

## CORPORATE ACCOUNTING

### PRACTICE SHEET-4

Q.The summarized balance sheet of reliable ltd. As on 31st march, 2013 is given below:

Equities and liabilities	RS.	ASSESTS	RS.
Equity(Rs.100 each) 12,00,000		Plants and machinery	13,00,000
Less: calls in arrear Rs.20Per share (10,000)	11,90,000 (4,80,000)	Investments	1,05,000
Surplus(negative)	80,000	Stocks in trade	2,50,000
10%Debenture	1,00,000	Debtors	1,60,000
Debenture interest due	2,20,000	Cash at bank	95,000
Loan due from directors			
Creditors			
	19,10,000		19,10,000

Due to losses suffered in past, the following scheme of reconstruction was formed and approved by the court:

- 1) Forfeit the shares on which calls in arrears and reissue them at Rs. 30 per share.
- 2) Covert loan from directors into equity share of Rs. 100 each
- 3) Sub- divide each share of Rs. 100 each into 10 shares of Rs.10 each.
- 4) Each shareholders to surrender 60% of the shares held by him
- 5) Reduce the claim of debenture holders by Rs.2,80,000 and pay them the balance by issue of equity shares out of surrender shares .
- 6) Reduced the value of plants and machinery to Rs.8,00,000;stock by Rs. 50,000; debtors by Rs. 40,000 and write off the negative surplus
- 7) One of creditor for Rs. 50,000 accepts Rs.30,000 of surrendered share in full satisfaction of his claim .
- 8) Cancel the surrender share not issued.

