C. U. SHAH UNIVERSITY

Winter Examination-2019

Subject Name: Company Accounts - II

Subject Code: 4CO04COA1 Branch: B.Com (English)

Semester: 4 Date: 17/09/2019 Time: 02:30 To 05:30 Marks: 70

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 fo	ollowing questions	s :		(14)
	a)	, 1 1 2				1
		paying debts of				
		· ·	erential creditors		reference share capital	
			·/	` /	quity share capital	
	b)		_	-	preferential Creditors?	1
		(A)provident F		` '	of Government	
		(C)Bills Payab		` '	of the above	
	c)	In which order	'liquidation expen	ses' and liquidato	rs' remuneration are	1
		paid?				
		(A)After payin	g preferential cred	itors		
		(B)After payin	g debenture holder	s with floating cha	arge.	
		(C)Before payi	ng secured credito	rs		
		(D)After payin	g secured creditors	3		
	d)	When one of the	ne existing compan	ies takes over bus	iness of another	1
			mpanies, it is knov	vn as		
		(A)Amalgamat	ion	(B)Absorp		
		(C)Internal rec	onstruction	(D)Externa	al reconstruction	
	e)	Net Assets less	Capital Reserve is	s equal to		1
		(A)Goodwill		(B)Total A	Assets	
		(C)Purchase Co	onsideration	(D) None	;	
	f)	Shares received	d from the new cor	npany are recorde	d at	1
		(A)Face value		(B)Avera		
		(C)Market pric	e	(D)None o	f the above	
	g)	When the India	n Accounting Star	ndard 18 is publish	ned by the institute of	1
	Ο,	C.A?	C	1	•	
		(A)2000	(B)2001	(C)1999	(D)2003	
	h)		following Accour		siness department and	1



			(A)18 (B)17	(C)16	(D)20	
		i)	The title of Indian Accounting Stand	dard 20 is		1
			(A)Transaction of Share Capital	(B)Estimated E	arning of Shares	
			(C)Valuation of Share	(D)Earning per		
		j)	If purchase consideration is less tha	n net assets, the amou	nt of difference	1
			is	(B) G 1 111		
			(A)Capital Reserve	(B)Goodwill		
		• \	(C)Consideration	(D)Dissolution 6	expense	4
		K)	Net Assets ÷ No of equity shares =		C 1	1
				(B)Intrinsic val		
		1)	(C)External value of share			1
		1)	When liquidation expenses is paid a	and borne by seller col	mpany then it is	1
			debited to	(D) C 1:11 A	/ -	
			(A)Bank A/c	(B)Goodwill A		
)	(C)Realisation A/c	(D)Capital Resource		1
		m)	While external reconstruction, if the		revaluation of	1
			assets, how it would be written off i	• •	ta	
			(A)To share capital Account (C)To Realisation Account	* *		
		n)	If the intrinsic values of shares exch	` ′ .		1
		n)	paid in	ianged are not equal, t	ille difference is	1
			(A)Cash (B)Debenture	(C)Pref. share	(D)Assets	
Q-2			Attempt all questions	(C)I ICI. SHAIC	(D)/Assets	(14)
Q-2	A		Define the types of liquidation.			7
	В		State Company liquidator appointm	ent remuneration rig	hts and duties	7
Q-3			Attempt all questions	ent, remaneration, mg	nts and daties.	(14)
Q U	A		Write a short note on Financial lease	e and its Accounting t	reatment.	7
	В		Explain borrowing costs eligible for	_		7
Q-4	_		Attempt all questions	oup runneuron.		(14)
	A		Hema Ltd. went into voluntary liqui	idation on 30-09-2002	2. Assets.	7
			excluding those assets mortgaged with fully secured creditors, realised			
			Rs. 3, 50,000. Following was positive		,	
			Share Capital: 1000 equity shares		1,00,000	
			paid	•		
			Fully secured Creditors			
			(Mortgaged Assets realized Rs. 40	,000)	35,000	
			Preferential Creditors		6,000	
			Unsecured Creditors		1,40,100	
			12% Debenture having floating cha	arge	2,50,000	
			On month's accrued interest on De	ebenture (Sept. 2001)	2,500	
			Liquidation expenses		5,000	
			Liquidator's remuneration		7,500	
			Preferential creditors include Rs. 5	000 due to workers		
			Prepare the final statement of the l			
	В		Liquidator is entitled to get remuner	-	ount realized	7
			and 3% of the amount distributed to			•
			realized from the assets: Rs. 25,00,			
			payments are made:	and the state of t		
			I was an a second .			



Liquidation expenses Rs. 25,000
Preferential Creditors Rs. 75,000
Secured Creditors Rs. 10,00,000

Compute remuneration payable to the liquidator.

Q-5

Jay Ltd. and Kishan Ltd. decided to amalgamate on 1st April 2011. A new company called Aman Ltd was formed to take over the business of both the companies. The Balance sheets of the two amalgamating companies as on 31st March 2011 were as follows:

Jay Ltd

Liabilities	Rs.	Assets	Rs.
Share capital: 2000 equity	2,00,000	Land & Building	40,000
share of Rs. 100 each			
Creditors	50,000	Machinery	60,000
Creditors for outstanding	1000	Stock	20,000
Rent			
		Debtors	70,000
		Cash	11,000
		Profit & Loss	50,000
		Account	
	2,51,000		2,51000

Kishan Ltd

Liabilities	Rs.	Assets	Rs.
Share capital: 3000 equity	3,00,000	Land & Building	1,50,000
share of Rs. 100 each			
Creditors	37,000	Machinery	1,25,000
Reserve Fund	50,000	Stock	50,000
Dividend Equalisation	25000	Debtors	1,00,000
Fund			
P & L Account	40,000	Goodwill	25,000
		Prepaid Insurance	2000
	4,52,000		4,52,000

The new company issues its equity shares of Rs. 100 each in payment of purchase price.

You are required to prepare necessary Ledger Accounts and give Journal entries to close the books of the Aman Ltd.

Q-6		Attempt all questions	(14)
	A	Define purpose of Amalgamation and Absorption.	7
	В	Write a short note on Intrinsic value of share	7
Q-7		Attempt all questions	(14)
	A	A Co. takes over the business of B Co. on which date the Balance sheet	7
		of B Co was as under.	



14

Balance sheet

Liabilities	Rs.	Assets	Rs.
Share capital: 10,000	10,00,000	Goodwill	1,50,000
equity shares of Rs. 100			
each fully paid up			
General Reserve	40,000	Land & Building	2,25,000
6% Debenture	2,00,000	Machinery	7,00,000
Bank overdraft	50,000	Stock	2,00,000
Workmen's	20,000	Cash and bank	10,000
Compensation Fund			
Sundry creditors	45,000	Debtors	50,000
		Preliminary	20,000
		expenses	
	13,55,000		13,55,000

A Co agreed to take all assets, expect cash and bank of **B**. Co. on the following terms:

(1) Good will R1,80,000 (2)Land & Building Rs. 3,00,000 (3) Machinery Rs. 5,25,000 (4) Stock Rs. 1,80,000 (4) Bed debts reserve to be created at 5% on Debtors.

A company took over all liabilities (including Debentures) of **B** Company at their book values. **A** claim of Rs. 5,000 is accepted by the company against workmen's Compensation Fund

Calculate the Purchase Consideration.

В	State the objectives of Segment Reporting -17.	7
Q-8	Attempt all questions	(14)
A	Define meaning of Reconstruction and types of Reconstruction	7
В	Explain the difference between Amalgamation, Absorption and	7
	Reconstruction of Company.	

