VNIVERSITAT DE VALÈNCIA

Course Guide
44387 Business combinations and accounting consolidation

COURSE DATA

Data Subject	
Code	44387
Name	Business combinations and accounting consolidation
Cycle	Master's degree
ECTS Credits	4.5
Academic year	2018 - 2019

Study (s)

Degree	Center	Acad. year	Period
2206 - M.U. en Contabilidad, Auditoría y Control de Gestión	Faculty of Economics	1	First term

Subject-matter

Degree	Subject-matter	Character
2206 - M.U. en Contabilidad, Auditoría y Control de Gestión	1 - Higher accountancy	Obligatory

Coordination

Name	Department
PARDO PEREZ, FRANCISCA	44 - Accountancy

SUMMARY

The subject **business combinations and consolidation** studies the accounting treatment of business combinations, i.e. corporate transactions such as acquisitions, mergers and divisions. It also provides the concepts and techniques necessary for the consolidation of the financial statements, that is, the presentation of the annual accounts of corporate groups.

The **faculties in charge** of teaching in this subject are:

Dr. Francisca Pardo Pérez, Departamento de Contabilidad.
Mr. Vicente Rodríguez Collell, Auditor ROAC, RC Asesores Legales y Tributarios.

PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

Other requirements

No other requirements are described.

OUTCOMES

2206 - M.U. en Contabilidad, Auditoría y Control de Gestión

- Students should apply acquired knowledge to solve problems in unfamiliar contexts within their field of study, including multidisciplinary scenarios.
- Students should be able to integrate knowledge and address the complexity of making informed judgments based on incomplete or limited information, including reflections on the social and ethical responsibilities associated with the application of their knowledge and judgments.
- Students should communicate conclusions and underlying knowledge clearly and unambiguously to both specialized and non-specialized audiences.
- Students should demonstrate self-directed learning skills for continued academic growth.
- Students should possess and understand foundational knowledge that enables original thinking and research in the field.
- Have critical and self-critical capacity.
- Capacidad de búsqueda de información, análisis y síntesis.
- Capacidad de adaptación a nuevas situaciones y de resolución de problemas.
- Capacidad de organización y planificación del trabajo y los recursos.
- Ser capaces de entender la información financiera empresarial individual y consolidada en España y conocer el efecto que sobre la información financiera tiene la diversidad contable internacional. Interpretar adecuadamente las fortalezas y debilidades de las empresas partiendo del estudio de la información financiera y del entorno en el que opera la empresa. Realizar diagnósticos financieros. Presentar un informe profesional partiendo del análisis de la situación financiera de las empresas españolas. Saber utilizar los estados financieros emitidos por las empresas para tomar decisiones económicas en una amplia variedad de situaciones referidas a su negocio.

LEARNING OUTCOMES

As learning outcomes of this subject, the student will be able to:

- Know and apply national and international accounting regulations affecting corporate groups.

- Know and apply the accounting treatment of business combinations as mergers, acquisitions and spin-offs in accordance with national and international regulations.

- Know and understand the economic implications of different ways of accounting for the different economic developments concerning the consolidation and business combinations.

- Interpret the institutional and economic context that has developed accounting rules to apply to the cases and, where appropriate, to extrapolate to different casuistry that may arise in the future.

DESCRIPTION OF CONTENTS

1. Business combinations

1. Concept and types of business combinations.
2. Accounting policies.
3. Business combinations and accounting information

2. Acquisition method

1. Acquirer.
2. Acquisition Date.
3. Cost of business combination.
4. Recognition and measurement of identifiable assets acquired and liabilities assumed.
5. Determination of the amount of goodwill or negative difference.
6. Provisional Accounting.
7. Business combinations stages.
8. Reverse acquisitions.

3. Mergers

1. Concept, legal requirements and effects of mergers.
2. Process steps and calculations involved.
3. Accounting for mergers.
4. Treatment of cross-shareholdings.
5. Mergers under common control.

