

SYLLABUS

- Issue of Shares – issue, forfeiture, reissue,
- issue other than in cash consideration and issue to the promoters;
- Pro-rata issue of shares.

•PART -1

Issue of Shares

Introduction

Company

Company is an artificial person which gets capital by issuing shares and gets loan by issuing debentures.

Only Public Company is allowed to issue the shares and debentures to the common public.

Introduction

Shares

Shares are the Instruments through which company gets capital. Owner of shares are known as shareholders they get dividend.

SHARES ARE ISSUED

- IN CASH
 - IN LUMPSUM---
 - At par
 - At premium
 - IN INSTALMENTS
 - At par
 - At premium

OR

- CONSIDERATION OTHER THAN CASH
 1. VENDOR
 2. UNDERWRITERS
 3. PROMOTERS

JOURNAL

ISSUED SHARES TO VENDOR

- [PURCHASED ASSET]
- ASSET A/C DR. 30
 TO VENDOR 30

PAYMENT TO VENDOR

VENDOR A/C DR.30

DISCOUNT ON ISSUE OF SHARES

To Discount Received

TO BANK/CASH

TO SHARE CAPITAL 28

TO SC. PREMIUM A/C 2

To Debenture

To Assets

JOURNAL

ISSUED SHARES TO VENDOR

- PURCHASE OF BUSINESS

ASSET A/C DR.

GOODWILL A/C DR. [EITHER BAL FIG]

TO LIABILITIES

TO VENDOR [PURCHASE CONSIDERATION]

TO CAPITAL RESERVE [OR BAL FIG]

WORKING NOTES

**NO.OF SHARES=PURCHASE CONSIDERATION
ISSUE PRICE OF EACH SHARE**

#1 SUMS

- ROHIT LTD PURCHASED ASSETS FROM KAJAL FOR RS.3,50,000 A SUM OF Rs.50,000 WAS PAID BY A BANK DRAFT AND ISSUED RS.10 EQUITY SHARES TO KAJAL FOR THE BALANCE .PASS THE JOURNAL ENTRIES IN THE FOLLOWING CASES
 1. ISSUED AT PAR.
 2. ISSUED AT PREMIUM OF 20 %
 3. ISSUED AT DISCOUNT OF 20%.

#SOL 1

ROHIT LTD

- **ASSET A/C DR 3,50,000**
TO KAJAL 3,50,000

KAJAL 50,000
TO BANK 50,000

CASE 1

- KAJAL A/C DR. 300000
TO SHARE CAPITAL 300000

WORKINGS

NO.OF SHARES=PURCHASE CONSIDERATION

ISSUE PRICE OF EACH SHARE

=3,00,000/10

No. =30,000

SHARE CAPITAL =30,000*10

CASE 2

- KAJAL A/C DR. 3,00,000

TO SHARE CAPITAL 2,50,000

TO SC PREMIUM RESERVE A/C 50,000

WORKINGS

NO.OF SHARES=PURCHASE CONSIDERATION

ISSUE PRICE OF EACH SHARE

$$=300000/12$$

$$=25,000$$

$$\text{SHARE CAPITAL} = 25,000 * 10 = 250000$$

$$\text{PREMIUM} = 25000 * 2 = 50,000$$

CASE 3

KAJAL A/C DR.	300000	
LOSS ON ISSUE OF SHARES	75,000	
TO SHARE CAPITAL		375000

WORKINGS

NO.OF SHARES= $\frac{\text{PURCHASE CONSIDERATION}}{\text{ISSUE PRICE OF EACH SHARE}}$

$$=300000/8$$

$$\text{No.} =37,500$$

$$\text{SHARE CAPITAL} =37,500*10=3750000$$

$$\text{Discount/Loss} =37,500*2=75000$$

#1 SUMS h/w

- ROHIT LTD PURCHASED ASSETS FROM KAJAL FOR RS.4,50,000 A SUM OF Rs.50,000 WAS PAID BY A CHEQUE AND 40,000 THROUGH CASH AND ISSUED RS.5 EQUITY SHARES TO KAJAL FOR THE BALANCE. PASS THE JOURNAL ENTRIES IN THE FOLLOWING CASES
 1. ISSUED AT PAR.
 2. ISSUED AT PREMIUM OF 20 %
 3. ISSUED AT DISCOUNT OF 20%.

#2 SUMS

ROHIT LTD PURCHASED BUSINESS FROM KAJAL FOR PURCHASE CONSIDERATION OF RS.3,50,000 AND ISSUED RS.10 EQUITY SHARES TO KAJAL FOR THE PURCHASE OF MACHINERY RS.3,00,000 DEBTORS RS.1,00,000 AND ACCEPTED THE LIABILITY OF CREDITORS RS.60,000.PASS THE JOURNAL ENTRIES.

#2 SOL

MECHINERY A/C DR	3,00,000	
DEBTORS A/C DR.	1,00,000	
G/W [bal fig]	10,000	
TO CREDITORS		60,000
TO KAJAL		3,50,000
KAJAL A/C DR.	3,50,000	
TO SHARE CAPITAL	3,50,000	

Q3

**S LTD PURCHASED BUSINESS OF 4,00,000 FROM
KAJAL FOR PURCHASE CONSIDERATION OF :**

Case 1

**RS.4,00,000 AND ISSUED RS 10 EQUITY SHARES AT
16 EACH .PASS THE JOURNAL ENTRIES.**

CASE 2

**RS.3,00,000 AND ISSUED RS 10 EQUITY SHARES AT
7.5 EACH .PASS THE JOURNAL ENTRIES.**

SOL 3

CASE 2

ASSET DR	4,00,000	
TO KAJAL	4,00,000	

KAJAL DR.	4,00,000	
TO SHARE CAPITAL		2,50,000
TO SC.PREMIUM RESERVE		1,50,000

$$\text{NO.} = 400000 / 16 = 25,000$$

$$\text{CAPITAL} = 25,000 * 10 = 2,50,000$$

$$\text{SPR} = 25,000 * 6 = 1,50,000$$

SOL3

- CASE 3

ASSET A/C DR 4,00,000

TO KAJAL 3,00,000

TO CAPITAL RESERVE 1,00,000 [bal. fig.]

KAJAL A/C DR 3,00,000

DISCOUNT A/C DR 1,00,000

TO SHARE CAPITAL 4,00,000

NO.= $3,00,000/7.5=40,000$

CAPITAL= $40000*10=400000$

DISCOUNT= $40000*2.5=100000$

SHARES TO PROMOTERS

- JOURNAL
- INCORPORATION COST/
PRELEMINARY EXPENSES/
GOODWILL A/C DR. A/C DR.
TO SHARE CAPITAL

Or

- INCORPORATION COST/
PRELEMINARY EXPENSES/
GOODWILL A/C DR.
TO PROMOTERS
- PROMOTERS Dr.
TO SHARE CAPITAL

#4 SHARES TO PROMOTERS

#A

- Issued 2,000 equity shares of Rs.10 each at Rs.12 each to promoters for their service of Rs.25,000. And rest of the consideration was paid in cash.

B

- Issued equity shares of rs.10 each at Rs.12 to promoters and Rs.1,000 in cash for their service of Rs.25,000.

SOL4

INCORPORATION COST	25,000	
To Promoters		25,000
Promoters a/c Dr.	25,000	
TO SHARE CAPITAL[2,000 * 10]		20,000
TO SC.PR. RESERVE[2,000 * 2]		4,000
TO CASH		1,000
No. = <u>24,000</u>		

Home Work

- Issued 1,500 equity shares of Rs.10 each at Rs.5 premium to promoters for their service of Rs.25,000. and rest of the consideration was paid in cash.

ISSUE OF SHARES TO OTHERS/UNDERWRITERS

- UNDERWRITING COMMISSION DR.
TO UNDERWRITERS
- UNDERWRITERS
TO SHARE CAPITAL

#5

- **X LTD ISSUED 10,000 EQUITY SHARES IN THE MARKET FOR Rs.10 EACH THROUGH ICICI BANK AND PAID THEM 1% COMMISSION BY ISSUING SHARES AT PAR.JOURNALISE**

X Ltd

- UNDERWRITING COMMISSION DR.1000
TO UNDERWRITERS 1000
- UNDERWRITERS 1000
TO SHARE CAPITAL 1,000

$$\begin{aligned} \text{COMMISSION} &= 1/100 * 100000 \quad [10000 * 10] \\ &= 1,000 \end{aligned}$$

Home work

- **X LTD ISSUED 10,000 EQUITY SHARES IN THE MARKET FOR Rs.10 EACH THROUGH ICICI BANK AND PAID THEM 1% COMMISSION BY ISSUING Rs.10 SHARES AT A Discount of 20%.JOURNALISE**
- **Hint**
- **No.= $10000/8$**
- **= 125**
- **Share Capital = $125 * 10 = 1250$**
- **Discount = $125 * 2 = 250$**

3 important terms

- Authorized capital-maximum capital through which a company has got registered.
- Issued capital – capital issued by the company
- Subscribed capital.-applied by the public and allotted by the company.

ISSUE OF SHARES

- IN CASH
 - IN LUMP SUM
 - IN INSTALMENTS

ISSUED AT PAR [LUMPSUM]

- Shares issued at par.

Bank a/c Dr.

To Share Application and Allotment a/c.

[cash received]

Share Application and allotment a/c.

To Share Capital a/c

[transferred to capital]

ISSUED AT PAR OR AT PREMIUM [LUMPSUM]

- SHARES ISSUED AT PREMIUM.

JOURNAL

BANK A/C DR.12

TO SHARE APPLICATION and Allotment A/C.12
[cash received]

SHARE APPLICATION and Allotment A/C.12

TO SHARE CAPITAL A/C [no. * nv] 10

TO SECURITY PREMIUM 2

[transferred to capital]

SUMS ON LUMPSUM

- **JAIS LTD ISSUED 10,000 EQUITY SHARES OF Rs.10 EACH ISSUED AT LUMPSUM AT**
- **Case 1 : at PAR.**
- **Case 2 : AT PREMIUM OF 20%.**

SUMS ON LUMPSUM

Bank a/c Dr. [10,000*10]	1,00,000
To Share Application and Allotment a/c.1,00,000	
[cash received]	
Share Application and Allotment a/c. 1,00,000	
To Share Capital a/c	1,00,000
[Transferred to capital]	

SUMS ON LUMPSUM

BANK A/C DR.[10000*12]	1,20,000	
 TO SHARE APPL. & Allotment A/C.		1,20,000
[cash received]		
SHARE APPL.& allotment A/C.	1,20,000	
 TO Sh CAPITAL A/C10000*10		1,00,000
 TO SEC.PREUM[10000*2]		20,000
[transferred to capital]		

SUMS ON LUMPSUM.H/W

- **J AIS LTD ISSUED 20,000 EQUITY SHARES OF Rs.5 EACH ISSUED AT LUMPSUM AT**
- **Case 1 : at PAR.**
- **Case 2 : AT PREMIUM OF 20%.**

10,000 ISSUED

10,000/ 12,000/ 25,000 APPLIED OR SUBSCRIBED

5,3,2

	No	MR= s*ap	Tr to cp=a*ap 50,000	Excess Money	Tr allot [30,000]	Calls 20,000	Refund [bank]
3	25,000	1,25,000	50,000	75,000	30,000	20,000	25,000
1	10000	50000	50000	---	----	----	===
2	12000	60,000	50,000				10,000
	20,000	1,00,000	50,000	50,000	30,000	20,000	----
	30,000	1,50,000	50,000	100000	30,000	20,000	50,000
	60,000	3,00,000	50,000	2,50,000	30,000	20,000	2,00,000
	22,000	1,10,000	50,000	60,000	30,000	20,000	10,000
	16,000	48,000	30,000	18,000			18,000

RULES FROM COMPANIES ACT

- If the minimum subscription amount of 90% of the issue was not achieved by the company within 60 days from the date of closure of the issue, the company has to refund the entire subscription amount immediately. For any delay beyond 78 days, the company has to pay an interest of 6% per annum.
- After allotment, the directors can call upon the shareholders to pay the full amount due on shares in one or more installments as mentioned in the prospectus. The articles of a company usually contain provisions regarding calls. If there is no such provision in the Articles, the following provisions shall apply:
 1. No call shall be for more than 25% of the nominal value of each share.
 2. Interval between any two calls should not be less than one month.
 3. At least 14 days' notice must be given to each member for a call specifying the amount, date and place of payment.
 4. Call should be made on a uniform basis on the entire body of shareholders falling under the same class.

