

Chapter-7

Consolidation

Lecture 1

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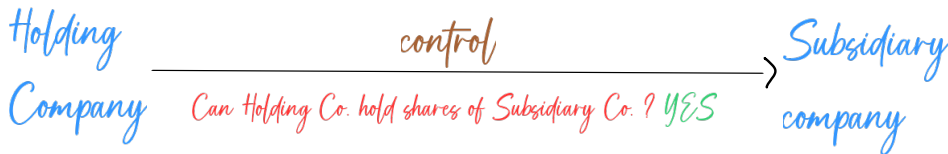
Section 2(46) in relation to one or more other companies means a company of which such companies are subsidiary companies:

- (i) Controls the composition of the Board of Directors
- OR
- (ii) Exercises or controls more than one-half of the total share capital

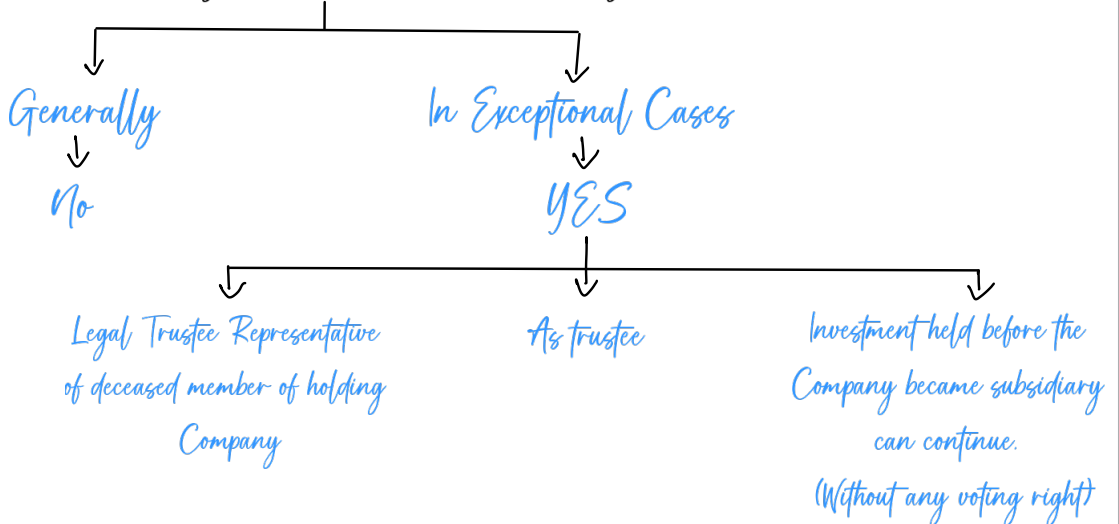
Sec 2(87) Company include a 'Body Corporate'

Sec 2(11) Body Corporate includes a 'Company incorporate out of India'

*



Can Subsidiary Co. hold shares of Holding Co.?



*

$$\text{Holding ratio} = \frac{\text{No. of shares held}}{\text{Total no. of shares}} \times 100$$

* Section 129 (clause 3) of companies act .2013 mandated to prepare consolidated financial statements

How to Prepare?

- As per AS 21 "Consolidated Financial Statements" issued by ICAI

* **Rule 1 :-**

Consolidated financial statement on line by line basis

Balance sheet of H Ltd

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
Share Capital 1,00,000 shares of Rs. 10 each		10,00,000	
Current Liabilities		5,00,000	
Total		15,00,000	
II Assets			
Non Current Assets - Fixed Assets		9,00,000	
Investment (5,000 Shares of S Ltd)		50,000	
Other Current Assets		5,50,000	
Total		15,00,000	

Balance sheet of S Ltd

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
Share Capital 5,000 shares of Rs. 10 each		50,000	
Current Liabilities		50,000	
Total		1,00,000	
II Assets			
Non Current Assets - Fixed Assets		40,000	
Other Current Assets		60,000	
Total		1,00,000	

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Consolidated balance sheet (H ltd with A ltd)

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
Share Capital			
H Ltd.	10.00.000		
S Ltd.	<u>50.000</u>	10.50.000	
Current Liabilities			
H Ltd.	5.00.000		
S Ltd.	<u>50.000</u>	5.50.000	
	Total	<u>16.00.000</u>	
II Assets			
Non Current Assets.			
Fixed Assets			
H Ltd.	9.00.000		
S Ltd.	<u>40.000</u>	9.40.000	
Investment H Ltd.		50.000	
Other Current Assets			
H Ltd.	5.50.000		
S Ltd.	<u>60.000</u>	6.10.000	
	Total	<u>16.00.000</u>	

* Rule 2 :-

All liabilities (Except Share capital of Subsidiary Company)
and

All assets (Except Investments of Holding Co.) will be consolidated

Goodwill / Capital Reserve = $\text{Cost of investment} - \text{net asset acquired in subsidiary co}$
(Cost of Control) (Presented by Shareholder's Fund)

Cost of investment $>$ Net asset acquired
}
 Goodwill

Cost of investment $<$ Net asset acquired
}
 Capital reserve

Q No. 1: From the following Balance Sheet of H Ltd. (holding) and S Ltd. (subsidiary), prepare a consolidated balance sheet of H Ltd. and its subsidiary S Ltd.

Particulars	H Ltd Rs.	S Ltd Rs.
Equity & Liabilities		
Share capital:		
Shares of Rs. 10 each	5,00,000	2,00,000
Sundry Liabilities	1,00,000	25,000
Total	6,00,000	2,25,000
Assets:		
Sundry Assets	400000	225000
Investment:		
20,000 shares of Rs.10 each of S Ltd	200000	
Total	6,00,000	2,25,000

Sol.. Consolidated balance sheet (H ltd with S ltd)

Particulars	Note no.	Amount (₹) (C. y)	Amount (₹) (P. y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		5.00.000	
b) Reserve & surplus		-	
2) Current liabilities	1	1.25.000	
TOTAL		<u>6.25.000</u>	
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	2	6.25.000	
ii) Intangible asset		-	
TOTAL		<u>6.25.000</u>	

Notes to account

1) Current liabilities			
H ltd	1.00.000		
S ltd	<u>25.000</u>	1.25.000	
2) Property . plant & equipment			
H ltd	4.00.000		
S ltd	<u>2.25.000</u>	6.25.000	

Working notes -

1) Holding ratio

$$\frac{20.000}{20.000} \times 100 = 100\%$$

2) Cost of control (100%)

Particulars	Amount (₹)
Cost of investment	2.00.000
Less: Share capital of S Ltd	(2.00.000)
Goodwill / Capital reserve	Nil

* **Minority interest:-**

Monetary value of investment (Net Asset) owned by Minority Shareholder (Outsider / 3rd Party) but controlled by holding company

Q No. 4: From the following, prepare consolidated balance sheet of X Ltd. and its subsidiary Y Ltd.

Particulars	X Ltd. Rs.	Y Ltd. Rs.
Equities & Liabilities		
Share capital: Shares of Rs.10 each	5,00,000	3,00,000
Other Liabilities	1,40,000	20,000
Total	6,40,000	3,20,000
Assets:		
Sundry Assets	4,00,000	3,20,000
Investment in Shares of Y Ltd. 24,000 shares of Rs.10 each	2,40,000	
Total	6,40,000	3,20,000

Sol. Consolidated balance sheet (X ltd with Y ltd)

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		5,00,000	
b) Reserve & surplus		-	
2) Minority interest	WN3	60,000	
3) Current liabilities	1	1,60,000	
TOTAL		<u>7,20,000</u>	
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	2	7,20,000	
ii) Intangible asset		-	
TOTAL		<u>7,20,000</u>	

Notes to account

1) Current liabilities			
X ltd	1,40,000		
Y ltd	<u>20,000</u>	1,60,000	
2) Property . plant & equipment			
X ltd	4,00,000		
Y ltd	<u>3,20,000</u>	7,20,000	

Working notes -

1) Holding ratio

$$\frac{24.000}{30.000} \times 100 = 80\%$$

2) Cost of control (80%)

<i>Particulars</i>	<i>Amount (₹)</i>
Cost of investment	2.40.000
Less: Share capital of Y Ltd	(2.40.000)
<i>Goodwill / Capital reserve</i>	<u>Nil</u>

3) Minority interest (20%)

