

41 Rajan Ltd. purchase assets from Geeta & co. for 5,00,000. A sum of 1,00,000 was paid by means of a bank draft and for the balance due Rajan Ltd. issued equity shares of 10 each at a premium of 25% journalize the above transactions in the books of the company.

Solution:

Date	Particular	L.F	Dr.	Cr.
1.	Assets A/c Dr. To Geeta & Co. A/c (Assets & purchased on credit)		5,00,000	5,00,000
2.	Geeta & Co. A/c Dr. To bank A/c (Bank draft issued to Getta)		1,00,000	1,00,000
3.	Geeta & Co. A/c Dr. To equity share capital A/c (32,000 x 10) To security premium reserve A/c (32,000 x 2.5) (32,000 equity shares issued @ 10 each at 25% premium)		4,00,000	3,20,000 80,000

$$\text{Number of Share} = \frac{4,00,000}{12.5} = 32,000 \text{ shares.}$$

42 Sona Ltd. purchased machinery costing 17,00,000 from mona Ltd. paid 20% of the amount by cheque and for the balance amount issued equity shares of 100 each at a premium of 25%.

Pass necessary journal entries for the above transactions in the books of sona Ltd. show your working notes clearly.

Solution:

Date	Particular	L.F	Dr.	Cr.
1.	Machinery A/c Dr. To Moona A/c (Machinery purchased on credit)		17,00,000	17,00,000
2.	Moon Ltd. A/c Dr. To bank A/c (Moons Ltd is paid by cheque)		3,40,000	3,40,000
3.	Moona A/c Dr. To equity share capital A/c (10,880 x 100)		13,60,000	10,88,000

	To security premium reserve A/c (10,880 x 25) (10,880 shares issued @ 100 at 25% premium)			2,72,000
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$$\text{Number of Share} = \frac{13,60,000}{125} = 10,880 \text{ shares.}$$

43 Mangla cortubi Ltd. took over a unit of mangla tubes Ltd. consisting of machinery—40,00,000, Tools and Dies—10,00,000 and liabilities of 25,00,000 for a consideration of 20,00,000. The consideration was paid by issuing equity shares of 10 each at a premium of 5.

You are required to pass the journal entries in the books of mangla cortubi Ltd.

Solution journal

(i)	Machinery a/c Dr. Tools and dies a/c Dr. To sundry liabilities a/c To Mangla tube ltd a/c		40,00,000 10,00,000	25,00,000 20,00,000 500,000
(II)	To capital reserve a/c Mangla tube ltd. a/c To share capital a/c To security premium a/c		20,00,000	13,33,330 666,665 5

	To bank a/c			
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44 Bhusan Lamps Ltd. issued 30,000 fully paid-up shares of 100 each for purchase of the following assets and liabilities from Sharma & co.

Plant	7,00,000	Stock –in-Trade
9,00,000		
Land and building	12,00,000	Sundry Creditors
2,00,000		

Solution:

Journal

Date	Particular	L.F	Dr.	Cr.
1.	Plant A/c Dr.		7,00,000	
	Land & Building A/c Dr.		12,00,000	
	Stock in Trade A/c Dr.		9,00,000	
	Goodwill A/c Dr.		4,00,000	
	To sundry creditors A/c			2,00,000
	To Sharma & co A/c			30,00,000
	(Business purchased)			
2.	Sharma & Co A/c Dr.		30,00,000	
	To share capital A/c			30,00,000
	(30,000 shares issued @ 100 each)			

45 Sandesh Ltd took over the assets of 7,00,000 and liabilities of 2,00,000 from sanchar Ltd. payable after three months and the balance was paid by issue of equity shares of 10 each at a premium of 10% in a favour of sanchar Ltd.

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

Solution:

Journal

Date	Particular	L.F	Dr.	Cr.
1.	Assets A/c To liabilities A/c To snachar Ltd A/c To capital reserved A/c (Business purchased)	Dr.	7,00,000	2,00,000 4,59,500 40,500
2.	Sanchar Ltd A/c To Bills payable A/c (Bill accepted by sanchar Ltd)	Dr.	8,500	8,500
3.	Sanchar Ltd A/c (41,000 x 10) To equity share capital A/c (41,000 x 1) To security premium reserve A/c (41,000 equity share @ 10 each issued at 10% premium)	Dr.	4,51,000	4,10,000 41,000

46. Sandesh Ltd. purchased a running business from Sanchar Ltd. for 15,00,000 payable 10% by cheque and the balance by the issue of fully paid equity shares of 100 each at a premium of 20%. The assets and liabilities consisted of the following.

Particular	Book value	Agreed value
Building	5,00,000	6,50,000
Plant and Machinery	3,00,000	2,50,000
Stock	6,00,000	5,00,000
Trade Receivables	2,80,000	2,50,000
Trade payables	1,80,000	2,00,000

Pass the necessary journal entries in the books of Sandesh Ltd.

