98 – May

Statement for Consolidation

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
Z Ltd					
1. Eq. Sh. Cap	100	90	---	---	10
2. Reserve –					
As on Acqn	10	9	---	---	1
Thereafter	20				
L : Share of Y	(12)				
L : Share of X	(6)				
	2	---	---	---	2
3. P & L A/c-					
- as on Acqn.	16	14.4	---	---	1.6
- thereafter	24				
L : Share of Y	(14.4)				
L : Share of X	(7.2)				
	2.4	---	---	---	2.4
4. Profit on Sale of Eq.	(8)	---	(8)	---	---
					17.00
Y Ltd					
1. Eq. Sh. Cap	200	160	---	---	40
2. Reserve –					
As on Acqn	20	16	---	---	4
Thereafter	20				
Add: Share from Z	12				
	32	---	---	25.6	6.4
3. P & L A/c-					
- as on Acqn.	30	24	---	---	6
- thereafter	20				
Add : Share from Z	14.4				
	34.4	---	27.52	---	6.88
4. Excess depn	0.20	---	0.20	---	---
5. Invt in Z	(80)	(80)	---	---	---
6. Unrealized profit on Sh.	(1)	---	(1)	---	---
					63.28
X Ltd					

1. Reserve Add : Share from Z	50 6 56	---	---	56	---
2. P & L A/c Add : Share from Z	60 7.2 67.2	---	67.2	---	---
3. Invt. (180 + 40)	(220)	(220)	---	---	---
		13.40	**85.92**	**81.60**	

CBS

Eq. Sh. Capital	300.00	FA (130 + 150 + 100 – 8 + 0.2)	372.20
Cap Res	13.40	Stock (50 + 20 + 20 – 1)	89.00
Rev. Res.	81.60	Debtors (70 + 10 + 20 – 5)	95.00
P & L (85.92 – 30)	55.92	B / R (10 + 20 – 2)	28.00
B/ Payable	13.00	Cash & Bank	60.00
Creditors	45.00		
Current A/c (15 + 50 – 10 - 30)	25.00		
MI - Z	17.00		
- Y	63.28		
PD	30.00		
	644.20		**644.20**

99 – May

Conversion of $ Balance sheet into Rupee

(assuming non-integral)

Particulars	**ER**	**$**	**Rs.**
Fixed Assets	42 (Closing rate)	20,000	8,40,000
Stock	42 (Closing rate)	30,000	12,60,000
Debtors	42 (Closing rate)	60,000	25,20,000
Cash & Bank	42 (Closing rate)	10,000	4,20,000
			50,40,000
Eq. Sh. Cap	30 (Acqn. Time rate)	30,000	9,00,000
P & L – pre	30 (Acqn. Time rate)	20,000	6,00,000
- post	36 (Average)	20,000	7,20,000
Loan	42 (Closing rate)	20,000	8,40,000
Trade Creditors	42 (Closing rate)	10,000	4,20,000
Taxation	42 (Closing rate)	20,000	8,40,000
Foreign Currency Translation Reserve	(bal. figure)		7,20,000

			50,40,000

Statement for Consolidation (non-integral)

Particulars	Total	Cap. Res (G.W)	Con P & L	FCTR	MI
B Incorporation					
1. Eq. Sh. Cap	9,00,000	7,20,000	---	---	1,80,000
2. P & L A/c - pre	6,00,000	4,80,000	---	---	1,20,000
- post	7,20,000	---	5,76,000	---	1,44,000
3. FCTR	7,20,000	---	---	5,76,000	1,44,000
A Ltd					
1. P & L A/c	20,00,000	---	20,00,000	---	---
2. Investment	(16,00,000)	(16,00,000)	---	---	---
		(4,00,000)	**25,76,000**	**5,76,000**	**5,88,000**

CBS

Eq. Sh. Capital	30,00,000	Goodwill	4,00,000
P & L A/c	25,76,000		(-) 2,00,000
	(-) 2,00,000	Other FA	26,40,000
FCTR	5,76,000	Stock	24,60,000
MI	5,88,000	Debtors	49,20,000
Loan	20,40,000	Cash & Bank	12,20,000
Trade Creditors	10,20,000		
Taxation	18,40,000		
	1,14,40,000		**1,14,40,000**

