

Dr. Babasaheb Ambedkar Open University
Term End Examination January – 2018

Course : DAA Subject Code : DAA-03 Subject Name : Accounting in Special Situation for Companies	Date : 22/01/2018 Time : 3:00pm to 6:00pm Duration : 3 Hours Max. Marks : 70
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Q-1 Define holding company. Discuss legal provisions relating to accounts. (Sec-212) **(14)**

OR

Labh Ltd. acquired all shares of shubh Ltd. on 01-04-2016. The balance sheet of both the companies as on 31-03-2017 are as follows:

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Share Capital	1,00,000	60,000	Sundry Assets	1,20,000	1,30,000
General Reserve			Shares of Shubh		
(01/04/2017)	50,000	30,000	Ltd. (at cost)	1,10,000	
Profit and loss A/c	50,000	20,000			
Creditors	30,000	20,000			
	2,30,000	1,30,000		2,30,000	1,30,000

On 01-04-2016 the profit and loss account of Shubh ltd showed a credit balance of Rs. 6000/-. Prepare a consolidated balance sheet as on 31-03-2017.

Q-2 The following is the balance sheet as on 31-03-2017. **(14)**

	A Ltd.	B Ltd.		A Ltd.	B Ltd..
Share Capital:			Sundry Assets	4,26,000	3,04,000
Share of Rs. 10			100% Share in B Ltd.		
each Fully paid	5,00,000	2,00,000	Acquired on 31 st		
Reserves	1,00,000	50,000	March 2015 (cost)	2,54,000	-
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 on 31-03-2017

OR

How will you calculate and record following items while preparing consolidated balance sheet ?

1. Capital profit
2. Goodwill or capital reserve

Q-3 The following is the balance sheet as on 31-03-2017. **(14)**

	H Ltd.	S Ltd.		H Ltd.	S Ltd.
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Share Capital: Shares of Rs. 10 each, fully paid	5,00,000	2,00,000	Fixed Assets 60% Shares in S Ltd. at cost	3,00,000 1,62,400	1,00,000 -
General Reserves	1,00,000	50,000	Current Assets	2,77,600	2,39,000
Profit and loss account	60,000	35,000	Preliminary Expenses	-	6,000
Creditors	80,000	60,000			
	7,40,000	3,45,000		7,40,000	3,45,000

H Ltd. acquired the shares on 01-04-2015 on which date general reserve and profit and loss account of S limited showed balances of Rs. 40,000 and Rs. 8,000 respectively. No part of preliminary expenses was written off during the year ending 31-03-2017.

Prepare the consolidated balance sheet of H Ltd. and its subsidiary S Ltd. as at 31st March, 2017

OR

Explain the method of preparing consolidated balance sheet.

- Q-4** From the following balance sheet given blow prepare a consolidated balance sheet of Moti Ltd. and its subsidiary chotti Ltd. The interest of the minority shareholders of chotti Ltd. are to be shown as a separate item. (14)

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Share Capital of Rs. 10 each	1,20,000	30,000	Plant and Machinery	40,000	15,000
Trade Creditors	15,000	5,000	Less: Depreciation	<u>10,000</u>	<u>5,000</u>
General Reserve	25,000	6,000		30,000	10,000
Profit & loss account	12,000	9,000	Land and Building (at cost)	72,000	25,000
			Shares : Chotti cost 2,000 shares of Rs. 10 each	25,000	3,000
			Stock	18,000	7,000
			Debtors	22,000	5,000
			Bank	5,000	-
	1,72,000	50,000		1,72,000	50,000

At the date of acquisition by Motti Ltd. of its holding of 2,000 shares in Chotti Ltd., the latter company had undistributed profits and reserve amount to Rs. 5,000 none of which has been distributed since the date of acquisition.

OR

Write short notes on any two of the followings:

1. Minority interest
2. Purchase and sale of shares of subsidiary company.
3. Preference shares of subsidiary company.

Q-5 How will you give accounting treatment of the following while preparing consolidated balance sheet ? (14)

1. Dividend from pre-acquisition profit.
2. Dividend from post-acquisition profit.
3. Proposed dividend.
4. Unpaid dividend.

OR

How will you record:

1. Unrealized profit in stock subsidiary company sold by holding company.
2. Revaluation of assets and liabilities.
3. Purchase of shares in the middle of the year.
4. _____