

Time: 3 hrs.

Total Marks: 100

- N.B. 1) All questions are compulsory
2) Figures to the right indicate full marks
3) Working notes should form part of your answer
4) Use of simple calculator is allowed

Q.1 A) Select the most appropriate option from the given option and rewrite the sentence.
(Any ten) (10)

1. Underwriting commission is calculated on _____.
a) Issue price of shares underwritten
b) Net liability value
c) Marked application value
d) Firm underwriting value
2. The exchange difference arising due to import of raw material is transferred to _____.
a) Purchase A/c
b) Trading A/c
c) Profit & Loss A/c
d) Suppliers A/c
3. 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
4. Preferential creditors are included in _____.
a) List E
b) List C
c) List D
d) List B
5. Maximum number of partners in LLP is _____.
a) 20
b) 50
c) 100
d) No-limit
6. In case of shares, underwriting commission cannot exceed _____.
a) 3% of issue price
b) 7.5% of issue price
c) 5% of issue price
d) 2.5% of issue price
7. Designated partner must obtain DPIN from _____.
a) The Central Government
b) The State Government
c) The ROC
d) Registrar of firms
8. In case of compulsory winding up Statement of Affairs is sent to _____.
a) The Official Liquidator
b) The Liquidator
c) The Government
d) The High Court
9. Non-monetary items are valued at _____.
a) Market price
b) Current price
c) Historical cost
d) Fluctuating price
10. On amalgamation, preliminary expenses in Balance Sheet of Vendor Company are debited to _____.
a) Realization A/c
b) Equity shareholders A/c
c) Cash A/c
d) Preference Shareholders A/c
11. The asset which is not taken under Net Asset Method of calculation of purchase consideration is _____.
a) Discount on issue of shares
b) Loose tools
c) Furniture
d) Bills Receivable
12. Average rate is the rate which is _____.
a) On the Balance Sheet date
b) The mean of the exchange rates
c) The proportion between two currencies
d) The rate at which asset could be exchanged

Q.1 B) State whether the following statements are True or False:- (Any 10) (10)

1. Designated partners are like directors of a company.
2. Debenture interest is to be paid up to the date of winding up.
3. The exchange difference in case of export sale should be transferred to Sales Account.
4. In partial underwriting, only 2 persons underwrite the issue.
5. Inventory is a monetary item.
6. On amalgamation, payment of liquidation expenses does not form part of purchase consideration.
7. Scheme of amalgamation requires approval by 75% of shareholders of every company involved.
8. LLP agreement must specify the contribution of partners.
9. Reporting currency is the Indian rupee used for presentation of financial statements.
10. Underwriting commission is calculated on the face value of shares.
11. Capital reserve or goodwill can arise in pooling of interest method.
12. In compulsory winding up, remuneration of the liquidator is fixed by the court.

Q.2. The Balance Sheets of Rohit Ltd. and Surya Ltd. as at 31st March 2023 are as follows: (20)

Particulars	Rohit Ltd.	Surya Ltd.
I- Equity and Liabilities:		
1) Shareholders' Funds:		
a) <u>Share Capital</u>		
i) Equity Share Capital (Shares of Rs. 10 each)	20,00,000	6,00,000
ii) 9% Preference Share Capital (Shares of Rs. 100 each)	2,00,000	-
iii) 10% Preference Share Capital (Shares of Rs. 100 each)	-	2,00,000
b) <u>Reserve and Surplus:</u>		
General Reserve	2,00,000	1,60,000
2) Non Current Liabilities:		
Bank loan	1,00,000	40,000
3) Current Liabilities:		
Trade Payables	2,60,000	1,60,000
Total	27,60,000	11,60,000
II) Assets:		
1) Non-current Assets:		
a) <u>Property Plant and Equipment</u>		
Building	7,00,000	2,50,000
Machinery	10,00,000	3,00,000
b) Non Current Investment	-	40,000
c) Other Non Current Assets (Expenses on Issue of Shares)	60,000	20,000
2) Current Assets:		
a) Inventory (Stock)	6,00,000	3,50,000
b) Trade Receivables	4,00,000	2,00,000
Total	27,60,000	11,60,000

