Dr. Babasaheb Ambedkar Open University
Term End Examination January – 2017

Course	**:**	**DAA**	**Date**	**:**	**22-Jan-17**
Subject Code	**:**	**DAA-04**	**Time**	**:**	**3:00 TO 6:00**
Subject Name	**:**	**Developments in accounts**	**Duration**	**:**	**03 Hours**
			Max. Marks	**:**	**70**

Que-1 What is amalgamation of Companies? Discuss the purpose of amalgamation. **(14)**

Or

What do you mean by the term 'Absorption? Discuss the purpose of absorption.

Que-2 Give usual Journal entries with imaginary figures in the books of the purchasing company on amalgamation. **(14)**

Or

Que-3 what type of amalgamation are mentioned in AS-14 **(14)**

Or

A Ltd takes over B Ltd carrying on Similar business. The share capital of B Ltd consists of 6000 fully paid equity shares of Rs.500 each and 1300 debentures of Rs.500 each. A Ltd agrees to discharge the purchase price as follows :

1. Rs. 90 in cash for each share in B Ltd
2. 4 shares of Rs.100 each fully paid (quoted in the market at Rs.140) for each share in B.Ltd
3. One debentures of Rs.500 each in exchange of every debenture of B.Ltd
4. Liquidation expenses amounted to Rs.5000 in cash calculate purchase price.

Que-4 S Ltd and J Ltd decided to amalgamate on 1st April 2016. M.Ltd was formed to take over **(14)**
The business of both the companies. The balance sheets of the two amalgamating companies as on 31st March 2016 were as follows :

The S.Ltd

Liabilities	Rs.	Assets	Rs.
Share capital		Land & building	40,000
2000 Equity shares of Rs. 100 each creditors	2,00,000	Machinery	60,000
Creditors	50,000	Stock	20,000
Creditors for Outstanding rent	1000	Debtors	70,000
		Cash	11,000
		Profit & Loss Account	50,000
	2,51,000		2,51,000

The J.Ltd

Liabilities	Rs.	Assets	Rs.
Share capital : 3000 Equity shares of Rs. 100 each		Goodwill	25,000
	3,00,000	Land & Building	1,50,000
Reserve fund	50,000	Machinery	1,25,000
Dividend equalization fund	25,000	Stock	50,000
Profit & Loss Account	40,000	Debtors	1,00,000
Creditors	37,000	Prepaid Insurance	2000
	4,52,000		4,52,000

The new company issues its equity shares of Rs.100 each in payment of purchase price:
Prepare necessary Ledger Accounts and give journal entries to close the books of the S.Ltd

Or

Write about the Changes that has taken place in presentation of information in recent age.

Que-5 Write shorts note on the following (Any Two) (14)

1. Shareholder's information provided in annual reports.
2. Accounting policies provided in annual reports.
3. Balance sheet provided in annual reports.
4. Chairman's statement provided in annual reports.

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