

Chp 11 : Company AccountsIssue of sharesApplication

1. Bank A/c Dr $[\text{No of App. received} \times \text{App Money per share}]$
To Equity share Application A/c
2. Equity share Application A/c Dr
To ESC A/c $(\text{No of shares Issued} \times \text{App. money})$
To Bank (If refunded)
To ES Allotment A/c (Excess Money)

Allotment

3. Equity share Allotment A/c Dr $(\text{No of share Issued} \times \text{Allotment money per share})$
To ESC A/c
If premium To Securities Premium A/c
4. Bank A/c Dr
To Equity share Allotment A/c $[\text{Adjust excess App money if any}]$

Calls

5. ES First / Final call A/c Dr
To ESC A/c

6. Bank A/c Dr
To ES First / Final call

7. If Calls in Arrears

Bank A/c Dr

Calls in Arrears A/c Dr

To ES First / Final / Allotment A/c

8. If Calls in Advance

Bank A/c Dr

To ES Allotment / First / Final call A/c

To Calls in Advance A/c

$$\left[\text{No of shares} = \frac{\text{Amt Payable}}{\text{Issue Price}} \right]$$

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* Issue of shares for consideration other than cash

i) ~~Dr~~ Assets A/c Dr xx
 To liabilities A/c xx
 To vendor A/c xx

ii) Vendor A/c Dr xx
 To ESC A/c xx

* Issue of debentures ∴ Debenture - Always at FV

- Issued at Par, Redemption at Par

Bank A/c Dr xx
 To ∴ debentures A/c xx

- Issued at Premium, Redemption at Par

Bank A/c Dr xx
 To ∴ debentures A/c xx
 To Securities Premium A/c xx

- Issued at Discount, Redemption at Par

Bank A/c Dr xx
 Discount on Issue of Debenture A/c Dr xx
 To ∴ Debenture xx

- Issued at Par, Redemption at Premium

Bank A/c Dr xx
 Loss on Issue of Deb A/c Dr xx
 To ∴ debentures A/c xx
 To Premium on Redemption of Debentures A/c xx

- Issued at Premium, Redemption at Premium

Bank A/c Dr XX
 loss on issue of Debenture A/c Dr XX
 To % Debenture A/c XX
 To Securities Premium A/c XX
 To Premium on Redemption of Debenture A/c XX

• Issued at Discount, Redemption at Premium

Bank A/c
 Discount on issue of debenture A/c
 loss on issue of debenture A/c
 To % Debenture A/c
 To Premium on Redemption of Deb. A/c

Interest on Debenture

1. Deb Interest A/c Dr XX
 To Debenture Holder A/c XX } Interest Due
 To TDS Payable A/c XX
2. Debenture Holders A/c Dr XX
 TDS Payable A/c Dr XX } Payment of Interest
 To Bank A/c XX
3. Profit & Loss A/c Dr XX } Transferring interest to P/L A/c
 To Debenture Interest A/c XX

Issue of Debentures in consideration other than cash

- a. Sundry Assets A/c Dr
 To Sundry liabilities A/c
 To Vendor A/c
 - b. Vendors A/c Dr
 To % Debentures A/c
- No of Debentures = $\frac{\text{Amt Payable}}{\text{Issue Price}}$

REDEMPTION OF PREFERENCE SHARE

STEP I :- Fully Paid up

STEP II :- Replacement of capital

Replacement of Capital = Fresh Issue + Divisible Profits (CRP)

[Divisible Equilisation Reserve /
General Reserve / P&L / Reserve fund]

Step III :- ~~Other transactions~~

Debentures Bank loan Sale of Assets

Step IV :- Redemption of P.S

1. PSC Alc Dr

* Premium on Redemption
of PS Alc Dr

To P.S.H Alc

2. Divisible Profits / SP (If specified)

To Premium on Redemption of PS Alc

3. PSH Alc Dr

To Bank Alc

→ Premium on Red of PS = Divisible Profit + S.P [If specified]

• Issue of Bonus Share

1) CRA Alc Dr
 S.P Alc Dr
 G.R Alc Dr
 P/L Alc Dr
 To Bonus to Shareholder Alc

2) Bonus to Shareholder Alc Dr
 To Share Capital Alc

• Bonus Dividend

1) ES Final call Alc Dr
 To ESC Alc

2) G/R Alc Dr
 P/L Alc Dr
 To Bonus to Shareholders Account

3) Bonus to Shareholders Alc Dr
 To ES Final call Alc

• Right Issue

a) Bank Alc Dr
 To ESC Alc
 OR

b) Bank Alc Dr
 To ESC Alc
 To SP Alc

- Ex right value of shares

=

$$\left[\text{Cum right value of existing share} + (\text{Right Issue} \times \text{Issue Price}) \right]$$

÷
 Existing No of shares + No of Right Issue.

VALUE OF Right = Cum right of share - Ex right value of share.

- To write off Premium on ROD, if not recorded at time of
LOD

P/L A/c

OR

To Premium on Redemption of ~~P~~ Deb A/c

- For Payment to debentures holders

Debentureholder A/c

OR

To Bank A/c

- Close DRR A/c

DRR A/c

OR

To G/R or P/L A/c

- ★ In case of Partly Convertible Debenture

DRR shall be created in respect of Non-convertible portion of Debenture Issue