

## \* Forfeiture of Shares

Forfeiture of Shares means cancelling the shares for non-payment of calls due as a final action against defaulting Shareholders.

The Company must first give 14 days' notice to the defaulting shareholder that unless he pays the amt. due together with interest, if any by the specified date, the shares are liable to be forfeited.

### 1. Forfeiture of Shares issued at par

(called-up amt.) Share Cap. A/c Dr.

To Forfeited Shares A/c (Amt. already rec.)

To Various Unpaid Calls A/c

## 2. Forfeiture of Shares issued at Prem.

(a) gf. prem. has been sec.

(Called up Amt. + Prem.) Share Cap. A/c Dr.

To Share allot. A/c (Amt. not rec.)

To Share calls A/c ( " )

To Forfeited Shares A/c (Amt. sec.)

(b) gf. prem. has not <sup>been</sup> sec.

(Called up Amt.) Share Cap. A/c Dr.

(Prem. Amt.) Securities Prem. A/c Dr.

To Share allot. A/c (Amt. not sec.)

To Share calls A/c ( " )

To Forfeited Shares A/c (Amt. sec.)

## 3. Shares Issued at Discount

(Called up Amt.) Share Cap. A/c Dr.

To Dis. on Issue A/c

To Various calls A/c

To Forfeited Shares A/c

## \* Reissue of Forfeited Shares

1. For Forfeited Shares reissued at Par

Bank A/c Dr.

To Share Cap. A/c

2. For forfeited shares reissued at Prem.

Bank A/c Dr.

To Share Cap A/c

To Securities Prem. A/c

3. Reissued at discount -

amt. recd) Bank A/c Dr.

Dis. allow) Forfeited Shares A/c Dr.

To Share Cap A/c

When all Forfeited Shares have been reissued, the Credit bal. left on the Share Forfeiture A/c is transferred to Capital res. A/c.

Share Forfeiture A/c Dr.

To Cap. res. A/c.

\* Private Placement of Shares

Private placement of shares implies issue and allotment of shares to a selected group of persons privately

## \* Preferential Allotment

A Preferential Allotment is one that is made to at a predetermined price to the pre-identified people who are interested in taking a strategic stake in the company.

## \* Sweat Equity Shares

The expression Sweat Equity Share means equity share issued by a company to its employees or Directors at a discount or for consideration other than cash.

## \* Employees Stock Option Scheme (ESOS)

ESOS means a scheme under which the company grants Option (a right but not an obligation) to an employee to apply for shares of the company at a predetermined price.

## \* Employees Stock Purchase Scheme (ESPS)

ESPS means a scheme under which a company offers shares to its employees

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as part of a public issue or otherwise.

### \* Right Issue

The Existing Shareholders, v/s 81 of the Companies Act, have a right to subscribe to fresh issue of share capital made by the company in proportion to their existing shareholding.

### \* Buy-Back of Shares - 25% of fully paid Equity shares

The expression Buy-Back of Shares means purchasing of own shares by the Company.

### \* Escrow Account

In order to perform obligation under the scheme of buy-back of Securities, a company is required to open an Escrow A/c.

\* As per Sec. 69(3) of the Companies Act 1956, Application Money must be at least 5% of the face value of shares.