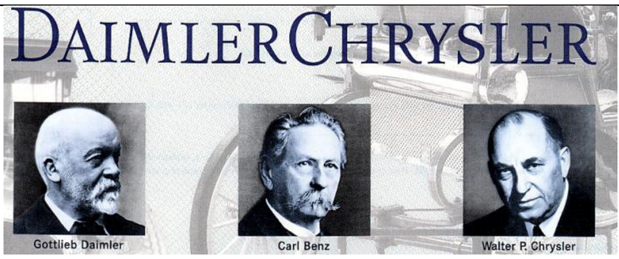
ACCOUNTING FOR AMALGAMATION

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

Amalgamation in the nature of merger

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

Amalgamation in the nature of Purchase

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

Method of Accounting

	In the nature of Purchase	In the nature of Merger
ASSETS AND LIABILITIES	Recorded at existing carrying amount and in the same form	At existing carrying amount or alternatively consideration to be allocated to individual identifiable assets and liabilities on the basis of their fair values at the date of amalgamation

RESERVES	Recorded at existing carrying amount and in the same form	Statutory reserves to be recorded if required for compliance of law. Corresponding debit to be disclosed as part of Miscellaneous Expenditure. If in future not required to be maintained, same shall be reversed. Other reserves not to be included
BALANCE OF P&L	To be aggregated with P&L of transferee company	Loses its identity
DIFFERENCE BETWEEN PURCHASE CONSIDERATION AND AMOUNT OF SHARE CAPITAL OF THE TRANSFEROR COMPANY	To be adjusted to reserves	Excess to be recognized as goodwill. If consideration is lower than the value of net assets acquired, difference to be treated as capital reserve.

Purchase Consideration

Consideration means aggregate of shares and securities issued and Payment made in the form of cash or other assets To the share holders of the transferor company

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

Method of Calculating Purchase Consideration

NON CASH CONSIDERATION	Shares	Fair value of shares
	Securities issued at value fixed by statutory authority	Value fixed by authority
	Other assets handed over	Fair value of the assets given up
	Others	Net book value
FUTURE CONSIDERATION	If probable amount can be estimated	Include in consideration
	Other cases	Recognize when determinable

Shares to be calculated in whole numbers, fractional share to be paid in cash
Expenditure related to discharge of outside liabilities and debenture holders shall not be considered as part of purchase considerations

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

STEP 10	Transfer the equity share capital account, accumulated profits, reserve and losses to the equity shareholders account
STEP 11	Make final payment to Equity shareholders

Accounting treatment in the books of Transferee Company in case of purchase	
STEP 1	Record the acquisition of business from the vendor company
STEP 2	Record the assets and liabilities taken over at their respective agreed values and debit the goodwill account with the excess of purchase consideration over the net asset taken over or credit the capital reserve account with the excess of net assets over the purchase consideration.
STEP 3	Record the statutory reserves of the transferor company
STEP 4	Make payment to vendor company. The shares issued by way of purchase consideration must be recorded at their paid up value after giving due credit to securities premium account or after giving due debit to discount on issue of shares account.
STEP 5	Record the issue of debentures to discharge the existing debenture holders of vendor company
STEP 6	Record the reimbursement of the Liquidation expenses of the vendor company
STEP 7	Eliminate the unrealized profit included in the unsold stock a. Where the unsold inventories of the purchasing company includes the goods purchased from the vendor company b. Where the unsold inventories of the vendor company includes goods purchased from the purchasing company only the amount of stock is reduced to its cost while passing entries on acquisition
STEP 8	Eliminate intercompany owing a. Bills drawn by one company upon the other company and discounted with the bank should not be eliminated because these bills represent owing between the bank and the company and not intercompany owing b. Where debtors of one company include sum due to another company but creditors of another company include lesser sum due to the former company, the difference to be treated as cash in transit
STEP 9	Setoff goodwill against capital reserve

Question 5

System Ltd. And HRD Ltd. Decided to amalgamate as on 1.04.2017. Their Balance Sheets as on 31.03.2017 were as follows:

