

61. Alfa Ltd. forfeited 900 equity of 100 each for the non-payment of allotment money of 30 per share and the first call of 20 per share. The second and final call of 25 per share has not been made. The forfeited shares were reissued for 90 per share, 75 paid-up.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr.
1.	Share capital A/c (900 x 75) To forfeited shares A/c (900 x 25) To share allotment A/c (900 x 30) To Share first call A/c (900 x 20) (900 share forfeited)	Dr.	67,500	22,500 27,000 18,000
2.	Bank A/c (900 x 90) To share capital A/c (900 x 75) To securities premium reserve A/c (900 shares reissued @ 90, 75 paid-up)	Dr.	81,000	67,500 13,500
3.	Forfeited shares A/c To capital reserve A/c	Dr.	22,500	22,500

	(Gain on reissue of forfeited share transferred to capital reserve)			
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62. Max Ltd. forfeited 500 shares of 100 each for non-payment of first call of 20 per share and final call of 25 share. 250 of these shares were re-issued at 50 per share fully paid-up.

Pass the necessary journal entries in the books of Max Ltd. for forfeiture and re-issue of shares. Also prepare the share forfeiture Account.

Solution:

Journal

Date	Particular	L.F	Dr.	Cr.
1.	Share capital A/c (500 x 100) Dr.		50,000	
	To forfeited share A/c (500 x 55)			27,500
	To share first call A/c (500 x 20)			10,000
	To share final call A/c (500 x 25)			12,500
	(500 shares forfeited)			
			12,500	
2.	Bank A/c (250 x 50) Dr.		12,500	
	Forfeited share A/c			25,000
	To share capital A/c (250 x 100)			
	(250 share issued @ 250 fully paid)			
	Dr.		1,250	

3.	Forfeited shares A/c To capital reserve A/c (Gain on reissue of forfeited share transferred to capital reserve)			1,250
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Working Notes:

Calculation of capital reserve

$$\text{Forfeited Amount of 250 share} = \frac{27,500}{500} \times 250 = 13,750$$

$$\text{Capital Reserve} = 13,750 - 12,500 = 1,250$$

63. On 1st May, 2022, Moneyplus Ltd. forfeited 200 shares of 20 each, 15 per share called-up, on which 10 per share has been paid A, the amount of the first call of 5 per share being unpaid. Ten days later, the Directors reissued the forfeited shares to B credited as 15 per share paid-up, for a payment of 10 per share. Give journal entries in the company's books to record the forfeited shares and their reissue.

Solution:

Journal

Date	Particular	L.F.	Dr.	Cr.
1.	Share capital A/c (200 x 15) Dr.		3,000	
	To forfeited share A/c (200 x 15)			2,000
	To share first call A/c (200 x 5)			1,000

	(200 share forfeited)			
2.	Bank A/c (200 x 10) Dr.		2,000	
	Forfeited shares A/c Dr.		1,000	
	To share capital A/c (200 x 15)			3,000
	(200 share received @ 10 per share 15 paid-up)			
3.	Forfeited shares A/c (2,000 x 1,000)		1,000	
	To capital reserve A/c			1,000
	(Gain on reissue of forfeited share transferred to capital reserve)			

64. The Directors of maharana Ltd. resolved on 1st may, 2023 that 2,000 equity shares of 10 each, 7.50 paid be forfeited for non-payment of final call of 2.50. On 10th june, 2023, 1,800 of these shares were reissued for 6 per share. Give necessary journal entries.

