

Hw 206, 207, ~~Master Ex:-22~~

Q206

AOP:-

	<u>Pre</u>	<u>Post</u>	<u>B/S</u>
Part	120000	40000	
(-) Divd	20000 (Remaining Bal.)	40000	
	<hr/> 100000	0	
H 80%	80000	0	
M/E 20%	20000	0	

CoC:- Invest = 280000

(-) Pre Acq = (160000)

(-) ESE = (160000)

(-) Pre Acq Profit = (80000)

24000 Goodwill

M/S

$$\text{ESC } 20\% = 40000$$

$$\text{pre} = 20000$$

$$\underline{\hspace{10em}} \\ 60000$$

$$\text{post} = 0$$

$$\underline{\hspace{10em}} \\ \underline{\hspace{10em}} \\ 60000$$

OFV
if
payable
not yet
paid

B/s	
<u>OCL</u> Divd Payable to M/S	12000

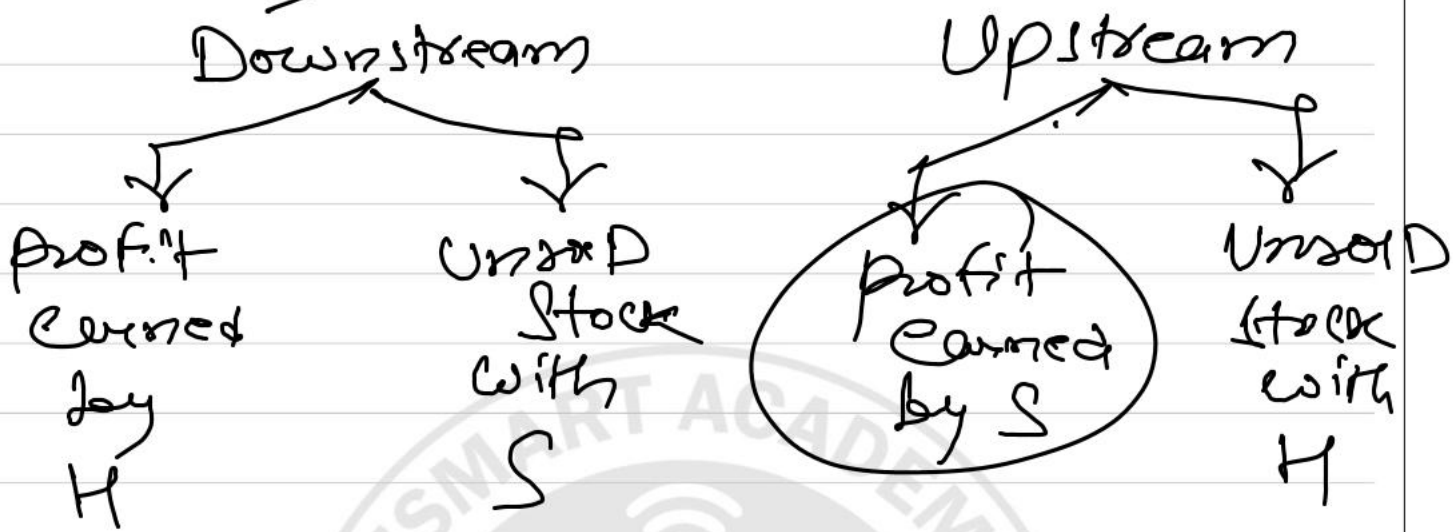
M/S as on 1/Jan (till the time Divd was not declared)

$$\text{Esc} = 40000$$

$$\text{pre } 120000 = 24000$$

$$\times 20\% \quad \underline{\hspace{10em}} \\ 64000$$

Unrealized profit :-



Cons. Res Dr.
To Stock

AOP (Post Acq)
To Stock

Transaction between H & S
for Sale purchase

before
DOA

Always ignore
i.e. Do not Calculate
Unrealized profit

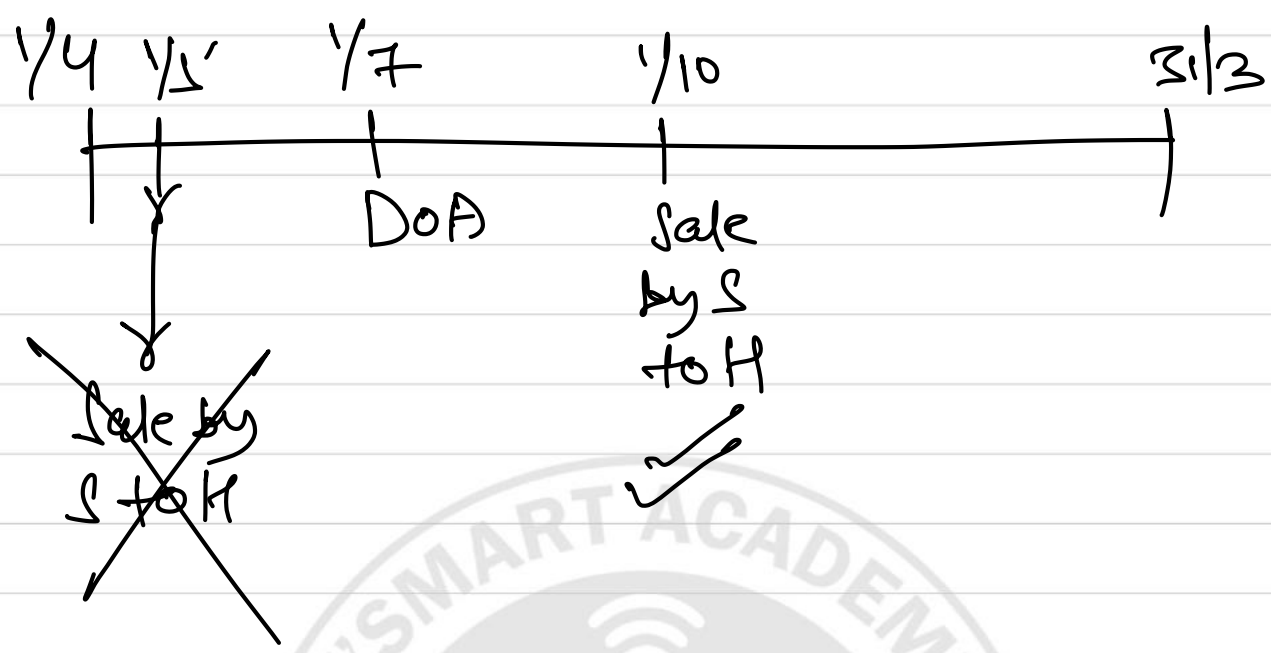
Since NA on DOA are already
Considered at MV

after
DOA

Always Calculate
UP on
Unsold Stock

Down
↓
Cons. P&L

Upstream
↓
AOP
(always after)



AOP

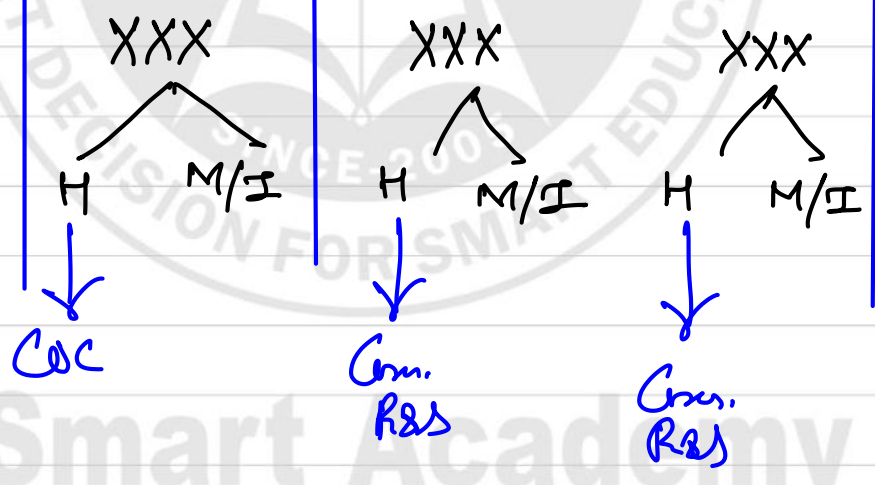
- 1) Ab. item ✓
- 2) Benign ✓
- 3) Revaluation & Depreciation ✗
- 4) Dividend ✓
- 5) UP elimination ✗
- 6) Rectification of errors ✓

Format of AOP :-

Particulars	Pre Adj Profit on DOA	Post Adj. Profits after DOA		B/L Res Balance
		GR	PR	
Balances of R&S	^{Note 1} XXX (Beg.)	XXX	XXX	XXX (end)
(+/-) Rectification of error	—	XX	XX	
(+/-) Eliminate Ab. item	—	—	XX	
(+/-) Bonus	(XX) always	+ XX		
		only if entry passed		
(+) Dividend (eg / Pref. / Interim)	—	—	XXX (if entry passed)	
Balances of profits for Time Adjust	XXX	XXX	XXX	
(+/-) Time adjust	(+) XX	(XX)	(XX)	
Balance of profit after Time adjustment	XXX	XXX	XXX	

