

1. BBG Ltd. had issued 1,00,000 equity shares of ₹ 10 each at a premium of ₹ 3 per share payable with application money. While passing the Journal entries related to the issue, some blanks are left. You are required to complete these blanks.

In the Books of BBG Ltd.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2022				
Jan. 5	? ...Dr. To ? (Application money received for 1,40,000 shares @ ₹ 6 per share including premium)		?	?
Jan. 17	Equity Shares Application A/c ...Dr. To ? To ? To ? To ? (Application money transferred to Share Capital Account, Securities Premium Account, refunded for 20,000 shares for rejected applications and balance adjusted towards money due on allotment as shares were allotted on <i>pro rata</i> basis)		?	? ? ? ?
Jan. 17	? ...Dr. To ? (Allotment money due @ ₹ 4 per share)		?	?
Feb. 20	? ...Dr. To ? (Balance allotment amount received)		?	?
April 1	? ...Dr. To ? (First and Final Call money due)		?	?
April 20	? ...Dr. Calls-in-Arrears A/c ...Dr. To ? (First and Final Call money received)		? 3,000	?
May 20	? ...Dr. To ? To ? (Forfeited the shares on which First and Final Call was not received)		?	? ?
June 15	? ...Dr. ? ...Dr. To ? (Forfeited shares reissued)		? 3,000	?
?	? ...Dr. To ? (...?...)		?	?

(OD 2016, Modified)

Solution:
In the Books of BBG Ltd.
JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2022				
Jan. 5	Bank A/c ...Dr. To Equity Shares Application A/c (Application money received for 1,40,000 shares @ ₹ 6 per share including premium)		8,40,000	8,40,000
Jan. 17	Equity Shares Application A/c ...Dr. To Equity Share Capital A/c (1,00,000 × ₹ 3) To Securities Premium A/c (1,00,000 × ₹ 3) To Equity Shares Allotment A/c (20,000 × ₹ 6) To Bank A/c (20,000 × ₹ 6) (Application money transferred to Share Capital Account, Securities Premium Account, refunded for 20,000 shares for rejected applications and balance adjusted towards money due on allotment as shares were allotted on <i>pro rata</i> basis)		8,40,000	3,00,000 3,00,000 1,20,000 1,20,000
Jan. 17	Equity Shares Allotment A/c (1,00,000 × ₹ 4) ...Dr. To Equity Share Capital A/c (Allotment money due @ ₹ 4 per share)		4,00,000	4,00,000
Feb. 20	Bank A/c (₹ 4,00,000 – ₹ 1,20,000) ...Dr. To Equity Shares Allotment A/c (Balance allotment amount received)		2,80,000	2,80,000
April 1	Equity Shares First and Final Call A/c (1,00,000 × ₹ 3) ...Dr. To Equity Share Capital A/c (First and Final Call money due)		3,00,000	3,00,000
April 20	Bank A/c ...Dr. Calls-in-Arrears A/c ...Dr. To Equity Shares First and Final Call A/c (First and Final Call money received)		2,97,000 3,000	3,00,000
May 20	Equity Share Capital A/c (1,000 × ₹ 10) ...Dr. To Forfeited Shares A/c (1,000 × ₹ 7) To Calls-in-Arrears A/c (1,000 × ₹ 3) (Forfeited the shares on which First and Final Call was not received)		10,000	7,000 3,000
June 15	Bank A/c (1,000 × ₹ 7) ...Dr. Forfeited Shares A/c ...Dr. To Equity Share Capital A/c (Forfeited shares reissued)		7,000 3,000	10,000
June 15	Forfeited Shares A/c (₹ 7,000 – ₹ 3,000) ...Dr. To Capital Reserve A/c (Gain on reissue of forfeited shares transferred to Capital Reserve)		4,000	4,000

2. Complete the missing (?) figures in the following Extract of Balance Sheet:

BALANCE SHEET OF MORNING STORES LTD. (EXTRACT) *as at...*

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	?

