

21.7.20

Specialised Accounts
B. Com part II

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Question (A)

M Limited agree to take over the Business of Sakshi Limited on the following terms:-

(i) The Shareholders of Sakshi Limited are to be paid 20 per share in cash and the offer of 4 equity share of 10 each in Mipra Limited for every share of Sakshi Limited has 40000 equity share.

(ii) 10% 5000 debentures of 10 each of Sakshi Limited are to be redeemed at premium of 10%.

(iii) Cost of liquidation Rs. 5000 are to be borne by M Limited.
Calculate purchase price.

Ans.

Ans - Computation of purchase price as per
A.S. - 14

Cash Payment $40000 \times 20 = 8,00,000$
Equity share issued.

$40000 \times 4 \times 10$ 16,00,000
total purchase price 24,00,000

(B) Question.

Rama Limited is absorbed by Krishna Limited on the following terms.

- (i) The Assets of Rama Limited are valued - 160,000
 - (ii) The liabilities of Rama Limited are valued 60,000
 - (iii) 20,000 cash is paid for the shares of Rama Limited.
 - (iv) The balance of purchase price is discharged by issue of equity share of 10 each at 20 per share.
- Calculate purchase consideration
P.T.O

Ans.

As the number of share issued by Krishna limited are not given in this question; These are taken as balancing figure after determining the amount of purchase consideration on the basis of Net Assets taken over as under.

1 step. —

Assets taken over.	1,60,000
(-) Liabilities —	60,000
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	1,00,000

Step II — Purchase consideration is discharged as follows.

CR —	20,000
Issued of equity share	80,000 (Balancing figure)
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	1,00,000

Step III

No of Share = $\frac{\text{Amount}}{\text{Issue price}}$

$$\frac{80,000}{20} = 4,000 \text{ Shares.}$$