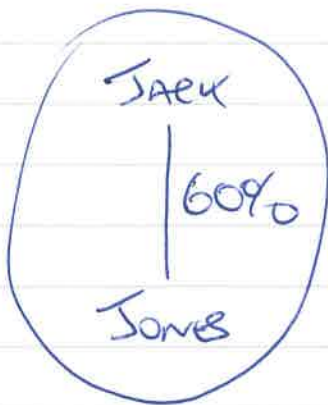


QUESTION 1

JUNE 2014

(W1) GROUP STRUCTURE



$$\frac{60m}{100m} = \underline{\underline{60\%}} \quad \text{"2}$$

(W2) NET ASSETS OF JONES LTD

	At Acq £000		At 31/5 DATE £000
Share capital	100	2	100
Share premium	10	2	10
PLC Account	26		40
FAIR VALUE ADJS:			
• Property - surplus	20	2	20
- add'l dep.	-		(4)
• Brand - surplus	32	2	32
- add'l amortn	-		(8)
	<u>188</u>		<u>190</u>

(W3) UNRECOGNISED PROFIT ON STOCK (SONES → TRAK)

$$VNP = 360 \text{m} \times \frac{20}{100} = \underline{72 \text{m}}$$

Dr	PLC A/C (Group)	36m
	M.I	24m

Cr	Stock	60
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(W4) CASH IN TRANSIT

Dr	BANK	2m
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Cr	Inter-Co Debt	2m
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CONSOLIDATION SCHEDULES

1/ Goodwill

£m

Cost of Investment

125

less:

share of net assets acquired
(60% × 188m)

(112.8)

Goodwill

12.2

less:

amortised to date (2/12)

(2)

INTANGIBLE ASSET

10.2

2/ MINORITY INTEREST

£m

= 40% × 190m

~~76~~ 76

less: VNP on stock

(24)

~~52~~ 52

3/ CONSOLIDATED P+L A/C Reserve

£m

SACK

90 $\frac{1}{2}$

JONES:

share of post-acqⁿ profits
 $60\% \times (40m - 26m)$

8.4 $\frac{1}{2}$

less: UNP in stock

(36)

less: goodwill amortised to date

(2)

less: group share of add'l depⁿ
+ amortⁿ ($60\% \times \frac{12}{12}$)

(~~11.2~~)
7.2 $\frac{1}{2}$

53.2 ~~11.2~~

CONSOLIDATED BALANCE SHEET AT 31-3-14

	£m	£m
Intangible Fixed Assets: goodwill	11/2	10.2
Brand	1	24.0
Tangible Fixed Assets (260+120+160)	1	396.0
Investments (35+15)	1	50.0
		<u>480.2</u>
CURRENT ASSETS		
Stock (40+68-60)	48 ~~40~~ 11/2	
Debtors (32+32-2)	62 11/2	
Cash (4+15+2)	21 11/2	
	<u>131</u>	
Creditors < 1 year (52+47)	<u>(99)</u> 11/2	
Net Current Assets		<u>32</u>
Total Assets less Current liabilities		512.2
Creditors > 1 year : 10% loan note	11/2	(187.0)
		<u><u>325.2</u></u>
Share capital		
Share premium	1	200
RETAINED Earnings Reserve	1	20
		<u>53.2</u>
		273.2
Minority Interest		<u>52.0</u>
		<u><u>325.2</u></u>