Answers

1 (a) Consolidated balance sheet of Alpha at 30 September 2004

	$'000	$'000
Assets		
Non-current assets:		
Property, plant and equipment (35,800 + 25,000 + 2,000 (W2) + 200 (W2))	63,000	
Goodwill (W6)	1,600	
Investment in Gamma (W7)	7,845	
		72,445
Current assets:		
Inventories (18,000 + 12,000 – 160 (W4)	29,840	
Trade and other receivables (15,000 + 10,000 – 600)	24,400	
		54,240
Total assets		126,685
Equity and Liabilities		
Capital and reserves:		
Issued capital		35,000
Accumulated profits (W8)		25,205
		60,205
Minority interest (W5)		14,080
Non-current liabilities		
Interest bearing borrowings	20,000	
Deferred tax (2,000 + 1,000)	3,000	
		23,000
Current liabilities		
Trade and other payables (12,000 + 9,000 – 600)	20,400	
Bank overdraft (5,000 + 4,000)	9,000	
		29,400
Total equity and liabilities		126,685

Workings – All amounts in $'000

Working 1 – Alpha shareholdings

- Alpha owns 15 million of the 25 million issued ordinary shares of Beta. This shareholding of 60% would be sufficient to give control and Beta would be a subsidiary.
- Alpha owns three million of the 10 million issued ordinary shares of Gamma. This shareholding of 30% would not give control but would normally give significant influence and Gamma would be consolidated as an associate.

Working 2 – Net assets table (Beta)

Description	Amount as at			Comment
	Acquisition	BS Date	Movement	
Issued capital	25,000	25,000		
Accumulated profits:				
Per accounts of Beta	3,000	8,000		
Fair value adjustments:				
– Property	2,000	2,000		No change since acquisition
– Plant	800	200		Adjustment written off over 4 years
– Inventory	500	Nil		All sold shortly after acquisition
– Trade and other receivables	200	Nil		Contingency realised shortly after acquisition
Net assets for consolidation	31,500	35,200	3,700	Adjusted post-acquisition profits.

Working 3 – Net assets table (Gamma)

Description	Amount as at		
	Acquisition	BS Date	Movement
Issued capital	10,000	10,000	
Accumulated profits	6,000	13,300	
Net assets for consolidation	16,000	23,300	7,300

Working 4 – Unrealised profit in inventory
– Beta – 25/125 X 800 = 160.
– Gamma – 25/125 X $750 = 150.

Working 5 – Minority interest (Beta)
40% X 35,200 (W2) = 14,080.

Working 6 – Goodwill on acquisition

	Beta	Gamma
Cost of investment by Alpha	22,900	6,300
60%/30% of the net assets of Beta and Gamma at 1 October 2001/ 1 October 2002 (workings 1 and 2)	(18,900)	(4,800)
Total goodwill	4,000	1,500
Amortised to date (60%/40%)	(2,400)	(600)
To consolidated balance sheet	1,600	900

Working 7 – investment in Gamma

30% X net assets at 30 September 2004 (23,300 – W3)	6,990
30% of unrealised profit (150 – W3)	(45)
Unamortised goodwill (W5)	900
	7,845

Working 8 – accumulated profits

Alpha	24,000
Beta (60% X 3,700 (W1))	2,220
Gamma (30% X 7,300 (W2))	2,190
Amortisation of goodwill (W6)	(3,000)
Unrealised profit in inventory:	
Beta (W3)	(160)
Gamma (W6)	(45)
	25,205

(b) Under the provisions of IAS 28 – *Accounting for Investments in Associates* – Gamma is currently dealt with as an associate in the consolidated accounts. This is because Alpha's shareholding represents 30% of the total issued capital of Gamma. Such a shareholding would normally allow Alpha to exercise a significant influence over the operating and financial policies of Gamma but not to control those policies. However, if Alpha were able to control the composition of the board of directors then Alpha would be able to exercise control of Gamma's operating and financial policies. Therefore in these circumstances IAS 27 – *Consolidated Financial Statements and Accounting for Investments in Subsidiaries* – would require that Gamma be consolidated as a subsidiary due to the ability of Alpha to exercise control. The minority interest in the net assets of Gamma would be 70%.

