



N.A. of s.
- invt ins

goodwill

2560	2560
<u>2560</u>	<u>2760</u>
-	<u>200</u>

ICAI assumption



Step 7 Sale of stake

Case-1

SFS

CIB Dr 3000

To inv. 2560

To P/L 440

CFS

CIB Dr 3000

To N.A of s 2560

To O.E 440

Case-2

CIB Dr 1000

P/L Dr (B/y) 280

To inv (50%) 1280

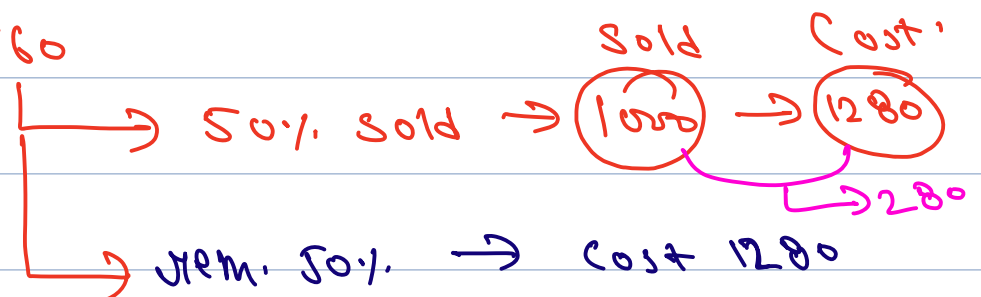
CIB Dr 1000

Inv Dr 1000

O.E Dr 560

To N.A 2560

2560



Cost 1280

FV 1000

∴ ↓ FV ⇒ 280



Step 8 B/S.

	before sale			C.I (only P)			C.II		
	P	S	CBS	P	S	CBS	P	S	CBS
goodwill	200	180	380	200	180		200	180	
Building	1900	1340	3240	1900	1340		1900	1340	
inventory	100	40	140	100	40		100	40	
TIR.	800	900	1700	800	900		800	900	
Cash	2100	1000	3100	3100	1000		3100	1000	
Inv + Inv.	2960	—	—	—	—		1000	—	
Equity R.E	1600	2560	1600	1600	2560		1600	2560	
TIP	4260	—	4260	4700	—		3700	—	
	1800	900	2700	1800	900		1800	900	

$4260 - 280 - 280 = (560)$

⇒

Question # 42

P acquired 80% shares of S on 1.4.2016 for ₹5,00,000 on which date S's P/L balance was ₹1,00,000
Balance sheet on 31.3.2017

	P	S
Property, Plant and Equipment	5,00,000	2,00,000
Investment in 80% ES of S (sold all for ₹7,00,000, effect yet to given)	5,00,000	-
Current Asset	10,00,000	5,00,000
	20,00,000	7,00,000
Share Capital	4,00,000	3,00,000
Retained Earnings (S's on 1.4.16 = nil)	2,00,000	1,50,000
Liabilities	14,00,000	2,50,000
	20,00,000	7,00,000



Other Information:

1. FV of NCI on 1.4.16 was ₹1,30,000.

Prepare Stand-alone BS and CBS of P.

Solⁿ :- **Step 1 SHP.** **Step 2 Period**

P = 80%
NCI = 20%

y.s. = 1-4-16 } Post → 0
DoA. = 1-4-16 } Post → 12m
y. end = 31-3-17

Step 3 AOP ⇒ N.A. **Step 4 T.O.A. ⇒ N.A.**

Step 5 SONA of S. **Step 6 GIW / Cron B.P.**

DoA. Post Yend.

ESC	300000	-	300000	N.A. of season DoA. 300000
RE	-	150000	150000	- Inv (80%) 50000
	300000	150000	450000	- NCI (20%) 130000
				FV
	P (80%)	NCI (20%)		GIW 330000
	120000	30000		

Step 7 NCI



On DoA.	130000
Sh. of P.P.	<u>30000</u>
	<u>160000</u>

Step 8 Com. o.E.

P' R.E	200000
Sh. of P.P.	<u>120000</u>
	<u>320000</u>

Step 9 CBS

PPE	700000
GIW	330000
C.A.	<u>150000</u>
	<u>2530000</u>
Esc	400000
O.E	320000
NCI	160000
Liabi	<u>160000</u>
	<u>2530000</u>

Step 10 LOC

Bank Dr FL.	
NCI Dr 1.6L	
To NA of S	4.5L
To GIW	3.3L
To O.E.	<u>80000</u>

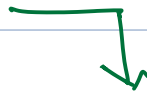
Step 11 CBS/ Bis of P.

PPE	500000
C.A. (10+7)	<u>1700000</u>
	<u>2200000</u>
Equity	400000
O.E (320+80)	400000
Liab.	<u>1400000</u>
	<u>2200000</u>

B) loss of control in 2 transactions but treated



as one



Refer HD textbook.

Pg 165.



Question # 50

ILL 34 ICAI SM

MN Ltd. was holding 80% stake in UV Ltd. Now, MN Ltd. has disposed of the entire stake in UV Ltd. in two different transactions as follows:

- Transaction 1: Sale of 25% stake for a cash consideration of ₹ 2,50,000
- Transaction 2: Sale of 55% stake for a cash consideration of ₹ 5,50,000

Both the transactions have happened within a period of one month. In accordance with the guidance given in Ind AS 110, both the transactions have to be accounted as a single transaction.

The net assets of UV Ltd. and non-controlling interest on the date of both the transactions was ₹ 9,00,000 and ₹ 1,80,000 respectively (assuming there were no earnings between the period of two transactions).

How MN Ltd. should account the transaction?

Soln.

1) Total consideration = 250000 + 550000 = ₹ 800000

2) Derecognise subsidiary

Bank Dr 800000

NCI Dr 180000

To N.A. 900000

To O.E. (Bif) 800000

c) Change in status:

P's stake in S > 50%.

