CHAPTER- 1

ACCOUNTING FOR SHARE CAPITAL

❖ Meaning of Company

Company is an artificial person that has a separate legal entity and existence from its members. A company is formed and registered under the Companies Act.

❖ Features of Company

- It is separate from its members
- It comes into existence after incorporation.
- Company's life is not affected by the death or retirement of its directors.
- It has its own common seal.
- The shares of a company are transferrable.

❖ Types of Company

There are two types of company

- Public Company
- Private Company
- One Person Company

❖ Public Company

A public company is defined as a company that offers a part of its ownership in the form of shares, debentures, bonds, securities to the general public through stock market. There must be *at least seven members* to form a public company. There are two types of public company:

- ***Listed Company* (*Quota Company*) -** A company whose shares are listed and traded in the stock exchange like, Tata Motors, Reliance, etc. are called Listed Company.
- ***Unlisted Company***- A company whose shares are not listed in the stock exchange and thereby these shares cannot be traded in the stock exchange are called Unlisted Company.

- **Private Company**

  A private limited company is defined as a company that has a minimum paid-up share capital of Rs 1,00,000. There must be *at least two and a maximum of 50 members* (excluding current and former employees) to form a private company. These companies can neither invite application from the general public to subscribe its shares and debentures nor these companies can accept deposits from persons other its members.

- **One Person Company**

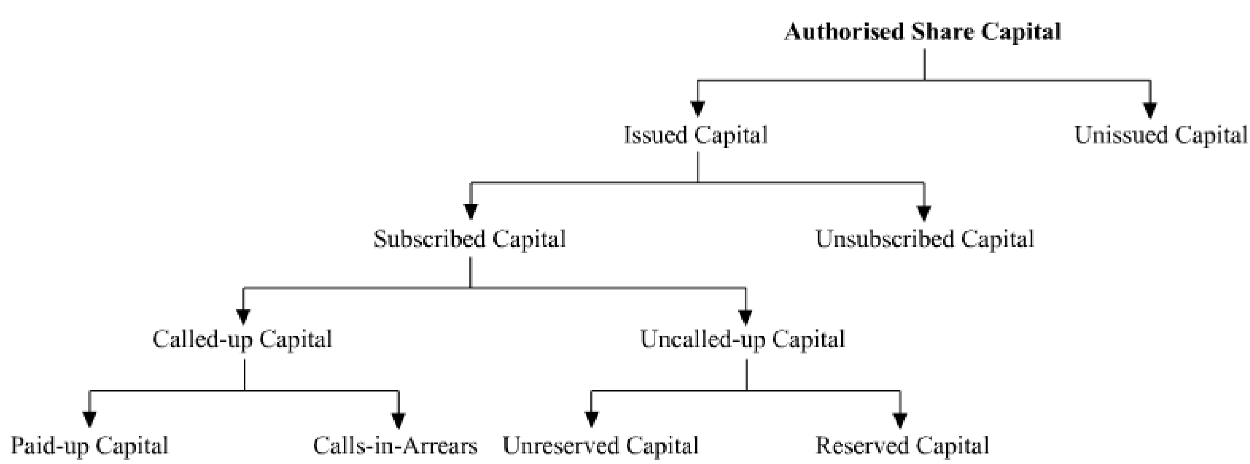
  A company formed with only one person as its member; with minimum paid-up capital of not more than Rs 50,00,000 is defined as one person company. Their average annual turnover should not exceed Rs 2 crores. These companies can be formed only by a citizen and resident of India. Such companies cannot conduct non-banking financial investment activities. Moreover, they cannot indulge in investments of securities of any other entity.

- **Meaning of Share**

  Share is a unit of capital of a public company. Each share (unit) has equal denomination in terms of money.

- **Shares Capital-** The amount to be invested by issuing capital in the form of shares is known as Share Capital.