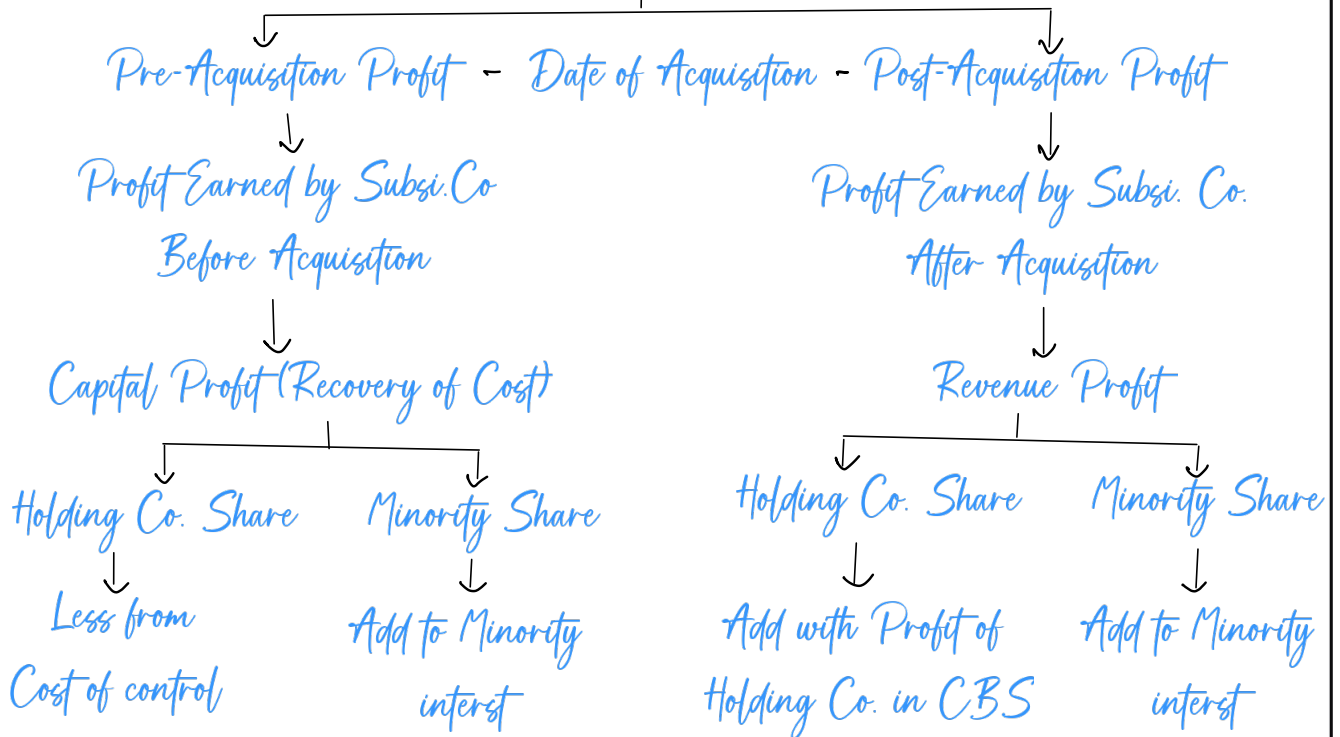
<i>Particulars</i>	<i>Amount (₹)</i>
Share capital of Y Ltd	60.000
	<u>60.000</u>

Lecture 2

* Rule 3:-

Treatment of Profits of Subsidiary Company

Classification of profit of Subsidiary Co.
(Based on DATE of Acquisition)



Q No. 2: From the following balance sheets of A Ltd. and its subsidiary B Ltd. as on 31st December 2022, prepare consolidated balance sheet.

Particulars	A Ltd. (Rs.)	B Ltd. (Rs.)
Equities & Liabilities		
Share Capital: Shares of Rs. 50 each	5,00,000	2,00,000
Creditors	1,00,000	20,000
Reserves	--	10,000
Profit & Loss A/c	50,000	30,000
Total	6,50,000	2,60,000
Assets		
Sundry Assets:	3,50,000	2,60,000
Investment in the shares of B Ltd 4,000 shares (at cost)	3,00,000	
Total	6,50,000	2,60,000

A Ltd. purchase shares in B Ltd. on the balance sheet date.

Sol. Consolidated balance sheet (A ltd with B ltd) as on 31.12.22

Particulars	Note no.	Amount (₹) (C. y)	Amount (₹) (P. y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		5,00,000	
b) Reserve & surplus	1	50,000	
2) Current liabilities			
a) Trade payable	2	1,20,000	
TOTAL		<u>6,70,000</u>	
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	3	6,10,000	
ii) Intangible asset	WV2	60,000	
TOTAL		<u>6,70,000</u>	

Notes to account

1) Reserve & surplus			
a) P&L			
A ltd	50,000		
B ltd	<u>-</u>		50,000
2) Trade payables			
A ltd	1,00,000		
B ltd	<u>20,000</u>		1,20,000
3) Property . plant & equipment			
A ltd	3,50,000		
B ltd	<u>2,60,000</u>		6,10,000

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Working notes -

1) Holding ratio

$$\frac{4.000}{4.000} \times 100 = 100\%$$

2) Cost of control (100%)

Particulars	Amount (₹)
Cost of investment	3.00.000
Less: Share capital of B Ltd	(2.00.000)
Less: Pre acq reserve (WN3)	(10.000)
Less: Pre acq P&L (WN3)	(30.000)
Goodwill	<u>60.000</u>

3) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
Reserve A Ltd (100%)	10.000	10.000 <u>10.000</u>	-
P&L a/c A Ltd (100%)	30.000	30.000 <u>30.000</u>	-

Ans

Q No. 3: From the following balance sheets of P Ltd. and its subsidiary Q Ltd. as on 31st December 2022, prepare a consolidated balance sheet.

Equity and Liabilities	P Ltd. Rs.	Q Ltd. Rs.
Share Capital: (Shares of Rs.100 each)	6,00,000	4,00,000
Creditors	2,00,000	50,000
Reserve	40,000	20,000
Profit & Loss A/c	70,000	15,000
Total	9,10,000	4,85,000
Assets		
Sundry Assets	5,00,000	4,85,000
Investment in 4,000 Shares of Q Ltd. (on 31st December 2022)	4,10,000	
Total	9,10,000	4,85,000

Sol. Consolidated balance sheet (P Ltd with Q Ltd) as on 31.12.22

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		6.00.000	
b) Reserve & surplus	1	1.35.000	
2) Current liabilities			
a) Trade payables	2	2.50.000	
TOTAL		<u>9.85.000</u>	
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	3	9.85.000	
ii) Intangible asset		-	
TOTAL		<u>9.85.000</u>	

Notes to account

1) Reserve & surplus

a) Reserve

P ttd	40.000	
Q ttd	-	40.000

b) P&L

P ttd	70.000	
Q ttd	-	70.000

c) Capital reserve (WN2)

P ttd		25.000
-------	--	--------

2) Trade payables

P ttd	2.00.000	
Q ttd	<u>50.000</u>	2.50.000

3) Property, plant & equipment

P ttd	5.00.000	
Q ttd	<u>4.85.000</u>	9.85.000

Working notes -

1) Holding ratio

$$\frac{4.000}{4.000} \times 100 = 100\%$$

2) Cost of control (100%)

Particulars	Amount (₹)
Cost of investment	4.10.000
Less: Share capital of Q ttd	(4.00.000)
Less: Pre acq reserve (WN3)	(20.000)
Less: Pre acq P&L (WN3)	(15.000)
Capital reserve	<u>(25.000)</u>

3) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
Reserve P Hkd (100%)	20.000	20.000 <hr/> 20.000	-
P&L a/c P Hkd (100%)	15.000	15.000 <hr/> 15.000	-

Lecture 3

Q No. 5: From the following information, prepare a consolidated balance sheet Balance sheet as on 31 December 2022

Particulars	Sun Ltd. (Rs.)	Moon Ltd. (Rs.)
I. Equities & Liabilities		
Share Capital: Shares of Rs.10 each	2,00,000	1,00,000
Reserves	50,000	20,000
Profit & Loss A/c	20,000	10,000
Creditors	30,000	20,000
Total	3,00,000	1,50,000
II. Assets		
Sundry Assets	220000	1,50,000
Investments 6,000 Shares of Moon Ltd	80000	
Total	3,00,000	1,50,000

Sun Ld. Acquired its shares in Moon Ltd. on 1 January 2022 when reserves of Moon Ltd. stood at Rs.4,000 and its profit and loss account (Cr.) was Rs.5,000

Sol. Consolidated balance sheet (Sun Ltd with Moon Ltd) as on 31.7.22

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		2,00,000	
b) Reserve & surplus	1	82,600	
2) Minority interest	WN3	52,000	
3) Current liabilities			
a) Trade payables	2	50,000	
TOTAL		<u>3,84,600</u>	
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property, plant & equipment	3	3,70,000	
ii) Intangible asset	WN2	14,600	
TOTAL		<u>3,84,600</u>	

Notes to account

1) Reserve & surplus			
a) Reserve			
Sun Ltd	50,000		
Moon Ltd (WN4)	<u>9,600</u>	59,600	
b) P&L			
Sun Ltd	20,000		
Moon Ltd (WN4)	<u>3,000</u>	23,000	
2) Trade payables			
Sun Ltd	30,000		
Moon Ltd	<u>20,000</u>	50,000	

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3) Property . plant & equipment

Sun Ltd 2,20,000

Moon Ltd 1,50,000 3,70,000

Working notes -

1) Holding ratio

$$\frac{6,000}{10,000} \times 100 = 60\%$$

2) Cost of control (60%)