(+/-) Restate			
Ab. items	XX	XX	XX
Dividends	XX	-	XX
(+/-) Revaluation Gain/Loss & Dep Effect	XXX	-	XX
(-) Up eliminated or Upstream Transaction	-	-	(XX)

Final Profit
Balances



Notes:-

1) Pre Acq Profits shall be taken after deducting preliminary expenses if given in question & belongs to that period. (Q304)

Q305

1/4/21 = DOA	14/July	1/11	31/3/22
GR 1500	Divd = 300	Bonus 900/-	GR 690
P&L 633	(Fy 20-21)	(exchng passed)	P&L 810
ESC 1500	Pre any		ESC 2400

1) Bonus amt = $\frac{240 \text{ no.}}{8} \times 3 = 90 \times 10 = 900/-$

2) Dividend amt on ESC before Bonus
 $1500 \times 20\% = 300$

3) Unrealised profit $\Rightarrow \frac{50000}{125} \times 25 = 10000$



WN-4 AOP of S Ltd. (₹ in 000')

Particulars	Pre Acq as on 1/4	Post acq.		B/S Bal.
		GR	P&L	
Bal. OF GR	1500	(810)	-	690
Bal. OF P&L	633	-	177	810
(+/-) Bonus	(900)	900	-	
(+) Divd.	-	-	300	
	1233	90	477	1800

(+/-) T. adjust	-	-	-
(-) Dividend restate	(300)	-	-
Final Profit Balances	933	90	477
H 60%	559.8	54	286.2
M/I 40%	373.2	36	190.8

$$\text{H's \% of Holding} \Rightarrow \frac{90 + 54}{240 \text{ no.}} = 60\%$$

①

COC

$$\text{Invest} = 1500$$

$$(-) \text{ pre Acq Divd.} = (180)$$

$$\underline{1320}$$

$$(-) \text{ esc} = (1440)$$

$$(-) \text{ pre} = (559.8)$$

$$\text{CR} \underline{679.8}$$

②

M/I

$$\text{Esc (40\%)} = 960$$

$$(+)\text{ pre Acq} = 373.2$$

$$\underline{1333.2}$$

(+) post Acq

$$\text{GR} \quad 36$$

$$\text{P&L} \quad 190.8$$

$$\underline{1560}$$

7
Cons. R&S :-

	<u>GR</u>	<u>P&L</u>	<u>CR</u>	<u>Total</u>
Bal. as per H's SFS	928	1305	-	2233
(-) Pre Acq Dividend Wrongly Credited	-	(180)	-	(180)
(+) post Acq profit share	54	286.2	-	340.2
(+) CoC	-	-	679.8	679.8
(-) Unrealised profit on Downstr.	-	(10)	-	(10)
				<u>3063</u>

Consolidated Balance sheet

ESC

4000

Cons. R&S (WN-7)

3063

Min. Inter. (WN-6)

1560

Trade Payables

1118

Provision for Tax

400

Other provisions

82

10,223

P&M

4991

F&F

913

Inventory

H 983

S 786

(-) UP (10)

1759

Tr. Receivables

1598

Cash & Cash Eq.

512

S. Advances

450

10,223

Q307

Dep = 10%

1/4/23

850

DOA

1/10

850

31/3/24

80%

P&M 58700
GR 40000

MV = 220000

P&M 208000
GR 40000

BV = 237500

$$R. Loss = \underline{17500}$$

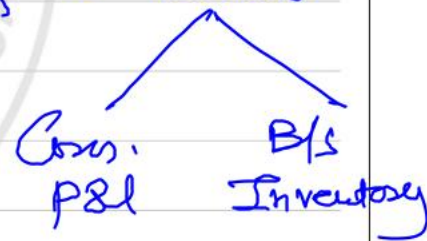
1) Subsd. should have Uniform A/c policy with Holding, therefore provision for Doubtful Debt shall be reversed

$$\frac{168300}{99\%} \times 1\% = \textcircled{1700}$$

post Acq profit before T. adj; should be increased by 1700 (Rectification)

2) Downstream Transaction

$$\text{Unrealised profit} = \frac{103500}{115} \times 15 = 13500$$



3) Revaluation Gain/Loss

1/4/23	BV OF P&M	250000
1/10/23	BV OF P&M (250000 - 5%)	237500
1/10/23	MV OF P&M (Given)	220000

$$R. Loss \quad \underline{\underline{17500}}$$

Pre

4) Depreciation effect :-

a) Dep actually charged by CrAFT
for post Acq period = 12500
 $237500 - 225000$

b) Dep. that should be charged = 11000
for post Acq period as MV
 $220000 \times 5\%$

Saving 1500
post

5) AOP:-

<u>Particulars</u>	<u>Pre</u>	<u>Post</u>	<u>BfS</u>
Bal. of GR	40000		40000
Bal. of P&L	58700	149300	208000

(+) Rectification — 1700
Reversal of profit
98700 151000

(+/-) Tradj 75500 (75500)

(+/-) Revaluation (17500) 1500

156700 77000

Art's 80% 125360 61600

M/I 20% 31340 15400

6) Coc :- Investments = 432000

(-) NA share

Esc 80% = (320000)

Pre Acq profit = (125360)

CR = 13360

7) M/I :-

Esc (20%) = 80000

pre Acq = 31340

as an DoA = 111340

Post Acq = 15400

as an 31/3 = 126740

8) Cons. Rds :-

	<u>GR</u>	<u>P&L</u>	<u>CR</u>	<u>Total</u>
Bal. with Art	120000	192000	—	312000
(+) post Acq Profit	—	61600	—	61600

(-) VP elimn. — (13500) = (13500)

(+) Coc — — 13360 13360

373460

Consolidated B/s

Esc

650000

Cons. R&S

373460

M/I

126740

T. Payables

237000

Short Term Borrowing

70000

1457200

PPE Art 421000

765000

(+ft 360000

(-) R. Loss (17500)

(+) Dep. saving 1500

Inventory A 166000

357500

C 205000

(-) U. Prft (13500)

T. Receivables A 133500

303500

C 170000*

Cash & Cash Equ.

3/200

14,57,200

Negative Minority Interest

M/I = 20%

DOA

NP = 1 lac

31/3/24 NL = 4 lac

31/3/25 NL = 600000

31/3/26

31/3/27

1/4/23

ESC 500000
R&S 200000

ESC 500000
R&S 300000
800000

M/I 80000

NL = 200000
M/I 40000
Loss
Born by H



M/I = 140000

M/I = 160000

OP M/I = 80000

(-) Share = (120000)
OF LOSS

(40000) X
M/I = 0

Cum. part
OF H

40000

+ 40000

Cumulative
Loss
OF M/I
=> 80000

27-28 $NL = 50000$
$$\begin{array}{r} \text{M/I} \\ (10000) \\ 0 \end{array}$$

$$\begin{array}{r} \text{H} \\ 80000 \\ 10000 \\ \hline (90000) \end{array}$$

28-29 $NP = 75000$
$$\begin{array}{r} 15000 \\ (15000) \end{array}$$

$$\begin{array}{r} \text{H} \\ (90000) \\ 15000 \\ \hline (75000) \end{array}$$

29-30 $Np = 300000$
$$\begin{array}{r} 60000 \\ (60000) \end{array}$$

$$\begin{array}{r} \text{H} \\ (75000) \\ 60000 \\ \hline (15000) \end{array}$$

30-31 $NP = 500000$
$$\begin{array}{r} 100000 \\ (15000) \end{array}$$

$$\begin{array}{r} \text{H} \\ (15000) \\ 15000 \\ \hline 0 \end{array}$$

NA
 25000

$$\begin{array}{r} \text{M/I} \\ \hline 85000 \end{array}$$

Q104

Year	Particulars	M/I 201.	Share of M/I Loss Brought by H	
			Cy	Cumulative
1/4/16	Fee 5,00,000 R&S 4,64,000 <hr/> NA 5,46,400	10,92,800	-	-
16-17	Loss 14,50,000 <hr/>	(2,90,000)	-	-
31/3/17	NA 40,14,000	8,02,800	-	-
17-18	Loss 23,20,000 <hr/>	(4,64,000)	-	-
31/3/18	NA 16,94,000	3,38,800	-	-
18-19	Loss 29,00,000 <hr/>	(3,38,800)	24,1200	24,1200
31/3/19	NA (12,06,000)	0	-	-
19-20	Loss 6,96,000 <hr/>	0	13,9200	3,80,400
31/3/20	NA (19,02,000)	0	-	-
20-21	Profit 1,90,000 <hr/>	0	(38,000)	3,42,400
31/3/21	NA (17,12,000)	0	-	-
21-22	Profit 6,80,000 <hr/>	0	(1,36,000)	2,06,400
31/3/22	NA (10,32,000)	0	-	-
22-23	Profit 12,70,000	4,76,000	(2,06,400)	0

