

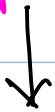
Total

577750



i) FV adjustment of stock of subsidi on DoA

Upward



10000 → 12000

↑ 2000



J.F.

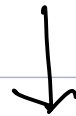
Inv. Dr 2000

To S's PIL 2000



↑ SOA of SLtd.
(Preprofit i.e. DoA)

Downward



10000 → 8500

↓ 1500



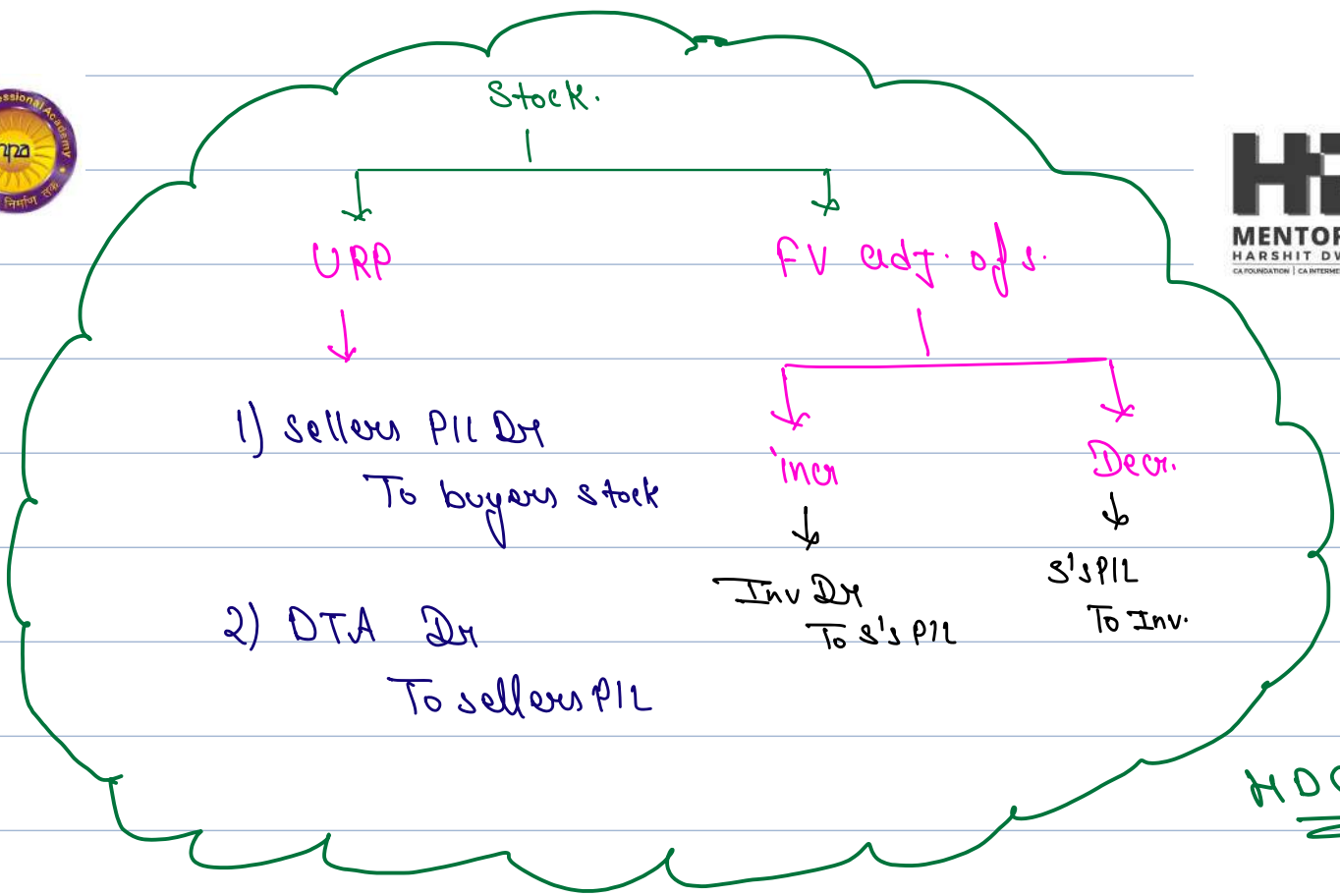
J.F.

S's PIL Dr 1500

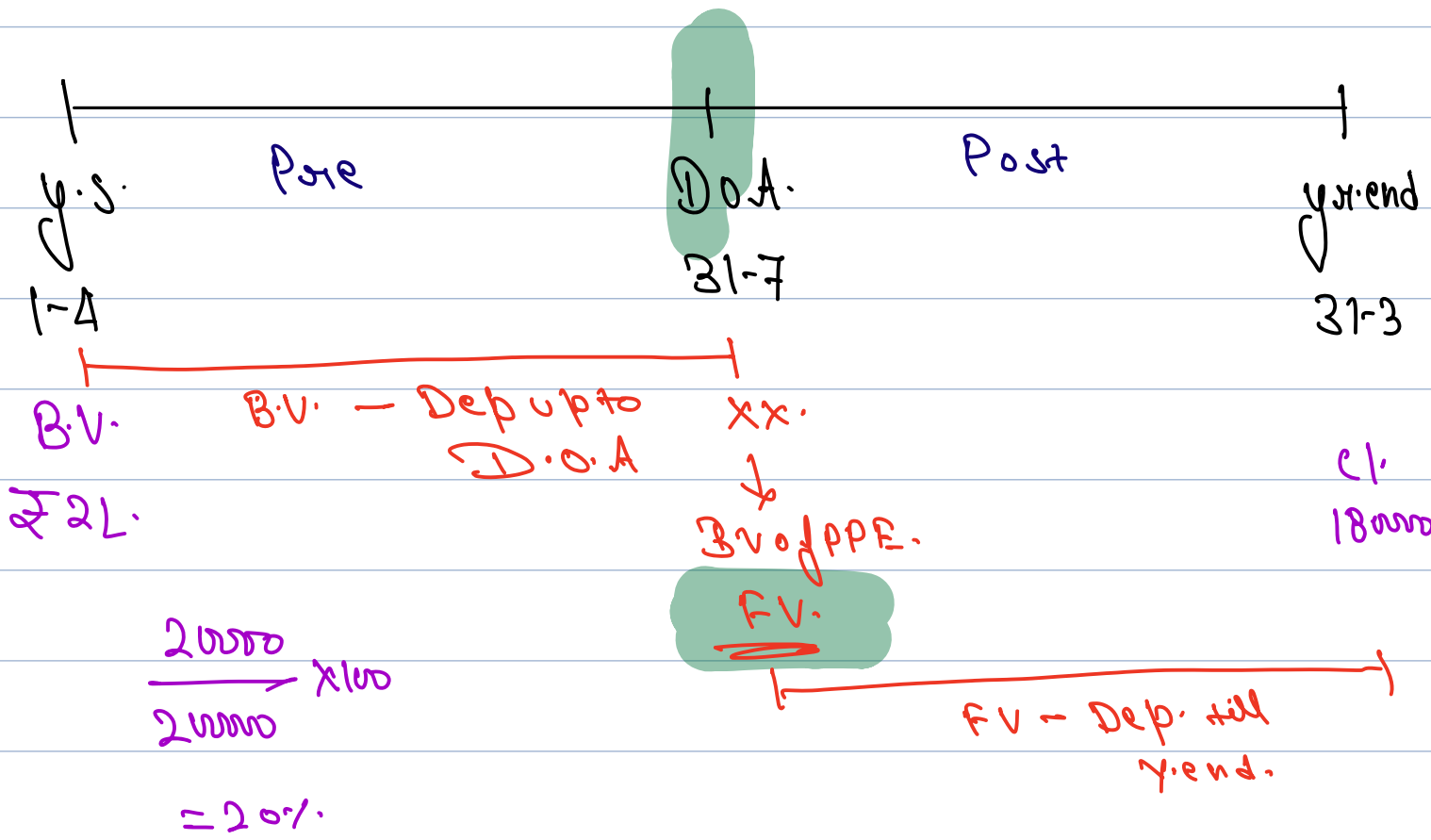
To invent. 1500



↓ SOA of S Ltd.
(Preprofit i.e. DoA)



J) F.V. adjustment of PPE of a cusion DoA.



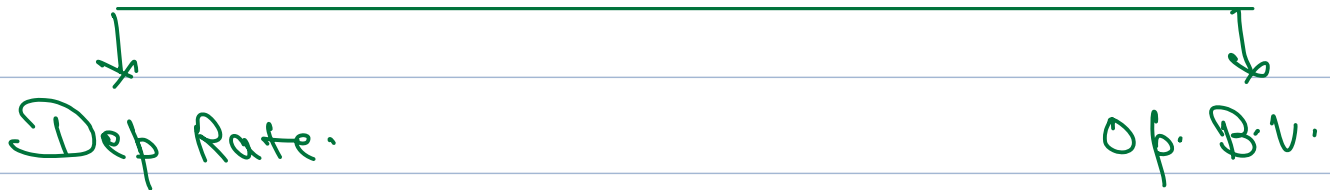


in exam/Q. we either might find Dep % or B.V. of PPE at y. starting.



Then we follow 3 steps.