Solution:

Date	Particular	L.F.	Dr.	Cr.
1.	Share capital A/c (2000 x 10) Dr.		20,000	
	To forfeited shares A/c (2,000 x 7.5)			15,000
	To share final call A/c			5,000

	(2,000 share forfeited)			
2.	Bank A/c (1800 x 6) Dr.		10,800	
	Forfeited shares A/c Dr.		7,200	
	To share capital A/c (1800 x 10)			18,000
	(1800 shares reissued @ 6 person 10 called up)			
3.	Forfeited shares A/c (15,000 - 7200) Dr.		6,300	
	To capital reserve A/c			6,300
	(capital Gain on reissue of forfeited shares transferred to capital reserve)			
	$\left[\frac{15,000}{2,000} \times 1800 - 7200 = 6300 \right]$			

65.Sunshine industries Ltd. issued 20,000 shares of 100 each payable 25 per share on application, 25 per share on allotment and the balance in two calls of 25 each. The company did not make the final call of 25 per share. All the money was duly received with the expectation of the amount due on the first call on 400 shares held by Mr. Modi. The Board of Directors forfeited shares and subsequently reissued them @75 per share paid-up for a sum of 28,000.

Solution:

Date	Particular	L.F.	Dr.	Cr.
1.	Bank A/c (20,000 x 25) Dr.		5,00,000	
	To share application A/c			5,00,000

	(share application received 20,000 share @ 25)			
2.	Share Application A/c To share capital A/c (share app transferred to share capital)	Dr.	5,00,000	5,00,000
3.	Share allotment A/c (20,000 x 25) To share capital A/c (share allotment due on 20,000 share @ 25)	Dr.	5,00,000	5,00,000
4.	Bank A/c To share allotment A/c (Share allotment received 20,000 share @ 25)	Dr.	5,00,000	5,00,000
5.	Share first call A/c (20,000 x 25) To share capital A/c (Share first call due on 20,000 shares @ 25)	Dr.	5,00,000	5,00,000
6.	Bank A/c (19,600 x 25) To share first call A/c	Dr.	4,90,000	4,90,000

	(Share first call received on 19,600 shares @ 25)			
7.	Share capital A/c (400 x 75) Dr.		30,000	
	To forfeited shares A/c (400 x 50)			20,000
	To share first call A/c (400 x 25)			10,000
	(400 shares forfeited)			
8.	Bank A/c Dr.		28,000	
	Forfeited shares A/c		2,000	
	To share capital A/c			30,000
	(400 shares reissued for 28,000, 75 paid-up)			
9.	Forfeited shares A/c Dr.		18,000	
	To share capital A/c			18,000
	(Capital gain on reissued of share transferred to capital reserve)			

Share Capital A/c

Particular		Particular	
To forfeited share A/c	20,000	By share application A/c	5,00,000

To share first call A/c	10,000	By share allotment A/c	5,00,000
		By share first call A/c	5,00,000
		By bank A/c	28,000
		By share forfeited A/c	2,000
	15,30,000		15,30,000

66.R.P Ltd. forfeited 1,500 shares of ₹10 each issued at a premium of 3 per share for non-payment of allotment and first call money. Rahim had applied for 3,000 shares. On these shares, amount was payable as follows:

On Application	3 per share,
On Allotment (including premium)	5 per share,
On First call	3 per share,
On Final call	Balance.

Final call has not been called up. 1,000 of the forfeited shares were reissued for ₹8,500 as fully paid-up. Record the necessary journal entries for the above transactions in the books of R.P. Ltd.

Solution:

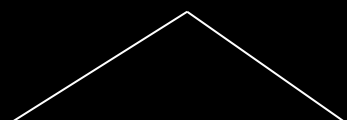
Date	Particular	L.F.	Dr.	Cr.
1.	Share capital A/c (1,500 x 8) Security premium reserve A/c To forfeited shares A/c ⁽¹⁾ To share allotment A/c ⁽¹⁾ To share first call A/c (1500 x 3) (1,500 share forfeited)		12,000 3,000	7,500 3,000 4,500
2.	Bank A/c (1800 x 6) Forfeited shares A/c To share capital A/c (1,000 x 10) (1000 forfeited shares reissued for Rs 8,500 fully paid-up)		8,500 1,500	10,000
3.	Forfeited shares A/c To capital reserve A/c (capital Gain on reissue of forfeited shares transferred to capital reserve)		3,500	3,500

Working Notes:

Calculation of forfeited amount of Rahim

Amount received of Rahim on application	300 x 3	9,000
Actual amount of Rahim on application	1,500 x 3	<u>4,500</u>
Amount to be used on allotment		4,500
Actual amount of Rahim on allotment		<u>7,500</u>