31/3/23 NA 238000 47600

Q306

$$\begin{aligned} \text{\% of Holding in Equity share} \\ \text{of ytd} &= \frac{450}{600} \times 100 \\ &= 75\% \quad (\text{M/E} = 25\%) \end{aligned}$$

$$\begin{aligned} \text{\% of Holding in Pref. share} \\ \text{of ytd} &= 0\% \quad (\text{M/E} = 100\%) \end{aligned}$$

1/4/16 = DoA

31/3/17

Divd = 600

↓
Pre

P&L = 1250

GR = 1450

P&L = 650

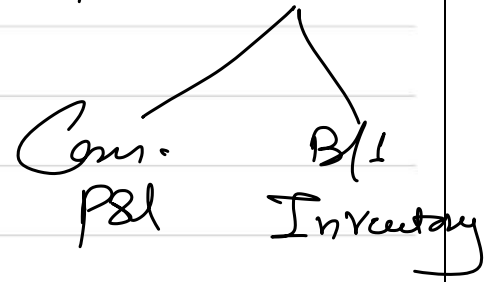
GR = 1450

RCarn = 1000 (Pre column)

Add. = 100 (Post column)

Dep

1) Downstream :- $\frac{150 \text{ lacs}}{125} \times 25 = 30 \text{ lacs.}$



AOP:-

	<u>Pre</u>	<u>Post</u>	<u>B/S</u>
GR	1450	-	1450
P&I	650	600	1250
(+) Divd	-	600	
	<u>2100</u>	<u>1200</u>	

(+/-) Tradj

-

(-) Divd (600)

-

(+/-) Rerol. 1000

(100)

2500

1100

H 75% 1875

825

M/I 25% 625

275

COC

$$\text{Invest} = 6800$$

$$\begin{aligned} (-) \text{Pre} \\ \text{Ag} \\ \text{Divd} \end{aligned} = (450)$$

$$6350$$

(-) NA share

$$\text{Esc 75\%} (4500)$$

$$\text{Pref. S. Cap 0\%} \quad 0$$

$$\text{Pre Ag Sh.} (1875)$$

$$\text{CR} = (25)$$

M/E

$$\text{ESC (25\%)} = 1500$$

$$\text{PSC (100\%)} = 1000$$

$$\text{Pre Ag} = 625$$

$$\text{Post Ag} = 275$$

$$3400$$

Cons. Res

	<u>GR</u>	<u>Pre</u>	<u>CR</u>	<u>Total</u>
M (SFS)	2500	2750	-	5250
(+) Post Ag Profit	-	825	-	825
(-) pre Ag Divd Wrongly Credited	-	(450)	-	(450)

(+) Coc	-	-	25	25
(-) Up (Downstr.)	-	(30)	-	(30)
			<u>5620</u>	

Counsel. Bfs

Esc		15000
pref. sh. Cap		4000
Com. R&S		5620
M/I		3400
TP	X 1646	2623
	y 1027	
	(-) (50)	
		<u>30643</u>
Land/Building		5060
P&M	(5275 + 3600 + 1000 - 100)	9775
f&f		2600
Inventory	X 4142	6632
	y 2530	
	(-) UP (30)	

T. Receivable (Less 50)

4842

C&B

1734

30,643

$\frac{109}{\text{Hw}}$ ✓
 $\frac{1.5 \text{ Hr.}}{\text{Hw}}$
 310, 312, 314

Q314

AOP

Pre

Post

B/S

Gh

50000

105000

155000

P21

30000

35000

65000

80000

140000

+/- T. adj

+/- Revaluation +100000
-10000

(10000)

1500

(-) UP

170000

(5000)

126500

OFU

Class Example on Unrealised profit on PPE sold :-

Case 1 :- Downstream

DOA is 1/4/24

On 1/7/24, H sold Machine to S
Costing £ 500000 at SP of £ 600000

Dep Rate is 10% P.a.

Part 1

Unrealised profit
on PPE sold

↓
100000

Earned by H

Cons. P&L Dr. 100000
To PPE 100000

Part 2

Depreciation
Effect

as Unrealised
profit

a) Dep Charged by S in SF S
 $600000 \times 10\% \times 9/12$
45000

b) Dep to be charged in CFS
 $500000 \times 10\% \times 9/12$
37500

∴ Dep to be
reversed = 7500

PPE Dr. 7500
 To AOP (Post Profit)

Case 1/S

PPE	H	XXX	BV
	S	XXX	BV
	(-)	100000	
	(+)	7500	

Case 2 :- Upstream transaction

DOA = 1/4/24

On 1/7/24, S Ltd sold Machine to H for Rs. 800000

Margin is 25% on Cost Dep 15% p.a.



Part 1
 Up on Machine $\frac{800000}{125} \times 25$

160000

Earned by S

↓
 AOP (Post Column)
 To Machine

Part 2
 a) Dep actually Charged by H in SFS
 $800000 \times 15\% \times 9/12$
 90000

b) Dep to be charged in CFS

$640000 \times 15\% \times 9/12$

72000

Dep reversal = 18000

↓
H dr P&L cr
Habeqa

Machine Dr. 18000
 TO Comp&L 18000

Cons B/s

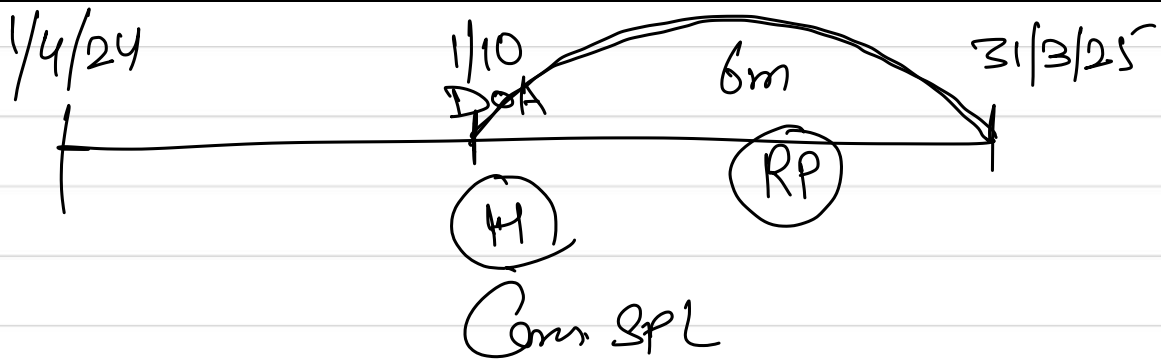
Machine H xxx Br
S xxx Br
(-) UP (60000)
(+) Dep reversal 18000

SPL (standalone)

RFO →	H → 12m
	S → 6m
(+) Other In	H → 12m
	S → 6m

Exp

- 1) Comc H+S
- 2) purchase H+S
- 3) Changes in Inventory
- 4) Employee Bnf. Exp
- 5) Finance Cost
- 6) Dep & Amortis
- 7) other exp



H Total Sale (12m) = 1800000

S Total Sale (12m) = 1500000

DOA = 1/10 ✓

on 1/11, H sold goods to S of Rs. 100000

1/9

H purchases = 920000 (12m)

S purchases = 710000 (12m)

Cons. SPL

Particular	H	S	Contra	Total
RFO	1800000 12	750000	(100000)	2450000
Purchases	920000	355000	(100000)	1175000

Class Ex:- On Cons. SPL

DOA = 1/7/24

FY
24-25

	H	S
Revenue	1800000	1500000
Expenses	920000	710000
	<u>880000</u>	<u>790000</u>

* Expense of S includes 30000 Abnormal Loss incurred on 1/11/24

Opng R&S Bal. of S on 1/4/24 was 350000

Prepare Cons. P&I Statement

H = 80%
M/I = 20%

Sol):- Cons. P&I Statement

Particulars		Amount.
Revenue	H 1800000	2925000
	(S 1125000)	
Expenses	H 920000	1460000
	S 540000	
	710000	
	- 30000 Ab. Loss	
	<u>680000 Normal Exp</u>	
	x 9m	
	510000 Normal Exp.	

