

# ***UDES*H *REG*ULAR**

## **FOR GROUP-1, MAY 2024**

- Subject- Advanced Accounting
- Chapter- *Amalgamation*
- Lecture No.- *7*

# Recap of Previous Lecture



Topic

Books of Old Vendor Co.  
+  
Questions



PHYSICS  
WALLAH

# Topics to be Covered



Topic

Questions



PHYSICS  
WALLAH

TOPIC: Questions

# Q12

Purchase Consideration  
(Net Payment Method)

Workings

Amount  
(Lakhs)

Payment to

Payment In

1) ESH

Equity shares

$(80L \times 4/5) \times 12.50$   
64 Lakh equity sh. of 10 each at 12.50

800

2) PSH

13 Lakh Pref. shares

35 Lakh, 13 Lakh Pref. sh. of 10 each

350

1150

# Books of PLtd.

## Realisation A/c

To Land & Building	445	By Trade Payables	170
To Plant & Mach.	593	By 10% Debentures	600
To Furniture, Fixtures & Fittings	114	By 0% Deb. Int.	30
To Inventories	380	By PLtd. A/c (P.C.)	1150
To Trade Rec.	256		
To Bank	69		
To Cash	6		
To Profit Tfd. to ESH A/c (B-f)	<u>87</u>		<u>    </u>
	<u>    </u>		

## P Ltd. A/c

To Realisation A/c	1150	By Eq. sh. of PLtd. A/c	800
	<u>    </u>	By 13% Pref. sh. of PLtd.	350
			<u>    </u>

5000

PSH A/c

To 13th Pry. sh. of Pltd.	350	By 12th Pry. sh. Cap.	350
	<u>350</u>		<u>350</u>

ESH A/c

To P/L A/c	87	By Equity sh. cap.	800
To Eq. sh. of Pltd.	800	By Realisation A/c (Profit)	87
	<u>887</u>		<u>887</u>

Books of PLtd.

1) Business Purchase A/c - Dr 1150  
To Liquidator of r Ltd.

1150

Merger

2) Land & Buildings A/c - Dr 445  
 Plant & Machinery A/c - Dr 593  
 Furniture, Fixtures & Fittings A/c - Dr 114  
 Inventories A/c - Dr 380  
 Trade Receivables A/c - Dr 256  
 Bank A/c - Dr 69  
 Cash A/c - Dr 6  
 P&L A/c - Dr 87 (87 ± NIL)

Diff:

Sh-cap. vs P.C.  
 1150 vs 1150

NIL

To Trade Payables 270  
 To Crs Deb - Int. 30  
 To Deb. of r Ltd. 600  
 To Business Purchase 1150

3) Liquidator of Y Ltd. A/c - Dr 1150  
 To 13% Pref. sh. cap. 350  
 (64L x 10) To Equity sh. cap. 640  
 (64L x 2.50) To Securities Premium 160

4) Deb. of Y Ltd. - A/c - Dr 600  
 To 10.5% Debentures 600

Deb. Int. paid

5) 0/0 Deb. Int. A/c - Dr 30  
 To Cash / Bank A/c 30

6) P/L A/c - Dr 2  
 To Cash / Bank A/c 2

(Amalgamation Exp. paid)



7) Creditors (Trade Payables) A/c - Dr 7  
 To Debtors (Trade Rec.) 7  
 (Cancellation of Mutual owing)

8) Stock Reserve:  $5 \text{ Lakhs} \times 20\% = 1 \text{ L}$

P&L A/c - Dr 1  
 To Inventory / Stock 1  
 (Being unrealised profit / stock reserve cancelled)

# Q 14.

(i)

Purchase consideration  
(NET ASSETS METHOD)

PPE	1280000
STOCK	770000
B/R	30000
	<hr/>
	2080000
	<hr/>

Settled as / Discharge of P.C.

5100, 10% Pay. sh. of 100 each 510000

Balance: Equity shares 1570000  
(2080000 - 510000)

No. of equity sh. =  $\frac{1570000}{8} = 196250$  equity sh. of 10 each  
of paid up

(iii)

Books of Nye Ltd.

