Class - B.Com Part - II

Subject : Corporate Accounting

paper : IV

Topic : Share Capital of Company.

Lecture sequence No : 4

unit : 1

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Share Capital of a Company:

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Share capital refers to the capital raised by a company by the issue of shares. In fact the capital of the company is divided into shares. Hence the capital of the company is called shares.

Division of the Share Capital / Kinds of Share Capital:

Share capital means amt. received by the company against shares issued for subscription and also shares issued for consideration other than cash. The person to whom shares are alloted are known as shareholders. Share Capital includes both Equity Share capital and Preference Share capital.

Schedule III of the Companies Act 2013 requires the Balance Sheet to disclose ie show authorised capital, issued capital, subscribed capital, amount called up by the company and paid up by the shareholders. Details require by the schedule are given in the Note to Accounts on Share Capital. The details required to be given for share capital are :-

(1) Authorised Capital/Nominal Capital or Registered Capital.

As per sec 2(8) of the Companies Act 2013 Authorised capital means such capital

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as is authorised by the memorandum of a company to be the maximum amount of share capital of the company. It is stated in the Memorandum of Association of the company under Capital ~~Cat~~ clause and is divided into different classes of share capital such as Equity Share capital and Preference Share Capital.

The amount of Authorised Capital is shown in the Note to Accounts on Share Capital for information only. It is Not added to the liability.

(ii) Issued Capital:

Issued Capital is that part of authorised capital which the company has issue for subscription up to the date of Balance sheet. Share issue under each class of share capital giving the number of shares issued and their nominal (face) value is shown in the Note to Accounts on Share Capital. It should be kept in mind that Issued capital can be equal to or less than the Authorised Capital. Also it can be equal to or more than the Subscribed Capital.

Like Authorised Capital amt of Issued Capital is shown in the Note to Accounts on Share Capital for information only. It is not added to the liability.

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(iii) Subscribed Capital:

Subscribed Capital is that part of the Issued Capital which has been subscribed. Amount received by the company, whether in cash or kind, as Subscribed Capital is shown as Share Capital on the face of the Balance Sheet.

Subscribed Capital is classified ie shown under the following two head.

(a) Subscribed and fully paid up.
(b) Subscribed but not fully paidup.

(a) Subscribed and fully paid up:

Shares are shown as Subscribed and fully paid up when both the following conditions are met:

(i) the company has called the full nominal (face) value of the share and
(ii) the company has received the amount called up.

Share capital will be shown in the Note of Accounts on Share Capital under Subscribed Capital as follows:

Subscribed Capital:

Subscribed and fully paid up
100000 Equity Shares of .. each ......

(b) Subscribed but Not Fully Paid-up:

Share are shown as Subscribed but not fully paid-up under the following two situations

(i) when the Company has Called the full

Nominal (face) Value of the Share but has Not Received the Amount Called up:

where the company has called the full nominal (face) value of the share but has not received the called amount, the shares on which amt called is not received are classified or shown as "Subscribed but Not fully paid-up".

Share capital is shown in the Note of Accounts on Share Capital under Subscribed Capital as follows

Subscribed Capital:

Subscribed and fully paid up:			Rs
... Equity shares of ... each			xxx
Subscribed but Not fully paid up.			
.. Equity share of .. each		xxx	
Less Call-in-Arrears		-xxx	xxx
Total (To be shown in the Balance Sheet)			xxx

(ii) When the Company has Not Called the full Nominal (face) Value of the Shares:

Where the company has Not called the full nominal (face) value of the share, share are classified or shown as 'Subscribed but not fully paid up'

Share capital in this situation is classified as shown in the Note to Accounts on Share Capital under Subscribed Capital as follows:

Subscribed Capital:

Subscribed but not fully paid up:	
150000 Equity share of ... each _ Called	xxx
Less Calls in - Arrears ...	- xxx
Total.	xxx