Amalgamation Of the Company

Introduction

Acquisition or purchase of business by an incorporated company means the purchase of or taking over the existing business of a non-corporate body as sole proprietorship or partnership firm. An existing business of a sole trader or partnership firm can be acquired by an existing corporate company or by a newly formed company. When a corporate business is purchased by another corporate body it is related to the subject matter of amalgamation, absorption and reconstruction of companies. The company that acquires the business is called the purchaser company and the seller of the business is called the vendor.

Amalgamation: When two or more existing companies go into liquidation and a new company is formed to take over their business, this type of combination is termed as 'amalgamation'. Thus, in amalgamation (1) existing companies are liquidated and (2) a new company is formed to take over the business of the existing companies. In this form of merger, the liquidators of old companies become the vendors and the new company becomes the purchaser.

Absorption: When an existing company acquires one or more existing companies, it is known as absorption. Under it, (1) no new company is required to be formed, (2) the absorbed company or companies go into liquidation and (3) the absorbing company continues its legal entity. In this form of merger, the liquidators of absorbed companies become the vendors and the absorbing company becomes the purchaser.

"**Reconstruction**" involves the winding up of an existing company and the transfer of its assets and liabilities to a new company formed for the purpose of taking over the business and undertaking of the existing company. Shareholders in the existing company become shareholders in the new company. The business undertaking and shareholders of the new company are substantially the same as those of the old company.

Basis	Amalgamation	Absorption	External Reconstruction
Meaning	Two or more Companies are wound up and a new company is formed to take over their business.	In this case an existing company takes over the business of one or more existing companies.	In this case, a newly formed company takes over the business of an existing company.
Minimum number of Companies involved	At least three companies are involved.	At least two companies are involved.	Only two companies are involved.

Number of new resultant companies	Only one resultant company is formed. Two companies are wound up to form a single resultant company.	No new resultant company is formed.	Only one resultant company is formed. Under this case a newly formed company takes over the business of an existing company.
Objective	Amalgamation is done to cut competition & reap the economies in large scale.	Absorption is done to cut competition & reap the economies in large scale.	External reconstruction is done to reorganize the financial structure of the company.
Example	A Ltd. and B Ltd. amalgamate to form C Ltd.	A Ltd. takes over the business of another existing company B Ltd.	B Ltd. is formed to take over the business of an existing company A Ltd.

In an amalgamation, two or more companies are combined into one by merger or by one taking over the other. Therefore, the term 'amalgamation' contemplates two kinds of activities:

- two or more companies join to form a new company or
- Absorption and blending of one by the other.

Thus, amalgamations include absorption.

The purpose of companies joining together is to secure various advantages such as economies of large scale production, avoiding competition, increasing efficiency, expansion etc.

Examples of Amalgamations

1. **Maruti Motors operating in India and Suzuki based in Japan amalgamated to form a new company called Maruti Suzuki (India) Limited.**
2. **Gujarat Gas Ltd (GGL) is an amalgamation of Gujarat Gas Company Ltd (GGCL) and GSPC Gas.**
3. **Satyam Computers and Tech Mahindra Ltd**
4. **Tata Sons and the AIA group of Hongkong amalgamated to form Tata AIG Life Insurance.**

Conclusion

Amalgamation is one of the tools that can help companies avoid competition among them and add to the market offerings. It is for the mutual advantage of the acquirer and acquired companies. It serves as an apt method of corporate restructuring to bring about a change for the better and make business environment competitive.

Why Amalgamate?

- To acquire cash resources
- Eliminate competition
- Tax savings
- Economies of large scale operations
- Increase shareholders value
- To reduce the degree of risk by diversification
- Managerial effectiveness
- To achieve growth and gain financially

Procedure for Amalgamation

- The terms of amalgamation are finalized by the board of directors of the amalgamating companies.
- A scheme of amalgamation is prepared and submitted for approval to the respective High Court.
- Approval of the shareholders' of the constituent companies is obtained followed by approval of SEBI.
- A new company is formed and shares are issued to the shareholders' of the transferor company.
- The transferor company is then liquidated and all the assets and liabilities are taken over by the transferee company.

