

3 Hours

[Total 100 Marks]

- N.B.:** (1) All questions are compulsory.
(2) Figures to the right indicate full marks.
(3) Working notes should form part of your answers.
(4) Use of simple calculator is allowed.

Q. 1 (A) Select the correct options for the given choice (Any Ten) (10)

- 1) A Limited Liability Partnership is governed by _____.
 - a) Partnership Act 1932
 - b) Companies Act, 2013
 - c) Limited Liability Partnership Act, 2008
 - d) Limited Liability Partnership Act, 2018
- 2) According to SEBI Regulations, if the subscription is not at Least _____ of the offer amount, all the application money needs to be refunded.
 - a) 40%
 - b) 75%
 - c) 60%
 - d) 90%
- 3) Mahesh Limited issued shares at a Face Value of Rs 100 with a premium of Rs 10 per share. The underwriting commission will be calculated on _____.
 - a) Rs 80
 - b) Rs 90
 - c) Rs 110
 - d) Rs 100
- 4) Rate of Exchange at the Balance Sheet date is called _____.
 - a) Average Rate
 - b) Closing Rate
 - c) Reporting Rate
 - d) Monetary Rate.
- 5) Audit requirement in case of Limited Liability Partnership is only when the contribution exceeds Rs. 25 Lakh or the turnover exceed Rs. _____.
 - a) 40 Lakhs
 - b) 25 Lakhs
 - c) 2 Crores
 - d) 10 Crores
- 6) Assets specifically pledged are placed in _____ to the Statement of Affairs
 - a) List D
 - b) List C
 - c) List B
 - d) List E
- 7) _____ is used in presenting financial statement.
 - a) Bitcoin Currency.
 - b) Foreign Currency.
 - c) Reporting Currency.
 - d) Digital Currency.

- 8) _____ is not a Preferential Creditor.
- Expenses in investigation
 - Salary & Wages
 - Government Dues
 - Unsecured Creditors.
- 9) Accounting for Amalgamation is governed by _____
- AS 2
 - AS 9
 - AS 11
 - AS 14
- 10) Application forms bearing Stamp with the respective underwriter are called as _____.
- ESOP application
 - Unmarked application
 - Proprietary application
 - Marked application
- 11) If the business of an existing company Modern Ltd is taken over by an existing company Ultra-Modern Ltd, it is called _____.
- Absorption
 - Amalgamation
 - External reconstruction
 - Internal reconstruction
- 12) A person can act as underwriter only if he hold a certificate granted by _____.
- Registrar of Company
 - SEBI
 - RBI
 - Registrar of Firm.

Q. 1 (B) State Whether the following statements are True or False (Any Ten) (10)

- Amalgamation Adjustment Account is prepared to record the Capital Reserve in Transferee company.
- Underwriters are not required to subscribe the shares of firm underwriting.
- When all the shares are underwritten by the underwriters, it is called partial underwriting.
- Debtors, Bills Receivable and Cash are the examples of non-Monetary items.
- In Liquidation of Company, List H indicates Surplus/ Deficit.
- Exchange Rate prevailing on Settlement date is termed as Average Rate.
- In Amalgamation, Fictitious Assets should be transferred to Realisation Account to close the transferor company accounts.
- "Pooling of interest method" is a method of Accounting for Amalgamation.
- As per Companies Act 2013, the commission payable to underwriter for underwriting of shares should not exceed 5%.
- LLP should have minimum 50 partners.
- On Liquidation of company, Preferential creditors should be settled before the payment of unsecured creditors.
- Inventory is termed as non-monetary item.

Q. 2 (A) The Balance Sheet of Bhanu Ltd and Aakash Ltd are as under.

(20)

Balance Sheet
As on 31st March 2023

Liabilities	Bhanu Ltd Rs.	Aakash Ltd Rs.	Assets	Bhanu Ltd Rs.	Aakash Ltd Rs.
Equity Share Capital (Rs.10 Each)	6,00,000	8,00,000	Land and Building	8,00,000	7,00,000
General Reserves	1,00,000	1,00,000	Plant and Machinery	3,00,000	2,00,000
Statutory Reserves	1,25,000	75,000	Inventories	4,75,000	3,25,000
Profit and Loss Account	1,75,000	1,25,000	Sundry Debtors	2,25,000	2,50,000
9% Debentures (Rs. 100 each)	3,00,000	2,50,000	Cash	1,25,000	2,25,000
Sundry Creditors	4,50,000	3,50,000	Bank	50,000	1,75,000
Bills Payable	3,25,000	2,75,000	Preliminary Expenses	1,00,000	1,00,000
	20,75,000	19,75,000		20,75,000	19,75,000

Bhanu Ltd purchases Aakash Ltd w.e.f 1st April 2023 with the following terms and conditions.

a) Bhanu Ltd takes over all assets and liabilities of Akash Ltd at book values with the following exceptions

Land and building Rs. 10,00,000

Plant and Machinery Rs. 3,50,000

b) Purchase consideration is discharged by issue of Equity Shares of Rs. 10 each at a premium of Rs 10 per share

c) Debentures of Aakash Ltd to be converted to equivalent number of 10% debentures of Bhanu Ltd of Rs. 100 each

d) Statutory Reserves is to be maintained for 4 more years

Prepare Ledger Account to close the books of Aakash Ltd and show opening journal entries in the books of Bhanu Ltd.