- **Classification of Share Capital**



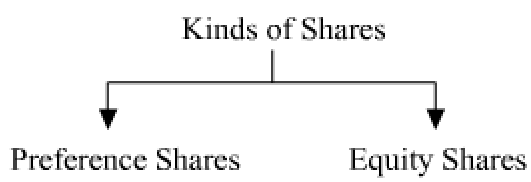
The Share Capital of a company consists of the following components:

- ***Authorised Capital-*** It is an amount which is stated in the Memorandum of Association. It is the maximum amount that the company can raise by issuing shares.
- ***Issued Capital-*** It is a part of authorised capital which is offered by the company to the general public for subscription. For example, if the authorised capital of a company is Rs 1,00,000 divided into Rs 10 per share, then the issued capital cannot be more than Rs 1,00,000.
- ***Unissued Capital-*** It is a part of authorised capital that has not been offered till now but can be offered to the general public in the future. In the above example, if the issued capital is Rs 80,000, then the unissued capital is Rs 20,000
- ***Subscribed Capital-*** It is a part of issued capital that is actually subscribed by the general public. For example, if the company has issued 8,000 shares of Rs 10 per share and public has subscribed for 7,500 shares, then the subscribed share capital of the company amounts to Rs 75,000.
- ***Unsubscribed Capital-*** It is that part of the issued capital that is not subscribed by the public. For example, in the above example, 500 shares were left unsubscribed, making an unsubscribed share capital of Rs 5,000.
- ***Called-up Capital-*** It is a part of subscribed capital that is called up by the Directors from the shareholders of a company to pay. For example, if the Directors call up Rs 6 out of Rs 10 (i.e. the face value of the share) from the shareholders of 10,000 to pay, then Rs 60,000 is regarded as called up share capital.
- ***Uncalled-up Capital-*** It is that part of subscribed capital which is not called up till now but can be called up in future as per the need of the company. For example, in the above example, Rs 4 were left uncalled from shareholders holding 10,000 shares, so Rs 40,000 is uncalled up share capital.

- ***Paid-up Capital-*** It is that part of called up share capital which is actually received from the shareholders. If the entire called up money of Rs 4 on 1,000 shares has been received except from a shareholder holding 300 shares, then the paid up share capital is Rs 2,800 (Rs 4,000 – Rs 1,200). The amount of Rs 1,200 is called Call in Arrears that has been called up but is unpaid.

- ***Reserved Capital-*** A limited company may call up any portion of uncalled share capital in the event of winding up of the company to pay its creditors. This amount of uncalled share capital is reserved for paying back the creditors that is why; such portion of share capital is called reserve capital.

❖ **Kinds of Shares**

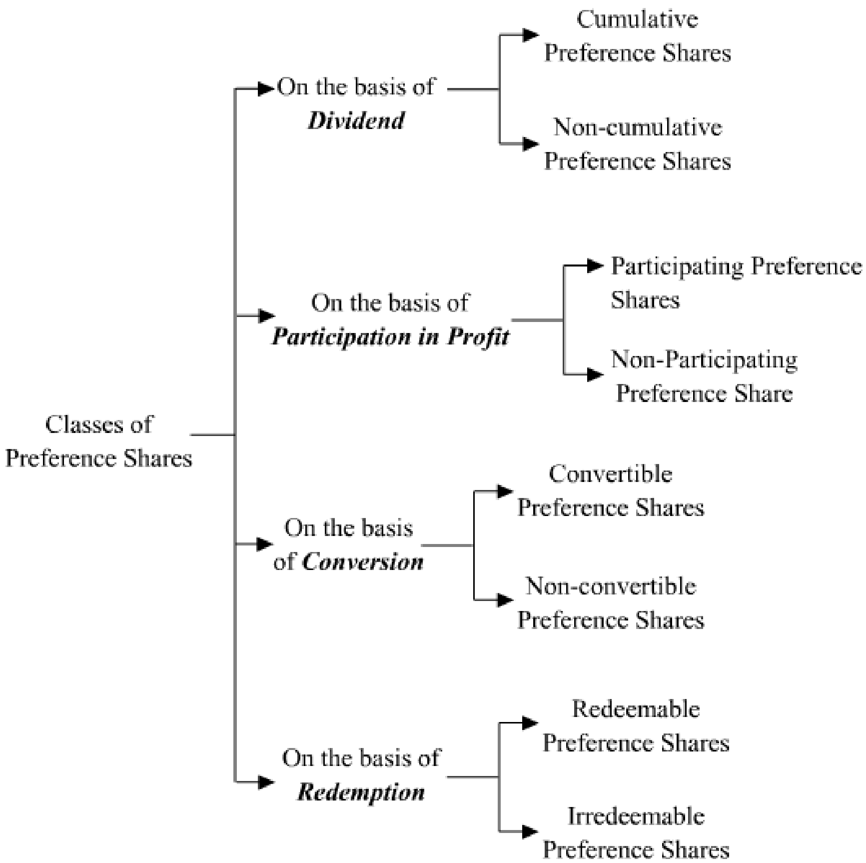


- ***Preference Shares-*** Preference Shares entitle its holder the right to receive dividend at a fixed rate or fixed amount. The Preference Shareholders enjoy preferential right to receive repayment of the capital invested before the equity shareholder at the time of winding-up of the company.