IN INSTALMENTS ISSUED AT PAR

- **SHARES ISSUED AT PAR.**

JOURNAL

1.BANK A/C

DR.

TO SHARE APPLICATION A/C.

[receive]

2.SHARE APPLICATION A/C.

DR

TO SHARE CAPITAL A/C

To Sh allot

To Calls in Advance

To Bank

[transfer]

3.SHARE ALOTMENT A/C.

DR

TO SHARE CAPITAL A/C

[due]

ISSUED AT PREMIUM IN INSTALMENTS

- **SHARES ISSUED AT PAR.**

JOURNAL

1.BANK A/C **DR.**

TO SHARE APPLICATION A/C.

[receive]

2.SHARE APPLICATION A/C. **DR**

TO SHARE CAPITAL A/C

[transfer]

3.SHARE ALOTMENT A/C. **DR**

TO SHARE CAPITAL A/C

To SPR

[due]

ISSUED AT PAR IN INSTALMENTS

4. BANK A/C DR.

TO SHARE ALLOTMENT A/C.

[receive]

5.SHARE FIRST AND FINAL CALL A/C. DR

TO SHARE CAPITAL A/C

[due]

6.BANK A/C DR.

TO SHARE FIRST AND FINAL CALL A/C.

[receive]

ISSUED AT PAR IN INSTALMENTS

- **Jais Ltd issued 10,000 equity shares of Rs.10 each. People applied for 16,000 shares. Company refunded the extra shares.**

Application-Rs.3

Allotment-Rs.4

Calls-Rs.3.

ISSUED AT PAR IN INSTALMENTS

BANK A/C	Dr.	48,000	
TO SHARE APPLICATION A/C.			48,000
SHARE APPLICATION A/C.	Dr.	48,000	
TO SHARE CAPITAL A/C	10000*3		30,000
TO BANK	6000*3		18,000
SHARE ALLOTMENT A/C	Dr. 10000*4	40,000	
TO SHARE CAPITAL			40,000
BANK A/C	Dr.	40,000	
TO SHARE ALLOTMENT			40,000
SHARE FIRST AND FINAL CALL A/C	Dr.	30,000	
TO SHARE CAPITAL A/C			30,000
[due]			
BANK A/C	Dr.	30,000	
TO SHARE FIRST AND FINAL CALL A/C.			30,000
[receive]			

ISSUED AT PREMIUM IN INSTALMENTS Homework

- **Jais Ltd issued 10,000 equity shares of Rs.10 each . People applied for 16,000 shares. Company refunded the extra shares.**

Application-Rs.4

Allotment-Rs.3

1st Calls-Rs.2.

Second and Final call-Re.1

ISSUED AT PREMIUM IN INSTALMENTS Homework

- **Jais Ltd issued 10,000 equity shares of Rs.10 each at a premium of Rs.2. People applied for 16,000 shares. Company refunded the extra shares.**

Application-Rs.4

Allotment-Rs.5 [3+2]

1st Calls-Rs.2.

Second and Final call-Re.1

ISSUED AT PREMIUM IN INSTALMENTS Homework

- **Jais Ltd issued 10,000 equity shares of Rs.10 each at a premium of Rs.3. People applied for 16,000 shares. Company refunded the extra shares.**

Application-Rs.3

Allotment-Rs.5 [4+1]

1st Calls-Rs.[2 + 1]

Second and Final call-Re.[1 + 1]

ISSUED AT PAR OR AT PREMIUM IN INSTALMENTS

1. RECEIVE CASH ON APPLICATION
2. APPLICATION MONEY TRANSFER TO CAPITAL
3. ALLOTMENT TRANSFER TO CAPITAL
4. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
5. CALL TRANSFER TO CAPITAL/DUE
6. RECEIVE CASH
7. FORFIETURE
8. REISSUE-at par; premium;discount
9. TRANFER TO CAPITAL RESERVE-[reissued]

ISSUED AT PAR OR AT PREMIUM IN INSTALMENTS

1. BANK A/C DR.
TO SHARE APPLICATION A/C.

2. SHARE APPLICATION A/C. DR
TO SHARE CAPITAL A/C
To allotment [transferred]
To calls in advance
To bank [refunded]

3. SHARE ALLOTMENT A/C. DR
TO SHARE CAPITAL A/C
To security premium

ISSUED AT PAR IN INSTALMENTS

4.BANK A/C **DR.**
TO SHARE ALLOTMENT A/C.

5.SHARE FIRST AND FINAL CALL A/C. DR
TO SHARE CAPITAL A/C
To security premium

6.BANK A/C **DR.**
TO SHARE FIRST AND FINAL CALL A/C.

SUMS

- **Jais Ltd offered for subscription of 5,000 equity shares of Rs.100 each at a premium of 10% on 1ST April 2017. Company received application of 20,000 equity shares. Company allotted the shares and transferred the excess application money to allotment and calls. Prepare Journal, Ledger & Balance Sheet.**
- **Instalments are**
- **On application-Rs.30**
- **On allotment-40+ 10**
- **On First and final call-30.**

SUMS 30;50;30

1. Bank A/C	Dr. [20,000*30]	6,00,000	
	To Share Application A/C.		6,00,000
2. Share Application A/C.	Dr.	6,00,000	
	To Share Capital A/C [5,000*30]		1,50,000
	To Share Allotment A/C [50*5000]		2,50,000
	To Share First and Final Call A/C. [30*5000]		1,50,000
	To Bank [refund]		50,000
3. Share Allotment A/C	Dr.	2,50,000	
	To Share Capital [5000*40]		2,00,000
	To SPR 5000*10		50,000
5. Share First and Final Call A/C.	Dr	1,50,000	
	To Share Capital A/C		1,50,000
	[Due]		

Ledger

Bank A/C

Particulars	Amount	Particulars	Amount
To Share Application A/C.	6,00,000	By Share Application A/C.	50,000
		By balance c/d	5,50,000
	6,00,000		6,00,000
To balance b/d	5,50,000		

Share Capital A/C

		By Share Application A/C.	1,50,000
To balance c/d	5,00,000	By Share Allotment A/C.	2,00,000
		By Share First and Final Call A/C.	1,50,000
	5,00,000		5,00,000
		By balance b/d	5,00,000

SPR

To balance c/d	50,000	By Share Allotment A/C.	50,000
	50,000		50,000
		By balance b/d	50,000

Ledger

Share Application A/C

Particulars	Amount	Particulars	Amount
To Share Allotment A/C.	2,50,000	By Bank a/c	6,00,000
To Share First and Final Call	1,50,000		
To Share Capital	1,50,000		
To Bank	50,000		
	6,00,000		6,00,000

Share Allotment A/C

		By Share Application A/C.	1,50,000
To balance c/d	5,00,000	By Share Allotment A/C.	2,00,000
			1,50,000
	5,00,000		5,00,000
			5,00,000

Share First and Final Call A/C

To balance c/d	50,000	By Share Allotment A/C.	50,000
	50,000		50,000
			50,000

Jais Ltd

Balance Sheet as at 31/03/2018

PARTICULARS	NOTES	CURRENT YEAR
I. EQUITY AND LIABILITIES		
1. Shareholders Funds		
(a) Share Capital	1	5,00,000
(b) Reserves and Surplus	2	50,000
Total		5,50,000
Assets		
Current Assets		
Cash and Bank Balances	3	5,50,000
TOTAL		5,50,000

NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

....Equity share of Rs. ... Each

Issued capital

5,000 equity share of Rs.100 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

5,000 equity share of Rs.100 each

5,00,000

Subscribed but not fully paid up:

5,00,000

NOTES TO ACCOUNTS

2. Notes

PARTICULARS

AMOUNT

Reserves and Surplus

Security Premium Reserve

50,000

[5,000 * 10]

3. Cash and Bank Balances

Bank Balances

5,50,000

ISSUED AT PAR OR AT PREMIUM IN INSTALMENTS

1. RECEIVE CASH ON APPLICATION
2. APPLICATION MONEY TRANSFER TO CAPITAL
3. ALLOTMENT TRANSFER TO CAPITAL;SPR
4. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest-12%p.a
 - B. CALLS IN ARREAR- interest-10% p.a.
5. CALL TRANSFER TO CAPITAL/DUE
6. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
7. FORFIETURE
8. REISSUE
9. TRANFER TO CAPITAL RESERVE

CALLS IN ARREARS

MEANING

- **When shares are issued in instalments the amount called by the company has not been received by the company from the shareholders is called calls in arrears.**
- **It is shown in the Balance Sheet
less from Share Capital [notes]**
- **It carries an interest of 10% p.a. As per Table F of the Co.Act 2013**
- **Interest on calls in arrears is credited in statement of profit and loss.**
- **Interest on calls in arrears is an income.**

CALLS IN ARREARS

JOURNAL ENTRIES ON NON RECEIPT OF CALL

- ON DUE DATE

CALL IN ARREAR a/c dr.

To Allotment

To 1st call a/c

To 2nd Call a/c

- ON RECEIPT OF CALL IN ARREAR

BANK

TO CALLS IN ARREARS

CALLS IN ADVANCE

- **CALLS IN ADVANCE ARE THE AMOUNT RECEIVED BY THE COMPANY PRIOR TO ALLOTMENT OR CALLS DUE. EXCESS APPLICATION MONEY RECEIVED ON APPLICATION IS ALSO KNOWN AS CALLS IN ADVANCE.**
- **RATE OF INTEREST 12% per annum AS PER TABLE F OF THE CO. ACT 2013**
- **IT IS SHOWN IN BALANCE SHEET**
CURRENT LIABILITIES
OTHER CURRENT LIABILITIES
- **INTEREST ON CALLS IN ADVANCE IS DEBITED IN STATEMENT OF PROFIT AND LOSS.**
- **Interest on calls in advance is an expense.**

JOURNAL: CALLS IN ADVANCE

On receipt of calls in advance

- **BANK A/C DR.**

TO CALLS IN ADVANCE

On adjustment of calls in advance

- **CALLS IN ADVANCE**

TO SHARE FIRST/2nd CALL A/C

DIFFERENCE BETWEEN CALLS IN ARREARS & CALLS IN ADVANCE :

- 1. INTEREST IS CHARGED TO CALLS IN ARREARS.

