

## Weekly HKFRS Q&As – Q&A # 5

February 2014

Since January 2014, we started to publish weekly HKFRS Q&As that aim to help you deal with the application issues during the busy financial reporting season. Weekly HKFRS Q&As will be issued **each Friday**. Here is the link to the previous Q&As <http://www.iasplus.com/en/tag-types/hong-kong/qa>.



As always, if you have any questions on application of HKFRS, please contact us.

### Q&A#5 – How to account for contingent consideration arising from the acquisition of an associate or a joint venture?

#### Background

In some situations, entities are required to pay additional consideration to the Vendors (or former owners) of the acquirees as part of the agreed terms of the acquisition when certain future events occur or conditions are met. Such an additional consideration is referred to as 'contingent consideration' in HKFRSs.

HKFRS 3 *Business Combinations* that deals with the accounting for acquisitions of subsidiaries that constitute business(es) provides specific guidance on how to account for contingent consideration. Specifically, paragraph 39 of HKFRS 3 requires the contingent consideration to be measured at fair value at the date of acquisition and to be classified as a liability or an equity instrument in accordance with HKAS 32 *Financial Instruments: Presentation*. At the end of each reporting period, paragraph 58 of HKFRS 3 requires the contingent consideration that is classified as a liability within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at fair value with changes in fair value being recognised in profit or loss<sup>1</sup>.

---

<sup>1</sup> In January 2014, several amendments to HKFRSs titled *Annual Improvements to HKFRSs 2010 – 2012 Cycle* were issued. One amendment to HKFRS 3 relates to the accounting for contingent consideration as part of a business combination. The amendment specifies that contingent consideration that is classified as a liability (regardless of whether or not the liability is within the scope of HKAS 39) should be measured at fair value at the end of each reporting period, with changes in fair value being recognised in profit or loss. The amendment requires prospective application – business combinations that take place on or after 1 July 2014.

Unlike HKFRS 3, HKAS 28 *Investments in Associates and Joint Ventures* does not provide specific guidance on how to account for contingent consideration arising from acquisition of an associate or a joint venture. However, paragraph 26 of HKAS 28 explains that “the concepts underlying the procedures used in accounting for the acquisition of a subsidiary are also adopted in accounting for the acquisition of an investment in an associate or a joint venture”. Therefore, when an investor acquires an associate or a joint venture with contingent consideration as part of the consideration, it would be appropriate for the investor to apply the above requirements set out in HKFRS 3 by analogy. Additionally, such a contingent consideration as part of the consideration to acquire an associate or a joint venture would be considered as a financial instrument within the scope of HKAS 39 and be measured at fair value at the end of each reporting period, with changes in fair value being recognised in profit or loss – it is not appropriate to use amortised cost to measure such a liability.

Below is an example.

---

### **Example**

---

#### **Facts:**

Entity I acquires a 45 per cent interest in Entity A which results in it having significant influence over Entity A (i.e. Entity A becomes an associate of Entity I after the acquisition). The consideration is payable in two tranches:

- an immediate payment of HKD 1 million; and
- a further payment of HKD 500,000 after two years if the cumulative profit before interest and tax of Entity A for the two-year period following acquisition exceeds HKD 400,000.

The further payment of HKD 500,000 payable when the profit performance target of Entity A is met is a contingent consideration. At the date of acquisition, the fair value of the contingent consideration is assessed as HKD 220,000, taking into account factors such as probability of meeting the performance target.

One year after the acquisition, on the basis of a revised earnings forecast, the fair value of the contingent consideration has increased by HKD 80,000 to HKD 300,000, taking into account the revised (higher) probability of meeting the performance target.

Entity I uses the equity method of accounting in accordance with HKAS 28 to account for its equity interest in Entity A.

#### **Question:**

How should Entity I account for the contingent consideration payable in respect of the acquisition of its interest in the associate (Entity A) in its consolidated financial statements?

### Response:

As mentioned above, HKAS 28 does not provide any specific guidance on how to account for contingent consideration that forms part of the consideration for acquisition of an associate or a joint venture. However, HKAS 28 explains that “the concepts underlying the procedures used in accounting for the acquisition of a subsidiary are also adopted in accounting for the acquisition of an investment in an associate or a joint venture”. Therefore, in the circumstances described, taking into account the above requirements, at the date of acquisition, Entity I records the cost of the investment in Entity A in its consolidated financial statements at a cost of HKD 1,220,000 that comprises the following two components:

- an immediate cash payment of HKD 1 million; and
- the fair value of the contingent consideration of HKD 220,000.

