1. Balance sheets of A Ltd. as on 31.3.2003 and 31.3.2004

Rs. In lakhs

Liabilities	**31.3.03**	**31.3.04**	**Assets**	**31.3.03**	**31.3.04**
Share Capital	1800	1800	Fixed assets	2400	2600
General Reserve	600	600	Investment	100	200
P&L a/c	750	950	Stock	600	550
12% Debentures	200	200	Debtors	300	350
18% Term loan	300	320	Cash	400	340
Cash credit	120	80	Preliminary exp	70	10
	3870	**4050**		**3870**	**4050**

Non trade investments were 75% of the total investments. Find capital employed as on 31.3.2003 and as on 31.3.2004 and average capital employed.

2. Balance sheet of X Ltd. as on 31/3/04

Liabilities	Rs. In lakhs	Assets	Rs. In lakhs
Equity shares of Rs.10 each	9000	Land and building	5120
8.5% Preference shares	2000	P&M	10870
General reserves	1050	Furniture	2700
P&L account	3000	Vehicles	200
18% term loan	4500	Stock	700
Cash credit	580	Debtors	450
Creditors	200	Cash bank	2340
Provision for tax (net of advance tax)	100	Preliminary exp	20
Proposed equity dividend	1800		
Proposed Pref. dividend	170		
	22400		**22400**

Other information: Balance as on 1.4.2003

P&L account Rs.480 lakhs

Reserve Rs. 450 lakhs

Find average capital employed of X Ltd.

3. Fine out the average capital employed by ND Ltd. from its balance sheet as at 31.3.2006

Liabilities	**Rs. In lakhs**	**Assets**	**Rs. In lakhs**
Equity capital of Rs.10 each	50	Land and Building	25
9% Pref. shares fully paid	10	P&M	80.25
General Reserve	12	Furniture	5.5
P&L	20	Vehicles	5
16% Debentures	5	Investments	10
16% Term loan	18	Stock	6.75
Cash credit	13.3	Debtors	4.9
Creditors	2.7	Cash bank	10.4
Prov. For tax	6.4	Preliminary Exp	0.5
Proposed dividend on equity	10		
Proposed dividend on pref.	0.9		
	148.3		**148.3**

Non trade investments were 20% of total investments

Balance as on 1.4.2005 were as follows:

P&L account: 8.7 lakhs, General Reserves: 6.5 lakhs

4. Given below the assets and liabilities of XYZ Ltd. as on 31st March

Rs. In lakhs

Particulars	**2002**	**2003**	**2004**
Sundry fixed assets	1529	1722	1921
Less: Acc. Depreciation	(425)	(510)	(610)
	1104	1212	1311
Trade investments	112	127	140
Non trade investments	85	112	140
Current assets	715	1015	1112
Misc. Exp	25	20	15
	2041	**2486**	**2718**
Liabilities			
Share Capita; and reserves	946	1041	991
12% Debenture	550	750	950
18% Term loan	250	300	350
Cash credit	100	80	60
Sundry creditors	75	185	212
Prov. For tax net of advance tax	40	50	55
Proposed dividend	80	80	100
	2041	**2486**	**2718**

Find Average capital employed.

5. Ram Ltd. gives following information about past profits

2000	2001	2002	2003	2004
2170	2250	2370	2450	2110

On scrutiny it was found that upto 2002 Ram Ltd. followed FIFO method of finished stock valuation thereafter adopted LIFO and upto 2003 it followed SLM and thereafter WDV method. Given below are the details of stock valuation

Rs. In thousand

Year	Opening Stock		Closing Stock	
	FIFO	LIFO	FIFO	LIFO
2000	4000	3980	4600	4120
2001	4600	4120	4920	4790
2002	4920	4790	3890	3910
2003	3890	3910	4200	3850
2004	4200	3850	4500	4310

Straight line to WDV depreciation is as follows

Year	SLM	WDV
2000	1210	1700
2001	1415	1810
2002	1500	1925
2003	1670	1960
2004	1800	1940

Determine Future maintainable profits that can be used for valuation of goodwill

6. The balance sheet of Ramana Ltd. for the years ended on 31.3.2000, 31.3.2001 and 31.3.2002 are as follows

Liabilities	**31.3.2000**	**31.3.2001**	**31.3.2002**
320000 equity shares of Rs.10 each fully paid	3200000	3200000	3200000
General Reserves	2400000	2800000	3200000

P&L	280000	320000	480000
Creditors	1200000	1600000	2000000
	7080000	**7920000**	**8880000**
Assets	**31.3.2000**	**31.3.2001**	**31.3.2002**
Goodwill	2000000	1600000	1200000
Building	2800000	3200000	3200000
Stock	2000000	2400000	2800000
Debtors	40000	320000	880000
Bank	240000	400000	800000
	7080000	**7920000**	**8880000**

Actual valuation were as under

	31.3.2000	**31.3.2001**	**31.3.2002**
Building	3600000	4000000	4400000
Stock	2400000	2800000	3200000
Net Profit including opening balance after writing off depreciation and goodwill, tax provision and transfer to general reserve	840000	1240000	1640000

Capital employed in the business at market values in the beginning of 1999-2000 was Rs.7320000 which included cost of goodwill. The normal annual return on average capital employed in the line of business engaged by Ramana Ltd. is 12.5%.

The balance in General Reserve account on 1.4.1999 was Rs.20 lakhs

The goodwill shown on 31.3.2000 was purchased on 1.4.1999 for Rs.2000000 on which date the balance in profit and loss account was Rs.240000. Find out the average capital employed each year

Goodwill is to be valued at 5yrs purchase on super profits (Simple average method). Also find out the total value of the business as on 31.3.2002

7. A Ltd. gives the following information

Rs. In thousand

	2000	2001	2002	2003	2004
Net profit after appropriation for proposed dividend @ 20%	1910	1850	2240	2015	2525
Equity share capital	15000	15000	18000	18000	18000
Advance tax	5000	3500	6000	5500	6000
Provision for tax	320	200	300	200	100

In 2004, the company made following changes in its accounting policies

i. Switched over to LIFO basis of stock valuation since 2002
ii. Switched over to WDV method of depreciation since 2003
iii. Geenrated exchange gain on sundry debtors at the year end exchange rate since 2002

Effect of stock valuation under different cases were quantified as follows

	2000	2001	2002
Stock adjustment – FIFO (cr.)	121	131	142
Stock Adjustment- LIFO (dr.)	15	-	-
(cr.)	-	21	54

Amount of depreciation under two alternative methods were as follows

	2000	2001	2002	2003
Straight line	712	810	825	840
WDV	810	895	925	930

Debtors in foreign exchange along with relevant exchange rates

	Debtors $	Entry date	Exchange rate year ebd rate	Collection rate
31.12.2000	5000	11.10	11.25	11.35
31.12.2001	6200	11.4	11.55	12.4
31.12.2002	6300	12.35	14.4	13.95
31.12.2003	7200	15.10	14.9	16.1
31.12.2004	8200	20.1	19.95	20.15

Assume that ear end debtors were collected in the next year. Before change in accounting policy, whole profit or loss arising out of change in exchange rate was taken to profit and loss account of the year of collection

The following expenses and income were not charged in the year when they occurred. Instead they were charged in the next year as prior period adjustments.

Year	Expenses	Income
2000	87000	12000
2001	14000	35000
2002	25000	8000
2003	54000	68000

Ascertain future maintainable profits for valuation of goodwill

8. Given
   Future maintainable profits 15 lakhs
   Capital employed 60 lakhs
   Normal rate of return 22%
   Find out value of goodwill. Super profits can be maintained for 5yrs

9. From the following particulars of three companies, ascertain the value of goodwill. Terms and conditions are as follows
   a. Assets are to be revalued
   b. Goodwill is to be valued at 4yrs purchase of average super profits for three years. Such average is to be calculated after adjustment of depreciation at 10% on amount of increase/ decrease on revaluation of fixed assets. Income tax is to be ignored.
   c. Normal profit on capital employed is to be taken at 10%, capital employed being considered on the basis of net revaluation amounts of tangible assets

The summarized balance sheets and relevant information are given below

Rs. In lakhs

Liabilities	**P**	**Q**	**R**	**Assets**	**P**	**Q**	**R**
Equity shares of Rs.10 each	12	14	6	Goodwill		1	
Reserves	2	1	2	Fixed Assets	16	12	10
10% Debentures	4		2	Current Assets	6	5	2
Creditors	4	3	2				
	22	**18**	**12**		**22**	**18**	**12**

	P	**Q**	**R**
Revaluation of tangible block	2000000	1000000	1200000
Revaluation of current assets	700000	280000	160000
Average annual profits of 3yrs before charging depreciation interest	360000	288000	156000

10. Negotiation is going on for transfer of X Ltd. on the basis of the balance sheet and the additional information as given below

Balance Sheet as on 31.3.2004

Liabilities	**Amount**	**Assets**	**Amount**
Equity shares of Rs.10 each	1000000	Goodwill	100000
Reserves and surplus	400000	Land and Building	300000
Creditors	300000	P&M	800000
		Investment	100000
		Stock	200000
		Debtors	150000
		Cash	50000
	1700000		**1700000**

Profit before tax for 2003-04 amounted to Rs.600000 including Rs.10000 as interest on investment. However, an additional amount of Rs.50000 p.a. shall be required to be spent for smooth running of business

Market values of land and buildings and plant and machinery are estimated at Rs.900000 abd Rs.1000000 respectively. In order to match the above figures, further depreciation to the extent of Rs.40000 should be taken into consideration. Income tax rate may be taken at 50%. Return on capital at the rate of 20% before tax maybe considered normal for this business at the present stage

For the purpose of determining the rate of return, profit for this year after the aforesaid adjustments maybe taken as expected average profit. Similarly average trading capital employed is also to be considered on the basis of the position in this year

