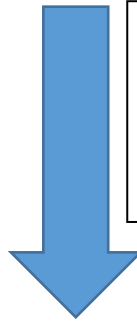
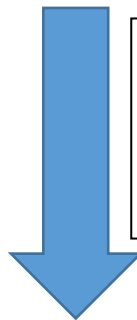


# COMPANY ACCOUNTS

S SQUARE Company



- With legal documents
- Details about the company
- How much required



- After the document verification
- Approved if it was eligible



- Issued to public for certain period for the subscription.
- If 90% of the shares were subscribed then the company will become LISTED COMPANY.
- If not, then the received amount to be refunded to the respective people and the company will become UNLISTED COMPANY.

## COMPANY ACCOUNTS

90% shares must be subscribed

- 90% - 99%      —————> Under Subscription
- 100%            —————> Full Subscription
- 100% <        —————> Over Subscription

### **Under Subscription:**

If the company received under subscription, then there is no much difficulties. Just simply do the accounting with the received shares.

For Eg : A ltd issued 1,00,000 shares. Only 95,000 shares were subscribed. In this scenario just do the accounting for 95,000 shares.

### **Full Subscription:**

If the company was fully subscribed then do the accounting for the full shares.

### **Over Subscription:**

If the company received over subscription then there is two ways to do the accounting.

1. Reject the excess shares according to your (Company) wish and refund the money to them.
2. Pro rata allotment

#### **Pro rata allotment:**

Pro-rata allotment refers to the allotment of shares in proportion of the shares applied for. When a company makes pro-rata allotment, it adjusts the excess money received at the time of application firstly, towards the allotment and then towards calls.

**Calls in Arrears:**

If any shareholder makes a default in paying the call money within the appointed date, the amount which is not paid, called Calls-in-Arrear.

Interest – 10%

**Calls in Advance:**

Calls in advance refer to the excess amount that one or more of the shareholders have paid in advance.

Interest – 12 %

# Accounting Procedures

Receipt of share application,

Bank a/c	Dr	xxxx	
			xxxx
To Share application a/c			

Allotment of application,

Share application a/c	Dr	xxxx	
			xxxx
To Share capital a/c			

Issued Allotment,

Share Allotment a/c	Dr	xxxx	
			xxxx
To Share Capital a/c			

Allotment received,

Bank a/c	Dr	xxxx	
			xxxx
To Share Allotment a/c			

COMPANY ACCOUNTS

Call raised,

Share Call a/c	Dr	xxxx	
To Share Capital a/c			xxxx

Call received,

Bank a/c	Dr	xxxx	
To Share call a/c			xxxx

Premium account:

(i) Share Allotment A/c Dr [No. of Shares Allotted x Allotment and Premium Money per share]

To Share Capital A/c [No. of Shares Allotted x Allotment Amount per share]

To Securities Premium A/c [No. of Share Allotted x Premium Amount per share]

(Amount due on allotment of shares @ ` \_\_\_\_\_ per share including premium)

(ii) Bank a/c	Dr	xxxx	
To Share allotment a/c			xxxx

**Calls In Arrears:**

Calls-in-Arrears a/c Dr. [Amount of Unpaid Calls]

Bank a/c Dr [Amount received]

To Share Allotment a/c . [Total allotment money due]

To Share Calls a/c [Total Call money due]

**Calls In Advance:**

Bank a/c Dr xxxx

To Calls in advance a/c xxxx

COMPANY ACCOUNTS

Adjustment entry,

Calls in advance a/c	Dr	xxxx	
To Balance a/c			xxxx
(Allotment / Call)			

**Interest For Calls In Arrears:**

Interest Receivable,

Shareholder's a/c	Dr	xxxx	
To interest on Calls In Arrears a/c			xxxx

Receipt,

Bank a/c	Dr	xxxx	
To Shareholder's a/c			xxxx

**Interest For Calls In Advance:**

Interest Due,

Interest on Calls In Advance a/c	Dr	xxxx	
To Shareholder's a/c			xxxx
Shareholder's a/c	Dr	xxxx	
To Bank a/c			xxxx