

15.7.20

Specialised Accounts.  
B. Com Part II

By  
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Question.

A company has a paid up capital of 3,20,000, divided into 40,000 equity shares of Rs 10 each, 8 per share paid up. The Profit and Loss A/c shows a credit balance of 1,40,000. The company decide to reduce the paid up share capital to 6 per share paid up by paying off the necessary amount out of Accumulated Profit. Give necessary Journal entries.

Ans.

		Journal Entries		
		Dr	Cr	
Date	Particulars	Amount	Amount	
	Equity share capital a/c	80000		
	To Equity shareholders a/c		80000	
	(Being transfer @ 2 per share on 40,000 share on Repayment)			
	Equity shareholders a/c	80000		
	To Bank a/c		80000	
	(Being payment of equity shareholders)			
	Statement of Profit & Loss a/c	80000		
	To Capital Reserve		80000	
	(Being transfer upon payment of Capital)			

