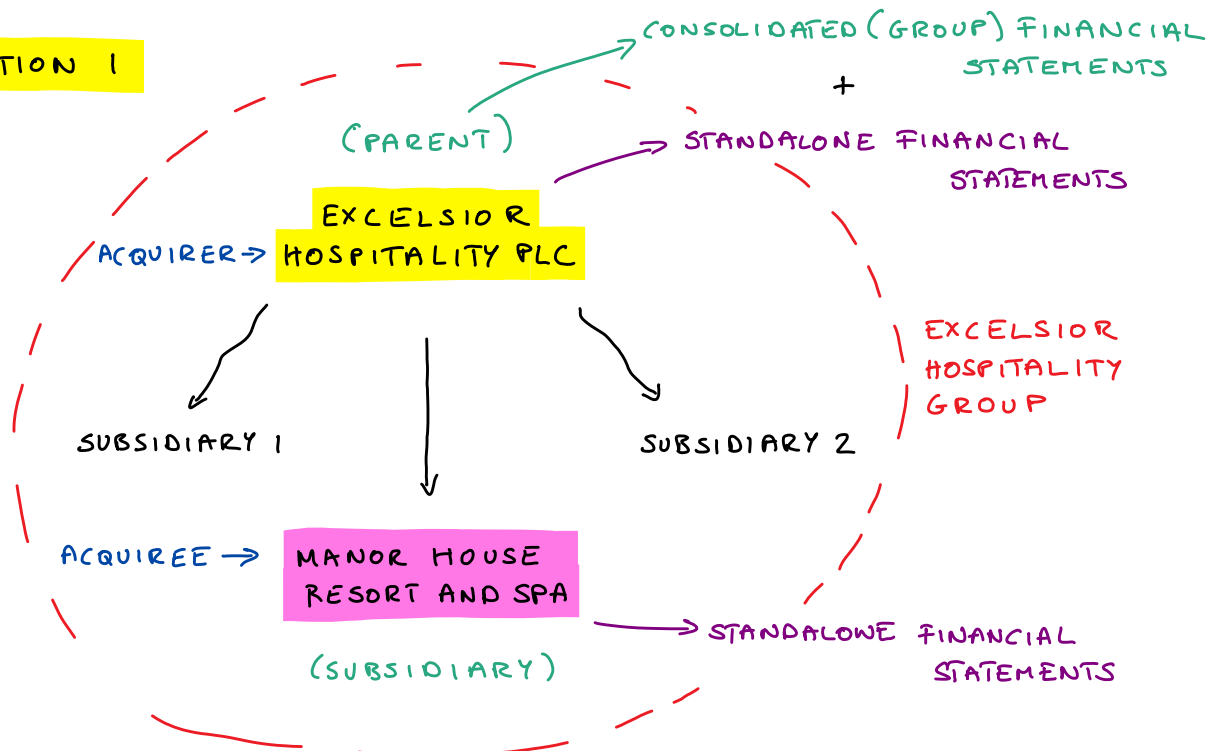


GOODWILL AND NONCONTROLLING INTERESTS

NON-CURRENT INTANGIBLE ASSETS EQUITY

QUESTION 1



GOODWILL: EXCESS OF

PURCHASE COST = €18.5 MILLION

OVER

ACQUIRER'S INTEREST IN FAIR VALUE OF NET ASSETS ACQUIRED

$$100\% \times \left[\underbrace{(12+2)+2.5+4+3}_{\text{ASSETS}} - \underbrace{6-1.5}_{\text{LIABILITIES}} \right] = €16 \text{ MILLION}$$

GOODWILL = €18.5 MILLION - €16.0 MILLION = €2.5 MILLION

CORRECT ANSWER → (A)

NOT AMORTISED, TESTED FOR IMPAIRMENT ANNUALLY

QUESTION 2

~~GOODWILL~~ = €15.0 MILLION - €16.0 MILLION = -€1.0 MILLION

NO EXCESS!
 GAIN ON BARGAIN PURCHASE

IMMEDIATE RECOGNITION IN CONSOLIDATED INCOME STATEMENT

€0

CORRECT ANSWER → (B)

