

**V. M. C. C**  
**(The Pioneer Institute for C. B. S. E. Education)**

**ACCOUNTANCY**  
**TIME: 2.15 Hrs.**

**CLASS – 12<sup>th</sup>**  
**TEST PAPER – 1**

**By: Mehul Mittal**  
**Max. Marks – 60**

**Company Accounts – Issue of Shares**

**General Instructions:**

- a) This Question Paper contains sections A only
- b) All parts of a Question should be attempted at one place.
- c) 15 minutes time has been allotted to read this question paper. The students will read the question paper only and will not write any answer on the answer script during this period.
- d) Use of calculator strictly prohibited.

**PART – A**

**COMPANY ACCOUNTS**

- Q-1.** State two purposes for which securities premium reserve can be used by a company. 1
- Q-2.** What is meant by issue of shares for consideration other than cash? 1
- Q-3.** What is meant by surrender of shares? 1
- Q-4.** Where would you transfer the balance left in the share forfeited account after the reissue of such shares? 1
- Q-5.** A Ltd. Company wants to issue a share having face value of ₹ 10 at ₹ 8? Can it do so ? State Reason 1
- Q-6.** Do you think that Calls in Advance is a part of Share Capital ? 1
- Q-7.** R Ltd. purchased the running business of M/s Mukerjee Bros, for a sum of ₹60,00,000 payable by the issue of equity shares of ₹ 10 each at ₹40. The assets and liabilities consisted of the following :  
Land and Building 32,00,000      Sundry Debtors 6,00,000  
Plant and Machinery 16,00,000      Sundry Creditors 4,00,000  
Stock 15,00,000  
Pass the necessary journal entries in the books of R Ltd. 3
- Q-8.** X Ltd., issued 50,000 shares of ₹10 each at a premium of 10% payable as ₹2 per share on application, ₹5 on allotment and ₹2 each on first and final call. Applications were received for 70,000 shares. It was decided that:  
(a) refuse allotment to the applicants of 10,000 shares  
(b) allot 15,000 shares to Anil who had applied for similar number and  
(c) allot the remaining shares on pro-rata basis.  
Anil failed to pay the allotment money and Sunil who belonged to the category 'C' and was allotted 3,500 shares paid both the calls with allotment. Calculate the amount received on allotment. 3
- Q-9.** On 1st April, 2012, Shakti Ltd. was formed with an authorized capital of ₹60,00,000 divided into 3,00,000 equity shares of ₹20 each. Out of these, 50,000 shares were issued to the vendors as fully paid up for purchase of office premises. The directors offered 1,20,000 shares to the public and called up ₹10 per share and received the entire called up amount on these shares.

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Show the share capital in the Balance Sheet of the company as per Schedule-III and also prepare 'notes to accounts'.

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- Q-10.** J.P. Ltd. purchased building costing ₹70,00,000 from M/s. Construction Ltd. The company paid ₹20,50,000 by cheque and for the balance issued equity shares of ₹100 each in favour of M/s. Construction Ltd. Pass the necessary Journal entries in the books of J.P. Ltd. for the purchase of building and making payment if shares were issued (a) at Par and (b) at a premium of 25%.

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- Q-11.** Accountancy Publication Ltd. issued 50,000 equity shares of ₹10 each at a premium of 10% payable as under :

On Application	₹3;	On Allotment	₹4 (Premium ₹1);
On First Call	₹2; and	On Final Call	₹2.

The whole of the issue was called for by the company and all the money were duly received except the allotment and calls money on 500 shares. These shares were, therefore, forfeited and later on re-issued at ₹9 per share as fully paid. Pass the necessary journal entries to record the above transactions.

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- Q-12.** A company issued 10,000 shares of ₹10 each at a premium of ₹1 per share, payment to be made as follows :

On Application	3	On Allotment	? (including premium)
On First call	2	On Second and final call	2

Applications were received for 20,000 shares. Applications for 5,000 shares were rejected and allotment was made proportionately to the remaining applicants. The directors made both the calls and all the money were received, except the allotment, first call and final call on 400 shares, which were subsequently forfeited. Later, 300 of the forfeited shares were re-issued as fully paid @ ₹15 per share. Give journal entries to record the above.

