

Qn.6

In The Books of X Ltd Journal Entry

No	Particulars	L.F	Debit (Rs.)	Credit (Rs.)
1	Equity share call A/c Dr. To Equity share capital A/c (Being call made on Eq shareholders)		3,50,000	3,50,000
2	Bank A/c Dr. To Equity share call A/c (Being call money received)		3,50,000	3,50,000
3	Equity share capital A/c (50,000 x17) Dr. To Equity share capital A/c (50,000 x14)(17-3) To Reconstruction A/c (Being reduction in equity share capital by Rs.3 / share)		8,50,000	7,00,000 1,50,000
4	Reconstruction A/c Dr. To Pref dividend in arrears A/c		24,000	24,000
5	8% Pref share capital A/c Dr. Pref dividend in arrears A/c Dr. To Reconstruction A/c (WN-1) To Bank A/c (Being paid to P.S.H and discharged)		3,00,000 24,000	97,200 2,26,800
6	9% Debenture A/c Dr. Interest accrued A/c Dr. To 10% Debenture A/c To Reconstruction A/c (Being settlement with debenture holders)		3,00,000 54,000	3,00,000 54,000
7	Bank Overdraft A/c Dr. Interest accrued on Bank Overdraft A/c Dr. To Reconstruction A/c (WN-1)		75,000 7,500	3,750

	To Bank A/c (WN-2) (Being settlement with Bank)			78,750
8	Sundry Creditors A/c To Reconstruction A/c (WN-1) To Bank A/c (WN-2) (Being payment to creditors)	Dr.		34,500 1,725 32,775
9	Reconstruction A/c To P&L a/c To Patents & Copy Rights a/c To Debtors a/c To Fixed assets a/c To Investment a/c	Dr.		2,81,000 2,14,000 40,000 15,000 7,000 5,000
10	Reconstruction A/c To Bank A/c (Being reconstruction expenses paid)	Dr.		1,675 1,675

Balance Sheet of X Ltd "And Reduced" as on 01.01.2012

Sr.No	Particulars	Note No.	Rs.
	EQUITY AND LIABILITIES		
1	Shareholders Funds		
a.	Share Capital	1	7,00,000
2	Non Current Liabilities		
	Long Term Borrowing		
	Secured Loan -10% Debenture		3,00,000
	Total		10,00,000
	ASSETS		
1	Non-current Assets		
a.	Fixed Assets		
i.	Tangible assets	2	5,53,000

b.	Non current Investment		27,500
	(Market value Rs.27,500)		
2	Current Assets		
a.	Cash & Cash equivalents		10,000
b.	Trade Receivable (60,000 -15,000)		45,000
c.	Other current assets		3,64,500
	(4,24,500 - 60,000)		
	Total		10,00,000

Note 1 - Share Capital

No	Particulars	Rs.
	Authorised: 50,000 Eq shares of Rs.17 each	8,50,000
	...,8% Pref shares of Rs.100 each	----
	Issued, Subscribed & Paid up	
a)	50,000 Eq shares of Rs.17 each Rs.14 paid up	7,00,000
		7,00,000

Note 2 - Tangible Fixed Assets

No	Particulars	Rs.
A	Fixed assets	
	Opening Balance	5,60,000
	Less: Reduced in the scheme of reduction	(7,000)
	Closing Balance	5,53,000

W Note 1 - Loss suffered by Equity Shareholders

No	Particulars	Rs.
A	Loss involved in scheme of Reconstruction	
1	Pref dividend in arrears (8% x 3,00,000)	24,000
2	Profit & Loss a/c	2,14,000
3	Patents & Copy Rights	40,000
4	Debtors (25% x 60,000)	15,000
5	Fixed Assets	7,000
6	Investments(34,500 -27,500)	5,000
7	Cost of Reconstruction	1,675
	Total (A)	3,06,675

B.	Contribution towards the scheme of Reconstruction	
1	Pref Shareholders 30% (3,00,000 +24,000)	97,200
2	Interest accrued of debenture	54,000
3	Bankn Interest (50% x 7,500)	3,750
4	Creditors 5% (42,000 -7,500)	1,725
	Total (B)	1,56,675
C	Loss to be borne by equity shareholders (A –B)	1,50,000
D	Loss per share 1,50,000/50,000	Rs.3 per share

W Note 2 - Funds Required

No	Particulars	Rs.
1	Pref shareholders 70% of (324000)	2,26,800
2	Bank Overdraft [75000 + (50% x 7500)]	78,750
3	Creditors 95% of (34500)	32,775
4	Cost of Reconstruction	1,675
5	Cash Balance Required	10,000
	Total	3,50,000
	Call per equity share = 350000/50000	Rs.7 per share