

FR RTP May 26:

⑥ WN1 % of SH = $\frac{40000 \text{ shares}}{50000 \text{ shares}} = 80\%$

WN2 Inter Co. Debenture holdings

Invest in NLtd	150 000
CA of FL in NLtd of Debentures	<u>100 000</u>
Loss on settlement dr to NLtd	<u>50,000</u>

⑦ WN3 NLtd: 3 months adjustments:

	CA 31.12.21	3m changes	CA 31.3.22	
① Inventory	<u>350,000</u>	-20,000 (fix) +180,000 ~ 90,000	420,000	incl. unrealised profit on 90,000 x $\frac{20}{120} = 15,000$

③ CRCE	105,000	+15,000 (Inv. claim)	120,000
Tr. Pay	80,000	+60,000	140,000

② RRS (RE)	200,000	-5,000 (loss) +30,000 (Profit on sale)	<u>230,000</u>
------------	---------	---	----------------

<u>WN4</u> : AOP	Pre	Post	Total
CA 31.3.22 of RE	<u>75,000</u>	<u>155,000</u>	<u>230,000</u>

NK1 — 20%
MLtd — 80%

(B.f)
31,000
124,000 ✓

WN5 : iNA

SC of NLtd	5,00,000 ✓
Pre Acq Res	<u>75,000</u> ✓
iNA	<u>5,75,000</u> ✓

WNG: Goodwill | BPG

PC	✓ 800,000
NCL (10,000 sh x 18)	✓ 180,000
JNA	✓ 5,75,000
G/W	✓ <u>4,05,000</u> ✓

WNT: NCL ✓

DoA	180,000 ✓
+ Post Acq A. Share	<u>31,000</u> ✓
NCL	<u>211,000</u> ✓

WNB: Cons RES ✓

RE of m Ltd	450,000
(→ loss on Invest in deb)	(50,000)
(→ Unreal Profit on goods)	(15,000)
Sold to m Ltd (150000 x 20% x 50%)	<u>385,000</u>
(+) Share in N Ltd Post Acq Pr	<u>124,000</u>
	<u>509,000</u>

WNG: ALL

	31.3. m Ltd	31.3. N Ltd	Adj	Cons BS	Remarks
PPE	<u>650,000</u>	<u>405,000</u>	=	<u>1055,000</u>	Dep. on PPE of N for 3 months not charged as not given
Invest	<u>950,000</u>	-	(950,000)	NIL	
Inventory	<u>200,000</u>	<u>420,000</u>	(15,000)	<u>6,05,000</u>	
Tr. Rec	<u>150,000</u>	<u>265,000</u>	(60,000)	<u>355,000</u>	
C LCE	<u>80,000</u>	<u>120,000</u>	-	<u>200,000</u>	
13% deb	-	<u>300,000</u>	(100,000)	<u>200,000</u>	
Tr. Pay	<u>380,000</u>	<u>740,000</u>	(60,000)	<u>460,000</u>	
Other Lab	<u>200,000</u>	<u>40,000</u>	-	<u>240,000</u>	

Cons BS mtd with Ntd (as 31.3.22)

ASSETS

NCA

1) PPE

10,55,000

2) GLW

4,05,000

CA

1) Inventory

6,05,000

2) FA: Tr Rec

3,55,000

CRCEq

2,00,000

EQUITY & LIABILITIES

EQUITY

1) SC

10,00,000

2) RE

5,09,000

3) NCI

2,11,000

NCL

i) 137. Deb.

