

4. CONSOLIDATED FINANCIAL STATEMENTS

ASSIGNMENT SOLUTIONS

PROBLEM NO: 1

Total dividend paid = Rs. 30,000

Out of post-acquisition profit = Rs. 20,000

Out of pre-acquisition profit = Rs. 10,000

Hence, 2/3rd of dividend received by XYZ will be credited to P & L and 1/3rd will be credited to Investment.

XYZ Ltd.'s share of dividend = Rs. 30,000 X 80% = Rs. 24,000

In the books of XYZ Ltd.

	Dr.	Rs.	Rs.	Rs.
Bank A/c	Dr.	24,000		
To Profit & Loss A/c			16,000	
To Investments in ABC Ltd.			8,000	
(Dividend received from ABC Ltd. 1/3 credited to investment A/c being out of capital profits - as explained above)				
Goodwill on Consolidation:			Rs.	Rs.
Cost of shares less dividend out of capital profits				1,32,000
Less: Face value of capital i.e. 80% of capital			80,000	
Add: Share of capital profits [60,000 - 10,000 (dividend portion out of pre-acquisition profits)] x 80%			<u>40,000</u>	<u>(1,20,000)</u>
Goodwill:				<u>12,000</u>
Minority interest on:				
1st January, 2018: 20% of Rs. 1,60,000 [1,00,000 + 60,000]				32,000
31st December, 2018: 20% of Rs.1,50,000 [1,00,000 + 60,000 + 20,000 - 30,000]				30,000

PROBLEM NO: 2

	Minority Interest (30%) (Rs.)	Holding Interest (70%) (Rs.)
Share of net assets of B Ltd. as on 1.1.2012	3,24,000	7,56,000
Cost of acquisition	-	<u>10,00,000</u>
	3,24,000	2,44,000 (goodwill)
Minority's share of losses of B Ltd: year ended 31.12.2012	<u>75,000</u>	
Minority interest as on 31.12.2012	2,49,000	
Minority's share of losses of B Ltd.: year ended 31.12.2013	<u>1,20,000</u>	
Minority interest as on 31.12.2013	1,29,000	
Minority's share of losses of B Ltd. year ended 31.12.2014	<u>1,29,000*</u>	
Minority interest as on 31.12.2014	Nil	
Minority's share of losses for 2015	Nil	
Minority's share of profits of B Ltd. for 2016	Nil	
Minority's share of profit for 2017	Nil	
Minority's share of profit for 2018 (Rs. 45,000 - Rs. 12,000)	33,000*	
Minority interest as on 31.12.2018	<u>33,000</u>	

*In the year 2014, the minority's share of losses actually comes to Rs. 1,50,000. But since minority interest as on 31.12.2013 was less than the share of loss, the excess of loss of Rs. 21,000 is to be added to A Ltd.'s share of losses. Similarly, for the year 2015, the entire loss of B Ltd. is to be adjusted against A Ltd.'s profits for the purpose of consolidation. Therefore, upto 2015, the minority's share of B Ltd.'s losses of Rs. 57,000 are to be borne by A Ltd. Thereafter, the entire profits of B Ltd. will be allocated to A Ltd. unless the minority's share of losses previously absorbed (Rs. 57,000) has been recovered. Such recovery is fully made in 2018 and therefore minority interest of Rs. 33,000 is shown after adjusting fully the share of losses of minority previously absorbed by A Ltd.

PROBLEM NO: 3

Consolidated Balance Sheet of H Ltd. and its Subsidiary S Ltd. as at 31st March, 2018

Particulars	Note No.	Amount (Rs.)
I. Equity and Liabilities		
1. Shareholder's Funds		
a) Share Capital		6,00,000
b) Reserves and Surplus	1	3,44,600
2. Minority Interest (W.N.5)		48,150
3. Current Liabilities		
a) Trade Payables	2	2,07,000
Total		11,99,750
II. Assets		
1. Non-current assets		
a) Fixed assets		
i) Tangible assets	3	5,97,750
ii) Intangible assets	4	12,000
b) Other Non-current assets	5	5,90,000
Total		11,99,750

