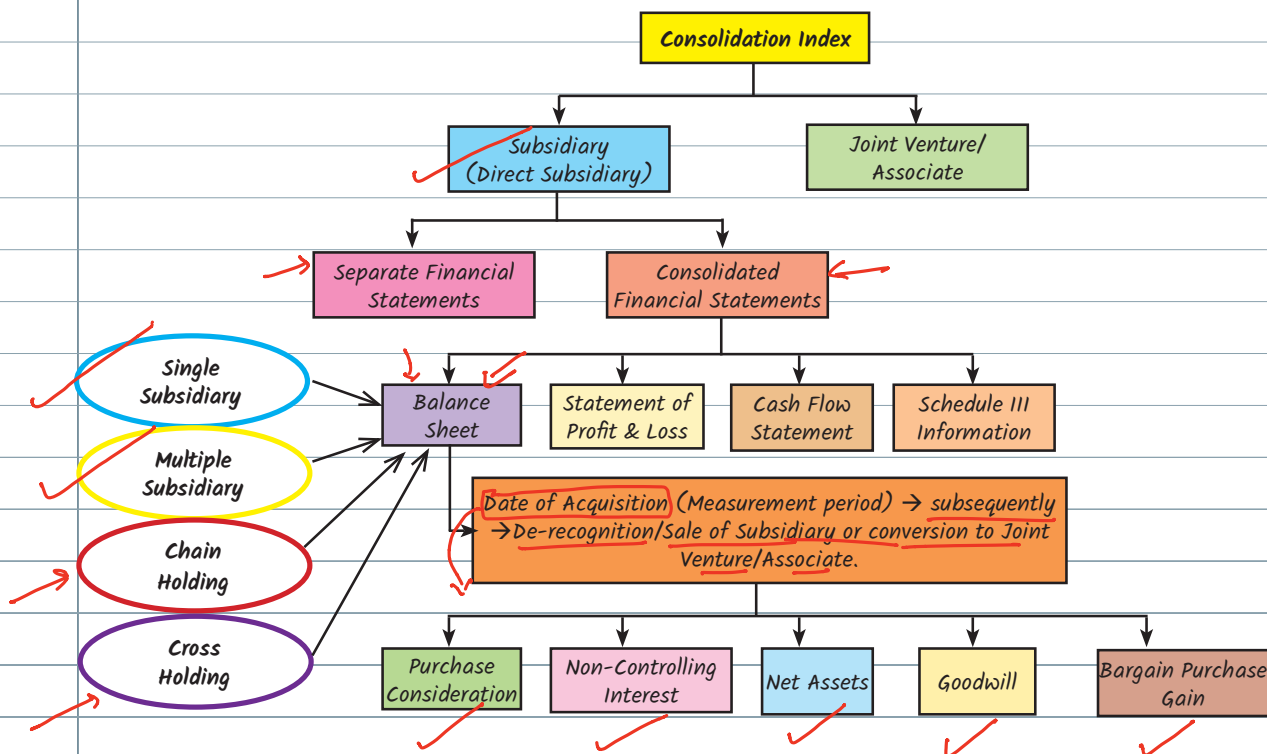
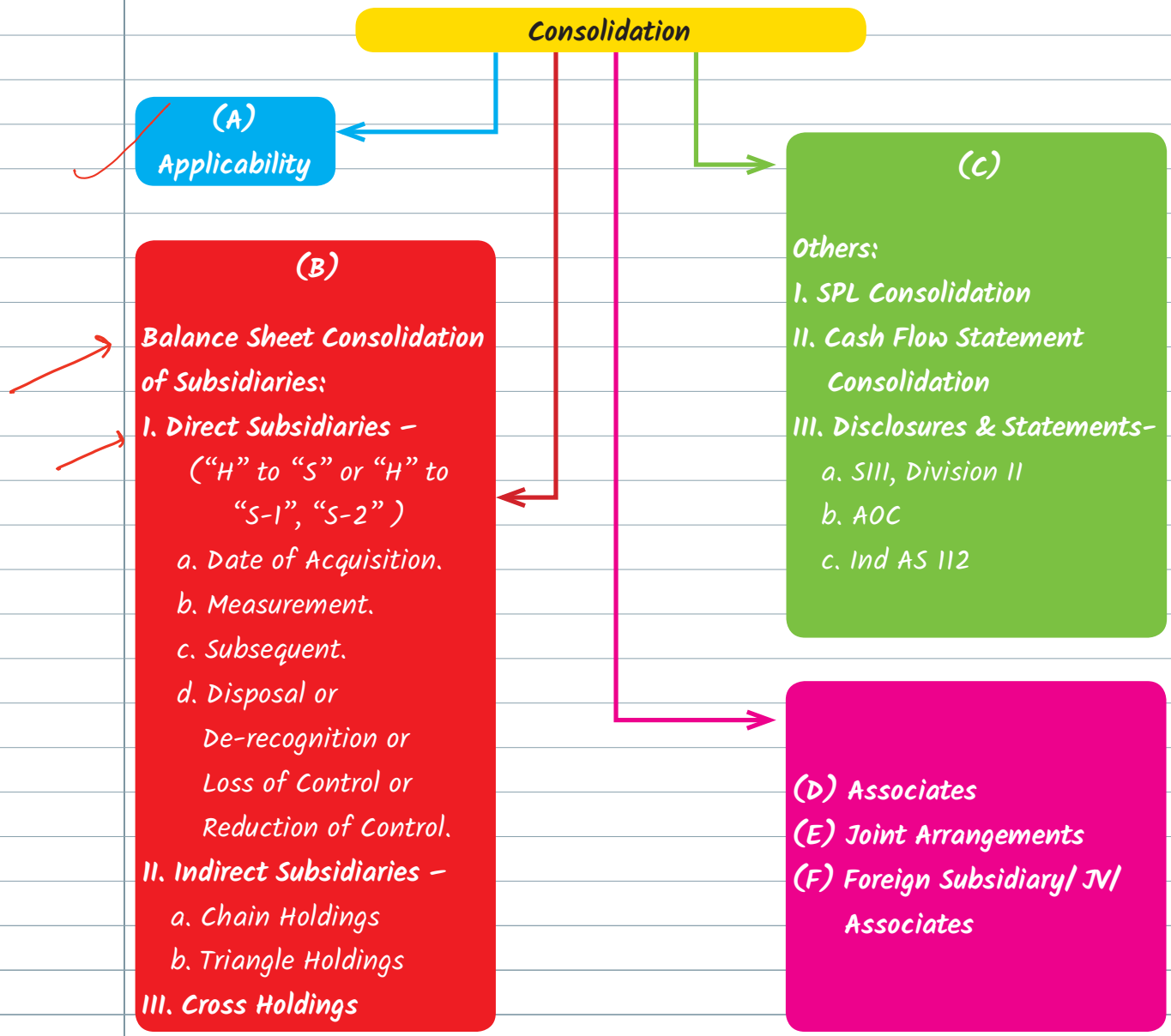


