

Forfeiture of Shares

Entries on forfeiture of Shares

(1) Share Capital A/c Dr.

To Share Call A/c

To Share Forfeiture A/c

To Share Allotment A/c
(forfeiture of shares issued at par)

(2)

Share Capital A/c Dr.

Securities Premium Reserve A/c Dr.

To Share Allotment A/c

To Share Call A/c

To Share Forfeiture A/c

(forfeiture of shares issued at premium)

Sunday 16

Re-issue of forfeited Shares

I.

Bank A/c
To Share Capital A/c

Dr.

ii.

Bank A/c
To Share Capital A/c
To Securities Premium Reserve A/c

iii.

Bank A/c
Share forfeiture A/c
To Share Capital A/c

Share forfeiture A/c

To Capital Reserve A/c

(Transfer of Share forfeiture A/c to Capital Reserve A/c)

Q. Pawan Ltd. was registered with an authorised capital of ₹ 5,00,000 divided into shares of ₹ 10 each. It purchased a building from Y for ₹ 2,00,000 and issued fully paid shares to Y for purchase consideration. It invited applications for the balance 30,000 shares payable as under:— ₹ 3 per share on Application; ₹ 3 per share on Allotment; ₹ 2 per share on first call; and ₹ 2 on final call.

Ashok, who had been allotted 500 shares failed to pay both the calls. His shares were forfeited and re-issued at ₹ 9 per share to Hasi, as fully paid up. Make necessary entries in Journal of the company.

Solⁿ Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Buildings A/c Dr.		2,00,000	
	To Vendors (Y)			2,00,000
	(Assets purchased)			
	Vendors (Y) Dr.		2,00,000	
	To share Capital A/c			2,00,000
	(Purchase consideration discharged by shares)			
	Bank A/c Dr.		90,000	
	To share Application A/c			90,000
	(Amount received on application)			

October	2018
Mon	1 8 15 22 29
Tue	2 9 16 23 30
Wed	3 10 17 24 31
Thu	4 11 18 25
Fri	5 12 19 26
Sat	6 13 20 27
Sun	7 14 21 28

19 2018
WEDNESDAY

September

Date	Particulars	Lf.	Dr. (₹)	Cr. (₹)
	Share Application A/c Dr. To Share Capital A/c (Amount of share application transferred to share capital A/c)		90,000	90,000
	Share Allotment A/c Dr. To Share Capital A/c (Allotment Due)		90,000	90,000
	Bank A/c Dr. To Share Allotment A/c (Amount received on allotment)		90,000	90,000
	Share First Call A/c Dr. To Share Capital A/c (Amount due on first call)		60,000	60,000
	Bank A/c Dr. To Share First Call A/c (Amount received on first call on 29,500 shares @ ₹ 2 per share)		59,000	59,000
	Share Final Call A/c Dr. To Share Capital A/c (Amount due on final call)		60,000	60,000
	Bank A/c Dr. To Share Final Call A/c (Amount received on final call on 29,500 shares @ ₹ 2 per share)		59,000	59,000

September		2018
Mon	3	10 17 24
Tue	4	11 18 25
Wed	5	12 19 26
Thu	6	13 20 27
Fri	7	14 21 28
Sat	1	8 15 22 29
Sun	2	9 16 23 30

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c Dr.		5,000	
	To share first call A/c			1,000
	To share final call A/c			1,000
	To share forfeiture A/c			3,000
	(500 shares of Ashok forfeited for non-payment of first call and final call)			
	Bank A/c Dr.		4,500	
	Share forfeiture A/c Dr.		500	
	To share capital A/c			5,000
	(Reissue of 500 shares @ ₹-9 per share)			
	Share Forfeiture A/c Dr.		2,500	
	To Capital Reserve A/c			2,500
	(Balance left in share forfeiture A/c ₹ 3,000 - ₹ 500 = ₹ 2,500 transferred to Capital Reserve A/c)			