

[Time: 3 Hours]

[Marks:100]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
  2. Figures to the right indicate full marks allotted to question.
  3. Working notes should form the part of your answer.

- Q.1 A) State whether the following statements are True or False: (Any 10) 10
- 1) In LLP, books of accounts are maintained on accrual basis only.
  - 2) Statutory Reserves are incorporated in the books of purchasing company under Capital Reserves.
  - 3) In Partial underwriting, only 2 persons can underwrite the issue.
  - 4) Company cannot become a member of LLP.
  - 5) Purchase consideration is the amount to be payable to Equity shareholders, Preference shareholders and Debenture holders.
  - 6) Unmarked applications are known as direct applications.
  - 7) Unpaid calls are to be included under Assets in Statement of Affairs.
  - 8) In amalgamation, payment to preference shareholders for unpaid dividend is to be included in purchase consideration.
  - 9) The liquidator is not entitled to claim remuneration on cash balance unless otherwise given.
  - 10) Exchange rate is the proportion between two currencies.
  - 11) Designated partners are like directors of a company.
  - 12) Discount on issue of shares is an example of accumulated loss.

- Q.1 B) Match the following: (Any 10) 10

‘A’	‘B’
1) Absorption	a) Excess of Net asset taken over
2) Unmarked Applications	b) Stock
3) Non Monetary Item	c) Net Asset Method
4) Capital Reserve	d) Without any seal or stamp of underwriter
5) Registration of LLP	e) Submitted to Official Liquidator
6) Equity Share Capital	f) Appointed by Central Government
7) Deficiency / Surplus A/c	g) List - H
8) Statement of Affairs	h) AS - 11
9) Currency conversion	i) One or more liquidation, no formation
10) Amalgamation Adjustment Reserve	j) Under LLP Act, 2008
11) Appointment of Official Liquidator	k) Reserve in the Balance Sheet of the purchasing company
12) Purchase consideration	l) Own funds
	m) Transferor company

- Q.2 A) Marvel Ltd imported goods from Larson Ltd of Germany worth US \$ 2,00,000 on 30<sup>th</sup> November, 2017 when the exchange rate was ₹ 69 per US \$. The payment was made as follows: 07

Date	Amount	Exchange Rate per US \$
12 <sup>th</sup> November, 2017	1,00,000	₹ 68
17 <sup>th</sup> December, 2017	50,000	₹ 70
25 <sup>th</sup> January, 2018	50,000	₹ 67

Marvel Ltd closes its books on 31<sup>st</sup> March every year. On 31<sup>st</sup> March, 2018, the exchange rate was ₹ 68 per US \$.

You are required to pass Journal Entries in the books of Marvel Ltd. for the year ended 31<sup>st</sup> March, 2018.

- Q.2 B) MNC Ltd exported goods to ELC Ltd in Newyork worth \$ 75,000 on 1<sup>st</sup> January, 2018 on which date the exchange rate of 1 US \$ was ₹ 70. 08

The amount was received from ELC Ltd in three equal installments on the following dates:

Date	Exchange Rate per US \$ (₹)
15 <sup>th</sup> January, 2018	69
10 <sup>th</sup> February, 2018	71
25 <sup>th</sup> April, 2018	68

MNC Ltd closes the books on 31<sup>st</sup> March every year. The rate of exchange on 31<sup>st</sup> March 2018 was ₹ 69 per US \$

Pass Journal Entries in the books of MNC Ltd to record the above transactions.

**OR**

- Q.2 Suresh Ltd exported goods to Happy Ltd from USA worth US \$ 50,000 on 15<sup>th</sup> February 2017 when exchange rate was ₹ 65 per US \$. 15

The payment was received in installments as under:

Date	Amount of Installment US \$	Exchange Rate per US \$
10/01/17	10,000 (Advance)	₹ 66
15/03/17	20,000	₹ 67
10/04/17	15,000	₹ 66
10/05/17	5,000	₹ 64

Suresh Ltd closes its books every year on 31<sup>st</sup> March. On 31<sup>st</sup> March 2017, the exchange rate was ₹ 68 per US \$.

You are required to pass Journal Entries in the books of Suresh Ltd. for the year ended 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2018. Also prepare Foreign Exchange Fluctuation account in the books of Suresh Ltd.

