

Syllabus Foundry

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Teacher-ready Commerce resources for Classes XI-XII

Class XII Accountancy

Accounting for Share Capital | 32-Mark Sample Assessment

Teacher solution and marking guidance

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A complete 32-mark sample assessment for CBSE Class XII Accountancy, covering Accounting for Share Capital. It is intended for teacher-led assessment, revision and classroom practice. It is an independent educational resource and is not an official CBSE paper.

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Assessment overview

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Q	Item ID	Version	Marks	Difficulty	Time
1	CBSE-ACC-12-ASC-0001	v0.1	1	Moderate	1 minute
2	CBSE-ACC-12-ASC-0002	v0.1	1	Moderate	1 minute
3	CBSE-ACC-12-ASC-0003	v0.1	1	Moderate	2 minutes
4	CBSE-ACC-12-ASC-0004	v0.1	1	Easy	1 minute
5	CBSE-ACC-12-ASC-0005	v0.1	3	Moderate	5 minutes
6	CBSE-ACC-12-ASC-0006	v0.1	3	Moderate	5 minutes
7	CBSE-ACC-12-ASC-0007	v0.2	6	High	12 minutes
8	CBSE-ACC-12-ASC-0008	v0.1	6	High	12 minutes
9	CBSE-ACC-12-ASC-0009	v0.1	6	High	12 minutes
10	CBSE-ACC-12-ASC-0010	v0.1	4	Moderate	7 minutes
Total			32		

Marking boundaries

- Accept academically equivalent account titles and complete balanced journal presentations where specifically noted.
- Do not accept an answer that contradicts an explicit question instruction merely because its arithmetic balances.
- Narrations carry no separately allocated marks in this assessment.

Question 1 | CBSE-ACC-12-ASC-0001 v0.1

Type: MCQ | Marks: 1 | Difficulty: Moderate | Cognitive level: Applying | Estimated time: 1 minute

Exact question

Vanya Ltd. issued 90,000 equity shares of ₹10 each. The company called ₹8 per share and received ₹7,08,000, excluding calls in advance. Which combination is correct?

- A. Called-up capital ₹9,00,000; calls in arrears ₹12,000
- B. Called-up capital ₹7,20,000; calls in arrears ₹12,000
- C. Called-up capital ₹7,08,000; calls in arrears ₹12,000
- D. Called-up capital ₹7,20,000; calls in arrears ₹1,92,000

Teacher solution

Option B. Called-up capital = $90,000 \times ₹8 = ₹7,20,000$. Calls in arrears = $₹7,20,000 - ₹7,08,000 = ₹12,000$.

Marking guidance

- **1 mark:** Option B, with both figures correct.

Assessor guidance

- Calls in advance are expressly excluded.
- Award only for the unique correct combination. The one-step demand lies near the Easy/Moderate difficulty boundary; the locked Moderate classification remains usable.

Question 2 | CBSE-ACC-12-ASC-0002 v0.1

Type: AR | Marks: 1 | Difficulty: Moderate | Cognitive level: Understanding | Estimated time: 1 minute

Exact question

Assertion (A): Amount received as calls in advance is not added to share capital until the relevant call becomes due.

Reason (R): Calls in advance represent an amount received before it has been called by the company.

Choose the correct option:

- A. Both A and R are true, and R is the correct explanation of A.
- B. Both A and R are true, but R is not the correct explanation of A.
- C. A is true, but R is false.
- D. A is false, but R is true.

Teacher solution

Option A. Both statements are true, and R explains A. An amount received before it is called is a liability as calls in advance; it becomes share capital only when the relevant call becomes due.

Marking guidance

- **1 mark:** Option A.

Assessor guidance

- The causal link must be conceptually sound: receipt before call is the reason the amount is not yet called-up capital.

