

Financial Account  
T.D.C. Part I  
B. Com.  
By Dr. S.N. Pathan

Question.

Authorized capital of Shree Nath is 25000 shares of 100 each. Company has issued a prospectus only for 10000 shares to invite subscription for public at 10% premium. Applications were received for 13000 shares. The director decided to return the application money of 500 shares and allotment procedure perform on 10000 shares against 12500 applied. Mr Krishna who has applied 2500 equity shares paid only application money. Hence his shares were forfeited after first call. Mrs Radha who has 500 paid only application and allotment money. Her share forfeited after final call. Mr Sudama, who has allotted 600 shares paid both call with allotment. Above forfeited shares of Mr Krishna were re-issued to Mr Kailash at 80 per share fully paid, company call on application 25 on allotment 50 (including premium), 20 at first call and 15 on final call. Pass necessary journal entry & prepare balance sheet.

Analytical Table on 10000 Shares

	24x	Received	Return	Excess	Advance	Area Adj.
Call 1	250000	325000	12500	62500		
Application 25		371000			21000	87500 (A/D)
Allotment 400000 + 100000						
I Call 20	200000	138000				40000 1200 + 10000 (A/D)
II Call 15	120000	103500				7500 9000 Adj.

Share Allotted to Krishna

$$\frac{10000}{12500} \times 2500 = 2000$$

$$\text{Arrear on Allotment} = \frac{500000 - 62500}{10000} \times 2000 = 87500$$

Journal Entries

BANK A/c Dr ✓  
 To Share application 325000  
 (Bank application Money Received) 325000

Share Application A/c Dr ✓ 262500  
 To Share Capital 250000  
 " Bank - 12500

(Bank Application Money transfer to Share Capital and 500 shares returned)

Share Allotment A/c Dr ✓ 500000  
 To Share Capital 4,00,000  
 " Premium 1,00,000

(Bank Allotment Money due) 371000

Bank Application A/c Dr ✓ 62500  
 To Share Allotment - 4,12,500  
 " Advance 21000

Share First Call & Dr 200 000  
 To Share Capital 200 000  
 CBury First Call Money Recd)

Bank & Dr 138 000  
 Calls in Advance 120 000  
 To Share First Call 150 000  
 CBury First Call Money Recd)

Share Capital & Dr 170 000  
 Securities Premium 20 000  
 To Share Allotment 87 500  
 " First Call - 40 000  
 " Forbiture - 62 500  
 CBury 200 Shares Forbitured)

Share Second & Final Call Dr 120 000  
 To Share Capital 120 000  
 CBury Final Call Money Recd)

Bank & Dr 103 500  
 Calls in Advance 9 000  
 To Share Second & Final Call 112 500  
 CBury Second Call Money Recd)

Share Capital & Dr  
 To Share First Call 10 000  
 " Share Second Call 7 500  
 " Forbiture 32 500  
 CBury 500 Share Forbitured)

Bank & Dr 2000 x 80 160 000  
 Share Forbiture 2000 x 20 40 000  
 To Share Capital 20 000  
 CBury Share 20 000

Financial Acc.

Share Premium Cr 22500  
to Capital Reser. 22500

(By creation of Capital Reser  
out of Premium)

B/S of Sheela & Co.

1. Equity & Liabilities :-

1. Shareholders Fund:

Share Capital	950000
Securities Prem	80000
Capital Reser	22500
Share Premium	32500
	<hr/>
	1085000

11. Assets

1. Current Assets

Cash at Bank

10,85,000
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1085000