Corporate Accounting

Unit-4 Holding and Subsidiary companies

PROBLEM 1. (Where all shares are held by the Holding Company). H Ltd. acquired all the shares in S Ltd. on 1st January, 2018 and liabilities and assets of the two companies on 31st March, 2018 were as follows :

| | H Ltd. ₹ | S Ltd. ₹ |
|------------------------------|--|------------------------------|
| Liabilities | The second s | - |
| Share Capital | 50,000 | 30,000 |
| Reserve on 1-4-2017 | 20,000 | and the second second second |
| Surplus A/c | 25,000 | 10,000 |
| Sundry Creditors | 20,000 | 15,000 |
| | 1,15,000 | 70,000 |
| Assets | | |
| Sundry Assets | 65,000 G5,000 | 70,000 |
| All Shares in S Ltd. at cost | 50,000 | |
| | 1,15,000 | 70,000 |

Surplus Account of S Ltd. had a credit balance of ₹ 3,000 on 1st April, 2017. Prepare a Consolidated Balance Sheet as on 31st March, 2018. SOLUTION

CONSOLIDATED BALANCE SHEET OF H LTD. AND ITS SUBSIDIARY S LTD.

| I. Eq | uity a | and Liabilities | and the second se | | ₹ |
|-------------|--------|------------------------|---|-----|----------|
| (1) | Sha | areholders' Funds | a secondaria da companya d | | |
| | (a) | Share Capital | dente be served | | 50,000 |
| | (b) | Reserves and Surplus : | 34. Mg # | | |
| Ring P | | Capital Reserve | (0.4)*, y⁽ⁿ⁾, *** | (3) | 3,250 |
| | | Reserve | | 5 | 20,000 |
| | | Surplus Account | - The 1987 - | (4) | 26,750 |
| a dan ing i | t. | Shareholders' Funds | | | 1,00,000 |

| in the summent Liphilities | A CONTRACTOR OF THE PARTY OF | ~ | Nit |
|---|---|--|--|
| (2) Non-current Liabilities | | ₹ | |
| (3) Current Liabilities | 10 17 19 19 19 19 19 10 10 10 10 10 10 10 10 10 10 10 10 10 | 20,000 | 2.3 |
| Sundry Creditors : | H Ltd. | | S |
| | S Ltd. | 15,000 | |
| | | e par | 35,000 |
| and the second | Total Equity and Liabilities (1) + (2) + | (3) | 1,35,000 |
| a second s | Total Equity and Elabinities (1) 1 (2) | (0) | 100,000 |
| U Acasto | | | |
| II. Assets Non-Current Assets and C | Current Assets | 1 mail - | |
| Non-Current Assets and o | | 7 | 13 |
| Sundry Assets | H Ltd. | 65,000 | 1- 1134 |
| Ganary | S Ltd. | 70,000 | 1 - Carlos and |
| | | in the second se | 1,35,000 |
| | | | 1.05.000 |
| | Total Assets | | 1,35,000 |
| | | | |
| Harking Notes | 2月1日的: 2月1日日日日日日日日日日日日日日日日日日日日日日日日日日日日日日日日日日日日 | | |
| Vorking Notes : | the Ird.t | | |
| 1) Analysis of Capital Profit / 1. Balance of Beserve on 1-4-201 | re- acquirin 1 m | | 45.00 |
| | | | 15,000 |
| Balance of Surplus A/c as on 1 | -4-2017 | | 3,000 |
| Share of Profit for 9 months (i | .e. 3/4 of ₹ 7,000) of Pre-aquisition Pe | eriod | 5,250 |
| Sildle ULTIVILLIOI S INVILLIS (A | 19/ 14/10 1 10/0000 | | 23,250 |
| | > Julion 1 April 2017 th 314 Dec 2 | NLO HIN MAR | 23,230 |
| The whole emount helenge to | H Ltd. as it is a case of wholly owned | subsidiary comp | anv. |
| The whole amount belongs to | H Llu. as it is a case of whony owned | oubolaidi y comp | |
| (2) Analysis of Revenue Profit | | 2 7 6 7 10 1 20 31 1 8 | (1) |
| Post-acquisition tim | 40 (3) | | |
| Profit for 3 months from 1-1-20 | $\int_{18}^{26^{\circ}} 18 \text{ to } 31\text{-}3\text{-}2018 \left(\neq 7,000 \times \frac{3}{12} \right)$ | | 1,750 |
| | | | 7 |
| (3) Calculation of Capital Reser | | | 50.000 |
| Cost of Investments in shares | and the second se | | 50,000 |
| Less : Paid up value of 3,000 | shares of ₹ 10 each | ₹ 30,00 | 0 |
| Share of Capital Profit | and any | ₹ 23,25 | 0 |
| No. C. Start | | | - 53,250 |
| Capital Reserve | 2 C | | 3,250 |
| | 1 | 52 1 8 M | |
| (4) Balance of Surplus A/c of H | Ltd. | | |
| Balance que in Bls | | | 25,00 |
| Add : Share of Revenu | e Profit (2) | | |
| | | | 1,75 |
| - 1 202 be | | Leona Ing. Sol. 3 1 | 26,75 |
| Note. There is no non-controlling | interest as all shares have been acqu | urad by U11d | |
| BROBI EM 2 (WILL | anorest as an shares have been acqu | lired by H Ltd. | 12.5 |
| FROBLEW 2. (where N | on-controlling Interest and Cost of | Control are to | be calculated |
| A COMPANY THE DATATICE STR | PRIS OF HWO FE OW INT TIT | | 18 work out |
| (1) Net amount due to Non-cont | rolling Interest and (2) Cost of Con | trol | and the ballet of the |
| | | | A STATE OF STATE |
| A STALL STALL STALL | A ANCE SHALL AND N LTD. MAD NO | Exe Ltd. | Wye Ltd. |
| I. Equity and Liabilities | | CONTRACTOR | |
| (1) Shareholders' Fun | de Studies TC no nu | ₹ | - 1 1-1 |
| (a) Share Capita | | a commente des activitations a | and the second s |
| | 13 77 dag | addition i bud | The part of the |
| (b) Reserves and | ₹ 100 each | 15 00 000 | 5,00,00 |
| (b) Reserves and | Surplus : | 15,00,000 | 5,00,00 |
| (i) Gener | al Decomu | Walter St. | lef and |
| (ii) Surplu | a Keserve | 1,50,000 | 1,00,0 |
| (a) Surph | IS ANC | 2,00,000 | 75,00 |
| | | 2,00,000 | 4750 |
| Creditors | | | 1,20,00 |
| 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1 | | 1,87,500 | 1,20,00 |
| | Total | 20,37,500 | 7,95,00 |
| | No. 1 No. 1 No. 1 No. 1 | | |

An ' Stari of munching whe

| II. Assets Sundry Assets Investment : | 14,77,500 | 7,95,000 |
|---|---|--------------------|
| 4,000 Shares of ₹ 100 each | | |
| | | - 15 B.C. |
| Tota | d 20,37,500 | 7,95,090 |
| The assets of Wye Ltd. included equipments worth ₹ 1 ₹ 1,25,000. The investments of Exe Ltd. were in shares of Wye | .50.000 which was | |
| | Ltd. and were acqu | revalued at |
| | | |
| 1) Non-controlling Interest | 1000 @ 100 Him | very diden |
| Paid up value of 1,000 shares @ # too | In ous | The second second |
| Add: 1/5th share of preacquisition profit (1) share of cifuled pre- | al d | 1,00,000 |
| Since of curices theful (i) | Contraction Decision | 35,000 |
| Less : 1/5th share of loss on revaluation of equipment | (16) | 1,35,000 |
| 1/5 of ₹ 25,000 (i.e. ₹ 1,50,000 – ₹ 1,25,000) | | 5 000 |
| | | 5,000 |
| (2) Cost of Control | | 1,30,000 |
| Intrinsic value of shares in Wye Ltd. : | And Providence Alexander and | ₹ |
| 4,000 shares of ₹ 100 | | seri negli |
| Add : 4/5th share of preacquisition profit (i) | 100 | 4,00,000 |
| Share of cep up up (1) | Marken Tran | 1,40,000 |
| Less : 4/5th share of loss on revaluation of equipments (4/5 of R | F 25 000) | 5,40,000 |
| Intrinsic value of 4 000 shares | 11 - 17 - 18 - 19 - 19 - 19 - 19 - 19 - 19 - 19 | 20,000 |
| | a prospine to a | 5,20,000 |
| Cost of Goodwill = Amount Paid - Intrinsic Value Cost of a | malment s | 6000 |
| = ₹ 5,60,000 - ₹ 5,20,000 = ₹ 40,000 [un : 5] | runs volce | |
| (i) Fleacquisition Profits and Reserves | sharelin nap bld | 1 00 000 |
| Surplus A/c in Wye Ltd. as on 31-3-2018 | d due | 1,00,000 75,000 |
| | ther " marinestick, a | March - Martin |
| 1 and the Share of New controlling Interest (1/5) | | 1,75,000 35,000 |
| Less : Share of Non-controlling Interest (1/5) | 1900 (Sec. 19) | 1,40,000 |
| Holding Co.'s Share | Sector and a sector | 1,40,000 |

PROBLEM 3. (Where there is debit balance in Surplus A/c) On 31st March 2018, liabilities and assets of A Ltd. and B Ltd. stood as follows :

| A Ltd. | B Ltd. |
|--|--|
| ₹ | ₹ |
| 12,50,000 | 5,00,000 |
| 2,50,000 | 1,10,000 |
| 2,00,000 | 1,50,000 |
| 17,00,000 | 7,60,000 |
| 12 94 000 | 7,60,000 |
| the second s | |
| 17,00,000 | 7,60,000 |
| | ₹ 12,50,000 2,50,000 2,00,000 17,00,000 12,94,000 4,06,000 |

| 11/14 | 1000 |
|------------------|--|
| IV/1 | •4 |
| ALC: N. 1. 1. 1. | State of the second sec |

HOLDING AND SUBSIDIARY COMPANIES

Additional Information :

(1) At the time of acquisition Surplus Account in the books of 'B' Ltd., showed a debit balance of ₹ 75,000.

Prepare a Consolidated Balance Sheet as at 31st March, 2018.

SOLUTION Working Notes

(1) Analysis of Profit of 'B' Ltd.

| and the second second of the ground of the second | Capital Profit | Revenue Profi |
|---|--|--|
| Surplus A/c (Loss) Reserves & Surplus As on 31-3-18 [°] Add : Loss at the beginning of the year 75,000 1,85,000 | - Charles and | ₹ 1,38,750 (for 9 months from 1-7-2017 to 31-3-2018) |
| Less : Share of Non-controlling Interest (2/5) | (28,750) (11,500) | 1,38,750 55,500 |
| A. Ltd.'s Share | (17,250) | 83,250 |
| Goodwill (3) Calculation of Non-controlling Interest Shares with Outsiders (40% of ₹ 5,00,000) Add : Share of Revenue Profit | ₹ - 3,00,000 + <u>17,250</u> -) | 2,82,750 1,23,250 ₹ 2,00,000 55,500 2,55,500 |
| Non-controlling Interest | 1000 | 2,44,000 |
| CONSOLIDATED BALANCE SHEET OF A LTD. AND I as on 31-3-2018 | TS SUBSIDIARY B | LTD. |
| I. Equity and Liabilities | 2,50,00 83,25 | 12,50,000 ₹ |
| | | |

| (3) | Current Liabilities : | A Ltd. | ₹ | 00000 |
|-----------|---|-----------------------------|--|-----------------------|
| | | B Ltd. | 2,00,000 | 18.13.2 |
| | | atal Cart | anifika -10 | 3,50,00 |
| II. Ass | sets | otal Equity and Liabilities | showed a skarts and | 21,77,25 |
| (1) | Non-Current Assets Fixed Assets : | | The first of the second se | i i |
| | Tangible Assets : (Other Fixed Assets) | A Ltd. B Ltd. | ₹ 12,94,000 7,60,000 | |
| (2) | Intangible Asset : Current Assets | Goodwill [See Note (2)] | immedical oppider sources and | 20,54,000 1,23,250 |
| e Linea x | ader des antes Tr | otal Assets | Section of the sectio | 21,77,250 |

PROBLEM 4. (*Simple*). From the Balance Sheets given below prepare a Consolidated Balance Sheet of Moti Ltd. and its subsidiary company, Chotti Ltd. as on 31-3-2018 :

| | Moti Ltd. | Chotti Ltd. |
|---|----------------------|---|
| I. Equity and Liabilities | Sie and the sec | |
| (1) Shareholders' Funds | - 17 BALA - 1998 - 1 | * |
| (a) Share Capital : | . A | |
| Equity Shares of ₹ 10 each | 1 20 000 | in the second |
| (b) Reserves and Surplus : | 1,20,000 | 30,000 |
| (i) General Reserve | 25 000 | 6 000 |
| (ii) Surplus Account | 25,000 | 6,000 |
| (2) Current Liabilities | 12,000 | 9,000 |
| Trade Creditors | 15 000 | |
| grong WJ torna | 15,000 | 5,000 |
| То | tal 1,72,000 | 50,000 |
| II. Assets | | |
| (1) Non-current Assets | 1 | |
| (a) Fixed Assets : | Australia I | |
| (i) Freehold Building at Cost | 72.000 | |
| (ii) Plant & Machinery | 72,000 | 25,000 |
| | 30,000 | 10,000 |
| i i chotti Litt. | 25,000 | 1 |
| (2) Current Assets | | 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1 |
| Stock at Cost and and the market researched | 18,000 | 3,000 |
| Trade Debtors | | 7,000 |
| Bank Balance | 5,000 | 5,000 |
| A LONG OF THE COMPANY OF THE COMPANY OF THE COMPANY | -, | 5,000 |
| To To | tal 1,72,000 | 50,000 |

At the date of acquisition by Moti Ltd. of its holding of 2,000 shares in Chotti Ltd. the latter company had undistributed profits and reserve amounting to ₹ 5,000, none of which has been distributed since the date of acquisition.

s percente de la company SOLUTION CONSOLIDATED BALANCE SHEET OF MOTI LTD. AND ITS SUBSIDIARY CHHOTI LTD.

| I. Eq | uity and Liabilities | |
|----------------|--|------------------|
| (1) | Shareholders Fundo | |
| | (a) Share Capital Authorised, Issued and Paid-up Capital : | -38A .B |
| | 12,000 Equity Shares of ₹ 10 each fully paid | 1,20,00 |
| | (b) Reserves and Surplus : | |
| | General Beserve | 25,000 |
| | Surplus Account : Moti Ltd 12,000 | |
| | Add : Share of Surplus of Chhoti Ltd, [See Note (3)] 6,667 | |
| | New controlling Interact ISon Working Note (4)1 | 18,66 |
| Although and | Non-controlling interest [See Working Note (+)] | 15,00 |
| (2) | NUL-Current Elabilities | 191 100 |
| (3) | Current Liabilities : Trade Creditors : Moti Ltd. 15,000 | |
| 7.2 (4) | Trade Creditors : Moti Ltd. 15,000 Chhoti Ltd. 5,000 | |
| | | 00.00 |
| and a building | a city of (Supple). From the Universe Stort's pixels being prepare a Cos | 20,00 |
| | total Equity and Liabilities and the second state of the second st | 1,98,66 |
| II. As | sets | and an other the |
| (1) | Non-Current Assets | |
| | Tangible Assets : ₹ | |
| | Freehold Buildings at Cost : Moti Ltd. 72,000 | apit de |
| | Chhoti Ltd. 25,000 | 151 |
| | alafina i anno 18 | 97,00 |
| 1.00 | Plant & Machinery : Moti Ltd. 30,000 | 01,00 |
| | Chhoti Ltd. 10,000 | |
| (1) (1) (1) | the second se | 40,00 |
| 10.0 | Intangible Asset : Goodwill [See Note (2)] | 1,66 |
| (2) | | |
| | Stock at Cost : Moti Ltd. 18,000 | |
| | Chhoti Ltd 3,000 | |
| 12,00 | Trade Debtors : Moti Ltd | 21,00 |
| | Chbati 1 td 22,000 | |
| | Chhoti Ltd. 7,000 | |
| | Bank Balance : Moti Ltd. | 29,00 |
| | 5 000 1 | 1.8.9 |
| 21.15 | 5,000 | |
| | Total Assets (1) + (2) | 10,00 |
| | Total Assets (1) + (2) | 1,98,66 |
| rking N | otes : | 1,00,00 |
| (1) Ci | Iculation of Capital (or Pre-acquisition) Profits : | . 6. 1 |
| Ge Ge | neral Reserve and Surplus Balance of Chotti Ltd. before Consolidation | |
| Hc Hc | dind Company's chore 0/0 // - # c ooo ale | 5,000 |
| Sh | are of Non-controlling Interest 1/3 (<i>i.e.</i> ₹ 5,000 × 2/3) | 3,333 |
| (2) 0- | levelation of Conductive | 1,667 |
| (2) Ca | culation of Goodwill or Cost of Control | - |
| An | iount paid for the shares in Chotti I to | 25,000 |
| Le | ss : Face value of 2,000 shares acquired 20,000 | |
| P 2 1988. | Holding Company's share of capital profits | |
| 100 100 100 | A set of the set of th | 23,333 |
| | | 21.004 |
| | Cost of Control or Goodwill | 20,00 |

| (3) Calculation of Revenue Profits : | Section 1 Section 1 19 10 | |
|--|---|-------------------------------|
| General Reserve | Surplus | Total |
| Balance as given 1,000 (i.e. ₹ 6,000 - ₹ 5,000) Holding Company's Share 2/3 667 Outsiders' Share 1/3 333 | Account ₹ MOIT | ₹ 10,000 6,667 3,333 |
| (4) Calculation of Non-controlling Interest : Face value of shares held by non-controlling shareholders 10,000 | b quity and Lishbilling (7) Effertmedors Frontis | 7 |
| Add : 1/3 share of capital profits 1/3 share of revenue profits | ne da estra da esta da esta esta esta esta esta esta esta est | 1,667 3,333 |
| | an marking out of | 15,000 |

