

CONSOLIDATED FINANCIAL STATEMENTS

1. A ltd. purchased 80,000 shares of B ltd. on 1/8/18 and agreed to pay Rs. 2 per share in cash immediately. It also agreed to issue its own 3 shares for 2 shares acquired. Face value of shares of A ltd. is Rs. 14.

A ltd. will pay Rs. 10,00,000 at the end of 3rd year in cash. A ltd. may be required to pay Rs. 6,00,000 at the end of 2nd year if market price of shares for A ltd. exceeds Rs. 50 per share. Fair value 4,00,000.

Journalise on 1/8/18. Assume appropriate discount rate to be 10%.

2. A ltd. purchased investments in B ltd 80% shares. Date of purchase 1/4/16.
- Cash per share is Rs. 3
 - Exchange of shares – 2 shares for 1 held. Face value of shares of A ltd. is Rs. 15. (par value 10)
 - Deferred consideration payable after 3 years is Rs. 10 Lakhs whose fair value on 1/4/16 is Rs. 5,00,000.

Total number of shares of B ltd. are 1,00,000. Discount rate is 10%. Fair values as on 31/3/17, 31/3/18, 31/3/19 are Rs. 2,00,000, Rs. 7,00,000 and Rs.10,00,000 respectively.

Journalise and prepare extracts.

3. Balance sheets as on 31/3/18.

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	10,00,000	8,00,000
Investment in 100% shares of B ltd.	12,00,000	-
<u>Current Assets</u>	4,00,000	6,00,000
	26,00,000	14,00,000
Share Capital	15,00,000	5,00,000
Reserves and surplus	10,00,000	4,00,000
Current liabilities	1,00,000	5,00,000
	26,00,000	14,00,000

A ltd. had purchased investment in B ltd. on 31/3/18. Prepare consolidated balance sheet.

4. A Ltd. and B Ltd. have the following balance sheets as on 31/3/18

	A Ltd	B Ltd.
<u>Non Current Assets</u>		
PPE	10,00,000	9,00,000
Investment in X Ltd.	1,00,000	50,000
<u>Current Assets</u>		
Inventory	2,00,000	3,00,000
Cash	11,00,000	6,00,000
	<u>24,00,000</u>	<u>18,50,000</u>
Share Capital (10)	15,00,000	10,00,000
Reserves and surplus	5,00,000	6,00,000
Current liabilities- Creditors	4,00,000	2,50,000
	<u>24,00,000</u>	<u>18,50,000</u>

On the same date, A Ltd. acquired all shares of B Ltd. and agreed to pay Rs. 2 per share in cash. 5 shares for 4 shares held in B Ltd. Fair value of shares of A Ltd. is Rs. 12. A Ltd. will also pay Rs. 50,000 if sale of group exceeds 10% in next year. Fair value of this consideration is Rs. 40,000. A Ltd. will also pay Rs. 1,00,000 after 3 years. Present value factor should be based on 12% discount rate. A Ltd. has not yet recorded acquisition share entry.

Prepare consolidated balance sheet.

5. Balance sheets as on 31/3/18.

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	20,00,000	8,00,000
Investment in 80% shares of B ltd.	30,00,000	-
<u>Current Assets</u>	15,00,000	20,00,000
	<u>65,00,000</u>	<u>28,00,000</u>
Share Capital(10)	30,00,000	10,00,000
Reserves and surplus	10,00,000	5,00,000
Current liabilities	25,00,000	13,00,000
	<u>65,00,000</u>	<u>28,00,000</u>

A ltd. had purchased investment in B ltd. on 31/3/18. Prepare consolidated balance sheet.

6. Balance sheets as on 31/3/18.

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	30,00,000	20,00,000
Investment in 70% shares of B ltd.	25,00,000	-
<u>Current Assets</u>	10,00,000	20,00,000
	<u>65,00,000</u>	<u>40,00,000</u>
Share Capital(10)	20,00,000	15,00,000
Reserves and surplus	20,00,000	10,00,000
Current liabilities	25,00,000	15,00,000
	<u>65,00,000</u>	<u>40,00,000</u>

A ltd. had purchased investment in B ltd. on 31/3/18. Prepare consolidated balance sheet assuming fair value of NCI is based on market price of shares of B ltd. which is Rs. 14. Also prepare consolidated balance sheet considering NCI @ PSNA.