Particulars	Amount (₹)
Cost of investment	80,000
Less : Share capital of Moon Ltd	(60,000)
Less : Pre acq reserve (WN4)	(2,400)
Less : Pre acq P&L (WN4)	(3,000)
Goodwill	<u>14,600</u>

3) Minority interest (40%)

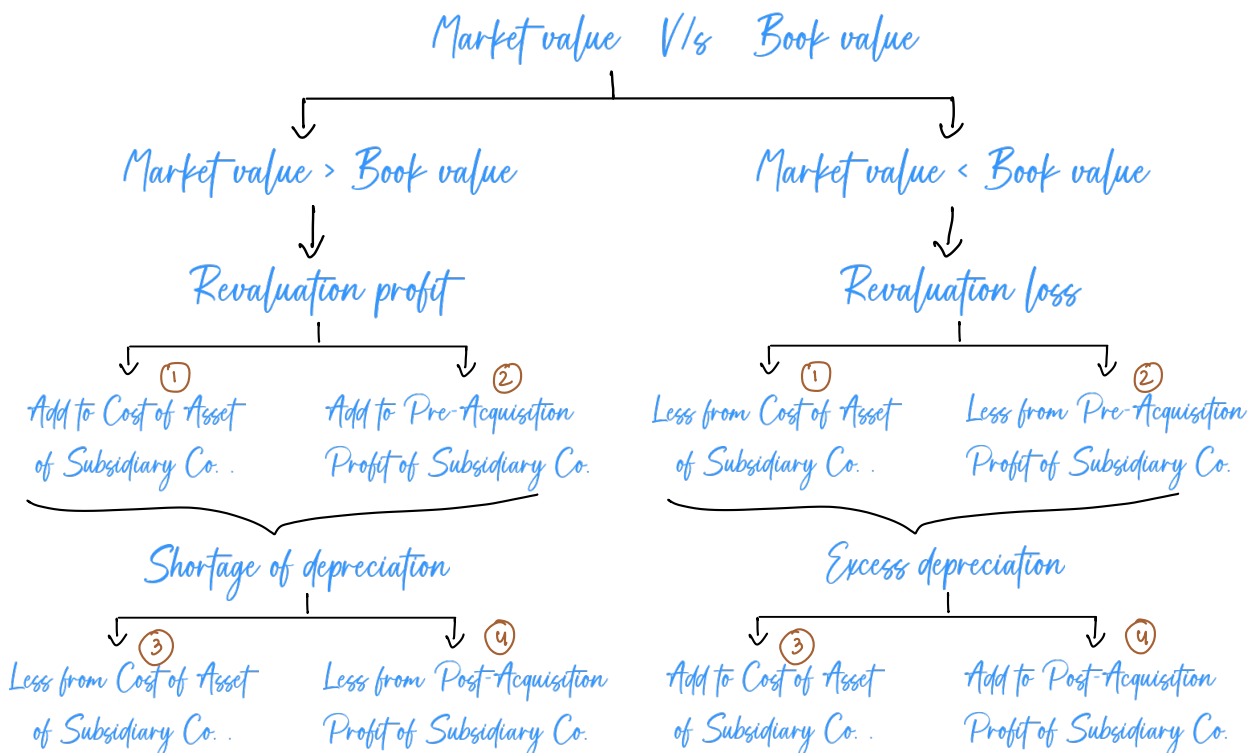
Particulars	Amount (₹)
Share capital of Moon Ltd	40,000
Add : Share of reserve (WN4)	8,000
Add : Share of P&L (WN4)	4,000
	<u>52,000</u>

4) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
Reserve	20.000	4.000	16.000
Sun Ltd (60%)		2.400	9.600
Minority int (40%)		1.600	6.400
P&L a/c	10.000	5.000	5.000
Sun Ltd (60%)		3.000	3.000
Minority int (40%)		2.000	2.000

* Rule 4:-

Revaluation of asset of subsidiary company



1. Calculation of Revaluation Profit/Loss

Revalued Amount	xx	
(-) Book Value of Asset on the Date of Revaluation		
B. Value (Op. Bal.)	xx	
Less : Depreciation	<u>xx</u>	(xx)
Profit / Loss on Revaluation	xx	

2. Calculation of Rate of Depreciation

$$\frac{\text{Op. Book Value of Asset (-) Cl. Book Value of Asset}}{\text{Opening Book Value of asset}} \times 100$$

$$\text{Shortage of depreciation} = \frac{\text{Revaluation profit} \times \% \text{ of depreciation} \times \text{No. of months (Post acq period)}}{12}$$

$$\text{Excess depreciation} = \frac{\text{Revaluation loss} \times \% \text{ of depreciation} \times \text{No. of months (Post acq period)}}{12}$$

Q No. 6: The following are the balance sheet of Big Ltd., and its subsidiary Small Ltd., as at 31 March 2023:

I. Equity and Liabilities	Big Ltd. Rs.	Small Ltd. Rs.
Equity shares of Rs.100 Each	16,00,000	4,00,000
Profit & Loss A/c	2,00,000	80,000
External Liabilities	30,00,000	19,20,000
Total	48,00,000	24,00,000
II. Assets	Big Ltd. Rs.	Small Ltd. Rs.
Equipment	10,00,000	3,80,000
Investment: 3,600 Eq. shares in Small Ltd. on 1 April 2022	5,60,000	---
Other Assets	32,40,000	20,20,000
Total	48,00,000	24,00,000

On 1 April 2022 P&L A/c of Small Ltd. showed a credit balance of Rs.32,000 and equipment of Small Ltd., was revalued by Big Ltd., 20% above its book value of Rs.4,00,000 (but no such adjustment effected in the books of Small Ltd.) prepare the consolidated balance sheet as at 31 March 2023.

Sol. Consolidated balance sheet (Big Ltd with Small Ltd) as on 31.3.23

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		16.00.000	
b) Reserve & surplus	1	2.39.600	
2) Minority interest	WN3	55.600	
3) Current liabilities			
a) Trade payables	2	49.20.000	
TOTAL		<u>68.15.200</u>	
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	3	14.56.000	
ii) Intangible asset	WN2	99.200	
2) Current assets			
a) Inventory	4	52.60.000	
TOTAL		<u>68.15.200</u>	

Notes to account

1) Reserve & surplus			
a) Reserve			
Big Ltd	2.00.000		
Small Ltd (WN4)	<u>39.600</u>	2.39.600	
2) Trade payables			
Big Ltd	30.00.000		
Small Ltd	<u>19.20.000</u>	49.20.000	

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3) Property, plant & equipment

Sun Ltd	10,00,000	
Moon Ltd	<u>4,56,000</u>	14,56,000

4) Inventory

Sun Ltd	32,40,000	
Moon Ltd	<u>20,20,000</u>	52,60,000

Working notes -

1) Holding ratio

$$\frac{3,600}{4,000} \times 100 = 90\%$$

2) Cost of control (90%)

Particulars	Amount (₹)
Cost of investment	5,60,000
Less: Share capital of Small Ltd	(3,60,000)
Less: Pre acq P&L (WN4)	(1,00,800)
Goodwill	<u>99,200</u>

3) Minority interest (10%)

Particulars	Amount (₹)
Share capital of Small Ltd	40,000
Add: Share of P&L (WN4)	15,600
	<u>55,600</u>

4) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
P&L a/c	80.000	32.000	48.000
Add: Reval profit		80.000	
Less: Shortage dep			(4.000)
		1.12.000	44.000
Big Hld (60%)		1.00.800	39.600
Minority int (40%)		11.200	4.400

1.4.22 DOA

31.3.23

B. value = 4.00.000 ~~~~~ Dep = 20.000 ~~~~~ B. value = 3.80.000

$$\% \text{ of dep} = \frac{\text{Depreciation}}{\text{Op. balance}} \times 100 = \frac{20.000}{4.00.000} \times 100 = 5\%$$

$$\text{Revaluation profit} = 4.00.000 \times 20\% = 80.000$$

+ asset

+ Pre acq

$$\text{Shortage of depreciation} = 80.000 \times 5\% \times \frac{12}{12} = 4.000$$

- Asset

- Post acq

Lecture 4

Q No. 11: Following are the balance sheet of Hari Ltd. and its subsidiary Shyam Ltd. as on 31st March, 2022.

Particulars	Hari Ltd. (Rs.)	Shyam Ltd. (Rs.)
1) Equities and liabilities:		
Fully paid-up equity shares of Rs.10 each	6,00,000	2,00,000
General reserve	3,40,000	80,000
Profit and loss (surplus)	1,00,000	60,000
Trade payable	70,000	35,000

Total	11,10,000	3,75,000
2) Assets:		
Machinery	3,90,000	1,35,000
Furniture	80,000	40,000
Investment (80% shares in Shyam Ltd. at cost)	3,40,000	
Stock	1,80,000	1,20,000
Trade receivable	50,000	30,000
Cash and bank	70,000	50,000
Total	11,10,000	3,75,000

Additional information:

- Surplus in the profit and loss statement of Shyam Ltd. stood at Rs.30,000 on 1st April, 2021 whereas general reserve has remained unchanged since that date.
 - Hari Ltd. acquired 80% shares in S Ltd. on 1st October, 2021 for Rs.3,40,000 as mentioned above.
 - Shyam Ltd.'s plant and Machinery which stood at Rs.1,50,000 on 1st April, 2021 was considered worth Rs.1,80,000 as on 1st October, 2021, this figure is to be considered while consolidating the balance sheet.
- You are required to prepare consolidated balance sheet.