PROBLEM 5. (Inter Company Owings and Stock Reserve). Following are the Balance Sheets of H Ltd. and its subsidiary S Ltd. as at 31st March, 2018 :

| (19)(12) | Coloring Lines (Noticed) Moter (4) Coloring Colored (4) | H Ltd. ₹ | S Ltd. ₹ |
|-------------------------|---|---|--------------------|
| I. Eq. (1) | uity and Liabilities Shareholders' Funds (a) Share Capital : | antia constan Statistica Constantia | |
| 100-34 | Fully paid Equity Shares of ₹ 10 each (b) Reserves and Surplus : | 6,00,000 | 2,00,000 |
| 20-151 | (i) General Reserve (ii) Surplus Account | 3,40,000 1,00,000 | 80,000 60,000 |
| (2) | Current Liabilities Creditors | 70,000 | 35,000 |
| | Total | 11,10,000 | 3,75,000 |
| II. Ass | A STATE OF A | | |
| (1) | (a) Fixed Assets : | (How 3 | |
| 0540 (251) 19680 (35 | (i) Machinery (ii) Furniture | 3,90,000 80,000 | 1,35,000 40,000 |
| (2) | (b) Investment : 80% Shares in S Ltd. at Cost Current Assets | 3;40,000 | (S) — |
| ~ | Stock | 1,80,000 50,000 | 1,20,000 30,000 |
| all sug | Cash at Bank | 70,000 | 50,000 |
| | Total | 11,10,000 | 3,75,000 |

Following additional information is provided to you :

(i) Surplus Account of S Ltd. stood at ₹ 30,000 on 1st April, 2017 whereas General Reserve has remained unchanged since that date.

(ii) H Ltd. acquired 80% shares in S Ltd. on 1st October, 2017 for ₹ 3,40,000 as mentioned above.

(*iii*) Included in Debtors of S Ltd. is a sum of ₹ 10,000 due from H Ltd. for goods sold at a profit of 25% on cost price. Till 31st March, 2018 only one half of the goods had been sold while the remaining goods were lying in the godowns of H Ltd. as on that date.

You are required to prepare a Consolidated Balance Sheet as at 31st March, 2018. Show all calculations clearly.

SOLUTION 5 CONSOLIDATED BALANCE SHEET OF H LTD. AND IS SUBSIDIARY S LTD.

| | | as on 31-3-2018 | 1 Chebys |
|-----------|--------|--|---|
| - | _ | uity and Liabilities | ₹ 10.000 (10.000) |
| Ι. | | ity and Erabilities | Contraction of the second s |
| | (1) | Sharenouers Funds | OF D |
| | | (a) Share Capital | 6.00.0 |
| | | 60,000 Equity Shares of ₹ 10 each fully paid | €,00,00 |
| | | (b) Reserves and Surplus : General Reserve 3,40 | ,000 |
| | | | ,000 |
| The state | | | 4,51,00 |
| | | Chamberland en barn by I & comberdies all inc | IV IS STORES |
| No. 1 | | Shareholders' Funds Non-controlling Interest [See Working Note (4)] | 10,51,0 |
| | (2) | | 68,00 |
| | (3) | Current Liabilities : | ₹ |
| | (0) | Creditors : H Ltd. 70 | ,000 |
| | | S Ltd. 35 | .000 |
| | | the hears / The | |
| 10.04 | | Less : Inter Company Owings 10 | ,000 |
| | | | |
| Sec. Git | | Total Equity and Liabilities | 00,0 |
| 12.00 | 123 | | 12,14,0 |
| II. | Ass | Non Current Academic State | and the lot |
| | (1) | Non-Current Assets | |
| | | Tangible Assets : | ₹ |
| MR. ET. | | Machinery: H Ltd. | ,000 |
| | | 0,00 | and the second |
| | | 1,00 | 5,000 |
| | | Furniture : H Ltd. | 5,25,0 |
| | | SItd | ,000 |
| and the | | 40 | ,000 |
| is in | | Intangible Asset : Goodwill [See Note (3)] | 1,20,0 |
| | (2) | Current Assets | 80,0 |
| | (-) | Current Assets Stock : H Ltd. | T.S. Lands |
| | | C1+4 1,80 | 0,000 |
| 9,92,1 | | 1,20 | ,000 |
| 能性的 | | 3,00 | ,000 |
| 1. 1 | | Less : Slock Heserve (5) | 000 |
| | | | 2,99,0 |
| 14 | | Debtors : H Ltd. 50 | ,000 |
| -1-144 AM | | 3 Ltd. 30 | ,000 |
| | | and a set of the second set and the second set of the | ,000 |
| moli | 12.10 | Less Inter Company Owings | ,000 |
| | | in the second seco | 70,0 |
| mains | | Cash at Bank : H Ltd. 70 | ,000 |
| | | | ,000 |
| 1.4 | | | 1.20.0 |
| | | Total Assets | 12 14 0 |
| 10 A. | 25 115 | ad had show that the second second second second back bas | 12,14,0 |

| Workin | ng Notes : Analysis of Capital Profit | 1. 1.18 Y |
|-----------|--|---|
| (1) | a seriel December 2 | ₹ |
| | | 80,000 |
| No art | | 30,000 |
| | Profit from 1-4-2017 to 30-9-2017 (₹ 30,000 × 1) 6 | 479.00,000 |
| | Profit from 1 4-2017 to 30-9-2017 (₹ 30,000 $\times \frac{1}{2}$) $\frac{1}{12}$ | 15,000 |
| | | 1,25,000 |
| | Less : Share of Non-controlling Interest (20%) | Contraction of the second s |
| | Holding Co. Share | 25,000 |
| Laser | Analysis of Powerson and Power | 1,00,000 |
| (2) | Analysis of Revenue Profit Control Con | _ |
| | Profit from 1-10-2017 to 31-3-2018 9/12 | ₹ |
| 1000 | Less : Share of Non-controlling Interest 20% | 15,000 |
| | Holding Co. Share | 3,000 |
| STATES | A stand of the second | 12,000 |
| (3) | Calculation of Cost of Control Cost of Investment | |
| | Less : Paid up value of shares (opp) | 3,40,000 |
| | Less : Paid up value of shares (80% of ₹ 2,00,000) ₹ Share of capital profit | 0,10,000 |
| | (if) pick greet/v and 1,00,000 | |
| * | | 2,60,000 |
| 28 18 | Goodwill Status 3 statistication and the | 80,000 |
| (4) | States and a second second with the second | 00,000 |
| (4) | Paid up value of shares with Minerity (one) | ₹ |
| 200.44 | Paid up value of shares with Minority (20% of ₹ 2,00,000 Share Capital) Add : Share of Capital Profit | 40,000 |
| | Share of Revenue Profit | 25,000 |
| ×. | | 3,000 |
| Gen river | | 68,000 |
| (5) | Balance of Surplus A/c of H Ltd. | |
| (4) | Balance given in B/S | 1 00 000 |
| | Add : Share of Revenue Profit | 1,00,000 |
| -370 C | Balance of Surplus A/C of H Ltd. Balance given in B/S Add : Share of Revenue Profit $($ 25 $)$ $\int 0^{20} \sqrt{2} \sqrt{2} \sqrt{2} \sqrt{2} \sqrt{2} \sqrt{2} \sqrt{2} 2$ | 12,000 |
| | $\left(z = 25 \right)^{10}$ | 1,12,000 |
| | Less : Stock Reserve $\left(₹ 5,000 \times \frac{25}{125} \right)$ | 1,000 |
| 2.03 | | 1,11,000 |
| | | |

PROBLEM 6. (Where loss is given in the beginning) Liabilities and assets of H Ltd. and its subsidiary S Ltd. as on 31st March, 2018 were as follows :

| Total Commence | H. Ltd. ₹ | S. Ltd. ₹ |
|---|--|---|
| Equity and Liabilities Share Capital : (Shares of ₹ 1 each) General Reserve Surplus Account Creditors | 10,00,000 4,00,000 4,00,000 2,00,000 20,00,000 | 6,00,000 1,80,000 2,20,000 10,00,000 |
| Assets Sundry Assets Investment in S Ltd. (4,00,000 shares) | 16,00,000 4,00,000 20,00,000 | 10,00,000 |

The shares were purchased by H Ltd. in S Ltd. on 30th September, 2017.

On 1st April, 2017, Surplus Account of S Ltd. showed a loss of ₹ 3,00,000 which was written off out of the profits earned during the year. Profits were earned uniformly for the year 2017-18. Prepare a Consolidated Balance Sheet of H Ltd. and S Ltd. as on 31st March, 2018 giving all workings.

SOLUTION 6

CONSOLIDATED BALANCE SHEET OF H LTD. AND ITS SUBSIDIARY S LTD. as on 31st March, 2018

| - | | as on 3 ist ma | arcn, 2018 | | 3 |
|-----------------------------------|-----------------------------------|---|---|---------------------------|---|
| I. Equ | uity and Liabilities | | | | |
| (1) | | | These St | MAY PARAME IN LOUGH | and Sector |
| | (a) Share Capita | | ALCS ALCO | | ALL |
| 14. A.Y. B. | | | | | |
| | (b) Reserves an | ares of ₹ 1 each fully pa | lid | | 10,00,00 |
| | General Res | u Surpius ; | | and all the | 1 |
| | General nes | BIVE | Technol 7 1 | a topo il des sus sus sus | 4,00,00 |
| DUNG, GA E | Surplus Acco | ount | The second s | istern of Ocel a | Sand for |
| | Add : Share | of Revenue Profit of S L | tdia 2000 galana | 4,00,000 | 1.1.1 |
| | [See V | Norking Note (1)] | hictory and the | 1,60,000 | 1.2.2 |
| | | | SEC. CON | 1,00,000 | E 00 m |
| 000 08 . | | Total Shareholder | | | 5,60,00 |
| | Non-controlling | Total Shareholder | S' Funds | Twood of the | 19,60,00 |
| (2) | Non-Current Lial | hilities | iote (4)] | and the second second | 2,60,00 |
| (3) | | | energy and a second | service as exercise | |
| CARL MEL | Creditors : | H Ltd. | 1.10-1-1 | here in the second of the | 51 |
| | | S Ltd. | Martin An | 2,00,000 2,20,000 | 1.17 C |
| 600 BR | | · · · · · · | N 59.11 B.X | 2,20,000 | |
| | | Tetel Carlo | | | 4,20,00 |
| NG 10 N | | Total Equity and L | iabilities in to out | i mitanisti to son | 26,40,00 |
| the state of the second | sets | | a (| even in even | 1.14 |
| 000 51.(1) | Non-Current Ass Intangible Ass | | intervention of the | | |
| 000,7 | Goodwill | or Cost of Costal ICo | lote (0)1 | | |
| (2) | HIN | or Cost of Control [See N (Sundry Assets assumed | d as Current Asset | s) ₹ | 40,00 |
| n bus du l | S Ltd. Mark to | he hoppinens (Lionalder | la strange | 16,00,000 | |
| | | a standard and a stan | ena ser e contra da ena ser e contra da ser e contra | 10,00,000 | 084 |
| 1 S. Lat. | 50 L. 19 1 | | | All all the set | 26,00,00 |
| * | | Total Assets | | | 26,40,00 |
| Working N | | | | E | 20,40,00 |
| (1) Ca | Iculation of Rever | nue Profits of S Ltd. | | E tai Aller | in a start |
| | (e) (och | SURPLUS ACCOU | NT OF SITE | Provensile Lui | |
| o Balance | b/d | station of the second second second | | | nya ing Malaka Malaka |
| State of the second second second | n 1st April 2017) | ₹ By 3,00,000 | Jou no jou | r 2017-18 | er orderster |
| o Balance | | 1,80,000 | (Balancing figure |) | 4,80,000 |
| | 121-19-204 (19-1) | | | | - 1 - 1 - 1 - 1 - 1 |
| | ÷ | 4,80,000 | | | 4,80,000 |
| Shares | were purchased o | a 20th September 201 | | | |
| | | n 30th September, 2017 (| | | ths from 1s |
| clober, 20 | 17 to 31st March | , 2018 is ₹ 2,40,000 | 1.e. 2 × ₹ 4,80,000 | and half profit | ₹ 2,40.000 |
| | C. 4 - 19-1 - 192 - 1 | · · · · · · · · · · · · · · · · · · · | Network 194 | ./ | -1.2,22 |
| maining to | 1st April, 2017 to | 30th September, 2017 is | s capital profit. | | 13 |
| West | 243 | | | | a second second |

| 1. | A | | |
|-----------------|---|---|---|
| | Total shares of S Ltd. | Ridden C. (Repairing 7 | 6,00,000 |
| and the | Number of shares acquired by H Ltd. | A solution of the | 4,00,000 |
| inter a | Share of Revenue Profit of H Ltd. $\left(\frac{4,00,000}{6,00,000} \times \gtrless 2,4\right)$ | 0,000 | ₹ 1,60,000 |
| 你这么 样 | Share of Revenue Profit of Non-controlling Sharehol | DROJ | |
| ale. | (<u>2,00,000</u> × ₹ 2,40,000) | and the second se | ₹ 80,000 |
| (2) (| Calculation of Capital Loss of S Ltd. | involution and a first | schob <i>t</i> .₹ |
| (2) | Debit balance (i.e. loss) of Surplus Account of S Ltd | . as on 1-4-2017 | 3,00,000 |
| Jo L | ess : Capital Profit earned by S Ltd. from 1-4-2017 to 30 | -9-2017 | 2,40,000 |
| and an owned by | Capital Loss grow a third remain the constraints | | 60,000 |
| | $\frac{2}{3}$ Share of Capital Loss of H Ltd. $\left(\frac{4,00,000}{6,00,000} \times ₹ 60, 1\right)$ | the second se | 40,000 |
| 1 | $\frac{1}{3}$ Share of Capital Loss of Non-controlling Sharehold | To throug salarbard 17 he disc | 12 - H |
| (3) | Calculation of Goodwill or Cost of Control | .12 | * |
| | Amount paid for acquiring shares of S Ltd. | ₹ | 4,00,000 |
| | Less : Face value of 4,00,000 shares of ₹ 1 each | 4,00,000 | |
| | Less: Share of capital loss (2) | 40,000 | 3,60,000 |
| Lime | | | 40,000 |
| | Goodwill or Cost of Control | statistical bas yf. | 40,000 |
| (4) | Calculation of Non-controlling Interest | Sheresteers' Funds | 0.00.000 |
| 8 8 8 | Face value of 2,00,000 shares of ₹ 1 each | National Association (B) | 2,00,000 80,000 |
| 1000 | Add : Share of revenue profit (1) | to percently gravity and it. | and the second se |
| A SPACE ST | | and the second second second | 2,80,000 |
| | Less : Share of capital loss (2) | Carles and Banks | 20,000 |
| 28.5 | Non-controlling Interest | The Second Second | 2,60,000 |
| | DODI THE CD Indian of Acasta Elimination | of Common Transactions | and Stock |

PROBLEM 7. (*Revaluation of Assets, Elimination of Common Transactions and Stock Reserve*). Prepare a Consolidated Balance Sheet from the following Balance Sheets of two companies.