Note to Accounts

Particulars	₹
1. Share Capital	
Authorised Capital	
4,00,000 Equity Shares of ₹ 10 each	?
10,000 Preference Shares of ₹ 100 each	?
	?
Issued Capital	
3,00,000 Equity Shares of ₹ 10 each	?
10,000; 10% Preference Shares of ₹ 100 each	?
	?
Subscribed Capital	
Subscribed and Fully Paid-up	
2,70,000 Equity Shares of ₹ 10 each	?
Subscribed but not Fully Paid-up	
10,000; 10% Preference Shares of ₹ 100 each; ₹ 80 called-up	?
	?

Solution:

BALANCE SHEET OF MORNING STORES LTD. (EXTRACT) *as at...*

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	35,00,000

Note to Accounts

Particulars	₹
1. Share Capital	
Authorised Capital	
4,00,000 Equity Shares of ₹ 10 each	40,00,000
10,000 Preference Shares of ₹ 100 each	10,00,000
	50,00,000
Issued Capital	
3,00,000 Equity Shares of ₹ 10 each	30,00,000
10,000; 10% Preference Shares of ₹ 100 each	10,00,000
	40,00,000
Subscribed Capital	
Subscribed and Fully Paid-up	
2,70,000 Equity Shares of ₹ 10 each	27,00,000
Subscribed but not Fully Paid-up	
10,000; 10% Preference Shares of ₹ 100 each; ₹ 80 called-up	8,00,000
	35,00,000

3. (Business Purchase and Issue of Shares to Vendor).

Complete the following Journal entries:

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Plant and Machinery A/c ...Dr.		4,00,000	
	Building A/c ...Dr.		4,00,000	
	Sundry Debtors A/c ...Dr.		3,00,000	
	Stock A/c ...Dr.		5,00,000	
	Bank A/c ...Dr.		2,00,000	
	To Sundry Creditors A/c			2,00,000
	To ?			13,00,000
	To ?			?
	(Assets and liabilities of M/s. Maheshwari Brothers taken over)			
	? ...Dr.		?	
	To ?			?
	To ?			?
	(Payment made by issue of 10,000, 10% Preference Shares of ₹ 100 each at a premium of 30%)			

Solution:

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Plant and Machinery A/c ...Dr.		4,00,000	
	Building A/c ...Dr.		4,00,000	
	Sundry Debtors A/c ...Dr.		3,00,000	
	Stock A/c ...Dr.		5,00,000	
	Bank A/c ...Dr.		2,00,000	
	To Sundry Creditors A/c			2,00,000
	To M/s. Maheshwari Brothers			13,00,000
	To Capital Reserve A/c (Balancing Figure)			3,00,000
	(Assets and liabilities of M/s. Maheshwari Brothers taken over)			
	M/s. Maheshwari Brothers ...Dr.		13,00,000	
	To 10% Preference Share Capital A/c			10,00,000
	To Securities Premium A/c			3,00,000
	(Payment made by issue of 10,000, 10% Preference Shares of ₹ 100 each at a premium of 30%)			

4. Alankrit Ltd. purchased machinery of ₹ 10,00,000 from Grand Iron Works Ltd. and paid as follows:

- Issued 50,000 Equity Shares of ₹ 10 each at a premium of ₹ 2.
- Gave an acceptance of ₹ 3,00,000 payable after 3 months; and
- Balance by issuing post-dated cheque of two months of ₹ 1,00,000.

Pass the Journal entries in the books of Alankrit Ltd. and Grand Iron Works Ltd.

5. Bee Ltd. Company forfeited 100 Equity Shares of the face value of ₹ 10 each, ₹ 6 per share called-up, for non-payment of first call of ₹ 2 per share. The forfeited shares were subsequently reissued as fully paid-up @ ₹ 7 each.

Give necessary entries in the company's Journal.

[Ans.: Capital Reserve—₹ 100.]

6. New Company Ltd. has a nominal capital of ₹ 2,50,000 in shares of ₹ 10. Of these, 4,000 shares were issued as fully paid in payment of building purchased, 8,000 shares were subscribed by the public and during the first year ₹ 5 per share were called-up, payable ₹ 2 on application, ₹ 1 on allotment, ₹ 1 on first call and ₹ 1 on second call. The amounts received in respect of these shares were:

On 6,000 shares	Full amount called,
On 1,250 shares	₹ 4 per share,
On 500 shares	₹ 3 per share,
On 250 shares	₹ 2 per share.

