

CA INTER – ADVANCED ACCOUNTS

CLASS TEST 4 – AMALGAMATION

Maximum Marks – 14

Time – 30 Mints

INSTRUCTIONS:

1. Write your Full Name, Registered Mobile Number and Email id on the front page of your Answer Sheet.
2. After completing the Test, SCAN the Answer sheet with any Document canner app (cam scanner/doc scanner etc) and make a one pdf file save it in your phone.
3. Upload the PDF file in your Test Login Portal under your login and submit. (File Size should not be more than 15 MB)

Question

P Ltd. and Q Ltd. decided to amalgamate as on 01.04.2018. Their summarized Balance Sheets as on 31.03.2018 were as follows:

(Rs in '000)

Particulars	P Ltd.	Q Ltd.
Source of Funds:		
Equity share capital (Rs 10 each)	300	280
9% preference share Capital (Rs 100 each)	60	40
Investment allowance Reserve	10	4
Profit and Loss Account	68	68
10 % Debentures	100	60
Trade Payables	50	30
Tax provision	14	8
Total	602	490
Application of Funds:		
Building	120	100
Plant and Machinery	160	140
Investments	80	50
Trade receivables	90	70
Inventories	72	80
Cash and Bank	80	50
Total	602	490

From the following information, **you are required to prepare the Balance Sheet with Notes to Accounts as on 01.04.2018 of a new company, R Ltd.**, which was formed to take over the business of both the companies and took over all the assets and liabilities:

- (i) 50 % Debenture are to be converted into Equity Shares of the New Company.
- (ii) Investments are non- current in nature.
- (iii) Fixed Assets of P Ltd. were valued at 10% above cost and that of Q Ltd. at 5% above cost.
- (iv) 10% of trade receivables were doubtful for both the companies. Inventories to be carried at cost.
- (v) Preference shareholders 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 new company at a premium of Rs 5 per share.

Give your answer on the basis that amalgamation is in the nature of purchase.