

UDES*H *REGULAR

FOR GROUP-1, MAY 2024

- Subject- Advanced Accounting
- Chapter- *INTERNAL RECONSTRUCTION*
- Lecture No.- *7*

Recap of Previous Lecture



Topic

Questions



PHYSICS
WALLAH

Topics to be Covered



Topic

Questions



PHYSICS
WALLAH

Ab Tak ke Hisab se

Eg. sh. cap: 100000 sh. of 10 each 100000



50% Reduce

Creditors: 4L → settle by giving 3L shares

1) Reduction:

Eg. sh. cap. A/c - Dr 10L

To Eg. sh. cap.

5L

To Cap. Reduction A/c

5L

Share cap: 5L + 3L = 8L

Cap. Red: 5L + 1L = 6L

Creditors (Reduce) by 4L

2) Creditors:

Creditors A/c - Dr 4L

To Eg. sh. cap.

3L

To Cap. Reduction

1L

Q19.

Journal Entries

1) (30000×100)
Equity share capital A/c (₹100) - Dr 3000000
 (30000×10) To Equity share capital A/c (₹10) 3000000

2) 2400000
Equity share cap. A/c - Dr 2400000
 To share surrender A/c
 $(30000 \times 80) \times 10 = 240000 \text{ sh.} \times 10$

3) Prv. Dividend: Forgo/Waived! No Entry

4) 2000000
Ft. Prv. share cap. A/c - Dr 2000000
 To Ft. Prv. share cap. A/c

- 5) Share Surrender A/c - Dr 500000
 To Equity share capital A/c 500000
- 6) Trade Payables A/c - Dr 615000
 (2460000 x 1/4) To Capital Reduction A/c 615000
- 7) Director loan A/c - Dr 440000
 To Capital Reduction A/c 440000
- 8) Share Surrender A/c - Dr 1900000
 To Capital Reduction A/c 1900000
 [24L - 5L]

9) Building A/c - Dr 150000
To Capital Reduction A/c 150000

10) Dividend Payable A/c - Dr 300000
To Bank A/c 300000

11) Expenses Capital Reduction A/c - Dr 60000
To Bank A/c 60000

12) Bank A/c - Dr 400000
To Equity share capital 400000
(40000 x 10)

13) Capital Reduction A/c - Dr 2630000

	To Patents	400000
	To Plant & Mach	400000
	To Inventory	340000
	To Trade Rec.	650000
	To P&L A/c	840000

14) Capital Reduction A/c - Dr 415000

	To Plant & Mach	415000
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Capital Reduction A/c

To Bank A/c	60000	By Trade Payables	615000
To sundries (w/ off)	2630000	By Director loan	440000
To Plant & Mach. (B/f)	415000	By share surrender	190000
(Adj. 11)		By Building	150000

20

Journal Entries

1) (100000 x 100)

Equity share capital A/c (₹100) - Dr

1000000

(100000 x 10)

To Equity share cap. A/c (₹10)

1000000

2)

Equity share cap. A/c - Dr

500000

To Share Surrender A/c

500000

(100000 x 50%) x 10

3) (C) / (Ld)

3)

Share surrender A/c - Dr

100000

To 1st. Pref. sh. cap. A/c

100000

4) (2L x 75%)

1st Debentures A/c - Dr

150000

(24000 x 75%)

Op's Deb. Int. A/c - Dr

18000

To Capital Reduction A/c

168000

5) Share Surrender A/c - Dr 36000
To Equity Capital 36000

6) Trade Payables A/c - Dr 72000
To Capital Reduction A/c 72000
(36000 + 36000)

7) Capital Reduction A/c - Dr 600000
To P/L A/c 600000

8) Share Surrender A/c - Dr 364000
To Capital Reduction A/c 364000
(500000 - 100000 - 36000)

9) Capital Reduction A/c -Dr 4000
4000
 To Capital Reserve A/c

Capital Reduction A/c

To P/L A/c	600000	By 12% Div.	150000
To Capital Res. (B.P)	(4000)	By Op. Res. Int.	18000
		By Trade Payables	72000
		By Share Surrender	364000
	=		=

Notes to Accounts

Note 1: Share Capital

536000 equity shares of 10 each 536000
(Out of above 36000 eq. sh. issued for
consideration other than cash)

100000, 12% pref. sh. of 10 each 100000
(All the above shares issued for consideration
other than cash)

Note 2: Res. & Surplus
Capital Reserve

4000

Note 3: LTB

12% Debentures

50000

Note 4: Other Current Liab-

0/s Deb-Int-

6000

1000000
(500000)

500000
36000

536000

Note 5: Short Term Prov-

Prov. for Tax 24000

Note 6: PPE

Machinery 100000

SORRY

100 → 3x25
→ 75



144000 (After 3 years)
↓
Loan

100 → 75

216000 → $\frac{75}{100} \uparrow$ 216000

=) 162000 Eq. Sh. Value

54000 Cap. Red.



2 mins Summary



Topic

Questions



PHYSICS
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Thank You