Step 1 Calculation of Γ



B.V. at yr end = xxx

$$\frac{\text{B.V. at yr end}}{100 - \text{Dep. Rate}}$$

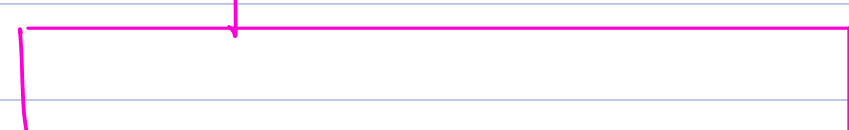
B.V. at yr. start = xxx
 Dep. xx

\Rightarrow op. B.V.

$$\text{Rate} = \frac{\text{Dep}}{\text{B.V. at yr. st.}} \times 100$$

Step 2. Calⁿ of Rev. amount

B.V. as on DoA. (Op. BV - Dep. upto DoA)	xxx
- FV as on DoA	xxx
	xxx
Rev. profit	





Upward



PPE Dr

To pre aq.
profit

of S Ltd.
(S' SPIL)



+ SONA of S Ltd.
on DoA

Downward.



Pre aq. profit of S Dr
(S' SPIL)

To PPE

- from SONA of S
Ltd as on DoA.



Steps :- Addⁿ Dep. in post period.

Dep. charged in post period

xxx

$(Op \times Dep. rate \times post\ period)$

or

$(B.V. at\ yr. end - B.V. as\ on\ DoA.)$



B.V. at yr. start.

- Dep till DoA.

Dep. chargeable in post period.

xxx

$(FV \times Dep. \times Post\ period)$



Savings / Addⁿ Dep.

xxx

PPE Dr

To S'SPIL

↑ SONA.

(Post period)
in steps

S'SPIL Cr

To PPE

↓ SONA.

(Post period)
in step 5



Question # 15

In balance sheet of S as on 31.3.90

Plant & Machinery 13,500

Other Information - P acquired 60% stake on 30.9.89

Case - 1

- a) Depreciation rate is 10%
- b) FV as on DOA is 18,000

Case - 2

- a) Value of PM as on 1.4.89 was ₹15,000
- b) FV as on DOA is 18,000

Calculate revaluation gain/loss and additional or savings in depreciation.

Solⁿ

Step 1 op. B.V.

$$= \frac{13500}{100-10\%} = 15000$$

Step 2.

B.V. as on DOA. 14250

$$(15000 - 10\% \times \frac{6}{12})$$

FV as on DOA 18000

Step 1

$$\frac{(15000 - 13500)}{15000} \times 100$$

⇒ 10%

Step 2 Did. do.



Rev. profit 3750



Step 3: Add/saving in Dep.

Step 3 sum

Dep. charged 750

$$(15000 \times 10\% \times \frac{6}{12})$$

Dep. chargeable 900

$$(18000 \times 10\% \times \frac{6}{12})$$

Addⁿ 150

ADJUSTMENT – 5 – IMPACT OF CHANGE IN FV OF LIABILITY of S.

- (a) Increase in the value of liability would Decrease the NA of S as on DOA
- (b) Decrease in the value of liability would Increase the NA of S as on DOA
- (c) Such change in liability should be reflected in CBS also

Question # 18

TYK Q. 4 SM ICAI, {Adopted MAY – 2018}

DEF Ltd acquired 100% ordinary shares of ₹100 each of XYZ Ltd on 1.10.2001.

On 31.3.2002 the summarised balance sheet of the two companies were given below

	P	S
Land and Building	15,00,000 ✓	18,00,000
Plant and Machinery (P/M)	24,00,000 ✓	13,50,000
Investment in XYZ	<u>34,00,000</u>	-
Inventory ✓	12,00,000	3,64,000
Trade Receivables ✓	5,98,000	4,00,000
Cash ✓	1,45,000	80,000
	92,43,000	39,94,000
Equity share capital	50,00,000	<u>20,00,000</u> ×10%
Reserves ✓	24,00,000 ✓	10,00,000
Retained Earnings	5,72,000	<u>8,20,000</u> ✓
Bank Overdraft ✓	8,00,000	-
Trade payable ✓	4,71,000	<u>1,74,000</u>
	92,43,000	39,94,000

Other Information:

(1) The retained earnings of XYZ Ltd showed a credit balance of ₹3,00,000 on 1.4.2001, out of which dividend of 10% was paid on 1.11.2001. DEF Ltd has credited dividend received to retained earnings account.

(2) FV of P/M as on 1.10.2001 was ₹20,00,000 and depreciation rate on P/M is 10%.

(3) Following were changes in FV as per respective Ind AS from book value as on 1.10.2001, which is to be considered in balance sheet.

- Trade Payables ₹ 1,00,000 ✓
- Land and Building ₹ 10,00,000 ✓
- Inventories ₹ 1,50,000 ✓

Prepare CBS

Solⁿ: Step 1 SHP.

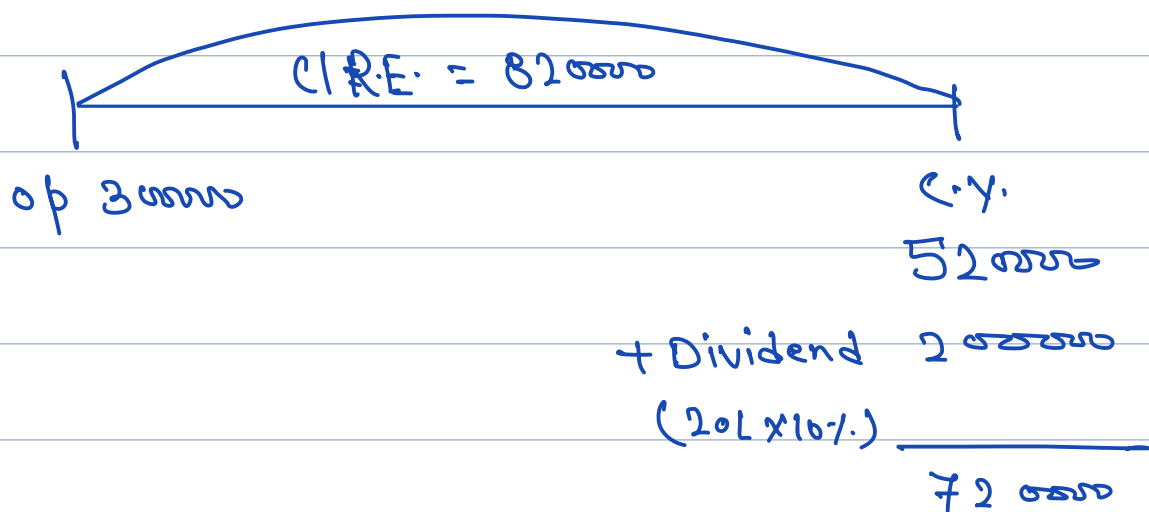
DEF Ltd Stake = 100%.

∴ NCI = 0

Step 2 Period of acquisition

year starting	-	1-4-2001	→ Pre → 6m
Date of acq.	-	1-10-2001	→ Post → 6m
year end	-	31-3-2002	

Step 3 Analysis of profits of s





Pre
360000

Post
360000



$$\text{Pre acq} = 300000 + 360000 = 660000$$

$$\text{Post acq.} = 360000$$

$$\text{Dividend share in P} = 200000$$

Step 4 Treatment of Adjustments:

1) FV Adj. of P.M.

Step 1 Calⁿ of op. B.V.

$$\Rightarrow \frac{\text{C.I. B.V. of P.M.}}{100 - \text{Dep.}\%} = \frac{1350000}{100 - 10\%} = 1500000$$

Step 2 Revaluation

B.V. as on DOA	1425000
$\left[(15L - (1500000 \times 10\% \times \frac{6}{12})) \right]$	
FV as on DOA.	<u>2000000</u>
Rev.	<u>575000</u>

Step 3 Addⁿ Dep.

Dep. charged (1500000 × 10% × $\frac{6}{12}$)	75000
Dep. chargeable (2000000 × 10% × $\frac{6}{12}$)	<u>100000</u>

Addn Dep.

25000

Steps SONA of S Ltd.

	DoA	Post	Yr end.
ESC	200000	—	200000
R.R. (Step 3)	60000	36000	102000
Reserves	100000	—	100000
Rev. of PIM (Step 4)	57500	—	57500
Addn Dep. (Step 4)	—	(25000)	(25000)
+/- FVch.			
Land	100000	—	100000
Inventories	15000	—	15000
TIP	(100000)	—	(100000)
	<u>528500</u>	<u>33500</u>	<u>562000</u>

DEF share of post profit = 33500

Step 6 g/w s Gr. on BIP.

N.A. of DEF as on DoA. 528500
 → invt. in s. 340000

Capital Reserve. 188500

Step 7 Cons. O.E.



Other Res.	2400000
Retained earnings	572000
- Dividend (step 3)	(200000)
+ share of post pr. (step 5)	335000
+ Capital Res. (step 6)	1885000
	<u>4992000</u>



Step 8 Cons. B/S.

Assets.

i) Non C.A.

i) PPE

L&B. (15L + 18L + 10L)	430000
P&M (24L + 13.5L + 575000 - 25000)	430000

ii) C.A.

i) Invent. (120000 + 364000 + 150000)	171400
ii) TIR (598000 + 400000)	998000
iii) C&CE (145000 + 80000)	225000
	<u>1537000</u>

Equity & Liabilities.

1) SHF

i) Esc	5000000
ii) Other eq. (step 7)	4992000

2) C.L.



i) T.P. (47,000 + 174,000 + 1L)

79,500

ii) O.C.L. (Bank O.D)

8,000

115,370

Question # 19

{Adopted - MAY - 2019} TYK Q.5

Ram Ltd acquired 60% ordinary shares of ₹100 each of Krishna Ltd on 1.10.2001.