The Directors forfeited the 750 shares on which less than ₹ 4 had been paid. The shares were subsequently reissued at ₹ 3 per share.

Pass Journal entries recording the above transactions and prepare the company's Balance Sheet.

[Ans.: Capital Reserve—₹ 500; Balance Sheet Total—₹ 79,250.]

7. Super Star Ltd. issued a prospectus inviting applications for 2,000 shares of ₹ 10 each at a premium of ₹ 2 per share, payable as:

On application	—	₹ 3 per share (including ₹ 1 premium),
On allotment	—	₹ 4 per share (including ₹ 1 premium),
On first call	—	₹ 3 per share,
On second and final call	—	₹ 2 per share.

Applications were received for 3,000 shares and *pro rata* allotment was made on the applications for 2,400 shares. It was decided to utilise excess application money towards the amount due on allotment.

Ramesh, to whom 40 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Rajesh, who applied for 72 shares failed to pay the two calls and on such failure, his shares were forfeited.

Of the shares forfeited, 80 shares were sold to Krishan credited as fully paid-up for ₹ 9 per share, the whole of Ramesh's shares being included.

Give Journal entries to record the above transactions (including cash transactions).

[Ans.: Capital Reserve—₹ 224.]

8. Arti Ltd. offered for subscription 20,000 shares of ₹ 10 each payable ₹ 3 on application, ₹ 5 on allotment and balance on first and final call. Applications were received for 30,000 shares. Letters of regret were issued to applicants for 5,000 shares and their application money was refunded. Application money for other 5,000 shares was applied towards the payment for allotment money. The balance of allotment money was also received in due time. Company didn't make first and final call.

You are to prepare the Journal, Cash Book, Ledger Accounts and show 'Share Capital' in the Balance Sheet of the company.

[Ans.: Total of Cash Book—₹ 1,75,000; Subscribed Capital—₹ 1,60,000.]

9. U.P. Sugar Works Ltd. was registered on 1st January, 2019 with an authorised capital of ₹ 15,00,000 divided into 15,000 shares of ₹ 100 each. The company issued on 1st April, 2019, 5,000 shares of ₹ 100 each at a premium of ₹ 5 per share payable ₹ 25 per share on application, ₹ 30 (including premium) on allotment and the balance in two equal instalments of ₹ 25 each on 1st July and 1st October respectively. All the allotment and call moneys were paid when due, except in case of one shareholder who failed to pay the final call on 100 shares held by him. His shares were forfeited on 1st November after giving him a due notice. Show necessary entries in the books of the company to record these transactions.

[Ans.: Forfeited Shares A/c—₹ 7,500.]

10. Commerce Publications Ltd. issued 50,000 Equity Shares of ₹ 10 each at a premium of 10% payable as under:

On application	₹ 2,	On first call	₹ 2,
On allotment	₹ 5,	On final call	₹ 2.

The calls were made by the company and all the money was duly received except the allotment and call money on 500 shares. These shares were, therefore, forfeited and later reissued @ ₹ 9 per share as fully paid-up.

Pass necessary Journal entries to record the above transactions.

[Ans.: Capital Reserve—₹ 500.]

11. Power Ltd. with an authorised capital of ₹ 2,00,000 divided into 20,000 Equity Shares of ₹ 10 each, issued the entire amount of the shares payable as:

₹ 5 on application (including premium ₹ 2 per share),
₹ 4 on allotment, and
₹ 3 on call.

All share money is received in full with the exception of the allotment money on 200 shares and the call money on 500 shares (including the 200 shares on which the allotment money has not been paid).

The above 500 shares are duly forfeited and 400 of these (including the 200 shares on which allotment money has not been paid) are reissued at ₹ 7 per share payable by the purchaser as fully paid-up. Pass Journal entries (including cash transactions) and show the balances in the Balance Sheet giving effect to the above transactions. [Ans.: Capital Reserve—₹ 800; Balance Sheet Total—₹ 2,40,500.]

12. Amrit Ltd. issued 50,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as ₹ 3 on application, ₹ 4 on allotment (including premium), ₹ 2 on first call and the remaining on second call.

