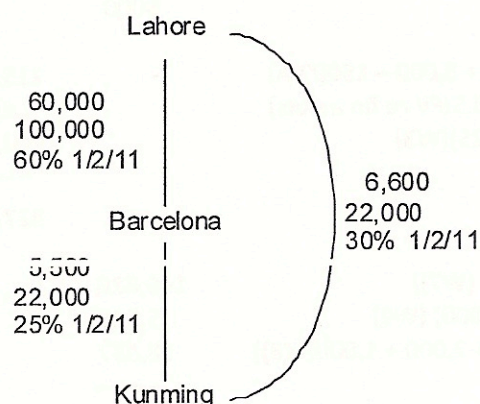


Workings**(W1) Group structure**

Lahore's effective group interest in Kunming's profits

Direct	30%		
Indirect (60% × 25%)	<u>15%</u>	45%	sub from 1.2.11
Kunming: effective NCI (bal fig)		55%	

(W2) Net assets workings

Barcelona	At acquisition \$000	At rep date \$000	Marks
Equity capital	100,000	100,000	
Retained earnings	23,000	36,000	
FVA – property	3,000	3,000	0.5
FVA – Dep'n (1/20)		(150)	0.5
Financial assets at FV (6.0 – 2.5)		3,500	1
Deferred tax (20% × 3,500)		(700)	1
	<u>126,000</u>	<u>141,650</u>	

The post acquisition profit of Barcelona is (\$141,650 – \$126,000) = \$15,650

Kunming	At acquisition \$000	At rep date \$000	Marks
Equity capital	22,000	22,000	
Retained earnings (W6)	17,000	18,000	1
Inventory URP (W7)		(650)	1
	<u>39,000</u>	<u>39,350</u>	

The post acquisition profit of Kunming is (\$39,350 – \$39,000) = \$350