On 31.3.2002 the summarised balance sheet of the two companies were given below

	P	S
Land and Building	3,00,000	3,60,000
Plant and Machinery (P/M)	4,80,000	2,70,000
Investment in Krishnan Ltd	8,00,000	-
Inventory	2,40,000	72,800
Trade Receivables	1,19,600	80,000
Cash	29,000	16,000
	19,68,600	7,98,800
Equity share capital	10,00,000	4,00,000
Reserves	6,00,000	2,00,000
Retained Earnings	1,14,400	1,64,000
Bank Overdraft	1,60,000	-
Trade payable	94,200	34,800
	19,68,600	7,98,800

Other Information

(1) The retained earnings of Krishna Ltd showed a credit balance of ₹60,000 on 1.4.2001, out of which dividend of 10% was paid on 1.11.2001. DEF Ltd has credited dividend received to retained earnings account.

(2) FV of P/M as on 1.10.2001 was ₹4,00,000 and depreciation rate on P/M is 10%.

(3) Following were changes in FV as per respective Ind AS from book value as on 1.10.2001, which is to be considered in balance sheet

- Trade Payables ₹20,000
- Land and Building ₹2,00,000
- Inventories ₹30,000

Prepare CBS

Solⁿ :- Step 1 SHP

∴ Ram Ltd stake = 60%

∴ NCI = 40%

Step 2 Period of acq.

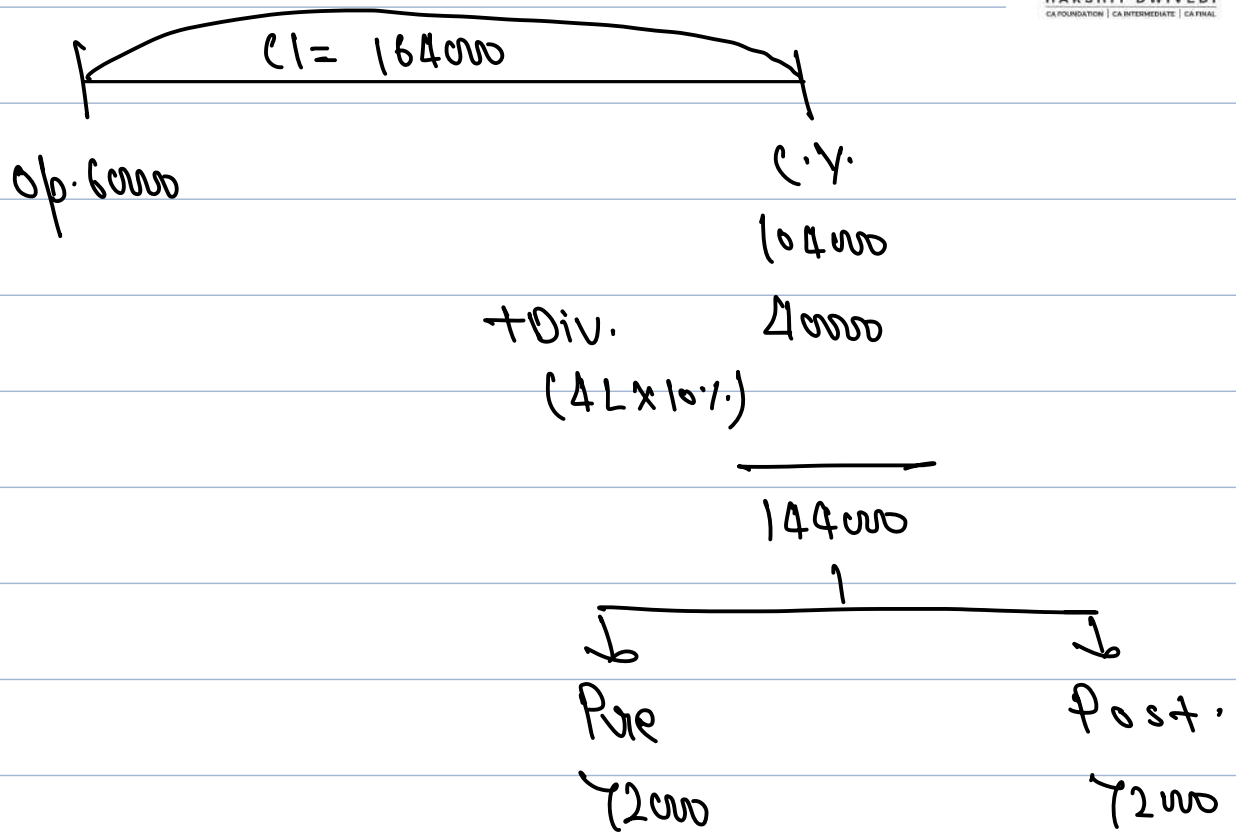
Y.S. 1-4-11 } → Pre → 6m

DoA. 1-10-11 } → Post → 6m

Y. end. 31-3-11



Step 3 Analysis of profits



$$\text{Pre a/c} = 60000 + 72000 = 132000$$

$$\text{Post a/c} = 72000$$

$$\text{Div. share in Ram} = 40000 \times 60\% = 24000$$

$$\text{Div. share in NCI} = 40000 \times 40\% = 16000$$

Step 4 Treatment of Adjustments.

step 1 Car^n of op. B.V. = $\frac{27000}{100-10\%} = 30000$

step 2 Revalⁿ

$$\text{BV as on DoA.} \quad 285000$$

$$\left(30000 - \left(32 \times 10\% \times \frac{6}{12} \right) \right)$$

FV on DOA

40000
11500



Step 3 Addⁿ/serv. in Dep.

Dep. charged $(32 \times 10\% \times \frac{6}{12})$ 15000

Dep. chargeable $(42 \times 10\% \times \frac{6}{12})$ 20000
Addⁿ Dep. 5000

Step 5 SONA of S

	DOA	Post	Yr end.
ESC.	40000	-	40000
O. Res.	20000	-	20000
R.E (step 3)	132000	72000	204000
Rev. of PIM (step 4)	115000	-	115000
Add ⁿ Dep. (step 4)	-	(5000)	(5000)
+/- F.V. changes			
+ inv.	30000	-	30000
+ L.A.B.	20000	-	20000
- TIP.	(20000)	-	(20000)
	<u>1057000</u>	<u>67000</u>	<u>1124000</u>

Ram share in post profit = $67000 \times 60\% = 40200$

NCI share in post profit = $67000 \times 40\% = 26800$



Step 6 g/w / G on $B.P.$

N.A. of Krishna as on DOA. 105700
 - invt in Krish. 80000



- NCI @ PSMA. 422800 1222800
 (1057000 X 40% G/w 165800

Step 7 NCI

NCI @ PSMA (step 6) 422800
 + share of post profit (step 5) 26800
 - Div. share of NCI (step 3) (16000)
433600

Step 8 Cons. O.E.

O. Reserve. 600000
 R.E. 114400
 + share of p. profit (step 5) 40200
 - Div. sh. of P. (step 3) (24000)
730600

Step 9 Cons. BLS.

Assets.

NCA

i) PPF

a) LJB (PFS + 2L) 86000

b) PBM (PFS + 115000 - 5000) 86000



ii) I.T.A.

	a) goodwill (steps)	165800
C.A.		
	i) Inventory (P+S + 30000)	342800
	ii) TIR. (P+S)	199600
	iii) C.S.E (P+S)	<u>45000</u>
		<u>2473200</u>

Equity & Liabilities

1) SHF

a) E.S.C	1000000
b) Com. O.F. (step 8)	730600
c) NCI (step 7)	433600

2) C.L.

a) T.P. (P+S - 20000)	149000
b) OCL (Bank O.D)	<u>160000</u>

2473200

Question # 17

{Adopted from Dip. In IFRS}

From following Balance Sheet as on 31.3.17, prepare CBS

	P	S
Non-current Asset		
- Property, Plant and Equipment	10,00,000	8,00,000
- Investment in <u>ES of S</u>	<u>6,00,000</u>	-
- Investment in <u>90% Debentures of S</u>	<u>2,10,000</u>	-
Current Asset		
- Trade Receivable	60,000	50,000
- Inventory	50,000	40,000
- Bank	80,000	70,000
	20,00,000	9,60,000
Share Capital of ₹10 each	10,00,000	<u>5,00,000</u>
Retained Earnings (Other Equity)	4,00,000	2,00,000
Non current liabilities		
- 12% debentures	<u>3,00,000</u>	<u>2,00,000</u>
Current Liabilities		
- Trade payables	3,00,000	60,000

180000

20,00,000

9,60,000

Other Information:

- (1) P purchased 4,000 ES of S on 01.10.16 and the market price of the share on that day was ₹125 per share.
- (2) Balance of RE of S as on 01.04.16 were ₹80,000, out of which 10% dividend of 15-16 was paid by S and S paid interim dividend of 15% in 16-17 → ignore.
- (3) Trade receivable of S includes ₹10,000 due from P whereas trade payable of P includes ₹8,000 due to S.
- (4) P sold inventory for ₹10,000 at a profit of 25% on cost, half of which is still lying with S.
- (5) S's inventory of ₹5,000 was valued at ₹6,000 on the date of Acquisition and 60% of it is sold till the year end.
- (6) S sold inventory of ₹10,000 to P at ₹12,000, 25% of which is still lying with P
- (7) S's PPE includes PPE of book value ₹2,40,000 whose FV as on DOA is ₹4,00,000. Depreciation 20%.
- (8) Trade payables of S had FV of ₹75,000 as on DOA.
- (9) Land of S include in PPE is revalued upward by ₹50,000 on DOA.