Notes to Accounts:

Particulars			Rs.
1. Reserves and Surplus			
Reserves		2,00,000	
Add: 4/5th share of S Ltd.'s post-acquisition reserves (W.N.3)		40,000	2,40,000
Profit and Loss Account		1,00,000	
Add: 4/5th share of S Ltd.'s post-acquisition profits (W.N.4)		4,600	1,04,600
			<u>3,44,600</u>
2. Trade Payables			
H Ltd.		1,50,000	
S Ltd.		57,000	2,07,000
3. Tangible Assets			
Machinery			
H Ltd.		3,00,000	
S Ltd.	1,00,000		
Add: Appreciation	50,000		
	1,50,000		
Less: Depreciation	(15,000)	1,35,000	
Furniture			
H Ltd.		1,50,000	
S Ltd.	20,000		
Less: Decrease in value	(5,000)		
	15,000		
Less: Depreciation	(2,250)	12,750	5,97,750
4. Intangible assets			
Goodwill [WN 6]			12,000
5. Other non-current assets			
H Ltd.		4,40,000	
S Ltd.		1,50,000	5,90,000

Working Notes:

1. Pre-acquisition profits and reserves of S Ltd.:	Rs.
Reserves	25,000
Profit and Loss Account	15,000
	<u>40,000</u>
H Ltd.'s = $4/5 \times 40,000$	32,000
Minority Interest = $1/5 \times 40,000$	8,000

2. Profit on revaluation of assets of S Ltd.:	
Profit on Machinery Rs. (1,50,000 - 1,00,000)	50,000
Less: Loss on Furniture Rs.(20,000 - 15,000)	<u>5,000</u>
Net Profit on revaluation	<u>45,000</u>
H Ltd.'s share $4/5 \times 45,000$	36,000
Minority Interest $1/5 \times 45,000$	9,000
3. Post-acquisition reserves of S Ltd.:	
Post-acquisition reserves (Total reserves less pre-acquisition reserves = Rs. 75,000 - 25,000)	<u>50,000</u>
H Ltd.'s share $4/5 \times 50,000$	40,000
Minority interest $1/5 \times 50,000$	<u>10,000</u>
4. Post -acquisition profits of S Ltd.	
Post-acquisition profits (Profit & loss account balance less pre-acquisition profits = Rs. 25,000 - 15,000)	10,000
Add: Excess depreciation charged on furniture @ 15% on Rs. 5,000 i.e. (20,000 - 15,000)	<u>750</u>
	10,750
Less: Under depreciation on machinery @ 10% on Rs. 50,000 i.e. (1,50,000 - 1,00,000)	<u>(5,000)</u>
Adjusted post-acquisition profits	<u>5,750</u>
H Ltd.'s share $4/5 \times 5,750$	4,600
Minority Interest $1/5 \times 5,750$	<u>1,150</u>
5. Minority Interest:	
Paid-up value of (1,000 - 800) = 200 shares held by outsiders i.e. 200 × Rs. 100	20,000
Add: 1/5th share of pre-acquisition profits and reserves	8,000
1/5th share of profit on revaluation	9,000
1/5th share of post-acquisition reserves	10,000
1/5th share of post-acquisition profit	<u>1,150</u>
	<u>48,150</u>
6. Cost of Control or Goodwill:	
Paid-up value of 800 shares held by H Ltd. i.e. 800 × Rs. 100	80,000
Add: 4/5th share of pre-acquisition profits and reserves	32,000
4/5th share of profit on the revaluation	<u>36,000</u>
Intrinsic value of shares on the date of acquisition	<u>1,48,000</u>
Price paid by H Ltd. for 800 shares	1,60,000
Less: Intrinsic value of the shares	<u>(1,48,000)</u>
Cost of control or Goodwill	12,000

PROBLEM NO: 4

Consolidated Balance Sheet of Evil Ltd. with its subsidiary Devil Ltd. as on 31st March, 2018

