Q13. Arushi Computers Ltd issued 10,000 equity shares of Rs.100 each at 10% discount. The net amount payable as follows:

	(₹)
On Application	20
On Allotment	30 (₹ 40 – discount ₹ 10)
On First Call	30
On Final Call	10

A shareholder holding 200 shares did not pay final call. His shares Were forfeited. Out of these 150 shares were reissued to Ms.Sonia at Rs.75 per shares. Give journal entries in the books of the company.

Answer

Journal Entries

Date	Particulars		LF	Amt. (Dr)	Amt. (Cr)
(i)	Bank A/c (10,000×20)	Dr		2,00,000	
	To Share Application A/c				2,00,000
	(Being shares application money received for 10,000 shares @ ₹ 20 per share)				
(ii)	Share Application A/c	Dr		2,00,000	
	To Share Capital A/c (10,000×20)				2,00,000
	(Being share application money of 10,000 shares transferred to share capital account)				
(iii)	Share Allotment A/c (10,000×30)	Dr		3,00,000	
	Discount on Issue of Shares A/c (10,000×10)			1,00,000	
	To Share Capital A/c (10,000×40)				4,00,000
	(Being allotment money due on 10,000 shares @ ₹ 30 per share excluding discount ₹ 10)				
(iv)	Bank A/c	Dr		3,00,000	
	To Share Allotment A/c				3,00,000
	(Being shares allotment money received for 10,000 shares @ ₹ 30 per share)				
(v)	Share First Call A/c	Dr		3,00,000	
	To Share Capital A/c (10,000×30)				3,00,000
	(Being share first call money due on 10,000 shares @ ₹ 30 per share)				
(vi)	Bank A/c (10,000×30)	Dr		3,00,000	
	To Share First Call A/c				3,00,000
	(Being final call money received for 10,000 shares @ ₹ 30 per share)				
(vii)	Share Final Call A/c	Dr		1,00,000	
	To Share Capital A/c (10,000×10)				1,00,000
	(Being final call money due on 10,000 shares @ ₹ 10 per share)				
(viii)	Bank A/c (9,800×10)	Dr		98,000	
	Call-in-Arrears A/c (200×10)	Dr		2,000	
	To Share Final Call A/c				1,00,000
	(Being final call money received for 9,800 shares @ ₹ 10 per chare and 200 shares failed to pay)				

Date	Particulars		LF	Amt. (Dr)	Amt. (Cr)
(ix)	Share Capital A/c (200×100)	Dr		20,000	
	To Call-in-Arrears A/c (200×10)				2,000
	To Discount on Issue of Shares A/c (200×10)				2,000
	To Share Forfeiture A/c (200×80) (Working Note)				16,000
	(Being 200 shares forfeited for non-payment of final call ₹ 10 per share)				
(x)	Bank A/c (150×75)	Dr		11,250	
	Discount on Issue of Shares (150×10)	Dr		1,500	
	Share Forfeiture A/c (150×15)	Dr		2,250	
	To Share Capital A/c (150×100)	Dr			15,000
	(Being 150 forfeited shares reissued at ₹ 100 per share for ₹ 75)				
(xi)	Share Forfeiture A/c	Dr		9,750	
	To Capital Reserve A/c (Working Note)				9,750
	(Being balance of 150 reissue shares after adjustment transferred to capital reserve account)				

Working Note

(i) Amount for share forfeiture on 200 shares

Received on application 200 shares × 20	= 4,000
Received on allotment 200 shares × 30	= 6,000
Received on first call 200 shares × 30	= 6,000
	₹ 16,000

(ii) Calculation of Capital Reserve

Amount transferred to share forfeiture on

150 shares (150 × 80) = ₹12,000

(−) Amount used on reissue of 150 shares

forfeited (150 × 15) = ₹ (2,250)

capital reserve = ₹ 9,750

Note *At the time of forfeiture discount should be credited and when we reissue of these shares. Discount should be debited (special case).*

*********** END *********