

20.7.20

Specialised Accounts.

B. Com Part II

Chapter - Amalgamation
Numerical.

(3) Examples
Dr. S.M. Shukla.

By Dr. S.N. Pathak
Dept of Commerce
R.N.C. Hajipur.

Question.

The following are the Balance sheet of A Co and B Company as at 31 March 2014

| Particulars | A Co. Limited | B Co. Limited |
|-----------------------------------|------------------|-----------------|
| 1. Equity and Liabilities: | | |
| Shareholders Fund: | | |
| Share Capital (100 shares) | 10,00,000 | 6,00,000 |
| Reserve & surplus: | | |
| Statement of P&L | 20,000 | |
| Reserve fund | 3,40,000 | |
| Non current liabilities: | | |
| 6% Debentures (of 10 each) | 2,00,000 | |
| Dividend Arrears | 40,000 | |
| Employee Provident fund | 30,000 | |
| Current liabilities | | |
| Trade Payable | 1,00,000 | 80,000 |
| | <u>17,30,000</u> | <u>6,80,000</u> |
| Assets: | | |
| Non Current Assets: | | |
| Fixed Assets: | | |
| Land & Building | 3,00,000 | 5,00,000 |
| Plant | 11,00,000 | 80,000 |
| Current Assets: | | |
| Stocks | 1,60,000 | 90,000 |
| Trade Receivable | 1,40,000 | 1,00,000 |
| Trade | 30,000 | |
| Cash | 17,60,000 | <u>6,80,000</u> |

The company agree to amalgamate and form a new company called Z Limited. Which takes all the Assets and liabilities of both company. The authorised capital of Z Limited is Rs 100 Lakh. Consisting of 10,00,000 Equity Shares of 10 each. The Assets of A Limited are taken over at a reduced valuation of 10% with the exception of Land & Building which are acceptable at book value. Both the company are to receive 5% of the net valuation of their respective business as goodwill. The entire purchase price is paid by Z Limited in fully paid share.

In return to debenture of A Limited debenture of the same amount and denomination are to be issued by Z Limited. Calculate Purchase price

Ans. Calculation of Purchase Price
(Net Assets of the old)

Book value of Assets taken over:

| | | |
|------------|-----------|----------|
| | A Limited | B Ltd |
| Book value | 17,30,000 | 6,80,000 |

(-) 10% reduction in value of Assets. (except A) Land & Bldg

Land & Buildings

$\frac{14,00,000 \times 10}{100}$

| | |
|-----------|----------|
| 14,00,000 | |
| <hr/> | |
| 15,90,000 | 6,80,000 |

(-) Liabilities taken over:

employee P.F. 30,000

creditors - 1,00,000

6% Debenture 2,00,000

| | |
|-----------|----------|
| | 80,000 |
| <hr/> | |
| 3,30,000 | |
| <hr/> | |
| 12,60,000 | 6,00,000 |

+ goodwill - 5% Net Assets. 63,000 30,000

| | |
|-----------|----------|
| <hr/> | |
| 13,23,000 | 6,30,000 |

Purchase Price

Purchase consideration