But



P's status changes from



Non inv. to inv.
(No more Parent)

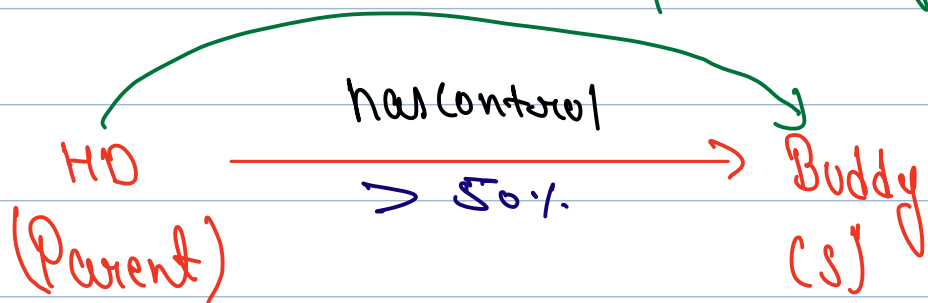
inv. to Non invt Co.
(Now a parent)

All as loss of control
& de re cognised
Subsidiary

All as gain in
control & Recognise
Subsidiary

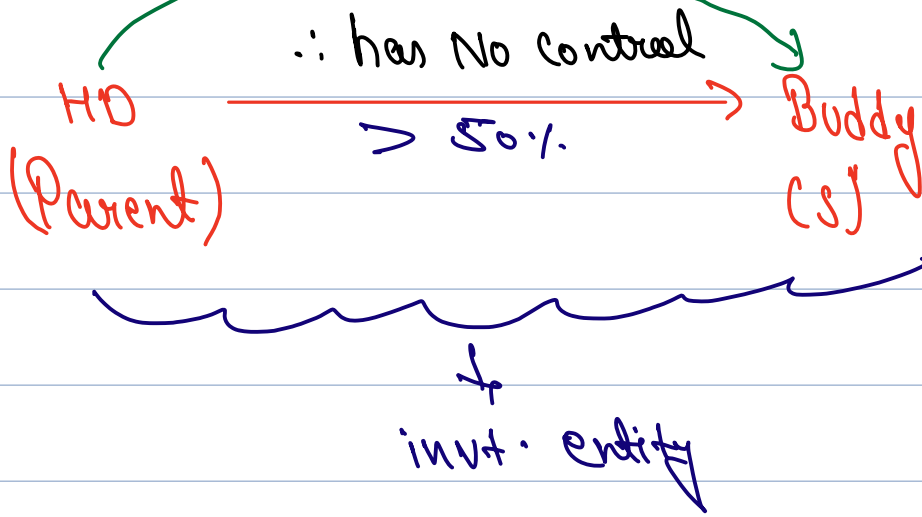
eg →

HD is interested in operations of Buddy.



Non invt. entity

HD is not interested in operations of Buddy.



Question # 51

ICAI STUDY MATERIAL ILL 35

A Limited ceased to be in investment entity from 1st April 2021 on which date it was holding 80% of B Limited.

- The carrying value of such investment in B Limited (which was measured at fair value through profit or loss) was ₹4,00,000.
- The fair value of non-controlling interest on the date of change in status was ₹ 1,00,000.
- The value of subsidiary's identifiable net assets as per Ind AS 103 was ₹4,50,000 on the date of change in status.

Determine the value of goodwill and pass the journal entry on the date of change in status of investment entity.

(Assume that non-controlling interest is measured at fair value method)

Solⁿ :-

From inv to Non invt.

\therefore Recognise as subsidiary

Calc of gw/gon. BIP

NA of S	45000
- invt 4L	
NCI@FV 1L	50000
gw	<u>5000</u>

J.EI

N.A. of S Dr	45000	
Goodwill Dr	5000	
		To invt in S 40000
		To NCI 10000

CD Ltd. purchased a 100% subsidiary for ₹ 20,00,000 on 31st March 20X1 when the fair value of the net assets of KL Ltd. was ₹ 16,00,000. Therefore, goodwill was ₹ 4,00,000. CD Ltd. becomes an investment entity on 31st March 20X3 when the carrying value of its investment in KL Ltd. (measured at fair value through profit or loss) was ₹ 25,00,000.

At the date of change in status, the carrying value of net assets of KL Ltd. excluding goodwill was ₹ 19,00,000.

Calculate gain or loss with respect to investment in KL Ltd. on the date of change in investment entity status of CD Ltd.

Solⁿ

From Non inv to inv.

∴ 1) Derecognise subsidiary

2) show invt in SFS @ FVTPL

Given in the Q.

DOA ch. o. st.

N.A. 1600000 1900000

g/w 400000 400000

inv. 2000000 2000000

(Cost) (FV)

NCI - -

SFS.

Inv't Dr 5000000

To P/L 5000000

CFS



Inv + Dr 250000

To NA of S 120000
 To CrW 40000
 To O.E. (Bif) 20000



D) Concept of treatment of OCI of subsidiary on date of loss of control

a) F.V. ^(increase) changes in assets would have created profit

- P/L → ^{if} increase of sale. Remain in P/L.
- OCI (R) → ^{trf.} to P/L
- OCI (NR) → ^{trf.} to R.E.

eg → BIS as on 31-3-24

Liability	P	S	Assets	P	S.
ESC	1500	1000	Non-A.	700	100

O.E. :-

→ R.E.	500	300	Inv in 80%	1200	
→ OCI (R)	-	200	ES of S.		
→ OCI (NR)	-	100	Cash	800	200
C.L.	700	500			

On 1-4-2023 ⇒ R.E = 100 & OCI = 0

Solⁿ :- Step 1 STP Step 3 AOP



Step 2 Period

Step 4 ToA

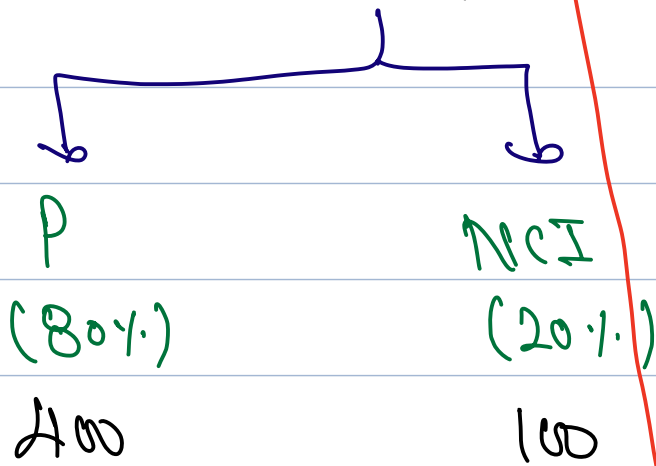


Step 5 SONA

	DoA	Post	YE
ESC	1000	—	1000
RE	100	200	300
OICI(R)	—	200	200
OICI(NR)	—	100	100
	<u>1100</u>	<u>500</u>	<u>1600</u>

Step 6 g/w / Gr on B.P.

