

Program: T.Y.B.Com Semester: VI Program Code: 2C00146
Course: Financial Accounting Course Code: 83001
Duration: 3 Hours Examination Pattern: REV16 – Autonomous - External Max. Marks: 100

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

Examination:
REGULAR

Q. 1 Attempt the following.

A. Select the most appropriate option & rewrite the full sentence. (Any 10) [10]

- i). In amalgamation as a merger, all the assets and liabilities of the vendor company become the assets and liabilities of _____
(a) Transferee company (b) Vendor company
(c) Holding company (d) Subsidiary company
- ii). _____ are past shareholders of the company, who were shareholders within the 12 months before the winding up.
(a) List A Contributories (b) List B Contributories
(c) List C Contributories (d) List D Contributories
- iii). Non-monetary items are valued at _____.
(a) Market price (b) Current price
(c) Historical cost (d) Fluctuating price
- iv). In case of pooling interest method, transferee company should record assets at _____.
(a) Cost (b) Market Value
(c) Agreed Value (d) Book Value
- v). The exchange difference arising due to import of raw material is transferred to _____.
(a) Profit and Loss A/c (b) Purchase A/c
(c) Trading A/c (d) Suppliers A/c
- vi). Preferential creditors are included in _____.
(a) List E (b) List C
(c) List D (d) List B
- vii). Maximum number of partners in LLP is _____.
(a) 20 (b) 50
(c) No limit (d) 100
- viii). _____ is not a monetary item.
(a) Debtors (b) Bills Payable

- (c) Cash (d) Inventory
- ix). Underwriting commission is calculated on _____.
- (a) Issue price of shares underwritten (b) Net liability value
- (c) Marked application value (d) Firm underwriting value
- x). Shares having face value of 100, issued at a premium of 50 per share. The underwriting commission will be calculated on _____.
- (a) ₹100 (b) ₹150
- (c) ₹50 (d) ₹90
- xi). xii). _____ is the rate at which one currency can be exchanged for another currency.
- (a) Average rate (b) Closing rate
- (c) Exchange rate (d) Monetary rate
- xiii) The asset which is not taken under Net Asset Method of calculation of purchase consideration is _____.
- (a) Loose tools (b) Furniture
- (c) Bills receivable (d) Discount on issue of shares

B. State whether the following statements are True or False. (Any 10)

[10]

- i). On amalgamation, payment of liquidation expenses does not form part of purchase consideration.
- ii). Debenture interest is to be paid up to the date of winding up.
- iii). AS-11 is applicable to foreign currency transactions.
- iv). Scheme of amalgamation requires approval by 75% of shareholders of every company involved.
- v). Designated partners are like directors of a company.
- vi). Bills receivable is a monetary item.
- vii). List A contains assets specifically pledged.
- viii) Underwriting commission is payable, also on the shares taken up by the promoters.
- ix). In partial underwriting, only 2 persons underwrite the issue.
- x). The exchange difference in case of export sale should be transferred to Sales Account.
- xi). A company cannot be wound up, if it is financially sound.
- xii). Inventory is a monetary item.

Q. 2 Attempt either (A) or (B).

A. Taniya Ltd. agreed to acquire business of Jatin Ltd., as on 31.3.2023. The summarized Balance Sheet of Jatin Ltd., as on 31.3.2023 was as follows:

[20]

| Liabilities | Amount (₹) |
|---|-----------------|
| 12,000, equity shares of 10/- each fully paid | 1,20,000 |
| General Reserve | 34,000 |
| Profit and Loss Account | 22,000 |
| 6% Debentures | 20,000 |
| Creditors | <u>4,000</u> |
| | <u>2,00,000</u> |

| Assets | Amount (₹) |
|-------------------------|-----------------|
| Goodwill | 20,000 |
| Building | 60,000 |
| Machinery | 68,000 |
| Closing Stock | 33,600 |
| Debtors | 7,200 |
| I.C.I.C.I. Bank Account | <u>11,200</u> |
| | <u>2,00,000</u> |

The consideration payable was as follows:

- Cash payment equal to ₹ 2.50 per share in Jatin Ltd.
- Issue of 18,000 Equity shares of ₹ 10 each of Taniya Ltd. having an agreed value of ₹ 15 per share.
- Issue of such an amount of fully paid 9% Debentures of Taniya Ltd. at ₹ 96 each as is sufficient to discharge 6% Debentures of Jatin Ltd. at 20% premium.
- While calculating the consideration the assets were revalued as follows:
Building and Machinery at ₹ 1,20,000 each, stock at ₹ 28,400 and Debtors subject to 5% provision for Discount.
- Liquidation expenses agreed to be paid by Jatin Ltd. was ₹ 1,000.

