

Statement of Profit & Loss and Other Comprehensive Income for y/e 31 Dec 2012 Statement of Financial Position as at 31 December 2012

	12/12			
	Able	Bean	Adj (** below)	Group
Revenue	83,460	43,250	(4,300)	122,410
Cost of Sales	(59,450)	(29,950)	4,300 (6)	(85,106)
GP	24,010	13,300		37,304
Other Inc	850	-	(352)	498
Distribution Co	(10,560)	(6,240)		(16,800)
Admin Expens	(5,980)	(4,320)	(112)	(10,412)
Finance Costs	(720)	(75)		(795)
Share of Associate Profit			710 545	1,255
Profit before Tax	7,600	2,665		11,049
Tax	(940)	(355)		(1,295)
Profit after Tax	6,660	2,310		9,754

Profit attribto:				
Owners of Parent				9,316
NCI*				438
				9,754

\* (2310-112-6.4)\*20%  
See S label below

Group Structure

Bean	% Acquired	
8m shares	80%	Subsidiary - prior year acquisition - NB SOCE
Carle		
Active role + dire	25%	Associate - mid year acquisition - 9months

Journals

J1	FV Adj of PPE at acq			
	DR PPE	320		
	CR Goodwill Calc		320	
	Adj for deprec for FV adj - 2 years 2011 & 2012			
	CR PPE		13	
	DR Ret E	10		
	DR NCI	3		
J2	Associate			
	Check for gain from bargain purchase			
	Cost	4,750		
	Net Assets			
	OSC	8,500		
	Ret E	13,341	(15520-2905*9/12)	
		21,841	(5,460)	
	Gain from bargain purchase		(710)	
	DR Investment in Associate	710		
	CR Ret E		710	
	IAS 28			

SPLOCI Items

\*\*\*\*\* (6.4 SPLOCI & 6.4 SOCE)

\*\*\*Associate

Assets	Note	Able	Bean	Adjustments	Group
<b>NCA</b>					
PPE		38,780	13,450	320 (13)	52,537
Investment/Goodwill	W1	14,250			3,480
Inv in Associate	W4	4,750			6,005
		57,780	13,450		62,022
<b>CA</b>					
Inventory		6,750	4,230 (112)		10,868
Receivables		8,210	5,450 (650)		13,010
Bank & Cash		1,250	900 230		2,380
		16,210	10,580		26,258
<b>Total Assets</b>		<b>73,990</b>	<b>24,030</b>		<b>88,280</b>
<b>Equity &amp; Liabilities</b>					
<b>Equity</b>					
Ordinary Share Capital		20,000	5,000 (5,000)		20,000
Share Premium		4,000	-		4,000
Revaluation Reserve		6,000	-		6,000
Retained Earnings	W2	29,580	14,480		35,719
		59,580	19,480		65,719
NCI	W3				4,021
Equity		59,580	19,480		69,740
<b>Non Current Liabilities</b>					
LTB		5,720	710		6,430
<b>Current Liabilities</b>					
Trade Payables		6,970	3,370 230 (650)		9,920
Current LTB		280	90		370
Tax		1,440	380		1,820
		8,690	3,840		12,110
<b>Equity &amp; Liabilities</b>		<b>73,990</b>	<b>24,030</b>		<b>88,280</b>

Consol. Statement of Changes in Equity for y/e 31 Dec 2012 (Not asked for in Q)

	OSC	Share Prerr	Rev. Res.	Ret. E	NCI	Total
	€'000	€'000	€'000	€'000	€'000	€'000
OBAL 1/1	20,000	4,000	6,000	27,753	3,671	61,424
Dividends				(1,350)	(88)	(1,438)
Profit for the year				9,316	438	9,754
CBAL 31/12	20,000	4,000	6,000	35,719	4,021	69,740

Proof of Opening Retained Earnings

Able	24,270	(29580+1350-6660)
Bean	3,488	=(14480+440-2310-8250)*80%
Carle	Nil	(Acquired during year)
PY Deprec Adj - See J1	(5)	(6.4*80%)
	27,753	

Proof of Opening NCI

Bean - Acq	2,800
Bean - Post Acq	872
PY Deprec Adj - See J1	(1)
	3,671

W1 Goodwill	80%	20%	
	Total	Parent	NCI
Investment/Value	17,050	14,250	2,800
FV of Net Assets @ Acq			
Share Capital	5,000		
Retained Earnings	8,250		
FV Adjustment (J1)	320		
	13,570	10,856	2,714
<b>Goodwill @ Y/E</b>	<b>3,480</b>	<b>3,394</b>	<b>86</b>

