

T.S GREWAL

SOLUTION

PART - 2

NEW EDITION

2018

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Chapter 1.

Company Accounts-Financial Statements of Not-For-Profit Organizations

Question 1:

From the following particulars of Evergreen club, prepare Receipts and payments Account for the year ended 31st March,2018:

	₹		₹
Cash in Hand on 1 st April,2017	50,000	Newspaper and Magazines	87,000
Cash at Bank on 1 st April,2017	3,40,000	Sale of Old Newspaper	12,000
Subscriptions Received	15,70,000	Books purchased	3,40,000
Donations Received	2,80,000	Sports Materials Purchased	4,70,000
Investments purchased	5,00,000	Interest on Investments Received	50,000
Rent paid	50,000	Honorarium to coaches	1,50,000
General Expenses	2,30,000	Cash in Hand on 31st March,2018	30,000
Postage and stationery	25,000	Cash at Bank on 31st March ,2018	?

Answer 1:

Books of Evergreen Club Receipts and Payments Account for the year ended March 31, 2018

Dr.				Cr.	
Receipts	Amount (Rs)		Payments	Amount (Rs)	
Balance b/d			Investments Purchased	5,00,000	
Cash in Hand	50,000		Rent Paid	50,000	
Cash at Bank	3,40,000	3,90,000	General Expenses	2,30,000	
Subscription Received	15,70,000		Postage and Stationery	25,000	
Donation Received	2,80,000		Newspapers and Magazines	87,000	
Sale of Old Newspapers	12,000		Books Purchased	3,40,000	
Interest on Investments Received	50,000		Sports Material Purchased	4,70,000	
			Honorarium to Coacher	1,50,000	
			Balance c/d		
			Cash in Hand	30000	
			Cash at Bank (<i>Balancing Figure</i>)	4,20000	4,50,000
		23,02,000			23,02,000

Question 2:

How are the following items shown in the accounts of a Not-for-Profit Organization ?

₹

Tournament Fund	50,000
Tournament Expenses	15,000
Receipts from Tournament	20,000

Answer 2:**Balance Sheet**

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Tournament Found	50,000		
Add: Tournament Receipts	20,000		
Less: Tournament Expenses	(15,000)		
	55,000		

Question 3:

How are the following dealt with in the accounts of a Not-for-Profit Organisation ?

Case I	Dr. (₹)	Cr. (₹)	Case II	Dr. (₹)	Cr. (₹)
Prize Fund		50,000	Match Fund		1,00,000
Prizes Paid	12,000		Match Expenses	35,000	
Match Expenses	15,000		Investments of Match Fund	60,000	
			Interest on Match Fund		
			Investments		
			Prizes Paid		
				19,000	3,000

Answer 3:**Case 1****Balance Sheet**

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Prize Fund	50,000		
Less: Prize Paid	(12,000)		
	38,000		

Note: Match Expenses of Rs 15,000 are not deductible from the Prize Fund. This is because the Prize Fund is maintained only to meet the expenses relating to the Prize. However, the match expenses (i.e. Rs 15,000) will be debited to the Income and Expenditure Account as there is no specific fund is maintained to meet such expenses.

Case 2

Balance Sheet

Liabilities		Amount (Rs)	Assets		Amount (Rs)
Match Fund	1,00,000	68,000	Match Fund Investments		60,000
Less: Match Expenses	(35,000)				
Add: Interest on Match Fund					
Investments	3,000				

Note: Prizes paid worth Rs 19,000 are not deductible from the Match fund because the Match Fund. This is because Match Fund is maintained only to meet the expenses relating to the Match. However, the prizes paid (i.e. Rs 19,000) will be debited to the Income and Expenditure Account as there is no specific fund is maintained for distributing the prizes. Also, the interest on Match Fund Investments is added to the Match Fund because it is an income related to this particular fund.

Question 4:

How are the following dealt with while preparing the final accounts of a club?

TRIAL BALANCE as at 31st March, 2018

Particulars	Dr. (₹)	Cr. (₹)
Match Fund		80,000
Match Fund Investments	72,000	
Match Fund Bank Balance	3,500	
Interest on Match Fund		2,880
Investments	5,500	
Match Expenses		

Answer 4:

Balance Sheet

Liabilities		Amount (Rs)	Assets		Amount (Rs)
Match Fund	80,000		Match Fund Investment		72,000
Add: Interest on Match Fund			Match Fund Bank Balance		3,500
Investment	2,880				

Less: Match Expenses	(5,500)	77,380		
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Question 5:

From the following information of a club show the amounts of match expenses and match fund in the appropriate Financial Statements of the club for the year ended on 31st March, 2018:

Details	₹
Match expenses paid during the year ended 31st March, 2018	1,02,000
Match Fund as on 31st March, 2017	24,000
Donation for Match Fund (Received during the year ended 31st March, 2018)	40,000
proceeds from the sale of match tickets (Received during the year ended 31st March, 2018)	15,000

Answer 5:

Balance Sheet

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Match Fund	24,000		
Add: Donation for Match Fund	40,000		
Add: Proceed from Sale of Tickets	15,000		
Less: Match Expenses (Note)	(79,000)		
	NIL		

Income and Expenditure Account

Dr.			Cr.
Expenditure	Amount (Rs)	Income	Amount (Rs)
Match Expenses (Note)	23,000		

Note: The total Match expenses amounts to Rs 1,02,000 whereas the total amount available in the Match Fund is only Rs 79,000 (i.e. Rs 24,000 + Rs 40,000 +Rs 15,000). This implies that expenses of Rs 79,000 is met through the Fund while the remaining expenses of Rs 23,000 (i.e. Rs 1,02,000 – Rs 79,000) are debited to the Income and Expenditure Account.

Question 6:

Show how are the following items dealt with while preparing the final accounts for the year ended 31st March , 2018 of a Not-for-profit Organisation:

Case I Expenditure on construction of Pavilion is ₹ 6,00,000. The construction work is in progress and has not yet completed . Capital Fund as at 31st March , 2017 is ₹ 20,00,000 .

Case II Expenditure on construction of Pavilion is ₹ 6,00,000. The construction work is in progress and has not yet completed .Pavilion Fund as at 31st March, 2017 is ₹ 10,00,000, and Capital Fund as at 31st March , 2017 is ₹ 20,00,000 .

Case III Expenditure on construction of Pavilion is ₹ 6,00,000. The construction work is in progress and has not yet completed .Pavilion Fund as at 31st March, 2017 is ₹ 10,00,000, and Capital Fund as at 31st March , 2017 is ₹ 20,00,000 .Donation Received for Pavilion on 1st January,2018 is ₹ 5,00,000

Answer 6:**Case 1**

Balance Sheet
as on March 31, 2016

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Capital Fund	20,00,000	Pavilion Work-in-Progress	6,00,000

Case 2

Balance Sheet
as on March 31, 2016

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Pavilion Fund	10,00,000	Pavilion Work-in-Progress	6,00,000
Less: Expenditure on Construction of Pavilion	(6,00,000)		
Capital Fund	20,00,000		
Add: Pavilion Work-in-Progress	6,00,000		
	26,00,000		

Case 3

Balance Sheet
as on March 31, 2016

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Pavilion Fund	10,00,000	Pavilion Work-in-Progress	6,00,000
Add: Donation	5,00,000		
Less: Expenditure on Construction of Pavilion	(6,00,000)		
Capital Fund	20,00,000		
Add: Pavilion Work-in-Progress	6,00,000		
	26,00,000		

Question 7:

How is Entrance Fees dealt with while preparing the final accounts for the year ended 31st March, 2018 in each of the following alternative cases?

Case I During the year ended 31st March, 2018, Entrance Fees received was ₹ 1,00,000.

Case II During the year ended 31st March, 2018, Entrance Fees received was ₹ 1,00,000. Out of this, ₹ 25,000 was received from individuals whose membership is not yet approved.

Answer 7:**Case 1**

Income and Expenditure Account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
		Entrance Fees	1,00,000

Case 2

Income and Expenditure Account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
		Entrance Fees (1,00,000 – 25,000)	75,000

Question 8:

In the year ended 31st March, 2018, the subscriptions received by the Jaipur Literary Society were ₹ 4,20,000. These subscriptions include ₹ 14,000 received for the year ended 31st March, 2017. On 31st March, 2018, subscriptions due but not received were ₹ 10,000. What amount should be credited to Income and Expenditure Account for the year ended 31st March, 2018 as subscription?

Answer 8:

Income and Expenditure Account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
		Subscription	4,20,000

		Less: Outstanding for 2014-15	14,000	
		Add: Outstanding for 2015-16	10,000	
				4,16,000

Question 9:

Subscriptions received during the year ended 31st March , 2018 are:

	₹	₹
For the year ended 31st March, 2017	1,600	
For the year ended 31st March, 2018	84,400	
For the year ended 31st March, 2019	<u>3,200</u>	89,200

There are 450 members , each paying an annual subscription of ₹ 200; ₹ 1,800 were in arrears for the year ended 31st March, 2017.

calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31st March, 2018.

Answer 9:

Income and Expenditure Account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
		Subscription (450 Members × Rs 200 each)	90,000

Question 10:

In the year ended 31st March , 2018 , subscriptions received by Kings Club, Delhi were ₹ 4,09,000 including ₹ 5,000 for the year ended 31st March, 2017 and ₹ 10,000 for the year ended 31st March , 2019. At the end ₹ 15,000. The subscriptions due but not received at the end of the previous year, i.e., 31st March, 2017 were ₹ 8,000, while subscriptions received in advance on the same date were ₹ 18,000.

Calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31st March, 2018.

Answer 10:

Statement of Subscription
for the year ended March 31, 2018

Particulars	Amount (Rs)
Subscription received during the year 2017-18	4,09,000
Add: Outstanding for 2017-18 (Current year)	15,000

Less: Received for 2016-17 (Previous year)	(5,000)
Add: Advance received in 2016-17 (Previous year)	18,000
Less: Advance received for 2018-19 (Next year)	10,000
Subscription to be credited to Income and Expenditure Account	4,27,000

Question 11:

From the following information, calculate amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31st March, 2018:

		₹
1st April, 2017	Subscriptions in Arrears	50,000
	Subscriptions Received in Advance	30,000
31st March, 2018	Subscriptions in Arrears	25,000
	Subscriptions Received in Advance	70,000

Subscriptions received during the year ended 31st March, 2018 - ₹ 3,00,000

Answer 11:

Statement of Subscription <i>for the year ended March 31, 2018</i>	
Particulars	Amount (Rs)
Subscription received during the year 2017-18	3,00,000
Less: Subscription-in-Arrears for 2016-17	50,000
Add: Subscription-in-Arrears for 2017-18	25,000
Add: Subscription-in Advance for 2017-18	30,000
Less: Subscription-in Advance for 2018-19	70,000
Subscription to be Credited to Income and Expenditure Account	2,35,000

Question 12:

Calculate amount of subscriptions which will be treated as income for the year ended 31st March, 2018 for each of the following cases:

	Particulars	₹
Case I.	(i) Subscriptions collected during the year ended 31st March, 2018	2,50,000
	(ii) Subscriptions in arrears for the year ended 31st March, 2018	6,000
	(iii) Subscriptions received in advance for the year ended 31st March, 2019	5,000
Case II.	(i) Subscriptions collected during the year ended 31st March, 2018	49,000
	(ii) Subscriptions for the year ended 31st March, 2018 collected in the year ended 31st March, 2017	3,000
	(iii) Subscriptions unpaid for the year ended 31st March, 2018	2,000

Case III.	(i) Subscriptions received during the year ended 31st March, 2018	25,000
	(ii) Subscriptions outstanding in the beginning of the year ended 31st March, 2018	3,000
	(iii) Subscriptions not yet collected for the year ended 31st March, 2018	5,000
Case IV.	(i) Subscriptions received during the year ended 31st March, 2018	80,000
	(ii) Subscriptions outstanding in the beginning of the year ended 31st March, 2018	5,000
	(iii) Subscriptions not yet collected for the year ended 31st March, 2018	8,000
	(iv) Subscriptions for the year ended 31st March, 2019 received in advance	2,000
Case V.	(i) Subscriptions received during the year ended 31st March, 2018	90,000
	(ii) Subscriptions outstanding at the end of the year ended 31st March, 2017	5,000
	(iii) Subscriptions received in advance on 31st March, 2017	3,000
	(iv) Subscriptions received in advance on 31st March, 2018	4,000
	(v) Subscriptions not yet collected for the year ended 31st March, 2018	6,000

Answer 12:

Case 1

Statement of Subscription
for the year ended March 31, 2016

Particulars	Amount (Rs)
Subscriptions collected during the year 2015-16	2,50,000
Add: Subscriptions-in-arrears for the year 2015-16	6,000
Less: Subscriptions received in advance for the year 2016-17	(5,000)
Subscriptions Income for the year 2015-16	2,51,000

Case 2

Statement of Subscription
for the year ended March 31, 2016

Particulars	Amount (Rs)
Subscriptions collected during the year 2015-16	49,000
Add: Subscriptions collected for 2015-16 in 2014-15	3,000
Add: Subscriptions unpaid for the year 2015-16	2,000
Subscriptions Income for the year 2015-16	54,000

Case 3

Statement of Subscription
for the year ended March 31, 2016

Particulars	Amount (Rs)
Subscriptions received during the year 2015-16	25,000

Less: Subscriptions outstanding in the beginning of 2015-16	(3,000)
Add: Subscriptions yet not collected for 2015-16	5,000
Subscriptions Income for the year 2015-16	27,000

Case 4

Statement of Subscription *for the year ended March 31, 2016*

Particulars	Amount (Rs)
Subscriptions received during the year 2015-16	80,000
Less: Subscriptions outstanding in the beginning of 2015-16	(5,000)
Add: Subscriptions yet not collected for 2015-16	8,000
Less: Subscriptions for 2016-17 received in advance	(2,000)
Subscriptions Income for the year 2015-16	81,000

Case 5

Statement of Subscription *for the year ended March 31, 2016*

Particulars	Amount (Rs)
Subscriptions received during the year 2015-16	90,000
Less: Subscriptions outstanding at the end of 2014-15	(5,000)
Add: Subscriptions received in advance on Mar. 31, 2015	3,000
Less: Subscriptions received in advance on Mar. 31, 2016	(4,000)
Add: Subscriptions not yet collected for 2015-16	6,000
Subscriptions Income for the year 2015-16	90,000

Question 13:

From the following particulars , calculate amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31st March, 2018:

	₹
(a) Subscriptions in arrears on 31st March ,2017	500
(b) Subscriptions received in advance on 31st March, 2017 for the year ended on 31st March, 2018	1,100
(c) Total Subscriptions received during the year ended 31st March , 2018 (including ₹ 400 for the year ended 31st March , 2017, ₹ 1,200 for the year ended 31st March, 2019 and ₹ 300 for the year ended 31st March, 2020)	35,400
(d) Subscriptions outstanding for year ended 31st March , 2018	400

Answer 13:

Statement of Subscriptions *for the year ended March 31, 2016*

Particulars	Amount (Rs)
Subscriptions received during 2015-16	35,400
Less: Subscriptions-in-arrears received for 2014-15	(400)

Less: Subscriptions received-in-advance for 2016-17	(1,200)
Less: Subscriptions received-in-advance for 2017-18	(300)
Add: Subscriptions Outstanding for 2015-16	400
Add: Subscriptions received in 2014-15 for 2015-16	1,100
Subscriptions to be credited to Income and Expenditure Account	35,000

Question 14:

Receipts and Payments Account of Friends Club showed that ₹ 6,85,000 were received by way of subscriptions for the year ended on 31st March, 2018.

The additional information was as under :

(a) Subscription outstanding as on 31st March, 2017 were ₹ 65,000 .

(b) Subscription received in advance as on 31st March , 2017 were ₹ 41,000.

(c) Subscription outstanding as on 31st March, 2018 were ₹ 54,000 .

(d) Subscription received in advance as on 31st March , 2018 were ₹ 25,000.

Show how the above information would appear in the final accounts for the year ended on 31st March, 2018 of Friends Club.

Answer 14:

Income and Expenditure Account

for the year ending March 31, 2018

Dr.

Cr.

Expenditure	Amount (₹)	Income	Amount (₹)
		Subscriptions	6,90,000

Balance Sheet

as on March 31, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Subscriptions Received in Advance	25,000	Subscriptions Outstanding	54,000

Balance Sheet

as on March 31, 2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Subscriptions Received in Advance	41,000	Subscriptions Outstanding	65,000

Working Notes:

WN1: Calculation of Subscription Income

Particulars	Amount (₹)
Subscription received during 2017-18	6,85,000
Subscription outstanding in 2017-18	54,000
Subscription received in advance in 2016-17	41,000
Subscription outstanding in 2016-17	(65,000)
Subscription received in advance in 2017-18	(25,000)
Credited to Income and Expenditure Account	6,90,000

Question 15:

How are the following items of subscriptions shown in the Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheets as at 31st March, 2017 and 2018 ?

	₹
Subscriptions received during the year ended 31st March, 2018	3,58,500
Subscriptions outstanding on 31st March, 2017	30,000
Subscriptions received in Advance on 31st March, 2017	22,500
Subscriptions received in Advance on 31st March, 2018	13,500
Subscriptions outstanding on 31st March, 2018	37,500
(including ₹ 12,500 for the year ended 31st March, 2017)	

Answer 15:

Income and Expenditure Account
for the year ended March 31, 2018

Dr.			Cr.
	Expenditure	Amount	Income
			Amount

	(Rs)		(Rs)
		Subscriptions	3,58,500
		Add: Outstanding at the end	37,500
		Add: Advance in the beginning	22,500
		Less: Outstanding in the beginning	30,000
		Less: Advance at the end	13,500
			3,75,000

Balance Sheet
as on March 31, 2017

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Subscription received in Advance	2,250	Subscriptions Outstanding	3,000

Balance Sheet
as on March 31, 2018

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Subscription received in Advance	1,350	Subscriptions Outstanding	3,750

Question 16:

From the following information , calculate amount of subscriptions outstanding for the year ended 31st March, 2018:

A club has 200 embers each paying an annual subscription of ₹ 1,000 . The Receipts and Payments Account for the year showed a sum of ₹ 2,05,000 received as subscriptions . The following additional information is provided :

₹

Subscriptions Outstanding on 31st March, 2017	30,000
Subscriptions Received in Advance on 31st March, 2018	40,000
Subscriptions Received in Advance on 31st March, 2017	14,000

Answer 16:

Subscriptions Account

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Income and Expenditure (200 members × Rs 100 each)	2,00,000	Bank (Subscriptions Received)	2,05,000
Outstanding Subscriptions in the beginning	30,000	Advance Subscriptions in the beginning	14,000
Advance Subscriptions at the end	40,000	Outstanding Subscriptions at the end (Balancing Figure)	51,000

	2,70,000	2,70,000

Question 17:

On the basis of information given below , calculate the amount of medicines to be debited to the Income and Expenditure Account of Good Health Hospital for the year ended 31st March, 2018:

Particulars	1 st April, 2017 (₹)	31 st March, 2018 (₹)
Stock of Medicines	1,75,750	1,44,650
Creditors for Medicines	15,06,900	18,20,700

Medicines purchased during the year ended 31st March, 2018 were ₹ 60,80,700 .

Answer 17:

Statement of Medicine Consumed
during the year 2015-16

Particulars	Amount (Rs)
Medicine Purchased during the year 2015-16	60,80,700
Add: Stock in the beginning (as on April 01, 2015)	1,75,750
Less: Stock at the end (as on March 31, 2016)	(1,44,650)
Medicine to be debited to Income and Expenditure Account	61,11,800

Question 18:

Calculate amount of medicines consumed during the year ended 31st March, 2018:

Opening Stock of Medicines	₹ 1,00,000
Opening Creditors for Medicines	90,000
Cash purchases of Medicines during the year	3,00,000
Closing Stock of Medicines	1,50,000
Closing Creditors for Medicines	1,30,000

Answer 18:

Statement of Medicines Consumed
for the year ending March 31, 2018

Particulars	Amount Rs
Cash Purchases of medicines during the year	3,00,000
Add: Opening Stock of Medicines	1,00,000
Less: Closing Stock of Medicines	1,50,000
Add: Closing Creditors of Medicines	1,30,000
Less: Opening Creditors of Medicines	90,000

Amount of Medicines Consumed during the year 2017-18	2,90,000
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Question 19:

Calculate amount to be posted to the Income and Expenditure Account for the year ended 31st March, 2018:

(i) Amount paid for stationery during the year ended 31st March, 2018 — ₹5,400; Stock of Stationery in Hand on 31st March, 2018 — ₹250.

(ii) Stock of Stationery in Hand on 1st April, 2017 — ₹1,500; Payment made for Stationery during the year ended 31st March, 2018 — ₹5,400; Stock of Stationery in Hand on 31st March, 2018 — ₹250.

	₹
(iii) Stock of Stationery on 1st April, 2017	1,500
Creditors for Stationery on 1st April, 2017	1,000
Amount paid for Stationery during the year	5,400
Stock of Stationery on 31st March, 2018	250

Answer 19:

(a)

Statement of Stationery Consumed
at the end of March 31, 2018

Particulars	Amount (Rs)
Amount paid for Stationery during the year ended 31st March, 2018	5,400
Less: Closing Stock (as on March 31, 2018)	250
Amount of Stationery to be posted to Income and Expenditure Account	5,150

(b)

Statement of Stationery Consumed
at the end of March 31, 2018

Particulars	Amount (Rs)
Payment made for Stationery during the year ended 31st March, 2018	5,400
Add: Opening Stock (as on April 01, 2017)	1,500
Less: Closing stock (as on March 31, 2018)	250
Amount of Stationery to be posted to Income and Expenditure Account	6,650

(c)

Statement of Stationery Consumed
at the end of March 31, 2018

Particulars	Amount (Rs)
Amount paid for Stationery during the year ended 31st March, 2018	5,400
Add: Opening Stock (as on April 01, 2017)	1,500
Less: Closing stock (as on March 31, 2018)	250
Less: Creditors for Stationery in the beginning (April 01, 2017)	1,000

Amount of Stationery to be posted to Income and Expenditure Account	5,650

Question 20:

On the basis of the following information, calculate amount that will appear against the term ' Stationery Used' in the Income and Expenditure Account for the year ended 31st March , 2018:

₹

Stock of Stationery as at 1st April, 2017	12,000
Creditors for Stationery as at 1st April, 2017	25,600
Amount paid for Stationery during the year ended 31st March,2018	1,40,000
Stock of Stationery as at 31st March,2018	23,200
Creditors for Stationery as at 31st March,2018	24,000

Answer 20:

Statement of Stationery Consumed
for the year ended March 31, 2017

Particulars	Amount (Rs)
Amount paid for Stationery during the year 2016-17	1,40,000
Add: Opening Stock (as on April 01, 2016)	12,000
Less: Closing Stock (as on March 31, 2017)	(23,200)
Add: Creditors at the end (as on March 31, 2017)	24,000
Less: Creditors in the beginning (as on April 01, 2016)	(25,600)
Amount of Stationery be shown in Income and Expenditure Account	1,27,200

Question 21:

Calculate the amount that will be posted to the income and Expenditure Account for the year ended 31st March, 2018:

₹

Stock of Stationery on 1st April, 2017	30,000
Creditors for Stationery on 1st April, 2017	20,000
Advances paid for Stationery carried forward from the year ended 31st March, 2017	2,000
Amount paid for Stationery during the year ended 31st March,2018	1,08,000
Stock of Stationery on 31st March,2018	13,000
Advance paid for Stationery on 31st March,2018	3,000

Answer 21:

Statement of Stationery
for the year ended Mar. 31, 2018

Particulars	Amount (Rs)
Amount paid for Stationery during the year 2017-18	1,08,000
Add: Opening Stock (as on Apr. 01, 2017)	30,000
Less: Closing stock (as on Mar. 31, 2018)	5,000
Less: Creditors in the beginning (as on Apr. 01, 2017)	20,000
Add: Creditors at the end (as on Mar. 31, 2018)	13,000
Add: Advance in the beginning (as on Apr. 01, 2017)	2,000
Less: Advance at the end (as on Mar. 31, 2018)	3,000
Amount to be posted to Income and Expenditure Account	1,25,000

Question 22:

How are the following dealt with while preparing the final accounts for the year ended 31st March , 2018?

RECEIPTS AND PAYMENTS ACCOUNT (AN EXTRACT)*for the year*
ended 31ST March, 2018

Dr.

Cr.

Receipts	₹	Payments	₹
		By Payments for Sports Material	1,40,000

BALANCE SHEET (AN EXTRACT) as at 1st April, 2017

Liabilities	₹	Assets	₹
Creditors foe Sports Materials	6,000	Sports Materials	8,000

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Additional information :

(i) Sports Materials in Hand on 31st March, 2018—₹ 22,000

Answer 22:

Income and Expenditure Account
for the year ended March 31, 2015

Dr.			Cr.	
Expenditure	Amount (Rs)		Income	Amount (Rs)
Sports Material	1,40,000			
Add: Opening Stock	8,000			
Less: Closing Stock	(22,000)			
Less: Creditors in the beginning	(6,000)	1,20,000		

Balance Sheet
as on March 31, 2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
		Stock of Sport Materials	22,000

Alternatively, Sports Material consumed can also be calculated as.

Creditors for Sports Material Account

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
Bank A/c	1,40,000	Balance b/d (Creditors in the beginning)	6,000
(Amount paid for sports materials)		Purchases A/c (<i>Balancing Figure</i>)	1,34,000
	1,40,000		1,40,000

Sports Material Consumed = Opening Stock + Purchases – Closing Stock = 8,000 + 1,34,000 – 22,000 = Rs 1,20,000

Question 23:

How are the following dealt with while preparing the final accounts for the year ended 31st March , 2018?

**RECEIPTS AND PAYMENTS ACCOUNT (AN
EXTRACT) for the year ended 31ST March, 2018**

Dr.

Cr.

Receipts	₹	Payments	₹
		By Payments for Medicines	1,50,000

Additional information :

	As at 1st April, 2017 (₹)	As at 31st March, 2018 (₹)
Stock of Medicines	50,000	75,000
Creditors for Medicines	40,000	60,000

Answer 23:

**Income and Expenditure Account
for the year ended March 31, 2017**

Dr.

Cr.

Expenditure	Amount (Rs)	Income	Amount (Rs)
Medicine	1,50,000		
Add: Opening Stock	50,000		
Less: Closing Stock	(75,000)		
Less: Creditors in the beginning	(40,000)		
Add: Creditors at the end	60,000		
	1,45,000		

**Balance Sheet
as on March 31, 2016**

Liabilities	Amount	Assets	Amount
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	(Rs)		(Rs)
Creditors for Medicines	40,000	Stock of Medicines	50,000

Balance Sheet
as on March 31, 2017

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors for Medicines	60,000	Stock of Medicines	75,000

Question 24:

How are the following dealt with while preparing the final accounts of a sports club for the year ended 31st March , 2018?

RECEIPTS AND PAYMENTS ACCOUNT (AN
EXTRACT
) for the year ended 31ST March, 2018

Dr.

Cr.

Receipts	₹	Payments	₹
To Sale of Sports Materials (Book value ₹ 20,000)	26,000	By Creditors for Sports Materials	61,000
		By Cash purchase of Sports Materials	10,000

Additional information :

	As at 1st April, 2017 (₹)	As at 31st March, 2018 (₹)
Sports Materials	20,000	25,000
Creditors for Sports Materials	7,000	15,000

Answer 24:

Income and Expenditure Account
for the year ended March 31, 2016

Dr.

Cr.

Expenditure	Amount	Income	Amount
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		(Rs)		(Rs)
Payment for Sports Material	71,000		Profit on Sale of Sports Material (26,000 – 20,000)	6,000
Add: Opening Stock	20,000			
Less: Closing Stock	(25,000)			
Less: Creditors in the beginning	(7,000)			
Add: Creditors at the end	15,000			
Less: Book Value of Material Sold	(20,000)	54,000		

Balance Sheet
as on March 31, 2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors for Sport Materials	7,000	Stock of Sport Materials	20,000

Balance Sheet
as on March 31, 2016

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors for Sport Materials	15,000	Stock of Sport Materials	25,000

Question 25:

From the following information of a Not-for-Profit Organisation, show the 'Sports Materials' item in the Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheets as at 31st March , 2018:

Particulars	31st March, 2017 ₹	31st March, 2018 ₹
Stocks of Sports Materials	6,200	4,800
Creditors for Sports Materials	9,800	7,200
Advance to Suppliers for Sports Materials	11,000	19,000

Answer 25:

Extract of Income and Expenditure Account
for the year ended March 31, 2016

Dr.

Cr.

Expenditure	Amount (Rs)	Income	Amount (Rs)
Sports Material Consumed	92,800		

Balance Sheet
as on March 2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors for Sports Materials	9,800	Stock of Sports Materials	6,200
		Advance paid for Sports Materials	11,000

Balance Sheet
as on March 2016

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors for Sports Materials	7,200	Stock of Sports Materials	4,800
		Advance paid for Sports Materials	19,000

Working Note:

Calculation of Sports Material Consumed

Particulars	Amount (Rs)
Sports Material	1,02,000
Add: Opening Stock	6,200
Less: Closing Stock	(4,800)
Less: Creditors in the beginning	(9,800)
Add: Creditors at the end	7,200
Less: Advance at the end	(19,000)
Add: Advance in the beginning	11,000
	92,800

Alternatively, Sports Material consumed can also be calculated as.

Creditors for Sports Material Account

Dr.

Cr.

Expenditure	Amount (Rs)	Income	Amount (Rs)
Balance b/d (Advance in the beginning)	11,000	Balance b/d (Creditors in the beginning)	9,800
Bank A/c (Amount paid for stationery)	1,02,000	Purchases A/c (<i>Balancing Figure</i>)	91,400
Balance c/d (Creditors at the end)	7,200	Balance c/d (Advance at the end)	19,000
	1,20,200		1,20,200

Sports Material Consumed = Opening Stock + Purchases – Closing Stock = 6,200 + 91,400 – 4,800 = Rs 92,800

Question 26:

The book value of furniture on 1st April, 2017 is ₹ 60,000. Half of this furniture is sold for ₹ 20,000 on 30th September, 2017. Depreciation is to be charged on furniture @ 10% p.a.
Calculate loss on sale of furniture . Show how the loss on sale and depreciation on furniture will be shown in the Income and Expenditure Account for the year ended 31st March, 2018.

Answer 26:**Furniture Account**

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2017 April 01	Balance b/d (i) 30,000 (ii) 30,000	60,000	2017 Sept.30	Depreciation (i) (for 6 Months)	1,500
			Sept.30	Bank (Sale) (i)	20,000
			Sept.30 2018	Income and Expenditure (Loss on Sale)	8,500
			March 31	Depreciation (ii) (for whole year)	3,000
				Balance c/d (ii) (30,000 – 3,000)	27,000
		60,000			60,000

Income and Expenditure Account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
Depreciation on Furniture (1,500 + 3,000)	4,500		
Loss on Sale of Furniture	8,500		

Working Note:**Calculation of Profit or Loss on Sale of Furniture**

Particulars	Amount (Rs)
Book Value of Furniture Sold as on April 01, 2018	30,000
Less: Depreciation (for 6 Months) $(3,000 \times 10\% \times 6/12)$	1,500
Book Value of Furniture as on Sept. 30, 2017	28,500
Less: Sale Value	20,000

Loss on Sale of Furniture

8,500

Question 27:

Delhi Youth Club has furniture at a value of ₹ 2,20,000 in its book on 31st March, 2017. It sold old furniture , having book value of ₹ 20,000 as at 1st April , 2017 at a loss of 20% on 31st December, 2017 . Furniture is to be depreciated @ 10% p.a. Furniture costing ₹ 1,50,000 was also purchased on 1st October, 2017. Prepare Furniture Account for the year ended 31st March, 2018.

Answer 27:

Furniture Account

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2015 Apr. 01	Balance b/d (i) 2,00,000 (ii) 20,000	2,20,000	2015 Dec. 31	Depreciation (ii) (for 9 Months)	1,500
Oct. 01	Bank (iii)	1,50,000	Dec. 31	Bank (Sale (ii))	14,800
			Dec. 31	Income and Expenditure (Loss on Sale)	3,700
			2016 Mar. 31	Depreciation (i) 20,000 (iii) 7,500 (for 6 Months)	27,500
			Mar. 31	Balance c/d (i) 1,80,000 (iii) 1,42,500	3,22,500
		3,70,000			3,70,000

Working Note:

Calculation of Profit or Loss on Sale of Furniture

Particulars	Amount (Rs)
Book Value of Furniture (i) as on April 01, 2015	20,000
Less: Depreciation (for 9 Months) $[20,000 \times 10\% \times 9/12]$	(1,500)
Book Value on December 31, 2015	18,500
Less: Loss on Sale of Furniture $(18,500 \times 20\%)$	(3,700)
Sale Value of Furniture	14,800

Question 28:

In the year ended 31st March, 2018, salaries paid amounted to ₹ 2,04,000. Ascertain the amount chargeable to the Income and Expenditure Account for the year ended 31st March ,2018 from the following additional information:

₹

Prepaid Salaries on 31st March, 2017	24,000
Prepaid Salaries on 31st March, 2018	12,000
Outstanding Salaries on 31st March, 2017	18,000
Outstanding Salaries on 31st March, 2018	15,000

Answer 28:

Statement of Salaries
for the year ended March 31, 2016

Particulars	Amount (Rs)
Amount paid for Salaries	20,400
Add: Prepaid Salaries as on March 31, 2015	2,400
Less: Prepaid Salaries as on March 31, 2016	(1,200)
Less: Outstanding Salaries as on March 31, 2015	(1,800)
Add: Outstanding Salaries as on March 31, 2016	1,500
Salaries chargeable to Income and Expenditure Account	21,300

Question 29:

How are the following items dealt with while preparing Income and Expenditure Account of a club for the year ended 31st March, 2018?

	1st April, 2017	31st March, 2018
Outstanding Locker Rent	₹ 4,600	₹ 6,300
Advance Locker Rent	₹ 3,000	₹ 4,000

Locker Rent received during the year ended 31st March, 2018— ₹ 52,000.

Answer 29:

Income and Expenditure Account

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
		Locker Rent Received	52,000
		Add: Outstanding at the end	6,300
		Add: Advance in the beginning	3,000
		Less: Outstanding in the beginning	4,600
		Less: Advance at the end	4,000
			52,700

Question 30:

Prepare Income and Expenditure Account for the year ended 31st March, 2018 from the following:

RECEIPTS AND PAYMENTS ACCOUNT *for the year ended 31st March, 2018*

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance <i>b/d</i> (cash)	1,80,000	By Salaries	4,80,000
To Subscriptions	9,00,000	By Rent	50,000
To Sale of Investments	2,00,000	By Stationery	20,000
To Sale of Old Furniture	30,000	By Defence Bonds	3,00,000
(Book Value ₹ 40,000)		By Furniture	2,00,000
To Donations	10,000	By Bicycles	30,000
		By Balance <i>c/d</i> (Cash)	2,40,000
	13,20,000		13,20,000

Answer 30:

Income and Expenditure Account

Dr.

Cr.

Expenditure	Amount (Rs)	Income	Amount (Rs)
Salaries	4,80,000	Subscriptions	9,00,000
Rent	50,000	Donation	10,000
Stationery	20,000		
Loss on Sale of Old Furniture	10,000		
Surplus (<i>Balancing Figure</i>)	3,50,000		
	9,10,000		9,10,000

Question 31:

Prepare Income and Expenditure Account from the following Receipts and Payments Account of Delhi Nursing Society for the year ended 31st March, 2018:

RECEIPTS AND PAYMENTS ACCOUNT *for the year ended 31st March, 2018*

Dr.

Cr.

Receipts	₹	Payments	₹
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To Balance <i>b/d</i> (Cash at Bank)	2,01,000	By Salaries of Nurses	65,600
To Subscriptions	1,11,500	By Board , Laundry and Domestic Help	38,000
To Fees from Non-members	27,000	By Rent, Rates and Taxes	20,000
To Government Grant	1,00,000	By Cost of Car	2,00,000
To Donations for Building Fund	1,56,000	By Expenses of Car	84,000
To Interest	3,800	By Drugs and Incidental Expenses	67,000
		By Balance <i>c/d</i> (Cash at Bank)	1,24,700
	5,99,300		5,99,300

Donation of ₹10,000 received for Building Fund was wrongly included in the Subscriptions Account . A bill of medicines purchased during the year amounted to ₹12,800 was outstanding . Government Grant is not for a specific purpose.

Answer 31:

Book of Delhi Nursing Society
Income and Expenditure Account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
Salaries of Nurses	65,600	Subscriptions	11,1500
Board, Laundry and Domestic Help	38,000	Less: Donation for Building	(10000)
Rent Rates and Taxes	20,000		1,01,500
Expenses of Car	84,000	Fees from Non-members	27,000
Drugs and Incidental Expenses 67,000		Municipal Grant	1,00,000
Add: Outstanding Expenses 12,800	79,800	Interest	3,800
	2,87,400	Deficit (<i>Balancing Figure</i>)	55,100
			2,87,400

Question 32:

Following is the Receipts and Payments Account of You Bee Forty Club for the year ended 31st March, 2018:

RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2018

Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance <i>b/d</i> (cash)	1,50,000	By Salaries and Wages	1,60,000
To Subscriptions		By Office Expenses	35,000
2016-2017	60,000	By Sports Equipments	3,40,000
2017-2018	3,50,000	By Telephone Charges	24,000

To Donations	50,000	By Electricity Charges	32,000
To Entrance Fees	80,000	By Travelling Expenses	65,000
		By Balance c/d (Cash)	34,000
	6,90,000		6,90,000

Additional information :

(a) Outstanding Subscriptions for the year ended 31st March, 2018—₹ 55,000.

(b) Outstanding Salaries and Wages—₹ 40,000.

(c) Depreciate Sports Equipments by 25%.

Prepare Income and Expenditure Account of the club from the above particulars.

Answer 32:

Books of You Bee Forty Club
Income and Expenditure Account
for the year ended March 31, 2018

Dr.				Cr.	
Expenditure	Amount (Rs)		Income	Amount (Rs)	
Salaries and Wages	1,60,000		Subscriptions	3,50,000	
<i>Add: Outstanding</i>	40,000	2,00,000	<i>Add: Outstanding for 2017-18</i>	55,000	4,05,000
Office Expenses		35,000	Donations		50,000
Telephone Charges		24,000	Entrance Fees		80,000
Electricity Charges		32,000			
Travelling Expenses		65,000			
Depreciation on Sports Equipments (34,0000 × 25%)		85,000			
Surplus (<i>Balancing Figure</i>)		94,000			
		5,35,000			5,35,000

Question 33:

From the following Receipts and Payments Account of Jaipur Sports Club , prepare Income and Expenditure Account for the year ended 31st March, 2018:

RECEIPTS AND PAYMENTS Account

for the year ended March 31, 2018

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance <i>b/d</i>	2,00,000	By Rent	60,000
To Entrance Fees:		(including ₹15,000 for 2016-17)	
2016-17 10,000		By Insurance Premium	60,000
2017-18 50,000	60,000	(including ₹15,000 for 2018-19)	
To Subscriptions:		By Sports Equipments	50,000
2016-17 10,000		By Furniture	60,000
2017-18(90%) 90,000		(Purchased on 31st March,2018)	
2018-19 5,000	1,05,000	By 8% Fixed Deposit	1,20,000
To Life Membership Fees	20,000	(made on 1st October, 2017)	
To Donations	1,20,000	By Tournament Expenses	10,000
To Donation for Tournament	50,000	By Books	20,000
To Subscription for Governor's Party	15,000	By Newspapers	1,000
To Interest on 8% Fixed Deposit	2,400	By Printing and Stationery	19,000
To Sale of Old Newspapers	300	By Balance <i>c/d</i>	1,80,000
To Sale of Old Sports Materials	500		
(Book Value ₹ 1,200)			
To Locker Rent	6,800		
(including ₹ 600 for 2016-17)			
	5,80,000		5,80,000

Answer 33:

Income and Expenditure Account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
Rent 60,000		Entrance Fees (2017-18)	50,000
Less: For 2016-17 (15,000)	45,000	Subscription 2017-18 90,000	

			<i>Add:</i> Outstanding for 2017-18 (9,000 × 10/9)	10,000	1,00,000
Insurance Premium	60,000		Donations		1,20,000
Less: For 2016-17	(15,000)	45,000	Interest on Fixed Deposits	2,400	
Printing and Stationery		20,000	<i>Add:</i> Accrued Interest	2,400	4,800
Loss on Sale of Sports Material (1200 ₹ 500)		700	Sale of Old Newspapers		300
Surplus (<i>Balancing Figure</i>)		1,70,600	Locker Rent	6,800	
			Less: For 2016-17	600	6200
		2,81,300			2,81,300

Working Notes:

Calculation of Interest Accrued on investment

Interest on Investment for 6 Months (1,20,000 × 8% × 6/12)	4,800
Less: Interest Received ₹	2,400
Accrued Interest on Investment	2,400

Question 34:

Following is the Receipts and Payments Account of Delhi Football Club for the year ended 31st March ,2018:

RECEIPTS AND PAYMENTS ACCOUNT *for the year ended 31st March , 2018*

Dr.		Cr.	
Receipts	₹	Payments	₹
To Opening Cash	18,000	By Building	4,00,000
To Donations for Building	4,50,000	By Project Expenses(Young Talent Search and Development)	90,000
To Donations	50,000		
To Government Grant (Young Talent Search and Development)	1,00,000	By Match Expenses	90,000
		By Match Furniture	1,21,000
To Life Membership Fees	40,000	By 10% Investments	1,60,000
To Match Fund	80,000	(Purchased on 1st July,2017)	
To Subscriptions	52,000	By Salaries	70,000

To Locker Rent	4,000	By Insurance	3,500
To Interest on Investments	10,000	By Sundry Expenses	4,700
To Sale of Furniture	1,00,000	By Closing Cash	4,800
(Book value ₹ 80,000)		By Bank (Young Talent	10,000
To Entrance Fees	50,000	Search and Dev	
	3,000		
	9,54,000		9,54,000

Additional Information:

(i) During the year ended 31st March , 2018, the club had 550 members and each paying an annual subscription of ₹ 100.

(ii) Salaries Outstanding as at 1st April , 2017 were ₹ 10,000 and as at 31st March ,2018 were ₹ 5,000.