Profit = 1465000

80% 20%

+30000 A.Loss

540000

Profit attributable to owners of Holding Co. (B/F) 1348000

Profit attributable to M/I 1,17,000

Sale 125000
Exp 540000
585000

~~20%~~ 20% M/I
117000

AOP:-

	<u>Pre 17</u>	<u>Post</u>	<u>Bfs</u>
R&S	350000 1/4	790000 (12m)	1140000
(+) A.Loss	—	30000	
	<u>350000</u>	<u>820000</u>	
(+/-) T. adj 3m	205000	$(20000 \times \frac{3}{12})$	
	<u>555000</u>	<u>615000</u>	

(-) A. Loss

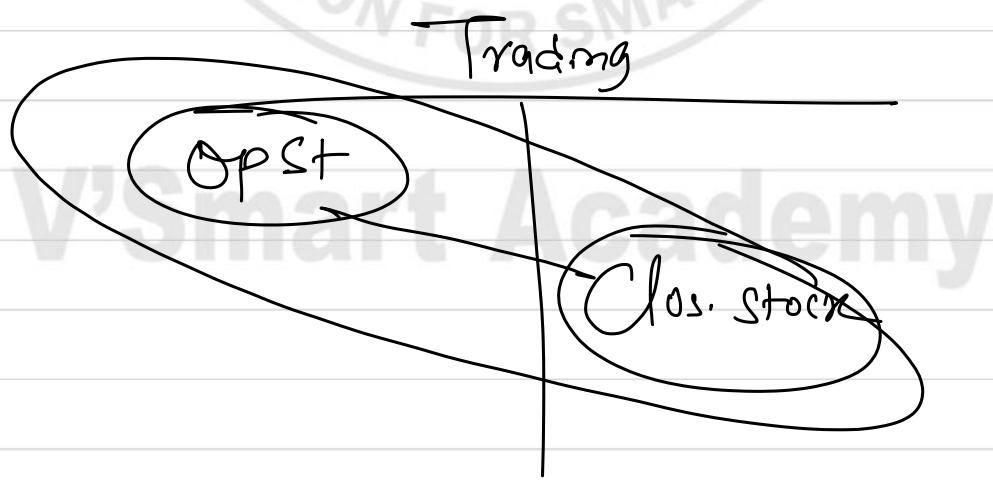
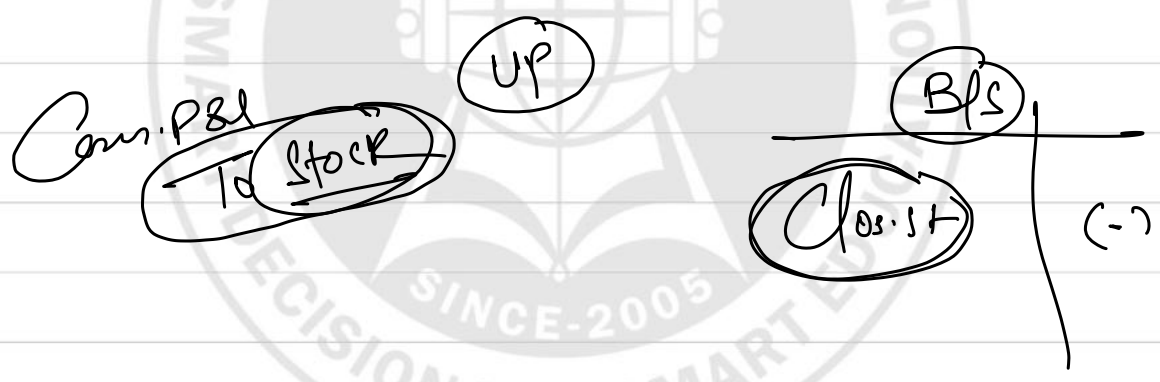
(30000)

555000

585000

H

M/S
20%
117000



$$\begin{aligned} \text{Op. Inventory} &= \\ \text{Cls. Inventory} &= \quad \quad \quad -500 = \quad \quad \quad - \\ \hline \text{Changes in Invnt} &= +3000 + \textcircled{500} \end{aligned}$$

P&L

Exp. :-

Changes in Inv	(3000) 2500
----------------	--

Exp.

Changes in Inventory \Rightarrow 3000 + 500

(3000) + 500

Q401

Note:-

1) Assuming DOA is prior to 1/4/19, Hence Full year figures of Subsd. shall be taken.

2) Calculation of Unrealised profit:-

$$180 \text{ Lacs.} \times \frac{1}{6} \times \frac{25}{125} = 6 \text{ Lacs.}$$

It should be reduced from closing stock (or) added in changes in Inventory

$$\begin{array}{r} \text{Changes in Inventory} \\ \text{OF Bhd} \end{array} = \begin{array}{r} (300) \\ + 6 \\ \hline (294) \end{array}$$

3) M/I share = 100% - 72% = 28%.

Consolidated Statement of P/L

<u>Particulars</u>	<u>Note</u>	<u>Amnt.</u>
Revenue from Oper. & other Income	A 1 B	8797
	<u>Total (A)</u>	<u>8797</u>

Expenses :-

a) Comc	1	1320
b) Changes in Inventory	3	(1794)
c) Employee B. exp	4	1425
d) Finance Cost	5	225
e) Depreciation	6	225
f) Other Expense	7	1252

Total (B) 2653

Profit before Tax 6144

(-) Tax provision 8 2100

Profit after Tax 4044

Profit attributable to Owners
of A Ltd. (B/F) 3918

Profit attributable to M/I
 $450 \times 28\%$ 126

Notes to A/c

1) Revenue & other Income :-

8,797

A 7500

B 1500

(-) Inter Co. Transaction

Sale (180)

Consultancy (8)

Commission (15)

2) COMC :-

A 1200

1320

B 300

(-) Inter Co. Transaction

Purchases (180)

3) Changes in Inventory :-

1794

A (1500)

B (300)

(+) Unrealised Profit 6

4) Employee Benf Exp:- 1425

A	1200
B	225
	<u> </u>

5) Finance Cost :-

A	150	225
B	75	
	<u> </u>	

6) Depreciation :-

A	150	225
B	75	
	<u> </u>	

7) Other Exp:-

a.) Production Exp

A	300	450
B	150	
	<u> </u>	

b.) Adm. Exp

A	300	442
B	150	
	<u> </u>	

(-) Inter Co. (8)

	<u> </u>	
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(c) Selling & Distr. Exp

A	300	360
B	75	
	<u> </u>	

(-) Inter Co. (15)

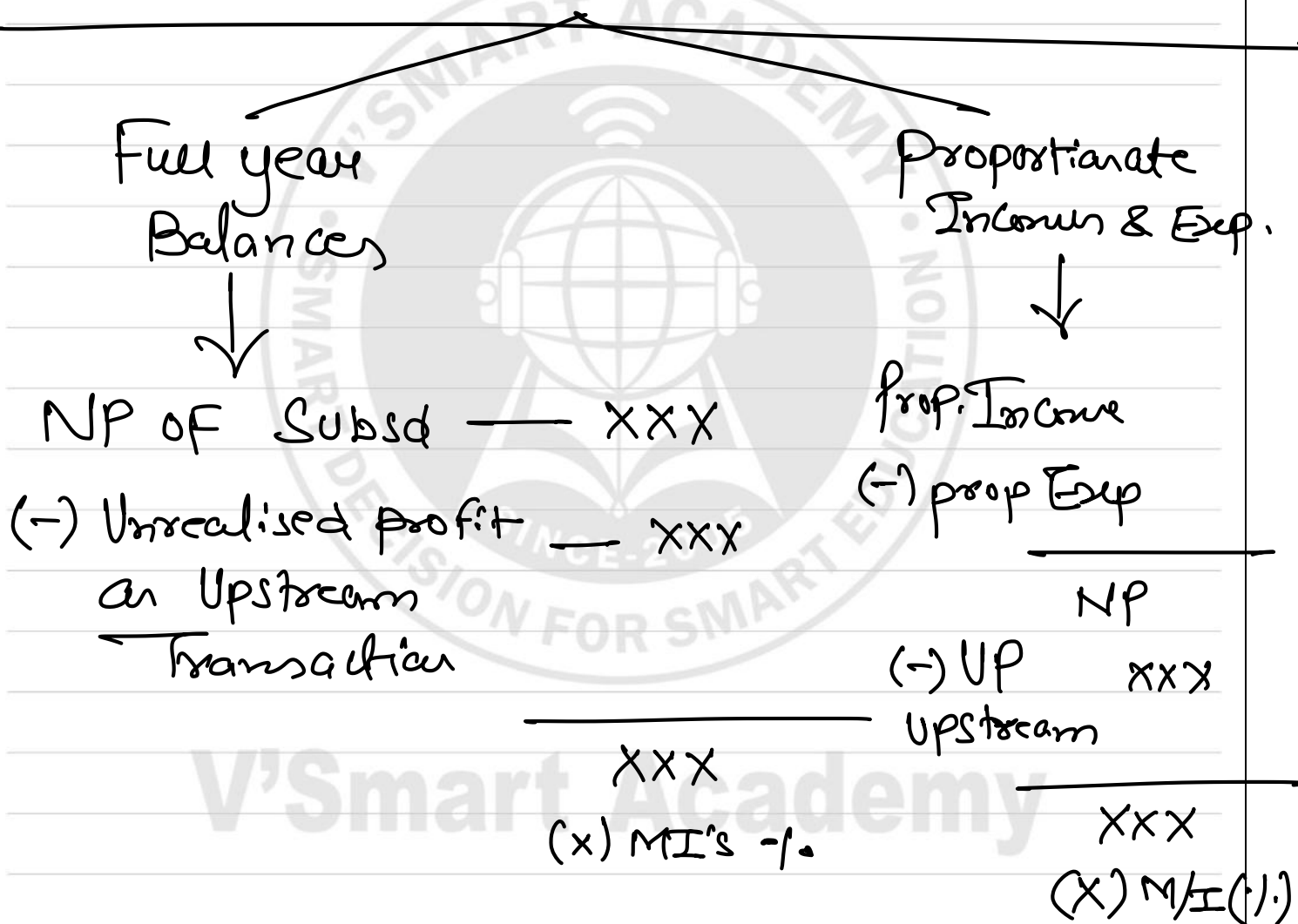
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1252

