Consolidated Fs. 15-Marks.

\# Holding Co → Control → Subsidiary company
- >50% of Total Voting Power
or
- Power to compose BOD.
(Appoint / Remove → majority Director)

ON 100% consolidation Basic
तो
Not hold By Holding
Minority interest

\# standalone + Consolidate financial statement (AS-21)

effect of Consolidated

Net Assets के बदले → investment किया

Compare of Date Investment with Net Assets of Subsidiary ON the date of Acquisation

\# Net Assets on Date of Acquisation

Total Assets	XXX
(-) outsider liabilities	(XXX)
	XXX

↓
when Acquisation at end of year

share capital
+
Reserve & surplus
↓
\# when acquisation on or After start of financial year

Most Applied

DOA — B/s

Shara Capital 1300000 / 700000

R/S — 40000 — (+60000) — 100000

Pre/Capital Profit

Post Profit

Cost of Invst = 850000

(-) 80% of Net Asset

SC - 700000 × 80% = (560000)

R/S - 40000 × 80% = (32000)

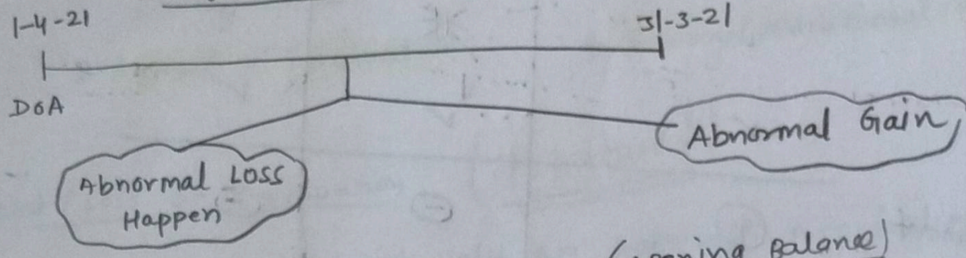
G/W 258000

COI > Net Assets
↓
G/W

Sec-129(3) — Consolidated Financial stament बनाना होता है
(Requirment) (as a group position)

Who to do? — AS-21

Adjustment ① Abnormal Loss / Gain



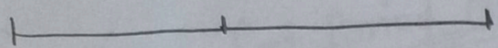
Profit XXX (opening Balance)

(+) Abnormal Loss ← 1st → (−) Abnormal Gain

Remove effect

XXX

2nd Time Adjustment



XXX XXX

3rd Actual Treatment to Related to Period — जिस period Related उसी में Add / Less

(−) Abnormal Loss ← (XXX) Treatment XXX → ⊕ Abnormal Gain

XXX XXX

Analysis of Profit (AOP)

	Pre Profit (capital)	Post (during year) Profit/Loss	Post (during year) General Reserve
	✓	✓	*
P&L		*	✓
G/R	✓	✓	✓
Adjustment	✓		
Time Adjustment ±	+	−	−
Total	XXX	XXX	XXX

Pre Profit total → cost of Control, → MI

Post Profit/Loss and General Reserve totals → Consolidate P&L, → MI

Minority Interest (Net Assets में outsiders का हिस्सा — @ ON date of consolidation

MI =
- Share ✓
- Post Profit ✓
- Pre — including All Reserves — P&L, G/R ✓
- Post General Reserve ✓

XXX

MI

अगर MI −ve तो consolidated Profit / Loss में show

+ve है तो

Reserve & Surplus → Minority Int → Non Current liabilities

Revaluation of Assets / Liabities

Subsidary → Revalued By Holding

↓ [its cost पर ही Record]

↓ ⇒ Record @ Revalued Amount

Revaluation impact

Pre profit → * Amount of Revaluation

Post profit → # Saving / Additional depericiation

Step (1) Profit / Loss on Revaluation (Pre Period)

Market value on Date of Acquisation	xxx
(−) Book value of Assets	(xxx)
Result	+ / ⊖

+ Profit — Pre मे ⊕ ; ⊖ Loss

Note यह Amount only → Pre Profit मे Add Less होगा

Step (2) Depericiation / saving — Post Period Profit

Value ↑ ⇒ Means ⇒ Additional dep charge होना था ⇓ (profit ↓ कम) ⊖

Value ↓ ⇓ Saving ~~होनी~~ थी depericiation ⇓ (profit ज्यादा होगा) ⊕

method (1) incremental Amount × Rate × Post Period (time) / 12

Imp (ii) New market value × R × Post Period (ICAI)

(−) depericiation Already charge

Step (3) Assets value in Consolidated B/s would change Accordingly.

easy

Working Note

Book value of Holding xxx

(+) Book value of Subsidiry xxx

(+/-) Revaluation ✓

(+/-) Addition / saving depon ✓ xxx

xxx

New value × R × $\frac{Past}{12}$

(-) Already charge.