Applications were received for 75,000 shares and *pro rata* allotment was made to all the applicants.

All moneys due were received except allotment and first call from Sonu who applied for 1,200 shares. All his shares were forfeited. The forfeited shares were reissued for ₹ 9,600. Final call was not made. Pass necessary Journal entries. (Sample Paper 2015)

[Ans.: Allotment money not paid by Sonu—₹ 2,000; First call not paid by Sonu—₹ 1,600; Capital Reserve—₹ 3,600.]

13. Dogra Ltd. had an authorised capital of ₹ 1,00,00,000 divided into Equity Shares of ₹ 100 each. The company offered 84,000 shares to the public at premium.

The amount was payable as follow:

On Application	—	₹ 30 per share,
On Allotment	—	₹ 40 per share (Including premium),
On First and Final Call	—	₹ 50 per share.

Applications were received for 80,000 shares.

All sums were duly received except the following:

Lakhan, a holder of 200 shares did not pay allotment and call money.

Paras, a holder of 400 shares did not pay call money.

The company, forfeited the shares of Lakhan and Paras. Subsequently, the forfeited shares were reissued for ₹ 80 per share as fully paid-up. Show the entries for the above transactions in the Cash Book and Journal of the company. (OD 2015 C)

[Ans.: Capital Reserve—₹ 14,000; Balance of Cash Book—₹ 96,10,000.]

14. Prince Limited issued a prospectus inviting applications for 20,000 equity shares of ₹ 10 each at a premium of ₹ 3 per share payable as follows:

On application	—	₹ 2,
On allotment (including premium)	—	₹ 5,
On first call	—	₹ 3,
On second call	—	₹ 3.

Applications were received for 30,000 shares and allotment was made on *pro rata* basis. Money overpaid on applications was adjusted to the amount due on allotment.

Mohit whom 400 shares were allotted, failed to pay the allotment money and the first call, and his shares were forfeited after the first call. Jolly, whom 600 shares were allotted, failed to pay for the two calls and hence, his shares were forfeited.

Of the shares forfeited, 800 shares were reissued to Supriya as fully paid for ₹ 9 per share, the whole of Mohit's shares being included.

Pass necessary Journal entries.

(NCERT, Modified)

[Ans.: Capital Reserve—₹ 2,000.]

15. Green Ltd. issued 8,000 Equity Shares of ₹ 10 each. ₹ 5 per share was called, payable ₹ 2 on application, ₹ 1 on allotment, ₹ 1 on first call and ₹ 1 on second call. All the money was duly received with the following exceptions:

A who holds 250 shares paid nothing after application.

B who holds 500 shares paid nothing after allotment.

C who holds 1,250 shares paid nothing after first call.

Prepare Journal and the Balance Sheet.

[Ans.: Balance Sheet Total—₹ 37,000.]

16. Better Prospect Ltd. acquired land costing ₹ 1,00,000 and in payment allotted 1,000 Equity Shares of ₹ 100 each as fully paid. Further, the company issued 4,000 Equity Shares for subscription payable as follows: ₹ 30 on application; ₹ 30 on allotment; ₹ 40 on first and final call.

Applications were received for all shares which were allotted. All the money was received except the call on 200 shares.

Pass Journal entries and prepare Balance Sheet of the company. [Ans.: Balance Sheet Total—₹ 4,92,000.]

17. Midee Ltd. invited applications for issuing 27,000 shares of ₹ 100 each payable as follows:

₹ 50—per share on application;

₹ 10—per share on allotment; and

Balance—on First and Final call.

Applications were received for 40,000 shares. Full allotment was made to the applicants of 7,000 shares. The remaining applicants were allotted 20,000 shares on *pro rata* basis. Excess money received on application was adjusted towards allotment and call.

Asha, holding 600 shares was belonged to the category of applicants to whom full allotment was made, paid the call money at the time of allotment. Ankur, who belonged to the category of applicants to whom shares were allotted on *pro rata* basis did not pay anything after application on his 200 shares. Ankur's shares were forfeited after the First and Final call. These shares were later reissued at ₹ 105 per share as fully paid-up.

