

Consolidated F/s

→ prepared by all entities

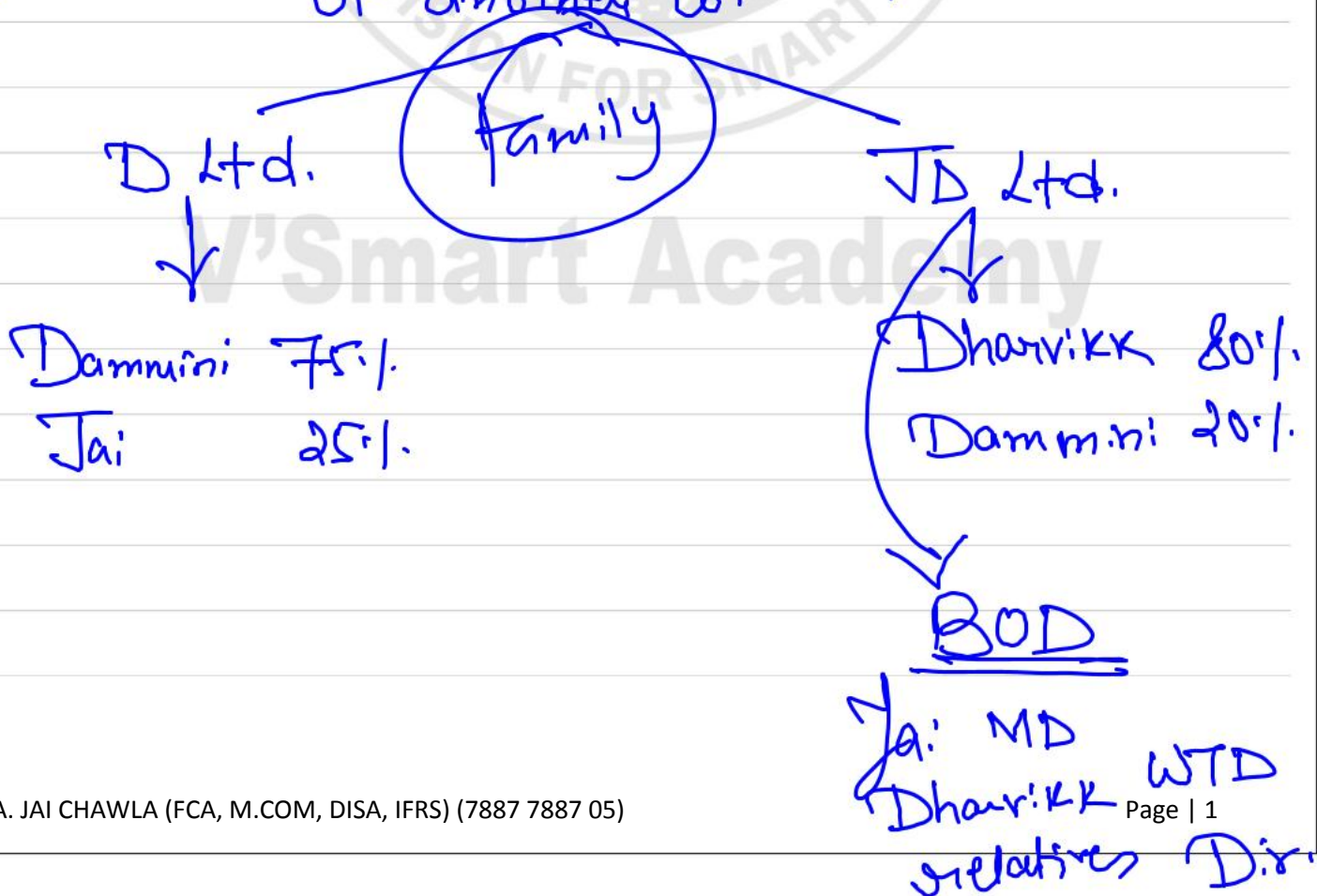
1) Standalone F/s ⇒ Single Entity / Individual Entity

2) Consolidate F/s ⇒ F/s of Group of Entities

↓
prepared by Holding Co. Only.

↓ Holding Co. and all its subsidiary
↓
aka parent Co.

3) How to obtain power to Compose the BOD of another Co.



4) Amalgamation \Rightarrow Acquisition / Absorption

Type 1 A took over the Business of **B Ltd**

Liquidate
Closed

Type 2

A Ltd acquires more than 50% Equity Stake (Shares) of B Ltd.

Consolidation

B Ltd is not closed
 \rightarrow subsidiary Co.

5) Partially owned Subsd. \leftarrow Total Shares 10000 no.

Hd. **80%**
has 8000 no.

20% share Holding with others

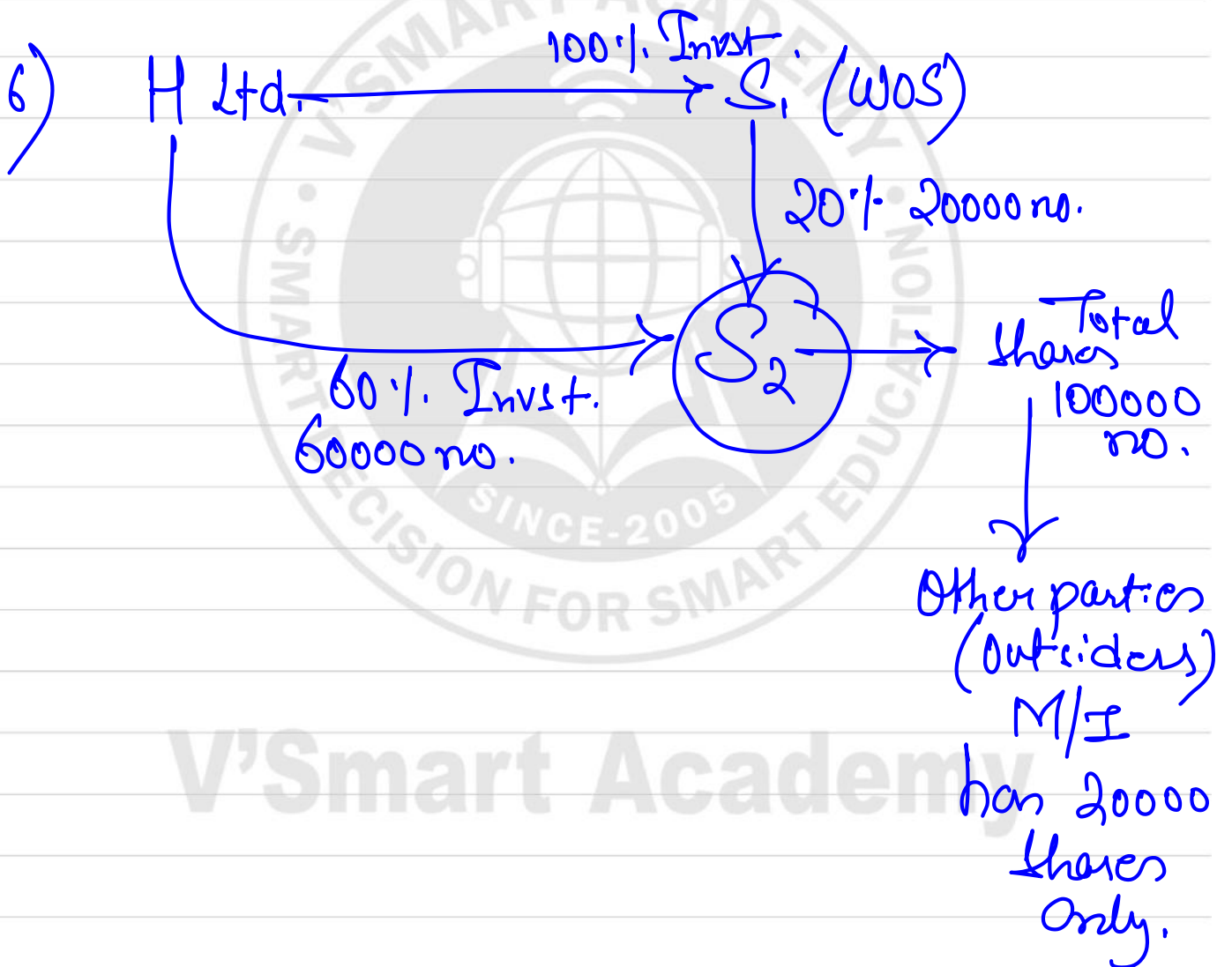
1) H has Control (100%)

2) H has 80% sharing in P/L of Subsd. in Net Assets of Subsd.

Minority Interest (M/I)

1) M/I has 0% Control

2) But M/I has 20% Sharing Rights in P/L in N.A.S.



7) Net Assets Calculation

B/s

ESC	10,00,000
Res (GR, P&I)	20,00,000
Liabilities	30,00,000
	<hr/>
	60 lacs
	<hr/>
NCA	42 lacs.
CA	18 lacs.
	<hr/>
	60 lacs.
	<hr/>

Fair Value
72 lacs.

NCA
CA

BOOK Value Net Assets

	(or)	
Assets	60 lacs.	ESC 10 lacs.
(-) Liab.	30 lacs.	Res 20 lacs.
Net Assets	<hr/> 30 lacs. <hr/>	<hr/> 30 lacs. <hr/>

Market Value Net Assets/worth :-

or.

Assets 72 + 18
(-) Liabilities (30)

60 lacs.

ESC 10

(+) R&D 20

(+) Hidden Reserv. 30

60 lacs.

Revaluation Profits

8) Date of Acquisition (DOA) :-

1/4/25

1/7

31/3/26

H Ltd
Invested in
80% shares
of S Ltd

1/7 will be treated as DOA

↓
on 1/7 H Ltd
obtained control
over the
Net Assets of

From DOA, Consolidation shall start.

Amalg in the name of purchaser

~~PC~~ Investment Cost in Sub

← NA (Fair Value)

Goodwill/CF

V'Smart Academy

EXAMPLE 1:

Standalone Balance Sheet as on 31/3/24

	H Ltd.	S Ltd.
Equity Share Capital (10/- each)	10,00,000	7,00,000
Liabilities	15,00,000	8,00,000
	25,00,000	15,00,000
NCA (PPE)	14,00,000	9,00,000
Cash & Bank Balance.	11,00,000	6,00,000
	25,00,000	15,00,000

On 1st April 2024, H has acquired 100% shares of S Ltd from Market at a cost of 7,50,000

SOLUTION:

1) DOA = 1/4/24

2) PC i.e Investment Cost = 7,50,000

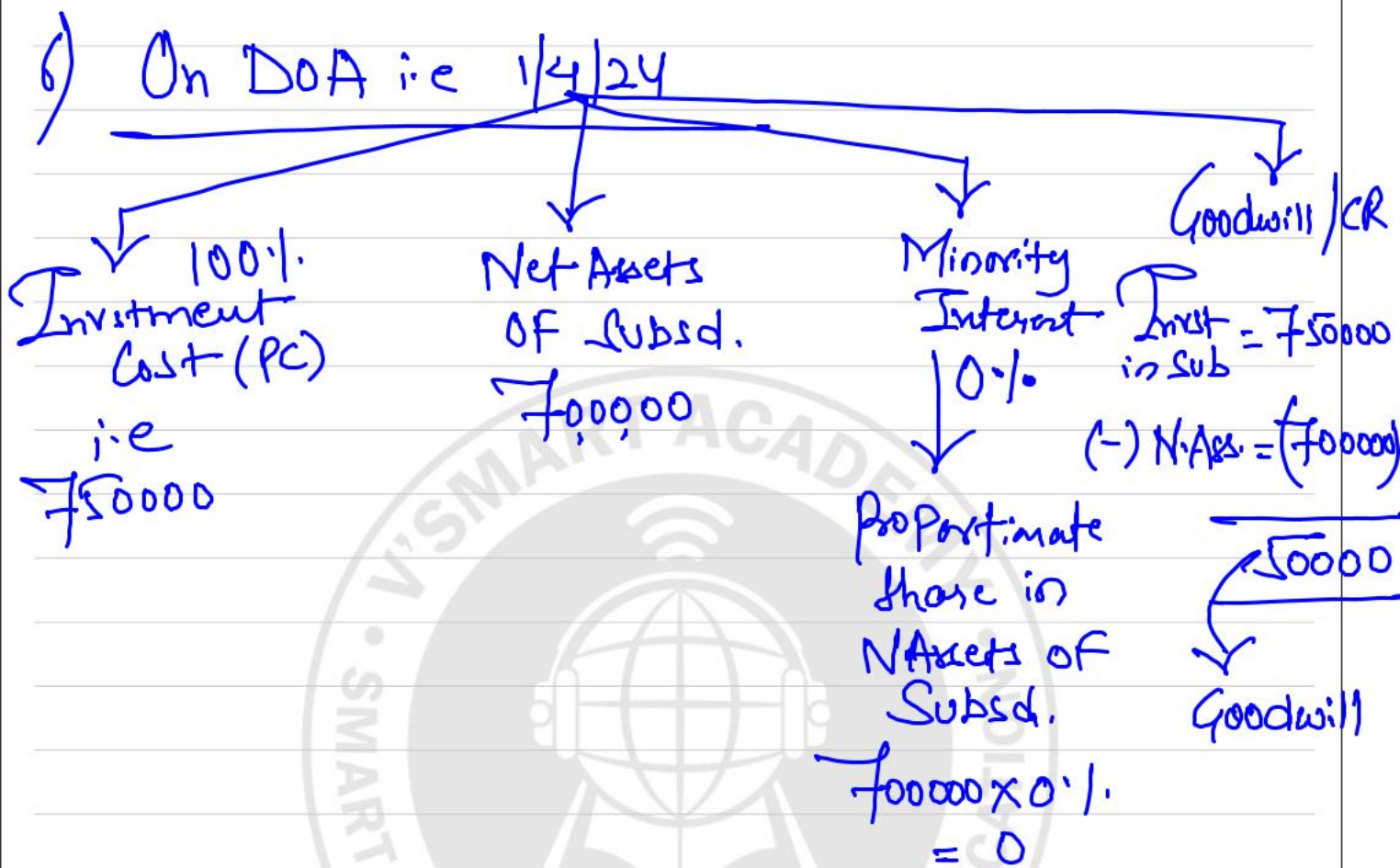
3) Journal Entry (H Books) :-

Investment in S Ltd a/c 7,50,000
 To Bank a/c 7,50,000

4) No entry in Books of S Ltd. Since H has acquired shares from market (i.e old SH) of S Ltd.

5) 1/4/24 Revised B/s (Standalone)
 H Ltd.

ESC	10
Liab	15
	<hr/>
	25
PPE	14
Invst. (100% in S) X	7.5
Cash & Bank Bal.	3.5



7) Journal Entry for Consolidating the Books of Subsd. :- (in the Books of H Ltd.)

H shall Record :-

100% Assets of Sub.

100% Liab. of Sub

Proportionate M/I as Liab.

