

Theme:

CSE460

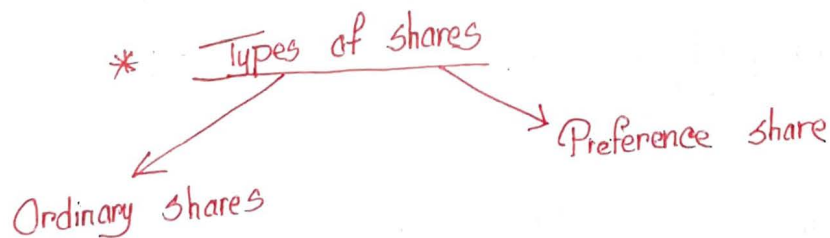
- * Authorized Stock/Share } → How much they are allowed to sell
- * Authorised Capital } Which is determined by Security Exchange

eg: 1000,000 share (per value Tk 10) → Authorised Stock
 Tk. 10,000,000 → Authorised Capital

- * Issued share } How much they are releasing in market
- * Issued capital }

eg: 400,000 share
 Tk. 4,000,000

Tk 10 → At par
 Tk 12 → At premium
 Tk 9 → At discount



Public Corporation

If 50,000 people buy the 400,000 shares, these 50,000 people are known as Board of Directors → These members are selected by Annual General Meeting (AGM)

↓

Management

Theme:

ABC Co.

1. Issued 10,000 ordinary shares at Tk. 10 (face value Tk. 10)
2. Issued 5,000 ordinary shares at Tk. 12
3. Issued 3,000 preference share at Tk. 9. (Face value Tk. 10)

- Journal
1. Cash Dr. Tk. 100,000
Common Stock Cr. Tk. 100,000
 2. Cash Dr. Tk. 60,000
Common Stock Cr. Tk. 50,000
Additional paid in capital Cr. Tk. 10,000
 3. Cash Dr. 27,000
~~Preferred stock~~ Cr.
Additional Paid in capital Dr. 3,000
Preferred stock Cr. 30,000

Shareholder's Equity

Authorised Capital
 Issued Capital
 Paid in Capital

① Authorised Capital

Ordinary Share Capital (50,000 share)	Tk. 500,000
Preferred share Capital (20,000 share)	Tk. 200,000
	<u>Tk. 700,000</u>

② Issued Capital

Ordinary Share Capital (15,000 shares)	Tk. 150,000
Preferred Share Capital (3,000 shares)	Tk. 30,000
	<u>Tk. 180,000</u>

~~Paid in Capital:~~

Ordinary Share Capital (15,000 shares)	Tk. 150,000
Preferred share Capital (3,000 shares)	Tk. 30,000

③ Paid in Capital

3a Capital Stock

Common Stock	Tk. 150,000
Preferred Stock	Tk. 30,000

P.T.O.

3b Additional Paid in Capital

Common stock 10,000

Preferred stock (3000)

Total paid in capital Tk. 187,000

Retained Earnings Tk. 50,000

Total paid in capital Tk. 245,000

Retained Earnings

~~(To be continued every year)~~

Treasury Stock Tk. 4400
(11000-6600)Additional paid in capital Tk. 1200
(Treasury stock)

Total shareholder Equityobtained
from next
page

	<u>NI (Tk)</u>	<u>Dividend</u>	<u>Retained Earnings</u>
<u>2009</u>	35,000	-	35,000
<u>2010</u>	20,000	- 15,000	40,000
<u>2011</u>	28,000	- 10,000	58,000

* Treasury Stock → An organisation buying back their own share.

1. 1000 ordinary share buy back by ABC Co.
at Tk. 11

Treasury Stock	Dr.	11,000	
Cash	Cr.		11,000

2. Sold 600 Treasury Stock at Tk. 13

Cash	Dr.	7,800
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Treasury Stock	Cr.	6,600
Additional Paid in capital	Cr.	1200

Dividend

In 2011

1. Dividend Declare

Retained Earnings	Dr.	10,000	
Dividend Payable	Cr.		10,000

2. Record

3. Payment

Dividend Payable	Dr.	10,000	
Cash/Common stock	Cr.		10,000

* Dividend can be paid in two ways.

↙
Cash dividend

↘
Share/Stock Dividen
(Bonus share)

Theme:

ACT 201

Date: 13 / 11 / 2019

☐ Sat ☐ Sun ☐ Mon ☐ Tue ☒ Wed ☐ Thu ☐ Fri

E•13-5

Convertible
share

- | Preferred | vs | Ordinary |
|--|----|---------------------|
| ① Time period fixed | | ① No fixed time |
| ② Dividend compulsory | | ② Dividend optional |
| ③ Sometimes preferred share can be exchanged with ordinary share | | |

March 2,

Attorney's fees

Dr. 30,000

Common stock

Cr.

