Unit 1

Issue of Shares

Meaning:

when a Public Company desires to raise capital by issuing its Shares to the Public, it invites the Public to subscribe for its shares. The Invitation is made through a document called "PROSPECTUS". The Prospectus Must Mention the exact manner of Shares is Payable by the Public.

Different Methods of Issue of Shares

Shares may be issued in the following:

1. Shares issued at Par.
2. Shares issued at Premium
3. Shares issued at discount and
4. Shares issued for Consideration other than Cash

Shares Issued at Premium Value:

when the Shares are issued to the Public at a Price which is more than the face value, it is called Premium value. For e.g. when a Share of Rs 10 is issued by the Company at Rs 12 then the issue is known as Shared issued at Premium value and The difference between the Face Value and issue Price i.e Rs 2 is called Premium.

1. For writing down the fictitious assets appearing in the balance Sheet
2. For Providing the Share Premium payable on the redemption of redeemable preference Shares or debentures.

3. For issuing Fully Paid bonus Shares.
4. For writing off Preliminery expenses.

Forfeiture and Reissue

Share forfeiture is the Process of Cancelling the Shares from a particular Share holder for non-payment of any amount due to the Company. After the forfeiture, the Shareholder loses his capacity as a Shareholder and the company will not repay the amount which was already paid by him.

These share can be reissued at a discount to any Person including the Person who already had it. But the discount amount should not exceed the money already received of forfeited Shares.

Procedure of forfeiture of Shares.

The Companies Act does not contain any specific Provisions regarding forfeiture of Shares.

1. The Company Should have adopted Table A as its Articles or the company's Article should have an express Provision to forfeiture shares
2. Any Procedure Prescribed in the Articles for such forfeiture must be followed.
3. There should be default on the part of the Shareholder in the payment of a valid call.
4. A Proper registered notice of demand requiring the Share holder to pay arrears on calls within a specified period. specifying the exact amount must be given.
5. The Board of directors has to pass a resolution for the forfeiture of Shares.

Reissue of forfeiture Of Shares:

Forfeiture Shares become the Property of the Company. Board of directors can reissue such shares at their convenience and on such terms as they see fit. They may be reissued at par or at discount or at Premium,

1. The amount collected on reissue from the new allottee and the amount already received from the defaulting member should not be together, less than the amount credited as paid up on the reissue of shares.
2. If the forfeited Shares are reissued at discount, the amount of discount should not exceed the amount already collected on them from the defaulting member, excluding any share Premium collected.
3. If forfeited Share are reissued at par, the entire amount standing to the credit of forfeited shares account should be treated as 'Profit* on reissue' and fully transfered to capital reserve account.

In case only a part of the forfeited Shares are reissued, the proportionate amount representing the net gain on the shares reissued should be transfered to capital reserve a/c.

Pro-rata Allotment:

When an issue of Shares is over subscribed heavily, Pro rata allotment may be made by the company. Application for shares may receive allotment of a portion of shares they have applied for. The company may transfer their excess application money towards the amount due on allotment or even calls.

Such transfer of the excess application money affects the unpaid calls. The exact amount to be forfeited has to be computed carefully. Particulars when some pro-rata allotees fail to pay the allotment money.

Surrender of Shares:

Return of shares to the company by the shareholders themselves is called surrender of shares. The return does not involve any payment by the company. Surrender of shares can take place in two different situations.

1. A share holder may not be able to pay the calls on share after receiving allotment. He may return the shares to the company voluntarily for cancellation.
2. Shareholders may surrender a part of their holding to the company as a part of capital reduction scheme.

Issue of Rights and Bonus Share:

Meaning:

Sometimes a company may follow a conservative dividend policy i.e. the policy of distributing only a small portion of its profit as dividend. This result in accumulation of large ~~share~~ reserves over a period of time.

The bonus declared to the shareholders can be paid in cash only if the company has sufficient cash reserves to pay the bonus without affecting its working capital adversely.

Page No.
Date: / /

In case it does not have adequate cash to give the bonus in cash, it may give the bonus in the form of shares. The shares issued by the Company to the existing equity shareholders in settlement of the bonus declared are termed as 'Bonus Shares'.

The Bonus shares, thus issued become permanently a part of its issued share capital and the Process is known as the Capitalisation of Profits or Reserves"

Rights Issue.

Public limited companies generally do not prefer to issue their entire authorised capital at once. whenever requirement for additional funds arise, the directors may go for a further issue.

