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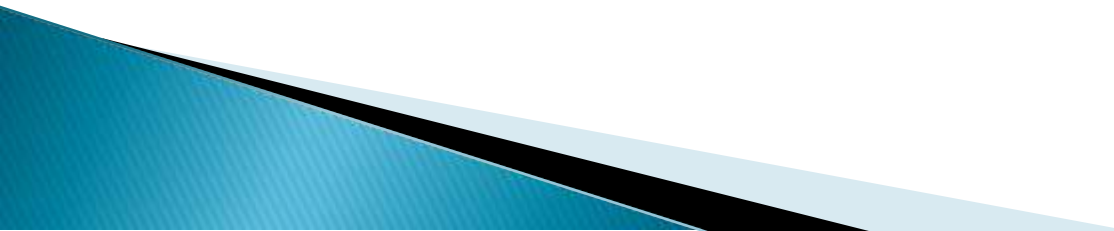
Introduction Accounting Standard –14

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Accounting Standard -14: Accounting for Amalgamation

Introduction:

This Accounting Standard deal with Accounting for Amalgamations and the treatment of the resulting goodwill or the reserves. AS 14 basically applies to companies. However, some of its requirements are also applicable to the financial statements of other enterprises.



Objectives

- ▶ This standard objectives are the treatment of goodwill or reserves and AS-14 includes the direction for amalgamation of companies although it's some of the provisions also applies to other entities. It is important to understand the difference between the word Amalgamation and Acquisition.

Scope

This Standard helps the Companies to keep the uniformity in Accounting for amalgamation and accordingly, the Companies need to give the treatment and if there is any deviation in the treatment needs to be disclosed in the financial statement so that stakeholders can get the transparency.

Definition

1. Amalgamation:

Amalgamation means combination of two or more companies comes together and form new company with common object. In other words means amalgamation an amalgamation pursuant to the provisions of the Companies Act, 2013 or any other statute which may be applicable to companies and includes 'merger'.

Amalgamation=Two or More Liquidation + One New Formation

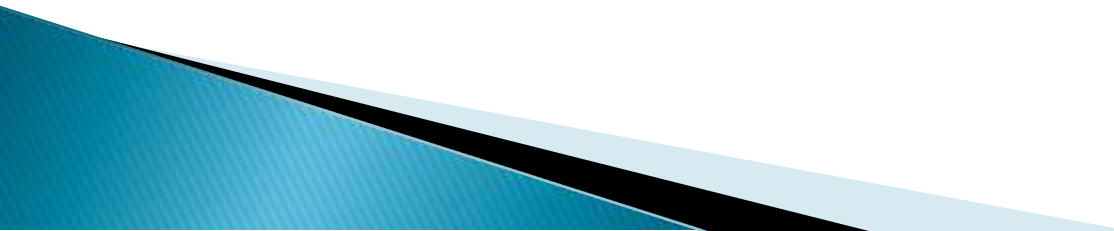
2. Transferor Company:

Transferor Company means the company which is amalgamated into another company.

3. Transferee Company:

Transferee Company means the company into which a transferor company is amalgamated.

Disclosure

- 1. In case of amalgamations that are accounted via Pooling of Interest Method, following additional disclosures must be made in the first financial statements after the amalgamation:**
 - ▶ **Description and number of shares issued along with percentage of each companies equity shares exchanged for amalgamation**
 - ▶ **Amount of any difference between consideration and value of net identifiable assets acquired and its treatment**
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2. In case of amalgamations that are accounted via Purchase Method, following additional disclosures must be made in the first financial statements after the amalgamation:

- ▶ Consideration for Amalgamation and description in respect of consideration paid or payable**
 - ▶ Amount of difference between consideration and value of the net identifiable assets acquired and its treatment. This includes period of amortization of any goodwill arising as a result of amalgamation.**
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