

SUBJET DESCRIPTION

Subject Information	
Name	CONSOLIDATED FINANCIAL STATEMENTS
Course Code	
Degree	Degree of Business Administration and Management
Year	Fourth
Semester	First and second.
ECTS Credits	6
Type of course	Optional subject within the financial itinerary
Department	Financial Management
Area	Accounting
University	Universidad Pontificia Comillas
Timetable	
Teaching Staff	Miguel Garrido Espa
Descriptor	Types of business groups and related companies. Control Relations. Business Combinations. Partnerships. Global and Proportional Consolidation. Equity Method. Accounting Challenges around the consolidation of financial statements of businesses: stages, homogenization, aggregation, elimination and adjustments.

Teaching Staff	
Coordinator	
Name	Laura Lazcano Benito, PhD
Department	Financial Management
Area	Accounting
Office	OD-410
e-mail	llazcano@comillas.edu
Phone	91 542 28 00 # 2238
Tutorials timetable	To be announced at the beginning of the classes

Professor	
Name	Miguel Garrido Espa
Department	Financial Management
Area	Accounting
Office	
e-mail	mgarridoespa@comillas.edu
Phone	
Tutorials timetable	To be announced at the beginning of the classes

DETAILED COURSE INFORMATION

The Subject in the Context
Contribution to Degree's Professional Profile
<p>The subject of consolidated financial statements allows the student to prepare consolidation work papers from the combination of the financial statements of a parent company (studied during the first cycle of the degree), with those of its subsidiary (or subsidiaries), resulting in the Consolidated balance and Profit & Losses Consolidated Account.</p> <p>To achieve this goal students will learn the rules related to the journalization of the transactions and preparation of the financial statements for partnerships using uniform accounting policies and fundamental principles, such as recognition and measurement, focused mainly in the consolidation process.</p> <p>This way, those students who will work in multinational companies and in audit and consulting areas in the future, will be able to interpret the content of the consolidated financial statements as well as the various operations that may take place between the companies of the group.</p>
Prerequisites
<p>Having followed the subjects of introduction to accounting and financial accounting which are taught during the first cycle of the business administration and management degree.</p>

CONTENT

Chapter 1: GROUPS OF COMPANIES IN THE SPANISH LEGAL SYSTEM
1.1 Real Decreto 1815/349 (7ª Directiva Europea) de 1983
1.2 La Reforma Mercantil de 1989: Ley de Reforma Parcial y Adaptación de la Legislación Mercantil de las Directivas de la CEE en Materia de Sociedades
1.3 Normas para la formulación de las Cuentas Anuales Consolidadas (RD 1815/1991)
1.4 Código de Comercio (arts. 42 a 48)
1.5 Las Normas Internacionales de Información Financiera y la reforma contable de 2007: el nuevo Plan General de Contabilidad
1.6 Nuevas Normas para la formulación de las Cuentas Anuales Consolidadas (RD 1159/2010)
Chapter 2: GROUPS OF COMPANIES: TYPES AND CONTROL
2.1 Definition. Parent Company and subsidiaries
2.2 Different levels of control: direct, indirect and others
2.3 Group structure: participation and control
2.4 Types of shareholdings: Associated Company and financial investments
2.5 Obligation to draw up consolidated financial statements and exceptions
Chapter 3: CONSOLIDATION: PROCESS AND METHODS
3.1 Concept of Consolidation
3.2 Phases: homogenization, aggregation and elimination.
3.3 Consolidation Methods.
3.3.1. Global integration Method: application and possible exemptions
3.3.2. Proportionate Consolidation Method: application and possible exemptions
3.3.3. Equity Accounting Method: application and possible exemptions
Chapter 4: GLOBAL INTEGRATION METHOD (I): ELIMINATION OF STOCKHOLDER'S EQUITY
4.1 Basic concepts: Definition and acquisition date.
4.2 Acquisition or Purchase Method

