

## Class-12 Accountancy, Notes Chapter-8(Accounting for share capital)

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### Question 1:

Gopal Ltd. was registered with an authorised capital of ₹ 50,00,000 divided into Equity Shares of ₹ 100 each . The company offered for public subscription all the shares . Public applied for 45,000 shares and allotment was made to all the applicants. All the calls were made and were duly received except the final call of ₹ 20 per share on 500 shares. Prepare the Balance Sheet of the company showing the different types of share capital.

### ANSWER:

#### Gopal Ltd. Balance Sheet

Particulars	Note No.	Amount (Rs)
<b>I. Equity and Liabilities</b>		
1. Shareholders' Funds		
a. Share Capital	1	44,99,000
2. Non-Current Liabilities		
3. Current Liabilities		
<b>Total</b>		<b>44,99,000</b>
<b>II. Assets</b>		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalent	2	44,99,000
<b>Total</b>		<b>44,99,000</b>

#### NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	<b>Share Capital</b>	
	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	<b>Cash and Cash Equivalents</b>	
	Cash at Bank	44,99,000

## Question 2:

Himmat Ltd has authorised share capital of ₹ 50,00,000 divided into 5,00,000 Equity Shares of ₹ 10 each . It has existing issued and paid up capital of ₹ 5,00,000. It further issued to public 1,50,000 Equity Shares at par for subscription payable as under:

On Application: ₹ 3

On Allotment: ₹ 4 and

On Call: Balance Amount.

The issue was fully subscribed and allotment was made to all the applicants . Call was made during the year and was duly received.  
Show share capital of the company in the Balance Sheet of the Company.

## ANSWER:

### Balance Sheet of Himmat Ltd.

Particulars	Note No.	Amount (Rs)
<b>I. Equity and Liabilities</b>		
1. Shareholders' Funds		
a. Share Capital	1	20,00,000
<b>Total</b>		<b>20,00,000</b>

<b>II. Assets</b>		
<b>2. Current Assets</b>		
a. Cash and Cash Equivalents	2	20,00,000
<b>Total</b>		<b>20,00,000</b>

### Notes to Accounts

Particulars	Amount (Rs)
<b>1. Share Capital</b>	
<b>Authorised Share Capital</b>	
5,00,000 Equity Shares of Rs 10 each	50,00,000
<b>Issued Share Capital</b>	
50,000 Equity Shares of Rs 10 each	5,00,000
1,50,000 Equity Shares of Rs 10 each	15,00,000
<b>Subscribed and Paid-up Share Capital</b>	
50,000 Equity Shares of Rs 10 each	5,00,000
1,50,000 Equity Shares of Rs 10 each	15,00,000
<b>2. Cash and Cash Equivalents</b>	
Bank	20,00,000

### Question 3:

Lennova Ltd. has authorised share capital of ₹ 1,00,00,000 divided into 1,00,000 Equity Shares of ₹ 100 each . It has existing issued and paid up capital of ₹ 25,00,000. It further issued to public 25,000 Equity Shares at a premium of 20% for subscription payable as under:

On Application: ₹ 30

On Allotment: ₹ 60 and

On Call: Balance  
Amount.

The issue was fully subscribed and allotment was made to all the applicants . The company did not make the call during the year.

Show share capital of the company in the Balance Sheet of the Company.

## ANSWER:

### Balance Sheet of Lennova Ltd.

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

### Notes to Accounts

Particulars	Amount (Rs)
<b>1. Share Capital</b>	
<b>Authorised Share Capital</b>	
1,00,000 Equity Shares of Rs 100 each	1,00,00,000
<b>Issued Share Capital</b>	
25,000 Equity Shares of Rs 100 each	25,00,000
25,000 Equity Shares of Rs 100 each	25,00,000
<b>Subscribed Share Capital</b>	
Fully Called-up & Paid-up Capital	
25,000 Equity Shares of Rs 100 each	25,00,000
Partially Called-up & Paid-up Capital	
25,000 Equity Shares of Rs 100 each, 70 called-up	17,50,000
<b>2. Reserves and Surplus</b>	
Securities Premium Reserve (25,000 shares @ Rs 20 per share)	5,00,000
<b>3. Cash and Cash Equivalents</b>	
Bank	47,50,000

### Question 4:

Star Ltd. is registered with capital of ₹ 50,00,000 divided into 50,000 equity shares of ₹ 100 each, The Company issued 25,000 equity shares for subscription. Subscription was received for 23,750 shares and all the due amount was duly received, except the first and final call of ₹ 20 per share on 600 shares. Show the 'Share Capital' in the Balance Sheet of the company.

