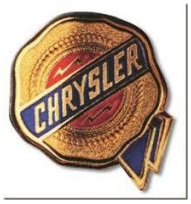
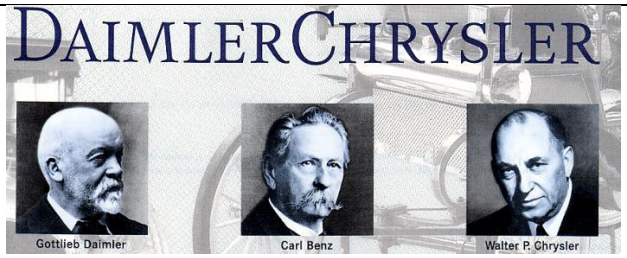
ACCOUNTING FOR AMALGAMATION

Definitions	
Amalgamation	When two or more existing companies goes into liquidation and a new company is formed to take over their business
  In 1998, Daimler-Benz and Chrysler Corporation announced the world's largest cross-border deal ever, valued at US$38billion and the resulting change in company name to "DaimlerChrysler AG".	
Absorption	One or more existing companies goes into liquidation and some existing company takes over the business
Corus Group plc a steelmaking company headquartered in London was acquired by Tata of India in 2007.	
External Reconstruction	One existing company goes into liquidation and a new company is formed to take over its business
Founded in 1984, Research in Motion was the first wireless data technology developer in North America. In January 2013, the company announced that it would change its name to BlackBerry after the widely known Smartphone device in an effort to revive the declining brand.	
Transferor Company	Company which is being amalgamated into another company, also called as vendor company
Transferee Company	Company in which transferor company is being amalgamated also called as vendee company
Consideration	Aggregate of shares and other securities issued and the payment made in the form of cash and other assets by the transferee company to the share holders of the transferor company

Amalgamation in the nature of merger

Transfer of all assets and liabilities	• all the assets and liabilities of the transferor company becomes after amalgamation the assets and liabilities of the transferee company
Same equity share holders Holding 90%	• Shareholders holding atleast 90% of the face value of the equity shares of the transferor company becomes equity shareholders of the transferee company by virtue of the amalgamation
Purchase consideration in Equity shares	• The consideration for the amalgamation receivable by those equity shareholders of the transferor company who agree to become equity shareholders of the transferee company wholly by the issue of equity shares in the transferee company, except that cash maybe paid in respect of any fractional shares
Same business	• the business of the transferor company is intended to be carried on, after the amalgamation by the transferee company
Recording of Assets and liabilities at book values	• No adjustment is intended to be made to the book values of the assets and liabilities of the transferor company when they are incorporated in the financial statements of the transferee company except to ensure uniformity of accounting policies.

Amalgamation in the nature of Purchase

Amalgamation which does not satisfy anyone or more of the conditions specified with merger above.

Method of Accounting

	In the nature of Purchase	In the nature of Merger
ASSETS AND LIABILITIES	Recorded at existing carrying amount and in the same form	At existing carrying amount or alternatively consideration to be allocated to individual identifiable assets and liabilities on the basis of their fair values at the date of amalgamation
RESERVES	Recorded at existing carrying amount and in the same form	Statutory reserves to be recorded if required for compliance of law. Corresponding debit to be disclosed as part of Miscellaneous Expenditure. If in future not required to be maintained, same shall be reversed. Other reserves not to be included
BALANCE OF P&L	To be aggregated with P&L of transferee company	Loses its identity
DIFFERENCE BETWEEN PURCHASE CONSIDERATION	To be adjusted to reserves	Excess to be recognized as goodwill. If consideration is lower than the value of net assets acquired, difference to be treated as capital reserve.

AND AMOUNT OF SHARE CAPITAL OF THE TRANSFEROR COMPANY		

Purchase Consideration

- Consideration means aggregate of

- Shares and securities issued and

- Payment made in the form of cash or other assets

- To the share holders of the transferor company

Payment made by the transferee company to discharge the debenture holders and other outside liabilities and the cost of winding up of the transferor company shall not be considered as part of purchase consideration.

Method of Calculating Purchase Consideration

NON CASH CONSIDERATION	Shares	Fair value of shares
	Securities issued at value fixed by statutory authority	Value fixed by authority
	Other assets handed over	Fair value of the assets given up
	Others	Net book value
FUTURE CONSIDERATION	If probable amount can be estimated	Include in consideration
	Other cases	Recognize when determinable
Shares to be calculated in whole numbers, fractional share to be paid in cash		
Expenditure related to discharge of outside liabilities and debenture holders shall not be considered as part of purchase considerations		

Concept Builder 2.1

Given below are the Balance sheets of X Ltd. and Y Ltd. as at 31st March 2015 at which date Y Ltd. was taken over by X Ltd.

Liabilities	**X Ltd.**	**Y Ltd.**	**Assets**	**X Ltd.**	**Y Ltd.**
Equity shares of Rs.10 each	500000	1000000	Fixed Assets	2200000	1100000
Reserves	2250000	400000	Current Assets	930000	465000
12% Debentures	220000	110000			
Trade Payables	160000	55000			
	3130000	**1565000**		**3130000**	**1565000**

The market value of equity shares of X Ltd. at present is Rs.100

Calculate purchase considerations in each of the following cases

Case 1: If X Ltd. agrees to takeover only the fixed assets of Y Ltd. and to discharge the purchase consideration by issuing equity shares of Rs.10 each at a premium of Rs.45 per share

Case 2: If X Ltd. agrees to takeover only the assets of Y Ltd. and to discharge the purchase consideration by issuing equity shares of rs.10 each at a premium of Rs.45 per share

Case 3: If X Ltd. agrees to take over only the assets and trade liabilities of Y Ltd. and to discharge the purchase consideration by issuing equity shares of Rs.10 each, Rs.8 paid up at a premium of Rs.47 per share, to the extent 60% and balance in cash

Case 4: If X Ltd. agrees to take over only the floating assets and trade liabilities of Y Ltd. and to discharge the purchase consideration by issuing equity shares of Rs.10 each at a premium of 450%

Case 5: If X Ltd. agrees to take over the business of Y Ltd. and to discharge the purchase consideration by issuing equity shares of Rs.10 each at Rs.55

Case 6: If X Ltd. absorbs Y Ltd. on the basis of intrinsic value of shares of both the companies

Case 7: If X Ltd. absorbs Y Ltd. and the holder of every 8 shares in Y Ltd. is to receive 2 shares in X Ltd. plus as much cash as is necessary to adjust the rights of shareholders of both in X Ltd. plus as much cash as is necessary to adjust the rights of the shareholders of both the companies in accordance with the intrinsic values of the shares as per their respective Balance Sheets

Case 8: If X Ltd. absorbs Y Ltd. and discharges the equity shareholders of Y Ltd. by issuing one equity share of Rs.10 each at a premium of Rs.45 per share for four shares in Y Ltd.

Case 9: If X Ltd. absorbs Y Ltd. and agrees:

a. To issue such an amount of fully paid up 15% Debentures at 96% as is sufficient to discharge 12% Debentures in Y Ltd. at a premium of 10%
b. To issue 1 equity share of Rs.10 each at a premium of Rs.45 per share for four equity shares in Y Ltd.
c. To reimburse the expenses of liquidation to the extent of Rs.10000. Actual expenses amounted to Rs.15000

Case 10: If in case 1, it is also decided to make the entries relating to the issue of shares at par only.

Case 11: If in case 2, it is also decided to make the entries relating to the issue of shares at par value only.

Case 12: If X Ltd. agrees to take over only the assets of Y Ltd. and to discharge the purchase consideration to the extent of one quarter in cash and the balance in the form of equity shares of Rs.10 each at Rs.55. An equity share in Y Ltd. is valued @ Rs.15

Case 13: If X Ltd. agrees to takeover only the assets and trade liabilities of Y Ltd. and to discharge the purchase consideration to the extent of one quarter in cash and the balance in the form of equity shares of Rs.10 each at Rs.55 each. An equity shares in Y Ltd. is valued @ Rs.15

Accounting treatment in the books of Transferor Company	
STEP 1	a. Open realization account b. Transfer all the recorded assets including intangible assets like goodwill at their respective book values irrespective of the fact whether purchasing company has taken over or not c. Exclude debit balance of P&L, preliminary exp, discount on issue of shares or debentures, deferred advertisement expenditure d. Cash and bank balance is not transferred unless taken over by purchasing company
STEP 2	a. Transfer only those third party liabilities which are taken over by the purchasing company at their respective figures b. A liability against which provision or reserve has been created should be transferred at its gross figure c. Provisions to be transferred to realization account d. Reserves should not to transferred to realization account unless payable in future e. Those third party bills which are not taken over should not be transferred to realization account
STEP 3	Make due the purchase consideration form the purchasing company
STEP 4	Receive the purchase consideration from the purchasing company
STEP 5	Do the treatment of liquidation/ realization expenses a. If to be borne by transferor company, to be debit to realization account b. If to be reimbursed by purchasing company, debit to purchasing company account
STEP 6	Realize those assets which have not been taken over by the purchasing company
STEP 7	Discharge those liabilities which have not been taken over by the purchasing company and transfer profit or loss on discharge of such liabilities to realization account
STEP 8	Discharge the claims of Preference shares and transfer the difference between the amount actually payable and the book figure to the Realization account
STEP 9	Ascertain the P&L on realization and transfer the same to the equity shareholders account.
STEP 10	Transfer the equity share capital account, accumulated profits, reserve and losses to the equity shareholders account
STEP 11	Make final payment to Equity shareholders

Accounting treatment in the books of Transferee Company in case of purchase	
STEP 1	Record the acquisition of business from the vendor company
STEP 2	Record the assets and liabilities taken over at their respective agreed values and debit the goodwill account with the excess of purchase consideration over the net asset taken over or credit the capital reserve account with the excess of net assets over the purchase consideration.
STEP 3	Record the statutory reserves of the transferor company
STEP 4	Make payment to vendor company. The shares issued by way of purchase consideration must be recorded at their paid up value after giving due credit to securities premium account or after giving due debit to discount on issue of shares account.
STEP 5	Record the issue of debentures to discharge the existing debenture holders of vendor company
STEP 6	Record the reimbursement of the Liquidation expenses of the vendor company
STEP 7	Eliminate the unrealized profit included in the unsold stock a. Where the unsold inventories of the purchasing company includes the goods

	purchased from the vendor company b. Where the unsold inventories of the vendor company includes goods purchased from the purchasing company only the amount of stock is reduced to its cost while passing entries on acquisition
STEP 8	Eliminate intercompany owing a. Bills drawn by one company upon the other company and discounted with the bank should not be eliminated because these bills represent owing between the bank and the company and not intercompany owing b. Where debtors of one company include sum due to another company but creditors of another company include lesser sum due to the former company, the difference to be treated as cash in transit
STEP 9	Setoff goodwill against capital reserve

Questions

1) The National Company Ltd. Was incorporated on 1st July 2004 for the purpose of acquiring M Ltd., N Ltd., and O Ltd.
The balance sheets o f these companies as on 30th June 2004 are as follows:

Particulars	M Ltd.	N Ltd.	O Ltd.
Assets			
Tangible fixed assets – at cost less depreciation	5,00,000	4,00,000	3,00,000
Goodwill		60,000	
Other assets	2,00,000	2,80,000	85,000
Total	7,00,000	7,40,000	3,85,000
Liabilities			
Issued equity share capital (shares of Rs. 10 each)	4,00,000	5,00,000	2,50,000
Profit and Loss A/c	1,50,000	1,10,000	60,000
10% Debentures	70,000		40,000
Sundry creditors	80,000	1,30,000	35,000
Total	7,00,000	7,40,000	3,85,000
Average annual profits before debenture interest (July 2003 to June 2004 inclusive)	90,000	1,20,000	50,000
Professional valuation of tangible assets on 30th June 2004	6,20,000	4,80,000	3,60,000

1. The directors in their negotiations agreed that: (i) the recorded good will of N Ltd. Is valueless;
(ii) The "Other assets" of M Ltd. Are worth Rs. 30,000; (iii) the valuation on 30th june 2004 in respect of tangible fixed assets should be accepted. (iv) These adjustments are to be made by the individual company before the completion of the acquisition.

2. The acquisition agreement provides for the issue of 12% unsecured debentures to the value of the net assets of companies M Ltd. And O Ltd., and for the inssuance of Rs. 10 nominal value equity shares for the capitalized average profit of each acquired company in excess of net assets contributed. The capitalization rate is established at 10%.

   You are Required to
   i) Compute purchase consideration.
   ii) Show the Discharge of purchase consideration

2) M Ltd. agreed to absorb N Ltd. on 31st March 2004 whose balance stood as follows

Liabilities	**Amount**	**Assets**	**Amount**
Share Capital, 80000 shares of Rs.10 each	800000	Fixed Assets	700000
Reserves	100000	Stock	100000
Creditors	100000	Debtors	200000
	1000000		**1000000**

The consideration was agreed to be paid as follows

a. Payment in cash of Rs.5 per share in N Ltd.

b. The issue of shares of Rs.10 each in M Ltd. on the basis of 2 equity shares valued at Rs.15 and one 10% cumulative preference shares valued at Rs.10 for every five shares held in N Ltd.

It was agreed that M Ltd. will pay in cash for fractional shares equivalent at agreed value of shares in N Ltd. ie. Rs.65 for five shares of Rs.50 paid

The whole of the share capital consists of shareholdings in exact multiple of five except the following holdings

Chopra 116
Karki 76
Amar Singh 72
Malhotra 28
Others 8 (eight share holders holding one share each)
TOTAL 300

Prepare a statement showing purchase consideration receivable by above shareholders in shares and cash and a statement of total purchase consideration.

3) Summarized balance sheet of R Ltd. and P Ltd. for the year ending on 31.3.2004 are as under

Liabilities	**R Ltd.**	**P Ltd.**	**Assets**	**R Ltd.**	**P Ltd.**
Shares of Rs.10 each	2400000	1200000	Fixed Assets	5500000	2700000
8% Pref. Shares of Rs.10 each	800000	-	Current Assets	2500000	2300000
10% Preference shares of Rs.10 each		400000			
Reserves	3000000	2400000			
Current Liabilities	1800000	1000000			
	8000000	**5000000**		**8000000**	**5000000**

The following information is provided

	R Ltd.	P Ltd.
PBT	1064000	480000
Tax	400000	200000
Preference Dividend	64000	40000
Equity Dividend	288000	192000

a. The Equity shares of both the companies are quoted in the market. Both the companies are carrying on similar manufacturing operations

b. R Ltd. proposes to absorb P Ltd. as on 31.3.2004. The terms of absorption are as under

   a. Preference shareholders of P Ltd. will receive 8% preference shares of R Ltd. sufficient to increase the income of preference shareholders of P Ltd. by 10%
   b. The equity shareholders of P Ltd. will receive equity shares of R Ltd. on the following basis
      i. The equity shares of P Ltd. will be valued by applying to the earnings per share of P Ltd. 75% of price earnings ratio of R Ltd. based on the results of 2003-04 of both the companies
      ii. The market price of equity shares of R Ltd. is Rs.40 per share
      iii. The number of shares to be issued to equity shareholders of P Ltd. will be used

on the above market value

iv. In addition to equity shares, 8% preference share of R Ltd. will be issued to the equity shareholders of P Ltd. to make up for the loss in income arising from the above exchange of shares based on the dividends for the year 2003-04

c. The assets and liabilities of P Ltd. As on 31.03.2004 are revalued by professional valuer as under:

	Increased by	Decreased by
Fixed assets	1,00,000	-
Current assets	-	2,00,000
Current liabilities		40,000

d. For the next two years, no increase in the rate of equity dividend is expected.
You are required to set out in detail the purchase consideration.

Note. : Journal entries are not required

4) A Ltd., and B Ltd., amalgamated on and from 1st January 2004. A new company X Ltd. Was formed to take over the businesses of the existing companies.

Balance sheet as on 31.12.2003

Rs. In '000

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share capital			Sundry fixed assets	8,500	7,500
Equity shares of Rs. 10 each	6,000	7,000	Investment	1,050	550
General reserve	1,500	2,000	Stock	1,250	2,750
Profit & Loss A/c	1,000	500	Debtors	1,800	4,000
Investment allowance			Cash & Bank	450	400
Reserve	500	100			
Export profit reserve	50	100			
12% debentures	3,000	4,000			
Sundry Creditors	1,000	1,500			
	13,050	15,200		13,050	15,200

X Ltd. Issued requisite number of equity shares to discharge the claims of the equity shareholders of the transferor companies.

Compute the purchase consideration and mode of discharge thereof and draft the Balance Sheet of X Ltd. After amalgamation on the following assumptions.

a. Amalgamation in the nature of MERGER (In this case, total consideration for both companies should be aggregate of paid up capital of A Ltd. And B Ltd. However share holders of both companies should have the same relative rights as if consideration is as per net assets method).

b. Amalgamation in the nature of PURCHASE

5) System Ltd. And HRD Ltd. Decided to amalgamate as on 1.04.2008. Their Balance Sheets as on 31.03.2008 were as follows:

Particulars	System Ltd.	HRD Ltd.
Equity share capital (Rs. 10 each)	150	140
9% preference share capital (Rs. 100 each)	30	20
Investment allowance reserve	5	2
Profit & Loss Account	10	6
10% Debentures	50	30
Sundry Creditors	25	15
Tax Provision	7	4
Equity Dividend proposed	30	28
Total	307	245

Application of Funds:		
Building	60	50
Plant & Machinery	80	70
Investments	40	25
Sundry Debtors	45	35
Stock	36	40
Cash & Bank	40	25
Preliminary expenses	6	-
Total	307	245

From the following information, you are to prepare the draft Balance Sheet as on 1.04.2008 of a new company, Intranet Ltd. Which was formed to take over the business of both the companies and took over all the assets and liabilities:

i) 50% Debentures are to be converted in to equity shares of the new company
ii) Out of the investments, 20% are non- trade investments.
iii) Fixed assets of systems Ltd were valued at 10% above cost and that of HRD Ltd at 5% above cost.
iv) 10% of sundry debtors were doubtful for both the companies. Stocks to be Carried at cost.
V) Preference shareholder were discharged by issuing equal number of 9% preference shares at par
VI) Equity shareholders of both the transferor companies are to be discharged by issuing equity shares of Rs. 10 each of the company at premium of Rs. 5 per share. Amalgamation is in the nature of purchase.

6) Following is the Extract of Balance sheet of M/s. Sunny Ltd. And Money Ltd. As on 31.03.2013

Balance Sheet Extract as on 31.03.2015

	Sunny Ltd.	Money Ltd.
Authorised share capital	15,00,000.00	5,00,000.00
Equity share capital of Rs. 10 each fully paid	8,00,000.00	2,00,000.00
General Reserve	1,10,000.00	45,000.00
Profit & Loss A/c	42,000.00	18,000.00
Statutory fund	16,000.00	8,000.00
Trade payables	45,000.00	24,000.00
Provisions	95,000.00	12,000.00
	11,08,000.00	3,07,000.00
Goodwill	20,000.00	0.00
Machines & Plant	5,10,000.00	1,95,000.00
Other Fixed assets	90,000.00	15,000.00
Current Assets		
Inventories	1,85,000.00	35,000.00
Debtors	1,00,500.00	35,000.00
Prepaid expenses	24,500.00	2,000.00
Cash in hand & Bank	1,78,000.00	25,000.00

11,08,000.00	3,07,000.00

The two companies have entered into a scheme of Amalgamation and a new company Z Ltd. is formed. The Amalgamation is to take place in the following manner:

1. For the purpose of Amalgamation a new company Z is to be formed with a authorized Share capital of 2,50,000 equity shares of Rs 10 each.
2. Z Ltd. To issue fully paid share to the shareholders of Sunny Ltd. And Money Ltd., at a price of Rs. 5 & Rs. 3 above the intrinsic value of the shares respectively.
3. The scheme of amalgamation was not supported by 100 shareholders of Sunny Ltd., and had to be paid Rs.10 per share above intrinsic value as consideration. The amount of the dissenting shareholders was borne by Z Ltd.,
4. Fixed asset of Sunny Ltd., were last revalued in the year 2009 after which there has been an increase of 15 % in the values, while assets of Money Ltd. Have not shown any change in prices. The current assets of Money Ltd., include debtors of Rs. 20,000/- which are considered bad.
5. Money Ltd's Stock-in-trade as on 31.03.2013 include stock of Rs. 25,000 purchased from Sunny Ltd., at a profit of 25% on cost price.
6. The Statutory Fund of the companies is to be maintained by Z Ltd. For a period of 3 years.
7. Sunny Ltd. Had declared dividend of 10% on 31.03.2013 which has still not been paid.
8. Goodwill shown in books of Sunny Ltd., was considered to be worthless.
9. All the assets of the companies are taken over by Z Ltd. At the revalued amounts. Liabilities have to be paid in full.
   Calculate the purchase consideration paid by Z to the shareholders of both the companies and prepare the Balance Sheet of Z Ltd., as per resized Schedule VI after the Amalgamation
   (Notes to Balance sheet need not form part of the answer)

7) Given below balance sheets of Ravi Ltd. And Ramu Ltd. as on 31.12.2003. Ramu Ltd. Was merged with Ravi Ltd with effect from 1.01.2004

Balance sheets as on 31.12.2003

Liabilities	Ravi Ltd.	Ramu Ltd.	Assets	Ravi Ltd.	Ramu Ltd.
Share capital :			Sundry fixed assets	9,50,000	4,00,000
Equity shares of			Investments		
10 each	7,00,000	2,50,000	(Non Trade)	2,00,000	50,000
General reserve	3,40,000	1,20,000	Stock	1,20,000	50,000
Profit & loss A/c	2,10,000	65,000	Debtors	75,000	80,000
Export profit					
Reserve	70,000	40,000	Advance Tax	80,000	20,000
12% Debentures	1,00,000	1,00,000	Cash & Bank		
Sundry creditors	40,000	45,000	balances	2,75,000	1,30,000
Provision for taxation	1,00,000	60,000			
Proposed dividend	1,40,000	50,000			

17,00,000	7,30,000	17,00,000	7,30,000

Ravi Ltd. Would issue 12% debentures to discharge the claims of the debenture holders of Ramu Ltd. at par. Non – trade investments of Ravi Ltd. Fetched @ 25% while those of Ramu Ltd. fetched @ 18%. Profit (pre-tax) by Ravi Ltd and Ramu Ltd. During 2001, 2002 and 2003 and were as follows:

Year	Ravi Ltd.	Ramu Ltd.
2001	5,00,000	1,50,000
2002	6,50,000	2,10,000
2003	5,75,000	1,80,000

Goodwill may be calculated on the basis of capitalization method taking 20% as the pre-tax normal rate of return. Purchase consideration is discharged by Ravi Ltd. on the basis of intrinsic value per share. Both companies decided to cancel the proposed dividend.
Required balance sheet of Ravi Ltd. after merger.

8) T Ltd. & V Ltd., propose to amalgamate. Their Balance Sheet as at 31st March,2008 were as follows:

Liabilities	T Ltd.	V Ltd.	Assets	T Ltd.	V Ltd
Share capital			Fixed assets		
Equity share of 10 each	15,00,000	6,00,000	Less: Depreciation	12,00,000	3,00,000
General Reserve	6,00,000	60,000	Investment	3,00,000	-
Profit & Loss A/c	3,00,000	90,000	(face value of Rs 3		
Creditors	3,00,000	1,50,000	lakhs, 6% tax free		
			G.P. Notes)		
			Stock	6,00,000	3,90,000
			Debtors	5,10,000	1,80,000
			Cash & Bank Balance	90,000	30,000
	27,00,000	9,00,000		27,00,000	9,00,000

Their Net Profits (after taxation) were as follow:

Year	T Ltd.	V Ltd.
2005 - 06	3,90,000	1,35,000
2006 – 07	3,75,000	1,20,000
2007 – 08	4,50,000	1,68,000

Normal trading profit may be considered as 15% on closing capital invested. Goodwill may be taken as 4 years' purchase of average super profits. The stock of T Ltd. And V Ltd. are to be taken at Rs. 6,12,000 and Rs. 4,26,000 respectively for the purpose of amalgamation. W Ltd. is formed for the purpose of amalgamation of two companies.
Suggest a scheme of capitalization of W Ltd. And ratio of exchange of shares ; and Draft the opening Balance Sheet of W ltd.

9) Dawn Ltd. Was incorporated to take over Arun Ltd., Brown Ltd., and Crown Ltd. Balance sheet of all the three companies as on 31.03.2008 are as follows.

Particulars	Arun Ltd.	Brown Ltd.	Crown ltd.
Liabilities			
Equity Share capital (share of Rs. 10 Each)	1,800	2,100	900
Reserve	300	150	300
10% Debentures	600	-	300
Other Liabilities	600	450	300
Total	**3,300**	**1,800**	**1,500**
Assets:			
Net Tangible Block	2,400	1,800	1,500
Goodwill	-	150	-
Other Assets	900	750	300
Total	**3,300**	**2,700**	**1,800**

From the following information you are to:

(a) Work out the number of equity share and debentures to be issued to the shareholders of each company.

(b) Prepare the Balance Sheet of Dawn Ltd. As on 31.3.2008

Information:

i) Assets are to be revalued and the amount of Tangible Block and other Assets are as follows:

	Tangible Block	Other Assets
Arun Ltd.	30,00,000	10,50,000
Brown Ltd.	15,00,000	4,20,000
Crown Ltd.	18,00,000	2,40,000

ii) Normal profit on capital employed is to be taken at 10%

iii) Average amount of profit for three years before charging interest on debentures

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Arun Ltd.	Rs. 5,40,000
Brown Ltd.	Rs. 4,32,000
Crown Ltd.	Rs. 3,12,000

iv) Goodwill is to be calculated at three year's purchase of average super profits for three years, such average is to be calculated after adjustment of 10% depreciation on Increase/ Decrease on revaluation of Fixed Assets(Tangible Block).

v) Capital employed being considered on the basis of net revaluation of Tangible Assets.

vi) Equity Shares of Rs 10each fully paid up in Dawn Ltd. Are to be distributed in the ratio of average profit after adjustment of depreciation on revaluation of Tangible Block

vii) 10% Debentures of Rs. 100 each fully paid up are to be issued y Dawn Ltd. For the Balance due.

viii) The ratio if issue of equity shares and debentures of Dawn ltd are to be maintained at 3:1, towards the takeover companies.

ix) The amount required for preliminary expenses of Rs. 1,50,000 and for payment to existing Debentures holders, were provided by issuing Equity shares of Rs. 10 each in Dawn Ltd.

10) X Ltd., and Y Ltd. were amalgamated on and from 1 April, 2004. A new company A Ltd. was formed to take over the business of the existing companies. The balance sheet of X Ltd and Y Ltd as on 31 March 2004 are given below:

Liabilities	X Ltd	Y Ltd	Assets	X Ltd.	Y Ltd.
Share Capital			Fixed assets:		
Equity shares of	850	725	Land & Building	460	275
100/- each			Plant & machinery	325	210
14% Preference shares	320	175	Investments	75	50
Of Rs. 100 each			Current asset,		
Reserves and surplus			Loans & advances:		
Revaluation reserve	125	80	Stock	325	269
General reserve	240	160	Sundry debtors	305	270
Investment allowance	50	30	Bills Receivable	25	-
Reserve			Cash & Bank	385	251
Profit & loss a/c	75	52			
Secured loans:					
13% debentures(100 each)	50	28			
Unsecured loans:					
Public deposits	25	-			
Current liabilities & Provisions					
Sundry creditors	145	75			
Bills payable	20	-			
	1,900	**1,325**		**1,900**	**1,325**

Other information:

i) 13% debentures of X Ltd and Y Ltd are discharged by A Ltd. By issuing such number of its 15% debentures of Rs. 100 each so as to maintain the same amount of interest.

ii) Preference shareholders of two companies are issued equivalent number of 15% preference shares of A Ltd at a price of Rs. 125 per share (Face value Rs. 100)

iii) A Ltd will issue 4 equity shares for each equity share of X Ltd & 3 Equity shares for each equity share of Y Ltd. The shares are to be issued @ Rs.35 each, having a face value of rs.10 per share.

iv) Investment allowance reserve is to be maintained for two more years.

Prepare the balance sheet of A Ltd. As on 1st April, 2004 after the amalgamation has been carried out.

11) Alpha Limited and Beta Limited were amalgamated on from 1st April, 2001. A new company Gamma Limited was formed to takeover the business of the existing companies. The Balance sheet of Alpha Limited and Beta Limited as on 31st March, 2001 are given below:

(**Rs. In lakhs**)

Liabilities	**Alpha Ltd.**	**Beta Ltd.**	**Assets**	**Alpha ltd.**	**Beta Ltd.**
Share Capital			Fixed Assets	1,200	1,000
Equity share of Rs 100 each	1,000 800		Current assets, loans and advances	880	565
15% Preference Capital (preference shares of Rs. 100 each)	400	300			
Reserve & surplus					
Revaluation reserve	100	80			
General reserve	200	150			
Profit & loss A/c	80	60			
Secured Loan:					
12% Debentures of 100 each	96	80			
Current liabilities And provisions	204	95			
	2,080	**1,565**		**2,080**	**1,565**

Other information:

1. 12% Debenture holders of Alpha Limited and Beta Limited are discharged by Gamma Limited by issuing adequate number of 16% Debentures of Rs. 100 each of ensure that they continue to receive the same amount of interest.
2. Preference shareholders of Alpha Limited and Beta Limited have received same number of 15 % Preference share of rs. 100 each of Gamma Limited.
3. Gamma Limited has issued 1.5 equity shares for each equity share of Alpha Limited and 1 equity share for each equity share of beta Limited. The face value of shares issued by Gamma Limited is Rs. 100 each.

   Required:

   Prepare the balance sheet of Gamma Limited as on 1st April, 2001 after the amalgamation has been carried out using 'pooling of interest method'.

12) S and M had been carrying on business independently, agree to amalgamate and form a company N Ltd. With an authorized share capital of Rs, 2,00,000 divided into 40,000 equity shares of Rs. 5 each

On 31st December, 2003, the respective balance sheets of S and M were as follows:

Particulars	S (Rs)	M(Rs)
Fixed assets	3,17,500	1,82,500
Current assets	1,63,500	83,875
	4,81,000	**2,66,375**
Less: Current liabilities	2,98,500	1,76,250
	1,82,500	**1,76,250**

Additional information:
Revalued figures of fixed and current assets were as follows:

Particulars	S (Rs.)	M(Rs)
Fixed assets	3,55,000	1,95,000
Current assets	1,49,750	78,875

The debtors and creditors include Rs. 21,675 owed by M to S.
The purchase consideration is satisfied by issue of the following shares and debentures:

i. 30,000 equity share of N Ltd., to S and M in the proportion to the profitability of their respective business based on the average net profit during the last three years which were as follows:

Particulars	S(Rs)	M(Rs)
2001 Profit	2,24,788	1,36,950
2002 (Loss) / Profit	(1,250)	1,71,050
2003 Profit	1,88,962	1,79,500

ii. 15% debentures in N Ltd. At par to provide an income equivalent to 8% return on capital employed in their respective business as on 31st December 2003 after revaluation of assets.

You are required to:

1. Compute the amount of debentures and shares to be issued to S and M.
2. A Balance sheet of N Ltd. Showing the position immediately after amalgamation.

13) The following are the Balance Sheets of Andrew Ltd and Barry Ltd as at 31.12.2007:

Andrew Ltd (in Rs. 000s)

Liabilities	Rs.	Assets	
Share Capital		Fixed Assets	3,400
3,00,000 Equity shares of Rs 10 Each	3,000	Stock (pledged with secured loan creditors)	18,400
10,000 Pref. shares of Rs 100 Each	1,000	Others Current assets	3,600
		Profit & Loss account	16,600
General reserve	400		
Secured loans(secured against Pledge of stocks)	16,000		
Unsecured loan	8,600		
Current liabilities	13,000		
	42,000		42,000

Barry Ltd. (in Rs. 000s)

Liabilities	**Rs.**		
Share capital		Fixed assets	6,800
1,00,000 Equity shares of Rs 10 each	1,000	Current assets	9,600
General reserve	2,800		
Secured Loans	8,000		
Current Liabilities	4,600		
	16,400		16,400

Both the companies go into liquidation and Charlie Ltd. is formed to take over their businesses. The following in information is given:

A) All current assets of two companies, expect pledged stock are taken over by Charlie ltd. The realizable value of all current assets is 80% of book values in case of Andrew Ltd. And 70% for Barry Ltd. Fixed assets are taken over at book value.

B) The breakup of Current liabilities is as follows:

	Andrew Ltd.	Barry Ltd.
Statutory liabilities (including Rs 22 lakh in case of Andrew Ltd. In case of a claim not having been Admitted shown as contingent liability)	72,00,000	10,00,000
Liability to employees	30,00,000	18,00,000

The balance of Current liability is miscellaneous creditors.

a) Secured loans include Rs. 16,00,000 accrued interest in case of Barry Ltd.
b) 2,00,000 equity shares of Rs. 10 each are allotted by Charlie Ltd. At par against cash payment of entire face value to the shareholders of Andrew Ltd. And Barry Ltd. In the ratio of shares held by them in Andrew Ltd. And Barry Ltd.
c) Preference shareholders are issued Equity shares worth Rs. 2,00,000 in lieu of present holdings.
d) Secured loan creditors agree to continue the balance amount of their loans to Charlie Ltd. After adjusting value of pledged security in case of Andrew ltd. And after waiving 50% of interest due in the case of Barry ltd.
e) Unsecured loans are taken over by Charlie ltd. At 25% of Loan amounts.
f) Employees are issued fully paid Equity shares in Charlie Ltd. In full settlement of their dues.
g) Statutory liabilities are taken over by Charlie Ltd. At full values and miscellaneous creditors are taken over at 80% of the book value.

Shown the opening Balance Sheet of Charlie Ltd. Workings should be part of the answer.

14) Given below balance sheets of X Ltd. And Y ltd. As on 31st December,2003

Balance Sheet **(in 000's)**

Liabilities	**X Ltd.(Rs.)**	**Y Ltd. (Rs.)**
Share Capital	10,000	12,000
General reserve	5,000	4,000
Export profit reserve (Statutory reserve as per Income tax law)	2.000	3,000
14% Debentures	5,000	5,000
Sundry creditors	2,000	1,000
Provisions	2,000	2,000
Proposed dividend	2,500	3,000
	28,500	**30,000**

Assets		
Fixed assets	16,500	18,000
Investments	5,000	-
Stock	5,000	5,000
Debtors	1,500	6,500
Cash & bank balances	500	500
	28,500	**30,000**

Shares of X Ltd. and Y Ltd. are Rs. 10/- each. Z Ltd. has been formed for the purpose of amalgamation which took over X Ltd. and Y Ltd., and in exchange, shares of Z Ltd. Were issued. Expenses for amalgamation were Rs. 100 thousand. You are required to prepare post amalgamation balance sheet of Z Ltd. Shown also the purchase consideration and exchange ratio. Detail out number of shares to be issued to the shareholders of the amalgamated company without increasing the issued capital.

15) The following are the Balance Sheets (as at 31.3.2006) of A Ltd. And B Ltd.

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share capital	36,00,000	18,00,000	Fixed assets	50,00,000	30,00,000
Equity Shares of Rs. 10 each			Investments	5,00,000	5,00,000
10% Preference share			Current Assets		
of Rs. 100 Each	12,00,000	-	Stock	18,00,000	12,00,000
Reserve and Surplus	-	6,00,000	Debtors	15,00,000	12,00,000
Statutory reserve	1,00,000	1,00,000	Bills		
Genreal reserve	25,00,000	17,00,000	receivable	50,000	10,000
Secured Loan			Cash at Bank	1,50,000	90,000
15% Debentures	5,00,000	-			
12% Debentures	-	5,00,000			
Current Liabilities					
Sundry creditors	10,80,000	12,80,000			
Bills payble	20,000	20,000			
	90,00,000	**60,00,000**		**90,00,000**	**60,00,000**

Contingent liabilities for bills receivable discounted Rs. 20,000

A. The following additional information is provided to you:

	A Ltd. (Rs)	B Ltd. (Rs)
a) Profit before interest & tax	14,75,000	7,80,000
b) Rate of Income tax	40%	40%
c) Preference dividend	1,20,000	72,000
d) Equity dividend	3,60,000	2,70,000

Balance Profit transferred to reserve account.

B. The equity shares of both the companies are quoted on the Mumbai Stock Exchange. Both the companies are carrying on similar manufacturing operations.

C. A Ltd. Proposes to absorb B Ltd. As the end of business on 31.3.2006. The agreed terms for absorption are:

I) 12% Preference shareholders of B Ltd. Will receive 10% Preference share of A Ltd. Sufficient to increase their present income by 20%.

II) The equity shareholders of b Ltd. Will receive equity shares of A Ltd. On the following terms :

a) The equity shares of B Ltd. Will be valued by applying to the earnings per share of B Ltd. 60 per cent of price earnings ratio of A Ltd. Based on the results of 2005-06 of both the companies.

b) The market price of Equity shares of A Ltd. Is Rs. 40 per share.

c) The number of shares to be issued to Equity shareholders of B Ltd. Will be based on the 80% of market price.

d) In addition to Equity shares, 10% Preference share of A Ltd. Will be issued to the equity shareholders of B Ltd. To make up for the loss in income arising from the above exchange of shares based on the dividends for the year 2005-2006.

III) 12% Debentures holders of B Ltd. Are to be paid at 8% premium by 15% debentures in A Ltd. Issued at a discount of 10%

IV) Rs. 16,000 is to be paid by A Ltd. To B Ltd. For Liquidation expenses. Sundry Creditors of B Ltd. Include Rs. 20,000 due to A Ltd. Bills receivable discounted by A Ltd. Were all accepted by B Ltd.

V) Fixed assets of both the companies are to be revalued at 20% above book value. Stock-in-trade is taken over at 10% less than their book value .

VI) Statutory reserve has to be maintained for two more years.

VII) For the next two years, no increase in the rate of equity dividend is anticipated.

VIII) Liquidation expenses is to be considered as part of purchase consideration.

You are Required to:

I) Find out the purchase consideration.

II) Give journal entries in the books of A Ltd.

III) Give the Balance Sheet as at 31.3.2006 after absorption.

16) The following are the balance sheets of big Ltd. and Small Ltd. for the year ending on 31 March, 1998. (Figures in crores)

Particulars	Big Ltd.	Small Ltd.
Equity share capital – in equity shares of 10 each	50	40
Preference share capital – in 10% preference shares of 100 each	-	60
Reserves and surplus	200	150
	250	250
Loans – Secured	100	100
Total funds	**350**	**350**
Applied for:		
Fixed assets (at cost less depreciation)	150	150
Current assets less current liabilities	200	200
Total	**350**	**350**

The present worth of fixed assets of Big Ltd. is Rs. 200 crores and that of Small Ltd. Is Rs. 429 crores.
Goodwill of Big Ltd. is Rs. 40 crores and of small Ltd. is 75 crores.
Small Ltd. Absorbs Big Ltd. By issuing equity shares at par in such a way that intrinsic net worth is maintained.
Goodwill account is not to appear in the books. Fixed assets are to appear at old figures.

A) Shown the balance sheet after absorption.
B) Draft a statement of valuation of shares on intrinsic value basis and prove the accuracy of your workings.

17) A Ltd., agreed to take over B Ltd. As on 1st October, 2001 No balance sheet of B Ltd. Was prepared on that date

Balance sheets of A Ltd., and B Ltd., as on 31st March, 2001 were as follows

(Figures in crores)

	A Ltd. (Rs)	B Ltd. (Rs.)		A Ltd (Rs.)	B Ltd.(Rs)
Share Capital	15,00,000	10,00,000	Fixed Assets	12,50,000	8,75,000
In equity shares			Current assets:		
Of Rs. 10 each			Stock	2,37,500	1,87,500
Fully paid up			Debtors	3,90,000	2,56,000
Reserve & surplus:			Bank	293,750	1,50,000
General reserve	3,90,000	2,43,500			
Profit & loss A/c	1,87,500	1,50,000			
Creditors	93,750	75,000			
	21,71,250	**14,68,500**		**21,71,250**	**14,68,500**

Additional information available:

I) For the six months period from 1st April, 2001, A Ltd. Made a profit of Rs. 4,20,000 after writing off depreciation at 10% per annum on its fixed assets.
II) For the same period, B Ltd. made a profit of Rs. 2,04,000 after writing off depreciation at 10% p.a. on its fixed assets.
III) Both the companies paid on 1st August, 2001 equity dividends of 15%. Tax at 10% on such payments was also paid by each of them.

IV) Goodwill of B Ltd. Was valued at Rs. 1,20,000 on the date take over, stock of B, subject to an abnormal item of Rs. 7,500 to be fully written off, would be appreciated by 25% for purpose of take – over.

V) A Ltd., to issue to B's shareholders fully paid equity share of Rs. 10 each on the basis of the comparative intrinsic value of the shares on the take –over date.

Draft the balance sheet of A after absorption of B. All working are to form part of your answer.

18) The Balance Sheets of Strong Ltd., and Weak Ltd., as on 31.03.2007 are as below:

Balance sheet as on 31.03.2007

Liabilities	Strong Ltd. (Rs.)	Weak Ltd. (Rs.)	Assets	Strong Ltd. (Rs.)	Weak Ltd. (Rs.)
Equity share Capital (Rs. 100 each)	50,00,000	30,00,000	Fixed Assets other than goodwill	30,00,000	20,00,000
Reserve	3,00,000	1,50,000	Stock	8,00,000	6,00,000
Profit & Loss A/s	6,00,000	4,00,000	Debtors	14,00,000	9,00,000
Creditors	5,00,000	3,00,000	Cash & bank	12,00,000	3,50,000
	64,00,000	**29,50,000**		**64,00,000**	**29,50,000**

Strong Ltd., takes over Weak Ltd., on 01.07.2007 No Balance sheet of Weak Ltd., is available as on that date. It is however estimated that Weak Ltd., earns estimated profit of Rs. 2,00,000 after charging proportionate depreciation @ 10% p.a. on fixed assets, during April- June,2007.

Estimated profit of strong Ltd., during these 3 months is Rs. 4,00,000 after charging proportionate depreciation @ 10% p.a. on fixed assets.

Both the companies have declared and paid 10% dividend within this 3 months period. Goodwill of Weak Ltd., is valued at Rs. 2,00,000 and Fixed Assets are valued at Rs.1,00,000 above the estimated book value. Purchase consideration is to be satisfied by Strong Ltd., by shares at par.

Ignore Income Tax

You are required to calculate the following:

I) No of shares to be issued by Strong Ltd., to Weak Ltd., against purchase consideration;

II) Net Current Assets of Strong Ltd., and Weak Ltd., as on 01.07.2007;

III) P/L/A balance of the Strong Ltd., as on 01.07.2007;

IV) Fixed Assets as on 01.07.2007;

V) Balance sheet of strong Ltd. As 01.07.2007 after take over of Weak Ltd.,

19) RX Ltd. and PX Ltd., decided to amalgamate their business with a view to a public share issue. A holding company, MX Ltd., is to be incorporated on 1st May 2003 with an authorized capital of Rs. 60,00,000 in Rs. 10 ordinary shares. The company will acquire the entire ordinary share capital of RX Ltd., and in exchange for an issue of its own shares.

