

81.Pass Journal entries in the following cases:

NK Ltd. forfeited 200 equity shares of 10 each, issued at a premium of 5 per share, held by Ram for non-payment of the final call of 3 per shares. Of these, 100 share were reissued to Vishu at a discount of 4 per share.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr
1.	Equity Share capital A/c (200 x 10) To forfeited share A/c(200 x 7) To share final call A/c (200 x 3) (200 Share forfeited)		2,000	1,400 600
2.	Bank A/c (100 x6) Forfeited Share A/c To share capital A/c (100 x 10) (100 forfeited equity shares reissued @ 6 per share fully paid)		600 400	1000
3.	Forfeited shares A/c To capital reserve A/c (Capital gain on reissue of forfeited shares transferred to capital reserve)		300	300

	$\left[\frac{1400}{200} \times 100 - 400 = 300 \right]$			
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82. The Directors of a company forfeited 300 shares of 10 each issued at a premium of 3 per share, for the non-payment of the first call money of 2 per share. The final call of 2 per share has not been made. Half the forfeited shares were reissued at 1,500 as fully paid-up. Record the journal entries for the forfeiture and reissue of shares.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr
1.	Equity Share capital A/c (200 x 10) To forfeited share A/c (200 x 7) To share final call A/c (200 x 3) (200 Share forfeited)		2,000	1,400 600
2.	Bank A/c (100 x 6) Forfeited Share A/c To share capital A/c (100 x 10) (100 forfeited equity shares reissued @ 6 per share fully paid)		600 400	1000
3.	Forfeited shares A/c		300	

	To capital reserve A/c (Capital gain on reissue of forfeited shares transferred to capital reserve) $\left[\frac{1400}{200} \times 100 - 400 = 300 \right]$			300
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83.X Ltd. forfeited 100 shares of 10 each (8 called-up) issued at a premium of 2 per share to Rahul on which he had paid application money of 5 per share, for non-payment of allotment money of 5 per share (including premium). Out of these, 70 shares were reissued to sanjay for 7 per shares as 8 called-up for 7 share. Give necessary journal entries relating to forfeiture and reissued of shares.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr
1.	Share capital A/c (1,000 x 8) Security premium reserve A/c To forfeited share A/c(100 x 5) To share Allotment A/c (100 x 5) (100 Share forfeited)		800 200	500 500
2.	Bank A/c (70 x 7) Forfeited Share A/c		490 70	

3.	To share capital A/c (70 x 8)			560
	(70 forfeited equity shares reissued @ 7 per share 8 called up)			
	Forfeited shares A/c		280	
	To capital reserve A/c			280
	(Capital gain on reissue of forfeited shares transferred to capital reserve)			
	$[\frac{500}{100} \times 70 - 70 = 280]$			

84.150 shares of 10 each issued at a premium of 4 per share payable with allotment were forfeited for non-payment of allotment money of 8 per share including premium. The first and final call of 4 per share pass journal entries in the books of X Ltd. for the above.

Solution: Journal

Date	Particular	L.F	Dr.	Cr
1.	Share capital A/c (150 x 6)		900	
	Security premium reserve A/c (150 x 4)		600	
	To forfeited share A/c(150 x 2)			300
	To share Allotment A/c (150 x 8)			1,200

	(150 Share forfeited)			
2.	Bank A/c (150 x 15)		2,250	
	To share capital A/c (150 x 10)			1,500
	(150 forfeited equity shares reissued @ 15 per share fully paid-up)			750
3.	Forfeited shares A/c		300	
	To capital reserve A/c			300
	(Capital gain on reissue of forfeited shares transferred to capital reserve)			

85.JCV Ltd. forfeited 200 shares of 10 each issued at a premium of 2 per share for the non-payment of allotment money of 3 per share (including premium). The first and final call of 4 per share has not been made as yet. 50% of the forfeited shares were reissued at 8 per share as fully paid-up. Pass necessary journal entries for the forfeiture and reissue of shares.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr
1.	Share capital A/c (150 x 6)		900	
	Security premium reserve A/c (150 x 4)		600	
	To forfeited share A/c(150 x 2)			300

	To share Allotment A/c (150 x 8) (150 Share forfeited)			1,200
2.	Bank A/c (150 x 15) To share capital A/c (150 x 10) (150 forfeited equity shares reissued @ 15 per share fully paid-up)		2,250	1,500 750
3.	Forfeited shares A/c To capital reserve A/c (Capital gain on reissue of forfeited shares transferred to capital reserve)		300	300

