

Class 1: Basic Groups

Mini Session 1: SFP Basic Workings (Proportionate NCI)

ILLUSTRATION 1

	H	S
Investment in S	400	
Other Net Assets	2800	1200
Share Capital	100	100
Retained Earnings	3100	1100

H acquired 60% S 2 years ago when S's reserves were 260

FV of S's NA at the date of acquisition were 380. The difference is due to PPE with a 10 year UEL

Proportionate NCI is used

ILLUSTRATION 2

	H	S
Investment in S	1,000	
Other Net Assets	7,000	3,000
Share Capital	100	100
Retained Earnings	7900	2900

H acquired 80% S 4 years ago when S's reserves were 800

FV of S's NA at the date of acquisition were 950. The difference is due to PPE with an 8 year UEL

Proportionate NCI is used

ILLUSTRATION 3

	H	S
Investment in S	800	
Other Net Assets	5600	2400
Share Capital	100	100
Retained Earnings	6300	2300

H acquired 70% S 6 years ago when S's reserves were 620

FV of S's NA at the date of acquisition were 760. The difference is due to PPE with a 10 year UEL

Proportionate NCI is used

Mini Session 2: SFP Basic Workings (Proportionate NCI with Impairment)

ILLUSTRATION 4

Investment in S	2000	
Other Net Assets	14000	6000
Share Capital	100	100
Retained Earnings	15900	5900

H acquired 60% S 6 years ago when S's reserves were 1700

FV of S's NA at the date of acquisition were 1900. The difference is due to PPE with a 10 year UEL

Proportionate NCI is used and goodwill is impaired by 95

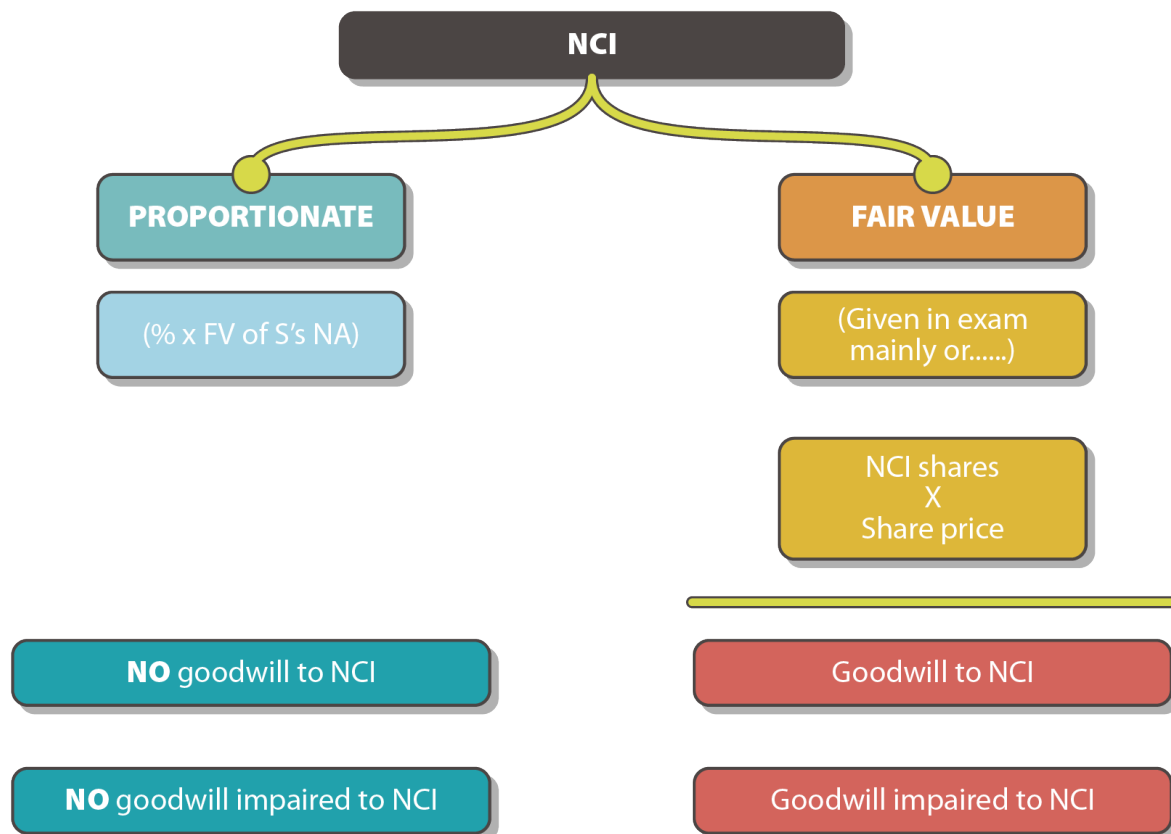
ILLUSTRATION 5

Investment in S	600	
Other Net Assets	4200	1800
Share Capital	100	100
Retained Earnings	4700	1700

