

[Time: 3 Hours]

[Marks: 100]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Figures to the right indicates full marks allotted to the questions.
 3. Working notes should form the part of your answer.

- Q.1 a) Fill in the blanks with suitable words (Any Ten) 10
1. The business of one existing company taken over by another existing company is called as -----.
 2. Exchange Rate prevailing on the date of transaction is known as -----
 3. Foreign currency is a currency other than the ----- currency of an enterprise.
 4. When shares are allotted to the underwriters, the underwriters A/c is ----- .
 5. List H shows ----- A/c.
 6. In amalgamation, Preliminary expenses are transferred to ----- side of Shareholders Account.
 7. ----- ratio is used for exchange of shares under amalgamation of companies.
 8. Underwriting commission is calculated on ----- price of shares.
 9. In statement of affairs, secured creditors are shown in list ----- .
 10. The liability of partners in LLP is limited to the extent of their -----.
 11. Government dues are ----- creditors.
 12. When winding up of companies takes place, shareholders are described as ----- .

- Q.1 b) Match the following (Any Ten) 10

	‘A’		‘B’
1.	Amalgamation	a.	Total shares for which guarantee is given
2.	Average Rate	b.	At least two
3.	Currency conversion	c.	Two or more liquidations; one formation
4.	Gross Liability of underwriter	d.	Received with seal or stamp of underwriter
5.	Accounting year	e.	Mean of Exchange Rates
6.	Commission on shares	f.	NCLT
7.	Amount of exchange difference	g.	Amount payable to shareholders
8.	Marked Applications	h.	Year ending 31 st march
9.	Commission on Debentures	i.	AS -11
10.	Designated partners in LLP	j.	Cannot exceed 5%
11.	Purchase consideration in Amalgamation of companies	k.	Recorded in Foreign Exchange Fluctuation A/c
12.	Compulsory winding up	l.	Cannot exceed 3%
		m.	Fixed Assets

- Q.2 a) Arora Ltd. purchased goods from Malaika Traders of USA for US \$ 60,000 on 20th January, 2018 08
when the exchange rate was 1 US \$ = ₹ 68.25.

The payment for the same was made as follows :

Date	Amount	Exchange Rate per US \$
31 st January, 2018	40,000	₹ 68.75
20 th February, 2018	10,000	₹ 67.50
10 th April, 2018	10,000	₹ 68.50

Arora Ltd closes its books on 31st march every year. The rate of exchange on 31st March, 2018 was 1US \$ = ₹ 67.85

Pass journal entries to record the above transactions in the books of Arora Ltd.

- b) Swadesh Ltd exported goods to US company Beta Ltd. worth US \$ 50,000 on 11th March, 2018 on which date exchange rate of 1 US \$ was ₹ 68.

The payment was received as follows :

Date	Installment	Rate of exchange
5 th March, 2018	15,000	₹ 68.25
15 th March, 2018	20,000	₹ 68.50
30 th March, 2018	15,000	₹ 67.75

The accounting year of the company ended on 31st March.

Pass Journal entries in the books of Swadesh Ltd. to record the above transactions.

OR

- Q.2 On 1st January, 2018 Anjali Ltd purchased goods worth US \$ 45,000 from Angel Trading company of USA.

The payments were made as under :

On 27 th December, 2017	=	\$ 2,500
On 14 th January, 2018	=	\$ 7,000
On 24 th February, 2018	=	\$ 10,000
On 16 th March, 2018	=	\$ 15,000
On 5 th April, 2018	=	\$ 10,500

Anjali Ltd closes its books on 31st March every year. The exchange rate for 1US\$ was as follows :

27 th December, 2017	=	₹ 68.25
1 st January, 2018	=	₹ 68.50
14 th January, 2018	=	₹ 69.25
24 th February, 2018	=	₹ 68.25
16 th March, 2018	=	₹ 68.40
31 st March, 2018	=	₹ 68.15
5 th April, 2018	=	₹ 68.60

Pass Journal entries and prepare Foreign Exchange Fluctuation A/c in the books of Anjali Ltd.