W2 Group Retained Earnings	
Able's Retained Earnings	29,580
Associate GFBP (J2)	710
Associate Post Acq Profits (J6)	545
<b>Bean Related</b>	
Post Acq Profits	6,230
Parent's Share (80%)	4,984
Unrealised Profit (J3)	(90)
Depreciation Adj (J1)	(10)
<b>Group Retained Earnings @ Y/E</b>	<b>35,719</b>

==(14480-8250)

<b>J3</b>	Sub to parent				
	DR Revenue	4,300		***	
	CR COS		4,300	***	
	Invoice	4,300			
	Cost	<u>3,739</u>	(4300/1.15)		
	Profit	561			
	Unrealised	112	20%		
	DR Ret E	90			
	DR NCI	22			
	CR Inventory		112	***S	
<b>J4</b>	Able - TP	420			
	Bean - TR	<u>650</u>			
	Difference	230			
	Cash in transit				
	DR Bank	230			
	CR TP		230		
	Able - TP	650			
	Bean - TR	<u>650</u>			
	Difference	-			
	DR TP	650			
	CR TR		650		

NB no adjustment for Carle as associate balances are not consolidated

<b>J5</b>	ABLE Dividends	1,350		<b>SOCE</b>
	Bean Dividends	440		
	Paid so no overall impact re SOFP but need to remove intragroup element from SPLOCI			
	=440*80% = 352			**** 352 Other Income
	NCI = 440*20% = 88			<b>NB NCI Div of 88 - SOCE</b>

<b>J6</b>	Associate - Post Acq Profits			
	DR Inv in Associ	545	(2905*9/12*25%)	*** Associate as all current year
	CR Ret E	545		

<b>W3 Non Controlling Interest</b>	
Measurement @ Acq	2,800
<i>Bean Related</i>	
Post Acq Profits	6,230
NCI's Share (20%)	1,246
Unrealised Profit (J3)	(22)
Depreciation Adj (J1)	(3)
<b>Non Controlling Interest @ Y/E</b>	<b>4,021</b>

<b>W4 Associate</b>	
Cost	4,750
GFBP (J2)	710
Post Acq Profits (J6)	545
<b>Associate @ Y/E</b>	<b>6,005</b>

#### Suggested Approach - Columnar

- Step 1** Read requirements + background information to case
- Step 2** Briefly review all notes to question to (i) assess links between notes; (ii) reconcile information to table of numbers; (iii) note key dates (e.g. mid year acq.); and (iv) identify group structure
- Step 3** Leave enough space at start based on requirements (e.g. 1 pg CSPLOCI, 2pgs SOFP).
- Step 4** Set up CSOFP column structure (5 columns - P, S, Adjx2 & G) and populate Parent & Sub SOFP balances. Set up CSPLOCI structure if you wish.
- Step 5** Start an appendix for your key workings (goodwill, NCI, retained earnings and reval reserve (if any)) plus any smaller consolidation adjustments
- Step 6** Work down through the adjustments (remembering any links noted as per Step 2). Start with goodwill calculation. Fill in adjustment columns as you go. Remember to link adjustments to CSPLOCI also (using \*\*\* label) and also consider if it impacts Sub's profits (S label)
- Step 7** Finalise all key workings and cross reference into the CSOFP (e.g. W1, W2 etc).
- Step 8** Populate CSOFP by adding across columns for remaining line items
- Step 9** Populate CSPLOCI adjustments column from \*\*\* label in workings if not done already. Allocate share of Sub's profits to NCI at end of CSPLOCI (using S label)

**Note: These are only high level steps for preparing the CSOFP & CSPLOCI - with practice you will refine your own approach and can add in the CSOCE**

#### Key Tips

- Remember to put adjustments in adjustment column as you go - both for CSPLOCI & CSOFP
- Focus on key areas where bulk of marks will be going for - e.g. goodwill calc., NCI and consolidated retained earnings
- Make effective use of labels as you go through workings. Try to avoid having to dig back into each working at the end when populating the financial statements
- Try various approaches to see which one suits you but then choose one and stick with it
- Presentation marks are available – don't throw them away (e.g. correct headings, neat & structured layout, NCI profit allocation at end of CSPLOCI, NCI in right position in CSOFP)