7. Balance sheets as on 31/3/18.

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	35,00,000	25,00,000
Investment in 60% shares of B ltd.	15,00,000	-
<u>Current Assets</u>	30,00,000	20,00,000
	<u>80,00,000</u>	<u>45,00,000</u>
Share Capital	40,00,000	30,00,000
Reserves and surplus	15,00,000	10,00,000
Current liabilities	25,00,000	5,00,000
	<u>80,00,000</u>	<u>45,00,000</u>

A ltd. had acquired on 31/3/18.

Balance sheets as on 31/3/19.

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	36,00,000	30,00,000
Investment	15,00,000	-
<u>Current Assets</u>	40,00,000	30,00,000
	<u>91,00,000</u>	<u>60,00,000</u>
Share Capital(10)	40,00,000	30,00,000
Reserves and surplus	25,00,000	15,00,000
Current liabilities	26,00,000	15,00,000
	<u>91,00,000</u>	<u>60,00,000</u>

Fair value of NCI on 31/3/18 was Rs. 18,00,000. Prepare consolidated balance sheet on 31/3/18 + 31/3/19.

8. Balance sheets as on 31/3/18.

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	10,00,000	9,00,000
Investment in 70% shares of B ltd.	20,00,000	-
<u>Current Assets</u>	5,00,000	3,00,000
	<u>25,00,000</u>	<u>12,00,000</u>
Share Capital	15,00,000	5,00,000
Reserves and surplus	12,00,000	4,00,000
Current liabilities	8,00,000	3,00,000
	<u>25,00,000</u>	<u>12,00,000</u>

SOCE- A ltd.	RE	G/R	TOTAL
Balance on 1/4/17	6,00,000	3,00,000	9,00,000
+ total comp income	3,00,000	-	3,00,000
	<u>9,00,000</u>	<u>3,00,000</u>	<u>12,00,000</u>

SOCE- B ltd.	RE	G/R	TOTAL
Balance on 1/4/17	1,50,000	50,000	2,00,000
+ total comp income	2,00,000	-	2,00,000
	<u>3,50,000</u>	<u>50,000</u>	<u>4,00,000</u>

Date of acquisition – 1/4/17

	A ltd	B ltd.
Revenue from operations	10,00,000	8,00,000
Other incomes	1,00,000	50,000
	<u>11,00,000</u>	<u>8,50,000</u>
Expenses	8,00,000	6,50,000
	<u>8,00,000</u>	<u>6,50,000</u>
Profit	3,00,000	2,00,000

9. Balance sheets as on 31/3/18.

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	6,00,000	2,00,000
Investment in 90% shares of B ltd.	4,00,000	-
<u>Current Assets</u>	3,00,000	2,00,000
	<u>13,00,000</u>	<u>4,00,000</u>
Share Capital	7,00,000	1,50,000
Reserves and surplus	3,00,000	1,00,000
Current liabilities	3,00,000	1,50,000
	<u>13,00,000</u>	<u>4,00,000</u>

Acquisition date – 1/10/17

Balance in reserves and surplus of B ltd on 1/4/17- Rs. 30,000. Prepare consolidated balance sheet.

10. A ltd. acquired B ltd. on 1/11/17.

S/C of B ltd. on 31/3/18	5,00,000
G/R	2,00,000
P/L	1,00,000
C/R	2,00,000
R/R	50,000

On 1/4/17 B ltd. had P/L for Rs. 40,000, G/R Rs. 60,000.

A ltd. holds 60% shares for B ltd. on 31/3/18

On 1/1/18 B ltd. had loss by fire Rs. 10,000.

Prepare S of INA for B ltd.

11. (i) On 1/7/17 A ltd. obtained control of B ltd due to acquisition of 40% shares in B ltd.

Agreed terms were cash payment of Rs. 1,00,000, issue of 10,000 shares in A ltd. of Rs. 10 (fair value Rs. 15) , deferred payment Rs. 2,00,000 payable after 3 years (appropriate discount rate 10%) and contingent consideration Rs. 1,00,000, whose fair value on 1/7/17 was Rs. 80,000. Fair value on 31/3/18 was Rs. 90,000. A ltd. recorded investment entry for Rs. 1,00,000 cash paid only.