Sol. Consolidated balance sheet (Hari Ltd with Shyam Ltd) as on 31.3.22

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		6.00.000	
b) Reserve & surplus	1	4.50.000	
2) Minority interest	WN3	75.125	
3) Current liabilities			
a) Trade payables	2	1.05.000	
TOTAL		12.30.625	

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	3	6.80.625	
ii) Intangible asset	WN2	50.000	
2) Current assets			
a) Inventory	4	3.00.000	
b) Trade receivable	5	80.000	
c) Cash & cash equivalent	6	1.20.000	
TOTAL		<u>12.30.625</u>	

Notes to account

1) Reserve & surplus			
a) Reserve			
Hari Ltd	3.40.000		
Shyam Ltd	<u>-</u>	3.40.000	
b) P&L			
Hari Ltd	1.00.000		
Shyam Ltd (WN4)	<u>10.500</u>	1.10.500	
2) Trade payables			
Hari Ltd	70.000		
Shyam Ltd	<u>35.000</u>	1.05.000	
3) Property . plant & equipment			
a) Macinery			
Hari Ltd	3.90.000		
Shyam Ltd	1.35.000		
Add : Revaluation profit	37.500		
Less : Shortage of depreciation	<u>(1.875)</u>	1.70.625	

b) Furniture		
Hari Ltd	80.000	
Shyam Ltd	<u>40.000</u>	3.00.000
4) Inventory		
Hari Ltd	1.80.000	
Shyam Ltd	<u>1.20.000</u>	3.00.000
5) Trade receivable		
Hari Ltd	50.000	
Shyam Ltd	<u>30.000</u>	80.000
6) Cash & cash equivalent		
Hari Ltd	70.000	
Shyam Ltd	<u>50.000</u>	1.20.000

Working notes -

1) Holding ratio

80% (given)

2) Cost of control (80%)

Particulars	Amount (₹)
Cost of investment	3.40.000
Less: Share capital of Shyam Ltd	(160.000)
Less: Pre acq reserve (WN4)	(64.000)
Less: Pre acq P&L (WN4)	(60.000)
Goodwill	<u>50.000</u>

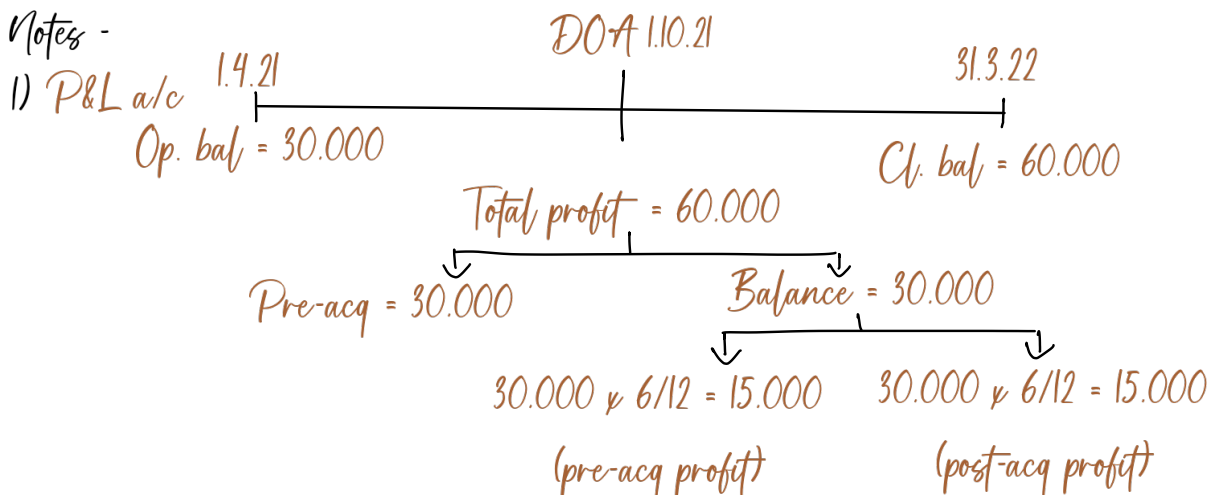
3) Minority interest (20%)

Particulars	Amount (₹)
Share capital of Shyam Ltd	40.000
Add : Share of reserve (WN4)	16.000
Add : Share of P&L (WN4)	19.125
	<u>75.125</u>

4) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
Reserve	80.000	80.000	Nil
Hari Ltd (80%)		64.000	-
Minority int (20%)		16.000	-
P&L a/c	60.000	45.000	15.000
Add : rev profit		37.500	
Less : Shortage on dep			(1.875)
		<u>82.500</u>	<u>13.125</u>
Hari Ltd (80%)		66.000	10.000
Minority int (20%)		16.500	2.625

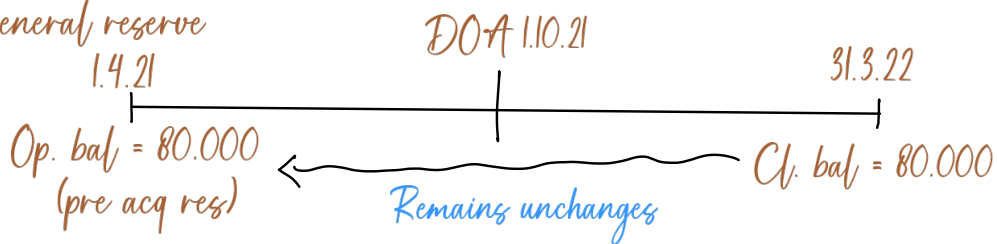
Notes -



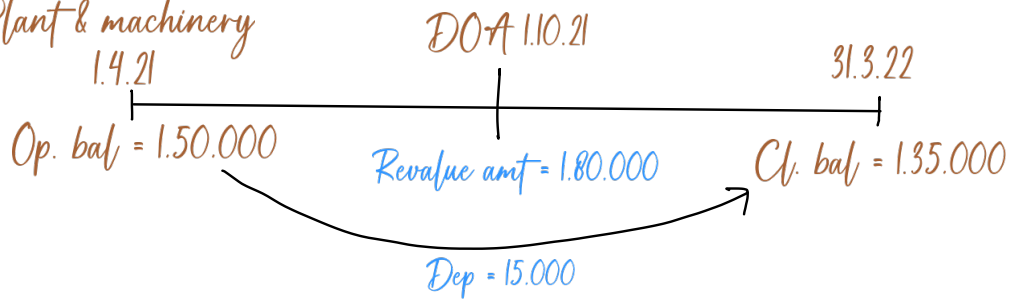
-- Pre acq profit = $30.000 + 15.000 = 45.000$

Post acq profit = 15.000

2) General reserve



3) Plant & machinery



$$\text{Rate of depreciation} = \frac{\text{Depreciation}}{\text{Op. balance}} \times 100 = \frac{15.000}{1.50.000} \times 100 = 10\%$$

Revaluation profit (1.10.21)

Market value (given) = 1.80.000

Less: Book value

Book value 1.50.000

- Dep

$(1.50.000 \times 10\% \times 6/12)$ (7.500) = (1.42.500)

Revaluation profit = 37.500

Add to cost of asset

Add to pre acq profit (Capital)

Shortage of depreciation = $37.500 \times 10\% \times 6/12 = 1.875$

less from
cost of asset

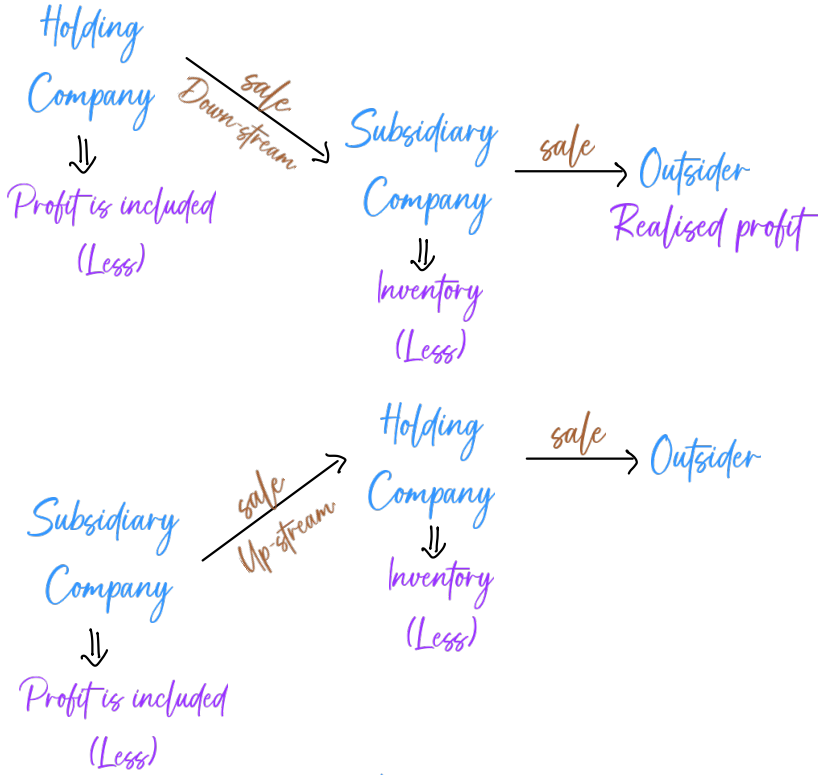
less from past acq
profit (Revenue)

