

Dr. Uttam Kumar
SRAP College, Barachakia
Mob no-8210561032
Subject -Specialised Accounting

Topic-Bonus



**Online Study
Material**

Problem 9

The authorised capital of a company is ₹ 12,00,000 divided into 12,000 Equity Shares of ₹ 100 each, out of which 8,000 shares have been subscribed and on these ₹ 75 per share has been paid.

The company has the following unappropriated balances: ₹ 2,30,000 in the General Reserve, ₹ 70,000 in the Profit & Loss Account and ₹ 2,00,000 in the General Reserve. The company has decided in general meeting to capitalise the necessary parts of the above balances:

- (i) to issue as bonus ₹ 25 per share on the partly paid shares in order to make them fully paid and then
- (ii) to issue 1,000 fully paid equity shares at par as bonus at the rate of one fully paid share for eight shares already subscribed and paid for. The balance of the Profit & Loss Account in first to be exhausted and then the General Reserve is to be drawn upon.

Give the Journal entries to give effect to the above transactions.

Solution

Working Note :

Amount of bonus to be declared :

To make the partly paid share fully paid (8,000 × ₹ 25)	₹ 2,00,000
To cover a bonus issue of 1,000 fully paid Equity Shares of ₹ 100 (1,000 × ₹ 100)	1,00,000
	3,00,000

Solution

Journal Entries

Date	Particulars	L.F.	Dr. Amount	Cr. Amount
	Statement of Profit & Loss	Dr.	₹ 2,30,000	₹
	General Reserve A/c	Dr.	70,000	3,00,000
	To Bonus to Shareholders A/c (Bonus dividend declared as per Shareholder's Resolution dated.....)			
	Equity Share Final Call A/c	Dr.	2,00,000	2,00,000
	To Equity Share Capital A/c (Final call of ₹ 25 per share due on 8,000 shares as per Board's Resolution dated.....)			
	Bonus to Shareholders A/c	Dr.	2,00,000	2,00,000
	To Equity Share Final Call A/c (Utilization of bonus dividend towards payment of the final call of ₹ 25 per share on 8,000 shares)			
	Bonus to Shareholders A/c	Dr.	1,00,000	1,00,000
	To Equity Share Capital A/c (Utilization of the bonus divided towards issue of 1,000 fully paid shares of ₹ 100 each to be distributed in the ratio of one share for every eight held)			