⑤ Parent should present consolidated financial Statements.

Exclusion (i) Wholly owned subsy or Partially owned subsy (after obtaining NOC for no consolidation)
and
whose debt/security is not listed / Process of listing
and
whose ultimate parent prepares Consolidated financial Statements as per Ind AS.

(ii) Investment Entity, which is recording its Invts at fair value through P&L. (all)

Note: Investment Entity means any entity which is engaged in acquiring Investment as fund manager.

⑥ Subsy cannot have two or more parents.

⑦ Rules for Consolidation

(a) Consolidation begins when Investor obtains Control over Investee. Min. Int is called Non Controlling Interest

(b) In case of loss of Control, gain or loss on sale should be reported

Ind AS-110 Consolidated financial Statements

① Subsidiary means company controlled by Parent. Parent means company having subsidiary. Control has following meaning

Investor Controls Investee if all of following conditions are satisfied

(a) Power over Investee

(b) Returns are variable based on involvement of Investor

(c) Ability to affect its returns from Investee.

② Power over Investee arises due to rights. Such rights should be exclusive and should generate power for Investor. Such rights can arise from Voting Power or other reasons.

③ Returns are variable based on involvement of Investor means income from Investment varies. Such income can increase or decrease based on efforts of Investor

④ Ability to affect its return means Power should not be impaired.

⑧ Disclosure Requirements (Ind AS - 112)

(a) Disclose significant Judgements made while consolidating

(b) Composition of group (कौन किसे कितना hold करता है।)

(c) Risk & Restrictions on Subsy

(d) Unconsolidated Subsy.

(c) खाली

(d) Line by line Consolidation for Assets, Liab, Income & Expense

(e) Goodwill / Capital Reserve (Bargain Purchase) should be Calculated for each Investment

(f) Non controlling Int should be reported separately from Equity & Liability.

(g) Before consolidation, Subsy Financial Statement should be uptodate of Parent. If not possible Maximum Gap 3 months.

(h) Deferred Tax should be recalculated for group after eliminating Unrealised Profit.

(i) Contra items should be cancelled and unrealised Profit/Loss should be eliminated.

(J) Arrears of Pref Dividend should be provided while consolidating.

(k) Accounting Policies of Subsy should be made Uniform with that of Parent.

(l) Non Controlling Interest can have negative Balance.

Step 1 — Step 2

→ H.Ltd.
- Check H.Ltd Subsy as per Co. Law exist + 50% of Total S/C — Yes
- Check H.Ltd Associate as per Co. Law exist + 20% Total S/C → Yes
  - ⇒ Then Start with Consolidation 129(3)
    - Is MCA 2006 'AS'
      - Check Control AS21 → Apply 21 — Practical Q.
      - Check Control AS23 → Apply 23
      - Check J.V → Apply 27
      - None → Separate FS only.
    - MCA 2015 Ind AS
      - → Check Control of Ind AS 110 — Today Job.
      - Otherwise Prepare SFS
- Other
  - No — No Consolidation ⟶

AS 21

OBC

Law Power

RLtd

80% ESC

①

GTB

– Power
– No Involvement

80% RLtd
"No Involvement"

XLtd

Ind AS

20% share

Power
+ Return ↑
+ Ability

Impair.

80% ESC

GTB

OBC

0%

Power

RLtd

50%

GTB

No Parent

No Parent

No Subsy

No Power

ZLtd

कमाई

fixed F.Mgt

XLtd

80% S/C

RLtd

– Power
– Involvement
– Ability Use

MCA

Indian Parent
Prepares CFS as per AS

Other Investors

100%

0%

मार्फ़ Subsy
No Cons.

