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**Subject:- Specialized Accounting**  
**Topic**  
 **Holding & Subsidiary Company**



**"Nothing is more  
important than  
Education"**

## Problem 10

Following are the Balance Sheets of A Ltd. and B Ltd. on 31st March, 2020.

Particulars	A Ltd.	B Ltd.
<b>I. EQUITY &amp; LIABILITIES</b>		
1. Shareholders' Funds :		
Preference Share Capital	1,00,000	
Equity Share Capital	2,00,000	
Reserve	1,00,000	40,000
Statement of P. & L.	50,000	1,00,000
2. Current Liabilities :		
Trade Payables		20,000
<b>Total</b>	<b>4,90,000</b>	<b>5,20,000</b>
<b>II. ASSETS</b>		
Sundry Assets	90,000	
Investment in Shares of B Ltd.	4,00,000	4,20,000
<b>Total</b>	<b>4,90,000</b>	<b>4,20,000</b>

On 1st April, 2019, 3/4 of equity shares of B Ltd. were acquired by A Ltd. There was debit balance of ₹ 10,000 and reserves of B Ltd. were nil on the date of acquisition. Prepare Consolidated Balance Sheet.

## Solution

**Consolidated Balance Sheet of A Ltd. & its Subsidiary B Ltd.**  
(as at 31.3.2020)

Particulars	Note No.	Amount
<b>I. EQUITY &amp; LIABILITIES</b>		
1. Shareholders' Funds :		
Share Capital :		
Equity		2,00,000
Preference		1,00,000
Reserves and Surplus :		
Reserve (₹ 1,00,000 + 7,500)		1,07,500
Statement of P. & L. (₹ 50,000 + 45,000)		95,000
Minority Interest		1,30,000
2. Current Liabilities :		
Trade Payables (₹ 40,000 + 20,000)		60,000
<b>Total</b>		<b>6,92,500</b>
<b>II. ASSETS</b>		
1. Non-current Assets :		
Goodwill		1,82,500
Sundry Assets (₹ 90,000 + 4,20,000)		5,10,000
<b>Total</b>		<b>6,92,500</b>

## Working Notes :

## (i) Analysis of Profit of B Ltd. :

	Capital Profit	Revenue Reserve	Revenue Profits
	₹	₹	₹
Statement of Profit & Loss as on 1.4.2019 (Dr.)	- 10,000	—	—
Profits during the year	—	—	60,000
Reserve during the year	—	10,000	—
	- 10,000	10,000	60,000
Less : Minority Interest 1/4	- (2,500)	2,500	15,000
A Ltd.'s Share (Capital Loss)	- 7,500	7,500	45,500

*Consolidated Balance Sheet of Holding Companies*

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(ii) **Cost of Control/Goodwill :**  
 Cost of Shares acquired  
 Less : Paid-up Value  
 Capital Loss

3,20,000  
 - 1,000

6,00,000  
 3,17,000  
1,82,500

(iii) **Minority Interest :**  
 Paid-up Value of Equity Shares  
 Paid-up Value of Preference Shares  
 Revenue Reserves  
 Revenue Profits

75,000  
 40,000  
 2,500  
15,000  
 1,32,500  
 2,500  
1,30,000

Less : Capital Loss 1/4 of ₹ 10,000