Prepare Income and Expenditure Account of the Club for the year ended 31st March , 2018.

Answer 34:

Books of Delhi Football Club
Income and Expenditure Account
for the year ended March 31, 2018

Dr.			Cr.	
Expenditure	Amount (Rs)		Income	Amount (Rs)
Salaries	70,000		Subscriptions (550 members × Rs 100 each)	55,000
Add: Outstanding at the end	5,000		Entrance Fees	50,000
Less: Outstanding in the beginning	(10,000)	65,000		
Insurance		3,500	Donations	50,000
Sundry Expenses		4,700	Locker Rent	4,000
Match Expenses	90,000		Profit on Sale of Furniture (1,00,000 ₹ 80,000)	20,000
Less: Match Fund	(80,000)	10,000	Interest on Investment	10,000
Surplus (Balancing Figure)		1,07,800	Add: Accrued Interest	2,000
		1,91,000		12,000
				1,91,000

Working Notes:

Calculation of Interest Accrued on Investment

Interest on Investment for 9 Months ($1,60,000 \times 10\% \times 9/12$)	12,000
Less: Interest Received	(10,000)
Accrued Interest on Investment	<u>2,000</u>

Question 35:

Following is the information given in respect of certain items of a Sports club . Show these items in the Income and Expenditure Account and the Balance Sheet of the club as at 31st March , 2018:

Particulars	₹
Sports Fund as on 1st April, 2017	3,50,000
Sports Fund Investments	3,50,000
Interest on Sports Fund Investments	40,000
Donations for Sports Fund	1,50,000
Sports Prizes awarded	1,00,000
Expenses on Sports Events	40,000
General Fund	8,00,000
General Fund Investments	8,00,000
Interest on General Fund Investment	80,000

Answer 35:

Income and Expenditure Account

for the year ending March 31, 2018

Dr.

Cr.

Expenditure	Amount (₹)	Income	Amount (₹)
		Interest on General Fund Investments	80,000

Balance Sheet

as on March 31, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Sports Fund	4,00,000	Sports Fund Investment	3,50,000
General Fund	8,00,000	General Fund Investment	8,00,000

Working Notes:

WN1: Calculation of Sports Fund Balance

Particulars	Amount (₹)
Opening Balance in Sports Fund as on April 01, 2017	3,50,000
Add: Interest on Sports Fund Investments	40,000
Add: Donation for Sports Fund	1,50,000
Less: Sports Prizes Awarded	(1,00,000)
Less: Expenses on Sports Events	(40,000)
Closing Balance of Sports Fundas on March 31, 2018	4,00,000

Question 36:

Following is the summary of cash transactions of the Royal Club for the year ended 31st March, 2018:

RECEIPTS AND PAYMENTS ACCOUNT

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance b/d (cash)	31,900	By Rent	16,800
To Entrance Fees	25,500	By Wages	24,500
To Subscriptions	1,60,000	By Electricity Charges	7,200

To Donations	16,500	By Honorarium	43,500
To Life Membership Fees	25,000	By Books	21,300
To Profit on Entertainment	5,600	By Office Expenses	45,000
		By 3% Fixed Deposit	80,000
		(1st October, 2017)	
		By Balance c/d (Cash at Bank)	24,200
		By Balance c/d (Cash in Hand)	2,000
	2,64,500		2,64,500

In the beginning of the year , the club possessed Books of ₹ 2,00,000 and Furniture of ₹ 85,000. Subscriptions in arrears in the beginning of the year amounted to ₹ 3,500 and at the end of the year ₹ 4,500 and six months Rent ₹ 6,000 was due both in the beginning of the year and at the end of the year.

Prepare Income and Expenditure Account of the club for the year ended 31st March , 2018 and ist Balance Sheet as at that date after writing off ₹ 5,000 and ₹ 11,300 on Furniture and books respectively.

Answer 36:

Books of Royal Club
Income and Expenditure Account
for the year ended March 31, 2018

Dr.			Cr.	
Expenditure	Amount (Rs)		Income	Amount (Rs)
Rent	16,800		Entrance Fees	25,500
Less: Outstanding Rent in the beginning	6,000		Subscriptions	1,60,000
Add: Outstanding Rent at the end	6,000	16,800	Less: Outstanding in the beginning	3,500
Wages		24,500	Add: Outstanding at the end	4,500
Lighting Charge		7,200	Donations	16,500
Lecturer's Fee		43,500	Profit on Entertainment	5,600
Office Expenses		45,000	Interest Accrued on Fixed Deposits	1,200
Depreciation on:			(80,000 × 3% × 6/12)	
Books	11,300			
Furniture	5,000	16,300		
Surplus (Balancing Figure)		56,500		
		2,09,800		2,09,800

Balance Sheet
as on April 01, 2017

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Outstanding Rent	6,000	Books	2,00,000
Capital Fund (<i>Balancing Figure</i>)	3,14,400	Furniture	85,000
		Subscriptions Outstanding	3,500
		Cash and Bank	31,900
	3,20,400		3,20,400

Balance Sheet
as on March 31, 2018

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Outstanding Rent	6,000	Subscriptions Outstanding	4,500
Capital Fund	3,14,400	Books	2,00,000
<i>Add: Life Membership Fees</i>	25,000	<i>Add: Purchases</i>	21,300
<i>Add: Surplus</i>	56,500	<i>Less: Deprecation</i>	11,300
	3,95,900	Furniture	85,000
		<i>Less: Depreciation</i>	5,000
		Fixed Deposits	80,000
		<i>Add: Accrued interest</i>	1,200
		Cash at Bank	24,200
		Cash in Hand	2,000
	4,01,900		4,01,900

Question 37:

From the following Receipts and Payments Account of City Club and from the information supplied , prepare Income and Expenditure Account for the year ended 31st March , 2018 and Balance Sheet as at that date:

RECEIPTS AND PAYMENTS ACCOUNT *for the year ended 31st March ,2018*

Dr.

Cr.

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	7,000	By Salaries	28,000
To Subscriptions:		By General Expenses	6,000
2016-17 5,000		By Electricity Charges	4,000
2017-18 20,000		By Books	10,000
2018-19 4,000	29,000	By Newspapers	8,000

To Rent	14,000	By Balance c/d	4,000
(Received from the Use of Hall)			
To Profit from Entertainment	8,000		
To Sale of Old Newspapers	2,000		
	60,000		60,000

(a) The club has 50 members each paying an annual subscription of ₹ 500. Subscriptions Outstanding on 31st March, 2017 were ₹ 6,000.

(b) On 31st March, 2018, Salries Outstanding amounted to ₹ 2,000 . Salaries paid in the year ended 31st March, 2018 included ₹ 6,000 for the year ended 31st March , 2017.

(c) On 1st April , 2017, the club owned Building valued at ₹ 2,00,000; Furniture ₹ 20,000 and Books ₹ 20,000.

(d) Provide depreciation on Furniture at 10%.

Answer 37:

In the books of New City Club

Income and Expenditure Account

for the year ended March 31, 2018

Dr.

Cr.

Expenditure	Amount (Rs)	Income	Amount (Rs)
Salaries	28,000	Subscription (50 members × Rs 500 each)	25,000
Add: Outstanding for 2017-18	2,000	Rent Received from the use of hall	14,000
Less: Outstanding for 2016-17	6,000	Profit from Entertainment	8,000
	24,000	Sale of Old Newspapers	2,000
General Expenses	6,000		
Electricity Charges	4,000		
Newspapers	8,000		
Depreciation on Furniture (2,000 × 10%)	2,000		
Surplus (<i>Balancing Figure</i>)	5,000		
	49,000		49,000

Balance Sheet

as on April 01, 2017

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Salaries Outstanding	6,000	Subscriptions Outstanding	6,000
Capital Fund	2,47,000	Building	2,00,000
(<i>Balancing Figure</i>)		Furniture	20,000
		Books	20,000
		Cash and Bank	7,000

	2,53,000		2,53,000

Balance Sheet
as on March 31, 2018

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Advance Subscription	4,000	Subscription Outstanding	
Salaries Outstanding	2,000	For 2015-16 (25,000 ₹ 20,000)	5,000
Capital Fund	2,47,000	For 2014-15 (6,000 ₹ 5,000)	1,000
Add: Surplus	5,000		6,000
	2,52,000	Building	2,00,000
		Furniture	20,000
		Less: 10% Depreciation	2,000
		Books	20,000
		Add: Purchases	10,000
		Cash and Bank	4,000
	2,58,000		2,58,000

Question 38:

From the following Receipts and Payments Account and additional information given below , prepare Income and Expenditure Account and Balance Sheet of Rural Literacy Society as on 31st March, 2018:

RECEIPTS AND PAYMENTS ACCOUNT *for the year ended 31 st March, 2018*

Dr.

Cr.

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d		By General Expenses	32,000
Cash in Hand	40,000	By Newspaper	18,500
Cash at Bank	1,55,500	By Electricity	30,000
To Subscriptions:		By Fixed Deposit with Bank	1,80,000
2016-17	12,000	(On 30th September, 2017 @ 10%p.a.)	
2017-18	2,65,000	By Books	70,000
2018-19	5,000	By Salary	36,000
	2,82,000	By Rent	65,000
To Sale of Old Newspaper	12,500	By Postage Charges	3,000
To Government Grant	1,20,000	By Furniture (purchased)	1,05,000
To Sale of Old Furniture	37,000		

(Book value ₹50,000)		By Balance c/d:	
To Interest received on Fixed Deposit	4,500	Cash in Hand	30,000
		Cash at Bank	82,000
	6,51,500		6,51,500

Additional information:

(i) Subscription outstanding as on 31st March, 2017 ₹ 20,000 and on 31st March, 2018 ₹ 15,000.

(ii) On 31st March, 2018, salary outstanding ₹ 6,000 and one month rent paid in advance.

(iii) On 1st April, 2017, society owned furniture ₹ 1,20,000 and books ₹ 50,000.

Answer 38:

Income and Expenditure Account

for the year ending March 31, 2018

Dr.

Cr.

Expenditure	Amount (₹)	Income	Amount (₹)
General Expenses	32,000	Subscriptions	2,65,000
Newspaper	18,500	Add: Current O/s	7,000
Electricity	30,000		2,72,000
Salary	36,000	Sale of Old News Paper	12,500
Add:	6,000	Government Grant	1,20,000
Outstanding	42,000	Interest on Fixed Deposit	9,000
Rent	65,000	(18,000 @ 10% for 6 months)	
Less: Prepaid	5,000		
Postage Charges	3,000		
Loss on Sale of Furniture	13,000		
Surplus	2,15,000		
	4,13,500		4,13,500

Balance Sheet
as on March 31, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund		Books 50,000	
Opening Balance 3,85,500		Add: Purchases 70,000	1,20,000
Add: Surplus 2,15,000	6,00,500	Prepaid Rent	5,000
Salary Outstanding	6,000	Furniture 1,20,000	
Subscription Received in Advance	5,000	Add: Purchases 1,05,000	
		Less: Sale 50,000	1,75,000
		Fixed Deposit 1,80,000	
		Add: Accrued Interest 4,500	1,84,500
		Subscriptions Outstanding	15,000
		Cash	30,000
		Bank	82,000
	6,11,500		6,11,500

Working Notes

WN1: Ascertainment of Capital Fund

Balance Sheet
as on March 31, 2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund	3,85,500	Subscriptions Outstanding	20,000
		Books	50,000

		Furniture	1,20,000
		Cash	40,000
		Bank	1,55,500
	3,85,500		3,85,500

Question 39:

Modern Club's Balance Sheet as at 1st April , 2017 was as under:

Liabilities	₹	Assets	₹
Capital Fund	2,00,000	Sports Equipments	50,000
Tournament Fund	60,000	Grounds	1,20,000
Subscriptions in Advance	6,000	Billiards Table	60,000
Salaries Unpaid	11,000	Subscriptions Outstanding	8,000
		Cash and Bank Balances	39,000
	2,77,000		2,77,000

The Receipts and Payments Account for the year ended 31st March, 2018 was:

RECEIPTS AND PAYMENTS ACCOUNT

Dr.

Cr.

Receipts	₹	Payments	₹
To Opening Balance	39,000	By Wages and Salaries	60,000
To Subscriptions	1,81,000	By Upkeep of Grounds	10,000
To Sale of old Materials	1,500	By Stationery	15,000

To Sale of Sports Equipment (Costing ₹ 10,000)	6,000	By Audit Fee	2,000
To Entrance Fees	2,000	By Expenses on Teams	65,000
To Life Membership Fees	50,000	By Sports Equipments	20,000
To Donations for Tournament	20,000	By 5% Investments (On 1st October, 2017)	40,000
		By Cash and Bank Balances	87,500
	2,99,500		2,99,500

Subscriptions still to be received are ₹ 5,500 but subscriptions already received include ₹ 4,000 for next year.
Salaries still unpaid are ₹ 6,000 . Sports Equipments are now valued at ₹ 45,000. Prepare Income and Expenditure Account and the Balance Sheet , after charging 10% depreciation on Billiards Tables.

Answer 39:

Income and Expenditure Account
for the year ended March 31, 2018

Dr.				Cr.
Expenditure	Amount (Rs)	Income	Amount (Rs)	
Loss on Sale of Sports Material (10,000 – 6,000)	4,000	Subscription	1,81,000	
Wages and Salaries	60,000	Add: Subscriptions Outstanding for 2017-18	5,500	
Add: Outstanding in 2017-18	6,000	Less: Subscription Outstanding for 2016-17	8,000	
Less: Outstanding in 2016-17	11,000	Add: Advance received for 2017-18	6,000	
Stationery	15,000	Less: Advance Received for 2018-19	4,000	1,80,500
Audit Fee	2,000	Sale of Old Materials		1,500
Expenses on Teams	65,000	Entrance Fees		2,000
Depreciation on Billiards Tables (6,000 × 10%)	6,000	Interest accrued on Investments (40,000 × 5% × 6/12)		1,000
Consumption of Sports Equipments (5,000 + 2000 – 1,000 – 4,500)	15,000			
Upkeep of Grounds	10,000			
Surplus (Balancing Figure)	13,000			
	1,85,000			1,85,000

Balance Sheet
as on March 31, 2018

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Capital Fund	2,00,000	Subscriptions Outstanding	5,500
<i>Add: Surplus</i>	13,000	Sports Equipment	50,000
<i>Add: Life Membership Fees</i>	50,000	<i>Add: Purchases</i>	20,000
Tournament Fund	60,000	<i>Less: Book Value of Sold Equipments</i>	10,000
<i>Add: Donations</i>	20,000		60,000
Salaries Unpaid	6,000	<i>Less: Consumption</i>	15,000
Subscriptions in Advance	4,000	Grounds	1,20,000
		Billiards Tables	60,000
		<i>Less: 10% Depreciation</i>	6,000
		Cash and Bank Balances	87,500
		Investments	40,000
		<i>Add: Accrued interest</i>	1,000
	3,53,000		41,000
			3,53,000

Question 40:

From the following information relating to the Ganesh Cricket Club, prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date. The summary of cash transactions is:

RECEIPTS AND PAYMENTS ACCOUNT

Dr.

Cr.

Receipts	₹	Payments	₹
To Opening Balance(cash)	10,000	By Upkeep of Fields	20,000
To Opening Balance (Cash at Bank)	20,000	By Tournament Expenses	7,000
To Member's Subscriptions	50,000	By Rates and Insurance	2,000
To Admission Fee	3,000	By Telephone	500
To Sale of Old Bats, etc	500	By Printing and Stationery	1,000
To Hire of Ground	3,000	By General Charges	500
To Subscriptions for Tournament	10,000	By Secretary's Honorarium	2,000
To Donations	1,00,000	By Bats, Balls, etc	7,000
		By Closing Balance (Cash)	1,00,000

		By Closing Balance (Cash at Bank)	56,500
	1,96,500		1,96,500

Assets on 1st April, 2017:

	₹
Stock of Bats and Balls	15,000
Printing and Stationery	2,000
Subscription Due	5,000

Subscriptions due on 31st March, 2018 amounted to ₹ 7,500 . Write off 50% of Bats, Balls (not considering sale) and 25% of Printing and Stationery.

Answer 40:

Books of Ganesh Cricket Club
Income and Expenditure account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
Upkeep of Fields	20,000	Members' Subscriptions	50,000
Rates and Insurance	2,000	Add: Outstanding for 2017-18	7,500
Telephone	500	Less: Outstanding for 2016-17	5,000
Printing and stationery Consumed	750		52,500
General Charges	500	Admission Fee	3,000
Secretary's Honorarium	2,000	Sale of Old Bats, etc.	500
Depreciation on Bats, Balls, etc. (2,200 × 50%)	11,000	Hire of Ground	3,000
Surplus (Balancing Figure)	1,22,250	Donations	1,00,000
	1,59,000		1,59,000

Balance Sheet
as on April 01, 2017

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Capital Fund (<i>Balancing Figure</i>)	52,000	Stock of Bats and Balls	15,000

		Printing and Stationery	2,000
		Subscriptions Outstanding	5,000
		Cash at Bank	30,000
	52,000		52,000

Balance Sheet
as on March 31, 2018

Liabilities		Amount (Rs)	Assets		Amount (Rs)
Subscription for Tournament	10,000	3,000	Subscriptions Outstanding		7,500
Less: Tournament Expenses	7,000		Bats and Balls	15,000	
Capital Fund	52,000	1,74,250	Add: Purchases	7,000	
				22,000	
Add: Surplus	1,22,250		Less: 50% Written-off	11,000	11,000
			Printing and Stationery	2,000	
			Add: Purchases	1,000	
				3,000	
			Less: 25% Written-off	750	2,250
			Bank		1,56,500
		1,77,250			1,77,250

Question 41:

From the following Receipts and Payments Account of Mumbai Theatre Club, prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date.

RECEIPTS AND PAYMENTS ACCOUNT

Dr.

Cr.

Receipts	₹	Payments	₹
To Cash in Hand	40,000	By Salary	20,000
To Cash at Bank	1,00,000	By Repair Expenses	5,000
To Donations	50,000	By Furniture	60,000
To Subscriptions	1,20,000	By Miscellaneous Expenses	5,000
To Entrance Fees	10,000	By Investments	60,000
To Interest on Investments	1,000	By Insurance Premium	2,000
To Interest Received from Bank	4,000	By Billiard Table	80,000
To Sale of Old Newspapers	1,500	By Paper, Ink, etc	1,500
To Sale of Drama Tickets	10,500	By Drama Expenses	5,000
		By Cash in Hand (closing)	26,500

		By Cash at Bank (closing)	72,000
	3,37,000		3,37,000

Additional information :

- (i) Subscriptions in arrear for the year ended 31st March, 2018 ₹ 9,000 and subscriptions in advance for the year ended 31st March , 2019 ₹ 3,500.
- (ii) Insurance Premium outstanding ₹ 400.
- (iii) Miscellaneous expenses prepaid ₹ 900.
- (iv) 8% interest has accrued on investment for five months.
- (v) Billiard Table costing ₹ 3,00,000 was purchased during last year and ₹ 2,20,000 were paid for it.

Answer 41:

Income and Expenditure Account
for the year ended March 31, 2018

Dr.		Cr.	
Expenditure	Amount (Rs)	Income	Amount (Rs)
Salary	20,000	Subscriptions	1,20,000
Repair Expenses	5,000	Add: Outstanding	9,000
Miscellaneous Expenses	5,000	Less: Advance	3,500
Less: Prepaid	900	Entrance Fees	10,000
Insurance Premium	2,000	Interest on Investments	1,000
Add: Outstanding	400	Add: Accrued interest	2,000
	2,400	(60,000 × 8% × 5/12)	3,000
Paper, Ink, etc.	1,500	Donation	50,000
Surplus (Balancing Figure)	1,66,500	Interest received from Bank	4,000
		Sale of Old Newspapers	1,500
		Receipts from Sale of	10,500
		Drama Tickets	
		Less: Drama Expenses	5,000
	1,99,500		5,500
			1,99,500

Balance Sheet
as on April 01, 2017

Liabilities	Amount	Assets	Amount
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	(Rs)		(Rs)
Creditors for Billiard Table	80,000	Billiard Table	3,00,000
		Cash in hand	40,000
Capital Fund (<i>Balancing Figure</i>)	3,60,000	Cash at bank	1,00,000
	4,40,000		4,40,000

Balance Sheet
as on March 31, 2018

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Advance Subscriptions	3,500	Subscriptions Outstanding	9,000
Insurance Premium Outstanding	400	Prepaid Miscellaneous Expenses	900
Capital Fund	3,60,000	Investments	60,000
Add: Surplus	1,66,500	Add: Accrued Interest	2,000
	5,26,500	Billiard Table	3,00,000
		Furniture	60,000
		Cash in hand	26,500
		Cash at bank	72,000
	5,30,400		5,30,400

Question 42:

Following Receipts and Payments Account was prepared from the Cash Book of Delhi Charitable Trust for the year ending 31st March, 2018:

RECEIPTS AND PAYMENTS ACCOUNT

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance <i>b/d</i> :		By Charity	1,15,000
Cash in Hand	1,15,000	By Rent and Taxes	32,000
Cash at Bank	1,26,000	By Salary	60,000
To Donations	90,000	By Printing	6,000
To Subscriptions	4,28,000	By Postage	3,000
To Legacies	1,80,000	By Advertisements	45,000
To Interest on Investment	45,000	By Insurance	20,000
To Sale of old Newspaper	2,000	By Furniture	2,16,000
		By Investment	2,30,000

		By Balance <i>c/d</i> :	
		Cash in Hand	99,000
		Cash at Bank	1,60,000
	9,86,000		9,86,000

Prepare Income and Expenditure Account for the year ended 31st March , 2018 , and Balance Sheet as on that date after the following adjustments:

- (i) Insurance premium was paid in advance for three months.
- (ii) Interest on investment ₹ 11,000 accrued was not received.
- (iii) Rent ₹6,000; Salary ₹9,000 and advertisement expenses ₹ 10,000 outstanding as on 31st March, 2018.

Answer 42:

Income and Expenditure Account
for the year ending March 31, 2018

Dr.

Cr.

Expenditure	Amount (₹)	Income	Amount (₹)
Charity	1,15,000	Donation	90,000
Rent 32,000		Subscription	4,28,000
Add: Outstanding 6,000	38,000	Interest on Investments (45,000 + 11,000)	56,000
Salary 60,000		Sale of Old Newspapers	2,000
Add: Outstanding 9,000	69,000		
Advertisement 45,000			
Add: Outstanding 10,000	55,000		
Insurance 20,000			
Less: Prepaid 5,000	15,000		
Printing	6,000		

Postage	3,000		
Surplus	2,75,000		
	5,76,000		5,76,000

Balance Sheet

as on March 31, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund		Cash	99,000
Opening Balance 2,41,000		Bank	1,60,000
Add: Legacy 1,80,000		Prepaid Insurance	5,000
Add: Surplus 2,75,000	6,96,000	Furniture	2,16,000
Rent Outstanding	6,000	Investment 2,30,000	
		Add: 11,000	2,41,000
		Accrued Interest	
	7,21,000		7,21,000

Working Notes

WN1: Ascertainment of Capital Fund

Balance Sheet

as on March 31, 2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund	2,41,000	Cash	1,15,000
		Banks	1,26,000

	2,41,000		2,41,000

Question 43:

Given Below is the Receipts and Payments Account of a Mayur Club for the year ended 31st March , 2018:

RECEIPTS AND PAYMENTS ACCOUNT

Dr.

Cr.

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d		By Salaries	60,000
To Subscriptions:		By Expenses	7,500
2016-17 4,000		By Drama Expenses	45,000
2017-18 2,05,000		By Newspapers	15,000
2018-19 6,000	2,15,000	By Municipal Taxes	4,000
To Donations	54,000	By Charity	35,000
To Proceeds of Drama Tickets	95,000	By Investments	2,00,000
To Sale of Waste Paper	4,500	By Electricity Charges	14,500
		By Balance c/d	90,000
	4,71,000		4,71,000

Prepare club's Income and Expenditure Account for the year ended 31st March , 2018 and Balance Sheet as at that date after taking the following information into account:

- (i) There are 500 members, each paying an annual subscription of ₹ 500, ₹ 5,000 are still in arrears for the year ended 31st March, 2017.
- (ii) Municipal Taxes amounted to ₹ 4,000 per year is paid up to 30th June and ₹5,000 are outstanding of salaries.
- (iii) Building stands in the books at ₹ 5,00,000.
- (iv) 6% interest has accrued on investments for five months.

Answer 43:

Income and Expenditure Account
for the year ended March 31, 2018

Dr.					Cr.
Expenditure		Amount (Rs)	Income		Amount (Rs)
Municipal Taxes	4,000		Subscription (500 members × Rs 500)		2,50,000
Add: Prepaid in 2016-17	1,000		Interest Accrued on		5,000
Less: Prepaid in 2017-18	1,000	4,000	Investment (2,00,000×6100×512)2,00,000×6100×512		
Salaries	60,000		Profit from Drama:		
Add: Outstanding	5,000	65,000	Proceeds	95,000	
Expenses		7,500	Less: Drama Expenses	45,000	50,000
Newspapers		15,000	Sale of Waste Paper		4,500
Charity		35,000	Donations		54,000
Electricity Charges		14,500			
Surplus (Balancing Figure)		2,22,500			
		3,63,500			3,63,500

Balance Sheet
as on April 01, 2017

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Capital Fund (Balancing Figure)		Subscriptions Outstanding (4,000 + 5,000)	9,000
	6,12,500	Municipal Taxes Prepaid	1,000
		Building	5,00,000
		Cash and Bank	1,02,500
	6,12,500		6,12,500

Balance Sheet
as on March 31, 2018

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Advance Subscription	6,000	Subscriptions Outstanding	
Salaries Outstanding	5,000	For 2015-16 (2,50,000 – 45,000)	
		2,05,000)	
		For 2014-15	5,000
			50,000
Capital Fund	6,12,500	Prepaid Municipal Taxes	1,000
Add: Surplus	2,22,500	Building	5,00,000
	8,35,000	Investments	2,00,000
		Add: Accrued Interest	5,000
		Cash at Bank	90,000
	8,46,000		8,46,000

Question 44:

From the following information and Receipts and Payments Account of Delhi Medical Society, prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date.

RECEIPTS AND PAYMENTS ACCOUNT
for the year ended 31st March, 2018

Dr.**Cr.**

Receipts	(₹)	Payments	(₹)
To Balance b/d	31,900	By Rent	16,800
To Entrance Fees	5,500	By Wages	24,500
To Subscriptions	1,80,000	By Lighting Charges	7,200
To Donations	16,500	By Books	24,800
To Life Membership Fees	25,000	By Medicines (Polio Eradication Project)	1,00,000
To Government Grant (Polio Eradication Project)	2,00,000	By Salaries to Doctors(Polio Eradication Project)	80,000
To Proceeds of Seminar	23,200	By Office Expenses	45,000
To Interest on Deposits	2,400	By 8% Fixed Deposits	1,20,000
		(On 1st October, 2017)	
		By Seminar Expenses	20,200
		By Cash in Hand	26,000
		By Bank A/c (Polio Eradication Project)	20,000
	4,84,500		4,84,500

Other information:

On 31st March, 2017, the club possessed books of ₹ 2,00,000 and Furniture of ₹ 85,000. Provide depreciation on these assets @ 10% including the purchases during the year.

Subscriptions in arrears in the beginning of the year amounted to ₹ 3,500 and at the end of the year ₹ 5,500 were outstanding.

The Club paid three months' rent in advance both in the beginning and at the end of the year.

Answer 44:

Books of Delhi Medical Society

Income and Expenditure Account

for the year ended March 31, 2018

Dr.

Cr.

Expenditure	Amount (₹)	Income	Amount (₹)
Rent	16,800	Entrance Fees	5,500
<i>Add:</i> Advance in the beginning	4,200	Subscriptions	1,80,000
<i>Less:</i> Advanced at the end	(4,200)	<i>Add:</i> Arrears at the end	5,500
Wages	24,500	<i>Less:</i> Arrears in the beginning	(3,500)
Lighting Charges	7,200	Donations	16,500
Office Expenses	45,000	Interest on Deposits	2,400
Depreciation on:		<i>Add:</i> Accrued Interest	2,400
Furniture	8,500	Profit from Seminar:	
Books	22,480	Proceeds	23,200
Surplus (<i>Balancing Figure</i>)	87,320	<i>Less:</i> Expenses	(20,200)
	2,11,800		2,11,800

Balance Sheet

as on April 01, 2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund (<i>Balancing Figure</i>)	3,24,600	Advance Rent	4,200
		Subscription-in-Arrears	3,500
		Books	2,00,000
		Furniture	85,000
		Cash in Hand	31,900
	3,24,600		3,24,600

Balance Sheet

as on March 31, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Government Grant 2,00,000 <i>Less: Medicines</i> 1,00,000 <i>Less: Salaries</i> 80,000 Capital Fund 3,24,600 <i>Add: Surplus</i> 87,320 <i>Add: Life Membership</i> 25,000	20,000 4,36,920	Subscription-in-Arrears	5,500
		Advance Rent	4,200
		Books	2,00,000
		<i>Add: Purchase</i>	24,800
			2,24,800
		<i>Less: 10% Depreciation</i>	(22,480)
			2,02,320
		Furniture	85,000
		<i>Less: 10% Depreciation</i>	8,500
			76,500
		Cash in Hand	26,000
		Cash at Bank	20,000
		8% Fixed Deposit	1,20,000

Answer 45:

Income and Expenditure Account
for the year ending December 31,2015

Dr.

Cr.

Expenditure	Amount (Rs)	Income	Amount (Rs)
Salary 3,30,000		Subscription 6,60,000	
Add: Outstanding Salaries (WN3) 30,000	3,60,000	Add: Advance in the beginning 20,000	6,80,000
Sports Materials Consumed	50,000	Interest on Investments	40,000
Surplus (Excess of Income over Expenditure) 3,10,000	3,10,000		
	7,20,000		7,20,000

Balance Sheet
as on December 31,2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Outstanding Salaries	30,000	Investments (WN4)	5,00,000
Capital Fund 9,70,000		Stock of Sports Material	6,50,000
Add: Surplus 3,10,000	12,80,000	Cash	1,60,000
	13,10,000		13,10,000

Working Notes:

WN1: Calculation of amount of Sports Material Consumed:

Particulars	Amount (Rs)
Sports Material Purchased	4,00,000
Add: Opening Stock of Sports Material	3,00,000
Less: Closing Stock of Sports Material	6,50,000
Sports Material Consumed	50,000

WN2: Calculation of Capital Fund

Balance Sheet
as on January 01,2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Subscription Received in Advance	20,0000	Investments	5,00,000
Capital Fund (Balancing Figure) 9,70,000	9,70,000	Stock of Sports Material	3,00,000
		Cash	1,90,000

Answer 46:

Books of Rama Krishna Mission Charitable Hospital
Income and Expenditure Account
for the year ended March 31, 2016

Dr.				Cr.
Expenditure	Amount (Rs)	Income	Amount (Rs)	
Medicine	30,590	Subscription	47,996	
Add: Opening Stock	8,810	Add: Due for 2015-16	280	
Less: Closing Stock	(9,740)	Less: Due for 2014-15	(240)	
Doctor's Honorarium	9,000	Less: Advance for 2016-17	(100)	
Salaries	27,500	Add: Advance for 2015-16	64	48,000
Petty Expenses	461	Donations		14,500
Expenses on Charity Show	750	Interest on Investments		7,000
Depreciation on Equipments	4,600	Proceeds from Charity Show		10,450
Depreciation on Building	2,000			
Surplus (<i>Balancing Figure</i>)	5,979			
	79,950			79,950

Balance Sheet
as on April 01, 2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Advance Subscription	64	Subscription Due	240
Capital Fund (<i>Balancing Figure</i>)	1,77,316	Stock of Medicines	8,810
		Equipments	21,200
		Building	40,000
		Cash in Hand	7,130
		Investments	1,00,000
	1,77,380		1,77,380

Balance Sheet
as on March 31, 2016

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Advance Subscription	100	Subscription Due	280
Capital Fund	1,77,316	Stock of Medicines	9,740
Add: Surplus	5,979	Equipments	21,200
	1,83,295	Add: Purchases	15,000
			36,200
		Less: Depreciation	(4,600)
		Building	40,000
		Less: Depreciation	(2,000)
		Cash in Hand	3,775
		7% Investments	1,00,000

Particulars	1st April, 2017 (₹)	31st March, 2018 (₹)
Outstanding Salaries	12,000	18,000
Insurance Prepaid	7,000	3,000
Subscription Outstanding	37,500	25,000
Subscription received in advance	17,500	10,000
Electricity Charges outstanding	...	12,500
Stock of Stationery	22,500	7,000
Equipments	2,56,000	5,02,000
Building	12,00,000	11,40,000

Prepare Income and Expenditure Account for the year ended 31st March, 2018, and Balance Sheet as on that date.

Answer 47:

Income and Expenditure Account

for the year ending March 31, 2018

Dr.

Cr.

Expenditure	Amount (₹)	Income	Amount (₹)
Stationery	32,500	Donation	30,000
Electricity Charges 95,500		Government Grant	1,50,000
<i>Add:</i> Outstanding 12,500	1,08,000	Sale of Old Newspapers	3,000
Salary 1,25,000		Proceeds of Charity Show (Net)	36,000
<i>Add:</i> Current O/s 18,000		Interest on Investments	70,000
<i>Less:</i> Previous O/s 12,000	1,31,000	Sundries Income	4,000

Insurance	75,000		Subscription	8,17,500	
<i>Add: Previous</i>	7,000		<i>Add: Current O/s</i>	25,000	
<i>Less: Current</i>	3,000	79,000	<i>Add: Previous Adv.</i>	17,500	
Petty Expenses		5,000	<i>Less: Previous O/s</i>	37,500	
Newspaper		10,000	<i>Less: Current Adv.</i>	10,000	8,12,500
Lectures Fees		1,65,000			
Honorarium to Secretary		1,20,000			
Depreciation on Equipment		54,000			
Depreciation on Building		60,000			
Surplus		3,41,000			
		11,05,500			11,05,500

Balance Sheet

as on March 31, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund		Prepaid Insurance	3,000
Opening Balance	22,66,000	Subscription Outstanding	25,000
<i>Add: Surplus</i>	3,41,000	Investments	7,00,000
Outstanding Salary	18,000	Equipment	2,56,000
Subscription Received in Advance	10,000	<i>Add: Purchases</i>	3,00,000
Electricity Charges Outstanding	12,500	<i>Less:</i>	54,000
		Depreciation	5,02,000
		Cash	20,500
		Bank	2,50,000
		Building	12,00,000
		<i>Less:</i>	60,000
			11,40,000

		Depreciation	
		Stock of Stationery	7,000
	26,47,500		26,47,500

Working Notes

WN1: Ascertainment of Capital Fund

Balance Sheet

as on March 31, 2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Outstanding Salary	12,000	Prepaid Insurance	7,000
Subscription Received in Advance	17,500	Subscription Outstanding	37,500
Capital Fund	22,66,000	Stock of Stationery	22,500
		Equipment	2,56,000
		Building	12,00,000
		Cash	22,500
		Bank	50,000
		Investments	7,00,000
	22,95,500		22,95,500

Question 48:

Receipts and Payments Account of Shankar Sports Club is given below, for the year ended 31st March, 2018:

RECEIPTS AND PAYMENTS ACCOUNT *for the year ended 31st March, 2018*

Dr.			Cr.
Receipts	₹	Payments	₹

To Cash in Hand (Opening)	2,600	By Rent	18,000
To Entrance Fee	3,200	By Wages	7,000
To Donation for Building	23,000	By Billiard Table	14,000
To Locker Rent	1,200	By Furniture	10,000
To Life Membership Fee	7,000	By Interest	2,000
To Profit from Entertainment	3,000	By Postage	1,000
To Subscription	40,000	By Salary	24,000
		By Cash In Hand (closing)	4,000
	80,000		80,000

Prepare Income and Expenditure Account and Balance Sheet with the help of following information:

Subscription outstanding on 31st March, 2017 is ₹ 1,200 and ₹ 2,300 on 31st March, 2018; opening stock of postage stamps is ₹ 300 and closing stock is ₹ 200; Rent ₹ 1,500 related to the year ended 31st March, 2017 and ₹ 1,500 is still unpaid. On 1st April, 2017 the club owned furniture ₹ 15,000, Furniture valued at ₹ 22,500 on 31st March, 2018. The club has a loan of ₹ 20,000(@ 10% p.a.) which was taken, in year ended 31st March, 2017.

Answer 48:

Income and Expenditure Account

for the year ending March 31, 2018

Dr.

Cr.

Expenditure	Amount (₹)	Income	Amount (₹)
Rent	18,000	Entrance Fee	3,200
Add: Current O/s	1,500	Locker Rent	1,200
Less: Previous O/s	1,500	Profit from Entertainment	3,000
Postage	1,000	Subscription	40,000
Add: Outstanding	300	Add: Current O/s	2,300
	18,000		

Less: Closing	200	1,100	Less: Previous O/s	1,200	41,100
Wages		7,000	Deficit		6,100
Interest		2,000			
Salaries		24,000			
Depreciation on Furniture		2,500			
		54,600			54,600

Balance Sheet

as on March 31, 2018

Liabilities	Amount (₹)	Assets	Amount (₹)
Outstanding Rent	1,500	Cash in Hand	4,000
10% Loan	20,000	Billiards Table	14,000
Donation for Building	23,000	Subscription Outstanding	2,300
		Stock of Postage Stamps	200
		Furniture	15,000
		<i>Add: Purchases</i>	10,000
		<i>Less: Depreciation</i>	2,500
		Capital Fund	
		Opening Balance	(2,400)
		<i>Less: Deficit</i>	(6,100)
		<i>Add: Life Membership Fee</i>	7,000
	44,500		44,500

Working Notes

WN1: Ascertainment of Capital Fund

Balance Sheet

as on March 31, 2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Outstanding Rent	1,500	Furniture	15,000
10% Loan	20,000	Subscription Outstanding	1,200
		Stock of Stationery	300
		Cash in Hand	2,600
		Capital Fund (<i>Deficit</i>)	2,400
	21,500		21,500

Note: The total of Closing Balance Sheet in the textbook is Rs 51,500. However, as per the above solution, the total of Closing Balance Sheet stands at Rs 44,500

Chapter 2.

Company Accounts

Accounting for Share Capital

Answer 1:

Gopal Ltd.		
Balance Sheet		
Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	44,99,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		44,99,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	44,99,000
Total		44,99,000

Notes to Accounts		
Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	5,00,000 equity shares of Rs 10 each	50,00,000
	Issued Share Capital	
	5,00,000 equity shares of Rs 10 each	50,00,000
	Subscribed, Called-up and Paid-up Share Capital	
	4,50,000 equity shares of Rs 10 each	45,00,000
	Less: Calls in Arrears (500 shares × Rs 2)	(1,000)
		44,99,000
2	Cash and Cash Equivalents	
	Cash at Bank	44,99,000

Answer 2:

Balance Sheet of Himmat Ltd.		
Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital		
Total		20,00,000
II. Assets		
2. Current Assets		
Cash and Cash Equivalents		
Total		20,00,000

Notes to Accounts		
Particulars		Amount (Rs)
1. Share Capital		
<i>Authorised Share Capital</i>		
5,00,000 Equity Shares of Rs 10 each		
<i>Issued Share Capital</i>		
50,000 Equity Shares of Rs 10 each		
1,50,000 Equity Shares of Rs 10 each		

<i>Subscribed and Paid-up Share Capital</i>		
50,000 Equity Shares of Rs 10 each	5,00,000	
1,50,000 Equity Shares of Rs 10 each	15,00,000	20,00,000
2. Cash and Cash Equivalents		
Bank		20,00,000

Answer 3:

Balance Sheet of Lennova Ltd.		
Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	42,50,000
b. Reserves and Surplus	2	5,00,000
Total		47,50,000
II Assets		
2. Current Assets		
Cash and Cash Equivalents	3	47,50,000
Total		47,50,000

Notes to Accounts		
Particulars		Amount (Rs)
1. Share Capital		
<i>Authorised Share Capital</i>		
10,00,000 Equity Shares of Rs 10 each		1,00,00,000
<i>Issued Share Capital</i>		
2,50,000 Equity Shares of Rs 10 each	25,00,000	
2,50,000 Equity Shares of Rs 10 each	25,00,000	50,00,000
<i>Subscribed Share Capital</i>		
<i>Fully Called-up & Paid-up Capital</i>		
2,50,000 Equity Shares of Rs 10 each		25,00,000
<i>Partially Called-up & Paid-up Capital</i>		
2,50,000 Equity Shares of Rs 10 each, 7 called-up		17,50,000
2. Reserves and Surplus		
Securities Premium Reserve (2,50,000 shares @ Rs 2 per share)		5,00,000
3. Cash and Cash Equivalents		
Bank		47,50,000

Answer 4:

Authorised Capital 2,50,000 equity shares of Rs 10 each
Issued and Subscribed Capital 2,50,000 shares

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	(Share application money received for 2,50,000 equity shares of Rs 10 each)			

To Equity Share Capital A/c	25,00,000
(Share application of 2,50,000 equity shares of Rs 10 each transferred to Equity Share Capital Account)	

Answer 5:

Authorised Capital 1,60,000 equity shares of Rs 10 each
 Issued and Subscribed Capital 80,000 equity shares

Books of XYZ Limited Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c	Dr.	8,00,000	
	To Equity Share Application A/c			8,00,000
	(Share application money received for 8,000 Equity Shares of Rs 10 each)			
	Equity Share Application A/c	Dr.	8,00,000	
	To Equity Share Capital A/c			8,00,000
	(Share application of 80,000 shares of Rs 10 each transferred to Equity Share Capital Accounts)			

Answer 6:

Issued and Subscribed Capital 10,000 shares of Rs 10 each

Payable as:

Rs	2	on application
Rs	3	on allotment
Rs	2	on first call
Rs	3	on final call
	10	

Books of XYZ Limited Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	(Share application money received for 10,000 shares at Rs 2 per share)			
	(Share application of 10,000 shares of Rs 2 each transferred to Share Capital)			
	(Share allotment due on 10,000 shares at Rs 3 per share)			
	(Share allotment money received for 10,000 Shares at Rs 3 per share)			

	(Share first call due on 10,000 shares at Rs 2 per share)			
	Bank A/c	Dr.	20,000	
	To Share First call A/c			20,000
	(Share first call received on 10,000 shares at Rs 2 per share)			
	Share Final Call A/c	Dr.	30,000	
	To Share Capital A/c			30,000
	(Share Final call due on 10,000 shares at 3 per shares)			
	Bank A/c	Dr.	30,000	
	To Share Final Call A/c			30,000
	(Share final call received on 10,000 shares at Rs 3 per share)			

Answer 7:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Application A/c Dr. To Share Capital		90,000	90,000
	Share Allotment A/c Dr. To Share Capital A/c		1,20,000	1,20,000
	Share First and Final Call A/c Dr. To Share Capital A/c		90,000	90,000

Cash Book

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
	3,00,000		3,00,000

Answer 8:

Authorised Capital:

Equity Shares 7,500 of Rs 100 each.