99 – Nov

Balance Sheets as at 31st March, 1999

	War	Peace	`	War	Peace
Eq. Sh. Cap	10,50,000	6,00,000	Fixed Assets	5,50,000	1,60,000
Sec. Prem	1,20,000	---	Inst(1) 6,72,000		
G/ Res	1,60,000	40,000	L: prov		
P & L A/c (2)	62,000	---	For loss in		
8% Deb	6,00,000	---	Sale (80,000)	5,92,000	---
			Net CA (bal fig)	8,30,000	2,90,000
			Preliminary exp	20,000	10,000

			P & L A/c (2)	---	1,80,000
	19,92,000	**6,40,000**		**19,92,000**	**6,40,000**

(1) Cost of Acq. (48,000 x 15) 7,20,000

Less : Written off (48,000 x 5 x 2/10) (48,000)

6,72,000

Balance of P & L Ac as on 31.03.99

	War	Peace
Balance as on 31.3.97	80,000	(80,000)
Add: 97-98	1,60,000	(40,000)
98-99	2,00,000	(60,000)
Less: Invt written off	(48,000)	-----
Less : Loss in sale (share of loss)	(80,000)	-----
Less : Tr. To G/R	(40,000)	-----
Less : Div	(2,10,000)	-----
	62,000	(1,80,000)

Statement for Consolidation

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
Peace Ltd					
1. Eq. Sh. Cap	6,00,000	4,80,000	---	---	1,20,000
2. General Reserve	40,000	32,000	---	---	8,000
3. P & L A/c-					
- as on Acqn.	(80,000)	(64,000)	---	---	(16,000)
- thereafter	(1,00,000)				
Already considered in War Ltd	80,000				
	(20,000)	----	---	---	(20,000)
4. Preliminary Exp	(10,000)	(8,000)	---	---	(2,000)
War Ltd					
1. General Reserve	1,60,000	---	---	1,60,000	---
2. P & L A/c	62,000	---	62,000	---	---
3. Investment	(6,72,000)	(6,72,000)	---	---	---
		(2,32,000)	**62,000**	**1,60,000**	**90,000**

CBS

Eq. Sh. Capital	10,50,000	Goodwill	2,32,000
Security Premium	1,20,000	Fixed Assets	7,10,000
Gen. Res	1,60,000	Net CA	11,20,000
P & L A/c	62,000	Preliminary Expenses	20,000
MI	90,000		
Deb. Int	6,00,000		
	20,82,000		**20,82,000**

2000 – May

Statement for Consolidation

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
Moon Ltd					
1. Eq. Sh. Cap	1,00,000				
Add : Bonus share	20,000				
	1,20,000	96,000	---	---	24,000
2. Gen. Res:-					
- as on Acqn.	30,000				
Less : Bonus share Issue	(20,000)				
	10,000	8,000	---	---	2,000
- Thereafter	6,000	---	---	4,800	1,200
3 P & Ltd					
- As on acqn	16,000				
Less Div. paid	(10,000)				
	6,000	4,800	---	---	1,200
- Thereafter	14,000	---	11,200	---	2,800
4. Loss on revaluation	(12,000)	(9,600)	---	---	(2,400)
(84,000 / 0.70 – 1,08,000)					
5. Excess depn	3,600	---	2,880	---	720
(12,000 x 10% x 3)					
Sun Ltd					
1. Gen. Res.	20,000	---	---	20,000	---
2. P & L A/c as given	12,000				
Less: Pre. Acq. Div.	(8,000)				

3. Investment (88,000 – 8,000)	4,000 (80,000)	--- (80,000)	4,000 ---	--- ---	--- ---
		19,200	**18,080**	**24,800**	**29,520**

CBS

Eq. Sh. Capital	1,20,000	F A (44,000 + 84,000 – 12,000 + 3,600)	1,19,600
Cap. Res	19,200	S / Debtors (6,000 + 15,000 – 4,000)	17,000
G / Res	24,800	B/ Receivable (4,000 + 16,000 – 2,000)	18,000
P & L A/c	18,080	Stock in trade	50,000
MI	29,520	Cash at bank	19,000
B/Payable	5,000	Cheque in transit	2,000
S/ Creditors	9,000		
	2,25,600		**2,25,600**

