

## TOPIC

## Section 54. Issue of sweat equity shares.

"Issue of Share at discount" to TOP level Employee

Share issue at discount:

- ⇒ Bonus
- ⇒ Sweat equity

- ⇒ BOD
- ⇒ CEO/CFO/MD
- ⇒ Promoter

If the following conditions are fulfilled, namely:

- (a) the issue is authorised by a **special resolution** passed by the company;  
↳ Fav.  $\geq 75\%$
- (b) the resolution specifies the number of shares, the current market price, consideration, if any, and the class or classes of directors or employees
- (c) where the equity shares of the company are listed on a recognised stock exchange, the sweat equity shares are issued in accordance with the regulations made by the Securities and Exchange Board in

⇒ **AoA** + **SR** + **Disclose** + **SEBI (SIE)**

- ⇒ Qty. of Share
- ⇒ Market Price
- ⇒ Issue Price
- ⇒ List of People

## Impact of Ind AS On Financial Statements

FIS

Indian Accounting Standard-1 (Ind AS-1), is about the presentation of financial statements. Ind AS-1 lists the following as a complete set of financial statements:

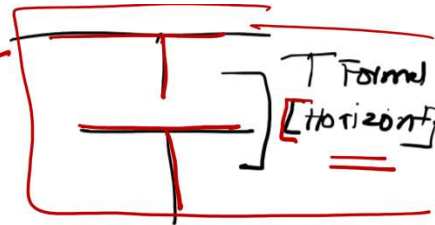
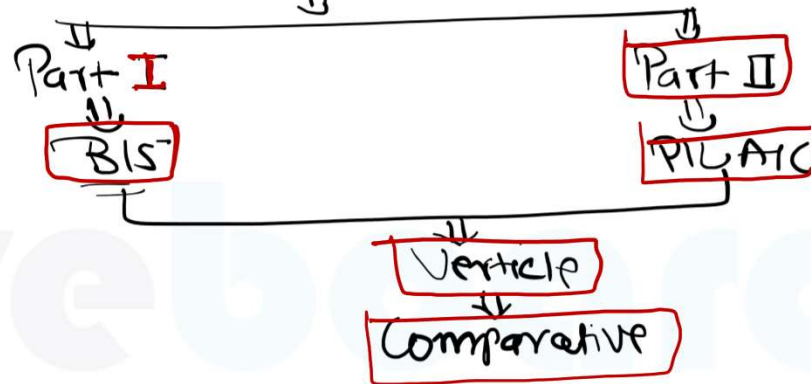
- A balance sheet as at the end of the period
- A statement of profit and loss for the period
- Statement of changes in equity for the period SOCE ⇒ Comparative
- Statement of cash flows for the period
- Notes, comprising a summary of significant accounting policies and other explanatory information
- Comparative information in respect of the previous accounting period

## TOPIC

PIL A/C	2025	2024
<u>I. Income from Sales</u> ✓	---	---
<u>II. Other Income</u> ✓	---	---
<u>Total Income</u>	---	---
<u>III. Less: Expenses:</u>		
Purchase ✓	(---)	(---)
Salary ✓	(---)	(---)
Rent ✓	(---)	(---)
Dep. ✓	(---)	(---)
<u>Profit Before Tax</u>	---	---
<u>Less: Tax</u> ✓	(---)	(---)
<u>PAT</u>	---	---

## Format of Financial Statement

### Schedule III<sup>rd</sup>



	24	23
Liab.		
Asset		

## TOPIC

### ⇒ Arrangement of BIS

Marshalling

	2025	2024
<u>Capital and Liability:</u>		
Eq. Share Capital	---	---
Res. and Surplus (Sec. Premium)	---	---
<u>Long term Liability: (Non-Current Liability)</u>		
<u>Borrowings</u>	---	---
<u>Other Liability:</u>		
Short term Borrowing	---	---
Current Liability	---	---
<u>Assets:</u>		
<u>Fixed Asset (Non-Current Asset)</u>	---	---
<u>Other Asset (Current Asset)</u>	---	---



## TOPIC

## In the books of Company

eg:  $1000 \times 100 = 100000$   
 $\downarrow$   
 Share Capital  
 $\Rightarrow$  Application = 20  
 $\Rightarrow$  Allotment = 60  
 $\Rightarrow$  Call = 20

