

Group Accounting Workshop

A Three-Day Programme



Aims and Objectives

The aim of this course is that the delegates recap the basics of group accounting, refreshing their existing knowledge of consolidation for the balance sheet, income statement (or profit and loss account) and the cash flow statement.

After a recap of group accounting basics, the workshop will move on and look at more complicated group situations and examine how to account for mergers, joint ventures, goodwill, partial acquisitions and disposals. The course can incorporate a high level of complexity in the examples, for example complex group structures which will really stretch the delegates.

Some previous experience of group accounting is assumed, although the first day of the course will start from first principles of group accounting and so delegates fluent in financial statements should be able to pick up any basic knowledge they require on this day.

By the end of this course, participants will be able to:

- Consolidate a balance sheet, income statement (or profit and loss account)
- Account for a subsidiary acquired mid-way through the year
- Account for the disposal of a subsidiary
- Account for a merger under IFRS
- Account for joint ventures and associates
- Reflect complex groups accurately in the consolidated financial statements

Methodology

The course will involve instruction in the rules of the accounting standards with a focus on actively involving participants in discussion and practical application of standards. The course will run on a workshop basis with each workshop including

- Short instructor-led sessions
- Slide presentations
- Practical exercises

Day One

Session 1

Re-cap of Group Accounts

- Principles involved in the single entity concept
- Different levels of investment (subsidiaries, associates, trade investments)
- Exceptions and exclusions
- Special Purpose entities
- Joint Ventures

Session 2

Consolidated Balance Sheet

- Mechanics
- Net assets of the subsidiary
- Goodwill
- Minority Interest
- Group Reserves

Session 3

Adjustments to the Consolidated Balance Sheet

- Intercompany transactions
- Dividends from group companies
- Fixed asset transfers

Session 4

Goodwill and IFRS 3

- Accounting for the consideration element
- Accounting for the fair value of the assets and liabilities acquired
- Impairment testing
- Adjustments to goodwill in subsequent periods

Session 5

Consolidated Income Statement and Adjustments

- Mechanics
- Intercompany transactions
- Dividends from group companies
- Fixed Asset transfers

Day Two

Session 1

Consolidated Cash Flow Statement and Adjustments

- Mechanics
- Minority interest
- Associates
- Mid-year acquisitions

Session 2

Disposal of Subsidiaries

- Treatment of disposal in the parent company
- Full disposals in the group accounts
- Partial disposals
- Disposal of an associated company

Session 3

Case Study

- A practical case study to consolidate a set of accounts with disposals and associated group companies

Session 4

Joint Ventures

- Jointly controlled assets
- Jointly controlled operations
- Jointly controlled entities
- Future proposals

Session 5

Reverse Acquisitions

- How and why reverse acquisitions happen
- Accounting treatment
- Practical example

Day Three

Session 1

Step by Step Acquisitions

- IFRS 3 rules on step by step acquisitions
- Effect on goodwill
- Practical example of how to account for an acquisition in several stages

Session 2

Complex Groups

- Vertical groups
- Mixed groups
- A practical example of how to account for these

Session 3

Case Study

- A practical case study to consolidate a set of accounts more complex issues

Session 4

Merger Accounting and Demergers

- Accounting principles and rules on accounting for mergers

Session 5

Course Summary and Evaluation