

***UDES*H REGULAR**

FOR GROUP-1, MAY 2024

- Subject- Advanced Accounting
- Chapter- *Amalgamation*
- Lecture No.- *8*

Recap of Previous Lecture



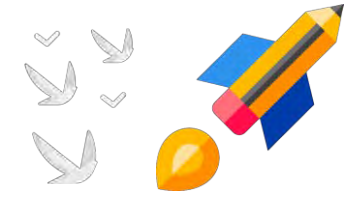
Topic

Questions



PHYSICS
WALLAH

Topics to be Covered



Topic

Questions



PHYSICS
WALLAH

TOPIC: Questions

Q16

Purchase Consideration (Net Assets Method)

Goodwill	50000
Building	150000
Machinery	160000
Inventories	157500

(175000 - 10%)

Trade Receivables	100000
Cash & Bank	20000
Prov for D/D debts	(7500)
Trade Payables	(80000)
Retirement Gratuity	(20000)

530000

92500

Discharge of Purchase Consideration

To PSH:

9% Prv. Shares (100000 + 10%) 110000
1100, 9% Prv. Sh. of 100 each

To ESH

Balance: Equity Shares 420000

(530000 - 110000)

FV = 10 IP = 10.50

No. of Equity Shares

$$= \frac{420000}{10.50} = 40000 \text{ sh.}$$

Books of Rayu Ltd.

Realisation A/c

To Land & Building	100000	By Trade Payables	80000
To Plant & Machinery	150000	By Retirement Gratuity Fund	20000
To Goodwill	25000	By Hari Ltd. (Purchase Cons.)	530000
To Inventories	175000		
To Trade Receivables	100000		
To Cash & Bank	20000		
To PSH A/c	10000		
To Profit Trfd. to ESH A/c (B/f)	<u>50000</u>		<u> </u>
	<u> </u>	Hari Ltd. A/c	
To Realisation A/c	530000	By 9% pref. sh. of Hari Ltd.	110000
	<u> </u>	By Equity sh. of Hari Ltd.	420000
			<u> </u>

Preference shareholders A/c

To pref. sh. of Hari Ltd.	110000	By 10% Pref. sh. Cap.	100000
		By Realisation A/c	10000
	<u>110000</u>		<u>110000</u>

Equity shareholders A/c

To Equity sh. of Hari Ltd.	420000	By Equity share cap.	300000
		By General Reserve	70000
		By Realisation (Profit)	50000
	<u>420000</u>		<u>420000</u>

Books of Hari Ltd.

1) Business Purchase A/c - Dr 530000

530000

Nature of Purch-

To Liquidator of Raju Ltd.

2) Goodwill A/c - Dr 50000

Land & Building A/c - Dr 150000

Plant & Mach. A/c - Dr 160000

Inventories A/c - Dr 157500

Trade Receivables A/c - Dr 100000

Cash & Bank A/c - Dr 20000

To Prov. for D.D. debts 7500

To Trade Payables 10000

To Res. Granity Fund 20000

To Business Purchase 530000

3) Liquidator of Rayu Ltd. A/c - Dr	530000
To 9% Prv. Share Capital	110000
(40000 x 10)	400000
To Equity Share Capital	
(40000 x 0.5)	20000
To Securities Premium	

Balance Sheet of Han Ltd.

Equity & Liabilities	NOTE NO.	Amount
1) Shareholder funds		
a) Share Capital	1	1610000
b) Reserves & Surplus	2	90000
2) Non Current Liabilities		
a) Long Term Provisions	3	70000
3) Current Liabilities		
a) Trade Payables		210000
TOTAL		1980000

Assets

1) Non Current Assets		
a) PPE & Intangible Assets	4	11,10,000
i) PPE	5	1,00,000
ii) Intangible Assets		
2) Current Assets		407500
a) Inventories (250000 + 157500)	6	292500
b) Trade Receivables		70000
c) Cash & Cash Eq.		
TOTAL		<u><u>1980000</u></u>

Note 1: Share Capital

140000 equity shares of 10 each	1400000
2100, 9% Pref. sh. of 100 each	210000
(Out of above 49000 eq. sh. & 2100 Pref. shares issued for consideration other than cash)	<u>1610000</u>

Note 2: Res. & Surplus

General Reserch	70000
Sec. Premium	20000
	<u>90000</u>

Note 6: Trade Rec.