9% Preference Shares 2,500 of Rs 100 each.

Issued Capital:

Equity Shares 1,000 of Rs 100 each.

Payable as

- ☐ Rs 10 on Application
- ☐ Rs 40 on Allotment
- ☐ Rs 25 on First Call
- ☐ Rs 25 on Final Call

Preference Shares 500 of Rs 100 each.

Payable as

- ☐ Rs 25 on application
- ☐ Rs 25 on allotment
- ☐ Rs 50 on first and final call

Cash Book

Dr.				Cr.			
Date	Particulars	L.F.	Bank Rs	Date	Particulars	L.F.	Bank Rs
	Equity Share Application		10,000				
	Preference Share Application		12,500				
	Equity Share Allotment		40,000				
	Preference Share Allotment		12,500				
	Equity Share First Call		25,000				
	Preference Share First and Final Call		25,000				
	Equity Share Final Call		25,000		Balance c/d		1,50,000
			1,50,000				1,50,000

Journal

Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
Equity Share Application A/c	Dr.	10,000	
To Equity Share Capital A/c			10,000
(Equity share application of 1,000 shares of Rs 10 each transferred to Equity Share Capital Account)			
Preference Share Application A/c	Dr.	12,500	
To 9% Preference Share Capital A/c			12,500
(Preference share applications of 500 shares Rs 25 each transferred to 9% Preference Share Capital Account)			
Equity Share Allotment A/c	Dr.	40,000	
To Equity Share Capital A/c			40,000
(Equity share allotment due on 1,000 shares at Rs 40 each)			
Preference Share Allotment A/c	Dr.	12,500	
To 9% Preference Share Capital A/c			12,500
(Preference share allotment due on 500 shares at Rs 25 each)			
Equity Share First Call A/c	Dr.	25,000	
To Equity Share Capital A/c			25,000
(Equity share first call due on 1,000 shares at Rs 25 each)			
Preference Share First and Final Call A/c	Dr.	25,000	
To 9% Preference Share Capital A/c			25,000
(Preference share first and final call due on 500 shares at Rs 50 each)			
Equity Share Final Call A/c	Dr.	25,000	
To Equity Share Capital A/c			25,000
(Equity share final call due on 1,000 shares at Rs 25 each)			

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	1,50,000
2. Non-Current Liabilities		
3. Current Liabilities		

Total		1,50,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	1,50,000
Total		1,50,000

NOTES TO ACCOUNTS		
Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	75,000 Equity Shares of Rs 100 each	7,50,000
	25,000 9% Preference Shares of Rs 100 each	2,50,000
	10,00,000	
	Issued Share Capital	
	1,000 Equity Shares of Rs 100 each	1,00,000
	500 9% Preference Shares of Rs 100 each	50,000
	1,50,000	
	Subscribed, Called-up and Paid-up Share Capital	
	1,000 Equity Shares of Rs 100 each	1,00,000
	500 9% Preference Shares of Rs 100 each	50,000
	1,50,000	
2	Cash and Cash Equivalents	
	Cash at Bank	1,50,000

Answer 9:

Issued 1,00,000 equity shares of Rs 10 each at a premium of Rs 5

Applied 1,00,000 shares

Books of Shiva Limited Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c	Dr.	15,00,000	
	To Equity Share Application and Allotment A/c			15,00,000
	(Share application and allotment money received for 1,00,000 Shares at Rs 15 each including Rs 5 premium)			
	Equity Share Application and Allotment A/c	Dr.	15,00,000	
	To Equity Share Capital A/c			10,00,000
	To Securities Premium A/c			5,00,000
	(Application and allotment money of 1,00,000 shares transferred to Equity Share Capital Account at Rs 10 each and Securities Premium at Rs 5 each)			

Answer 10:

Issued 10,000 shares of Rs 25 each at premium of Rs 5

Applied 10,000 shares

Payable as:

Application	Rs	5	
Allotment	Rs	10	(5 + 5)
First Call	Rs	5	
Second Call	Rs	5	
Final Call	Rs	5	
	Rs	30	(25 + 5)

Share Allotment Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs
	Share Capital		50,000		Bank		1,00,000
	Securities Premium		50,000				
			1,00,000				1,00,000

Share First Call Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs
	Share Capital		50,000		Bank		50,000
			50,000				50,000

Share Second Call Account							
Dr.							Cr.
	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs

Share Final Call Account							
Dr.							Cr.
	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs

Call-in-Arrears Account							
Dr.							Cr.
	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs

Share Capital Account							
Dr.							Cr.
	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs

				Share Second		50,000
	Balance c/d		2,50,000	Share Final Call		50,000
			2,50,000			2,50,000

Securities Premium Account							
Dr.							Cr.
Date	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs
	Balance c/d		50,000		Share Allotment		50,000
			50,000				50,000

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

Balance Sheet		
Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital		
b. Reserves and Surplus		
2. Non-Current Liabilities		
3. Current Liabilities		
Total		2,97,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents		
Total		2,97,000

NOTES TO ACCOUNTS		
Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	 shares of Rs 25 each	...
	Issued Share Capital	
	10,000 shares of Rs 25 each	2,50,000
	Subscribed, Called-up and Paid-up Share Capital	
	10,000 shares of Rs 25 each	2,50,000
	Less: Calls-in-Arrears	(3,000)
		2,47,000
2	Reserves and Surplus	
	Securities Premium	50,000
3	Cash and Cash Equivalents	
	Cash at Bank	2,97,000

Answer 11:

Authorised Capital 20,000 shares of Rs 10 each

Issued Capital 2,000 shares

Applied 1,800 shares

Payable as:

Application

Allotment

First Call	Rs	2
Final Call	Rs	3
		12 (10+2)

Books of X Limited Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c	Dr.	5,400	
	To Share Application A/c			5,400
	(Application money received for 1,800 shares at Rs 3 per shares)			
	Share Application A/c	Dr.	5,400	
	To Share Capital A/c			3,600
	To Securities Premium A/c			1,800
	(Application money of 1,800 share transferred to Share Capital at Rs 2 per share and Securities Premium Re 1 per share)			
	Share Allotment A/c	Dr.	7,200	
	To Share Capital A/c			5,400
	To Securities Premium A/c			1,800
	(Share allotment due on 1,800 shares at Rs 4 per share including Re 1 securities premium)			
	Bank A/c	Dr.	7,200	
	To Share Allotment A/c			7,200
	(Share Allotment money received)			
	Share First Call A/c	Dr.	3,600	
	To Share Capital A/c			3,600
	(Share first call due on 1,800 shares at Rs 2 per shares)			
	Bank A/c	Dr.	3,600	
	To Share First Call A/c			3,600
	(Share first call money received)			
	Share Final Call A/c	Dr.	5,400	
	To Share Capital A/c			5,400
	(Share final call due on 1,800 shares at Rs 3 per share)			
	Bank A/c		5,400	
	To Share Final Call A/c	Dr.		5,400
	(Share final call money received)			

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

X Ltd.		
Balance Sheet		
	Note No.	Amount (Rs)
1. Shareholders' Funds		
a. Share Capital		
b. Reserves and Surplus		
2. Non-Current Liabilities		
3. Current Liabilities		
		21,600
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents		
		21,600

NOTES TO ACCOUNTS		
Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	20,000 shares of Rs 10 each	2,00,000
	Issued Share Capital	
	2,000 shares of Rs 10 each	20,000
	Subscribed, Called-up and Paid-up Share Capital	
	1,800 shares of Rs 10 each	18,000
2	Reserves and Surplus	
	Securities Premium	3,600
3	Cash and Cash Equivalents	
	Cash at Bank	21,600

Answer 12:

Suhani Ltd.		
Balance Sheet		
Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	21,00,000
b. Reserves and Surplus	2	1,40,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		22,40,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	22,40,000
Total		22,40,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	30,000 shares of Rs 150 each	45,00,000
	Issued Share Capital	
2	15,000 shares of Rs 150 each	22,50,000
	Subscribed, Called-up and Paid-up Share Capital	
	14,000 shares of Rs 150 each	21,00,000
3	Reserves and Surplus	
	Securities Premium	1,40,000
3	Cash and Cash Equivalents	
	Cash at Bank	22,40,000

Answer 13:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c (25,000×5)	Dr.	1,25,000	
	To Equity Share Application A/c			1,25,000
	(Application Money Received)			
	Equity Share Application A/c (25,000×5)	Dr.	1,25,000	
	To Equity Share Capital A/c (25,000×4)			1,00,000
	To Security Premium Reserve A/c (25,000×1)			25,000
	(Application money adjusted towards Share Capital)			
	Equity Share Allotment A/c (25,000×4)	Dr.	1,00,000	
	To Equity Share Capital A/c (25,000×3)			75,000
	To Security Premium Reserve A/c (25,000×1)			25,000
	(Allotment money due)			
	Bank A/c (25,000×4)	Dr.	1,00,000	
	To Equity Share Allotment A/c			1,00,000
	(Allotment money received)			
	Equity Share First Call A/c (25,000×3)	Dr.	75,000	
	To Equity Share Capital A/c (25,000×2)			50,000
	To Security Premium Reserve A/c (25,000×1)			25,000
	(First call money due)			
	Bank A/c (25,000×3)	Dr.	75,000	
	To Equity Share First Call A/c			75,000
	(First call money received)			
	Equity Share Second Call A/c (25,000×2)	Dr.	50,000	
	To Equity Share Capital A/c (25,000×1)			25,000
	To Security Premium Reserve A/c (25,000×1)			25,000
	(Second call money due)			
	Bank A/c (25,000×2)	Dr.	50,000	
	To Equity Share Second Call A/c			50,000
	(Second call money received)			

Answer 14:

Issued Capital 10,000 shares of Rs 10 each

Applied 12,000 shares

Over-subscribed by 2,000 shares

Books of X Limited Journal			
Date	Particulars	Debit Amount Rs	Credit Amount Rs
	Bank A/c	Dr. 1,20,000	
	To Share Application A/c		1,20,000
	(Share Application received for 12,000 shares at Rs 10 each)		
	Share Application A/c	Dr. 1,20,000	
	To Share Capital A/c		1,00,000
	To Bank A/c		20,000
	(Application of 10,000 shares transferred to Share Capital and of 2,000 hares returned)		

Answer 15:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c (60,000×3)	Dr.	1,80,000	
	To Share Application A/c			1,80,000
	(Received application money on 60,000 shares)			
	Share Application A/c	Dr.	1,80,000	
	To Share Capital A/c (50,000×3)			1,50,000
	To Bank A/c (10,000×3)			30,000
	(Transfer of application money to Share Capital)			
	Share Allotment A/c (50,000×4)	Dr.	2,00,000	
	To Share Capital A/c			2,00,000
	(Allotment due on 50,000 shares)			
	Bank A/c	Dr.	2,00,000	
	To Share Allotment A/c			2,00,000
	(Allotment received)			
	Share First and Final Call A/c (50,000×3)	Dr.	1,50,000	
	To Share Capital A/c			1,50,000
	(Call money due on 50,000 shares)			
	Bank A/c (49,500×3)	Dr.	1,48,500	
	To Share First and Final Call A/c			1,48,500
	(Received call money on 49,500 shares)			

Answer 16:

Issued Capital	20,000 shares at Rs 10 each
Applied	30,000 shares
Over-subscribed	10,000 shares

Applied	Allotted	Over-subscribed
25,000	20,000	5,000
5,000	NIL	5,000
30,000	20,000	10,000

Payable as:		
Rs	3	on application
Rs	5	on allotment
	8	Called-up

Cash Book							
Dr.				Cr.			
Date	Particulars	L.F.	Bank Rs	Date	Particulars	L.F.	Bank Rs

Journal				
Date	Particulars	L.F.	Debit	Credit

			Amount Rs	Amount Rs
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c (Share application of 20,000 shares at Rs 3 each transferred to Share Capital Account and excess money Rs 15,000 transferred to allotment)		75,000	60,000 15,000
	Share Allotment A/c Dr. To Share Capital A/c (Share allotment due on 20,000 shares at Rs 5 each)		1,00,000	1,00,000

**ABC Company Ltd.
Balance Sheet**

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	1,60,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		1,60,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	1,60,000
Total		1,60,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital shares of Rs 10 each	—
	Issued Share Capital 20,000 shares of Rs 10 each	2,00,000
	Subscribed, Called-up and Paid-up Share Capital 20,000 shares of Rs 10 each, on which Rs 8 called-up and paid-up	1,60,000
2	Cash and Cash Equivalents	
	Cash at Bank	1,60,000

Answer 17:

Books of Eastern Company Limited

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c (Share Application money for 50,000 shares transferred To Share Capital Account and the excess money transferred To Share Allotment Account)		1,80,000	1,50,000 30,000
	Share Allotment A/c Dr. To Share Capital A/c		2,50,000	1,00,000

To Share Premium A/c (Allotment money due on 50,000 shares @ Rs 5 per share including Rs 3 security premium)			1,50,000
Share First Call A/c To Share Capital A/c (First call due on 50,000 shares @ Rs 3 per share)	Dr.	1,50,000	1,50,000

Cash Book (Bank Column)

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
	Share Application		1,80,000				
	Share Allotment		2,20,000		Balance c/d		5,49,700
	Share First Call		1,49,700				
			5,49,700				5,49,700

Eastern Company Limited Balance Sheet

Particulars	Note No.	Amount (₹)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	3,99,700
b. Reserves and Surplus	2	1,50,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		5,49,700
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	5,49,700
Total		5,49,700

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (₹)
1	Share Capital	
	Authorised Share Capital	
	1,00,000 shares of Rs 10 each	10,00,000
	Issued Share Capital	
	50,000 shares of Rs 10 each	5,00,000
	Subscribed, Called up and Paid up Share Capital	
	50,000 shares of Rs 10 each, Rs 8 called-up	4,00,000
	Less: Calls-in-Arrears	(300)
		3,99,700
2	Reserves and Surplus	
	Securities Premium	1,50,000
3	Cash and Cash Equivalents	
	Cash at Bank	5,49,700

Answer 18:

Amount payable as:

Application	Rs	10	
Allotment	Rs	50	(40 + 10)
First and Final Call	Rs	60	(50 + 10)
		120	(100 + 20)

**Books of X Company
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share application money received for 23,000 shares at Rs 10 each)		2,30,000	2,30,000
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c To Bank A/c (Share application of 10,000 shares transferred to Share Capital, Rs 50,000 adjusted on allotment and remaining amount returned)		2,30,000	1,00,000 50,000 80,000
	Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c (Share allotment due on 10,000 shares at Rs 50 each including Rs 10 premium)		5,00,000	4,00,000 1,00,000
	Bank A/c Dr. To Share Allotment A/c (Share allotment money received)		4,50,000	4,50,000
	Share First and Final Call A/c Dr. To Share Capital A/c To Securities Premium A/c (First and final call due on 10,000 shares at Rs 60 each including Rs 10 premium)		6,00,000	5,00,000 1,00,000
	Bank A/c Dr. To Share First and Final Call A/c (Share first and final call money received)		6,00,000	6,00,000

Posting in the Company's Balance Sheet
X Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	10,00,000
b. Reserves and Surplus	2	2,00,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		12,00,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	12,00,000
Total		12,00,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital Authorised Share Capital	

	 shares of Rs 100 each	-
	Issued Share Capital	
	10,000 shares of Rs 100 each	10,00,000
	Subscribed, Called up and Paid up Share Capital	
	10,000 shares of Rs 100 each	10,00,000
2	Reserves and Surplus	
	Securities Premium	2,00,000
3	Cash and Cash Equivalents	
	Cash at Bank	12,00,000

Working Notes:

Applied Shares	Issued Shares	Money received on Application @ Rs 10 each	Money transferred to Share Capital @ Rs 10 each	Excess	Allotment due @ Rs 50 each	Excess money adjusted on Allotment	Excess money after Allotment
12,000	1,000	1,20,000	10,000	1,10,000	50,000	50,000	60,000 (return)
2,000	NIL	20,000	-	20,000 (return)			
9,000	9,000	90,000	90,000	-	4,50,000	-	-
23,000	10,000	2,30,000	1,00,000		5,00,000	50,000	60,000

Share Allotment due (10,000 share × Rs 50)	5,00,000
Less: Excess application money adjusted on allotment	50,000
Money received on Allotment	<u>4,50,000</u>

Answer 19:

Issued Shares	60,000
Less: Applied Shares	<u>92,000</u>
Over-subscribed Shares	<u>32,000</u>

Payable as:

Rs	3	on Application
Rs	5	on Allotment (Including Rs 2 premium)
Rs	4	on First and Final Call
Rs	12	(10 + 2)

Applied	Allotted	Money Received on Application @ Rs 3	Money adjusted on Application @ Rs 3	Excess	Allotment due @ Rs 5	Excess money adjusted on Allotment @ Rs 5
40,000	30,000	1,20,000	90,000	30,000	1,50,000	30,000
50,000	30,000	1,50,000	90,000	60,000	1,50,000	60,000
2,000	NIL	6,000	-	6,000 (Bank)		
92,000	60,000	2,76,000	1,80,000		3,00,000	90,000

Mohan

$$\text{No. of share allotted to Mohan} = \frac{30,000}{40,000} \times 800 = 600 \text{ Shares}$$

Money Received on Application 800×3	=	2,400
Application money adjusted to Share Capital 600×3	=	<u>1,800</u>
Excess Money on Application	=	<u>600</u>

Allotment due on 600 shares × Rs 5	=	3,000
Less: Adjustment of excess money on application	=	<u>600</u>
Calls-in-Arrears by Mohan		<u>2,400</u>

Sohan

$$\text{No. of Share applied by Sohan} = \frac{50,000}{30,000} \times 600 = 1,000 \text{ Share}$$

Money received on Application 1,000×3	=	3,000
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Application money adjusted to Share Capital 600×3	=	<u>1,800</u>
Excess money on application	=	<u>1,200</u>
Allotment due on 600 Shares × Rs 5	=	3,000
Less: Adjustment of excess money on application	=	<u>1,200</u>
Calls-in-Arrears by Sohan	=	<u>1,800</u>
Allotment due on 60,000 shares × Rs 5	=	3,00,000
Less: Excess Application money adjusted on Allotment	=	<u>90,000</u>
		2,10,000
Less: Calls-in-Arrears by Mohan	=	2,400
Less: Calls-in-Arrears by Sohan	=	<u>1,800</u>
Money received on allotment	=	<u>2,05,800</u>

Answer 20:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c (1,00,000×3) Dr.		3,00,000	
	To Share Application A/c			3,00,000
	(Received application money on 1,00,000 shares)			
	Share Application A/c Dr.		3,00,000	
	To Share Capital A/c (50,000×3)			1,50,000
	To Share Allotment A/c			1,50,000
	(Transfer of application money to Share Capital)			
	Share Allotment A/c (50,000×3) Dr.		1,50,000	
	To Share Capital A/c			1,50,000
	(Allotment due on 50,000 shares)			

Note: No amount shall be received on allotment, since all of the due amount is already adjusted from the excess money received at the time of application.

Working Notes:

WN Calculation of Amount not Received

Shares allotted to Anupam = 1,000

Shares applied by Anupam = $1,000 \times \frac{60,000}{30,000} = 2,000$

Excess money received on application = Rs 3,000 (1,000×3)

Money due on allotment from Anupam = Rs 3,000 (1,000×3)

All the money due from Anupam has already been received on application.

Answer 21:

Authorised Capital 1,00,000 shares of Rs 10 each

Issued Capital 42,000 shares of Rs 10 each

Applied 40,000 shares

Payable as:

Rs 1 on application

Rs 2 on allotment

Rs 3 on first call

Rs 4 on final call

Books of Kalyan Cotton Mills Ltd.

Cash Book

Dr.				Cr.			
Date	Particulars	L.F.	Bank Rs	Date	Particulars	L.F.	Bank Rs
2011 Feb 01	Share Application		40,000	2011			

Feb 28	Share Allotment		80,000			
May 01	Share First Call		1,19,700			
June 30	Share Final Call		1,58,400	Balance c/d		3,98,100
			3,98,100			3,98,100

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2011 Feb 01	Share Application A/c Dr. To Share Capital A/c (Share application of 40,000 shares at Re 1 each transferred to Share Capital Account)		40,000	40,000
Feb 01	Share Allotment A/c Dr. To Share Capital A/c (Share allotment due on 40,000 shares at Rs 2 each)		80,000	80,000
Mar 01	Share First Call A/c Dr. To Share Capital A/c (Share first call due on 40,000 shares at Rs 3 each)		1,20,000	1,20,000
May 30	Calls-in-Arrears A/c Dr. To Share First Call A/c (Share first call outstanding on 100 shares at Rs 3 each)		300	300
June 01	Share Final Call A/c Dr. To Share Capital A/c (Share final call due on 40,000 shares of Rs 4 each)		1,60,000	1,60,000
June 30	Calls-in-Arrears A/c Dr. To Share Final Call A/c (Share final call outstanding on 400 shares at Rs 4 each)		1,600	1,600

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

Kalyan Cotton Mills Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	3,98,100
2. Non-Current Liabilities		
3. Current Liabilities		
Total		3,98,100
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	3,98,100
Total		3,98,100

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital Authorised Share Capital 1,00,000 shares of Rs 10 each	10,00,000

2	Issued Share Capital		
	42,000 shares of Rs 10 each		4,20,000
	Subscribed, Called-up and Paid-up Share Capital		
	40,000 shares of Rs 10 each	4,00,000	
	Less: Calls-in-Arrears	(1,900)	3,98,100
	Cash and Cash Equivalents		
	Cash at Bank		3,98,100

Answer 22:

**Books of Ghosh Limited
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2016 Jan. 01	Share Second and Final Call Dr. A/c To Equity Share Capital A/c (Share second and final call due on 50,000 shares at Rs 2 per share)		1,00,000	1,00,000
Jan. 15	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Share Second and Final Call A/c (Share second and final call received from 49,900 shares and 100 shares failed to pay the it)		99,800 200	1,00,000

Answer 23:

Amount Payable on:

Application	Rs	2	
Allotment	Rs	5	(3+2)
First Call	Rs	2	
Called-up	Rs	9	(7+2)

**Books of A Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share application money received for 20,000 shares at Rs 2 per share)		40,000	40,000
	Share Application A/c Dr. To Share Capital A/c (Share application of 20,000 shares at Rs 2 per share transferred to Share Capital Account)		40,000	40,000
	Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c (Share allotment due on 20,000 shares at Rs 5 per share including Rs 2 premium)		1,00,000	60,000 40,000
	Bank A/c Dr.		1,00,000	

To Share Allotment A/c (Share allotment received on 20,000 shares at Rs 5 per share)			1,00,000
Share First Call A/c To Share Capital A/c (Share first call due on 20,000 shares at Rs 2 per shares)	Dr.	40,000	40,000
Bank A/c Calls-in-Arrears A/c To Share First Call A/c To Calls-in-Advance A/c (Share first call received on 39,000 shares at Rs 2 each, 300 shares paid calls-in-advance at Rs 3 per share and 1,000 shares failed to pay to first call money)	Dr. Dr.	38,900 2,000	40,000 900

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

A Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	1,38,000
b. Reserves and Surplus	2	40,000
2. Non-Current Liabilities		
3. Current Liabilities		
a. Other Current Liabilities	3	900
Total		1,78,900
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	4	1,78,900
Total		1,78,900

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital 50,000 shares of Rs 10 each	5,00,000
	Issued Share Capital 20,000 shares of Rs 10 each	2,00,000
	Subscribed, Called-up and Paid-up Share Capital 20,000 shares of Rs 10 each, Rs 7 Called-up and Paid-up	1,40,000
	Less: Calls-in-Arrears	(2,000)
		1,38,000
2	Reserves and Surplus Securities Premium	40,000
3	Other Current Liabilities Calls-in-Advance	900
4	Cash and Cash Equivalents Cash at Bank	1,78,900

Answer 24:

Issued Capital 5,000 Shares of Rs 10 each Rs 5 called up

	Shares	A	B		
Application Rs 2	(8,000			=	8,000)
Allotment Rs 1	(8,000	-250		=	7,750)
First Call Rs 1	(8,000	-250	-500	=	7,250)
Second Call Rs 1	(8,000	-250	-500	-1,250=	6,000)
Called-up Rs <u>5</u>					

Books of XYZ Ltd.

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share application money received for 8,000 shares at Rs2 each)		16,000	16,000
	Share Application A/c Dr. To Share Capital A/c (Application money transferred to Share Capital)		16,000	16,000
	Share Allotment A/c Dr. To Share Capital A/c (Allotment due on 8,000 shares at Re 1 each)		8,000	8,000
	Bank A/c Dr. Call-in-Arrears A/c Dr. To Share Allotment A/c (Allotment money received on 7,750 shares and 250 shares failed to pay it)		7,750 250	8,000
	Share First Call A/c Dr. To Share Capital A/c (First call due on 8,000 shares at Re 1 each)		8,000	8,000
	Bank A/c Dr. Calls in Arrears A/c Dr. To Share First Call A/c (Share first call money received on 7,250 shares and 750 shares failed to pay it)		7,250 750	8,000
	Share Second Call A/c Dr. To Share Capital A/c (Share second call due on 8,000 shares at Rs 1 each)		8,000	8,000
	Bank A/c Dr. Call-in-Arrears A/c Dr. To Share Second Call A/c (Share second call money received on 6,000 shares and 2000 shares failed to pay it)		6,000 2,000	8,000

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

XYZ Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	37,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		37,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		

a. Cash and Cash Equivalents	2	37,000
Total		37,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital shares of Rs 10 each	-
	Issued Share Capital 8,000 shares of Rs 10 each	80,000
	Subscribed, Called-up and Paid-up Share Capital 8,000 shares of Rs 10 each, Rs 5 Called-up and Paid-up	40,000
	Less: Calls-in-Arrears	(3,000)
		37,000
2	Cash and Cash Equivalents Cash at Bank	37,000

Answer 25:

Books of Bharat Ltd. Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2006	Equity Share First Call A/c Dr. To Equity Share Capital A/c (Shares first call due on 1,00,000 shares at Rs 2 per share)		2,00,000	2,00,000
Mar 01	Bank A/c Dr. To Equity Share First Call A/c To Call-In-Advance A/c (Share first call received with call-in-advance of 800 shares at Rs 3 per share)		2,02,400	2,00,000 2,400

Answer 26:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Assets A/c Dr. To X Ltd. (Assets bought from X Ltd.)		25,000	25,000
	X Ltd. Dr. To Share Capital A/c To Securities Premium A/c (2,000 shares of Rs 10 each issued to X Ltd.)		25,000	20,000 5,000

Answer 27:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Plant & Machinery A/c Dr. To Vendor A/c		1,00,000	1,00,000

	(Machinery purchased)			
	Vendor A/c	Dr.	1,00,000	
	To Equity Share Capital A/c (800 × 100)			80,000
	To Securities Premium A/c (800 × 25)			20,000
	(Shares issued to vendor at a premium of Rs 25 per share)			

Answer 28:

**Books of Rajan Limited
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Assets A/c To Geeta & Co. (Assets purchased from Geeta & Co.)	Dr.	5,00,000	5,00,000
	Geeta & Co. To Bank A/c (Payment made to Geeta & Co.)	Dr.	1,00,000	1,00,000
	Geeta & Co. To Equity Share Capital A/c To Securities Premium A/c (32,000 equity shares of Rs 10 issued at 25% premium)	Dr.	4,00,000	3,20,000 80,000

Working Note-

$$\text{Number of shares issued} = \frac{4,00,000}{(10 + 2.5)} = 32,000 \text{ shares}$$

Answer 29:

**Books of Z Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Assets A/c To C.D Ltd. (Assets purchased from C.D Ltd.)	Dr.	2,20,000	2,20,000
	C.D Ltd. To 9% Preference Share Capital To Securities Premium A/c (2,000 9% Preference Shares of Rs 100 each issued at 10% premium to C.D Ltd.)	Dr.	2,20,000	2,00,000 20,000

Working Note:

$$\text{Number of shares issued} = \frac{2,20,000}{(100 + 10)} = 2,000 \text{ shares}$$

Answer 30:

**Books Goodluck Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Machinery A/c To Fair Deals Ltd. (Machinery purchased from Fair Deals Ltd.)	Dr.	10,00,000	10,00,000
	Fair Deals Ltd.	Dr.	10,00,000	

To Equity Share Capital A/c		8,00,000
To Securities Premium A/c		2,00,000
(80,000 equity shares of Rs 10 each issued at 25% premium)		

Working Note:

$$\text{Number of shares issued} = \frac{10,00,000}{(10 + 2.5)} = 80,000 \text{ shares}$$

Answer 31:

**Books of Jain Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Machinery A/c Dr. To Ayer Ltd. (Machinery purchased from Ayer Ltd.)		10,00,000	10,00,000
	Ayer Ltd. Dr. To Bank A/c (Payment made to Ayer Ltd.)		5,00,000	5,00,000
	Ayer Ltd. Dr. To Equity Share Capital A/c To Securities Premium A/c (4,000 equity shares of Rs 100 each issued at 25% premium)		5,00,000	4,00,000 1,00,000

Working Note-

$$1. \text{ Amount paid through bank draft} = 10,00,000 \times \frac{50}{100} = \text{Rs } 5,00,000$$

$$2. \text{ Number of share issued} = \frac{5,00,000}{(100 + 25)} = 4,000 \text{ shares}$$

Answer 32:

**Journal
In the Books of Sona Ltd.**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Machinery A/c Dr. To Mona Ltd. (Machinery purchased on credit from Sona Ltd.)		17,00,000	17,00,000
	Mona Ltd. Dr. To Bank A/c (20% amount paid through cheque)		3,40,000	3,40,000
	Mona Ltd. (17,00,000 – 3,40,000) Dr. To Equity Share Capital* To Securities Premium A/c* (Issued 10,880 shares of Rs 100 each to Mona Ltd. at 25% Premium)		13,60,000	10,88,000 2,72,000

Working Notes: *

$$\text{No. of shares} = \frac{\text{Purchase consideration}}{\text{Face value of share} + \text{Premium}} = \frac{13,60,000}{100 + 25} = 10,880 \text{ shares}$$

$$\text{Therefore, Amount of Share Capital Issued} = 10,880 \times 100 = \text{Rs } 10,88,000$$

$$\text{Amount of Securities Premium} = \text{Rs } 10,88,000 \times 25\% = \text{Rs } 2,72,000$$

Answer 33:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Incorporation Expenses A/c Dr. To Share Capital A/c (50,000×10) (Shares issued to promoters)		5,00,000	5,00,000
	Underwriting Commission A/c Dr. To Underwriters' A/c (Underwriting commission due)		20,000	20,000
	Underwriters' A/c Dr. To Share Capital A/c (2,000×10) (Shares issued to underwriters)		20,000	20,000

Answer 34:

Issued to public payable as:

Rs 30 on application

Rs 30 on allotment

Rs 40 first and final call

Rs 100 Called-up

Books of Better Prospect Ltd.

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Land A/c Dr. To Vendor (Land purchased from the vendor)		1,00,000	1,00,000
	Vendor Dr. To Equity Share Capital A/c (1,000 equity of Rs 100 each issued to Vendor)		1,00,000	1,00,000
	Bank A/c Dr. To Equity Share Application A/c (Share Application money received for 4,000 equity shares at Rs 30 per share)		1,20,000	1,20,000
	Equity Share Application A/c Dr. To Equity Share Capital (Share Application money of 4,000 shares transferred to Equity Share Capital Account)		1,20,000	1,20,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Share allotment due on 4,000 equity shares of Rs 30 each)		1,20,000	1,20,000
	Bank A/c Dr. To Share Allotment A/c (Share allotment received for 4,000 shares at Rs 30 per share)		1,20,000	1,20,000
	Share First and Final Call A/c Dr. To Equity Share Capital A/c (First and final call due on 4,000 equity shares at 40 per share)		1,60,000	1,60,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Share First and Final Call A/c		1,52,000 8,000	1,60,000

	(First and final call received from 3,800 shares and 200 share failed to pay it)			
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As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

Better Prospect Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	4,92,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		4,92,000
II. Assets		
1. Non-Current Assets		
a. Fixed Assets		
i. Tangible Assets	2	1,00,000
2. Current Assets		
a. Cash and Cash Equivalents	3	3,92,000
Total		4,92,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital shares of Rs 100 each	-
	Issued Share Capital 5,000 shares of Rs 100 each	5,00,000
	Subscribed, Called-up and Paid-up Share Capital 1,000 shares of Rs 100 each (for consideration other than cash) 1,00,000	
	4,000 shares of Rs 100 each 4,00,000	
	Less: Calls-in-Arrears (8,000)	4,92,000
2	Tangible Assets	
	Land	1,00,000
3	Cash and Cash Equivalents	
	Cash at Bank	3,92,000

Answer 35:

Journal Entries

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Goodwill A/c Dr.		4,00,000	
	Plant A/c Dr.		7,00,000	
	Stock-in-Trade A/c Dr.		9,00,000	
	Land and Building Dr.		12,00,000	
	To Sundry Creditors A/c			2,00,000
	To Sharma & Co			30,00,000
	(Asset purchased and liabilities accepted from Sharma & Co)			
	Sharma & Co Dr.		30,00,000	
	To Share Capital A/c			30,00,000
	(30,000 shares of Rs 100 each issued to Sharma & Co.)			

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Answer 36:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Plant and Machinery Dr.		4,00,000	
	Building A/c Dr.		4,00,000	
	Sundry Debtors A/c Dr.		3,00,000	
	Stock A/c Dr.		4,00,000	
	Cash A/c Dr.		3,00,000	
	To Sundry Creditors A/c			2,00,000
	To M/s Rai Brothers			15,00,000
	To Capital Reserve A/c			1,00,000
	(Business of M/s Rai Brothers took over)			
	M/s Rai Brothers Dr.		12,00,000	
	To Share Capital A/c			12,00,000
	(Shares issued to M/s Rai Brothers)			
	M/S Rai Brothers Dr.		3,00,000	
	To Bank A/c			3,00,000
	(Payment made to M/s Rai Brothers through cheque)			

Answer 37:

**Sandesh Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
(i)	Sundry Assets A/c Dr.		7,00,000	
	To Sundry Liabilities A/c			2,00,000
	To Sanchar Ltd.			4,59,500
	To Capital Reserve A/c			40,500
	(Purchase of assets and liabilities of Sanchar Ltd.)			
(ii)	Sanchar Ltd. Dr.		4,59,500	
	To Equity Share Capital A/c			4,10,000
	To Securities Premium A/c			41,000
	To Bank A/c			8,500
	(41,000 Equity Shares issued of Rs 10 each at a premium of Re 1 per share and Rs 8,500 by bank draft)			

Working Notes:

WN1: Calculation of Number of Equity Shares

$$\begin{aligned} \text{Number of Shares Issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\ &= \frac{4,51,000}{11} = 41,000 \text{ equity shares} \end{aligned}$$

Answer 38:

Application	Rs	2
Allotment	Rs	3
First Call	Rs	3
Final Call	Rs	2
		10

Journal

Date	Particulars	L.F.	Debit	Credit
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			Amount Rs	Amount Rs
Case I	Share Capital A/c (100×5) To Share Forfeiture A/c To Share Allotment A/c (100 shares of Rs 10 each, Rs 5 called-up, forfeited for the non-payment of allotment)	Dr.	500	200 300
Case II	Share Capital A/c (100 × 8) To Share Forfeiture A/c To Share Allotment A/c To Share First Call A/c (100 shares of Rs 10 each, Rs 8 called-up forfeited for non-payment allotment and first-call)	Dr.	800	200 300 300
Case III	Share Capital A/c To Share Forfeiture A/c To Share First Call A/c To Share Final Call A/c (100 shares of Rs 10 each forfeited for the non-payment Rs 5 each)	Dr.	1,000	500 300 200

Answer 39:

Authorised Capital 10,000 equity shares of Rs 10 each

Issued Capital 6,000 shares

Applied Capital 8,000 shares

Allotment made as: **Payable as:**

Applied	Allotted	Application	Rs	2 per share
7,000	6,000	Allotment	Rs	4 per share
1,000	NIL	First and Final Call	Rs	4 per share
8,000	6,000			10 per share

Cash Book

Dr.			Cr.		
Date	Particulars	Bank Rs	Date	Particulars	Bank Rs
	Equity Share Application	16,000		Equity Share Application	2,000
	Equity Share Allotment	22,000			
	Equity Share First and Final Call	23,600		Balance c/d	59,600
		61,600			61,600

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	(Share application money of 6,000 shares at Rs 2 each transferred to Share Capital and Rs 2,000 adjusted towards allotment)			
	(Share allotment money due on 6,000 shares at Rs 4			

each)				
Equity Share First and Final Call A/c To Equity Share Capital A/c (Share First and Final Call due on 6,000 shares at Rs 4 each)	Dr.	24,000		24,000
Calls-in-Arrears A/c To Equity First and Final Call A/c (A holder of 100 shares failed to pay First and Final Call money and amount due from him transferred to Calls-in-Arrears Account)	Dr.	400		400
Equity Share Capital A/c To Share Forfeiture A/c To Calls-in-Arrears A/c (100 shares of Rs 10 each forfeited for the non-payment of first and final call Rs 4 per share)	Dr.	1,000		600 400

Answer 40:

Authorised capital 15,000 shares of 100 each

Issued and applied capital 5,000 shares of Rs 100 each at a premium Rs 5

Application = Rs 25

Allotment	=	Rs 30	(25+5)
First Call	=	Rs 25	
Final Call	=	Rs 25	
		105	(100+5)

**Books of U.P. Sugar Works Limited
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2014	Bank A/c To Share Application A/c (Share application money received for 5,000 shares at Rs 25 each)	Dr.	1,25,000	1,25,000
Apr. 01	Share Application A/c To Share Capital A/c (Share application money transferred to Share Capital)	Dr.	1,25,000	1,25,000
Apr. 01	Share Allotment A/c To Share Capital A/c To Securities Premium A/c (Share allotment due on 5,000 shares at Rs 30 each including Rs 5 premium)	Dr.	1,50,000	1,25,000 25,000
	Bank A/c To Share Allotment (Share allotment money received)	Dr.	1,50,000	1,50,000
Jul. 01	Share First Call A/c To Share Capital A/c (Share first call due on 5,000 shares at Rs 25 each)	Dr.	1,25,000	1,25,000
	Bank A/c To Share First Call A/c (Share first call money received)	Dr.	1,25,000	1,25,000
Oct 01	Share Final Call A/c To Share Capital A/c (Share final call due on 5,000 shares at Rs 25 each)	Dr.	1,25,000	1,25,000

	Bank A/c Calls-in-Arrears A/c To Share Final Call A/c (Share final call Rs 25 each received for 4,900 shares and a holder of 100 share failed to pay it)	Dr. Dr.	1,22,500 2,500	1,25,000
Nov. 01	Share Capital A/c (100×100) To Share Forfeiture A/c (100×75) To Calls-in-Arrears A/c (100×25) (100 shares forfeited for the non-payment of final call)	Dr.	10,000	7,500 2,500

Answer 41:

Issued and Applied 10,000 Shares at Rs 10 each at a premium of Rs 3 per share

Application	Rs	5
Allotment	Rs	5 (2+3)
First and Final Call	Rs	3
	Rs	13 (10+3) <i>Called-up</i>

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c To Equity Share Application A/c (Share application money received for 10,000 shares at Rs 5 each)	Dr.	50,000	50,000
	Equity Share Application A/c To Equity Share capital A/c (Share application money transferred to Share Capital Account)	Dr.	50,000	50,000
	Equity Share Allotment A/c To Equity Share Capital A/c To Securities Premium (Share allotment due on 10,000 shares at Rs 5 per share including premium Rs 3)	Dr.	50,000	20,000 30,000
	Bank A/c Calls-in-Arrears A/c To Equity Share Allotment A/c (All allotment money received except 200 shares)	Dr. Dr.	49,000 1,000	50,000
	Equity Share First and Final Call A/c To Equity Share Capital A/c (First and final due on 10,000 shares at Rs 3 per share)	Dr.	30,000	30,000
	Bank A/c Calls-in-Arrears A/c To Equity Share First and Final Calls A/c (First and final call received on all shares except 300 shares)	Dr. Dr.	29,100 900	30,000
	Equity Share Capital A/c Securities Premium A/c To Share Forfeiture A/c To Calls-in-Arrears A/c (200 shares forfeited for the non-payment of Rs 8 per share including Rs 3 premium)	Dr. Dr.	2,000 600	1,000 1,600

Answer 42:

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share application money received for 10,000 shares at Rs 3 each)		30,000	30,000
	Share Application A/c Dr. To Share Capital A/c (Share application money transferred to Share Capital)		30,000	30,000
	Share Allotment A/c Dr. To Share Capital A/c (Allotment due on 10,000 shares at Rs 3 per shares)		30,000	30,000
	Bank A/c Dr. To Share Allotment A/c (Share allotment money received)		30,000	30,000
	Share First and Final Call A/c Dr. To Share Capital A/c (First and final call due on 10,000 shares at Rs 4 each)		40,000	40,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Share First and Final Call (First and final call of Rs 4 per share received on 9,900 shares, and 100 shares failed to pay it)		39,600 400	40,000
	Share Capital A/c Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (100 shares of Rs 10 each forfeited for the non-payment of first and final call Rs 4 per share)		1,000	600 400
	Bank A/c Dr. Share Forfeiture A/c Dr. To Share Capital A/c (100 shares of Rs 10 each re-issued for the sum of Rs 500)		500 500	1,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in Share Forfeiture Account after re-issue of shares, transferred to Capital Reserve Account)		100	100

Working Note

Share Forfeiture Account (debit) = 600

Less: Share Forfeiture Account (credit) = (500)

