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मूल कम्पनीको लेखा

Accounting for Holding Company

मूल कम्पनी र सहायक कम्पनीको अवधारणा

Concept of Holding and Subsidiary Company

व्यवसायिक सफलताको आधार भनेको व्यवसायले अवलम्बन गर्ने नीति तथा रणनीतिहरू नै हुन् । तिव्र प्रतिस्पर्धात्मक र बढ्दो विश्वव्यापीकरणको आजको व्यवसायिक वातावरणमा व्यवसायले आफ्नो सफलता कायम राख्न निकै चुनौतीपूर्ण कार्य हो । (सहज ढङ्गबाट व्यवसायिक क्रियाकलाप सञ्चालन गर्न र तीव्र प्रतिस्पर्धामा कमी ल्याउन कुनै एउटा कम्पनीले अर्को कम्पनीको बहुसङ्ख्यक शेयर खरिद गरी आफ्नो नियन्त्रणमा लिन सक्दछ । यसरी अर्को कम्पनीलाई नियन्त्रणमा लिने कम्पनीलाई मूल कम्पनी (Holding company) र आफ्नो नियन्त्रण गुमाउने कम्पनीलाई सहायक कम्पनी (Subsidiary Company) भनिन्छ । यद्यपि नियन्त्रणमा लिने र नियन्त्रित हुने दुवै कम्पनीको कानुनी अस्तित्व भने पृथक नै रहन्छ । मूल कम्पनीले सहायक कम्पनीलाई नियन्त्रणमा लिन यसको कुल शेयरको ५० प्रतिशतभन्दा बढी शेयर खरिद गरेको हुनुपर्दछ । त्यसैले मूल कम्पनीकै बहुसङ्ख्यक सञ्चालक दुवै कम्पनीमा रहेका हुन्छन् ।

नेपालको कम्पनी ऐन, २०६३ (Company Act 2063 BS) अनुसार, "सहायक कम्पनीलाई नियन्त्रणमा लिने कम्पनीलाई मूल कम्पनी भनिन्छ । त्यसै गरी सहायक कम्पनी मूल कम्पनीद्वारा नियन्त्रित हुन्छ । ("Holding Company means a company—having control over a subsidiary company" "Subsidiary Company means a company controlled by a holding company.")"

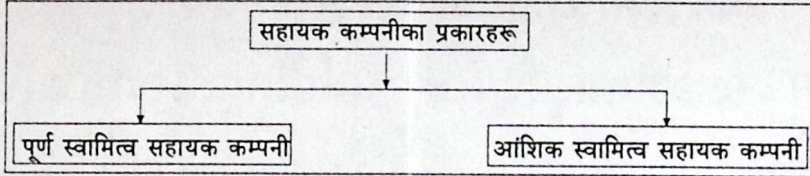
नेपालको लेखा प्रमाणिकका अनुसार (Nepal Accounting Standard) सहायक कम्पनी भन्नाले त्यस्तो व्यवसायलाई बुझिन्छ, जुन अर्को व्यवसायद्वारा नियन्त्रित हुन्छ । ("A Subsidiary is an enterprise that is controlled by another enterprise.")

यसरी सामान्यतया मूल कम्पनीले सहायक कम्पनीको बहुमत मतदान गर्ने शेयर खरिद गरेको हुन्छ र सहायक कम्पनीलाई आफ्नो नियन्त्रणमा राखेको हुन्छ । यस्तो अवस्थामा सहायक कम्पनीले सम्मिलन विलयन वा पुनर्गठन गर्नु आवश्यक छैन । सहायक कम्पनीले आफ्नो व्यवसायिक क्रियाकलापलाई नियमित राख्दछ र यसको पृथक कानुनी अस्तित्व र ख्याति यथावत् रहन्छ ।

समग्रमा मूल कम्पनीको अवधारणालाई बुँदागत रूपमा निम्नानुसार प्रस्तुत गरिएको छ ।

- क) सहायक कम्पनी मूल कम्पनीद्वारा नियन्त्रित हुन्छ ।
- ख) सहायक कम्पनीको कम्तीमा ५० प्रतिशत भन्दा बढी सेयर मूल कम्पनीले खरिद गरेको हुन्छ ।
- ग) सहायक कम्पनीको पृथक कानुनी अस्तित्व कायम रहन्छ ।
- घ) सहायक कम्पनीको व्यवसायिक क्रियाकलाप र ख्याति यथावत् रहन्छ ।

सहायक कम्पनीका प्रकारहरू (Types of Subsidiary Company)



सहायक कम्पनीलाई दुई भागमा विभाजन गर्न सकिन्छ :

- क) **पूर्ण स्वामित्व सहायक कम्पनी (Wholly owned subsidiary company):** यदि मूल कम्पनीले सहायक कम्पनीको सम्पूर्ण सेयर खरिद गरेको छ भने त्यस्तो सहायक कम्पनीलाई पूर्ण स्वामित्व सहायक कम्पनी भनिन्छ । जस्तै: सिन्धु कम्पनीको शत प्रतिशत सेयर मिलन कम्पनीले खरिद गरेको छ भने सिन्धु कम्पनी, मिलन कम्पनीको पूर्ण स्वामित्व सहायक कम्पनी हुन्छ ।
- ख) **आंशिक स्वामित्व सहायक कम्पनी (Partially owned subsidiary company):** यदि मूल कम्पनीले सहायक कम्पनीको ५०% वा ५०% भन्दा बढी सेयर खरिद गरेको छ भने त्यस्तो सहायक कम्पनीलाई आंशिक स्वामित्व सहायक कम्पनी भनिन्छ तर मूल कम्पनीले सहायक कम्पनीको १००% नै सेयर खरिद गरेको भने हुँदैन । अर्थात् १००% भन्दा कम सेयर मात्र मूल कम्पनीले खरिद गरेको हुन्छ । मूल कम्पनीले सहायक कम्पनीको बहुमत सेयर खरिद गरिसके पश्चात सहायक कम्पनीका सेयरधनीहरू अल्पमतमा पर्दछन् । यद्यपि कम्पनीमा उनीहरूको रुचि भने कायम रहन्छ । यस्ता सेयरधनीहरूलाई Minority सेयर होल्डर भनिन्छ र उनीहरूको रुचिलाई Minority Interest भनिन्छ । जस्तै: अल्फा कम्पनीको ७०% सेयर बिटा कम्पनीले खरिद गरेको छ भने अल्फा कम्पनीलाई बिटा कम्पनीको आंशिक स्वामित्व सहायक कम्पनी भनिन्छ ।

मूल कम्पनीका फाइदाहरू (Advantages of Holding Company)

मूल कम्पनीका फाइदाहरूलाई निम्न अनुसार प्रस्तुत गरिएको छ :

- क) **जोखिम न्यूनीकरण (Reduce Risk):** सहायक कम्पनीले मूल कम्पनीबाट विभिन्न किसिमका सहयोगहरू प्राप्त गरेको हुन्छ । साथै सहायक कम्पनीले पनि मूल कम्पनीलाई आफ्नो तर्फबाट सहयोग गरेको हुन्छ । यसबाट जोखिम न्यून हुन जान्छ ।
- ख) **कार्य दक्षतामा वृद्धि (Increase in efficiency):** मूल कम्पनीका अनुभवी तथा दक्ष जनशक्तिबाट सहायक कम्पनीको कार्यदक्षतामा वृद्धि हुन्छ ।
- ग) **खर्चमा कटौती (Minimize expenses):** मूल कम्पनीको कारणले सहायक कम्पनीको खर्चमा कमी आउन सक्दछ ।
- घ) **प्रतिस्पर्धामा कमी (Eliminate Competition):** मूल कम्पनी र सहायक कम्पनी बीच एक आपसमा सहकार्य र सहमतीको भावना हुने भएकाले प्रतिस्पर्धामा कमी आउँदछ ।
- ङ) **पृथक अस्तित्व (Separate entity):** सहायक कम्पनीको छुट्टै कानुनी र भौतिक अस्तित्व कायम रहन्छ ।
- च) **सामग्रीको सहज आपूर्ति (Easy to supply of materials):** यदि मूल कम्पनी र सहायक कम्पनीहरू एकै प्रकृतिका व्यवसायमा संलग्न भए दूलो परिमाणमा कच्चा पदार्थको प्राप्ति गर्न सकिन्छ । यसबाट समग्र उत्पादन लागतमा कटौती गर्न सकिन्छ । त्यस्तै मूल कम्पनी र सहायक कम्पनीहरू विचमा कच्चा पदार्थको आदानप्रदान समेत गर्न सकिन्छ ।

मूल कम्पनीका बेफाइदाहरू (Disadvantages of Holding Company)

मूल कम्पनीका बेफाइदाहरू निम्न अनुसार छन् :

- क) मूल कम्पनीको एकाधिकार (Monopoly of holding company): मूल कम्पनीको अधिनमा सहायक कम्पनी रहने भएकाले त्यहाँ प्रतिस्पर्धाको अवस्था सिर्जना हुँदैन जसबाट मूल कम्पनीको एकाधिकारको सम्भावना रहन्छ ।
- ख) लेखा अभिलेखमा कठिनाई (Accounting Difficulties): अन्तर कम्पनी कारोबार हुने भएकाले मूल कम्पनी र सहायक कम्पनी दुवैको मौज्जात मूल्याङ्कन र प्रमाणीकरण अभिलेख राख्न कठिनाई हुन्छ ।
- ग) अल्पसङ्ख्यक शेयरधनीहरूको अपहेलना (No value of minority shareholders): सहायक कम्पनीहरू मूल कम्पनीद्वारा सञ्चालित र नियन्त्रित हुने भएकोले वित्तीय तथा अन्य साधनस्रोतहरू मूल कम्पनीको हितमा प्रयोग हुन सक्दछ । यसबाट अल्पसङ्ख्यक शेयरधनीहरूको शोषण हुन सक्दछ ।
- घ) अन्तरकम्पनी कारोबार (Inter-company transactions): मूल कम्पनीको फाइदाको लागि सहायक कम्पनीहरूसँग हुने कारोबारहरूको अधिक वा न्यून मूल्याङ्कन गरी जालसाजी हुने सम्भावना रहन्छ ।

एकीकृत वित्तीय विवरण (Consolidated financial statements)

मूल कम्पनी (Holding Company) र सहायक कम्पनी (Subsidiary Company)हरूको वित्तीय विवरणहरूलाई समष्टिगत रूपमा एकीकृत गरी तयार गरिन्छ, जसलाई एकीकृत वित्तीय विवरण भनिन्छ । सामुहिक रूपमा तयार गरिने भएकाले एकीकृत वित्तीय विवरणले मूल कम्पनी र सहायक कम्पनीको छुट्टै अस्तित्वलाई स्वीकार गर्दैन । एकीकृत वित्तीय विवरणको प्रमुख उद्देश्य मूल कम्पनीको अशियारलाई सहायक कम्पनीलाई नियन्त्रण गरिसकेपछि मूल कम्पनीको वित्तीय स्थितिको जानकारी दिनु हो । एकीकृत वित्तीय विवरणले मूल कम्पनी र सहायक कम्पनीलाई एउटै आर्थिक इकाईको रूपमा लिन्छ । नेपाल लेखा प्रमाणक (Nepal Accounting Standard) र नेपाल कम्पनी ऐन २०६३ ले एकीकृत वित्तीय विवरणको तयारीलाई बाध्यात्मक आवश्यकता बनाएको छैन ।

एकीकृत वासलातको तयारी (Preparation of consolidated balance sheet)

सहायक कम्पनी मूल कम्पनीको अधिनमा आइसकेपछि समग्र वित्तीय स्थिति देखाउन एकीकृत वासलातको तयारी गरिन्छ । एकीकृत वासलातको तयारी गर्नका लागि निम्न अनुसारका चरणहरू प्रयोग गरिन्छ :

- चरण-१ : खरिद मितिको निर्धारण (To find out the date of acquisition)
- चरण-२ : मूल कम्पनी र सहायक कम्पनीको लगानीको अनुपात निर्धारण (To find out the ratio of share of holding company and subsidiary company.)
- चरण-३ : सहायक कम्पनीको पूँजीगत नाफा निर्धारण गरी मूल कम्पनी र सहायक कम्पनीको अनुपात निर्धारण (To determine capital profit of subsidiary company and apportion among holding company and subsidiary company.)
- चरण-४ : सहायक कम्पनीको आयगत नाफा निर्धारण गरी मूल कम्पनी र सहायक कम्पनीको अनुपात निर्धारण (To calculate revenue profit of subsidiary company and apportion among holding company and subsidiary company.)
- चरण-५ : अल्पसङ्ख्यक रुचि/ दाबीको निर्धारण (To calculate minority interest)
- चरण-६ : नियन्त्रण लागत निर्धारण (To ascertain cost of control)
- चरण-७ : एकीकृत वासलातको तयारी (To prepare consolidated balance sheet.)

चरण-१: खरिद मितिको निर्धारण (Find out the date of acquisition (Share Purchase Date)

मूल कम्पनीले सहायक कम्पनीको शेयर खरिद गरेको मिति एकीकृत वासलात तयार गर्नको लागि अपरिहार्य छ । यसको आधारमा सहायक कम्पनीको नाफा/जगेडालाई पूँजीगत (Capital) र आयगत (Revenue) मा विभाजन गरिन्छ ।

चरण-२: मूल कम्पनी र सहायक कम्पनीको लगानीको अनुपात निर्धारण (To find out the ratio of share of holding company and subsidiary company.)

मूल कम्पनीले सहायक कम्पनीको शेयर खरिद मिति पत्ता लगाइसके पश्चात मूल कम्पनीको सहायक कम्पनीमा लगानीको अनुपात पत्ता लगाउनु पर्दछ । सहायक कम्पनीको जम्मा शेयरमा मूल कम्पनीको लगानीले यस्तो अनुपात निर्धारण गर्दछ । जस्तै: मूल कम्पनीले सहायक कम्पनीको १,००,००० कित्ता शेयर मध्ये ७०,००० कित्ता शेयर खरिद गरेमा लगानी अनुपात ७०,०००:३०,००० हुन्छ ।

Ratio of holding company	= $\frac{\text{No. of shares purchased by holding company}}{\text{Total shares of subsidiary company}}$
Ratio of subsidiary company (minorities)	= $\frac{\text{No. of remaining shares}}{\text{Total shares of subsidiary company}}$

Illustration - 1

A Company purchased 20,000 shares of B Company @ Rs.100 each for Rs.30,00,000 out of the total share capital of Rs.25,00,000 on 1st July 2011. Determine the date of acquisition and ratio of contribution.

Solution:

Here, Date of acquisition is 1st July 2011

Ratio of share = Holding Company: Subsidiary company

A : B = 20,000 : 5,000 = 4 : 1

Working Note:

No. of shares of subsidiary Company = Total share – Share of A = 25,000 – 20,000 = 5,000

While determining ratio, number of share is considered and only equity share is considered. The preference share is not included in ratio. Similarly total investment is not considered in calculation of ratio but number of share or proportion of share is considered. For example in illustration number 1 the number of share is used rather than investment amount of Rs.30,00,000.

चरण-३: सहायक कम्पनीको पूँजीगत नाफा निर्धारण गरी मूल कम्पनी र सहायक कम्पनीको अनुपात निर्धारण (To determine capital profit of subsidiary company and apportion among holding company and subsidiary company.)

मूल कम्पनीले सहायक कम्पनीको शेयर खरिद गर्नु पूर्वसहायक कम्पनीको नाफा र अन्य जगेडाहरूलाई पूँजीगत नाफा भनिन्छ । यस्तो नाफामा मूल कम्पनी र अल्पसंख्यक शेयर दुवैको अधिकार रहन्छ । त्यसैले यस्तो नाफालाई लगानी अनुपातको आधारमा मूल कम्पनी र अल्पसंख्यक शेयर बीचमा बाँडफाँड गर्नुपर्दछ । खरिद मितिमा सहायक कम्पनीको स्थिर सम्पत्तिको अधिक मूल्याङ्कन भएमा अधिक मूल्यलाई पूँजीगत नाफा मानिन्छ । त्यस्तै कम मूल्याङ्कन भएमा कम मूल्यलाई पूँजीगत घाटा मानिन्छ । अर्कोतिर, खरिद गरिसकेपछि सम्पत्तिको मूल्यमा घटबढ भएमा यसलाई आयगत नाफामा समायोजन गरिन्छ ।

पूँजीगत नाफालाई निम्नानुसार निर्धारण गर्न सकिन्छ : (Capital profit is computed as follows):

General reserve (before the date of purchase).....	xxx
Profit and loss account (before the date of acquisition).....	xxx
Current year's net profit/ loss (up to the date of acquisition)	xxx (xxx)
Total capital profit	xxx

Alternatively,

Profit and loss A/c(up to the date of purchase).....	.....
General reserve [up to the date of purchase] .....	.....
Retained earnings[up to the date of purchase].....	.....
Reserve and surplus[up to the date of purchase].....	.....
Profits for the year[up to the date of purchase].....	.....
Profit and Loss A/c (Dr. balance) (Loss).....	.....
Total	.....

Share of holding company = Total capital profit × ratio of holding company
 Share of subsidiary company = Total capital profit × ratio of subsidiary company

चरण-४: सहायक कम्पनीको आयगत नाफा निर्धारण गरी मूल कम्पनी र सहायक कम्पनीको अनुपात निर्धारण (To calculate revenue profit of subsidiary company and apportion among holding company and subsidiary company.)

मूल कम्पनीले खरिद गरेको मितिपश्चात् सहायक कम्पनीले आर्जन गरेको नाफालाई आयगत वा खरिदपश्चात्को नाफा भनिन्छ। पूँजीगत नाफाजस्तै आयगत नाफालाई मूल कम्पनी र अल्पसङ्ख्यक शेयर बीचमा बाँडफाँड गरिन्छ। यस्तो बाँडफाँड लगानी अनुपातको आधारमा गरिन्छ। मूल कम्पनीको आयगत नाफालाई एकीकृत वासलातमा मूल कम्पनीको नाफासँग जोडिन्छ भने अल्पसङ्ख्यकको नाफालाई अल्पसङ्ख्यक रुचि (Minority Interest) निकाल्न प्रयोग गरिन्छ।

आयगत नाफालाई निम्नानुसार निर्धारण गर्न सकिन्छ : (The revenue profit is calculated as follows):

Calculation of Revenue Profit

General reserve after the date of acquisition.....	xxx (xxx)
Profit or loss after the date of acquisition.....	xxx
Total revenue profit	xxx

Alternatively,

Profit and loss a/c[after the date of purchase].....	.....
General reserve [after the date of purchase].....	.....
Retained earnings[after the date of purchase].....	.....
Reserve and surplus[after the date of purchase].....	.....
Profits for the year[after the date of purchase].....	.....
Profit and Loss A/c (Dr. balance) (Loss) [after the date of purchase].....	.....
Total	.....

Share of holding company = Total revenue profit × ratio of holding company
 Share of subsidiary company = Total revenue profit × ratio of subsidiary company

Illustration - 2

The paid up capital of subsidiary company is Rs.5,00,000 divided into shares of Rs.50 each. Holding company acquired 6,000 shares @ Rs.100 each on 1st July, 2011. The general reserve and profit and loss account of subsidiary company on 1st January, 2011 were Rs.30,000 and 90,000 respectively. The profit earned during the year is Rs.1,80,000.

Required: (a) Date of acquisition (b) Ratio of share (c) Capital profit (d) Revenue profit

Solution:

- a) Calculation of Date of acquisition = 1st July, 2011
- b) Calculation of Ratio = Holding : Minority
= 6000 : 4000 = 3 : 2

c) Calculation of Capital profit:

General reserve (01/01/2011) = 30,000
 Profit and loss account (01/01/2011) = 90,000
 Profit for the year (6 months)

(1,80,000 × 6/12) = 90,000

Capital Profit = 2,10,000

Share of holding Company = 2,10,000 × 3/5 = Rs.1,26,000

Share of subsidiary company = 2,10,000 × 2/5 = Rs.84,000

(Note: Since holding company acquired share of subsidiary company on 1st July, 2011. So out of total profit of year, the average profit earned before 1st July (i.e. for six month) is treated as capital profit.)

d) Calculation of Revenue profit:

Profit for six month $(1,80,000 \times 6/12) = 90,000$

Revenue profit = 90,000

For holding company = $90,000 \times 3/5 = \text{Rs.}54,000$

For subsidiary company = $90,000 \times 2/5 = \text{Rs.}36,000$

(Note: Since reserve and profit and loss account on 1st January, 2011 is earned before acquisition date and only six months average profit is earned after the date of acquisition (1st July to December). So revenue profit is six months average profit for the year.)

चरण-५: अल्पसङ्ख्यक रुचि/दाबीको निर्धारण (To calculate minority interest)

सहायक कम्पनीको सेयरलाई मूल कम्पनीले खरिद गरी बाँकी रहेको सहायक कम्पनीको सेयरलाई अल्पसङ्ख्यक सेयर भनिन्छ। यस्ता सेयरधनीलाई अल्पसङ्ख्यक सेयरधनी (Minority shareholder) भनिन्छ। अल्पसङ्ख्यक सेयरधनीको रुचि वा दाबीलाई दायित्व मानी एकीकृत वासलातको दायित्वतर्फ देखाउनुपर्दछ। यसमा अल्पसङ्ख्यक सेयरको अङ्कित मूल्य, अल्पसङ्ख्यक पूँजीगत नाफा र अल्पसङ्ख्यक आयगत नाफा पर्दछ। त्यस्तै पूँजीगत घाटा वा आयगत घाटा भएमा यसले अल्पसङ्ख्यक रुचि वा दाबीलाई घटाउँदछ।

Minority Interest	
Particulars	Amount
Paid up equity capital held by minority share holders.....	xxx
Paid up preference share of minority share holders.....	xxx
Share of minority share holders in:	
a) Capital profit.....	xxx
b) Revenue profit.....	xxx
c) Increased value of assets.....	xxx
d) Preference dividend.....	xxx
Total (A)	xxx
Less:.....Share of Minority share holders in:	
a) Capital loss.....	xxx
b) Revenue loss.....	xxx
c) Decreased value of assets.....	xxx
Total (B)	xxx
Minority Interest (A - B)	xxx

(Note: If increased and decreased value of assets is treated as capital profit in step-3 then it is not included in calculating minority interest.)

Alternatively,

Share capital [share of minority].....	.....
Preference share of subsidiary company.....	.....
Capital profit [share of minority].....	.....
Revenue profit [share of minority].....	.....
Total	.....

Illustration - 3

ABC Company has equity capital of Rs.5,00,000 divided into share of Rs.100 each. XYZ Company acquired 80% share of ABC Company @ Rs.250 each on 30th March 2011. On the date of acquisition there was profit and loss account credit balance of Rs.50,000 and reserve of Rs.90,000. Reserve and profit and loss account at the end of December 2011 were Rs.1,00,000 and Rs.2,20,000 respectively.

Required: a) Date of acquisition b) Contribution Ratio c) Capital profit
d) Revenue profit e) Minority Interest

Solution:

- a) Calculation of Date of acquisition is 30th March, 2011
b) Calculation Contribution Ratio = Holding : Minority
= XYZ Co. : ABC Co. = 80 : 20 = 4 : 1

- c) Calculation of Capital Profit:
 Profit and Loss account = 50,000
 Reserve = 90,000
 Capital Profit = 1,40,000
 Share of XYZ Co. = $1,40,000 \times \frac{4}{5}$
 = Rs.1,12,000
 Share of ABC Co. = $1,40,000 \times \frac{1}{5} = \text{Rs.}28,000$
- d) Calculation of Revenue profit:
 Profit and Loss account (2,20,000 – 50,000) = 1,70,000
 Reserve (1,00,000 – 90,000) = 10,000
 Revenue profit = 1,80,000
 Share of XYZ Company = $1,80,000 \times \frac{4}{5} = \text{Rs.}1,44,000$
 Share of ABC Company = $1,80,000 \times \frac{1}{5} = \text{Rs.}36,000$
- e) Calculation of Minority Interest:
 Share capital of Rs.100 each (ABC Co.) = 1,00,000
 (20% of Rs.5,00,000)
 Capital profit (ABC Company) = 28,000
 Revenue profit (ABC Company) = 36,000
 Minority Interest = 1,64,000

चरण-६: नियन्त्रण लागत निर्धारण (To ascertain cost of control)

पूँजीगत र आयगत नाफाको निर्धारण र मूल कम्पनी र अल्पसङ्ख्यक बीचमा बाँडफाँड गरिसकेपछि नियन्त्रण लागत (Cost of control) को निर्धारण गरिन्छ। नियन्त्रण लागत निर्धारण गर्दा सेयरको अंकित मूल्य र पूँजीगत नाफाको जोड लगानीभन्दा बढी भएमा वा ख्याति (Goodwill) कम भएमा पूँजीगत जगेडा (Capital reserve) को सिर्जना हुन्छ। ख्यातिलाई एकीकृत वासलातको सम्पत्तिर्फ देखाइन्छ भने पूँजीगत जगेडालाई दायित्वतर्फ देखाइन्छ।

Cost of Investment / Cost of Control

Purchase value of equity shares acquired / investment in subsidiary company		xxx
Purchase value of preference shares acquired		xxx
Proportionate share of capital loss		xxx
		xxx
Less: Paid-up value of equity shares acquired	xxx	
Paid-up value of preference shares acquired	xxx	
Proportionate share in capital profit	xxx	
Proportionate share in pre-acquisition dividend	xxx	xxx
		xxx (xxx)
Goodwill / Capital Reserve		xxx (xxx)

The goodwill is recorded in the assets side of the consolidated balance sheet. If there is capital reserve, it appears in the liabilities side of the consolidated balance sheet.

Alternatively,

Particular	Amount	Amount
Investment in equity share capital of subsidiary company	
Investment in debenture of subsidiary company	
Investment in preference share capital of subsidiary company
		(.....)
Less: Par value of equity share investment in subsidiary company	
Par value of debenture investment in subsidiary company	
Par value of preference share investment in subsidiary company	
Capital profit share of holding company	
Pre acquisition dividend share of holding company	
	/(.....)
If positive goodwill, if negative capital reserve	/(.....)

