

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86**  
(For candidates admitted from the academic year 2023 – 2024 and thereafter)

**B. Com DEGREE EXAMINATION, APRIL 2026**  
**ACCOUNTING AND FINANCE**  
**FOURTH SEMESTER**

**COURSE : MAJOR CORE**  
**PAPER : CORPORATE ACCOUNTING AND RESTRUCTURING**  
**SUBJECT CODE : 23AF/MC/CR44**  
**TIME : 3 HOURS** **MAX. MARKS: 100**

| <b>SECTION A</b>    |   |              |            |            |               |        |        |                     |     |    |            |             |           |  |     |    |
|---------------------|---|--------------|------------|------------|---------------|--------|--------|---------------------|-----|----|------------|-------------|-----------|--|-----|----|
| Q. No.              | Answer all the questions:   | (5 x 2 = 10) | CO         | KL         |               |        |        |                     |     |    |            |             |           |  |     |    |
| 1.                  | What is meant by Alteration of Share Capital?   |              | CO1        | K1         |               |        |        |                     |     |    |            |             |           |  |     |    |
| 2.                  | Write a short note on Amalgamation.   |              | CO1        | K1         |               |        |        |                     |     |    |            |             |           |  |     |    |
| 3.                  | From the following data relating to Padma & Co., Calculate the goodwill on the basis of three years purchase of the average profits.<br>a) Profits for the years ending 2010, 2011, and 2012 were Rs. 80,000, Rs.90,000 and Rs.1,00,000.<br>b) A non-recurring income of Rs. 15,000 is included in the profits of 2010. The closing stock for the year 2011 was over valued by Rs.30,000.   |              | CO1        | K1         |               |        |        |                     |     |    |            |             |           |  |     |    |
| 4.                  | Calculate the amount of purchase consideration from following details:<br>The purchasing company has agreed to issue 8,000 equity share of Rs.10 each at par, 500 8% preference shares of Rs.100 each at 10% premium, 1,000 debentures of Rs.50 each at 10% discount and pay cash equal to 10% of total purchase consideration.   |              | CO1        | K1         |               |        |        |                     |     |    |            |             |           |  |     |    |
| 5.                  | X Ltd. purchased 60% shares of Y Ltd. on 1-1-02 when the balance in the P&L A/c and General reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31-12-02, the Balance sheet of Y Ltd. showed P&L a/c balance of Rs.4,00,000 and General reserve Rs.3,00,000. Calculate Capital profits and Revenue profits.   |              | CO1        | K1         |               |        |        |                     |     |    |            |             |           |  |     |    |
| <b>SECTION B</b>    |   |              |            |            |               |        |        |                     |     |    |            |             |           |  |     |    |
| Q. No.              | Answer any four questions:  | (4 x 5 = 20) | CO         | KL         |               |        |        |                     |     |    |            |             |           |  |     |    |
| 6.                  | Explain the factors to be considered for valuing Goodwill.  |              | CO2        | K2         |               |        |        |                     |     |    |            |             |           |  |     |    |
| 7.                  | A firm earned net profits during the last three years as follows:<br>I Year Rs.36,000    II Year Rs.40,000    III Year Rs.44,000<br>The capital investment of the firm is Rs.1,00,000. A fair return on capital, having regard to the risk involved, is 10%. Calculate the value of goodwill on the basis of 3 years' purchase of super profits.  |              | CO2        | K2         |               |        |        |                     |     |    |            |             |           |  |     |    |
| 8.                  | S.Ltd. was taken over by R. Ltd. The following position was mutually agreed upon:<br><table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td></td> <td style="text-align: center;">S ltd. Rs.</td> <td style="text-align: center;">R ltd. Rs.</td> </tr> <tr> <td style="text-align: right;">No. of shares</td> <td style="text-align: center;">60,000</td> <td style="text-align: center;">90,000</td> </tr> <tr> <td style="text-align: right;">Face value of share</td> <td style="text-align: center;">100</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: right;">Net assets</td> <td style="text-align: center;">3,60,00,000</td> <td style="text-align: center;">72,00,000</td> </tr> </table> Ascertain the Intrinsic values of the shares, ratio of exchange of shares and No. of shares to be issued |              | S ltd. Rs. | R ltd. Rs. | No. of shares | 60,000 | 90,000 | Face value of share | 100 | 10 | Net assets | 3,60,00,000 | 72,00,000 |  | CO2 | K2 |
|                     | S ltd. Rs.  | R ltd. Rs.   |            |            |               |        |        |                     |     |    |            |             |           |  |     |    |
| No. of shares       | 60,000  | 90,000       |            |            |               |        |        |                     |     |    |            |             |           |  |     |    |
| Face value of share | 100   | 10           |            |            |               |        |        |                     |     |    |            |             |           |  |     |    |
| Net assets          | 3,60,00,000   | 72,00,000    |            |            |               |        |        |                     |     |    |            |             |           |  |     |    |