Figure in thousand

Particulars	System Ltd	HRD Ltd.
Equity share capital (Rs. 10 each)	150	140
9% preference share capital (Rs. 100 each)	30	20
9% preference share capital (Rs. 100 each)	5	2
Profit & Loss Account	10	6
10% Debentures	50	30
Sundry Creditors	25	15
Tax Provision	7	4
Equity Dividend proposed	30	28
	307	**245**
Application of Funds:		
Building	60	50
Plant & Machinery	80	70
Investments	40	25
Sundry Debtors	45	5
Stock	36	40
Cash & Bank	40	25
Preliminary expenses	6	-
	307	**245**

From the following information, you are to prepare the draft Balance Sheet as on 1.04.2017 of a new company, Intranet Ltd. Which was formed to take over the business of both the companies and took over all the assets and liabilities:

i) 50% Debentures are to be converted in to equity shares of the new company

ii) Out of the investments, 20% are non- trade investments.

iii) Fixed assets of systems Ltd were valued at 10% above cost and that of HRD Ltd at 5% above cost.

iv) 10% of sundry debtors were doubtful for both the companies. Stocks to be Carried at cost.

V) Preference shareholder were discharged by issuing equal number of 9% preference shares at par

VI) Equity shareholders of both the transferor companies are to be discharged by issuing equity shares of Rs. 10 each of the company at premium of Rs. 5 per share.

Amalgamation is in the nature of purchase.

Answer: Prepare the following formats

Page 1: Balance sheet as on 1.4.2017

Particulars	Amount
Equity and Liabilities 1. Shareholders fund a. Share Capital b. R&S 2. Non-Current Liabilities 3. Current Liabilities	
TOTAL	
Assets 1. Non-Current Assets a. Tangible b. Intangible c. Investments 2. Current Assets	
TOTAL	

Page 2: All notes

Note1: Share Capital	Amount
TOTAL	

Note2: Reserves and Surplus	Amount
TOTAL	

Note3: Tangible Assets	Amount
TOTAL	

Note4: Investments	Amount
TOTAL	

Page 3: WN1: Capital Employed

Particulars	System	HRD	Total
Total			

Page 4: WN2: Purchase Consideration

Particulars	System	HRD	Total
Total			

Page 4: WN3: Goodwill/ Capital Reserve

Particulars	System	HRD	Total
Capital Employed(WN1) Purchase Consideration (WN2)			
Total			

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Question point (i)
50% Debentures are to be converted in to equity shares of the new company

WN1: Capital Employed

Particulars	System	HRD	Total
Liabilities 10% Debentures 1	50,000	30,000	

WN4: Shares to be issued

Particulars	Preference	Equity
To debenture holders 50000 * 50%/15 30000 * 50%/15 2		 1666 1000

WN5: Fractional cash payable

Particulars	Amount
To debenture holders 25,000 – 1666 * 15 3	10

[Point no. VI specifies shares are to be issued at a premium of Rs.5 each]

Question Point (ii)
Out of the investments, 20% are non- trade investments

No accounting treatment as goodwill is not being valued

Question point (iii)
Fixed assets of systems Ltd were valued at 10% above cost and that of HRD Ltd at 5% above cost

WN1: Capital Employed

Particulars	System	HRD	Total
Building 60000 * 110% & 50000 * 105%	66,000	52,500	
P&M 80000 * 110% & 70000 * 105%	88,000	73,500	
Liabilities			
10% Debentures	50,000	30,000	

Question point (iv)
10% of sundry debtors were doubtful for both the companies. Stocks to be Carried at cost

WN1: Capital Employed

Particulars	System	HRD	Total
Building 60000 * 110% & 50000 * 105%	66,000	52,500	
P&M 80000 * 110% & 70000 * 105%	88,000	73,500	
Debtors 45 * 90% & 35 * 90%	40,500	31,500	
Stock	36,000	40,000	
Liabilities			
10% Debentures	50,000	30,000	

Question point (v)
Preference shareholder were discharged by issuing equal number of 9% preference shares at par

WN4: Shares to be issued

Particulars	Preference	Equity
To debenture holders		
50000 * 50%/15		1666
30000 * 50%/15		1000
To Preference shareholders		
System	300	
HRD	200	

WN1: Capital Employed

Particulars	System	HRD	Total
Preference share capital	30,000	20,000	

Question point (vi)
Equity shareholders of both the transferor companies are to be discharged by issuing equity shares of Rs. 10 each of the company at premium of Rs. 5 per share.

