

The following group financial statements relate to Jack, a public limited company:

Jack Group

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	£m
Turnover	72
Cost of sales	<u>(50)</u>
Gross profit	22
Other income	24
Distribution costs	<u>(34)</u>
Administrative expenses	<u>(24)</u>
Group operating loss	(12)
Interest payable	<u>(12)</u>
Loss on ordinary activities before tax	(24)
Tax on ordinary activities	<u>(14)</u>
Loss on ordinary activities after tax	(38)
Minority interest	<u>(12)</u>
Loss for the year	<u>(50)</u>

Jack Group

BALANCE SHEET AS AT 31 DECEMBER 2015

	2015 £m	2014 £m
<i>Fixed assets</i>		
Tangible assets	289	270
Intangible Assets: goodwill	53	60
Investments	<u>-</u>	<u>60</u>
	<u>342</u>	<u>390</u>
<i>Current assets</i>		
Stock	140	80
Debtors	70	54
Bank	<u>578</u>	<u>396</u>
	<u>788</u>	<u>530</u>
<i>Creditors: amounts falling due within one year:</i>		
Creditors	(100)	(120)
Taxation	(22)	(10)
Dividends	<u>(8)</u>	<u>(10)</u>
	<u>(130)</u>	<u>(140)</u>
<i>Net current assets</i>	<u>658</u>	<u>390</u>
<i>Total assets less current liabilities</i>	<u>1000</u>	<u>780</u>
<i>Creditors: amounts falling due after more than one year:</i>		
10% Debentures 2018	(14)	(26)
Deferred Tax	<u>(6)</u>	<u>(8)</u>
	<u>980</u>	<u>746</u>

Capital and reserves		
Share capital	680	456
Share premium	70	20
Profit and loss reserve	120	200
Revaluation reserve	<u>30</u>	<u>10</u>
	900	686
Minority interest	80	60
	<u>980</u>	<u>746</u>

1. The following information relates to the financial statements:

- Depreciation charged on tangible fixed assets during the year was £31million.
- A property was revalued by Jack on 31st December 2015. A tangible fixed asset with a net book value of £32 million was sold during the year. The disposal proceeds were £28m. The loss on disposal is included in administrative expenses.

2. The movement on reserves was as follows:

	Profit and Loss	Revaluation Reserve
	£m	£m
Balance 1 January 2015	200	10
Loss for year	(50)	
Gain on property revaluation		20
Dividends charged for the year	<u>(30)</u>	
Balance 31 December 2015	<u>120</u>	<u>30</u>

- The investments were sold during the year for £64 million. The gain on disposal is included within other income in the profit and loss account.
- On 1st January 2015 Jack acquired 75% of the issued ordinary shares of Wills Ltd for a total purchase consideration of £35 million paid in cash. The net assets of Wills Ltd at the date of acquisition were assessed as having the following fair values:

	£m
Tangible Fixed Assets	37
Stock	11
Debtors	13
Cash	10
Trade Creditors	<u>(31)</u>
	<u>40</u>

5. There was an impairment loss on goodwill during the year of £12 million.

Required:

Prepare a group cash flow statement for the year ended 31 December 2015 in accordance with FRS 102.

JACK

CASHFLOW STATEMENT FOR Y/E 31-12-15

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CASHFLOWS FROM OPERATING ACTIVITIES:

Group operating loss	(12)
Depreciation	31
Loss on disposal of tangible asset (32-28)	4
Gain on disposal of investments	(4)
Impairment loss on goodwill	12
Increase in stocks (140-80-11)	(49)
Increase in debtors (70-54-13)	(3)
Decrease in trade creditors (100-120-31)	(51)
Cashflow from operations	(72) ~~(166)~~
Interest paid	(12)
Tax paid (W1)	(4)
NET CASHFLOW FROM OPERATING ACTIVITIES	(88) ~~(82)~~

CASHFLOWS FROM INVESTING ACTIVITIES:

Purchase of tangible fixed assets (W2)	(25)
Proceeds from sale of tangible fixed assets	28
Proceeds from sale of investments	64
Cash paid on acquisition of subsidiary (35-10)	(25)
NET CASHFLOW FROM INVESTING ACTIVITIES	42

CASHFLOWS FROM FINANCING ACTIVITIES:

Proceeds from issue of shares (224+50)	274
Repayment of debentures (20-14)	(12)
Ordinary dividend paid (W4)	(32)
Dividend paid to minority interest (W5)	(2)
NET CASHFLOW FROM FINANCING ACTIVITIES	228

INCREASE IN CASH + CASH EQUIVALENTS

182

	₹	₹
CASH + CASH EQUIVALENTS AT 1-1-15		396

CASH + CASH EQUIVALENTS AT 31-12-15		<u>578</u>
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(W1) TAX

	₹
Bal b/F (10 + 8)	18
Charge for the year	14
CASH PAID (BAC FIG)	(4) *
Bal c/F (22 + 6)	<u>28</u>

(W2) TANGIBLE Fixed Assets

	₹
BAC B/F	270
CASH ADDITIONS (BAC FIG)	25 *
ACQUIRED WITH SUBSIDIARY	37
DISPOSALS	(32)
DEPRECIATION	(31)
REVALUATION IN Year	20
BAC c/F	<u>289</u>

(W3) GOODWILL

	₹
BAL B/F	60
ON ACQUISITION OF SUBSIDIARY ($35 - [75\% \times 40]$)	5
IMPAIRMENT LOSS	(12)
BAL C/F	<u>53</u>

∴ NO CASHFLOW.

(W4) DIVIDENDS (ORDINARY)

	₹
BAL B/F	10
CHARGED FOR YEAR	30
CASH PAID (BAL FIG)	(32) *
BAL C/F	<u>8</u>

(WS) MINORITY INTEREST

	4m
BAL B/F	60
SHARE OF PROFIT FOR YEAR	12
ON ACQUISITION OF SUBSIDIARY (25% × 40)	10
DIVIDEND PAID (SAC FIG)	8(2)
BAL C/F	<u>80</u>