

Disposal of Subsidiaries

Mr. Imraz Iqbal



Full disposal – Basics (Amounts in Rs'000) Statements of Financial Position As at 31-3-2019

<u>Assets</u>	P Ltd	S Ltd	T Ltd
PPE	9,000	7,000	4,000
Investment in S Ltd	6,000	-	-
Investment in T Ltd	3,000		-
Current assets	2,000	300	1,700
Total Assets	20,000	7,300	5,700
Equity and Liabilities			
Stated Capital	9,000	2,000	4,000
Retained Earnings	7,000	2,500	1,000
Current liabilities	4,000	2,800	700
Total Equity and liabilities	20,000	7,300	5,700

- On 1-4-2016 P acquired 75% of S for 6,000 when S Ltd.'s retained earnings stood at 1000.
- On 1-4-2017 P acquired 60% in T for 3,000 when T ltd.'s retained earnings stood at 600
- On 31-3-2019 P disposed its holding in T for 3,600. The sales proceeds from the sale of shares is yet to be received by P and was not recorded



Acquisition information summary and Group structure

	Ltd	
Stateme	ent of financial position	
	·	(in Rs)
Assets		
Non – current Assets		
Property, Plant and Equipment		
Goodwill		
Current assets		
Total assets		
Equity		.x(
Stated Capital		
Retained earning	, and the second	70,
		<
Equity attributable to parent		
company shareholders		
Non – Controlling Interest		
Total equity		
Liabilities		
Total equity and Liabilities		
1	7	

Consolidation

				(111	113)
Description	Goodwill calculation	NCI	Goodwill calculation	NCI	Group Retained
	Carcaration		Carcaration		rtotamou
Investment					
HIVESHITEHL					
+ NCI					
(-) Net Assets					
Goodwill on acquisition					
date					
Retained earnings of					
Subsidiary – Post					(C)
acquisition					
				00	
Investment				17	
				(2)	
+ NCI					
(-) Net Assets					
Goodwill on acquisition date			50		
Retained earnings of					
Subsidiary – Post		~/).			
acquisition					
Retained earnings of					
Parent – Year end					
	10				
, ,	7				
Balance at year end					

Subsidiary disposal with investment status retained (Amounts in Rs'000) Statements of Financial Position As at 31-3-2019

Assets	P Ltd	S Ltd	T Ltd
PPE	6,800	7,000	4,000
Investment in S Ltd	8,200	-	-
Investment in T Ltd	3,000		-
Current assets	2,000	300	1,700
Total Assets	20,000	7,300	5,700
Equity and Liabilities			
Stated Capital	11,000	2,000	4,000
Retained Earnings	5,000	2,500	1,000
Current liabilities	4,000	2,800	700
Total Equity and liabilities	20,000	7,300	5,700
PPE	6,800	7,000	4,000
Investment in S Ltd	8,200	-	- O

- On 1-4-2016 P acquired 75% of S for 8,200 when S Ltd's fair values of identifiable net assets were 3,500. Any increase can be considered as increase in value of land. The NCI on this date was valued at 2,000. S Ltd retained earnings was 1000
- On 1-4-2017 P acquired 60% in T for 3,000 when T ltd's identifiable net assets stood at 5,000. Any increase in fair value can be considered as increase in value of land. The NCI on this date was valued at 2,100. T Ltd retained earnings was 200
- On 31-3-2019 P disposed 45% of share holding in T for 3,500. The fair value of the remaining shares held by P was valued at 1,100
- The sales proceeds from the sale of shares is yet to be received by P and was not recorded

Acquisition information summary ar	•	
Stateme	ent of financial position	(in Rs)
Assets		
Non – current Assets		
Property, Plant and Equipment		
Goodwill		
Current assets		
Total assets		
Equity		~ ()
Stated Capital		X
Retained earning		
_		(0.
Equity attributable to parent		<
company shareholders		
Non – Controlling Interest		
Total equity		
Liabilities		
Total equity and Liabilities		

Consolidation

					113)
Description	Goodwill	NCI	Goodwill	NCI	Group
	calculation		calculation		Retained
Investment					
IIIVESTITIETIT					
+ NCI					
(-) Net Assets					
Goodwill on acquisition					7
date					
Retained earnings of					
Subsidiary – Post					(C)
acquisition				,× '	
•					
				.00	
Investment				4 7	
mvoodmond				\rightarrow	
+ NCI					
(-) Net Assets			()		
	(
Goodwill on acquisition date			200		
Retained earnings of					
Subsidiary – Post		×			
acquisition					
Retained earnings of					
Parent – Year end	. (3			
	10				
//	4				
)				
Balance at year end					
Dalarice at year end					

Subsidiary disposal where associate status is retained (Amounts in Rs'000) Statements of Financial Position As at 31-3-2019

Assets	P Ltd	S Ltd	T Ltd
PPE	8,550	7,000	4,000
Investment in S Ltd	8,200	-	-
Investment in T Ltd	1,250		-
Current assets	2,000	300	1,700
Total Assets	20,000	7,300	5,700
Equity and Liabilities			
Stated Capital	11,000	2,000	4,000
Retained Earnings	5,000	2,500	1,000
Current liabilities	4,000	2,800	700
Total Equity and liabilities	20,000	7,300	5,700