To be used for purchase consideration

Complete Capital Employed

WN1: Capital Employed

Particulars	System	HRD	Total
Building 60000 * 110% & 50000 * 105%	66,000	52,500	118,500
P&M 80000 * 110% & 70000 * 105%	88,000	73,500	161,500
Debtors 45 * 90% & 35 * 90%	40,500	31,500	72,000
Stock	36,000	40,000	76,000
Investments	40,000	25,000	65,000
Cash	40,000	25,000	65,000
	310,500	247,500	558,000
Liabilities			
10% Debentures	50,000	30,000	80,000
Creditors	25,000	15,000	40,000
Tax provision	7,000	4,000	11,000
	82,000	49,000	131,000
Net Assets taken over	**228,500**	**198,500**	**427,000**

Determine purchase consideration

WN2: Purchase Consideration

Particulars	System	HRD	Total
Preference share capital	30,000	20,000	50,000
Equity shareholders			
228500 – 30000	198,500		377,000
198500 – 20000 1		178,500	
	228,500	**198,500**	**427,000**

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WN4: Shares to be issued

Particulars	Preference	Equity
To debenture holders		
50000 * 50%/15		1666
30000 * 50%/15		1000
To Preference shareholders		
System	300	
HRD	200	
To Equity shareholders		
198500/15		13233
178500/15		11900 2
	500	27,799

WN5: Fractional cash payable

Particulars	Amount
To debenture holders 25,000 – 1666 * 15	10
To Equity holders (198500 – 13233 * 15) 3	5
	15

Complete Notes

Note 1: Share Capital

Particulars	Amount
Issued	
27,799 equity shares of Rs.10 each 1	277,990
500 9% Preference shares of Rs.100 each	50,000
	327,990

Note 2: R&S

Particulars	Amount
Security Premium (27799 * 5) 2	138,995
Investment Allowance Reserve (5000 + 2000)	7000
Amalgamation adjustment account	(7000) 3
	138,995

Complete Balance sheet

Page 1: Balance Sheet as on 1.4.2017

Particulars	Amount
Equity and Liability	
1. Equity	
a. Share Capital (Note 1)	327,990
b. R&S (Note 2)	138,995
2. Non-Current Liability (80,000 * 50%)	40,000
3. Current Liability	
a. Trade payables (WN1)	40,000
b. Short term provisions (WN1)	11,000
Total Liabilities	**557,985**
Assets	
4. Non-Current Assets	
a. Tangible assets (WN1) (118500+161500)	280,000
b. Intangible Assets	
c. Investments (WN1)	65,000
5. Current Assets	
a. Stock (WN1)	76,000
b. Debtors (WN1)	72,000
c. Cash (WN1 – 15)	64,985
Total Assets	**557,985**

Question 6

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

Balance Sheet Extract as on 31.03.2013

	Sunny	Money
Authorized share capital	15,00,000	500,000
Equity share capital of Rs. 10 each fully paid	800,000	200,000
General Reserve	110,000	45,000
Profit & Loss A/c	42,000	18,000
Statutory fund	16,000	8,000
Trade payables	45,000	24,000
Provisions	95,000	12,000
	11,08,000	**307,000**
Goodwill	20,000	
Machines & Plant	510,000	195,000
Other Fixed assets	90,000	15,000
Current Assets		
Inventories	185,000	35,000
Debtors	100,500	35,000
Prepaid expenses	24,500	2,000
Cash in hand & Bank	178,000	25,000
	11,08,000	**307,000**

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

1. For the purpose of Amalgamation, a new company Z is to be formed with a authorized Share capital of 2,50,000 equity shares of Rs 10 each.
2. Z Ltd. To issue fully paid share to the shareholders of Sunny Ltd. And Money Ltd., at a price of Rs. 5 & Rs. 3 above the intrinsic value of the shares respectively.
3. The scheme of amalgamation was not supported by 100 shareholders of Sunny Ltd., and had to be paid Rs.10 per share above intrinsic value as consideration. The amount of the dissenting shareholders was borne by Z Ltd.,

