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Marks

The companies agree on a scheme of amalgamation on the following terms :

- (i) A new company is to be formed by name AB Ltd.
- (ii) AB Ltd. to take over all the assets and liabilities of the existing companies.
- (iii) For the purpose of amalgamation, the shares of the existing companies are to be valued as under :

A Ltd. = Rs. 18 per share

B Ltd. = Rs. 20 per share

- (iv) A contingent liability of A Ltd. of Rs. 60,000 is to be treated as actual existing liability.

- (v) The shareholders of A Ltd. and B Ltd. are to be paid by issuing sufficient number of shares of AB Ltd. at a premium of Rs. 6 per share.

You are required to :

- (i) Calculate the purchase consideration (i.e. number of shares to be issued to A Ltd. and B Ltd.).
- (ii) Pass journal entries in the books of A Ltd. for the transfer of assets and liabilities.
- (iii) Pass journal entries in the books of AB Ltd. for acquisition of A Ltd. and B Ltd.

- (iv) Prepare the Balance Sheet of AB Ltd.

3. (a) On 11.11.2007 the premises of Rocky Ltd. was destroyed by fire. The following information is made available :

Stock as on 1.4.2006	
Purchases from 1.4.2006 to 31.3.2007	₹ 3,75,000
Sales from 1.4.2006 to 31.3.2007	₹ 5,20,000
Stock as on 31.3.2007	₹ 8,55,000
Purchase from 1.4.2007 to 11.11.2007	₹ 2,00,000
Sales from 1.4.2007 to 11.11.2007	₹ 3,41,000
Sales from 1.4.2007 to 11.11.2007	₹ 4,35,500

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