

# Company Account – Accounting for Share Capital

## Question 1.

Gopal Ltd. was registered with an authorised capital of Rs.50,00,000 divided into Equity Shares of Rs.10 each. The company offered for public subscription all the shares. Public applied for 4,50,000 shares and allotment was made to all the applicants. All the calls were made and were duly received except the final call of Rs.2 per share on 500 shares. Prepare the Balance Sheet of the company showing the different types of Share Capital

## Solution:

**Gopal Ltd**  
**Balance Sheet**

Particulars	Note No.	₹
<b>I. Equity and Liabilities</b>		
1. Shareholder's 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 Equivalents	2	44,99,000
<b>Total</b>		<b>44,99,000</b>

## NOTES TO ACCOUNTS

Note No	Particulars	₹
1.	<b>Share Capital</b>	
	Authorised Share Capital	
	5,00,000 equity Shares of ₹10 each	50,00,000
	<b>Issued Share Capital</b>	
	5,00,000 equity shares of ₹10 each	50,00,000
	<b>Subscribed, Called -up and Paid up Share Capital</b>	
	4,50,000 equity Share of ₹10 each	45,00,000
	Less : Calls in Arrears (500 Shares × ₹2)	(1,000)
		<b>44,99,000</b>
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.

**Solution:**

Balance Sheet of Himmat Ltd

Particulars	Note No	₹
<b>I. Equity and Liabilities</b>		
1. Shareholder's Funds		
a. Share Capital	1	20,00,000
<b>Total</b>		<b>20,00,000</b>
<b>II. Assets</b>		
1. Current Assets		
Cash and Cash Equivalents	2	20,00,000
<b>Total</b>		<b>20,00,000</b>

**NOTES TO ACCOUNTS**

Note No	Particulars		₹
1.	<b>Share Capital</b>		
	Authorised Share Capital		
	5,00,000 equity Shares of ₹10 each		50,00,000
	<b>Issued Share Capital</b>		
	50,000 equity shares of ₹10 each	5,00,000	
	1,50,000 Equity Shares of ₹10 Each	15,00,000	20,00,000
	<b>Subscribed and Paid up Share Capital</b>		
	50,000 equity Share of ₹10 each	5,00,000	
	1,50,000 Equity Shares of ₹10 each	15,00,000	20,00,000
2.	<b>Cash and Cash Equivalents</b>		
	Bank		20,00,000

**Question 3.****Solution:**

Intex Ltd. has authorised share capital of ₹50,00,000 divided into 5,00,000 Equity Shares ₹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. The company did not make the call during the year. Show Share Capital of the company in the Balance Sheet of the Company.

**Balance Sheet of Index Ltd**

Particulars	Note No	₹
<b>I. Equity and Liabilities</b>		
<b>1. Shareholder's Funds</b>		
a. Share Capital	1	15,50,000
<b>Total</b>		<b>15,50,000</b>
<b>II. Assets</b>		
<b>1. Current Assets</b>		
Cash and Cash Equivalents	2	15,50,000
<b>Total</b>		<b>15,50,000</b>

**NOTES TO ACCOUNTS**

Note No	Particulars	₹
1.	<b>Share Capital</b>	
	Authorised Share Capital	
	5,00,000 equity Shares of ₹10 each	50,00,000
	<b>Issued Share Capital</b>	
	50,000 equity shares of ₹10 each	5,00,000
	1,50,000 Equity Shares of ₹10 Each	15,00,000
	<b>Subscribed and Paid up Share Capital</b>	
	<b>Fully Called-up and Paid- up Capital</b>	
	50,000 Equity Shares of ₹10 each	5,00,000
	<b>Partially Called - up and Paid - up Capital</b>	
	1,50,000 Equity Shares ₹10 each 7 Called up	10,50,000
2.	<b>Cash and Cash Equivalents</b>	
	Bank	15,50,000

**Question 4.**

**Solution:**

Lennova Ltd. has authorised share capital of ₹1,00,00,000 divided into 10,00,000 Equity Shares of ₹10 each. It has existing issued and paid up capital of ₹25,00,000. It further issued to public 2,50,000 Equity Shares at a premium of 20% for subscription payable as under:

On Application      3  
On Allotment      6; 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.

Note: Problems related to Disclosure of Share Capital in company's Balance Sheet are also given under the head issue of shares at par and at premium.