The consideration for the acquisition is to be ascertained by multiplying the estimated profits available to the ordinary shareholders by agreed price earnings ratio. The following relevant figures are given:

	RX. Ltd.(RS)	PX LT(Rs)
Issued share capital		
Ordinary shares of Rs. 10 each	30,00,000	12,00,000
6% Cumulative preference shares of Rs. 100 each	-	10,00,000
5% debentures, redeemable in 2007		8,00,000
Estimated annual maintainable profits, before deduction	6,00,000	2,40,000
Of debentures interest and taxation		
Price/ Earnings ratio	15	10

The shares in the holding company are to be issued to members of the subsidiaries on 1st June 2003, at a premium of Rs. 2.50 a share and there after these shares will be marketable on the stock exchange.

It is anticipated that the merger will achieve significant economics but will necessitate additional working capital. Accordingly, it is planned that on 31st December, 2003, MX Ltd., will make a further issue of 60,000 ordinary shares to the public for cash at the premium of 3.25 a share. These shares will not rank for dividends until 31st December, 2003.

In the period ending 31st December,2003, bank overdraft facilities will provide funds for the payment of MX Ltd., of preliminary expenses estimated at Rs.. 50,000 and management expenses estimated at Rs. 6,000.

It is further assumed that interim dividends on ordinary shares, relating to the period from 1st June to 31st December 2003 by MX Ltd., at 3½ %, by PX Ltd., at 2%.

You are required to project, as on 31st December 2003 for MX Ltd., (a) the balance sheet as it would appear immediately after fully subscribed share issue, and (b) the profit and loss account for the period ending 31st December, 2003

Assume the rate of corporation tax to be 40% you can make any other assumption you consider relevant.

20) As Part of its expansion Strategy White Ltd decided to amalgamate its business with that of Black Ltd and a new company Black & White Ltd being incorporated on the 1st of September 2010 having an authorized equity capital of 2 crore shares of Rs. 10 each . M/S Black & White Ltd., shall in turn acquire the entire ownership of White Ltd and Black Ltd in consideration for issuing its equity at 25% premium on 1st Oct.2010.It is also agreed that the consideration shall be based on the product of the profits available to equity shareholders of each entire, times its PE multiple. The Preference Shareholders & Debenture holders are to be satisfied by the issue of similar instruments in Black & White Ltd on 1-10-2010 in lieu of their existing holdings.

Accordingly the relevant information is supplied to you as under:

	White Ltd.	**Black Ltd.**
Paid up Equity of Rs. 10/- class (Nos)	3 Lakh	1.2 Lakh
8% Preference shares Rs. 10/- paid (Nos)	----	1 Lakh
5% Redeemable Debentures 2015 of Rs. 10 /- each (Nos)	----	0.8 Lakh
Profits before Interest & Taxation (Rupees)	6,00,000	4,40,000
Price to Earnings Multiple	15	10

To augment the Cash retention level of Black & White Ltd it is decided that on 1st Oct 2010 Black & White Ltd. Shall collect full share application money for the issue 20,00,000equity share @ 40% premium under Private Placement. The allotment of the shares will be made on 31-12-2010 and such shares shall quality for dividend from 2011 only.

Black & White Ltd also shall avail a 12.50% TOD of Rs 15 Lakhs and to meet its preliminary expanses and cost of working which amount to Rs 12 Lakhs and 2 Lakhs respectively. The TOD will be availed on 1st Nov 2010 and closed 31st Dec. 2010. Preliminary expenditure is tax deductible @ 20% each year.

Due to an accounting omission the opening inventory of Black Ltd of Rs. 5 Lakh (actual value) & the closing stock of White Ltd., of Rs. 2.20 lakh was understated & overstated by 5% and 10% respectively.

The dividend schedule proposed is that all companies would pay interim dividend for equity, for the period from 1st Oct 2010 to 31st Dec 2010. The rates of dividend being White ltd @ 5%, Black Ltd@ 2% Black & White Ltd@ 3.5%. The Preference shareholders & debentures holders dues for the post take over period are discharged on 31.12.2010.

It is proposed that in the period Oct-Dec 2010 Black & White Ltd would carry out trade in futures that would generate an absolute post tax return of 18% by using the funds generated from the Private Placement. The trades would be squared off on 31-12-2010. Proceeds from such transactions are not liable to withholding taxes

You required to prepared a projected Profit & loss A/c for the period ended 31st Dec.2010 and Balance Sheet on that date for Black & White Ltd.

The corporation tax rate for the company is 40%

21) The balance sheet of 'S' Ltd., and 'H' Ltd. As on 30th June, 1997 were as follows.

(Rs. In crores)

Liabilities	**'S' Ltd.**	**'H' Ltd.**
Equity share capital	80	25
Reserves and surplus	400	75
10% 25 lakhs debentures of 100 each	-	25
Other Liabilities	120	-
	600	125
Assets		
Fixed assets at cost	200	75
Less: Depreciation	100 100	50 25
Investment in 'H' Ltd.		
2 Crores equity shares of 10 each at cost	32	
10% 25 lakhs debentures of 100 each at cost	24 56	
Current assets	800	300
Less: Current liabilities	356 444	(200) 100
	600	125

In a scheme of absorption duly approved by the court, the assets of 'H' Ltd. were taken over at an agreed value of Rs. 130 crores. The liabilities were taken over at par. Outside shareholders of 'H' Ltd. Were allotted equity shares in 'S' Ltd. At a premium of Rs. 90 per share in satisfaction of other claims in 'H' Ltd. For Purposes of recording in the books of 'S' Ltd. Fixed assets taken over from 'H' Ltd. Were revalued at Rs. 40 crores.

The scheme was put through on 1st July, 1997

a. Journal entries in the books of 'S' Ltd. To record the transactions.
b. Shown the balance sheet of 'S' Ltd. After absorption of 'H' Ltd.

22) The balance sheets of O Ltd and P Ltd as on 31.03.00 are as under:

(**Rs. In Lakhs)**

Liabilities	**O**	**P**	**Assets**	**O**	**P**
Equity shares of Rs. 10 each	25.00	50.00	Fixed Assets	110.00	50.00
General Reserve	122.50	20.00	Investments	16.25	25.00
12% Debentures	11.00	5.50	Current assets	40.25	3.25
Creditors	8.00	2.75			
	166.50	78.25		166.50	78.25

Investments of O Ltd represents 1,25,000 shares of P Ltd. Investments of P Ltd are considered worth Rs. 30 Lakhs.

P Ltd is taken over by O Ltd. On the basis of the Intrinsic value of shares in their respective books of accounts.

Prepare a statement showing the number of shares to be allotted by O Ltd to P Ltd and the balance sheet of O Ltd after absorption of P Ltd.

23) The summarized Balance sheets of X Ltd. And its subsidiary Y Ltd., as at 31.3.2005 was as follows:

Liabilities	**X Ltd.**	**Y Ltd.**	**Assets**	**X Ltd.**	**Y Ltd.**
Share capital (share of 10 each)	50,00,000	10,00,000	Fixed Assets	60,00,000	18,00,000
			Investment in		
Genreal reserves	50,00,000	20,00,000	Y Ltd.(60,000 shares)	6,00,000	-
Profit & Loss A/c	20,00,000	15,00,000	Sundry debtors	35,00,000	5,00,000
Secured loan	20,00,000	2,50,000	Inventories	30,00,000	25,00,000
Current Liabilities	30,00,000	2,50,000	Cash at Bank	39,00,000	2,00,000
Total	**1,70,00,000**	**50,00,000**	**Total**	**1,70,00,000**	**50,00,000**

Additional information:

X Ltd. Holds 60% of the paid up capital of Y Ltd. And the balance is held by a foreign company .

A memorandum of understanding has been entered into with the foreign company by X Ltd. to the following effect:

(i) The shares held by the foreign company will be sold to X Ltd. At a price per share to be calculated by capitalizing the yield at 15%. Yield, for the last 3 years, which were Rs. 12 lakhs, 18 lakhs and 24 lakhs respectively. (Average tax rate was 40%)

(ii) The actual cost of shares to the foreign company was Rs. 4,40,000 only. Gains accruing to the foreign company are taxable at 20%. The tax payable will be deducted from the sale proceeds and paid to government by X. 50% of the consideration (after payment of tax) will be remitted to the foreign company by X' Ltd., and also any cash for fractional shares allotted.

(iii) For the balance of consideration, X Ltd. Would issue its shares at their intrinsic value.

It was also decided that X Ltd. would absorb Y Ltd. Simultaneously by writing down the Fixed assets of Y Ltd by 10%. Balance Sheet figures included a sum of Rs. 1,00,000 due by Y Ltd to X Ltd and stock of X Ltd included stock of Rs. 1,50,000 purchased from Y ltd., who sold them at cost plus 20%.

The entire arrangement was approved was approved and put thorough by all concerned effective 1.4.2005.

You are required to indicate how the above arrangements will be recorded in the books of X Ltd. And also prepare a Balance Sheet after absorption of Y Ltd. Workings should br from part of your answer.

25) It has been decided that PURU Ltd. will absorb the entire undertaking of SHO Ltd. and THAM Ltd., as of 1.4.1994. the outside shareholders in the latter companies are to be issued equity shares in PURU Ltd., on the basis of an agreed issue price of Rs. 20 per share. For this purpose, the interests of such shareholders are to be determined according to the intrinsic values of the shares of the respective companies. AN Ltd. is a subsidiary of THAM Ltd. and is also to be merged into PURU Ltd., appropriately.

The Balance Sheet of the companies as at 31.3.1994, stood as under:

(Rs. Lakhs)

	PURU	SHO	THAM	AN
Sources of Funds :				
Share capital				
Equity shares of Rs. 10 each	1500	1,000	800	400
Reserves	2000	540	702	400
Loans	1,600	900	1,000	700
Total	5,100	2,440	2,502	1,500
Application of Funds :				
Land	200	100	50	10
Buildings	500	400	100	200
Machinery	1,500	800	500	500
Other fixed assets	400	100	200	50
Investments				
40 lakhs shares of SHO	500	-	-	-
20 lakhs shares of THAM	300	-	-	-
40 lakhs shares of AN	-	-	400	-
Others	100	-	-	-
Net current assets	1,600	1,040	1,252	740
Total	**5,100**	**2,440**	**2,502**	**1,500**

For the purpose of the scheme, it is agreed to give effect to the following value appreciations of the companies to be absorbed.

Land - 100%
Buildings - 50%
Machinery - 20%

In order to obtain the consent of the creditors of THAM Ltd., it becomes necessary to accepted a claim of Rs. 20 lakhs hitherto classified as contingent. 60% of the claim is accepted by THAM Ltd., and the balance is to be settled by PURU Ltd.

You required to:

i. Compute the number of shares to be issued by PURU Ltd., to eligible outsiders
ii. Show journal entries.

iii. Draft the balance sheet of PURU Ltd. after the absorption.

26) The following are the summarized balance sheets of X Ltd. and Y Ltd.

Liabilities	X Ltd	Y Ltd.	Assets	X LTD	Y Ltd.
Share capital	32,000	28,000	Sundry assets	42,000	33,000
Profit & loss A/c	5,000		- Shares in Y Ltd	20,000	-
Creditors	15,000	6,000	Profit & Loss A/c	-	1,000
Loan – Z Ltd.	10,000	-			
	62,000	34,000		62,000	34,000

The whole of the shares of X Ltd. is formed to acquire the sundry assets and liabilities of X Ltd. And Y Ltd. for the purpose, the sundry assets of X Ltd. are revalued at Rs. 30,000 and those of Y Ltd. At Rs.20,000.
Shoe the journal entries and prepare necessary ledger A/c to close the books of X LTD and Y Ltd.

27) Following are the balance sheets of two companies, Wye Ltd. And Zed Ltd. As at December 31,2002.

Liabilities	**Wye Ltd.**	**Zed Ltd.**	**Assets**	**Wye. Ltd**	**Zed Ltd.**
Share capital			Sundry assets	7,50,000	3,50,000
(shares of Rs. 100 each)	5,00,000	300,000	1,000 shares in WYE Ltd.	-	1,00,000
Reserve	1,00,000	55,000			
Creditors	1,50,000	95,000			
Total	**7,50,000**	**4,50,000**		**7,50,000**	**4,50,000**

Wye Ltd. Was to absorb Zed Ltd. On the basis of intrinsic value of the shares, the purchase consideration was to be discharged in the form of fully paid shares, entries to be made at par value only. A sum of Rs. 20,000 is owed by Wye Ltd. to Zed Ltd. also included in the stock of Wye Ltd. Rs. 30,000 worth goods supplied by Zed Ltd. at cost plus 20% give journal entries in the books of both the Companies.

28. Ram Ltd. and Krishna Ltd. had following financial position as on 31.3.2003

Liabilities	**Ram Ltd.**	**Krishna Ltd.**	**Assets**	**Ram Ltd.**	**Krishna Ltd.**
Equity shares of Rs. 100 each	800000	600000	Goodwill	500000	100000
General Reserves	300000	200000	Fixed Assets	400000	700000
Investment Allowance Reserve		300000	Investment at cost	300000	200000
Liabilities	400000	150000	Current Assets	300000	250000
	1500000	**1250000**		**1500000**	**1250000**

It was decided that Ram Ltd. will take over the business of Krishna Ltd. on that date, on the basis of respective share values adjusting, wherever necessary, the book values of assets and liabilities on the strength of information given below:

a. Investment in Krishna Ltd. included 1000 shares in Ram Ltd. acquired at a cost of Rs.150 per share. The other investments of Krishna Ltd. have a market value of Rs.25000

b. Investment allowance reserve was in respect of additions made to fixed assets by Krishna Ltd. in the years 1997-2001 on which income tax relief has been obtained. Interms of the Income Tax Act, the company has to carry forward till 2005, reserve of Rs.150000 for utilization
c. Goodwill of Ram Ltd. and Krishna Ltd. are to be taken at Rs.400000 and Rs.200000 respectively
d. The market value of Investments of Ram Ltd. was Rs.200000
e. Current assets of Ram Ltd. included Rs.80000 of stock in trade obtained from Krishna Ltd. which company sold at a profit of 25% over cost
f. Fixed assets of Ram Ltd. and Krishna Ltd. are valued at Rs.500000 and Rs.750000 respectively

Suggest the scheme of absorption and show the journal entries necessary in the books of Ram Ltd. Also prepare the balance sheet of that company after takeover of the business of Krishna Ltd.

29. Balance sheet of Z Ltd. and A Ltd. are given below as at 31.12.2002

Liabilities	**Z Ltd.**	**A Ltd.**	**Assets**	**Z Ltd.**	**A Ltd.**
Shares of Rs.10 each	200000	400000	Sundry Assets	310000	600000
Reserves and surplus	40000	100000	Loan to A Ltd.	30000	
7% Debentures (Rs.100)	100000		5000 shares of A Ltd.	50000	
Loan from Z Ltd.		30000			
Other liabilities	50000	70000			
	390000	**600000**		**390000**	**600000**

A Ltd. takes over Z Ltd. on the following terms:

a. A Ltd. will issue sufficient number of its shares @ Rs.11 each and pay 50 paise cash per share held by members of Z Ltd.
b. 7% Debentures of Z Ltd. are to be paid at 8% premium by issue of sufficient number of 8% Debentures of A Ltd. @ Rs.90

Show journal entries and significant ledger accounts in the books of both the companies. Also draft balance sheet of A Ltd. after absorption

30. The following balance sheet of A Ltd. and B Ltd. as at 31.3.1995 are given to you

Liabilities	**A Ltd.**	**B Ltd.**	**Assets**	**A Ltd.**	**B Ltd.**
Equity shares of Rs.100 each	1500000	500000	Fixed Assets	1000000	50000
General Reserve	200000	100000	Sundry Debtors	290000	150000
P&L account		300000	Stock	480000	210000
10% Debentures		300000	1000 shares in B Ltd.	150000	
Current Liabilities	200000	90000	3000 shares in A Ltd.		500000
			Cash at bank	140000	90000
	2060000	**1000000**		**2060000**	**1000000**

B Ltd. traded raw material which were required by A Ltd. for manufacture of its products. Stock of A Ltd. includes Rs.100000 for purchases made from B Ltd. on which the company B Ltd. made a profit of 12% on selling price. A Ltd. owed Rs.25000 to B Ltd. in this respect. It was decided that A Ltd. should absorb B Ltd. on the basis of the intrinsic value of the shares of the two companies. Before absorption, A Ltd. declared a dividend of 10%. A Ltd. also decided to revalue the shares in B Ltd. before recording entries relating to the absorption

Show the journal entries, which A Ltd. and B Ltd. must pass to record the acquisition and prepare balance sheet of A Ltd. immediately thereafter. All workings should form part of your answer

31. The following is the balance sheet of A Ltd. and B Ltd. as on 31.12.2001

Liabilities	**A Ltd.**	**B Ltd.**	**Assets**	**A Ltd.**	**B Ltd.**
Equity shares of Rs.10 each	600000	300000	Fixed Assets	700000	250000
10% Preference shares of Rs.100 each	200000	100000	6000 shares of B Ltd.	80000	
Reserves	300000	200000	5000 shares of A Ltd.		80000
12% Debentures	200000	150000	Stock	240000	320000
Sundry Creditors	220000	125000	Debtors	360000	190000
Bills payable	30000	25000	Bills receivable	60000	20000
			Cash at bank	110000	40000
	1550000	**900000**		**1550000**	**900000**

Fixed assets of both the companies are to be revalued at 15% above book value. Stock in trade and Debtors are taken over at 5% lesser than their book value. Both the companies are to pay 10% equity dividend, preference dividend having been already paid

After the above transaction are given effect to, A Ltd. will absorb B Ltd. on the following terms

a. 8 Equity shares of Rs.10 each will be issued by A Ltd. at par against 6 shares of B Ltd.
b. 10% Preference shareholders of B Ltd. will be apid at 10% discount by issue of 10% preference shares of Rs.100 each at par in A Ltd.
c. 12% Debenture holders of B Ltd. are to be paid at 8% premium by 12% debentures in A Ltd. issued at a discount of 10%
d. Rs.30000 is to e paid by A Ltd. to B Ltd. for liquidation expenses. Sunday creditors of B Ltd. include Rs.10000 due to A Ltd.

Prepare absorption in the books of A Ltd. and statement of consideration payable by A Ltd.

32. The following are the Balance sheets of Big Ltd. and Small Ltd. as at 31.3.2006

Liabilities	**Big Ld.**	**Small Ltd.**	**Assets**	**Big Ltd.**	**Smal Ltd.**
Share Capital		1500000	Sundry Assets	5600000	2000000
Profit and loss	750000		Goodwill	400000	500000
Creditors	1250000	1250000	Profit and loss		250000
	6000000	**2750000**		**6000000**	**2750000**

i. The two companies agree to amalgamate and form a new company, edium Ltd.
ii. Big Ltd. holds 10000 shares in Small Ltd. acquired at a cost of Rs.250000 and Small Ltd. holds 5000 shares in Big Ltd. acquired at a cost of Rs.700000
iii. The shares of Big Ltd. are of Rs.100 and are fully paid and the sares of Small Ltd. are of Rs.50 each on which Rs.30 has been paid up
iv. It is agreed that the goodwill of Big Ltd. would be valued at Rs.150000 and that of Small Ltd. at Rs.250000
v. The shares which each company holds in the other are to be valued at book value having regard to the goodwill valuation decided as given in (iv) above
vi. The new shares are to be of a nominal value of Rs.50 each credited as Rs.25 paid

You are required to

a. Prepare the balance sheet of Medium Ltd. as at 31.3.2006 after giving effect to the above transaction and
b. Prepare a statement showing the shareholders in the new company attributable to the shareholders of the merged companies

33. Small Ltd. and Little Ltd. two companies in the field of specialty chemicals, decided to go in for a follow on Public Offer after completion of an amalgamation of their businesses. As per agreed terms initially a new company Big Ltd. will be incorporated on 1.1.2010 with an authorized capital of Rs.2 crore comprised of Rs.20 lakh equity shares of Rs.10 each. The holding company would acquire the entire shareholding of Small Ltd. and Little Ltd. and in turn would issue shares to the outside shareholders of these shares. It is also agreed that the consideration would be a multiple of the average PE ratio for the period 1.1.2009 to 31.3.2009 times the rectified profits of each company, subject t necessary adjustments for complying with the terms of the share issue

The following information is supplied to you

	Small Ltd.	Little Ltd.
Ordinary shares of Rs.10 each (nos)	40 lakhs	20 lakhs
10% preference shares of Rs.100 each (nos)	2 lakh	Nil
10% preference shares of Rs.10 each (nos)	Nil	2 lakh
5% debentures of rs.10 each (nos)	4 lakh	4 lakh
Investment held		
4 lakh ordinary shares in Small Ltd.		40 lakh
2 lakh ordinary shares in Little Ltd.	20 lakh	
PBIT after considering impact of inter company holding and transaction	50 lakhs	25 lakhs
Average PE ratio Jan 2009 to March 2009	10	8

Following additional information is also furnished to you in respect of adjustments required to the profit figure as given above

i. The profits of the respective companies would be adjusted for half the value of contingent liabilities as on 31.3.2009
ii. Debtors of Small Ltd. include an irrevocable amount of Rs.2 lakh against which Rs.1 lakh was recovered but kept in advance account
iii. Little Ltd. had omitted to provide for increased FOREX liability of US$10000 on loan availed in financial year 2005-06 for purchase of machinery. The machinery was acquired on 1.1.2006 an put to use in financial year 2006-07. The additional liability arose due to change in exchange rates is US$1 = Rs.50
iv. Small Ltd. has omitted to invoice a sale that took place on 31.3.2009 of goods costing Rs.250000 at a markup of 15% instead the goods were considered as part of closing inventory
v. Closing inventory of Rs.45 lakhs of Little Ltd. as on 31.3.2009 stands undervalued by 10%
vi. Contingent liabilities of Small Ltd. and Little Ltd. as on 31.3.2009 stands at Rs.5 lakhs and Rs.10 lakhs respectively

The terms of the shares issue are as under

a. Shares in Big Ltd. will be issued at a premium of Rs13 per share for all external shareholders of Small Ltd The premium will be Rs.15 per share for shares in Big Ltd. issued to all external shareholders of Little Ltd
b. No shares in Big Ltd will be issued in Lieu of the investments (intercompany holdings) of both companies. Instead the shares so held shall be transferred to Big Ltd. at the close of the financial year ended 31.3.2010 at par value consideration payable on the date of transfer
c. Big Ltd. would in addition to the issue of shares to outside shareholders of Small Ltd. and Little Ltd. make a preferential allotment on 31.3.2010 of 2 lakhs ordinary shares at a premium of Rs.28 per share of Virgin Capital Ltd. These shares will not be eligible for any dividends declared or paid till that date
d. Big Ltd. will go in for a 18% unsecured bank overdraft facility to meet incorporation costs pf Rs.16 lakhs and towards management expenses till 31.3.2010 estimated at Rs.14 lakhs. The overdraft is expected to be availed on 1.2.2010 and closed on 31.3.2010 out of the proceeds of the preferential allotment
e. It is agreed that interim dividends will be paid on 31.3.2010 for the period January 2010 to March 2010 by Big Ltd. at 2%, Small Ltd. at 3% and Little Ltd. at 2.5%. Ignore Dividends Distribution tax
f. The prevailing income tax rate is 25%

You are required to compute the number of shares to be issued to the shareholders of each of the companies and prepare the projected P&L account for the period from 1.1.2010 to 31.3.2010 of Big Ltd. and its balance sheet as on 31.3.2010

34. The balance sheet of WXY Ltd. before reconstruction is

Liabilities	**Amount**	**Assets**	**Amount**
12000 7% Preference shares of Rs.50 each	600000	Building at cost less depreciation	400000
15000 Equity shares of Rs.50 each	750000	Plant at cost less depreciation	268000
Note: Preference dividend is in arrear for five years		Trademark and goodwill at cost	318000
Loan	573000	Preliminary Exp	11000
Sundry Creditors	207000	P&L account	440000
Other liabilities	35000	Stock	400000
		Debtors	328000
	2165000		**2165000**

The company is now earning profits short of working capital and a scheme of reconstruction has been approved by both classes of shareholders. A summary of the scheme is as follows

a. The equity shareholders have agreed that their Rs.50 shares should be reduced to Rs.2.5 by cancellation of Rs.57.5 per share. They have also agreed to subscribe for three new equity shares of Rs.2.5 each for each equity share held
b. The preference shareholders have agreed to cancel the arrears of dividend and to accept for each Rs.50 share, 4 new 5% preference shares of Rs.10 each plus 6 new equity shares of Rs.2.5 each , all being fully paid
c. Of the company for Rs.150000 have agreed to convert their loan into share and for this purpose they will be allotted 12000 new preference shares of Rs.10 each and 12000 equity shares of Rs.2.5 each

d. The directors have agreed to subscribe in cash for 40000 new equity shares of Rs.2.5 each in addition to any shares to be subscribed by them under (a) above.
e. Of the cash received by issue of new shares, Rs.200000 will be used to reduce the loan of the company
f. The equity share capital cancelled is to be applied
    a. To write-off the preliminary expenses
    b. To write-off the debit balance in the profit and loss account
    c. To write-off Rs.35000 from the value of the plant

Any balance remaining is to be used to write down the value of trademarks and goodwill.

Show the journal entries how the financial books are effected by the scheme and prepare the balance sheet of the company after reconstruction. The nominal capital as reduced is to be increased to the old figures of Rs.650000 for preference capital and Rs.750000 for equity capital

35) The shareholders of Sunrise Ltd. decided on a corporate restructuring exercise necessitated due to economic recession and a slump in business. From the audited statements as on 31.3.2010 and the information supplied, you are requested to prepare

i) Balance sheet after completion of restructuring exercise
ii) Capital reduction account
iii) Cash account of the entity

Balance sheet as on 31.3.2010

Liabilities	**Amount**	**Assets**	**Amount**
30000 equity shares of Rs.10 each	300000	Trade Marks and Patents	110000
40000 8% cumulative preference shares of Rs.10 each	400000	Goodwill at cost	36100
Share premium account	10000	Land	120000
P&L account	-138400	Building	244000
9% Debentures of Rs.100	120000	P&M	320000
Accrued interest on Debentures	5400	Investments market to market	64000
Creditors	120000	Inventories of RM	60000
Deferred VAT Liability	50000	Inventory of FG	16000
Bank OD	223100	Debtors	120000
	1090100		**1090100**

Preference dividend is in arrears for 4yrs

The scheme of reconstruction that received the permission of court was on the following lines

1. The authorized capital of the company to be re fixed at Rs.10 lakhs (Preference shares of Rs.3 lakhs and Equity Capital of Rs.7 lakhs both of Rs,10 each)
2. The preference shares are to be reduced to Rs.5 each and equity shares reduced by Rs.3 per share. Post reduction both classes of shares to be re consolidated into Rs.10 shares
3. Trade Investments are to be liquidated in open market
4. One fresh equity share of Rs.10 to be issued for every Rs.40 of preference dividend in arrears (ignore taxation)
5. The share premium is to be fully utilized to meet the reconstruction program
6. The debenture holders took over land at Rs.210000 and settled balance after adjusting their dues

7. Un provided contingent liabilities were settled at Rs.54000 and a pending insurance claim receivable settled at Rs.12500 on condition that claim will be immediately settled
8. The intangible assets were all to be written off along with Rs.10000 worth obsolete packing material and 10% of the receivables
9. Expenses for the scheme were Rs.10000
10. Remaining cash available as a result of the above transaction is to be utilized to pay off the bank overdraft to that extent
11. The equity shareholders agree that they will bring in cash to liquidate the balance outstanding on the overdraft account and also agree that sufficient funds will be bought in to bring up the net working capital, after completing the restructuring exercise, to Rs.2 lakhs. The equity shares will be issued at par for this purpose.

36) G Ltd. is in the hands of the receiver for debenture holders who holds a charge on all assets except uncalled capital. The following statement shows the position as regards creditors as on 30th June 2002

Liabilities	Amount	Asset	Amount
Share Capital Rs.360,000 in shares of Rs.60 each, Rs.30 paid up	300000	Fixed assets(Cost Rs.390000) estimated at	150000
First debentures	300000	Cash in hand	270000
Second Debentures	600000	Uncalled capital	180000
Unsecured creditors	450000	Deficiency	750000
	1350000		1350000

Fixed assets and cash in hand are charged under debentures

A holds the first debentures for Rs.300000 and second debentures for Rs.300000. He is also an unsecured creditor for Rs.90000. B holds second debentures for Rs.300000 and is an unsecured creditor for Rs.60000

The following scheme of reconstruction is proposed.

1. A is to cancel Rs.210000 of the total debt owing to him, to advance for Rs.30000 in cash and to take first debentures (in cancellation of those already issued to him) for Rs.510000 in satisfaction of all his claims.
2. B is to accept Rs.90000 in cash in satisfaction of all claims by him
3. Unsecured creditors (other than A and B) are to accept four shares of Rs.7.5 each fully paid in satisfaction of 75% of every Rs.60 of their claim. The balance of 25% is to be postponed and to be payable at the end of three years from the date of Courts approval of the scheme. The nominal share capital to be increased accordingly.
4. Uncalled capital is to be called up in full and Rs.52.5 per share cancelled, thus making the shares of Rs.7.5 each

Assuming that the scheme is duly approved by all parties and by the court, give necessary journal entries and the balance sheet of the company after the scheme has been carried into effect

Q37) The following was the Balance Sheet of Bharat Construction Ltd. as on 31.12.2002

Liabilities	**Amount**	**Asset**	**Amount**
Authorized capital 20,000 equity shares of Rs.10 each	200000	Goodwill	10000
		Land and Buildings	20500
Issued, subscribed and paid up capital 12000 shares of Rs.10 each	120000	Machinery	50850
		Stock	10275

Less: Calls in arrear (Rs.3 per share on 3000 shares)	(9000)	Book Debts	15000
		Cash at bank	1500
Sundry Creditors	15425	P&L account	
Provision for tax	4000	Balance as per last balance sheet	22000
		Less: Profit for the year	(1200)
			20800
		Preliminary Expenses	1500
	130425		**130425**

The directors have had a valuation made of the machinery and find it overvalued by Rs.10000. It is proposed to write down this asset to its true value and to extinguish the deficiency in the profit and loss account and to write off goodwill and preliminary expenses by the adoption of the following course

1. Forfeit the shares on which the call is outstanding
2. Reduce the paid up capital by Rs.3 per share
3. Reissue the forfeited shares by Rs.5 per share
4. Utilize the provision for taxes if necessary

The shares on which the calls were in arrear were duly forfeited and reissued on payment of Rs.5 per share. You are requested to draft the journal entries necessary and balance sheet of the company after carrying out the terms of the scheme as per above.

38) The balance sheet of R Ltd. at 31.3.2003 was as follows

Liabilities	**Amount**	**Asset**	**Amount**
Share Capital Authorized	1400000	Intangibles	68000
Issued and Subscribed capital 64000 8% cumulative preference shares of Rs.10 each fully paid	640000	Freehold premise at cost	140000
64000 equity shares of Rs.10 each Rs.7.5 paid	480000	P&M at cost less depreciation	240000
Loan from directors	60000	Investment in shares in Q Ltd. at cost	324000
Sundry creditors	440000	Stock	248000
Bank Overdraft	208000	Debtors	320000
		Deferred revenue expenditure	48000
		P&M	440000
	1828000		**1828000**

Note: Arrears of preference dividends amount to Rs.51200

A scheme of reconstruction was duly approved with effect from 1.4.2003 under the conditions stated below:

a. The unpaid amount of equity shares would be called up
b. The preference shareholders would forego their arrear dividends. In addition, they would accept a reduction of Rs.2.5 per share. The dividend rate would be enhanced to 10%
c. The equity shareholders would accept a reduction of Rs.7.5 per hsare
d. R Ltd. holds 21600 shares in Q Ltd. This represents 15% of the share capital that company. Q Ltd. is not a quoted company. The average net profit (after tax) of the company is Rs.250000. The shares would be valued based on 12% capitalization rate
e. A bad debt provision at 2% would be created.
f. The other assets would be valued as under

Intangibles	48000
Plant	140000
Freehold premise	380000

Stocks	250000

g. The P&L account debit balance and the balance standing to the debit of the deferred revenue expenditure account would be eliminated
h. The directors would have to take equity shares at the new face value of Rs.2.5 per share in settlement of their loan
i. The equity shareholders, including the directors, who would receive equity shares in settlement of their loans, would take up 2 new equity shares for every one held
j. The preference shareholders would take up one new preference shares for every four held
k. The authorized share capital should be restated to Rs.1400000
l. The new face values of the share- preference and equity will be maintained at their reduced levels

You are required

1. To prepare the necessary ledger accounts to effect the above
2. To prepare the balance sheet of the company after reconstruction

39) the balance sheet of Munna Ltd. on 31st March 2015 is as under

Liabilities	**Amount**	**Asset**	**Amount**
Authorized and issued equity share capital 20000 shares of Rs.100 each	2000000	Goodwill	200000
10000 7% preference shares of Rs.100 each	1000000	P&M	1800000
Creditors	700000	Stock	300000
Bank OD	300000	Debtors	750000
		Prelimnery Expenses	100000
		Cash	150000
		P&L	700000
	4000000		**4000000**

Two years preference dividend are in arrears. The company had bad time during the last two years and hopes for better business in future, earning profit and paying dividend provided the capital base is reduced

An internal reconstruction scheme as follows was agreed to by all concerned

i. Creditors agreed to forego 50% of the claim
ii. Preference shareholders withdrew arrear dividend claim. They also agreed to lower their capital claim by 20% by reducing nominal value in consideration of 9% dividend effective after reorganization in case equity shareholders loss exceeded 50% on the application of the scheme
iii. Bank agreed ro convert overdraft into term loan to the extent required for making current ratio equal to 2:1
iv. Revalued figure for P&M was accepted as Rs.15,00,000
v. Debtors to the extent of Rs.40000 were considered good.
vi. Equity shares shall be exchanged for the same number of equity shares at revised denomination as required after reorganization

Show

a. Shares of loss to the individual classes of shareholders
b. New structure of share capital after reorganizations
c. Working capital of the reorganized company
d. A Performa balance sheet after reorganization

40) The following are the balance sheet of RS Ltd. and XY Ltd. as on 31.3.2002

Liabilities	RS Ltd.	XY Ltd.	Assets	RS Ltd.	XY Ltd.
Equity shares of Rs.100 each	200000	1000000	Fixed Assets	2700000	850000
Reserves	800000	-	Investments	700000	-
10% Debentures	500000	-	Sundry Debtors	400000	150000
Loan from financial institutions	250000	400000	Cash	250000	-
Bank OD	-	300000	P&L	-	800000
Creditors	300000	300000			
Proposed Dividend	200000	-			
	4050000	1800000		4050000	1800000

It was decided that XY Ltd. will acquire the business of RS Ltd. for enjoying the benefit of carry forward of business loss. After acquisition, XY Ltd. will be renamed as XYZ Ltd. The following scheme has been approved for merger

i. XY Ltd. will reduce its shares to Rs.10 and then consolidate 10 such shares into one share of Rs.100 each
ii. Financial institutions agreed to waive 15% of the loan of XY Ltd.
iii. Shareholders of RS Ltd. will be given one new share of XY Ltd. in exchange for every share held in RS Ltd.
iv. RS Ltd. will cancel 20% holdings of XY Ltd. Investments were held at Rs.250 thousands
v. After merger, the proposed dividend of RS Ltd. will be paid to the shareholders of RS Ltd.
vi. Authorized capital of XY Ltd. will be raised accordingly to carry out the scheme
vii. Sundry creditors of XY Ltd. includes payables of RS Ltd. Rs.1 lakh

Pass the necessary journal entries to implement the scheme in the books of RS Ltd. and XY Ltd. and prepare a balance sheet of XYZ Ltd.

41) The business of P Ltd. was being carried on continuously at losses. The following are the extracts from the balance sheet of the company as on 31.3.2004

Liabilities	Amount	Asset	Amount
Authorized issued and subscribed share capital 30000 equity shares of Rs.10 each	300000	Goodwill	50000
2000 8% Cumulative preference shares of Rs.100 each fully paid	200000	Plant	300000
Share premium	90000	Loose tools	10000
Unsecured loan from director	50000	Debtors	250000
Sundry creditors	300000	Stock	150000
Outstanding Exp. (including directors remuneration Rs.20000)	70000	Cash	10000
		Bank	35000
		Preliminary Exp	5000
		P&L account	200000
	1010000		**1010000**

Note: Dividends on cumulative preference shares are in arrears for 3yrs
The following scheme of reconstruction has been agreed upon and duly approved by the court

1. Equity shares to be converted into 150000 shares of Rs.2 each
2. Equity shareholders to surrender to the company 90% of their holdings
3. Preference share holders agree to forego their rights on arrears to dividends in consideration of which 8% preference shares are to be converted into 9% preference shares
4. Sundry creditors agree to reduce their claim by one fifth in consideration of their getting shares of Rs.35000 out of surrendered equity shares
5. Directors agree to forego the amounts due on account of unsecured loan and directors remuneration
6. Surrendered shares not otherwise utilized to be cancelled
7. Assets to be reduced as under
    a. Goodwill by Rs.50000
    b. Plant by Rs.40000
    c. Tools by Rs.8000
    d. Sundry debtors by Rs.15000
    e. Stock by Rs.20000
8. Any surplus after meeting the losses should be utilized in writing down the value of the plant further
9. Expenses of reconstruction amounted to Rs.10000
10. Further 50000 equity shares were issued to the existing members for increasing the working capital. The issue was fully subscribed and paid up

A member holding 100 equity shares opposed the scheme and his shares were taken over by the director on payment of Rs.1000 as fixed by the court
You are required to pass the journal entries for giving effect to the above arrangement and also to draw up the resultant balance sheet of the company.

42) The following is the balance sheet of A Ltd.

Liabilities	Amount	Assets	Amount
Share Capital	200000	Fixed Assets	700000
Reserves and Surplus	400000	Investments(Market Value Rs.9 lakh)	400000
Secured Loan	200000	Current Assets	4000000
Unsecured Loan	600000		
Current Liabilities	100000		
	1500000		1500000

The company consists of three divisions. The scheme was agreed upon, according to which a new company B Ltd. is to be formed. It will takeover investments at Rs.900000 and unsecured loan at balance sheet value. It is to allot equity shares of Rs.10 each at par to the members of A Ltd. in satisfaction of the amount due under the arrangement. The scheme was duly approved by the high court. Pass journal entries in the books of A Ltd.

43) The following is the balance sheet of Diverse Ltd. having an authorized capital of Rs.1000 crore on 31.3.1997

Figure in crores

Liabilites	Amount	Asset	Amount

Equity shares of Rs.10 each fully paid	250	Gross block	800
Reserves	750	Less: Depreciation	(200)
Loan funds secured against fixed assets	300	Net Block	600
Loan funds secured against working capital	100	Investments (market value Rs.1000 crore)	400
Unsecured loan	600	Current Assets	3000
Current Liabilites	2000		
	4000		4000

Capital commitments Rs.700 crore

The company consists of 2 divisions

i. Established division whose gross block was Rs.200 crores and net block was Rs.30 crores, current assets were Rs.1500 crores and working capital was Rs.1200 crores, the entire amount being financed bby shareholders funds
ii. New project division to which the remaining fixed assets, current assets and current liabilities related

The following scheme of reconstruction was agreed upon

a. Two companies Sunrise Ltd. and Khajana Ltd. are to be formed. The authorized capital of Sunrise Ltd. is to be Rs.1000 crore and of Khajana Ltd. to be Rs.500 crore
b. Khajana Ltd. is to takeover investments at Rs.800 crores and unsecured loans at balance sheet value. It is to allot equity shares of Rs.10 each at par to the members of Diverse Ltd. in satisfaction of the amount due under the arrangement
c. Sunrise Ltd. is to takeover the fixed asset and net working capital of the new project division along with the secured loans and obligation for capital commitments for which Diverse Ltd. is to continue to stand guarantee in book values. It is to allot one crore equity shares of Rs.10 each as consideration to Diverse Ltd. Sunrise Ltd. made an issue of unsecured convertible debentures of Rs.500 crores carrying interest at 15% per annum and having a right to convert into equity shares of Rs.10 each at par on 31.3.2002. This issue was made to the members of Sunrise Ltd. as a right who grabbed the opportunity and subscribed in full
d. Diverse Ltd. is to guarantee all liabilities transferred to the 2 companies
e. Diverse Ltd. is to make a bonus issue of equity shares in the ratio of one equity share for every equity share held by making use of the revenue expenses

Assume that the above scheme was duly approved by the Honorable High Court and that there are no other transactions. Ignore taxations. You are asked to

i. Pass journal entries in the books of Diverse Ltd. and
ii. Prepare the balance sheets of the three companies giving all the information required by the Companies Act 2013 in the manner so required to the extent of available information.

44) The balance sheet of Z Ltd. as on 31.3.2003 is given below. In it, the respective shares of the companies two divisions namely S division and W division in the various assets and liabilities have also been shown

Rs. In crores

Liabilities	**S**	**W**	**TOTAL**	**Assets**	**S**	**W**	**TOTAL**
Loan Funds		15	417	Cost	875	249	
Equity shares of Rs.10 each			345	Less: Depreciation	360	81	

Reserves and surplus			685		515	168	683
Current Liabilities	270	93	363	Investments			97
				Current Assets	445	585	1030
			1810				**1810**

Loan funds included inter alia, bank loans of Rs.15 crore specifically taken for W Division and debentures of the paid up value of Rs.125 crore redeemable at any time between1/10/2002 and 30th September 2003

On 1st April 2003 the company sold all of its investments for Rs.102 crore and redeemed all the debentures at par, the cash transactions being recorded in the bank account pertaining to S division

Then a new company named Y Ltd. was incorporated with an authorized capital of Rs.900 crore divided into shares of Rs.10 each. All assets and liabilities pertaining to W division were transferred to the newly formed company, Y Ltd. allotting to Z Ltd. shareholders its 2 fully paid equity shares of Rs.10 each at par for every fully paid equity share of Rs.10 each held in Z Ltd. as discharge of consideration for the division taken over.

Y Ltd. recorded in its books the fixed assets at Rs.218 crore and all other assets and liabilities at the same values at which they appeared in the books of Z Ltd.

You are required to:

i. Show the journal entries in the books of Z Ltd.
ii. Prepare Z Ltd. balance sheet immediately after the demerger and intital balance sheet of Y Ltd.
iii. Calculate the intrinsic value of one share of Z Ltd. immediately before the demerger and immediately after the demerger and
iv. Calculate the gain, if any, per share to the shareholders of Z Ltd. arising out of the demerger.

45) AB Ltd. has two divisions A and B. The balance sheet as at 31.10.03 was as under

Rs. In crores

Liabilities	**S**	**W**	**TOTAL**	**Assets**	**S**	**W**	**TOTAL**
Loan Funds Secured by charge on fixed assets		100	100	Cost	600	300	900
Equity shares of Rs.10 each			50	Less: Depreciation	(500)	(100)	
Reserves and surplus			650		100	200	300
Current Liabilities	100	100	200	Current Assets	400	300	700
			1000				**1000**

It is decided to form a new company B Ltd. to take over the assets and liabilities of B division Accordingly B Ltd. was incorporated to takeover balance sheet figures, the assets and liabilities of that division. B Ltd. is to allot 5 crore equity shares of Rs.10 each in the company to the members of AB Ltd. in full settlement of the consideration. The members of AB Ltd. are therefore members of B Ltd. as well without having to make any further investment

a. You are asked journal entries in relation to the above in the books of AB Ltd. and B Ltd. Also show the balance sheets of the 2 companies as on the morning of 1st November 2003, showing corresponding previous years figures.
b. The directors of the 2 companies, ask you to find out the net asset value of equity shares pre and post demerger.