### ANSWER:

**In the books of Star Ltd.  
An Extract of Balance Sheet  
As at .....**

Particulars	Note No.	Amount (₹)
<b>I. Equity And Liabilities Shareholders' Funds</b>		
Share Capital	1	23,63,000

### Notes to Accounts:

Note No.	Particulars	Amount (₹)
1.	<b>Share Capital</b>	
	Authorised Capital 50,000 equity shares of ₹100 each	50,00,000
	<b>Issued Capital</b> 25,000 shares of ₹100 each	25,00,000
	<b>Subscribed Capital</b>	

23,750 shares of ₹100 each	23,75,000	
<b>Less: Calls-in-Arrears (600 × 20)</b>	12,000	23,63,000
		<b>23,63,000</b>

### Question 5:

Moneyplus company issued 2,50,000 Equity Shares of ₹ 10 each to public. All amounts have been received in lump sum. Pass necessary Journal entries in the books of the company.

### ANSWER:

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

Issued and Subscribed Capital 2,50,000 shares

#### In the books of Moneyplus Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c Dr. To Equity Share Application A/c (Share application money received for 2,50,000 equity shares of Rs 10 each)		25,00,000	25,00,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c (Share application of 2,50,000 equity shares of Rs 10 each transferred to Equity Share Capital Account )		25,00,000	25,00,000

## Question 6:

The authorised capital of ₹ 16,00,000 of Bharat Ltd. is divide into 1,60,000 Equity Shares of ₹ 10 each. Out of these shares, 80,000 Equity Shares were issued at par to public for subscription. The full nominal value is payable on application. All the shares were subscribed by the public and total amount was paid for. Pass necessary journal entries in the books of the company.

## ANSWER:

Authorised Capital 1,60,000 equity shares of ₹ 10 each

Issued and Subscribed Capital 80,000 equity shares

### Books of Bharat Limited Journal

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

## Question 7:

Hema Ltd. invited applications for 10,000 shares of ₹ 100 each payable as follows: ₹ 20 on application, ₹ 30 on allotment, ₹ 20 on first call and the balance on final call. All the shares were applied and allotted. All the money was duly received. You are required to Journalise these transactions.

## ANSWER:

Issued and Subscribed Capital 10,000 shares of ₹ 100 each  
Payable as:

₹	20	on application
₹	30	on allotment
₹	20	on first call
₹	30	on final call
	<u>100</u>	

### Books of Hema Limited Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c Dr. To Share Application A/c (Share application money received for 10,000 shares at ₹ 20 per share)		2,00,000	2,00,000
	Share Application A/c Dr. To Share Capital A/c (Share application of 10,000 shares of ₹ 20 each transferred to Share Capital)		2,00,000	2,00,000
	Share Allotment A/c Dr. To Share Capital A/c (Share allotment due on 10,000 shares at ₹ 30 per share)		3,00,000	3,00,000
	Bank A/c Dr. To Share Allotment A/c (Share allotment money received for 10,000 Shares at ₹ 30 per share)		3,00,000	3,00,000
	Share First Call A/c Dr. To Share Capital A/c		2,00,000	2,00,000

(Share first call due on 10,000 shares at ₹ 20 per share)			
Bank A/c	Dr.	2,00,000	
To Share First call A/c			2,00,000
(Share first call received on 10,000 shares at ₹ 20 per share)			
Share Final Call A/c	Dr.	3,00,000	
To Share Capital A/c			3,00,000
(Share Final call due on 10,000 shares at ₹30 per shares)			
Bank A/c	Dr.	3,00,000	
To Share Final Call A/c			3,00,000
(Share final call received on 10,000 shares at ₹ 30 per share)			

### Question 8:

Marigold Ltd . was registered with the authorized capital of ₹ 3,00,000 divided into 3,000 shares of ₹ 100 each, which were offered to the public . Amount payable as ₹ 30 per share on application , ₹ 40 per share on allotment and ₹ 30 per share on first and final call . These shares were fully subscribed and all money was dully received . Prepare journal and Cash Book.

