Answers

1 (a) Consolidated income statement for the year ended 31 March 2008

	$'000	Marks
Revenue (W1)	237,500	1 (W1)
Cost of sales (balancing figure)	(178,240)	$^1/_2$
Gross profit (W2)	59,260	9 (W2)
Distribution costs (7,000 + 6,000)	(13,000)	$^1/_2$
Administrative expenses (8,000 + 7,000)	(15,000)	$^1/_2$
Investment income (W5)	1,100	2 (W5)
Finance cost (4,000 + 3,000)	(7,000)	$^1/_2$
Share of profits of associate (W6)	3,150	$1^1/_2$ (W6)
Profit before tax	28,510	
Income tax expense (7,000 + 1,800)	(8,800)	$^1/_2$
Profit for the period	19,710	
Attributable to		
Minority interest (W7)	800	$1^1/_2$ (W7)
Equity holders of the parent	18,910	$^1/_2$
Net profit for the period	19,710	
		18

(b) Consolidated statement of changes in equity for the year ended 31 March 2008

	Parent $'000	Minority $'000	Total $'000	Marks
Balance at 1 April 2007 (W8 & W9)	168,040	17,990	186,030	$3^1/_2$ (W8) + $1^1/_2$ (W9)
Net profit for the period	18,910	800	19,710	$^1/_2$
Dividends	(6,500)	(600)	(7,100)	$^1/_2$ + 1
Balance at 31 March 2008	180,450	18,190	198,640	
				7

Workings – Do not double count marks

Working 1 – revenue

	$'000	Marks
Alpha + Beta	250,000	$^1/_2$
Sales from Alpha – Beta	(12,500)	$^1/_2$
	237,500	1

Working 2 – gross profit

	$'000	Marks
Alpha + Beta	62,000	$^1/_2$
Unrealised profit adjustments:		
Beta: (1/5 (3,000 – 1,600))	(280)	1
Gamma: (1/5 x 2,000 x 40%) (see tutorial note)	(160)	$1^1/_2$
Extra depreciation (W3)	(700)	$2^1/_2$ (W3)
Impairment of goodwill (W4)	(1,600)	$3^1/_2$ (W4)
	59,260	9

Tutorial Note (marks allocated in working 2) – figures in $'000

IAS 28 – *Associates* – requires partial elimination of unrealised profits on transactions between associates and group entities. Profits can only be included to the extent that they related to the non-group share. This means that the group share of such profits is eliminated and an adjustment of 160 is required to profit in this case (see working 2 above). The IAS does not specify exactly how such an adjustment should be reported in the consolidated income statement. The approach taken here is to make no adjustment to revenue whatever. Given the required adjustment to gross profit of 160 this would alter cost of sales by an equal and opposite amount.

An alternative approach would be to reduce consolidated revenue by the group share of the revenue that relates to the inventory that is unsold by Gamma at the year-end. Given the required adjustment to gross profit of 160 the adjustment to cost of sales follows as the balancing figure.

Either approach would earn full marks.

Marks

Working 3 – extra depreciation

	$'000	Marks
Property:		
(35,000 x 50% x 1/35) – (16,000 x 1/40)	100	$1^1/_2$
Plant:		
(15,000 x 1/5) – (12,000 x 1/5)	600	1
	700	$2^1/_2$ – (W2)

Working 4 – impairment of goodwill on acquisition of Beta

	$'000	$'000	Marks
Cost of investment (20 million x $2)		40,000	1
Equity of Beta at date of acquisition:			
Per own records	32,000		$^1/_2$
Fair value adjustments (7,000 + 3,000)	10,000		1
For consolidation purposes	42,000		
Group share (80%)		(33,600)	$^1/_2$
So goodwill		6,400	
Impairment of goodwill (25%)		1,600	$^1/_2$
			$3^1/_2$ – (W2)

Working 5 – investment income

	$'000	Marks
Alpha + Beta	5,500	$^1/_2$
Inter-company dividends received:		
– Beta (80% x 3,000)	(2,400)	1
– Gamma (40% x 5,000)	(2,000)	$^1/_2$
Residue in consolidated income statement	1,100	2

Working 6 – share of profits of associate

	$'000	Marks
Profit **after** tax of Gamma	10,500	$^1/_2$
10,500 x 40% x 9/12 equals	3,150	1
		$1^1/_2$