- ***Equity Shares***- Shares which are not Preference Shares are called Equity Shares. The rate of dividend is not fixed on these shares and varies from year to year, depending on the amount of profit available for distribution.

❖ **Types of Preference Shares**

The Preference Shares can be classified into the following categories.



On the basis of Dividend:

- ***Cumulative Preference Shares-*** The Preference Shares whose dividend can be forwarded to the next accounting period and have a right to received arrears of dividend before the payment of dividend to equity shares holders are called Cumulative Preference Shares.

- ***Non-Cumulative Preference Shares-*** The Preference Shares whose dividend can be curtailed or cancelled when the company has insufficient profit to declare dividend are called Non-Cumulative Preference Shares. The holders of these shares do not enjoy the right to receive arrears of dividend.

On the basis of Participation:

- ***Participating Preference Shares-*** These preference shares carry the right to participate in the surplus profit (in addition to the fixed rate of dividend) that is left after the payment of dividend on the equity shares.

- ***Non-Participating Preference Shares-*** These preference shares do not carry the right to participate in the residual profit after paying dividend to equity shareholders. The holders of these shares receive only a fixed rate of dividend every year.

On the basis of Convertibility:

- ***Convertible Preference Shares-*** The holders of these shares have the right to convert their holdings into new securities according to the term of issue.
- ***Non-Convertible Preference Shares-*** The holders of these shares do not have the right of converting their holdings into new securities.

On the basis of Redemption:

- ***Redeemable Preference Shares-*** The holders of these shares are repaid by the company after a certain specified period as per the term specified in the Companies Act of 2013.
- ***Non-Redeemable Preference Shares-*** The holders of these shares are repaid only at the time of the winding-up of the company.

❖ **Some Important Terms**

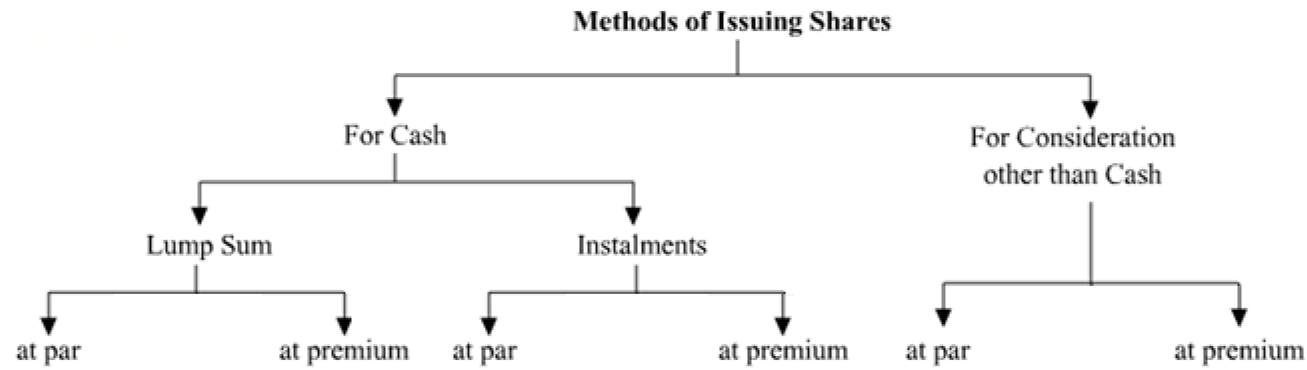
- **Private Placement of Shares-** It means offering and allotting shares to a selected group such as, banks, other financial institutions, etc. without any public invitation.
- **Preferential Allotment-** It means issue of shares on preferential basis to pre-identified persons that include promoters and other strategic shareholders who own control and belong to the management of the company.
- **Sweat Equity**- It means issue of shares to the directors and other employees at discount or in consideration of their valuable efforts to the company.