BALANCE SHEETS OF H AND S COMPANIES as on 31st March, 2018

| | DOS.4 | <i>H</i> ₹ | S ₹ |
|----------|--|----------------------|--------|
| 20. C | Equity and Liabilities | In Monines he | * |
| | (1) Shareholders' Funds | | 151 |
| | (a) Share Capital : | Control and Spenning | 121 |
| | Equity Shares of ₹ 10 each | 10,000 | 2,000 |
| | (b) Reserves and Surplus : | | |
| CAR C | (i) Reserve Fund | 1,000 | 600 |
| -120 | (ii) Surplus Account | 4,000 | 1,200 |
| 2 4 | (2) Current Liabilities | | |
| 193.98 | Trade Payables : | | |
| 1 | (i) Creditors | 2,000 | 1,200 |
| 2018.142 | (ii) Bills Payable | _ | 300 |
| | Tota | al 17,000 | 5,300 |
| П. | Assets | and the second press | |
| | (1) Non-current Assets | As the second | |
| 1000 | (a) Sundry Fixed Assets | 8,000 | 1,200 |
| 1902.0 | (b) Investment : 150 Shares in S at Cost | 1,500 | |

| (2 | 2) Current Assets | | and shares and shares a | 6,100 | 2,40 |
|-------------------------|--|---------------------------------|--|--|--------------|
| | (a) Stock (b) Trade Receiva | hles . | | | |
| | (b) Trade Receive (i) Debtor | | 100 10 10 10 10 10 10 10 10 10 10 10 10 | 1,300 | 1,70 |
| | (ii) Bills Re | | a Brits barred Britsby | 100 | - |
| | (<i>a</i>) Diiis K | | Total | 17,000 | 5,30 |
| D 28 | | | | en la constanta da la constanta da | |
| Addi | tional information : | | | a 10 - 615 Sea | 1 |
| | | d all the profits o | only since the above 15 |) snares were a | icquirea b |
| (1) | H. | tites of these 15 | a charge by H Comp | ny S had got | reserves a |
| (<i>u</i>) | 5 600. | sition of these 15 | 0 shares by H Compa | ing o into go | - Cool res (|
| | Sills Pavable of S are i | in favour of Com | oany H which had disco | unted ₹ 200 of | them. |
| (iv) S | Sundry assets of S are | under valued by | ₹ 200. | | |
| (v) 5 | tock of H includes go | ods of ₹ 500 purc | hased from S at a profi | t to company S | of 25% o |
| | ost. | | services of territy on Shelin | VORT SO E ENSERIO | Rate |
| OLUT | 10N7 | | n - Io and I gamupas | N. Great way | 10.6 |
| | CONSOLIDATE | D BALANCE SHE | ET OF H AND ITS SUB | SIDIARY S | ng 7 rata |
| Alta Carro | | as on 31st i | March, 2018 | 10107402 D AS | |
| 100 | | | (intro) led | test and mathematic | ₹ |
| interest and the second | uity and Liabilities | 2 | tenseitti petilestaus : | | |
| (1) | Shareholders' Fund | S | suit ¹ Al community (C. | | |
| | (a) Share Capital | ares of ₹ 10 each f | | Samerie Stances | 10.00 |
| 2.84 | (b) Reserves and S | | ully paid up | | 10,00 |
| | A MARKAN CONSISTENCE TO SHOP TO THE REPORT OF A SHAPE TO SHAPE | [See Working Note | e (3)] | 600 | |
| | Reserve Fund | looo working work | 5 (0)] | 1,000 | |
| in the second | A Surplus Account | The second second | 4,000 | A | mente |
| the sta | Share of Revenu | e Profit of S | | | and a start |
| | [See Working No | ote (2)] | 900 | | as balactare |
| | 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1 | MARINE AND A PART | 4,900 | a (| |
| | | 25 | | | |
| | Less : Unrealise | d Profit (<u>25</u> × ₹ 5 | 00 100 | | |
| 3 | * | 1 | 1 | 4,800 | 2 |
| | Non-controlling Into | reat [Cas Marking | NL 1 200 | | 6,400 |
| (2) | Non-controlling Inter Non-Current Liabiliti | lee working | | Marked at Protocol Protocol Marked and American American | 1,000 |
| (3) | Current Liabilities : | CO | - 1319.48 (9) (| and the second sec | · · · · |
| | Creditors : H | 1 | wards who sawed who | ₹ | 10 |
| | S | | i adiputit dan | | |
| | | | Section and and a | 1,200 | 0.000 |
| | Bills Payable : | S | alitar i ashi a | 200 | 3,200 |
| | | Less : Held by H | the second | 100 | Same in |
| | inches 1 | ordertainers. Sourcertainer and | in the state of th | 100 | 1 1.22.14 |
| | Martin and a star | Total Caulton | (abiter | | 200 |
| | | Total Equity and | Liabilities advantage | 4 BB | 20,800 |
| Asse | ts ditta interior | | | | |
| (1) 1 | Ion-Current Assets | | | 8.2 | |
| - 1940A | Sundry Assets : | H | | 8,000 | A.B. 12 |
| 1 | 0200 8 | S (₹ 1,200 + ₹ 20 | 0 under valued) | 1,400 | A P |
| | | | | | |
| 4 | ANZ I THE TOTAL | 1. 1. 1. 1. N. N. | LI & D. PSYMAR, IPS : Not | aware to a second | 9,400 |

| (2) Current Assets Stock : H | STATE THE STATE PT | orrand ide | |
|---|--|---|---------------------------|
| S | is a small farmer frammer på smilippare | 6,100 2,400 | |
| Less : Unrealised Profit $\left(\frac{25}{125} \times ₹ 500\right)$ | r sandy Chi | 8,500 | |
| Sundry Debtors : H | | 1,300 | 8,400 |
| Total Assets | | 1,700 | <u>3,000</u> 20,800 |
| rking Notes : | The second s | | |
| Out of 200 shares of 5,150 shares are aquired by H Therefore % of shares acquired by H = $\frac{150}{200} \times 100 =$ | 75% | of Manufacture and | |
| % of shares acquired by non-controlling s | | 100 050 | ag ler ni i te |
| (1) Analysis of Capital Profit | arenolders = 200 × | 100 = 25% | Wards Bark |
| Reserves of S | | News. | 7 |
| Increase in Sundry Assets of S | | TRACH | 600, 200 |
| | | 1 8 ETDY | 800 |
| Less : Share of Non-controlling Interes | t (₹800 × 25/100) | No aero de las ta | 200 |
| Holding Co. Share | na si na sendera an | | 600 |
| (2) Analysis of Revenue Profit Surplus A/c of S as at 31-3-2018 | uniosian yi ^r ana nu | ana fériliste ogé | 1,200 |
| Less : Share of Non-controlling Intere | st (₹ 1,200 × <u>25</u> 100) | a na arangutan Ai tayan ƙwara Ai tayan ƙwara | 300 |
| Holding Co. Share | | | 900 |
| (3) Calculation of Cost of Control or Capital Rea Amount paid for 150 shares in S Less: Paid up value of 150 shares of ₹ 10 ea Share of Capital Profit | HHUN | ₹) 1,500 <u>600</u> | ₹ 1,500 2,100 |
| | the second second | | 600 |
| Capital Reserve | in the second stream | Fil gallettine | ₹ |
| (4) Calculation of Non-controlling Interest : Face value of 50 shares of ₹ 10 each held by Share of Capital Profit Share of Revenue Profit | | <mark>gi s</mark> ili dawa Senti si su Manaziri a | 500 200 |
| Non-controlling Interest | | | 1,000 |
| Non-condoming | 1 Lit halance in S | urplus Alc) W | hen H Ltd. |
| PROBLEM 8. (<i>Revaluation of assets alongw</i> purchased 24,000 equity shares in S Ltd. on 1-4-20 37,500 (Dr.) in Surplus Account. From their H prepare a Consolidated Balance Sheet. | 17, S Ltd. had ₹ 22,5 salance Sheets on 3 | 500 in general 1-3-2018 give | reserve and n as below |
| Consolitated Datanee Shoet | and presses and | H Ltd. | S Ltd. ₹ |
| | 53 | | 1.00 |
| I. Equity and Liabilities (1) Shareholders' Funds | The second second | one, o rolf all th | and the |
| (a) Share Capital : Equity Shares of ₹ 10 each | a de la facta ya marta altras. A | 7,50,000 | 3,00,00 |

| (b) Reserves and Surplus : (i) General Reserve (ii) Surplus Account (2) Current Liabilities | 90,000 60,000 | 7,500 () 67,500 |
|--|----------------------|--------------------|
| (2) Current Liabilities Creditors | 1,05,000 | 31,500 |
| Total | 10,05,000 | 2,71,500 |
| II. Assets | asortial) yrionis | 100 |
| (1) Non-current Assets (a) Fixed Assets (b) Investment in S Ltd. | 6,75,000 2,10,000 | 1,50,000 |
| (2) Current Assets | 1,20,000 | 1,21,500 |
| Total | 10,05,000 | 2,71,500 |

Fixed asset standing in the books of S Ltd. at ₹ 90,000 was considered worth ₹ 75,000 on the date of purchase of control for the purpose of determining the value of shares ; 20% depreciation has been written off since acquisition. Stock of H Ltd. includes ₹ 30,000 on which S Ltd. made ₹ 7,500 profit.

| V 1,500 prom. | THE OF LOT BUILD AN OF SHEET AND |
|--|---|
| SOLUTION | 5 10 29 Miceste |
| Working Notes : | interesting and the second |
| No. of shares of S Ltd. | 20.000 |
| No. of shares of S. Ltd. acquired by H Ltd. | 30,000 24,000 24,000 |
| Proportion of shares acquired by H Ltd. $\begin{pmatrix} 24,00\\ 30,00 \end{pmatrix}$ | 0 |
| Proportion of shares held by non-controlling sha | areholders $\left(\frac{6,000}{20,000}\right)$ which is introduced [1] |
| (1) Calculation of Capital Loss | ₹ |
| Surplus A/c on 1-4-2017 (30 000 + 75 00 | o) 37,500 (Dr.) |
| Less : General Reserve on 1-4-2017 (30 00 | 22,500 (DL.) |
| Add : Overvaluation of Fixed Asset (₹ 90,000 - | ₹ 75,000 |
| | (75,000) |
| Capital Loss | 000,00 managed and 150 managed at |
| H Ltd.'s Share (4/= ×₹ 30.000) | 10100 1016 D 10 903 48 |
| H Ltd.'s Share ($\frac{7}{5}$ × ₹ 30,000) | 24,000 |
| Non-controlling Interest's Share (¹ / ₅ × ₹ 30,000 | Contraction Contraction |
| (2) Calculation of Revenue Loss | 6,000 Ginter of Non-to set to be the set of |
| Surplus A/c 31-3-2018 | 🕈 , r evo vetur (d fo datas of f 10 each |
| Less : Surplus A/c on 1-4-2017 | 67,500 (Dr.) |
| | Mar and which to 5, 37,500 (Dr.) |
| Add: General Persons on tot source | del philotroceneit 30,000 |
| Add. General Reserve on 1-4-2017 | ₹ 22 500 |
| Less : General Reserve on 31-3-2018 | ₹ .7,500 antipulas (A) & ATA (SIC) (A) |
| maket a contraction of the contract of the state of the s | no. by 1 at evands others, first 15 000 prov |
| | |
| Less : Depreciation on Overvaluation of Fixed As | ssets (20% of ₹ 15 000) |
| Revenue Loss (<i>i.e.</i> , Loss since acquisition) | ssets (20% of ₹ 15,000)3,000 |
| revenue Less (ne., Less since acquisition) | 42,000 |
| H Ltd's Share of Revenue Loss $\left(\frac{4}{5} \times ₹ 42,000\right)$ | astration 1 fame 133,600 |
| Share of Non-controlling Shareholders $\frac{1}{5} \times \neq 42$, | china ge reaction zead c. 11 |
| | |
| References and a second s | i Shacenet gingh F |
| | |

| (0) (| Calculation of Oracia - | | |
|--|--|---|-------------------------|
| (3) (| Calculation of Capital Reserve Cost of Investment in S Ltd. | billy shand | Nectors) (2.1₹ |
| ĩ | ess : Face Value of 24,000 Shares | ···· 均均和1.440 | 2,10,000 |
| L | ess : Capital Loss (H Ltd.'s Share) | ₹ 2,40,000 | |
| | | ₹ 24,000 | |
| | tanital Deserve | | 2,16,000 |
| | apital Reserve on Consolidation | | 6,000 |
| (4) 0 | alculation of Non-controlling Interest | Total Aspett | ₹ |
| | ace Value of 6,000 Shares of ₹ 10 each | and the part for the second | 60,000 |
| ALTON TOP | ess : Share of Capital Loss Share of Revenue Loss | ₹ 6,000 | Malleorga |
| Sac Long | Charce of Neverille Loss | ₹ 8,400 | there where the street |
| N | on outralling interest | is a distribute to stale whether | 14,400 |
| in a set | on-controlling Interest | i aredinā ir | 45,600 |
| | CONSOLIDATED BALANCE SUCCE O | | |
| and the part of the | CONSOLIDATED BALANCE SHEET O as at 31st / | F H LTD. AND ITS SUBSIDIAR March, 2018 | Y S LTD. |
| 1 | uity and Liabilities | | 2571-260-222 |
| (1) | Shareholders' Funds | | the states a particular |
| | (a) Share Capital | doist by 7 Jun | |
| end: 773 | 75,000 Equity Shares of ₹ 10 each | fully paid | 7 50 000 |
| 67.2 | (b) Reserves and Surplus : | | 7,50,000 |
| - | Capital Reserve [See Working Note | e (3)] | 6,000 |
| 04,08 | General Reserve | | 90,000 |
| | Surplus Account (H Ltd.) | | ₹ 0.000 |
| 041,27 | Less : Share of Revenue Loss of S | 6 Site | 0,000 |
| 02.07 | [See Working Note (2)] | | 3,600 |
| | 3(=/) | | |
| | Less : Unrealised Profit on Stock | | 6,400 |
| | Less . Onealised From On Stock | and the second | 7,500 |
| the second s | Total Sharehold | ers' Funds | 8,64,900 |
| | Non-controlling Interest [See Working | | 45,600 |
| (2) | Non-Current Liabilities | | - |
| (3) | Current Liabilities : | | ₹ satisted |
| | Creditors : H Ltd. | 1,0 | 5,000 |
| 0.00.1 | S Ltd. | down the School | |
| | | 5. 1 | 1,36,500 |
| | 1006.61 | | Labor F |
| | Total Equity and | Liabilities | 10,47,000 |
| II. Ass | ets | | |
| (1) | Non-Current Assets | | anapra-2 |
| 1 3.5 F | Fixed Assets : | | ₹ |
| | H Ltd. | 6,7 | 5,000 |
| | S Ltd. | 1,5 | 0,000 |
| Maria R. P. | | | |
| atte st | | | 5,000 3 (millionale |
| | Less : Overvaluation | 1. | 5,000 |
| 2.7.2 | the second s | 8,1 | 0,000 |
| magn 2 | Add: 20% Depreciation on Ove | rvaluation written back | 3,000 |
| | | to be at the transfer the program | 8,13,000 |

| (2) Current Assets : | H Ltd. S Ltd. | 1,20,000 | -11 440g |
|----------------------|-----------------------------------|-----------------------|-----------------------|
| | Less : Unrealised Profit on Stock | 2,41,500 7,500 | |
| | Total Assets | مراهدین زمین منابع | 2,34,000 10,47,000 |

PROBLEM 9. (Where proposed dividend is given in the Balance Sheet). Big Ltd. acquired 90% of the Equity shares in Small Ltd. on September 30, 2017 at a cost of ₹ 60,000. No Balance Sheet was prepared at the date of acquisition. Liabilities and assets of Small Ltd. as at 31-3-2017 and 31-3-2018 were as follows :

| ((| THE REPORT OF A LEWIS CONTRACT OF A DESCRIPTION OF A DESC | 31-3-2017 ₹ | 31-3-2018 |
|--------------------|--|-----------------|------------|
| Liabilities | | | |
| Issued Capi | | 850 66 2 2 2 | 1.14 |
| | y Shares of ₹ 10 each | A weeks man | 191 |
| Revenue Re | | 20,000 | 20,000 |
| Surplus A/c | | | 44,000 |
| Proposed D | | | 17,400 |
| ACC INC | I line Watering Market | 000 000 000 | 4,200 |
| Assets | * | | 85,600 |
| Net Assets | 1.06C.08 | long a serie la | |
| Goodwill | int i the second s | 60,000 | 75,600 |
| GOOUWIII | Viewing Point 121 | 10,000 | |
| | 1 A 7 1 A 4 A 4 A 4 A 4 A 4 A 4 A 4 A 4 A 4 A | 10,000 | 10,000 |
| | And the second | 70,000 | 85,600 |
| Big Ltd.' | s liabilities and assets on 31-3-2018 were : | | 1 |
| | Constraints and the second | | <u>a</u> 3 |

| | | (Friskaid Stiffer | le engliteshend ; | chickler math | 31-3-2018 |
|-------------------|----------------------------|----------------------------|-------------------|---|--------------------|
| Liabilities | | | activity. | A manufactor | ₹ |
| Share Cap | ital : | | | Nidelli theman | 18 |
| | iity Shares of ₹ 10 each | | 1021 H | " Practice to | |
| Reserves : | , and a vio cach | | . P13 E | | 2,00,000 |
| 050 14-2 | Capital | | | ₹ | |
| | Revenue | and the cost of the second | r Tono T | 20,000 1,00,000 | (Participant) |
| 5 | Surplus A/c | | All Market | Non-Current A | 1,20,000 |
| | | | | Her's pauli | 40,000 |
| Assets | 10.01 | | | ALC: N | 3,60,000 |
| Net Assets | | | | and the second se | |
| Subsidiary | Co. 1,800 shares of ₹ 10 e | ach in Small Ltd. | | | 3,00,000 60,000 |
| | | | | See 1 | |
| Dig I to | l. has not passed entri | | * | | 3,60,000 |

Consolidated Balance Sheet of Big Ltd. as at 31-3-2018.

