

Subject				
Consolidation of Financial Statements				
ECTS code	Semester	Faculty: Finance		
	3	Major: Finance and Accounting		
		Corporate Finance and Accounting		
Faculty:				
Lecture				
Classes: Classes:				
System of studies:				
Full time, second degree				
Subject status	Pass requirement	Number of contact hours		ECTS points
		Lectures	Classes	
E3 (course in the speciality)	written exam	15	15	5
Teaching language				
English				
Subject provisions and objectives (including the expected can-do of students on completion of the course)				
This is a course, offering an approach to the general principles and rules of consolidation of statements. Consolidation of financial statements occurs when a company owns over 50% of equity in another company and is able to exert significant influence over the company. This course is prepared to show that main accounting issues with consolidation are which method to use, how to treat accounts and other disclosures. After completing this course student should be able to identify minority interest in the net assets and to know how to prepare a group statement as if it was one entity.				
Teaching curriculum (in case of prescribed subjects, compliance with the standards, maximum 15 topics)				
<div>1. Definition, function and purpose of consolidation.</div> <div>2. Normative regulations of consolidation (IAS and IFRS)</div> <div>3. Methods of consolidation.</div> <div>4. Definition of „a group of companies” types of groups.</div> <div>5. Content of the consolidated statement.</div> <div>6. The preparation of consolidated statement.</div> <div>7. Consolidation procedures (consolidation worksheet).</div> <div>8. Intercompany transactions and their effect on consolidation procedures.</div> <div>9. Consolidation of the Financial Statements of a parent company (with one subsidiary company, with more than one subsidiary company).</div>				
Class topics (maximum 15 topics)				
<div>1. Methods of consolidation, practical examples (cost method – less than 20 percent of subsidiary, equity method 20 – 50 percent of a subsidiary, acquisition method – over 50 percent of subsidiary – full consolidation).</div> <div>2. Groups (a simple group, a complex group), definition of the control.</div> <div>3. Moment of the consolidation (at the date of acquisition, after the date of acquisition).</div> <div>4. Consolidation procedures, purchase of an interest (at a price greater/ less than subsidiary’s net asset value).</div> <div>5. Intercompany transactions.</div>				

Introductory topic
Managerial Accounting, Standards of Financial Accounting.
Teaching methods
lecture, assignments, case-studies
Basic literature and Rother sources
M. R. Hove, Consolidated Financial Statements, Juta & Co Ltd. 2006. K. Pham-Gia, Consolidated financial statements in IAS/IFRS and German GAAP – Major differences explained, GRIN Verlag 2008, Internatinal Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and Interpretations, , IASB 2010.
Pass requirements for signature/examination
Classes: Participation and active contribution during the classes, mid-term and final assignment Final examination (written)
Examples of questions for tests and examinations
<ol style="list-style-type: none"> 1. What consolidation means for company? 2. What are the methods of consolidation? 3. When consolidated statement should be prepared? 4. What are consolidation procedures? 5. What is consolidated statement content of?