

|    |  |  |           |                                  |
|----|--|--|-----------|----------------------------------|
| 31 | Machinery A/c      Dr..<br>To Ayer Ltd A/c<br>(Being Machinery purchased from Ayer Ltd for Rs 10,00,000)   |  | 10,00,000 | 10,00,000                        |
|    |  |  |           |                                  |
|    | Ayer Ltd A/c      Dr..<br>To Equity Share Capital A/c<br>To Security Premium Reserve A/c<br>To Bank A/c<br><br>(Being 4000 shares @ Rs 100 each issued at 25% premium to Ayer Ltd) |  | 10,00,000 | 4,00,000<br>1,00,000<br>5,00,000 |

**Note :**

|                                |          |
|--------------------------------|----------|
| Sum paid through shares issued | 5,00,000 |
| Per Share Value                | 125.0    |
| No of shares issued            | 4,000    |

|    |  |  |          |          |
|----|--|--|----------|----------|
| 32 | Sundry Assets A/c      Dr..<br>To Geeta & Co A/c<br>(Being assets purchased from Geeta & Co for Rs 5,00,000) |  | 5,00,000 | 5,00,000 |
|    |  |  |          |          |
|    | Geeta & Co A/c      Dr..<br>To Equity Share Capital A/c  |  | 5,00,000 | 3,20,000 |

|  |   |  |  |          |
|--|---|--|--|----------|
|  | To Security Premium Reserve A/c                                       |  |  | 80,000   |
|  | To Bank A/c   |  |  | 1,00,000 |
|  | (Being 32000 shares @ Rs 10 each issued at 25% premium to Geeta & Co) |  |  |          |

**Note :**

|                                |          |
|--------------------------------|----------|
| Sum paid through shares issued | 4,00,000 |
| Per Share Value                | 12.5     |
| No of shares issued            | 32,000   |

|           |  |  |           |           |
|-----------|--|--|-----------|-----------|
| <b>33</b> | Machinery A/c Dr..   |  | 17,00,000 |           |
|           | To Mona Ltd A/c  |  |           | 17,00,000 |
|           | (Being Machinery purchased from Ayer Ltd for Rs 10,00,000)           |  |           |           |
|           | Mona Ltd A/c Dr..  |  | 17,00,000 |           |
|           | To Equity Share Capital A/c  |  |           | 10,88,000 |
|           | To Security Premium Reserve A/c                                      |  |           | 2,72,000  |
|           | To Bank A/c  |  |           | 3,40,000  |
|           | (Being 10880 shares @ Rs 100 each issued at 25% premium to Mona Ltd) |  |           |           |

**Note :**

|                                |                                 |
|--------------------------------|---------------------------------|
| Sum paid through shares issued | 13,60,000 (1700000 Less 340000) |
| Per Share Value                | 125.0                           |
| No of shares issued            | 10,880                          |

|           |                            |  |           |  |
|-----------|----------------------------|--|-----------|--|
| <b>34</b> | Plant A/c Dr..             |  | 7,00,000  |  |
|           | Stock-In-Trade A/c Dr..    |  | 9,00,000  |  |
|           | Land and Building A/c Dr.. |  | 12,00,000 |  |

|  |  |           |           |
|--|--|-----------|-----------|
| Goodwill A/c   |  | 4,00,000  |           |
| To Sundry Creditors A/c  |  |           | 2,00,000  |
| To Vendor A/c  |  |           | 30,00,000 |
| (Being Asset and Liabilities purchased from Vendor for Rs 30,00,000) |  |           |           |
| Vendor A/c     Dr..  |  | 30,00,000 |           |
| To Equity Share Capital A/c  |  |           | 30,00,000 |
| (Being 30,000 shares @ Rs 100 each issued to Sharma & Co)            |  |           |           |

**Calculation of Net Assets :**

|   |                  |        |     |
|---|------------------|--------|-----|
| Plant   | 7,00,000         |        |     |
| Stock in Trade  | 9,00,000         |        |     |
| Land and Buildings  | 12,00,000        |        |     |
| <b>Total Assets</b>   | <b>28,00,000</b> |        |     |
| Less - Sundry Creditors   | 2,00,000         |        |     |
| <b>Net Assets</b>   | <b>26,00,000</b> |        |     |
| Less - Purchase consideration (Fully Paid up shares issued)           | 30,00,000        | 30,000 | 100 |
| <b>Goodwill (As Purchase consideration is higher than Net Assets)</b> | <b>4,00,000</b>  |        |     |

