

- c.) Bad debts are shown after adjusting a recovery of Rs.14,000 of Bad debts for a sale made in January 2017.
- d.) Manager's salary was increased by Rs.4,000 per month from 1-5-2017
- e.) Investments were realized in April 2017.

Q-3 The following balances were extracted from the books of Harshiv Ltd. [15]
as on 31-3-17:

	Rs.
Preliminary expenses	84,000
Share premium	1,40,000
Debtors	67,760
Stock	14,000
Goodwill	42,000
Creditors	56,000
Assets (at cost)	2,80,000
Depreciation on above assets	56,000
Machinery (at cost)	5,60,000
Depreciation on machinery	1,12,000
Profit & loss A/c(debit balance)	2,40,240
Patents	56,000

Share capital:

4,200 , 8% Cum. Pref. Share of Rs.100 each Rs.4,20,000

5,600 equity shares of Rs.100 each Rs.5,60,000

The following scheme of capital reduction was duly sanctioned by the court:

- 1.) Equity shares to be reduced by Rs.90 each.
 - 2.) 8% Pref. Shares to be reduced up to Rs.90 each.
 - 3.) One new equity share paid up to the extent of 50% only to be issued for each Rs.100 of gross preference dividend, which has not been declared since 31st March ,2016.
 - 4.) All credit balances not being the out side liabilities and all debit balances being the amounts receivables as well as the intangible assets were to be written off.
 - 5.) Any balance available is to be utilized in writing down the fixed assets in proportion to their depreciate value.
- You are required to give journal entries and prepare Balance Sheet after capital reduction.

OR