| 9.                          | X Ltd. followed the following reconstruction scheme, which was duly approved.<br>a) The 9% preference shares be reduced to 8% preference shares at Rs.60 each. The original value of preference shares was Rs.100. There are 1,000 preference shares.<br>b) Equity shares of Rs.100 each to be reduced by Rs.80 each. There are 2,000 equity shares.<br>Find the amount transferred to capital reduction.   | CO2                       | K2              |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
|-----------------------------|---|---------------------------|-----------------|------------------------|-----------|-----------------------------|----------|-------------------|----------|-------------------|--------|-------------------|----------|------------|--------|---------------------|--------|-----------------|--------|---------------------------|--------|------------------------|--------|-------|-------|-------------------|--------|------------|--------|--|--|------|-------|--|-----------------|--|-----------------|-----|----|
| 10.                         | 'S' Ltd. has a capital of Rs. 2,00,000 in shares of Rs. 100 each out of which H Ltd. purchased 75% of the shares at Rs. 2,40,000. The profits of 'S' Ltd. at the time of purchase of shares by H Ltd. were Rs. 1,10,000. S Ltd. decided to make a bonus issue out of pre-acquisition profit of one share for every five shares held. Calculate the cost of control of acquiring shares of 'S' Ltd.,<br>(a) Before the issue of bonus shares<br>(b) After the issue of bonus shares  | CO2                       | K2              |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| 11.                         | The following particulars relate to a limited company which went into voluntary liquidation:<br><table border="1" data-bbox="448 792 1230 949"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Preferential creditors</td> <td>25,000</td> </tr> <tr> <td>Unsecured creditors</td> <td>58,000</td> </tr> <tr> <td>6% debentures</td> <td>30,000</td> </tr> </tbody> </table><br>The assets realized Rs.80,000. The expenses of liquidation amounted to Rs.1,500 and the liquidator's remuneration was agreed at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors. Show the liquidator's final statement of account.  | Particulars               | Rs.             | Preferential creditors | 25,000    | Unsecured creditors         | 58,000   | 6% debentures     | 30,000   | CO2               | K2     |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| Particulars                 | Rs.   |                           |                 |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| Preferential creditors      | 25,000  |                           |                 |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| Unsecured creditors         | 58,000  |                           |                 |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| 6% debentures               | 30,000  |                           |                 |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| <b>SECTION C</b>            |   |                           |                 |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| <b>Q. No.</b>               | <b>Answer the following questions:</b> <span style="float: right;"><b>(4 x 10 = 40)</b></span>  | <b>CO</b>                 | <b>KL</b>       |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| 12.                         | a) The balance sheet of James company Ltd. as on 31 <sup>st</sup> December 2018 was as follows:<br><table border="1" data-bbox="335 1279 1278 1675"> <thead> <tr> <th>Liabilities</th> <th>Amount Rs</th> <th>Assets</th> <th>Amount Rs</th> </tr> </thead> <tbody> <tr> <td>20,000 shares of Rs.10 each</td> <td>2,00,000</td> <td>Land and building</td> <td>1,68,000</td> </tr> <tr> <td>Profit &amp; Loss A/c</td> <td>40,000</td> <td>Plant &amp; Machinery</td> <td>1,20,000</td> </tr> <tr> <td>Debentures</td> <td>30,000</td> <td>Furniture &amp; fitting</td> <td>10,000</td> </tr> <tr> <td>Trade creditors</td> <td>40,000</td> <td>5% (tax free) Govt. bonds</td> <td>40,000</td> </tr> <tr> <td>Provision for Taxation</td> <td>18,000</td> <td>Stock</td> <td>4,000</td> </tr> <tr> <td>Proposed dividend</td> <td>30,000</td> <td>Book debts</td> <td>12,000</td> </tr> <tr> <td></td> <td></td> <td>Cash</td> <td>4,000</td> </tr> <tr> <td></td> <td><b>3,58,000</b></td> <td></td> <td><b>3,58,000</b></td> </tr> </tbody> </table><br>The net profits of the company after charging depreciation and taxes were as follows:<br>2014 – Rs.34,000; 2015 – Rs.38,000; 2016 – Rs.36,000; 2017 – Rs.40,000; 2018 – Rs.38,000.<br>On 31 <sup>st</sup> December 2018 Land and Building were revalued at Rs. 1,90,000; Plant & Machinery at Rs.1,42,000; and furniture and fittings at Rs.8,000. 10% represents a fair commercial rate of return on investment in the company. Calculate the value of goodwill basing it at five years' purchase of the average super profit for last five years.<br><p style="text-align: center;"><b>OR</b></p> | Liabilities               | Amount Rs       | Assets                 | Amount Rs | 20,000 shares of Rs.10 each | 2,00,000 | Land and building | 1,68,000 | Profit & Loss A/c | 40,000 | Plant & Machinery | 1,20,000 | Debentures | 30,000 | Furniture & fitting | 10,000 | Trade creditors | 40,000 | 5% (tax free) Govt. bonds | 40,000 | Provision for Taxation | 18,000 | Stock | 4,000 | Proposed dividend | 30,000 | Book debts | 12,000 |  |  | Cash | 4,000 |  | <b>3,58,000</b> |  | <b>3,58,000</b> | CO3 | K3 |
| Liabilities                 | Amount Rs   | Assets                    | Amount Rs       |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| 20,000 shares of Rs.10 each | 2,00,000  | Land and building         | 1,68,000        |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| Profit & Loss A/c           | 40,000  | Plant & Machinery         | 1,20,000        |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| Debentures                  | 30,000  | Furniture & fitting       | 10,000          |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| Trade creditors             | 40,000  | 5% (tax free) Govt. bonds | 40,000          |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| Provision for Taxation      | 18,000  | Stock                     | 4,000           |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
| Proposed dividend           | 30,000  | Book debts                | 12,000          |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
|                             |   | Cash                      | 4,000           |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |
|                             | <b>3,58,000</b>   |                           | <b>3,58,000</b> |                        |           |                             |          |                   |          |                   |        |                   |          |            |        |                     |        |                 |        |                           |        |                        |        |       |       |                   |        |            |        |  |  |      |       |  |                 |  |                 |     |    |