Rohit Ltd; absorbs Surya Ltd; on the following terms:

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- i) Building of Surya Ltd. is valued at Rs. 4,00,000 and the Machinery Rs. 3,20,000.
 - ii) Stock is to be taken at Rs. 3,15,000 and provision for doubtful debts on Debtors is to be created at 7.5%
 - iii) The holders of 10% Preference Shares are to be paid at 10% Premium, by the issue of 9% Preference Shares of Rohit Ltd. at par.
 - iv) For the Balance of Purchase consideration for amalgamation, Equity Shareholders of the Surya Ltd. will be issued equity shares at 5% Premium.
- You are required to:
- a) Calculate Purchase Consideration.
 - b) Pass Journal entries in the books of Rohit Ltd.
 - c) Balance Sheet of Rohit Ltd. after absorption as at 31st March 2023.

OR

Q.2 Ankush Ltd. makes a public issue of 5,00,000 shares of Rs.25 each at 20% premium, entire amount is payable with application. Ms. Bhakti, Shraddha and Pooja underwrite whole issue in the ratio of 5:3:2. They have also applied for Firm Underwriting as below:

Ms. Bhakti	-	15,000 shares
Ms. Shraddha	-	15,000 shares
Ms. Pooja	-	24,500 shares

The total subscriptions excluding firm underwriting but including marked applications were 3,60,000 shares.

The marked applications were as under:

Ms. Bhakti	-	82,500 shares
Ms. Shraddha	-	55,000 shares
Ms. Pooja	-	41,000 shares

5% Commission on issue price is allowed to underwriters.

You are required to:

- 1) Find out the liabilities of individual underwriters assuming benefit of firm underwriting is given.
- 2) Pass necessary journal entries in the books of Ankush Ltd. (20)

Q.3 Mr. Kapil and Mr. Kamlesh decided to convert their firm into LLP. They both were equal partners in a firm. The following is the balance sheet as on 31st March, 2023. (20)

Liabilities		Amount ₹	Assets		Amount ₹
Capital A/c:			Building		1,02,000
Kapil	1,20,000		Machinery		63,000
Kamlesh	<u>1,20,000</u>	2,40,000	Motor Car		37,000
General Reserve		20,000	Debtors		55,000
Creditors		12,000	Bills Receivable		40,000
Bills payable		18,000	Stock		5,000
Bank overdraft		16,000	Prepaid Expenses		4,000
		<u>3,06,000</u>			<u>3,06,000</u>

Following are the terms and conditions of conversion agreed upon by the partners:

1. Building and stock took over by Mr. Kamlesh at ₹ 1,00,000 and ₹ 4,000 respectively. All other assets were taken over by LLP. Goodwill of ₹ 25,000 was also paid.
2. Mr. Kapil agreed to settle bills payable and other liabilities were taken over by LLP.
3. Mr. Kapil and Mr. Kamlesh contributed ₹ 3,00,000 each in LLP.
4. The Purchase consideration was settled in cash.

Prepare:

1. Statement of Purchase Consideration.
2. Realisation A/c.
3. Partner's Capital A/c.
4. LLP A/c.
5. Cash A/c.
6. Pass Journal Entries in the Books of LLP.

OR

Q.3 A) On 21st January 2022, Shubhman Ltd. exported goods worth \$ 1,00,000 to Miami Ltd. USA when the exchange rate was 1-US \$ = ₹ 74.00. The amount was received in four installments as under: (10)

Date	Installment (US \$)	Rate of Exchange
25/01/2022	25,000	₹ 76.25
12/02/2022	25,000	₹ 73.25
05/03/2022	25,000	₹ 75.50
30/03/2022	25,000	₹ 78.50

Pass Journal Entries in the books of Shubhman Ltd. for the year ended 31st March, 2022.

