

SECTION A - QUESTION ONE Below are the summarised balance sheets for two companies as at 31 March 2014:

	JACK (£m)	JONES (£m)
Fixed assets:		
Tangible	260	120
Investments - in Jones	125	—
- in other	35	15
	420	135
Current assets:		
Stock	40	68
Debtors	32	32
Cash at bank	4	15
	76	115
Creditors: amounts falling due within 1 year	(52)	(47)
Net current assets	24	68
Creditors: amounts falling due after more than 1 year:		
10% loan notes	(134)	(53)
Net assets	310	150
Capital and reserves:		
Equity shares of £1 each	200	100
Share premium	20	10
Profit and loss account	90	40
Total Capital and Reserves	310	150

Notes: Jack is a public listed company that acquired the following investments:

1. **Investment in Jones:** On 1 April 2012 Jack acquired 60 million shares in Jones for an immediate cash payment of £125 million. Jones's profit and loss account reserve at the date of acquisition was £26 million.

2. Fair Values at Acquisition:

- At the date of acquisition, Jones owned a recently built property carried at its (depreciated) construction cost of £32 million. The fair value of this property was £52 million, and it had an estimated remaining life of 10 years.
 - For many years Jones has been selling products under the brand name 'JJ'. At acquisition, Jack's directors valued this brand at £32 million with an 8-year remaining life (not included in Jones's balance sheet).
 - All other identifiable assets and liabilities equaled their carrying values.
3. **Stock (Corrected Typo):** The stock of Jack Ltd at 31 March 2014 includes goods supplied by Jones for **£36 million** (corrected from the exam typo of £360 million). Jones adds a mark-up of 20% on cost when selling goods to Jack.
4. **Dividends:** None of the companies have paid any dividends for many years.
5. **Goodwill:** Estimated life of twelve years.
6. **Cash-in-Transit:** On 31 March 2014 Jones remitted to Jack a cash payment of £2 million, not received by Jack until early April 2014.

Required: Prepare a consolidated balance sheet of the Jack group as at 31 March 2014, working to the nearest £ million.