Business Combination – a transaction or other event in which an acquirer obtains control of one or more businesses.

1. Merger
   - The Acquirer purchases the assets and liabilities/net assets of the Acquiree.
   - Acquirer company will be the surviving company while the Acquiree company will be dissolved.

2. Stock Acquisition
   - The Acquirer purchases more than 50% of the shares of stock of the Acquiree.
   - Both Acquirer company and Acquiree company will be existing.
   - Acquirer company will be the Parent/Controlling Interest while the Acquiree company will be the Subsidiary/Non-Controlling Interest.

Aggregate:

1. Consideration Given (Merger/Stock Acquisition)
   a. Cash
   b. Issued shares @ FMV
   c. Issued bonds @FMV
   d. Contingent Consideration
      i. Liability
      ii. Equity Component
2. FMV Non-Controlling Interest (Stock Acquisition)
3. FMV previously held equity interest if achieved in stages (Stock Acquisition)

FMV identifiable net assets of Acquiree

- Exclude any existing Goodwill of the Acquiree

Result of Business Combination:

1. Aggregate > FMV identifiable net assets of Acquiree, result is Goodwill.
2. Aggregate < FMV identifiable net assets of Acquiree, result Gain on Bargain Purchase.

*FV of NCI must be >/= the Proportionate Share (FV Net Assets x NCI %)