N.A. of S on DoA.	1100
- Inv.	1200
- NCI @ PSNA	220
(1100 x 20%)	220
g/w	<u>320</u>



Step 7 NCI as on 31-3-24

NCI @ PSNA	220
Sh. of Post per.	<u>100</u>
PIL	40
OICI(R)	40
OICI(NR)	20
	<u>320</u>

Step 8 Cons o.F.

O.F.	500
Sh. of P.P.	<u>400</u>
PIL	160
OICI(R)	160
OICI(NR)	80
	<u>180</u>

Step 9 CBS



ESC 1500

O.E.

→ R.E. (500 + 160) 660

→ OCI (R) (0 + 160) 160

→ OCI (NR) (0 + 80) 80

NCI 320

CL 1200

Non C.A. 800

GIW 320

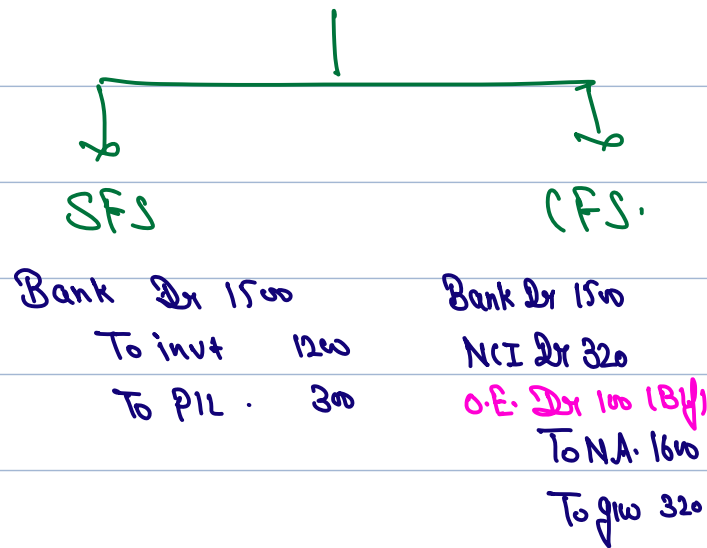
Cash 2800



Step 10 P sold entire

inv. for ₹ 1500 on

1-4-24



Step 11 On 1-4-24

P's B/L (SFS)

CBS.

ESC	1500	Non C.A.	700
R.E.	800	C.B.	2300
(500 + 300)		(800 + 1500)	
C.L.	700		

ESC	1500	Non C.A.	700
O.E.		C.B.	2300
R.E. (660 - 100)	560		
OCI (R)	160		
OCI (NR)	80		
C.L.	700		

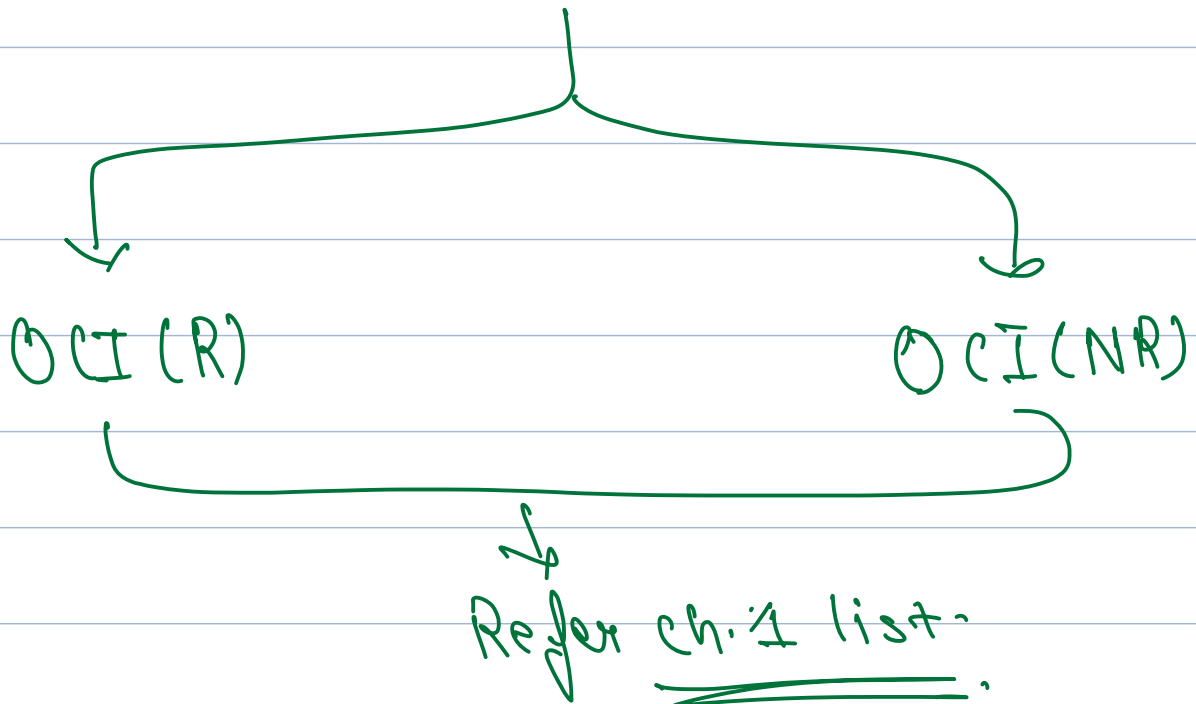


→ Should be transf. to P/L
→ sh. be transf. to R.E.