4. Fixed asset of Sunny Ltd., were last revalued in the year 2009 after which there has been an increase of 15 % in the values, while assets of Money Ltd. Have not shown any change in prices. The current assets of Money Ltd., include debtors of Rs. 20,000/- which are considered bad.
5. Money Ltd's Stock-in-trade as on 31.03.2013 include stock of Rs. 25,000 purchased from Sunny Ltd., at a profit of 25% on cost price.
6. The Statutory Fund of the companies is to be maintained by Z Ltd. For a period of 3 years.
7. Sunny Ltd. Had declared dividend of 10% on 31.03.2013 which has still not been paid.
8. Goodwill shown in books of Sunny Ltd., was considered to be worthless.
9. All the assets of the companies are taken over by Z Ltd. At the revalued amounts. Liabilities have to be paid in full.

   Calculate the purchase consideration paid by Z to the shareholders of both the companies and prepare the Balance Sheet of Z Ltd., as per resized Schedule VI after the Amalgamation

(Notes to Balance sheet need not form part of the answer)

Answer: Prepare the following formats

Page 1: Balance sheet as on 31.3.2013

Particulars	Amount
Equity and Liabilities 4. Shareholders fund a. Share Capital b. R&S 5. Non-Current Liabilities 6. Current Liabilities	
TOTAL	
Assets 3. Non-Current Assets a. Tangible b. Intangible c. Investments 4. Current Assets	
TOTAL	

Page 2: All notes

Note1: Share Capital	Amount
TOTAL	

Note2: Reserves and Surplus	Amount
TOTAL	

Note3: Non-Current Liabilities	Amount
TOTAL	

Note4: Current Liabilities	Amount
TOTAL	

Note5: Tangible Assets	Amount
TOTAL	

Note6: Current Assets	Amount
TOTAL	

Page 3: WN1: Capital Employed

Particulars	Sunny	Money	Total
Total			

Page 4: WN2: Purchase Consideration

Particulars	Sunny	Money	Total
Total			

Page 4: WN3: Goodwill/ Capital Reserve

Particulars	Sunny	Money	Total
Capital Employed(WN1) Purchase Consideration (WN2)			
Total			

Question point 1 **For the purpose of Amalgamation, a new company Z is to be formed with a authorized Share capital of 2,50,000 equity shares of Rs 10 each.**

Page 2: Notes

Note 1: Share Capital	Amount
Authorized Share Capital 250,000 shares of Rs.10 each **Issued Share Capital**	25,00,000

Question Point 2 **Z Ltd. To issue fully paid share to the shareholders of Sunny Ltd. And Money Ltd., at a price of Rs. 5 & Rs. 3 above the intrinsic value of the shares respectively.**

Page 4: WN2: Purchase Consideration

Particulars	**Sunny**	**Money**	**Total**
Intrinsic Value (WN 1) Add: additional consideration per share	 5	 3	
Total per share			
Total shares			
Total consideration			

Question point 3

The scheme of amalgamation was not supported by 100 shareholders of Sunny Ltd., and had to be paid Rs.10 per share above intrinsic value as consideration. The amount of the dissenting shareholders was borne by Z Ltd.

Page 4: WN2: Purchase Consideration

Particulars	Sunny	Money	Total
Intrinsic Value (WN 1) Add: additional consideration per share	 5	 3	
Total per share			
Total shares			
Total consideration			
Dissenting shareholders IV per share Add: Additional consideration	100 10		
Total consideration			

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Question point 4

Fixed asset of Sunny Ltd., were last revalued in the year 2009 after which there has been an increase of 15 % in the values, while assets of Money Ltd. Have not shown any change in prices.