Subsy

Exclusion from consolidation

Indian
foreign
Parent co

$\boxed{\text{C·F·S as per Ind AS}}$

100% or 80%

Other Investors
20%
(NOC)

मार्फ़ from Subsy (unlisted co)
Consolidation
Don't consolidation

Subsy

Exclusion from consolidation

Co. law Subs

Proceed for Consol

129(3)

Ind AS-110

No Control

Ind AS 28,

Associate

JV

No consolidation

AOC

S-II

Notified

Co. law Subsy → Proceed for Cons → AS-21 Temp → No Consol

129(3)

Parent Co

Indian

foreign

C.F.S as per Ind AS

100% or 80%

Other Investors

20%

(NOC)

माफी from Subsy (Unlisted Co)

Consolidation

Don't consolidation

Subsy

Carve out — भारतीय IFRS — विदेशी IFRS

Ind AS-110	IFRS-10
Exclusion — सरल — all Invt co. if Invts in subsy, JV, Associate are recorded at Fair value through P/L	Exclusion — नरम / सख्त Invt co if "Invt in subsy" only is at Fair value through P&L.

Diff between AS 21 + Ind AS-110

AS-21	Ind AS-110
① Meaning control (a) ½ V.P or (b) Power to compose	① Meaning of control (a) Power (b) Returns Variable (c) Ability
② Exclusion (i) Held for Sale in near Future OR (ii) LT Restriction on Fund T/F	Exclusion (i) WOS or POS (with NOC) unlisted, Parent make CFS (ii) Invt co.
③ Can have 2 Parents	③ Cannot have 2 Parents
④ M/Int is reported as MI	④ M/Int is reported is NCI
⑤ Updation Gap can be 6m	3m
⑥ MI cannot be -ve (if -ve W/F to Pte)	NCI can be negative
⑦ Do not Recalculate DTax	Recalculate DTax

Invt Co

B/S

Investments	in X Ltd	Subsy	FV	→ through P&L
	in Y Ltd	Subsy	FV	→ " P&L
	in Z Ltd	Subsy	FV	→ " P&L
	in A Ltd	Associate	FV	→ " PL
	in B Ltd	J.V	FV	→ " PL
	in C Ltd	Others	FV	→ " PL

Basic – AOP Preparation (For Each Acquisition)

① Pre App A/c (Res. & Surplus)

Entries made

Pre App A/c

To Bonus distributed (d)	–	XXX	By Bal b/d (A)	XXX	XXX
To Divid. distrib (e)	XXX	–	By A. Gain (B)		
To C.D.T paid (f)	XXX		By Net Profit (C) Before A. Items		
To Ab. Loss (g)					
To Balance c/d (h)	XXX	XXX			

By Bal b/d → on date of Acquisition or earliest date near Acquisition.

To Balance c/d → date of consolidation

② Distribution sheet

	Pre	Post
Items of above Pre App distributed based on Date of Acq.	a	
	B	B
	c	C
	d	
	e	
	f	
		g

H → Pre   Post

* सावधानी : Bonus में झंझट

(i) Holding Ratio % calculate Properly.

(ii) Dividend is given in %, and Bonus is given in Q
Calculate Dividend with/without Bonus based on facts.

(iii) "Cum" Means साहित

Cum Dividend / Cum Bonus means Dividend / Bonus खरीदने वाले को मिलेगा

Superkit Adjustment not yet made in Stand alone statements

	HLtd	SLtd (2 times)
1	—	**Revaluation** (on date of Acq) • Asset Dr (FA, G/W, Invt) To Pre Acq. (Being assets revalued) • Post Acq Dr To Asset (FA) (Being Dep charged)
2	**Unrealised Profit Downstream** CPL To Stock/FA (Being UP created) Net of Dep	**Unrealised Profit Upstream** Pre / Post Acq. Generally To Stock/FA (Being U.P. created) Net of dep. in case of FA
3	**Bonus not yet Adj** CPL Dr To S/Capital	**Bonus not yet Adjusted** Pre Acq. Dr To S/capital