Goodwill/CR

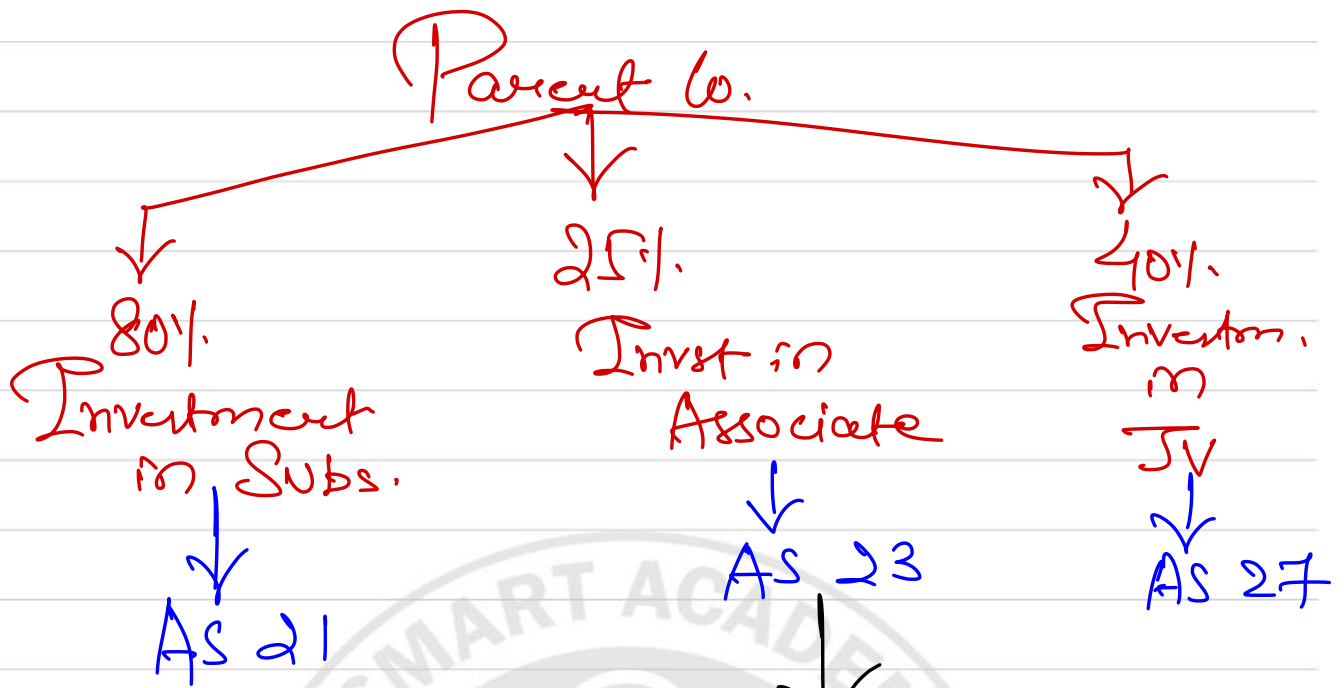
H shall De-Recognise :- Investment a/c

→ Reversal (Hatana Books of Se)

PPE a/c Dr. 900000
 Cash/Bank a/c Dr. 600000
 Goodwill a/c Dr. 50000 (B/F)
 To Liabilities 800000
 To M/I a/c 0
 To Investment a/c 750000

8) Consolidated B/s OF H

ESC		10
Liab	H 15 S 8	23
M/I		0
		<u>33</u>
PPE	H 14 S 9	23
Goodwill		0.5
Cash Bank Bal		9.5
		<u>33</u>



CFS
Mandatory

~~CFS~~



CFS :- Asset P + S
Liab. P + S

Invest m A Page 10

P Ltd

Standard one

CFS

90% Invest in S

Invest in A

40% Invest in JV

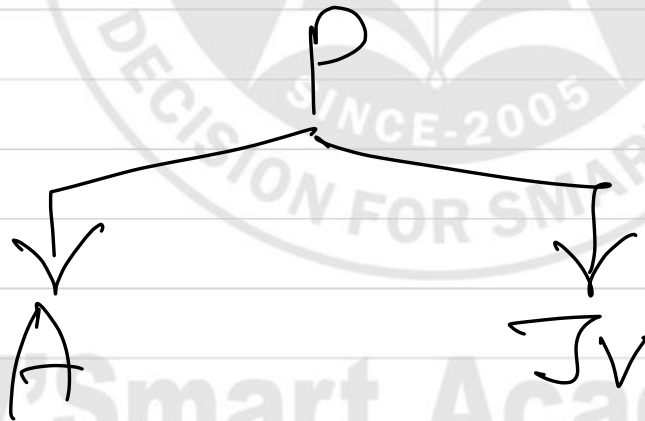
~~AS~~
Cost
CoA

Asse P
+ S 100%
+ JV 40%

Invest in A → Equity method AS 23

Liab P
+ S 100%
+ JV 40%
M/I (S)

10%



AS

~~AS~~ + Schedule III
Format

Ex:-2

DoA = 1/4/24

Investment Cost
750000

FV of
Net Assets
(100%)
700000

M/I
10% of N. Assets
70000

Goodwill
or
CR
(See below working)

Alternative 1:- (Journal Entry)

OFU

PPE a/c Dr. 900000

Cash a/c Dr. 600000

Goodwill Dr. 120000 (B/F)

To Liabilities 800000

To Investm. 750000

To M/I 70000

Alternative 2:- Cost of Control (COC) AS 21

always on DoA

(90%) Investment Cost = 750000

(-) H's share in Net Asset of Subid. = 630000

700000 x 90% Goodwill = 120000

~~Alternate 3 :-~~ COC :- Ind AS

~~Investments Cost (90%) = 750000
(+) M/I (10%) = 70000~~

(-) 100% Net Assets recognised = (700000)

Goodwill = 120000

Ex:-3

1) DOA = 1/4/24

2) Invest (%) = 80% , M/I = 20%

3) COC as an DOA :-

Investment @ 80% = 1300000

(-) H's Share in N. Ass.
OF Subs.

1700000 x 80% = (1360000)

CR = 60000

4) Journal entry of Consolidation on 1/4/24

PPE a/c Dr. 1300000

CA a/c Dr. 10,00,000

To Liabilities 600000

To Invest. 1300000

To M/I 340000

To CR (B/F) 60,000

8) Consolidated B/s as on 1/4/24

Esc		1500000
-----	--	---------

R&S	700000	760000
-----	--------	--------

(+)	60000 CR	
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M/I		340000
-----	--	--------

Liabilities	H 8	1400000
-------------	-----	---------

S 6	
-----	--

<u>40 Lak.</u>

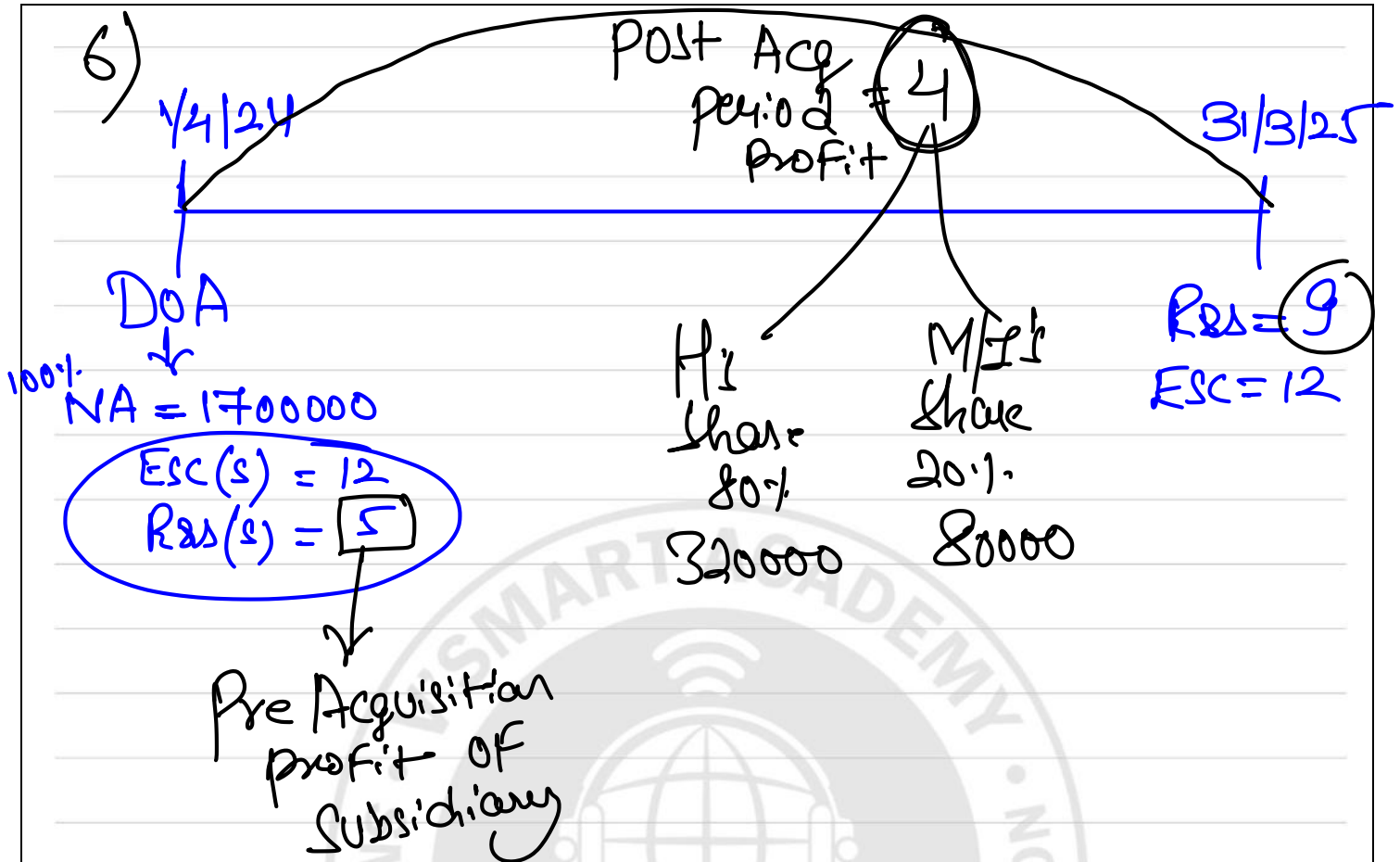
PPE	H 11	2400000
-----	------	---------

S 13	
------	--

CA	H 6	1600000
----	-----	---------

S 10	
------	--

<u>40 Lak.</u>



Revised M/I as on 31/3/25 :-

M/I as on 1/4/24	=	340000
(+) Share of post Acq profit of S	=	80000
400000 x 20%		420000

Consolidated R&S of Grp :-

R&S of H (standalone)	=	130000
31/3/25		
(+) Share of post Acq profit of S @ 80%	=	320000

(+) CR as an DOA = 60000

1680000

Consol. B/s 31/3/25

ESC

1500000

Consolidated R&I

1680000

M/I

420000

Liab.

H 8
S 6

1400000

50 lacs.

PPE

H 11
S 13

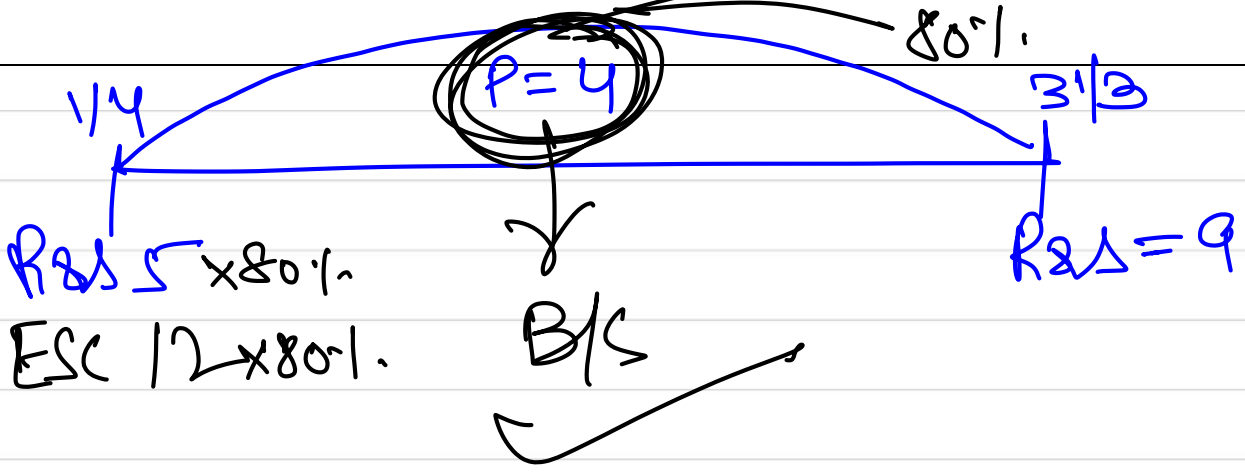
2400000

CA

H 12
S 14

2600000

50 lacs.



Control Based 100% ✓

~~Share Based 80%~~

COC

Invest — 13

(-) H's share in
Net Ass of
S.V.

ESC 12 x 80%
R&S 5 x 80%

9.6
4

Ex:-4

1) DOA = 31/3/23

2) Invest (%) = 90%.
M/I (%) = 10%.

3) Net Assets as on 31/3/23 :-

$$\text{Esc} = 1500000$$

(+) Pre Acq Profits

$$\begin{array}{r} \text{GR } 7 \\ \text{P/L } 4 \end{array} = 1100000$$

$$\underline{\underline{2600000}}$$

4) COC as on 31/3/23 :-

$$\text{Investments Cost (90\%)} = 2400000$$

$$\begin{array}{l} (-) \text{ H's share in Net Asset} = 2340000 \\ \text{ @ 90\%} \end{array}$$

$$\underline{\underline{\text{Goodwill} = 60000}}$$

5) M/I :- Esc x 10% = 150000

$$\text{Pre Acq Profit} \times 10\% = \underline{110000}$$

$$\underline{\underline{260000}}$$

Formulae for M/I :-

Esc of Sub \times (%) ——— XXX

(+) Pre Acq Profits \times (%) ——— XXX
OF S

M/I on DOA

(+) Post Acq Profits \times (%) ——— XXX
OF S

M/I on B/s
date

DOA

next time B/s

S. Asset Dr.
Good/CR (B/F)
 ↳ To S. Liab
 ↳ To M/I
 ↳ To Invest

S. Asset
 ↳ To S. Liab
 ↳ To M/I
 ↳ To Res

Class Ex:-1

31/3/25

	<u>H</u>	<u>S</u>
Esc	50,00,000	30,00,000
R&S	30,00,000	18,00,000
Liabilities	90,00,000	42,00,000
	<u>170</u>	<u>90</u>
PPE	80,00,000	60,00,000
Investments (65%)	35,00,000	—
CA	55,00,000	30,00,000
	<u>170</u>	<u>90</u>

1) Invest 65% acquired on 1/4/24

2) R&S Bal. OFS on 1/4/24 = 7,00,000

Required:-

1) COC

2) M/I $\left\{ \begin{array}{l} \text{on DoA} \\ \text{on B/S} \end{array} \right.$

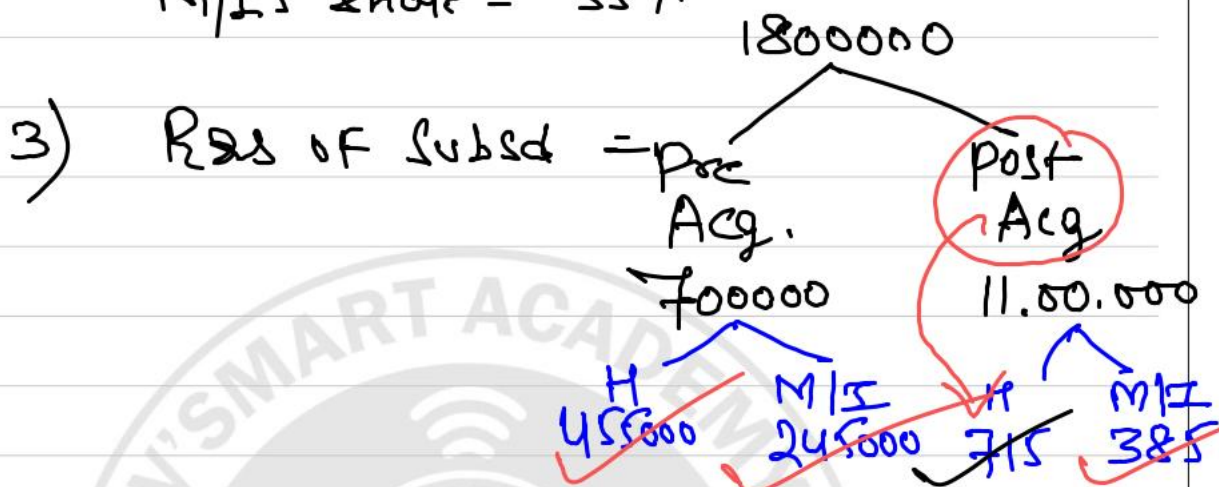
3) Consolidate R&S OF H
31/3/25

4) Consolidate B/S 31/3/25

Sol) :- 1) DoA = 1/4/24

2) H's share = 65%.

M/I's share = 35%.



