Review of financial statements

Finance

b) Liabilities: Since acquiring company also acquires the liabilities of the acquired company, therefore, the liabilities of acquiring company will be affected too. In this case, also all type of liabilities accounts i. e. current and non-current liabilities accounts will be affected. For example, accounts purchases, sundry current liabilities, interest payable, bank loans, long term debt, etc

2) The financial statements which will show the impact of the transaction at the time of merge will be balance sheet and cash flow statements. Since in merger a firm acquires another firm, therefore, the balance sheet will record the changes in the assets as well as the liabilities of the firm and the resulting changes in them. Another financial statement which will be affected by this is the cash flow statement which will record the movement of any cash paid to the owners/shareholders as the consideration for the merger. (Warren, Reeve, & Duchac, 2008)