

Dr. Babasaheb Ambedkar Open University
Term End Examination June – 2017

Course : DAA	Date : 28-Jun-17
Subject Code : DAA-03	Time : 3:00 TO 6:00
Subject Name : Accounting in Special Situation for Companies	Duration : 03 Hours
	Max. Marks : 70

1. Write short note (any two) (14)
1. Revaluation of Assets and Liabilities
 2. Preference shares of subsidiary company
 3. Preparing final accounts of subsidiary company

2. A Ltd. Acquires $\frac{3}{4}$ of the share capital of B Ltd. on 31st December, 2015, when the balance sheets of the companies are as under: (14)

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share capital(Rs.10)	20,000	10,000	Fixed Assets	20,000	10,000
General reserve	5,000	3,000	Current Assets	13,000	12,000
Profit and Loss A/C	3,000	2,000	Shares in B Ltd.	10,000	-----
10% Debentures	10,000	5,000			
Sundry Creditors	5,000	2,000			
	43,000	22,000		43,000	22,000

You are required to prepare the consolidate balance sheet as on 31 December, 2015

OR

Explain "Accounting treatment for Dividend by a holding company in subsidiaries."

3. The following are the balance sheets of P Ltd. and Q Ltd. as on 31st March, 2016- (14)

Liabilities	P Ltd.	Q Ltd.	Assets	P Ltd.	Q Ltd.
Share Capital – shares of Rs.10 each	5,00,000	2,00,000	Sundry Assets	4,46,000	3,04,000
Reserves	1,00,000	50,000	100 % shares in Q Ltd. acquired on 31 st March, 2016 (cost)	2,34,000	----
Creditors	80,000	60,000	Preliminary Expenses	-----	6,000
	6,80,000	3,10,000		6,80,000	3,10,000

Prepare a consolidated balance sheet as in 31st March, 2016

OR

Define a holding company. Which documents has to attach by holding company with its balance sheet as per section 212?

4. The following are the Balance Sheet of Y Ltd. and its subsidiary Z Ltd. as on 31st December, 2016 (14)

Liabilities	Y Ltd.	Z Ltd.	Assets	Y Ltd.	Z Ltd.
Share Capital (Re. 1 paid up)	10,000	8,000	Building	4,000	----
Reserves	4,000	3,000	Plant	1,000	6,000
Bills payable	2,000	1,000	Stock	4,000	6,000
Creditors	5,000	4,000	Shares in Z Ltd.	6,000	----
Profit & Loss A/C	4,000	2,000	Debtors	5,000	3,000
			Bills receivable	3,000	2,000
			Cash	2,000	1,000
	25,000	18,000		25,000	18,000

Debtors of Y Ltd. include Rs. 2,000 due from Z Ltd. and bills payable of Y Ltd. included a bill of Rs. 500 accepted in favour of Z Ltd.

A loan of Rs. 1,000 given by Y Ltd. to Z Ltd. was also included in the items of debtors and creditors, respectively.

Rs. 500 was transferred by Z Ltd. from Profit and Loss Account to Reserve out of current year's profit.

Shares were purchased on 30 June, 2016 at par. Prepare a consolidated Balance Sheet.

OR

Explain the method of preparation of consolidated Balance Sheet.

5. On 31st March, 2016 the Balance Sheet of M Ltd. and N Ltd. stood as follows: (14)

Liabilities	Y Ltd.	Z Ltd.	Assets	Y Ltd.	Z Ltd.
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 % Shares in N Ltd. (at cost)	2,80,000	-----
Profit and Loss A/C	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current Assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

Draw a consolidated Balance Sheet as on 31st March, 2016 after taking into consideration the following information also:

1. M Ltd. acquired the shares on 31st July 2015
2. N Ltd. earned a profit of Rs.45,000 for the year ended 31st March, 2016
3. In January, 2016 N Ltd. sold to M Ltd. goods costing Rs. 15,000 for Rs. 20,000. On 31st March, 2016 half of these goods were lying as unsold in the godown of M Ltd.

OR

Write a note on (1) Bonus shares (2) Debentures (3) Purchase and sale of shares of subsidiary company.