4.2.1 Concept
4.2.2 Acquisition Cost
4.2.3 Fair value adjustments of acquired assets and liabilities
4.2.4 Differences in between the investment and the acquisition cost
4.3 Subsequent measurement of goodwill
Chapter 5: GLOBAL INTEGRATION METHOD (II): ELIMINATION OF INTRA-GROUP TRANSACTIONS
5.1 General Procedures
5.2 Intra group transactions related to Inventory
5.3 Intra group transactions related to fixed assets
5.4 Intra group transactions related to providing services
5.5 Treatment of internal generated dividends
5.6 Intra group transactions related to financial assets
Chapter 6: GLOBAL INTEGRATION METHOD (III): ELIMINATIONS BECAUSE OF VARIATIONS IN THE PERCENTAGE OF CONTROL
6.1 General rules
6.2 Variations of participation of control over a subsidiary Company
6.3 Elimination investment-equity in indirect participations
Chapter 7: PROPORTIONATE CONSOLIDATION METHOD AND EQUITY METHOD
7.1 Proportionate Consolidation Method: Characteristics and practical procedures
7.2 Equity method: Characteristics and practical procedures
Chapter 8: THE EXPENSE FOR INCOME TAX IN THE CONSOLIDATED FINANCIAL STATEMENTS
8.1 Tax effect on consolidation
8.2 Tax effect of the previous homogenization stage
8.3 Tax effect of the patrimonial elimination
8.4 Tax effect of eliminations of results from internal operations
Chapter 9: CONSOLIDATED FINANCIAL STATEMENT
9.1 Consolidated Balance Sheet
9.2 Consolidated Income Statement
9.3 Consolidated Statement of Equity
9.4 Consolidated Cash Flow Statement
9.5 Notes to the Consolidated Accounts

TEACHING METHODOLOGY

General methodological aspects of the course	
Classroom Methodology: Activities	Skills
<ul style="list-style-type: none"> Master class covering theoretical explanations and providing guidance over the study of each specific lesson. Interactive discussion sessions covering the analysis and resolution of cases and exercises, individual and/or group assignments. 	<p>Problem Solving</p> <p>Ability to manage incoming data from different sources</p>
Work out of the classroom: Activities	Skills
<ul style="list-style-type: none"> Prior and post-class study of the theoretical contents Preparation of the case studies that will be corrected afterwards in class. 	<p>Problem Solving</p> <p>Ability to manage incoming data from different sources</p>

EVALUATION AND GRADING CRITERIA

Grading Methodology		Porcentaje
Final exam	- Correct answer - Concept knowledge - Spelling and presentation - Consistency	70%
Mid terms	- Correct answer - Concept knowledge - Spelling and presentation - Consistency	20%
Active participation of the student Solution of different examples and exercises.	- Correct answer - Concept knowledge - Spelling and presentation - Consistency - Regular attendance - Proactive attitude	10%

Final grades will be between 0 and 10 points according to the following scale:
0-4, 9 Fail; 5-6, 9 pass; 7-8, 9 B (remarkable) and 9-10 A (Outstanding).

This grading will be affected however to the following rules:

In order to pass the course in the April-May Period exam, a minimum of 4 out of 10 will be required in the written final exam. Otherwise, final grade will be graded as failed, not taking into account the rest of the marks during the course.

In case to fail the ordinary course in May, the student will have the right to have a Special Evaluation in July where the grade will be only based on a final exam and will have to achieve a minimum mark of 5 out of 10.

ASSISTANCE AND EVALUATION CRITERIA FOR EXCHANGE STUDENTS AND THOSE KEPT BACK A YEAR

These students are not required to attend class. Nor are they required to do midterms.

In case they decide to do the midterms that will count as a 20% of the final grade.

SUMMARY OF THE STUDENT EXPECTED WORKING HOURS

Activities In and Out of Class	Date	Due Date
Case studies and work done in class	Weekly	Weekly
Introduction Concepts Test	Week 3	Week 3
First Midterm (T1 a T3)	Week 6	Week 6
Second Midterm (T4)	Week 10	Week 10

STUDENT WORKING HOURS			
ON SITE HOURS			
Theoretical Lectures	Practical Lectures	Master Class Activities	Evaluation
11	16	30	8

OUT OF THE CLASS HOURS			
Work over theoretical lectures	Work over practical contents	Group projects	Study
10	37	---	38
TOTAL HOURS: 150		ECTS CREDITS: 6	

BIBLIOGRAPHY AND ADDITIONAL READING LIST

Bibliography
Text Books
<ul style="list-style-type: none"> • <i>Boned, J.L. y Angla, J.J. Consolidación de Estados Financieros. Profit Editorial. Barcelona 2011</i> • <i>Normas para la formulación de las Cuentas Anuales Consolidadas (RD 1159/2010)</i>
Web pages
<ul style="list-style-type: none"> • Portal de recursos de la asignatura (Moodle) • http://www.icac.meh.es/
Other material
<ul style="list-style-type: none"> • Available at Moodle (Portal de recursos de la asignatura)
Complementary Bibliography
TextBooks
<ul style="list-style-type: none"> • <i>Álvarez Melcón, S. y Corona Romero, E. Cuentas Anuales Consolidadas. Editorial Pirámide. Madrid 2011</i>