At the date of acquisition, Entity I also records a financial liability in relation to the contingent consideration of HKD 220,000.

At the end of each reporting period, Entity I continues to measure the financial liability in relation to the contingent consideration at fair value with changes in fair value being recognised in profit or loss. As mentioned above, one year after the acquisition, the fair value of the contingent consideration has been increased by HKD 80,000. To reflect such a change, the financial liability in relation to the contingent consideration should be increased by HKD 80,000 with an expense being recognised in profit or loss.

## Contact us:

If you have any questions on the subject matters discussed above, please feel free to contact us.

## Authors:



**William Lim – Technical Partner**

[wilim@deloitte.com.hk](mailto:wilim@deloitte.com.hk)



**Candy Fong – Technical Partner**

[cfong@deloitte.com.hk](mailto:cfong@deloitte.com.hk)

---

35/F One Pacific Place  
88 Queensway  
Hong Kong

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/cn/en/about](http://www.deloitte.com/cn/en/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© 2014 Deloitte Touche Tohmatsu in Hong Kong, Deloitte Touche Tohmatsu in Macau, and Deloitte Touche Tohmatsu Certified Public Accountants LLP in the Chinese Mainland. All rights reserved.

### Homepage



### Privacy

Thank you for your interest in Deloitte China services. Deloitte China would like to continue to use your personal information (in particular name and contact details) for the purpose of sending you marketing and regulatory updates, invitations to seminars and other events organized, sponsored or promoted by Deloitte China. If you do not wish to receive further communications from Deloitte China, please send a return email to the sender with the word “Unsubscribe” in the subject line.

If you would like to update your personal information, please click [here](#).

Deloitte China refers to Deloitte Touche Tohmatsu in Hong Kong, Deloitte Touche Tohmatsu in Macau, Deloitte Touche Tohmatsu Certified Public Accountants LLP in the Chinese Mainland and their respective affiliates practising in Hong Kong, Macau and the Chinese Mainland.

## HKFRS 每周问答 - Q & A # 5

2014 年 2 月

我们自 2014 年 1 月起开始发布香港财务报告准则 (HKFRS) 每周问答，以协助您在报告忙季中处理相关应用问题。HKFRS 每周问答将于**每周五**发布。请点击 <http://www.iasplus.com/en/tag-types/hong-kong/qa> 参阅以前发布的每周问答。



如同往常一样，如您对 HKFRS 的应用有任何疑问，请与我们联系。

### Q&A#5 – 如何核算收购联营企业或合营企业所产生的或有对价？

#### 背景

在某些情况下，作为收购条款的一部分，主体必须在特定未来事项发生或符合特定条件时向被购买方的卖方（或前所有者）支付额外的对价。根据 HKFRS，此类额外对价被称为“或有对价”。

规范构成业务之子公司购买的会计处理的《香港财务报告准则第 3 号——企业合并》（HKFRS 3）就如何核算或有对价提供了特定指引。特别是，HKFRS 3 第 39 段规定，或有对价应按购买日的公允价值计量，并根据《香港会计准则第 32 号——金融工具：列报》（HKAS 32）分类为负债或权益工具。在每一报告期末，HKFRS 3 第 58 段要求分类为负债的属于《香港会计准则第 39 号——金融工具：确认和计量》（HKAS 39）范围的或有对价按公允价值计量，且公允价值的变动计入损益<sup>1</sup>。

<sup>1</sup> 2014 年 1 月，发布了题为“香港财务报告准则的年度改进：2010-2012 周期”的对 HKFRS 的若干修订。其中一项对 HKFRS 3 的修订涉及作为企业合并一部分的或有对价的核算。该项修订规定，分类为负债的或有对价（无论该负债是否属于 HKAS 39/《国际会计准则第 39 号》的范围）应在每一报告期末按公允价值计量，且公允价值的变动计入损益。该项修订要求采用未来适用法 – 适用于自 2014 年 7 月 1 日或以后日期发生的企业合并。