4) Cost of Control (as on 1/4/24)

Investments (@ 65%) = 35,00,000

(-) H's share in NA :-

Esc x 65% = 19,50,000

Pre Acq x 65% = ~~2,55,000~~

Goodwill = 10,95,000

5) M/I :- (Prop. share of N.A)

Esc x 35% = 10,50,000

Pre x 35% = ~~24,500~~

on DoA 12,95,000

Post x 35% = ~~38,500~~

on Bfs

16,80,000

6) Consolidate R&S OF H

$$\begin{array}{r}
 \text{H's R\&S (standalone)} = 30,00,000 \\
 (+) \text{ Post Acq share} = 715,000 \\
 \hline
 \underline{37,15,000}
 \end{array}$$

Consolidated B/S

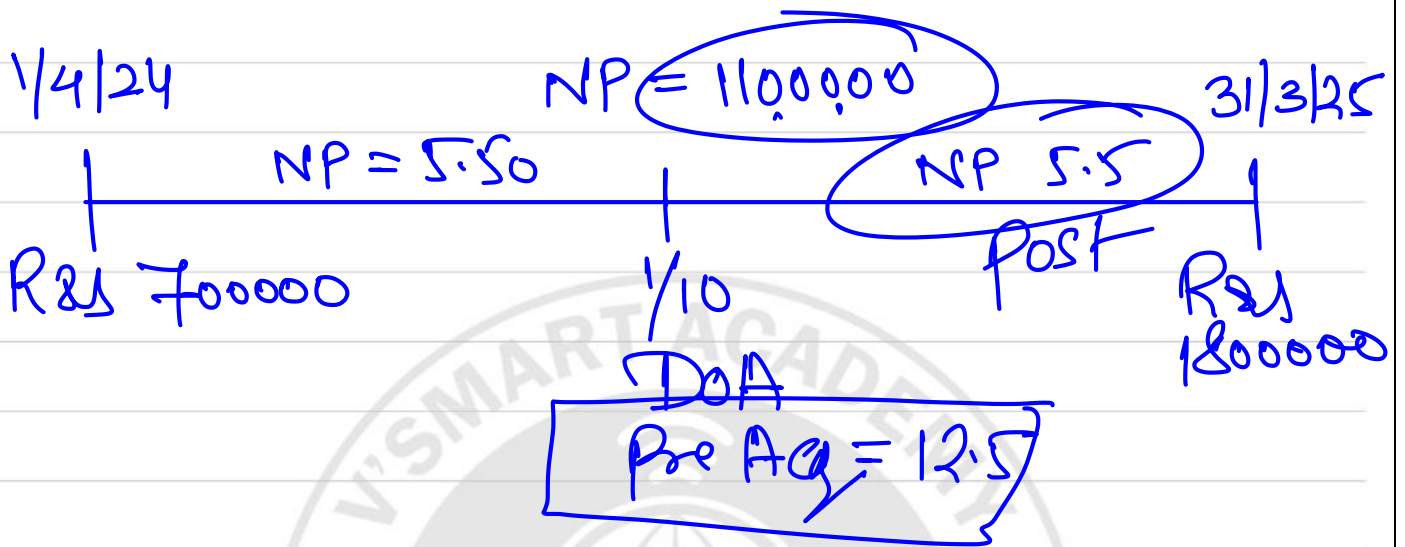
ESC			50,00,000
Consolidated R&S			37,15,000
M/I			16,80,000
Liab.	H	90	1,32,00,000
	S	<u>42</u>	
			<u>2,35,95,000</u>

PPE	H	80	1,40,00,000
	S	<u>60</u>	

Goodwill (WN-4)			10,95,000
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CA	H	55	85,00,000
	S	<u>30</u>	
			<u>2,35,95,000</u>

Class Exe: 2 Same as Class Exe:-1 But
DOA is 1/10/24



Analysis of profits of Subsidiary (AOP)

Particulars	Pre Acq Profit upto 1/10	Post Acq Profit 1/10 to 31/3 6m	B/s date 31/3/25
R&S	700000 (1/4)	1100000 (12m)	1800000
(+/-) Time adj for 6 months.	550000	$\left(\frac{1100000}{12} \times 6\right)$	
	1250000 (1/10)	550000	
<u>H's share 65%</u> <u>M/S share 35%</u>	812500 (COC) 437500 (M/S)	357500 (Cons. R&S) 192500 (M/S)	

COC (DOA)

$$\text{Invest} = 3500000$$

(-) Share in NA

$$\begin{aligned} \text{Esc} \times 65\% &= \left. \begin{aligned} &1950000 \\ &812500 \end{aligned} \right\} \\ \text{Pre} \times 65\% &= \end{aligned}$$

$$\text{Goodwill} = \underline{737500}$$

M/I

$$\begin{aligned} \text{Esc} \times 35\% &= 1050000 \\ \text{Pre} \times 35\% &= 437500 \end{aligned}$$

$$\underline{1487500}$$

$$\text{Post} \times 35\% = 192500$$

$$\underline{1680000}$$

Cons. Res

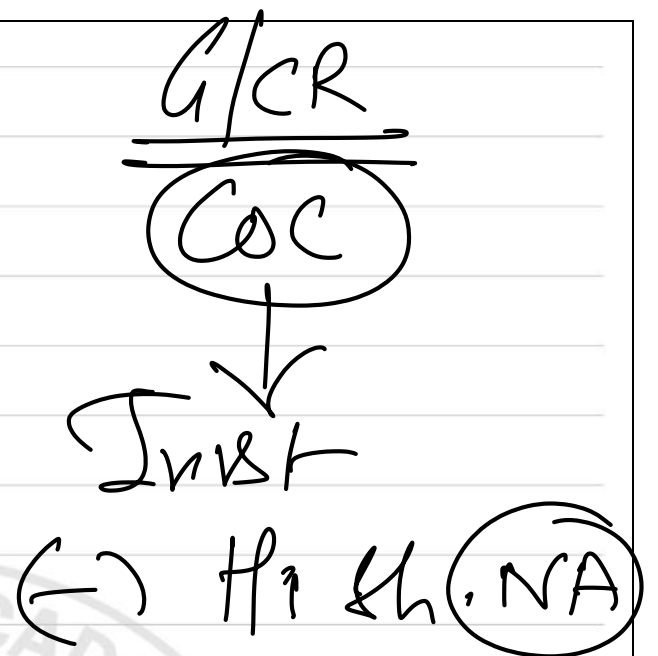
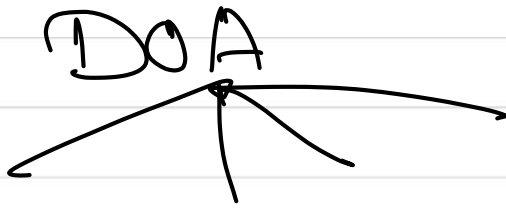
$$\text{H's Res (standalone)} = 30,00,000$$

$$(+)\text{ Post Acq profit} = 357500$$

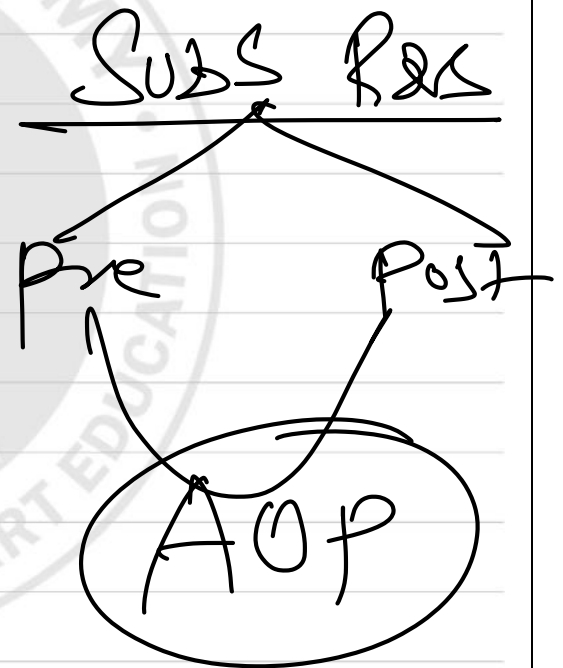
$$\underline{33,57,500}$$

V'Smart Academy

DOA



NA (DOA)
ESC
(+) Pre Acq



M/I
ESC x %
Pre x %
Post x %

Com. RES
H (St.) RES
(+) H's post Sh.
(+) CR

Class Ex:-3

Balance sheet
31/03/25

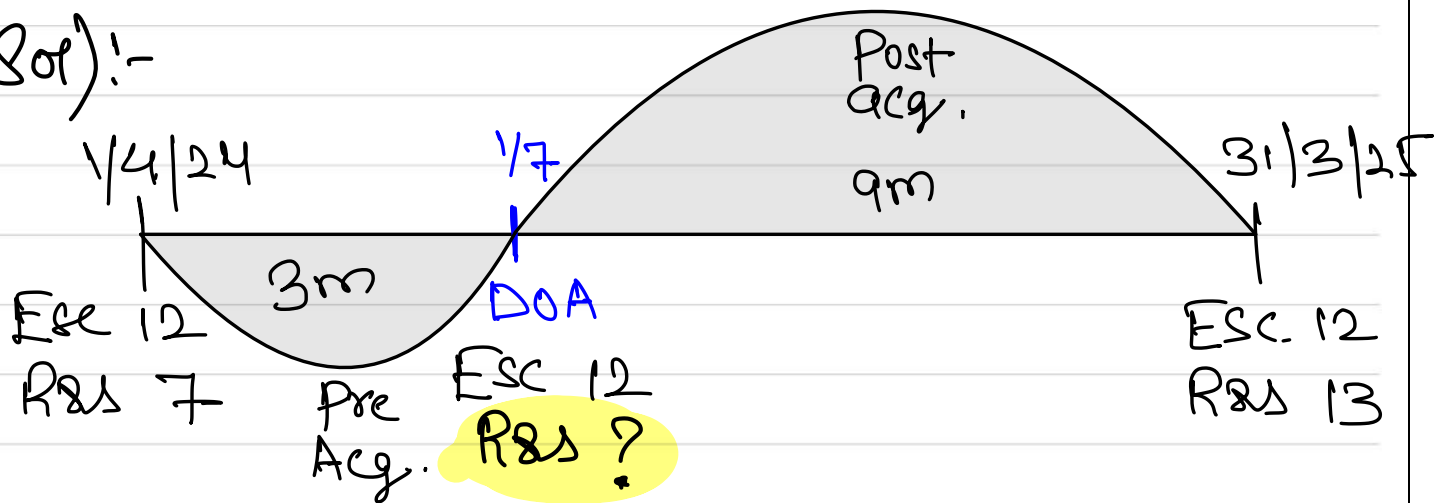
<u>Particulars</u>	<u>H Ltd</u>	<u>S Ltd.</u>
Esc	15,00,000	12,00,000
R&S	20,00,000	13,00,000
Liabilities	25,00,000	15,00,000
	<u>60 lacs.</u>	<u>40 lacs</u>
PPE	24,00,000	22,00,000
Investments @ 80%.	26,00,000	-
CA	10,00,000	18,00,000
	<u>60 lacs.</u>	<u>40 lacs.</u>

1) H Ltd acquired 80% Investment in S Ltd on 1/7/2024

2) R&S Balance on 1/4/24 = 7,00,000

prepare Consolidated B/s on 31/3/25
With important workings

Sol):-



$$\begin{array}{r}
 \text{NP For 24-25} \Rightarrow 1300000 \text{ R\&S } 31/3 \\
 (-) 700000 \text{ R\&S } 1/4 \\
 \hline
 600000 \text{ 12m}
 \end{array}$$

Assuming Profit is earned Equally Every month.

WN-1 Analysis of profit (AOP) of Subsd.

Particulars	As on DOA 1/7	Post Acq. Period 1/7 to 31/3	B/S 31/3
-------------	---------------------	---------------------------------	-------------

R&S Bal.	700000 (1/4)	600000 (12m)	1300000
(+/-) Time adj for 3 months.	150000	$\left(\frac{600000}{12} \times 3\right)$	
	<u>850000</u>	<u>450000</u>	

H 80%.

~~680000~~ CoC

360000 Cons. Res

M/I 20%.

~~170000~~

~~90000~~

WN-2

CoC and DOA

(80%) Investment Cost = 2600000

(-) H's share in Net-Assets

Esc 1200000 x 80%.	=	(960000)
Pre Acq share	=	(680000)

Goodwill = 960000

WN-3

Minority Interest (Prop. of Net Assets)

Esc x 20% = 240000

(+) pre Acq Profit = 170000

M/I as an 1/7 = 410000

(+) post Acq Profit share = 90000

M/I as an 3/7 = 500000

WN-4 Consolidated Res of H :-

Res of H (as per SFS) = 20,00,000

(+) post Acq share of profit = 360000
from S Ltd.

2360000

Consolidated B/s

ESC

15,00,000

Consolidated Res

2360000

Minority Interest

500000

Liabilities

H 25
S 15

40,00,000

8360000

PPE

H 24
S 22

4600000

Goodwill

960000

CA

H 10
S 18

2800000

8360000

Q101

Calculation of Minority Interest

Particulars	DOA		DOA N-Assets	M/I DOA	Profit		M/I Share	M/I 31/3
	S.C	Pre Acq			Post Acq.			
Case 1 M/I = 10%	100000	50000	150000	15000	20000	2000	17000	
Case 2 M/I = 15%	100000	30000	130000	19500	(10000)	(1500)	18000	
Case 3 M/I = 20%	50000	20000	70000	14000	0	0	14000	
Case 4 M/I = 0%	50000	40000	90000	0	15000	0	0	

Calculation of Goodwill/CR

Particulars	Invest Cost (a)	DOA		DOA NA (c)	Share of H (d)	Goodwill/CR (a-d)
		Sc (b)	Profit			
Case 1 90%	140000	100000	50000	150000	135000	5000 Goodwill
Case 2 85%	104000	100000	30000	130000	110500	6500 CR
Case 3 80%	56000	50000	20000	70000	56000	0

Case 4 100%	100000	50000	40000	90000	90000	10000 Goodwill!!
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Consolidated Res of H

Particulars	Profit DOA	Profit 31/3	Post Acq Profit Share	H's SFS	Total
Case 1 90%	50000	70000	20000 X 90% 18000	200000	218000
Case 2 85%	30000	20000	(10000) X 85% (8500)	200000	191500
Case 3 80%	20000	20000	-	200000	200000
Case 4 100%	40000	55000	15000 X 100%	200000	215000

V'Smart Academy

DOA = 31/3/21

Q102

Invst @ 70% = Rs. 140 lac.
@ 20/- per share.

$$\therefore \text{No. of shares acquired} = \frac{\text{₹ 140 lac}}{\text{₹ 20/-}}$$

$$= 7,00,000 \text{ no.}$$

$$\therefore \text{Total no. of issued shares of B Ltd} = \frac{700000}{70\%}$$

$$= 10,00,000 \text{ no.}$$

Calculation of Net Assets of Subs.

$$\text{PPE} = 360$$

$$\text{Invst} = 90$$

$$\text{CA} = 140$$

$$\text{L\&A} = 30$$

$$\rightarrow \text{Debn} = (180)$$

$$\rightarrow \text{CL} = (100)$$

$$\text{Net Assets on } 31/3/21 = \underline{\underline{340}}$$

A's share in N. Assets = 238
@ 70%.

M/E's share in N. Assets = 102
@ 30%.

Calculation of Goodwill / CR (Coc)

Investments (70%) = 140 lac.

(-) A's share in N. Assets = 238 lac
OF B Ltd
CR = 98 lac.

Abnormal items :-

NP = 60000
A) 15000
(-) 3000

612000 Normal profit

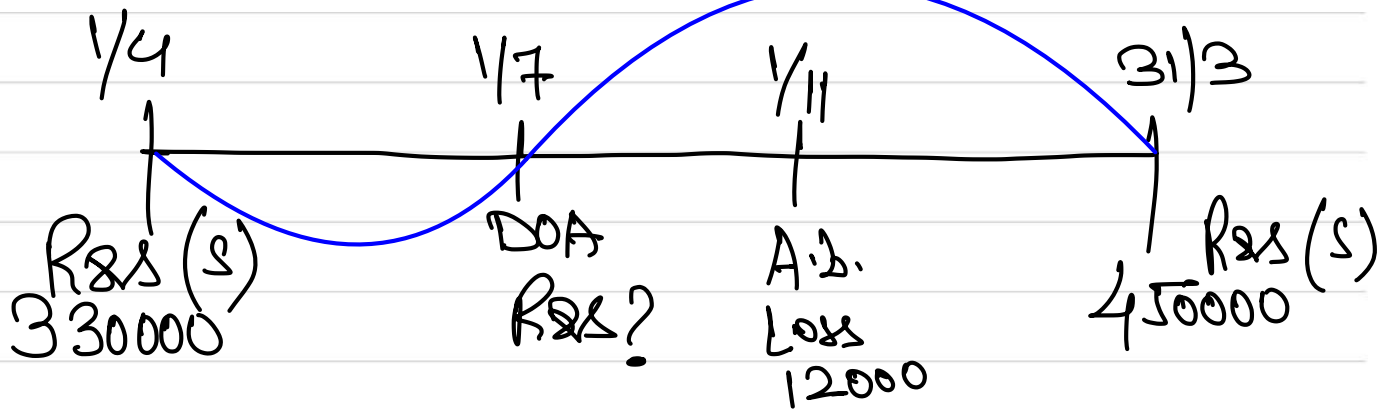
12

51000

June Ab. Loss
(15000)
56000

Oct Ab. Gain

3000
54000



AOP:-

Pre $\frac{1}{7}$

3m Post

B/c

R&S 330000 ($\frac{1}{4}$) 120000 (12m) 450000

(+) A.b. Eliminate
Loss

12000

330000

132000 Normal profit

(+/-) Adj
For 3m.