Illustration - 4

Following information are provided:

Capital profit	Rs.1,00,000
Revenue profit	Rs.2,00,000
Investment of H. Company in shares of S. Company is 4,000 shares for	Rs.5,00,000
S. Company had 6,000 shares of Rs.100 each.	

Required: (a) Minority interest (b) Cost of control

Solution:

Contribution Ratio = Holding : Minority = 4000:2000 = 2:1

a) Calculation of Minority Interest

Paid up value of 1/3 shares of B Ltd (i.e. Rs.6,00,000 x 1/3).....	Rs.2,00,000
1/3 of Capital Profits (i.e. Rs.1,00,000 x 1/3)	Rs.33,333
1/3 of Revenue Profits (i.e. Rs.2,00,000 x 1/3).....	Rs.66,667
Minority Interest	Rs.3,00,000

b) Calculation of Cost of Control:

Cost of investment in shares of B. Ltd.....	Rs.5,00,000
Less: Paid up value of 2/3 shares of B. Ltd (i.e. Rs.6,00,000 x 2/3)	Rs.4,00,000
2/3 of capital profits in B. Ltd.(i.e. Rs.1,00,000 x 2/3).....	66,667
Goodwill	Rs.33,333

चरण-७: एकीकृत वासलातको तयारी (To prepare consolidated balance sheet.)

मूल कम्पनी र सहायक कम्पनीको सम्पत्ति र दायित्वलाई एकीकृत रूपमा वासलातमा प्रस्तुत गरेर एकीकृत वासलात तयार पारिन्छ । जसलाई निम्न ढाँचामा प्रस्तुत गरिएको छ :

१) एकीकृत वासलातमा नदेखाइने शीर्षकहरू (Items and included in consolidated balance sheet)

- मूल कम्पनीद्वारा सहायक कम्पनीको सेयरमा गरेको लगानी,
- सहायक कम्पनीको सेयर पुँजी
- सहायक कम्पनीको जगेडा र बचत
- अन्तर कम्पनी कारोबारबाट हुने आपसी लेनदेन
- अन्तर कम्पनी-कारोबारबाट सिर्जना हुने अप्रप्त नाफा

२) एकीकृत वासलातमा देखाइने शीर्षकहरू (Items include in consolidated balance sheet)

- ख्याती वा पुँजीगत जगेडा
- अल्पसङ्ख्यक रुचि/दाबी

एकीकृत वासलातको नमुना निम्नानुसार छ—

Consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd.
As on

Liabilities	Amount	Assets	Amount
Share Capital:		Fixed Assets:	
Equity Shares of Rs each (H. Ltd.).....	xxx	Goodwill (As per working note vi).....	xxx
Minority Interest (As per working note v)	xxx	Other fixed assets: H Ltd.	xxx
Reserve and Surplus:		B Ltd.	xxx
Minority Interest (As per working note v).....	xxx	Current Assets: Stock:	
Capital Reserve (As per working note vi)	xxx	H. Ltd.	xxx
General Reserve (H. Ltd.)	xxx	S Ltd.	xxx
Profit and Loss Account: H. Ltd	xxx	Less: Unrealized profit.....	xxx
Add: Share in revenue profits of B Ltd.	xxx	Other current assets: H. Ltd.	xxx
Less: unrealized profit	xxx	S. Ltd.	xxx
Long term Liabilities: H. Ltd.	xxx	Less: Mutual owing.....	xxx
S. Ltd.	xxx		
Current liabilities: H. Ltd.	xxx		
S. Ltd.	xxx		
Less: Mutual owing	xxx		
	xxx		xxx

Illustration - 5

H. Ltd purchased 24,000 shares of S. Ltd. on 1st July, 2009. The comparative Balance Sheets of H Ltd. and S Ltd. on 31st December, 2009 were as under:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Equity Shares capital of Rs.10 each	5,00,000	3,00,000	Land and Building	1,50,000	1,25,000
General Reserves (01/01/2009).....	50,000	25,000	Plant and Machinery	1,00,000	1,17,000
Profit and Loss Account :			Furniture.....	37,500	25,000
Balance on 01/01/2009	25,000	5,000	Sundry Debtors.....	25,000	35,000
Profit for 2009.....	37,500	12,000	Cash at Bank	10,000	25,000
Creditors.....	1,00,000	25,000	24,000 Shares in S Ltd., at cost Rs.15	3,60,000	-
			Stock.....	30,000	40,000
	3,85,000	1,35,000		3,85,000	1,35,000

Required: Consolidated balance sheet.

Solution:

a) Calculation of Ratio of Interest between H Ltd. and Minority:

$$\text{H Ltd.} = \frac{\text{No. of equity shares held by H Ltd. in S Ltd.}}{\text{No. of equity shares issued by S Ltd.}} \times 100 = \frac{24,000}{30,000} \times 100 = 80\%$$

$$\text{Minority} = 100\% - 80\% = 20\%, \text{ Holding ratio} = 4:1$$

b) Calculation of Capital Profit:

General Reserve balance of 01/01/2009	Rs.25,000
Balance of Profit and Loss Account on 01/01/2009	Rs.5,000
Profit for the year up to 30-06-2009 (for 6 months) (i.e. 12,000 x 6/12).....	Rs.6,000
Capital Profit	Rs.36,000

c) Calculation of Revenue Profit:

Profit for 6 months from 01/07/2009 to 31/12/2009 (i.e., Rs.12,000 x 6/12).....	Rs.6,000
Revenue Profit.....	Rs.6,000
Share of H Ltd in Revenue Profit = Rs.6,000 x 80/100 = Rs.4,800.	

d) Calculation of Cost of Control:

Cost of Investment for acquiring 80% shares in S. Ltd	Rs.3,60,000
Less: Paid up value of 80% Share Capital of S Ltd (i.e. Rs.3,00,000 x 80/100).....	Rs.2,40,000
80% of Capital Profits in S Ltd. (i.e. Rs.36,000 x 80/100)	Rs.28,800 (268,800)
Goodwill or Cost of Control	91,200

e) Calculation of Minority Interest:

Paid up value of 20% Share Capital of S Ltd.,(i.e. Rs.3,00,000 x 20/100)	Rs.60,000
20% of Capital Profits (i.e. Rs.36,000 x 20/100)	Rs.7,200
20% of Revenue Profits (i.e. Rs.6,000 x 20/100).....	Rs.1,200
Minority Interest	Rs.68,400

Consolidated Balance Sheet of H Ltd. and Its Subsidiary S Ltd.
As on 31st December, 2009

Liabilities	Amount	Assets	Amount
Share Capital:		Fixed Assets:	
Equity Shares of Rs.100 each	5,00,000	Goodwill.....	91,200
Reserve and Surplus:		Land and Building: H Ltd.....	1,50,000
General Reserve.....	50,000	S. Ltd.	1,25,000
Profit and Loss Account:		Plant and Machinery: H Ltd.....	1,00,000
Balance on 1-1-2009	25,000	S. Ltd.	1,17,000
Profit for 2009	37,500	Furniture:	
		H Ltd.	37,500
		S. Ltd.	25,000
			62,500

Add: Share in Revenue Profit of S Ltd. 4,800	67,300	Current Assets: Stock: H. Ltd. 30,000	
Minority Interest	68,400	S. Ltd. 40,000	70,000
Current Liabilities:		Sundry Debtors: H. Ltd. 25,000	
Creditors: H. Ltd. 1,00,000		S. Ltd. 35,000	60,000
S. Ltd. 25,000	1,25,000	Cash at Bank: H. Ltd. 10,000	
		S. Ltd. 25,000	35,000
	8,10,700		8,10,700

केही महत्वपूर्ण समायोजनहरू (Some Important Adjustments)

क) पारस्परिक लेनदेन वा अन्तर कम्पनी कारोबारहरू (Mutual Owings or Inter-Company Transactions)

मूल कम्पनी र सहायक कम्पनी बीच हुने आपसी लेनदेनलाई पारस्परिक लेनदेन (Mutual Owings) भनिन्छ। यस्तो लेनदेन अन्तर-कम्पनी कारोबारहरू (Inter-Company Transactions) बाट सिर्जना भएका हुन्छन्। यस्तो अवस्थामा एउटा कम्पनीको लागि प्राप्त गर्नुपर्ने रकम अर्को कम्पनीको लागि तिर्नुपर्ने हुन्छ। अर्थात् एउटा कम्पनीले यसलाई सम्पत्तिको रूपमा देखाइरहेको हुन्छ भने अर्को कम्पनीले दायित्वको रूपमा देखाइएको हुन्छ। अन्तर-कम्पनी लेनदेनलाई निम्न शीर्षकहरूमा फर्त्त देखाइन्छ :

- १) पेस्की तथा ऋण (Loans and advances)
- २) आसामी तथा साहु (Debtors and creditors)
- ३) प्राप्त गर्नुपर्ने तथा तिर्नुपर्ने बिल (Bills receivable and payable)

एकीकृत वासलात तयार गर्दा यस्ता अन्तर-कम्पनी दायित्वलाई देखाइदैन। त्यस्तै प्राप्त गर्नुपर्ने वा तिर्नुपर्ने बिल पनि एक आपसमा सम्बन्धित भए यिनीहरूलाई पनि एकीकृत वासलातमा देखाइदैन। अन्तर-कम्पनी बिलको छुट (Discount of bill) बैकमा फर्त्त गरिएको भए यसले बाह्य पक्ष बैङ्कको दायित्व सिर्जना गर्दछ। यस्तो अवस्थामा उक्त दायित्वलाई भने एकीकृत वासलातमा देखाउनुपर्दछ। अन्तर-कम्पनी दायित्वलाई हटाउँदा सम्पत्ति र दायित्व पक्षमा समान असर हुने गरी गर्नुपर्दछ।

- a) Purchase of goods on credit by the holding company to the subsidiary or vice versa/debtors and creditors. Inter-company debts for the sale of goods on credit owing by one company to the other company in the same group should be eliminated from sundry debtors and sundry creditors. For example, if the holding company sells goods to its subsidiary for Rs.10,000 on credit, it will appear as one of the sundry debtors in the Balance Sheet of holding company and as one of the sundry creditors in the Balance Sheet of the subsidiary company. It is an internal debt and is neither an external asset nor a liability of the group. While preparing consolidated Balance Sheet, sundry debtors of both the companies are to be added together. Similarly, sundry creditors of both the companies are to be added together. From this merged balance of sundry debtors and sundry creditors, a sum of Rs.10,000 is to be deducted from both the balances. If the above adjustment is not done it will lead to an over-statement of the figures for current assets and current liabilities in the Consolidated Balance Sheet.

Example:

Balance Sheet of H. Ltd			
Liabilities	Amount	Assets	Amount
Creditor.....	2,00,000	Debtor.....	5,00,000

Balance Sheet of S. Ltd			
Liabilities	Amount	Assets	Amount
Creditor.....	2,00,000	Debtor.....	4,00,000

Additional Information:

Creditor of S. Ltd. includes Rs.40,000 supplied by H. Ltd.

Solution:

Preparation of Consolidated Balance Sheet (Relevant item)

Liabilities		Amount	Assets		Amount
Creditor: H. Ltd.	2,00,000	4,00,000	Debtors: H. Ltd.....	5,00,000	9,00,000
S. Ltd.....	2,00,000		S. Ltd.....	4,00,000	
Less: Mutual obligation.....		(40,000)	Less: Mutual obligation.....		(40,000)
		3,60,000			8,60,000

b) Inter company bills of exchange/Bills receivable and bills payable.

Bills drawn or accepted either by the holding company or its subsidiary are not an outside obligation. The item "Bills Receivable" in one company's Balance Sheet and corresponding item "Bills Payable" in another company's Balance Sheet are to be cancelled out against each other like ordinary debts.

But if some of the bills are discounted, their adjustment is not possible because they are no longer an inter company obligation. When a bill is discounted, it will have to be paid by the drawer (if not, by the drawer in case of dishonour) to the bank (outside the group). Bills discounted generally appear at the bottom of the Balance Sheet as a contingent liability. In the Consolidated Balance Sheet it will also appear as a contingent liability. Only the face value of the bills that are drawn on outsiders and subsequently discounted will appear as a contingent liability in the consolidated Balance Sheet as a footnote.

Illustration - 6

The Balance Sheets of H Ltd. and S Ltd. on 31st December, 2012 were as under:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Equity Shares capital of Rs.100 each .	90,000	22,500	Building.....	27,000	-
General Reserves (01/01/2012).....	13,500	4,500	Machinery.....	90,000	-
Profit and Loss Account :			Stock.....	18,000	38,250
Balance on 01/01/2012	18,000	9,000	Debtors.....	4500	13,500
Profit for the year.....	22,500	11,250	Cash.....	4500	4,500
Creditors.....	22,500	13,500	135 Shares in S. Ltd.....	29,250	-
Bills Payable.....	6750	-	Bills Receivable.....	-	4,500
	173,250	60,750		173,250	60,750

Additional Information:

- a) Shares were purchased by H. Ltd. on 31st June, 2012.
- b) Bills receivables of S. Ltd. are accepted by H. Ltd.
- c) Debtors of S. Ltd. include Rs.6,000 of H. Ltd.

Required: Consolidated balance sheet of H. Ltd. and S. Ltd.

Solution:

a) Calculation of Ratio of contribution between H Ltd. and S. Ltd.:

$$H. Ltd. = \frac{\text{No. of equity shares held by H Ltd. in S Ltd.}}{\text{No. of equity shares issued by S Ltd.}} \times 100 = \frac{135}{225} \times 100 = 60\%$$

$$S. Ltd. = 100\% - 60\% = 40\%, \text{ Holding ratio} = 3 : 2$$

b) Calculation of Capital Profit:

General Reserve balance of 01/01/2012	Rs.4,500
Balance of Profit and Loss Account on 01/01/2012	Rs.9,000
Profit for the year up to 30/06/2012 (for 6 months) (i.e. 11,250 x 6/12).....	Rs.5,625
Capital Profit	Rs.19,125

c) Calculation of Revenue Profit:

Profit for 6 months from 01/07/2012 to 31/12/2012 (i.e., Rs.11,250 x 6/12).....	Rs.5,625
Revenue Profit	Rs.5,625
Share of H Ltd in Revenue Profit = Rs.5,625 x 60/100 = Rs.3,375	

d) Calculation of Cost of Control:

Cost of Investment for acquiring 60% shares in S Ltd.....		Rs.29,250
Less: Paid up value of 60% Share Capital of S Ltd (i.e. Rs.22,500 x 60/100).....	Rs.13,500	
60% of Capital Profits in S Ltd. (i.e. Rs.19,125 x 60/100).....	Rs.11,475	(Rs.24,975)
Goodwill or Cost of Control		4,275

e) Calculation of Minority Interest i.e. 100% – 60% = 40%:

Paid up value of 40% Share Capital of S Ltd.,(i.e. Rs.22,500 x 40/100).....	Rs.9,000	
40% of Capital Profits (i.e. Rs.19,125 x 40/100).....	Rs.7,650	
40% of Revenue Profits (i.e. Rs.5,625 x 40/100).....	Rs.2,250	
Minority Interest		Rs.18,900

Consolidated Balance Sheet of H. Ltd. and S. Ltd.
As on 31st December, 2012

Liabilities	Amount	Assets	Amount
Share Capital: Equity Shares of Rs.100 each	90,000	Fixed Assets:	
Minority Interest	18,900	Goodwill.....	4,275
Reserve and Surplus: General Reserve.....	13,500	Building (H Ltd.)	27,000
Profit and Loss Account:		Machinery (H Ltd.).....	90,000
Balance on 01/01/2012	18,000	Current Assets: Stock:	
Profit for 2012.....	22,500	H. Ltd.....	18,000
	40,500	S. Ltd.....	38,250
Add: Share in Revenue Profit of S Ltd.	3,375	Debtors: H Ltd.	4,500
Current Liabilities: Creditors:	43,875	S Ltd.	13,500
H Ltd.	22,500		18,000
S Ltd.	13,500	Less: Mutual Owings	(2,700)
	36,000	Cash: H Ltd.	4,500
Less: Mutual Owings	(2,700)	S Ltd.	4,500
Bills Payables: H. Ltd.	6,750	Bills Receivables: H Ltd.	Nil
S. Ltd.	Nil	S Ltd.	4,500
	6,750		4,500
Less: Mutual Owings	(4,500)	Less: Mutual Owings	(4,500)
	2,250		
	2,01,825		2,01,825

ख) अन्तर-कम्पनीका अप्राप्त नाफा (Unrealized Inter-Company Profits)

मूल कम्पनी र सहायक कम्पनीहरूको बीचमा सामानको खरिदविक्री हुन सक्दछ । यस्तो खरिद विक्रीमा नाफा पनि समावेश भएको हुन्छ । सामानहरू विक्री भइसकेको अवस्थामा नाफा आर्जित हुन्छ तर कहिलेकाहिँ मौज्जातमा सामान रहन सक्दछ । यस्तो मौज्जातमा रहेको सामानमा समावेश नाफालाई अप्राप्त नाफा (Unrealised profit) भनिन्छ । अप्राप्त नाफालाई एकीकृत वासलातमा देखाइदैन । त्यसैले यसलाई दायित्व पक्षमा नाफाबाट घटाइन्छ र सम्पत्ति पक्षमा मौज्जातबाट घटाइन्छ । यसलाई निम्नानुसार गणना गर्न सकिन्छ ।

१) लागतमा नाफा दिएको भए (Profit on cost):

$$\text{Unrealized profit on unsold stock} = \frac{\text{Unsold stock} \times \text{rate of profit}}{100 + \text{Rate of profit}} = \text{Unsold stock} \times \frac{\%}{100 + \%}$$

२) विक्री मूल्यमा नाफा दिएको भए (Profit on sales)

$$\text{Unrealized profit on unsold stock} = \frac{\text{unsold stock} \times \text{rate of profit}}{100} = \text{Unsold stock} \times \frac{\%}{100}$$

Note:

- It is deducted from stock in assets side of consolidated balance sheet
- It is also deducted from profits for the year in liability side of consolidated balance sheet.

Illustration - 7

H. Ltd. purchased 1,000 Shares of S. Ltd. on 1st January, 2012. The followings are the comparative Balance Sheet of the two companies as on 31st December, 2012:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity Shares of Rs.100 each.....	2,50,000	1,25,000	Building	62500	37,500
General Reserve (01/01/2012).....	50,000	25,000	Machinery	62500	75,000
Profit and Loss A/c (1.1.2012).....	12,500	7,500	Inventory	18750	12,500
Profit for the year	25,000	10,000	Debtors	12500	15,000
Creditors	12,500	12,500	1000 Shares of S Ltd.	125000	-
Bills Payable.....	3,750	1,250	Bills Receivable.....	10000	1,250
			Bank.....	62500	40,000
	3,53,750	1,81,250		3,53,750	1,81,250

- (a) Bills receivable of H. Ltd. includes Rs.1,250 accepted by S. Ltd.
 (b) Debtors of H. Ltd. include Rs.6,250 due from S. Ltd.
 (c) Inventory of S. Ltd. includes goods purchased from H. Ltd. for Rs.7,500 at a profit of 25 % on cost.

Required: Consolidated balance sheet of H. Ltd. and S. Ltd.

Solution:

- a) Calculation of Ratio of contribution between H. Ltd. and S. Ltd.:

$$\text{H. Ltd.} = \frac{\text{No. of equity shares held by H Ltd. in S Ltd.}}{\text{No. of equity shares issued by S Ltd.}} \times 100 = \frac{1,000}{1,250} \times 100 = 80\%$$

$$\text{S. Ltd.} = 100\% - 80\% = 20\%; \text{ Holding ratio} = 4:1$$

- b) Calculation of Capital Profit:

General Reserve as on 01/01/2012	Rs.25,000
Profit and Loss Account as on 01/01/2012	Rs.7,500
Capital Profit	Rs.32,500

- c) Calculation of Revenue Profit:

Profit for the year 2012	Rs.10,000
Revenue Profit	Rs.10,000
Share of H. Ltd in Revenue Profit = Rs.10,000 × 80/100 = Rs.8,000	

- d) Calculation of Cost of Control:

Cost of investment	Rs.1,25,000
Less: Paid up value of 80% Share Capital of S. Ltd.....	Rs.1,00,000
80% of Capital Profits in S Ltd.	Rs.26,000
Capital Reserve	Rs.1,000

- e) Calculation of Minority Interest:

Paid up value of 20% Share Capital of S Ltd.	Rs.25,000
20% of Capital Profits	Rs.6,500
20% of Revenue Profits.....	Rs.2,000
Minority Interest	Rs.33,500

- f) Calculation of Unrealized Profit on Stock

$$\text{Unrealized Profit} = \text{Value of Stock} \times \frac{\text{Rate}}{100 + \text{Rate}} = 7,500 \times \frac{25}{100 + 25} = \text{Rs.1,500}$$

Consolidated Balance Sheet of H Ltd. and S. Ltd.
As on 30th December, 2012

Liabilities		Amount	Assets		Amount
Share Capital:			Fixed Assets:		
Equity Shares of Rs. 100 each	2,50,000		Building: H. Ltd.	62,500	
Minority Interest	33,500		S. Ltd.	37,500	1,00,000
Reserve and Surplus:			Machinery: H. Ltd.		62,500
Capital Reserve	1,000		S. Ltd.	75,000	1,37,500
General Reserve (01/01/2012)	50,000		Current Assets:		
Profit and Loss Account:			Stock: H. Ltd.	18,750	
Balance on 01/01/2012	12,500		S. Ltd.	12,500	
Profit for 2012	25,000		Less: Unrealized profit	(1,500)	29,750
Add: S. Ltd.'s Revenue Profit	8,000		Sundry Debtors:		
Less: Unrealized Profit	(1,500)	44,000	H. Ltd.	12,500	
Current Liabilities:			S. Ltd.	15,000	
Creditors:				27,500	
H. Ltd.	12,500		Less: Mutual Owings	(6,250)	21,250
S. Ltd.	12,500		Cash and Bank:		
	25,000		H. Ltd.	62,500	
Less: Mutual Owings	(6,250)	18,750	S. Ltd.	40,000	1,02,500
Bills Payable:			Bills Receivable:		
H. Ltd.	3,750		H. Ltd.	10,000	
S. Ltd.	1,250		S. Ltd.	1,250	
	5,000			11,250	
Less: Mutual Owings	(1,250)	3,750	Less: Mutual Owings	(1,250)	10,000
		4,01,000			4,01,000

ग) पारवहनमा सामान तथा नगद (Goods-in-Transit and Cash-in-Transit)

आपसी कारोबारको क्रममा मूल कम्पनी र सहायक कम्पनीहरूबीचमा सामानको आदानप्रदान गर्नुपर्ने हुन्छ। त्यस्तै भुक्तानीको लागि पनि कम्पनीहरूबीचमा नगदको आदानप्रदान हुन सक्दछ। सामान वा नगद सम्बन्धित कम्पनीले प्राप्त गर्न निश्चित समय लाग्दछ। यस्तो अवस्थामा खाता बन्द गर्ने समयमा समेत पठाइएको सामान वा नगद प्राप्त नभएमा यसलाई पारवहनमा सामान तथा नगद भनिन्छ। पारवहनमा सामान तथा नगद भएको अवस्थामा एकीकृत वासलातको सम्पत्ति पक्षमा आसामीबाट घटाइन्छ र पारवहनमा सामान (Goods-in-transit) शीर्षकमा सम्पत्ति देखाइन्छ। त्यस्तै पारवहनमा नगदको अवस्थामा पनि सम्पत्ति पक्षमा आसामीबाट घटाई पारवहनमा नगद (Cash-in-transit) शीर्षकमा सम्पत्ति देखाइन्छ।

Illustration - 8

The Balance Sheet of H. Ltd. and S. Ltd. as at 31st Ashadh, 2068 were as follows:

Liabilities	H.Ltd. (Rs.)	S.Ltd. (Rs.)	Assets	H.Ltd. (Rs.)	S.Ltd.(Rs.)
Share Capital (Rs.100 each).....	11,50,000	4,60,000	Furniture	6,90,000	4,60,000
General Reserves on 01/04/2067	1,15,000	69,000	Investments	3,22,000	46,000
Profit and Loss A/c	92,000	46,000	Inventories	2,41,500	69,000
Creditors Bills	1,49,500	1,03,500	Debtors	1,84,000	1,15,000
Payable	-	34,500	Bank Balance	69,000	22,300
	15,06,500	7,13,000		15,06,500	7,13,000

Additional information:

- H. Ltd. Purchased 2,760 shares S. Ltd. on 1st Kartik, 2067 at Rs.3,22,000.
- The Profit and Loss Account of S. Ltd. showed a debit balance of Rs.27,600 on 1st Shrawan, 2067.
- Debtors of H. Ltd. include Rs.57,500 due from S. Ltd., while creditors of S. Ltd. include Rs.46,000 and the difference as a bank draft of Rs.11,500 sent by S.Ltd. on 25th Ashadh, 2068 was not received by H. Ltd.

- iv) The inventory of S. Ltd. includes goods worth Rs.13,800 purchased from H. Ltd. which was sold by latter company at a profit of 100/3% on cost.
Required: Consolidated Balance Sheet as on 31st Ashadh, 2068.