INTEREST IS ALLOWED TO CALLS IN ADVANCE.**
- 2. RATE OF INTEREST IS 10%P.A. CALLS IN
ARREARS

RATE OF INTEREST IS 12%P.A. CALLS IN
ADVANCE.**

- **S.Ed Ltd offered for subscription of 50,000 Preference shares of Rs.10 each on 1st April 2017. People subscribe for 60,000 shares, allotment is done on 50,000 shares and excess money was refunded.**
- **One of the shareholder who was holding 2,000 shares failed to pay allotment money and also not paid First and Final Call money. Journalise , prepare the necessary ledger and also prepare the Balance Sheet.**
- **Instalments are**
 - 1st April On Application-Rs.3**
 - 1st July On Allotment-Rs.4**
 - 1st October On First and Final call-Rs.3.**

**In The Books of S.Ed Ltd
Journal Entries**

3 ; 4+2 ; 3

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
April 1.	Bank A/C Dr.[60,000 * 3] To Share Application A/C.		1,80,000	1,80,000
April 1.	Share Application A/C. Dr. To Share Capital A/C[50,000 * 3] To Bank A/C[bal fig]		1,80,000	1,50,000 30,000
July 1.	Share Allotment A/C [50,000 * 4] To Share Capital A/C [50,000 * 4]		2,00,000	2,00,000
July 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[Note 1] To Share Allotment A/C [50,000*4]		1,92,000 8,000	2,00,000
Oct.1.	Share First and Final Call A/C Dr. [50,000 * 3] To Share Capital A/C [Due]		1,50,000	1,50,000
Oct.1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C. [2,000*3] To Share First and Final Call A/C [50,000 * 3]		1,44,000 6,000	1,50,000

Note 1

3 ; 4+2 ; 3

- 1 Calculation of **Calls In Arrear**

• Applied	Alloted
50,000	50,000
$50,000/50,000$	1
$50,000/50,000 * 2,000$	2,000
=2,000	

MONEY DUE ON ALLOTMENT=2,000*4=8,000

ii.SUMS

3 ; 4 ; 3

- S.Ed Ltd offered for subscription of 50,000 Preference shares of Rs.10 each on 1st April 2017. People subscribe for 60,000 shares, allotment is done on 50,000 shares and excess money was refunded.
- One of the shareholder who was holding 2,000 shares failed to pay allotment money *but* paid the allotment along with First and Final Call money. Journalise , prepare the necessary ledger and also prepare the Balance Sheet.
- Instalments are
 - 1st April On Application-Rs.3
 - 1st July On Allotment-Rs.4
 - 1st October On First and Final call-Rs.3.

SUMS

3 ; 4 ; 3

- S.Ed Ltd offered for subscription of 50,000 Preference shares of Rs.10 each on 1st April 2017. People subscribe for 60,000 shares, allotment is done on 50,000 shares and excess money was refunded.
- One of the shareholder who was holding 2,000 shares failed to pay allotment money but paid the allotment money along with First and Final Call. Another shareholder who was allotted 500 shares paid the call money along with allotment. Journalise ,prepare the necessary ledger and also prepare the Balance Sheet.
- Instalments are
 - 1st April On Application-Rs.3
 - 1st July On Allotment-Rs.4
 - 1st October On First and Final call-Rs.3.

**In The Books of S.Ed Ltd
Journal Entries**

3 ; 4+2 ; 3

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
April 1.	Bank A/C Dr.[60,000 * 3] To Share Application A/C.		1,80,000	1,80,000
April 1.	Share Application A/C. Dr. To Share Capital A/C[50,000 * 3] To Bank A/C[bal fig]		1,80,000	1,50,000 30,000
July 1.	Share Allotment A/C [50,000 * 4] To Share Capital A/C [50,000 * 4][Due]		2,00,000	2,00,000
July 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[Note 1] To Share Allotment A/C[50,000*4] To Calls In Advance. [500*3]		1,93,500 8,000	2,00,000 1,500
Oct.1.	Share First and Final Call A/C Dr. [50,000 * 3] To Share Capital A/C [Due]		1,50,000	1,50,000
Oct.1.	Bank A/C Dr. [bal fig] Calls In Advance Dr. To Share 1st and Final Calls A/C[50,000] To Calls In Arrear A/C. [2,000*4]		1,56,500 1,500	1,50,000 8,000

Note 1

3 ; 4+2 ; 3

- 1 Calculation of **Calls In Arrear**

• Applied	Alloted
50,000	50,000
$50,000/50,000$	1
$50,000/50,000 * 2,000$	2,000
=2,000	

MONEY DUE ON ALLOTMENT=2,000*4=8,000

Ledger

Bank A/C			
Particulars	Amount	Particulars	Amount
To Share Application A/C.	1,80,000	By Share Application A/C	30,000
To Share Allotment A/C.	1,92,000	By balance c/d	5,00,000
To Calls In Advance.	1,500		
To Share First & Final Call A/C.	148,500		
To Calls In Arrear A/C	8,000		
	5,30,000		5,30,000
To balance b/d	5,00,000		
Share Capital A/C			
		By Share Application A/C.	1,50,000
To balance c/d	5,00,000	By Share Allotment A/C.	2,00,000
		By Share First and Final Call A/C.	1,50,000
	5,00,000		5,00,000
		By balance b/d	5,00,000

S.Ed Ltd

Balance Sheet as at 31/03/2018

PARTICULARS	NOTES	CURRENT YEAR
I. EQUITY AND LIABILITIES		
1. Shareholders Funds		
(a) Share Capital	1	5,00,000
Total		5,00,000
Assets		
Current Assets		
Cash and Bank Balances	2	5,00,000
TOTAL		5,00,000

NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

...Preference share of Rs. ... Each

Issued capital

50,000 Preference share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 Preference share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

0

5,00,000

NOTES TO ACCOUNTS

2. Notes

PARTICULARS

AMOUNT

Cash and Bank Balances

Bank Balances

5,00,000

Calls In Arrear A/C. [2,000*3]

SUMS Homework

- S.Ed Ltd offered for subscription of 75,000 Equity shares of Rs.10 each at a premium of 20% on 1st April 2017. People subscribe for 1,00,000 shares allotment is done on 75,000 shares and excess money was refunded. Company allotted the shares.
- One of the shareholder who was holding 2,500 shares failed to pay allotment money but paid the allotment money along with interest at the time of First and Final Call. Another shareholder who applied for 1,000 shares paid the call money along with allotment. Journalise ,prepare the necessary ledger and also prepare the Balance Sheet.

1st April On Application-Rs.4

1st July On Allotment-Rs.3

1st October On First and Final call-Rs.3.

ISSUED AT PAR OR AT PREMIUM IN INSTALMENTS

1. RECEIVE CASH ON APPLICATION
2. APPLICATION MONEY TRANSFER TO CAPITAL
3. ALLOTMENT TRANSFER TO CAPITAL/SPR
4. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
5. CALL TRANSFER TO CAPITAL/DUE
6. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
7. FORFIETURE
8. REISSUE
9. TRANFER TO CAPITAL RESERVE

UNDERSUBSCRIPTION OF SHARES

- Number of shares applied for is less than the number of shares issued for subscription.
 - In this Situation, shares are allotted to all the applicants.
- The Companies Act, [2013](#) allows the company to decide minimum subscription [Section 39(1)]. However, Securities and Exchange Board of India (SEBI) has prescribed minimum subscription as 90% of the issue of shares if minimum subscription is not received then company needs to refund the entire money received in applications.

Oversubscription

- Number of shares applied for is more than the shares issued for subscription.
- Excess shares can be
 - Rejected
 - Allotted on pro-rata.
 - Acceptance of some application in full, Rejection of some application and pro-rata allotment on balance.

Note 1

3 ; 4 ; 3

- People applied 20,000 shares co. allotted 10,000 shares under pro-rata allotment. One of the shareholder holding 2,000 shares failed to pay the allotment money his shares forfeited.

- 1 Calculation of **Calls In Arrear**

• Applied	Alloted
20,000	10,000
$20,000/10,000$	1
$20,000/10,000 * 2,000$	2,000
= 4,000	

Method 1

MONEY DUE TILL ALLOTMENT on allotted shares = $2,000 * 7 = 14,000$

Total MONEY Received on applied shares = $4,000 * 3 = \text{Rs. } 12,000$

Calls In Arrear = $14,000 - 12,000 = 2,000$

Method 2

MONEY DUE ON ALLOTMENT = $2,000 * 4 = 8,000$

MONEY Received On Application for allotment = total receipt – transfer to application

$4,000 * 3 - 2,000 * 3 = 6,000$

Calls In Arrear = ALLOTMENT Due – ALLOTMENT Receipt

Calls In Arrear = $8,000 - 6,000 = 2,000$

Difference between Oversubscription and Undersubscription of Shares.

- Oversubscription
 - Number of shares applied for is more than the shares issued for subscription.
 - Shares are allotted on pro rata.
- Under subscription
 - Number of shares applied for is less than the shares issued for subscription.
 - Full allotment is made.

SUMS

3 ; 4 ; 3

- S.Ed Ltd offered for subscription of 50,000 Preference shares of Rs.10 each. People subscribe for 60,000 shares, allotment is done on 50,000 shares and excess money was transferred to allotment and calls. **[pro-rata allotment was done]**
 - One of the shareholder who was holding 2,000 shares failed to pay allotment money but paid the allotment money, along with First and Final Call. Another shareholder who was allotted 500 shares paid the call money along with allotment. Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/03/18.
 - Instalments are
- | | |
|------------------------------|-------------------------------|
| 1 st January 2018 | On Application-Rs.3 |
| 1 st March 2018 | On Allotment-Rs.4 |
| 1 st June 2018 | On First and Final call-Rs.3. |

**In The Books of S.Ed Ltd
Journal Entries**

3 ; 4+2 ; 3

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
Jan 1.	Bank A/C Dr.[60,000 * 3] To Share Application A/C.		1,80,000	1,80,000
Jan 1.	Share Application A/C. Dr. To Share Capital A/C[50,000 * 3] To Share Allotment A/C [bal fig]		1,80,000	1,50,000 30,000
March 1.	Share Allotment A/C [50,000 * 4] To Share Capital A/C [50,000 * 4]		2,00,000	2,00,000
March 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[Note 1] To Share Allotment A/C[50,000*4]] To Calls In Advance. [500*3]		1,64,700 6,800	1,70,000 1,500
June 1.	Share First and Final Call A/C Dr. [50,000 * 3] To Share Capital A/C [Due]		1,50,000	1,50,000
June 1.	Bank A/C Dr. [bal fig] Calls In Advance Dr. To Share Allotment A/C[50,000] To Calls In Arrear A/C.		1,56,500 1,500	1,50,000 6,800

Note 1

3 ; 4 ; 3

- 1 Calculation of **Calls In Arrear**

• Applied	Alloted
60,000	50,000
$60,000/50,000$	1
$60,000/50,000 * 2,000$	2,000
=2,400	

Method 1

MONEY DUE TILL ALLOTMENT on allotted shares = $2,000 * 7 = 14,000$

Total MONEY Received on applied shares = $2,400 * 3 = 7,200$

Calls In Arrear = $14,000 - 7,200 = 6,800$

Method 2

MONEY DUE ON ALLOTMENT = $2,000 * 4 = 8,000$

MONEY Received On Application for allotment = total receipt – transfer to application

$2,400 * 3 - 2,000 * 3 = 1,200$ [$2,400 - 2,000$] * 3

Calls In Arrear = ALLOTMENT Due – ALLOTMENT Receipt

Calls In Arrear = $8000 - 1,200 = 6,800$

Ledger up to 31st March 2018.