| as at 31st March, 2018 | MALL LTD. |
|--|--|
| L Equity and Liabilities | ₹• |
| (1) Shareholders' Funds | |
| (a) Share Capital | A market and the second |
| 20,000 Equity Shares of ₹ 10 each fully paid | aur dura's an |
| (c) and outplus | 2,00,00 |
| Capital Reserve | ₹ |
| Add : Capital Reserve on Consolidation [See Note (4)] | 20 |
| Revenue Reserve | 20,020 |
| Surplus A/c | 1,00,000 |
| Add : Share in Small I to ISee Working Nate (a) | |
| | Concerning and the second statements |
| | 47,020 |
| Shareholders' Funds | 3,67,040 |
| Non-controlling Interest [See Working Note (5)] | 8,560 |
| Total Equity and Liabilities | 3,75,600 |
| II. Assets | - |
| Net Assets : | ₹ |
| Big Ltd. 3,00,00 | 10 m |
| Small Ltd. 75 cd | |
| Martin - Martin consider of parage as the body of the first of the state of the sta | 3,75,600 |
| 2001 - CONTRACTOR - CONT | |
| orking Notes · | 1. Januaria (S. 181) |
| | (a) Catadati |
| orking Notes : (1) Proportion of Holding Company's Share | (8) Catodeti ▼ Face Vs |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. | 1 shucieČ (č) ov kos 1 ₹ nr (bbk 2,000 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. | (8) Celoideti 5 Face Vs 000 \$ |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. | 144421400 (8) 2,000 1,800 9 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\left(\frac{1,800}{2,000}\right)$ | ₹ 2,000 1,800 <u>9</u> 10 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\left(\frac{1,800}{2,000}\right)$ Proportion of non-controlling interest $\left(\frac{200}{2,000}\right)$ | ₹ 2,000 1,800 <u>9</u> 10 10 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\left(\frac{1,800}{2,000}\right)$ Proportion of non-controlling interest $\left(\frac{200}{2,000}\right)$ | ₹ 2,000 1,800 <u>9</u> 10 <u>1</u> 10 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\left(\frac{1,800}{2,000}\right)$ Proportion of non-controlling interest $\left(\frac{200}{2,000}\right)$ (2) Calculation of Revenue Profit | ₹ 2,000 1,800 <u>9</u> 10 10 10 10 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\left(\frac{1,800}{2,000}\right)$ Proportion of non-controlling interest $\left(\frac{200}{2,000}\right)$ (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 | ₹ 2,000 1,800 <u>9</u> 10 <u>1</u> 10 ₹ 17,400 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\begin{pmatrix} 1,800\\ 2,000 \end{pmatrix}$ Proportion of non-controlling interest $\begin{pmatrix} 200\\ 2,000 \end{pmatrix}$ (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 Less + Belance on 21-2-2017 | ₹ 2,000 1,800 9 10 10 10 10 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\left(\frac{1,800}{2,000}\right)$ Proportion of non-controlling interest $\left(\frac{200}{2,000}\right)$ (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 | ₹ 2,000 1,800 <u>9</u> 10 <u>1</u> 10 ₹ 17,400 10,000 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\left(\frac{1,800}{2,000}\right)$ Proportion of non-controlling interest $\left(\frac{200}{2,000}\right)$ (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 Less : Balance as on 31-3-2017 | ₹ 2,000 1,800 <u>9</u> 10 <u>1</u> 10 ₹ 17,400 10,000 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share (1,800/2,000) Proportion of non-controlling interest (200/2,000) (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 Less : Balance as on 31-3-2017 Add : Transfer to Reserve during the year 2017-18 (₹ 44,000 - ₹ 40,000) | ₹ 2,000 1,800 <u>9</u> 10 <u>1</u> 10 ₹ 17,400 10,000 7,400 4,000 11,400 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share (1,800/(2,000)) Proportion of non-controlling interest (200/(2,000)) (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 Less : Balance as on 31-3-2017 Add : Transfer to Reserve during the year 2017-18 (₹ 44,000 - ₹ 40,000) | ₹ 2,000 1,800 <u>9</u> 10 <u>1</u> 10 ₹ 17,400 10,000 7,400 4,000 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\begin{pmatrix} 1,800\\ 2,000 \end{pmatrix}$ Proportion of non-controlling interest $\begin{pmatrix} 200\\ 2,000 \end{pmatrix}$ (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 Less : Balance as on 31-3-2017 Add : Transfer to Reserve during the year 2017-18 (₹ 44,000 – ₹ 40,000) Add : Proposed dividend Profit for the year 2017-18 | ₹ 2,000 1,800 9 10 10 10 ₹ 17,400 10,000 7,400 4,000 11,400 4,200 15,600 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\begin{pmatrix} 1,800\\ 2,000 \end{pmatrix}$ Proportion of non-controlling interest $\begin{pmatrix} 200\\ 2,000 \end{pmatrix}$ (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 Less : Balance as on 31-3-2017 Add : Transfer to Reserve during the year 2017-18 (₹ 44,000 – ₹ 40,000) Add : Proposed dividend Profit for the year 2017-18 | ₹ 2,000 1,800 9 10 10 10 ₹ 17,400 10,000 7,400 4,000 11,400 4,200 15,600 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share $\left(\frac{1,800}{2,000}\right)$ Proportion of non-controlling interest $\left(\frac{200}{2,000}\right)$ (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 Less : Balance as on 31-3-2017 Add : Transfer to Reserve during the year 2017-18 (₹ 44,000 - ₹ 40,000) Add : Proposed dividend Profit for the year 2017-18 Less : $\frac{1}{2}$ of ₹ 15,600 treated as capital profit because shares of | ₹ 2,000 1,800 9 10 1 1 10 ₹ 17,400 10,000 7,400 4,000 11,400 4,200 15,600 |
| (1) Proportion of Holding Company's Share Total number of shares of Small Ltd. Number of shares acquired by Big Ltd. Proportion of holding company's share (1,800/2,000) Proportion of non-controlling interest (200/2,000) (2) Calculation of Revenue Profit Balance of Surplus A/c as on 31-3-2018 Less : Balance as on 31-3-2017 Add : Transfer to Reserve during the year 2017-18 (₹ 44,000 - ₹ 40,000) Add : Proposed dividend Profit for the year 2017-18 | ₹ 2,000 1,800 9 10 10 10 ₹ 17,400 10,000 7,400 4,000 11,400 4,200 15,600 |

| | | | ACHARD TH |
|-----------------------------------|--|--|--|
| | | inna (aminatalan) | 7,020 |
| | Non-controlling Interest's Share $\left(₹ 7,800 \times \frac{1}{10} \right)$ | antifitted i took | 780 |
| (3) | | and the muse | |
| 、 | Surplus A/c as on 31-3-2017 | Share's state | 10,000 |
| 555 S.S. | Revenue Reserve as on 31-3-2017 | | 40,000 |
| | caned Anna space of a second | nd? vturn 4 005 00 | 50,000 |
| | | Capitel Pretacion | 50,000 |
| | Add : $\frac{1}{2}$ of profit ₹ 15,600 (<i>i.e.</i> ₹ 4,000 + ₹ 7,400 + ₹ 4,200] | Add Garage Faus | |
| ANN 200 | for 2017-2018 treated as capital profit | | 7,800 |
| GERY OG | Capital Profit | syndral aumoust | 57,800 |
| | Contraction and | SIA Substant | 57,000 |
| A | all the Waren's Note in the | nel mienzala . 554 | 2 |
| (250)%P | Big Ltd.'s Share $(₹ 57,800 \times \frac{9}{10})$ | | 52,020 |
| | | | 02,020 |
| 30 - U I | Non-controlling Interest's Share $\left(\text{₹ 57,800} \times \frac{1}{10} \right)$ | and an and an and an and | 5 790 |
| (4) (| Calculation of Capital Reserve on Consolidation | unua financiador-u | 5,780 |
| | Amount paid for acquiring shares of Small Ltd. | = | WAR LICE |
| L | ess : Face value of 1,800 shares of ₹ 10 each | 18,000 | 60,000 |
| | Share of Capital Profit | 52,020 | |
| | 0.00.01.0 | | 70.000 |
| | - 1 253 T | 574 - 2158 State - 1 | 70,020 |
| C. C. | ess : Adjustment of Small Ltd.'s goodwill as shown in Balance | ce Sheet | 10,020 10,000 |
| | Capital Reserve on Consolidation | | 20 |
| (5) Ca | Iculation of Non-controlling Interest | | 20 |
| F | ace value of 200 Shares of ₹ 10 each | | Sincing Mote |
| | | | 2,000 |
| A | dd: 1/10 Share of Capital Profit | elion of Holding Co | |
| A | dd: 1/10 Share of Capital Profit | our printing to hold the south of the sector | 5,780 |
| A | dd : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit | | 5,780 |
| PRO | dd : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BI EM 10 (Revelued) | n solvas to redmina multas solvan | 5,780 780 8,560 |
| PRO jack Ltd | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (<i>Revaluation of Assets</i>). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet | n solvas to redmina multas solvan | 5,780 780 8,560 |
| PRO jack Ltd I. Equ | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (<i>Revaluation of Assets</i>). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities | n solvas to redmina multas solvan | 5,780 780 8,560 |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : | quired 6,000 Equi of Hijack Ltd. wa | 5,780 780 8,560 ty Shares in s as under : |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc . on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each | quired 6,000 Equi of Hijack Ltd. wa | 5,780 780 8,560 ty Shares in s as under : |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc . on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each | quired 6,000 Equi of Hijack Ltd. wa | 5,780 780 8,560 ty Shares in s as under : |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : | quired 6,000 Equi of Hijack Ltd. wa | 5,780 780 8,560 ty Shares in s as under : 10,00,000 |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : (i) General Reserve | quired 6,000 Equi of Hijack Ltd. wa | 5,780 780 8,560 ty Shares in s as under : 10,00,000 |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : (i) General Reserve | quired 6,000 Equi of Hijack Ltd. wa | 5,780 780 8,560 ty Shares in s as under : 10,00,000 2,00,000 |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : (i) General Reserve (ii) Surplus Account : | quired 6,000 Equi of Hijack Ltd. wa | 5,780 780 8,560 ty Shares in s as under : 10,00,000 2,00,000 |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : (i) General Reserve (ii) Surplus Account : Balance April 1, 2017 | uired 6,000 Equi of Hijack Ltd. wa ₹ 60,000 | 5,780 780 8,560 ty Shares in s as under : 10,00,000 2,00,000 |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : (i) General Reserve (ii) Surplus Account : Balance April 1, 2017 Profit for 2017-18 | quired 6,000 Equi of Hijack Ltd. wa 60,000 1,80,000 | 5,780 780 8,560 ty Shares in s as under : 10,00,000 2,00,000 2,20,000 |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : (i) General Reserve (ii) Surplus Account : Balance April 1, 2017 Profit for 2017-18 | quired 6,000 Equi of Hijack Ltd. wa 60,000 1,80,000 | 5,780 780 8,560 ty Shares in s as under : 10,00,000 2,00,000 2,20,000 |
| PRO jack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : (i) General Reserve (ii) Surplus Account : Balance April 1, 2017 Profit for 2017-18 Current Liabilities Sundry Creditors | uired 6,000 Equi of Hijack Ltd. wa 60,000 1,80,000 | 5,780 780 8,560 ty Shares in s as under : 10,00,000 2,00,000 2,20,000 2,20,000 2,20,000 |
| PRO ijack Ltd I. Equ (1) | ad : 1/10 Share of Capital Profit 1/10 Share of Revenue Profit BLEM 10. (Revaluation of Assets). Skyjack Ltd. acc. on October 1, 2017. On March 31, 2018 Balance Sheet ity and Liabilities Shareholders' Funds (a) Share Capital : Equity Shares of ₹ 100 each 8% Preference Shares of ₹ 100 each (b) Reserves and Surplus : (i) General Reserve (ii) Surplus Account : Balance April 1, 2017 Profit for 2017-18 | uired 6,000 Equi of Hijack Ltd. wa 60,000 1,80,000 | 5,780 780 8,560 ty Shares in s as under : |

| П. | | | | | | a water of |
|--------|-----|------------|---------------------------------------|--|-------------------|------------|
| | (1) | No | n-current Assets | A setting of the setting of the setting of the set of | | |
| | | | Fixed Assets : | o it is not wranted but the theorem. | F - MARINE | |
| | | | (i) Land & | Buildings at Cost | a las autor | 5,00,000 |
| | | | (ii) Machine | ery : | ₹ | 6 6 2 |
| | | | | Balance 1-4-2017 | 5,00,000 | |
| | | | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Less : Depreciation | 50,000 | |
| | | | | | | 4,50,000 |
| and an | (2) | Cur | rent Assets | | d 9 1 | |
| | | (a) | Stock at Cost | familie professioners | v a state of | 2,80,000 |
| | | (b) | Debtors | and the second sec | | 2,20,000 |
| 5.7 PA | | (c) | Cash at Bank | | | |
| | | 19111910 | | | the second of the | 3,70,000 |
| C 11 | | | | enter de la contra | Total | 18,20,000 |
| | | | | | | |

As on the date of acquisition Skyjack Ltd. found the land and buildings overvalued by 40,000 and the value of Machinery to be ₹ 6,00,000. In preparing the Consolidated Balance heet, it was decided to use the proper values of assets. Ascertain Capital Profits, Revenue rofits and Non-controlling Interest showing the details of working.

OLUTION 0

| Calcu | ulation of Profits : | Ca | pital Profits | Revenue Profits |
|--------------|--|----------------------|---------------|--------------------|
| | | ₹ | ₹ | ₹ |
| | ral Reserve | | 2,20,000 | 274 K 2 |
| Surpl | us A/c Balance on 1-4-2017 | an leather 2 15 | 60,000 | |
| | for the year 2017-18 | 1,80,000 | and Carl | |
| Less | : 8% Preference Dividend on | Star Salar | | |
| | ₹ 2,00,000 Preference Share Capital | 16,000 | | |
| | | 1,64,000 | 19 10 B 20 19 | |
| Less | : Half of ₹ 1,64,000 i.e. Profit upto 30-9-2017 | | | |
| 14000 | taken as capital profit and balance half taken as | 1.00 | | |
| | revenue profit earned after 30-9-2017 | | 82,000 | 82,000 |
| all an | Increase in Value of Machinery : | and a manager of the | 02,000 | 02,000 |
| | Book Value on 1-4-2017 : | 5,00,000 | | |
| Less | Depreciation @ 10% for half year from | 01001000 | | 61.6 |
| 10176 | 1-4-2017 to 30-9-2017 | 25,000 | | |
| 3 | Book Value on 30-9-2017 | 4,75,000 | | |
| | Increased Value | 6,00,000 | | |
| O. Oater | | | | |
| 4 M (13 M - | Increase in Value i.e. Capital Profit | 1,25,000 | | and the second |
| 55 | 1. Manhande | TT 818 | 1,25,000 | |
| | | | 4,87,000 | |
| Less | Depreciation @ 10% p.a. for 6 months from 1-10- | | | |
| | 2017 to 31-3-2018 on ₹ 1,25,000 increase in the | | | |
| | value of machinery (Depreciation on the rest of the machinery is already provided. Depreciation on | | | |
| 86.08 C | ₹ 5,00,000 machinery is given to be | | | 6,250 |
| | ₹ 50,000, so rate of depreciation is 10% p.a.) | 1. 1. 1. 1. 1. 1. 1. | | 75,750 |
| Less : | Reduction in Value of Land & Building | (A) | 40,000 | |
| Sand P. | | 13. June 1-48 | 4,47,000 | |
| D. Frank | | 1.00 | 4,47,000 | |
| | | | | |

| 100 | s : 2/5th share belonging to non-controlling shareholders | 11.25 | A .38 |
|-------------|---|---|-------------------|
| LUD | as they are having 4,000 equity shares out of 10,000 | starre and the start | |
| eloto, an P | equity shares $\left(i.e. \frac{4,000}{10,000} = \frac{2}{5}$ th share $\left(i.e. \frac{4,000}{10,000}\right) = \frac{2}{5}$ | 1,78,800 | 30,300 |
| | Balance 1 / Josephere 1 / Josephere 1 | (₹4,47,000 × ² / ₅) (₹ | 75,750 × 2 |
| | Share of Skyjack Ltd. is 3/5th as it has acquired | | |
| | 6,000 equity shares out of 10,000 equity shares | 2,68,200 | 45,450 |
| | Calculation of Non-controlling Interest | BALLS DE SCHOLM INC. | |
| NAME OF A | Paid up value of 8% Preference Shares | the The Barry | 2,00,000 |
| 9996,8 | 8% Dividend for the year 2017-18 Paid up value of 4,000 Equity Shares of ₹ 100 each | Aug I in dec () | 16,000 |
| | 2/5th Share of Capital Profits as calculated above | | 4,00,000 1,78,800 |
| | 2/5th Share of Revenue Profits as calculated above | | 30 300 |
| | Total Non-controlling Interest | an ground in a side of a | 8,25,100 |
| DD | DI CHAN II (D. CL.) CARANA | inter and the second second second second | |

