

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) State whether the following statements are true or false (Any Ten) (10)**

- 1) New company is not formed in case of Absorption.
- 2) B Ltd is newly formed to take over the business of existing company A Ltd; it is called an External Reconstruction.
- 3) In merger method, entire purchase consideration needs to be discharged in equity shares only.
- 4) Bills Receivable is a monetary item.
- 5) AS-11 is applicable to foreign currency transactions.
- 6) Reporting currency is the currency used in recording the financial transactions.
- 7) A company cannot be wound up, if it is financially sound.
- 8) List A contains assets specifically pledged.
- 9) Underwriters are not liable to take up the Shares or Debentures, which are underwritten by underwriter but not subscribed by public.
- 10) Underwriting commission is payable, also on the shares taken up by the promoters.
- 11) LLP doesn't have a separate legal status.
- 12) Registration of LLP is compulsory under the LLP Act 2008.

**Q. 1 B) Choose the Correct alternative from the given option and rewrite the sentence. (Any Ten) (10)**

- 1) The maximum number of partners LLP can have \_\_\_\_\_  
a) 2 Partners                      b) 7 Partners                      c) 50 Partners                      d) No Limit
- 2) At least \_\_\_\_\_ of the designated partners of every LLP shall be a resident in India.  
a) 2 Partners                      b) 5 Partners                      c) 7 Partners                      d) 1 Partner
- 3) Shares having face value of Rs. 100, issued at a premium of Rs. 50 per share. The underwriting commission will be calculated on Rs. \_\_\_\_\_.  
a) Rs. 100                      b) Rs. 150                      c) Rs. 50                      d) Rs. 90
- 4) When an underwriter agrees to buy a definite number of shares in addition to unsubscribed shares, it is termed as \_\_\_\_\_.  
a) Complete underwriting                      b) Firm underwriting                      c) Sole underwriting  
d) Partial Underwriting
- 5) When the sale proceeds of pledged security are not sufficient to pay off secured creditors fully, the balance due to them should be added to \_\_\_\_\_.  
a) Unsecured Creditors                      b) Preferential Creditors                      c) Debenture holders  
d) Preference Share Capital
- 6) \_\_\_\_\_ 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

78743

Page 1 of 16

d) List D Contributories.

7) Currency other than the reporting currency is \_\_\_\_\_.

a) US Dollar (US \$)                      b) Indian Rs. (₹)                      c) Foreign Currency                      d) euro (€)

8) \_\_\_\_\_ 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

9) \_\_\_\_\_ is not a monetary item.

a) Debtors                      b) Bills Payable                      c) Cash                      d) Inventory

10) In case of pooling of interest method, transferee company should record assets at \_\_\_\_\_

a) Cost                      b) Market value                      c) Agreed Value                      d) Book Value

11) If Sonali Ltd. is taken over by Purva Ltd. it is called as \_\_\_\_\_.

a) Amalgamation                      b) Absorption                      c) External Reconstruction

d) Internal Reconstruction

12) When preference shares are settled at a premium during amalgamation, the premium is \_\_\_\_\_ in the books of transferor company.

a) Debited to Realisation A/c                      b) Credited to Realisation A/c

c) Debited to Securities Premium a/c                      d) None of the above

**Q.2 A)** Following are the Balance Sheets of Keshav Ltd. & Karanjkar Ltd. as on 31<sup>st</sup> March 2024.

**Balance Sheets** **(20)**  
**As on 31<sup>st</sup> March 2024.**

Liabilities	Keshav Ltd. Rs.	Karanjkar Ltd. Rs.	Assets	Keshav Ltd. Rs.	Karanjkar Ltd. Rs.
Equity Shares of Rs. 100 each fully paid up	15,00,000	22,50,000	Land & Building	13,30,500	14,99,000
10%Preference Shares of Rs. 100 each	8,43,000	11,25,000	Plant & Machinery	11,25,000	15,38,000
General Reserve	2,82,000	2,56,000	Stock	3,37,500	4,69,000
Statutory Reserve	65,000	1,00,000	Sundry Debtors	2,62,500	6,28,000
9% Debentures	2,00,000	1,57,000	Bank	22,500	45,000
Sundry Creditors	1,88,000	2,91,000			
<b>Total</b>	<b>30,78,000</b>	<b>41,79,000</b>		<b>30,78,000</b>	<b>41,79,000</b>

On the above date Karanjkar Ltd. takes over Keshav Ltd. on the following terms & Conditions:

1) All Assets and Liabilities are taken over at book value except the following which were revalued as follows:

Land & Building Rs. 12,50,000, and Plant & Machinery Rs. 11,50,000

- 2) 10% Preference Shareholders of Keshav Ltd. to be discharged at 10% Premium by issue of 9% Preference Shares of Rs. 100 each at par from Karanjkar Ltd.
- 3) Equity Shareholders of Keshav Ltd. will receive 15,500 Equity Shares of Rs. 100 each at 10% Premium from Karanjkar Ltd. and Rs. 2,200 in Cash.
- 4) Sundry Debtors of Karanjkar Ltd. include Rs. 30,000 due from Keshav Ltd.
- 5) Debentures of Keshav Ltd. to be converted into equivalent numbers of debentures of Karanjkar Ltd.
- 6) Statutory Reserves are to be maintained for next three years.

You are required to:

- 1) Calculate Purchase Consideration
- 2) Pass Journal Entries in the books of Karanjkar Ltd.
- 3) Prepare Balance Sheet of Karanjkar Ltd. after amalgamation.

OR

Q.2 B) M&T Company., went in voluntary liquidation on 31-12-2024 when its Balance Sheet was as follows: (10)

Liabilities	₹	Assets	₹
<b>Share Capital:</b>		Freehold property	5,80,000
50,000 Equity shares of ₹ 10 each, fully paid up	5,00,000	Machinery	2,89,000
6,000 - 5% Cumulative preference shares of ₹ 100 each	6,00,000	Motor vehicle	57,500
Reserves & Surplus	50,000	Stock	2,11,000
5% Debentures	1,00,000	Debtors	74,000
Interest on Debentures due	2,500	Profit and Loss A/c	2,14,000
Bank Loan (Secured on Motor Vehicle)	58,000		
Creditors	1,15,000		
	14,25,500		14,25,500

**Additional Information:**

- (a) The preference dividends were in arrears for 2 years.
- (b) The liquidator realized the assets as follows:

Asset	Realized Value (₹)
Freehold property	7,00,000
Machinery	2,40,000
Motor Vehicle	59,000
Stock	1,50,000
Debtors	60,000



- (c) Creditors were paid after deducting a discount of 5%.
- (d) The debentures were repaid on 31-12-2024 along with interest.
- (e) Liquidation expenses were ₹ 4,500.
- (f) Liquidator's remuneration was 2% on the assets realized.

**You are required to prepare Liquidators Final Statement of Account.**

**Q.2 C)** Zigzag Ltd., imported goods worth \$25,000 from Caterpillar Ltd. of Texas, U.S on 1<sup>st</sup> November 2023, when the exchange rate was 1\$ = ₹78 (10)

Payments were made as follows:

Date of transactions	\$	Exchange Rate (₹)
15/12/2023	8,000	79
05/01/2024	6,000	76
17/02/2024	4,000	80
25/03/2024	7,000	75

**Pass journal entries in the books of Zigzag Ltd**

**Q.3 A)** Aarav Exports Ltd. of Mumbai exported goods worth \$1,20,000 on 10th February, 2023 to Leman Inc., of the USA. (20)

**The payment for the same was received as follows:**

20 <sup>th</sup> March, 2023	- \$25,000
30 <sup>th</sup> March, 2023	- \$15,000
5 <sup>th</sup> April, 2023	- \$20,000
15 <sup>th</sup> May, 2023	- \$30,000
10 <sup>th</sup> June, 2023	- \$10,000
25 <sup>th</sup> June, 2023	- \$20,000

**The Exchange Rate for \$1 was as follows:**

10 <sup>th</sup> February, 2023	- ₹70
20 <sup>th</sup> March, 2023	- ₹72
30 <sup>th</sup> March, 2023	- ₹72
31 <sup>st</sup> March, 2023	- ₹74
5 <sup>th</sup> April, 2023	- ₹71
15 <sup>th</sup> May, 2023	- ₹73
10 <sup>th</sup> June, 2023	- ₹74
25 <sup>th</sup> June, 2023	- ₹75

The company follows the financial year as the accounting year.

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

**OR**

**Q.3 B)** Milap Ltd. went into voluntary liquidation on 1<sup>st</sup> May, 2024. Assets realized by liquidator amounted to ₹ 3,50,000. Cash Balance as on 1<sup>st</sup> May, 2024 ₹ 25,000. The following are the particulars with regard to its liabilities as on the above date: (10)

15,000 8% Preference of ₹10 each fully paid	₹ 1,50,000
28,000 Equity Shares of ₹10 each, ₹8 paid up	₹ 2,24,000
12,000 Equity Shares of ₹ 10 each fully paid up	₹ 1,20,000
12% Debentures	₹ 1,00,000
Creditors (Including Preferential Creditors ₹25,000)	₹ 1,00,000

The cost of liquidation came to ₹ 10,000. Liquidator's remuneration was fixed @ 2% on assets realised (excluding cash balance). All payments were made on 1<sup>st</sup> May, 2024.