Working 7 – minority interest in Beta

	$'000	Marks
Profit after tax of Beta	4,700	$^1/_2$
Extra depreciation (W3)	(700)	$^1/_2$
	4,000	
Minority interest (20%)	800	$^1/_2$
		$1^1/_2$

Working 8 – consolidated equity at 1 April 2007

	$'000	$'000	Marks
Alpha		122,000	$^1/_2$
Unrealised profit on opening inventory (1/5 x 1,600)		(320)	1
Beta – post acquisition (91,000 – 32,000) per own records	59,000		$^1/_2$
Extra depreciation on property (100 (W3) x 1·5)	(150)		$^1/_2$
Extra depreciation on plant (600 (W3) x 1·5)	(900)		$^1/_2$
	57,950		
Group share (80%)		46,360	$^1/_2$
		168,040	$3^1/_2$

Marks

Working 9 – minority interest in opening equity of Beta

	$'000	Marks
Equity at date of acquisition	32,000	$^1/_2$
Consolidated post-acquisition increase (W8)	57,950	$^1/_2$
	89,950	
Minority interest (20%)	17,990	$^1/_2$
		$1^1/_2$

2 (a) Statement of comprehensive income for the year ended 31 March 2008

	$'000	Marks
Revenue (W1)	161,900	$1^1/_2$ (W1)
Cost of sales (W2)	(111,210)	$5^1/_2$ (W2)
Gross profit	50,690	
Distribution costs	(8,000)	$^1/_2$
Administrative expenses	(26,000)	$^1/_2$
Other income (W1)	1,000	1 (W1)
Finance cost (W6)	(8,590)	1 (W6)
Profit before tax	9,100	
Income tax expense (W7)	(2,800)	2 (W7)
Net profit for the period	6,300	
Other comprehensive income (W8)	10,920	2 (W8)
Total comprehensive income	17,220	
		14

(b) Statement of financial position as at 31 March 2008

	$'000	$'000	Marks
Assets			
Non-current assets:			
Property, plant and equipment (W9)		115,690	2 (W9)
Current assets:			
Inventories	25,000		$^1/_2$
Trade receivables (W10)	51,900		1 (W10)
Cash and cash equivalents	33,000		$^1/_2$
		109,900	
		225,590	
Equity and Liabilities			
Capital and Reserves:			
Issued capital	50,000		$^1/_2$
Revaluation reserve (W8)	10,920		$^1/_2$
Retained earnings (W11)	30,300		1
		91,220	
Non-current liabilities:			
Interest bearing borrowings (W12)	51,000		1 (W12)
Deferred tax (W13)	13,080		1 (W13)
Lease liabilities (W5)	35,590		1 (W5)
		99,670	
Current liabilities:			
Trade and other payables (W14)	13,500		1 (W14)
Provision for warranty claim (W3)	1,200		$^1/_2$
Lease liabilities (W5)	20,000		$^1/_2$ (W5)
		34,700	
		225,590	
			11

Marks

Workings – All figures in $'000 – do not double count

1. **Revenue**

		Marks
As per TB	164,000	$^1/_2$
Reversal of deferred revenue	(12,100)	$^1/_2$
Inclusion at present value at date of sale	10,000	$^1/_2$
Per Income Statement	161,900	$1^1/_2$

IAS 18 requires revenue to be measured at the fair value of goods or services provided. This is usually invoiced price, discounted to present value where material. In the current period Delta will show finance income of 1,000 (10,000 x 10%) and the closing receivable will be 11,000 not 12,100 – an adjustment of 1,100

2. **Cost of sales**

		Marks
Opening inventory	19,710	$^1/_2$
Production costs per TB	90,000	$^1/_2$
Closing inventory	(25,000)	$^1/_2$
Warranty provision (W3)	1,200	2 (W3)
Depreciation (W4)	25,300	2 (W4)
Per Income Statement	111,210	$5^1/_2$

3. **Warranty provision**

		Marks
Sales subject to provision	20,000	$^1/_2$
Relevant proportion (20%)	4,000	$^1/_2$
Total expected outlays (50%)	2,000	$^1/_2$
Less already incurred	(800)	$^1/_2$
So extra provision needed under IAS 37	1,200	
		2 – W2