Balance in Share Forfeiture after re-issue = 100

Capital Reserve = Balance in Share Forfeiture Account after re-issue
= Rs 100

Answer 43:

Application	25	Balancing Figure
Allotment	30	
First Call	20	
Final Call	25	Un-called
	100	

Called-up Rs 75 per share

Books of X Limited
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Equity Share Capital A/c (900×75) Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (900 shares of Rs 100 each Rs 75 called-up, forfeited for the non-payment sum of allotment Rs 30 and first call Rs 20 per share)		67,500	22,500 45,000
	Bank A/c Dr. To Share Capital A/c To Securities Premium A/c (900 shares of Rs 100 each re-issued as Rs 75 paid-up for Rs 90 each)		81,000	67,500 13,500
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance of Share Forfeiture Account after re-issue, transferred to Capital Reserve Account)		22,500	22,500

Working Notes-

Share Forfeiture Account Credit = Share application money received for 900 shares
= Rs 25 × 900 shares
= Rs 22,500

Calculation of Capital Reserve

Share Forfeiture Account Credit = Rs 22,500
Share Forfeiture Account Debit = NIL
Capital Reserve = Rs 22,500

Answer 44:

**Books of M Limited
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2012 May 01	Equity Share Capital A/c Dr. To Share Forfeiture A/c To Call-in-Arrears A/c (2,000 shares of Rs 10 each forfeited for non-payment of final call Rs 2.5 per share)		20,000	15,000 5,000
June 10	Bank A/c Dr. Share Forfeiture A/c Dr. To Share Capital A/c (1,800 shares of Rs 10 each re-issued at Rs 6 per share fully paid-up)		10,800 7,200	18,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in Shares Forfeiture Account of 1,800 re-issue, transferred to Capital Reserve Account)		6,300	6,300

Working Notes:

Share Forfeiture 7.5 Cr.
Share Forfeiture 4 Dr.
Balance in Share Forfeiture Account after re-issue 3.5 Cr. *per share*
Capital Reserve = No. of Shares reissued × Balance in Share Forfeiture Account after reissue (*per share*)
= 1,800 × Rs 3.5 (*per share*)
= Rs 6,300

Answer 45:

**Book of Super Star Limited
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Equity Share Application and Allotment A/c (Share Application and Allotment money received for 10,000 shares at Rs 50 each)		5,00,000	5,00,000
	Equity Share Application and Allotment A/c Dr. To Equity Share Capital A/c (Share Application and Allotment money transferred to Equity Share Capital Account)		5,00,000	5,00,000
	Equity Share First Call A/c Dr. To Equity Share Capital A/c (Share First Call due on 10,000 shares of Rs 25 each)		2,50,000	2,50,000
	Bank A/c Dr. To Equity Share First-Call A/c (First Call money received)		2,50,000	2,50,000
	Equity Share Final Call A/c Dr. To Equity Share Capital A/c (Equity Share Final Call due on 10,000 shares of Rs 25 each)		2,50,000	2,50,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Equity Share Final Call A/c (Share Final Call of Rs 25 per share received on 9,600 shares and holders of 400 shares failed to pay it)		2,40,000 10,000	2,50,000
	Equity Share Capital A/c Dr. To Share Forfeiture A/c To Calls-In-Arrears A/c (400 shares of Rs 100 each forfeited for the non-payment final call Rs 25 per share)		40,000	30,000 10,000
	Bank A/c Dr. Share Forfeiture A/c Dr. To Equity Share Capital A/c (200 shares of Rs 100 each re-issued at Rs 50 per share fully paid-up)		10,000 10,000	20,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in Share Forfeiture of 200 shares of after re-issue, transferred to Capital Reserve)		5,000	5,000

Working Note-

Share Forfeiture	Rs	75	Cr.
Share Forfeiture	Rs	50	Dr.
Balance in Share Forfeiture Account for re-issued shares	Rs	25	Cr. per share

Capital Reserve = Balance in Share Forfeiture Account for re-issued shares × Number of Share reissued = Rs 25 × 200 = Rs 5,000

Answer 46:

Issued and applied capital 20,000 shares of Rs 100 each

Payable as:

Application	Rs	25
Allotment	Rs	25

First Call	Rs	25
Called-up	Rs	75 per share
Final Call	Rs	25
	Rs	100 per share

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share application money received for 20,000 shares at Rs 25 each)		5,00,000	5,00,000
	Share Application A/c Dr. To Share Capital A/c (Application money transferred to Share Capital Account)		5,00,000	5,00,000
	Share Allotment A/c Dr. To Share Capital A/c (Share Allotment due on 20,000 shares at Rs 25 each)		5,00,000	5,00,000
	Bank A/c Dr. To Share Allotment A/c (Allotment money received)		5,00,000	5,00,000
	Share First Call A/c Dr. To Share Capital A/c (Share First Call due on 20,000 shares of Rs 25 each)		5,00,000	5,00,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Share First Call A/c (Share First Call Rs 25 per share received on 19,600 shares and a holder of 400 shares did not pay it)		4,90,000 10,000	5,00,000
	Share Capital A/c Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (400 shares of Rs 100 each, Rs 75 called-up, forfeited for the non-payment of Share First Call Rs 25 per share)		30,000	20,000 10,000
	Bank A/c Dr. Share Forfeiture A/c Dr. To Share Capital A/c (400 shares of Rs 100 each, Rs 75 paid-up, reissued for the sum of Rs 28,000)		28,000 2,000	30,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in share forfeiture after re-issue, transferred to capital reserve)		18,000	18,000

Share Capital Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs

Balance c/d		Bank Share Forfeiture	28,000 2,000
	15,30,000		15,30,000

Working Note-

Share Forfeiture Credit	20,000
Less: Share Forfeiture Debit	<u>2,000</u>
Balance in Share Forfeiture Account after re-issue	<u>18,000</u>
Capital Reserve = Balance in Share Forfeiture Account after re-issue = Rs 18,000	

Answer 47:

**Books of Hindustan Manufacturing Limited
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Equity Share Final Call A/c Dr. To Equity Share Capital A/c (Share Final Call due on 1,00,000 shares at Rs 2.5 per share)		2,50,000	2,50,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Equity Share Final Call A/c (Share Final Call of Rs 2.5 per share received from 99,900 shares and 100 shares did not pay it)		2,49,750 250	2,50,000
	Equity Share Capital A/c Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (100 shares of Rs 10 each forfeited for the non-payment of two calls of Rs 2.5 each)		1,000	500 500
	Bank A/c Dr. Share Forfeiture A/c Dr. To Equity Share Capital A/c (100 shares of Rs 10 each reissued at Rs 8 per share, fully paid-up)		800 200	1,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in Share Forfeiture Account after re-issue of shares, transferred to Capital Reserve)		300	300

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

Hindustan Manufacturing Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	10,00,000
b. Reserves and Surplus	2	300
2. Non-Current Liabilities		
3. Current Liabilities		
Total		10,00,300
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	10,00,300
Total		10,00,300

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NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital 1,00,000 shares of Rs 10 each	10,00,000
	Issued Share Capital 1,00,000 shares of Rs 10 each	10,00,000
	Subscribed, Called-up and Paid-up Share Capital 1,00,000 shares of Rs 10 each	10,00,000
2	Reserves and Surplus	
	Capital Reserve	300
3	Cash and Cash Equivalents	
	Cash at Bank	10,00,300

Working Notes:

Share Forfeiture Credit (100 shares × Rs 5 each)	500	
Less: Share Forfeiture Debit (100 share × Rs 2 each)	200	Loss on re-issue
Balance in Share Forfeiture Account after re-issue	300	

Capital Reserve = Balance in Share Forfeiture Account after re-issue = Rs 300

Answer 48:

Journal Entries

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2014 May 01	Share Capital A/c (15 × 200) Dr. To Share Forfeiture A/c (10 × 200) To Calls-in-Arrears A/c (5 × 200) (200 shares of Rs 20 each, Rs 15 called-up forfeited for the non-payment Rs 5 per share)		3,000	2,000 1,000
May 11	Bank A/c (10 × 200) Dr. Share Forfeiture A/c (5 × 200) Dr. To Share Capital A/c (15 × 200) (200 shares of Rs 20 each re-issued at Rs 10 each, Rs 15 paid-up)		2,000 1,000	3,000
May 11	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in share forfeiture after re-issue transferred to Capital Reserve)		1,000	1,000

Working Note-

Share Forfeiture Credit (<i>at the time of forfeiture</i>)	2,000
Less: Share Forfeiture Debit (<i>at the time of re-issue</i>)	1,000
Balance in Share Forfeiture Account after re-issue	1,000

Capital Reserve = Balance in Share Forfeiture Account after re-issue = Rs 1,000

Answer 49:

Books of X Limited Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Capital A/c (100 × 8) Dr.		800	
	Securities Premium A/c (100 × 2) Dr.		200	

	8, forfeited for non-payment of second call Rs 3 per share)			
Bank A/c	Dr.	3,000		3,000
To Share Capital A/c				
(300 shares of Rs 10 each re-issued)				
Share Forfeiture A/c	Dr.	1,500		1,500
To Capital Reserve A/c				
(Balance in Share Forfeiture Account after re-issue transferred to Capital Reserve)				

Working Notes-

Share Forfeiture Credit (<i>at the time of forfeiture of shares</i>)	1,500
Less: Share Forfeiture Debit (<i>at the time of re-issue shares</i>)	<u>NIL</u>
Balance in Share Forfeiture after re-issue of shares	<u>1,500</u>
Capital Reserve = Balance in Share Forfeiture of re-issued shares = Rs 1,500	

(ii) **Books of Y Limited**
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Capital A/c Dr.		4,000	
	To Share Forfeiture A/c			2,400
	To Calls-in-Arrears A/c			1,600
	(400 shares of Rs 10 forfeited for the non-payment of final call Rs 4 per share)			
	Bank A/c Dr.		4,800	
	To Share Capital A/c			4,000
	To Securities Premium A/c			800
	(400 shares of 10 each re-issued at Rs 12 per share as fully paid-up)			
	Share Forfeiture A/c Dr.		2,400	
	To Capital Reserve A/c			2,400
	(Balance of Share Forfeiture after re-issue transferred to Capital Reserve)			

Working Notes-

Share Forfeiture Credit (<i>at the time of forfeiture of shares</i>)	2,400
Less: Share Forfeiture Debit (<i>at the time of re-issue shares</i>)	<u>NIL</u>
Balance in Share Forfeiture after re-issue of shares	<u>2,400</u>
Capital Reserve = Balance in Share Forfeiture of re-issued shares = Rs 2,400	

(iii) **Books of Z Limited**
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Capital A/c Dr.		2,500	
	To Share Forfeiture A/c (250×3)			750
	To Calls-in-Arrears A/c			1,750
	(250 shares of Rs 10 each forfeited for the non-payment Rs 7 per share)			
	Bank A/c Dr.		2,000	
	Share Forfeiture A/c Dr.		500	
	To Share Capital A/c			2,500
	(250 shares of Rs 10 each re-issued for Rs 8 per share as fully paid-up)			
	Share Forfeiture A/c Dr.		250	

	To Capital Reserve A/c (Balance in Share Forfeiture Account after re-issue transferred to Capital Reserve)			250
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Working Notes-

Share Forfeiture Credit (at the time of forfeiture of shares)	750
Less: Share Forfeiture Debit (at the time of re-issue shares)	500
Balance in Share Forfeiture after re-issue of shares	<u>250</u>
Capital Reserve = Balance in Share Forfeiture of re-issued shares = Rs 250	

Answer 53:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(i)	Share Capital A/c (20 Shares × 7) Dr.		140	
	To Share Forfeiture A/c (20 Shares × 5)			100
	To Calls-in- Arrears A/c (20 Shares × 2)			40
	(20 Shares of Rs 10 each, Rs 7 called-up forfeited for the non-payment of call)			
	Bank A/c (15 Shares × 8) Dr.		120	
	To Share Capital A/c (15 Shares × 7)			105
	To Securities Premium A/c (15 Shares × 1)			15
	(15 shares were reissued as Rs 7 paid-up for Rs 8 per share)			
	Shares Forfeiture A/c (15 Shares × 5) Dr.		75	
	To Capital Reserve A/c			75
	(Transfer of profit on re-issue of 15 shares)			
(ii)	Share Capital A/c (90 Shares × 8) Dr.		720	
	Securities Premium A/c (90 Shares × 2) Dr.		180	
	To Share Forfeiture A/c (90 Shares × 5)			450
	To Share Allotment A/c (90 Shares × 5)			450
	(Shares forfeited for non-payment of allotment)			
	Bank A/c (80 Shares × 10) Dr.		800	
	To Share Capital A/c (80 Shares × 8)			640
	To Securities Premium A/c (80 Shares × 2)			160
	(80 shares were reissued for Rs 10, Rs 8 called-up)			
	Shares Forfeiture A/c (80 Shares × 5) Dr.		400	
	To Capital Reserve A/c			400
	(Transfer of profit on re-issue of 80 shares)			

Working Notes-

Note 1

Profit on forfeiture of 20 shares = 100

Profit on forfeiture of 15 shares = $\frac{100}{20} \times 15 = \text{Rs } 75$

Share Forfeiture (Cr.) = Rs 75

Share Forfeiture (Dr.) = Nil

Capital Reserve = Rs 75

Note 2

Profit on forfeiture of 90 shares = Rs 450

Profit on forfeiture of 80 shares = $\frac{450}{90} \times 80 = \text{Rs } 400$

Share Forfeiture (Cr.) = Rs 400

Share Forfeiture (Dr.) = Nil

Capital Reserve = Rs 400

Answer 54:**Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Equity Share Capital A/c (500×90) Dr. To Equity Share 1 st Call A/c (500×30) To Share Forfeited A/c (500×60) (500 equity shares forfeited for non-payment of final call)		45,000	15,000 30,000
	Bank A/c (300×130) Dr. To Equity Share Capital A/c (300×100) To Security Premium Reserve A/c (300×30) (300 shares are reissued @130 per share)		39,000	30,000 9,000
	Share Forfeited A/c Dr. To Capital Reserve A/c (Profit on reissue of 300 shares transferred to Capital Reserve)		18,000	18,000

Working Note:

Amount transferred to Capital Reserve

Shares Re-issued = 300

Shares Forfeited = 500

Amount forfeited in respect of 300 shares

$$= \text{Amount Forfeited} \times \frac{\text{Shares Re-issued}}{\text{Shares Forfeited}}$$

$$= 30,000 \times \frac{300}{500} = 18,000$$

Answer 55:

Application	Rs	1
Allotment	Rs	2
First Call	Rs	3
Second Call	Rs	2
	Rs	8 <i>Called-up</i>

Journal Entries

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Forfeiture of Shares			
	<u>Shares of A</u>			
	Share Capital A/c Dr.		800	
	To Share Forfeiture A/c			100
	To Calls-In-Arrears A/c			700
	(100 shares of Rs 10 each, Rs 8 called-up, held by A forfeited for the non-payment of Rs 7 per share)			
	<u>Shares of B</u>			

Share Capital A/c	Dr.	1,600	
To Share Forfeiture A/c			600
To Calls-in-Arrears A/c			1,000
(200 shares of Rs 10 each, Rs 8 called-up, held by B forfeited for non-payment of Rs 5 per share)			
<u>Shares of C</u>			
Share Capital A/c	Dr.	2,400	
To Share Forfeiture A/c			1,800
To Calls-in-Arrears A/c			600
(300 shares of Rs 10 each, Rs 8 called-up held by C forfeited for the non-payment of Rs 2 per share)			
Re-issue of shares			
Bank A/c	Dr.	6,600	
To Share Capital A/c			6,000
To Securities Premium A/c			600
(600 shares of Rs 10 each re-issued at Rs 11 per share fully paid-up)			
Share Forfeiture A/c	Dr.	2,500	
To Capital Reserve A/c			2,500
(Share Forfeiture transferred to Capital Reserve)			

Working Note:

Share Forfeiture of 100 shares held by A	Rs	100	Cr.
Share Forfeiture of 200 shares held by B	Rs	600	Cr.
Share Forfeiture of 300 shares held by C	Rs	1,800	Cr.
Total Share Forfeiture credit (at the time of cancellation of shares)	Rs	2,500	

Calculation of Capital Reserve

Total Share Forfeiture (at the time of cancellation of shares) = Rs 2,500 Cr.

Less: Total Share Forfeiture (at the time of re-issue of shares) = (NIL) Dr.

Capital Reserve =Rs 2,500

Answer 56:

Amount payable as

Application	Rs	2
Allotment	Rs	4
First Call	Rs	2
Final Call	Rs	2
		10

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c	Dr.	40,000	
	To Share Application A/c			40,000
	(Share application money received for 20,000 shares at Rs 2 each)			
	Share Application A/c	Dr.	40,000	
	To Share Capital A/c			40,000
	(Share application money of 20,000 shares at Rs 2 each transferred to Share Capital)			
	Share Allotment A/c	Dr.	80,000	
	To Share Capital A/c			80,000
	(Share allotment due on 20,000 shares at Rs 4 each)			
	Bank A/c	Dr.	80,000	
	To Share Allotment A/c			80,000
	(Share allotment money received)			

Share First Call A/c	Dr.	40,000	
To Share Capital A/c			40,000
(Share first call due on 20,000 shares at Rs 2 each)			
Bank A/c	Dr.	38,600	
Call-in-Arrears A/c (1,000×2)	Dr.	2,000	
To Share First Call A/c			40,000
To Calls-in-Advance (300×2)			600
(Share first call of Rs 2 per share received on 19,000 shares along with calls-in-advance of 300 shares at Rs 2 each and holders of 1,000 shares failed to pay the first call)			
Share Capital A/c	Dr.	8,000	
To Share Forfeiture A/c (1,000×6)			6,000
To Calls-In-Arrears A/c			2,000
(1,000 shares of Rs 10 each on which Rs 8 had called, forfeited for non-payment of first call Rs 2 per share)			
Share Final Call A/c	Dr.	38,000	
To Share Capital A/c			38,000
(Share final call due on 19,000 shares at Rs 2 each)			
Bank A/c	Dr.	37,400	
Calls-In-Advance A/c	Dr.	600	
To Share Final Call A/c			38,000
(Share final call received from 18,700 shares and calls-in-advance of 300 shares adjusted)			
Bank A/c	Dr.	6,000	
Share Forfeiture A/c	Dr.	4,000	
To Share Capital A/c			10,000
(1,000 shares, re-issued at Rs 6 per share as fully paid-up)			
Share Forfeiture A/c	Dr.	2,000	
To Capital Reserve A/c			2,000
(Balance of Share Forfeiture Account after re-issue transferred to Capital Reserve)			

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

A Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	2,00,000
b. Reserves and Surplus	2	2,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		2,02,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	2,02,000
Total		2,02,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount
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		(Rs)
1	Share Capital	
	Authorised Share Capital 50,000 shares of Rs 10 each	5,00,000
	Issued Share Capital 20,000 shares of Rs 10 each	2,00,000
	Subscribed, Called-up and Paid-up Share Capital 20,000 shares of Rs 10 each	2,00,000
2	Reserves and Surplus	
	Capital Reserve	2,000
3	Cash and Cash Equivalents	
	Cash at Bank	2,02,000

Working Notes:

Share Forfeiture Credit (<i>at the time of forfeiture of shares</i>)	6,000
Less: Share Forfeiture Debit (<i>at the time of re-issue shares</i>)	4,000
Balance in Share Forfeiture Account after re-issue of shares	<u>2,000</u>
Capital Reserve = Balance in Share Forfeiture Account of re-issued shares = Rs 2,000	

Answer 57:

Authorised Capital 25,000 shares of Rs 10 each

Issued Capital:

4,000 shares to the vendor of building

8,000 shares issued to public

Share Issued to public payable as:

Application	Rs	2	Per Share	(6,000 + 1,250 + 500 + 250	=	8,000)
Allotment	Re	1	Per Share	(6,000 + 1,250, + 500	=	7,750)
First Call	Re	1	Per Share	(6,000 + 1,250	=	7,250)
Second Call	Re	1	Per Share	(6,000 +	=	6,000)
		5	Per Share			

Shares to be forfeited (*on which paid less than Rs 4*) are as:

Shares on which paid Rs 3 per share	500
Shares on which paid Rs 2 per share	<u>250</u>
Number of shares to be forfeited	<u>750</u>

**Books of New Company Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Building A/c Dr. To Vendor (Building purchased)		40,000	40,000
	Vendor Dr. To Share Capital A/c (4,000 shares of Rs 10 each issued to the vendor in consideration of building purchased)		40,000	40,000
	Bank A/c Dr. To Share Application A/c (Share application money received for 8,000 shares at Rs 2 each)		16,000	16,000
	Share Application A/c Dr. To Share Capital A/c (Share application of 8,000 shares transferred to Share Capital Account)		16,000	16,000
	Share Allotment A/c Dr. To Share Capital A/c (Share allotment due on 8,000 shares at Re 1 each)		8,000	8,000

Bank A/c	Dr.	7,750	
Calls-In-Arrears A/c	Dr.	250	
To Share Allotment A/c			8,000
(Share Allotment of Re 1 each received from 7,750 shares and holders of 250 shares failed to pay it)			
Share First Call A/c	Dr.	8,000	
To Share Capital A/c			8,000
(Share first call due on 8,000 shares at Re 1 each)			
Bank A/c	Dr.	7,250	
Calls-In-Arrears A/c	Dr.	750	
To Share First-Call A/c			8,000
(Share first call Re 1 received 7,250 shares and holders of 750 shares failed to pay it)			
Share Second Call A/c	Dr.	8,000	
To Share Capital A/c			8,000
(Share final call due on 8,000 shares at Re 1 each)			
Bank A/c	Dr.	6,000	
Calls-In-Arrears A/c	Dr.	2,000	
To Share Second Call A/c			8,000
(Share second call Re 1 received from 6,000 shares and holder of 2,000 share failed to pay it)			
Share Capital A/c (750 × 5)	Dr.	3,750	
To Share Forfeiture A/c ((500 × 3) + (250 × 2))			2,000
To Calls in Arrears (500 × 2 + 250 × 3)			1,750
(750 shares of Rs 10 each Rs 5 called-up on which less than Rs 4 had received, were forfeited)			
Bank A/c	Dr.	2,250	
Share Forfeiture A/c	Dr.	1,500	
To Share Capital A/c			3,750
(750 shares re-issued at Rs 3 per share as Rs 5 paid-up)			
Share Forfeiture A/c	Dr.	500	
To Capital Reserve			500
(Balance in Share Forfeiture Account transferred to Capital Reserve)			

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

New Company Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	78,750
b. Reserves and Surplus	2	500
2. Non-Current Liabilities		
3. Current Liabilities		
Total		79,250
II. Assets		
1. Non-Current Assets		
a. Fixed Assets		
i. Tangible Assets	3	40,000
2. Current Assets		
a. Cash and Cash Equivalents	4	39,250
Total		79,250

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital 25,000 shares of Rs 10 each	2,50,000
	Issued Share Capital 12,000 shares of Rs 10 each	1,20,000
	Subscribed, Called-up and Paid-up Share Capital 4,000 shares of Rs 10 each (for consideration other than cash) 40,000 8,000 shares of Rs 10 each, Rs 5 Called-up 40,000 Less: Calls in Arrears (1,250 shares × Re 1) (1,250)	78,750
2	Reserves and Surplus Capital Reserve	500
3	Tangible Assets Building	40,000
4	Cash and Cash Equivalents Cash at Bank	39,250

Working Notes:

1.

Calls-in-Arrears on Allotment (250 shares × Re 1)	250
Calls-in-Arrears on First Call (750 shares × Re 1)	750
Calls-in-Arrears on Second Call (2,000 shares × Re 1)	2,000

Total Calls-in-Arrears Debit **3,000**

Less: Calls-in-Arrears Credit (at the time of forfeiture) (1,750)

Calls-in-Arrears to be shown in the Balance Sheet **1250**

2. Calculation of amount of share forfeiture credited on shares re-issued shares

Share Forfeiture of 250 shares (on which Rs 2 per share paid)	Rs	500	Cr.
Share Forfeiture of 500 shares (on which Rs 3 per share paid)	Rs	1,500	Cr.
Total Share Forfeiture credit (on 750 shares)	Rs	2,000	

Calculation of Capital Reserve

Total Share Forfeiture (on 750 shares) = Rs 2,000 credit

Less: Share Forfeiture (750 shares × Rs 2 per share) = Rs (1,500) debit

Capital Reserve = Rs 500

Answer 58:

Issued and Applied 10,000 Shares of Rs 10 each

					A	B	C		Paid-up Shares
Application	Rs	1	(10,000					=	10,000)
Allotment	Rs	2	(10,000	– 200				=	9,800)
First Call	Rs	3	(10,000	– 200	– 150			=	9,650)
Second and Final Call	Rs	4	(10,000	– 200	– 150	– 50		=	9,600)
		10							

**Books of X Limited
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	(Share application received for 10,000 shares at Re 1 each)			
	(Share application money transferred to Share Capital)			

To Equity Share Capital A/c (Share allotment due on 10,000 shares at Rs 2 each)			20,000
Bank A/c	Dr.	19,600	
Calls-In-Arrears A/c	Dr.	400	
To Equity Share Allotment A/c (Share allotment of Rs 2 per share received on 9,800 shares and holder of 200 failed to pay to it)			20,000
Equity Share First Call A/c	Dr.	30,000	
To Equity Share Capital (Share first call due on 10,000 shares at Rs 3 each)			30,000
Bank A/c	Dr.	28,950	
Calls-In-Arrears A/c	Dr.	1,050	
To Equity Shares First Call A/c (Share first call received on 9,650 shares and holders of 350 shares failed to pay it)			30,000
Equity Share Final Call A/c	Dr.	40,000	
To Equity Share Capital (Share final call due on 10,000 shares at Rs 4 each)			40,000
Bank A/c	Dr.	38,400	
Calls-In-Arrears A/c	Dr.	1,600	
To Equity Share Final Call A/c (Holders of 9,600 shares paid final call and holders of 400 shares failed to pay it)			40,000
Equity Share Capital A/c	Dr.	2,000	
To Share Forfeiture A/c (200 × 1)			200
To Calls-In-Arrears A/c (200 × 9)			1,800
(200 shares held by A on which application money Re 1 was received, forfeited)			
Equity Share Capital A/c	Dr.	1,500	
To Share Forfeiture A/c (150 × 3)			450
To Calls-In-Arrears A/c (150 × 7)			1,050
(150 shares of Rs 10 each held by B forfeited for the non-payment of two calls Rs each)			
Equity Share Capital A/c	Dr.	500	
To Share Forfeiture A/c (50 × 6)			300
To Calls-in-Arrears A/c (50 × 4)			200
(50 shares of Rs 10 each held by C forfeited for the non-payment of final call Rs 4 each)			
Bank A/c (400 × 9.5)	Dr.	3,800	
Share Forfeiture A/c (400 × .5)	Dr.	200	
To Equity Share Capital A/c (400 shares of Rs 10 each re-issued at Rs 9.5 per share as fully paid-up)			4,000
Share Forfeiture A/c	Dr.	750	
To Capital Reserve A/c (Balance in Share Forfeiture Account after re-issue transferred to Capital Reserve)			750

Working Note:

Share Forfeiture of 100 shares held by A	Rs	200	Cr.
Share Forfeiture of 200 shares held by B	Rs	450	Cr.
Share Forfeiture of 300 shares held by C	Rs	300	Cr.
Total Share Forfeiture credit (at the time of cancellation of shares)	Rs	950	

Calculation of Capital Reserve

Total Share Forfeiture (at the time of cancellation of shares) = Rs 950

Less: Total Share Forfeiture (at the time of re-issue of shares) = Rs (200)

Capital Reserve = Rs 750

Answer 59:

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Capital A/c (Rs 80 – 10 <i>premium</i>) Dr. To Share Forfeiture (Rs 60 – 10 <i>premium</i>) To Calls-In-Arrears A/c (A share of Rs 100 on which Rs 70 called excluding the amount of securities premium Rs 10, forfeited for non-payment of Rs 20)		70	50 20
	Bank A/c Dr. Share Forfeiture A/c Dr. To Share Capital A/c (A share of Rs 100 re-issued at Rs 70 as fully paid-up)		70 30	100
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in Share Forfeiture after re-issue transferred to Capital Reserve)		20	20

Answer 60:

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Equity Share Capital A/c Dr. To Share Forfeiture A/c (2,000 × Rs 7) To Calls-in-Arrears A/c (2,000 shares of Rs 10 each forfeited for the non-payment of Rs 3 per share)		20,000	14,000 6,000
	Bank A/c Dr. Share Forfeiture A/c (100 × Rs 4) Dr. To Equity Share Capital A/c (100 shares of Rs 10 each reissued at Rs 6 per share as fully paid-up)		600 400	1,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in Share Forfeiture of 100 re-issued shares transferred to Capital Reserve)		300	300

Working Note-

Share Forfeiture of re-issued shares

Share Forfeiture Cr. Rs 7 *per share*

Share Forfeiture Dr. Rs 4 *per share*

Balance in share forfeiture after re-issue Cr. 3 *per share*

Capital Reserve = Balance in Share Forfeiture after re-issue × No. of shares re-issued = Re 3 × 100 shares = Rs 300

Answer 61:

Books of VT Limited Journal				
Date	Particulars	L.F.	Debit Amount	Credit Amount

			Rs	Rs
	Share Capital A/c (200 × Rs 10)	Dr.	2,000	
	To Share Forfeiture A/c (200 × Rs 7)			1,400
	To Calls-in-Arrears A/c			600
	(200 shares of Rs 10 each forfeited for non-payment of Rs 3 each)			
	Bank A/c	Dr.	600	
	Share Forfeiture A/c (100 × Rs 4)	Dr.	400	
	To Share Capital A/c			1,000
	(100 shares of Rs 10 each re-issued at Rs 6 per share fully paid-up)			
	Share Forfeiture A/c	Dr.	300	
	To Capital Reserve A/c			300
	(Balance in share forfeiture of 100 shares transferred to capital reserve)			

Working Notes:

Share Forfeiture of re-issued shares

Share Forfeiture Cr. Rs 7 *per share*

Share Forfeiture Dr. Rs 4 *per share*

Balance in Share Forfeiture after re-issue Rs 3 *per share*

Capital Reserve = Balance in Share Forfeiture after re-issue (*per share*) × No. of shares re-issued
= Re 3 × 100
= Rs 300

Answer 62:

Journal Entries

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Capital A/c (300 × 8) Dr.		2,400	
	To Share Forfeiture A/c (300 × 6)			1,800
	To Calls-In-Arrears (300 × 2)			600
	(300 shares of Rs 10 each on which Rs 8 had called, forfeited for non-payment Rs 2 per share)			
	Bank A/c Dr.		1,500	
	To Share Capital A/c			1,500
	(150 shares of Rs 10 each re-issued for the sum of Rs 1,500)			
	Share Forfeiture A/c Dr.		900	
	To Capital Reserve A/c			900
	(Balance in Share Forfeiture Account of 150 re-issued shares, transferred to Capital Reserve)			

Working Notes

Share Forfeiture of Re-issued Shares

Share Forfeiture (*at the time of forfeiture*) Cr. 6

Less: Share Forfeiture (*at the time of re-issue*) Dr. NIL

Balance in Share Forfeiture after re-issue Cr. 6 *per share*

Capital Reserve = Balance in Share Forfeiture after reissue (per share) × Number of Shares Reissued = Rs 6 × 150 = Rs 900

Answer 63:

Application	Rs	5
Allotment	Rs	3 (1+2)
First and Final Call	Rs	4
		12 (10+2)

Called-up = Application + Allotment
= Rs 5 + 3 (including premium Rs 2)

Book of JCV Limited
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Capital A/c (200×6) Dr.		1,200	
	Securities Premium A/c (200×2) Dr.		400	
	To Share Forfeiture A/c (200×5)			1,000
	To Calls-in-Arrears A/c (200×3)			600
	(200 shares of Rs 10 each on which Rs 8 had called (including Rs 2 premium), forfeited for the non-payment of allotment Rs 3 (including Rs 2 premium))			
	Bank A/c Dr.		800	
	Share Forfeiture A/c Dr.		200	
	To Share Capital A/c			1,000
	(100 shares of Rs 10 each re-issued at Rs 8 per share fully paid-up)			
	Share Forfeiture A/c Dr.		300	
	To Capital Reserve			300
	(Amount of share forfeiture of 100 re-issued shares transferred to Capital Reserve)			

Working Note

Share Forfeiture of Re-issued Shares

Share Forfeiture (at the time of forfeiture) Cr. 5
Share Forfeiture (at the time of re-issue) Dr. 2
Balance in Share Forfeiture (after re-issue) Cr. 3 per share

Capital Reserve

$$= \frac{\text{Amount of share forfeiture}}{\text{Total shares forfeited}} \times \text{Shares reissued} - \text{Loss on reissue of forfeited shares}$$

$$= \frac{1000}{200} \times 100 - 100 \times 2 = 500 - 200 = 300$$

Answer 64:

Journal
In the books of Vishesh Ltd.

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Equity Share Capital A/c (8×1,000) Dr.		8,000	
	Securities Premium A/c (2×1,000) Dr.		2,000	
	To Share Forfeiture A/c			5,000
	To Calls-in-Arrears			5,000
	(1,000 shares of Rs 10 each issued at premium of Rs 2 forfeited for non payment of allotment money of Rs 5 including premium, final call of Rs 2 not yet made)			
	Bank A/c (12×800) Dr.		9,600	
	To Share Capital A/c			8,000
	To Securities Premium A/c			1,600
	(800 shares reissued at Rs 12 fully paid up)			

Bank A/c (11×200)	Dr.	2,200	
To Share Capital A/c			2,000
To Securities Premium A/c			200
(200 shares reissued at Rs 11 fully paid up)			
Share Forfeiture A/c	Dr.	5,000	
To Capital Reserve A/c			5,000
(Profit on reissue transferred to capital reserve)			

Answer 65:

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Capital A/c Dr.		900	
	Securities Premium A/c Dr.		600	
	To Share Allotment A/c			1,200
	To Share Forfeiture A/c			300
	(150 shares of Rs 10 each forfeited for non-payment of allotment money of Rs 8 per share including premium of Rs 4 per share)			
	Bank A/c Dr.		2,250	
	To Share Capital A/c			1,500
	To Securities Premium A/c			750
	(150 shares of Rs 10 each reissued for Rs 15 per share fully paid-up)			
	Share Forfeiture A/c Dr.		300	
	To Capital Reserve A/c			300
	(Balance of Share Forfeiture Account transferred to Capital Reserve Account)			

Answer 66:

Issued and applied 50,000 equity shares at Rs 10 each at a premium Re 1
Application Rs 2

Allotment	Rs 5	(4+1)
First Call	Rs 2	
Final Call	Rs 2	
	Rs 11	(10+1) called-up

**Books of Commerce Publications Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	(Share application received for 50,000 shares at Rs 2 each)			
	(Share application money transferred to Share Capital)			
	(Share allotment due on 50,000 shares at Rs 5 each including Re1 premium)			

Bank A/c	Dr.	2,47,500	
Calls-in-Arrears A/c	Dr.	2,500	
To Equity Share Allotment			2,50,000
(Share allotment at Rs 5 each, received on 49,500 shares and holders of 500 shares failed to pay it)			
Equity Share First Calls A/c	Dr.	1,00,000	
To Equity Share capital			1,00,000
(First call due on 50,000 shares at Rs 2 each)			
Bank A/c	Dr.	99,000	
Calls-in-Arrears A/c	Dr.	1,000	
To Equity Share first call A/c			1,00,000
(First call received on 49,500 shares and 500 shares failed to pay it)			
Equity Shares capital A/c	Dr.	4,000	
Securities Premium A/c	Dr.	500	
To Share Forfeiture			1,000
To Calls-in-Arrears A/c			3,500
(500 shares forfeited for the non-payment of Rs 7 including Re 1 premium)			
Equity Share Final Call A/c	Dr.	99,000	
To Equity Share Capital A/c			99,000
(Share final call due 49,500 share at Rs 2 each)			
Bank A/c	Dr.	99,000	
To Equity Share Final Call A/c			99,000
(Share final call money received)			
Bank A/c	Dr.	4,500	
Share Forfeiture A/c	Dr.	500	
To Equity Share Capital A/c			5,000
(500 shares of Rs10 each reissued for Rs 9 per share as fully paid-up)			
Share Forfeiture A/c	Dr.	500	
To Capital Reserve A/c			500
(Balance of Share Forfeiture after re-issue transferred to Capital Reserve)			

Working Note:

Share Forfeiture *Credit* 1,000

Less: Share Forfeiture *Debit* 500

Balance in Share Forfeiture (*after re-issue*) 500

Capital Reserve = Balance in Share Forfeiture (*after re-issue*) = Rs 500

Answer 67:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Equity Share Capital A/c (2,500×7) Dr.		17,500	
	Security Premium Reserve A/c Dr.		3,750	
	To Equity Share Allotment A/c			3,750
	To Equity Share First Call A/c (2,500×2)			5,000
	To Share Forfeited A/c			12,500
	(2,500 shares forfeited)			
	Bank A/c (2,500×8) Dr.		20,000	
	Share Forfeited A/c (2,500×2) Dr.		5,000	
	To Equity Share Capital A/c (2,500×10)			25,000
	(Share reissued @Rs 8 per share fully paid-up)			
	Share Forfeited A/c (12,500 – 5,000) Dr.		7,500	

	To Capital Reserve A/c (Profit on reissue transferred to Capital Reserve)			7,500
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Working Notes:

WN 1: Calculation of Amount unpaid on Allotment

Amount received on application (5,000×3) = 15,000

Less: Amount adjusted on application (2,500×3) = 7,500

Excess amount received on application = 7,500

Amount due on allotment (2,500×4.5) = 11,250

Amount unpaid on allotment = 3,750 (11,250 – 7,500)

Note:

Rs 7,500 received on application will be transferred to allotment, but first of all we have to transfer such amount to Capital A/c and rest would be transferred to Securities Premium A/c. Capital on allotment is Rs 5,000 (2,500×2) that is fully received and balance amount of advance Rs 2,500 will be transferred to Securities Premium A/c. So, amount of premium unpaid is Rs 3,750 (2,500×2.5 – 2,500).

Answer 68:

Issued and Applied 20,000 equity shares of Rs 10 each at a premium of Rs 5

Application	Rs	7	(2+5)
Allotment	Rs	5	
First and Final Call	Rs	3	
		<u>15</u>	(10+5) per share

Journal Entries

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Equity Share Application A/c (Share application money received for 20,000 shares at Rs 7 each)		140,000	140,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Share application money of 20,000 shares transferred Share Capital at Rs25 per share and Securities Premium at Rs 5 per share)		1,40,000	40,000 1,00,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Share allotment due on 20,000 shares at Rs 5 each)		1,00,000	1,00,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Equity Share Allotment A/c (Share allotment received on 19,800 shares and a holder of 200 shares failed to pay it)		99,000 1,000	1,00,000
	Equity Share First and Final call A/c Dr. To Equity Share Capital A/c (First and final call due on 20,000 shares at Rs 3 each)		60,000	60,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Equity Share First and Final Call A/c (First and final call received on 19,800 shares and a holder of 200 shares failed to pay it)		59,400 600	60,000
	Equity Share Capital A/c Dr. To Share Forfeiture A/c (Rs 2 × 200 Shares) To Calls-in-Arrears A/c (200 shares of Rs 10 each forfeited for the non-payment amount)		2,000	400 16,00

	due Rs 8 per share)			
Bank A/c	Dr.	1,600		
To Equity Share Capital A/c				1,600
(160 shares of Rs 10 each re-issued for the sum of Rs 1,600)				
Share Forfeiture A/c	Dr.	320		
To Capital Reserve A/c				320
(Balance in Share Forfeiture of 160 re-issued shares transferred to Capital Reserve)				

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

A Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	1,99,680
b. Reserves and Surplus	2	1,00,320
2. Non-Current Liabilities		
3. Current Liabilities		
Total		3,00,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	3,00,000
Total		3,00,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	 Equity Shares of Rs 10 each	-
	Issued Share Capital	
	20,000 Equity Shares of Rs 10 each	2,00,000
	Subscribed, Called-up and Paid-up Share Capital	
	19,960 Equity Shares of Rs 10 each	1,99,600
	Add: Shares Forfeited (40 shares × Rs 2)	80
		1,99,680
2	Reserves and Surplus	
	Securities Premium	1,00,000
	Capital Reserve	320
		1,00,320
3	Cash and Cash Equivalents	
	Cash at Bank	3,00,000

Working Notes: 1. Share Forfeiture of Re-issued Shares

Share Forfeiture (at the time of forfeiture after deducting premium) Cr. 2 (7 – 5)

Less: Share Forfeiture (at the time of re-issue) Dr. NIL

Balance in Share Forfeiture after re-issue Cr. 2 per share

Capital Reserve = Balance in Share Forfeiture after reissue (per share) × Number of Shares Re-issued = Rs 2 × 160 = Rs 320

2. Calculation of balance remaining in Share Forfeiture Account (to be shown in the Balance Sheet)

Share Forfeiture (at the time of forfeiture of 200 shares) = 400 Debit

Less: Share Forfeiture (at the time re-issue of 160 shares) = (320) Credit

Balance in Share Forfeiture Account (for 40 shares which are not re-issued)= Rs 80 Debit

Answer 69:

Authorised Capital: 2,000 equity shares at Rs 100 each

Issued Capital:

1,000 equity shares at Rs 100 each to the vendor of the building

1,000 equity shares at Rs 100 each with a premium Rs 5 to the public

Applied by public: 900 equity shares

Payable by public as:

Application Rs 10

Allotment Rs 25 (20+5)

First Call Rs 40

Called-up **75** (70+5)

Final Call Rs 30

Rs 105 (100+5)

**Books of Kamal Limited
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Building A/c Dr. To Vendor A/c (Building purchased from the vendor)		1,00,000	1,00,000
	Vendor A/c Dr. To Equity Share Capital A/c (1,000 equity shares of Rs 100 each issued to the vendor of building)		1,00,000	1,00,000
	Bank A/c Dr. To Equity Share Application A/c (Share application money received for 900 shares at Rs 10 each)		9,000	9,000
	Equity Share Application A/c Dr. To Equity Share Capital (Share application money of 900 shares at Rs 10 each transferred to Share Capital)		9,000	9,000
	Equity Share Allotment A/c Dr. To Securities Premium To Equity Share Capital A/c (Share allotment due on 900 shares at Rs 25 each including Rs 5 premium)		22,500	4,500 18,000
	Bank A/c Dr. To Equity Share Allotment A/c (Share allotment money received on 900 shares at Rs 25 each)		22,500	22,500
	Equity Share First Call A/c Dr. To Equity Share Capital A/c (First call due on 900 shares at Rs 40 each)		36,000	36,000
	Bank A/c Dr. Calls-in-Arrears A/c To Equity Share First-call A/c (First call received on 800 shares and a holder of 100 shares failed to pay it)		32,000 4,000	36,000
	Equity Share Capital A/c Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (100 shares of Rs 100 each, Rs 70 called-up forfeited for the non-payment of Rs 40)		7,000	3,000 4,000
	Bank A/c Dr. Share Forfeiture A/c Dr. To Equity Share Capital A/c (100 shares of Rs 100 each, re-issued at Rs 60 per share as Rs 70 paid-up)		6,000 1,000	7,000

	Share Forfeiture A/c To Capital Reserve A/c (Balance in Share Forfeiture the Account after re-issue transferred to Capital Reserve)	Dr.	2,000	2,000
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As per the Schedule III of Companies Act 2013, the Company's Balance Sheet is presented as follows.