The current assets of Money Ltd., include debtors of Rs. 20,000/- which are considered bad

1

2

Page 3: WN1: Capital Employed

Particulars	Sunny	Money	Total
P&M			
510,000 * 115%	586,500		
195000 * 100%		510,000	7,81,500
Other Fixed Assets			
90,000 * 115%	103,500		
15,000 * 100%		15,000	118,500
Debtors	100,500		
35,000 – 20,000		15,000	1,15,500

3

Note 5: Tangible Assets	Amount
P&M	781,500
Other Fixed Assets	118,500
Total	

4

Note 6: Current Assets	Amount
Debtors	115,500
Total	

Question point 5

Money Ltd's Stock-in-trade as on 31.03.2013 include stock of Rs. 25,000 purchased from Sunny Ltd., at a profit of 25% on cost price

Page 3: WN1: Capital Employed

Particulars	Sunny	Money	Total
P&M			
510,000 * 115%	586,500		
195000 * 100%		510,000	7,81,500
Other Fixed Assets			
90,000 * 115%	103,500		
15,000 * 100%		15,000	118,500
Debtors	100,500		
35,000 – 20,000		15,000	1,15,500
Stock	185,000		
35000 – 25000 * 25/125		30,000	215,000

1

2

Note 6: Current Assets	Amount
Debtors	115,500
Stock	215,000
Total	

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Question point 6

The Statutory Fund of the companies is to be maintained by Z Ltd. For a period of 3 years

Note 2: R&S	**Amount**
Statutory fund	24,000
Less: Amalgamation Adjustment Account	(24,000)
Total	

Question point 7

Sunny Ltd. Had declared dividend of 10% on 31.03.2013 which has still not been paid

Page 3: WN1: Capital Employed

Particulars	Sunny	Money	Total
P&M			
510,000 * 115%	586,500		
195000 * 100%		510,000	7,81,500
Other Fixed Assets			
90,000 * 115%	103,500		
15,000 * 100%		15,000	118,500
Debtors	100,500		
35,000 – 20,000		15,000	1,15,500
Stock	185,000		
35000 – 25000 * 25/125		30,000	215,000
Cash		25,000	123,000
178,000 – 8,00,000 * 10% 1	98,000		
Total assets			
Provisions 2		12,000	
95,000 – 80,000	15,000		27,000

3

Note 6: Current Assets	Amount
Debtors	115,500
Stock	215,000
Cash	123,000
Total	

4

Note 4: Current Liabilities	Amount
Provisions	27,000
Total	

Question point 8

Goodwill shown in books of Sunny Ltd., was considered to be worthless

Page 3: WN1: Capital Employed

Particulars	Sunny	Money	Total
P&M			
510,000 * 115%	586,500		
195000 * 100%		510,000	7,81,500
Other Fixed Assets			
90,000 * 115%	103,500		
15,000 * 100%		15,000	118,500
Debtors	100,500		
35,000 – 20,000		15,000	1,15,500
Stock	185,000		
35000 – 25000 * 25/125		30,000	215,000
Cash		25,000	123,000
178,000 – 8,00,000 * 10%	98,000		
Goodwill	-	-	-
Total assets			
Provisions		12,000	
95,000 – 80,000	15,000		27,000

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Question point 9

All the assets of the companies are taken over by Z Ltd. At the revalued amounts. Liabilities have to be paid in full

Page 3: WN1: Capital Employed

Particulars	Sunny	Money	Total
P&M			
510,000 * 115%	586,500		
195000 * 100%		510,000	7,81,500
Other Fixed Assets			
90,000 * 115%	103,500		
15,000 * 100%		15,000	118,500
Debtors	100,500		
35,000 – 20,000		15,000	1,15,500
Stock	185,000		
35000 – 25000 * 25/125		30,000	215,000
Cash		25,000	123,000
178,000 – 8,00,000 * 10%	98,000		
Goodwill	–	–	–
Prepaid exp — From BS	24,500	2000	26,500
Total assets 1			
Provisions		12,000	
95,000 – 80,000	15,000		27,000
Trade Payables — From BS	45,000	24,000	69,000
Total Liabilities			
Capital Employed			
Shares			
Intrinsic Value			

Note 6: Current Assets	Amount
Debtors	115,500
Stock	215,000
Cash	123,000
Prepaid Exp 2	26,500
Total	

Note 4: Current Liabilities	Amount
Provisions Trade Payables ②	27,000 69,000
Total	

