

***UDES*H REGULAR**

FOR GROUP-1, MAY 2024

- Subject- Advanced Accounting
- Chapter- *Amalgamation*
- Lecture No.- *5*

Recap of Previous Lecture



Topic

Books of Purchasing w.
+
Questions



PHYSICS
WALLAH

Topics to be Covered



Topic

Books of Purchasing w.
+
Questions



PHYSICS
WALLAH

TOPIC: Questions

Q9

Purchase Consideration
(Net Payment Method)
X Ltd.

Y Ltd.

Payment to	Payment In	Workings	Amt. (cr)	Workings	Amt. (cr)
1) ESH	Equity share	$\left(\frac{5cr}{10} \times 6\right) \times 30$ 3 cr. equity share of <u>10</u> each @ <u>30</u>	90	$(4.5cr \times \frac{2}{5}) \times 30$ 1.80 cr. equity share of 10 each @ 30	54
2) PSH	15% pref. share	0.20 cr x 120 20 Lakh, 15% pref. sh. of <u>100</u> each @ <u>120</u>	24	0.14 cr x 120 14 Lakh, 15% pref. sh. of 100 each @ 120	16.80
			<u>114</u>		<u>70.80</u>

Bifurcation of share capital & securities premium

	Equity Share Capital	15% Prv. Share Capital	Securities Premium
X Ltd.	$3 \text{ cr.} \times 10 = 30$	$0.20 \text{ cr} \times 100 = 20$	$3 \text{ cr} \times 20 = 60$ $0.20 \text{ cr} \times 20 = 4$
Y Ltd.	$1.80 \text{ cr} \times 10 = 18$	$0.14 \text{ cr} \times 100 = 14$	$1.80 \text{ cr} \times 20 = 36$ $0.14 \text{ cr} \times 20 = 2.80$
	<u>48</u>	<u>34</u>	<u>102.80</u>

Debentures

X Ltd.

$$4 \text{ cr} \times 15 \text{ p.} = 0.60 \text{ cr} = x \times 18 \text{ p.}$$

$$x = \frac{0.60 \text{ cr}}{18 \text{ p.}}$$

$$= 3.33 \text{ cr}$$

Y Ltd.

$$5 \text{ cr} \times 15 \text{ p.} = 0.75 \text{ cr} = y \times 18 \text{ p.}$$

$$y = \frac{0.75 \text{ cr}}{18 \text{ p.}}$$

$$= 4.17 \text{ cr}$$

Entry No. 2

Nature of Purchase

Computation of Goodwill / Capital Reserve

	<u>X Ltd.</u>	<u>Y Ltd.</u>
Total Assets	140	100
B/P	(12)	(5)
Creditors	(19)	(7)
Debentures	(3.33)	(4.17)
Net Assets	<u>105.67</u>	<u>83.83</u>
Purchase Consideration	114	70.80
Difference	8.33	13.03
	Goodwill	Capital Reserve
	<u>4.70 Capital Reserve (Net)</u>	

Statement Res.

Amalgamation Adjustment Res. A/c - Dr
To Inv. All. Res. 9

9

9

Balance sheet of Z Ltd.

	Sl. No.	Amount (₹)
Equity & Liabilities		
1) Shareholder funds	1	82
a) Share Capital	2	107.50
b) Reserves & surplus		
2) Non current liabilities	3	7.50
a) Long Term Borrowings		
3) Current liabilities	4	43
a) Trade Payable		
TOTAL		<u>240</u>

ASSETS

- 1) Non Current Assets
 - a) PPE & Intangible Assets
 - i) PPE
 - b) Non Current Investments
- 2) Current Assets
 - a) Inventories
 - b) Trade Receivables
 - c) Cash & cash Eq.