Bank A/C			
Particulars	Amount	Particulars	Amount
To Share Application A/C.	1,80,000		
To Share Allotment A/C.	1,63,200	By balance c/d	3,44,700
To Calls In Advance.	1,500		
	3,44,700		3,44,700
To balance b/d	3,44,700		
Share Capital A/C			
		By Share Application A/C.	1,50,000
To balance c/d	3,50,000	By Share Allotment A/C.	2,00,000
	3,50,000		3,50,000
		By balance b/d	3,50,000

S.Ed Ltd

Balance Sheet as at 31/03/2018

PARTICULERS	NOTES	CURRENT YEAR
I. EQUITY AND LIABILITIES		
1. Shareholders Funds		
(a) Share Capital	1	3,43,200
Current Liability		
Other Current Liability:calls in advance	2	1,500
Total		3,44,700
Assets		
Current Assets		
Cash and Bank Balances	3	3,44,700
TOTAL		3,44,700

NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

....Preference share of Rs. ... Each

Issued capital

50,000 Preference share of Rs.10 Each 5,00,000

Subscribed capital

Subscribed and fully paid up:

Subscribed but not fully paid up:

50,000 equity share of Rs.7 each 3,50,000

Less: Calls in arrear 6,800 3,43,200

3,43,200

NOTES TO ACCOUNTS

3. Notes

PARTICULARS

AMOUNT

Cash and Bank Balances

Bank Balances

3,44,700

2. Notes

Other Current Liability:

calls in advance

1,500

SUMS Homework

- S.Ed Ltd offered for subscription of 75,000 Equity shares of Rs.10 each. People subscribe for 1,00,000 shares allotment is done on 75,000 shares pro-rata allotment is done. Company allotted the shares.
- One of the shareholder who was holding 2,700 shares failed to pay allotment money but paid the allotment money at the time of First and Final Call. Another shareholder who applied for 1,000 shares paid the call money along with allotment. Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.

1st December 2017 On Application-Rs.4

1st March 2018 On Allotment-Rs.3

1st July 2018 On First and Final call-Rs.3.

ISSUED AT PAR OR AT PREMIUM IN INSTALMENTS

1. RECEIVE CASH ON APPLICATION
2. APPLICATION MONEY TRANSFER TO CAPITAL
3. ALLOTMENT TRANSFER TO CAPITAL
4. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
5. CALL TRANSFER TO CAPITAL/DUE
6. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
7. FORFIETURE
8. REISSUE
9. TRANFER TO CAPITAL RESERVE

JOURNAL INTEREST ON CALLS IN ARREARS

- **INTEREST ON CALLS IN ARREAR [MAKING DUE]**
opening

SUNDRY MEMBERS /SHAREHOLDERS A/C Dr.

TO INTEREST ON CALLS IN ARREAR

- **ON RECEIPT OF INTEREST**
BANK

TO SUNDRY MEMBERS/ SHAREHOLDERS A/C

- **INTEREST ON CALLS IN ARREAR [Closing entry]**

Interest On Calls In Arrear [Closing Entry]

To Statement of Profit and Loss.

JOURNAL INTEREST ON CALLS IN ADVANCE

- INTEREST ON CALLS IN ADVANCE [OUTSTANDING]opening
INTEREST ON CALLS IN ADVANCE A/C DR.
TO OUSTANDING INTEREST/SUNDRY MEMBERS/shareholder
- INTEREST ON CALLS IN ADVANCE [PAID]
INTEREST ON CALLS IN ADVANCE A/C DR.
TO shareholder A/C.

or

- INTEREST ON CALLS IN ADVANCE [PAID] direct no opening entry
INTEREST ON CALLS IN ADVANCE A/C DR.
TO BANK A/C.
- INTEREST ON CALLS IN ADVANCE [Closing entry]
STATEMENT OF PROFIT AND LOSS
TO INTEREST ON CALLS IN ADVANCE A/C.

SUMS

3 ; 4+2 ; 3

- S.Ed Ltd offered for subscription of 50,000 Preference shares of Rs.10 each at a premium of 20% on 1st April 2017. People subscribe for 1,00,000 shares pro-rata allotment is done. Company allotted the shares.
 - One of the shareholder who was holding 2,000 shares failed to pay allotment money but paid the allotment money along with interest at the time of First and Final Call. Another shareholder who applied for 1,000 shares paid the call money along with allotment, interest due must be paid.
 - Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.
 - Instalments are
- | | | |
|-------------------------|------|----------------------------|
| 1 st April | 2017 | On Application-3 |
| 1 st July | 2017 | On Allotment-4 |
| 1 st October | 2017 | On First and Final call-3. |

Note 1

3 ; 4+2 ; 3

- 1 Calculation of **Calls In Arrear**

Applied	Alloted
1,00,000	50,000
$1,00,000/50,000$	1
$1,00,000/50,000*2,000$	2,000
=4,000	

Method 1

MONEY DUE TILL ALLOTMENT on allotted shares = $2,000*9=18,000$

Total MONEY Received on applied shares = $4,000*3 = 12,000$

Calls In Arrear=18000-12000=6,000

Method 2

MONEY DUE ON ALLOTMENT=2,000*6=12,000

MONEY Received On Application for allotment=total receipt – transfer to application

$4,000*3 - 2,000 *3=6,000$

Calls In Arrear=ALLOTMENT Due –ALLOTMENT Receipt

Calls In Arrear=18000-12000=6,000

Note 1

3 ; 4+2 ; 3

- 1 Calculation of **Calls In Advance**

- Applied

1,00,000

1

1,000

Alloted

50,000

$50,000/1,00,000$

$50,000/1,00,000 * 1,000 = 500$

Calls In Advance = $500 * 3 = 1,500$

**In the Books of S.ED Ltd
Journal Entries**

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
Oct.1.	Share Holder A/C Dr. To Interest on Calls In Arrear A/C [6,000*10/100*3/12]		150	150
Oct.1.	Bank A/C Dr. To Share Holder A/C		150	150
Oct.1.	Interest On Calls In Arrear A/C Dr. To Statement of Profit And Loss		150	150
Oct.1.	Interest On Calls In Advance A/C Dr. To Share Holder A/C [1,500*12/100*3/12]		45	45
Oct.1.	Share Holder A/C Dr. To Bank A/C		45	45
Oct.1.	Statement Of Profit And Loss To Interest On Calls In Advance A/C		45	45
Oct.1.	BANK A/C Dr.[bal fig] Calls In Advance A/C To Share First And Final Call A/C. To Calls In Arrear A/C		1,54,500 1,500	1,50,000 6,000

Ledger

Bank A/C			
Particulars	Amount	Particulars	Amount
To Share Application A/C.	3,00,000	By Share Holder A/C	45
To Share Allotment A/C.	1,44,000	By balance c/d	6,00,105
To Calls In Advance.	1,500		
To Share Holder A/C	150		
To Share First & Final Call A/C.	148,500		
To Calls In Arrear A/C	6,000		
	6,00,150		6,00,150
To balance b/d	6,00,105		
Share Capital A/C			
		By Share Application A/C.	1,50,000
To balance c/d	5,00,000	By Share Allotment A/C.	2,00,000
		By Share First and Final Call A/C.	1,50,000
	5,00,000		5,00,000
		By balance b/d	5,00,000

Ledger

SPR			
To balance c/d	1,00,000	By Share Allotment A/C.	1,00,000
	1,00,000		1,00,000
		By balance b/d	1,00,000
Statement Of Profit And Loss			
Interest On Calls In Arrear	150		
Less : Interest On Calls In Advance	45		
		105	

S.Ed Ltd

Balance Sheet as at 31/03/2018

PARTICULARS	NOTES	CURRENT YEAR
I. EQUITY AND LIABILITIES		
1. Shareholders Funds		
(a) Share Capital	1	5,00,000
(b) Reserves and Surplus	2	1,00,105
Total		6,00,105
Assets		
Current Assets		
Cash and Bank Balances	3	6,00,105
TOTAL		6,00,105

NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

....preference share of Rs. ... Each

Issued capital

50,000 equity share of Rs.10 Each 5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each 5,00,000

Subscribed but not fully paid up:

NOTES TO ACCOUNTS

2. Notes

PARTICULARS

AMOUNT

Reserves and Surplus

Security Premium Reserve

1,00,000

[50,000 * 2]

Statement of Profit and Loss

105

1,00,105

3. Cash and Bank Balances

Bank Balances

6,00,105

SUMS Homework

- S.Ed Ltd offered for subscription of 75,000 Equity shares of Rs.10 each at a premium of 20% on 1st April 2017. People subscribe for 1,00,000 shares pro-rata allotment is done on 75,000 shares. Company allotted the shares. One of the shareholder who was holding 2,700 shares failed to pay allotment money but paid the allotment money along with interest at the time of First and Final Call. Another shareholder who applied for 1,000 shares paid the 1st call money along with allotment. Interest due on calls in advance must be paid. Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.

- Instalments are

1 st April	2017	On Application-Rs.4
1 st July	2017	On Allotment- Rs.3
1 st October	2017	On First Call- Rs.2.
1 st January	2017	On Second and Final call-Re.1.

ISSUED AT PAR OR AT PREMIUM IN INSTALMENTS

1. RECEIVE CASH ON APPLICATION
2. APPLICATION MONEY TRANSFER TO CAPITAL
3. ALLOTMENT TRANSFER TO CAPITAL
4. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
5. CALL TRANSFER TO CAPITAL/DUE
6. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
7. FORFIETURE
8. REISSUE
9. TRANFER TO CAPITAL RESERVE

Sum

- **S.Ed Ltd with an Authorised Capital of Rs.5,00,000 divided into 50,000 Shares of Rs.10 each ,Issued 40,000 Shares Payable as follows :**
 - **April 1st Rs.5 On Application**
 - **July 1ST Rs.2 On Allotment**
 - **October 1ST Rs.3 On First and Final Call**
- People Applied for 45,000 Shares and Pro Rata Allotment was done. Karan holding 2,000 Shares failed to pay the Allotment and Calls Money.**
- Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.**

Note 1

5 ; 2 ; 3

- 1 Calculation of **Calls In Arrear**

• Applied	Alloted
45,000	40,000
$45,000 / 40,000$	1
$45,000 / 40,000 * 2,000$	2,000
=2,250	

Method 1

MONEY DUE TILL ALLOTMENT on allotted shares = $2,000 * 7 = 14,000$

Total MONEY Received on applied shares = $2,250 * 5 = 11,250$

Calls In Arrear = $14,000 - 11,250 = 2,750$

Method 2

MONEY DUE ON ALLOTMENT = $2,000 * 2 = 4,000$

MONEY Received On Application for allotment = total receipt – transfer to application

$2,250 * 5 - 2,000 * 5 = 1,250$ [$2,250 - 2,000$] * 5

Calls In Arrear = ALLOTMENT Due – ALLOTMENT Receipt

Calls In Arrear = $4,000 - 1,250 = 2,750$

In The Books of S.Ed Ltd
Journal Entries

5 ; 2 ; 3

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
April 1.	Bank A/C Dr.[45,000 * 5] To Share Application A/C.		2,25,000	2,25,000
April 1.	Share Application A/C. Dr. To Share Capital A/C[40,000 * 5] To Share Allotment A/C[bal fig]		2,25,000	2,00,000 25,000
July 1.	Share Allotment A/C Dr. [40,000 * 2] To Share Capital A/C		80,000	80,000
July 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[Note 1] To Share Allotment A/C		52,250 2,750	55,000
Oct.1.	Share First and Final Call A/C Dr.[40,000*3] To Share Capital A/C [Due]		1,20,000	1,20,000
Oct 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[2000*3] To Share Allotment A/C		1,14,000 6,000	1,20,000

Ledger

Bank A/C

Particulars	Amount	Particulars	Amount
To Share Application A/C.	2,25,000		
To Share Allotment A/C.	52,250	By balance c/d	3,91,250
To Share First & Final Call A/C.	1,14,000		
	3,91,250		3,91,250
To balance b/d	3,91,250		