	Notes No.	Amount (Rs.)
I. Equity and Liabilities		
1. Shareholder's Funds		
a) Share Capital	1	6,00,000
b) Reserves and Surplus	2	1,93,000
2. Minority interest (W.N. 4)		1,23,500
3. Current Liabilities		
Trade payables	3	<u>1,70,000</u>
Total		<u>10,86,500</u>
II. Assets		
1. Non-current assets		
a) Fixed assets		
i) Tangible assets	4	6,28,000
ii) Intangible assets	5	50,000
2. Current assets		
a) Inventories	6	2,13,500
b) Trade receivables	7	1,30,000
c) Cash and cash equivalents	8	<u>65,000</u>
Total		<u>10,86,500</u>

Notes to Accounts:

	Particulars	Rs.	Rs.
1.	Share Capital: Equity shares of Rs. 10 each, fully paid up		6,00,000
2.	Reserves and surplus		
	Capital reserve (W.N.3)	33,750	
	General reserve	60,000	
	Profit and loss account (W.N. 6)	<u>99,250</u>	1,93,000
3.	Trade Payables		
	Evil Ltd. 1,00,000		
	Devil Ltd. <u>80,000</u>		
		1,80,000	
	Less: Mutual indebtedness <u>(10,000)</u>		1,70,000
4.	Tangible Assets		
	Land and buildings		
	Evil Ltd. 1,00,000		
	Devil Ltd. <u>1,00,000</u>	2,00,000	
	Plant and machinery		
	Evil Ltd. 2,00,000		
	Devil Ltd. 1,80,000		
	Add: Upward revaluation <u>50,000</u>		
		2,30,000	
	Less: Excess Depreciation on upward revaluation <u>(2,000)</u>	<u>2,28,000</u>	<u>4,28,000</u>
5.	Intangible Assets		
	Evil Ltd. 10,000		
	Devil Ltd. <u>40,000</u>		50,000
6.	Inventories		
	Evil Ltd. 1,17,500		
	Devil Ltd. <u>1,00,000</u>		
		2,17,500	
	Less: Unrealised profit <u>(4,000)</u>		2,13,500
7.	Trade receivables		
	Evil Ltd. 50,000		
	Devil Ltd. <u>90,000</u>		
		1,40,000	
	Less: Mutual indebtedness <u>(10,000)</u>		1,30,000
8.	Cash and cash equivalents		
	Bank Balances		
	Evil Ltd. 45,000		
	Devil Ltd. <u>20,000</u>		65,000

Working Notes:

1. Analysis of Reserves and Profits of Devil Ltd. as on 31.03.2018

		Pre-acquisition profit upto 1.10.2017 (Capital profits)	Post acquisition profits (2.10.2017 - 31.3.2018) Profit and loss account
General reserve as on 31.3.2018		50,000	
Profit and loss account as on 31.3.2018	1,00,000		
Less: Opening Balance 60,000			
Less: Dividend for 2016-17 (out of pre-acquisition profits) <u>(30,000)</u>	<u>30,000</u>	30,000	
Profit earned during the year	70,000	35,000	35,000
Upward revaluation of plant and machinery as on 1.10.2017 (W.N.2)		50,000	
Excess depreciation (for 6 months) due to upward revaluation (W.N.2)			<u>(2,000)</u>
Total		<u>1,65,000</u>	<u>33,000</u>
Minority Interest (25%)		41,250	8,250
Share of Evil Ltd. (75%)		<u>1,23,750</u>	<u>24,750</u>

2. Revaluation of Plant & Machinery of Devil Ltd. and its book value as on 31.03.2018:

Depreciation during the year = Opening Balance less Closing Balance = 2,00,000 - 1,80,000 = Rs. 20,000

Depreciation rate = $(20,000/2,00,000) \times 100 = 10\%$

a) Computation of Revaluation Gain / Loss:

Particulars	Rs.
Revalued Amount on 01.10.2017 (date of acquisition)	2,40,000
Less: Book Value on 01.10.2017 (date of acquisition)	
Value on 01.04.2017	Rs. 2,00,000
Less: Depreciation for 6 months at 10%	<u>(Rs. 10,000)</u>
Revaluation Gain i.e. Capital Profit	<u>50,000</u>

b) Computation of Depreciation on Revaluation Gain / Loss:

Particulars	Rs.
Depreciation on Revalued Plant for 6 months = Rs. 2,40,000 × 6/12 × 10%	12,000
Less: Depreciation already provided on Rs. 2,00,000 × 6/12 × 10%	<u>(10,000)</u>
Revenue Loss	<u>2,000</u>

3. Calculation of cost of control:

Particulars	Rs.
Share capital in Devil Ltd.	2,25,000
Add: Capital profit	<u>1,23,750</u>
	3,48,750
Less: Cost of Investments	3,37,500
Less: Pre-acquisition dividend received for 2016-17	<u>(22,500)</u>
Capital Reserve	<u>33,750</u>

4. Calculation of Minority Interest [25%]:

Particulars	Rs.
Share capital	75,000
Capital (pre-acquisition) profits [W.N.1]	41,250
Revenue (post-acquisition) profits - Profit and loss [W.N.1]	<u>8,250</u>
	1,24,500
Less: Unrealised profit [W.N. 5]	<u>(1,000)</u>
	<u>1,23,500</u>

5. Stock reserve (Plant and Machinery):

$$\text{Unrealised profit} = \left[\frac{16,000 \times 1/3}{4/3} \right] = \text{Rs. 4,000}$$

To be adjusted from minority interest and consolidated profit and loss account in the ratio of 25:75.

6. Consolidated profit and loss account as on 31.03.2018:

Particulars	Rs.
Profit and loss account balance of Evil Ltd. as on 31.03.2018	1,00,000
Less: Pre-acquisition dividend wrongly credited	<u>(22,500)</u>
Add: Share in post-acquisition profit and loss account of Devil Ltd. (W.N.1)	24,750
Less: Unrealised profit [W.N. 5]	<u>(3,000)</u>
	<u>99,250</u>

Note: Unrealized profits on closing stock have been eliminated to the extent of holding company's share in Profit and Loss Account and balance adjusted in Minority Interest as it relates to upstream transaction.

PROBLEM NO: 5

Consolidated Balance Sheet of H Ltd. with its subsidiary S Ltd. as on 31st March, 2018

Particulars	Note No.	(Rs. in 000's)
I. Equity and Liabilities		
1. Shareholder's Funds		
a) Share Capital	1	4,000
b) Reserves and Surplus	2	3,063
2. Minority Interest (W.N.6)		1,560
3. Current Liabilities		
a) Trade payables	3	1,118
b) Short term provisions	4	482
Total		10,223
II. Assets		
1. Non-current assets		
a) Fixed assets		
i) Tangible assets	5	5,904
2. Current assets		
a) Inventories	6	1,759
b) Trade receivables	7	1,598
c) Cash and cash equivalents	8	512
d) Short term loans and advances	9	450
Total		10,223

Notes to Accounts:

Particulars	(Rs. in 000's)	(Rs. in 000's)
1. Share Capital		
Authorised share capital		
5 lakhs equity shares of Rs. 10 each		5,000
Issued, Subscribed and Paid up		
4 lakhs equity shares of Rs. 10 each fully paid		4,000
2. Reserves and surplus		
Capital Reserve (Note 5)	643.20	
General Reserve	928	
Profit and Loss Account:		
H Ltd. Rs. 1,305		
Add: Share in S Ltd. <u>Rs. 376.80</u>		
	Rs. 1,681.80	
Less: Dividend wrongly credited <u>Rs. (180)</u>		
	Rs. 1,501.80	
Less: Unrealised profit (50 x 1/5) <u>Rs. (10)</u>	1,491.80	3,063
3. Trade payables		
H Ltd.	611	
S Ltd.	507	1,118
4. Short -term provisions		
Provision for Taxation H Ltd. Rs. 220		
S Ltd. <u>Rs. 180</u>	400	
Other Provisions H Ltd. Rs. 65		
S Ltd. <u>Rs. 17</u>	82	482
5. Tangible Assets		
Plant and Machinery		
H Ltd. Rs. 2,541		
S Ltd. <u>Rs. 2,450</u>	4,991	
Furniture and fittings		
H Ltd. Rs. 615		
S Ltd. <u>Rs. 298</u>	913	5,904

