

Calls paid-in-Advance.

Vaishali Motors Ltd. offered 10,000 shares of Rs 10 each at par to the public payable as Rs 2 on application, Rs 4 on allotment, Rs 2 on 1st call and balance as and when required.

The applications were received for all the 10,000 shares and duly allotted. A who has 100 shares, paid in full on allotment. The company paid Rs 2000 as the formation expenses.

Pass necessary Journal Entries.

Solution

Date	Particulars	Dr Cr	
		₹	Amount
	Bank A/c ————— Dr To Share Application A/c (Application money received)	20,000	20,000
	Share Application A/c ———— Dr To Share Capital A/c (Transfer of application money into Share Capital A/c)	20,000	20,000
	Share Allotment A/c ———— Dr To Share Capital A/c (Allotment Money due)	40,000	40,000
	Bank A/c ————— Dr To Share Allotment A/c To Calls paid in Advance A/c	40,400	40,000 400
	Allotment money received together with Advance on 100 shares on which entire amount was paid.		

Date	Particulars	Dr Cr	
		Amount	Amount
	Share first call A/c — — Dr	20,000	
	To Share Capital A/c		20,000
	(First call money due)		
	Bank A/c — — Dr	19,800	
	Callis paid in Advance A/c Dr	200	
	To Share First Call A/c		20,000
	(First call money received on 9,900 shares and adjustment made for 100 shares on which amount had been received with allotment money)		
	Preliminary Expenses A/c — Dr	2,000	
	To Bank A/c		2,000
	(Preliminary expenses paid)		

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