

Dr. Babasaheb Ambedkar Open University
Term End Examination January – 2026

Course	: Diploma Course	Date	: 03/03/2026
Subject Code	: DAA-04	Time	: 11:30am to 01:45pm
Subject Name	: Developments in Accounts	Duration	: 02.15 Hours
		Max. Marks	: 70

Q-1 Write a short note on Accounting Standard (AS)-14 in brief. **14**

OR

The following is the Balance Sheet of X Ltd. on 31st March 2023:

Liabilities	Rs.	Assets	Rs.
Share Capital		Land and Buildings	10,00,000
2,00,000 Equity shares of Rs. 10 each, fully paid up	20,00,000	Plant and Machinery	15,00,000
General Reserve	2,50,000	Furniture and Fittings	25,000
Dividend Equalization Reserve	2,00,000	Stock	6,00,000
Profit and Loss Appropriation	51,000	Work in Progress	3,00,000
12% Debentures	10,00,000	Debtors	2,50,000
Creditors	3,00,000	Cash at Bank	1,26,000
	38,01,000		38,01,000

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 5%, taking over the liability in respect of the 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. Close the books of X Ltd. and pass journal entries in the books of A Ltd.

Q-2 Explain the Realisation Account with imaginary figure. **14**

OR

Explain the Methods of Accounting for Amalgamations.

Q-3 Explain the recent trends in preparation and presentation in financial statements. **14**

OR

What is meant by inter-body corporate transactions? give the accounting treatment of it.

Q-4 Explain the Journal entries in the books of buying body corporate with respect to amalgamation. **14**

OR

The following is the Balance Sheet of Niki Ltd. as at 31, March 2020

Liabilities	Rs.	Assets	Rs.
Share Capital		Furniture and Fittings	85,000
65,000 Equity shares of Rs. 10 each,	6,50,000	Stock	7,20,000
2,000 12% Preference Shares of Rs. 100 each	2,00,000	Debtors	1,07,000
10% Debentures	1,50,000	Expenses of issues of debenture	7,500
Bank Overdraft	5,000	Profit and loss account	3,11,500
Creditors	2,26,000		
Pref. Dividend in arrears for 3 years			
	12,31,000		12,31,000

P Ltd. takes over the body corporate on the terms that it would:

1. take Furniture and Fittings after depreciating the same by 10%, Stock at Rs. 6,86,850 and Debtors subject to a Provision for Bad Debts @ 5%.
2. take 10% Debentures.

3. discharge the purchase consideration by allotment of 20,000 equity shares of Rs. 10 each at an agreed value of Rs. 12 each and by the payment of the balance in cash
4. bear the expenses of liquidation which came to be Rs. 9,000.

Preference shareholders of Niki Ltd. agreed to accept Rs. 1,80,000 in full settlement of their total claim. Close the books of Niki Ltd. and pass journal entries in the books of P Ltd.

Q-5 Write Short Notes (Any two)

14

1. Purchase Consideration
2. Merger and Acquisition
3. Calculation of Goodwill
4. Net Assets
