

Illustration 7 (Pre-acquisition loss)

The extracts of balance sheets of H. Ltd., and its subsidiary S. Ltd., as on 31 March 2013, were as follows:

<i>Equity and Liabilities</i>	H. Ltd. ₹	S. Ltd. ₹	<i>Assets</i>	H. Ltd. ₹	S. Ltd. ₹
Share Capital (shares of ₹ 1 each)	10,000	6,000	Sundry Assets	16,000	10,000
General Reserve	4,000	-	Investments :4,000 Shares in S. Ltd.	4,000	-
Surplus	4,000	1,800			
Creditors	2,000	2,200			
	20,000	10,000		20,000	10,000

The shares were purchased by H. Ltd. in S. Ltd. on 30 September 2012.

On 1 April 2012 the profit and loss statement of S. Ltd. showed a loss of ₹ 3,000 which was written off from out of the profits earned during the year. Profits are earned uniformly over the year 2012-13. Prepare a consolidated balance sheet of H. Ltd. and S. Ltd. as on 31 March 2013 giving all workings. [B. Com. (Hons.) Delhi, Modified]