H acquired 90% S 4 years ago when S's reserves were 440

FV of S's NA at the date of acquisition were 570. The difference is due to PPE with a 6 year UEL

Proportionate NCI is used and goodwill is impaired by 10



Mini Session 3: SFP Basic Workings (FV NCI with Impairment)

ILLUSTRATION 6

	H	S
Investment in S	600	
Other Net Assets	4200	1800
Share Capital	100	100
Retained Earnings	4700	1700

H acquired 90% S 4 years ago when S's reserves were 440

FV of S's NA at the date of acquisition were 570. The difference is due to PPE with a 6 year UEL

FV of NCI method is used and at acquisition was 63

Goodwill is impaired by 10

ILLUSTRATION 7

	H	S
Investment in S	200	
Other Net Assets	1400	600
Share Capital	100	100
Retained Earnings	1500	500

H acquired 60% S 2 years ago when S's reserves were 80

FV of S's NA at the date of acquisition were 190. The difference is due to PPE with a 5 year UEL. FV of NCI method is used and at acquisition was 84.

Goodwill impaired by 10

Class 2: Further Additions

Mini Session 1: Further Acquisition

ILLUSTRATION 1

	H	S
Investment in S	2000	
Other Net Assets	3478	2632
Share Capital	1120	600
Retained Earnings	4358	2032

H acquired 60% S 1 year ago, for \$1,463 when its RE were \$1,656 and the FV of its NA were \$2,280. Any difference between book values and Fair values is caused by PPE with a 5 year UEL. At this date the FV of NCI was 963

H acquired a further 20% of S for \$537 at the Y/E (this was before any goodwill impaired below)

The recoverable amount of S at the Y/E was 2,677

ILLUSTRATION 2

	H	S
Investment in S	5000	
Other Net Assets	8695	6580
Share Capital	1120	600
Retained Earnings	12575	5980

H acquired 75% S 4 years ago, for \$3,658 when its RE were \$3,913 and the FV of its NA were \$4,559. Any difference between book values and Fair values is caused by PPE with a 10 year UEL. At this date the FV of NCI was \$1,204

H acquired a further 13% of S for \$1,342 at the Y/E (this was before any goodwill impaired below)

The recoverable amount of S at the Y/E was \$6,612

ILLUSTRATION 3

	H	S
Investment in S	3000	
Other Net Assets	5217	3948
Share Capital	1120	600
Retained Earnings	7097	3348