In case a company wants to make a further issue of shares, the issue must first be offered to the existing equity shareholders. This offer is known as rights issue.

The shareholders can sell their right in full or in portion to another person.

When a right issue is made, a shareholder may get fractions of shares. In such case the company will issue fraction rights and the same may be bought or sold by the individual shareholder.

Issue of Bonus Share

The company at its choice may pay bonus to the shareholder's in cash. But, the bonus paid in the form of cash may affect the Company's working capital position. In order to avoid the outflow of cash from the business and at the

Pinko
Page No.
Date: / /

Same time to satisfy the shareholders, the Company may resort to issuing bonus shares to the existing equity shareholders.

The bonus shares may be issued in the following circumstances

i) when the company has large accumulated reserve
ii) when the company is not in a position to pay cash bonus.
iii) when the value of fixed asset is very high than the value of capital
iv) when higher rates of dividend payment is not advisable
v) when the market value exceeds the face value of shares.

Underwriting of Shares and Debentures:

Meaning:

According to the institute of company secretaries of India "Underwriting may be defined as a contract entered into by the company with persons or institutions, called underwriters, who undertake to take up the whole or a portion of such offered shares or debentures as may ~~be~~ not be subscribed for by the public, in consideration of remuneration called underwriting commission".

a) Underwriting is an undertaking or guarantee, legally enforceable.
b) It is between a company and underwriters who may be individuals or institutions.
c) The underwriters undertake to take up shares or debentures which may not be subscribed for by the public.
d) The underwriters may agree to take up a portion or whole issue made for public subscription

Purpose and Importance of underwritting:

The basic Purpose of underwritting is to guard against the 'Domolles Sword' of minimum subscription which is not less than 90% of the issue value.

As per sec 69(1) of Companies Act, a Company must receive the amount of minimum subscription as mentioned in the Prospectus within 120 days from the date of Opening of the Issue.

All the amounts received should be returned and the issue abandoned.

Underwritting function has great economic significance. It Provides assurance to a company that the Stipulated amount of a public issue will be definitely received.

The capital market of a company is vital for mobilisation of funds by companies, underwritting is like a lubricant which enables smooth functioning of capital markets.

Underwritting Commission:

The Commission is the Consideration for the service rendered by the underwritters. It is paid for the risk taken by them in Placing of the shares before the Public.

Underwritting Commission is paid at specified rates, as per the agreement, subject to limit fixed by the Companies Act.

The commission is payable whether an underwriter was called upon to take any shares or debentures or not.

It is usually paid as a percentage on the total issue Price of the shares or debentures underwritten.

Types of underwritting:

Underwritting agreements can be broadly divided into two types:

1. Pure underwritting. 2) Firm underwritting.

I. Pure underwritting:

In this type of contract, the underwritters liability is purely contingent. He agrees to subscribe for shares or debentures of the company which are not applied for by the public.

Pure underwritting can again be subdivided into two types. a) Complete and b) Partial.

a) Complete underwritting: If the whole of the issue of shares or debentures of a company is underwritten without involving any 'firm' underwritting it is termed as complete underwritting.

b) Partial underwritting: If only a part of the issue of shares or debentures of a company is underwritten, it is termed as partial underwritting. In case of partial underwritting, the company is treated as 'underwritter' for the remaining part of the issue.

II. Firm underwritting:

In this type of underwritting contract, the underwritters liability is partly definite and partly contingent. The contract signifiers is definite commitment to take up a specified number of shares irrespective of the number of shares subscribed by the public.

The underwritters has to take.

a) The number of shares he has applied for firm, and also

b) The number of shares he is abliged to take up on the basis of the underwritting contract

Pinko
Page No.
Date: / /

Problom!

Kala Ltd. Purchased the business of Mani Bros for Rs 54,00,000 Payable in fully Paid shares Of Rs 100 each. What entries will be made in the books of Kala Ltd. If Such issue is a) at par b) at a Premium Of 20% and c) at a discount of 10%.

Solution.

Kala Ltd Journal Entries.

