Class: B.Com Part II
Subject: Corporate Accounting
Paper: IV
unit: V
Topic: Receipts and Expenditure on Capital Account

Lecture Sequence No: 5

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Double Account System

Capital Account / Receipts and Expenditures on Capital Account :-

In case of Double Account system / Capital Account is the part of Balance Sheet. It shows capital receipt and capital expenditure. In fact this account shows total amount of capital, raised by issue of shares or debentures and its application in acquisition of fixed assets for carrying on the business. The debit side of this amount shows capital expenditure and the credit side of this account shows capital receipts.

Preparation of Capital Account :

The Capital account is usually shown in a columnar form. Normally a Capital Account has four columns.

Receipt and Expenditure on Capital account

Capital Expenditure.	Expendit upto the end of previous year.	Expenditure during Yr	Total Expenditure	Capital Receipt.	Receipts upto the end of previous Yrs	Receipt during year.	Total Re
To Fixed Assets.				By Share capital			
To Preliminary exp				By Capital Reserve			
To Parliamentary Expenses.				By Debenture			
				By premium on shares			
Total Expenditures				Total Receipts			
To Balance Capital A/c carried to General Balance sheet							

General Balance Sheet :

The second part of the Balance Sheet under Double Account System is called General Balance Sheet. In the General Balance Sheet, all the remaining assets and liabilities and the balance of Capital Account are recorded. To be more precised, it shows :-

(i) The balance of the Capital Account. (in case of electricity sy supply undertaking total of capital expenditure and capital Receipt).

(ii) Floating Assets (eg. stock, debtors, invt).

(iii) Floating Liabilities eg. creditors.

(iv) Other items such as Net Revenue a/c Provision and Reserves, Depreciation Fund

General Balance sheet is drawn in the usual form showing assets on the right hand side and the liabilites on the left hand side.

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Specimen of General Balance Sheet

General Balance Sheet (as on ....)

Balance of Capital A/c[1] (or Receipts on Capital A/c)	×××	Balance of Capital A/c[2] (or Expenditure on Capital Account).	××
Current Liabilities		**Current Assets**	
Sundry Creditors	....	Sundry Assets	..
Reserve fund	...	Stock-in hand	..
Depreciation fund	....	Cash in hand	..
		Cash at Bank	...
Net Revenue A/c[3]	...	Net Revenue A/c[4]	...
Special Items	...	Special items	..

1. Credit Balance of capital A/c
2. Debit Balance of capital A/c
3. Credit Balance of Net Revenue A/c
4. Debit Balance of Net Revenue A/c.

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Difference between Capital Account and General Balance Sheet.

	Capital Account	General Balance Sheet.
①	In Capital Account Fixed Assets are shown	General Balance sheet shows current and floating assets
②	It shows capital receipts ie Capital raised by issuing shares and debenture and accepting loans	It shows current liabilities and provisions.
③	In capital Account there are three amount columns on each side.	In General Balance sheet ther is either one amount column in each side or two amount column on each side
④	Capital expenditure ie Amount expended on fixed assets is recorded on left side of Capital A/c	Current/Floating assets are recorded on right hand side of the General Balance Sheet.
⑤	Capital Receipts are recorded on the right hand side of the Capital A/c	Current/Floating Liabilities are recorded on the left hand side of the General Balance Sheet.