Share Capital A/C

		By Share Application A/C.	2,00,000
To balance c/d	4,00,000	By Share Allotment A/C.	80,000
		By Share First and Final Call A/C.	1,20,000
	4,00,000		4,00,000
		By balance b/d	4,00,000

Calls In Arrear A/C

To Share Allotment A/C	2,750	By balance c/d	8,750
To Share First and Final Call A/C	6,000		
	8,750		8,750
To balance c/d	8,750		

S.Ed Ltd

Balance Sheet as at 31/03/2018

PARTICULARS	NOTES	CURRENT YEAR
I. EQUITY AND LIABILITIES		
1. Shareholders Funds		
(a) Share Capital	1	3,91,250
Total		3,91,250
Assets		
Current Assets		
Cash and Bank Balances	2	3,91,250
TOTAL		3,91,250

NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

50,000 Equity share of Rs. 10 Each 5,00,000

Issued capital

40,000 equity share of Rs.10 Each 4,00,000

Subscribed capital

Subscribed and fully paid up:

38,000 equity share of Rs.10 each 3,80,000

Subscribed but not fully paid up:

2,000 equity share of Rs.10 each 20,000

Less : Calls in Arrear 8,750 11,250

3,91,250

NOTES TO ACCOUNTS

2. Notes

PARTICULARS

AMOUNT

Cash and Bank Balances

Bank Balances

3,91,250

SUMS Homework

- S.Ed Ltd offered for subscription of 75,000 Equity shares of Rs.10 each 1st April 2017. People subscribe for 1,00,000 shares pro-rata allotment is done.
 - One of the shareholder who was holding 2,700 shares failed to pay allotment money and also failed to pay First and Final Call. Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.
 - Instalments are
- | | | |
|-------------------------|------|-------------------------------|
| 1 st April | 2017 | On Application-Rs.4 |
| 1 st July | 2017 | On Allotment-Rs.3 |
| 1 st October | 2017 | On First and Final call-Rs.3. |

ISSUED AT PAR OR AT PREMIUM IN INSTALMENTS

1. RECEIVE CASH ON APPLICATION
2. APPLICATION MONEY TRANSFER TO CAPITAL
3. ALLOTMENT TRANSFER TO CAPITAL
4. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
5. CALL TRANSFER TO CAPITAL/DUE
6. RECEIVE CASH
 - A. CALLS IN ADVANCE- interest
 - B. CALLS IN ARREAR- interest
7. FORFIETURE
8. REISSUE
9. TRANFER TO CAPITAL RESERVE

FORFEITURE OF SHARES

Forfeiture of shares means cancellation of shares and forfeiting the amount received against these shares. A company can forfeit shares if its Articles of Association allows the forfeiture.

If any shareholder fails to pay the calls (allotment money or calls), the shares may be forfeited by giving a notice to pay the amount by the specified date. After the specified date, the shares may be forfeited by passing a resolution to forfeit them. Forfeited shares become the property of the company.

Journal :FORFEITURE OF SHARES issued at PAR

Share Capital A/C Dr. [called up amount]
To Calls In Arrear A/C [amount not received]
**To Share Forfeiture A/C [amount received-paid up
amount]**

Forfeiture of share

- **S.Ed Ltd with an Authorised Capital of Rs.5,00,000 divided into 50,000 Shares of Rs.10 each ,Issued 40,000 Shares Payable as follows :**
- **April 1st 2017 Rs.5 On Application**
- **July 1ST 2017 Rs.2 On Allotment**
- **October 1ST 2017 Rs.3 On First and Final Call**

People Applied for 45,000 Shares and Pro Rata Allotment was done. Karan holding 2,000 Shares failed to pay the Allotment and Calls Money.

His Shares were forfeited on 1ST January 2018.

Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.

Note 1

5 ; 2 ; 3

- 1 Calculation of **Calls In Arrear**

• Applied	Alloted
45,000	40,000
$45,000 / 40,000$	1
$45,000 / 40,000 * 2,000$	2,000
=2,250	

Method 1

MONEY DUE TILL ALLOTMENT on allotted shares = $2,000 * 7 = 14,000$

Total MONEY Received on applied shares = $2,250 * 5 = 11,250$

Calls In Arrear = $14,000 - 11,250 = 2,750$

Method 2

MONEY DUE ON ALLOTMENT = $2,000 * 2 = 4,000$

MONEY Received On Application for allotment = total receipt – transfer to application

$2,250 * 5 - 2,000 * 5 = 1,250$ [$2,250 - 2,000$] * 5

Calls In Arrear = ALLOTMENT Due – ALLOTMENT Receipt

Calls In Arrear = $4,000 - 1,250 = 2,750$

**In The Books of S.Ed Ltd
Journal Entries**

5 ; 2 ; 3

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
April 1.	Bank A/C Dr.[45,000 * 5] To Share Application A/C.		2,25,000	2,25,000
April 1.	Share Application A/C. Dr. To Share Capital A/C[40,000 * 5] To Share Allotment A/C[bal fig]		2,25,000	2,00,000 25,000
July 1.	Share Allotment A/C Dr. [40,000 * 2] To Share Capital A/C		80,000	80,000
July 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[Note 1] To Share Allotment A/C		52,250 2,750	55,000
Oct.1.	Share First and Final Call A/C Dr.[40,000*3] To Share Capital A/C [Due]		1,20,000	1,20,000
Oct 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[2000*3] To Share Allotment A/C		1,14,000 6,000	1,20,000
Jan 1 2018	Share Capital A/C Dr. [2,000 * 10] To Calls In Arrear A/C To Share Forfeiture A/C		20,000	8,750 11,250

Ledger

Bank A/C

Particulars	Amount	Particulars	Amount
To Share Application A/C.	2,25,000		
To Share Allotment A/C.	52,250	By balance c/d	3,91,250
To Share First & Final Call A/C.	1,14,000		
	3,91,250		3,91,250
To balance b/d	3,91,250		

Share Capital A/C

To Calls In Arrear A/C	8,750	By Share Application A/C.	2,00,000
To Share Forfeiture A/C	11,250	By Share Allotment A/C.	80,000
To balance c/d	3,80,000	By Share First and Final Call A/C.	1,20,000
	4,00,000		4,00,000
		By balance b/d	3,80,000

Calls In Arrear A/C

To Share Allotment A/C	2,750		
To Share First and Final Call A/C	6,000	By Share Capital A/C	8,750
	8,750		8,750

S.Ed Ltd

Balance Sheet as at 31/03/2018

PARTICULARS	NOTES	CURRENT YEAR
I. EQUITY AND LIABILITIES		
1. Shareholders Funds		
(a) Share Capital	1	3,91,250
Total		3,91,250
Assets		
Current Assets		
Cash and Bank Balances	2	3,91,250
TOTAL		3,91,250

NOTES TO ACCOUNTS

2. Notes

PARTICULARS

AMOUNT

Cash and Bank Balances

Bank Balances

3,91,250

SUMS Homework

- S.Ed Ltd offered for subscription of 75,000 Equity shares of Rs.10 each 1st April 2017. People subscribe for 1,00,000 shares pro-rata allotment is done.
- One of the shareholder who was holding 2,700 shares failed to pay allotment money and also failed to pay First and Final Call. His Shares were forfeited on 1ST January 2018.
- Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.

Instalments are

1 st April	2017	On Application-Rs.4
1 st July	2017	On Allotment-Rs.3
1 st October	2017	On First and Final call-Rs.3.

Forfeiture of Shares issued at Par.

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

**On Application Rs.1 per share; On Allotment Rs.2 per share;
On the First call Rs.3 per share; and On the Second and Final call
Rs.4 per share.**

**Rishav was allotted 1,000 shares. Give necessary
Journal entry relating to the forfeiture of shares ,prepare the
necessary Ledger Accounts and also prepare the Balance Sheet as at
31/3/18. in each of the following alternative cases:**

- Case 1:If Rishav failed to pay the second and final call, his shares were forfeited.**
- Case 2:If Rishav failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited.**
- Case 3:If Rishav failed to pay the allotment money, failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited.**

In The Books of S.Ed Ltd 1 ; 2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 1	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 4] To Share Forfeiture A/C [1,000 * 6]		10,000	4,000 6,000
CASE 2	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 7] To Share Forfeiture A/C [1,000 * 3]		10,000	7,000 3,000
CASE 3	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 9] To Share Forfeiture A/C [1,000 * 1]		10,000	9,000 1,000

Case 1. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

6,000

4,96,000

Case 2. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

3,000

4,93,000

Case 3. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

1,000

4,91,000

Forfeiture of Shares issued at Par.

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Rishav was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture of shares ,and prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

•Case 4A:If Rishav failed to pay the first call and his shares were forfeited and for rest of the shares Second and Final was made.

Case 4B:If Rishav failed to pay the first call and his shares were forfeited and no Second and Final was made.

•Case 5A: If Rishav failed to pay the allotment money and his shares were forfeited further calls were made for rest of the shares.

•Case 5B: If Rishav failed to pay the allotment money and his shares were forfeited and no further calls were made for rest of the shares.

•Case 6A:If Rishav failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and for rest of the shares Second and Final was made.

•Case 6B:If Rishav failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and for rest of the shares Second and Final was not made.

In The Books of S.Ed Ltd 1 ; 2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 4A & 4B	Share Capital A/C Dr. [1,000 * 6] To Calls In Arrear A/C [1,000 * 3] To Share Forfeiture A/C [1,000 * 3]		6,000	3,000 3,000
CASE 5A & 5B	Share Capital A/C Dr. [1,000 * 3] To Calls In Arrear A/C [1,000 * 2] To Share Forfeiture A/C [1,000 * 1]		3,000	2,000 1,000
CASE 6A & 6B	Share Capital A/C Dr. [1,000 * 6] To Calls In Arrear A/C [1,000 * 5] To Share Forfeiture A/C [1,000 * 1]		6,000	5,000 1,000

Case 4A. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

3,000

4,96,000

Case 4B. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

Subscribed but not fully paid up:

49,000 equity share of Rs.6 each

2,94,000

Add Shares Forfeited A/C

3,000

2,97,000

Case 5A. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

1,000

4,91,000

Case 5B. NOTES TO ACCOUNTS

1;2;3;4

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

Subscribed but not fully paid up:

49,000 equity share of Rs.3 each

1,47,000

Add Shares Forfeited A/C

1,000

1,48,000

Case 6A. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

1,000

4,91,000

Case 6B. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.6 each

2,94,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

1,000

2,97,000

SUMS Homework

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.5 per share; On Allotment Rs.2 per share;

On the First call Rs.3 per share;

Harsh was allotted 1,000 shares.

Give necessary Journal entry relating to the forfeiture of shares ,and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:If Harsh failed to pay the allotment and first and final call, his shares were forfeited.**
- Case 2:If Harsh failed to pay the first call and his shares were forfeited.**
- Case 3:If Harsh failed to pay the allotment money, his shares were forfeited and for rest of the shares ,First and Final call was made.**
- Case 4:If Harsh failed to pay the allotment money, his shares were forfeited and for rest of the shares , the First and Final call was not made.**

FORFEITURE AT PREMIUM

- Forfeiture of shares which will issued at premium .There are three possibilities
 1. when shares issued at premium and premium amount has been received. [SPR will **not** be Debited]

or
 2. **when shares issued at premium and the premium amount is called but has not been received. [SPR will be Debited]**

or
 3. when shares issued at premium and the premium amount has not been called.[SPR will **not** be Debited]

Sec 52 states the securities premium account may be applied by the company

- (a) towards the issue of unissued shares of the company to the members of the company as fully paid bonus shares;
- (b) in writing off the preliminary expenses of the company;
- (c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company;
- (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company; or
- (e) for the purchase of its own shares or other securities under section 68.

