

Chapter 24

Answer to example 1 – Basic consolidation (revision)

	<i>Group \$'000</i>
Revenue (8,400 + 3,200)	11,600
Cost of sales (4,600 + 1,700)	(6,300)
Gross profit	<u>5,300</u>
Operating expenses (2,200 + 960)	(2,160)
Profit before tax	<u>3,140</u>
Taxation (600 + 140)	(740)
Profit for the year	<u>2,400</u>
Profit attributable to:	
Equity shareholders (β)	2,320
Non-controlling interest (20% x 400)	80

Answer to example 2 – Basic consolidation (mid-year acquisition)

	P	S	<i>Vader \$'000</i>
Revenue (1,645 + (6/12 x 1,280))			2,285
Cost of sales (1,205 + (6/12 x 990))			(1,700)
Gross profit			<u>585</u>
Distribution costs (100 + (6/12 x 70))			(135)
Administrative expenses (90 + (6/12 x 50) + 20(imp))			(135)
Profit before interest and tax			<u>315</u>
Finance costs (55 x (6/12 x 30))			(70)
Investment income (10 – (80% x 10))			2
Profit before tax			<u>247</u>
Taxation (35 + (6/12 x 28))			(49)
Profit for the year			<u>198</u>
Profit attributable to:			
Equity shareholders (β)			190.8
Non-controlling interest = 20% x [(6/12 x 112) – 20]			7.2



Answer to example 3 – Unrealised profits

	<i>P</i>	<i>S</i>	<i>Adj.</i>	<i>Group</i>
Revenue	120,000	90,000	(10,000)	200,000
COS	(70,000)	(40,000)	10,000	(100,500)
PUP		(500)		
(25/125 x 10,000 x 1/4)				
Gross profit				99,500
Op exp.	(20,000)	(35,000)		(56,000)
-Impairment		(1,000)		
Finance cost	(2,000)	(500)		(2,500)
Profit before tax				41,000
Taxation	(6,000)	(3,000)		(9,000)
PFY		10,000		32,000
		Parent (β)		30,000
		NCI = 20% x 10,000		2,000

Answer to example 4 – Group disposals

	<i>\$m</i>
Proceeds	200
Add: non-controlling interest	15
Less: net assets at disposal	(150)
Less: goodwill	(38)
Group profit on disposal	27

Chapter 25**Answer to example 1 – Associate**

	<i>\$</i>
Cost of investment in A	250.000
Add: 30% x 170,000	51.000
Less: impairment of goodwill	(20.000)
	281.000