PROBLEM 11. (*Bonus Shares*). S Ltd. has the capital of ₹ 75,00,000 in shares of ₹ 100 each out of which H Ltd. purchased 60% shares at ₹ 70,00,000. The profits of S Ltd. at the time of purchase of shares by H Ltd. were ₹ 40,00,000. S Ltd. decided to make a bonus issue out of pre-acquisition profits of one share of ₹ 100 each fully paid for every three shares held. Calculate the cost of control of acquiring shares of S Ltd. before the issue of bonus shares and after the issue of bonus shares.

| 1 PCC . | Amount paid for acquiring shares of | | ngys na . ₹ _{ampon} a | 70,00,000 |
|---------|---|---|--|-----------|
| Less : | Face value of 45,000 shares of ₹ 1 | 00 each | 45,00,000 | 1000 |
| | Share of pre-acquisition profit $\left(\neq 4 \right)$ | $(0,00,000 \times \frac{60}{100})$ | 24,00,000 | |
| | | | | 69,00,00 |
| | Cost of Control | er (d. organilare) is a 1985 a Na bel scraptid oet hereg ig | NY 75 BR ALT | 1,00,00 |
| Calcul | ation of Cost of Control after the Is | sue of Bonus Shares | and de la service de la constante de la constan La constante de la constante de | |
| | Cost of shares acquired | Second Bond's Shares | en in exercit | 70,00,000 |
| Less : | Paid-up value of shares held : | the state of the second | tiwadia¥ st ∌ d | 10,00,000 |
| | Value of 45,000 shares held before | issue of bonus shares | 45,00,000 | Servis. |
| Add : | 1-N - | | 19 68 N. B. C. A. A. | |
| | Bonus shares @ 1 for every 3 held | $(1.6., ₹ 45,00,000 \times \frac{1}{3})$ | 15,00,000 | |
| | $d \leq m_1 + 2 \leq n_1$ | | indy togethermani | 60,00,000 |
| Less : | Share in capital profit : | Lio Contal Piola | skennes and | 10,00,000 |
| 2000. | Pre-acquisition profits of S Ltd. | A STATE OF | | |
| Less : | Profits utilised for issue of bonus st | hares @ 1 obors | 40,00,000 | |
| | for every 3 shares held (i.e., total v | alue of | · | the start |
| | shares of S Ltd. ₹ 75,00,000, so bo | onus and the second | A STRATES | (OE |
| | shares are for (₹ 75,00,000 × $\frac{1}{3} = ₹$ | £ 25,00,000) | 25,00,000 | |
| | · · · · · · · · · · · · · · · · · · · | the state of a second states it. | and the second second | 1 |
| | Holding company's share of capital | profit is 60% | 15,00,000 | 10000 |
| | 1 945 D.S. | | | |
| | (<i>i.e.</i> , ₹ 15,00,000 × $\frac{60}{100}$) | the second second states and second | | 9,00,000 |
| | Cost of Control | | | 1,00,000 |
| | | • | | |

PROBLEM 12. (Revaluation of Assets. Bonus Sh

| prepare Consolidated Balance Shoet in the Shares, Inter Co. Owings & Stock Re | eserve). |
|---|----------|
| Prepare Consolidated Balance Sheet in the books of H Co. Ltd. from the following B Sheets of H Co. and S Co. and given information as at 31.3 2010 | alanca |
| Sheets of H Co. and S Co. and given information as at 31-3-2018 . | alance |

| t Fa | uity and Liabilities | H Co. | S Co. ₹ |
|--------------|--|----------------------|--------------------|
| 1. Ly (1) | | ed again and | Cast. |
| (1) | (g) Share Carling | pilote the 1 | (t) |
| 149 M. 201 | (a) Share Capital : | The let an one | |
| | (i) Equity Share Capital (₹100 per share) (ii) Preference Share Capital | 11,00,000 | 2,00,000 |
| CUM DS . | (b) Reserves and Surplus : | 1,00,000 | 40,000 |
| (2) | (i) Reserves (ii) Surplus Account Current Liabilities | 4,00,000 2,00,000 | 1,50,000 50,000 |
| 67 1 67 1 | (a) Creditors(b) Proposed Dividend | 3,00,000 | 1,00,000 40,000 |
| II. Ass | ets meter mean of Total | 21,00,000 | 5,80,000 |
| (1) | Non-current Assets | | |
| 3.70,0(x) | (a) Fixed Assets : (i) Tangible Assets : | | |
| | Machinery Machinery | 6 00 000 | 1.00.000 |
| | Furniture | 6,00,000 | 1,80,000 |
| 0.56. | (ii) Intengible Accests | 1,00,000 | 34,000 |
| | Participation of the second se | | |
| | Goodwill | 20,000 | 10,000 |
| | (b) Investment of 1 (00 Silver in States | - | 10,000 |
| | (b) investment : 1,000 Shares in S Ltd. | 3,20,000 | |
| (2) | Current Assets | 10,60,000 | 3,46,000 |
| PHONE I | Total | 21,00,000 | 5,80,000 |

Information :

(i) On the date of acquisition of shares by H Co., Reserves and Surplus Account of S Company stood at ₹ 50,000 and ₹ 30,000 respectively.

(ii) Machinery (Book value ₹ 2,00,000) of S Co. was revalued at ₹ 3,00,000 by H Co.

(iii) Furniture (Book value ₹ 40,000) of S Co. was revalued at ₹ 30,000 by H Co.

(*iv*) S Co. made a bonus issue during the year out of pre-acquisition profits for \gtrless 40,000 not recorded in the books.

(v) Included in the Creditors of S Co. is ₹ 20,000 for goods supplied by H Co. Also included in the stock of S Ltd. are goods to the value of ₹ 8,000 which were supplied by H Co. at a profit of 25% on sales.

SOLUTION 2

CONSOLIDATED BALANCE SHEET OF H CO. AND ITS SUBSIDIARY S CO.

as at March 31, 2018

| l. Eq | uity and Liabilities | ₹ arts/market |
|----------|---|---|
| (1) | | A the product of the second |
| SPACE OF | (a) Share Capital | and part and |
| 109.43 | Pref. Share Capital Equity Share Capital (₹ 100 per share) | 1,00,000 11,00,000 |

| | | and Surplus : | a god he real and | | 4,00,00 |
|----------------|--|--|--|-------------------------------|---|
| | Reserves | Account [See Working Note | (5)] | | 3,19,20 |
| | Surplus P | Total Shareholder | e' Funds | | 19,19,20 |
| | | ing Interest [See Working N | ote (4) | | 1,42,30 |
| (0) | Non-controlli Non-current | ing interest [See Working IV | | | 110 |
| (2) | Current Liabi | | | Transfer A Sector | 11157. J 1 |
| (3) | Creditors | | | 3,00,000 | e entre av |
| | Orealiers | 8 Co | 15 | 1,00,000 | 2 |
| | | is a second second second | ty tailined) searches | 4,00,000 | |
| | Less : Int | ter Co. Owings | had bound control | 20,000 | |
| | 1. TO 1. | | : An imposed to | and the summer of | 3,80,00 |
| | 1 11 - 16 4 | Total Equity and L | iabilities | energië (er | 24,41,50 |
| 199 (19) | La sad | | TELEPHON TH | 468 2 | |
| II. Ass | Non-Current | Accets | | stillion Lonsing | 154 |
| PR PA | Machinery : | H Co. | | 6,00,000 | 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - |
| 44) (34) | machinery . | S Co. | Dervisio | | |
| NO. 02 - | | Add : Increase in Value | | 1,00,000 | 15 16 2 |
| | | and an entropy of the second | | 8,80,000 | |
| | | Less : 10% Depreciation [S | See Note (2)] on | | |
| | | ₹ 1,00,000 Increase | | 10,000 | |
| | | | and the second sec | | 8,70,000 |
| | Furniture : | H Co. | and the state of t | 1,00,000 | |
| | | S Co. | n ann ann an the Source | 34,000 | |
| | | | and the second statements | 1,34,000 | |
| | | Less : Decrease in Value | the state of the state of | 10,000 | |
| 1611 (1)1 | | Add : Exace Denne init | 0.454 | 1,24,000 | |
| | | Add : Excess Depreciation [See Working note (2 | @ 15% | himmer and the | |
| Mar. M.F. | STREE TO ST | Reduced Value Writt | en Back | 1 500 | |
| 120.053 | Vetan (11) | Sector 1 | CIT DACK | 1,500 | 1,25,500 |
| | Intangible As | A PLAN AND AND A PLAN AND AND A PLAN AND A PLAN AND AND A PLAN AND AND A PLAN AND AND A PLAN AND AND AND AND AND AND AND AND AND A | and the second se | | 1,20,000 |
| | | Goodwill : H Co. S Co. | | 20,000 | a start |
| | | Cost of Control [See Worki | na Note (2)] | 10,000 | |
| (2) | | attender of | ing (10)e (3)] | 32,000 | 62,000 |
| (2) | Other Assets | ets | | | 02,000 |
| | and the states | 5 60. | | 10,60,000 | |
| | A and . Jorne | marker of New States and | all gaint 🙀 massi a | 3,46,000 | 1 100 March |
| | | Less: Inter Co. Owings | 20.000 | 14,06,000 | site trails |
| | and the second sec | STOCK Reserve | and the state of the loss | | cilla - S |
| 11 11 11 11 11 | | (25/100 × ₹ 8,000) | 2,000 | 146. We Re | weth well of |
| | | | | 22,000 | 25*** 91-20 |
| | | Total Assets | ABAC ISMALIAN C | 4. 20 | 13,84,000 |
| | C LES Y POPUL | is grade for the stand of the | MARCHINALAS C | ASA. THANK | 24,41,500 |
| Working I | Notes : | - Press | a de la companya de la compa | | and the late of the same |
| (1) A | Inalysis of Ca | pital Profit | | addition of place of | *** |
| G | General Reserv | e | | A design of the second | 50,000 |
| S | urplus A/c | | and the second se | Real analis i an anna Inte | 30,000 |
| | 5 | (diade | and Odi 1) (and O a | NET 2 PRIMA | 80,000 |
| | | | | | |

.

| and the set | Less : Bonus from pre-acquisition profit | 6 64 1 JI | 40,000 |
|-------------|--|------------------------------------|----------------------|
| | | | 40,000 |
| 1491 2 | Less : Commission on Issue of Shares | | 10,000 |
| 1 | | | 30,000 |
| | Add : Capital Profit on Machinery | | 1,00,000 |
| | - 10 11.07 | tratifier - 100 | 1,30,000 |
| | Less: Loss on Furniture | | 10,000 |
| Contrast- | | | 1,20,000 |
| | Holding Co. Share (4/5) | | |
| in here and | Non-controlling Interest (1/5) | | 96,000 24,000 |
| (2) | Analysis of Revenue Profit | | 24,000 |
| | Current Year Profit (₹ 50,000 - ₹ 30,000) | | 20,000 |
| | General Reserve (₹ 1,50,000 – ₹ 50,000) Add : Excess Dep. on Furniture (15% on ₹ 10,000) written back | No. 1 and 100 | 1,00,000 |
| | written back | and and an other star | 1,500 |
| | Less : Additional Depreciation on Machinery (10% on ₹ 1,00,000) | | 1,21,500 |
| | | | 10,000 |
| 12 12 12 12 | Add : Proposed Dividend | and the line | 1,11,500 |
| | Add : Proposed Dividend | Augo at lease | 40,000 |
| | Holding Co. Share (4/E of #1 E1 E00) | | 1,51,500 |
| 03.77.5 | Holding Co. Share (4/5 of ₹ 1,51,500) Share of Non-controlling Interest (1/5 of ₹ 1,51,500) | | 1,21,200 |
| | Note: Rate of Depreciation : | | 30,300 |
| | Machinery : Book Value ₹ 2,00,000 – ₹ 1,80,000 Value in Bala | nco Shoot | It was a set allowed |
| 1000 | | ince oneer | |
| 1000 | = ₹ 20,000 Dep. | | 1 |
| and bre | ∴ Rate = ₹ 20,000 ₹ 2,00,000 × 100 = 10% | | are and |
| 000,25 | ₹ 2,00,000 | | |
| Not an | Similarly, Rate of Depreciation for Furniture = $\frac{240,000 - 234}{240,000}$ | $\frac{000}{100} \times 100 = 100$ | 15% |
| DELT LAS | Similarly, Rate of Depreciation for 1 dimitare = ₹ 40,000 | | 1.1 |
| (3) | Cost of Control | | ₹ |
| | Cost of Investment | ₹ | 3,20,000 |
| B | Less : F.V. of Shares Bonus Shares (4/5 of ₹ 40,000) second average in average in the second | 1,60,000 | |
| 62,000 | bolius Shales (4/5 01 (40,000) | 96,000 | |
| - VVLIV | Capital Profit | | 2,88,000 |
| | Goodwill | Store 1988, tel | 32,000 |
| Sec. 1 | | | ₹ |
| (4) | Non-controlling Interest | Contra hac O | 40,000 |
| | F.V. of Shares F.V. of Pref. Shares | | 40,000 |
| | Share of Capital Profit and the support to support the | and a start | 24,000 |
| | | | 8,000 |
| Miller - | Bonus Shares (1/5 × ₹ 40,000) | JAY ODEN - 0 | 30,300 |
| | Share of Revenue Profit | | 1,42,300 |
| | 200.0 00.0 00.0 00.0 00.0 00.0 00.0 00. | | ₹ |
| (5) | Surplus A/c of Holding Co. | | 2,00,000 |
| | Surplus Account's Balance | | 1,21,200 |
| | Add : Share of Revenue Profit | | 3,21,200 |
| 100.105 | (25) | | 2,000 |
| titution | Less : Stock Reserve $\left(\neq 8,000 \times \frac{25}{100} \right)$ | | 3,19,200 |
| | | | |
| | | | |

PROBLEM 13. (Bonus Issue) Liabilities and assets of H Ltd. and S Ltd. on 31st March, 2018 are as follows :

| | HLtd. | S Ltd. |
|---|--------------------|----------|
| Liabilities | ₹ | ₹ |
| Share Capital—Shares of ₹ 10 each | 5,00,000 | 1,00,000 |
| Reserves | 80,000 | 30,000 |
| Surplus A/c | 60,000 | 40,000 |
| la de c | 6,40,000 | 1,70,000 |
| Assets | Rot" or or or it t | |
| Assets | 5,00,000 | 1,70,000 |
| 8,000 Shares in S Ltd. | 1,40,000 | - |
| na en | 6,40,000 | 1,70,000 |
| | | |

S Ltd. had the credit balance of ₹ 30,000 in the Reserves when H Ltd. acquired shares in S Ltd. It decided to make a bonus issue out of post-acquisition profits of two shares of ₹ 10 each fully paid for every five shares held. Calculate the cost of control before the issue of bonus shares and after the issue of bonus shares. Also make the Consolidated Balance Sheet after the issue of bonus shares.

| | 19 | Rate hands of Represent conductors in | | |
|---------|--|---|-------------|-----------------------|
| SOLUT | TION | | | nut la |
| | Analysis of Capital Profit | - 090.0015 Tears / Study - Lang | en al an | ₹ |
| | ess : Share of Non-controlling Interest | 增加的 网络月夏二十一 | | 30,000 |
| F | olding Co. Share | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | | 6,000 |
| | nalysis of Revenue Profit | and the state of the state of the state | | 24,000 |
| | alance in Surplus A/c | | | ₹ |
| | | an analysing a sub- | | 40,000 |
| L | ess : Bonus Issue $\left(₹ 1,00,000 \times \frac{2}{5}\right)$ | | | 40,000 |
| | | | | 10,000 |
| (3) C | ost of Control before the Issue of Boi | nuo Sharra | 1 1 2 1 | × |
| Co | ost of Shares in S Ltd. | nus Shares. | | 3 ₹ |
| Le | ss : Face value of 8,000 shares of ₹ 10 |) each | ₹ | 1,40,000 |
| | Share in capital profits | Cuch | 80,000 | |
| | | | 24,000 | 12:044 |
| | Cost of Control or Goodwill | Here Incore at | | 1,04,000 |
| | | | | 36,000 |
| (4) Co | st of Control after the Issue of Bonu | s Shares | | |
| Co | st of 8,000 shares in S. Ltd. | o ondrog | | ₹ |
| | s : Face value of 8,000 shares of ₹ 10 | Drawith Social as | Sec. M. and | 1,40,000 |
| 18 A.S. | each held before the issue of bonus | shares | 00 000 | and the second second |
| on na k | a second se | N | 80,000 | |
| | Face value of 3,200 (<i>i.e.</i> 8,000 $\times \frac{2}{5}$ | bonus shares of ₹ 10 each | 32,000 | |
| | (5 | | 52,000 | |
| | Share of Capital Profit | atom approval to | 24,000 | |
| | | Provide Andrew Applied B. | 24,000 | 1 00 000 |
| | 0 | 25 1 | | 1,36,000 |
| 610 | Cost of Control or Goodw | villen opvinseren gjevenseren | NOOR 32 | 4,000 |
| | | | | |

| (5) Calculation of Non-controlling Share capital held by outsiders | <i>g Interest</i> before issue of bonus shares— | 1. 15H |
|---|--|------------------|
| -2,000 shares of ₹ 10 each | solders and boling shares - | 20,000 |
| Add: 800 $\left\{ i.e. 2,000 \times \frac{2}{5} \right\}$ bor | nus shares of ₹ 10 each and for an and the state of the | 8,000 |
| Share in Reserves {₹ 30 | $0,000 \times \frac{2,000}{10,000}$ | 6,000 |
| | and a second | 34,000 |
| CONSOLIDATED BALANCE | SHEET OF H LTD. AND ITS SUBSIDIARY S LTD. as at 31st March, 2018 | |
| I. Equity and Liabilities | territika and the second and the | ₹ |
| (1) Shareholders' Funds | Plant in the second second provide the second | 1. A. A. |
| (a) Share Capital | The second se | |
| 50,000 shares of ₹ 10 € | each fully paid-up | 5,00,000 |
| (b) Reserves and Surplus : Reserves | 21/18/21/2014 A 1997 | |
| Surplus Account | a by T B courd Briefs T conductions | 80,000 60,000 |
| | to the second | |
| | Il Shareholders' Funds | 6,40,000 |
| Non-controlling Interest [S (2) Non-Current Liabilities (3) Current Liabilities | | 34,000 — — |
| To a serie of the series of | tal Equity and Liabilities | 6,74,000 |
| II. Assets | a general the constant in the state of a subscription | |
| (1) Non-Current Assets | 2013 Topic and Difference (b) I do be reached with the | |
| Fixed Assets : | ₹' | |
| Tangible Assets: H Lte | d. et as set that if she had that I A har a 5,00,000 of | T (5 14 1 1 1 1 |
| | d | a ment |
| settlessed kard domain and the set. S Ltd | Build for the stand | 6,70,000 |
| N 1 | And the second sec | |
| Intangible Asset : Goody | will [See Working Note (4)] | 4,000 |
| No. 1 | will [See Working Note (4)] | 4,000 |