4. **Depreciation of non-current assets**

		Marks
Buildings – 1/40 x 32,000 (see below)	800	1
Purchased plant and equipment – 1/4 x 27,000	6,750	$^1/_2$
Leased asset – 1/4 x 71,000 (W5)	17,750	$^1/_2$
Total depreciation for the period	25,300	

Note: The previous annual depreciation charge on the building was 560 (28,000/50) so the property was 10 years old at the date of the revaluation

2 – W2

5. **Leased asset**

The lease is a finance lease. This means that on initial recognition 71,000 is included in assets and borrowings. The borrowing is treated as shown below – with an effective finance cost of 9% per annum:

Opening balance	Cash paid	Balance in the period	Finance cost	Closing balance	Marks
71,000	(20,000)	51,000	4,590	55,590	1

20,000 of this balance is current, and 35,590 non-current $^1/_2$

$1^1/_2$

6. **Finance cost**

		Marks
Interest payable on long term borrowings (50,000 x 8%)	4,000	$^1/_2$
Relating to finance lease (W5)	4,590	$^1/_2$
	8,590	1

		Marks
7. Income tax expense		
Estimate on the profits of the current year	1,500	½
Overprovision in the previous year	(100)	½
Deferred tax ((30% x 28,000) – 7,000)	1,400	1
	2,800	2

8. Property revaluation surplus

	$'000	
Gross surplus (10,000 (W9) + 5,600 (W9))	15,600	1
Related deferred tax (30%)	(4,680)	1
Net surplus	10,920	2

9. Property, plant and equipment

	Property	Plant and equipment		Total	
		Purchased	Leased		
Cost/revaluation					
As per TB	50,000	27,000	–	77,000	
Revaluation	10,000	–	–	10,000	
Leased asset included	–	–	71,000	71,000	
As at 31 March 2008	60,000	27,000	71,000	158,000	1
Accumulated depreciation:					
As per TB	5,600	17,010	–	22,610	
Reversed out on revaluation	(5,600)	–	–	(5,600)	
Income statement for this year (W4)	800	6,750	17,750	25,300	
As at 31 March 2008	800	23,760	17,750	42,310	
NBV 31 March 2008	59,200	3,240	53,250	115,690	1
					2

10. Trade receivables

As per TB	53,000	½
Revenue adjustment (W1)	(1,100)	½
	51,900	1

11. Retained earnings

Bal bf	29,000	
Profit	6,300	½
Dividend	(5,000)	½
Bal cf	30,300	1

12. Interest bearing borrowings

50,000 + 4,000 (W6) – 3,000 (Interest paid per TB) = 51,000 — 1

13. Deferred tax

As per TB	7,000	½
Transfer for the period (W7)	1,400	Given above
On property revaluation (W8)	4,680	½
As per closing balance sheet	13,080	1

14. Trade and other payables

Trade payables per TB	12,000	½
Income tax estimate	1,500	½
As per closing balance sheet	13,500	1

3 Transaction (a)

The assistant should initially have included \$25 million, rather than \$27·5 million in property, plant and equipment (PPE). IAS 16 – *property, plant and equipment* states that only the direct costs of getting an asset ready for use should be capitalised. IAS 16 specifically forbids capitalisation of allocated general overheads.

The treatment of the damage caused by construction and rectification is also incorrect. Under the provisions of IAS 37 – *provisions, contingent liabilities and contingent assets* – Epsilon can have an obligation in respect of these costs as obligations do not need to be legally enforceable. Where an entity has indicated by its published policies and by an established pattern of past practice that it accepts certain responsibilities in certain situations then IAS 37 indicates that it has a constructive obligation where those situations arise.

Because the event giving rise to the obligation has already occurred by the end of the reporting period Epsilon needs to provide for the whole of the rectification cost, \$6 million in this case. However IAS 37 also states that where the effect of discounting is material the provision should be discounted to its present value. In this case the required provision at 1 April 2007 (in \$'000) will be:

6,000 x 0·4632 = 2,779.

As time passes and the discount unwinds the provision increases and this increase is shown as a finance cost. The finance cost for the year ended 31 March 2008 will be 222 (2,779 x 0·08) and the provision at 31 March 2008 3,001 (2,779 + 222).

When the initial provision is made, the debit entry is to PPE as this is part of the cost of gaining access to the economic benefits from the site. Therefore the total cost should be 27,779 (25,000 + 2,779) and the depreciation for the year ended 31 March 2008 2,778 (27,779 x 1/10). The carrying amount of PPE at 31 March 2008 will be 25,001 (27,779 – 2,778).