**Balance Sheet of Lennova Ltd**

Particulars	Note No	₹
<b>I. Equity and Liabilities</b>		
<b>1. Shareholder's Funds</b>		
a. Share Capital	1	42,50,000
b. Reserve and Surplus	2	5,00,000
<b>Total</b>		<b>47,50,000</b>
<b>II. Assets</b>		
<b>1. Current Assets</b>		
Cash and Cash Equivalents	3	47,50,000
<b>Total</b>		<b>47,50,000</b>

**NOTES TO ACCOUNTS**

Note No	Particulars	₹
1.	<b>Share Capital</b>	
	Authorised Share Capital 10,00,000 equity Shares of ₹10 each	1,00,00,000
	<b>Issued Share Capital</b>	
	2,50,000 equity shares of ₹10 each	25,00,000
	2,50,000 Equity Shares of ₹10 Each	25,00,000
	<b>Subscribed and Paid up Share Capital</b>	
	<b>Fully Called-up and Paid- up Capital</b> 2,50,000 Equity Shares of ₹10 each	25,00,000
	<b>Partially Called - up and Paid - up Capital</b> 2,50,000 Equity Shares ₹10 each ₹7 Called up	17,50,000
2.	<b>Reserves and Surplus</b>	
	Securities Premium Reserve (2,50,000 shares @ ₹2 per share)	5,00,000
3.	<b>Cash and Cash Equivalents</b>	
	Bank	47,50,000

**Question 5.**

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

**Solution:**

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

**Journal**

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

**Question 6.**

The authorised capital of Rs.16,00,000 of XYZ Ltd. is divided into 1,60,000 Equity Shares of Rs.10 each. Out of these shares, 80,000 Equity Shares were issued to the public. The full nominal value is payable on application. All the shares were subscribed by the public and total amount was paid for. Give necessary Journal entries in the books of the company.

**Solution:**

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

Books of XYZ Limited

Journal

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

**Question 7.**

XYZ Ltd. invited applications for 10,000 shares of Rs.10 each payable as follows: Rs.2 on application, Rs.3 on allotment, Rs.2 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

**Solution:**

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

₹	2	on application
₹	3	on allotment
₹	2	on first call
₹	3	on final call
	<u>10</u>	

Books of XYZ Limited

Journal

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

**Question 8.**

A Joint Stock Company was registered with a Nominal Capital of Rs.10,00,000 divided into 10,000 shares Rs.100 each payable Rs.10 per share on application, Rs.20 per share on allotment and balance on first and final call. All the shares were taken up and fully paid for by the public.

Pass Journal entries to record the issue of shares.

**Solution:**

Authorised Capital 10,000 shares of 10 each

Issued and Subscribed Capital 10,000 shares

Payable as

₹ 10 on application

₹ 20 on allotment

₹ 70 on first call and final call

₹ 100

**Journal**

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Dr. To Share Application A/c (Being share application money received for 10,000 shares at ₹10 per share)		1,00,000	1,00,000
	Share Application A/c Dr. To Share Capital A/c (Being share application of 10,000 shares of ₹10 each transferred to share Capital)		1,00,000	1,00,000
	Share Allotment A/c Dr. To Share Capital A/c (Being share allotment due on 10,000 shares at ₹20 per share)		2,00,000	2,00,000
	Bank A/c Dr. To Share Allotment A/c (Being share allotment money received for 10,000 Shares at ₹20per share)		2,00,000	2,00,000
	Share Final Call and Final Call A/c Dr. To Share Capital A/c (Being share Final call due on 10,000 shares at ₹70 per shares)		7,00,000	7,00,000
	Bank A/c Dr. To Share Final Call A/c (Being share first and final call received on 10,000 shares of ₹70 per share)		7,00,000	7,00,000

**Question 9.**

A company was registered with an Authorised Capital of Rs.10,00,000 divided into 7,500 Equity Shares of Rs.100 each and Rs.2,500; 9% Preference Shares of Rs.100 each. 1,000 Equity and 500 Preference Shares were offered to public on the following terms- Equity Shares payable Rs.10 on application, Rs.40 on allotment and the balance in two calls of Rs.25 each. Preference Shares are payable Rs.25 on application, Rs.25 on allotment and Rs.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 Account will appear in the Balance Sheet.

**Solution:**

**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

**Cash Book**

Dr.

Cr.