Pass necessary Journal entries in the books of Midee Ltd. for the above transactions, by opening Calls-in-Arrears and Calls-in-Advance Accounts wherever necessary. (Delhi 2017 C)

[Ans.: Capital Reserve—₹ 16,500.]

18. Bharat Ltd. invited applications for issuing 2,00,000 Equity Shares of ₹ 10 each. The amount was payable as: On application ₹ 3 per share, on allotment ₹ 5 per share and on first and final call ₹ 2 per share. Applications for 3,00,000 shares were received and *pro rata* allotment was made to all the applicants on the following basis:

Applicants for 2,00,000 shares were allotted 1,50,000 shares on *pro rata* basis.

Applicants for 1,00,000 shares were allotted 50,000 shares on *pro rata* basis.

Bajaj, who was allotted 3,000 shares out of group applying for 2,00,000 shares failed to pay the allotment money. His shares were forfeited immediately after allotment. Sharma, who had applied for 2,000 shares out of the group applying for 1,00,000 shares failed to pay the first and final call. His shares were also forfeited.

Out of the forfeited shares 3,500 shares were reissued as fully paid-up @ ₹ 8 per share. The reissued shares included all the forfeited shares of Bajaj.

Give necessary Journal entries to record the above transactions.

[Ans.: Capital Reserve—₹ 9,000.]

EVALUATION QUESTIONS: QUESTIONS WITH MISSING VALUES

1. (Business Purchase and Issue of Shares to Vendor).

Complete the following Journal entries:

JOURNAL OF ASHISH & CO. LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Plant A/c ...Dr.		3,00,000	
	Land and Building A/c ...Dr.		5,00,000	
	Stock A/c ...Dr.		2,00,000	
	Goodwill A/c ...Dr.		80,000	
	To Creditors A/c			3,00,000
	To Bills Payable A/c			1,00,000
	To ?			?
	(Purchase consideration for acquiring the business from HT Impex)			
	? ...Dr.		?	
	To ?			?
	To ?			?
	To ?			?
	(Purchase consideration settled by issue of 40,000 Fully Paid-up Equity Shares of ₹ 10 each at a premium of 20% and payment of balance amount by cheque)			

Solution:

JOURNAL OF ASHISH & CO. LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Plant A/c ...Dr.		3,00,000	
	Land and Building A/c ...Dr.		5,00,000	
	Stock ...Dr.		2,00,000	
	Goodwill A/c ...Dr.		80,000	
	To Creditors A/c			3,00,000
	To Bills Payable A/c			1,00,000
	To HT Impex (Balancing Figure)			6,80,000
	(Purchase consideration for acquiring the business)			
	HT Impex ...Dr.		6,80,000	
	To Equity Share Capital A/c			4,00,000
	To Securities Premium A/c			80,000
	To Bank A/c			2,00,000
	(Purchase consideration settled by issue of 40,000 Fully Paid-up Equity Shares of ₹ 10 each at a premium of 20% and payment of balance amount by cheque)			

2. (Forfeiture and Reissue of Shares).

Complete the following Journal entries:

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Share Capital A/c (100 × ₹ 9) ...Dr. To Forfeited Shares A/c To Calls-in-Arrears A/c (Forfeiture of 100 shares, ₹ 9 called-up, on which allotment money of ₹ 3 and first call money of ₹ 4 have not been received)		900	? ?
	? ...Dr. ? ...Dr. To ? (Reissue of 100 shares fully paid-up at ₹ 8 per share)		800 200	1,000
(b)	Share Capital A/c (100 × ₹ 9) ...Dr. To Forfeited Shares A/c (100 × ₹ 2) To Calls-in-Arrears A/c (100 × ₹ 7) (Forfeiture of 100 shares, ₹ 9 called-up, on which allotment money of ₹ 3 and first call money of ₹ 4 have not been received)		900	200 700
	? ...Dr. To ? (Reissue of 100 forfeited shares, fully paid-up at par)		?	?
	? ...Dr. To ? (...?...)		?	?