Comment on the impact of demerger on shareholders wealth.

46) The following was the abridged balance sheet of X Co. Ltd. as at 31.3.2012

Liabilities	**Amount**	**Assets**	**Amount**
Capital Authorized 10000 equity shares of Rs.100 each	1000000	P&M at depreciated value	860000
Issued and paid up 8000 equity shares	800000	Land	700000
General Reserves	500000	Current Assets	800000
Share Premium	400000	Patents, trademarks and copyrights	600000
P&L	360000		
11% Debentures secured against the assets to the Co.	500000		
Creditors	400000		
	2960000		**2960000**

The company ran 2 district department utilizing the trademarks and copyrights owned and generated by it. The assets and liabilities of one of the departments as on the date of balance sheet were:

P&M	400000
Land used for business	200000
Current Assets	200000
Trademarks and copyrights	350000
	1150000
Creditors	250000
	900000

Due to managerial constraints X is unable to develop this department. An overseas buyer is interested to acquire this department and after due diligence, offers a consideration of Rs.20 lakhs to the company for transfer of business. The buyer offered to discharge the purchase consideration immediately after 31.3.2012 in the following manner.

i. Issue of equity shares to the buyer company for Rs.10 lakhs at a premium of 20% over the face value and
ii. Payment of the balance consideration in sterling. The exchange rate agreed upon is Rs.80 per sterling. This amount will be retained in London, till the actual takeover of the business is done by the buyer.
    a. Expenses to put through the transaction come to Rs.8 lakh initially to be incurred by X but to be shared equally by the parties.
    b. Balance values of trademarks, copyrights and patents left with X does not enjoy any market value and has to be written off
    c. The value of the balance of land in X's possession will be taken at its market value in the books of accounts. Such a value, determined by an approved valuer, is 200% of book value.

d. The parties agree that the date of legal ownership of the transferred business shall be 31.3.2012, though certain formalities may have to be gone through and agree that the actual transfer to the buyer will be effected before 30.04.2012
   X Ltd. to carry on the business in the normal course and account for the profits of the transferred department to the foreign buyer. X made a net profit of Rs.240000 from the whole business for April 2012, 40% of the net profits related to the business of the transferred department
e. The shares of the overseas buyer company were quoted on the London Stock Exchange and on 31.04.2012 were quoted at 95% of their face value
f. The cash received by X at London were remitted by it to its Indian banking account on 30.04.2012 when the rupee sterling rate was Rs.75 per UK sterling pound

Draw the balance sheet of X Ltd. as at 30.04.2012 after the transfer of the business to the overseas buyer.

47) B and Co. Ltd. carried on manufacturing business. Its products were sold to wholesalers and the company had its own retails shops. A & Co. Pvt. Ltd. carried on similar manufacturing business but all goods produced were sold through the company's own retail shops.
The summarized balance sheets of the two companies as at 31.03.2004 were as follows

Liabilities	B & Co.	A & Co.	Assets	B & Co.	A & Co.
Authorized share capital of Rs.10 each	4000000	600000	Freehold properties	1000000	250000
Issued and fully paid up	2500000	600000	P&M	1300000	100000
P&L	340000	90000	Stock	480000	120000
Creditors	420000	70000	Debtors	230000	80000
			Bank	250000	210000
	3260000	**760000**		**3260000**	**760000**

The original cost of P&M was
B & Co. Rs.2600000
A & Co. Rs.200000
Following arrangements were made and carried put on April 1 2004

a. B & Co. purchased from the shareholders of A & Co. all the issued shares at Rs.14 per share
b. The shareholders of A & Co. took over one of the freehold properties of A & Co. for Rs.60000 at the book value of the same. It was agreed that the amount should be setoff against amount due to them under (a) above and the balance due to them to be satisfied by issue of appropriate number of equity shares in B and Co. at Rs.19.5 per share
   The necessary transfers in regard of setting the price to the property taken over by the shareholders against the amount due to them from B and Co. Ltd. were made in the books of 2 companies.
c. All manufacturing to be carried on by B and Co. Ltd. and all retail business is to be carried on by A and Co. in this connection
   a. B and Co. Ltd. purchased the whole of A and Co. plant and machinery for Rs.150000 and certain of their freehold property (cost Rs.100000) at Rs.120000
   b. A & Co. purchased B & Co. freehold retail shop building (cost to B & Co. Rs.75000) at Rs.60000 and took over the retail stock at Rs.80000 at the book value
d. B & Co. drew a cheque in favor of A & Co. for the net amount due taking into account all the matters mentioned above.

e. Immediately after the transfer of shares in (a) above, A and Co. declared and paid dividend of Rs.60000

Draft the balance sheet of both the companies immediately after the completion of the transaction.

48) Ksha and Yaa Ltd. are two companies. On 31.03.1999 their balance sheet were as under

Rs. In crores

Sources of funds	**Ksha**	**Yaa**	**Funds Employed in**	**Ksha**	**Yaa**
Authorized share capital of Rs.10 each	500	500	Fixed Assets	1000	700
Issued Share Capital	300	200	Less: Depreciation	(400)	(300)
Reserves	700	425		600	400
Capital Reserves	40	20	Current Assets	2000	1500
Surplus	10	5			
Loan Funds	250	350			
Current Liabilities	1300	900			
	2600	**1900**		**2600**	**1900**

Ksha Ltd. has two divisions, very profitable Division A and loss making Division B. Yaa Ltd. similarly has two divisions, very profitable division C and loss making division D

The two companies decided to reorganize. Necessary approvals from the creditors and members and sanction by high court have been obtained to the following scheme.

i. Division B which has fixed Assets costing Rs.400 crores (WDV 160 crores), current Assets Rs.900 crore, current liabilities Rs.750 crores and loan funds of Rs.200 crores is to be transferred to Yaa Ltd. at Rs.125 crores
ii. Division D which has fixed assets costing Rs.500 crores (WDV Rs.200 crores), current assets Rs.800 crores, current liabilities Rs.700 crores and loan funds Rs.250 crores to be transferred to Ksha Ltd. for Rs.140 crores
iii. The difference between the two is to be treated as loan carrying interest @ 15% per annum
iv. The directors of each of the companies revalued the fixed assets taken over as follows
    a. Division D of Yaa taken over Rs.325 crores
    b. Division B of Ksha taken over Rs.200 crores

All other assets and liabilities recorded at the balance sheet values

a. The directors of both the companies ask you to prepare the balance sheets after reconstruction (showing the corresponding figures before reconstruction)
b. Master Richie Rich, who owns 50000 equity shares of Ksha and 30000 equity shares of Yaa wants to know whether he has gained or lost in terms of net asset value of equity shares on the above reorganization.

49) The Abridged Balance Sheet of V Ltd. as on 31.3.2012 is as under

Liabilities	**Amount**	**Assets**	**Amount**
24000 equity shares of Rs.10 each	240000	Goodwill	5000
5000 8% cumulative preference shares of Rs,10 each	50000	Fixed Assets	257000
8% Debentures	100000	Stock	50000
Interest accrued on Debentures	8000	Debtors	60000
Creditors	100000	Bank	1000
		Preliminary Exp	15000

		P&L	110000
	498000		**498000**

The following scheme is passed and sanctioned by the court

i. A new company P Ltd. is formed with Rs.300000 divided into 30000 equity shares of Rs.10 each
ii. The new company will acquire the assets and liabilities of V Ltd. on the following terms
   a. Old companies debentures are paid by similar debentures in new company and for outstanding interest accrued, shares of equal amount are issued at par.
   b. The creditors are paid for every Rs.100, Rs.16 in cash and 10 shares issued at par.
   c. Preference shareholders are to get equal number of equity shares at par. For arrears of dividend amounting to Rs.12000, 5 shares are issued at par for each Rs.100 in full satisfaction
   d. Equity shareholders are issued one share at par for every 3 shares held
   e. Expenses of Rs.8000 are to be borne by the new company
iii. Current assets are to be taken at book value except stock which is to be reduced by Rs.3000. goodwill is to be eliminated, balance of purchase consideration being attributed to fixed assets
iv. Remaining shares of the new company are issued to public at par and are fully paid.

You are required to show

a. Realization and reconstruction account
b. Equity shareholders account
c. In new books of company
   i. Bank account
   ii. Summarized balance sheet.

50) K Ltd. furnishes you with the following balance sheet as at 31.03.2004

Rs. in crores

Sources of funds	**Amount**	**Funds employed in**	**Amount**
Authorized Share Capital	100	Fixed Assets	100
Issued 12% redeemable preference shares of Rs.100 each fully paid	75	Less: Depreciation	(100)
Issued Equity shares of Rs.10 esch	25		-
Capital Reserve	15	Investment at cost (Market Value Rs.400 Crore)	100
Share Premium	25	Current Assets	340
Revenue Reserves	260		
Current Liabilities	40		
	440		**440**

The company redeemed preference shares on 1.4.2004. It also bought back 50 lakh equity shares of Rs.10 each at Rs.50 per share. The payments for the above were made out of huge bank balances, which appeared as a part of current assets.

You are asked to

i. Pass journal entries to record the above
ii. Prepare balance sheet
iii. Value equity shares on net asset basis

51) The following is the balance sheet of Diamond Ltd. as at 31.3.2003

Figure in lakhs

Liabilities	Amount	Assets	Amount
10% redeemable preference shares of Rs.10 each fully paid	2500	Fixed Assets	14000
Equity shares of Rs.10 each fully paid	8000	Investments	3000
Capital Redemption Reserve	1000	Cash at Bank	1650
Securities premium	800	Other current Assets	8250
General Reserves	6000		
P&L	300		
9% Debentures	5000		
Sundry provision	1000		
Sundry Creditors	2300		
	29600		**29600**

On 1.4.2003 the company redeemed all its preference shares at a premium of 10% and bought back 25% of its equity shares @ Rs.20 per share. In order to make cash available, the company sold all the investments for Rs.3150 lakh and raised a bank loan amounting to Rs.2000 lakhs on the security of the company's plant.

Pass journal entries for all the above mentioned transactions including cash transaction and prepare the company's balance sheet immediately thereafter. The amount of securities premium has been utilized to the maximum extent allowed by law.

52) Balance sheet on Gunshot Ltd. as on 31.3.2005 is given:

Liabilities	Amount	Asset	Amount
Equity shares of Rs.10 each	800000	Fixed Assets	2700000
Securities Premium	100000	Non Trade Investments	300000
General Reserves	780000	Stock	600000
P&L account	120000	Sundry Debtors	360000
10% Debentures	2000000	Cash and Bank	160000
Creditors	320000		
	4120000		4120000

Gunshot Ltd. buyback 16000 shares of Rs.20 per share. For this purpose company sold all its non trade Investments for Rs.320000. Give Journal Entries with full narrations affecting the buy back.

53) XYZ Ltd. has the following capital structure on 31.3.2004

Particulars	Rs. In crores
Equity share capital of Rs.10 each	300
General Reserves	270
Security Premium	100
P&L account	50
Export Reserve (Statutory Reserve)	80
Loan Funds	800

The shareholders have on recommendation of board of directors, approved vide special resolution at their meeting on 10.4.2004, a proposal to buy back maximum permissible equity shares considering the huge cash surplus following sale of one of its divisions.

The market price was hovering in the range of Rs.25/- and in order to induce existing shareholders to offer their shares for buyback, it was decided to offer a price of 20% above market

Advice the company on maximum number of shares that can be bought back and record journal entries for the same assuming the buy back has been completed in full within the next three months

If borrowed funds were Rs.1200 crores and Rs.1500 crores respectively, would your answer change?

54) X Ltd. and Y Ltd. both engaged in similar activities since 2002, decide to amalgamate their business. Holding Co. Z Ltd. will be formed on 1.1.2004 to acquire all the shares in both the companies.

From the information given below, you are required to

a. Calculate the amount of purchase consideration
b. Prepare the balance sheet of Z Ltd. after the transactions have been completed.

The terms of offer were

1. A. Rs.100 12% Debentures for every Rs.100 of net asset owned by each company on December 2003, and
   B. Rs.100 equity shares based on 2yrs. Purchase of profit before taxation. The prfile is to be determined taking weighted average profits of 2002 and 2003, weights being 1 and 2 respectively.
2. It was agreed that accounts of Y Ltd. for two years ended December 31, 2003 be adjusted, where necessary, to confirm with accounting policies followed by X Ltd.
3. The pre tax profits including investment income, of the two companies were as follows

	2002	2003
X Ltd.	546000	612000
Y Ltd.	596100	858000

4. X Ltd. values stock on FIFO basis while Y Ltd. used different basis. To bring Y Ltd. values in line with those of X Ltd., its value required to be reduced by Rs.12000 at the end of 2002 and Rs.34000 at the end of 2003
5. Both companies use SLM of depreciation
6. Y Ltd. deducts 1% from trade debtors as a general provision against doubtful debts.
7. Prepaid expenses in Y Ltd. include advertising expenditure carried forward of Rs.60000 in 2002 and Rs.30000 in 2003 being part of initial advertising in 2002 which is being written off in three years. Similar expenditure has been fully written off in 2002 in X Ltd.
8. To bring directors remuneration on to a comparative basis, the profits of Y Ltd. are to be reduced by Rs.40000 in 2002 and Rs.60000 in 2003 and the net assets are also to be adjusted accordingly.

Balance sheet on 31.12.2002 and 31.12.2003 were as follows:

X Ltd.

Liabilities	**2002**	**2003**	**Assets**	**2002**	**2003**
4000 equity shares of Rs.100 each	400000	400000	Furniture and Fixture	230000	230000
Capital Reserve	0	70000	Less: Depreciation	(23000)	(46000)
Revenue Reserve	266100	558000		207000	184000
Creditors	500900	607000	Investment at market value		260000
Provision for taxation	280000	320000	Stock	610000	740000
			Debtors	600000	725000
			Prepaid exp	10000	14000
			Cash at bank	20000	32000
	1447000	**1955000**		**1447000**	**1955000**

Y Ltd.

Liabilities	**2002**	**2003**	**Assets**	**2002**	**2003**
5000 Equity shares of Rs.100 each	500000	500000	Fixed Assets	320000	320000
Revenue Reserve	286000	714000	Less: Depreciation	(48000)	(96000)
Sundry Creditors	490000	494000		272000	224000
Bank OD		170000	Investment at cost (Market Value Rs.490000)	0	400000
Provision for tax	310000	430000	Stock	597000	742000
			Debtors	594000	891000
			Prepaid Exp	72000	48000
			Cash at bank	51000	3000
	1586000	**2308000**		**1586000**	**2308000**

55) Rama Ltd. considering buying business of P Ltd., the final accounts of which for the last three years were as follows:

Particulars	2002	2003	2004
Sales	200000	190000	224000
Material consumed	100000	95000	112000
Business Expense	80000	80000	82000
Depreciation	12000	13000	14000
Net profit	8000	2000	16000

Assets	**2001**	**2002**	**2003**	**2004**
Fixed Assets	100000	120000	140000	180000
Depreciation	(70000)	(82000)	(95000)	(109000)
	30000	38000	45000	71000
Stock	16000	17000	18500	21000
Debtors	21000	24000	26000	28000
Cash in hand	32000	11000	28000	13200
Prepaid Exp	1000	500	2000	1000
	100000	**90500**	**119500**	**134200**

Liabilities	**2001**	**2002**	**2003**	**2004**
Equity Capital of Rs.10 each	50000	50000	60000	60000
Share premium			15000	15000
General Reserve	16000	24000	26000	42000
Debentures	20000			
Creditors	11000	13000	14000	14000
Accrued business expenses	3000	3500	4500	3200
	100000	**90500**	**119500**	**134200**

Rama Ltd. wishes the offer to be based upon trading cash flows rather than book profits. By trading cash flow is meant cash received from debtors less cash paid to creditors and for business expenses excluding depreciation, together with an annual allowance for average annual expenditure on fixed assets of Rs.15000 per year

The actual expenditure on fixed assets is to be ignored, as is any cash received or paid out on the issue or redemption of shares or debentures.

Rama Ltd. wishes the trading cash flow to be calculated for each of the year 2002, 2003 and 2004 and for these to be combined using weighting of 20% for 2002, 30% of 2003 and 50% of 2004 to give an average annual trading cash flow

Rama Ltd. considers that the average annual trading cash flow should show a return of 6% on its investments

You are required to calculate

a. Trading cash flow for each of the year 2002,2003 and 2004
b. Weighted average annual trading cash flow
c. Price which Rama Ltd. should offer for the business

56) A Ltd., and B Ltd., amalgamated on and from 1st January 2004. A new company X Ltd. Was formed to take over the businesses of the existing companies.

Balance sheet as on 31.12.2003

Rs. In '000

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share capital			Sundry fixed assets	8,500	7,500
Equity shares of Rs. 10 each	6,000	7,000	Investment	1,050	550
General reserve	1,500	2,000	Stock	1,250	2,750
Profit & Loss A/c	1,000	500	Debtors	1,800	4,000
Investment allowance			Cash & Bank	450	400
Reserve	500	100			
Export profit reserve	50	100			
12% debentures	3,000	4,000			
Sundry Creditors	1,000	1,500			
	13,050	15,200		13,050	15,200

X Ltd. Issued requisite number of equity shares to discharge the claims of the equity shareholders of the transferor companies.

The transferor entity A Ltd. has an unabsorbed depreciation of Rs.5 lakhs as per Income tax Act 1961. The relevant tax rate is 35%. Examine treatment to be accorded as per AS 22 in the following circumstances:

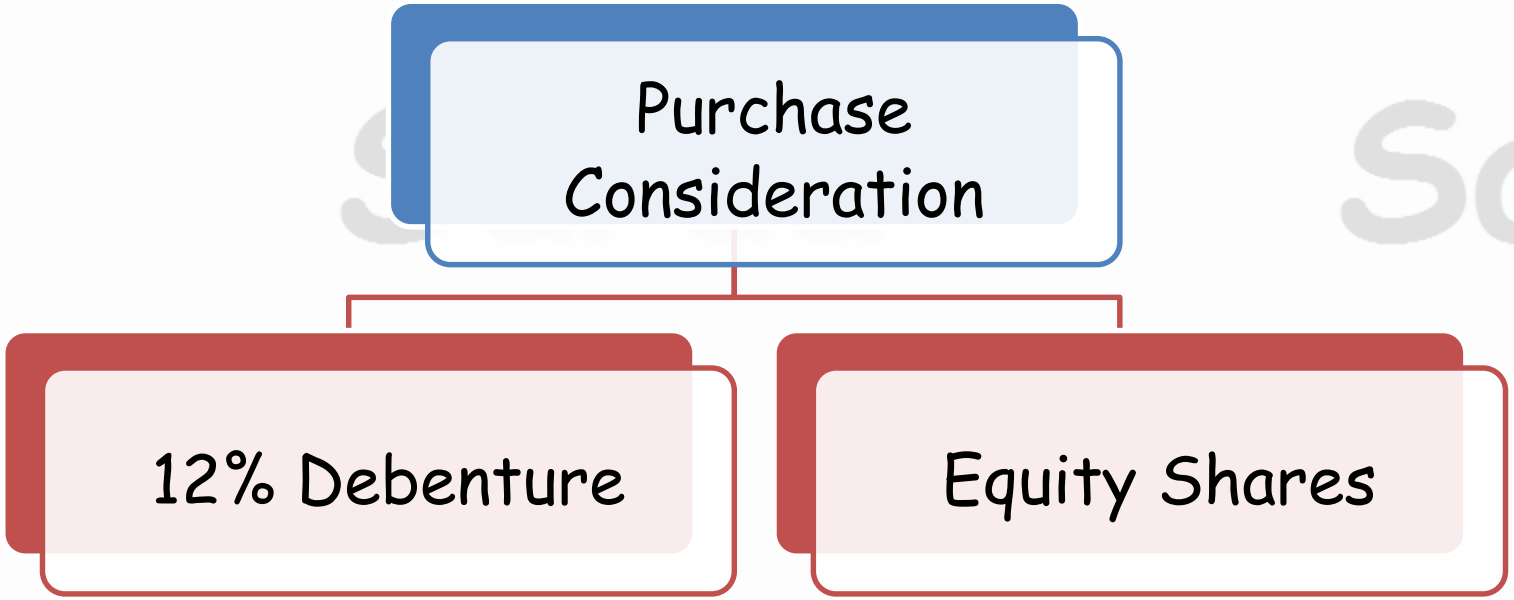
1. Conditions of virtual certainty to be satisfied at the time of amalgamation
    1. Assets and liabilities are recorded at fair value
    2. Assets and liabilities are recorded at book value
2. Condition of virtual certainty are satisfied only at the time of first balance sheet date after amalgamation
3. Condition of virtual certainty are satisfied subsequent to the first balance sheet date after amalgamation

Amalgamation

-CA. Sumit L. Sarda

Q1.

- Computation of Purchase Consideration



Sumit CA. Sumit CA.
da Sarda Sa

12% Debentures

Particulars	M Ltd.	N Ltd.	O Ltd.
Tangible Assets (As per valuation)	620,000	480,000	360,000
Other Assets	30,000	280,000	85,000
TOTAL	650,000	760,000	445,000
Liabilities			
Sundry Creditors	80,000	130,000	35,000
10% Debentures	70,000	-	40,000
TOTAL	150,000	130,000	75,000
NET ASSETS	5,00,000	630,000	370,000
12% Debentures to be issued of Rs.100 each	5000	6300	3700

CA. Sumit L. Sarda

Equity shares

Particulars	M Ltd.	N Ltd.	O Ltd.
Profit before Debenture interest	90,000	120,000	50,000
Debenture Int @ 10%	7,000	-	4,000
Profit after Debenture Int	83,000	120,000	46,000
Capitalization Rate	10%	10%	10%
Capitalized Avg. Profit	**830,000**	**12,00,000**	**460,000**
Assets Taken Over	**5,00,000**	**630,000**	**370,000**
Excess	**330,000**	**570,000**	**90,000**
Equity shares of Rs.10 each issued	**33,000**	**57,000**	**90,000**

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Total Purchase Consideration

12% debentures	5,00,000	630,000	370,000
Equity Shares	330,000	570,000	90,000
TOTAL	830,000	12,00,000	460,000

Sumit CA. Sumit CA. Sarda Sarda

Q2.

Particulars	Chopra	Karki	Amar	Malhotra	Others	Total
Shares held	116	76	72	28	8	300
Non exchangeable shares	1	1	2	3	8	15
Exchangeable shares	115	75	70	25	-	285
Equity shares issued	46	30	28	10	-	114
Preference shares	23	15	14	5	-	57
Purchase Consideration						
Equity Shares @ 15 each	690	450	420	150	-	1710
Pref. Shares @ Rs.10 each	230	150	140	50	-	570
Cash @ Rs.5	575	375	350	125	-	1425
Cash for non exchangeable shares @ Rs.65 for 5 shares = Rs.13	13	13	26	39	104	195
TOTAL	**1508**	**988**	**936**	**364**	**104**	**3900**

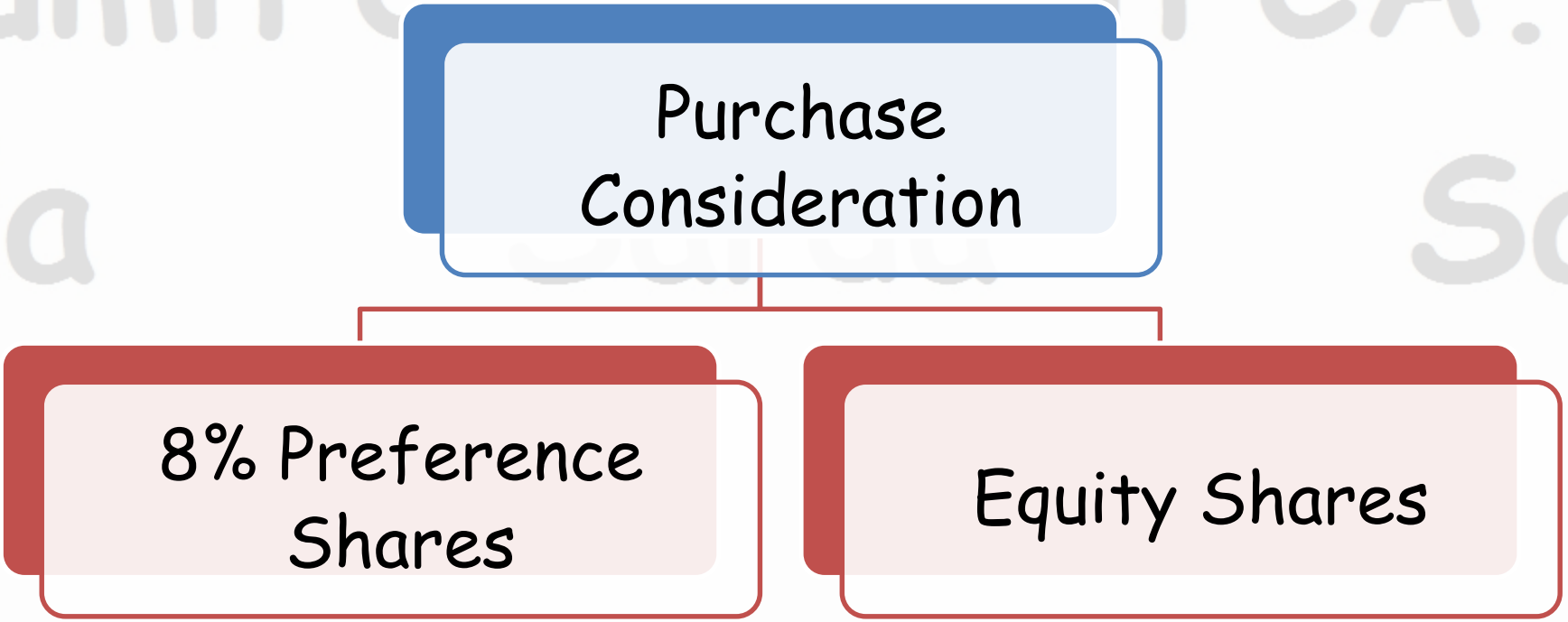
CA. Sumit L. Sarda

Statement for Purchase Consideration

Particulars	TOTAL
TOTAL shares	80,000
Non Exchangeable shares	15
Exchangeable shares	79985
Equity shares issued (2:5)	31,994
Preference shares issued (1:5)	15997
Purchase Consideration	
Equity shares @ Rs.15	4,79,910
Preference shares @ Rs.10	1,59,970
Cash @ Rs.5 per share	399,925
Cash for non exchangeable shares	195
TOTAL	**10,40,000**

CA. Sumit L. Sarda

Q3.



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Preference shareholders

Particulars	TOTAL
Current Income	40,000
10% Increase	4000
Required Income	44,000
Thus 8% Preference shares to be issued 44,000 / 8%	5,50,000

Sumit CA. Sumit CA. Sarda Sarda

WN 1

Particulars	R Ltd.	P Ltd.
Profit before tax	10,64,000	4,80,000
Tax	(4,00,000)	(2,00,000)
PAT	664,000	280,000
Preference Dividend	(64,000)	(40,000)
Profit available for Equity shareholders	6,00,000	240,000
EPS	2.5	2
Market Price	40	-
PE Ratio	16	-

Sumit CA. Sumit CA. Sarda Sarda

Equity shares holders

Particulars	TOTAL
PE Ratio of R Ltd.	16
Agreed PE Ratio of P Ltd. (75%)	12
EPS of P Ltd. (WN1)	2
Thus Value of Shares of P Ltd.	24
Total shares	120,000
Value of shares	28,80,000
Shares to be issued of R Ltd. 28,80,000 / 40	72,000
Share Capital	7,20,000
Share Premium (28,80,000 – 720,000)	21,60,000

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Consideration to Equity shareholders in the form of Preference shares

Particulars	TOTAL
Current Dividend of P Ltd. shareholders	192,000
Dividend rate of R Ltd. 288000 / 2400000	12%
Expected dividend to P Ltd. shareholders 720000 * 12%	86,400
Loss of Income	105,600

Preference shares to be issued for such loss 105600 / 8%	13,20,000

Sumit CA. Sumit CA. Sarda Sarda

Total Purchase Consideration

Particulars	TOTAL
To Preference shareholders	5,50,000
Equity shares to Equity shareholders of P Ltd.	28,80,000
Pref. shares to equity shareholders of P Ltd.	13,20,000
TOTAL	**47,50,000**

Sumit CA. Sumit CA. Sumit CA.

Q4.

Particulars	A Ltd.	B Ltd.
Assets		
Fixed Assets	8500	7500
Stock	1250	2750
Debtors	1800	4000
Cash and bank	450	400
TOTAL	**13050**	**15200**
Liabilities		
12% Debentures	3000	4000
Creditors	1000	1500
TOTAL	**4000**	**5500**
NET ASSETS	**9050**	**9700**
Shares to be issued	**6275**	**6725**

Consideration = 13000 (6000 + 7000)

CA. Sumit L. Sarda

Journal Entries in the books of X Ltd.

Sumit CA. Sumit CA.

Related to A

Particulars	Debit	Credit
Business Purchase	6275	
To Liquidator A/c.		6275

Sarda Sa

Journal Entries in the books of X Ltd.

Particulars	Debit	Credit
FA	8500	
Investment	1050	
Stock	1250	
Debtors	1800	
Cash/ Bank	450	
To GR (1500 – 275)		1225
To P&L		1000
To Investment Allowance Reserve		500
To Export Profit Reserve		50
To 12% Debenture		3000
To Creditors		1000
To Business Purchase		6275

Sumit CA. Sumit CA. Sarda Sarda

Journal Entries in the books of X Ltd.

Particulars	Debit	Credit
Liquidator	6275	
To Equity Share Capital		6275

Related to B

Particulars	Debit	Credit
Business Purchase	6725	
To Liquidator A/c.		6725

Sumit CA. Sarda

Journal Entries in the books of X Ltd.

Particulars	Debit	Credit
FA	7500	
Investment	550	
Stock	2750	
Debtors	4000	
Cash/ Bank	400	
To GR		2000
To P&L		500
To Investment Allowance Reserve		100
To Export Profit Reserve		100
To 12% Debenture		4000
To Creditors		1500
To Business Purchase		6725
To Capital Reserve		275

CA. Sumit L. Sarda

Journal Entries in the books of X Ltd.

Particulars	Debit	Credit
Liquidator	6725	
To Equity Share Capital		6725

Sumit CA. Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	
B	Reserves and surplus	2	
2	Non current liabilities		
	Long term borrowings		
3	Current liabilities		
	Trade Payables		
		TOTAL	

Sumit CA . Sumit CA . Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	13,000
B	Reserves and surplus	2	
2	Non current liabilities		
	Long term borrowings		
3	Current liabilities		
	Trade Payables		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	13,000
B	Reserves and surplus	2	5750
2	Non current liabilities		
	Long term borrowings		
3	Current liabilities		
	Trade Payables		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	13,000
B	Reserves and surplus	2	5750
2	Non current liabilities		
	Long term borrowings		7000
3	Current liabilities		
	Trade Payables		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	13,000
B	Reserves and surplus	2	5750
2	Non current liabilities		
	Long term borrowings		7000
3	Current liabilities		
	Trade Payables		2500
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		
B	Non Current Investment		
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		16000
B	Non Current Investment		
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		16000
B	Non Current Investment		1600
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		16000
B	Non Current Investment		1600
2	Current Assets		
A	Inventory		4000
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		16000
B	Non Current Investment		1600
2	Current Assets		
A	Inventory		4000
B	Trade Receivables		5800
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		16000
B	Non Current Investment		1600
2	Current Assets		
A	Inventory		4000
B	Trade Receivables		5800
C	Cash and cash equivalent		850
		TOTAL	

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Amalgamation in the nature of Purchase

NET ASSETS	9050	9700

- Journal Entry related to Statutory Reserves

Particulars	Debit	Credit
Amalgamation Adjustment a/c.	750	
To Investment Allowance Reserve		600
To Export Profit reserve		150

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	18750
B	Reserves and surplus (600 + 150 – 750)	2	-
2	Non current liabilities		
	Long term borrowings		7000
3	Current liabilities		
	Trade Payables		2500
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		16000
B	Non Current Investment		1600
2	Current Assets		
A	Inventory		4000
B	Trade Receivables		5800
C	Cash and cash equivalent		850
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Q5.

Particulars	Systems	HRD
Assets		
Building	66000	52500
P&M	88000	73500
Investment	40000	25000
Debtors	40500	31500
Stock	36000	40000
Cash and Bank	40000	25000
Total	**310500**	**247500**

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Q5.

Particulars	Systems	HRD
Liabilities		
10% Debentures	50000	30000
Sundry Creditors	25000	15000
Tax Provision	7000	4000
Total Liabilities	**82,000**	**49000**
Purchase Consideration	**228500**	**198500**
Consideration to Pref Share holders	**30000**	**20000**
Consideration to Equity Share holders	**198500**	**178500**

Sumit CA. Sarda

Purchase Consideration

Particulars	Systems	HRD
9% Preference share or Rs.100 each	300	200
Equity shares of Rs.10 each issued at a premium of Rs.5 198500 / 15 178500 / 15	13,233	11,900
Face Value	132330	119000
Share Premium	66165	59500

TOTAL Equity shares	251330
Total Share Premium	125665
Total Preference Shares	50000
Fraction paid in cash	5

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Equity shares issued to Debentures Holder

Particulars	Systems	HRD
Debenture Holders	50000	30000

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Equity shares issued to Debentures Holder

Particulars	Systems	HRD
Debenture Holders	50000	30000
50% Converted into Equity	25000	15000

Sumit C.A. Sumit C.A.
da Sarda Sa

Equity shares issued to Debentures Holder

Particulars	Systems	HRD
Debenture Holders	50000	30000
50% Converted into Equity	25000	15000
Shares to be issued @ Rs.15	1666	1000
Face Value of Such shares	16660	10000
Share Premium	8330	5000

Total Shares	26660
Share Premium	13330
Fraction paid in cash	10

Sumit C.A. Sumit C.A. Sarda Sarda

Share Capital

Particulars	
Equity Shares 251330 + 26660	27790
9% Preference shares	50000
	327990

Reserves	
Share Premium 125665 + 13330	27790
Investment Allowance Reserve 5000 + 2000	7000
Amalgamation Adjustment Account	(7000)
	138995

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Assets

Tangible Assets	
Building 66000 + 52500	118500
Plant and Machinery 88000 + 73500	161500
	280000

Non Current Investment	
Trade Investment 20% of 40000 + 20% of 25000	13000
Others	52000
	65000

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	327990
B	Reserves and surplus	2	138995
2	Non current liabilities		
	Long term borrowings		
3	Current liabilities		
	Trade Payables		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	327990
B	Reserves and surplus	2	138995
2	Non current liabilities		
	Long term borrowings 25000+15000		40000
3	Current liabilities		
	Trade Payables		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	327990
B	Reserves and surplus	2	138995
2	Non current liabilities		
	Long term borrowings 25000+15000		40000
3	Current liabilities		
	Trade Payables		40000
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	327990
B	Reserves and surplus	2	138995
2	Non current liabilities		
	Long term borrowings 25000+15000		40000
3	Current liabilities		
	Trade Payables		40000
	Short term provision		11000
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda . Sa

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	3	280000
B	Non Current Investment	4	65000
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	3	280000
B	Non Current Investment	4	65000
2	Current Assets		
A	Inventory 36000+40000		76000
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	3	280000
B	Non Current Investment	4	65000
2	Current Assets		
A	Inventory 36000+40000		76000
B	Trade Receivables 90% (45000 + 35000)		72000
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	3	280000
B	Non Current Investment	4	65000
2	Current Assets		
A	Inventory 36000+40000		76000
B	Trade Receivables 90% (45000 + 35000)		72000
C	Cash and cash equivalent 40000 + 25000 – 15		64985
	CA. Sumit L. Sarda	TOTAL	

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Q6.

Particulars	Sunny	Money	TOTAL
Assets			
Goodwill	-	-	-
P&M 510000 * 115%	586500	195000	781500
Other FA 90000 * 115%	103500	15000	118500
Inventory 35000 – 25000 * 25/125	185000	30000	215000
Debtors 35000 – 20000	100500	15000	115500
Prepaid Exp	24500	2000	26500
Cash / Bank	178000	25000	203000
TOTAL	**11,73,000**	**2,82,000**	**14,60,000**

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CA. Sumit L. Sarda

Intrinsic Value

Particulars	Sunny	Money	TOTAL
TOTAL	**11,73,000**	**2,82,000**	**14,60,000**

Liabilities			
Trade Payables	45000	24000	69000
Provisions	95000	12000	107000
TOTAL	**140000**	**36000**	**176000**

NET ASSETS	**10,38,000**	**2,46,000**	
Shares Outstanding	80000	20000	203000

Value per share	12.975	12.3	

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Purchase Consideration

Particulars	Sunny	Money	TOTAL
Intrinsic Value	12.975	12.3	
Premium	5	3	
TOTAL	17.975	15.3	
Shares for which consideration is paid	79900	20000	
Total price	**14,36,202.50**	**3,06,000**	**1742202.5**
Shares to be issued	143620	30600	

Dissenting shareholders	100		
Price per share	22.975		
Cash paid	2297.50		2297.50
TOTAL CONSIDERATION			**17,44,500**

CA. Sumit L. Sarda

Working Notes

	Particulars	Amount
1	Shares to be issued	
	143620 * 10 + 30600 * 10	17,42,200

2	Short term provision	
	95000 + 12000 – 80000	27000

3	Goodwill	Sunny	Money	TOTAL
	Assets Taken over	10,38,000	2,46,000	
	Consideration	1438500	306000	
	Goodwill	**400500**	**60000**	**460500**

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	1742200
B	Reserves and surplus	2	
2	Non current liabilities		
	Long term borrowings		
3	Current liabilities		
	Trade Payables		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	1742200
B	Reserves and surplus 24000-24000		-
2	Non current liabilities		
	Long term borrowings		
3	Current liabilities		
	Trade Payables		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	1742200
B	Reserves and surplus 24000-24000		-
3	Current liabilities		
	Trade Payables		69000
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	1742200
B	Reserves and surplus 24000-24000		-
3	Current liabilities		
	Trade Payables		69000
	Short term Provision		27000
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	2	900000
B	Goodwill		
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	2	900000
B	Goodwill		460500
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	2	900000
B	Goodwill		460500
2	Current Assets		
A	Inventory		215000
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	2	900000
B	Goodwill		460500
2	Current Assets		
A	Inventory		215000
B	Trade Receivables		115500
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	2	900000
B	Goodwill		460500
2	Current Assets		
A	Inventory		215000
B	Trade Receivables		115500
C	Cash and cash equivalent 203000 - 2.5 - 2297.5 - 80000		120700
		TOTAL	

Sumit CA . Sumit CA . Sumit CA .
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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets	2	900000
B	Goodwill		460500
2	Current Assets		
A	Inventory		215000
B	Trade Receivables		115500
C	Cash and cash equivalent 203000 - 2.5 - 2297.5 - 80000		120700
D	Short term loans and adv		26500
		TOTAL	

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Q7.

Assets	**Ravi**	**Ramu**
Sundry Fixed Assets	950,000	400,000
Trade Investments	-	-
Stock	120000	50000
Debtors	75000	80000
Advance Tax	80000	20000
Cash / Bank	275000	130000
TOTAL	**15,00,000**	**680,000**

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Capital Employed

Liabilities	Ravi	Ramu
12% Debentures	100000	100000
Creditors	40000	45000
Prov. For tax	100000	60000
TOTAL	**240,000**	**205,000**

Capital Employed	**12,60,000**	**475,000**

Non Trade Investments	200,000	50,000

Intrinsic Value excluding Goodwill	14,60,000	525,000

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Future Maintainable Profits

Particulars	Ravi	Ramu
2001	500000	150000
2002	650000	210000
2003	575000	180000
TOTAL	**1725000**	**540000**
Simple Average	**575000**	**180000**
Non Trade Income 200000 * 25% 50000 * 18%	50000	 9000
Average Pre tax profit	525000	171000

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Goodwill

Particulars	Ravi	Ramu
Average Pre tax profit	525000	171000
Capitalization rate	20%	20%
Capital Value	2625000	855000
Actual Capital Employed	12,60,000	4,75,000
Goodwill	**13,65,000**	**380,000**

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Intrinsic Value

Capital Employed	**12,60,000**	**475,000**
Non Trade Investments	200,000	50,000
Intrinsic Value excluding Goodwill	14,60,000	525,000
Goodwill	13,65,000	380,000
Intrinsic Value	28,25,000	9,05,000
No. of shares outstanding	70,000	25,000
Intrinsic Value / share	40.40	36.20

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Purchase Consideration

Intrinsic value	905,000
Intrinsic Value per share of Ravi Ltd.	40.40
Shares to be allotted	22400
Fractional Cash	40

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Reserves and Surplus

Share Premium 22400 * 30.40	6,80,960

General Reserves	3,40,000
Export Profit Reserve 70000 + 40000	110,000

Profit and loss 210000 + 140000 (Cancelled dividend)	350,000

Amalgamation Adjustment Account	(40,000)

TOTAL	14,40,960

Sumit CA. Sumit CA. Sumit CA.

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	9,24,000
B	Reserves and surplus	2	
3	Current liabilities		
	Trade Payables		
	Short term Provision		
		TOTAL	

Sumit CA . Sumit CA . Sarda Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	9,24,000
B	Reserves and surplus	2	14,40,960
3	Current liabilities		
	Trade Payables		
	Short term Provision		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	9,24,000
B	Reserves and surplus	2	14,40,960
2	Non Current Liabilities		
	Debentures 100000 + 100000		200000
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	9,24,000
B	Reserves and surplus	2	14,40,960
2	Non Current Liabilities		
	Debentures 100000 + 100000		200000
	Current Liabilities		
	Trade Payables 40000 + 45000		85000
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	9,24,000
B	Reserves and surplus	2	14,40,960
2	Non Current Liabilities		
	Debentures 100000 + 100000		200000
	Current Liabilities		
	Trade Payables 40000 + 45000		85000
	Short term provisions 100000 + 60000		160000
		TOTAL	

CA. Sumit L. Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 950000+400000		1350000
B	Goodwill		
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 950000+400000		1350000
B	Goodwill		380000
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 950000+400000		1350000
B	Goodwill		380000
C	Investments		250000
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 950000+400000		1350000
B	Goodwill		380000
C	Investments		250000
2	Current Assets		
A	Inventory 120000+50000		170000
B	Trade Receivables		
C	Cash and cash equivalent		
	CA. Sumit L. Sarda	TOTAL	

Sumit CA . Sumit CA . Sarda . Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 950000+400000		1350000
B	Goodwill		380000
C	Investments		250000
2	Current Assets		
A	Inventory 120000+50000		170000
B	Trade Receivables 75000+80000		155000
C	Cash and cash equivalent		
		TOTAL	

CA. Sumit L. Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 950000+400000		1350000
B	Goodwill		380000
C	Investments		250000
2	Current Assets		
A	Inventory 120000+50000		170000
B	Trade Receivables 75000+80000		155000
C	Cash and cash equivalent 275000+130000-40		404960
		TOTAL	

CA. Sumit L. Sarda

Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 950000+400000		1350000
B	Goodwill		380000
C	Investments		250000
2	Current Assets		
A	Inventory 120000+50000		170000
B	Trade Receivables 75000+80000		155000
C	Cash and cash equivalent 275000+130000-40		404960
D	Short term loan and advances		100000
		TOTAL	

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Q8.