b) The Balance sheets of H Ltd and its subsidiary S Ltd. as on 31.3.2021 are given below:

| Liabilities                         | H Ltd           | S Ltd.          | Assets  | H Ltd                          | S Ltd.                  |
|-------------------------------------|-----------------|-----------------|---|--------------------------------|-------------------------|
| Share Capital Rs.10 each fully paid | 6,00,000        | 2,00,000        | Machinery<br>Furniture<br>70% shares in S Ltd at cost | 3,00,000<br>70,000<br>2,60,000 | 1,00,000<br>45,000<br>- |
| General Reserve                     | 1,50,000        | 70,000          | Stock   | 1,75,000                       | 1,89,000                |
| Profit and Loss a/c                 | 70,000          | 50,000          | Debtors   | 55,000                         | 30,000                  |
| Creditors                           | 90,000          | 60,000          | Cash at Bank  | 50,000                         | 10,000                  |
|                                     |                 |                 | Preliminary Expenses                                  | -                              | 6,000                   |
|                                     | <b>9,10,000</b> | <b>3,80,000</b> |   | <b>9,10,000</b>                | <b>3,80,000</b>         |

H Ltd acquired the shares of S Ltd on 30<sup>th</sup> June .2020. On April 2020 S Ltd 's General Reserve and Profit and Loss account stood at Rs. 60,000 and Rs. 20,000 respectively. Preliminary expenses was written off in the year. Calculate Capital Profit, Revenue Profit, Cost of control and Minority Interest.