35

|  |  |          |          |
|--|--|----------|----------|
| Sundry Assets A/c     Dr..   |  | 7,00,000 |          |
| To Sundry Liabilities A/c  |  |          | 2,00,000 |
| To Sanchar Ltd A/c   |  |          | 4,59,500 |
| To Capital Reserve A/c   |  |          | 40,500   |
| (Being Asset and Liabilities purchased from M/s Sanchar Ltd for Rs 459500) |  |          |          |
| Sanchar Ltd A/c     Dr..   |  | 4,59,500 |          |

|   |  |  |          |
|---|--|--|----------|
| To Equity Share Capital A/c   |  |  | 4,10,000 |
| To Securities Premium Reserve A/c   |  |  | 41,000   |
| To Bills Payable A/c  |  |  | 8,500    |
| (Being 41000 shares @ Rs 10 each at a premium of 10% issued to Sanchar Ltd and balance paid through Cheque) |  |  |          |

**Working Note :**

Calculation of Capital Reserve :

|   |          |
|---|----------|
| Sundry Assets   | 7,00,000 |
| Less - Sundry Liabilities                                   | 2,00,000 |
| Net Assets Purchased  | 5,00,000 |
| Less Purchase consideration                                 | 4,59,500 |
| Capital Reserve (Since Net Assets > Purchase Consideration) | 40,500   |

**Calculation of No of Shares Issued :**

|                                    |          |
|------------------------------------|----------|
| Total Amount Payable               | 4,59,500 |
| Less - Paid through Bills Payable  | 8,500    |
| Balance paid through equity shares | 4,51,000 |
| Per share face Value               | 10       |
| Per share Premium (10%)            | 1        |
| Total Issue Price per share        | 11       |
| No of Shares Issued                | 41,000   |

36

|                         |      |  |          |
|-------------------------|------|--|----------|
| Plant and Machinery A/c | Dr.. |  | 4,00,000 |
| Stock A/c               | Dr.. |  | 4,00,000 |
| Building A/c            | Dr.. |  | 4,00,000 |
| Cash A/c                | Dr.. |  | 3,00,000 |

|   |  |           |           |
|---|--|-----------|-----------|
| Sundry Debtors A/c Dr..   |  | 3,00,000  |           |
| To Sundry Creditors A/c   |  |           | 2,00,000  |
| To M/s Rai Brothers A/c   |  |           | 15,00,000 |
| To Capital Reserve A/c  |  |           | 1,00,000  |
| (Being Asset and Liabilities purchased from M/s Rai Brothers for Rs 15,00,000)                |  |           |           |
|   |  |           |           |
| Rai Brothers A/c Dr..   |  | 15,00,000 |           |
| To Equity Share Capital A/c   |  |           | 12,00,000 |
| To Bank A/c   |  |           | 3,00,000  |
| (Being 120000 shares @ Rs 10 each issued to M/s Rai Brothers and balance paid through Cheque) |  |           |           |

**Working Note:**

**Calculation of Capital Reserve :**

|   |                  |
|---|------------------|
| Plant and Machinery                                   | 4,00,000         |
| Stock   | 4,00,000         |
| Building  | 4,00,000         |
| Cash  | 3,00,000         |
| Sundry Debtors  | 3,00,000         |
| <b>Total Assets</b>                                   | <b>18,00,000</b> |
| Less - Sundry Creditors                               | 2,00,000         |
| Net Assets  | 16,00,000        |
| Less - Purchase Consideration                         | 15,00,000        |
| Capital Reserve (Net Assets > Purchase Consideration) | 1,00,000         |

