

Homework Problems

Issue of shares for cash

Issue of shares on lump-sum Basis

HW-1

Journal entries in the books of Everest Company Ltd.

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		200,000	
	To share capital a/c			200,000
	(Being issued 20,000 shares at Rs. 10 each at par)			

HW-2

Himalayan Company Limited

Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		5,500,000	
	To share capital a/c			5,000,000
	To share premium a/c			500,000
	(Being issued shares at premium)			

Working Note

Issued share unit = 50,000 - 30,000

Face value = Rs 100

Premium per unit = 10% of F.V

= 10% of Rs 100

= Rs 10

Price = Rs 100 + Rs 10

= Rs 110

HW-3

ABC Co. Ltd. Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c			
	Discount on issue of share a/c		1900000	
	To share capital a/c		100000	
	(Being issued shares at discount)			2000000

Working Note

Issued shares unit = 20,000 shares
 Face value = Rs 100
 Discount per unit = 5% on F.V
 = 5% of Rs 100
 = Rs 5

Price = Rs 100 - Rs 5
 = Rs 95

Issue of shares on Instalment Basis Issue of shares at Par

HW-4

Somy Company Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		3,000	
	To equity share application a/c			3,000
	(Being received application money on 1,000 equity shares @ Rs 3)			

Equity share application a/c	3,000	
To equity share capital a/c		3,000
(Being application money transferred to equity share capital account)		

Equity share allotment a/c	2,000	
To equity share capital a/c		2,000
(Being equity share allotment money due on 1,000 equity shares @ Rs 2 per share)		

Bank a/c	2,000	
To equity share allotment a/c		2,000
(Being equity share allotment money received)		

Equity share first & final call a/c	5,000	
To equity share capital a/c		5,000
(Being equity share first and final call money due on 1,000 shares @ Rs 5 per share)		

Bank a/c	5,000	
To equity share first and final call a/c		5,000
(Being equity share first and final call money received)		

①

5/20

HW-5

Date

HW-5

Motive Co. Ltd
Journal entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		300,000	
	To 12% Preference share application (Being application money received on 20,000 preference shares @ Rs 15 per share)			300,000
	12% Preference share application a/c		300,000	
	To 12% preference share capital a/c (Being application money transferred to preference share capital a/c)			300,000
	12% Preference share allotment a/c		400,000	
	To 12% preference share capital a/c (Being Preference share allotment money due on 20,000 shares @ Rs. 20 per share)			400,000
	Bank a/c		400,000	
	To 12% preference share allotment a/c (Being preference share allotment received)			400,000
	12% Preference share first and final call a/c		300,000	
	To 12% preference share capital a/c (Being preference share first and final call money due on 20,000 shares @ Rs 15 per share)			300,000

Bank a/c	300,000
To 12% preference share first and final call a/c (Being preference share first and final call money received)	300,000

HW-6

Issue of shares at Discount

HW-6

Solution

Here,

Issued equity share = 20,000 units.

Face value = Rs 10.

Discount = Rs 1 per share.

∴ Price = Rs 10 - Rs 1 = Rs 9

Surya Trading Co. Ltd
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		60,000	
	To Equity shares application a/c (Being received application money on 20,000 shares @ Rs 3 per share)			60,000

300,000

Equity shares application a/c

To ^{Equity} share capital a/c

60,000

(Being application money transferred to equity share capital a/c)

60,000

Equity shares allotment a/c

80,000

Discount on issue of shares a/c

20,000

To Equity share capital a/c

100,000

(Being equity share allotment money due on 20,000 equity shares @ Rs 4 per share after ~~Rs 1~~ discount of @ Rs 1 per share)

Bank a/c

80,000

To Equity share allotment a/c

80,000

(Being share allotment money received)

Equity share first and final call a/c

40,000

To Equity share capital a/c

40,000

(Being equity share first and final call money due on 20,000 shares @ Rs 2 per share)

Bank a/c

40,000

To Equity share first and final call a/c

40,000

(Being equity share first and final call money received)

HW-7

Solution

Here;

Issued equity shares = 10,000 units.

Face value = Rs 100

Discount = 5% on F.V.

= 5% of Rs 100

= Rs 5

∴ Price = Rs 100 - Rs 5 = Rs 95

Xerox Co. Ltd

Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		250,000	
	To Equity share application a/c			250,000
	(Being received application money on 10,000 equity shares @ Rs 25 per share)			
	Equity share application a/c		250,000	
	To equity share capital a/c			250,000
	(Being application money transferred to equity share capital a/c)			
	Equity share allotment a/c		20,000	
	Discount on issue of shares a/c		50,000	
	To Equity share capital a/c			250,000
	(Being equity shares allotment money due on 10,000 shares @ Rs 20 per share; and allowed discount @ Rs 5 per share)			

Bank a/c

To Equity share allotment a/c
(Being share allotment money received)

200,000

200,000

Equity share second and final call a/c

To Equity share capital a/c
(Being equity share second and final call money due on 10,000 shares @ Rs 30 per share)

300,000

300,000

Bank a/c

To Equity share second and final call a/c
(Being equity share second and final call money received)

300,000

300,000

Equity share first call a/c

To Equity share capital a/c
(Being equity share first call money due on 10,000 shares @ Rs 20 per share)

200,000

200,000

Bank a/c

To Equity share first call a/c
(Being equity share first call money received)

200,000

200,000

Equity share second and final call a/c

To Equity share capital a/c
(Being equity share second and final call money due on 10,000 shares @ Rs 30 per share)

300,000

300,000

Bank a/c	800,000	
To Equity share second and final call (Being equity share second and final call money received)		800,000

Issue of shares at Premium

HW-8

Solution

Here;

Issued equity shares = 20,000 units

Face value = Rs 100

Premium = Rs 20 per share

Price = Rs 100 + Rs 20 = Rs 120

ABC Company Ltd.