Prepare CBS

Solⁿ in Step 1 Step

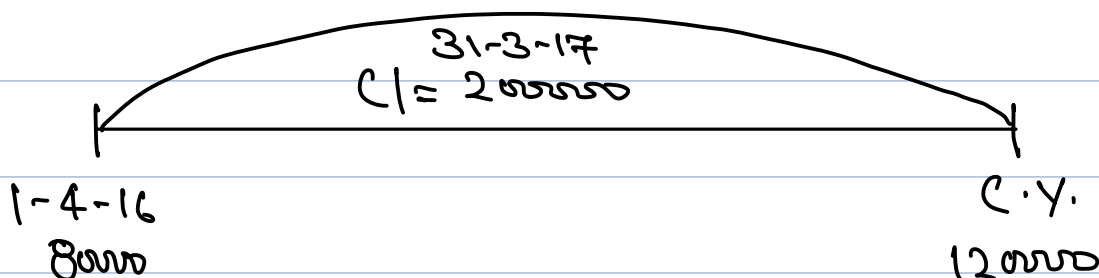
$$P's \text{ stake} = \frac{4000}{5000} \times 100 = 80\%$$

$$\therefore NCI = 20\%$$

Step 2 Period

Y.S. 1-4-16 } → Pre → 6m
 DoA. 1-10-16 } → Post → 6m
 Yr. end 31-3-17

Step 3 A.O.P. of S Ltd.





+ Dividend $\frac{50000}{(5L \times 10\%)}$

50000

170000



Pre
85000

Post
85000

Pre acq. profit = $80000 + 85000 = 165000$

Post acq. profit = 85000

Div. share of P = $50000 \times 80\% = 40000$

Div. share of NEI = $50000 \times 20\% = 10000$

Step 4 T.O.A.

1) 12% Deb Dr 180000 (2L x 90%)

P's P/L Dr 30000 (B/L)

To Inv. in Deb of S 210000

2) TIP Dr 8000

MIT Dr 2000 (B/L)

To TIR 10000

3) P's P/L Dr 10000

To inventory (S) 10000

($10000 \times 20\% \times \frac{1}{2}$)

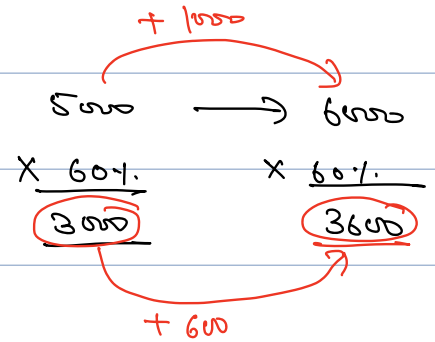


7) Inv. Dr 1000
To S's P/L 1000



S's P/L Dr 600
To Invent. 600

(Impact on NA)



8) S's P/L Dr 500 ((12K-10K) x 25%)
To Invent. 500

6) Step 1 op. B.V. of PPE = $\frac{240000}{80\%} = 300000$

Step 2 Rev.

B.V. as on DoA = $300000 - 10\% \text{ or } 20\% \times \frac{1}{2} = 270000$

FV as on DoA = 400000

Rev. = 130000

Step 3 Addl Savings in Dep.

Dep. charged = $300000 \times 20\% \times \frac{6}{12} = 30000$

Dep. chargeable = $400000 \times 20\% \times \frac{6}{12} = 40000$

Addl Dep $\Rightarrow 10000$



7) S's P/L Dr 15000

TIP 15000

8) Land Dr 50000

To S's P/L 50000



steps SONA of S.

	DOA	Post	year end
ESL	50000	-	50000
R.E. (step 3)	16500	8500	25000
FV of stock (step 4)	1000	-	1000
increase in COGS (step 4)	-	(600)	(600)
URP (step 4)	-	(500)	(500)
Rev. of PPE (step 4)	13000	-	13000
Add'l Dep. (step 4)	-	(1000)	(1000)
PV inc. in T.P. (step 4) (15000)	-	-	(15000)
FV inc. in Land (step 4) 50000	50000	-	50000
	<u>83100</u>	<u>73900</u>	<u>90490</u>

P's share of post profit = $73900 \times 80\% = 59120$

NCI share of post profit = $73900 \times 20\% = 14780$

steps glw / gain on B.P.

N.A. as on DOA. (steps 5)

83100

- Inv in S.

60000



- NCI @ FV

(1000 sh x ₹125)

125000

C.R.

₹25000

106000



Step 7 NCI

NCI @ FV (Step 6)	125000
+ share of post profit (Step 5)	14780
- Div. share of NCI (Step 3)	(10000)
	<u>129780</u>

Step 8 Cons. O.E.

R.E. of P. (B/S)	400000
share of post profit (Step 5)	59120
- share of Dividend (Step 3)	(40000)
- loss on inv in Deb. (Step 4)	(30000)
- URP on stock (Stock 4)	(1000)
+ Capital Reserve (Step 6)	106000
	<u>494120</u>

Step 9 Cons. B/S.

Assets

Non-C.A.

PPE (P+S + 130000 - 10000 + 50000) 197000

C.A.

Inventory. (P+S + 2000 - 1000 - 500 + 1000 - 600) 90900

GIT



TIR. (P+s. - 10000)

10000

Cash (P+s)

15000

231000

Equity & Liabilities.

SHF

i) Esc

100000

ii) other equity (Step 8)

494120

iii) NCI (Step 7)

129780

NCL

a) LT B.

12% Deb (P+B - 180000)

32000

C.L.

a) TIP. (P+s - 8000 + 15000)

367000

231000

Question # 21

PQ. 12 ICAI SM (RTP Nov '23)

Ishwar Ltd. holds investments in Vinayak Ltd. The draft balance sheets of two entities at 31st March, 20X4 were as follows:

	Ishwar Ltd. ₹ in '000s	Vinayak Ltd. ₹ in '000s
Non-current Asset		
- Property, Plant and Equipment	26,20,000	18,50,000
- Investment	21,15,000	-
Current Asset		
- Inventory	6,00,000	3,75,000
- Trade Receivable	4,50,000	3,30,000
- Cash and Cash Equivalent	75,000	60,000
TOTAL ASSETS	58,60,000	26,15,000
Equity and Liabilities		
Equity		
Share Capital (₹ 1 shares)	7,00,000	5,00,000
Retained Earnings	28,65,000	10,50,000
Other Components of Equity	12,50,000	50,000
Non-current Liabilities		
Provisions	6,250	-

→ LAB
→ PPE

450 mil.

Long-term Borrowings	4,13,750	4,50,000
Deferred Tax	2,25,000	1,40,000
Current Liabilities		
Trade and Other Payables	3,00,000	2,50,000
Short-term Borrowings	1,00,000	1,75,000
Total Current Liabilities	4,00,000	4,25,000
TOTAL EQUITY AND LIABILITIES	58,60,000	26,15,000

Additional Information:

Ishwar Ltd.'s investment in Vinayak Ltd.

On 1st April, 20X1, Ishwar Ltd. acquired 400 million shares in Vinayak Ltd. by means of a share exchange of one share in Ishwar Ltd. for every two shares acquired in Vinayak Ltd. On 1st April, 20X1, the market value of one share of Ishwar Ltd. was ₹ 7.

Ishwar Ltd. appointed a professional firm for conducting due diligence for acquisition of Vinayak Ltd., the cost of which amounted to ₹ 15 million. Ishwar Ltd. included these acquisition costs in the carrying amount of the investment in Vinayak Ltd. in the draft balance sheet of Ishwar Ltd. There has been no change to the carrying amount of this investment in Ishwar Ltd.'s own balance sheet since 1st April, 20X1.

On 1st April, 20X1, the individual financial statements of Vinayak Ltd. showed the following balance

Retained Earnings ₹750 million

Other components of Equity ₹25 million

The directors of Ishwar Ltd. carried out a fair value exercise to measure the identifiable assets and liabilities of Vinayak Ltd. at 1st April, 20X1. The following matters emerged:

- Property having a carrying amount of ₹ 800 million (land component ₹350 million, buildings component ₹ 450 million) had an estimated fair value of ₹ 1,000 million (land component ₹ 400 million, buildings component ₹ 600 million). The buildings component of the property had an estimated useful life of 30 years at 1st April, 20X1.
- Plant and equipment having a carrying amount of ₹ 600 million had an estimated fair value of ₹ 700 million. The estimated remaining useful life of this plant at 1st April, 20X1 was four years. None of this plant and equipment had been disposed of between 1st April, 20X1 and 31st March, 20X4.
- On 1st April, 20X1, the notes to the financial statements of Vinayak Ltd. disclosed contingent liability. On 1st April, 20X1, the fair value of this contingent liability was reliably measured at ₹ 30 million. The contingency was resolved in the year ended 31st March, 20X2 and no payments were required to be made by Vinayak Ltd. in respect of this contingent liability.
- The fair value adjustments have not been reflected in the individual financial statements of Vinayak Ltd. In the consolidated financial statements, the fair value adjustments will be regarded as temporary differences for the purposes of computing deferred tax. The rate of deferred tax to apply to temporary differences is 20%.

The directors of Ishwar Ltd. used the proportion of net assets method when measuring the non-controlling interest in Vinayak Ltd. in the consolidated balance sheet.

Impairment review of goodwill on acquisition of Vinayak Ltd.

