

Amalgamation--new2 [Compatibility Mode] - PowerPoint

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AMALGAMATION ABSORPTION & EXT. RECONSTRUCTION

AMALGAMATION

A + B → C Amalgamation

C + B → C Absorption

Examples:

- Hero + Honda → Herohonda (Amalgamation)
- HDFC + Punjab Centurian BK → HDFC (Absorption)
- Tata + chorus → Tata (Absorption)
- Indian Airline + Air India → Air India (Absorption)
- IOB + BOB → IOB (Absorption)
- Pepsi + Sprite → Pepsi (Absorption)
- Pepsi + Limca → Pepsi (Absorption)
- Pepsi + Mirinda → Pepsi (Absorption)


Click to add notes

Coke + Cocola → Coke.
 + Fanta → Coke.

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AMALGAMATION ABSORPTION & EXT. RECONSTRUCTION



Transferor Vendor
~~A~~ + ~~B~~ → C Amalgamation

Transferee Purchasing
 C + ~~B~~ → C Absorption

~~A~~ → B External Reconstruction

DEBU $\xrightarrow{1/3}$ BSES (Rel)
 $\xrightarrow{1/2}$ T.PDDL (Total)

Goldstar → LG.

Click to add notes

1 AMALGAMATION, ABSORPTION & EXT. RECONSTRUCTION

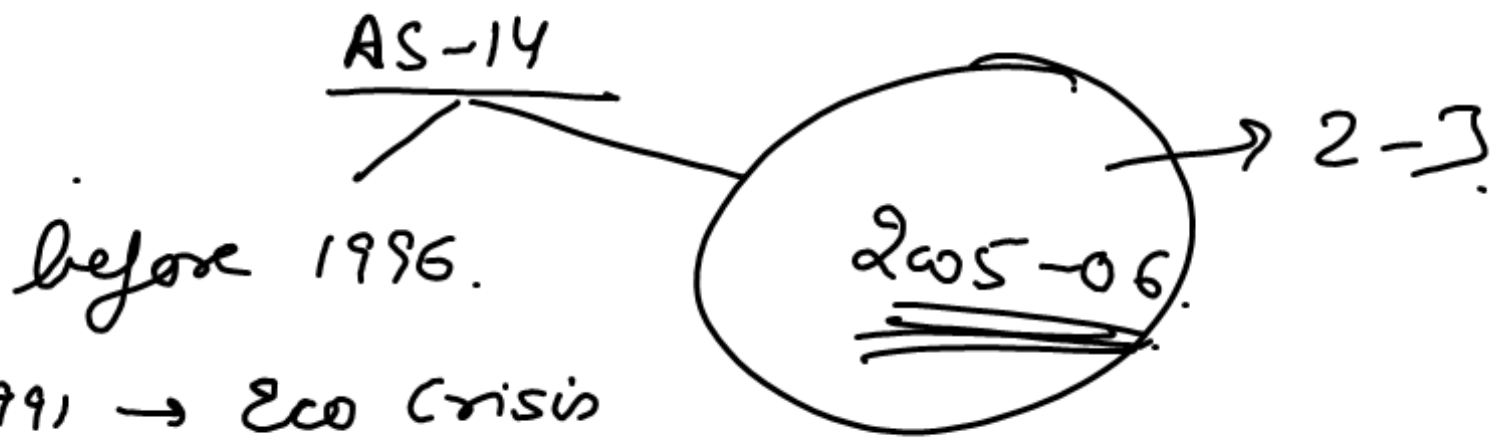
2 AMALGAMATION ABSORPTION & EXT. RECONSTRUCTION
 A + B → C Amalgamation
 C + B → C Absorption
 A → B External Reconstruction

3 PURCHASE CONSIDERATION
 Net Payment method
 Net Asset method

4 Balance Sheet of Y Co.

5 Balance Sheet of Y Co.

6 ADJUSTMENT OF EXPENSES
 Formation expenses of X Co.



1991 → Eco Crisis

1992 → Stable → Govt Tension.

1993 → SEBI, Banking sep. act

↓ Share Mkt ↓ ?

1994
1995] Amalgamation.

~~AS & A~~

AS-14

Amalgamation

~~Imp Para 3(e)~~

In nature of Merger

In nature of Purchase

① All assets & all liab
are taken over

any condition
violated

② All A/L are taken over at BV.

③ 90% S/H should agree.

④ - Pure consideration is in form
of shares

⑤ Nature of Co. is same.

Amalgamation in nature of Purchase

Purchase Consideration (PC)

Net Payment Method



Anything given to S/H of ~~the~~ VCo. (Eq + Pref) by PCo.

Net Asset Method.



Assets.	[Taken over at AV/MV/BV]
- Liability	
<hr/>	
PC	
<hr/>	

Worksheet on PC

<u>Case 1</u>	Shares	$70000 \times 17 =$	1190,000.
	Cash		25,000
			<hr/>
Total PC			12,15,000
			<hr/>

Case 2:

Shares	$\frac{50000}{1} \times 7 \times 15 =$	5250000.
Cash	$\frac{50000}{1} \times 2.50 =$	<u>125000</u>
		<u>5375000</u>

Case 3.

Shares	$\frac{50000}{5} \times 7 \times 15 = 1050000$
Cash	$\frac{50000}{1} \times 2.5 = \frac{125000}{1175000}$

7 Share & 2.5 cash per Sh.

7 share / 5 share & Cash per Sh.

Case 4

$$L\&B \quad 40000 + 20\% = 480000.$$

$$P\&M. \quad 210000 - 20000 = 190000.$$

$$\text{Int.} \quad 90000.$$

$$\text{Stock.} \quad 110000$$

$$\text{Drs} \quad 190000 - 25000 = 165000$$

$$\text{Bank} \quad 30000$$

$$\text{Prepaid Exp} \quad 40000$$

$$(-) \text{ debenture} \quad (20000)$$

$$(-) \text{ Creditors} \quad (115000)$$

$$(-) \text{ B I P} \quad (70000)$$

$$\text{PC :} \quad 720000.$$

Shares Cash

$$\frac{50000}{10} \times 7 \times 12$$

$$= 420000$$

$$300000.$$

Case 5.

क्या दिया does not matter

किसको दिया matters.

L&B	400000 + 50%	= 600000.
P&M		190000.
Invnt		90000.
Stock		110000.
Drs.		165000.
Bank		30000.
PP Exp.		40000.
- deb ⁿ .		(200000)
- CRs.		(115000)
- BIP		(70000)
		<hr/>
		840000.
Shares		18% deb ⁿ
60000 x 12		
= 720000		120000.

Case 6.

L & B	480000
P & M	190000.
G/W	25000
Int	90000
Stock	110000
D/S	165000
Bank	30000
PP Exp	40000.
- deb ⁿ	(20000)
- C/S	(115000)
- B/P	(70000)
<hr/>	

PC : 775000.

÷ Value of shares issued = 15

no. of share 49667

Case 7.

L&B	480000
P&M	190000.
Int	90000.
G/W	$\frac{100000}{20\%} = 500000.$
Stock	110000
Drs.	165000
Bank	30000
PP Exp	10000
- deb ⁿ	200000
- CR	115000
- BIP	70000

PC

122000

Share
 5000×12
 $= 60000$

Cash

62000