



Q8. Sumit Machine Ltd issued 50,000 shares of Rs.100 each at discount of 5%. The shares were payable Rs.25 on application, Rs. 40 on allotment and Rs.30 on first and final call. The issue were fully subscribed and money were duly received except the final call on 400 shares. The discount was adjusted on allotment. Give journal entries and prepare balance sheet.

### Answer

#### Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(i)	Bank A/c (50,000×25) To Share Application A/c (Being share application money received on application for 50,000 shares @ ₹ 25 per share)	Dr	12,50,000	12,50,000
(ii)	Share Application A/c To Share Capital A/c (50,000×25) (Being share application money of 50,000 shares transferred to share capital account)	Dr	12,50,000	12,50,000
(iii)	Share Allotment A/c (50,000×40) Discount on Issue of Shares (50,000×5) To Share Capital A/c (50,000×45) (Being share allotment money due on 50,000 shares @ ₹ 40 each at discount of ₹ 5)	Dr Dr	20,00,000 2,50,000	22,50,000
(iv)	Bank A/c (50,000×40) To Share Allotment A/c (Being allotment money received for 50,000 shares @ ₹ 40 per share)	Dr	20,00,000	20,00,000
(v)	Share First and Final Call A/c To Share Capital A/c (50,000×30) (Being share first and final call due on 50,000 shares @ ₹ 30 per share)	Dr	15,00,000	15,00,000
(vi)	Bank A/c (50,000×30) Call-in-Arrears A/c To Share First and Final call A/c (Being share first and final call received except 400 shares)	Dr Dr	14,88,000 12,000	15,00,000

#### Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
<b>Shares Capital</b>		<b>Current Assets</b>	
Authorised Capital			
Issued Capital			
50,000 shares @ 100 each	50,00,000	Cash at Bank	47,38,000
		<b>Miscellaneous Expenditure</b>	
Subscribed and Paid-up		Discount on Issue of Shares	2,50,000
50,000 shares of ₹ 100 each	50,00,000		
(-) Calls-in-Arrears (12,000)	49,88,000		
	49,88,000		49,88,000

\*\*\*\*\* END \*\*\*\*\*

