

13. The following are the balance sheets of A Ltd. and its subsidiary B Ltd. as at 31.3.14 and 31.3.15 :

Balance Sheets of A Ltd.		
	31.3.14	31.3.15
	₹	₹
<i>Equity and liabilities</i>		
<i>Shareholders' funds :</i>		
Share capital (35,000 shares of ₹ 10 each)	3,50,000	3,50,000
Reserves and surplus	1,08,000	1,37,000
<i>Current liabilities :</i>		
Trade payables	39,000	35,000
	<u>4,97,000</u>	<u>5,22,000</u>
<i>Assets</i>		
<i>Non-current assets :</i>		
<i>Fixed assets :</i>		
Tangible	1,90,000	1,85,000
Intangible (goodwill)	50,000	50,000
Investment (9,000 shares of B Ltd. at cost)	1,50,000	1,50,000
<i>Current assets :</i>		
Inventories	40,000	47,000
Trade receivables	55,000	60,000
Bank balance	12,000	30,000
	<u>4,97,000</u>	<u>5,22,000</u>
<i>Note to accounts :</i>		
<i>Reserves and surplus :</i>		
General reserve	41,000	57,000
Surplus account	67,000	80,000
	<u>1,08,000</u>	<u>1,37,000</u>

Balance Sheets of B Ltd.

	31.3.14	31.3.15
	₹	₹
<i>Equity and liabilities</i>		
<i>Shareholders' funds :</i>		
Share capital (10,000 shares of ₹ 10 each)	1,00,000	1,00,000
Reserves and surplus	29,500	49,000
<i>Current liabilities :</i>		
Trade payables	10,000	8,000
	<u>1,39,500</u>	<u>1,57,000</u>

<i>Assets</i>	31.3.14	31.3.15
<i>Non-current assets :</i>	₹	₹
Fixed assets :		
Tangible	45,000	42,500
Intangible (goodwill)	40,000	40,000
<i>Current assets :</i>		
Inventories	25,000	30,000
Trade receivables	22,000	32,000
Bank balance	7,500	12,500
	<u>1,39,500</u>	<u>1,57,000</u>
<i>Note to accounts :</i>	31.3.14	31.3.15
<i>Reserves and surplus :</i>	₹	₹
General reserve	17,500	20,500
Surplus account	12,000	28,500
	<u>29,500</u>	<u>49,000</u>

The shares in the subsidiary company were acquired on 31st March, 2014. No dividend has been declared.

Prepare consolidated balance sheet as at 31st March, 2015.

14. The following are the summarised balance sheets of Imperial Co. Ltd. and Colonial Co. Ltd. as at 31st March, 2015 :

Balance Sheets

<i>Equity and liabilities</i>	<i>Imperial Co. Ltd.</i>	<i>Colonial Co. Ltd.</i>
<i>Shareholders' funds :</i>	₹	₹
Share capital (authorised, issued, subscribed and fully paid shares of ₹ 10 each)	10,00,000	3,00,000
Reserves and surplus	7,00,000	3,00,000
<i>Current liabilities :</i>		
Trade payables	<u>1,00,000</u>	<u>70,000</u>
	<u>18,00,000</u>	<u>6,70,000</u>
<i>Assets</i>		
<i>Non-current assets :</i>		
Fixed assets	8,80,000	3,10,000
Investment (20,000 shares in Colonial Co. Ltd. at cost)	2,60,000	—
<i>Current assets :</i>		
Inventories	3,20,000	1,60,000
Trade receivables	3,00,000	1,70,000
Cash	40,000	30,000
	<u>18,00,000</u>	<u>6,70,000</u>
<i>Note to accounts :</i>		
<i>Reserves and surplus :</i>	<i>Imperial Co. Ltd.</i>	<i>Colonial Co. Ltd.</i>
	₹	₹
General reserve	4,00,000	1,25,000
Surplus account	3,00,000	1,75,000
	<u>7,00,000</u>	<u>3,00,000</u>

You are required to prepare a consolidated balance sheet as at 31st March, 2015 showing in detail necessary adjustments and taking into consideration the following information :

- (a) Imperial Co. Ltd. acquired the shares of Colonial Co. Ltd. on 1st April, 2014 when the balances on their surplus account and general reserve were ₹ 75,000 and ₹ 80,000 respectively.
- (b) Inventories of ₹ 1,60,000 held by Colonial Co. Ltd. consist of ₹ 60,000 goods purchased from Imperial Co. Ltd., which has charged profit @ 25% on cost.

