**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.100  each, Rs. 60 paid  Security Premium  Reserve  Profit and Loss  Creditors | 3,00,000  40,000  2,70,000  1,25,000  2,65,000  10,00,000 | Sundry Assets | 10,00,000  10,00,000 |

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.