

**National Institute of Open Schooling (NIOS)
Senior Secondary
Worksheet-28**

L-28 FORFEITURE OF SHARES

1. When a shareholder is deprived of his/her membership due to non-payment of calls, it is known as forfeiture of shares. Write the Procedure of forfeiture of shares.
2. Explain the accounting treatment for forfeiture of shares in all three conditions.
3. Ram, a shareholder, holding 100 shares of ₹ 10 each has paid application money of ₹ 2 per share and allotment money of ₹ 3 per share, but has failed to pay the first call of ₹ 2 per share and second call of ₹ 3 per share. His shares were forfeited.

Make the journal entry to record the forfeiture of shares.

4. The Evergrowing Ltd. invited applications for 20000 shares of ₹ 50 each at a discount of 10% payable as follows:

On application	₹ 10 per share
On allotment	₹ 20 per share
On call	₹ 15 per share

Whole of the issue was subscribed and paid for except the calls money on 200 shares which were forfeited by the company.

Make journal entry for forfeiture of shares for The Evergrowing Ltd.

5. M/s Herbal Tea Plantations Ltd. was registered with a capital of ₹ 1 crore divided into equity shares of ₹ 100 each. The company offered to public 50000 shares at a premium of ₹ 20 per share. The amount on shares was payable as :

₹ 25 on application
 ₹ 50 (including ₹ 20 premium) on allotment
 ₹ 20 on first call and
 ₹ 25 on final call.

Applications were received for 75000 shares. Shares were allotted to the applicants on prorata basis. Kanti Bhai who was allotted 500 shares did not pay the allotment money. He also failed to pay the first call. His shares were forfeited. Sheetal was holding 200 shares did not pay the first call. Final call was not made.

Make journal entries in the books of the company.

6. The Latest Technology Company Ltd. offered to public for subscription of 50,000 shares of ₹ 20 each at a premium of ₹ 5 per share. The amount was payable as under :

On application	₹ 5 per share
On allotment	₹ 12 per share including premium of ₹ 5 per share
On first call	₹ 4 per share
On second call	₹ 4 per share

Applications were received for all the shares. Allotment was made to all the applicants in full. Ashima failed to pay allotment and call money on 200 shares held by her. Reshma was allotted 300 shares. She did not pay the call money. Their shares were forfeited.

Make necessary journal entry for the forfeiture only.

7. M.B. Software Ltd. issued ₹ 500000 capital divided into equity shares of ₹ 10 each. The shares were issued at a premium of ₹ 4 per share and were payable as: ₹ 3 per share on application, ₹ 7 (including premium) per share on allotment and the balance on call.

All the shares applied for and were duly allotted. All the money was duly received except on 500 shares on which the call money was not received. Company decided to forfeit these shares. Make journal entry to record the forfeiture of 500 shares.

8. A company has offered for subscription to the public 10000 shares of ₹ 10 each. It has received applications for 15000 shares. Company has decided to allot shares on prorata basis. Gunakshi holding 200 shares failed to pay allotment money and first call money. Her shares were forfeited :

9. Amount payable was as under :
- | |
|------------------------------|
| ₹ 2 per share on application |
| ₹ 3 per share on allotment |

₹ 5 per share on call

Make journal entries and prepare relevant account in the books of the company.

10. Alpha Ltd. issued 10000 shares of ₹ 100 each payable as :

₹ 25 on application

₹ 25 on allotment

₹ 20 on First call and

₹ 30 on second and final call

9000 shares were applied for and allotted. All the payments were received with the exception of allotment money, first call and second and final call money on 300 shares allotted to Ganesh. The Board of Directors decided to forfeit these shares. Make journal entry to record transaction relating to forfeiture of shares.