

UNDER WRITING OF SHARES & DEBENTURES.

UD-1

- underwriters → take the liability from co for shares issue.
- Statement of underwriters liability:-

Gross Liab.

actual Liab

(-) marked applⁿ

stamped with und-name

(-) unmarked applⁿ

dist in ratio of GL/MA.

(-) firm un.wri

Surplus of — to — (if any) +ve bal to other party.

Net liability (under contract)

N.L (firm underwriting)

• commission is always payable on gross liability

Net payable / recv

1) Applⁿ money decvble xx

2) Commission payable (xx)

3) Brokerage (xx)

4) Net Allotment money [FMV] xx

4) Net recv. / pay. (x) / x

FIRM UNDERWRITING

- contract to subscribe H certain no. of shares over and above or apart from his own GL.

- even if VW is xable to get his share of GL he has to apply fee firm underwriting

application money = NL as underwrites

allotment money = NL [U + FU]

commission = GL X FV (shares) X Rate of com.

N.L (UD)

+ NL (FU)

Total xx

if shares subscribed over then no liability [neither w/co]