#### **CHAPTER 6**

<u>Note:</u> 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

True
 ----- False
 ----- True
 False (in a general/practical context) but True (in a theoretical context)
 ----- True
 ----- True
 False
 ----- False
 ------ False
 -------

1	6	Fal	se
1	v.	1 (1)	S

17. -----

18. False

19. -----

20. False

21. -----

22. True

23. -----

# CHAPTER 6 Exercise

#### 1 Sai Limited:

1.

## SAI LIMITED JOURNAL

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

# 3 Marandi Gardens Ltd.:

## **JOURNAL ENTRIES**

PARTICULARS	L/F	DEBIT	CREDIT
Bank Account Dr.		2,50,000	2,50,000
To Equity Share Application			
(Being application money received for			
50,000 share @ Rs 5 per share)			
Equity Share Application Dr.		2,50,000	
To Equity Share Capital		2,30,000	2,50,000
(Being the application money transferred			2,50,000
to share capital Account)			
,			
Equity Share Allotment Dr.		2,00,000	
To Equity Share Capital			1,00,000
To Equity Share Premium			1,00,000
(being amount due on equity share			
allotment call)			
Bank Account Dr.		2,00,000	
To Equity Share Allotment		2,00,000	2,00,000
(Being the allotment money received)			2,00,000
(Being the unother money received)			
Equity Share First & Final Call Dr.		1,50,000	
To Equity Share Capital		, ,	1,50,000
(Being amount due on First and Final			
Call)			
Book Assessed Do		1.50.000	
Bank Account Dr.		1,50,000	1,50,000
To Equity Share First & Final Call (Being amount received from call)			1,50,000
(Deing amount received from earl)			

# 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

# BALANCE SHEET As at 31<sup>st</sup> March ......

ASSETS	Amount	LIABILITIES	Amount
Bank Balance	6,00,000	Equity Share Capital	
		Authorised Capital Equity Share @ each	
		Subscribed & Paid Up Capital 50,000 Eq. Shares @ 10 each	5,00,000
		Share Premium	1,00,000
	6,00,000		6,00,000

# 5. Rangoli Colors Limited:

## **ELIZABETH COLORS LIMITED**

**JOURNAL** 

PARTICULARS	L/F	DEBIT	CREDIT
Bank Account Dr.		1,30,00,000	
To 12 % Pref. Share Application			50,00,000
To Equity Share Application			80,00,000
(Being amount received from 2,00,000			
preference shares and 3,00,000 equity shares)			
12 % Pref. Share Application Dr.		50,00,000	
To Preference Share Capital		30,00,000	50,00,000
(Being amount of application money			2 0,0 0,0 0 0
transferred to the preference share capital)			
Equity Share Application Dr.		80,00,000	
To Equity Share Capital			75,00,000
To Bank			5,00,000
( Being amount of Equity share application money transferred to Equity share capital and			
application money refunded for applicants of			
20,000 shares @ Rs 25/- per share)			
The second of the second of the second of			
12 % Preference Share Allotment Dr.		50,00,000	
Equity Share Allotment Dr.		90,00,000	
To Preference Share Capital			50,00,000
To Equity Share Capital			90,00,000
(Being the amount due on allotment)			
Bank Account Dr.		1,38,50,000	
To 12 % Preference Share Allotment			50,00,000
To Equity Share Allotment			88,50,000
(Being Allotment money received)			
ot a set		4 00 00 00	
12 % Preference Share 1 <sup>st</sup> Call Dr.		1,00,00,000	
Equity Share 1st Call Dr.		60,00,000	1 00 00 000
To Preference Share Capital To Equity Share Capital			1,00,00,000 60,00,000
(Being the amount due on 1 <sup>st</sup> Call)			00,00,000
(Zeing the uniount due on 1 Cuit)			
Bank Account Dr.		1,59,00,000	
To 12 % Preference Share 1 <sup>st</sup> Call			1,00,00,000
To Equity Share 1 <sup>st</sup> Call			59,00,000
(Being 1 <sup>st</sup> Call money received)			

Equity Share Capital Dr.  To Equity Share Allotment To Equity Share 1 <sup>st</sup> Call To Shares Forfeiture Account (Being 5,000 shares of Damine forfeited)	3,75,000	1,50,000 1,00,000 1,25,000
Equity Share 2nd Call Dr.  To Equity Share Capital (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. Shares Forfeiture Account Dr. To Equity Share Capital (Being reissue of forfeited shares to Hafeez for Rs 90/- per share fully paid)	4,50,000 50,000	5,00,000
Shares Forfeiture Account Dr. To Capital Reserve (Being the balance in the shares forfeiture account transferred to Capital reserve A/c)	75,000	75,000