Solution:

- a) Calculation of Ratio of Contribution between H Ltd. and S. Ltd.:

$$H. Ltd. = \frac{\text{No. of equity shares held by H Ltd. in S Ltd.}}{\text{No. of equity shares issued by S Ltd.}} \times 100 = \frac{2,760}{4,600} \times 100 = 60\%.$$

$$S. Ltd. = 100\% - 60\% = 40\%; \text{ Holding ratio} = 3:2$$

- b) Calculation of Revenue Profit:

$$\text{Profit after the date of acquisition} (46,000+27,600) \times 9/12 = \text{Rs.55,200}$$

$$H. Ltd.'s \text{ share in Revenue Profit} = 55,200 \times 60\% = \text{Rs.33,120.}$$

- c) Calculation of Capital Profit:

General Reserve as on 1 st shrawan,2067	Rs 69,000
Debit balance of Profit and Loss Account as on 1 st shrawan,2067	(Rs.27,600)
Profit earned up to 30 th Ashwin, 2067 (46,000 + 27,600) × 3/12	Rs.18,400
Capital Profit	Rs.59,800

- d) Calculation of Cost of Control:

Cost of Investment	Rs.3,22,000
Less: Paid up value of 60% Share Capital of S. Ltd.	Rs.2,76,000
60% of Capital Profits in S. Ltd.	Rs.35,880
Goodwill	Rs.10,120

- e) Calculation of Minority Interest:

Paid up value of 40% Share Capital of S Ltd.	Rs.1,84,000
40% of Capital Profits	Rs.23,920
40% of Revenue Profits	Rs.22,080
Minority Interest	Rs.2,30,000

- f) Calculation of Unrealized Profit on Stock:

$$\text{Unrealized Profit} = \text{Value of inventory} \times \frac{\text{Rate}}{100 + \text{Rate}} = 13,800 \times \frac{33.33}{100 + 33.33} = \text{Rs.3,450.}$$

Consolidated Balance Sheet of H Ltd. and S. Ltd.
As on 31st Ashadh, 2068

Liabilities	Amount	Assets	Amount
Share Capital:		Fixed Assets: Goodwill	10,120
Equity Shares of Rs 100 each	11,50,000	Furniture:	
Minority Interest	2,30,000	H. Ltd.	6,90,000
Reserve and Surplus:		S. Ltd.	4,60,000
General Reserve	1,15,000	Investment (S. Ltd.)	46,000
Profit and Loss Account:		Current Assets: Inventory:	
H. Ltd.	92,000	H. Ltd.	2,41,500
Add: S. Ltd's Revenue Profit	33,120	S. Ltd.	69,000
Less: Unrealized Profit	(3,450)		3,10,500
	1,21,670	Less: Unrealized Profit	(3,450)
Current Liabilities			3,07,050
Creditors: H. Ltd.	1,49,500	Debtors: H. Ltd.	1,84,000
S. Ltd.	1,03,500	S. Ltd.	1,15,000
Less: Mutual Owings	(46,000)		2,99,000
	2,07,000	Less: Mutual Owings	(57,500)
Bills Payable:			2,41,500
H. Ltd.	Nil	Cash-in-Transit	11,500
S. Ltd.	34,500	Bank: H. Ltd.	69,000
	34,500	S. Ltd.	23,000
			92,000
	18,58,170		18,58,170

घ) स्थिर सम्पत्तिको पुनर्मूल्याङ्कन (Revaluation of Fixed Assets)

कहिलेकाहिं शेयर खरिद गर्दाको समयमा मूल कम्पनी वा सहायक कम्पनीको सम्पत्तिको पुनर्मूल्याङ्कन गरिन्छ । यसलाई एकीकृत वासलातमा निम्नानुसार देखाइन्छ :

- १) मूल कम्पनीको स्थिर सम्पत्तिको पुनर्मूल्याङ्कन (Revaluation of Fixed Assets of Holding Company): शेयर खरिद गर्दाको समयमा मूल कम्पनीको स्थिर सम्पत्तिको पुनर्मूल्याङ्कन गरिएमा यसलाई निम्नानुसार समायोजन गरिन्छ ।
 - अ) यदि स्थिर सम्पत्तिको मूल्य वृद्धि भएमा, वृद्धि भएको मूल्यलाई पूँजीगत नाफा मानिन्छ र एकीकृत वासलातको दायित्व पक्षमा पूँजीगत जगेडा भनी देखाइन्छ । त्यस्तै यसलाई ख्याति घटाउन (Goodwill written off) पनि प्रयोग गरिन्छ ।
 - आ) यदि स्थिर सम्पत्तिको मूल्य घटेमा घटेको मूल्यलाई पूँजीगत घाटा मानिन्छ र वासलातको दायित्व पक्षमा पूँजीगत जगेडा वा सामान्य जगेडा वा नाफानोक्सान खाताबाट घटाइन्छ ।
 - इ) स्थिर सम्पत्तिलाई पुनर्मूल्याङ्कन गरिएको मूल्यमा एकीकृत वासलातमा देखाइन्छ ।
 - ई) यसले अल्पसंख्यक दाबी वा रुचिलाई प्रभाव पार्दैन ।

Illustration - 9

The Balance Sheet of H. Ltd. and S. Ltd. are as follows:

Liabilities	H.	S.	Assets	H.Ltd.	S.Ltd.
	Ltd.(Rs.)	Ltd.(Rs.)		(Rs.)	(Rs.)
Share Capital (Rs.100 per share)	3,50,000	2,10,000	Land and Building.....	70,000	42,000
Capital Reserve.....	28,000	7,000	Plant and Machinery.....	1,05,000	1,40,000
General Reserves	56,000	42,000	Investment (18,900 shares in S.Ltd.).....	2,36,250	-
Profit and Loss A/c.....	35,000	21,000	Inventory	70,000	84,000
Sundry Creditors	56,000	35,000	Sundry Debtors.....	29,750	35,000
			Bank Balance	14,000	14,000
	5,25,000	3,15,000		5,25,000	3,15,000

Additional Information:

- On the date of purchase, H. Ltd. revalued its Land and Building at Rs.84,000 and Plant and Machinery at Rs.87,500.
- Sundry Debtors of H. Ltd. includes Rs.7,000 due from S. Ltd. Inventory of H. Ltd. includes Rs.14,000 purchased from S. Ltd, which made 20% profit on sales.
- At the time of purchase, S. Ltd. Company had Rs.7,000 in Capital Reserve, Rs.28,000 in General Reserve and Rs.7,000 in Profit and Loss Account.

Required: Consolidated Balance Sheet

Solution:

- a) Calculation of Ratio of contribution between H. Ltd. and S Ltd.

$$\begin{aligned} \text{H. Ltd.} &= \frac{\text{No. of equity shares held by H. Ltd. in S. Ltd.}}{\text{No. of equity shares issued by S. Ltd.}} \times 100 \\ &= \frac{18,900}{21,000} \times 100 = 90\% \end{aligned}$$

$$\text{Minority} = 100\% - 90\% = 10\%: \text{Holding ratio} = 9:1$$

- b) Calculation of Capital Profit:

Capital Reserve of S. Ltd. at the time of purchase.....	Rs.7,000
General Reserve of S. Ltd. at the time of purchase.....	Rs.28,000
Profit and Loss Account of S. Ltd. at the time of purchase.....	Rs. 7,000
Capital Profit	Rs.42,000

c) Calculation of Revenue Profit:

Capital Reserve after the date of purchase (7,000 – 7,000).....	Nil
General Reserve after the date of purchase (42,000 – 28,000)	Rs.14,000
Profit and Loss Account after the date of purchase(21,000 – 7,000).....	Rs.14,000
Revenue Profit	Rs.28,000
H. Ltd's share in Revenue Profit = Rs.28 000 × 90/100 = Rs.25,200	

d) Calculation of Cost of Control:

Cost of Investment.....	Rs.2,36,250
Less: Paid up value of 90% Share Capital of S Ltd	Rs.1,89,000
90% of Capital Profits in S. Ltd. (i.e. Rs.42,000 x 90/100)	Rs.37,800 (Rs.2,26,800)
Goodwill	Rs.9,450

e) Calculation of Minority Interest:

Paid up value of 10% Share Capital of S. Ltd.,.....	Rs.21,000
10% of Capital Profits of S. Ltd.	Rs.4,200
10% of Revenue Profits of S. Ltd.	Rs.2,800
Minority Interest	Rs.28,000

f) Calculation of Unrealized Profit on Stock:

$$\text{Unrealized Profit} = \text{Value of Stock} \times \frac{\text{Rate}}{100} = \text{Rs.14,000} \times \frac{20}{100} = \text{Rs.2,800}$$

g) Adjustment of Revaluation of Assets of H. Ltd.:

Capital Reserve of H. Ltd. on closing date.....	Rs.28,000
Add: Profit on revaluation of land and building (Rs.84,000 – Rs.70,000)	Rs.14,000
Less: Loss on revaluation of plant and machinery (Rs.87,500– Rs.1,05,000).....	(Rs.17,500)
Capital Reserve of H Ltd at the end	Rs.24,500

Consolidated Balance Sheet of H. Ltd. and Y Ltd.

As on.....

	Amount	Assets	Amount
Share Capital:		Fixed Assets:	
Equity Shares of Rs.100 each.....	3,50,000	Land and Building:	
Minority Interest.....		H. Ltd.	84,000
Reserve and Surplus:	28,000	S. Ltd.	42,000
Capital Reserve.....	24,500	Plant and Machinery:	
Less: Goodwill	9,450	H. Ltd.	87,500
General Reserve	15,050	S. Ltd.	1,40,000
Profit and Loss Account:	56,000	Current Assets: Inventory:	
Profit for year	35,000	H. Ltd.	70,000
Add: S. Ltd's Revenue Profit ...	25,200	S. Ltd.	84,000
Less: Unrealized Profit	(2,800)	Less: Unrealized profit.....	(2,800)
Current Liabilities:	57,400	Sundry Debtors:	1,51,200
Creditors: H. Ltd.....	56,000	H. Ltd.	29,750
S. Ltd.....	35,000	S. Ltd.	35,000
	91,000		64,750
Less: Mutual Owings	(7,000)	Less: Mutual Owings	(7,000)
	84,000	Bank Balance: H. Ltd.	14,000
		S. Ltd.	14,000
	5,90,450		28,000
			5,90,450

२) सहायक कम्पनीको स्थिर सम्पत्तिको पुनर्मूल्याङ्कन (Revaluation of Fixed Assets of Subsidiary Company): शेयर खरिद गर्ने समयमा सहायक कम्पनीको स्थिर सम्पत्तिको पुनर्मूल्याङ्कन गरिएमा निम्न लिखित समायोजन गरिन्छ :

अ) यदि स्थिर सम्पत्तिको मूल्य बढेमा बढेको मूल्यलाई पूँजीगत नाफा मानी सहायक कम्पनीको प्राप्त अधिको नाफा (Pre acquisition profit) मा जोडिन्छ ।

- आ) यदि स्थिर सम्पत्तिको मूल्य घटेमा घटेको मूल्यलाई पूँजीगत घाटा मानी सहायक कम्पनीको प्राप्त अधिको नाफा (Pre acquisition profit) मा घटाइन्छ ।
 इ) स्थिर सम्पत्तिलाई पुनर्मूल्याङ्कन गरिएको मूल्यमा एकीकृत वासलातमा देखाइन्छ ।
 ई) अल्पसंख्यक दाबी वा रुचिमा कुनै असर पर्दैन ।

Illustration - 10

The balance sheets of H. Ltd. and S. Ltd. as on 31st Chaitra, 2069 are as follows:

Liabilities and capital	H.Ltd. (Rs.)	S.Ltd. (Rs.)	Assets	H.Ltd. (Rs.)	S.Ltd. (Rs.)
Equity Share Capital@Rs100 each	90,000	54,000	Land and building	1,00,800	1,09,800
General Reserves	36,000	18,000	Investment	34,200	3,600
Profit and Loss A/c	18,000	28,800	Debtors	18,000	5,400
Creditors	36,000	18,000	Bills Receivables.....	27,000	5,400
Bills Payable.....	27,000	45,000	Inventory	18,000	36,000
			Bank balance	9,000	3,600
	2,07,000	1,63,800		2,07,000	1,63,800

Other Information:

- H. Ltd. purchased 360 shares of S. Ltd. on 1st Shrawan, 2069.
- General Reserve of S. Ltd. at the beginning of the year was Rs.12,600 and had a debit balance of profit and loss account of Rs.1,800.
- Land and Building of S. Ltd. are revalued at Rs.1,08,000.
- H. Ltd. drew upon S. Ltd., bills of Rs.18,000 of which bills of Rs.16,200 were discounted from bank.
- The creditors of S. Ltd. include goods of Rs.9,000 purchased from H. Ltd. upon which 20% profit on sales is made out of which goods of Rs.1,800 is still in godown.

Required: Consolidated Balance Sheet

Solution:

- a) Calculation of Ratio of Interest between H. Ltd. and Minority:

$$\text{H. Ltd.} = \frac{\text{No. of equity shares held by H Ltd. in S Ltd}}{\text{No. of equity share issued by S Ltd}} = \frac{360}{540} = \frac{2}{3} = 66.67\%$$

$$\text{S. Ltd.} = 100\% - 66.67\% = 33.33\%; \text{ Holding ratio} = 2:1$$

- b) Calculation of Revenue Profit:

$$\text{Profit for 9 months} [(28,800 + 1,800) \times 9/12 + (18,000 - 12,600) \times 9/12] = \text{Rs.}27,000$$

- c) Calculation of Capital Profit:

General Reserve as in beginning	Rs.12,600
Debit balance of Profit and Loss Account as in beginning	(Rs.1,800)
Profit earned up to 31 st Ashadh, 2069 [(Rs.28,800 + 1,800) × 3/12 + (Rs.18,000 - 12,600) × 3/12]	Rs.9,000
	Rs.19,800
Less: Loss on revaluation of land and building of S. Ltd. (i.e. Rs.1,08,000 - Rs.1,09,800)	(Rs.1,800)
	Total Capital Profit Rs.18,000

- d) Calculation of Minority Interest:

Paid up value of 1/3 Share Capital of S Ltd	Rs.18,000
1/3 of Capital Profits	Rs.6,000
1/3 of Revenue Profits	Rs.9,000
	Minority Interest Rs.33,000

- e) Calculation of Cost of Control:

Cost of Investment	Rs.34,200
Less: Paid up value of 2/3 Share Capital of S Ltd	36,000
2/3 of Capital Profits in S Ltd. (i.e. Rs.18,000 × 2/3)	12,000 (Rs.48,000)
	Capital Reserve Rs.13,800

f) Calculation of Unrealized Profit on Stock i.e., 20% on sales:

$$\text{Unrealized Profit} = \text{Value of Stock} \times \frac{\text{Rate}}{100} = \text{Rs.}1,800 \times \frac{20}{100} = \text{Rs.}360$$

Consolidated Balance Sheet of H Ltd. and S. Ltd.
As on 31st Chaitra, 2069

Liabilities		Amount	Assets		Amount
Share Capital:			Fixed Assets:		
Equity Shares of Rs 100 each		90,000	Land and Building:		
Minority Interest			H. Ltd.....	1,00,800	
Reserve and Surplus:		33,000	S. Ltd.....	<u>1,08,000</u>	2,08,800
Capital Reserve			Investment		3,600
General Reserve.....		13,800	Current Assets:		
Profit and Loss Account:		36,000	Inventory: H. Ltd.	18,000	
Profit for year	18000		S. Ltd.....	36,000	
Add: S Ltd's Revenue Profit.....	18000		Less: Unrealized profit.....	<u>360</u>	53,640
Less: Unrealized Profit.....	<u>(360)</u>		Sundry Debtors:		
Current Liabilities:		35,640	H. Ltd.	18,000	
Creditors: H. Ltd.....	36000		S. Ltd.	<u>5,400</u>	
S. Ltd.....	<u>18000</u>			23,400	
	54000		Less: Mutual Owings	<u>(9,000)</u>	14,400
Less: Mutual Owings.....	<u>(9000)</u>		Bank Balance: H. Ltd.	9,000	
Bills Payable:		45,000	S. Ltd.....	<u>3,600</u>	12,600
H. Ltd.....	27,000		Bills Receivable: H. Ltd.	27,000	
S. Ltd.....	45000		S. Ltd.	<u>5,400</u>	
Less: Mutual owing	<u>1800</u>			32,400	
	70,200		Less: Mutual Owings	<u>(1,800)</u>	30,600
	<u>3,23,640</u>			<u>3,23,640</u>	

३) सहायक कम्पनीको पुनर्मूल्याङ्कित सम्पत्तिको मूल्यहास समायोजन (Adjustment for Depreciation on Revalued Assets of Subsidiary Company): एकीकृत वासलातमा पुनर्मूल्याङ्कित सम्पत्ति देखाइने भएकाले वर्तमान मूल्य र पुनर्मूल्याङ्कित मूल्यबीचको फरकले मूल्यहासमा पार्ने असरलाई समायोजन गर्नुपर्दछ ।

अ) यदि स्थिर सम्पत्तिको मूल्य बढेमा बढेको मूल्यबराबरको सम्पत्तिमा मूल्यहास कट्टा गर्नुपर्दछ । मूल्यहास कट्टा गर्दा पुनर्मूल्याङ्कन मिति र वासलातको मिति बीचको अवधिलाई लिनुपर्दछ । यसले आयगत नाफा घटाउँदछ र पुनर्मूल्याङ्कित सम्पत्तिको समेत मूल्य घटाउँदछ ।

आ) यदि स्थिर सम्पत्तिको मूल्य घटेमा, घटेको मूल्य बराबरको सम्पत्तिमा मूल्य वृद्धि (Appreciation) गर्नुपर्दछ । मूल्य वृद्धि गर्दा पुनर्मूल्याङ्कन र वासलातको मितिबीचको अवधिलाई लिनुपर्दछ । यसले आयगत नाफा बढाउँछ र पुनर्मूल्याङ्कित सम्पत्तिको मूल्य समेत बढाउँदछ ।

Illustration - 11

H. Ltd. purchased 45000 equity shares in S. Ltd. on 1st July, 2012 at a cost of Rs.55,50,000. On 31st December, 2012 the Balance Sheet of H. Ltd. and S. Ltd. were as follows:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity Shares of Rs.100 each....	90,00,000	75,00,000	Land.....	60,00,000	37,05,000
General Reserves (01/01/2012)..	15,00,000	22,50,000	Plant.....	15,00,000	33,75,000
Profit and Loss A/c	13,50,000	18,00,000	Investment in S. Ltd	55,50,000	-
Creditors.....	38,25,000	21,00,000	Inventory	9,75,000	21,00,000
			Debtors	13,50,000	16,50,000
			Bank balance	3,00,000	28,20,000
	<u>1,56,75,000</u>	<u>1,36,50,000</u>		<u>1,56,75,000</u>	<u>1,36,50,000</u>

Additional Information:

- i) As on the date of purchase, Land of S. Ltd. over valued by Rs.3,00,000 and value of plant was valued at Rs.45,00,000.
- ii) Depreciation charged on Land and Plant is @5% and 10% p.a. respectively on reducing balance-method.
- iii) Profit and Loss A/c of S. Ltd. as on 01/01/2012 was Rs.4,50,000.

Required: Consolidated Balance Sheet

Solution:

- a) Calculation of Ratio of Contribution between H Ltd. and S.ltd:

$$H. Ltd. = \frac{\text{No. of equity shares held by H Ltd. in S Ltd.}}{\text{No. of equity shares issued by S Ltd.}} \times 100 = \frac{45,000}{75,000} \times 100 = 60\%$$

$$S. Ltd. = 100\% - 60\% = 40\%; \text{ Holding ratio} = 3:2$$

- b) Calculation of increased and decreased values of fixed assets of S Ltd from revaluation:

(a) Revalued value of Plant on 1 st July, 2012.....	Rs.45,00,000
Less: Book value of Plant on 1 st July, 2012:	
Book value of Plant as on 1 st January, 2012 (i.e. Rs.33,75,000 x 100/90).....	Rs.37,50,000
Depreciation @ 10% up to end of June, 2012 (i.e. Rs.37,50,000 x 10/100 x 6/12).....	(Rs.1,87,500)
Increased value of plant	Rs.9,37,500
(b) Book value of Land at the date of purchase:	
Book value of land as on 1 st January, 2012 (i.e. Rs.37,05,000 x 100/95).....	Rs.39,00,000
Depreciation @ 5% up to end of June, 2012 (i.e. Rs.39,00,000 x 5/100 x 6/12).....	(Rs.97,500)
Less: Revalued value of Land (i.e. Rs.38,02,500 - Rs.3,00,000).....	Rs.35,02,500
Decreased value of land	Rs.3,00,000

- c) Calculation of Revenue Profit:

Revenue Profit i.e., 6 months = (Rs.18,00,000 - Rs.4,50,000) x 6/12.....	Rs.6,75,000
Less: Depreciation on increased value of machinery (i.e. Rs.9,37,500 x 10/100 x 6/12)	(Rs.46,875)
Add: Depreciation on decreased value of Building (i.e. Rs.3,00,000 x 5/100 x 6/12)	Rs.7,500
Total Revenue Profits	Rs.6,35,625
Share of H Ltd. in Total Revenue Profit = Rs.6,35,625 x 60/100 = Rs.3,81,375.	

- d) Calculation of Capital Profit:

General Reserve as on 1 st January, 2012	Rs.22,50,000
Profit and Loss Account as on 1 st January, 2012.....	Rs.4,50,000
Profit earned up to end of June, 2012 (18,00,000 - 4,50,000) x 6/12	Rs.6,75,000
	Rs.33,75,000
Add: Increased value of plant	Rs.9,37,500
Less: Decreased value of land	(Rs.3,00,000)
Total Capital Profits	Rs.40,12,500

- e) Calculation of Cost of Control:

Cost of Investment.....	Rs.55,50,000
Less: Paid up value of 60% Share Capital of S. Ltd.	Rs.45,00,000
60% of Capital Profits in S. Ltd.	24,07,500
Capital Reserve	Rs.34,57,500

- f) Calculation of Minority Interest:

Paid up value of 40% Share Capital of B Ltd., (i.e. Rs.75,00,000 x 40/100)	Rs.30,00,000
40% of Capital Profits.....	Rs.16,05,000
40% of Revenue Profits.....	Rs.2,54,250
Minority Interest	Rs.48,59,250

b) Calculation of Capital profit

Reserve (01/01/2009).....	Rs.50,000
Profit and loss (01/01/2009).....	Rs.50,000
Profit for the year (75,000 × 6/12).....	Rs.37,500
Total capital profit	1,37,500

c) Calculation of Revenue profit of S Ltd.

Profit for the year (75,000 – 37,500) or (75,000 × 6/12)	Rs.37,500
Total revenue profit	Rs.37,500

Share of H. Ltd. = 37,500 × 4/5 = 30,000

d) Calculation of Minority interest

Shares of S. Ltd. (500000 × 20%)	Rs.100,000
Share of capital profit (1,37,500 × 1/5)	Rs.27,500
Share of revenue profit (37,500 × 1/5)	Rs.7,500
Minority interest	Rs.1,35,000

e) Calculation of Cost of control

Investment cost in shares	Rs.4,80,000
Investment cost in debenture	Rs.36,000
Less: Par value of share (5,00,000 × 80/100)	(Rs.4,00,000)
Par value of debenture (400@ Rs.100)	(Rs.40,000)
Share of capital profit (1,37,500 × 4/5 = 1,10,000)	(Rs.1,10,000)
Capital Reserve	Rs.34,000

f) Calculation of unrealized profit:

Unrealized profit = 80,000 × 1/4 × 20/120 = Rs.3,333.33

Consolidated Balance Sheet of H. Ltd. and S. Ltd.

As on 31st December 2009

Capital and liabilities	Amount	Assets	Amount
Share capital of Rs.100 each	10,00,000	Fixed assets:	
Reserve (01/01/2009).....	1,50,000	H. Ltd.	8,00,000
Profit and Loss (01/01/2009).....	100,000	S. Ltd.	6,00,000
Minority interest.....	1,35,000	Current Assets:	
Capital reserve	34,000	H. Ltd.	384,000
Profit for the year	1,50,000	S. Ltd.	3,25,000
Add: Revenue profit of S Ltd.	<u>30,000</u>	.....	7,09,000
.....	1,80,000	Less: Mutual owing.....	<u>80,000</u>
Less: Unrealized profit	<u>3,333.33</u>	.....	6,29,000
10% debenture of Rs. 100 each (1,00,000 – 40,000)	60,000	Less: Unrealized profit....	<u>3,333.33</u>
Creditors: H. Ltd.	3,00,000	Cash in transit	70,000
S. Ltd.	1,50,000		
.....	4,50,000		
Less: Mutual owing.....	<u>10,000</u>		
	4,40,000		
	20,95,667		20,95,667

च) सहायक कम्पनीबाट लाभांश (Dividend from Subsidiary Company)

यदि सहायक कम्पनीले लाभांश घोषणा गरी मूल कम्पनीले पनि प्राप्त गरिसकेको अवस्थामा तलका समायोजनहरू गरिन्छ ।

- 1) पूर्वप्राप्ति लाभांश (Pre-acquisition Dividend): मूल कम्पनीले पूर्वप्राप्ति नाफाबाट सहायक कम्पनीबाट लाभांश प्राप्त गरेमा यसलाई पूँजिगत प्राप्ति मानिन्छ । त्यसैले यसलाई लगानी वा नियन्त्रण लागत गणना गर्दा घटाएर ख्याती वा पूँजिगत जगेडा पत्ता लगाइन्छ । त्यस्तै मूल कम्पनीले आफ्नो नाफामा लाभांशलाई समावेश गरेको भए, यसलाई एकीकृत वासलातको दायित्वतर्फ नाफाबाट समेत घटाउनुपर्दछ ।

Illustration - 13

On 1st Kartik, 2058 X Ltd. acquired 1,600 shares of Rs.100 each in Y Ltd. at a cost of Rs.400,000. The other relevant information is:

- Profit and loss account and general reserve of Y Ltd. stood at Rs.50,000 and Rs.60,000 respectively on 1st Baishakh 2058.
- Stock of X Ltd. includes Rs.15,000 relating to stock purchased on credit from Y Ltd. which follows the practice of charging 25% extra on cost for determining the selling price.
- X Ltd. remitted Rs.10,000 out of credit purchase of Rs.15,000 to Y Ltd, but the latter company received it on 5th Baishakh, 2059
- Profit and Loss account of X Ltd. includes dividend @10% for the year 2057 from Y Ltd.; which was declared and paid after 1st Kartik, 2058.

