The following are the draft statements of financial position of Party Co and Streamer Co as at 30 September 20X5:

	Party Co	Streamer Co
	$´000	**$´000**
ASSETS		
Non-current assets		
Property, plant and equipment	392,000	84,000
Investments	120,000	Nil
	512,000	84,000
Current assets	94,700	44,650
Total assets		
	606,700	128,650
EQUITY AND LIABILITIES		
Equity		
Equity shares	190,000	60,000
Retained earnings	210,000	36,500
Revaluation surplus	41,400	4,000
	441,400	100,500
Non-current liabilities		
Deferred consideration	28,000	Nil
Current liabilities	137,300	28,150
Total equity and liabilities		
	606,700	128,650

The following information is relevant:

(i) On 1 October 20X4, Party Co acquired 80% of the share capital of Streamer Co. At this date the retained earnings of Streamer Co were \$34m and the revaluation surplus stood at \$4m. Party Co paid an initial cash amount of \$92m and agreed to pay the owners of Streamer Co a further \$28m on 1 October 20X6. The accountant has recorded the full amounts of both elements of the consideration in investments. Party Co has a cost of capital of 8%. The appropriate discount rate is 0·857.

(ii) On 1 October 20X4, the fair values of Streamer Co's net assets were equal to their carrying amounts with the exception of some inventory which had cost \$3m but had a fair value of \$3·6m. On 30 September 20X5, 10% of these goods remained in the inventories of Streamer Co.

(iii) During the year, Party Co sold goods totalling \$8m to Streamer Co at a gross profit margin of 25%. At 30 September 20X5, Streamer Co still held \$1m of these goods in inventory. Party Co's normal margin (to third party customers) is 45%.

(iv) The Party group uses the fair value method to value the non-controlling interest. At acquisition the non-controlling interest was valued at \$15m.

Required:

(a) **Prepare the consolidated statement of financial position of the Party group as at 30 September 20X5.** (15 marks)

(b) Party Co has a strategy of buying struggling businesses, reversing their decline and then selling them on at a profit within a short period of time. Party Co is hoping to do this with Streamer Co.

As an adviser to a prospective purchaser of Streamer Co, explain any concerns you would raise about making an investment decision based on the information available in the Party Group's consolidated financial statements in comparison to that available in the individual financial statements of Streamer Co. (5 marks)