Date	Particulars	L.F.	Bank ₹	Date	Particulars	L.F.	Bank ₹
	To Equity Share Application A/c		10,000				
	To Preference Share Application A/c		12,500				
	To Equity Share Allotment A/c		40,000				
	To Preference Share Allotment A/c		12,500				
	To Equity Share First Call A/c		25,000				
	To Preference share First and Final Call A/c		25,000				
	To Equity Share Final Call A/c		25,000		By Balance c/d		1,50,000
			1,50,0000				1,50,000

**Journal**

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Equity Share Application A/c Dr. To Equity Share Capital A/c (Being 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 (Being preference share application 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 (Being 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 (Being preference share allotment due on 500 shares at ₹25 each)		12,500	12,500
	Equity Share First Call A/c Dr. To Equity Share Capital A/c (Being equity share first call due on 1,000 shares at ₹25 each)		25,000	25,000
	Preference Share First and Final Call A/c Dr. To 9% Preference Share Capital A/c (Being preference share first and final call due on 500 shares at ₹50 each)		25,000	25,000
	Equity Share Final Call A/c Dr. To Equity Share Capital A/c (Being equity share final call due on 1,000 shares at ₹25 each)		25,000	25,000



**Balance Sheet**

Particulars	Note No	₹
<b>I. Equity and Liabilities</b>		
<b>1. Shareholder's Funds</b>		
a. Share Capital	1	1,50,000
<b>2. Non - Current Liabilities</b>		
<b>3. Current Liabilities</b>		
<b>Total</b>		<b>1,50,000</b>
<b>II. Assets</b>		
<b>1. Non - Current Assets</b>		
<b>2. Current Assets</b>		
a. Cash and Cash Equivalents	2	1,50,000
<b>Total</b>		<b>1,50,000</b>

**NOTES TO ACCOUNTS**

Note No	Particulars		₹
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	10,00,000
	<b>Issued Share Capital</b>		
	1,000 Equity shares of 100 each	1,00,000	
	500 9 % Preference Shares of 100 each	50,000	1,50,000
	<b>Subscribed Called-up and Paid up Share Capital</b>		
	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>		
	Bank		1,50,000

**Question 10.**

X Ltd. invited applications for 10,000 Equity Shares of Rs.10 each issued at par. The whole amount was payable on application. The issue was oversubscribed by 2,000 shares and allotment was made on pro rata basis. Pass necessary Journal entries.

**Solution:**

Issued Capital 10,000 Shares of ₹10 each  
 Applied 12,000 shares  
 Over-subscribed by 2,000 shares

**Journal**

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Dr. To Share Application A/c (Being share Application received for 12,000 shares at ₹10 each)		1,20,000	1,20,000
	Share Application A/c Dr. To Share Capital A/c To Bank A/c (Being application of 10,000 Shares transferred to share Capital and of ₹2,000 hares returned)		1,20,000	1,00,000 20,000

**Question 11.**

Citizen Watches Ltd. invited applications for 50,000 shares of Rs.10 each payable Rs.3 on application, Rs.4 on allotment and balance on first and final call. Applications were received for 6,000 shares. Applications were accepted for 50,000 shares and remaining applications were rejected. All calls were made and received except First and Final call on 500 shares.

Pass the Journal entries in the books of Citizen Watches Ltd.

**Solution:**

**Journal**

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

**Question 12.**

ABC Company Ltd. offered for subscription 20,000 shares of Rs.10 each payable Rs.2.50 on application and Rs.5.00 on allotment for each share. Applications were received for 30,000 shares. Letters of regret were issued to applicants for 5,000 shares and their application money was refunded. Application money for other 5,000 shares was applied towards the payment for allotment money and all the 20,000 shares were issued to the public. The balance of allotment money was also received in due time.

You are asked to give the Journal, Cash Book, Ledger Accounts and the Balance Sheet of the company.

**Solution:**

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

Applied	Alloted	Over-Subscribed
25,000	20,000	5,000
5,000	NIL	5,000
30,000	20,000	10,000

Payable as :

₹2.5 on application

₹5 on allotment

₹7.5 Called - up

#### Cash Book

Dr.				Cr.			
Date	Particulars	L.F.	Bank ₹	Date	Particulars	L.F.	Bank ₹
	To Share Application A/c		75,000		By Share Application A/c (5,000 shares × ₹2.5)		12,500
	(30,000 shares × ₹2.5)						
	To Share Allotment A/c		87,500		By Balance c/d		1,50,000
			1,62,500				1,62,500

#### Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c (Being share application of 20,000 shares at ₹2.5 each transferred to Share Capital Account and excess money 12,500 transferred to allotment)		62,500	50,000 12,500
	Share Allotment A/c Dr. To Share Capital A/c (Being share allotment due on 20,000 shares at ₹5 each)		1,00,000	1,00,000

