

STAND BACK APPROACH

Whenever you get overwhelmed stand back and think about it. Groups is simply A + B - Journals.

ANALYSIS OF OWNERS EQUITY

- From the perspective of the **subsidiary**.
- Use to calculate:
 1. Goodwill / Bargain purchase.
 2. NCI
 3. Share of P/L

NCI MEASUREMENT

1. Proportionate share
2. At Fair Value:
 - Affects Goodwill Measurement
 - Affects FCTR Measurement

THE STANDARDS

1. IFRS10:
 - Defines control
 - General Rules + Exemptions
2. IFRS3:
 - Business Combination rules
3. IAS27:
 - Associates and Joint Ventures / Operations

CONTROL

1. Exposure / Rights to,
2. Variable Returns
3. Affect those returns through power over the investee

THE KEY STEPS

- Aggregate your Parent and subsidiary TB's
- Perform Proforma + elimination journals



SALE OF INVENTORY

- Remove Profit:
Dt COS (entity sold)
Ct Inventory (entity bought)
Dt Deferred Tax
Ct Income Tax

SALE OF PPE

- Remove Profit:

NCI MEASUREMENT

1. Proportionate share
2. At Fair Value:
 - Affects Goodwill Measurement
 - Affects FCTR Measurement

ACQUISITION JOURNAL

Dt Share Capital
Cr Retained Income
Dt Goodwill
Cr Investment in Sub
Dt Deferred Tax
Ct Equity at Acquisition

NCI JOURNALS

Dt NCI (P/L) Profit
Ct NCI (SFP) Profit
Dt Dividend Received
Ct NCI (SFP)
Dt Retained Income
Ct NCI (SFP)

KEY TO ELIMINATION JOURNALS

- Identify where the transaction lies.
- Basic - Reverse the Journal processed in separate AFS