37

|                     |  |          |  |
|---------------------|--|----------|--|
| Building            |  | 6,50,000 |  |
| Plant and Machinery |  | 2,50,000 |  |

|  |  |           |           |
|--|--|-----------|-----------|
| Stock  |  | 5,00,000  |           |
| Trade Receivables  |  | 2,50,000  |           |
| Goodwill A/c   |  | 50,000    |           |
| To Trade Payables A/c  |  |           | 2,00,000  |
| To Sanchar Ltd A/c   |  |           | 15,00,000 |
| (Being Asset and Liabilities purchased from M/s Rai Brothers for Rs 15,00,000)                               |  |           |           |
|  |  |           |           |
| Sanchar Ltd A/c      Dr..  |  | 15,00,000 |           |
| To Equity Share Capital A/c  |  |           | 11,25,000 |
| To Securities Premium Reserve A/c  |  |           | 2,25,000  |
| To Bank A/c  |  |           | 1,50,000  |
| (Being 11250 shares @ Rs 100 at a premium of 20% each issued to Sanchar Ltd and balance paid through Cheque) |  |           |           |

**Working Note:**

**Calculation of Capital Reserve :**

|  |                  |
|--|------------------|
| Building                                       | 6,50,000         |
| Plant and Machinery                            | 2,50,000         |
| Stock  | 5,00,000         |
| Trade Receivables                              | 2,50,000         |
| <b>Total Assets</b>                            | <b>16,50,000</b> |
| Less - Trade Payables                          | 2,00,000         |
| Net Assets                                     | 14,50,000        |
| Less - Purchase Consideration                  | 15,00,000        |
| Goodwill (Net Assets < Purchase Consideration) | 50,000           |

**Calculation of No of shares issued :**

|                                |           |
|--------------------------------|-----------|
| Total Purchase consideration   | 15,00,000 |
| Less - Payable by check (10%)  | 1,50,000  |
| Balance payable through shares | 13,50,000 |
| Face Value Per share           | 100       |
| Add - Premium (20%)            | 20        |
| Issue Price per share          | 120       |
| <br>                           |           |
| No of shares issued            | 11,250    |

**38**

|   |  |          |          |
|---|--|----------|----------|
| Incorporation Exp A/c     Dr..<br>To Promoters A/c<br>(Being Incorporation expenses incurred Rs 5,00,000)                                     |  | 5,00,000 | 5,00,000 |
| Promoters A/c     Dr..<br>To Equity Share Capital A/c<br>(Being 50000 shares @ Rs 10 each issued to Promotion against incorporation expenses) |  | 5,00,000 | 5,00,000 |
| Underwriting Commission A/c     Dr..<br>To Underwriters A/c<br>(Being Incorporation expenses incurred Rs 5,00,000)                            |  | 20,000   | 20,000   |
| Underwriters A/c     Dr..<br>To Equity Share Capital A/c<br>(Being 2000 shares @ Rs 10 each issued to underwriters)                           |  | 20,000   | 20,000   |

|         |   |  |       |                   |
|---------|---|--|-------|-------------------|
| 39(i)   | Share Capital A/c Dr..<br>To Forfeited Shares A/c<br>To Share Allotment A/c<br>(Being 100 shares forfeited due to non payment of allotment money)   |  | 500   | 200<br>300        |
| 39(ii)  | Share Capital A/c Dr..<br>To Forfeited Shares A/c<br>To Share Allotment A/c<br>To Share 1st Call A/c<br>(Being 100 shares forfeited due to non payment of allotment and 1st Call money)         |  | 800   | 200<br>300<br>300 |
| 39(iii) | Share Capital A/c Dr..<br>To Forfeited Shares A/c<br>To Share 1st Call A/c<br>To Share 2nd and Final Call A/c<br>(Being 100 shares forfeited due to non payment of 1st Call and 2nd Call money) |  | 1,000 | 500<br>300<br>200 |