Date	Particulars		LF	Debit Rs.	Credit Rs
	1) Sundry assets A/c.	Dr		54,00000	
	To Mani Bros A/c.				54,00000
	(being Purchase of business)				
	ii) When Shares are issued at Par.				
	a) Mani Bros A/c	Dr		54,00,000	
	To Share Capital A/c				54,00,000
	(being issue of fully paid shares of Rs100 each to the vendors)				
	b) when shares are issued at Premium				
	Mani Bros. A/c	Dr		54,00,000	
	To Share Capital A/c (45000x100)				4500000
	To Securities Premium A/c (45000x20				9,00000
	(being issue Of 45000 fully Paid Shares of Rs 100 each at a Premium of 20%.)				
	c) when shares are issued at discount				
	Mani Bros A/c	Dr		5400000	
	Discount on Issue of Shares	Dr		6,00000	
	To Share capital A/c				6000000
	(being issue of 60000 Fully paid Shares Of Rs 100 each at a discount Of 10%.				

Page No.
Date: / /

Working Notes:

i) When Shares are Issued at Premium of 20%.

No. Of Shares to be Issued = $\frac{\text{Purchase Price}}{\text{Issue Price}} = \frac{54,00000}{120}$

= 45000 Shares.

ii) When Shares are issued at a discount of 10%

No. of Shares to be issued = $\frac{\text{Purchase Price}}{\text{Issue Price}} = \frac{54,00000}{90} = 60,000$ Shares

Problem 2:

Z Ltd made an Issue of 10000 equity Shares of Rs 100 each Payable Rs 20 on application, Rs 40 on allotment and Rs 40 on call. All the shares are subscribed and amount duly received. Give Journal entries to give effect to the above.

Solution:

Journal Entries in the Books of Z Ltd.

Particulars		LF	Debit	Credit
i) Bank A/c	Dr		2,00 000	
TO Share application A/c.				2,00 000
(being application money received)				
ii) Share application A/c	Dr		2,00 000	
TO Share Capital A/c				2,00 000
(being application money transferred)				
iii) Share allotment A/c	Dr		4,00 0000	
TO Share capital A/c				4,00000
(being allotment money received)				
iv) Bank A/c	Dr		4,00 000	
TO Share allotment A/c				4,00,000
(Being allotment money received)				

Particulars	L.F	Debit	Credit
v) Share first & final Call A/c. Dr		4,00000	
TO Share Capital A/c.			
(being call money receivable)			4,00 000
vi) Bank A/c Dr		4,00 000	
TO Share first & final call a/c.			
(being call money received)			4,00,000

Problem(3)

A Ltd Purchased Land & Buildings Costing rs 15,00000 and in Payment alloted 20 000 equity Shares of rs100 each as fully Paid. Further the Company issued 40000 equity Shares to the Public. The Shares were Payable as follows.

On application rs 20; on allotment rs40 on call rs 40 The Public applied for all the shares which were alloted. All moneys were received. Give Journal Entries in the Books of the Company.

Journal Entries in the Books of A Ltd.

Particulars	L.F	Debit	Credit
Land & Building A/c Dr		15,00000	
TO Vendor A/c			15,00 000
(being asset Purchased)			
Vendor a/c Dr		15,00,000	
TO Equity Share capital			15,00 000
(being Share issued for consideration other than cash)			
Bank A/c Dr		8,00000	
TO Equity share application			8,00 000
(being equity Share application money received			

Equity Share Application A/c Dr		8,00000	
To Equity Share capital.			8,00 000
(being equity share application money transferred.			
Equity Share Allotment A/c Dr		16,00 000	
To Equity Share capital A/c.			16,00,000
(being equity share allotment money received)			
Equity Share Call A/c Dr		16,00 000	
To Equity Share capital A/c.			16,00,000
(being equity share call due on 40,000 shares)			
Bank A/c Dr		16,00000	
To Equity Share call A/c.			16,00 000.
(being equity share call money received on 40,000 shares.			

Problem 5.

A Ltd issued 10,000 shares to the general public share value of Rs 10. will be collected as follows: on application Rs 2 on allotment Rs 4. on first and second call Rs 2. each. All the shares are subscribed by the public. Pass Journal Entries.

Solution.

Journal Entries.

Particulars	LF	Debit Rs	Credit Rs.
Bank A/c 10,000 x 2 Dr		20,000	
To Share application a/c.			20,000
(being application money received)			

Page No.
Date : / /

Share application A/c Dr		20,000	
To Share capital a/c.			20,000
(being application money transferred)			
Share allotment a/c Dr		40,000	
To Share capital a/c.			40,000
(being allotment money due 10,000×4)			
Bank A/c Dr		40,000	
To Share allotment a/c.			40,000
(being allotment money received)			
Share I Call a/c. Dr		20,000	
To Share Capital A/c.			20,000
(being call money due 10 000×2)			
Bank a/c Dr		20,000	
To Share I Call a/c			20,000
(being call money received)			
Share final call a/c Dr		20,000	
To Share capital a/c.			20,000
(being call money due 10000×2)			

Problem 6.