33000

$\left(\frac{132000 \times 3}{12} \right)$

363000

99000

(-) A.b. Loss

-

(12000)

Restate

363000

87000

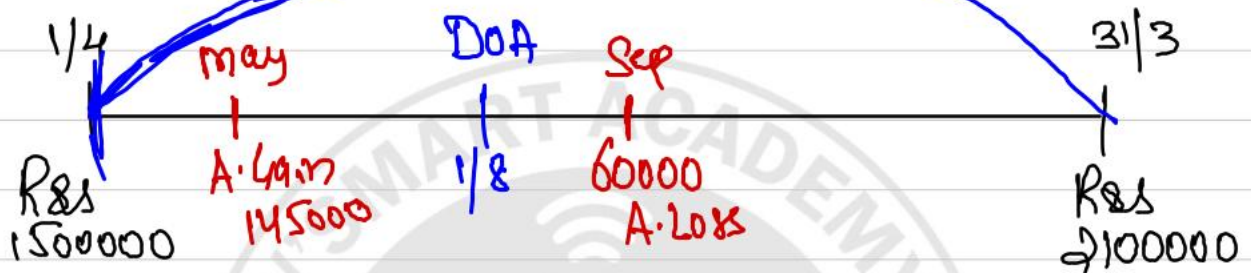
EXAMPLE 7: (Abnormal Items)

Financial Year 23-24, Date of Acquisition 1/8/23

Date	Particulars	Amount
1/4/23	Balance of Reserve & Surplus	15,00,000
3/3/24	Balance of Reserve & Surplus	21,00,000

During the year: - Abnormal loss in the month of September (Dr. in Profit & Loss already) = 60,000
 Abnormal gain in the month of May 2023 = 1,45,000. Prepare Analysis of Profit of Subsidiary.

SOLUTION:



AOP:-

Particulars

DOA (1/8)
Pre-Acq.

Post Acq. (8m)
1/8 to 3/3

B/S
3/3

R&S

1500000

600000 (12m) 2100000

(+/-) Eliminate
A.Items

(145000)
60000

1500000

515000 (Normal profit)
12m

(+/-) Adj:

171667

$\left(\frac{515000}{12} \times 4\right)$

1671667

343333

(+/-) Restate
A.Items

145000

(60000)

1816667

283333

COC:-

Invest

←) H's & h in NA

ESC + Bonus

Pre Acq from AOP

Class Ex:-4 (Bonus issue by Subsidiary)

B/s 31/3/25 Subs G.

ESC (101-)

Res

Liab.

10,00,000

12,00,000

13,00,000

35,00,000

PPE

CA

22,00,000

13,00,000

35,00,000

H acquired Invest in S 90% on 1/Jan/25

Res on 1/4/24 = 420000

Sdtd issued Bonus equity in the ratio of $\frac{1}{3}$ 1:5

But Bonus Entry is not yet passed by S till 31/3

prepare AOP, CoC, M/I

IF Invest Cost is 20Lacs.

Sol) :-

AOP :-

Particulars	DOA Pre Acq 1/Jan	Post Acq Profit	B/L
Res	420000 (1/4)	780000 (12m)	1200000
(-) Bonus issued	(200000)	-	-
(+/-) T. 9d;	220000 585000	780000 $\left(\frac{780000}{12} \times 9\right)$	
	805000	195000	10,00,000
H 90%	724500 (CoC)	175500 (Cons. Res)	
M/I 10%	80500	19500	

COC :- Investment = 20,00,000

(-) H's share in
NA :-

ESC $1200000 \times 90\% = (1080000)$

Pre Acq Profit share = (724500)

Goodwill = 195500

M/E :- ESC $1200000 \times 10\% = 120000$

(+) pre Acq share = 80500

an an DoA 200500

(+) post Acq share = 19500

220000

ESC = 12 (with Bonus)

RAS = 10 (after Bonus)

22
 $\times 10\%$

EXAMPLE 8: (Bonus adjustment - Entry already passed)

Standalone Balance Sheet as on 31/3/24

	H	S
Equity share capital	8,00,000	5,00,000
Reserves & Surplus	6,00,000	4,00,000
Liabilities	5,00,000	3,00,000
	19,00,000	12,00,000
Investment (80%) COC	7,00,000	-
Other Asset	12,00,000	12,00,000
	19,00,000	12,00,000

- Date of Acquisition 1/7/23
- On 1st March 2024 - Bonus issue of shares by subsidiary in the ratio of 1:4 (i.e., 1,00,000/-). Whose entry is already passed by subsidiary.
- Opening Reserves & Surplus as on 1/4/23 = 2,50,000

↓
Res To ESC

Sol):-

WN-1 AOP:-

	Pre 1/7	Post (9m)	B/S (31/3)
Res	250000	150000	400000
(+) Bonus Rectification	(100000)	100000	
	150000	250000	
(+/-) Tadj	(2500)	$\left(\frac{250000}{12} \times 3\right)$	
	212500	187500	
H 80%	170000	150000	
M/S 20%	42500	37500	

WN-2 COC Invest Cost = 700000

(-) Share in NA

$$\begin{array}{r} \text{ESC } 500000 \times 80\% = (400000) \\ \text{Pre Acq Profit Sh.} = (170000) \\ \hline 130000 \end{array}$$

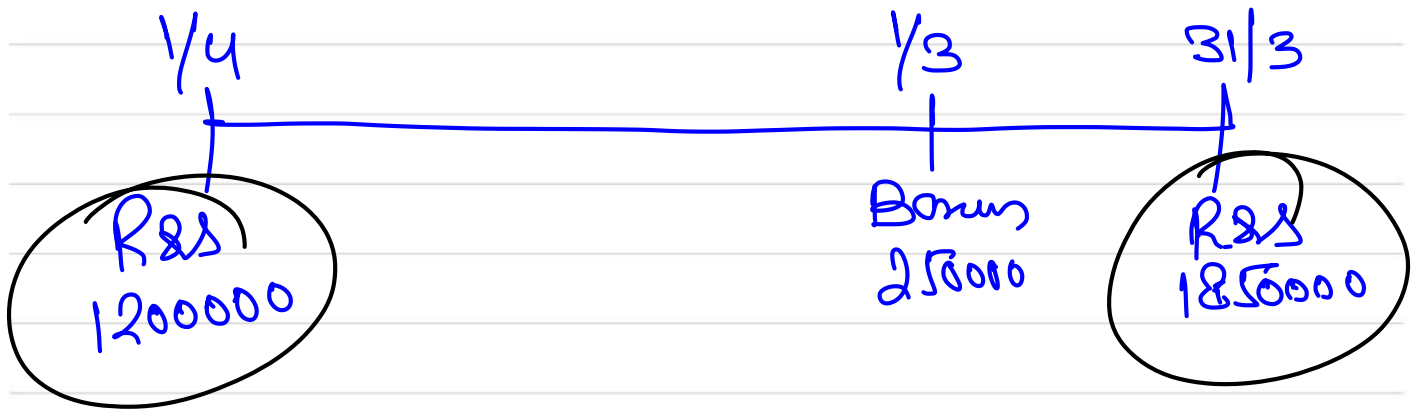
WN-3 M/I

$$\begin{array}{r} \text{Esc } 500000 \times 20\% = 100000 \\ \text{pre} = 42500 \\ \text{post} = 37500 \\ \hline 180000 \end{array}$$

WN-4 Cons. Res

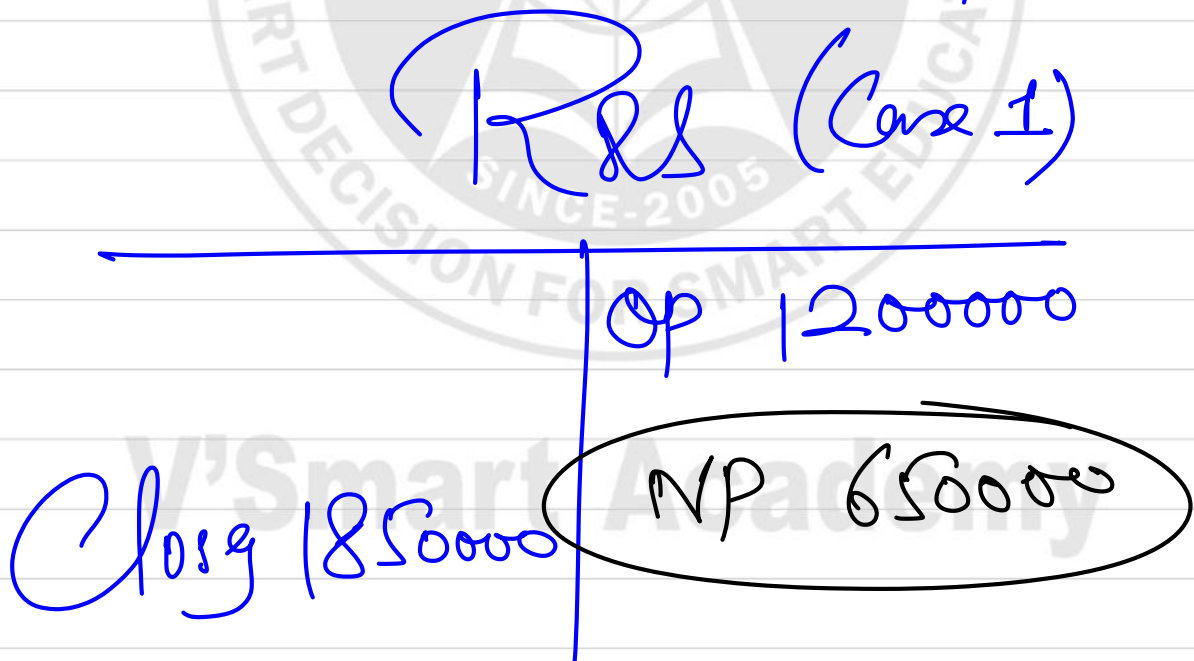
$$\begin{array}{r} \text{H (SFS)} = 600000 \\ (-) \text{ Post Acq Share} = 150000 \end{array}$$

450000



NP during the year

- Bonus entry not yet passed
- Bonus entry already passed



RBS (Case 2)

Tree 250000	OP 1200000
Close 1850000	NP 900000

AOP (Case 2)

<u>DOA</u>	<u>Post</u>	<u>B/S</u>
1200000	650000	1850000
(-) 250000	(+) 250000	
	<u>900000</u>	

Sub B/s

ESL (10%)

20,00,000

Bonus issued Entry passed
1/3/25

1:2

H acquired shares in S on 1/5/24
128000 ru.

H

$$64\% = \frac{128000}{200000} \times 100$$

Boxes
With Bonus

$$\frac{128000}{160000} \times 100 = 80\%$$

$$\frac{128000 + 32000}{200000} \times 80\%$$

V'Smart Academy

B/s (Subs) 31/3/25

ESC (10/-)

15,00,000

Bonus issue 1:5 1/3

on 31/3/25, H Holds shares in Subs.
14,00,000 no.

Bonus entry not yet passed

Calculate H %

Ex. 10 Q106, Q107 Hw

AOP

31/3

Particulars	Profit up DOA (Pre Acq)	Profit of Post Acq Period	B/s Date Bal.
-------------	-------------------------------	---------------------------------	---------------------

R&S	xxx (1/4)	xxxx (B/F)	xxx
-----	-----------	------------	-----

(+/-) A.b. Item Eliminated	-	+ A. Loss - A. Gain	
-------------------------------	---	------------------------	--

(+/-) Bonus Adjst.	(xxx) always	+ xxx (if entry passed)	
-----------------------	-----------------	----------------------------	--

Balance	xxx	xxx	↓ Rectified Normal profit
---------	-----	-----	------------------------------------

(+/-) Time adj.	xxx	(xxx)	
--------------------	-----	-------	--

Balance	xxx	xxx	
---------	-----	-----	--

(+/-) A.b. Items restate	xx	xx	
-----------------------------	----	----	--

Final Bal.	xxx	xxx	
------------	-----	-----	--

Without Bonus

ESC (Sub) 101-

2400000

24,00,000

H acquired 90,000 shares of S on 1/4/24
On 15/Feb/25, S issue Bonus 3:5

$$\begin{aligned} \text{H Holding \%} &= \frac{90000}{240000} \times 100 \\ &= \del{37.5\%} \end{aligned}$$

$$\begin{aligned} \text{H Holding \%} &= \frac{144000}{240000} \times 100 \\ &= 60\% \end{aligned}$$

V'Smart Academy

Q103

Case a \rightarrow Working Before Bonus issue
(ignore Bonus issue)

DOA	B/s
31/3/15	31/3/21
Pre acq Profit \rightarrow 90000	GR 1905000 P&L 420000

AOP:-

Particulars	DOA Profit	Post Acq Profit	B/s Date
Pre incorpor. Profit	30000	—	30000
P&L a/c	60000	360000	420000
GR	0	1905000	1905000
	<u>90000</u>	<u>2265000</u>	
H 70%.	63000	1585500	
M/S 30%.	27000	679500	

CoC :- Investments = 12,00,000

(-) P's share in N.Assets
of Q on DOA

$$\begin{aligned} \text{Esc } 1500000 \times 70\% &= (10,50,000) \\ \text{Pre Acq share} &= (63000) \end{aligned}$$

87000 Page | 49

M/I :-

Fsc	=	450000	(30%)
Pre	=	27000	
Post	=	679500	
		<u>1156500</u>	

Consolidated R&S :-

Balances with P = 8475000
(SP + GR + P&I)

(+) Post Acq share = 1585500

10060500

Case(b) = Workings after Bonus issue

Bonus = $15,00,000 \times \frac{1}{2} = 7,50,000$
(1:2) out of GR (Post Acq)

AOP :-

Particulars	DOA Profit	Post Acq. Profit		B/S
		GR	P&I	
Pre incorpor. Profit	30000	-	-	30000
GR	0	1905000	-	1905000

P&L	60000	-	360000	420000
(-) Bonus	-	(75000)	-	
	90000	115500	360000	
P 70%	63000	80850	252000	
M/I 30%	27000	34650	108000	

Cost of Control :-

Investment = 12,00,000

(-) P's share in
NA on DoA :-

Ex Fol.
pre Acq. Share (157500)
(63000)