**Prepare Liquidator Final Statement of Account.**

**Q.3 C)** On 31<sup>st</sup> March 2024; the Balance Sheet of Mehvish Ltd. was as follows: (10)

Liabilities	Amount Rs.	Assets	Amount Rs.
40,000 Equity Shares of Rs. 10 each fully paid	4,00,000	Land & Building	80,000
10% Debentures	60,000	Patents	30,000
Creditors	40,000	Other Assets	3,29,000
		Cash	1,000
		Profit & Loss A/c	56,000
		Preliminary Expenses	4,000
<b>Total</b>	<b>5,00,000</b>	<b>Total</b>	<b>5,00,000</b>

A scheme of reconstruction was agreed upon as follows:

- 1) A new company Kazi Ltd; is to be formed with an authorized Equity Share Capital of Rs. 6,50,000 (Share of Rs. 10 each).
- 2) Debentures of Mehvish Ltd. taken over by Kazi Ltd. and issued them 6,000 equity shares of Rs.10 each of Kazi Ltd.
- 3) Creditors are to be taken over by the Kazi Ltd; at book value.
- 4) Other Assets taken over at Rs. 2,59,000 and Land & Building at book value.
- 5) Patents were sold by Mehvish Ltd. for Rs. 2,000
- 6) Cash is also taken over by Kazi Ltd.
- 7) Expenses of Reconstruction Rs. 1,000 paid by Mehvish Ltd.
- 8) Kazi Ltd. Discharged Entire Purchase Consideration in Equity Shares of Rs. 10 each issued at par.

You are required to calculate the Purchase Consideration and Prepare Realisation A/c, New Companies A/c, Equity Shareholders A/c and Bank A/c in the books of Mehvish Ltd.

**Q.4 A)** Megha and Nishi are equal partners running a business in the name of Shivam Enterprises. The Balance Sheet of the firm as on 31st March, 2024, was as follows: (20)

**Balance Sheet as on 31<sup>st</sup> March, 2024**

Liabilities	₹	Assets	₹
Sundry Creditors	25,000	Bank Balance	10,000
Bills Payable	15,000	Bills Receivable	13,000
10% Mortgage Loan	8,000	Debtors	27,000
Reserve Fund	6,000	Stock	30,000
<b>Capital Accounts:</b>		Machinery	18,000
Megha	70,000	Building	76,000
Nishi	50,000		
<b>Total</b>	<b>1,74,000</b>	<b>Total</b>	<b>1,74,000</b>

**On 1st April 2024, the firm decided to convert into LLP. The terms were as follows:**

1. Buildings and Stock to be taken over at ₹75,000 and ₹35,000 respectively. The remaining assets to be taken over at book values.
2. Goodwill of the firm to be valued at ₹ 51,000.
3. The firm is to discharge the 10% Mortgage Loan. Other liabilities to be taken over by the LLP.
4. Dissolution expenses amounted to ₹2,000, which are to be borne by the firm.

**Show:**

- a) Statement of Purchase Consideration.
- b) Realisation A/c, Partners Capital A/c and LLP A/c in the books of Shivam Enterprises.
- c) Journal Entries in the books of the LLP.

**OR**

**Q.4 B)** Ramdas Ltd; issued 6,50,000 Equity Shares of Rs. 10 each, at a premium of Rs. 2 Per share (entire amount is payable with application). The whole issue was underwritten by Bhagyashri, Purva, Soniya and Pooja as follows:

Bhagyashri 40%, Purva 30%, Soniya 20% and Pooja 10%

Company received applications for 5,56,000 Equity Shares including marked application as below:

Bhagyashri 1,55,000 Shares

Purva 1,95,000 Shares

Soniya 75,000 Shares

Pooja 71,000 Shares

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

**From the above information find out the liability of underwriters and give journal entries (Including Application money received from public) in the books of Ramdas Ltd. (20)**

**Q.5 A)** What is Amalgamation? Explain various methods of calculating purchase consideration. (10)

**Q.5 B)** Explain the procedure to convert Partnership into LLP. (10)

**OR**

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

1. Statement of Affairs
2. Conditional Underwriting
3. Non-Monetary items
4. Purchase Method in Amalgamation
5. Designated Partners
6. Marked Applications