Solution:

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Share Capital A/c (100 × ₹ 9) ...Dr. To Forfeited Shares A/c (100 × ₹ 2) (Note a) To Calls-in-Arrears A/c (100 × ₹ 7) (Forfeiture of 100 shares, ₹ 9 called-up, on which allotment money of ₹ 3 and first call money of ₹ 4 have not been received)		900	200 700
	Bank A/c (100 × ₹ 8) ...Dr. Forfeited Shares A/c (100 × ₹ 2) (Note a) ...Dr. To Share Capital A/c (100 × ₹ 10) (Reissue of 100 shares fully paid-up at ₹ 8 per share)		800 200	1,000
(b)	Share Capital A/c (100 × ₹ 9) ...Dr. To Forfeited Shares A/c (100 × ₹ 2) To Calls-in-Arrears A/c (100 × ₹ 7) (Forfeiture of 100 shares, ₹ 9 called-up, on which allotment money of ₹ 3 and first call money of ₹ 4 have not been received)		900	200 700
	Bank A/c (100 × ₹ 10) ...Dr. To Share Capital A/c (100 × ₹ 10) (Reissue of 100 forfeited shares, fully paid-up at par)		1,000	1,000
	Forfeited Shares A/c ...Dr. To Capital Reserve A/c (Gain on reissue transferred to Capital Reserve) (Note b)		200	200

- Notes:** (a) As amount forfeited, ₹ 200 is equal to Discount on Reissue: ₹ 200, therefore gain on reissue is Nil.
 (b) As shares have been reissued at par, discount on reissue is Nil. Therefore, entire amount of ₹ 200 credited to Forfeited Shares Account will be transferred to Capital Reserve Account.

3. (Forfeiture and Reissue of Shares).

Complete the following Journal entries:

JOURNAL OF L LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Equity Share Capital A/c (470 × ₹ 10) ...Dr.		4,700	
	? ...Dr.		?	
	To Forfeited Shares A/c			940
	To Calls-in-Arrears A/c			6,110
	(470 shares forfeited for non-payment of allotment and call money)			
	Bank A/c ...Dr.		840	
	To ?			?
	To ?			?
	(60 Shares reissued at ₹ 14 per share)			
	? ...Dr.		?	
	To ?			?
	(...?...)			

Solution:

JOURNAL OF L LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Equity Share Capital A/c (470 × ₹ 10) ...Dr.		4,700	
	Securities Premium A/c (470 × ₹ 5) ...Dr.		2,350	
	To Forfeited Shares A/c (470 × ₹ 2)			940
	To Calls-in-Arrears A/c			6,110
	(470 Shares forfeited due to non-payment of allotment and call money)			
	Bank A/c (60 × ₹ 14) ...Dr.		840	
	To Equity Share Capital A/c (60 × ₹ 10)			600
	To Securities Premium A/c (60 × ₹ 4)			240
	(60 Shares reissued at ₹ 14 per share)			
	Forfeited Shares A/c ...Dr.		120	
	To Capital Reserve A/c			120
	(Gain @ ₹ 2 on reissue of 60 shares transferred to Capital Reserve)			

4. Complete the following Journal entries:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c ...Dr.		140	
	To ?			?
	To ?			?
	(20 Shares forfeited for non-payment of first call of ₹ 2)			
	? ...Dr.		?	
	To ?			?
	To ?			?
	(15 Forfeited shares reissued as ₹ 7 per share paid-up for ₹ 8 per share)			
	? ...Dr.		?	
	To ?			?
	(Transfer of gain on reissue to Capital Reserve Account)			

Solution:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c ...Dr. To Forfeited Shares A/c (20 × ₹ 5) To Share First Call A/c (20 × ₹ 2) (20 Shares forfeited for non-payment of first call of ₹ 2)		140	100 40
	Bank A/c (15 × ₹ 8) ...Dr. To Share Capital A/c (15 × ₹ 7) To Securities Premium A/c (15 × ₹ 1) (15 Forfeited shares reissued as ₹ 7 per share paid-up for ₹ 8 per share)		120	105 15
	Forfeited Shares A/c ...Dr. To Capital Reserve A/c (Transfer of gain on reissue to Capital Reserve Account)		75	75

Working Note: Gain on 15 reissued shares = ₹ 100/20 × 15 = ₹ 75.