Transaction (b)

The assistant has made a retrospective adjustment to reflect the prior year impact of the development project satisfying the conditions laid down in IAS 38 – *intangible assets* – in the current year. Under the provisions of IAS 8 – *accounting policies, changes in accounting estimates and errors* – retrospective adjustments are only appropriate if the event in question is a change of accounting policy or the correction of an error.

The recognition of a project upon the achievement of criteria laid down in IAS 38 is certainly not a change in accounting policy. Nor can it be described as the correction of an error. IAS 8 states that errors include the effect of mathematical mistakes, mistakes in applying accounting policies, oversights or misrepresentations of facts, and fraud. Therefore the costs written off in the previous period should not be reinstated.

As far as the current period is concerned, IAS 38 only allows costs incurred following the date the criteria laid down in the standard to be capitalised have been met. In this case this means that only \$1·2 million (3 x \$400,000) can be capitalised. The other current period costs of \$4·2 million (6 x \$500,000 + 3 x \$400,000) must be charged as an expense in the income statement.

The fact that the project will lead to cost savings of at least \$10 million (\$1 million x 10) indicates that the recoverable amount of the asset comfortably exceeds its carrying value.

Transaction (c)

The assistant is incorrect to include an asset and liability of \$24 million in respect of the purchase of the machine. A contract to take delivery of a machine three months after the year end is an executory contract. IAS 37 states that no provision should be made for executory contracts unless the contract is onerous. IAS 16 states that non-current tangible assets should be recognised at cost. The costs relating to this item are yet to be incurred, and therefore no recognition of an item of PPE is appropriate at the year end.

Under the provisions of IAS 39 – *financial instruments: recognition and measurement* – the contract to purchase Euros on 30 June 2008 should have been recognised from 1 January 2008, the date Epsilon became party to its contractual provisions. This contract is recognised as a financial asset of \$1 million at the year end because it is a contractual right to exchange financial assets with another entity under potentially favourable conditions. Furthermore, it is a derivative because its value changes in response to a specific exchange rate and it requires little or no investment.

IAS 39 requires that derivatives be measured at fair value. The general requirement is that gains or losses arising on fair value changes should be recognised in the income statement. However, where the derivative is a hedging instrument (it can be identified with a quantifiable financial risk – in this case foreign exchange risk), then IAS 39 allows entities to use hedge accounting. If the contract is designated as a hedge of the foreign exchange risk inherent in the purchase of the machine in the following period, then the change in fair value is not recognised in the income statement of the current period. Instead it is taken to equity and recognised in the income statement in the same period (or periods) as the cost of the asset that is attributable to the hedged risk.

Transaction (d)

The assistant is incorrect to classify and treat the property lease as a whole amount. Under the provisions of IAS 17 – *Leases* – property leases must be split into their land and buildings components in order to evaluate the correct accounting treatment.

Since the property must be vacated at the end of the lease, the land element (50% of the total) would be regarded as an operating lease, and it would be correct to take the rental to the income statement as an expense. Therefore a rental expense of \$250,000 (50% x \$500,000) should be taken to the income statement.

In contrast the buildings element of the lease would be evaluated as a finance lease, since it is for the whole economic life of the building. Therefore \$2·5 million (\$5 million x 50%) should have been debited to PPE and credited to payables.

Depreciation of \$50,000 (\$2·5 million x 1/50) should have been charged to the income statement together with a finance cost of \$200,000 (\$2·5 million x 8%).

The statement of financial position would contain a closing liability (in \$'000) of 2,450 (2,500 + 200 – 250). The current element of this liability would be 54 (250 – 2,450 x 8%).

