

# Consolidation Level III



## *Table of Contents*

<b>Training objectives .....</b>	<b>3</b>
<b>Through the case studies it is intended to: .....</b>	<b>3</b>
<b>Training audience .....</b>	<b>3</b>
<b>Trainees acquired skills and abilities.....</b>	<b>3</b>
<b>Contents of Training .....</b>	<b>4</b>
<b>Day 1: 09:30 – 17:00 .....</b>	<b>4</b>
1. <i>Come together</i> .....	4
2. <i>Consolidation criteria</i> .....	4
3. <i>Reverse acquisitions and transactions under common control</i> .....	4
4. <i>Transactions on purchase/sale of minority shareholders' interest without change of control</i> .....	4
5. <i>Results of Day 1</i> .....	4
<b>Day 2: 09:30 – 17:00 .....</b>	<b>5</b>
6. <i>Day 1 topics review</i> .....	5
7. <i>Criteria for identifying of a parent company in "Complex Groups"</i> .....	5
8. <i>Comprehensive example</i> .....	5
9. <i>Coming changes</i> .....	5
10. <i>Results of Training</i> .....	5

## Training objectives

Through the case studies it is intended to:

- Learn to identify control availability and to classify investments in accordance with the requirements of IAS 27,
- Demonstrate through the case studies the requirements of IFRS 3 to transactions of “reverse acquisition” and the methods of consolidated financial statements preparation at reverse acquisition,
- Demonstrate the approaches to consolidated financial statements preparation at transactions involving common control,
- Analyze the requirements of standards to transactions on purchase/sale of minority shareholders’ share without change of control and to demonstrate the most popular approaches to accounting of such transactions,
- Demonstrate the specifics of identifying of a parent company within the “complex groups”, i.e. at occurrence of reciprocal and/or cyclic holdings,
- Describe the mathematical framework for solving similar problems of any complexity and to demonstrate through examples the application of such approach to consolidated financial statements preparation with regard to “complex groups”,
- Give trainees an opportunity to practice individually (with an adequate help by instructor) in preparation of the group consolidated financial statements with regard to “complex groups”: consolidated Balance Sheet, consolidated Statement of Income, consolidated Statement of Cash Flow, and consolidated Statement of Shareholders’ Equity.

## Training audience

The training has been developed for the specialists having fundamental theoretical knowledge in preparation of consolidated financial statements for the groups without reciprocal and/or cyclic holdings, and those who had the opportunity to apply their knowledge in practice. This training will be also useful for the financial directors, office accountants, analysts, chief accountants, auditors and other leading specialists of financial and accounting departments, engaged in preparation and/or analyzing of consolidated financial statements.

## Trainees acquired skills and abilities

Trainees will study a set of tools which they can apply to the case studies developed in the course of training. The obtained set of tools, added by their practical application, will enable the trainees to be on the firm ground when preparing of consolidated financial statements for the groups, having reciprocal and/or cyclic holdings, **no matter how complicated** they are.

## Contents of Training

**Day 1: 09:30 – 17:00**

### ***1. Come together***

- Introduction of participants to one another, getting acquainted with the instructor, review of training topics and methods of working
- Discussion of expectations  
*Expected time: 15 minutes*

### ***2. Consolidation criteria***

- IAS 27: Definitions and requirements of the Standard
- Examples 1-10: Definition of control
- Examples of accounting policies with regard to the definition of control  
*Expected time: 90 minutes*

### ***3. Reverse acquisitions and transactions under common control***

- IFRS 3: Definition for “reverse acquisition” and the Standard requirements
- Example 1: Reverse acquisition without the minority (non-controlling) interest
- Example 2: Reverse acquisition with the minority (non-controlling) interest
- IFRS 3: Definition for “transactions involving common control” and the Standard requirements
- Example 3: Illustration of consolidation at the transaction involving common control  
*Expected time: 120 minutes*

### ***4. Transactions on purchase/sale of minority shareholders’ interest without change of control***

- Requirements of the standards
- Example of purchase/sale of the minority (non-controlling) interest without change of control
- Analysis of two most popular approaches to accounting of purchase/sale of the minority (non-controlling) interest without change of control
- Coming changes  
*Expected time: 120 minutes*

### ***5. Results of Day 1***

- Availability of control as the only criteria of consolidation
- Reverse acquisition
- Purchase/sale of a subsidiary’s share without change of control  
*Expected time: 15 minutes*

**Day 2: 09:30 – 17:00**

**6. Day 1 topics review**

- Criteria of consolidation
- Reverse acquisition
- Purchase/sale of a subsidiary's share without change of control  
*Expected time: 15 minutes*

**7. Criteria for identifying of a parent company in “Complex Groups”**

- Example “Complex Group”
- Example 1: Analysis of reciprocal holdings in the group of two companies
- Example 2: Analysis of reciprocal holdings in the group of three companies
- Summary of approach: “holding matrix”
- Example 3: Cyclic holding – applying of holding matrix
- Example 4: Cyclic and reciprocal holdings – applying of holding matrix
- Solving of example “Complex Group”  
*Expected time: 150 minutes*

**8. Comprehensive example**

- The Group of 5 companies with acquisition of one subgroup and sale of two companies  
*Expected time: 180 minutes*

**9. Coming changes**

- Expected amendments to IAS 27 and IFRS 3  
*Expected time: 20 minutes*

**10. Results of Training**

- Discussion of expectations relevance to the derived knowledge and practical advices
- Discussion of other topics being of interest for future seminars  
*Expected time: 15 minutes*