- Q.3 Sunil Ltd agreed to take over the business of Anil Ltd as on 31<sup>st</sup> March 2018. Following are the Balance Sheets of Anil Ltd and Sunil Ltd as on 31<sup>st</sup> March 2018. 15

Liabilities	Anil Ltd ₹	Sunil Ltd ₹	Assets	Anil Ltd ₹	Sunil Ltd ₹
Equity shares of ₹ 10 each	9,00,000	13,00,000	Fixed Assets	5,95,000	8,50,000
Profit & Loss A/c	32,000	1,75,000	Sundry Debtors	2,00,000	3,40,000
Export Profit Reserve	20,000	30,000	Stock	2,40,000	4,90,000
8% Debentures	1,50,000	2,00,000	Bank Balance	1,57,000	1,50,000
Sundry Creditors	90,000	1,25,000			
<b>Total</b>	<b>11,92,000</b>	<b>18,30,000</b>	<b>Total</b>	<b>11,92,000</b>	<b>18,30,000</b>

Following are the terms and conditions:

1. Sunil Ltd issued 1,00,000 equity shares of ₹ 10 each at a premium of 10% for the equity shareholders of Anil Ltd and also paid them cash of ₹ 5 for every 3 shares held.
2. All the assets and liabilities of Anil Ltd are taken over at book value except Fixed Assets revalued at ₹ 6,70,000 and Sundry Debtors subject to 5% provision for Bad Debts.
3. Cost of absorption amounting to ₹ 5,000/- was paid by Anil Ltd.
4. The Debentures of Anil Ltd to be converted into equivalent number of 8% debentures of Sunil Ltd.

You are required to:

1. Calculate purchase consideration.
2. Prepare Ledger Accounts to close the books of Accounts of Anil Ltd.
3. Prepare Balance Sheet of Sunil Ltd after absorption.

OR

Q.3 A) Balance Sheet of Sameer Ltd as on 31<sup>st</sup> March 2018 is as follows :

08

Liabilities	₹	Assets	₹
Equity Shares of Rs. 100 each	4,00,000	Machinery	4,90,000
Profit & Loss A/c	70,000	Debtors	70,000
General Reserve	60,000	Stock	80,000
10% Debentures	1,00,000	Bank	20,000
Creditors	30,000		
<b>Total</b>	<b>6,60,000</b>	<b>Total</b>	<b>6,60,000</b>

Mala Ltd took over all the assets and liabilities at book value except machinery valued at 10% above book value and stock at ₹ 60,000.

Purchase Consideration is to be satisfied by issue of 5,000 equity shares of ₹ 100 each and balance is paid in cash.

Calculate Purchase Consideration

Q.3 B) Following is the extracted information of Adarsh Ltd as on 31<sup>st</sup> March 2018.

07

10,000 Equity shares of ₹ 100 each	10,00,000
5,000 12% Preference shares of ₹ 100 each	<u>5,00,000</u>
Total Share Capital	<u>₹ 15,00,000</u>

Sandip Ltd took over the business of Adarsh Ltd as on 31<sup>st</sup> March 2018 on following terms and conditions.

1. Preference shareholders of Adarsh Ltd have been issued 6,000 15% preference shares of ₹ 100 each at 8% premium.
2. Sandip Ltd issued 4 equity shares of ₹ 100 each at ₹ 110 for every 5 equity shares held by Adarsh Ltd and also paid cash of ₹ 10 per share for each share held.
3. Adarsh Ltd incurred cost of liquidation ₹ 10,000.

Calculate Purchase Consideration and write journal entry in the books of Sandip Ltd. for discharge of P.C.

- Q.4 Max Ltd has authorized capital of 1,00,000 equity shares of ₹ 10 each. Company issued 60,000 shares at a premium of ₹ 2 each. The entire issue was underwritten by Vicky, Ricky and Micky in the ratio of 5:3:2 respectively. Applications were received for 48,000 shares out of which marked applications were as follows: 15

Vicky - 24,000 Shares  
 Ricky - 8,550 Shares  
 Micky - 12,450 Shares

Underwriters are entitled to get 5% commission on issue price.

You are required to:

- Find out the net liability of underwriters
- Pass Journal Entries in the books of Max Ltd.

