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## CHAPTER 6

Note: Answers to the alternate questions have been provided. It gives you opportunity to work on the other questions \& come up with relevant solutions.

## Multiple Choice Questions

1. C
2. -------
3. D
4. -------
5. C
6. -------
7. C
8. -------
9. E
10. -------
11. A
12. -------
13. A
14. -------
15. B
16. -------
17. A
18. -------

## True OR False

1. True
2. -------
3. False
4. -------
5. True
6. False (in a general/practical context) but True (in a theoretical context)
7. -------
8. True
9. -------
10. True
11. 
12. False
13. -------
14. False
15. -------
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16. False
17. -------
18. False
19. -------
20. False
21. 
22. True
23. 

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## CHAPTER 6

## Exercise

## 1 Sai Limited:

1. 

## SAI LIMITED

JOURNAL

| PARTICULARS | L/F | DEBIT | CREDIT |
| :--- | ---: | ---: | ---: |
| By Machinery Account <br> To Bank Account <br> To Equity Share Capital |  | $1,25,000$ |  |
| (Being machinery purchased by issue of <br> equity shares of Rs 10 each after the <br> payment of Rs 25,000 by way of Demand <br> Draft) |  |  | $1,00,000$ |

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## 3 Marandi Gardens Ltd.:

## JOURNAL ENTRIES

| PARTICULARS | L/F | DEBIT | CREDIT |
| :--- | :---: | :---: | :---: |
| Bank Account Dr. <br> To Equity Share Application <br> (Being application money received for <br> 50,000 share @ Rs 5 per share) |  | $2,50,000$ | $2,50,000$ |
| Equity Share Application Dr. <br> To Equity Share Capital <br> (Being the application money transferred <br> to share capital Account) |  | $2,50,000$ |  |
| Equity Share Allotment Dr. <br> To Equity Share Capital <br> To Equity Share Premium |  | $2,00,000$ |  |
| (being amount due on equity share <br> allotment call) <br> Bank Account Dr. <br> To Equity Share Allotment <br> (Being the allotment money received) <br> Equity Share First \& Final Call Dr. <br> To Equity Share Capital <br> (Being amount due on First and Final <br> Call) <br> Bank Account Dr. <br> To Equity Share First \& Final Call <br> (Being amount received from call) |  | $2,00,000$ | $1,00,000$ |

BANK ACCOUNT

| DEBIT | Amount | CREDIT | Amount |
| :--- | :---: | :---: | :---: |
| To, Equity Share Application | $2,50,000$ | By, Balance (Closing) | $6,00,000$ |
| To, Equity Share Allotment | $2,00,000$ |  |  |
| To, Equity Share Call | $1,50,000$ |  |  |
|  | $6,00,000$ |  | $6,00,000$ |

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BALANCE SHEET
As at $31^{\text {st }}$ March ...............

| ASSETS | Amount | LIABILITIES | Amount |
| :---: | :---: | :---: | :---: |
| Bank Balance | $6,00,000$ | Equity Share Capital |  |
|  |  | Authorised Capital <br> $\ldots . .$. Equity Share @... each <br> Subscribed \& Paid Up Capital <br> 50,000 Eq. Shares @ 10 each <br> Share Premium | $5,00,000$ |
|  |  | $6,00,000$ |  |

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## 5. Rangoli Colors Limited:

## ELIZABETH COLORS LIMITED

JOURNAL

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| Equity Share Capital Dr. | 3,75,000 |  |
| :---: | :---: | :---: |
| To Equity Share Allotment |  | 1,50,000 |
| To Equity Share $1^{\text {st }}$ Call |  | 1,00,000 |
| To Shares Forfeiture Account <br> (Being 5,000 shares of Damine forfeited) |  | 1,25,000 |
| Equity Share 2nd Call <br> To Equity Share Capital <br> (Being the amount due on 2nd Call) | 73,75,000 | 73,75,000 |
| Bank Account Dr. To Equity Share 2nd Call (Being 2nd Call money received) | 73,75,000 | 73,75,000 |
| Bank Account Dr. | 4,50,000 |  |
| Shares Forfeiture Account Dr. <br> To Equity Share Capital <br> (Being reissue of forfeited shares to Hafeez for Rs 90/- per share fully paid) | 50,000 | 5,00,000 |
| Shares Forfeiture Account Dr. <br> To Capital Reserve <br> (Being the balance in the shares forfeiture account transferred to Capital reserve A/c) | 75,000 | 75,000 |