Journal :FORFEITURE OF SHARES issued at PREMIUM

Share Capital A/C Dr. [called up amount less premium]
Security Premium Reserve Dr.[amount called up but not received]
To Calls In Arrear A/C [amount not received]
To Share Forfeiture A/C [amount received]

Forfeiture of Shares issued at Premium.

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share along with premium of Rs.2;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Ayan was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture of shares and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- **Case 1:** Ayan failed to pay the second and final call, his shares were forfeited.
- **Case 2:** Ayan failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited.
- **Case 3:** Ayan failed to pay the allotment money, failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited.

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 1	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 4] To Share Forfeiture A/C [1,000 * 6]		10,000	4,000 6,000
CASE 2	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 7] To Share Forfeiture A/C [1,000 * 3]		10,000	7,000 3,000
CASE 3	Share Capital A/C Dr. [1,000 * 10] Security Premium Reserve [1000 * 2] To Calls In Arrear A/C [1,000 * (9 + 2)] To Share Forfeiture A/C [1,000 * 1]		10,000 2,000	11,000 1,000

Case 1. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

6,000

4,96,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Case 2. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

3,000

4,93,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Case 3. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

1,000

4,91,000

2. Notes

Reserve and Surplus

Security Premium Reserve[49,000 * 2]

98,000

Forfeiture of Shares issued at Premium.

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

**On Application Rs.1 per share; On Allotment Rs.2 per share along with premium of Rs.2;
On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.**

Ayan was allotted 1,000 shares. Give necessary Journal entry relating to the forfeiture of shares ,and prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- **Case 4A:**Ayan failed to pay the first call and his shares were forfeited and for rest of the shares Final call was made his shares were forfeited.
- **Case 4B:**Ayan failed to pay the first call and his shares were forfeited and no Second and Final was made his shares were forfeited.
- **Case 5A:**Ayan failed to pay the allotment money and his shares were forfeited further calls were made for rest of the shares.
- **Case 5B:** Ayan failed to pay the allotment money and his shares were forfeited and no further calls were made for rest of the shares.
- **Case 6A:**Ayan failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and for rest of the shares Second and Final was made.
- **Case 6B:**Ayan failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and for rest of the shares Second and Final was not made.

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 4A & 4B	Share Capital A/C Dr. [1,000 * 6] To Calls In Arrear A/C [1,000 * 3] To Share Forfeiture A/C [1,000 * 3]		6,000	3,000 3,000
CASE 5A & 5B	Share Capital A/C Dr. [1,000 * 3] Security Premium Reserve[1000 * 2] To Calls In Arrear A/C [1,000 * 4] To Share Forfeiture A/C [1,000 * 1]		3,000 2,000	4,000 1,000
CASE 6A & 6B	Share Capital A/C Dr. [1,000 * 6] Security Premium Reserve[1000 * 2] To Calls In Arrear A/C [1,000 * 7] To Share Forfeiture A/C [1,000 * 1]		6,000 2,000	7,000 1,000

Case 4A. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

3,000

4,96,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Case 4B. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

Subscribed but not fully paid up:

49,000 equity share of Rs.6 each

2,94,000

Add Shares Forfeited A/C

3,000

2,97,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Case 5B. NOTES TO ACCOUNTS 1;2+2;3;4

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

Subscribed but not fully paid up:

49,000 equity share of Rs.3 each

1,47,000

Add Shares Forfeited A/C

1,000

1,48,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]

98,000

Case 6A. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

4,90,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

1,000

4,91,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]

98,000

Case 6B. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

Subscribed but not fully paid up:

49,000 equity share of Rs.6 each

2,94,000

Add Shares Forfeited A/C

1,000

2,95,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]

98,000

SUMS Homework

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.5 per share; On Allotment Rs.2 per share and Rs.3 as premium;

On the First call Rs.3 per share;

Harsh was allotted 1,000 shares.

Give necessary Journal entry relating to the forfeiture of shares ,and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:If Harsh failed to pay the allotment and first and final call, his shares were forfeited.**
- Case 2:If Harsh failed to pay the first call and his shares were forfeited.**
- Case 3:If Harsh failed to pay the allotment money, his shares were forfeited and for rest of the shares ,First and Final call was made.**
- Case 4:If Harsh failed to pay the allotment money, his shares were forfeited and for rest of the shares , the First and Final call was not made.**

Reissue of forfeited shares

- Forfeited shares may be Reissue by the company :
 - at par
 - at premium or
 - at discount .
- Shares cannot be issued at discount as per the companies Act But Reissue of shares is the sale of forfeited shares and not an allotment of shares hence it can be Reissued at discount.
- Discount amount shall not be less than the amount not received on issue. For example suppose a 10 rupee share company has received 6 rupees this issue can be done at any price more than 4 rupees.
- Therefore ; $\text{Discount} \leq \text{Calls in Arrear}$
- $\text{Reissue Amount} + \text{Amount Already Received} \geq \text{Nomnal Value.}$

Reissue of forfeited shares

- Company may reissue all the Forfeited shares.
- Or
- Company may reissue part of Forfeited shares.

Reissue of all the Forfeited shares

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Ayan was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture of shares and reissue, prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:Ayan failed to pay the second and final call, his shares were forfeited and reissued at par.**
- Case 2:Ayan failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited and reissued at a discount of Rs.2 per share.**
- Case 3:Ayan failed to pay the allotment money, failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited and reissued at a premium of Rs.3 per share.**

In The Books of S.Ed Ltd 1 ; 2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 1	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 4] To Share Forfeiture A/C [1,000 * 6]		10,000	4,000 6,000
	Bank A/c Dr.[1,000 * 10] Share Forfeiture A/C [1,000 * 0] To Share Capital A/C [1000 * 10]		10,000	10,000
	Share Forfeiture A/C [1,000 * 6] To Capital Reserve A/c [6,000/1,000 * 1,000]		6,000	6,000
CASE 2	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 7] To Share Forfeiture A/C [1,000 * 3]		10,000	7,000 3,000
	Bank A/c Dr.[1,000 * 8] Share Forfeiture A/C Dr. [1,000 * 2] To Share Capital A/C		8,000 2,000	10,000
	Share Forfeiture A/C [1,000 * (3-2)] To Capital Reserve A/c [3,000/1,000 * 1,000]- 2,000		1,000	1,000

In The Books of S.Ed Ltd 1 ; 2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 3	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 9] To Share Forfeiture A/C [1,000 * 1]		10,000	9,000 1,000
	Bank A/c Dr.[1,000 * 13] To Share Capital A/C[1,000 * 10] To Security Premium Reserve[1000 *3]		13,000	10,000 3,000
	Share Forfeiture A/C [1,000 *(1-0)] To Capital Reserve A/c [1,000/1,000*1,000] – 0]		1,000	1,000

Case 1. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Capital Reserve

6,000

Case 2. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up

5,00,000

2. Notes

Reserve and Surplus:

Capital Reserve

1,000

Case 3. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Security Premium Reserve

3,000

Capital Reserve

1,000

Reissue of all the Forfeited shares

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Ayan was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture of shares ,and prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 4:Ayan failed to pay the first call his shares were forfeited and reissued at par.**
- Case 5:Ayan failed to pay the allotment money and his shares were forfeited further calls were made for rest of the shares ,his shares were reissued at Rs.9 per share.**
- Case 6:If Ayan failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and this shares were reissued at Rs.15 per share.**

In The Books of S.Ed Ltd 1 ; 2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 4	Share Capital A/C Dr. [1,000 * 6] To Calls In Arrear A/C [1,000 * 3] To Share Forfeiture A/C [1,000 * 3]		6,000	3,000 3,000
	Bank A/c Dr.[1,000 * 10] Share Forfeiture A/C [1,000 * 0] To Share Capital A/C		10,000	10,000
	Share Forfeiture A/C [1,000 * 3] To Capital Reserve A/c [3,000/1,000 * 1,000] -0		3,000	3,000
CASE 5	Share Capital A/C Dr. [1,000 * 3] To Calls In Arrear A/C [1,000 * 2] To Share Forfeiture A/C [1,000 * 1]		3,000	2,000 1,000
	Bank A/c Dr. [1,000 * 9] Share Forfeiture A/C [1,000 * 1] To Share Capital A/C [1,000 * 10]		9,000 1,000	10,000
	Share Forfeiture A/C [1,000 * 0] To Capital Reserve A/c [1,000/1,000 * 1,000] - 1,000		-----	-----

In The Books of S.Ed Ltd 1 ; 2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 6	Share Capital A/C Dr. [1,000 * 6] To Calls In Arrear A/C [1,000 * 5] To Share Forfeiture A/C [1,000 * 1]		6,000	5,000 1,000
	Bank A/c Dr. [1,000 * 15] To Security Premium Reserve [1000*5] To Share Capital A/C [1,000 * 10]		15,000	5,000 10,000
	Share Forfeiture A/C [1,000 * 1] To Capital Reserve A/c [1,000/1,000 * 1,000] - 0		1,000	1,000

Case 4. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

50,00,000

Subscribed but not fully paid up:

Add S

5,00,000

2. Notes

Reserve and Surplus:

Capital Reserve

3,000

1,03,000

Case 5. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Case 6. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Capital Reserve

1,000

SPR

5,000

6,000

Reissue of all the Forfeited shares:Homework

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.5 per share; On Allotment Rs.2 per share ;

On the First call Rs.3 per share;

Harsh was allotted 1,000 shares.

Give necessary Journal entry relating to the forfeiture of shares ,and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:Ayan failed to pay the first call his shares were forfeited and reissued at par.**
- Case 2:Ayan failed to pay the allotment money and his shares were forfeited further calls were made for rest of the shares ,his shares were reissued at Rs.9 per share.**
- Case 3:If Ayan failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and after Second and Final Call this shares were reissued at Rs.15 per share.**

Reissue of all the Forfeited shares issued at Premium.

