

Disposal of Subsidiary - Scenarios

Scenario	IFRS10	Goodwill	CSPLOCI	CSOFP	CSOCE	NCI	Retained Earnings	Examples
Full Disposal of Shareholding (Sub -> Nil)	Control Lost - Derecognise Sub & Show Profit/Loss on Disposal	Calculate as normal - will be part of disposal calculation Adjust for any impairment Remove from CSOFP at disposal	1. Include Sub results <u>up to date of disposal</u> 2. Include profit/loss on disposal 3. NCI profit allocation <u>up to date of disposal</u>	1. Remove all traces of Sub (assets, liabilities, goodwill, NCI) 2. Include proceeds from disposal	1. Show disposal line for full removal of NCI	1. Consolidate up to date of disposal (i.e. share of post-acq profits) 2. Remove and bring to disposal calculation	1. Include profit/loss on disposal 2. Consolidate Sub until date of disposal (i.e. share of post-acq profits)	S'17 Q2 A'15 Q2
Partial Disposal w/ Subsidiary Remaining (Sub -> Sub)	No Loss of Control - recognise as an equity transaction	Calculate as normal - may be part of disposal calculation. (Will depend on approach taken - we include goodwill for AC571)	1. Include Subs results <u>for full year</u> 2. Profit/loss on partial disposal does not go to CSPLOCI - straight to CSOCE 3. NCI profit allocation <u>for full year</u> (NB differing %s before/after disposal)	1. Full consolidation as before 2. Include proceeds from partial disposal	1. Show line for partial disposal (increase NCI, profit/loss in Ret E column)	1. Increase NCI by share of net assets disposed of 2. Different NCI %s for before and after date of disposal (NB)	1. Include profit/loss on disposal 2. Consolidate Sub for full year (NB different ownership %s if sold mid year)	
Partial Disposal w/ Associate Remaining (Sub -> Assoc.)	Control Lost - Derecognise Sub, Recognise Associate, & Show Profit/Loss on Disposal	Calculate as normal - will be part of disposal calculation Adjust for any impairment Remove from CSOFP at disposal	1. Include Subs results <u>up to date of disposal</u> 2. Include profit/loss on disposal 3. NCI profit allocation <u>up to date of disposal</u> 4. Show associate profits thereafter (equity method)	1. Remove all traces of Sub (assets, liabilities, goodwill, NCI) 2. Include proceeds from disposal 3. Account for Associate from date of disposal	1. Show disposal line for full removal of NCI	1. Consolidate up to date of disposal (i.e. share of post-acq profits) 2. Remove and bring to disposal calculation	1. Include profit/loss on disposal 2. Consolidate Sub until date of disposal (i.e. share of post-acq profits) 3. Post acq profits from Associate after disposal date	
Partial Disposal w/ Investment Remaining (Sub -> Investment)	Control Lost - Derecognise Sub, Recognise Investment, & Show Profit/Loss on Disposal	Calculate as normal - will be part of disposal calculation Adjust for any impairment Remove from CSOFP at disposal	1. Include Sub results <u>up to date of disposal</u> 2. Include profit/loss on disposal 3. NCI profit allocation <u>up to date of disposal</u> 4. Show dividend income and/or fair value movements for investment thereafter	1. Remove all traces of Sub (assets, liabilities, goodwill, NCI) 2. Include proceeds from disposal 3. Account for Investment from date of disposal	1. Show disposal line for full removal of NCI	1. Consolidate up to date of disposal (i.e. share of post-acq profits) 2. Remove and bring to disposal calculation	1. Include profit/loss on disposal 2. Consolidate Sub until date of disposal (i.e. share of post-acq profits) 3. Dividends/FV movements from Investment thereafter	

Key Things to Watch for

When did the disposal occur? Mid-year disposals will be tricky in terms of calculating the profit/loss on disposal at that date + dealing with any remaining investment (e.g. associate, investment) for the remainder of the reporting period.

You should always account for any goodwill impairment before calculating the profit/loss on disposal.

You will always need to finish the NCI working fully (i.e. allocating its share of post acquisition profits up to the date of disposal) before calculating the profit/loss on disposal.

When there is a disposal of a Sub, the NCI column in the CSOCE will be impacted. It will have a disposal line item to reflect the removal of the NCI (should there be a loss of control) or it may reflect the increase in NCI (should there be no loss of control - an equity transaction).