Question 3 | CBSE-ACC-12-ASC-0003 v0.1

Type: MCQ | Marks: 1 | Difficulty: Moderate | Cognitive level: Applying | Estimated time: 2 minutes

Exact question

Arin Ltd. forfeited 600 equity shares of ₹10 each, fully called, on which ₹6 per share had been received. It later reissued all the shares at ₹8 per share as fully paid. What amount should be transferred to Capital Reserve?

- A. ₹1,200
- B. ₹2,400
- C. ₹3,600
- D. ₹4,800

Teacher solution

Amount forfeited = $600 \times ₹6 = ₹3,600$. Reissue discount = $600 \times (₹10 - ₹8) = ₹1,200$. Capital Reserve = $₹3,600 - ₹1,200 = ₹2,400$. Therefore, **Option B**.

Marking guidance

- **1 mark:** Option B.

Assessor guidance

- All forfeited shares are reissued; no apportionment is required.

Question 4 | CBSE-ACC-12-ASC-0004 v0.1

Type: MCQ | Marks: 1 | Difficulty: Easy | Cognitive level: Understanding | Estimated time: 1 minute

Exact question

Which statement most accurately describes a preference share?

- A. It necessarily carries voting rights on every company matter.
- B. It carries preferential rights regarding dividend and repayment of capital.
- C. It can be issued only to employees of the company.
- D. It forms part of the company's debentures until dividend is declared.

Teacher solution

Option B. Preference shares carry preferential rights regarding dividend and repayment of capital.

Marking guidance

- **1 mark:** Option B.

Assessor guidance

- Options A, C and D are not acceptable descriptions.

Question 5 | CBSE-ACC-12-ASC-0005 v0.1

Type: JE | Marks: 3 | Difficulty: Moderate | Cognitive level: Applying | Estimated time: 5 minutes

Exact question

Kairav Ltd. issued 20,000 equity shares of ₹10 each at a premium of ₹2 per share. The amount was payable as follows:

- ₹3 per share on application;
- ₹5 per share on allotment, including the entire premium; and
- the balance on first and final call.

All the shares were subscribed and allotted. A shareholder holding 500 shares did not pay allotment, while another shareholder holding 800 shares paid the first and final call together with allotment. The company does not account for interest on calls in advance or calls in arrears.

Pass journal entries for allotment money becoming due and for receipt of allotment money.

Teacher solution

Issue price = ₹12; application = ₹3; allotment = ₹5; first and final call = **₹4 per share**.

- Allotment due = $20,000 \times ₹5 = ₹1,00,000$, comprising Share Capital ₹60,000 and Securities Premium ₹40,000.
- Allotment arrears = $500 \times ₹5 = ₹2,500$.
- Calls in advance = $800 \times ₹4 = ₹3,200$.
- Bank receipt = $₹1,00,000 - ₹2,500 + ₹3,200 = ₹1,00,700$.

Journal entries

1. Share Allotment A/c Dr ₹1,00,000

To Equity Share Capital A/c ₹60,000

To Securities Premium A/c ₹40,000

(Allotment money due, including premium.)

2. Bank A/c Dr ₹1,00,700

Calls in Arrears A/c Dr ₹2,500

To Share Allotment A/c ₹1,00,000

To Calls in Advance A/c ₹3,200

(Allotment received except on 500 shares, and call on 800 shares received in advance.)

Marking guidance

- **1.5 marks:** Correct allotment-due entry, including ₹60,000 capital and ₹40,000 premium.
- **1.5 marks:** Correct receipt entry, including Bank ₹1,00,700, arrears ₹2,500 and advance ₹3,200.
- **Total: 3 marks.**

Accepted equivalent presentation

The receipt may be split into:

- Bank Dr ₹97,500 and Calls in Arrears Dr ₹2,500 to Share Allotment ₹1,00,000; and
- Bank Dr ₹3,200 to Calls in Advance ₹3,200.

Do not penalise a complete, balanced split presentation.

