

Calls in advance:

1. It is the amount which is received in advance before the amount is due from shareholders.
2. Calls in advance is adjusted in future at the time of relevant call.
3. Interest on calls in advance is the expenses of company
4. There is no question of losing the membership
5. Maximum rate of interest is 6% p.a.

(i) For recording 'Calls-in-Advance', the following journal entry is recorded:

Bank A/c	Dr.
To Call-in-Advance A/c	

(ii) calls-in-advance account is adjusted at the time of the call.

Calls-in-Advance A/c	Dr.	[Call amount due]
To Particular Call A/c		

(iii) The accounting treatment of interest on Calls-in-Advance is as follows:

Interest on Calls-in-Advance A/c	Dr.	[Amount of interest due for payment]
To Shareholder's A/c		

(iv) Payment of Interest

Shareholder's A/c	Dr.	[Amount of interest paid]
To Bank A/c		