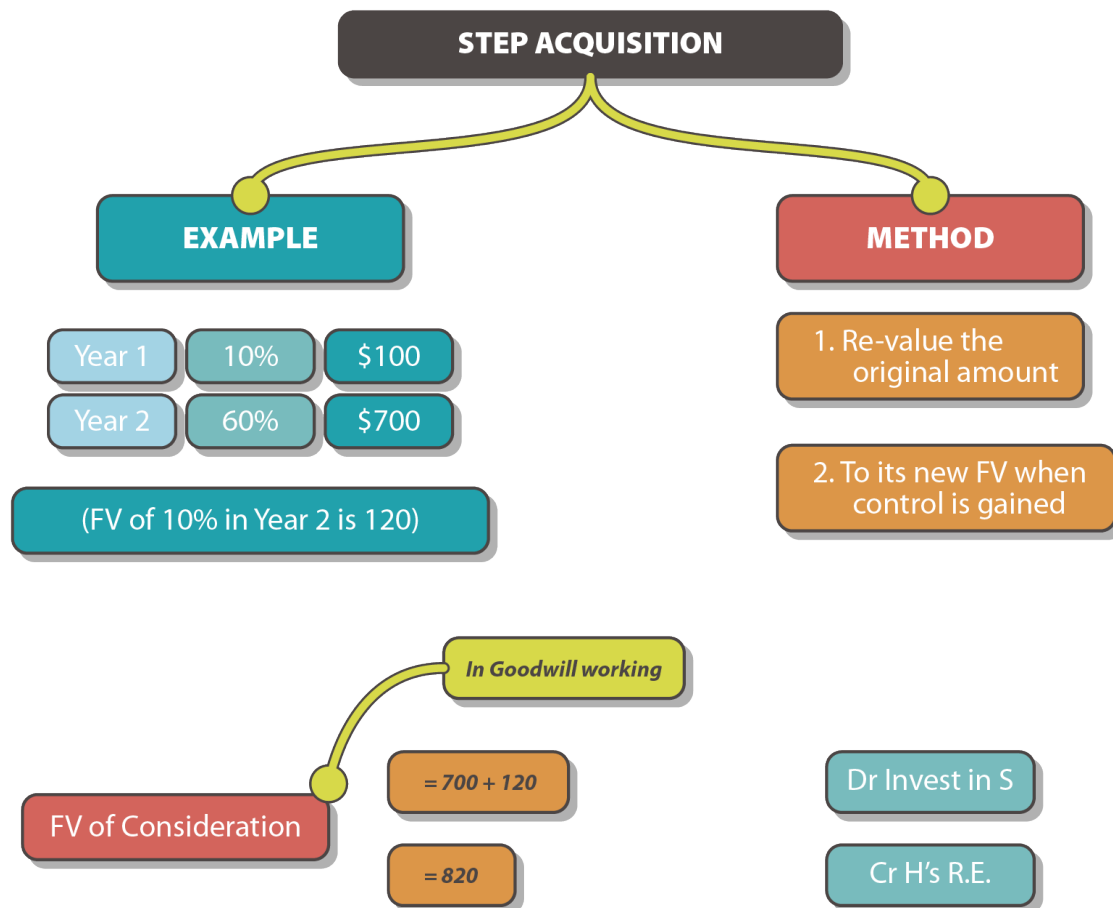
H acquired 80% S 2 years ago, for \$2,195 when its RE were \$1,938 and the FV of its NA were \$2,565. Any difference between book values and Fair values is caused by PPE with a 4 year UEL. At this date the FV of NCI was \$542

H acquired a further 10% of S for \$805 at the Y/E (this was before any goodwill impaired below)

The recoverable amount of S at the Y/E was \$3,955

Class 3: Step Acquisitions & Partial Disposals

Mini Session 1: Step Acquisitions



So here all you need to remember is to revalue the first % that was bought, at the time you take control (more than 50%)

So, in the example above the original amount was 10% for \$100.

We take control in Year 2. It's value then is \$120.

The revaluation double entry is Dr Investment in S 20 Cr H's RE 20

ILLUSTRATION 1

	H	S
Investment in S	6120	
Other Net Assets	42840	18360
Share Capital	100	100
Retained Earnings	48860	18260

H acquired 30% S 10 years ago for \$1,800. It acquired a further 60% 5 years ago for \$4,320

The FV of its NA 5 years ago was \$5,814, and its reserves were \$5,408. Any difference between book and fair value is caused by PPE with a 10 years UEL. The FV of the original 10% shareholding at this date was \$2,124

Goodwill is calculated using the proportionate method for NCI and has been impaired by 133 since acquisition

ILLUSTRATION 2

	H	S
Investment in S	10600	
Other Net Assets	74200	31800
Share Capital	100	100
Retained Earnings	84700	31700

H acquired 10% S 10 years ago for \$1,000. It acquired a further 80% 2 years ago for \$9,600

The FV of its NA 2 years ago was \$10,070, and its reserves were \$9,440. Any difference between book and fair value is caused by PPE with a 5 years UEL. The FV of the original 10% shareholding at this date was \$1,180

Goodwill is calculated using the proportionate method for NCI and has been impaired by 189 since acquisition

ILLUSTRATION 3

	H	S
Investment in S	10400	
Other Net Assets	72800	31200
Share Capital	100	100
Retained Earnings	83100	31100

H acquired 20% S 10 years ago for \$2,000. It acquired a further 70% 4 years ago for \$8,400

The FV of its NA years ago was \$9,880, and its reserves were \$9,260. Any difference between book and fair value is caused by PPE with a 10 years UEL. The FV of the original 20% shareholding at this date was \$2,360