Lecture 5

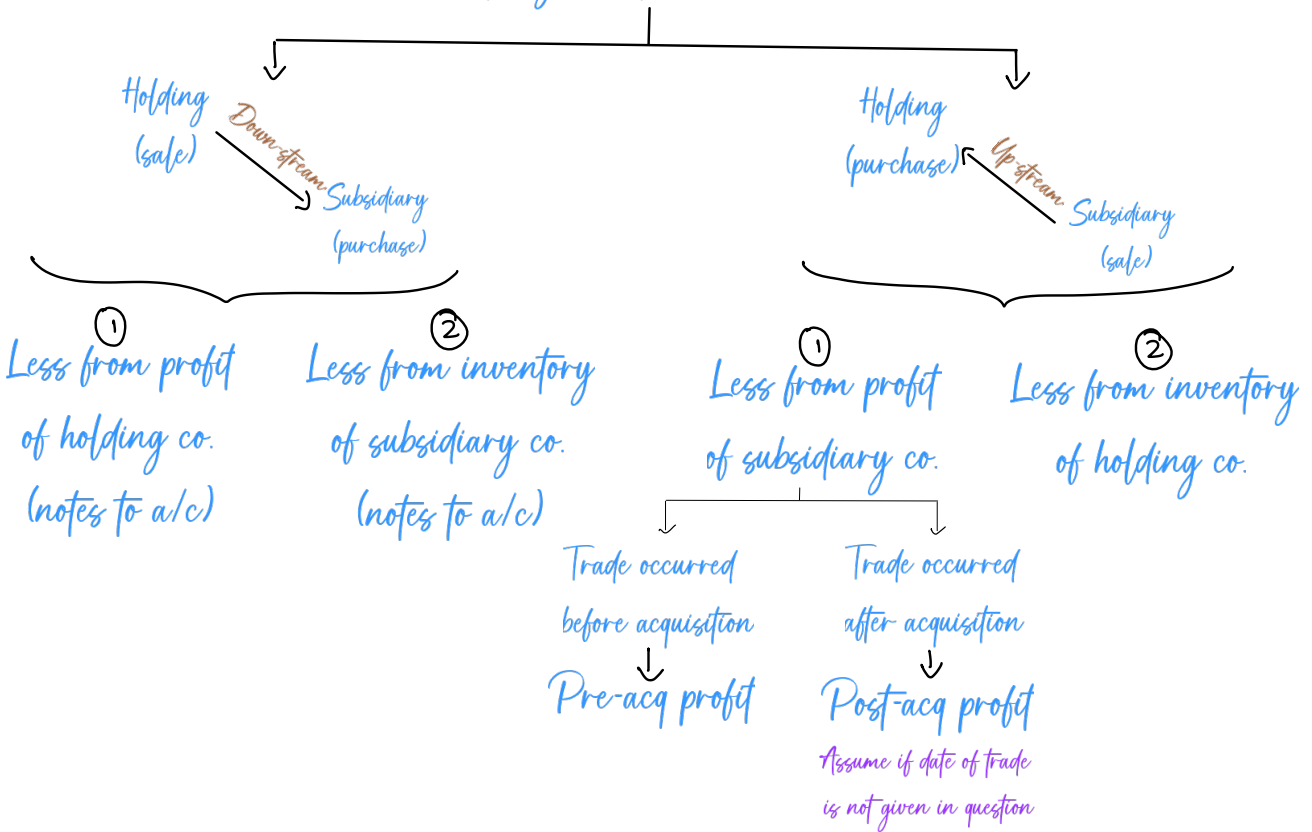
* **Rule 5:-**

Treatment of stock reserve

Unrealised profit on inter company sale purchase transaction



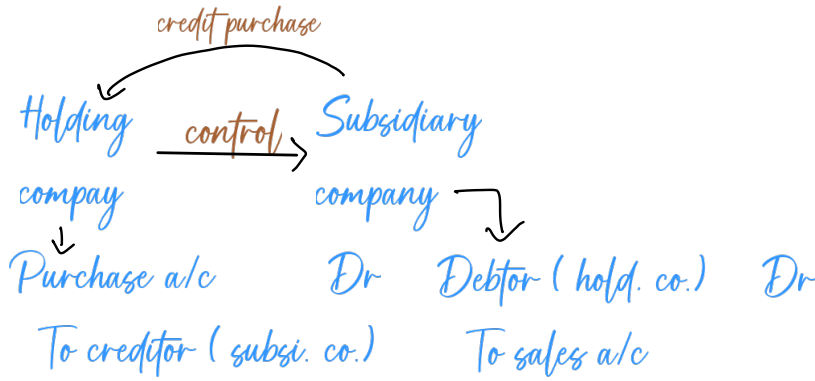
Inter company sale/purchase transaction



Stock reserve = Value of stock x profit % on sales

* Rule 6 :-

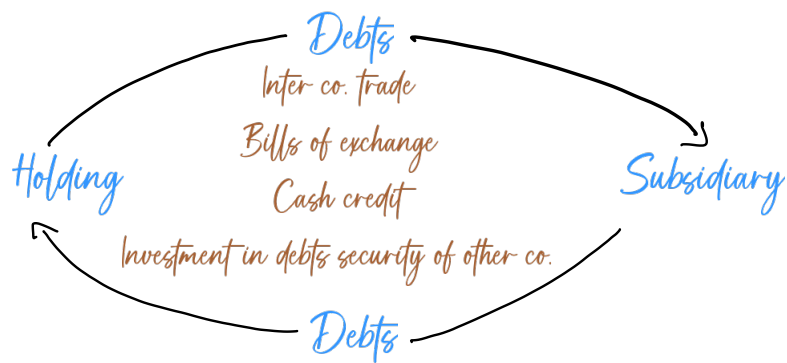
Treatment of inter-company debts



Consolidated balance sheet
H Ltd with S Ltd

Liabilities	Assets
Creditor (Subsi. co.)	Debtor (Hold. co.)
Inter co. debts CANCEL	

Lecture 6



Inter Co. debts

- | | |
|---------------------------|-------------------------|
| ① | ② |
| ↓ | ↓ |
| Less from Debtors | Less from Creditors |
| Less from Bill Receivable | Less from Bills Payable |
| Less from Advance | Less from Loan etc. |

Treatment of difference in amount of bills receivable and bills payable

B/S H Ltd		B/S S Ltd	
Liabilities	Assets	Liabilities	Assets
	Bills receivable 40,000	Bills payable 50,000	

bank — discount —
 creditors — endorse —

Eliminate inter co. debts at lower amount


Treatment of difference in amount of debtors & creditors

Standalone B/S H Ltd		Standalone B/S S Ltd	
Liabilities	Assets	Liabilities	Assets
	Debtors 1,00,000 (sub co.)	Creditor 80,000 (hold. co.)	

Holding debtors (sub. co.) = 1,00,000

Cash in transit

Subsidiary co. creditors (hold. co.) = 80,000

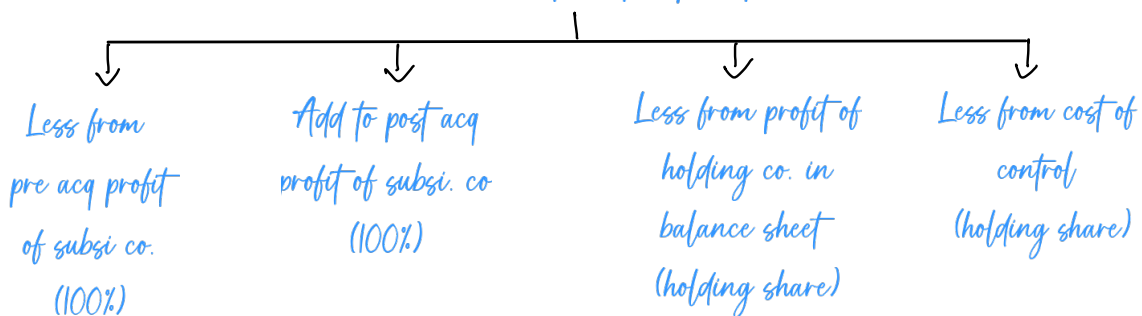


- 1) Eliminate inter Co. Debts with full value of Debtors and Creditors.
- 2) Cash in transit will appear additionally as Cash and Cash Equivalent in CBS.