Nov – 00

Important points to be noted:

1. The second lot of purchase is ex dividend and ex bonus. It implies that –
   - In relation to second lot purchase Bat Ltd is not entitled to receive dividend and bonus share upto 31.07.99

	1st Lot	8,000
+	2nd Lot	6,000
+	Bonus (8,000 X ¼)	2,000
		16,000

Cap Reserve has been calculated step by step basis as per AS – 21.

Statement for Consolidation

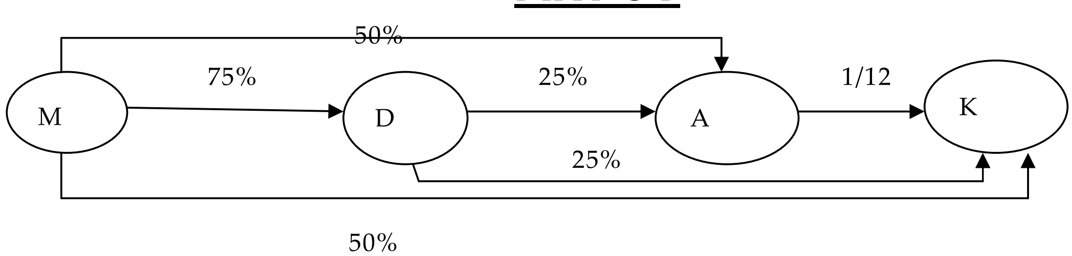
Particulars	**Total**	**Cap. Res (G.W)**	**Con P & L**	**MI**
Ball Ltd				
1. Eq. Sh. Capital	2,00,000	1,60,000	---	40,000
2. P & L A/c				
- as on 01.04.99 (60,000 – 24,000)	36,000	28,800	---	7,200

- thereafter (as given) 24,000 Add : Loss by fire 4,800 Less : Exp. Not recorded (6,000) 22,800				
P & L A/c - From 01.04.99 to 31.07.99 (22,800 x 4/12) 7,600 L : Loss on fire (4,800)	2,800	1,120	1,120	560
- Thereafter (22,800 x 8/12)	15,200	---	12,160	3,040
Bat Ltd 1. P & L A/c as given Add : Exp of Ball Less : Pre. Acqn. Div	50,000 6,000 (8,000) 48,000	---	48,000	---
2. Invt. (1,96,000 - 8,000)	(1,88,000)	(1,88,000)	---	---
		1,920	**61,280**	**50,800**

CBS

Eq. Sh. Capital	1,60,000	Stock	80,000
Cap. Res	1,920	Debtors	1,20,000
P & L A/c (61,280 – 16,000)	45,280	Cash at bank	70,000
Creditors	16,000	Cash in hand	20,000
MI	50,800		
P D	16,000		
	2,90,000		**2,90,000**

MAY 01



Statement for Consolidation

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
Kanpur Ltd					
1. Eq. Sh. Capital	60,00,000	50,00,000	---	---	10,00,000
2. General Reserves –					
- as on acqn date	6,00,000	5,00,000	---	---	1,00,000
- thereafter	4,00,000				
Less : Share of A	(33,333)				
Share of D	(1,00,000)				
Share of M	(2,00,000)				
	66,667	----	---	---	66,667
3. P & L A/c					
- as on acqn. Date	60,000	50,000	---	---	10,000
- thereafter	2,60,000				
Less: Share of A	(21,667)				
Share of D	(65,000)				
Share of M	(1,30,000)				
	43,333	----	---	---	43,333
					12,20,000
Amritsar Ltd					
1. Eq. Sh. Capital	20,00,000	15,00,000	---	---	5,00,000
2. General Reserves –					
- as on acqn date	1,00,000	75,000	---	---	25,000
- thereafter	1,50,000				
Add : Share from K	33,333				
	1,83,333				
Less : Share of D	(45,833)				
Share of M	(91,667)				
	45,833	----	---	---	45,833
3. P & L A/c					
- as on acqn. Date	50,000	37,500	---	---	12,500
- thereafter	2,00,000				
Add : Share from K	21,667				
	2,21,667				
Less : Share of D	(55,417)				
Share of M	(1,10,833)				
	55,417	----	---	---	55,417
					6,38,750
Delhi Ltd					
1. Eq. Sh. Capital	40,00,000	30,00,000	---	---	10,00,000
2. General Reserves –					
- as on date	2,00,000	1,50,000	---	---	50,000
- thereafter	2,00,000				