Conclusion

in case of loss of control

- a) de-recognise subsidiary by reversing J.E.
- b) P's share in S's OCI (R) sh. be transf. to P/L
- c) P's share in S's OCI (NR) sh. be transf. to P'RE



c) Other comprehensive Income (OCI)	
i) Items that <u>cannot be reclassified</u> in P/L in subsequent years	<u>NR</u>
→ Revaluation reserve ✓	
→ Measurement loss/gain on Actuary ✓	
→ Fair value changes on investment in equity ✓	
→ Share of profit or loss in associates and subsidiaries ✓	
(ii) items which can be reclassified (when revenue is realised it will be shown in P/L as Net gain from recycling)	<u>R.</u>
→ Fair value changes in Investment in debts ✓	
→ Cash flow hedge reserve	
→ Exchange difference in foreign operation	
→ Share of profits in JV	
→ Others ✓	
Tax effects on OCI	
Total comprehensive Income	

Question # 48

Parent P acquired 90 percent of subsidiary S some years ago. P now sells its entire investment in S for ₹ 1,500 lakhs. The net assets of S are 1,000 and the NCI in S is ₹ 100 lakhs. The cumulative exchange differences that have arisen during P's ownership are gains of ₹ 200 lakhs, resulting in P's foreign currency translation reserve in respect of S having a credit balance of ₹180 lakhs, while the cumulative amount of exchange differences that have been attributed to the NCI is ₹ 20 lakhs. Calculate P's gain on disposal in its consolidated financial statements.

Solⁿ: In cfs

a) CB Dr 1500

NCI Dr 100

To NA of S. 1000

To o.f. (gain) (600)

b) FCTR (OCI-R) 180

To P/L 180

(200 × 90%)

↳ sh. of N.A. = 1000 × 90% = 900

Sold for = 1500
gain 600

Question # 49

As at the beginning of its current financial year, AB Limited holds 90% equity interest in BC Limited. During the financial year, AB Limited sells 70% of its equity interest in BC Limited to PQR Limited for a total consideration of ₹56 crore and consequently loses control of BC Limited. At the date of disposal, fair value of the 20% interest retained by AB Limited is ₹16 crore and the net assets of BC Limited are fair valued at ₹60 crore. These net assets include the following:

- Debt investments classified as fair value through other comprehensive income (FVOCI) of ₹12 crore and related FVOCI reserve of ₹6 crore.
- Net defined benefit liability of ₹6 crore that has resulted in a reserve relating to net measurement losses of ₹3 crore.
- Equity investments (considered not held for trading) of ₹10 crore for which irrevocable option of recognising the changes in fair value in FVOCI has been availed an related FVOCI reserve of ₹4 crore.
- Net assets of a foreign operation of ₹20 crore and related foreign currency translation reserve of ₹8 crore.

In consolidated financial statements of AB Limited, 90% of the above reserves were included in equivalent equity reserve balances, with the 10% attributable to the non-controlling interest included as part of the carrying amount of the non-controlling interest

Solⁿ:

1) Bank Dr 56

Inv Dr 16

NCI Dr 6 (60 x 10%)

To N.A. 60

To O.E. 18



2) FVOCI (R) Dr 5.4

To P/L 5.4

(6 x 90%)

4) FVOCI (NR) 3.6

To R.E. 3.6

(4 x 90%)

3) R.E. Dr 2.7

To FVOCI (NR) 2.7

(30 x 90%)

5) FVOCI (R) 7.2

To P/L 7.2

(8 x 90%)

e) goodwill or gain on BIP. → Refer textbook

Question # 24

80%

Q. 22 OLD SYLLABUS

Daniel acquired 80% of the ordinary share capital of Craig on 31st December 2016 for Rs 78000.

At this date the net assets of Craig were Rs 85000.

What goodwill arises on the acquisition?

(1) As per AS 21 ✓

(2) As per IND AS-103. ✓

(a) if the Non controlling interest is valued using the proportion of net assets method.

(b) if the Non controlling interest is valued using the fair value method and fair value of the Non controlling interest on the acquisition date is Rs 19000?

(3) As per ICAI-Fair value of Non controlling interest assuming same price per share is paid by P it.

Solⁿ: i) As per AS-21



Daniel share of N.A. as on D.O.A. 68000
(85000 × 80%)

→ Cost of investment 78000
10000

ii) Ind As 103.

a) NCI @ PSNA.

N.A. of S. as on D.O.A. 85000
→ Invnt 78000
→ NCI @ PSNA. 17000
(85000 × 20%)
95000
10000

b) NCI @ FV

N.A. of S. as on D.O.A. 85000
→ Invnt 78000
→ NCI @ PSNA. 17000
(85000 × 20%)
97000
12000

c) NCI @ FV (ICAI) Prop. N.S. f.v.

N.A. of S. as on D.O.A. 85000
→ Invnt 78000
→ NCI @ PSNA. 19500
($\frac{78000}{80\%} \times 20\%$)
97500
12500

Question # 25

Ram Ltd. acquires Shyam Ltd. by purchasing 60% of its equity for ₹ 15 lakh in cash. The fair value of non-controlling interest is determined as ₹ 10 lakh. The net aggregate value of identifiable assets and liabilities, as measured in accordance with Ind AS 103 is determined as ₹ 5 lakh. How much goodwill is recognized based on two measurement bases of non-controlling interest (NCI)?

Solⁿ:-

<p style="text-align: center;">↓</p> <p style="text-align: center;">NCI @ FV</p> <p>N.A. of S as on DoA. = 500000</p> <p>- invt in S 15L.</p> <p>- NCI @ FV <u>10L</u> 25L.</p> <p style="text-align: right;">GIW <u>20L.</u></p>	<p style="text-align: center;">↓</p> <p style="text-align: center;">NCI @ PSNA</p> <p>N.A. of S as on DoA = 5L.</p> <p>- invt in S 15L</p> <p>- NCI @ PSNA <u>2L</u> 17L</p> <p style="text-align: right;">(5L × 40%) GIW <u>12L</u></p>
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Question # 27

Raja Ltd. purchased 60% shares of Ram Ltd. paying ₹ 525 lakh. Number of issued capital of Ram Ltd. is 1 lakh. Fair value of identifiable assets of Ram Ltd. is ₹ 640 lakh and that of liabilities is ₹ 50 lakh. As on the date of acquisition, market price per share of Ram Ltd. is ₹ 775. Find out the value of goodwill.