* **Rule 7:-**

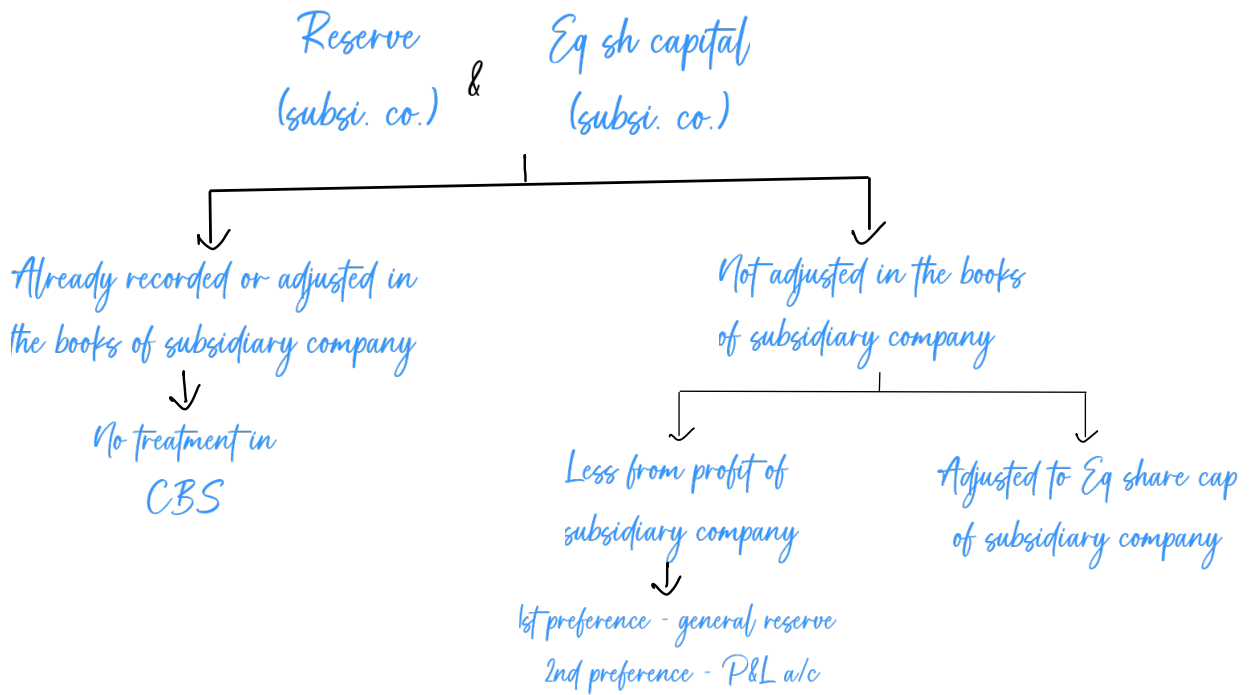
Dividend distributed by subsidiary company

Dividend = Distributed profit

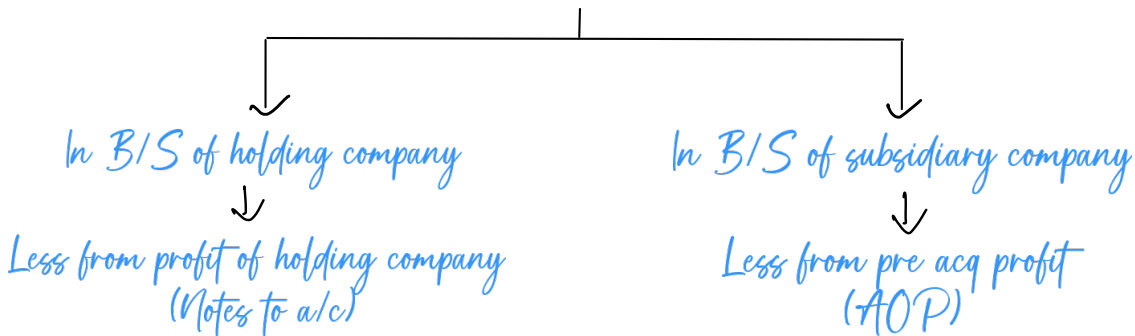


* **Rule 8:-**

Treatment of bonus issue by subsidiary company

* **Treatment of preliminary expenses:-**

As per As 26 "Intangible assets" preliminary expenses should be W/off from available profit



Q No. 8: From the following Balance Sheets of a holding company and its subsidiary on 31st March 2022, prepare consolidated balance sheet.

Particulars	Eally Ltd. Rs.	Appy Ltd. Rs.
Equities & Liabilities		
Share capital: Shares of Rs. 10 each	15,00,000	6,00,000
General reserve	2,40,000	1,80,000
P&L Account	2,70,000	2,10,000
Sundry Creditors	2,10,000	1,50,000
Total	22,20,000	11,40,000
Assets:		
Goodwill	90,000	30,000
Machinery	9,00,000	4,50,000
Stock	3,00,000	1,60,000
Debtors	3,60,000	4,80,000
Investments: 48,000 shares in Appy Ltd	5,70,000	
Total	22,20,000	11,40,000

When control was acquired Appy Ltd. had Rs.1,20,000 in general reserve and Rs.90,000 in profit and loss account. Immediately on purchase of shares, Eally Ltd. received Rs.48,000 as dividend from Appy Ltd. which was credited to profit and loss account. Debtors of Eally Ltd, include Rs.60,000 due from Appy Ltd. whereas creditors of Appy Ltd. include Rs.45,000 due to Eally Ltd., the difference being accounted for by a cheque-in-transfer.

Sol. Consolidated balance sheet (Eally Ltd with Appy Ltd) as on 31.3.22

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		15,00,000	
b) Reserve & surplus	1	6,54,000	
2) Minority interest	WN3	1,98,000	
3) Current liabilities			
a) Trade payables	2	3,15,000	
TOTAL		26,67,000	

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	3	13.50.000	
ii) Intangible asset	WN2	42.000	
2) Current assets			
a) Inventory	4	4.80.000	
b) Trade receivable	5	7.80.000	
c) Cash & cash equivalent	6	15.000	
TOTAL		<u>26.67.000</u>	

Notes to account

1) Reserve & surplus

a) Reserve

Eally ltd

2.40.000

Appy ltd (WN4)

48.000

2.88.000

b) P&L

Eally ltd

2.70.000

Less : Pre acq dividend

(48.000)

Appy ltd (WN4)

1.44.000

3.66.000

2) Trade payables

Eally ltd

2.10.000

Appy ltd

1.50.000

Less - Inter co. debt eliminated

(45.000)

3.15.000

3) Property . plant & equipment

a) Macinery

Eally ltd

9.00.000

Appy ltd

4.80.000

13.50.000

4) Inventory		
Eally ltd	3.00.000	
Appy ltd	<u>1.80.000</u>	4.80.000
5) Trade receivable		
Eally ltd	3.60.000	
Less : Inter co debts eliminated	(60.000)	
Appy ltd	<u>4.80.000</u>	7.80.000
6) Cash & cash equivalent (in transit)		15.000

Working notes -

1) Holding ratio

$$\frac{48.000}{60.000} \times 100 = 80\%$$

2) Cost of control (80%)

Particulars	Amount (₹)
Cost of investment	5.70.000
Less : Share capital of Appy ltd	(4.80.000)
Less : Pre acq dividend	(48.000)
Less : Pre acq reserve (WN4)	(96.000)
Less : Pre acq P&L (WN4)	(24.000)
	Capital reserve
	(78.000)
Add : Goodwill (90.000 + 30.000)	1.20.000
	<u>Goodwill</u>
	<u>42.000</u>

3) Minority interest (20%)

<i>Particulars</i>	<i>Amount (₹)</i>
Share capital of Appy Ltd	1,20,000
Add : Share of reserve (WN4)	36,000
Add : Share of P&L (WN4)	42,000
	1,98,000
	1,98,000

4) Analysis of profit

<i>Particulars</i>	<i>Total (₹)</i>	<i>Capital</i>	<i>Revenue</i>
Reserve	1,80,000	1,20,000	60,000
Eally Ltd (80%)		96,000	48,000
Minority int (20%)		24,000	12,000
P&L a/c	2,10,000	90,000	1,20,000
+ Adjustment for pre - acq dividend		(60,000)	60,000
		30,000	1,80,000
Hari Ltd (80%)		24,000	1,44,000
Minority int (20%)		6,000	36,000

Lecture 7

Q No. 9: Following is the extract of Jai Ltd and Veeru Ltd as on 31.3.2022.

Particulars	Jai Ltd. (Rs.)	Veeru Ltd. (Rs.)
Equity and Liabilities:		
Share capital: Shares of Rs.10 each	5,00,000	2,00,000
Security Premium	50,000	10,000
General reserve	1,00,000	50,000
Surplus	75,000	20,000
Creditors	80,000	40,000
Total	8,05,000	3,20,000
Assets:		
Sundry assets	5,10,000	3,20,000
Investment: 15,000 shares in Veeru Ltd	2,95,000	
Total	8,05,000	3,20,000

You are required to compute Minority Interest and Cost of control assuming Jai Ltd acquired shares in Veeru Ltd on 31.3.2022.

