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JOINT STOCK COMPANY ACCOUNTS

Problem No. 1

Date	Particulars	L.F	Debit	Credit
			Rs.	Rs.
	Bank a/c To Share application a/c Share application money received		7,00,000	7,00,000
	Share application a/c To Bank a/c Excess Share application money for 2,000 shares was refunded		2,00,000	2,00,000
	Share application a/c To Share Capital a/c Share application money transferred to the share capital		5,00,000	5,00,000

Balance Sheet

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
Authorized Capital			
10,000 shares of Rs. 100 each	10,00,000	Cash at Bank	5,00,000
Issued, Subscribed & Paid up Capital			
5,000 shares of Rs. 100 each	5,00,000		
	22,00,000		22,00,000

Problem No. 2

Date	Particulars	L.F	Debit	Credit
			Rs.	Rs.
	Bank a/c		22,00,000	
	To Share application a/c			22,00,000
	Share application money received			
	Share application a/c		22,00,000	
	To Share Capital a/c			20,00,000
	To Share Premium a/c			2,00,000
	Share application money transferred to the share capital & share premium			

Balance Sheet

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
<u>Authorized Capital</u>		Cash at Bank	22,00,000
50,000 shares of Rs. 100 each	50,00,000		
<u>Issued & Subscribed Capital</u>			
20,000 shares of Rs. 100 each	20,00,000		
<u>Called & Paid up Capital</u>			
20,000 share of Rs. 100 each	2,00,000		
add share premium account	20,000		
	22,00,000		22,00,000

Problem No. 3

Date	Particulars	L.F	Debit	Credit
			Rs.	Rs.
	Bank A/c		81,000	
	To Share Application a/c			81,000
	Share application money received			

Share application a/c	81,000	
Share discount a/c	9,000	
To Share Capital a/c		90,000
Share application money transferred to share capital on share issued to discount		

Balance Sheet

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
Authorized Capital		Cash at Bank	81,000
20,000 share of Rs. 10 each	2,00,000	Share discount	9,000
Issued Capital		Sundry Assets	1,00,000
20,000 share of Rs. 10 each	2,00,000		
Subscribed Call and Paid up Capital			
10,000 share of Rs. 10 each	1,00,000		
9,000 share of Rs. 10 each	90,000		
	1,90,000		1,90,000

Problem No. 4

Date	Particulars	L.F	Debit	Credit
			Rs.	Rs.
	Bank a/c		2,31,000	
	To Share application a/c			2,31,000
	Share application money received			
	Share application a/c		11,000	
	To Bank a/c			11,000
	Share application money returned to non allottee			
	Share application a/c		2,20,000	
	To Share capital a/c			2,20,000
	To Share premium a/c			
	Share application money transferred to share capital a/c at share premium a/c			

Machinery a/c	3,00,000	
To Share capital a/c		3,00,000
Machinery purchased and share allottees		

Balance Sheet

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
<u>Authorized Capital</u>		Cash at bank	2,20,000
5,000 share of Rs. 100 each	5,00,000	Machinery	3,00,000
<u>Issued, Subscribed, Called</u>			
and Paidup Capital			
2,000 share of Rs. 100 each	2,00,000		
add Share premium	2,000		
Issued for machinery purchase			
3,000 share of Rs. 100 each	3,00,000		
allotted for machinery			
	5,20,000		5,20,000

Problem No. 5

Date	Particulars	L.F	Debit	Credit
			Rs.	Rs.
	Bank a/c		2,85,000	
	To Share application a/c			2,85,000
	Share application money received			
	Share application a/c		2,85,000	
	Share discount a/c		15,000	
	To Share capital a/c			3,00,000
	Share application money returned to the share capital a/c issued at discount			
	Capital Profit aa/c		10,000	
	To Share discount a/c			10,000
	Share discount amounting Rs. 10,000 written out of capital profit			

Balance Sheet

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
<u>Authorized Capital</u> 10,000 shares of Rs. 100 each	10,00,000	Cash at bank	2,85,000
<u>Issued Capital</u> 5,000 shares of Rs. 100 each	5,00,000	Share discount	5,000
<u>Subscribed, Called and Paid up Capital</u> 3,000 shares of Rs. 100 each	3,00,000	Sundry assets	30,000
add Capital Profit	20,000		
	3,20,000		3,20,000