No impairment of the goodwill on acquisition of Vinayak Ltd. was evident when the reviews were carried out on 31st March, 20X2 and 20X3. On 31st March, 20X4, the directors of Ishwar Ltd. carried out a further review and concluded that the recoverable amount of the net assets of Vinayak Ltd. at that date was ₹ 2,000 million. Vinayak Ltd. is regarded as a single cash generating unit for the purpose of measuring goodwill impairment.

Provision

On 1st April, 20X3, Ishwar Ltd. completed the construction of a non-current asset with an estimated useful life of 20 years. The costs of construction were recognised in property, plant and equipment and depreciated appropriately. Ishwar Ltd. has a legal obligation to restore the site on which the non-current asset is located on 31st March, 2X43. The estimated cost of this restoration work, at 31st March, 2X43 prices, is ₹ 125 million. The directors of Ishwar Ltd. have made a provision of ₹ 6.25 million (1/20 x ₹ 125 million) in the draft balance sheet at 31st March, 20X4.

An appropriate annual discount rate to use in any relevant calculations is 6% and at this rate the present value of ₹ 1 payable in 20 years is 31.2 paise.

Prepare the consolidated balance sheet of Ishwar Ltd. at 31st March, 20X4. Consider deferred tax implications

C.A > R.A
 ↓
 Impair
 I.L.

20.312

Solⁿ :- Step 1 SHP.



Ishwar Ltd stake = $\frac{400}{500} \times 100 = 80\%$

∴ NCI = 20%



Step 2 Period

Yr. starting. 1-4-03
 DoA. 1-4-01
 Yr. ending 31-3-04

Step 3 A.O.P. of s.

∴ No preacq.
 period
 ∴ N.A.

Since D.O.A. is 2 years back
 ∴ entire Period is Post period.

Step 4 Treatment of Adjustments:

a) Calⁿ of Tax as on 1-4-01 on DoA

	C.A. (F.V.)	T.B. (C.A.)	T.D.
Land	400	350	50 T
Buildings	600	450	150 T
Equipment	700	600	100 T
Contin. Liability	30	-	30 D.
			<u>270 T.</u>

X T. Rate x 20%
DTL ₹ 54

b) calcⁿ of D.T. as on 31-3-04 on BIS date (C.F.I.)



C.A.

T.B.

T.D.



① Land

400

350

50 T

② Buildings.

585

450

135 T

$$\left(600 - 150 \times \frac{3}{30} \right)$$

note: Building C.A on 1-4-01
in S's books = 450

∴ Sub. would have charged

Dep. on ₹ 450 till 31-3-04.

hence we need to charge
dep. on 1-4-01 to 31-3-04
only on extra ₹ 150

$$(600 - 450)$$

③ Equipment

625

600

25 T

$$\left(700 - 100 \times \frac{3}{4} \right)$$

210 T

X T.R. 20%

DTL. 42

c) Prov. for DSR during 2003-04. (INDAS 16)

① Asset

Dr

39

To prov. for DSR.

39

$$(125 \times 0.312)$$



② PIL Dr 1.950

To Amet. 1.950
(39 x $\frac{1}{20}$)



③ PIL Dr 2.340

To provision (39 x 6%) 2.340

④ Provision (old) Dr 6.250

To PIL 6.250

Net impact = P. 6.250 - Dep. 1.950 - provision 2.340 \Rightarrow 1.960
 \uparrow in PIL.

Steps SONA of Vinayak Ltd.

	DOA.	Post	Yr end.
ESC	50000	-	50000
R.F.	75000	305000 (B/f)	105000
Other comp. of Eq.	25000	25000 (B/f)	50000
DTL (Step 4)	(54000)	12000 (B/f)	(42000)
Cont liab. (Step 4)	(30000)	30000 (B/f)	0
Rev. gain (Step 4)			
→ land.	50000	-	50000
→ Building.	150000	-	150000

→ Dep. on Building.

-

(15000)

(15000)



→ Plant & Eq.

100000

-



→ Dep. on P&E

-

(75000)

(75000)

149100

277000

176800

✓

Ishwar stake in Post = $277000 \times 80\% = 221600$

NCI stake in Post = $277000 \times 20\% = 55400$

Step 6 Goodwill on Cr. on B/P.

N.A. of Vinayak as on DoA.

149100

- Inv. in Vinayak.

140000

$\left\{ 40000 \times \frac{1}{2} \times \frac{77}{77} \right\}$

- NCI @ PS NA

298200

1698200

(14L x 20%)

Gr.W.

207200

- I.L. (Note 1)

(21600)

185600

Note-1 I.L. Loss of gw (INDAS 36)

N.A. of s on 31-3-24

176800

+ gw $\left(\frac{207200}{80\%} \right)$

259000



C.A. of S's N.A.

2027000

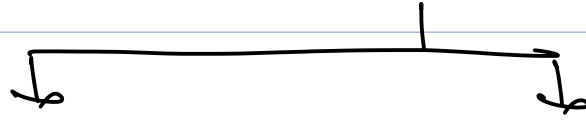
R.A.

2000000



I.L.

27000



g/w w/off.

O.A&L.

Is + pref.

↓
in ratio of
their C.A.

P (80%)

NCI (20%)

21600

↓
P. → Com. PIL.

(∵ it is group CBS)
∴ NCI is valued @ PSNA

PIPIL Dr 21600

To g/w. 21600

Step 7

NCI

NCI @ PSNA.

298200

+ sh. of P.P.

55400

353600

Step 8

Com. O.E.

P.R.E.

2865000

P.O.E.

1250000



- Cost of D.D. (given)	15000
+ inc. in P. for DSR. (Step 4)	1960
+ sh. of P.P. (Step 5)	22160
- imp. of gw (Step 6)	(2160)
	<u>4301960</u>



Steps Cons. BIS

Assets:

NCA:

PPE (Note-2)	4717050
gw (Step 6)	18560
Investments: (Note-3)	700000

C.A

Inventories: (P+S)	97500
TIR: (P+S)	78000
CCE (P+S)	135000
	<u>7492650</u>

Total

Equity & Liabilities

SHF

1) Esc	700000
2) O.E. (Step 8)	4301960
3) NCI (Step 7)	39360



NCL.

1) Provisions (6250 - 6250 + 39000 + 2340)	41340
2) L.T.B. (P+S)	863750
3) DTL (36500 + 42000)	407000

C.L.

1) T.P. (P+S)	550000
2) STB (P+S)	275000
Totals	₹492650

Note-2 PPE

Ishware Ltd.	2620000
Vineyak Ltd	1850000
+ Rev. gain	
Land	50000
Building	150000
Equipment	100000
- Dep.	
Building	(150000)
Equipment	(75000)
Prov. for DSR	39000
Add ⁿ prov. on DSR.	<u>(1950)</u>
	<u>2097050</u>
	<u>4717050</u>

Note-3 Investments



Invest Ltd.

- Cost of D.D.

- Invnt in Vinayak

2115000

(15000)

(140000)

700000



Q. 20 & 22 was H.W.

Question # 22

NOV 24 EXAM

The balance sheets of Ltd. and Las as on 31 March, 2024 were as follows

	H LTD	S LTD
Non-current Asset		
- Property, Plant and Equipment	14800	6000
- Investment in S ltd	5800	-
- 1000 debentures in s ltd	1500	-
Current Asset		
- Trade Receivable (due from s ltd)	4000	3000
- Dividend receivable	320	-
- Inventory	2600	2000
- Cash and cash equivalents	500	2000
	29520	13000
Equity and Liabilities		
Equity	10000	4000
Equity Share Capital (10 per share)	16320	5000
Other Equity (Retained Earnings)		3000
Non-current Liabilities		
- 13% debentures of 100 each		3000
Current Liabilities		
- Trade payables	1700	600
- Dividend payable		400
- Other liabilities	1500	
	29520	13000

Additional information:

(i) On 1 April, 2023, S Ltd. had 400 lakh shares of 10 each and 3,000 lakh in its Retained Earnings in Other Equity. H Ltd. acquired 80% share of S Ltd. on 1 April, 2023 at a consideration of 5,800 lakh in cash.

(ii) The following changes in book value of identifiable net assets of S Ltd. as on 1st April, 2023 are to be considered for arriving the fair value of identifiable net assets and to record the changes in their fair value on the said date. These changes in fair values are to be considered while drawing

consolidated Financial Statement of the Group.

ASSETS	BOOK VALUE	FAIR VALUE
PPE	2,500 LAKHS	2,800 LAKHS
INVENTORY	500 LAKHS	200 LAKHS

The rate of depreciation on PPE is 10% p.a.

(iii) NCI was to be measured at fair value based on purchase consideration.

(iv) Goodwill was impaired by 100 lakh

(v) H Ltd. sold goods worth 200 lakh to S Ltd. on credit at a profit of 20% on sales. 50% of the goods were still lying unsold

(vi) S Ltd. issued a cheque of 40 lakh in favour of H Ltd. as a part payment of the goods purchased from it in March, 2024. The cheque is yet to be received by H Ltd.

(vii) Dividend payable represents the dividend declared out of pre-acquisition profit. H Ltd. credited its share of dividend from S Ltd. to its profits.

