

## Drafting and interpreting financial statements: Summary of corrections to course materials

These changes affect version V003 of the materials.

### Course Notes & Questions

#### Chapter 2 – page 34

Under Assets, delete the line *“(e.g. assets on a finance lease - application of substance over form).”*

Replace this with *“(e.g. the right to use an asset – covered in chapter 8).”*

#### Chapter 10 – page 250

Delete the line: *“IAS 28 Investments in associates and joint ventures (covered in the next chapter)”*

This standard is not in the syllabus.

#### Chapter 10 – page 265

Add a note to say: *“Accounting for the additional depreciation on a fair value adjustment will not be assessed in this syllabus.”*

### Task Bank & Mocks

#### Task 5 explanations

In the explanations for the non-controlling interest adjustments, delete the line: *“we need to remember that the impairment of goodwill also affects the value of the non-controlling interest.”*

This statement is incorrect. The answers to the questions are still correct.

### Task 5 Revision Example 2

In this task, you were required to account for the depreciation on a fair value adjustment. We have now had confirmation from the AAT that this is beyond the scope of this syllabus, so we have removed this part from the question. The updated answer is as follows. The numbers that have changed are highlighted.

#### Bunting Group - Consolidated statement of financial position as at 31 March 20X7

£'000	
<b>Assets</b>	
<b>Non-current assets:</b>	
Goodwill - working	39
Property plant and equipment - working	4,112
<b>Current assets:</b>	
Inventory 258 + 128	386
Trade and other receivables 854 + 324	1,178
Cash and cash equivalent 3 + 2	5
<b>Total assets</b>	<b>5,720</b>
<b>Equity and liabilities:</b>	
<b>Equity:</b>	
Share capital – parent only	2,000
Retained earnings - working	1,982
Non-controlling interest - working	393
<b>Total equity</b>	<b>4,375</b>
<b>Non-current liabilities:</b>	
Bank loan	800
<b>Current liabilities:</b>	
Bank overdraft 10 + 6	16
Trade and other payables 488 + 21	509
Taxation 17 + 3	20
<b>Total liabilities</b>	<b>1,345</b>
<b>Total equity and liabilities</b>	<b>5,720</b>

#### Workings:

Retained earnings		£'000
Bunting Ltd		1,954
Spots Ltd – attributable to Bunting Ltd (532-485 = 47 post acquisition x 60%)		28
		<b>1,982</b>

Non-controlling interest	£'000
Share capital – attributable to NCI (400 x 40%)	160
Retained earnings – attributable to NCI (532 x 40%)	213
Fair value adjustment (50 x 40%)	20
	<b>393</b>

Property plant and equipment	£'000
Bunting Ltd	3,554
Spots Ltd	508
Fair value net adjustment	50
	<b>4,112</b>

Goodwill	£'000
Consideration	600
NCI at acquisition 935 x 40%	374
Net assets acquired (400 + 485 + 50)	-935
	<b>39</b>