

Calcutta University Question Pattern

DSE 5.2 A: Corporate Accounting

Marks 100

Internal Assessment: 20 marks

Semester-end Examinations: 80 marks

Total: 100 marks

Unit	Title	Marks	Group
1	Company – Introduction and Accounting for Shares & Debentures ○ Company Accounts – Introduction ○ Share and Share Capital ○ Issue of Shares ○ Issue of Right Shares ○ Issue of Bonus Share ○ Issue of Sweat Equity Shares ○ Issue of Debentures ○ Underwriting of Shares and Debentures ○ Accounting for Changes in Capital Structure	20	A
2	Buy back of Securities and Redemption of Preference shares ○ Redemption of Preference Shares ○ Buy-back of Shares and Securities	10	B
3	Company Final Accounts ○ Overview of Corporate Financial Statement ○ Corporate Financial Statement: Statement of Profit and Loss & Balance Sheet	15	B
4	Redemption of Debentures	10	A
5	Valuation ○ Valuation of Goodwill ○ Valuation of Shares	10	A
6	Company Merger and Reconstruction ○ Accounting for Merger and Acquisition ○ Accounting for Internal Reconstruction	15	B
Total		80	

B: Marks shown against the Units indicate marks for Semester-end Examinations.

Question Pattern

Group	No. of questions provided	No. of questions to be answered	Marks per question	Total Marks
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Accounting for issue of shares:-

A share is a security that is issued by a company to its owners. It represents the smallest unit of ownership of a company.

Every company limited by shares has to issue shares.

A company issues two types of shares,

- a) Equity shares
- b) Preference shares.

It may issue only Equity shares.
OR both equity and preference shares

But it cannot issue only preference shares without issuing equity shares.

Issuing of shares is one of the core activities of the company that has to be done by the company through out its life. It is not one-time activity done at the formation stage of the company.

Rather issue of shares may be required to be done even at

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at later stage of the company's life viz

- a) at the time of acquisition of assets
- b) declaration of bonus dividend
- c) redemption of preference shares; buy back shares etc.

Parties Associated ~~with~~ with Share Issue :-

Parties associated with issue of shares:

- a) Issuing Company
- b) Shareholders.
- c) Stock Exchange.
- d) Underwriter: These are intermediaries who warrant the issue of shares in the event of undersubscription by the public. They ensure full (or desired) subscription of the shares issued by a company.
- e) others: merchant bankers, employees.

Stakeholders to whom shares are issued :-

a) Investors : The primary shareholders to whom shares are issued by a company are investors. The company issues shares to the investors for raising capital.

When the shares are issued to the public at large in open-market it is referred to as - Public Issue or Public Offer.

When the shares are issued to relatively small number of select investors as a way of raising capital it is referred to as Private.

When shares are offered to existing shareholders for a consideration, usually lower than market price value such issue is referred to as Right Issue.

When a company issues shares to its existing shareholders free of cost - then it is referred as Bonus Issue and the shares are Bonus Shares.

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b) Vendor: A company acquires various assets for running the company. At times payment is made to various vendors by issuing shares instead of cash.

Again when the existing company acquires another company called the Vendor company it may discharge the purchase consideration by issuing shares.

c) Promoter: The parties who form a company is referred to as its Promoters. After the formation of the company it may issue to such promoters ~~for~~ shares of the company for their entrepreneurial contributions. These shares are known as Promoters Shares.

d) Directors and Employees: A company may issue equity shares to its directors or employees for their contribution. Such shares are known as Sweat Equity Shares.

Various Purposes of Share Issue .

- a) Relating to fresh capital
- b) Meeting redemption / buy-back requirements
- c) Capitalisation of Reserve .
- d) Employee motivation and retention
- e) Acquisition of assets .
- f) Payment of purchase consideration

Types of share issue :-

1. Public offer for subscription
2. Private Placement .
3. Right Issue .
4. Bonus Issue .
5. offer for sale

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OFFER PRICE OF SHARES

- Every share has a value printed on its face, referred to as **face value** or **Nominal value**.
- The price at which the shares are issued by the company may be either equal to or above or below the face value. This leads to the concept of Issue of shares at par or at premium or at a discount.

At Par - Issue Price = face value.

Issue at Premium - Issue Price > face value

Issue at a Discount - Issue Price < Face Value.

PROVISIONS UNDER COMPANIES ACT, 2013.

