

UNIT-II

1

Amalgamation (AS-14)

(AMALGAMATION)

PROBLEM 1. Following are the Balance Sheets of A Ltd. and B Ltd. as at 31st March, 2017:-

	A Ltd.	B Ltd.
	₹ '000	₹ '000
I. Equity and Liabilities		
(1) <i>Shareholders' Funds</i>		
(a) <i>Share Capital :</i>		
Equity Share Capital (₹ 10 each)	24,000	9,000
12% Preference Shares Capital (₹ 10 each)	—	3,000
(b) <i>Reserves and Surplus :</i>		
General Reserve	13,830	2,940
Statutory Reserve	1,170	375
Surplus Account	1,689	1,065
(2) <i>Non-current Liabilities</i>		
13% Debentures	—	750
(3) <i>Current Liabilities</i>	4,311	2,970
Total	45,000	20,100
II. Assets		
(1) <i>Non-current Assets</i>		
Fixed Assets	33,000	14,190
(2) <i>Current Assets</i>	12,000	5,910
Total	45,000	20,100

On 1st April, 2017 A takes over B Ltd. on the following terms :

(i) A Ltd. will issue 10,50,000 equity shares of ₹ 10 each at par to the equity shareholders of B Ltd.

(ii) A Ltd. will issue 33,000 12% preference shares of ₹ 100 each at par to the preference shareholders of B Ltd.

(iii) Debentures of *B Ltd.* will be converted into equal number of 14% debentures of the same denomination.

You are informed that the statutory reserves of *B Ltd.* are to be maintained for two more years. You are required to show the Balance Sheet of *A Ltd.* immediately after the above mentioned scheme of amalgamation has been implemented assuming that :

- (a) the amalgamation is in the nature of merger and
- (b) the amalgamation is in the nature of purchase.