

## Issue of Shares

**TIME 1½ HOUR****TEST****MARKS 25**

**Q.1** Hidustan Steel Ltd. Invited applications for 50,000 equity shares of Rs 10 at premium of Rs 4 per share. The amount was payable as follows:

On Application Rs 4 (including premium Rs 2)

On Allotment Rs 6(including premium Rs 2)

On First and Final Call Balance

Applications for 60,000 shares were received. Allotment was made to all the applicants on pro rata basis. Excess application money was adjusted towards sums due on allotment. Ram, to whom 400 shares were allotted, failed to pay allotment and call money. Shyam who applied for 240 shares failed to pay the call. Out of the forfeited shares, only 400 shares were reissued @ 9 including whole of shyam's share. Give necessary journal entries. **8**

**Q.2** Hi design ltd. Offered 5,000 shares of Rs 10 each payable as Rs 2 on application, Rs 3 on allotment, Rs 3 on first call and Rs 2 on the final call. The issue was oversubscribed by 6,000 shares. While making the allotment, directors rejected the application for 1,000 shares and balances of share were allotted on pro rata basis. The entire shareholder paid the allotment money excepting one shareholder who was allotted 200 shares. These shares were forfeited. The first call was made thereafter. The forfeited shares were reissued @ 9 per share Rs 8 paid up. The final call was yet not made. Give necessary journal entries. **8**

**Q.3** D ltd forfeited, 300 shares of Rs 10 each, issued at 30% premium for non payment of allotment money of Rs 5 per share (including premium) and first call of Rs 4 per share. The second and final call of Rs 2 has not yet been called. Out of these, 200 shares were reissued as fully paid up for Rs 11 per share. Give journal entries for forfeited and reissued of shares. **3**

**Q.4** X ltd forfeited 100 shares of Rs 100 each (Rs 80 called up) issued at a premium of 10% to Mr Arun on which he did not pay allotment money of Rs 30(incl. premium) per share and first call money of Rs 30 per share. These shares were reissued at Rs 90 per share as Rs 80 paid up. Give journal entries for the forfeited and reissued of shares. **3**

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