Superkit Adjustment not yet made in Stand alone Statements

⑥ Para 27 Pref. Dividend in Arrear

H	
–	Post Dr To CPL (Pref Ratio) To B/S Liab

HLtd	SLtd (2 times)
④ Proposed Dividend CPL To P. Dividend (Liab)	– Short cut – No Treatment M/I Litt Dr (M/I share) To P.D of M/I B/S Liab
⑤ Error	Error
• Dividend wrongly Treated ⇒ CPL To Invt	Dividend wrong (In case of chain) ⇒ Post Acq/Pre To Invt
• Invt Purchased but Entry missed ⇒ Invt Dr To S/C To S/P	–
• Intt Accrued not recorded ⇒ Intt Recd To CPL	Intt Accrued Post To Intt Payable
• Any Expense wrongly ⇒ Rectify	Any Expense wrong – Rectify.

Balance sheet	Pre	Post
Basic Kit.	XXX	XXX
± Revaluation	XXX	
∓ Dep		XXX
± U.P upstream		XXX
– Pref Dividend		XXX
± Errors Rectification	XXX	XXX
– Bonus not yet Adj	XXX	
Pre/Post for distrib.	XXX	XXX

Pre XXX → C/C, M/I

Post XXX → CPL, M/I

B/S Adj

(i) Contra $\left\{ \begin{array}{l} \text{Liab} \\ \text{C/T} \\ \quad \text{To Asset} \end{array} \right.$

(ii) Contingent Liab.

(iv) Negative MI → T/F to CPL.

(v) Foreign subsy → Pending [wait till changes in AS-11]

Ⓒ Advanced Kit (Rarely in Question)

(i) Investment in P shares

P share capital
Goodwill / CReserve
To Investments (B.V)
To M. Int (M share)

(Being Invts in P share cancelled)

(ii) Investments in Debentures

Debentures A/c Dr
P&L of Investor (CPL / Post Acq.)
To Invt in Deb (held B.V)
To Debentures A/s liab (not held)

(iii) C.P.L ⇒ (Mode of Presentation)

(a) Combine Income & Expenses
(b) Expenses Dr Contra Cancel To Incomes

Situation	BK + SK + AK
(a) Normal (H + 1 Subsy) →	BK + SK + AK
(b) Multiple Subsy (H + 1 Subsy, 1 Subsy) →	• Can start from any Subsy • BK + SK + AK
(c) Chain Subsy (H + 1 Sub + 1 Sub) →	• Start from last Subsy • Dividend by Subsy 2 to Subsy 1 Should be Rectified in AoP. • BK + SK + AK
(d) Multiple Acq. (H 1st Acq, 2nd Acq) →	• Make AoP for each Acquisition • Rectify Dividend for each Acquisition • BK + SK + AK
(e) Sale of Share (H 1st Acq., 2nd Sale) →	• Sale No Treatment 'Jadu Entry' • If Sale Entry is wrong, $\boxed{\text{Correct Sale Entry, Dividend Entry}}$ • BK + SK + AK
(f) Updation →	• Update, Diff Cash / P/L • BK + SK + AK

X

Next class on MWF 19/6/15, 18/6/15 (Ac)

AS-23, AS-27 Associates, Consolidated, J.V. "