与 HKFRS 3 不同的是，《香港会计准则第 28 号——在联营企业和合营企业中的投资》（HKAS 28）并未就如何核算收购联营企业或合营企业所产生的或有对价提供特定指引。但是，HKAS 28 第 26 段指出，“对取得子公司进行会计处理所采用的程序的基本概念，也在对取得联营企业或合营企业中投资进行会计处理时被采纳”。因此，当投资者购买联营企业或合营企业的对价包含或有对价时，投资者通过类推方式应用上述 HKFRS 3 的要求将是恰当的。此外，该项收购联营企业或合营企业产生的或有对价将被视为属于 HKAS 39 范围的金融工具，并应在每一报告期末按公允价值计量，且公允价值的变动计入损益 – 使用摊余成本计量该负债是不恰当的。

请参见下列示例。

---

## 示例

---

### 有关事实：

I 主体购买了 A 主体 45% 的权益，从而能够对 A 主体实施重大影响（即，A 主体在收购后成为 I 主体的联营企业）。应付对价分为 2 部分：

- 立即支付港币 1,000,000 元；以及
- 若 A 主体在收购后两年期间的累计息税前利润超过港币 400,000 元，则在两年后进一步支付港币 500,000 元。

在 A 主体实现利润业绩目标时须进一步支付的港币 500,000 元是一项或有对价。在购买日，在考虑了诸如实现业绩目标的概率等因素后，评估该或有对价的公允价值为港币 220,000 元。

在收购一年之后，基于修正后的盈利预测，在考虑了实现业绩目标的经修正的（更高）概率后，该或有对价的公允价值上调了港币 80,000 元至港币 300,000 元。

I 主体根据 HKAS 28 采用权益法核算其在 A 主体中的权益。

### 问题：

I 主体应如何在其合并财务报表中核算收购联营企业（A 主体）中的权益所产生的应付或有对价？

### 回答：

如上文所述，HKAS 28 并未就如何核算构成收购联营企业或合营企业对价一部分的或有对价提供任何特定指引。但是，HKAS 28 指出，“对取得子公司进行会计处理所采用的程序的基本概念，也在对取得联营企业或合营企业中投资进行会计处理时被采纳”。因此，在上述情形中，如上文所述，I 主体应于购买日在其合并财务报表内记录对 A 主体投资的成本，该项成本金额为港币 1,220,000 元并由下列两部分构成：

- 立即支付的港币 1,000,000 元；以及
- 或有对价的公允价值港币 220,000 元。

在购买日，I 主体同时应当记录一项与港币 220,000 元的或有对价相关的金融负债。

在每一报告期末，I 主体应继续按公允价值计量涉及该或有对价的金融负债，且公允价值的变动计入损益。

如上所述，在收购一年之后，或有对价的公允价值上调了港币 80,000 元。为反映这一变化，涉及该或有对价的金融负债应增加港币 80,000 元，且相应的费用应当计入损益。

## 联系我们：

若您对上述有关问题有任何疑问，请尽管联系我们。

## 作者：



林俊学 - 专业技术合伙人

[wilim@deloitte.com.hk](mailto:wilim@deloitte.com.hk)



房惠玲 - 专业技术合伙人

[cfong@deloitte.com.hk](mailto:cfong@deloitte.com.hk)

---

香港  
金钟道 88 号  
太古广场一座 35 楼

Deloitte (“德勤”) 泛指德勤有限公司 (一家根据英国法律组成的私人的担保有限公司, 以下称“德勤有限公司”), 以及其一家或多家成员所。每一个成员所均为具有独立法律地位的法律实体。请参阅 [www.deloitte.com/cn/about](http://www.deloitte.com/cn/about) 中有关德勤有限公司及其成员所法律结构的详细描述。

© 2014 德勤 · 关黄陈方会计师事务所 (香港)、德勤 · 关黄陈方会计师事务所 (澳门)、德勤华永会计师事务所 (特殊普通合伙) (中国大陆) 版权所有 保留一切权利

## 主页



## 隐私

感谢您对德勤中国服务的关注。德勤中国希望可以继续使用您的个人资料 (特别是姓名及联系信息), 以向您发送市场和政策最新动态, 以及由德勤中国举办、赞助或宣传之研讨会及其他活动的邀请函。如您日后不希望收到由德勤中国发出的信息, 请回复电邮并在邮件主题栏中填上“Unsubscribe”。

如欲更新您的个人资料, 请点击[此处](#)。

德勤中国泛指德勤 · 关黄陈方会计师事务所 (香港)、德勤 · 关黄陈方会计师事务所 (澳门)、德勤华永会计师事务所 (特殊普通合伙) (中国大陆) 以及其于香港、澳门及中国大陆从事业务之关联机构。