2 (a) Delta income statement for the year ending 30 September 2004

	$'000
Revenue (128,000 – 8,000 (W1))	120,000
Cost of sales (W3)	(82,500)
Gross profit	37,500
Distribution costs (W3)	(8,725)
Administrative expenses (W3)	(13,125)
Profit from operations	15,650
Finance cost (W6)	(6,000)
Profit before tax	9,650
Income tax expense (W7)	(2,800)
Net profit for the period	6,850

(b) Delta statement of changes in equity for the year ending 30 September 2004

	Share capital	Revaluation Reserve	Accumulated Profit	Total
	$'000	$'000	$'000	$'000
Balance at 1 October 2003	50,000	–	27,000	77,000
Surplus on revaluation of property (W8)		12,340		12,340
Net profit for the period			6,850	6,850
Transfer of realised profits (W9)		(140)	140	
Dividends paid			(2,000)	(2,000)
Balance at 30 September 2004 (W10)	50,000	12,200	31,990	94,190

(c) Delta balance sheet as at 30 September 2004

	$'000	$'000
Assets		
Non-current assets:		
Property, plant and equipment (W11)	76,200	
Export licence (5,000 – 500)	4,500	
		80,700
Current assets:		
Inventories	23,000	
Trade receivables	44,000	
Bank balances	33,790	
		100,790
		181,490
Equity and Liabilities		
Capital and Reserves:		
Issued capital	50,000	
Revaluation reserve	12,200	
Accumulated profits	31,990	
		94,190
Non-current liabilities:		
Interest bearing borrowings	40,000	
Deferred tax (W12)	7,400	
Lease liabilities (W5)	19,500	
		66,900
Current liabilities:		
Trade and other payables (W13)	14,500	
Lease liabilities (25,000 (W5) – 19,500)	5,500	
Provision for legal costs (W2)	400	
		20,400
		181,490

Workings – All figures in $'000

1. Revenue and suspense account
   - The $5 million paid for the export licence should be capitalised at cost as an intangible non-current asset and amortised over its useful economic life of 10 years. Therefore, there should be a charge to income of $500,000 in the current year. This treatment is consistent with IAS 38 – *Intangible assets*.
   - The IASB's *Framework for the Preparation and Presentation of Financial Statements* states (paragraph 49) that an asset is 'a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity'. The inclusion of expected future revenue streams as an asset goes against this concept in that the event giving rise to the future economic benefits has not yet occurred. Therefore the $8 million should be removed from the suspense account and also from revenue.
2. Provision for legal costs
   - The $9·6 million sought by the customer is only a present obligation arising out of a past event if the case goes against Delta. Based on the scenario in the question it is improbable that the case will be lost so the recognition criteria laid down in IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* – are not met.
   - The $400,000 is possibly recoverable from the customer but IAS 37 only allows recognition of potential reimbursements if the reimbursement is virtually certain. Therefore this amount should remain in administrative expenses.

3. Allocation of operating expenses

	Cost of sales	Distribution costs	Administrative expenses
Opening inventory	18,200		
Expenses per TB	75,000	8,000	22,000
Closing inventory	(23,000)		
Legal provision reversed (W2)			(9,600)
Depreciation (W4)			
Buildings	400	50	50
Plant	5,400	675	675
Leased asset	6,000		
Intangible asset	500		
Total in income statement	82,500	8,725	13,125

4. Depreciation of non-current assets

Buildings – 1/41 X (40,000 – 19,500)	500
Purchased plant and equipment – 1/4 X 27,000	6,750
Leased asset – 1/5 X 30,000 (W5)	6,000
Intangible asset (W1)	500
Total depreciation for the period	13,750

NB: The building was purchased on 1 October 1994 and revalued on 30 September 2003 so it was nine years old when it was revalued. The remaining useful economic life at revaluation date is estimated at 50 – 9 = 41 years. Depreciation after the revaluation is charged on the revalued amount.

5. Leased asset

The lease is a finance lease. This means that on initial recognition $30 million is included in assets and borrowings. The borrowing is treated as shown below:

Year ended	Opening balance	Finance cost	Cash paid	Closing balance
30 September 2004	30,000	3,000	(8,000)	25,000
30 September 2005	25,000	2,500	(8,000)	19,500

– The finance cost for the current year is $3 million.
– The closing borrowing is $25 million, of which $19·5 million is a non-current liability.