8) Tax provision :-

A	1800	2100
B	<u>300</u>	

How to Calculate M/I share of profit in Consolidated SPL :-



NP

→ 2607



M/I share

122.5

490

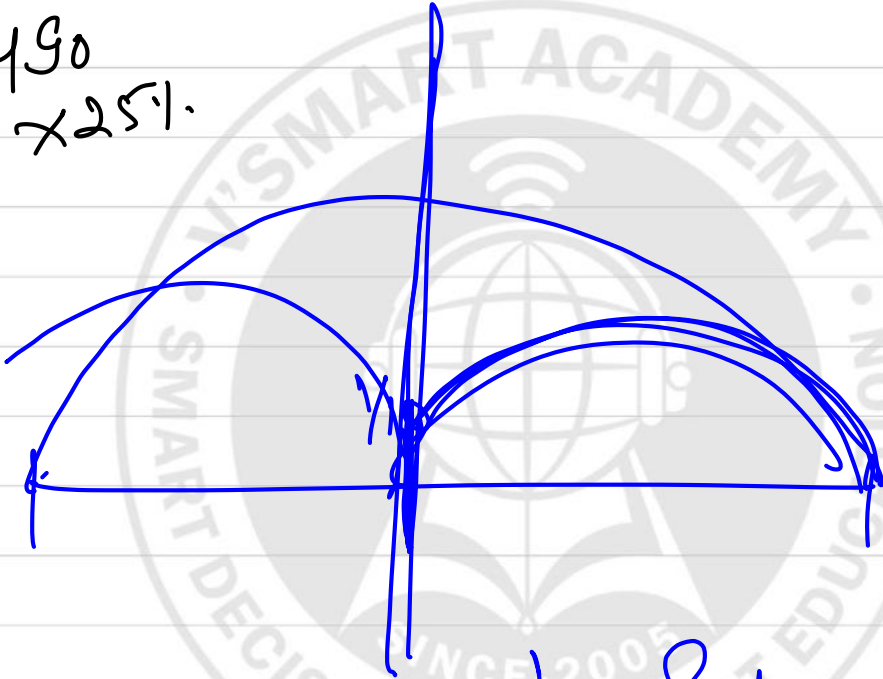
Holding owner

2484.5

(-) Up Upstream

490

x 25%



Sale H 12
S 6

Sale H 12
S 12

Exp H 12
S 6

Exp H 12
S 12

NP

M/I

(-) M/I
S 12
Exp 12

owner

NP
(XX) ✓

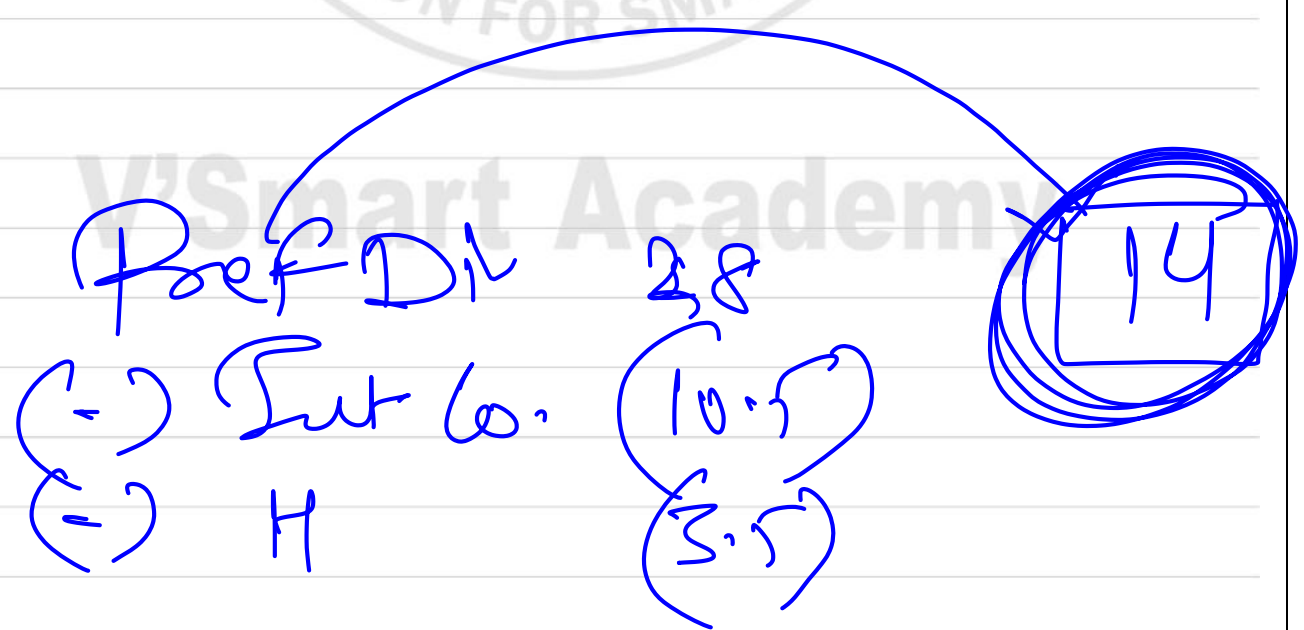
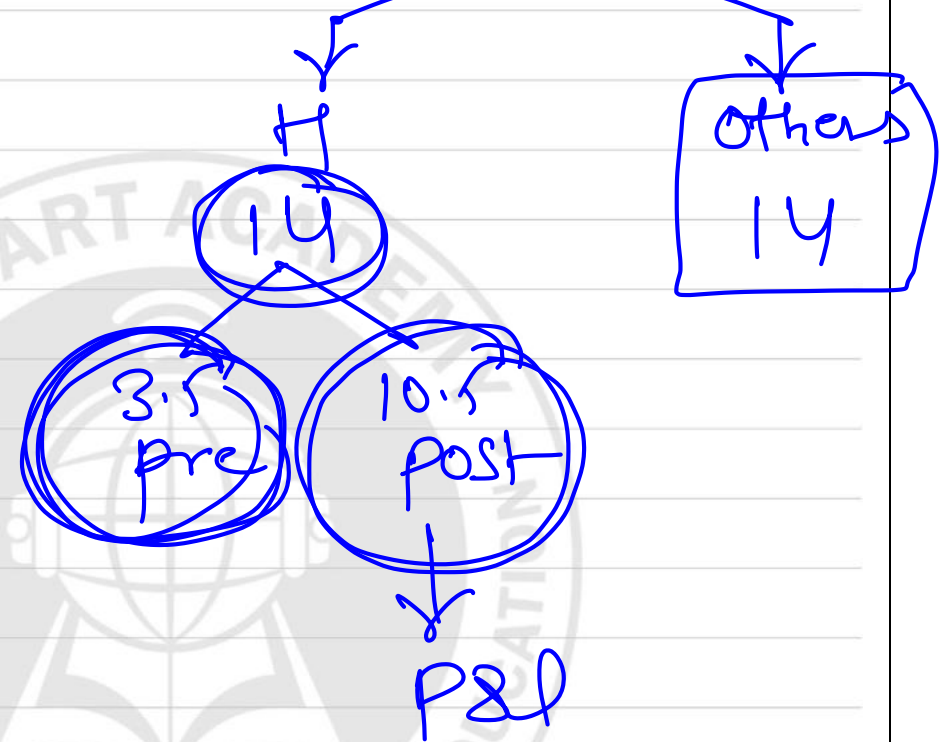
Bal.
Page | 36

(-) Pre Profit XXX ✓

H Sol.

