

October 1, 2016

MULTIPLE CHOICES (44%)

1	D
2	D
3	D
4	D
5	C
6	C
7	D
8	A
9	B
10	C

11	D
12	B
13	C
14	C
15	C
16	B
17	B
18	D
19	B
20	D

21	C
22	A
23	B
24	B
25	B
26	A
27	B
28	A
29	C
30	C

31	A
32	B
33	C
34	C
35	A

TRUE OR FALSE (10 %)

1	FALSE
2	FALSE
3	FALSE
4	FALSE
5	TRUE

6	FALSE
7	TRUE
8	TRUE
9	TRUE
10	TRUE

EXERCISES (24 %)

Exercise I (13 %)

1	C
2	F
3	J
4	D
5	G

6	C
7	H
8	A
9	B
10	E

11	K
12	H
13	I

Exercise II (11 %)

Calculate the earnings per share in respect of the year ended 31 March 2017 for each of the following circumstances. (Each of the circumstances (a) and (b) are to be dealt with separately)

(a) There were no changes in the issued share capital of the company during the year ended 31 March 2017.

No changes

$$\frac{\text{Earnings attributable to owners of parent}}{\text{Ordinary shares in issue}} = \frac{2,897,000}{12,000,000} = 24.14$$

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(b) The company issued 4,000,000 ordinary shares on 1 July 2016 at the market value of \$1.75 per share.

Ordinary shares issue

$$\text{Earnings per share} = \frac{2,897,000}{15,000,000} = 19.31$$

No. of shares:

3 months to 30/6/2016	(12,000,000*3/12)	3,000,000
9 months to 31/3/2017	(16,000,000*9/12)	<u>12,000,000</u>
		<u>15,000,000</u>

CASE (22 %)

Consolidated statement of financial position as at 30 September 2016

Assets	\$	\$
Non-current assets		
Tangible assets (697,210 + 648,010)		1,345,220
Interest in associated undertaking (W6)		<u>270,800</u>
		1,616,020
Current assets		
Inventory (495,165 + 388,619)	883,784	
Receivables (385,717 + 320,540 + 6,000)	712,257	
Cash at bank and in hand (101,274 + 95,010)	<u>196,284</u>	
		<u>1,792,325</u>
Total assets		<u>3,408,345</u>
Equity and liabilities		
Share capital		600,000
Retained earnings (note 2)		<u>1,355,800</u>
		1,955,800
Non-controlling interest		<u>204,000</u>
		2,159,800
Non-current liabilities		
Loan notes (400,000 + 150,000)		550,000
Current liabilities		
Trade payables (375,366 + 252,179) (note 1)	627,545	
Dividends payable - parent company	65,000	
- non-controlling interest	<u>6,000</u>	
		<u>698,545</u>
Total equity and liabilities		<u>3,408,345</u>
Notes to the accounts		
(1) Payables		
		\$
Trade payables		609,545
Amounts owed to associated undertakings		<u>18,000</u>
		<u>627,545</u>

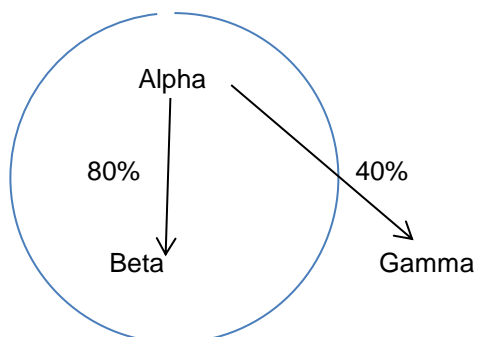
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(2) Retained earnings

Of the \$1,355,800, \$86,800 has been retained by the associated undertaking

WORKINGS

(1) Group structure



(2) Net assets

Beta

	End of the reporting period		Acquisition		Post - acquisition
	\$	\$	\$	\$	\$
Original share capital		200,000		200,000	
Bonus issue		<u>200,000</u>		<u>200,000</u>	---
		400,000		400,000	
Retained earnings	850,000		500,000		
Bonus issue	(200,000)		(200,000)		
Dividends payable	<u>(30,000)</u>				
		<u>620,000</u>			<u>320,000</u>
		<u>1,020,000</u>		<u>700,000</u>	<u>320,000</u>

Gamma

	End of the reporting period		acquisition	Post - acquisition
	\$	\$	\$	\$
Share capital		200,000	200,000	---
Retained earnings	478,000			
Less Dividends payable	(15,000)			
Unrealised profit on inventory	<u>(4,000)</u>			
		<u>459,000</u>	<u>424,000</u>	<u>217,000</u>
		<u>659,000</u>	<u>442,000</u>	<u>217,000</u>

(3) Goodwill

Beta

	\$
Cost of shares	562,000
Share of net assets acquired (80% x 700,000) (W2)	<u>(560,000)</u>
	<u>2,000</u>

All written off to retained earnings as value impaired

As the recoverable amount exceeds the carrying amount of the investment there will be no impairment of the investment in associate Gamma

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(4) Non-controlling interest

	\$	
Share of net assets (20% x 1,020,000) (W2)	<u>204,000</u>	

(5) Retained earnings

	\$	\$
Alpha		1,050,000
Add Dividends receivable - Beta (80% x 30,000)	24,000	
- Gamma (40% x 15,000)	<u>6,000</u>	
		30,000
Beta post-acquisition (80% x 320,000 (W2))		256,000
Gamma post-acquisition (40% x 217,000 (W2))		86,800
Less Dividends payable		(65,000)
Goodwill written off - Beta		<u>(2,000)</u>
		<u>1,355,800</u>

(6) Interest in associated undertaking

	\$
Cost of investment	184,000
Oxygen post acquisition (40% x 217,000 (W2))	<u>86,800</u>
	<u>270,800</u>