**Example 4(*balance sheet before Bonus Issue*)**

Following is the balance sheet of A Ltd as on 31.3.19

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Amount | Asset | Amount |
| Share Capital 5,000 shares of Rs.100each, Rs. 60 paidSecurity Premium Reserve Profit and Loss Creditors  | 3,00,00040,0002,70,0001,25,0002,65,00010,00,000 | Sundry Assets  | 10,00,00010,00,000 |

The company resolves to distribute Rs 1, 50,000 as bonus to be utilized in paying up a call Of Rs 30 per share. Minimum reduction is to be made from free reserves. Pass Journal entries and show balance sheet after bonus issue.