

UDES*H *REGULAR

FOR GROUP-1, MAY 2024

- Subject- Advanced Accounting
- Chapter- *INTERNAL RECONSTRUCTION*
- Lecture No.- *6*

Recap of Previous Lecture



Topic

Questions



PHYSICS
WALLAH

Topics to be Covered



Topic

Questions



PHYSICS
WALLAH

TOPIC: Questions

Q15

Entries

1) Share Find cell A/c - Dr 10,00,000
(1L x 10) To Equity Share Capital A/c 10,00,000

2) Bank A/c - Dr 10,00,000
To Share Find cell A/c 10,00,000

After above entry: - 15,00,000 sh. of 50 each

3) (15,00,000) Equity Share Cap. A/c (50) - Dr 75,00,000
To Equity Share Capital (do) 30,00,000
→ To Capital Reduction A/c 45,00,000

Mr X
4)

1st First Deb. A/c - Dr	300000
1st Second Deb. A/c - Dr	700000
Creditors A/c - Dr	2000000

To X's A/c

1200000

5)

X's A/c - Dr

700000

To Capital Reductions A/c

700000 ✓

6)

✓ Bank A/c - Dr

2000000

To X's A/c

2000000

7)

X's A/c - Dr

700000

To 1st First Deb. A/c

700000 ✓

$$(12L - 7L) + 2L = 7L$$

Mr. Y

8)

1st. First Deb. A/c - Dr	200000	
1st. Second Deb. A/c - Dr	300000	
Creditors A/c - Dr	100000	
		600000
To Y's A/c		

9)

Y's A/c - Dr	600000	
		300000
To Capital Reduction		
To 1st. First Deb.		300000

10) $(45+7+3)$

Capital Reduction A/c - Dr	5500000	
		2000000
To Goodwill A/c		
To P/L A/c		2000000
To Computers A/c (B.f.)		1500000

B/S of Green Ltd. (and solved)

Equity & Liabilities

- 1) Shareholder funds
 - a) Share Capital
- 2) Non Current Liabilities
 - a) Long Term Borrowings
- 3) Current Liabilities
 - a) Trade Payables (5L + 2L + 1L)
TOTAL

NO. NO.

Amount

1

3000000

2

1000000

200000

4200000

ASSETS

- 1) Non Current Assets
 - a) PPE & Intangible Assets
 - i) PPE
 - ii) Intangible Assets
- 2) Current Assets
 - a) Cash & Cash Equivalents (10L + 2L)
TOTAL

3

3000000

-

4

1200000

4200000

Note 1: Share Capital

Authorized, Issued & Subsc.

15000 equity shares of 20 each

300000

Note 2: LTB

14% First Deb. (7L + 3L)

100000

Note 3: PPE

Buildings 190000

Plant 100000

Computers 25000

- WIP (15000) 10000

300000

Note 4: Intangible Assets

Goodwill

- WIP

20000

(20000)

Nil

Fully fledged Oves

↳
Scheme

50 → 20

Subdivision X

↓

Reduction ✓

$$150000 \times 50 = \frac{375000}{x} \times 20 = 75L$$

Esc (50) 75L

To Esc (20) 75L

2) Prvy. Dividend: waived : No Entry

3) 97. Prvy. Sh. Cap. (100) A/c - Dr 1000000
To 107. Prvy. Sh. Cap. (50) 500000
To Capital Reductions A/c 500000

(A)

4) 107. First Deb. A/c - Dr 200000
107. Second Deb. A/c - Dr 300000
Creditors A/c - Dr 50000
Op's Interest A/c - Dr 50000
To A 600000

5) A A/c - Dr 300000
To Capital Reduction 300000

6) Bank A/c - Dr 50000
To A 50000

7) A A/c - Dr (62-34) + 50000 350000
To 107. Debtors A/c 350000

NDP

8) 10+ First Deb. A/c - Dr 100000
 10+ Second Deb. A/c - Dr 200000
 Creditors A/c - Dr 25000
 Of's Int. on dws. A/c - Dr 30000
To B 355000

9) B A/c - Dr 355000
To Capital Reduction 150000
To 12+ Debentures 205000

10) Creditors A/c - Dr 87500
To Capital Reduction A/c 87500
 $(250000 - 75000) \times 50\%$

11) Director Loan A/c - Dr 50000
40+ To Capital Reduction 20000
60+ To Equity Share Cap. 30000

12) Capital Reduction A/c - Dr 7500
To Bank A/c 7500
(150000 x 5%)

13) Bank A/c - Dr 55000
To Capital Reduction A/c 55000
(Director fees included)

14) Capital Reduction A/c - Dr 5000
To Bank A/c 5000

15) Prov-for Tax A/c - Dr 50000
To Bank A/c 40000
To Capital Reduction 10000

16)

Capital Reduction A/c - Dr

2360000

To Land & Building	100000
To Plant & Mach.	300000
To Stock	150000
To Trade Rec.	150000
To Computers	60000
To Firm. & Fruct.	50000
To Trade Inv.	50000
To Goodwill	50000
To Patents	250000
To P&L A/c	800000

Capital Reduction A/c

To Bank	7500	By Eq. sh. cap.	1250000
To Bank	5000	By Pref. sh. cap.	500000
To sundries (w/ off)	2360000	By A	300000
		By B	150000
		By Creditors	87500
		By Director Loan	20000
		By Bank	55000
		By Prov. for Tax	10000
	<u>Bank A/c</u>		<u>1250000</u>

To A	50000	By Bal b/d	50000
To Capital Red.	55000	By Capital Red.	7500
		By Capital Red.	5000
		By Prov. for Tax	4000
	<u>2500</u>	By Bal c/d (B-f.)	2500

Q 17

Working Note

Few Minutes

Equity & Liab.