Journal Entries

Date	Particulars	lf	Debit (Rs)	Credit (Rs)
	Bank a/c		400,000	
	To Equity share application a/c (Being received application money for 20,000 equity shares @ Rs 20 per share)			400,000
	Equity share application a/c		400,000	
	To Equity share capital a/c (Being application money transferred to equity share capital a/c)			400,000

Equity share
To equity share capital a/c
(Being application money received on 20,000 equity shares @ Rs 20 per share)

Bank a/c
To equity share application a/c
(Being application money received)

Equity share application a/c
To equity share capital a/c
(Being application money transferred to equity share capital a/c)

Bank a/c
To equity share application a/c
(Being application money received)

HW-9

Solution

Here;

Issued equity shares = 20,000 units

Face value = Rs 100

Premium = Rs 20 per share

Price = Rs 100 + Rs 20 = Rs 120

800,000	
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Equity shares allotment a/c
 To equity share capital a/c 1,000,000
 To equity share premium a/c 600,000
 (Being allotment money due on 20,000 shares @ Rs 20 50 per share including premium of Rs 20 per share) 400,000

Bank a/c 1,000,000
 To equity share allotment a/c 1,000,000
 (Being allotment money received)

Equity share first and final call a/c 1,000,000
 To equity share capital a/c 1,000,000
 (Being equity share first and final call money due on 20,000 shares @ Rs 50 per share)

Bank a/c 1,000,000
 To Equity share first and final call a/c 1,000,000
 (Being equity share first and final call money received)

Hw-9

Solution

Here,

Issued equity shares = 5,000 units

Face value = Rs 100

Premium = 20% on F.V.

= 20% of Rs 100

= Rs 20

∴ Price = Rs 100 + Rs 20 = Rs 120

National Company Ltd.
Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Bank a/c		200,000	
	To Equity share application a/c			200,000
	(Being received application money for 20,000 ^{5,000} equity shares @ Rs 40 per share)			
	Equity share application a/c		200,000	
	To Equity share capital a/c			200,000
	(Being application money transferred to equity share capital a/c)			
	Equity shares allotment a/c		250,000	
	To equity share capital a/c			150,000
	To equity share premium a/c			100,000
	(Being allotment money due on 5,000 shares @ Rs 50 per share including premium of Rs 20 per share)			
	Bank a/c		250,000	
	To equity share allotment a/c			250,000
	(Being allotment money received)			
	Equity shares first and final call a/c		150,000	
	To equity share capital a/c			150,000
	(Being equity share first and final call money due on 5,000 shares on Rs 30 per share)			

Bank a/c
To equity share
(Being equity share
final call)

Calls in

HW-10

Date Particulars
Bank a/c
To equity share
(Being equity share
received)

@

Share

(Being equity share
received)

tr

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Bank a/c	150,000	
To equity shares first and final call		150,000
(Being equity shares first and final call money received)		

Calls in Arrears

HW-10

ABC Company Ltd. Journal Entries

Date	Particulars	LF	Debit (Amount)	Credit (Amount)
	Bank a/c		200,000	
	To share application a/c			200,000
	(Being application money received on 50,000 shares @ Rs 4 per share)			
	Share application a/c		200,000	
	To share capital a/c			200,000
	(Being application money transferred to share capital a/c)			
	Share allotment a/c		150,000	
	To share capital a/c			150,000
	(Being allotment money due on 50,000 shares @ Rs 3 per share)			
	Bank a/c		150,000	
	To share allotment a/c			150,000
	(Being allotment money received)			

Share first and final call a/c To share capital a/c (Being first and final call money due on 50,000 shares @ Rs 3 per share)	150,000	150,000
Bank a/c Calls in arrears a/c (200 x 3) To share first and final call a/c (Being first and final call money received except on 200 shares)	149,400 600	150,000

Handwritten signature/initials in red ink.

HW-11

Colin Co. Ltd
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c To share application a/c (Being application money received on 20,000 shares @ Rs 3 per share)		60,000	60,000
	Equity Share application a/c To share capital a/c (Being application money transferred to share capital a/c)		60,000	60,000

Equity share allotment a/c 80,000
 To equity share capital a/c 40,000
 To equity share premium a/c 40,000
 (Being allotment money due on 20,000 equity shares @ Rs 4 per share including premium of Rs 2 per share)

Bank a/c 78,000
 Calls in arrears a/c 2,000
 To equity share allotment a/c 80,000
 (Being allotment money received except on 500 shares)

Equity share first and final call a/c 100,000
 To Equity share capital a/c 100,000
 (Being equity share first and final call money due on 20,000 shares @ Rs 5 per share)

Bank a/c 96,500
 Calls in arrears a/c 3,500
 To equity share first and final call a/c 100,000
 (Being equity share first and final call money received except on 700 shares)

HW-12

Nepal Trading Company Ltd.
Journal Entries

Date	Particulars	lf	Debit (Rs)	Credit (Rs)
	Bank a/c		20,000	
	To share application a/c (Being application money received on 20,000 shares @ Rs 4 per share)			20,000
	Share application a/c		20,000	
	To share capital a/c (Being application money transferred to share capital a/c)			20,000
	Share allotment a/c		20,000	
	To share capital a/c (Being allotment money due on 20,000 shares @ Rs 4 per share)			20,000
	Bank a/c		78,000	
	Call in arrears a/c		2,000	
	To share allotment a/c (Being allotment money received on except 500 shares)			80,000
	Share first and final call a/c		40,000	
	To share capital a/c (Being share first and final call money due on 20,000 shares @ Rs 2 per share)			40,000

Date
Page 154

Bank
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calls in Ad

HW-13

Here;
Issued equ
Face value
Discount =
=
=
Price = Rs

Date	Particulars
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y Ltd.