#### ABC Company Ltd Balance Sheet

Particulars	Note No	₹
<b>I. Equity and Liabilities</b>		
<b>1. Shareholder's Funds</b>		
a. Share Capital	1	1,50,000
<b>2. Non - Current Liabilities</b>		
<b>3. Current Liabilities</b>		
<b>Total</b>		<b>1,50,000</b>
<b>II. Assets</b>		
<b>1. Non - Current Assets</b>		
<b>2. Current Assets</b>		
a. Cash and Cash Equivalents	2	1,50,000
<b>Total</b>		<b>1,50,000</b>

# NOTES TO ACCOUNTS

Note No	Particulars	₹
1.	<b>Share Capital</b>	
	Authorised Share Capital	
	Shares of ₹10 each	-
	<b>Issued Share Capital</b>	
	20,000 Equity shares of 10 each	2,00,000
	<b>Subscribed Called-up and Paid up Share Capital</b>	
	20,000 Shares of ₹10 each, on which 7.5 called - up and paid up	1,50,000
2.	<b>Cash and Cash Equivalents</b>	
	Bank	1,50,000

## Question 13.

Eastern Star Cycle Ltd. was registered with a capital of Rs.5, 00,000 divided into 20,000 shares of Rs.25 each. The company offered to public for subscription 10,000 shares payable Rs.5 per share on application, Rs.5 per share on allotment and the balance in two calls of Rs.7.50 each. The company received application for 11,600 shares. Applications for 1,000 Shares were rejected and application money was refunded the applicants. A person who applied for 1,000 shares was allotted only 400 shares and excess of application money was carried forward towards the payment of allotment and calls. Give Journal entries to record the above issue of shares and show how it will be shown in the Balance Sheet.

## Solution:

Authorised Capital 20,000 shares of 25 each

Issued Capital 10,000 shares

Applied 11,600 shares

Payable as :

₹	5	on application
₹	5	on allotment
₹	7.5	on first call
₹	7.5	on final call
	<u>25</u>	

Applied Shares	Issued Shares	Money received on Application @ ₹5	Money adjusted on Application ₹5	Excess	Allotment due @ 5	Excess money adjusted on Allotment	Excess money adjusted on First Call (Calls - in Advance)
1,000	-	5,000	-	5,000 (returned)			
1,000	400	5,000	2,000	3,000	2,000	2,000	1,000
9,600 (Balance)	9,600	48,000	48,000		48,000		
11,600	10,000	58,000	50,000		50,000	2,000	1,000

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Dr. To Share Application A/c (Being share application money received for 11,600 shares at ₹5 each)		58,000	58,000
	Share Application A/c Dr. To Share Capital A/c To Share Allotment A/c To Calls - in Advance A/c To Bank A/c (Being share application money adjusted)		58,000	50,000 2,000 1,000 5,000
	Share Allotment A/c Dr. To Share Capital A/c (Being share allotment due on 10,000 shares at ₹5 each)		50,000	50,000
	Bank A/c Dr. To Share Allotment A/c (Being share allotment received)		48,000	48,000
	Share First Call A/c Dr. To Share Capital A/c (Being share first call due on 10,000 shares at ₹7.5 each)		75,000	75,000
	Bank A/c Dr. Calls - in Advance A/c Dr. To Share First Call A/c (Being share first call received and calls - in - advance money adjusted)		74,000 1,000	75,000
	Share Final Call A/c Dr. To Share Capital A/c (Being share Final Call due on 10,000 shares at ₹7.5 each)		75,000	75,000
	Bank A/c Dr. To Shares Final Call A/c (Being share final call received)		75,000	75,000

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

**Eastern Star Cycle Ltd**  
**Balance Sheet**

Particulars	Note No	₹
<b>I. Equity and Liabilities</b>		
<b>1. Shareholder's Funds</b>		
a. Share Capital	1	2,50,000
2. Non - Current Liabilities		
3. Current Liabilities		
<b>Total</b>		<b>2,50,000</b>
<b>II. Assets</b>		
<b>1. Non - Current Assets</b>		
<b>2. Current Assets</b>		
a. Cash and Cash Equivalents	2	2,50,000
<b>Total</b>		<b>2,50,000</b>

**NOTES TO ACCOUNTS**

Note No	Particulars	₹
1.	<b>Share Capital</b>	
	Authorised Share Capital	
	20,000equity Shares of ₹25 each	5,00,000
	<b>Issued Share Capital</b>	
	10,000 Equity shares of ₹25 each	2,50,000
	<b>Subscribed Called-up and Paid up Share Capital</b>	
	10,000 Shares of ₹25 each	2,50,000
2.	<b>Cash and Cash Equivalents</b>	
	Bank	2,50,000