4. Other forms of corporate restructuring: Demergers.

1. Concept and types of excision.
2. Procedures, rules and methods.
3. Valuation and accounting.

5. Groups of companies and consolidation.

1. The concept of group of companies: the subjects of consolidation.
2. Standards for the preparation of the consolidated financial statements.
3. Other types of companies: joint ventures and associates
4. Obligation to prepare consolidated accounts and exceptions.
5. Set consolidated and consolidated.

6. Methods of consolidation and equity method.

1. Consolidation process.
2. Consolidation method: Phases and eliminations.
3. Proportionate consolidation method.
4. Equity method.

7. Changing investment and/or percentage of participation.

1. New investments in a subsidiary.
2. Proportional subscription in a capital increase.
3. More than proportional subscription in a capital increase.
4. Increase the percentage without additional investment.
5. Loss of percentage due to the share sale.

8. Indirect control and reciprocal investments.

1. Indirect controln.
2. Elimination-equity investment stages.
3. Acquisition of shares of the parent company.
4. Cross shareholdings among subsidiaries.

9. Annual accounts in foreign currency

1. Functional currency and repiorting currency.
2. Conversion of financial statements in foreign currency.
3. Conversion of financial statements in hyperinflationary economies.

10. Tax effect on consolidated financial statements.

1. Taxation for corporate groups.
2. Tax effect on consolidated accounts of individual taxation.
3. Tax effect on tax consolidation regime.

WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	45,00	100
Attendance at events and external activities	11,00	0
Development of individual work	5,00	0
Study and independent work	5,00	0
Readings supplementary material	1,00	0
Preparation of evaluation activities	3,50	0
Preparing lectures	21,00	0
Preparation of practical classes and problem	21,00	0
TOTAL	**112,50**	

TEACHING METHODOLOGY

MD1 - Group learning with the teacher. We use the model masterclass in lectures, offering the possibility to influence the most important of each theme, master exposure time, and present a specific way of working and dealing with different concepts. The participatory model will also be used in some theoretical issues and especially in practical classes, which is to prioritize communication between students and the teacher. The practical sessions will take the case method as a model because it encourages student participation both individually and as a group.

MD2 - Individual study. The student is directed in learning-oriented activities, so that student activity focuses on research, location analysis, handling, processing and return of information. The preparation work for the study of the subject will focus on it.

MD3 - Tutoring. Both individually and in groups to solve problems and direct jobs. You can use the platform "Aula Virtual" of the University of Valencia to maintain contact with the teacher.

MD4 - Group work with peers. The performance of work aims also to motivate the student in the research activity, apprehension and analysis of information, foster personal relationships, share problems, initiatives and solutions to work together. You will need to submit the proposed class work.

EVALUATION

The evaluation systems of each part of the subject and their weighting are as follows:

SE1- Participation in class (debates, problem solving, presentation of works, among others): weighting 10%.

SE3 - Exam or test equivalent theoretical and practical nature: 90% weighting. To pass the subject you must obtain a grade of at least 5 points in the exam.

Continuous evaluation activities are not recoverable in this subject.

REFERENCES

Basic

- Serra, V.; Labatut, G.; Arce, M.; Cervera, N. y Pardo, F. (2011): Consolidación contable de grupos empresariales. Editorial Pirámide.
- International Accounting Standards Board (2004): International Financial Reporting Standard. IFRS 3 Combinaciones de negocios. IASCF. London, March.
- International Accounting Standards Board (2011): International Financial Reporting Standard. IFRS 10 Estados financieros consolidados. IASCF. London, March.
- Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital.
- Real Decreto 1159/2010, de 17 de septiembre, por el que se aprueban las Normas para la Formulación de Cuentas Anuales Consolidadas. (BOE 24 de septiembre de 2010).

Additional

- Álvarez Melcón y Corona Romero (2011): Cuentas Anuales Consolidadas. Editorial Pirámide.
- González Sainza, J. (coordinador) (2011): Normas de consolidación. Comentarios y casos prácticos. Ed. Centro de Estudios Financieros.
- Gutiérrez Viguera, M. (2011): Contabilidad de las operaciones societarias. Editorial CISS.
- Pulido, A. (2010): Combinaciones de negocios y preparación de cuentas anuales consolidadas. Editorial Garceta.