

**National Institute of Open Schooling (NIOS)**  
**Senior Secondary**  
**Worksheet-27**

**L-27 ISSUE OF SHARES**

1. To issue of shares a company follows a definite procedure which is controlled and regulated by the Companies Act and Securities Exchange Board of India (SEBI). Prepare a table mentioning the different ways of issue of shares.
2. Fashion Fabrics Ltd. issued 100000 shares of ₹ 10 each on 1<sup>st</sup> April, 2014. The amount payable on these shares was as under:
  - ₹ 2 per share on application.
  - ₹ 3 per share on allotment.
  - ₹ 5 per share on call.

Make journal entries and prepare relevant accounts in the books of company

3. A company decides to issue number of shares to raise capital. It invites public to buy/subscribe these shares. What are the full, under and over subscription of share?
4. When company receives applications for more number of shares than the number of shares offered to the public for subscription it is a case of over subscription. In case of over subscription, what type of options a company has?
5. The Full Health Care Ltd has offered to public for subscription 20000 shares of ₹ 100 each payable as ₹ 30 per share on application, ₹ 30 per share on allotment and the balance on call. Applications were received for 30000 shares. Applications for 5000 shares were rejected all together and application money was returned. Remaining applicants were allotted the offered shares. Their excess application money was adjusted towards some due on allotment. Calls were made and duly received.

Prepare journal entries in the books of the company- the Full Health Care Ltd.

6. Luxury Cars Ltd. issued 100000 shares of ₹ 10 each at a premium of ₹ 5 per share, payable as:

- On application ₹ 4 (including ₹ 2 premium) per share
- On allotment ₹ 8 (including ₹ 3 premium) per share
- On call ₹ 3 per share

7. Applications were received for 100000 shares and allotment was made to all. Prepare journal entries in the books of Luxury Cars Ltd.

8. ABC Ltd invited applications for issuing 80,000 equity shares of ₹ 10 each. Money is payable as follows :

- ₹ 3 on Application, ₹ 3 on Allotment, ₹ 2 on First Call and ₹ 2 on Second & Final call.

All the shares were applied and all sums due on allotment and calls have been received. Share issue expenses amounted to ₹ 8,000. Prepare Journal, Ledger Accounts and the Balance Sheet of ABC Ltd.

9. Section 79 of Companies Act 1956 has laid down certain conditions subject to which a company can issue its shares at a discount. Describe the conditions in detail.

10. India Software Ltd. offered 50000 shares of ₹ 10 each to the public payable as:

₹ 2 on application, ₹ 3 on allotment, ₹ 2 on First call and the balance as and when required.

All the shares were applied for and duly allotted but Mukesh a shareholder holding 200 shares paid the entire balance on allotment. Prepare journal entries in the book of India Software Ltd.

11. X Ltd. made its first call of ₹ 20 per share on 1st July 2014. Zahir holding 200 shares failed to pay the call money. He could pay the money only on 31st December, 2014. Company charged interest @12% per annum.

Make necessary journal entry for the interest charged by the company.