

Example -1 (Bonus Shares at Par)

X Ltd. with a paid up capital of Rs 5,00,000 divided into shares of Rs.10 each fully paid had resolved to capitalize Rs. 80,000 of the accumulated reserves of Rs. 1,25,000 by issuing bonus shares of Rs. 10 each fully paid. Pass necessary journal entries

Example – 2 (Bonus Shares at Premium)

AB Ltd has a share capital of Rs. 20, 00,000 in Equity shares of Rs. 10 as fully paid. The company now declares a bonus out of its free reserves of Rs. 8, 00,000. This bonus is to be paid by issue of the equity share of Rs.10 each at a premium of Rs.2 per share for every four shares held by the shareholders. The shares are quoted at Rs.15 on the date of allotment of bonus shares. Give journal entries to record the above transactions