NCI – Full Goodwill with Control Premiums

Acquisition Analysis

P acquires X% of S for consideration, with FV of NCI given

Consideration *= cash + shares transferred at fair value – X% * dividends receivable*

FV of NCI *is given*

FVINA of S *= Share Capital + General Reserve + Retained Earnings + 0.70 * Unrecorded Assets/Asset Revaluation Increase at FV – 0.70 * Unrecorded Liabilities (including contingent)/Revaluation Decrease at FVs – Recorded Goodwill*

Goodwill Acquired *= Consideration + FV of NCI – FVINA of S*

FV of S ie Expected price for 100% of S *= FV of NCI/(1 – X%)*

Subsidiary Goodwill ie Goodwill of S *= FV of S – FVINA*

Recorded Goodwill *is given*

Unrecorded Goodwill *= Subsidiary Goodwill – recorded goodwill*

Control Premium *= Net Consideration Transferred – (FV of S * X%) OR = Goodwill Acquired – S Goodwill*

Parents share of Subsidiary Goodwill (not including Control) *= Unrecorded Goodwill * X%*

NCI share of Subsidiary Goodwill (not including Control) *= Unrecorded Goodwill * (1 – X%)*

BCVR Entry

Note for any BCVR reversal entries, separate entries are needed for parents share (Cr BCVR) and NCI share (Cr NCI)

Goodwill

Date	*Dr*	*Goodwill*	*x*	
	Cr	*BCVR*		*x*

(Goodwill of subsidiary is recognised ie unrecorded value used here)

Pre-Acquisition Elimination Entries

Parent

Date	*Dr*	*Retained Earnings*	*x*	
	*(*times by X%)*			
	Dr	*Share Capital*	*x*	
	*(*times by X%)*			
	Dr	*Asset Revaluation Surplus*	*x*	
	*(*times by X%)*			
	Dr	*BCVR*	*x*	
	*(*BCVR value is calculated from adding BCVR from goodwill, specifically Parents share of subsidiary goodwill, adding from asset recognition/revaluation FV, lessing liability recognition/revaluation FV – note needs to be * by X%)*			
	Dr	*Goodwill*	*x*	
	*(*It is only Control Premium)*			
		Cr *Shares in S*		*x*
		*(*Should equal Consideration)*		