OR

Q. 2 (B) On 1st August, 2021, Abhinav Ltd. an Indian Importer, purchased \$ 2,00,000 worth of goods from DELL INC of USA @ Rs. 77 per \$. (10)

The payment for import was made as follows:

On 12th September, 2021 - \$ 60,000 @ Rs. 79 per \$

On 26th October, 2021 - \$ 80,000 @ Rs. 76 per \$

On 5th December, 2021 - \$ 40,000 @ Rs. 78 per \$

On 18th January, 2022 - \$ 20,000 @ Rs. 75 per \$

Abhinav Ltd. closes its books on 31st March every year.

Prepare DELL INC of USA A/c and Foreign Exchange Fluctuation A/c in the books of Abhinav Ltd.

Q. 2 (C) Amar Ltd. went into liquidation on 31st December, 2022 when its Balance Sheet was as follows:

(10)

LIABILITIES	RS.	ASSETS	RS
150000 11% Cumulative Preference shares of Rs. 10 each	15,00,000	Land and Building	7,50,000
7,500 Equity shares of Rs. 100 each, Rs. 75 paid	5,62,500	Plant and Machinery	18,75,000
22,500 Equity shares of Rs. 100 each, Rs. 60 paid	13,50,000	Trademarks	3,00,000
12% Debentures (Secured by floating charge)	7,50,000	Stock-in-trade	4,02,500
Sundry Creditors	10,68,750	Sundry Debtors	8,25,000
		Cash at Bank	2,25,000
		Profit and Loss A/c	8,53,750
	52,31,250		52,31,250

The assets realised as follows:

Land and Building Rs. 4,50,000; Plant and Machinery and Trademarks Rs. 17,25,000; Stock and Sundry Debtors Rs. 10,50,000

The expenses of liquidation amounted to Rs. 27,250. The liquidator is entitled to a commission of 3% on assets realised except cash. Assuming, the final payments including those on debentures were made on 31st December, 2022, show the Liquidators Final Statement of Accounts.

Q. 3 (A) Prashant and Roshni are partners in M/s. Carpenterwala LLP sharing profits and losses in the ratio 2:3. Following is their Trial Balance on 31-3-2023.

(20)

Particulars	Debit	Credit
	Rs.	Rs.
Stock (1-4-2022)	25,000	
Prashant's Capital		1,21,000
Roshni's Capital		85,000
Bills Payable		46,500
Carriage Outward	5,000	
Purchases	2,25,000	
Return outward		15,000
Sales		4,07,000
Return inward	2,000	
Bad debts	6,000	
Sundry Debtors	51,500	
Cash at Bank of India	20,000	
Cash in hand	5,000	
General Repairs	5,000	
Warehouse Rent	7,500	
Motor Insurance	6,000	

Discount	6,500	
Manager's Remuneration	60,000	
Vacant Land at Nashik	1,50,000	
Motor Car	80,000	
Laptop	20,000	
TOTAL	6,74,500	6,74,500

Adjustments

- i. Goods worth Rs. 6,000 taken over by Prashant for personal use were not entered in the books of account.
- ii. On 31-3-2023 the cost price of closing stock was Rs. 30,000 and its market price was Rs. 28,000.
- iii. Provide Rs. 1,500 for Reserve for doubtful debts on debtors.
- iv. Outstanding expenses as on 31st March 2023: Rent Rs. 2,500 and Manager's Remuneration Rs.5,000
- v. Provide depreciation @ 10% p.a. on Motor Car and @5% p.a. on Laptop
- vi. Goods worth Rs.12,000 were destroyed by fire and Insurance Co. agreed to pay Rs. 10,000 in full settlement of the claim.

You are required to prepare Profit and Loss Account for the year ending 31-3-2023 and the Balance Sheet as on that date after considering the above adjustments.

OR

Q. 3 (B) Maruti Ltd issued 1,00,000 Equity Shares of Rs. 25 each at a premium of Rs.10 each. The entire issue was underwritten as follows (10)

- Akshay 60,000 Shares (Firm Underwriting 10,000 Shares)
- Bhavesh 30,000 Shares (Firm Underwriting 4,000 Shares)
- Chintan 10,000 Shares (Firm Underwriting 2,000 Shares)

Applications received for 90,000 shares; the following are the marked applications including firm underwriting.

- Akshay 24,000 Shares
- Bhavesh 20,000 Shares
- Chintan 8,000 Shares

Calculate the Net Liability of each underwriter when the benefit of firm underwriting is given.

