

31 Blue Chip Ltd. was registered on 1st January, 2023 with a capital of 10,00,000 divided into 1,00,000 share of 10 each. The company issued 42,000 shares of which 40,000 shares were taken up by the public and 1 per share was received with application. On 1st February, 2023, these shares were allotted and 2 per share was duly received on 28th February, 2023 as allotment money. First call of 3 per share was made on 1st March, 2023 and the call money all share with the exception of 100 share was received. the final call of 4 per share was made on 1st June, 2023 and the amount due, with the exception of 400 shares, was received by 30th June, 2023.

Pass necessary journal and cash Book entries and prepare the Balance Sheet as at 30th June 2023.

Solution: Blue Chip Ltd.

Balance sheet (extract) as at...

Particulars	Note NO.	₹
<b>I. Equity and Liabilities:</b>		
1. Share & funds		
Share capital		<u>3,98,100</u>
total		<u>3,98,100</u>
<b>II. Assets:</b>		
1. Current Assets		
a) Cash & Cash equivalents		<u>3,98,100</u>
total		<u>3,98,100</u>

Note to Account

	Particular	₹
1.	<b>Share capital</b>	
	<b>Authorized capital</b>	
	1,00,000 share @ 10 each	10,00,000
	<b>Issued Capital</b>	
	42,000 share @ 10 each	4,20,000
	<b>Subscribed capital</b>	
	subscribed & fully paid up	3,96,000
	39,600 shares @ 10 each	
	Subscribed & not fully paid up	
	400 shares @ 10 each	4,000
	less calls in arrear	<u>2,100</u>
	First call (100 x 4)	<u>3,98,100</u>
	(300)	
	Final call (400 x 4)	<u>(1,600)</u>
	<b>2. Cash &amp; Cash equivalents</b>	
	Cash of Bank	

## Journal

Date	Particular	L.F	Dr.	Cr.
1/02/23	Share Application A/c (40,000 x 1) Dr. To share capital A/c (Share App money transferred to share capital)		40,000	40,000
1/02/23	Share Allotment A/c (40,000 x 2) Dr. To Share capital A/c (Share Allotment due)		80,000	80,000
1/03/23	Share first call A/c (40,000 x 3) Dr. To share capital A/c (Share first call not received transferred to calls in arrear)		1,20,000	1,20,000
1/03/23	Call in arrears A/c (100 x 3) Dr. To share first call A/c (Share first call not received transferred to calls in arrear)		300	300

1/06/23	Share second & final call A/c (4,00,000 x 4) Dr. To share capital A/c (Share second & final call due)		1,60,000	1,60,000
30/06/23	Call in arrear A/c (400 x 4) Dr. To share second & final call A/c (Share second & final call not received transferred to call in arrear A/c)		1,600	1,600

Dr.

Cash Book (Bank Column Only)

Cr.

Date	Particular	₹	Date	Particular	₹
1/2/23	To share app A/c (40,000 x 1)	40,000			
28/2/23	To share Allotment A/c (40,000 X 2)	80,000			
1/3/23		1,19,700	30/6/23	By balance c/d	3,98,100
23/6/23	To share first call A/c (39,900 x 3)	1,58,400			

	To share final call A/c (39,600 x 4)	3,98,100			
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**32. The authorized capital of Sarang Ltd. is 1,20,00,000 divided into 1,20,000 shares of 10 each. Out of these, company issued 8,00,000 shares of 10 each at a premium of 20%. The amount per share was payable as follows:**

On application	₹ 2
On allotment	₹ 6 (including premium)
On first call	₹ 2
On final call	Balance

**Public applied for 7,80,000 shares. All the money was duly received. Prepare an extract of balance sheet of Sarang Ltd. as per schedule III, part I of the companies Act, 2013, disclosing the above information. Also prepare 'Notes to Accounts' for the same.**

**Solution:**

**Sarang Ltd. Balance Sheet**

Particular	Note no.	₹
<b>I. Equity and Liabilities</b>		
1. Share holders Funds		
a) Share capital		78,00,000
b) Reserve and surplus		<u>15,60,000</u>
		<u>93,60,000</u>
<b>II. Assets</b>		
1. Current assets		<u>93,60,000</u>
a) Cash and cash equivalents		93,60,000