Nature of Purchase

1) Business Purchase A/c - Dr	2080000	
		To Liquidator of Ene Ltd. 2080000

2) PPE A/c - Dr	1280000	
Stock A/c - Dr	770000	
BJR A/c - Dr	30000	
		To Business Purchase 2080000

3) Liquidator of Ene Ltd. A/c - Dr	2080000	
		To 10% Pref. sh. Cap. 510000
		To Equity share cap. 1570000

(ii)

# Books of Ene Ltd Realisation A/c

To PPE	964000	By Prov. for D/Debt	8000
To Stock	775000	By Prov. for Tax	220000
To Debtors	160000	By Creditors	226000
To B/P	30000	By B/P	40000
To Cash/Bank A/c		By Wye Ltd. (P.C.)	2080000
B/P	38000	By Cash/Bank (Debtors)	150000
Income Tax	222000		
Expenses	8000		
To Cash/Bank (Creditors)	211000		
To Profit Trd. to ESH (B/P)	<u>316000</u>		<u>          </u>

## Wye Ltd. A/c

To Realisation A/c	2080000	By Inv. Prty. sh. of Wye Ltd.	510000
	<u>          </u>	By Eq. sh. of Wye Ltd.	1570000
			<u>          </u>

## Cash/Bank A/c

To Bal b/d	329000	By Realisation A/c (B/P, Tax & Expenses)	268000
To Realisation A/c (Debtors)	150000	By Realisation A/c (B/f.) (creditor)	211000
	<u>          </u>		<u>          </u>

## ESH A/c

To 10% Pref. sh. of Wye Ltd.	510000	By Eq. sh. Cap. A/c	1200000
To Equity sh. of Wye Ltd.	1570000	By Profit Prior to Inc.	42000
		By Contingency Res.	270000
		By P&L A/c	252000
		By Realisation (Profit)	316000
	<u>          </u>		<u>          </u>

# Q15

Purchase Consideration  
(Net Payment Method)

Payment to	Payment In	Workings	Amount
ESH	Equity sh.	450000 eq. sh. of 10 each @ 15/sh.	6750000
	Cash	300000 x 2.50	750000
			<u>7500000</u>

Books of Srishti Ltd.  
Realisation A/c

To Goodwill	500000	By 9% Debentures	500000
To PPE	3000000	By Creditors	1000000
To Stock	1040000	By Anu Ltd. (P.C.)	7500000
To Debtors	180000		
(28000 - 25000) To Bank A/c	255000		
To Bank A/c (Exp.)	25000		
To Profit tra. to ESH A/c (B.F.)	<u>3100000</u>		<u>          </u>

### Anu Ltd. A/c

To Realisation A/c	750000	By Eq. sh. of Anu Ltd. By Cash	675000 750000
	<u>          </u>		<u>          </u>

### ESH A/c

To Preliminary Exp.	50000	By Equity sh. cap.	300000
To Eq. sh. of Anu Ltd.	675000	By Export Profit Res.	850000
To Cash	750000	By General Res.	50000
	750000	By PAL A/c	550000
	<u>          </u>	By Realisation (Profit)	3100000
			<u>          </u>

### 9+ Debenture A/c

To Realisation A/c	500000	By Bal b/d	500000
	<u>          </u>		<u>          </u>

## Books of Anu Ltd.

		750000	
1)	Business Purchase A/c - Dr		
	To Liquidator of Srihathi Ltd. A/c		750000
		600000	
2)	PPE A/c - Dr (30L + 10000)	710000	
	Stock A/c - Dr	180000	
	Debtors A/c - Dr	255000	
	* Bank A/c - Dr	1064000	
	Goodwill A/c - Dr (B.f.)		9000
	(180000 x 5%) To Prov. for Doubtful debts		10000
	To Creditors		600000
	(5L + 2000) To Deb. of Srihathi Ltd. A/c		750000
	To Business Purchase		



3) Liquidator of Srishti Ltd. A/c - Dr 750000  
 To cash A/c 750000  
 (450000 x 10) To Equity Sh. Capital 4500000  
 (450000 x 5) To Securities Premium 2250000

4)  $\left( \frac{600000}{96\%} \right)$  Deb. of Srishti Ltd. A/c - Dr 600000  
 Discount on Issue A/c - Dr 25000  
 To 8% Debentures 625000  
 4% ←

5) Goodwill A/c - Dr 50000  
 (Expense) To Bank A/c 50000

6) Amalgamation Adjustment Res. A/c - Dr 850000  
 To Export Profit Reserve 850000

HJW

PQ 16 & 17



## 2 mins Summary



Topic

Questions



PHYSICS  
WALLAH



***Thank You***