86. Pass necessary journal entries in the books of the company for the following transaction:

Vishesh Ltd. forfeited 1,000 Equity shares of 10 each issued at a premium of 2 per share for non-payment of allotment money of 5 per share including premium. The final call of 2 per share was not yet called on these shares. Of the forfeited share 800 shares were reissued at 12 per share as fully paid-up. The remaining shares were reissued at 11 per share fully paid-up.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr
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1.	Share capital A/c (1,000 x 8)		8,000	
	Security premium reserve A/c (1,000 x 2)		2,000	
	To forfeited share A/c (1,000 x 5)			5,000
	To share Allotment A/c (1,000 x 5)			5,000
	(1000 Share forfeited)			
2.	Bank A/c (800 x 12 + 200 x 11)		11,800	
	To share capital A/c (1000 x 10)			10,000
	To security premium reserve A/c (800 x 2)			1,800
	(1000 forfeited equity shares reissued)			
3.	Forfeited shares A/c		5,000	
	To share capital A/c			5,000
	(Capital gain on reissue of forfeited shares transferred to capital reserve)			

87. Gaurav applied for 5,000 shares of 10 each at a premium of 2.50 per share. But he was allotted 2,500 shares on pro rata basis. After having paid 3 per share on application, he did not pay allotment money of 4.50 per share (including premium) and on his subsequent failure to pay the first call of 2 per share, his shares

were forfeited These share were reissued at the rate of 8 per share credited as fully paid.

Pass journal entries to record the forfeiture and reissue of shares.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr
1.	Share capital A/c (1,000 x 8)		8,000	
	Security premium reserve A/c (1,000 x 2)		2,000	
	To forfeited share A/c (1,000 x 5)			5,000
	To share Allotment A/c (1,000 x 5)			5,000
	(1,000 Share forfeited)			
2.	Bank A/c (800 x 12 + 200 x 11)		11,800	
	To share capital A/c (1000 x 10)			1,000
	To security premium reserve A/c (800 x 2)			1,800
	(1000 forfeited equity shares reissued)			
3.	Forfeited shares A/c		5,000	
	To share capital A/c			5,000
	(Capital gain on reissue of forfeited shares transferred to capital reserve)			

Working Note:

Calculation of forfeited Amount

Application received on 5,000 shares (5,000 x 3)	15,000
Actual amount on Application (2,500 x 3)	<u>7,500</u>
	7,500
Allotment Amount (2,500 x 4.50)	11,250

Share capital	S.P.R
2,500 x 2 = 5,000	2,500 x 2.50 = 6,250
Received	Received = <u>2,500</u>

Gaurav did not pay allotment 3,750
Forfeited Amount = Application & Allotment Amount
- security premium received
= 15,000 - 2,500 (S.P.R)
= 12,500

Note:- Excess Application money first Adjusted in share capital part of allotment than to securities premium reserve they in the above call 2,500 S.P.R is assumed to be received on Allotment

88. Amal had applied for 7,000 shares of 10 each at a premium of 5 per share. He was allotted 4,000 share on pro rata basis. After having paid 3 per share on application, he did not pay allotment money of shares were forfeited calls not received were transferred to calls-in-Arrears Account. These shares were reissued at the rate of 8 per share credited as fully paid.

Pass journal entries to record the forfeited and reissue of shares.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr
1.	Share capital A/c (4,000 x 8) Security premium reserve A/c To forfeited share A/c To call in arrear A/c (4,000 Share forfeited)		32,000 19,000	20,000 31,000
2.	Bank A/c (4,000 x 8) Fortified shares A/c To share capital A/c (4,000 x 10) (4000 forfeited shares reissued @ 8 per share fully paid-up)		32,000 8,000	40,000
3.	Forfeited shares A/c [2,00,000 - 8,000] To capital Reserve A/c (Capital gain on reissue of forfeited shares transferred to capital reserve)		12,000	12,000

Working Note:

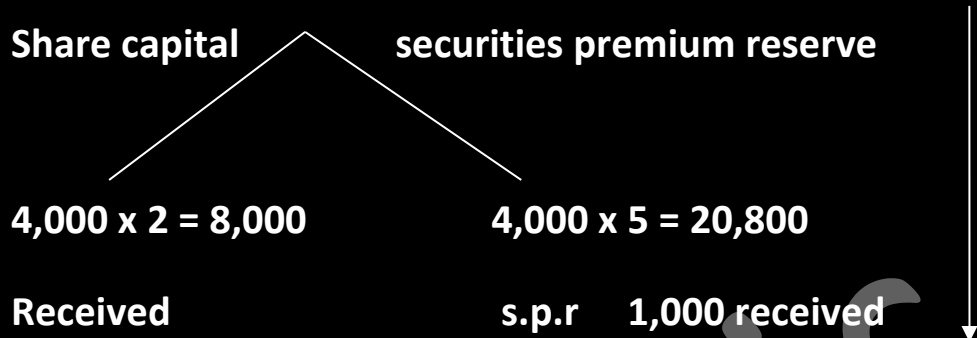
Calculation of calls in arrear amount of amal

Application money received on 7,000 share (7000 x 3) = 21,000

Actual application money on 4,000 share (4000 x 3) = 12,000

Excess application to be used on allotment 9,000

Actual amount of allotment on 4,000 share (4000 x 7) 28,000



Amount not received on allotment 19,000

Amount not received on first call (4,000 x 3) = 12,000

Total amount of calls in arrear 31,000

Calculation of forfeited amount of amal

Forfeited amount of amal = total amount received – securities premium received

$$= 21,000 - 1,000$$
$$= 20,000$$

89. telecom Ltd.' issued 20,000 Equity Shares of 10 each at a premium of 5 per share, payable as: 7 (including premium) on application, ₹ 5 on allotment and the balance after three months of allotment. A shareholder to whom 200 shares were allotted failed to pay the allotment and call money and his shares were forfeited. 160 of the forfeited shares were reissued for ₹ 1,600. Give necessary entries in company's Journal and the Balance Sheet.