The balance sheet of X Ltd. and Y Ltd. as at 31st Chaitra, 2058 are as follows:

Balance Sheet					
Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Equity share of Rs.100 each	8,00,000	2,00,000	Plant and machinery	8,00,000	2,50,000
General reserve	4,00,000	60,000	Furniture and fixtures	50,000	70,000
Profit and Loss A/c	3,00,000	80,000	Investment: (Shares in Y Ltd.)	4,00,000	-
Accounts payable	1,50,000	1,60,000	Stock	1,50,000	80,000
			Accounts receivable	1,50,000	70,000
			Cash	1,00,000	30,000
	16,50,000	5,00,000		16,50,000	5,00,000

Required: Consolidated Balance Sheet as on 31st Chaitra, 2058 by ascertaining minority interest, cost of control, profit and loss balance and accounts receivable

Solution:

- a) Calculation of Ratio of Contribution between X Ltd. and Y Ltd.:

$$X \text{ Ltd.} = \frac{\text{No. of share acquired by X Ltd.}}{\text{Total No. of shares issued by Y Ltd.}} \times 100 = \frac{1,600}{2,000} \times 100 = 80\%$$

$$Y \text{ Ltd.} = 100\% - 80\% = 20\%: \text{ Holding Ratio} = 4 : 1$$

- b) Calculation of Revenue Profit:

Profit for the year after purchase (Rs.80,000 + Rs.20,000 - Rs.50,000) × 6/12 (Revenue profit) = Rs.25,000

Working Note:

Profit for the year = Closing balance + Dividend-opening balance of P/L A/c

X Ltd's share in Revenue Profit = Rs.25,000 × 80/100 = Rs.20,000.

- c) Calculation of Capital Profit:

General Reserve as on 1 st Baishakh, 2058 (remained unchanged since that date)	Rs.60,000
Profit and Loss Account as on 1 st Baishakh, 2058	Rs.50,000
Less: Dividend paid for the year 2057 (i.e. Rs.2,00,000 × 10/100)	(Rs.20,000)
Profit for the year up to 30 th Ashwin, 2058	Rs.25,000
Capital Profit	Rs.1,15,000

- d) Calculation of Cost of Control:

Cost of Investment for acquiring 1600 equity shares in Y Ltd.	Rs.4,00,000
Less: Paid up value of 1600 equity shares in Y Ltd. (i.e. 1,600 × Rs.100)	1,60,000
80% of Capital Profits in Y Ltd. (i.e. Rs.1,15,000 × 80/100)	92,000
80% of dividend paid by Y Ltd out of pre-acquisition profit (i.e., Rs.20,000 × 80/100)	16,000
Goodwill	Rs.1,32,000

Handwritten notes:
 $1000 \times \frac{25}{100} = 250$
 $400000 - 250 = 399750$

Handwritten calculations:
 $\frac{210000}{416000}$
 $\frac{416000}{420000}$

Handwritten note:
 $\frac{4}{1600}$

e) Calculation of Minority Interest i.e. 100% – 80% = 20%:

Paid up value of 20% Share Capital of Y Ltd., (i.e. Rs.2,00,000 x 20/100)	Rs.40,000
20% of Capital Profits (i.e. Rs.1,15,000 x 20/100)	Rs.23,000
20% of Revenue Profits (i.e. Rs.25,000 x 20/100)	Rs.5,000
Minority Interest	Rs.68,000

f) Calculation of Unrealized Profit on Stock:

$$\begin{aligned} \text{Unrealized Profit} &= \text{Value of Stock} \times \frac{\%}{100 + \%} \\ &= \text{Rs.15,000} \times \frac{25}{10 + 25} = \text{Rs.3,000.} \end{aligned}$$

Consolidated Balance Sheet of X Ltd. and Y Ltd.

As on 31st Chaitra, 2058

Liabilities	Amount	Assets	Amount
Share Capital:		Fixed Assets:	
Equity share of Rs.100 each.....	8,00,000	Goodwill	1,32,000
Minority interest	68,000	Plant and machinery:	
Reserve and Surplus:		X Ltd.	8,00,000
General reserve	4,00,000	Y Ltd.	2,50,000
Profit and loss account	3,00,000	Furniture and Fixture:	
Add:		X Ltd.	50,000
Share of revenue profit from Y Ltd	20,000	Y Ltd.	70,000
.....	3,20,000	Current Assets:	
Less: Unrealized profit	(3,000)	Stock: X Ltd.	1,50,000
.....	3,17,000	Y Ltd.	80,000
Less:		.....	2,30,000
Dividend received (Rs.20,000 x 80/100) ..	(16,000)	Less: Unrealized profit	(3,000)
Current Liabilities:		Accounts receivable:	
Account payable:		X Ltd.	1,50,000
X Ltd.	1,50,000	Y Ltd.	70,000
Y Ltd.	1,60,000	.....	2,20,000
.....	3,10,000	Less: Mutual owing	(15,000)
Less: Mutual owing	(5,000)	Cash in transit	10,000
.....	3,05,000	Cash: X Ltd.	1,00,000
		Y Ltd.	30,000
		.....	130,000
	1,874,000		1,874,000

२) खरिदोत्तर लाभार्श (Dividend from subsidiary company out of post-acquisition profits): सहायक कम्पनीबाट प्राप्त खरिदपश्चातको नाफालाई आयगत प्राप्ति मानी मूल कम्पनीको नाफा नोक्सान खातामा क्रेडिट गरिन्छ । यसले ख्याती वा पूँजिगत जगेडालाई कुनै असर गर्दैन । त्यसैले यसका लागि मूल कम्पनीको खातामा कुनै पनि समायोजनको आवश्यकता पर्दैन ।

Illustration – 14

H. Ltd. acquired 4,000 equity shares of S. Ltd., on 1st January, 2012. The balance sheets of the two companies as on 31st December, 2012 are:

Liabilities	H. Ltd	S. Ltd.	Assets	H. Ltd	S. Ltd
Share Capital @Rs.100 each.....	12,50,000	5,00,000	Land and Building.....	3,75,000	4,50,000
General Reserve (01/01/2012).....	1,00,000	50,000	Investment in S. Ltd.....	8,50,000	-
Profit and Loss A/c	5,18,000	4,65,000	Plant and Machinery.....	6,00,000	3,98,500
5% debentures	2,00,000	-	Inventory.....	3,00,000	90,000
Bills Payable (Including Rs.8,000 to H Ltd.)	1,25,000	21,000	Debtors	1,10,000	1,00,000
Creditors.....	1,18,000	22,500	Bills Receivable (Including Rs.6,000 from S. Ltd.)	39,500	-
			Cash Balance	36,500	20,000
	23,11,000	10,58,500		23,11,000	10,58,500

Additional information:

Creditors of H. Ltd. included Rs.30,000 for goods purchased from S. Ltd. on which the latter company made a profit of 20% on cost. The inventory of H. Ltd. included Rs.12,500 goods purchased from S. Ltd. The dividend paid by S. Ltd. @10% per annum which has been included in Profit and Loss A/c of H. Ltd. The Profit and Loss A/c of S. Ltd. on 1st January, 2012 was Rs.250,000.

Required: Consolidated Balance Sheet as on 31st December, 2012.

Solution:

- a) Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$H. Ltd. = \frac{\text{No. of shares purchased by H Ltd.}}{\text{Total no. of shares issued by S Ltd.}} \times 100 = \frac{4,000}{5,000} \times 100 = 80\%.$$

$$S. Ltd. = 100\% - 80\% = 20\%. \text{ Holding Ratio} = 4 : 1$$

- b) Calculation of Revenue Profit:

Profit for the year (4,65,000 – 2,50,000) (Revenue profit = Rs.2,15,000)

H. Ltd.'s share in Revenue Profit (2,15,000 × 80%) = Rs.1,72,000

- c) Calculation of Pre-acquisition Profit (Capital Profit):

General Reserve as on 01/01/2012.....	Rs.50,000
Balance of Profit and Loss Account as on 01/01/2012.....	Rs.2,50,000
Profit for the year before purchase.....	Nil
Capital Profit	Rs.3,00,000

- d) Calculation of Cost of Control:

Cost of Investment.....	Rs.8,50,000
Less: Paid up value of 4000 shares of S. Ltd. of Rs.100 each.....	Rs.4,00,000
Capital Profit (3,00,000x 80/100).....	Rs.2,40,000 (Rs.6,40,000)
Goodwill	Rs.2,10,000

- e) Calculation of Minority Interest:

Paid up value of 1,000 shares of S. Ltd. of Rs.100 each.....	Rs.1,00,000
Capital Profit (300,000 x 20/100).....	Rs.60,000
Revenue Profit (215,000 x 20/100).....	Rs.43,000
Minority Interest	Rs.2,03,000

- f) Calculation of Unrealized Profit on Stock:

$$\text{Unrealized Profit} = \text{Value of Stock} \times \frac{\%}{100 + \%} = \text{Rs.12,500} \times \frac{20}{100 + 20} = \text{Rs.2,083}$$

Consolidated Balance Sheet of H. Ltd. and S. Ltd.

As on 31st December, 2012

Liabilities	Amount	Assets	Amount
Share Capital:		Fixed Assets: Goodwill.....	2,10,000
Rs.100 each fully paid up.....	1,250,000	Land and Building:	
Minority interest.....	203,000	H. Ltd.....	3,75,000
Reserve and Surplus:		S. Ltd.....	4,50,000
General reserve (01/01/2012).....	1,00,000	Plant and Machinery:	
Profit and loss A/c.....	5,18,000	H. Ltd.....	6,00,000
Add: Share of Revenue Profit of S Ltd.....	1,72,000	S. Ltd.....	3,98,500
Less: Unrealized profit.....	(2,083)	Current Assets: Inventory:	
Current Liabilities:	6,87,917	H. Ltd.....	3,00,000
Loan.....	2,00,000	S. Ltd.....	90,000
Bills payable:			3,90,000
H. Ltd.....	1,25,000	Less: Unrealized profit.....	(2,083)
S. Ltd.....	21,000	Debtors: H. Ltd.....	1,10,000
	1,46,000	S. Ltd.....	1,00,000
Less: Mutual Owing.....	(7,500)		2,10,000
Sundry Creditors:	1,38,500	Less: Mutual Owing.....	(30,000)
H. Ltd.....	118,000	Bills Receivable: H. Ltd.....	39,500
S. Ltd.....	22,500	S. Ltd.....	Nil
	1,40,500		39,500
Less: Mutual Owing.....	(30,000)	Less: Mutual owing.....	(7,500)
	1,10,500	Cash balance: H. Ltd.....	36,500
		S. Ltd.....	20,000
			56,500
			26,89,917
	26,89,917		26,89,917

घ) अन्तरिम लाभांश (Interim Dividend)

अन्तरिम लाभांशलाई खरिदपूर्व वा खरिदोत्तर लाभांश जस्तै समायोजन गरिन्छ । यदि अन्तरिम लाभांश खरिदपूर्वको भए यसलाई खरिदपूर्वको नाफाबाट घटाइन्छ । त्यस्तै खरिदपश्चातको अन्तरिम लाभांशलाई खरिद पश्चातको नाफाबाट घटाइन्छ । त्यसैले मूल कम्पनीको खरिदपूर्वको अन्तरिम लाभांशको भागलाई नियन्त्रण लागत निकाल्दा घटाइन्छ र बासलातमा नाफा नोक्सान खाताबाट घटाइन्छ । खरिद पश्चातको आन्तरिक लाभांशको लागि कुनै समायोजनको आवश्यकता पर्दैन ।

१) खरिदपूर्व अन्तरिम लाभांश (Pre-acquisition interim dividend)

Illustration - 15

H. Ltd. acquired the 80% of the shares in S. Ltd. on 1st June, 2012 @ Rs.33,600. The balance sheets of H. Ltd. and S. Ltd. as at 31st December, 2012 were as under:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd
Equity Shares of Rs.100 each.....	45,000	15,000	Land and building	30,900	9,000
General Reserves	28,500	600	Machinery.....	9,000	8,130
Profit and Loss A/c.....	24,000	10,800	Investment.....	33,600	-
Creditors.....	4,500	4,830	Inventor.....	10,200	6,060
			Debtors.....	8,400	4,740
			Cash	9,900	3,300
	1,02,000	31,230		1,02,000	31,230

Additional information:

- a) The balance of general reserve and profit and loss A/c of S. Ltd. as on 1st January, 2012 were Rs.600 and Rs.8,400 respectively.
- b) The interim dividend paid by S. Ltd. @10% p.a. has been included in profit and loss A/c of X Ltd.
- c) Creditors of H. Ltd. include Rs.1,800 for purchase from S. Ltd. on which the latter company made a profit of Rs.450.
- d) Stock of S. Ltd. includes Rs.900 at cost purchased from S. Ltd. part of Rs.1,800 purchases.

Required: Consolidated Balance Sheet

Solution:

- a) Calculation of Ratio of Contribution between H Ltd. and S. Ltd.:

H. Ltd. = 80% (given)

S. Ltd. = 100% - 80% = 20%; Holding Ratio = 4:1

- b) Calculation of Revenue Profit:

Profit for the six month (Rs.10,800 - Rs.8,400).....	Rs.2,400
Add: Interim Dividend paid (i.e. Rs.15,000 × 10/100 × 6/12)	Rs.750
Profit for the year	Rs.3,150

Capital Profit for 6 months = Rs.3,150 × 6/12 = Rs.1,575.

Revenue Profit for 6 months = Rs.3150 × 6/12 = Rs.1,575.

H. Ltd's share in Revenue Profit = Rs.1,575 × 80/100 = Rs.1,260.

- c) Calculation of Pre-acquisition Profit (Capital Profit):

General Reserve as on 1 st January, 2012	Rs.600
Profit and Loss Account as on 1 st January, 2012.....	Rs.8,400
Profit for the year up to 30 th June, 2012 (Rs.10,800 - Rs.8,400) × 6/12	1,575
Less: Interim Dividend paid for 6 month	750
Capital Profit	Rs.9,825

d) Calculation of Cost of Control:

Cost of Investment		Rs.33,600
Less: Paid up value of 80% equity shares in S. Ltd.	Rs.12000	
80% of Capital Profits in S. Ltd.	Rs.7,860	(Rs.20,460)
80% of Interim Dividend paid by S. Ltd out of pre-acquisition profit .....	.600	
	Goodwill	Rs.13,140

e) Calculation of Minority Interest:

Paid up value of 20% Share Capital of S Ltd.	Rs.3,000
20% of Capital Profits	Rs.1,965
20% of Revenue Profits	Rs.315
	Minority Interest
	Rs.5,280

f) Calculation of Unrealized Profit on Stock:

Unrealized Profit = Value of Stock × % = Rs.900 × 25/100 = Rs.225.

Consolidated Balance Sheet of H. Ltd. and S. Ltd.

As on 31st December, 2012

Liabilities	Amount	Assets	Amount.
Share Capital:		Fixed Assets: Goodwill	13,140
Equity share of Rs.100 each	45,000	Land and building:	
Minority interest	5,280	H. Ltd.	30,900
Reserve and Surplus:		S. Ltd.	9,000
General reserve	28,500	Machinery: H Ltd.	9,000
Profit and loss account	24,000	S Ltd.	8,130
Add:		Current Assets: Inventory:	
Share of revenue profit from S. Ltd	1,260	H. Ltd.	10,200
	25,260	S. Ltd.	6,060
Less: Unrealized profit	(225)		16,260
	25,035	Less: Unrealized profit	(225)
Less:		Debtors: H. Ltd.	8,400
Interim dividend received from S. Ltd.	(600)	S. Ltd.	4,740
Current Liabilities:			13140
Creditors: H. Ltd.	4,500	Less: Mutual owing	(1,800)
S Ltd.	4,830	Cash at Bank: H. Ltd.	9,900
	9,330	S. Ltd.	3,300
Less: Mutual owing	(1,800)		13,200
	1,10,745		1,10,745

२) खरिदोत्तर अन्तरिम लाभांश (Post-acquisition interim dividend)

Illustration - 16

Strong Ltd. acquired 3,200 equity shares of Weak Ltd., on 1st January, 1979. The summarized balance sheets of the two companies as at 31st December, 1979 are given below:

Liabilities	Strong Ltd.	Weak Ltd.	Assets	Strong Ltd.	Weak Ltd.
Share Capital (Rs.100 each fully paid)	10,00,000	4,00,000	Land and Building	3,00,000	3,60,000
General Reserve (01/01/1979)	30,000	40,000	Investment in Weak Ltd. at cost	6,80,000	-
Profit and Loss A/c	4,14,400	3,72,000	Plant and Machinery	4,80,000	3,18,800
Bank Loan	1,60,000	-	Stocks	2,40,000	72,000
Bills Payable (Including Rs.8,000 to Strong Ltd.)	1,00,000	16,800	Sundry Debtors	88,000	80,000
Sundry Creditors	94,400	18,000	Bills Receivable (Including Rs.6,000 from Weak Ltd.)	31,600	-
			Cash at Bank	29,200	16,000
	18,48,800	8,46,800		18,48,800	8,46,800

You are supplied with the following information:

- i) Sundry creditors of Strong Ltd. included Rs.24,000 for goods purchased from Weak Ltd. on which the latter company made a profit of 20% on cost.
- ii) The stock of Strong Ltd. included Rs.10,000 goods purchased from Weak Ltd.
- iii) The interim dividend paid by Weak Ltd. @10% per annum which has been included in profit and loss A/c of Strong Ltd.
- iv) The profit and loss A/c of Weak Ltd. on 1st January, 1979 was Rs.2,00,000.

Required: Consolidated Balance Sheet as at 31st December, 1979

Solution:

- a) Calculation of Ratio of Interest between Strong Ltd. and Weak Ltd.:

$$\text{Strong Ltd.} = \frac{\text{No. of shares acquired by Strong Ltd.}}{\text{Total no. of shares issued by Weak Ltd.}} \times 100 = \frac{3,200}{4,000} \times 100 = 80\%$$

$$\text{Weak Ltd.} = 100\% - 80\% = 20\%. \text{ Holding Ratio} = 4 : 1$$

- b) Calculation of Revenue Profit:

$$\text{Profit for the year (Rs.3,72,000 - Rs.2,00,000)} = \text{Rs.1,72,000}$$

$$\text{Capital Profit} = \text{Nil}$$

$$\text{Revenue Profit} = \text{Rs.1,72,000}$$

$$\text{Strong Ltd.'s share in Revenue Profit (1,72,000} \times 80\%) = \text{Rs.1,37,600}$$

- c) Calculation of Capital Profit:

General Reserve as on 01/01/1979	Rs. 40,000
Balance of Profit and Loss Account as on 01/01/1979	Rs.2,00,000
Capital profit for the year	Nil
Capital Profit	Rs.2,40,000

- d) Calculation of Cost of Control:

Cost of Investment	Rs.6,80,000
Less: Paid up value of 3200 shares of Weak Ltd. of Rs.100 each	Rs.3,20,000
80% of Capital Profit	1,92,000 (Rs.5,12,000)
Goodwill	Rs.1,68,000

- e) Calculation of Minority Interest:

Paid up value of 800 shares of Weak Ltd. of Rs.100 each	Rs. 80,000
20% of Capital Profit	Rs.48,000
20% of Revenue Profit	Rs.34,400
Minority Interest	Rs.1,62,400

- f) Calculation of Unrealized Profit on Stock i.e., 20 % on Cost:

$$\text{Unrealized Profit} = \text{Value of Stock} \times \frac{\text{Rate}}{100 + \text{Rate}} = \text{Rs.10,000} \times \frac{20}{100 + 20} = \text{Rs.1,667.}$$

Consolidated Balance Sheet of Strong Ltd. and its subsidiary Weak Ltd.

As on 31st December, 1979

Liabilities		Amount	Assets		Amount.
Share Capital:			Fixed Assets: Goodwill		1,68,000
Rs.100 each fully paid up	10,00,000		Land and Building:		
Minority interest:	1,62,400		Strong Ltd	3,00,000	
Reserve and Surplus:			Weak Ltd.....	<u>3,60,000</u>	6,60,000
General reserve (01/01/1979).....	80,000		Plant and Machinery:		
Profit and loss A/c.....	4,14,400		Strong Ltd	4,80,000	
Add:			Weak Ltd.....	<u>3,18,800</u>	7,98,800
Share of Revenue Profit of Weak Ltd	<u>1,37,600</u>		Current Assets: Stock:		
	5,52,000	5,50,333	Strong Ltd	2,40,000	

Less: Unrealized profit .....(1,667)		Weak Ltd.....	72,000	
Current Liabilities:	160,000		3,12,000	
Bank Loan.....		Less: Unrealized profit	(1,667)	3,10,333
Bills payable:		Sundry Debtors:		
Strong Ltd	1,00,000	Strong Ltd	88,000	
Weak Ltd.....	16,800	Weak Ltd.....	80,000	
	1,16,800		1,68,000	
Less: Mutual Owing	(6,000)	Less: Mutual Owing.....	(24,000)	1,44,000
Sundry Creditors:		Bills Receivable:		
Strong Ltd	94,400	Strong Ltd	31,600	
Weak Ltd.....	18,000	Weak Ltd.....	Nil	
	1,12,400		31,600	
Less: Mutual Owing	(24,000)	Less: Mutual owing.....	(6,000)	25,600
	88,400	Cash at bank:		
		Strong Ltd	29,200	
		Weak Ltd.....	16,000	45,200
	21,51,933			21,51,933

ज) प्रस्तावित लाभांश (Proposed Dividend)

प्रस्ताव गरिसकिएको वा छुट्याइसकेको तर वितरण भने नगरिएको लाभांशलाई प्रस्तावित लाभांश भनिन्छ । यसलाई निम्न प्रकारले समायोजन गर्न सकिन्छ :

- १) मूल कम्पनीद्वारा प्रस्तावित लाभांश (Proposed dividend by holding company): सामान्य लेखात्मक विधि जस्तै एकिकृत वासलातको दायित्वतर्फ देखाइन्छ ।
- २) सहायक कम्पनीद्वारा प्रस्तावित लाभांश (Proposed dividend by subsidiary company): सहायक कम्पनीद्वारा प्रस्तावित लाभांशलाई वासलात भित्र वा बाहिर दिइएको हुन्छ ।
 - अ) यदि प्रस्तावित लाभांश वासलातभित्र दिइएको भए यसलाई खरिदपूर्व वा खरिदोत्तर लाभांशजस्तै समायोजन गरिन्छ ।
 - आ) यदि प्रस्तावित लाभांश वासलात बाहिर दिइएको भए यसलाई निम्नानुसार समायोजन गरिन्छ :
 - सहायक कम्पनीको नाफाबाट घटाउने ।
 - मूल कम्पनीको लाभांशको भागलाई यसको नाफामा जोड्ने ।
 - अल्पसङ्ख्यक शेयरको लाभांशको भागलाई अल्पसङ्ख्यक रुची वा दावी निकाल्दा जोड्ने ।

Illustration - 17

The Balance Sheets of H. Ltd and S. Ltd. as on 30th Chaitra, 2069 were:

Liabilities	H. Ltd.	S Ltd.	Assets	H Ltd.	S. Ltd.
Equity Shares of Rs.100 each.....	30,00,000	10,00,000	Land and Building.....	38,00,000	14,68,000
Reserve (01/01/2069).....	20,00,000	5,00,000	Investment (6,000 shares in B Ltd.) ...	10,00,000	-
Profit and Loss A/c (01/01/2069).....	4,00,000	2,00,000	Debtors	30,00,000	13,32,000
Profit (2069).....	8,00,000	3,50,000			
Creditors.....	16,00,000	7,50,000			
	78,00,000	28,00,000		78,00,000	28,00,000

You are given the following information:

- i) Both the companies have proposed 10% dividend for the year 2069.
- ii) The stock of S. Ltd. includes Rs.10,000 purchased from H. Ltd. on which the latter company made a profit of 25% on cost.
- iii) H. Ltd. acquired shares of S. Ltd. on 1st Baishakh, 2069

Required: Consolidated Balance Sheet as on 30th Chaitra, 2069

Solution:

- a) Calculation of Ratio of Interest between H. Ltd. and S. Ltd:

$$\text{H. Ltd.} = \frac{\text{No. of shares acquired by H Ltd}}{\text{Total no. of shares issued by S Ltd.}} \times 100 = \frac{6,000}{10,000} \times 100 = 60\%$$

$$\text{S. Ltd} = 100\% - 60\% = 40\%: \text{ Holding Ratio} = 3 : 2$$

- b) Calculation of Revenue Profit:

Profit for the year	Rs.3,50,000
Less: Proposed dividend (i.e., Rs.10,00,000 × 10/100)	(Rs.1,00,000)
Revenue Profit	Rs.2,50,000

H. Ltd's share in Revenue Profit = Rs.2,50,000 × 60/100 = Rs.1,50,000.

- c) Calculation of Capital Profit:

General Reserve (01/01/2069).....	Rs.1,25,000
Profit and Loss Account (01/01/2069).....	Rs.50,000
Capital Profit	Rs.1,75,000

- d) Calculation of Cost of Control:

Cost of Investment	Rs.10,00,000
Less: Paid up value of 6,000 equity shares in S. Ltd.	Rs.6,00,000
60% of Capital Profits in S. Ltd.....	Rs.4,20,000
Capital Reserve	Rs.2,00,000

- e) Calculation of Minority Interest:

Paid up value of 4,000 equity shares of S. Ltd.	Rs.4,00,000
40% of Capital Profits.....	Rs.2,80,000
40% of Revenue Profits.....	Rs.1,00,000
40% of Proposed Dividend	Rs.40,000
Minority Interest	Rs.8,20,000

- f) Calculation of Unrealized Profit on Stock:

$$\text{Unrealized Profit} = \text{Rs.10,000} \times 25/125 = \text{Rs.2,000.}$$

Consolidated Balance Sheet of A Ltd. and its subsidiary B Ltd.