Important Definitions

1. **Transferor Company**: It means the Company, which is amalgamated into another Company.
2. **Transferee Company**: It means the Company into which a Transferor Company is amalgamated.
3. **Consideration**: Consideration for the amalgamation means, the aggregate of the Shares and other securities issued and the payment made in the form of cash or other assets, by the Transferee Company, to the Shareholders of the Transferor Company.
4. **Fair Value:** Fair Value is the amount for which an asset could be exchanged between a knowledgeable, willing Buyer and a knowledgeable, willing Seller, in an arm's length transaction,

Accounting for Amalgamations

The Institute of Chartered Accountants of India has issued in October 1994 Accounting Standard 14 (AS – 14) on "Accounting for Amalgamations". It is in force since accounting periods commencing on or after 1-4-1995 and is mandatory in nature. This standard specified the procedure of accounting for amalgamations and the treatment of any resultant goodwill or reserves.

A S 14 has modified the prevailing concepts of amalgamation and absorption as described above. This standard recognizes that amalgamation may take the shape of merging of one company with another or merging of two or more companies to form a new company. Traditionally, the former situation was called as

Absorption and the latter as 'amalgamation'. However, after the issue of AS – 14, this distinction is of no significance and the concept of absorption has been incorporated in the term amalgamation. In this standard, the term 'transferor company' is used for 'absorbed' or 'amalgamating', i.e. vendor company and the word) 'transferee' company has been used for absorbing or amalgamated, i.e. purchasing company.

Types of Amalgamation

As per AS-14 divides amalgamation for accounting purposes into two categories: (1) Amalgamation in the nature of merger and (ii) Amalgamation in the nature of purchase.

Amalgamation in the nature of merger: - Amalgamation in the nature of merger is an amalgamation, as per para 3(e) of AS- 14, which satisfies all the following conditions:

1. **All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.**
2. **Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company by virtue of the amalgamation.**
3. **The consideration for the amalgamation receivable by those equity shareholders of the transferor company who agree to become equity shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares in the transferee company, except that cash may be paid in respect of any fractional shares.**
4. **The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.**
5. **No adjustment is intended to be made to the book values of the assets and liabilities of the transferor company when they are incorporated in the financial statements of the transferee company except to ensure uniformity of accounting policies. For example, if Transferor Company is following straight**

line method of depreciation, the book value of the assets of the transferor company will be revised by applying the written down method of depreciation.

Amalgamation in the nature of Purchase

In case of not fulfilling any one more conditions out of five conditions, essential for amalgamation in nature of merger is treated as amalgamation in nature of purchase. Under this type of amalgamation one company is purchased fully by another company by mutual consent on a fixed purchase consideration. The payment of purchase consideration is made in shares or/and debentures or/and cash. The business activities of Transfer Company are wounded up as the all assets and liabilities of Transferor Company are acquired by the transferee (purchasing) company and only Transferee Company exists. The shareholders of Transferee Company have no interest in the capital of Transferee Company.

- **Important Notes:-** In case of amalgamation in nature of purchase.
  - **i.** The business of Transferor Company is acquired by the transferee company.
  - ii. The business of Transferor Company is wound up and it has no more existence.
  - iii. Only Transferee Company remains in existence.
  - iv. The shareholders of Transferor Company cannot be the shareholders of Transferee Company.
  - v. The assets and liabilities of Transferor Company are recorded as their revalued or revised values.
  - vi. The purchase consideration is to be made by transferee company in shares or/and debentures or/and cash
  - vii. The difference of purchase consideration and value of net assets is recorded by goodwill or Capital Reserve
  - viii. Fictitious assets of transferor company is not acquired by transferee company because only Real assets to be acquired by transferee company

Difference between amalgamation in the nature of merger and amalgamation in the nature of purchase.