Solution:

Journal

Date	Particular	L.f.	Dr.	Cr.
1.	Bank A/c To equity share application A/c (Equity share app received)	Dr.	14,0,000	14,0,000
2.	Equity share application A/c To equity share capital A/c (Equity share app. Transferred share capital)	Dr.	14,0,000	14,0,000
3.	Equity share allotment A/c To equity share capital A/c (Equity share allotment due)	Dr.	100,000	100,000
4.	Bank A/c Call in arrear a/c To equity share allotment A/c (Equity share allotment received)	Dr. Dr.	99000 1000	100,000

5.	Equity share first & final call A/c To equity share capital A/c (Equity share first & final call due)	Dr.	60,000	60,000
6.	Bank A/c Calls in arrears A/c (10,000 x 3) To equity share first & final call A/c (Equity share first & final call received)	Dr. Dr.	59400 600	60,000
7.	Equity share capital a/c Dr. To share forfeiture a/c To call in arrear a/c (Equity share forfeited)		2000	400 1600
8.	Bank a/c Dr. To equity share capital a/c (share were reissue)		1600	1600
9.	Share forfeiture a/c Dr. To capital reserve a/c (transfer in capital reserve)		320	320

Balance Sheet (Extract) as at....

	Particular	Note no.	₹
I	Equity and Liability		
	1. Shareholder's Funds		
	Share Capital		199680
			<u>100320</u>
	2. Reserve & Surplus		
			300,000

Note to Accounts

Particular	₹
1. Share capital	
Authorized capital	
shares @ ₹ each	
Issued of capital	
20,000 shares @ ₹ 10 each	<u>2,00,000</u>
Subscribed capital	

Subscribed & fully paid up		
19960 Equity shares @ ₹ 10 each	199600	
Share forfeited 40 X 2	80	
		199680
Subscribe & not fully paid-up		
900 equity shares @ 100 each, 70 called up		
2. Reserve & surplus		
Securities premium reserve	100,000	
Capital reserve	<u>320</u>	
		<u>100320</u>
		<u>300,000</u>

90. Healthy Foods Ltd. had authorized capital 50,00,000, 5,00,000 equity shares of 10 each issued 3,75,000 equity shares for subscription at a premium of 20% payable 4 on application, 5 on allotment and balance as first and final call. The shares were subscribed, and due amount were received except allotment money 25,000 shares. These shares were forfeited. Later these shares were reissued at 7 paid-up and 50,000 were transferred to capital Reserve. First and final call was demanded from the

shareholders and was received except on 10,000 which was transferred to Calls-in-Arrears Account.

Pass the journal entries for forfeiture, reissue of forfeited shares and first and final call.

Solution:

Journal

Date	Particular	L.f.	Dr.	Cr.
1.	Bank A/c (3,75,000 x 4) Dr. To equity share application A/c (Equity share app received)		15,00,000	15,00,000
2.	Equity share application A/c Dr. To equity share capital A/c (Equity share app. Transferred share capital)		15,00,000	15,00,000
3.	Equity share allotment A/c (375000 x 5) Dr. To equity share capital A/c (375000 x 3) To securities premium reserve A/c (Equity share allotment due)		18,75,000	11,25,000 7,75,000
4.	Bank A/c [18,75,000 – 1,25,000] Dr. To equity share allotment A/c (Equity share allotment received)		17,50,000	17,50,000
5.	Equity share capital A/c (25,000 x 70) Dr. Securities premium reserve A/c Dr. To forfeited share A/c (25,000 x 4) To equity share allotment A/c (Equity share forfeited)		1,75,000 50,000	1,00,000 1,25,000

6.	Bank A/c Forfeited share A/c To equity share capital A/c (25,000 x 7) (25,000 Forfeited shares received)	Dr. Dr.	1,25,000 50,000	1,75,000
7.	Forfeited share A/c To capital reserve A/c (capital gain on reissues of forfeited of shares transferred to capital reserve)	Dr.	50,000	50,000
8.	Equity share first & final call A/c To equity share capital A/c (3,50,000 x 3) (Equity share first & final call due)	Dr.	10,50,000	10,50,000
9.	Bank A/c Calls in arrears A/c (10,000 x 3) To equity share first & final call A/c (Equity share first & final call received)	Dr. Dr.	10,20,000 30,000	10,50,000