10

PROBLEM 14. (Bonus, Revaluation of Assets and Elimination of Common Transactions). A limited company acquired 1,600 ordinary shares of B Ltd. of ₹ 100 each on 31st March, 2018. Balance Sheets of A Ltd. and B Ltd. as on that date were as follows :

| artis series de la companya transmissione de la companya de la companya de la companya de la companya de la com La companya de la comp | A Ltd. ₹ | B Ltd. ₹ |
|---|---------------|-------------|
| I. Equity and Liabilities | 1 ABA | |
| (1) Shareholders' Funds | | |
| (a) Share Capital : | and a second | |
| Equity Shares of ₹ 100 each fully | | |
| paid-up | 5,00,000 | 2,00,000 |
| (b) Reserves and Surplus : | PHER AND SHOW | 1 20 000 |
| (i) Capital Reserve | | 1,20,000 |
| (ii) General Reserve | 2,40,000 | |
| (iii) Surplus Account | 57,200 | 36,000 |

| (2) Current Liabilities | | NG1 |
|---|----------------------------------|----------------------|
| (a) Trade Payables : (i) Creditors (ii) Bills Payable (including ₹ 4,000 to A Ltd.) (b) Bank Overdraft | 47,100 80,000 | 9,000 8,400 |
| Total | 9,24,300 | 3,73,400 |
| II. Assets | | 1.00 |
| (1) Non-current Assets | | |
| (a) Fixed Assets : (i) Land & Building (ii) Plant & Machinery (b) Investment in B Ltd. at Cost (2) Current Assets | 1,50,000 2,40,000 3,40,000 | 1,80,000 1,09,400 |
| (a) Stocks (b) Sundry Debtors (c) Bills Receivable | 1,20,000 44,000 | 36,000 40,000 |
| (including ₹ 3,000 from B Ltd.) (d) Cash & Bank Balance | 15,800 14,500 | 8,000 |
| Total | 9,24,300 | 3,73,400 |

You are supplied the following information :

(1) B Ltd. has made a bonus issue on 31st March, 2018 of one equity share for every two shares held by its shareholders. Effect has yet to be given in the accounts for this issue.

(2) The directors are advised that Land and Buildings of B Ltd. are undervalued by ₹ 20,000 and Plant and Machinery of B Ltd. overvalued by ₹ 10,000. These assets have to be adjusted accordingly.

(3) Sundry creditors of A Ltd. include ₹ 12,000 due to B Ltd.

You are required to prepare the Consolidated Balance Sheet as at 31st March, 2018 together with the adjustment work sheet.

SOLUTION

CONSOLIDATED BALANCE SHEET OF A LTD. AND ITS SUBSIDIARY B LTD.

as on 31st March, 2018

| I. E. | uity and Liabilities <i>Shareholders' Funds</i> (a) Share Capital | ₹ 20089 |
|-------------|---|--------------------|
| | (a) Share Capital | anoy 4940nii |
| 1 33 | 5,000 Equity Shares of ₹ 100 each fully paid up (b) Reserves and Surplus : General Reserve | 5,00,000 |
| | Surplus Account | 2,40,000 57,200 |
| | Total Shareholders' Funds | 7,97,200 |
| | Non-controlling Interest [See Working Note (3)] | |
| (2) | Non-Current Liabilities | 73,200 |
| | Unsecured Loan : Bank Overdraft | |
| (3) | Current Liabilities | 80,000 |
| O'Selling h | Creditors : A Ltd. | 15.0 |
| 44 | B Ltd. 9,000 56,100 | |

| | Less : Mutual Owings | 12,000 | |
|---|--|------------------------|--------------------|
| ichi, P | Bills Payable : B Ltd. | | 44,100 |
| app. E. | Less : Mutual Owings | 8,400 | |
| | | 3,000 | 5,400 |
| 10.1 | Total Equity and Liabilities | Ser material | 9,99,900 |
| - 0,000 A - 01004 |) Non-Current Assets | n i santisi i a | 3,33,300 |
| r | Fixed Assets : | oth engy- | |
| an airt | (i) Tangible Assets : | 1.04.2 | |
| NEL PROV | Land & Buildings : A Ltd | ₹ | |
| The second | B Ltd. | 1,50,000 | |
| | (₹ 1,80,000 + ₹ 20,000) | 2,00,000 | |
| | Plant 9 14 | 2,00,000 | 3,50,000 |
| Bild and | B Ltd. | 2,40,000 | 0,00,000 |
| and the second | 10,000) | 99,400 | |
| | (ii) Intangible Asset : Goodwill [See Working Note (2)] 2) Current Assets | 17-14-14 | 3,39,400 47,200 |
| interest and | Stocks : A Ltd. | 1,20,000 | |
| | B Ltd. | 36,000 | |
| भाषि अन्यदाः भाषित्र सम्बद्धः | Sundry Debtors : A Ltd. | | 1,56,000 |
| 9(9), (8), (8), (8), (8), (8), (8), (8), (8 | B Ltd. Issign Kassard Land | 44,000 40,000 | |
| MALANE D | ters incorrected and a second se | | |
| 000,021 | Less : Mutual Owings | 84,000 12,000 | |
| 3090,99 | Bills Reseivables A Ltd | | 72,000 |
| and the star | Bills Receivable : A Ltd. Less : Mutual Owings | 15,800 | S) |
| | e ninge | 3,000 | 10.000 |
| | Cash and Bank Balances : | No. 1 miles y | 12,800 |
| Bang L | A Ltd. | 14,500 | |
| Turning P. | B Ltd. | 8,000 | |
| all the second | Total Assets | | 22,500 9,99,900 |
| (1) | Analysis of Capital Profit | e estata es ₹ 1 | (1) ₹ |
| | Capital Reserve Balance 1,20,000 | and had | |
| PGC DV S | Less : Bonus Issue 1,00,000 | 1.12 | |
| Million to | Add : Revaluation of Land & Building | 20,000 20,000 | |
| 108 R.J. | Add : Surplus Balance | | |
| All AL | second to anot an incompany | 76,000 | |
| 71,00 | Less : Reduction in value of Plant & Machinery | 10,000 | |
| | Total Capital Profit | 66,000 | |
| 1990 b | Less : Share of Non-controlling Interest (1/5 of ₹ 66,000) Holding Co. Share | 13,200 | 52,800 |
| (2) | Calculation of Cost of Control or Goodwill | ₹ | ₹ |
| investore a | Cost of shares of B Ltd. | 1.00.000 | 3,40,000 |
| 76- | Less : Face value of 1,600 shares of ₹ 100 each | 1,60,000 | |

| | Face value of 800 $(i.e. 1,600 \times \frac{1}{2})$ bonus shares of \gtrless 100 each80,000Share of Capital Profit52,800 | 0.00.00 |
|-----|--|-----------------|
| | | 2,92,800 47,200 |
| | Goodwill | |
| (3) | Calculation of Non-controlling Interest Face value of 400 shares of ₹ 100 each held by non-controlling shareholders | ₹ 40,000 |
| | Add : Face value of 200 $\left(i.e. 400 \times \frac{1}{2}\right)$ bonus shares of ₹ 100 each | 20,000 |
| | Add : Share of Non-controlling Interest in Capital Profit | 13,200 |
| | Non-controlling Interest | 73,200 |

PROBLEM 15. (Dividend, Fictitious Assets & Remittance in Transit). On April 1, 2017 S Ltd. issued 10% Preference Shares of ₹ 1,00,000 at par. On this date, S Ltd.'s General Reserve and Surplus Account showed balances of ₹ 80,000 and ₹ 50,000 respectively. On July 5, 2017 S Ltd. paid a final dividend of 12% on equity shares for the year ended 31st March, 2017.

On April 1, 2017 H Ltd. acquired 80% equity shares in S Ltd. for ₹ 3,00,000. On this date machinery of S Ltd. was revalued at ₹ 2,40,000. No entry for this was made in the books of S Ltd. On March 31, 2018, Balance Sheets of H Ltd. and its subsidiary S Ltd. stood as follows :

| | H Ltd. ₹ | S Ltd. ₹ |
|--|--------------------------------|-----------------|
| I. Equity and Liabilities | | |
| (1) Shareholders' Funds | 2 | |
| (a) Share Capital : | And the second | |
| (i) Equity Share Capital | 8,00,000 | 3,00,000 |
| (<i>ii</i>) 10% Preference Share Capital | 0,00,000 | 1,00,000 |
| (b) Reserves and Surplus : | | 1,00,000 |
| (i) General Reserve | 4,00,000 | 1 50 000 |
| (ii) Surplus Account | 2,00,000 | 1,50,000 |
| (2) Non-current Liabilities | 2,00,000 | 90,000 |
| Loans | 1 10 000 | Make + Property |
| (3) Current Liabilities | 1,10,000 | |
| Trade Payables : | Company Sugar | |
| (i) Creditors | 1 = 2 - 2 - 2 | |
| (ii) Bills Payable | 1,70,000 | 76,000 |
| 66 st | - | 4,000 |
| Total | 16,80,000 | 7,20,000 |
| II. Assets | | |
| (1) Non-current Assets | Witness - Conservations of the | |
| (a) Fixed Assets : | archero 30 brook | |
| (i) Tangible Assets : | SA BERERA | |
| Machinery | (25 000 | 75 |
| Furniture Stable & brocht | 6,25,000 | 2,70,000 |
| (ii) Intangible Assets : | 85,000 | 50,000 |
| Commission on Issue of Shares | terres and the same | |
| (b) Investment : Shares in S I td | - | 10,000 |
| (2) Current Assets | 3,00,000 | |
| (a) Stock | State and a state | 54 M 1 |
| (b) Debtors | 4,00,000 | 1,90,000 |
| (c) Bank | 1,50,000 | 80,000 |
| (d) Loan to H Ltd. | 1,20,000 | 1,10,000 |
| | | 10,000 |
| 2 13.08.1 Total | 16,80,000 | |

Following further information is furnished :

- (i) S Ltd. provides depreciation on Machinery @ 10% on written down value. No machine was sold or purchased during the year.
- (ii) H Ltd. remitted a cheque of ₹ 10,000 to S Ltd. on 27th March, 2018, for repayment of loan, which was received by S Ltd. in April 2018.
- (iii) No part of commission on issue of shares was written off during the year.

Prepare Consolidated Balance Sheet of H Ltd. and S Ltd as at 31st March, 2018.

SOLUTION / S CONSOLIDATED BALANCE SHEET OF H LD. AND ITS SUBSIDIARY S LTD. as on 31-3-2018

| | the second se | as 011 51-5-2010 | | |
|----------------|---|---|----------------------------------|-------------------|
| I. EC | uity and Liabilities | PAL WAS AND THE | and a second second | ₹ |
| (1) | Shareholders' Fund | TINS AT UP SUMME | States - States | |
| 11.2 Lat. | (a) Share Capital | the second se | 1018-1911 (Province) | |
| A Late | Equity Share Car | bital | 1 | 8,00,000 |
| | (b) Reserves and Su | | 対抗ない 19 きんが | 0,00,000 |
| | General Reserve | | Master Stow | 4,00,000 |
| die and | Surplus Account | [See Working Note (5)] | | 2,84,000 |
| | | Shareholders' Funds | CARES CONSIGNED | 14,84,000 |
| | Non-controlling Inter | est [See Working Note (4)] | | 2,05,000 |
| (2) | | es apparte to acted | REAL REAL PROPERTY AND | 2,00,000 |
| | Long-term Borrow | vings : Loans | | 1,10,000 |
| (3) | Current Liabilities | | ₹ | |
| | Creditors : H Lt | d. | 1,70,000 | |
| 1983 645 | S Lt | d. | 66,000 | |
| | | 102.23 | -Markivsky and a set | 2,36,000 |
| | Bills Payable (S L | .d.) 1000-011-000-0210-00-0 | nalgatura Laan na | 4,000 |
| 134 - | | Total Equity and Liabilities | | 20,39,000 |
| II. As | eate | 102 | Contrading to the second second | |
| | Non-Current Assets | No of the Real Provide State | | |
| | | 1846,20,1 5 P.3 P.01 (201 | Englishersen fann | 2 (B) |
| | Fixed Assets : | | 5 | |
| | (i) Tangible Assets : | | | |
| 1.00.1- | Machinery : | H Ltd. | 6,25,000 | |
| Tight L | | S Ltd. | 2,70,000 | |
| 20.5.1 | | | 8,95,000 | |
| | Less : Machin | ery of S Ltd. Reduced | 50,000 | |
| | | Continue of Contractory in | 8,45,000 | |
| | Add · Addition | al Depreciation on ₹ 50,000 | and the second | |
| | | written back | 5,000 | |
| | (4)61501 | Willien Buck | nda phy photos | 8,50,000 |
| | Furniture : | H Ltd. | 85,000 | |
| 4.64 | Furniture . | | 50,000 | |
| | | S Ltd. | | 1,35,000 |
| Course and | (ii) Intangible Asset : | | | |
| 1 | 0 1 11 10 | Working Note (3)] | an en Bill anneder a' searcha 'N | 4,000 |
| (2) | Current Assets | Working Note (0)] | 🔲 🕸 (B. 57) 👻 | |
| WELCH | Stock : | H Ltd. | 4,00,000 | |
| Parta in | 1 | S L td. | 1,90,000 | and participation |
| | 190 NO F 1 1 2 4 60 1 | BARANE STATES | | 5,90,000 |
| Sec. 1 | Debtors : | HLtd. MINING States Second as a | | |
| | | S Ltd. | 80,000 | 0.00.000 |
| and the second | | | | 2,30,000 |
| | | | | |

| | Cash and Cash Equivalents : Bank : H Ltd. S Ltd. Remittance in Transit Total Assets (1) - | nere a secondar la constanta da 1. remañol 1 de sesperto a re <u>sta</u> a contrata en el transforma en el | 20,000 10,000 10,000 2,40,00 20,49,00 |
|----------|---|---|---|
| | A loss through the second state of the second state | i di mananini si manin di davan ba | |
| | ng Notes :) Analysis of Capital Profit | (BERTE SCHALLAS & STACK) | ACTO TO BE CONTRACT |
| | Balance of Surplus A/c on 1-4-2017 | | 50,000 |
| | Less : Dividend @ 12% on ₹ 3,00,000 | 1999-1944 (199 <u>8)</u> | 36,000 |
| | Add : General Reserve Balance on 1-4-201 | 7 Spring Spring Prevention | 14,000 80,000 |
| | | | 1 m |
| | Less : Loss on Revaluation of Machinery | | 94,000 |
| | | 70,000, 100 | Equity 21 and 20 |
| | | 90 1 | 00,000 (0,000 |
| | Less : Revalued Figure | | 50,000 |
| | in protection | moders interest (See Main | 44,000 |
| | Less : Commission on Issue of Shares | THE LAD STREET | 10,000 |
| | | anan' shiwayon unite | 34,000 |
| | Less : Share of Non-controlling Interest (20%) | end 1 million of the | 6,800 |
| | Holding Co. Share | 312 | 27,200 |
| (2) | | | a sessionernt |
| ander e | Profit earned during the year (₹ 90,000 – ₹ 14 | 4,000) i buliš, skorysis s | 76,000 |
| 000.952 | <i>Add</i> : Saving in Dep. (₹ 50,000 × $\frac{10}{100}$) | ng Taloji di maya | 5,000 |
| | Less : Preference Dividend (10% on ₹ 1,00,00 | () (I) (I) (I) (I) (I) (I) (I) (I) (I) (| 81,000 |
| | | anuek ba | 10,000 |
| | Increase in General Reserve (1,50,000 - 80,00 | | 71.000 |
| | | DI H VIS VIDON | |
| | Less : Share of Non-controlling Interest (20% |) | 1,41,000 28,200 |
| | Holding Co. Share | | and the second se |
| (3) | Calculation of Cost of Control - Co | Tipt Charge Micks (* | 1,12,800 |
| (3) | Calculation of Cost of Control or Goodwill Cost of Investment | | ₹ |
| | Less : Paid up Value of Shares | Acco Adductional Capreon to | ₹ 3,00,000 |
| 000 08 9 | Share of Capital Profit | | 0,000 |
| | Dividend from Pre-acquisition Profit (12% on ₹ | 2 40 000 | ,200 ,800 |
| | 507, 56 \$40 Here | NA 6.2 | 2,96,000 |
| 100.08 | Goodwill | | 4,000 |
| (4) (| Calculation of Non-controlling Interest | leant strigens | 60 mm 7 |
| F | Paid-up Value of Equity Shares held : | and DEPENDIAL BARE STORE | 60,000 |
| | Add : Share of Capital Profit | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | 6,800 |
| | dd : Share of Revenue Profit | b.18 | ₹ 28,200 |
| | dd : Paid-up Value of Preference Shares | 1,00, | |
| D | and due of the lefence of alles | | 000 |
| 2.30,60 | | man intelligible in service | 1,10,000 |
| | | | 2,05,000 |

| (5) | Surplus A/c of Holding Co. | ₹ |
|------|--|-----------------|
| (-) | Balance | 2,00,000 |
| | Add : Share of Revenue Profit of Holding Co. (2) | 1,12,800 |
| | Less : Dividend Wrongly Credited to Surplus A/c | 3,12,800 28,800 |
| 1. P | all orodited to Bulpids A/C | |
| | | 2,84,000 |