(Rs) Credit (Rs)
80,000

Bank a/c

To share first and final call
To call in arrears a/c
(Being share first and final
call money received with
previous dues)

42,000

40,000
2,000

~~6/3~~ ©

Calls in Advance

HW-13

Here;

Issued equity shares = 10,000 equity shares

Face value = Rs 100

Discount = 10% on F.V.

= 10% of Rs 100

= Rs 10

Price = Rs 100 - Rs 10 = Rs 90

Burning Co. Ltd

Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		250,000	
	equity To share application a/c (Being received application money for 10,000 equity shares @ Rs 25 per share)			250,000
	Equity share application a/c		250,000	
	To equity share capital a/c (Being application money transferred to equity share capital a/c)			250,000

Equity share allotment a/c
 Discount on issue of equity shares a/c
 To equity share capital a/c
 (Being equity share allotment money due on 10,000 equity shares @ Rs 25 per share after discount of Rs 10 per share)

250,000
 100,000
 350,000

Bank a/c
 To equity share allotment a/c
 (Being equity share allotment money received)

350,000
 350,000

Bank a/c
 To equity share allotment a/c
 To calls in advance a/c
 (Being equity share allotment money received including first and final calls in advance money on 500 shares @ Rs 40 per share).

270,000
 250,000
 20,000

Equity share first and final call a/c
 To equity share capital
 (Being equity share first and final call money due on 10,000 equity shares @ Rs 40 per share)

400,000
 400,000

Bank a/c
 Calls in advance
 To equity share first and final call a/c
 (Being equity share first & final call money received after adjustment)

380,000
 20,000
 400,000

HW-14

Cargo Insurance Co. Ltd
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		200,000	
	To Equity share application a/c (Being received application money for 5,000 equity shares @ Rs 40 per share)			200,000
	Equity share application a/c		200,000	
	To Equity share capital a/c (Being application money transferred to equity share capital account)			200,000
	Equity share allotment a/c		200,000	
	To equity share capital a/c			150,000
	To share premium a/c (Being equity share allotment money due on 5,000 equity shares @ Rs 40 per share including premium of Rs 10 per share)			50,000
			209,000	
			350,000	
	Bank a/c			200,000
	To equity share allotment a/c			9,000
	To calls in advance a/c (Being equity share allotment money received including first calls in advance @ Rs 20 and second and final call @ Rs 10 per share on 800 shares)			150,000

Equity share first call a/c To equity share capital a/c (Being equity share first call money due on 5,000 equity shares @ Rs. 20 per share)	100,000	100,000
Bank a/c Calls in advance a/c To equity share first call a/c (Being equity share first call money received after adjusting calls in advance)	94,000 6,000	100,000
Equity share second and final call a/c To equity share capital a/c (Being equity share second and final call money due on 5,000 equity shares @ Rs 10 per share)	50,000	50,000
Bank a/c Calls in advance a/c To equity share second and final call a/c (Being equity share second and final call money received after adjusting calls in advance)	47,000 3,000	50,000

Calls in A

HW-15

Issued s
Face v
Premi

Price

Date

calls in Arrears and calls in Advance

HW-15

Issued shares = 3,000 units

Face value = Rs 100

Premium = 10% on F.V.

= 10% of Rs 100

= Rs 10

Price = Rs 100 + Rs 10 = Rs 110

Saumbhagya Company Ltd.

Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		90,000	
	To share application a/c (Being received application money for 3,000 shares @ Rs 30 per share)			90,000
	Share application a/c		90,000	
	To share capital a/c (Being received application money transferred to share capital a/c)			90,000
	Share allotment a/c		150,000	
	To share capital a/c			120,000
	To share premium a/c (Being allotment money due on 3,000 shares @ Rs 50 per share including Rs 10 premium)			30,000

Bank a/c	147,500	
Calls in arrears a/c	25,000	
To calls in advance a/c		22,500
To share allotment a/c		150,000
(Being allotment money received and received including first ^{and final} call advance except of 500 shares)		
Share first and final call a/c	90,000	
To share capital a/c		90,000
(Being share first and final call money due on 3,500 shares @ Rs 30 per share)		
Bank a/c	52,500	
Calls in arrears a/c	15,000	
Calls in advance a/c	22,500	
To share's capital a/c		
To share first and final call a/c		90,000
(Being first and final calls money received after adjusting calls in advance except on 500 shares.)		

Under Sub

HW-16

Issue

Face

Premi

P&C

Under Sub

Date

Under Subscription of Shares

HW-16

Issued = 10,000 shares, Application received = 8,000 shares

Face value = Rs 50

Premium = 10% on face value
= Rs 50 5.