It has been agreed that 4yrs purchase of super profit shall be taken as the value of goodwill for the purpose of the deal

You are required to calculate the value of goodwill of the company

11. The summarized balance sheet of M/s. Indus Ltd. as on 31.3.2013 is as follows

Liabilities	**Amount**	**Assets**	**Amount**
Equity shares of Rs.10 each	500000	Goodwill	100000
12% Preference shares of Rs.10 each fully paid	400000	Vehicles	350000
Equity shares of Rs.10 each Rs.7 partly paid	280000	Investments	500000
Reserves	220000	Inventory	425000
12% Secured Loan	750000	Debtors	100000
Sundry Creditors	250000	Cash	35000
Provision for expenses	150000	Prepaid exp	45000
	2550000		**2550000**

i. Net profit of the company for the past four years before interest and tax were as under

2012-13	550000
2011-12	385000
2010-11	525000
2009-10	490000

ii. The company has purchased furniture of Rs.120000 in the year 2011-12 which was wrongly charged to revenue account. Furniture and fixture depreciated at 15% of the WDV

iii. In the year 2012-13 an asset having book value of Rs.80000 was sold for Rs.65000 only

iv. In the year 2010-11 the company paid Rs.25000 against the failure to comply with the rules as per the environment pollution control board

v. 60% of the investments are non trade investments and market value of such investments is 15% below book value. The interest is received of 8% p.a. whether trade or not. The non trade investments were purchased on 1.4.2012

vi. The company has been paying managerial remuneration of Rs.100000 p.a. but as per companies act the amount eligible to be paid is Rs.80000 p.a. only for the past four years

vii. The goodwill in books had been purchased in the year 2009-10

viii. 60% of the secured loan was availed from US which was recorded at a rate of 1$ = Rs.50 whereas the closing rate was 1$ = Rs.55

ix. The company wishes to revalue assets on the realizable value as under

Land and Building	550000
Plant and machinery	500000
Vehicles	250000
Debtors	80000

(Ignore the change in depreciation due to change in value of assets)

The rate of tax on companies is 3015 and the rate of return on capital employed is 15%p.a. Calculate goodwill based on 4yrs purchase of Super profits. Make appropriate assumption wherever required.

12. The following balance sheet of X Ltd. is given

Balance sheet as on 31.3.2005

Liabilities	**Amount**	**Assets**	**Amount**
50000 shares of Rs.100 each fully paid	5000000	Goodwill	400000
Bank Overdraft	1860000	Land and building at cost	3200000
Creditors	2110000	P&M	2800000
Provision for tax	510000	Stock	3200000
Profit and loss appropriation	2120000	Debtors	2000000
	11600000		**11600000**

In 1986 when the company commenced operation the paid up capital was same. The Loss/ Profit for each of the last 5yrs was

Yr 2000-01 (550000)
Yr 2001-02 982000
Yr 2002-03 1170000
Yr 2003-04 1450000
Yr 2004-05 1700000

Although income tax has so far been paid @ 40% and the above profits have been arrived at on the basis of such tax rate, it has been decided that with effect from the year 2005-06 the income tax rate of 45% should be taken into consideration. 10% dividend in 2001-02 and 2002-03 and 15% in 2003-04 and 2004-05 have been paid. Market price of shares of the company on 31/03/2005 is Rs.125. With effect from 1st April 2005 Managing Directors remuneration has been approved by the government to be Rs.800000 in place of Rs.600000. The company has been able to secure a contract for supply of materials at advantageous price. The advantage has been valued at Rs.400000 per annum for next five years

Ascertain goodwill at 3yrs purchase of super profits for calculation of future maintainable profit average is to be taken

13. The balance sheet of domestic Ltd. as on 31.3.2007 is as under

Liabilities	**Rs. In lakhs**	**Assets**	**Rs. In lakhs**
Equity shares of Rs.10 each	3000	Goodwill	744
Reserves including provision of Rs.300 lacs)	1000	Premises and land at cost	400
5% Debentures	2000	P&M	3000
Secured Loans	200	Motor Vehicle purchased on 1.10.06	40
Sundry creditors	300	Raw material at cost	920
P&L account balance from previous balance sheet	32	WIP	130
Profit for the year	1100	Finished goods	180
		Book debts	400
		Investment meant for replacement of P&M	1600
		Cash	1600
		Discount on Debentures	10
		Underwriters commission	16
	7632		**7632**

The resale value of premises and land is Rs.1200 lacs and the P&M is Rs.2400 lacs. Depreciation @ 20% is applicable to Motor vehicle. Applicable depreciation on premises and land is 2%, and that on P&M is 10%. Market value of investment is Rs.1500 lacs 10% of book debt as bad. In a similar company the market value of equity shares of the same denomination is Rs.25 per share and in

such company dividend is consistently paid during last 5yrs. @ 20%. Contrary ot this, Domestic Ltd. is having a marked upward of downward trend in the case of dividend payment.

Past 5yrs. Profits of the company were as under

2001-02	67 lacs
2002-03	1305 lacs loss
2003-04	469 lacs
2004-05	546 lacs
2005-06	405 lacs

The unusual negative profitability of the company during 2002-03 was due to the lock out in the major manufacturing unit of the company which happended in the beginning of the second quarter of the year 2001-02 and continued till the last quarter of 2002-03

Value the goodwill of the company on the basis of 4yrs purchase of the super profits. (Necessary assumption for adjustment of the company's inconsistency in regard to the dividend payment, may be made by the examinee)

14. Given below the balance sheet of C Ltd. as on 31.3.2003 and 31.3.2004

Liabilities	**31.3.2003**	**31.3.2004**	**Assets**	**31.3.2003**	**31.3.2004**
Share Capital		10000000	Assets and investments	16000000	18000000
General Reserve	8000000	8500000	Stock	5500000	6000000
P&L	1200000	1750000	Stock	5500000	6000000
18% term loan	2500000	2300000	Debtors	3400000	2200000
Cash credit	1200000	1000000	Cash	925000	1000000
Creditors	700000	900000			
Tax provision	225000	250000			
Proposed dividend	2000000	2500000			
	25825000	**27200000**		**25825000**	**27200000**

Other information

i. Current cost of sundry fixed assets excluding non trade investments, Rs. In thousands 31.3.03: Rs.22000 and 31.3.2004: Rs.23800
ii. Current cost of stock: 31.3.2003 6700000, 31.3.2004 7500000
iii. The tax rate during 2003-04 is 52.5%, effective future tax rate is 45%
iv. Non trade investment in 11% government securities amounts to Rs.510 thousand
v. Debtors include foreign exchange debtors amounting to $7000 recorded at the rate $1 = Rs.26.5 but closing exchange rate was $1 = Rs.30.5
vi. Creditors include $1200 foreign exchange creditors recorded at the rate $1 = Rs.27.5 but exchange rate at closing date was $1 = Rs.32.5
vii. Profit includes Rs.120 thousand government subsidy on machinery purchased which is not likely to recur in future
viii. From the profit Rs.72000 were written off towards last installment of research and development cost. The expenditure is not likely to recur
ix. Normal rate of return may be taken as 22%

Find out value of goodwill of X Ltd.

15. The Balance Sheet of Hari Private Ltd. discloses the following position on 31.12.2004

Liabilities	**Amount**	**Assets**	**Amount**
20000 5% preference shares of rs.10 each fully paid	200000	Land and Building	300000
30000 ordinary shares of Rs.10 each fully paid	300000	P&M	400000
General Reserve	200000	Stock	200000
P&L	50000	Debtors	200000
Creditors	450000	Cash	100000
	1200000		**1200000**

It is proposed to convert Hari Private Ltd. into a public Ltd. company and for this purpose you are asked to value the goodwill of Hari Pvt. Ltd.

The following additional information is supplied to you

i. Hari Pvt. Ltd. was incorporated on 1.1.1986 and its first accounts were made upto 31.12.1996
ii. It manufactures abrasive materials involving technical skills and it has engaged two foreign consultants since 1996
iii. No provision for taxation is required
iv. The fixed assets of the company have been adequately depreciated.
v. The present market value of its land and building is Rs.500000 and of plant and machinery is Rs.600000
vi. The profits and losses of the company for the last 3yrs after charging depreciation and taxation have been as follows

Year	Amount
2002	101000
2003	150000
2004	169000

vii. The sales of the company during last 3yrs. Were Rs.1299000, Rs.1377000 and Rs.1822000

The reasonable return on capital invested in the class of business carried on by Hari Pvt. Ltd. is 10%

It may be assumed that the company will be able to maintain its profits for the next few years on the same level as in the past. Wherever appropriate, you may make further suitable assumption.

16. Given below the balance sheet of P Ltd. as on 31.12.2003

Liabilities	**Amount**	**Assets**	**Amount**
Share Capital	5000000	Fixed Assets	7200000
Reserve	3200000	Non trade investment	1200000
P&L	300000	Stock	780000
Creditors	820000	Debtors	620000
Proposed dividend	1000000	Cash	520000
	10320000		**10320000**

Other information

i. Profit before tax and other relevant information

Year	**PBT**	**Provision for gratuity required**	**Gratuity paid**	**Loss of uninsured stock**
1999	4200000	220000	-	-

2000	3900000	230000	167000	62000
2001	4400000	250000	32000	-
2002	4200000	260000	142000	-
2003	3700000	270000	12000	-

ii. Tax rate is 51%
iii. Non trade investment fetched 11%
iv. Expected tax rate 45%
v. The company wants to switch over towards maintaining gratuity provision on actuarial calculation rather than accounting on payment basis
vi. Normal rate of return may be taken as 16%

Find out value of goodwill under a) super profit method, b) annuity method and c) capitalization method. It may be assumed that super profit, if any is maintainable for 5yrs. 20% should be the appropriate discount factor

17. Find out leverage effect of goodwill. Further maintainable profit before interest is Rs.77 lakhs, normal rate of return on long term fund is 20% and on equity fund is 25%. Long term fund of the company is Rs.320 lakhs and equity fund is Rs.120 lakhs. Interest on long term fund is 18%. Find leverage effect.

