

Q:- Escort India Ltd. issued 30,000 shares @ ₹ 10 each. Payment on these shares is to be made in the following manner - Application fee ₹ 2 per share received on 1st Jan, 2010, Allotment fee ₹ 3 received on 1st Feb, 2010, First call of ₹ 2 and 2nd call of ₹ 3 were received on 1st July 2010 and Nov. 1st 2010 respectively. Pankaj who had 500 shares paid the amount of 2nd call with 1st call. 6% interest is payable on calls in advance according to Articles of Association. All the calls were made & amounts were duly received. Interest was paid to the shareholders on 1st Nov. 2010.

Pass the necessary journal entries in the books of company.

Soln

Journal entries

Date	Particulars	(Dr) Amount	(Cr) Amount
Jan 1 2010	Bank A/c — Dr to Sh. Application	60,000	60,000
	(Being amount received on share application 30000 shares @ ₹ 2 per share)		

July	2018
Mon	30 2 9 16 23
Tue	31 3 10 17 24
Wed	4 11 18 25

03 2018 TUESDAY

JULY

Date	Particulars	Amnt (Dr)	Amnt (Cr)
	Share Appli. A/c — Dr To Sh. Cap. A/c	60,000	60,000
	(Being +ff of application money to Sh. Cap. A/c)		
	Share Allotment A/c — Dr To Share Capital	90,000	90,000
	(Being allotment money due on 30,000 shares @ ₹3 per share)		
1 Feb 2010	Bank A/c — Dr To Sh. Allotment A/c	90,000	90,000
	(Being allotment money received)		
	Share 1st call A/c — Dr To Sh. Cap. A/c	60,000	60,000
	(Being 1st call money due on 30,000 shares @ ₹2 per share)		
July 1	Bank A/c — Dr To Sh. 1st call A/c To calls in Advance A/c	61,500	60,000 1,500
	(Being 1st call money received on 30,000 shares + received ₹1500 calls in advance on 500 shares @ ₹3 per share)		

July	2018
Mon	30 2 9 16 23
Tue	31 3 10 17 24
Wed	4 11 18 25
Thu	5 12 19 26
Fri	6 13 20 27
Sat	7 14 21 28
Sun	8 15 22 29

July

2018 WEDNESDAY 04

Date	Particulars	(Dr) Amt.	(Cr) Amt.
	Share 2nd & final call A/c — Dr To sh. Cap. A/c	90,000	90,000
	(Being 2nd call money due on 30,000 shares @ ₹3 per share)		
Nov 1 2010	Bank A/c — Dr Calls in Advance A/c — Dr To Share 2nd & final call A/c	88,500 1,500	90,000
	(Being amount received on 2nd call on 29,500 shares & adjustment of ₹1,500 received in advance)		
	Interest on Calls in Adv. A/c — Dr To Bank A/c	30	30
	(Being interest paid on amount of calls paid in advance)		

W.N

$$\text{Interest} = 1500 \times \frac{4}{12} \times \frac{6}{100}$$

$$= ₹ 30 \quad \underline{\text{Ans}}$$

August	2018		
Mon	6	13	20 27
Tue	7	14	21 28
Wed	1 8	15 22	29
Thu	2 9	16 23	30
Fri	3 10	17 24	31
Sat	4 11	18 25	

Issue of Shares at Premium

Accounting Treatment

① When share premium is payable with Application money -

(i) At the time of receipt of Application money -

Bank A/c ———— Dr
 To Share Application A/c

(with total application money including share premium)

(Being share application money received alongwith premium)

(ii) At the time of transfer of Application Money :-

Share Application A/c ———— Dr
 To Share Capital A/c
 To Securities Premium A/c

(Total Application money with money received for capital & money received for share premium)

(Being Application money transferred to share capital & share securities premium A/c)

July		2018	
Mon	30	2	9 16 23
Tue	31	3	10 17 24
Wed		4	11 18 25
Thu		5	12 19 26
Fri		6	13 20 27
Sat		7	14 21 28
Sun	1	8	15 22 29

② When premium is payable on Allotment:

(i) Share Allotment A/c — Dr
 To Share Capital A/c
~~To Share P/c~~
 To Securities premium A/c

(Being allotment money due together with premium)

(ii) On receipt of allotment money :-

Bank A/c — Dr
 To Share Allotment A/c

(Being allotment money received including premium).

③ When premium is payable on Calls :-

(i) Share Call A/c — Dr
 To Share Capital A/c
 To Securities premium A/c

(Being call money due with premium)

(ii) When call money is received :-

Bank A/c — Dr
 To Share Call A/c

(Being call money received with premium).

August	2018			
Mon	6	13	20	27
Tue	7	14	21	28
Wed	1	8	15	22
Thu	2	9	16	23
Fri	3	10	17	24
Sat	4	11	18	25
Sun	5	12	19	26