Problem No. 6

Date	Particulars	L.F	Debit	Credit
			Rs.	Rs.
	Bank a/c To Share Capital a/c Issued 5000 shares to the Directors		500,000	5000,000
	Bank A/c To Share Application A/c Application received for 14000 shares.		1,400,000	1,400,000
	Share Application A/c To Share Capital A/c Shares allotted to the public.		1,400,000	1,400,000
	Bank A/c To Share Capital A/c 1000 Shares issued to the under writers.		100,000	100,000

Problem No. 7

Date	Particulars	Debit	Credit
		Rs.	Rs.
1995 Nov. 1	Bank A/c Discount on Shares A/c To Share Capital A/c Issued 1000 shares to Directors at a discount	90,000 10,000	10,000

Dec. 1	Bank A/c	180,000	
	To Share application A/c		180,000
	Received applications for 2000 shares.		
" "	Share Application A/c	180,000	
	Discount Shares A/c	20,000	
	To Share Capital A/c		200,000
	Allotted 2000 shares to public.		

Salam Corporation

Balance Sheet

As at _____

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
<u>Authorized Capital</u>		Cash at Bank	2,70,000
5000 Shares of Rs. 100 each	500,000	Discount on Shares	30,000
<u>Issued Capital</u>			
4000 Shares of Rs. 100 each.	400,000		
<u>Subscribed Capital</u>			
3000 Shares of Rs. 100 each.	300,000		
Called up to and Paid up Capital			
3000 Shares of Rs. 100 each	300,000		
Total:	300,000	Total:	300,000

Problem No. 8

Date	Particulars	Debit	Credit
		Rs.	Rs.
	Cash A/c	200000	
	To Share Capital		200000
	2000 Shares allotted to the Directors		
	Bank A/c	5000000	
	To Share application A/c		5000000
	Amount Received as Share application		
	Share application A/c	500000	
	To share Capital A/c		500000
	Share application money transferred to the share Capital a/c		

Preliminary Expenses A/c To Share Capital A/c 1000 Shares issue against preliminary expenses.	100000	100000
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Balance Sheet of Shalimar Limited

Liabilities	Amount	Assets	Amount
Authorized Capital			
10,000 Shares of Rs. 100 each	1000000	Cash at Bank	700000
Issued, subscribed and paid up Capital		Preliminary Expenses	100000
Paid up Capital			
8000 Shares of Rs. 100 each	800000		
	800000		800000

Problem No. 9

			Rs.	Rs.
(a)	Bank A/c To 6% debenture A/c Issued of 2000 debentures at par.		200000	200000
(b)	Bank A/c To 6% debenture A/c To Premium on issue of debenture Issue of 2000 debenture at 10% premium.		220000	200000 20000
(c)	Bank A/c Discount on issue 5% Debenture To Debenture A/c Issue of 2000 debenture at 10% discount.		180000 20000	200000

Problem No. 10

Date	Particulars	Debit	Credit
		Rs.	Rs.
a	Bank a/c To 6% debentures a/c Issue of 1,000, 6% debentures of Rs. 100 each	1,00	1,00

b	Bank Account	100	
	Loss on Issue of Debenture Account	5	
	To Debentures Account		100
	To Premium on Redemption of Debentures a/c.		5
	Issue of Debenture at Rs. 100, repayable at Rs. 105		
c	Bank Account	95	
	Discount on Issue of Debentures Account	5	
	To Debentures Account		100
	Issue of Debenture of Rs. 100 at Rs. 95.		
d	Bank Account	105	
	To Debentures Account		100
	To Premium on Debentures Account		5
	Issue of Debenture at Rs. 105, repayable at Rs. 100.		
e	Bank Account	95	
	Loss on Issue of Debentures Account	10	
	To Debentures Account		100
	To Premium of Redemption of Debentures A/c		5
	Issue of Debenture at Rs. 95 but repayable at Rs. 105		