18. Find out leverage effect on goodwill in the following case

Current cost of capital employed	1040000
Profit earned after current cost adjustments	172000
10% long term loan	450000
Normal rate of return on equity capital employed	15%
Normal rate of return on long term capital employed	13%

Find out leverage effect on the value of goodwill

19. Given below balance sheet of M Ltd. as on 31.12.2003

Liabilities	**Amount**	**Assets**	**Amount**
Share Capital	750000	Sundry Fixed Assets	750000
General Reserve	150000	Less: Accumulated Depreciation	(250000)
18% Term Loan	400000		500000
Sundry Creditors	217000	Non trade Investments	150000
Provision for taxation net of advance tax	4000	Stock	225000
Proposed Dividend	225000	Foreign currency debtors ($1 = Rs.21.10)	211000
		Other Debtors	350000
		Cash and Bank	265000
	1746000		**1746000**

Other information

Year end exchange rate $1 = Rs.22.20. Non trade investment earned 32% gross. Current depreciation was Rs.50000. Current cost of sundry fixed assets as on 1.1.2003 was determined as Rs.800000/-. Also the current coat of opening stock was assessed as Rs.242000. Market value of non trade investment as on 31.12.03 was Rs.180000. Foreign currency debtors were receivable in dollars.

Industry average rate of return on current cost value of capital employed is 20% on long term fund and 24% on equity fund. General Reserve balance as on 1.1.03 was Rs.40000. Tax rate for 2003 is 52%. Expected future tax rate is 45%

Determine value of goodwill of M Ltd. Show also the leverage effect on goodwill

20. Following is the extract from the Balance Sheets of Popular Ltd.

Liabilities	**As at 31.3.2004**	**As at 31.3.2005**	**Assets**	**As at 31.3.2004**	**As at 31.3.2005**
Share Capital	50000000	50000000	Fixed Assets	55000000	65000000
General Reserve	40000000	42500000	10% Investment	25000000	25000000
P&L	6000000	9000000	Stock	26000000	30000000
18% Term loan	18000000	16500000	Debtors	17000000	11000000
Creditors	3500000	4500000	Cash at bank	4600000	4500000
Provision for tax	1100000	1300000	Fictitious assets	1000000	800000
Proposed dividend	10000000	12500000			
	128600000	**136300000**		**128600000**	**136300000**

Additional information

i. Replacement value of fixed assets were Rs.1100 lakhs on 31.3.2004 and 1250 lakhs on 31.3.2005 respectively
ii. Rate of depreciation adopted on fixed assets was 5%p.a.
iii. 50% of the stock is to be valued at 120% of its book value
iv. 50% of the investments were trade investments
v. Debtors on 31.3.2005 included foreign debtors of $35000 recorded in the books at Rs.35 . The closing exchange rate was Rs.39
vi. Creditors on 31.3.2005 included foregn creditors of $60000 recorded in the books at Rs.33. The closing exchange rate was Rs.39
vii. Profit for the year 2004-05n included Rs.60 lakhs of government subsidy which was not likely to recur
viii. Rs.125 lakh of research and development expenditure was written off to the P&L account in the current year. This expenditure was not likely to recur
ix. Future maintainable profits (pre tax) are likely to be higher by 10%
x. Tax rate during 2004-05 was 50%, effective future tax rate will be 40%
xi. Normal rate of return expected is 15%

One of the directors of the company Arvind fears that the company does not enjoy a goodwill in the prevalent market circumstances

Critically examine this and establish whether Popular Co. has or has not any goodwill

If your answer were positive on the existence of goodwill, show the leverage effect it has on the companies result

Industry average return was 12% on long term funds and 15% on equity funds

21. Balance sheet of Sound Ltd. as on 31.3.2004 is given below

Liabilities	Amount	Asset	Amount
6000 equity shares of Rs.100 each fully paid up	600000	Building	150000
Reserves and Surplus	50000	Machinery	220000
Bank OD	10000	Stock	300000
Creditors	60000	Debtors	160000
Prov. For tax	110000	Bank	60000
Proposed dividend	60000		
	890000		**890000**

The net profit of the company, after deducting usual working expenses but before providing taxation were as under

Year	2001-02	2002-03	2003-04
Amount	200000	240000	220000

On 31.3.2004 building was revalued at Rs.200000 and machinery at Rs.250000. debtors on the same date included Rs.10000 as irrecoverable. Having regard to nature of the business, a 10% return on net tangible capital invested is considered reasonable

You are required to value the companies share ex dividend. Valuation of goodwill may be based on three years purchase of annual super profits. Depreciation on Building-2%, Machineries – 10%. The Income tax rate is to be assumed at 50%. All workings should form part of your answer

22. On 31.3.2004 the balance sheet of Memom Ltd. was as follows

Liabilities	Amount	Assets	Amount
5000 equity shares of Rs.100 each	500000	Land and Building	220000
P&L	103000	P&M	95000
Bank OD	20000	Stock	350000
Creditors	77000	Sundry Debtors	155000
Provision for tax	45000		
Proposed dividend	75000		
	820000		**820000**

The net profit of the company, after deducting all working charges and providing for depreciation and taxation were as under

Year ended 31st March	2000	2001	2002	2003	2004
Amount	85000	96000	90000	100000	95000

On 31.3.2004 Land and building were valued at Rs.250000 and P&M at Rs.150000

In view of the nature of the business, it is considered that 10% is a reasonable return on tangible capital

Prepare valuation of the companies shares after taking into account the revised values of fixed assets and your own valuation of goodwill based on 5years purchase of the sper profits of the ;ast five years

23. The balance sheet of X Ltd. as on 31.12.2003 as follows

Liabilities	Amount	Assets	Amount
Shares of Rs.10 each	500000	Goodwill	50000
Less: Calls in arrear (Rs.2 for final call)	(10000)	Machinery	230000

8% Preference shares of Rs.10	200000	Factory shed	300000
General Reserves	200000	Vehicles	60000
P&L	140000	Furniture	25000
Sundry creditors	270000	Investments	100000
Bank Loan	100000	Stock in trade	210000
		Debtors	350000
		Cash	50000
		Preliminary exp	25000
	1400000		**1400000**

Additional information

a. Fixed assets are worth 20% above their actual book value. Depreciation on appreciated portion of fixed assets to be ignored for the valuation of goodwill
b. Of the above investments, 80% in non trading ND THE BALANCE IN TRADING. All trade investments are to be valued at 20% below cost. A uniform rate of dividend of 10% is earned on all investments
c. For the purpose of valuation of shares, goodwill is to be considered on the baiss of 6yrs. Purchase of the super profits based on an average profit of the last 3yrs

Year	2001	2002	2003
Profit after tax @ 50%	190000	200000	250000

In a similar business, return on capital employed is 20%. In 2001, a new furniture costing Rs.10000 was purchased but wrongly charged to revenue. No effect has yet been given for rectifying the same. Depreciation charged on furniture is @ 10% diminishing balance method. Find out the value of each fully paid and partly paid equity share

24. The following is the balance sheet of N Ltd. as on 31.3.2002

Liabilities	**Amount**	**Assets**	**Amount**
400000 equity shares of Rs.10 each fully paid	4000000	Goodwill	400000
13.5% redeemable preference shares of Rs.100 each fully paid	2000000	Building	2400000
General Reserves	1600000	Machinery	2200000
P&L	320000	Furniture	1000000
Bank loan secured against fixed assets	1200000	Vehicles	1800000
Bills payable	600000	Investments	1600000
Creditors	3100000	Stock	1100000
		Debtors	1800000
		Bank	320000
		Preliminary expenses	200000
	12820000		**12820000**

Further information

i. Return on capital employed is 20% on similar business
ii. Fixed assets are worth 30% more than book value. Stock is overvalued by Rs.100000. Debtors are to be reduced by Rs.20000. Trade Investments which constitute 10% of the total investments are to be valued at 10% below cost

iii. Trade investments were purchased on 1.4.2001. 50% of such non trade investments were purchased on 1.4.2000 and the rest on 1.4.1999. Non trade investments yield 15% return on cost

iv. In 1999-2000 new machinery costing Rs.200000 was purchased butt wrongly charged to revenue. This amount should be adjusted taking depreciation at 10% on reducing balance method

v. In 2000-2001 furniture with a book value of Rs.100000 was sold for Rs.60000

vi. For calculating goodwill, 2years purchase of super profits based o simple average of last 4yrs are to be considered. Profits of last four years are as under

1998-99	19999-2000	2000-01	2001-02	2002-03
1600000	1800000	2100000	2200000	

vii. Additional depreciation provision at the rate of 10% on the additional value of P&M alone may be considered for arriving at average profit

Find out the intrinsic value of the equity share. Income tax and dividend tax are not to be considered.

