



Q17. Life machine tools Limited, issued 50,000 equity shares of Rs.10 each at Rs.12 per share, payable at to Rs.5 on application (including premium), Rs.4 on allotment and the balance on the first and final call.

Applications for 70,000 shares had been received. Of the cash received, Rs.40,000 was returned and Rs.60,000 was applied to the amount due on allotment, the balance of which was paid. All shareholders paid the call due, with the exception of one share holder of 500 shares. These shares were forfeited and reissued as fully paid at Rs.8 per share. Journalise the transactions.

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(i)	Bank A/c (70,000 × 5) Dr To Share Application A/c (Being application money received on application for 70,000 shares @ ₹ 5 per share including premium ₹ 2)		3,50,000	3,50,000
(ii)	Share Application A/c Dr To Share Capital A/c (50,000 × 3) To Securities Premium A/c (50,000 × 2) To Share Allotment A/c To Bank A/c (Being share application money for 50,000 shares transferred to share capital account and securities premium, ₹ 60,000 adjusted to allotment and ₹40,000 returned)		3,50,000	1,50,000 1,00,000 60,000 40,000
(iii)	Share Allotment A/c Dr To Share Capital A/c (50,000 × 4) (Being share allotment money due on 50,000 shares @ ₹ 4 per share)		2,00,000	2,00,000
(iv)	Bank A/c (2,00,000 – 60,000) Dr To Share Allotment A/c (Being share allotment money received on shares allotment)		1,40,000	1,40,000
(v)	Share First and Final Call A/c Dr To Share Capital A/c (50,000 × 3) (Being share first and final call money due on 50,000 share @ ₹ 3 per share)		1,50,000	1,50,000

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(vi)	Bank A/c (49,500 × 3) Dr To Share First and Final Call A/c (Being share first and final call money received from 49,500 shares @ ₹ 3 per share and 500 shares failed to pay)		1,48,500	1,48,500
(vii)	Share Capital A/c (500 × 10) Dr To Share First and Final Call A/c (500 × 3) To Share Forfeiture A/c (500 × 7) (Being 500 shares @ ₹ per share fully paid up forfeited for the non-payment of share first and final Call ₹ 3 per share)		5,000	1,500 3,500
(viii)	Bank A/c (500 × 8) Dr Share Forfeiture A/c (500 × 2) Dr To Share Capital A/c (Being 500 shares reissued @ ₹ 8 per share fully paid up)		4,000 1,000	5,000
(ix)	Share Forfeiture A/c (3500 – 1000) Dr To Capital Reserve A/c (Being balance of 500 shares in forfeiture account after adjustment, transferred to capital reserve account)		2,500	2,500

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