

6/4/2020

Lecture - 12

B.C.A - 2 Semester 2019-2020

Subject → Financial Accounting & Management.

Unit - 4

Topic → Share Capital

Share Capital means the Capital raised by a Company for by the issues of Shares. The word "Capital" in connection with a Company is used in several senses. its many means authorised issued and subscribed, or paid-up or reserved Capital of the Company.

## Types of Share Capital

1. → Nominal, authorised or registered Capital

This is the sum stated in the memorandum as the Share Capital of a Company with which it is proposed to be registered. This is the maximum amount of Capital which it is authorised to raise by issuing Shares.

2. → Issued Capital → It is that part of the authorised Capital which the Company has issued for subscription.

Subscribed Capital  $\rightarrow$  it is that part of the issued capital which has been subscribed.

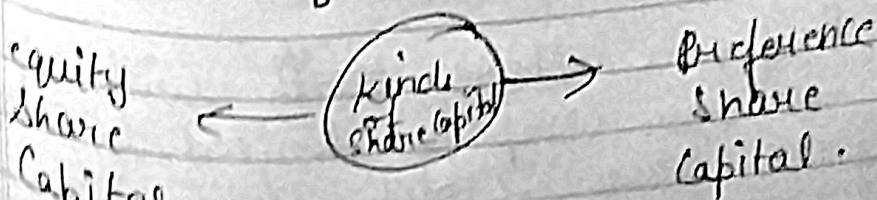
Subscribed Capital  $\leq$  issued Capital.

i) Reserve Capital  $\rightarrow$  The Company may reserve all or part of the uncalled capital which can then be called in the event of the company being wound up. For this purpose, a special resolution is required to be passed.

ii) Paid-up Capital  $\rightarrow$  A share is share in the share capital of a company, and includes stock except where a distinction between stock and share is expressed or implied.

### Kind of Share Capital

Share Capital means the capital raised by a company by the issue of shares. The capital of a company may be of two kinds.



## equity Share Capital

- 1.) with Voting rights; or
- 2.) with differential rights as to dividend voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.

## Preference Share Capital.

- 1.) Payments of dividend during the lifetime of the company.
- 2.) Repayment of Capital on winding-up.

## Types of shares:

A company can issue two types of shares.

- 1.) Preference Shares.
- 2.) Equity Share.

## Preference Share

Preference shares, ~~with~~ with reference to any company limited by shares are those which have two

### characteristics:-

- i) They have a preferential right to be paid dividend during the lifetime of the company, and.
- ii) They have a preferential right to ~~be~~ the return of capital when the company goes into liquidation.

### equity shares.

Equity Shares, with reference to any company limited by shares, are those which are not preference shares.

All limitations, restrictions and provisions relating to equity shares shall be applicable to sweat equity shares also.