QUESTION 3

GOODWILL: EXCESS OF

PURCHASE COST = €12.0 MILLION

OVER

ACQUIRER'S INTEREST IN FAIR VALUE OF NET ASSETS ACQUIRED

$$75\% \times \left[\underbrace{(12+2)+2.5+4+3}_{\text{ASSETS}} - \underbrace{6-1.5}_{\text{LIABILITIES}} \right] = 75\% \times €16 \text{ MILLION} = €12 \text{ MILLION}$$

GOODWILL = €12.0 MILLION - €12.0 MILLION = €0

NONCONTROLLING (MINORITY) INTERESTS

↳ EQUITY INTEREST OF MINORITY SHREHOLDERS IN SUBSIDIARIES WHICH ARE NOT 100% OWNED BY THE PARENT COMPANY

= 25% × €16 MILLION = €4 MILLION

CORRECT ANSWER → (B)

GOODWILL - ANALYST ADJUSTMENTS

- ↳ BALANCE SHEET → DEDUCT GOODWILL FROM TOTAL ASSETS
- ↳ INCOME STATEMENT → REVERSE GOODWILL WRITE-DOWNS
(ADD BACK TO INCOME)

TANGIBLE BOOK VALUE

= NET ASSETS - GOODWILL - INTANGIBLE ASSETS
(ASSETS - LIABILITIES)

QUESTION 1 - EXCELSIOR HOSPITALITY PLC (IN € MILLION)
 STANDALONE FINANCIAL STATEMENTS

ASSETS	31 DEC 2014
INVESTMENT IN SHARES	↑18.5
CASH	↓18.5

EQUITY	31 DEC 2014

LIABILITIES	31 DEC 2014

INCOME STATEMENT	

QUESTION 1 - EXCELSIOR HOSPITALITY GROUP (IN € MILLION) CONSOLIDATED FINANCIAL STATEMENTS

ASSETS	31 DEC 2014
GOODWILL	↑ 2.5
PPE (12+2)	↑ 14.0
INTANGIBLE ASSETS (BRAND)	↑ 2.5
TRADE RECEIVABLES	↑ 4.0
CASH	↑ 3.0 ↓ 18.5

↑ 7.5

EQUITY	31 DEC 2014

LIABILITIES	31 DEC 2014
BANK LOANS	↑ 6.0
TRADE PAYABLES	↑ 1.5

↑ 7.5

INCOME STATEMENT	

QUESTION 2 - EXCELSIOR HOSPITALITY GROUP (IN € MILLION)
 CONSOLIDATED FINANCIAL STATEMENTS

ASSETS	31 DEC 2014
GOODWILL	—
PPE (12+2)	↑ 14.0
INTANGIBLE ASSETS (BRAND)	↑ 2.5
TRADE RECEIVABLES	↑ 4.0
CASH	↑ 3.0 ↓ 15.0

↑ 8.5

EQUITY	31 DEC 2014
RETAINED EARNINGS	↑ 1.0

LIABILITIES	31 DEC 2014
BANK LOANS	↑ 6.0
TRADE PAYABLES	↑ 1.5

↑ 8.5

INCOME STATEMENT	2014
GAIN ON BARGAIN PURCHASE	1.0
NET PROFIT	↑ 1.0

QUESTION 3 - EXCELSIOR HOSPITALITY GROUP (IN € MILLION) CONSOLIDATED FINANCIAL STATEMENTS

ASSETS	31 DEC 2014
GOODWILL	—
PPE (12+2)	↑ 14.0
INTANGIBLE ASSETS (BRAND)	↑ 2.5
TRADE RECEIVABLES	↑ 4.0
CASH	↑ 3.0 ↓ 12.0

↑ 11.5

EQUITY	31 DEC 2014
NONCONTROLLING INTERESTS	↑ 4.0

LIABILITIES	31 DEC 2014
BANK LOANS	↑ 6.0
TRADE PAYABLES	↑ 1.5

↑ 11.5

INCOME STATEMENT	