① Application money received  $1000 \times 20 = 20000$

② Transfer to Capital A/c

③ Allotment money due  $1000 \times 60 = 60000$

④ Allotment money received

⑤ Call money due  $1000 \times 20 = 20000$

⑥ Call money received

① Bank A/c Dr. 20000  
 To Sh. App. A/c 20,000

② Sh. App. A/c Dr. 20000  
 To Sh. Cap. A/c 20,000

③ Sh. Allot. A/c Dr. 60,000  
 To Sh. Cap. A/c 60,000

④ Bank A/c Dr. 60,000  
 To Sh. Allotment A/c 60,000

⑤ Call money A/c Dr. 20000  
 To Sh. Cap. A/c 20,000

⑥ Bank A/c Dr. 20,000  
 To Call money A/c 20,000

## TOPIC

## Special Cases of Journal Entry:

$\Rightarrow 1000 \times 100$   $\rightarrow$  Pay 20000 + 5000  $\checkmark$   
 $\rightarrow$  Forfeiture A/c  
 $\rightarrow$  Not Pay = 5000 + 20000  
 $\Rightarrow$  Calls-in-Arrear

### Premium ~~Imp.~~

Sh. Allot A/c Dr.  
 To S. Cap A/c  
 To Sec. Prem A/c

$1000 @ 120 = \begin{cases} \Rightarrow 20 \\ \Rightarrow 60 + 20 \Rightarrow \text{Allot.} \\ \Rightarrow 20 \end{cases}$   
 $\downarrow$   
 S. Allot. A/c Dr. 80,000  
 To S. Cap. A/c 60,000  
 To S. Prem. 20,000

### Discount

Sh. Allot A/c Dr.  
 Disc. on issue A/c Dr.  
 To S. Capital

$1000 @ 90 = \begin{cases} \Rightarrow 20 \\ \Rightarrow 60 \text{ (10 disc.)} \\ \Rightarrow 20 \end{cases}$   
 $\downarrow$   
 Sh. Allot A/c Dr. 50,000  
 Disc. on Issue Dr. 10,000  
 To S. Cap. A/c 60,000

\* Post discount on Re-issue:  
 Balance  $\downarrow$  in Sh. Forf. A/c  
 $\downarrow$   
 Transfer to Capital Res.

### Calls-in-Arrear

$1000 @ \text{Allot } 60 + \text{Call } 20$   
 $\rightarrow$  Paid 255  $\downarrow$   
 $\downarrow$   
 Bank A/c Dr. 75,000  
 Call-in-Arrear A/c Dr. 25,000  
 To S. Capital A/c 1,00,000

\* Max. disc. on Re-issue  
 Amount in Sh. Forf.  
 $\downarrow$   
 Adjust Disc. from  
 Sh. Forf. A/c

Bank A/c Dr. 50,000  
 Forf. A/c Dr. 50,000  
 To S. Capital A/c 1,00,000

### Forfeiture of Shares ~~(cancel)~~

S. Cap A/c Dr. 1,00,000  
 To S. Forf. A/c = 75,000  
 To Calls-in-Arrear A/c 25,000

### Discount on Re-issue

### Re-issue of Share

Transfer of Balance  
 in S. Forf.  
 to Cap. Res.

S. Forf. A/c Dr. 25,000  
 To Capital Reserve 25,000

## TOPIC

eg:- 1000 Shares of ₹100 issued @ ₹120 Pass J.E ? ⇒

Sh. App / Alt. A/c Dr.	1,20,000
TO S. cap. A/c	1,00,000
TO S. Premium A/c	20,000

eg:- 1000 Shares of ₹100, 80 Paid and ₹20 not Paid. Pass J.E ?

Bank A/c Dr.	80,000
Calls in Arrear A/c Dr.	20,000
TO S. Capital A/c	1,00,000

eg:- 1000 Share of ₹100 (₹80 Paid, ₹20 not Paid) forfeited by Co. Pass JE:

Share Capital A/c Dr.	1,00,000
TO Share forfeited A/c	80,000 ⇒ Received
TO Calls-in-Arrear A/c	20,000 ⇒ Not Received



## TOPIC

$$40 \times 1000 = 40,000$$

eg:- 1000 shares forfeited were re-issued @ ₹ 60, Pass JE?

Bank A/c Dr. 60,000  
 Sh. forfe. A/c Dr. 40,000  
 TO S. Cap. A/c 1,00,000

$$100 - 60 = 40$$

Discount

Max. Sh. Forf.

Adjust from  
 Sh. Forf. A/c

eg:- Transfer Bal. of Sh. forfeited =  $\text{Bal.} - \text{Disc.} = 80,000 - 40,000 = 40,000$  Remaining  $\rightarrow$  Cap. Res.

Share forfeited A/c Dr. 40,000  
 TO Capital Res A/c 40,000

Q:- 1000 shares of ₹ 100 issued by Co. and ₹ 80 paid by Investor and ₹ 20 not paid, consequently shares are forfeited by Co. and re-issued at ₹ 60 answer following Q. based on above info.