

TS Grewal

Class 12

Accountancy Solutions

Vol.-2



CHAPTER-8– Accounting of Share Capital

Q1

Solution:

Please find below the balance sheet and the distribution of shareholder's funds:

Extract of Balance Sheet of A Ltd.
as at 1st April, 2018

Particulars	Note No.	₹
EQUITY AND LIABILITIES		
Shareholder's Funds		
Share Capital	1	63,00,000

Note to Accounts:

Share Capital:	
Authorized Capital	
2,00,000 Equity Shares of ₹50 each	1,00,00,000
Issued Capital	
1,80,000 Equity Shares of ₹50 each	90,00,000
Subscribed Capital	
Subscribed but not Fully Paid-up	
1,80,000 Equity shares of ₹50 each; ₹35 called-up	63,00,000

Q2

Solution:

Please find below the journal entries of the transactions:

Journal Entries in the Books of V Ltd.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
30 th April	Bank A/c	Dr.		10,00,000	
	To Equity Share Application A/c				10,00,000
	(Being application money received on 1,00,000 Equity Shares of ₹10 each)				
15 th May	Equity Share Application A/c	Dr.		10,00,000	
	To Equity Share Capital				10,00,000
	(Being transfer of Share Application money to Equity Share Capital Account)				

Q3

Solution:

Please find below the journal entries of the transactions:

Journal Entries in the Books of Y Co. Ltd.

Date	Particulars		L.F .	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		30,000	
	To Share Application A/c				30,000
	(Being application money received on 10,000 shares of ₹3 each)				
	Share Application A/c	Dr.		30,000	
	To Share Capital A/c				30,000
	(Being the transfer of application money to Share Capital a/c)				
	Share Allotment A/c	Dr.		40,000	
	To Share Capital A/c				40,000
	(Being the allotment money due on 10,000 shares of ₹4 each)				
	Bank A/c	Dr.		40,000	
	To Share Allotment A/c				40,000
	(Being share allotment money received)				
	Share First and Final Call	Dr.		30,000	
	To Share Capital A/c				30,000
	(Being the first and final call due at ₹3 on 10,000 shares)				
	Bank A/c	Dr.		30,000	
	To Shares First and Final call A/c				30,000

	(Being first and final call money received)				
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Q4

Solution:

Share Allotment Account belongs to the Expense A/c.

Q5

Solution:

Please find below the journal entries of the transactions:

Journal Entries in the Books of P Ltd.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		1,50,000	
	To Equity Share Application A/c				1,50,000
	(Being application money received on 50,000 shares of ₹3 each)				
	Equity Share Application A/c	Dr.		1,50,000	
	To Equity Share Capital A/c				1,50,000
	(Being transfer of application money to equity share capital A/c)				
	Equity Share Allotment A/c	Dr.		3,00,000	
	To Equity Share Capital A/c				2,00,000
	To Securities Premium Reserve A/c				1,00,000

	(Being the allotment money due and premium due)				
	Bank A/c	Dr.		3,00,000	
	To Equity Share Allotment A/c				3,00,000
	(Being allotment money received on 50,000 shares of ₹6 each)				
	Equity Share First and Final Call A/c	Dr.		1,50,000	
	To Equity Share Capital A/c				1,50,000
	(Being first and final call money due on 50,000 equity shares of ₹3 each)				
	Bank A/c	Dr.		1,50,000	
	To Equity Shares First and Final Call A/c				1,50,000
	(Being first and final call money received)				

Q6

Solution:

When shares are forfeited, Share Capital a/c is debited with the Called-up value of shares.

Q7

Solution:

Please find below the journal entries of the transactions:

Journal Entries in the Books of A Ltd.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		1,00,000	
	To Share Application A/c				1,00,000
	(Being application money received on 25,000 shares of ₹4 each)				
	Shares Application A/c	Dr.		1,00,000	
	To Share Capital A/c				80,000
	To Shares Allotment A/c				20,000
	(Being application money transferred to share capital A/c on 20,000 shares and excess application money adjusted in share allotment A/c)				
	Share Allotment A/c	Dr.		60,000	
	To Share Capital A/c				60,000
	(Being allotment money due on 20,000 shares of ₹3 each)				
	Bank A/c	Dr.		40,000	
	To Share Allotment A/c				40,000
	(Being allotment money received)				

	Share First and Final Call A/c	Dr.		60,000	
	To Share Capital A/c				60,000
	(Being first and final money due on 20,000 shares of ₹3 each)				
	Bank A/c	Dr.		60,000	
	To Share First and Final Call A/c				60,000
	(Being first and final call money received)				

Working Notes:

Money received on allotment (20,000 shares x 3): 60,000

Less: Excess money received on application
(5000 shares x 4): 20,000

Total allotment money received: 40,000