Price = Rs 50 + Rs 5 = Rs 55

Under subscription

Brilliant Company Ltd.
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		160,000	
	To share application a/c (Being received application money for 8,000 shares @ Rs 20 per share)			160,000
	Share application a/c		160,000	
	To share capital a/c (Being application money transferred to share capital a/c)			160,000
	Share allotment a/c		120,000	
	To share capital a/c			80,000
	To share premium a/c (Being share allotment money due on 8,000 shares @ Rs 15 per share including premium)			40,000
	Bank a/c		120,000	
	To share allotment a/c (Being share allotment money received)			120,000

Share first and final call a/c	160,000	
To share capital a/c		160,000
(Being share first and final call money due on 8,000 shares @ Rs 20 per share)		
Bank a/c	150,000	
Calls in arrears a/c	10,000	
To share first and final call a/c		160,000
(Being share first and final call money received except on 500 shares)		

HW-17

Over-subscription of shares

Full rejection of excess application

HW-17

Issued = 20,000 shares

Application received = 24,000 shares

Excess application = 4,000 shares

Price = Rs. 100

Lumbini Sugar Mills Ltd. Journal Entries

Date	Particulars	lf	Debit (Rs)	Credit (Rs)
	Bank a/c		720,000	
	To share application a/c			720,000
	(Being received application money for 24,000 shares @ Rs 30 per share)			
	Share application a/c	720,000		
	To share capital a/c			600,000
	To Bank a/c			120,000
	(Being application money on 20,000 shares transferred to share capital a/c and application money on 4,000 shares refunded)			
	Share allotment a/c	800,000		
	To share capital a/c			800,000
	(Being share allotment money due on 20,000 shares @ Rs 40 per share)			
	Bank a/c	800,000		
	To share allotment a/c			800,000
	(Being share allotment money received)			
	Share first and final call a/c	600,000		
	To share capital a/c			600,000
	(Being share first and final call money due on 20,000 shares @ Rs 30 per share)			

Bank a/c	600,000	
To share first and final call a/c (Being share first and final call money received)		600,000

Pro-rata Allotment

HW-18

Issued = 10,000 equity shares

Application received = 15,000 equity shares.

Excess application = 5,000 equity shares

Superior Co. Ltd
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		450,000	
	To Equity share application a/c (Being application money received for 15,000 equity shares @ Rs 30 per share)			450,000
	Equity share application a/c		450,000	
	To Equity share capital a/c			300,000
	To Equity share allotment a/c (Being application money on 10,000 equity shares transferred to share capital account and excess application money transferred to share allotment account)			150,000

Equity
To
(Being
money
share)

Bank
To
(Being
after
money)

Equity
To
(Being
due
Rs)

Bank
To
(Being
money)

Mixed

HW-19
Issued
Applied
Face
Price
Price

600,000	Equity share allotment a/c To equity share capital a/c (being equity share allotment money due on 10,000 equity shares @ Rs 30 per share)	900,000 300,000
	Bank a/c To Equity share allotment a/c (being allotment money received after adjusting excess application money)	150,000 150,000
	Equity share first and final call a/c To equity share capital a/c (being first and final call money due on 10,000 equity shares @ Rs 40 per share)	400,000 400,000
	Bank a/c To equity share first and final call a/c (being first and final call money received)	400,000 400,000

Mixed Allotment

HW-19

Issued = 8,000 shares
 Application received = 15,000 shares
 Face value = Rs 10
 Premium = 10% on Face value
 = Rs 1
 Price = Rs 10 + Rs 1 = Rs 11

Sunny Finance Co. Ltd Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		30,000	
	To share application a/c			30,000
	(Being application money received for 15,000 shares @ Rs 2 per share)			
	Share application a/c		30,000	
	To share capital a/c			16,000
	To share allotment a/c			6,000
	To Bank a/c			8,000
	(Being application money on 8,000 shares transferred to share capital account, excess 3,000 application money transferred to allotment account and application money on 4,000 shares refunded)			
	Share allotment a/c		40,000	
	To share capital a/c			22,000
	To share premium a/c			40,000
	(Being share allotment money due on 10,000 8,000 shares @ Rs 5 per share including premium)			8,000
	Bank a/c		34,000	
	To share allotment a/c		40,000	
	(Being allotment money received after adjusting to excess application money)			34,000

credit (A)

0,000

1,000

000

000

00

00

00

00

Share first and final call a/c
To share capital a/c

32,000

32,000

(Being share first and final
call money due on 8,000
shares @ Rs 4 per share)

Bank a/c

32,000

To share first and final call a/c
(Being first and final call money
received)

32,000

HW-20

Issued = 20,000 shares

Face value = Rs 100

Premium = Rs 20

Price = Rs 120

Applications received = 32,000

Lumbini Cement Co. Ltd Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (A)
	Bank a/c		12,80,000	
	To share application a/c			12,80,000
	(Being application money received for 32,000 shares @ Rs 40 per share)			
	Share application a/c		12,80,000	
	To share capital a/c			8,00,000
	To share allotment a/c			2,80,000
	To Bank a/c			1,00,000
	(Being application money on 20,000 shares transferred to share capital account, excess 7,000 shares transferred to allotment and excess 5,000 refunded)			

Share allotment a/c	800,000	
To share capital a/c		400,000
To share premium a/c		400,000
(Being share allotment money due on 20,000 shares @ R 40 per share including premium)		
Bank a/c	520,000	
To share allotment a/c		520,000
(Being share allotment money received after adjusting excess application money)		
Share first and final call a/c	800,000	
To share capital a/c		800,000
(Being share first and final call money due due on 20,000 shares @ R 40 per share)		
Bank a/c	800,000	
To share first and final call a/c		800,000
(Being share first and final call money received)		

HW-21

Issued = 20,000 shares

Face value = R 100

Premium = 5% on Face value

= R 5

Price = R 100 + R 5 = R 105

Applications Received = 40,000 shares

Glorkha Brewery Limited Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c			
	To share application a/c		1200000	
	(Being received application money for 40,000 shares @ Rs 30 per share)			1200000
	Share application a/c		1200000	
	To share allotment a/c			
	To calls in advance a/c			
	To share capital a/c			600,000
	Share application a/c		1200000	
	To share capital a/c			600,000
	To share allotment a/c (10000 x 45)			450,000
	To calls in advance a/c			150,000
	(Being application money transferred to share capital account and share allotment account and received including first and final calls in advance)			
	Share allotment a/c		900,000	
	To share capital a/c			600,000
	(Being allotment money)			
	Share allotment a/c		900,000	
	To share capital a/c			600,000
	To share premium a/c			100,000
	(Being share allotment money due on 20,000 shares @ Rs 45 per share including premium)			