Add : Share from K	33,333				
	1,83,333				
Add : Share from K	1,00,000				
Share from A	45,833				
	3,45,833	----	---	2,59,375	86,458
3. P & L A/c					
- as on acqn. Date	2,00,000	1,50,000	---	---	50,000
- thereafter	2,00,000				
Add : Share from K	65,000				
Share from A	55,417				
	3,20,417	---	2,40,313	---	80,104
					12,66,562
Mumbai Ltd					
1. G / R	20,00,000				
Add : Share from K	2,00,000				
Share from A	91,667				
	22,91,667	---	---	22,91,667	---
2. P & L A/c	10,00,000				
Add : Share from K	1,30,000				
Share from A	1,10,833				
	12,40,833	---	12,40,833	---	---
3. Invt.		(1,11,00,000)			
		(6,37,500)	**14,81,146**	**25,51,042**	

CBS

Eq. Sh. Capital	50,00,000	Goodwill	6,37,500
Gen. Reserve	25,51,042	FA	1,05,00,000
P & L A/c	14,81,146	CA	15,50,000
MI - D	12,66,562		
- A	6,38,750		
- K	12,20,000		
S . Creditors	5,30,000		
	1,26,87,500		**1,26,87,500**

Nov – 01

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI

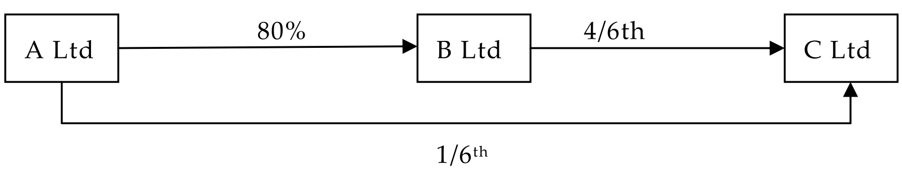
B Ltd 1. Eq. Sh. Capital 2. Reserves 3. P & L A/c - as on 1.1.00 - thereafter	 50,000 5,000 10,000 3,000	 30,000 3,000 6,000 ---	 --- --- --- 1,800	 --- --- --- ---	 20,000 2,000 4,000 1,200
A Ltd 1. Reserve 2. P & L A/c 3. Investment	 20,000 42,000 (60,000)	 --- --- (60,000)	 --- 42,000 ---	 20,000 --- ---	 --- --- ---
		(21,000)	**43,800**	**20,000**	**27,200**

CBS of A Ltd and its subsidiary B Ltd

Eq. Sh. Capital	2,00,000	Goodwill	21,000
Reserve	20,000	Fixed Assets	2,80,000
P & L A/c	43,800	Current Assets	40,000
MI	27,200		
Creditors	50,000		
	3,41,000		**3,41,000**

MAY 02

Date of Invt. 30.06.00



Statement For Consolidation

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
C Ltd 1. Eq. Sh. Capital	 60,000	 50,000	 ---	 ---	 10,000