Assumptions

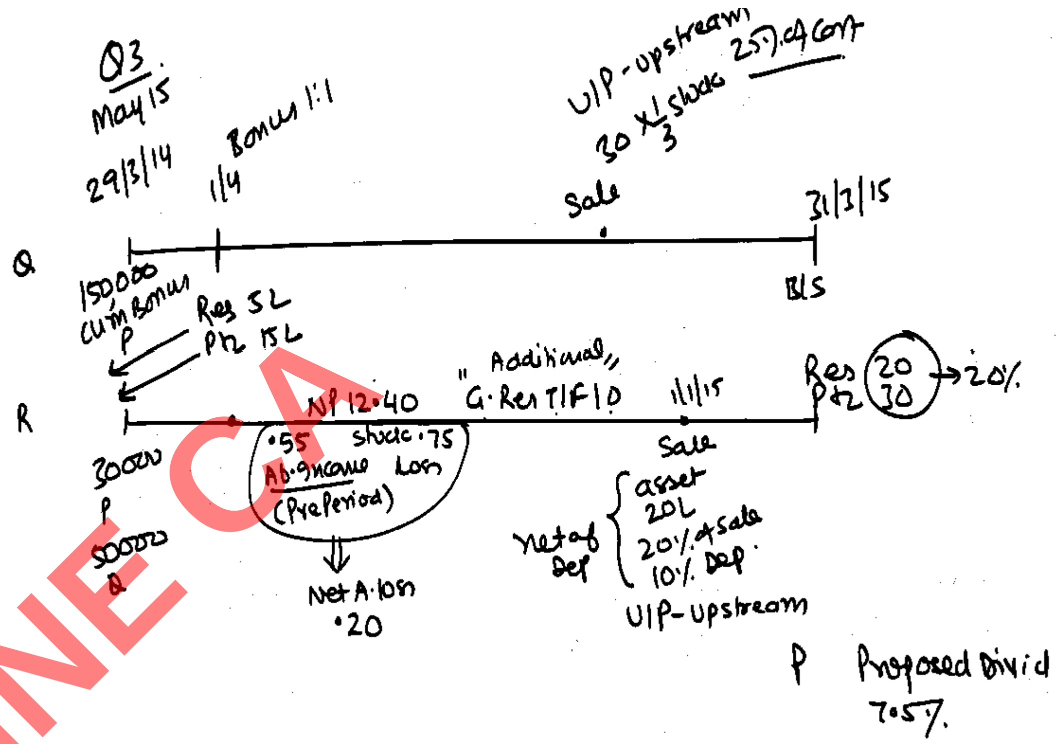
① Dividend wrongly treated by receiver Pre Acquisition

② OBalance missing

Pdz	Nil
Others	Same

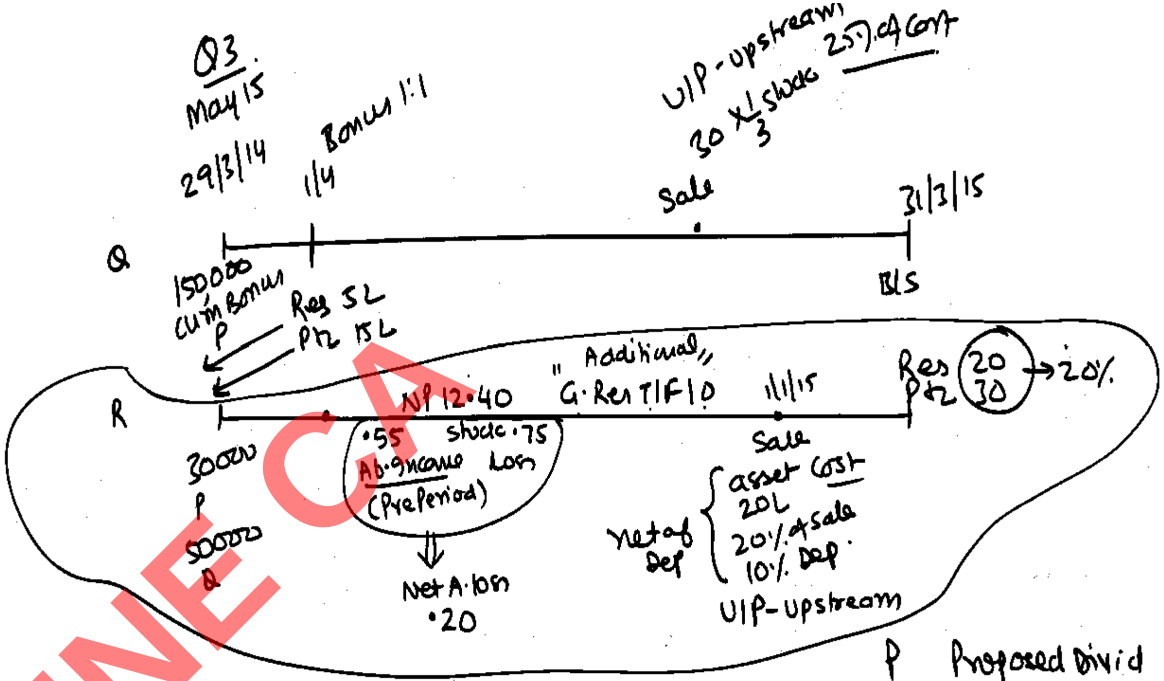
③ Dividend Paid has not been deducted from Pre Profits given in Q.