xxx

Pre ↑ ↓

Post Dep ↓ ⊖ ↑ ⊕

Concept ② elimination of Common Trxn

Between Holding & subsidiary

(I) B/R BP

(II) Debtors Creditors

(III) Loan given by one Company to Another

Treatment = Closing Consolidate B/s में mutual owing concell

Stand Alone ↓

Contingent liabity show होती है

Consolidated ↓

contingent liabity show नहीं होती

↓

example - B/R Discount But are Not yet to Paid

Treatment

B/P xxx 40 B/R xxx 100

⇒ Lower को cancell out करना है

100 - 40 = 60 Cancel

Concept unrealised Profit

Post

Sale By Holding to Subsidary (Down stream) | Subsiday to Holding (Up stream)

Stock

Holding → Subsidary

stock → stock

↓

मे unrealised Profit

Stock Amount × Profit Rate

Imp [Always Profit on sale वाली Rate]

Profit कम जिसने sale की

(1) Consolidate Profit / Loss XXX

(−) Unrealised Profit ✓

XXX

क्योंकि Holding के Profit को कम करना है।

(+) Post share of Subsidary XXX

Adustment

$\boxed{\text{Profit}}$ → deduction in Analysis of Profit (AOP)

⇓

✓ Pre / Post as per given information

(अगर information नहीं तो Post Profit से Less करेंगे)

Stock

Subsidary	XXX	
Holding	✓	
(−) URP	(XXX)	XXX

B/s end पर Sub. Value

(+/−) Revalued

(+/−) Additional dep.

Pre

Bonus Issue

Bonus share issued By Holding company

Reserve ↓ Share Capital ↑

* Bonus issue By Subsidiary Company

Reserve ↓ → AOP

Share Capital ↓ → Cost of Control | minority interest

if entry Not yet passed

Reserve
To share Capital

1st # Reserve को Reduce

Analysis of Profit

(a) 1st Pre Profit से Reduce (Bonus Amount)

↓

2nd अगर Pre Profit Amount sufficient नहीं या Question specify की Post से] then post profit use करेगे

2nd Share Capital increase करेगे

[effect in cost of control & minority interest में increase]

(5) if Already Adjusted

Reserve A/c Dr
To share Capital

Current year के Reserve कम हो गए है - Post

* entry pass हुई during current year मे
means current year के Past Profit को Reduce किया है

Opening Balance 100000 —— Bonus (90000) —— Balance end 30000

$-70K$

	Pre	Post (General Reserve से)
After Bonus	100 000 →	100000 - 30K (70000)
Bonus	(90000)	+ 90000
	10000	20000

(100000 से 30000 हो गया)

[क्योकि Reserve use होने थे]

क्योकि हमने Past Profit से Less कर दिया था

Imp
[# यह Adjustment Time Adjustment करने से पहले किया जायेगा]

share Capital Already increase हो गई थी

$$\text{Bonus} = \frac{B/S}{8} \times 3 = \frac{4800}{8} \times 3 = 1800$$

8 = (5+3)

$$4800 - 1800 = 3000 \text{ Before Bonus}$$

$$\text{Bonus} \Rightarrow \frac{\text{Bonus share (3)}}{\text{existing + Bonus share}} \times \text{After Bonus share}$$

existing + Bonus share = 5+3; After Bonus share = 4800

$= 1800$

final dividend on opening capital (shares) पर दिया जायेगा -

Dividend

final dividend — intirim dividend

out of (if) $\boxed{\text{Past Profit}}$ (Pre-Acquisation) ↓ Adjust from cost of investment

$\boxed{\text{Current year Profit}}$

final dividend # Profit & Loss A/c Dr.
To Dividend payable

Dividend Payable A/c Dr
To Bank A/c

P&L A/c Dr
To Bank

अगर entry pass हो चुकी तो - ??
if Paid during year. & entry already passed

Profit & Loss A/c xxx
(–) dividend paid xxx
Amount $\boxed{\text{xxx}}$ → Given in Balance sheet

Subsidry Company

Analysis of Profit

	Pre Profit	Post Profit
P&L	opening Bal.	during year → A/s as per Balance sheet
(+) dividend Paid		xxx Add Total ↳ Add क्यो? ⇓ ताकि current year का Actual profit निकाल सके
(–) dividend paid (Full Amount)	(xxx) क्योकि पिछले सालो के Profit से Related था	
	xxx	xxx → ये पूरे 12 महीने का है Profit

if year शुरु मे Acquisaction ⇒

if during year Acquisatin | (+) (xxx) Add | (xxx) Less Profut × $\frac{\text{Pre Period}}{12 \text{ month}}$

Actual Profit | xxx | xxx

Final dividend

- ✓ यह Period year Prior to current year से Related है तो पिछले सालो के Profit से Less होना चाहिए
- ✓ कंपनी अगर during year Paid करती है तो Current year के Profit में Add करना होगा

Note-2

अगर final dividend, Holding कंपनी के लिए

Pre-Acquisation	Post Acquisation Profit
J/E Bank A/c Dr	Bank A/c Dr
To investment	To Profit & Loss A/c.