❖ **Issue of Shares**

In order to raise share capital, a public company invites subscription from the general public.

❖ **Methods of Issuing Shares**

The shares can be issued either for cash or for consideration other than cash (such as, for acquiring machinery and other assets).



- ❖ **Journal Entries for Issue of Shares**

- ***When the amount of shares are received in Lump Sum***

Issue at Par	Issue at Premium
Bank A/c Dr. To Share Application A/c (Application money received)	Bank A/c Dr. To Share Application A/c (Application money received)
Share Application A/c Dr. To Share Capital A/c (Application money transferred)	Share Application A/c Dr. To Share Capital A/c To Securities Premium A/c (Transfer of application to share capital and premium)

- ***When amount of share are received in instalments***

Bank A/c	Dr.
To Share Application A/c	
(Money Received)	
Share Application A/c	Dr.
To Share capital	
(Money transferred to capital)	
If premium is received on application	
Share Application A/c	Dr.
To Share Capital A/c	
To Securities Premium A/c	
(Application money transferred to capital and premium)	

Share Allotment A/c	Dr.
To Share Capital A/c	
(Allotment money due)	
If Calls include Premium	
Share _____Call A/c	Dr.
To Share Capital A/c	
To Securities Premium A/c	
(______ Call due including premium)	
Bank A/c	Dr.
To Share ______ Call A/c	Dr.
(Share _____call money received)	

❖ ***When Shares are Issued for Consideration Other than Cash (for purchasing <u>Assets</u>)***

Issue at Par		**Issue at Premium**	
Asset A/c	Dr.	Asset A/c	Dr.
To Vendor		To Vendor	
(Assets purchased)		(Assets purchased)	
Vendor	Dr.	Vendor	Dr.
To Share Capital A/c		To Share Capital A/c	
		To Securities Premium A/c	
(Shares issued to vendor)		(Shares issued to vendor at premium)	
Number of Shares Issued		Number of Shares Issued	
$=\dfrac{\text{Amount Payable}}{\text{Face value per share}}$		$=\dfrac{\text{Amount Payable}}{\text{(Face value + Premium) per share}}$	

❖ ***When Shares are Issued for Consideration Other than Cash (for acquiring <u>Business</u>)***

Issue at Par		**Issue at Premium**	
Sundry Assets A/c	Dr.	Asset A/c	Dr.
Goodwill A/c °	Dr.	Goodwill A/c °	Dr.
To Liabilities A/c		To Liabilities A/c	
To Vendor *		To Vendor *	

To Capital Reserve °°	To Capital Reserve °°
(Business purchased)	(Business purchased)
Vendor Dr.	Vendor Dr.
To Share Capital A/c	To Share Capital A/c
	To Securities Premium A/c
(Shares issued to vendor at par)	(Shares issued to vendor at premium)
Number of Shares Issued	Number of Shares Issued
$= \frac{\text{Amount Payable}}{\text{Face value per share}}$	$= \frac{\text{Amount Payable}}{\text{(Face value + Premium) per share}}$

Note

° If the Net Assets (Sundry Assets – Sundry Liabilities) < Purchase Consideration, then *Goodwill A/c is Debited* with the difference amount

Or,

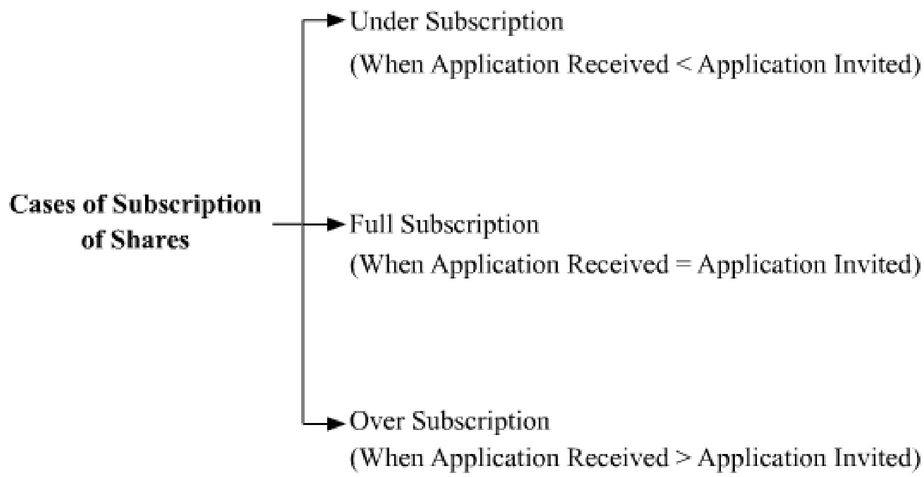
°° If the Net Assets (Sundry Assets – Sundry Liabilities) > Purchase Consideration, then *Capital Reserve is* Credited with the difference amount