6.	Inventories			
	Inventory	H Ltd.	Rs. 983	
		S Ltd.	Rs. 786	1,769
	Less: Unrealised profit (Rs. 50 x 1/5)			(10)
				1,759
7.	Trade receivables			
		H Ltd.	820	
		S Ltd.	778	1,598
8.	Cash and cash equivalents			
	Cash and Bank Balances	H Ltd.	410	
		S Ltd.	102	512
9.	Short term loans and advances			
	Sundry Advances	H Ltd.	260	
		S Ltd.	190	450

Working Notes: Share holding pattern

Particulars		Number of Shares	% of holding
a)	S Ltd.		
i)	Purchased on 01.04.2017	90,000	
ii)	Bonus Issue (90,000/5 x 3)	54,000	
	Total	1,44,000	60%
b)	Minority Interest	96,000	40%

1. S Ltd. General Reserve

	(Rs. in 000)		(Rs. in 000)
To Bonus to equity shareholders $\left(\frac{2,400 \times 3}{8}\right)$	900	By Balance b/d	1,500
To Balance c/d	690	By Profit and Loss A/c (Balancing figure)	90
	1,590		1,590

2. S Ltd.'s Profit and Loss Account

	(Rs. in 000)		(Rs. in 000)
To General Reserve	90	By Balance b/d	633
To Dividend paid on 14.7.2017 $\left(\frac{1,500 \times 20}{100}\right)$	300	By Net Profit for the year (Balancing figure)	628*
To Corporate Dividend Tax (17.304% of 353) (Refer W.N. 7)	61		
To Balance c/d	810		
	1,261		1,261

* Out of Rs. 6,28,000 profit for the year, Rs. 90,000 has been transferred to reserves by S Ltd.

3. Distribution of Revenue Profits

Particulars	Rs. in '000
Revenue Profit as above	628.00
Share of H Ltd. (60%)	376.80
Share of Minority shareholders (628 - 376.80)	251.20

4. Computation of Capital Profits

Particulars	Rs. in 000	Rs. in 000
General Reserve on the date of acquisition		1,500
Less: Bonus issue of shares		(900)
		600
Profit and Loss Account balance on the date of acquisition	633	
Less: Dividends paid	Rs. 300	
Corporate tax paid	Rs. 61	(361)
		272
		872
Share of H Ltd. (60%)		523.20
Share of Minority shareholders		348.80

5. Computation of Capital Reserve

		Rs. in '000
60% of share capital of S Ltd.		1,440
Add: Share of H Ltd. in the capital profits as in working note (4)		523.20
		1,963.20
Less: Investments in S Ltd.	1,500	
Less: Dividends received out of pre- acquisition profits $\frac{\text{Rs. } 300 \times 60}{100}$	(180)	(1,320)
		643.20

6. Calculation of Minority Interest

Particulars	Rs. in '000
40% of share capital of S Ltd.	960.00
Add: Share of Revenue Profits (Note 3)	251.20
Share of Capital Profits (Note 4)	348.80
	1,560.00

7. Calculation of grossing up of dividend

Particulars	Rs. in '000s
Dividend distributed by S Ltd. $(1500 \times 20)/100$	300
Add: Increase for the purpose of grossing up of dividend $[\{15/(100-15)\} \times 300]$	52.94
	352.94 or 353.00 (approx.)
Dividend distribution tax @ 17.304% $(353 \times 17.304\%) = 61.08$ or	61 (approx.)