Kamal Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	1,63,000
b. Reserves and Surplus	2	6,500
2. Non-Current Liabilities		
3. Current Liabilities		
Total		1,69,500
II. Assets		
1. Non-Current Assets		
a. Fixed Assets		
i. Tangible Assets	3	1,00,000
2. Current Assets		
a. Cash and Cash Equivalents	4	69,500
Total		1,69,500

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital 2,000 Equity Shares of Rs 100 each	2,00,000
	Issued Share Capital 2,000 Equity Shares of Rs 100 each	2,00,000
	Subscribed, Called-up and Paid-up Share Capital 1,000 Equity Shares of Rs 100 each (for consideration other than cash) 1,00,000 900 Equity Shares of Rs 100 each, Rs 70 Called-up 63,000	1,63,000
2	Reserves and Surplus	
	Securities Premium 4,500 Capital Reserve 2,000	6,500
3	Tangible Assets	
	Building	1,00,000
4	Cash and Cash Equivalents	
	Cash at Bank	69,500

Working Notes:

Share Forfeiture (at the time of forfeiture) 3,000 Credit

Less: Share Forfeiture (at the time of re-issue) 1,000 Debit

Balance in Share Forfeiture (after re-issue) 2,000 Credit

Capital Reserve = Balance in Share Forfeiture (after re-issue) = Rs 2,000

Answer 70:

Authorised capital 20,000 shares of 10 each

Issued and applied 20,000 shares of Rs 10 each at a premium Rs 2

Payable as:

Application = Rs 5 (3+2)

Allotment = Rs 4

First and Final Call = Rs 3

Books of Krishna & Co. Ltd.
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Equity Share Application A/c (Share application money received for 20,000 shares at Rs 5 each)		1,00,000	1,00,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Share application of 20,000 shares transferred to Shares Capital at Rs 3 per share and Securities Premium and Rs 2 per share)		1,00,000	60,000 40,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Share allotment due on 20,000 shares at Rs 4 each)		80,000	80,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Equity Share Allotment A/c (Share allotment received on 19,800 shares and holders of 200 shares failed to pay it)		79,200 800	80,000
	Equity Share first and final call A/c Dr. To Equity Share Capital A/c (First and Final call due on 20,000 shares at Rs 3 each)		60,000	60,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Equity Share First And Final Call A/c (Share first and final call of Rs 3 each received on 19,500 shares and holders of 500 shares failed to pay it)		58,500 1,500	60,000
	Equity Share Capital A/c Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (200 shares of Rs 10 each forfeited for the non-payment of allotment Rs 4 and call Rs 7 per share)		2,000	600 1,400
	Equity Share Capital A/c Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (300 shares of Rs 10 each forfeited for the non-payment of call money Rs 3 per share)		3,000	2,100 900
	Bank A/c Dr. Share Forfeiture A/c Dr. To Share Capital (400 shares of Rs 10 each re-issued at Rs 7 per share as fully paid-up)		2,800 1,200	4,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in share forfeiture of 400 shares transferred to Capital Reserve)		800	800

Krishna & Co Ltd. Balance Sheet

NOTES TO ACCOUNTS

Working Notes:

- $$\begin{aligned}\text{Capital Reserve} &= 200 \text{ Shares} \times \text{Balance of Share Forfeiture (per share)} \\ &= 200 \times 4 \\ &= \text{Rs } 800\end{aligned}$$

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(Application money received)				
Equity Share Application A/c	Dr.	20,00,000		
To Equity Share Capital A/c(27,000 × 50)			13,50,000	
To Calls in Advance A/c(13,000 × 50)			6,50,000	
(Application money transferred)				
Equity Share Allotment A/c (27,000 × 10)	Dr.	2,70,000		
To Equity Share Capital A/c			2,70,000	
(Allotment money due)				
Bank A/c	Dr.	94,000		
Calls in Advance A/c		2,00,000		
To Equity Share Allotment A/c			2,70,000	
To Calls-in-Advance A/c			24,000	
(Allotment money received)				
Equity Share First Call A/c (27,000 × 40)	Dr.	10,80,000		
To Equity Share Capital A/c			10,80,000	
(Call money due)				
Bank A/c	Dr.	6,26,500		
Calls-in-Advance A/c	Dr.	4,50,000		
Calls-in-Arrears A/c	Dr.	3,500		
To Equity Share First Call A/c			10,80,000	
(Call money received)				
Equity Share Capital A/c	Dr.	20,000		
To Equity Share First Call A/c			3,500	
To Equity Share Forfeiture A/c			16,500	
(200 shares forfeited)				
Bank A/c (200 × 105)	Dr.	21,000		
To Equity Share Capital A/c			20,000	
To Securities Premium A/c			1,000	
(Forfeited shares re-issued at Rs 105 per share)				
Equity Share Forfeiture A/c	Dr.	16,500		
To Capital Reserve A/c			16,500	
(Profit on re-issue transferred)				

Answer 72:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	(Application money received on 50,000 shares)			
	(Application money transferred to Share Capital)			
	(Allotment money due on 50,000 shares)			
	— —			
	(Allotment money received)			

Securities Premium Reserve A/c (200 × 3)	Dr.	600	
To Equity Share Allotment A/c (200 × 6)			1,200
To Equity Share Forfeiture A/c (200 × 2)			400
(200 shares forfeited for non-payment of allotment money including premium of Rs 3)			
Equity Share First Call A/c (49,800 × 5)	Dr.	2,49,000	
To Equity Share Capital A/c			1,99,200
To Securities Premium Reserve A/c			49,800
(Call money due on 49,800 shares)			
Bank A/c (49,700 × 5) – 2,000 + 900	Dr.	2,47,400	
Calls-in-Advance A/c (400 × 5)	Dr.	2,000	
To Calls-in-Advance A/c (300 × 3)			900
To Equity Share First Call A/c			2,48,500
(Call money received)			
Equity Share Capital A/c (100 × 9)	Dr.	900	
Securities Premium Reserve A/c (100 × 1)		100	
To Equity Share First Call A/c (100 × 5)			500
To Equity Share Forfeiture A/c (100 × 5)			500
(100 shares forfeited for non-payment of call money)			
Equity Share Second and Final Call A/c (49,700 × 3)	Dr.	1,49,100	
To Equity Share Capital A/c			49,700
To Securities Premium A/c			99,400
(Call money due on 49,700 shares)			
Bank A/c	Dr.	1,47,000	
Calls-in-Advance A/c (1,200 + 900)		2,100	
To Equity Share Second and Final Call A/c			1,49,100
(Call money received on shares)			
Bank A/c (300 × 9)	Dr.	2,700	
Equity Share Forfeiture A/c		300	
To Equity Share Capital A/c			3,000
(300 shares re-issued at Rs 9 per share)			
Equity Share Forfeiture A/c (400 + 500 – 300)	Dr.	600	
To Capital Reserve A/c			600
(Profit on re-issue transferred to Capital Reserve)			

Answer 73:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c (96,000×14) Dr.		13,44,000	
	To Equity Share Application and Allotment A/c (Application money received)			13,44,000
	Equity Share Application and Allotment A/c Dr.		13,44,000	
	To Equity Share Capital A/c (96,000×4)			3,84,000
	To Security Premium Reserve A/c (96,000×10)			9,60,000
	(Application money adjusted to Share Capital)			
	Equity Share First Call A/c (96,000×8) Dr.		7,68,000	
	To Equity Share Capital A/c (96,000×3)			2,88,000
	To Security Premium Reserve A/c (96,000×5)			4,80,000
	(First call money due)			
	Bank A/c (7,68,000 – 56,000) Dr.		7,12,000	
	To Equity Share First Call A/c (First call money received)			7,12,000
	Equity Share Second Call A/c (96,000×8) Dr.		7,68,000	

To Equity Share Capital A/c (96,000×3)			2,88,000
To Security Premium Reserve A/c (96,000×5)			4,80,000
(Second call money due)			
Bank A/c (7,68,000 – 56,000 – 40,000)	Dr.	6,72,000	
To Equity Share Second Call A/c			6,72,000
(Second call money received)			
Equity Share Capital A/c	Dr.	1,20,000	
Security Premium Reserve A/c (7,000×10 + 5,000×5)	Dr.	95,000	
To Equity Share First Call A/c			56,000
To Equity Share Second Call A/c			96,000
To Shares Forfeited A/c (7,000×4 + 5,000×7)			63,000
(Shares Forfeited)			
Bank A/c (8,000×8)	Dr.	64,000	
Shares Forfeited A/c (8,000×2)	Dr.	16,000	
To Equity Share Capital A/c			80,000
(Shares Reissued)			
Shares Forfeited A/c	Dr.	19,000	
To Capital Reserve A/c			19,000
(Profit on Reissue transferred to Capital Reserve A/c)			

Working Notes:

WN1: Amount transferred to Capital Reserve

Amount forfeited on reissued shares of Rohit = Rs 28,000

$$\text{Amount forfeited on reissued shares of Namit} = \text{Amount Forfeited} \times \frac{\text{Shares Re-issued}}{\text{Shares Forfeited}}$$

$$= 35,000 \times \frac{1,000}{5,000} = 7,000$$

Total amount forfeited on reissued shares = 28,000 + 7,000 = Rs 35,000

Amount transferred to Capital Reserve = 35,000 – 16,000 = Rs 19,000

Answer 74:

**In the books of Alfa Ltd.
Journal Entry**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Equity Share Application and Allotment A/c (Application money received on 1,00,000 shares)		4,00,000	4,00,000
	Equity Share Application and Allotment A/c Dr. To Equity Share Capital A/c To Equity Share First Call A/c (Application money transferred to share capital account and excess money is adjusted in first call account)		4,00,000	3,00,000 1,00,000
	Equity Share First Call A/c Dr. To Equity Share Capital A/c (Amount due on first call)		2,25,000	2,25,000
	Bank A/c (2,25,000 – 1,00,000 – 1,250) Dr. To Equity Share First Call A/c (Amount received on first call)		1,23,750	1,23,750
	Equity Share Capital A/c Dr.		5,250	

To Equity Share Forfeiture A/c			4,000
To Equity Share First Call A/c			1,250
(Vibha's shares were forfeited)			
Equity Share Second and Final Call A/c	Dr.	2,22,750	
To Equity Share Capital A/c			2,22,750
(Amount due on second and final call after forfeiting Vibha's shares)			
Bank A/c (2,22,750 – 2,250)	Dr.	2,20,500	
To Equity Share Second and Final Call A/c			2,20,500
(Amount received on second and final call)			
Equity Share Capital A/c	Dr.	7,500	
To Equity Share Forfeiture A/c			5,250
To Equity Share Second and Final Call A/c			2,250
(Monika's shares were forfeited)			
Bank A/c	Dr.	9,000	
Equity Share Forfeiture A/c	Dr.	6,000	
To Equity Share Capital A/c			15,000
(Forfeited shares were reissued for Rs 9,000 as fully paid-up)			
Equity Share Forfeiture A/c	Dr.	3,250	
To Capital Reserve A/c			3,250
(Excess amount on forfeiture is transferred to capital reserve)			

Working Notes:

WN1: Calculation of Amount not received on First Call

$$\text{Shares applied by Vibha} = \frac{1,00,000}{75,000} \times 750 = 1,000 \text{ Shares}$$

$$\text{Amount received on 1,000 shares of Rs 4 each} = \text{Rs } 4,000$$

$$\text{Amount transferred to Share Capital A/c } (750 \times 4) = \text{Rs } 3,000$$

$$\text{Excess money received on application and allotment} = \text{Rs } 1,000$$

$$\text{Amount due on first call @ Rs 3 each} = \text{Rs } 2,250$$

$$\text{Amount not received on first call} = \text{Rs } 1,250 (2,250 - 1,000)$$

WN2: Calculation of Amount not received on Second Call

$$\text{Shares allotted to Monika} = \frac{75,000}{1,00,000} \times 1,000 = 750 \text{ Shares}$$

$$\text{Amount not received on second call} = \text{Rs } 2,250 (750 \times 3)$$

Answer 75:

**Books of Himalaya Company Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c Dr. To Share Application A/c (Share Application money received for 1,60,000 shares @ Rs 3 per share)		4,80,000	4,80,000
	Share Application A/c Dr. To Equity Share Capital A/c To Share Allotment A/c (Share Application for 1,20,000 shares @ Rs 3 per share transferred to Share Capital Account and remaining amount adjusted to Allotment)		4,80,000	3,60,000 1,20,000

Share Allotment A/c To Equity Share Capital A/c To Securities Premium (Share Allotment due on 1,20,000 shares @ Rs 5 per share including Rs 2 Securities Premium)	Dr.	6,00,000	3,60,000 2,40,000
Bank A/c To Share Allotment A/c (Share allotment for 1,20,000 shares @ Rs 5 per share received)	Dr.	4,80,000	4,80,000
Share First Call A/c To Equity Share Capital A/c (Share First Call due on 1,20,000 shares @ Rs 2 per share)	Dr.	2,40,000	2,40,000
Bank A/c To Share First Call A/c (Share First Call received on 1,15,200 shares @ Rs 2 per share and 4,800 shares failed to pay)	Dr.	2,30,400	2,30,400
Share Final Call A/c To Equity Share Capital A/c (Share Final call due on 1,20,000 shares @ Rs 2 per share)	Dr.	2,40,000	2,40,000
Bank A/c To Share Final Call A/c (Share Final Call received on 1,15,200 shares @ Rs 2 per share and 4,800 shares failed to pay)	Dr.	2,30,400	2,30,400
Equity Share Capital A/c (4,800×10) To Share First Call A/c (4,800×2) To Share Final Call A/c (4,800×2) To Share Forfeiture A/c (4,800×6) (4,800 shares forfeited for the non-payment of First Call and Final Call)	Dr.	48,000	9,600 9,600 28,800
Bank A/c Share Forfeiture A/c To Equity Share Capital (4,800 shares reissued @ Rs 7 per share, fully paid-up)	Dr. Dr.	33,600 14,400	48,000
Share Forfeiture A/c To Capital Reserve A/c (Share forfeiture balance of 4,800 shares transferred to Capital Reserve Account)	Dr.	14,400	14,400

**Himalaya Company Limited
Balance Sheet**

Particulars	Note No.	Amount (₹)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	12,00,000
b. Reserves and Surplus	2	2,54,400
2. Non-Current Liabilities		
3. Current Liabilities		
Total		14,54,400
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	14,54,400
Total		14,54,400

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (₹)
1	Share Capital	
	Authorised Share Capital shares of Rs 10 each	—
	Issued Share Capital 1,20,000 shares of Rs 10 each	12,00,000
	Subscribed, Called-up and Paid-up Share Capital 1,20,000 shares of Rs 10 each	12,00,000
2	Reserves and Surplus	
	Securities Premium 2,40,000	
	Capital Reserve 14,400	2,54,400
3	Cash and Cash Equivalents	
	Cash at Bank	14,54,400

Answer 76:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c (30,000×2) Dr. To Share Application A/c (Application money received)		60,000	60,000
	Share Application A/c Dr. To Share Capital A/c (20,000×2) To Share Allotment A/c (4,000×2) To Bank A/c (6,000×2) (Application money adjusted to share capital carried to allotment and also refunded)		60,000	40,000 8,000 12,000
	Share Allotment A/c (20,000×5) Dr. To Share Capital A/c (20,000×3) To Securities Premium Reserve A/c (20,000×2) (Allotment money due along with premium)		1,00,000	60,000 40,000
	Bank A/c Dr. To Share Allotment A/c (1,00,000–8,000–1,840) (Allotment money received)		90,160	90,160
	Share First Call A/c (20,000×3) Dr. To Share Capital A/c (First call money due)		60,000	60,000
	Bank A/c (19,000×3) Dr. To Share First Call A/c (Call money received)		57,000	57,000
	Share Capital A/c (400×8) Dr. Securities Premium Reserve A/c (400×2) Dr. To Share Allotment A/c To Share First Call A/c (400×3) To Share Forfeiture A/c (480×2) (400 share forfeited for non-payment of allotment and first call money)		3,200 800	1,840 1,200 960
	Share Second & Final Call A/c (19,600×2) Dr. To Share Capital A/c (Second call money due)		39,200	39,200

Bank A/c	Dr.	38,000	
To Share Second & Final Call A/c (19,000 × 2)			38,000
(Second call money received)			
Share Capital A/c (600×10)	Dr.	6,000	
To Share First Call A/c (600×3)			1,800
To Share Second & Final Call A/c (600×2)			1,200
To Share Forfeiture A/c (600×5)			3,000
(600 shares forfeited for non-payment of first call and second call)			
Bank A/c (800×9)	Dr.	7,200	
Share Forfeiture A/c (800×1)	Dr.	800	
To Share Capital A/c (800×10)			8,000
(800 shares reissued @ Rs 9 per share)			
Share Forfeiture A/c	Dr.	2,160	
To Capital Reserve A/c			2,160
(Profit on reissue transferred to Capital Reserve)			

Balance Sheet of H Ltd

Particulars	Note No.	Amount (Rs)
1. Equity and Liabilities		
Shareholders' Funds		
a. Share Capital	1	1,99,000
b. Reserves and Surplus	2	41,360
Total		2,40,360
2. Assets		
Current Assets		
a. Cash and Cash Equivalents	3	2,40,360
Total		2,40,360

Notes to Accounts

Particulars	Amount (Rs)
1. Share Capital	
Issued Share Capital	
20,000 Shares of Rs 10 each	2,00,000
Subscribed, Called-up & Paid-up Share Capital	
19,800 Shares of Rs 10 each	1,98,000
Add: Share Forfeited (200×5)	1,000
	1,99,000
2. Reserves and Surplus	
Securities Premium Reserve (19,600×2)	39,200
Capital Reserve	2,160
	41,360
3. Cash and Cash Equivalents	
Bank	2,40,360

Working Notes:

WN1 Calculation of Amount Received on Allotment

Shares allotted to Ramesh = 400

Shares applied by Ramesh = $400 \times \frac{24,000}{20,000} = 480$

Excess money received on application = Rs 160 (80×2)

Money due on allotment from Ramesh = Rs 2,000 (400×5)

Amount not received from Ramesh = Rs 1,840 (2,000 – 160)

WN2 Calculation of Share Forfeiture transferred to Capital Reserve

Share Forfeiture of 400 shares of Ramesh = Rs 960

Share Forfeiture of 600 shares of Mohan = Rs 3,000

Share Forfeiture of 400 shares of Mohan = $\frac{3,000}{600} \times 400 = \text{Rs } 2,000$

Credit balance in Share Forfeiture = Rs 2,960

Debit balance in Share Forfeiture = Rs 800

Share Forfeiture transferred to Capital Reserve = 2,960 – 800 = Rs 2,160

Answer 77:**Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Equity Share Application A/c (80,000×30) Dr. To Equity Share Capital A/c (Application money transferred to share capital)		24,00,000	24,00,000
	Equity Share Allotment A/c (80,000×40) Dr. To Equity Share Capital A/c (80,000×20) To Securities Premium Reserve A/c (80,000×20) (Allotment money due)		32,00,000	16,00,000 16,00,000
	Equity Share First and Final Call A/c (80,000×50) Dr. To Equity Share Capital A/c (First call money due)		40,00,000	40,00,000
	Equity Share Capital A/c (600×100) Dr. Securities Premium Reserve A/c (200×20) Dr. To Equity Share Allotment A/c (200×40) To Equity Share First and Final Call (600×50) To Equity Share Forfeiture A/c (200×30 + 400×50) (600 shares forfeited for non-payment of allotment and call money)		60,000 4,000	8,000 30,000 26,000
	Equity Share Forfeiture A/c (600×20) Dr. To Equity Share Capital A/c (600 shares reissued)		12,000	12,000
	Equity Share Forfeiture A/c Dr. To Capital Reserve A/c (Profit on reissue transferred to capital reserve)		14,000	14,000

Cash Book

Dr.				Cr.			
Date	Particulars	L.F.	Amount (Rs)	Date	Particulars	L.F.	Amount (Rs)
	Equity Share Application A/c (80,000×30)		24,00,000		Balance c/d		96,10,000
	Equity Share Allotment A/c (79,800×40)		31,92,000				
	Equity Share First Call A/c (79,400×50)		39,70,000				
	Equity Share Capital A/c (600×80)		48,000				
			96,10,000				96,10,000

Answer 78:

In the books of Jeevan Dhara Ltd.
Journal Entry

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Equity Share Application A/c (Application money received on 1,50,000 shares)		3,00,000	3,00,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Equity Share Allotment A/c (Amount of application transferred to Share Capital and excess money is adjusted towards allotment)		3,00,000	2,40,000 60,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Amount due on allotment)		6,00,000	3,60,000 2,40,000
	Bank A/c Dr. To Equity Share Allotment A/c (Amount received on share allotment)		5,29,200	5,29,200
	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (Amount due on first and final call)		6,00,000	6,00,000
	Bank A/c Dr. To Equity Share First and Final Call A/c (Amount received on first and final call)		5,76,000	5,76,000
	Equity Share Capital A/c Dr. Securities Premium A/c Dr. To Equity Share Forfeiture A/c To Equity Share Allotment A/c To Equity Share First and Final Call A/c (Shares of Manu and Madhur were forfeited)		48,000 4,800	18,000 10,800 24,000
	Bank A/c Dr. Equity Share Forfeiture A/c Dr. To Equity Share Capital A/c (Forfeited shares were reissued for Rs 9 as fully paid-up)		43,200 4,800	48,000
	Equity Share Forfeiture A/c Dr. To Capital Reserve A/c (Excess amount on forfeiture is transferred to capital reserve)		13,200	13,200

Working Notes:**WN1:** Calculation of Amount not received on Allotment and First and Final Call

$$\text{Shares allotted to Manu} = \frac{1,20,000}{1,50,000} \times 3,000 = 2,400 \text{ shares}$$

Amount received on 3,000 shares of Rs 2 each = Rs 6,000

Amount transferred to Share Capital A/c (2,400 × 2) = Rs 4,800

Excess money received on application = Rs 1,200

Amount due on Allotment @ Rs 5 each = Rs 12,000 (7,200 + 4,800)

Amount not received on Securities Premium = 4,800

Amount not received on allotment = Rs 6,000 (7,200 - 1,200)

Amount not received on first and final call = Rs 12,000 (2,400 × 5)

WN2: Calculation of amount not received from Madhur

Amount not received on first and final call = Rs 12,000 (2,400 × 5)

Answer 79:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c (1,50,000 × 2) To Share Application A/c (Application money received on 1,50,000 shares)	Dr.	3,00,000	3,00,000
	Share Application A/c To Share Capital A/c To Share Allotment A/c To Bank A/c (Application money transferred to Share Capital)	Dr.	3,00,000	1,00,000 1,10,000 90,000
	Share Allotment A/c (50,000 × 4) To Share Capital A/c (Allotment money due on 50,000 shares)		2,00,000	2,00,000
	Bank A/c To Share Allotment A/c (WN2) (Allotment money received)	Dr.	88,900	88,900
	Share Capital A/c (600 × 6) To Share Allotment A/c (1,000 + 100) To Share Forfeiture A/c (2,000 + 500) (600 shares forfeited for non-payment of allotment money)	Dr.	3,600	1,100 2,500
	Share First and Final Call A/c To Share Capital A/c (Call money due on 49,400 shares)	Dr.	1,97,600	1,97,600
	Bank A/c To Share First and Final Call A/c (Call money received)	Dr.	1,97,600	1,97,600
	Bank A/c (600 × 11) To Share Capital A/c To Security Premium Reserve A/c (600 shares re-issued at Rs 11 per share)	Dr.	6,600	6,000 600
	Share Forfeiture A/c To Capital Reserve A/c (Profit on re-issue transferred to Capital Reserve)	Dr.	2,500	2,500

Working Notes:

WN1: Computation Table

Categories	Shares Applied	Shares Allotted	Money received on Application	Money transferred to Share	Excess Application Money	Amount adjusted on Allotment	Money refunded
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			@ Rs 2 each	Capital @ Rs 2 each			
I	80,000	40,000	1,60,000	80,000	80,000	80,000	–
II	25,000	10,000	50,000	20,000	30,000	30,000	–
III	45,000	–	90,000	–	–	–	90,000
	1,50,000	50,000	3,00,000	1,00,000	1,10,000	1,10,000	90,000

WN2: Calculation of Amount Received on Allotment

Amount Due on Allotment	2,00,000
Less: Excess Received	1,10,000
Balance to be Received	90,000
Less: Amount not paid by Deepak	(1,000)
Less: Amount not paid by Raju	(100)
Amount received on Allotment	88,900

WN3: Calculation of Shares Applied/Allotted

Shares Allotted to Deepak = $40,000/80,000 \times 1,000 = 500$

Shares Applied by Raju = $25,000/10,000 \times 100 = 250$

Shares Allotted to Deepak = $40,000/80,000 \times 1,000 = 500$

Shares Applied by Raju = $25,000/10,000 \times 100 = 250$

Amount not paid by Deepak on Allotment

Amount received on Application	2,000
Less: Transferred to Share Capital	(1,000)
Excess received on Application	1,000
Amount due on allotment	2,000
Less: Excess adjustment	(1,000)
Amount unpaid by Deepak	1,000

Amount not paid by Raju on Allotment

Amount received on Application	500
Less: Transferred to Share Capital	(200)
Excess received on Application	300
Amount due on allotment	400
Less: Excess adjustment	(300)
Amount unpaid by Raju	100

Answer 80:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c (1,80,000 × 6) Dr.		10,80,000	
	To Equity Share Application A/c			10,80,000
	Equity Share Application A/c Dr.		10,80,000	
	To Equity Share Capital A/c (1,60,000 × 5)			8,00,000
	To Securities Premium Reserve A/c (1,60,000 × 1)			1,60,000
	To Share Allotment A/c (10,000 × 6)			60,000
	To Bank A/c (10,000 × 6)			60,000
	Equity Share Allotment A/c (1,60,000 × 3) Dr.		4,80,000	
	To Equity Share Capital A/c (1,60,000 × 2)			3,20,000
	To Securities Premium Reserve A/c (1,60,000 × 1)			1,60,000
	Bank A/c (4,80,000 – 60,000 – 8,400) Dr.		4,11,600	

To Equity Share Allotment A/c (Allotment money received)			4,11,600
Equity Share First Call A/c (1,60,000 × 4)	Dr.	6,40,000	
To Equity Share Capital A/c			4,80,000
To Securities Premium Reserve A/c			1,60,000
(Call money due)			
Bank A/c	Dr.	6,27,200	
To Equity Share First Call A/c			6,27,200
(Call money received)			
Equity Share Capital A/c (3,200 × 10)	Dr.	32,000	
Securities Premium Reserve A/c (3,200 × 2)	Dr.	6,400	
To Equity Share Allotment A/c			8,400
To Equity Share First & Final Call A/c			12,800
To Equity Share Forfeiture A/c			17,200
(3,200 shares forfeited)			
Bank A/c	Dr.	43,000	
To Equity Share Capital A/c			16,000
To Securities Premium A/c			27,000
(1,600 shares re-issued)			
Equity Share Forfeiture A/c	Dr.	8,600	
To Capital Reserve A/c			8,600
(Profit on re-issue transferred)			

Working Notes:

Shares Applied by Aditya = $1,70,000 / 1,60,000 \times 3,200 = 3,400$

Shares Applied by Aditya = $1,70,000 / 1,60,000 \times 3,200 = 3,400$

Amount unpaid by Aditya on Allotment

Application money received	20,400
Less: Transferred to Share Capital	(19,200)
Excess received on Application	1,200
Allotment money due	9,600
Less: Excess adjustment	(1,200)
Amount unpaid by Aditya	8,400

Answer 81:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c (3×70,000) Dr.		2,10,000	
	To Equity Share Application A/c			2,10,000
	(Application money on 70,000 shares received)			
	Equity Share Application A/c Dr.		2,10,000	
	To Equity Share Capital A/c (3×50,000)			1,50,000
	To Equity Share Allotment A/c (WN2)			60,000
	(Share Application money on 50,000 shares transferred to share capital account and excess was utilised on allotment)			
	Equity Share Allotment A/c Dr.		2,50,000	
	To Equity Share Capital A/c			2,50,000
	(Allotment money due on allotment)			

Bank A/c (WN2)	Dr.	1,88,100	
To Equity Share Allotment A/c			1,88,100
(Allotment money received on 49,500 shares and Rs 60,000 excess money adjusted)			
Equity Share Capital A/c	Dr.	4,000	
To Equity Share Allotment A/c(WN1)			1,900
To Equity Share Forfeiture A/c(WN1)			2,100
(500 shares forfeited for non payment of allotment money)			
Equity Share First and Final Call A/c	Dr.	99,000	
To Equity Share Capital A/c			99,000
(Share Call money due)			
Bank A/c	Dr.	99,000	
To Equity Share First and Final Call A/c			99,000
(Call money received on 49,000 shares)			
Equity Share Capital A/c	Dr.	5,000	
To Equity Share First and Final Call A/c			1,000
To Equity Share Forfeiture A/c (8×500)			4,000
(500 shares forfeited for non payment of Call money)			
Bank A/c	Dr.	7,200	
Equity Share Forfeiture A/c	Dr.	1,800	
To Equity Share Capital			9,000
(900 shares reissued at Rs 8 per share)			
(Share call money received and Calls-in-Advance money adjusted)			
Share Forfeiture A/c (WN3)	Dr.	3,500	
To Capital Reserve A/c			3,500
(Profit on forfeiture of shares transferred)			

Working Note:

WN1

Shares applied by Ramesh: 700 shares

Shares allotted: $700 \times \frac{50,000}{70,000} = 500$ shares

Application Money received from Ramesh: $700 \times 3 = 2,100$

less: Application money due on allotted shares: $500 \times 3 = (1,500)$

Excess application money adjusted on allotment 600

Allotment money due on Share allotted $5 \times 500 = 2,500$

less: Excess application money received (600)

Allotment money due but not received 1,900

WN2

Allotment due (Gross)	$50,000 \times 5 = 2,50,000$
Less : Adjusted	(60,000)
Less : Arrears	(1,900)
	<u>1,88,100</u>

WN3

Forfeiture of 500 shares issued to Adhar

Amount due on First and Final Call: $2 \times 500 = 1,000$

Total amount due on First and Final Call: $2 \times 49,500 = 99,000$

less : Arrears	(1,000)
	<u>98,000</u>

Share Forfeiture on Ramesh's Share- 2,100

Proportionate Share Forfeiture on Adhar's Shares $4,000 \times \frac{400}{500} = 3,200$

	5,300
Less Loss on re-issue	(1,800)
Profit on re-issue transferred to capital reserve	<u>3,500</u>

Answer 82:

Authorised capital 2,000 shares of Rs 100 each.

Issued 1,000 shares of Rs 100 each at premium of Rs 5

Applied 1,800 shares

Allotment made as: **Amount payable per shares as:**

Applied	Allotted	Application	Rs 10	
1,500	1,000	Allotment	Rs 25	(20 + 5)
300	NIL	First Call	Rs 40	
			Rs 75	Called-up
		Final Call	Rs 30	
1,800	1,000		Rs 105	

Books of XYZ Limited Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c (Share application of 1,000 shares transferred to Share Capital, Rs 5,000 adjusted on allotment)		15,000	10,000 5,000
	Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c (Share allotment due on 1,000 shares at Rs 25 each including Rs 5 premium)		25,000	20,000 5,000
	Share First Call A/c Dr. To Share Capital A/c (First call due on 1,000 shares at Rs 40 each)		40,000	40,000
	Securities Premium A/c Dr. Share Capital A/c Dr. To Share Forfeiture A/c To Share Allotment A/c To Share First Call A/c (100 shares of Rs 100 each Rs 70 called-up, forfeited for the non-payment of allotment and first call)		500 7,000	1,500 2,000 4,000
	Share Forfeiture A/c Dr.		1,000	

To Share Capital A/c (100 shares of Rs 100 each re-issued at Rs 60 per share, Rs 70 paid-up)			1,000
Share Forfeiture A/c To Capital Reserve A/c (Balance in Share Forfeiture after re-issue transferred to Capital Reserve)	Dr.	500	500

Cash Book					
Dr.			Cr.		
Date	Particulars	Bank Rs	Date	Particulars	Bank Rs
	Share Application	18,000		Share Application	3,000
	Share Allotment	18,000			
	Share First Call	36,000			
	Share Capital	6,000		Balance c/d	75,000
		78,000			0
					78,000
					0

Working Notes:

$$\text{Number of share applied by Sunder} = \frac{1,500}{1,000} \times 100 = 150 \text{ shares}$$

Sunder

$$\begin{aligned} \text{Money received on application } 150 \times \text{Rs } 10 &= 1,500 \\ \text{Money transferred to Share Capital } 100 \times \text{Rs } 10 &= 1,000 \\ \text{Excess Money on application} &= 500 \end{aligned}$$

$$\begin{aligned} \text{Share allotment due } 100 \times \text{Rs } 25 &= 2,500 \\ \text{Less: Excess money on application} &= 500 \\ \text{Calls-in-Arrears on Allotment} &= 2,000 \end{aligned}$$

Allotment

$$\begin{aligned} \text{Allotment due on all shares } 1,000 \times \text{Rs } 25 &= 25,000 \\ \text{Less: Adjustment of excess money on application} &= 5,000 \\ &= 20,000 \\ \text{Less: Calls-in-Arrears by Sunder} &= 2,000 \\ \text{Money received on allotment} &= 18,000 \end{aligned}$$

Capital Reserve

$$\begin{aligned} \text{Share Forfeiture} &\text{Cr. } 1,500 \\ \text{Less: Share Forfeiture} &\text{Dr. } 1,000 \\ \text{Balance in Share Forfeiture after reissue} &= 500 \\ \text{Capital Reserve} &= \text{Balance in Share Forfeiture after re-issue} = \text{Rs } 500 \end{aligned}$$

Answer 83:

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c To Share Application A/c (Application money received on 30,000 shares @ Rs 2 per share)	Dr.	60,000	60,000
	Share Application A/c To Share Capital A/c To Share Allotment A/c (Application money received transferred to Share Capital and adjusted on allotment)	Dr.	60,000	40,000 20,000

Share Allotment A/c To Share Capital A/c To Securities Premium A/c (Allotment money due on 20,000 shares @ Rs 5 per share including premium of Rs 3 per share)	Dr.	1,00,000	40,000 60,000
Bank A/c (1,00,000 – 20,000 – 1,600) To Share Allotment A/c (Allotment money received)	Dr.	78,400	78,400
Share First Call A/c To Share Capital A/c (Share First Call due on 20,000 shares @ Rs 3 per share)	Dr.	60,000	60,000
Bank A/c (60,000 – 1,200 – 1,800) To Share First Call A/c (First call money received)	Dr.	57,000	57,000
Share Capital A/c Share Premium A/c To Share Forfeiture A/c To Share Allotment A/c To Share First Call A/c (400 shares forfeited)	Dr. Dr.	2,800 1,200	1,200 1,600 1,200
Share Second Call A/c To Share Capital A/c (Final Call money due on 19,600 shares @ 3 per share)	Dr.	58,800	58,800
Bank A/c (58,800 – 1,800) To Share Second Call A/c (Second Call money received)	Dr.	57,000	57,000
Share Capital A/c To Share Forfeiture A/c To Share First Call A/c To Share Second Call A/c (600 shares forfeited)	Dr.	6,000	2,400 1,800 1,800
Bank A/c Share Forfeiture A/c To Share Capital A/c (800 shares reissued @ Rs 9 each)	Dr. Dr.	7,200 800	8,000
Share Forfeiture A/c To Capital Reserve (Profit on re-issue transferred to Capital Reserve)	Dr.	2,000	2,000

Balance Sheet

Particulars	Note No.	Amount (₹)
I. Equity and Liabilities		
1. Shareholders' Fund		
a. Share Capital	1	1,98,800
b. Reserves and Surplus	2	60,800
2. Non-Current Liabilities		
3. Current Liabilities		
Total		2,59,600
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	2,59,600
Total		2,59,600

NOTES TO ACCOUNTS

Note No.	Particulars	Amount
1	Share Capital	
	Authorised Share Capital shares of Rs 10 each	—
	Issued Share Capital 20,000 shares of Rs 10 each	2,00,000
	Subscribed, Called-up and Paid-up Share Capital 19,800 shares of Rs 10 each	1,98,000
	Add: Share Forfeiture (200 × 4)	800
		1,98,800
2	Reserves and Surplus	
	Securities Premium	58,800
	Capital Reserve	2,000
		60,800
3	Cash and Cash Equivalents	
	Cash at Bank	2,59,600

Working Notes:

WN1: Calculation of unpaid amount on allotment by Mohit

Shares Applied by Mohit = $30,000/20,000 \times 400 = 600$

Shares Applied by Mohit = $30,000/20,000 \times 400 = 600$

Money received on Application (600×2)	1,200
Less: Adjusted on application (400×2)	(800)
Excess amount received	400

Amount due on Allotment (400×5)	2,000
Less: Excess amount received	(400)
Amount unpaid on allotment	1,600

WN2: Calculation of Amount to be transferred to Capital Reserve

Amount forfeited on Mohit's 400 shares(600×2)	1,200
Amount forfeited on Joly's 400 shares (400 × 4)	1,600
Total Credit Balance in Share Forfeiture	2,800
Less: Discount allowed on 800 shares reissued	(800)
Amount to be transferred to Capital Reserve	2,000

Answer 84:

Issued 1,000 equity shares of Rs 10 each

Applied 1,800 shares

Allotment made as:

Amount payable per shares as:

Applied	Allotted	Application	Rs 3
40,000	30,000	Allotment	Rs 4
35,000	20,000	First Call	Rs 3
<u>1,800</u>	<u>1,000</u>		<u>Rs 10</u>

**Books of XYZ Limited
Journal Entries**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Equity Share Application A/c (Share application money received for 75,000 shares at Rs 3 each)		2,25,000	2,25,000
	Equity Share Application A/c Dr.		2,25,000	

To Equity Share Capital A/c			1,50,000
To Equity Share Allotment A/c			75,000
(Application money of 50,000 shares transferred to share capital and the remaining amount adjusted on allotment)			
Equity Share Allotment A/c	Dr.	2,00,000	
To Equity Share Capital A/c			2,00,000
(Share allotment due on 50,000 shares at Rs 4 each)			
Bank A/c	Dr.	1,21,400	
To Equity Share Allotment A/c			1,21,400
(Share allotment received on 48,800 shares after adjusting the excess money on application)			
Equity Share Capital A/c (1,200 × Rs 7)	Dr.	8,400	
To Share Forfeiture A/c			4,800
To Equity Share Allotment A/c			3,600
(1,200 shares of Rs 10 each Rs 7 called-up forfeited for the non-payment of allotment)			
Equity Share First and Final Call A/c	Dr.	1,46,400	
To Equity Share Capital A/c			1,46,400
(First and final call due on 48,800 shares at Rs 3 each)			
Bank A/c	Dr.	1,45,200	
To Equity Share First and Final Call A/c			1,45,200
(Share first and call received 48,800 shares at Rs 3 each)			
Equity Share Capital A/c	Dr.	4,000	
To Share Forfeiture A/c (400 × Rs 7)			2,800
To Equity Shares First and Final Call A/c			1,200
(400 shares forfeited for the non-payment of first and final call)			
Bank A/c	Dr.	8,000	
Share Forfeiture A/c	Dr.	2,000	
To Equity Share Capital A/c			10,000
(1,000 shares of Rs 10 each re-issued at Rs 8 per share fully paid-up)			
Share Forfeiture A/c	Dr.	3,200	
To Capital Reserve A/c			3,200
(Balance of 1,000 re-issued shares in Share Forfeiture Account transferred to Capital Reserve Account)			

Working Notes-

Rumu's Share

Number of shares applied = $40,000 / 30,000 \times 1,200 = 1,600$ shares

Money received on Application 1,600 shares × Rs 3 = Rs 4,800

Money adjusted on Application 1,200 Shares × Rs 3 = Rs 3,600

Excess on Application Rs 1,200

Allotment due on 1,200 shares × Rs 4 = 4,800

Less: Excess money on Application = 1,200

Calls-in-Arrears on Allotment 3,600

Share Allotment

Share Allotment due 50,000 shares × Rs 4 = 2,00,000

Less: Excess money on application = 75,000

1,25,000

Less: Calls-in-Arrears on Allotment = 3,600

Money received on Allotment = 1,21,400

Shamu's Shares

Number of shares allotted to Shamu

$= \frac{20,000}{35,000} \times 700 = 400$ shares

First and Final Call

First and Final Call due; 48,800 shares × Rs 3 = 1,46,400
Less: Calls-in-Arrears by Shamu; 400 shares × Rs 3 = 1,200
Money received on of First and Final Call 1,45,200

Capital Reserve

Shares re-issued out the shares forfeited from Ramu = 1,000 shares – Shamu's shares

= 1,000 – 400

= 600 shares

on re-issuance Ramu's shares:

Capital Reverse on re-issuance of 600 shares forfeited from Ramu

Share Forfeiture Cr. $\frac{4800}{1200}$ = Rs 4
Share Forfeiture Dr. = Rs 2
Share Forfeiture after re-issued Rs 2 per share

