

20.8.20

Specialised Accounts  
B. Com Part II

Chapter - Amalgamation of Company.  
Numerical Example - (6) S.M. Shukla.

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Question.

Sanjeev Sharma & Co Limited amalgamated the  
Ajay Bhargav & Co with the following Assets  
and liabilities of Ajay Bhargav & Co Limited:

Fixed Assets.	62000
Share Capital.	90000
Current Assets.	33000
General Resou.	2000
Sundry Liabilities.	8000

Sanjeev Sharma & Co Limited paid  
the following purchase price to Ajay  
Bhargav & Co Limited:

- (i) 5% Debenture Rs 20000 listed  
value at 5% premium.
- (ii) Balance with share of 1 paid up value  
75 paise.

Give Journal Entries in  
the books of Ajay Bhargav & Co Limited.

Ans.

① opening Balance sheet of  
Ajay Bhargav Co. Limited

Particulars		Note n.	Amount
<b>I Equity &amp; liabilities</b>			
Shareholder's Fund:			
Share Capital			90000
Reserve & surplus:			
General Reserve			2000
Statement of P&L			(5000)
Current liabilities			8000
			<u>95000</u>
<b>II Assets</b>			
		Total.	
	Current Assets		62000
	Fixed Assets		33000
	Current Assets		<u>95000</u>
		Total.	<u>95000</u>
		=	

Purchase Price -  
Total Assets = 62000 + 33000

8000 = 87000

Payment of purchase price:

No. of shares 66000 @ 75 paise = 495000

Debit  
Share - 66000

# Journal entries

Realisation A/c Dr To fixed Assets " Current Assets (Being Assets transferred)	95000	62000 33000
Liabilities (credits) Cr (Being Liabilities transferred to Realisation)	8000	8000
Sanjeev Shares & Co Limited Cr To Realisation Cr (Being purchase price paid)	87000	87000
<del>Sanjeev &amp; Shares</del> Share in Sanjeev Shares & Co Dr Debitum in Sanjeev Shares & Co Dr (Being sale price received)	66000 21000	87000
Share Capital Cr General Reserve Cr (Being Capital & Reserve transferred to Shareholders)	90000 2000	92000
Shareholders Cr To P/L Cr (Being Balance of Profit transferred to Shareholders)	5000	5000
Shareholders Cr To Share in Sanjeev Shares Co. Cr " Debitum in Sanjeev Shares & Co. Cr (Being Distribution of Share & Debitum)	87000	66000 21000