Bank a/c		
Calls in advance a/c		
Bank a/c	450,000	
To share allotment a/c		450,000
(Being share allotment money received after adjusting excess money)		
Share first and final call a/c	600,000	
To share capital a/c		600,000
(Being share first and final call money due on 20,000 shares @ P 30 per share)		
Bank a/c	450,000	
Calls in advance a/c	150,000	
To share first and final call a/c		600,000
(Being first and final call money received after adjusting calls in advance)		

HW-22

Issued = 10,000 shares

Face value = P 10

Discount = P 1

Price = P 10 - P 1 = P 9

Application received = 25,000 shares

Excess application = 15,000 shares

Shivam Co. Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		75,000	
	To share application a/c			75,000
	(Being application money received for 25,000 shares @ Rs. 3 per share)			
	Share application a/c		75,000	
	To share capital a/c			30,000
	To share allotment a/c			30,000
	To Bank a/c			15,000
	(Being share application money transferred to share capital account and share allotment account and refunded excess application for 5,000 shares)			
	Share allotment a/c		40,000	
	Discount on issue of share a/c		10,000	
	To share capital a/c			50,000
	(Being allotment money due on 10,000 shares @ Rs 4 per share after allowing discount)			40,000
	Bank a/c		10,000	
	To share allotment a/c			10,000
	(Being allotment money received after adjusting excess money)			

Share first and final call a/c	20,000	
To share capital a/c		20,000
(Being first and final call money due on 10,000 shares @ Rs 2 per share)		
Bank a/c	20,000	
To share first and final call (Being share first and final call money received)		20,000

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HW-28

Issued = 8,000 equity shares

Face value = Rs 100

Discount = 10% on F.V.

= Rs 10

Price = Rs 100 - Rs 10 = Rs 90

Application received = 6,000 shares

(Handwritten calculations on the right page)
 $\frac{100}{30}$
 $\frac{10}{3}$
 $10 - \frac{10}{3}$
 $\frac{20}{3}$
Answer

Hari Co. Ltd Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c			
	To Equity share application a/c (Being received application money for 6,000 equity shares @ Rs 50 per share)		900,000	900,000
	Equity share application a/c		300,000	
	To equity share capital a/c			150,000
	To Bank a/c (1000 x 50)			50,000
	To equity share allotment a/c			90,000 ✓
	To calls in advance a/c (Being equity share application money transferred to equity share capital account, equity share allotment account and calls in advance account and refunded money for 1,000 shares)			10,000 ✓
	Equity share allotment a/c		90,000	
	To equity share capital a/c (Being equity share allotment money due on 8,000 equity shares @)			90,000
	Equity share allotment a/c		90,000	
	Discount on issue of share a/c		30,000	120,000
	To equity share capital a/c (Being equity share allotment money due on 3,000 equity shares @ Rs 80 per share incl. voting discount)			100,000

1000
3000

10
3

10-10
3

90
3
Total

Bank a/c		
To equity share allotment a/c (Being equity share allotment money received after adjusting excess money)		
St. Equity share first and final call a/c	30,000	
To equity share capital a/c (Being equity share first and final call money due on 3,000 equity shares @ Rs 10 per share)		30,000
Bank a/c	18,000	
Calls in advance a/c	10,000	
Calls in arrears a/c	2,000	
To equity share first and final call a/c (Being equity share first and final call money received after adjusting calls in advance except on 800 shares)		30,000

Working Note

on allotment
 Excess rate per share = $\frac{\text{Excess money}}{\text{Pro-rata allotted shares}}$

$$= \frac{100,000 - 10,000}{3,000}$$

$$= \frac{90,000}{3}$$

HW-24

Issued share
 Face value
 Discount
 Price =
 Application

Date	
	B

HW-24

Issued shares = 5,000 shares

Face value = Rs 100

Discount = 10% on Face value = Rs 10

Price = Rs 100 - Rs 10 = Rs 90

Application received = 12,000 shares

Agun Ltd.

Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		360,000	
	To share application a/c (Being received application money for 12,000 shares @ Rs 30 per share)			360,000
	Share application a/c		360,000	
	To share capital a/c			150,000
	To Bank a/c			135,000
	To share allotment a/c (Being application money transferred to share capital account and application money for 4,500 shares refunded and transferred excess money to allotment account.)			75,000
	Share allotment a/c		200,000	
	Discount on issue of share a/c To share capital a/c (Being share allotment money due on 5,000 shares @ Rs 40 per share)		50,000	250,000 200,000

Bank a/c	125,000	
To share allotment a/c		125,000
(Being allotment money received after adjusting excess money)		
Bank a/c	117,000	
Calls in arrears a/c	8,000	
To share allotment a/c		125,000
(Being allotment money received after adjusting calls in adv ^d excess money except on 200 shares)		
Share first and final call a/c	100,000	
To share capital a/c		100,000
(Being share first and final call money due on 5,000 shares @ Rs. 20 per share)		
Bank a/c	96,000	
Calls in arrears a/c	4,000	
To share first and final call a/c		100,000
(Being first and final call money received except on 200 shares)		

110-25

Issued = 10,000
Face value = Rs. 10
Premium = 10%
= Rs. 1,000
Price = Rs. 11
Application received = 10,000