[C.U., B.Com. (Hons.)]

15. Following are the balance sheets of X Ltd. and Y Ltd. as on 31.3.15 :

<i>Equity and liabilities</i>	<i>X Ltd.</i>	<i>Y Ltd.</i>
<i>Shareholders' funds :</i>	₹	₹
Share capital (shares of ₹ 10 each, fully paid)	2,50,000	1,00,000
Reserves and surplus	1,55,000	80,000
<i>Current liabilities :</i>		
Trade payables	45,000	32,000
	<u>4,50,000</u>	<u>2,12,000</u>
 <i>Assets</i>		
<i>Non-current assets :</i>		
<i>Fixed assets :</i>		
Tangible	2,00,000	1,20,000
Intangible (goodwill)	20,000	10,000
Investment (6,000 shares of X Ltd.)	70,000	—
<i>Current assets :</i>		
Inventories	65,000	38,000
Trade receivables	75,000	42,000
Cash	20,000	2,000
	<u>4,50,000</u>	<u>2,12,000</u>
 <i>Note to accounts :</i>		
	<i>X Ltd.</i>	<i>Y Ltd.</i>
<i>Reserves and surplus :</i>	₹	₹
General reserve	75,000	30,000
Surplus account	80,000	50,000
	<u>1,55,000</u>	<u>80,000</u>

When shares in Y Ltd. were acquired by X Ltd. on 1.4.14, Y Ltd. had ₹ 18,000 in general reserve and ₹ 22,000 in surplus account. Included in the trade payables of Y Ltd. is ₹ 10,000 for goods supplied by X Ltd. Included in the inventories of Y Ltd. are goods of the value of ₹ 6,000, which were supplied by X Ltd. at a profit of 20% on cost.

Prepare a consolidated balance sheet as on 31.3.15.

[C.U., B.Com. (Hons.)]

13. Cal. of Minority Share.

$$\left(1 - \frac{9}{10}\right) = \frac{1}{10} \text{th Share.}$$

Cal. of pre acquisition profit.

profit as on 31.12.09	12000
Add: Reserve as on 31.12.09	17500
	<hr/>
	29500
Less: Minority interest $(29500 \times \frac{1}{10})$	2950
Share in X Ltd.	<hr/>
	26550

Cal. of post acquisition profit.

profit as on 31.12.10	28500
Less: pre acquisition profit	12000
	<hr/>
	16500
Less: Minority interest	1650
Share in X Ltd	<hr/>
	14850

Cal. of cost of control.

cost of investment	150000
Less: share value	90000
pre acquisition profit	26550
	<hr/>
	116550
Goodwill.	<hr/>
	33450

Cal. of Minority interest.

Share value.	3
pre acquisition profit	10000
post acquisition profit	2950
	<hr/>
	1650
	<hr/>
	14600

Cal. of Consolidated Profit & Loss.

profit & loss of Holding	80000
Add: post acquisition profit	14850
	<hr/>
	94850

cal. of Consolidate General reserve.

General reserve of Holding	57,000
Add: reserve of subsidiary after acquisition. (20,500 - 17,500)	3,000
	<u>60,000</u>

cal. of consolidate Goodwill.

Goodwill of Holding	50,000
Goodwill of subsidiary before holding	40,000
Goodwill	33,450
	<u>123,450</u>

Liabilities	Amount (₹)	Assets	Amount (₹)
Share capital	3,50,000	Goodwill	1,23,450
General reserve.	60,000	Land & building	1,10,000
profit & Loss	94,850	Machinery	1,17,500
Minority interest	14,600	Stock	77,000
creditors	43,000	Sundry Debtors	92,000
		Bank Balance	42,500
	<u>5,62,450</u>		<u>5,62,450</u>

14. cal. of Minority share.

$(1 - \frac{2}{3}) = \frac{1}{3}$ th share

cal. of pre acquisition profit

profit as on 1.1.2010	
Add: General reserve	
Less: Minority interest (155,000 x $\frac{1}{3}$)	

	₹
	75,000
	80,000
	<u>1,55,000</u>
	51,667
	<u>1,03,333</u>

Cal. of post acquisition profit.

