

Enrollment No: _____

Exam Seat No: _____

C.U.SHAH UNIVERSITY

Winter Examination-2022

Subject Name : Company Accounts-II

Subject Code : 4CO04COA1

Semester : 4

Date : 21/09/2022

Branch : B.Com (English)

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 following questions: (14)**
- a) While calculating purchase consideration -----value of assets is considered. 1**
(a) Book value (b) Revalued price (c) Average price
(d) Capital price
- b) Net Assets minus Capital Reserve is ----- 1**
(a) Goodwill (b) Total assets (c) Purchase consideration
(d) None of this
- c) The shares received from the new company is recorded at----- 1**
(a) Face value (b) Market value (c) Average price
(d) None of this
- d) For the capital reduction scheme, there are which sections in the Company Act? 1**
(a) 100 to 104 (b) 200 to 204 (c) 300 to 304
(d) 400 to 404
- e) The title of Indian Accounting Standard No. 16 is ----- 1**
(a) Owners Borrowing Cost (b) Cost of Employed Capital
(c) Borrowing Cost (d) Cost of Financial Lease
- f) Net Assets / No. of Equity shares = ? 1**
(a) Yield value of share (b) Intrinsic value of share
(c) External value of share (d) Face value of share
- g) When Indian Accounting Standard No. 18 issued by ICAI? 1**
(a) In 2000 (b) In 2008 (c) In 2005
(d) In 2011
- h) Both of the old companies will not exist in ----- 1**
(a) Internal reconstruction (b) Absorption
(c) External reconstruction (d) Amalgamation
- i) If purchase consideration is less than net assets, the amount of difference is----- 1**
(a) Capital Reserve (b) Goodwill (c) consideration (d)
Dissolution expenses
- j) When a liquidator should prepare final statement of receipts and payment? 1**
(a) Every year (b) Every three year
(c) Every two year (d) on completion of liquidation



- k) How many days' notice is to given when a company has passed resolution for voluntary winding up? 1
 (a) 5 days (b) 10 days
 (c) 14 days (d) 30 days
- l) Write the full form of EPS. 1
 m) Write the formula of EPS. 1
 n) Write the definition of lease. 1

Q-2

Attempt all questions

(14)
14

- a. The following were the balance sheets of AB Ltd. and CD Ltd. as on 31-3-2022.

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Equity Shares of Rs. 10 each	10,00,000	5,00,000	Fixed Assets	9,00,000	5,00,000
General Reserve	3,00,000	1,00,000	Goodwill	1,00,000	----
P & L A/c	2,00,000	---	Investment (market value Rs. 1,50,000)	1,00,000	----
Creditors	4,00,000	3,00,000	Stock	7,00,000	2,20,000
Bills payable	1,00,000	1,00,000	Other current assets	2,00,000	1,00,000
			Loan and advances		
	20,00,000	10,00,000		20,00,000	10,00,000

On the above date, both the companies decided to amalgamate and formed a new company ABCD Ltd. with an authorized capital of Rs. 30,00,000 divided in to equity share of Rs. 10 each. ABCD Ltd. has taken over the assets of both the companies on the following conditions:

- (1) Fixed assets of AB Ltd as shown in the books are 10% less than the market value whereas stock of CD Ltd. is overvalued by 20%.
- (2) ABCD Ltd has issued 2,80,000 equity shares to both the companies as fully paid at 10% premium in the ratio 3 : 1 as payment of their purchase consideration.
- (3) ABCD Ltd. has issued the remaining shares to the public for cash at 10% premium, which were fully paid.
- (4) The liquidation expenses of AB Ltd. and CD Ltd. were Rs. 10,000 and Rs. 5000 respectively.

Pass necessary journal entries in the books of ABCD Ltd and prepare Balance Sheet.

Q-3

Attempt all questions

(14)
7
7

- a. Why a liquidator appointed? What are his main duties?
 b. D Ltd. went in to voluntary liquidation on 30-6-21. The balances in its books were as under:

Liabilities	Rs.	Assets	Rs.
3000 Equity shares each of Rs. 100	3,00,000	Goodwill	25,000
Profit and Loss A/c	3,000	Land & Building	2,10,000
8% Debentures	50,000	Machinery & Plants	1,65,000
Interest Outstanding	4,000	furniture	3,000
Provident fund	3,000	Stock	1,70,000
		Debtors	25,000



Creditors	2,36,500	Cash	12,000
2 month salary of 3 clerks	13,500		
	6,10,000		6,10,000

1. Debenture holders were paid on 31-12-21.
2. Liquidation expenses amounted to Rs.1000
3. Liquidator's remuneration is 2% of the amount realised by him and 4% on the amount paid to preferential Creditors and 10% on amount distributed to the Equity shareholders.
4. The assets realized as follows:
 - Land & Building Rs. 1,50,000
 - Machinery Rs. 1,71,000
 - Stock Rs. 1,55,000
 - Furniture Rs. 4,000
 - Debtors Rs. 1,55,000

Prepare the liquidator's final statement of Accounts.

Q-4

Attempt all questions

(14)
14

- a. The balance sheet of RK Ltd. on 31-3-2022 is under :

Liabilities	Rs.	Assets	Rs.
Share Capital :		Goodwill	25,000
Equity shares of Rs. 100 each	4,00,000	Building	2,00,000
	10,000	Furniture	50,000
Workmen Compensation fund	1,50,000	Machinery	1,50,000
	20,000	Investments	20,000
8% Debenture	10,000	Debtors	80,000
General Reserve	10,000	Bills receivable	60,000
P & L A/c	20,000	Cash and Bank	40,000
Provident fund	5,000		
Creditors			
Bills Payable			
	6,25,000		6,25,000

The PK Ltd. absorbed the RK Ltd. on following condition from 1-4-2022:

- (1) To take over all assets except investments and bills receivable.
- (2) Discharge the debenture debt at a discount of 5% by issue of 10% debentures in PK Ltd.
- (3) The equity shareholders of RK Ltd. to be allotted 12 equity shares of PK Ltd. of Rs. 10 each at a premium of Rs.2 per share for every share held by them.
- (4) To take over liabilities except bills payable.
- (5) Liquidation expenses Rs. 6,500 of RK Ltd. are borne by PK Ltd.
- (6) Value of fixed assets are 50% more than its book value.
- (7) RK Ltd. sold the investments for Rs. 25,000 and Rs. 50,000 was realised from bills receivable.
- (8) Bills payable paid in full.

You are required to prepare ledger accounts in the books of RK Ltd. & calculation of Goodwill or capital reserve.

Q-5

Attempt all questions

(14)



	a. Give the meaning of Reconstruction and explain the types of Reconstruction.	7
	b. State how to close the books of the old company?	7
Q-6	Attempt all questions	(14)
	a. Explain the Consideration method.	7
	b. Explain the net Assets method.	7
Q-7	Attempt all questions	(14)
	a. Explain diluted earnings per share as per AS-20.	7
	b. Which disclosures are required as per AS-17?	7
Q-8	Attempt all questions	(14)
	a. Give a specimen of liquidator's final statement of receipts and payments.	7
	b. Explain the disbursements by the liquidator.	7