Regarding Issue at Premium - Sec 52 of the Companies Act 2013 - Company can issue shares at a premium!

Regarding Issue of shares at Discount - Sec 53 of the Companies Act 2013 - Prohibits a company to issue shares at a Discount except for SWEAT EQUITY SHARES.

The ISSUE OF SHARES

When Issue proceeds are collected in lump sum.

Transaction	Journal	Remarks
Issued at par	① Bank a/c dr to share capital	Proceeds of share issued F.V of share issued

Issued at a premium	② Bank a/c dr to share capital a/c to securities premium a/c	Proceeds of shares issued F.V. of shares issued premium on shares issued
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When issue proceeds is collected in installments.

Application money received	Bank a/c dr to share applications a/c	with the amount received for application
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ii When the application money is transferred

Share Application a/c ... dr
to Share Capital a/c .

with the amount of share application money.

iii When a part of application money is refunded due to oversubscription

Share Application a/c dr
to Bank a/c .

with the amount of excess application money refund.

iv When a part of application money is adjusted against share allotment.

Share Application a/c dr
to Share Allotment

with the excess application adjusted against allotment

Forfeiture of Shares

Forfeiture of Shares

Share Capital a/c - dr
Security premium ... dr
(if any)
to Calls-in-advance a/c
to forfeiture Shares
a/c

Called up value of
forfeited.
Premium money
not collected
Unpaid amt
on calls
Capital portion
received on
Shares forfeited.

Reissue of Shares
forfeited.

Bank a/c - dr
Forfeited Shares a/c dr
to Share Capital a/c
to Securities Premium
a/c

Proceeds from
Shares re issued
Discount on Reissue
paid up
of Shares issued
Premium
on Shares
re issued

Expenses on issue
of Shares.

Expenses on
Issue of Shares a/c dr
to Bank a/c

Out of
Share
Issue
expenses.

Extract of Balance sheet showing Share capital and Related items

Balance sheet (includes)

Particulars	Notes No.	Rs
I) Equity and Liabilities		
(1) Share holder fund.		
a) Share capital	1	xxx.
b) Reserve and Surplus.	2	
(2) Current liabilities		
other current liabilities		xxx
— calls - in - advance.		
		<hr/>
		xxx
II) Assets		
1) Non current assets.		xxx
other non-current assets		
: Share issue expenses.		
2) Current Assets.		xxx
cash and cash		
equivalent : cash at Bank		

Notes on Balance sheet (includes)

Share capital	
1. Authorized capital	xxx
... share of Rs each	<hr/>
2. Issued capital	xxx
Shares of Rs ... each	
3. Subscribed and paid up capital	xxx
Rs ... each	
4. Subscribed but not fully paid up.	xxx
Rs ... each	<hr/>
N.B Calls-in-advance on ... Shares of Rs ... per share	

<u>Reserve and Surplus</u>	Rs
xxxxx	
Securities premium	x x x
Capital Reserve	x x x
	<u>x x x</u>

Problems on forfeiture of shares.

Pass journal entries ignoring narration in respect of share forfeiture in the following independent cases.

Case A) 100 equity shares of Rs 50 each issued at Rs 70/- is forfeited for non payment of calls of Rs 10 per share.

Cancellation of share capital upto called up amount (100×50) Rs 5000/-

Cancellation of securities premium (uncollected amount since upto that money collected) NIL

Total calls in arrear forfeited (100×10) 1000

Total amount forfeited $100 \times (50 - 10) = 4000$ 4000

Journal

Equity Share Capital a/c .. dr 5000	
to calls in arrears a/c	1000
to Forfeited shares a/c	4000

CASE - B

100 equity shares @ Rs 100 each forfeited for non payment of allotment money Rs 50 (including Rs 10/- for premium) and call Rs 20/-.