PROBLEM NO: 6

Consolidated Balance Sheet of X Ltd. and its subsidiary Y Ltd. as on 31st March, 2017

Particulars	Note No.	Rs. in lakhs
I. Equity and Liabilities		
1. Shareholders' Funds		
a) Share Capital	1	19,000
b) Reserves and Surplus	2	5,620
2. Minority interest	3	3,400
3. Current Liabilities		
a) Trade payables	4	2,623
Total		30,643
II. Assets:		
1. Non-Current Assets		
a) Fixed Assets		
i) Tangible Assets	5	17,435
2. Current Assets		
a) Inventories	6	6,632
b) Trade Receivables	7	4,842
c) Cash and Cash equivalents	8	1,734
Total		30,643

Notes to Accounts:

Particulars	Rs. in lakhs	Rs. in lakhs
1. Share Capital		
Issued, Subscribed and Paid up (1,500 lakh Equity Shares of Rs. 10 each fully paid up)		15,000
400 lakh Preference Shares of Rs. 10 each fully paid up		4,000
		19,000
2. Reserves and Surplus		
Credit Balance of Profit & Loss Account	2,750	
Less: Capital Receipt wrongly credited (Dividend @ 10% on Rs. 4500 Lakh Equity Shares)	450	
	2,300	

Add: Share in Y Ltd. Revenue Profit (Working Note I)	825	
	3,125	
Less: Unrealised Profit (Working Note IV)	30	3,095
Capital Reserve (Working Note III)	25	
General Reserve	2,500	2,525
		5,620
3. Minority Interest		
100 Lakh Preference Shares of Rs. 10 fully paid up	1,000	
150 Lakh Equity Shares of Rs.10 each fully paid up	1,500	2,500
Share in Revenue Profits (Working Note i)	275	
Share in Capital Profit (working Note ii)	625	900
		3,400
4. Trade payables		
X Ltd.	1,646	
Y Ltd.	1,027	
	2,673	
Less: Mutual owing	50	2,623
5. Tangible Assets		
Land & Building		
• X Ltd.	3,550	
• Y Ltd.	1,510	5,060
Plant & Machinery		
• X Ltd.	5,275	
• Y Ltd (Working note V)	4,500	9,775
Furniture & Fixtures		
• X Ltd.	1,945	
• Y Ltd.	655	2,600
		17,435
6. Inventories		
X Ltd.	4,142	
Y Ltd.	2,520	
	6,662	
Less: Unrealized Profit	(30)	6,632
7. Trade Receivables		
X Ltd.	3,010	
Y Ltd.	1,882	
	4,892	
Less: Mutual Owing	50	4,842
8. Cash & cash Equivalents		
X Ltd.	1,174	
Y Ltd.	560	1,734

Working Notes:**i) Calculation of Revenue Profits****Y's Ltd Profit & Loss Account**

Particulars	Rs. in lakh	Particulars	Rs. in lakh
To Equity Dividend		By Balance b/d	650
10 % of 6,000 lakh	600	By Net profit for the year (Bal Fig.)	1,200
To balance c/d	1,250		
	1,850		1,850

Depreciation provided on Plant & Machinery:

Balance as on 1st April, 2016	4,000
Less: Balance as 31st March 2017	3,600
	400
Hence rate of Depreciation = $400/4000 \times 100$	10%
Net Profit for the year ended 31st March 2017	1,200

Less: Additional Depreciation	100
Revenue Profit	1,100
X Ltd's share = 1100 x 450/600	825
Y Ltd's share = 1100 x 150/600	275

ii) Calculation of Capital Profits

Profit & Loss Balance as on 1st April, 2016	650
Less: Dividend Paid	600
	50
Add: General Reserve as on 1st April, 2016	1,450
Add: Profit on Revaluation of Plant & machinery	1,000
Capital Profit	2,500
X Ltd's Share in Capital Profit = 2,500 x 450/600	1,875
Y Ltd's Share in Capital Profit = 2,500 x 150/600	625

iii) Calculation of Capital Reserve

Paid up value of 450 Lakh equity shares	4,500
Add: Share in Capital Profits	1,875
	6,375
Amount Paid to acquire the 450 Lakh Equity Shares	6,800
Less: Dividend received out of Pre acquisition profits	450
	6,350
Capital Reserve = 6,375 - 6,350	25

iv) Unrealised Profit: Rs. 150 Lakh x 25/125* = 30 lakh

v) Plant & Machinery of Y Ltd.:

Balance as on 31st March, 2017		3,600
Add: Addition due to revaluation		1,000
Less: Depreciation on additional Value of Plant & Machinery @ 10 %	100	900
		4,500

* Rs. 150 lakh considered as cost to Y ltd.