Determine Intrinsic Value

Page 3: WN1: Capital Employed

Particulars	Sunny	Money	Total
P&M			
510,000 * 115%	586,500		
195000 * 100%		510,000	7,81,500
Other Fixed Assets			
90,000 * 115%	103,500		
15,000 * 100%		15,000	118,500
Debtors	100,500		
35,000 – 20,000		15,000	1,15,500
Stock	185,000		
35000 – 25000 * 25/125		30,000	215,000
Cash		25,000	123,000
178,000 – 8,00,000 * 10%	98,000		
Goodwill	-	-	-
Prepaid exp	24,500	2000	26,500
Total assets	**11,73,000**	**282,000**	**14,60,000**
Provisions		12,000	
95,000 – 80,000	15,000		27,000
Trade Payables	45,000	24,000	69,000
Total Liabilities	**140,000**	**282,000**	**176,000**
Capital Employed	10,38,000	2,46,000	
Shares	80,000	20,000	
Intrinsic Value	12.975	12.3	

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Determine Purchase Consideration

Page 4: WN2: Purchase Consideration

Particulars	**Sunny**	**Money**	**Total**
Intrinsic Value (WN 1) 1 Add: additional consideration per share	12.975 5	12.3 3	
Total per share	17.975	15.3	
Total shares 2	79,900	20,000	
Total consideration 3	14,36,202.5	306,000	1742202.25
Dissenting shareholders IV per share Add: Additional consideration	100 12.975 10		
Consideration payable in cash (100 * 22.975) 4	2297.5		2297.5
Shares to be issued in numbers 14,36,202.5/10 306000/10 5 Fractional cash paid (1436202.5-1436200	143620 2.5	30600	174,220
Total purchase consideration	**14,38,500**	**3,06,000**	**17,44,500**

Note 6: Current Assets	**Amount**
Debtors	115,500
Stock	215,000
Cash	123,000
Prepaid Exp	26,500
Less: Cash paid 6	(2297.5 + 2.5)
Total	

Note 1: Share Capital	**Amount**
Authorized Share Capital 250,000 shares of Rs.10 each	25,00,000
Issued Share Capital 7 174,220 shares of Rs.10 each	17,42,200

Determine goodwill/ CR

Page 4: WN 3: Goodwill/ Capital Reserve

Particulars	**Sunny**	**Money**	**Total**
Capital Employed (WN1)	10,38,000	246,000	12,84,000
Purchase Consideration (WN2)	14,38,500	306,000	17,44,500
Goodwill/ (Capital Reserve)	**4,00,500**	**60,000**	**4,60,500**

1

Page 1: Balance Sheet as on 1.4.2013

Particulars	Amount
Equity and Liability 1. Equity a. Share Capital (Note 1) b. R&S (Note 2) 2. Non-Current Liability (Note3) 3. Current Liability (Note 4)	
Total Liabilities	
Assets 4. Non-Current Assets a. Tangible assets (note 5) b. Intangible Assets (WN3) c. Investments 5. Current Assets (note 6)	2 460,500
Total Assets	

Complete all notes and transfer to Balance sheet

Note 1: Share Capital	**Amount**
Authorized Share Capital	25,00,000
250,000 shares of Rs.10 each	
Issued Share Capital	
174,220 shares of Rs.10 each	17,42,200
Total	17,42,200

Amazon.in/dp/B071H6Q12R

Note 2: R&S	Amount
Statutory fund	24,000
Less: Amalgamation Adjustment Account	(24,000)
Total	-

Note 4: Current Liabilities	Amount
Provisions	27,000
Trade Payables	69,000
Total	**96,000**

Note 5: Tangible Assets	Amount
P&M	781,500
Other Fixed Assets	118,500
Total	**9,00,000**

Note 6: Current Assets	Amount
Debtors	115,500
Stock	215,000
Cash	123,000
Prepaid Exp	26,500
Less: Cash paid	(2297.5 + 2.5)
Total	**4,77,700**

Page 1: Balance Sheet as on 1.4.2013

Particulars	Amount
Equity and Liability	
1. Equity	
a. Share Capital (Note 1)	17,42,200
b. R&S (Note 2)	-
2. Non-Current Liability (Note3)	-
3. Current Liability (Note 4)	96.000
Total Liabilities	**18,38,200**
Assets	
4. Non-Current Assets	
a. Tangible assets (note 5)	9,00,000
b. Intangible Assets (WN3)	460,500
c. Investments	
5. Current Assets (note 6)	477.700
Total Assets	**18,38,200**