Consolidated Balance Sheet of H Ltd. Subsidiary S Ltd. (as at 31.03.17)

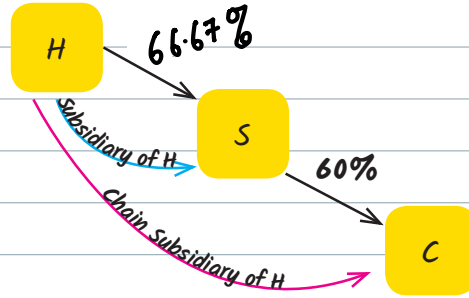
Particulars	Method I Non-Controlling Interest @ FV	Method II Non-Controlling Interest @ Net Assets
PPE	14,000	14,000
Goodwill	333	200
Current Assets	11,000	11,000
Equity Share Capital	12,000	12,000
Reserves	3,000	3,000
Non-Controlling Interest	3,333	3,200
Non-Current Liabilities	7,000	7,000

7. Consolidation Index:





11. Chain Holding



Eg. BS (31-3-19)

	H	S	C
Investment on 01.04.18			
a) In S Ltd., 2/3 rd	10,000	-	-
b) In C Ltd., 60 %	-	1,000	-
S. Assets	50,000	14,000	2,000
SC	30,000	10,000	1,000
Res (Opening)	15,000	2,000	500
R.E. (C.Y. only)	15,000	3,000	500

Prepare Consolidation Financial Statement of H Ltd., under:

a) Indirect Method

&

b) Direct Method

NCI Valued at PSNA.

Solution

a) Indirect Method

W.N.1. Goodwill:

		S		C
iNA on 1-4-18		12,000		1500
		(2/3 rd)		(40%)
PC		10,000	(1000x2/3)	667
NCI	(12000x1/3)	4,000	(1500 x 60%)	900
iNA		12,000		1,500
Goodwill		2,000		67

W.N.2: % of SH & Effective Stake

$$H \text{ in } S = 2/3^{\text{rd}}$$

$$H \text{ in } C = 2/3 \times 60\% = 40\%$$

Step II NCI

		in S	in C
		<u>(1/3)</u>	<u>(60%)</u>
DoA		4000	900
+ Post acquisition profits	$(3000 \times 1/3)$	<u>1000</u>	<u>300</u> (500 x 60%)
- Invest in C	$(1000 \times 1/3)$	<u>333</u>	-
		<u>4667</u>	<u>1200</u>

Step III Consolidated Reserve & Surplus

	<u>Reserve</u>	<u>R.E.</u>
H	15000	15000
+ Share in S (2/3)	-	2000
+ Share in C (40%)	-	<u>200</u>
	<u>15000</u>	<u>17,200</u>

Consolidated Balance Sheet

	Indirect	Direct
Goodwill	2,067	2,100
S. Asset	<u>66,000</u>	<u>66,000</u>
Share Capital	30,000	30,000
Reserves	15,000	15,000
Consolidated R.E.	17,200	17,200
NCI	<u>5,867</u>	<u>5,900</u>

b. **Direct Method:**

S consolidates with C and H Consolidates with Consolidated S, i.e. (only) direct subsidiaries are consolidated

Step I Goodwill or BPG

	<u>In Consolidated S</u> <u>(2/3)</u>	<u>in C</u> <u>(60%)</u>
PC	10,000	1000
NCI @ PsNA	4,000 (1/3 of 12000)	600 (40% of 1500)
iNA	<u>12,000</u>	<u>1500</u>
Goodwill	<u>2000</u>	<u>100</u>

Step II NCI

	<u>of Consolidate S</u>	<u>of C (40 %)</u>
DoA	4000	600
+ Post Acq Res. $(3000 \times 500 \times 60\%) \times 1/3$	<u>1100</u>	<u>200 (500 \times 40\%)</u>
	<u>5100</u>	<u>800</u>

Step III Consolidated Reserve & Surplus

	<u>Reserve</u>	<u>R.E.</u>
H	15000	15000
+ Share in Consolidated S Post	-	2200
Acquisition Profits $2/3 \times (3000 + (500 \times 60\%))$	<u>15000</u>	<u>17,200</u>

“ Your mind is a powerful thing. When you fill it with positive thoughts, your life will start to change.

- Unknown