PROBLEM NO: 7

Consolidated Profit & Loss Account of Hello Ltd. and its subsidiary Sun Ltd.

For the year ended on 31st March, 2018

Particulars	Note No.	Rs. in Lacs
I. Revenue from operations	1	11,730
II. Total revenue		11,730
III. Expenses		
Cost of Material purchased/Consumed	3	2,360
Changes of Inventories of finished goods	2	(2,392)
Employee benefit expense	4	1,900
Finance cost	6	300
Depreciation and amortization expense	7	300
Other expenses	5	1,070
Total expenses		3,538
IV. Profit before Tax (II-III)		8,192
V. Tax Expenses	8	2,800
VI. Profit After Tax		5,392
Profit transferred to Consolidated Balance Sheet:		
Profit After Tax		5,392
Dividend paid		
Hello Ltd.	2,400	
Sun Ltd.	300	
	2,700	
Less: Share of Hello Ltd. in dividend of Sun Ltd.		
80% of Rs. 300 lacs	(240)	(2,460)
Profit to be transferred to consolidated balance sheet		2,932

Notes to Accounts:

	Particulars	Rs. in Lacs	Rs. in Lacs
1.	Revenue from Operations		
	Sales and other income		
	Hello Ltd.	10,000	
	Sun Ltd.	<u>2,000</u>	
		12,000	
	Less: Inter-company Sales	(240)	
	Consultancy fees received by Hello Ltd. from Sun Ltd.	(10)	
	Commission received by Sun Ltd. from Hello Ltd.	<u>(20)</u>	11,730
2.	Increase in Inventory		
	Hello Ltd.	2,000	
	Sun Ltd.	<u>400</u>	
		2,400	
	Less: Unrealized profits Rs. 48 lacs × 20/120	<u>(8)</u>	2,392
			14,122
3.	Cost of Material purchased/consumed		
	Hello Ltd.	1,600	
	Sun Ltd.	<u>400</u>	
		2,000	
	Less: Purchases by Sun Ltd. from Hello Ltd.	<u>(240)</u>	1,760
	Direct Expenses		
	Hello Ltd.	400	
	Sun Ltd.	<u>200</u>	600
			2,360
4.	Employee benefits and expenses		
	Wages and Salaries:		
	Hello Ltd.	1,600	
	Sun Ltd.	<u>300</u>	1,900
5.	Other Expenses		
	Administrative Expenses		
	Hello Ltd.	400	
	Sun Ltd.	<u>200</u>	
		600	
	Less: Consultancy fees received by Hello Ltd. from Sun Ltd.	<u>(10)</u>	590
	Selling and Distribution Expenses:		
	Hello Ltd.	400	
	Sun Ltd.	<u>100</u>	
		500	
	Less: Commission received from Sun Ltd. from Hello Ltd.	<u>(20)</u>	480
			1,070
6.	Finance Cost		
	Interest:		
	Hello Ltd.	200	
	Sun Ltd.	<u>100</u>	300
7.	Depreciation and Amortization		
	Depreciation:		
	Hello Ltd.	200	
	Sun Ltd.	<u>100</u>	300
8.	Provision for tax		
	Hello Ltd.	2,400	
	Sun Ltd.	<u>400</u>	2,800

Note: Since the amount of dividend received by Hello Ltd. for the year 2016-2017 is not given, it has not been deducted from 'sales and other income' in consolidated profit and loss account and not added to consolidate opening retained earnings (which is also not given).

THE END

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