As on 30th Chaitra, 2069

Liabilities	Amount	Assets	Amount
Equity Shares of Rs.100 each.....	30,00,000	Land and Building:	
Minority interest.....	8,20,000	H. Ltd.	38,00,000
Reserve and Surplus:		S. Ltd.	14,68,000
Capital Reserve	20,000	Debtors: H. Ltd.	30,00,000
General Reserve	20,00,000	S. Ltd.	13,32,000
Profit and Loss Account	4,00,000		43,32,000
Add: Profit for the year	8,00,000	Less: Unrealized profit	(8,000)
Add:			43,24,000
Share of revenue profit from S. Ltd.	1,50,000		
Add:			
Share of proposed dividend from S Ltd.	60,000		
	14,10,000		
Less: Unrealized profit	(8,000)		
	14,02,000		
Less: Proposed Dividend for A Ltd.	(3,00,000)		
Current Liabilities: Creditors:	23,50,000		
H. Ltd.	16,00,000		
S. Ltd.	7,50,000		
Proposed Dividend (H Ltd.)			
	95,92,000		95,92,000

भ) सहायक कम्पनीद्वारा बोनस शेयर निष्कासन (Bonus Shares Issued by the Subsidiary Company)

सहायक कम्पनीले बोनस शेयर जारी गरेमा मूल कम्पनीको शेयर संख्यामा वृद्धि हुन्छ। सहायक कम्पनीद्वारा जारी बोनस शेयरको लेखाविधि यस्तो शेयर जारी गर्ने स्रोतमा निर्भर रहन्छ। बोनस शेयर खरिदपूर्व वा खरिदोत्तर नाफा वा जगेडाबाट जारी गरिन्छ।

- १) खरिदपूर्वको नाफाबाट बोनस शेयर जारी (Issue of Bonus Shares out of Pre-Acquisition Profits): यस अवस्थामा एकीकृत वासलातमा कुनै असर पर्दैन किनकी खरिदपूर्वको नाफामा मूल कम्पनीको अंशलाई नियन्त्रण लागत (Cost of control) निकाल्दा घटाइन्छ। अर्कोतिर यसले मूल कम्पनीको सहायक कम्पनीमा भएको भूक्तानी गरिसकिएको पूँजीको मूल्यसमेत बढाउदछ। यसप्रकार ख्याति वा जगेडामा समेत यसको कुनै असर रहँदैन।

Illustration - 18

H. Ltd. acquired 450 equity shares of Rs.100 each in S. Ltd. on 31st Chaitra, 2069. The summarized Balance Sheets of H. Ltd and S. Ltd. as on that date were as under:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity Shares of Rs.100 each.....	2,25,000	60,000	Land and building	1,00,000	90,000
Capital Reserve.....	5,000	25,500	Machinery	91,250	6,000
General Reserve	10,000	7,500	Investment.....	75,000	-
Profit and Loss A/c.....	15,000	1,500	Inventory.....	30,000	15,000
Creditors.....	48,750	21,750	Cash balance.....	7,500	5,250
	3,03,750	1,16,250		3,03,750	1,16,250

Additional Information:

- i) Stock of H. Ltd includes Rs.3,600 purchased from S. Ltd. at a profit of 20% on cost
 ii) On 1st Baisakh, the S. Ltd. declared 25% bonus shares from capital reserve.
Required: Consolidated Balance Sheet as on 31st Chaitra, 2069.

Solution:

- a) Calculation of Ratio of Interest between H Ltd. and S. Ltd.:

$$\text{H. Ltd.} = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S Ltd.}} \times 100 = \frac{450}{600} \times 100 = 75\%$$

$$\text{Minority} = 100\% - 75\% = 25\%. \text{ Holding Ratio} = 3:1.$$

- b) Bonus Shares issued:

$$\text{No. of Bonus Shares declared} = 600 \times 25\% = 150 \text{ shares.}$$

$$\text{Amount of Bonus Shares} = \text{Rs.}60,000 \times 25\% = \text{Rs.}15,000$$

$$\text{Bonus Share to H. Ltd.} = 150 \times 75\% = 112.5 \text{ shares}$$

$$\text{Bonus Shares to Minorities} = 150 \times 25\% = 37.5 \text{ shares}$$

$$\text{Capital Reserve after Bonus Shares} = \text{Rs.}25,500 - \text{Rs.}15,000 = \text{Rs.}10,500$$

- c) Calculation of Revenue Profit: Nil

- d) Calculation of Capital Profit:

Capital Reserve after Bonus Shares	Rs.10,500
General Reserve	Rs.7,500
Profit and Loss Account	Rs.1,500
Capital Profits	Rs.19,500

- e) Calculation of Cost of Control:

Cost of Investment.....	Rs.75,000
Less: Paid up value of shares acquired after issuing Bonus Shares((450 + 112.5) × Rs.100)	56,250
75% of Capital Profits in S. Ltd.....	14,625 (Rs.70,875)
Goodwill	Rs.4,125

f) Calculation of Minority Interest:

Paid up value of share after issuing Bonus Share. (150 + 37.5) x Rs.100	Rs.18,750
25% of Capital Profits	Rs.4,875
25% of Revenue Profits	Nil
Minority Interest	Rs.23,625

g) Calculation of Unrealized Profit on Stock: i.e. 20% on cost.

$$\text{Unrealized Profit} = \text{Value of Stock} \times \frac{\text{Rate}}{100 + \text{Rate}} = 3600 \times \frac{20}{120} = \text{Rs.600}$$

Consolidated Balance Sheet of H. Ltd. and S. Ltd.

As on 31st Chaitra, 2069

Liabilities		Amount	Assets		Amount
Equity Shares @ Rs.100 each		2,25,000	Fixed Assets:		
Minority Interest:		23,625	Land and Building:		
Reserve and Surplus:			H. Ltd.	1,00,000	
General Reserve:		10,000	S. Ltd.	90,000	1,90,000
Capital reserve	5,000		Plant and machinery:		
Less: goodwill	4,125	875	H. Ltd.	91,250	
Profit and Loss Account:			S. Ltd.	6,000	97,250
H. Ltd.	15,000		Current Assets: Inventory:		
Less: Unrealized profit	(600)	14,400	H. Ltd.	30,000	
Current Liabilities:			S. Ltd.	15,000	
Sundry Creditors:				45,000	
H. Ltd.	48,750		Less: Unrealized Profit	(600)	44,400
S. Ltd.	21,750	70,500	Cash balance:		
			H. Ltd.	7,500	
			S. Ltd.	5,250	12,750
		3,44,400			3,44,400

- २) खरिदोत्तर नाफाबाट बोनस शेयर जारी (Issue of Bonus Shares Out of Post-Acquisition Profits): खरिदपश्चात्को नाफाबाट बोनस शेयर जारी गरेमा एकातिर यसले सहायक कम्पनीको आयगत नाफा घटाउदछ भने अर्कोतिर यसले सहायक कम्पनीको शेयर पूँजी बढाउँदछ ।

Illustration - 19

H. Ltd. purchased 80% shares in S. Ltd. on 1st January, 2012. The Balance Sheets of H. Ltd and S. Ltd. as on 31st December, 2012 were as follows:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity Shares of Rs.100 each	6,66,000	2,70,000	Land and building	5,40,000	2,70,000
General Reserve	2,16,000	36,000	Investment	2,70,000	-
Profit and Loss a/c	1,80,000	1,26,000	Debtors	2,34,000	1,35,000
Creditors	38,000	18,000	Cash Balance	56,000	45,000
	11,10,000	4,50,000		11,10,000	4,50,000

Additional Information:

- On 1st January, 2012, S. Ltd. had a balance of Rs.36,000 in the general reserve and Rs.9,000 in the profit and loss A/c
- S. Ltd. issued 40% bonus shares out of profit earned during the year, but the transaction is not depicted in the above balance sheet.

Required: Consolidated Balance Sheet

Solution:

- Calculation of Ratio of Interest between H. Ltd. and S. Ltd.:

H. Ltd. = 80%. (Given)

S. Ltd. = 100% - 80% = 20%. Holding Ratio = 4:1

b) Bonus Shares issued by S. Ltd.:

Amount of Bonus Shares = Rs.2,70,000 × 40% = Rs.1,08,000.
 Amount of Bonus Share to H. Ltd. = Rs.1,08,000 × 80% = Rs.86,400
 Amount of Bonus Shares to S. Ltd. = Rs.1,08,000 × 20% = Rs.21,600

c) Calculation of Revenue Profit:

Profit for the year (Rs.1,26,000 – 9,000)	Rs.1,17,000
Less: Utilized for Bonus Share	(Rs.1,08,000)
Revenue Profit	Rs.9,000

H. Ltd's share in Revenue Profit = Rs.9,000 × 80% = Rs.7,200.

d) Calculation of Capital Profit:

General Reserve on 1 st January, 2012	Rs.36,000
Profit and Loss Account on 1 st January, 2012	Rs.9,000
Capital Profits	Rs.45,000

e) Calculation of Cost of Control:

Cost of Investment	Rs.2,70,000
Less: Paid up value of shares acquired after issuing Bonus Shares (Rs.2,70,000 × 80% + 86400)	3,02,400
80% of Capital Profits in S. Ltd.....	36,000
Capital Reserve	Rs.68,400

f) Calculation of Minority Interest:

Paid up value of share after issuing Bonus Share (2,70,000 × 20% + 21,600)	Rs.75,600
20% of Capital Profits	Rs.9,000
20% of Revenue Profits.....	Rs.1,800
Minority Interest	Rs.86,400

Consolidated Balance Sheet of H. Ltd. and S. Ltd.
 As on 31st December, 2012

Liabilities	Amount	Assets	Amount
Equity Shares of Rs 100 each	6,66,000	Fixed Assets:	
Minority Interest:	86,400	Land and building:	
Reserve and Surplus:		H. Ltd.	5,40,000
Capital Reserve	68,400	S. Ltd.	<u>2,70,000</u>
General Reserve	2,16,000	Current Assets:	
Profit and Loss Account:		Debtors:	
H. Ltd	1,80,000	H. Ltd.	2,34,000
Add:	1,87,200	S. Ltd.	<u>1,35,000</u>
Share of Revenue profit from S. Ltd. <u>7,200</u>		Cash Balance:	
Current Liabilities: Creditors:		H. Ltd.	56,000
H. Ltd.....	38,000	S. Ltd.	<u>45,000</u>
S. Ltd.....	<u>18,000</u>		1,01,000
	12,80,000		12,80,000

ज) पूर्वाधिकार शेयर (Issue of Preference Shares)

यदि सहायक कम्पनीले पूर्वाधिकार शेयर जारी गरेको भए यसलाई निम्नानुसार समायोजन गरिन्छ :

- पूर्वाधिकार शेयर पूँजीमध्ये मूल कम्पनीको भागलाई नियन्त्रण लागत निकाल्दा घटाइन्छ भने सहायक कम्पनीको मागले भने अल्पसङ्ख्यक रुचिलाई बढाउँदछ ।
- पूर्वाधिकार लाभांशले सहायक कम्पनीमा आयगत नाफालाई घटाउँदछ । यसमध्ये मूल कम्पनीको लाभांशको भागले मूल कम्पनीको सहायक कम्पनीको आयगत नाफाको भागलाई बढाउँदछ । त्यस्तै पूर्वाधिकार लाभांशमा सहायक कम्पनीको मागले अल्पसङ्ख्यक रुचि वा दाबी बढाउँदछ ।

Illustration - 20

On 1st January, 2012 H. Ltd. purchased 80% equity and preference shares in S. Ltd. the summarized Balance Sheet of both companies on 31st December, 2012 were as follows:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity Shares of Rs.100 each.....	45,000	9,000	Land and building	39,900	17,130
5% preference shares of Rs100 each	-	6,000	Investment.....	33,600	-
General Reserve(01/01/2012).....	28,500	600	Debtors	10,200	5,500
Profit and Loss A/c	24,000	10,800	Stock.....	8,400	5,000
Creditors.....	4,500	4,830	Cash Balance	9,900	3,600
	1,02,000	31,230		1,02,000	31,230

Additional Information:

- Creditors of H. Ltd. include Rs.1,200 from S. Ltd. on which S. Ltd. made a profit of cost plus 25% out of which Rs.600 is still in stock.
- Profit and Loss Account of H. Ltd. includes dividend at 20% from S. Ltd. which was paid for the previous year.
- At the time of purchase of shares, balance of Profit and Loss Account of S. Ltd. was Rs.4,800. A dividend of 20% on equity share capital has been paid yet.
- Dividend on preference shares for the year 2012 has not been paid yet.

Required: Consolidated Balance Sheet on 31st December, 2012

Solution:

- a) Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$\text{H. Ltd.} = 80\% \text{ (Given)}$$

$$\text{S. Ltd.} = 100\% - 80\% = 20\%$$

$$\text{Holding Ratio} = 4:1$$

- b) Calculation of Revenue Profit:

Closing Balance of Profit and Loss A/c as on 31 st December, 2012	Rs.10,800
Add: Dividend paid @ 20% (i.e. Rs.9,000 x 20%)	Rs.1,800
	Rs.12,600
Less: Opening Balance of Profit & Loss a/c as on 1 st January 2012	(Rs.4,800)
	Profit for the year
	Rs.7,800
Less: Preference Dividend @ 5% on Rs.6,000	(Rs.300)
	Revenue Profit
	Rs.7,500

$$\text{H. Ltd share in Revenue Profit} = \text{Rs.7,500} \times 80\% = \text{Rs.6,000}$$

$$\text{S. Ltd. interest in Preference Dividend} = \text{Rs.300} \times 20\% = \text{Rs.60}$$

$$\text{H. Ltd share in Preference Dividend} = \text{Rs.300} \times 80\% = \text{Rs.240}$$

$$\text{H. Ltd total share in Revenue Profit} = \text{Rs.6,000} + 240 = \text{Rs.6,240}$$

- c) Calculation of Capital Profit:

General Reserve as on 1 st January 2012	Rs.600
Profit and Loss Account as on 1 st January 2012	Rs.4800
Less: Dividend paid	(1800)
	Rs.3,000
	Capital Profit
	Rs.3,600

- d) Calculation of Cost of Control:

Cost of Investment	Rs.33,600
Less: Dividend to H Ltd out of Pre-acquisition Profit (i.e. Rs.1800 x 80%)	(Rs.1,440)
	Rs.32,160
Less: Paid up value of 80% Equity Share Capital of S Ltd.....	7,200
Paid up value of 80% Preference Share Capital of S Ltd.....	4,800
80% of Capital Profits in S Ltd.	2,880
	(Rs.14,880)
	Goodwill
	Rs.17,280

e) Calculation of Minority Interest:

Paid up value of 20% Equity Capital of S, Ltd.....	Rs.1,800
Paid up value of 20% Preference Capital of S. Ltd.....	Rs.1,200
20% of Capital Profits.....	Rs.720
20% of Revenue Profits.....	Rs.1,500
20% of Preference Dividend	Rs.60
Minority Interest	Rs.5,280

f) Calculation of Unrealized Profit on Stock:

Unrealized profit = Rs.600 × 25/125 = Rs.120.

Consolidated Balance Sheet of H. Ltd. and S. Ltd.

As on 31st December, 2012

Liabilities	Amount	Assets	Amount
Equity Shares of Rs.100each	45,000	Fixed Assets:	
Minority Interest	5,280	Goodwill	17,280
Reserve and Surplus:		Land and Building:	
General Reserve	28,500	H. Ltd.	39,900
Profit and Loss Account :		S. Ltd.	17,130
H. Ltd.	24,000	Current Assets:	
Less: Dividend from S Ltd.	(1,440)	Stock:H. Ltd.	8,400
	22,560	S. Ltd.	5,000
Add: Share in Revenue profit of S. Ltd ...	6,240		13,400
	28,800	Less: Unrealized Profit	(120)
Less: Unrealized profit	(120)	Debtors: H. Ltd.	10,200
	28,680	S. Ltd.	5,500
Current Liabilities:			15,700
Creditors:		Less: Mutual Owings	(1,200)
H. Ltd.	4,500	Cash at Bank:	
S. Ltd.	4,830	H. Ltd.	9,900
	9,330	S. Ltd.	3,600
Less: Mutual Owings	(1,200)		13,500
	8,130		
	1,15,590		1,15,590

Other illustrative problems

Illustration – 21

Extracted from the Balance Sheets of H. Ltd. and S. Ltd. as on 31st Dec., last year are given below:

	H. Ltd.	S. Ltd.
Fixed assets	6,00,000	4,00,000
Current assets	1,50,000	1,00,000
Current liabilities.....	1,50,000	1,00,000
Share capital of Rs.10 each	5,00,000	2,50,000
Profit and Loss A/c (Cr.).....	3,00,000	1,50,000

Additional information:

- H. Ltd. purchased 15,000 shares of S. Ltd. for Rs.2,00,000 on 1st July, last year.
- Profit and loss A/c of S. Ltd. on 1st January, last year was Rs.70,000.
- Current liabilities of S. Ltd. includes Rs.20,000 for goods supplied by H. Ltd. on which the later company made a profit of Rs.2,000 half the goods are still in the stock on 31st December, last year.

Required: Consolidated balance sheet

Solution:

- Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$H. Ltd. = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S. Ltd.}} \times 100 = \frac{15,000}{25,000} \times 100 = 60\%.$$

$$S. Ltd. = 100\% - 60\% = 40\%. \text{ Holding Ratio} = 3:2.$$

b) Calculation of capital profit:

Profit and Loss upto 1 st Baisakh.....	Rs.70,000
6 months' Profit from current year [(Rs.15,000 – Rs.70,000) × 6/12]	Rs.40,000
Total capital profit	Rs.1,10,000
Share for Holding Company = Rs/1,10,000 × 60%.....	Rs.66,000
	Rs.44,000

c) Calculation of Revenue Profit:

6 month's profit from current year [(15,000 – 70,000) × 6/12]	Rs.40,000
Revenue Profit	Rs.40,000

d) Calculation of Minority Interest:

Par value of share	Rs.1,00,000
40% of capital profit.....	Rs.44,000
40% of revenue profit	Rs.16,000
Total minority interest	Rs.1,60,000

e) Calculation of Cost of Control:

Cost of investment	Rs.2,00,000
Less: Par value of shares belongs to H. Ltd. (Rs.15,000 × Rs.10).....	Rs.1,50,000
Less: Share of holding company in capital profit	Rs.66,000
Capital reserve	Rs.16,000

f) Calculation of Unrealized Profit:

$$\therefore \text{Profit on half goods in stock} = \frac{2,000}{2} = \text{Rs.1,000}$$

Consolidated Balance Sheet of H. Ltd. and S. Ltd.
As on 31st December last year.

Liabilities		Amount	Assets		Amount
Equity share capital.....		5,00,000	Fixed Assets:		
Capital reserve		16,000	H. Ltd.	6,00,000	
Profit and Loss A/c	3,00,000		S. Ltd.	4,00,000	10,00,000
Add: S. Ltd.....	24,000		Current Assets:		
Less: Unrealized profit	1,000	3,23,000	H. Ltd.	1,50,000	
Current Liabilities:			S. Ltd.	1,00,000	
H. Ltd.	1,50,000		Less: Mutual owing	20,000	
S. Ltd.	1,00,000		Less: Unrealized profit	1,000	2,29,000
Less: Mutual owing	20,000	2,30,000			
Minority interest.....		1,60,000			
		12,29,000			12,29,000

Illustration – 22

H. Ltd. acquired 2,000 shares of S. Ltd. for Rs.4,00,000 on 30th June last year. The accounts of both companies are closed on 31st December every year. The Balance Sheet of H. Company as on 31st December, last year was:

Liabilities		Amount	Assets		Amount
Issued and subscribed capital:			Fixed assets		9,50,000
10,000 shares of Rs.100 each		10,00,000	Investment:		
Profit and Loss A/c.....		5,50,000	2,000 shares of Rs.100 each		4,00,000
Current liabilities		1,50,000	Current assets		3,50,000
		17,00,000			17,00,000

The other information are:

- The issued shares of S. Ltd. were 2,500 shares of Rs.100 each.
- The current assets and current liabilities of S. Ltd. on 31st December, last year were valued at Rs.2,00,000 each and fixed assets Rs.5,00,000. The current assets of S. Ltd. include Accounts receivable of Rs.20,000 due from H. Ltd.

- iii) General Reserve and Profit and Loss Account (Credit balance) of S. Ltd. on 1st January, last year was Rs.1,00,000 and Rs.50,000 respectively. The profit earned by S. Ltd. during the year was Rs.1,00,000

Required: Consolidated balance sheet

Solution:

- a) Calculation of Ratio of Contribution between H Ltd. and S. Ltd.:

$$H \text{ Ltd.} = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S Ltd.}} \times 100 = \frac{2000}{2500} \times 100 = 80\%$$

$$S. \text{ Ltd.} = 100\% - 80\% = 20\%. \text{ Holding Ratio} = 4 : 1.$$

- b) Calculation of capital profit:

General reserve on 1 st January last year	Rs.1,00,000
Profit of loss A/c on 1 st January last year	Rs.50,000
Profit for 6 month (Rs.1,00,000 × 6/12)	Rs.50,000
Total capital profit	Rs.2,00,000

- c) Calculation of Revenue profit:

$$\text{Profit for 6 month (Rs.100,000 × 6/12) (Revenue Profit)} = \text{Rs.50,000}$$

- d) Calculation of Minority interest:

Share capital (500 shares of Rs.100 each)	Rs.50,000
Share of capital profit	Rs.40,000
Share of revenue profit	Rs.10,000
Total Minority interest	Rs.1,00,000

- e) Calculation of Cost of control

Purchase value of shares	Rs.4,00,000
Less: Par value of shares (Rs.2,000 × Rs.100)	Rs.2,00,000
Less: Share of capital profit	Rs.1,60,000
Goodwill	Rs.40,000

Consolidated Balance Sheet of H. Ltd. and its subsidiary S. Ltd.

As on 31st December last year

Liabilities	Amount	Assets	Amount
Issued and subscribed capital:		Goodwill	40,000
10,000 shares of Rs.100 each	10,00,000	Fixed assets:	
Profit of loss A/c: H Ltd.	5,50,000	H. Ltd.	9,50,000
S Ltd.	40,000	S. Ltd.	5,00,000
Current liabilities: H Ltd.	1,50,000	Current assets:	
S Ltd.	2,00,000	H. Ltd.	3,50,000
	3,50,000	S. Ltd.	2,00,000
Less: Mutual owing	20,000		5,50,000
Minority interest	1,00,000	Less: Mutual owing	20,000
	20,20,000		5,30,000
			20,20,000

Illustration – 23

The balance sheets as of 31/12/2060 of Alpha and Beta companies are as follows:

Liabilities	Alpha	Beta	Assets	Alpha	Beta
Equity share capital	5,00,000	2,00,000	Goodwill	50,000	-
Sundry creditors	1,00,000	60,000	Fixed assets	3,50,000	2,60,000
General reserve	80,000	70,000	Investment in shares of Beta	2,00,000	-
Profit and Loss A/c	1,20,000	95,000	Sundry debtors	80,000	70,000
			Inventory	50,000	45,000
			Cash at bank	70,000	50,000
	8,00,000	4,25,000		8,00,000	4,25,000

- a) Beta Company has balance of Rs.40,000 in general reserve and credit balance of Rs.35,000 in profit and loss account on 01/01/2060.
 - b) Alpha company purchased 75% of the shares of Beta Company on 01/05/2060.
 - c) The goods sold for Rs.30,000 on credit during the period by Beta Company to Alpha Company at a cost plus 20% profit are still remaining outstanding.
 - d) The inventory of Alpha Company includes 80% goods supplied by Beta Company.
- Required:** Consolidated balance sheet

Solution:

- a) Calculation of Ratio of Interest between Alpha and Beta.:

Alpha Ltd. = 75%. (Given)

Beta = 100% - 75% = 25%. Holding Ratio = 3 : 1

- b) Calculation of capital profit:

Balance of profit and loss A/c on 01/01/2060	Rs.35,000
Balance of general reserve on 01/01/2060.....	Rs.40,000
	Rs.75,000
Add: Profit for the year up to date of acquisition (Rs.95,000 - Rs.35,000 + Rs.70,000 - 40,000) × 4/12 = Rs.90,000 × 4/12.	Rs.30,000
Total capital profit	Rs.1,05,000

- c) Calculation of revenue profit:

Profit for the year for 8 months (Rs.90,000 × 8/12) = Rs.60,000

- d) Calculation of minority interest:

Share capital (Rs.2,00,000 × 25%)	Rs.50,000
25% Share of revenue profit	Rs.15,000
25% Share of capital profit	Rs.26,250
Minority interest	Rs.91,250

- e) Calculation of cost of control:

Purchasing price of share	Rs.2,00,000
Less: Par value of share (Rs.2,00,000 × 75%)	Rs.1,50,000
Less: 75% Share of capital profit.....	Rs.78,750
Capital reserve	Rs.28,750

- f) Calculation of unrealized profit

Unrealized profit = Rs.30,000 × 80/100 × 20/120 = Rs.4,000

Consolidated Balance Sheet of Alpha Company and Beta Company
As on 31/12/2060

Liabilities	Amount	Assets	Amount
Equity share capital	5,00,000	Goodwill (Alpha Company).....	50,000
General reserve.....	80,000	Less: Capital reserve	<u>28,750</u>
Profit and Loss A/c		21,250	
Alpha Company	1,20,000	Fixed assets:	
Add:		Alpha Company	3,50,000
Revenue profit from Beta Company ...	<u>45,000</u>	Beta Company	<u>2,60,000</u>
	1,65,000	6,10,000	
Less: Unrealized profit	<u>4,000</u>	Sundry debtors:	
1,61,000		Alpha Company	80,000
Sundry creditors:		Beta Company	<u>70,000</u>
Alpha Company	1,00,000	1,50,000	
Beta Company	<u>60,000</u>	Less: Mutual owing	<u>30,000</u>
	1,60,000	1,20,000	
Less: Mutual owing	<u>30,000</u>	Inventory: Alpha Company	50,000
91,250		Beta Company	<u>45,000</u>
Minority interest		95,000	
		Less: Un realized profit	<u>4,000</u>
		91,000	
		Cash at bank: Alpha Company.	70,000
		Beta Company	<u>50,000</u>
		1,20,000	
	9,62,250	9,62,250	

Illustration - 24

H. Company Ltd., acquired shares of S. Company Ltd., on 31st December, last year. The balance sheet of H. Company and S. Company as on 31st December, last year were as follows:

Liabilities	H. Co.	S. Co.	Assets	H. Co	S. Co.
Share capital of Rs.100 each	18,00,000	4,50,000	Fixed assets	16,70,000	7,00,000
10% Debentures.....	4,00,000	-	Investment (4,000 shares in S. Ltd.) ...	4,80,000	-
Profit and loss A/c	1,00,000	50,000	Sundry debtors	4,00,000	1,00,000
Bank loan	2,50,000	1,00,000	Stock.....	4,00,000	50,000
Sundry creditors	5,00,000	3,00,000	Cash in hand	1,00,000	50,000
	30,50,000	9,00,000		30,50,000	9,00,000

Sundry creditors of H. Ltd., includes a sum of Rs.1,60,000 payable to S. Ltd. for credit purchase, on which the latter company made a profit of 10% on sales. The stock of H. Ltd. includes Rs.80,000 purchases from S. Ltd.