Capital Reserve after re-issuance of 600 shares = Share Forfeiture after re-issuance (per share) × 600 shares

= Rs 2 × 600

= Rs 1,200

on re-issuance Shamu's shares:

Share Forfeiture Cr. Rs 7

Share Forfeiture Dr. Rs 2

Share Forfeiture after re-issuance Rs 5 per share

Capital Reserve after re-issuance of 400 shares = Share Forfeiture after re-issuance (per share) × 600 shares

= Rs 5 × 400

= Rs 2,000

Total amount of Capital Reserve = Capital Reserve of 600 shares + Capital Reserve of 400 shares

Total amount of Capital Reserve = Capital Reserve of 600 shares + Capital Reserve of 400 shares

= Rs 1,200 + Rs 2,000

= Rs 3,200

Answer 85:

Issued capital 40,000 shares of Rs 10 each at premium of Rs 2

Applied Rs 60,000 shares

Allotment made as:

Payable as:

Applied	Allotted	Application	Rs 2	
48,000	40,000	Allotment	Rs 5	(3+2)
12,000	NIL	First Call	Rs 2	
<u>60,000</u>	<u>40,000</u>	Second and Final Call	<u>Rs 3</u>	
			<u>Rs12</u>	(10+2) per share

Journal Entries

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Equity Share Application A/c (Application money received for 60,000 shares at Rs 2 each)		1,20,000	1,20,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Equity Share Allotment A/c To Bank A/c (Share application of 40,000 shares transferred to share capital, Rs 16,000 adjusted on allotment and remaining Rs 24,000 refunded)		1,20,000	80,000 16,000 24,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Share allotment due on 40,000 shares at Rs 5 each including Rs 2 premium)		2,00,000	1,20,000 80,000
	Bank A/c Dr. To Equity Share Allotment A/c (Share allotment received on all shares except on 1,600 Shares held by Ram)		1,76,640	1,76,640

Equity Share First Call A/c To Equity Share Capital A/c (First call due on 40,000 shares at Rs 2 each)	Dr.	80,000	80,000
Bank A/c To Equity Share First Call A/c (First call received on 36,400 shares and holders of 3,600 failed to pay it)	Dr.	72,800	72,800
Equity Share Second and Final Call A/c To Equity Share Capital A/c (Second and final call due on 40,000 shares at Rs 3 each)	Dr.	1,20,000	1,20,000
Bank A/c To Equity Share second and Final Call A/c (Second and final call received on 36,400 shares and holders of 3,600 shares failed to pay it)	Dr.	1,09,200	1,09,200
Equity Share Capital A/c Securities Premium A/c To Share Forfeiture A/c To Equity Share Allotment A/c To Equity Share first Call A/c To Equity Share Second and Final Call A/c (1600 shares held by Ram forfeited for non-payment amount due including premium)	Dr. Dr.	16,000 3,200	3,840 7,360 3,200 4,800
Equity Share Capital A/c To Equity Share Forfeiture A/c To Equity Share First Call A/c To Equity Share Second and Final Call A/c (2,000 shares held by Shyam forfeited for non-payment of amount due)	Dr.	20,000	10,000 4,000 6,000
Bank A/c Share Forfeiture A/c To Equity Share Capital A/c (3,600 shares of Rs 10 each re-issued at Rs 8 per share fully paid-up)	Dr. Dr.	28,800 7,200	36,000
Share Forfeiture A/c To Capital Reserve A/c (Balance in Share Forfeiture transferred to Capital Reserve)	Dr.	6,640	6,640

Working Notes:

Ram's shares

Number of shares applied by Ram

$$= \frac{48,000}{40,000} \times 1,600 = 1,920 \text{ Shares}$$

Money received on Application (1,920 shares × Rs 2)

= Rs 3,840

Less: Application money transferred to Share Capital (1,600 shares × Rs 2)

= Rs 3,200

Excess money on Application

= Rs 640

Share Allotment due (1,600 shares × Rs 5) Rs 8,000

Less: Excess money on Application Rs 640

Calls-in-Arrears on Allotment Rs 7,360

Share Allotment

Share Allotment due (40,000 shares × Rs 5) 2,00,000

Less: Excess money on Application 16,000

1,84,000

Less: Calls-in-Arrears by Ram 7,360

Money received on Allotment 1,76,640

Share First Call

Share First Call due (40,000 shares × Rs 2) 80,000

Less: Calls-in-Arrears by Ram and Shyam (3,600 shares × Rs 2) 7,200

Money received on First Call	<u>72,800</u>
Share Final Call	
Share Final Call due 40,000 Shares × Rs 3	1,20,000
Less: Calls-in-Arrears by Ram and Shyam (3,600 shares × Rs 3)	<u>10,800</u>
Money received on Second and Final Call	<u>1,09,200</u>
Capital Reserve	
Share Forfeiture on Ram's shares (<i>money received on application</i>)	3,840
Share Forfeiture on Shyam's shares (2,000 shares × Rs 5)	10,000
	13,840 <i>Cr.</i>
Less: Share Forfeiture	<u>7,200</u> <i>Dr.</i>
Capital Reserve	<u>6,640</u>

Answer 86:

Issued shares 50,000 of Rs 10 each at a premium of Rs 2

Applied share 65,000

Allotment made as		Payable as:	
Applied	Allotted	Application	Rs 5 (3 + 2)
60,000	50,000	Allotment	Rs 4
5,000	NIL	First and Final Call	Rs 3
<u>65,000</u>	<u>50,000</u>		<u>Rs 12</u> (10 + 2) per share

Cash Book

Dr.							Cr.
Date	Particulars	L.F.	Bank Rs	Date	Particulars	L.F.	Bank Rs
	Equity Share Application		3,25,000		Equity Share Application		25,000
	Equity Share Allotment		1,47,900				
	Equity Share First and Final Call		1,47,900		Balance c/d		6,02,100
	Equity Share Capital		6,300				
			6,27,100				6,27,100

Books of X Limited Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	(Share application money of 50,000 shares transferred to share capital at Rs 3 each and to premium Rs 2 each and Rs 50,000 adjusted on allotment)			
	(Allotment due on 50,000 shares at Rs 4 each)			
	(First and final call due on 50,000 shares at Rs 3 each)			
	(700 shares of Rs 10 each forfeited for the non-payment of			

amount due)			
Share Forfeiture A/c To Equity Share Capital A/c (Loss on issue Re 1 on 700 shares charged from the Share Forfeiture Account)	Dr.	700	700
Share Forfeiture A/c To Capital Reserve A/c (Balance in Share Forfeiture after re-issue transferred to Capital Reserve)	Dr.	2,100	2,100

Working Notes-

Mr. Sharma's Share

Number of shares applied by Mr Sharma

$$= \frac{60,000}{50,000} \times 700 = 840 \text{ shares}$$

Money received on Application 840 shares × Rs 5 = 4,200

Less: Money transferred to Share Capital 700 shares × Rs 3 = 2,100

Less: Securities Premium 700 shares × Rs 2 = 1,400

Excess money on Application = 700

Allotment due 700 shares × Rs 4 = 2,800

Less: Excess money on Application = 700

Calls-in Arrears on Allotment = 2,100

Share Allotment

Share Allotment due 50,000 × Rs 4 = 2,00,0000

Less: Excess money on Application = 50,000

Less: Calls-in-Arrears = 2,100

Money received on Application = 1,47,900

Share First and Final Call

Share First and Final Call due 50,000 Shares × Rs 3 = 1,50,000

Less: Calls in Arrears on 700 shares × Rs 3 = 2,100

Money received on First and Final Call = 1,47,900

Capital Reserve

Money received on Application from Mr Sharma = Rs 4,200

Less: Securities Premium 700 × Rs 2 = Rs 1,400

Share Forfeiture Cr. 2,800

Share Forfeiture 700 × Re 1 Dr. 700

Capital Reserve = 2,100

Answer 87:

Issued capital 2,000 shares of Rs 10 each at premium of Rs 2

Applied shares 3,000

Allotment made as:		Payable as:	
Applied	Allotted	Application	Rs 3 (2 + 1)
2,400	2,000	Allotment	Rs 4 (3 + 1)
600	NIL	First Call	Rs 3
		Final Call	Rs 2

3,000	2,000	Rs 12	(10 + 2) per share
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Books of Super Star Ltd.

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Share Application A/c (Share application money received for 3,000 shares at Rs 3 per share including Re 1 premium)		9,000	9,000
	Share Application A/c Dr. To Share Capital A/c		9,000	4,000

To Securities Premium A/c			2,000
To Share Allotment A/c			1,200
To Bank A/c			1,800
(Share application money of 2,000 shares transferred to Share Capital and securities premium at Rs 2, and Re 1 each respectively, Rs 1,800 adjusted on allotment and remaining Rs 1,200 refunded)			
Share Allotment A/c	Dr.	8,000	
To Share Capital A/c			6,000
To Securities Premium A/c			2,000
(Allotment due on 2,000 shares at Rs 4 per share including Re 1 premium)			
Bank A/c	Dr.	6,664	
To Share Allotment A/c			6,664
(Allotment received for 1960 shares after adjustment of excess application money)			
Share First Call A/c	Dr.	6,000	
To Share Capital A/c			6,000
(First call due on 2,000 shares of at Rs 3 per share)			
Bank A/c	Dr.	5,700	
To Share First Call A/c			5,700
(Share First Call received for 1,900 shares)			
Share Capital A/c	Dr.	320	
Securities Premium A/c	Dr.	40	
To Share Forfeiture A/c (144 – 40)			104
To Share Allotment A/c			136
To Share First Call A/c			120
(40 shares of Rs 10 each, Rs 8 called-up for non-payment of money due on allotment and first including Re 1 premium)			
Share Final Call A/c	Dr.	3,920	
To Share Capital A/c			3,920
(Final call due on 1,960 shares at Rs 2 each)			
Bank A/c	Dr.	3,800	
To Share Final Call A/c			3,800
(Final call received for 1,900 shares)			
Share Capital A/c	Dr.	600	
To Share Forfeiture A/c			300
To Share First Call A/c			180
To Share Final Call A/c			120
(60 shares forfeited for the non-payment of first call and final call money)			
Bank A/c	Dr.	720	
Share Forfeiture A/c	Dr.	80	
To Share Capital A/c			800
(80 shares of Rs 10 each re-issued at Rs 9 per share fully paid-up)			
Share Forfeiture A/c	Dr.	224	
To Capital Reserve A/c			224
(Balance in Share Forfeiture Account of 80 re-issued shares transferred to Capital Reserve)			

Working Notes-

Ramesh's Shares

Number of shares applied

$$= \frac{2,400}{2,000} \times 40 = 48 \text{ shares}$$

Money received on Application (48 shares × Rs 3) = Rs 144

Less: Application money adjusted to Share Capital (40 shares × Rs 2) = Rs 80

Less: Securities Premium (40 shares × Re 1) = Rs 40
Excess money Application = Rs 24

Allotment due (40 shares × Rs 4) = Rs 160
Less: Excess money on Application = Rs 24
Calls-in-Arrears Rs 136

Rajesh's Shares

Number of shares allotted = $2,000 / 2,400 \times 72 = 60$ shares

Share Allotment

Money due on Allotment (2,000 shares × Rs 4) 8,000
Less: Excess application money adjusted 1,200
Less: Calls-in-Arrears 136
Money received on Allotment 6,664

Share First Call

Money due on First Call (2,000 shares × Rs 3) 6,000
Less: Calls-in-Arrears on Ramesh (40 shares × 3) 120
Less: Calls-in-Arrears on Rajesh (60 shares × 3) 180
Money received on First Call 5,700

Share Final Call

Money due on Final Call (1,960 shares × Rs 2) 3920
Less: Calls in Arrest on Rajesh (60 shares × Rs 2) 120
Money received on Final Call 3,800

Capital Reserve

Ramesh

Money received from Ramesh 144
Less: Securities Premium (40 shares × Re 1) 40
Share Forfeiture Cr. 104
Share forfeiture 40 × Rs 1 Dr. 40
Capital Reserve of Ramesh 64

Rajesh

Share Forfeiture Cr. Rs 5 per share
Share Forfeiture Dr. Rs 1 per share
Share Forfeiture after re-issue Rs 4 per share

Capital Reserve on Rajesh's shares = Share Forfeiture after re-issue (*per share*) × No. of shares re-issued
= Rs 4 × 40

= Rs 160

Total Capital Reserve = Capital Reserve of 40 shares of Ramesh + Capital Reserve of 40 shares of Rajesh
= 64 + 160

= Rs 224

Answer 88:

Issued capital 2,00,000 shares of Rs 10 each.

Applied shares 3,00,000

Allotment made as: **Payable as:**

Applied	Allotted	Application	Rs 3
2,00,000	1,50,000	Allotment	Rs 5
1,00,000	50,000	First and Final Call	Rs 2
3,00,000	2,00,000		Rs 10 per share

Books of Bharat Ltd.

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Equity Share Application A/c (Application money received for 3,00,000 shares at Rs 3 each)		9,00,000	9,00,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Equity Share Allotment A/c		9,00,000	6,00,000 3,00,000

Company Accounts – Accounting for Share Capital

(Application money of 2,00,000 shares at Rs 3 each transferred to Shares Capital and excess money Rs 3,00,000 adjusted on allotment)			
Equity Share Allotment A/c	Dr.	10,00,000	
To Equity Share Capital A/c			10,00,000
(Allotment due on 2,00,000 shares at Rs 5 each)			
Bank A/c	Dr.	6,88,000	
To Equity Share Allotment A/c			6,88,000
(Allotment received on 1,97,000 shares)			
Equity Share Capital A/c	Dr.	24,000	
To Share Forfeiture A/c			12,000
To Share Allotment A/c			12,000
(3,000 shares forfeited for the non-payment of money due on allotment)			
Equity Share First and Final Call A/c	Dr.	3,94,000	
To Equity Share Capital A/c			3,94,000
(First and Final call due on 1,97,000 shares at Rs 2 per share)			
Bank A/c		3,92,000	
To Equity Share First and Final Call A/c			3,92,000
(Share First and Final Call received on 1,97,000 shares)			
Equity Share Capital A/c	Dr.	10,000	
To Share Forfeiture A/c			8,000
To Equity Share First and Final Call A/c			2,000
(1,000 shares forfeited for the non-payment of first and final call)			
Bank A/c	Dr.	28,000	
Share Forfeiture A/c	Dr.	7,000	
To Equity Share Capital A/c			35,000
(3,500 shares of Rs 10 each re-issued at Rs 8 per share fully paid-up)			
Share Forfeiture A/c	Dr.	9,000	
To Capital Reserve A/c			9,000
(Balance in Share Forfeiture of 3,500 re-issued shares transferred to Capital Reserve)			

Working Note:

Bajaj's Share

Number of shares applied

$$= \frac{2,00,000}{1,50,000} \times 3,000 = 4,000 \text{ shares}$$

Money received on Application (4,000 shares × Rs 3) = 12,000

Less: Money transferred to Shares capital (3000 shares × Rs 3) = 9,000

Excess money on Application = 3,000

Allotment due (3,000 shares × Rs 5) = 15,000

Less: Excess money on application = 3,000

Calls-in-Arrears on Allotment = 12,000

Share Allotment

Money due an allotment (2,00,000 shares × Rs 5) = 10,00,000

Less: Excess money on Application = 3,00,000

Less: Calls-in-Arrears on Bajaj's shares = 12,000

Money received on Allotment = Rs 6,88,000

Sharma's shares

Number of shares allotted

$$= \frac{50,000}{1,00,000} \times 2,000 = 1,000 \text{ shares}$$

Capital Reserve

Forfeiture of shares held by Bajaj

Share Forfeiture Credit $12,000/3,000 = \text{Rs } 4 \text{ per share}$
 Share Forfeiture Debit on re-issue $= \frac{\text{Rs } 2}{\text{Rs } 2} \text{ per share}$
 Share Forfeiture after re-issue $= \frac{\text{Rs } 2}{\text{Rs } 2} \text{ per share}$

Capital Reserve on re-issue of Bajaj's shares $= \text{Rs } 2 \times 3,000 \text{ (no. of shares re-issued)}$
 $= \text{Rs } 6,000$

Forfeiture of shares held by Sharma

Share Forfeiture Credit $\text{Rs } 8 \text{ per share}$
 Share Forfeiture Debit on re-issue $\frac{\text{Rs } 2}{\text{Rs } 6} \text{ per share}$

Capital Reserve on re-issue of 500 Shares of Sharma $= \text{Rs } 6 \times 500 \text{ (no. of shares re-issued)} = \text{Rs } 3,000$

Total Capital Reserve on 3,500 shares $= 6,000 \text{ (re-issue of Bajaj's)} + 3,000 \text{ (re-issue of Sharma's)} = \text{Rs } 9,000$

Answer 89:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c Dr. To Share Application A/c (75,000×3) (Application money received)		2,25,000	2,25,000
	Share Application A/c Dr. To Share Capital A/c (50,000×3) To Share Allotment A/c (Application money adjusted on allotment)		2,25,000	1,50,000 75,000
	Share Allotment A/c (50,000×4) Dr. To Share Capital A/c To Securities Premium A/c (Allotment money due on 50,000 shares)		2,00,000	1,00,000 1,00,000
	Bank A/c Dr. Calls-in-Arrears A/c Dr. To Share Allotment A/c (Allotment money received)		1,23,000 2,000	1,25,000
	Share First Call A/c (50,000×2) Dr. To Share Capital A/c (First call money due on 50,000 shares)		1,00,000	1,00,000
	Bank A/c Dr. Calls-in-Arrears A/c (800×2) Dr. To Share First Call A/c (Call money received)		98,400 1,600	1,00,000
	Equity Share Capital A/c (800×7) Dr. Securities Premium A/c (800×2) Dr. To Calls-in-Arrears A/c To Share Forfeiture A/c (1,200×3) (800 shares forfeited for non-payment of allotment and call money)		5,600 1,600	3,600 3,600
	Bank A/c Dr. To Share Capital A/c To Securities Premium A/c (Shares reissued at a premium)		9,600	5,600 4,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Profit on reissue transferred to capital reserve)		3,600	3,600

Working Notes:

WN1 Calculation of No. of Shares Allotted to Sonu

Shares applied by Sonu = 1,200

$$\text{Shares allotted to Sonu} = 1,200 \times \frac{50,000}{75,000} = 800$$

WN2 Calculation of Amount Received on Allotment

Total allotment due on Sonu's shares = Rs 3,200 (800 × 4)

Excess application money from Sonu adjusted towards allotment = (1200 × 3) – (800 × 3) = Rs 1,200

Amount not received from Sonu = Rs 2,000

Total Amount due on Allotment @ 50,000 shares = 2,00,000

Less: Excess application money adjusted = 75,000

Balance amount due = 1,25,000

Less: Amount not received from Sonu = 2,000

Amount received on allotment = 1,23,000

Answer 90:

Applied shares 2,40,000

Allotment made as:**Payable as:**

Applied	Allotted	Application	Rs 5	
1,00,000	1,00,000	Allotment	Rs 4	(2 + 2)
80,000	60,000	First Call	Rs 2	
60,000	40,000	Final Call	Re 1	
2,40,000	2,00,000		Rs 12	(10 + 2) per share

Cash Book					
Dr.					Cr.
Date	Particulars	Amount Rs	Date	Particulars	Amount Rs
	Equity Share Application (2,40,000 × Rs 5)	12,00,000			
	Equity Share Allotment (See note-2)	5,93,900			
	Equity Share First Call (See note-3)	3,93,800			
	Equity Share First Call (1,96,900 shares × Re 1)	1,96,900			
	Equity Share Capital (1,00,000 shares of category i)	8,000			
	Equity Share Capital (300 shares of category ii)	2,400			23,95,000
		23,95,000		Balance c/d	23,95,000

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Equity Share allotment A/c (Equity Share application money of 2,00,000 shares at Rs 5 each transferred to Share Capital and Rs 2,00,000 adjusted on allotment)		12,00,000	10,00,000 2,00,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Share allotment due on 2,00,000 shares at Rs 4 each including Rs 2 premium)		8,00,000	4,00,000 4,00,000

Equity Share First Call A/c To Equity Share Capital A/c (First call due on 2,00,000 shares at Rs 2 each)	Dr.	4,00,000	4,00,000
Equity Share Capital A/c Securities Premium A/c To Share Forfeiture A/c (900 shares × Rs 5) To Equity Share Allotment A/c (900 shares × Rs 4) To Equity Share First Call A/c (900 shares × Rs 2) (1,000 shares of category (i) Rs 10 each, on which Rs 8 had called-up, forfeited for the non-payment of amount due)	Dr. Dr.	9,000 2,000	5,000 4,000 2,000
Equity Share Capital A/c Securities Premium A/c To Share Forfeiture A/c To Equity Shares Allotment A/c To Equity Shares First-Call A/c (900 shares of category (ii) forfeited for the non-payment of amount due)	Dr. Dr.	8,100 1,800	6,000 2,100 1,800
Equity Share Final Call A/c To Equity Shared Capital A/c (Final call due on 1,98,100 shares at Re 1 each)	Dr.	1,98,100	1,98,100
Equity Share Capital A/c To Share Forfeiture A/c To Share First Call A/c To Share Final Call A/c (1,200 shares of category (iii) forfeited for the non-payment amount due)	Dr.	12,000	8,400 2,400 1,200
Share Forfeiture A/c To Equity Share Capital A/c (Loss on re-issue of 1,000 shares of category (i) charged from Share Forfeiture Account)	Dr.	2,000	2,000
Share Forfeiture A/c To Equity Share Capital A/c (Loss on re-issue of 300 of category (ii) charged from Share Forfeiture Account)	Dr.	600	600
Share Forfeiture A/c To Capital Reserve A/c (Balance in Share Forfeiture Account of 1,300 re-issued shares transferred to Capital Reserve)	Dr.	4,400	4,400

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

**Super Star Ltd.
Balance Sheet**

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	19,94,400
b. Reserves and Surplus	2	4,00,600
2. Non-Current Liabilities		
3. Current Liabilities		
Total		23,95,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	23,95,000
Total		23,95,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	 Equity Shares of Rs 10 each	-
	Issued Share Capital	
	2,00,000 Equity Shares of Rs 10 each	20,00,000
	Subscribed, Called-up and Paid-up Share Capital	
	1,98,200 Equity Shares of Rs 10 each	19,82,000
	Add: Shares Forfeited (600 shares × Rs 6.66)	4,000
	Add: Shares Forfeited (1,200 shares × Rs 7)	8,400
		19,94,400
2	Reserves and Surplus	
	Securities Premium	3,96,200
	Capital Reserve	4,400
		4,00,600
3	Cash and Cash Equivalents	
	Cash at Bank	23,95,000

Working Notes:

1. 1,200 shares of Category (ii)

Number of share allotted

$$= \frac{60,000}{80,000} \times 1,200 = 900 \text{ shares}$$

Money received on application (1,200 shares × Rs 5) = 6,000

Less: Application money transferred to Share Capital (900 shares × Rs 5) = 4,500

Excess money received from 1,200 shares on Application = 1,500

Money due on Allotment (900 shares × Rs 4) = 3,600

Less: Excess money on Application = 1,500

Calls-in-Arrears on Allotment of category (ii) 2,100

2. Share Allotment

Money due on Allotment (2,00,000 shares × Rs 4) = 8,00,000

Less: Excess money on Application = 2,00,000

Less: Calls-in-Arrears 1,000 shares of category (i) (1,000 shares × Rs 4) = 4,000

Less: Calls-in-Arrears 1,200 shares of category (ii) = 2,100

Money received on Allotment = 5,93,900

3. Share First Call

First Call due on 2,00,000 shares × Rs 2 = 4,00,000

Less: Calls-in-Arrears on 3,100 shares × Rs 2 (1,000 + 900 + 1,200 shares of category (i), (ii) and (iii) respectively) (6,200)

Money received on First Call 3,93,800

4. Share Final Call

Money due on Share Final Call (2,00,000 – 1900) × Rs 1 = 1,98,100

Less: Calls-in-Arrears of 1,200 shares of Category (iii) 1,200

Money received on Final Call 1,96,900

Capital Reserve

Calculation of Share Forfeiture of 1,000 shares of category (i)

Share Forfeiture Rs 5,000 Cr.

Less: Share Forfeiture Rs 2,000 Dr.

Capital Reserve of 1,000 shares (balance after re-issue) Rs 3,000 Cr.

Calculation of Share Forfeiture of 300 shares of category (ii)

6,000

Share Forfeiture = 900 Credit = Rs 6.67 per share

Less: Share Forfeiture Debit = Rs 2 per share

Capital Reserve (balance after re-issue) = Rs 4.67 per share

Capital Reserve of 300 shares = Capital Reserve (per share) × No. of shares re-issued = Rs 4.67 × 300 shares = Rs 1,400

Total Capital Reserve of 1,300 shares = Capital Reserve of 1,000 shares of category (i) + Capital Reserve of 300 shares of category (ii) = 3,000 + 1,400 = Rs 4,400

Answer 91:

Applied shares 3,000

Allotment made as:**Payable as:**

Applied	Allotted	Application	Rs 6	(5 + 1)
2,400	2,000	Allotment	Rs 2	(1 + 1)
600	NIL	First Call	Rs 3	(2 + 1)
		Final Call	Rs 3	(2 + 1)
3,000	2,000		Rs 14	(10 + 4) <i>per share</i>

Cash Book

Dr.

Cr.

Date	Particulars	Bank Rs	Date	Particulars	Bank Rs
	Share Application (3,000 shares × Rs 6)	18,000		Share Application (600 shares × Rs 6)	3,600
	Share Allotment (see note-2)	1,568			
	Share First Call (see note-4)	5,700			
	Share Final Call (see note-5)	5,700			
	Share Capital (80 shares × Rs 9)	720		Balance c/d	28,088
		31,688			31,688

Journal Entries

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Share Application A/c Dr. To Share Capital A/c To Securities Premium A/c To Share Allotment A/c (Share application money of 2,000 shares transferred to Share Capital and Securities Premium at Rs 5 and Re 1 each respectively and Rs 2,400 adjusted on allotment)		14,400	10,000 2,000 2,400
	Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c (Allotment due on 2,000 shares at Rs 2 each including Re 1 premium)		4,000	2,000 2,000
	Share First Call A/c Dr. To Share Capital A/c To Securities Premium A/c (First call due on 2,000 shares at Rs 3 each including Re 1 premium)		6,000	4,000 2,000
	Share Capital A/c (40 shares × Rs 8) Dr. Securities Premium A/c Dr. To Share Forfeiture A/c To Share Allotment A/c To Share First Call A/c (40 shares of Rs 10 each Rs 8 called with premium forfeited for non-payment of amount due)		320 72	240 32 120
	Share Final Call A/c Dr. To Share Capital A/c To Securities Premium A/c (Final call due on 1,960 shares at Rs 3 each including Re 1 premium)		5,880	3,920 1,960
	Share Capital A/c Dr. Securities Premium A/c Dr. To Share Forfeiture A/c To Share First Call A/c (60 shares forfeited for non-payment of amount due)		600 120	360 360

Bank A/c	Dr.	720	
Share Forfeiture A/c	Dr.	80	
To Shares Capital A/c			800
(80 shares of Rs 10 each re-issued at Rs 9 per share fully paid-up)			
Share Forfeiture A/c	Dr.	400	
To Capital Reserve			400
(Balance of 80 reissued shares in Share Forfeiture Account transferred to Capital Reserve)			

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

XYZ Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	19,920
b. Reserves and Surplus	2	8,168
2. Non-Current Liabilities		
3. Current Liabilities		
Total		28,088
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	28,088
Total		28,088

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	 shares of Rs 10 each	-
	Issued Share Capital	
	2,000 shares of Rs 10 each	20,000
	Subscribed, Called-up and Paid-up Share Capital	
	1,980 shares of Rs 10 each	19,800
	Add: Shares Forfeited (20 shares × Rs 6)	120
		19,920
2	Reserves and Surplus	
	Securities Premium	7,768
	Capital Reserve	400
		8,168
3	Cash and Cash Equivalents	
	Cash at Bank	28,088

Working Notes:

1. X's Shares

Number of share applied by X

$$= \frac{2,400}{2,000} \times 40 = 48 \text{ shares}$$

Money received on application (48 shares × Rs 6) = 288

Less: Money transferred to Shares Capital (40 shares × Rs 5) = 200

Less: Securities Premium (40 shares × Re 1) = 40

Excess money on application from X = 48

Utilisation of excess application money received from X

Share Capital due on Allotment (40 shares × Re 1) = 40

Less: Excess money on Application from X	=	<u>48</u>
Excess money after adjustment of Share Capital on Allotment	=	<u>8</u>
Securities Premium due on Allotment (40 shares × Re 1)	=	40
Less: Excess money after adjustment of Share Capital on Allotment	=	<u>8</u>
Calls-in-Arrears of Securities Premium on Allotment	=	<u>32</u>

2. Share Allotment

Money due on allotment (2,000 shares × Rs 2)	=	4,000
Less: Excess money on Application	=	<u>2,400</u>
	=	1,600
Less: Calls-in-Arrears on X's shares (<i>securities premium</i>)	=	<u>32</u>
Money received on allotment	=	<u><u>Rs 1,568</u></u>

3. Y's Shares

Number of shares allotted

$$= \frac{2,000}{2,400} \times 72 = 60 \text{ shares}$$

4. Share First Call

Money due on Share First Call (2,000 shares × Rs 3)	=	6,000
Less: Calls-in-Arrears on X's shares (40 shares × Rs 3)	=	120
Less: Calls-in-Arrears on Y's shares (60 shares × Rs 3)	=	<u>180</u>
Money received on Share First Call	=	<u><u>5,700</u></u>

5. Share Final Call

Money due on share Final Call (1,960 shares × Rs 3)	=	5,880
Less: Calls-in-Arrears on Y's shares (60 shares × Rs 3)	=	<u>180</u>
Money received on Share Final Call	=	<u><u>5,700</u></u>

Capital Reserve

X's shares

Money received from X for 40 shares	=	288
Less: Securities Premium adjusted on Application	=	40
Less: Securities Premium adjusted on Allotment	=	<u>8</u>
Balance in the Share Forfeiture before re-issue of shares Cr.	=	<u><u>240</u></u>

Share Forfeiture Credit (240/40)	=	Rs 6 per share
Share forfeiture Debit	=	Rs <u>1</u> per share
		Rs <u>5</u> per share

Capital Reserve on re-issue of 20 shares = Rs 5 × 20 shares = Rs 100

Y's Shares

Share Forfeiture on 60 Shares of Y

Share Forfeiture Credit	Rs 6 per share
Less: Share Forfeiture Debit	<u>Rs 1 per share</u>
	<u>Rs 5 per share</u>

Capital Reserve on re-issue of 60 shares of Y = Rs 5 × 60 shares = Rs 300

Total Capital Reserve on 80 shares = Capital Reserve on re-issue of 20 shares of X + Capital Reserve on re-issue of 60 shares of Y
= 100 + 300 = Rs 400

Chapter 3.

Company Accounts - Issue of Debentures

Answer 1:

Books of Vishwas Ltd.				
Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c	Dr.	50,000	
	To 9% Debenture Application A/c			50,000
(Debenture application money received for 2,000 debentures at Rs 25 each)				
	9% Debenture Application A/c	Dr.	50,000	
	To 9% Debenture A/c			50,000
(Debenture application money transferred to 9% Debentures A/c)				
	9% Debenture Allotment A/c	Dr.	50,000	
	To 9% Debentures A/c			50,000
(Debenture allotment money due on 2,000 Debentures at Rs 25 each)				
	Bank A/c	Dr.	50,000	
	To 9% Debenture Allotment A/c			50,000
(Debenture allotment money received)				
	9% Debenture First and Final Call A/c	Dr.	1,00,000	
	To 9% Debentures A/c			1,00,000
(Debenture first and final call money due on 2,000 debentures at Rs 50 each)				
	Bank A/c	Dr.	1,00,000	
	To 9% Debenture First and Final Call A/c			1,00,000
(Debenture first and final call received)				

Answer 2:

Books of A Ltd.				
Journal				
Date	Particular	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c	Dr.	48,000	
	To 9% Debenture Application A/c			48,000
(Debenture application money received for 2,400 debentures at Rs 20 each)				
	9% Debenture Application A/c	Dr.	48,000	
	To 9% Debentures A/c			40,000
	To 9% Debentures Allotment A/c			4,000
	To Bank A/c			4,000
(Debenture application money transferred to 9% Debenture account for 2,000 Debenture, adjusted to Debenture Allotment account for 200 Debentures and money refunded for 200 debentures)				
	9% Debenture Allotment A/c	Dr.	40,000	
	To 9% Debentures A/c			40,000
(Debenture allotment money due on 2,000 debentures at Rs 20 each)				
	Bank A/c	Dr.	36,000	
	To 9% Debentures Allotment A/c			36,000

(Debenture allotment money received)				
Debenture First Call A/c	Dr.	60,000		
To 9% Debentures A/c			60,000	
(Debenture first call money due on 2,000 9% debenture at Rs 30 each)				
Bank A/c	Dr.	60,000		
To Debenture First Call A/c			60,000	
(Debenture first call money received)				
Debenture Final Call A/c	Dr.	60,000		
To 9% Debentures A/c			60,000	
(Debentures final call money due on 2,000 9% Debentures at Rs 30 each)				
Bank A/c	Dr.	60,000		
To Debenture Final Call A/c			60,000	
(Debenture final call received on 2,000 9% Debenture at Rs 30 each)				

Answer 3:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c (60,000 ₹100)	Dr.	60,00,000	
	To Debenture Application and Allotment A/c			60,00,000
(Received application money on 60,000 Debenture)				
	Debenture Application and Allotment A/c	Dr.	60,00,000	
	To 10% Debentures A/c (40,000 ₹100)			40,00,000
	To Bank A/c			20,00,000
(Application money transferred to Debentures A/c)				

Answer 4:

In the Books of Narain Laxmi Ltd. Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c (10,000 debentures × 135)	Dr.	13,50,000	
	To Debenture Application and Allotment A/c			13,50,000
(Application money received on 10,000 12% debenture)				
	Debenture Application and Allotment A/c	Dr.	13,50,000	
	To 12% Debentures A/c			7,50,000
	To Securities Premium Reserve A/c			2,62,500
	To Bank A/c			3,37,500
(7,500; 12% Debentures of Rs 100 each issued at a premium of Rs 35 and excess money refunded)				

Answer 5:

Books of Raj Ltd. Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To 8% Debenture Application A/c (Debenture application money received for 5,000 debentures at Rs 10 each)		50,000	50,000
	8% Debenture Application A/c Dr. To 8% Debentures A/c (Debenture application money transferred to 8% Debentures A/c)		50,000	50,000
	8% Debenture Allotment A/c Dr. To 8% Debentures A/c To Securities Premium A/c (Debenture allotment due on 5,000 8% Debentures at Rs 20 including premium of Rs 5)		1,00,000	75,000 25,000
	Bank A/c Dr. To 8% Debentures Allotment A/c (Debenture allotment money received)		1,00,000	1,00,000
	8% Debentures First and Final Call A/c Dr. To 8% Debenture A/c (Debenture first and final call due on 5,000 Debentures at Rs 75 each)		3,75,000	3,75,000
	Bank A/c Dr. To 8% Debenture First and Final Call A/c (Debenture first and final call received)		3,75,000	3,75,000

Answer 6:

Face Value of Debenture = Rs 100

Premium (Rs 100 × 10%) = Rs 10

∴ Issue Price = Rs 110

Amount Payable as:

On Application (25%)	Rs 25 including premium of Rs 10 (i.e. Rs 10 + 15)
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On Allotment (85%)	Rs 85 per debenture
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Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Debenture Application A/c Dr. To Debentures A/c To Securities Premium A/c (Debenture application money received for 10,000 debentures at Rs 25 including premium of Rs10 each transferred to debenture account)		2,50,000	1,50,000 1,00,000
	Debenture Allotment A/c Dr. To Debentures A/c (Debentures allotment due on 10,000 Debentures at Rs 85 each)		8,50,000	8,50,000

Cash Book

Dr.				Cr.			
Date	Particulars	L.F.	Bank Rs	Date	Particulars	L.F.	Bank Rs
	Debenture Application		2,50,000				
	Debenture Allotment		8,50,000				
			11,00,000		Balance c/d		11,00,000
							11,00,000

Answer 7:

Journal					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
	Bank A/c (7,000×200)	Dr.	14,00,000		
	To Debenture Application A/c			14,00,000	
	(Received application money on 7,000 debentures)				
	Debenture Application A/c	Dr.	14,00,000		
	To 10% Debentures A/c			14,00,000	
	(Transfer of application money to Debentures A/c)				
	Debenture Allotment A/c (7,000×350)	Dr.	24,50,000		
	Loss on issue of Debentures A/c (7,000×50)	Dr.	3,50,000		
	To 10% Debentures A/c (7,000×300)			21,00,000	
	To Securities Premium Reserve A/c (7,000×50)			3,50,000	
	To Premium on Redemption of Debentures A/c(7,000×50)			3,50,000	
	(Allotment due on 7,000 Debentures at a premium of Rs 50 per debentures and redeemable at premium of 10%)				
	Bank A/c	Dr.	24,50,000		
	To Debenture Allotment A/c			24,50,000	
	(Allotment money received)				

Answer 8:

In the Books of Vijay Laxmi Ltd.					
Journal					
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs	
	Bank A/c	Dr.	22,95,000		
	To Debenture Application and Allotment A/c			22,95,000	
	(Application money received on 13,500 12% debenture)				
	Debenture Application and Allotment A/c	Dr.	22,95,000		
	To 12% Debentures A/c			10,00,000	
	To Securities Premium Reserve A/c			7,00,000	
	To Bank A/c			5,95,000	
	(10,000; 12% Debentures issued at a premium of Rs 70 and excess money refunded)				

Answer 9:

Journal					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
	Bank A/c (5,000×40) Dr.		2,00,000		
	To Debenture Application A/c			2,00,000	
	(Application money received)				
	Debenture Application A/c Dr.		2,00,000		
	To 9% Debentures A/c (5,000×30)			1,50,000	
	To Security Premium Reserve A/c (5,000×10)			50,000	
	(Application money adjusted)				
	Debenture Allotment A/c (5,000×45) Dr.		2,25,000		
	To 9% Debentures A/c (5,000×30)			1,50,000	
	To Security Premium Reserve A/c (5,000×15)			75,000	
	(Allotment money due)				
	Bank A/c (5,000×45) Dr.		2,25,000		
	To Debenture Allotment A/c			2,25,000	
	(Allotment money received)				
	Debenture First and Final call A/c (5,000×55) Dr.		2,75,000		
	To 9% Debentures A/c (5,000×40)			2,00,000	
	To Security Premium Reserve A/c (5,000×15)			75,000	
	(First call money due)				
	Bank A/c Dr.		2,75,000		
	To Debenture Final and Final call A/c			2,75,000	
	(First Call money Received)				

Answer 10:

Face Value of Debenture = Rs 100

Discount (Rs 100 × 5%) = Rs 5

∴ Issue Price = Rs 95

Amount Payable as:

On Application (25%)	Rs 25 per debenture
On Allotment (20%)	—
On First and Final Call (50%)	

Journal					
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs	
	(Application money received for 12,000 8% Debentures at Rs 25 each)				
	(Debenture application money transferred to 8% Debentures account)				

	Discount on Issue of Debentures A/c	Dr.	60,000	
	To 8% Debentures A/c			3,00,000
	(Allotment money due on 12,000 8% Debentures at Rs 20 each at discount of Rs 5)			
	Bank A/c	Dr.	2,40,000	
	To 8% Debenture Allotment A/c			2,40,000
	(Allotment money received)			
	8% Debenture First and Final Call A/c	Dr.	6,00,000	
	To 8% Debentures A/c			6,00,000
	(First and final call money due on 12,000 8% Debentures at Rs 50 each)			
	Bank A/c	Dr.	6,00,000	
	To 8% Debentures First and Final Call A/c			6,00,000
	(First and Final call money received)			

Answer 11:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c (5,000×500)	Dr.	25,00,000	
	To Debenture Application A/c			25,00,000
	(Received application money on 5,000 debentures)			
	Debenture Application A/c	Dr.	25,00,000	
	To 10% Debentures A/c			25,00,000
	(Transfer of application money to Debentures A/c)			
	Debenture Allotment A/c (5,000×400)	Dr.	20,00,000	
	Discount on issue of Debentures A/c (5,000×100)		5,00,000	
	Loss on issue of Debentures A/c (5,000×50)	Dr.	2,50,000	
	To 10% Debentures A/c (5,000×500)			25,00,000
	To Premium on Redemption of Debentures A/c (5,000×50)			2,50,000
	(Allotment due on 5,000 Debentures at a discount of Rs 100 per debentures and redeemable at premium of 5%)			
	Bank A/c	Dr.	20,00,000	
	To Debenture Allotment A/c			20,00,000
	(Allotment money received)			

Answer 12:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Incorporation Cost A/c (2,000 × 100)	Dr.	2,00,000	
	To 6% Debentures A/c			2,00,000

Working Note:

$$\text{No. of debentures to be issued} = \frac{\text{Purchase Consideration}}{\text{Issue Price}} = \frac{5,76,000}{100 - 4} = \frac{5,76,000}{96} = 6,000 \text{ debentures}$$

Answer 16:

Case 1

**Books of Reliance Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Machinery A/c Dr. To Vendor A/c (Machinery Purchases)		1,35,000	1,35,000
	Vendor A/c Dr. To 9% Debenture A/c (Issued 1,350 debentures at par)		1,35,000	1,35,000

Working Note:

$$\begin{aligned}\text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\ &= \frac{1,35,000}{100} = 1,350 \text{ debentures}\end{aligned}$$

Case 2

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Machinery A/c Dr. To Vendor A/c (Machinery purchased)		1,35,000	1,35,000
	Vendor A/c Dr. Discount on Issue of Debentures A/c Dr. To 9% Debenture A/c (Issued 1,500 debentures at 10% discount)		1,35,000 15,000	1,50,000

Working Note:

$$\text{No. of debentures to be issued} = \frac{\text{Purchase Consideration}}{\text{Issue Price}} = \frac{1,35,000}{90} = 1,500 \text{ debentures}$$

Answer 17:

**Books of Deepak Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Furniture A/c Dr. To Furniture Mart (Furniture purchased from Furniture Mart)		2,20,000	2,20,000
	Furniture Mart Dr. To Bills Payable A/c (Bill accepted from Furniture Mart against 50% payment)		1,10,000	1,10,000
	Furniture Mart Dr. To 9% Debenture A/c To Securities Premium A/c (Issued 1,000 9% Debentures of Rs 100 each at a premium of 10% to Furniture Mart)		1,10,000	1,00,000 10,000

Working Note:

$$\begin{aligned}
 \text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\
 &= \frac{1,10,000}{100+10} = \frac{1,10,000}{110} \\
 &= 1,000 \text{ debentures}
 \end{aligned}$$

Answer 18:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Assets A/c Dr. Goodwill A/c (<i>Balancing Figure</i>) Dr. To Liabilities A/c To Y Ltd. (Purchase of business of Y Ltd.)		6,60,000 20,000	80,000 6,00,000
	Y Ltd. Dr. To Cash A/c (Payment made in cash)		60,000	60,000
(a)	Y Ltd. Dr. To 12% Debentures A/c (Purchase consideration discharged by issue of 12% Debentures)		5,40,000	5,40,000
(b)	Y Ltd. Dr. To 12% Debentures A/c To Security Premium Reserve A/c (Purchase consideration discharged by issue of 12% Debentures)		5,40,000	4,50,000 90,000
(c)	Y Ltd. Dr. Discount on Issue of Debentures A/c Dr. To 12% Debentures A/c (Purchase consideration discharged by issue of 12% Debentures)		5,40,000 60,000	6,00,000

Working Note:

- 1) Number of Debentures to issued=5,40,000/120=4,500 Debentures
- 2) Number of Debentures to issued=5,40,000/90=6,000 Debentures

Answer 19:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Assets A/c Dr. Goodwill A/c (<i>Balancing Figure</i>) Dr. To Liabilities A/c To Y Ltd. (Purchase of business took over)		6,60,000 20,000	80,000 6,00,000
a.	Y Ltd. Dr. To Cash A/c To 12% Debentures A/c (Purchase consideration discharged)		6,00,000	60,000 5,40,000
b.	Y Ltd. Dr. To Cash A/c		6,00,000	60,000

	To 12% Debentures A/c			4,50,000
	To Security Premium Reserve A/c			90,000
	(Purchase consideration discharged)			

Answer 20:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Computers A/c Dr.		1,70,000	
	Discount on issue of Debentures A/c (1,000×10) Dr.		10,000	
	To 10% Debentures A/c (1,000×100)			1,00,000
	To Bank A/c			80,000
	(Purchase consideration discharged)			

Answer 21:

**Books of Lotus Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Assets A/c Dr.		2,50,000	
	Goodwill A/c (<i>balancing figure</i>) Dr.		1,10,000	
	To Sundry Liabilities A/c			30,000
	To Goneby Company A/c			3,30,000
	(Business purchased of Goneby Company)			
	Goneby Company A/c Dr.		3,30,000	
	To Debenture A/c			3,00,000
	To Securities Premium A/c			30,000
	(Issued 3,000 debentures at 10% premium)			

Working Note:

$$\begin{aligned}
 \text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\
 &= \frac{3,30,000}{100+10} = \frac{3,30,000}{110} \\
 &= 3,000 \text{ debentures}
 \end{aligned}$$

Answer 22:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Assets A/c Dr.		4,00,000	
	Goodwill A/c (<i>balancing figure</i>) Dr.		30,000	
	To Liabilities A/c			50,000
	To Mohan Bros. A/c			3,80,000
	(Asset and liabilities purchased from Mohan Bros.)			