2,00,000

CL

FL i) Tr. Pay

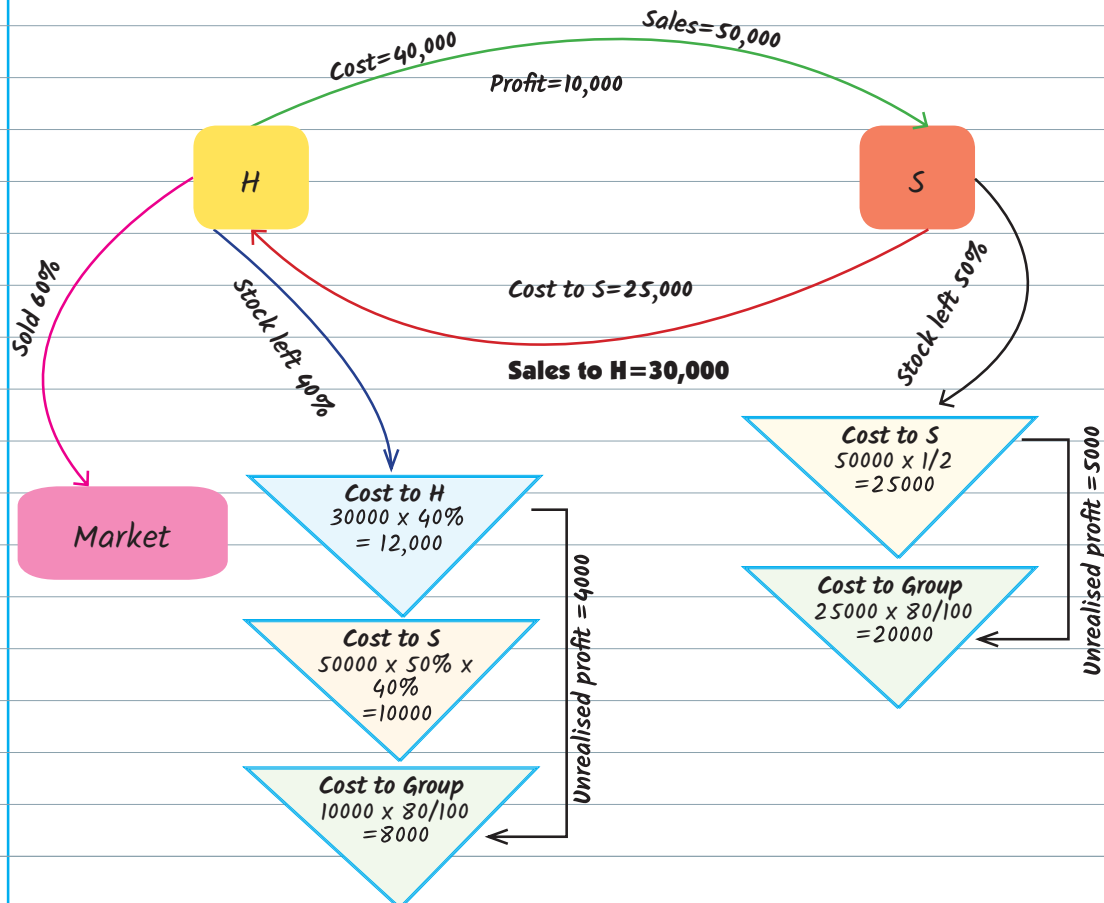
460,000

ii) Others

240,000

Sale and Sale Back

- Eg.** H Sold goods costing 40,000 to S. G.P. Ratio 20%
S re-sold half of the goods to H. 60% of which were then sold by H to outside the group.
S has 20,000 payable to H relating to this transaction.
 Show adjustment in Consolidation Financial Statement Ignore Tax.



- | | | |
|----|---|------------|
| 1. | Consolidation Profit or Loss (Profit of S $\Rightarrow$ 2000) | Dr. 2000 |
| | To Stock Reserve | 2000 |
| 2. | Consolidation Profit or Loss (Profit of H 2000+5000) | Dr. 7000 |
| | To Stock Reserve | 7000 |
| 3. | Revenue | Dr. 80,000 |
| | To Purchase | 80,000 |
| 4. | Trade Payable | Dr. 20,000 |
| | To Trade Receivable | 20,000 |

Case IX: Others

a. Different Accounting Policies:

- If for different class of items, then no concerns.
- But if for same class of assets/items, subsidiary uses an accounting policy different from that of Parent, then such assets/items should be accounted for as per accounting policy of Parent

Sj Tips

Case IX: (1) Different Accounting Policies of H&S

- (1) Ind AS 8 requires items of similar nature and same class to be accounted using consistent/same accounting policies.
- (2) Hence in Cons. FS, Ind AS 110 requires, that FS of Subs. to be prepared as per accounting policies of parent (for similar items of same class)
[with No IMPRACTICABILITY EXEMPTION]
- (3) Consequently if Subs. Follow different accounting policies, first adjust FS of Subs. In line with policies followed by Parent and then apply. Consolidation procedures.
- (4) Remember! Method of dep. Is no more an accounting policy as per Ind AS 16 PPE/38 IA

b. ~~Different Reporting Date:~~• Subsidiary Financial Statement

- Date is less than equal to 3 months from Date of Financial Statement of Parent in such case use Subsidiary's Financial Statement with **the Date of Financial Statement of Subsidiary and Date of Financial Statement of Parent.**
- Else (i.e Financial Statement of Subsidiary are > 3months old)
- Then such Financial Statement cannot be used for consolidation.
- Consequently subsidiary to prepare alternative Financial Statement as on Date of Financial Statement of Parent to facilitate consolidation.

