

FAT 2

Advanced Accounting and Auditing (15 Marks)

Following is the balance sheet of Wibaca Ltd. as on 31st March 2020

Liabilities	Rs	Assets	Rs.
Share Capital		Goodwill	25,000
2300 Equity Shares of Rs.100/- each fully called up and paid up	2,30,000	Freehold Premises	1,60,000
		Machinery	1,40,000
		Stock	40,000
Reserve Fund	20,000	Debtors	30,000
Profit and Loss (cr.)	50,000	Investment	50,000
Secured Loan	70,000	Bank Balance	50,000
Bills Payable	20,000	Underwriter commission	5,000
Trade Creditors	80,000		
Unsecured Loan	30,000		
Total	5,00,000	Total	5,00,000

Sibaca Ltd. absorbed Wibaca Limited as on 1st April 2020 the consideration being:

- 1) Taking over all the assets except bank balance and investment to be valued at their book value less 10% (except goodwill)
- 2) The goodwill to be valued at Rs.40,000/-
- 3) Sibaca Ltd will take over investments at the market value of Rs.99000 and creditors at 10% discount.
- 4) Cost of Liquidation is Rs. 10,000/-
- 5) The purchase consideration to be discharged in cash to the extent of Rs.80,000/- and the balance in Fully paid Equity shares of Rs.100/- each valued at Rs.125/-

You are required to do the following:

1. Show the journal entries in the books of Sibaca Ltd.
2. Show only realisation Account and Equity Shareholders A/c in the books of Wibaca Ltd.
3. Calculation of Purchase consideration