### ANSWER:

#### Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Share Application A/c	Dr.	90,000	
	To Share Capital			90,000

(Share application money transferred)			
Share Allotment A/c	Dr.	1,20,000	
To Share Capital A/c			1,20,000
(Share allotment money transferred)			
Share First and Final Call A/c	Dr.	90,000	
To Share Capital A/c			90,000
(Share first and final call money transferred)			

### Cash Book

Dr.

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
Share Application A/c	90,000	Balance c/d	3,00,000
Share Allotment A/c	1,20,000		
Share First and Final Call A/c	90,000		
	<b>3,00,000</b>		<b>3,00,000</b>

## Question 9:

Modern Marbles Ltd. was registered with an authorised capital of ₹10,00,000 divided into 7,500 Equity Shares of ₹ 100 each and, 2,500 Preference Shares of ₹100 each. 1,000 Equity Shares and 500; 9% Preference Shares were offered to public on the following terms – Equity Shares payable ₹10 on application, ₹40 on allotment and the balance in two calls of ₹ 25 each. Preference Shares are payable ₹ 25 on application, ₹ 25 on allotment and ₹50 on first and final call. All the shares were applied for and allotted . Amount due was duly received. Prepare Cash Book and pass necessary Journal entries to record the above issue of shares and show how the Share Capital will appear in the Balance Sheet.

## ANSWER:

Authorised Capital:

Equity Shares 7,500 of ₹ 100 each.

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

Issued Capital:

Equity Shares 1,000 of ₹ 100 each.

Payable as

₹ 10 on Application

₹ 40 on Allotment

₹ 25 on First Call

₹ 25 on Final Call

Preference Shares 500 of ₹ 100 each.

Payable as

₹ 25 on application

₹ 25 on allotment

₹ 50 on first and final call

**Books of Modern Marbles Limited**  
**Cash Book**

Dr.				Cr.			
Date	Particulars	L.F.	Bank (₹)	Date	Particulars	L.F.	Bank (₹)
	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
			1,50,000				1,50,000

**Journal**

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

To Equity Share Capital A/c (Equity share first call due on 1,000 shares at ₹ 25 each)			25,000
Preference Share First and Final Call A/c To 9% Preference Share Capital A/c (Preference share first and final call due on 500 shares at ₹ 50 each)	Dr.	25,000	25,000
Equity Share Final Call A/c To Equity Share Capital A/c (Equity share final call due on 1,000 shares at ₹ 25 each)	Dr.	25,000	25,000

### Balance Sheet

Particulars	Note No.	Amount (Rs)
<b>I. Equity and Liabilities</b>		
1. Shareholders' Funds		
a. Share Capital	1	1,50,000
2. Non-Current Liabilities		
3. Current Liabilities		
<b>Total</b>		<b>1,50,000</b>
<b>II. Assets</b>		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalentents	2	1,50,000
<b>Total</b>		<b>1,50,000</b>

### NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	<b>Share Capital</b>	
	Authorised Share Capital	
	75,000 Equity Shares of ₹ 100 each	7,50,000
	25,000 9% Preference Shares of ₹ 100 each	2,50,000
	Issued Share Capital	
	1,000 Equity Shares of ₹ 100 each	1,00,000
	500 9% Preference Shares of ₹ 100 each	50,000
	Subscribed, Called-up and Paid-up Share Capital	1,50,000

	1,000 Equity Shares of ₹ 100 each	1,00,000	
	500 9% Preference Shares of ₹ 100 each	50,000	1,50,000
2	<b>Cash and Cash Equivalents</b>		
	Cash at Bank		1,50,000

### Question 10:

Shiva Ltd . issued 1,00,000 Equity Shares of ₹ 10 each at a premium of ₹ 5 per share . The whole amount was payable on application. The issue was fully subscribed . Pass necessary Journal entries.