Question 6 | CBSE-ACC-12-ASC-0006 v0.1

Type: JE | Marks: 3 | Difficulty: Moderate | Cognitive level: Applying | Estimated time: 5 minutes

Exact question

Tisya Ltd. purchased machinery from Arohan Engineering for ₹9,60,000. It paid ₹1,20,000 by bank and discharged the balance by issuing equity shares of ₹10 each at a premium of 20%.

Calculate the number of shares issued and pass journal entries in the books of Tisya Ltd. for purchase of machinery and settlement of the vendor's claim.

Teacher solution

Share-settled claim = ₹9,60,000 – ₹1,20,000 = **₹8,40,000**. Issue price = ₹10 + 20% of ₹10 = **₹12**. Shares issued = ₹8,40,000 ÷ ₹12 = **70,000 equity shares**. Share Capital = ₹7,00,000; Securities Premium = ₹1,40,000.

Journal entries

1. Machinery A/c Dr ₹9,60,000

To Arohan Engineering A/c ₹9,60,000

(Machinery purchased.)

2. Arohan Engineering A/c Dr ₹9,60,000

To Bank A/c ₹1,20,000

To Equity Share Capital A/c ₹7,00,000

To Securities Premium A/c ₹1,40,000

(Vendor's claim settled by bank and issue of 70,000 equity shares at premium.)

Marking guidance

- **1 mark:** Correct balance, issue price and 70,000-share calculation.
- **1 mark:** Correct machinery-purchase entry.
- **1 mark:** Correct settlement entry with bank, share capital and premium.
- **Total: 3 marks.**

Accepted equivalent presentation

The settlement may be split into a bank-payment entry and a separate share-issue settlement entry. Award equivalent credit when the total vendor claim, capital and premium are correct and all entries balance.

Question 7 | CBSE-ACC-12-ASC-0007 v0.2

Type: NUM-JE | Marks: 6 | Difficulty: High | Cognitive level: Applying/Analysing | Estimated time: 12 minutes

Exact question

Pioneer Habitat Ltd. invited applications for 80,000 equity shares of ₹10 each at a premium of ₹2 per share. The amount was payable as follows:

- ₹3 per share on application;
- ₹5 per share on allotment, including premium; and
- ₹4 per share on first and final call.

Applications were received for 1,20,000 shares. Applications for 20,000 shares were rejected and application money was refunded. The remaining applicants were allotted shares on a pro-rata basis. Excess application money was adjusted towards allotment. **For this question, excess application money is adjusted first against the nominal share-capital component due on allotment; only any remaining excess is adjusted against securities premium. Accordingly, Ritvik's entire ₹1,500 excess application money is adjusted against nominal share capital due on allotment and none against securities premium.**

Ritvik, who had applied for 2,500 shares, failed to pay allotment and first and final call. His shares were forfeited after the call became due. Subsequently, 1,500 of his forfeited shares were reissued at ₹9 per share as fully paid.

Pass journal entries for:

1. adjustment/refund of application money;
2. allotment becoming due and its receipt;
3. first and final call becoming due and its receipt;
4. forfeiture of Ritvik's shares;
5. reissue and transfer to Capital Reserve.

Teacher solution

Core working

- Applications received: $1,20,000 \times ₹3 = ₹3,60,000$.
- Refund: $20,000 \times ₹3 = ₹60,000$.
- Accepted applicants: 1,00,000 for 80,000 shares; applied : allotted = **5 : 4**.
- Accepted excess application money: $₹3,00,000 - ₹2,40,000 = ₹60,000$, applied to nominal allotment capital first.
- Ritvik's allotment: $2,500 \times 4/5 = 2,000$ shares.
- Ritvik paid ₹7,500 on application; ₹6,000 is application capital and **₹1,500** is adjusted to nominal allotment capital.
- Ritvik's nominal allotment unpaid: $₹6,000 - ₹1,500 = ₹4,500$.
- Premium unpaid: $2,000 \times ₹2 = ₹4,000$.
- Total allotment arrears: **₹8,500**.
- Call arrears: $2,000 \times ₹4 = ₹8,000$.
- Nominal capital received and Share Forfeiture credit: **₹7,500**.
- Forfeiture attributable to 1,500 reissued shares: $₹7,500 \times 1,500/2,000 = ₹5,625$.
- Reissue discount: $1,500 \times ₹1 = ₹1,500$.
- Capital Reserve: $₹5,625 - ₹1,500 = ₹4,125$.
- Share Forfeiture retained for 500 unreissued shares: **₹1,875**.