2. Reserves –					
- as on 31.12.99	7,500	6,250	---	---	1,250
- 1.1.00 to 30.06.00	750	625	---	---	125
- 1.7.00 to 31.12.00	750	---	---	---	---
Less : Share of B	(500)				
Less : Share of A	(125)				
	125	---	---	---	125
3. P & L A/c					
- as on 31.12.99	3,000	2,500	---	---	500
- 1.1.00 to 30.03.00	3,000	2,500	---	---	500
- 1.7.00 to 31.12.00	3,000				
Less : Share of B	(2,000)				
Share of A	(500)				
	500	----	---	---	500
					13,000
B Ltd					
1. Eq. Sh. Capital	1,00,000	80,000	---	---	20,000
2. Reserves –					
- 31.12.99	8,000	6,400	---	---	1,600
- 1.1.00 to 30.06.00	1,000	800	---	---	200
- 1.7.00 to 31.12.00	1,500	---	---	1,200	300
3. P & L A/c					
- 31.12.99	4,000	3,200	---	---	800
- 1.1.00 to 30.03.00	4,000	3,200	---	---	800
- 1.7.00 to 31.12.00	4,000				
Share of C	+ 2,000	---	4,800	---	1,200
					24,800
A. Ltd					
1. Reserves	48,000				
Add : Share from C	125				
	48,125	---	---	48,125	---
2. P & L A/c	16,000				
Add Share From C	500				
	16,500	---	16,500	----	---
3. Invt.	(1,61,000)	(1,61,000)	---	---	---
4. Unrealized profit on stock	(400)	---	(320)	---	(80)
		(5,525)	**20,980**	**49,325**	

Share Capital		1,00,000	Goodwill	5,525
Reserve		49,325	Fixed Assets	1,23,000
P & L A/c	20,980		Stock in trade	11,600
Less : PD	(10,000)	10,980	Sundry Debtors	79,000
			Cash in transit	1,000
M.I –– C Ltd	13,000			
Less: PD to Minor	(10,000)	12,000		
–– B Ltd	24,820			
Less : P D to Minor	(2,000)	22,820		
S/G		12,000		
PD – A		10,000		
– M of B		2,000		
– M of C		1,000		
		2,20,125		**2,20,125**

NOVEMBER – 02

Degree of Holding = $\frac{90 + 90 \times 3/5}{240} x100 = 60\%$

Statement of Consolidation

Particulars	**Total**	**Cap. Res (G.W)**	**Con P & L**	**Con Res**	**MI**
S Ltd					
1. Eq. Sh. Capital	2,400	1,440	---	---	960
2. General Reserves –					
- as on 01.04.01	1,500				
Less : Bonus Shares	(900)				
	600	360	---	---	240
- Thereafter (690-600)	90	---	---	54	36
3. P & L A/c					
- as on 01.04.01	633				
Less Div & CDT Paid	(333)				
	300	180	---	---	120
- Thereafter	510	---	306	---	204
H Ltd					
1. General Reserve	928	---	---	928	---

2. P & L A/c	1305				
Less : Pre-acqun div.	(180)				
	1125	---	1125	---	---
3. Investment	(1320)	(1320)	---	---	---
(1500 – 180)					
4. Unrealized Profit on stock	(10)	---	(10)	---	---
		660	**1421**	**982**	**1560**

CBS

Eq. Sh. Capital	4000	P & M	4991
Cap. Reserve	660	F & F	913
General Reserve	982	Stock	1759
P & L A/c	1421	Debtors	1383
MI	1560	B / Receivable	215
Bills Payable	204	C & Bank	512
Sundry Creditors	914	S / Advances	450
Provision for tax	400		
Other Provision	82		
	10,223		**10,223**

MAY -03

Statement for Consolidation Before Bonus Issue

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
Q Ltd					
1. Eq. Sh. Capital	15,00,000	10,50,000	---	---	4,50,000
2. Pre- Incorpn profit	30,000	21,000	---	---	9,000
3. General Reserve	19,05,000	---	---	13,33,500	5,71,500
4. P & L A/c					
- as on acqn. Date	60,000	42,000	---	---	18,000
- thereafter	3,60,000	---	2,52,000	---	1,08,000
P Ltd					
1. General Reserve	60,00,000	---	---	60,00,000	---
2. P & L A/c.	15,75,000	---	15,75,000	---	---
3. Invt.	(12,00,000)	(12,00,000)	---	---	---

