Universidad de Navarra

Capital Groups and Consolidation Methods

Guía docente 2026-27

INTRODUCTION

- **Academic Year: 2026/2027**
- **Course Description:** The aim of this course is to help students develop the necessary skills to think critically about accounting just as they will in their careers. With this course, students gain the knowledge of consolidated information vs separate information and they will be able to compare both sets of financial statements.
  - The main goal is to guide the students to the consolidation methods in real world situations
  - Acquire the accounting knowledge of complex transactions
  - It offers a principle-based approach of the consolidated financial statements environment
- **Type of Course**: Mandatory
- **ECTS**: 3
- **Course and Semester**: 2 - Second Semester
- **Language**: English
- **Title**: Capital Groups and Consolidation Methods (US GAAP and IFRS)
- **Specialization:** Accounting and Finance
- **Professor**: Germán López Espinosa
- **Class Schedule:** Tuesday 17:00-19:00
- **Office hours:** Tuesday 11:00-14:00

LEARNING OUTCOMES (Competencies)

- CEOP19: Gain an in-depth understanding of the techniques used to draft financial statements, separate and consolidated, and interpret them
- CEOP20: Understand important aspects of the regulation as it applies accounting and finance and understand its implications
- CEOP21: Master advanced concepts in auditing
- CEOP22: Know about and manage advanced tools and techniques to value financial assets
- CEOP23: Gain an in-depth knowledge of the workings of financial markets
- Know about and manage advanced tools and techniques to value financial asset and its relation to consolidated financial statements
- Gain an in-depth knowledge of the workings of financial markets and its relation to consolidated financial statements
- Solve real cases of financial reporting decisions
- Improve their analytical skills and logical reasoning. Separate vs consolidated financial statements

PROGRAM

Accounting Consolidation under US GAAP and IFRS

Topic 0: Basics of Accounting Consolidation

Topic 1: IFRS 10. Control

- Scope
- The Control Model
- Assessing Control of an Investee
- Power
- Relevant Activities
- Assessing Exposure
- The link between Power and Returns

- Case Studies

Topic 2: Reporting Intercorporate Investments and Consolidation of Wholly Owned Subsidiaries with No Differential

- Berkshire Hathaway's Many Investments
- Accounting for Investments in Common Stock
- The Equity Method
- Investments Carried at Fair Value and Investments Accounted for Using the Equity Method
- Overview of the Consolidation Process
- Consolidation Procedures for Wholly-Owned Subsidiaries that are Created or Purchased at Book Value

Topic 3: Consolidation of Less-than-Wholly-Owned Subsidiaries with No Differential

- The Coca-Cola Company
- The Usefulness of Consolidated Financial Statements
- Limitations of Consolidated Financial Statements
- Subsidiary Financial Statements
- Consolidated Financial Statements: Concepts and Standards
- Noncontrolling Interest
- The Effect of a Noncontrolling Interest
- Consolidated Balance Sheet with a Less-Than-Wholly-Owned Subsidiary 80 Percent Ownership Acquired at Book Value
- Consolidation Subsequent to Acquisition—80 Percent Ownership Acquired at Book Value
- Combined Financial Statements
- Special-Purpose and Variable Interest Entities

Topic 4: Consolidation of Wholly Owned Subsidiaries Acquired at More than Book Value

- Dealing with the Differential
- Additional Considerations
- Consolidation Procedures for Wholly Owned Subsidiaries Acquired at More than Book Value
- Consolidated Financial Statements—100 Percent Ownership Acquired at More than Book Value
- Intercompany Receivables and Payables
- Push-Down Accounting

Topic 5: Consolidation of Less-Than-Wholly-Owned Subsidiaries Acquired at More than Book Value

- Walmart Acquires a Controlling Interest in Massmart
- A Noncontrolling Interest in Conjunction with a Differential
- Consolidated Balance Sheet with Majority-Owned Subsidiary
- Consolidated Financial Statements with a Majority-Owned Subsidiary
- Discontinuance of Consolidation

EDUCATIONAL ACTIVITIES

- Theoretical Knowledge.
- Practical Skills.
- Press releases related to consolidated financial statement issues.
- Minitests.

GRADING SYSTEM

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May Examination:

- Mid-term exam: 40%
- Final exam: 60%

The Professor will also take into account the cases solved and presented in class, questions answered in the theory sessions and problems solved in the practical sessions.

The final grade will be “NO SHOW UP” if the final exam is missed. Any attempt to cheat will be severely penalized.

June Examination:

-Final exam: 100%

HONESTY IS THE BEST POLICY

(Ethics Committee Provisions Against Plagiarism and Copying)

We value honesty. Without it, there can be no trust or any meaningful social relations. Therefore, the School expects honesty and fairness from all of its members: professors, non-academic staff, and students.

Dishonest behaviours will be sanctioned in accordance with the University Norms on Student Academic Discipline of August 2015, and include lying, cheating in exams, and plagiarism in written work. We take such violations seriously. Depending on their gravity, these offences will be dealt with by the Professor in charge of the subject, by the Dean of Students, and in very severe cases, by the Vice President for Student Affairs.

Sanctions include:

- formal warnings
- prohibition from entering University premises for a given period
- loss of admission rights to exams
- loss of scholarships
- A failing grade for the piece of work or the whole course

OFFICE HOURS

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Office hours: Tuesday 11:00 - 14:00

BIBLIOGRAPHY

Standards:

- International Financial Reporting Standards.
- US GAAP.

Books:

- Advanced Financial Accounting Christensen et al. 12e
- Advanced Accounting, Hoyle et al. 14e



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