Cancellation of Share Capital	Rs
(upto called up amt (fully called up 100×100))	10000
Cancellation of Securities premium - uncollected amount (failure in allotment) 100×10	1000
Total calls in arrears allot + calls $[100 \times (50 + 20)]$	7000
Total amount of forfeited Shares $100 \times (100 - 40 - 20)$	4000

Journal

Equity Share Capital ... dr 10000	
Securities premium a/c ... dr 1000	
to Calls - in - arrears a/c	7000
to forfeited shares a/c	4000

his shares were forfeited before the call was made.

$$[\text{Premium} = 30 + 20 + 10 - 40 = 20]$$

Cancellation of share capital upto called up amount $[500 \times (10 + 20)]$ ₹ 15000/-

Total calls - in - arrear of forfeited shares : (500×20) 10000/-

Total amount of forfeited receipts towards capital portion (Application) $500 \times (300 - 20)$ 5000

Journal

Equity Share Capital a/c	dr	15000
to Calls-in-arrear a/c		10000
to forfeited shares a/c		5000

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Case D

X issued equity shares of ₹ 100 each at a premium payable as under:

- on application ₹ 50 (including ₹ 20 of premium)
- on allotment ₹ 50 (including balance of premium)
- on call ₹ 50

Mr Y holding 100 equity shares failed to pay allotment and on his subsequent failure to pay call his shares were forfeited.

Cancellation of Share Capital
upto called up amt
fully called up 100×100 10000

Cancellation of Securities
premium (uncollected
amt of allotment (100×30) 3000
 $[(50 + 50 + 50) - 20] = 30$

Total calls in arrears of
forfeited shares 10000
 $[100 \times (50 + 50)]$

Total amt of forfeited
Receipts toward capital 3000
 Debt con (Application)
 $[100 \times (50 - 20)]$

Journal

Equity Share Capital a/c	10,000
Securities premium a/c	3000
to calls - in - arrears a/c	10000
to forfeited shares	3000

Concept Building Problem - Forfeiture of shares

B Ltd. issued 1,00,000 equity shares of Rs 100 each at a premium of Rs 20/share payable as follows:

On Application Rs 30/share, on Allotment Rs 50 per share (including premium), on 1st call Rs 25/share & on final call Rs 15/share. One of the applicants, Mr. X was allotted 200 shares.

Give the journal entries (ignoring narration) relating to forfeiture of shares in each of the following independent cases:

- If Mr. X failed to pay the allotment money and his shares are forfeited before making any further call.
- If Mr. X failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited.
- If Mr. X failed to pay the allotment money and on his subsequent failure to pay the two calls, his shares were forfeited.
- If Mr. X failed to pay the first call and his shares were forfeited before the final call is made.
- If Mr. X failed to pay the first call and on his subsequent failure to pay the final call, his shares were forfeited.
- If Mr. X failed to pay the final call & his shares were forfeited.

CONCEPT: Cancellation of share capital: Up to called-up amount (APPLX Alot.)		Rs 12,000
$[200 \times Rs (30+30)]$		
Cancellation of Securities Premium: Uncollected amount (Failed in allot.)		Rs 4,000
$[200 \times Rs 20]$		
Total Calls-in-Arrear (including arrear premiums) of forfeited shares: Alot. $[200 \times Rs 50]$		Rs 10,000
Total amount forfeited: Receipts towards capital portion (Appl) $[200 \times Rs 30]$		Rs 6,000

Case a.

JOURNAL ENTRY	Equity share capital A/c Dr. 12,000	
	Securities Premium A/c Dr. 4,000	
	To Calls-in-Arrear A/c.	10,000
	To Forfeited Shares A/c.	6,000

CONCEPT:

Cancellation of share capital: Up to called up amt (APPL, Allot) 1st call Rs 17,000

$$[200 \times Rs (30 + 30 + 25)]$$

Cancellation of Securities Premium: Uncollected amt (Failed in allot) Rs 4,000

$$[200 \times Rs 20]$$

Case
b

Total Calls-in-Arrear of forfeited shares: Allot ^{1st call} ~~20 x 650~~ Rs 15,000

$$[200 \times Rs (50 + 25)]$$

Total amt. forfeited: Receipts towards Capital portion (APPL) Rs 6,000

$$[200 \times Rs 30]$$

JOURNAL ENTRY Equity Share capital A/c ... Dr. 17,000

Securities Premium A/c ... Dr. 4,000

To Calls in Arrear A/c. 15,000

To Forfeited shares A/c 6,000

CONCEPT: Cancellation of share capital: Up to called up amt. (Fully called up)

$200 \times Rs 100$

Rs 20,000

Cancellation of Securities Premium: Uncollected amt (Failed in allot)

$200 \times Rs 20$

Rs 4,000

Case

C

Total Calls in Arrear of forfeited shares: Allot 1st & final call

$200 \times Rs (50 + 25 + 15)$

Rs 18,000

Total amt forfeited: Receipts towards capital portion (APPL.)