40

|   | Category 1 | Category 2 | Category 3 | Total    |
|---|------------|------------|------------|----------|
| No of Shares Applied                          | 40000      | 50,000     | 2,000      | 92,000   |
| No of Shares Alloted                          | 40000      | 20,000     | -          | 60,000   |
| No of Shares Rejected                         | 0          | 30000      | 2000       | 32000    |
| Amount Paid on Application                    | 80000      | 100000     | 4000       | 1,84,000 |
| Amount applied towards application to capital | 80000      | 40000      | 0          | 1,20,000 |
| Excess Money                                  | 0          | 60,000     | 4,000      |          |
|   |            | Allotment  | Refund     |          |

|   |             |        |   |             |
|---|-------------|--------|---|-------------|
| Amount Payable on Allotment                             | 120000      | 60000  | 0 | 180000      |
| Less - Advance at the time of application               | 0           | 60,000 | - | 60000       |
| Balance Amount Payable                                  | 120000      | 0      | 0 | 120000      |
| Less - Actual Amount Paid at the time of allotment      | 108000      |        |   | 108000      |
| Balance Unpaid on Allotment                             | 12000       |        |   | 12000       |
| Amount Payable on Allotment per share                   | 3           |        |   | 3           |
| <b>No of Shares on which amount unpaid on allotment</b> | <b>4000</b> |        |   | <b>4000</b> |

|   |        |        |   |              |
|---|--------|--------|---|--------------|
| Amount Payable on 1st Call                              | 200000 | 100000 | 0 | 300000       |
| Less - Advance at the time of application               | 0      | 0      | 0 | 0            |
| Balance Amount Payable                                  | 200000 | 100000 | 0 | 300000       |
| Less - Actual Amount paid on 1st Call                   |        |        |   | 250000       |
| Balance Unpaid on 1st Call                              |        |        |   | 50000        |
| Amount Payable on 1st Call per share                    |        |        |   | 5            |
| <b>No of Shares on which amount unpaid on allotment</b> |        |        |   | <b>10000</b> |

Note that even though the amount is not paid on 1st call on 10000 shares, but as of now the company has forfeited only those 4000 shares on which the allotment money was also not paid (As given in the question)

In the books of Sangita Ltd

Journal

| Date | Particulars                     | L.F. | Dr       | Cr       |
|------|---------------------------------|------|----------|----------|
|      | Bank A/c Dr..                   |      | 1,84,000 |          |
|      | To Equity Share Application A/c |      |          | 1,84,000 |

|  |  |  |          |          |
|--|--|--|----------|----------|
|  | ( Being share application money received for 92000 shares @ Rs 2 per share)                                  |  |          |          |
|  | Equity Share Application A/c   |  | 1,84,000 |          |
|  | To Equity Share Capital A/c  |  |          | 1,20,000 |
|  | To Equity Share Allotment A/c  |  |          | 60,000   |
|  | To Bank A/c  |  |          | 4,000    |
|  |  |  |          | -        |
|  | ( Being share application money received for 92000 shares transferred to Share Capital A/c @ Rs 2 per share) |  |          |          |
|  | Equity Share Allotment A/c   |  | 1,80,000 |          |
|  | To Equity Share Capital A/c  |  |          | 1,80,000 |
|  |  |  |          | -        |
|  | ( Being share allotment money for 60000 shares transferred to Share Capital A/c @ Rs 3 per share)            |  |          |          |
|  | Bank A/c   |  | 1,68,000 |          |
|  | To Equity Share Allotment A/c  |  |          | 1,68,000 |
|  | ( Being share allotment money received for 56000 shares @ Rs 3 per share )                                   |  |          |          |
|  | Equity Share 1st Call A/c  |  | 3,00,000 |          |
|  | To Equity Share Capital A/c  |  |          | 3,00,000 |
|  |  |  |          | -        |
|  | ( Being share 1st Call money for 60000 shares transferred to Share Capital A/c @ Rs 5 per share)             |  |          |          |
|  | Bank A/c   |  | 2,50,000 |          |

|  |  |  |        |          |
|--|--|--|--------|----------|
|  | To Equity Share 1st Call A/c   |  |        | 2,50,000 |
|  | ( Being share 1st Call money received for 50000 shares @ Rs 5 per share )        |  |        |          |
|  | Share Capital A/c Dr..   |  | 40,000 |          |
|  | To Forfeited Shares A/c  |  |        | 8,000    |
|  | To Share Allotment A/c   |  |        | 12,000   |
|  | To Share 1st Call A/c  |  |        | 20,000   |
|  | (Being 4000 shares forfeited due to non payment of allotment and 1st Call money) |  |        |          |