

$$\underline{\text{Intrinsic Value}} = \text{all assets} - \text{all liability}$$

= Net Asset

= Fair Value of Co

= Net worth

= Proprietary fund

= S/r fund

= Equity.

= Owner's Money.

$$\frac{VCo}{IV}$$

$$= AU(A-L)$$

$$= (A-L) \text{ Taken over} + (A-L) \text{ Not taken over}$$

$$IV - (A-L) \text{ not taken over} = (A-L) \text{ Taken over}$$

$$IV - (A-L) \text{ not taken over} = PC$$

FCo,

All Assets

- All Liab

IV

- Pref Sh. Cap.

Funds for Equity

÷ No. of Ep Sh = Value per Share.

Q8.

	B Co. Ltd	Beeson Co. Ltd.
FA	7900000	160,00,000
CA	6900000	168,00,000
InvT	1700000	—
— loans.	2200000	4000000
— S.C&S.	4200000	4600000
— prior profit tax	1100000	5200000
— Prop. divid	—	1000000
<hr/>		
Intrinsic Value	9000000	180,00,000
÷ No. of Shares	50000	800000
<hr/>		
Value per share	180	22.50
Exchange / Swap Ratio	8	1

For per 1 choc, I give 8 toffees

For per 1 share of V, P Co. give 8 shares

For per 50000 Sh of V, P Co. give 8 x 50000 = 400000 Shares of P Co.

PC = 400000 x 22.5 = 9000000

B Co. Ltd.

(in lakhs)

Realisation Dr. 171
 to FA 83
 to CA 69
 to Invnt 17
 to G/W 2.

Sh. Capital Dr 50
 CR Dr 8
 GR Dr 36
 Prop divid Dr 2
 to S/H a/c 96

Unclewan Dr 22
 S. Cos Dr 42
 Prov for tax Dr 11
 to Realisation 75

Pur co. a/c Dr 90
 to Realisation 90

Shares in Beeson Dr 90
 to Pur Co. 90

S/H Dr 90
 to Shares in Beeson 90

S/H Dr 6
 to Realisation 6

(PCo) Balus

Bus Pwe Dr 90
to Liquidator 90

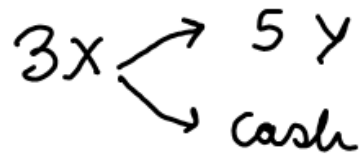
FA Dr 79
 CA Dr 69
 Inv Dr 17

to Unsec loan 22
 to S.Crs. 42
 to prior for tax 11
 to Bus Pwe 90.

Liquidator Dr 90
 to Share Capital 40 (400000 x 10)
 to Sec prem 50 (400000 x 12.5)

Q9.

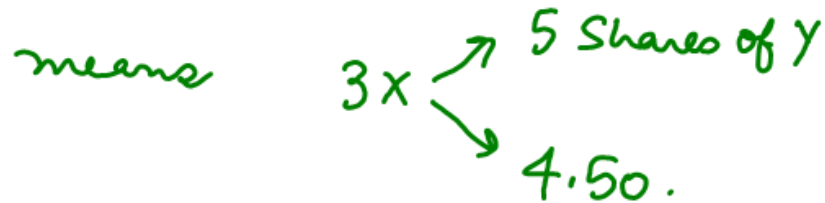
	X Ltd	Y Ltd.
S. Assets	1685000	4357500
Cash	3500	27500
- Creditors	55000	65000
Intrinsic Value	1633500	4320000
÷ No. of Shares	9000	40000
Value per share	181.50	108



$$3X = 5Y + \text{Cash}$$

$$3(181.5) = 5(108) + \text{Cash}$$

$$4.50 = \text{Cash}$$



PC

∴ Entries are made at Par Value only.

$$\frac{9000}{3} \times 5 \times \frac{75}{108} = 1125000$$

$$= \frac{1620000}{3}$$

$$\frac{9000}{3} \times 4.50 = 13500$$

$$= \frac{1138500}{3}$$

$$= \frac{1633500}{3}$$

Y Ltd

Business Purchase Dr 1138500
 to liquidator of X Ltd 1138500

S. Assets Dr 1685000
 Cash Dr 35000
 to creditors 55000
 to Bus purchase 1138500
 to Capital Reserve 495000

Liquidator of X Dr
 to Eq Sh. Cap 11,25,000
 to Cash 13500

Balance sheet of Ytd

Shareholders fund		
Eq Sh. Capital.	41,25,000	← 30,00,000 + 11,25,000
General Res	12,85,000	
Profit & loss a/c	35,000	
Capital Reserve	49,50,000	
NCL	—	
CL Crs.	12,00,000	
	60,60,000	
<u>NCA</u> S. Assets 1685+4357.5	60,42,500	
<u>CA</u> Cash	17,500	← $\begin{matrix} 35,000 \\ + 27,500 \\ - 13,500 \\ \hline \end{matrix}$
	60,60,000	

Q15:

(b)

CL of A Ltd

CL of B Ltd

6500.

2300.

Statutory Liab. 36
-11

2500

500.

Liab for Empl

1500.

900.

Unsec Creditors

2500

900.

1/11/15

(c) Sec loan of B

4000

Intt 800

50% waive

400

bal.

Principal

3200

PC of A = 100 \pounds shares.

HW 28

30

31

32

Business Purchase Dr 100

to liquidator of A 100

FA Dr 1700 + 3400

CA Dr (80% 1800) + (70% 4800)

(f) to Sec loan $[8000 - 80\% 9200] + [3200 + 400]$

(g) to Unsec loan (25% 4300)

to Liab for Empl (1500 + 900)

to Statutory Liab (2500 + 500)

to Misc Creditors 80% (2500 + 900)

to Bus Purchase 100

(000)

Liquidator Dr 100
to Ep Share. 100

Bank Dr 1000
to Ep Sh. Cap 1000

Liab for Empl Dr 2400
to Ep Sh. Cap 2400