1500 x 5



Share capital

1500 x 2	1500 (s.p.r)	4,500
= 3,000 received	received	<u>7,500</u>
Amount not paid by Rahim on Allotment		<u>3,000</u>

Calculation of forfeited amount of Rahim

Forfeited amount of rahim = Amount received on Application +

(Amount received on allotment -
amount received of security
premium reserve)

$$= 4,500 + (4,500 - 1,500)$$

$$= 7,500$$

Calculation of Amount of Capital Reserve

$$\text{Fortified amount of 1,000 shares of Rahim} = \frac{7,500}{1,500} \times 1,000$$

$$= 5,000$$

Amount received on 1,000 share on reissue = 8,500

Amount to be transferred to capital reserve =

$$= [(5,000 + 8,500) - (1,000 \times 10)]$$

$$= 3,500$$

67.The Hindustan Manufacturing Ltd. had a total subscription capital of 10,00,000 in Equity shares of 10 each of which 7.50 were called-up. A final call of 2.50 was made and call amount paid except two calls of 2.50 each in respect of 100 shares held by D. These shares were forfeited and reissued at 8 per share.

Pass necessary journal entries to record the transactions of final call, forfeiture of shares and reissue of forfeited shares. Also, prepare the Balance Sheet of the company.

Solution:

Date	Particular	L.F.	Dr.	Cr.
1.	Share final call A/c (1,00,000 x 2.50) To share capital A/c (Share final call due on 1,00,000 share @ 2.50 each)		2,50,000	2,50,000
2.	Bank A/c (2,50,000 - 100 x 2.50) To share final call A/c (Share final call received on 2,49,900 share @ 2.50)		2,49,750	2,49,750
3.	Share capital A/c (100 x 10) To forfeited shares A/c (100 x 5) To share first call A/c (100 x 2.5)		1,000	500 250

	To share final call A/c (100 x 2.5) (100 shares forfeited)			250
4.	Bank A/c (100 x 8)		800	
	Forfeited shares A/c		200	
	To share capital A/c (100 forfeited shares reissued @ 8 per share)			1,000
5.	Forfeited shares A/c (500 - 200)		300	
	To capital reserve A/c (Capital gain on reissued forfeited shares transferred to capital reserve)			300

Balance Sheet

Hindustan manufacturing Ltd.

	Particular	Note. No.	₹
I.	Equity liabilities		
	1.share holders funds		
	a)share capital	1	10,00,000
	b) reserve & surplus	2	<u>300</u>
	Total		<u>10,00,300</u>

II.	Assets		
	2. current asses		
	a) cash & cash equivalents		<u>10,00,300</u>
	Total		<u>10,00,300</u>

Note to Accounts

Note No.	Particular	₹
1.	Share capital	
	i) Authorized capital	
	Shares of ₹ 10 each	-
	ii) Subscribed capital	
	1,00,000 equity shares 10 each	<u>10,00,000</u>
2.	Reserve & Surplus	
	Capital Reserve (500 – 200)	<u>300</u>
3.	Cash and cash equivalents	

	Cash of bank	<u>10,00,300</u>
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68.Star Ltd. forfeited 500 equity shares of 100 each for non-payment of first call of 30 per share. The final call of 10 per share was not yet made. Out of these, 60% shares were reissued for 39,000 fully paid. journalise the forfeited and reissue of shares.

Solution:

Date	Particular	L.F.	Dr.	Cr.
1)	Share capital A/c (500 x 90) To forfeited shares A/c (500 x 60) To share first call A/c (500 x 30) (500 shares forfeited)		45,000	30,000 15,000
2)	Bank A/c To share capital A/c (3,000 x 100) To securities premium reserve A/c (300 forfeited shares reissued of 39,000 fully paid)		39,000	30,000 9,000
3)	Forfeited shares A/c (30,000 x 60%) To capital reserve A/c		18,000	18,000

	(capital gain on reissue of forfeited shares T/F to capital reserve)			
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Working Notes:

Calculation of amount of capital Reserve

$$\text{Forfeited amount of 300 shares} = \frac{30,000}{500} \times 300 = 18,000$$

$$\text{Amount of capital Reserve} = 18,000$$

As 300 shares are reissued of securities premium reserve

69. Give necessary journal entries.

- I. The directors of devendra Ltd. resolved on 1st January, 2010 that 100 equity shares of 10 each, paid-up be forfeited for non-payment of final call of 2. On 1st February, 60 of these shares were reissued @ 7 per share as fully paid-up.
- II. Virender Ltd. forfeited 20 shares of 100 each (60 called-up) issued at par to Mukesh on which he had paid 20 per share. Out of these, 15 shares were reissued to sanjeev as 60 paid-up for 45 per share.

Solution

Journal

Date	Particular	L.F	Dr.	Cr.
1.	Share capital A/c (100 x 10) Dr.		1,000	
	To Forfeited shares A/c (100 x 8)			800
	To Share final call A/c (100 x 2)			200

	(100 shares forfeited)		420	
			180	
2.	Bank A/c (60 x 7) Dr.			600
	Forfeited share A/c Dr.			
	To share capital A/c (60 x 10)			
	(60 forfeited shares reissued)		300	
3.	Forfeited share A/c Dr.			300
	To capital Reserve A/c			
	(Capital gain on reissue of forfeited shares transferred to capital reserve)			
	$\left[\frac{800}{100} \times 60 - 180 = 300\right]$			

Journal

Date	Particular	L.F	Dr.	Cr.
1.	Share capital A/c (20 x 60) Dr.		1,200	
	To Forfeited shares A/c (20 x 20)			400
	To Share final call A/c (20 x 40)			800
	(20 shares forfeited)		675	
			225	
2.	Bank A/c (15 x 45) Dr.			

	Forfeited share A/c	Dr.			900
	To share capital A/c				
	(15 forfeited shares reissued @45,60 paid up)			75	
3.	Forfeited share A/c	Dr.			75
	To capital Reserve A/c				
	(Capital gain on reissue of forfeited shares transferred to capital reserve)				
	$\left[\frac{400}{20} \times 15 - 225 = 75 \right]$				

70. Show the forfeited and reissue entries under each of the following cases:

- I. KBC Ltd. forfeited 300 shares of 10 each, 8 called-up held by Amit for non-payment of second call money of 3 per share. These shares were reissued to Zoly for 10 per share as fully paid-up.
- II. KK Ltd. forfeited 400 shares of 10 each, fully called-up, held by bhawna for non-payment of final call money of 4 per share. These shares were reissued to Tarun at 12 per share as fully paid-up.
- III. Light Ltd. forfeited 250 shares of 10 each, fully called up, held by Chetan for non-payment of allotment money of 3 per share and first and final call money of 4 per share. These shares were reissued @ 8 per share as fully paid-up to prem.

Solution:**Journal**

Date	Particular	L.F.	Dr.	Cr.
1.	Share capital A/c (300 x 8) (300 x 5) To forfeited shares A/c (300 x 3) To share second call A/c (300 shares forfeited)		2,400	1,500 900
2.	Bank A/c (300 x 10) To share capital A/c (300 shares reissued @ 10 fully paid up)		3,000	3,000
3.	Forfeited shares A/c To capital reserve A/c (Capital gain on reissue of forfeited shares transferred to capital reserve)		1,500	1,500

Journal

Date	Particular	L.F.	Dr.	Cr.
1.	Share capital A/c (250 x 10) (250 x 3) To forfeited shares A/c (250 x 3) To share allotment A/c (250 x 4) To share second call A/c		2,500	750 750 1,000

	(250 shares forfeited)			
2.	Bank A/c (250 x 8)		2,000	
	Fortified shares A/c (250 x 2)		500	
	To share capital A/c (250 x 10)			2,500
	(250 shares reissued)			
3.	Forfeited shares A/c		250	
	To capital reserve A/c			250
	(Capital gain on reissue of forfeited shares transferred to capital reserve)			