4

	\$'000	*Marks*
Revenue (110,000 + 3,750 (W3))	113,750	$^1/_2$ + 2 (W3)
Cost of sales (50,000 + 5,750 (W3))	(55,750)	$^1/_2$ + 2 (W3)
Gross profit	58,000	
Other income	4,000	$^1/_2$
Distribution costs	(5,000)	$^1/_2$
Administrative expenses (10,000 – 1,100 (W1) + 100 (W1) + 8,000 (W6))	(17,000)	$^1/_2$ + 6 (W1) + 2 (W4) + 2 (W6)
Finance costs (14,000 + 4,000 (W2) + 2,000 (W5)	(20,000)	$^1/_2$ + 3 (W2) + 3 (W5)
Profit before tax	20,000	
Income tax expense (9,000 – ((35,000 – 20,000) x 25%)))	(5,250)	2
Profit for the year	14,750	
		25

Workings to income statement (all figures in \$'000 unless stated) – Do not double count

	Marks
1. Legal case	
Under the provisions of IAS 37 – *provisions, contingent liabilities and contingent assets* – where a single obligation is being measured the provision that is recognised should be for the most likely outcome. In this case the most likely outcome is that the case will be successfully defended so no provision should be made for possible damages, although the range of outcomes should be disclosed. Therefore 1,100 should be removed from administrative expenses.	3
As far as the legal costs are concerned these will be payable to the lawyers irrespective of whether or not the case is successfully defended. The event giving rise to the legal claim, spurious or otherwise, has occurred before the year end. Therefore the full amount of the likely costs should be provided for and 100 added to administrative expenses.	2
The issue of a potential reimbursement needs to be considered separately. IAS 37 states that an asset (and therefore a reduction in expenses) should only be recognised if reimbursement is virtually certain. Therefore Kappa is correct not to reflect this in the financial statements.	1
	6
2. Bond	
Under the provisions of IAS 32 – *financial instruments: presentation* – the bond should be presented partly as equity and partly as debt. The debt component should be 40,000, being the amount of 'pure' debt that could have been raised without the conversion option.	2
The finance cost of this debt is 4,000 (40,000 x 10%)	1
	3
3. Construction contract	
Under the provisions of IAS 11 – *construction contracts* – it is necessary to evaluate the contract to see whether it is likely to be profitable or loss making. In this case a loss of 2,000 (30,000 – (10,000 + 2,000 + 20,000)) is expected and must be recognised in full.	2
Contract revenue should be 3,750 (30,000 x $12^1/_2$%) and contract costs (included in cost of sales should be 5,750 (3,750 + 2,000 the expected loss)).	2
	4
4. Sale and leaseback	
Under the provisions of IAS 17 – *leases* – the lease is an operating lease as the risks and rewards of ownership have been transferred by Kappa. Evidence for this is that the useful economic life of the property far exceeds the lease term and the option to repurchase is at market value. Therefore the treatment adopted by Kappa is appropriate.	2

Marks

5. **Loan**
Under the provisions of IAS 21 – *the effects of foreign exchange rates* – the loan interest has been correctly treated, being translated at the rate of exchange in force at the date the transaction occurred. 2

However the exchange difference of 2,000 on the loan should be included in the income statement under finance costs rather than being taken to equity. 1

3

6. **Advertising campaign**
Under IAS 38 – *intangible assets* – the only type of internally developed intangible asset that can be recognised is a development project that satisfies the stringent criteria laid down in paragraph 57 of the standard. IAS 38 specifically states (in paragraph 69) that advertising expenditure cannot be capitalised. Therefore a net addition to administrative expenses of 8,000 (10,000 – 2,000) is necessary. 2

5 (a) Transaction 1 – all figures in $'000 unless stated

(i) computation of original goodwill on acquisition of Target

		Marks
Fair value of consideration given (W1)	35,876	$4\frac{1}{2}$ (W1)
8/12 of fair value of net assets acquired (W2)	(29,267)	$\frac{1}{2}$ + 5 (W2)
So goodwill equals	6,609	10

Workings – Do not double count marks

Working 1 – fair value of consideration given

		Explanation	
Immediate cash payment	9,600	Actual amount paid	$\frac{1}{2}$
Deferred cash payment	5,926	Present value of actual amount payable	1
Share exchange	16,000	4 million shares issued at a market value of $4 per share	1
Contingent consideration	4,000	Include as share issue probable. Present value is implied in the share price	1
Acquisition costs	350	**Direct** costs of the acquisition other than the costs of issuing shares	1
	35,876		$4\frac{1}{2}$