Prepare

- Statement of Purchase consideration.
- Necessary ledger accounts to close the books of Jatin Ltd.
- Opening Journal entries in the books of Taniya Ltd.

OR

B. Vimal Ltd. issued 1,00,000 Equity Shares of Rs.10 each at a premium of 20%.

[20]

Company decided to collect full amount on application. The entire issue was underwritten by Amita - 30%, Pranali - 30%, Mahima - 40%. They have also applied for Firm Underwriting as below:

- Amita - 5,000 shares
- Pranali - 4,000 shares
- Mahima - 4,000 shares

The total subscriptions excluding firm underwriting but including marked applications were 80,000 shares.

The marked applications were as under:

Amita: 15,000 shares, Pranali: 18,000 shares, Mahima: 30,000 shares

Commission is payable to underwriters @ 2.5% on issue price.

You are required to compute the liability of individual underwriters assuming benefit of firm underwriting is given and also pass the journal entries in the books of Vimal Ltd.

Q. 3 Attempt either (A) or (B and C).

A. Amar Exports Ltd. of Madurai exported goods worth \$ 1,20,000 on 10th February, 2023 to Liyo Inc., of the USA.

[20]

The payment for the same was received as follows:

20th March, 2023 - \$ 25,000

30th March, 2023 - \$ 15,000

5th April, 2023 - \$ 20,000

15th May, 2023 - \$ 30,000

10th June, 2023 - \$ 10,000

25th June, 2023 - \$ 20,000

The exchange rate for \$1 was as follows:

10th February, 2023 - ₹ 70

20th March, 2023 - ₹ 72

30th March, 2023 - ₹ 72

31st March, 2023 - ₹ 74

5th April, 2023 - ₹ 71

15th May, 2023 - ₹ 73

10th June, 2023 - ₹ 74

25th June, 2023 - ₹ 75

The company follows the financial year as the accounting year.

Pass Journal entry for the above foreign exchange transactions in the books of Amar Exports Ltd. and also prepare Foreign Exchange Fluctuation A/c for the year 2022-23 and 2023-24.

OR

B. Following is the Balance Sheet of Manish Ltd. as on 31st March, 2024.

[10]

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|---|------------------|----------------------|------------------|
| 8% Preference Share Capital (Rs.100 each) | 10,00,000 | Goodwill | 3,25,000 |
| Equity Share Capital (Rs.10 each) | 10,00,000 | Land and Building | 14,60,000 |
| General Reserve | 4,00,000 | Plant and Machinery | 5,10,000 |
| Statutory Reserve | 1,75,000 | Investments | 4,18,000 |
| Profit and Loss Account | 2,40,000 | Inventories | 2,25,000 |
| 9% Debentures | 8,00,000 | Sundry Debtors | 3,26,000 |
| Sundry Creditors | 3,60,000 | Bills Receivables | 3,91,000 |
| Bills Payable | 1,05,000 | Cash and Bank | 3,56,000 |
| Provision for Tax | 75,000 | Preliminary Expenses | 1,44,000 |
| | 41,55,000 | | 41,55,000 |

Chankya Ltd. is formed with an authorised capital of 6,00,000 Equity Shares of Rs.10 each to take over all the assets and liabilities of Manish Ltd. with the following terms and conditions.

(a) The assets are to be taken over at 10% more than the book values.

(b) Goodwill of Manish Ltd. is valued at ₹ 5,40,000.

(c) Cost of formation of New Company amounted to ₹ 38,000.

(d) Debentures of Manish Ltd. is to be converted into equivalent number of debentures of Chankya Ltd.

(e) The purchase consideration is discharged by issue of Equity Shares of ₹ 10 each.

Find out the Purchase Consideration.

C. Following data is furnished by Asmita & Co. which goes into voluntary liquidation on 1st January 2025, you are required to prepare the liquidators Final statement of Account

[10]

1. Assets Realised Rs. 20,00,000.
2. Preferential Creditors to be paid Rs. 1,90,000.
3. Other Unsecured Creditors Rs. 10,00,000.
4. 12% Preference Share Capital Rs. 8,00,000.
5. 10,000 Equity Shares of Rs. 100 each Rs. 80 paid up.
6. 16,000 Equity Shares of Rs. 100 each Rs. 50 paid up.
7. Liquidators Remuneration is Rs. 22,000.

