

# C. U. SHAH UNIVERSITY

## Summer Examination-2022

**Subject Name : Company Account-II**

**Subject Code : 4CO04COA1**

**Branch: B.Com (English)**

**Semester: 4**

**Date: 05/05/2022**

**Time: 11:00 To 02:00**

**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 following questions:          (14)**
- a) Both of the old companies will not exist in          1  
 (A) Internal reconstruction          (B) Absorption  
 (C) External reconstruction          (D) Amalgamation
- b) Shares received from the new company are recorded at          1  
 (A) Face value          (B) Average price          (C) Market value          (D)  
 None of these
- c)  $\text{Net Assets} \div \text{No. of Equity Shares} = \underline{\hspace{2cm}}$  of share          1  
 (A) Yield value          (B) Intrinsic value          (C) External value          (D)  
 Face value
- d) If the intrinsic value of shares exchanged are not equal, the difference is          1  
 paid in \_\_\_\_\_  
 (A) Cash          (B) Debenture          (C) Pref. share          (D)  
 Assets
- e) If the market price of the share not to be given for purchase consideration          1  
 at the time of absorption, \_\_\_\_\_ of the share is to be determined.  
 (A) fair value          (B) face value          (C) intrinsic value          (D)  
 yield value
- f) In which account in the books of vendor company, the original amount of          1  
 General Reserve shown in Vendor Company's Balance Sheet at the time  
 of amalgamation, should be transferred?  
 (A) P. & L. A/c          (B) Purchasing Co. A/C  
 (C) Realisation A/c          (D) Eq. Shareholder's A/c
- g) For what purposes do companies join the merger?          1  
 (A) Increase competition  
 (B) To collect decentralized economic and technical resources  
 (C) To avail the benefits of small-scale unit  
 (D) To get the benefits of centralization
- h) How many types there are for Reconstruction of a company ?          1  
 (A) 2          (B) 3          (C) 1          (D) 4
- i) How many days' notice is to be given when a company has passed          1  
 resolution for voluntary winding up ?



- (A) 5 days      (B) 10 days      (C) 14 days      (D) 30 days
- j) The procedure regarding the formation of a Company with new name by itself following legal provisions after voluntary liquidation of old company without using the scheme of Capital Reduction is known as – 1  
 (A) Internal Reconstruction of a Company.  
 (B) External Reconstruction of a Company.  
 (C) Amalgamation of Companies  
 (D) Absorption of Companies
- k) From the following, which income will not be shown in Liquidator's Receipts & Payment Account? 1  
 (A) Assets realized      (B) Surplus from secured creditors  
 (C) Securities premium      (D) Calls on partly paid shares.
- l) The liquidator has cash on hand Rs. 52,500 to pay the creditors. The liquidator is entitled to a remuneration at 5% on the amount distributed to unsecured creditors. What will be the remuneration of the liquidator ? 1  
 (A) Rs. 2,625      (B) Rs. 2,375      (C) Rs. 2,500      (D) Rs. 3,000
- m) Which one of the following are not preferential creditors ? 1  
 (A) Provident Fund of the staff      (B) Outstanding Expenses  
 (C) Pension of an employee      (D) None of these
- n) Which of the following is considered as floating charge creditors? 1  
 (A) Creditors      (B) Government dues  
 (C) Provident fund      (D) Debentures

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

- Q-2** Differentiate between pooling of interest method and purchase method. (14)
- Q-3** **Attempt all questions** (14)  
 (A) Explain the Consideration method. 7  
 (B) State how to close the books of the old company? 7
- Q-4** **Attempt all questions** (14)  
 (A) Explain the disbursements by the liquidator. 7  
 (B) Give a specimen of liquidator's final statement of receipts and payments. 7
- Q-5** **Attempt all questions** (14)  
 (A) Explain the objectives or purposes of Amalgamation and Absorption. 7  
 (B) Explain the intrinsic value of shares. 7
- Q-6** **Attempt all questions** (14)  
 (A) The liquidator of A Co. Ltd has cash on hand of Rs. 6,72,000. How will it be distributed among following shares : 7

Type of Equity shares	No. of Equity shares	Face value equity shares Rs.	paid up per equity shares Rs.
A	8,000	100	75
B	6,000	75	60
C	4,000	50	35
D	20,000	10	5

- (B) Jagruti Ltd. went into voluntary liquidation on 31-03-2017, when, the following Balance Sheet was prepared : 7

Liabilities	Rs.	Assets	Rs.
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Equity Share Capital	2,00,000	Building	2,00,000
10% Preference Capital	1,00,000	Furniture	4,000
General Reserve	4,000	Machinery	2,40,000
15% Debentures (Mortgage)	2,00,000	Investments	1,00,000
Outstanding Deb. Interest	30,000	Stock	3,22,900
Bank loan (Secured by Investments)	80,000	Debtors	24,000
Creditors	2,00,000	Cash	9,100
Provident Fund	50,000		
Outstanding Salary of clerks (3 clerks for three months)	18,000		
Salary of workmen	18,000		
	<b>9,00,000</b>		<b>9,00,000</b>

The bank has sold the investments at book value and surplus amount of Rs. 20,000 was returned to the liquidator. Other assets realised as under:

Building	Rs. 3,00,000	Stock	Rs. 2,60,000
Furniture	Rs. 2,000	Debtors	Rs. 20,000
Machinery	Rs. 3,00,000		

Liquidation expenses are Rs. 15,000. Liquidator is entitled to get remuneration at 5% on amount realised by him. Debenture holders were paid on 30-09-2017. Preference shares are cumulative and preference dividend is in arrears for the last two years.

Prepare Liquidator's Final Statement of Receipts and Payments.

Q-7

(14)

The Balance Sheet of Sun-Glass Company Ltd, on 31-3-2017 is as under:

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs. 100 each fully paid	5,00,000	Goodwill	1,50,000
12% Preference shares of Rs. 100 each fully paid	2,00,000	Land and Building	2,60,000
15% Debentures	1,00,000	Plant and Machinery	1,80,000
Creditors	2,00,000	Furniture	30,000
	<b>10,00,000</b>	Stock	50,000
		Debtors	60,000
		Profit and Loss A/C	2,70,000
			<b>10,00,000</b>

The committee of shareholders and creditors resolved that the company be taken into voluntary liquidation and a new company called Chandrakiran Ltd. be formed with an authorised capital of Rs. 25,00,000 all in equity shares of Rs. 10 each.

The following proposals for reconstruction were approved by the court:

- (1) Five equity shares of Rs. 5 each paid up in new company to be issued in place of each equity share in the old company.
- (2) Ten Equity shares of Rs. 5 each paid up in new company to be issued for each preference share in the old company.
- (3) Debenture-holders to be satisfied by payment of 50% amount in cash and balance by issue of equity shares of Rs. 10 fully paid up.
- (4) Rs. 40,000 was paid to preferential creditors in cash.
- (5) Other creditors are to be paid 50 paise in a rupee in full settlement of