Prepare the Consolidated Balance Sheet of the Group as at 31 March, 2024,



Answer

**Consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd.
as at 31st March, 2024**

	Notes No.	₹ in lakhs
Assets		
Non-current assets		
Property, plant and equipment	1	21,070
Goodwill	2	150
Current assets		
Inventory	3	4,275
Financial assets		
Cash and cash equivalents	4	2,540
Trade receivables	5	6,840
Dividend receivable	6	Nil
Total		34,875
Equity and Liabilities		
Equity		
Share capital - Equity shares of ₹ 10 each		10,000
Other equity	7	16,292
Non-controlling interest (W.N.4)		1,824
Non-current liabilities		
Financial liabilities		
Borrowings- 13% Debentures	8	2,999
Current Liabilities		
Financial liabilities		
Trade payables	9	2,180
Dividend payable	10	80
Other liabilities		1,500
Total		34,875

Notes to Accounts

1. Property, Plant and Equipment ₹ in lakhs

Particulars	₹	₹
H Ltd.		14,800
S Ltd.	6,000	
Add: Fair value gain	300	
Less: Additional depreciation due to fair value gain	(30)	
	6,270	21,070

2. Goodwill ₹ in lakhs

Particulars	₹	₹
Goodwill on acquisition of S Ltd. (Refer W.N.3)	250	
Less: Impairment	(100)	
		150

3. Inventory ₹ in lakhs

Particulars	₹	₹
H Ltd.		2,600
S Ltd.	2,000	
Less: Fair value loss	(300)	
Less: Unrealised gain (200/80% x 20% x 50%)	(25)	
	1,675	4,275

4. Cash and cash equivalent ₹ in lakhs

Particulars	₹	₹	₹
H Ltd.	500		
Add: Cheque in Transit	40	540	
S Ltd.		2,000	2,540

5. Trade Receivable ₹ in lakhs

Particulars	₹	₹
H Ltd.	4,000	
Less: Mutual transaction	(160)	3,840
S Ltd.		3,000
		6,840

6. Dividend Receivable ₹ in lakhs

Particulars	₹	₹
H Ltd.	320	
Less: Mutual transaction	(320)	Nil

7. Other Equity (Retained Earnings) ₹ in lakhs

Particulars	₹	₹
H Ltd.	16,320	
Less: Share of pre-acquisition dividend (400 x 80%)	(320)	16,000
Post acquisition RE of S Ltd. (W.N.1)	2,370	
Less: Share of NCI in post-acquisition RE of S Ltd. (2,370 x 20%)	(474)	1,896
Less: Impairment of goodwill (100 x 80%)		(80)
Less: Loss on cancellation of debentures (mutual holding) (W.N.5)		(1,499)
Less: Unrealised gain (W.N.6)		(25)
		16,292

8. Borrowings (13% Debentures) ₹ in lakhs

Particulars	₹	₹
S Ltd.	3,000	
Less: Mutual holding by H Ltd. (1,000 Debentures x ₹ 100)	(1)	2,999

9. Trade Payables ₹ in lakhs

Particulars	₹	₹
H Ltd.		1,700
S Ltd.	600	
Less: Mutual transaction	(120)	480
		2,180

10. Dividend Payables

₹ in lakhs

Particulars	₹	₹
S Ltd.	400	
Less: Mutual transaction	(320)	80

Working Notes:

1. Analysis of Retained Earnings of S Ltd.

₹ in lakhs

Closing balance as on 31 st March, 2024	5,000
Less: Pre-acquisition Retained Earnings as on 1 st April, 2023 (3,000 - 400)	(2,600)
	2,400
Less: Additional depreciation	(30)
Post-acquisition Retained Earnings	2,370

2. Computation of net worth (net identifiable assets) as on 1st April, 2023

₹ in lakhs

Share Capital of S Ltd.	4,000
Pre-acquisition Retained Earnings	3,000
Fair value gain on PPE (2,800 - 2,500)	300
Fair value loss on inventory (500 - 200)	(300)
Net Worth or Net Identifiable Assets	7,000

3. Computation of Goodwill on acquisition date of S Ltd.

₹ in lakhs

Purchase consideration	5,800
NCI (by fair value method) as on 1 st April, 2023 [(5,800/80%) x 20%]	1,450
	7,250
Less: Net worth or Net Identifiable Assets (W.N.2)	(7,000)
Goodwill as on 1 st April, 2023	250

4. Non-Controlling Interest as on 31st March, 2024

₹ in lakhs

NCI (by fair value method) as on 1 st April, 2023	1,450
Less: Share of pre-acquisition dividend (400 x 20%)	(80)
Post-acquisition Retained Earnings (2,370 x 20%)	474

Less: Share of impairment of Goodwill (100 x 20%)	(20)
NCI as on 31 st March, 2024	1,824

5. Loss on settlement of Debentures held by H Ltd.

₹ in lakhs

Investment in Debentures by H Ltd.	1,500
Less: Nominal value of debentures held by H Ltd. (1,000 x ₹ 100)	(1)
Loss on settlement of investment in Debentures	1,499

6. Computation of unrealised gain by H Ltd. on sale of goods to S Ltd.

₹ in lakhs

Cost price of the goods sold	200
Sales price of the goods sold (200/80%)	250
Profit on sale of such goods	50
Unrealized gain on 50% unsold goods (50 x 50%)	25

#3 Special Issues

a) Sale of stake by parent

Rather I should say Sale of stake it should be Δ of stake

SFS

CFs

Bank Dr xxx
To invt. xxx

(Diff = PIL)

P = 70%
NCI = 30%

C.I 60%
C.II 40%

NCI = 30%
C.II Last

NA Dr
G/W Dr
To Invt
To NCI

Bank Dr
Invt Dr
NCI Dr
To G/W
To NA



No loss of Control

loss of Control

Increase NCI

Derecognize Subsidi.

Bank Dr xxx
 To NCI xxx
 money need.
 Value of Business x Stake % Sold
 N.A. of s as on
 Date of sale + Grw as on DoA.

Inv Dr → Retained
 Bank Dr → money need
 NCI Dr → CA
 To N.A. of s → CA
 To Grw → DoA
 To O.E. (B/P)

eg ->

	DoA.	1-4-24
NA of s.	10000	16000
Grw	??	4000

a) inv in s for 70% = ₹ 9000

b) NCI is valued @ PSNA.

1) Calcⁿ of Grw

DoA.

2) JIE (cont.)

NA of s as on DoA.	10000
- inv in s. (70%)	9000
- NCI @ PSNA.	<u>3000</u>
	<u>12000</u>
	<u>2000</u>

NA of s Dr 10000
 Grw Dr 2000
 To NCI 3000

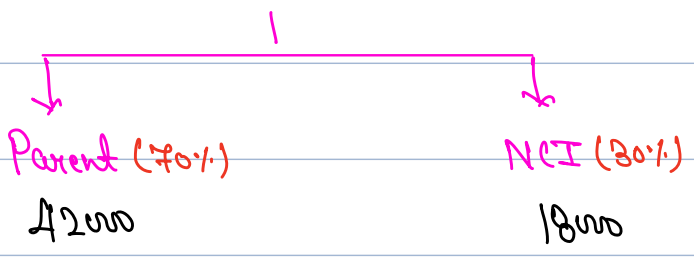


D.O.S.



a) Post profit = N.A. of son - N.A. on
 Date of sale on D.O.A.
 = 16000 - 10000
 = 6000

b) NCI as on 1-4-24.
 NCI as on D.O.A 3000
 + sh. of post pr. 1800
4800



c) 1-4-2024

<p>Case-1</p> <p>P purchased further 15% Stake for ₹ 2000 (prop. payment to NCI)</p> <p>SFS → Inv Dr 2000 To Bank 2000 (journal purchase)</p> <p>CFS → NCI = 30% → 4800 ∴ 15% → ?? 2400</p> <p>NCI Dr 2400 To Bank 2000 To o.f. 1500</p>	<p>Case-2</p> <p>P sold 15% Stake for ₹ 4000 (incr. of NCI)</p> <p>SFS: Inv 70% → 2000 ∴ 15% → ?? 19286</p> <p>Bank Dr 4000 To Inv. 19286 To P/L 20714</p> <p>CFS N.A. of s 16000 Cr.w. 4000 <u>20000</u> Val. of Biz. 200000</p>	<p>Case-3</p> <p>P sold 35% of stake for ₹ 50000 (loss of control)</p> <p>SFS: Inv → 70% = 20000 35% = ? 45000</p> <p>Bank Dr 50000 To Inv Dr 45000 To P/L 5000</p>
---	---	---



Sold

15%

CFS

₹ 30000

Bank Dr 4000
 To NCI 30000
 To O.E 10000

Inv Dr 45000
 Bank Dr 50000
 NCI Dr 48000

O.E. Dr **37000**

To Glw 20000
 To N.A. 16000

Logic.

Unrealised profit (post) 60000

P'share 70%

Unrealised post profit. 42000

received (5000)

Unrealised & hence forgone 37000

MC Cloud.

Question # 35

ILL 23 ICAI STUDY MATERIAL

A limited acquired 10% additional shares of its 70% subsidiary. The following relevant information is available in respect of the changes in NCI on the basis of balance sheet finalised as on 1.4.2000

	₹ in '000 As on 31.3.2000
Separate Financial Statements	
Investment in subsidiary (70% interest) – at cost	14,000
Purchase price for additional 10%	2,600
Consolidated Balance Sheet	
NCI	6,600
Consolidated P/L account balance	2,000
Goodwill	600

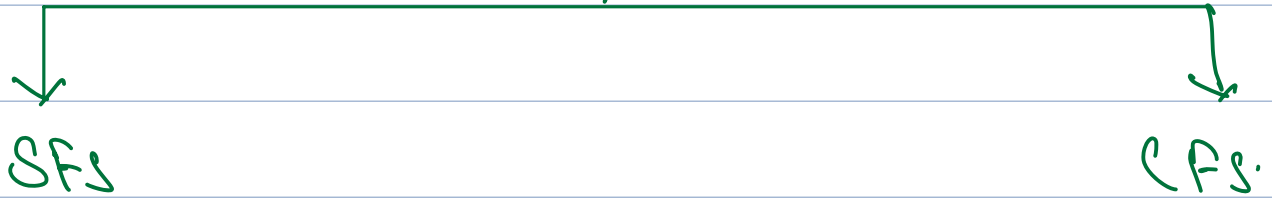
Reporting date of subsidiary and the parent is 31.3.2000.