Particulars	T Ltd.	V Ltd.
Assets		
Fixed Assets	1200000	300000
Stock	612000	426000
Debtors	510000	180000
Cash and bank	90000	30000
TOTAL	**2412000**	**936000**
Liabilities		
Creditors	300000	150000
Net Trading Assets	**21,12,000**	**7,86,000**
Non Trade Investments	300000	-
Intrinsic Value excluding goodwill	2412000	786000

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Future Maintainable Profits

Particulars	T Ltd.	V Ltd.
2005-06	390000	135000
2006-07	375000	120000
2007-08	450000	168000
Adjustment of stock		
Change in valuation of stock 612000 – 600000 426000 – 390000	12000	36000
TOTAL	1227000	459000
Average Profits	409000	153000
Less: Income from non trade investment 300000 * 6%	(18000)	
FMP	**391000**	**153000**

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Goodwill

Particulars	**T Ltd.**	**V Ltd.**
Capital Employed	2112000	786000
NRR	15%	15%
Normal Profits	316800	117900
FMP	**391000**	**153000**
Super Profits	74200	35100
Years of Purchase	4	4
Goodwill	296800	140400

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Valuation of shares

Intrinsic Value excluding goodwill	2412000	786000
Goodwill	296800	140400
Intrinsic Value	2708800	926400
Shares Outstanding	150000	60000
Value per share	18.06	15.44

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Ratio of exchange of shares

Intrinsic Value	2708800	926400
Shares to be issued	270880	92640
Shares outstanding	150000	60000
Ratio of exchange	1.80	1.54

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Q9. Future maintainable Profits

Particulars	Arun		Brown		Crown	
Profit before Interest		540000		432000		312000

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Q9. Future maintainable Profits

Particulars	Arun		Brown		Crown	
Profit before Interest		540000		432000		312000
Debentures	600000				300000	

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Q9. Future maintainable Profits

Particulars	Arun		Brown		Crown	
Profit before Interest		540000		432000		312000
Debentures	600000				300000	
Interest		(60000)				(30000)

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Q9. Future maintainable Profits

Particulars	Arun		Brown		Crown	
Profit before Interest		540000		432000		312000
Debentures	600000				300000	
Interest		(60000)				(30000)
Assets	2400000		1800000		1500000	

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Q9. Future maintainable Profits

Particulars	Arun		Brown		Crown	
Profit before Interest		540000		432000		312000
Debentures	600000				300000	
Interest		(60000)				(30000)
Assets	2400000		1800000		1500000	
Revalued	3000000		1500000		1800000	
Revaluation/ Devaluation	600000		(300000)		300000	

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Q9. Future maintainable Profits

Particulars	Arun		Brown		Crown	
Profit before Interest		540000		432000		312000
Debentures	600000				300000	
Interest		(60000)				(30000)
Assets	2400000		1800000		1500000	
Revalued	3000000		1500000		1800000	
Revaluation/ Devaluation	600000		(300000)		300000	
Adjustment of Depreciation		(60000)		30000		(30000)

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Q9. Future maintainable Profits

Particulars	Arun		Brown		Crown	
Profit before Interest		540000		432000		312000
Debentures	600000				300000	
Interest		(60000)				(30000)
Assets	2400000		1800000		1500000	
Revalued	3000000		1500000		1800000	
Revaluation/ Devaluation	600000		(300000)		300000	
Adjustment of Depreciation		(60000)		30000		(30000)
FMP		**420000**		**462000**		**252000**

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Capital Employed

Particulars	Arun	Brown	Crown
Fixed Assets	3000000	1500000	1800000
Other Assets	1050000	420000	240000
TOTAL	**4050000**	**1920000**	**2040000**
Debentures	600000	-	300000
Other Liabilities	600000	450000	300000
TOTAL	**1200000**	**450000**	**600000**
NET Assets	**2850000**	**1470000**	**1440000**

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Goodwill

Particulars	Arun	Brown	Crown
Capital Employed	2850000	1470000	1440000
Normal Profits	285000	147000	144000

FMP	420000	462000	252000
Super Profits	135000	315000	108000
Goodwill	**405000**	**945000**	**324000**

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Purchase Consideration

Particulars	Arun	Brown	Crown
Capital Employed	2850000	1470000	1440000
Goodwill	405000	945000	324000
Net Assets	3255000	2415000	1764000

TOTAL	74,34,000
Shares to be allotted 7434000 * $\frac{3}{4}$ / 10	5,57,550

Shares to be allotted

Shares to be allotted 7434000 * $\frac{3}{4}$ / 10	5,57,550

Preliminary Exp 150000 / 10	15000
Debenture holders (600000 + 300000) / 10	90,000
TOTAL	6,62,550

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Debentures to be issued

Particulars	Arun	Brown	Crown
Net Assets	3255000	2415000	1764000
Equity issued	2065000	2271500	1239000
10% Debentures	1190000	143500	525000
Debentures to be issued	11900	14350	5250

TOTAL	18585

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	
B	Reserves and surplus	2	
2	Non Current Liabilities		
	Debentures		
	Current Liabilities		
	Trade Payables		
	Short term provisions		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	6625500
B	Reserves and surplus	2	
2	Non Current Liabilities		
	Debentures		
	Current Liabilities		
	Trade Payables		
	Short term provisions		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	6625500
B	Reserves and surplus- Prel. Exp	2	(150000)
2	Non Current Liabilities		
	Debentures		
	Current Liabilities		
	Trade Payables		
	Short term provisions		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	6625500
B	Reserves and surplus- Prel. Exp		(150000)
2	Non Current Liabilities		
	Debentures		1858500
	Current Liabilities		
	Trade Payables		
	Short term provisions		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	6625500
B	Reserves and surplus- Prel. Exp		(150000)
2	Non Current Liabilities		
	Debentures		1858500
	Current Liabilities		1350000
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		
B	Goodwill		
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		6300000
B	Goodwill		
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		6300000
B	Goodwill		1674000
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		6300000
B	Goodwill		1674000
2	Current Assets		1710000
		TOTAL	

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Q10.

Purchase Consideration	**X Ltd.**	**Y Ltd.**
No. of Equity shares	8.5	7.25
Ratio	4:1	3:1
Share Price	35	35
Purchase Consideration	**1190**	**761.25**
Share Capital	340	217.5
Share Premium	850	543.75
No. of Pref. Shares	3.2	1.75
Exchange Ratio	1:1	1:1
No. of shares to be issued	3.2	1.75
Issue Price	125	125
Purchase Consideration	**400**	**218.75**
Share Capital	320	175
Share Premium	80	43.75
TOTAL PURCHASE CONSIDERATION	**1590**	**980**

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Debentures

	X Ltd.	Y Ltd.
13% Debentures taken over	50,00,000	28,00,000
Interest on above debentures	650000	364000
15% Debentures to be issued to maintain above interest	43,33,333	24,26,667
TOTAL DEBENTURES	67,60,000	

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Goodwill

Particulars	X Ltd.	Y Ltd.
Land and Building	460	275
P&M	325	210
Investments	75	50
Stock	325	269
Debtors	305	270
Bills Receivable	25	-
Cash	385	251
TOTAL	1900	1325

13% Debentures	43.33	24.27
Public Deposits	25	-
Creditors	145	75
Bills Payable	20	-
TOTAL	233.33	99.27

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Goodwill

Particulars	X Ltd.	Y Ltd.
TOTAL ASSETS	1900	1325
TOTAL LIABILITIES	233.33	99.27
NET ASSETS	1666.67	1225.73
Purchase Consideration	1590	980
Capital Reserve	76.67	245.73

TOTAL CR	322.40

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital 340+217.5+320+175	1	1052.50
B	Reserves and surplus		
2	Non Current Liabilities		
	Debentures		
	Current Liabilities		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital 340+217.5+320+175	1	1052.50
B	Reserves and surplus 322.40+1517.50+80-80	2	1839.90
2	Non Current Liabilities		
	Debentures		
	Current Liabilities		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital 340+217.5+320+175	1	1052.50
B	Reserves and surplus 322.40+1517.50+80-80	2	1839.90
2	Non Current Liabilities		
	Long term borrowing 67.6+25	3	92.6
	Current Liabilities		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital 340+217.5+320+175	1	1052.50
B	Reserves and surplus 322.40+1517.50+80-80	2	1839.90
2	Non Current Liabilities		
	Long term borrowing 67.6+25	3	92.6
	Current Liabilities		
	Trade Payables	4	240
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 460+275+325+210	5	1270
B	Goodwill		
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 460+275+325+210	5	1270
B	Non Current Investments		125
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 460+275+325+210	5	1270
B	Non Current Investments		125
2	Current Assets		
A	Inventory		594
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 460+275+325+210	5	1270
B	Non Current Investments		125
2	Current Assets		
A	Inventory		594
B	Trade Receivables		600
C	Cash and cash equivalent		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets 460+275+325+210	5	1270
B	Non Current Investments		125
2	Current Assets		
A	Inventory		594
B	Trade Receivables	6	600
C	Cash and cash equivalent		636
		TOTAL	

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Q11.

Purchase Consideration	**Alpha Ltd.**	**Beta Ltd.**
No. of Equity shares	10	8
Ratio	1:1.5	1:1
Share Price	100	100
Purchase Consideration	**1500**	**800**
Share Capital	1500	800
Share Premium	-	-
No. of Pref. Shares	4	3
Exchange Ratio	1:1	1:1
No. of shares to be issued	4	3
Issue Price	100	100
Purchase Consideration	**400**	**300**
Share Capital	400	300
Share Premium	-	-
TOTAL PURCHASE CONSIDERATION	**1900**	**1100**

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Adjustment of Reserves Required

	Alpha Ltd.	Beta Ltd.
Purchase Consideration	1900	1100
Equity and Pref. Shares	1400	1100
Excess Purchase Consideration	500	-
Adjusted to		
General Reserves	200	
P&L	80	
Revaluation Reserve	NIL	
Debit balance of P&L to be carried forward	220	
Reserves to be accounted for		
Revaluation Reserve	100	80
General Reserve		150
P&L		60

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Debentures

	Alpha Ltd.	**Beta Ltd.**
12% Debentures	96	80
Interest Payable	11.52	9.6
16% Debentures to be issued	72	60
Amount to be credited to P&L	**24**	**20**

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Net Balance in Reserves

Particulars	
Debit of Alpha	(220)
Credit due to Debentures of Alpha	24
Net	(196)
Adjusted against GR of Beta	**150**
Adjusted against P&L of Beta	**46**
Balance in P&L of Beta	14
Credit due to Debentures of Beta	20
Total Credit balance remaining in P&L	34
Total Revaluation Reserve 100 + 80	180
Total Reserves and Surplus	214

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Q12.

	S Ltd.	M Ltd.
Average Profits	137500	162500
Shares to be distributed in the ratio of Profits(30,000 shares) 1375: 1625	13750	16250

Share Capital	68750	81250

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Debentures

Fixed Assets	355000	195000
Current Assets	149750	78875
TOTAL	504750	273875
Current Liabilities	298500	90125
Capital Employed	**206250**	**183750**
Return on Capital Employed	16500	14700
15% Debentures to be issued	**110000**	**98000**

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Goodwill

Purchase Consideration		
Equity shares	68750	81250
15% Debentures	110000	98000
TOTAL	178750	179250
Net Assets taken over	**206250**	**183750**
Capital Reserve	27500	4500

TOTAL CR	**32000**

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	150000
B	Reserves and surplus	2	
2	Non Current Liabilities		
	Long term borrowing	3	
	Current Liabilities		
	Trade Payables	4	
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	150000
B	Reserves and surplus		32000
2	Non Current Liabilities		
	Long term borrowing		
	Current Liabilities		
	Trade Payables		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	150000
B	Reserves and surplus		32000
2	Non Current Liabilities		
	Long term borrowing		208000
	Current Liabilities		
	Trade Payables		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
I	Equity and Liabilities		
1	Shareholders funds		
A	Share Capital	1	150000
B	Reserves and surplus		32000
2	Non Current Liabilities		
	Long term borrowing		208000
	Current Liabilities		
	Trade Payables 298500+90125-21675		366950
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		550000
B	Goodwill		
2	Current Assets		
A	Inventory		
B	Trade Receivables		
C	Cash and cash equivalent		
		TOTAL	

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Balance Sheet

	Particulars	Note	Amount
II	ASSETS		
1	Non Current Assets		
A	Fixed Assets		550000
2	Current Assets 149750+78875-21675		206950
		TOTAL	

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13. Purchase Consideration

- Andrew Ltd. = NIL
- Barry Ltd.
- Preference shareholders = Rs.2,00,000 worth of equity

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Goodwill

	Andrew Ltd.	Barry Ltd.
Fixed Assets	3400	6800

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Goodwill

	Andrew Ltd.	Barry Ltd.
Fixed Assets	3400	6800
Current Assets 3600 * 80% 9600 * 70%	2880	6720

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Goodwill

	Andrew Ltd.	Barry Ltd.
Fixed Assets	3400	6800
Current Assets 3600 * 80% 9600 * 70%	2880	6720
TOTAL Assets	6280	13520

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Goodwill

	Andrew Ltd.	Barry Ltd.
Secured Loan 16000 – 18400 * 80%(stock) 8000 – 1600 * 50%(interest)	1280	7200

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Goodwill

	Andrew Ltd.	Barry Ltd.
Secured Loan 16000 – 18400 * 80%(stock) 8000 – 1600 * 50%(interest)	1280	7200
Unsecured Loan 8600 * 25%	2150	

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Goodwill

	Andrew Ltd.	Barry Ltd.
Secured Loan 16000 – 18400 * 80%(stock) 8000 – 1600 * 50%(interest)	1280	7200
Unsecured Loan 8600 * 25%	2150	
Liabilities to employee	7200	1000

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Goodwill

	Andrew Ltd.	Barry Ltd.
Secured Loan 16000 – 18400 * 80%(stock) 8000 – 1600 * 50%(interest)	1280	 7200
Unsecured Loan 8600 * 25%	2150	
Liabilities to employee	3000	1800

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Goodwill

	Andrew Ltd.	Barry Ltd.
Secured Loan 16000 – 18400 * 80%(stock) 8000 – 1600 * 50%(interest)	1280	7200
Unsecured Loan 8600 * 25%	2150	
Liabilities to employee	3000	1800
Statutory Liability	7200	1000

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Goodwill

	Andrew Ltd.	Barry Ltd.
Secured Loan 16000 – 18400 * 80%(stock) 8000 – 1600 * 50%(interest)	1280	 7200
Unsecured Loan 8600 * 25%	2150	
Liabilities to employee	3000	1800
Statutory Liability	7200	1000
Other Creditors (13000-3000-5000) * 80% (4600-1000-1800) * 80%	4000	 1440

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Goodwill

	Andrew Ltd.	Barry Ltd.
Secured Loan 16000 – 18400 * 80%(stock) 8000 – 1600 * 50%(interest)	1280	 7200
Unsecured Loan 8600 * 25%	2150	
Liabilities to employee	3000	1800
Statutory Liability	7200	1000
Other Creditors (13000-3000-5000) * 80% (4600-1000-1800) * 80%	4000	 1440
Liabilities	17630	11440

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Goodwill

	Andrew Ltd.	Barry Ltd.
TOTAL Assets	6280	13520
Liabilities	17630	11440

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Goodwill

	Andrew Ltd.	Barry Ltd.
TOTAL Assets	6280	13520
Liabilities	17630	11440
Net Assets	(11350)	2080

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Goodwill

	Andrew Ltd.	Barry Ltd.
TOTAL Assets	6280	13520
Liabilities	17630	11440
Net Assets	(11350)	2080
Purchase consideration	200	-

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Goodwill

	Andrew Ltd.	Barry Ltd.
TOTAL Assets	6280	13520
Liabilities	17630	11440
Net Assets	(11350)	2080
Purchase consideration	200	-
(Goodwill) / CR	(11550)	2080

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Equity shares issued

To Preference shareholders	20,000

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Equity shares issued

To Preference shareholders	20,000
To Employees (30,00,000 + 18,00,000)/10	480,000

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Equity shares issued

To Preference shareholders	20,000
To Employees	480,000
For cash	200,000
TOTAL	7,00,000

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Long term borrowing

- Secured Loan = 1280 + 7200
- = 8480
- Unsecured Loan = 2150
- TOTAL = 10630

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Current Liabilities

- Statutory liabilities = 7200 + 1000
- = 8200
- Miscellaneous creditors = 4000 + 1440
- = 5440

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Balance Sheet

Particulars	**Amount**
Share Capital	7000
Reserves	-
Non current Liabilities	10630
Current Liabilities	13640
TOTAL	**31270**
Fixed Assets	10200
Goodwill	9470
Current Assets	11600
TOTAL	**31270**

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Q14.

- Pooling of interest- do it yourself

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Balance Sheet

Particulars	Note	Amount
Share holders fund		
Share Capital	1	22000
Reserves and Surplus	2	13900
Non current Liabilities		
Long term borrowings		10000
Current Liabilities		
Sundry Creditors		3000
Other current liabilities		5550
Short term provisions		4000
TOTAL		**58400**

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Balance Sheet

Particulars	Note	Amount
Assets		
Non current Assets		
Fixed Assets		34500
Non current Investmnets		5000
Current Assets		
Inventory		10000
Debtors		8000
Cash and cash equivalent		900
TOTAL		**58400**

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Q15.

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000

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Q15.

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000
Less: Interest on Debentures	(75000)	(60000)
PBT	1400000	720000

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Q15.

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000
Less: Interest on Debentures	(75000)	(60000)
PBT	1400000	720000
Tax@40%	(560000)	(288000)
Profit after tax	840000	432000

Sumit CA. Sumit CA. Sumit CA.
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Q15.

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000
Less: Interest on Debentures	(75000)	(60000)
PBT	1400000	720000
Tax@40%	(560000)	(288000)
Profit after tax	840000	432000
Less: Preference Dividend	(120000)	(72000)
Profit for equity shareholders	720000	360000

Sumit C.A. Sumit C.A. Sumit C.A. Sarda Sarda Sarda

Q15.

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000
Less: Interest on Debentures	(75000)	(60000)
PBT	1400000	720000
Tax@40%	(560000)	(288000)
Profit after tax	840000	432000
Less: Preference Dividend	(120000)	(72000)
Profit for equity shareholders	720000	360000
No. of equity shares	360000	180000

Sumit C.A. Sumit C.A. Sumit C.A.

Q15.

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000
Less: Interest on Debentures	(75000)	(60000)
PBT	1400000	720000
Tax@40%	(560000)	(288000)
Profit after tax	840000	432000
Less: Preference Dividend	(120000)	(72000)
Profit for equity shareholders	720000	360000
No. of equity shares	360000	180000
EPS	2	2

Sumit CA. Sumit CA. Sumit CA.
dit L. Sarda Sarda Sarda

Q15.

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000
Less: Interest on Debentures	(75000)	(60000)
PBT	1400000	720000
Tax@40%	(560000)	(288000)
Profit after tax	840000	432000
Less: Preference Dividend	(120000)	(72000)
Profit for equity shareholders	720000	360000
No. of equity shares	360000	180000
EPS	2	2
Market Price	40	

Sumit CA. Sumit CA. Sumit CA.
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Q15.

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000
Less: Interest on Debentures	(75000)	(60000)
PBT	1400000	720000
Tax@40%	(560000)	(288000)
Profit after tax	840000	432000
Less: Preference Dividend	(120000)	(72000)
Profit for equity shareholders	720000	360000
No. of equity shares	360000	180000
EPS	2	2
Market Price	40	
PE ratio	20	-

Sumit CA. Sumit CA. Sumit CA.
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Purchase Consideration

Computation of EPS and PE ratio	A Ltd.	B Ltd.
Profit before interest and tax	1475000	780000
Less: Interest on Debentures	(75000)	(60000)
PBT	1400000	720000
Tax@40%	(560000)	(288000)
Profit after tax	840000	432000
Less: Preference Dividend	(120000)	(72000)
Profit for equity shareholders	720000	360000
No. of equity shares	360000	180000
EPS	2	2
Market Price	40	
PE ratio	20	-

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Purchase Consideration

Preference shareholders	B Ltd.

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Purchase Consideration

Preference shareholders	B Ltd.
Current income 600000 * 12%	72000

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Purchase Consideration

Preference shareholders	B Ltd.
Current income 600000 * 12%	72000
Add: 20% Income	14400

Sumit CA. Sumit CA. Sarda Sarda

Purchase Consideration

Preference shareholders	B Ltd.
Current income 600000 * 12%	72000
Add: 20% Income	14400
	86400

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Purchase Consideration

Preference shareholders	B Ltd.
Current income 600000 * 12%	72000
Add: 20% Income	14400
	86400
10% Preference shares to be issued	8,64,000

Sumit CA. Sumit CA. Sumit CA.
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Purchase Consideration

Equity shares	B Ltd.

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Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20

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Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12

Sumit CA. Sumit CA. Sarda Sarda

Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12
EPS of B	2

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Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12
EPS of B	2
Value of share	24

Sumit CA. Sumit CA. Sarda Sarda

Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12
EPS of B	2
Value of share	24
Total shares outstanding	180000

Sumit CA. Sumit CA. Sarda Sarda

Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12
EPS of B	2
Value of share	24
Total shares outstanding	180000
Value to be settled	43,20,000

Sumit CA. Sumit CA. Sarda Sarda

Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12
EPS of B	2
Value of share	24
Total shares outstanding	180000
Value to be settled	43,20,000
Issue price of shares of A	32

Sumit CA. Sumit CA. Sarda Sarda

Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12
EPS of B	2
Value of share	24
Total shares outstanding	180000
Value to be settled	43,20,000
Issue price of shares of A	32
No. of shares to be issued	135000

Sumit CA. Sumit CA. Sarda Sarda

Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12
EPS of B	2
Value of share	24
Total shares outstanding	180000
Value to be settled	43,20,000
Issue price of shares of A	32
No. of shares to be issued	135000
Share Capital	13,50,000

Sumit CA. Sumit CA. Sarda Sarda

Purchase Consideration

Equity shares	B Ltd.
PE ratio of A	20
Agreed PE ratio of B 60% of 20	12
EPS of B	2
Value of share	24
Total shares outstanding	180000
Value to be settled	43,20,000
Issue price of shares of A	32
No. of shares to be issued	135000
Share Capital	13,50,000
Share Premium	29,70,000

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Purchase Consideration

Consideration in the form of Equity shares	B Ltd.

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Purchase Consideration

Consideration in the form of Equity shares	B Ltd.
Current Dividend to shareholders of B	270,000

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Purchase Consideration

Consideration in the form of Equity shares	B Ltd.
Current Dividend to shareholders of B	270,000
Expected dividend from A 1350000 * 10%	135000

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Purchase Consideration

Consideration in the form of Equity shares	B Ltd.
Current Dividend to shareholders of B	270,000
Expected dividend from A 1350000 * 10%	135000
Loss of income	135000

Sumit C.A. Sumit C.A.
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Purchase Consideration

Consideration in the form of Equity shares	B Ltd.
Current Dividend to shareholders of B	270,000
Expected dividend from A 1350000 * 10%	135000
Loss of income	135000
10% Preference shares to be issued	13,50,000

Sumit C.A. Sumit C.A.
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Purchase Consideration

- Total
- 43,20,000 +
- 13,50,000 +
- 864,000 +
- 16,000
- 65,50,000

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Goodwill

Particulars	Amount

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Goodwill

Particulars	Amount
Fixed Assets 30 lacs * 120%	36,00,000

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Goodwill

Particulars	Amount
Fixed Assets 30 lacs * 120%	36,00,000
Investments	5,00,000

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Goodwill

Particulars	Amount
Fixed Assets 30 lacs * 120%	36,00,000
Investments	5,00,000
Stock 12 * 90%	10,80,000

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Fixed Assets 30 lacs * 120%	36,00,000
Investments	5,00,000
Stock 12 * 90%	10,80,000
Debtors	12,00,000

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Fixed Assets 30 lacs * 120%	36,00,000
Investments	5,00,000
Stock 12 * 90%	10,80,000
Debtors	12,00,000
Bills Receivable	10,000

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Fixed Assets 30 lacs * 120%	36,00,000
Investments	5,00,000
Stock 12 * 90%	10,80,000
Debtors	12,00,000
Bills Receivable	10,000
Cash at bank	90,000

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Fixed Assets 30 lacs * 120%	36,00,000
Investments	5,00,000
Stock 12 * 90%	10,80,000
Debtors	12,00,000
Bills Receivable	10,000
Cash at bank	90,000
TOTAL	**64,80,000**

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Creditors	12,80,000

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Creditors	12,80,000
Bills Payable	20,000

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Creditors	12,80,000
Bills Payable	20,000
12% Debentures 500000 *108%	540,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Goodwill

Particulars	Amount
Creditors	12,80,000
Bills Payable	20,000
12% Debentures 500000 *108%	540,000
TOTAL Liability	18,40,000

Sumit CA. Sumit CA. Sumit CA.
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Goodwill

Particulars	Amount
Creditors	12,80,000
Bills Payable	20,000
12% Debentures 500000 *108%	540,000
TOTAL Liability	18,40,000
Net Assets taken over	46,40,000

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Creditors	12,80,000
Bills Payable	20,000
12% Debentures 500000 *108%	540,000
TOTAL Liability	18,40,000
Net Assets taken over	46,40,000
Business Purchase	**65,50,000**

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

Particulars	Amount
Creditors	12,80,000
Bills Payable	20,000
12% Debentures 500000 *108%	540,000
TOTAL Liability	18,40,000
Net Assets taken over	46,40,000
Business Purchase	65,50,000
Goodwill	**19,10,000**

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	Note	Amount
Equity and Liabilities		

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Balance Sheet

Particulars	Note	Amount
Equity and Liabilities		
Shareholders fund		
Share Capital 3600000 + 1350000 + 1200000 + 864000 + 1350000	1	8364000

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Balance Sheet

Particulars	Note	Amount
Equity and Liabilities		
Shareholders fund		
Share Capital 3600000 + 1350000 + 1200000 + 864000 + 1350000	1	8364000
Reserves and Surplus Security premium 2970000 – 60000 Revaluation reserve 10,00,000 Statutory reserve 200,000 General Reserve 25,00,000 Amalgamation adj (100000)	2	65,10,000

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	Note	Amount
Equity and Liabilities		
Shareholders fund		
Share Capital 3600000 + 1350000 + 1200000 + 864000 + 1350000	1	8364000
Reserves and Surplus Security premium 2970000 – 60000 Revaluation reserve 10,00,000 Statutory reserve 200,000 General Reserve 25,00,000 Amalgamation adj (100000)	2	65,10,000
Non current liabilities 500000+600000		11,00,000

Sumit C.A. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	Note	Amount
Equity and Liabilities		
Shareholders fund		
Share Capital 3600000 + 1350000 + 1200000 + 864000 + 1350000	1	8364000
Reserves and Surplus Security premium 2970000 – 60000 Revaluation reserve 10,00,000 Statutory reserve 200,000 General Reserve 25,00,000 Amalgamation adj (100000)	2	65,10,000
Non current liabilities 500000+600000		11,00,000
Trade payables 10,80,000+1280000-20000 + 20000 + 20000		23,80,000

CA. Sumit L. Sarda

Balance Sheet

Particulars	Note	Amount
Assets		
Non current assets		

Sumit CA. Sarda

Balance Sheet

Particulars	Note	Amount
Assets		
Non current assets		
Fixed Assets 6000000 + 3600000		9600000

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	Note	Amount
Assets		
Non current assets		
Fixed Assets 6000000 + 3600000		9600000
Intangible Assets		1910000

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	Note	Amount
Assets		
Non current assets		
Fixed Assets 6000000 + 3600000		9600000
Intangible Assets		1910000
Non current Investments 500000 + 500000		10,00,000

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	Note	Amount
Assets		
Non current assets		
Fixed Assets 6000000 + 3600000		9600000
Intangible Assets		1910000
Non current Investments 500000 + 500000		10,00,000
Current Assets		
Inventory 1800000 + 1080000		2880000

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	Note	Amount
Assets		
Non current assets		
Fixed Assets 6000000 + 3600000		9600000
Intangible Assets		1910000
Non current Investments 500000 + 500000		10,00,000
Current Assets		
Inventory 1800000 + 1080000		2880000
Trade Receivables		2740000

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	Note	Amount
Assets		
Non current assets		
Fixed Assets 6000000 + 3600000		9600000
Intangible Assets		1910000
Non current Investments 500000 + 500000		10,00,000
Current Assets		
Inventory 1800000 + 1080000		2880000
Trade Receivables		2740000
Cash and cash equivalent 150000 + 90000 - 16000		224000

CA. Sumit L. Sarda

Q16. Intrinsic Value of equity shares

Particulars	Big Ltd.	Small Ltd.

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Q16. Intrinsic Value of equity shares

Particulars	Big Ltd.	Small Ltd.
Goodwill	40	75

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Q16. Intrinsic Value of equity shares

Particulars	Big Ltd.	Small Ltd.
Goodwill	40	75
Fixed Assets	200	429

Sumit CA. Sumit CA. Sumit CA.
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Q16. Intrinsic Value of equity shares

Particulars	Big Ltd.	Small Ltd.
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200

Sumit CA. Sumit CA. Sarda Sarda

Q16. Intrinsic Value of equity shares

Particulars	Big Ltd.	Small Ltd.
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200
Less:		
Secured Loans	(100)	(100)

Sumit CA. Sumit CA. Sarda Sarda

Q16. Intrinsic Value of equity shares

Particulars	Big Ltd.	Small Ltd.
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200
Less:		
Secured Loans	(100)	(100)
10% Preference Share Capital	-	(60)

Sumit CA. Sumit CA. Sarda Sarda

Q16. Intrinsic Value of equity shares

Particulars	**Big Ltd.**	**Small Ltd.**
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200
Less:		
Secured Loans	(100)	(100)
10% Preference Share Capital	-	(60)
Net Assets	**340**	**544**

Sumit CA. Sumit CA. Sumit CA.
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Q16. Intrinsic Value of equity shares

Particulars	**Big Ltd.**	**Small Ltd.**
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200
Less:		
Secured Loans	(100)	(100)
10% Preference Share Capital	-	(60)
Net Assets	**340**	**544**
Shares	5	4

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q16. Intrinsic Value of equity shares

Particulars	**Big Ltd.**	**Small Ltd.**
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200
Less:		
Secured Loans	(100)	(100)
10% Preference Share Capital	-	(60)
Net Assets	**340**	**544**
Shares	5	4
Value per share	68	136

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q16. Intrinsic Value of equity shares

Particulars	**Big Ltd.**	**Small Ltd.**
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200
Less:		
Secured Loans	(100)	(100)
10% Preference Share Capital	-	(60)
Net Assets	**340**	**544**
Shares	5	4
Value per share	68	136
Exchange ratio	2	1

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q16. Intrinsic Value of equity shares

Particulars	**Big Ltd.**	**Small Ltd.**
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200
Less:		
Secured Loans	(100)	(100)
10% Preference Share Capital	-	(60)
Net Assets	**340**	**544**
Shares	5	4
Value per share	68	136
Exchange ratio	2	1
Shares to be alloted	5 *1/2	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q16. Intrinsic Value of equity shares

Particulars	**Big Ltd.**	**Small Ltd.**
Goodwill	40	75
Fixed Assets	200	429
CA less CL	200	200
Less:		
Secured Loans	(100)	(100)
10% Preference Share Capital	-	(60)
Net Assets	**340**	**544**
Shares	5	4
Value per share	68	136
Exchange ratio	2	1
Shares to be alloted	5 *1/2	
	2.5 crore	

CA. Sumit L. Sarda

Valuation of Goodwill/ CR

Particulars	Amount

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Valuation of Goodwill/ CR

Particulars	Amount
FA	150

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Valuation of Goodwill/ CR

Particulars	Amount
FA	150
CA	200

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Valuation of Goodwill/ CR

Particulars	Amount
FA	150
CA	200
Less: Secured Loan	(100)

Sumit CA. Sumit CA. Sarda Sarda

Valuation of Goodwill/ CR

Particulars	Amount
FA	150
CA	200
Less: Secured Loan	(100)
Net	**250**

Sumit CA. Sumit CA. Sarda Sarda

Valuation of Goodwill/ CR

Particulars	Amount
FA	150
CA	200
Less: Secured Loan	(100)
Net	250
Shares allotted	25

Sumit CA. Sumit CA. Sarda Sarda

Valuation of Goodwill/ CR

Particulars	Amount
FA	150
CA	200
Less: Secured Loan	(100)
Net	250
Shares allotted	25
CR	225

Sumit CA. Sumit CA. Sarda Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	A	B
Fixed Assets		
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	A	B
Fixed Assets		
Opening	1250000	875000
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	A	B
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	A	B
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	**A**	**B**
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
WN2	**A**	**B**
Bank Balance		
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	A	B
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
WN2	**A**	**B**
Bank Balance		
Opening	293750	150000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	**A**	**B**
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
WN2	**A**	**B**
Bank Balance		
Opening	293750	150000
Add: NP	420000	204000

CA. Sumit L. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	**A**	**B**
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
WN2	**A**	**B**
Bank Balance		
Opening	293750	150000
Add: NP	420000	204000
Add: Depreciation	62500	43750

CA. Sumit L. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	**A**	**B**
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
WN2	**A**	**B**
Bank Balance		
Opening	293750	150000
Add: NP	420000	204000
Add: Depreciation	62500	43750
	776250	**397750**
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	**A**	**B**
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
WN2	**A**	**B**
Bank Balance		
Opening	293750	150000
Add: NP	420000	204000
Add: Depreciation	62500	43750
	776250	**397750**
Less: Dividend	225000	150000

CA. Sumit L. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	**A**	**B**
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
WN2	**A**	**B**
Bank Balance		
Opening	293750	150000
Add: NP	420000	204000
Add: Depreciation	62500	43750
	776250	**397750**
Less: Dividend	225000	150000
Less: Dividend Tax	22500	15000

CA. Sumit L. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN1	**A**	**B**
Fixed Assets		
Opening	1250000	875000
Depreciation	62500	43750
Closing	1187500	831250
WN2	**A**	**B**
Bank Balance		
Opening	293750	150000
Add: NP	420000	204000
Add: Depreciation	62500	43750
	776250	**397750**
Less: Dividend	225000	150000
Less: Dividend Tax	22500	15000
Closing	**528750**	**232750**

CA. Sumit L. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN3	A	B
P&L account		
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN3	A	B
P&L account		
Opening	187500	150000
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN3	A	B
P&L account		
Opening	187500	150000
Add: Profit for the year	420000	204000
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN3	A	B
P&L account		
Opening	187500	150000
Add: Profit for the year	420000	204000
	607500	**354000**
CA. Sumit L. Sarda		

Sumit CA Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN3	A	B
P&L account		
Opening	187500	150000
Add: Profit for the year	420000	204000
	607500	**354000**
Less: Dividend	225000	150000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN3	A	B
P&L account		
Opening	187500	150000
Add: Profit for the year	420000	204000
	607500	**354000**
Less: Dividend	225000	150000
Less: Dividend tax	22500	15000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q17. Adjustments from 1.4.2001 to 30.9.2001

WN3	A	B
P&L account		
Opening	187500	150000
Add: Profit for the year	420000	204000
	607500	**354000**
Less: Dividend	225000	150000
Less: Dividend tax	22500	15000
	360000	**189000**
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q17. Intrinsic Value per share

Particulars	A	B
CA. Sumit L. Sarda		

Sumit CA. Sarda Sumit CA. Sarda

Q17. Intrinsic Value per share

Particulars	A	B
Goodwill	-	120000
	CA. Sumit L. Sarda	

Sumit CA. Sarda

Q17. Intrinsic Value per share

Particulars	A	B
Goodwill	-	120000
Fixed Assets	1187500	831250
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Intrinsic Value per share

Particulars	A	B
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Intrinsic Value per share

Particulars	A	B
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
Debtors	390000	256000
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q17. Intrinsic Value per share

Particulars	A	B
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
Debtors	390000	256000
Bank	528750	232750
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q17. Intrinsic Value per share

Particulars	A	B
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
Debtors	390000	256000
Bank	528750	232750
TOTAL	**2343750**	**1665000**
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q17. Intrinsic Value per share

Particulars	**A**	**B**
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
Debtors	390000	256000
Bank	528750	232750
TOTAL	**2343750**	**1665000**
Less: Creditors	(93750)	(75000)
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q17. Intrinsic Value per share

Particulars	**A**	**B**
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
Debtors	390000	256000
Bank	528750	232750
TOTAL	**2343750**	**1665000**
Less: Creditors	(93750)	(75000)
Net Assets	2250000	1590000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q17. Intrinsic Value per share

Particulars	**A**	**B**
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
Debtors	390000	256000
Bank	528750	232750
TOTAL	**2343750**	**1665000**
Less: Creditors	(93750)	(75000)
Net Assets	**2250000**	**1590000**
No. of shares	150000	100000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q17. Intrinsic Value per share

Particulars	**A**	**B**
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
Debtors	390000	256000
Bank	528750	232750
TOTAL	**2343750**	**1665000**
Less: Creditors	(93750)	(75000)
Net Assets	**2250000**	**1590000**
No. of shares	150000	100000
Intrinsic Value	15	15.9
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q17. Intrinsic Value per share

Particulars	**A**	**B**
Goodwill	-	120000
Fixed Assets	1187500	831250
Stock	237500	225000
Debtors	390000	256000
Bank	528750	232750
TOTAL	**2343750**	**1665000**
Less: Creditors	(93750)	(75000)
Net Assets	**2250000**	**1590000**
No. of shares	150000	100000
Intrinsic Value	15	15.9
Shares to be issued		106000

CA. Sumit L. Sarda

Q17. Purchase Consideration

Particulars	A
Shares	106000
Share Capital	1060000
Share Premium	530000
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q19. Purchase Consideration

Particulars	RX	PX
CA. Sumit L. Sarda		

Sumit CA. Sarda Sumit CA. Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
Earning after tax	360000	120000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
Earning after tax	360000	120000
Less: Preference dividend	-	60000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sumit CA. Sumit CA.

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
Earning after tax	360000	120000
Less: Preference dividend	-	60000
Profit for equity shareholders	360000	60000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
Earning after tax	360000	120000
Less: Preference dividend	-	60000
Profit for equity shareholders	360000	60000
PE ratio	15	10
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
Earning after tax	360000	120000
Less: Preference dividend	-	60000
Profit for equity shareholders	360000	60000
PE ratio	15	10
Total consideration	5400000	600000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA.

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
Earning after tax	360000	120000
Less: Preference dividend	-	60000
Profit for equity shareholders	360000	60000
PE ratio	15	10
Total consideration	5400000	600000
Shares to be issued	432000	48000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA.

