

***UDES*H REGULAR**

FOR GROUP-1, MAY 2024

- Subject- Advanced Accounting
- Chapter- *Amalgamation*
- Lecture No.- *10*

Recap of Previous Lecture



Topic

Questions



PHYSICS
WALLAH

Topics to be Covered



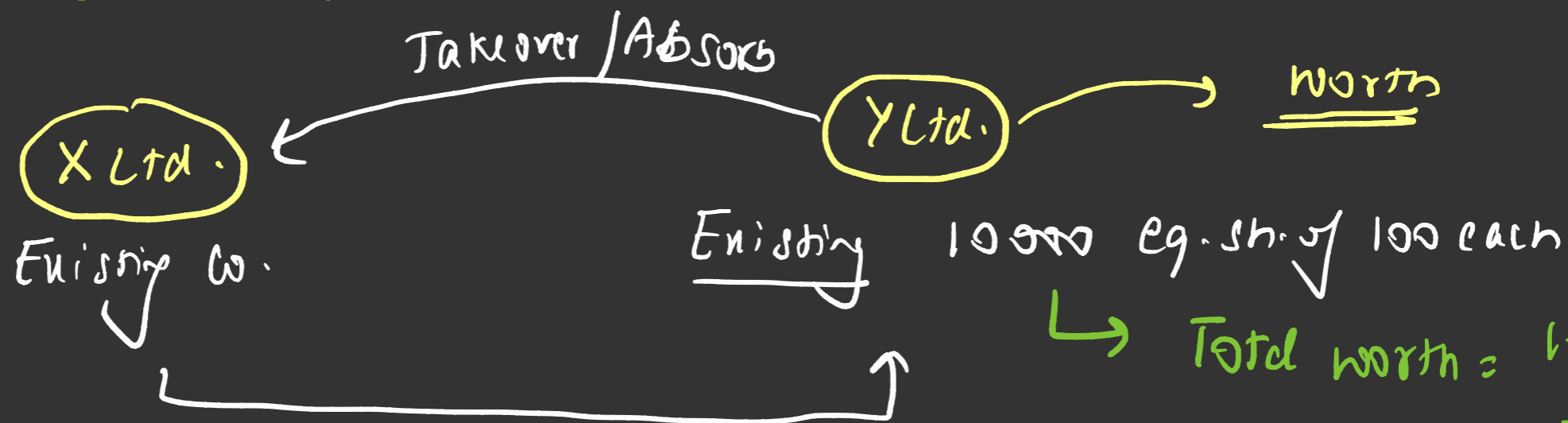
Topic

*Intrinsic Value Method
&
Questions*



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TOPIC: Intrinsic Value Method



P.C.

$$(10,000 \times 3/5) \times 150$$

$$6,000 \text{ eq. sh. @ } 150 \text{ each} = 900,000$$

To shareholders

Equity shares $\frac{3}{5}$ for every $\frac{5}{5}$ @ 150 each
FV = 200

Intrinsic value.

Y Ltd. value/sh. = 90 (old w.)

X Ltd. value = 150

No. of shares of
Purch. Co.

x Intrinsic value
of Purch. Co.

= $\frac{\text{No. of shares of old w.}}{\text{Intrinsic value of old w.}}$

No. of shares of Purch. Co.
No. of shares

$$x 150 = \frac{10,000 \times 90}{150} = 900,000$$

$$= 10,000 \times \frac{90}{150} = 6,000 \text{ shares}$$

→ Exchange Ratio / Swap ratio

Q 20

Purchase consideration

Payment to	Payment In	Workings	Amount
1) PSH	Cash	-	60000
2) ESH	Equity shares	$\left(3000 \times \frac{70}{120} \right) \times 120$ 1750 equity shares @ 120 each	210000
			<hr/> 270000