25,000

Additional paid in
capital
(Common stock)

Cr.

5,000

June 12,

Cash

Dr. 375,000

Common Stock

Cr.

300,000

Additional paid in
capital
(Common stock)

Cr.

75,000

July 11,

Cash

Dr. 110,000

Preferred stock

Cr.

100,000

Additional paid
in capital
(preferred stock)

Cr.

10,000

Nov 28,

Treasury stock

Dr. 80,000

Cash

Cr.

80,000

Theme:

Additional Problem:

Reissued TS at \$ 50 each (1000 shares)

Cash	Dr.	50,000	
			40,000
T.S.	Cr.		10,000
Additional paid in capital (TS)	Cr.		

* Categories of Preference Stock:

- ① Cumulative vs non-cumulative
- ② Convertible vs inconvertible
- ③ Participatory vs non-participatory

* When a company buys back their own share, the remaining share in market is called outstanding share.

Theme:

Date:

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P13-1A

(a) Jan 10. Cash Dr. 320,000
Common stock Cr. 160,000
Additional paid in Cr. 160,000
 capital
 (Common stock)

Mar 1, Cash Dr. 525,000
Preferred stock Cr. 500,000
Additional paid in Cr. 25,000
 capital
 (PREFERRED STOCK)

Apr 1. Land bought Dr. 48,850.00
Common stock Cr. 48,000
Additional paid in Cr. 37,000
 capital
 (Common stock)

May 1,

Cash	Dr.	360,000	
Common Stock	Cr.		180,000
Additional paid in each capital (common stock)	Cr.		200,000

Aug 1.

Attorney's fees	Dr.	30,000	
Common Stock	Cr.		20,000
Additional paid in capital (common stock)	Cr.		10,000

Sept 1.

Cash	Dr.	50,000	
Common stock	Cr.		20,000
Additional paid in capital (common stock)	Cr.		30,000

Nov 1,

Cash	Dr.	109,000	
Preferred stock	Cr.		100,000
Additional paid in capital (preferred stock)	Cr.		9,000

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(c)

Additional:

If there were dividend:

$$\begin{aligned} \$600,000 \times 8\% \\ = \$48,000 \end{aligned}$$

Retained Earnings	Dr.	48,000	
Dividend Payable			
(Preferred stock)	Cr.		48,000

(b) (c)

Preferred $\rightarrow 6,000$ shares $\times \$100$

Ordinary $\rightarrow 204,000 \times \2

Paid in Capital:

Preferred share

Preferred stock \$600,000

Additional paid in capital \$34,000

Common share

Common stock \$408,000

Additional paid in capital \$437,000

Total paid in capital \$14,79,000

+ Retained Earnings —

P.T.O

Total paid in capital & Retained Earning 14 79000

+ ~~A~~ (-) Treasury stock

+ (Additional paid in capital

(Treasury stock)

Total shareholders equity

P-13-2A, P-13-3A

Assignment

Journal

Journal +
Paid in capital

B P13-3A

Stockholders' Equity
Paid in Capital

\$

Ordinary sharesCommon Stock $(1,000,000 + 30,000)$

(\$M) Additional Paid in Capital

15,750,000
10,300,000Preferred shares

Preferred stock

(\$M) Additional Paid in Capital

4,000,000

1,000,000

Total paid in Capital

(\$M) Retained Earnings

3,105,000

2,268,000

Total paid in capital & Retained Earnings

• Treasury Stock

Additional paid in capital

5,373,000

(26,000)

3,000

Total Stockholders' Equity

5,350,000

Worksheet Given in Class
Adjusted Journal

- ① 8% Debenture Dr. ~~100~~8,000
Interest Payable Cr. ~~100~~8,000
- ② Retained Earnings Dr. 50,000
Dividend Payable Cr. 50,000
- ③ Depreciation Expense - Equipment Dr. ~~17~~⁴8,000
Accumulated Depreciation - Equipment Cr. ~~17~~⁴8,000
- Depreciation Expense - Machinery Dr. 17,000
Accumulated Depreciation - Machinery Cr. 17,000
- ④ Supplies Expense Dr. 4200
Supplies Cr. 4200
- ⑤ Tax expense Dr. 111,690
Tax payable Cr. 111,690