

INTERNATIONAL INDIAN SCHOOL RIYADH

ACCOUNTANCY WORK SHEET 6 – CLASS 12

CHAPTER: ACCOUNTING FOR SHARE CAPITAL

- Q.1 Give the definition of a ‘share’. **(March 2010 Marks 1)**
- Q.2 What is ‘Reserve Capital’? **(March 2010 Marks 1)**
- Q.3 Give the meaning of ‘Registered Capital’ of a company. **(March 2011 Marks 1)**
- Q.4 The directors of a company forfeited 300 shares of Rs. 10 each issued at a premium of Rs. 3 per shares, for the non-payment of the first call money of Rs. 2 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 1,500 fully paid. Record the journal entries for the forfeiture and reissue of shares. **(March 2009 Marks 3)**
- Q.5 Hari Ltd. issued 50,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on application, Rs. 5 (including premium) on allotment and the balance on first and final call. Applications were received for 92,000 shares. The directors resolved to allot as follows:
- | | | |
|-----|-----------------------------|---------------|
| (a) | Applicants of 40,000 shares | 20,000 shares |
| (b) | Applicants of 50,000 shares | 30,000 shares |
| (c) | Applicants of 2,000 shares | Nil |
- Prashant who had applied for 1,500 shares in category A and Sundar who was allotted 1,200 shares in category B failed to pay the allotment money. Calculate the amount received on allotment. **(March 2009 Marks 3)**
- Q.6 MCS Ltd. issued 40,000 shares of Rs. 10 each payable as Rs. 2 per share on application, Rs. 4 per share on allotment and the balance in two equal instalments. Applications were received for 80,000 shares and the allotment was made as follows:
- | | |
|-----|---|
| (a) | Applicants of 50,000 shares were allotted 30,000 shares |
| (b) | Applicants of 30,000 shares were allotted 10,000 shares |
- Neeraj to whom 600 shares were allotted from category (a), failed to pay the allotment money. Pass the journal entries upto allotment only. **(July 2009 Marks 3)**

Q.7 Hema Ltd. invited applications for issuing 30,000 equity shares of Rs. 100 each at a premium of Rs. 20 each. The amount was payable as follows:

On Application and Allotment Rs. 40 (including premium Rs. 10) per share.

On First Call Rs. 50 (including premium Rs. 10) per share.

On Second and Final Call-Balance

Applications for 75,000 shares were received. Applications for 15,000 shares were rejected and the money received from them was refunded.

Shares were

allotted on pro-rata basis to the remaining applicants. All calls were made. A who had applied for 2,000 shares failed to pay the first call and second and final call on the shares allotted to him. B who was allotted 1,000 shares failed to pay the second and final call. The shares of both A and B were forfeited. The forfeited shares were re-issued Rs. 160 fully paid.

Pass necessary journal entries in the books of the company for the above transactions.

(March 2011. Marks 8.)

Q.8 Bharat Ltd. invited applications for 40,000 equity shares of Rs. 100 each at a premium of Rs. 20 per share. The amount was payable as follows.

On application Rs. 30 per share

On Allotment (including premium) Rs. 70 per share

On First and Final call-balance of amount

Applications for 60,000 shares were received. Applications for 10,000 shares were rejected and the application money on these shares was refunded. Pro-rata

allotment was made to the remaining applicants and excess money received from them with applications was adjusted towards sums due on allotment.

All calls were made and were duly received except the first and final call on 500 shares allotted to Rajan. These shares were forfeited. The forfeited shares were afterwards re-issued for Rs. 51,000 fully paid up.

Pass necessary journal entries in the books of the company for the above transactions.

(July 2009. Marks 8.)

Q.9 X Ltd. issued 50,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows:

Rs. 3	On Application
Rs. 6	On Allotment (including premium) and
Rs. 3	On call.

Applications were received for 75,000 shares and pro-rata allotment was made as follows:

To the applicants of 40,000 shares, 30,000 shares were issued and for the rest 20,000 shares were issued. All moneys due were received except the allotment

and call money from Ram who had applied for 1,200 shares (out of the group of 40,000 shares). All his shares were forfeited. The forfeited shares were re-issued for Rs. 11 per share fully paid - up.

Pass necessary journal entries for the above transactions.

(March 2010. Marks 8.)

Q.10 A company invited applications for the issue of 30,000 Equity shares of Rs. 10 each at a discount of Rs. 1 per share. Applications were received for 40,000 shares. 10% of the total applications were rejected and the balance were allotted shares on pro-rata basis. The amounts were payable as follows:

Rs. 2 on application, Rs. 3 on allotment and balance on the first and final call. M who had applied for 3,000 shares failed to pay the allotment money and his shares were immediately forfeited. S who was allotted 2,000 shares, paid only

Rs. 4,000 on allotment. On the failure to pay the first call, S's shares were also forfeited.

Pass necessary Journal entries to record the above transactions.

(July 2011 Marks 8)