

13.8.20

Specialised Account
B. Com Part II

Chapter - Amalgamation of Company.
Numerical ~~example~~ example (8) Dr. S.M. Shukla

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Question:

Ram Lal limited and shyamal limited agree to amalgamate and a new company "Ram Lal & shyamal limited" formed. Their Respective Balance sheet on 31 March 2015 are as follows:

Balance sheet as at - 31 March 2015

Particulars	Note No.	Ram Lal	shyamal
1. Equity & liabilities			
Shareholders Fund:			
Share capital Rs 10 each		4 00 000	3 20 000
Reserve & surplus:			
General Reserve		48 000	80 000
Current liabilities:			
Trade Payable (Credit)		120 000	4 000
		4 60 000	4 04 000
2) Assets:			
Non-current Assets:			
Fixed Assets			
Tangible -			
Buildings		2 00 000	1 80 000
Plant		46 000	76 000
Intangible assets		10 000	7 200
Current Assets			
Trade Receivable		58 000	60 800
		72 000	64 000

~~Debitors~~
 Bills Receivable -
 cash and equivalents etc.

8000	5600
16000	10400
1	1
460000	404000

The Amalgamation is to be carried out subject to the prior distribution of a dividend @ 2% to the shareholders of Ram Lal and Assis and liabilities of Both the Companies being taken at the book value.

State in which proportions of share in the new Company. The shareholders of old Company will receive respectively

Give Journal entries in the new Company books and also draw Balance Sheet of New Company.

Ans.

Calculation of Purchase Price.

	Ram Lal Limited	Shyam Limited
Total Assets	4,60,000	4,04,000
(-) Cash paid as Dividend @ 2% on 4,00,000 x 2/100	8,000	
	4,52,000	4,04,000
(-) Trade Payables	12,000	4,000
Purchase Price	4,40,000	4,00,000
No. of Shares - (10 each)	44,000	40,000

Now Proportions will be —
 $\frac{44,000}{40,000} = \frac{11}{10} = 11:10$

Journal Entries in the book of Ram Shyam Limited

Date	Particulars	Dr Amount	Cr Amount
31 March 2015	Business Purchase are Dr	4,40,000	
	To Liquidator's of Ram Limited		4,40,000
	" Liquidator of Shyam Limited		4,00,000
	(Being Purchase Price due to Liquidators of Ram & Shyam Limited)		

Buildings	Dr	380000
Plant	Dr	172000
Patents	10000 + 7200	17200
Stock	- 58000 + 60800	118800
Debtors	72000 + 64000	136000
B/R	- 8000 + 5600	13600
Cash	12000 + 10400	22400

To Trade Payable. 16000
 " Business Purchase. 84000

(Buyer Assets & Liabilities
 of Wasferran Company incorporated)

440000
 Liquidator of Rana Limited Dr
 Liquidator of Shyam Limited Dr 400000
 to Share Capital. 840000
 Buyer purchase price paid to
 Liquidator of Wasferran Company

Balance Sheet of Ram Shyam Limited
as at - 31 March. 2015

Particulars.	Note no.	Amount - Rs.
I. equity & liabilities:		
Shareholder's fund:		
Share capital.	1	840000
		16000
Current liabilities -		
		<u>856000</u>
Total.		
II. Assets		
- Non current Assets:		
Tangible Assets		552000
(Buildings + Plant)	2	
Intangible Assets		17200
(Patents)		
Current Assets: -		
Stock -		118800
Trade Receivable -		148600
Cash & Cash Equivalent.		18400
Total.		<u>856000</u>