

Professor Vishwanathan Iyer's

HERAMB COACHING CLASSES

Yogeshwar Towers, Katemanivali, Kalyan (East)

T.Y.B.COM/ Financial Accounts

MARKS: 15

Date:31.10.17

Q.1. Madhavi Limited absorbed Shruti Limited on 31st March 2012 on which day, the Balance Sheet of Shruti Limited was as under: (15)

Liabilities	Rs	Assets	Rs
Equity Shares Capital of Rs.10 each	5,00,000	Goodwill	30,000
5% Preference Shares Capital of Rs 100 each	2,00,000	Bank Balance	40,000
Creditors	50,000	Inventories	1,55,000
Bills Payable	30,000	Plant and Machinery	2,05,000
		Debtors	55,000
		Land and Building	2,50,000
		Preliminary Expenses	17,500
		Profit and Loss Account	27,500
	7,80,000		7,80,000

The business of Shruti Limited was taken over by Madhavi Limited on the following terms and conditions:

1. For every 10 equity shares of Shruti Limited, Madhavi Limited issued 11 fully paid equity shares of Rs 10 each and paid Rs 15 cash.
2. Preference shares of Shruti Limited were paid 6% preference shares of Madhavi Limited at a premium of 8%
3. All assets and liabilities were taken over except cash to the extent of Rs 7,000 which was left for meeting liquidation expenses.
4. Land and Building was revalued are Rs 3,00,000. All other assets and liabilities were taken over at the book value.

Prepare: Necessary ledger accounts in the books of Shruti Limited.