Journal entries

1. Bank A/c Dr ₹3,60,000
 To Share Application A/c ₹3,60,000
2. Share Application A/c Dr ₹3,60,000

To Bank A/c ₹60,000

To Equity Share Capital A/c ₹2,40,000

To Share Allotment A/c ₹60,000

3. Share Allotment A/c Dr ₹4,00,000

To Equity Share Capital A/c ₹2,40,000

To Securities Premium A/c ₹1,60,000

4. Bank A/c Dr ₹3,31,500

To Share Allotment A/c ₹3,31,500

5. Share First and Final Call A/c Dr ₹3,20,000

To Equity Share Capital A/c ₹3,20,000

6. Bank A/c Dr ₹3,12,000

To Share First and Final Call A/c ₹3,12,000

7. Equity Share Capital A/c Dr ₹20,000

Securities Premium A/c Dr ₹4,000

To Share Allotment A/c ₹8,500

To Share First and Final Call A/c ₹8,000

To Share Forfeiture A/c ₹7,500

8. Bank A/c Dr ₹13,500

Share Forfeiture A/c Dr ₹1,500

To Equity Share Capital A/c ₹15,000

9. Share Forfeiture A/c Dr ₹4,125

To Capital Reserve A/c ₹4,125

All nine entries balance. Under this presentation, aggregate debits and credits are each **₹21,26,625**.

Marking guidance

- **1 mark:** Pro-rata/application calculations; application receipt, rejected refund, nominal transfer and excess adjustment.
- **1 mark:** Allotment nominal/premium due and correct cash receipt after adjustment and arrears.
- **1 mark:** First and final call due and receipt after Ritvik's unpaid call.
- **1.5 marks:** Ritvik's arrears and correctly balanced forfeiture, including ₹4,000 premium reversal and ₹7,500 forfeiture.
- **0.75 mark:** Reissue of 1,500 shares, including ₹13,500 bank and ₹1,500 reissue discount.
- **0.75 mark:** ₹5,625 attributable forfeiture and ₹4,125 Capital Reserve transfer.
- **Total: 6 marks.**

Accepted equivalent presentation and guidance

- Calls in Arrears may be used: debit ₹8,500 at allotment receipt and ₹8,000 at call receipt, then credit Calls in Arrears ₹16,500 on forfeiture. The financial result is identical.
- Properly split application/refund/transfer entries are acceptable.
- Do not accept a premium-first or proportionate allocation of Ritvik's ₹1,500; those contradict the explicit v0.2 instruction.
- Twelve minutes is demanding but remains the current locked estimate. Record any educator concern without silently changing it.

Question 8 | CBSE-ACC-12-ASC-0008 v0.1

Type: NUM-JE | Marks: 6 | Difficulty: High | Cognitive level: Applying/Analysing | Estimated time: 12 minutes

Exact question

Aster Mobility Ltd. offered 60,000 equity shares of ₹10 each at a premium of ₹3 per share. The amount was payable as follows:

- ₹3 per share on application;
- ₹5 per share on allotment, including the entire premium; and
- ₹5 per share on first and final call.

Applications were received for 58,000 shares and all applicants were allotted the shares applied for. Naman, holding 2,000 shares, paid the first and final call along with allotment. Ira, holding 1,500 shares, did not pay allotment or first and final call. Her shares were forfeited after the call. Of these shares, 1,000 were reissued at ₹8 per share as fully paid. Interest on calls in advance and calls in arrears is to be ignored.

Pass the necessary journal entries from application through reissue, including transfer to Capital Reserve.

