

UDES*H *REGULAR

FOR GROUP-1, MAY 2024

- Subject- Advanced Accounting
- Chapter- *INTERNAL RECONSTRUCTION*
- Lecture No.- *5*

Recap of Previous Lecture



Topic

Questions



PHYSICS
WALLAH

Topics to be Covered



Topic

Questions



PHYSICS
WALLAH

TOPIC: Questions

213

Journal Entries

- 1) 15000 Equity share capital A/c (₹ 50) - Dr 750000
To Equity share capital A/c (₹ 50) 37500
To Capital Reduction A/c 712500
- 2) Bank A/c - Dr 112500
To Equity share capital A/c 112500
(15000 x 3/1) x ₹ 50
- 3) Pref. Dividend: waived → No Entry
- 4) (12000 x 50) 5% Pref. sh. Cap. A/c (₹ 50) - Dr 600000
Capital Reduction A/c - Dr (Bif) 60000
To 5% Pref. sh. capital (10) 480000
(12000 x 4) x 10
To Equity sh. capital (₹ 50) 180000
(12000 x 6) x ₹ 50

5) Loan A/c - Dr 150000
 (12000 x 10) To 51 Prj-sh. Cap. (10) 120000
 (12000 x 2.5) To Equity sh. Cap. (2.50) 30000 ✓

6) Bank A/c - Dr 100000
 (40000 x 2.50) To Equity share Capital A/c 100000

7) Loan A/c - Dr 200000
 To Bank A/c 200000

8) Capital Reduction A/c - Dr 486000
 To PAL A/c 451000
 To Plant A/c 35000

9) Capital Reduction A/c - Dr 166500
 To Trademark & G/W 166500
 (712500 - 60000 - 486000)

Balance sheet of Rebuilt Ltd. (and reduced)

Equity & Liabilities

- 1) Shareholder funds
 - a) Share capital
 - 2) Non current liabilities
 - a) Long Term Borrowings
 - 3) Current Liabilities
 - a) Trade Payables
 - b) Other Current Liab.
- TOTAL**

Note No.

Amount

1 1060000

2 223000

207000

35000

1525000

Assets

- 1) Non current Assets
 - a) PPE & Intangible Assets
 - i) PPE
 - ii) Intangible Assets

3 633000

4 151500

2) Current Assets

- a) Inventories
- b) Trade Receivables
- c) Cash & Cash Eq.

TOTAL

5

400000

328000

12500

1525000

Note 1: Share Capital

Authorized:

300000 eq. sh. of 2.50 each

65000, 5% Pref. sh. of 10 each

750000

650000

1400000

Issued, subst., called & paid up

184000 equity sh. of 2.50 each

(Out of above 12000 shares issued for consideration other than cash)

60000, 5% Pref. sh. of 10 each

460000

600000

(Out of above 12000 Pref. sh. issued for consideration other than cash)

1060000

Note 2: LTB

Loan (573000 - 150000 - 200000) 223000

Note 3: PPE

Building		490000
Plant	268000	
- W/ off under the scheme	(35000)	<u>233000</u>
		<u>633000</u>

Note 4: Intangible Assets

Trademark & Goodwill		318000
- W/ off under the scheme		<u>(166500)</u>
		<u>151500</u>

Note 5: Cash & Cash Eq.

Bank (112500 + 100000 - 200000) 12500

Q14

Ledger Accounts

Equity share cap. (10)

To Eq. sh. cap. (2.50)	160000
<i>(64000 x 2.5)</i>	
To Capital Red. A/c	480000
=	

By Bal b/d	480000
By Bank A/c	160000
<i>(64000 x 2.5)</i>	
=	

Bank A/c

To Eq. sh. cap.	160000
To Eq. sh. cap.	440000
To 10% Pref. sh. cap.	120000
=	

By Bal b/d	208000
By Bal b/d	<u>512000</u>
=	

8% Pref. sh. cap. (10)

To 10% Pref. sh. cap. (7.5)	480000
To Capital Red. A/c	160000
=	

By Bal b/d	640000
=	

10% Pref. sh. cap. (7.50)

To Bal b/d	<u>600000</u>
=	

By 8% Pref. sh. cap.	480000
<i>(64000 x 7.5)</i>	
By Bank A/c	120000
<i>(64000 x 1/4) x 7.5</i>	
=	

Capital Reduction A/c

To Prov. for D/Debt	64000
(32000 x 2)	
To Intangibles	20000
To Plant	100000
To Dep. Rev. Exp.	48000
To P&L A/c	440000
To Investments (WNI)	11500
To Capital Reserve	256100
(B-f.)	<u><u> </u></u>

