

QP Code : 28487

(2 Hours)

[Total Marks : 60]

- N.B. :** (1) Question Nos. 1 and 2 are compulsory.
(2) Question Nos. 3 and 4 have internal options.
(3) Figures to the right indicate full marks.
(4) Use of simple calculator is allowed.
(5) Working notes should form part of your answer.

1. Following are the assets and liabilities of Tulip Ltd. as on 31-03-2015 :—

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Liabilities	₹	Assets	₹
Equity Shares of ₹ 10 each fully paid up	16,00,000	Land and Building	15,40,000
Revaluation Reserve	6,00,000	Furniture and Fittings	3,20,000
Statutory Reserve	2,40,000	Stock	1,60,000
Profit and Loss Account	3,00,000	Trade Receivables	3,00,000
Capital Reserve	1,00,000	Cash and Bank Balance	8,80,000
Trade payables	3,60,000		
	32,00,000		32,00,000

On the above date, Surya Ltd. is formed to takeover the business of Tulip Ltd. (including cash and Bank balance) on the following terms and conditions :

- (1) Land and Building is taken over by Surya Ltd. at ₹ 40,00,000.
- (2) Furniture and Fitting are taken over at ₹ 2,80,000.
- (3) Trade receivables are taken over, subject to reserves for bad debts of ₹ 20,000.
- (4) Stock is taken over at ₹ 1,20,000.
- (5) Goodwill is valued and taken over at ₹ 8,00,000.
- (6) Surya Ltd. issued, 12% 1,60,000 Preference shares of ₹ 10 each at ₹ 9 per share fully paid up. All these Preference shares were fully subscribed by public and issued accordingly by the company.
- (7) 90% purchase consideration is settled by issuing equity shares in Surya Ltd., of ₹ 10 each at ₹ 15 per share to the equity shareholders of Tulip Ltd. The balance 10% of the purchase consideration is settled in cash.
- (8) Statutory reserve is required to be maintained for 1 year more.
- (9) The take over is in the nature of purchase. You are required to :
 - (a) Calculate purchase consideration.
 - (b) Pass Journal entries in the books of Surya Ltd.

[TURN OVER]

2. (a) Match the columns :—

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Columns A	Columns B
(1) Fictitious asset Balance	(a) Revised Value
(2) Equity Shares	(b) Ratio of Exchange of two currencies
(3) Purchase Method	(c) Transfer to Capital reduction
(4) First time adoption of International Financial reporting standard	(d) No change in Capital
(5) Exchange rate	(e) No fixed Income
(6) Consideration	(f) Weighted Average Method
(7) Consolidation of Shares	(g) Book Value
(8) Cost of Investment	(h) IFRS-1
	(i) Fixed Income
	(j) Payment for shareholders
	(k) IFRS-2

(b) State whether the following statements are True or False :—

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- (1) Amalgamation includes External reconstruction.
- (2) Sub-division of Shares result in gain for a company.
- (3) IAS stands for Indian Accounting standard.
- (4) Long term investments can never be sold within 12 months.
- (5) The accounting as per AS-11 is optional to companies.
- (6) Only sick Companies undertake Capital reduction.
- (7) Under external reconstruction, there is on liquidation and one formation.

3. Following are the assets and Liabilities of Sunflower Ltd. as on 31-03-2015 :—

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Liabilities	₹	Assets	₹
8,000 Equity Shares of ₹ 100 each	8,00,000	Goodwill	1,20,000
9% Debentures	3,00,000	Land and Building	4,30,000
Sundry Creditors	80,000	Patents and Copyrights	50,000
		Computers and Softwares	3,70,000
		Stock	80,000
		Debtors	45,000
		Cash	1,000
		Profit and Loss A/c.(Dr. Balance)	84,000
	11,80,000		11,80,000

[TURN OVER]

The following scheme of reconstruction was sanctioned :—

- (1) The Equity shares be reduced by ₹ 50 each.
- (2) Debenture holderes total claim be reduced to ₹1,80,000 and this would be satistied by issue of the equity shares.
- (3) Sundery Creditors have agreed to reduce their claim by ₹ 16,000.
- (4) Out of the balance available the Company decided to write off goodwill, Profit and Loss A/c. and patents completely and computers and softwares by ₹ 2,25,000.

You are required to :

- (a) Pass Journal Entries in the books of Sunflower Ltd.
- (b) Prepare Balance Sheet of Sunflower Ltd. after reconstruction.

OR

3. Mr. Emir entered into the following transactions of purchases and sales of 12% Debentures of ₹100 each of Ferry Ltd. Interest is payable on 30th June and 31st December every year. Transactions are as under :—

Date	No. of Debentures	Transaction	Rste (₹)
01-04-2014	400	Opening balance at a cost	38,000
01-06-2014	150	Sale	105 cum-int
01-09-2014	350	Purchase	98 ex-int
01-12-2014	200	Purchase	108 cum-int
01-02-2015	450	Sale	97 ex-int

Prepare Investment Account of 12%. Debentures in the books of Mr. Emit for the year ended 31st March, 2015. Apply AS-13.

4. On 15th December, 2014 Overseas Traders imported goods worth ₹ 80,00,000 from Pacific Ltd. On that date the exchange rate was US\$1 = ₹40.

Date	Paid in US \$	Exchange rate for 1 US \$
01-01-2015	50,000	39-50
15-02-2015	70,000	41-00
01-03-2015	60,000	42-50
15-03-2015	20,000	41-50

[TURN OVER

You are required to prepare the following ledger Accounts in the books of Overseas Traders for year ending 31st March, 2015 :

- (a) Pacific Ltd. A/c.
- (b) Foreign Exchange Fluctuation A/c.

OR

4. Write short notes on any three of the following :—

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- (a) Amalgamation Adjustment Account.
- (b) Cum-interest and Ex-interest transactions in Investment Accounting.
- (c) IFRS.
- (d) Sub-division and Consolidation of Shares.
- (e) Monetary and Non-Monetary items in Foreign Exchange Transactions.