Solution:

Date	Particular	L.F	Dr.	Cr.
1.	Building A/c Dr.		6,50,000	
	Plant & Machinery A/c Dr.		2,50,000	
	Stock A/c Dr.		5,00,000	
	Trade receivable A/c Dr.		2,50,000	
	Goodwill A/c Dr.		50,000	
	To trade payable A/c			2,00,000
	To Sanchar Ltd. A/c			15,00,000
	(Business purchased)			

2.	Sanchar Ltd A/c To bank A/c (payment made through cheque)	Dr.	1,50,000	1,50,000
3.	Sanchar Ltd A/c To equity share capital A/c (11,250 x 100) To securities premium reserve A/c (11,250 share issued @ 100 at 20% premium)	Dr.	13,50,000	11,25,000 2,25,000

Number of Share = $\frac{13,50,000}{120} = 11,250$ shares.

47. Light Lamps Ltd. issued 50,000 shares of 10 each as fully paid-up to the promoters for their service to set-up the company. It also issued 2,000 shares of 10 each credited as fully paid-up to the underwriters of shares for their services, journalize these transactions.

Solution: Journal

Date	Particular	L.F	Dr.	Cr.
1.	Incorporation expenses A/c To promoters A/c (amount due to promoters)	Dr.	5,00,000	5,00,000

2.	promoters A/c To share capital A/c (issued of 50,000 shares @ 20 each at)	Dr.		5,00,000	
					5,00,000
3.	Underwriters A/c To share capital A/c (2,000 shares of 10 each issued to the underwriters)	Dr.		20,000	
					20,000

Forfeiture of share which were issued at par

48 Vikram Ltd. forfeited 5,000 shares of Rahul, who had applied for 6,000 shares for non-payment of allotment money of 5 per share and first call of 2 per share. Only application money of 3 was paid by him. Out of these, 3,000 shares re-issued @ 12 per share as fully paid.

Pass entries for forfeiture and reissue of shares.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr.
1.	Share capital A/c (5,000 x 10) Dr. To forfeited share A/c To share allotment A/c To share first & final call A/c(5000 x 2) (5000 shares forfeited)		5,000	18,000 22,000 10,000
2.	Bank A/c (3,000 x 12) Dr. To share capital A/c (3000 x 10) To security premium reserve A/c (3,000 x 2) (3,000 shares issued @ 12 per share fully paid-up)		36,000	30,000 6,000
3.	Share forfeited A/c Dr. To capital reserve A/c (Excess forfeited amount transferred to capital reserve) $\left[\frac{18,000}{5,000} \times 3,000 - 0 = 10,800 \right]$		10,800	10,800

49 Sangita limited invited application for issuing 60,000 shares of 10 each at par. The amount was payable as follows: on application 2 per share; on allotment 3 per share; on first and final call 5 per share . application were received for 92,000 shares.

Allotment was made on the following basis: (a) to application for 40,000 shares: full; (b) to applicants for 50,000 shares: 40% (c) to application for 2,000 shares: nil.

1,08,000 was realized on account of allotment (excluding the amount carried form application money) and 2,50,000 on account of call. The directors decided to forfeit shares of those applicants to whom full allotment was made and on which allotment money was overdue.

Pass journal entries in the books of sangita limited to record the above transaction.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr.
1.	Bank A/c (92,000 x 2) Dr. To share application A/c (Share application received)		1,84,000	1,84,000
2.	Share application A/c Dr. To share capital A/c To share allotment A/c		1,84,000	1,20,000 60,000

	To bank A/c (2,000 x 2) (Share app transferred to share capital A/c)			4,000
3.	Share allotment A/c (60,000 x 3) To share capital A/c (Share allotment due)		1,80,000	1,80,000
4.	Bank A/c Dr. To share allotment A/c (Share allotment money received)		1,08,000	1,08,000
5.	Share first & final call A/c Dr. (60,000 x 5) To share capital A/c (share first & final call due)		3,00,000	3,00,000
6.	Bank A/c Dr. To share first & final call A/c (share first call received)		2,50,000	2,50,000

7.	Share capital A/c (4,000 x 10)		40,000	
	To share forfeited A/c			8,000
	To share allotment A/c			12,000
	To share first & final call A/c (share forfeited)			20,000

50 Alpha Ltd. issued 20,000 Equity shares of 10 each at per payable: On application 2 per share; on allotment 3 per share; on first call 3 per share; on second and final call 2 per share.

Ganesh was allotted 100 shares. Pass necessary journal entry relating to the forfeiture of shares in each of the following alternative cases:

Case 1. If Ganesh failed to pay the allotment and his shares were immediately forfeited.

Case 2. If Ganesh failed to pay allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Case 3. If Ganesh failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr.
Case 1	Share capital A/c Dr.		500	
	To forfeited share A/c			200
	To share allotment A/c			300
	(shares forfeited)			
Case 2	Share capital A/c Dr.		800	
	To forfeited shares A/c			200
	To share allotment A/c			300
	To share first call A/c			300
	(shares forfeited)			
Case 3	Share capital A/c Dr.		1,000	
	To forfeited share A/c			500
	To share first call A/c			300
	To share second & final call A/c			200
	(shares forfeited)			