(ii) A ltd. earlier had 30% shares for Rs. 7,00,000. These were acquired on 1/4/17 and were not revalued since then. Its fair value on 1/7/17 was Rs. 10,00,000. Fair value of 30% shares not acquired by A ltd. was Rs. 11,00,000.

(iii) Prepare consolidate balance sheet, consolidated P/L, SOCE for year ending 31/3/18.

B ltd. had loss by fire Rs. 15,000 + Rs. 16,000 net of insurance claim on 1/6/17 and 1/12/17. This was recorded in exceptional expenses of B ltd.

(iv) Profit and loss A/c 17-18

	A ltd	B ltd.
Revenue from operations_	10,00,000	9,00,000
Other expenses	7,00,000	5,00,000
Profit	<u>3,00,000</u>	<u>4,00,000</u>
Exceptional item		31,000
Net profit	<u>3,00,000</u>	<u>3,69,000</u>

SOCE- A ltd.	S/P	G/R	RE	TOTAL
Opening balance	2,00,000	1,00,000	2,00,000	5,00,000
+ total comp income	-	-	3,00,000	3,00,000
	2,00,000	1,00,000	5,00,000	8,00,000

SOCE- B ltd.	S/P	G/R	RE	TOTAL
Opening balance	1,00,000	90,000	3,00,000	4,90,000
+ total comp income	-	-	3,69,000	3,69,000
	1,00,000	90,000	6,69,000	8,59,000

Balance sheets

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	17,00,000	6,00,000
Investment in 90% shares of B ltd.	8,00,000	-
<u>Current Assets</u>		
Inventory	2,00,000	8,00,000
Bank	10,00,000	10,00,000
	28,00,000	15,00,000
Share Capital	10,00,000	4,00,000
Other equity	8,00,000	8,59,000
Non Current liabilities (borrowings)	1,00,000	2,00,000
Current liabilities (trade payables)	9,00,000	41,000
	28,00,000	15,00,000

12. A ltd. purchased investment in B ltd. on 1/4/18 for Rs. 10,00,000. After 1 month A ltd. received dividend for 17-18 from B ltd. Rs. 1,20,000. Fair value of investment is Rs. 8,00,000.

Show A/c treatment as per "AS-13" and Ind AS-27.

13. On 1/4/17, A ltd. acquired 80% shares of B ltd.

Balance sheet

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	10,00,000	9,00,000
Investment at cost	10,00,000	
<u>Current Assets</u>	6,00,000	4,00,000
	<u>26,00,000</u>	<u>13,00,000</u>
Share Capital	15,00,000	5,00,000
Reserves and surplus	5,00,000	3,00,000
Current liabilities	6,00,000	5,00,000
	<u>26,00,000</u>	<u>13,00,000</u>

Profit and loss A/c

	A ltd	B ltd.
Revenue from operations_	4,00,000	3,00,000
Other incomes (dividend income)	64,000	-
Expenses	2,00,000	1,50,000
Profit	<u>2,64,000</u>	<u>1,50,000</u>

RE-SOCE	A ltd.	B ltd.
Opening Balance	2,36,000	2,30,000
+Earnings	2,64,000	1,50,000
(-) Dividend paid	-	80,000
	<u>5,00,000</u>	<u>3,00,000</u>

Dividend paid is Rs. 80,000. Prepare consolidated balance sheet on 1/6/17.

14. Balance sheet as on 31/3/18

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	5,00,000	3,00,000
Investment in 80% shares of B ltd.	3,00,000	-
<u>Current Assets</u>	3,00,000	1,00,000
	<u>11,00,000</u>	<u>4,00,000</u>
Share Capital	4,00,000	2,00,000
Other equity	2,00,000	1,00,000
Current liabilities	5,00,000	1,00,000
	<u>11,00,000</u>	<u>4,00,000</u>

Shares were acquired on 1/8/17. Balance in other equity of B ltd as on 1/4/17 was Rs.40,000. A ltd. loss on 1/11/17 was Rs. 5,000. Dividend oaid by B ltd. was Rs. 20,000 on 1/9/17. Prepare consolidated balance sheet.