Solⁿ:-

<p>N.A. of Ram Ltd as on DoA. (640 - 50) 590</p> <p>- Invt in S 525</p> <p>- NCI @ FV (40%) <u>310</u></p> <p style="text-align: right;">(40K × 775) GIW <u>245</u></p>	<p style="text-align: right;">835</p> <p style="text-align: right;"><u>245</u></p>
---	--

Step acquisition → Refer textbook.



1-2-17 Inv in BLTD Dr 155000

To P12

(725000 - 570000)



(being Δ in FV of Eq.sh)

Calc of gain / gain on B.P.

N.A. of s. as on DoA = 1200000

- Inv't in S 150000

- NCI @ FV

575000

1450000

gain

250000

g) NCI

DoA.



is valued at

PSNA or F.V.

Yr. end.



(Step 7 in CBS)

NCI at DoA

xx

(as the case may be)



- + Share of post profit XX
- Dividend share (if any) (XX)
- Share of imp. loss (only if NCI @ FV) (XX)



Question # 30

SIMILAR TO DEC 21 (5 MARKS) ILL 20 OF ICAI SM

From the following data, determine in each case:

- (1) NCI at the date of acquisition and date of consolidation using proportionate share method.
- (2) Goodwill or Gain on bargain purchase.
- (3) Amount of holding company's profit in the consolidated balance sheet assuming holding company's own retained earnings to be ₹2,00,000 in each case.

case	S.co	% of shares	Cost	DOA 1.04.2001		Consolidation date 31.03.2002	
				Share Capital	Retained earnings	Share Capital	Retained earnings
				(A)	(B)	(C)	(D)
1.	A.	90	1,40,000	1,00,000	50,000	1,00,000	70,000
2.	B.	85	1,04,000	1,00,000	30,000	1,00,000	20,000
3.	C.	80	56,000	50,000	20,000	50,000	30,000
4.	D.	100	1,00,000	50,000	40,000	50,000	56,000

The company has adopted an accounting policy to measure NCI at NCI's proportionate share of the acquiree's identifiable

Soln :- step1 SHP.

	Case 1	Case 2	Case 3	Case 4
Parent.	90%	85%	80%	100%
NCI	10%	15%	20%	0

Step2 SONA of S.

Case 1 Case 2 Case 3 Case 4

DOA Post YE DOA Post YE DOA Post YE DOA Post YE

ESC 10000 - 10000 100000 - 100000 5000 - 5000 5000 - 5000

RE

5000 20000 7000 30000 (1000) 20000 2000 10000 3000 40000 16000 50000



15000 2000 17000 13000 (1000) 12000 7000 10000 8000 9000 16000 10000



Sh. of P.P.

P	-	1800	-	-	(8000)	-	-	8000	-	-	16000	-
NCI	-	2000	-	-	(1500)	-	-	2000	-	-	-	-

Step 3 g.w / g.on BIP.

	Case 1	Case 2	Case 3	Case 4
SONA of S on DoA.	15000	13000	7000	9000
- investment.	14000	10400	5600	10000
- NCI @ PSNA.	1500	1900	1400	-
	<u>5000</u>	<u>6500</u>	<u>-</u>	<u>10000</u>
	g.w	C.R.		(g.w)

Step 4. :- NCI

	Case 1	Case 2	Case 3	Case 4
as on DoA	15000	19500	14000	-
+ S.O.P.P.	2000	(1500)	2000	-
NCI at yr. end.	<u>17000</u>	<u>18000</u>	<u>16000</u>	-



P HO Ltd. $\xrightarrow{75\%}$ S. Dr Ltd.



31st March

RFS \rightarrow BLS \rightarrow SHF

Capital contribution to Holding as a group.

HO Ltd.

P + 75%

25%
NCI

SH

SH

S.C.
~~P.F.~~
NCI

it may be + / -

NCI
103%

but in A.S. 21 \rightarrow NCI \rightarrow M.I. \rightarrow Liability
 Earlier due to Co. Act.
 M.I. was Liability
 &
 it cannot be -ve.
 N.C. L.



Liability cannot be -ve as it was written in As-21
 due to belief of Co. Act. & A.S. followed Co. Act.



Thereafter Co. Act understood that M.I. was not a liability, it should be treated as SHFs & in revised Sch III it was done.



but A.S. did not change that M.I. cannot be -ve & its going on. Now they have Ind As & After Ind As NCI can be -ve as NCI is part of SHFs. hence they did not touch.

Question # 31

ILL 19 ICAI SM

A limited acquired 70% of equity shares of B on 1.4.2001 at a cost of ₹10,00,000 when B limited had an equity share capital of ₹10,00,000 and other equity of ₹80,000. In four consecutive years B suffered losses of ₹2,50,000, ₹4,00,000, ₹5,00,000 and ₹1,20,000 respectively. Thereafter in 2005-2006 B registered an annual profit of ₹50,000. In next two years, 2006-07 and 2007-08 B reported a profit of ₹1,00,000 and ₹1,50,000 respectively.

Show the NCI and Cost of Control at the end of each year for the purpose of consolidation.

Solⁿ :- goodwill Or Gain on B.P.