* Vendor A/c is credited with the amount of Purchase Consideration. If it is not given in the question, then it is equal to the difference between the Sundry Assets and Sundry Liabilities.

Important Notes

- ***In case, if the Vendor is being paid some amount of purchase consideration in Cash, then Cash A/c will be credited with the amount paid in cash.***

- ***In case, while calculating the Number of Shares Issued, if the <u>Number appears in fraction (or decimal), then that part multiplied by the issue price of the share will be paid in Cash to the Vendor.</u>***



- **Under Subscription-** It refers to a situation when the number of shares applied is less than number of shares offered for subscription. That is, when the number of Share Application received is less than the number of Share Application invited.

  Example: A public company invited application for 10,000 shares of Rs 10 each from the general public. Public applied only for 9,500 shares. This situation is known as Under Subscription of shares.

- **Minimum Subscription-** It refers to the minimum amount that must be subscribed by the general public so that the company can allot shares to the applicants. As per Section 39 of the Companies Act, 2013, "No allotment of any securities of a company offered to the public for subscription shall be made unless the amount stated in the prospectus as the minimum amount has been subscribed and the sum payable on application for the amount stated have been paid to and received by the company by cheque or other instrument". However, the Companies Act of 2013 does not specify the quantum of minimum subscription needed in case of public issues (for both equity and debt). Accordingly, as per SEBI guidelines no allotment shall be made of any share capital if minimum subscription of 90% of issue size is not received as per Section 69 of Companies Act, 1956.

- **Over Subscription-** It refers to a situation when number of shares applied is more than the number of shares offered for subscription.

Example: A public company invited application for 10,000 shares of Rs 10 each from the general public. Public applied only for 25,000 shares. This situation is known as Over Subscription of shares.

- **Allotment of Shares- Over Subscription**

There can be three ways of allotment of shares in case of oversubscription.

- ***Case-I*: *Rejecting excess application and money returned***

  Example: A Ltd. issued 10,000 shares @ Rs 10 per share. Applicants received for 25,000. The company rejected the excess application of 15,000 shares and made allotment to rest of the applicants. Amount is payable Rs 2 on application, Rs 5 on allotment, Rs 3 on first and final call.

Bank A/c	Dr.	50,000	
To Share Application A/c			50,000
(Application money received for 25,000 shares)			

Share Application A/c	Dr.	50,000	
To Share Capital A/c			20,000
To Bank A/c			30,000
(Application money transferred to Share Capital Account and the excess money returned)			

- ***Case-II*: Allotting on Pro-rata basis and excess application money adjusted on subsequent calls**

  Example: A Ltd. issued 10,000 shares @ Rs 10 per share. Applicants received for 25,000. The company made allotment on pro-rata basis and excess application money was adjusted on subsequent calls. Amount is payable Rs 2 on application, Rs 5 on allotment, Rs 3 on first and final call.

Bank A/c	Dr.	50,000	
To Share Application A/c			50,000
(Application money received for 25,000 shares)			

Share Application A/c	Dr.	50,000	
To Share Capital A/c			20,000
To Share Allotment A/c			30,000
(Application money transferred to Share Capital Account and the balance amount is transferred to Share Allotment Account)			

Share Allotment A/c	Dr.	50,000	
To Share Capital A/c			50,000
(Amount due on allotment of 10,000 shares @ Rs 5 per share)			

Bank A/c	Dr.	20,000	
To Share Allotment			20,000
(Allotment money received, Rs 50,000 – Rs 30,000)			

- ***Case-III*: Pro-rata allotment and refund of money**

  Example: A Ltd. issued 10,000 shares @ Rs 10 per share. Applicants received for 25,000. The company made allotment on pro-rata basis to 20,000 and rejected 5,000 shares. The money of rejected applications was refunded immediately. Amount is payable Rs 2 on application, Rs 5 on allotment, Rs 3 on first and final call.