Eq. sh. capital (6000 sh Fr: 60 Ru: 30)	180000
First Deb.	300000
Second Deb.	600000
	450000
	<hr/>
Creditors	1530000
	<hr/>

Assets

Property, Mach. & Plant
Cash

390000
270000
<hr/>
660000
<hr/>

Difference

P&L A/c (Dr. Bal-)

870000

(A)

1)

First Deb. A/c - Dr	30000	
Second Deb. A/c - Dr	30000	
Creditors A/c - Dr	9000	
		69000
To A		

2)

A A/c - Dr	21000	
		21000
To Capital Reduction		

3)

Cash/Bank A/c - Dr	3000	
		3000
To A		

4)

A A/c - Dr	51000	
		51000
To First Deb.		

(69000 - 21000) + 3000

(B)

5) Second Acc-A/c-Dr 300000
 [credit A/c-Dr 60000
 To B 360000

6) B's A/c - Dr 360000
 To Cash/Bank 90000
 To Capital Red. 270000

7) Share find cell A/c - Dr 180000
 (6000 x 30) To Equity share cap. 180000

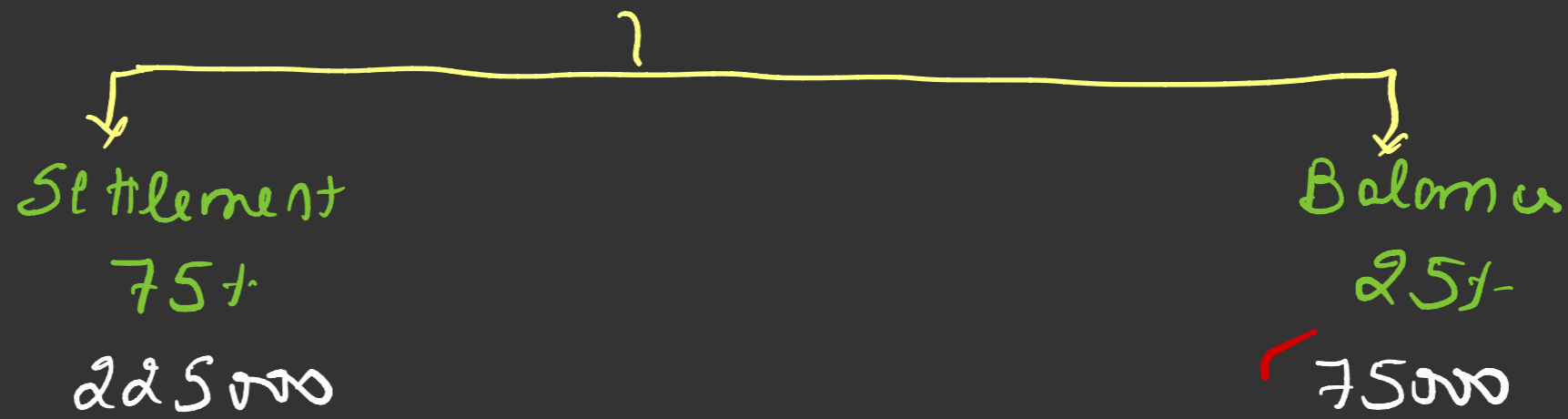
combine

8) Bank A/c - Dr 180000
 To Share find cell A/c 180000

9) (6000 x 60) Equity sh - cap. (60) - Dr 360000
 (6000 x 7.50) To Eq. sh. cap. (7.50) 45000
 To Capital Reduction A/c 315000

Unsecured creditors

$$450000 - 90000 - 60000 = 300000$$



For every ₹60 : $4 \times 7.50 = 30$

(Paid after 3 years)

$$225000 \rightarrow \frac{30}{60} \times 225000 = 112500$$

(Value of shares)

$$\text{No. of shares} = \frac{112500}{7.50} = 15000 \text{ sh.}$$

10) Creditors A/c - Dr 225000

To Equity share cap. 112500

To Capital Red - 112500

- 11) Creditors A/c - Dr 75000
 To Loan (unsecured) 75000
- 12) Capital Reduction A/c - Dr 87000
 To P/L A/c 87000
- 13) Capital Reduction A/c - Dr 37500
 To Capital Reserve A/c 37500

H/W
Pg 12 to 15

Capital Reduction A/c

To P/L A/c	87000	By A	21000
To Capital Res- [B/-]	37500	By B	27000
		By Eq. sh - cap	31500
		By Creditors	112500
			<u>112500</u>



2 mins Summary



Topic

Questions



PHYSICS
WALLAH



Thank You