Dir'd Declared
by S

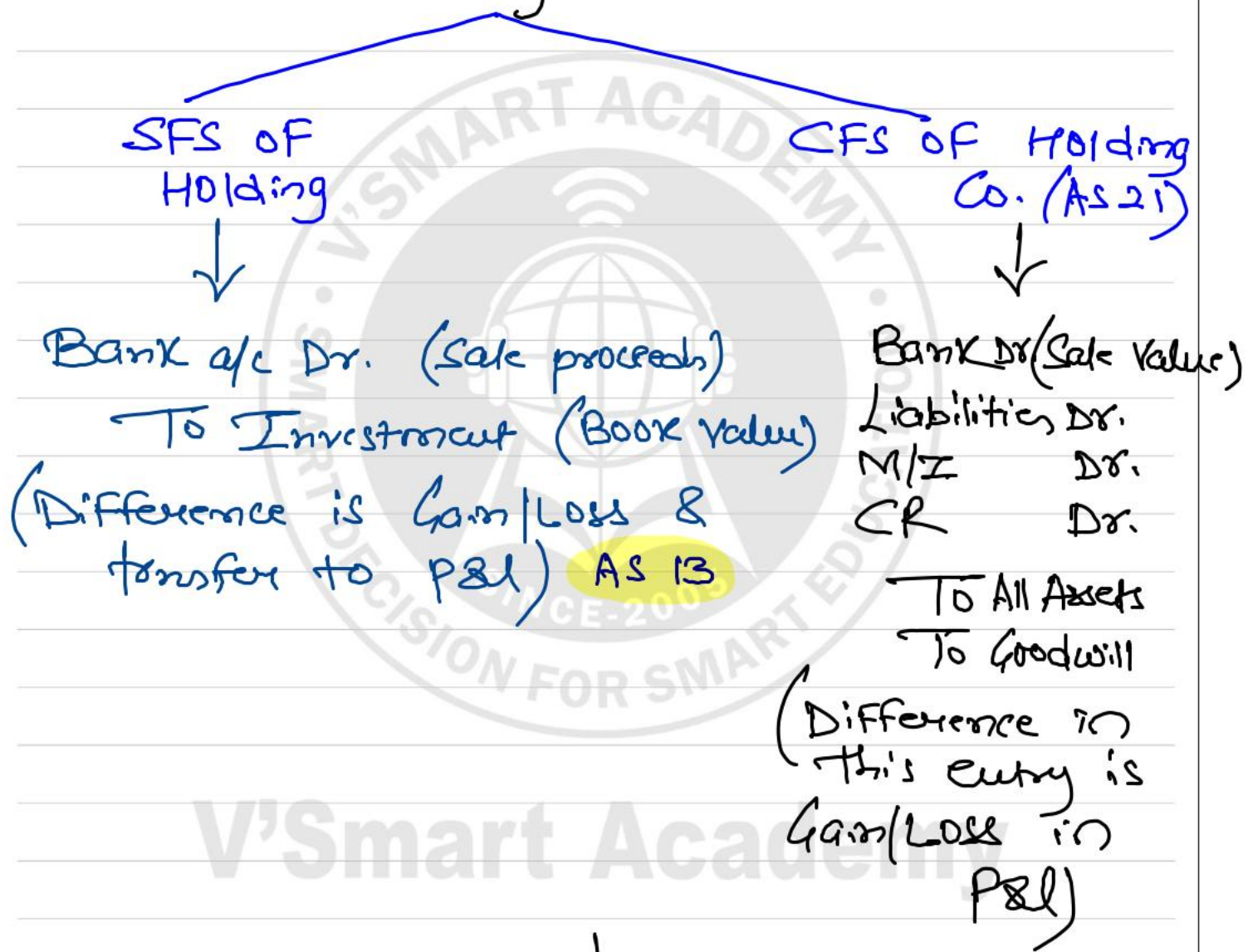
⇒ 28



Sale of Subsidiary (Loss of Control)

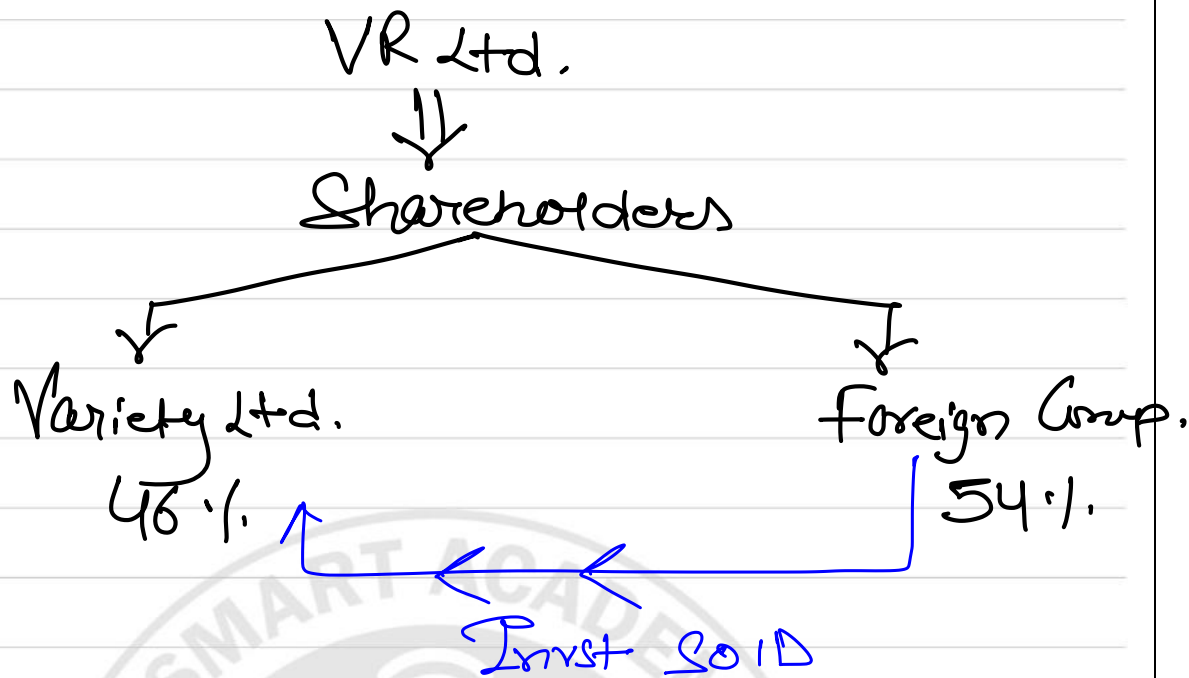
Mcq

When there is Loss of Control of Holding Co. (i.e. Sale of Investments) then, following effect shall be given :-



<p>Bank 30</p> <p>To Invest 15</p> <p>To Gain (P&L)</p>	<p>Bank 30</p> <p>M/Z 7</p> <p>To Net Asset 35</p> <p>To Gain (P&L) 2</p>
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Q53



WN-1 Price per share at which For. Corp. sold its 54%.

$$\text{Value of VR Business} \Rightarrow \frac{\text{Yield}}{15\%}$$

$$\text{Yield} \Rightarrow 40\% \left(\frac{30 + 40 + 65}{3} \right)$$
$$\Rightarrow 18 \text{ lacs.}$$

$$\text{Value of Business} \Rightarrow \frac{18 \text{ lacs}}{15\%}$$
$$\Rightarrow 120 \text{ lacs.}$$

Market

$$\text{Price per share} \Rightarrow \frac{120 \text{ lacs}}{2 \text{ lacs}} \Rightarrow 60 \text{ per share}$$

$$\begin{aligned} \therefore \text{Sale Value} & \\ \text{by Foreign} & \Rightarrow 20000000 \times 54\% \\ \text{Company} & \quad \quad \quad \times 60\% \\ & \Rightarrow 64,80,000/- \end{aligned}$$

WN-2 Total Cost of Invt by Variety Ltd.

$$\begin{aligned} \text{Cost of Previous Invt (46\%)} &= 200000 \times 46\% \\ & \quad \quad \quad \times 17\% \\ &= 15,64,000 \end{aligned}$$

$$\begin{aligned} (+) \text{ Cost of New Invt (54\%)} &= 64,80,000 \\ \text{(WN-1)} & \end{aligned}$$

80,44,000

WN-3 Net Consideration Payable \Rightarrow Sale proceeds
(-) Tax deducted

$$\begin{aligned} \text{Tax deducted} & \Rightarrow (64,80,000 - 54,00,000) \times 30\% \\ & \Rightarrow 17,82,000 \end{aligned}$$

$$\begin{aligned} \text{Net Consideration} & \Rightarrow 64,80,000 - 17,82,000 \\ & \Rightarrow 46,98,000 \end{aligned}$$

Cash
2349000

Loan
2349000

Variety's Books

Investment Dr. 64,80,000

To TDS payable 17,82,000

To Bank 23,49,000

To Loan 23,49,000

WN-4 CoC :-

Investment Cost (WN-2) = 80,44,000

(-) 100% share in FY Net
Assets of VR Ltd :- = 78,25,000

Assets (FV) = 98,25,000

(-) Liab = 20,00,000

Goodwill = 2,19,000

Imp. Summary Note :-

In CFS, H & S should have Uniform Accounting policies.

