

Corporation capital decrease:

There are three cases:

1- Reducing part of the nominal value to the shareholder .

From: capital share a/c ***

To: cash a/c ***

2- Reducing the nominal value of shares equal to the loss

From: capital share a/c ***

To: convertible losses a/c ***

3- Purchase a number of shares equal to the amount to be reduced

When you reduce the company's capital contribution by buying shares and cancel

1). Buying in nominal value:

From: capital share a/c ***

To: bank a/c ***

2). Purchase less than the nominal value

From: capital share a/c***

To bank a/c***

Systematic reserve a/c***

3). The purchase of more than nominal value

From : capital share a/c ***

Retained earnings a/c***

To: bank a/c***

Q:

QQW Corporation decided to the reduction of capital through the purchase of 5,000 shares, that the par value of \$50 per share

. **Required:** Recording accounting entries under each of the following cases:

1 - Purchase of shares at par value of the share.

2 - Purchase of shares at \$ 60 per share.

3 - Purchase of shares at \$ 40 per share.