## Note to account

Particular	₹
<b>1. share capital</b>	
<b>Authorized capital</b> 12,00,000 shares @ ₹ 10 each	1,20,00,000
<b>Issued capital</b> 8,00,000 shares @ 10 each	80,00,000
<b>Subscribed capital</b> Subscribed and fully paid up 7,80,000 share @ 10 each	78,00,000
<b>2. reserve and surplus</b> Securities premium reserve (7,80,000 x 2)	15,60,000
<b>3. Cash and cash equivalents</b> Cash at bank (7,80,000 x 120)	93,60,000

## Call in arrear and call in advance

**33 Ghost Ltd. made the second and final call on its 50,000 equity share @ 2 per share on 1<sup>st</sup> January, 2016. The entire amount was received on 15<sup>th</sup> January, 2016 except on 100 shares allotted to Venkat. Pass necessary journal entries for the call money due and received by opening calls-in-Arrears account.**

**Solution:****Journal**

Date	Particular	L.f	Dr.	Cr.
1.	Share second & final call A/c Dr. To share capital A/c (share second & final call due)		1,00,000	1,00,000
2.	Bank A/c Dr. Calls in arrear A/c Dr. To share second & final call A/c (share second & final call received)		99,800 200	1,00,000

**34 Avon Ltd. issued 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 and allotted. Due amount 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.**

**Solution**

**Application 5**

**Allotment 10 including premium**

**First call 5**

**Second call 5**

**Final call 5**

### Cash book

Share application	50,000	By balance c/d	297000
Share allotment	100,000		
Share first call	50,000		
Share second call	49000		
Share final call	48000		
	297000		297000

### Journal

Date	Particular	L.F	Dr.	Cr.
	Share Application A/c <span style="float: right;">Dr.</span>		50,000	
	To share capital A/c			50,000
	(Share App money transferred to share capital)			
	Share Allotment A/c <span style="float: right;">Dr.</span>		100,000	
	To Share capital A/c			50,000
	To security premium			50,000



	(Share Allotment transfer to share capital a/c)			
	Share first call A/c	Dr.	50,000	
	To share capital A/c			50,000
	(Share first call due)			
	Share second call A/c	Dr.	49,000	
	Call in arrear a/c	Dr.	1000	
	To share capital A/c			50,000
	Share final call A/c	Dr.	48000	
	Call in arrear a/c	Dr.	2000	
	To share capital A/c			50,000

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## Balance sheet

### Sarang Ltd. Balance Sheet

Particular	Note no.	₹
<b>I. Equity and Liabilities</b>		
<b>1. Share holders Funds</b>		
a) Share capital		247000
b) Reserve and surplus		50,000
		<b>297000</b>

### Note to account

Particular	₹
<b>1. share capital</b>	
<b>Authorized capital</b>	
shares ..... each	
<b>Issued capital</b>	
10,000 shares @ 25 each	<u>250,000</u>
<b>Subscribed capital</b>	
Subscribed called-up and paid-up capital	
10,000 share @ 25 each    250,000	<b>247000</b>

	(3000)	
2. reserve and surplus		<u>50,000</u>
Securities premium reserve		297000

35. Usha Ltd. was formed with a capital of 10,00,000 divided into shares of 100 each. It offered 90% shares to public for subscription. The amount per share was payable as 40% on application, 20% on allotment and the balance on first and final call. The applicants paid 3,60,000 on application and 1,69,000 on allotment.

The call has yet been made. Calculate:

- Authorized capital
- Issued capital
- Subscribed capital
- Called-up capital
- Paid-up capital
- Call-in-Arrears.