- Q.3 a) The Balance Sheets of Ram Ltd. and Shyam Ltd. as on 31st March, 2018 were as follows: 08

Liabilities	Ram Ltd.	Shyam Ltd.	Assets	Ram Ltd.	Shyam Ltd.
Equity Shares of ₹ 10 each	1,00,000	1,80,000	Fixed Assets	1,20,000	2,10,000
Current Liabilities	80,000	1,00,000	Current Assets	60,000	70,000
Total	1,80,000	2,80,000	Total	1,80,000	2,80,000

Ram Ltd and Shyam Ltd decided to amalgamate into Sam Ltd as on 31st March, 2018 by assuming all assets and liabilities of the business. Goodwill of Ram Ltd and Shyam Ltd. valued at ₹ 50,000 and ₹ 60,000 respectively. 2/3 rd of the purchase consideration is to be satisfied by the issue of equity shares of ₹ 10 each at par and balance in cash.

Calculate purchase consideration.

Q.3 b) Following is the extracted information of Suhas Ltd. as on 31st March 2018 :

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50,000 Equity Shares of ₹ 10 each	5,00,000
20,000 11% Preference Shares of ₹ 100 each	2,00,000
10,000 9% Debentures of ₹ 100 each	1,00,000

Mahesh Ltd took over the business of Suhas Ltd on 31st March, 2018 on the following terms :

1. Mahesh Ltd issued 4 equity shares of ₹ 10 each for every 5 equity shares held by Suhas Ltd.
2. Preference shareholders are to be paid at 10% premium by issue of 12% preference shares in Mahesh Ltd. of ₹ 100 each at 10% premium.
3. Debentures holders shall be given same number of debentures of Mahesh Ltd. at a premium of 8%.
4. Cash is to be paid at ₹ 2 per share to the equity shareholders of Suhas Ltd.

Calculate Purchase Consideration and write journal entry for discharge of P.C. in the books of Mahesh Ltd.

OR

Q.3 Following is the Balance sheet of Raja Ltd. as on 31st March 2018.

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Liabilities	₹	Assets	₹
Equity Shares Capital (100 each)	10,00,000	Building	4,60,000
General Reserve	1,00,000	Plant and Machinery	2,90,000
Statutory Reserve	50,000	Stock	2,20,000
11% Bank Loan	2,50,000	Sundry Debtors	1,10,000
Sundry Creditors	80,000	Cash and Bank balance	2,15,000
		Profit and Loss A/c	1,70,000
		Preliminary Expenses	15,000
Total	14,80,000	Total	14,80,000

On the above date , Rani Ltd acquired the business of Raja Ltd. on the following terms and conditions :

1. Rani Ltd. issued 12,000 equity shares of ₹ 100 each at ₹ 110 to the equity shareholders of Raja Ltd and also paid them cash of ₹ 20 for every 5 shares held.
2. Liquidation expenses ₹ 5,000 are borne by Rani Ltd.

You are required to :

- i) Calculate Purchase consideration.
- ii) Pass Journal entries in the books of Rani Ltd.
- iii) Prepare Balance Sheet of Rani Ltd.

Q.4 a) ABC Ltd. went into liquidation on 31st March, 2017 when their Balance Sheet was as follows :

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Liabilities	₹	Assets	₹
50,000 Equity shares of ₹ 10 each	5,00,000	Freehold Property	1,80,000
Preferential Creditors	6,000	Machinery	1,50,000
Unsecured Creditors	1,01,000	Stock	1,50,000
Partly secured Creditors	2,40,000	Debtors	1,70,000
		Cash	1,000
		Profit and Loss A/c	1,96,000
Total	8,47,000	Total	8,47,000

- 1) The liquidator realised the assets as follows :

Freehold property -	₹ 1,50,000 (used to pay partly secured creditors)
Machinery -	₹ 1,20,000
Stock -	₹ 1,35,000
Debtors -	₹ 1,50,000
- 2) The expenses of liquidation amounted to ₹ 2,000 and the liquidator's remuneration was agreed at 2.5% on the amount realized.
Prepare Liquidator's Final Statement of accounts.

- Q.4 b) Shah Ltd. came out with an issue of 22,50,000 equity shares of ₹ 20 each at a premium of ₹ 3 per shares. The promoters took 20% of the issue and the balance was offered to public. The issue was equally underwritten by Ajay, Vijay and Sanjay. 07

Each underwriter took firm underwriting of 50,000 shares each. Company received subscription for 15,50,000 equity shares.

