

Systematic Studies For Professionals
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CA. Final

Time 1.5 Hrs.

Holding Company Accounts

Max. Marks: 40

Ques.1 A Ltd. purchased 7,500 equity shares of B Ltd. from market on 1st August 2013 for ₹9,70,000 out of total share capital of ₹10,00,000 (of ₹100 each). On 1st Jan. 2013 B Ltd. had P & L a/c of ₹4,80,000. In November 2013, B Ltd. issued bonus shares of 1 for every 5 shares held. B Ltd.'s profits for 2013: ₹2,00,000; 2014: ₹1,40,000; 2015: ₹40,000. B Ltd. declared and paid dividend at 18% for 2013; 15% for 2014 and 12% for 2015. In each case, dividend was paid on 17th February of the following year. On 16th April 2015, A Ltd. sold 1,200 shares @ ₹180 & purchased 1,000 shares on 1st March 2016 @ ₹120 per share. **Journalize** in the books of A Ltd. (12)

Ques.2 The Balance Sheets of Saya Ltd and Maya Ltd. as on 31.3.2018 are given below:

Liabilities	Saya Ltd.	Maya Ltd.	Assets	Saya Ltd.	Maya Ltd.
Share Capital (₹10)	1,20,000	1,00,000	Fixed Assets	44,000	90,000
General Reserve	20,000	36,000	Investment in Maya Ltd. (7,000 Shares)	88,000	---
Profit and Loss A/c	12,000	20,000	Sundry Debtors	6,000	15,000
Bills Payable	2,000	5,000	Bills Receivable	4,000	16,000
Sundry Creditors	4,000	7,000	Stock in Trade	10,000	34,000
			Cash at Bank	6,000	13,000
	1,58,000	1,68,000		1,58,000	1,68,000

Contingent liability of Saya Ltd. Bills Discounted not yet matured ₹2,500.

Shares were purchased on 1.7.2015. General Reserve and Profit and Loss Account of Maya Ltd. stood at ₹30,000 and ₹16,000 respectively on 1.04.2015. Dividends have been paid @ 10% every year after acquisition of shares, first dividend being paid out of pre-acquisition profits. No dividend has been proposed for 2017-2018 as yet and both companies decided to propose dividend @ 12% for current year. Saya Ltd. has credited all dividends received to Profit and Loss Account.

On 31.12.2017, bonus shares had been declared by Maya Ltd. @ 1 fully paid share for 4 held.

When the shares were purchased, agreed revaluations of Fixed Assets of Maya Ltd. was ₹1,08,000 although no effect has been given thereto in accounts. Depreciation has been charged @ 10% p.a. on w.d.v. basis, there being no addition or sale since then.

Bills receivable of Saya Ltd. include ₹2,000 bills accepted by Maya Ltd. and bills discounted by Saya Ltd but not yet matured include ₹1,500 accepted by Maya Ltd. Sundry creditors of Saya Ltd. include ₹2,000 due to Maya Ltd. whereas Sundry Debtors of Maya Ltd. include ₹4,000 due from Saya Ltd.

Prepare consolidated Balance Sheet as at 31.3.2018 of Saya Ltd. and its Subsidiary. (13)

Ques.3 War Ltd. purchased on 31st March, 2017, 42,000 shares in Peace Ltd. at 50% premium over face value by issue of 8% debentures at 20% premium. The balance sheets of War and Peace Ltd. as on 31.3.2017, the date of purchase were as under:

Liabilities	War Ltd.	Peace Ltd.	Assets	War Ltd.	Peace Ltd.
Sh. Capital (₹10)	10,50,000	6,00,000	Fixed assets	6,50,000	2,00,000
General reserve	1,20,000	40,000	Stock in trade	3,00,000	1,80,000
Profit & loss A/c	80,000		Sundry debtors	3,20,000	2,00,000
Sundry creditors	1,00,000	60,000	Cash in hand	60,000	30,000
			Preliminary exp.	20,000	10,000
			Profit & Loss a/c	----	80,000
	13,50,000	7,00,000		13,50,000	7,00,000

Particulars of War Ltd:

(i) Profit made:
2017 – 2018 1,60,000
2018 – 2019 2,00,000

(ii) The above profit was made after charging depreciation @ 10% on wdv basis respectively.

(iii) Out of profit shown above every year ₹20,000 had been transferred to general reserve.

(iv) 10% dividend had been paid in both the years.

(v) It has been decided to write down investment to face value of shares in 10 years and to provide for share of loss to subsidiary.

(vi) Stock is valued at ₹2,80,000 & debtors are of ₹2,70,000 on 31.03.2019.

Particulars of Peace Ltd:

The company incurred losses of ₹40,000 and ₹60,000 in 2017–18 and 2018-19 after charging depreciation of 10% P.a. of the book value as on 1.4.2017.

Prepare consolidated balance sheet as at 31.3.2019, of War Ltd, and its subsidiary. (15)