5. Willow Ltd. was registered with an authorised capital of ₹ 10,00,000 divided into 1,00,000 equity shares of ₹ 10 each. The company offered 80,000 shares for subscription to the public, out of which 75,000 shares were subscribed. All amounts were received except the final call of ₹ 2 per share on 3,000 shares. Fill in the missing figures in the Balance Sheet of Willow Ltd. as per the provisions of Schedule III, Part I of the Companies Act, 2013.

BALANCE SHEET as at 31st March, 2018 (An extract)

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
Share Capital	1	?

Note to Accounts

Particulars	₹
1. Share Capital	
Authorised Capital	
?	?
Issued Capital	
?	?
Subscribed Capital	
Subscribed and Fully Paid-up	
? shares of ₹ 10 each	?
Subscribed but not Fully Paid-up	
? shares of ₹ 10 each	?
Less: ?	?
	?

(CBSE 2019)

Solution:**Willow Ltd.**

BALANCE SHEET as at 31st March, 2018 (An extract)

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	7,44,000

Note to Accounts

Particulars	₹
1. Share Capital	
<i>Authorised Capital</i>	
1,00,000 Equity Shares of ₹ 10 each	10,00,000
<i>Issued Capital</i>	
80,000 Equity Shares of ₹ 10 each	8,00,000
<i>Subscribed Capital</i>	
Subscribed and Fully Paid-up	
72,000 Equity Shares of ₹ 10 each	7,20,000
Subscribed but not Fully Paid-up	
3,000 Equity Shares of ₹ 10 each	30,000
<i>Less: Calls-in-Arrears (3,000 × ₹ 2)</i>	6,000
	24,000
	7,44,000

6. From the following information, complete Journal entries:

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c ...Dr. Securities Premium A/c ...Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (...?... shares forfeited for non-payment of ...?... including premium of ₹ 2 per share)		? 1,000	? 3,500
	Bank A/c ...Dr. Share Forfeiture A/c ...Dr. To Share Capital A/c (...?... shares reissued at ₹ 9 per share as fully paid)		? ?	?
	Share Forfeiture A/c ...Dr. To Capital Reserve A/c (Forfeiture money transferred to capital reserve)		600	600

SHARE FORFEITURE ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Share Capital A/c	?	By Share Capital A/c	1,500
To Capital Reserve A/c	600		
To Balance c/d	600		
	1,500		1,500

Face value of share is ₹ 10 each.

(CBSE Sample Paper 2020)

Solution:**JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c ...Dr. Securities Premium A/c ...Dr. To Share Forfeited A/c To Calls-in-Arrears A/c (500 shares forfeited for non-payment of ₹ 7 including premium of ₹ 2 per share)		4,000 1,000	1,500 3,500

Bank A/c	...Dr.	2,700	
Share Forfeiture A/c	...Dr.	300	
To Share Capital A/c			3,000
(300 shares reissued at ₹ 9 per share as fully paid)			
Share Forfeiture A/c	...Dr.	600	
To Capital Reserve A/c			600
(Forfeiture money transferred to capital reserve)			

Dr. SHARE FORFEITURE ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Share Capital A/c	300	By Share Capital A/c	1,500
To Capital Reserve A/c	600		
To Balance c/d	600		
	1,500		1,500

Working Notes:

1. No. of Forfeited Shares = Securities Premium/Premium Per Share

$$= \frac{\text{₹ } 1,000}{\text{₹ } 2} = 500 \text{ shares.}$$

2. Amount Forfeited = ₹ 1,500 (Given in Share Forfeiture Account)

$$\text{Amount Forfeited per Share} = \frac{\text{₹ } 1,500}{500} = \text{₹ } 3 \text{ per share}$$

3. No. of Forfeited Shares not re-issued = $\frac{\text{₹ } 600 \text{ (Balance of Share Forfeiture Account)}}{\text{₹ } 3 \text{ (Amount Forfeited per Share)}} = 200.$

4. No. of Re-issued Shares = 500 – 200 = 300 shares.

5. Re-issued Price of 300 shares = 300 × ₹ 9 = ₹ 2,700.

6. Discount Allowed on Re-issue = ₹ 3,000 (300 × ₹ 10) – ₹ 2,700 = ₹ 300.

7. Gain on Re-issue = ₹ 900 (300 × ₹ 3) – ₹ 300 (Discount) = ₹ 600.