

Sub:- Corporate Accounting

B.COM :- SEM IV

Dr. SUNIT SHARMA

D.B. (PG) College, Panipat

TOPIC → Accounts of Holding Companies
According to Accounting Standard - 21, Consolidated
Financial Statements :-

- (i) "A subsidiary is an enterprise that is controlled by another enterprise (known as parent)."
- (ii) "A parent is an enterprise that has one or more subsidiaries."
- (iii) "A group is a parent & all its subsidiaries."

Holding Company :-

- Def: - According to Sec 2 (87) of Companies Act 2013 "A company can become the holding company by adopting any one of them :-
- (i) by controlling over the Board of Directors of another company.
 - (ii) by acquiring 50% of the voting right
 - (iii) by holding any another company who is a holding subsidiary of another company.

Consolidated Balance Sheet of Holding Company & its Subsidiary or Subsidiaries as at.

Particulars

I. Equity & Liabilities :-

Shareholder's Funds :-

Share Capital

(of Holding Company)

Minority Interest

Reserves & Surplus :-

(a) Capital Reserves :-

(of Holding Company)

Add: Capital Reserve resulting from acquisition

Less: Goodwill (if any)

(b) Revenue Reserves :- (of Holding Company)

(c) Surplus (Profit) :-

Profit of Holding Company

Add: Share in Revenue Profits of Subsidiary

Less: Unrealised profits

Non-current Liabilities (of all Companies)

Current Liabilities

(of all Companies)

Less: Mutual Owings

II ASSETS :-

Non-current Assets

Fixed Assets :-

Tangible Assets

Intangible Assets

Cost of Control (Goodwill) :-

Goodwill (of all companies)

Add: Goodwill resulting from acquisition

Total Goodwill

Less: Capital Reserve (if any)

Investments :

Investments of Holding Company (Except
Investments in Shares & debentures of
Subsidiaries)

Add : Investments of Subsidiary Companies

Current Assets (of all companies)

Less : Mutual owings

Less : Unrealised profit

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Step 1

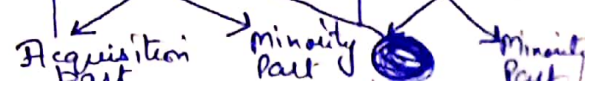
P/L APP

| | | | |
|---|--|-----------------------|--|
| To transfer to G.R to Dividend & Tax | | By balance b/d | |
| To balance c/d | | By Profit for the yr. | |
| | | | |
| | | | |

Step 2 Analysis of Profit of Subsidiary Company

| | Capital Profits or Pre-Acquisition Profits | Revenue Profits or Post-Acquisition Profits |
|--|---|--|
| Opening General Reserve | ✓ | ✗ |
| opening P/L | ✓ | ✗ |
| Additional of Profits (Time Basis) | ✓ | ✓ |
| Less:- Preliminary Expenses | ✓ | ✗ |
| + Profit/Loss on Revaluation of Fixed Asset | ✓ | ✗ |
| + Dep. on Revalued Asset | ✗ | ✓ |
| | | |
| - Preference Share Dividend | ✗ | ✓ |
| - Final Dividend | ✓ | ✗ |
| - Interim Dividend Before | ✓ | ✗ |
| - Interim Dividend After | ✗ | ✓ |
| - Pre Bonus | ✓ | ✗ |
| - Post Bonus | ✗ | ✓ |
| | | |
| | | |

Consolidated B/Ls Add in P/L



Calculation of Cost of Control / Goodwill / CR (Capital Reserve)

| | Acquisition part | Minority Int |
|--|----------------------|----------------------|
| Paid up share Capital (Add:- Bonus if any) | 80% + Bonus | 20% + Bonus |
| Capital Profits | 80% | 20% |
| Revenue Profits | 80% | 20% |
| Less:- Amount paid (Investment) | <input type="text"/> | <input type="text"/> |
| - Final Dividend (his share) | | |
| - Interim Dividend before (his share) | | |