Basis	Amalgamation in the nature of Merger	Amalgamation in the nature of Purchase
1. Meaning	There is a pooling of assets and liabilities of both Companies, as also the interests of the Shareholders and the businesses of the amalgamating Companies.	One Company acquires another Company, but the Shareholders of the Amalgamating Company do not continue to have a proportionate interest in the Equity or the business of the combined Company.
2. Existence of business	The business of the Transferor Company is intended to be continued by the Transferee Company.	The business of the Company may not be intended to be continued by the Transferee Company.
3. Carrying Amounts	All Assets, Liabilities, Capital and Reserves represent the sum of the relevant figures of the amalgamating Companies.	Assets and Liabilities may not be taken up in full by the Transferee Company in total. In effect, there is no pooling of assets and liabilities.
4. Participation in Management	There is a continuing participation by the Management of the Transferor Company in the Management of the Transferee Company after the Amalgamation.	The Transferee Company takes the role of a dominant party after the amalgamation.
5. Method of Accounting	The Pooling of Interests Method is generally used for accounting.	The Purchase Method is normally used for Accounting.
6.Purchase Consideration	Purchase consideration is discharged wholly by issue of equity shares of transferee company (except cash only for fractional shares)	Purchase consideration need not be discharged wholly by issue of equity shares. Because pc to be discharge by issue of share, debentures and cash
7.Fictitious Assets	Fictitious assets are also taken by transferee company	Fictitious assets are not taken by transferee company

8.Reserve and Surplus	**Generally all reserve and surplus of transferor company to be taken over by transferee company at book value**	**Generally only Outsiders liabilities of transferor company to be acquired by transferee company**

Methods of Accounting

According to accounting standard 14 there are two methods of recording Accounting entries in the book's of the transferee company and Transferor Company: -

(1)Pooling of interest method

(2) Purchase method.

i. **Pooling of Interest Method**: - This method is used in case of company amalgamation in nature of merger. The following are the important features of this method-

- **a.** The assets liabilities and reserves of Transferor Company are recorded at their existing amounts adjustments to ensure similarity according to their accounting policies.
- **b.** The difference types of reserves of the transferor company are recorded in the balance sheet to maintain its separate identity.
- **c.** The difference of purchase consideration and share capital of transferor company is adjusted with general reserve or/and profit and loss account of the transferee company.
- **d.** The share capital of Transferee Company is taken at its face value, not at market value while calculating purchase consideration.
- **e.** The balance of profit and loss account of Transferor Company is shown with the profit and loss account of Transferee Company or adjusted with general reserve.
- **f.** If the liquidation expenses or realization expenses of Transferor Company are borne by Transferee Company then it should be shown by adjusting it with profit and loss account or general reserve of Transferee Company. The both expenses should not be used for calculating purchase consideration.

ii. **Purchase Method: -** This method is used in case of company amalgamation in nature of purchase.

The following are its important features-

a. The assets and liabilities of Transferor Company are included in the books of transferee company at their (a) Book value or (b) Fair value i.e. revalued price.

Note: - Generally fair value should be used if it is known.

b. The entity of acquired each real asset and external liability of transferor company should be maintained.

c. Except statutory reserve any other reserves (**e.g. General Reserve, Capital Reserve**, **and Revaluation of Assets Reserve etc.)** should not be included in Transferee Company's financial statement.

d. If it is necessary to carry forward some of the statutory reserves (**e.g. Development Allowance Reserve, Foreign Project Reserve, Investment Allowance Reserve, Export Profit Reserve etc.)** then the following journal entry is passed for it :-

Amalgamation Adjustment A/C............... Dr

To Statutory Reserve A/C

e. The amalgamation adjustment A/c should be recorded in the balance sheet of the transferee company at the right hand side under the heading of miscellaneous expenditure. If it is not necessary to maintain the separate entity of any statutory reserve then it should be closed by the following journal entry:-

Statutory Reserve A/c

To Amalgamation Adjustment A/c

f. Under this method the existence of the transferor company's profit and loss amount (**Dr. Balance or Cr. Balance**) is expired.

g. **The difference of purchase consideration and value of net assets is recorded by goodwill or Capital Reserve**

i. **Amount of Goodwill = Amount of purchase consideration – Value of Net Assets.**

ii. **Amount of Capital Reserve = Value of net Assets – Amount of purchase consideration.**

Difference Between Pooling of Interest Method and Purchase Method:

S.no	Basis of Differences	Pooling of Interest Method	Purchase Method
1.	Uses	It is used in case of the amalgamation in nature of merger.	It is used in case of the amalgamation in nature of purchase.
2.	Recording of Assets and liabilities	Under this method the assets and liabilities are recorded at their existing (at the date of amalgamation) values. Necessary adjustments can be made to get similarity.	Under this method the assets and liabilities are recorded at their agreed values and or market values (or at books values in absence of other information)
3.	Recording of different types of reserves of the transferor company	Under this method the different types of reserves are recorded at their existing (at the date of amalgamation) amounts so that their separate entity be maintained.	Under this method expect statutory reserves, other reserves of the transferor company are not recorded in the books of the transferred company.
4.	Treatment of the profits of the transfer company	The profits or losses of the transferor company are recorded separately or shown by adding with general reserve or deducting from it (in case of losses) in the financial statement of the transferee company.	Under this method profits and losses of the transferor company are not recorded in the books of the transferee company.
5.	Difference of share capital and purchase consideration	Under this method the difference of share capital and purchase consideration is transferred to general reserve A/c and shown in the books of the transferee company.	Under this method the difference of share capital and purchase consideration is transferred to Goodwill A/c or Capital Reserve A/c and shown in the books of the transferee company.
6.	Fictitious Assets	Under this method fictitious assets of transferor companies are recorded at their existing amounts in the books of the transferee company	Under this method the fictitious assets of the transferee companies are not recorded in the books of the transferee company.

PURCHASE CONSIDERATION

Purchase consideration means the payment made by the transferee company to the shareholders of the transferor company for purchase consideration of the amalgamation. According to A.S -14, consideration for amalgamation means the payment made by the transferee company to the shareholder (equity and preference) of Transferor Company in shares, securities and cash or in form of other assets. The outside liabilities (including debentures) should not be included in purchase consideration. It is assumed that Transferee Company has acquired it or its payment is made. If any liability is not taken over by the transferee company then its payment will be made by Transferor Company.

For calculation of purchase consideration the fair value or market value or agreed value assets and liabilities of the transferor company should be taken into consideration.

- **Determination of Purchase Consideration:-** There are three methods of determination of purchase consideration under amalgamation which is as follows:-
  - i. **Net Payment Method**
  - ii. **Net Assets Method**
  - iii. **Share Exchange Method**

i. **Net Payment Method: -** Under net payment method, the amount of purchase consideration is determined by adding the net payment (in the form of shares, debentures and cash) to be made by the transferee company to the liquidator of transferor company so that the different claimants (shareholders, debentures-holders, creditors, etc) of transferor company may be paid. But each and every type of payment made by Transferee Company is not a part of purchase consideration. It means payment made to outside liabilities, debentures –holders and liquidation expenses of Transferor Company are not included in the purchase consideration.

Thus, the purchase consideration is equal to the total amount of the shares and debentures issued plus cash payment by the transferee company to the shareholders of the transferor company.
So, purchase consideration = Amount of shares and debentures issued by transferee company plus cash payment.

Shares and debentures can be issued by Transferee Company at par or at premium or at discount. In absence of any other information in the question, the shares should be issued at its paid- up value in case of amalgamation in nature of merger and its market value in case of amalgamation in nature of purchase as per A.S – 14.

Important Notes:-

i. **Payment made to shareholders (equity and preference) only is included in purchase consideration.**

ii. **Payment of purchase consideration is made by issuing new shares or debentures and in cash.**

iii. **The payment made for debentures or consideration paid in debentures is not included in purchase consideration.**

iv. **Liquidation expenses or amalgamation expenses, or absorption expenses are not included in purchase consideration**.

ii. **Net Assets Method: -** According to Net Assets Method, the purchase consideration of transferor company is equal to net value of its assets. Net value of assets means the difference in the value of real assets of Transferor Company acquired by Transferee Company and outside liabilities of Transferor Company. Here the value means the agreed value or fair value or book value

Thus, purchase consideration =	Rs.
Assets taken/acquired at agreed/fair/book/values	....
Less liability taken over at agreed/fair/book/values	....

Note 1: - If value (agreed or fair) of any asset or liability is not known then its book value is used for calculation of purchase consideration.

Note 2 :- When all assets of transferor company are acquired by transferee company then cash balance and bank balances are also included in it but the Fictitious/ artificial assets or accumulated losses are not included in it.

Note 3: Only outside liabilities of transferor company is taken over by the new company to be consider for calculation of purchase consideration

Note 4: - The internal liabilities or shareholders funds are not included in calculation of purchase consideration.

Note 5:- If any asset or liability is not taken over by transferee company and these assets and liabilities should not be used for calculation of purchase consideration

JOURNAL ENTRIES IN THE BOOKS Of Transferor COMPANY

Note: No distinction is made between Amalgamations in the nature of Merger. Or Purchase, in the books of the Selling Company(Transferor Company). The Journal Entries are similar in both cases.

