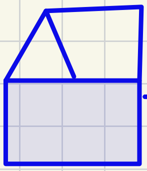
ACCOUNTING IN THE BOOKS OF VENDOR COMPANY

 → Vendor co. → Company band → khatam

Assets / Liabilities
↓ Khatam kardo / Khatam kardo

→ Books khatam
→ Actual / Physical presence

S.C. } SH.
Res. }
Liab → 0 | Assets → 0

1. Assets / Liabilities : Books mein se kaise khatam karege

Loss (Realisation) Dr.
To Assets → Book Value.

NOTE :- Cash / Bank will be transferred to Realisation only if takenover by Purchasing Company. If not takenover by purchasing company, then maintain a separate cash / bank a/c.

Liabilities Dr.
To profit (realisation) → Book value.

NOTE :- Transfer the reserves and share capital to Shareholders a/c.

% Preference Share Capital Dr.
To Preference Shareholders a/c

Equity Share capital Dr.
Reserves Dr.
To Equity Shareholders a/c

Realisation = Nominal

2. Assets - actually sell off / Liabilities - actually pay off

For assets & liabilities not taken over {

Cash / Bank a/c Dr.
To Profit (Realisation) a/c → Value at which the asset is sold.

Loss (Realisation) Dr.
To Cash / Bank a/c → Value at which liability is paid off.

B/S

L = 0	A = 0
	sell = 120

For assets & liabilities t.o. { Purchasing company Dr.
To Realisation (Profit) a/c → Value of Purchase Consideration

Cash / Bank Dr.
Debentures of P. co.
PS of P. co.
ES of P. co.
To Purchasing co. → Purchase Consideration received.

3. Liquidation expenses incurred

Expenses (Realisation) Dr.
To Cash/Bank a/c

4. Transfer the balance of Realisation a/c to ESH

Realisation	
Losses	Profits
Expenses	
Gain (bal.)	Loss (bal.)

Profit :- Realisation a/c
To Equity Shareholders a/c

Loss :- Equity shareholders a/c
To Realisation a/c

5. Pay and settle the Shareholders

Preference Shareholders

Preference Shareholders Dr.
Realisation Dr./Cr. → for any premium paid or for discharge at discount.
To Cash/Bank/ESC/PSC/Deben.

Equity Shareholders

Equity Shareholders a/c Dr.
To Cash/Bank/ESC/PSC/Deb.

In the books of Vendor Co.

Realisation a/c

To Goodwill	25000	By Retirement Gratuity fund	20000
To Building	100000	By Trade payables	80000
To machine	150000	By Hari ltd.	530000
To Inventory	175000	By	
To Trade Receivables	100000		
To Cash at Bank	20000		
To PS of Hari ltd.	10000		
To Equity shareholders	50000		

Equity Shareholders a/c

To Equity Shares of Hari	420000	By Equity share capital	300000
		By Reserves	70000
		By Realisation	50000

Preference Shareholders a/c

To Preference Shares of Hari	110000	By 10% Preference Share capital	100000
		By realisation	10000

Hari ltd. a/c (Purchasing co.)

To Realisation	530000	By Preference Shares of Hari	110000
		By Equity Shares of Hari	420000

In the books of Shyam ltd.

Realisation a/c.

To freehold property	120000	By 6% Debentures	120000
To Plant & machine	30000	By tradepayables	64000
To Inventory	150000	By Ram & Shyam ltd.	240000
To Trade Receivables	42000	By Cash/bank	42000
To Cash/bank	64000		
To Equity Shareholders	54000		

Bank a/c

To balance b/d	36000	By realisation	64000
To Realisation	42000	By equity shareholders (bal.)	14000

Equity shareholders a/c

To Equity shares of Ram & Shyam	240000	By Equity share capital	160000
To cash/bank	14000	By P&L	40000
		By realisation	54000

Ram & Shyam ltd. a/c

To Realisation	240000	By Equity shares of R&S	240000

A/L → P.C. → 240000

self → TR = 42000

TP = 64000