

## Consolidated and Separate Financial Statements of Group Entities

### Question 1

DEF Ltd. acquired 100% ordinary shares of ₹ 100 each of XYZ Ltd. on 1<sup>st</sup> October 20X1. On March 31, 20X2 the summarised Balance Sheets of the two companies were as given below:

	DEF Ltd.	XYZ Ltd.
<b>Assets</b>		
Property Plant Equipment		
Land & Buildings	15,00,000	18,00,000
Plant & Machinery	24,00,000	13,50,000
Investment in XYZ Ltd.	34,00,000	-
Inventory	12,00,000	3,64,000
Financial Assets		
Trade Receivable	5,98,000	4,00,000
Cash	1,45,000	80,000
<b>Total</b>	<b>92,43,000</b>	<b>39,94,000</b>
<b>Equities &amp; Liabilities</b>		
Equity Capital (Shares of ₹ 100 each fully paid)	50,00,000	20,00,000
Other Equity		
Other reserves	24,00,000	10,00,000
Retained Earnings	5,72,000	8,20,000
Financial Liabilities		
Bank Overdraft	8,00,000	-
Trade Payable	4,71,000	1,74,000
<b>Total</b>	<b>92,43,000</b>	<b>39,94,000</b>

The retained earnings of XYZ Ltd. showed a credit balance of ₹ 3,00,000 on 1<sup>st</sup> April 20X1 out of which a dividend of 10% was paid on 1<sup>st</sup> November; DEF Ltd. has recognised the dividend received to profit or loss account; Fair Value of P&M as on 1<sup>st</sup> October 20X1 was ₹ 20,00,000. The rate of depreciation on plant & machinery is 10%.

Following are the increases on comparison of Fair value as per respective Ind AS with Book value as on 1<sup>st</sup> October 20X1 which are to be considered while consolidating the Balance Sheets.

Liabilities	Amount	Assets	Amount
Trade Payables	1,00,000	Land & Buildings	10,00,000
		Inventories	1,50,000

#### Note:

- It may be assumed that the inventory is still unsold on balance sheet date and the Trade Payables are also not yet settled.

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2. Also assume that the Other Reserves of both the companies as on 31<sup>st</sup> March 20X2 are the same as was on 1<sup>st</sup> April 20X1.

3. All fair value adjustments have not yet started impacting consolidated post-acquisition profits.

Prepare consolidated Balance Sheet as on March 31, 20X2.

### Answer

#### Consolidated Balance Sheet of DEF Ltd. and its subsidiary, XYZ Ltd. as on 31<sup>st</sup> March, 20X2

Particulars	Note No.	₹
<b>I. Assets</b>		
(1) Non-current assets		
(i) Property Plant & Equipment	1	86,00,000
(2) Current Assets		
(i) Inventories	2	17,14,000
(ii) Financial Assets		
(a) Trade Receivables	3	9,98,000
(b) Cash & Cash equivalents	4	2,25,000
<b>Total Assets</b>		<b>1,15,37,000</b>
<b>II. Equity and Liabilities</b>		
(1) Equity		
(i) Equity Share Capital	5	50,00,000
(ii) Other Equity	6	49,92,000
(2) Current Liabilities		
(i) Financial Liabilities		
(a) Trade Payables	7	7,45,000
(b) Short term borrowings	8	8,00,000
<b>Total Equity &amp; Liabilities</b>		<b>1,15,37,000</b>

### Notes to Accounts

			₹
1.	<b>Property Plant &amp; Equipment</b>		
	Land & Building	43,00,000	
	Plant & Machinery	43,00,000	86,00,000
2.	<b>Inventories</b>		
	DEF Ltd.	12,00,000	
	XYZ Ltd.	<u>5,14,000</u>	17,14,000
3.	<b>Trade Receivables</b>		
	DEF Ltd.	5,98,000	

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4.	XYZ Ltd.	<u>4,00,000</u>	9,98,000
	<b>Cash &amp; Cash equivalents</b>		
7.	DEF Ltd.	1,45,000	
	XYZ Ltd.	<u>80,000</u>	2,25,000
8.	<b>Trade payable</b>		
	DEF Ltd.	4,71,000	
	XYZ Ltd.	<u>2,74,000</u>	7,45,000
	<b>Shorter-term borrowings</b>		
	Bank overdraft		8,00,000

**Statement of Changes in Equity:**

**5. Equity share Capital**

Balance at the beginning of the reporting period	Changes in Equity share capital during the year	Balance at the end of the reporting period
50,00,000	0	50,00,000

**6. Other Equity**

	Share application money pending allotment	Equity component of compound financial instrument	Reserves & Surplus			Total
			Capital reserve	Retained Earnings	Other Reserves	
Balance at the beginning				0	24,00,000	24,00,000
Total comprehensive income for the year			0	5,72,000		5,72,000
Dividends			0	(2,00,000)		(2,00,000)
Total comprehensive Income attributable to parent			0	3,35,000		3,35,000
Gain on Bargain purchase			18,85,000			18,85,000
Balance at end of reporting period			18,85,000	7,07,000	24,00,000	49,92,000