### ANSWER:

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. To Equity Share Application and Allotment A/c (Share application and allotment money received for 1,00,000 Shares at Rs 15 each including Rs 5 premium)		15,00,000	15,00,000
	Equity Share Application and Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (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)		15,00,000	10,00,000 5,00,000

## Question 11:

Seema Ltd. offered for subscription 10,000 shares of ₹ 25 each, payable ₹ 5 per share on application, ₹ 10 per share on allotment (including ₹ 5 per share as premium), ₹ 5 per share as first call on the shares and the balance in two equal amounts at intervals of three months. All the shares were applied for and allotted. All the money was received except the second call and final call on 200 and 400 shares respectively. Pass the entries in the company's Journal, Cash Book and the ledger. Also show the company's Balance Sheet on completion of the above transactions.

## ANSWER:

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

Applied 10,000 shares

Payable as:

Application	₹	5	
Allotment	₹	10	(5 + 5)
First Call	₹	5	
Second Call	₹	5	
Final Call	₹	5	
	₹	<u>30</u>	(25 + 5)

### Books of Seema Limited Cash Book

Dr.				Cr.			
Date	Particulars	L.F.	Bank (₹)	Date	Particulars	L.F.	Bank (₹)
	Share Application		50,000				
	Share Allotment		1,00,000				
	Share First Call		50,000				
	Share Second Call		49,000				
	Share Final Call		48,000				
			<u>2,97,000</u>		Balance c/d		2,97,000
							<u>2,97,000</u>

### Journal

Date	Particulars	L.F.	Debit	Credit
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			Amount (₹)	Amount (₹)
Share Application A/c	Dr.		50,000	
To Share Capital A/c				50,000
(Application money of 10,000 shares of ₹ 5 each transferred to Share Capital)				
Share Allotment A/c	Dr.		1,00,000	
To Share Capital A/c				50,000
To Securities Premium A/c				50,000
(Share allotment of 10,000 shares transferred to Share Capital at ₹ 5 each and Securities Premium at ₹ 5 each)				
Share First Call A/c	Dr.		50,000	
To Share Capital A/c				50,000
(First call due on 10,000 shares at ₹ 5 each)				
Share Second Call A/c	Dr.		50,000	
To Share Capital A/c				50,000
(Second call due on 10,000 shares at 5 each)				
Call-in-Arrears A/c	Dr.		1,000	
To Share Second Call A/c				1,000
(Second call outstanding on 200 shares at ₹ 5 each)				
Share Final Call A/c	Dr.		50,000	
To Shares Capital A/c				50,000
(Final call due on 50,000 shares of ₹ to 5 per shares)				
Calls-in-Arrears A/c	Dr.		2,000	
To Shares Final Call A/c				2,000
(Final call outstanding on 400 shares at ₹ 5 each)				

### Share Application Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	Share Capital		50,000		Bank		50,000

		50,000		50,000

### Share Allotment Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	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 (₹)	Date	Particulars	L.F.	Amount (₹)
	Share Capital		50,000		Bank		50,000
			50,000				50,000

### Share Second Call Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	Share Capital		50,000		Bank		49,000
					Calls-in-Arrears		1,000
			50,000				50,000

### Share Final Call Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	Share Capital		50,000		Bank		48,000

				Calls-in-Arrears		2,000
			50,000			50,000

### Call-in-Arrears Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	Share Second Call		1,000				
	Share Final Call		2,000				
			3,000		Balance c/d		3,000
							3,000

### Share Capital Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
					Share Application		50,000
					Share Allotment		50,000
					Share First Call		50,000
					Share Second		50,000
					Share Final Call		50,000
	Balance c/d		2,50,000				2,50,000
			2,50,000				

### Securities Premium Account

Dr.				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	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 (₹)
<b>I. Equity and Liabilities</b>		
1. Shareholders' Funds		
a. Share Capital	1	2,47,000
b. Reserves and Surplus	2	50,000
2. Non-Current Liabilities		
3. Current Liabilities		
<b>Total</b>		<b>2,97,000</b>
<b>II. Assets</b>		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	2,97,000
<b>Total</b>		<b>2,97,000</b>

NOTES TO ACCOUNTS

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