$200 \times Rs 30$

Rs 6,000

JOURNAL ENTRY • Equity Share Capital A/c Dr. 20,000

• Securities Premium A/c Dr. 4,000

To Calls in Arrear A/c. 18,000

To Forfeited Shares A/c 6,000

CONCEPT:

Cancellation of Share Capital: Up to called up amt
(Appl, Allot. & 1st call) Rs 17,000

Cancellation of Securities Premium: Uncollected amt
(Receipt of Allot) =

Case d. Total calls in Arrear of forfeited shares: 1st call Rs 8,000
(Follow) [200 x Rs 25]

Total amt forfeited: Receipts towards capital portion (Appl. & Allot.) Rs 12,000
[200 x Rs (30 + 30)]

JOURNAL ENTRY:
 Equity share capital A/c ... Dr 17,000
 To Calls in Arrear A/c 5,000
 To Forfeited Shares A/c 12,000

CONCEPT: Cancellation of share capital: Upto called up amt No 20,000
 (Fully called up)
 $[200 \times Rs 100]$

Cancellation of Security Premium: Uncollected amt —
 (Receipt of Allot.)

Total Calls in Arrear of forfeited shares: 1st & Final call No 8,000
 $[200 \times Rs(25+15)]$

Case
e.

Total amt forfeited: Receipts towards capital portion No 12,000
 (APPL. & Allot.)
 $[200 \times Rs(30+30)]$

JOURNAL: Equity Share capital A/c. Dr 20,000
 ENTRY: To Calls in Arrear A/c. 8,000
 To Forfeited Share A/c. 12,000

CONCEPT:

Cancellation of Share Capital: Upto called up amt (fully called up).
 [200 x Rs 100] Rs 20,000

Cancellation of Securities Premium: Uncollected amt (Receipt of allot). —

Case Total calls in Arrears of forfeited shares: Final call
 [200 x Rs 15] Rs 3,000

Total amt forfeited: Receipts towards Capital portion (Appl., Allot & 1st call)
 [200 x Rs (30 + 30 + 25)] Rs 17,000

JOURNAL: Equity share capital A/c Dr 20,000
 To calls in Arrear A/c. 3,000
 To forfeited shares A/c. 17,000

Concept Building problem - Forfeiture and Reissue of Shares

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X Ltd issued to public 22000 ordinary shares of Rs 100 each at par.

Amount payable on each share is as follows:

Rs 25 on application

Rs 40 on allotment

Rs 20 on ^{first} final call

and Rs balance on final call.

The company received public application for 20,000 shares. Mr P holding 400 shares could not pay final call. As a consequence, these 600 shares were forfeited after final call.

Show journal entries for forfeited shares. Also pass the entry for re-issue of forfeited shares in the following independent case:

Case A:- All forfeited shares were re-issued to Mr A at Rs 80/- each as fully called up and paid up.

Case B:- 500 shares out of those forfeited (including all of Mr P) were re-issued to Mr A at Rs 90 per share, as fully paid up.

Case C:- All forfeited shares were re-issued to Mr A at minimum re-issue price, as fully called up and paid up.

Journal Entries -

Entry on forfeiture of shares to Mr P.

Equity share capital A/c. 20000
 to calls in Arrear A/c 7000
 to Forfeited shares a/c 13000

[Being 200 shares forfeited for non payment of calls as per Board Res... (WN-1)]

Entry on forfeited shares of Mr Q.

Equity share capital A/c 40000
 to calls-in-Arrear 6000
 to Forfeited shares A/c 34000

[Being 400 shares forfeited on Non payment of first & Final calls money as per Board Resolution No... dated ...]

E Bank a/c dr (600 x 80) 48000
 A Forfeited shares a/c ... dr (600 x 20) 12000
 S to Equity Share capital (600 x 100) 60000

E [Being 600 shares reissued @ Rs 80/share
 as per Board's Resolution No... dated...]

