ₹ 200.
15. (b) Credited with ₹ 1,600.
16. (b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
17. (b) ₹ 3,500.
18. (b) ₹ 200.

Working Note:

	₹
(a) Application money received from Raj on shares applied (48 × ₹ 6)	= 288
(b) Application money due on shares allotted (40 × ₹ 6)	= 240
(c) Excess application money adjusted on allotment (a – b)	= <u>48*</u>

*Out of this, ₹ 40 is adjusted as part of capital at the time of allotment, ₹ 8 is adjusted as part of securities premium.

Amount to be credited to forfeited Shares** = ₹ 160(40 × ₹ 4) + ₹ 40 = ₹ 200

**With the amount received excluding Securities Premium, if any, already received.

19. AN EXTRACT OF BALANCE SHEET OF MADHUR LTD.

as at ...

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	41,24,000

Note to Accounts

1. Share Capital		₹
Authorised Capital		
8,00,000 Equity Shares of ₹ 10 each		80,00,000
Issued Capital		
5,15,000 Equity Shares of ₹ 10 each		51,50,000
Subscribed Capital		
Subscribed and Fully Paid-up		
15,000 Equity Shares of ₹ 10 each		1,50,000
<i>(Allotted as fully paid-up pursuant to a contract without payment being received in cash)</i>		
Subscribed but not Fully Paid-up		
4,96,000 Equity Shares of ₹ 10 each, ₹ 8 per share called-up	39,68,000	
Less: Calls-in-Arrears (1,000 × ₹ 2)	2,000	39,66,000
Forfeited Shares A/c (4,000 × ₹ 2)		8,000
		41,24,000

Note: Reserve Capital is ₹ 2 per share, totalling to ₹ 9,92,000.

20. JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Share Capital A/c ...Dr.		8,000	
	To Forfeited Shares A/c			3,000
	To Shares Allotment A/c			2,000
	To Shares First Call A/c			3,000
	<i>(Forfeiture of 1,000 shares of ₹ 10 each, ₹ 8 called-up, on which allotment money of ₹ 2 and first call of ₹ 3 has not been received)</i>			
(ii)	Bank A/c ...Dr.		11,000	
	To Share Capital A/c			10,000
	To Securities Premium A/c			1,000
	<i>(Reissue of 1,000 forfeited shares fully paid-up at ₹ 11 per share)</i>			
(iii)	Forfeited Shares A/c ...Dr.		3,000	
	To Capital Reserve A/c			3,000
	<i>(Gain on the reissue of shares transferred to Capital Reserve Account)</i>			

Working Notes:

- Amount of Share Capital Account to be debited = No. of shares forfeited × Amount Called-up
= 1,000 × ₹ 8 = ₹ 8,000
- Amount of Forfeited Shares Account to be credited = Amount called-up – Amount not received on call
= ₹ 8,000 – (₹ 2,000 + ₹ 3,000) = ₹ 3,000
- Securities Premium Account to be credited = Amount received on reissue – Nominal value of shares
= ₹ 11,000 – ₹ 10,000 = ₹ 1,000.

21.

Particulars	₹
Total Allotment money due (60,000 shares × ₹ 5 per share)	3,00,000
Less: Excess Application money adjusted on Allotment (WN 1)	1,20,000
	1,80,000
Less: Allotment money not paid by Rajan and Rajiv (WN 2)	3,400
Amount received on Allotment	1,76,600

Working Notes:

1. Excess Application money adjusted on Allotment:	₹
Category (i) (60,000 shares – 30,000 shares) × ₹ 3 per share	90,000
Category (ii) (40,000 shares – 30,000 shares) × ₹ 3 per share	30,000
	<u>1,20,000</u>

2. Calculation of Allotment money not paid by Rajan and Rajiv:

(i) Calculation of No. of Shares Allotted to Rajan = $\frac{30,000}{60,000} \times 1,000 = \mathbf{500 \text{ shares.}}$

(ii) Calculation of No. of Shares Applied by Rajiv = $\frac{40,000}{30,000} \times 600 = \mathbf{800 \text{ shares.}}$

(iii) Calculation of Allotment money not paid by Rajan and Rajiv:

Particulars	Rajan (₹)	Rajiv (₹)
Allotment money due	500 × ₹ 5 = ₹ 2,500	600 × ₹ 5 = ₹ 3,000
Less: Excess Application money	[(1,000 – 500) × 3] = ₹ 1,500	[(800 – 600) × 3] = ₹ 600
Allotment money not paid	<u>₹ 1,000</u>	<u>₹ 2,400</u>

Total Allotment money not received from Rajan and Rajiv = ₹ 1,000 + ₹ 2,400 = ₹ **3,400**.