Balance Sheet

	Liabilities	Amount	Assets	Amount
a	Debenture A/c	100	Bank A/c	100
		100		100
b	Debenture A/c Premium on Redemption	100	Bank A/c Loss on Debenture A/c	100
		5		5
		105		105
c	Debenture A/c	100	Bank A/c Discount A/c	95
				5
		100		100
d	Debenture A/c Premium on Debenture	100	Bank A/c	105
		5		
		105		105
e	Debenture A/c Premium on Redemption	100	Bank A/c Loss on Debenture	95
		5		10
		105		105

Problem No. 11

Date	Particulars	Debit	Credit
		Rs.	Rs.
	Bank a/c To 6% debenture a/c Issue of 1,000, 6% debenture of Rs. 100 each	1,00,000	1,00,000
	Bank a/c Discount on issue of debentures To 6% debenture a/c Issue of 1,000 debentures of Rs. 100 each at a discount of 5%	95,000 5,000	1,00,000
	Bank a/c To 6% debentures a/c To Premium on debentures a/c Issue of 1,000 debentures of Rs. 100 each at Rs. 105	1,05,000	1,00,000 5,000
	Bank a/c Loss on Issued of debentures a/c To 6% debenture a/c To Premium on redemption of debentures a/c Issue of 1,000 debentures of Rs. 95 but redeemable at Rs. 105	96,000 9,000	1,00,000 5,000

Balance Sheet

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
6% Debentures	1,00,000	Bank	1,00,000
6% Debentures	1,00,000	Bank a/c	95,000
		Discount on Issue of Debentures	5,000
	1,00,000		1,00,000
6% Debentures	1,00,000		
Premium on Debentures	5,000	Bank	1,05,000
	1,05,000		1,05,000
6% Debentures	1,00,000	Bank	96,000
Premium on Redemption of Debentures	5,000	Loss on Debentures	9,000
	1,05,000		1,05,000

Problem No. 12

Date	Particulars	L.f	Debit	Credit
(a)	Bank A/c To 6% debenture A/c Issue of Debenture at par and repayable at par.		60000	60000
(b)	Bank A/c To 6% Debenture A/c To Premium on issue of debenture A/c Issue of Debenture at premium but repayable at par.		63000	60000 3000
(c)	Bank A/c Discount on issue of Debenture To 6% Debenture A/c Issue of debenture at 10% discount but repayable at par.		54000 6000	60000
(d)	Bank A/c Loss on Debenture A/c To 6% Debenture A/c To Premium on redemption A/c Issue of debenture at par and repayable at premium.		60000 3000	60000 3000
(e)	Bank A/c Loss on Debenture A/c To Debenture A/c To Premium on Redemption Issue of debenture at discount but repayable at premium.		57000 6000	60000 3000

Problem No. 13**Journal Entries for issue of debentures**

(a)	Bank a/c To 6% Debentures a/c Issue of 1,000 debenture at	100.000	100.000
(b)	Bank a/c To 5% debenture a/c Issue 1,000 debenture of 100 each at par	100.000	100.000
(c)	Bank a/c To Debentures a/c To Premium on issue of debentures Issued 1,000 debentures of Rs. 100 each at a premium of 5%	105.000	100.000 5.000

(d)	Bank a/c	95,000	
	Discount on issue of debentures	5,000	
	To debentures a/c		100,000
	Issue of 1,000 debentures at discount of 5%		

Problem No. 14

		Rs.	Rs.
(a)	Cash A/c	220000	
	To Debenture A/c		200000
	To Premium on issue of debenture A/c		20000
	Issue of 2000 Debenture at premium for cash.		
(b)	Bank A/c	90000	
	Discount on issue of debenture	10000	
	To Debenture A/c		100000
	Issue of 1000 debentures at discount		
(c)	Furniture A/c	50000	
	To Vendors A/c		50000
	Furniture purchased.		
(d)	Vendors A/c	50000	
	To Debenture A/c		50000
	Being the issue of Debentures.		
(e)	Debenture Suspense A/c	500000	
	To Debenture A/c		500000
	Debenture issued as collateral security.		

Problem No. 15

Journal

Date	Description	Dr.	Cr.
	Business purchase A/c	Rs.	Rs.
	To vendors (Nazir Sons)	45,000	
	Purchase consideration agreed		45,000

Cash at bank	20,000	
Sundry Debtors	5,000	
Furniture	16,000	
Plant	25,000	
Good-will	15,000	
To Sundry Creditors		15,000
To Bank Loan		21,000
To Vendors (Nazir Sons)		45,000
Being the various assets and liable taken over.		
Vendors (Nazir Sons)	45,000	
To Share Capital		30,000
To Bank A/c		15,000
Being the payment of the purchase price.		