25. The summarized balance sheet of A Ltd. as on 31.12.2003 is as follows

Liabilities	**Amount**	**Assets**	**Amount**
Equity shares of Rs.100 each	450000	Goodwill	150000
1500 6% preference shares	150000	Freehold property	375000
Profit and loss account	750000	P&M less depreciation	150000
5% debentures	300000	Quoted investments	300000
Sundry creditors	239250	Stock	270000
		Debtors	299250
		Bank balance	345000
	1889250		**1889250**

Profits for the year 2001, 2002 and 2003 after charging depreciation interest but before providing for preference dividend were Rs.220500, Rs.322500 and Rs.240000 respectively

a. Preference shares are payable at par on liquidation
b. The purchaser wants to acquire all the 4500 equity shares
c. The price for equity shares is to be based on the following assumption
    a. The normal return of 10% on net assets at revised valuation attributable to the equity shares
    b. The goodwill to be calculated three times the adjusted average super profits of the three years referred to above
    c. Debentures will be redeemed at a discount of 25% prior to the sale of the business. In order to provide funds for this purpose, investments will be sold out
    d. The value of freehold property is agreed to be ascertained on the basis of 8% return. The current rental value is Rs.50400
    e. A claim of Rs.8250 was omitted to be provided in the year 2003
    f. Market value of quoted investments was Rs.375000
    g. Non recurring profits are to be eliminated. 10% of the profits for 2002 referred above arose from a transaction of a non recurring nature
    h. A provision of 5% on sundry debtors was made in 2003 is no longer required (the provision when made was taken into account for purpose of Income tax @ 50%)

Prepare the valuation of the company's shares (from the point of view of purchaser) after taking into the revised values and valuation of goodwill based on three years purchase of the super profit based on the average profit of the last three years

26. The summarized balance sheet of Janmejay Pvt. Ltd. as on 31.3.2010 is as under

Liabilities	**Amount**	**Assets**	**Amount**
Equity shares of Rs.10 each	500000	Goodwill	175000
8% preference shares of Rs.10 each	200000	Lease hold property	160000
General reserves	100000	Less: Depreciation	70000
			90000
P&L	220250	P&M	250000
		Less: depreciation	25000
			225000
Bank loan	100000	Investment	400000
Sundry creditors	49750	Stock at cost	82500
		Debtors	40500
		Bank	157000
	1170000		**1170000**

A holder of 10000 of the equity shares in the company has agreed to sell these shares at a value based on the above Balance sheet, but subject to adjustment of the valuation of the following

a. The leasehold property was acquired on 1.4.2000 and at the Balance sheet date, the lease has a further six years to run. The cost should be written off over the term of the lease by equal annual charges. To date Rs.7000 per annum had been written off
b. In 2007-08 goods costing Rs.6000 were purchased and have been included since that date at cost in the stock lists. The goods were valueless on the balance sheet date
c. An expense creditor Rs.3750 of the current year has been omitted from being recorded in the books
d. A general reserve of 10% on total debtors, after specific provision for Doubtful Debtors, has been made for the first time in the current year accounts
e. Goodwill is to valued at two years purchase of the average profits, after the above adjustments, of three years 2007-08, 2008-09, and 2009-10 such profits being those available for dividend for Equity shareholders
f. The profits of the company as shown by the accounts before appropriations and before providing for preference dividends were as follows

Year	2007-08	2008-09	2009-10
	80400	92900	89650

You are required to compute the total consideration due to the vending shareholder

27. Judge, on the basis of following information, the capitalization rate for companies X and Y, when for the industry as a whole it is 9%

	Company X	Company Y
Dividend for the past five years	40%, 5%, 25%, 10%, 20%	13%, 16%, 17.5%, 17.5%, 17.5%
Intrinsic value of shares	Rs.175	Rs.300
Future plans	None	Expanding capacity by 50% partly by using reserves and partly by using borrowing

Evaluate the shares of the companies.

28. From the following figures, calculate the value of the share of Rs.100 on 9l0 yield on capital employed basis, and (ii) dividend basis, the market expectation being 12%

Year	Capital employed	Profit	Dividend
2001	550000	88000	12%
2002	800000	160000	15%
2003	1000000	220000	18%
2004	1500000	375000	20%

The net trading assets as on valuation date was Rs.18

Also mention which method is more appropriate (i) when buying a small lot of shares and (ii) when acquiring a controlling interest in the company

29. Compute values of equity shares of the companies X and Y on the basis of dividend and that of yield on capital employed. The following information is provided

	Company A	Company B
Profit per year	100000	100000
7.5% Preference capital	200000	600000
Equity capital of Rs.200 each	800000	400000

Assume that all profits were distributed. Market Capitalization is 10%

30. Following is the balance sheet of Rampal Ltd. as on 31.3.2009

Liabilities	Amount	Assets	Amount
100000 equity shares of Rs.10 each	1000000	Goodwill	500000
10000 12% Preference shares of Rs.100 each	1000000	Building	1500000
General Reserves	600000	Plant	1000000
P&L	400000	Investment in 10% stock	480000
15% Debentures	1000000	Stock in trade	600000
Creditors	800000	Debtors	400000
		Cash	100000
		Preliminary Expenses	220000
	4800000		**4800000**

Additional information are given below

a. Nominal value of investment is Rs.500000 and its market value is Rs.520000
b. Following assets are revalued
    a. Building Rs.3200000
    b. Plant Rs.1800000
    c. Stock Rs.450000
    d. Debtors Rs.360000
c. Average profit before tax of the company Is Rs.1200000 and 12.5% of the proefit is transferred to general reserve, rate of taxation being 50%
d. Normal dividend expected on equity shares is 8% while fair return on closing capital employed is 10%
e. Goodwill maybe valued at three years purchase of super profits

Ascertain the value of each equity share under fair value method

31. The balance sheet of A Ltd. as on December 2003 was as follows

Liabilities	Amount	Assets	Amount
4000 equity shares of Rs.100 each	400000	Land and building	250000
2000 9% Preference shares of Rs.100 each	200000	P&M	300000
13% Debentures	100000	Patents	100000
Reserve	200000	Sundry Debtors	150000
Sundry Creditors	200000	Work in progress	250000
		Cash	50000
	1100000		**1100000**

Land and building were acquired many years ago and should be considered as worth for Rs.450000. the company earned the following profits

Year	Profit before tax	Income tax paid
1999	150000	40000
2000	200000	80000
2001	50000	20000
2002	250000	115000
2003	275000	150000

The company paid a remuneration of Rs.30000 p.a. to the managerial personnel but in future it will be paying Rs.50000, the increase having been sanctioned by the government. During 2001, there was a prolonged strike, resulting in low profits. There has been no substantial change in capital employed. The company has paid a 9% dividend on equity consistently and proposes to stick to this rate in the foreseeable future. In the class of business to which the company belongs, the dividend rates have been fluctuating and the asset backing of an equity share is about 1.5 times. Equity shares with an average dividend of 15% sell at par. The company is anxious to provide funds for replacement of assets when due, for which it is proposed to make 15% provision on PAT. Calculate the value of an equity share in A Ltd. on yield basis.

32. X Ltd. showed the following performance over 5yrs ending 31.3.2003

Year	PBT	Prior period adjustment	Remarks
1999	400000	(100000)	Relating to 1997-98
2000	350000	(250000)	Relating equally to 1997-98 and 1998-99
2001	650000	150000	Relating to 1999-2000
2002	550000	(175000)	Relating to 1999-2000
2003	600000	(100000) 25000	Relating to 1999-2000 Relating to 2001-02

Net profit after tax is after debiting or crediting the figures of loss or claims mentioned under the columns for prior period adjustment

The net worth of the business as per the balance sheet of 31.3.1998 is Rs.600000 backed by Rs.10000 fully paid equity shares of Rs.10 each. Reserves and surplus constitute the balance net worth. X Ltd. has not declared any dividend till date

You are asked to value equity shares on

a. Yield basis as on 31.3.2003 assuming
    i. 40% rate of tax
    ii. Anticipated after sales yield of 20%
    iii. Differential weightage of 1 to 5 being for the five years starting on 1.4.1998 for the actual profits of the respective years

b. Net asset basis as per corrected balance sheets for each of the six years ended 31.3.2003

33. Directors of A Ltd. have decided that it is likely that they will have to sell the company in the near future. Prior to doing this, they wish to put a value on the equity shares in the company using the methods, which a prospective purchaser might apply. You are required to make this valuation using the under noted information, commenting on each method adopted

Liabilities	Amount	Assets	Amount
20000 equity shares of Rs.10 each	200000	Land and building	500000
Revenue reserve	595000	P&M	275000
Secured loan secured on land and building	150000	Motor vehicle	55000
Creditors	135000	Stock	133000
Prov. For tax	45000	Debtors	145000
		Cash at bank	15000
		Preliminary exp	2000
	1125000		1125000

Profit/ dividend record: The profit record after tax and interest but before dividends over the last five years have been as follows

Year	1	2	3	4	5
Amount	80000	75000	95000	80000	85000

The average dividedn has been Rs.30000 for the last 10yrs

The operating budget shows that estimated after tax profit for the next year will be Rs.85000 and thereafter it is estimated that this will increase by 5% p.a. over the next four years

In light of recent development in the field of financial reporting the company has had its fixed assets valued by an expert whose report discloses

Land and Building: Rs.610000, P&M: Rs.288000 and Motor Vehicle: Rs.102000

The study of public companies in the same market as A Ltd. shows that the average dividedn yield and price earnings ratio of these over the last three years have been

Year	**1**	**2**	**3**	**Average**
A Ltd. dividend yield	17	17	17	17
A Ltd. PV ratio	8	8	9	8.33
B Ltd. dividend yield	17	15	18	16.7
B Ltd. PE ratio	8.5	9	10	9.17
C Ltd. Dividend Yield	16.5	17	17.5	17
C Ltd. PE ratio	9	10	11.5	10.17

One of the directors has indicated that after tax cost of capital is now 17.5%. The estimated net cash flow of the company after taking into consideration taxation and capital expenditure over the next five years in order to achieve and as a result of, the five years profit plan, are as follows

Year	1	2	3	4	5
Amount	100000	120000	140000	10000	150000

Another director is of the view that profitability be measured @ 12.5% on tangible capital and 17.5% on intangible capital

Present value of Re.1 discounted at

Year	1	2	3	4	5
17.5%	.85	.72	.62	.52	.45
15%	.87	.76	.66	.57	.50
12.5%	.89	.79	.70	.62	.56

34. Balance sheet of Ramu Engg. Ltd. as on 31.12.2003 is given below

Liabilities	Amount	Assets	Amount
150000 equity shares of Rs.10 each	1500000	Fixed Assets	2200000
200000 equity shares of Rs.10 each Rs.6 paid up	1200000	Investments	400000
9% cumulative preference shares	600000	Stock	800000
18% term loan	1400000	Debtors	400000
Creditors	800000	Cash and bank	400000
		Profit and loss	1300000
	5500000		5500000

Other information

i. Current cost of sundry fixed assets Rs.3700000 and stock Rs.1000000
ii. Investments could fetch only Rs.100000
iii. 50% debtors are doubtful
iv. Preference dividend was in arrear for last five years

Find out the intrinsic value per share of Ramu Engg. Ltd.