R Ltd Company issued 1,00 000 Shares of rs 10 each payable as under : rs 2 on application rs 3 on allotment rs 3 on first call and rs 2 on final call. The public applied for 90000 Shares. These shares were alloted. The final call was not made. All the money due on these shares was received except the first call on 400 shares prepare bank a/c Share capital a/c and balance sheet.

Pinko

Page No.

Date / /

Journal Entries.

Particulars		L.F	Debit Rs	Credit Rs
Bank a/c (90000×2)	Dr		1,80 000	
TO Share application a/c.				1,80,000
(being application money received)				
Share application a/c (90000×2)	Dr		1,80,000	
TO Share capital a/c				1,80 000.
(being application money transfered)				
Share allotment a/c (90000×3)	Dr		2,70000	
TO Share Capital A/c.				2,70,000
(being Share allotment money due)				
Bank a/c	Dr		2,70,000	
TO Share allotment a/c.				2,70,000
(being allotment money received)				
Share first call a/c. 90000×3			2,70000	
TO Share Capital a/c.				2,70,000
(being call money due 200000×4)				
Bank a/c (2,70,000 - 400×3)	Dr		268 800	
TO Share first call a/c.				2,68 800
(being Call money received)				

Bank A/c.

Particulars	Rs	Particulars	Rs
TO Share application A/c	1,80000	By Balance c/d (b/f)	7,18 800
TO Share allotment a/c	2,70000		
TO Share first call a/c	2,68 800		
	7,18,800		7,18,800

Share capital A/c.

Particulars	Amount	Particulars	Amount
TO Balance c/d	7,20000	By Share application A/c	1,80000
		By Share allotment A/c	2,70000
		By Share first call a/c	2,70000
	7,20000		7,20000

Page No.
Date : / /

Balance Sheet Of R Ltd as on...

Particulars	Note No.	Amounts. Rs.
I. Equity and Liabilities.		
1. Share holders fund.	1.	7,18,800
Equity Share capital.		–
Reserve and Surplus		–
2. Non - current liabilities		–
3 Current liabilities.		–
Total.		7,18,800
II Assets.		
1. Non - current Assets.		-
2. Current Assets.		
Cash and Cash equivalents.	2	7,18,800
Total		7,18,800

~~Working~~ Note:

1. Equity Share capital.

Share capital.	7,20000
(-) Calls in arrears.	1200
	7,18,800

2. Cash and Cash equivalents.

Bank.	7,18,800

Problem 7. Pro-rata allotment.

A Limited Company Issued 10,000 Shares of Rs100 each Payable as under: Rs 20 on application Rs 30 on allotment Rs 50 on first and final call. The public applied for 11 000 Shares. Allotment was made for 10,000 Shares and the amount due on 1000 Shares returned to the applicants. All money were received. Pass Journal entries.

Pinko

Page No.

Date : / /

Journal Entries

Particulars		L.F.	Debit Rs	Credit Rs
Bank a/c (11000×20)	Dr		2,20,000	
TO Share application a/c.				2,20,000
(being application money received)				
Share application A/C (10000×20)	Dr		200,000	
TO Share capital a/c.				2,00,000
(being application money transferred				
Share application A/c. (1000×20)			20,000	
TO Bank a/c				20,000
(being application money received)				
Share allotment a/c	Dr		3,00,000	
TO Share Capital a/c.				3,00,000
(being allotment money due).				
Bank a/c.			3,00,000	
TO Share allotment a/c.				3,00,000
(being allotment money received)				
Share first and final call a/c.	Dr		5,00,000	
TO Share capital a/c.				5,00,000
(being call money due (10,000×50)				
Bank a/c	Dr		5,00,000	
TO Share first and final call a/c.				5,00,000
(being call money received)				

Bank a/c

Particulars	Amount	Particulars	Amount Rs
TO Share application a/c	2,20,000	By Share application a/c	20,000
TO Share allotment a/c	3,00,000	By Balance c/d (b/f)	10,00,000
TO Share first and final call a/c	5,00,000		
	10,20,000		10,20,000

Pinko
Page No.
Date: / /

Share capital A/c.