6. Finance cost

Interest payable on long term borrowings	3,000
Relating to finance lease (W5)	3,000
	6,000

7. Income tax expense

Estimate on the profits of the current year	2,500
Overprovision in the previous year	(200)
Deferred tax (1,400 – 900)	500
	2,800

8. Surplus on revaluation of property

Revalued amount as given	40,000
Carrying value prior to revaluation (30,000 – 3,240)	(26,760)
Related deferred tax	(900)
Revaluation surplus included in equity	12,340

9. Transfer of realised profits

Depreciation charged on revalued amount	500
Depreciation based on original cost (1/50 X 18,000)	(360)
	140

10. Share issue

The share issue took place after the balance sheet date but before the accounts are authorised for issue. Therefore it is an event occurring after the balance sheet date under the principles laid down in IAS 10 – *Events After the Balance Sheet Date*. However it is a non-adjusting event so no entry is made in the statement of movement in equity.

11. Property, plant and equipment

	Property	Plant and equipment		Total
		Purchased	Leased	
Cost/revalued amount at 30 September 2004	40,000	27,000	30,000	97,000
Provision for depreciation:				
Charged in previous years	–	(7,550)	–	(7,550)
Income statement for this year	(500)	(6,750)	(6,000)	(13,250)
NBV 30 September 2004	39,500	12,700	24,000	76,200

NB: The opening provision for depreciation on the property is incorporated into the revalued amount

12. Deferred tax

As per TB	6,000
Transfer for the period	1,400
As per closing balance sheet	7,400

13. Trade and other payables

Trade payables per TB	12,000
Income tax estimate	2,500
As per closing balance sheet	14,500

3 1. The International Accounting Standards Board (IASB) addressed this issue in International Financial Reporting Standard (IFRS)1 – *First Time Adoption of International Financial Reporting Standard*s. IFRS 1 states that the starting point for the adoption of IFRSs for the year ended 31 December 2005 is to prepare an opening IFRS balance at 1 January 2004 (the beginning of the earliest comparative period). The general rule is that this balance sheet will need to comply with each IFRS effective at 31 December 2005 (the reporting date). This means that the opening IFRS balance sheet should:

(i) Recognise all assets and liabilities whose recognition is required by IFRSs.
(ii) Not recognise items as assets or liabilities if the IFRSs do not permit such recognition.
(iii) Apply IFRSs in the measurement of all recognised assets and liabilities.

This requirement causes a number of practical difficulties:

(i) At the effective date of transition to IFRSs (1 January 2004) it is not totally clear which IFRSs will be in force two years later so the originally prepared balance sheet may well need to be amended several times prior to the publication of the first IFRS financial statements.
(ii) The costs of retrospectively applying the recognition and measurement principles of IFRSs might well be considerable. As far as this issue is concerned IFRS 1 grants a limited number of exemptions from the general requirements where the cost of complying with them would be likely to exceed the benefits to users. For example:
   – There is no need to retrospectively apply IFRS 3 – *Business Combinations* – to combinations that occurred before the date of transition to IFRSs.
   – It is possible to recognise all cumulative actuarial gains and losses at the date of transition to IFRSs, even if the corridor approach in IAS 19 – *Employee Benefits* is used for later actuarial gains and losses.

In general the transitional provisions in other IFRSs do not apply to first time adoption. However IFRS 1 does not allow full retrospective application of IFRSs in the following areas:

– Any financial assets or liabilities derecognised under our existing accounting standards in a period beginning before 1 January 2001 do not need to be recognised even if IAS 39 – *Financial Instruments: Recognition and Measurement* would normally require such recognition.
– The hedge accounting rules of IAS 39 are not applied to existing contracts.

Given today's date we need to proceed with this task as a matter of urgency. Our 2004 financial statements will need to be prepared under two different sets of accounting standards and we will need to ensure that we have the resources (both human and capital) to complete this task.

2. IAS 34 – *Interim Reporting* does not oblige entities to publish interim financial reports but when they are published and purport to comply with IFRSs then IAS 34 governs their content. An interim report should be a condensed version of the full financial statements, and should include an explanation of the events and transactions that are significant to an understanding of the interim financial statements. According to IAS 34 our first interim report (for the six months to 30 June 2005) should contain, as a minimum:

– A condensed balance sheet at 30 June 2005.
– A condensed income statement for the six months to 30 June 2005.
– A condensed statement of changes in equity for the six months to 30 June 2005.
– A condensed cash flow statement for the six months to 30 June 2005.
– Relevant explanatory notes.

