

Dr. Babasaheb Ambedkar Open University
Term End Exam August – 2010

Course Code : DAA-04 Roll No. _____
Subject : Development in Account
Date : 03-08-2010 Marks : 70
Time : 03:00 to 06:00

Note : All question carry equal marks.

Que 1 :

(a) Explain the meaning (07)

(1) Amalgamation (2) Absorption

(b) What is purchase consideration. (07)

OR

(c) Explain

(1) Treatment of goodwill arising on amalgamation (07)

(2) Treatment of reserves on amalgamation (07)

Que 2: (1) How would you close the books of the vendor body corporate. (14)

OR

(2) How would you pass entries in the books buying body corporate (14)

Que 3: AB Ltd has assets worth Rs. 700000 and its liabilities are Rs. (14)

172000. Share capital 14000 equity share each of Rs. 100.

XY Ltd. agrees to absorb AB. Ltd. the purchase consideration to be satisfied by issue of 5 equity share of XY Ltd. for every 6 share of AB Ltd. on the basis of intrinsic value of share and the balance in cash.

Draft Journal entries in the books of XY Ltd. and state what I would get in share and cash if I hold 6 share AB Ltd.

OR

(3) Pass Journal entries in the book of XY Ltd. in above case.

(P.T.O)

Que 4: Balance Sheet ABC Ltd as on 31-0-2005

(14)

Liabilities	Rs.	Assets	Rs.
200000 equity shares each of Rs. 10 fully paid up	20,00,000	Land & Building	10,00,000
General reserve	250000	Plant Machinery	1500000
Div. equalization reserve	200000	Furniture	25000
Profit and loss A/C	51000	Stock	600000
12% Debentures	1000000	Work in Progress	300000
Gold dry Creditors	300000	Gold dry Debtors	250000
		Cash	126000
	3801000		3801000

The body corporate is absorbed by XYZ Ltd. on 31-3-2005. The consideration for the absorption is discharge of debentures at premium of 5% taking over the liability in respect of the Gold dry creditors and a payment of Rs. 7 in cash and one share of Rs. 5 in XYZ Ltd. at the market price of Rs. 8 per share in ABC Ltd. The cost of liquidation of Rs. 15000 is to be met by the buying body corporate. Close the books of ABC Ltd.

(4) Pass Journal entries in the books of XYZ Ltd. in above example. (14)

Que 5: Write any two short note. (14)

- (1) Format, layout and get up of financial statement.
- (2) Type of Amalgamation
- (3) Directors reports
- (4) Disclose in the first Financial statement after amalgamation