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
Earning after tax	360000	120000
Less: Preference dividend	-	60000
Profit for equity shareholders	360000	60000
PE ratio	15	10
Total consideration	5400000	600000
Shares to be issued	432000	48000
Share Capital	4320000	480000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q19. Purchase Consideration

Particulars	RX	PX
EBIT	600000	240000
Less: Interest	-	(40000)
EBT	600000	200000
Less: tax@ 40%	240000	80000
Earning after tax	360000	120000
Less: Preference dividend	-	60000
Profit for equity shareholders	360000	60000
PE ratio	15	10
Total consideration	5400000	600000
Shares to be issued	432000	48000
Share Capital	4320000	480000
Share Premium	1080000	120000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Bank Account

Particulars	Amount	Particulars	Amount

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Bank Account

Particulars	Amount	Particulars	Amount
Shares issued 60000 * 13.75	825000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Bank Account

Particulars	Amount	Particulars	Amount
Shares issued 60000 * 13.75	825000		
Dividend Received			

Sumit CA. Sumit CA. Sarda Sarda

Bank Account

Particulars	Amount	Particulars	Amount
Shares issued 60000 * 13.75	825000		
Dividend Received			
RX	150000		

Sumit CA. Sumit CA. Sarda Sarda

Bank Account

Particulars	Amount	Particulars	Amount
Shares issued 60000 * 13.75	825000		
Dividend Received			
RX	150000		
PX	24000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Bank Account

Particulars	Amount	Particulars	Amount
Shares issued 60000 * 13.75	825000	Preliminary Exp	50000
Dividend Received			
RX	150000		
PX	24000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Bank Account

Particulars	Amount	Particulars	Amount
Shares issued 60000 * 13.75	825000	Preliminary Exp	50000
		Management Exp	6000
Dividend Received			
RX	150000		
PX	24000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Bank Account

Particulars	Amount	Particulars	Amount
Shares issued 60000 * 13.75	825000	Preliminary Exp	50000
		Management Exp	6000
Dividend Received		Dividend Paid	168000
RX	150000		
PX	24000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Bank Account

Particulars	Amount	Particulars	Amount
Shares issued 60000 * 13.75	825000	Preliminary Exp	50000
		Management Exp	6000
Dividend Received		Dividend Paid	168000
RX	150000		
PX	24000	**Closing**	**775000**

Sumit CA. Sumit CA. Sumit CA.
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Projected P&L

Particulars	MX
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Projected P&L

Particulars	**MX**
Revenue Received	
RX	150000
PX	24000
	174000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Projected P&L

Particulars	**MX**
Revenue Received	
RX	150000
PX	24000
	174000
Less:	
Management Exp	6000
	168000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Share Capital

Particulars	**MX**
432000 shares to RX	
48000 to PX	
60000 to others	54,00,000

Sumit CA. Sumit CA. Sarda Sarda

Reserves and Surplus

Particulars	MX

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Reserves and Surplus

Particulars	**MX**
Share Premium	
RX	1080000
PX	120000

Sumit CA. Sumit CA. Sarda Sarda

Reserves and Surplus

Particulars	MX
Share Premium	
RX	1080000
PX	120000
Others	225000

Sumit CA. Sumit CA. Sumit CA.
dd Sarda Sarda Sa

Reserves and Surplus

Particulars	MX
Share Premium	
RX	10,80,000
PX	1,20,000
Others	2,25,000
Less: Preliminary Exp	(50,000)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Reserves and Surplus

Particulars	**MX**
Share Premium	
RX	10,80,000
PX	1,20,000
Others	2,25,000
Less: Preliminary Exp	(50,000)
	1375000

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Reserves and Surplus

Particulars	**MX**
Share Premium	
RX	10,80,000
PX	1,20,000
Others	2,25,000
Less: Preliminary Exp	(50,000)
	1375000
Profits	168000

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Reserves and Surplus

Particulars	**MX**
Share Premium	
RX	10,80,000
PX	1,20,000
Others	2,25,000
Less: Preliminary Exp	(50,000)
	1375000
Profits	168000
Less: Dividend	168000
	-

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Reserves and Surplus

Particulars	**MX**
Share Premium	
RX	10,80,000
PX	1,20,000
Others	2,25,000
Less: Preliminary Exp	(50,000)
	1375000
Profits	168000
Less: Dividend	168000
	-
TOTAL	1375000

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Balance Sheet

Particulars	**MX**
Equity and Liabilities	
Shareholders Fund	
Share Capital	54,00,000
R&S	13,75,000
	67,75,000
Assets	
Investments	60,00,000
CA	7,75,000
	67,75,000

Sumit CA. Sumit CA. Sumit CA.
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Q20. Purchase Consideration

Particulars	White	Black
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
CA. Sumit L. Sarda		

Sumit CA Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
CA. Sumit L. Sarda		

Sumit CA Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
CA. Sumit L. Sarda		

Sumit CA Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
PBT	580000	375000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
PBT	580000	375000
Tax@40%	232000	150000
CA. Sumit L. Sarda		

Sumit CA Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
PBT	580000	375000
Tax@40%	232000	150000
PAT	348000	225000
CA. Sumit L. Sarda		

Sumit CA Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
PBT	580000	375000
Tax@40%	232000	150000
PAT	348000	225000
Less: Preference Dividend		80000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
PBT	580000	375000
Tax@40%	232000	150000
PAT	348000	225000
Less: Preference Dividend		80000
Profits available for equity shareholders	348000	145000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
PBT	580000	375000
Tax@40%	232000	150000
PAT	348000	225000
Less: Preference Dividend		80000
Profits available for equity shareholders	348000	145000
PE multiple	15	10
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
PBT	580000	375000
Tax@40%	232000	150000
PAT	348000	225000
Less: Preference Dividend		80000
Profits available for equity shareholders	348000	145000
PE multiple	15	10
Total consideration	5220000	1450000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q20. Purchase Consideration

Particulars	White	Black
PBIT	600000	440000
Less: undervaluation of opening stock		(25000)
Overstatement of closing stock	(20000)	
	580000	415000
Debenture Interest		40000
PBT	580000	375000
Tax@40%	232000	150000
PAT	348000	225000
Less: Preference Dividend		80000
Profits available for equity shareholders	348000	145000
PE multiple	15	10
Total consideration	5220000	1450000
Shares to be issued	417600	116000

CA. Sumit L. Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	
Equity dividend from subsidiaries	174000
300000 * 10 * 5%	
120000 * 10 * 5%	
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	
Equity dividend from subsidiaries	174000
300000 * 10 * 5%	
120000 * 10 * 2%	
Preference dividend from Black Ltd.	20000
100000 * 10 * 8% * 3/12	
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	
Equity dividend from subsidiaries	174000
300000 * 10 * 5%	
120000 * 10 * 2%	
Preference dividend from Black Ltd.	20000
100000 * 10 * 8% * 3/12	
Debenture interest from Black Ltd.	10000
80000 * 10 * 5% * 3/12	
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	
Equity dividend from subsidiaries	174000
300000 * 10 * 5%	
120000 * 10 * 2%	
Preference dividend from Black Ltd.	20000
100000 * 10 * 8% * 3/12	
Debenture interest from Black Ltd.	10000
80000 * 10 * 5% * 3/12	
Profit from trading in futures	84,00,000
2000000 * 10 * 140% * 18% * 100/60	
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	
Equity dividend from subsidiaries	174000
300000 * 10 * 5%	
120000 * 10 * 2%	
Preference dividend from Black Ltd.	20000
100000 * 10 * 8% * 3/12	
Debenture interest from Black Ltd.	10000
80000 * 10 * 5% * 3/12	
Profit from trading in futures	84,00,000
2000000 * 10 * 140% * 18% * 100/60	
	86,04,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	86,04,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	86,04,000
Expenses	
Working expenses	200000
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	86,04,000
Expenses	
Working expenses	200000
Interest on OD	31250
1500000 * 12.5% * 2/12	
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	86,04,000
Expenses	
Working expenses	200000
Interest on OD	31250
1500000 * 12.5% * 2/12	
Interest on debentures	10000
80000 * 10 * 5% * 3/12	
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	86,04,000
Expenses	
Working expenses	200000
Interest on OD	31250
1500000 * 12.5% * 2/12	
Interest on debentures	10000
80000 * 10 * 5% * 3/12	
	2,41,250
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	86,04,000
Expenses	
Working expenses	200000
Interest on OD	31250
1500000 * 12.5% * 2/12	
Interest on debentures	10000
80000 * 10 * 5% * 3/12	
	2,41,250
PBT	83,62,750
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q20. tax expense

Particulars	Amount
Revenue	83,62,750
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. tax expense

Particulars	Amount
Revenue	83,62,750
Less: exempt income	194000
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. tax expense

Particulars	Amount
Revenue	83,62,750
Less: exempt income	194000
Less: preliminary exp w/off	120000
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. tax expense

Particulars	Amount
Revenue	83,62,750
Less: exempt income	194000
Less: preliminary exp w/off	120000
Taxable income	80,48,750
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. tax expense

Particulars	Amount
Revenue	83,62,750
Less: exempt income	194000
Less: preliminary exp w/off	120000
Taxable income	80,48,750
Tax provision @ 40%	3219500
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	86,04,000
Expenses	
Working expenses	200000
Interest on OD	31250
1500000 * 12.5% * 2/12	
Interest on debentures	10000
80000 * 10 * 5% * 3/12	
	2,41,250
PBT	83,62,750
Tax	32,19,500
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q20. Profit statement of Big Ltd.

Particulars	Amount
Revenue	86,04,000
Expenses	
Working expenses	200000
Interest on OD	31250
1500000 * 12.5% * 2/12	
Interest on debentures	10000
80000 * 10 * 5% * 3/12	
	2,41,250
PBT	83,62,750
Tax	32,19,500
Profit for the period	51,43,250

CA. Sumit L. Sarda

Q20. Bank account

Particulars	Amount
Profit before tax	83,62,750
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Bank account

Particulars	Amount
Profit before tax	83,62,750
Less: Preference dividend	20000
100000 * 10 * 8% * 3/12	
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. Bank account

Particulars	Amount
Profit before tax	83,62,750
Less: Preference dividend	20000
100000 * 10 * 8% * 3/12	
Less: Interim dividend	1,86,760
(417600 + 116000) * 10 * 3.5%	
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Bank account

Particulars	Amount
Profit before tax	83,62,750
Less: Preference dividend	20000
100000 * 10 * 8% * 3/12	
Less: Interim dividend	1,86,760
(417600 + 116000) * 10 * 3.5%	
	81,55,990
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Bank account

Particulars	Amount
Profit before tax	83,62,750
Less: Preference dividend	20000
100000 * 10 * 8% * 3/12	
Less: Interim dividend	1,86,760
(417600 + 116000) * 10 * 3.5%	
	81,55,990
Preliminary exp	12,00,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Bank account

Particulars	Amount
Profit before tax	83,62,750
Less: Preference dividend	20000
100000 * 10 * 8% * 3/12	
Less: Interim dividend	1,86,760
(417600 + 116000) * 10 * 3.5%	
	81,55,990
Preliminary exp	12,00,000
Proceeds from private placement	2,80,00,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Bank account

Particulars	Amount
Profit before tax	83,62,750
Less: Preference dividend	20000
100000 * 10 * 8% * 3/12	
Less: Interim dividend	1,86,760
(417600 + 116000) * 10 * 3.5%	
	81,55,990
Preliminary exp	12,00,000
Proceeds from private placement	2,80,00,000
	3,49,55,990
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Share Capital

Particulars	Amount
Issued to white 417600 * 10	4176000
Issued to Black 116000 * 10	1160000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Share Capital

Particulars	Amount
Issued to white 417600 * 10	4176000
Issued to Black 116000 * 10	1160000
Private placement 2000000 * 10	20000000
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. Share Capital

Particulars	Amount
Issued to white 417600 * 10	4176000
Issued to Black 116000 * 10	1160000
Private placement 2000000 * 10	20000000
	25336000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Share Capital

Particulars	**Amount**
Issued to white 417600 * 10	4176000
Issued to Black 116000 * 10	1160000
Private placement 2000000 * 10	20000000
	25336000
8% Preference shares	10,00,000
100000 * 10	
	2,63,36,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
White 417600 * 2.5	1044000
Black 116000 * 2.5	290000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
White 417600 * 2.5	1044000
Black 116000 * 2.5	290000
Private Placement 2000000 * 4	80,00,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
White 417600 * 2.5	1044000
Black 116000 * 2.5	290000
Private Placement 2000000 * 4	80,00,000
	93,34,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
White 417600 * 2.5	1044000
Black 116000 * 2.5	290000
Private Placement 2000000 * 4	80,00,000
	93,34,000
Profits	51,43,250
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
White 417600 * 2.5	1044000
Black 116000 * 2.5	290000
Private Placement 2000000 * 4	80,00,000
	93,34,000
Profits	51,43,250
Less: Preference dividend	20000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
White 417600 * 2.5	1044000
Black 116000 * 2.5	290000
Private Placement 2000000 * 4	80,00,000
	93,34,000
Profits	51,43,250
Less: Preference dividend	20000
Less: Interim dividend	186760
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
White 417600 * 2.5	1044000
Black 116000 * 2.5	290000
Private Placement 2000000 * 4	80,00,000
	93,34,000
Profits	51,43,250
Less: Preference dividend	20000
Less: Interim dividend	186760
	49,36,490
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Reserves and Surplus

Particulars	Amount
Share Premium	
White 417600 * 2.5	1044000
Black 116000 * 2.5	290000
Private Placement 2000000 * 4	80,00,000
	93,34,000
Profits	51,43,250
Less: Preference dividend	20000
Less: Interim dividend	186760
	49,36,490
	1,30,70,490
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q20. Investments

Particulars	Amount
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Investments

Particulars	Amount
Equity of White	52,20,000
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. Investments

Particulars	Amount
Equity of White	52,20,000
Equity of Black	14,50,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Investments

Particulars	Amount
Equity of White	52,20,000
Equity of Black	14,50,000
Preference shares of Black	10,00,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Investments

Particulars	Amount
Equity of White	52,20,000
Equity of Black	14,50,000
Preference shares of Black	10,00,000
Debentures of Black	8,00,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Investments

Particulars	Amount
Equity of White	52,20,000
Equity of Black	14,50,000
Preference shares of Black	10,00,000
Debentures of Black	8,00,000
	84,70,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Balance Sheet

Particulars	Amount
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Balance Sheet

Particulars	Amount
Share Capital	2,63,36,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Balance Sheet

Particulars	Amount
Share Capital	2,63,36,000
R&S	1,30,70,490
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q20. Balance Sheet

Particulars	Amount
Share Capital	2,63,36,000
R&S	1,30,70,490
5% Debentures	8,00,000
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. Balance Sheet

Particulars	**Amount**
Share Capital	2,63,36,000
R&S	1,30,70,490
5% Debentures	8,00,000
Tax Provision	32,19,500
	4,34,25,990
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. Balance Sheet

Particulars	**Amount**
Share Capital	2,63,36,000
R&S	1,30,70,490
5% Debentures	8,00,000
Tax Provision	32,19,500
	4,34,25,990
Investments	84,70,000
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q20. Balance Sheet

Particulars	**Amount**
Share Capital	2,63,36,000
R&S	1,30,70,490
5% Debentures	8,00,000
Tax Provision	32,19,500
	4,34,25,990
Investments	84,70,000
Bank balance	3,49,55,990
	4,34,25,990
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q21. Computation of consideration

Particulars	H
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q21. Computation of consideration

Particulars	H
Assets	130
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q21. Computation of consideration

Particulars	H
Assets	130
Liabilities	25
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q21. Computation of consideration

Particulars	H
Assets	130
Liabilities	25
	105
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q21. Computation of consideration

Particulars	H
Assets	130
Liabilities	25
	105
No. of shares	2.5
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q21. Computation of consideration

Particulars	**H**
Assets	130
Liabilities	25
	105
No. of shares	2.5
Price per share	42
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Computation of consideration

Particulars	**H**
Assets	130
Liabilities	25
	105
No. of shares	2.5
Price per share	42/-
Shares already held	2
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Computation of consideration

Particulars	**H**
Assets	130
Liabilities	25
	105
No. of shares	2.5
Price per share	42/-
Shares already held	2
Shares held by outsiders	0.5
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Computation of consideration

Particulars	**H**
Assets	130
Liabilities	25
	105
No. of shares	2.5
Price per share	42/-
Shares already held	2
Shares held by outsiders	0.5
Purchase consideration	21
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Computation of consideration

Particulars	**H**
Assets	130
Liabilities	25
	105
No. of shares	2.5
Price per share	42/-
Shares already held	2
Shares held by outsiders	0.5
Purchase consideration	21
Issue price per share	100
CA. Sumit L. Sarda	

Sumit CA. Sarda Sumit CA. Sarda

Q21. Computation of consideration

Particulars	**H**
Assets	130
Liabilities	25
	105
No. of shares	2.5
Price per share	42/-
Shares already held	2
Shares held by outsiders	0.5
Purchase consideration	21
Issue price per share	100
Shares allotted	**21 lakhs**
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q21. Computation of consideration

Particulars	**H**
Assets	130
Liabilities	25
	105
No. of shares	2.5
Price per share	42/-
Shares already held	2
Shares held by outsiders	0.5
Purchase consideration	21
Issue price per share	100
Shares allotted	**21 lakhs**
Share Capital	**2.1 crore**
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Computation of consideration

Particulars	**H**
Assets	130
Liabilities	25
	105
No. of shares	2.5
Price per share	42/-
Shares already held	2
Shares held by outsiders	0.5
Purchase consideration	21
Issue price per share	100
Shares allotted	**21 lakhs**
Share Capital	2.1 crore
Share Premium	18.9 crore

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda
CA. Sumit L. Sarda

Q21. Goodwill / CR

Particulars	H
Fixed Assets	40
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	H
Fixed Assets	40
Current Assets	300
	340
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
10% debentures	25
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
10% debentures	25
	225
CA. Sumit L. Sarda	

Sumit CA. Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
10% debentures	25
	225
Net Assets	115
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
10% debentures	25
	225
Net Assets	115
Purchase consideration	21
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
10% debentures	25
	225
Net Assets	115
Purchase consideration	21
Investments in H	32
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
10% debentures	25
	225
Net Assets	115
Purchase consideration	21
Investments in H	32
CR	62
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
10% debentures	25
	225
Net Assets	115
Purchase consideration	21
Investments in H	32
CR	62
Difference of investment in debentures 25-24	1

Sumit CA. Sumit CA. Sarda Sarda

Q21. Goodwill / CR

Particulars	**H**
Fixed Assets	40
Current Assets	300
	340
Current liabilities	200
10% debentures	25
	225
Net Assets	115
Purchase consideration	21
Investments in H	32
CR	62
Difference of investment in debentures 25-24	1
CR	63

CA. Sumit L. Sarda

Q22. Intrinsic Value

Particulars	O Ltd.	P Ltd.
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q22. Intrinsic Value

Particulars	O Ltd.	P Ltd.
Fixed Assets	110	50
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q22. Intrinsic Value

Particulars	O Ltd.	P Ltd.
Fixed Assets	110	50
Investments		30
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q22. Intrinsic Value

Particulars	O Ltd.	P Ltd.
Fixed Assets	110	50
Investments		30
Current Assets	40.25	3.25
CA. Sumit L. Sarda		

Sumit CA. Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments		30
Current Assets	40.25	3.25
		83.25
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments		30
Current Assets	40.25	3.25
		83.25
12% debentures	11	5.5
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments		30
Current Assets	40.25	3.25
		83.25
12% debentures	11	5.5
Creditors	8	2.75
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments		30
Current Assets	40.25	3.25
		83.25
12% debentures	11	5.5
Creditors	8	2.75
	19	8.25
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments		30
Current Assets	40.25	3.25
		83.25
12% debentures	11	5.5
Creditors	8	2.75
	19	**8.25**
		75
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments		30
Current Assets	40.25	3.25
		83.25
12% debentures	11	5.5
Creditors	8	2.75
	19	**8.25**
		75
No. of equity shares	2.5	5

CA. Sumit L. Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments		30
Current Assets	40.25	3.25
		83.25
12% debentures	11	5.5
Creditors	8	2.75
	19	**8.25**
		75
No. of equity shares	2.5	5
Intrinsic Value		15
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q22. Intrinsic Value

Particulars	O Ltd.	P Ltd.
Fixed Assets	110	50
Investments 125000 * 15	18.75	30
Current Assets	40.25	3.25
		83.25
12% debentures	11	5.5
Creditors	8	2.75
	19	**8.25**
		75
No. of equity shares	2.5	5
Intrinsic Value		15
CA. Sumit L. Sarda		

Sumit CA Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments 125000 * 15	18.75	30
Current Assets	40.25	3.25
	169	**83.25**
12% debentures	11	5.5
Creditors	8	2.75
	19	**8.25**
		75
No. of equity shares	2.5	5
Intrinsic Value		15

CA. Sumit L. Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments 125000 * 15	18.75	30
Current Assets	40.25	3.25
	169	**83.25**
12% debentures	11	5.5
Creditors	8	2.75
	19	**8.25**
	150	**75**
No. of equity shares	2.5	5
Intrinsic Value		15

CA. Sumit L. Sarda

Q22. Intrinsic Value

Particulars	**O Ltd.**	**P Ltd.**
Fixed Assets	110	50
Investments 125000 * 15	18.75	30
Current Assets	40.25	3.25
	169	**83.25**
12% debentures	11	5.5
Creditors	8	2.75
	19	**8.25**
	150	**75**
No. of equity shares	2.5	5
Intrinsic Value	60	15
CA. Sumit L. Sarda		

Sumit CA Sarda

Q22. Purchase consideration

Particulars	P
Shares	5,00,000

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Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000

Sumit CA. Sumit CA. Sarda Sarda

Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000
Held with outsiders	375000

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Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000
Held with outsiders	375000
Intrinsic Value	15

CA. Sumit L. Sarda

Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000
Held with outsiders	375000
Intrinsic Value	15
Purchase Consideration	5625000

CA. Sumit L. Sarda

Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000
Held with outsiders	375000
Intrinsic Value	15
Purchase Consideration	5625000
Intrinsic Value per share	60

CA. Sumit L. Sarda

Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000
Held with outsiders	375000
Intrinsic Value	15
Purchase Consideration	5625000
Intrinsic Value per share	60
No. of shares	93750

CA. Sumit L. Sarda

Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000
Held with outsiders	375000
Intrinsic Value	15
Purchase Consideration	5625000
Intrinsic Value per share	60
No. of shares	93750
Share Capital	937500

CA. Sumit L. Sarda

Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000
Held with outsiders	375000
Intrinsic Value	15
Purchase Consideration	5625000
Intrinsic Value per share	60
No. of shares	93750
Share Capital	937500
Share Premium	4687500

CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	P

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Q22. Capital Reserve

Particulars	P
Fixed Assets	50,00,000

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Q22. Capital Reserve

Particulars	P
Fixed Assets	50,00,000
Investments	30,00,000

CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	P
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000

Sumit CA. Sumit CA. Sumit CA.
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CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	**P**
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000
12% Debentures	5,50,000

CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	**P**
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000
12% Debentures	5,50,000
Creditors	2,75,000

CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	**P**
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000
12% Debentures	5,50,000
Creditors	2,75,000
	8,25,000

CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	**P**
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000
12% Debentures	5,50,000
Creditors	2,75,000
	8,25,000
	75,00,000

CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	P
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000
12% Debentures	5,50,000
Creditors	2,75,000
	8,25,000
	75,00,000
Purchase Consideration	56,25,000

CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	P
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000
12% Debentures	5,50,000
Creditors	2,75,000
	8,25,000
	75,00,000
Purchase Consideration	56,25,000
Investments	16,25,000

CA. Sumit L. Sarda

Q22. Capital Reserve

Particulars	**P**
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000
12% Debentures	5,50,000
Creditors	2,75,000
	8,25,000
	75,00,000
Purchase Consideration	56,25,000
Investments	16,25,000
CR	2,50,000

CA. Sumit L. Sarda

Q23. Computation of Purchase Consideration

Particulars	Y
Average yield of Y (12 + 18 + 24)/3	18

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Q23. Computation of Purchase Consideration

Particulars	Y
Average yield of Y (12 + 18 + 24)/3	18
50% of 18	9

Sumit CA. Sumit CA. Sarda Sarda

Q23. Computation of Purchase Consideration

Particulars	Y
Average yield of Y (12 + 18 + 24)/3	18
50% of 18	9
Capitalization rate	15%

Sumit CA. Sumit CA. Sarda Sarda

Q23. Computation of Purchase Consideration

Particulars	Y
Average yield of Y (12 + 18 + 24)/3	18
50% of 18	9
Capitalization rate	15%
Value of Y Ltd.	60 lakhs

Sumit CA. Sumit CA. Sarda Sarda

Q23. Computation of Purchase Consideration

Particulars	**Y**
Average yield of Y (12 + 18 + 24)/3	18
50% of 18	9
Capitalization rate	15%
Value of Y Ltd.	60 lakhs
No. of shares	1 lakh

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q23. Computation of Purchase Consideration

Particulars	**Y**
Average yield of Y (12 + 18 + 24)/3	18
50% of 18	9
Capitalization rate	15%
Value of Y Ltd.	60 lakhs
No. of shares	1 lakh
Price per share	60/-

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q23. Computation of Purchase Consideration

Particulars	**Y**
Average yield of Y (12 + 18 + 24)/3	18
50% of 18	9
Capitalization rate	15%
Value of Y Ltd.	60 lakhs
No. of shares	1 lakh
Price per share	60/-
Shares held by foreign party	40,000

Sumit CA. Sumit CA. Sarda Sarda

Q23. Computation of Purchase Consideration

Particulars	**Y**
Average yield of Y (12 + 18 + 24)/3	18
50% of 18	9
Capitalization rate	15%
Value of Y Ltd.	60 lakhs
No. of shares	1 lakh
Price per share	60/-
Shares held by foreign party	40,000
Purchase Consideration	24 lakhs

Sumit CA. Sumit CA. Sarda Sarda

Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sar

Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs
Less: CoA	4.4 lakhs

Sumit CA. Sumit CA. Sarda Sarda

Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs
Less: CoA	4.4 lakhs
Capital Gain	19.6 lakhs

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs
Less: CoA	4.4 lakhs
Capital Gain	19.6 lakhs
Tax payable	3.92 lakhs

Sumit CA. Sumit CA. Sumit CA.
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Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs
Less: CoA	4.4 lakhs
Capital Gain	19.6 lakhs
Tax payable	3.92 lakhs
Net consideration payable 24 – 3.92	20.08

CA. Sumit L. Sarda

Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs
Less: CoA	4.4 lakhs
Capital Gain	19.6 lakhs
Tax payable	3.92 lakhs
Net consideration payable 24 – 3.92	20.08
50% remitted immediately	10.04

Sumit CA. Sumit CA. Sarda Sarda

Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs
Less: CoA	4.4 lakhs
Capital Gain	19.6 lakhs
Tax payable	3.92 lakhs
Net consideration payable 24 – 3.92	20.08 lakhs
50% remitted immediately	10.04 lakhs
Balance in X Ltd. shares	10.04 lakhs

Sumit CA. Sumit CA. Sarda Sarda

Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60
Investments 60000 * 60	36

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sarda

Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35

Sumit CA. Sarda

Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. IV of X Ltd.

Particulars	**Amount**
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39
	200

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. IV of X Ltd.

Particulars	**Amount**
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39
	200
Less: Secured Loans	20

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. IV of X Ltd.

Particulars	**Amount**
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39
	200
Less: Secured Loans	20
Less: Current Liabilities	30

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. IV of X Ltd.

Particulars	**Amount**
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39
	200
Less: Secured Loans	20
Less: Current Liabilities	30
	150

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. IV of X Ltd.

Particulars	**Amount**
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39
	200
Less: Secured Loans	20
Less: Current Liabilities	30
	150
No. of shares	5

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. IV of X Ltd.

Particulars	**Amount**
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39
	200
Less: Secured Loans	20
Less: Current Liabilities	30
	150
No. of shares	5
Value per share	30/-

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. Shares alloted

Particulars	Amount
Amount due	10.04 lakhs

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q23. Shares alloted

Particulars	Amount
Amount due	10.04 lakhs
Value per share	30

Sumit CA. Sumit CA. Sarda Sarda

Q23. Shares alloted

Particulars	Amount
Amount due	10.04 lakhs
Value per share	30
Shares to be allotted	33,466

Sumit CA. Sumit CA. Sarda Sarda

Q23. Shares alloted

Particulars	Amount
Amount due	10.04 lakhs
Value per share	30
Shares to be allotted	33,466
Cash payment	20

Sumit CA. Sumit CA. Sarda Sarda

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2

Sumit CA. Sumit CA. Sumit CA.
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Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5

Sumit CA. Sarda

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2

CA. Sumit L. Sarda

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2
Less: Secured Loan	2.5

CA. Sumit L. Sarda

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2
Less: Secured Loan	2.5
Less: CL	2.5

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2
Less: Secured Loan	2.5
Less: CL	2.5
Net Assets	**43.20**

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2
Less: Secured Loan	2.5
Less: CL	2.5
Net Assets	**43.20**
Purchase Consideration	24.00

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2
Less: Secured Loan	2.5
Less: CL	2.5
Net Assets	**43.20**
Purchase Consideration	24.00
Investments held	6

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2
Less: Secured Loan	2.5
Less: CL	2.5
Net Assets	**43.20**
Purchase Consideration	24.00
Investments held	6
CR	**13.20**

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2
Less: Secured Loan	2.5
Less: CL	2.5
Net Assets	**43.20**
Purchase Consideration	24.00
Investments held	6
CR	**13.20**
Less: Adjustment of stock unrealized profit	**0.25 lakhs**

CA. Sumit L. Sarda

Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2
Less: Secured Loan	2.5
Less: CL	2.5
Net Assets	**43.20**
Purchase Consideration	24.00
Investments held	6
CR	**13.20**
Less: Adjustment of stock unrealized profit	**0.25 lakhs**
	12.95

CA. Sumit L. Sarda

Q23. Cash bank balance

Particulars	Amount
Balance in X	39 lakhs
Balance in Y	2 lakhs

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q23. Cash bank balance

Particulars	Amount
Balance in X	39 lakhs
Balance in Y	2 lakhs
50% consideration paid	10.04 lakhs

Sumit CA. Sumit CA. Sarda Sarda

Q23. Cash bank balance

Particulars	Amount
Balance in X	39 lakhs
Balance in Y	2 lakhs
50% consideration paid	10.04 lakhs
TDS paid	3.92 lakhs

CA. Sumit L. Sarda

Q23. Cash bank balance

Particulars	Amount
Balance in X	39 lakhs
Balance in Y	2 lakhs
50% consideration paid	10.04 lakhs
TDS paid	3.92 lakhs
Fractional cash	Rs.20

Sumit CA. Sumit CA. Sumit CA.
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Q23. Cash bank balance

Particulars	Amount
Balance in X	39 lakhs
Balance in Y	2 lakhs
50% consideration paid	10.04 lakhs
TDS paid	3.92 lakhs
Fractional cash	Rs.20
Closing balance	27,03,980

Sumit CA. Sumit CA. Sarda Sarda

Q23. Share Capital

Particulars	Amount
Shares held	50 lakhs

Sumit CA. Sarda

Q23. Share Capital

Particulars	Amount
Shares held	50 lakhs
Fresh shares issued for consideration other than cash	3.3466

CA. Sumit L. Sarda

Q23. Share Capital

Particulars	Amount
Shares held	50 lakhs
Fresh shares issued for consideration other than cash	3.3466
TOTAL	53,34,660

CA. Sumit L. Sarda

Q23. Share Capital

Particulars	**Amount**
Shares held	50 lakhs
Fresh shares issued for consideration other than cash	3.3466
TOTAL	53,34,660
Reserves and Surplus	

CA. Sumit L. Sarda

Q23. Share Capital

Particulars	**Amount**
Shares held	50 lakhs
Fresh shares issued for consideration other than cash	3.3466
TOTAL	53,34,660
Reserves and Surplus	
Capital Reserve	12,95,000

CA. Sumit L. Sarda

Q23. Share Capital

Particulars	**Amount**
Shares held	50 lakhs
Fresh shares issued for consideration other than cash	3.3466
TOTAL	53,34,660
Reserves and Surplus	
Capital Reserve	12,95,000
Securities premium 33466 * 20	6,69,320

CA. Sumit L. Sarda

Q23. Share Capital

Particulars	**Amount**
Shares held	50 lakhs
Fresh shares issued for consideration other than cash	3.3466
TOTAL	53,34,660
Reserves and Surplus	
Capital Reserve	12,95,000
Securities premium 33466 * 20	6,69,320
General Reserves	50,00,000

CA. Sumit L. Sarda

Q23. Share Capital

Particulars	**Amount**
Shares held	50 lakhs
Fresh shares issued for consideration other than cash	3.3466
TOTAL	53,34,660
Reserves and Surplus	
Capital Reserve	12,95,000
Securities premium 33466 * 20	6,69,320
General Reserves	50,00,000
Surplus	20,00,000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q23. Share Capital

Particulars	**Amount**
Shares held	50 lakhs
Fresh shares issued for consideration other than cash	3.3466
TOTAL	53,34,660
Reserves and Surplus	
Capital Reserve	12,95,000
Securities premium 33466 * 20	6,69,320
General Reserves	50,00,000
Surplus	20,00,000
	89,64,320

Sumit CA. Sumit CA. Sarda Sarda

Q24. Profits

Particulars	Big	Small
Opening	200000	100000

Sumit CA. Sumit CA. Sumit CA.
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Q24. Profits

Particulars	Big	Small
Opening	200000	100000
Profits for half year	102500	54000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sarda

Q24. Profits

Particulars	Big	Small
Opening	200000	100000
Profits for half year	102500	54000
Less: equity dividend	120000	45000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Profits

Particulars	Big	Small
Opening	200000	100000
Profits for half year	102500	54000
Less: equity dividend	120000	45000
Add: dividend income on 6000 shares	9000	-

Sumit CA. Sumit CA. Sarda Sarda

Q24. Profits

Particulars	Big	Small
Opening	200000	100000
Profits for half year	102500	54000
Less: equity dividend	120000	45000
Add: dividend income on 6000 shares	9000	-
	191500	**109000**

Sumit CA. Sumit CA. Sarda Sarda

Q24. Depreciation

Particulars	Big	Small
Building	200000	100000

Sumit CA. Sarda

Q24. Depreciation

Particulars	Big	Small
Building	200000	100000
Less: depreciation	10000	5000
	190000	**95000**

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sarda

Q24. Depreciation

Particulars	**Big**	**Small**
Building	200000	100000
Less: depreciation	10000	5000
	190000	**95000**
Machinery	500000	300000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sar

Q24. Depreciation

Particulars	**Big**	**Small**
Building	200000	100000
Less: depreciation	10000	5000
	190000	**95000**
Machinery	500000	300000
Less: Depreciation	75000	45000
	425000	**255000**

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sar

Q24. Depreciation

Particulars	**Big**	**Small**
Building	200000	100000
Less: depreciation	10000	5000
	190000	**95000**
Machinery	500000	300000
Less: Depreciation	75000	45000
	425000	**255000**
Furniture	100000	60000

Sumit CA. Sumit CA. Sumit CA.
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Q24. Depreciation

Particulars	**Big**	**Small**
Building	200000	100000
Less: depreciation	10000	5000
	190000	**95000**
Machinery	500000	300000
Less: Depreciation	75000	45000
	425000	**255000**
Furniture	100000	60000
Less: depreciation	10000	6000
	90000	**54000**

Sumit CA. Sumit CA. Sarda Sarda

Q24. Balance Sheet

Particulars	Big	Small
Share Capital	800000	500000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Balance Sheet

Particulars	Big	Small
Share Capital	800000	500000
R&S 250000 + 191500 70000 + 109000	441500	 179000

CA. Sumit L. Sarda

Q24. Balance Sheet

Particulars	Big	Small
Share Capital	800000	500000
R&S 250000 + 191500 70000 + 109000	441500	179000
TP	180000	210000
	1421500	**889000**

CA. Sumit L. Sarda

Q24. Balance Sheet

Particulars	Big	Small
Share Capital	800000	500000
R&S 250000 + 191500 70000 + 109000	441500	179000
TP	180000	210000
	1421500	**889000**
Fixed Assets	705000	404000

CA. Sumit L. Sarda

Q24. Balance Sheet

Particulars	Big	Small
Share Capital	800000	500000
R&S 250000 + 191500 70000 + 109000	441500	 179000
TP	180000	210000
	1421500	**889000**
Fixed Assets	705000	404000
Investments	60000	

CA. Sumit L. Sarda

Q24. Balance Sheet

Particulars	Big	Small
Share Capital	800000	500000
R&S 250000 + 191500 70000 + 109000	441500	179000
TP	180000	210000
	1421500	**889000**
Fixed Assets	705000	404000
Investments	60000	
Inventories	120000	150000

CA. Sumit L. Sarda

Q24. Balance Sheet

Particulars	Big	Small
Share Capital	800000	500000
R&S 250000 + 191500 70000 + 109000	441500	179000
TP	180000	210000
	1421500	**889000**
Fixed Assets	705000	404000
Investments	60000	
Inventories	120000	150000
Cash (Bal Fig)	156500	85000
	1421500	**889000**

CA. Sumit L. Sarda

Q24. Purchase Consideration

Particulars	Small
Goodwill	50,000

Sumit CA. Sarda

Q24. Purchase Consideration

Particulars	Small
Goodwill	50,000
Building	110000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sarda

Q24. Purchase Consideration

Particulars	Small
Goodwill	50,000
Building	110000
Machinery	330000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	Small
Goodwill	50,000
Building	110000
Machinery	330000
Furniture	66000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	Small
Goodwill	50,000
Building	110000
Machinery	330000
Furniture	66000
Stock	150000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	Small
Goodwill	50,000
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	Small
Goodwill	50,000
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000
Cash	85000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	Small
Goodwill	50,000
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000
Cash	85000
Less: Creditors	210000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	**Small**
Goodwill	50,000
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000
Cash	85000
Less: Creditors	210000
Net Assets	**831000**

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	Small
Net Assets	831000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	**Small**
Net Assets	**831000**
Preference shareholders	2,00,000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	**Small**
Net Assets	**831000**
Preference shareholders	2,00,000
Assets related to Equity shareholders	6,31,000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	**Small**
Net Assets	**831000**
Preference shareholders	2,00,000
Assets related to Equity shareholders	6,31,000
Proportionate assets pertaining to outside shareholders (80%)	5,04,800

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	**Small**
Net Assets	**831000**
Preference shareholders	2,00,000
Assets related to Equity shareholders	6,31,000
Proportionate assets pertaining to outside shareholders (80%)	5,04,800
Equity shares @ Rs.15 each	33650

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	**Small**
Net Assets	**831000**
Preference shareholders	2,00,000
Assets related to Equity shareholders	6,31,000
Proportionate assets pertaining to outside shareholders (80%)	5,04,800
Equity shares @ Rs.15 each	33650
Fractional cash	Rs.50

Sumit CA. Sumit CA. Sarda Sarda

Q24. Purchase Consideration

Particulars	**Small**
Net Assets	**831000**
Preference shareholders	2,00,000
Assets related to Equity shareholders	6,31,000
Proportionate assets pertaining to outside shareholders (80%)	5,04,800
Equity shares @ Rs.15 each	33650
Fractional cash	Rs.50
Preference shareholders satisfied by issuing 10% shares at par	2,00,000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Goodwill/ CR

Particulars	Small
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000
Cash	85000
Less: CL	210000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Goodwill/ CR

Particulars	Small
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000
Cash	85000
Less: CL	210000
	781000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Goodwill/ CR

Particulars	Small
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000
Cash	85000
Less: CL	210000
	781000
Purchase Consideration	704800

Sumit CA. Sumit CA. Sarda Sarda

Q24. Goodwill/ CR

Particulars	Small
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000
Cash	85000
Less: CL	210000
	781000
Purchase Consideration	704800
Investments	60000

Sumit CA. Sumit CA. Sarda Sarda

Q24. Goodwill/ CR

Particulars	**Small**
Building	110000
Machinery	330000
Furniture	66000
Stock	150000
Debtors	250000
Cash	85000
Less: CL	210000
	781000
Purchase Consideration	704800
Investments	60000
CR	**16200**

Sumit CA. Sumit CA. Sarda Sarda

Q25. IV

Particulars	Sho	Tham	AN

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20

Sumit CA. Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sar

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600

Sumit CA. Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740

CA. Sumit L. Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Less: Loans	900	1000	700

CA. Sumit L. Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	

CA. Sumit L. Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	
Net Assets			1010

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Investment n AN		1010	
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	
Net Assets			1010

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Investment n AN		1010	
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	
Net Assets	2000	2300	1010

Sumit CA. Sumit CA. Sumit CA.

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Investment n AN		1010	
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	
Net Assets	2000	2300	1010
Shares outstanding	100	80	40

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Investment n AN		1010	
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	
Net Assets	2000	2300	1010
Shares outstanding	100	80	40
IV/ share	20	28.75	25.25

CA. Sumit L. Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Investment n AN		1010	
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	
Net Assets	2000	2300	1010
Shares outstanding	100	80	40
IV/ share	20	28.75	25.25
Shares held by outsiders	60	60	

Sumit CA. Sumit CA. Sarda Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Investment n AN		1010	
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	
Net Assets	2000	2300	1010
Shares outstanding	100	80	40
IV/ share	20	28.75	25.25
Shares held by outsiders	60	60	
Purchase consideration	1200	1725	

Sumit CA. Sumit CA. Sarda Sarda

Q25. IV

Particulars	Sho	Tham	AN
Land	200	100	20
Building	600	150	300
Machinery	960	600	600
Other FA	100	200	50
CA	1040	1252	740
Investment n AN		1010	
Less: Loans	900	1000	700
Less: Contingent Loan 60% of 20		12	
Net Assets	2000	2300	1010
Shares outstanding	100	80	40
IV/ share	20	28.75	25.25
Shares held by outsiders	60	60	
Purchase consideration	1200	1725	
Shares to be issued	60	86.25	

CA. Sumit L. Sarda

Q25. Goodwill/ CR

Particulars	Sho	Tham
Land	200	120
Building	600	450
Machinery	960	1200
Other FA	100	250
CA	1040	1992
Less: Loans	900	1700
Less: Contingent Loan		20

Sumit CA. Sumit CA. Sumit CA.
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CA. Sumit L. Sarda

Q25. Goodwill/ CR

Particulars	Sho	Tham
Land	200	120
Building	600	450
Machinery	960	1200
Other FA	100	250
CA	1040	1992
Less: Loans	900	1700
Less: Contingent Loan		20
	2000	2292

CA. Sumit L. Sarda

Q25. Goodwill/ CR

Particulars	Sho	Tham
Land	200	120
Building	600	450
Machinery	960	1200
Other FA	100	250
CA	1040	1992
Less: Loans	900	1700
Less: Contingent Loan		20
	2000	2292
Business Purchase	1200	1725

CA. Sumit L. Sarda

Q25. Goodwill/ CR

Particulars	Sho	Tham
Land	200	120
Building	600	450
Machinery	960	1200
Other FA	100	250
CA	1040	1992
Less: Loans	900	1700
Less: Contingent Loan		20
	2000	2292
Business Purchase	1200	1725
Investment held	500	300

CA. Sumit L. Sarda

Q25. Goodwill/ CR

Particulars	Sho	Tham
Land	200	120
Building	600	450
Machinery	960	1200
Other FA	100	250
CA	1040	1992
Less: Loans	900	1700
Less: Contingent Loan		20
	2000	2292
Business Purchase	1200	1725
Investment held	500	300
CR	300	267

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments		

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments		
Less: Creditors	150000	95000

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments		
Less: Creditors	150000	95000
Net Assets	**600000**	

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments		
Less: Creditors	150000	95000
Net Assets	**600000**	
Shares	5000	3000

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments		
Less: Creditors	150000	95000
Net Assets	**600000**	
Shares	5000	3000
IV	120	

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments 1000 * 120		120000
Less: Creditors	150000	95000
Net Assets	**600000**	
Shares	5000	3000
IV	120	

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments 1000 * 120		120000
Less: Creditors	150000	95000
Net Assets	**600000**	**375000**
Shares	5000	3000
IV	120	125

CA. Sumit L. Sarda

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments 1000 * 120		120000
Less: Creditors	150000	95000
Net Assets	**600000**	**375000**
Shares	5000	3000
IV	120	125
Shares issuable to shareholders of Zed Ltd. 375000 / 120		3125
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments 1000 * 120		120000
Less: Creditors	150000	95000
Net Assets	**600000**	**375000**
Shares	5000	3000
IV	120	125
Shares issuable to shareholders of Zed Ltd. 375000 / 120		3125
Shares already held		(1000)
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q27. IV

Particulars	**Wye**	**Zed**
Sundry Assets	750000	350000
Investments 1000 * 120		120000
Less: Creditors	150000	95000
Net Assets	**600000**	**375000**
Shares	5000	3000
IV	120	125
Shares issuable to shareholders of Zed Ltd. 375000 / 120		3125
Shares already held		(1000)
Net shares issued		2125
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q27. IV

Particulars	Wye	Zed
Sundry Assets	750000	350000
Investments 1000 * 120		120000
Less: Creditors	150000	95000
Net Assets	**600000**	**375000**
Shares	5000	3000
IV	120	125
Shares issuable to shareholders of Zed Ltd. 375000 / 120		3125
Shares already held		(1000)
Net shares issued		2125
Par value		212500
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q27. Adjustments to reserve

Particulars	Amount
Sundry Assets	350000

Sumit CA. Sumit CA. Sumit CA.
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Q27. Adjustments to reserve

Particulars	Amount
Sundry Assets	350000
Less: Creditors	95000

Sumit CA. Sumit CA. Sumit CA.
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Q27. Adjustments to reserve

Particulars	Amount
Sundry Assets	350000
Less: Creditors	95000
Less: Reserves	55000

Sumit CA. Sumit CA. Sumit CA.
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Q27. Adjustments to reserve

Particulars	**Amount**
Sundry Assets	350000
Less: Creditors	95000
Less: Reserves	55000
Net	**200000**

Sumit CA. Sumit CA. Sarda Sarda

Q27. Adjustments to reserve

Particulars	**Amount**
Sundry Assets	350000
Less: Creditors	95000
Less: Reserves	55000
Net	**200000**
Purchase consideration	212500

Sumit CA. Sumit CA. Sumit CA.
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Q27. Adjustments to reserve

Particulars	**Amount**
Sundry Assets	350000
Less: Creditors	95000
Less: Reserves	55000
Net	**200000**
Purchase consideration	212500
Adjusted to Reserves	12500

Sumit CA. Sumit CA. Sarda Sarda

Q27. Adjustments to reserve

Particulars	**Amount**
Sundry Assets	350000
Less: Creditors	95000
Less: Reserves	55000
Net	**200000**
Purchase consideration	212500
Adjusted to Reserves	12500
Adjusted reserves 55000 - 12500	42500

Sumit CA. Sumit CA. Sarda Sarda

Q27. Adjustments to reserve

Particulars	**Amount**
Sundry Assets	350000
Less: Creditors	95000
Less: Reserves	55000
Net	**200000**
Purchase consideration	212500
Adjusted to Reserves	12500
Adjusted reserves 55000 - 12500	42500
Less: adjustment of stock reserve 30000*20/120	5000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q27. Adjustments to reserve

Particulars	**Amount**
Sundry Assets	350000
Less: Creditors	95000
Less: Reserves	55000
Net	**200000**
Purchase consideration	212500
Adjusted to Reserves	12500
Adjusted reserves 55000 - 12500	42500
Less: adjustment of stock reserve 30000*20/120	5000
Reserves	37500
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q27. Balance Sheet