Profit as on 31.12.10	175,000
Less: Profit as on 1.1.10	75,000
	<u>100,000</u>
Less: Minority interest	45,000
Add: General reserve	48,333
	<u>145,000</u>
Less: Minority interest $(145,000 \times \frac{1}{3})$	48,333
	<u>96,667</u>
Cost of investment	260,000
Less: Share value	200,000
Pre acquisition profit	10,333
	<u>3,0333</u>

Capital reserve. 43,333

Cal. of Minority interest.

Share value	100,000	100,000
Pre acquisition profit	51,667	51,667
Post acquisition profit	66,667	48,333
	<u>270,000</u>	<u>200,000</u>

Cal. of consolidated profit & Loss.

Profit & Loss of Imperial co.	300,000
Add: Post acquisition profit	96,667
	<u>396,667</u>
Less: Unrealized stock $(50,000 \times \frac{25}{125})$	12,000
	<u>384,667</u>

Share capital	1,00,000	Freehold premises	57,000
General reserve	400,000	plant & Machinery	51,000
Capital reserve	43,333	Furniture	11,000
Profit & Loss	384,667	Stock	46,800
Minority interest	200,000	Debtors	47,000
Creditors	170,000	Cash	70,000
	<u>2,198,000</u>		<u>2,198,000</u>

15. cal. of Minority Share

$$(1 - \frac{6}{10}) = \frac{4}{10} = \frac{2}{5} \text{ th share.}$$

cal. of pre acquisition profit

profit before acquisition

Add: General reserve

Less: Minority interest $(40000 \times \frac{2}{5})$

22,000
18,000
<u>40,000</u>
16,000
<u><u>24,000</u></u>

cal. of post acquisition profit.

profit as on 31.12.10

Less: pre acquisition profit

Add: General reserve

$(30000 - 18000)$

Less: Minority interest

Minority Int.

50,000
22,000
<u>28,000</u>
12,000
<u>40,000</u>
16,000
<u>24,000</u>
<u><u>16,800</u></u>

cal. of cost of control.

cost of investment

Less: share value

pre acquisition profit

Capital reserve.

70,000

60,000

24,000

84,000

14,000

cal. of Minority interest.

share value

pre-acquisition profit

post acquisition profit

40,000
16,000
16,000
<u>72,000</u>

cal. of consolidated profit & loss

profit & loss of X Ltd.

Add: ~~pre~~ acquisition profit
post

Less: Unrealized profit
 $(6000 \times \frac{20}{100})$

80,000
26,800
<u>106,800</u>
10,000
<u><u>96,800</u></u>

Cal. of Consolidated ~~res~~ reserve.

General reserve of X Ltd.	75,000
Add: reserve of Y Ltd. after acquisition	12,000
(12,000 × $\frac{3}{5}$)	7,200
	<u>82,200</u>

Share Capital	250,000	Goodwill	30,000
General reserve	82,200	Other fixed assets	320,000
Profit & Loss Account	95,800	Stock	102,000
Capital reserve	14,000	Debtors	107,000
Sundry creditors	60,000	Cash	22,000
Minority interest	72,000		
Bills payable	7,000		
	<u>581,000</u>		<u>581,000</u>

16. The following are the summarised balance sheets of J Ltd. and its subsidiary K Ltd. as at 31st March, 2015 :

<i>Equity and liabilities</i>	<i>J Ltd.</i>	<i>K Ltd.</i>
	₹	₹
<i>Shareholders' funds :</i>		
Share capital (shares of ₹ 10 each, fully paid)	1,00,000	50,000
Reserves and surplus	50,000	50,000
<i>Non-current liabilities :</i>		
Long-term borrowings (6% debentures)	20,000	—
<i>Current liabilities :</i>		
Trade payables	60,000	10,000
	<u>2,30,000</u>	<u>1,10,000</u>
 <i>Assets</i>		
<i>Non-current assets :</i>		
Fixed assets	1,10,000	45,000
Investment (4,000 shares in K Ltd.)	50,000	—
<i>Current assets :</i>		
Inventories	20,000	30,000
Trade receivables	5,000	10,000
Cash	45,000	25,000
	<u>2,30,000</u>	<u>1,10,000</u>
 <i>Note to accounts :</i>		
	<i>J Ltd.</i>	<i>K Ltd.</i>
	₹	₹
<i>Reserves and surplus :</i>		
General reserve	50,000	25,000
Surplus account	—	25,000
	<u>50,000</u>	<u>50,000</u>

