

SOLUTION**Instructions for Checking:**

1. If BS is prepared without Notes to accounts, then allot 6 Marks for Balance Sheet
2. Allot 3 Marks additional for Notes to Accounts prepared separately
3. There may be a different presentation of Working Notes, don't deduct the marks for different presentation if answer is matching

M/s R Ltd.

Balance Sheet as at 1.4.2018 (4 Marks)

Particulars	Notes	Rs in'000
Equity and Liabilities		
1 Shareholders' funds		
a Share capital	1	6,82,660
b Reserves and Surplus	2	2,51,330
2 Non-current liabilities		
a Long-term borrowing	3	80,000
3 Current liabilities		
a Trade Payables	4	80,000
b Short-term provision	5	22,000
Total		11,15,990
Assets		
1 non-current assets		
Property, Plant & Equipment		
a Tangible asset	6	5,60,000
b non-current investments	7	1,30,000
Current assets		
a Inventory	8	1,52,000
b Trade receivables	9	1,44,000
c Cash and cash equivalents	10	1,29,990
Total		11,15,990

Notes to accounts (3 Marks)

	Rs in'000
1.Share Capital	
Equity share capital	
58,266 Equity shares of Rs 10 each, fully paid up	5,82,660
Preference share capital	
9% Preference share capital (Share of Rs 100 each) (W.N.2)	1,00,000
	6,82,660
2.Reserves and Surplus	
Securities premium (W.N.2)	2,51,330
Investment allowance reserve (Rs.10,000 + Rs 4,000)	14,000
Amalgamation adjustment reserve	(14,000)
	2,51,330
3.Long-term borrowings	
Secured	
10% Debentures (50% of Rs 1,60,000)	80,000
4. Trade Payables (Rs 50,000+ Rs 30,000)	80,000
5.Short term provisions	
Provision for tax (Rs 14,000+ Rs 8,000)	22,000
6.Tangible assets	
Building (Rs 1,32,000+Rs 1,05,000)	2,37,000
Plant and machinery (Rs 1,76,000+Rs 1,47,000)	3,23,000
	5,60,000

7.Non – current Investments (Rs. 80,000+ Rs. 50,000)	1,30,000
8.Inventory	
Stock (Rs 72,000+ Rs 80,000)	1,52,000
9.Trade receivables	
Trade receivables (Rs 90,000+ Rs 70,000) less Provision for Doubtful debts	1,44,000
10.Cash and cash equivalents	
Cash and Bank (Rs 80,000+ Rs 50,000 – Rs 10)	1,29,990

Working Notes:**1. Calculation of value of equity shares issued to transferor companies (PC) (3 Marks)**

		P Ltd.		Q Ltd.
		(Rs)		(Rs)
Assets taken over:				
Building		1,32,000		1,05,000
Plant and machinery		1,76,000		1,47,000
Investments		80,000		50,000
Inventories		72,000		80,000
Trade receivables		90,000		70,000
Cash & Bank		80,000		50,000
		6,30,000		5,02,000
Less: Liabilities:				
10% Debentures	1,00,000		60,000	
Trade payables	50,000		30,000	
Provision for Doubtful debts	9,000		7,000	
Tax Provision	14,000	1,73,000	8,000	105,000
		4,57,000		3,97,000
Less: Preference Share Capital		60,000		40,000
		3,97,000		3,57,000

2. Number of shares issued to equity shareholders, debenture holders and preference shareholders (3 Marks)

Payment to	Payment in	Working	Amount
PC to shareholders of P Ltd.			
PSH of P Ltd.	Pref. Shares of R Ltd.	$60,000/- \div 100$ 600 No. of Shares	60,000/-
ESH of P Ltd.	Equity Shares of R Ltd.	$3,97,000 \div 15$ 26,466 No. x 15/-	3,96,990/-
ESH of P Ltd.	Cash for Fractional	0.667×15	10/-
			4,57,000/-
PC to shareholders of Q Ltd.			
PSH of Q Ltd.	Pref. Shares of R Ltd.	$40,000/- \div 100$ 400 No. of Shares	40,000/-
ESH of P Ltd.	Equity Shares of R Ltd.	$3,57,000 \div 15$ 23,800 No. x 15/-	3,57,000/-
			3,97,000/-
Total Equity Shares issued by R Ltd. in PC (26,466 + 23,800)			50,266 No.

3. Calculation of Equity Shares to be issued to Debenture holders: (1 Mark)

	P Ltd.	Q Ltd.	Total
50% of Debentures are converted into equity shares @ Rs. 10 per share			
$1,00,000/2 = 50,000/10$	5,000 shares**		
$60,000/2 = 30,000/10$		3,000 shares	8,000 shares

*Nothing is mentioned about issue of equity shares to debenture holders at par or premium, we have assumed to issue at par. Alternatively, it may be issued at premium of 5/-