Exam Seat No:

## **C.U.SHAH UNIVERSITY** Summer Examination-2018

## Subject Name : Company Accounts - II Subject Code : 4CO04COA1 **Branch: B.Com.(English)** Semester : 4 Date : 01/05/2018 Time : 10:30 To 01:30 Instructions: (1) Use of Programmable calculator & any other electronic instrument is prohibited. (2) Instructions written on main answer book are strictly to be obeyed. (3) Draw neat diagrams and figures (if necessary) at right places. (4) Assume suitable data if needed. Q-1 Attempt the following questions: a) When company purchases the business of another company \_\_\_\_\_\_comes into existence. A) Amalgamation C) Internal Reconstruction B) Absorption D) External Reconstruction **b**) Shares received from the new company are recorded at ----

A) Face value C) Market value B) Average price D) None of these c) When a liquidator should prepare final statement of Receipts and Payments? 1 A) Every year C) On completion of liquidation B) Every three years D) Every two years **d**) From the following, who can not file the application for winding up the company? 1 A) Company itself C) Stakeholders B) Creditors D) Debtors e) Which one of the following are not preferential creditors? 1 A) Provident fund of the staff B) Outstanding expenses C) All accrued of leave remuneration payable to an employee on termination of his iob D) Pension of as employee f) How many types there are for Reconstruction of a company? 1 A) 2 B) 3 C) 1 D) 4 Realization Account is split into two accounts in case of \_\_\_\_\_ 1 **g**) A) Amalgamation C) Reconstruction B) Capital reduction D) Absorption **h**) Net Assets/ no.of equity shares =..... 1 A) Yield value of share C) External value of share B) Intrinsic value of share D) Face value of share A liquidator cannot keep the sum received on behalf of the company more than Rs.5,000 1 i) for more than-A) 100 days B) 10 days C) 5 days D) 30days

Which of the following amount is not included in Preferential Creditors ? j) C) Bills Payable A) Provident Fund



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Marks: 70

(14)

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	B) Taxes of Government	D) None of the above	
k)	,	nts of India issued Accounting standard-14 in the	1
	year		
	A) April, 1993	C) March, 1995	
	B) October, 1994	D) May, 1996	
<b>l</b> )	When two or more companies c	arrying on similar business decide to combined a new	1
	company is formed it is known	as	
	A) Amalgamation	C) Internal Reconstruction	
	B) Absorption	D) External Reconstruction	
m)	If purchase consideration is less	than net asset, the amount of difference is	1
	A) Capital Reserve	C) Consideration	
	B) Goodwill	D) Dissolution expense	
n)	Amalgamation of companies are	e known as In corporate world	1
	A) Merger and acquisition		
	B) Change in capital fund		
	C) Liquidation of a compar	Ŋ	
	D) Capital Reduction		
anv f	our questions from O-2 to O-8		

## Attempt any four questions from Q-2 to Q-8

Q-2		Attempt all questions	(14)
-	(A)	Write the objectives of Amalgamation	07
	<b>(B)</b>	Write short note on purchase consideration	07
Q-3		Attempt all questions	(10)
-	(A)	R Ltd was in to voluntary liquidation on 30/6/2017, when its balance sheet was as under:	10

Liabilities	Rs.	Assets	Rs.
3,000 Eq. sh. Each of		Goodwill	25,000
Rs 100	3,00,000	Land &Building	2,10,000
P & L A/c	3,000	Machinery	1,65,000
8% debenture	50,000	Furniture	3,000
Outstanding interest on		Stock	1,70,000
debenture	4,000	Debtors	25,000
PF	3,000	Cash & Bank	12,000
Creditors	2,36,500		
Two months' salary of			
three clerks	13,500		
	6,10,000		6,10,000

Other Information:

- 1) Debenture holders were paid on 31/12/2018.
- 2) Liquidation expenses amounted to Rs. 1000.
- 3) The liquidator's remuneration is 2% of the amounted realised by him and 4% on the amount paid to preferential creditors and 10% on amount distributed to equity shareholders.
- 4) The assets realised as follows:

Land & Building Rs.1,50,000, Machinery Rs. 1,71,000, Furniture 4,000,

Stock Rs. 1,55,000, Debtors Rs. 23,000.



Prepare the liquidator's Account.