Case 1 When Debentures are issued at Par

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
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	Mohan Bros. To Debenture A/c (Issued 3,800 debentures at par)	Dr.		3,80,000		3,80,000
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Working Note:

$$\begin{aligned} \text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\ &= \frac{3,80,000}{100} = 3,800 \text{ debentures} \end{aligned}$$

Case 2 When Debentures are issued at 10% discount

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Mohan Bros. Discount on issue of Debenture A/c To Debenture A/c To Bank A/c (Issued 4,222 Debentures of Rs 100 each at 10% discount to Mohan Bros. and fraction of debentures is paid in cash)	Dr. Dr.	3,80,000 42,220	4,22,200 20

Working Note:

$$\begin{aligned} \text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\ &= \frac{3,80,000}{100 - 10} = \frac{3,80,000}{90} \\ &= 4,222.2 \text{ debentures} \end{aligned}$$

Case 3 When Debentures are issued at 10% premium

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Mohan Bros. To Debenture A/c To Securities Premium A/c To Bank A/c (Issued 3,454 Debentures of Rs 100 each at 10% premium to Mohan Bros. and fraction of debentures is paid in cash)	Dr.	3,80,000	3,45,400 34,540 60

Working Note:

$$\begin{aligned} \text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\ &= \frac{3,80,000}{100 + 10} = \frac{3,80,000}{110} \\ &= 3,454.6 \text{ debentures} \end{aligned}$$

Answer 23:

**Books of R Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Assets A/c To Liabilities A/c To S Ltd. To Capital Reserve A/c (balancing figure) (Asset purchased and liabilities took over from S Ltd.)	Dr.	5,00,000	2,00,000 2,80,000 20,000

	S Ltd. To 9% Debentures A/c (Issued 2,800 9% Debentures of Rs 100 each)	Dr.	2,80,000	2,80,000
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Working Note:

$$\begin{aligned}\text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\ &= \frac{2,80,000}{100} = 2,800 \text{ debentures}\end{aligned}$$

Answer 24:

**Books of Romi Ltd.
Journal**

Date	Particular	L.F.	Debit Amount Rs	Credit Amount Rs
	Assets A/c Dr. To Creditors A/c To Kapil Enterprises (Asset purchased and Creditors took over from Kapil Enterprises)		20,00,000	2,00,000 18,00,000
	Kapil Enterprises A/c Dr. To 8% Debentures A/c To Securities Premium A/c (Issued 14,400 8% Debentures of Rs 100 each at a premium of 25% to Kapil Enterprises)		18,00,000	14,40,000 3,60,000

Working Note:

$$\begin{aligned}\text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\ &= \frac{18,00,000}{100 + 25} = \frac{1,80,0,000}{125} \\ &= 14,400 \text{ debentures}\end{aligned}$$

Answer 25:

**Books of Romi Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Assets A/c Dr. To Creditors A/c To Kapil Enterprises (Assets purchased and Creditors took over from Kapil Enterprises)		20,00,000	2,00,000 18,00,000
	Kapil Enterprises Dr. Discount on Issue of Debentures A/c Dr. To 8% Debentures A/c (Issued 20,000 8% Debentures of Rs 100 each at discount of 10% to Kapil Enterprises)		18,00,000 2,00,000	20,00,000

Working Note:

$$\begin{aligned}\text{No. of debentures to be issued} &= \frac{\text{Purchase Consideration}}{\text{Issue Price}} \\ &= \frac{18,00,000}{100 - 10} = \frac{18,00,000}{90} \\ &= 20,000 \text{ debentures}\end{aligned}$$

Answer 26:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c Dr.		5,00,000	
	Fixed Assets A/c Dr.		5,50,000	
	To 10% Debentures A/c			10,00,000
	To Security Premium Reserve A/c			50,000
	(Purchase consideration discharged by issue of 10% Debentures)			

Answer 27:

Best Barcode Ltd. Balance Sheet		
Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
2. Non-Current Liabilities		
a. Long-Term Borrowings	1	5,00,000
3. Current Liabilities		
Total		5,00,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	5,00,000
Total		5,00,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Long-Term Borrowings Loan (Secured by issue of 9% Debentures of Rs 6,00,000 as Collateral Security)	5,00,000
2	Cash and Cash Equivalents Cash at Bank	5,00,000

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr.		5,00,000	
	To Loan A/c			5,00,000
	(Loan taken against issuing 9% Debentures as collateral Security)			

Alternative Method:

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr.		5,00,000	
	To Loan A/c			5,00,000
	(Loan taken against issuing 9% debentures as collateral Security)			
	Debenture Suspense A/c Dr.		6,00,000	

	To 9% Debentures A/c (Issued 9% Debentures of Rs 6,00,000 as collateral security)			6,00,000
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Posting in the Company's Balance Sheet

**Best Barcode Ltd.
Balance Sheet**

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
2. Non-Current Liabilities		
a. Long-Term Borrowings	1	5,00,000
3. Current Liabilities		
Total		5,00,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	5,00,000
Total		5,00,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Long-Term Borrowings <i>Secured:</i> Loan (Secured by issue of 9% Debentures of Rs 6,00,000 as Collateral Security) 9% Debentures (Issued as Collateral Security to Bank against 6,00,000 loan) Less: Debenture Suspense Account 6,00,000	5,00,000 - 5,00,000
2	Cash and Cash Equivalents Cash at Bank	5,00,000

Answer 28:

When Debentures Issued as Collateral Security are shown separately

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Loan from Bandhan Bank Ltd. (Loan taken against issuing 8% Debentures as collateral security)		4,00,000	4,00,000
	Debenture Suspense A/c Dr. To 8% Debenture A/c (Debentures issued as collateral security)		4,00,000	4,00,000

Posting in the Company's Balance Sheet **(When Debentures Issued as Collateral Security are shown separately)**

Balance Sheet

Particulars	Note No.	Amount (Rs)
I Equity and Liabilities		
1.Shareholders' Funds		

2.Non-Current Liabilities a. Long-Term Borrowings	1	4,00,000
3.Current Liabilities		
Total		4,00,000
II Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	4,00,000
Total		4,00,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Long-Term Borrowings Secured: Loan from Bandhan Bank (Secured by issue of Debentures of Rs 4,00,000) 8% Debentures (Issued as Collateral Security to Bank against Loan) 4,00,000 Less: Debenture Suspense Account 4,00,000	4,00,000 - 4,00,000
2	Cash and Cash Equivalents Cash at Bank	4,00,000

Alternative Method: When debentures Issued as Collateral Security are not shown separately

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Loan From Bandhan Bank Ltd. (Loan taken from Bandhan Bank secured by issuing Debentures as collateral security)		4,00,000	4,00,000

(When Debentures Issued as Collateral Security are not shown separately)

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders’ Funds		
2. Non-Current Liabilities		
a. Long-Term Borrowings	1	4,00,000
3. Current Liabilities		
Total		4,00,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	4,00,000
Total		4,00,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Long-Term Borrowings Secured:	

	Loan from Bandhan Bank (Secured by issue of 8% Debentures of Rs 4,00,000 as Collateral Security)	4,00,000
2	Cash and Cash Equivalents Cash at Bank	4,00,000

Answer 29:

When Debentures Issued as Collateral Security is shown separately

X Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
2. Non-Current Liabilities		
a. Long-Term Borrowings	1	3,00,000
3. Current Liabilities		
Total		3,00,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	3,00,000
Total		3,00,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Long-Term Borrowings Secured: Loan From IDBI(Secured by issue of Debentures of Rs 4,00,000) 9 % Debentures (Issued as Collateral Security against loan) 4,00,000 Less: Debenture Suspense Account 4,00,000	3,00,000 - 3,00,000
2	Cash and Cash Equivalents Cash at Bank	3,00,000

Alternative Method: When Debentures Issued as Collateral Security are not shown separately

X Ltd.

Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
2. Non-Current Liabilities		
a. Long-Term Borrowings	1	3,00,000
3. Current Liabilities		
Total		3,00,000
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	2	3,00,000
Total		3,00,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Long-Term Borrowings <i>Secured:</i> Loan From IDBI (Secured by issue of 9% Debentures of Rs 4,00,000 as Collateral Security)	3,00,000
2	Cash and Cash Equivalents Cash at Bank	3,00,000

Answer 30:

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(a)	Bank A/c Dr. To Debenture Application A/c (Debenture application money received)		95	95
	Debenture Application A/c Dr. Discount on Issue of Debentures A/c To Debenture A/c (Debenture of Rs 100 each issued at Rs 95 with the term repayable at par)		95 5	100
(b)	Bank A/c Dr. To Debenture Application A/c (Debenture application money received)		95	95
	Debenture Application A/c Dr. Discount on Issue of Debentures A/c Dr. Loss on Issue of Debentures A/c Dr. To Debentures A/c To Premium on Redemption A/c (Debenture of Rs 100 each issued of Rs 95 with the term repayable at Rs 105)		95 5 5	100 5
(c)	Bank A/c Dr. To Debenture Application A/c (Debenture Application received)		100	100
	Debenture Application A/c Dr. Loss on Issue of Debentures A/c Dr. To Debentures A/c To Premium on Redemption A/c (Debenture of Rs 100 each issued at par with the term repayable at Rs 105)		100 5	100 5

Answer 31:

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(a)	Bank A/c Dr. To 12% Debenture Application A/c (Debenture application money received)		42,000	42,000
	12% Debenture Application A/c Dr. To 12% Debentures A/c		42,000	40,000

	To Securities Premium A/c (Debenture application money transferred to 12% Debentures account and securities premium account)			2,000
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Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(b)	Bank A/c Dr. To 12% Debenture Application A/c (Debenture application money received)		36,000	36,000
	12% Debenture Application A/c Dr. Discount on Issue of Debentures A/c Dr. To 12% Debentures A/c (Debentures of Rs 40,000 issued at 10% discount)		36,000 4,000	40,000

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(c)	Bank A/c Dr. To 12% Debenture Application A/c (Debenture application money received)		40,000	40,000
	12% Debenture Application A/c Dr. Loss on Issue of Debentures A/c Dr. To 12% Debentures A/c To Premium on Redemption A/c (Debentures of Rs 40,000 issued at par with the term repayable at 10% premium)		40,000 4,000	40,000 4,000

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(d)	Bank A/c Dr. To 12% Debenture Application A/c (Debenture application money received)		38,000	38,000
	Debenture Application A/c Dr. Discount on Issue of Debenture A/c Dr. Loss on Issue of Debenture A/c Dr. To 12% Debentures A/c To Premium on Redemption A/c (Debentures of Rs 40,000 issued at 5% discount with the term repayable at 5% premium)		38,000 2,000 2,000	40,000 2,000

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(e)	Bank A/c Dr. To 12% Debenture Application A/c (Debenture application money received)		44,000	44,000
	12% Debenture Application A/c Dr. Loss on Issue of Debentures A/c Dr. To 12% Debentures A/c To Securities Premium A/c		44,000 4,000	40,000 4,000

	To Premium on Redemption A/c (Debenture of Rs 40,000 issued at 10% premium with the term payable at 10% premium)			4,000
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Answer 32:

**Books of Footfall Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Debenture Application A/c (Debenture application money received for 10,000 debentures at Rs 90 each)		9,00,000	9,00,000
	Debenture Application A/c Dr. Discount on Issue of Debenture A/c Dr. Loss on issue of Debentures A/c Dr. To Debentures A/c To Premium on Redemption A/c (10,000 Debentures of Rs 100 each issued at 10% discount with the term repayable at 5% redemption)		9,00,000 1,00,000 50,000	10,00,000 50,000
	Debentures A/c Dr. Premium on Redemption A/c Dr. To Debentureholders' A/c (Debentures due for redemption along with premium on redemption)		10,00,000 50,000	10,50,000
	Debentureholders' A/c Dr. To Bank A/c (Amount due for redemption paid to debenture holders)		10,50,000	10,50,000

Answer 33:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(a)	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received on 4,000 9% Debentures)		4,32,000	4,32,000
	Debenture Application and Allotment A/c Dr. Loss on Issue of Debenture A/c Dr. To 9% Debentures A/c To Securities Premium Reserve A/c To Premium on Redemption of debentures A/c (4,000; 9% Debentures issued at a premium of Rs 8 and redeemable at premium of 10%)		4,32,000 40,000	4,00,000 32,000 40,000
(b)	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received on 6,000 9% Debentures)		6,00,000	6,00,000
	Debenture Application and Allotment A/c Dr. Loss on Issue of Debenture A/c Dr. To 9% Debentures A/c		6,00,000 60,000	6,00,000

	To Premium on Redemption of Debentures A/c (6,000; 9% Debentures issued at par and redeemable at premium of 10%)			60,000
(c)	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received on 10,000 9% Debentures)		10,50,000	10,50,000
	Debenture Application and Allotment A/c Dr. To 9% Debentures A/c To Securities Premium Reserve A/c (1,000; 9% Debentures issued at a premium of Rs 5)		10,50,000	10,00,000 50,000

Answer 34:

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(a)	Bank A/c (280 debentures × 115) Dr. To Debenture Application and Allotment A/c (Application money received)		32,200	32,200
	Debenture Application and Allotment A/c Dr. To 10% Debentures A/c To Securities Premium Reserve A/c (280; 10% Debentures issued at a premium of 15%)		32,200	28,000 4,200
(b)	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received)		33,000	33,000
	Debenture Application and Allotment A/c Dr. Loss On Issue of debentures A/c Dr. To 10% Debentures A/c To Securities Premium Reserve A/c To Premium on Redemption of debentures A/c (300; 10% Debentures issued at a premium of 10% and redeemable at a premium of 15%)		33,000 4,500	30,000 3,000 4,500
(c)	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received)		80,000	80,000
	Debenture Application and Allotment A/c Dr. Loss On Issue of debentures A/c Dr. To 10% Debentures A/c To Premium on Redemption of debentures A/c (800; 10% Debentures issued at par and redeemable at premium of 10%)		80,000 8,000	80,000 8,000

Answer 35:

Journal				
Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c Dr. To Debenture Application and Allotment A/c (Money received on the issue of debentures)		85,500	85,500
	Debenture Application and Allotment A/c Dr.		85,500	

Loss on Issue of Debentures A/c	Dr.	13,500	
To 12% Debentures A/c			90,000
To Premium on Redemption of Debentures A/c			9,000
(Debenture application and allotment money transferred to Debentures A/c)			

Answer 36:

(a)

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Debenture Application A/c (400 debentures issued at Rs 100 at a premium of 5%)		42,000	42,000
	Debenture Application A/c Dr. To 12% Debenture A/c To Securities Premium A/c (400 debentures issued at a premium of 5% and redeemable at par)		42,000	40,000 2,000

(b)

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Debenture Application A/c (700 debentures issued at Rs 100 at a premium of 5%)		73,500	73,500
	Debenture Application A/c Dr. Loss on Issue of Debentures A/c Dr. To 12% Debenture A/c To Securities Premium A/c To Premium on Redemption A/c (70,000 debentures issued at a premium of 5% and redeemable at Rs 110)		73,500 7,000	70,000 3,500 7,000

Answer 37:

(a)

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c Dr. To Debenture Application A/c		36,000	36,000

	(400 debentures issued at Rs 100 at discount of 10%)			
	Debenture Application A/c	Dr.	36,000	
	Discount on Issue of Debentures A/c	Dr.	4,000	
	To 15% Debenture A/c			40,000
	(400 debentures issued at discount and redeemable at a par)			

(b)

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
	Bank A/c	Dr.	88,000	
	To Debenture Application A/c			88,000
	(800 debentures issued at Rs 100 at a premium of 10%)			
	Debenture Application A/c	Dr.	88,000	
	Loss on Issue of Debentures A/c	Dr.	8,000	
	To 15% Debenture A/c			80,000
	To Premium on Redemption A/c			8,000
	To Securities Premium A/c			8,000
	(800 debentures issued at a premium of 10% and redeemable at a premium of 10%)			

Answer 38:

**Books of XYZ Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2015 April 01	Bank A/c	Dr.	4,50,000	
	To Debenture Application A/c			4,50,000
	(Debenture application money received)			
April 01	Debenture Application A/c	Dr.	4,50,000	
	Loss on Issue of Debentures A/c	Dr.	1,00,000	
	To 10% Debentures A/c			5,00,000
	To Premium on Redemption A/c			50,000
	(5,000 Debentures of Rs 100 each issued at 10% discount with the term repayable at a premium of 10%)			
2015 Sept. 30	Interest on Debentures A/c	Dr.	25,000	
	To Debentureholders' A/c			22,500
	To Income Tax Payable A/c			2,500
	(Interest due on 10% Debentures)			
Sept. 30	Debentureholders' A/c	Dr.	22,500	
	To Bank A/c			22,500
	(Interest on debentures paid to debenture holders)			
Sept. 30	Income Tax Payable A/c	Dr.	2,500	

	To Bank A/c (Payment of tax on interest on debentures)			2,500
2016				
March 31	Interest on Debentures A/c To Debentureholders' A/c To Income Tax Payable A/c (Interest due on 10% Debentures)	Dr.	25,000	22,500 2,500
March 31	Debentureholders' A/c To Bank A/c (Debenture Interest paid to Debenture holders)	Dr.	22,500	22,500
March 31	Income Tax Payable A/c To Bank A/c (Payment of tax on interest on debentures)	Dr.	2,500	2,500
March 31	Profit and Loss A/c To Interest on Debentures A/c (Interest on debentures transferred to Profit and Loss Account)	Dr.	50,000	50,000

Working Note:

Interest on Debentures (*for half year*) = $5,00,000 \times 10/100 \times 6/12 = \text{Rs } 25,000$

Answer 39:

**Journal
In the books of Bright Ltd.**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2016 Mar. 31	Debentures Interest A/c To Debenture Holder's A/c To Income Tax Payable A/c (Debentures interest due)	Dr.	25,000	22,500 2,500
	Debenture Holder's A/c Income Tax Payable A/c To Bank A/c (Interest on debentures paid)	Dr.	22,500 2,500	25,000
Mar. 31	Statement of Profit & Loss A/c To Debentures Interest A/c (Interest transferred to profit and loss)	Dr.	50,000	50,000

Answer 40:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2015 Apr. 01	Bank A/c To Debenture Application and Allotment A/c (Money received on the issue of debentures)	Dr.	94,000	94,000
	Debenture Application and Allotment A/c Loss on Issue of Debentures A/c To 9% Debentures A/c To Premium on Redemption of Debentures A/c	Dr. Dr.	94,000 16,000	1,00,000 10,000

	(Debenture application and allotment money transferred to Debentures A/c)			
Sept 30	Debenture Interest A/c	Dr.	4,500	
	To Debenture holders' A/c			4,050
	To TDS Payable A/c			450
	(Interest due)			
	Debenture holders' A/c	Dr.	4,050	
	To Bank A/c			4,050
	(Payment of interest)			
	TDS Payable A/c	Dr.	450	
	To Bank A/c			450
	(Payment of tax)			
2016 Mar 31	Debenture Interest A/c	Dr.	4,500	
	To Debenture holders' A/c			4,050
	To TDS Payable A/c			450
	(Interest due)			
	Debenture holders' A/c	Dr.	4,050	
	To Bank A/c			4,050
	(Payment of interest)			
	TDS Payable A/c	Dr.	450	
	To Bank A/c			450
	(Payment of tax)			

Answer 41:

Amount of Discount= $3,00,000 \times 5\%$ =Rs 15,000

Amount of Discount to be written off every year= $15,000/5$ =Rs 3,000 every year

Answer 42:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2014 Apr.01	Bank A/c($10,00,000 - 10,00,000 \times 6/100$) To Debenture Application and Allotment A/c (Application money received on issue of Debenture)	Dr.	9,40,000	9,40,000
Apr.01	Debenture Application and Allotment A/c Discount on Issue of Debenture A/c To 9% Debentures A/c (Application money transferred to Debentures A/c)	Dr. Dr.	9,40,000 60,000	10,00,000
2015 Mar.31	Statement of P&L A/c To Discount on Issue of Debenture A/c (Proportionate discount on Issue of Debenture written off)	Dr.	20,000	20,000
2016 Mar.31	Statement of P&L A/c To Discount on Issue of Debenture A/c (Proportionate discount on Issue of Debenture written off)	Dr.	16,000	16,000
2017 Mar.31	Statement of P&L A/c	Dr.	12,000	12,000

2018 Mar.31	To Discount on Issue of Debenture A/c (Proportionate discount on Issue of Debenture written off)		8,000	8,000
	Statement of P&L A/c	Dr.		
2019 Mar.31	To Discount on Issue of Debenture A/c (Proportionate discount on Issue of Debenture written off)		4,000	4,000
	Statement of P&L A/c	Dr.		
	To Discount on Issue of Debenture A/c (Proportionate discount on Issue of Debenture written off)			

Working Notes:

Calculation of amount of Discount to be written off every year:

Amount of Discount=10,00,000×6100=60,000Amount of Discount=10,00,000×6100=60,000

Year End	Outstanding Amount (Rs.)	Ratio	Discount
31st March, 2015	10,00,000	10	60,000×10/30=20,000
31st March, 2016	8,00,000	8	60,000×8/30=16,000
31st March, 2017	6,00,000	6	60,000×6/30=12,000
31st March, 2018	4,00,000	4	60,000×4/30=8,000
31st March, 2019	2,00,000	2	60,000×2/30=4,000
	Total	30	60,000

Answer 43:

Case (a)

Discount on Issue of Debentures Account

Dr.

Cr.

Date	Particulars	J.F .	Amount (₹)	Date	Particulars	J.F .	Amount (₹)
2014 -15 Apr. 01	10% Debentures		2,00,000	2014 -15 Mar. 31 Mar. 31	Statement of Profit and Loss Balance c/d		50,000 1,50,000
			2,00,000				2,00,000
2015 -16 Apr. 01	Balance b/d		1,50,000	2015 -16 Mar. 31 Mar. 31	Statement of Profit and Loss Balance c/d		50,000 1,00,000
			1,50,000				1,50,000
2016 -17 Apr. 01	Balance b/d		1,00,000	2016 -17 Mar. 31 Mar. 31	Statement of Profit and Loss Balance c/d		50,000 50,000
			1,00,000				1,00,000
2017 -18 Apr. 01	Balance b/d		50,000	2017 -18 Mar. 31	Statement of Profit and Loss		50,000
			50,000				50,000

Working Notes:

WN1: Calculation of discount amount to be written-off

Case (b)

Discount on Issue of Debentures Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2014-15 Apr. 01	10% Debentures		2,00,000	2014-15 Mar. 31	Statement of Profit and Loss		80,000
				Mar. 31	Balance c/d		1,20,000
			2,00,000				2,00,000
2015-16 Apr. 01	Balance b/d		1,20,000	2015-16 Mar. 31	Statement of Profit and Loss		60,000
				Mar. 31	Balance c/d		60,000
			1,20,000				1,20,000
2016-17 Apr. 01	Balance b/d		60,000	2016-17 Mar. 31	Statement of Profit and Loss		40,000
				Mar. 31	Balance c/d		20,000
			60,000				60,000
2017-18 Apr. 01	Balance b/d		20,000	2017-18 Mar. 31	Statement of Profit and Loss		20,000
			20,000				20,000

Working Notes:

At the end of	Outstanding Balance	Weight	Discount Written-off
Year I	20,00,000	4	$2,00,000 \times 4/10 = 80,000$
Year II	15,00,000	3	$2,00,000 \times 3/10 = 60,000$
Year III	10,00,000	2	$2,00,000 \times 2/10 = 40,000$
Year IV	5,00,000	1	$2,00,000 \times 1/10 = 20,000$
		10	

Answer 44:

At the end of	Outstanding Balance	Weight	Discount Written-off
Year I	10,00,000	10	15,000 (10/40×60,000)
Year II	10,00,000	10	15,000 (10/40×60,000)
Year III	9,00,000	9	13,500 (9/40×60,000)
Year IV	7,00,000	7	10,500 (7/40×60,000)
Year V	4,00,000	4	6,000 (4/40×60,000)
		40	

Working Notes:

WN1: Calculation of discount amount to be written-off

Discount=10,00,000 × 6/100 = 60,000

Answer 45:

Calculation of amount of Discount to be written off every year:

Amount of Discount=10,00,000×8%=Rs 80,000

Year End	Outstanding Amount (Rs.)	Ratio	Discount
1	10,00,000	10	80,000×10/40=20,000
2	10,00,000	10	80,000×10/40=20,000
3	9,00,000	9	80,000×9/40=18,000
4	7,00,000	7	80,000×7/40=14,000
5	4,00,000	4	80,000×4/40=8,000
	Total	40	80,000

Answer 46:

Journal				
Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Capital Reserve A/c Dr. To Discount on Issue of Debentures A/c (Discount on 8% Debentures written off)		40,000	40,000

Working Notes:
WN1: Calculation of discount amount to be written-off
Discount=10,00,000 × 6/100 = 60,000

Answer 47:

Journal				
Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Capital Reserve A/c Dr. Securities Premium A/c Dr. Statement of Profit & Loss Dr. To Discount on Issue of Debentures A/c (Loss on issue of debentures written off)		80,000 1,00,000 1,20,000	3,00,000

Working Notes:
WN1: Calculation of discount amount to be written-off
Discount=30,00,000×10/100=3,00,000
First Rs 80,000 will be set-off from Capital Reserve
Next Rs 1,00,000 will be set-off from Securities Premium
Remaining Rs 1,20,000 (3,00,000–80,000–1,00,000) will be set-off from Statement of Profit & Loss

Answer 48:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Security Premium Reserve A/c Dr. To Discount on Issue of Debentures A/c (Discount on Issue of Debentures written off)		10,000	10,000

Company Accounts -
Issue of Debentures

Note: Discount on issue of Debentures = $2,00,000 \times 5\% = \text{Rs } 10,000$

Answer 49:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Security Premium Reserve A/c Dr. To Loss on Issue of Debentures A/c (Loss on Issue of Debentures written off)		15,000	15,000

Note: The above entry will be passed for every year for 5 years.

Loss on issue of Debentures = $5,00,000 \times 15\% = \text{Rs } 75,000$

Amount of loss on issue of Debentures to be written off every year = $75,000 / 5 = \text{Rs } 15,000$ every year

Answer 50:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
Year 1	Security Premium Reserve A/c Dr. To Loss on Issue of Debentures A/c (Loss on Issue of Debentures written off)		30,000	30,000
Year 2	Security Premium Reserve A/c Dr. Statement of Profit & Loss A/c Dr. To Loss on Issue of Debentures A/c (Loss on Issue of Debentures written off)		20,000 10,000	30,000
Year 3	Statement of Profit & Loss A/c Dr. To Loss on Issue of Debentures A/c (Loss on Issue of Debentures written off)		30,000	30,000

Note: Last entry will be passed for next two remaining years.

Loss on Issue of Debentures

= Discount on Issue of Debentures + Premium on Redemption of Debentures

= $10,00,000 \times 5\% + 10,00,000 \times 10\% = \text{Rs } 1,50,000$

Amount of Loss on Issue of Debentures to be written off every year = $1,50,000 / 5 = \text{Rs } 30,000$ every year

Answer 51:

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Statement of Profit & Loss A/c Dr. To Loss on Issue of Debentures A/c (Loss on Issue of Debentures written off)		30,000	30,000

Note: This entry will be passed for next two years.

Loss on issue of Debentures = $10,000 \times 9 = \text{Rs } 90,000$

Amount of loss on issue of Debentures to be written off every year=90,000/3=Rs 30,000 every year

Loss on Issue of Debentures Account

Dr.			Cr.		
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
Year 1	8% Debentures A/c	90,000	Year 1	Statement of Profit & Loss A/c	30,000
				Balance c/d	60,000
Year 2	Balance b/d	90,000	Year 2	Statement of Profit & Loss A/c	30,000
		60,000		Balance c/d	30,000
Year 3	Balance b/d	60,000	Year 3	Statement of Profit & Loss A/c	30,000
		30,000			
		30,000			30,000

Answer 52:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2013 Apr. 01	Bank A/c Dr.		9,60,000	
	To Debenture Application and Allotment A/c (Money received on the issue of debentures)			9,60,000
	Debenture Application and Allotment A/c Dr.		9,60,000	
	Loss on Issue of Debentures A/c Dr.		1,00,000	
	To 9% Debentures A/c To Premium on Redemption of Debentures A/c (Debenture application and allotment money transferred to Debentures A/c)			10,00,000 60,000
2014-15	Statement of Profit & Loss Dr.		20,000	
	To Loss on Issue of Debentures A/c (One-fifth of the total loss written-off)			20,000
2015-16	Statement of Profit & Loss Dr.		20,000	
	To Loss on Issue of Debentures A/c (One-fifth of the total loss written-off)			20,000
2016-17	Statement of Profit & Loss Dr.		20,000	
	To Loss on Issue of Debentures A/c (One-fifth of the total loss written-off)			20,000
2017-18	Statement of Profit & Loss Dr.		20,000	
	To Loss on Issue of Debentures A/c (One-fifth of the total loss written-off)			20,000
2018-19	Statement of Profit & Loss Dr.		20,000	
	To Loss on Issue of Debentures A/c (One-fifth of the total loss written-off)			20,000

Working Notes:**WN1:**Calculation of discount amount to be written-off

$$\text{Discount} = 10,00,000 \times 10/100 = 1,00,000$$

Discount on Issue of Debentures Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2013-14 Apr. 01	10% Debentures A/c		1,00,000	2013-14 Mar. 31	Balance c/d		1,00,000
			1,00,000				1,00,000
2014-15 Apr. 01	Balance b/d		1,00,000	2014-15 Mar. 31	Statement of Profit and Loss		20,000
			1,00,000	Mar. 31	Balance c/d		80,000
							1,00,000
2015-16 Apr. 01	Balance b/d		80,000	2015-16 Mar. 31	Statement of Profit and Loss		20,000
			80,000	Mar. 31	Balance c/d		60,000
							80,000
2016-17 Apr. 01	Balance b/d		60,000	2016-17 Mar. 31	Statement of Profit and Loss		20,000
			60,000	Mar. 31	Balance c/d		40,000
							60,000
2017-18 Apr. 01	Balance b/d		40,000	2017-18 Mar. 31	Statement of Profit and Loss		20,000
			40,000	Mar. 31	Balance c/d		20,000
							40,000
2018-19 Apr. 01	Balance b/d		20,000	2018-19 Mar. 31	Statement of Profit and Loss		20,000
			20,000				20,000

Answer 53:

Calculation of amount of Discount to be written off every year:

$$\text{Amount of Discount} = 20,00,000 \times 6/100 = 1,20,000$$

Period	Year End	Outstanding Amount (Rs.)	Months Used	Product	Ratio	Discount	Total Discount to be written off
2013-14	31st March, 2014	20,00,000	9	1,80,00,000	180	$1,20,000 \times 180/720 = 30,000$	30,000

2014-15	30th June, 2014	20,00,000	3	60,00,000	60	$1,20,000 \times 60 / 720 = 10,000$	
	31st March, 2015	16,00,000	9	1,44,00,000	144	$1,20,000 \times 144 / 720 = 24,000$	34,000
2015-16	30th June, 2015	16,00,000	3	48,00,000	48	$1,20,000 \times 48 / 720 = 8,000$	
	31st March, 2016	12,00,000	9	1,08,00,000	108	$1,20,000 \times 108 / 720 = 18,000$	26,000
2016-17	30th June, 2016	12,00,000	3	36,00,000	36	$1,20,000 \times 36 / 720 = 6,000$	
	31st March, 2017	8,00,000	9	72,00,000	72	$1,20,000 \times 72 / 720 = 12,000$	18,000
2017-18	30th June, 2017	8,00,000	3	24,00,000	24	$1,20,000 \times 24 / 720 = 4,000$	
	31st March, 2018	4,00,000	9	36,00,000	36	$1,20,000 \times 36 / 720 = 6,000$	10,000
2018-19	30th June, 2018	4,00,000	3	12,00,000	12	$1,20,000 \times 12 / 720 = 2,000$	2,000
		Total		7,20,00,000	720	1,20,000	1,20,000

Answer 54:

Balance Sheet
as at March 31, 2017

Particulars	Note No.	Amount (Rs)
II Assets		
1. Non-Current Assets		
a. Other Non-Current Assets	1	96,000
2. Current Assets		
a. Other Current Assets	2	32,000
Total		1,28,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1.	Other Non-Current Assets	
	Loss on issue of Debentures	1,28,000
	Less: Shown as Other Current Assets	32,000
	(To the extent to be written off after 12 months from the date of Balance sheet)	
2.	Other Current Assets	
	Loss on issue of Debentures	32,000
	(To the extent to be written off within 12 months from the date of Balance sheet)	

Answer 55:

Balance Sheet
as at March 31, 2016

Particulars	Note No.	Amount (Rs)
II Assets		
1. Non-Current Assets		
a. Other Non-Current Assets		1,20,000
2. Current Assets		
a. Other Current Assets		40,000
Total		1,60,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1.	Other Non-current Assets	
	Loss on issue of Debentures 1,60,000	
	Less: Shown as Other Current Assets 40,000	1,20,000
	(To the extent to be written off after 12 months from the date of Balance sheet)	
2.	Other Current Assets	
	Loss on issue of Debentures 40,000	
	(To the extent to be written off within 12 months from the date of Balance sheet)	

Balance Sheet
as at March 31, 2017

Particulars	Note No.	Amount (Rs)
II Assets		
1. Non-Current Assets		
a. Other Non-Current Assets		80,000
2. Current Assets		
a. Other Current Assets		40,000
Total		1,20,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1.	Other Non-current Assets	
	Loss on issue of Debentures 1,20,000	
	Less: Shown as Other Current Assets 40,000	80,000
	(To the extent to be written off after 12 months from the date of Balance sheet)	
3	Other Current Assets	
	Loss on issue of Debentures 40,000	
	(To the extent to be written off within 12 months from the date of Balance sheet)	

Chapter 4.

Company Accounts – Redemption of Debentures

Answer 1:

Amount required to be transferred to DRR
 =25% of Face value of Debentures
 =25% of Rs 25,00,000=Rs 6,25,000

Answer 2:

- (a) There is no need for creation of DRR because these debentures are fully convertible.
 (b) DRR would be created for non-convertible part of debentures.

Amount Required to be transferred to DRR
 =25% of Face value of Debentures (Nonconvertible)
 =25% of Rs 5,00,000(20,00,000×25%)=Rs 1,25,000

Answer 3:

Section 71 (4) of the Companies Act, 2013 requires that an amount equal to at least 25% of the value of debentures is to be transferred to the Debenture Redemption Reserve Account. Accordingly, Rs 50,000 is required to be transferred to DRR (i.e. 25% of 2,00,000) before the actual date of redemption of debentures.

Answer 4:

Section 71 (4) of the Companies Act, 2013 requires that an amount equal to at least 25% of the value of debentures is to be transferred to the Debenture Redemption Reserve Account. So, Rs 2, 50,000 is required to be transferred to DRR (i.e. 25% of 10,00,000). Further, Rule 18 (7) requires every company that is required to create DRR to invest an amount at least equal to 15% of the value of debentures in specified securities. So, Rs 1,50,000 is to be invested in specified securities (i.e. 15% of 10,00,000).

Journal In the Books of Nirbhai Chemicals Ltd.

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2016 June 30	Bank A/c Dr. To 6% Debentures A/c To Securities Premium Reserve A/c (Debentures issued)		10,80,000	10,00,000 80,000
2017 March 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve A/c (DRR created)		2,50,000	2,50,000

April 30	Debenture Redemption Investment A/c To Bank A/c (Investment made in specified securities)	Dr.	1,50,000	1,50,000
June 30	Bank A/c To Debenture Redemption Investment A/c (Investments encashed)	Dr.	1,50,000	1,50,000
June 30	6% Debentures A/c To Debentureholders' A/c (Amount on 6% debentures due)	Dr.	10,00,000	10,00,000
June 30	Debentureholders' A/c To Bank A/c (Payment made on redemption of debentures)	Dr.	10,00,000	10,00,000
June 30	Debenture Redemption Reserve A/c To General Reserve A/c (Transfer of Debenture Redemption Reserve to General Reserve)	Dr.	2,50,000	2,50,000

Note: Entries for interest on debentures have been ignored in the above solution as the question was silent in this regards. However, the students' may journalise the entries related to interest on debentures as given below.

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2017 Mar. 31	Debenture Interest A/c To Debentureholders' A/c (Interest on 6% debentures due for 9 months)	Dr.	45,000	45,000
Mar.31	Debentureholders' A/c To Bank A/c (Payment of interest to debentureholders')	Dr.	45,000	45,000
Mar. 31	Statement of Profit and Loss To Debenture Interest A/c (Transfer of debenture interest to Statement of Profit and Loss)	Dr.	45,000	45,000

Answer 5:

The Companies Act, 2013 exempts Banking Companies to invest in specified securities.

Answer 6:

Amount to be invested in specified securities:

Year ended on	Date of Investment	Redeemable Amount	Minimum amount of DRI
March 31, 2017	On or before 30.04.16	$20,00,000 \times 15\% = 3,00,000$	$3,00,000 \times 15\% = 45,000$
March 31, 2018	On or before 30.04.17	$20,00,000 \times 25\% = 5,00,000$	$5,00,000 \times 15\% = 75,000$
March 31, 2019	On or before 30.04.18	$20,00,000 \times 15\% = 3,00,000$	$3,00,000 \times 15\% = 45,000$
March 31, 2020	On or before 30.04.19	$20,00,000 \times 25\% = 5,00,000$	$5,00,000 \times 15\% = 75,000$
March 31, 2021	On or before 30.04.20	$20,00,000 \times 20\% = 4,00,000$	$4,00,000 \times 15\% = 60,000$

Answer 7:

**Books of IFCI Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2011 April 01	Bank A/c Dr. To 9% Debenture Application A/c (Debenture application money received)		5,00,00,000	5,00,00,000
April 01	9% Debenture Application A/c Dr. To 9% Debentures A/c (Debenture application money transferred to debenture account)		5,00,00,000	5,00,00,000
2017 April 01	9% Debentures A/c Dr. To Debentureholders' A/c (Debentures due for redemption)		5,00,00,000	5,00,00,000
April	Debentureholders' A/c Dr.		5,00,00,000	

01	To Bank A/c (Amount due for redemption paid to debenture holders)			5,00,00,000
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Notes:

1. All India Financial Institutions are exempted from creating DRR. Hence, in this case, no DRR is to be created.
2. Entries for interest on debentures have been ignored in the above solution as the question was silent in this regards. However, the students' may journalise the entries related to interest on debentures every year from April 01, 2011 to March 31, 2017 as given below.