PROBLEM 16. (*Treatment of Dividend*). Holders Ltd. acquired 4,000 shares of ₹ 10 each on 30-9-2017 for ₹ 52,000 in Subs. Ltd. Holders Ltd. received 10% dividend for 2016-17, but the dividend received has been credited to Profit for the year of Holders Ltd. Following are the liabilities and assets as at 31-3-2018.

| | | Holders Ltd. | Subs. Ltd. |
|--|---------------------------------|-----------------|---------------|
| Liabilities | 1 to P in the graphered | ₹ | ₹ |
| Equity Share Capital in ₹ 10 Shares | realized animetrow ook to | 60,000 | 50,000 |
| General Reserve (1-4-2017) | Admin Brin Statematic Division | 12,000 | 10,000 |
| Surplus A/c : | | 12,000 | 10,000 |
| Balance on (1-4-2017) | | 4,000 | 8,000 |
| Profit for the year | | 30,000 | 20,000 |
| Sundry Creditors and Provisions | a press second of Halders FIG | 10,000 | 8,000 |
| | Contraction of the case of the | 1,16,000 | 96,000 |
| Assets | | But she weather | |
| Investments in Subs. Ltd. (4,000 shares) | | 52,000 | |
| Sundry Assets | indiadae maj malem e sec | 64,000 | 96,000 |
| 501 B | Tell and man threef and and the | 1,16,000 | 96,000 |

| SOLUTION 16 | er som an eder the according | ₹. |
|---|--|-----------------|
| Total shares of Subsidiary Ltd. $\left(\frac{250,000}{2100}\right)$ | | 5,000 |
| Shares acquired by Holders Ltd. | Sheward and foods | 4,000 |
| Proportion of shares held by Holders Ltd. $\left(\frac{4,000}{5,000}\right)$ | | 45 |
| Proportion of shares of Subs. Ltd. held by non-controlling sh (1) Calculation of Capital Profits | nareholders $\left(\frac{5,000-4,000}{5,000}\right)$ | 1 5 |
| General Reserve of Subs. Ltd. as on 1-4-2017 Balance of Surplus A/c of Subs. Ltd. as on 1-4-2017 | | 10,000 8,000 |
| Profit earned by Subs. Ltd. for 6 months from 1-4-2017 $\left(\frac{1}{2} \text{ of } \notin 20,000 \text{ profit for } 2017\right)$ | to 30-9-2017 | 10,000 |
| Capital Profits | e lateration of the | 28,000 |
| Holders Ltd.'s Share ₹ 28,000 × 4/5 | u ahu | 22,400 |
| Non-controlling Shareholders' Share ₹ 28,000 × 1/5 | r | 5,600 |

| | AD Burbara rolate a | MARK MEL |
|---------------|--|--|
| (2) | Calculation of Revenue Profit Profit earned by Subs. Ltd. for 6 months from 1-10-2017 to 31-3-2018 | 645-44 \$25-24 |
| | (¹ / ₂ of ₹ 20,000 profit for 2017-18) | 10,000 |
| | Share of Holders Ltd. ₹ 10,000 × 4/5 Share of Minority Shareholders ₹ 10,000 × 1/5 | 8,000 2,000 |
| (3) | Calculation of Capital Reserve₹Cost of acquiring 4,000 shares of Subs. Ltd.₹Less : Face value of 4,000 shares held40,000Share of Capital Profit22,400Dividend for 2016-17 (10% of ₹ 40,000)4,000 | 52,000 |
| | | 66,400 |
| | Capital Reserve on Consolidation | 14,400 |
| (4) | Calculation of Non-controlling Interest Share Capital (1,000 shares of ₹ 10 each) Share of Capital Profit Share of Revenue Profit | |
| | (addr., call | 17,600 |
| (5) | Balance of Surplus Account of Holders Ltd. | |
| Red of | Balance on 1-4-2017 | 4,000 |
| | Profit for the year | 30,000 |
| | Less : Dividend received from Subs. Ltd. | 34,000 |
| | 2005 . Dividend received from Subs. Eld. | 4,000 |
| | Add : Share of Revenue Profit from Subs. Ltd | 30,000 8,000 |
| | | |
| C | ONSOLIDATED BALANCE SHEET OF HOLDERS LT | the second s |
| | ONSOLIDATED BALANCE SHEET OF HOLDERS LTD. AND ITS SUBSIDIARY as on 31st Mach 2018 | S LTD. |
| | Equity and Liabilities | 1 113 1403 F |
| 10.0 | 1) Shareholders' Funds (a) Share Capital | |
| | | |
| | 6,000 Equity Shares of ₹ 10 each fully paid up (b) Reserves and Surplus : | 60,000 |
| | Capital Reserve [See Working Note (3)] General Reserve | 14,400 |
| NOG OT | Surplus A/C [See Note (5)] | 12.000 |
| 19055 | | 38 000 |
| | Non-controlling Interest [See Working Note (4)] | |
| Carta Sec. S. | | |
| 11 T 1 | 3) Current Liabilities | Section (|
| CA 8/8 | Sundry Creditors : ₹ Holders Ld. | 10 |
| 5-152 | Subs. Ld 10,000 | |
| 12 | 8,000 | 1.000 |
| | Total Equity and Liabilities | 18,000 |
| | | 1,60,000 |
| | - | |

| | Sundry Assets : | | | |
|--|--|------------------|---|------------|
| | Holders Ltd. | | ₹. | |
| | Subs 144 | | | |
| | -10 20 20 10 10 10 10 10 10 10 10 10 10 10 10 10 | Chief Long of L. | 96,000 | |
| | and the second s | | | 1,60,00 |
| | Total Assets | No. Marth | conteste a de | |
| PR | OBLEM 17. (<i>Dividend and Inter Company Owings</i>) st March, 2018 of a holding company and its subsidi | 1.00 | 2 - C - C - C - C | 1,60,00 |
| as on 31 | st March, 2018 of a holding company Owings) | From the | e following Bal | anas Shaat |
| Sheet : | st March, 2018 of a holding company and its subsidi | ary prepa | re a Consolidat | ance Sheet |
| | | | e u consonual | eu Dalanc |
| | and the second s | and the second | IIIII | |
| I. E | quity and Liabilities | itin Owle | H Ltd. | S Ltd. |
| 0 |) Shareholders' Funds | External | ₹ | ₹ |
| NO: NO | (a) Share Capital : | | Nerodzi, C | |
| | (a) Share Capital : | 8 | | |
| | Equity Shares of ₹ 10 each paid (b) Reserves and Sume! | | 5 00 000 | |
| | surplus : | | 5,00,000 | 2,00,00 |
| | (i) General Reserve | atom | Aller Aller | |
| 11 | (ii) Surplus Account | | 80,000 | 60,00 |
| (2 | a) Current Liabilities | VIGRACION | 90,000 | 70,000 |
| 190 08.24 | (a) Sundry Creditors | Ð | | |
| 38 | (b) Outstanding Expenses | 10 E | 50,000 | 40,000 |
| 1.5. | 4 100,08 | | 20,000 | 10,000 |
| T | 50 (D. 152) | Total | 7,40,000 | |
| II. A | | | | 3,80,00 |
| |) Non-current Assets | Col | motane'. | |
| | (a) Fixed Assets : | 1.3.24 | | |
| | (i) Tangible Asset : Machinery | | 3 00 000 | 1 |
| PARE, S. | (ii) Intangible Asset : Goodwill | and and a second | 3,00,000 | 1,50,00 |
| | (b) Investment: 16,000 Shares in S Ltd | | 30,000 1,90,000 | 10,000 |
| and the second s | a) Current Assets | in Equity a | 1,90,000 | |
| 20 30 | (a) Stock 80,000 | | 50,000 | |
| | (b) Debtors | | 1,20,000 | 1 (0 00) |
| naves B | (c) Cash at Bank | 0 | 20,000 | 1,60,000 |
| | | | and the second se | 10,000 |
| | | Total | 7,40,000 | 3,80,000 |

ntrol was acquired, S Ltd. had ₹ 40,000 in General Reserve and ₹ 30,000 in Surplus Account. Immediately on 'purchase of shares' H Ltd. received ₹ 16,000 dividend from S Ltd. (wrongly credited to Surplus A/c of H Ltd.)

Debtors of H Ltd. include ₹ 20,000 due form S Ltd. where as creditors of S Ltd. include-₹ 15,000 due to H Ltd. difference being accounted for by a cheque in transit.

SOLUTION 17

CONSOLIDATED BALANCE SHEET OF H LTD. AND ITS SUBSIDIARY S LTD. 0031-3-201 as on 31-3-2018

- I. Equity and Liabilities 38 9.1 8 1 1
 - (1) Shareholders' Funds

(a) Share Capital

50,000 Equity Shares of ₹ 10 each fully paid up

₹

| | the part of the | | and the second se |
|----------------|--|--|--|
| | | (b) Reserves and Surplus : | |
| | | Capital Reserve [See Working Note (3)] | 2,00 |
| | | General Reserve | 80,00 |
| | | Surplus A/c [See Working Note (5)] | 1,22,00 |
| | | Shareholders' Funds | 7040 |
| | | Non-controlling Interest [See Working Note (4)] | 7,04,00 |
| | (2) | Non-Current Liabilities | 66,00 |
| | (3) | Current Liphilition | |
| | | Quadra Oraditarea IIII a file anterior a West house house | Dia |
| | | | 14 |
| and the second | | S Ltd40,000 | |
| | | 90,000 | |
| | | Less : Inter Co. Owings 15,000 | |
| | | | 75,00 |
| | | Outstanding Expenses : H Ltd. 20,000 | |
| | | S Ltd. 10,000 | |
| | | | 30,000 |
| | | I Olal Edulity and Liabilities | |
| II. | Ass | ate | 8,75,00 |
| the state | | Non-Current Assets | |
| | | Fixed Assets : | |
| | | Machineses III at https://www.s.busters.g.atte | |
| | | 3.00 000 | |
| 11 (St. | | S Ltd. 1,50,000 | |
| | (2) | Current Assets | 4,50,000 |
| | | Stock : H Ltd. | 1,00,000 |
| | | S Ltd. 80,000 | |
| | | 50,000 | 100 |
| | | Debtors : H Ltd. | 1,30,000 |
| | | 1 00 000 | 1,30,000 |
| | | S Ltd. 1,60,000 | |
| | | | |
| | | Less : Inter Company Owings 2,80,000 | -1 · 1 |
| | | 20,000 | |
| | | Cash & Cash Equivalents : Cash at Bank 30,000 | 2,60,000 |
| | | 20,000 | |
| | | Figuration Figuration Figuration Figuration | the parallel |
| 1.6 | | | 35 000 |
| | | Total Assets | 35,000 |
| - | | ALL | 8,75,000 |
| orkin | g No | es : | |
| (1) | Ana | lysis of Capital Profit | a summer . |
| | Gen | Pral Reserve | T |
| | Surp | | 40,000 |
| | | which and the state of the stat | 30,000 |
| | | : Non-controlling Interest's Share (20%) | and the second s |
| | 1000 | . Non-controlling Interest's Share (20%) | 70 000 |
| | Less | 5 Share (2078) | 10,000 |
| | Less Shar | e of H Ltd. | |
| | Shar | e of H Ltd. | 14,000 |
| (2) | Shar Anal | e of H Ltd. | |
| (2) | Shar Anal | e of H Ltd. Vsis of Revenue Profit and a start of the second star | 14,000 |
| (2) | Shar Anal | e of H Ltd. Vsis of Revenue Profit and a start of the second star | 56,000 |
| (2) | Shar Anal | e of H Ltd. Vsis of Revenue Profit and a start of the second star | 14,000 56,000 ₹ |
| (2) | Shar Anal Curre ₹ 70, Less | e of H Ltd. Avsis of Revenue Profit ont year profit (General Reserve and Surplus A/c on 31-3-2018 ₹ 1,30,000 – 000 General Reserve and Surplus A/c when control was acquired) : Non-controlling Interest's Share (20%) | 14,000 56,000 ₹ 60,000 |
| (2) | Shar Anal Curre ₹ 70, Less | e of H Ltd. Vsis of Revenue Profit and a start of the second star | 14,000 56,000 ₹ |

| (3) | Calculation of Capital Reserve | |
|---|--|---------------------------------|
| ngener George G G G G G G G G G G G G G G G G G G G | Cost of Investment Less : Face Value of Shares Pre-acquisition Dividend Capital Profit Capital Reserve | ₹ 1,90,000 2,32,000 |
| | Capital Reserve on Consolidation | 42,000 40,000 |
| (4) | Calculation of Non-controlling Interest | 2,000 |
| -00 -0054 | Face Value of Shares with Outsiders Add : Share of Capital Profit Share of Revenue Profit | ₹ 40,000 14,000 12,000 |
| (5) | Balance of Surplus A/c of H Ltd. Add : Share of Revenue Profit | 66,000 ₹ 90,000 48,000 |
| | Less : Pre-acquisition Dividend wrongly credited | 1,38,000 16,000 |
| P | BOBI EM 18 (Dividend and C | 1,22,000 |

PROBLEM 18. (Dividend and Common Transactions). Ledger balances taken from the books of Hari Ltd. and its subsidiary Suri Ltd. as at 31st March, 2018 are as follows :

| Total State and Land State and | Hari Ltd. | Suri Ltd. |
|--|----------------|---------------|
| Cr. Balances | Ŧ | PA LI |
| Share Capital : | Provide States | 1.63 |
| Equity Shares of ₹ 10 each, fully Paid | 4,00,000 | 1,00,000 |
| General Reserve (on 1-4-2017) | 2,80,000 | |
| Surplus A/c | 1,70,000 | 34,000 42,000 |
| Creditors | 70,000 | 35,000 |
| COC // WEALTRY WE DOT THE PROPERTY OF | 9,20,000 | 2,11,000 |
| Dr. Balances | | |
| Plant and Mach. | 1 00 000 | 90,000 |
| Furniture | 15,000 | 27,000 |
| Investment | 2,00,000 | |
| Stock | 95,000 | 42,000 |
| Debtors | 60,000 | 32,000 |
| Cash at Bank | 70,000 | 20,000 |
| 100001 000000 0000 0000 0000 0000 0000 | 9,20,000 | |

Following information is also given to you :

(i) Hari Ltd. acquired 8,000 equity shares in Suri Ltd. as at 1st July, 2017 at a cost of ₹2,00,000.

(*ii*) Stock of Hari Ltd. includes ₹ 6,000 relating to stock purchased from Suri Ltd. which follows the practice of charging 25% extra on the cost for determining the sale price.

(iii) Creditors of Hari Ltd. include ₹ 10,000 on account of purchases from Suri Ltd.

(iv) Surplus Account of Hari Ltd. includes dividend @ 10% for the year 2016-17 received from Suri Ltd. which declared and paid it after 1st July, 2017.

(v) Balance in Suri Ltd.'s Surplus Account on 1st April, 2017 was ₹ 26,000. Dividend @ 10% for the year 2016-17 was declared out of this balance after 1st July, 2017.

(vi) Profits during the year 2017-18 have been earned on uniform basis throughout the year.

