

27.5.20

Financial Accounts.

B. Com

T. D. C. Part I

by Dr S.N. Pathak

Question

Ram Prakash Company Limited consist of 200 000 equity shares of Rs 10 each fully paid. The company offers new equity shares to its existing shareholders on right basis of 1:1. The equity shares of 10 each being offered at a premium of 10 each which was payable as follows

share capital.	on application	on allotment
Securities Premium.	5	5
	5	5
	<u>10</u>	<u>10</u>

All the shareholders accepted the offer. one shareholder holding 600 shares paid the full offer price on application. Another shareholder holding 400 shares failed to pay the allotment money and his shares were subsequently forfeited. The forfeited share were re-issued as fully paid for 8000 in cash. Journalise the Transact

Ans.

Date	Particulars	L.F	Dr Amount	Cr Amount
	BANK A/c ✓ to Equity share application		2006000	
	Being Application Money received for 200,000 share			20,06,000

equity share application ac dr 20,06,000  
 to equity share capital ac 10,00,000  
 " equity share allotment ac. 6,000  
 " securities premium ac. 10,00,000

(Being transfer of application amount to capital ac and premium on issue of share)

equity share allotment ac dr 20,00,000  
 to equity share capital ac 10,00,000  
 " securities premium ac. 10,00,000

(Being allotment amount due on 2,00,000 shares @ 10 per share and premium on issue of shares)

Bank ac dr 19,90,000

to equity share allotment ac 19,90,000  
 (Being allotment money received on 19,90,000 shares and advance money on 600 share adjusted)

equity share capital ac dr 4,000  
 securities premium ac 2,000

to forfeited share 2,000  
 " equity share allotment 4,000  
 (Being forfeiture of 400 shares for non payment of allotment money)

Bank ac dr 9,000  
 to equity share capital ac 4,000  
 " securities premium ac 4,000  
 (Being forfeited share re-issued)

forfeited share ac dr 2,000  
 to Capital Reserve 2,000

(Being balance of forfeited share transfer to Capital Reserve)