TOTAL

5

104

16

37

6

54

29

240

Note 1: Share Capital

Issued, subs., called & paid up

4.80 crore equity shares of 10 each

34 Lakhs, 15% pref. shares of 100 each

(All the above shares issued for consideration other than cash)

48

34

82

NOTE 2: RESERVE & SURPLUS

Securities Premium	102.80
Capital Reserve	4.70
Investment Allowance Res.	9
Amalgamation Adjustment Res.	(9)
	<hr/>
	107.50
	<hr/>

NOTE 3: Long Term Borrowing

18-1- Debentures (3.33 + 4.17)	7.50
--------------------------------	------

NOTE 4: Trade Payables

Creditors	26
B/P	17
	<hr/>
	43
	<hr/>

NOTE 5: PPE

Land & Building	63
Plant & Mach.	41
	<hr/>
	104
	<hr/>

NOTE 6: Trade Receivables

Debtors	45
B/R	9
	<hr/>
	54
	<hr/>

“Sera”

Additional Points

1) Authorized capital : 2 Ltd. 6 crore eq. sh. of 10 each
40 Lakh, 15+ Pref. sh. of 100 each

Point written: Balance equity shows issued to public at par.

X & Y Ltd : 4.80 cr Bal. sh. = 6 cr - 4.80 cr = 1.20 cr

Bank A/c - Dr	12
(1.20 cr x 10)	To Equity sh. cap. 12

2) Liquidation expenses of X Ltd. 30 Lakhs & Y Ltd. 20 Lakhs borne by Z Ltd.

Z Ltd.

Goodwill | Capital Reserve A/c - Dr

0.50 Cr

To Bank A/c

0.50 Cr.

(30 Lakhs + 20 Lakhs)

In our question

Cap. Res. (4.70 - 0.5) 4.20

CRCE

29 - 0.50 = 28.50

Q10

(1) Equity shares

$$24000 \times \frac{475}{1000}$$

Profits of Last year
Ratio

Neel Ltd.

Agon Ltd.

475000

525000

475 : 525

19 : 21

Distribution of 24000 equity shares
in above ratio

11400
sh.

&

12600
sh.

Price of share

25

25

Value of Eq. share

285000

&

315000

(2) Preference shares

$$\text{Net Assets} \times \text{RT} = \text{Income} = \text{Pref. sh. cap.} \times 12\%$$

	<u>Neel Ltd.</u>	<u>Gayam Ltd.</u>
<u>Net Assets</u>		
Plant & Mach.	525000	675000
Building	775000	648000
Current Assets	163500	158600
Current Liab.	(623500)	(557600)
Net Assets →	840000	924000
RT Return	840000 × RT = 67200	924000 × RT = 73920
Value of 12% <u>pref. share</u>	$\frac{67200}{12\%}$	$\frac{73920}{12\%}$
Par value	10	10
No. of 12% <u>pref. share</u>	56000 shares	61600 shares

(i) No. of shares

	<u>Neel Ltd.</u>	<u>Gopon Ltd.</u>
Equity shares	11400	12600
Prf. shares	56000	61600

(ii) Purchase consideration

	<u>Neel Ltd.</u>	<u>Gopon Ltd.</u>
Equity share capital	285000	315000
Prf. share capital	560000	616000
	<u>845000</u>	<u>931000</u>

Sera

P.C: Nil Payment

Nature of Purchase: Hota for entris / B/s

Entry No 2

Computation of G/W / Capital Reserve

	<u>Neel Ltd.</u>	<u>Uopam Ltd.</u>
Net Assets	840000	924000
Purchase Cons.	845000	931000
Difference	5000	7000
	G/W	G/W
	└──────────┘	
	12000 G/W	

Point

During the year

X Ltd.
 Cost = 120000
 Sale = 150000
 Profit = 30000

Sale to Y Ltd.