Required: Consolidated Balance Sheet

Solution:

a) Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$H. Ltd. = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S. Ltd.}} \times 100 = \frac{4,000}{4,500} = 8/9$$

$$S. Ltd. = 1 - 8/9 = 1/9. \text{ Holding Ratio} = 8 : 1$$

b) Calculation of Capital profit of S. Ltd.

Profit and loss A/c balance on 31 st December last year	Rs.50,000
Capital profit:	Rs.50,000

c) Calculation of revenue profit of S. Ltd. = Nil

d) Minority interest:

Par value of shares (500 × Rs.100)	Rs.50,000
Share of capital profit (Rs.50,000 × 1/9)	Rs.5,556
Minority interest:	Rs.55,556

e) Calculation of cost of control:

Purchases value of shares (Investment cost)	Rs.4,80,000
Less: Par value of share (Rs.4,000 × Rs.100).....	Rs.4,00,000
Less: Share of capital profit (Rs.50,000 × 8/9)	Rs.44,444
Goodwill:	Rs.35,556

f) Calculation of unrealized profit:

$$\text{Unrealized profit} = 10\% \text{ of Rs.80,000} = \text{Rs.8,000}$$

Consolidated Balance Sheet of H. Co. Ltd. and S. Ltd.
As on 31st December Last Year

Liabilities	Amount	Assets	Amount
Share capital of Rs.100 each	18,00,000	Goodwill	35,556
Profit and Loss A/c	1,00,000	Fixed assets: H. Ltd.	16,70,000
Less: Unrealized profit.....	8,000	S. Ltd.	7,00,000
10% debenture	4,00,000	Sundry debtors: H. Ltd.	4,00,000
Bank loan: H. Ltd.....	2,50,000	S. Ltd.	1,00,000
S. Ltd.....	1,00,000		5,00,000
Sundry creditors:	3,50,000	Less: Mutual owing	1,60,000
H. Ltd.....	5,00,000	Stock: H Ltd.	4,00,000
S. Ltd.....	3,00,000	S Ltd.	50,000
	8,00,000		4,50,000
Less: Mutual owing	1,60,000	Less: Unrealized profit	8,000
Minority interest.....	55,556	Cash in hand: H. Ltd.	1,00,000
		S. Ltd.	50,000
	33,37,556		1,50,000
			33,37,556

Illustration - 25

The Balance Sheets of Holding Company Ltd., and Subsidiary Ltd. have been provided below:

Balance Sheet as on Chaitra end 2063

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity share of Rs.100 each	3,00,000	1,00,000	Fixed assets	3,00,000	1,00,000
Reserve fund	50,000	10,000	Investment on shares of S. Ltd.....	1,00,000	-
Accounts payable	50,000	20,000	Inventories	30,000	20,000
Profit and Loss A/c	50,000	20,000	Accounts receivable	20,000	20,000
			Cash at bank	-	10,000
	4,50,000	1,50,000		4,50,000	1,50,000

H. Ltd. purchased 75% of the equity shares of S. Ltd, on Ashwin end. S. Ltd has credit balance of profit of Rs.10,000 and no general reserve when shares were purchased. H. Ltd. supplied goods worth of Rs.10,000 at Rs.15,000 and half of the goods have remained as unsold stocks. S. Ltd. remitted Rs.5,000 on 28th Chaitra, but the H. Ltd. received it only after the balance sheet date.

Required: Consolidated Balance Sheet

Solution:

a) Calculation of Ratio of Interest between Holding Company Ltd., and Subsidiary Ltd.:

Alpha Ltd. = 75%. (Given)

Beta = 100% - 75% = 25%. Holding Ratio = 3 : 1.

b) Calculation of Capital profit of S. Ltd.

Profit and loss balance on the date of acquisition (Capital profit) = Rs.10,000

c) Calculation of revenue profit of S. Ltd.

Profit and loss after the date of acquisition (Rs.20,000 - Rs.10,000)	Rs.10,000
Reserve fund after the date of acquisition	Rs.10,000
Total revenue profit	Rs.20,000

d) Calculation of minority interest:

Par value of share (25% of Rs.1,00,000)	Rs.25,000
25% Share of capital profit	Rs. 2,500
25% Share of revenue profit	Rs.5,000
Minority Interest	Rs.32,500

e) Calculation of Cost of Control:

Purchases value of share (Investment cost)	Rs.1,00,000
Less: Par value of shares (75% of Rs.1,00,000)	Rs.75,000
Less: 75% Share of capital profit	Rs. 7,500
Goodwill	Rs.17,500

f) Calculation of Unrealized profit:

Profit on stock = (15,000 - 10,000)/2 = Rs.2,500

Consolidated Balance Sheet of H. Ltd. and S. Ltd.
As on 31st Chaitra, 2063

Liabilities	Amount	Assets	Amount
Equity shares of Rs.100 each	3,00,000	Goodwill	17,500
Reserve fund	50,000	Fixed assets: H. Ltd.	3,00,000
Profit and loss A/c	50,000	S. Ltd.	1,00,000
Add: Revenue profit in S. Ltd.	15,000	Inventories: H. Ltd.	30,000
	65,000	S. Ltd.	20,000
Less: Unrealized profit.	2,500		50,000
Minority Interest	32,500	Less Unrealized profit	2,500
Account payable:		Accounts receivable: H. Ltd.	20,000
H. Ltd.	50,000	S. Ltd.	20,000
S. Ltd.	20,000		40,000
	70,000	Less: Mutual owing	15,000
Less: Mutual owing.	10,000	Cash at bank (S Ltd.)	10,000
	60,000	Cash in transit (Rs.15,000 - Rs.10,000)	5,000
	5,05,000		5,05,000

Illustration - 26

The following are the Balance Sheet of H. Ltd., and its subsidiary S. Ltd. as on 31st December, last year:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Ordinary shares of Rs.100 each	1,400,000	2,80,000	Fixed assets	14,00,000	1,54,000
General reserve.....	420,000	56,000	Investment: 2240 shares in S. Ltd.....	3,36,000	-
Profit and loss A/c	210,000	89,600	Inventories	1,12,000	80,000
Accounts payable	168,000	56,000	Accounts receivable	1,40,000	1,72,000
Bills payable	-	28,000	Bills receivable	28,000	-
			Bank balance	1,82,000	1,03,600
	21,98,000	5,09,600		21,98,000	5,09,600

- Out of accounts payable of S. Ltd. Rs.28,000 belong to H. Ltd.
 - The bills payable of S. Ltd. includes Rs.14,000, accepted for H. Ltd.
 - On the date of acquisition of shares, the balance in profit and loss account in S. Ltd. was Rs.40,000 and it was Rs.56,000 in general reserve.
- Required: Consolidated Balance Sheet**

Solution:

- Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$\text{H. Ltd.} = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S. Ltd.}} \times 100 = \frac{560}{2,800} \times 100 = 80\%$$

$$\text{S. Ltd.} = 100\% - 80\% = 20\%. \text{ Holding Ratio} = 4 : 1.$$

- Calculation of Capital profit:

Balance of profit and loss on the date of acquisition	Rs.40,000
Balance of general reserve on the date of acquisition	Rs.56,000
Total capital profit	Rs.96,000

- Calculation of Revenue profit of S. Ltd.

Revenue profit i.e., Profit and loss after the date of acquisition (89,600 - 40,000) = Rs.49,600

- Calculation of Minority interest:

Par value of share (560 × Rs.100)	Rs.56,000
20% Share of capital profit	Rs.19,200
20% Share of revenue profit	Rs.9,920
Minority Interest	Rs.85,120

- Calculation of cost of control:

Investment cost.....	Rs.3,36,000
Less: Par value of shares (Rs.2,240 × Rs. 100)	Rs.2,24,000
Less: 80% Share of capital profit	Rs.76,800
Goodwill	35,200

Consolidated Balance Sheet of H Ltd. and S Ltd.
as on 31st December Last Year

Liabilities	Amount	Assets	Amount
Ordinary share of Rs.100 each	14,00,000	Goodwill	35,200
General reserve.....	4,20,000	Fixed assets:H. Ltd.	14,00,000
Profit and loss	2,10,000	S. Ltd.	1,54,000
Add: Revenue profit of S. Ltd.	39,680	Inventory: H. Ltd.....	1,12,000
Account payable:		S. Ltd.	80,000
H. Ltd.	168,000	Accounts receivable:	
S. Ltd.	56,000	H. Ltd.	1,40,000
	2,24,000	S. Ltd.	1,72,000
Less: Mutual owing	28,000		3,12,000
Bills payable (Rs.28,000 - Rs.14,000).....	14,000	Less: Mutual owing.....	28,000
Minority interest	85,120	Bills receivable (Rs.28,000 - Rs.14,000)	14,000
		Bank balance: H. Ltd.....	1,82,000
		S. Ltd.	1,03,600
	23,64,800		2,85,600
			23,64,800

Illustration - 27

The followings are the Balance Sheets of H. Ltd., and S. Ltd., as on 30th Chaitra, 2064, when H. Ltd., acquired the shares.

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Shares of Rs.100 each.....	2,50,000	100,000	Land and buildings	75,000	90,000
Capital reserve	-	60,000	Machinery	1,20,000	54,000
General reserve	1,20,000	-	800 shares in S. Ltd.	1,70,000	-
Retained earnings	28,600	18,000	Book debts.....	22,000	20,000
Creditors	23,400	4,000	Bills receivable (Rs.1,500 from S. Ltd.)	7,900	-
Bills payable (Rs.2,000 to H. Ltd.).....	-	4,000	Inventory.....	60,000	18,000
Bank overdraft	40,000	-	Cash at bank	7,100	4,000
	4,62,000	186,000		4,62,000	1,86,000

Additional information:

- Creditors of H. Ltd. include Rs.6,000 due to S. Ltd.
- The directors decided that Land and buildings of S. Ltd. were undervalued by Rs.10,000 on the date of acquisition of shares.

Required: (a) Capital profit (b) Cost of control (c) Consolidated Balance Sheet

Solution:

- a) Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$\text{H. Ltd.} = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S. Ltd.}} \times 100 = \frac{1,500}{2,000} \times 100 = 80\%$$

$$\text{S. Ltd.} = 100\% - 80\% = 20\%. \text{ Holding Ratio} = 4 : 1.$$

- b) Calculation of capital profit of S. Ltd.

Capital reserve	Rs.60,000
Retained earning	Rs.18,000
Revaluation of land and building (Profit on revaluation)	Rs.10,000
Total capital profit	Rs.88,000

- c) Calculation of revenue profit = Nil

- d) Calculation of Minority Interest:

Par value of share (200 shares@ Rs.100 each)	Rs.20,000
20% Share of capital profit	Rs.17,600
Minority Interest	Rs.37,600

- e) Calculation of cost of control:

Purchase value of share	Rs.1,70,000
Less: Par value of share (800 shares@ Rs. 100 each)	Rs.80,000
Less: 80% Capital profit	Rs.70,400
Goodwill	Rs.19,600

Consolidated Balance Sheet of H. Ltd. and its Subsidiary S. Ltd.

As on 30th Chaitra, 2064

Liabilities	Amount	Assets	Amount
Share of Rs.100 each	2,50,000	Goodwill	19,600
General reserve.....	1,20,000	Land and building:	
Retained earning.....	28,600	H. Ltd.	75,000
Creditors: H. Ltd.....	23,400	S. Ltd. (revalued) (90,000 + 10,000)	1,00,000
S. Ltd.....	4,000	Machinery: H. Ltd.	1,20,000
Less: Mutual Owings	27,400	S. Ltd.....	54,000
Bills payable (Rs.4,000 - Rs.2,000 + Rs.500)	6,000	Book debt: H. Ltd.	22,000
Bank overdraft (H. Ltd.)	21,400	S. Ltd.....	20,000
Minority interest	2,500	Less: Mutual owing	42,000
	40,000	Bills receivable (Rs.7,900 - Rs.1,500).....	6,000
	37,600	Inventory: H. Ltd.....	60,000
		S. Ltd.....	18,000
		Cash at bank: H. Ltd.	7,100
		S. Ltd.....	4,000
	5,00,100		11,100
			5,00,100

Illustration – 28

Following are the Balance sheet of H. Ltd and S. Ltd as at 31st December 2009

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share capital of Rs.100 each	10,00,000	5,00,000	Fixed assets	8,00,000	6,00,000
Reserve 01/01/2009	1,50,000	50,000	Current assets	3,84,000	3,25,000
Profit and Loss 01/01/2009	1,00,000	50,000	Investments:		
Profit for the year	1,50,000	75,000	Shares in S. Ltd.	4,80,000	-
10% Debenture of Rs.100 each	-	1,00,000	400 10% Debenture in S. Ltd.	36,000	-
Creditors	3,00,000	1,50,000			
	17,00,000	9,25,000		17,00,000	9,25,000

Additional Information:

- i) H. Ltd. acquired 80% shares of S. Ltd. on 1st July 2009.
- ii) H. Ltd. supplied goods worth Rs.80,000 in which H. Ltd. made a profit of 20% on cost. One-fourth of goods were still in stock of S. Ltd.
- iii) A cheque of Rs.70,000 (part payment) from S. Ltd. to H. Ltd. was in transit as on 31st December 2009.

Required: Consolidated balance sheet showing working notes for Capital Profit and Cost of Control.

Solution:

- a) Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$\text{H. Ltd.} = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S. Ltd.}} \times 100 = 80\% \text{ (Given)}$$

$$\text{S. Ltd.} = 100\% - 80\% = 20\%. \text{ Holding Ratio} = 4 : 1.$$

- b) Calculation of capital profit:

Reserve (01/01/2009).....	Rs.50,000
Profit and loss (01/01/2009)	Rs.50,000
Profit for the year (Rs.75,000 × 6/12).....	Rs.37,500
Total capital profit	Rs.1,37,500

- c) Calculation of revenue profit of S. Ltd.:

Profit for the year (Rs.75,000 – Rs.37,500)	Rs.37,500
Total revenue Profit	Rs.37,500

- d) Calculation of minority interest:

Par value of share Rs.5,00,000 × 20%	Rs.1,00,000
20% Share of capital profit	Rs.27,500
20% Share of revenue profit	Rs.7,500
Minority interest	Rs.1,35,000

- e) Calculation of cost of control:

Investment cost in equity shares	Rs.4,80,000
Investment cost in debentures	Rs.36,000
Less: Par value of share (Rs.5,00,000 × 80/100).....	Rs.4,00,000
Less: Par value of debenture (400 shares at Rs.100 each).....	Rs.40,000
Less: 80% Share of capital profit.....	Rs.1,10,000
Capital reserve	Rs.34,000

- f) Calculation of unrealized profit:

$$\text{Unrealized profit} = 80,000 \times \frac{1}{4} \times 20,000 \times \frac{20}{120} = \text{Rs.3,333.33}$$

Consolidated Balance Sheet of H. Ltd. and its Subsidiary S. Ltd.

As on 31st December 2009

Capital and liabilities		Amount	Assets		Amount
Share capital of Rs.100 each		10,00,000	Fixed assets:		
Reserve (01/01/2009).....		1,50,000	H. Ltd.	8,00,000	
Profit and Loss (01/01/2009).....		1,00,000	S. Ltd.	6,00,000	14,00,000
Minority interest:		1,35,000	Current Assets:		
Capital reserve		34,000	H. Ltd.	3,84,000	
Profit for the year	1,50,000		S. Ltd.	3,25,000	
Add:				7,09,000	
Revenue profit of S Ltd.	30,000		Less: Mutual owing	80,000	
	1,80,000	1,76,667		6,29,000	
Less:		60,000	Less: Unrealized profit	3,333.33	6,25,667
Unrealized profit	3,333.33		Cash in transit		70,000
10% debenture of Rs.100 each (Rs.1,00,000 – 40,000)					
Creditors: H. Ltd.	3,00,000				
S. Ltd.	1,50,000	4,40,000			
	4,50,000				
Less: Mutual owing	10,000				
		20,95,667			20,95,667

Illustration – 29

The Balance sheet of Holding Company Ltd. and Subsidiary Company Ltd. as on 31st Chaitra 2066 are as follows:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity shares of Rs.100 each	4,00,000	2,50,000	Fixed assets	2,20,000	1,90,000
Reserve	80,000	20,000	Investment in shares of S. Ltd.....	2,50,000	-
Accounts payable.....	60,000	40,000	Inventories	20,000	80,000
Profit and loss A/c	80,000	30,000	Accounts receivable	80,000	50,000
			Bank	50,000	20,000
	6,20,000	3,40,000		6,20,000	3,40,000

The Holding Company Ltd. acquired 80% of the equity shares of Subsidiary Company Ltd., on 1st Kartik, 2066. The Subsidiary Company Ltd. has credit balances of Rs.15,000 in reserve and Rs.20,000 in Profit and Loss Account. The accounts payable of the subsidiary Company Ltd. included Rs.25,000 payable to the Holding Company Ltd.

Required: (a) Capital profit (b) Revenue profit (c) Cost of control
(d) Minority interest (e) Consolidated Balance Sheet.

Solution:

a) Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$\text{H. Ltd.} = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S. Ltd.}} \times 100 = 80\% \text{ (Given)}$$

$$\text{S. Ltd.} = 100\% - 80\% = 20\%. \text{ Holding Ratio} = 4 : 1$$

b) Calculation of Capital profit:

Balance of reserve before date of acquisition.....	Rs.15,000
Balance of profit and loss account before the date of acquisition	Rs.20,000
Profit for the year before acquisition [(Rs.20,000 – Rs.15,000) + (30,000 – 20,000)] × 6/12	Rs.7,500
Total capital profit	Rs.42,500

c) Calculation of revenue profit:

Profit for the year after acquisition [(Rs.20,000 – 15,000) + (30,000 – 20,000)] × 6/12.....	Rs.7,500
Total revenue profit	Rs.7,500

d) Calculation of Minority Interest:

Par value of share (Rs.2,50,000 × 20%).....	Rs.50,000
20% Share of capital profit	Rs.8,500
20% Share of revenue profit	Rs.1,500
Minority interest	Rs.60,000

e) Calculation of Cost of Control:

Investment cost.....	Rs.2,50,000
Less: Par value of share (Rs.2,50,000 × 80%).....	Rs.2,00,000
Less: 80% Share of capital profit.....	Rs.34,000
Goodwill	Rs.16,000

Consolidated Balance Sheet of H. Company Ltd. and S Ltd.
As on 31st Chaitra 2066

Liabilities	Amount	Assets	Amount
Equity shares of Rs.100 each	4,00,000	Goodwill	16,000
Reserve	80,000	Fixed assets:.....H. Company	
.....		S. Company	1,90,000
Accounts payable:		Inventories: H. Company	20,000
H. Company	60,000	S. Company	80,000
S. Company	40,000	Accounts receivable:	
	1,00,000	H. Company	80,000
Less: Mutual Owings	25,000	S. Company	50,000
Profit and loss A/c	80,000		1,30,000
Add: Share of revenue profit	6,000	Less: Mutual Owings.	25,000
Minority interest		Bank:	
		H. Company	50,000
		S. Company	20,000
	7,01,000		7,01,000

Illustration - 30

The Balance sheet of H. Ltd. and S. Ltd and additional information were given below:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share capital (Rs.100 each).....	2,75,000	1,50,000	Cash	23,500	15,000
General reserve.....	30,000	20,000	Investment in S. Ltd.....	1,40,000	-
Profit and Loss A/c.....	40,000	10,000	Bills receivable.....	7,500	4,000
Sundry creditors	25,000	12,500	Sundry debtors	27,500	15,000
Bills payable	21,000	9,000	Stock-closing	22,500	12,500
			Fixed assets	1,70,000	1,55,000
	3,91,000	2,01,500		3,91,000	2,01,500

Additional information

- When H. Ltd. acquired 1,000 shares of S. Ltd., the general reserve and profit and loss accounts of S. Ltd. showed a balance of Rs.15,000 and Rs.2,500 respectively.
- Creditors of S. Ltd. include Rs.5,000 for goods supplied by H. Ltd.
- Goods costing Rs.5,000 were purchased by S. Ltd. from H. Ltd. on which later company made profit of 20% on sales price. Half of the goods is still in stock.

Required: (a) Minority interest (b) Cost of control (c) Consolidated Balance Sheet.

Solution:

- a) Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$H. Ltd. = \frac{\text{No. of shares acquired by H. Ltd.}}{\text{Total no. of shares issued by S. Ltd.}} \times 100 = 1000/1500 = 2/3$$

$$S. Ltd. = 1 - 2/3 \text{ Holding Ratio} = 2 : 1$$

- b) Calculation of Capital Profit

General reserve at the date of purchase	Rs.15,000
Profit and loss a/c at the date of purchase	Rs.2,500
Total capital profit	Rs.17,500

- c) Calculation of revenue profit

General reserve after the date of acquisition (20,000 - 15,000)	Rs.5,000
Profit and loss a/c after the date of acquisition (10,000 - 2,500)	Rs.7,500
Total revenue profit	Rs.12,500

d) Calculation of Minority Interest

Par value of share (500 shares @ Rs.100 each).....	Rs.50,000
Share of capital profit	Rs.5,833.33
Share of revenue profit.....	Rs.4,166.67
Minority interest	Rs.60,000

e) Calculation of Cost of Control

Investment cost.....	Rs.1,40,000.00
Less: Par value of share (1000 shares of Rs.100 each).....	Rs.1,00,000.00
Less: 2/3 Share of capital profit.....	Rs.11,666.67
Goodwill	Rs.28,333.33

f) Calculation of Unrealized Profit:

Unrealized profit = $5,000/2 \times 20/100 = \text{Rs.}500$

Consolidated Balance Sheet of H. Ltd. and its Subsidiary S. Ltd.

As on

Liabilities		Amount	Assets		Amount
Equity shares of Rs.100 each		2,75,000	Goodwill.....		28,333.33
General reserve.....		30,000	Fixed assets: H. Ltd.	1,70,000	
Profit and loss A/c.....	40,000.00		S. Ltd.	1,55,000	
Add: Revenue profit from S Ltd. <u>8,333.33</u>			Stock: H. Ltd.	22,500	3,25,000
	48,333.33	47,833.33	S. Ltd.	12,500	
Less: Unrealized profit	<u>500.00</u>			35,000	
Sundry creditors:			Less: Unrealized profit	<u>500</u>	34,500
H. Ltd.	25,000		Sundry debtors: H. Ltd.	27,500	
S. Ltd.	<u>12,500</u>		S. Ltd.	15,000	
Less: Mutual Owings	<u>5,000</u>	32,500		42,500	
Bills payable: H. Ltd.	21,000	30,000	Less: Mutual owing.	<u>5,000</u>	37,500
S. Ltd.	<u>9,000</u>	60,000	Bills receivable: H. Ltd.	7,500	
Minority interest.....			S. Ltd.	<u>4,000</u>	11,500
			Cash: H. Ltd.	23,500	
			S. Ltd.	<u>15,000</u>	38,500
		4,75,333.33			4,75,333.33

Illustration - 31

ABC Company invested Rs.250,000 to acquire 1,800 equity shares of XYZ Company on Kartic 1, 2064. The credit balance in profit and loss account of XYZ Company was Rs.40,000 on Baishak 1, 2064 and Rs.60,000 in general reserve. ABC Company paid 80% by the end of the year 2064 for the goods costing Rs.90,000 supplied on credit to XYZ Company at 25% on sales prices as profit margin. The stock of XYZ Company included 30% of the goods supplied by ABC Company. The balance sheet of ABC Company and XYZ Company as on Chaitra 31, 2064 are as follows:

Liabilities	ABC Co.	XYZ Co.	Assets	ABC Co.	XYZ Co.
Equity shares of Rs.100 each	9,00,000	3,00,000	Fixed assets	8,50,000	3,80,000
General reserve.....	1,50,000	90,000	Investment in XYZ Co.....	2,50,000	-
Profit and loss account.....	2,00,000	80,000	Inventory.....	90,000	75,000
Accounts payable	70,000	65,000	Account receivables	80,000	60,000
			Cash	50,000	20,000
	13,20,000	5,35,000		13,20,000	5,35,000

Required: Show necessary working notes and prepare consolidated Balance Sheet as on Chaitra 31, 2064.