22. (a)

In the Books of Hina Ltd.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Share Capital A/c ...Dr.		50,000	
	To Shares Forfeited A/c			18,000
	To Calls-in-Arrears A/c (WN)			32,000
	(5,000 shares forfeited for non-payment of allotment and call money)			
(ii)	Bank A/c ...Dr.		36,000	
	To Share Capital A/c			30,000
	To Securities Premium A/c			6,000
	(3,000 shares re-issued @ ₹ 12 per share)			
(iii)	Shares Forfeited A/c ...Dr.		10,800	
	To Capital Reserve A/c			10,800
	(Gain on re-issue of forfeited shares transferred to capital reserve)			

Working Note:

Calculation of Calls-in-Arrears from Rahul:	₹
Allotment money due on 5,000 shares	= 25,000
Less: Excess Application Money already paid (1,000 × ₹ 3)	= 3,000
Unpaid Allotment Money	= 22,000
Add: Amount of First and Final Call Not Paid	= 10,000
Total Calls-in-Arrears	= <u>32,000</u>

(b)

In the Books of Hans Ltd.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c ...Dr.		21,000	
	To Shares Forfeited A/c			15,000
	To Calls-in-Arrears A/c			6,000
	(3,000 shares forfeited for non-payment of first call money)			
	Bank A/c ...Dr.		20,000	
	To Share Capital A/c			20,000
	(2,000 shares re-issued @ ₹ 10 per share)			
	Shares Forfeited A/c ...Dr.		10,000	
	To Capital Reserve A/c			10,000
	(Gain on re-issue of forfeited shares transferred to capital reserve) (Note)			

Note: Amount forfeited on 2,000 shares (excluding premium) = 2,000 × ₹ 5 = ₹ 10,000.**23.****In the books of Petromax Ltd.**

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c (1,50,000 × ₹ 40) ...Dr.		60,00,000	
	To Equity Shares Application and Allotment A/c			60,00,000
	(Application money received on 1,50,000 shares)			
	Equity Shares Application and Allotment A/c ...Dr.		60,00,000	
	To Equity Share Capital A/c (75,000 × ₹ 40)			30,00,000
	To Calls-in-Advance A/c (25,000 × ₹ 40)			10,00,000
	To Bank A/c (50,000 × ₹ 40)			20,00,000
	(Application money adjusted and surplus refunded)			
	Equity Shares First and Final Call A/c ...Dr.		45,00,000	
	To Equity Share Capital A/c (75,000 × ₹ 35)			26,25,000
	To Securities Premium A/c (75,000 × ₹ 25)			18,75,000
	(Allotment money due)			

Bank A/c	...Dr.	33,60,000	
Calls-in-Advance A/c	...Dr.	10,00,000	
Calls-in-Arrears A/c (WN 1, 2 and 3)	...Dr.	1,40,000	
To Equity Shares First and Final Call A/c			45,00,000
(First and final call money received except on 3,000 equity shares)			
<i>Or</i>			
Bank A/c	...Dr.	33,60,000	
Calls-in-Advance A/c	...Dr.	10,00,000	
To Equity Share First and Final call A/c			43,60,000
(First and final call money received except on 3,000 equity shares)			
Equity Share Capital A/c (3,000 × ₹ 75)	...Dr.	2,25,000	
Securities Premium A/c (3,000 × ₹ 25)	...Dr.	75,000	
To Forfeited Shares A/c			1,60,000
To Calls-in-Arrears A/c			1,40,000
<i>Or</i>			
To Equity Shares First and Final Call A/c			
(3,000 equity shares forfeited of ₹ 75 each for non-payment of call money)			

Working Notes:

1. (i) No. of shares applied by Rajan = $\frac{1,00,000}{75,000} \times 1,500 = 2,000$ shares.

(ii) No. of shares allotted to Sajan = $\frac{75,000}{1,00,000} \times 2,000 = 1,500$ shares.

(iii) Total No. of shares allotted to Rajan and Sajan = 1,500 + 1,500 = 3,000 shares.

2. Amount due but not received on First and Final Call from Rajan:	₹
Application and Allotment money received on shares applied (2,000 × ₹ 40)	80,000
Less: Application and Allotment money due on shares allotted (1,500 × ₹ 40)	60,000
Excess Application and Allotment money adjusted on Call	<u>20,000</u>
First and Final Call due but not received (1,500 × ₹ 60) – ₹ 20,000 = ₹ 70,000*.	