Condensed statements should include, as a minimum, each of the headings and sub-totals that would have been included in the 2004 financial statements based on IFRSs. The recognition and measurement principles should be the same as those used in the main financial statements.

The requirements for comparative information upon first time adoption of IFRSs depend on whether or not we have previously prepared interim reports. Comparative information is only required if we have previously prepared interim financial reports. Therefore, we do not need to prepare any comparative information for inclusion in our interim financial report.

3. IAS 24 – *Related Party Disclosures* deals, as its name suggests, with the disclosure of matters concerning related parties. Broadly the disclosures fall into two parts:

(i) It is always necessary to disclose related party relationships when control exists even if there have been no transactions between the parties.

(ii) In other circumstances disclosure is only required where there have been related party transactions. A related party transaction is the transfer of resources or obligations between related parties, regardless of whether a price is charged. Where such transactions have occurred entities should disclose the nature of the related party relationship as well as the types of transactions and the elements of the transaction necessary for an understanding of the financial statements. This would normally include:

- The monetary amounts of the transactions.
- The monetary amounts of any outstanding items.
- Any bad debts expense associated with the transactions.

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. A related party may be another entity or an individual. An entity is usually a related party to its key management personnel and also to fellow members of the same group.

4 (a) The basic earnings per share of an entity is computed by dividing the weighted average number of ordinary shares in issue during a period into the profit for the period that is attributable to the ordinary shareholders. It could be said to be a superior performance measure than profit alone because it allows for the impact of changes in capital structure involving the issue or repurchase of ordinary shares, which profit alone does not.

The IASB's *Framework for the Preparation and Presentation of Financial Statements* states (in paragraphs 24 and 26) that useful financial information should be relevant to the decision making needs of users. Relevant financial information influences the economic needs of users by helping them evaluate past, present or future events. As financial reporting develops it is becoming increasingly apparent that not all aspects of financial performance can be captured by a single figure, the profit for the period. This has led to IFRSs such as IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* – and IFRS 5 – *Non-current Assets Held for Sale and Discountinued Operations*. Both these IFRSs require disclosure of a number of different components of financial performance. However, because the earnings per share statistic is computed on the overall profit for the period it does not inform the user about the components of financial performance that have led to the overall profit. In that sense its 'value relevance' could be said to be questionable.

The diluted earnings per share figure acts as a warning signal to existing ordinary shareholders. The warning is that the earnings per share figure could face future dilution due to events that are not within the entity's control and which are nothing to do with financial performance. The potential future dilution arises from the possibility of potential ordinary shares actually becoming ordinary shares at the election of the holders. IAS 33 – *Earnings per Share* – requires that the shareholders are warned about this possibility by the disclosure of what the earnings per share figure for the current period would have been if all the potential ordinary shares had been converted into ordinary shares on the first day of the accounting period (or their date of issue if later). This disclosure could be said to be of meaningful relevance in that the potential ordinary shares were not in fact in issue during the reporting period and so the disclosure is of a purely hypothetical number. There is really no solution to this dilemma short of requiring disclosure based on estimated future earnings and the lack of reliability of such a number makes this requirement impracticable.

(b) (all figures in '000)

Summary of disclosures in 2004 accounts

	Year ended 30 September	
	2004	2003
Basic EPS (cents)	4·04	4·5
Diluted EPS (cents)	3·95	N/a

Workings

Working 1
The earnings for basic EPS purposes is $37,000 (2003 = $37,500)

Working 2
The theoretical ex-rights fair value of the shares on 1 April 2004 is:

	Number	Value ($)
Prior to rights issue	400,000	2,000,000
Rights issue	100,000	400,000
After rights issue	500,000	2,400,000

So theoretical ex-rights fair value is $2,400,000/500,000 = $4·80.

Working 3
The bonus fraction is $5·00/$4·80 = 50/48.

Working 4
The weighted average number of shares in issue is:

400,000 X 6/12 X 50/48 + 500,000 X 6/12 = 458,333 (2003 = 400,000)

So the originally computed EPS figures will be:

– 2004 – $37,000/458,333 = 8·07 cents.
– 2003 – $37,500/400,000 = 9·38 cents.