Particulars	Amount	Particulars	Amount
TO Balance c/d (B/F)	10,00000	By Share application a/c	2,00,000
		By Share allotment	300,000
		By Share first and final calls	5,00,000
	10,00,000		10,00000

Balance Sheet as on

Particulars	Note No	Amount
I Equity and Liabilities		
1. Shareholders fund.		
Equity Share capital.		10,00,000
Reserve and surplus.		–
2 Non-current Liabilities.		–
3. current Liabilities.		–
TOtal.		10,00 000
II Assets:		
1. Non-current Assets.		
2. current assets.	1	10,00,000
Cash and Cash equivalents.		
TOtal.		10,00 000

Problem : 8. Forfeiture and Reissue:

Thiru Arun holds 2,000 Shares of Rs 10 each in Ram Ltd. He has Paid Rs 2 and Rs 3 Per share On application and allotment respectively, but failed to pay Rs 3 and Rs 2 Per share for first and second Calls respectively. Directors forfeit his shares. Give Journal Entry.

Journal Entries.

Particulars		LF	Debit	credit
Share capital a/c. (2000 x 10)	Dr		20,000	
TO forfeiture a/c				10000
TO Share first call a/c				6000
TO Share final call a/c.				4,000
(Being Share forfeited)				

Problem 9.

A Company forfeited 10 Shares of Rs 10 each issued at a premium of 10% for non-payment of the final call of Rs 3 per share. Out of these 7 Shares were reissued at Rs 8 per share as fully paid up. Give entries for the forfeiture and reissue.

Journal Entries.

Particulars		LF	Debit	Credit
Share capital a/c. (10x10)	Dr.		100	
To Share forfeiture a/c (10x7)				70
To Share Final call a/c (10x3)				30
(Being shares forfeited.)				
Bank a/c (7x8)	Dr		56	
Share forfeiture a/c (7x2)	Dr		14	
To Share Capital A/c (7x10)				70
(Being reissue of forfeited share)				
Share forfeiture A/c	Dr		35	
To Share Capital reserve a/c				35

Share	Profit	
10	70	
7	? (7x70/10)	49
(-) Reissue loss		14
Share capital reserve		35

Problem 10. (Right issue)

'P' Ltd has a Share capital of 50000 Equity Shares of Rs 100 each. Market value is Rs 250 Per Share. The Company decides to makes a right issue to the existing shareholders in proportion of one new rights share of Rs 100 at a premium of Rs 30

Per share. Calculate the value of right.

Solution:

Computation of value of Right.

Market value of 5 shares required to be held by a share holder (5×250)	1250
Add Issue Price of right share (1×130) (100+30 Premium)	130
Total price of 6 shares.	1380

Average Price of One Share $= \frac{1380}{6} = 230$.

Value of Right = Market value of the Share − Average Price of the Share

$= 250 - 230$

$= 20$.

Problem 4. Bonus Issue:

Following are the extracts from the draft Balance Sheet of Balan Ltd. as on 30.3.2010.

Authorised capital:	
4,00 000 equity share of Rs 10 each.	40,00 000
Issued and subscribed capital:	
1,00000 Equity Shares of Rs 10 each fully paid up	10,00 000.
Reserve fund.	2,00 000.
Profit & Loss a/c.	1,60,000

A resolution was passed declaring the issue of bonus of 20% on equity shares to be provided as to Rs 1,20000 out of Profit & Loss A/c and Rs 80000 out of Reserve fund. The bonus is to be satisfied by issuing fully paid equity shares.

You are required to set out Journal entries to give effect to the resolution and show how they would affect the Balance Sheet.

Page No.
Date : / /

Books Of Babn Ltd: Journal Entries.

Date	Particulars		L.F	Debit	Credit
2002 Mar 31	Profit & Loss A/c	Dr		1,20,000	
	Reserve fund A/c.	Dr		80,000	
	To Bonus to shareholders A/c.				2,00,000
	(Being 20% on equity shares capital declared as bonus by utilising P&L & Reserve fund balance as per Board's resolution dated ...)				
	Bonus to Shareholders A/c	Dr		2,00,000	
	To Equity Share capital A/c.				2,00,000
	(Being issue of 20 000 bonus share of Rs10 each fully paid up to be distributed in the ration of 1 bonus share for every 5 shares held)				

Balance Sheet (as on after Bonus issue)

Liabilities	Rs.
Authorised capital:	
4,00,000 Equity share of Rs 10 each.	40,00,000
issued and subscribed capital:	
12000 Equity shares of Rs10 each fully paid-up	12,00,000
(of the above shares 20 000 shares are allotted as fully paid up by way of bonus share out of P&L A/c and Reserve fund)	
Reserve & Surplus.	
Reserve fund	1,20,000
Profit & Loss A/c.	40,000

Page No
Date / /

Problem :12.

