Fin611 finalterm 2012 two questions solved by

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Q# 1 (5 marks)

Particular	X LTD (Parent Co)	Y LTD (Subsidry)
Fixed Assets	50,000	20,000
Investment in Y LTD	25,000	-------
Current Assets	20,000	10,000
Total	105,000	30,000
Share capital	60,000	15,000
Reserves	27,000	5,000
Current Liability	18,000	10,000
Total	105,000	30,000

The parent Co X Acquired 100 % share of the subsidy Co Y on 31st Dec 2005

Required:

Cal the amount of Net Asset of company Y LTD and the amount of Goodwill reported on the balance sheet

Soloution

Net assets are=Share capital+Reserves of y limited so it will be now 15000+5000=20000

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goodwill is =cost of investment - net asset of y company in % of holding.......we can see it hold 100% share of y company so it will be now 25000-(15000+5000)=5000

QNO2

Make consolidated balance sheet on date 30 June

Data as per

	P	S
Fixed assets	900	1100
Investment RS1500 (1800 shares)		
Stock	800	500
Debtors	600	300
BANK	200	100
	4000	**2000**

Share	4000	2000
	4000	**2000**

Holding%= 60%

Date accusation 30june

Consolidated Balance Sheet

	Rs.
Fixed Assets (900+1100)	2000
Stock (800+500)	1300
Debtors (600+300)	900
Bank (200+100)	300
Good will (Working Note)	300
Total Assets	**4800**
Capital & Liabilities	
Share Capital	4000
Minority Interest (2000@40%)	800
Total	**4800**

Working note	Rs.
Calculation of Good will	
Investment	1500
Less: Share Capital (2000@60%)	1200
Good will	300