Investment in associates - Impairment	US GAAP : FV of investment < carrying value; decline is considered permanent→ written down to FV IFRS : One or more loss event → written down to FV Loss is recorded in PL No written-up is permitted under both IFRS and US GAAP	
Investment in associates - Transaction with the investee	Profit from these transactions must be deffered until the profit is confirmed through use / sale to 3rd party	
Investment in associates - Analytical issues	- should consider the appropriateness of the equity method - Equity method ignore investee's debt → lower leverage - Proportionate share of investee's earnings is recorded in investor's PL, but might not be available to the investor in form of CF	
Business combination	IFRS : no differentiate US GAAP - Merger : A absorb B ; B cease to exist - Acquisition : Parent-subsidiary relationship - Consolidation : New entity absorb both A & B Acquisition method is required both under IFRS and US GAAP. Own < 100% → NCI	
Goodwill	Full goodwill = Purchase price - FV of Net indentifiable assets of Sub Partial goodill (IFRS only) = Purchase price - % owned× FV of net indentifiable assets of Sub = % owned × full goodwill	
Goodwill - Impairment	**IFRS - Single step approach** Recoverable amount < carrying amount of CGU → impairment Goodwill impairment loss = Carrying value of Sub - FV of Sub Impairment loss is recorded in PL	**US GAAP - Two steps approach** FV < carrying value of CGU → impairment Goodwill impairment loss = Carrying value of GW - Implied FV of GW Implied FV of GW = New FV of Sub - New FV of Sub's net asset Impairment loss is recorded in PL
Non-controlling interest	Full goodwill : NCI = %NCI × FV of Sub Partial goodwill : NCI = %NCI × FV of acquired company's identifiable net assets	
Joint venture	US GAAP and IFRS require equity method In rare circumstances, propotionate consolidation may be allowed (only report % of assets, liabilities, revenue and expenses of the JV)	
Special purpose entities (SPE) / Variable Interest Entities (VIE)	VIE has one or both of the following characteristics : 1. At-risk equity that is insufficient o finance the entity's activities without additional financial support 2. Equity investors that lack any one of the following: - Decision making rights - Obligation to absorb expected losses - Right to receive expectd residual returns SPE is considered a VIE → must be consolidated by the parent company	
Contigent assets / liabilities	**IFRS** - Only contingent liabilities - FV can be measured reliably @ acquisition - Subsequent period : Contingent liabilities - higher of initially recorded value and best amount needed to settle the liabilities - Contingent assets are never recognised	US GAAP - Contractual assets / liabilities : recorded @ FV @ acquisition date - Non-contratual assets / liabilities : recorded of "more likely than not" meet the definition of assets / liabilities - Subsequent periods + liabilities : similar with IFRS + assets : lower of initial value and estiate of future settlement amount
Contigent consideration	E.g.: extra amount to be paid to former shareholders of Sub if certain earnings are met Recorded as assets / liabilities / equity both under IFRS and US GAAP Subsequent changes recorded in PL, unless the value is originally recorded in equity	
In-process R&D	Capitalised as intangible assets Subsequently amortised (if successful) ; or impaired (if fail)	
Restructuring costs	Expensed when incurred	
Effects of Equity method, proportionate consolidation methodm and acquisition method	1. Same net income 2. Equity method and proportionate consoidation method : same equity. Acquisition method : higher equity due to NCI 3. Acquisition method assets & liabilities > Proportionate consolidaiton method assets & liabilities > Equity method assets & liabilities 4. Acquisition method revenue & expenses > Proportionate consolidation method revenue & expenses > Equity method revenue & expenses	