Mr. Sankar is a Shareholder in Kiran Ltd. holding 2000 Shares of Rs 10 each. He has paid Rs 2 and Rs 3 Per share on application and allotment respectively but failed to pay Rs 3 and Rs 2 per Share for first and Second Calls respectively. Directors forfeit his Shares. Give Journal entry.

Kiran Ltd Journal Entries.

Date	Particulars	LF	Debit	Credit
	Share capital A/C (2000x10)		20,000	
	To Share first call a/c (2000x3)			6000
	To Share final call a/c (2000x2)			4000
	To forfeited Share A/C			10000
	(being forfeiture of 2000 Share of Rs 10 each on account of non-payment two calls)			

Problem-13. when the entire issue is underwritten by one underwriter.

A company issues 10,000 equity Shares of Rs 10 each at par. The Issue was underwritten by K&Co for maximum commission permitted by Law. The Public applied for and received 8000 Shares. Give journal entries in the Company's books and also Prepare balance Sheet.

Books of Company Journal Entries.

Particulars	LF	Debit	Credit
Bank A/C Dr		80,000	
To equity share capital A/C			80,000
(being 8000 equity share issued to the Public @ Rs 10 each.)			

Page No.
Date : / /

		Dr.	Cr.
K&Co A/c Dr.		20000	
To Equity Share capital A/c.			20,000
(Being share to be taken by the underwriters as per underwriting agreement)			
Underwriting Commission a/c Dr		2,500	
To K&Co A/c			2,500
(Being maximum commission of 2.5% Payable to underwriters on the issue value of Rs 1,00,000]			
Bank a/c Dr		17500	
To K&Co a/c			17500
(Being receipt of balance from underwriters after adjusting commission)			

Notes of Accounts.

1. Share Capital	
Issued and Paid up Capital 10,000 Share of Rs 10 each	1,00,000
2. Other current assets:	
Underwriting Commission	2,500

Balance Sheet of ....as on ....

	Note No.	Rs.
I. Equity and Liabilities:		
i) Share holder's fund: Share capital	1	1,00,000
ii) Non-current liabilities		-
iii) current liabilities.		-
Total. (i)+(ii)+(iii)		1,00 000
II Asset:		
(i) Non current assets:		
Current assets: Cash at bank		97500
Other current assets	2	2500
		1,00,000

Problem: 14.

Baba Ltd. issued 1,50,000 equity shares, the whole of the issue was underwritten as follows: X - 50%. Y - 25 and Z - 25%.

Application for the 1,20000 shares were received in all, out of which applications for 30000 shares bore the stamp of X those for 15000 shares that of Y and those for 30000 shares that of Z. The remaining applications for 45000 shares did not bear any stamp. Determine the liability of the underwriters.

Statement showing liability of the underwriters.

Particulars	No: of. Shares.			
	X	Y	Z	Total
Gross liability.	75000	37500	37500	1,50,000
(-) marked application	30000	15000	30000	75,000
	45000	22500	7500	75,000
(-) Unmarked application in the ratio of gross liability	22500	11250	11250	45000
	22500	11250	-3750	30,000
'Z's surplus transferred to X and Y in their gross liability ratio of 2:1	-2500	-1250	+3750	-
	20000	10,000	-	30000

Problem 15.

The following underwriting of shares takes place: A 600 shares B-2500 shares and C, 1500 shares. The issue consists of 10 000 shares. The total subscription was 7100 shares and the forms included the following marked forms.

Pinko
Page No.
Date : / /

A - 1000 Shares B: 2000 Shares and C - 500 Shares

Show the allocation of liability of underwriters.

Statement Showing net liability of underwriters.

Particulars	A	B	C
Gross liability	6,000	2,500	1,500
(-) marked application	1000	2000	500
	5000	500	1000
(-) Unmarked applications Subscribed (7100 - 3500) 60:25:15 (= 1000+2000+500. Shares.)	2160	900	540
	2840	-400	460
(-) Deficiency of B (60:15)	320	+400	80
	2520	-	380