



परमाणु ऊर्जा शिक्षण संस्था

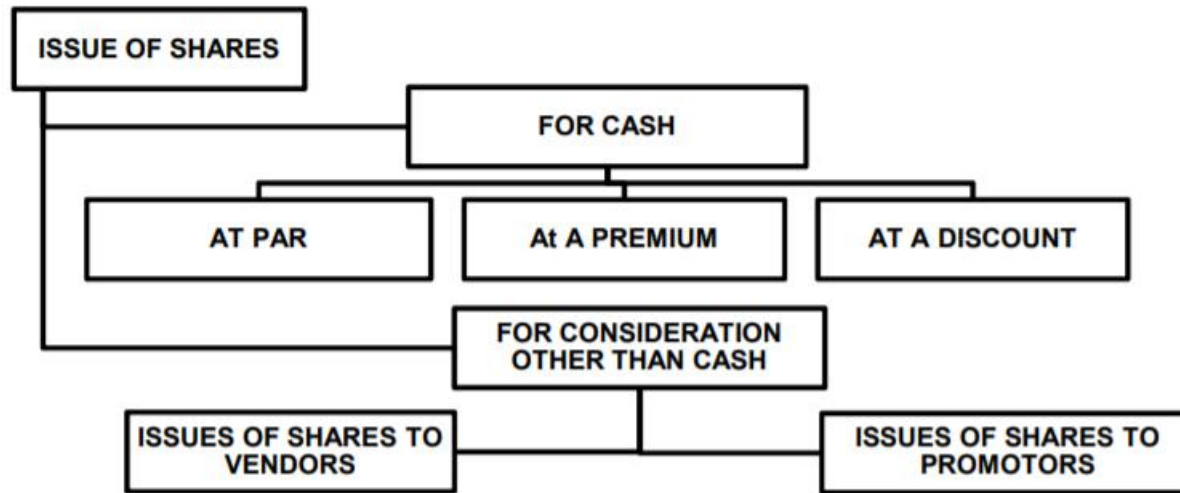
(परमाणु ऊर्जा विभाग का स्वायत्त निकाय, भारत सरकार )

**ATOMIC ENERGY EDUCATION SOCIETY**

*(An autonomous body under Department of Atomic Energy, Govt. of India)*

# Accounting for share capital (Module 2 of 4)

# Issue of shares - Possibilities



# Accounting entries for issue of shares

Date	Particulars	L.F.	Debit ₹	Credit ₹
	<b>1. On receipt of application money</b>			
	Bank A/c Dr.		xxx	
	To Equity share application A/c			xxx
	<b>2. On allotment of shares to transfer share application money</b>			
	Share application A/c Dr.		xxx	
	To Equity share capital A/c			xxx
	<b>3. On refund of application money for rejected applications</b>			
	Equity share application A/c Dr.		xxx	
	To Bank A/c			xxx
	<b>4. For allotment money due</b>			
	Equity share allotment A/c Dr.		xxx	
	To Equity share capital A/c			xxx
	<b>5. On receipt of allotment money</b>			
	Bank A/c Dr.		xxx	
	To Equity share allotment A/c			xxx
	<b>6. On making call for the call money due</b>			
	Equity share call A/c Dr.		xxx	
	To Equity share capital A/c			xxx
	<b>7. On receipt of call money</b>			
	Bank A/c Dr.		xxx	
	To Equity share call A/c			xxx

# Ex-1 (Issue of shares – Par)

Example - Thai Ltd. Issued 1,00,000 shares of face value of Rs.10 each at par. The amount was payable as follows-

On Application-Rs.5

On Allotment-Rs.2

On 1<sup>st</sup> Call-Rs.2

On 2<sup>nd</sup> and Final Call-Rs.1

The issue was fully subscribed. Pass necessary entries in the books of Thai Ltd.

In the books of Thai Ltd.

Journal entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c To Equity share application A/c (Application money received)	Dr.	5,00,000	5,00,000
	Equity share application A/c To Equity share capital A/c (Transfer of share application money to share capital)	Dr.	5,00,000	5,00,000
	Equity share allotment A/c To Equity share capital A/c (Share allotment money due)	Dr.	2,00,000	2,00,000
	Bank A/c To Equity share allotment A/c (Allotment money received)	Dr.	2,00,000	2,00,000
	Equity share first call A/c To Equity share capital A/c (Share first call money due)	Dr.	2,00,000	2,00,000
	Bank A/c To Equity share first call A/c (Share first call money received)	Dr.	2,00,000	2,00,000
	Equity share second and final call A/c To Equity share capital A/c (Share second and final call money due)	Dr.	1,00,000	1,00,000
	Bank A/c To Equity share second and final call A/c (Share second and final call money received)	Dr.	1,00,000	1,00,000

# Ex-2 (Under-subscription of shares)

In the books of Joy Company  
Journal entries

Joy Ltd. Issued 10000 shares of Rs.10 each to the public payable as –

Rs. 5 on Application

Rs. 3 on Allotment &

Rs.2 on first & final call.

However the applications were only received for 9000 shares. Pass necessary entries in the books of Joy Ltd.

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c (9,000 × 5) To Equity share application A/c (Application money received)	Dr.	45,000	45,000
	Equity share application A/c To Equity share capital A/c (Transfer of application money to share capital A/c)	Dr.	45,000	45,000
	Equity share allotment A/c To Equity share capital A/c (Allotment money due)	Dr.	27,000	27,000
	Bank A/c To Equity share allotment A/c (Allotment money received)	Dr.	27,000	27,000
	Equity share first and final call A/c To Equity share capital A/c (Call money due)	Dr.	18,000	18,000
	Bank A/c To Equity share first and final call A/c (Call money received)	Dr.	18,000	18,000

# Ex-3 (Issue of shares– Promoters, Vendors, Premium, calls in arrear & under subscription)

M.K. Ltd. Issued 100 shares of Rs.100 each to its promoters.

900 such shares were also issued to vendor against purchase of machinery of similar amount.

Another 10000 shares were issued to public at premium payable as –  
Rs.40 on Application  
Rs.40 on Allotment (including Rs. 20 premium) &  
Rs.40 on 1<sup>st</sup> & final call.

Issue was undersubscribed by 1000 shares.

Pass necessary journal entries for the above transactions in the books of M.K. Ltd assuming that 1<sup>st</sup> call has not yet made by the company and company has not received allotment money on 250 shares.

JOURNAL of M.K. Co. Ltd.

Sl.No.	Particulars	Dr.(Rs.)	Dr.(Rs.)
1.	Incorporation Expenses A/c To Share Capital A/c (Issue of shares to Directors for their services)	Dr. 10000	10000
2.	Machinery A/c To Vendor's A/c (Purchase of machinery against issue of shares)	Dr. 90000	90000
3.	Vendor's A/c To Share Capital A/c (Issue of shares to Vendor of machinery)	Dr. 90000	90000
4.	Bank A/c To Share Application A/c (Application money recd. On 9000 shares)	Dr. 360000	360000
5.	Share Application A/c To Share Capital A/c (Sh. Application money transferred to Share Capital A/c)	Dr. 360000	360000
6.	Share Allotment A/c To Share Capital A/c To Security Premium A/c (Share Allotment money called)	Dr. 360000	180000 180000
7.	Bank A/c To Share Allotment A/c (Allotment money received on 9000-250 shares)	Dr. 350000	350000