



Q6. A limited company offered for subscription of 1,00,000 equity shares of Rs.10 each at a premium of Rs.2 per share. 2,00,000. 10% Preference shares of Rs.10 each at par.
The amount on share was payable as under :

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	Equity Shares	Preference Shares
On Application	₹ 3 per share	₹ 3 per share
On Allotment	₹ 5 per share (including a premium)	₹ 4 per share
On First Call	₹ 4 per share	₹ 3 per share

All the shares were fully subscribed, called-up and paid.

Record these transactions in the journal and cash book of the company.

Answer

Journal Entries

Date	Particulars	LF	Amt. (Dr)	Amt. (Cr)
(i)	Equity Share Application A/c Dr		3,00,000	
	10% Preference Share Application A/c Dr		6,00,000	
	To Equity Share Capital A/c (1,00,000×3)			3,00,000
	To 10% Preference Share Capital A/c (2,00,000×3)			6,00,000
	(Being application money transferred to equity share capital)			
(ii)	Equity Share Allotment A/c Dr		5,00,000	
	10% Preference Share Allotment A/c Dr		8,00,000	
	To Equity Share Capital A/c (1,00,000×3)			3,00,000
	To Securities Premium A/c (1,00,000×2)			2,00,000
	To 10% Preference Share Allotment A/c (2,00,000×4)			8,00,000
	(Being amount due on allotment)			
(iii)	Equity Share First and Final Call A/c Dr		4,00,000	
	10% Preference Share First and Final Call A/c Dr		6,00,000	
	To Equity Share Capital A/c (1,00,000×4)			4,00,000
	To 10% Preference Share Capital A/c (2,00,000×3)			6,00,000
	(Being amount on first and final call due)			

Dr

Cash Book (Bank Column)

Cr

Date	Particulars	JF	Amt. (₹)	Date	Particulars	JF	Amt. (₹)
	To Equity Share Application		3,00,000				
	To 10% Preference Share Application		6,00,000				
	To Equity Share Allotment		5,00,000				
	To 10% Preference Share Allotment		8,00,000				
	To Equity Share First and Final Call		4,00,000		By Balance c/d		32,00,000
	To 10% Preference Share First and Final Call		6,00,000				
			32,00,000				32,00,000

Note Entries related to money received are directly taken in cash book. The entries for equity shares and preference shares can be made separately also.

***** END *****