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2011				
Mar. 31	Debenture Interest A/c Dr.		45,00,000	
	To Debentureholders' A/c			45,00,000
	(Interest on 9% debentures due)			
Mar.31	Debentureholders' A/c Dr.		45,00,000	
	To Bank A/c			45,00,000
	(Payment of interest to debentureholders')			
Mar. 31	Statement of Profit and Loss Dr.		45,00,000	
	To Debenture Interest A/c			45,00,000
	(Transfer of debenture interest to Statement of Profit and Loss)			

Answer 8:

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
31/3/2002*	Statement of Profit or Loss Dr.		60,000	
	To Debenture Redemption Reserve A/c			60,000
	(Surplus amount is transferred to DRR)			
30/4/2002*	Debenture Redemption Investment A/c Dr.		1,20,000	
	To Bank A/c			1,20,000
	(Investment is made in specified securities equal			

	to 15% of the value of debentures redeemed)			
31/3/2003	9% Debentures A/c To Debentureholders' A/c (Debentures due for redemption)	Dr.	8,00,000	8,00,000
31/3/2003	Bank A/c To Debenture Redemption Investment A/c (Investment made in specified securities is now encashed)	Dr.	1,20,000	1,20,000
31/3/2003	Debentureholders' A/c To Bank A/c (Amount paid to debentureholders)	Dr.	8,00,000	8,00,000
31/3/2003	Debenture Redemption Reserve A/c To General Reserve (DRR transferred to General Reserve)	Dr.	2,00,000	2,00,000

Working Note:

Amount for DRR (25% of Debentures Issued) = $8,00,000 \times \frac{25}{100}$ = Rs 2,00,000

Less: Amount already exist in DRR = Rs 1,40,000

DRR to be created for redemption = Rs 60,000

Notes:

1. Interest is not calculated on Investment as rate of interest is not provided.
2. Entries for interest on debentures have been ignored in the above solution as the question was silent in this regards. However, the students' may journalise the entries related to interest on debentures for the years ending March 31, 2002 and March 31, 2003 as given below.

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2002				
Mar. 31	Debenture Interest A/c To Debentureholders' A/c (Interest on 9% debentures due)	Dr.	72,000	72,000
Mar. 31	Debentureholders' A/c To Bank A/c (Payment of interest to debentureholders')	Dr.	72,000	72,000

Mar. 31	Statement of Profit and Loss	Dr.		72,000	
	To Debenture Interest A/c				72,000
	(Transfer of debenture interest to Statement of Profit and Loss)				

*As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and Investment have been passed in the previous accounting year.

Answer 9:

Books of W Ltd. Journal

Date.	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
31/3/16	Statement of Profit or Loss Dr. To Debenture Redemption Reserve A/c (Surplus transferred to Debenture Redemption Reserve)		1,00,000	1,00,000
30/4/16	Debenture Redemption Investment A/c Dr. To Bank A/c (Investment is made in specified securities equal to 15% of the value of debentures redeemed)		45,000	45,000
30/6/16	9% Debentures A/c Dr. To Debentureholders' A/c (Debenture due for redemption)		3,00,000	3,00,000
30/6/16	Bank A/c Dr. To Debenture Redemption Investment A/c (Investment made in specified securities is now encashed)		45,000	45,000
30/6/16	Debentureholders' A/c Dr. To Bank A/c (Amount due to debentureholders paid)		3,00,000	3,00,000
30/6/16	Debenture Redemption Reserve A/c Dr. To General Reserve A/c		75,000	75,000

	(50% DRR transferred to General Reserve)			
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Working Notes:

$$\text{Investment made in Specified Securities} = 3,00,000 \times \frac{15}{100} = \text{Rs } 45,000$$

Note:

1. Here, the entry for transferring the amount of DRR to General Reserve A/c has been passed with 50% of DRR amount, since the company has not fully redeemed all its debentures. Therefore, 50% of DRR amount i.e. 50% of 1,50,000, transferred to General Reserve.

2. Entries for interest on debentures have been ignored in the above solution as the question was silent in this regards. However, the students' may journalise the entries related to interest on debentures as given below.

Journal				
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2017				
Mar. 31	Debenture Interest A/c	Dr.	33,750	
	To Debentureholders' A/c			33,750
	(Interest on 9% debentures due)			
Mar.31	Debentureholders' A/c	Dr.	33,750	
	To Bank A/c			33,750
	(Payment of interest to debentureholders')			
Mar. 31	Statement of Profit and Loss	Dr.	33,750	
	To Debenture Interest A/c			33,750
	(Transfer of debenture interest to Statement of Profit and Loss)			

Answer 10:

Journal				
Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
Previous Year				
31 March	Statement of Profit or Loss*	Dr.	1,20,000	
	To Debenture Redemption Reserve A/c			1,20,000
	(Surplus amount is transferred to Debenture Redemption Reserve)			
Current				

Year				
30 April	Debenture Redemption Investment A/c** To Bank A/c (Investment is made in specified securities equal to 15% of the value of debentures redeemed)	Dr.	18,000	18,000
31 March	Debentures A/c	Dr.	1,20,000	
	Premium on Redemption of Debentures A/c To Debentureholders' A/c (Debenture due for redemption along with premium)	Dr.	6,000	1,26,000
31 March	Bank A/c To Debenture Redemption Investment A/c (Investment made in specified securities is now encashed)	Dr.	18,000	18,000
31 March	Debentureholders' A/c To Bank A/c (Payment made to debentureholders)	Dr.	1,26,000	1,26,000
31 March	Debenture Redemption Reserve A/c To General Reserve A/c (Debenture Redemption Reserve transferred to Capital Reserve)	Dr.	1,20,000	1,20,000

*In case of redemption of debentures by profits, 100% of the nominal value of debentures is transferred to DRR A/c.

**As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and Investment have been passed in the previous accounting year.

Answer 11:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
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2016					
March 31	Statement of Profit and Loss* To Debenture Redemption Reserve A/c (Surplus amount is transferred to Debenture Redemption Reserve)	Dr.	6,00,000		6,00,000
April 30	Debenture Redemption Investment A/c** To Bank A/c (Investment is made in specified securities equal to 15% of the value of debentures redeemed)	Dr.	90,000		90,000
2017					
March 31	10% Debentures A/c To Debentureholders' A/c (Debenture due for redemption)	Dr.	6,00,000		6,00,000
March 31	Bank A/c To Debenture Redemption Investment A/c (Investment made in securities, now encashed)	Dr.	90,000		90,000
March 31	Debentureholders' A/c To Bank A/c (Payment made to debentureholders)	Dr. Dr.	6,00,000		6,00,000
March 31	Debenture Redemption Reserve A/c To General Reserve A/c (Debenture Redemption Reserve transferred to General Reserve)	Dr.	6,00,000		6,00,000

*In case of redemption of debentures by profits, 100% of the nominal value of debentures is transferred to DRR A/c.

**As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and Investment have been passed in the previous accounting year.

Note: Entries for interest on debentures have been ignored in the above solution as the question was silent in this regards. However, the students' may journalise the entries related to interest on debentures as given below.

Journal					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
2016 &					

2017					
Mar. 31	Debenture Interest A/c	Dr.		60,000	
	To Debentureholders' A/c				60,000
	(Interest on 10% debentures due)				
Mar. 31	Debentureholders' A/c	Dr.		60,000	
	To Bank A/c				60,000
	(Payment of interest to debentureholders')				
Mar. 31	Statement of Profit and Loss	Dr.		60,000	
	To Debenture Interest A/c				60,000
	(Transfer of debenture interest to Statement of Profit and Loss)				

Answer 12:

**Books of India Textiles Corporation Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 March 31	Statement of Profit and Loss To Debenture Redemption Reserve A/c (Profit transferred to Debenture Redemption Reserve)	Dr.	9,50,000	9,50,000
April 30	Debenture Redemption Investment A/c To Bank A/c (Investment is made in specified securities equal to the 15% value of debentures redeemed)	Dr.	7,50,000	7,50,000
2017 July 31	9% Debentures A/c To Debentureholders' A/c (Debentures due for redemption)	Dr.	50,00,000	50,00,000
July 31	Bank A/c To Debenture Redemption Investment A/c (Investment made in securities is now encashed)	Dr.	7,50,000	7,50,000
July 31	Debentureholders' A/c To Bank A/c (Payment made to debentureholders)	Dr.	50,00,000	50,00,000

July 31	Debenture Redemption Reserve A/c To General Reserve A/c (Debenture Redemption Reserve transferred to General Reserve)	Dr.	12,50,000	12,50,000
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Working Notes:

WN1: Calculation of amount transferred to DRR

$$\text{Amount for DRR (25\% of Debentures Issued)} = 50,00,000 \times \frac{25}{100} = \text{Rs } 12,50,000$$

$$\text{Less: Amount already exist in DRR} = \text{Rs } 3,00,000$$

$$\text{DRR to be created for redemption} = \text{Rs } 9,50,000$$

WN2: Calculation of amount Invested in Specified Securities

$$\text{Investment made in Specified Securities} = 50,00,000 \times \frac{15}{100} = \text{Rs } 7,50,000$$

*As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and Investment have been passed in the previous accounting year.

Note: Entries for interest on debentures have been ignored in the above solution as the question was silent in this regards. However, the students' may journalise the entries related to interest on debentures as given below.

Journal					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
2017					
Mar. 31	Debenture Interest A/c	Dr.	1,50,000		
	To Debentureholders' A/c			1,50,000	
	(Interest on 9% debentures due)				
Mar. 31	Debentureholders' A/c	Dr.	1,50,000		
	To Bank A/c			1,50,000	
	(Payment of interest to debentureholders')				
Mar. 31	Statement of Profit and Loss	Dr.	1,50,000		
	To Debenture Interest A/c			1,50,000	
	(Transfer of debenture interest to Statement of Profit and Loss)				

Answer 13:**Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2015 April 01	Bank A/c Dr. To Debenture Application A/c (Debenture application money received)		40,00,000	40,00,000
	Debenture Application A/c Dr. Loss on Issue of Debentures A/c Dr. To 8% Debentures A/c To Premium on Redemption of Debenture (Debenture issued with the term repayable at 5% premium)		40,00,000 2,00,000	40,00,000 2,00,000
2016 March, 31	Statement of Profit and Loss (See Note 1) Dr. To Debenture Redemption Reserve A/c (Surplus amount is transferred to Debenture Redemption Reserve)		10,00,000	10,00,000
2017 March 31	Statement of Profit and Loss (See Note 1) Dr. To Debenture Redemption Reserve A/c (Surplus amount is transferred to Debenture Redemption Reserve)		10,00,000	10,00,000
April 30	Debenture Redemption Investment A/c (See Note 2) Dr. To Bank A/c (Investment is made in specified securities equal to 15% of the value of debentures redeemed)		6,00,000	6,00,000
June 30	8% Debentures A/c Dr. Premium on Redemption of Debenture A/c Dr. To Debentureholders' A/c (Debenture due for redemption along with premium)		40,00,000 2,00,000	42,00,000
June 30	Bank A/c Dr. To Debenture Redemption Investment A/c (Investment made in securities, now encashed)		6,00,000	6,00,000

June 30	Debentureholders' A/c To Bank A/c (Amount paid to Debentureholders)	Dr.	42,00,000	42,00,000
June 30	Debenture Redemption Reserve A/c To General Reserve A/c (Debenture Redemption Reserve transferred to General Reserve)	Dr.	20,00,000	20,00,000

Note:

1. As prescribed by Section 71(4) of the Companies Act, 2013, companies are required to create DRR at 25% of the total value of debentures. *However, it purely depends upon a company and its discretion to transfer more amounts to DRR than the prescribed amount of 25% in the case of companies for whom it is mandatory to create DRR out of profits. In this case, as explicitly specified about company's discretion, DRR has been created for a total of Rs 20,00,000 which is 50% of the total value of redeemable debentures.*

2. As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and Investment have been passed in the previous accounting year.

3. As explicitly stated in the question, entries for interest on debentures has not been passed.

Answer 14:

**Journal
In the Books of Godrej Ltd.**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2016 Apr. 01	Debenture Redemption Investment A/c To Bank A/c (Investment made in specified securities)	Dr.	3,00,000	3,00,000
2017 Mar. 31	Bank A/c (3,00,000 + 16,200)	Dr.	3,16,200	
	Tax Payable A/c To Interest on Debenture Redemption Investment A/c To Debenture Redemeption Investment A/c	Dr.	1,800	18,000 3,00,000

	(Investment encashed and interest received)			
Mar. 31	Statement of Profit & Loss A/c	Dr.	1,50,000	
	To Debenture Redemption Reserve A/c (DRR created)			1,50,000
Aug. 31	7% Debentures A/c	Dr.	20,00,000	
	To Debentureholders' A/c (Amount on 7% debentures due)			20,00,000
Aug. 31	Debentureholders' A/c	Dr.	20,00,000	
	To Bank A/c (Payment made on redemption of debentures)			20,00,000
Aug. 31	Debenture Redemption Reserve A/c	Dr.	5,00,000	
	To General Reserve A/c (Transfer of Debenture Redemption Reserve to General Reserve)			5,00,000

Working Notes:

Calculation of amount transferred to DRR

Amount of DRR (25% of Debentures) = $20,00,000 \times 25/100 = 5,00,000$

Less: Amount already exists in DRR	3,50,000
DRR to be created for redemption	1,50,000_

Note:

1. The year of transfer to DRR and investment has been assumed to be in 2014 in order to maintain consistency with the guidelines issued by Ministry of Corporate Affairs which requires that every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and investment if passed in any of the year then redemption would take place in the following year.

Answer 15:

**Books of Apollo Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2011 April 01	Bank A/c Dr. To 8% Debenture Application A/c (Debenture application money received)		21,00,000	21,00,000
	8% Debenture Application A/c Dr. Loss on Issue of Debentures A/c Dr. To 8% Debentures A/c To Premium on Redemption A/c (21,000 8% Debentures of Rs 100 each issued with the term repayable at 8% Premium)		21,00,000 1,68,000	21,00,000 1,68,000
2015 March 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve A/c (Profit transferred to Debenture Redemption Reserve)		1,75,000	1,75,000
2016 March 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve A/c (Profit transferred to Debenture Redemption Reserve)		1,75,000	1,75,000
2017 Mach 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve A/c (Profit transferred to Debenture Redemption Reserve)		1,75,000	1,75,000
April 30	Debenture Redemption Investment A/c Dr. To Bank A/c (Investment is made in government securities equal to 15% of the value of debentures redeemed)		3,15,000	3,15,000
June 30	8% Debenture A/c Dr. Premium on Redemption Reserve A/c Dr. To Debentureholders' A/c (Debenture due for redemption along with		21,00,000 1,68,000	22,68,000

	premium)			
	Bank A/c	Dr.	3,15,000	
	To Debenture Redemption Investment A/c (Investment made in specified securities now encashed)			3,15,000
	Debentureholders' A/c	Dr.	22,68,000	
	To Bank A/c (Payment made to debentureholders)			22,68,000
	Debenture Redemption Reserve A/c	Dr.	5,25,000	
	To General Reserve A/c (Debenture Redemption Reserve transferred to General Reserve)			5,25,000

Working Note:

Calculation of Amount transferred to DRR

As prescribed by Section 71(4) of the Companies Act, 2013, companies are required to create DRR at 25% of the total value of debentures. Here, debentures worth Rs 21,00,000 are to be redeemed, so, the amount of DRR will be:

$$\text{Amount for DRR (25\% of Debentures Issued)} = 21,00,000 \times \frac{25}{100} = \text{Rs } 5,25,000$$

$$\text{Annual Instalments for three years} = \frac{5,25,000}{3} = \text{Rs } 1,75,000$$

Note: R to be created = 6,00,000 × 25/100 = Rs 1,50,000

1. As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and Investment have been passed in the previous accounting year.

Answer 16:

**Books of JB Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2014 April 01	Bank A/c	Dr.	10,40,000	
	To 6% Debenture Application A/c (Debenture Application money received)			10,40,000

April 01	6% Debenture Application A/c	Dr.	10,40,000	
	Loss on Issue of Debentures A/c	Dr.	50,000	
	To 6% Debentures A/c			10,00,000
	To Securities Premium A/c			40,000
	To Premium on Redemption A/c			50,000
	(Debentures of Rs 10,00,000 issued at 4% Premium with the term redeemable at 5% Premium)			
2017 Mar. 31	Statement of Profit and Loss	Dr.	2,50,000	
	To Debenture Redemption Reserve A/c*			2,50,000
	(Surplus amount is transferred to Debenture Redemption Reserve)			
Apr. 30	Debenture Redemption Investment A/c**		1,50,000	
	To Bank A/c	Dr.		1,50,000
	(Investment is made in government securities equal to 15% of the value of debentures redeemed)			
2018 March 31	6% Debentures A/c	Dr.	10,00,000	
	Premium on Redemption A/c	Dr.	50,000	
	To Debentureholders' A/c			10,50,000
	(Debentures due for redemption along with the premium)			
	Bank A/c		1,50,000	
	To Debenture Redemption Investment A/c	Dr.		1,50,000
	(Investment made in securities is now encashed)			
March 31	Debentureholders' A/c	Dr.	10,50,000	
	To Bank A/c			10,50,000
	(Amount paid to Debentureholders)			
March 31	Debenture Redemption Reserve A/c	Dr.	2,50,000	
	To General Reserve A/c			2,50,000
	(Debenture Redemption Reserve transferred to General Reserve)			

*As prescribed by Section 71(4) of the Companies Act, 2013, companies are required to create DRR at 25% of the total value of debentures. Here, debentures worth Rs 10,00,000 are to be redeemed, so, the amount of DRR will be:
Amount of DRR = 10,00,000 × 25/100= Rs 2,50,000

However, it purely depends upon a company and its discretion to transfer more amount to DRR than the prescribed amount of 25% in the case of companies for whom it is mandatory to create DRR out of profits. In this case, as nothing explicit has been specified about company's discretion, so amount equivalent to 25% of the nominal value of the redeemable debentures has been transferred to DRR similar to the earlier questions.

**As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and Investment have been passed in the previous accounting year.

Note: Entries for interest on debentures have been ignored in the above solution as the question was silent in this regards. However, the students' may journalise the entries related to interest on debentures as given below.

Journal					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
2015 to 2018					
Mar. 31	Debenture Interest A/c	Dr.	60,000		
	To Debentureholders' A/c			60,000	
	(Interest on 6% debentures due)				
Mar. 31	Debentureholders' A/c	Dr.	60,000		
	To Bank A/c			60,000	
	(Payment of interest to debentureholders')				
Mar. 31	Statement of Profit and Loss	Dr.	60,000		
	To Debenture Interest A/c			60,000	
	(Transfer of debenture interest to Statement of Profit and Loss)				

Answer 17:**Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2017 March 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve A/c (Surplus amount is transferred to DRR)		1,75,000	1,75,000
April 30	Debenture Redemption Investment A/c Dr. To Bank A/c (Investment is made in specified securities equal to 15% of the value of debentures redeemed)		2,25,000	2,25,000
Sept. 30	10% Debentures A/c Dr. To Debentureholders A/c (10% Debentures due for redemption)		15,00,000	15,00,000
Sept. 30	Bank A/c Dr. To Debenture Redemption Investment A/c (Investment made in specified securities, now encashed)		2,25,000	2,25,000
Sept. 30	Debentureholders' A/c Dr. To Bank A/c (Amount paid to debentureholders)		15,00,000	15,00,000
Sept. 30	Debenture Redemption Reserve A/c Dr. To General Reserve A/c (DRR amount is transferred to General Reserve)		3,75,000	3,75,000

Working Notes:

$$\text{Amount for DRR (25\% of Debentures Issued)} = 15,00,000 \times \frac{25}{100} = \text{Rs } 3,75,000$$

$$\text{Less: Amount already exist in DRR} = \text{Rs } 2,00,000$$

$$\text{DRR to be created for redemption} = \text{Rs } 1,75,000$$

$$\text{Investment made in Specified Securities} = 15,00,000 \times \frac{15}{100} = \text{Rs } 2,25,000$$

*As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entries for DRR and Investment have been passed a year before redemption year.

Note: Entries for interest on debentures have been ignored in the above solution as the question was silent in this regards. However, the students' may journalise the entries related to interest on debentures as given below.

Journal					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2017-18					
Mar. 31	Debenture Interest A/c	Dr.		75,000	
	To Debentureholders' A/c				75,000
	(Interest on 10% debentures due)				
Mar. 31	Debentureholders' A/c	Dr.		75,000	
	To Bank A/c				75,000
	(Payment of interest to debentureholders')				
Mar. 31	Statement of Profit and Loss	Dr.		75,000	
	To Debenture Interest A/c				75,000
	(Transfer of debenture interest to Statement of Profit and Loss)				

Answer 18:

Journal					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2015 Mar.31	Surplus i.e., Balance in Statement of Profit & Loss A/c	Dr.		9,50,000	

	To Debentures Redemption Reserve A/c (Amount transferred to DRR)			9,50,000
Apr.01	Debenture Redemption Investment A/c To Bank A/c (Amount invested in specified security)	Dr.	5,70,000	5,70,000
June.30	Bank A/c To Debenture Redemption Investment A/c (Debenture Redemption Investment realized)	Dr.	5,70,000	5,70,000
June.30	9% Debenture A/c Premium on Redemption of Debenture A/c To Debenture holder's A/c (Debenture due for redemption)	Dr. Dr.	38,00,000 1,90,000	39,90,000
June.30	Debenture holder's A/c To Bank A/c (Debentures redeemed)	Dr.	39,90,000	39,90,000
June.30	Debentures Redemption Reserve A/c Dr. To General Reserve A/c (Debentures Redemption Reserve transferred to General Reserve)		9,50,000	9,50,000

Working Note:

Amount required to be transferred to DRR = 25% of Face Value of Debentures
= 25% of Rs 38,00,000 = Rs 9,50,000

Amount required to be transferred to DRI = 15% of Face Value of Debentures
= 15% of Rs 38,00,000 = Rs 5,70,000

Answer 19:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2015 Mar.31	Surplus i.e., Balance in statement of Profit & Loss A/c To Debentures Redemption Reserve A/c (Amount transferred to DRR)	Dr.	3,00,000	3,00,000

Apr.30	Debenture Redemption Investment A/c To Bank A/c (Amount invested in specified security)	Dr.	3,00,000	3,00,000
Aug.31	Bank A/c To Debenture Redemption Investment A/c (Debenture Redemption Investment realized)	Dr.	3,00,000	3,00,000
Aug.31	9% Debenture A/c To Debenture holder's A/c (Debenture due for redemption)	Dr.	20,00,000	20,00,000
Aug.31	Debenture holder's A/c To Bank A/c (Debentures redeemed)	Dr.	20,00,000	20,00,000
Aug.31	Debentures Redemption Reserve A/c Dr. To General Reserve A/c (Debentures Redemption Reserve transferred to General Reserve)		5,00,000	5,00,000

Working Notes:

Amount required to be transferred to DRR = 25% of Face Value of Debentures
= 25% of Rs 20,00,000 = Rs 5,00,000

Existing Balance in DRR = Rs 2,00,000

Therefore, Amount transferred to DRR = Rs 5,00,000 – 2,00,000 = Rs 3,00,000

Amount required to be transferred to DRI = 15% of Face Value of Debentures
= 15% of Rs 20,00,000 = Rs 3,00,000

Answer 20:

**Books of Rich Sugar Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2013 April 01	Bank A/c To 8% Debenture Application A/c (Debenture application money received)	Dr.	20,00,000	20,00,000
April 01	8% Debenture Application A/c	Dr.	20,00,000	

	To 8% Debentures A/c (Debenture application transferred to 8% Debentures account)			20,00,000
2014 March 31	Statement of Profit and Loss	Dr.	2,50,000	
	To Debenture Redemption Reserve A/c (Surplus amount is transferred to Debenture Redemption Reserve)			2,50,000
2015 March 31	Statement of Profit and Loss	Dr.	2,50,000	
	To Debenture Redemption Reserve A/c (Surplus amount is transferred to Debenture Redemption Reserve)			2,50,000
April 30	Debenture Redemption Investment A/c To Bank A/c (Investment is made in securities equal to 15% of the value of debentures redeemed)	Dr.	3,00,000	3,00,000
2016 March 31	8% Debentures A/c	Dr.	5,00,000	
	To Debentureholders' A/c (Debentures due for redemption)			5,00,000
March 31	Debentureholders' A/c	Dr.	5,00,000	
	To Bank A/c (Amount of debentures paid to debentureholders)			5,00,000
March 31	Debenture Redemption Reserve A/c	Dr.	1,25,000	
	To General Reserve (Debenture Redemption Reserve transferred to General Reserve)			1,25,000
2017 March 31	8% Debentures A/c	Dr.	5,00,000	
	To Debentureholders' A/c (Debentures due for redemption)			5,00,000
March 31	Debentureholders' A/c	Dr.	5,00,000	
	To Bank A/c			5,00,000

	(Amount of debentures paid to debentureholders)			
March 31	Debenture Redemption Reserve A/c	Dr.	1,25,000	
	To General Reserve (Debenture Redemption Reserve transferred to General Reserve)			1,25,000
2018 March 31	8% Debentures A/c	Dr.	5,00,000	
	To Debentureholders' A/c (Debentures due for redemption)			5,00,000
March 31	Debentureholders' A/c	Dr.	5,00,000	
	To Bank A/c (Amount of debentures paid to debentureholders)			5,00,000
March 31	Debenture Redemption Reserve A/c	Dr.	1,25,000	
	To General Reserve (Debenture Redemption Reserve transferred to General Reserve)			1,25,000
2019 March 31	8% Debentures A/c	Dr.	5,00,000	
	To Debentureholders' A/c (Debenture due for redemption)			5,00,000
March 31	Debentureholders' A/c	Dr.	5,00,000	
	To Bank A/c (Amount of debentures paid to debentureholders)			5,00,000
March 31	Bank A/c	Dr.	3,00,000	
	To Debenture Redemption Investment A/c (Investment made in securities, now encashed)			3,00,000
March 31	Debenture Redemption Reserve A/c	Dr.	1,25,000	
	To General Reserve A/c (Debenture Redemption Reserve transferred to General Reserve)			1,25,000

*As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entry for investment in Government securities has been passed a year before first redemption year.

Note: Since the question is silent regarding the payment of interest, the following entries may be passed at the end of every year (i.e. on 31 March before the redemption of debentures). However, it is not essential to pass these entries unless explicitly stated in the question.

Debenture Interest A/c	Dr.	Interest Rate × Amt. of Debentures outstanding
To Debentureholders' A/c		
(Interest due)		
Debentureholders' A/c	Dr.	With the total amount of interest paid in a year
To Bank A/c		
(Payment of interest to debentureholders')		
Statement of Profit and Loss	Dr.	
To Debenture Interest A/c		
(Transfer of debenture interest to Statement of Profit and Loss)		

Answer 21:

**Books of HP Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2015 March 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve (Surplus amount is transferred to Debenture Redemption Reserve)		7,50,000	7,50,000
April 30	Debenture Redemption Investment Dr. A/c* To Bank A/c (Investment is made in specified securities @ 15% of the value of debentures redeemable in first instalment, i.e. Rs 10,00,000)		1,50,000	1,50,000

June 30	8% Debenture A/c To Debentureholders' A/c (20,000 8% Debenture of Rs 50 each due for redemption)	Dr.	10,00,000	10,00,000
June 30	Bank A/c To Debenture Redemption Investment A/c** (Investment made in securities, now encashed)	Dr.	1,50,000	1,50,000
June 30	Debentureholders' A/c To Bank A/c (Payment made to debentureholders)	Dr.	10,00,000	10,00,000
June 30	Debenture Redemption Reserve A/c To General Reserve (Debenture Redemption Reserve transferred to General Reserve)	Dr.	2,50,000	2,50,000
2016				
April 30	Debenture Redemption Investment A/c* To Bank A/c (Investment is made in specified securities @ 15% of the value of debentures redeemable in second instalment, i.e. Rs 10,00,000)	Dr.	1,50,000	1,50,000
June 30	8% Debentures A/c To Debentureholders' A/c (20,000 8% Debenture of Rs 50 each due for redemption)	Dr.	10,00,000	10,00,000
June 30	Bank A/c To Debenture Redemption Investment A/c** (Investment made in securities, now encashed)	Dr.	1,50,000	1,50,000
June 30	Debentureholders' A/c To Bank A/c (Payment made to debenture holders)	Dr.	10,00,000	10,00,000
June 30	Debenture Redemption Reserve A/c To General Reserve (Debenture Redemption Reserve transferred to General Reserve)	Dr.	2,50,000	2,50,000
2017				

April 30	Debenture Redemption Investment Dr. A/c*	1,50,000	
	To Bank A/c (Investment is made in specified securities @ 15% of the value of debentures redeemable in third instalment, i.e. Rs 10,00,000)		1,50,000
June 30	8% Debentures A/c Dr. To Debentureholders' A/c	10,00,000	10,00,000
	(20,000 8% Debenture of Rs 50 each due for redemption)		
June 30	Bank A/c Dr. To Debenture Redemption Investment A/c**	1,50,000	1,50,000
	(Investment made in securities, now encashed)		
June 30	Debentureholders' A/c To Bank A/c	10,00,000	10,00,000
	(Payment made to debentureholders)		
June 30	Debenture Redemption Reserve Dr. A/c	2,50,000	
	To General Reserve (Debenture Redemption Reserve transferred to General Reserve)		2,50,000
2018			
April 30	Debenture Redemption Investment Dr. A/c*	1,50,000	
	To Bank A/c (Investment is made in specified securities @ 15% of the value of debentures redeemable in fourth instalment, i.e. Rs 10,00,000)		1,50,000
June 30	8% Debentures A/c Dr. To Debentureholders' A/c	10,00,000	10,00,000
	(20,000 8% Debenture of Rs 50 each due for redemption)		
June 30	Bank A/c Dr. To Debenture Redemption Investment A/c**	1,50,000	1,50,000
	(Investment made in securities, now encashed)		
June 30	Debentureholders' A/c Dr. To Bank A/c	10,00,000	10,00,000
	(Payment made to debentureholders)		

June 30	Debenture Redemption Reserve A/c Dr. To General Reserve (Debenture Redemption Reserve transferred to General Reserve)		2,50,000	2,50,000
2019 April 30	Debenture Redemption Investment Dr. A/c* To Bank A/c (Investment is made in specified securities @ 15% of the value of debentures redeemable in fifth instalment, i.e. Rs 10,00,000)		1,50,000	1,50,000
June 30	8% Debentures A/c Dr. To Debentureholders' A/c (20,000 8% Debenture of Rs 50 each due for redemption)		10,00,000	10,00,000
June 30	Bank A/c Dr. To Debenture Redemption Investment A/c** (Investment made in securities, now encashed)		1,50,000	1,50,000
June 30	Debentureholders' A/c Dr. To Bank A/c (Payment made to debentureholders)		10,00,000	10,00,000
June 30	Debenture Redemption Reserve A/c Dr. To General Reserve A/c (Debenture Redemption Reserve transferred to General Reserve)		2,50,000	2,50,000

*As per circular no. 04/2015 issued by Ministry of Corporate Affairs (dated 11.02.2013), every company required to create/maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year ending on the 31st day of March next following year. Accordingly, entry for investment in Government securities has been passed a year before first redemption year.

**Since nothing is specified, investments will be encashed before debentures are redeemed.

Note: Since the question is silent regarding the payment of interest, the following entries may be passed at the end of every year (i.e. on 31 March before the redemption of debentures). However, it is not essential to pass these entries unless explicitly stated in the question.

Debenture Interest A/c	Dr.	Interest Rate × Amt. of Debentures outstanding
To Debentureholders' A/c		
(Interest due)		
Debentureholders' A/c	Dr.	With the total amount of interest paid in a year
To Bank A/c		
(Payment of interest to debentureholders')		
Statement of Profit and Loss	Dr.	
To Debenture Interest A/c		
(Transfer of debenture interest to Statement of Profit and Loss)		

Answer 22:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2014 Mar. 31	Statement of Profit and Loss To Debenture Redemption Reserve A/c (Transfer of balance amount to DRR)	Dr. . .	2,00,000	2,00,000
Apr. 30	Debenture Redemption Investment A/c To Bank A/c (15% amount invested in securities)	Dr. . .	45,000	45,000
2015 Mar. 31	9% Debentures A/c Premium on Redemption of Debentures A/c To Debentureholders' (3,000, 9% Debentures due for payment at 10% premium)	Dr. . Dr. .	3,00,000 10,000	3,10,000
	Bank A/c To Debenture Redemption Investment A/c (DRI encashed)	Dr. .	45,000	45,000

	Debentureholders' A/c	Dr	3,10,000	
	To Bank A/c			3,10,000
	(Payment to debentureholders')			
Apr. 30	Debenture Redemption Investment A/c	Dr	45,000	
	To Bank A/c			45,000
	(15% amount invested in securities)			
2016 Mar. 31	9% Debentures A/c	Dr	3,00,000	
	Premium on Redemption of Debentures A/c	Dr	10,000	
	To Debentureholders'			3,10,000
	(3,000, 9% Debentures due for payment at 10% premium)			
	Bank A/c	Dr	45,000	
	To Debenture Redemption Investment A/c			45,000
	(DRI encashed)			
	Debentureholders' A/c	Dr	3,10,000	
	To Bank A/c			3,10,000
	(Payment to debentureholders')			
Apr. 30	Debenture Redemption Investment A/c	Dr	45,000	
	To Bank A/c			45,000
	(15% amount invested in securities)			
2017 Mar. 31	9% Debentures A/c	Dr	3,00,000	
	Premium on Redemption of Debentures A/c	Dr	10,000	
	To Debentureholders'			3,10,000
	(3,000, 9% Debentures due for payment at 10% premium)			
	Bank A/c	Dr	45,000	

To Debenture Redemption Investment A/c (DRI encashed)			45,000
Debentureholders' A/c	Dr	3,10,000	
To Bank A/c			3,10,000
(Payment to debentureholders')			
Debenture Redemption Reserve A/c	Dr	2,25,000	
To General Reserve A/c			2,25,000
(DRR closed by transferring to General Reserve)			

Working Notes:

Amount to be transferred to DRR = $9,00,000 \times 25/100 = 2,25,000$

Existing Balance in DRR = Rs 25,000

Net Amount to be Transferred = $2,25,000 - 25,000 = \text{Rs } 2,00,000$

Amount transferred to DRI = $9,00,000 \times 15/100 = 1,35,000$ (in three equal instalments of 45,000 each)

Answer 23:

**Books of Shakti Enterprises Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2011 Oct 01	Bank A/c To 8% Debentures A/c (Debentures issued)	Dr.	30,00,000	30,00,000
2012 March 31	Statement of Profit & Loss To Debenture Redemption Reserve A/c (DRR created)	Dr.	50,000	50,000
2013 March 31	Statement of Profit & Loss To Debenture Redemption Reserve A/c (DRR created)	Dr.	4,00,000	4,00,000
2014 March 31	Statement of Profit & Loss To Debenture Redemption Reserve A/c (DRR created)	Dr.	3,00,000	3,00,000
April 30	Debenture Redemption Investment A/c* To Bank A/c	Dr.	90,000	90,000

(Investment is made in specified securities @ 15% of the value of debentures redeemable in first instalment, i.e. Rs 6,00,000)				
2015				
March 31	8% Debenture A/c To Debentureholders' A/c (6,000 8% Debenture of Rs 100 each due for redemption)	Dr.	6,00,000	6,00,000
March 31	Bank A/c To Debenture Redemption Investment A/c (Investment made in securities, now encashed)	Dr.	90,000	90,000
March 31	Debentureholders' A/c To Bank A/c (Payment made to debentureholders)	Dr.	6,00,000	6,00,000
April 30	Debenture Redemption Investment A/c* To Bank A/c (Investment is made in specified securities @ 15% of the value of debentures redeemable in second instalment, i.e. Rs 6,00,000)	Dr.	90,000	90,000
2016				
March 31	8% Debentures A/c To Debentureholders' A/c (6,000 8% Debenture of Rs 100 each due for redemption)	Dr.	6,00,000	6,00,000
March 31	Bank A/c To Debenture Redemption Investment A/c (Investment made in securities, now encashed)	Dr.	90,000	90,000
March 31	Debentureholders' A/c To Bank A/c (Payment made to debenture holders)	Dr.	6,00,000	6,00,000
April 30	Debenture Redemption Investment A/c* To Bank A/c	Dr.	90,000	90,000

(Investment is made in specified securities @ 15% of the value of debentures redeemable in third instalment, i.e. Rs 6,00,000)				
2017				
March 31	8% Debentures A/c To Debentureholders' A/c (6,000 8% Debenture of Rs 100 each due for redemption)	Dr.	6,00,000	6,00,000
March 31	Bank A/c To Debenture Redemption Investment A/c (Investment made in securities, now encashed)	Dr.	90,000	90,000
March 31	Debentureholders' A/c To Bank A/c (Payment made to debentureholders)		6,00,000	6,00,000
April 30	Debenture Redemption Investment A/c* To Bank A/c (Investment is made in specified securities @ 15% of the value of debentures redeemable in fourth instalment, i.e. Rs 6,00,000)	Dr.	90,000	90,000
2018				
March 31	8% Debentures A/c To Debentureholders' A/c (6,000 8% Debenture of Rs 100 each due for redemption)	Dr.	6,00,000	6,00,000
March 31	Bank A/c To Debenture Redemption Investment A/c (Investment made in securities, now encashed)	Dr.	90,000	90,000
March 31	Debentureholders' A/c To Bank A/c (Payment made to debentureholders)	Dr.	6,00,000	6,00,000
April 30	Debenture Redemption Investment A/c* To Bank A/c (Investment is made in specified securities @ 15% of	Dr.	90,000	90,000

To Bank A/c		outstanding
(Payment of interest to debentureholders')		
		With the
Statement of Profit and Loss	Dr.	total
To Debenture Interest A/c		amount of
(Transfer of debenture interest to Statement of Profit and Loss)		interest paid in a year

Answer 24:

**Books of Tata Motors Ltd.
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2009 July 01	Bank A/c Dr. To Debenture Application A/c (Debenture application money received)		40,00,000	40,00,000
	Debenture Application A/c Dr. Loss on Issue of Debentures A/c Dr.		40,00,000 2,00,000	
	To 7% Debentures A/c To Premium on Redemption A/c (40,000 7% Debenture of Rs 100 each issued)			40,00,000 2,00,000
2012 March 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve A/c (Surplus amount is transferred to Debenture Redemption Reserve)		2,00,000	2,00,000
2013 March 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve A/c (Surplus amount is transferred to Debenture Redemption Reserve)		4,00,000	4,00,000
2014 March 31	Statement of Profit and Loss Dr. To Debenture Redemption Reserve A/c (Surplus amount is transferred to Debenture Redemption Reserve)		4,00,000	4,00,000
April 30	Debenture Redemption Investment A/c Dr. To Bank A/c		2,40,000	2,40,000

	(Investment is made in specified securities equal to 15% of the value of debentures redeemed on March 31, 2014)			
2015				
March 31	7% Debenture A/c Dr.	16,00,000		
	Premium on Redemption A/c Dr.	80,000		
	To Debentureholders' A/c		16,80,000	
	(16,000 7% Debenture of Rs 100 each due for redemption along 5% Premium on redemption)			
March 31	Debenture holders Dr.	16,80,000		
	To Bank A/c		16,80,000	
	(Amount paid to debenture holders)			
March 31	Debenture Redemption Reserve A/c Dr.	4,00,000		
	To General Reserve		4,00,000	
	(Debenture Redemption Reserve transferred to General Reserve)			
April 30	Debenture Redemption Investment A/c Dr.	2,40,000		
	To Bank A/c		2,40,000	
	(Investment is made in specified securities equal to 15% of the value of debentures redeemed on March 31, 2015)			
2016				
March 31	7% Debenture A/c Dr.	16,00,000		
	Premium on Redemption of Debentures A/c Dr.	80,000		
	To Debenture holders		16,80,000	
	(16,000 7% Debentures of Rs 100 each due for redemption along with 5% premium on redemption)			
March 31	Debentureholders' A/c Dr.	16,80,000		
	To Bank A/c		16,80,000	
	(Amount paid to debenture holders)			
March 31	Debenture Redemption Reserve A/c Dr.	4,00,000		
	To General Reserve		4,00,000	
	(Debenture Redemption Reserve transferred to General Reserve)			
April 30	Debenture Redemption Investment A/c Dr.	1,20,000		

	To Bank A/c (Investment is made in specified securities equal to 15% of the value of debentures redeemed on March 31, 2016)			1,20,000
2017				
March 31	7% Debenture A/c Dr.	8,00,000		
	Premium on Redemption of Debentures A/c Dr.	40,000		
	To Debenture holders (8,000 7% Debentures of Rs 100 each due for redemption along with 5% premium on redemption)			8,40,000
March 31	Debentureholders' A/c Dr.	8,40,000		
	To Bank A/c (Payment made to debenture holders)			8,40,000
March 31	Bank A/c Dr.	6,00,000		
	To Debenture Redemption Investment A/c (Investment made in securities, now encashed)			6,00,000
March 31	Debenture Redemption Reserve A/c Dr.	2,00,000		
	To General Reserve A/c (Debenture Redemption Reserve transferred to General Reserve)			2,00,000

Working Note:

WN1 Calculation of amount of DRR

Amount for DRR (25% of Debentures Issued) = $40,00,000 \times 25/100 = \text{Rs } 10,00,000$

Less: Amount transferred in 2012 =Rs 2,00,000

Less: Amount transferred in 2013 =Rs 4,00,000

Amount transferred in 2014 =Rs 4,00,000

Answer 25:

9% Debentures Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2009 Mar. 31	Balance c/d		1,00,00,000	2008 Apr. 01	Debenture Application A/c		95,00,000
				Apr. 01	Discount on Issue of Debentures A/c		5,00,000

			1,00,00,000				1,00,00,000
2010 Mar. 31	Balance c/d		1,00,00,000	2009 Apr. 01	Balance b/d		1,00,00,000
			1,00,00,000				1,00,00,000
2011 Mar. 31	Debentureholders' A/c		10,00,000	2010 Apr. 01	Balance b/d		1,00,00,000
Mar. 31	Balance c/d		90,00,000				
			1,00,00,000				1,00,00,000
2012 Mar. 31	Debentureholders' A/c		20,00,000	2011 Apr. 01	Balance b/d		90,00,000
Mar. 31	Balance c/d		70,00,000				
			90,00,000				90,00,000
2013 Mar. 31	Debentureholders' A/c		30,00,000	2012 Apr. 01	Balance b/d		70,00,000
Mar. 31	Balance c/d		40,00,000				
			70,00,000				70,00,000
2014 Mar. 31	Debentureholders' A/c		40,00,000	2013 Apr. 01	Balance b/d		40,00,000
			40,00,000				40,00,000