Teacher solution

- Shares allotted: **58,000**.
- Application money: $58,000 \times ₹3 = ₹1,74,000$.
- Allotment due: $58,000 \times ₹5 = ₹2,90,000$, comprising capital ₹1,16,000 and premium ₹1,74,000.
- Naman's call in advance: $2,000 \times ₹5 = ₹10,000$.
- Ira's allotment arrears: $1,500 \times ₹5 = ₹7,500$.
- Allotment bank receipt: $₹2,90,000 - ₹7,500 + ₹10,000 = ₹2,92,500$.
- Call due: **₹2,90,000**; call-stage bank receipt: $₹2,90,000 - ₹10,000 - ₹7,500 = ₹2,72,500$.
- Ira's Share Forfeiture credit: $1,500 \times ₹3 = ₹4,500$.
- Capital Reserve on 1,000 reissued shares: $₹3,000$ attributable forfeiture – $₹2,000$ discount = **₹1,000**.

Journal entries

- Bank A/c Dr ₹1,74,000
 To Share Application A/c ₹1,74,000
- Share Application A/c Dr ₹1,74,000
 To Equity Share Capital A/c ₹1,74,000
- Share Allotment A/c Dr ₹2,90,000
 To Equity Share Capital A/c ₹1,16,000
 To Securities Premium A/c ₹1,74,000
- Bank A/c Dr ₹2,92,500
 Calls in Arrears A/c Dr ₹7,500
 To Share Allotment A/c ₹2,90,000
 To Calls in Advance A/c ₹10,000
- Share First and Final Call A/c Dr ₹2,90,000
 To Equity Share Capital A/c ₹2,90,000
- Calls in Advance A/c Dr ₹10,000
 Bank A/c Dr ₹2,72,500
 Calls in Arrears A/c Dr ₹7,500
 To Share First and Final Call A/c ₹2,90,000
- Equity Share Capital A/c Dr ₹15,000
 Securities Premium A/c Dr ₹4,500

To Calls in Arrears A/c ₹15,000

To Share Forfeiture A/c ₹4,500

8. Bank A/c Dr ₹8,000

Share Forfeiture A/c Dr ₹2,000

To Equity Share Capital A/c ₹10,000

9. Share Forfeiture A/c Dr ₹1,000

To Capital Reserve A/c ₹1,000

Share Forfeiture retained for 500 unreissued shares = **₹1,500.**

Marking guidance

- **1 mark:** Application entries.
- **1.5 marks:** Allotment due and receipt, including advance and arrears.
- **1 mark:** Call due and receipt, including adjustment of advance.
- **1.5 marks:** Correct forfeiture entry.
- **1 mark:** Reissue and Capital Reserve transfer.
- **Total: 6 marks.**

Accepted equivalent presentation

The call receipt may be split into an advance-adjustment entry and a separate bank/arrears receipt entry. Award equivalent credit if the complete effect is correct and balanced.

Question 9 | CBSE-ACC-12-ASC-0009 v0.1

Type: DISC-NUM | Marks: 6 | Difficulty: High | Cognitive level: Applying/Analysing | Estimated time: 12 minutes

Exact question

The authorised capital of Navira Foods Ltd. is ₹50,00,000 divided into 5,00,000 equity shares of ₹10 each. The company issued 3,00,000 equity shares of ₹10 each, fully called. Of these, 20,000 shares were issued to a vendor for machinery and the remaining shares were offered for public subscription. All the offered shares were subscribed.

A shareholder holding 5,000 shares failed to pay the first and final call of ₹3 per share, and those shares were forfeited. The company subsequently reissued 3,000 of the forfeited shares at ₹9 per share as fully paid.

Prepare:

1. the Note to Accounts for Share Capital immediately after the reissue; and
2. the calculation of the amount transferred to Capital Reserve.