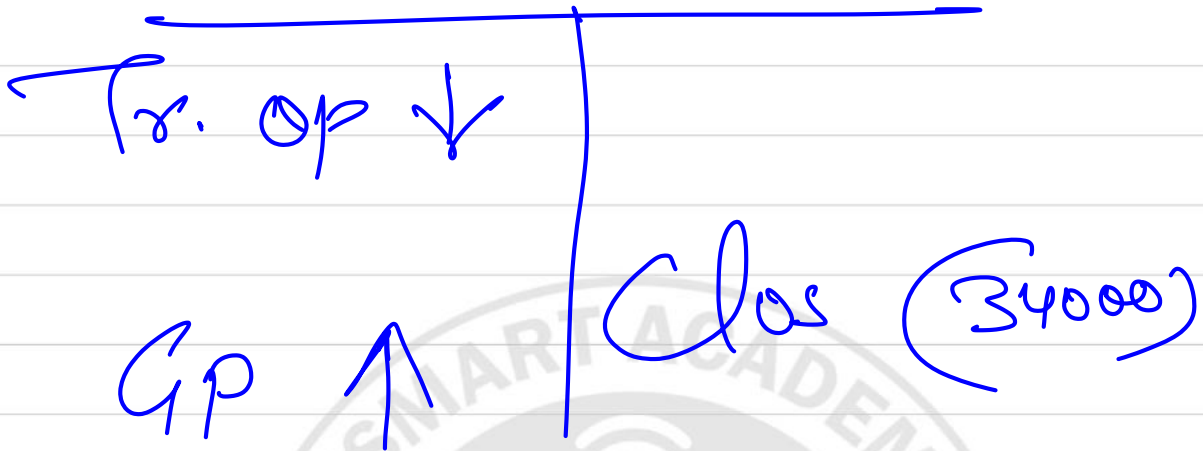
If, A/c policy of S is different, then before Consolidation, Assets & Liabilities of Subsd. should be adjusted on per A/c policy of Holding, Difference is Transfer to Res of Subsidiary. (Refer Q501)

Tr. Last year

GP ↓

Clas. XXXX
6712

Next y.



90000
20x0
(-) 30000 P&L
60000 c/f

20x1
60000 B/f
30000 Exp
30000 c/f
in 20x2

Q501

Calculation of Revised Balances of Assets & its Effect

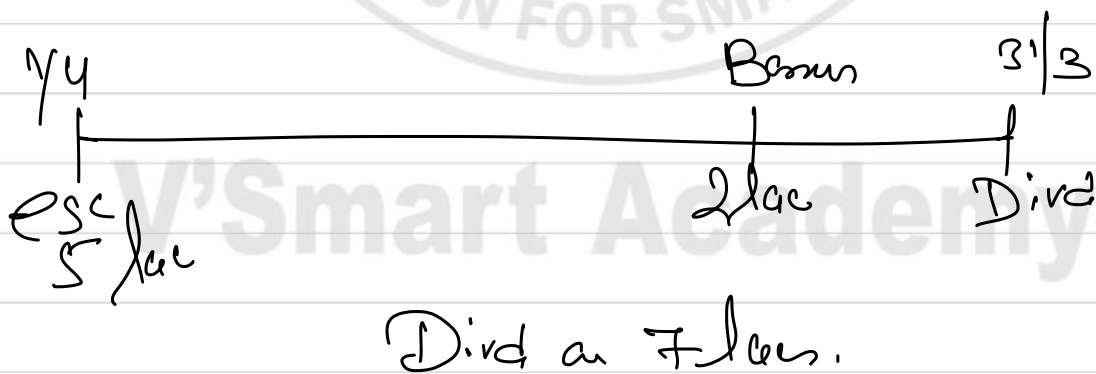
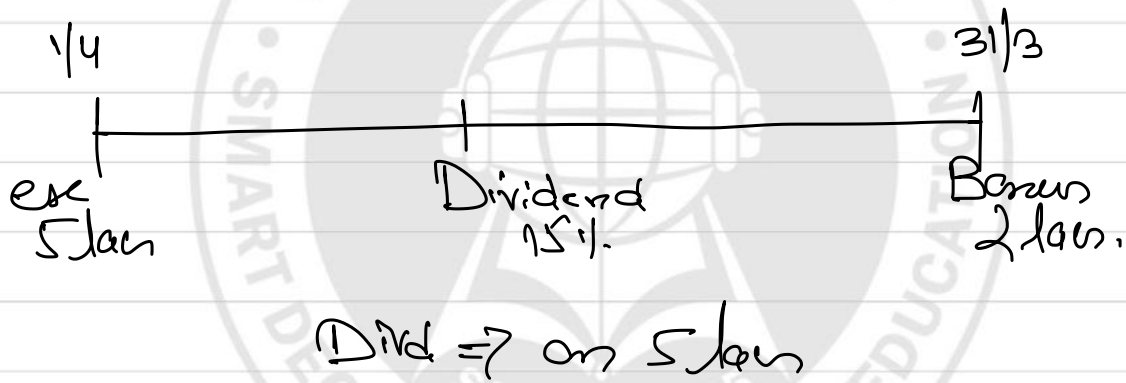
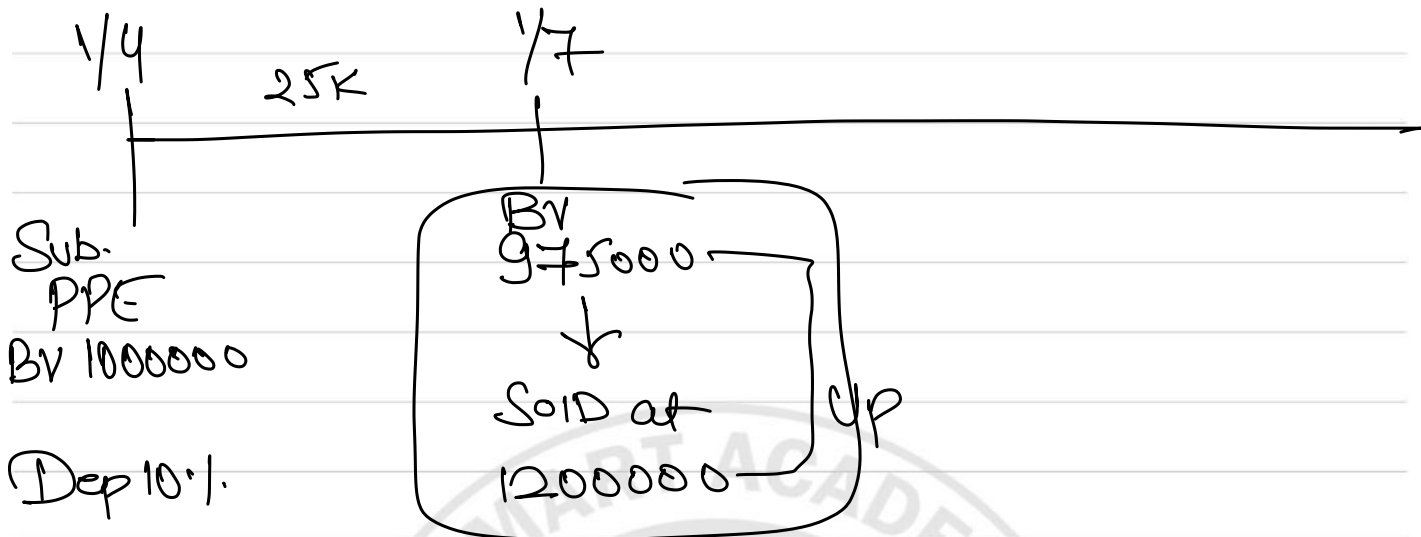
20x1

<u>Particulars</u>	<u>Amnt.</u>	<u>Revised Asset</u>	<u>R&S</u>
R&S Balance	—	—	714000
(-) Inventory adjustm.	34000	742000 - 34000 <u>708000</u>	(34000)
(+) Trade Receivable (reversal of provision)	9000	891000 + 9000 <u>900000</u>	9000
(-) Prepaid Exp (W/F)	30000	48000 - 30000 <u>18000</u>	(30000)
		Revised =	<u><u>6,59,000</u></u>
		R&S	

Revised Balance sheet (B Ltd)

31/12/11

Ese	500000
Res	659000
Sh.T. Borrowing	170000
T. payables	494000
S.T. provision	430000
	<u>22,53,000</u>
PPE	224000
N.C. Investm.	400000
Inventory	708000
Trade Receivables	900000
Cash/Bank	3000
Other C. Assets	18000
	<u>22,53,000</u>



Divd on 7 lac.