15. Balance sheet as on 31/3/18

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	15,00,000	10,00,000
Investment in 70% shares of B ltd.	10,00,000	-
<u>Current Assets</u>	6,00,000	4,00,000
	<u>31,00,000</u>	<u>14,00,000</u>
Share Capital	12,00,000	8,00,000
Other equity	3,00,000	2,00,000
Current liabilities	16,00,000	4,00,000
	<u>31,00,000</u>	<u>14,00,000</u>

- (i) Share acquired on 1/9/17
- (ii) Balance in other equity on 1/4/17 was Rs. 40,000.
- (iii) Dividend paid by B ltd. on 1/10/17 was Rs. 35,000.
- (iv) DD Tax paid by B ltd. on 1/10/17 was Rs. 3,500.
- (v) Dividend paid by A ltd. on 1/11/17 was Rs. 40,000.
- (vi) DD Tax paid by A ltd. on 1/11/17 was Rs. 1,000.
- (vii) Liability of B ltd. includes loan of Rs. 1,00,000 taken on 1/10/17 @6% pa.
Interest = Rs. 3,000.
- (viii) PPE of B ltd. includes land whose fair value increased by Rs. 10 lakhs on 1/9/17.
Prepare consolidated balance sheet.

16. Balance sheet as on 31/3/18

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE - Land	11,00,000	5,00,000
- Plant and machinery	6,00,000	3,60,000
Investment in 60% shares of B ltd.	12,00,000	-
<u>Current Assets</u> (inventory)	1,00,000	1,50,000
Fixed Assets (Trade receivables)	2,00,000	1,00,000
	<u>32,00,000</u>	<u>11,10,000</u>
Share Capital	15,00,000	6,00,000
Reserves and surplus	15,00,000	3,00,000
Current liabilities	2,00,000	2,10,000
	<u>32,00,000</u>	<u>11,10,000</u>

A ltd. acquired shares on 1/5/2017, Balance in reserves and surplus of B ltd on 1/4/2017 was Rs. 1,00,000.

- Dividend paid by A ltd. was Rs. 50,000. DDT 2,000 on 1/6/17. Dividend paid by B ltd. was Rs. 40,000. DDT 4,000 on 15/5/17.
- Trade payable of B ltd. includes payable of Rs. 60,000, whereas receivables of A ltd. from B ltd. includes Rs. 1,00,000.
- Uneven expenses in B ltd. was Rs. 15,000 from 15/4/17 to 15/8/17.
- Land of A ltd. was upward revalued by Rs. 1,00,000 whose effect is yet to be given. Tax rate 30%. Land of B ltd. was revalued on 1/5/17 upward by Rs. 1,50,000. It was again revalued on 1/1/18 by Rs. 50,000 upward. Tax rate 30%.
- Plant of B ltd. was having fair value Rs. 50,000 on 1/5/17. Depreciation rate is 10%. Prepare consolidated balance sheet.

17. Profit and loss A/c

	A ltd	B ltd.
Revenue from operations_	20,00,000	10,00,000
Other incomes (dividend income B)	60,000	-
	<u>20,60,000</u>	<u>10,00,000</u>
Expenses	12,00,000	4,00,000
Profit	<u>8,60,000</u>	<u>6,00,000</u>

SOCE- A ltd.	G/R	S/P	RE	TOTAL
Opening balance	1,00,000	50,000	12,00,000	13,50,000
+ Profit	-	-	8,60,000	8,60,000
(-) D/paid			(1,00,000)	(1,00,000)
(-) DDT			(2000)	(2000)
	<u>1,00,000</u>	<u>50,000</u>	<u>19,58,000</u>	<u>21.08,000</u>

SOCE- B ltd.	G/R	S/P	RE	TOTAL
Opening balance	2,00,000	30,000	4,00,000	6,30,000
+Profit	-	-	6,00,000	6,00,000
(-) D/paid			(1,00,000)	(1,00,000)
(-) DDT			(20,000)	(20,000)
	<u>2,00,000</u>	<u>30,000</u>	<u>88,000</u>	<u>11,10,000</u>

Balance sheet as on 31/3/18

	A ltd	B ltd.
<u>Non Current Assets</u>		
PPE	15,00,000	10,00,000
Investment in 60% shares of B ltd.	20,00,000	-
<u>Current Assets</u>	12,00,000	10,00,000
	<u>47,00,000</u>	<u>20,00,000</u>
Share Capital	15,00,000	5,00,000
Reserves and surplus	21.08,000	11,10,000
Current liabilities	10,92,000	3,90,000
	<u>47,00,000</u>	<u>20,00,000</u>

Prepare consolidated balance sheet.