Bank A/c	Dr.	50,000	
To Share Application A/c			50,000
(Application money received for 25,000 shares)			

Share Application A/c	Dr.	50,000	
To Share Capital A/c (10,000 × 2)			20,000
To Share Allotment A/c (10,000 × 2)			20,000
To Bank (Money of rejected shares) (5,000 × 2)			10,000
(Application money transferred to Share Capital Account and the balance amount is transferred to Share Allotment Account)			

Share Allotment A/c	Dr.	50,000	
To Share Capital A/c			50,000
(Amount due on allotment of 10,000 shares @ Rs 5 per share)			

Bank A/c	Dr.	30,000	
To Share Allotment			30,000
(Allotment money received, Rs 50,000 – Rs 20,000)			

❖ **Securities Premium**

When shares are issued more than its face-value, then the excess amount over the face-value is called Securities Premium.

❖ **Utilisation of Securities Premium**

As per the Section 52(2) of the Companies Act, 2013, the amount available in securities premium account will be utilised only for the following purposes.

- For issuing fully paid bonus shares to the members.
- For writing-off preliminary expenses, discount on securities and debentures, expenses relating to issue of shares.
- For premium payable on redeemable preference shares and debentures.
- For buy back of its own shares.

❖ **Buy Back of Shares**

Buy-back of shares means repurchasing of its own shares by a company from the market for reducing the number of shares in the open market. As per the Section 68 of the Companies Act, 2013, a company can Buy-back its own shares and debentures on the account of following reasons:

- To improve EPS (Earnings Per Share)
- To return surplus cash to the shareholders that is not required by the business
- To support value of its shares
- To facilitate capital restructuring of the company.
- To prevent take-over bid.

❖ **Calls-in-Arrears**

When a shareholder fails to pay the amount due on allotment or any subsequent calls, then it is termed as Calls-in-Arrears.

Journal Entry: If calls in arrears account are opened.

Calls-in-Arrears A/c	Dr.
To Share Allotment, First Call, so on A/c	

- **Calls-in-Advance**

When a shareholder pays the whole amount or a part of the amount in advance, i.e. before the company calls, then it is termed as Calls-in-Advance.

Journal Entries:

for receiving

Bank A/c	Dr.
To Calls-in-Advance A/c	

for adjustment

Calls-in-Advance A/c	Dr.
To Share _____ Call A/c	

- **Ascertaining the Amount Due from the Defaulters**

Generally, the question specifies one or two defaulters who fail to pay either the allotment, first call or other calls. The calculation of the amount not received from such defaulters involves the calculation of the numbers of shares held by them (or number of shares applied by them). Usually, the question mentions either of the two, i.e. either the number of shares allotted to the defaulters or the number of shares applied by them.

If number of shares applied by the defaulter is given, then

$$\text{Number of Shares Alloted} = \frac{\text{Shares Allotted}}{\text{Shares Applied}} \times \text{ No. of Shares Applied by the Defaulter}$$

If number of shares alloted to the defaulter is given, then

$$\text{Number of Shares Applied} = \frac{\text{Shares Applied}}{\text{Shares Allotted}} \times \text{ No. of Shares Allotted to the Defaulter}$$

Example,

If Mr. A (belonging to the category which applied for 20,000 shares and were allotted 5,000 shares) holding (allotted) 250 shares failed to pay allotment money, then in order to ascertain the amount unpaid by him, we need to calculate the number of shares applied by him, that is,

$$\text{Number of Shares Applied} = \frac{\text{Shares Applied}}{\text{Shares Allotted}} \times \text{ No. of Shares Allotted to Mr. A}$$

$$\text{Number of Shares Applied} = \frac{20{,}000}{5{,}000} \times 250 = 1{,}000 \text{ shares}$$

Example,

If Mr. A (belonging to the category which applied for 20,000 shares and were allotted 5,000 shares) applied for 300 shares failed to pay allotment money, then in order to ascertain the amount unpaid by him, we need to calculate the number of shares allotted to him, that is,

$$\text{Number of Shares Allotted} = \frac{\text{Shares Alloted}}{\text{Shares Applied}} \times \text{ No. of Shares Applied by Mr. A}$$

$$\text{Number of Shares Allotted} = \frac{5{,}000}{20{,}000} \times 300 = 75 \text{ shares}$$

- **Forfeiture of Shares**

If a shareholder fails to pay the allotment money and/or any subsequent calls, then the company has the right to forfeit his/her shares by giving a proper notice.