Date	Particulars
	Bank
	To share application
	(Being 10,000 shares @ Rs. 11)
	Share
	To share capital
	(Being 10,000 shares @ Rs. 10)
	Share
	To share premium
	(Being 10,000 shares @ Rs. 1)
	Share
	To share reserve
	(Being 10,000 shares @ Rs. 1)
	Share
	To share reserve
	(Being 10,000 shares @ Rs. 1)

HW-25

Issued = 10,000 shares

Face value = Rs 10

Premium = 10% on face value
= Rs 1

Price = Rs 10 + Rs 1 = Rs 11

Application received = 16,000 shares

Jubin Co. Ltd

Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		48,000	
	To share application a/c (Being received application money for 16,000 shares @ Rs 3 per share)			48,000
	Share application a/c		48,000	
	To share capital a/c			80,000
	To allotment Bank a/c			3,000
	To allotment a/c (Being application money transferred to share capital account and refunded money for 1,000 shares and transferred excess money to allotment account)			15,000
	Share allotment a/c		50,000	
	To share premium a/c To share capital a/c (Being allotment money due on 10,000 shares @ Rs 5 per share including premium)			10,000 40,000

Bank a/c	34,600	
Calls in arrears a/c (2x200)	400	
To share allotment a/c		35,000
(Being allotment money received except on 400 shares)		
Share first and final call a/c	30,000	
To share capital a/c		30,000
(Being first and final call money due on 10,000 shares @ Rs 3 per share)		
Bank a/c	29,400	
Calls in arrears (2x200)	600	
To share first and final call a/c		30,000
(Being share first and final call money received except on 200 shares)		

Working Note

$$\begin{aligned}
 \text{Excess rate per share} &= \frac{\text{Excess money}}{\text{pro-rata allotted shares}} \\
 &= \frac{15000}{5000} \\
 &= \text{Rs } 3.
 \end{aligned}$$

HW-26

Issued :
Face value
Premium

Price =
Application

Date	
	B
	(
	m
	-
	E

HW-26

Issued = 4,000 equity shares

Face value = Rs 100

Premium = 50% on face value
= Rs 50

Price = Rs 150

Application received = 9,000 equity shares.

Sudeep Co. Ltd

Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Bank a/c		450,000	
	To equity share application a/c (Being received application money for 9,000 equity shares @ Rs 50 per share)			450,000
	Equity share application a/c		450,000	
	To equity share capital a/c			200,000
	To Bank a/c			50,000
	To equity share allotment a/c			200,000
	To calls in advance a/c (Being equity share application money transferred to equity share capital account and refunded money for 1,000 equity shares also transferred excess money to equity shares allotment account and calls in advance account)			40,000

Equity share allotment a/c To equity share capital a/c (Being equity share allotment money due on 4,000 equity shares @ Rs 40)	160,000	160,000
Equity share allotment a/c To equity share capital a/c To share premium a/c (Being equity share allotment money due on 4,000 equity shares @ Rs 40 per share including premium)	160,000	120,000 40,000
Bank a/c To equity share allotment a/c (Being equity share allotment money received after adjusting excess money)		
Equity share first and final call a/c To equity share capital a/c (Being equity share first and final call money due on 4,000 equity shares @ Rs 20 per share)	80,000	80,000
Bank a/c Calls in advance a/c Calls in arrears a/c (10 x 300) To equity share first and final call a/c (Being first and final call money received after adjusting calls in advance except on 300 shares)	37,000 40,000 3,000	80,000

Working Note

Excess rate.

Forfeiture a/c
Forfeiture of

HW-27

Date	Particulars
	Share
	To
	(Being)
	Rs
	pay
	By
	Share
	(By)
	@
	Rs
	(By)

working Note

$$\text{Excess rate per share on calls} = \frac{\text{Excess money on calls}}{\text{pro-rata allotted shares}}$$

$$= \frac{40,000}{4,000}$$

$$= 10$$

Forfeiture and Re-issue of shares
Forfeiture of shares initially issued at par

HW-27

Millenium Co. Ltd Journal Entries

Date	Particulars	IF Debit (Rs)	Credit (Rs)
	Share capital a/c	5,000	
	To calls in arrears a/c		2,000
	To share forfeiture a/c		3,000
	(Being forfeited 500 shares @ Rs 10 for each due to non payment of call)		
	Bank a/c	4,000	
	Share Forfeiture a/c	1,000	5,000
	To share capital a/c		
	(Being re-issued 500 shares @ Rs 8 each)		
	Bank a/c	2,000	
	Share forfeiture a/c		2,000
	To capital reserve a/c		
	(Being transferred net gain on forfeiture to capital reserve)		

HW-28

Kathmandu Wool House
Journal Entries

Date	Particulars	Dr	Debit (Rs)	Credit (Rs)
	Share capital a/c		25,000	
	To calls in arrears a/c			20,000
	To share forfeiture a/c			5,000
	(Being forfeited 500 shares of Rs 50 each due to non payment of allotment and call money)			
	Bank a/c		27,500	
	To share capital a/c			25,000
	To share premium a/c			2,500
	(Being re-issued 500 shares @ Rs 55 each)			
	Share Forfeiture a/c		5,000	
	To Capital Reserve a/c			5,000
	(Being transferred net gain on forfeiture to capital reserve)			

HW-29

HW-28

Kathmandu Wool House
Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Share capital a/c		25,000	
	To calls in arrears a/c			20,000
	To share forfeiture a/c			5,000
	(Being forfeited 500 shares of Rs 50 each due to non payment of allotment and call money)			
	Bank a/c		27,500	
	To share capital a/c			25,000
	To share premium a/c			2,500
	(Being re-issued 500 shares @ Rs 55 each)			
	Share Forfeiture a/c		5,000	
	To Capital Reserve a/c			5,000
	(Being transferred net gain on forfeiture to capital reserve)			

HW-29

A Co. Ltd
Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Share capital a/c (70 x 500)		35,000	
	To calls in arrears a/c (20 x 500)			10,000
	To share forfeiture a/c (50 x 500)			25,000
	(Being forfeited 500 shares of Rs 100 each called up at Rs 50 each due to non payment of call money)			

Bank a/c (400x60)
Share forfeiture a/c (400x10)
 To share capital a/c
(Being re-issued 400 shares
 @ Rs 60 each)

24,000	
4,000	
	28,000

Share forfeiture a/c
 To capital Reserve a/c ~~400x10~~
 (400(50-10))

16000	
	16000

(Being transferred net gain on
forfeiture to capital reserve)

Forfeiture of shares initially issued at premium.