Working 5
The bonus issue after the balance sheet date (relevant since the issue is before the financial statements were approved for publication and is at a special price) changes one ordinary share into two. Therefore the disclosed 2004 figure will be 8·07 X $^1/_2$ = 4·04 cents.

Working 6
The comparative figure that will be shown in the 2004 financial statements will be 9·38 X 48/50 X $^1/_2$ = 4·50 cents.

Working 7
The dilutive effect of the share options is as follows:

– 50,000 shares issued at $3 would generate proceeds of $150,000.
– $150,000 would buy 30,000 shares at average fair value.
– So the dilutive effect of the options is 50,000 – 30,000 = 20,000 shares.

Working 8
– Converting the loan into shares would increase post-tax profit by $100 million X 10% X (100 – 25)% = $7·5 million.
– Converting the loan would increase the issued capital by 40 million shares.

Working 9
The test for inclusion of potential ordinary shares in the diluted EPS calculation is as follows:

	Earnings ($)	Number	EPS (cents)	Comment
Per Basic EPS	37,000	916,667	4·04	
Share options	–	20,000		
	37,000	936,667	3·95	Options are dilutive
Convertible loan	7,500	40,000		
	44,500	976,667	4·56	Loan is anti-dilutive

5 (a) IAS 41 states that an entity should recognise a biological asset or agricultural produce when:

– It controls the asset as a result of past events.
– It is probable that future economic benefits associated with the asset will flow to the entity.
– The fair value or cost of the asset can be measured reliably.

These criteria are consistent with the IASC Framework (paragraph 83), which states that an element should be recognised if:

– It is probable that any future economic benefit associated with the element will flow to the enterprise.
– The element has a cost or value that can be determined reliably.

IAS 41 further states that biological assets or agricultural produce should normally be measured at fair value less estimated point of sale costs. The standard assumes that the fair value of a biological asset or agricultural produce can be measured reliably. This presumption can only be rebutted for a biological asset or agricultural produce for which market determined prices or values are not available and for which alternative measures of fair value are 'clearly unreliable'. Even then this rebuttal must be made on initial recognition of the asset.

The measurement basis selected by IAS 41 is one that is envisaged in the IASC Framework (paragraph 100). However the Framework (paragraph 101) states that the most common measurement basis used is historical cost. For this to be a basis to produce relevant and reliable financial information the cost of the asset needs to be determinable. For many biological assets (e.g. newly born calves) the concept of 'cost' is not an easy one to apply and so fair value seems to be more appropriate.

(b) Extracts from the Income statement

	$'000	$'000
Income		
Change in fair value of purchased herd (W2)	(30)	
Government grant (W3)	400	
Change in fair value of newly born calves (W4)	125	
Fair value of milk (W5)	5·5	
Total income		500·5
Expense		
Maintenance costs (W2)	500	
Breeding fees (W2)	300	
Total expense		(800)
Net income		(299·5)
Extracts from the balance sheet		
Property, plant and equipment:		
Land (W1)	20,000	
Mature herd (W2)	970	
Calves (W4)	125	
		21,095
Inventory		
Milk (W5)		5·5

Workings

1. Land

The purchase of the land is not covered by IAS 41. The relevant standard to apply to this transaction is IAS 16 – *Property, Plant and Equipment*. Under this standard the land would initially be recorded at cost and depreciated over its useful economic life. This would usually be considered to be infinite in the case of land and so no depreciation would be appropriate. Under the benchmark treatment laid down in IAS 16 no recognition would be made of post-acquisition changes in the value of the land. The allowed alternative treatment would permit the land to be revalued to market value, with the surplus taken to equity.

2. Cows

Under the 'fair value model' laid down in IAS 41 the mature cows would be recognised in the balance sheet at 30 September 2004 at their fair value of 10,000 X $97 = $970,000. The difference between the fair value of the mature herd and its cost ($970,000 – $1 million – a loss of $30,000) would be charged in the income statement, along with the maintenance costs of $500,000.

3. Grant

Grants relating to agricultural activity are not subject to the normal requirement of IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance*. Under IAS 41 such grants are credited to income as soon as they are unconditionally receivable rather than being recognised over the useful economic life of the herd. Therefore $400,000 would be credited to income by Sigma.