(B) Give the specimen of realization Account

## Q-4 Attempt all questions

(A) The balance sheet of A Ltd. As on 31/3/2018

Liabilities	Rs.	Assets	Rs.
5000, 8% Cum. Pref Sh.		Goodwill	20,000
Each of Rs. 10	50,000	Land & Building	1,00,000
20,000 Eq. sh. Each of Rs		Plant & Mach.	1,50,000
10	2,00,000	Furniture	5,000
12% debenture	1,00,000	Patents	2,000
Creditors	30,000	Stock	30,000
PF	5,000	Debtors 50,000	
Bills payable	2,000	-B.D.R. <u>1000</u>	49,000
		Bills receivable	3,000
		Cash & Bank	4,500
		P & L A/c	23,500
	3,87,000		3,87,000

A Co. Ltd. Absorbed by B Ltd. As per the following conditions.

- Pref. Sh. Holders should be given four non-cumulative 8% Pref. Sh. Of Rs. 10 each in B Ltd. For every five shares held by them. They should also be paid Rs. 4000in cash by B Co, Ltd. In full settlement of their arrears of dividend.
- 2) Eq, shareholders should be given four Eq. shares of Rs. 10 each in B Co. for every five shares held by them.
- 3) Debenture holders should be given 10% debentures in B Co. Ltd. Of such value as to give them interest annually, which they use to receive earlier.
- 4) B Co. Ltd. Should take over all assets & liabilities of A Co. for this purpose Land & Building and Plant & Machinery be taken at Rs. 90,000 and Rs. 1,30,000 respectively. Patents are valueless. Provision for B.D.R. is to be calculated at 5% on debtors.

Draw necessary Accounts in the books of A Ltd.

Q-5		Attempt all questions	(14)
	(A)	Write a note on Reconstruction	07
	<b>(B)</b>	Write the difference between Amalgamation and Absorption	07
Q-6		Attempt all questions	(14)

(A) The balance sheets of A Ltd. And B Ltd. As on 31-3-2018 are as under:

Liabilities	A Ltd.	B Ltd.	Liabilities	A Ltd.	B Ltd.
	Rs.	Rs.		Rs.	Rs.
Eq. Sh. Cap.	20,00,000	4,00,000	Goodwill	-	50,000
GR	6,00,000	10,000	Building	8,00,000	1,10,000
P & L A/c	2,30,000	42,000	Machinery	12,00,000	-
Creditors	1,00,000	30,000	Vehicles	3,50,000	1,30,000
Workers			Stock	3,00,000	64,000



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Provident Fund	20,000	-	Debtors	1,10,000	60,000
Bills payable	30,000	1,000	Bill receivable	20,000	2000
			Bank	1,00,000	47,000
			Debenture Discount	-	10,000
			Preliminary Exp.	-	10,000
			Cash	1,00,000	-
	29,80,000	4,83,000		29,80,000	4,83,000

A and B Companies have been amalgamated with following terms:

- 1) New Co. ABC Ltd. Was formed from 1/4/2018 with the authorised share capital of Rs. 24,00,000 distributed in the equity shares of Rs. 10 each. Total paid up share capital should be Rs. 22,50,000.
- Purchase consideration of A Ltd. Was fixed at Rs. 27,00,000 out of which 1,77,200 equity shares of Rs. 10 are to be issued at Rs. 14 and remaining amount to be paid in cash.
- 3) Purchase consideration of B Ltd. Was fixedequal to its net visible assets. Purchase consideration is to be paid by 32,800 equity shares of Rs. 10 at 10% premium, remaining amount to be paid in cash.
- 4) ABC Ltd. Accepts all assets and liabilities of A Ltd. Except cash and bank balance.
- 5) ABC Ltd. Accepts all assets and liabilities of B Ltd.
- 6) Liquidation expanses of A and B Ltd. Were Rs. 10,000 and Rs. 6,000 respectively.
- 7) The remaining shares were issued to public at 200% premium. 50% amount towards share capital account and 50% amount towards premium account was called for and received.

Prepare necessary Accounts

Q-7		Attempt all questions	(14)
	(A)	Write the differences between Method of connection of interest and Purchase method.	07
	<b>(B)</b>	Write the duties of liquidator	07
Q-8		Attempt all questions	(14)
-	(A)	Explain the types of liquidations	07
	<b>(B)</b>	Write a note on types of Reconstruction	07