(A) Forfeited shares a/c dr 35000
 to capital Reserve a/c (WN2) 35000
 (Being Profit on Reissue + transferred to Capital Reserve)

Bank a/c (500 x 90) 45,000

C Forfeited shares a/c (500 x 10) 5,000

A to Equity share Capital a/c 5,000
 S (500 x 100)
 E

(B) Forfeited shares a/c ... dr 33500

to Capital Reserve (WN2) 33500

(Being profit on Reissue transferred to Capital Reserve)

Bank A/c 13000
 Forfeited shares a/c 47000
 C A S E (Being 600 shares re-issued as per Boards
 Resolution No... dated...)
 (600x100) 60000

Working Notes

① Forfeiture of shares

Shares of Mr P (Rs)	Shares of Mr Q (Rs)
20,000 (200x100)	400,000 (400x100)

Total calls - in - arrears

Mr P - 1 st + Final call	7000 (200x(20+15))	6000 (400x15)
Mr Q - Final call		

Total amount forfeited

Mr P - Application + Allotment	13000 [200x(25+40)]	34000 [400x(25+40+20)]
Mr Q - Application + allotment + 1 st call		

Working Note

(2) Profit on re-issue of forfeited shares

Amount forfeited on re-issued share

Case A
(P-200 shares @ 400)

Case B
(P-200sh @ 400sh)

Shares of MOP	13000 (WN1)	13000 (WN1)
Shares of MOC	34000 (WN1)	25,500 (34000 x 300/400) WN1
	<u>Rs 47,000</u>	<u>Rs 38,500</u>
- Amount used in re-issue	12000	5000
	[600 x (100-80)]	[500 x (100-90)]
∴ Amt transferred to Capital Reserve	<u>35000</u>	<u>33500</u>

Minimum Reissue price of forfeited share - CASE C

Total amount forfeited = Rs 13000 + 34000 = 47000

This is the maximum amount that can be used for the purpose of re-issue of forfeited shares i.e. Maximum discount that can be offered in re-issue

∴ Minimum Reissue price of 600 shares = Paid up value of reissue shares Capital. Maximum amt that is used in re-issue

(600 x 100) - (47000)
= Rs 13000

B.Com Hons 2009

S Ltd forfeited 200 shares of Rs 10 each. Rs 8 being called up, which were issued at par for non payment of first call of Rs 3/- per share. Of these forfeited shares, 160 shares were issued subsequently by the company at Rs 5/- as Rs 8 paid up per share.

Give Journal entries for forfeiture of shares & re-issue of shares including amt transferred to Capital Reserve.

Books of S Ltd.

① Equity share capital a/c dr 1600
 to calls - in - arrears a/c 600
 to Forfeited shares a/c 1000

(Being 200 shares @ forfeited for non payment of allotment and call money as per Board's Resolution No. ... Dated ...) (WN-1)

② Bank a/c (160 x 5) 800
 Forfeited shares a/c (160 x 3) 480
 to Equity share Capital A/c 1200

(Being 160 shares reissued @ Rs 5 per share as per Board's Resolution No. ... dated ...)

③ Forfeited shares a/c dr 320
 to Capital Reserve a/c 320

(Being Profit on re-issue transferred to Capital Reserve (WN-2))

Working Note 1

Forfeiture of shares -

Cancellation of share capital

upto called up amt (appli + allot + 1st call) 1600
 (200×8)

Total Calls-in - arrears of forfeited shares

1st call (200×3) 600

Total amt forfeited on 200 shares 1000

Appli + Allot $[200 \times (8 - 3)]$

Working Note - 2

Profit on Re issue of forfeited shares

amt forfeited on Re-issued share

(Appli + Allot) $[160 \times (8 - 3)]$ 800.

(-) Amt used in re-issue

$[160 \times (8 - 5)]$ 480

∴ Profit on Re issue

320

The ISSUE OF SHARES

APPLICATIONS

When Issue Proceeds are collected in lump sum.

Transaction Journal Remarks

Issued at par
① Bank a/c ... dr → Proceeds of Share issued
to share capital → F.V. of share issued

Issued at a premium
② Bank a/c ... dr → Proceeds of shares issued
to share capital a/c → F.V. of shares issued
to securities premium a/c → premium on shares issued

When issue proceeds is collected in installments.

Application money received with the amount received for application

Bank a/c ... dr	
to share application a/c	

ii When the application money is transferred

Share Application a/c ... dr
to Share Capital a/c.

with the amount of share application money.

iii When a part of application money is refunded due to oversubscription

Share Application a/c ... dr
to Bank a/c.

with the amount of excess application money refund.

iv When a part of application money is adjusted against share allotment.

Share Application a/c ... dr
to Share Allotment

with the excess application adjusted against allotment

oversubscription

when a company goes for public issue

when transfer of application money includes share premium.

