

National Institute of Open Schooling (NIOS)
Senior Secondary
Worksheet-29

L-29 REISSUE OFFORFEITED SHARES

1. The maximum permissible discount at the time of reissue of forfeited shares is ascertained in different situations in different manner. Write the all-different situation in detail.
2. When the shares forfeited are reissued at discount, Bank account is debited by the amount received and Share capital account is credited by the paid up amount. The amount of discount allowed is debited to Share Forfeited Account. This is for adjusting the amount of discount so allowed from the amount forfeited at the time of forfeiture.

Make the journal entry for the above.

3. X Company Ltd. forfeited 200 shares of ₹ 10 each, fully called up on which ₹ 7 have been received and final call of ₹ 3 per share remains unpaid. These shares were later on reissued for ₹ 8 per share fully paid up.

Make journal entry for recording the forfeiture and reissue of shares.

4. Y Ltd. forfeited 400 shares of ₹ 20 each, on which ₹ 15 per share have been received and balance remains due but not paid. These shares were reissued.

at the rate of ₹ 20 per share i.e. at par

at the rate of ₹ 24 per share i.e. at premium

Make necessary journal entries for reissue of the shares.

5. If the shares were originally issued at premium, it is not necessary that their reissue after forfeiture is to be at premium. Such shares can be reissued at par, at discount or at premium. If such shares are reissued at premium the premium received should be credited to Securities Premium A/c. Prepare the Journal entry of it.
6. AZ Ltd. forfeited 200 shares of ₹ 10 each originally issued at a premium of ₹ 4 per share, the holder of which paid ₹ 3 per share on application but did not pay the

allotment money of ₹ 7 per share (including premium) and call of ₹ 4 per share. Make necessary journal entries for the forfeiture and for reissue of these shares if :

Reissued at ₹ 10 per share i.e. at par

Reissued at ₹ 8 per share i.e. at discount

Reissued at ₹ 12 per share i.e. at premium

Prepare a journal entry in book of AZ Ltd.

7. India infrastructure Ltd. has issued its shares of ₹ 20 each at a discount of ₹ 2 per share. Mahima holding 100 shares did not pay final call of ₹ 5 per share. Her shares were forfeited. Later on the company reissued these forfeited shares at (I) ₹ 15 per share (II) ₹ 20 per share, and (III) ₹ 25 per share

Make journal entries for the forfeiture and reissue of the shares in the books of company.

8. A company forfeited 40 shares of ₹ 50 each on which only application money of ₹ 10 per share and ₹ 20 on allotment were received. Final call of the ₹ 20 per share is not received 30 of these shares are reissued at ₹ 40 per share.

Make journal entries for forfeiture and Reissue of forfeited shares.

9. What amount is transferred to Capital Reserve A/c after reissue of forfeited shares? Why is this account transferred to capital reserve A/c?

10. India Pacific Fashion World Ltd was registered with a capital of ₹ 10,00,000 divided into 1 lakh shares of ₹ 10 each. 50000 shares were offered to public for subscription at a discount of ₹ 1 per share. The amount was payable as ₹ 5 per share on application and allotment and ₹ 4 per share on call. Applications were received for 48000 shares. Call was made and money was duly received except on 1000 shares. These shares were forfeited. 800 of forfeited shares were reissued at ₹ 12 per share. Make journal entries in the books of the company. Prepare the Balance sheet also.