Journal Entries for forfeiture of Shares

Issued at Par
Share Capital A/c (called-up) Dr. To Share Forfeiture A/c (paid-up) To Calls-in-Arrears A/c (unpaid) **Or** To Unpaid Calls A/c (unpaid) (Shares forfeited)

Issued at Premium ***when premium is due and received***	**Issued at Premium** ***when premium due but not received***
Share Capital A/c (called-up ***minus*** premium) Dr. To Share Forfeiture A/c (paid-up) To Calls-in-Arrears A/c (unpaid ***minus*** premium) **Or** To Name of Unpaid Call A/c (unpaid ***minus*** premium) (Shares forfeited)	Share Capital A/c (called-up ***minus*** premium) Dr. Securities Premium A/c (premium) Dr. To Share Forfeiture A/c (paid-up) To Calls-in-Arrears A/c (unpaid ***plus*** premium) **Or** To Name of Unpaid Calls A/c (unpaid ***plus*** premium) (Shares forfeited)

❖ **Re-issue of Forfeited Shares**

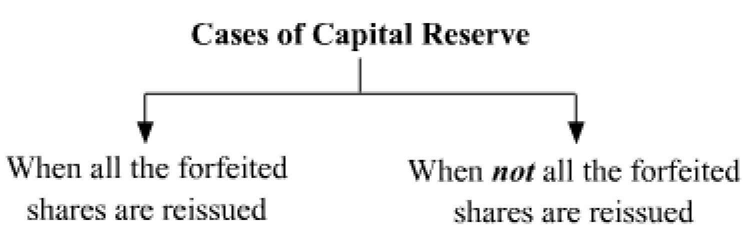
The director of the company can re-issue the forfeited shares either at par, at premium or at discount. If the shares are re-issued at discount (or loss), then the face-value of the share must not exceed the amount of Share Forfeiture per share.

Re-issue of Shares Originally Issued at Par	**Re-issue of Shares Originally Issued at Premium**
Bank A/c Dr. (Amount received of equal to paid up) To Share Capital A/c (Paid up)	Bank A/c Dr. (Amount received) To Share Capital A/c (Paid up) To Securities Premium A/c (Amount over paid up)

❖ **Transfer to Capital Reserve**

After the forfeiture and re-issue of shares, the last step is to transfer the profit to the Capital Reserve Account. In order to calculate the amount of profit that is to be transferred to the Capital Reserve, we need to ascertain the difference between the Share Forfeiture Account (in the forfeiture entry) and Forfeited Shares Account (in the re-issue entry).

Generally, we encounter the following two cases while calculating the amount of Capital Reserve:



- **When all the Shares Forfeited are Reissued**

Journal Entry:

Forfeited Shares A/c	Dr.
To Capital Reserve A/c	

- **When all the Shares Forfeited are *not* Reissued**

If in case, the question specifies that not all the shares that were forfeited are not reissued, then we need to calculate the Share Forfeiture Amount (in the forfeited entry) proportionately.

Example

Ram who applied and allotted 500 shares, issued at par of Rs 10 failed to pay the allotment money of Rs 4 per share consequently; his shares were forfeited immediately after the allotment. Out of these 300 forfeited shares, only 200 shares were reissued at Rs 9 per share as fully paid. The amount payable as Rs 3 on application and Rs 4 on allotment.

