MON TUE WED THR FRI SAT SUN

Class :- B.Com Part-II.

Subject :- Corporate Accounting

paper :- IV

unit : IV

Topic : Holding Company accounts.

Lecture Sequence No :- 7

Prepared by:

Dr. Roy Anilakumari Paramanand.
Marwari College Darbhanga.
E.mail : roy27583@g.mail.com.

Problem 1

Ramesh Ltd. purchased all the Equity shares of Sanjay Ltd. Sanjay Ltd. suffered a loss of ₹ 16,000 in the first year and earned a profit of ₹ 40,000 in the second year. Sanjay Ltd. disclosed a dividend of ₹ 20,000 in the second year. If holding company makes a record of all the losses and profits of the subsidiary company in its books, pass the necessary journal entries in its books.

Page No.:
Date:

Solution - 1.

Journal in the Books of Ramesh ltd.

Date	Particulars	L.F	Debit	Credit
1st yr.	Profit & Loss of Subsidiaries a/c Dr		16000	-
	To Sanjay ltd a/c		-	16,000
	(Being loss of Sanjay ltd transferred to Profit & loss a/c).			
2nd yr.	Sanjay Ltd. a/c Dr.		40.000	-
	To Profit & loss of Subsidiaries a/c		-	40000
	(Being profit of Sanjay ltd is transfer to P/L a/c)			
	Bank a/c Dr		20,000	.
	To Sanjay Ltd (Profit).		-	20000
	(Being dividend received from Sanjay Ltd Credited to Profit a/c.			

Problem 2

The following are the Balance Sheets of H. Ltd. and S Ltd. as at 31.3.2014. On which date H. Ltd. acquires all the shares of S Ltd.

Particulars	*H Ltd.*	*S Ltd.*
	₹	₹
I. EQUITY & LIABILITIES :		
Shareholders' funds :		
Share capital	5,00,000	1,00,000
Reserves and surplus :		
Reserve	—	25,000
Statement of p. & l.—surplus	1,00,000	15,000
Current liabilities :		
Trade payables	3,50,000	50,000
	9,50,000	1,90,000
II. ASSETS :		
Sundry assets	7,50,000	1,90,000
Shares in S Ltd. at cost	2,00,000	—
	9,50,000	1,90,000

Solution - 2.

Working Note : 1

(1) Goodwill :

Cost of Shares →		200,000
Less.		
Face Value of shares :	100,000	
Reserves (Prior).	25000	
Profit (Prior).	15000	140000
Goodwill		60000

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Consolidated Balance Sheet.
as on 31.3.2014

	Particulars.	Notes No.	Amt.
I	Equity and Liabilities:		
	Shareholder's funds:		
	Share capital.	1	500,000
	Reserves and Surplus	2	100,000
	Current Liabilities		
	Trade payables.	3	400000
			10,00,000
II	Assets.		
	Non current Assets :-		
	Fixed Assets.		
	Tangible Assets.	4	940000
	Intangible Assets.	5	60000
			10,00000

Notes to Accounts:

1. Share capital
   Share capital — 500000
2. Reserves & Surplus.
   Statement of Profit & loss. (Surplus) — 100000
3. Trade payables.
   H Ltd. — 350000
   S Ltd. — 50000
   400000
4. Tangible Assets:
   Sundry Assets.
   H Ltd — 750000
   S Ltd. — 190000
   940000
5. Intangible Assets.
   Goodwill (As per W No. 1). — 60000