13. a) From the following information calculate the value of goodwill on the basis of:
- Purchase of super profits for five years;
  - Capitalisation method and
  - Annuity method
    - Average capital employed Rs.6,00,000
    - Net trading profit of the firm for the past three years Rs.1,07,600; Rs.90,700; Rs.1,12,500
    - Expected rate of return 12%
    - Proprietor salary Rs.12,000 per year;
    - Present value of annuity Rs.1 for 3 years at 12% is 2.402
- Sundry assets of the firm Rs.7,54,762 and sundry liabilities of the firm Rs.31,329.

**OR**

b) The Balance Sheets of C Ltd. and D Ltd. as at 31st December, 2006 are as follows:

CO3 K3

| Liabilities                              | C Ltd.<br>Rs.   | D Ltd.<br>Rs.   | Assets                   | C Ltd.<br>Rs.   | D Ltd.<br>Rs.   |
|--|-----------------|-----------------|--------------------------|-----------------|-----------------|
| Share capital (in shares of Rs. 10 each) | 2,00,000        | 1,00,000        | Sundry assets            | 1,32,500        | 1,38,200        |
| General reserve                          | 18,000          | 20,000          | Goodwill                 | –               | 20,000          |
| Profit & Loss A/c                        | 24,500          | 23,000          | Shares in D Ltd. at cost | 1,40,000        | –               |
| Creditors                                | 30,000          | 15,200          |                          |                 |                 |
| <b>Total</b>                             | <b>2,72,500</b> | <b>1,58,200</b> | <b>Total</b>             | <b>2,72,500</b> | <b>1,58,200</b> |

In the case of D Ltd., profit for the year ended 31st December 1986 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of C Ltd. in D Ltd. is 90% acquired on 30th June 2006. Calculate Capital Profit, Revenue Profit, Cost of control and Minority Interest.

14. a) Following is the Balance sheet of a Company as on 31.3.2012:

CO4 K4

| Liabilities                            | Amount<br>Rs. | Assets               | Amount<br>Rs. |
|--|---------------|----------------------|---------------|
| 2,000 preference shares of Rs.100 each | 2,00,000      | Goodwill             | 1,20,000      |
| 3,000 ordinary shares of Rs.100 each   | 3,00,000      | Fixed assets         | 2,50,000      |
| Securities premium                     | 50,000        | Current assets       | 1,80,000      |
| Other liabilities                      | 1,50,000      | Preliminary expenses | 15,000        |
|  |               | Profit and loss a/c  | 1,35,000      |
|  | 7,00,000      |                      | 7,00,000      |

During 2012-2013, the following resolutions were implemented:

- To reduce the face value of the preference shares and equity shares to Rs.50 each.
- To write off other assets by utilizing securities premium to the required extent. Prepare the balance sheet after the reconstruction and also the journal entries thereon.

**OR**

b) M Ltd. and N Ltd. agreed to amalgamate on the basis of the following Balance Sheets as on 31.3.2019.

| Liabilities              | M (Rs.) | N (Rs.) | Assets       | M (Rs.) | N (Rs.) |
|--------------------------|---------|---------|--------------|---------|---------|
| Share capital Rs.25 each | 75,000  | 50,000  | Goodwill     | 30,000  | --      |
| Profit & Loss A/c        | 7,500   | 2,500   | Fixed Assets | 31,500  | 38,800  |
| Creditors                | 3,500   | 3,500   | Stock        | 15,000  | 12,000  |
| Depreciation fund        | --      | 2,500   | Debtors      | 8,000   | 5,200   |
|                          |         |         | Bank         | 1,500   | 2,500   |
|                          | 86,000  | 58,500  |              | 86,000  | 58,500  |

The assets and liabilities are to be taken over by a new company formed called P Ltd., at book values. P Ltd's capital is Rs.2,00,000 divided into 10,000 equity shares of Rs.10 each and 10,000 9% preference shares of Rs.10 each. P Ltd. issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price.