CR

438000

Minority Interest :-

$$\text{Elk } 30\% = 675000 \quad (2250 \times 30\%)$$

$$(+)\text{ Pre} = 27000$$

$$(+)\text{ Post} = 454500 \quad (4R \text{ P\&l})$$

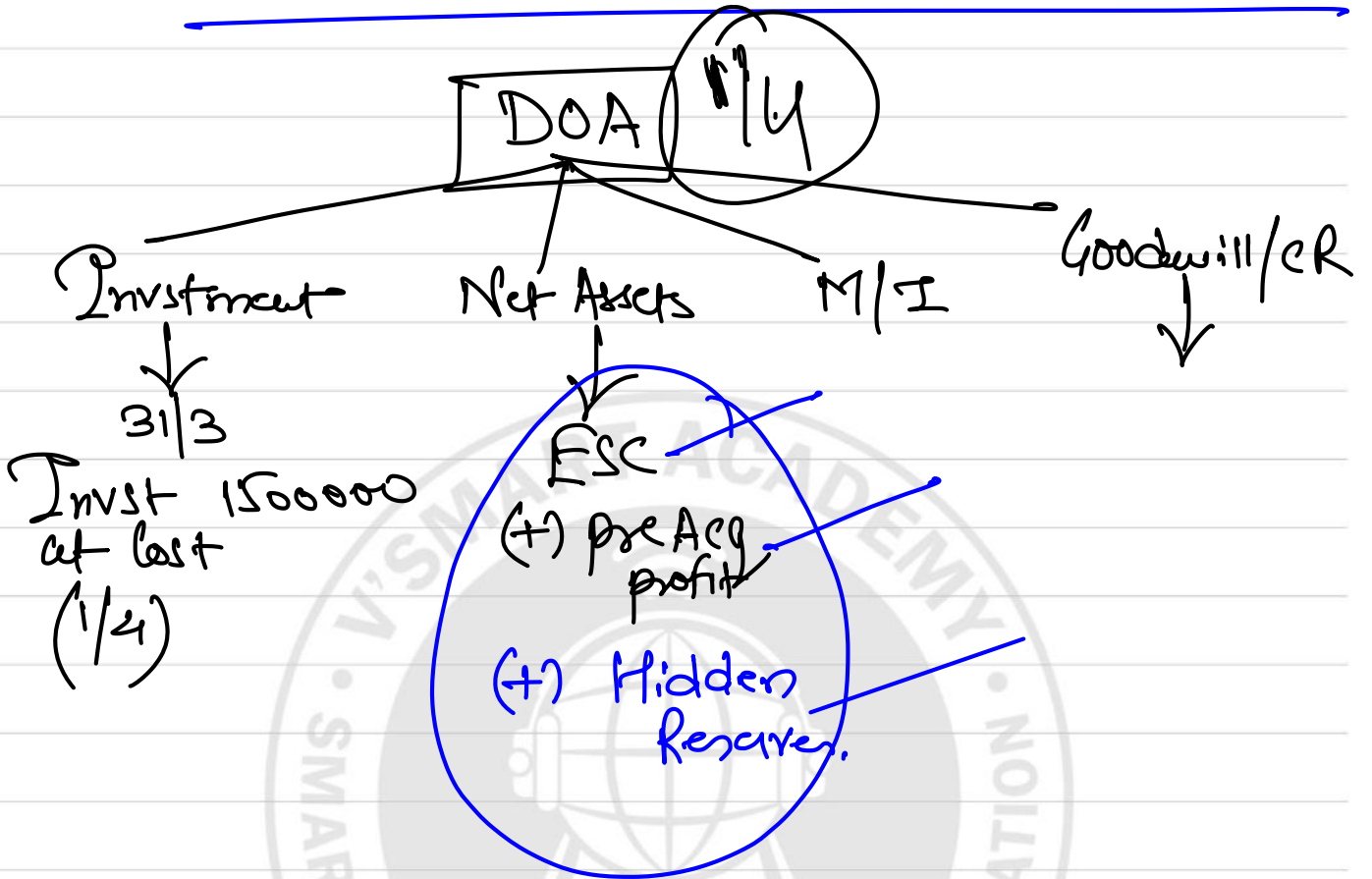
$$1156500$$

Consolidated Res :-

	<u>SP</u>	<u>P&l</u>	<u>GR</u>	<u>CR</u>
Bal. with H	900000	1575000	60,00,000	-
(+) post Acq share	-	252000	808500	-
(+) Coc adjust	-	-	-	438000
	<u>900000</u>	<u>1827000</u>	<u>68,08,500</u>	<u>438000</u>

$$\text{Total} = 9973500$$

Revaluation of Assets of Subsd.



Ex:-16

N. Asset (MV)

 <p>PPE = 38</p> <p>CA = 17</p> <p>(-) Liab = (24.50)</p> <hr style="width: 50%; margin: 0 auto;"/> <p><u>N.Assets = 30.50</u></p> 	<p>ESC 150000</p> <p>(+) Pre Acq Profit <u>75000</u></p> <p>(+) FV Gain <u>80000</u></p> <hr style="width: 50%; margin: 0 auto;"/> <p>MV <u>305000</u></p>
--	--

COC

Invest Cost (as per B/s of H)

(-) NA :-

ESC 15

(+) Pre Acq 15.50

AOP

Pre

Post

Ble

R&S

750000

-

-

(+) Keral
fv.

800000

1550000

DOA

1/4

31/3

ESC 1000000

R&S 500000

ESC 1000000

R&S 700000

Dep 10%

PPE = 1620000

PPE BV 18 Jan.

PPE MV 12 Jan.

7

AOP

Pre

Post

Total

R&S

5

2

7

(+) fv gain,

7

70000

CBS 31/3

PPE M XXX
 S 1620000
 (+) FV 700000
 (-) add Dep (70000)

Class Ex: - 5

1/4 DOA 70%

Cost of Invest = 900000
 Dep Rate = 20%

31/3

Esc 1000000

R&S 500000 $\times 20\%$

Esc 1000000

R&S 800000

PPE MV 1250000

PPE BV ?

PPE BV 800000

PPE = 1200000 MV

- Calculate
- 1) AOP
 - 2) COC
 - 3) M/I
 - 4) Consolidate B/S (Extract)

Sol) :- Calculation of Fr Gain & Depreciation

Date	Particulars	Amnt.
31/3	BV OF PPE	800000
	Dep. %	20%
1/4	BV OF PPE	$\frac{800000}{80\%}$
		1000000
1/4	MV OF PPE	1250000
	Fr Gain on (1/4) DOA	250000
		AOP ↓ Pre Column (+)

Depreciation :-

a) Actual Dep Charged by Subsidiary
for post period (1/4 to 3/3) = 200000

b) Dep. that should be Charged = 250000
by H on Fr (1/4 to 3/3)

$$1250000 \times 20\%$$

Additional = 50000
Dep

AOP

↓
Post Column
(→)

Cons. B/s (Extract) 31/3

PPE :-

H	→	xxxx	
S	→	800000	10,00,000
(+) Fr. Lam		250000	
(-) Add. Dep		(50,000)	

COC :-

Invest = 900000 (Fr)

(-) H's share in
Fr of NA of S :-

(Br) ESC 1000000 x 70% = (700000)
Pre Acq. Shares = (525000)
CR 325000

<u>AOP:-</u>	1/4	1/4 - 31/3	31/3
	<u>Pre</u>	<u>Post</u>	<u>B/s</u>
R&S	500000	300000 (B/F)	800000

(+/-) Fair Val. & Dep.	250000	(50000)
	<u>750000</u>	<u>250000</u>

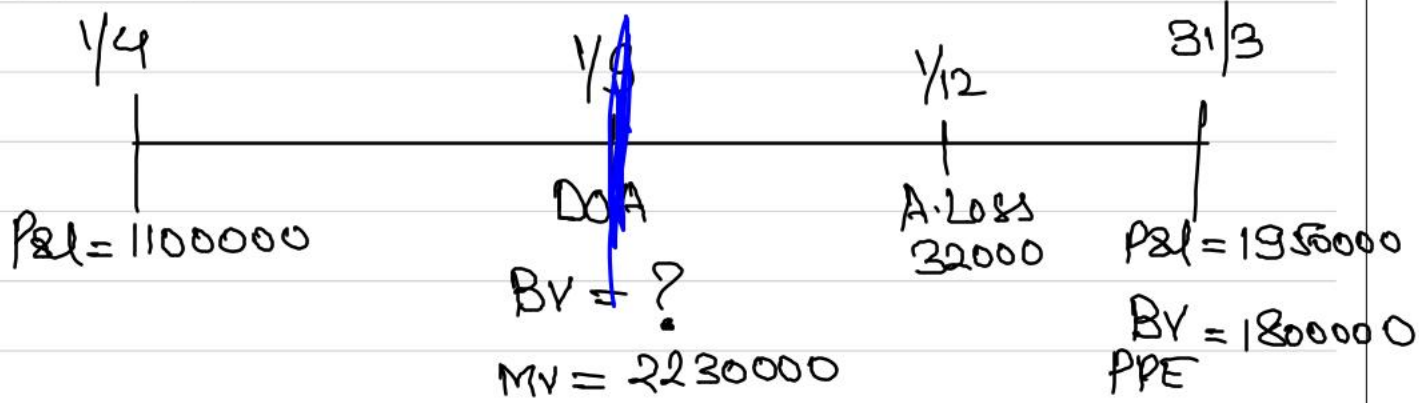
H 70%	525000	175000
M/I 30%	225000	75000

<u>M/I</u>	
Est =	300000
Pre =	225000
	<u>525000 (FV)</u>

(+) Post =	75000
	<u>600000 FV</u>

Dep = 10%

Ex:-17



Inventory ↑ 5000
Creditors ↑ 21000

WN-1 Calculation of FV Gain/Loss on PPE :-

Date	Particulars	Amount
3/3	BV	1800000
	Dep Rate	10%
1/4	BV	$\frac{1800000}{90\%} = 20,00,000$
1/9	BV	$20,00,000 - \text{Dep (5) m. } 83333 = 1916667$
1/9	MV	Given 2230000

FV Gain on = 313333
DOA
(Pre Column)

WN-2 Depreciation effect :- (1/9 to 31/3) = 7m.

a) Dep. actually Charged by Subsd. (7m) = 116667
 BV on 1/9 = 1916667
 BV on 31/3 = 1800000

b) Dep that should be Charged = 130083
 on Fv by H 2230000
 X 10%
 X 7/12
 Additional Dep 13416
 Post Column

WN-3 AOP

	Pre ^(1/9)	Post	B/s
P&L	1100000 (1/4)	850000	1950000
(+) Elmat.	-	32000	
	<u>1100000</u>	<u>882000</u>	
(+/-) T. adj	367500	$\left(\frac{882000 \times 5}{12}\right)$	
	<u>1467500</u>	<u>514500</u>	

(-) Restate
A. Loss — (32000)

(+/-) Revaluation
Effect

PPE 313333 (13416)

Invent. 5000 —

Creditors (21000) —

18,09,833 46,90,84

Q302

1/4/20

31/3/21

DOA 80% .

Res. 62500
P&L 37500

Res. 1,87,500
P&L 62,500

Machine 10%.
BV 25000
MV 37500

Furniture 15%.
BV 5000
MV 37500

WN-1 Calculation of FV Gain/Loss

<u>Date</u>	<u>Particulars</u>	<u>Mach.</u>	<u>Furrt.</u>
1/4	BV	250000	50000
1/4	MV	375000	375000
		<u>125000</u>	<u>125000</u>
		FV Gain	FV Loss
		(Pre Column)	

WN-2 Depreciation Effect :-

<u>Particulars</u>	<u>M</u>	<u>F</u>
a) Dep. actually charged by G Ltd	25000	7500
b) Dep. that should be charged by B Ltd on MV	37500	5625
	<u>12500</u>	<u>1875</u>
	Additional Dep	Saving in Dep
	} post Column	

WN-3 AOP of Gamma Ltd

Particulars	Pre Acq. Profit	Post Acq.		B/S
		Res.	P&L	
Bal. of Res.	62500	125000	—	187500
Bal. of P&L	37500	—	25000	62500
(+/-) Revaluation effect				
Machine	125000	—	(12500)	
Furniture	(12500)	—	1875	
(WN 1 & 2)				
	212500	125000	14375	
Share of Beta 80%.	170000 ⁶⁰	100000	11500 ^{Cons. Res}	
M/I 20%.	42500	25000	2875	

WN-4 Minority Interest (20%)

$$\text{Esc @ 20\%} = 50,000$$

$$\begin{array}{r} (+) \text{ Pre Acq Profit} \\ \text{Share} \end{array} = 42,500$$

$$\text{M/I as on DOA} \quad \underline{92,500}$$

$$\begin{array}{r} (+) \text{ Post Acq Profit} \\ \text{Res.} \end{array}$$

$$\text{P&L} \quad 25,000$$

$$\quad \quad \quad 28,75$$

$$\underline{\underline{1,20,375}}$$

WN-5 CoC :-

$$\text{Invest Cost (80\%)} = 4,00,000$$

$$\begin{array}{r} (-) \text{ Beta's share in FV} \\ \text{OF Net Assets} \end{array}$$

$$\text{Esc } 2,50,000 \times 80\% = (2,00,000)$$

$$\text{Pre Acq share} = (1,70,000)$$

$$\underline{\underline{\text{Goodwill} = 30,000}}$$

WN-6 Consolidated Res

<u>Particulars</u>	<u>Res.</u>	<u>P&L</u>	<u>Total</u>
Bal. with Beta	50000	250000	750000
(+) Post Acq Share	100000	11500	111500
	<u>600000</u>	<u>261500</u>	<u>861500</u>

Consolidated B/S

ESC		1500000
Consolidated Res		861500
Minority Int.		120375
Trade payable	B 375000	517500
	G 142500	

29,99,375

PPE :-

a) Machine	B 750000	1087500
	G 225000	
(+) FV gain	125000	
(-) add. Dep	(12500)	

b) Furniture	B	375000	406875
	G	42500	
		(-) Fr Loss (12500)	
		(+) Dep Saving 1875	
		<u> </u>	

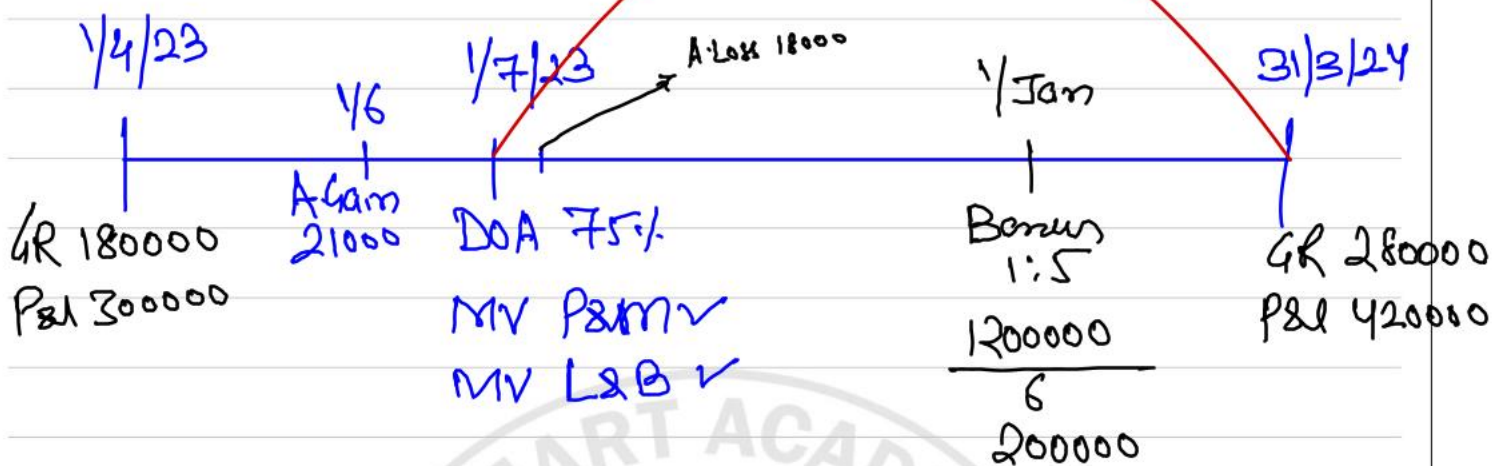
Goodwill			30000
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Other N.C.A	B	1100000	1475000
	G	375000	
		<u> </u>	

29,99,375

V'Smart Academy

Ex:-21 (Pg. 7.25)



Ab. Item

Bonus

Revaluation always after time adj.

WN-1 Calculation of Fv Gain/Loss

Date	Particulars	P&M	L&B
31/3/24	Book value	900000	1000000
1/4/23	Book value	1000000	1250000
	$\frac{900000}{90\%}$	$\frac{1000000}{80\%}$	
1/7/23	Book value (after 30% Dep)	975000	1187500
1/7/23	Market Value	700000	1200000
		<u>275000</u>	<u>12500</u>
		Fv Loss	Fv Gain

Pre

WN-2 Depreciation effect (Post Period)

	<u>P&M</u>	<u>LAB</u>
a) Dep. actually Charged by S For BV - BV 1/7 3/3	75000	187500
b) Dep. that should be Charged by Holding Co. on FV	52500	180000

$$700000 \times 10\% \times 9/12$$

$$1200000 \times 20\% \times 9/12$$

22500	7500
Reversal of Dep	Reversal of Dep

Saving in Dep Post

WN-3 AOP of Sub.