3. Amount due but not received on First and Final Call from Sajan:	₹
Application and Allotment money received on shares applied (2,000 × ₹ 40)	80,000
Less: Application and Allotment money due on shares allotted (1,500 × ₹ 40)	60,000
Excess Application and Allotment money adjusted on Call	<u>20,000</u>
First and Final Call due but not received (1,500 × ₹ 60) – ₹ 20,000 = ₹ 70,000*.	

*Total Calls-in-Arrears = ₹ 70,000 + ₹ 70,000 = ₹ 1,40,000.

24.

JOURNAL OF ARTI LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c (9,000 × ₹ 10) ...Dr.		90,000	
	To Forfeited Shares A/c			63,000
	To Shares First and Final Call A/c (9,000 × ₹ 3)			27,000
	(9,000 shares forfeited for non-payment of first and final call of ₹ 3 per share)			
	Bank A/c (6,000 × ₹ 9) (WN) ...Dr.		54,000	
	Forfeited Shares A/c ...Dr.		6,000	
	To Share Capital A/c (6,000 × ₹ 10)			60,000
	(6,000 shares reissued for ₹ 54,000, i.e., @ ₹ 9 per share)			
	Forfeited Shares A/c ...Dr.		36,000	
	To Capital Reserve A/c			36,000
	(Gain on reissue transferred to Capital Reserve being the amount forfeited on 6,000 shares)			

Working Note:

Amount forfeited on 6,000 shares (6,000 × ₹ 7) = ₹ 42,000

Less: Amount transferred to Capital Reserve = ₹ 36,000

Loss/Discount on Reissue of 6,000 shares = ₹ 6,000

Loss on Reissue per share = ₹ 1, So, forfeited shares are reissued at ₹ 9 per share, i.e., ₹ 10 – ₹ 1.

Or

JOURNAL OF METALIC LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c (3,00,000 × ₹ 2) ...Dr.		6,00,000	
	To Equity Shares Application A/c			6,00,000
	(Application money received)			
	Equity Shares Application A/c ...Dr.		6,00,000	
	To Equity Share Capital A/c (1,00,000 × ₹ 2)			2,00,000
	To Equity Shares Allotment A/c (1,00,000 × ₹ 3)			3,00,000
	To Bank A/c			1,00,000
	(Application money adjusted and the balance refunded)			
	Equity Shares Allotment A/c ...Dr.		3,00,000	
	To Equity Share Capital A/c			3,00,000
	(Allotment money due)			
	Equity Shares First and Final Call A/c (1,00,000 × ₹ 5) ...Dr.		5,00,000	
	To Equity Share Capital A/c			5,00,000
	(First and final call due)			

Bank A/c	...Dr.	4,95,000	
Calls-in-Arrears A/c	...Dr.	5,000	
To Equity Shares First and Final Call A/c			5,00,000
(Call money received except on 1,000 shares)			
Equity Share Capital A/c	...Dr.	10,000	
To Forfeited Shares A/c			5,000
To Calls-in-Arrears A/c			5,000
(6,000 shares forfeited for non payment of call money)			
Bank A/c	...Dr.	8,000	
Forfeited Shares A/c	...Dr.	2,000	
To Equity Share Capital A/c			10,000
(1,000 shares reissued @ ₹ 8 per share)			
Forfeited Shares A/c	...Dr.	3,000	
To Capital Reserve A/c (₹ 5,000 – ₹ 2,000)			3,000
(Gain on reissue transferred to Capital Reserve)			

Note: No. of shares allotted to Mohan = $\frac{1,00,000}{3,00,000} \times 3,000 = 1,000$ shares.

25. (A) (a) 16,000.

Notes:

- Applications rejected for 4,000 shares, i.e., ₹ 2,00,000/₹ 50.
- Excess application money adjusted on share allotment = 80,000 – 60,000 – 4,000 = 16,000 shares.

(B) (b) ₹ 15,00,000.

Note: 15,000 × ₹ 100 = ₹ 15,00,000.

(C) (c) ₹ 10,50,000.

Note: No. of forfeited shares × Amount paid per share
= 15,000 × ₹ 70 = ₹ 10,50,000.

(D) (b) ₹ 3,60,000 (12,000 × ₹ 30).

(E) (b) ₹ 8,40,000, i.e., 12,000 (i.e., 80% of 15,000) × ₹ 70.

(F) (c) ₹ 4,80,000.

Working Note:

Calculation of Amount transferred to Capital Reserve:	₹
Amount forfeited on reissued shares (12,000 × ₹ 70)	8,40,000
Less: Reissue discount (12,000 × ₹ 30)	3,60,000
Gain on reissue to be transferred to Capital Reserve	<u>4,80,000</u>