Particulars	Amount
Share Capital	712500

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q27. Balance Sheet

Particulars	Amount
Share Capital	712500
R&S	137500

Sumit CA. Sumit CA. Sumit CA.
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Q27. Balance Sheet

Particulars	Amount
Share Capital	712500
R&S	137500
Creditors 150000+95000-20000	225000

Sumit CA. Sumit CA. Sarda Sarda

Q27. Balance Sheet

Particulars	Amount
Share Capital	712500
R&S	137500
Creditors 150000+95000-20000	225000
	1075000

Sumit CA. Sumit CA. Sumit CA.
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Q27. Balance Sheet

Particulars	**Amount**
Share Capital	712500
R&S	137500
Creditors 150000+95000-20000	225000
	1075000
Sundry Assets 750000 + 350000 – 20000 - 5000	**1075000**
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q28. IV

Particulars	Ram	Krishna

Sumit CA. Sumit CA. Sumit CA.
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Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
CA	300000	250000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
CA	300000	250000
Less: Liabilities	(400000)	(150000)

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	
Shares	8000	6000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	
Shares	8000	6000
IV	125	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
125 * 1000		125000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	
Shares	8000	6000
IV	125	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
125 * 1000		125000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	1200000
Shares	8000	6000
IV	125	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
125 * 1000		125000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	1200000
Shares	8000	6000
IV	125	200

Sumit CA. Sarda

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
125 * 1000		125000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	1200000
Shares	8000	6000
IV	125	200
Shares to be issued 1200000 / 125		9600
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
125 * 1000		125000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	1200000
Shares	8000	6000
IV	125	200
Shares to be issued 1200000 / 125		9600
Less: shares already held		1000

CA. Sumit L. Sarda

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
125 * 1000		125000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	1200000
Shares	8000	6000
IV	125	200
Shares to be issued 1200000 / 125		9600
Less: shares already held		1000
Shares to be issued		8600

CA. Sumit L. Sarda

Q28. IV

Particulars	Ram	Krishna
Goodwill	400000	200000
FA	500000	750000
Investments	200000	25000
125 * 1000		125000
CA	300000	250000
Less: Liabilities	(400000)	(150000)
Net Assets	1000000	1200000
Shares	8000	6000
IV	125	200
Shares to be issued 1200000 / 125		9600
Less: shares already held		1000
Shares to be issued		8600
Purchase Consideration		1075000

CA. Sumit L. Sarda

Q28. Goodwill

Particulars	Krishna
Goodwill	200000
FA	750000
Investments	25000
CA	250000
Less: Liabilities	(150000)
Net Assets	

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q28. Goodwill

Particulars	Krishna
Goodwill	200000
FA	750000
Investments	25000
CA	250000
Less: Liabilities	(150000)
Net Assets	1075000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q28. Goodwill

Particulars	Krishna
Goodwill	200000
FA	750000
Investments	25000
CA	250000
Less: Liabilities	(150000)
Net Assets	1075000
Less: Stock reserve 80000 * 25/125	16000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q28. Goodwill

Particulars	Krishna
Goodwill	200000
FA	750000
Investments	25000
CA	250000
Less: Liabilities	(150000)
Net Assets	1075000
Less: Stock reserve 80000 * 25/125	16000
	1059000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q28. Goodwill

Particulars	Krishna
Goodwill	200000
FA	750000
Investments	25000
CA	250000
Less: Liabilities	(150000)
Net Assets	1075000
Less: Stock reserve 80000 * 25/125	16000
	1059000
Purchase Consideration	1075000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q28. Goodwill

Particulars	Krishna
Goodwill	200000
FA	750000
Investments	25000
CA	250000
Less: Liabilities	(150000)
Net Assets	1075000
Less: Stock reserve 80000 * 25/125	16000
	1059000
Purchase Consideration	1075000
Goodwill	16000

Sumit CA. Sumit CA. Sarda Sarda

Q28. Goodwill

Particulars	Krishna
Goodwill	200000
FA	750000
Investments	25000
CA	250000
Less: Liabilities	(150000)
Net Assets	1075000
Less: Stock reserve 80000 * 25/125	16000
	1059000
Purchase Consideration	1075000
Goodwill	16000
Share Capital	860000

Sumit CA. Sumit CA. Sarda Sarda

Q28. Goodwill

Particulars	Krishna
Goodwill	200000
FA	750000
Investments	25000
CA	250000
Less: Liabilities	(150000)
Net Assets	1075000
Less: Stock reserve 80000 * 25/125	16000
	1059000
Purchase Consideration	1075000
Goodwill	16000
Share Capital	860000
Share Premium	215000

Sumit CA. Sumit CA. Sarda Sarda

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000

Sumit CA. Sumit CA. Sumit CA.
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Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)
Net Assets	237000

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)
Net Assets	237000
In cash 20000 * 0.50	10000

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)
Net Assets	237000
In cash 20000 * 0.50	10000
In shares	227000

Sumit CA. Sumit CA. Sumit CA.
dar Sarda Sarda Sa

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)
Net Assets	237000
In cash 20000 * 0.50	10000
In shares	227000
No. of shares 227000 / 11	20636

Sumit CA. Sumit CA. Sumit CA.
dar Sarda Sarda Sa

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)
Net Assets	237000
In cash 20000 * 0.50	10000
In shares	227000
No. of shares 227000 / 11	20636
Already held	4000

Sumit CA. Sumit CA. Sumit CA.
dar Sarda Sarda Sa

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)
Net Assets	237000
In cash 20000 * 0.50	10000
In shares	227000
No. of shares 227000 / 11	20636
Already held	4000
To be issued	15636

Sumit CA. Sumit CA. Sumit CA.
dar Sarda Sarda Sa

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)
Net Assets	237000
In cash 20000 * 0.50	10000
In shares	227000
No. of shares 227000 / 11	20636
Already held	4000
To be issued	15636
Fractional cash	4

Sumit CA. Sumit CA. Sumit CA.
dar Sarda Sarda Sa

Q29. Net Assets

Particulars	Amount
Sundry Assets	310000
Loan to A Ltd.	30000
Investments 5000 * 11	55000
Less: Other liabilities	(50000)
7% Debentures taken @ 8% premium	(108000)
Net Assets	237000
In cash 20000 * 0.50	10000
In shares	227000
No. of shares 227000 / 11	20636
Already held	4000
To be issued	15636
Fractional cash	4
Purchase consideration	182000

CA. Sumit L. Sarda

Q29. Balance Sheet

Particulars	Amount
Share Capital 400000 + 156360	556360

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q29. Balance Sheet

Particulars	Amount
Share Capital 400000 + 156360	556360
Reserves and Surplus 100000+15636	115636

CA. Sumit L. Sarda

Q29. Balance Sheet

Particulars	Amount
Share Capital 400000 + 156360	556360
Reserves and Surplus 100000+15636	115636
Long term borrowings 8% Debentures 108000 / 90 * 100	120000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA.
dda Sarda Sarda

Q29. Balance Sheet

Particulars	Amount
Share Capital 400000 + 156360	556360
Reserves and Surplus 100000+15636	115636
Long term borrowings 8% Debentures 108000 / 90 * 100	120000
Current Liabilities 70000 + 50000	120000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sarda Sarda

Q29. Balance Sheet

Particulars	Amount
Share Capital 400000 + 156360	556360
Reserves and Surplus 100000+15636	115636
Long term borrowings 8% Debentures 108000 / 90 * 100	120000
Current Liabilities 70000 + 50000	120000
	911996
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA.
dda Sarda Sarda

Q29. Balance Sheet

Particulars	Amount
Share Capital 400000 + 156360	556360
Reserves and Surplus 100000+15636	115636
Long term borrowings 8% Debentures 108000 / 90 * 100	120000
Current Liabilities 70000 + 50000	120000
	911996
Sundry Assets + 600000 + 310000 – 4	899996
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA.
dd Sarda Sarda Sa

Q29. Balance Sheet

Particulars	Amount
Share Capital 400000 + 156360	556360
Reserves and Surplus 100000+15636	115636
Long term borrowings 8% Debentures 108000 / 90 * 100	120000
Current Liabilities 70000 + 50000	120000
	911996
Sundry Assets + 600000 + 310000 – 4	899996
Discount on debentures	12000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA.
dda Sarda Sarda

Q29. Balance Sheet

Particulars	Amount
Share Capital 400000 + 156360	556360
Reserves and Surplus 100000+15636	115636
Long term borrowings 8% Debentures 108000 / 90 * 100	120000
Current Liabilities 70000 + 50000	120000
	911996
Sundry Assets + 600000 + 310000 – 4	899996
Discount on debentures	12000
	911996
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA.
dd Sarda Sarda

Q30. IV

Particulars	A	B
FA	1000000	50000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. IV

Particulars	A	B
FA	1000000	50000
Debtors	290000	150000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. IV

Particulars	A	B
FA	1000000	50000
Debtors	290000	150000
Stock	480000	210000

Sumit CA. Sumit CA. Sarda Sarda

Q30. IV

Particulars	A	B
FA	1000000	50000
Debtors	290000	150000
Stock	480000	210000
Cash	140000	90000

Sumit CA. Sarda

Q30. IV

Particulars	A	B
FA	1000000	50000
Debtors	290000	150000
Stock	480000	210000
Cash	140000	90000
Dividend 3000 * 100 * 10%		30000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. IV

Particulars	A	B
FA	1000000	50000
Debtors	290000	150000
Stock	480000	210000
Cash	140000	90000
Dividend 3000 * 100 * 10%		30000
Less: 10% debentures	-	(300000)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q30. IV

Particulars	A	B
FA	1000000	50000
Debtors	290000	150000
Stock	480000	210000
Cash	140000	90000
Dividend 3000 * 100 * 10%		30000
Less: 10% debentures	-	(300000)
CL	(200000)	(90000)

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q30. IV

Particulars	A	B
FA	1000000	50000
Debtors	290000	150000
Stock	480000	210000
Cash	140000	90000
Dividend 3000 * 100 * 10%		30000
Less: 10% debentures	-	(300000)
CL	(200000)	(90000)
Proposed dividend	(150000)	-

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q30. IV

Particulars	**A**	**B**
FA	1000000	50000
Debtors	290000	150000
Stock	480000	210000
Cash	140000	90000
Dividend 3000 * 100 * 10%		30000
Less: 10% debentures	-	(300000)
CL	(200000)	(90000)
Proposed dividend	(150000)	-
	1560000	**140000**

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Calculation

- A = 1560000 + 0.2B
- B = 140000 + 0.2A
- Replace B above in first equation
- A = 1560000 + 0.2(140000 + 0.2A)
- A = 1560000 + 28000 + 0.04A
- 0.96A = 1588000
- A = 1654167
- B = 140000 + 0.2(1654167)
- B = 470833

Sumit CA. Sumit CA. Sarda Sarda Sa

Q30. IV

Particulars	A	B
Value of business	1654167	470833

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. IV

Particulars	A	B
Value of business	1654167	470833
Shares	15000	5000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. IV

Particulars	A	B
Value of business	1654167	470833
Shares	15000	5000
Value per share	110	94

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Purchase consideration

Particulars	
Total no. of B share	5000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q30. Purchase consideration

Particulars	
Total no. of B share	5000
Already held by A	1000

Sumit C.A. Sumit C.A. Sarda Sarda

Q30. Purchase consideration

Particulars	
Total no. of B share	5000
Already held by A	1000
Shares held by outsiders	4000

Sumit C.A. Sumit C.A. Sumit C.A.
da Sarda Sarda Sa

Q30. Purchase consideration

Particulars	
Total no. of B share	5000
Already held by A	1000
Shares held by outsiders	4000
Value of above shares 4000 * 94	376000
No. of shares of A Ltd. to be issued at IV 376000 / 110	3418
CA. Sumit L. Sarda	

Sumit C.A. Sumit CA. Sumit CA. Sarda Sarda

Q30. Purchase consideration

Particulars	
Total no. of B share	5000
Already held by A	1000
Shares held by outsiders	4000
Value of above shares 4000 * 94	376000
No. of shares of A Ltd. to be issued at IV 376000 / 110	3418
Already held by B	(3000)
CA. Sumit L. Sarda	

Sumit C.A. Sumit CA. Sumit CA. Sarda Sarda

Q30. Purchase consideration

Particulars	
Total no. of B share	5000
Already held by A	1000
Shares held by outsiders	4000
Value of above shares 4000 * 94	376000
No. of shares of A Ltd. to be issued at IV 376000 / 110	3418
Already held by B	(3000)
Shares to be issued	418
CA. Sumit L. Sarda	

Sumit C.A. Sumit CA. Sumit C.A. Sarda Sarda

Q30. Purchase consideration

Particulars	
Total no. of B share	5000
Already held by A	1000
Shares held by outsiders	4000
Value of above shares 4000 * 94	376000
No. of shares of A Ltd. to be issued at IV 376000 / 110	3418
Already held by B	(3000)
Shares to be issued	418
Purchase Consideration	45980
CA. Sumit L. Sarda	

Sumit L. Sarda

Q30. Adjustment to reserve

Particulars	
FA	50000
Debtors	150000
Stock	210000
Cash	90000
Dividend 3000 * 100 * 10%	30000
Less: 10% debentures	(300000)
CL	(90000)
	140000

Sumit CA. Sumit CA. Sarda Sarda

Q30. Adjustment to reserve

Particulars	
FA	50000
Debtors	150000
Stock	210000
Cash	90000
Dividend 3000 * 100 * 10%	30000
Less: 10% debentures	(300000)
CL	(90000)
	140000
Shares issued	45980

Sumit CA. Sumit CA. Sarda Sarda

Q30. Adjustment to reserve

Particulars	
FA	50000
Debtors	150000
Stock	210000
Cash	90000
Dividend 3000 * 100 * 10%	30000
Less: 10% debentures	(300000)
CL	(90000)
	140000
Shares issued	45980
Investments 94 * 1000	94000

Sumit CA. Sumit CA. Sarda Sarda

Q30. Adjustment to reserve

Particulars	
FA	50000
Debtors	150000
Stock	210000
Cash	90000
Dividend 3000 * 100 * 10%	30000
Less: 10% debentures	(300000)
CL	(90000)
	140000
Shares issued	45980
Investments 94 * 1000	94000
	139980

Sumit CA. Sumit CA. Sarda Sarda

Q30. Adjustment to reserve

Particulars	
FA	50000
Debtors	150000
Stock	210000
Cash	90000
Dividend 3000 * 100 * 10%	30000
Less: 10% debentures	(300000)
CL	(90000)
	140000
Shares issued	45980
Investments 94 * 1000	94000
	139980
P&L taken over	20

Sumit CA. Sumit CA. Sarda Sarda

Q30. R&S

Particulars	
Securities premium	4180

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. R&S

Particulars	
Securities premium	4180
GR	200000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q30. R&S

Particulars	
Securities premium	4180
GR	200000
P&L 160000-150000-56000 (Loss in Investments in B) +20 – 12000 (Stock Reserve)	(57980)

CA. Sumit L. Sarda

Q30. R&S

Particulars	
Securities premium	4180
GR	200000
P&L 160000-150000-56000 (Loss in Investments in B) +20 – 12000 (Stock Reserve)	(57980)
	146200

CA. Sumit L. Sarda

Q30. Balance Sheet

Equity and Liability	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Balance Sheet

Equity and Liability	
Share Capital	1541800
(15000 + 418) * 100	

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q30. Balance Sheet

Equity and Liability	
Share Capital	1541800
(15000 + 418) * 100	
R&S	146200

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Balance Sheet

Equity and Liability	
Share Capital	1541800
(15000 + 418) * 100	
R&S	146200
10% Debentures	300000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Balance Sheet

Equity and Liability	
Share Capital	1541800
(15000 + 418) * 100	
R&S	146200
10% Debentures	300000
Proposed Dividend	120000
150000 – 30000	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Balance Sheet

Equity and Liability	
Share Capital	1541800
(15000 + 418) * 100	
R&S	146200
10% Debentures	300000
Proposed Dividend	120000
150000 – 30000	
Other current liabilities	265000
200000 + 90000 – 25000	
	2373000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Balance Sheet

Assets	
Fixed Assets	1050000
1000000 + 50000	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Balance Sheet

Assets	
Fixed Assets	1050000
1000000 + 50000	
Inventory	678000
480000 + 210000 – 12000	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Balance Sheet

Assets	
Fixed Assets	1050000
1000000 + 50000	
Inventory	678000
480000 + 210000 – 12000	
Trade Receivables	415000
290000 + 150000 -25000	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q30. Balance Sheet

Assets	
Fixed Assets	1050000
1000000 + 50000	
Inventory	678000
480000 + 210000 – 12000	
Trade Receivables	415000
290000 + 150000 -25000	
Cash	230000
140000 + 90000	
	2373000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount

Sumit CA. Sumit CA. Sarda Sarda

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000
Less: held by A	6000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000
Less: held by A	6000
	24000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000
Less: held by A	6000
	24000
Exchange Ratio	8:6

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000
Less: held by A	6000
	24000
Exchange Ratio	8:6

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000
Less: held by A	6000
	24000
Exchange Ratio	8:6
No. of equity shares	32000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000
Less: held by A	6000
	24000
Exchange Ratio	8:6
No. of equity shares	32000
Already held by B	5000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000
Less: held by A	6000
	24000
Exchange Ratio	8:6
No. of equity shares	32000
Already held by B	5000
Shares to be issued	27000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
No. of equity shares	30000
Less: held by A	6000
	24000
Exchange Ratio	8:6
No. of equity shares	32000
Already held by B	5000
Shares to be issued	27000
Value of shares	270000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
Preference holders	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
Preference holders	
Preference share capital of B Ltd.	100000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
Preference holders	
Preference share capital of B Ltd.	100000
10% Discount	(10,000)

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
Preference holders	
Preference share capital of B Ltd.	100000
10% Discount	(10,000)
10% Preference shares issued at par	90000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q31. Purchase Consideration

Particulars	Amount
Preference holders	
Preference share capital of B Ltd.	100000
10% Discount	(10,000)
10% Preference shares issued at par	90000
TOTAL Purchase Consideration	360000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500

Sumit C.A. Sumit C.A. Sarda Sarda Sa

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000

Sumit C.A. Sumit C.A. Sarda Sarda

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000
Bank	15000

Sumit C.A. Sumit C.A. Sarda Sarda

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000
Bank	15000
Less: Debentures (150000 * 108%)	(162000)

Sumit C.A. Sumit C.A.
da Sarda Sa

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000
Bank	15000
Less: Debentures (150000 * 108%)	(162000)
Creditors	(125000)

Sumit C.A. Sumit C.A. Sarda Sarda

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000
Bank	15000
Less: Debentures (150000 * 108%)	(162000)
Creditors	(125000)
Bills Payable	(25000)

Sumit C.A. Sumit C.A.
da Sarda Sa

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000
Bank	15000
Less: Debentures (150000 * 108%)	(162000)
Creditors	(125000)
Bills Payable	(25000)
	495000

Sumit C.A. Sumit C.A.
da Sarda Sa

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000
Bank	15000
Less: Debentures (150000 * 108%)	(162000)
Creditors	(125000)
Bills Payable	(25000)
	495000
Business Purchase	360000

Sumit C.A. Sumit C.A.
da Sarda Sa

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000
Bank	15000
Less: Debentures (150000 * 108%)	(162000)
Creditors	(125000)
Bills Payable	(25000)
	495000
Business Purchase	360000
Investment in B	80000

Sumit C.A. Sumit C.A. Sarda Sarda

Q31. Computation of Goodwill/ CR

Particulars	Amount
FA 250000 * 115%	287500
Stock 95% * 320000	304000
Debtors 190000 * 90%	180500
BR	20000
Bank	15000
Less: Debentures (150000 * 108%)	(162000)
Creditors	(125000)
Bills Payable	(25000)
	495000
Business Purchase	360000
Investment in B	80000
CR	**55000**

Sumit C.A. Sumit C.A. Sarda Sarda

Q32. Net Assets

Particulars	Big	Small
Goodwill	150000	250000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q32. Net Assets

Particulars	Big	Small
Goodwill	150000	250000
Assets excluding inter company investments	5350000	1300000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

Q32. Net Assets

Particulars	Big	Small
Goodwill	150000	250000
Assets excluding inter company investments	5350000	1300000
Less: Creditors	(1250000)	(1250000)
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q32. Net Assets

Particulars	Big	Small
Goodwill	150000	250000
Assets excluding inter company investments	5350000	1300000
Less: Creditors	(1250000)	(1250000)
Net Assets	4250000	300000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Intrinsic Value

- A = 42,50,000 + 20%B
- B = 300000 + 12.5%A
- A = 4250000 + 0.2(300000 + .125A)
- A = 4250000 + 60000 + 0.025A
- 0.975A = 4310000
- A = 4420513
- B = 300000 + 0.125(4420513)
- B = 300000 + 552564
- B = 852564

Q32. Net Assets

Particulars	Big	Small
Net Assets	4420513	852564

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q32. Net Assets

Particulars	Big	Small
Net Assets	4420513	852564
Shares outstanding	40000	50000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q32. Net Assets

Particulars	Big	Small
Net Assets	4420513	852564
Shares outstanding	40000	50000
Intrinsic Value	110.512	17.051

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q32. Purchase Consideration

Particulars	Big	Small
Shares of Big Ltd. and small Ltd.	40000	50000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q32. Purchase Consideration

Particulars	Big	Small
Shares of Big Ltd. and small Ltd.	40000	50000
Less: Already held	(5000)	(10000)

Sumit C.A. Sumit C.A.
da Sarda Sa

Q32. Purchase Consideration

Particulars	Big	Small
Shares of Big Ltd. and small Ltd.	40000	50000
Less: Already held	(5000)	(10000)
Shares held by Outsiders	35000	40000

Sumit C.A. Sumit C.A.
da Sarda Sa

Q32. Purchase Consideration

Particulars	Big	Small
Shares of Big Ltd. and small Ltd.	40000	50000
Less: Already held	(5000)	(10000)
Shares held by Outsiders	35000	40000
Value of shares 35000 * 110.512 40000 * 17.051	3867950	682050
CA. Sumit L. Sarda		

Sumit C.A. Sumit C.A. Sarda Sarda

Q32. Purchase Consideration

Particulars	Big	Small
Shares of Big Ltd. and small Ltd.	40000	50000
Less: Already held	(5000)	(10000)
Shares held by Outsiders	35000	40000
Value of shares 35000 * 110.512 40000 * 17.051	3867950	682050
Shares to be issued 3867950 / 25 682050/25	154718	27282
CA. Sumit L. Sarda		

Sumit C.A. Sumit C.A. Sarda Sarda

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	

Sumit CA. Sarda

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	
Less: Provision for DD		(500000)

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	
Less: Provision for DD		(500000)
Add: Profit on sale	37500	
15% * 250000		

Sumit CA. Sumit CA. Sumit CA.
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Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	
Less: Provision for DD		(500000)
Add: Profit on sale	37500	
15% * 250000		
Add: Undervaluation of stock		500000
4500000 * 10/90		

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	
Less: Provision for DD		(500000)
Add: Profit on sale	37500	
15% * 250000		
Add: Undervaluation of stock		500000
4500000 * 10/90		
Less: Debenture Interest	(200000)	(200000)

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	
Less: Provision for DD		(500000)
Add: Profit on sale	37500	
15% * 250000		
Add: Undervaluation of stock		500000
4500000 * 10/90		
Less: Debenture Interest	(200000)	(200000)
	4487500	**1800000**

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	
Less: Provision for DD		(500000)
Add: Profit on sale	37500	
15% * 250000		
Add: Undervaluation of stock		500000
4500000 * 10/90		
Less: Debenture Interest	(200000)	(200000)
	4487500	**1800000**
Tax @ 25%	1121875	450000

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	
Less: Provision for DD		(500000)
Add: Profit on sale	37500	
15% * 250000		
Add: Undervaluation of stock		500000
4500000 * 10/90		
Less: Debenture Interest	(200000)	(200000)
	4487500	**1800000**
Tax @ 25%	(1121875)	(450000)
Preference Dividend	(2000000)	(200000)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q33. Rectified profits

Particulars	Small	Little
PBIT	5000000	2500000
Less: ½ of contingent liability	(250000)	(500000)
Less: Bad debts	(100000)	
Less: Provision for DD		(500000)
Add: Profit on sale	37500	
15% * 250000		
Add: Undervaluation of stock		500000
4500000 * 10/90		
Less: Debenture Interest	(200000)	(200000)
	4487500	**1800000**
Tax @ 25%	(1121875)	(450000)
Preference Dividend	(2000000)	(200000)
Rectified Profit	1365625	1150000

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000

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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8
Total consideration	13656250	9200000

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8
Total consideration	13656250	9200000
Equity shares	4000000	2000000

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8
Total consideration	13656250	9200000
Equity shares	4000000	2000000
Less: Inter company holding	(400000)	(200000)

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8
Total consideration	13656250	9200000
Equity shares	4000000	2000000
Less: Inter company holding	(400000)	(200000)
	3600000	1800000

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8
Total consideration	13656250	9200000
Equity shares	4000000	2000000
Less: Inter company holding	(400000)	(200000)
	3600000	1800000
Proportion of outside holding	90%	90%

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8
Total consideration	13656250	9200000
Equity shares	4000000	2000000
Less: Inter company holding	(400000)	(200000)
	3600000	1800000
Proportion of outside holding	90%	90%
Consideration payable	12290625	8280000

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8
Total consideration	13656250	9200000
Equity shares	4000000	2000000
Less: Inter company holding	(400000)	(200000)
	3600000	1800000
Proportion of outside holding	90%	90%
Consideration payable	12290625	8280000
Allotment price	23	25

Sumit CA. Sumit CA. Sumit CA.
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Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8
Total consideration	13656250	9200000
Equity shares	4000000	2000000
Less: Inter company holding	(400000)	(200000)
	3600000	1800000
Proportion of outside holding	90%	90%
Consideration payable	12290625	8280000
Allotment price	23	25
Shares to be issued	**534375**	**331200**

Sumit CA. Sumit CA. Sumit CA.
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Q33. Working notes

Particulars	Amount
Share capital	

Sumit CA. Sumit CA. Sumit CA.
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Q33. Working notes

Particulars	Amount
Share capital	
Issued to small 534375 * 10	5343750

Sumit CA. Sumit CA. Sarda Sarda

Q33. Working notes

Particulars	Amount
Share capital	
Issued to small 534375 * 10	5343750
Issued to Little 331200 * 10	3312000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q33. Working notes

Particulars	Amount
Share capital	
Issued to small 534375 * 10	5343750
Issued to Little 331200 * 10	3312000
Issued to Virgin Capital Ltd. 200000 * 10	2000000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q33. Working notes

Particulars	Amount
Share capital	
Issued to small 534375 * 10	5343750
Issued to Little 331200 * 10	3312000
Issued to Virgin Capital Ltd. 200000 * 10	2000000
	10655750

Sumit CA. Sumit CA. Sarda Sarda

Q33. Working notes

Particulars	Amount
Share capital	
Issued to small 534375 * 10	5343750
Issued to Little 331200 * 10	3312000
Issued to Virgin Capital Ltd. 200000 * 10	2000000
	10655750
Securities Premium	
Issued to small 534375 * 13	6946875
Issued to Little 331200 * 15	4968000
Issued to Virgin Capital Ltd. 200000 * 28	5600000
	17514875

Sumit CA. Sumit CA. Sumit CA.
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Q33. Working notes

Particulars	Amount
Investments	

Sumit CA. Sumit CA. Sumit CA.
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Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625

Sumit CA. Sumit CA. Sumit CA.
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Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625
Little Ltd.	8280000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625
Little Ltd.	8280000
Inter Company holding 4000000 + 2000000	6000000

Sumit CA. Sumit CA. Sumit CA.
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Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625
Little Ltd.	8280000
Inter Company holding 4000000 + 2000000	6000000
	26570625

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625
Little Ltd.	8280000
Inter Company holding 4000000 + 2000000	6000000
	26570625
Bank	

Sumit CA. Sumit CA. Sumit CA.
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Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625
Little Ltd.	8280000
Inter Company holding 4000000 + 2000000	6000000
	26570625
Bank	
Retained Profits	36885

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625
Little Ltd.	8280000
Inter Company holding 4000000 + 2000000	6000000
	26570625
Bank	
Retained Profits	36885
Proceeds of share issued	7600000

Sumit CA. Sumit CA. Sarda Sarda

Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625
Little Ltd.	8280000
Inter Company holding 4000000 + 2000000	6000000
	26570625
Bank	
Retained Profits	36885
Proceeds of share issued	7600000
Cash Paid for inter company(4000000 + 2000000)	(6000000)

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625
Little Ltd.	8280000
Inter Company holding 4000000 + 2000000	6000000
	26570625
Bank	
Retained Profits	36885
Proceeds of share issued	7600000
Cash Paid for inter company(4000000 + 2000000)	(6000000)
Preliminary Exp	(1600000)
	36885

Sumit CA. Sumit CA. Sumit CA.
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Q33. Projected Profits

Particulars	Amount

Sumit CA. Sumit CA. Sarda Sarda

Q33. Projected Profits

Particulars	Amount
Dividend	1700000
4000000 * 10 * 3% + 2000000 * 10 * 2.5%	

Sumit CA. Sumit CA. Sumit CA.
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Q33. Projected Profits

Particulars	Amount
Dividend	1700000
4000000 * 10 * 3% + 2000000 * 10 * 2.5%	
Management Exp	(1400000)

Sumit CA. Sumit CA. Sarda Sarda

Q33. Projected Profits

Particulars	Amount
Dividend	1700000
4000000 * 10 * 3% + 2000000 * 10 * 2.5%	
Management Exp	(1400000)
Interest 3000000 * 18% * 2/12	(90000)

Sumit CA. Sumit CA. Sumit CA.
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Q33. Projected Profits

Particulars	Amount
Dividend	1700000
4000000 * 10 * 3% + 2000000 * 10 * 2.5%	
Management Exp	(1400000)
Interest 3000000 * 18% * 2/12	(90000)
Profits	210000

Sumit CA. Sumit CA. Sumit CA.
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Q33. R&S

Particulars	Amount
Share Premium	17514875

Sumit CA. Sumit CA. Sumit CA.
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Q33. R&S

Particulars	Amount
Share Premium	17514875
Less: Preliminary Exp	(1600000)

Sumit CA. Sumit CA. Sumit CA.
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Q33. R&S

Particulars	Amount
Share Premium	17514875
Less: Preliminary Exp	(1600000)
Add: Profit for the year	210000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q33. R&S

Particulars	Amount
Share Premium	17514875
Less: Preliminary Exp	(1600000)
Add: Profit for the year	210000
Less: Interim Dividend	(173115)

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q33. R&S

Particulars	Amount
Share Premium	17514875
Less: Preliminary Exp	(1600000)
Add: Profit for the year	210000
Less: Interim Dividend	(173115)
	15951760

Sumit CA. Sumit CA. Sumit CA.
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Q33. Balance Sheet

Particulars	Amount
Share Capital	10655750

Sumit CA. Sumit CA. Sumit CA.
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Q33. Balance Sheet

Particulars	Amount
Share Capital	10655750
R&S	15951760

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q33. Balance Sheet

Particulars	Amount
Share Capital	10655750
R&S	15951760
	26607510

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q33. Balance Sheet

Particulars	Amount
Share Capital	10655750
R&S	15951760
	26607510
Investments	26570625

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q33. Balance Sheet

Particulars	Amount
Share Capital	10655750
R&S	15951760
	26607510
Investments	26570625
Bank	36885

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q33. Balance Sheet

Particulars	**Amount**
Share Capital	10655750
R&S	15951760
	26607510
Investments	26570625
Bank	36885
	26607510

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q34. Journal Entries

Particulars	Debit	Credit

Sumit CA. Sarda

Q34. Journal Entries

Particulars	Debit	Credit
Share Capital	750000	
To Equity share Capital		37500
To Reconstruction		712500

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q34. Journal Entries

Particulars	Debit	Credit
Share Capital	750000	
To Equity share Capital		37500
To Reconstruction		712500
Right Issue		
Bank	112500	
To Share Capital		112500

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sa

Q34. Journal Entries

Particulars	Debit	Credit
Share Capital	750000	
To Equity share Capital		37500
To Reconstruction		712500
Right Issue		
Bank	112500	
To Share Capital		112500
Cancellation of Preference dividend	No entry	

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q34. Journal Entries

Particulars	Debit	Credit
Equity Share Capital	750000	
To Equity share Capital		37500
To Reconstruction		712500
Right Issue		
Bank	112500	
To Share Capital		112500
Conversion of Preference Shares		
7% Preference Share Capital	**600000**	
Reconstruction account	60000	
To 5% Preference Share Capital		480000
To Equity Share Capital		180000

Sumit CA. Sumit CA. Sarda Sarda

Q34. Journal Entries

Particulars	Debit	Credit
Conversion of loan		
Loan	150000	
To 5% Preference Share Cap		120000
To Equity share Capital		30000

Sumit CA. Sumit CA. Sarda Sarda

Q34. Journal Entries

Particulars	Debit	Credit
Conversion of loan		
Loan	150000	
To 5% Preference Share Cap		120000
To Equity share Capital		30000
Subscription of directors		
Bank	100000	
To Equity share Capital		100000

Sumit CA. Sumit CA. Sarda Sarda

Q34. Journal Entries

Particulars	Debit	Credit
Conversion of loan		
Loan	150000	
To 5% Preference Share Cap		120000
To Equity share Capital		30000
Subscription of directors		
Bank	100000	
To Equity share Capital		100000
Repayment of loan		
Loan	200000	
To Bank		200000

Sumit CA. Sumit CA. Sarda Sarda

Q34. Journal Entries

Particulars	Debit	Credit
Utilization of Reconstruction surplus		
Reconstruction a/c	652500	
To Preliminary Exp		11000
To P&L		440000
To Plant		35000
To Trademark and goodwill		166500

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount

Sumit CA. Sarda Sumit CA. Sarda Sumit CA. Sarda

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
		8% Pref Shares 40000 * (10-5)	2,00,000

Sumit CA. Sarda

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
		8% Pref Shares 40000 * (10-5)	2,00,000
		Equity shares 30000 * (10 – 7)	90,000

Sumit CA. Sarda

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
		Equity shares 30000 * (10 – 7)	90,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
		Equity shares 30000 * (10 – 7)	90,000
		Share Premium	10,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
		Equity shares 30000 * (10 – 7)	90,000
		Share Premium	10,000
		Freehold land 210000 – 120000	90,000

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000		
Debenture holders 210000 – 125400	84600		

Sumit CA. Sarda

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
Contingent Liability	54,000	Equity shares 30000 * (10 – 7)	90,000
		Share Premium	10,000
		Freehold land 210000 – 120000	90,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000	Contingent Liability	54,000
Debenture holders 210000 – 125400	84,600		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000	Contingent Liability	54,000
Debenture holders 210000 – 125400	84,600		
Insurance claim	12,500		

Sumit CA. Sumit CA. Sarda Sarda

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
Contingent Liability	54,000	Equity shares 30000 * (10 – 7)	90,000
		Share Premium	10,000
		Freehold land 210000 – 120000	90,000
		Insurance claim	12,500

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
Contingent Liability	54,000	Equity shares 30000 * (10 – 7)	90,000
TM & Patents	1,10,000	Share Premium	10,000
		Freehold land 210000 – 120000	90,000
		Insurance claim	12,500

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
Contingent Liability	54,000	Equity shares 30000 * (10 – 7)	90,000
TM & Patents	1,10,000	Share Premium	10,000
Goodwill	36,100	Freehold land 210000 – 120000	90,000
		Insurance claim	12,500

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
Contingent Liability	54,000	Equity shares 30000 * (10 – 7)	90,000
TM & Patents	1,10,000	Share Premium	10,000
Goodwill	36,100	Freehold land 210000 – 120000	90,000
Inventory	10,000	Insurance claim	12,500

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
Contingent Liability	54,000	Equity shares 30000 * (10 – 7)	90,000
TM & Patents	1,10,000	Share Premium	10,000
Goodwill	36,100	Freehold land 210000 – 120000	90,000
Inventory	10,000	Insurance claim	12,500
Receivables	12,000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
Contingent Liability	54,000	Equity shares 30000 * (10 – 7)	90,000
TM & Patents	1,10,000	Share Premium	10,000
Goodwill	36,100	Freehold land 210000 – 120000	90,000
Inventory	10,000	Insurance claim	12,500
Receivables	12,000		
Cash	10,000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000	Contingent Liability	54,000
Debenture holders 210000 – 125400	84,600	Capital Reduction	10,000
Insurance claim	12,500		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000	Contingent Liability	54,000
Debenture holders 210000 – 125400	84,600	Capital Reduction	10,000
Insurance claim	12,500	Bank OD	97,100

Sumit CA. Sumit CA. Sarda Sarda

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000	Contingent Liability	54,000
Debenture holders 210000 – 125400	84,600	Capital Reduction	10,000
Insurance claim	12,500	Bank OD	97,100
		Bank OD	1,26,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000	Contingent Liability	54,000
Debenture holders 210000 – 125400	84,600	Capital Reduction	10,000
Insurance claim	12,500	Bank OD	97,100
Equity Share Capital		Bank OD	1,26,000

Sumit CA. Sumit CA. Sumit CA.
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WN 1. Net Working Capital

Particulars	Debit

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

WN 1. Net Working Capital

Particulars	Debit
RM (60,000 – 10,000)	50,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

WN 1. Net Working Capital

Particulars	Debit
RM (60,000 – 10,000)	50,000
Finished goods	16,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

WN 1. Net Working Capital

Particulars	Debit
RM (60,000 – 10,000)	50,000
Finished goods	16,000
Trade Receivables (120,000 – 12,000)	1,08,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

WN 1. Net Working Capital

Particulars	Debit
RM (60,000 – 10,000)	50,000
Finished goods	16,000
Trade Receivables (120,000 – 12,000)	1,08,000
Current Liabilities	
Less: Creditors	(1,20,000)

Sumit CA. Sumit CA. Sarda Sarda

WN 1. Net Working Capital

Particulars	Debit
RM (60,000 – 10,000)	50,000
Finished goods	16,000
Trade Receivables (120,000 – 12,000)	1,08,000
Current Liabilities	
Less: Creditors	(1,20,000)
Less: Deferred VAT Payable	(50,000)

Sumit CA. Sumit CA. Sarda Sarda

WN 1. Net Working Capital

Particulars	Debit
RM (60,000 – 10,000)	50,000
Finished goods	16,000
Trade Receivables (120,000 – 12,000)	1,08,000
Current Liabilities	
Less: Creditors	(1,20,000)
Less: Deferred VAT Payable	(50,000)
	4,000

Sumit CA. Sumit CA. Sarda Sarda

WN 1. Net Working Capital

Particulars	**Debit**
RM (60,000 – 10,000)	50,000
Finished goods	16,000
Trade Receivables (120,000 – 12,000)	1,08,000
Current Liabilities	
Less: Creditors	(1,20,000)
Less: Deferred VAT Payable	(50,000)
Net Working Capital	4,000
Equity Share Capital	**196,000**

Sumit CA. Sumit CA. Sarda Sarda

WN 1. Net Working Capital

Particulars	**Debit**
RM (60,000 – 10,000)	50,000
Finished goods	16,000
Trade Receivables (120,000 – 12,000)	1,08,000
Current Liabilities	
Less: Creditors	(1,20,000)
Less: Deferred VAT Payable	(50,000)
Net Working Capital	4,000
Cash balance	**196,000**

Sumit CA. Sumit CA. Sarda Sarda

WN 1. Net Working Capital

Particulars	**Debit**
RM (60,000 – 10,000)	50,000
Finished goods	16,000
Trade Receivables (120,000 – 12,000)	1,08,000
Current Liabilities	
Less: Creditors	(1,20,000)
Less: Deferred VAT Payable	(50,000)
Net Working Capital	4,000
Cash balance	**196,000**
Working Capital	2,00,000

Sumit CA. Sumit CA. Sarda Sarda

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000	Contingent Liability	54,000
Debenture holders 210000 – 125400	84,600	Capital Reduction	10,000
Insurance claim	12,500	Bank OD	97,100
Equity Share Capital		Bank OD	1,26,000
		Closing balance	1,96,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q35. Cash Account

Particulars	Amount	Particulars	Amount
Investments	64,000	Contingent Liability	54,000
Debenture holders 210000 – 125400	84,600	Capital Reduction	10,000
Insurance claim	12,500	Bank OD	97,100
Equity Share Capital	3,22,000	Bank OD	1,26,000
		Closing balance	1,96,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q35. Reconstruction Account

Particulars	Amount	Particulars	Amount
Equity shares Arrear of dividend 400000 * 8% * 10/40	32,000	8% Pref Shares 40000 * (10-5)	2,00,000
Contingent Liability	54,000	Equity shares 30000 * (10 – 7)	90,000
TM & Patents	1,10,000	Share Premium	10,000
Goodwill	36,100	Freehold land 210000 – 120000	90,000
Inventory	10,000	Insurance claim	12,500
Receivables	12,000		
Cash	10,000		
P&L	1,38,400		

WN 2. Equity share Capital

Particulars	Shares	Per share	Amount
Opening balance	30,000	10	300000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sarda

WN 2. Equity share Capital

Particulars	Shares	Per share	Amount
Opening balance	30,000	10	3,00,000
After reduction	30,000	7	2,10,000

Sumit CA. Sumit CA. Sumit CA.
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WN 2. Equity share Capital

Particulars	Shares	Per share	Amount
Opening balance	30,000	10	3,00,000
After reduction	30,000	7	2,10,000
Reconsolidation	21,000	10	2,10,000

Sumit CA. Sumit CA. Sumit CA.
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WN 2. Equity share Capital

Particulars	Shares	Per share	Amount
Opening balance	30,000	10	3,00,000
After reduction	30,000	7	2,10,000
Reconsolidation	21,000	10	2,10,000
Shares issued in lieu of pref. dividend	3,200	10	32,000

CA. Sumit L. Sarda

WN 2. Equity share Capital

Particulars	Shares	Per share	Amount
Opening balance	30,000	10	3,00,000
After reduction	30,000	7	2,10,000
Reconsolidation	21,000	10	2,10,000
Shares issued in lieu of pref. dividend	3,200	10	32,000
OD	32,200	10	3,22,000

CA. Sumit L. Sarda

WN 2. Equity share Capital

Particulars	Shares	Per share	Amount
Opening balance	30,000	10	3,00,000
After reduction	30,000	7	2,10,000
Reconsolidation	21,000	10	2,10,000
Shares issued in lieu of pref. dividend	3,200	10	32,000
OD	32,200	10	3,22,000
Closing balance	56,400	10	5,64,000

CA. Sumit L. Sarda

Balance Sheet

Particulars	Shares
Share Capital	7,64,000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Balance Sheet

Particulars	Shares
Share Capital	7,64,000
Trade Payables	1,20,000

Sumit CA. Sumit CA. Sumit CA.
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Balance Sheet

Particulars	Shares
Share Capital	7,64,000
Trade Payables	1,20,000
Deferred VAT payable	50,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Balance Sheet

Particulars	**Shares**
Share Capital	7,64,000
Trade Payables	1,20,000
Deferred VAT payable	50,000
	934,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sarda