N.A. of B Ltd on D.O.A. (10L + 80K)	10800000
- Investments.	10000000

NCI @ PSNA. (1080000 x 30%)

324000

1324000



Goodwill 244000



Statement of NCI

Date	Particulars	Amount
1-4-2001	NCI @ PSNA	324000
31-3-2002	- Share of post loss (250000 x 30%)	<u>(75000)</u>
"	NCI at yr. end.	249000
31-3-2003	- Share of post loss (42 x 30%)	<u>(12000)</u>
"	NCI at yr. end	129000
31-3-2004	- Share of post loss (52 x 30%)	<u>(15000)</u>
"	NCI at yr. end.	(21000)
31-3-2005	- Share of post loss (120000 x 30%)	<u>(36000)</u>
"	NCI at yr. end.	(57000)
31-3-2006	+ Share of post profit (5000 x 30%)	<u>15000</u>
"	NCI at yr. end.	(42000)
31-3-2007	+ Share of post profit (12 x 30%)	<u>3000</u>
"	NCI at yr. end.	(12000)
31-3-2008	+ Sh. of post profit (1.502 x 30%)	<u>4500</u>
"	NCI at year end.	<u>33000</u>



h) P.C. \rightarrow Covered in Ind As
103.

Solve Jan 21 Exam Q.
in H.W.

As per Ind As, additional purchase is Δ in stake is not Δ in control, so additional purchase of stake, our control will not change. \therefore if control cannot change then goodwill cannot change.

But.

As per A.S. with every Δ in value of investment your goodwill will change. So further purchase of 10% stake means your goodwill will Δ again.
i.e. practically impossible or we can say practically wrong.



I) Consolidated P/L

It is based on elimination of inter group income & expenses



Question # 53

ICAI STUDY MATERIAL TYL 7

On 31.3.2002, Blue Heavens Ltd acquired 75% ordinary shares of Orange County Ltd for ₹4,500. Details of Assets and Liabilities as on date of acquisition are follows:

	Blue heavens	Orange country	Fair value
Building and other PPE	7000	3,000	3300-
Investment in Orange County	4,500	-	-
Inventories	700	500	600
Trade receivables	300	250	250
Cash	3000	700	3,700
	15,500	4,450	
Share Capital	5,000	2,000	
Retained Earnings	10,200	2,300	
Trade payables	300	150	150
	15,500	4,450	

At 31.3.2003 one year after Blue Heavens acquired Orange County Ltd, individual statements of financial position and statement of comprehensive income of both companies are as under:

	Blue heavens	Orange country
Building and other PPE	6,500	2,750
Investment in Orange County	4,500	-
Inventories	800	550
Trade receivables	380	300
Cash	4,170	1,420
	16,350	5,020
Share Capital	5,000	2,000
Retained Earnings	11,000	2,850
Trade payables	350	170
	16,350	5,020

STATEMENT OF COMPREHENSIVE INCOME

	Blue heavens	Orange country
Revenue	3,000	1,900
Cost of sales	(1,800)	(1,000)
Gross profit	1200	900
Administrative Expense	(400)	(350)
Profit for the year	800	550

Other Information:

1. Estimated useful life of goodwill is 10 years (under SLM)
2. The FV adjustments to buildings and other PPE is in respect of building having a remaining useful life of 20 years from 31.3.2002 and residual values is zero. SLM depreciation.
3. All inventory held by orange county on 31.3.2002 was sold during 2003.

Prepare CBS and CPL

Solⁿ :- Step 1 Share holding pattern

Blue heavens Ltd stake \Rightarrow 75%



\therefore NCI = 25%

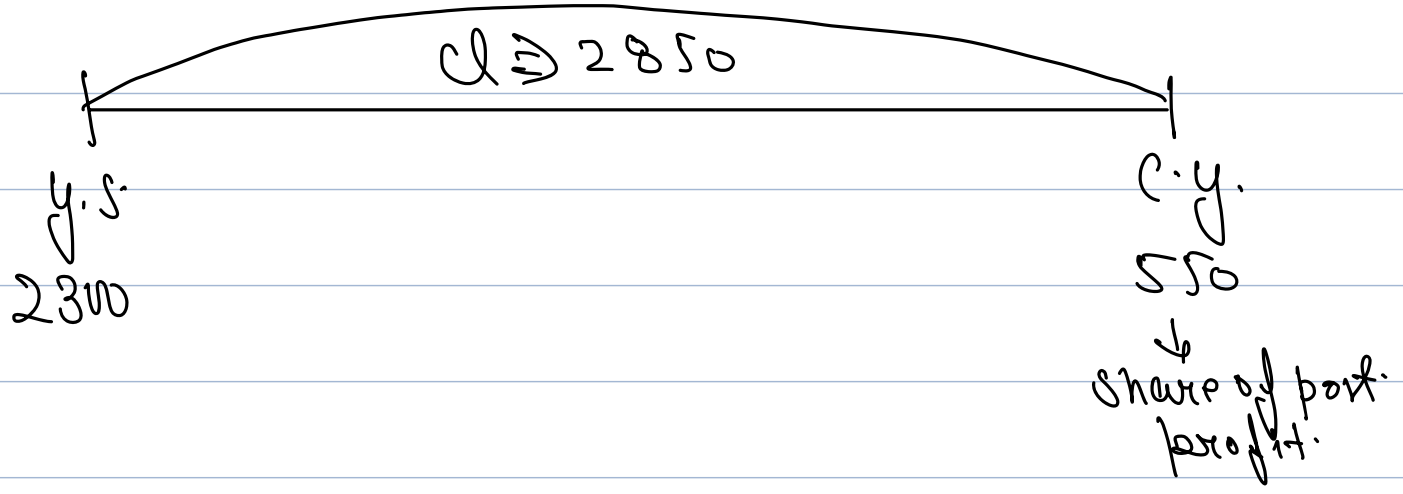
Step 2 Period of Acquisition

y.s. 1-4-02 } \rightarrow Pre \Rightarrow 0

DOA. 1-4-02 } \rightarrow Post \Rightarrow 12m

y.end. 31-3-03

Step 3. Analysis of profits of S. (Orange Co.)



Step 4 T. O. Adjustments.

i) PPE Dr 300
To S's P/L 300

ii) Inventory Dr 100
To S's P/L 100

iii) S's P/L Dr 100

To inventory 100



iv) Dep $\Rightarrow \frac{300}{20} = 15$.

S's P/L Dr 15

To PPE 15

Steps SONA of Orange County Ltd.