Solution:

a) Calculation of Ratio of Contribution between H. Ltd. and S. Ltd.:

$$ABC \text{ Ltd.} = \frac{\text{No. of shares acquired by ABC Ltd.}}{\text{Total no. of shares issued by XYZ Ltd.}} \times 100 = \frac{1,800}{3,000} \times 100 = 60\%$$

$$XYZ \text{ Ltd.} = 100\% - 60\% = 20\%. \text{ Holding Ratio} = 3 : 2$$

b) Calculation of Capital profit:

General reserve balances at Baishak 1, 2064	Rs.60,000
Profit and loss account balances at Baishak 1, 2064 (Rs.60,000 + Rs.40,000)	Rs.40,000
Profit for the year up to the date of acquisition (Rs.90,000 – Rs.60,000 + Rs.80,000 – Rs.40,000) × 6/12).....	Rs.35,000
Total capital profit	Rs.1,35,000

c) Calculation of Revenue profit:

Profit for the year after acquisition (Rs.90,000 – Rs.60,000 + Rs.80,000 – Rs.40,000) × 6/12)	Rs.35,000
Total revenue profit	Rs.35,000

d) Calculation of Minority Interest:

Paid up value of 1,200 equity shares i.e. 1,200 × 100	Rs.1,20,000
Share of capital profit i.e. 1,35,000 × 2/5	Rs.54,000
Share of revenue profit i.e. 35,000 × 2/5	Rs.14,000
Minority interest	Rs.1,88,000

e) Calculation of Cost of Control:

Cost of investment in the shares of XYZ Company	Rs.2,50,000
Less: Paid-up value of 1,800 equity shares i.e. 1,800 × 100	1,80,000
Shares of capital profit i.e. 1,35,000 × 3/5	81,000
Capital reserve	(Rs.11,000)

f) Calculation of Unrealized Profit:

$$\text{Value of goods supplied by ABC Company (Rs.90,000 + Rs.90,000} \times \frac{25}{75}) = 1,20,000$$

$$\text{Value of unsold stock} = \text{Rs.1,20,000} \times 30\% = 36,000$$

$$\text{Unrealized profit} = \text{Rs.36,000} \times 25\% = 9,000$$

g) Calculation of Mutual Owing:

$$\text{Mutual Owings (Rs.1,20,000 – 80\% of 1,20,000)} = 24,000$$

Consolidated Balance Sheet of ABC Company and XYZ Company

As on 31st Chaitra, 2064

Liabilities	Amount	Assets	Amount
Equity shares of Rs.100 each	9,00,000	Fixed assets: ABC Company	8,50,000
Capital reserve	11,000	XYZ Company	3,80,000
Minority interest	1,88,000	Inventory: ABC Company	90,000
General reserve	1,50,000	XYZ Company	75,000
Profit and Loss A/c:		1,65,000	
ABC Company	2,00,000	Less: Unrealized profit	9,000
Add: Share of revenue profit	21,000	Accounts receivables:	
	2,21,000	ABC Company	80,000
Less: Unrealized profit	9,000	XYZ Company	60,000
Accounts payable:		1,40,000	
ABC Company	70,000	Less: Mutual Owings	24,000
XYZ Company	65,000	Cash: ABC Company	50,000
	1,35,000	XYZ Company	20,000
Less: Mutual Owings	24,000		
	1,11,000		
	15,72,000		15,72,000

सैदान्तिक प्रश्नहरू (Theoretical Questions)

- १) उपयुक्त उदाहरणसहित मूल कम्पनीलाई परिभाषित गर्नुहोस् ।
(Write the meaning of holding company with suitable example.)
- २) मूल कम्पनीका चार महत्वहरू उल्लेख गर्नुहोस् ।
(List out four importance of Holding company.)
- ३) मूल कम्पनीका चार सीमाहरू उल्लेख गर्नुहोस् ।
(List out any four limitations of Holding company.)
- ४) एकीकृत वासलात तयार पार्ने प्रक्याहरू उल्लेख गर्नुहोस् ।
(Write the procedures of preparation of consolidated balance sheet.)
- ५) पुँजीगत नाफा भनेको के हो? उपयुक्त उदाहरण सहित व्याख्या गर्नुहोस् ।
(What is capital profit? Explain with suitable example.)
- ६) आयगत नाफा भनेको के हो? उपयुक्त उदाहरण सहित व्याख्या गर्नुहोस् ।
(What is revenue profit? Explain with suitable example.)
- ७) नियन्त्रण लागतलाई व्याख्या गर्नुहोस् । (Explain cost of control.)
- ८) अवास्तविक नाफा भनेको के हो? उदाहरणसहित व्याख्या गर्नुहोस् ।
(What is unreleased profit? Explain with example.)
- ९) उपयुक्त उदाहरण सहित अन्तर कम्पनी कारोबारलाई व्याख्या गर्नुहोस् ।
(Explain inter-company transaction with suitable example.)
- १०) खरिद पूर्व र खरिदोत्तर नाफा भन्नाले के बुझ्नुहुन्छ ? यिनीहरू बीचमा भिन्नता छुट्याउनुहोस् ।
(What is pre-acquisition and post-acquisition profit? Differentiate between pre-acquisition and post acquisition profit.)
- ११) एकीकृत वासलातलाई व्याख्या गर्नुहोस् । यसको तयारीमा पुँजीगत जगेडा र ख्यातिको निर्धारण कसरी गरिन्छ?
(Define consolidated balance sheet. How the value of goodwill or capital reserve is determined for the preparation of consolidated balance sheet?)
- १२) पारस्परिक सम्बन्ध भनेको के हो ? परिभाषित गर्नुहोस् ।
(Write the meaning of mutual owing.)
- १३) अन्तर कम्पनी ऋण भन्नाले के बुझिन्छ ?
(What do you mean by inter-company debt?)
- १४) अन्तर कम्पनी अवास्तविक नाफालाई परिभाषित गर्नुहोस् । यसको लेखा उपचार कसरी गरिन्छ ?
(Define inter-company unrealized profits and show its accounting treatments.)
- १५) अल्पसंख्यक रुचि भनेको के हो? यो कसरी निर्धारण गरिन्छ ?
(What is minority interest? How is it determined ?)
- १६) पारस्परिक ऋण भनेको के हो? एकीकृत वासलातमा यसको निर्धारण कसरी गरिन्छ ?
(What is mutual debt? How is it treated in consolidated Balance Sheet?)

प्रयोगात्मक समस्याहरू (Practical Problems)

Question No. 1

ABC Company acquired 3,000 shares of XYZ Company at a cost of Rs.6,00,000 on 31st June 2012 among the 5,000 shares of Rs.100 each of XYZ Company.

Required: (a) Date of Acquisition (b) Ratio of Shares

Ans.: (a) 31st June, 2012; (b) 3:2

Question No. 2

A Company has 2000 equity share of Rs.50 each. B Company acquired 1,500 share for Rs.1,05,000 on 30th March 2011. There was Rs.1,50,000 and 60,000 in Profit and Loss A/c and general reserve respectively of A Company Ltd. on 01/01/2011. A Company earned profit of Rs.2,00,000 during 2011.

Required: a) Date of Acquisition b) Ratio of Shares
c) Capital Profit d) Revenue Profit

Ans.: (a) 30th March, 2011; (b) 3:1; (c) Rs.2,60,000; (d) Rs.1,50,000

Question No. 3

H. Company required 7000 shares for Rs.9,00,000 on 31st December 2011 out of 10,000 shares of Rs.100 each. S. Company had reserve and Profit and Loss A/c of Rs.1,20,000 and 2,20,000 respectively on the date of acquisition.

Required: (a) Capital Profit (b) Revenue profit (c) Minority interest

Ans.: (a) Rs.3,40,000; (b) Nil; (c) Rs.4,02,000

Question No. 4

Following information is provided:

Capital profit Rs.90,000
Revenue profit Rs.60,000
Invest of H. Company in shares of S. Company is 2,000 shares for Rs.3,00,000
S. Company had 3,000 shares of Rs.100 each.

Required: (a) Minority interest (b) Cost of control

Ans.: (a) Rs.1,50,000; (b) Rs.40,000

Question No. 5

Following information are provided:

- i) Paid up capital of Prakash Farma is Rs.2,00,000 divided into share of Rs.100 each.
- ii) Rikesh Farma Purchased 1,600 shares at a cost of Rs.125 each.
- iii) Accumulated profit at the date of purchase is Rs.3,50,000.
- iv) Profit earned after acquisition is Rs.1,50,000

Required: (a) Capital Profit (b) Revenue Profit (c) Minority interest (d) Cost of control

Ans.: (a) Rs.3,50,000; (b) Rs.1,50,000 (c) Rs.1,40,000; (d) (Rs.2,40,000)

Adjustment of Debtors and Creditors

Question No. 6

The debtors and creditors of A Company and B Company are as follows:

	<u>A Company</u>	<u>B Company</u>
Debtors	50,000	35,000
Creditors	65,000	25,000

The creditor's of B Company includes Rs.20,000 for goods supplied by A Company

Required: Show the treatment of above transaction in consolidated balance sheet.

Ans.: Creditors Rs.70,000 and Debtors Rs.65,000

Question No. 7

Bills receivable of X Company and Y Company are Rs.42,000 and Rs.20,000 respectively. Bills payable of X Company and Y Company are Rs.51,000 and Rs.25,000 respectively. The bill accepted by Y Company was in favour of X Company.

Required: Show the treatment of above statement in consolidated balance sheet.

Ans.: Bills payable and receivable Rs.51,000 and Rs.37,000

Question No. 8

Profit and Loss account balance of Nokia Company is Rs.25,000 and share of revenue profit of Nokia Company is Rs.15,000. Stock of Nokia Company and Samsung Company are Rs.40,000 and 30,000 respectively. Unreleased profit was Rs.10,000

Required: Treatment of above transaction in consolidated balance sheet

Ans.: Rs.30,000 and Rs.60,000

Question No. 9

Prepare consolidated Balance sheet from the following information:

Minority interest	Rs.35,000	Good will	Rs.39,000
Revenue profit from S. Ltd.	Rs.8,000	Mutual transaction	Rs.14,000
	<u>H. Company</u>		<u>S. Company</u>
Share capital	Rs.2,00,000		Rs.1,00,000
General reserve	Rs.20,000		—
Sundry creditors	Rs.30,000		Rs.20,000
Fixed assets	Rs.1,50,000		Rs.50,000
Current assets	Rs.40,000		Rs.34,000

Required: Consolidated Balance Sheet.

Ans.: Total Rs.2,99,000

Question No. 10

The bills receivable of H. Company and S Company are Rs.35,000 and Rs.28,000 respectively. Similarly bills payable of Rs.40,000 and 20,000 for H. Company and S. Company respectively. Out of bills payable of S. Company Rs.10,000 represents bills issued in favour of H. Company. Which company got bill of Rs.5,000 discounted.

Required: Show the treatment of above statements in Consolidated Balance Sheet.

Ans.: Rs.55,000 and Rs.58,000

Question No. 11

The called up capital of S. Company is Rs.6,00,000 divided into share of Rs.10 each. H. Company bought two third share of S. Company for Rs.8,00,000. General reserve and profit and loss account on the date of acquisition was Rs.40,000 and 80,000 respectively. The profit earned after the date of acquisition is Rs.1,80,000; S. Company made issue of 10% bonus share out of profit earned after the date of acquisition.

Required: (a) Capital profit (b) Revenue profit (c) Minority interest (d) Cost of control

Ans.: (a) Rs.1,20,000; (b) Rs.1,20,000; (c) Rs.3,00,000 (d) Rs.3,20,000

Question No. 12

The equity capital of Y Company is Rs.2,00,000 divided into share of Rs.100 each. Out of these shares X company acquired 1,500 shares @ Rs.1,50,000 each. On 1st July 2012. The undistributed profit of Y Company as on 1st January 2012 was Rs.60,000 and profit during the year 2012 is Rs.80,000.

Required: (a) Capital Profit (b) Revenue Profit (c) Minority Interest (d) Cost of control

Ans.: (a) Rs.1,00,000; (b) Rs.40,000; (c) Rs.85,000; (d) (Rs.75,000)

Question No. 13

The issued capital of subsidiary company is Rs.10,00,000 of share of Rs.100 each H. Company acquired 8,000 share @Rs.150 each. The undistributed profit on the date of acquisition were Rs.2,00,000. On the balance sheet date the minority interest was Rs.2,52,000.

Required: (a) Capital Profit (b) Revenue Profit (c) Cost of control

Ans.: (a) Rs.2,00,000; (b) Rs.60,000; (c) Rs.2,40,000

Question No. 14

The paid up capital of P Company Ltd. is 5,000 shares of Rs.50 each. Q Company acquired 3,000 share of P Company @Rs.80 each. The profit of P Company till the date of acquisition was Rs.50,000 and profit after acquisition is Rs.75,000.

The Fixed assets of P. Company and Q. Company is Rs.1,50,000 and Rs.2,50,000 the Directors decided to revalue fixed asset of P. Company to Rs.1,75,000.

Required: (a) Capital Profit (b) Revenue Profit (c) Minority interest
(d) Cost of control (e) Fixed assets to be shown in Consolidated Balance Sheet.

Ans.: (a) Rs.75,000; (b) Rs.75,000; (c) Rs.1,60,000; (d) Rs.45,000; (e) Rs.4,25,000

Question No. 15

ABC Company has Minority Interest on the balance sheet date of Rs.35,000. Which includes capital profit of Rs.10,000 and revenue profit of 5,000. XYZ Company purchased 600 shares for Rs.48,000 out of the 1,000 share of Rs.50 each of ABC Company Ltd.

Required: Cost of Control

Ans.: Rs.3,000

Consolidated Balance Sheet

Question No. 16

Following is the balance sheet of holding company and subsidiary company on 31 December 2011 as follows:

Liabilities	H. Co.	S. Co.	Assets	H. Co.	S. Co.
Share capital of Rs.100 each.....	8,00,000	2,00,000	Fixed assets.....	6,00,000	3,40,000
Preference share.....	-	50,000	Investment:		
General reserve.....	1,00,000	30,000	1500 share in S. Company.....	2,00,000	-
Profits and loss.....	5,00,000	1,00,000	Cash at bank.....	1,50,000	40,000
Creditors.....	3,00,000	1,50,000	Stock.....	3,00,000	1,00,000
Bills payable (H. Company Rs.10,000)	-	40,000	Debtors.....	4,00,000	70,000
			Bills receivable (Rs.10,000 from S. Co.)	50,000	20,000
	17,00,000	5,70,000		17,00,000	5,70,000

There was Rs.20,000 in profit and loss account and Rs. 10,000 in general reserve at the time of share purchase.

Required: Consolidated Balance Sheet

Ans.: CP Rs.30,000, RP Rs.1,00,000, MI Rs.82,500, Goodwill Rs.27,500; Balance sheet Rs.20,87,500

Question No. 17

The following are the summarized Balance Sheet of H. Ltd. and its subsidiary S Ltd. as on 31/12/2010

Liabilities	H. Ltd.	S Ltd.	Assets	H. Ltd.	S. Ltd.
5,000 Equity Share of Rs.100 each....	5,00,000	-	Land.....	1,00,000	40,000
10,000 Equity Shares of Rs.10 each..	-	1,00,000	Building.....	1,00,000	50,000
Profit and Loss A/c.....	55,000	40,000	Stock.....	90,000	30,000
Sundry Creditors.....	20,000	35,000	Sundry Debtors.....	40,000	30,000
			Investments: 8,000 Shares of S Ltd..	1,25,000	-
			Cash in hand.....	1,20,000	25,000
	5,75,000	1,75,000		5,75,000	1,75,000

H. Ltd. acquired shares in S. Ltd. on 01/01/2010 when S. Ltd. had Rs.25,000 in Profit and Loss Account. No. dividend has been declared by S. Ltd. in 2010.

Required: Consolidated balance Sheet of H. Ltd. and its subsidiary S. Ltd. as on 31/12/2010.

Ans.: CP Rs.25,000, RP Rs.15,000, MI Rs.28,000, Goodwill Rs.25,000, Total balance Sheet Rs.6,50,000

Question No. 18

From the two Balance Sheets of H. Ltd. and S. Ltd.

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital:			Building at cost.....	72,000	25,000
Authorized and Issued:			Plant and Machinery	40,000	15,000
Share of Rs.10 each.....	1,20,000	30,000	Cost .....			10,000	5,000
General Reserve	25,000	6,000	Less: Depreciation.....	30,000	10,000
Profit and Loss A/c	12,000	9,000	Shares in S. Ltd: 2,000 shares of Rs. 10 each.....	25,000	-
Creditors	15,000	5,000	Stock	18,000	3,000
			Debtors.....	22,000	7,000
			Bank	5,000	5,000
	1,72,000	50,000		1,72,000	50,000

When H Ltd. acquired 2,000 shares in S. Ltd., the latter company had reserves amounting to Rs.5,000 none of which has been distributed since then.

Required: Consolidated balance Sheet of H. Ltd. and S. Ltd.

Ans.: CP Rs.5,000, RP Rs.10,000, MI Rs.15,000, Good will Rs.1,667 and Total balance sheet Rs.1,98,667

Unrealized Profit

Question No. 19

Following are the Balance Sheets of R. Ltd. and S. Ltd. as at 31/12/2001:

Liabilities	H. Ltd.	S Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital:			Fixed Assets	5,00,000	2,40,000
Equity Shares of Rs.10 each, fully paid up	4,00,000	1,50,000	Investments in 15,000 Equity Shares in S. Ltd. on 01/01/2001	2,00,000	-
General Reserve	50,000	40,000	Current Assets (including Rs.10,000 stock-in trade purchased from R.Ltd.)	3,00,000	2,60,000
Profit and Loss A/c	30,000	25,000			
12% Debentures.....	2,00,000	-			
Current Liabilities and Provisions.....	3,20,000	2,85,000			
	10,00,000	5,00,000		10,00,000	5,00,000

Assume that (a) S. Ltd.'s General Reserve and Profit and Loss Account stood at Rs.25,000 and Rs.10,000 respectively on 01/01/2001 and, (b) R. Ltd. sells goods at a profit of 25% on cost.

Required: Consolidated Balance Sheet as at 31/12/2001

Ans.: CP Rs.35,000, RP Rs.30,000, Mi -NIL, Good will Rs.15,000, Total balance Rs.13,13,000

Mutual Owing

Question No. 20

On first July 2010 senior company ltd bought 15,000 shares of Rs.100 each in Junior Company Limited for Rs.200 each. Both Companies prepare balance sheet on 31 December 2010 as follows:

Liabilities	Senior	Junior	Assets	Senior	Junior
Share capital of Rs.100 each.....	30,00,000	20,00,00	Plant and machinery	6,40,000	2,50,000
10% debenture of Rs.1,000 each.....	10,00,000	-	Investment in junior company:		
General Reserve [01/01/2010].....	5,00,000	5,00,000	15,000 share @ Rs.100 each	30,00,000	-
Profit and loss [01/01/2010]	4,00,000	1,00,000	300 debenture of Rs.1,000 each	3,60,000	-
Profit for the year.....	2,00,000	50,000	Stock	4,00,000	10,50,000
Creditors	3,00,000	1,00,000	Debtors.....	5,00,000	6,00,000
Bills payable.....	2,50,000	50,000	Bills receivable.....	4,00,000	4,00,000
		70,000	Cash balance.....	3,50,000	5,70,000
	56,50,000	28,70,000		56,50,000	28,70,000

You are required to prepare consolidated balance sheet as on 31st December 2010 by considering the following adjustments:

- Creditors of the Junior Company include Rs.30,000 goods supplied by senior company on which senior company made a profit of Rs.6,000. Half of the goods are still in stock of Junior Company.
- Bills payable of Junior Company include Rs.50,000 bill drawn by senior company. But senior company discounted bill of Rs.20,000 in the bank before 31/12/2010.

Required: Consolidated balance sheet

Ans.: CP Rs.2,00,000, RP Rs.50,000, MI Rs.5,62,500; Goodwill Rs.14,10,000, Balance sheet Rs.65,07,000

Question No. 21

The following is the balance sheet of X Ltd. and Y Ltd. as on 31/12/2010:

X Ltd.			
Liabilities	Amount	Assets	Amounts
Share capital:		Fixed asset	21,50,000
30,000 shares of Rs.100 each	30,00,000	Investment	19,50,000
General reserve	8,00,000	Current assets	8,00,000
Profits and loss [01/01/2010]	5,00,000		
Profits for the year	3,00,000		
Creditors	2,00,000		
Account payable	1,00,000		
	49,00,000		49,00,000

Y Ltd.			
Liabilities	Amounts	Assets	Amounts
Share capital:		Fixed assets	10,00,000
10,000 shares of Rs.100 each	10,00,000	Current assets	8,00,000
General reserve [01/01/2010]	1,50,000	Trade investment	2,00,000
Profits and loss a/c [01/01/2010]	2,00,000		
Profits for the year	2,50,000		
Sundry liabilities	4,00,000		
	20,00,000		20,00,000

Additional Information:

- X Ltd. acquired share in Y Ltd. on July 01, 2010.
- Investment of X Ltd. include, investment in share of Y Ltd. 7,000 shares at Rs.250 per share
- Creditors of Y Ltd. include Rs.50,000 goods supply by X Ltd. on which X Ltd. made a profit of Rs.10,000. Half of the goods are still in stock of Y Ltd.

Required: Consolidated balance sheet

Ans. CP Rs.4,75,000, RP Rs.1,25,000, MI Rs.4,80,000, Goodwill Rs.7,17,500; Balance sheet Rs.58,25,500

Revaluation and Depreciation Adjustment

Question No. 22

The following are the Balance Sheets of X Ltd. and Y Ltd. as at 31/12/2001: (figures in rupees)

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Equity shares of Rs.10 each	4,00,000	1,00,000	Equipment	2,50,000	95,000
Profit and Loss A/c	50,000	20,000	Investment:		
External Liabilities	7,50,000	4,80,000	9,000 Equity Shares in Y Ltd. on 01/01/2001	1,40,000	-
			Current Assets	8,10,000	5,05,000
	12,00,000	6,00,000		12,00,000	6,00,000

On January 1, 2001, profit and Loss Account of Y Ltd. showed a credit balance of Rs.8,000 and equipment of Y. Ltd. was revalued by X Ltd. at 20% above its book value of Rs.1,00,000 (but no such adjustment was effected in the books of Y Ltd.)

Required: Consolidated balance sheet.

[Hints: Rs.1,00,000 Book Value is shown Rs.95,000. So, Depreciation rate will be 5%]

Ans.: CP Rs.28,000; RP Rs.11,000; MI Rs.13,900; Goodwill 24,800, Total Balance sheet Rs.17,03,800

Question No. 23

When O Ltd. purchased 24,000 equity shares in P Ltd. on 01/01/2011, P Ltd. had Rs.22,500 in General Reserve and Rs.37,500 (Dr.) in Profit and Loss Account. From their Balance Sheets on 31/12/2001 as below:

Liabilities	O Ltd.	P Ltd.	Assets	O Ltd.	P Ltd.
Equity Share Capital.....	7,50,000	3,00,000	Fixed assets.....	6,75,000	1,50,000
General Reserve.....	90,000	7,500	Current Assets.....	1,20,000	1,21,500
Profit and Loss Account.....	60,000	—	Investments in P Ltd.....	2,10,000	—
Sundry Creditors.....	1,05,000	31,500	Profit and Loss Account.....	—	67,500
	10,05,000	3,39,000		10,05,000	3,39,000

Fixed assets standing in the books of P Ltd. Rs.90,000 was considered worth Rs.75,000 on the date of purchase of control. For the purpose of determining the value of shares 20% depreciation has been written off since acquisition. Stock of O Ltd. includes Rs.30,000 on which P Ltd. made Rs.7,500 profit.

Required: Consolidated balance sheet

Ans.: CP (Rs.30,000); RP (Rs.42,000); MI Rs.45,600; CR Rs.6,000; Total balance sheet Rs.10,47,000

Issue of Bonus Shares:**Question No. 24**

A Ltd. acquired 2,000 Equity Shares of Rs.100 each in B Ltd. on 01/01/2001. The summarized Balance Sheets of the two companies as on 31/12/2001 were as follows:

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Equity Share Capital: Shares of Rs.100 each.....	8,00,000	2,50,000	Fixed Assets.....	7,00,000	2,50,000
Reserves.....	3,00,000	50,000	Current Assets.....	4,00,000	2,00,000
Profit and Loss A/c.....	1,00,000	1,00,000	2,000 Shares in B Ltd. at cost.....	3,00,000	—
Creditors.....	2,00,000	50,000			
	14,00,000	4,50,000		14,00,000	4,50,000

B Ltd. had a credit balance of Rs.50,000 in the Reserves and Rs.20,000 in the profit and Loss Account when A Ltd. acquired shares in B Ltd. issued bonus shares in the ratio of one for every five shares held out of the profits earned during 2001. This is not shown in the above Balance Sheet of B Ltd.

Required: Consolidated Balance Sheet of A Ltd. and its subsidiary, as on 31/12/2001, giving all necessary workings

Ans.: CP Rs.70,000; RP Rs.30,000; MI Rs.80,000; Goodwill Rs.4,000; Total Balance sheet Rs.15,54,000

Debentures**Question No. 25**

From the Balance Sheets and additional information given below:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share Capital (Rs.100 each).....	5,00,000	2,00,000	Fixed Assets.....	3,50,000	3,20,000
General Reserve.....	60,000	40,000	Stock.....	35,000	15,000
Profit and Loss A/c.....	30,000	10,000	Debtors.....	60,000	30,000
12% Debentures (Rs 100 each).....	—	61,000	Bills Receivable.....	10,000	8,000
Creditors.....	40,000	40,000	Share in S. Ltd. (1,500 Shares @ Rs.120 each).....	1,80,000	—
Bills payable.....	12,000	12,000	400, 12% Debentures @ Rs.90 each	36,000	—
Proposed Dividend.....	40,000	40,000	Cash.....	11,000	30,000
	6,82,000	4,03,000		6,82,000	4,03,000

Additional information:

- When H Ltd. acquired the shares of S. Ltd., the General Reserve and profit and Loss Account of S. Ltd. Showed a balance of Rs.30,000 and Rs.4,000 (Dr.), respectively.
- Creditors of S. Ltd. include Rs10,000 for goods supplied by H. Ltd. at a profit of 20% on sales. Half of the goods were still in stock on 31/12/2001.

- iii) The bills accepted by H Ltd. were all in favour of S. Ltd.
- iv) Fixed assets were over-valued by Rs.20,000.

Required: Consolidated Balance Sheet

[Hints: Proposed dividend is considered as current liabilities and Bill of Rs.4,000 is discounted by S. Ltd.]

Ans.: CP Rs.6,000; RP Rs.24,000; MI Rs.57,500; Goodwill Rs,21,500; Total balance sheet Rs.8,51,500

Dividend out of Pre acquisition

Question No. 26

H. Ltd. purchased control of S. Ltd. on 01/01/2001. The following are the Balance Sheets of H. Ltd. as at 31/12/2001:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share Capital (Shares of Rs10 each)...	12,00,000	6,00,000	Land and Buildings.....	2,20,000	2,80,000
General Reserve	1,20,000	1,00,000	Plant and Machinery.....	4,00,000	3,60,000
Profit and Loss A/c.....	2,00,000	2,00,000	45,000 Shares in S. Ltd., at cost.....	6,75,000	-
Creditors	2,00,000	1,60,000	Stock-in-trade	90,000	40,000
			Debtors	1,00,000	1,80,000
			Cash at bank	2,35,000	2,00,000
	17,20,000	10,60,000		17,20,000	10,60,000

On 01/01/2001 S. Ltd. had Rs.1,00,000 in General Reserve and Rs.1,20,000 (Cr.) in Profit and Loss Account. In July 2001, 10% dividend was paid by S. Ltd. for 2000. dividend received from S. Ltd. was credited to Profit and Loss Account by H. Ltd. Debtors of S. Ltd. includes Rs25,000 due from H. Ltd.