$$\begin{matrix} \text{No. of eq. sh.} \\ \text{of Purch. Co.} \end{matrix} \times \begin{matrix} \text{Intrinsic value} \\ \text{of Purch. Co.} \end{matrix} = \begin{matrix} \text{No. of shares} \\ \text{of old Co.} \end{matrix} \times \begin{matrix} \text{Intrinsic value} \\ \text{of old Co.} \end{matrix}$$

$$\begin{matrix} \text{No. of shares} \\ \text{of Purch. Co.} \end{matrix} \times 120 = \underline{3000 \times 70} = \underline{210000}$$

$$\text{No. of sh.} = \frac{3000 \times 70}{120} = 1750 \text{ sh.}$$

Q 21

Computation of Intrinsic value

	Purch. Co. ← Yasudha Ltd.	Raisheli (Old) Ltd.	
Goodwill	75000	50000	$\begin{array}{r} C = 100 \\ + 10 \\ \hline 110 \\ \hline \end{array}$ $\left(82500 \times \frac{100}{110} \right)$
Factory Building	→ 195000	→ 175000	
Debtors	286900	172900	
Stock	91500	75000	
Bank	98000	109590	
Creditors	(44400)	(58200)	
Net assets for ESH (A)	702000	524290 ✓	
No. of Eq. shares (B)	54000	40330 ✓	
Intrinsic value/sh.	13	13 ✓	

(A) / (B)

$$\text{Purchase cons.} = \text{Net Assets of Rasudha Ltd.} = 524290$$

$$\text{or } 40330 \times 13$$

$$\text{Issue Price of Rasudha Ltd. Share} = \text{I.P. / Share of Rasudha Ltd.} = 13$$

$$\text{No. of shares issued by Rasudha Ltd.} = \frac{524290}{13}$$

$$524290 \begin{cases} \text{Share} & 10 \\ \text{SP} & 3 \end{cases} \times 40330 \Rightarrow 40330 \text{ eq. shares}$$

$$\text{Fr} = 10 \quad \text{IP} = 13$$

$$\text{B/s of Rasudha Ltd.} = \text{Existing B/s} + \text{Effect of Enms}$$

Balance of Yasudha Ltd.

Equity & Liabilities

- 1) Shareholder funds
 - a) Share capital
 - b) Reserves & surplus
 - 2) Current liabilities
 - a) Trade payables (44400 + 58200)
- TOTAL

NOTE NO.

Amount

1

943300

2

272990

102600

1318890

Assets

- 1) Non current Assets
 - a) PPE & Intangible Assets
 - i) PPE
 - ii) Intangible Assets
- 2) Current Assets
 - a) Inventories (91500 + 75000)
 - b) Trade Receivables (286900 + 172900)
 - c) Cash & Cash Equivalents (98000 + 109590)

TOTAL

3

385000

4

100000

166500

459800

207590

1318890

Note 1: Share Capital

94330 equity shares of 10 each 943300
(Out of above 40330 eq. shares issued for
consideration other than cash)

Note 2: Reserves & Surplus

General Reserve	86000
PAL A/c	66000
Securities Premium (40330×3)	<u>120990</u>
	<u>272990</u>

Note 3: PPE

Factory Building $(210000 + 175000)$	385000
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Note 4: Intangible Assets

Goodwill $(50000 + 50000)$	100000
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Qd d

Purchase consideration

Payment To	Payment In	Workings	Amount
1) PSH	15+ Pref. shares	$250000 + 20000 = 300000$ 30000, 15+ Pref. shares of 100 each	300000
2) ESH	Equity shares	$(750000 \times \frac{20}{30}) \times 10$ 500000 equity shares of 10 each <i>Specified by ques else 30 nota</i>	500000
			<u>800000</u>

No. of shares of Purch. Co. $\times 30 = 750000 \times 20 = 1.50 \text{ crn}$

No. of sh. of Purch. Co. $= \frac{750000 \times 20}{30}$

H/w

PQ 22

Next 2-3 days

Spam extra time for this
Chapter.



2 mins Summary



Topic

*Intrinsic value Method
&
Questions*

Two

Three

Four

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Thank You