Particulars	DOA 1/7 Pre Acq	9m	Post Acq Period	3/3 Total B/s
Bal. OF GR	180000 1/4	GR	P&L 100000 (12m) -	280000
Bal. OF P&L	300000 1/4	—	120000 (12m)	420000

(+/-) Eliminate A. items	-	-	(21000) 18000
(+/-) Bonus adjust	(200000)	200000	-
	280000	300000	117000
(+/-) Time adjust For 3m.	75000 29250	$(300000 \times \frac{3}{12})$	$(117000 \times \frac{3}{12})$
Balances	384,250	22,5000	87,750
(+/-) Restate A. Item	21000	-	(18000)
(+/-) Revaluation effect			
P&M	(275000)	-	22500
L&B	12500	-	7500
Final Balance	142750	225000	99750
H 75%	107,063	168,750	74,813
M/E 25%	35,687	56,250	24,937

WN-4 Cost of Control

$$\text{Investment Cost (75\%)} = 14,00,000$$

(-) H's share in FV of Net Assets of Subsd. :-

$$\begin{aligned} \text{BV ESC } 12,00,000 \times 75\% &= (9,00,000) \\ \text{MV pre Acq share of H} &= (10,70,63) \end{aligned}$$

$$\text{Goodwill} = \underline{\underline{3,92,937}}$$

WN-5 Minority Interest

$$\text{ESC @ 25\%} = 3,00,000$$

$$\text{(+) pre Acq profit share} = \underline{35,687}$$

$$\text{M/I as at DOA} = 3,35,687$$

$$\text{(+) post Acq share of profit} = 81,187$$

$$\text{(56,250 + 24,937)} = \underline{\underline{4,16,874}}$$

WN-6 Consolidated R&S

	<u>GR</u>	<u>P&L</u>
Balance of H as per SFS	500000	300000
(+) Share of post Acq profit of H	168750	74813
	<u>668,750</u>	<u>3,74,813</u>
	Gross = 10,43,563	

Consolidated B/s of H Ltd.

<u>Particulars</u>	<u>Amnt.</u>
ESC	1500000
Consolidated R&S	1043563
M/I loans (9 + 7.5)	416874
Tr. payables (5.5 + 2.5 - 15%)	1650000
	785000
	<u>5395437</u>

Land & Building	H	800000	18,20,000
	S	1000000	
(+) Fv		12500	
(+) Dep Saving		<u>7500</u>	

Plant & Machinery	H	700000	13,47,500
	S	900000	
Fv Loss		(27500)	
Dep Saving		<u>22500</u>	

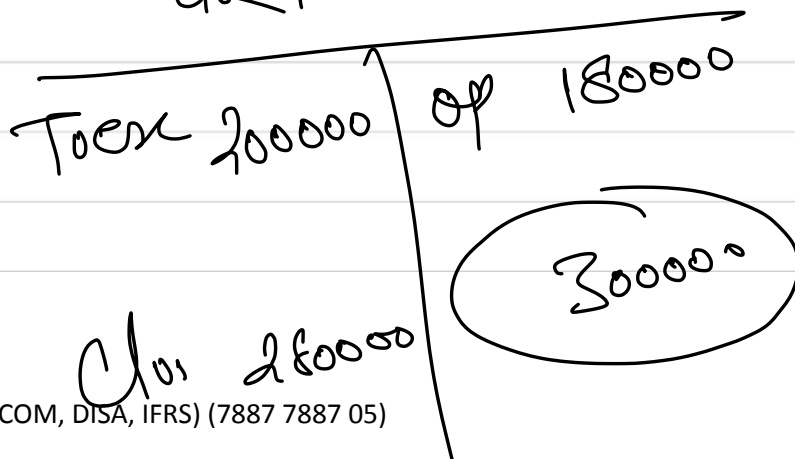
Goodwill			3,92,937
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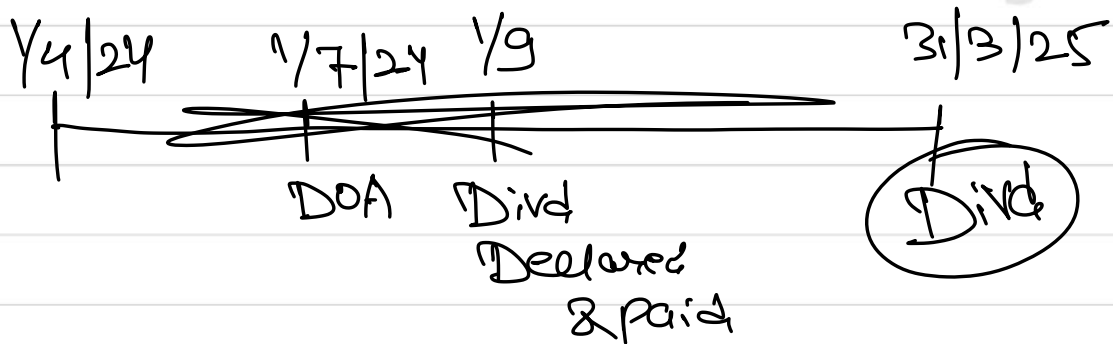
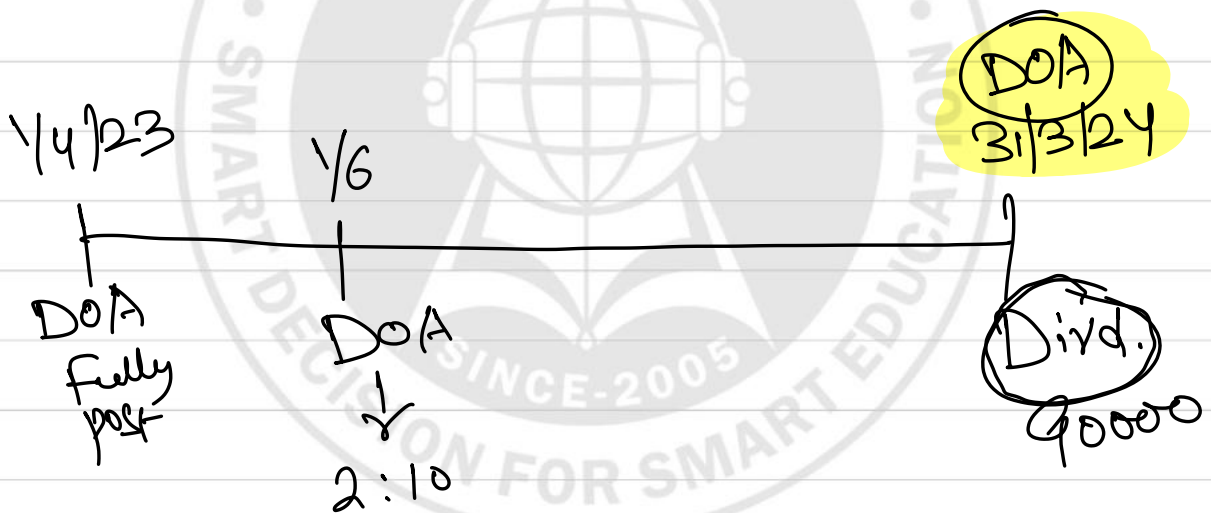
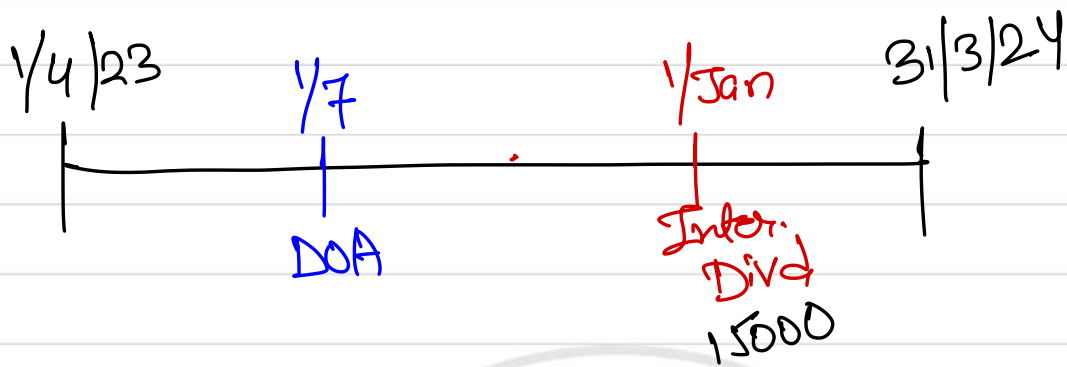
CA	H	8,50,000	18,35,000
	S	10,00,000	
(-)		(1,50,000)	

Total	<u><u>53,95,437</u></u>
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V'Smart Academy

GR Rs





Class Ex:-6

Balance sheet 31/03/25

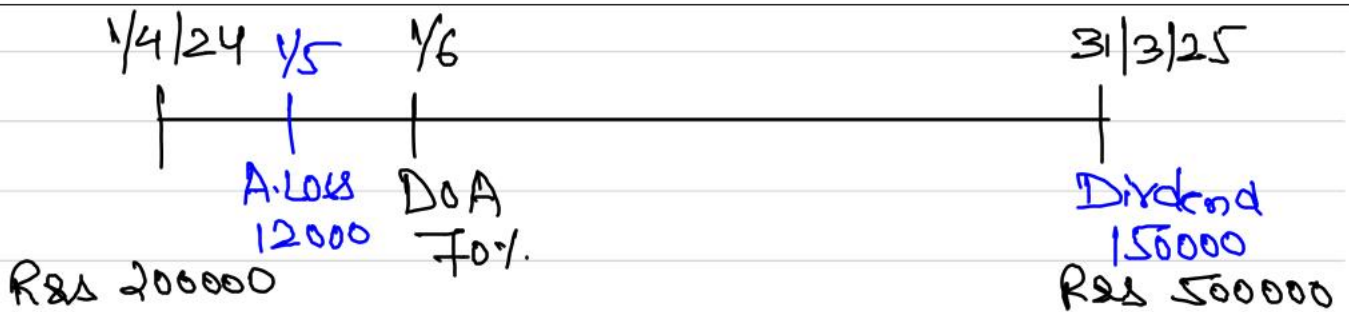
	<u>H</u>	<u>S</u>
Esc	900000	750000
R&S	600000	500000
Liabilities	800000	450000
	<u>23 lac.</u>	<u>17 lac</u>
Investments (70%) Acquired on 1/6	8,20,000	-
Other Assets	14,80,000	17,00,000
	<u>23 lac.</u>	<u>17 lac</u>

1) Subs. Ltd. Declared Dividend on 31/3/25
whose entry not yet passed
20% Divd.

2) R&S on 1/4/24 For S Ltd = 200000

3) Ab. Loss on 1/5 = 12000

Prepare CBS



Imp. Rule :- Time adj: Hamesha Rectified Normal Profit before any appropriation Ka Hota Hai

↓
Dividend Declaration

Bonus if entry passed ↑
Eliminate Abn. item ↑

WN-1 AOP

Particulars	upto 1/6 Pre	10m Post	31/3 B/S
R&S	200000 (1/4)	300000 (12m)	500000
(+) eliminate A. Loss	-	12000	
	<u>200000</u>	<u>312000</u>	
(+/-) T. adj 2m.	52000	$\left(\frac{312000 \times 2}{12}\right)$	
	<u>252000</u>	<u>260000</u>	
(-) Restate of Ab. item	(12000)	-	
(-) Dividend Declared	(25000)	(125000)	
R/E ⇒	<u>215000</u>	<u>135000</u>	

H's share	150,500	94,500
M/I share	64,500	40,500

WN-2 M/I

Esc @ 30% = 22,500
 (+) Pre Acq Profit = 64,500
 (+) post Acq Profit = 40,500
 (+) Divd For M/I = 45,000
37,500

EBIT
(-) Int.
<hr/>
EBT
(-) Tax
<hr/>
EAT
(-) Pref. Divd
<hr/>
EAESH
(-) Divd (ex)
<hr/>
Surplus
R/E

Divd For H (H's Book)

H ⇒ 150,000 × 70% = 105,000
 milaga

Dividend Receivable A/c Dr. 105,000 → Pre 17,500
 → post 87,500
 To Investm. 17,500
 To P&L 87,500

WN-3 COC

Invst Cost = 82,000
 (-) Pre Acq Divd. = 17,500
Net Invst = 64,500

(-) Esc 70% = (52,500)
 (-) Pre Acq. = (15,050)

12,700 Goodwill

Cons. R&S :-

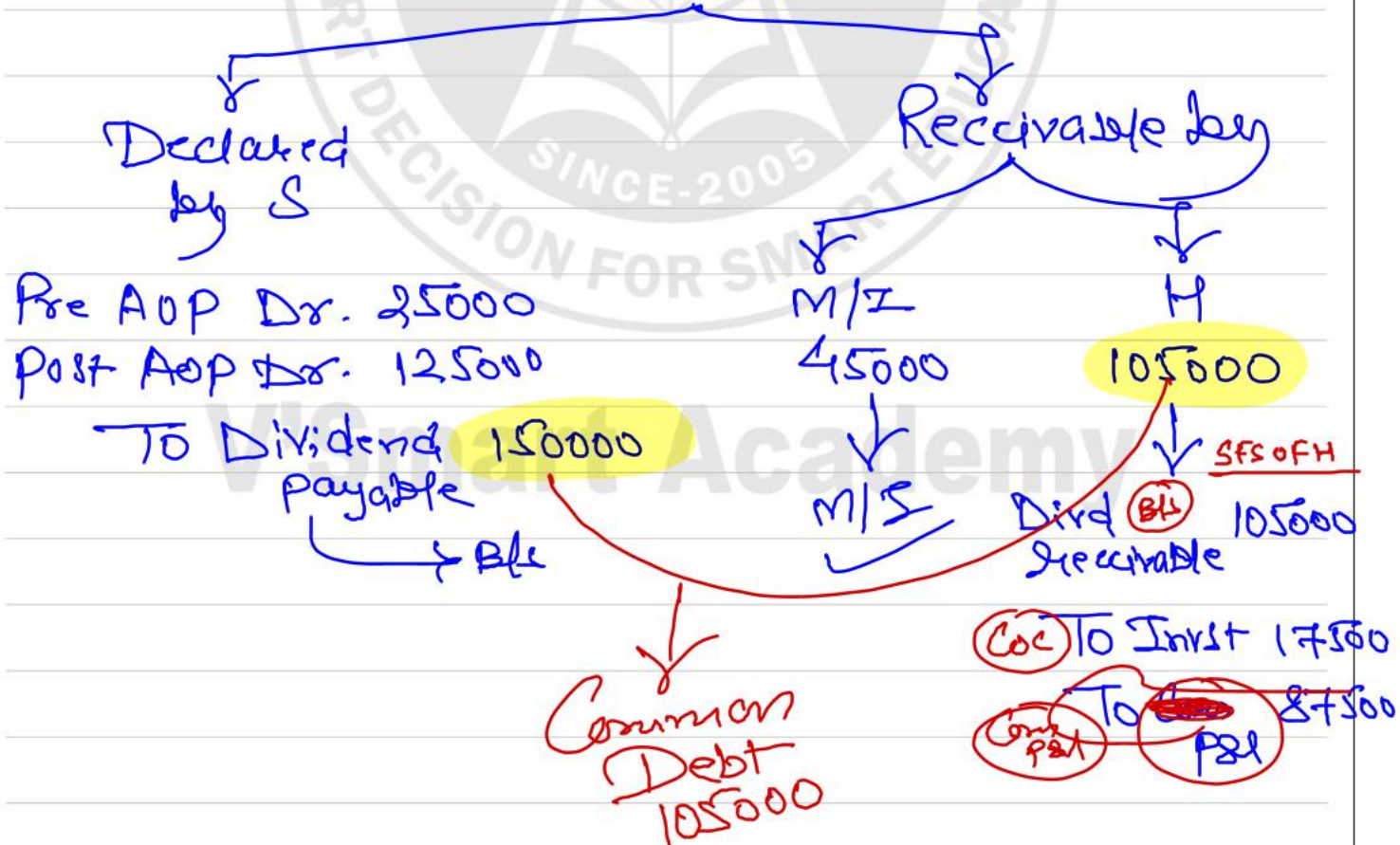
H's R&S (SFS) = 600000

(+) H's share in profit = 94,500 (R/E)
Profit

(+) Post-period Dividend = 87500
Income

782000

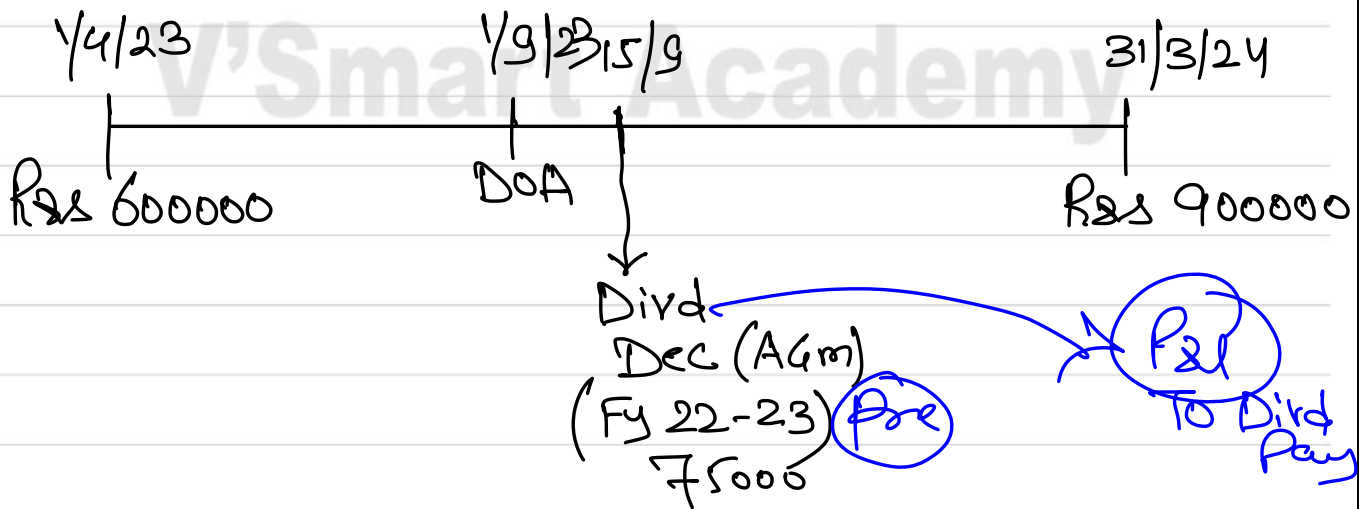
Summary of Dividend Declared by Subs.
150000



