

Illustration 11 (Preference Share Capital In Subsidiary Company)

The following are balance sheets of R Ltd. and S. Ltd. as at 31 March 2017 :

Particulars	Note No.	R Ltd. (₹)	S Ltd. (₹)
I EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital			
Equity Shares of ₹ 10 each, fully paid		4,00,000	1,50,000
13% Preference shares of ₹100 each, fully paid		—	1,00,000
(b) Reserve and Surplus			
General Reserve		50,000	40,000
Surplus Account (before appropriation)		30,000	25,000
2. Non-Current Liabilities			
(a) Long term borrowings			
12% Debentures		2,00,000	—
3. Current Liabilities			
(a) Trade Payables (Creditors)		3,20,000	1,85,000
Total		10,00,000	5,00,000
II ASSETS			
1. Non-Current Assets			
(a) Fixed Assets (Tangible)		5,00,000	2,40,000
(b) Non-Current Investments			
(15,000 Equity Shares in S. Ltd. on 1-4-2016)		2,00,000	—
2. Current Assets		3,00,000	2,60,000
(including ₹ 10,000 stock-in-trade purchased from R Ltd.)			
Total		10,00,000	5,00,000

Prepare the consolidate balance sheet as at 31 March 2017 assuming that (a) S. Ltd.'s general reserve and profit and loss account (after appropriation for dividends) stood at ₹ 25,000 and ₹ 10,000 respectively on 31 March 2016 and 31 March, 2017. (b) R Ltd. Sells goods at a profit of 25% on cost.

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