

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination January – 2018**

<b>Course</b>	<b>: DAA</b>	<b>Date</b>	<b>: 23/01/2018</b>
<b>Subject Code</b>	<b>: DAA-04</b>	<b>Time</b>	<b>: 3:00pm to 6:00pm</b>
<b>Subject Name</b>	<b>: Developments in Accounts</b>	<b>Duration</b>	<b>: 3 Hours</b>
		<b>Max. Marks</b>	<b>: 70</b>

**Q-1** Discuss the techniques of calculating the Purchase consideration. **(14)**

**OR**

Discuss the Steps that are taken to close the books of the vendor body corporate.

**Q-2** Discuss the techniques of Accounting for Amalgamations. **(14)**

**OR**

Write a note on Shareholder's information Provided in Annual reports.

**Q-3** Write a note on Index page of Body Corporates. Explain any three. **(14)**

**OR**

Write a note on AS-14 Amalgamation.

**Q-4** The following is the Balance sheet of X ltd on 31<sup>st</sup> March 1987. **(14)**

The body corporate is absorbed by A ltd. On the above date the consideration for the absorption is the discharge of the debentures at a premium of S percent, taking over the liability in respect of the Gloddry Creditors and a Payment of Rs. 7 in Cash and one Share of Rs.5 in A ltd at the market value of Rs.8 Per share for every share in X ltd. the cost of liquidation of Rs. 15,000 is to be met by the buying body corporate.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital 2,00,000 eighty shares of Rs.10 each fully Paid up	20,00,000	Land and Buildings	10,00,000
General Reserve	2,50,000	plants & machinery	15,00,000
Dividend equalization Reserve	2,00,000	furniture & fittings	25,000
Profit and loss Appropriation account	51,000	Stock	6,00,000
12% debentures	10,00,000	Work in Progress	3,00,000
Gloddry Creditors	3,00,000	Gloddry debtors	2,50,000
		Cash at Bank	1,26,000
	<b>38,01,000</b>		<b>38,01,000</b>

Close the books of X ltd and pass journal entries in the books A ltd.

**OR**

The Balance sheet of Yagnik Limited as on 31-03-2002 are given below. **(14)**

<b>Liabilities</b>	<b>Yagnik ltd.</b>	<b>Jigar ltd</b>	<b>Assets</b>	<b>Yagnik ltd.</b>	<b>Jigar ltd.</b>
Share capital	1,00,000	80,000	Good will	60,000	30,000

Reserves	25,000	60,000	Machinery	1,20,000	1,56,000
Dividend equalization Fund	15,000	40,000	Investments	20,000	20,000
P & L AC	-	20,000	Stock	20,000	50,000
Debentures	1,20,000	1,00,000	Debtors	65,000	55,000
Creditors	50,000	30,000	Cash	20,000	9,000
Bills Payable	10,000	10,000	Bills Receivable	15,000	20,000
	<b>3,20,000</b>	<b>3,40,000</b>		<b>3,20,000</b>	<b>3,40,000</b>

It was agreed that Jigar Limited will absorb Yagnik Limited on this date: The Purchase consideration was to be discharged by issue of shares in Jigar Limited on the basis of intrinsic values of shares. The face value of shares of Yagnik Limited was Rs.10 per share on which Rs.5 per share was paid up, whereas the nominal value of shares of Jigar Limited was Rs.10,000 due by Yagnik Limited. All bills payable of Yagnik Limited are drawn by Jigar Limited. Stock of Yagnik Ltd. includes goods valued at Rs. 20,000 purchased from jigar Ltd. which has sold goods so as to realize 25% profit on sales. Draft journal entries in the books of Jigar Limited and its and its opening Balance Sheet.

**Q-5** White Ltd. agreed to acquire the business of Green Ltd. as on March 31, 1989 Summarized balance sheet of Green Ltd. at that date was as follows: **(14)**

	Rs.		Rs.
Share Capital in fully paid equity Shares of Rs. 10 each	6,00,000	Good will	1,00,000
General Reserve	1,70,000	Land and Buildings	2,35,000
Profit and Loss Account	1,10,000	Plant and Machinery	4,10,000
12% Debentures	1,00,000	Stoke in Trade	1,68,000
Creditors	25,000	Debtors	46,000
	<b>10,05,000</b>	Cash at Bank	46,000
			<b>10,05,000</b>

The consideration payable by White Ltd. was agreed as follows:-

1. A cash payment equivalent to Rs. 2.50 for every Rs.10 share in Green Ltd.
2. The issue of 90,000 Rs. 10 equity shares fully paid in White Ltd. having an agreed value of Rs. 15 per share.
3. The issue of such as sum of fully paid 14% Debentures of While Ltd. at 96 per cent as is sufficient to discharge the 12% Debentures of Green Ltd. at a premium of 20%.

When computing the agreed consideration, the director of While Ltd. valued the following assets at values noted.

**OR**

**Q-5** You are given the Balnce Sheet of Brasmanand Ltd. as on 30-09-99 as under. **(14)**

	Rs.		Rs.
Shares Capital :		Goodwill	1,75,000
10,000 shares of Rs. 100 each	10,00,000	Land & Buildings	4,00,000
		Plant & Machinery	8,25,000

Reserves	80,000	Stock	2,50,000
Profit & Loss A/c	20,000	Debtors	3,50,000
6% Debentures	3,80,000	Bank Balance	1,80,000
Bank Overdraft	3,20,000	Discount on Debentures	35,000
Bills Payable	40,000		
Creditors	3,75,000		
	<b>22,15,000</b>		<b>22,15,000</b>

Parmanand Limited decided to take over the business of Brahmanand Ltd. on the following terms:

- (1) All assets except cash are to be taken over at book value less 10%.
- (2) Goodwill is to be valued at 4 years purchase of the excess of average profits of the last 5 years over 8% of the combined sum of share capital and reserves.
- (3) Creditors are to be taken over, subject to a discount of 8%.
- (4) The purchase consideration was to be discharged in cash to the extent of Rs. 8,00,000 and the balance in fully paid equity shares of Rs. 10 each valued at Rs.12.50 each.

The average profits of the last 5 years was Rs. 1,51,400 Cost of liquidation summed to Rs. 20,000 Stock of Brahmanand Ltd. involved goods valued at Rs. 1,25,000 purchased from Pramanand Limited. The latter had made a profit of Rs. 5,000 on these goods. Creditors Brahmanand Limited include Rs. 50,000 still due to Paramanand Limited. All bills payable of Brahmaand are drawn by Parmanand Limited and all bill are in the hands of the latter.

Show the necessary journal entries in the books of both the corporate.

---