Prepare a Consolidated Balance Sheet of Hari Ltd. and its subsidiary Suri Ltd. as at 3_{1st} March, 2018. Submit all your working notes neatly.

CONSOLIDATED BALANCE SHEET OF HARI LTD. AND ITS SUBSIDIARY SURI LTD.

as on 31-3-2018

| | as 01131-3-2010 | 1. |
|----------------|---|--|
| | uity and Liabilities | 3 |
| (1) | Shareholders' Funds | |
| 100 B 1 4 1 | (a) Share Capital 40,000 Equity Shares of ₹ 10 and 6 if and 6 | |
| | 40,000 Equity Shares of ₹ 10 each fully paid up (b) Reserves and Surplus : | 4,00,000 |
| | General Reserve | in the second |
| | Surplus Account [See Working Note (5)] | 2,80,000 |
| | Total Shareholders' Funds | 1,76,400 |
| Course State | Non-controlling Interest See Working Note (4)1 | 8,56,400 |
| (2) | Non-Current Liabilities | 35,200 |
| (3) | Current Liabilities ₹ | Nil |
| | Creditors : Hari Ltd. 70,000 | and a state |
| | Suri Ltd. 35,000 | 1 |
| sett mari | 1,05,000 | |
| | Less : Inter Co. Owings 10.000 | C C ALR HAL |
| | - and a state of the second | 95,000 |
| 363 W 8 | Total Equity and Liabilities | 9,86,600 |
| II. As | sets | |
| (1) | Non-Current Assets | and the lots |
| | Fixed Assets : | 120 |
| | (/) Tangible Assets : | 1 1 9 536 |
| | Plant and Machinery : Haritta | See Okopa |
| COTA S.L | Suri Ltd. 90,000 | 1 Contractor |
| | -000 (m | 5 70 000 |
| SAME T.L | Furniture : Hari Ltd 15,000 | . 5,70,000 |
| | Suri Ltd. 27,000 | |
| 10 00 00 1 | (ii) Intangible Asset : | 42,000 |
| Signer 1 | Goodwill [See Working Note (3)] | n - inter ter |
| (2) | Current Assets | 66,800 |
| | Stock : Hari Ltd. | 1201 |
| 12000. 1. | Suri Ltd. 95,000 | W. Countal |
| and the | 42,000 | 81018 |
| Call I a | | a breat St |
| | Less : Stock Reserve (₹ 6,000 × $\frac{25}{125}$) 1,37,000 1,200 | and in Sound |
| KF211 | Debtors (Hari Ltd. ₹ 60,000 + ₹ 32,000) | 1,35,800 |
| | Less : Inter Co Owings | E. |
| 1 | | |
| to puetta in T | | 82,000 |
| | Suri Ltd | des la |
| | | 90,000 |
| PAR BUTT | Total Assets | |
| | and the standard of the state and the state of the state | 9,86,600 |

| Plant & Machinery Stock Debtors Bills Receivab <mark>le</mark> | | 1,00,000 40,000 1,35,000 |
|---|--|---|
| Cash Balance | here is a second se | 30,000 62,000 5,37,000 |
| | 3 monthy 1 gmarth or 1:3 | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |

Heavy Ltd. purchased 12,000 equity shares in Strong Ltd. for ₹ 1,70,000 on 1st July, 2017. On 1st April, 2017 the Surplus Account of Strong Ltd. showed a credit balance of ₹ 40,000 out of which a dividend of 15% on the existing share capital was paid in September 2017. In September 2017 a bonus issue of one equity share (fully paid) for every two equity shares held was also made by strong Ltd. out of general reserve.

On the basis of above information ascertain-(a) Capital Profit, (b) Goodwill or Capital Reserve, (c) Non-controlling Interest.

SOLUTION

Credit balance of Strong Ltd. on 31st March, 2018 of Equity Share Capital including Bonus Equity Capital is ₹ 3,00,000.

av deret from Pre-ar oustion Provis

Share Capital before Bonus Issue is ₹ 3,00,000 × $\frac{2}{3}$ = ₹ 2,00,000.

Number of Equity Shares of Strong Ltd. = 20,000

Percentage of holding = $\frac{12,000 \text{ shares}}{20,000 \text{ shares}} \times 100 = 60\%$

| Credit Balance of Strong Ltd. on 1-4-2017 of Surplus A/c | ₹ 40,000 |
|--|----------|
| Less : Dividend for the year 2016-17 (₹ 2,00,000 × 15%) | 30,000 |
| Surplus Balance on 1-4-2017 | 10,000 |

(a) Calculation of Capital Profit

| General Reserve (₹ 50,000 + ₹ 1,00,000 utilised for issue of bonus shares) Surplus A/c as on 1-4-2017 | ₹ 1,50,000 10,000 |
|--|-------------------------|
| Current Year's Profit upto 30-6-2017 (₹ 85,000 – ₹ 10,000) × 3/12 | 18,750 |
| Less : Non-controlling Interest's Share (40%) | 1,78,750 71,500 |
| Holding Company Share | 1,07,250 |

(b) Calculation of Goodwill/Capital Reserve

| Charles and the second s | of Strange Strange Strand 1 and | ₹ |
|---|--|----------|
| Amount paid for 60% Shares in Strong Ltd. | Strand Line | 1,70,000 |
| Less : Dividend from Capital Profit (₹ 1,20,000 × 15%) | and the second se | 18,000 |
| 5-46-74 R. R. R. R. | All and a second s | 1,52,000 |
| Less : Paid-up Value of 60% Shares (₹ 2,00,000 × 60% |) 1,20,000 | |
| Less : Paid-up value of 00 % offaires ((2,00,000 × 00 % | 1,20,000 | |
| Share of Capital Profit | 1,07,250 | 2,27,250 |
| Capital Reserve | the state of | 75,250 |

(c) Calculation of Non-controlling Interest

| | 1 | |
|--|--------------------|----------------|
| Paid-up Value of Shares (₹ 2,00,000 × 40%) | Sec. Ash | |
| Add : Share of Capital Profit | a a second | 80,000 |
| Share of Revenue Profit (₹ 85,000 - ₹ 10,000) × $\frac{9}{12}$ = ₹ 56,250 × 40% | Strat of the state | 71,500 |
| 12 = < 56,250 × 40% | 1 | 22,500 |
| The Providence of the Providen | Mary Chair | and the second |
| Note. Bonus shares have not been included separately in anter the | 1- 10 + 194 | 1,74,000 |
| NULV | | |

included separately in calculation of cost of control and Noncontrolling Interest because these have been included in calculation of Capital Profit.

PROBLEM 20. (Dividend, Revaluation of Assets, Bonus Issue and Contingent Liabilities). Prepare Consolidated Balance Sheet in the books of H Company Ltd. from the following Balance Sheets of H Co. and S Co. and given information as on 31-3-2018.

| | | and the second state of the second states | H Ltd. ₹ | S Ltd. ₹ |
|----------------|---|--|-------------------------------|---|
| I. Eq | uity and Liabilities | HE MORE PROVIDED AND AND AND AND AND AND AND AND AND AN | Call Constant | · · · |
| (1) | Shareholders' Funds | | | |
| 1.181 5 | (a) Share Capital : | Presence address as set a | A a ma | |
| Charles her | 1 M M M M M M M M M M M M M M M M M M M | hare Capital:of ₹ 100 each | | - |
| 2,08 623 | (ii) Preferen | ca Shana Carital | 8,00,000 | 4,00,000 |
| | (b) Reserves and Su | ce Share Capital | | 40,000 |
| | | | | 12 |
| | (i) General) | Reserve as on 1-4-2017 | 2,00,000 | 1,10,000 |
| | (ii) Surplus A | Account | 2,80,000 | 1,80,000 |
| (2) | Current Liabilities | | 80 0 | a di seconda |
| | Trade Payables | : Creditors | 1,60,000 | 1,00,000 |
| | | Bills Payable | | 40,000 |
| | 1990 A. S. | Total | the set of the set of the set | 8,70,000 |
| II. Ass | ate | | 10,10,000 | 0,70,000 |
| | Non-current Assets | | | 1.1 |
| 1950.60 | (a) Fixed Assets : | | 2 82 C | |
| Beninger A. H. | (i) Tangible | Assets : | as where the tat | |
| | | Land & Building | 4,00,000 | 2,60,000 |
| 2012 | An art | Plant & Machinery | 3,20,000 | 1,80,000 |
| 07.03.9 | (ii) Intangibl | e Asset : Andreas and Adams and Adams | | |
| 148, 32, 6 | | Goodwill | 80,000 | 60,000 |
| | (b) Investment : | 3,000 Shares in S Co. | 4,80,000 | |
| | all all all a | purchased on 30-9-2017 | 4,00,000 | = |
| (2) | Current Assets | | | |
| | | * OO) OLA * OCTOBLE BARD # OLE FOR | 2,00,000 | 1,80,000 |
| 0.2 1.5. 2 | (b) Debtors | and the first of the second | 40,000 | 1,50,000 |
| 100 | (c) Cash/Bank | | 1,20,000 | 40,000 |
| | (c) Cash bank | Total | 16,40,000 | 8,70,000 |
| 8 in 18 | A CONTRACTOR OF | and the second | | |

Informations :

- 1

(1) Surplus A/c of S Co. showed a credit balance of ₹ 1,00,000 on 1st April 2017.

(2) A dividend of 15% was paid by S Co. in October 2017 for the year ended 31st March 2017 which was credited to Surplus A/c of H Co.

(3) Included in creditors of S Co. ₹ 40,000 for goods supplied by H Co. Also included in the Stock of S Co. are goods to the value of ₹ 16,000 which were supplied by H Co. at a profit of 25% on sales.

(4) Plant and Machinery were revalued at ₹ 3,00,000 which stood in the books at ₹ 2,00,000 in the beginning.

(5) There was a bonus issue of ₹ 40,000 out of post acquisition profit by S Co.

(6) There is a contingent liability of ₹ 2,000 for a pending suit in the court in the books of H

Co. SOLUTION 20

CONSOLIDATED BALANCE SHEET OF H CO. AND ITS SUBSIDIARY S CO.

| as on 31 | -3-2018 |
|----------|---------|
|----------|---------|

| | | as on 31-3-2018 | land a state of the second | |
|------------------|------|---|-------------------------------|---------------------------------------|
| · . | Eq | uity and Liabilities | | 3 |
| | (1) | Shareholders' Funds | 11/2 her 2.21 | 2. C |
| | | (a) Share Capital | in the second | |
| | | Equity Share Capital : 8,000 shares of ₹ 100 each | the state of the state of the | 8,00,000 |
| | | Preference Share Capital : 2,000 shares of ₹ 100 each (b) Reserves and Surplus : | | 2,00,000 |
| | | Capital Reserve [See Working Note (3)] | dell'inco go | 2,500 |
| | | General Reserve | The state | 2,00,000 |
| | | Surplus A/c [See Working Note (5)] | State - State (| 2,49,375 |
| Struger. | | Total Shareholders' Funds | -6); | 14,51,875 |
| THE R. L. | (0) | Non-controlling Interest [See Working Note (4)] | t olig | 2,38,625 |
| | (2) | Non-Current Liabilities | areas A (a) | 2255 |
| | (3) | Current Liabilities Creditors : H Co. | 5 | net te te te |
| | | S Co. | 1,60,000 | |
| | | 0.00. | 1,00,000 | (B) (De 134 |
| 100 | | Loop : Mutual Outras | 2,60,000 | n 1000 |
| | | Less : Mutual Owings | 40,000 | |
| | | | 2,20,000 | |
| | | Bills Payable | 40,000 | - HYPE 1 |
| | | | Warne second | 2,60,000 |
| | | Total Equity and Liabilities | Beat in | 19,50,500 |
| 66. II. - | Ass | ets and a so part i | 6 išo | 1 |
| | (1) | Non-Current Assets | | |
| | | Land and Building (₹ 4,00,000 + ₹ 2,60,000 of S Co.) Plant and Machinery : | uš ₹ | 6,60,000 |
| | | Bell and H Co. | 3,20,000 | 19×19 |
| | | S Co. (₹ 1,80,000 + ₹ 1,10,000 increase) | 2,90,000 | |
| | | | 6,10,000 | |
| | | Less : 10% Depreciation on ₹ 1,10,000 for ½ year | 5,500 | |
| · · · · · | | | | 6,04,500 |
| · (| 2) | Current Assets | Folian 1 | |
| 1.00 | | Stock (₹ 2,00,000 + ₹ 1,80,000 of S Co.) | 3,80,000 | (5) 900 |
| | | Less : Stock Reserve (25% of ₹ 16,000) | 4,000 | 1011 |
| | | Debtore (7 10 000 + 7 1 50 000 - 1 0) | | 3,76,000 |
| | 1 10 | Debtors (₹ 40,000 + ₹ 1,50,000 of S) Less : Inter Co. Owings | 1,90,000 | |
| Rel and | | Less . Intel Co. Owings | 40,000 | · · · · · · · · · · · · · · · · · · · |
| | 1 | Cash/Bank (₹ 1,20,000 + ₹ 40,000 of S Co.) | W | 1,50,000 |
| | 100 | and the stand of the local terms with the same with the same | ole plot in the | 1,60,000 |
| | | Total Assets (1) + (2) | 1-031 0 HE | 19,50,500 |
| | | | = | |

| | | | at 2 million and a start of the | 07-NA |
|----------|--|--|--|---------------------------------------|
| workin | g Notes : | | | (4) |
| (1) Ana | alysis of Capital Profit | | | ™ ₹ |
| 1.1 | Surplus A/c Balance on 1-4-2017 General Reserve on 1-4-2017 | | | 1,00,000 |
| | General Reserve on 1-4-2017 | 0.000 | | 1,10,000 |
| 11-10 ** | Appreciation in Machinery (₹ 3,00,000 - ₹ 1,9 Profit from 1-4-2017 to 30-9-2017 | 0,000) | - (*) | 1,10,000 |
| | 1/2 (₹ 1,80,000 + ₹ 60,000 Dividend - ₹ 1,00,00 | 0 Surplus A/c | Balance on 1-4-2017 | 7) 70,000 |
| | × | | | 3,90,000 |
| | Less : Dividend for 2016-17 | | | 60,000 |
| and Ph S | | | | 3,30,000 |
| | Less : Share of Non-controlling Interest (25%) | | | 82,500 |
| | Holding Co. Share | | | 2,47,500 |
| 00.444 | alysis of Revenue Profit | | TRANSFER AN A DESCRIPTION OF AN | |
| (2) And | fit from 1-10-2017 to 31-3-2018 | and the second | The area of | 70.000 |
| | ss : Additional Depreciation on Plant & Machine | , inclusion | steer set in | 70,000 |
| Les | | ry | | |
| in her | @10% (<i>i.e.</i> ₹20,000 × 100) on ₹ 1,10,00 | 0 for six mont | hsidaa | 5,500 |
| ITE PL C | | ANT MUTTH | | 64,500 |
| Les | ss : Bonus Issue | | | 40,000 |
| 20,8603 | | | | 24,500 |
| Les | ss : Share of Non-controlling Interest (25%) | | | 6,125 |
| | ding Co. Share | | | 18,375 |
| (2) Ca | Iculation of Goodwill | 25 | | ₹ |
| | st of Investments | | ₹ | 4,80,000 |
| | ss : Face Value of Shares | | 3,00,000 | |
| | are of Capital Profit | 5 Y - 3 | 2,47,500 | |
| | idend wrongly credited | 1.12/10/17/27 | 45,000 | · · · · · · · · · · · · · · · · · · · |
| | nus Shares (75% of ₹ 40,000 bonus issue) | we are the state of the state o | 30,000 | |
| 00.041 | | | 8 1 | 6,22,500 |
| 08 Ge 4 | O HID STORE | | | 1,42,500 |
| | Capital Reserve Adjustment of Goodwill on Consolidation (₹ 8 | | + ₹ 60.000 S Ltd.) | 1,40,000 |
| | Adjustment of Goodwill on Consolidation (C | | and there is also by | 2,500 |
| 5.13.a | Capital Reserve on Consolidation | | | ₹ |
| (4) Ca | Iculation of Non-controlling Interest | | | 40,000 |
| Pre | ef. Share Capital | | | 1,00,000 |
| | uity Share Capital | | | 82,500 |
| | are of Capital Profit | | | 6,125 |
| Sh | are of Revenue Profit | - KWG * | the fact of the state of the st | 10,000 |
| BO | nus Shares (25% of ₹ 40,000 bonus issue) | | 医静脉的 化化合金 | 2,38,625 |
| (=) | All a state of Supplus A/C | | × _ | . ₹ |
| | Iding Co. Balance of Surplus A/c | | | 2,80,000 |
| Ва | lance of Surplus A/c | p A LEAST TAL | Carl of all a beautiful a | 18,375 |
| A a Ad | d : Share of Revenue Profit | 188 | ₹ | 2,98,375 |
| and in | in written (or) is a new trace to any here in a | east in deal 2 | 45,000 | 1 - 40 - 14 |
| Le | ss : Dividend wrongly created | 11 mar. 1170-11 o | | 10.000 |
| S. Ser. | Stock Reserve (₹ 16,000 × 25/100) = | | 4,000 | 49,000 |
| | | | | |