By Pr. sh. cap.	160000
By Equity sh. cap.	480000
By Freehold Prem.	240000
By stock	2000
	<u><u> </u></u>

Equity share cap. (2.50)

Director Loan A/c

To Eq. sh. cap.	60000
	<u><u> </u></u>
By Bal b/d	60000
	<u><u> </u></u>

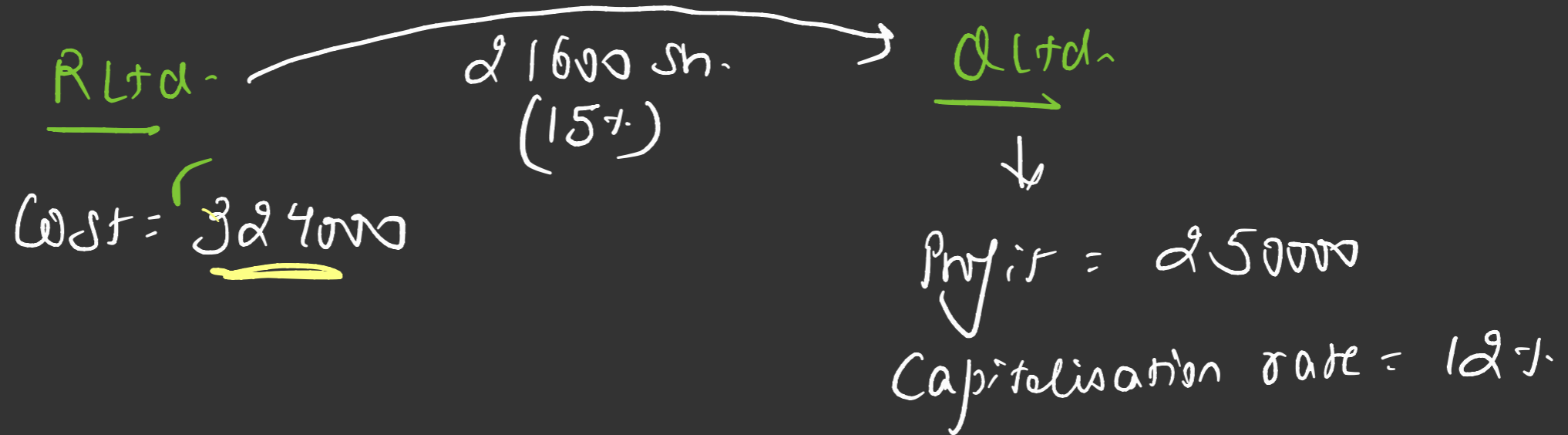
To Bal c/d

660000

By Equity sh. cap. (10)	160000
(64000 x 2.5)	
By Director Loan A/c	60000
(24000 x 2.5)	
By Bank A/c	440000
(64000 + 24000) x 2	
x 2.5	<u><u> </u></u>

Double

WN: 1



Total worth/ value of QLtd.

$$= \frac{250000}{12\%} = 2083333.33$$

Value of Investment = $2083333.33 \times 15\%$
 \Rightarrow 312500

Reduction in value of Inv. = $324000 - 312500$
 $= 11500$

Balance sheet of R Ltd. (and reduced)

Equity & Liabilities

- 1) Shareholder funds
 - a) Share Capital
 - b) Reserves & surplus
- 2) Current liabilities
 - a) Trade Payables

TOTAL

Note No.

Amount

1

1260000

2

256100

440000

1956100

Assets

- 1) Non current Assets
 - a) PPE & Intangible Assets
 - i) PPE
 - ii) Intangibles
 - b) Non current Investments

3

520000

4

48000

312500

2) Current Assets

a) Inventory

b) Trade Receivables

c) Cash & cash Eq.

TOTAL

5

250000

313600

512500

1956100

Note 1: Share Capital

Authorized Cap.: 1400000

Issued & subscribed

264000 equity sh. of 2.50 each

660000

(Out of above 24000 shares issued for consideration other than cash)

80000, 101-Prf. sh. of 7.50 each

600000

1260000

Note 2: Res. & surplus

Capital Reserve 256100

Note 3: PPE

Freehold Premises 380000

Plant & Eq. 240000

- W/Off under scheme (100000) 140000
520000

Nov-2008



Mere

H/W:

PQ 11

Note 4: Intangibles

Amount

68000

- W/Off under scheme (20000)
48000

Note 5: Trade Re

Amount

320000

- PDD

(6400)

313600



2 mins Summary



Topic

Questions



PHYSICS
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Thank You

