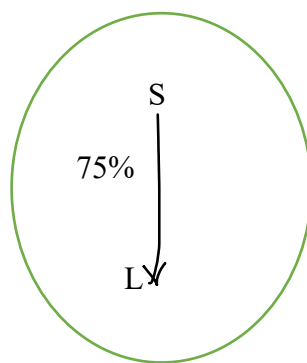


Answer:



W1 – Group structure:

$$\frac{S \text{-----} L}{120 / 160 = 0.75} \quad 75\%$$

W2- Net Assets of LAKE Ltd:

	At acquisition (1-4-2011) £m	At B/S Date (31-03-2013) £m	
Share Capital	160	160	
Share Premium	10	10	
P+C Account	84	125	
Fair Value.	30	30	(56- 26= 30)
Property Addn. Depreciation.	--	(6)	(30 x 2/10= 6)
Brand :			
Brand FV	24	24	
Addn. Amor	---	(8)	(24 x 2/6 = 8)
	-----	-----	
	308	335	

W3 Unrealised Profit on Stock.

$$UNP = 72 \times 20/120 = 12$$

Dr. Group P&L a/c	9	(75% x 12 = 9)
Minority interest	3	(25% x 12 = 3)
Cr. Stock B/S	12	

W4 Cash in transit

Dr Cash at Bank	2	
Cr inter-Co debtor with LAKE		2

Consolidation Schedules:

1- Goodwill:	
Cost of investment	265
Less: share of net assets acquired 75% x 308.	(231)

Goodwill	34
Less: Amortised to date (2/10 x 34)	(6.8)

Intangible Asset	27.2
2- Minority Interest:	
25% x 335	83.8
Less UNP on stock	(3)

	80.8
3- Consolidated P&L Reserve	
SWAN P&L Reserve	164
Plus, LAKE: Share of most – acquisition profit 75% x (125 – 84)	30.8
Less: Unrealised profit on Stock	(9)
Less: goodwill amortised to date	(6.8)
Less: Group share of Addn. Depn. [75% x 6] =	(4.5)
Less: Group share of Addn. Amort [75% x 8] =	(6)

	168.5

Consolidated B/S At 31-03-2013

Intangible fixed assets	
Goodwill	27.2
Brands	16.0

	43.2
Tangible fixed assets (360 + 240+ [30-6])	624.0

Investment (45+35)		75.0	

		742.2	
Current Assets:			
Stock (84 + 98 -12)	170		
Debtors (52 + 42 -2)	92		
Cash (14+25+2)	41		

	303		
Creditor <1 year			
Creditor (132+77)		(209)	

Net Current Assets		94	
Total Assets less Current Liabilities		836.2	
Creditor > 1 year (134+63)		(197)	

		639.2	
Share capital		350	
Share Premium		40	
Profit + Loss account		168.5	

		558.5	
Minority Interest		80.8	

		639.2	