Teacher solution

- Outstanding shares after forfeiture and reissue = $3,00,000 - 5,000 + 3,000 = \mathbf{2,98,000 \text{ shares.}}$
- Unreissued forfeited shares = **2,000.**
- Amount originally paid per forfeited share = $\text{₹}10 - \text{₹}3 = \mathbf{\text{₹}7.}$
- Amount on unreissued forfeited shares = $2,000 \times \text{₹}7 = \mathbf{\text{₹}14,000.}$

Note to Accounts — Share Capital immediately after reissue

Particulars	Amount
Authorised capital: 5,00,000 equity shares of ₹10 each	₹50,00,000
Issued capital: 3,00,000 equity shares of ₹10 each	₹30,00,000
Subscribed and paid-up: 2,98,000 equity shares of ₹10 each, fully paid	₹29,80,000
Add: amount originally paid on 2,000 forfeited shares not reissued	₹14,000
Total subscribed and paid-up presentation	₹29,94,000

Of the original issued shares, 20,000 were issued to the vendor for machinery and 2,80,000 were offered for public subscription.

Capital Reserve

- Forfeiture relating to 3,000 reissued shares = $3,000 \times \text{₹}7 = \mathbf{\text{₹}21,000.}$
- Reissue discount = $3,000 \times \text{₹}1 = \mathbf{\text{₹}3,000.}$
- Capital Reserve = $\text{₹}21,000 - \text{₹}3,000 = \mathbf{\text{₹}18,000.}$
- Share Forfeiture retained for 2,000 unreissued shares = **₹14,000.**

Marking guidance

- **1 mark:** Authorised and issued capital.
- **2 marks:** Correct 2,98,000 outstanding shares and ₹29,80,000 fully paid amount.
- **1 mark:** Correct ₹14,000 forfeited amount and ₹29,94,000 total.
- **2 marks:** Capital Reserve working—₹21,000 attributable forfeiture, ₹3,000 discount and ₹18,000 transfer.
- **Total: 6 marks.**

Accepted presentation and scope guidance

- A concise examination-format presentation may show Authorised ₹50,00,000, Issued ₹30,00,000 and Subscribed and paid-up ₹29,94,000, with ₹29,80,000 and ₹14,000 as sub-lines.
- The question is reviewed as the conventional CBSE examination-format Share Capital extract, not a complete statutory note. A complete statutory disclosure would require facts not supplied and would be a different task.

Question 10 | CBSE-ACC-12-ASC-0010 v0.1

Type: CBQ | Marks: 4 | Difficulty: Moderate | Cognitive level: Understanding/Analysing | Estimated time: 7 minutes

Exact question

Nivaan Technologies Ltd. is considering three separate proposals:

1. Offer equity shares to a pre-identified group of 30 investors rather than invite the public.
2. Give eligible employees a right to acquire shares in the future at a predetermined price, subject to stated conditions.
3. Issue equity shares to a director in recognition of technical know-how supplied to the company.

Answer the following:

- a. Identify the method or category represented by each proposal. (3 marks)
- b. State one substantive distinction between the arrangements identified in proposals 2 and 3. (1 mark)

Teacher solution

1. **Private placement.**
2. **Employee Stock Option Plan/Scheme (ESOP).**
3. **Sweat equity shares.**

Distinction: An ESOP initially grants an eligible employee a conditional right to acquire shares later at a predetermined price; the employee becomes a shareholder only after vesting and exercise. Sweat equity is an actual issue/allotment of shares to an eligible employee or director for know-how, intellectual-property rights or value addition, including permitted non-cash consideration.

Marking guidance

- **3 marks:** 1 mark each for private placement, ESOP and sweat equity.
- **1 mark:** One substantive distinction between ESOP and sweat equity.
- **Total: 4 marks.**

Assessor guidance

- “Issue of shares for consideration other than cash” is a broader description of proposal 3; **sweat equity** is the specific intended category signalled by a director and technical know-how.
- The task tests conceptual identification, not procedural legal compliance. Do not infer that the proposals satisfy every statutory condition.

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