	Transaction	Journal Entry
1.	Transfer of Assets taken over by Purchasing Company	Realisation A/c Dr. To Sundry Assets (individually)(at B/S Value)
	Note: • If Cash is not taken over by the Purchasing Company, it should not be transferred to Realisation A/c. • If Selling Company already holds Shares in Purchasing Company, such "Investments in Shares ofPurchasing Company" A/c, should not be transferred to Realisation A/c.	

2	Transfer of Liabilities taken over by Purchasing Company	Sundry Liabilities A/c (individually) (at B/S Value) Dr. To Realisation A/c
3	Direct Sale of specific Assets not taken over by Purchasing Company	Cash / Bank A/c (amount received) Dr. Realisation A/c (if sold at Loss) Dr. To Sundry Assets A/c (specified asset) (at B/s Value) To Realisation A/c (if sold at Profit)
4	Direct Settlement of specific Liabilities not taken over by Purchasing Company	Sundry Liabilities A/c (at B/s Value) Dr. Realisation A/c (if settled at Loss) Dr. To Cash / Bank A/c (amount settled) To Realisation A/c (if settled at Profit)
. 5	Expenses of Liquidation / Realisation met by Selling Company	Realisation A/c Dr To Cash / Bank A/c
	Note: ● If Purchasing Company **meets the Realisation Expenses directly,** no entry is required in Transferor Co.'s Books. ● If the Purchasing Company **reimburses the Liquidation Expenses,** then "Purchasing Company" Account should be debited instead of "Realisation Account". A separate receipt entry should be passed for the reimbursement received. (**Alternatively,** the payment of Liquidation Expenses and receipt of reimbursementcan be ignored in the books of the Selling Company) ● If the Liquidation Expenses are **shared** by the Purchasing Company and Selling Company, the Journal Entry in **Item 5** should be made only for the **Selling Company's Share** of Expenses.	
6	Recording of Purchase Consideration due	Transferee Company A/c Dr. To Realisation A/c
7	Receipt of Purchase Consideration	Cash / Bank A/c Dr. Shares in Purchasing Co. A/c Dr. To Purchasing Company A/c
8	When settlement of Preference shares (a) Settlement At Par	Preference Share capital A/c..........Dr To Preference Shareholders A/c
	(b) Settlement At Discount	Preference Share capital A/c............Dr Realisation A/c.....................................Dr To Preference Shareholders A/c
	© Settlement At Premium	Preference Share capital A/c..............Dr To Preference Shareholders A/c To Realisation A/c

9	When Payment Made to Preference shareholders with Purchase Consideration Amount	Preference Shareholders A/c………….Dr To Share in Transferee co To Cash/Bank A/c
10	Transfer of Profit on Realisation (reverse entry is passed for Loss, if any)	Realisation A/c Dr. To Sundry Shareholders A/c Sundry Shareholders A/c Dr. To Realisation A/c
11	Transfer of Share Capital and Reserve & Surplus amount to Sundry Shareholders Account	Equity Share capital A/c …………………..Dr General Reserve A/c …………………………..Dr Profit/Loss A/c……………………………………..Dr To Sundry Shareholders A/c
12	When Fictitious Assets or Accumulated Loss Transfer in to Sundry Shareholders A/c	Sundry Shareholders A/c………………………..Dr To Preliminary Expenses A/c To Other Miss Assets A/c
13	Final Settlement to Shareholders	Sundry Shareholders A/c……………….Dr To Cash / Bank A/c To Shares in Transferee Co. A/c

Format of some Ledger Accounts in the books of Selling Company

1. Realisation Account

Particulars	RS	Particulars	RS
To Sundry Assets A/c (Assets taken over) (individually) (transfer at Book Values) To Cash / Bank (liquidation Expenses met) To Sundry Assets / Liabilities A/c (Assets disposed of at loss if any, Liabilities settled at higher amountsthan Book Values, if any) To Sundry Shareholders A/c (Profit on Realisation transferred)		By Sundry Liabilities (Liab. taken over) (individually) (transfer at Book Values) By Purchasing(Transferee) Co. A/c (Purchase Consideration Due) By Sundry Assets / Liabilities A/c (Assets disposed of at a gain if any,Liabilities settled at lower amountsthan Book Values, if any) By Equity Share Capital A/c , (Purchasing Co.'s Share in Equity Cap.of Selling Co, if any) By Sundry Shareholders A/c (Loss on Realisation transferred, if any)	
Total		**Total**	