		(87,000)	**18,27,000**	**73,33,500**	**11,56,500**

Statement for Consolidation after Bonus Issue

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
Q Ltd					
1. Eq. Sh. Capital	15,00,000				
Add : Bonus Issue	7,50,000				
	22,50,000	15,75,000	---	---	6,75,000
2. Pre- Incorpn profit	30,000	21,000	---	---	9,000
3. General Reserve	1,90,500				
Less : Bonus Issue	(7,50,000)				
	11,55,000	---	---	8,08,500	3,46,500
4. P & L A/c					
- as on acqn. Date	60,000	42,000	---	---	18,000
- thereafter	3,60,000	---	2,52,000	---	1,08,000
P Ltd					
1. General Reserve	60,00,000	---	---	60,00,000	---
2. P & L A/c.	15,75,000	---	15,75,000	---	---
3. Invt.	(12,00,000)	(12,00,000)	---	---	---
		4,38,000	**18,27,000**	**68,08,500**	**11,56,500**

CBS after Bonus Issue

Eq. Sh. Capital	45,00,000	FA	1,02,30,000
Sec Prem	9,00,000	CA	61,65,000
Cap. Res	4,38,000		
d/ Res	68,08,500		
P & L A/c	18,27,000		
MI	11,56,500		
Creditors	7,65,000		
	1,63,95,000		**1,63,95,000**

MAY – 04

Degree of Holding = $\frac{180 + 180 \text{ x } 3/5}{480} x\, 100 = 60\%$

Statement of Consolidation

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
S Ltd					
1. Eq. Sh. Capital	4,800	2,880	---	---	1,920
2. General Reserves –					
- as on acqn date	3,000				
Less : Bonus Shares	(1,800)				
	1,200	720	---	---	480
- Thereafter	180	---	---	108	72
3. P & L A/c					
- as on acqn. date	1,200				
Less Div Paid	(600)				
	600	360	---	---	240
- Thereafter	1,020	---	612	---	408
H Ltd					
1. P & L A/c	2,715				
Less : Div (pre).	(360)				
	2,355	---	2,355	---	---
2. General Reserve	2784	---	---	2,784	---
3. Invt. (3,000 360)	(2,640)	(2,640)	---	---	---
4. U/ Profit on stock	(20)	---	(20)	---	---
		1,320	**2,947**	**2,892**	**3,120**

CBS

Eq. Sh. Capital	12,000	L & B	2,718
Cap. Reserve	1,320	P & M	9,805
P & L A/c	2,947	F & F	2,431
Reserve	2,892	Stock	5,885
MI	3,120	Debtors	3,963
Bills Payable	487	C & Bank	1,694
Sundry Creditors	2,315	B / R	514
Provision for tax	1,249	S / Assets	520
P/Div	1,200		
	27,530		**27,530**

Nov – 04

Note: "Installation Due" is part of S/ Debtors

Note: "Installation not Due" is part of Stock in trade

Note: Stock Reserve is unrealized profit on stock. This is shown as a deduction from HP Stock.

Statement for Consolidation

(Rs. 000)

Particulars	Total	Cap. Res (G.W)	Con P & L	Con Res	MI
S Ltd					
1. Eq. Sh. Capital	2,000	1,600	---	---	400
2. Cap Res	310	248	---	---	62
3. Revenue Profit	75	60	---	---	15
4. P & L A/c					
- as on 01.04.03	275				
Less Div Paid	(250)				
	25	20	---	---	5
- 01.04.03 to 30.09.03					
(280 – 25) x 6/12	127.5	102	---	---	25.5
- Thereafter	127.5	---	102	---	25.5
5. Profit on L & B Revaluation (20,00,000 – 16 L x 97.5%)	440	352	---	---	88
6. Loss on Fw Revaluation (1,50,000 x 2,00,000 x 90%)	(30)	(24)	---	---	(6)
7. Depreciation – - deficiency on L & B (50- 40)	(10)	---	(8)	---	(2)
- Excess on Furniture	5	---	4	---	1
H Ltd					
1. Rev . Res	850	---	---	850	---
2. P & L A/c	400				
Less unrealized profit	(4)				
	396	---	396	---	---
3. Investment	(1,610)	(1,610)	---	---	---