अगर कंपनी Profit & Loss को credit करती है तो

क्योंकि dividend का Amount मिलता है तो Cost of invest ↓ or P&L

Impact (i) **Cost of Control**

Cost of investment	XXX
(−) Pre Acq. dividend (Total dividend X Holding %)	(XXX)
Actual Cost of investment	XXX

~~Amount~~ X Rate X Holding share

↓ on share

given or opening

↓ Speify P. | ↓ (Before Bonus)

Impact (2) Consolidated Profit & Loss में

Holding Com. P&L (given)	XXX
(−) pre Acq. dividend	(XXX)
Revised P&L A/c	XXX

Topic- Interim dividend

- Related to → Current year
- declared & paid in current year (depends)

Analysis of Profit

	Pre	Post
P&L	opening	during year → as per Balance sheet
(+) interim dividend		xxx
		xxx

→ ताकि सही (total) Profit की गणना की जा सके

अगर interim dividend दिया

depends on Date of Acquisation

if DOA opening day

1-4-2023

↓

तो Post full Amount

DOA

Pre * Post

Note: अगर entry गलत Pass कर दी

P&L A/c Dr
To ~~Bank~~ Investment

Rectify

सही

Bank
To investment

गलत

Bank
To P&L A/c
(credit)

impact (I) Investment ↓ करना है

(II) Consolidated P&L ↓ करना है

Discussion of Profit

	Pre opening	Post during year
(+)		$\boxed{\text{Final}}$ dividend ①
(−)	Final dividend	
(+)		interim dividend
(+)		Bonus share Reserve use (if entry passed)
(+)		Abnormal Loss
(−)		Abnormal gain

Profit

Time Adjustment

(+) $\text{Profit} \times \frac{\text{Pre Period}}{12 \text{ Month}}$

(−) $\text{Profit} \times \frac{\text{Pre-Period}}{12\text{ M}}$

(+) ▲ in Assets ⟶ (−) Additional in depreciation

(−) decrease in Assets ⟶ (+) Saving in depreciation

Perference share capital

(सूचना नही तो)

if investment By Holding company in perf. share.

↓

include in Cost of Control

(+) PSC × share investment % XXX

Not investment By Holding Company

↓

तो Full Amount of Perfemce share capital will Be → Minority interst

क्योकि खरीदा नही तो पूरा outsider है पास

Consolidated P&L.

	Holding company P&L	XXX	
(−)	Pre Acquidend (%) share of Holding	(XXX)	error
(−)	stock Reserve (if sold By holding)	(XXX)	Unrealised Profit
	[Stock/SP × profit on sales]		
(+)	share in post profit	XXX	
		XXX	

Asset

Subsidory XXX

(+) ↑ value ⟶ (−) Addition all depricatiom → क्योकि और ज्यादा Depericatiom लगना था।

(−) ↓ value ⟶ (+) saving ↓ क्योकि कम होना था dep

Cash in transit

Cash in transit A/c Dr 6000
 To Party Account 6000

Payable	30000 — entry Already passed
Receivable 36000 → entry need to pass	

⇒ 36000 (−) cash in trasit (−) 30000
6000 ↓ Seperately Record @ cash in transit — matal owing

Dividend

(1) Calcultat the Classification of dividend

2nd Amout of tatol dividend ⇒ paid up capital × Rate

(3r) Holding company share.
Amout of dividend × % of Holding company share

Source

4th if pre Acq. & Final dividend → Bank To investment

Post Acq. → Bank A/c Dr
 To Profit & Loss Account

4th if during year

2020

7M → pre | Acquire | 5M → post | → declared during year

Topic Consolidated profit / Loss

Topic (1) Miniority interest when when $\boxed{\text{Loss are Huge}}$

Amount of MI	xxx	
(−) Loss share	(xxx)	
	xxx	
	+ / −ve	
	$\boxed{-ve}$	= −ve Amount
(+) Loss of MI Absorbed By Holding compay	xxx	21000 T/F to Consolidated P&L
MI	0	
(−) Loss share of MI	(xxx)	57000
MI	(−ve)	−ve Amount
(+) Loss of MI Absorbed By Holding	(+ve)	36000
	xxx = 0	T/F to Consolidated P&L.

when Profit Arise (Turnaround)