Balance Sheet

Particulars	**Shares**
Share Capital	7,64,000
Trade Payables	1,20,000
Deferred VAT payable	50,000
	934,000
Fixed Assets	5,64,000

Sumit CA. Sumit CA. Sarda Sarda

Balance Sheet

Particulars	**Shares**
Share Capital	7,64,000
Trade Payables	1,20,000
Deferred VAT payable	50,000
	934,000
Fixed Assets	5,64,000
Inventories (60000 – 10000 + 16000)	66,000

Sumit CA. Sumit CA. Sumit CA.
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Balance Sheet

Particulars	**Shares**
Share Capital	7,64,000
Trade Payables	1,20,000
Deferred VAT payable	50,000
	934,000
Fixed Assets	5,64,000
Inventories (60000 – 10000 + 16000)	66,000
Trade Receivables	108,000

Sumit CA. Sumit CA. Sumit CA.
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Balance Sheet

Particulars	**Shares**
Share Capital	7,64,000
Trade Payables	1,20,000
Deferred VAT payable	50,000
TOTAL	**934,000**
Fixed Assets	5,64,000
Inventories (60000 – 10000 + 16000)	66,000
Trade Receivables	108,000
Cash	1,96,000
TOTAL	**934,000**

Sumit CA. Sumit CA. Sarda Sarda

Q36. Ascertainment of P&L

Particulars	Amount	Particulars	Amount
Share Capital	1,80,000		

Sumit CA. Sarda

Q36. Ascertainment of P&L

Particulars	Amount	Particulars	Amount
Share Capital	1,80,000		
First debenture	3,00,000		
Second Debenture	6,00,000		
Unsecured Debenture	4,50,000		

Sumit CA. Sumit CA. Sarda Sarda

Q36. Ascertainment of P&L

Particulars	Amount	Particulars	Amount
Share Capital	1,80,000	Fixed Assets	3,90,000
First debenture	3,00,000		
Second Debenture	6,00,000		
Unsecured Debenture	4,50,000		

Sumit CA. Sumit CA. Sarda Sarda

Q36. Ascertainment of P&L

Particulars	Amount	Particulars	Amount
Share Capital	1,80,000	Fixed Assets	3,90,000
First debenture	3,00,000	Cash	2,70,000
Second Debenture	6,00,000		
Unsecured Debenture	4,50,000		

Sumit CA. Sumit CA. Sarda Sarda

Q36. Ascertainment of P&L

Particulars	Amount	Particulars	Amount
Share Capital	1,80,000	Fixed Assets	3,90,000
First debenture	3,00,000	Cash	2,70,000
Second Debenture	6,00,000		
Unsecured Debenture	4,50,000	P&L	8,70,000
	15,30,000		**15,30,000**

Sumit CA. Sumit CA. Sarda Sarda

36. Journal entry

Particulars	Debit	Credit
Ascertainment of amount due		
First debenture	3,00,000	
Second Debenture	3,00,000	
Unsecured Creditors	90,000	
To A a/c		6,90,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

36. Journal entry

Particulars	Debit	Credit
Ascertainment of amount due		
First debenture	3,00,000	
Second Debenture	3,00,000	
Unsecured Creditors	90,000	
To A a/c		6,90,000
Waiver		
A a/c	2,10,000	
To Reconstruction		2,10,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

36. Journal entry

Particulars	Debit	Credit
Ascertainment of amount due		
First debenture	3,00,000	
Second Debenture	3,00,000	
Unsecured Creditors	90,000	
To A a/c		6,90,000
Waiver		
A a/c	2,10,000	
To Reconstruction		2,10,000
Cash brought in		
Bank a/c	30,000	
To A a/c		30,000

Sumit CA. Sumit CA. Sarda Sarda

36. Journal entry

Particulars	Debit	Credit
Conversion of liability by issue of debentures		
A account	5,10,000	
To First Debenture		5,10,000
CA. Sumit L. Sarda		

Sumit CA. Sarda

36. Journal entry

Particulars	Debit	Credit
Conversion of liability by issue of debentures		
A account	5,10,000	
To First Debenture		5,10,000
Restructuring of B Liability		
Second debenture	3,00,000	
Unsecured Debenture	60,000	
To Bank		90,000
To Reconstruction		2,70,000
CA. Sumit L. Sarda		

Sumit CA. Sumit CA. Sarda Sarda

36. Journal entry

Particulars	Debit	Credit
Restructuring of other unsecured creditors		
Unsecured creditors	3,00,000	
To Equity share capital		1,50,000
To Loan		75,000
To Reconstruction		75,000

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

36. Journal entry

Particulars	Debit	Credit
Restructuring of other unsecured creditors		
Unsecured creditors	3,00,000	
To Equity share capital		1,50,000
To Loan		75,000
To Reconstruction		75,000
Call money due		
Bank	180000	
To Equity share Capital		180000

Sumit CA. Sumit CA. Sumit CA.
dar Sarda Sarda Sa

36. Journal entry

Particulars	Debit	Credit
Capital reduction		
Equity share Capital (Rs.60 each)	360000	
To Equity share Capital		45000
To Capital Reduction		315000

Sumit CA. Sumit CA. Sumit CA.
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36. Journal entry

Particulars	Debit	Credit
Capital reduction		
Equity share Capital (Rs.60 each)	360000	
To Equity share Capital		45000
To Capital Reduction		315000
Capital reduction	870000	
To P&L		870000

Sumit CA. Sumit CA. Sarda Sarda

37. Journal entry

Particulars	Debit	Credit
Forfeiture of 3000 shares		
Equity share Capital	30000	
To share call in arrears		9000
To share forfeiture		21000

Sumit CA. Sumit CA. Sarda Sarda

37. Journal entry

Particulars	Debit	Credit
Forfeiture of 3000 shares		
Equity share Capital	30000	
To share call in arrears		9000
To share forfeiture		21000
Reduction in capital		
Equity share capital Rs.10 each	90000	
To Equity share capital Rs.7 each		63000
To Reconstruction		27000

Sumit CA. Sumit CA. Sarda Sarda

37. Journal entry

Particulars	Debit	Credit
Re issue of forfeiture shares		
Bank	15000	
Share forfeiture	6000	
To Equity share capital		21000

Sumit CA. Sumit CA. Sarda Sarda

37. Journal entry

Particulars	Debit	Credit
Re issue of forfeiture shares		
Bank	15000	
Share forfeiture	6000	
To Equity share capital		21000
Transfer of share forfeiture to CR		
Share forfeiture	15000	
To Capital Reserve		15000

Sumit CA. Sumit CA. Sarda Sarda

37. Journal entry

Particulars	Debit	Credit
Utilization of reconstruction		
Reconstruction	27000	
CR	15000	
Provision for tax	300	
To P&L		20800
To Preliminary Exp		1500
To Machinery		10000
To Goodwill		10000

Sumit CA. Sumit CA. Sumit CA.
dar Sarda Sarda Sa

38. Equity share Capital

Particulars	Amount	Particulars	Amount
		Opening	480,000
		Bank	160,000

Sumit CA. Sumit CA. Sarda Sarda Sa

38. Bank

Particulars	Amount	Particulars	Amount
Equity share capital	160,000	Opening	208,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Preference share Capital

Particulars	Amount	Particulars	Amount
Reconstruction	160,000	Opening	640,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. 8% Preference share Capital

Particulars	Amount	Particulars	Amount
Reconstruction	160,000	Opening	640,000
10% Preference share	480,000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Reconstruction

Particulars	Amount	Particulars	Amount
		8% Preference share	160,000

Sumit CA. Sarda

38. Equity share Capital

Particulars	Amount	Particulars	Amount
Reconstruction	480,000	Opening	480,000
To Equity share Cap Rs.2.5 each	160,000	Bank	160,000

Sumit CA. Sumit CA. Sumit CA.
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38. Reconstruction

Particulars	Amount	Particulars	Amount
		8% Preference share	160,000
		Equity share cap	480,000

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38. Value of investments

Particulars	Amount
Average net profit	250,000

Sumit CA. Sumit CA. Sumit CA.
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38. Value of investments

Particulars	Amount
Average net profit	250,000
Capitalization rate	12%

Sumit CA. Sumit CA. Sumit CA.
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38. Value of investments

Particulars	Amount
Average net profit	250,000
Capitalization rate	12%
Value of Q Ltd.	20,83,333.33

Sumit CA. Sarda

38. Value of investments

Particulars	Amount
Average net profit	250,000
Capitalization rate	12%
Value of Q Ltd.	20,83,333.33
Share held by R Ltd.	15%

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

38. Value of investments

Particulars	Amount
Average net profit	250,000
Capitalization rate	12%
Value of Q Ltd.	20,83,333.33
Share held by R Ltd.	15%
Value of shares held in R Ltd.	3,12,500

Sumit CA. Sumit CA. Sumit CA.
dit L. Sarda Sarda Sa

38. Investment

Particulars	Amount	Particulars	Amount
Opening	324000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Investment

Particulars	Amount	Particulars	Amount
Opening	324000		
		Closing	312500

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Investment

Particulars	Amount	Particulars	Amount
Opening	324000	Reconstruction	11500
		Closing	312500

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Reconstruction

Particulars	Amount	Particulars	Amount
Investment	11500	8% Preference share	160,000
		Equity share cap	480,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Provision for DD

Particulars	Amount	Particulars	Amount
		Reconstruction	6400

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Reconstruction

Particulars	Amount	Particulars	Amount
Investment	11500	8% Preference share	160,000
PDD	6400	Equity share cap	480,000

Sumit CA. Sarda Sumit CA. Sarda Sarda Sarda

38. Intangible

Particulars	Amount	Particulars	Amount
Opening	68000		

Sumit CA. Sumit CA. Sumit CA.
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38. Intangible

Particulars	Amount	Particulars	Amount
Opening	68000	Reconstruction	20,000
		Closing	48,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Plant

Particulars	Amount	Particulars	Amount
Opening	2,40,000	Reconstruction	1,00,000
		Closing	1,40,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Freehold Premise

Particulars	Amount	Particulars	Amount
Opening	1,40,000		
Reconstruction	240,000	Closing	3,80,000

Sumit CA. Sarda

38. Stock

Particulars	Amount	Particulars	Amount
Opening	248,000		
Reconstruction	2000	Closing	250,000

Sumit CA. Sarda

38. Reconstruction

Particulars	Amount	Particulars	Amount
Investment	11500	8% Preference share	160,000
PDD	6400	Equity share cap	480,000
Intangible	20,000	Freehold Property	240,000
Plant	100000	Stock	2000

Sumit CA. Sumit CA. Sarda Sarda

38. Reconstruction

Particulars	Amount	Particulars	Amount
Investment	11500	8% Preference share	160,000
PDD	6400	Equity share cap	480,000
Intangible	20,000	Freehold Property	240,000
Plant	100000	Stock	2000
P&L	440000		

Sumit CA. Sumit CA. Sumit CA.

38. Reconstruction

Particulars	Amount	Particulars	Amount
Investment	11500	8% Preference share	160,000
PDD	6400	Equity share cap	480,000
Intangible	20,000	Freehold Property	240,000
Plant	100000	Stock	2000
P&L	440000		
Deferred Revenue	48000		

Sumit CA. Sumit CA. Sumit CA.
dda Sarda Sarda Sa

38. Loan from directors

Particulars	Amount	Particulars	Amount
		Opening	60,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Loan from directors

Particulars	Amount	Particulars	Amount
To Equity share	60,000	Opening	60,000
24000 * 2.5			

Sumit C.A. Sumit C.A. Sarda Sarda

38. Equity share Capital 2.5 each

Particulars	Amount	Particulars	Amount
		To Equity share Cap Rs.10 each	160,000

Sumit CA. Sarda

38. Equity share Capital 2.5 each

Particulars	Amount	Particulars	Amount
		To Equity share Cap Rs.10 each	160,000
		Loan from directors	60,000

Sumit CA. Sarda

38. Equity share Capital 2.5 each

Particulars	Amount	Particulars	Amount
		To Equity share Cap Rs.10 each	160,000
		Loan from directors	60,000
		Bank	440,000

Sumit CA. Sarda

38. Bank

Particulars	Amount	Particulars	Amount
Equity share capital	160,000	Opening	208,000
Equity SC 2.5 each	440,000		

Sumit CA. Sumit CA.
da Sarda Sa

38. Bank

Particulars	Amount	Particulars	Amount
Equity share capital	160,000	Opening	208,000
Equity SC 2.5 each	440,000		
Preference share	120,000		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. 10% Preference share

Particulars	Amount	Particulars	Amount
		8% Pref. SC	480,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. 10% Preference share

Particulars	Amount	Particulars	Amount
		8% Pref. SC	480,000
Closing	600,000	Bank	120,000

Sumit CA. Sarda

38. Bank

Particulars	Amount	Particulars	Amount
Equity share capital	160,000	Opening	208,000
Equity SC 2.5 each	440,000		
Preference share	120,000	Closing	512000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Equity share Capital 2.5 each

Particulars	Amount	Particulars	Amount
		To Equity share Cap Rs.10 each	160,000
		Loan from directors	60,000
Closing	660,000	Bank	440,000

Sumit CA. Sarda

38. Reconstruction

Particulars	Amount	Particulars	Amount
Investment	11500	8% Preference share	160,000
PDD	6400	Equity share cap	480,000
Intangible	20,000	Freehold Property	240,000
Plant	100000	Stock	2000
P&L	440000		
Deferred Revenue	48000		
Capital Reserve	256100		

Sumit CA. Sumit CA. Sumit CA.
dd Sarda Sarda Sa

38. Balance Sheet

Particulars	**Amount**
Equity and Liabilities	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Balance Sheet

Particulars	**Amount**
Equity and Liabilities	
Share Capital	12,60,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

38. Balance Sheet

Particulars	**Amount**
Equity and Liabilities	
Share Capital	12,60,000
R&S	2,56,100

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

38. Balance Sheet

Particulars	**Amount**
Equity and Liabilities	
Share Capital	12,60,000
R&S	2,56,100
Trade Payables	440,000
	19,56,100

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

38. Balance Sheet

Particulars	Amount
Assets	
Fixed Assets	520,000

Sumit CA. Sarda

38. Balance Sheet

Particulars	Amount
Assets	
Fixed Assets	520,000
Intangibles	48,000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

38. Balance Sheet

Particulars	Amount
Assets	
Fixed Assets	520,000
Intangibles	48,000
Non current Investments	312500

Sumit CA. Sumit CA. Sumit CA.
dit Sarda Sarda Sa

38. Balance Sheet

Particulars	**Amount**
Assets	
Fixed Assets	520,000
Intangibles	48,000
Non current Investments	312500
Inventories	250,000

Sumit CA. Sumit CA. Sumit CA.
dit Sarda Sarda Sa

38. Balance Sheet

Particulars	Amount
Assets	
Fixed Assets	520,000
Intangibles	48,000
Non current Investments	312500
Inventories	250,000
Trade Receivables (320000 – 6400)	313,600

Sumit CA. Sumit CA. Sumit CA.
dit Sarda Sarda Sa

38. Balance Sheet

Particulars	**Amount**
Assets	
Fixed Assets	520,000
Intangibles	48,000
Non current Investments	312500
Inventories	250,000
Trade Receivables	313,600
Cash	512000
	1956100

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

39. Loss to be borne by shareholders

Particulars	Amount

Sumit CA. Sumit CA. Sumit CA.
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39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000

Sumit CA. Sumit CA. Sarda Sarda

39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000
Debtors	4,00,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000
Debtors	4,00,000
Cash	1,50,000

Sumit CA. Sumit CA. Sarda Sarda

39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000
Debtors	4,00,000
Cash	1,50,000
Less: Sundry Creditors	(3,50,000)

Sumit CA. Sumit CA. Sarda Sarda

39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000
Debtors	4,00,000
Cash	1,50,000
Less: Sundry Creditors	(3,50,000)
Less: Bank OD	(3,00,000)

Sumit CA. Sumit CA. Sarda Sarda

39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000
Debtors	4,00,000
Cash	1,50,000
Less: Sundry Creditors	(3,50,000)
Less: Bank OD	(3,00,000)
Net Assets	**17,00,000**

Sumit CA. Sumit CA. Sarda Sarda

39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000
Debtors	4,00,000
Cash	1,50,000
Less: Sundry Creditors	(3,50,000)
Less: Bank OD	(3,00,000)
Net Assets	**17,00,000**
Equity and Preference share capital	30,00,000

Sumit CA. Sumit CA. Sarda Sarda

39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000
Debtors	4,00,000
Cash	1,50,000
Less: Sundry Creditors	(3,50,000)
Less: Bank OD	(3,00,000)
Net Assets	**17,00,000**
Equity and Preference share capital	30,00,000
Loss	13,00,000

Sumit CA. Sumit CA. Sumit CA.
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39. Loss to be borne by shareholders

Particulars	Amount
P&M	15,00,000
Stock	3,00,000
Debtors	4,00,000
Cash	1,50,000
Less: Sundry Creditors	(3,50,000)
Less: Bank OD	(3,00,000)
Net Assets	**17,00,000**
Equity and Preference share capital	30,00,000
Loss	13,00,000
%age of loss to Equity (1300000/2000000)	65%

Sumit CA. Sumit CA. Sarda Sarda

39. Loss to be borne by shareholders

- Since loss is more than 50%
- Preference shareholders will forego 20% of their claim ie 2,00,000
- New 9% Preference shares of Rs.80 each will be issued
- Equity share will bear loss of Rs.11 lakh
- New shares of Rs.45 each will be issued, ie 9,00,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

39. Bank OD adjustment

Particulars	Amount

Sumit CA. Sarda

39. Bank OD adjustment

Particulars	Amount
Stock	300000
Debtors	400000
Cash	150000
CA	**850000**

Sumit CA. Sumit CA. Sarda Sarda

39. Bank OD adjustment

Particulars	Amount
Stock	300000
Debtors	400000
Cash	150000
CA	**850000**
CL to be maintained	**425000**

Sumit CA. Sumit CA. Sarda Sarda

39. Bank OD adjustment

Particulars	Amount
Stock	300000
Debtors	400000
Cash	150000
CA	**850000**
CL to be maintained	**425000**
Less: Sundry creditors	(350000)

Sumit CA. Sumit CA. Sarda Sarda

39. Bank OD adjustment

Particulars	Amount
Stock	300000
Debtors	400000
Cash	150000
CA	**850000**
CL to be maintained	**425000**
Less: Sundry creditors	(350000)
Bank OD	**75,000**
Term loan (300000-75000)	225,000

Sumit CA. Sumit CA. Sarda Sarda

40. Shareholding of RS Ltd. in XY Ltd.

Particulars	Amount

Sumit CA. Sumit CA. Sarda Sarda

40. Shareholding of RS Ltd. in XY Ltd.

Particulars	Amount
Original share capital of XY Ltd.	10,00,000

Sumit CA. Sumit CA. Sumit CA.
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40. Shareholding of RS Ltd. in XY Ltd.

Particulars	Amount
Original share capital of XY Ltd.	10,00,000
Share Capital after reduction (of Rs.10 each)	1,00,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda

40. Shareholding of RS Ltd. in XY Ltd.

Particulars	Amount
Original share capital of XY Ltd.	10,00,000
Share Capital after reduction (of Rs.10 each)	1,00,000
Share Capital after reconsolidation (of Rs.100 each)	1,00,000

CA. Sumit L. Sarda

40. Shareholding of RS Ltd. in XY Ltd.

Particulars	Amount
Original share capital of XY Ltd.	10,00,000
Share Capital after reduction (of Rs.10 each)	1,00,000
Share Capital after reconsolidation (of Rs.100 each)	1,00,000
Holding of RS Ltd.	20%

CA. Sumit L. Sarda

40. Shareholding of RS Ltd. in XY Ltd.

Particulars	Amount
Original share capital of XY Ltd.	10,00,000
Share Capital after reduction (of Rs.10 each)	1,00,000
Share Capital after reconsolidation (of Rs.100 each)	1,00,000
Holding of RS Ltd.	20%
	20,000

CA. Sumit L. Sarda

40. Purchase Consideration

Particulars	Amount
Shares of RS Ltd.	20,000

Sumit CA. Sumit CA. Sumit CA.
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40. Purchase Consideration

Particulars	Amount
Shares of RS Ltd.	20,000
Exchange Ratio	1:1

Sumit CA. Sumit CA. Sumit CA.
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40. Purchase Consideration

Particulars	Amount
Shares of RS Ltd.	20,000
Exchange Ratio	1:1
No. of equity shares issuable by XY to RS	20,000

Sumit CA. Sumit CA. Sumit CA.
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40. Purchase Consideration

Particulars	Amount
Shares of RS Ltd.	20,000
Exchange Ratio	1:1
No. of equity shares issuable by XY to RS	20,000
Already held (20000/100)	(200)

Sumit CA. Sumit CA. Sarda Sarda

40. Purchase Consideration

Particulars	Amount
Shares of RS Ltd.	20,000
Exchange Ratio	1:1
No. of equity shares issuable by XY to RS	20,000
Already held (20000/100)	(200)
Shares to be issued	19800

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

40. Purchase Consideration

Particulars	Amount
Shares of RS Ltd.	20,000
Exchange Ratio	1:1
No. of equity shares issuable by XY to RS	20,000
Already held (20000/100)	(200)
Shares to be issued	19800
Purchase Consideration	19,80,000

Sumit CA. Sumit CA. Sarda Sarda

40. Journal entry in books of RS

Particulars	Amount	Amount

Sumit CA. Sarda

40. Journal entry in books of RS

Particulars	Amount	Amount
10% Debentures	500	
Loan from financial institution	250	
Sundry Creditors	300	
Proposed Dividend	200	
Realization a/c		
To Fixed Assets		2700
To Investments (700-250)		450
To Sundry debtors		400
To Cash		250

Sumit CA. Sumit CA. Sumit CA. Sardi Sardi Sar

40. Journal entry in books of RS

Particulars	Amount	Amount
10% Debentures	500	
Loan from financial institution	250	
Sundry Creditors	300	
Proposed Dividend	200	
Realization a/c	**2550**	
To Fixed Assets		2700
To Investments (700-250)		450
To Sundry debtors		400
To Cash		250

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

40. Journal entry in books of RS

Particulars	Amount	Amount
XY Ltd.	1980	
To Realization		1980

Sumit CA. Sarda

40. Journal entry in books of RS

Particulars	Amount	Amount
XY Ltd.	1980	
To Realization		1980
Shares in XY Ltd.	1980	
To XY Ltd.		1980

Sumit CA. Sumit CA. Sumit CA.
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40. Journal entry in books of RS

Particulars	Amount	Amount
XY Ltd.	1980	
To Realization		1980
Shares in XY Ltd.	1980	
To XY Ltd.		1980
Share Capital	2000	
R&S	800	
To Equity shareholders		2800

Sumit CA. Sarda

40. Journal entry in books of RS

Particulars	Amount	Amount
XY Ltd.	1980	
To Realization		1980
Shares in XY Ltd.	1980	
To XY Ltd.		1980
Share Capital	2000	
R&S	800	
To Equity shareholders		2800
Equity shareholders	570	
To Realization		570

CA. Sumit L. Sarda

40. Journal entry in books of RS

Particulars	Amount	Amount
Equity shareholders	2230	
To Shares in XY Ltd.		1980
To Investments		250

CA. Sumit L. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Equity share capital	1000	
To Equity SC or Rs.10 each		100
To Reconstruction		900

CA. Sumit L. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Equity share capital	1000	
To Equity SC or Rs.10 each		100
To Reconstruction		900
Equity SC of Rs.10 each	100	
To Equity SC of Rs.100 each		100

CA. Sumit L. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Equity share capital	1000	
To Equity SC or Rs.10 each		100
To Reconstruction		900
Equity SC of Rs.10 each	100	
To Equity SC of Rs.100 each		100
Loan from FI	60	
To Reconstruction		60

CA. Sumit L. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Equity share capital	1000	
To Equity SC or Rs.10 each		100
To Reconstruction		900
Equity SC of Rs.10 each	100	
To Equity SC of Rs.100 each		100
Loan from FI	60	
To Reconstruction		60
Reconstruction	960	
To P&L		800
To CR		160

CA. Sumit L. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Business Purchase	1980	
To Liquidator of RS		1980

Sumit CA. Sumit CA. Sarda Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Business Purchase	1980	
To Liquidator of RS		1980
FA	2700	
Debtors	400	
Investments	450	
Cash/ Bank	250	
To R&S		
To Debentures		500
To Loan from FI		250
To Creditors		300
To Proposed Dividend		200
To Business Purchase		1980

CA. Sumit L. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Business Purchase	1980	
To Liquidator of RS		1980
FA	2700	
Debtors	400	
Investments	450	
Cash/ Bank	250	
To R&S		**570**
To Debentures		500
To Loan from FI		250
To Creditors		300
To Proposed Dividend		200
To Business Purchase		1980

CA. Sumit L. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Liquidator of RS	1980	
To Equity share Capital		1980

Sumit CA. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Liquidator of RS	1980	
To Equity share Capital		1980
Proposed Dividend	200	
To Bank		200

CA. Sumit L. Sarda

40. Journal entry in books of XY

Particulars	Amount	Amount
Liquidator of RS	1980	
To Equity share Capital		1980
Proposed Dividend	200	
To Bank		200
Inter Company owning		
Creditors	100	
To Debtors		100

Sumit CA. Sumit CA. Sarda Sarda

40. Balance Sheet

Particulars	Amount

Sumit CA. Sumit CA. Sarda Sarda

40. Balance Sheet

Particulars	Amount
Share Capital	2080

Sumit CA. Sumit CA. Sarda Sarda

40. Balance Sheet

Particulars	Amount
Share Capital	2080
R&S (160 + 570)	730

Sumit CA. Sumit CA. Sarda Sarda

40. Balance Sheet

Particulars	Amount
Share Capital	2080
R&S (160 + 570)	730
Long term borrowings (500 + 340 + 250)	1090

Sumit CA. Sarda

40. Balance Sheet

Particulars	Amount
Share Capital	2080
R&S (160 + 570)	730
Long term borrowings (500 + 340 + 250)	1090
Bank OD (200+100-250)	50

Sumit CA. Sumit CA. Sarda Sarda

40. Balance Sheet

Particulars	**Amount**
Share Capital	2080
R&S (160 + 570)	730
Long term borrowings (500 + 340 + 250)	1090
Bank OD (200+100-250)	50
Trade Payables (600-100)	500
	4450

Sumit CA. Sarda

40. Balance Sheet

Particulars	Amount
Assets	

Sumit CA. Sumit CA. Sumit CA.
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40. Balance Sheet

Particulars	Amount
Assets	
Fixed Assets (2700+850)	3550

Sumit CA. Sumit CA. Sarda Sarda

40. Balance Sheet

Particulars	Amount
Assets	
Fixed Assets (2700+850)	3550
Non current Investments (700-250)	450

Sumit CA. Sumit CA. Sarda Sarda

40. Balance Sheet

Particulars	**Amount**
Assets	
Fixed Assets (2700+850)	3550
Non current Investments (700-250)	450
Trade Receivables (400+150-100)	450
	4550

Sumit CA. Sumit CA. Sarda Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit

Sumit CA. Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Equity share Capital	300000	
To Equity SC of Rs.2 each		300000

Sumit CA. Sumit CA. Sarda Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Equity share Capital	300000	
To Equity SC of Rs.2 each		300000
Equity SC	270000	
To Shares surrendered		270000

Sumit CA. Sumit CA. Sarda Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Equity share Capital	300000	
To Equity SC of Rs.2 each		300000
Equity SC	270000	
To Shares surrendered		270000
8% cumulative preference SC	200000	
To 9% cumulative Preference SC		200000

Sumit CA. Sumit CA. Sarda Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Equity share Capital	300000	
To Equity SC of Rs.2 each		300000
Equity SC	270000	
To Shares surrendered		270000
8% cumulative preference SC	200000	
To 9% cumulative Preference SC		200000
Shares surrendered	35000	
To Equity share capital		35000

Sumit CA. Sumit CA. Sarda Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Reconstruction a/c	10000	
To Bank		10000

Sumit CA. Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Reconstruction a/c	10000	
To Bank		10000
Shares surrendered	235000	
To reconstruction		235000

Sumit CA. Sumit CA. Sarda Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Reconstruction a/c	10000	
To Bank		10000
Shares surrendered	235000	
To reconstruction		235000
Unsecured loan	50000	
Sundry creditors	60000	
o/s expenses	20000	
To Reconstruction		130000

Sumit CA. Sumit CA. Sumit CA.
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41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Reconstruction a/c	355000	
To Goodwill		50000
To Loose tools		8000
To Sundry Debtors		15000
To SIT		20000
To P&L		200000
To Preliminary Exp		5000
To Plant (Bal. fig)		57000

Sumit CA. Sumit CA. Sarda Sarda

41. Journal Entries in books of P Ltd.

Particulars	Debit	Credit
Bank	100000	
To Equity Share Capital		100000

Sumit CA. Sarda

Q42. In books of A Ltd.

Particulars	Debit	Credit

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Q42. In books of A Ltd.

Particulars	Debit	Credit
Due Entry		
B Ltd. (900000-600000)	300000	
Unsecured Loan	600000	
To Investments		400000
To CR (Bal fig)		500000

CA. Sumit L. Sarda

Q42. In books of A Ltd.

Particulars	Debit	Credit
Due Entry		
B Ltd. (900000-600000)	300000	
Unsecured Loan	600000	
To Investments		400000
To CR (Bal fig)		500000
CR	300000	
To B Ltd.		300000

CA. Sumit L. Sarda

Q43. Assets and Liabilities

Particulars	Established	New Project	Others

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Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-

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Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-
Less: Acc. Depreciation	(170)	(30)	-

CA. Sumit L. Sarda

Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-
Less: Acc. Depreciation	(170)	(30)	-
Net block	30	570	

CA. Sumit L. Sarda

Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-
Less: Acc. Depreciation	(170)	(30)	-
Net block	30	570	
Investments			400

CA. Sumit L. Sarda

Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-
Less: Acc. Depreciation	(170)	(30)	-
Net block	30	570	
Investments			400
CA	1500	1500	-

CA. Sumit L. Sarda

Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-
Less: Acc. Depreciation	(170)	(30)	-
Net block	30	570	
Investments			400
CA	1500	1500	-
CL	(300)	(1700)	-

CA. Sumit L. Sarda

Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-
Less: Acc. Depreciation	(170)	(30)	-
Net block	30	570	
Investments			400
CA	1500	1500	-
CL	(300)	(1700)	-
Secured Loan	-	(400)	-

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CA. Sumit L. Sarda

Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-
Less: Acc. Depreciation	(170)	(30)	-
Net block	30	570	
Investments			400
CA	1500	1500	-
CL	(300)	(1700)	-
Secured Loan	-	(400)	-
Unsecured Loan	-	-	(600)

CA. Sumit L. Sarda

Q43. Purchase Consideration

Particulars	Others

Sumit CA. Sumit CA. Sumit CA.
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Q43. Purchase Consideration

Particulars	Others
Investments	800

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q43. Purchase Consideration

Particulars	Others
Investments	800
Less: Unsecured Loan	(600)

Sumit CA. Sumit CA. Sumit CA.
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Q43. Purchase Consideration

Particulars	**Others**
Investments	800
Less: Unsecured Loan	(600)
Net Assets	200
To be satisfied by issue to shares of Khajana Ltd. to members of Diverse Ltd.	

Sumit CA. Sumit CA. Sumit CA.
dda Sarda Sarda

Q43. Purchase Consideration

Particulars	Others
Investments	800
Less: Unsecured Loan	(600)
Net Assets	200
To be satisfied by issue to shares of Khajana Ltd. to members of Diverse Ltd.	

Transfer of New Project to Sunrise Ltd.
Payment Received – 1 crore shares of rs.10 each to Diverse Ltd.

Sumit CA. Sumit CA. Sumit CA.
dda Sarda Sarda

Q43. In books of Khajana Ltd.

Particulars	Debit	Credit
Business Purchase	200	
To Members of Diverse Ltd.		200

CA. Sumit L. Sarda

Q43. In books of Khajana Ltd.

Particulars	Debit	Credit
Business Purchase	200	
To Members of Diverse Ltd.		200
Investments	800	
To Unsecured Loans		600
To Business Purchase		200

CA. Sumit L. Sarda

Q43. In books of Khajana Ltd.

Particulars	Debit	Credit
Business Purchase	200	
To Members of Diverse Ltd.		200
Investments	800	
To Unsecured Loans		600
To Business Purchase		200
Members of Diverse Ltd.	200	
To Equity Share Capital		200

CA. Sumit L. Sarda

Q43. In books of Sunrise Ltd.

Particulars	Debit	Credit

Sumit CA. Sumit CA. Sumit CA.
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Q43. In books of Sunrise Ltd.

Particulars	Debit	Credit
Business Purchase	10	
To Diverse Ltd.		10

CA. Sumit L. Sarda

Q43. In books of Sunrise Ltd.

Particulars	Debit	Credit
Business Purchase	10	
To Diverse Ltd.		10
Goodwill		
Fixed Assets	570	
Current Assets	1500	
To Current Liabilities		1700
To Secured Loan		400
To Business Purchase		10

CA. Sumit L. Sarda

Q43. In books of Sunrise Ltd.

Particulars	Debit	Credit
Business Purchase	10	
To Diverse Ltd.		10
Goodwill	40	
Fixed Assets	570	
Current Assets	1500	
To Current Liabilities		1700
To Secured Loan		400
To Business Purchase		10

CA. Sumit L. Sarda

Q43. In books of Sunrise Ltd.

Particulars	Debit	Credit
Business Purchase	10	
To Diverse Ltd.		10
Goodwill	40	
Fixed Assets	570	
Current Assets	1500	
To Current Liabilities		1700
To Secured Loan		400
To Business Purchase		10
Diverse Ltd.	10	
To Equity share Capital		10

CA. Sumit L. Sarda

Q43. In books of Sunrise Ltd.

Particulars	Debit	Credit
Bank	500	
To 15% debentures		500

CA. Sumit L. Sarda

Q43. In books of Diverse Ltd.

Particulars	Debit	Credit

Sumit CA. Sumit CA. Sumit CA.
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Q43. In books of Diverse Ltd.

Particulars	Debit	Credit
Khajana Ltd.	200	
Unsecured Loan	600	
To Investments		400
To CR		400

CA. Sumit L. Sarda

Q43. In books of Diverse Ltd.

Particulars	Debit	Credit
Khajana Ltd.	200	
Unsecured Loan	600	
To Investments		400
To CR		400
CR	200	
To Khajana Ltd.		200

CA. Sumit L. Sarda

Q43. In books of Diverse Ltd.

Particulars	Debit	Credit
Khajana Ltd.	200	
Unsecured Loan	600	
To Investments		400
To CR		400
CR	200	
To Khajana Ltd.		200
Sunrise Ltd.	10	
CL	1700	
SL	400	
Prov. For Dep	30	
To FA		600
To CA		1500
To CR (Bal fig)		40

CA. Sumit L. Sarda

Q43. In books of Diverse Ltd.

Particulars	Debit	Credit
Investments	10	
To Sunrise Ltd.		10

CA. Sumit L. Sarda

Q43. In books of Diverse Ltd.

Particulars	Debit	Credit
Investments	10	
To Sunrise Ltd.		10
Subscription of unsecured convertible debentures of Sunrise Ltd.		
Investments	500	
To Bank		500

Sumit CA. Sumit CA. Sumit CA.
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Q43. In books of Diverse Ltd.

Particulars	Debit	Credit
Investments	10	
To Sunrise Ltd.		10
Subscription of unsecured convertible debentures of Sunrise Ltd.		
Investments	500	
To Bank		500
Bonus issue		
Revenue Reserve	250	
To Equity share capital		250

Sumit CA. Sumit CA. Sarda Sarda

Q44. In books of Z Ltd.

Particulars	Debit	Credit

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q44. In books of Z Ltd.

Particulars	Debit	Credit
Sale of Investments		
Bank	102	
To Investments		97
To P&L		5

Sumit CA. Sumit CA. Sumit CA.
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Q44. In books of Z Ltd.

Particulars	Debit	Credit
Sale of Investments		
Bank	102	
To Investments		97
To P&L		5
Redemption of debentures		
Debentures	125	
To Bank		125

Sumit CA. Sumit CA. Sarda Sarda

Q44. In books of Z Ltd.

Particulars	Debit	Credit
Transfer of Division		
Bank loan	15	
CL	93	
Prov. For depreciation	81	
Y Ltd.	690	
To FA		249
To CA		585
To CR (Bal fig)		45

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q44. In books of Z Ltd.

Particulars	Debit	Credit
Transfer of Division		
Bank loan	15	
CL	93	
Prov. For depreciation	81	
Y Ltd.	690	
To FA		249
To CA		585
To CR (Bal fig)		45
CR	45	
P&L	645	
To Y Ltd.		690

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q44. Revenue Reserves

Particulars	Amount
Balance as on 31.3.2003	685

Sumit CA. Sumit CA. Sumit CA.
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Q44. Revenue Reserves

Particulars	Amount
Balance as on 31.3.2003	685
Add: Profit on sale of Investment	5

Sumit CA. Sumit CA. Sarda Sarda

Q44. Revenue Reserves

Particulars	Amount
Balance as on 31.3.2003	685
Add: Profit on sale of Investment	5
Less: Loss on demerger	(645)

Sumit CA. Sumit CA. Sarda Sarda

Q44. Revenue Reserves

Particulars	Amount
Balance as on 31.3.2003	685
Add: Profit on sale of Investment	5
Less: Loss on demerger	(645)
Balance as on 1.4.2003	45

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Revenue Reserves	
Balance as on 31.3.2003	685
Add: Profit on sale of Investment	5
Less: Loss on demerger	(645)
Balance as on 1.4.2003	45
Loan funds	
Balance as on 31.3.2003	417

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Revenue Reserves	
Balance as on 31.3.2003	685
Add: Profit on sale of Investment	5
Less: Loss on demerger	(645)
Balance as on 1.4.2003	45
Loan funds	
Balance as on 31.3.2003	417
Bank loan transferred	(15)

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Revenue Reserves	
Balance as on 31.3.2003	685
Add: Profit on sale of Investment	5
Less: Loss on demerger	(645)
Balance as on 1.4.2003	45
Loan funds	
Balance as on 31.3.2003	417
Bank loan transferred	(15)
Debentures redeemed	(125)

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Revenue Reserves	
Balance as on 31.3.2003	685
Add: Profit on sale of Investment	5
Less: Loss on demerger	(645)
Balance as on 1.4.2003	45
Loan funds	
Balance as on 31.3.2003	417
Bank loan transferred	(15)
Debentures redeemed	(125)
Balance as on 1.4.2003	277

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Current Assets	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda

Q44. Working Notes

Particulars	Amount
Current Assets	
Balance as on 31.3.2003	445

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Current Assets	
Balance as on 31.3.2003	445
Add: Cash received on sale of investments	102

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Current Assets	
Balance as on 31.3.2003	445
Add: Cash received on sale of investments	102
Less: Cash paid on redemption	(125)

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Current Assets	
Balance as on 31.3.2003	445
Add: Cash received on sale of investments	102
Less: Cash paid on redemption	(125)
Balance as on 1.4.2003	422

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Current Assets	
Balance as on 31.3.2003	445
Add: Cash received on sale of investments	102
Less: Cash paid on redemption	(125)
Balance as on 1.4.2003	422
Capital Reserve for Y	
Purchase Consideration	690

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Current Assets	
Balance as on 31.3.2003	445
Add: Cash received on sale of investments	102
Less: Cash paid on redemption	(125)
Balance as on 1.4.2003	422
Capital Reserve for Y	
Purchase Consideration	690
Net assets taken over (218 + 585)	
Less: liabilities (93+15)	695

Sumit CA. Sumit CA. Sarda Sarda

Q44. Working Notes

Particulars	Amount
Current Assets	
Balance as on 31.3.2003	445
Add: Cash received on sale of investments	102
Less: Cash paid on redemption	(125)
Balance as on 1.4.2003	422
Capital Reserve for Y	
Purchase Consideration	690
Net assets taken over (218 + 585)	
Less: liabilities (93+15)	695
CR	5

Sumit CA. Sumit CA. Sarda Sarda

Q44. Balance sheet of Z

Particulars	Amount
Equity and liabilities	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q44. Balance sheet of Z

Particulars	Amount
Equity and liabilities	
Share Capital	345

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q44. Balance sheet of Z

Particulars	Amount
Equity and liabilities	
Share Capital	345
Reserves	45

Sumit CA. Sumit CA. Sarda Sarda

Q44. Balance sheet of Z

Particulars	Amount
Equity and liabilities	
Share Capital	345
Reserves	45
Long term borrowings	277

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q44. Balance sheet of Z

Particulars	Amount
Equity and liabilities	
Share Capital	345
Reserves	45
Long term borrowings	277
CL	270
	937

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q44. Balance sheet of Z

Particulars	Amount
Equity and liabilities	
Share Capital	345
Reserves	45
Long term borrowings	277
CL	270
	937
Assets	
Fixed Assets (875-360)	515

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q44. Balance sheet of Z

Particulars	Amount
Equity and liabilities	
Share Capital	345
Reserves	45
Long term borrowings	277
CL	270
	937
Assets	
Fixed Assets (875-360)	515
CA	422
	937

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q44. Intrinsic Value

Particulars	Before	After

Sumit CA. Sumit CA. Sumit CA.
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Q44. Intrinsic Value

Particulars	Before	After
Fixed Assets	683	515

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sarda

Q44. Intrinsic Value

Particulars	Before	After
Fixed Assets	683	515
Net CA		
667-125+102	644	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q44. Intrinsic Value

Particulars	Before	After
Fixed Assets	683	515
Net CA		
667-125+102	644	
175-125+102		152

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q44. Intrinsic Value

Particulars	Before	After
Fixed Assets	683	515
Net CA		
667-125+102	644	
175-125+102		152
Less: Loan funds		
417-125	292	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q44. Intrinsic Value

Particulars	Before	After
Fixed Assets	683	515
Net CA		
667-125+102	644	
175-125+102		152
Less: Loan funds		
417-125	292	
292-15		277

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q44. Intrinsic Value

Particulars	Before	After
Fixed Assets	683	515
Net CA		
667-125+102	644	
175-125+102		152
Less: Loan funds		
417-125	292	
292-15		277
Net Assets	1035	390

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q44. Intrinsic Value

Particulars	Before	After
Fixed Assets	683	515
Net CA		
667-125+102	644	
175-125+102		152
Less: Loan funds		
417-125	292	
292-15		277
Net Assets	1035	390
Shares	34.5	34.5

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q44. Intrinsic Value

Particulars	Before	After
Fixed Assets	683	515
Net CA		
667-125+102	644	
175-125+102		152
Less: Loan funds		
417-125	292	
292-15		277
Net Assets	1035	390
Shares	34.5	34.5
IV	**30**	**11.30**

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Computation of surplus

Particulars	Amount

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Computation of surplus

Particulars	Amount
Given balance	360000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Computation of surplus

Particulars	Amount
Given balance	360000
Profit on sale of Department (2000000 – 900000)	1100000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Computation of surplus

Particulars	Amount
Given balance	360000
Profit on sale of Department (2000000 – 900000)	1100000
Share of expenses (800000/2)	(400000)
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q46. Computation of surplus

Particulars	Amount
Given balance	360000
Profit on sale of Department (2000000 – 900000)	1100000
Share of expenses (800000/2)	(400000)
TM, patents and copyright written off (600000-350000)	(250000)

CA. Sumit L. Sarda

Q46. Computation of surplus

Particulars	Amount
Given balance	360000
Profit on sale of Department (2000000 – 900000)	1100000
Share of expenses (800000/2)	(400000)
TM, patents and copyright written off (600000-350000)	(250000)
Share of Profit earned (240000 * 60%)	144000

CA. Sumit L. Sarda

Q46. Computation of surplus

Particulars	Amount
Given balance	360000
Profit on sale of Department (2000000 – 900000)	1100000
Share of expenses (800000/2)	(400000)
TM, patents and copyright written off (600000-350000)	(250000)
Share of Profit earned (240000 * 60%)	144000
Fall in value of shares (1000000 * 120% - 1000000 * 95/100)	(250000)

CA. Sumit L. Sarda

Q46. Computation of surplus

Particulars	Amount
Given balance	360000
Profit on sale of Department (2000000 – 900000)	1100000
Share of expenses (800000/2)	(400000)
TM, patents and copyright written off (600000-350000)	(250000)
Share of Profit earned (240000 * 60%)	144000
Fall in value of shares (1000000 * 120% - 1000000 * 95/100)	(250000)
Loss due to exchange fluctuation [(2000000 -1000000*120%) * 5/80]	(50000)

CA. Sumit L. Sarda

Q46. Computation of surplus

Particulars	Amount
Given balance	360000
Profit on sale of Department (2000000 – 900000)	1100000
Share of expenses (800000/2)	(400000)
TM, patents and copyright written off (600000-350000)	(250000)
Share of Profit earned (240000 * 60%)	144000
Fall in value of shares (1000000 * 120% - 1000000 * 95/100)	(250000)
Loss due to exchange fluctuation [(2000000 -1000000*120%) * 5/80]	(50000)
	654000
CA. Sumit L. Sarda	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q46. Other current assets

Particulars	Amount
Given balance	800000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Other current assets

Particulars	Amount
Given balance	800000
Sold off	(200000)

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q46. Other current assets

Particulars	Amount
Given balance	800000
Sold off	(200000)
Expenses incurred and borne equally	(800000)

Sumit CA. Sumit CA. Sarda Sarda

Q46. Other current assets

Particulars	Amount
Given balance	800000
Sold off	(200000)
Expenses incurred and borne equally	(800000)
Total profit earned in April	240000

Sumit CA. Sumit CA. Sarda Sarda

Q46. Other current assets

Particulars	Amount
Given balance	800000
Sold off	(200000)
Expenses incurred and borne equally	(800000)
Total profit earned in April	240000
Amount received as final settlement [(2000000 – 1000000 * 120%) * 75/80 + 400000 – 240000 * 40%]	10,54,000

Sumit CA. Sumit CA. Sumit CA.