		748	**494**	**850**	**614**

1. Rate of Profit = 1600/1800= 20%

   Profit on Transfer = (20,000 + 8,000) x 20% = Rs. 5,600

   Profit already deducted as stock reserve = Rs. 1,600

   Balance Inter co unrealized profit = Rs. 4,000

CBS

Eq. Sh. Capital		50,00,000	L & B		39,50,000
Cap. Reserve		5,00,000	P & M	28,00,000	
Cap Reserve on consolidation		7,48,000	Less : Inter Co Profit	(5,600)	27,94,400
Revenue Reserve		8,50,000	F & F		6,35,000
P & L A/c		4,94,000	Stock	4,40,000	
			Add : Stock reserve	1,600	
MI		6,14,000	Less mutual owing	(8,000)	4,33,600
Creditors	4,75,000		Debtors	5,60,000	
Less : Mutual Owing	(28,000)	4,47,000	Less: M \owing	(20,000)	5,40,000
Bills Payable		1,10,000	B / R		90,000
			C & B		3,20,000
		87,63,000			**87,63,000**

Solution – May – 2005:

Note: In the given case , due to lack of information , Goodwill / Capital Reserve calculation on step by step basis , as required by AS-21 , is not possible. So , equity of subsidiary prior to 01.04.04. has been considered as Pre-acquisition and equity thereafter has been considered as Post-acquisition.

Statement For Consolidation

(Rs.000)

Particulars	Total	GW/(CR)	Con P&L	Con Res	MI
Hock Ltd.					
1. Sh. Cap.	2,000				
A: Bonus	200				
	2,200	1,650			550
2. Pref. Cap.	380	142.50			237.50
3. Gen Res:					
-- as on acqn.	200				

L: Bonus	(200)				
	Nil				
-- thereafter	220			165	55
4. P & L A/c:					
-- as on acqn.	300				
L: dividend	(200)				
	100	75			25
-- thereafter	500				
L: Pref. div.	(38)				
	462		346.5		115.5
5. Pref. div.	**38**		**14.25**		**23.75**
6. Loss on revaluation of Motor Vehicle	(100)	(75)			(25)
7.Ex. Depn.	20		15		5
8. U/profit in stock	(8)		(6)		(2)
<u>Foot Ltd.</u>					
1. Gen Res	550			550	
2. P & L A/c	1,000				
L: Preacq. Div.	(70)				
	930		930		
3. Investment (310 + 950 + 800 – 70)	(1,990)	(1,990)			
		(197.50)	1,299.75	715	**984.75**

Consolidated Balance Sheet

Rs. in 000

Liabilities		Amount	Assets	Amount
Eq. Sh. Capital		4,800	Goodwill	750
10% Pref. Sh. Cap.		700	Goodwill on	
General Reserve		715	Consolidation	197.50
P & L A/c	1,299.75		Plant & Machinery	1,700
L:Pro.Div.(E)	(720.00)		Motor Vehicles	1,620
L: Pro.Div.(P)	(070.00)	509.75	Furniture & Fittings	1,050
			Investment (2,600+450-310-950-800)	990
Min. Int.	984.75			
L:Pro.Div.(E)	(55.00)		Stock	1,162
L:Pro.Div.(P)	(23.75)	906	Debtors	1,710
			Cash & Bank	435
Bank O/D		190		
S/Creditors		910		
B/Payables (160-145)		15		
Proposed Div:				
Foot(E)	720.00			
Foot(P)	70.00			
Min.(E)	55.00			
Min.(P)	23.75	868.75		
		9,614.50		9,614.50

Solution – Nov – 2005:

Holding Company : Bee Ltd.

Subsidiary Company : Cee Ltd. and Dee Ltd.

Degree of holding : 60% in Cee Ltd. and 80% in Dee Ltd.

Date of Acqisition : 31st March , 2004

Statement For Consolidation

(Rs.lakhs)