Q. 4 Attempt either (A) or (B and C).

A. Balance Sheet of Amar as on 31st March, 2024 as under:

[20]

Balance Sheet

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|------------------|-----------------|---------------------|-----------------|
| Capital | 2,50,000 | Plant and Machinery | 1,00,000 |
| Loan from Aman | 50,000 | Furniture | 80,000 |
| Bank Loan | 60,000 | Investment | 70,000 |
| Sundry Creditors | 40,000 | Debtors | 60,000 |
| Bills Payable | 20,000 | Inventories | 50,000 |
| | | Bank Balance | 40,000 |
| | | Bills Receivable | 20,000 |
| Total | 4,20,000 | Total | 4,20,000 |

Additional Information

On the above date, A and A LLP was incorporated to take over the business of Amar on the following terms and conditions:

1. Amar and Aman will be the partners of A & A LLP sharing profits and losses equally and contributing ₹ 3,00,000 each.
2. Plant and Machinery to be taken over at 150% and Furniture is valued at ₹ 80,000.
3. All remaining assets (except investment and bank balance) and all liabilities (except Aman's loan) to be taken over by A and A LLP at book value.
4. Goodwill to be valued at ₹ 1,50,000.
5. Aman's loan to be settled before forming LLP by Amar.
6. Amar sold all its investment for ₹ 80,000 to generate cash for payment of Aman's loan.
7. Dissolution expenses of ₹ 5,000 to be borne by Amar.
8. Purchase consideration to be settled in cash.

You are required to:

- (a) Prepare Statement of Purchase Consideration.
- (b) Prepare necessary Ledger Accounts in the books of the proprietor.
- (c) Journal entries in the books of A and A LLP.

OR

B. Zebra Ltd., imported goods worth \$25,000 from Lion Ltd. of Texas, U.S. on 1st November, 2024, when the exchange rate was 1\$ = Rs. 78.

[10]

Payments were made as follows:

| Date of Transactions | ₹ | Exchange Rate (Rs.) |
|----------------------|-------|-----------------------|
| 15-12-2024 | 8,000 | 79 |
| 05-01-2025 | 6,000 | 76 |
| 17-02-2025 | 4,000 | 80 |
| 25-03-2025 | 7,000 | 75 |

Pass journal entries in the books of Zebra Ltd.

C. Khisa Khali Ltd. went into Liquidation on 1st April, 2024 when its Balance Sheet was as follows:

[10]

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|---|-----------------|-------------------|-----------------|
| 1000,10% Cumulative Preference shares of Rs. 100 each | 1,00,000 | Premises | 2,40,000 |
| 3,000, Equity shares of Rs. 100 each | 3,00,000 | Machinery | 1,65,000 |
| 14% Debentures (Secured by floating charge) | 1,50,000 | Stock | 2,60,000 |
| Interest Accrued on Debentures | 21,000 | Sundry Debtors | 29,000 |
| Unsecured Creditors | 3,24,000 | Cash at Bank | 48,000 |
| | | Profit & Loss A/C | 1,53,000 |
| | 8,95,000 | | 8,95,000 |

Note: Preference Dividend was in arrears for one year.

The assets realized as follows:

- Premises Rs. 1,70,000;
- Machinery Rs. 85,000
- Stock & Debtors Rs. NIL

The expenses of liquidation amounted to Rs. 12,500. The liquidator is entitled to a remuneration of 1% on assets realised except cash. Assuming, the final payment including those on debentures were made on 31st December,2024, show the Liquidators Final Statement of Accounts.

Q. 5 Attempt either (A and B) or (C) [20]

A. Limited Liability Partnership (LLP) and its Advantages [10]

B. Amalgamation and Various Methods of Calculating Purchase Consideration [10]

OR

C Short Notes (Attempt Any 4 out of 6)

1. Conditional Underwriting [5]

2. Distinction between Winding Up and Dissolution [5]

3. Marked Applications [5]

4. Foreign Exchange Fluctuations [5]

5. Statement of Affairs [5]

6. Purchase Method in Amalgamation [5]

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