35. Form the following data. Compute the 'Net Assets' value of each category of equity shares of Smith Ltd.

10000 A Equity shares of Rs.100 each fully paid

10000 B Equity shares of Rs.100 each Rs.80 paid

10000 C Equity shares of Rs.100 each Rs.50 paid

Retained Earnings: Rs.900000

36. Balance sheet of X Ltd. as on 31.12.2003

Liabilities	**Amount**	**Assets**	**Amount**
500000 equity shares of Rs.10 each	5000000	Fixed Assets	28020000
800000 equity shares of Rs.10 each Rs.8 paid	6400000	Investment in subsidiaries	6040000
1000000 Equity shares of Rs.5 each fully paid	5000000	Other non trade investments	5000000
Share premium	2000000	Stock	8060000
General reserve	10200000	Debtors	8040000

P&L	8400000	Advances	5060000
13% debentures 50% convertible at the beginning of next year	6000000	Cash and bank	1660000
18% Term loan	4000000	Preliminary Exp	40000
Creditors	2000000		
Tax provision	8000000		
Proposed Dividend	4920000		
	61920000		**61920000**

Other information

a. PBT before deducting interest on debentures of X Ltd. for the last 5yrs were as follows

1999-13200000, 2000-24400000, 2001-27400000, 2002-31500000, 2003-33200000

b. Non trade investments earned 20% on an average
c. Expected increase in expenditure without commensurate increase in selling price amounts to Rs.60000
d. Annual research and development expenditure in future Rs.100000
e. Expected foreign currency loss in future annualized Rs.120000
f. Expected tax rate: 45%, tax rate in 2003: 52%
g. Normal return 15% on the basis of closing capital employed

Find out intrinsic value for different categories of equity shares. For this purpose, goodwill may be taken as 3yrs purchase of super profits. Also find out

i. Value of share as per dividend yield. Normal dividend in the industry is 18%
ii. Value of share as per EPS. Average EPS is Rs.3 per Rs.10 share

37. The following abridged balance sheet as at 31.3.2005 pertains to Glorious Ltd.

Figure in lakhs

Liabilities	**Amount**	**Assets**	**Amount**
180 lakh equity shares of Rs.10 each	1800	Goodwill at cost	420
90 lakh equity shares of Rs.10 each Rs.8 paid up	720	Other fixed assets	11166
150 lakh equity shares of Rs.5 each fully paid up	750	Current assets	2910
Reserves and surpkus	5628	Loans and advances	933
Secured loans	4500	Misc. expenses	171
Current liabilities	1242		
Provisions	960		
	15600		**15600**

You are required to calculate the following for each of the three categories of equity shares appearing in the above mentioned balance sheet

i. Intrinsic values on the basis of book values of assets and liabilities including goodwill
ii. Value per share on the basis of dividend yield
iii. Normal rate of dividend in the concerned industry is 15% whereas Glorious Ltd. has been paying 20% dividend for the last four years and is expected to maintain it in the next few years and

iv. Value per share on the basis of EPS

For the year ended 31.3.2005 the company has earned Rs.1371 lakh as profit after tax which can be considered to be normal for the company. Average EPS for a fully paid share of Rs.10 of a company in the same industry is Rs.2

38. Following is the balance sheet as on 31.12.2006 of Sun Ltd.

Liabilities	**Amount**	**Assets**	**Amount**
80000 equity shares of Rs.10 each	800000	Goodwill	100000
50000 equity shares of Rs.10 each Rs.8 paid up	400000	P&M	800000
36000 equity shares of Rs.5 each	180000	Land and building	1000000
10000 equity shares of Rs.5 each Rs.4 paid up	120000	Furniture and fixture	100000
3000 10% Preference shares of Rs.100 each	300000	Vehicles	200000
General reserves	140000	Investments	300000
P&L	210000	Stock	210000
Secured loan 12% debenture	200000	Debtors	195000
Unsecured 15% term loan	150000	Prepaid Expenses	40000
Bank loan	50000	Advances	45000
Creditors	150000	Cash and bank	200000
Outstanding exp	20000	Preliminary Exp	10000
Provision for tax	200000		
Proposed equity dividend	150000		
Proposed preference dividend	30000		
	3200000		**3200000**

Additional information

i. In 2004, a new machine costing Rs.50000 was purchased but wrongly charged to revenue (no rectification has yet been made)
ii. Stock is overvalued by Rs.10000 in 2005. Debtors are to be reduced by Rs.5000 in 2006, some old furniture book value Rs.10000 was disposed of for Rs.6000
iii. Fixed assets are worth 5% more than their actual book value. Depreciation on appreciated value of fixed assets except machinery is not to be considered for valuation of goodwill
iv. Of the investment 20% is trading and the balance is no- trading. All trade investments are to be valued at 20% below cost. Trade investments were purchased on 1.1.2006, 50% of the non trade investments were acquired on 1.1.2005 and the rest on 1.1.2004. As uniform rate of dividend of 10% is earned on all investments
v. Expected increase in expenditure without commensurate increase in selling price is Rs.20000
vi. Research and development expenses anticipated in future Rs.30000 per annum
vii. In a similar business a normal rate of return on capital employed is 10%
viii. Profit after tax are as follows
In 2004- s.210000, 2005- Rs.190000 and 2006- Rs.200000
ix. Current income tax rate is 50%, expected income tax rate will be 40%

From the above ascertain the ex dividend and cum dividend intrinsic values for different categories of equity shares. For this purpose, goodwill maybe taken as 3 years purchase of super profits. Depreciation is charged on machinery @ 10% on following system.

39. The balance sheet of Bird Ltd. as on 31.3.2009 is given below

Liabilities	**Amount**	**Assets**	**Amount**
Equity shares of Rs.10 each	600000	Goodwill	40000
Less: Calls in arrear Rs.2 final call	(20000)	Machinery	300000
	580000	Freehold properties	450000
7% Preference shares of Rs.10 each fully paid up	300000	Vehicles	100000
General Reserves	350000	Furniture	50000
P&L	150000	Investments	200000
Creditors	300000	Stock	250000
Bank loan	200000	Debtors	400000
		Cash	60000
		Preliminary Exp	30000
	1880000		**1880000**

Additional information

a. On 1.4.2006 a new furniture costing Rs.20000 was purchased and wrongly charged to revenue. No rectification has yet been made of above. Depreciation charged on furniture is 10% on reducing balance method
b. Fixed assets are worth 15% above their catual book value
c. Stock is overvalued by Rs.50000 and 10% above their actual book value
d. Of the investments, 10% is in trade and the balance non trade. Trade investments are to be valued at 10% below cost. A uniform rate of dividend of 10% is earned on all investments.
e. For the purpose of valuation of shares, goodwill is to be consideres on the basis of 2yrs. purchase of super profits based on average profit for last 3yrs. Profits are as follows

2006-07	2007-08	200809
250000	280000	330000

f. In a similar business return on capital employed is 20%

You are required to value each fully paid and partly paid equity shares assuming tax rate of 50%

40. The following is the balance sheet of Alpha Ltd. as at 31.12.2003

Liabilities	**Amount**	**Assets**	**Amount**
Equity shares of Rs.100 each	1000000	Land and building	400000
Less: Calls in arrears Rs.20 of final call	(100000)	Machinery	450000
	900000	Motor car	25000
General Reserve	350000	Furniture	25000
Profit and loss	250000	Investments at face value	50000
Creditors	500000	Stock	725000
		Debtors	200000
		Cash at bank	105000

		Preliminary exp	20000
	2000000		**2000000**

Additional information

i. Building is worth Rs.600000 and machinery Rs.520000
ii. All investments are non trading investments and are to be valued at 20% above cost. Dividend at uniform rate of 20% is earned on all investments
iii. For the purpose of valuation of shares, goodwill is to be valued on the basis of 3yrs purchase of super profits based on average profit after tax of the last 3yrs
iv. Depreciation on appreciated value of land and building and machinery is not to be considered
v. Profits after tax are as follows: 2001-Rs.380000, 2002- Rs.420000 and 2003- Rs.500000
vi. Rate of income tax is 50%
vii. In similar business, return on capital employed after tax is 20%
viii. In 2001 machinery whose book value is Rs.20000 was sold for Rs.20000 but the proceeds were wrongly credited to profit and loss account. The mistake has not yet been rectified. Depreciation has been charged on machinery @ 10% per annum on reducing balance method

Find out the value of each fully paid and partly paid equity share on net assets basis.

41. The following is the balance sheet of Moon Ltd. as on 31.3.2004

Liabilities	**Amount**	**Assets**	**Amount**
Equity shares of Rs.100 each	1000000	Machinery	600000
Less: Calls in arrears Rs.20 of final call	(100000)	Factory shed	650000
	900000	Vehicles	200000
General reserves	300000	Furniture	50000
P&L	400000	Stock	350000
Bank OD	300000	Debtors	670000
Creditors	700000	Bank	50000
		Preliminary Exp	30000
	2600000		**2600000**

The following additional information is furnished

a. Machinery and factory shed are 30% above their book value. Depreciation on appreciated value of machine and factory shed is not to be considered for valuation of goodwill and share.
b. For the purpose of valuation of shares, goodwill is to be considered on the basis of 4yrs. purchase of super profits based on average profits after tax of the last 3yrs.