Q. 3 (C) Manas Ltd. exported goods to Shepherd Inc. of Canada worth \$ 10,00,000 on 5th January, 2021 when the exchange rate was Rs. 68 per US \$. (10)

The amount was received in instalments as follows:

- 16.02.2021 - \$ 4,00,000 @ Rs 69 per US \$
- 16.03.2021 - \$ 2,00,000 @ Rs. 70 per US \$
- 16.04.2021 - \$ 2,00,000 @ Rs. 67 per US \$
- 16.05.2021 - \$ 2,00,000 @ Rs. 65 per US \$

Manas Ltd. closes its books on 31st March every year when the exchange rate was Rs. 65 per US \$
You are required to pass journal entries in the books of Manas Ltd. for the years ended on 31st March, 2021 and 31st March 2022.

Q. 4 (A) Lost Life Ltd. went into liquidation on 1st April, 2022 when its Balance Sheet was as follows: (10)

LIABILITIES	RS.	ASSETS	RS
1000 10% Cumulative Preference shares of Rs. 100 each	1,00,000	Premises	2,40,000
3,000 Equity shares of Rs. 100 each	3,00,000	Machinery	1,65,000
14% Debentures (Secured by floating charge)	1,50,000	Stock	2,60,000
Interest Accrued on Debentures	21,000	Sundry Debtors	29,000
Unsecured Creditors	3,24,000	Cash at Bank	48,000
		Profit and Loss A/c	1,53,000
	8,95,000		8,95,000

Note: Preference Dividend was in arrears for one year.

The assets realised as follows:

Premises Rs. 1,70,000;

Machinery Rs. 85,000;

Stock and Debtors Rs. NIL

The expenses of liquidation amounted to Rs. 12,500. The liquidator is entitled to a remuneration of 1% on assets realised except cash. Assuming, the final payments including those on debentures were made on 31st December, 2022, show the Liquidators Final Statement of Accounts.

Q. 4 (B) Prem Ltd. issued prospectus inviting applications for 80,000 equity shares of Rs.10 each at par. The whole issue was fully underwritten as follows: Hemant - 40,000 shares; Jayant - 30,000 shares; and Chhaya - 10,000 shares. Applications were received for 76,000 shares which also included marked applications as follows: Hemant - 27,000 shares; Jayant - 18,000 shares, and Chhaya- 15,000 shares. Unmarked applications are to be distributed amongst the underwriters in the ratio of their gross liability. Prepare a statement to determine the net liability of the underwriters. (10)

OR

Q. 4 (C) Ishan and Amol are partners in M/s. Glassdoor LLP sharing Profits and Losses equally. From the following Trial Balance of the LLP, prepare Balance Sheet of the LLP as at 31st March, 2023. (10)

Particulars	Debit Rs.	Particulars	Credit Rs.
Stock as on 31.03.2023	18,000	<u>Capital Accounts</u>	
Trade Receivables	32,000	Ishan	85,000
Computer	75,000	Amol	65,000
Printer	15,000	Bills Payable	22,000
Prepaid Advertisement for 4 years	6,000	Outstanding Salaries	5,000
Investment in Equity shares of Reliance Ltd	10,000		
Cash at Bank with HDFC Bank	21,000		
	1,77,000		1,77,000

Q. 4 (D) Following is the Balance Sheet of Maharaja Ltd as on 31st March 2023. (10)

Liabilities	Rs.	Assets	Rs.
8% Preference Share Capital (Rs 100 each)	10,00,000	Goodwill	3,25,000
Equity Share Capital (Rs 10 each)	10,00,000	Land and Building	14,60,000
General Reserve	4,00,000	Plant and Machinery	5,10,000
Statutory Reserve	1,75,000	Investments	4,18,000
Profit and Loss Account	2,40,000	Inventories	2,25,000
9% Debentures	8,00,000	Sundry Debtors	3,26,000
Sundry Creditors	3,60,000	Bills Receivable	3,91,000
Bills Payable	1,05,000	Cash and Bank	3,56,000
Provision for Tax	75,000	Preliminary Expenses	1,44,000
	41,55,000		41,55,000

Chakravarti Ltd is formed with an authorised capital of 6,00,000 Equity Shares of Rs. 10 each to take over all the assets and liabilities of Maharaja Ltd with the following terms and conditions.

- The assets are to be taken over at 10% more than the book values.
- Goodwill of Maharaja Ltd is valued at Rs. 5,40,000.
- Cost of formation of New Company amounted to Rs. 38,000.
- Debentures of Maharaja Ltd is to be converted into equivalent number of Debentures of Chakravarti Ltd.
- The purchase consideration is discharged by issue of Equity Shares of Rs. 10 each.

Find out the purchase consideration.

Q. 5 (A) Explain statement of affairs in liquidation of company. (10)

Q. 5 (B) Explain benefits of Limited Liability Partnership. (10)

OR

Q. 5 (C) Write Short Notes (Any Four) (20)

- Purchase Consideration
- Spot rate and Closing rate in Foreign Currency Transactions
- Liquidators Final Statement of Account
- Underwriting of shares
- Amalgamation and Absorption
- Monetary Items
