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NAME OF THE PAPER	: CORPORATE ACCOUNTING
TOPIC	: SHARE CAPITAL AND ITS CLASSIFICATION
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SHARE CAPITAL

Share Capital- Share capital is defined as the sum total of money raised by a company through issuing share to the public. In other words share capital is the collected money invested in a company by the share holders. , Thus the funds received by a company through issue of share to public are called share capital.



SHARE CAPITAL

Types of Share Capital: According to section 43 of the companies act 2013 share capital consist two type.

1. Equity Share Capital- This Share capital is represent the money contributed by owner and investors toward the capital of the company. Such share capital does not carry any preferential rights dividend and capital as carried by the preference share capital. The number of equity share multiplied by the face value of each equity share gives us the equity share capital of the company.

2. Preference Share Capital- P.S.C. means that issued share capital which carries preferential right in respect of –

- Payment of dividend either as a fixed amount or an amount calculated at a fixed rate it may be free of or subject to income tax.
- Repayment of share capital has priority in case of winding up prior to the equity share holders.



CLASSIFICATION OF DIFFERENT TYPE OF SHARE CAPITAL

Type of Capital-

1. Authorized Capital
2. Issued Capital
3. Unissued Capital
4. Subscribed Capital
5. Called up Capital
6. Un called up Capital
7. Paid up Capital
8. Reserve Capital
9. Capital Reserved



CLASSIFICATION OF DIFFERENT TYPE OF SHARE CAPITAL...

1. **Authorized Capital-** Authorized capital is the total sum of capital on which company is registered. It is also called registered capital or nominal capital. It is always mentioned in the MOA (Memorandum of Association) of every limited company. It is the maximum amount of capital to public issue by MOA.
2. **Issued Capital-** Issued capital is the part of the authorized capital issued to the public for subscription. In a simple way, it can say that issued capital is the subset of the authorized capital.
3. **Unissued Capital-** Unissued capital is the portion of the authorized capital which is not issued for public subscription.



4. **Subscribed Capital-** Subscribed capital is the part of issued capital for which public sends its application to the company. It is not mandatory that the issued capital is fully subscribed by the public.
5. **Called up Capital –** Called up capital is the part of the subscribed capital, which include the amount of share paid by the shareholders. Generally, full amount of share does not called at one time. According to the need of the company it is called in installment. That part of subscribed capital which is called for payment is known as called up capital.
6. **Uncalled up Capital –** The portion of the issued capital which is not called up by the company from public is known as uncalled up capital.



7. **Paid up Capital** – That portion of called up capital which is paid by the shareholder to the company is called paid up capital.
8. **Reserve Capital** – According to section 65 of the companies act 2013 the limited company may pass a resolution to increase the nominal amount of its capital by increasing the nominal value of share and it may be called only at the event of winding up of the company. Such increased capital which is uncalled capital is said to be reserved capital. It is available only for the creditors in event of winding up of company.



9. **Capital Reserve** – Capital reserved are made out of capital profit which are used only for written off of capital losses. This reserve are created out of the sale or revolution of fixed assets, profit earned prior to incorporation, profit accrued on forfeiture and reissue of share etc.



RELATED QUESTIONS

Short answer type question:

1. What is share capital?
2. Explain the preference share.

Long Answer type question:

1. What is share capital and explain the types of share capital?



REFERENCES

1. S.M. Shukla , “Corporate Accounting”.
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SELF DECLARATION

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Thank You