	DoA.	Post	y.end.
ESC.	2000	—	2000
R.E. (step 3)	2300	550	2850
+ PPE adj.	300	—	300
+ inv. adj.	100	—	100
— Cost of sales	—	(100)	(100)
— Dep.	—	(15)	(15)
	<u>4700</u>	<u>435</u>	<u>5135</u>

Share of Post profits
 to P (75%) \Rightarrow 326
 to NI (25%) \Rightarrow 109

Step 6 GIW or gain on BIP.



4700

SON A of S Ltd. (Step 5)

- Investment	4500	
- NCI @ PSNA. (4700 x 25%)	<u>1175</u>	5675
		<u>975</u>
	GIW	
	- impairment	(98)
		<u>877</u>
	GIW	

Step 7 NCI

NCI @ PSNA.	1175
+ share of Post profit	109
	<u>1284</u>

Step 8 Cons. OF

P' R. E.	11000
+ share of post profit	326
- impairment of GIW	(98)
	<u>11228</u>

Step 9 Cons. BIS.

Assets.

NCA.



Building & other PPE
(6500 + 2750 + 300 - 15)

9535
HD
MENTORING
HARSHIT DWIVEDI
CA FOUNDATION | CA INTERMEDIATE | CA FINAL

C.A. goodwill (step 6)

877

Inventory (800 + 550 + 100 - 100)

1350

TIR. (380 + 300)

680

C & CE. (4170 + 1420)

5590

Total

18032

Equity & Liability

ESC.

5000

Cons. O.E. (step 8)

11228

NCI (step 7)

1284

C.L.

TIP. (350 + 170)

520

Total

18032

Step 10 Cons. P/L.

Revenue from operations (3000 + 1900)
+ other income

4900

-

Total CA)

4900



Cost of sales (1800 + 1000 + 100)

2900

EBE

Finance cost

Dep. & Amortisation (15 + 98)

Other Expenses. (400 + 350)

Total (B)



113

750

3763

Profit (A - B)

1137

— NCI share of post profit

(109)

P' share of profit.

1028

Verification.

P's own profit 800

+ P's post profit 326

— imp. of g/w (98)

1028

Question # 54

Following is the P/L of P and S for 2016-17:

	P	S
Sales	10,000	8,000
Purchase	5,000	3,000
Changes in stock	1,000	700
Employee expense	2,000	300
Depreciation and amortisation	1,000	400
PROFIT	1,000	3,600



SOCE FOR 16-17

	P			S			
	Revenue reserve	Retained earning	Total		DRR	Retained earning	total
Opening balance	2,000	5,000	7,000	Opening balance	1,000	6,000	7,000
TCI		1,000	1,000	TCI		3,600	3,600
	2,000	6,000	8,000		1,000	9,600	10,600

Balance sheet as on 31.3.2017

	P	S
PPE	20,000	1,000
Investment in 80% ES of S	15,000	-
Other CA	2,000	6,000
Inventories	400	300
Trade receivables	500	500
Cash	600	5,800
	38,500	13,600
Share Capital	20,000	1,000
Other equity	8,000	10,600
Trade payables	6,000	2,000
Other CL	4,500	-
	38,500	13,600

Other Information

1. FV of NCI as on the DOA is ₹3,200
2. FV of inventory of S as on DOA was ₹1,100, BV was ₹1,000, 60% of this stock was sold during the year.
3. FV of PPE of S on DOA was increased by ₹200. Depreciation 10% SLM
4. FV of PPE was increased by ₹100 on YE for both P and S, not yet adjusted in above balance sheet.
5. Creditors of S include ₹120 payable to P
6. Goodwill will be amortised 1/10
7. Closing stock of S includes purchases made from P. Total sale and purchases between P and S was ₹500.
8. Closing stock includes 80 from such sale, rate of profit is 1/5th .
9. P acquired S on 1.4.2016 when S ltd had ₹6,000 in retained earnings and ₹1,000 in DRR.

Prepare CBS,CPL and SOCE of group.

Solⁿ

Step 1 SHP.

Step 2 Period

P's stake = 80%.

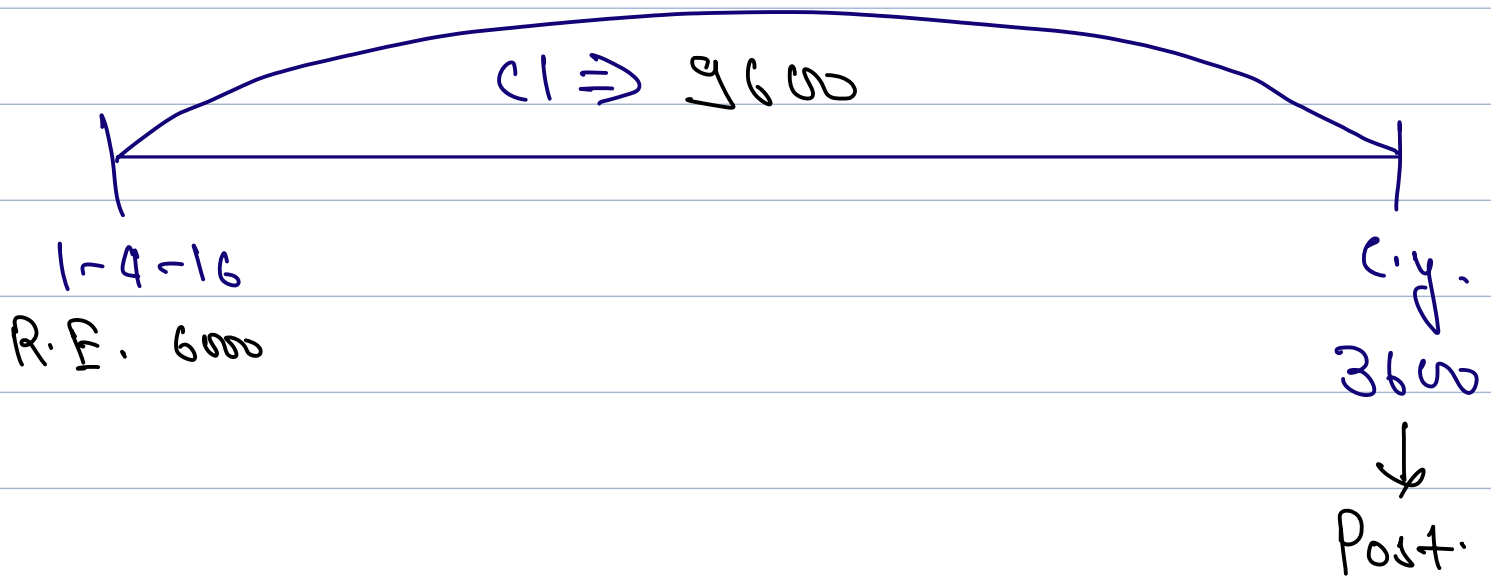
y.s. 1-4-16 7 → 0 Pur.