Sol. 1) Holding ratio

$$\frac{15,000}{20,000} \times 100 = 75\%$$

2) Cost of control (75%)

Particulars	Amount (₹)
Cost of investment	2,95,000
Less : Share capital of Veeru Ltd	(1,50,000)
Less : Pre acq security premium (WN4)	(75,000)
Less : Pre acq reserve (WN4)	(37,500)
Less : Pre acq surplus (WN4)	(15,000)
Goodwill	85,000

3) Minority interest (25%)

<i>Particulars</i>	<i>Amount (₹)</i>
Share capital of Veeru Ltd	50.000
Add : Pre acq security premium (WN4)	2.500
Add : Share of reserve (WN4)	12.500
Add : Share of P&L (WN4)	5.000
	<u>70.000</u>

4) Analysis of profit

<i>Particulars</i>	<i>Total (₹)</i>	<i>Capital</i>	<i>Revenue</i>
Security premium	10.000	10.000	Nil
Jai Ltd (75%)		7.500	
Minority int (25%)		2.500	
General reserve	50.000	50.000	Nil
Jai Ltd (75%)		37.500	
Minority int (25%)		12.500	
P&L a/c	20.000	20.000	Nil
Jai Ltd (75%)		15.000	
Minority int (25%)		5.000	

H.W.

Q No. 10: From the following balance sheets of Exe Ltd. and Wye Ltd. as on 31st March, 2022, Workout: (a) Net amount due to minority interest and (b) Cost of control.

Particulars	Exe Ltd.(Rs.)	Wye Ltd.(Rs.)
Equity and Liabilities:		
Share capital: Shares of Rs.100 each	15,00,000	5,00,000
General reserve	1,50,000	1,00,000
Profit and loss account	2,00,000	75,000
Creditors	1,87,500	1,20,000
Total	20,37,500	7,95,000
Assets:		
Sundry assets	14,77,500	7,95,000
Investment: 4,000 shares of Rs.100 each	5,60,000	
Total	20,37,500	7,95,000

The assets of Wye Ltd. included the equipment worth Rs.1,50,000 which was revalued at Rs.1,25,000. The investment of Exe Ltd. were in the shares of Wye Ltd. and the same were acquired on 1st July, 2021. There is no opening of General Reserve and P&L of Wye Ltd.

Sol. 1) Holding ratio

$$\frac{4,000}{5,000} \times 100 = 80\%$$

2) Cost of control (80%)

Particulars	Amount (₹)
Cost of investment	5,60,000
Less : Share capital of Wye Ltd	(4,00,000)
Less : Pre acq reserve (WN4)	(20,000)
Add : Pre acq loss (WN4)	5,000
<i>Goodwill</i>	<u>1,45,000</u>

3) Minority interest (20%)

Particulars	Amount (₹)
Share capital of Wye Ltd	1,00,000
Add : Share of reserve (WN4)	20,000
Add : Share of P&L (WN4)	10,000
	<u>1,30,000</u>

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4) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
General reserve	1,00,000	25,000	75,000
		(1,00,000 × 3/12)	(1,00,000 × 9/12)
Exe Ltd (80%)		20,000	60,000
Minority int (20%)		50,000	15,000
P&L a/c	75,000	18,750	56,250
		(75,000 × 3/12)	(75,000 × 9/12)
Less: Loss on revalu.		(25,000)	
		(6,250)	56,250
Exe Ltd (80%)		(5,000)	45,000
Minority int (20%)		(1,250)	11,250

Revaluation profit/loss

Book value 1,50,000

Less: Rev amt (1,25,000)

Revaluation loss 25,000

Note - Since information required to calculate depreciation and rate of depreciation is not given in question. Therefore savings in depreciation cannot be adjusted

~~11/2~~

Q No. 12: Balance sheet of H Ltd. and S Ltd. as at 31st March, 2022 are given below.

Particulars	Heera Ltd. (Rs.)	Sona Ltd. (Rs.)
Equity & Liabilities:		
Share capital of Rs.10 each, fully paid	5,00,000	2,00,000
General reserve	1,00,000	50,000
Profit and loss account	60,000	35,000
Creditors	80,000	60,000
Total	7,40,000	3,45,000
Assets:		
Fixed assets	3,00,000	1,00,000
60% shares in Sona Ltd. at cost	1,62,400	-
Current assets	2,77,600	2,39,000
Preliminary expenses	-	6,000
Total	7,40,000	3,45,000

Heera Ltd. acquired the shares on 1st April, 2021 and on that date general reserve and profit and loss account of Sona Ltd. showed the balance of Rs.40,000 and Rs.8,000 respectively.

No part of preliminary expenses has been written off during the year ended on 31st March, 2022. Prepare the consolidated balance sheet of Heera Ltd. and its subsidiary Sona Ltd. as on March, 2022.

Sol. Preliminary expenses are pre-acquisition expenses. Therefore it should be written off against "pre-acquisition profit"

Consolidated balance sheet (Heera Ltd with Sona Ltd) as on 31.3.22

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
<i>Equity & liabilities</i>			
1) Share holder's fund			
a) Share capital		5,00,000	
b) Reserve & surplus	1	1,82,200	
2) Minority interest	WN3	1,16,000	
3) Current liabilities			
a) Trade payables	2	1,40,000	
TOTAL		9,33,800	

Payal Agarwal

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	3	4.00.000	
ii) Intangible asset	WN2	17.200	
2) Current assets	4	5.16.600	
TOTAL		<u>9.33.800</u>	

Notes to account

1) Reserve & surplus			
a) Reserve			
Heera Ltd	1.00.000		
Sona Ltd (WN4)	<u>6.000</u>	1.06.000	
b) P&L			
Heera Ltd	60.000		
Sona Ltd (WN4)	<u>16.200</u>	76.200	
2) Trade payables			
Heera Ltd	80.000		
Sona Ltd	<u>60.000</u>	1.40.000	
3) Property . plant & equipment			
Heera Ltd	3.00.000		
Sona Ltd	<u>1.00.000</u>	4.00.000	
4) Current assets			
Heera Ltd	2.77.600		
Sona Ltd	<u>2.39.000</u>	5.16.600	

Working notes -

1) Holding ratio

60% (given)

2) Cost of control (60%)

<i>Particulars</i>	<i>Amount (₹)</i>
Cost of investment	1,62,400
Less: Share capital of Sona Ltd	(1,20,000)
Less: Pre acq reserve (WN4)	(24,000)
Less: Pre acq P&L (WN4)	(1,200)
<i>Goodwill</i>	<u>17,200</u>

3) Minority interest (40%)

<i>Particulars</i>	<i>Amount (₹)</i>
Share capital of Sona Ltd	80,000
Add: Share of reserve (WN4)	20,000
Add: Share of P&L (WN4)	11,600
	<u>1,11,600</u>

4) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
Reserve	50,000	40,000	10,000
Heera Ltd (60%)		24,000	6,000
Minority int (240%)		16,000	4,000
P&L a/c	35,000	8,000	27,000
Less: preliminary exp		(6,000)	
		2,000	27,000
Heera Ltd (60%)		1,200	16,200
Minority int (40%)		800	10,800

Q No. 13: On 31st March, 2022, the balance sheet of Major Ltd and its subsidiary Minor Ltd.

Particulars	Major Ltd.	Minor Ltd.
Liabilities:		
Equity share capital	80000	20000
General reserve	15000	7000
Profit and loss account	9000	5500
Creditors	12000	8000
	116000	40500
Assets:		
Fixed assets	55000	10000
75% shares in Minor Ltd at cost	28000	
stock	10500	1,77,000
Other current assets	22500	12800
	116000	40500

Draw consolidated balance sheet as at 31st March 2022, after taking into following adjustments.

1. Major Ltd acquired the shares on 31st July.
2. Minor Ltd earned a profit of Rs.45000 for the year ended 31st March, 2022.
3. In January, 2022, Minor Ltd sold to Major Ltd goods costing Rs.15000 for Rs.20000. On 31st March, 2022, the half of the goods were lying as unsold in the godowns of Major Ltd.