Prepare note showing adjustment for change of NCI. Should goodwill be adjusted for change?

Solⁿ



There is an additional purchase of 10% stake for ₹2600. which means NCI is decreasing i.e. prop. payment to NCI.



Invt Dr 2600
 To Bank 2600

a) NCI 30% → 6600
 ∴ 10% → ??

2200

b) NCI Dr 2200
 O.F. Dr 400
 To Bank 2600

There will be no change in goodwill ∴ control already exists.

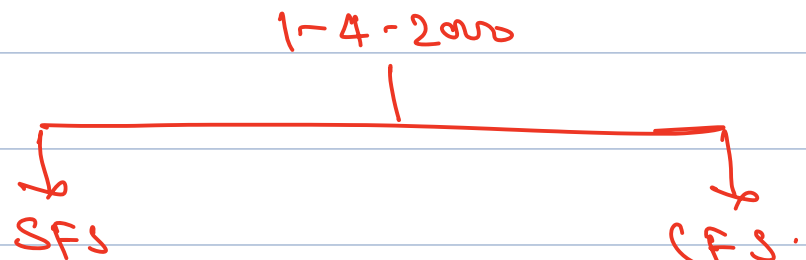
Question # 36

ICAI STUDY MATERIAL ILL 22

Entity A acquired 60% of entity B two years ago for ₹6,000. At that time B's fair value was ₹10,000. It had net assets with a fair value of ₹6,000 (which same as book value). Goodwill of ₹2,400 was recorded (being ₹6,000 - 60% x ₹6,000). On 1st October 2000, entity A requires a further 20% interest in entity B, taking its holding to 80%. At that time the FV of B is ₹20,000 and entity A pays ₹4,000 for 20% interest. At the time of purchase the FV of entity B's net asset is ₹12,000 and the carrying amount of NCI is ₹4,000

Solⁿ :-

2 years ago.
 N.A. of B 6000
 - Invt in B 6000



- NCI @ PSNA. 2400

8400

Inv Dr 4000

a) NCI → 40% 4000



(6000 × 40%)

g/w. 2400

To Bank 4000



b) NCI Dr 2000

O.E Dr 2000

To bank 4000

Question # 37 **ICAI STUDY MATERIAL ILL 24**

A limited acquired 70% of shares of B Ltd on 1.4.2000, when FV of NA of B limited was 200 lakhs. During 2000-01, B limited made a profit of ₹100 lakhs. Stand-alone and CBS as on 31.3.2001 are as follows :

	A ✓	B ✓	Group ✓
PPE	627	200	827
Goodwill	-	-	10
Investments	150 ✓	-	-
Cash	200	30	230
Other CA ✓	23	70	93
	1,000	300	1,160
Share capital	200	100	200
Other equity	800	200	870
NCI ✓	-	-	90
	1,000	300	1,160
As on 1.4.2001			
Purchase Consideration	150 ✓		
NCI	60 ✓		
	210		
FV of NA	(200)		
Goodwill	10		

Now A purchases another 10% stake in B on 1.4.2001 for 32
 The proportionate carrying amount of NCI is 30
 Show Stand-alone and CBS of the group immediately after the change in NCI

Solⁿ :-

Step 1

Step 2 Period

P = 70%

NCI = 30%

y.s. 1-4-2000 } → Pre = 0
 DoA. 1-4-2000 } → Post = 12
 y.rend. 31-3-2001

Step 3 :- Analysis of profit → N.A.



Step 4 :- T.O.A. → No.

Step 5 :- SONA of S.



	DOA	Post	Yr end.
Esc	100	-	100
R.E.	$\frac{100}{200}$	$\frac{100}{100}$	$\frac{200}{300}$



Step 6 Calcⁿ of g/w / Gr on B.P.

N.A. of S as on DOA.		
- Inv. (70%)	150	
- NCI @ PSNA.	<u>60</u>	<u>210</u>
		g.w. <u>10</u>

Step 7. Change of stake.

SFS → Inv Dr	32
To Cr B	32

Step 8 NCI

NCI	60
+ sh. of p.p.	<u>30</u>
	<u>90</u>
- Rep.	<u>(30)</u>
	<u>60</u>

CFS → NCI 30% = $90 \left\{ \begin{matrix} 60 \\ +30 \end{matrix} \right\}$

∴ 10% ⇒ $\boxed{22}$



30

Steps

Consolidate o.e

NCI	Dr	30	O.E. of P	800
O.P	Dr	(2)	+ Sh. of Post p.	70
	To	Bank 32	- loss in Δ in stake	(2)
				<u>868</u>

Step 10 Consolidated B/s.

Particulars	A	B	Group
PPE	627	200	827
Goodwill	-	-	10
Inv. (150 + 32)	182	-	-
Cash (200 - 32)	168	30	198
O.C.A.	23	70	93
	<u>1000</u>	<u>300</u>	<u>1128</u>
Equity	200	100	200
O.E.	800	200	868
NCI	-	-	60
	<u>1000</u>	<u>300</u>	<u>1128</u>

Question # 38

P purchased 80% shares of S on 1.4.2016. Balance sheet as on 31.3.2017 is as follows:

	P	S
Property, Plant and Equipment	5,00,000	4,00,000
Investment in 80% ES of S (sold 10% of Inv for ₹90,000 on YE, effect yet to given)	5,00,000	-
Current Asset	6,00,000	5,00,000

	16,00,000	9,00,000
Share Capital	7,00,000	4,00,000
Retained Earnings (S's on 1.4.16 = 20,000)	5,00,000	1,00,000
Liabilities	4,00,000	4,00,000
	16,00,000	9,00,000

Other Information:

FV of NCI on 1.4.16 was ₹1,00,000.

Prepare Stand-alone BS and CBS of P

Solⁿ :-

Step 1	SHP.	Step 2	Period	Step 3	AOP
P	80%	Ys.	1-4-16		↓
NCI	20%	DoA.	1-4-16		N.A.
		Y.end	31-3-17	Step 4	T.O.A.
					↓
					N.A.

Pre = 0
Post = 12

Step 5

	SONA of S.			Steps	
	DoA	Post	Yr end.	g/w / Cr. on B.P.	
ESC	40000		40000	N.A. of S	42000
R.R.	2000	8000	10000	- INV. 80% 52	
	<u>42000</u>	<u>8000</u>	<u>50000</u>	- NCI @ FV 12	<u>60000</u>
					g.w. 18000

↓	↓	Step 7	NCI	
P	NCI	NCI on DoA.		10000
(80%)	(20%)	+ sh. of p.p.		<u>16000</u>
64000	16000	+ sale of stake		<u>116000</u>
				<u>68000</u>
				<u>184000</u>

Step 8 Change in stake sold w/o cont.



SFS → 80% = 50000

10% = ??

62500



Bank Dr 90000

To Inv. 62500

To P/L 27500

CFS: N.A. of S. on y. end 50000

Cr/W 18000

Val. of Biz. 68000

X sold % 10%

68000

Bank Dr 90000

To NCI 68000

To O.E. 22000

Steps Com. O.E.

P. R.E. 50000

+ Sh. O. P.P. 64000

+ p. on sel. of stake 22000

58600

Step 10 Cons. BIS.



Particulars

P.

CBS.



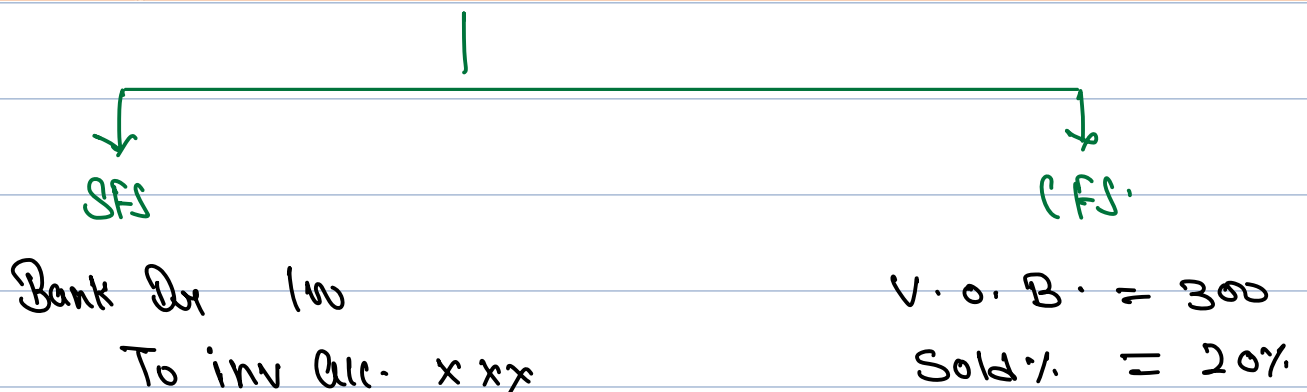
Non C.A.	50000	90000
Inv. in E.S. of S.	437500	-
(50000 - 62500)		
Goodwill	-	10000
C.A.	690000	1190000
	(6L + 90K)	(P + S + 90000)
	<u>1627500</u>	<u>2270000</u>
Equity	700000	700000
O.F.	527500	586000
	(5L + 27500)	
NCI	-	184000
Liability	400000	800000
	<u>1627500</u>	<u>2270000</u>

Question # 39

ICAI STUDY MATERIAL ILL 21

Entity P sells 20% interest in wholly owned subsidiary to outside investors for ₹100 lakhs in cash. The carrying value of subsidiary's net assets is ₹300 lakhs, including goodwill of ₹65 lakhs from the subsidiary's initial acquisition.