31.3.2002 Rs.360000

31.3.2003 Rs.470000

31.3.2004 Rs.370000

In a similar business, return on capital employed is 15% after tax

c. In the year ending 31.3.2002, new addition to factory shed costing Rs.20000 charged to profit and loss account. Depreciation charged on factory shed is 10% on reducing balance method

Find out the value of each, fully paid and partly paid equity shares, on net assets basis. Income tax rate is 50%. Show all workings.

42. Calculate the value of a preference share and an equity share of the companies A and B on the basis of following information

Particulars	Company A	Company B
PAT	1000000	1000000
12% Preferences ahre capital of Rs.100 each	1000000	2000000
Equity share capital of Rs.10 each	5000000	4000000

Assume the market expectation is 15% and that 80% of profits are distributed.

43. Capital structure of Lot Ltd. as on 31.3.1998 was as under

Particulars	Amount
Equity shares of Rs.10 each	1000000
10% Preference shares	500000
15% Debentures	800000
Reserves	400000

Lot Ltd. earns a profit of Rs.5 lakhs annually on an average before deduction of interest on debentures and income tax which works out to be 40%

Normal return on equity shares on companies similarly placed is 12% provided

a. Profit after tax covers fixe4d interest and fixed dividends at least 3 times
b. Capital gearing ratio is 0.75
c. Yield on share is calculated at 50% of profits distributed and at 5% on undistributed profits

Lot Ltd. has been paying at 50% of profits distributed and at 5% on undistributed profits

Lot Ltd. has been regularly paying equity dividend of 10%. Compute the value per equity share of the company.

44. Following is the information of two companies for the year ended 31.3.2003

Particulars	Company X	Company Y
Equity shares of Rs.10 each	800000	1000000
10% Preference shares of Rs.10 each	600000	400000
Profit after tax	300000	300000

Assume that the market expectation is 18% and 80% of the profits are distributed

i. What is the rate you would pay to the equity shares of each company?
    a. If you are buying a small lot
    b. If you are buying controlling interest shares
ii. If you plan to invest only in preference shares, which company's preference shares would you invest?

iii. Would your rates be different for buying small lot, if the company X retains 30% and company Y 10% of the profits?

45. Following information is furnished in respect of A Chemicals Ltd.

i. Share capital Rs.200000 equity shares of Rs.10 each fully paid

ii. Profits after tax, dividends declared and retained earnings

Year	PAT	Dividend Declared	Retained Earnings
2003	710000	340000	370000
2002	600000	300000	300000
2001	400000	260000	140000

iii. Normal rate of return expected by shareholders in the market is 12%

iv. Normal earnings of similar companies in the chemicals industry is 15%

You are required to calculate the value of shares if

a. Only a few shares are to be sold and
b. Majority shares are to be sold

46. The balance sheet of X Ltd. as on 31.12.2003 is as follows

Rs. In lakhs

Liabilities	**Amount**	**Assets**	**Amount**
100000 equity shares of Rs.10 each fully paid	10	Goodwill	5
100000 equity shares of Rs.6 each	6	Intangible assets at market value	3
Reserves and surplus	4	Fixed Assets	15
Liabilities	10	Other tangible assets	5
		Preliminary Expenses	2
	30		**30**

Fixed assets are worth Rs.24 lakhs. Other tangible assets are revalued at Rs.3 lakhs. The company is expected to settle the disputed bonus claim of Rs.1 lakh not provided for in the accounts. Goodwill appearing in the balance sheet is purchased goodwill. It is considered reasonable to increase the value of goodwill by an amount equal to average of the book value and a valuation made at 3years purchase of average super profit for last four years.

After tax profits and dividend rates were as follows

Year	PAT in lakhs	Dividend %
2000	3	11%
2001	3.5	12%
2002	4	13%
2003	4.1	14%

Normal expectation in the industry to which the company belongs is 10%

Ram holds 20000 equity shares of Rs.10 each fully paid and 10000 equity shares of Rs.6 each, fully paid up. He wants to sell away his holdings

Determine the breakup value and market value of both kinds of shares

What should be the fair value of shares if controlling interest is being sold?

47. Ray Ltd. belongs to an industry in which equity shares are sold at par on the basis of 18% yield provided, the net tangible assets of the company are % of the paid up capital and the total distribution of profits does not exceed % of the profits. The dividend rate fluctuates from year to year in the industry. The balance sheet of Ray Ltd. stood as follows on 31.3.2004

Liabilities	**Amount**	**Assets**	**Amount**
14% 6000 Preference shares of Rs.100, fully paid up	600000	Goodwill	100000
10000 equity shares of Rs.100 each Rs.80 paid up	800000	Other fixed assets	1600000
General reserves	400000	Govt. securities	150000
12% Debentures	400000	Current Assets	1130000
Current liabilities	800000	Preliminary Exp	20000
	3000000		**3000000**

The company has been earning on an average Rs.800000 as profit after interest but before taxation which is 50%. The rate of dividend on equity shares has been maintained at 25% in the past years and is expected to be maintained

Determine the probable market value of the equity shares of the company based on actual dividend and based on earnings ratio. The tangible fixed assets may be taken to be worth Rs.1720000

48. The directors of X Ltd. are considering the acquisition of the entire share capital of Y Ltd. which manufactures a range of engineering machinery. None of the companies has any long term debt capital. The directors of X Ltd. believe that if Y Ltd. is taken over the business risk of X Ltd. will not be affected. Balance sheet of Y Ltd. as on 31.6.2004 is expected to be as follows:

Liabilities	**Amount**	**Assets**	**Amount**
5000 equity shares of Rs.10 each fully paid	50000	Fixed assets	651600
General reserves	404100	Stock	515900
Creditors	753600	Debtors	745000
Bank OD	862900	Cash	158100
	2070600		**2070600**

Y Ltd. financial record for the five years to 30.6.2004 is as follows

	2000	**2001**	**2002**	**2003**	**2004**
Profit before extra ordinary items	30400	69000	49400	48200	53200
Extra ordinary item	2900	(2200)	(6100)	(9800)	(1000)
Profit after extraordinary items	33300	66800	43300	38400	52200
Dividends	20500	22600	25000	25000	25000
	12800	**44200**	**18300**	**13400**	**27200**

The following additional information is available

i. There has been no change in the issued share capital of Y Ltd. during the past five years
ii. The estimated values of Y Ltd. fixed assets and stock and work in progress as on 30.6.2004 are

	Replacement cost	Realizable value

Fixed Assets	725000	450000
Stock and WIP	550000	570000

iii. It is expected that 2% of Y Ltd. debtors as on 30.6.2004 cannot be collected
iv. The cost of capital of X Ltd. is 9% p.a.
v. The current return on investment of X Ltd. is 9%. Quoted companies with business activities and profitability similar to those of Y Ltd. have PE ratio of approximately 10, although these companies tend to be much larger than Y Ltd.

You are required to estimate the value of the total equity capital of Y Ltd. as on 30.6.2004 using each of the following bases

a. Balance sheet value
b. Replacement cost
c. Realizable value
d. Gordon's dividend growth model
e. PE ratio model

49. M Ltd. gives the following cash flow estimate

1997: Rs.2000 lakhs

1998 to 2000: Compound growth rate 6.5%

2001-2004: Compound growth rate 9.5%

Apply 20% discount rate and determine the value of business

50. X Ltd. is a company which produces and sells to retailers a certain range of fashion clothing's. They have made the following estimates of potential cash flows for the next 10 years

Year	1	2	3	4	5	6	7	8	9	10
Cash flow in lakhs	1500	1700	2000	2500	3000	3400	3800	4500	5000	6000

Y Ltd. is a company which owns a series of boutiques in a certain range locality. The boutiques buy clothes from various suppliers and retail them. Each boutique has a manager and an assistant but all purchasing and policy decisions are taken centrally. Independent cash flow estimates of Y Ltd. was as follows

Year	1	2	3	4	5	6	7	8	9	10
Cash flow in lakhs	120	160	200	280	340	460	520	600	660	800

X Ltd. is interested in acquiring Y Ltd. in order to get some additional retail outlets. They make the following cost benefit calculations

i. Net assets of assets of Y Ltd.

Particulars	**Amount in lakhs**
Sundry fixed assets	800

Investments	200
Stock	400
	1400
Net assets	1000

ii. Sundry fixed assets amounting to Rs.50 lakhs cannot be used and their net realizable value is Rs.45 lakhs
iii. Stock can be realized immediately at Rs.470 lakhs
iv. Investments can be disposed off for Rs.212 lakhs
v. Some workers of Y Ltd. are to be retrenched for which estimated compensation is Rs.130 lakhs
vi. Sundry creditors are to be discharged immediately
vii. Liabilities on account of retirement benefits not accumulated for in the balance sheet by Y Ltd. is Rs.48 lakhs
viii. Expected cash flows of the combined business will be as follows

Year	1	2	3	4	5	6	7	8	9	10
Cash flow in lakhs	1800	1900	2300	2950	3500	4000	4500	5300	5800	6900

Find out the maximum value of Y Ltd. which X Ltd. can quote. Also show the difference in valuation had there been no merger. Use 20% as discount factor.

51. X Ltd. plans to take over Y Ltd. Independent cash flow forecasts of the companies are as follows

Year	1	2	3	4	5	6	7	8	9	10
X Ltd. in lakhs	200	225	250	270	285	310	350	600	610	650
Y Ltd. in lakhs	50	65	80	95	110	120	130	150	170	180

Following further information is available from the latest balance sheet of Y Ltd.