Debtors	30000
- PDD	<u>(7500)</u>
	<u>22500</u>

Note 3: LTP

Retirement Gratuity Fund	70000
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Note 4: PPE

Land & Building	450000
Plant & Mach.	660000
	<u>11,10,000</u>

Note 5: Intangible Assets

Goodwill	200000
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Q13

(i)

Purchase Consideration
(Net Asset Method)

* Not taken
over
(Refer Point
(ii))

	<u>P Ltd.</u>	<u>Q Ltd.</u>
Goodwill	50000	150000
Building	100000	190000
Plant & Mach.	25000	80000
Furniture & Fixt.	-	35000
Inventories	135000	50000
Trade Receivables	* -	142000
Cash & Bank	-	58000
Trade Payables	-	(140000)
✓ Debentures	(121000)	-
	<hr/>	<hr/>
P.C. / Net Assets	189000	565000
Fv = IP = 10	10	10
No. of shares	18900 sh.	56500 sh.

Settlement of Debentureholders of P Ltd.

Case 1: Takeover at 10% Premium by issue of Deb. at 10% Premium
Assumed.

Deb. of P Ltd. A/c - Dr	121000	
		To 8% Debentures
		To Sec. Premium
		110000
		11000

Assumption

Assumed that Deb. of P Ltd. are takeover at / discharged at 10% Premium by issue of 8% Deb. of P & Q Ltd. at 10% Premium.
Alternative assumption also possible.

(ii)

Balansu sheet of P&U.

Equity & Liabilities

- 1) Shareholder funds
 - a) Share Capital
 - b) Reserves & Surplus
 - 2) Non Current Liabilities
 - a) Long Term Borrowings
 - 3) Current Liabilities
 - a) Trade Payables
- TOTAL

NOTE No.

Amount

1

754000

2

11000

3

110000

140000

1015000

ASSETS

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

4

430000

5

200000

185000

14000

5000

1015000

Note 1: Share Capital

Authorized: 100000 equity sh. of 10 each 1000000

Issued & Subscribed

75400 equity sh. of 10 each

754000

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

Note 5: Intangible Assets
Goodwill 200000

Note 2: Reserves & Surplus

Securities Premium

11000

Note 3: LTB

LT Debentures

110000

Note 4: PPE

Building

290000

Plant & Mach.

105000

Furniture & Fixture

35000

430000

(iii)

Books of P Ltd.

Assets Id.
1)

Realisation A/c - Dr	304000	
To Building		100000
To Plant & Mach.		25000
To Inventories		135000
To Trade Rec.		44000

Liab. Id.
2)

Trade Payables A/c - Dr	54000	
St. Debentures A/c - Dr	110000	
To Realisation A/c		164000

P.C. DVE
3)

PQ Ltd. A/c - Dr	189000	
To Realisation A/c		189000

P.C. Received
4)

Equity Shares of PQ Ltd. A/c - Dr	189000	
To PQ Ltd. A/c		189000

5) Bank A/c - Dr 44000
 To Realisation A/c 44000

(Debtors realised)

Bank

6) Realisation A/c - Dr 54000
 To Bank A/c 54000
 (Creditors paid)

Opening = 30000
 + Debtors 44000
 - Cred. = (54000)
20000

7) Realisation A/c - Dr 39000
 To ESH A/c 39000

(Realisation Profit transferred to ESH)

8) Equity Share Cap. A/c - Dr 140000
 P&L A/c - Dr 30000
 To ESH A/c 170000

9) ESH A/c - Dr 209000
 To Equity Share of PA Ltd. 189000
 To Bank A/c 20000

W/N: 1

Realisation A/c

To sundry Assets	304000	By sundry liab.	164000
To Bank	54000	By P.O. Ltd.	189000
To Profit of a. to ESH (B.P.)	<u>39000</u>	By Bank	44000
	<u> </u>		<u> </u>

Tracker
↓
use it

H/W:

PQ 15, 18

Doubts session

↓
Monday / Tuesday.



2 mins Summary



Topic

Questions



PHYSICS
WALLAH



Thank You

