

## Chart of difference between Reserve Capital and Capital Reserve

| Basis of Difference                      | Reserve Capital   | Capital Reserve  |
|--|---|--|
| <b>Meaning</b>                           | It is the part of subscribed Capital which is not called up yet. These types of shares are known as subscribed but not fully paid up. | It is the part of capital profit created for capital expenditure not free to distribute as dividends.                            |
| <b>Nature</b>                            | It is optional, <b>not mandatory</b> to create.   | It is <b>not optional</b> because it is appropriate to transfer capital profit to capital reserve.                               |
| <b>Accounting Policy and Resolution</b>  | To create it a special policy or resolution <b>is required</b> .  | To create it special policy or resolution <b>is not required</b> because it is already cleared in the basic accounting standard. |
| <b>Treatment in Financial Statements</b> | It is <b>not disclosed</b> in the financial Statement.  | It <b>is disclosed</b> in the financial statements in the notes to the balance sheet.  |
| <b>Creation</b>                          | It is an uncalled capital   | It is created out of capital profit.   |
| <b>Writing off Capital Losses</b>        | It <b>can not be</b> used to write off the capital loss.  | It <b>can be</b> used to write off the capital loss.   |