Goodwill is calculated using the proportionate method for NCI and has been impaired by 205 since acquisition

Mini Session 2: Partial Disposals

ILLUSTRATION 1

	H	S
Investment in S	1,000	
Other Net Assets	2377	1799
Share Capital	1120	600
Retained Earnings	2257	1199

H acquired 90% S 5 years ago, for \$1,367 when its RE were \$805 and the FV of its NA were \$1,421. Any difference between book values and Fair values is caused by PPE with a 10 year UEL. At this date the FV of NCI was \$150

H sold 20% of S for \$367 at the Y/E (this was before any goodwill impaired below) and this amount was credited to the investment in S

The recoverable amount of S at the Y/E was \$1,821

ILLUSTRATION 2

	H	S
Investment in S	2,000	
Other Net Assets	4754	3598
Share Capital	1000	100
Retained Earnings	5754	3498

H acquired 80% S 4 years ago, for \$2,734 when its RE were \$3,062 and the FV of its NA were \$3,195. Any difference between book values and Fair values is caused by PPE with a 5 year UEL. At this date the FV of NCI was \$675

H sold 20% of S for \$734 at the Y/E (this was before any goodwill impaired below) and this amount was credited to the investment in S

The recoverable amount of S at the Y/E was \$3,654

ILLUSTRATION 3

	H	S
Investment in S	1500	
Other Net Assets	3566	2698
Share Capital	1000	100
Retained Earnings	4066	2598

H acquired 70% S 4 years ago, for \$2,051 when its RE were \$2,611 and the FV of its NA were \$2,739. Any difference between book values and Fair values is caused by PPE with a 10 year UEL. At this date the FV of NCI was \$868

H sold 10% of S for \$551 at the Y/E (this was before any goodwill impaired below) and this amount was credited to the investment in S

The recoverable amount of S at the Y/E was \$2,770

Class 4: Foreign Subs

Mini Session 1: SFP (FV NCI)

ILLUSTRATION 1

	H	S (Dinars)
Investment in S	900	
Other Net Assets	7337	9785
Share Capital	200	180
Retained Earnings	8037	9605
Acquisition (Years ago)	5	
Percentage acquired	60%	
FV of NA acq (Dinars)	11187	
FV of NCI (Dinars)	4700	
Reserves at acquisition (dinars)	9250	
UEL of FV adjustment	10	
Impairment	0	
Acquisition Rate (Dinars to \$)	8	
Year End Rate (Dinars to \$)	6	
Average Rate (Dinars to \$)	7.0	

ILLUSTRATION 2

Investment in S	100	
Other Net Assets	815	1087
Share Capital	100	100
Retained Earnings	815	987
Acquisition (Years ago)	4	
Percentage acquired	70%	
Fair Value of NA acq (Dinars)	1332	
FV of NCI (Dinars)	420	
Reserves at acquisition (dinars)	1164	
UEL of FV adjustment	10	
Impairment	0	
Acquisition Rate (Dinars to \$)	10	
Year End Rate (Dinars to \$)	8	
Average Rate (Dinars to \$)	9.0	

ILLUSTRATION 3

	H	S (Dinars)
Investment in S	4000	
Other Net Assets	32608	43488
Share Capital	1000	2000
Retained Earnings	35608	41488
Acquisition (Years ago)	4	
Percentage acquired	60%	
Fair Value of NA acq (Dinars)	19888	
FV of NCI (Dinars)	8356	
Reserves at acquisition (dinars)	16554	
UEL of FV adjustment	6	
Impairment	0	
Acquisition Rate (Dinars to \$)	3.20	
Year End Rate (Dinars to \$)	2.40	
Average Rate (Dinars to \$)	3.0	

Class 5: Complex groups

Mini Session 1: (FV NCI no impairment)

ILLUSTRATION 1

	H	S1	S2
Investment in S1	800		
Investment in S2		400	
Other Net Assets	1269	699	455
Share Capital	300	300	100
Retained Earnings	1745	771	324
Other Reserves	24	28	31
	S1	S2	
Acquisition (Years ago)	4	2	
Percentage acquired	60%	70%	
Fair Value of NA acquired	1068	517	
FV of NCI	503	304	
RE at acquisition	517	341	
Other Reserves @ acq	20	25	
UEL of FV adjustment	10	5	