Q105

Alternate 1

Note:-

Since Balance sheet date is not given.

Value of Investment is 4687.5 which is not reflected in the given B/s

Hence our Assumption is :-

a) DOA is Beginning of next year

b) Suppose B/s date is 31/3/x2
then DOA is 1/4/x2

Conclusion:- Dividend given in B/s is for pre Acq period.

1/4/x1

31/3/x2

P&L
1000

DOA
GR = 800
P&L = 1790

AOP

COC

M/E

AOP:-

	<u>Pre</u>	<u>Post</u>	<u>B/s</u>
GR	800	-	800
P&L	1790	-	1790
	<u>2590</u>		

H 1942.5

M/S 647.5

Coc :- Investment = 4687.5

(-) His share in
NA :-

Esse 7/11 = 3750

Pre = 1942.5

CR = 1005

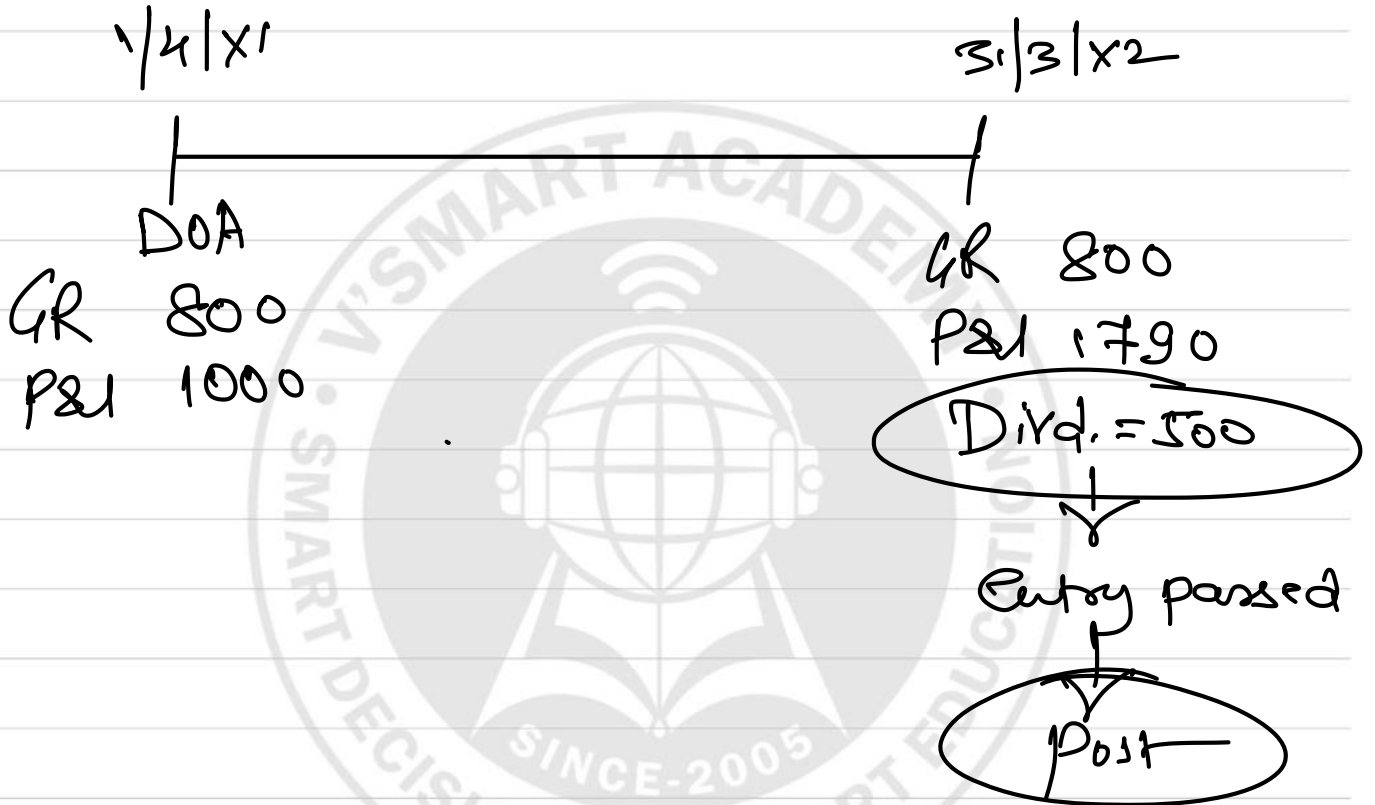
M/S = Esse = 1250
Pref. = 1000
Sh.

Pre = 647.5

2897.5

Alternate-2

Assuming B/c date is 31/3/x2, DoA which is Beginning of Cy is 1/4/x1:-



AOP, CoC, M/I, Cons. Res

AOP:-

	<u>Pre</u>	<u>Post</u>	<u>Total</u>
GR	800	-	800
P&L	1000	790	1790
(A) Divd	-	500	
	1800	1290	

	1800	1290
(-) Divd	-	(500)
	1800	790
IP	1350	592.5
M/S	450	197.5

Calc :-

- Investments = 4687.5
- (-) Pre Divd = 0
- (-) Esc (3/4) = (3750)
- (-) Pre = (1350)

CR 412.5

M/S

- Esc = 1250
- PSC = 1000
- Pre = 450
- Post = 197.5

2897.5

Cons. R&S :-

	<u>GR</u>	<u>P&L</u>	<u>CR</u>
H's (Sfs)	1200	1020	—
Coc	—	—	412.5
Divd Income (Post Acq)	—	375	—
Post Acq Profit Share	—	592.5	—
	<u>1200</u>	<u>1987.5</u>	<u>412.5</u>

3600

B/S

Esc		6000
Cons R&S		3600
M/E		2897.5
T. Payable		7260
Divd. pay.	H 600 M/E 125	725
Bank	OLD (4087.5 -600)	4087.5

	24 570
PPE	6600
Goodwill	120
Inventm. (1620 + 1100)	2720
Inventory	6050
Tr. Receivables	8680
C&B (only sub)	400
	24 570

Q201

1) Books of XYZ Ltd (Holding Co)

Bank a/c Dr. 12000
 To Divd Income (P&I) 12000

2) Minority :- Esc 20% = 20000
 60000 x 20% Pre Acq = 12000
 Profit

M/I as on 1/1/16 = 32000

20000 - 15000 = 5000 Post Acq = 1000

M/I as on 31/12/16 = 33000

3) CoC :- Investment = 140000
 (-) pre Ag Dird = 0

(-) XYZ's share in N/A :-

Esc	(80000)
Pre Ag	(48000)
60000 x 80%	

Goodwill = 12000

Q202

1) Cost of Investment (70%) = 70,00,000

2) No. of share acquired @ 20/-
 Each = $\frac{70,00,000}{20}$
 = 3,50,000 no.

3) Total Equity shares of Subsd. = $\frac{350000}{70\%}$
 = 5,00,000 no.

4) DoA = 31/3/17, Dividend Declared on 31/3/17 (fy 16-17)

Hence this Dird is pre Ag Dird.

$500000 \times 10 \times 20\% = 10,00,000$

5) Fair Value of Net Assets :-

$$\begin{aligned} \text{PPE} &= 144 \quad (\text{Fair Value}) \\ \text{Debt} &= 49.5 \quad (\text{---}) \\ \text{CA} &= 70 \\ \text{L\&A} &= 15 \end{aligned}$$

$$\rightarrow \text{Debt} = (90)$$

$$\rightarrow \text{CL} = (50)$$

$$\underline{\underline{138.5}}$$

6) Cost of Control :-

$$\text{Investment Cost} = 70$$

$$\rightarrow \text{pre Acq Divd} = (7) \\ 10\% \times 70\%$$

$$\rightarrow \text{H's share in Fr OF NA} = (96.95)$$

$$138.5 \times 70\%$$

$$\underline{\underline{\text{CR} = 33.95}}$$

Q203

Case 1

As per AS 21 "Consolidated Financial Statements", in case of Downstream Transaction (Sale of goods by Holding Co. to Subsidiary), Unrealised profit earned by Holding as Unsold portion of Stock at Subsidiary shall be eliminated as Under :-

In Cons. Fin. Statem.

Cons. P&L (OF H) A/c Dr.
TO STOCK

Hence, 50 lacs shall be eliminated accordingly.

AOP (Post) }
Cons. P&L (OF H) Dr. 37.5 lacs.
M/I Dr. 12.5 lacs.
TO STOCK 50 lacs.

Com B/S

Deb	H 18	26.40
(-) Inter Co.	S 12 (3.60)	

Inst

0

V'Smart Academy