

Study Text

Editions 01/2018 and 01/2019

Chapter 9, p.169/170

There is an error in the calculation of Working 1: Profit on the disposal of Hoof.

The NCI calculation of $1,080 \times 20\%$ should be \$216,000. This will also affect working 3 and give the final retained earnings carried forward for Horse of \$1,448,000 as shown below in the revised workings.

Working 1: Profit on disposal of Hoof Co

	\$'000	\$'000
Fair value of consideration received		1,300
Less: fair value of net assets of subsidiary at date of disposal		
Net assets (360 + 720)	1,080	
Goodwill (W3)	88	
Less; non-controlling interests ($1,080 \times 20\%$)	(216)	
		(952)
		348

Working 3: Retained earnings carried forward

	<i>Horse</i> \$'000	<i>Hoof</i> \$'000
Per question/date of disposal	812	720
Add group gain on disposal (W1)	348	–
Reserves at acquisition	–	(360)
		<u>360</u>
Share of post-acq'n reserves up to the disposal ($80\% \times 360$)	<u>288</u>	
	1,448	