(+) profit share	xxx	15000	
MI =	xxx	15000	57−15
(−) Reverse Holding	(xxx)	Adjusted within Consolidated P&L.	42K Remain
MI =	xxx = 0		
(+) profit	xxx		
	xxx =		

[Reversal of profit share होगा till जितना Amount Holding ने Absorbed किया]

Dividend paid

H ltd	xx	
+ S ltd	xxx	
	xxx	xxx
(-) Holding share in Subsidary Company		(xxx)
		xxx

Profit

Assuming → 80% Holding | 20% ~~Sub~~ MI

Holding share 80% → Added to Holding Profit

MI share 20% → MI

Curx

	Total profit	xxx
(-)	Stock Reserve	(xxx)
(-)	minority interest share in subsidiary profit	(xxx)
		xxx

Profit Before Dividend or PAT

2700

↓ 4 Stock Reserve

2696

Dividend Paid

1200 + 150

= 1350

Profit

(2700 - 1350)

= 1350

120 + 4

1466

Dividend share in Subsidiary

(150 × 80%)

$\boxed{= 120}$

1350 + 120

= 1470

1350

↳ it is Assumed that dividend Received By Holding Company Amounting ₹ 120 lakh is not included in Sales & other income, therefore Not deducted

Trial Balance में closing stock

(i) इस वजह से यह Adjusted purchased given है question मे -

Adjusted purchase = opening stock (+) Purchases (-) closing stock

(ii) इस वजह से Adjusted purchase के कारण

~~Δ~~ A change in inventory भी Profit & Loss Account में नहीं आयेगा परन्तु Purchase (Yes)

(iii) परन्तु stock Reserve, Profit After dividend में बाद Less होगा]

Depericiation on PPE is written OFF 10% on Assets

(मतलब अभी depericiation को लगाना (charge) करना Pending है जो value given है trial Balance में)

Note Production exp is part of Raw material Purchase/Consumed

Tax Rate Not given — ignore

PBT

\- TAX

PAT

(-) P.D

200000 × 50% × 7%

Profit After tax XXX

(-) Dividend

H → Not Any

S → 14000 (expenses) (7000) Net

(-) Holding share in Subsidory 14000 × 50% = 7000 (income)

जो outsider का है-

Point A

20000 × 7% = 14000

$\boxed{\text{Total expense} = 14000}$

7000 Holding

7000 MI

Holding + Subsidory का $\boxed{\text{total Profit}}$ XXX

पहुंचना है

Destination Holding Company (+) Subsiday कंपनी के Post Profit मे Holding का share

(XXX)

(-) Stock Reserve.
क्योंकि Δ in inventory नहीं आया था

(-) Minority interest share in Subsidory Profit (XXX) 100%
(Profit 3500 × MI)
से शामिल था.

80% COC 20% 80% 20%

1/Jan 3500 31/12

3M DOA 9M

1-4-2021

Saly
(-) Porche
(-) wage
(-) Dep
(-) other
PBDividend
(-) dividend (1400)
3500

XXX

(-) Pre Acquisation Profit
(3500 × 3/12) × 80% क्योंकि COC मे जाता है

XXX

(-) Pre Acq. dividend
(1400 × 50% × 3/12)

Cost of investment से Less

Consolidated P&L.

Note (1)

Stock Reserve (sale) = $\frac{\text{Value}}{SP}$ × profit = $\boxed{\text{₹₹₹}}$ Not this

↓

Imp (I) यह Revenue from operation से (less) होगा → * Full Amount of Sale

(II) * अगर किसी 1 company के expenses में शामिल है तो दूसरी कंपनी के expense = income of Another कंपनी

⇓

[यह Mutual transaction भी Reduce होंगे from Revenue from operation से]

Cost of material consumed.

R/M of H Ltd

(+) RM of S Ltd

XXX

(−) Inter Company Purchase. @ total Amount (XXX) (@ SP) of Another company. @ Selling Price पर

XXX

(+) Production exp ✓

Change in inventory (closing > opening) → ↑ in inventory

H Ltd XXX

S Ltd XXX

XXX

(−) Stock Reserve (XXX) ⟵ $\boxed{\text{Profit element}}$

XXX → Negative in expenses (अगर closing > opening)

expense H Ltd XX

S Ltd XX

(−) mutal (XXX)

XXX

incrase in inventory = if income side ⇓ $\boxed{\text{closing > opening}}$ | expenses side ⇓ $\boxed{\text{opening > closing}}$

(or)

Imp इसको −ve sign से expenses में show कर सकते हैं

opening   7M   Acquisation   5M   Year end

125000

3000000 × 7/12

= 175000

300000

Profit till Date of Acquisation v/s dividend

= opening + till Acqui   200000

₹ 125000 + 175000

= 300000

if Full Pre - Bank

To investment