Cons. B/s

ESC	₹ 000000
Cons. Res	782000
Minority Interest	330000
-45000	
OCL Divd Payable	45000
Other Liab (H+S)	1250000
	3307000
	3307000
Goodwill	127000
Other Assets (H+S)	31,80,000
	3307000

Ex:-11



Divd
 To P&L

<u>AOP:-</u>	upto 1/3	1/3 - 31/3	31/3
Particulars	Pre	Post	B/s
R&S	600000	300000	900000
(+) Divd.	-	75000	
	600000	375000	Profit before Divd.
(+/-) T. adjust 5m	156250	$\left(\frac{375000}{12} \times 5\right)$	
	756250	218750	
(-) Divd. (22-23)	(75000)	-	
	681250	218750	

AOP:-

	Pre (1/3)	Post	31/3 B/s
R&S	600000	300000	900000

+75000
T. adj

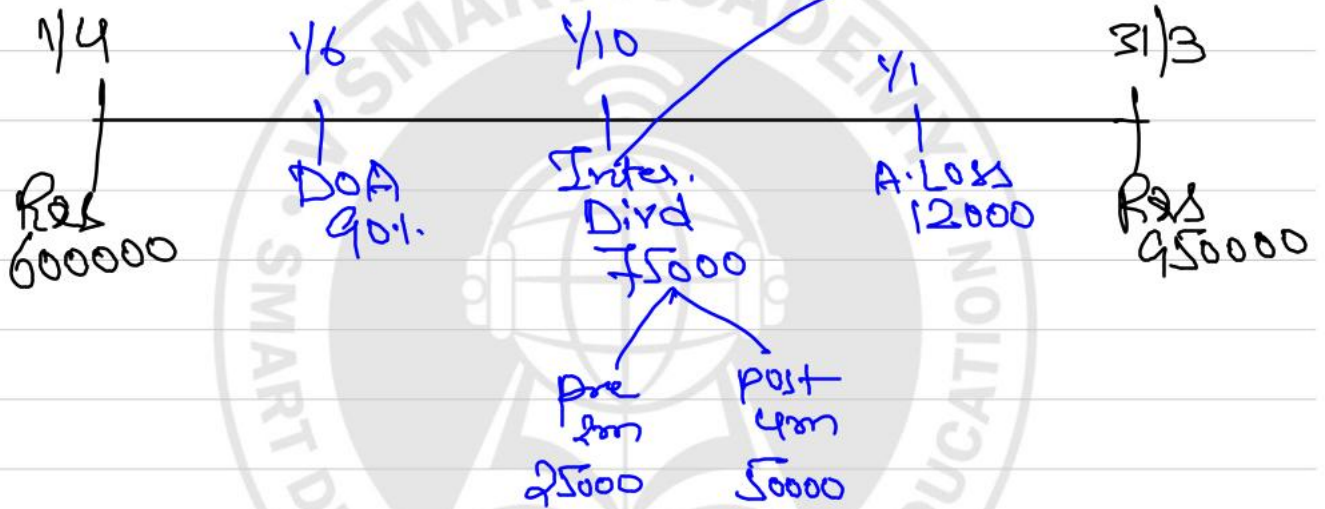
R&S	
To Divd Pay. 75000	OP 600000
Closeg 900000	NP 375000

EXAMPLE 12: (Dividend Declared Subsidiary)

- Financial Year 23-24.
- Date of Acquisition 1/4/23
- Dividend (15%) declared on 31/3/24 for Financial Year 23-24 but Dividend entry not yet passed.
- Equity shares of subsidiary = 10,00,000/-
- Reserve & Surplus of 1/4/23 = 4,50,000/-
- Reserve & Surplus of 31/3/24 = 9,90,000/-

SOLUTION

Ex:- 15



AOP:-

	Pre Acq 1/6	Post 10m	B/S 31/3
Res	600000	350000	950000
(+) Int. Divd	-	75000	
(+) A. Loss	-	12000	
	600000	437000	
(+/-) T. adj (m)	72833	$\left(\frac{437000}{12} \times 2\right)$	
Balance	672833	364167	
(-) A. Loss	-	(12000)	

Rect. Normal Profit before Divd.

(-) Int. Divd

(25000)

(50000)

647833

302167

H 90%

583050

271950

M/I 10%

64783

30217

WN = Coc

Investment Cost = 10,00,000

(-) Pre Acq Divd = (22500)
OF H
 $25000 \times 90\%$

Net Invt Cost = 977500

(-) H's share in NA
OF Subs. :-

Esc x 90% = (360000)

Pre Acq Profit = (583050)

Share

Goodwill 34450

WN.

M/I

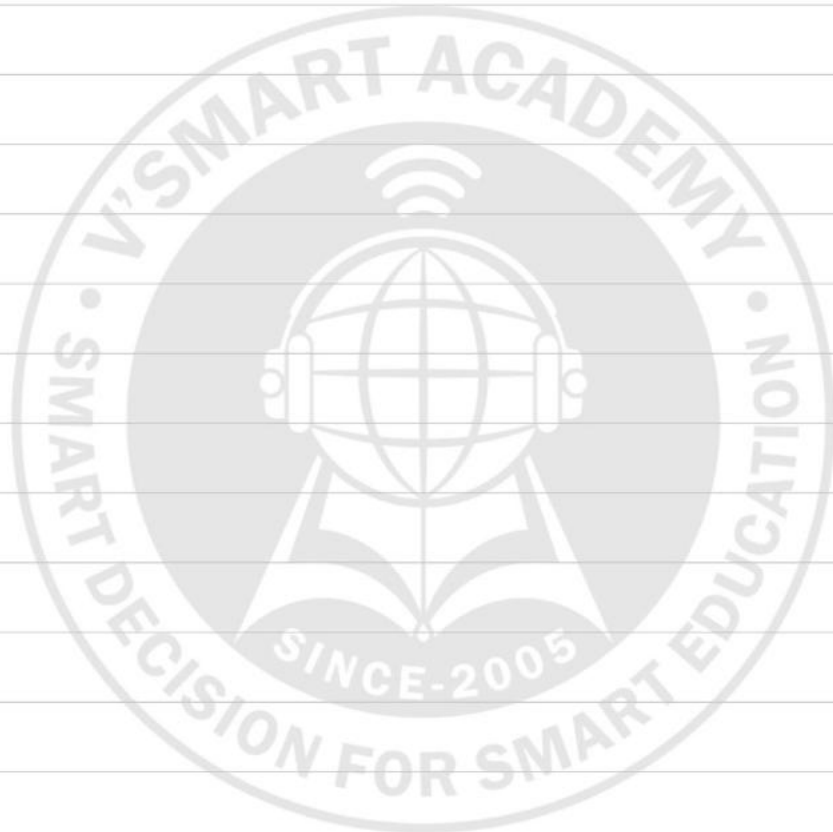
Esc 10% = 40000

(+) Pre Acq = 64783

(+) post Acq = 30217

135000

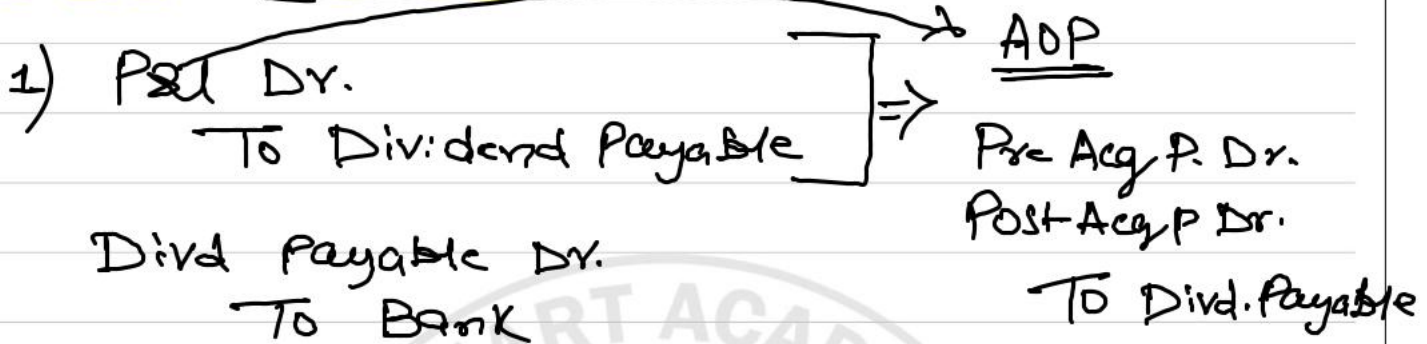
Cous. P21 → Pending



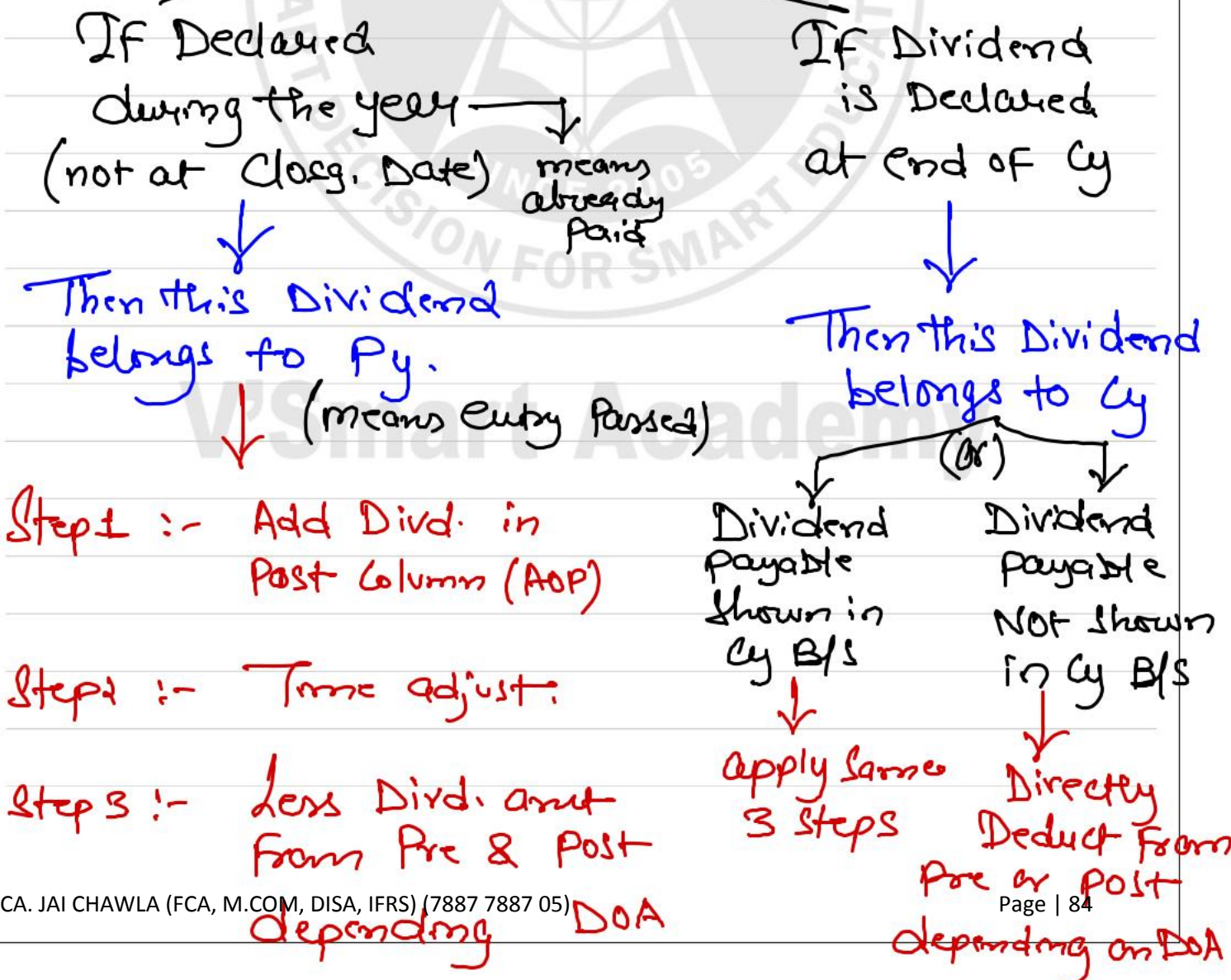
V'Smart Academy

Dividend Declared & Paid by Subsidiary

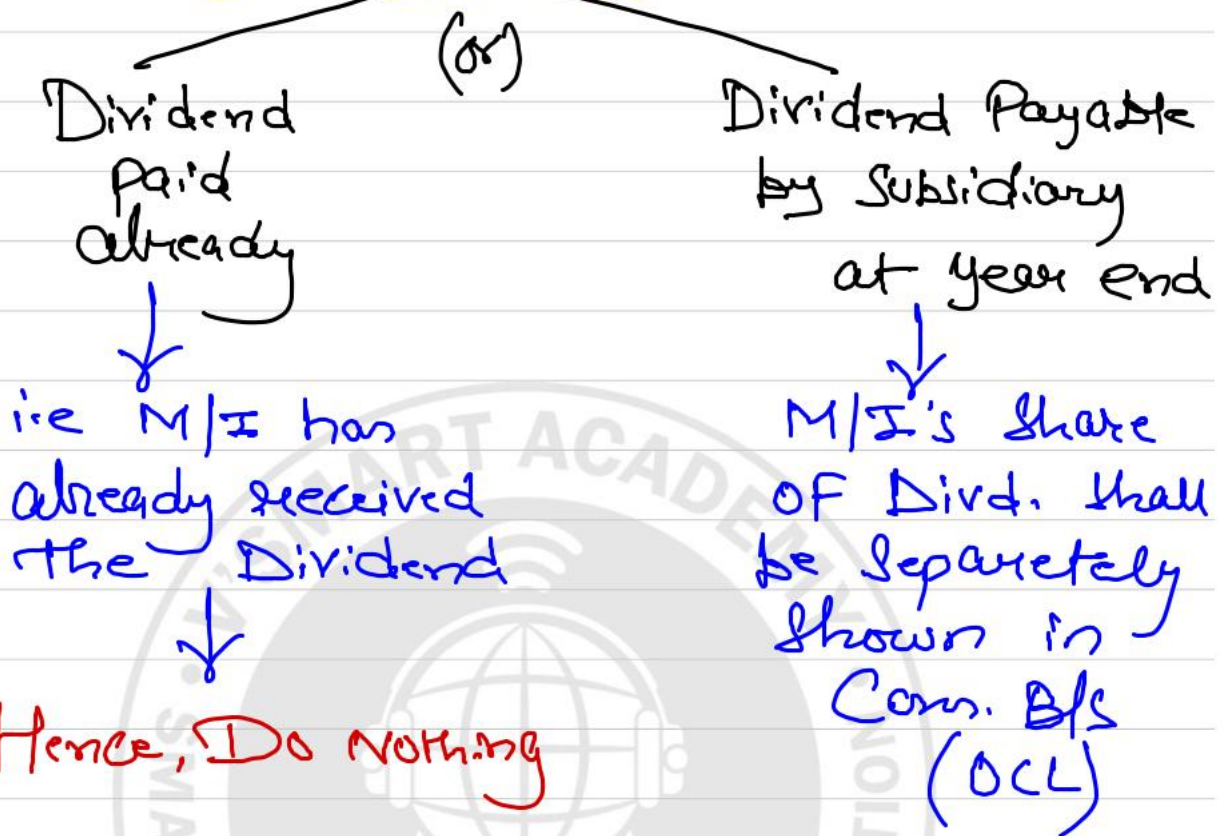
Part 1:- From Subed. POV :-



2) Dividend Declaration Time :-



Part 2 :- From M/I POV :-



Part 3 :- From Holding Co. POV (H's Receiver)

If Declared & paid during the year, then H Co. must have received

If Declared at Cy ending i.e. Payable by Subsd. Co., then it is receivable by H (H Co. has not passed any entry)

H Co. must have passed either of these Two entries :-

Case 1

Bank a/c Dr.