Sol. Consolidated balance sheet (Major Ltd with Minor Ltd) as on 31.3.22

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		8,00,000	
b) Reserve & surplus	1	2,60,625	
2) Minority interest	WN3	80,625	
3) Current liabilities			
a) Trade payables	2	2,00,000	
TOTAL		<u>13,41,250</u>	
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property, plant & equipment	3	6,50,000	
ii) Intangible asset	WN2	58,750	
2) Current assets			
a) Inventory	4	2,79,500	
b) Other current asset	5	3,53,000	
TOTAL		<u>13,41,250</u>	

Notes to account

1) Reserve & surplus			
a) Reserve			
Major Ltd	1,50,000		
Minor Ltd	-		1,50,000
b) P&L			
Major Ltd	90,000		
Minor Ltd (WN4)	<u>20,625</u>		1,10,625

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2) Trade payables		
Major ltd	1.20.000	
Minor ltd	<u>80.000</u>	2.00.000
3) Property . plant & equipment		
Major ltd	5.50.000	
Minor ltd	<u>1.00.000</u>	6.50.000
4) Inventory		
Major ltd	1.05.000	
Less : stock reserve	(2.500)	
Minor ltd	<u>1.77.000</u>	2.79.500
5) Other current assets		
Major ltd	2.25.000	
Minor ltd	<u>1.28.000</u>	3.53.000

Working notes -

1) Holding ratio

75% (given)

2) Cost of control (75%)

Particulars	Amount (₹)
Cost of investment	2.80.000
Less : Share capital of Minor ltd	(1.50.000)
Less : Pre acq reserve (WN4)	(52.500)
Less : Pre acq P&L (WN4)	(18.750)
Goodwill	<u>58.750</u>

3) Minority interest (25%)

<i>Particulars</i>	<i>Amount (₹)</i>
Share capital of Minor Ltd	50.000
Add : Share of reserve (WN4)	17.500
Add : Share of P&L (WN4)	13.125
	<u>80.625</u>

4) Analysis of profit

<i>Particulars</i>	<i>Total (₹)</i>	<i>Capital</i>	<i>Revenue</i>
General reserve	70.000	70.000	Nil
Major Ltd (75%)		52.500	
Minority int (25%)		17.500	
P&L a/c	55.000	25.000	30.000
Less : Stock reserve			(2.500)
		<u>25.000</u>	<u>27.500</u>
Exe Ltd (80%)		18.750	20.625
Minority int (20%)		6.250	6.875

Q No. 14

Q No. 14: On 1st October, 2021, X Ltd acquired 12,000 equity shares of B Ltd of the face value of Rs.10 each at price of Rs.1,70,000. Following are the balance sheet of companies.

Particulars	X Ltd.	B Ltd.
Liabilities:		
Equity share capital of Rs.10 each	1000000	200000
General reserve (1.4.21)	420000	100000
P&L a/c (1.4.2021)	90000	40000
Profit for the year	170000	45000
Creditors	240000	92000
Bills payable	80000	60000

Total	20,00,000	5,37,000
Assets:		
Goodwill	300000	70000
Land and building	400000	100000
Plant and machine	500000	100000
Stock	200000	40500
Debtors	300000	134500
Investments	200000	
Bills receivables	20000	30000
Bank	60000	50000
Cash	20000	12000
Total	20,00,000	5,37,000

1. Out of debtors and bills receivable of X Ltd Rs.50000 and Rs.16000 respectively represented those due from B Ltd.

2. The stock in hands of B Ltd includes goods purchased from X Ltd at Rs.20000 which includes profit charged by latter company at 25% at cost.

Draw consolidated balance sheet as on 31.3.2022 with necessary working notes.

Sol. Consolidated balance sheet (X Ltd with B Ltd) as on 31.3.22

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
I Equity & liabilities			
1) Share holder's fund			
a) Share capital		10,00,000	
b) Reserve & surplus	1	6,89,500	
2) Minority interest	WN3	1,54,000	
3) Current liabilities			
a) Trade payables	2	4,06,000	
TOTAL		22,49,500	

Particulars	Note no.	Amount (₹) (C. Y)	Amount (₹) (P. Y)
II Assets			
1) Non-Currents assets			
a) Fixed assets			
i) Property . plant & equipment	3	11.00.000	
ii) Intangible asset	WN2	3.22.500	
b) Investment (2.00.000 - 1.70.000)		30.000	
2) Current assets			
a) Inventory	4	2.36.000	
b) Trade receivable	5	4.185.00	
c) Cash & cash equivalent	6	1.42.000	
TOTAL		<u>22.49.500</u>	

Notes to account

1) Reserve & surplus			
a) Reserve			
X ttd	4.20.000		
B ttd	<u>-</u>	4.20.000	
b) P&L			
X ttd	90.000		
Add : Profit of the year	1.70.000		
Less : Stock reserve	(40.000)		
B ttd	<u>13.500</u>	6.89.500	
2) Trade payables			
a) Creditors			
X ttd	2.40.000		
B ttd	92.000		
Less : Inter co. debts eliminated	<u>(50.000)</u>	2.82.000	

b) Bills payable		
X Ltd	80.000	
B Ltd	60.000	
Less : Inter co. debts eliminated	<u>(16.000)</u>	1.24.000
3) Property . plant & equipment		
a) Land & building		
X Ltd	4.00.000	
B Ltd	<u>1.00.000</u>	5.00.000
b) Plant & machinery		
X Ltd	5.00.000	
B Ltd	<u>1.00.000</u>	6.00.000
4) Inventory		
X Ltd	2.00.000	
B Ltd	40.500	
Less : stock reserve	<u>(4.000)</u>	2.36.500
5) Trade Receivables		
a) Debtors		
X Ltd	3.00.000	
Less : Inter co. debts eliminated	(50.000)	
B Ltd	<u>1.34.500</u>	3.84.000
b) Bills Receivables		
X Ltd	20.000	
Less : Inter co. debts eliminated	(16.000)	
B Ltd	<u>30.000</u>	34.000

6) Cash & cash equivalent

a) Bank balance

X Ltd

60.000

B Ltd

50.000

110.000

b) Cash balance

X Ltd

20.000

B Ltd

12.000

32.000

Working notes -

1) Holding ratio

$$\frac{12.000}{20.000} \times 100 = 60\%$$

2) Cost of control (60%)

Particulars	Amount (₹)
Cost of investment	1.70.000
Less: Share capital of B Ltd	(1.20.000)
Less: Pre acq reserve (WN4)	(60.000)
Less: Pre acq P&L (WN4)	(37.500)
	(47.500)
	3.70.000
	<u>3.22.500</u>
	<u><u>3.22.500</u></u>

3) Minority interest (40%)

<i>Particulars</i>	<i>Amount (₹)</i>
Share capital of B Ltd	80.000
Add : Share of reserve (WN4)	40.000
Add : Share of P&L (WN4)	34.000
	1.54.000
	1.54.000

4) Analysis of profit

<i>Particulars</i>	<i>Total (₹)</i>	<i>Capital</i>	<i>Revenue</i>
General reserve	1.00.000	1.00.000	Nil
X Ltd (60%)		60.000	
Minority int (40%)		40.000	
P&L a/c	40.000	40.000	Nil
Add : Profit from last year	45.000	22.500	22.500
		(45.000 × 6/12)	(45.000 × 6/12)
		62.500	22.500
		25.000	27.500
X Ltd (60%)		37.500	13.500
Minority int (40%)		25.000	9.000

Lecture 1

(redemption of debentures)

Q No. 7: The summarized balance sheet of H Ltd. and S Ltd. as on 31 December 2022 are as follows:

Equity and Liabilities	H Ltd. Rs.	S Ltd. Rs.
Share capital: Share of Rs.10 each	15,00,000	3,00,000
Reserves	2,40,000	90,000
Profit & Loss A/c	1,80,000	1,20,000
Total	19,20,000	5,10,000
Assets		
Sundry Assets	15,00,000	5,10,000
24,000 shares in S Ltd.	4,20,000	
Total	19,20,000	5,10,000

S Ltd. had reserves of Rs.90,000 when H Ltd. acquired the shares in S Ltd. but the P&L A/c balance of S Ltd. was fully earned after the purchase of shares.

S Ltd. decided to issue bonus shares out of the post-acquisition profit in the ratio of 2 shares for every 5 shares held.

Calculate the cost of control before the issue of bonus shares and after the issue of bonus shares.

Sol. 1) Holding ratio

$$\frac{24,000}{30,000} \times 100 = 80\%$$

2) Cost of control (80%) before bonus issue

Particulars	Amount (₹)
Cost of investment	4,20,000
Less: Share capital of S Ltd	(2,40,000)
Less: Pre acq reserve (WN3)	(72,000)
<i>Goodwill</i>	<u>1,08,000</u>

3) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
General reserve	90.000	90.000	Nil
H Ltd (80%)		72.000	
Minority int (20%)		18.000	
P&L a/c	1.20.000	Nil	1.20.000
H Ltd (80%)			96.000
Minority int (20%)			24.000

Number of bonus share = $30.000 \times \frac{2}{5} = 12.000$ bonus share

Fund required = $12.000 \times \text{Rs } 10 = \text{Rs } 1.20.000$

4) Cost of control (80%) after bonus issue

Particulars	Amount (₹)
Cost of investment	4.20.000
Less : Share capital of S Ltd	(2.40.000)
Less : Pre acq reserve (WN5)	(72.000)
Less : Bonus received (WN5) (80%)	(96.000)
Goodwill	<u>12.000</u>

5) Analysis of profit

Particulars	Total (₹)	Capital	Revenue
General reserve	90.000	90.000	Nil
H Ltd (80%)		72.000	
Minority int (20%)		18.000	
P&L a/c	1.20.000	Nil	1.20.000
Less: Bonus issue. (30.000 × 2/5 × ₹ 10)			(1.20.000)

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Practical question 5	7.14
Practical question 6	7.18
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