Particulars	Total	GW/(CR)	Con P&L	Con Res	MI

<u>Cee Ltd.</u>					
1.Eq. Sh. Cap	7,500	4,500	---	---	3,000
2. G/Res :					
- as on 31.03.04	2,550				
- div. paid	(750)				
	1,800	1,080	---	---	720
- thereafter	1,350	---	---	810	540
(3,150 – 1,800)					
3. P & L A/c	900	540	---	---	360
- as on 31.03.04	300	---	180	---	120
- thereafter					4,740
<u>Dee Ltd.</u>	3,000	2,400	---	---	600
1. Eq sh cap					
2. P & L A/c	(360)	(288)	---	---	(72)
- as on 31.03.04	1,110				
- thereafter					
(360 + 750)					
Add: P/Exp	15				
written off	1,125	---	900	---	225
3. P/Exp	(30)	(24)	---	---	(6)
(15 + 15)					
4. Debenture	300	300	---	---	---
held by Bee					747
<u>Bee Ltd.</u>	9,000				
1. P & L A/c					
Less: Pre acq.					
div. wrongly	(450)				
credited	8,550	---	8,550	---	---
	33,000	---	---	33,000	---
2. G/Reserve					
3. Investment :					

- share of Cee (6750 - 450)	6,300				
- share of Dee	2,160				
- Deb. of Cee	294				
	8,754	(8,754)	---	---	---
4. U/Profit on stock	(40)	---	(40)	---	---
		(246)	9,590	33,810	

Note - 1: It has been assumed that dividend has been paid out of General Reserve. Suggested Answer has assumed that dividend has been paid out of Profit & Loss A/c. So , Con P&L and Con Res. Balance would not be similar to Suggested Answer. But total of Con P&L and Con Res. would tally. Both assumptions are valid.

Note – 2: Preliminary expense Rs.(30 – 15) = Rs.15 lakhs has been charged aginst Post acquisition profit. So , to consider the corrected Post acquisition profit such Rs.15 lakhs has been added to Post acquisition profit .

Consolidated Balance Sheet

Liabilities	Amount	Assets	Amount
Equity Share Capital	27,000	Goodwill	246
General Reserve	33,810	Machinery	48,600
Profit & Loss A/c	9,590	Furniture	8,100
Debentures	1,200	Stock (21,000 – 40)	20,960
Minority Interest:		Sundry Debtors	11,640
- Cee Ltd. 4,740		Bill Receivables	
- Dee Ltd. 747		(195 + 60 – 105)	150
----------	5,487	Cash & Bank	5,151
Bills Payable	45	Cash in transit	15
(150 – 105)			
Sundry Creditors	17,730		
	94,862		94,862

Solution – May – 2007:

Degree of Holding of X Ltd. in Y Ltd. = 50,000 / 60,000 = 5/6

Date of such acquisition = 31.12.04.

Degree of Holding of Y Ltd. in Z Ltd. = 30,000 / 40,000 = 3/4

Date of such acquisition = 31.12.05.

Statement for Cost of Control , Consolidated P & L A/c and Minority Interest

Particulars	Total	Cost of Control	Con. P&L A/c	MI
Z Ltd.				
1. Share Capital	4,00,000	3,00,000		1,00,000
2. P & L A/c :				
➔ As on 1.1.06.	68,000	51,000		17,000
➔ Thereafter	60,000			
L: Share of Y Ltd.	(45,000)			
	15,000			15,000
				1,32,000
Y Ltd.				
1. Share Capital	6,00,000	5,00,000		
2. Profit & Loss A/c	78,000	65,000		1,00,000
➔ As on 1.1.05.	84,000			
➔ Profit of 2005	(72,000)			13,000
L: Div. paid in 06	12,000			
	1,00,000			
A: Profit of 2006	45,000			
A: Share from Z Ltd.	1,57,000		1,30,833	
	4,00,000			26,167
	(36,000)			**1,39,167**
3. Invt. in Z Ltd.	3,64,000	(3,64,000)		
			2,70,000	
X Ltd.	2,70,000			
1. P & L A/c				
(210000 + 60000)	(6,10,000)	(5,70,000)		
2. Investment				**2,71,167**

(630000 – 60,000)		**(18,000)**	**4,00,833**	

Consolidated Balance Sheet as at 31.12.06.

Liabilities	Amount	Assets	Amount
Equity Share Capital	8,00,000	Cost of Control	18,000
Profit & Loss A/c	4,00,833	Other Fixed Assets **less** Depn.	13,18,000
Minority Interest:		Current Assets	2,20,000
Y Ltd.	1,32,000		
Z Ltd.	1,39,167		
Current Liabilities	84,000		
	15,56,000		**15,56,000**