To Investm. a/c (Pre portion)

To P&L a/c (Post portion)

effect of this entry :-

Invst a/c is already shown net of pre Divd.



COC

Ignore pre Acq Divd. in COC working

Post wala Divd. is already added in P&L of H Co.



Cons. P&L

Ignore Post wala Divd here because it is already included in P&L of H as per SFS

Give direct effect in CFS



a) Pre wala portion to be deducted from Investment under COC

b) Post wala portion to be added in Cons. P&L/P&L of H Co.

(or)

Case 2 :- H Co. has passed wrong entry of receipt of Dividend :-

Full Divd received 10000



Bank a/c Dr.

To P&L a/c (Full pre + post)

Now Rectification is required directly in CFS



P&L OF H Dr.

(Pre wala)

To Investment (Pre wala)



COC

Cons. P&L/Res

Invest Cost ——— xxx
(anper B/s SFS)

Bal. OF H anper SFS xxx

(-) Pre wala Divd. — (xx)

(-) Pre wala (xxx)
Divd.
(rectification)

isme galti se
purca 10K
Chala gaya,
pre ko Nikalo

Class Example 7:-

Balance sheet 31/3/25

	<u>H</u>	<u>S</u>
ESC	1200000	900000
Res	800000	600000
Liabilities	1500000	1000000
	<u>35 lac</u>	<u>25 lac</u>
Investments (80%)	1300,000	-
Other Assets	22,00,000	25,00,000
	<u>35 lac</u>	<u>25 lac</u>

1) DOA = 1/8/24

Opng Res 1/4/24 = 150000

2) Divd by Subsd. Declared & paid on 1/9 @ 10%.

3) H has wrongly Credited the Dividend received in P&L only.

Solution

Divd amt = 90000

<u>AOP:-</u> Particulars	upto 1/8 Pre	8m Post	31/3 B/s
Res	150000 (1/4)	450000	600000
(+) Divd.	-	90000	
	150000	540000 (Profit before Divd.)	
(+)- T. adjust for 4 months	180000	$\frac{540000}{12} \times 4$	
	330000	360000	
(-) Dividend	(90000)	-	
	240000	360000	
H 80%	192000 (CoC)	288000 (Conv. P&L)	
M/I 20%	48000	72000	

WN-2 M/I :-

$$\begin{aligned} \text{ESC (20\%)} &= 180000 \\ (+) \text{ Pre Acq Share} &= 48000 \\ \hline &228000 \end{aligned}$$

$$\begin{aligned} (+) \text{ Post Acq Share} &= 72000 \\ \hline &300000 \end{aligned}$$

WN-3 COC

$$\begin{aligned} \text{Investments} &= 1300000 \text{ (Gross)} \\ (-) \text{ pre Acq Divd} & \\ \text{received (80\%)} &= (72000) \\ \hline \end{aligned}$$

$$\text{Net Invest.} = 12,28,000$$

H's share in NA :-

$$\begin{aligned} (-) \text{ ESC (80\%)} &= (720000) \\ (-) \text{ Pre Acq share} &= (192000) \\ \hline \end{aligned}$$

$$\text{Goodwill} = \underline{316000}$$

WN-4 Cons. Res :-

$$\text{Bal. of Res of H (as per SFS)} = 800000$$

$$\begin{aligned} (-) \text{ Pre Acq Divd wrongly Credited} & \\ \text{now rectified} &= (72000) \end{aligned}$$

$$\begin{aligned} (+) \text{ Post Acq share of profit} &= 288000 \\ \hline \end{aligned}$$

Consolidated B/S

ESC	12,00,000
Cons. Res	10,16,000
M/I	3,00,000
Liabilities	25,00,000
	50,16,000
Goodwill	3,16,000
Other Assets	47,00,000
	50,16,000

Class Ex-8 Same as Class Ex-7, H Co. has correctly deducted the pre Divd from Investments already.

Sol.) :- AOP → Same

M/I → Same

Coc Investment = 13,00,000 (already net)

(-) H's share in NA

ESC (80%) = (7,20,000)

pre Acq Profit = (1,92,000)

Goodwill = 3,88,000

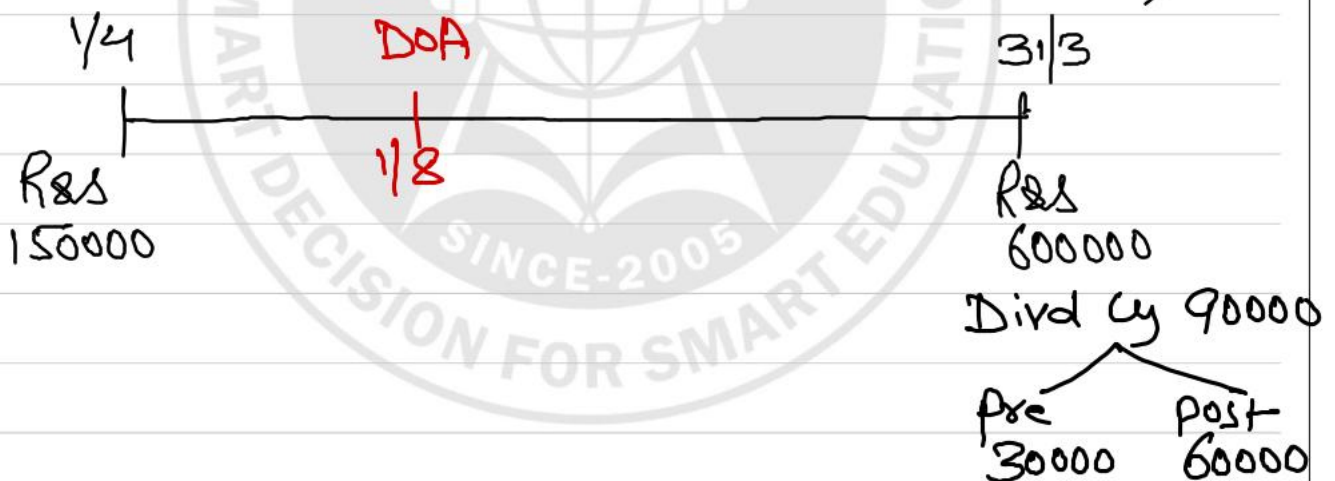
Cons. Res

$$\begin{aligned} \text{H's Bal (Sfs)} &= 800000 \\ (+) \text{ post Adj share} &= 288000 \\ \hline &10,88,000 \end{aligned}$$

$$\text{B/s Total} \Rightarrow 50,88,000$$

Class Ex:- 9 Same as Class Ex. 7 With following Changes

Dividend is Declared on 31/3/25 (instead of 1/8)



WN-1 AOP:-

Particulars	upto 1/8 Pre	8m Post	31/3 B/s
R&S	150000 (1/4)	450000	600000
(+/-) T. adj	150000	$(450000 \times \frac{4}{12})$	Profit before Divd.
	<u>300000</u>	<u>300000</u>	

(-) Divd. Cy (30000) (60000)

270000 240000

H 80% 216000 192000
M/I 20% 54000 48000

WN-2 M/I :-

ESC (20%) = 180000

(+) Pre Acq = 54000

234000

(+) post Acq = 48000

282000

WN-3 COC

Investm. Cost = 1300000

(-) pre Acq Divd share = (24000)
80%

Net Invest. = 1276000

(-) H₂ share in NA

ESC 80% = (720000)

pre Acq share = (216000)

Goodwill = 340000

WN-4 Consolidated R&S :-

Bal. with H (SFS) = 800000

(+) post Acq Divd share = 48000

(+) post Acq share of profit = 192000

1040000

B/s Total = 50,40,000

Class Ex:-10 Same as Class Ex:-7 With
Following Changes :-

a) Divd Declared by S on 31/3 & Entry also passed (Divd. Payable is Included in Liabilities)

b) But H Co. not passed any entry on 31/3

Sol):- WN-1 AOP

	<u>Pre</u>	<u>Post</u>	<u>B/s</u>
R&S	150000	450000	600000
(+) Divd	-	90000	
	<hr/> 150000	<hr/> 540000	
(+/-) T. adj	180000	(180000)	

	330000	360000
(-) Dividend	(30000)	(60000)

	300000	300000
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H 80%	240000	240000
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M/I 20%	60000	60000
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WN-2 M/I

ESL = 180000

(+) Pre = 60000

(+) post = 60000

300000

WN-3

CoC :- Investments = 1300000

(-) Pre Acq Divd = (240000)

1276000

(-) H's share in NA

ESL 80% = 720000

Pre Acq = 240000

Goodwill = 316000

WN-4 Com. Res

H's Bal. of Res (SFS) = 800000

(+) post Acq Divd = 48000

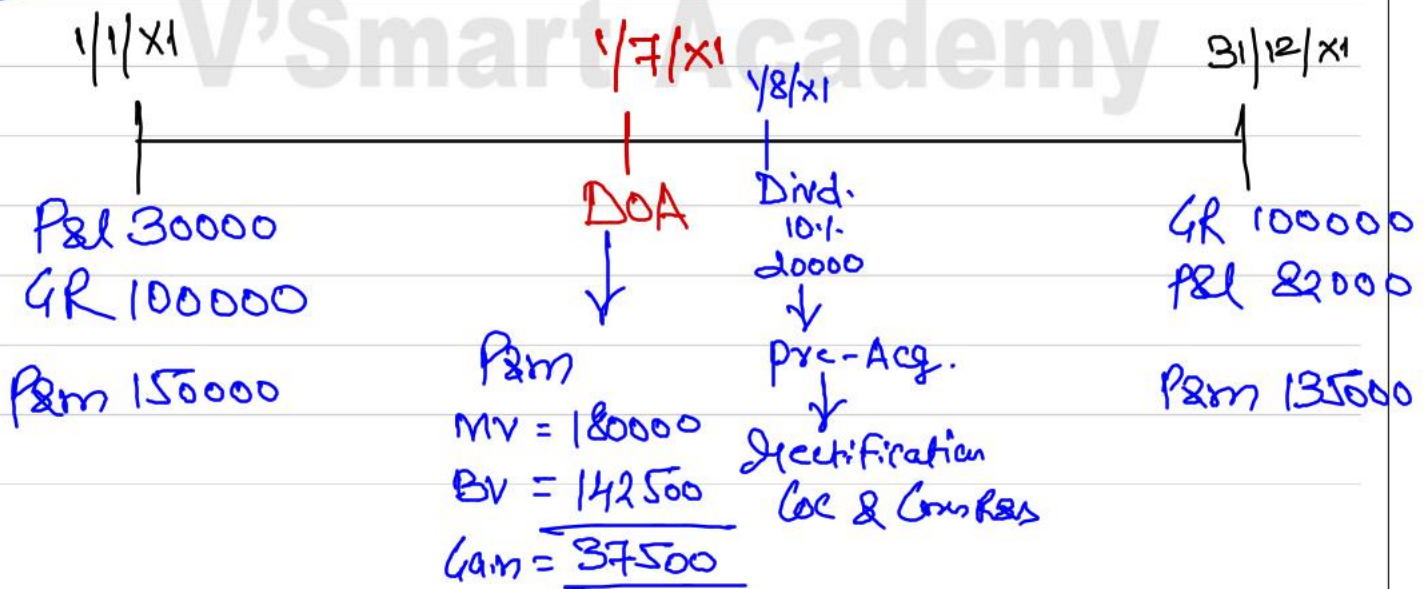
(+) post Acq share of profit = 240000

1088000

Consolidated B/Ls

Esc	1200000
Cons. R&S	1088000
M/I	300000
Liab. (Other) H 150000 S 910000	2410000
Divd payable to M/I (OCL)	18000
	<u>50,16,000</u>
Goodwill	3,16,000
Other Assets	47,00,000
	<u>50,16,000</u>

Q303



WN-1 Calculation of Revaluation Gain/Loss on DoA

<u>Date</u>	<u>Particulars</u>	<u>Amnt.</u>
1/Jan	BV	150000
31/Dec	BV	135000
1/7	BV 150000 - 6m Dep @ 10%	142500
1/7	MV (Given)	180000

FV Gain 37500

pxe

WN-2 Depreciation effect :-

a) Dep. actually charged by S for post Acq. Period = 7500

$$\text{BV}_{1/7} - \text{BV}_{31/12}$$

b) Dep. that should be charged by H in CFS on MV = 9000

$$180000 \times 10\% \times 6/12$$

Additional = 1500

Dep

post

WM-3 AOP

	upto 1/7	6m	31/12
Particulars	Pre Acq Profit	Post Acq Profit	B/s
General Reserve	100000	—	100000
P&L Bal.	30000	52000	82000
	<u>130000</u>	<u>52000</u>	
(+) Divd	—	20,000	
	<u>130000</u>	<u>72000</u>	
(+/-) T. adjust. 6m.	36000	(36000)	
	<u>166000</u>	<u>36000</u>	
(-) Divdend	(20,000)	—	
(+/-) Revaluation Effect	37500	(1500)	
	<u>183500</u>	<u>34500</u>	
A dtd 80%	1,46,800	27,600	
M/S 20%	36,700	6,900	

WN-4

$$\begin{aligned} \underline{\underline{M/I}} & :- \text{ESC (20\%)} = 40,000 \\ & (+) \text{pre Acq Profit} = 36,700 \end{aligned}$$

$$\text{as on DOA} = 76,700$$

$$\begin{aligned} (+) \text{post Acq Profit} & = 6,900 \end{aligned}$$

$$\text{as on 31/12} = 83,600$$

WN-5 Cost of Control :-

$$\begin{aligned} \text{Investment} & = 340000 \\ (-) \text{pre Acq Divd. 80\%} & = (16000) \end{aligned}$$

$$\text{Net Invest} = 324,000$$

(-) A Ltd's share in N.Assets of B Ltd. :-

$$\text{Esc (80\%)} = (160,000)$$

$$\begin{aligned} \text{Pre Acq share of Profit} & = (146,800) \end{aligned}$$

$$\text{Goodwill} = 17,200$$

WN-6 Consolidated R&S

<u>Particulars</u>	<u>Gd</u>	<u>P&L</u>	<u>Total</u>
Bal. of A/c (as per SFS)	240000	57200	2,97,200
(-) Pre Acq Divd. wrongly credited to P&L	-	16,000	16,000
(+) Post Acq Share of profit	-	27,600	27,600
	<u>2,40,000</u>	<u>68,800</u>	<u>3,08,800</u>

Consolidated B/s

ESC		500,000
Consolidated R&S		308,800
Minority Interest		83,600
Trade Payables	A 47,100 B 17,400	64,500
Short Term Borrowing		80,000
	<u>Total</u>	<u>10,36,900</u>

PPE	A	390000	7,41,000
	B	315000	
(+) FV Gain		37,500	
(-) Additional Dep		<u>(1,500)</u>	

Goodwill			17,200
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Inventories	A	120000	15,64,000
	B	<u>36400</u>	

T. Receivables	A	59,800	99,800
	B	<u>40,000</u>	

Cash & Cash Equivalent	A	14500	22,500
	B	<u>8000</u>	

		<u>Total</u>	<u>10,36,900</u>
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V'Smart Academy