Eg: Parent's Financial Statement Date 31.03.18

Subsidiary's Financial Statement Date 31.12.17 to 31.03.18

Eg: Parent's Financial Statement 31.03.18

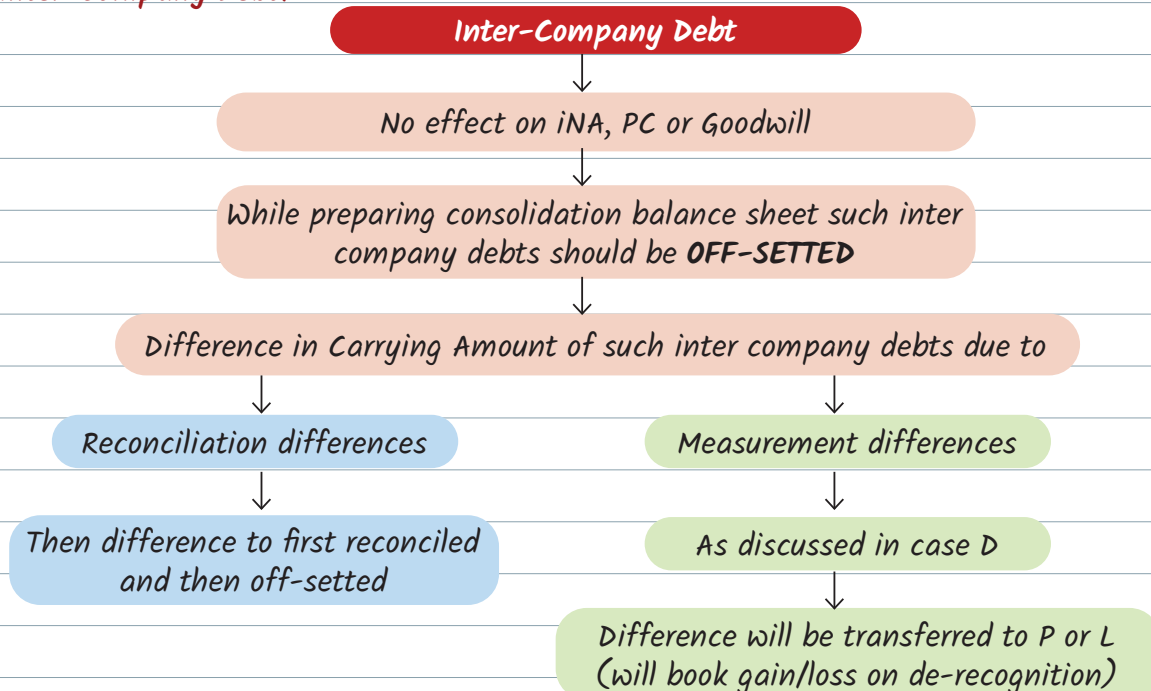
Subsidiary's Financial Statement

Case a)	30.09.17	→	Not acceptable
Case b)	31.10.17	→	Not acceptable
Case c)	31.12.17	→	Acceptable
Case d)	31.01.18	→	Acceptable
Case e)	31.05.18	→	Not Acceptable

SJ Tips

- *If in exams a question is asked where Subs FS are of different date then:
- (1) Effect to be given of Subs. Transactions between the date of FS of both the company and the adjusted BS of Subs. to be then used of Consolidation.
 - (2) If such questions usually profits and dep. and dividend of the in-between period is given. Remember to prepare a cash flow statement to determine the cash balance of subs.

C. Inter-Company Debt:



SJ Tips

Normally adjustments relating to Debtor - Creditor & Bills Payable - Bills Receivables comes in the exams then **REMEMBER EFFECT OF BILL DISCOUNTING**

Inter Company Bills

- Consider B/R with Drawer and offset those amount of B/R with B/P in Consolidated Balance Sheet
- Any B/R discounted/endorsed will not appear as an asset in books of drawer & will also represent group's liability towards Bank/Endorsee hence such bills should not be off-setted & should be shown as a liability of B/P in the Consolidated Balance Sheet
- contingent liability for inter-company bills discounted / endorsed in the FS of drawer need not be disclosed in consolidation financial statement