

## Issue of Shares

**TIME 1½ HOUR****TEST****MARKS 30**

**Q.1** Panna Ltd. issued 10,000 equity shares of Rs 10 each at a premium of Rs 3 per share payable Rs 2 on application, Rs 5 (including premium) on allotment, Rs 3 on first call. Subscription was received for 11,000 shares and Directors while making allotment adjusted excess money received on application to allotment due in respect of 500 shares. Three months after the date of allotment, the first call was made. The company received all money due excepting in the case of a holder of 200 shares from whom nothing other than application money was received and in respect of another shareholder of 400 shares, in whose case the call money became overdue. The Directors after giving proper notice forfeited the defaulting shares and reissued them to a shareholder for consideration of Rs 3,800 duly received. Give journal entries. 6

**Q.2** Sky shop Ltd. Invited application for 50,000 shares of Rs 50 each payable as follows;  
On Application Rs 10 ; On Allotment Rs 10; On First Call Rs 15; On Second and Final Call Rs 15.  
All the amount were received except the following  
Rajesh, 400 shares, has not paid allotment, first call and final call.  
Rajeev, 200 shares, has not paid first call and final call.  
Sanjeev, 100 shares, has not paid final call.  
All the shares were forfeited and were reissued to Rohit in the following manner.  
Shares of Rajesh @ Rs 40 per share; Share of Rajeev 2 Rs 45 per share and the Shares of Sanjeev 2 Rs 48 per share.  
Pass the journal entries. 5

**Q.3** Chun-Mun Ltd invited application for 50,000 shares of Rs 10 each payable as follows  
On application Rs 3; Rs 4 on allotment and balance of Rs 3 on first and final call. The issued was over scribed and application received in excess of that offer was 14,000. The Directors accepted application for 47,000 share in full; allotted 3,000 share to applicant for 12,000 share and rejected application for 5,000 shares. Application money in excess of allotment could be utilized for calls. Make entries in the journal. 4

**Q.4** X Ltd. Issued a prospectus offering 2,00,000 shares of Rs 10 each at Rs 14 per share, payable as follows  
On application Rs 2; On allotment Rs 8 (including premium); On first call Rs 3 and the balance on final call.  
Dinesh, the holder of 1,000 shares, did not pay the amount due on allotment and first call. His shares were forfeited and 400 of these shares were immediately reissued credited Rs 9 paid for Rs 8.40 per share. Final call made after wards and it was duly received. Show journal entries in the Cash Book and the Journal of the company. 6

**Q.5** Y Ltd. issued 10,000 shares of Rs 10 each at par. Amounts were due as follows  
Rs 2 on Application, Rs 2 on Allotment; Rs 3 on First call and Rs 3 on Final Call. A, holding 200 shares did not pay the amount due on Allotment and First Call, and his shares were forfeited.  
Final Call was made after the forfeiture. B, holding 500 shares failed to pay the amount due on final call and his share were also forfeited.  
Show entries in the Cash Book and journal of the company. 4