- On 1-4-2016 P acquired 75% of S for 6,000 when S Ltd's fair values of identifiable net assets were 4,800. Any increase can be considered as increase in value of land. The NCI on this date was valued at 2,000. S Ltd retained earnings was 800
- On 1-4-2017 P acquired 60% in T for 3,000 when T ltd's identifiable net assets stood at 5,000. Any increase in fair value can be considered as increase in value of land. The NCI on this date was valued at 1,900. T Ltd retained earnings was 300
- On 31-3-2019 P acquired another 15% shareholding in S at a value of 2,200.
- On 31-3-2019 P disposed 35% of share holding in T for 3,500. The fair value of the remaining shares held by P was valued at 2,400.
- The parent has recorded the gain on the disposal in its books based on the carrying amount of the investment at that date

Acquisition information summary an	•	
Stateme	ent of financial position	(in Rs)
Assets		,
Non – current Assets		
Property, Plant and Equipment		
Goodwill		
Current assets		
Total assets	• • • • • • • • • • • • • • • • • • • •	
Equity		~ ()
Stated Capital		X
Retained earning		
_		0
Equity attributable to parent		<
company shareholders		
Non – Controlling Interest		
Total equity		
Liabilities		
	. (6	
Total equity and Liabilities		

Consolidation

				(111	113)
Description	Goodwill calculation	NCI	Goodwill calculation	NCI	Group Retained
	Carcaration		Carcaration		rtotamou
Investment					
HIVESHITEHL					
+ NCI					
(-) Net Assets					
Goodwill on acquisition					
date					
Retained earnings of					
Subsidiary – Post					(C)
acquisition				X	
				00	
Investment				17	
				()	
+ NCI					
(-) Net Assets					
Goodwill on acquisition date			50		
Retained earnings of					
Subsidiary – Post		~/).			
acquisition					
Retained earnings of					
Parent – Year end					
	10				
, ,	7				
Balance at year end					

Subsidiary partial disposal without loss of control – with NCI at fair value (Amounts in Rs'000)

Statements of Financial Position as at 31-3-2019

<u>Assets</u>	P Ltd	S Ltd	T Ltd
PPE	12,000	7,000	4,000
Investment in S Ltd	6,000	-	-
Investment in T Ltd	3,000		-
Current assets	7,000	300	1,700
		0.5	
Total Assets	28,000	7,300	5,700
Equity and Liabilities			X
Stated Capital	13,000	2,000	4,000
Retained Earnings	9,000	2,500	1,000
Current liabilities	6,000	2,800	700
Total Equity and liabilities	28,000	7,300	5,700

- On 1-4-2016 P acquired 75% of S for 6,000 when S Ltd's retained earnings stood at 1000. The NCI on this date was valued at 2,000
- On 1-4-2017 P acquired 60% in T for 3,000 when T ltd's retained earnings stood at 600. The NCI on this date was valued at 1,900
- At the year end the Goodwill of S was impaired by 400
- On 31-3-2019 P disposed its holding in T for 3,600.
- On 31-3-2019 P disposed 20% shareholding in S at a value of 2,200.
- The sales proceeds from the sale of shares is yet to be received by P and was not recorded

Liabilities

Total equity and Liabilities

Acquisition information summary and Group structure				
	Ltd			
Stateme	ent of financial position			
As at	· · · · · · · · · · · · · · · · · · ·	(in Rs)		
Assets				
Non – current Assets				
Property, Plant and Equipment				
Goodwill				
Current assets				
Total assets				
Equity				
Stated Capital				
Retained earning				
Equity attributable to parent				
company shareholders				
Non – Controlling Interest				
Total equity				

Consolidation

Description Goodwill calculation NCI Goodwill calculation NCI Group Retained NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition date Retained earnings of Subsidiary – Post acquisition date Retained earnings of Subsidiary – Post acquisition Compared to the second s						Rs)
Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	Description	Goodwill	NCI	Goodwill	NCI	Group
Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end		calculation		calculation		
+ NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end						
+ NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end						
(-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	Investment					
(-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end						
Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	+ NCI					
date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	(-) Net Assets					
date Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	Goodwill on acquisition					
Retained earnings of Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	I = = = = = = = = = = = = = = = = = = =					
Subsidiary – Post acquisition Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end						
Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end						
Investment + NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	_				,X	
+ NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	acquisition					/
+ NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end						
+ NCI (-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	•		4		. V	
(-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	Investment					
(-) Net Assets Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end				, (. /	
Goodwill on acquisition date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	+ NCI					
date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	(-) Net Assets					
date Retained earnings of Subsidiary – Post acquisition Retained earnings of Parent – Year end	Goodwill on acquisition			0,0		
Subsidiary – Post acquisition Retained earnings of Parent – Year end	I = = = = = = = = = = = = = = = = = = =					
Subsidiary – Post acquisition Retained earnings of Parent – Year end	Retained earnings of					
acquisition Retained earnings of Parent – Year end			~ ()			
Retained earnings of Parent – Year end						
Parent – Year end						
		4	2			
Balance at year end	i alent – real enu					
Balance at year end		10				
Balance at year end	1	7				
Balance at year end)				
Balance at year end						
	Balance at year end					