

- (a) Ravi Ltd., forfeited 800 shares of ₹10 each, ₹7.50 paid, for non-payment of Final Call of ₹2.50 per share. Out of these, 600 shares were re-issued as fully paid up in such a way that ₹2,100 were transferred to capital reserve. Pass necessary journal entries.
- (b) X Ltd., forfeited 800 shares of ₹10 each, ₹7.50 called-up, for non-payment of First Call of ₹2.50 per share. Out of these, 600 shares were re-issued for ₹6 per share as ₹7.50 paid up. Pass necessary journal entries.
- (c) 400 shares of ₹10, on which ₹8 has been called and ₹6 has been paid, are forfeited. Out of these, 300 shares are re-issued for ₹7 as fully paid. Pass necessary journal entries.

SOLUTION: (a)

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Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c (800 × ₹10) Dr.		8,000	
	To Share Final Call A/c (800 × ₹2.50)			2,000
	To Share Forfeiture A/c (800 × ₹7.50)			6,000
	(Forfeiture of 800 shares)			

Case (i)	Share Capital A/c	Dr.	4,000	
	To Share Final Call A/c			800
	To Share Forfeiture A/c (Forfeiture of 400 shares)			3,200
	Bank A/c	Dr.	4,000	
	To Share Capital A/c (Re-issue of 400 shares @ ₹10 per share)			4,000
	Share Forfeiture A/c	Dr.	3,200	
	To Capital Reserve A/c (Profit on forfeiture transferred to Capital Reserve A/c)			3,200

Case (ii)	Share Capital A/c	Dr.	10,000	
	To Share First Call A/c			2,000
	To Share Final Call A/c			1,500
	To Share Forfeiture A/c			6,500
	(Forfeiture of 1,000 shares)			
	Bank A/c	Dr.	8,000	
	Share Forfeiture A/c	Dr.	2,000	
	To Share Capital A/c			10,000
	(Re-issue of 1,000 shares @ ₹8 per share)			
	Share Forfeiture A/c	Dr.	4,500	
	To Capital Reserve A/c			4,500
	(Balance left in Share Forfeiture A/c i.e. ₹6,500 – ₹2,000 = ₹4,500 transferred to Capital Reserve A/c)			

Case (iii)	Share Capital A/c	Dr.	6,000	
	To Share Allotment A/c			1,800
	To Share First Call A/c			1,200
	To Share Final Call A/c			1,200
	To Share Forfeiture A/c			1,800
	(Forfeiture of 600 shares)			
	Bank A/c	Dr.	3,600	
	Share Forfeiture A/c	Dr.	400	
	To Share Capital A/c			4,000
	(Re-issue of 400 shares @ ₹9 per share)			
	Share Forfeiture A/c	Dr.	800 <sup>(1)</sup>	
	To Capital Reserve A/c			800
	(Profit on 400 re-issued shares transferred to Capital Reserve A/c)			
Case (iv)	Share Capital A/c	Dr.	50,000	
	To Calls in Arrears A/c			20,000
	To Share Forfeiture A/c			30,000
	(Forfeiture of 5,000 shares)			

Bank A/c	Dr.	45,000	
Share Forfeiture A/c	Dr.	5,000	
To Share Capital A/c			50,000
(Re-issue of 5,000 shares @ ₹9 per share)			
Share Forfeiture A/c	Dr.	25,000	
To Capital Reserve A/c			25,000
(Profit on 5,000 re-issued shares transferred to Capital Reserve A/c)			

Note : (1) Profit on 600 shares = ₹1,800

Hence, Profit on 400 re-issued shares = $\frac{1,800}{600} \times 400$	=	1,200
Less : Loss on re-issue : 400 shares × ₹1	=	<u>400</u>
Transferred to Capital Reserve		<u>800</u>