

(S³ → Single sheet notes)

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IMP POINTS

* Utilisation of S.P [sec 52 of Co. Act]

- (1) To issue bonus share
- (2) To write off preliminary expenses
- (3) To write off expenses on discount on issue of securities or debⁿ
- (4) To write off premium on redemption of preference share or debⁿ.
- (5) To Buy back of securities.

→ interest on call in arrears :-

* Bank A/c Dr xxx

To interest on call in arrears A/c xxx

→ interest on CIA :-

* interest on call in advance A/c Dr
To Bank A/c —

→ forfeiture of share :-

* Share Capital A/c Dr [called up F.V]
Securities premium A/c Dr [Premium on Rec'd]
To share forfeiture [F.V rec'd] ①
To call in arrears — [Amt including premium not rec'd]
OR
To share allot A/c
To share I call
(Being share forfeited)

Reissue of share :-

* Bank A/c Dr [Reissue price]
forfeiture A/c Dr [Discount on Reissue] ②

To share Capital A/c — paid up / called up

To SP — if any

(Being share reissued)

Transfer to Capital reserve :-

* share forfeiture A/c Dr xxx
To Capital Reserve xxx

$$\left[\frac{\text{①} \times \text{No. of share reissued}}{\text{no of share forfeited}} \rightarrow \text{②} \right]$$

→ Interest on debⁿ :- (F.V Built)

- (1) Debⁿ interest A/c Dr xxx
To Debⁿ holder A/c xxx
- (2) Debⁿ holder A/c Dr xxx
To Bank A/c xxx
To TDS payable xxx
- (3) TDS payable A/c Dr xxx
To Bank xxx
- (4) P/L A/c Dr xxx
To Debⁿ interest A/c — xxx
- (5) P/L A/c Dr xxx
To Bank

→ write off 'com/discount on issue of debⁿ' ?

* Statement of P/L Dr xxx
To com/discount on issue of debⁿ A/c — xxx

→ Accounting for Bonus share :-

- (1) for making final call due (if required)
 - * Share final call A/c Dr xxx
 - To share Capital — due

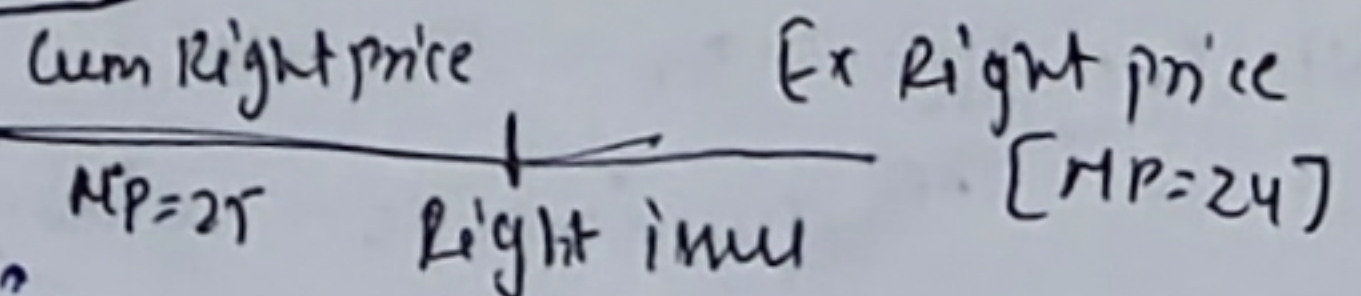
* Bank A/c Dr xxx
Call in arrears Dr xxx
To share final call A/c — xxx

(2) Sanction of issue of Bonus share :-

* CRR A/c Dr Rank 1
Securities premium A/c Dr Rank 2
Full reserve / P/L A/c Dr Rank 3
To Bonus to shareholder A/c —

Bonus to shareholder A/c Dr
To share Capital A/c

→ Right issue



(i) * Ex Right Price

$$= \frac{\text{no of share} \times \text{Right Price} + \text{share} \times \text{Right Price}}{\text{no. of share} + \text{Right share}}$$

(ii) Value of right = Cum right price (-) Ex right price

→ Journal
 * Bank A/c Dr 140
 To share Capital - fu
 To securities premium - 40

Redemption of Debⁿ
 ↓
 DRR → out of profits available
 → DRR can not use for any other purpose.
 → Minimum 10% of the face value of the Debⁿ

Unit-5
 → Redemption of Preference shares

→ Preference share can be redeemed out of :-
 1) By Capitalization of undistributed profits (free reserve)
 2) By fresh issue of shares
 3) Combination of both

* DRR, I → minimum 15% of face value of Debⁿ
 Journal

PLC A/c Dr
 To DRR A/c

DRRI A/c Dr
 To Bank

Creation of CRR out of free reserve
 [Note: CRR can be used only for the purpose of issue of fully paid Bonus share.]

→ int'n on Debⁿ inst.
 * Bank A/c Dr
 To Inst on DRR

* Int'n on DRR
 To PLC A/c

→ At the time of redemption
 ① Sale of DRR

Journal
 (i) Bank A/c Dr (sale value)
 PLC A/c (con) Dr (if any)
 To investment A/c - BV
 To PLC A/c (gain) - if any
 (Being inst sold)

(2) Amount due for redemption
 * Debⁿ A/c Dr
 Premium on red A/c Dr
 To Debⁿ holder

if required

(3) Now pay,
 Debⁿ holder A/c Dr
 To Bank.

(4) Transfer premium on redemption,
 (5) Transfer DRR to General Reserve

(ii) Bank A/c Dr
 To share Capital A/c - fu
 To securities premium - if any
 (any fresh issued share)

→ Conversion
 * NO DRR or DRR I for convertible portion

Journal
 127. debⁿ A/c Dr
 To debⁿ holder A/c

→ Debⁿ holder A/c Dr
 To Eq share Cap
 To premium.

(v) PLC A/c Dr
 To premium on redemption A/c

(vi) Preference share holder A/c Dr
 To Bank A/c

(vii) free reserve A/c Dr
 To Capital redemption reserve

→ Which Co. create DRR I, DRR?

* Listed Co. other than 3 → DRR ✓
 • NBFC
 • Housing Finan Corp
 • other listed Co.

* Unlisted Co. (other) DRR I ✓ DRR ✓

[CRR = Face value of preference share holder to be redeemed (-) f.v of fresh shares]
 ① ②