Pass Journal entries in the books of P Ltd and prepare its Balance Sheet, if the amalgamation is in the nature of purchase.

| 15.                            | <p>a) XYZ Company Ltd., passed resolution and got court permission for the reduction of its share capital by Rs.5,00,000 for the purposes mentioned as under:</p> <p>To write off the debit balances of P&amp;L A/c of Rs.2,10,000.<br/>         To reduce the value of Plant &amp; Machinery by Rs.90,000 and goodwill by Rs.40,000.<br/>         To reduce the value of investments by 80,000.</p> <p>The reduction was made by converting 50,000 preference shares of Rs.20 each fully paid to the same number of preference shares of Rs.15 each fully paid and by converting 50,000 equity shares of Rs.20 each on which Rs.15 is paid up into 50,000 equity shares of Rs.10 each fully paid up. Pass Journal entries to record the share capital reduction.</p> <p style="text-align: center;"><b>OR</b></p> <p>b) From the data relating to a company (in voluntary liquidation), you are asked to prepare liquidator's final statement of account.</p> <p>(i) Cash with liquidator (after all assets are realized and secured creditors and debenture holders are paid) is Rs.6,73,800.<br/>         (ii) Preferential creditors to be paid Rs.30,000.<br/>         (iii) Other unsecured creditors Rs.2,15,000.<br/>         (iv) 4,000 6% preference shares of Rs.100 each, fully paid.<br/>         (v) 2,000 equity shares of Rs.100 each, Rs.75 per share paid up.<br/>         (vi) 6,000 equity shares of Rs.100 each, Rs.60 per share paid up.<br/>         (vii) Liquidator's remuneration 2% on preferential and other unsecured creditors.<br/>         (viii) Preference dividends were in arrears for 2 years.</p>  | CO4            | K4              |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
|--------------------------------|--|----------------|-----------------|--------|-----------|--------------------------------|----------|--------------|----------|----------|--------|----------------|----------|-------------------|--------|----------|--------|---------------|----------|--|--|---------------------|----------|--|--|--|-----------------|--|-----------------|-----|----|
| <b>SECTION D</b>               |  |                |                 |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
| <b>Q. No.</b>                  | <b>Answer any two questions:</b>   | <b>CO</b>      | <b>KL</b>       |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
| 16.                            | <p>On 31<sup>st</sup> Dec 2015, the balance sheet of a limited company disclosed the following position:</p> <table border="1" data-bbox="338 1348 1273 1675" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Liabilities</th> <th style="text-align: center;">Amount Rs</th> <th style="text-align: center;">Assets</th> <th style="text-align: center;">Amount Rs</th> </tr> </thead> <tbody> <tr> <td>Issued capital in Rs.10 shares</td> <td style="text-align: right;">4,00,000</td> <td>Fixed assets</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td>Reserves</td> <td style="text-align: right;">90,000</td> <td>Current assets</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td>Profit &amp; Loss A/c</td> <td style="text-align: right;">20,000</td> <td>Goodwill</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>5% debentures</td> <td style="text-align: right;">1,00,000</td> <td></td> <td></td> </tr> <tr> <td>Current Liabilities</td> <td style="text-align: right;">1,30,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><b>7,40,000</b></td> <td></td> <td style="text-align: right;"><b>7,40,000</b></td> </tr> </tbody> </table> <p>On 31<sup>st</sup> Dec 2015, the fixed assets were independently valued at Rs.3,50,000 and the goodwill at Rs.50,000. The net profits for the three years were:<br/>         2013 – Rs.51,600; 2014 – Rs.52,000; 2015 – Rs.51,650 of which 20% was placed to reserve, this proposition being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%. You are required to ascertain the fair value of each share showing in detail your calculation.</p> | Liabilities    | Amount Rs       | Assets | Amount Rs | Issued capital in Rs.10 shares | 4,00,000 | Fixed assets | 5,00,000 | Reserves | 90,000 | Current assets | 2,00,000 | Profit & Loss A/c | 20,000 | Goodwill | 40,000 | 5% debentures | 1,00,000 |  |  | Current Liabilities | 1,30,000 |  |  |  | <b>7,40,000</b> |  | <b>7,40,000</b> | CO5 | K5 |
| Liabilities                    | Amount Rs  | Assets         | Amount Rs       |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
| Issued capital in Rs.10 shares | 4,00,000   | Fixed assets   | 5,00,000        |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
| Reserves                       | 90,000   | Current assets | 2,00,000        |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
| Profit & Loss A/c              | 20,000   | Goodwill       | 40,000          |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
| 5% debentures                  | 1,00,000   |                |                 |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
| Current Liabilities            | 1,30,000   |                |                 |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |
|                                | <b>7,40,000</b>  |                | <b>7,40,000</b> |        |           |                                |          |              |          |          |        |                |          |                   |        |          |        |               |          |  |  |                     |          |  |  |  |                 |  |                 |     |    |