Details of Marked applications are as follows :

Ajay -	3,62,500	Shares
Vijay -	4,20,000	Shares
Sanjay -	6,55,000	Shares

Compute underwriter's net liability assuming that the benefit of firm underwriting is given to underwriters.

OR

- Q.4 Balance Sheet of Mrunal as on 31st March 2019 is as follows :

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Liabilities	₹	Assets	₹
Capital	90,000	Building	30,000
Ram's Loan (Interest at 8% p.a)	30,000	Machinery	45,000
Creditors	22,500	Motor car	7,500
Bills Payable	7,500	stock	22,500
		Debtors	30,000
		Cash	13,500
		Investment	1,500
Total	1,50,000	Total	1,50,000

On the above date , LLP was incorporated to take over the business of Mrunal on the following terms and conditions :

- 1) Sonali and Mrunal will be the partners of LLP sharing profits equally. They contributed ₹ 90,000 each.
 - 2) All assets (except Cash and Investment) and all liabilities (except Ram's loan) to be taken over by the company for which all assets are valued at par except Building which is considered worth ₹ 40,500 and Stock worth ₹ 21,000. Further Goodwill is valued at ₹ 45,000.
 - 3) Ram's Loan to be settled out of cash and the amount realised from Investment.
 - 4) The purchase consideration is received in cash.
- Prepare :
1. Statement of purchase consideration.
 2. Realisation A/c and Partner's Capital A/c to close the books of Mrunal.
 3. Journal entries in the books of LLP.

- Q.5 Kaveri Ltd has authorized share capital of 25,00,000 equity shares of 10 each. Company issued 80% shares at a premium of ₹ 2 per share which was entirely underwritten as follows : 15
 Sonu – 45% ; Monu – 30% ; Tonu - 25%
 Company received applications for 18,00,000 Equity Shares.
 Following are the marked applications :

Sonu - 6,75,000 shares
 Monu - 6,00,000 shares
 Tonu - 3,25,000 shares

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

You are require to :

- Compute the net liability of underwriters.
- Pass Journal entries in the books of Kaveri Ltd.

OR

- Q.5 Rahul decided to convert his business into LLP under the name of RM LLP. The Balance Sheet as at 31st March, 2019 was : 15

Liabilities	₹	Assets	₹
Rahul's Capital	3,70,000	Camera and Equipment	1,80,000
General Reserve	60,000	Shooting Vans	80,000
Loan from Nitin	40,000	Copyright	20,000
Bank Overdraft	80,000	Stock of Films	1,70,000
Sundry Creditors	50,000	Bills Receivable	1,20,000
		Sundry Distributors	30,000
Total	6,00,000	Total	6,00,000

Following are the various terms and conditions of conversion agreed upon by the partners :

- Goodwill of the firm to be valued on the basis of the average of profits of the previous three years, which were ₹ 70,000 , ₹ 75,000 and ₹ 71,000 respectively after setting aside ₹ 20,000 to general reserve each year.
- Camera and Equipment to be taken over at ₹ 2,00,000.
- LLP sold Stock of Films at a value of ₹ 1,72,000 and paid Bank overdraft and Creditors immediately.
- RM LLP having R and M as partners sharing profits in equal proportion. The capital contribution is ₹ 2,50,000 each.
- The LLP took loan of ₹ 1,00,000 for settlement of P.C.

You are required to give :

- Statement showing purchase consideration.
- Realisation A/c and Capital Account to close the books of the Rahul.
- Statement of Assets and Liabilities of RM LLP.

6. A) What are the features of Limited Liability Partnership (LLP)? 10
 B) Distinguish between Amalgamation in the nature of Purchase and Amalgamation in the nature of Merger. 10

OR

6. Write short notes on: (Any four)

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- 1) Rights and duties of LLP partners.
- 2) Types of underwriting.
- 3) Statement of Affairs in Liquidation.
- 4) Spot Rate v/s Average Rate.
- 5) Net Assets Method of purchase consideration.
- 6) Foreign Exchange Fluctuation A/c.

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