Assets	Amount in lakhs
Fixed assets	500
Stock	115
Debtors	50
	665
Less: Liabilities	(165)
Sundry creditors	(200)
	300

X Ltd. finds that fixed assets of book value Rs.75 lakhs will not be used which will fetch Rs.50 lakhs on immediate disposal. Moreover, stock will fetch Rs.140 lakhs and debtors Rs.48 lakhs immediately. But X Ltd. has to payoff the liabilities immediately. Also it has to be rs.110 lakhs to workers of Y Ltd. whose service cannot be used. It appears that after merger X Ltd. has to invest Rs.210 lakhs for renovation of the plant and machinery at the end of 1st year and Rs.50 lakhs for modernization at the end of 2nd stage after merger

Forecast of cash flows of X Ltd. after merger

Year	1	2	3	4	5	6	7	8	9	10
Cash flow in lakhs	240	280	350	400	410	480	550	800	880	950

Determine the maximum value of Y Ltd. which its management should ask from X Ltd. You may use 20% discount rate

52. M Ltd. gives you the following information

Current profits	210 lakhs
Compounded growth rate of profits	7.5% p.a.
Current cash flow from operations	Rs.270 lakhs
Compound growth rate of cash flows	6.5% p.a.
Current PE ratio	12
Discount factor	20%

Find out the value of M Ltd. taking 10yrs projected profits or cash flows. You may use future maintainable profit method or present value of future earning method or present value of future cash flow method.

53. From the following information, determine the possible value of brand as per potential earning model

Rs. In lakhs

PAT	2500
Tangible fixed assets	10000
Identifiable intangibles other than brand	1500
Weighted average cost of control	14%
Expected normal return on tangible assets	18%
Appropriate capitalization factor for intangibles	25%

54. ZED Ltd. is an FMCG player in the range of Men's Cosmetics and deals in both Branded and Unbranded products. The Branded products are sold under the brand of ZED and are fully outsourced from third pay manufacturers. The company's unbranded products are manufactures at its own manufacturing units. The earnings for the last three years are furnished below

EBIT	510000000	750000000	990000000
Other income- Royalty, for partial usage of ZED brand	9000000	13500000	22500000

The details of Fixed assets employed at the company's operations is Rs.5200 lakhs of which Rs.2800 lakh is in respect of the branded business. The company's tax rate is 33.33% and has an average cost of funds of 17% fter considering tax shelter on cost of borrowed funds. You are required to determine the value of the brand ZED considering a capitalization rate of 20%

55. P Ltd. is considering acquisition of R Ltd. the financials AT THE TIME OF ACQUISITION BEING

Particulars	P Ltd. in lakhs	R Ltd. in lakhs
PAT	60	12
Number of shares	12	5
Earning per share	5	2.4
Market price per share	150	48
PE ratio	30	20

It is expected that the net ptofit after tax of the two companies would continue to be Rs.72 lakhs even after the amalgamation

Explain the effect on EPS of the merged company under each of the following situations

P Ltd. offers to pay Rs.60 per share to the shareholders of R Ltd.

P Ltd. offers to pay Rs.78 per share to the shareholders of R Ltd.

The amount in both cases is to be paid in the form of shares of P Ltd.

Amalgamation

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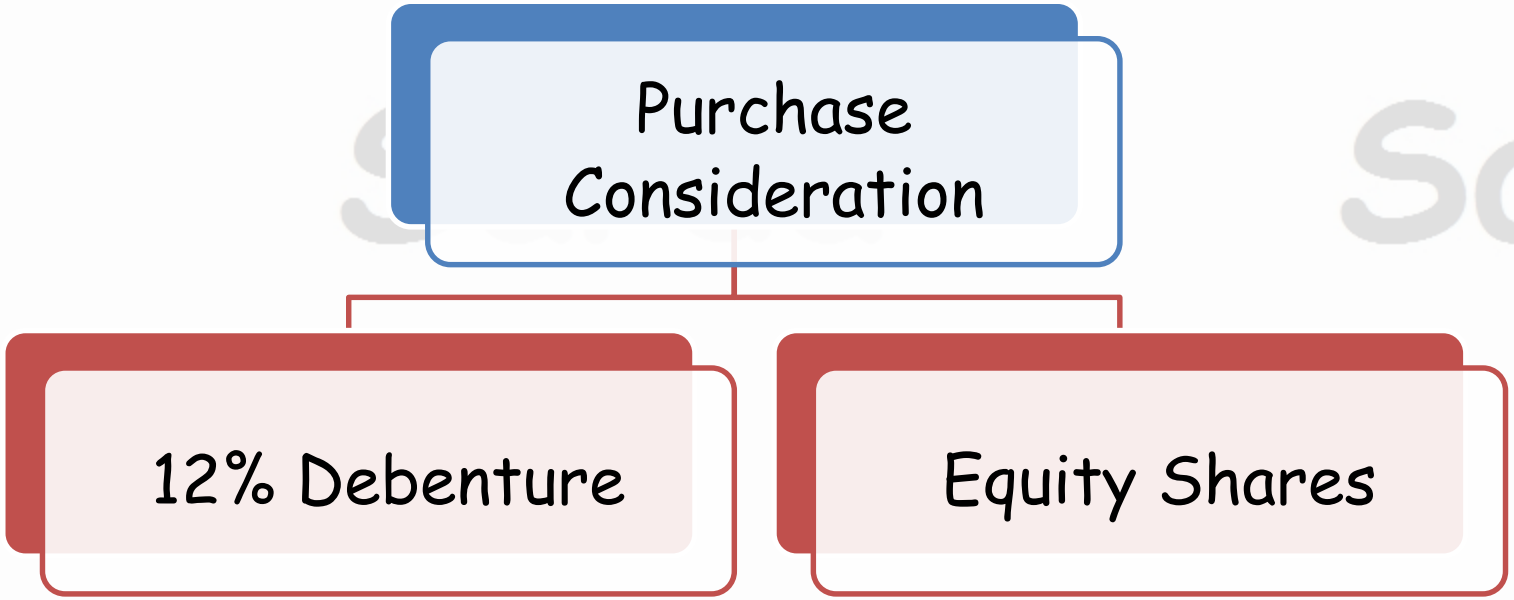
Q1.

- Computation of Purchase Consideration



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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

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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

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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**

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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**

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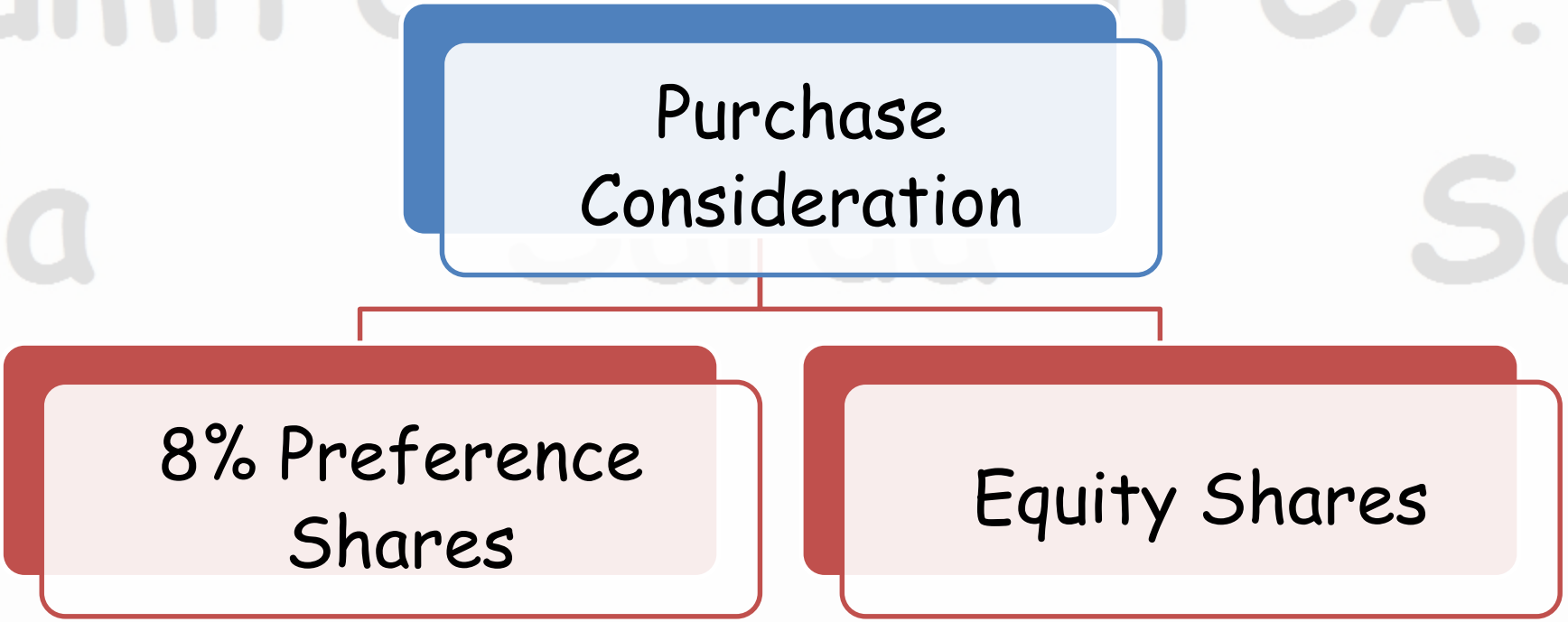
Q3.



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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

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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	-

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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

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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**

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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)

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Journal Entries in the books of X Ltd.

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Related to A

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

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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

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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

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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

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Journal Entries in the books of X Ltd.