ILLUSTRATION 2

	H	S1	S2
Investment in S1	1000		
Investment in S2		500	
Other Net Assets	1586	874	569
Share Capital	500	300	100
Retained Earnings	2046	1046	430
Other Reserves	40	28	39
	S1	S2	
Acquisition (Years ago)	4	2	
Percentage acquired	60%	70%	
Fair Value of NA acquired	1334	646	
FV of NCI	629	379	
RE at acquisition	861	473	
Other Reserves @ acq	20	31	
UEL of FV adjustment	10	5	

ILLUSTRATION 3

	H	S1	S2
Investment in S1	680		
Investment in S2		500	
Other Net Assets	1078	874	569
Share Capital	300	300	100
Retained Earnings	1435	1046	430
Other Reserves	24	28	39
	S1	S2	
Acquisition (Years ago)	5	3	
Percentage acquired	60%	70%	
Fair Value of NA acquired	907	646	
FV of NCI	428	379	
RE at acquisition	310	473	
Other Reserves @ acq	20	31	
UEL of FV adjustment	6	5	

Class 6: Income Statement

Mini Session 1: (With disposals)

ILLUSTRATION 1

	H	S1	S2
Revenue	1,000	250	150
Cost of Sales	(700)	(175)	(105)
Other Income	20	5	3
Distribution Costs	(33)	(8)	(5)
Admin Expenses	(50)	(12.5)	(7.5)
Finance costs	(10)	(2.5)	(1.5)
Tax	(20)	(5)	(3)
Profit	207	52	31

DETAILS FOR ILLUSTRATION 1

	H in S1	S1 in S2	
Acquired	90%	80%	
Acquired (Years ago)	4	2	
Consideration	200	120	
FV of NA @ acquisition	178	120	
FV of NCI @ acquisition	23	37	(attrib to H)
SC at Acquisition	36		
RE at Acquisition	89		
Other at Acquisition	10		
PPE FV adj UEL	18		
Disposal			
Disposal (months ago)	0	9	
% Sold	20%	50%	
Proceeds	85	130	
NA at date of disposal (before consolidation adj)	356	216	
FV of NCI at Disposal		48	(attrib to S1)
FV of Remainder		71	
Goodwill impaired total	20%		
In year	10%		

ILLUSTRATION 2

	H	S1	S2
Revenue	1,800	450	270
Cost of Sales	(1,260)	(315)	(189)
Other Income	36	9	5.4
Distribution Costs	(60)	(15)	(9)
Admin Expenses	(90)	(22.5)	(13.5)
Finance costs	(18)	(4.5)	(2.7)
Tax	(36)	(9)	(5.4)
Profit	372	93	56

DETAILS FOR ILLUSTRATION 2

	H in S1	S1 in S2
Acquired	80%	70%
Acquired (Years ago)	5	2
Consideration	360	216
FV of NA @ acquisition	360	247
FV of NCI @ acquisition	92	119 (attrib to H)
SC at Acquisition	72	
RE at Acquisition	180	
Other at Acquisition	10	
PPE FV adj UEL	36	
Disposal		
Disposal (months ago)	0	3
% Sold	15%	50%
Proceeds	130	267
NA at date of disposal (before consolidation adj)	720	444
FV of NCI at Disposal		147 (attrib to S1)
FV of Remainder		98
Goodwill impaired total	20%	
In year	10%	

ILLUSTRATION 3

	H	S1	S2
Revenue	2,400	600	360
Cost of Sales	(1,680)	(420)	(252)
Other Income	48	12	7.2
Distribution Costs	(80)	(20)	(12)
Admin Expenses	(120)	(30)	(18)
Finance costs	(24)	(6)	(3.6)
Tax	(48)	(12)	(7.2)
Profit	496	124	74

DETAILS FOR ILLUSTRATION 3

	H in S1	S1 in S2
Acquired	60%	70%
Acquired (Years ago)	4	1
Consideration	480	288
FV of NA @ acquisition	640	329
FV of NCI @ acquisition	326	210 (attrib to H)
SC at Acquisition	128	
RE at Acquisition	320	
Other at Acquisition	10	
PPE FV adj UEL	64	
Disposal		
Disposal (months ago)	0	3
% Sold	5%	50%
Proceeds	77	355
NA at date of disposal (before consolidation adj)	1280	592
FV of NCI at Disposal		196 (attrib to S1)
FV of Remainder		130
Goodwill impaired total	20%	
In year	10%	

