

CA INTER – ADVANCED ACCOUNTS

CLASS TEST 5 – CONSOLIDATION

Maximum Marks – 20

Time – 35 Mints

INSTRUCTIONS:

1. Write your Full Name, Registered Mobile Number and Email id on the front page of your Answer Sheet.
2. After completing the Test, SCAN the Answer sheet with any Document canner app (cam scanner/doc scanner etc) and make a one pdf file save it in your phone.
3. Upload the PDF file in your Test Login Portal under your login and submit. (File Size should not be more than 15 MB)

QUESTION 1: (6 Marks)

A Ltd. acquired 70% of equity shares of B Ltd. on 1.4.2010 at cost of ₹10,00,000 when B Ltd. had an equity share capital of ₹10,00,000 & reserves & surplus of ₹80,000. In the four consecutive years, B Ltd. fared badly & suffered losses of ₹2,50,000, ₹4,00,000, ₹ 5,00,000 & ₹1,20,000 respectively. Thereafter in 2014- 15, B Ltd. experienced turnaround & registered an annual profit of ₹ 50,000. In the next two years i.e., 2015-16 & 2016-17, B Ltd. recorded annual profits of ₹1,00,000 & ₹1,50,000 respectively. Show the minority interests & cost of control at the end of each year for the purpose of consolidation.

QUESTION 2: (14 Marks)

Sun Ltd. acquired 3,200 ordinary shares of Rs. 100 each of Star Ltd. on 1st October, 2021. On 31st March, 2022, the balance sheets of the two companies were as given below:

Balance Sheet of Sun Ltd. and its subsidiary, Star Ltd. as at 31st March, 2022

Particulars	Note No.	Sun Ltd. (Rs.)	Star Ltd. (Rs.)
I. Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share Capital	1	10,00,000	4,00,000
(b) Reserves and Surplus	2	5,94,400	3,64,000
(2) Current Liabilities			
(a) Trade Payables		94,200	34,800
(b) Short term borrowings	3	1,60,000	-
Total		18,48,600	7,98,800

II. Assets			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	7,80,000	6,30,000
(b) Non-current Investments	5	6,80,000	
(2) Current assets			
(a) Inventories		2,40,000	72,800
(b) Trade receivables		1,19,600	80,000
(c) Cash & Cash equivalents	6	29,000	16,000
Total		18,48,600	7,98,800

Notes to Accounts:

		Sun Ltd.	Star Ltd.
		Rs.	Rs.
1	Share Capital		
	10,000 shares of Rs. 100 each, fully paid up	10,00,000	
	4,000 shares of Rs. 100 each, fully paid-up		4,00,000
	Total	10,00,000	4,00,000
2	Reserves and Surplus:		
	General Reserves	4,80,000	2,00,000
	Profit & loss	1,14,400	1,64,000
	Total	5,94,400	3,64,000
3	Short-term borrowings		
	Bank overdraft	1,60,000	-
4	Property plant and equipment		
	Land and building	3,00,000	3,60,000
	Plant & Machinery	4,80,000	2,70,000
	Total	7,80,000	6,30,000
5	Non-current Investments		
	Investment in Star Ltd. (at cost)	6,80,000	-

6	Cash & Cash equivalents		
	Cash	29,000	16,000

- The Profit & Loss Account of Star Ltd. showed a credit balance of Rs. 60,000 on 1st April, 2021 out of which a dividend of 10% was paid on 1st November, 2021; Sun Ltd. credited the dividend received to its Profit & Loss Account.
- The Plant & Machinery which stood at Rs. 3,00,000 on 1st April, 2021 was considered as worth Rs. 3,60,000 on 1st October, 2021; this figure is to be considered while consolidating the Balance Sheets. The rate of depreciation on plant & machinery is 10% (computed on the basis of useful lives).
- Inventory of Sun Ltd. includes unsold stock purchased from Star Ltd. for Rs. 25,000. Star Ltd. earned 20% profit on sales.
- Star Ltd. issued Bonus shares on 1st March, 2022 whose entry is not yet passed in the books. Bonus shares are issued in the ratio of 1:4

Prepare consolidated Balance Sheet (Along with Notes to Accounts) as at 31st March, 2022.