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Faculty -Commerce

Subject Specailised Accounting

Class -B.Com Part 2

Session-2022-25

Topic

Internal Reconstruction

Soln. 8.

In the Books of Ranu Ltd.

Journal Entries.

Preference share capital A/c --- Dr. 200000
 To preference share capital (new) A/c 150000
 To Reconstruction A/c 50000
 (Being Preference share capital reduced).

Equity share capital A/c --- Dr 400000
 To equity share capital A/c 150000
 To Reconstruction A/c 250000
 (Being equity share capital reduced).

5.10 Mortgage Debentures A/c --- Dr 100000
 To Trade Receivable A/c 40000
 To Inventories A/c 50000
 To Reconstruction A/c 10000
 (Being debentureholders given Inventories and Trade receivable).

Machinery A/c --- Dr 50000
 To Reconstruction A/c 50000
 (Machinery appreciated).

Reconstruction A/c --- Dr. 360000
 To goodwill A/c 15000
 To statement of P/L 245000
 To premises A/c 100000
 (Being goodwill st. of P/L and premises written off)

Balance sheet.

EQUITY & LIABILITIES

shareholder's funds

| | |
|---------------------------------|--------|
| 20000 preference shares of ₹ 75 | 150000 |
| 4000 Equity share of ₹ 37.50 | 150000 |

Non-current liabilities

| | |
|----------------|-------|
| Bank overdraft | 50000 |
|----------------|-------|

current liabilities

| | |
|---------------|--------|
| Trade payable | 100000 |
|---------------|--------|

Total 450000

ASSETS

Non-current assets.

| | |
|----------|--------|
| Premises | 100000 |
|----------|--------|

| | |
|-----------|--------|
| Machinery | 350000 |
|-----------|--------|

Total 450000