S Ltd. Having an authorised capital of Rs.15,00,000 shares of Rs.10 each, issued 1,00,000 shares of Rs.10 each payable as under:-

On application Rs.2/=	On Allotment Rs.3/=
On First call Rs.2/=	On final Call Rs.3/=

Applications received from the public totalled 1,50,000 shares. The directors decided to allot as follows:-

To the Applications for 70,000 shares	– Full
To the Applications for 50,000 shares	– 30,000 shares
To the Applications for 30,000 shares	– Nil

The directors did not make the final call. All moneys except first call on 4,000 shares were duly received.
Pass necessary journal entries and show balance sheet.

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Solution:-

Working note:-	(1)	(2)	(3)	(4)	
	1,00,000 @ 2	1,00,000 @ 3	1,00,000 @ 2		<-Scheme given in problem
Amount Due->	Rs.2,00,000	Rs.3,00,000	Rs.2,00,000		
	Application	**Allotment**	**1^{st} Call**	**Final Call**	
Amt Received->					

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Amount Due->	Rs.2,00,000	Rs.3,00,000	Rs.2,00,000		
	Application	**Allotment**	**1st Call**	**Final Call**	
Amt Received->					
1,50,000 @ 2	Rs.3,00,000				
	========				
Excess amt	Rs.1,00,000				
Returned:					

S Ltd. Having an authorised capital of Rs.15,00,000 shares of Rs.10 each, issued 1,00,000 shares of Rs.10 each payable as under:-

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Amount Due->	Rs.2,00,000	Rs.3,00,000	Rs.2,00,000		
	Application	**Allotment**	**1^{st} Call**	**Final Call**	
Amt Received->					
1,50,000 @ 2	Rs.3,00,000				
	========				
Excess amt	Rs.1,00,000				
Returned:					

Journal entries

Date	Particulars	Dr	Cr
(1)	Bank a/c Dr	3,00,000	
	To Share Application a/c		3,00,000
	(Being Application money Received)		

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On application Rs.2/= On Allotment Rs.3/=
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	1,00,000 @ 2	1,00,000 @ 3	1,00,000 @ 2		<-Scheme given in problem
Amount Due->	Rs.2,00,000	Rs.3,00,000	Rs.2,00,000		
	Application	**Allotment**	**1st Call**	**Final Call**	
Amt Received->					
1,50,000 @ 2	Rs.3,00,000				
	========				
Excess amt	Rs.1,00,000				
Returned:					

Journal entries

Date	Particulars	Dr	Cr
(1)	Bank a/c Dr	3,00,000	
	To Share Application a/c		3,00,000
	(Being Application money Received)		
	Share Application a/c Dr	3,00,000	
	To Share Capital a/c		2,00,000
	To Bank a/c		1,00,000
	(Being Appli. money transferred to Share Capital a/c and Excess amounts returned)		

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On application Rs.2/= On Allotment Rs.3/=

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	1,00,000 @ 2	1,00,000 @ 3	1,00,000 @ 2		<-Scheme given in problem
Amount Due->	Rs.2,00,000	Rs.3,00,000	Rs.2,00,000		
	Application	**Allotment**	**1st Call**	**Final Call**	
Amt Received->					
1,50,000 @ 2	Rs.3,00,000	Rs.3,00,000			
	========				
Excess amt	Rs.1,00,000				
Returned:					

Journal entries

Date	Particulars	Dr	Cr
(2)	Share Allotment a/c Dr	3,00,000	
	To Share Capital a/c		3,00,000
	(Being amount due on allotment)		
	Bank a/c Dr	3,00,000	
	To Share Allotment a/c		3,00,000
	(Being Allotment money received)		

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Amount Due->	Rs.2,00,000	Rs.3,00,000	Rs.2,00,000		
	Application	**Allotment**	**1st Call**	**Final Call**	
Amt Received->					
1,50,000 @ 2	Rs.3,00,000	Rs.3,00,000	Rs.1,92,000		
	========				
Excess amt	Rs.1,00,000		Arrears 8,000		
Returned:					

Journal entries

Date	Particulars	Dr	Cr

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Amount Due->	Rs.2,00,000	Rs.3,00,000	Rs.2,00,000		
	Application	**Allotment**	**1st Call**	**Final Call**	
Amt Received->					
1,50,000 @ 2	Rs.3,00,000	Rs.3,00,000	Rs.1,92,000		
	========				
Excess amt	Rs.1,00,000		Arrears 8,000		
Returned:					

Journal entries

Date	Particulars	Dr	Cr
(3)	Share 1st call a/c Dr	2,00,000	
	To Share Capital a/c		2,00,000
	(Being amount due on 1st call)		
	Bank a/c Dr	1,92,000	
	Calls in arrears a/c Dr	8,000	
	To Share 1st call a/c		2,00,000
	(Being 1st call money received except for 4,000 shares)		

Ledgers

Bank a/c

Dr			Cr
To Share Application	3,00,000	By Share Application	1,00,000
To Share Allotment	3,00,000		
To Share 1st call	1,92,000	By balance c/d	6,92,000
	7,92,000		7,92,000
To balance b/d	**6,92,000**		

Share Application a/c

Dr			Cr
To Share Capital	2,00,000	By Bank	3,00,000
To Bank	1,00,000		

Share Capital a/c

Dr			Cr
		By Share Application	2,00,000
		By Share Allotment	3,00,000
To balance c/d		By Share 1st call	2,00,000
	7,00,000		7,00,000
		By Balance b/d	**7,00,000**

Share Allotment a/c

Dr			Cr
To Share Capital	3,00,000	By Bank	3,00,000

Share 1st Call A/c

Dr			Cr
To Share Capital	2,00,000	By Bank	1,92,000
		By Calls in Arrears	8,000

Calls in Arrears A/c

Dr			Cr
To Share 1st call	8,000		
		By balance c/d	8,000
	8,000		8,000
To balance b/d	**8,000**		

Trial Balance

	Dr		Cr
Bank	6,92,000	Share Capital	7,00,000
Calls in Arrears	8,000		
	7,00,000		7,00,000

Balance Sheet as At ....

Liabilities		Amount	Assets	Amount
Authorised Capital			Bank	6,92,000
1,50,000 Shares @Rs10		15,00,000		
Issued and Subscribed Capital				
1,00,000 Shares @Rs10		10,00,000		
Called and Paid up Capital				
10,000 Shares of Rs.7 each	7,00,000			
Less: Calls in arrears	8,000	6,92,000		
		6,92,000		6,92,000