4. Calves

They are a biological asset and the fair value model is applied. The breeding fees are charged to income and an asset of 5,000 X $25 = $125,000 recognised in the balance sheet and credited to income.

5. Milk

This is agricultural produce and is initially recognised on the same basis as biological assets. Thus the milk would be valued at 10,000 X $0·55 = $5,500. This is regarded as 'cost' for the future application of IAS 2 – *Inventories* – to the unsold milk.

			Marks
1	**(a)**	Principle line by line consolidate Beta but not Gamma	1
		Property plant and equipment [only $^1/_2$ if no fair value changes]	$1^1/_2$
		Inventories [only $^1/_2$ if no deduction for URP]	$1^1/_2$
		Trade receivables [only $^1/_2$ if no elimination]	$1^1/_2$
		Issued capital	1
		Interest bearing borrowings	$^1/_2$
		Deferred tax	$^1/_2$
		Trade payables [only $^1/_2$ if no elimination]	1
		Bank overdraft	$^1/_2$
		Provisions	$^1/_2$
		Working 1	2
		Working 2	4
		Working 3	1
		Working 4 – $^1/_2$ for principle	$1^1/_2$
		Working 5	1
		Working 6	3
		Working 7	3
		Working 8	3
		available	28
		maximum	**21**
	(b)	Discussion re: significant influence	2
		Note that board representation enables control over operating and financial policies	2
		So conclude Gamma now a subsidiary [including IAS 27 link]	2
		available	6
		maximum	**4**
		Maximum for question	**25**
2	**(a)**	Revenue (W1)	1
		Conclusion on provision (W2)	2
		Allocation of operating expenses (W3 & W4)	5
		Treatment of leased asset (W5)	3
		Finance cost (W6)	1
		Income tax expense (W7)	2
		available	14
		maximum	**11**
	(b)	Opening balances	2
		Revaluation surplus (W8)	2
		Transfer of realised profits (W9)	2
		Profit for period from income statement	1
		Dividend paid	1
		Appropriate comment on share issue (W10)	2
		available	10
		maximum	**6**
	(c)	Intangible non-current asset	1
		PPE (W11)	3
		Current assets ($^1/_2$ each)	$1^1/_2$
		Equity and liabilities is as part (b) ($^1/_2$ each)	$1^1/_2$
		Non-current liabilities (1 for deferred tax, $^1/_2$ each for others)	2
		Current liabilities (1 for lease liability, $^1/_2$ each for others)	2
		available	11
		maximum	**8**
		Maximum for question	**25**

				Marks
3	**(1)**	Appreciation IFRS 1 is relevant authority		2
		Need for opening BS at 1 January 2004		2
		Describe basis of preparation		3
		Discuss practical difficulties (up to)		3
		Outline IFRS 1 reliefs (up to)		4
		Outline practical implementation issues (up to)		2
			available	16
			maximum	**12**
	(2)	Appreciate IAS 34 is relevant authority		1
		General description of interim report		2
		Specifics required in June 2005 report		3
		Recognition and measurement same as main financial statements		1
		Describe comparative information		2
			available	9
			maximum	**6**
	(3)	Appreciate IAS 24 is relevant authority		1
		Disclose controlling relationship		1
		Disclose details of transactions [including definition]		3
		Identify what needs disclosing		2
		Define related parties		2
		Give examples		2
			available	11
			maximum	**7**
			Maximum for question	**25**
4	**(a)**	1 mark per relevant point up to		14
	(b)	Identify initial earnings figures		1
		Compute theoretical ex-rights fair value		2
		Compute bonus fraction		1
		Compute weighted average number of shares for 2004		1
		As above for 2003		1
		So compute EPS for 2004 and 2003		1
		Include impact of bonus issue – with reason		2
		Amend 2003 figure to be 2004 comparative		1
		Compute dilutive effect of share options		2
		Principle test both for dilution		1
		Test for options		1
		Test for loan		1
		Conclusion consistent with test		1
			available	16
			maximum	**11**
			Maximum for question	**25**

				Marks
5	**(a)**	Recognition issues – 1 mark per point up to		5
	(b)	Measurement issues – 1 mark per point up to		4
			available	9
			maximum	**8**
	(c)	Land – up to		5
		Cows – up to		5
		Grant – up to		3
		Calves – up to		3
		Milk – up to		3
			available	19
			maximum	**17**
			Maximum for question	**25**