OR

- Q.4 A, B, and C were partners sharing profits and losses as 3:2:2. The following is the Balance Sheet of A, B and C as on 31.03.2019 15

Liabilities	₹	Assets	₹
Capitals:		Land & Building	1,44,000
A 1,45,500		Machinery	42,000
B 87,000		Stock	18,000
C 37,500	2,70,000	Bills Receivable	36,000
Creditors	24,000	Debtors	54,000
<b>Total</b>	<b>2,94,000</b>	<b>Total</b>	<b>2,94,000</b>

The partners decided to convert the business into a LLP on 31<sup>st</sup> March, 2019 on the following terms.

- LLP which consists of A, B and C as partners contributes ₹ 1,50,000 each.
- The company took over all assets except stock, which was taken by A for ₹ 15,000 and assumed all the liabilities. It also agreed to pay ₹ 45,000 for goodwill.
- The purchase consideration was paid in cash.

Prepare:

- Realisation A/c
- Partners Capital A/c
- Cash A/c
- Journal Entries in the books of LLP
- Statements of Assets and Liabilities

- Q.5 R and K were equal partners in a firm. Their Balance Sheet as on 31<sup>st</sup> March, 2019 is as follows: 15

Liabilities	₹	Assets	₹
Capital Accounts		Building	1,28,000
R	1,10,000	Furniture	12,000
K	40,000	Debtors 32,000	
		Less: RDD 2,000	30,000
Sundry Creditors	50,000	Stock	36,000
Loan on Mortgage	20,000	Cash	14,000
<b>Total</b>	<b>2,20,000</b>	<b>Total</b>	<b>2,20,000</b>

On the above date, they converted their business into LLP on the following terms

- To take over Debtors at Rs. 28,000, stock at ₹ 44,000, furniture at ₹ 8,000, Buildings at ₹ 1,40,000 and Goodwill at ₹ 44,000.
- To take over Sundry Creditors from whom a discount of ₹ 4,000 would be earned.

3. To take over Mortgage Loan along with unrecorded interest of ₹ 2,000.
4. Dissolution expenses were ₹ 4,000.

Calculate

- 1) Statement of purchase consideration.
- 2) Open Realisation A/c, R and K's capital A/c and LLP's A/c in the books of firm.

**OR**

- Q.5 A) Kailash Ltd went into voluntary liquidation on 1<sup>st</sup> January 2018, when their Balance Sheet was as follows: 08

Liabilities	₹	Assets	₹
Share Capital:		Plant & Machinery	7,00,000
50,000 Equity Shares of Rs. 10 each	5,00,000	Stock	3,25,000
50,000 5% Preference Shares of Rs. 10 each	5,00,000	Debtors	3,00,000
6% Debentures	1,25,000	Cash	5,000
Creditors	2,62,500	Profit & Loss A/c	57,500
<b>Total</b>	<b>13,87,500</b>	<b>Total</b>	<b>13,87,500</b>

- 1) The liquidator realized the assets as follows:
 

Plant & Machinery	-	₹ 5,00,000
Stock	-	₹ 2,00,000
Debtors	-	₹ 2,50,000
- 2) The expenses of liquidation amounted to ₹ 9,750 and the liquidator's remuneration was agreed at 2% on amount of realization.
- 3) Preference Dividend was in arrears for one year and Debenture holder's claim was paid on 30<sup>th</sup> June 2018.

Prepare Liquidator's Final Statement of Account.

- Q.5 B) Krishna Ltd issued 5,00,000 Equity Shares of ₹ 10 each at par. 1,40,000 Equity Shares were issued to the promoters and balance shares were offered to public which was underwritten by Simi, Kimi and Timi in the proportion of 2/9; 3/9; 4/9. Firm underwriting was as follows: 07

Simi - 10,000 shares  
 Kimi - 12,000 shares  
 Timi - 14,000 shares

Total subscription received was 2,77,600 shares including marked application and excluding firm underwriting. Marked applications were

Simi - 60,000 shares  
 Kimi - 70,000 shares  
 Timi - 90,000 shares

Compute the liability of underwriters assuming that the benefit of firm underwriting is given to underwriters.

- Q.6 A) Discuss the procedure of calculation of Net Liability of the underwriters. 10  
 B) Distinguish between Pooling of Interest Method and Purchase Method of Amalgamation. 10

- Q.6 Write short notes (Any 4) 20

- 1) Liquidator's Final Statement of Account.
- 2) Limited Liability Partnership (LLP).
- 3) Monetary & Non-monetary items.
- 4) Conditional & Firm Underwriting.
- 5) Net Payment Method of Purchase Consideration.
- 6) Absorption of company.