Q.3 B) Following data is furnished by Aslanka & Co; which goes in to voluntary liquidation on 1st January 2024, you are required to prepare the liquidators final statement of Account. (10)

- i) Assets Realised Rs. 20,00,000
- ii) Preferential Creditors to be paid Rs. 1,90,000
- iii) Other Unsecured Creditors Rs. 10,00,000
- iv) 12% Preference Share Capital Rs. 8,00,000
- v) 10,000 Equity Shares of Rs. 100 each Rs. 80 Paid up
- vi) 16,000 Equity Shares of Rs. 100 each Rs. 50 paid up
- vii) Liquidators Remuneration is Rs. 22,000

Q.4 Virat Ltd. purchased goods worth US \$ 60,000 from Adi Traders of Boston on 1st July, 2021. (20)

The payments were made as under:

On 12 th August, 2021	-	\$ 15,000
On 27 th September, 2021	-	\$ 10,000
On 09 th November, 2021	-	\$ 5,000
On 13 th December, 2021	-	\$ 8,000
On 10 th March, 2022	-	\$ 6,000
On 25 th April, 2022	-	\$ 10,000
On 17 th May, 2022	-	\$ 6,000

The exchange rate for 1 US \$ during the transaction period was as follows:

1 st July, 2021	-	₹ 75.00
12 th August, 2021	-	₹ 72.50
27 th September, 2021	-	₹ 76.25
09 th November, 2021	-	₹ 75.00
13 th December, 2021	-	₹ 73.75
10 th March, 2022	-	₹ 76.00
31 st March, 2022	-	₹ 75.50
25 th April, 2022	-	₹ 76.50
17 th May, 2022	-	₹ 77.00

Virat Ltd. closes its books on 31st March every year.

Pass Journal entries and prepare Foreign Exchange Fluctuation A/c in the books of Virat Ltd.

OR

Q.4 A) Following is the Balance Sheet of David Ltd. as on 31st March, 2023. (10)

Balance Sheet

Liabilities	₹	Assets	₹
16,000, 10% Preference Shares of ₹ 100 each fully paid	16,00,000	Land & Building	26,00,000
32,000, Equity Shares of ₹ 100 each fully paid	32,00,000	Furniture	10,00,000
9% Debentures	12,00,000	Stock	17,00,000
Creditors	14,00,000	Debtors	14,00,000
Outstanding Salaries	2,00,000	Bank	3,00,000
		Profit & Loss A/c	6,00,000
	76,00,000		76,00,000

Due to mismanagement and heavy losses, David Ltd. decided to go for voluntary liquidation on 1st April, 2023.

1. The liquidator realized the assets as follows:

Land & Building	₹ 24,00,000
Furniture	₹ 4,00,000
Stock	₹ 11,00,000
Debtors	₹ 8,00,000

2. Preference dividend was in arrears for last 2 years and to be settled.

3. Debentures were settled on 30th June, 2023.

4. The expenses of liquidation amounted to ₹ 42,000 and the remuneration fixed to liquidator was 3% on amount of assets realized.

Prepare Liquidator's Final Statement of Account.

Q.4 B) Following is the Balance Sheet of Cummins Ltd; as on 31st March 2023 (10)

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Shares of Rs. 100 each	15,00,000	Building	6,90,000
General Reserve	2,03,000	Plant & Machinery	4,35,000
Bank Loan	3,75,000	Stock	4,91,000
Sundry Creditors	1,42,000	Sundry Debtors	3,26,000
		Profit & loss a/c	2,78,000
Total	22,20,000	Total	22,20,000

On the above date Sunrisers Ltd; is formed to take over the business of Cummins Ltd; on the following terms and conditions:

1) All assets and liabilities were taken over at book value except the Building and Plant & Machinery. Building is valued at Rs. 10,00,000 and Plant & Machinery at Rs. 4,00,000.

2) Entire Purchase Consideration is discharged in Equity Shares of Rs. 100 each, issued at par.

You are required:

a) Calculate Purchase Consideration and b) Prepare Realisation account and Equity Shareholders a/c to close the books of Cummins Ltd;

Q.5 A) What is Amalgamation? Explain the types of Amalgamation as per AS-14. (10)

Q.5 B) Explain the Procedure of Calculation of Net liability of the Underwriters. (10)

OR

Q.5 Write Short Notes (Any Four) (20)

- Need for conversion of foreign currency transactions.
- Preferential Creditors.
- Statement of Affairs.
- Designated Partners.
- Monetary and Non-monetary items.
- Limited Liability Partnership (LLP).