Required: Consolidated Balance Sheet as on 31st December, 2001

Ans.: CP Rs.1,60,000; RP Rs.1,40,000; MI Rs.2,25,000; Good will Rs.60,000; Total Balance sheet Rs.21,40,000

Proposed Dividends

Question No. 27

Bengal Ltd. acquired 12,000 shares of Barakar Ltd. of the full value of Rs10 each at a price of Rs.1,70,000 on 01/04/2001. The Balance Sheets of the two companies as at 31/03/2002 were as follows:

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share Capital (in shares of Rs.10 each)	10,00,000	2,00,000	Goodwill.....	3,00,000	70,000
General Reserve (on 01/04/2001)....	4,20,000	1,00,000	Land and Building	4,00,000	1,00,000
Sundry Creditors	2,40,000	92,000	Plant and Machinery	5,00,000	1,00,000
Bills Payable.....	80,000	60,000	Stock	2,00,000	40,500
Profit and Loss A/c (on 01/04/2001).	90,000	40,000	Debtors	3,00,000	1,34,500
Profit for the year.....	1,70,000	45,000	Investments	2,00,000	-
			Bills receivable	20,000	30,000
			Cash and Bank	80,000	62,000
	20,00,000	5,37,000		20,00,000	5,37,000

Additional information:

- i) Stock in the hands of Barakar Ltd. includes goods purchased from Bengal Ltd. at Rs.20,000 which includes profit charged by the latter company at 25% on cost.
- ii) Both the companies have proposed 10% dividend for 2001 – 2002.
- iii) Out of the Debtors and Bills receivable of Bengal Ltd. Rs.50,000 and Rs.16,000 respectively represented due from Barakar Ltd.

Required: Consolidated Balanced Sheet of Bengal Ltd. and its subsidiary Barakar Ltd. as at 31/03/2002

Ans.: CP Rs.1,40,000; RP Rs.25,000; MI Rs.1,54,000; CR Rs.34,000; Total Balance sheet Rs.22,63,000

Goods in transit and Cash in transits

Question No. 28

The following are the Balance Sheets of H. Ltd. and S. Ltd. as at 31st December, 2001:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital (share or Rs.10 each)	50,000	40,000	Fixed Assets	20,000	30,000
General Reserve	12,000	4,000	Debtors: External	9,000	5,000
Profit and Loss A/c	10,000	6,000	S. Ltd.	3,000	—
Creditors: External	11,000	5,000	Cash at bank	5,500	1,900
H. Ltd.	—	2,900	Stock	4,000	9,000
			Shares in S. Ltd. (3,000 Shares)	32,000	—
			Goods – in – transit	600	—
			Other investments	8,900	12,000
	83,000	57,900		83,000	57,900

The credit balance of profit and Loss Account of S. Ltd. at the date H. Ltd. bought its shares was Rs.2,000 and the general reserve stood at nil. On 31st December, 2001 there were goods-in-transit from H. Ltd. to S. Ltd. Rs.600 and cash-in-transit Rs.100 from S. Ltd. to H. Ltd. These had been entered only in the books of sending companies.

Required: Consolidated balance sheet of H. Ltd. and its subsidiary as at 31st December, 2001

Ans.: CP Rs.2,000; RP Rs.8,000; MI Rs.12,500; Goodwill Rs.500; Total balance sheet Rs.1,06,500

Question No. 29

The Balance Sheet of H. Ltd. and S. Ltd. are:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital:			Sundry Assets	8,000	1,200
Equity Shares of Rs.10 each	10,000	2,000	Stock	6,100	2,400
Profit and Loss A/c	4,000	1,200	Debtors	1,300	1,700
Reserve Fund	1,000	600	Bills Receivable	100	—
Creditors	2,000	1,200	150 Shares in S. Ltd. (at cost)	1,500	—
Bills Payable	—	300			
	17,000	5,300		17,000	5,300

Following other additional information are also given:

- S. Ltd. Co. has earned all the profits only since the above 150 shares were acquired by H. Ltd.
- On the date of acquisition of these 150 shares by H. Ltd., S. Ltd. got reserves of Rs.600
- The bills payable of S. Ltd. were in favour of H. Ltd. were in favour of H. Ltd. which had discounted Rs.200 of them.
- Sundry assets of S. Ltd. were under-valued by Rs.200.
- Stock of H. Ltd. include goods of Rs.500 purchased from S. Ltd. at a profit of 25% of cost.

Required: Consolidated Balance Sheet

Ans.: CP Rs.800; RP Rs.1,200; MI Rs.1,000; CR Rs.600; Total Balance sheet Rs.20,800

Question No. 30

The Balance Sheet of H. Ltd. and its subsidiary S. Ltd. as at 31st March, 2002 were as under:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital:			Land and Building	6,00,000	—
Equity Shares of Rs.10 each, fully paid	20,00,000	5,00,000	Plant and machinery	20,00,000	—
General Reserve	3,00,000	1,00,000	Furniture and Fixtures	90,000	1,00,000
Profit and Loss A/c:			30,000 shares in S. Ltd., at cost	6,50,000	—
Balance on 01/04/2001	4,00,000	2,00,000	Stock	4,00,000	7,50,000
Profit for the year ended 31/03/2002	5,00,000	2,50,000	Debtors	1,00,000	2,80,000
Bills payable	1,50,000	—	Cash in Hand	10,000	15,000
Creditors	3,00,000	3,00,000	Cash at Dena Bank	—	1,05,000
Bank – Overdraft	2,00,000	—	Bills Receivable	—	1,00,000
	38,50,000	13,50,000		38,50,000	13,50,000

All the 30,000 shares in S. Ltd. were acquired by H. Ltd. on 1st October, 2001. Bills receivable held by S. Ltd. are all accepted by H. Ltd. included in Debtors of S. Ltd. is a sum of Rs.60,000 owing by H. Ltd. in respect of goods supplied by S. Ltd.

Required: Consolidated Balance Sheet of H. Ltd. and its subsidiary S. Ltd. as at 31st march, 2002

Ans.: CP Rs.4,25,000; RP Rs.1,25,000; MI Rs.4,20,000; Goodwill Rs.95,000; Total Balance sheet Rs.44,85,000

Question No. 31

The Balance Sheet of H. Ltd. and its subsidiary S. Ltd. as on 31/12/2001 were as follows: (All figures in rupees)

Liabilities	H Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share capital:			Sundry Assets.....	16,000	10,000
Shares of Rs.1 each.....	10,000	6,000	Investments: 4,000 Shares in S Ltd.	4,000	-
General Reserve.....	4,000	-			
Profit and Loss A/c.....	4,000	1,800			
Creditors.....	2,000	2,200			
	20,000	10,000		20,000	10,000

The shares were purchased by H. Ltd. in S. Ltd. on 30th June, 2001. On 1st January, 2001 the profit and Loss Account of S. Ltd. showed a loss of Rs.3,000 which was written-off from profits earned during the year. Profits were earned uniformly over the year 2001.

Required: Consolidated Balance Sheet of H. Ltd. and S. Ltd. as on 31st December, 2001 giving the workings.

Ans.: CP (Rs.600); RP Rs.2,400; MI Rs.2,600; Goodwill Rs.400; Total Balance sheet Rs.26,400

Question No. 32

The following are the Balance Sheets of M. Ltd. as at 31/12/2001:

Liabilities	M Ltd.	N Ltd.	Assets	M Ltd.	N Ltd.
Equity Shares of Rs.10 each, fully paid	3,00,000	2,00,000	Fixed Assets:.....	6,00,000	3,40,000
Capital Redemption Reserve.....	1,20,000	-	Investment in 15,000 Equity Shares in		
General Reserve.....	1,00,000	30,000	N Ltd. on 30/06/2001.....	2,00,000	-
Profit and Loss A/c (before any app.)...	60,000	40,000	Debentures of N Ltd. at par.....	50,000	-
Debentures.....	2,00,000	1,00,000	Debentures of M Ltd. at par.....	-	60,000
O/S interest on Debentures (for 1 year)	30,000	15,000	Other Assets.....	1,50,000	1,00,000
Other Liabilities.....	1,90,000	1,15,000			
	10,00,000	5,00,000		10,00,000	5,00,000

Balance Sheet as at 31/12/2001. Assume that N Ltd has earned uniformly in 2001 and its profit and Loss Account showed a debit balance of Rs.20,000 on 01/01/2001. Show the workings also.

Required: Consolidated Balance Sheet

Ans.: CP Rs.40,000; RP Rs.30,000; MI Rs.67,500; Goodwill Rs.20,000; Total Balance sheet Rs.11,93,500

Question No. 33

The assets and liabilities of Holding Company and Subsidiary company as on 31st Chaitra previous year are given below:

	Holding Company	Subsidiary Company
Fixed assets.....	Rs.470,000	Rs.175,000
Current assets.....	Rs.3,00,000	Rs.2,00,000
Profits and loss A/c.....	Rs.1,00,000	Rs.60,000
Reserve.....	Rs.3,40,000	Rs.80,000
Current liabilities.....	Rs.70,000	Rs.35,000
Fully paid equity share of Rs.10 each.....	Rs.6,00,000	Rs.2,00,000

Additional information:

- i) Holding company acquired 16,000 shares on 1st Kartik of last year for Rs.3,40,000
- ii) Profit and loss account of Subsidiary Company stood at Rs.30,000 on 1st Baishakh, last year. The general reserve remains unchanged since that date.
- iii) The debtors of Subsidiary Company include a sum of Rs.10,000 due from Holding Company for goods supplied
- iv) The current assets further include the entire stock purchased from Subsidiary Company as mentioned in (iii)
- iv) The Holding Company remitted Rs.5,000 to Subsidiary Company but the latter company received it only on 2nd Baishakh this year.

- Required:** (a) Goodwill/Capital reserve (b) Minority interest
 (c) Inter company owing (d) Unrealized profit
 (e) Cash remitted and not received (f) Consolidated balance sheet.

Ans.: CP Rs.1,25,000; RP Rs.15,000; MI Rs.68,000; Goodwill Rs.80,000; Total Balance sheet Rs.12,18,000

Question No. 34

The compiled balance sheet of P. Ltd and Q. Ltd are given below as at 31st Chaitra last year:

Liabilities	P. Ltd	Q. Ltd	Assets	P. Ltd	Q. Ltd
Equity share of Rs.100 each.....	20,00,000	8,00,000	Fixed assets.....	12,00,000	4,50,000
12% preference share	-	2,00,000	Current assets excluding stock.....	4,00,000	3,00,000
General reserve.....	4,00,000	-	Stock	2,00,000	1,50,000
Profits and loss A/c.....	2,00,000	-	Investment	8,50,000	70,000
Trade creditors	80,000	50,000	Bank	30,000	20,000
			Profit and Loss A/c.....	-	60,000
	26,80,000	10,50,000		26,80,000	10,50,000

Additional Information:

- i) Investment of P. Ltd includes Rs.7,50,000 paid to Q. Ltd. for the purpose of 6,000 equity shares on Shrawan 01 of previous year.
- ii) The profit and loss accounts of Q. Ltd. showed a credit balance of Rs.30,000 on Baishakh 01 of the previous year.
- iii) Q. Ltd. supplied goods worth Rs.80,000 to P. Ltd. on credit at a profit of 25% on cost price.
- iv) Half of the goods received from Q. Ltd. are still in stock of P. Ltd.
- v) P. Ltd. paid 25 percent of the amount of the due against credit purchase of goods from Q. Ltd. before closing accounts for balance sheet.

Required: Consolidated balance sheet with necessary working notes.

Ans.: CP Rs.7,500, RP (Rs.67,500); MI Rs.3,85,000; Goodwill Rs.1,44,375; Total Balance sheet Rs.29,96,375

Question No. 35

White Ltd invested Rs.4,20,000 for 2,800 equity shares of Black Ltd on Jestha 31 of the previous year. The summarized Balance sheets of White Ltd and Black Ltd. as at Chaitra last of the previous year are given below:

Liabilities	White Ltd.	Black Ltd.	Assets	White Ltd.	Black Ltd.
Equity share capital of Rs.100 each	1500,000	4,00,000	Fixed assets.....	11,80,000	7,00,000
8% Debenture of Rs.100 each.....	-	3,00,000	Investment in Black Ltd.:		
General reserve	90,000	20,000	2,800 equity share	4,20,000	-
Capital reserve	100,000	-	1,000, 8% debenture	1,00,000	-
Profit and loss A/c	220,000	1,70,000	Stock	50,000	80,000
Accounts payable.....	80,000	60,000	Accounts receivables	1,50,000	150,000
Bills payable (Rs.20,000 to White Ltd)	-	30,000	Bills receivables (Rs.15,000 from Black Ltd).....	50,000	40,000
			Cash at bank.....	40,000	10,000
	19,90,000	9,80,000		19,90,000	9,80,000

Further information for incorporation in consolidated balance sheet:

- The profit of Black Ltd. includes accumulated profit of Rs.50,000 in the beginning of previous year
- Black Ltd. holds 15,000 units of goods out of 20,000 units of finished goods supplied by White Ltd at Rs.3 per unit. The supply goods was made at cost plus 20 percent

Required: Necessary working sheet & Consolidated balance sheet.

Ans.: CP Rs.90,000; RP Rs.1,00,000, MI Rs.1,77,000; Capital Reserve Rs.77,000; Total Balance sheet Rs.24,27,500

Question No. 36

The X Ltd. purchase 90 percentage shares of Y Ltd. on Poush last of previous year. The balance sheets of two companies presented as at Chaitra last of previous year are given below:

Liabilities	X Ltd	Y Ltd	Assets	X Ltd	Y Ltd
Equity share of Rs.100	8,00,000	3,00,000	Land and building	4,00,000	2,10,000
General reserve.....	1,50,000	50,000	Plant and machinery	2,90,000	2,00,000
Revenue account	2,50,000	90,000	Stock	1,30,000	50,000
Sundry creditors	70,000	30,000	Book debts	50,000	40,000
Bills payables	-	30,000	Bills receivables	20,000	-
			Investment in equity shares	3,80,000	-
	12,70,000	5,00,000		12,70,000	5,00,000

- General reserve of account of Y Ltd. reported credit balance of Rs.50,000 in the beginning of the previous year.
- Y Ltd. has credit balance of profit of Rs.40,000 on Baishakh 01 of the previous year.
- Y Ltd's acceptance of bill of was all in favor of X Ltd.
- Goods costing Rs.10,000 of Y Ltd. were destroyed by fire during Jestha of the previous year. The loss has been charged to revenue account of the year

Required: Working sheet and consolidated balance sheet

Ans.: CP Rs.1,25,000; RP Rs.15,000; MI Rs.44,000; CR Rs.2,500; Total Balance Sheet Rs.13,70,000

Question No. 37

On 1st, Kartik, 2058 X. Company Ltd. acquired 1,600 shares of Rs.100 each in Y. Ltd. at a cost of Rs.4,00,000. The other relevant information are:

- Profit and Loss Account and General reserve of Y. Ltd. stood at Rs.50,000 and Rs.60,000 on 1st Baishakh, 2058.
- Stock of X. Ltd. includes Rs.15,000 relating to stock purchase on credit from Y. Ltd. which follows the practice of charging 25% extra on cost for determining the selling price.
- X. Ltd. remitted Rs.10,000 out of credit purchase of Rs.15,000 to Y. Ltd., but the latter Company received it on 5th Baishakh, 2059.
- Profit and loss account of X. Ltd. includes dividend @ 10% for the year 2057 from Y. Ltd., which was declared and paid after 1st Kartik, 2058.

The balance sheet of X. Ltd. and Y. Ltd. as at 31st Chaitra 2058 are as follows:

Liabilities	X. Co.	Y. Co.	Assets	X. Co.	Y. Co.
Equity share of Rs.100 each.....	8,00,000	2,00,000	Plant and machinery	8,00,000	2,50,000
General reserve.....	4,00,000	60,000	Furniture and fixture	50,000	70,000
Profit and Loss A/c.....	3,00,000	80,000	Investment: Share in Y. Ltd.....	4,00,000	-
Account payable.....	1,50,000	1,60,000	Stock	1,50,000	80,000
			Accounts receivable	1,50,000	70,000
			Cash	1,00,000	30,000
	16,50,000	5,00,000		16,50,000	5,00,000

Required: Prepare consolidated balance sheet as on 31st, Chaitra, 2058 by ascertaining Minority interest, Cost of control, Profit and loss balance and Account receivable.

Ans.: CP Rs.1,15,000; RP Rs.25,000; MI Rs.68,000; Goodwill Rs.1,32,000; Total Balance sheet Rs.18,74,000

Question No. 38

Following is the balance sheet of Rata and Sita Company as on 32/12/2067

Liabilities		Rata	Sita	Assets		Rata	Sita
Share capital @ Rs.100 each	60,00,000	20,00,000	Fixed assets	37,00,000	23,50,000		
10% debenture @ 100 each	20,00,000	15,00,000	Investment:				
Profit and Loss account	25,00,000	8,00,000	12,000 share in Sita Ltd.....	15,00,000	-		
General reserve.....	10,00,000	5,00,000	5,000 debenture in Sita Ltd....	6,00,000	-		
Creditors	5,00,000	4,00,000	Book debts	18,00,000	10,00,000		
Bills payable (Rs.1,00,000 to Rata)	3,00,000	4,50,000	Closing stock	12,00,000	10,00,000		
Rata Limited	-	4,00,000	Bills receivable (Rs.60,000 from Sita Ltd.)	10,00,000	5,00,000		
			Cash at Bank.....	20,00,000	12,00,000		
			Sita Ltd.....	5,00,000	-		
	1,23,00,000	60,50,000		1,23,00,000	60,50,000		

- Rata company acquired to Sita Company on 30 Poush 2067
- Credit balance of profit and loss account and general reserve of Sita Company on Baishakh 01/2067 was Rs.6,00,000 and Rs.3,00,000 respectively.
- Profit and loss Account of Rata Ltd. include dividend @10% for the year 2066 from Sita Company which was declared and paid after 30 Poush 2067.
- Rata Company supplied goods value Rs.62,500 on credit at cost plus 25% still include in stock of Sita Ltd.

Required: Consolidated balance sheet

Question No. 39

The following is the balance sheet of X. Ltd. and Y. Ltd. as at 30 Chaitra 2068:

X. Ltd.			
Liabilities	Amount	Assets	Amount
Share capital paid up.....	10,00,000	Fixed assets	12,00,000
General reserve.....	2,00,000	Investment in shares of Y. Ltd.....	3,00,000
Profits and loss A/c.....	4,00,000	Current assets	4,00,000
Liabilities	3,00,000		
	19,00,000		19,00,000

Y. Ltd.			
Liabilities	Amount	Assets	Amount
Share capital paid up.....	5,00,000	Fixed assets	8,00,000
General reserve 01/01/2068	50,000	Current assets	2,00,000
Profit and loss A/c 01/01/2068	1,00,000		
Profit for the year.....	1,50,000		
Sundry creditors	2,00,000		
	10,00,000		10,00,000

- X. Ltd. purchase on 1st Kartik 2068, 60% of the share capital of Y. Ltd.
 - X. Ltd. supplied goods worth Rs.40,000 on which X. Ltd. made a profit of Rs.4,000 and half of the goods are still in the stock of Y. Ltd.
 - Y. Ltd. remitted Rs.30,000 to X. Ltd. but the latter company received it on after 30 Chaitra 2068
- Prepare a work sheet showing details working and also prepare the consolidated balance sheet.

Ans.: CP Rs.2,25,000; RP Rs.75,000; MI Rs.3,20,000; CR Rs.1,35,000, Total Balance sheet Rs.25,88,000

Question No. 40

The summarized balance sheet of A Ltd and its subsidiary B. ltd as at 31/12/2068 as follows:

Liabilities	A. Ltd.	B. Ltd.	Assets	A. Ltd.	B. Ltd.
Capital Equity:			Goodwill	3,75,000	1,12,500
Share of Rs.100 each.....	18,00,000	9,00,000	Plant at cost (Less Depreciation)	10,80,000	6,75,000
Share premium.....	2,70,000	-	Fixture at cost (Less Dep ⁿ)	1,95,000	85,500
Capital reserve (01/01/2068)	1,20,000	90,000	Stock at cost.....	2,70,000	1,80,000
General reserve (01/01/2068).....	2,25,000	1,50,000	Debtors	9,40,500	3,16,500
Profit and loss A/c (01/01/2068)....	6,00,000	1,20,000	Investment at cost:		
Profit for 2068.....	2,40,000	75,000	Trade investment.....	-	37,500
Creditors	5,25,000	1,65,000	7200 equity share in Subsidiary Company.....	8,10,000	-
B. Ltd.	40,500	-	Balance at bank.....	1,50,000	45,000
			A. Ltd.	-	48,000
	38,20,500	15,00,000		38,20,500	15,00,000

You are required to prepare consolidated balance sheet of A. Ltd. and its subsidiary B. Ltd. as at 31st Chaitra 2068 after giving effect to the following relevant information:

- The creditor of B. Ltd. includes Rs.80,000 purchase from A. Ltd., on which the later company made a profit of 25% on cost.
- The stock of B. Ltd. included Rs.60,000 goods purchase from A. Ltd.
- A cheque of Rs.7,500 from A. Ltd. to B. Ltd. was in transit as on 31st Chaitra 2068
- A. Ltd. acquired the equity share in B. Ltd. on 1st Kartik 2068.

Ans.: CP Rs.3,97,500; RP Rs.37,500; MI Rs.2,67,000; CR Rs.2,28,000; Total Balance sheet Rs.41,50,000

Question No. 41

The following are the Balance Sheets of H. Ltd. and its subsidiary S. Ltd. as at 31st March, 2002:

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity Shares of Rs.10 each	6,00,000	2,00,000	Machinery.....	3,90,000	1,35,000
General Reserve	3,40,000	80,000	Furniture.....	80,000	40,000
Profit and Loss A/c	1,00,000	60,000	80% Shares in S. Ltd., at cost.....	3,40,000	-
Creditors	70,000	35,000	Stock.....	1,80,000	1,20,000
			Debtors	50,000	30,000
			Cash at Bank.....	70,000	50,000
	11,10,000	3,75,000		11,10,000	3,75,000

The following additional information is provided to you:

- Profit and Loss Account of S. Ltd. stood at Rs.30,000 on 01/04/2001, whereas General Reserve has remained unchanged since that date.
- H. Ltd. acquired 80% shares in S. Ltd. on. 01/10/2001 for Rs.3,40,000 as mentioned above.
- Included in Debtors of S. Ltd. is a sum of Rs.10,000 due from H. Ltd. for goods sold at a profit of 25% on cost price. Till 31/03/2002. Only one half of the goods had been sold while the remaining goods were lying in the godown of H. Ltd. as on that date.

Required: Consolidated Balance Sheet as at 31st March, 2002. Show all calculations clearly

Ans.: CP Rs.1,25,000; RP Rs.15,000; MI Rs.68,000; Goodwill Rs.80,000; Total Balance sheet Rs.12,14,000

Question No. 42

Following are the Balance Sheets of P. Ltd. and R. Ltd. as at December 31, 2001:

Liabilities	P. Ltd.	R. Ltd.	Assets	P. Ltd.	R. Ltd.
Following Capital (Rs.10 each)	2,50,000	1,00,000	Goodwill	20,000	10,000
General Reserve	75,000	30,000	Fixed Assets.....	2,00,000	1,20,000
Profit and Loss A/c	70,000	60,000	Stock	80,000	30,000
Creditors	50,000	20,000	Debtors	60,000	50,000
Bills Payable.....	5,000	2,000	Investments (6,000 Shares of R. Ltd.)	85,000	-
			Cash	5,000	2,000
	4,50,000	2,12,000		4,50,000	2,12,000

Additional Information:

- Shares in R. Ltd. were acquired by P. Ltd. on 1st July, 2001.
- R. Ltd. had on 01/01/2001 Rs.18,000 in General Reserve and Rs.14,000 in Profit & Loss A/c
- Included in the creditors of R. Ltd. is Rs.12,000 for goods supplied by P. Ltd.
- Included in the stock of R. Ltd. are goods to the value of Rs.6,000 which were supplied by P. Ltd. at a profit of 25% on cost.

Required: Consolidated Balance Sheet as at 31/12/2001 showing necessary workings.

Ans.: CP Rs.61,000; RP Rs.29,000; MI Rs.76,000; CR Rs.11,600; Total Balance sheet Rs.5,52,200

Question No. 43

On 1st July, 2001 Maharaja Ltd. acquired 8,000 shares of Rs.10 each of Praja Ltd. Rs.1,00,000. Their respective Balance Sheets on 31/12/2001 were as follows:

Liabilities	Maharaja Ltd.	Praja Ltd.	Assets	Maharaja Ltd.	Praja Ltd.
Share Capital shares of Rs.10 each.....	2,00,000	1,00,000	Fixed Assets	1,00,000	1,00,000
Reserve.....	30,000	40,000	Investments	1,00,000	—
Profit and Loss A/c	70,000	60,000	Stock.....	50,000	40,000
Creditors	25,000	15,000	Debtors	65,000	70,000
Bills Payable (Accepted – all are in favour of Maharaja Ltd.).....	—	5,000	Cash at Bank	5,000	10,000
			Bills Receivable (Received from Praja Ltd.)	5,000	—
	3,25,000	2,20,000		3,25,000	2,20,000

Additional information:

- At the time of acquiring shares, Praja Ltd. had Rs.15,000 in Reserve and on 01/01/2001 Praja Ltd. had Rs.20,000 in profit and Loss Account.
- Praja Ltd. paid 10% dividend in July for the year 2000 and Maharaja Ltd. credited the share of dividend to their profit and Loss Account.
- On the date of acquisition of share, Fixed Assets of Praja Ltd. stood at Rs.1,20,000 on 01/01/2001 these were revalued at Rs.1,40,000. Stock of Praja Ltd. includes Rs.12,000 on which Maharaja Ltd. made a profit of 25% on sales.
- Proposed Dividend of both the companies for 2001 is 10%.

Required: Consolidated Balance Sheet as on 31st December, 2001.

Ans.: CP Rs.92,500, RP Rs.25,833, MI Rs.45,667, Capital reserve Rs.62,000, Balance sheet Rs.4,66,893