$\therefore \text{NCI} = 20\%$

DoA. 1-4-16 \checkmark
y. end 31-3-17 \rightarrow 12 Post



Step 3 Analysis of profits



Step 4. T.O.A.

1) Inventory Dr 100
To S's P/L. 100
(f.v. adj. of stocks.)

2) S. P/L. Dr 60
To Stock 60 (100 x 60%)

(being inc. in costs due to incr. in f.v. of stock)

3) PPE Dr 200

To S's PIL 200

(inc. in F.V. of PPE)

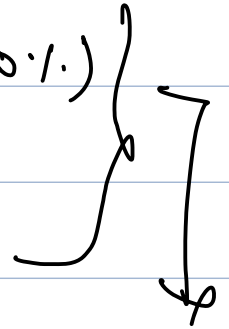


4) S's PIL Dr 20

(200 x 10%)

To PPE 20

(addⁿ Dep. charged on Rev.)



Since DoA
was not on
mid year.

5) PPE Dr 100

To S's PIL 100

(f.v. ↑ of sub. PPE on yr. end)

6) PPE Dr 100

To P's PIL 100

(f.v. ↑ of P's PPE on yr. end)

7) TP Dr 120

To TR. 120

8) Sales Dr 500

To purchase 500

(PIL items eliminated)

g) P's PIL Dr 16

To stock. 16

(80% $\frac{1}{5}$)

(will ↓ P's PIL)



Steps	SONA of s Ltd.	DoA	Post	ye end
ESC		1000	—	1000
DRR		1000	—	1000
R.E. (step 3)		6000	3600	9600
+ inventory (step 4)		100	—	100
- inc. in costs "		—	(60)	(60)
+ PPE "		200	—	200
- Dep. "		—	(20)	(20)
+ PPE (OCI) "		—	100	100
		<u>8300</u>	<u>3620</u>	<u>11920</u>
			↓	
			PIL	OCI
			3520	100

P's stake in post profit of PIL (80%) = $3520 \times 80\%$



$$\begin{aligned}
 &= 2816 \\
 \text{NCI} & \quad \text{''} \quad \text{''} \quad \text{''} \quad \text{''} \quad (20\%) = 3520 \times 20\% \\
 &= 704.
 \end{aligned}$$

P's stake in post profit of OCI (80%) = $100 \times 80\%$
 $= 80$

NCI " " " " " (20%) = $100 \times 20\%$
 $= 20$

Steps g/w or Gain on B.P.

SONA of S Ltd as on DoA. (steps)		8300
- Investment in S Ltd	15000	
- NCI @ FV	<u>3200</u>	<u>18200</u>
		<u>9900</u>
		<u>(990)</u>
		<u>8910</u>

- imp goodwill $\left(\frac{1}{10}\right)$
 g/w after imp.

P' P/L	Dr	792
NCI	Dr	198
	To	goodwill 990

Step 7

NCI



NCI @ FV

+ share of Post AIL (steps)

+ share of OCI (steps)

- impairment

3200
704
20
<u>(198)</u>
<u>3726</u>



Step 8

Cons. O.E.

R.E. of P Ltd.	6000	
R.R. of P Ltd	<u>2000</u>	8000
P's OCI (f.v. increase) (steps)		100
- P's PIL (URP) (step 4)		(16)
+ share of post profit (PIL) (steps)		2816
+ share of OCI post profit (steps)		80
- imp. of g/w (steps 6)		<u>(792)</u>
		<u>10188</u>

Step 9

CBS.

Assets.

Non CA

PPE (2000 + 1000 + 200 - 20 + 100 + 100) 21380

g/w (steps) 8910

C.A.

Other C.A. (2000 + 6000)	8000
Inventory (400 + 300 + 100 - 60 - 16)	724
TIR (500 + 500 - 120)	880
Cash & Cash equivalent (600 + 580)	<u>640</u>
	<u>46294</u>

Equity & Liability
SFA.

Esc	2000
Com. O.F. (step 8)	10188
NCI (step 7)	3726

CL.

TIP. (6000 + 2000 - 120)	7880
OCL	<u>4500</u>
	<u>46294</u>

Step 10 Con. P/L.

Particulars Amount.

P/L.

1) Revenue from operations (10000 + 8000 - 500)	17500
2) other income	<u>—</u>

Total C.A)

1) Purchase (5000 + 3000 - 500)	7500
2) Changes in inventory (100 + 700 + 60 + 16)	1776

3) Employee benefits (2000 + 300) 2300



Finance Cost

5) Dep. & Amortisation (1000 + 400 + 900 + 200) 2400

Total (B)



13986

Profit (A - B)

3514

less NCI share of profit. { 704 - 198 } (506)
 P's share of P/L. 3008

OCI

Rev. Reserve (100 + 100) 200

- NCI share of OCI (20)

180

Step II SOCI E

Particulars	Equity	Oth. Equity		OCI	NCI
		RR	RE		
Op. Bal.	20000	2000	5000	-	3200
C.y. profit.	-	-	3008	-	506
			(Step 10)		(Step 10)
OCI	-	-	-	180	20
	<u>20000</u>	<u>2000</u>	<u>8008</u>	<u>180</u>	<u>3726</u>

↓
10188