UNIT → 2

SHARE CAPITAL

Share
Smallest portion of total Capital is known as share

Is Company issue share for first time = IPO
second time/ onword = FPO

IPO → Initial public offering
FPO → Follow - On public offer

Authorised Cap
Maximum amount Company can raise from public in return of shares

Issued Cap
Amount a Company is willing to raise in return of their shares.

Subscribed Cap.
Amount actually paid by the public for Company shares.

Date / /

Under Subscription

When the number of subscribed shares is less than issued shares.

- **Full Subscription**

  When the no of subscribed shares is equal to issued shares.

- **Over subscription**

  When the no. of shares subscribed is more than issued.

FACE VALUE of Share

It is the amount printed on share certificate which a Company is liable to pay if they have sufficient funds.

Shares Can be issed

- at par
- at premium
- but not at discount.

Issue of Shares

Date of Share App Dr. to Share Cap. & Share All to Share Cap. are Same

Sec. Prem is always debited with share cap.

At par

2024

1 Jan — Bank A/c Dr
to share App.

31 Mar. — Share App. A/c Dr
to share Cap.

31 Mar. — Share All A/c Dr
to Share Cap.

Bank A/c Dr
to share All

Share 1st Call A/c Dr
to share Cap.

Bank A/c Dr
to share 1st Call A/c

Share 2nd & final Call A/c Dr
to share Cap.

Bank A/c Dr
to share 2nd & final Call

At premium

→ Same

Share All A/c Dr
to share Cap.
to Sec. Prem

Bank A/c Dr
to Share All

Shares Applied = Shares Alloted × Allotment ratio → $\frac{\text{App}}{\text{Allot}}$

Shares Alloted = Applied × $\frac{\text{Allot}}{\text{App}}$

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OVER SUBSCRIPTION

Refund

Prorata

Refund & PRORATA

① Bank A/c Dr 2000
  to Share App. 2000
Share App. 2,000
  to Share Cap. 1,000
  to Bank 1,000 (Refunded

PRORATA (2 Entries)

Issue	1L
Recieved	1.5L
App.	3
All	4
1st Call.	3

① Bank A/c Dr 4,50,000
  to Share App. 4,50,000

② Share App. 4,50,000
  to share Cap. 3,00,000
  to All A/c 1,50,000 → ① entry

③ Share All 4,00,000
  to Share Cap. 4,00000
Bank A/c Dr 2,50,000 ~~2,50,000~~
  to Share All 2,50,000

under subscription

Bank A/c Dr (Amount = Amount of shares subscribed)
  to share App.
Share App.
  to share Cap.

The amount of ~~sec.~~ share forfeited of sec. premium is only shown on those shares which haven't paid the allotment & premium. #61

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Calls in arrear A/c is Dr. with Bank A/c

Calls in arrear

Shares = 1000

App. = 2

All = 4

1st Call = 6

100 people shares donot pay 1st Call.

App ⇒

Bank A/c Dr 2K
to share App. 2K

share App. A/c Dr 2K
to share Cap. 2K

All

All A/c Dr 4K
to share Cap. 4K

Cash A/c Dr 4K
to share All 4K

1st Call.

1st Call A/c Dr 6K
to share Cap. 6K

Bank A/c Dr 5.4K
Calls in arrear A/c Dr 600 ← only entry of Calls in arrear
to 1st Call ~~Share Cap.~~ 6K

If Shares are reissued at ₹ 60 rupees & paid up by ₹ 70 and final Call is not made	App - 10 All - 25 1 - 40 2 - 30

That means

(1) ~~The~~ From the total share ~~amount~~ ~~of the shares ₹ 70 Called up and~~ ~~fully~~ ₹ 70 Rupees share Called up and fully paid whereas ~~only~~ it is only reissued at 60 rupees or at a discount Of rupees 10

In Simple words | 70 rupees is face value of share and it is reissued at 60 ~~or~~ at a discount Of 10 rupees.

Mistakes in Calls in arrear

1. Put the amount of sec premium in during forfeiture ~~entry~~ of only those person shares who do not pay the security premium.

2. Always be careful when writing the amount of sec. premium during forfeiture.

3. If someone failed to pay the calls money but he ~~p~~ has already paid more money ~~in~~ ~~allotment~~ during application then firstly adjust it in allotment and after that in calls. # 9-65

4. If It is ~~not~~ mentioned that," All the allotment money received except x and his shares are forfeited. ~~This~~ and no other information is given then only Application and allotment entries are to be passed # 67. !
Also pass the entry for next call due.

→ Information about next calls like First call, second call etc.

SHARE FORFEIT

Share Cap A/c Dr
To Calls in arrear
To share forfeiture

(No of shares forfeit × Called up money)

Reissue mistakes

paid up = कितने हुए
for ₹ = कितने दिए

10 ₹ share forfeit / called up 8

Cases

1. reissued as fully paid for 8
   That means full priced share issued at ₹ 8 (10 → 8)

2. ₹ 9 paid up for ₹ 8
   9 rupee share ~~called up~~ at ₹ 8 (9 − 8)

3. 8 paid up for ₹ 6
   8 rupee share ~~iss~~ at ₹ 6 (8 − 6)

4. If the paid up value is not given and it is directly ~~me~~ mentioned that it is reissued at x price then you have to compare reissued price with called up value.

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3 If ~~your~~ forfeited shares of two persons are reissued to two different persons then you have to make separate entries of forfeiture #71

4. formula for Calculating Applied shares

#74

$$= \text{No of alloted shares} \times \left(\frac{\text{Total no of share app} - \text{refund} - \text{fully alloted}}{\text{Total alloted} - \text{fully alloted}}\right)$$

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CALLS IN ARREARS / IN ADVANCE

Calls in arrear A/c (call of name)
to share Cap.

Bank
to calls in arrear

Bank
to Call in advance
(when the Call due)
Bank A/c Dr
Call in ~~arrear~~ advance
to x Call A/c

INTEREST

Shareholder's A/c Dr
to Int. on Call on arrear

Bank
to Shareholder's A/c

BALANCE SHEET

Note to Accounts

	Amount
Authorised Cap	
___ shares @ ___ each	xxx
~~Subscribed~~ Issued Cap.	
___ shares @ ___ each	xxx
Subscribed Cap.	
Subscribed & fully paid	
___ shares @ ___	xxx

Subscribed & not fully paid

less Call in arrears

Add Forfeiture A/c

Amount not yet paid on non-forfeited shares

Amount received on those forfeited shares which are not reissued