Share Capital A/c (300 × 7) Dr.	2,100	
To Share Forfeiture A/c (300 × 3)		900
To Share Allotment A/c (300 × 4)		1,200
(300 shares of Ram forfeited)		
Bank A/c (200 × 9) Dr.	1,800	
Forfeited Shares A/c (200 × 1) Dr.	200	
To Share Capital A/c (200 × 10)		2,000
(200 shares re-issued at Rs 8 per share as fully paid)		
Forfeited Shares A/c Dr.	400	
To Capital Reserve A/c		400
(Transfer of profit on re-issue)		

***Working Notes*:**

Forfeiture Amount on 300 shares = Rs 900

Forfeiture Amount on 1 share = Rs $\frac{900}{300}$

Forfeiture Amount on 200 shares = Rs $\frac{900}{300} \times 200 = \text{Rs } 600$

Amount of Capital Reserve

Proportionate Amount of Share Forfeiture Account ***minus*** Forfeited Shares

= Rs 600 – Rs 200 = Rs 400

❖ **Presentation of Share Capital in the Balance Sheet as per *Schedule III of the Companies Act, 2013***

Example 1

Q Ltd. is registered with a capital of Rs 7,00,000 divided in 70,000 shares of Rs 10 each. Out of these, 50,000 shares were offered to the public for subscription. All the shares were fully subscribed by the public and all the money was received. Show the share capital in the Company's Balance Sheet as per Schedule III of the Companies Act, 2013.

Solution

Q Ltd.
Balance Sheet

Particulars	**Note No.**	**Amount (Rs)**
I. Equity and Liabilities 1. Shareholders' Funds a. Share Capital 2. Non-Current Liabilities 3. Current Liabilities	 1	 5,00,000
Total		**5,00,000**
II. Assets 1. Non-Current Assets 2. Current Assets a. Cash and Cash Equivalents	 2	 5,00,000
Total		**5,00,000**

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	**Share Capital**	
	Authorised Share Capital	
	70,000 shares of Rs 10 each	7,00,000
	Issued Share Capital	
	50,000 shares of Rs 10 each	5,00,000
	Subscribed, Called-up and Paid-up Share Capital	
	50,000 shares of Rs 10 each	5,00,000
2	**Cash and Cash Equivalents**	
	Cash at Bank	5,00,000

Example 2

RS Ltd. has an authorised capital of Rs 1,00,000 divided in 10,000 shares of Rs 10 each. Out of these, 7,000 shares were offered to the public at a premium of Rs 3. Company received the applications only for 5,000 shares. All the money was duly received. Show the relevant items in the Company's Balance Sheet as per Schedule III of the Companies Act, 2013.

Solution

RS Ltd.
Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	50,000
b. Reserves and Surplus	2	15,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		**65,000**
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	65,000
Total		**65,000**

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	**Share Capital**	
	Authorised Share Capital	
	10,000 shares of Rs 10 each	1,00,000
	Issued Share Capital	
	7,000 shares of Rs 10 each	70,000
	Subscribed, Called-up and Paid-up Share Capital	
	5,000 shares of Rs 10 each	50,000
2	**Reserves and Surplus**	
	Securities Premium	15,000
3	**Cash and Cash Equivalents**	
	Cash at Bank	65,000

Example 4

SK Ltd. is registered with a capital of Rs 20,00,000 divided into equity shares of Rs 100 each. Out of these 5,000 shares were issued to the vendor as fully paid purchase consideration for a machinery purchased. Remaining shares were offered to the general public. All the calls were made and duly received except the first and final call of Rs 30 per share on 1,200 shares. Out of these shares, 700 shares were forfeited by the company for the non-payment of the call money. Show how Share Capital will appear in the Company's Balance Sheet as per Schedule III of the Companies Act, 2013.

Solution

SK Ltd.
Balance Sheet

Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	19,64,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		**19,64,000**

II. Assets		
1. Non-Current Assets		
a. Fixed Assets		
i. Tangible Assets	2	5,00,000
2. Current Assets		
a. Cash and Cash Equivalents	3	14,64,000
Total		**19,64,000**

NOTES TO ACCOUNTS

Note No.	Particulars		Amount (Rs)
1	**Share Capital**		
	Authorised Share Capital		
	20,000 shares of Rs 100 each		20,00,000
	Issued Share Capital		
	20,000 shares of Rs 100 each		20,00,000
	Subscribed, Called-up and Paid-up Share Capital		
	5,000 shares of Rs 100 each issued to the vendor		5,00,000
	14,300 shares of Rs 100 each	14,30,000	
	Less: Calls-in-Arrears (500 × 30)	(15,000)	
	Add: Share Forfeiture (700 × 70)	49,000	14,64,000
			19,64,000
2	**Tangible Assets**		
	Machinery		5,00,000
3	**Cash and Cash Equivalents**		
	Cash at Bank		14,64,000