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share along with premium of Rs.2;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Ayan was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture of shares and reissue ,prepare the and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:Ayan failed to pay the second and final call, his shares were forfeited and reissued at Rs.10 each.**
- Case 2:Ayan failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited and reissued at Rs.8 per share.**
- Case 3:Ayan failed to pay the allotment money, failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited and reissued at Rs.13 per share.**

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 1	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 3] To Share Forfeiture A/C [1,000 * 6]		10,000	4,000 6,000
	Bank A/c Dr.[1,000 * 10] To Share Capital A/C [1,000 * 10]		10,000	10,000
	Share Forfeiture A/C [1,000 * 6] To Capital Reserve A/c [6,000/1,000 * 1,000] -0		6,000	6,000
CASE 2	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 7] To Share Forfeiture A/C [1,000 * 3]		10,000	7,000 3,000
	Bank A/c Dr.[1,000 * 8] Share Forfeiture A/C [1,000 * 2] To Share Capital A/C		8,000 2,000	10,000
	Share Forfeiture A/C [1,000 * (3-2)] To Capital Reserve A/c [3,000/1,000 * 1,000] - 2,000		1,000	1,000

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 3	Share Capital A/C Dr. [1,000 * 10] Security Premium Reserve[1000 * 2] To Calls In Arrear A/C [1,000 * 9+2] To Share Forfeiture A/C [1,000 * 1]		10,000 2,000	 11,000 1,000
	Bank A/c Dr.[1,000 * 13] To Share Capital A/C[1,000 * 10] To Security Premium Reserve[1000 *3]		13,000	 10,000 3,000
	Share Forfeiture A/C [1,000 *(1-0)] To Capital Reserve A/c [1,000/1,000*1,000] – 0]		1,000	 1,000

Case 1. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Capital Reserve

6,000

Case 2. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up

5,00,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Capital Reserve

1,000

Case 3. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2] +3,000

1,01,000

Capital Reserve

1,000

Reissue of all the Forfeited shares issued at Premium. 1;2+2;3;4

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share and Rs.2 on Premium;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Ayan was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture of shares ,and prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 4:Ayan failed to pay the first call his shares were forfeited and reissued at par as fully paid.**
- Case 5:Ayan failed to pay the allotment money and his shares were forfeited further calls were made for rest of the shares ,his shares were reissued at Rs.9 per share as fully paid.**
- Case 6:Ayan failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited. Thereafter Second and Final Call was made to rest of the shares. Ayan's shares were reissued at Rs.15 per share.**

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 4	Share Capital A/C Dr. [1,000 * 6] To Calls In Arrear A/C [1,000 * 3] To Share Forfeiture A/C [1,000* 3]		6,000	3,000 3,000
	Bank A/c Dr.[1,000 * 10] To Share Capital A/C		10,000	10,000
	Share Forfeiture A/C [1,000 * 3] To Capital Reserve A/c [3,000/1,000 * 1,000] -0		3,000	3,000
CASE 5	Share Capital A/C Dr. [1,000 * 3] Security Premium Reserve[1000*2] To Calls In Arrear A/C [1,000 * 2+2] To Share Forfeiture A/C [1,000 * 1]		3,000 2,000	4,000 1,000
	Bank A/c Dr. [1,000 * 9] Share Forfeiture A/C [1,000 * 1] To Share Capital A/C [1,000 * 10]		9,000 1,000	10,000
	Share Forfeiture A/C [1,000 * 0] To Capital Reserve A/c [3,000/1,000 * 1,000] -1,000		-----	

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 6	Share Capital A/C Dr. [1,000 * 6] Security Premium Reserve [1000*2] To Calls In Arrear A/C [1,000 * 7] To Share Forfeiture A/C [1,000 * 1]		6,000 2,000	 7,000 1,000
	Bank A/c Dr. [1,000 * 15] To Security Premium Reserve [1000*5] To Share Capital A/C [1,000 * 10]		15,000	 5,000 10,000
	Share Forfeiture A/C [1,000 * 1] To Capital Reserve A/c [1,000/1,000 * 1,000] - 0		1,000	 1,000

Case 4. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Capital Reserve

3,000

1,03,000

Case 5. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]

98,000

98,000

Case 6. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid up:

5,00,000

2. Notes

Reserve and Surplus:

Security Premium Reserve[49000 * 2] +5,000

1,03,000

Capital Reserve

1,000

1,04,000

Reissue of all the Forfeited shares issued at Premium:Homework

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.5 per share; On Allotment Rs.2 per share and Rs.3 as premium;

On the First call Rs.3 per share;

Harsh was allotted 1,000 shares.

Give necessary Journal entry relating to the forfeiture of shares ,and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:Ayan failed to pay the first call his shares were forfeited and reissued at par.**
- Case 2:Ayan failed to pay the allotment money and his shares were forfeited further calls were made for rest of the shares ,his shares were reissued at Rs.9 per share.**
- Case 3:Ayan failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and after Second and Final Call this shares were reissued at Rs.15 per share.**

Fully called up vs. Fully paid up

- Fully called up means till how many calls are made.
- Fully paid up means par value.

Formula for transferring forfeiture into Capital Reserve

1. Capital Reserve=

[Forfeiture Credit Balance/Total Shares Forfeited*No.of
Shares Reissued] – Forfeiture Debited.

or

2. Capital Reserve=

No.of Shares Reissued * [Amount of each share
credited – Amount of each share Debited]

or

2. Capital Reserve=

No.of Shares Reissued * Amount of each share credited
– No.of Shares Reissued * Amount of each share
Debited]

Reissue of all the Forfeited shares issued at Premium.

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share along with premium of Rs.2;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Ayan was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture and reissue of shares and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:Ayan failed to pay the second and final call, his shares were forfeited and 600 of his shares were reissued at Rs.10 each fully paid up.**
- Case 2:Ayan failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited and 600 of his shares were reissued at Rs.8 per share. As fully called.**
- Case 3:Ayan failed to pay the allotment money, failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited and 600 of his shares were reissued at Rs.13 per share as fully called up.**

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 1	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 4] To Share Forfeiture A/C [1,000 * 6]		10,000	4,000 6,000
	Bank A/c Dr.[600 * 10] To Share Capital A/C [600 * 10]		6,000	6,000
	Share Forfeiture A/C Dr. [600 *(6-0)] To Capital Reserve A/c [6,000/1,000 * 600] -0		3,600	3,600
CASE 2	Share Capital A/C Dr. [1,000 * 10] To Calls In Arrear A/C [1,000 * 7] To Share Forfeiture A/C [1,000 * 3]		10,000	7,000 3,000
	Bank A/c Dr. [600 * 8] Share Forfeiture A/C Dr. [600 * 2] To Share Capital A/C [600*10]		4,800 1,200	6,000
	Share Forfeiture A/C [600 * (3-2)] To Capital Reserve A/c [3 000/1 000 * 600]- 1 200		600	600

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 3	Share Capital A/C Dr. [1,000 * 10] Security Premium Reserve Dr.[1000 * 2] (due but not received) To Calls In Arrear A/C [1,000 * 9] To Share Forfeiture A/C [1,000 * 1]		10,000 2,000	 11,000 1,000
	Bank A/c Dr.[600 * 13] To Share Capital A/C[600 * 10] To Security Premium Reserve[600 *3]		7,800	 6,000 1,800
	Share Forfeiture A/C Dr. [600 *(1-0)] To Capital Reserve A/c [1,000/1,000*600] – 0]		600	 600

Case 1. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,600 equity share of Rs.10 each

4,96,000

Add: Share Forfeiture

2,400

4,98,400

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Capital Reserve

3,600

Case 2. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,600 equity share of Rs.10 each

4,96,000

Add: Share Forfeiture

1,800

4,97,800

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Capital Reserve

600

Case 3. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,600 equity share of Rs.10 each

4,96,000

Add: Share Forfeiture

400

4,96,400

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]+600*3

99,800

Capital Reserve

600

1,00,400

Reissue of all the Forfeited shares issued at Premium.Homework

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share along with premium of Rs.2;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Ayan was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture and reissue of shares and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:Ayan failed to pay the second and final call, his shares were forfeited and 700 of his shares were reissued at Rs.10 each fully called up.**
- Case 2:Ayan failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited and 700 of his shares were reissued at Rs.8 per share. As fully paid up.**
- Case 3:Ayan failed to pay the allotment money, failed to pay the first call and on his subsequent failure to pay the second and final call, his shares were forfeited and 700 of his shares were reissued at Rs.15 per share as fully called up.**

Reissue of the Forfeited shares issued at Premium. 1;2+2;3;4

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.1 per share; On Allotment Rs.2 per share and Rs.2 on Premium;

On the First call Rs.3 per share; and On the Second and Final call Rs.4 per share.

Ayan was allotted 1,000 shares. Give necessary

Journal entry relating to the forfeiture and reissue of shares and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case4.Ayan failed to pay the first call and on his subsequent failure to pay the second and final call, 600 of his shares were forfeited and reissued at par as fully paid up.**
- Case 5:Ayan failed to pay the allotment money and all his shares were forfeited after allotment and further calls were made for rest of the shares ,600 of his shares were reissued at Rs.9 per share as fully called up.**
- Case 6:If Ayan failed to pay the allotment money and on his subsequent failure to pay the first call, 600 of his shares were forfeited out of which only 500 shares were reissued at Rs.9 per share as fully called. Second and Final Call was not made.**

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 4	Share Capital A/C Dr. [600 * 10] To Calls In Arrear A/C [600 * 7] To Share Forfeiture A/C [600* 3]		6,000	4,200 1,800
	Bank A/c Dr.[600 * 10] To Share Capital A/C		6,000	6,000
	Share Forfeiture A/C [600 * 3] To Capital Reserve A/c [1,800/600 * 600] -0		1,800	1,800
CASE 5	Share Capital A/C Dr. [1,000 * 3] Security Premium Reserve[1000*2] To Calls In Arrear A/C [1,000 * 4] To Share Forfeiture A/C [1,000 * 1]		3,000 2,000	4,000 1,000
	Bank A/c Dr. [600 * 9] Share Forfeiture A/C Dr. [600 * 1] To Share Capital A/C [1,000 * 10]		5,400 600	6,000
	Share Forfeiture A/C [600 * 0] To Capital Reserve A/c [1,000/1,000 * 600] - 600		-----	

In The Books of S.Ed Ltd 1 ; 2+2; 3; 4.
Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 6	Share Capital A/C Dr. [600 * 6] Security Premium Reserve [600*2] To Calls In Arrear A/C [600 * 7] To Share Forfeiture A/C [600 * 1]		3,600 1,200	 4,200 600
	Bank A/c Dr. [500 * 9] To Security Premium Reserve [500*3] To Share Capital A/C [500 * 6]		4,500	 1,500 3,000
	Share Forfeiture A/C [500 * 1] To Capital Reserve A/c [600/600 * 500]		500	 500

Case 4. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,600 equity share of Rs.10 each

4,96,000

Subscribed but not fully paid up:

400 equity share of Rs.10 each

4,000

Less : Calls in Arrear 400*7

(2,800)

1,200

4,97,200

2. Notes

Reserve and Surplus:

Security Premium Reserve[50,000 * 2]

1,00,000

Capital Reserve

1,800

1,01,800

Case 5. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,600 equity share of Rs.10 each

4,96,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

400

4,96,400

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]

98,000

Capital Reserve

98,000

Case 6. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and not fully paid up:

49,500 equity share of Rs.6 each

2,97,000

400 equity share of Rs.6 each

2,400

Less : Calls in Arrear 400*5

(2,000)

(400)

Add Shares Forfeited A/C

100

2,96,300

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]+ 500*3

99,500

Capital Reserve

500

1,00,000

Reissue of all the Forfeited shares issued at Premium:Homework

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.5 per share; On Allotment Rs.2 per share and Rs.3 as premium;

On the First call Rs.3 per share;

Harsh was allotted 1,000 shares.

Give necessary Journal entry relating to the forfeiture of shares ,and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

- Case 1:Ayan failed to pay the first call 600 of his shares were forfeited and 400 shares were reissued at par.**
- Case 2:Ayan failed to pay the allotment money and his shares were forfeited further calls were made for rest of the shares , 700 of his shares were reissued at Rs.12 per share.**
- Case 3:Ayan failed to pay the allotment money and on his subsequent failure to pay the first call, 600 of his shares were forfeited and after Second and Final Call this shares were reissued at Rs.9 per share as fully called up.**

Notes

- SPR WILL BE DEBITED IN FORFEITURE ONLY WHEN IT IS CALLED BUT NO MONEY IS RECEIVED.
- IN OVERSUBSCRIPTION MONEY RECEIVED IS FIRST USED IN CAPITAL THEN EXCESS MONEY IS USED IN OR TRANSFERRED TO PREMIUM.