Y Ltd.
 Purchase = 150000

Y Ltd.
 To Sales 150000
 150000

Purchase 150000
 To X Ltd. 150000

Year end

P(-) on SP
 $\frac{30000}{150000} \times 100 = 20\% \text{ on sales}$

3/3

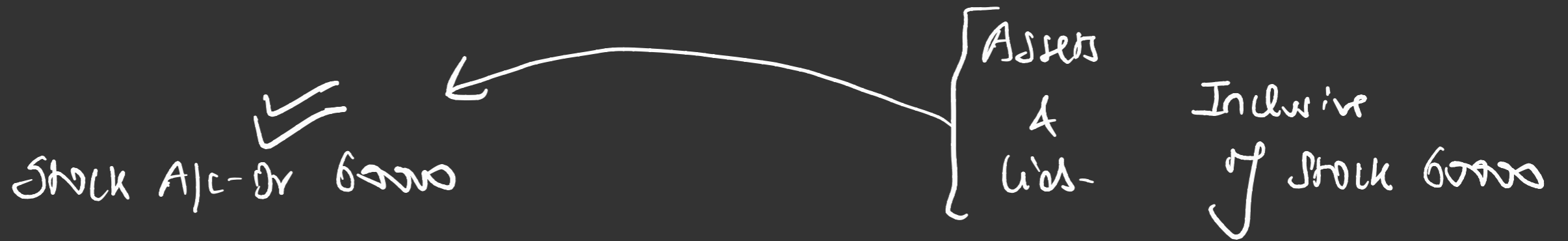
Stock in go down
 out of above

SP of X

SR/URP = 60000 x 20%
 = 12000

60000

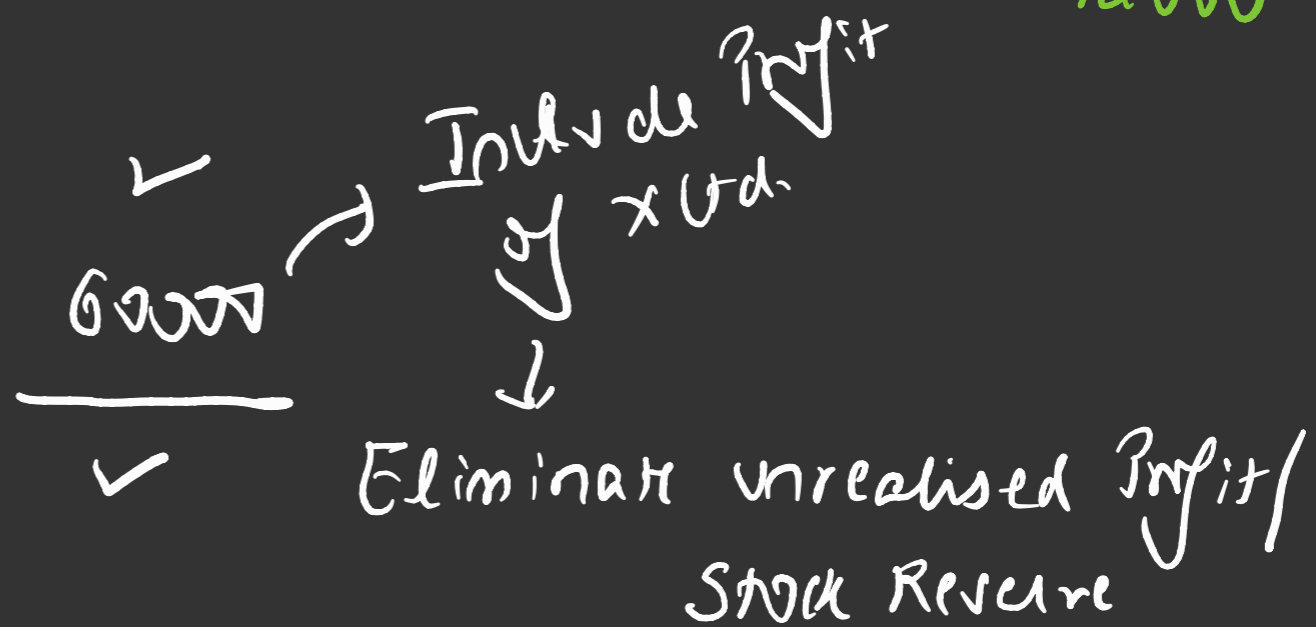
31/3



B/P of X Ltd. (after takeover)

150000 → 30000 Profit
 60000 → 30000 × 60000
 150000
 = 120000

Stock
 X Ltd.
 Y Ltd.: 60000



Reduce stock by 12000

Cost = 60000 - 12000 = 48000

Computation of Stock Return

- 1) Remaining stock 60000
2) Profit (%) on sales 20000 sale } 60000 × 20% = 12000

Given Profit (%) on cost = 25% on cost

$$\text{Cost} = 100$$

$$\text{Profit} = \frac{25}{125} \rightarrow$$

SP $\xrightarrow{125}$

$$60000 \times \frac{25}{125} = 12000$$

H/W

PO 11 to 14

Tomorrow's lecture is important



2 mins Summary



Topic

Books of Purchasing CO. & Questions



PHYSICS
WALLAH



Thank You