④ Bonus, if Q silent, Entry Passed.



Q3.
May 15
29/3/14
1/4
Bonus 1:1
U/P - upstream
30 × 1/3 stock
25% Cost
Sale
31/3/15
Q
B/S
150000
cum Bonus
P
Res 5L
P/L 15L
R
NP 12.40
"Additional"
G.Res T/F 10
1/1/15
Res 20
P/L 30
→ 20%
30000
P
50000
Q
.55
Stock .75
AD. Income Loss
(Pre Period)
Net A. loss
.20
Sale
asset
20L
20% 4 sale
10% Dep.
Net of Dep
U/P - upstream
P Proposed Divid
7.5%

	Pre	Post P&L	Post GR
P&L	17.60		
G/R	10.00		
N/P		12.60	10.00
A.Loss	(.20)		
	27.40	12.60	10.00
U.Profit	–	5 − .125 = 4.875	–
	27.40	7.725	10.00
Q 50%	13.70 AOP	3.8625 AOP	5 AOP
P 30%	8.22 C/c	2.3175	3 CPL
Min. 20%	5.48	1.545	2 M/I



P&L App A/c

					GR
			b/d	17.60	10
To A.loss	.20	–	By N.Profit (Before A.loss) (Assume T/F to GR is apart from NP)	12.60	10
To c/d	30	20			

	Pre	Res..	Post	Ph
G/R	5			
Ph	15			
N/P		205		25
Bonus	-	200 (Assume)		
	20	5		25
+T/F	13.70	3.8625		5
(-) U/P	-	-		2
	33.70	8.8625		28
P .75	25.275	6.6468		21
M .25	8.425	2.2157		7

Ptr App A/c Q

				Res	Ptr
To Bonus	200	-	b/d	5	15
			NP	205	25
To c/d	10	40			

Calculation	c/c	M/I		CPL		CR	
9nuts	460	S/C	100	Ptd	60	Ptd	40
(-) S/cap	300	s/c	20	(-) P.D	45	+Post	3
(-) S/C	80	P/R	9.025	+T/F	2.3175	+Post	21
(-) Pre	8.22	P/Q	17.6407	+T/F	6.6468		
(-) Pre	25.275						
S/w	46.505		146.6652		23.9643		64

	Pre	Post Res..	Pr
G/R	5		
Pr	15		
N/P		205	85
Bonus	-.	200 (Assume)	
	20	5	25
+T/F	13·70	3·8625.	5.
(-) U/P	-	-	2
	33·70	8·8625	28
P ·75	25·275	6·6468	21
M ·25	8·425	2·2157	7

CBls

ESC		600
C·Res·		64
C·PL		23·9643
M·9utt		146·6652
Trade Payable		75·000
Other Pay·	65-65	-
Proposed Divid		45·00
		954·63
Fixed Assets	480-4·875	475·125
G/W		46·505
Inventory	120-2	118
Trade Receiv·		130
Other Re·	70-65-5	-
C/T		5
Bank		180
		954·63

Calculation	C/C	M/I		C.PL		CR	
Invts	460	S/C	100	P.Ltd	60	P.Ltd	40
(-) S/Cap	300	S/C	20	(-) P.D	45	+Post	3
(-) S/C	80	P/R	9·025	+T/F	2·3175	+Post	21
(-) Pre	8·22	P/A	17·6407	+T/F	6·6468		
(-) Pre	25·275						
	G/W 46·505		146·6652		23·9643		64