Q46. Other current assets

Particulars	Amount
Given balance	800000
Sold off	(200000)
Expenses incurred and borne equally	(800000)
Total profit earned in April	240000
Amount received as final settlement [(2000000 – 1000000 * 120%) * 75/80 + 400000 – 240000 * 40%]	10,54,000
	1094000

Sumit CA. Sumit CA. Sumit CA.

Q46. R&S

Particulars	Amount
GR	500000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. R&S

Particulars	Amount
GR	500000
Share Premium	400000

Sumit CA. Sarda

Q46. R&S

Particulars	Amount
GR	500000
Share Premium	400000
RR	500000

Sumit CA. Sarda

Q46. R&S

Particulars	Amount
GR	500000
Share Premium	400000
RR	500000
Surplus	654000

Sumit CA. Sarda

Q46. R&S

Particulars	Amount
GR	500000
Share Premium	400000
RR	500000
Surplus	654000
	2054000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q46. Tangible Assets

Particulars	Amount
Land (700000-200000)*200%	1000000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Tangible Assets

Particulars	Amount
Land (700000-200000)*200%	1000000
P&M (860000 – 400000)	460000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Tangible Assets

Particulars	Amount
Land (700000-200000)*200%	1000000
P&M (860000 – 400000)	460000
	1460000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sar

Q46. Balance sheet

Particulars	Amount
Equity and Liabilities	
Share capital	800000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Balance sheet

Particulars	Amount
Equity and Liabilities	
Share capital	800000
R&S	2054000

Sumit CA. Sumit CA. Sarda Sarda

Q46. Balance sheet

Particulars	Amount
Equity and Liabilities	
Share capital	800000
R&S	2054000
Long term borrowings	500000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q46. Balance sheet

Particulars	Amount
Equity and Liabilities	
Share capital	800000
R&S	2054000
Long term borrowings	500000
Trade Payables	150000
	3504000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q46. Balance sheet

Particulars	Amount
Assets	
Fixed Assets	1460000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q46. Balance sheet

Particulars	Amount
Assets	
Fixed Assets	1460000
Current Investments 1000000 * 95/100	950000

Sumit CA. Sumit CA. Sumit CA.
dd Sarda Sarda Sa

Q46. Balance sheet

Particulars	Amount
Assets	
Fixed Assets	1460000
Current Investments 1000000 * 95/100	950000
Other current assets	1094000
	3504000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q47. Purchase consideration

Particulars	Amount
No. of share of A and Co.	60000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q47. Purchase consideration

Particulars	Amount
No. of share of A and Co.	60000
Purchase price of B & Co. per share	14

Sumit CA. Sumit CA. Sarda Sarda

Q47. Purchase consideration

Particulars	Amount
No. of share of A and Co.	60000
Purchase price of B & Co. per share	14
Purchase consideration	**840000**

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sarda

Q47. Purchase consideration

Particulars	Amount
No. of share of A and Co.	60000
Purchase price of B & Co. per share	14
Purchase consideration	**840000**
Value of freehold property to be adjusted	60,000

Sumit CA. Sumit CA. Sarda Sarda

Q47. Purchase consideration

Particulars	Amount
No. of share of A and Co.	60000
Purchase price of B & Co. per share	14
Purchase consideration	**840000**
Value of freehold property to be adjusted	60,000
Net Consideration	**780,000**

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q47. Purchase consideration

Particulars	Amount
No. of share of A and Co.	60000
Purchase price of B & Co. per share	14
Purchase consideration	**840000**
Value of freehold property to be adjusted	60,000
Net Consideration	**780,000**
Issue price per share of B and Co. Ltd.	19.5

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q47. Purchase consideration

Particulars	Amount
No. of share of A and Co.	60000
Purchase price of B & Co. per share	14
Purchase consideration	**840000**
Value of freehold property to be adjusted	60,000
Net Consideration	**780,000**
Issue price per share of B and Co. Ltd.	19.5
No. of shares to be issued	**40,000**

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Purchase of shares		

Sumit CA. Sumit CA. Sarda Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Purchase of shares		
Shares of A & Co.	840000	
To Shareholders of A & Co.		840000

Sumit CA. Sumit CA. Sarda Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Purchase of shares		
Shares of A & Co.	840000	
To Shareholders of A & Co.		840000
Shareholders of A & Co.	60000	
To A & Co.		60000

Sumit CA. Sumit CA. Sarda Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Purchase of shares		
Shares of A & Co.	840000	
To Shareholders of A & Co.		840000
Shareholders of A & Co.	60000	
To A & Co.		60000
Shareholders of A & Co.	780000	
To Share Capital		400000
To Share Premium		380000

Sumit CA. Sumit CA. Sarda Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Purchase from A & Co.		
P&M	150000	
Freehold property	120000	
To A & Co.		270000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Purchase from A & Co.		
P&M	150000	
Freehold property	120000	
To A & Co.		270000
Sale to A & Co.		
A & Co.	60000	
P&L	15000	
To Freehold property		75000

Sumit CA. Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Purchase from A & Co.		
P&M	150000	
Freehold property	120000	
To A & Co.		270000
Sale to A & Co.		
A & Co.	60000	
P&L	15000	
To Freehold property		75000
A & Co.	80000	
To Stock		80000

CA. Sumit L. Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Settlement		
A & Co.	190000	
To Bank		190000

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q47. Journal entries in books of B & Co.

Particulars	Debit	Credit
Settlement		
A & Co.	190000	
To Bank		190000
Pre acquisition dividend		
Bank	60000	
To Shares of A & Co.		60000

CA. Sumit L. Sarda

Q47. Journal entries in books of A & Co.

Particulars	Debit	Credit

Sumit CA. Sumit CA. Sarda Sarda

Q47. Journal entries in books of A & Co.

Particulars	Debit	Credit
Freehold property taken over by shareholder		
Shareholders a/c	60000	
To Freehold property		60000

CA. Sumit L. Sarda

Q47. Journal entries in books of A & Co.

Particulars	Debit	Credit
Freehold property taken over by shareholder		
Shareholders a/c	60000	
To Freehold property		60000
B & Co.	60000	
To Shareholders		60000

CA. Sumit L. Sarda

Q47. Journal entries in books of A & Co.

Particulars	Debit	Credit
Freehold property taken over by shareholder		
Shareholders a/c	60000	
To Freehold property		60000
B & Co.	60000	
To Shareholders		60000
Sales to B & Co.		
B & Co.	150000	
To P&M		100000
To P&L		50000

CA. Sumit L. Sarda

Q47. Journal entries in books of A & Co.

Particulars	Debit	Credit
B & Co.	120000	
To Freehold property		100000
To P&L		20000

Sumit CA. Sumit CA. Sarda Sarda

Q47. Journal entries in books of A & Co.

Particulars	Debit	Credit
B & Co.	120000	
To Freehold property		100000
To P&L		20000
Purchase from B & Co.		
Freehold property	60000	
Stock	80000	
To B & Co.		140000

Sumit CA. Sumit CA. Sarda Sarda

Q47. Journal entries in books of A & Co.

Particulars	Debit	Credit
B & Co.	120000	
To Freehold property		100000
To P&L		20000
Purchase from B & Co.		
Freehold property	60000	
Stock	80000	
To B & Co.		140000
Settlement		
Bank	190000	
To B & Co.		190000

Sumit CA. Sumit CA. Sarda Sarda

Q47. Journal entries in books of A & Co.

Particulars	Debit	Credit
Dividend		
P&L	60000	
To Bank		60000

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Ksha.

Particulars	Debit	Credit
Transfer of Division B		

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Ksha.

Particulars	Debit	Credit
Transfer of Division B		
Yaa Ltd.	125	
CL	750	
Loan funds	200	
Provision for Depreciation	240	
To FA		400
To CA		900
To CR (Bal fig)		15

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Ksha.

Particulars	Debit	Credit
Takeover of Division C of Yaa		

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Ksha.

Particulars	Debit	Credit
Takeover of Division C of Yaa		
Business Purchase	140	
To Yaa Ltd.		140

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Ksha.

Particulars	Debit	Credit
Takeover of Division C of Yaa		
Business Purchase	140	
To Yaa Ltd.		140
Incorporation of assets and liabilities		
FA	325	
CA	800	
To CL		700
To Loan funds		250
To Business Purchase		140
To CR (Bal fig)		35

Sumit CA. Sumit CA. Sarda Sarda

Q48. Balance sheet of Ksha

Particulars	Amount
Share Capital	300

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q48. Balance sheet of Ksha

Particulars	Amount
Share Capital	300
R&S (40 + 15 + 35 + 700 + 10)	800

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q48. Balance sheet of Ksha

Particulars	Amount
Share Capital	300
R&S (40 + 15 + 35 + 700 + 10)	800
Long term borrowings (250+250-200 +15)	315

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q48. Balance sheet of Ksha

Particulars	**Amount**
Share Capital	300
R&S (40 + 15 + 35 + 700 + 10)	800
Long term borrowings (250+250-200 +15)	315
CL	1250
	2665

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q48. Balance sheet of Ksha

Particulars	Amount
FA (600 + 325 – 160)	765

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q48. Balance sheet of Ksha

Particulars	Amount
FA (600 + 325 – 160)	765
CA	1900
	2665

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Yaa

Particulars	Debit	Credit
Takeover of Division C of Ksha		

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Yaa

Particulars	Debit	Credit
Takeover of Division C of Ksha		
Ksha	140	
CL	700	
Loan funds	250	
Prov. For depreciation	200	
To FA		500
To CA		800

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Yaa

Particulars	Debit	Credit
Takeover of Division C of Ksha		
Ksha	140	
CL	700	
Loan funds	250	
Prov. For depreciation	200	
P&L (Bal fig)	10	
To FA		500
To CA		800

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Yaa

Particulars	Debit	Credit
Take over of division B of Ksha		

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Yaa

Particulars	Debit	Credit
Take over of division B of Ksha		
Business Purchase	125	
To Ksha Ltd.		125

CA. Sumit L. Sarda

Q48. Journal entries in books of Yaa

Particulars	Debit	Credit
Take over of division B of Ksha		
Business Purchase	125	
To Ksha Ltd.		125
FA	200	
CA	900	
To CL		750
To Loan funds		200
To Business Purchase		125

Sumit CA. Sumit CA. Sarda Sarda

Q48. Journal entries in books of Yaa

Particulars	Debit	Credit
Take over of division B of Ksha		
Business Purchase	125	
To Ksha Ltd.		125
FA	200	
CA	900	
To CL		750
To Loan funds		200
To Business Purchase		125
CR (Bal fig)		25

Sumit CA. Sumit CA. Sarda Sarda

Q48. Balance sheet of Yaa

Particulars	Amount
Share capital	200

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q48. Balance sheet of Yaa

Particulars	Amount
Share capital	200
R&S (45 + 420)	465

Sumit CA. Sumit CA. Sarda Sarda

Q48. Balance sheet of Yaa

Particulars	Amount
Share capital	200
R&S (45 + 420)	465
Loan funds	300

Sumit CA. Sumit CA. Sarda Sarda

Q48. Balance sheet of Yaa

Particulars	**Amount**
Share capital	200
R&S (45 + 420)	465
Loan funds	300
CL	950
	1915

Sumit CA. Sumit CA. Sarda Sarda

Q48. Balance sheet of Yaa

Particulars	Amount
FA (400-100)	300

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q48. Balance sheet of Yaa

Particulars	Amount
FA (400-100)	300
Loans and advances	15

Sumit CA. Sumit CA. Sarda Sarda

Q48. Balance sheet of Yaa

Particulars	**Amount**
FA (400-100)	300
Loans and advances	15
CA	1600
	1915

Sumit CA. Sumit CA. Sarda Sarda

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After

Sumit CA. Sarda Sumit CA. Sarda Sumit CA. Sarda

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915
Less: CL	(1300)	(1250)	(900)	(950)

Sumit CA. Sumit CA. Sarda Sarda

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915
Less: CL	(1300)	(1250)	(900)	(950)
Less: Outside Liability	(250)	(315)	(350)	(300)

Sumit CA. Sumit CA. Sumit CA.

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915
Less: CL	(1300)	(1250)	(900)	(950)
Less: Outside Liability	(250)	(315)	(350)	(300)
	1050	1100	650	665

Sumit CA. Sumit CA. Sumit CA.

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915
Less: CL	(1300)	(1250)	(900)	(950)
Less: Outside Liability	(250)	(315)	(350)	(300)
	1050	1100	650	665
No. of shares	30	30	20	20

Sumit CA. Sumit CA. Sumit CA.

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915
Less: CL	(1300)	(1250)	(900)	(950)
Less: Outside Liability	(250)	(315)	(350)	(300)
	1050	1100	650	665
No. of shares	30	30	20	20
IV	35	36.7	32.5	33.25

Sumit CA. Sumit CA. Sumit CA.

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915
Less: CL	(1300)	(1250)	(900)	(950)
Less: Outside Liability	(250)	(315)	(350)	(300)
	1050	1100	650	665
No. of shares	30	30	20	20
IV	35	36.7	32.5	33.25
Shares held	17.5	18.35	9.75	9.975

Sumit CA. Sumit CA. Sumit CA.

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915
Less: CL	(1300)	(1250)	(900)	(950)
Less: Outside Liability	(250)	(315)	(350)	(300)
	1050	1100	650	665
No. of shares	30	30	20	20
IV	35	36.7	32.5	33.25
Shares held	17.5	18.35	9.75	9.975
Value	17.5 lakhs	18.35 lakhs	9.75 lakhs	9.975 lakhs

CA. Sumit L. Sarda

Q48. Evaluation of investment

Particulars	Ksha		Yaa	
	Before	After	Before	After
Total Assets	2600	2665	1900	1915
Less: CL	(1300)	(1250)	(900)	(950)
Less: Outside Liability	(250)	(315)	(350)	(300)
	1050	1100	650	665
No. of shares	30	30	20	20
IV	35	36.7	32.5	33.25
Shares held	17.5	18.35	9.75	9.975
Value	17.5 lakhs	18.35 lakhs	9.75 lakhs	9.975 lakhs
Increase in value	85000		22500	

CA. Sumit L. Sarda

Q49. Calculation of shares to be issued

Particulars	

Sumit CA. Sumit CA. Sarda Sarda

Q49. Calculation of shares to be issued

Particulars	
Issued for interest accrued on debentures (8000/10)	800

Sumit CA. Sumit CA. Sumit CA.
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Q49. Calculation of shares to be issued

Particulars	
Issued for interest accrued on debentures (8000/10)	800
Issued for creditors (100000/100 * 10)	10,000

Sumit CA. Sumit CA. Sarda Sarda

Q49. Calculation of shares to be issued

Particulars	
Issued for interest accrued on debentures (8000/10)	800
Issued for creditors (100000/100 * 10)	10,000
Issued for preference share Capital	5,000

Sumit CA. Sumit CA. Sarda Sarda

Q49. Calculation of shares to be issued

Particulars	
Issued for interest accrued on debentures (8000/10)	800
Issued for creditors (100000/100 * 10)	10,000
Issued for preference share Capital	5,000
Issued for preference dividend arrears (12000/100 * 5)	600

Sumit CA. Sumit CA. Sarda Sarda

Q49. Calculation of shares to be issued

Particulars	
Issued for interest accrued on debentures (8000/10)	800
Issued for creditors (100000/100 * 10)	10,000
Issued for preference share Capital	5,000
Issued for preference dividend arrears (12000/100 * 5)	600
Issued for equity share holders (24000/3)	8000

Sumit CA. Sumit CA. Sarda Sarda

Q49. Calculation of shares to be issued

Particulars	
Issued for interest accrued on debentures (8000/10)	800
Issued for creditors (100000/100 * 10)	10,000
Issued for preference share Capital	5,000
Issued for preference dividend arrears (12000/100 * 5)	600
Issued for equity share holders (24000/3)	8000
	24400

Sumit CA. Sumit CA. Sarda Sarda

Q49. Calculation of shares to be issued

Particulars	
Issued for interest accrued on debentures (8000/10)	800
Issued for creditors (100000/100 * 10)	10,000
Issued for preference share Capital	5,000
Issued for preference dividend arrears (12000/100 * 5)	600
Issued for equity share holders (24000/3)	8000
	24400
Authorized share capital	30,000

Sumit CA. Sumit CA. Sarda Sarda

Q49. Calculation of shares to be issued

Particulars	
Issued for interest accrued on debentures (8000/10)	800
Issued for creditors (100000/100 * 10)	10,000
Issued for preference share Capital	5,000
Issued for preference dividend arrears (12000/100 * 5)	600
Issued for equity share holders (24000/3)	8000
	24400
Authorized share capital	30,000
Shares to be issued to purblic	5600

Sumit CA. Sumit CA. Sarda Sarda

Q49. Realization and Reconstruction

Particulars	Debit	Particulars	Credit

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q49. Realization and Reconstruction

Particulars	Debit	Particulars	Credit
FA	257000		
Stock	50000		
Debtors	60000		
Bank	1000		

Sumit CA. Sumit CA. Sumit CA.
dit Sarda Sarda Sa

Q49. Realization and Reconstruction

Particulars	Debit	Particulars	Credit
FA	257000	8% Debentures	100000
Stock	50000	Int. on debentures	8000
Debtors	60000	Creditors	100000
Bank	1000		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q49. Realization and Reconstruction

Particulars	Debit	Particulars	Credit
FA	257000	8% Debentures	100000
Stock	50000	Int. on debentures	8000
Debtors	60000	Creditors	100000
Bank	1000	Purchase consideration for Pref. shares	56000

Sumit CA. Sumit CA. Sumit CA.

Q49. Realization and Reconstruction

Particulars	Debit	Particulars	Credit
FA	257000	8% Debentures	100000
Stock	50000	Int. on debentures	8000
Debtors	60000	Creditors	100000
Bank	1000	Purchase consideration for Pref. shares	56000
		Purchase consideration for equity shares	80,000

Sumit CA. Sumit CA. Sumit CA.

Q49. Realization and Reconstruction

Particulars	Debit	Particulars	Credit
FA	257000	8% Debentures	100000
Stock	50000	Int. on debentures	8000
Debtors	60000	Creditors	100000
Bank	1000	Purchase consideration for Pref. shares	56000
		Purchase consideration for equity shares	80,000
		Realization loss	24,000

Sumit CA. Sumit CA. Sumit CA.

Q49. Equity shareholders

Particulars	Debit	Particulars	Credit
		Opening	240,000

Sumit CA. Sarda

Q49. Equity shareholders

Particulars	Debit	Particulars	Credit
Goodwill	5000	Opening	240,000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q49. Equity shareholders

Particulars	Debit	Particulars	Credit
Goodwill	5000	Opening	240,000
Preliminary exp	15000		

Sumit CA. Sarda

Q49. Equity shareholders

Particulars	Debit	Particulars	Credit
Goodwill	5000	Opening	240,000
Preliminary exp	15000		
P&L	110000		

Sumit CA. Sumit CA. Sarda Sarda

Q49. Equity shareholders

Particulars	Debit	Particulars	Credit
Goodwill	5000	Opening	240,000
Preliminary exp	15000		
P&L	110000		
Loss on settlement of Pref shares	6000		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q49. Equity shareholders

Particulars	Debit	Particulars	Credit
Goodwill	5000	Opening	240,000
Preliminary exp	15000		
P&L	110000		
Loss on settlement of Pref shares	6000		
Realization loss	24,000		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q49. Equity shareholders

Particulars	Debit	Particulars	Credit
Goodwill	5000	Opening	240,000
Preliminary exp	15000		
P&L	110000		
Loss on settlement of Pref shares	6000		
Realization loss	24,000		
Consideration to equity shareholders	80,000		

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sa

Q49. Bank of new company

Particulars	Debit	Particulars	Credit

Sumit CA. Sarda

Q49. Bank of new company

Particulars	Debit	Particulars	Credit
Balance trf. From V	1000		

Sumit CA. Sarda

Q49. Bank of new company

Particulars	Debit	Particulars	Credit
Balance trf. From V	1000		
Share application and allotment	56,000		

Sumit CA. Sarda

Q49. Bank of new company

Particulars	Debit	Particulars	Credit
Balance trf. From V	1000	Creditors	16,000
Share application and allotment	56,000		

Sumit CA. Sarda

Q49. Bank of new company

Particulars	Debit	Particulars	Credit
Balance trf. From V	1000	Creditors	16,000
		Reconstruction exp	8000
Share application and allotment	56,000		

Sumit CA. Sarda

Q49. Bank of new company

Particulars	Debit	Particulars	Credit
Balance trf. From V	1000	Creditors	16,000
		Reconstruction exp	8000
Share application and allotment	56,000	Closing	33000

Sumit CA. Sarda

Q49. Balance Sheet

Particulars	Amount

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda

Q49. Balance Sheet

Particulars	Amount
Share Capital	300000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q49. Balance Sheet

Particulars	**Amount**
Share Capital	300000
Long term borrowing	100000
	400000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q49. Balance Sheet

Particulars	**Amount**
Share Capital	300000
Long term borrowing	100000
	400000
FA	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sar

Q49. Balance Sheet

Particulars	**Amount**
Share Capital	300000
Long term borrowing	100000
	400000
FA	
Inventory (50000 – 3000)	47000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q49. Balance Sheet

Particulars	**Amount**
Share Capital	300000
Long term borrowing	100000
	400000
FA	
Inventory (50000 – 3000)	47000
Debtors	60000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q49. Balance Sheet

Particulars	**Amount**
Share Capital	300000
Long term borrowing	100000
	400000
FA	
Inventory (50000 – 3000)	47000
Debtors	60000
Bank	33000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q49. Balance Sheet

Particulars	**Amount**
Share Capital	300000
Long term borrowing	100000
	400000
FA (Bal Fig)	260,000
Inventory (50000 – 3000)	47000
Debtors	60000
Bank	33000
	400000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q50. Journal entries in books of K

Particulars	Debit	Credit
Redemption of Preference shares		

Sumit CA. Sumit CA. Sarda Sarda

Q50. Journal entries in books of K

Particulars	Debit	Credit
Redemption of Preference shares		
12% Preference share	75	
To Bank		75

Sumit CA. Sumit CA. Sarda Sarda

Q50. Journal entries in books of K

Particulars	Debit	Credit
Redemption of Preference shares		
12% Preference share	75	
To Bank		75
Revenue Reserve	75	
To CRR		75

Sumit CA. Sumit CA. Sarda Sarda

Q50. Journal entries in books of K

Particulars	Debit	Credit
Redemption of Preference shares		
12% Preference share	75	
To Bank		75
Revenue Reserve	75	
To CRR		75
Shares bought back		

Sumit CA. Sumit CA. Sarda Sarda

Q50. Journal entries in books of K

Particulars	Debit	Credit
Redemption of Preference shares		
12% Preference share	75	
To Bank		75
Revenue Reserve	75	
To CRR		75
Shares bought back		
Equity share Capital	5	
Share Premium	20	
To Bank		**25**

Sumit CA. Sumit CA. Sarda Sarda

Q50. Journal entries in books of K

Particulars	Debit	Credit
Redemption of Preference shares		
12% Preference share	75	
To Bank		75
Revenue Reserve	75	
To CRR		75
Shares bought back		
Equity share Capital	5	
Share Premium	20	
To Bank		25
Revenue Reserve	5	
To CRR		5

CA. Sumit L. Sarda

Q50. Balance Sheet

Particulars	Amount
Share Capital	20

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q50. Balance Sheet

Particulars	Amount
Share Capital	20
R&S (15+80+25-20+260-75-5)	280

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q50. Balance Sheet

Particulars	**Amount**
Share Capital	20
R&S (15+80+25-20+260-75-5)	280
CL	40
	340

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q50. Balance Sheet

Particulars	**Amount**
Share Capital	20
R&S (15+80+25-20+260-75-5)	280
CL	40
	340
FA (100 – 100)	-

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q50. Balance Sheet

Particulars	**Amount**
Share Capital	20
R&S (15+80+25-20+260-75-5)	280
CL	40
	340
FA (100 – 100)	-
Non current Investments	100

CA. Sumit L. Sarda

Q50. Balance Sheet

Particulars	**Amount**
Share Capital	20
R&S (15+80+25-20+260-75-5)	280
CL	40
	340
FA (100 – 100)	-
Non current Investments	100
CA (340 – 100)	240
	340

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q50. Net Asset Value

Particulars	Amount
FA	-

Sumit CA. Sumit CA. Sumit CA.
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Q50. Net Asset Value

Particulars	Amount
FA	-
Investments	400

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q50. Net Asset Value

Particulars	Amount
FA	-
Investments	400
CA	240

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q50. Net Asset Value

Particulars	Amount
FA	-
Investments	400
CA	240
Less: CL	(40)
	600

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q50. Net Asset Value

Particulars	**Amount**
FA	-
Investments	400
CA	240
Less: CL	(40)
	600
Np. Of shares	2

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q50. Net Asset Value

Particulars	**Amount**
FA	-
Investments	400
CA	240
Less: CL	(40)
	600
Np. Of shares	2
Value per share	300

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q51. In the books of Diamond Ltd.

Particulars	Debit	Credit

Sumit CA. Sumit CA. Sarda Sarda

Q51. In the books of Diamond Ltd.

Particulars	Debit	Credit
Bank	3150	
To Investment		3000
To P&L		150

Sumit CA. Sumit CA. Sarda Sarda

Q51. In the books of Diamond Ltd.

Particulars	Debit	Credit
Bank	3150	
To Investment		3000
To P&L		150
Bank	2000	
To Bank loan		2000

Sumit CA. Sumit CA. Sarda Sarda

Q51. In the books of Diamond Ltd.

Particulars	Debit	Credit
Bank	3150	
To Investment		3000
To P&L		150
Bank	2000	
To Bank loan		2000
10% Preference shares	2500	
Securities premium	250	
To Bank		2750

Sumit CA. Sumit CA. Sarda Sarda

Q51. In the books of Diamond Ltd.

Particulars	Debit	Credit
Equity shares	2000	
Share Premium (800 – 250)	550	
GR	1450	
To Bank		4000

CA. Sumit L. Sarda

Q51. In the books of Diamond Ltd.

Particulars	Debit	Credit
Equity shares	2000	
Share Premium (800 – 250)	550	
GR	1450	
To Bank		4000
GR	4500	
To CRR		4500

CA. Sumit L. Sarda

Q52. In the books of Gunshot Ltd.

Particulars	Debit	Credit

Sumit CA. Sumit CA. Sarda Sarda

Q52. In the books of Gunshot Ltd.

Particulars	Debit	Credit
Bank	320000	
To non trade investment		300000
To P&L		20000

Sumit CA. Sumit CA. Sarda Sarda

Q52. In the books of Gunshot Ltd.

Particulars	Debit	Credit
Bank	320000	
To non trade investment		300000
To P&L		20000
Share Capital	160000	
To Share Premium	160000	
To Bank		320000

Sumit CA. Sumit CA. Sarda Sarda

Q52. In the books of Gunshot Ltd.

Particulars	Debit	Credit
Bank	320000	
To non trade investment		300000
To P&L		20000
Share Capital	160000	
To Share Premium	160000	
To Bank		320000
GR	160000	
To CRR		160000

Sumit CA. Sumit CA. Sarda Sarda

Q53. Share outstanding test

Particulars	Debit
Shares outstanding	30 crore

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q53. Share outstanding test

Particulars	Debit
Shares outstanding	30 crore
25% of share outstanding	7.5 crore

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q53. Resources test

Particulars	Debit
Paid up capital	300

Sumit CA. Sumit CA. Sumit CA.
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Q53. Resources test

Particulars	Debit
Paid up capital	300
Free Reserves	420

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q53. Resources test

Particulars	Debit
Paid up capital	300
Free Reserves	420
	720

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q53. Resources test

Particulars	Debit
Paid up capital	300
Free Reserves	420
	720
25% of above	180

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sa

Q53. Resources test

Particulars	Debit
Paid up capital	300
Free Reserves	420
	720
25% of above	180
Buyback price	30

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sa

Q53. Resources test

Particulars	Debit
Paid up capital	300
Free Reserves	420
	720
25% of above	180
Buyback price	30
No. of shares	6 crore

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda

Q53. Debt Equity Ratio test

Particulars	I	II	III

Sumit CA. Sumit CA. Sumit CA.
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Q53. Debt Equity Ratio test

Particulars	I	II	III
Borrowed funds	800	1200	1500

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q53. Debt Equity Ratio test

Particulars	**I**	**II**	**III**
Borrowed funds	800	1200	1500
Minimum Equity to be maintained	**400**	**600**	**750**

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sar

Q53. Debt Equity Ratio test

Particulars	**I**	**II**	**III**
Borrowed funds	800	1200	1500
Minimum Equity to be maintained	**400**	**600**	**750**
Present Equity	720	720	720

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sar

Q53. Debt Equity Ratio test

Particulars	**I**	**II**	**III**
Borrowed funds	800	1200	1500
Minimum Equity to be maintained	**400**	**600**	**750**
Present Equity	720	720	720
Maximum possible buyback	320	120	-

Sumit CA. Sumit CA. Sumit CA.
Sarda Sarda Sarda

Q53. Debt Equity Ratio test

Particulars	**I**	**II**	**III**
Borrowed funds	800	1200	1500
Minimum Equity to be maintained	**400**	**600**	**750**
Present Equity	720	720	720
Maximum possible buyback	320	120	-
Shares that can be bought back	10.67	4	

Sumit CA. Sumit CA. Sumit CA.
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Q53. Journal entries

Particulars	I		II	

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q53. Journal entries

Particulars	I		II	
Share Capital	60			
Share Premium	100			
GR	**20**			
To Bank		180		

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q53. Journal entries

Particulars	I		II	
Share Capital	60		40	
Share Premium	100		80	
GR	**20**		-	
To Bank		180		120

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q53. Journal entries

Particulars	**I**		**II**	
Share Capital	60		40	
Share Premium	100		80	
GR	**20**		-	
To Bank		180		120
General Reserve	60		40	
To CRR		60		40

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q54. Adjusted net profit of Y

Particulars	2002	2003

Sumit CA. Sumit CA. Sarda Sarda

Q54. Adjusted net profit

Particulars	2002	2003
Reported pre tax profit	596100	858000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q54. Adjusted net profit

Particulars	2002	2003
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000

Sumit CA. Sumit CA. Sumit CA.
da Sarda Sarda Sa

Q54. Adjusted net profit

Particulars	2002	2003
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000
Appreciation of opening stock		12000

Sumit CA. Sumit CA. Sarda Sarda

Q54. Adjusted net profit

Particulars	2002	2003
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000
Appreciation of opening stock		12000
Advertisement charged		30000

Sumit CA. Sumit CA. Sarda Sarda

Q54. Adjusted net profit

Particulars	2002	2003
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000
Appreciation of opening stock		12000
Advertisement charged		30000
Depreciation over 10%	16000	16000

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q54. Adjusted net profit

Particulars	2002	2003
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000
Appreciation of opening stock		12000
Advertisement charged		30000
Depreciation over 10%	16000	16000
Appreciation of investments		90000
	618100	**1015000**

Sumit CA. Sumit CA. Sumit CA.

Q54. Adjusted net profit

Particulars	2002	2003
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000
Appreciation of opening stock		12000
Advertisement charged		30000
Depreciation over 10%	16000	16000
Appreciation of investments		90000
	618100	**1015000**
Less: Reduction in closing stock	(12000)	(34000)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q54. Adjusted net profit

Particulars	**2002**	**2003**
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000
Appreciation of opening stock		12000
Advertisement charged		30000
Depreciation over 10%	16000	16000
Appreciation of investments		90000
	618100	**1015000**
Less: Reduction in closing stock	(12000)	(34000)
Less: Advertisement to be charged	(60000)	

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda

Q54. Adjusted net profit

Particulars	**2002**	**2003**
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000
Appreciation of opening stock		12000
Advertisement charged		30000
Depreciation over 10%	16000	16000
Appreciation of investments		90000
	618100	**1015000**
Less: Reduction in closing stock	(12000)	(34000)
Less: Advertisement to be charged	(60000)	
Less: Directors Remuneration	(40000)	(60000)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda

Q54. Adjusted net profit of Y

Particulars	**2002**	**2003**
Reported pre tax profit	596100	858000
Add: Debtors	6000	9000
Appreciation of opening stock		12000
Advertisement charged		30000
Depreciation over 10%	16000	16000
Appreciation of investments		90000
	618100	**1015000**
Less: Reduction in closing stock	(12000)	(34000)
Less: Advertisement to be charged	(60000)	
Less: Directors Remuneration	(40000)	(60000)
Adjusted profits	**506100**	**921000**

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q54. Goodwill

Particulars	2002	2003

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Q54. Goodwill

Particulars	2002	2003
X	546000	612000

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Q54. Goodwill

Particulars	2002	2003
X	546000	612000
Weight	1	2

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Q54. Goodwill

Particulars	2002	2003
X	546000	612000
Weight	1	2
Amount	546000	1224000

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Q54. Goodwill

Particulars	2002	2003
X	546000	612000
Weight	1	2
Amount	546000	1224000
Goodwill (1770000/3*2)	1180000	

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Q54. Goodwill

Particulars	2002	2003
X	546000	612000
Weight	1	2
Amount	546000	1224000
Goodwill (1770000/3*2)	1180000	
Y	506100	921000

Sumit CA. Sumit CA. Sumit CA.
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Q54. Goodwill

Particulars	**2002**	**2003**
X	546000	612000
Weight	1	2
Amount	546000	1224000
Goodwill (1770000/3*2)	1180000	
Y	506100	921000
Weight	**1**	**2**

Sumit CA. Sumit CA. Sumit CA.
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Q54. Goodwill

Particulars	2002	2003
X	546000	612000
Weight	1	2
Amount	546000	1224000
Goodwill (1770000/3*2)	1180000	
Y	506100	921000
Weight	**1**	**2**
Amount	506100	1842000

Sumit CA. Sumit CA. Sumit CA.
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Q54. Goodwill

Particulars	**2002**	**2003**
X	546000	612000
Weight	1	2
Amount	546000	1224000
Goodwill (1770000/3*2)	1180000	
Y	506100	921000
Weight	**1**	**2**
Amount	506100	1842000
Goodwill (2348100 / 3 * 2)	1565400	

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Q54. Net Assets

Particulars	X	Y

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Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000

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Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000

Sumit CA. Sumit CA. Sumit CA.
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Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000

Sumit CA. Sumit CA. Sarda Sarda

Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000
Debtors	740000	900000

Sumit CA. Sumit CA. Sumit CA.
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Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000
Debtors	740000	900000
Prepaid exp	14000	18000

Sumit CA. Sumit CA. Sumit CA.
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Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000
Debtors	740000	900000
Prepaid exp	14000	18000
Cash bank	32000	3000

Sumit CA. Sumit CA. Sumit CA.
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Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000
Debtors	740000	900000
Prepaid exp	14000	18000
Cash bank	32000	3000
Less: Creditors	(607000)	(494000)

Sumit CA. Sumit CA. Sumit CA.
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Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000
Debtors	740000	900000
Prepaid exp	14000	18000
Cash bank	32000	3000
Less: Creditors	(607000)	(494000)
Less: Provision for tax	(320000)	(430000)

Sumit CA. Sumit CA. Sumit CA.
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Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000
Debtors	740000	900000
Prepaid exp	14000	18000
Cash bank	32000	3000
Less: Creditors	(607000)	(494000)
Less: Provision for tax	(320000)	(430000)
Less: Bank OD	-	(170000)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000
Debtors	740000	900000
Prepaid exp	14000	18000
Cash bank	32000	3000
Less: Creditors	(607000)	(494000)
Less: Provision for tax	(320000)	(430000)
Less: Bank OD	-	(170000)
Less: Directors remuneration	-	(100000)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda

Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000
Stock (748000 – 34000)	**725000**	708000
Debtors	740000	900000
Prepaid exp	14000	18000
Cash bank	32000	3000
Less: Creditors	(607000)	(494000)
Less: Provision for tax	(320000)	(430000)
Less: Bank OD	-	(170000)
Less: Directors remuneration	-	(100000)
Net Assets	**1028000**	**1181000**

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q54. Purchase Consideration

Particulars	X	Y
Net Assets	1028000	1181000

Sumit CA. Sumit CA. Sarda Sarda

Q54. Purchase Consideration

Particulars	X	Y
Net Assets	1028000	1181000
Goodwill	1180000	1565400

Sumit CA. Sumit CA. Sumit CA.
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Q54. Purchase Consideration

Particulars	X	Y
Net Assets	1028000	1181000
Goodwill	1180000	1565400
	2208000	**2746400**

Sumit CA. Sumit CA. Sumit CA.
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Q54. Purchase Consideration

Particulars	X	Y
Net Assets	1028000	1181000
Goodwill	1180000	1565400
	2208000	**2746400**
12% Debentures issued against Net Assets	2209000	
Shares issued against goodwill @ Rs.100 each	2745400	

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Q54. Trading cash flow

Particulars	2002	2003	2004

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Q54. Trading cash flow

Particulars	2002	2003	2004
Net profit	8000	2000	16000

Sumit CA. Sumit CA. Sarda Sarda

Q54. Trading cash flow

Particulars	2002	2003	2004
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**

Sumit CA. Sumit CA. Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			

Sumit CA. Sumit CA. Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			
Stock	(1000)	(1500)	(2500)

Sumit CA. Sumit CA. Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			
Stock	(1000)	(1500)	(2500)
Debtors	(3000)	(2000)	(2000)

Sumit CA. Sumit CA. Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			
Stock	(1000)	(1500)	(2500)
Debtors	(3000)	(2000)	(2000)
Prepaid exp	-	(1500)	-

Sumit CA. Sumit CA. Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			
Stock	(1000)	(1500)	(2500)
Debtors	(3000)	(2000)	(2000)
Prepaid exp	-	(1500)	-
Add: Decrease in CA			
Prepaid Exp	500	-	1000

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			
Stock	(1000)	(1500)	(2500)
Debtors	(3000)	(2000)	(2000)
Prepaid exp	-	(1500)	-
Add: Decrease in CA			
Prepaid Exp	500	-	1000
Add: Increase in CL			

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			
Stock	(1000)	(1500)	(2500)
Debtors	(3000)	(2000)	(2000)
Prepaid exp	-	(1500)	-
Add: Decrease in CA			
Prepaid Exp	500	-	1000
Add: Increase in CL			
Creditors	2000	1000	-

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Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			
Stock	(1000)	(1500)	(2500)
Debtors	(3000)	(2000)	(2000)
Prepaid exp	-	(1500)	-
Add: Decrease in CA			
Prepaid Exp	500	-	1000
Add: Increase in CL			
Creditors	2000	1000	-
Accrued business exp	500	1000	(1300)

Sumit CA. Sumit CA. Sumit CA. Sarda Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Net profit	8000	2000	16000
Add: depreciation	12000	13000	14000
	20000	**15000**	**30000**
Less: Increase in CA			
Stock	(1000)	(1500)	(2500)
Debtors	(3000)	(2000)	(2000)
Prepaid exp	-	(1500)	-
Add: Decrease in CA			
Prepaid Exp	500	-	1000
Add: Increase in CL			
Creditors	2000	1000	-
Accrued business exp	500	1000	(1300)
	19000	12000	25200

CA. Sumit L. Sarda

Q54. Trading cash flow

Particulars	2002	2003	2004
Gross Cash flow	19000	12000	25200
Less: Allowance for annual exp of FA	(15000)	(15000)	(15000)

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Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Gross Cash flow	19000	12000	25200
Less: Allowance for annual exp of FA	(15000)	(15000)	(15000)
Net cash flow	4000	(3000)	10200

Sumit CA. Sumit CA. Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Gross Cash flow	19000	12000	25200
Less: Allowance for annual exp of FA	(15000)	(15000)	(15000)
Net cash flow	4000	(3000)	10200
Weight age	0.20	0.30	0.50

Sumit CA. Sumit CA. Sarda Sarda

Q54. Trading cash flow

Particulars	**2002**	**2003**	**2004**
Gross Cash flow	19000	12000	25200
Less: Allowance for annual exp of FA	(15000)	(15000)	(15000)
Net cash flow	4000	(3000)	10200
Weight age	0.20	0.30	0.50
Weighted cash flow	800	(900)	5100
TOTAL		5000	

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Q54. Offer Price

Particulars	
Cash flow	5000

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Q54. Offer Price

Particulars	
Cash flow	5000
Shares outstanding	6000

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Q54. Offer Price

Particulars	
Cash flow	5000
Shares outstanding	6000
Cash flow per share	0.83

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Q54. Offer Price

Particulars	
Cash flow	5000
Shares outstanding	6000
Cash flow per share	0.83
Capitalization rate	6%

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Q54. Offer Price

Particulars	
Cash flow	5000
Shares outstanding	6000
Cash flow per share	0.83
Capitalization rate	6%
Value per share (0.83 * 100/6)	13.83

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