Moon Corporation
Balance Sheet

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
Sundry Creditors	15,000	Cash at Bank	5,000
Bank Loan	21,000	Sundry Debtors	5,000
Share Capital		Furniture	16,000
2000 shares of Rs. 15 each	30,000	Plant	25,000
		Good-will	15,000
Total:	66,000	Total:	66,000

Problem No. 16

Journal

Particulars	Rs.	Rs.
Business Purchase Account	45,000	
To Vendors (Gold and Silver)		45,000
Business purchase consideration settled.		
Land and Buildings	25,000	
Machinery	10,000	
Stock	12,000	
Sundry Debtors	5,000	

Bank	1,000	
Good will	7,000	
To Sundry Creditors		15,000
To Business Purchase Account		45,000
Being the amount of assets and liabilities takes over by the Co.		
Vendors (Gold and Silver)	40,000	
To Share Capital Account		40,000
Being the allotment of 4,000 Share of Rs. 10 each as fully paid allotted to vendors in part payment of		
Purchase Consideration		

Cash Book

Particulars	Rs.	Particulars	Rs.
To Balance b/d	1,000	By Vendors	5,000
To Share Capital A/c	50,000	By Machinery a/c	25,000
		By Preliminary	
		Expenses a/c	6,000
		By Balance c/d	15,000
Total:	51,000	Total:	51,000

Balance Sheet of Fine Metals Limited

Liabilities	Rs.	Assets	Rs.
Authorized Capital:		Goodwill	7,000
10,000 Shares of Rs. 10 each	1,000,000	Land & Building	25,000
		Machinery	35,000
Subscribed & Paid up Capital		Stock	12,000
4,000 Shares of Rs. 10 each		Sundry Debtors	5,000
allotted to vendors	40,000	Bank	5,000
5,000 Shares of Rs. 10 each		Preliminary Expenses	6,000
issued to public fully paid up	50,000		
sundry Creditors	15,000		
Total:	1,05,000	Total:	1,05,000

Problem No. 17**Journal**

Jan. 2005	Business Purchase Account To M/s. (Bashir and Nazir) Purchased consideration agreed	1,20,000	1,20,000
	Plant and Machinery Account	40,000	
	Premises Account	30,000	
	Stock Account	24,000	
	Sundry Debtors	20,000	
	Goodwill Account	26,000	
	To Sundry Creditors		20,000
	To Business Purchase Account		1,20,000
	Assets and Liabilities taken over		
	Bank Account	60,000	
	To Share Capital Account		50,000
	To Share Premium Account		10,000
	Issue of 5,000 shares at a premium to public.		
	M/s. Bashir and Nazir	1,20,000	

	To Share Capital Account		80,000
	To Share Premium Account		16,000
	To Bank Account		24,000

Balance Sheet of Feroz**As at January 1, 1987**

Liabilities	Amount	Assets	Amount
Share Capital		Goodwill	26,000
13,000 Shares of Rs. 10 each	1,30,000	Plant and Machinery	40,000
Share Premium	26,000	Premises	30,000
Sundry Creditors	20,000	Stock	24,000
		Sundry Debtors	20,000
		Bank	36,000
Total:	1,76,000	Total:	1,76,000

Problem No. 18

Date	Particulars	L.F	Debit	Credit
			Rs.	Rs.
	Business Purchase a/c			
	To Baqar Corporation		3,40,000	
	Purchase consideration agreed			3,40,000
	Raw-Material		106,250	
	Investments		21,250	
	Buildings		52,700	
	Machinery		79,050	
	Goodwill		1,27,500	
	To Bank Loan			46,750
	To Business Purchase a/c			3,40,000
	Assets and Liabilities taken over			
	Baqar Corporation		3,40,000	
	To Share Capital a/c			1,70,000
	To Share Premium a/c			42,500
	To Bills Payable a/c			40,000
	Cash			87,500
	Payment made to Baqar Corporation			