

Business Combinations and Consolidations

By Steven M. Bragg, CPA

Table of Contents

Chapter 1 – Business Combinations	1
Learning Objectives.....	1
Introduction	1
Overview of Business Combinations.....	1
Identifiable Assets and Liabilities, and Noncontrolling Interests	4
Goodwill or Gain from Bargain Purchase	7
Goodwill Calculation	7
Bargain Purchase	8
Reverse Acquisitions.....	9
Related Issues	11
Acquisition of Assets	11
Transactions between Entities under Control of Same Parent	12
Pushdown Accounting.....	13
Income Taxes	14
Business Combination Disclosures.....	15
General Disclosures.....	15
Identifiable Assets and Liabilities, and any Noncontrolling Interest.....	17
Goodwill or Gain from Bargain Purchase.....	18
Reverse Acquisitions	19
Transactions between Entities under Control of Same Parent	20
Income Taxes.....	20
Summary	21
Review Questions	22
Review Answers.....	23
Chapter 2 – The Equity Method	24
Learning Objectives.....	24
Introduction	24
The Equity Method	24
Partnerships, Joint Ventures, and Limited Liability Entities	28
Equity Method Disclosures	28
Summary	29
Review Questions	30
Review Answers.....	31
Chapter 3 – Goodwill Impairment	32
Learning Objectives.....	32
Introduction	32
Goodwill	32
Goodwill Amortization.....	38
Goodwill Disclosures	38
Summary	40
Review Questions	41
Review Answers.....	42

Table of Contents

Chapter 4 – Financial Statement Consolidation	43
Learning Objectives.....	43
Introduction	43
Overview of Consolidations	43
Recognition of a Consolidation	44
Consolidation Examples	48
Recognition of Noncontrolling Interest.....	48
Sale of Shares by Subsidiary	49
Share of Accumulated Other Comprehensive Income	50
Full Consolidation Example.....	51
Consolidation of Variable Interest Entities.....	53
Initial Consolidation.....	54
Subsequent Consolidation	55
Consolidation of Leasing Entities by Private Companies	55
Consolidation of Contractually-Controlled Entities.....	56
Control of Partnerships.....	57
Termination of a Consolidation	59
Consolidation Presentation.....	59
Consolidation Disclosures	62
Summary	65
Review Questions	66
Review Answers.....	67
Chapter 5 – Accounting Integration	68
Learning Objectives.....	68
Introduction	68
Accounting Integration Activities	68
Summary	74
Review Questions	75
Review Answers.....	76
Glossary	77
Index	79