The following further information is supplied :

- (a) J Ltd. acquired shares in K Ltd. on 1st April, 2014 when K Ltd. had ₹ 20,000 in the surplus account and a general reserve of ₹ 25,000.
- (b) Inventories of K Ltd. include goods of the value of ₹ 20,000 purchased from J Ltd. which J Ltd. charged at cost plus 25%.
- (c) No dividend has been declared by either company in 2014-15.

Prepare a consolidated balance sheet as on 31st March, 2015.

17. T Ltd. acquired 8,000 equity shares of D Ltd. on 1st April, 2014. The following are the balance sheets of the two companies as at 31st March, 2015 :

<i>Equity and liabilities</i>	<i>T Ltd.</i>	<i>D Ltd.</i>
	₹	₹
<i>Shareholders' funds :</i>		
Share capital (shares of ₹ 100 each)	20,00,000	10,00,000
Reserves and surplus	7,00,000	3,40,000
<i>Current liabilities :</i>		
Trade payables	1,30,000	1,10,000
	<u>28,30,000</u>	<u>14,50,000</u>

<i>Assets</i>	<i>T Ltd.</i>	<i>D Ltd.</i>
	₹	₹
<i>Non-current assets :</i>		
Fixed assets	10,00,000	9,00,000
Investment (shares of D Ltd. at cost)	10,00,000	—
<i>Current assets :</i>		
Inventories	1,50,000	1,00,000
Trade receivables	1,80,000	1,30,000
Cash and bank	5,00,000	3,20,000
	<u>28,30,000</u>	<u>14,50,000</u>

Note to accounts :

	<i>T Ltd.</i>	<i>D Ltd.</i>
	₹	₹
<i>Reserves and surplus :</i>		
General reserve (1.4.14)	4,00,000	2,00,000
Surplus account (1.4.14)	1,00,000	60,000
Profit for the year 2014-15	2,00,000	80,000
	<u>7,00,000</u>	<u>3,40,000</u>

(i) Trade receivables of T Ltd. include ₹ 60,000 due from D Ltd.

(ii) Inventories of D Ltd. include goods purchased from T Ltd. for ₹ 60,000 which were invoiced by T Ltd. at a profit of 25% on cost.

Prepare a consolidated balance sheet of T Ltd. and its subsidiary D Ltd.

17. Cal. of Minority Share.

$$\left(1 - \frac{8}{10}\right) = \frac{2}{10} = \frac{1}{5} \text{th Share.}$$

cal. of pre-acquisition profit

Profit & Loss Account
 Add: General reserve
 Less: Minority interest $(260000 \times \frac{1}{5})$

60000
 200000

 260000
 52000

 208000

cal. of post-acquisition profit.

Profit & Loss Account
 Less: Minority interest

80000
 16000

 64000

cal. of cost of control.

Cost of Investment ~~(2000000)~~
 Less: share value $(8000 \times 100) = 800000$
 pre acquisition profit

1000000
~~1000000~~
 800000

 208000
 1008000
 Capital reserve ~~700000~~
 18000

cal. of Minority interest.

Share value (2000×100)
 pre acquisition profit
 post acquisition profit

200000
 52000
 16000

 268000

cal. of consolidate profit & loss

Profit & Loss Account
 Add: post acquisition profit
 Less: Unrealized profit
 $(60000 \times \frac{25}{125})$

300000
 64000

 364000
 12000

 352000

Consolidated Balance Sheet as at 31.3.15

Share capital	20,00,000	Land & Building	8,00,000
General reserve	4,00,000	Plant & Machinery	11,00,000
Capital reserve	80,000	Stock	1,38,000
Profit & Loss	35,20,000	Sundry Debtors	1,70,000
Sundry creditors	2,00,000 1,50,000	Bills receivable	80,000
Bills payable	30,000	Cash at Bank	8,20,000
Minority interest			
	<u>31,08,000</u>		<u>31,08,000</u>