**Solution:**

Authorized capital                      = 10,00,000

(10,000 shares @ 100 each)

Issued capital	= 90 % of 10,00,000
	= 9,00,000
Subscribed capital	= 9,00,000
Called-up capital	= 9,000 shares @ 60 per share
	= 5,40,000
paid up capital	= 36,000 + 1,69,000
	= 5,29,000
Call in arrear	= Amount on Allotment = 900 x 20 = 1,80,000
	Amount Received on Allotment <u>1,69,000</u>
	<u>11,000</u>

### Issue of share for consideration other than cash

**36. Random Ltd. took over running business of Mature Ltd. comprising of Assets of 45,00,000 and liabilities of 6,40,000 for a purchase consideration of 36,000. The amount was settled by bank draft of 1,50,000 and balance by issuing 12% preference shares of 100 each at 15% premium. Pass entries in the books of Random Ltd.**

**Solution.**

Date	Particular	L.F	Dr.	Cr.
1.	Assets A/c <span style="float: right;">Dr.</span> To liabilities A/c To mature Ltd. A/c To capital reserve A/c (Business purchased)		45,00,000	64,000 36,00,000 2,60,000
2.	Mature Ltd A/c <span style="float: right;">Dr.</span> To bank A/c (1,50,000 paid through bank draft)		1,50,000	1,50,000
3.	Mature Ltd A/c <span style="float: right;">Dr.</span> To 12% preference share capital A/c (30,000 x 100) To securities premium reserve A/c (30,000 x 15) (30,000 12% preference share issued @100 + 15% premium as consideration)		34,50,000	30,00,000 4,50,000

$$\text{Number of preference share issued} = \frac{\text{Amount paid}}{\text{Price of a preference share}}$$

$$= \frac{(36,00,000 - 1,50,000)}{100 + 15\% \text{ of } 100}$$

$$= \frac{34,50,000}{115}$$

$$= 30,000 \text{ shares}$$

**37.2,000 equity shares of 10 each were issued to Moon Limited from whom assets of 25,000 were acquired.**

**Pass journal entry.**

**Solution:**

Date	Particular	L.f	Dr.	Cr.
1.	Assets A/c Dr. To moon limited A/c To capital reserve A/c (Assets purchase form moon)		25,000	25,000
2.	Moon limited A/c (2,000 x 10) Dr. To equity share capital A/c (2,000 equity shares issued @ 10 each as consideration)		20,000	20,000

**38.'Amrit Dhara Ltd' issued 800 equity shares of 100 each at a premium of 25% as fully paid-up in consideration of the purchase of plant and machinery of 1,00,000.**

**Pass entries in company's Journal.**

**Solution:**

Date	Particular	L.F.	Dr.	Cr.
1.	Plant and Machinery A/c Dr. To vendors A/c (plant & machinery purchased)		1,00,000	1,00,000
2.	Vendors A/c Dr. To equity share capital A/c (800 x 100) To securities premium reserve A/c (800 x 125) (Equity shares issued of premium)		1,00,000	80,000 20,000

**39.Z Ltd. purchased furniture costing 2,20,000 from C.D Ltd. The payment was to be made by issue of 9% preference shares of 100 each at a premium of 10 per share. Pass necessary Journal entries in the books of Z Ltd.**

**Solution:**

Date	Particular	L.F.	Dr.	Cr.
1.	Furniture A/c Dr. To C D Ltd. (Furniture purchase)		2,20,000	2,20,000

2.	C D Ltd A/c	Dr.	2,20,000	
	To 9% preference share capital A/c (2,000 x 100)			2,00,000
	To securities premium reserve A/c (2,000 x 10)			20,000
	(20,000 9% preference share issued)			

$$\begin{aligned}
 \text{Number of share} &= \frac{\text{consideration}}{\text{price of a share}} \\
 &= \frac{2,20,000}{110} \\
 &= 2,000 \text{ shares}
 \end{aligned}$$

**40. Good luck Ltd. Purchased machinery costing 10,00,000 from fair Deals Ltd. The company paid the price by issue of equity shares of 10 each at a premium of 25%.**

**Pass necessary Journal entries for the above transactions in the books of Good luck Ltd.**

**Solution: Journal**

Date	Particular	L.F.	Dr.	Cr.
1.	Machinery A/c	Dr.	10,00,000	
	To fair deals Ltd.			10,00,000
	(Machinery purchased on credit)			



2.	Fair deals Ltd A/c	Dr.	10,00,000	
	To equity share capital A/c (8,000 x 10)			8,00,000
	To security premium reserve A/c (8,000 x 2.5)			2,00,000
	(80,000 equity shares issued @ 10 per share at 2.5 premium)			

$$\text{Number of share} = \frac{10,00,000}{12.5} = 80,000 \text{ Shares}$$