HW-30

Babylon Co. Ltd
Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Share capital a/c		20,000	
	To calls in arrears a/c			10,000
	To share forfeiture a/c			10,000
	(Being forfeited 200 shares due to non payment of first and final call)			
	Bank a/c		14,000	
	Share forfeiture a/c		6,000	
	To share capital a/c			20,000
	(Being re-issued 200 shares @ Rs 90 per share)			

Share forfeiture a/c	4,000	
To capital reserve a/c		4,000
(Being transferred net gain on forfeiture to capital reserve)		

HW-31

Siddhartha Cotton Mills Ltd. Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Share capital a/c		20,000	
	Share premium a/c		4,000	
	To calls in arrears a/c			18,000
	To share forfeiture a/c			6,000
	(Being forfeited 200 shares due to non payment of allotment and call money including premium)			
	Bank a/c		18,000	
	Share forfeiture a/c		2,000	
	To share capital a/c			20,000
	(Being forfeited 200 shares re-issued 200 shares @ Rs 90 each)			
	Share forfeiture a/c		4,000	
	To capital reserve a/c			4,000
	(Being transferred net gain on forfeiture to capital reserve)			

HW-32

Alliance Company Ltd. Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Share capital a/c		2,000	
	Share premium a/c		400	
	To calls in arrears a/c			1,600
	To share forfeiture a/c			400 800
	(Being forfeited 200 shares due to non-payment of allotment and call money including premium)			
	Bank a/c		2,200	
	To share capital a/c			2,000
	To share premium a/c			200
	(Being re-issued 200 shares @ Rs 11 per share)			
	Share forfeiture a/c		800	
	To capital reserve a/c			800
	(Being transferred net gain on forfeiture to capital reserve)			

HW-33

ABC Co. Ltd.
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Share capital a/c		75,000	
	Share premium a/c		7,500	
	To calls in arrears a/c			52,500
	To share forfeiture a/c			30,000
	(Being forfeited 750 shares due to non payment of allotment money and call money including premium)			
	Bank a/c		66,000	
	To share capital a/c			60,000
	To share premium a/c			6,000
	(Being re-issued 600 shares @ Rs 110 each)			
	Share forfeiture a/c		24,000	
	To capital reserve a/c			24,000
	(Being transferred net gain on forfeiture to capital reserve)			

Forfeiture

HW-34

Date

Forfeiture of shares initially issued at discount

HW-34

Mechu Tea Company Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Share capital a/c		20,000	
	To Discount on issue of shares			2,500
	To Discount on issue of shares			2,500
	To Share forfeiture a/c			10,500
	To calls in arrears a/c			8,500
	(Being forfeited 200 shares due to non-payment of call money)			
	Bank a/c		10,500	
	Discount on issue of shares a/c		1,500	
	Share forfeiture a/c		4,500	
	To share capital a/c		3,000	15,000
	(Being re-issued 150 shares @ Rs 70 per share)			
	Share forfeiture a/c		4,500	
	To Capital reserve a/c			4,500
	(Being transferred net gain on forfeiture to capital reserve)			

HW-35

Smila Company Ltd.
Journal Entries

Date	Particulars	Debit (Rs)	Credit (Rs)
	Share capital a/c (1000 x 10)	10,000	
	To discount on issue of share (1000 x 5)		500
	To call in arrear a/c (1000 x 3)		3000
	To share forfeiture a/c (1000 x 6.5)		6500
	(Being forfeited 1000 shares due to non payment of call)		
	Bank a/c (400 x 8)	3200	
	Discount on issue of share a/c (400 x 5)	200	
	Share forfeiture a/c (400 x 1.5)	600	
	To share capital a/c (400 x 10)		4000
	(Being re-issue 400 shares at Rs 8 each)		
	Share forfeiture a/c	2000	
	To capital reserve a/c		2000
	(Being transferred net gain on forfeiture to capital reserve account)		

HW-36

Date	Particulars	Debit (Rs)	Credit (Rs)
	Share capital a/c		
	To discount on issue of share		
	To call in arrear a/c		
	To share forfeiture a/c		
	(Being forfeited shares due to non payment of call)		
	Bank a/c		
	Discount on issue of share a/c		
	Share forfeiture a/c		
	To share capital a/c		
	(Being re-issue shares at Rs 8 each)		
	Share forfeiture a/c		
	To capital reserve a/c		
	(Being transferred net gain on forfeiture to capital reserve account)		

HW-36

Green Ltd.

