

Internal Assessment Test - III

Sub:	Mergers , Acquisitions and Corporate Restructuring					Code:	18MBAFM401
Date:	16/7/21	Duration:	90 mins	Max Marks:	40	Sem:	IV
						Branch:	MBA

								Marks		OBE																														
										CO	RBT																													
Part A - Answer Any Two Full Questions (16*02=32 Marks)																																								
1 (a)	What do you understand by Acquisition / Takeover?							[03]	CO1	L1																														
(b)	Explain various anti-takeover defense measures taken by a firm in case of hostile takeover							[07]	CO2	L4																														
(c)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Liabilities</th> <th style="width: 10%;">Rs</th> <th style="width: 30%;">Assets</th> <th style="width: 10%;">Rs</th> </tr> </thead> <tbody> <tr> <td>Share capital for Rs 10 each</td> <td>600,000</td> <td>Furniture</td> <td>60,000</td> </tr> <tr> <td>Provision for Creditors</td> <td>130,000</td> <td>Stock</td> <td>415,000</td> </tr> <tr> <td></td> <td></td> <td>Debtors</td> <td>115,000</td> </tr> <tr> <td></td> <td></td> <td>Cash in bank</td> <td>40,000</td> </tr> <tr> <td></td> <td></td> <td>P/L</td> <td>100,000</td> </tr> <tr> <td>Total</td> <td>730,000</td> <td>Total</td> <td>730,000</td> </tr> </tbody> </table> <p>On this date, X Ltd took over the business of Y Ltd for Rs 500,000 , payable in the form of its equity shares of Rs 10 each at par. Show the necessary ledger accounts and Journal entry in the books of Y LTd.</p>							Liabilities	Rs	Assets	Rs	Share capital for Rs 10 each	600,000	Furniture	60,000	Provision for Creditors	130,000	Stock	415,000			Debtors	115,000			Cash in bank	40,000			P/L	100,000	Total	730,000	Total	730,000	[10]	CO3	L3		
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2 (a)	What is stand still agreement							[03]	CO1	L1																														
(b)	Explain the combination and its types							[07]	CO2	L4																														
(c)	Discuss the salient features of SEBI Take over code							[10]	CO4	L3																														
3 (a)	Short notes on tender offer							[03]	CO1	L1																														
(b)	Discuss the salient features of Competition Act 2002.							[07]	CO2	L2																														
(c)	The following is the balance sheet of P Ltd & Q Ltd as on 31 st March 2018							[10]	CO1	L2																														

Balance sheet of P and Q Ltd (in lakhs)

Liabilities	P	Q	Assets	P	Q
Equity share capital fully paid shares of Rs 10 each	15000	6000	Land	6000	-
Securities premium	3000	-	Plant	14000	5000
Foreign project reserve	-	310	Furniture	2304	1700
General Reserve	9500	3200	Stock	7862	4041
P/L A/c	2870	825	Debtors	2120	1020
12% debenture	-	1000	Cash @ bank	1114	609
Bills Payable	120	-	Bills Receivable	-	80
Creditors	1080	463	Cost of issue of debenture	-	50
S. Provisions	1830	702			
Total	33400	12500	Total	33400	12500

On 1st April 2018, P Ltd took over Q Ltd, in an amalgamation in the nature of merger. It was agreed to discharge consideration for business. P Ltd would allot 3 fully paid equity shares of Rs 10 each at par for every 2 shares held in Q Ltd.

It was also agreed that 12% debenture in Q Ltd would be converted into 13% debenture in P Ltd with the same amount and denomination.

Expenses for amalgamation amounting to Rs 1 Lakhs were borne by P Ltd.

All the bills receivables held by Q were P Ltd's acceptances.

You are required to calculate only **purchase consideration**

Part B - Compulsory (02*04=08 marks)

4

- (a) Referring to question 3c prepare journal entries for Transferee and prepare a balance sheet for transferee after amalgamation [10]

CO4 L3

L5

Course Outcomes		PO1	PO2	PO3	PO4	PO5	PO6	PO7		
CO1:	Understand Corporate and merger acquisition activity									
CO2:	Analyse M & A deals that took place in the past									
CO3:	Understand the synergies of M & A									
CO4:	Compute the valuation associated with M & A	1a, 1b, 2a, 3a, 3b,	1c, 2c, 3c, 4a							

CO5	Understand the human and cultural aspect of M &A	2b								
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Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1 - Knowledge application; PO2 - Analytical and logical thinking; PO3 - Team work; PO4 - Leadership; PO5 - life-long learning; PO6 - Analyze and practice aspects of business; PO7- Personal and Societal growth;