Chapter- 2

Issue of share for Cash (Old+New Both)

The term “share capital” refers to the amount of money the owners of a company have invested in the business as represented by common and/or preferred shares. Simply we can say the share capital of selling of share among the ordinary and common people in order to collect the some amount of money to fulfill the company needs.

**Types of share capital**

1. Authorized Share Capital. ...
2. Issued Share Capital. ...
3. Unissued Share Capital....
4. Subscribed Capital. ...
5. Called-Up Capital....
6. Paid-Up Capital. ...
7. Uncalled Share Capital....
8. Reserve Share Capital.

Format of issue of share capital

In the journal book ABC…………..

Journal entries fig in NPR

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particular | LF | Debit | Credit |
|  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
| 1. For Application money | Bank Account    Dr.  To Share Application A/c | (No. of Application X application amount per share) |
| On acceptance of Applications  Share capital | Share Application A/c    Dr.  To Share Capital A/c to **bank a/c**  To share allotment a/c  To Securities Premium A/c | (No. of share allotted X application amount called on cash) (Amount of Securities Premium Received if any) |
| 2. For allotment money due | Share Allotment A/c   Dr.  To Share capital A/c  To share on Premium A/c | (No. of Shares Allotted X amount called on allotment for each share (Securities Premium due) |
| On receipt of allotment money | Bank Account   Dr.  To Share Allotment A/c | (No. of allotment share x amount received on allotment for each share) or actual amount received) |
| 3. For call all money due | Share Call A/c    Dr.  To Share Capital A/c  To Securities Premium A/c | (No. of shares allotted x amount called on each call share (Securities Premium due) |
| On receipt of cells money | Bank A/c   Dr. 190000  Call in error 10000  To Share Call A/c | (No. of application allotted x amount received on each share) |

**Issue of share capital**

**At par value   
discount  
premium**

At par value : 100% fully subscribed from Rs**100**

Application = 50

Allotment = 30

First & final call = 20

At discount par value rs 100 and the company issue of share per rs 90

Application = 50

Share allotment = 30 ( including discount ) 20 +10=30

Final call money = 20

50+20+20=90+10=100

At premium

The company issue par value of share rs 100 at the amount call for public as rs 120 =20

Appliciation = 50

Share allotment =50 sahre value = 30+20=50

Share call money =20

2071 supp Q 9

A company issue 10000 share of Rs 100 each payable as follow

On application 30 per share   
share allotment 40 per share  
final call money 30 per share

Application were received for 16000 share. No allotted 1000 share .rest share on the prorata basis all money dual received but one share holder faild to pay 100 share on first and final money .

Required : journal entries for application,allotment and final call money

Journal entries

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | LF | Debits(Rs) | Credits(RS) |
| i)  ii) | Share application issued  Bank a/c Dr (16000\*30)  To share application a/c  (being share applicayion moneny received from application of share)  Share application transfer in share capital  Share application a/c Dr  To share capital (10000\*30)  To bank a/c (1000\*30)  To share allotment a/c ( 5000\*30)  ( being share application money transfer in share capital excess money will be adjusted in allotment )  Share allotment money due  \share allotment a/c dr (40\*10000)  To share capital a/c  Allotment received  Bank a/c Dr ( 400000-150000)  To share allotment a/c  (being share allotment money received)  First and final money due  First and final a/c dr (10000\*30)  To share capital a/c  (being share share first and final call money due)  Money received  Bank a/c dr (300000-100\*30)  Calls in errior (100\*30)  To first and final call a/c  (being first and call money received and one shareholder faild to pay of 100 share) |  | 480000  48000  400000  250000  300000  297000  3000 | 480000  300000  30000  150000  400000  250000  300000  300000 |

Working note

10000 issue

Application 16000

Excess =6000

Return share =1000

Rest share = 5000 \*30=150000

Share allotment 10000 \*40=400000