Journal Entries

Date	Particulars	LT	Debit (Dr)	Credit (Cr)
	Share capital a/c		128,000	
	To share discount on issued share			16,000
	To calls in arrears a/c			48,000
	To share forfeiture a/c			64,000
	(Being forfeited 1600 shares initially issued at discount due to non payment of allotment)			
	Bank a/c		80,000	
	To share capital a/c			80,000
	(Being re-issued 1,000 shares)			
	Share forfeiture a/c		40,000	
	To capital reserve a/c			40,000
	(Being transferred net gain on forfeiture to capital reserve)			

HW-37

Company
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Share first call a/c To share capital a/c (Being transferred final call money to share capital)		32,000 320,000	32,000
	Bank a/c Calls in arrears a/c To share first & final call a/c (Being failed to receive call money on 800 shares @ Rs. 40)		32,000	32,000
	Share capital a/c		80,000	
	Share premium a/c To calls in arrears a/c To share forfeiture a/c (Being forfeited 800 shares initially issued at premium due to non payment of call)		8,000	82,000 56,000
	Bank a/c Share forfeiture a/c To share capital a/c (Being re-issued 800 shares at discount)		72,000 16,000	88,000

Share forfeited
To capital
(Being transferred
on forfeiture
reserve)

Issue of shares

HW-38

Date	Particulars
	Underwritten To (Being dues to NIBL To (Being share)

Share forfeiture a/c	40,000	
To capital reserve a/c		40,000
(Being transferred net gain on forfeiture to capital reserve)		

Issue of shares to underwriters

HW-38

Shikhar Company Limited
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Underwriting commission a/c		25,000	
	To NIBL Capital Ltd.			25,000
	(Being underwriting commission dues to NIBL Capital Ltd)			
	NIBL Capital a/c		25,000	
	To share capital a/c			25,000
	(Being issued 5,000 shares to NIBL Capital)			

Issue of shares for Non-cash consideration

Issue of shares for the purchase of assets

HW-39

Glamour Ltd.
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Machinery a/c		200000	
	To Bajaj Engineering Ltd. (Being purchased machinery)			200000
	Bajaj Engineering Ltd.		200,080	
	To share capital a/c (Being issued 2000 shares at par)			200,080

HW-40

Maruti Company Ltd.
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Fixed assets a/c		900,000	
	To vendor Co. a/c (Being fixed assets purchased)			900,000
	Vendor Co. a/c		900000	
	Discount on issue of shares a/c		100000	
	To share capital a/c (Being issued 10000 shares at 10% discount)			1000000

Issue of shares for the purchase of business

HW-41

Casio Co. Ltd

Journal Entries

Date	Particulars	lf	Debit (Rs)	Credit (Rs)
	Building a/c		100,000	
	Plant and Machinery a/c		50,000	
	Debtors a/c		30,000	
	Stock a/c		20,000	
	Goodwill a/c		25,000	
	To National Co. Ltd			200,000
	To sundry payables (Being purchased business)			25,000
	National Co. Ltd		200,000	
	To share capital a/c (Being issued shares)			200,000

HW-42

Kathmandu Gas Ltd

Journal Entries

Date	Particulars	lf	Debit (Rs)	Credit (Rs)
	Plant and machinery a/c		400,000	
	Office equipment a/c		30,000	
	Stock a/c		20,000	
	Furniture a/c		50,000	
	Accounts receivable a/c		40,000	
	Goodwill a/c		40,000	
	To Baha Gas Ltd.			550,000
	To accounts payable (Being purchased business)			30,000

Baba Gias Ltd.	550,000	
To share capital a/c		500,000
To share premium a/c		50,000
(Being issued 5,000 shares @ Rs. 100 at 10% premium)		

HW-43

Annapurna Pharmaceuticals Ltd Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Land and building a/c		900,000	
	Accounts receivable a/c 180,000		180,000	
	Office furniture a/c		300,000	
	Stock a/c		140,000	
	To Capital reserve a/c			500,000
	To vendor Company a/c			1100,000
	To loan a/c			140,000
	To bank overdraft a/c			30,000
	(Being purchased business)			
	Vendor Co. a/c		1100,000	
	To equity share capital a/c			1000,000
	To share premium a/c			100,000
	(Being issued 10,000 equity shares @ Rs 10 at 10% premium)			

HW-44

Date	Particulars
	Freehold
	Plant
	Stock
	Debtors
	Capital

HW-45

Date	Particulars

HW-44

Royal Fashion Co. Ltd Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Freehold premises a/c		200,000	
	Plant a/c		140,000	
	Sundry Debtors a/c		50,000	
	Inventories a/c		30,000	
	Goodwill a/c		5,000	
	To Vendor Company a/c			360,000
	To Sundry Creditors a/c			140,000
	To bills payable a/c			25,000
	(Being purchased business)			
	Vendor Co a/c		360,000	
	Discount on issue of shares a/c		40,000	
	To equity share capital a/c			400,000
	(Being issued 40,000 equity shares @ Rs 10 at 10% discount)			

HW-45

Canon Co. Ltd Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Freehold premises a/c		80,000	
	Plant and machinery a/c		50,000	
	Accounts receivable a/c		15,000	
	Cash and bank a/c		20,000	100,000
	To Capital reserve a/c			10,000
	To HP Co. Ltd			30,000
	To accounts payable a/c			25,000
	To loan payable a/c			
	(Being purchased business)			

HP Co. Ltd a/c	10000	
To share capital a/c		10,000
(Being issued 1000 shares)		

HW-46

Panasonic Company Ltd.
Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Land and building a/c		200,000	
	Sundry debtors a/c		250,000	
	Furniture and fixtures a/c		300,000	
	To Mitsui Company Ltd a/c			450,000
	To Capital reserve a/c			150,000
	To Sundry creditors a/c			150,000
	(Being purchased business)			
	Mitsui Company Ltd a/c		450,000	
	Discount on issue of shares a/c		50,000	
	To share capital a/c			500,000
	(Being sh issued 5,000 shares of Rs 100 each at 10% discount)			

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