



PERSONA CIENCIA EMPRESA

UNIVERSITAT RAMON LLULL

Code:	81101
Name of the subject:	Business Combinations and Consolidated Financial Statements

GENERAL CHARACTERISTICS

Number of credits	6.0
ECTS:	
Language/s	Catalan Spanish English
Type	Normal
Professor/s	Castillo Merino, David

DESCRIPTION

BRIEF DESCRIPTION AND JUSTIFICATION

The globalization of economic activity is gradually provoking a polarization in the business sphere, materialized in the fragmentation between operative or business and capital development. Business develops in an increasingly global, atomized and networked way, while in parallel there is a concentration of ownership of the companies that control such businesses.

This development is supported by the significant increase in international transactions, which have resulted in a greater number of business combinations. Precisely, this business transaction is also driving the concentration of business capital, because, in many cases, the acquisition of business involves the acquisition of control of the companies holding the business.

This process of concentration of corporate capital involves the centralized government of a plurality of legal entities with their own independent legal personality, but with an economic and decisional subordination to a single center that decides and governs all: Of companies.

The accounting description of the group of companies results in the consolidation of the financial statements of each legal unit to present the useful information in the center that governs the whole group. This led to the consolidation of financial statements.

This course aims to provide the necessary knowledge to properly understand the structure of the consolidated annual accounts of any group. The training of an expert in accounting and finance inevitably involves understanding the process of preparation and the result of the consolidation of financial statements.

This way of presenting the economic and financial information of the companies is of paramount importance in an economic context characterized by the profusion of groups of societies of great importance for their significant economic and social impact.

To this end, we are going to start with a first module to review the concepts related to the accounting

treatment of business combinations, because from them arise many of the criteria necessary to carry out the correct combination of the financial figures of the companies that Make up the group, which have to end up in the financial statements of the business group. In a second module, the main subject, we will focus more specifically on consolidation, in which we will review all the concepts and elements involved in the formation process of the groups of companies and are necessary to take The correct formulation of the consolidated accounting information. We will look at how this consolidated financial information (the group's financial statements) can be obtained from the individual annual accounts of the companies involved and from the information on the transactions carried out between these companies by applying a series of particular techniques and procedures Of the consolidation of financial statements, we will deepen the consolidation of financial statements in different periods, in particular situations in which the groups of companies can be found, as well as in the elaboration of the statement of cash flows and the statement of changes in equity Net consolidated, with the aim of getting closer to the reality of the accounts of the business groups.

COMPETENCIES

As a consequence of the acquisition of the contents of the subject, the student will be able to:
EC1. Correctly formulate the accounting information provided by companies and business groups in their annual accounts, based on an understanding of the accounting regulations.

PREREQUISITES

Requirements legally established to access postgraduate programs:

Degrees in the field of social sciences.

CONTENTS

MODULE 1. BUSINESS COMBINATIONS

1. Basic reference standard
2. Definitions
3. Types of business combinations
4. Valuation and recording: the acquisition method
5. Interim accounting
6. Accounting processes
7. Business combinations in stages
8. Registering and valuing separate transactions
9. Further evaluation

MODULE 2. CONSOLIDATION OF FINANCIAL STATEMENTS

1. Fundamental concepts
2. Process and methods of consolidation
3. Subsequent consolidations

4. Situations of indirect dominance
5. Situations of reciprocal dominance
6. Preparation of consolidated financial statements

METHODOLOGY

TRAINING ACTIVITIES:

Training activities	ECTS Credits	Competencies
Lectures presenting concepts and procedures	1	CE1
Practical sessions (exercises, case resolution)	1	CE1
Assignments by Students	1.5	CE1
Seminars or tutorials	0.5	CE1
Personal study activities	1.5	CE1
Assessment sessions	0.5	CE1
Internship in Company		
TOTAL	6	CE1

EXPLANATION OF TEACHING METHODOLOGY

The pedagogical model is based on an active effort (preparation before class, active effort to solve a problem) and good class participation of all the students. In a world of rapidly changing demands, the needs of organizations and of its members are continuously evolving. New business scenes are appearing with the development of information technologies and social networks. In this context, there are skills and abilities that improve the probabilities for university graduates to succeed in a future job.

The development of these abilities requires important changes in the traditional pedagogical methods. In order to develop these skills, students must actively participate in the learning process. Students have their own values and concepts and the learning process at the university represents an opportunity to reflect on everything what has been learnt before. It offers an opportunity to learn more about it and to discuss it critically.

To achieve these objectives, the course has been designed with an active methodology that allows you to learn, think and be creative. We will actively work on real cases in order to apply the theoretical concepts explained in each topic and to learn by doing exercises and solving problems in our subject's field.

It is highly recommended that students prepare each class by studying the corresponding notes and solving by their own the cases and exercises, so they can early identify hurdles and misgivings to be clarify in class.

EVALUATION

METHODS OF EVALUATION

Evaluation Methods	Weight	Competencies
Final exam	20%	CE1
Partial exams	25%	CE1
Following up activities	45%	CE1
Homework and presentations	10%	CE1
Experimental work or fieldwork		
Projects		
Evaluation of the company or institution		
Participation		

LEARNING OUTCOMES

At the end of the course the student should be able to:

- Evaluate and account for complex business combinations.
- Draw up the balance sheet after a business combination.
- To prepare the consolidated annual accounts (balance sheet, profit and loss account, statement of cash flows and statement of changes in equity) of business groups with complex structures.
- Analyze the content of the consolidated financial statements.

EVALUATION

The final grade of the course responds to criteria of continuous evaluation and will be the result of applying the following percentages: 20% for the grade obtained in the final exam, 25% for the grade of the partial exams, 45% for the grade obtained in Follow-up tests (continuous assessment) and 10% for delivery of class exercises.

EVALUATION OF COMPETENCIES

In all of the evaluation activities of the subject, the specific competence to formulate accounting information is evaluated, in which students must be able to formulate with correctness the accounting information to be provided by the business groups in their annual accounts, starting from The understanding of accounting regulations.

BIBLIOGRAPHY

Bibliography

- **Castillo-Merino, D.** (2017). *Combinaciones de negocios y consolidación*. Barcelona: IQS.
- **Serra, Vicente; Labatut, Gregorio; Arce, Miguel; Cervera, Natividad y Pardo, Francisca** (2017). *Consolidación contable de grupos empresariales*. Madrid: Ediciones Pirámide.

DOCUMENT RECORD

PREVIOUS CHANGES

LAST REVISION

September 04th, 2017, David Castillo-Merino, PhD