

Issue of Shares

Q. → Issue of Shares at Premium.

Ptd. P. Ltd had an Authorised capital of Rs 10,00,000 divided into 10,000 shares of Rs 100 each. out of these the company issued only 8000 shares at a premium of Rs 5 per share payable as follows:

On Application Rs 30, On allotment Rs 35 (including Premium), On first call Rs 20, On final call Rs 20. Application for 7500 shares were received and these shares were duly allotted to the applicants.

All the calls were made and amounts were duly received, show the Cash Book and Journal entries and prepare the Balance sheet of the company.

Solution:-

Date	Particulars	Dr	Cr
	Share Application A/c ————— Dr		2,25,000
	To Share Capital A/c		2,25,000
	(Application money on 7500 shares @ Rs 30 each transferred to Share Capital A/c)		
	Share Allotment A/c ————— Dr	2,62,500	
	To Share Capital A/c		2,25,000
	To Securities Premium A/c		37,500
	(Allotment money together with Premium due on 7500 shares)		
	Share First Call A/c ————— Dr	1,50,000	
	To Share Capital A/c		1,50,000
	(First Call money due on 7500 shares)		
	Share Final Call A/c ————— Dr	1,50,000	
	To Share Capital A/c		1,50,000
	(Final Call money due on 7500 shares)		

Cash Book

To Share Application A/c	2,25,000	By Balance old	7,87,500
To Share Allotment A/c	2,62,500		
To Share First Call A/c	1,50,000		
To Share Final Call A/c	1,50,000		
	<u>7,87,500</u>		<u>7,87,500</u>
To Balance b/d	7,87,500		