Particulars	Debit	Credit
Liquidator	6725	
To Equity Share Capital		6725

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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		
	Long term borrowings		
3	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	13,000
B	Reserves and surplus	2	
2	Non current liabilities		
	Long term borrowings		
3	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	13,000
B	Reserves and surplus	2	5750
2	Non current liabilities		
	Long term borrowings		
3	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	13,000
B	Reserves and surplus	2	5750
2	Non current liabilities		
	Long term borrowings		7000
3	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	13,000
B	Reserves and surplus	2	5750
2	Non current liabilities		
	Long term borrowings		7000
3	Current liabilities		
	Trade Payables		2500
		TOTAL	

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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	

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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	

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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	

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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

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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	

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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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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**

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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

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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

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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

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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	

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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	

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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	

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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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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	

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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

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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	

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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	

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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	

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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	

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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	

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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	

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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

CA. Sumit L. Sarda

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)

Sumit CA. Sarda

Q9. Future maintainable Profits

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

Sumit CA. Sumit CA. Sumit CA.

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	

Sumit CA. Sumit CA. Sarda Sarda

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	

Sumit CA. Sumit CA. Sarda Sarda

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	

Sumit CA . Sumit CA . Sarda Sarda

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	

Sumit CA . Sumit CA . Sarda . Sarda

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	

Sumit CA. Sumit CA. Sarda Sarda

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	

Sumit CA . Sumit CA . Sarda Sarda

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**

CA Sunil L. Sarda

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	

Sumit CA. Sumit CA. Sumit CA.
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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	

Sumit CA. Sarda

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

Sumit CA. Sarda

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

Sumit CA. Sumit CA. Sarda Sarda

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

Sumit CA. Sarda

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

Sumit CA. Sumit CA. Sarda Sarda

Goodwill

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

Sumit CA. Sumit CA. Sarda Sarda

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**

CA. Sumit L. Sarda

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**

CA. Sumit L. Sarda

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

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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

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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

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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

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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	

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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	-

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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

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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

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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

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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

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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

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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
Total shares outstanding	180000

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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
Total shares outstanding	180000
Value to be settled	43,20,000

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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
Total shares outstanding	180000
Value to be settled	43,20,000
Issue price of shares of A	32

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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
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

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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
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

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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

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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

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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
Debtors	12,00,000

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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
Debtors	12,00,000
Bills Receivable	10,000

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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
Debtors	12,00,000
Bills Receivable	10,000
Cash at bank	90,000

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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
Debtors	12,00,000
Bills Receivable	10,000
Cash at bank	90,000
TOTAL	**64,80,000**

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Goodwill

Particulars	Amount
Creditors	12,80,000

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Goodwill

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

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Goodwill

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

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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

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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

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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
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**

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Balance Sheet

Particulars	Note	Amount
Equity and Liabilities		

Sumit CA. Sumit CA. Sumit CA.
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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.

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

Q16. Intrinsic Value of equity shares

Particulars	Big Ltd.	Small Ltd.
Goodwill	40	75

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

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

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.
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

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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

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CA. Sumit L. Sarda

Q21. Goodwill / CR

Particulars	H
Fixed Assets	40
CA. Sumit L. Sarda	

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Q21. Goodwill / CR

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

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Q21. Goodwill / CR

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

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Q21. Goodwill / CR

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

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Q21. Goodwill / CR

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

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Q21. Goodwill / CR

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

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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	

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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	

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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	

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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	

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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

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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		

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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		

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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		

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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		

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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		

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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		

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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
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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

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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

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Q22. Purchase consideration

Particulars	P
Shares	5,00,000
Already held	125000
Held with outsiders	375000
Intrinsic Value	15
Purchase Consideration	5625000

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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

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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

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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

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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

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Q22. Capital Reserve

Particulars	P
Fixed Assets	50,00,000
Investments	30,00,000
Current Assets	325,000
	83,25,000

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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

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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

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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

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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

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Q23. Computation of Purchase Consideration

Particulars	Y
Average yield of Y (12 + 18 + 24)/3	18
50% of 18	9
Capitalization rate	15%

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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

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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

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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/-

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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

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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

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Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs

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Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs
Less: CoA	4.4 lakhs

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Q23. Discharge

Particulars	Amount
Purchase Consideration	24 lakhs
Less: CoA	4.4 lakhs
Capital Gain	19.6 lakhs

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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

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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

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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
50% remitted immediately	10.04

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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 lakhs
50% remitted immediately	10.04 lakhs
Balance in X Ltd. shares	10.04 lakhs

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Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60

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Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60
Investments 60000 * 60	36

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Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35

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Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30

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Q23. IV of X Ltd.

Particulars	Amount
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39

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Q23. IV of X Ltd.

Particulars	**Amount**
Fixed Assets	60
Investments 60000 * 60	36
Debtors	35
Inventories	30
Cash	39
	200

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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.
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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

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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.
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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/-

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Q23. Shares alloted

Particulars	Amount
Amount due	10.04 lakhs

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Q23. Shares alloted

Particulars	Amount
Amount due	10.04 lakhs
Value per share	30

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Q23. Shares alloted

Particulars	Amount
Amount due	10.04 lakhs
Value per share	30
Shares to be allotted	33,466

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Q23. Shares alloted

Particulars	Amount
Amount due	10.04 lakhs
Value per share	30
Shares to be allotted	33,466
Cash payment	20

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Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2

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Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5

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Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25

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Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2

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Q23. Goodwill/ CR

Particulars	Amount
Fixed Assets 18 – 1.8	16.2
Debtors	5
Inventories	25
Cash	2
TOTAL	48.2

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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

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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

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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**

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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

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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

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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**

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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**

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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.
dg Sarda 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
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.
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
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.
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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.
Sarda Sarda Sarda

Q27. Adjustments to reserve

Particulars	Amount
Sundry Assets	350000
Less: Creditors	95000

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

Q27. Adjustments to reserve

Particulars	Amount
Sundry Assets	350000
Less: Creditors	95000
Less: Reserves	55000

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

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.
da Sarda Sa

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.
da Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sa

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.
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		

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.
dd Sarda Sarda Sa

Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000

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

Q33. Shares to be issued

Particulars	Small	Little
Profits	1365625	1150000
PE Ratio	10	8

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

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

Q33. Working notes

Particulars	Amount
Share capital	

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

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.
da Sarda Sarda Sa

Q33. Working notes

Particulars	Amount
Investments	

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

Q33. Working notes

Particulars	Amount
Investments	
Small Ltd.	12290625

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

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.
da Sarda Sa

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.
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

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

Q33. R&S

Particulars	Amount
Share Premium	17514875

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

Q33. R&S

Particulars	Amount
Share Premium	17514875
Less: Preliminary Exp	(1600000)

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

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.
da Sarda Sarda Sa

Q33. Balance Sheet

Particulars	Amount
Share Capital	10655750

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

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
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
Fixed Assets	5,64,000
Inventories (60000 – 10000 + 16000)	66,000
Trade Receivables	108,000

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
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.
da 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
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.
da Sarda Sa

38. Reconstruction

Particulars	Amount	Particulars	Amount
		8% Preference share	160,000
		Equity share cap	480,000

Sumit CA. Sarda Sumit CA. Sarda Sarda Sa

38. Value of investments

Particulars	Amount
Average net profit	250,000

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da Sarda Sa

38. Value of investments

Particulars	Amount
Average net profit	250,000
Capitalization rate	12%

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

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

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38. Intangible

Particulars	Amount	Particulars	Amount
Opening	68000		

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

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.
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38. Balance Sheet

Particulars	**Amount**
Equity and Liabilities	

Sumit CA. Sumit CA. Sumit CA.
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38. Balance Sheet

Particulars	**Amount**
Equity and Liabilities	
Share Capital	12,60,000

Sumit CA. Sumit CA. Sumit CA.
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38. Balance Sheet

Particulars	**Amount**
Equity and Liabilities	
Share Capital	12,60,000
R&S	2,56,100

Sumit CA. Sumit CA. Sumit CA.
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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.
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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.
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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

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.
dit 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
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.
da Sarda Sarda Sa

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.
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)

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.
da Sarda Sarda Sa

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.
dg Sarda Sarda Sa

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

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

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

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

Q43. Assets and Liabilities

Particulars	Established	New Project	Others
FA			
Gross Block	200	600	-

CA. Sumit L. Sarda

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)	-

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

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.
da Sarda Sarda Sa

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.
da Sarda Sa

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.
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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.
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Q44. Intrinsic Value

Particulars	Before	After

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

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.
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Q46. Computation of surplus

Particulars	Amount

Sumit CA. Sumit CA. Sumit CA.
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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.
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Q46. Tangible Assets

Particulars	Amount
Land (700000-200000)*200%	1000000

Sumit CA. Sumit CA. Sumit CA.
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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

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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.
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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

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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.
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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.
da Sarda Sarda Sa

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.
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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.
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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.
Sarda Sarda Sarda

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
do Sarda Sarda Sa

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

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

Q54. Goodwill

Particulars	2002	2003
X	546000	612000

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

Q54. Goodwill

Particulars	2002	2003
X	546000	612000
Weight	1	2

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

Q54. Goodwill

Particulars	2002	2003
X	546000	612000
Weight	1	2
Amount	546000	1224000

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

Q54. Goodwill

Particulars	2002	2003
X	546000	612000
Weight	1	2
Amount	546000	1224000
Goodwill (1770000/3*2)	1180000	

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

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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.
da Sarda Sarda Sa

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	

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

Q54. Net Assets

Particulars	X	Y

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

Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000

Sumit CA. Sumit CA. Sarda Sarda

Q54. Net Assets

Particulars	X	Y
Furniture	184000	256000
Investments	260000	490000

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

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.
da Sarda Sarda Sar

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.
do Sarda Sarda Sar

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.
do Sarda Sarda Sar

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.
do Sarda Sarda Sar

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.
do Sarda Sarda Sar

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.
da Sarda Sarda Sa

Q54. Purchase Consideration

Particulars	X	Y
Net Assets	1028000	1181000
Goodwill	1180000	1565400
	2208000	**2746400**

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

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	

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

Q54. Trading cash flow

Particulars	2002	2003	2004

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

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	-

Sumit CA. Sumit CA. Sumit CA.
do Sarda Sarda Sar

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

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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
Weight age	0.20	0.30	0.50

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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
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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