Reissue of the Forfeited shares issued at Premium. 5 ; 2+2 ; 3 .

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.5 per share; On Allotment Rs.2 per share and Rs.2 on Premium; On the First call and Final call Rs.3 per share.

Give necessary Journal entry relating to the forfeiture and reissue of shares and also prepare the Balance Sheet as at 31/3/18. in each of the following alternative cases:

•Case 1: Ayan was allotted 1,000 shares he applied for 1,200 shares .He failed to pay the allotment money and on his subsequent failure to pay the first call and second and final call all of his shares were forfeited and reissued at Rs.9 per share as fully called.

Case 2: Ayan was allotted 1,000 shares he applied for 1,500 shares .He failed to pay the allotment money and on his subsequent failure to pay the first call and second and final call all of his shares were forfeited out of which only 600 shares were reissued at Rs.9 per share as fully called.

**In The Books of S.Ed Ltd 5 ; 2+2 ; 3 .
Journal Entries**

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
CASE 1	Share Capital A/C Dr. [1,000 * 10] Security Premium Reserve[1000*2] To Calls In Arrear A/C To Share Forfeiture A/C [1,200 * 5]		10,000 2,000	6,000 6,000
	Bank A/c Dr. [1,000 * 9] Share Forfeiture A/C Dr. [1,000 * 1] To Share Capital A/C [1,000 * 10]		9,000 1,000	10,000
	Share Forfeiture A/C To Capital Reserve A/c [6,000/1,000 * 1,000] - 1,000		5,000	5,000
CASE 2	Share Capital A/C Dr. [1,000 * 10] Security Premium Reserve[1000*2] To Calls In Arrear A/C To Share Forfeiture A/C		10,000 1,500	4,500 7,000
	Bank A/c Dr. [600 * 9] Share Forfeiture A/C Dr. [600 * 1] To Share Capital A/C [1,000 * 10]		5,400 600	6,000
	Share Forfeiture A/C Dr. To Capital Reserve A/c		3,600	

Case 1. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

50,000 equity share of Rs.10 each

5,00,000

Subscribed but not fully paid

Note 2

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]

98,000

Capital Reserve

5,000

1,03,000

Case 2. NOTES TO ACCOUNTS

1. Notes

PARTICULARS

AMOUNT

SHARE CAPITAL

Authorised capital

.... Equity share of Each

Issued capital

50,000 equity share of Rs.10 Each

5,00,000

Subscribed capital

Subscribed and fully paid up:

49,600 equity share of Rs.10 each

4,96,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C

3,400

4,99,400

2. Notes

Reserve and Surplus:

Security Premium Reserve[49,000 * 2]+500

98,500

Capital Reserve

3,600

1,02,100

Reissue of all the Forfeited shares issued at Premium:Homework

S.Ed Ltd. issued 50,000 Equity Shares of Rs.10 each at par payable as follows:

On Application Rs.5 per share; On Allotment Rs.2 per share and Rs.2 as premium;

On the First and Final call Rs.3 per share;

Harsh was allotted 1,000 shares.

Give necessary Journal entry relating to the forfeiture of shares ,and also prepare the Balance Sheet as at 31/3/20. in each of the following alternative cases:

Case 1: Ayan was allotted 1,000 shares he applied for 1,000 shares .He failed to pay the allotment money and on his subsequent failure to pay the first call and second and final call all of his shares were forfeited out of which only 600 shares were reissued at Rs.9 per share as fully called.

Case 2: Ayan was allotted 1,000 shares he applied for 1,500 shares .He failed to pay the allotment money and on his subsequent failure to pay the first call and second and final call all of his shares were forfeited out of which only 600 shares were reissued at Rs.12 per share as fully called.

Forfeiture of share

- S.Ed Ltd with an Authorised Capital of Rs.5,00,000 divided into 50,000 Shares of Rs.10 each ,Issued 40,000 Shares Payable as follows :
- April 1st 2017 Rs.5 On Application
- July 1ST 2017 Rs.2 On Allotment along with Premium of Rs.2
- October 1ST 2017 Rs.3 On First and Final Call

People Applied for 45,000 Shares and Pro Rata Allotment was done.

Karan holding 2,000 Shares failed to pay the Allotment and Calls Money.

His Shares were forfeited 1ST January 2018.

1,200 of his shares were reissued at Rs.7 per share on 1st March as fully paid up.

Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.

Note 1

5 ; 2+2 ; 3

- 1 Calculation of **Calls In Arrear**

• Applied	Alloted
45,000	40,000
$45,000 / 40,000$	1
$45,000 / 40,000 * 2,000$	2,000

=2,250

Method 1

MONEY DUE TILL ALLOTMENT on allotted shares = $2,000 * 9 = 18,000$

Total MONEY Received on applied shares = $2,250 * 5 = 11,250$

Calls In Arrear = $18,000 - 11,250 = 6,750$

Method 2

MONEY DUE ON ALLOTMENT = $2,000 * 4 = 8,000$

MONEY Received On Application for allotment = total receipt – transfer to application

$2,250 * 5 - 2,000 * 5 = [2,250 - 2,000] * 5 = 1,250$ [used in capital 1,250]

Calls In Arrear = ALLOTMENT Due – ALLOTMENT Receipt

Calls In Arrear = $8,000 - 1,250 = 6,750$

**In The Books of S.Ed Ltd
Journal Entries**

5 ; 2+2 ; 3

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
April 1.	Bank A/C Dr.[45,000 * 5] To Share Application A/C.		2,25,000	2,25,000
April 1.	Share Application A/C. Dr. To Share Capital A/C[40,000 * 5] To Share Allotment A/C[bal fig]		2,25,000	2,00,000 25,000
July 1.	Share Allotment A/C Dr. [40,000 * 4] To Share Capital A/C To Security Premium Reserve		1,60,000	80,000 80,000
July 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[Note 1] To Share Allotment A/C		1,28,250 6,750	1,35,000
Oct.1.	Share First and Final Call A/C Dr.[40,000*3] To Share Capital A/C [Due]		1,20,000	1,20,000
Oct 1.	Bank A/C Dr. [bal fig] Calls In Arrear A/C Dr.[2000*3] To Share First and Final Call A/C		1,14,000 6,000	1,20,000
Jan 1 2018	Share Capital A/C Dr. [2,000 * 10] Security Premium Reserve Dr.[2,000*2]due but not received. To Calls In Arrear A/C		20,000 4,000	

Journal Entries

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
1 st March	Bank A/c Dr. [1,200 * 7] Share Forfeiture A/C [1,200 * 3] To Share Capital A/C [1,200 * 10]		8,400 3,600	12,000
1 st March	Share Forfeiture A/C [600 * 1] To Capital Reserve A/c [11,250/2,000 * 1,200] – 3,600		3,150	3,150

Ledger

Share Forfeiture A/C

To Share Capital A/C	3,600	BY Share Capital A/C	11,250
To Capital Reserve A/c	3,150		
To Balance c/d	4,500		
	11,250		11,250
		By Balance b/d	7,650

Security Premium Reserve A/C

To Calls In Arrear A/C	4,000	By Share Allotment A/C	80,000
To Balance c/d	76,000		
	80,000		80,000
		By Balance b/d	76,000

Ledger

Bank A/C

Particulars	Amount	Particulars	Amount
To Share Application A/C.	2,25,000		
To Share Allotment A/C.	1,28,250	By balance c/d	4,75,650
To Share First & Final Call A/C.	1,14,000		
To Share Capital	8,400		
	4,75,650		4,75,650
To balance b/d	4,75,650		

Share Capital A/C

To Calls In Arrear A/C	8,750	By Share Application A/C.	2,00,000
To Share Forfeiture A/C	11,250	By Share Allotment A/C.	80,000
To balance c/d	3,92,000	By Share First and Final Call A/C.	1,20,000
		By Bank	8,400
		Share Forfeiture A/C	3,600
	4,12,000		4,12,000
		By balance b/d	3,92,000

Calls In Arrear A/C

To Share Allotment A/C	6,750	By Security Premium Reserve	4,000
To Share First and Final Call A/C	6,000	By Share Capital A/C	8,750

S.Ed Ltd

Balance Sheet as at 31/03/2018

PARTICULARS	NOTES	CURRENT YEAR
I. EQUITY AND LIABILITIES		
1. Shareholders Funds		
(a) Share Capital	1	3,96,500
(b) Reserve and Surplus	2	79,150
Total		4,75,650
Assets		
Current Assets		
Cash and Bank Balances	3	4,75,650
TOTAL		4,75,650

NOTES TO ACCOUNTS

1. Notes PARTICULARS AMOUNT

SHARE CAPITAL

Authorised capital

50,000 Equity share of Rs. 10 Each 5,00,000

Issued capital

40,000 equity share of Rs.10 Each 4,00,000

Subscribed capital

Subscribed and fully paid up:

39,200 equity share of Rs.10 each 3,92,000

Subscribed but not fully paid up:

Add Shares Forfeited A/C **4,500**

Less: calls in Arrear

3,96,500

NOTES TO ACCOUNTS

2. Notes

PARTICULARS

AMOUNT

Reserve and Surplus:

Security Premium Reserve[38,000 * 2] 76,000

Capital Reserve 3,150

79,150

3. Notes

Cash and Bank Balances

Bank Balances 4,75,650

SUMS Homework

- S.Ed Ltd offered for subscription of 75,000 Equity shares of Rs.10 each 1st April 2017. People subscribe for 1,00,000 shares pro-rata allotment is done on 75,000 shares.
- One of the shareholder who was holding 2,700 shares failed to pay the allotment and First and Final Call. His Shares were forfeited on 1ST January 2018. 1,200 of his shares were reissued at Rs.12 on 1st March.
- Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.

Instalments are

1 st April	2017	On Application-Rs.5
1 st July	2017	On Allotment-Rs.2+ 2 Premium
1 st October	2017	On First and Final call-Rs.3.

Note 1

5 ; 2+2 ; 3

- 1 Calculation of **Calls In Arrear**

• Applied	Alloted
80,000	40,000
$80,000 / 40,000$	1
$80,000 / 40,000 * 2,000$	2,000

=4,000

Method 1

MONEY DUE TILL ALLOTMENT on allotted shares = $2,000 * 9 = 18,000$

Total MONEY Received on applied shares = $2,000 * 5 = 10,000$

Calls In Arrear = $18,000 - 10,000 = 8,000$

Method 2

MONEY DUE ON ALLOTMENT = $2,000 * 4 = 8,000$

MONEY Received On Application for allotment = total receipt – transfer to application

$4,000 * 5 - 2,000 * 5 = 10,000$ $[4,000 - 2,000] * 5$

Calls In Arrear = ALLOTMENT Due – ALLOTMENT Receipt

Calls In Arrear = $8,000 - 1,250 = 2,750$

Reissue of share:Homework

- S.Ed Ltd with an Authorised Capital of Rs.5,00,000 divided into 50,000 Shares of Rs.10 each ,Issued 40,000 Shares Payable as follows :
- April 1st 2017 Rs.5. On Application
- July 1ST 2017 Rs.2. On Allotment along with Premium of RS.2
- October 1ST 2017 Rs.2. On First
- April 1st 2018 Re1. Second and Final Call

People Applied for 45,000 Shares and Pro Rata Allotment was done. Karan holding 2,000 Shares failed to pay the Allotment and First Calls Money.

His Shares were forfeited on 1ST December 2017 .Prior to making Second and Final Call 1,200 of Karan's shares were reissued at Rs.7 per share on 31st March as fully called up.

Journalise ,prepare the necessary Ledger Accounts and also prepare the Balance Sheet as at 31/3/18.