|  |  |                  |                 |                 |  |                  |                 |
|--|--|------------------|-----------------|-----------------|--|------------------|-----------------|
| 17.  | On 31 <sup>st</sup> March, 2016 the balance sheets of H Ltd. and its subsidiary S Ltd. stood as follows: |                  |                 |                 |  | CO5              | K5              |
| Liabilities  |  | H Ltd. Rs.       | S Ltd. Rs.      | Assets          |  | H Ltd. Rs.       | S Ltd. Rs.      |
| Equity share capital   |  | 8,00,000         | 2,00,000        | Fixed assets    |  | 5,50,000         | 1,00,000        |
| General reserve  |  | 1,50,000         | 70,000          | 75% share in    |  |                  |                 |
| Profit & Loss A/c  |  | 90,000           | 55,000          | S Ltd.(at cost) |  | 2,80,000         | -               |
| Creditors  |  | 1,20,000         | 80,000          | Stock           |  | 1,05,000         | 1,77,000        |
|  |  |                  |                 | Other current   |  | 2,25,000         | 1,28,000        |
|  |  |                  |                 | assets          |  | 11,60,000        | 4,05,000        |
|  |  | <u>11,60,000</u> | <u>4,05,000</u> |                 |  |                  |                 |
| <p>Draw a consolidated Balance Sheet as at 31<sup>st</sup> March, 2016 after taking into consideration the following information:</p> <p>(i) H Ltd. acquired the shares on 31<sup>st</sup> July, 2015.</p> <p>(ii) S Ltd. earned profit of Rs.45,000 for the year ended 31<sup>st</sup> March, 2016.</p> <p>(iii) On January 2016, S Ltd. sold to H Ltd. goods costing Rs.15,000 for Rs.20,000. On 31<sup>st</sup> March, 2016 half of these goods were lying as unsold in the godown of H Ltd.</p> <p>Give your working notes.</p>  |  |                  |                 |                 |  |                  |                 |
| 18.  | The balance sheets of Raman Ltd and Soman Ltd as on 31.3.2004  |                  |                 |                 |  | CO5              | K5              |
| Liabilities  |  | Raman Ltd        | Soman Ltd       | Assets          |  | Raman Ltd        | Soman Ltd       |
| Share Capital  |  | 15,00,000        | 6,00,000        | Fixed assets    |  | 16,03,500        | 4,49,500        |
| Rs.10 each Securities  |  |                  |                 | Current Assets  |  | 9,28,930         | 3,70,600        |
| premium  |  | 1,50,000         | 15,000          | Miscellaneous   |  |                  |                 |
| P & L a/c  |  | 1,89,360         |                 | Expenditure     |  | 10,000           | -               |
| General Reserve  |  | 4,70,000         | -               | P & L a/c       |  | -                | 96,530          |
| 8% Debentures  |  | -                | 2,00,000        |                 |  |                  |                 |
| Creditors  |  | <u>2,33,070</u>  | <u>1,01,630</u> |                 |  |                  |                 |
|  |  | <u>25,42,430</u> | <u>9,16,630</u> |                 |  | <u>25,42,430</u> | <u>9,16,630</u> |
| <p>Bhiman Ltd was formed to undertake the businesses of Raman Ltd and Soman Ltd for the agreed purchase consideration of Rs.19,50,000 and Rs.4,80,000 respectively which is payable in the form of Rs.100 shares at par.</p> <p>Soman Ltd's Debentures are to be converted into 10% debentures of Bhiman Ltd.</p> <p>Amalgamation expenses of Rs.15,000 are to be borne by the Transferee company.</p> <p>Prepare the journal of transferor companies of Raman Ltd and Soman Ltd and give Journal of Bhiman Ltd.</p> <p>Assume that the amalgamation is in the nature of merger.</p> |  |                  |                 |                 |  |                  |                 |

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