2. Equity Shareholders' Account / Sundry Shareholders' Account

Particulars	Rs	Particulars	RS
To P&L A/c / Misc. Expenditure (Transfer of Accumulated Losses, Dr. Bal. etc.) To Realisation A/c (Loss on Realisation, if any) To Cash / Bank (Final Settlement) To Equity Shares in Purchasing Company (Final Settlement)		By Equity Share Capital (Outside Shareholders Portionof Equity Capital) By Reserves (All Reserves, fully transferred)By Realisation A/c (Profit on Realisation)	
Total		**Total**	

3. Purchasing (Transferee) Company Account

Particulars	RS	Particulars	RS
To Realisation A/c (Purchase Consideration due)		By Cash / Bank (Settlement of Purchase Consideration)By Equity Shares in Purchasing Co. (Settlement of Purchase Consideration)	
Total		**Total**	

Case 1 :- Journal Entries In The Books of Transferee Company(In the case of amalgamation in the nature of Merger

	Transaction	Journal Entry
1.	Purchase Consideration Due	Business Purchase A/c Dr. To Liquidator of Selling Company A/c
2.	Assets and Liabilities taken over	Sundry Assets A/c (at B/s Values) Dr. General Reserves A/c (balancing figure,) Dr. To Sundry Liabilities A/c (at B/s Values) To Reserve & Surplus A/c To Business Purchase A/c

3	Discharge of Purchase Consideration	Liquidator of Transferor Company A/c Dr. To Equity / Preference Share Capital A/c To Securities Premium A/c (if any) To Cash / Bank A/c (for fractions, etc.)

4	Realisation / Liquidation Expenses met reimbursed by Purchasing Company	P & L Account / Reserves A/c Dr To Cash / Bank A/c
	If Transferor Co. meets the Realisation Expenses directly; no entry is required in Purchasing (Transferee) Co's Books.	
5	Elimination of Inter Company Owings	Sundry Creditors / Bills Payable A/c Dr. To Sundry Debtors / Bills Receivable A/c
6	Debentures of Transferor company made by issue of new debentures of transferee company	Debentures of transferor company a/c DR To Debentures of Transferee Company A/c

Case 2 :- Journal Entries In The Books of Transferee Company(In the case of amalgamation in the nature of Purchase

	Transaction	Journal Entry
1.	Purchase Consideration Due	Business Purchase A/c Dr. To Liquidator of Transferor Company A/c
2.	Assets and Liabilities taken over	Sundry Assets A/c (at Agreed Values) Dr. Goodwill A/c (balancing figure,) Dr. To Sundry Liabilities A/c (at Agreed Values) To Business Purchase A/c To Capital Reserve A/c(balancing figure)
3	Discharge of Purchase Consideration	Liquidator of Transferor Company A/c Dr. To Equity / Preference Share Capital A/c To Securities Premium A/c (if any) To X % Debentures A/c To Cash / Bank A/c (for fractions, etc.)

4	Realisation / Liquidation Expenses met reimbursed by Purchasing Company	Goodwill / Capital Reserves A/c Dr To Cash / Bank A/c
	If Transferor Co. meets the Realisation Expenses directly; no entry is required in Purchasing (Transferee) Co's Books.	
5.	Recording of **Statutory Reserves** of Transferor Company	Amalgamation Adjustment A/c Dr. To Statutory Reserve A/c
	• Statutory Reserve is shown on the Liabilities Side under **"Reserves and Surplus".** Amalgamation Adjustment A/c is also shown on the Reserve and surplus Side of the Balance Sheet. • The above entry is reversed once the statutory time period expires / obligations are completed.	
6	Elimination of Inter Company Owings	Sundry Creditors / Bills Payable A/c Dr. To Sundry Debtors / Bills Receivable A/c
7	Debentures of Transferor company made by issue of new debentures of transferee company	Debentures of transferor company a/c DR To Debentures of Transferee Company A/c