

Illustration 20:

Following is the Summary Balance Sheet of Suyog Ltd. (a non-listed company) as on 31st March, 2012.

Liabilities	₹	Assets	₹
Share Capital		Fixed Assets	
Authorised:		Land and Building	30,00,000
10,00,000 Equity Share of ₹ 10 each	1,00,00,000	Plant and Machinery	30,00,000
Issued:		Furniture	22,00,000
8,00,000 Equity shares of		Investments	15,00,000
₹ 10 each ₹ 8 paid up	64,00,000	Current Assets	
Reserves		Debtors	47,00,000
General Reserve	10,00,000	Bill Receivables (Trade)	10,00,000
Profit and Loss Account	50,00,000	Bank Balance	40,00,000
Securities Premium	20,00,000	Stock	20,00,000
Secured Loans			
11% Debentures	20,00,000		
Unsecured Loans			
Bank Term Loan	20,00,000		
Current Liabilities			
Creditors	15,00,000		
Bills Payable	15,00,000		
	2,14,00,000		2,14,00,000

The company decides to buy back the maximum number of equity shares as may be permitted at a price of ₹ 20 per share. Find out the maximum number of shares to be bought back and pass Journal Entries and Prepare Balance Sheet after buy back.

Illustration 22:

The Summary Balance Sheet of Manish Ltd. (a non-listed company) as on 31-03-2012 is as follows:

Liabilities	₹	Assets	₹
Share Capital:		Fixed Assets:	
Authorised, Issued, Subscribed and		Net Block	40,00,000
Called-up:	25,00,000	Trade Investments	15,00,000
Equity Shares of ₹ 10 each		Current Assets:	
Reserves & Surplus:		(Including Bank Balance ₹ 15,00,000)	
Security Premium	5,00,000	Current Assets	35,00,000
General Reserve	10,00,000	Loans and Advances	5,00,000
Profit & Loss Account	10,00,000		
Secured Loan:			
10% Debentures	25,00,000		
Current Liabilities:			
Sundry Creditors	15,00,000		
Bills Payable	5,00,000		
	95,00,000		95,00,000

Keeping in view all the legal requirements, ascertain:

- (1) Maximum number of Equity shares that Manish Ltd. can buy-back.
- (2) The maximum price it can offer.

Assume that the buy-back is carried out actually on the legally permissible terms, record the entries in the Journal of Manish Ltd. and prepare its Balance Sheet thereafter.

Illustration 8: *(Sale of Investments, Issue of Debentures; Bonus Shares)*

Following is the Summary Balance Sheet of X Ltd. (a non-listed company) as on 31-3-2012:

Liabilities	₹	Assets	₹
Share Capital:		Land and Building	10,00,000
2,00,000 Equity Shares of ₹ 10 each fully paid	20,00,000	Plant and Machinery	10,00,000
Securities Premium A/c	2,50,000	Furniture	1,00,000
Profit & Loss A/c	3,00,000	Investments	2,00,000
General Reserve A/c	3,00,000	Stock	1,70,000
Creditors	3,00,000	Debtors	3,80,000
		Bank Balance	3,00,000
	31,50,000		31,50,000

The company decided to buy-back 20% of its equity share capital out of profits. All the legal formalities were duly completed. The company sold its investments for ₹ 2,05,000 and issued 500 8% Debentures of ₹ 100 each, which amount was received in full. After the buy-back, the company issued bonus shares to equity shareholders in the ratio of 1 bonus share to 2 equity shares held, using the least possible amount out of the profit & loss account.

Pass Journal entries and prepare the Balance Sheet after the buy-back and issue of bonus shares.