Working 2 – fair value of net assets acquired

		Explanation	
As per financial statements of Target	30,000		$\frac{1}{2}$
Adjustment for property	7,000	Market value exceeds carrying value by 7,000	$\frac{1}{2}$
Adjustment for customer relationships	7,500	An identifiable intangible asset with a measurable fair value	1
Adjustment for workforce	Nil	Per IAS 38 – *intangible assets* – assembled workforce fails the 'control test'	1
Adjustment for re-organisation	Nil	Per IFRS 3 – *business combinations* – must treat as post-acquisition items	1
Adjustment for contingency	(600)	Per IFRS 3 include at fair value	1
	43,900		5

Marks

(ii) computation of consolidated retained earnings at 31 March 2008

			Explanation	Marks
Omega – as given	18,000			$^1/_2$
Interest charge on deferred cash consideration	(237)		5,926 x 8% x 6/12	1
Reorganisation provision	Nil		Per IAS 37 – *provisions, contingent liabilities and contingent assets* – an intention is not an obligation	$^1/_2$
Adjustment acquisition costs	500		Per IFRS 3 350 included in cost of investment and 150 deducted from share premium	1
		18,263		
Target (6,000 x 6/12)	3,000		Only post-acquisition earnings included	$^1/_2$
Dividend	(1,500)		Paid out of post-acquisition profits	$^1/_2$
Extra depreciation on building (W1)	(75)			$2^1/_2$ (W1)
Amortisation of customer relationship asset	(750)		7,500 x 1/5 x 6/12	1
Reduction in fair value of contingency	100		A post-acquisition item	1
	775			
775 x 8/12 equals		517		$^1/_2$
So total consolidated retained earnings equals		18,780		9

Working 1 – extra depreciation on building – Do not double count marks

		Marks
New annual depreciation charge 12,000 x 1/**30**	400	1
Previous annual depreciation charge 10,000 x 1/40	(250)	$^1/_2$
So excess annual charge equals	150	$^1/_2$
150 x 6/12 equals	75	$^1/_2$
		$2^1/_2$

(b) **Transaction 2 – all figures in $'000 unless stated**

Year ended 31 March 2008

On 1 January 2008 the property would be designated as 'held for sale'. The implications of this treatment are that the property would cease to be depreciated and be classified in a separate section of the statement of financial position – non-current assets held for sale.

The depreciation on the property to the date of classification as held for sale would be 150 (3,600 x 1/18 x 9/12) and this would be charged as an operating expense in the income statement.

The carrying value of the property immediately before reclassification of 5,850 (6,000 – 150) would be compared with its 'fair value less costs to sell' of 7,020 (7,100 – 80). The new carrying value of the property is the lower of these two amounts – in this case 5,850.

Year ended 31 March 2009

No depreciation will be charged on the property.

At the date of sale the profit on sale of 1,150 (7,000 – 5,850) will be reported in the income statement

			Marks
1	Marks as annotated on model answer		25
2	Marks as annotated on model answer		25
3	(a)	Do not capitalise $2·5 million	1
		No need for obligations to be legally enforceable	1
		Provide for whole of rectification cost	1
		Discount provision for rectification cost	1
		Finance cost for year ended 31 March 2008	1
		Provision at 31 March 2008	1
		Total cost $27,779	1
		Total	7
	(b)	Conclude no retrospective adjustment in this case	1
		Conclude only $1·2 million can be capitalised	1
		Charge $4·2 million to income statement	1
		Comment on recoverable amount of project	1
		Total	4
	(c)	No recognition of machine purchase yet appropriate	1
		However recognition of forward contract as a derivative is appropriate	1
		Derivative should be measured at fair value	1
		Recognise the possibility of using hedge accounting in this case	1
		Describe the application of hedge accounting in this context	2
		Total	6
	(d)	Discuss lease classification in two parts	1
		Land element an operating lease, rental expense of $250,000 to income statement	1
		Buildings element a finance lease	1
		Include PPE and a payable	1
		Depreciation charge of $50,000 in income statement	1
		Finance charge of $200,000 in income statement	1
		Compute closing liability and split	2
		Total	8
4	Marks as annotated on model answer		25

				Marks
5	**(a)**	**(i)**	Marks as annotated on model answer	10
		(ii)	Marks as annotated on model answer	9
	(b)		Conclude property held for sale in statement of financial position	1
			Compute depreciation on property in the current period	1
			State depreciation taken to income statement	1/2
			Compute fair value less costs to sell	1
			Conclude on new carrying value	1
			No depreciation in y/e 31 March 2009	1/2
			Profit on sale of 1,150 to income statement	1
			Total	6