Share Application a/c ... dr

to Share Capital a/c

to Share Premium a/c

or

Securities

Premium a/c

Total application money Received

Capital portion of application money

Premium included in application

Over subscription of shares

When a company goes for public issues, it announces the number of shares to be issued by ~~the~~ it in the prospectus. The shares of reputed companies having goodwill and companies with good future prospects have high demand in the share market. When such companies issue shares, usually the number of shares applied for by the investors exceeds the number of shares offered by the co for issue. This is called **over subscription**.

Such over subscription can be tackled by

- Refund of excess application money received
- Adjusting the excess application money received against future calls (may be through pre-emptive allotment) or exercising over allotment option (also called Green shoe option)

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Under Subscription

when the number of shares applied for by the public happens to be less than the number of shares issued by a company it is referred to as Under Subscription

The consequence of under-subscription are that the company fails to raise the desired amount of ~~shares~~ offered to share capital. More over it is to be noted that if the shares are grossly under-subscribed and the company fails to raise even the amount stated in the prospectus as the minimum amount (technically referred to as minimum subscription) it would not be possible for the company to allot shares and the collected application money has to be refunded to the Share Applicants.

[Sec 39 of The Companies Act 2013]

ALLOTMENT.

Share Allotment.

a) Share allotment money due without premium } Total Allotment money due
 Share allotment... dr
 to Share Capital a/c

Share allotment money due with premium } Total allotment money received due
 Share allotment a/c.. dr

to Share Capital a/c } Capital portion of allotment money

to Securities Premium a/c } Premium included in allotment.

Receipt of Share allotment money with NO CALLS-IN-ARREAR } Total allotment money received
 Bank a/c.... dr
 to Share allotment a/c

Receipt of allotment money with calls-in-arrear } Allotment money received
 Bank a/c.... dr

calls-in-arrear... dr } Amt unpaid on allotment.

to share allotment a/c } Total allotment money.

Notes

CALLS-IN-ARREAR : When a share holder fails to pay any amount that has been called up for payment of the company. It is referred as **CALLS-IN-ARREAR**.

Interest on calls-in-Arrear :-

Interest is to be charged to the shareholders on calls-in-arrear @ **10% P.A.** [as per Table F of the Companies Act, 2013]

CALLS-IN-ADVANCE

When a shareholder pays any future uncalled installment along with any previous installment, it is referred to as **calls-in-Advance**.

Interest on calls in advance is payable to the shareholders on calls-in-Advance @ **12% P.A. [as per Table F of the Companies Act 2013]**

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PRO-RATA allotment.

The term *pro-rata* means proportion. In the context of public issue of shares, the concept of *pro-rata* allotment comes to the picture when the shares offered by a company are over subscribed — In this situation

the company allots share in proportionate manner so that all the applicants have been allotted or refused allotment in a proportionate basis.

Pro-rata allotment refers to the allotment of shares in proportion of the shares applied for.

In event of *pro-rata* allotment, the issuer company adjusts the excess ~~amount~~ money received for application firstly on allotment and thereafter towards other calls.

Example .

A Ltd issued 1,00,000, 6% pref shares @ Rs 10 each at a premium of Re 1 per share payable as Rs 1 on application,

Rs 3/- on allotment (including premium) and balance of call.

Show the journals of share application and share allotment.

In the books of A Ltd
Journal

Date	Particulars	Dr Amt Rs	Cr Amt Rs
	Bank a/c dr	100 000	
	to 6% pref share Application a/c (100000 x 1)		100 000
	(Being application received on 100000 6% pref shares @ Rs 1 per share)		
	6% Pref sh application a/c dr	100 000	
	to 6% Pref sh Capital a/c		100 000
	(Being Application money on 100000 shares transferred to 6% pref shares Capital as per Board Resolution No... dated....)		

6% Pref sh Allotment dr

(100 000 x 3)

300 000

to 6% Pref Shares Capital a/c.
(100 000 x 2)

200 000

to Securities Premium A/c.
(100 000 x 1)

100 000

(Being allotment money
on 100 000, 6% pref shares
@ Rs 3 each including
premium Re 1 per share
due as per Board's
Resolution / No.... dated
.....)

Bank A/c dr

to 6% pref shares allotment
a/c

(Being allotment money
received on 6%
pref shares)