Company A/c - Share's → 25 Marks

Unit → 01

Chapter . 11 :- Company Accounts

Meaning of a Company → MOC → ministry of Corporate affair

Company is termed as an Entity → formed & incorporated under the Companies Act, 2013 or an existing Company

formed and registered under any of the previous Company laws.

Types of Companies

- Government Company
- Foreign Company
- Private Company
- Public Company
- one Person Company
- Small Company
- Listed Company
- unlimited Company
- Company limited by shares
- Company limited by Guarantee
- Holding Company
- Subsidiary Company

SAlient features of a Company

- Separate legal Entity
- Incorporated association
- Not a Citizen
- Transferability of shares
- Perpetual Existence
- Maintenance of Books
- Distinction between ownership and Management
- Periodic Audit
- Common seal
- Limited Liability
- Right of Access to Information

Preparation of financial Statements

under Section 129 of the Companies Act, 2013.

Financial Statements shall give a true & fair view.

of the State of affairs of the Company.

Company with the notified accounting standards and.

Shall be in the form or forms as may be Provided for.

different class or classes of Companies.

as prescribed in.

Schedule III to the Companies Act, 2013.

1. Notes to A/c
   - working note
2. Statement of P&L A/c
   - To know the EBIT → Earning before interest & Tax.
   - → TAX (-)
   - EAT
   - Revenue Expences
3. Schedule - III 2013

Particulars	Notes	Amount
Liability		
Assets		

→ Schedule – III

Requisites of financial Statements

- It shall give a true and fair view of the state of affairs of the Company as at the end of the financial year.

Provisions Applicable

1).
Specific Act is Applicable for instance, any
a). Insurance Company
b). Banking Company or
c). Any Company engaged in generation or supply of electricity or
d). Any other class of Company for which a form of balance sheet or profit and Loss account has been prescribed under the Act governing such class of Company.

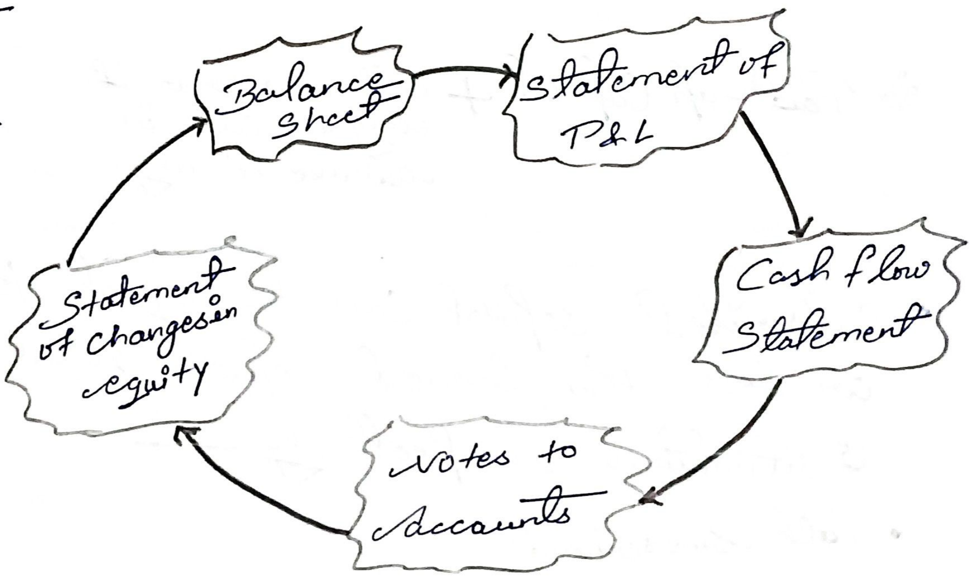
2).
In Case of all Corporate entities :-
Schedule III to the Companies Act, 2013 deals with the format of the financial statements. However, schedule III Contains three divisions either based on the applicability of the Standards or on the nature of the entity. Each divisions of Schedule III Contains parts dealing with formats of financial statements, Part prescribes the format of Balance sheet while Part prescribes the format of statement of profit & Loss.

* Applicability of Divisions as given under Schedule III has been explained below :-

Division	Applicable to :-
Division I	• Companies that are required to apply Accounting Standards notified under the Companies Act, 2013.
Division II	• Companies that are required to apply Indian Accounting Standards notified under the Companies Act, 2013.
Division III	• Non-Banking finance Companies (NBFCs) that are required to apply indian accounting standards notified under the Companies Act, 2013.

Financial Statements

• Financial Statements as per Section 2(40) of the Company Act, 2013, inter-alia include -



Share Capital

- The total capital of the Company is divided into shares, the Capital of the Company is called 'Share Capital'.

Authorized share capital or Nominal capital

Issued share capital

Subscribed share capital

Paid-up Share capital

- Share capital of a Company is divided into Various categories.

Called-up Share capital

Reserve Share Capital

1. Issued Capital + unissued Capital = Authorised capital
2. Paid-up Capital + calls in arrears if any less calls in advance if any = Called-up capital

- Subscribed capital can be equal to a greater than or less then issued Capital resulting in 3 situations respectively :-
- full subscribed
- over subscribed and
- under Subscribed

Types of Shares

share issued by a Company can be divided into following Categories :-

Preference share

Preferential rights

1. Payment of Devided.
2. Repayment of Capital during wind-up of a Company.

Preferential right

Equity share

Equit

Malik / owner

Voting rights

· Company Pay the devident preferentialy to Preferential share holder aune interest on Debature.

· Preference share's

1. Cumulative preference
2. Non-Cumulative preferen
3. Participating preference
4. Non-participating preference shares
5. Redeemable preference shares
6. Non-redeemable preference shares
7. Convertiable preference shares
8. Non-Convertiable preference shares

SUBSCRIPTION of SHARS

- Accounting for issue of shares depends upon the type of Subscription. whenever a Company decides to issue shares to public, it invites applications for subscription by issuing a prospectus. It is not necessary that Company receives applications for the exact number of shares to be issued by it. There may be three possibilities.

full Subscription
- Applications received is equal to issued shares.

under Subscription
- Applications received are less than shares issued.
  - Minimum Subscription received.
    - Directors make allotment for shares applied.
      - Allotment money received.
      - further calls made & call money received.
  - Minimum Subscription not received.
    - All application money returned.

over Subscription
- Applications received are more than shares issued.
  - Pro-rata allotment made by directors.
    - Allotment money received.
    - further Calls made & Call money received.

Over Subscription

Applied share (Application Received)	Allotted share (maximum Share issue)	
30,000	30,000	full allotment
20,000	10,000 (Adjustment)	Partial allotment
10,000	NIL (Refund)	NIL
60,000	40,000	

↓ Pro-rata-allotment ⇓ Board of Director

Issue share = 40,000
Aplication Received = 60,000

1. Pro-rata allotment
↓
"Excess application money Adjusted Refunded".

1. Bank A/c Dr. → Recd.
   To Share application

2. Share application A/c Dr.
   To Share Capital

2. Share application A/c Dr.
   To Share allotment
   To Share final Call
   } Excess
   To Share Capital → Transfer
   Refund To Bank (Refund)