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- Q-13.** Paliwal Exports Ltd. with a share capital of ₹10,00,000 divided into 20,000 shares of ₹50 each offers the shares to the public as under

₹15 per share payable on application; ₹15 per share payable on allotment; ₹10 per share payable on 1st call; and ₹10 per share payable on second call.

Shareholder 'A' who holds 200 shares has paid only the application money.

Shareholder 'B' who holds 300 shares has paid only the application and allotment money.

Shareholder 'C' who holds 400 shares has paid application, allotment and first call money.

The company forfeits the shares of the above shareholders who have not paid the arrears and re-issued 600 of these shares at a discount of 20%.

Journalise the above transactions including entries relating to Bank in the books of Paliwal Exports Ltd.

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- Q-14.** Elite Ltd. invited applications from public for 5,00,000 equity shares of ₹10 each issued at ₹11 per share. The payment was to be made as follows :

₹4 on Application; ₹4 on Allotment including premium, and ₹4 on call.

Applications for 6,50,000 shares were received. Allotment of shares was made as follows:

- (1) 100% shares to applicants of 4,00,000 shares;
- (2) 50% shares to applicants of 2,00,000 shares,
- (3) No allotment to applicants of 50,000 shares.

A shareholder to whom 500 shares were allotted under category (1) paid full amount due on shares along with allotment money. Another shareholder holding 1,000 shares failed to pay the amount due on call. His shares were forfeited and 800 of these shares were subsequently re-issued as fully paid-up @ ₹8 per share. Pass the journal entries.

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- Q-15.** A company invited applications for the issue of 60,000 Equity Shares of ₹10 each at a premium of ₹2 per share. Applications were received for 90,000 shares. 20% of the total applications were rejected and the balance were allotted shares on pro-rata basis. The amounts were payable as follows :  
₹2 on application, ₹6 on allotment and balance on the first and final call. X who had applied for 6,000 shares failed to pay the allotment money and his shares were immediately forfeited. Y who was allotted 4,000 shares, paid only ₹8,000 on allotment. On the failure to pay the first call, Y's shares were also forfeited, Pass necessary Journal entries to record the above transactions. 6
- Q-16.** Gupta Ltd. issued 10,000 shares of ₹ 10 each at a premium of ₹ 1 per share (to be adjusted on allotment) payable as follows :  
₹2.50 on application ₹4.00 on allotment ₹2.50 on 1st Call & Balance on Final Call  
Subscription list was closed on 1-4-1996 by which date applications for 23,000 shares were received. Allotment was made as follows :  
List I — Applicants for 2,000 shares were allotted in full;  
List II — Applicants for 6,000 shares were allotted 3,000 shares on pro-rata basis.  
List III — Applicants for 15,000 shares were allotted only 5,000 shares on pro-rata basis.  
Excess money received on application was utilised towards allotment and call.  
All the shareholders paid the amounts due on allotment and call except A (who was allotted 300 shares under list II) and B (who was allotted 500 shares under list III). Both of these shareholders paid only the application money.  
Their shares were duly forfeited after 1<sup>st</sup> Call & After that 2<sup>nd</sup> Call made . Forfeited shares were re-issued at ₹8 per share fully paid. Pass the necessary journal entries. 8
- Q-17.** AB Ltd. invited applications for issuing 1,00,000 equity shares of ₹ 10 each. The amount was payable as follows :  
On Application ₹3 per share  
On Allotment ₹3 per share  
On First and Final Call ₹4 per share  
Applications for 1,50,000 shares were received and pro-rata allotment was made to all applicants as follows;  
Applicants for 80,000 shares were allotted 60,000 shares on pro-rata basis.  
Applicants for 70,000 shares were allotted 40,000 shares on pro-rata basis.  
Sudha, to whom 600 shares were allotted out of the group applying for 80,000 shares failed to pay the allotment money. Her shares were forfeited immediately after allotment.  
Asha, who had applied for 1,400 shares out of the group applying for 70,000 shares failed to pay the first and final call. Her shares were also forfeited.  
Out of the forfeited shares 1,000 were re-issued @ ₹8 per share fully paid-up. The re-issued shares included all the forfeited shares of Sudha.  
Pass necessary journal entries to record the above transactions. 8

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