

Forfeiture of shares

Q: [निम्नलिखित विवरणों के आधार पर (Forfeiture of shares issued at par)]

Neerja Ltd issued 30,000 shares of 10 each at par payable as:-

₹2 on application, ₹3 on allotment, ₹2 on first call and ₹3 on second and final call. Ram paid nothing on 200 shares from allotment to second and final call. Similarly Shyam did not pay on 400 shares the moneys on first and second & final calls. The rest of money was received in due course of time. The directors, after giving proper notice, forfeited the above mentioned shares of Ram and Shyam. Give Journal Entries.

Solution

Journal Entries in the books of Neerja Ltd.

Date	Particulars	Dr	Cr
		Amount	Amount
	Bank A/c ————— Dr	60,000	
	To Share Application A/c		60,000
	(Application money received on 30,000 shares @ ₹2 per share)		
	Share Application A/c ————— Dr	60,000	
	To Share Capital A/c		60,000
	(Application money transferred to Share Capital A/c)		
	Share Allotment A/c ————— Dr	90,000	
	To Share Capital A/c		90,000
	(Allotment money due on 30,000 shares @ ₹3 per share)		
	Bank A/c ————— Dr	39,400	
	To Share Allotment A/c		39,400
	(Allotment money received on 29,800 shares @ ₹3 per share)		
	Share First Call A/c ————— Dr	60,000	
	To Share Capital A/c		60,000
	(First call money due on 30,000 shares @ ₹2 per share)		

Date	Particulars	Dr Cr	
		Amount	Amount
	Bank A/c ————— Dr		
	To Share First Call A/c	58,800	
	(First call money received excepting 200 shares of Ram and 400 shares of Shyam. (30,000 shares - 600 = 29,400 shares $\times 2 = ₹58,800$)		58,800
	Share Second & Final Call A/c Dr	90,000	
	To Share Capital A/c		90,000
	(Second & Final Call money due)		
	Bank A/c ————— Dr	88,200	
	To Share Second & Final Call A/c		88,200
	(Second & Final Call money received excepting on 200 shares of Ram and 400 shares of Shyam)		
	Share Capital A/c (600 \times 10) — Dr	6,000	
	To Share Allotment A/c (200 \times 32)		6,000
	To Share First Call A/c (600 \times 2)		1,200
	To Share Second & Final Call A/c (600 \times 3)		1,800
	To Share Forfeiture A/c [600 shares \times 2] + (400 shares \times 32) 2,400		2,400
	600 shares forfeited for non-payment of Allot. First and Second Call)		

Dr Jagdish Prasad Baishantri
 Dept of Commerce
 Dr. L. K. V. D. College T. P. Pan.
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