Solⁿ:





⇒ 300 x 20%
⇒ 60



Bank Dr 60

To NCI 60

To O.E. (40)

Question # 40

ICAI STUDY MATERIAL ILL 25

Amla Ltd purchased a 100% subsidiary for ₹10,00,000 at the end of 2001 when the FV of subsidiary's Lal Ltd net asset was ₹8,00,000

The parent sold 40% of its investment in the subsidiary in March 2004 to outside investors for ₹9,00,000. The carrying value of NA of subsidiary net asset is 18,00,000 as on date of disposal shares (including net assets of ₹16,00,000 and goodwill of ₹2,00,000)

Calculate gain/loss of sale of interest in subsidiary as at 31 march 20X4

Solⁿ :-

SFS

100% = 10 L.

40% = ??

4 L

Bank Dr 900000

To inv. 4L.

To P/L (5L)

Cfs.

V.O.B = 18L.

Sold = 40%
720000

Bank Dr 9L.

To NCI 720000

To O.E. 180000

Entity A sells a 30% interest in its wholly-owned subsidiary to outside investors in an arm's length transaction for ₹500 crore in cash and retains a 70% controlling interest in the subsidiary. At the time of the sale, the carrying value of the subsidiary's net assets in the consolidated financial statements of Entity A is ₹1,300 crore, additionally, there is a goodwill of ₹200 crore that arose on the subsidiary's acquisition. Entity A initially accounted for NCI representing present ownership interests in the subsidiary at fair value and it recognises subsequent changes in NCI in the subsidiary at NCI's proportionate share in aggregate of net identifiable assets and associated goodwill.

How should Entity A account for the transaction?

Solⁿ :- Accounting in SFS Not possible since value of investments is not given.

In PFS

$$\begin{aligned} \text{a) N.A. of S. as on D.O.S.} &= 1300 \\ + \text{goodwill} &= 200 \\ \hline &= 1500 \end{aligned}$$

$$\begin{aligned} \text{V.O.B.} &= 1500 \\ \times \% \text{ sold} &= \times 30\% \\ \hline &= 450 \end{aligned}$$

$$\begin{array}{l} \text{b) Bank} \quad \text{Dr} \quad 500 \\ \quad \quad \quad \text{To NCI} \quad \quad \quad 450 \\ \quad \quad \quad \text{To O.E} \quad \quad \quad (50) \end{array}$$

In March 2001 a group had 60% interest in subsidiary with share capital of 50,000 ES. The carrying amount of goodwill is ₹20,000 at March 2001 calculated using partial goodwill method. On 31.3.2001, an option held by minority shareholders exercised the option to subscribe for a further 25,000 shares in subsidiary at ₹12 per share, raising ₹3,00,000. The net assets of subsidiary in the consolidated balance sheet prior to the option exercise were ₹4,50,000 excluding goodwill. Calculate gain or loss in loss of interest in subsidiary due to option exercised by minority shareholder

Solⁿ :- P's share = 60% \therefore NCI = 40%.
 no. of shares held by P = 50000 ES \times 60%.



$$= 30000 \text{ sh.}$$

S. made fresh issue of 25000 E.sh. to option holders @ ₹ 12



Given in Q.

$$\therefore \text{now total sh. of S} = 50000 + 25000 = 75000$$

$$\therefore \text{P's share} = \frac{30000}{75000} \times 100 = 40\%$$

it means **loss of control (L.O.C.)**

$$\text{N.A. of S as on DOA} = 450000$$

N.A. of S	450000
- inv ins	<u>290000</u> Biff
NCI @ P's N.A.	(180000)
(450000 x 40%)	

P L to acq.
60% of 450000
⇒ 270000

S extra g/w = 20000
∴ total v.o.B. = 290000

g/w 20000

SFS (Gift)

CFS.

as on DOA

Inv. Dr	290000
To CRB.	290000

Inv't Dr	360000
NCI Dr	180000

Qs on 1.0c.



Inv Dr 7000
To P/L 7000

To N.A of S. 45000
To g/w 20000
To O.F (Giff) 7000

FV of invt. = 30000 × 12 = 36000
Cost of invt = 29000
↑ 7000

Question # 44

ICAI STUDY MATERIAL ILL 31

A P purchased an 80% interest in S for ₹1,60,000 on 1.4.2001 when the fair value of S's Net Assets was ₹1,75,000. Goodwill of ₹20,000 arose on consolidation under partial goodwill method. Impairment of goodwill of ₹8,000 was charged to consolidate FS to 31.3.2003. no other impairment charges being recorded have been recorded. The parent sold its Investment in the subsidiary on 31.3.2004 for ₹2,00,000. The book value of S's NA in the consolidated FS on the date of sale was ₹2,25,000 (not including goodwill of ₹12,000). When the S held the criteria held for sale under Ind AS 105, no write down was required because the expected FV less cost to sale (of 100% of the S) were greater than the ~~FX~~ carrying value. The P carried the Investment in the subsidiary at cost, as permitted by Ind AS 27. Calculate gain or loss on disposal of S in P's separate FS and consolidated FS as on 31.3.2004

Solⁿ:

On 1-4-01

N.A. of S 175000
- invt (160000)
- NCI @ P's NA (35000)
(20% of 175000)

In SFS

Bank Dr 200000
To invt 160000
To P/L (gain) 40000

g/w 2000

On 31-3-04

N.A. of S as on 31-3-04 225000
N.A. of S as on 1-4-01 175000

In CFS

Bank Dr 200000
NCI Dr 45000
To N.A of S 225000

Post profit 50000

To GIW 12000
To O.E. 8000



P' share 80% = 40000
NCI 20% = 10000



ON 31-3-04

NCI as on DoA.	35000
Share of post profit	<u>10000</u>
NCI as on 10C	<u>45000</u>

Question # 45 **ICAI STUDY MATERIAL ILL 32**

AT Ltd purchased 100% subsidiary for ₹50,00,000 on 31.3.2001 when the fair value of BT whose NA was ₹40,00,000. Therefore, goodwill is ₹10,00,000. The AT Ltd sold 60% of its investment in BT Ltd on 31.3.2003 for ₹67,50,000, leaving AT with 40% and significant influence. At the date of disposal, the carrying value of NA of BT Ltd, excluding goodwill is ₹80,00,000. Assume the FV of the investment in associate retained is proportionate to the FV of the 60% sold that is ₹45,00,000. Calculate gain or loss on disposal of S in P's separate FS and consolidated FS as on 31.3.2003.

Solⁿ in SFS

Bank Dr 6750000	Inv + 2500000
To inv (50L x 60%) 3000000	To P/L 2500000
To P/L 3750000	

In CFS

Bank	Dr	60%	6750000	
Inv.	Dr	40%	4500000	($\frac{6750000}{60\%} \times 40\%$)
			To NA of S.	8000000
			To GIW	1000000
			To O.E (B/L)	2250000

The facts of this question remain same as previous question, except the group AT Ltd disposes 90% interest in BT Ltd for ₹85,50,000, leaving AT with investment of 10%. The FV of remaining interest is ₹9,50,000

Calculate gain or loss on disposal of S in P's separate FS and consolidated FS as on 31.3.2003.

Solⁿ:

Total investment = 500000

	90% sold	10% retain
Cost	450000	50000
FV	<u>850000</u>	<u>95000</u>
gain	<u>405000</u>	<u>45000</u>

SFS

Bank Dr	855000
To invt	450000
To P/L	405000

Invt Dr	45000
To P/L	45000

CFS

Bank Dr	855000
Invt Dr	95000
To g/w	100000
To NA of S	80000
To O.F	50000

P has a number of wholly owned subsidiaries including S at 31.3.2002. P consolidated financial position and the group carrying amount of S assets and liabilities (amount included in that consolidated statement of financial position in respect of S assets and liabilities) at 31.3.2002 are as follows:

	P	S
Goodwill	380	180
Building	3,240	1,340
Inventory	140	40
Trade Receivables	1,700	900
Cash	3,100	1000
	8,560	3,460
Equity share capital	1,600	
Retained Earnings	4,260	
Trade payable	2,700	900
	8,560	900

HD
MENTORING
 HANSHIT DWIVEDI
 CA FOUNDATION | CA INTERMEDIATE

200
 ↓
 glw of P.
 ↓
 glw on Com.

CASE – 1 –

Prepare CBS as on 31.3.2002 when P sold 100% shares of S to an independent party for ₹3,000 millions.

CASE – 2 –

Prepare CBS as on 31.3.2002 when P sold 50% shares of S to an independent party for ₹1,000 millions.

Solⁿ:-

Step 1 SHP

$P = 100\%$

$\therefore NCI = 0$

Step 2 Period:

Y.S. 1-4-01 } \rightarrow Pre = 12.

DoA. 31-3-02 } \rightarrow Post = 0

Y.E 31-3-02

Step 3 A.O.P. \Rightarrow N.A.

Step 4 T.O.A. \Rightarrow N.A.

Step 5 SONA of S. on DOA/YE

Assets	3460
- Liability	<u>(900)</u>
	<u>2560</u>

Step 6 Calⁿ of glw

I II